

Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 <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 of Annual General Meeting of Shareholders: June 20, 2018
 Scheduled date to commence dividend payments: June 21, 2018
 Scheduled date to submit Securities Report: June 21, 2018
 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, 2018 (from April 1, 2017 to March 31, 2018)

(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, 2018	36,226	(2.0)	4,742	(29.6)	4,809	(29.4)	3,192	(33.5)
March 31, 2017	36,979	6.8	6,740	4.8	6,813	4.9	4,799	9.9

Note: Comprehensive income

Fiscal year ended March 31, 2018: ¥3,189 million [(33.2%)]
 Fiscal year ended March 31, 2017: ¥4,774 million [9.7%]

	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, 2018	68.27	68.12	17.2	19.5	13.1
March 31, 2017	102.25	101.93	25.1	26.6	18.2

Reference: Equity in earnings (losses) of affiliates:

Fiscal year ended March 31, 2018: —
 Fiscal year ended March 31, 2017: —

(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, 2018	25,457	19,186	75.3	409.70
March 31, 2017	23,917	18,038	75.3	385.31

Reference: Equity

As of March 31, 2018: ¥19,166 million As of March 31, 2017: ¥18,013 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, 2018	6,778	(4,675)	(2,036)	8,000
March 31, 2017	6,325	(3,476)	(7,028)	7,922

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, 2017	—	20.00	—	22.00	42.00	1,963	41.1	10.5
Fiscal year ended March 31, 2018	—	22.00	—	22.00	44.00	2,058	64.5	11.1
Fiscal year ending March 31, 2019 (Forecast)	—	5.00	—	8.00	13.00		67.6	

**3. Consolidated earnings forecasts for the fiscal year ending March 31, 2019
(from April 1, 2018 to March 31, 2019)**

(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, 2018	15,700	(10.6)	400	(85.8)	400	(85.9)	280 (85.5)	5.99
Fiscal year ending March 31, 2019	33,000	(8.9)	1,300	(72.6)	1,300	(73.0)	900 (71.8)	19.24

*** 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
- Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - Changes in accounting policies due to other reasons: None
 - Changes in accounting estimates: None
 - 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, 2018	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 March 31, 2018	1,892,159 shares
As of March 31, 2017	1,924,559 shares

- c. Average number of shares during the period

Fiscal year ended March 31, 2018	46,770,659 shares
Fiscal year ended March 31, 2017	46,931,986 shares

Reference: Summary of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2018	36,197	(1.9)	4,731	(29.2)	4,782	(29.1)	3,185	(32.9)
March 31, 2017	36,914	6.9	6,680	4.5	6,740	4.8	4,745	9.7

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2018	68.10	67.95
March 31, 2017	101.12	100.80

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2018	24,904	18,639	74.8	398.00
March 31, 2017	23,446	17,511	74.6	374.03

Reference: Equity

As of March 31, 2018: ¥18,619 million As of March 31, 2017: ¥17,486 million

* Financial results reports are exempt from audit 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.

Consolidated financial statements

(1) Consolidated balance sheet

(Thousands of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	7,922,826	8,000,729
Notes and accounts receivable - trade	4,663,750	4,860,540
Deferred tax assets	572,188	581,988
Accounts receivable - other	1,893,280	1,764,935
Other	884,013	735,242
Allowance for doubtful accounts	(274,421)	(277,292)
Total current assets	15,661,638	15,666,145
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	332,454	252,760
Other, net	757,692	855,385
Total property, plant and equipment	1,090,146	1,108,145
Intangible assets		
Software	3,847,876	4,682,174
Other	974,998	575,469
Total intangible assets	4,822,875	5,257,644
Investments and other assets		
Investment securities	225,943	756,771
Deferred tax assets	503,398	614,149
Lease and guarantee deposits	1,542,067	1,992,022
Other	70,965	62,520
Total investments and other assets	2,342,375	3,425,462
Total non-current assets	8,255,397	9,791,253
Total assets	23,917,035	25,457,398

(Thousands of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	256,963	290,388
Income taxes payable	714,651	926,827
Provision for bonuses	1,042,746	695,593
Provision for point card certificates	148,178	358,797
Accounts payable - other	2,241,297	2,607,940
Other	1,243,228	1,148,914
Total current liabilities	5,647,066	6,028,462
Non-current liabilities		
Asset retirement obligations	230,519	241,040
Other	900	900
Total non-current liabilities	231,419	241,940
Total liabilities	5,878,486	6,270,402
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	18,952,734
Treasury shares	(5,089,148)	(5,003,472)
Total shareholders' equity	18,011,766	19,168,342
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,734	(10,708)
Foreign currency translation adjustment	(2,933)	9,199
Total accumulated other comprehensive income	1,800	(1,509)
Share acquisition rights	24,982	20,162
Total net assets	18,038,549	19,186,995
Total liabilities and net assets	23,917,035	25,457,398

