

May 10, 2017

Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 <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/>
 Representative: Seiichiro Kubo, President
 Contact: Hisao Iizuka, Director and Executive Vice President
 TEL: +81-3-3500-9700

Scheduled date of Annual General Meeting of Shareholders: June 21, 2017
 Scheduled date to commence dividend payments: June 22, 2017
 Scheduled date to submit Securities Report: June 22, 2017
 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, 2017 (from April 1, 2016 to March 31, 2017)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2017	36,979	6.8	6,740	4.8	6,813	4.9	4,799	9.9
March 31, 2016	34,617	6.1	6,429	26.1	6,492	26.6	4,367	33.2

Note: Comprehensive income

Fiscal year ended March 31, 2017: ¥4,774 million [9.7%]

Fiscal year ended March 31, 2016: ¥4,352 million [31.4%]

	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, 2017	102.25	101.93	25.1	26.6	18.2
March 31, 2016	90.19	89.86	23.2	25.5	18.6

Reference: Equity in earnings (losses) of affiliates:

Fiscal year ended March 31, 2017: —

Fiscal year ended March 31, 2016: —

(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, 2017	23,917	18,038	75.3	385.31
March 31, 2016	27,322	20,296	74.2	418.22

Reference: Equity

As of March 31, 2017: ¥18,013 million

As of March 31, 2016: ¥20,266 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, 2017	6,325	(3,476)	(7,028)	7,922
March 31, 2016	6,897	(2,724)	(1,518)	12,131

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			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2016	—	15.00	—	23.00	38.00	1,840	42.1	9.8
Fiscal year ended March 31, 2017	—	20.00	—	22.00	42.00	1,963	41.1	10.5
Fiscal year ending March 31, 2018 (Forecast)	—	22.00	—	22.00	44.00		43.8	

Note: For details on the increase in the amount of the fiscal year-end dividends for the fiscal year ended March 31, 2017, please refer to “Notice regarding FY2016 year-end dividend increase” announced on this day (May 10, 2017).

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

(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, 2017	18,100	2.1	2,870	(19.4)	2,870	(19.7)	1,960	41.92
Fiscal year ending March 31, 2018	38,200	3.3	6,900	2.4	6,900	1.3	4,700	100.53

* 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
- 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, 2017	48,675,100 shares
As of March 31, 2016	48,675,100 shares

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

As of March 31, 2017	1,924,559 shares
As of March 31, 2016	216,459 shares

- c. Average number of shares during the period

Fiscal year ended March 31, 2017	46,931,986 shares
Fiscal year ended March 31, 2016	48,431,510 shares

* Financial results reports are not required to be audited.

* 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.

Consolidated financial statements

(1) Consolidated balance sheet

(Thousands of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	12,631,915	7,922,826
Notes and accounts receivable - trade	4,670,436	4,663,750
Securities	499,975	—
Deferred tax assets	778,893	572,188
Accounts receivable - other	1,747,897	1,893,280
Other	846,616	884,013
Allowance for doubtful accounts	(286,563)	(274,421)
Total current assets	20,889,170	15,661,638
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	327,561	332,454
Other, net	606,134	757,692
Total property, plant and equipment	933,695	1,090,146
Intangible assets		
Software	2,759,487	3,847,876
Other	791,160	974,998
Total intangible assets	3,550,648	4,822,875
Investments and other assets		
Investment securities	70,000	225,943
Deferred tax assets	579,033	503,398
Lease and guarantee deposits	1,183,256	1,542,067
Other	117,054	70,965
Total investments and other assets	1,949,344	2,342,375
Total non-current assets	6,433,688	8,255,397
Total assets	27,322,858	23,917,035

(Thousands of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	288,248	256,963
Income taxes payable	1,457,610	714,651
Provision for bonuses	1,378,322	1,042,746
Provision for point card certificates	168,218	148,178
Accounts payable - other	2,264,118	2,241,297
Other	1,253,436	1,243,228
Total current liabilities	6,809,954	5,647,066
Non-current liabilities		
Asset retirement obligations	215,332	230,519
Other	1,100	900
Total non-current liabilities	216,432	231,419
Total liabilities	7,026,387	5,878,486
Net assets		
Shareholders' equity		
Capital stock	2,334,300	2,334,300
Capital surplus	2,884,780	2,884,780
Retained earnings	15,203,906	17,881,833
Treasury shares	(182,612)	(5,089,148)
Total shareholders' equity	20,240,374	18,011,766
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	–	4,734
Foreign currency translation adjustment	25,973	(2,933)
Total accumulated other comprehensive income	25,973	1,800
Subscription rights to shares	30,123	24,982
Total net assets	20,296,471	18,038,549
Total liabilities and net assets	27,322,858	23,917,035

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

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	34,617,075	36,979,024
Cost of sales	8,626,664	8,832,214
Gross profit	25,990,410	28,146,809
Selling, general and administrative expenses	19,560,862	21,406,098
Operating income	6,429,548	6,740,711
Non-operating income		
Interest income	13,131	5,532
Subsidy income	10,663	10,613
Promotional subsidy income	5,000	16,099
Income from expiration of gift cards	24,815	30,009
Income from expiration of electronic money	–	9,051
Other	9,983	10,904
Total non-operating income	63,594	82,211
Non-operating expenses		
Interest expenses	0	–
Foreign exchange losses	780	9,614
Other	26	–
Total non-operating expenses	807	9,614
Ordinary income	6,492,335	6,813,308
Extraordinary income		
Gain on reversal of subscription rights to shares	142	56
Total extraordinary income	142	56
Extraordinary losses		
Loss on liquidation of subsidiaries and associates	6,843	–
Total extraordinary losses	6,843	–
Net income before income taxes	6,485,633	6,813,365
Income taxes - current	2,310,094	1,734,087
Income taxes - deferred	(192,260)	280,250
Total income taxes	2,117,833	2,014,338
Net income	4,367,799	4,799,027
Net income attributable to owners of parent	4,367,799	4,799,027

