



INVESTOR PRESENTATION

Financial Results for the Third Quarter of the Fiscal Year 2019
(April 1 – December 31, 2019)

Gurunavi, Inc. (Stock Code : 2440)



Financial Highlights

■ Financial highlights for the first nine months of FY2019

Net sales	JPY	23,431 million	(4.4) % YoY
Operating income	JPY	1,397 million	24.3 % YoY
Operating income on net sales		6.0 %	1.4 pp YoY
Net income attributable to owners of parent	JPY	790 million	4.8 % YoY
Basic earnings per share (EPS)	JPY	16.89	4.7 % YoY
Number of all paying member restaurants (Including member restaurants with other fee type contract)		59,067 (At the end of December 2019)	(2.7) % YoY
Number of basic member restaurants with annual fixed fee		56,067 (At the end of December 2019)	(4.3) % YoY
Number of Gurunavi members		18.50 million (As of January 1, 2020)	10.3 % YoY

Full-year Consolidated Forecasts

■ Full-year forecasts revised upwards

Full-scale structural reforms and upfront investment based on the medium-term business policy be postponed to the next fiscal year

(JPY million)	FY2018	FY2019			
	Results	Q3	Full-year		
		Results	Previous forecast	Revised forecast	Change
Net Sales	32,728	23,431	30,800	31,000	+200
Operating income	1,216	1,397	(2,000)	1,400	+3,400
Operating income on net sales	3.7%	6.0%	-	4.5%	-
Ordinary income	1,289	1,423	(2,000)	1,440	+3,440
Net income attributable to owners of parent	581	790	(2,050)	790	+2,840
Basic earnings per share (JPY)	12.42	16.89	(43.77)	16.86	+60.63
Annual dividends (JPY)	8.00	-	8.00	8.00	-
Payout ratio	64.4%	-	-	47.4%	-

Financial Highlights and Full-year Consolidated Forecasts (1)

■ Progress on initiatives for the recovery and regrowth of business performance continue under new management structure

1 Expense reductions to strengthen profit structure progressing faster than expected

2 To maximize results radical structural reforms and upfront investment be implemented next fiscal year rather than quick short-term measures in the current year

Background
1

Factors hindering flexible and rapid service development and improvement are scattered within the company

- Aging system
- Lack of data accumulation and maintenance
- Resource allocation
- Human resource development, etc.

Present
situation

Renewing internal systems and strengthening human resource strategies under medium-term business policy



Background
2

Conclusion that implementing reforms with sufficient preparation is more effective

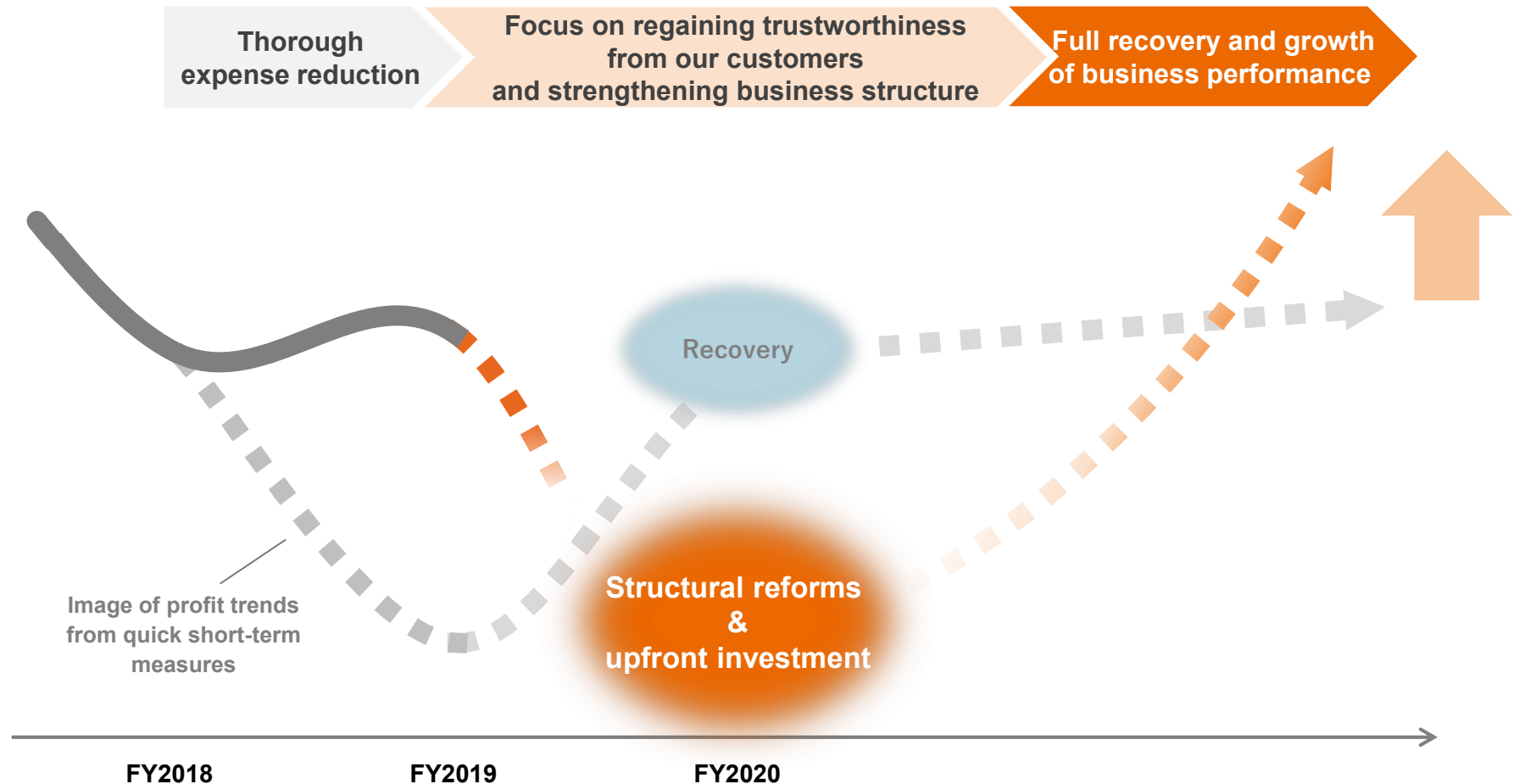
- Analysis and verification of current situation takes longer than expected
- Short-term measures are less effective than expected

Present
situation

Under preparation and coordination of operational aspects for prompt implementation of reforms next fiscal year

Financial Highlights and Full-year Consolidated Forecasts (2)