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

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	36,979,024	36,226,323
Cost of sales	8,832,214	10,142,874
Gross profit	28,146,809	26,083,448
Selling, general and administrative expenses	21,406,098	21,341,292
Operating income	6,740,711	4,742,155
Non-operating income		
Subsidy income	10,613	8,862
Promotional subsidy income	16,099	278
Income from expiration of gift cards	30,009	41,244
Income from expiration of electronic money	9,051	–
Other	16,437	22,808
Total non-operating income	82,211	73,192
Non-operating expenses		
Foreign exchange losses	9,614	5,721
Total non-operating expenses	9,614	5,721
Ordinary income	6,813,308	4,809,627
Extraordinary income		
Gain on liquidation of subsidiaries and associates	–	744
Gain on reversal of share acquisition rights	56	–
Total extraordinary income	56	744
Extraordinary losses		
Loss on valuation of investment securities	–	59,318
Total extraordinary losses	–	59,318
Net income before income taxes	6,813,365	4,751,053
Income taxes - current	1,734,087	1,679,240
Income taxes - deferred	280,250	(121,180)
Total income taxes	2,014,338	1,558,059
Net income	4,799,027	3,192,993
Net income attributable to owners of parent	4,799,027	3,192,993

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net income	4,799,027	3,192,993
Other comprehensive income		
Valuation difference on available-for-sale securities	4,734	(15,442)
Foreign currency translation adjustment	(28,907)	12,132
Total other comprehensive income	(24,173)	(3,309)
Comprehensive income	4,774,853	3,189,683
Comprehensive income attributable to:		
Owners of parent	4,774,853	3,189,683
Non-controlling interests	—	—

(3) Consolidated statements of changes in equity

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			Share acquisition rights	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

Fiscal year ended March 31, 2018

(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	17,881,833	(5,089,148)	18,011,766
Changes of items during period					
Dividends of surplus			(2,057,437)		(2,057,437)
Purchase of own shares				—	—
Disposal of treasury shares			(64,655)	85,675	21,020
Net income attributable to owners of parent			3,192,993		3,192,993
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,070,900	85,675	1,156,576
Balance at end of current period	2,334,300	2,884,780	18,952,734	(5,003,472)	19,168,342

	Accumulated other comprehensive income			Share acquisition rights	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	4,734	(2,933)	1,800	24,982	18,038,549
Changes of items during period					
Dividends of surplus					(2,057,437)
Purchase of own shares					—
Disposal of treasury shares					21,020
Net income attributable to owners of parent					3,192,993
Net changes of items other than shareholders' equity	(15,442)	12,132	(3,309)	(4,820)	(8,130)
Total changes of items during period	(15,442)	12,132	(3,309)	(4,820)	1,148,446
Balance at end of current period	(10,708)	9,199	(1,509)	20,162	19,186,995

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Net income before income taxes	6,813,365	4,751,053
Depreciation and amortization	2,500,581	3,264,869
Increase (decrease) in allowance for doubtful accounts	(12,141)	2,870
Increase (decrease) in provision for bonuses	(335,575)	(347,152)
Increase (decrease) in provision for point card certificates	(20,009)	210,619
Loss (gain) on valuation of investment securities	–	59,318
Gain on liquidation of subsidiaries and associates	–	(744)
Decrease (increase) in notes and accounts receivable - trade	2,888	(196,074)
Decrease (increase) in advances paid	36,028	111,988
Decrease (increase) in accounts receivable - other	(145,809)	128,288
Increase (decrease) in notes and accounts payable - trade	(31,284)	33,425
Increase (decrease) in accounts payable - other	28,767	284,456
Increase (decrease) in advances received	22,666	(86,504)
Other, net	(11,397)	25,872
Subtotal	8,848,079	8,242,286
Interest and dividend income received	6,065	8,468
Income taxes paid	(2,528,926)	(1,472,392)
Net cash provided by (used in) operating activities	6,325,218	6,778,362
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	1,000,000	–
Purchase of investment securities	(149,119)	(614,960)
Purchase of property, plant and equipment	(477,463)	(567,848)
Purchase of software	(3,476,596)	(3,061,106)
Payments for lease and guarantee deposits	(373,235)	(445,756)
Other, net	(406)	14,151
Net cash provided by (used in) investing activities	(3,476,822)	(4,675,520)
Cash flows from financing activities		
Purchase of own shares	(4,999,761)	–
Cash dividends paid	(2,044,486)	(2,052,796)
Other, net	16,110	16,200
Net cash provided by (used in) financing activities	(7,028,137)	(2,036,596)
Effect of exchange rate change on cash and cash equivalents	(29,323)	11,658
Net increase (decrease) in cash and cash equivalents	(4,209,064)	77,903
Cash and cash equivalents at beginning of period	12,131,890	7,922,826
Cash and cash equivalents at end of period	7,922,826	8,000,729