

Consolidated Financial Results
for the Fiscal Year Ended March 31, 2023
<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
 TEL: +81-3-6744-6463

Scheduled date of Annual General Meeting of Shareholders: June 21, 2023
 Scheduled date to commence dividend payments: –
 Scheduled date to submit Securities Report: June 22, 2023
 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, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	12,296	(4.3)	(1,724)	–	(1,664)	–	(2,286)	–
March 31, 2022	12,852	(20.6)	(4,786)	–	(4,692)	–	(5,768)	–

Note: Comprehensive income

Fiscal year ended March 31, 2023: ¥(2,093) million [–%]
 Fiscal year ended March 31, 2022: ¥(5,752) 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, 2023	(44.25)	–	(29.3)	(13.3)	(14.0)
March 31, 2022	(114.46)	–	(63.9)	(36.6)	(37.2)

Reference: Equity in earnings (losses) of affiliates:

Fiscal year ended March 31, 2023: –
 Fiscal year ended March 31, 2022: –

(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, 2023	13,001	6,898	52.5	89.08
March 31, 2022	12,107	8,851	72.4	127.66

Reference: Equity

As of March 31, 2023: ¥6,821 million As of March 31, 2022: ¥8,767 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, 2023	(1,042)	(123)	2,449	8,266
March 31, 2022	(4,646)	(937)	4,994	6,962

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, 2022	Yen –	Yen 0.00	Yen –	Yen 0.00	Yen 0.00	Millions of yen –	% –	% –
Fiscal year ended March 31, 2023	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ending March 31, 2024 (Forecast)	–	0.00	–	0.00	0.00		–	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2023	5,600	(4.5)	(1,100)	–	(1,130)	–	(1,150)	–	(21.99)
Fiscal year ending March 31, 2024	13,700	11.4	(700)	–	(750)	–	(770)	–	(16.55)

* Notes

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in change in scope of consolidation): Yes

New inclusion: None Exclusion: One company (Gurunavi Promotion Community, Inc.)

- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

- a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
b. Changes in accounting policies due to other reasons: None
c. Changes in accounting estimates: None
d. 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, 2023	56,903,800 shares
As of March 31, 2022	56,124,500 shares

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

As of March 31, 2023	1,128,462 shares
As of March 31, 2022	1,128,462 shares

- c. Average number of shares during the period

Fiscal year ended March 31, 2023	55,126,277 shares
Fiscal year ended March 31, 2022	50,810,067 shares

Reference: Summary of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	12,017	(5.9)	(1,422)	–	(1,370)	–	(2,189)	–
March 31, 2022	12,766	(21.0)	(4,742)	–	(4,625)	–	(5,668)	–

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2023	(42.49)	–
March 31, 2022	(112.49)	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	12,782	6,688	51.7	85.32
March 31, 2022	11,816	8,569	71.8	122.53

Reference: Equity

As of March 31, 2023: ¥6,611 million As of March 31, 2022: ¥8,485 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, 2022	–	–	–	13.808	13.808
Fiscal year ended March 31, 2023	–	–	–	45.000	45.000
Fiscal year ending March 31, 2024 (Forecast)	–	–	–	45.000	45.000

Consolidated financial statements

(1) Consolidated balance sheet

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	6,962,974	8,266,468
Notes and accounts receivable - trade	2,661,470	2,871,526
Accounts receivable - other	740,092	813,708
Other	467,176	307,188
Allowance for doubtful accounts	(139,740)	(197,826)
Total current assets	10,691,973	12,061,065
Non-current assets		
Investments and other assets		
Investment securities	541,464	585,293
Leasehold and guarantee deposits	866,965	348,258
Other	7,410	6,389
Total investments and other assets	1,415,841	939,941
Total non-current assets	1,415,841	939,941
Total assets	12,107,815	13,001,006

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	99,579	117,622
Contract liabilities	67,459	88,090
Income taxes payable	34,151	22,434
Provision for bonuses	239,077	178,311
Provision for point card certificates	19,849	15,829
Accounts payable - other	1,302,249	2,031,459
Asset retirement obligations	48,795	-
Deposits received	1,040,262	920,919
Other	282,889	282,387
Total current liabilities	3,134,315	3,657,055
Non-current liabilities		
Long-term borrowings	-	2,200,000
Asset retirement obligations	119,444	158,920
Deferred tax liabilities	-	54,207
Other	2,195	32,136
Total non-current liabilities	121,640	2,445,264
Total liabilities	3,255,955	6,102,319
Net assets		
Shareholders' equity		
Share capital	100,000	100,000
Capital surplus	8,745,596	9,045,626
Retained earnings	2,929,632	490,295
Treasury shares	(2,996,438)	(2,996,438)
Total shareholders' equity	8,778,790	6,639,483
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(33,675)	134,887
Foreign currency translation adjustment	22,718	47,315
Total accumulated other comprehensive income	(10,957)	182,202
Share acquisition rights	84,026	77,000
Total net assets	8,851,859	6,898,687
Total liabilities and net assets	12,107,815	13,001,006