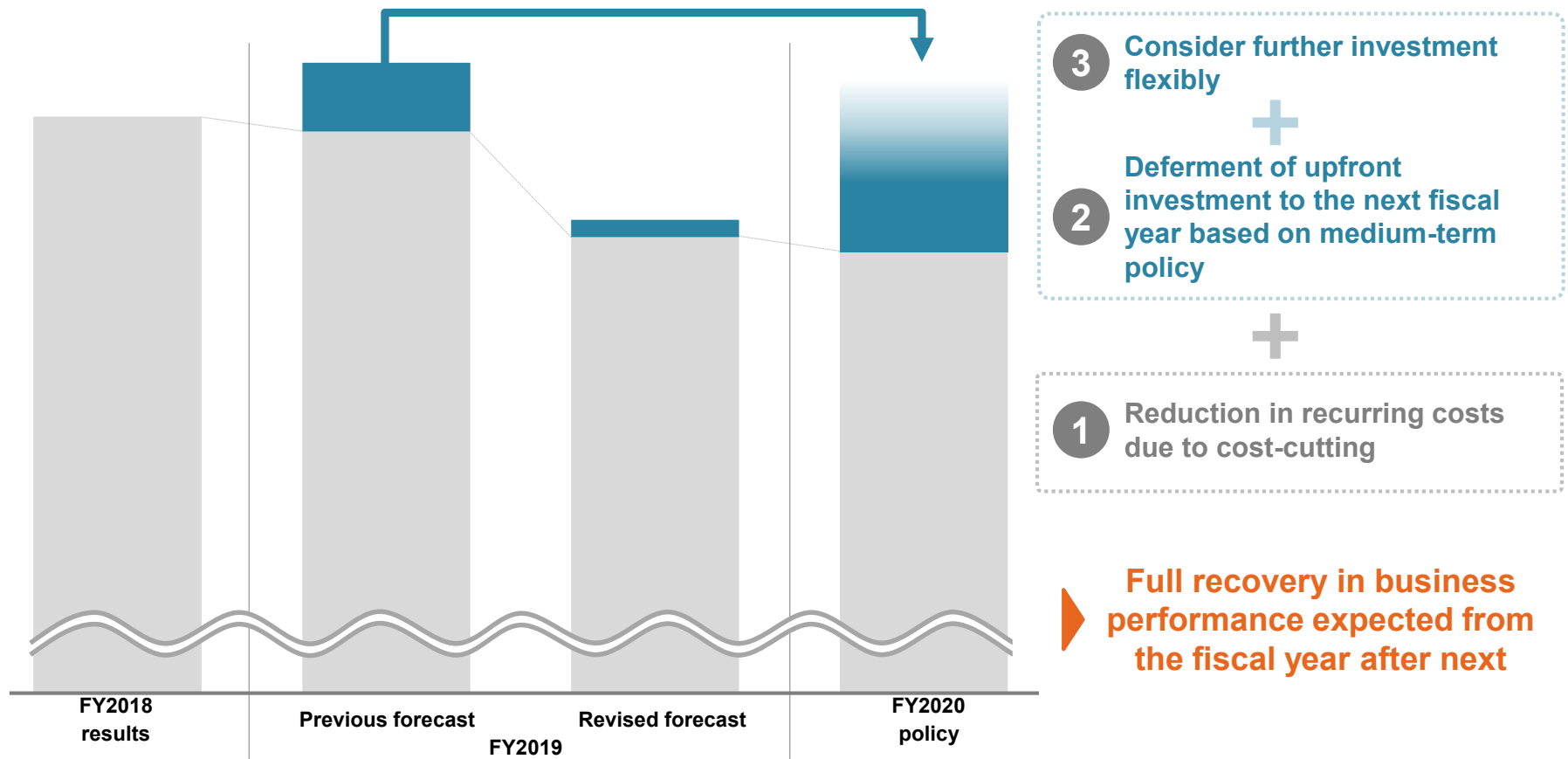
Image of profit trends



Financial Highlights and Full-year Consolidated Forecasts (3)

■ Policy to prioritize structural reforms and investment over profit in the next fiscal year

Image of cost and investment



Consolidated income statement

(JPY million)	Q3 FY2018 (Apr.-Dec.)	Ratio to sales	Q3 FY2019 (Apr.-Dec.)	Ratio to sales	YoY Change
Net sales	24,513	100.0%	23,431	100.0%	(4.4)%
Cost of sales	7,625	31.1%	7,739	33.0%	1.5%
Gross profit	16,887	68.9%	15,692	67.0%	(7.1)%
SG&A expenses	15,763	64.3%	14,294	61.0%	(9.3)%
Operating income	1,124	4.6%	1,397	6.0%	24.3%
Ordinary income	1,148	4.7%	1,423	6.1%	24.0%
Net income before income taxes	1,125	4.6%	1,130	4.8%	0.4%
Net income attributable to owners of parent	754	3.1%	790	3.4%	4.8%

- Recorded an extraordinary loss of JPY 293 million in loss on valuation of investment securities

Consolidated sales breakdown

(JPY million)	Q3 FY2018 (Apr.-Dec.)	Q3 FY2019 (Apr.-Dec.)	YoY
Net sales	24,513	23,431	(4.4)%
Restaurant promotion services	22,190	21,586	(2.7)%
Cumulative retained services	19,581	18,086	(7.6)%
Spot services	2,609	3,500	34.2%
Promotions	641	498	(22.4)%
Related businesses	1,681	1,346	(19.9)%

Cumulative retained services

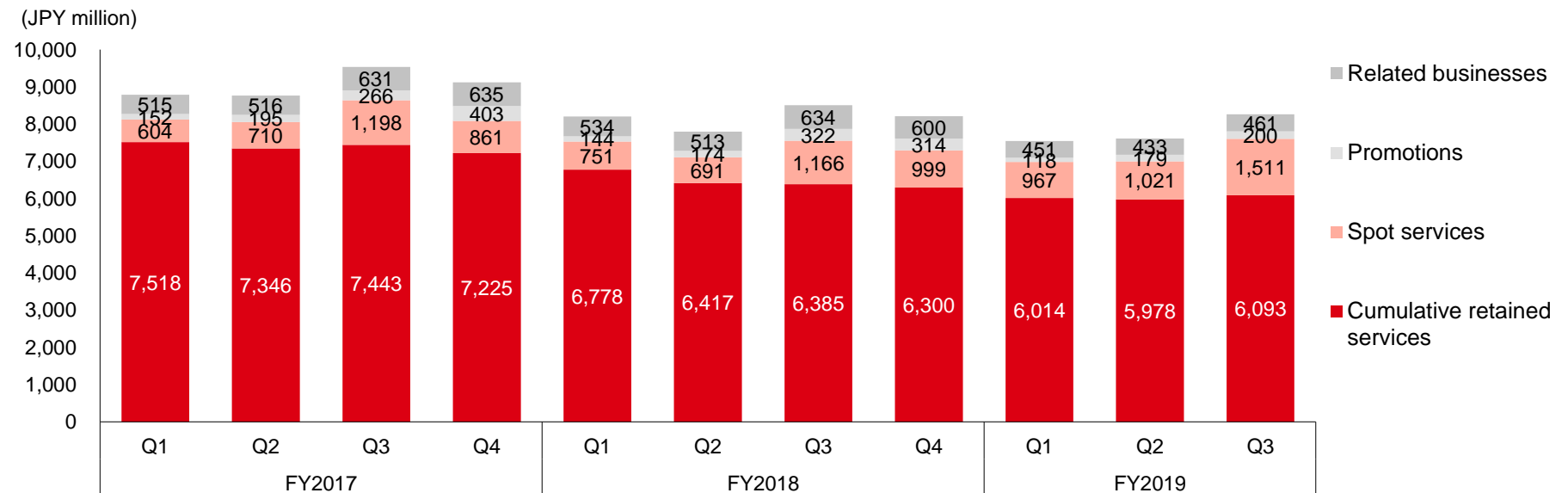
- Contract reductions/cancellations remain low this quarter as measures to expand the use of online reservations (enhancing customer referral capability) continued and proposals for business support services
- New orders remain at low level due to strengthening of proposals to member restaurants

Spot services

- Online reservation commission fees grew

Related businesses

- Transfer of "Let's Enjoy Tokyo" business in September and business regarding food delivery service for corporations scheduled in January



Consolidated cost breakdown

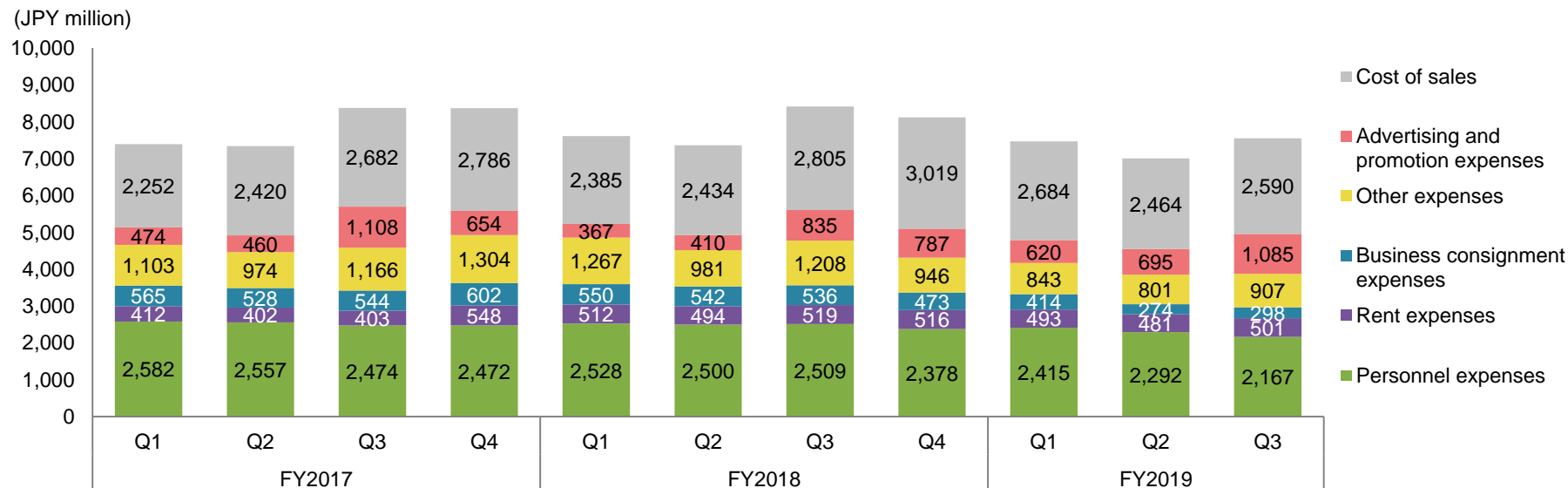
(JPY million)	Q3 FY2018 (Apr.-Dec.)	Q3 FY2019 (Apr.-Dec.)	YoY
Total cost	23,389	22,033	(5.8)%
Cost of sales	7,625	7,739	1.5%
SG&A	15,763	14,294	(9.3)%
Personnel expenses	7,537	6,875	(8.8)%
Rent expenses	1,525	1,476	(3.2)%
Business consignment expenses	1,629	987	(39.4)%
Advertising and promotion expenses	1,613	2,401	48.9%
Other	3,457	2,552	(26.2)%