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net income	4,367,799	4,799,027
Other comprehensive income		
Valuation difference on available-for-sale securities	-	4,734
Foreign currency translation adjustment	(14,909)	(28,907)
Total other comprehensive income	(14,909)	(24,173)
Comprehensive income	4,352,890	4,774,853
Comprehensive income attributable to:		
Owners of parent	4,352,890	4,774,853
Non-controlling interests	-	-

(3) Consolidated statements of changes in equity

Fiscal year ended March 31, 2016

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,334,300	2,884,780	12,392,343	(224,457)	17,386,966
Changes of items during period					
Dividends of surplus			(1,549,275)		(1,549,275)
Purchase of own shares				-	-
Disposal of treasury shares			(6,961)	41,844	34,883
Net income attributable to owners of parent			4,367,799		4,367,799
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	2,811,563	41,844	2,853,407
Balance at end of current period	2,334,300	2,884,780	15,203,906	(182,612)	20,240,374

	Accumulated other comprehensive income			Subscription rights to shares	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	-	40,883	40,883	36,883	17,464,733
Changes of items during period					
Dividends of surplus					(1,549,275)
Purchase of own shares					-
Disposal of treasury shares					34,883
Net income attributable to owners of parent					4,367,799
Net changes of items other than shareholders' equity	-	(14,909)	(14,909)	(6,759)	(21,669)
Total changes of items during period	-	(14,909)	(14,909)	(6,759)	2,831,738
Balance at end of current period	-	25,973	25,973	30,123	20,296,471

Fiscal year ended March 31, 2017

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,334,300	2,884,780	15,203,906	(182,612)	20,240,374
Changes of items during period					
Dividends of surplus			(2,049,067)		(2,049,067)
Purchase of own shares				(4,999,761)	(4,999,761)
Disposal of treasury shares			(72,032)	93,226	21,193
Net income attributable to owners of parent			4,799,027		4,799,027
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	2,677,926	(4,906,535)	(2,228,608)
Balance at end of current period	2,334,300	2,884,780	17,881,833	(5,089,148)	18,011,766

	Accumulated other comprehensive income			Subscription rights to shares	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	-	25,973	25,973	30,123	20,296,471
Changes of items during period					
Dividends of surplus					(2,049,067)
Purchase of own shares					(4,999,761)
Disposal of treasury shares					21,193
Net income attributable to owners of parent					4,799,027
Net changes of items other than shareholders' equity	4,734	(28,907)	(24,173)	(5,140)	(29,313)
Total changes of items during period	4,734	(28,907)	(24,173)	(5,140)	(2,257,922)
Balance at end of current period	4,734	(2,933)	1,800	24,982	18,038,549

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Net income before income taxes	6,485,633	6,813,365
Depreciation	2,841,396	2,500,581
Increase (decrease) in allowance for doubtful accounts	(37,098)	(12,141)
Increase (decrease) in provision for bonuses	422,109	(335,575)
Increase (decrease) in provision for point card certificates	(37,802)	(20,009)
Loss on liquidation of subsidiaries and associates	6,843	–
Decrease (increase) in notes and accounts receivable - trade	(263,659)	2,888
Decrease (increase) in advances paid	(299,131)	36,028
Decrease (increase) in accounts receivable - other	(170,999)	(145,809)
Increase (decrease) in notes and accounts payable - trade	67,558	(31,284)
Increase (decrease) in accounts payable - other	289,783	28,767
Increase (decrease) in advances received	(45,153)	22,666
Other, net	(346,491)	(11,397)
Subtotal	8,912,991	8,848,079
Interest and dividend income received	12,522	6,065
Interest expenses paid	(0)	–
Income taxes paid	(2,027,881)	(2,528,926)
Net cash provided by (used in) operating activities	6,897,632	6,325,218
Cash flows from investing activities		
Payments into time deposits	(2,000,000)	–
Proceeds from withdrawal of time deposits	2,000,000	1,000,000
Purchase of investment securities	(36,000)	(149,119)
Purchase of property, plant and equipment	(451,602)	(477,463)
Purchase of software	(2,141,354)	(3,476,596)
Payments for lease and guarantee deposits	(101,454)	(373,235)
Other, net	5,862	(406)
Net cash provided by (used in) investing activities	(2,724,549)	(3,476,822)
Cash flows from financing activities		
Purchase of own shares	–	(4,999,761)
Cash dividends paid	(1,545,546)	(2,044,486)
Other, net	27,009	16,110
Net cash provided by (used in) financing activities	(1,518,536)	(7,028,137)
Effect of exchange rate change on cash and cash equivalents	(14,801)	(29,323)
Net increase (decrease) in cash and cash equivalents	2,639,745	(4,209,064)
Cash and cash equivalents at beginning of period	9,492,145	12,131,890
Cash and cash equivalents at end of period	12,131,890	7,922,826