

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024 <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/>
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Scheduled date to submit Quarterly Securities Report: November 7, 2023
 Scheduled date to commence dividend payments: —
 Preparation of supplementary materials on quarterly financial results: Yes
 Holding of quarterly 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 second quarter of the fiscal year ending March 31, 2024 (from April 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative) (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	%
Six months ended								
September 30, 2023	5,652	(3.6)	(73)	—	0	—	(232)	—
September 30, 2022	5,865	(3.9)	(1,609)	—	(1,565)	—	(1,405)	—

Note: Comprehensive income

Six months ended September 30, 2023: ¥(133) million [—%]

Six months ended September 30, 2022: ¥(1,354) million [—%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended				
September 30, 2023	(5.53)		—	
September 30, 2022	(26.96)		—	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of			
September 30, 2023	11,447	6,761	58.4
March 31, 2023	13,001	6,898	52.5

Reference: Equity

As of September 30, 2023: ¥6,688 million

As of March 31, 2023:

¥6,821 million

2. Cash dividends

	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, 2023	–	0.00	–	0.00	0.00
Fiscal year ending March 31, 2024	–	0.00			
Fiscal year ending March 31, 2024 (Forecast)			–	0.00	0.00

Note: Revisions to the cash dividend forecasts most recently announced: None

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
Fiscal year ending March 31, 2024	13,700	11.4	(700)	–	(750)	–	(770)	–	(16.55)

Note: Revisions to the consolidated earnings forecasts most recently announced: None

* Notes

- (1) Changes in significant subsidiaries during the six months under review: None
- (2) Application of special accounting for preparing quarterly consolidated financial statements: Yes
- (3) 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: None
 - 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
- (4) Number of shares issued (common shares)

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

As of September 30, 2023	56,903,800 shares
As of March 31, 2023	56,903,800 shares

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

As of September 30, 2023	1,128,462 shares
As of March 31, 2023	1,128,462 shares

- c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	55,775,338 shares
Six months ended September 30, 2022	54,996,038 shares

* Quarterly financial results are exempt from quarterly review 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	Per-share dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	–	–	–	45	45
Fiscal year ending March 31, 2024	–	–			
Fiscal year ending March 31, 2024 (Forecast)			–	45	45

Quarterly consolidated financial statements

(1) Consolidated balance sheet

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	8,266,468	6,625,999
Notes and accounts receivable - trade	2,871,526	2,108,824
Work in process	6,731	196,857
Accounts receivable - other	813,708	884,824
Other	300,456	433,216
Allowance for doubtful accounts	(197,826)	(44,381)
Total current assets	12,061,065	10,205,341
Non-current assets		
Property, plant and equipment	-	132,226
Intangible assets	-	239,342
Investments and other assets	939,941	870,334
Total non-current assets	939,941	1,241,903
Total assets	13,001,006	11,447,245
Liabilities		
Current liabilities		
Notes and accounts payable - trade	117,622	207,959
Income taxes payable	22,434	13,060
Provision for bonuses	178,311	178,342
Provision for point card certificates	15,829	19,928
Accounts payable - other	2,031,459	1,197,917
Deposits received	920,919	108,029
Other	370,478	449,586
Total current liabilities	3,657,055	2,174,824
Non-current liabilities		
Long-term borrowings	2,200,000	2,200,000
Asset retirement obligations	158,920	178,741
Other	86,343	132,644
Total non-current liabilities	2,445,264	2,511,385
Total liabilities	6,102,319	4,686,210
Net assets		
Shareholders' equity		
Share capital	100,000	100,000
Capital surplus	9,045,626	9,045,626
Retained earnings	490,295	258,258
Treasury shares	(2,996,438)	(2,996,438)
Total shareholders' equity	6,639,483	6,407,445
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	134,887	219,829
Foreign currency translation adjustment	47,315	60,746
Total accumulated other comprehensive income	182,202	280,576
Share acquisition rights	77,000	73,012
Total net assets	6,898,687	6,761,035
Total liabilities and net assets	13,001,006	11,447,245