Cost of Sales

- Expenses increase with increased use of business support services (advertisement placement agency service, etc.)

SG&A

- Personnel expenses / Business consignment expenses
As a result of focusing resources on restaurant support business and improving business efficiency, recruitment activities were reviewed and in-house production progressed, resulting in a reduction in personnel-related costs
- Advertising and promotion expenses
Expenses for promoting online reservation use increased
Expenses related to points program increased due to the increase in the number of online reservations

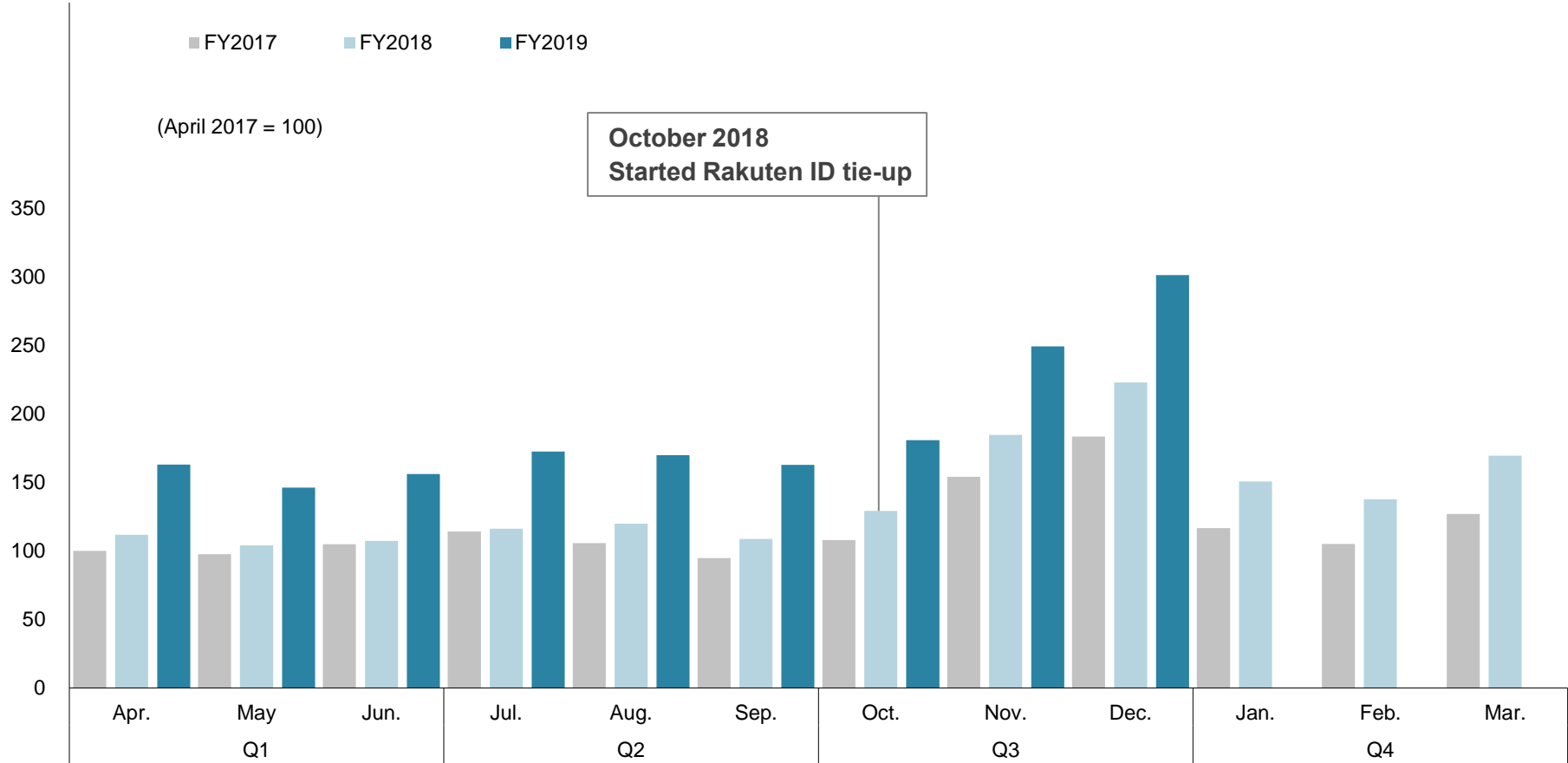


Consolidated balance sheets

(JPY million)	As of Mar. 31, 2019	As of Dec. 31, 2019	Change	(JPY million)	As of Mar. 31, 2019	As of Dec. 31, 2019	Change
Total current assets	14,603	17,819	3,215	Total current liabilities	4,779	5,152	373
Cash and deposits	7,630	9,969	2,339	Accounts payable- other	2,416	2,747	330
Notes and accounts receivable-trade	4,536	4,546	10	Income taxes payable	168	125	(43)
Accounts receivable- other	1,636	2,012	376	Provision for bonuses	709	300	(409)
Allowance for doubtful accounts	(298)	(201)	97	Provision for point card certificates	328	214	(114)
Other	1,099	1,491	391	Other	1,155	1,765	609
Total non-current assets	9,194	6,737	(2,456)	Total non-current liabilities	314	258	(55)
Property, plant and equipment	1,163	915	(247)	Total liabilities	5,093	5,411	317
Intangible assets	3,950	2,311	(1,638)	Total net assets	18,704	19,145	441
Investments and other assets	4,080	3,510	(569)	Equity	18,662	19,091	428
Total assets	23,797	24,557	759	Total liabilities and net assets	23,797	24,557	759

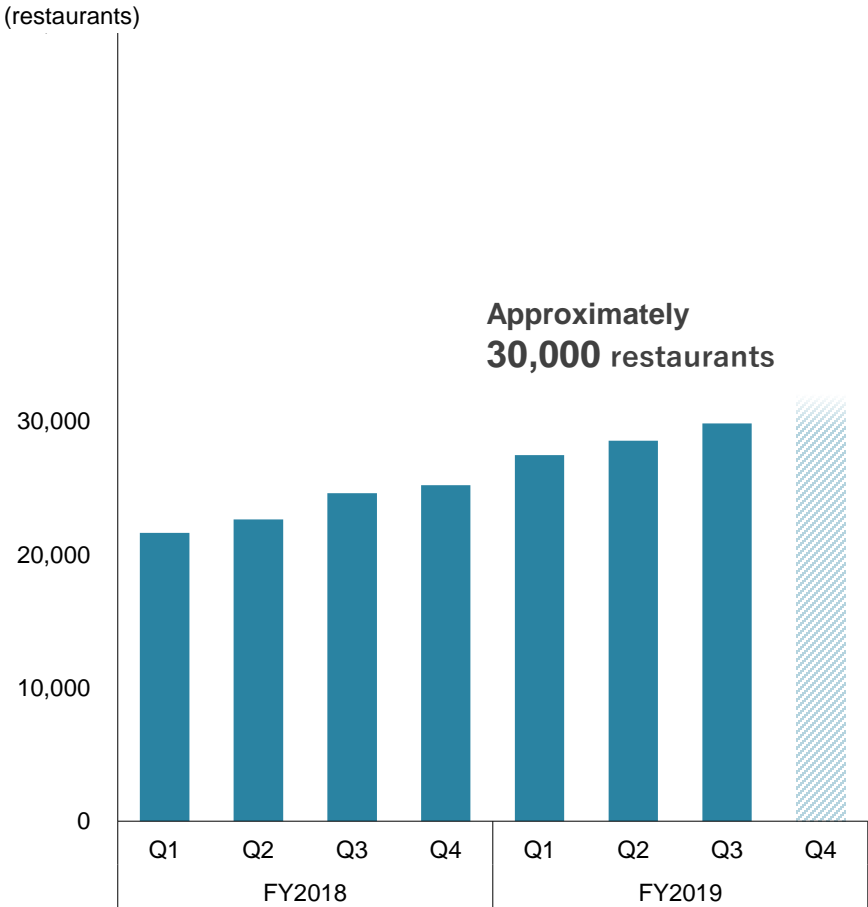
Progress of measures to expand use of online reservations (1)

