

Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending March 31, 2021
<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
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Scheduled date to submit Quarterly Securities Report: October 29, 2020
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, 2021 (from April 1, 2020 to September 30, 2020)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2020	5,824	(61.6)	(4,939)	—	(4,927)	—	(5,446)	—
September 30, 2019	15,163	(5.3)	681	(33.9)	700	(32.8)	484	(28.0)

Note: Comprehensive income

Six months ended September 30, 2020: ¥(5,201) million [—%]

Six months ended September 30, 2019: ¥382 million [(46.8%)]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2020	(116.16)	—
September 30, 2019	10.34	10.33

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2020	17,732	13,925	78.1	295.35
March 31, 2020	23,979	19,270	80.1	409.90

Reference: Equity

As of September 30, 2020: ¥13,857 million

As of March 31, 2020:

¥19,211 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, 2020	—	4.00	—	4.00	8.00
Fiscal year ending March 31, 2021	—	0.00			
Fiscal year ending March 31, 2021 (Forecast)			—	0.00	0.00

Note: Revisions to the cash dividend forecasts most recently announced: Yes

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

(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, 2021	17,800	(42.4)	(9,200)	—	(9,200)	—	(9,500)	(202.54)

Note: Revisions to the consolidated earnings forecasts most recently announced: Yes

* Notes

- (1) Changes in significant subsidiaries during the six months under review (changes in specified subsidiaries resulting in change in scope of consolidation): 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, 2020	48,675,100 shares
As of March 31, 2020	48,675,100 shares

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

As of September 30, 2020	1,757,262 shares
As of March 31, 2020	1,806,562 shares

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

Six months ended September 30, 2020	46,889,281 shares
Six months ended September 30, 2019	46,835,938 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.

Quarterly consolidated financial statements

(1) Consolidated balance sheet

(Thousands of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	11,653,173	7,631,625
Notes and accounts receivable - trade	4,172,261	2,425,677
Accounts receivable - other	1,511,515	1,741,722
Other	871,123	1,033,749
Allowance for doubtful accounts	(205,621)	(470,317)
Total current assets	18,002,452	12,362,458
Non-current assets		
Property, plant and equipment	844,294	908,729
Intangible assets		
Software	1,750,689	1,170,402
Other	72,835	164,481
Total intangible assets	1,823,525	1,334,883
Investments and other assets	3,309,395	3,126,339
Total non-current assets	5,977,215	5,369,952
Total assets	23,979,668	17,732,410
Liabilities		
Current liabilities		
Notes and accounts payable - trade	153,667	111,274
Asset retirement obligations	-	179,773
Income taxes payable	505,411	74,675
Provision for bonuses	587,296	-
Provision for point card certificates	209,520	137,777
Accounts payable - other	2,154,388	2,705,721
Other	839,685	411,833
Total current liabilities	4,449,971	3,621,056
Non-current liabilities		
Asset retirement obligations	258,238	184,708
Other	900	900
Total non-current liabilities	259,138	185,608
Total liabilities	4,709,110	3,806,665
Net assets		
Shareholders' equity		
Share capital	2,334,300	2,334,300
Capital surplus	2,884,780	2,884,780
Retained earnings	18,732,221	13,002,950
Treasury shares	(4,777,121)	(4,646,756)
Total shareholders' equity	19,174,181	13,575,274
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	65,015	321,816
Foreign currency translation adjustment	(27,800)	(39,960)
Total accumulated other comprehensive income	37,214	281,856
Share acquisition rights	59,162	68,614
Total net assets	19,270,557	13,925,745
Total liabilities and net assets	23,979,668	17,732,410

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

(Thousands of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net sales	15,163,680	5,824,118
Cost of sales	5,149,041	3,466,933
Gross profit	10,014,639	2,357,184
Selling, general and administrative expenses	9,333,144	7,297,101
Operating income (loss)	681,494	(4,939,916)
Non-operating income		
Dividend income	2,987	3,026
Other	15,914	10,644
Total non-operating income	18,902	13,671
Foreign exchange losses	-	1,720
Ordinary income (loss)	700,396	(4,927,965)
Extraordinary income		
Gain on sales of investment securities	-	92,500
Gain on sale of businesses	-	37,443
Total extraordinary income	-	129,943
Extraordinary losses		
Loss on valuation of investment securities	-	117,322
Total extraordinary losses	-	117,322
Net income (loss) before income taxes	700,396	(4,915,344)
Income taxes	216,302	531,140
Net income (loss)	484,093	(5,446,485)
Net income (loss) attributable to owners of parent	484,093	(5,446,485)

Consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net income (loss)	484,093	(5,446,485)
Other comprehensive income		
Valuation difference on available-for-sale securities	(88,972)	256,801
Foreign currency translation adjustment	(12,512)	(12,159)
Total other comprehensive income	(101,485)	244,641
Comprehensive income	382,608	(5,201,843)
Comprehensive income attributable to:		
Owners of parent	382,608	(5,201,843)

(3) Consolidated statement of cash flows

(Thousands of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Net income (loss) before income taxes	700,396	(4,915,344)
Depreciation and amortization	1,578,706	940,196
Increase (decrease) in allowance for doubtful accounts	(82,824)	264,695
Increase (decrease) in provision for bonuses	(110,822)	(587,296)
Increase (decrease) in provision for point card certificates	(85,806)	(71,743)
Loss (gain) on sales of investment securities	-	(92,500)
Loss (gain) on valuation of investment securities	-	117,322
Loss (gain) on sale of businesses	-	(37,443)
Decrease (increase) in trade receivables	480,997	1,746,243
Decrease (increase) in inventories	1,674	190,303
Increase (decrease) in trade payables	(78,339)	(42,393)
Decrease (increase) in advances paid	(167,323)	16,394
Increase (decrease) in advances received	(24,982)	(34,219)
Decrease (increase) in prepaid expenses	(92,589)	(324,119)
Decrease (increase) in accounts receivable - other	139,901	(230,221)
Increase (decrease) in accounts payable - other	(377,195)	617,274
Increase (decrease) in accrued consumption taxes	92,847	(371,535)
Other, net	(176,328)	(118,918)
Subtotal	1,798,309	(2,933,304)
Interest and dividends received	5,172	4,086
Income taxes paid	(87,177)	(430,527)
Net cash provided by (used in) operating activities	1,716,304	(3,359,745)
Cash flows from investing activities		
Purchase of investment securities	(0)	(140,000)
Proceeds from sales of investment securities	0	137,500
Purchase of property, plant and equipment	(128,561)	(217,497)
Payments for asset retirement obligations	(41,867)	-
Proceeds from sale of businesses	-	27,448
Purchase of software	(272,209)	(259,130)
Payments of leasehold and guarantee deposits	(12,000)	(13,967)
Proceeds from refund of leasehold and guarantee deposits	267,612	1,128
Net cash provided by (used in) investing activities	(187,025)	(464,517)
Cash flows from financing activities		
Dividends paid	(140,581)	(187,126)
Net cash provided by (used in) financing activities	(140,581)	(187,126)
Effect of exchange rate change on cash and cash equivalents	(9,623)	(10,158)
Net increase (decrease) in cash and cash equivalents	1,379,073	(4,021,547)
Cash and cash equivalents at beginning of period	7,630,364	11,653,173
Cash and cash equivalents at end of period	9,009,438	7,631,625