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

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	5,865,068	5,652,212
Cost of sales	2,493,923	2,046,425
Gross profit	3,371,145	3,605,787
Selling, general and administrative expenses	4,980,908	3,679,074
Operating loss	(1,609,763)	(73,286)
Non-operating income		
Gain on sales of supplies	17,119	878
Dividend income	12,214	2,000
Subsidy income	-	80,000
Penalty income	11,000	-
Other	12,202	7,243
Total non-operating income	52,536	90,122
Non-operating expenses		
Commitment fees	5,010	3,353
Interest expenses	2,452	11,211
Other	858	2,012
Total non-operating expenses	8,322	16,577
Ordinary income (loss)	(1,565,548)	259
Extraordinary income		
Gain on reversal of asset retirement obligations	48,241	-
Gain on sale of investment securities	290,290	-
Gain on reversal of share acquisition rights	6,239	4,624
Total extraordinary income	344,770	4,624
Extraordinary losses		
Loss on cancellation of rental contracts	150,829	-
Loss on valuation of investment securities	18,572	215,714
Other	-	8,146
Total extraordinary losses	169,401	223,860
Net loss before income taxes	(1,390,180)	(218,977)
Income taxes	15,624	13,060
Net loss	(1,405,805)	(232,037)
Net loss attributable to owners of parent	(1,405,805)	(232,037)

Consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net loss	(1,405,805)	(232,037)
Other comprehensive income		
Valuation difference on available-for-sale securities	5,378	84,942
Foreign currency translation adjustment	45,917	13,431
Total other comprehensive income	51,295	98,373
Comprehensive income	(1,354,509)	(133,664)
Comprehensive income attributable to:		
Owners of parent	(1,354,509)	(133,664)

(3) Consolidated statement of cash flows

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Net loss before income taxes	(1,390,180)	(218,977)
Depreciation and amortization	103,685	13,365
Gain on reversal of asset retirement obligations	(48,241)	-
Loss on cancellation of rental contracts	150,829	-
Increase (decrease) in allowance for doubtful accounts	(74,274)	(153,445)
Interest expenses	2,452	11,211
Increase (decrease) in provision for bonuses	232,497	31
Increase (decrease) in provision for point card certificates	(5,429)	4,098
Loss (gain) on sale of investment securities	(290,290)	-
Loss (gain) on valuation of investment securities	18,572	215,714
Decrease (increase) in trade receivables	666,925	763,837
Decrease (increase) in inventories	(55)	(192,789)
Increase (decrease) in trade payables	(32,665)	90,337
Increase (decrease) in contract liabilities	(22)	229,723
Decrease (increase) in advances paid	24,083	(2,431)
Decrease (increase) in prepaid expenses	6,804	(113,943)
Decrease (increase) in accounts receivable - other	(24,716)	(81,085)
Increase (decrease) in accounts payable - other	(270,732)	(732,181)
Increase (decrease) in deposits received	698,456	(812,889)
Increase (decrease) in accrued consumption taxes	(58,727)	(153,419)
Other, net	(5,170)	(37,880)
Subtotal	(296,198)	(1,170,723)
Interest and dividends received	14,248	3,259
Interest paid	(3,658)	(12,416)
Income taxes paid	(15,767)	(9,273)
Net cash provided by (used in) operating activities	(301,375)	(1,189,155)
Cash flows from investing activities		
Purchase of investment securities	(20,000)	-
Proceeds from sale of investment securities	320,320	-
Purchase of property, plant and equipment	(270,469)	(45,380)
Payments for asset retirement obligations	(38,997)	-
Purchase of software	(233,710)	(248,025)
Payments of leasehold and guarantee deposits	(1,439)	(13,194)
Proceeds from refund of leasehold and guarantee deposits	200,403	1,435
Net cash provided by (used in) investing activities	(43,894)	(305,163)
Cash flows from financing activities		
Proceeds from long-term borrowings	2,200,000	-
Dividends paid	(46,965)	(153,003)
Repayments of lease liabilities	(1,945)	(4,789)
Net cash provided by (used in) financing activities	2,151,088	(157,792)
Effect of exchange rate change on cash and cash equivalents	40,330	11,643
Net increase (decrease) in cash and cash equivalents	1,846,149	(1,640,468)
Cash and cash equivalents at beginning of period	6,962,974	8,266,468
Cash and cash equivalents at end of period	8,809,124	6,625,999