Online reservations per month

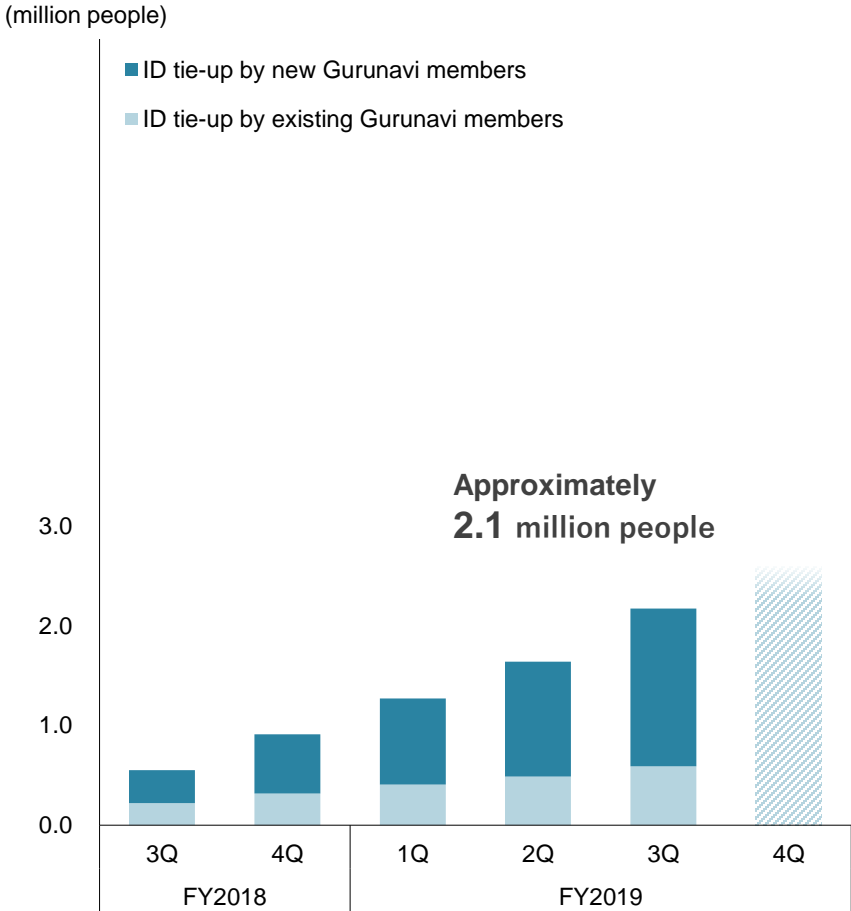


Progress of measures to expand use of online reservations (2)

Restaurants that award reservation points

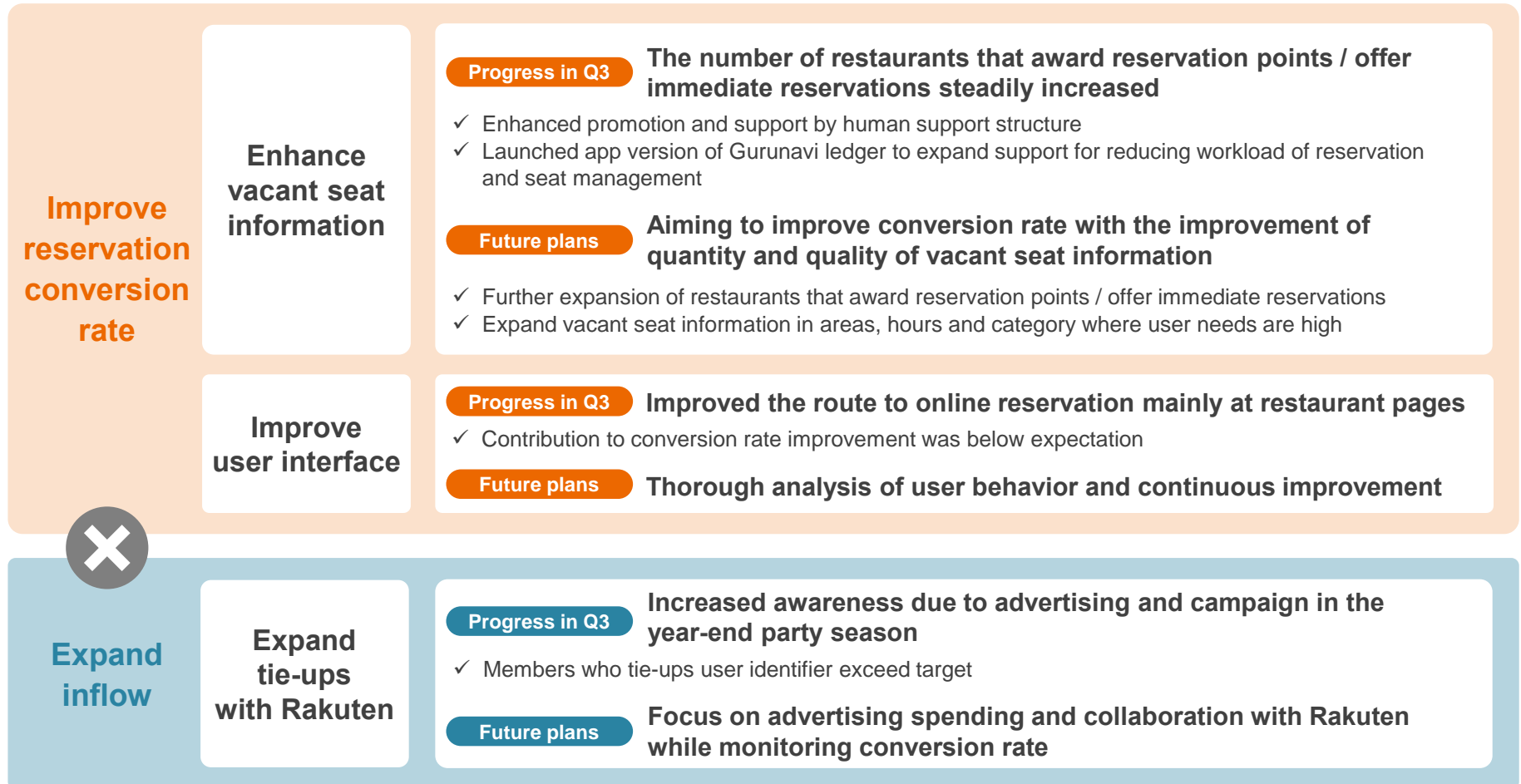


Number of ID tie-up (Accumulation)



Progress of measures to expand use of online reservations (3)

■ Measures have just begun. Considerable room for expansion in online reservations





■ Environment and issues surrounding leveraging online reservations for restaurants

< Restaurant management environment >

Intensifying labor
shortages

Diversifying sales
promotion methods

...

