

Translation

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Summary of Consolidated Financial Results for the Six Months Ended November 30, 2022 (Based on Japanese GAAP)

January 13, 2023

Company name: Gunosy Inc.
 Stock exchange listing: Tokyo
 Stock code: 6047 URL <https://gunosy.co.jp>
 Representative: Representative Director and President Yuya Taketani
 Inquiries: Corporate Officer and CFO Tatsuyuki Iwase TEL (03)5953-8030
 Scheduled date to file Quarterly Securities Report: January 13, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended November 30, 2022 (from June 1, 2022 to November 30, 2022)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended November 30, 2022	3,928	(10.4)	(162)	–	(929)	–	(160)	–
Six months ended November 30, 2021	4,383	2.1	161	(57.0)	(40)	–	(27)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended November 30, 2022	(6.70)		–	
Six months ended November 30, 2021	(1.18)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2022	14,056	12,329	86.8
As of May 31, 2022	13,518	11,934	87.3

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended May 31, 2022	–	0.00	–	0.00	0.00
Year ending May 31, 2023	–	0.00	–	–	–
Year ending May 31, 2023 (Forecast)	–	–	–	–	–

3. Forecast of consolidated financial results for the year ending May 31, 2023 (from June 1, 2022 to May 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	8,250	(8.3)	(290)	–	–	–	–	–	–

4. Notes

- (1) Changes in significant subsidiaries during the six months ended November 30, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of November 30, 2022	24,237,774 shares	As of May 31, 2022	24,237,774 shares
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Number of treasury shares at the end of the period

As of November 30, 2022	241,434 shares	As of May 31, 2022	320,009 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended November 30, 2022	23,945,543 shares	Six months ended November 30, 2021	23,702,801 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of May 31, 2022	As of November 30, 2022
Assets		
Current assets		
Cash and deposits	6,492	5,991
Accounts receivable - trade	772	744
Other	612	964
Total current assets	<u>7,877</u>	<u>7,700</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15	14
Other, net	10	8
Total property, plant and equipment	<u>26</u>	<u>23</u>
Intangible assets		
Goodwill	63	52
Other	50	43
Total intangible assets	<u>114</u>	<u>95</u>
Investments and other assets		
Investment securities	5,180	6,047
Deferred tax assets	241	23
Other	76	165
Total investments and other assets	<u>5,499</u>	<u>6,236</u>
Total non-current assets	<u>5,641</u>	<u>6,356</u>
Total assets	<u>13,518</u>	<u>14,056</u>

(Millions of yen)

	As of May 31, 2022	As of November 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	637	598
Accounts payable - other	297	401
Income taxes payable	73	50
Advances received	348	433
Provision for point card certificates	7	0
Provision for share awards	13	13
Other	185	170
Total current liabilities	1,563	1,667
Non-current liabilities		
Provision for share awards	3	5
Deferred tax liabilities	16	53
Total non-current liabilities	20	59
Total liabilities	1,583	1,727
Net assets		
Shareholders' equity		
Share capital	4,099	4,099
Capital surplus	4,099	4,099
Retained earnings	3,709	3,478
Treasury shares	(463)	(332)
Total shareholders' equity	11,444	11,344
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	47	99
Deferred gains or losses on hedges	55	85
Foreign currency translation adjustment	257	673
Total accumulated other comprehensive income	360	858
Share acquisition rights	86	83
Non-controlling interests	43	42
Total net assets	11,934	12,329
Total liabilities and net assets	13,518	14,056

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended November 30, 2021	Six months ended November 30, 2022
Net sales	4,383	3,928
Cost of sales	2,457	2,408
Gross profit	1,925	1,520
Selling, general and administrative expenses	1,763	1,683
Operating profit (loss)	161	(162)
Non-operating income		
Interest income	0	5
Foreign exchange gains	16	16
Other	0	1
Total non-operating income	17	23
Non-operating expenses		
Commission expenses	6	8
Idle asset expenses	202	–
Loss on investments in investment partnerships	5	12
Share of loss of entities accounted for using equity method	–	768
Other	5	1
Total non-operating expenses	219	790
Ordinary loss	(40)	(929)
Extraordinary income		
Gain on sale of investment securities	80	9
Gain on change in equity	–	1,001
Gain on reversal of share acquisition rights	10	2
Total extraordinary income	91	1,012
Extraordinary losses		
Loss on valuation of investment securities	50	–
Total extraordinary losses	50	–
Profit (loss) before income taxes	(0)	83
Income taxes - current	107	25
Income taxes - deferred	(83)	219
Total income taxes	23	245
Loss	(24)	(161)
Profit (loss) attributable to non-controlling interests	3	(1)
Loss attributable to owners of parent	(27)	(160)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended November 30, 2021	Six months ended November 30, 2022
Loss	(24)	(161)
Other comprehensive income		
Valuation difference on available-for-sale securities	17	51
Deferred gains or losses on hedges	–	30
Foreign currency translation adjustment	(15)	3
Share of other comprehensive income of entities accounted for using equity method	–	412
Total other comprehensive income	1	498
Comprehensive income	(22)	337
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(26)	338
Comprehensive income attributable to non-controlling interests	3	(1)

Consolidated statements of cash flows

(Millions of yen)

	Six months ended November 30, 2021	Six months ended November 30, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	(0)	83
Depreciation	14	11
Amortization of goodwill	11	11
Foreign exchange losses (gains)	(18)	(156)
Interest income	(0)	(5)
Loss (gain) on sale of investment securities	(80)	(9)
Loss (gain) on valuation of investment securities	50	–
Share of loss (profit) of entities accounted for using equity method	–	768
Loss (gain) on change in equity	–	(1,001)
Decrease (increase) in trade receivables	49	28
Increase (decrease) in trade payables	(73)	(39)
Increase (decrease) in accounts payable - other	17	103
Decrease (increase) in prepaid expenses	(294)	(391)
Increase (decrease) in advances received	10	85
Increase (decrease) in provision for share awards	7	9
Other, net	(27)	28
Subtotal	(332)	(472)
Interest and dividends received	0	5
Income taxes paid	(139)	(13)
Net cash provided by (used in) operating activities	(471)	(481)
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	–	1,004
Purchase of investment securities	(1,726)	(247)
Proceeds from sale of investment securities	233	29
Other, net	(13)	2
Net cash provided by (used in) investing activities	(1,507)	789
Cash flows from financing activities		
Proceeds from disposal of treasury shares	12	12
Proceeds from issuance of shares	9	–
Other, net	(5)	(8)
Net cash provided by (used in) financing activities	15	3
Effect of exchange rate change on cash and cash equivalents	10	(3)
Net increase (decrease) in cash and cash equivalents	(1,953)	308
Cash and cash equivalents at beginning of period	8,952	4,947
Cash and cash equivalents at end of period	6,999	5,255