

Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending March 31, 2018
<under Japanese GAAP>

Name of the Listed Company: **Gurunavi, Inc.**
 Listed Stock Exchanges: Tokyo Stock Exchange
 Stock Code: 2440
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Scheduled date to submit Quarterly Securities Report: October 31, 2017
 Scheduled date to commence dividend payments: December 4, 2017
 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, 2018 (from April 1, 2017 to September 30, 2017)

(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, 2017	17,560	(1.0)	2,824	(20.6)	2,833	(20.7)	1,928	(21.0)
September 30, 2016	17,732	8.4	3,559	8.2	3,572	7.9	2,441	10.9

Note: Comprehensive income

Six months ended September 30, 2017: ¥1,932 million [(19.1%)]

Six months ended September 30, 2016: ¥2,388 million [8.1%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2017	41.23	41.14
September 30, 2016	51.80	51.63

(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, 2017	25,247	18,952	75.0	404.76
March 31, 2017	23,917	18,038	75.3	385.31

Reference: Equity

As of September 30, 2017: ¥18,930 million

As of March 31, 2017:

¥18,013 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, 2017	—	20.00	—	22.00	42.00
Fiscal year ending March 31, 2018	—	22.00			
Fiscal year ending March 31, 2018 (Forecast)			—	22.00	44.00

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

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
Fiscal year ending March 31, 2018	35,800	(3.2)	4,500	(33.2)	4,500	(34.0)	3,000	(37.5)	64.15

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

For details on the revisions to the consolidated earnings forecasts, please refer to “Revised Full-Year Business Forecast for the Fiscal Year ending March 31, 2018” announced on this day (October 30, 2017).

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

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

As of September 30, 2017	1,905,759 shares
As of March 31, 2017	1,924,559 shares

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

Six months ended September 30, 2017	46,765,207 shares
Six months ended September 30, 2016	47,120,632 shares

* Quarterly financial results reports are not required to be subjected to quarterly reviews.

* 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, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	7,922,826	8,237,143
Notes and accounts receivable - trade	4,663,750	4,493,489
Accounts receivable - other	1,893,280	1,727,876
Other	1,456,202	1,548,859
Allowance for doubtful accounts	(274,421)	(264,575)
Total current assets	15,661,638	15,742,794
Non-current assets		
Property, plant and equipment	1,090,146	1,144,082
Intangible assets		
Software	3,847,876	4,965,454
Other	974,998	734,065
Total intangible assets	4,822,875	5,699,520
Investments and other assets	2,342,375	2,660,736
Total non-current assets	8,255,397	9,504,339
Total assets	23,917,035	25,247,133
Liabilities		
Current liabilities		
Notes and accounts payable - trade	256,963	203,998
Income taxes payable	714,651	1,019,420
Provision for bonuses	1,042,746	875,639
Provision for point card certificates	148,178	190,124
Accounts payable - other	2,241,297	2,537,608
Other	1,243,228	1,235,168
Total current liabilities	5,647,066	6,061,958
Non-current liabilities		
Asset retirement obligations	230,519	231,614
Other	900	900
Total non-current liabilities	231,419	232,514
Total liabilities	5,878,486	6,294,473
Net assets		
Shareholders' equity		
Capital stock	2,334,300	2,334,300
Capital surplus	2,884,780	2,884,780
Retained earnings	17,881,833	18,744,918
Treasury shares	(5,089,148)	(5,039,434)
Total shareholders' equity	18,011,766	18,924,564
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,734	13,295
Foreign currency translation adjustment	(2,933)	(7,292)
Total accumulated other comprehensive income	1,800	6,002
Subscription rights to shares	24,982	22,093
Total net assets	18,038,549	18,952,659
Total liabilities and net assets	23,917,035	25,247,133

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

(Thousands of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net sales	17,732,738	17,560,265
Cost of sales	4,123,235	4,673,569
Gross profit	13,609,503	12,886,695
Selling, general and administrative expenses	10,049,590	10,061,893
Operating income	3,559,912	2,824,802
Non-operating income		
Interest income	2,148	2,370
Foreign exchange gains	734	–
Dividend income	–	1,582
Subsidy income	6,220	4,205
Other	3,505	5,661
Total non-operating income	12,608	13,819
Non-operating expenses		
Foreign exchange losses	–	4,688
Total non-operating expenses	–	4,688
Ordinary income	3,572,521	2,833,932
Extraordinary income		
Gain on liquidation of subsidiaries and associates	–	744
Gain on reversal of subscription rights to shares	56	–
Total extraordinary income	56	744
Net income before income taxes	3,572,578	2,834,677
Income taxes	1,131,495	906,337
Net income	2,441,082	1,928,340
Net income attributable to owners of parent	2,441,082	1,928,340

Consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net income	2,441,082	1,928,340
Other comprehensive income		
Valuation difference on available-for-sale securities	–	8,561
Foreign currency translation adjustment	(52,484)	(4,359)
Total other comprehensive income	(52,484)	4,202
Comprehensive income	2,388,598	1,932,542
Comprehensive income attributable to:		
Owners of parent	2,388,598	1,932,542
Non-controlling interests	–	–

(3) Consolidated statement of cash flows

(Thousands of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from operating activities		
Net income before income taxes	3,572,578	2,834,677
Depreciation	1,205,209	1,439,107
Increase (decrease) in allowance for doubtful accounts	28,776	(9,846)
Increase (decrease) in provision for bonuses	(570,504)	(167,107)
Increase (decrease) in provision for point card certificates	(25,742)	41,945
Gain on liquidation of subsidiaries and associates	–	(744)
Decrease (increase) in notes and accounts receivable - trade	215,824	169,544
Decrease (increase) in accounts receivable - other	(118,743)	165,237
Increase (decrease) in notes and accounts payable - trade	(70,904)	(52,965)
Increase (decrease) in accounts payable - other	(136,926)	(138,061)
Increase (decrease) in advances received	108,842	(87,840)
Other, net	(173,346)	(21,239)
Subtotal	4,035,062	4,172,707
Interest and dividend income received	2,479	3,952
Income taxes paid	(1,376,217)	(599,529)
Net cash provided by (used in) operating activities	2,661,324	3,577,129
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	1,000,000	–
Purchase of investment securities	(49,000)	(145,220)
Purchase of property, plant and equipment	(370,791)	(345,271)
Purchase of software	(1,701,014)	(1,690,731)
Payments for lease and guarantee deposits	(351,197)	(73,835)
Other, net	(1,201)	12,164
Net cash provided by (used in) investing activities	(1,473,205)	(2,242,894)
Cash flows from financing activities		
Purchase of own shares	(4,999,761)	–
Cash dividends paid	(1,111,620)	(1,026,218)
Other, net	5,040	10,080
Net cash provided by (used in) financing activities	(6,106,341)	(1,016,138)
Effect of exchange rate change on cash and cash equivalents	(50,912)	(3,779)
Net increase (decrease) in cash and cash equivalents	(4,969,134)	314,317
Cash and cash equivalents at beginning of period	12,131,890	7,922,826
Cash and cash equivalents at end of period	7,162,756	8,237,143