Benefits of using online reservations

Accept reservations
regardless of time of day
= Reduces burden of
handling phone calls

Increases opportunities to
attract customers using
various media

Issues of using online reservations

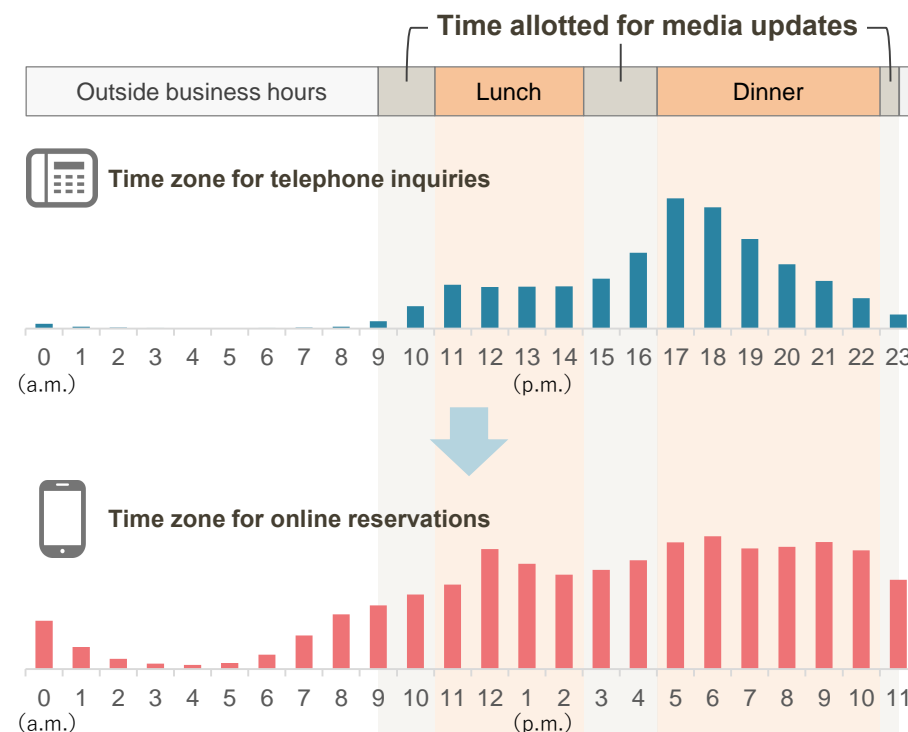
Constantly
fluctuating vacancy
= Complicated
seat management

Burden of media
updates

Risk of
cancellations
without notice

One day of a restaurant (example)

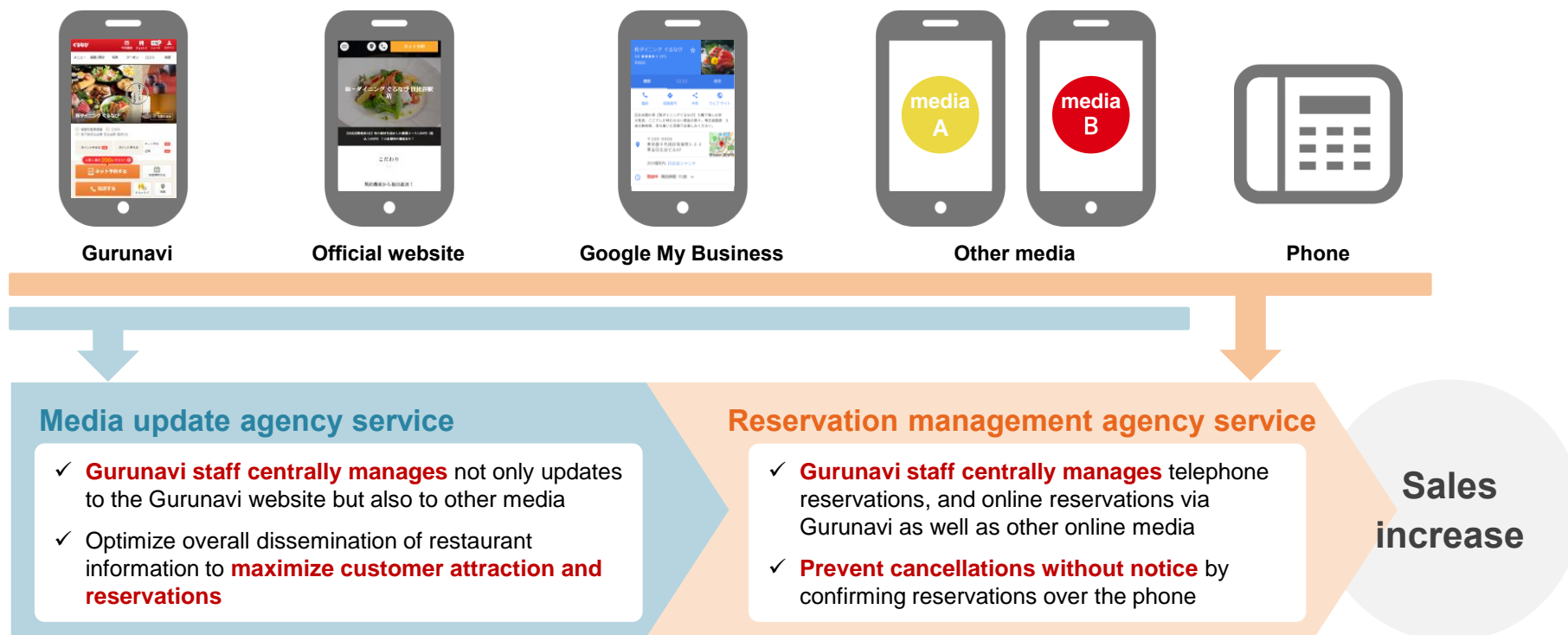
Average values at member restaurants from January 2019 to December 2019



**Providing support services that leverage our unique business assets
to solve the issues restaurants face**



■ Support services that leverage our unique business assets



Provide comprehensive service by leveraging our unique expertise and data in the field of restaurant promotion

Continue to expand services that contribute to solving issues restaurants face
Realize our future vision of **“Growing together with restaurants”**