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

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	12,852,305	12,296,066
Cost of sales	5,759,974	4,896,389
Gross profit	7,092,330	7,399,677
Selling, general and administrative expenses	11,878,610	9,123,765
Operating loss	(4,786,280)	(1,724,088)
Non-operating income		
Gain on sales of supplies	46,329	20,294
Subsidy income	138,735	7,071
Penalty income	-	21,682
Other	50,482	34,302
Total non-operating income	235,546	83,350
Non-operating expenses		
Interest expenses	158	13,442
Commission expenses	85,000	-
Commitment fees	50,731	8,999
Other	5,866	830
Total non-operating expenses	141,756	23,273
Ordinary loss	(4,692,490)	(1,664,010)
Extraordinary income		
Gain on sale of investment securities	153,140	290,290
Gain on reversal of asset retirement obligations	-	48,241
Other	6,642	23,182
Total extraordinary income	159,782	361,713
Extraordinary losses		
Impairment losses	1,140,357	690,964
Loss on cancellation of rental contracts	-	150,829
Loss on valuation of investment securities	56,473	68,792
Loss on liquidation of subsidiaries	-	35,706
Other	-	21,178
Total extraordinary losses	1,196,831	967,471
Net loss before income taxes	(5,729,538)	(2,269,768)
Income taxes - current	39,037	16,568
Total income taxes	39,037	16,568
Net loss	(5,768,576)	(2,286,336)
Net loss attributable to owners of parent	(5,768,576)	(2,286,336)

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net loss	(5,768,576)	(2,286,336)
Other comprehensive income		
Valuation difference on available-for-sale securities	(27,367)	168,563
Foreign currency translation adjustment	43,196	24,596
Total other comprehensive income	15,829	193,159
Comprehensive income	(5,752,747)	(2,093,176)
Comprehensive income attributable to:		
Owners of parent	(5,752,747)	(2,093,176)

(3) Consolidated statements of changes in equity

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

Fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	100,000	8,745,596	2,929,632	(2,996,438)	8,778,790
Changes of items during period					
Issuance of new shares	150,015	150,015			300,030
Transfer from share capital to other capital surplus	(150,015)	150,015			-
Dividends of surplus			(153,000)		(153,000)
Disposal of treasury shares					-
Net loss attributable to owners of parent			(2,286,336)		(2,286,336)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	300,030	(2,439,336)	-	(2,139,306)
Balance at end of current period	100,000	9,045,626	490,295	(2,996,438)	6,639,483

	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	(33,675)	22,718	(10,957)	84,026	8,851,859
Changes of items during period					
Issuance of new shares					300,030
Transfer from share capital to other capital surplus					-
Dividends of surplus					(153,000)
Disposal of treasury shares					-
Net loss attributable to owners of parent					(2,286,336)
Net changes of items other than shareholders' equity	168,563	24,596	193,159	(7,025)	186,134
Total changes of items during period	168,563	24,596	193,159	(7,025)	(1,953,172)
Balance at end of current period	134,887	47,315	182,202	77,000	6,898,687

(4) Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Net loss before income taxes	(5,729,538)	(2,269,768)
Depreciation and amortization	171,573	180,649
Impairment losses	1,140,357	690,964
Amortization of goodwill	1,950	-
Share-based payment expenses	309,605	15,069
Loss on cancellation of rental contracts	-	150,829
Gain on reversal of asset retirement obligations	-	(48,241)
Loss (gain) on valuation of investment securities	56,473	68,792
Loss (gain) on sale of investment securities	(153,140)	(269,111)
Increase (decrease) in allowance for doubtful accounts	(441,927)	58,086
Increase (decrease) in provision for bonuses	(8,195)	(60,765)
Increase (decrease) in provision for point card certificates	(139,130)	(4,020)
Decrease (increase) in trade receivables	82,902	(210,720)
Decrease (increase) in inventories	74,736	15,757
Increase (decrease) in trade payables	(43,959)	18,042
Increase (decrease) in contract liabilities	67,459	20,631
Decrease (increase) in advances paid	(7,617)	25,270
Decrease (increase) in accounts receivable - other	544,541	(74,977)
Increase (decrease) in accounts payable - other	(203,319)	659,567
Increase (decrease) in advances received	731	(20,140)
Increase (decrease) in deposits received	(635,315)	(119,343)
Other, net	193,691	134,469
Subtotal	(4,718,120)	(1,038,959)
Interest and dividends received	10,997	18,123
Interest paid	(158)	(14,688)
Income taxes paid	(37,872)	(28,285)
Income taxes refund	99,089	21,404
Net cash provided by (used in) operating activities	(4,646,064)	(1,042,404)
Cash flows from investing activities		
Purchase of investment securities	(60,000)	(20,000)
Proceeds from sale of investment securities	193,417	399,261
Purchase of property, plant and equipment	(234,583)	(289,548)
Payments for asset retirement obligations	(152,218)	(133,997)
Payments for acquisition of businesses	(13,000)	-
Purchase of software	(1,070,125)	(442,406)
Payments of leasehold and guarantee deposits	(51,797)	(1,920)
Proceeds from refund of leasehold and guarantee deposits	450,991	364,900
Net cash provided by (used in) investing activities	(937,316)	(123,710)
Cash flows from financing activities		
Proceeds from long-term borrowings	-	2,200,000
Proceeds from issuance of shares	5,000,084	300,030
Dividends paid	(217)	(46,962)
Other, net	(5,828)	(4,049)
Net cash provided by (used in) financing activities	4,994,038	2,449,018
Effect of exchange rate change on cash and cash equivalents	45,061	20,591

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net increase (decrease) in cash and cash equivalents	(544,279)	1,303,494
Cash and cash equivalents at beginning of period	7,507,254	6,962,974
Cash and cash equivalents at end of period	6,962,974	8,266,468