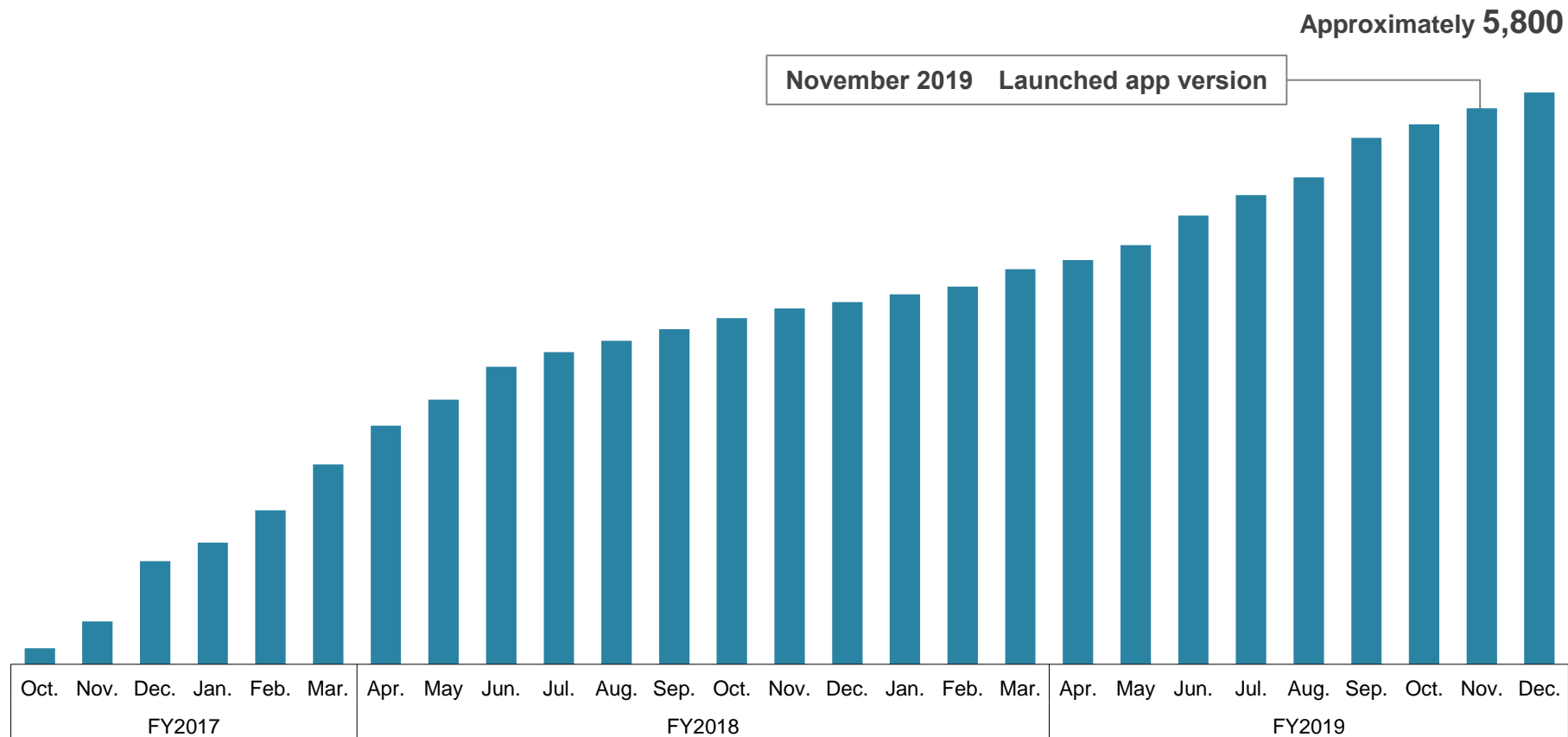


Gurunavi will continue evolving to create
a gourmet lifestyle for the 21st century.

Reference materials

Progress of measures to expand use of online reservations (Reference)

Gurunavi ledger (reservation and customer management system) contacts



Business Environment

■ Number of restaurants

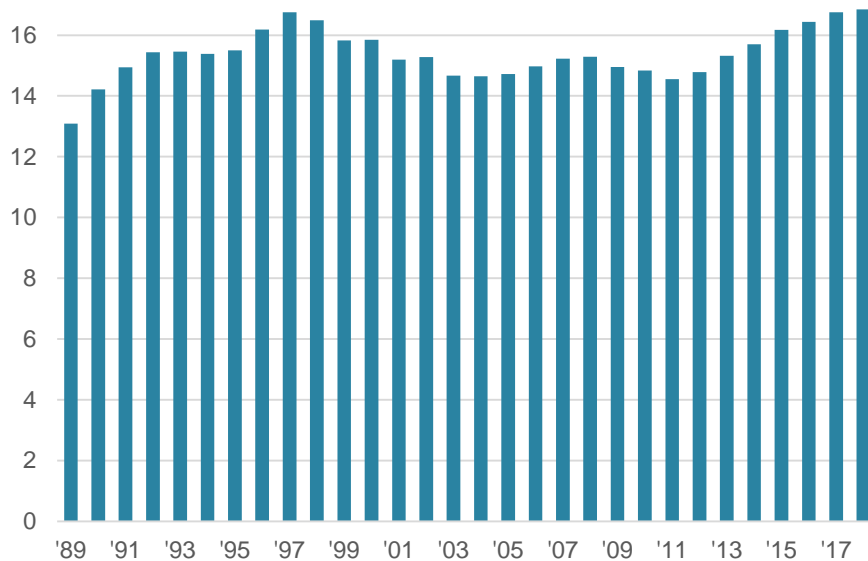
490 thousand outlets in 2016 (peaked at 650 thousand outlets in 1986)

*Sources: 1986 Business Census; 2014 Economic Census for Business Activity

*Institutional meals, bars, and night clubs are excluded.

■ Market size of the Japanese restaurant industry

(Trillion yen)



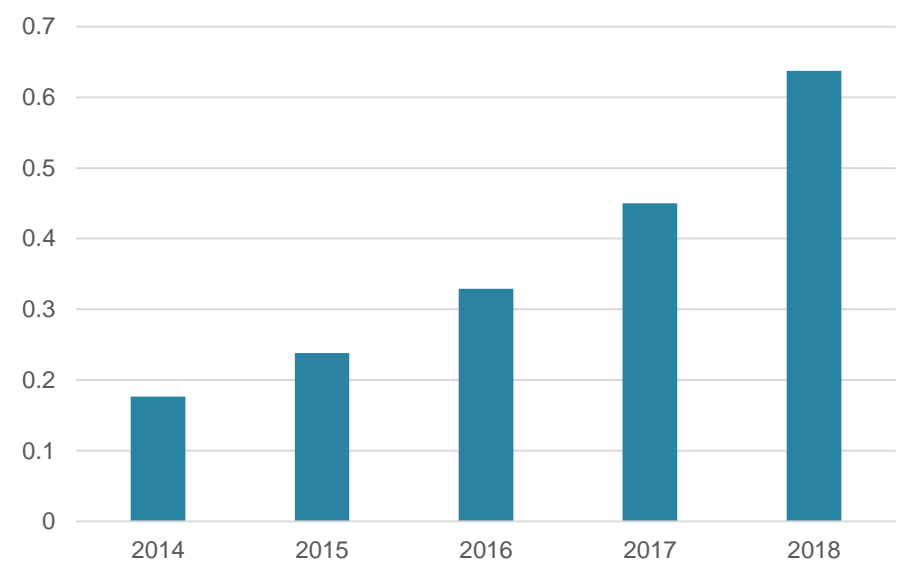
*Source: Food Industry Research Institute; Size of restaurant market

*Institutional meals, bars, and night clubs are excluded.

Increased for seven consecutive years due to an increase in foreign visitors to Japan and a rise in corporate entertainment spending

■ Market size of online reservation in restaurant

(Trillion yen)



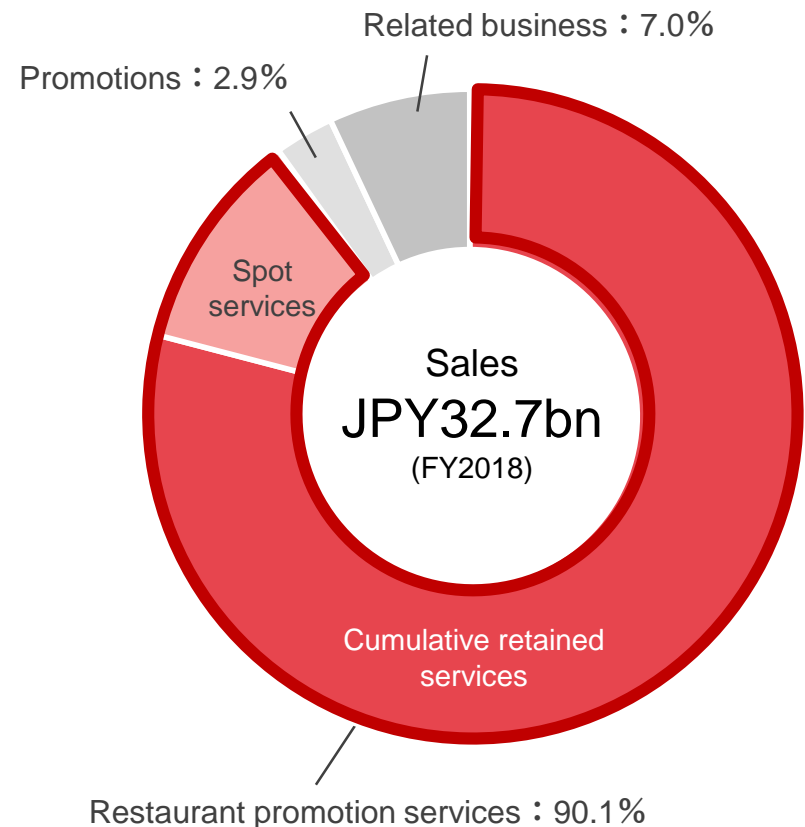
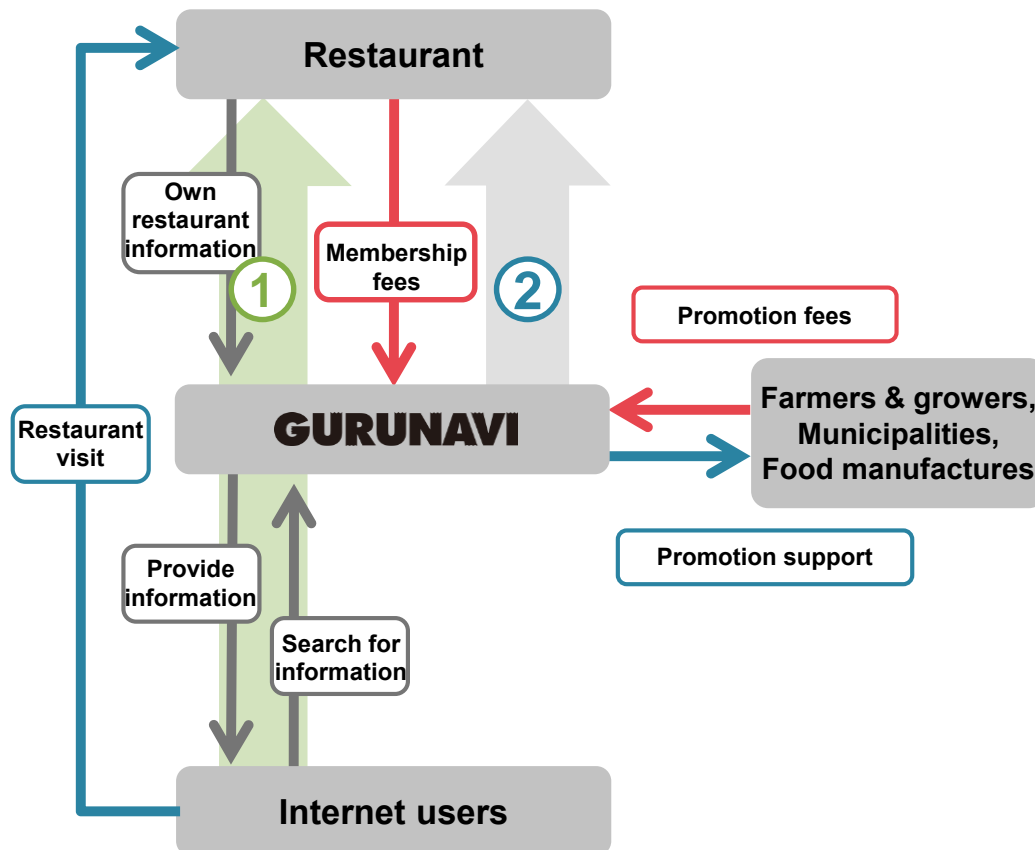
*The Ministry of Economy, Trade and Industry (METI); FY2018 Survey of Infrastructure Development Status for Data-driven Society in Japan (E-Commerce Market Survey)

41.6% increase year on year in 2018

Gurunavi's unique business model

■ Offer support through the establishment and integration of two solid business bases

- ① Restaurant support through IT-based business-support platform (online infrastructure)
- ② Restaurant support through human support structure (offline infrastructure)



Human support structure (offline infrastructure)

A partner who works with restaurant managers with the aim of expanding operations over the long-term



Member restaurant sales staff
Providing advice on advertising and promotion and other issues facing member restaurants

Visiting staff
Paying regular visits to member restaurants to answer questions and provide detailed support

Call center
Providing advice to member restaurants in difficulty
Call center staff have specific skills related to the restaurant industry

Gurunavi Academy
Holding more than 3,000 lectures annually for restaurant managers and executives, focusing on case studies of success

Implement PDCA cycle to identify and solve restaurant issues
Utilizing all of our strengths to provide versatile restaurant support

Number of member restaurants

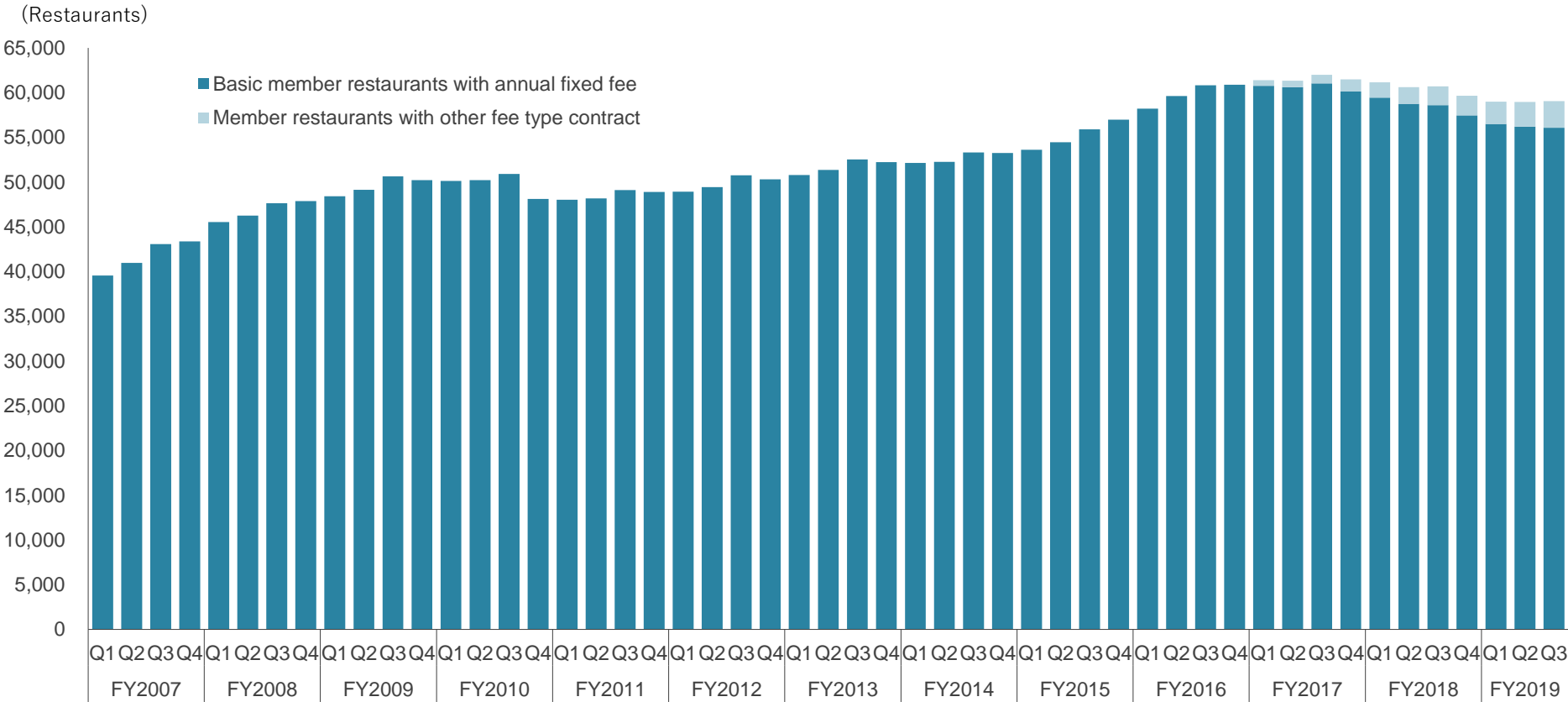
FY2019 Q3

Number of all paying member restaurants
*Including member restaurants with other fee type contract

59,067 at the end of December 2019
down by 1,645 from the end of December 2018

Number of basic member restaurants with annual fixed fee

56,067 at the end of December 2019
down by 2,541 from the end of December 2018

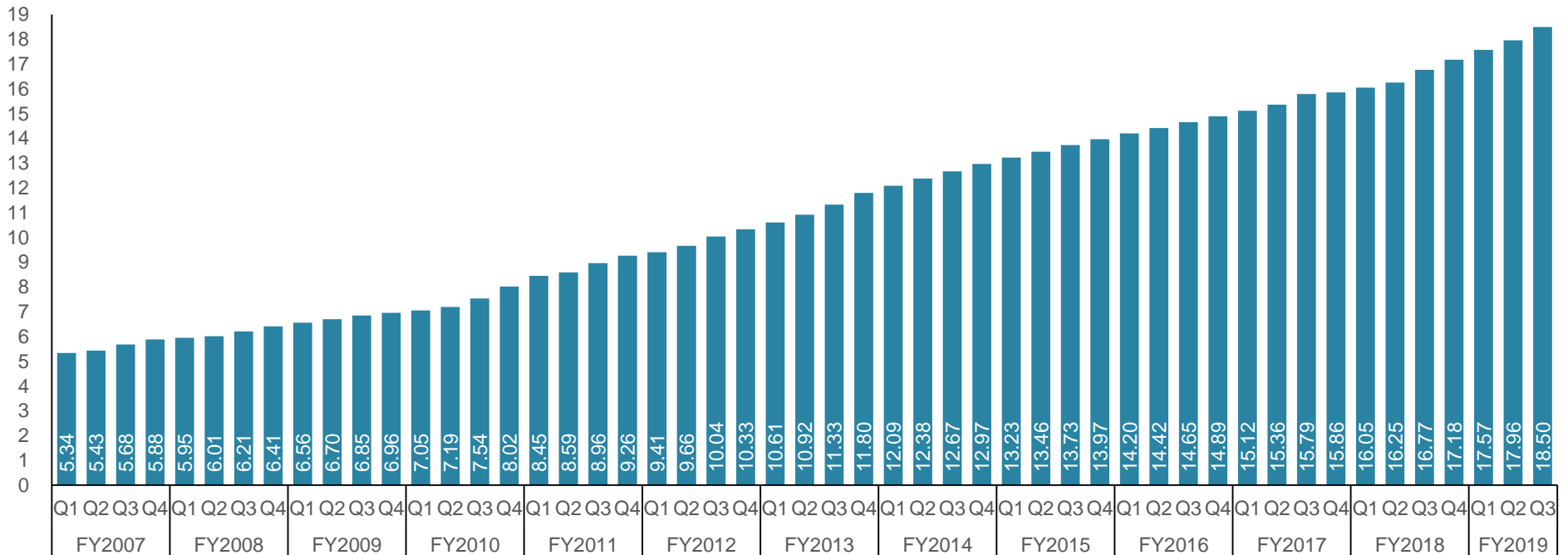


User reach

- Unique user per month : 56.00 million** In December 2019; 61.00 million users in December 2018
 ✓ Decreased year-on-year, affected by closing and transfer of related sites due to reorganization of businesses
- Number of Gurunavi members : 18.50 million** As of January 1, 2020; 16.77 million members as of January 1, 2019

Gurunavi members

(Million people)

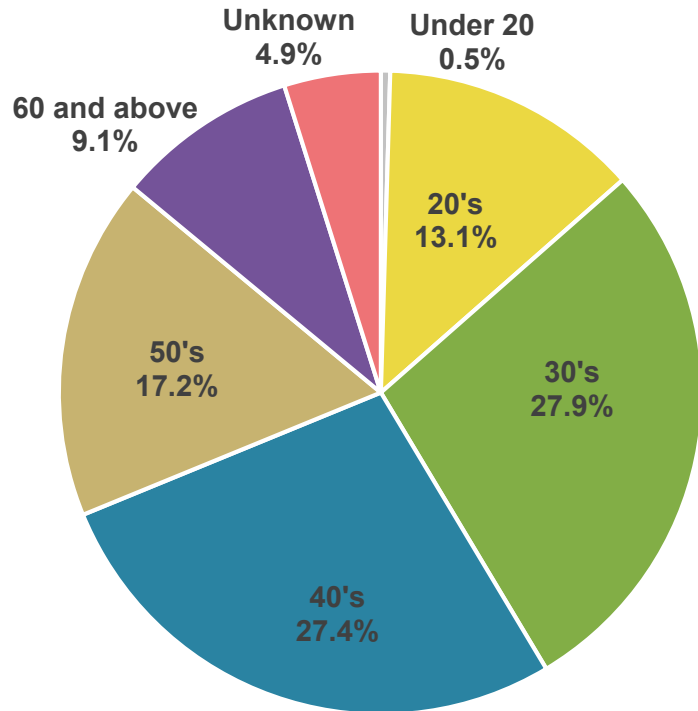


*Unique users per month: Based on browser count

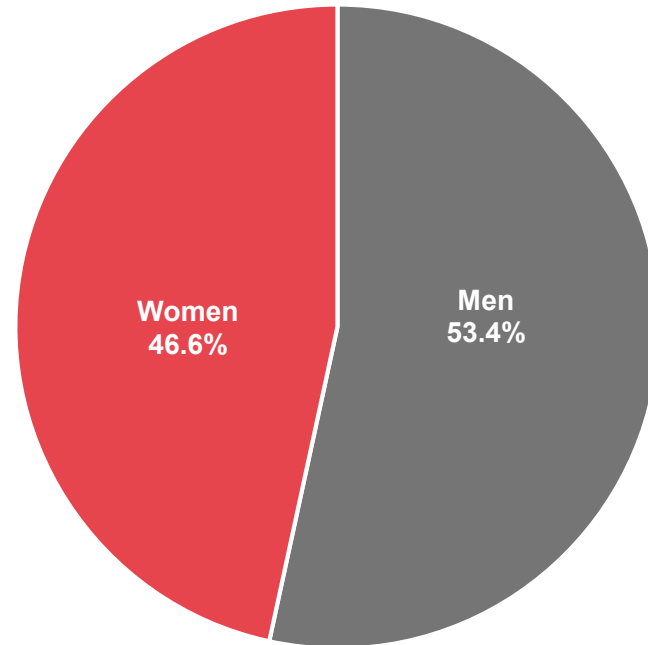
*Gurunavi member: An individual who has registered for membership at Gurunavi

User overview

Users by age group



User composition by gender



Source: Gurunavi member data (In December 2019)

There is little gap between men and women among Gurunavi users, and the site is used by persons from a broad range of age groups. In addition, the results from a survey conducted by the company show that our users tend to select restaurants based on the menu and atmosphere, showing a high grade of customers who are not searching for discounts.

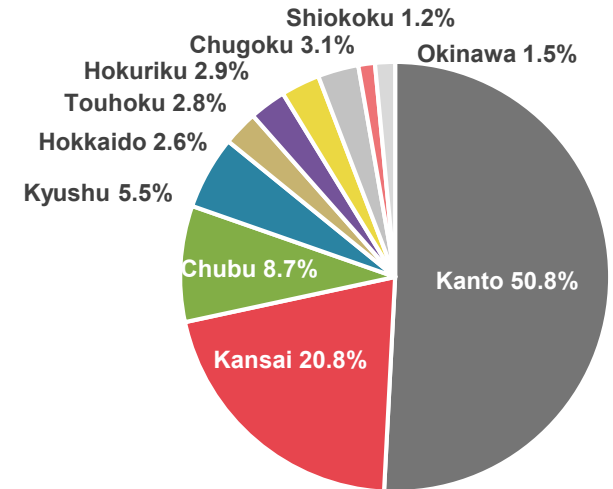
Regional expansion and member restaurants

21 sales offices that provide services to local businesses across the country

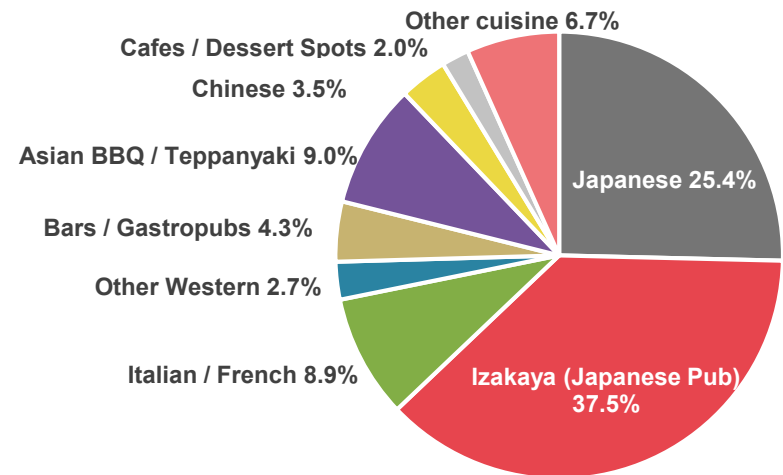
Head Office	Kanazawa Sales Office
Hokkaido Sales Office	Osaka Sales Office
Sendai Sales Office	Kyoto Sales Office
Ibaraki Sales Office	Kobe Sales Office
Tochigi Sales Office	Okayama Sales Office
Saitama Sales Office	Hiroshima Sales Office
Chiba Sales Office	Ehime Sales Office
Yokohama Sales Office	Fukuoka Sales Office
Shizuoka Sales Office	Kagoshima Sales Office
Nagoya Sales Office	Okinawa Sales Office
Niigata Sales Office	



Percentage of member restaurants(paid) by region



Percentage of member restaurants (paid) by restaurant type

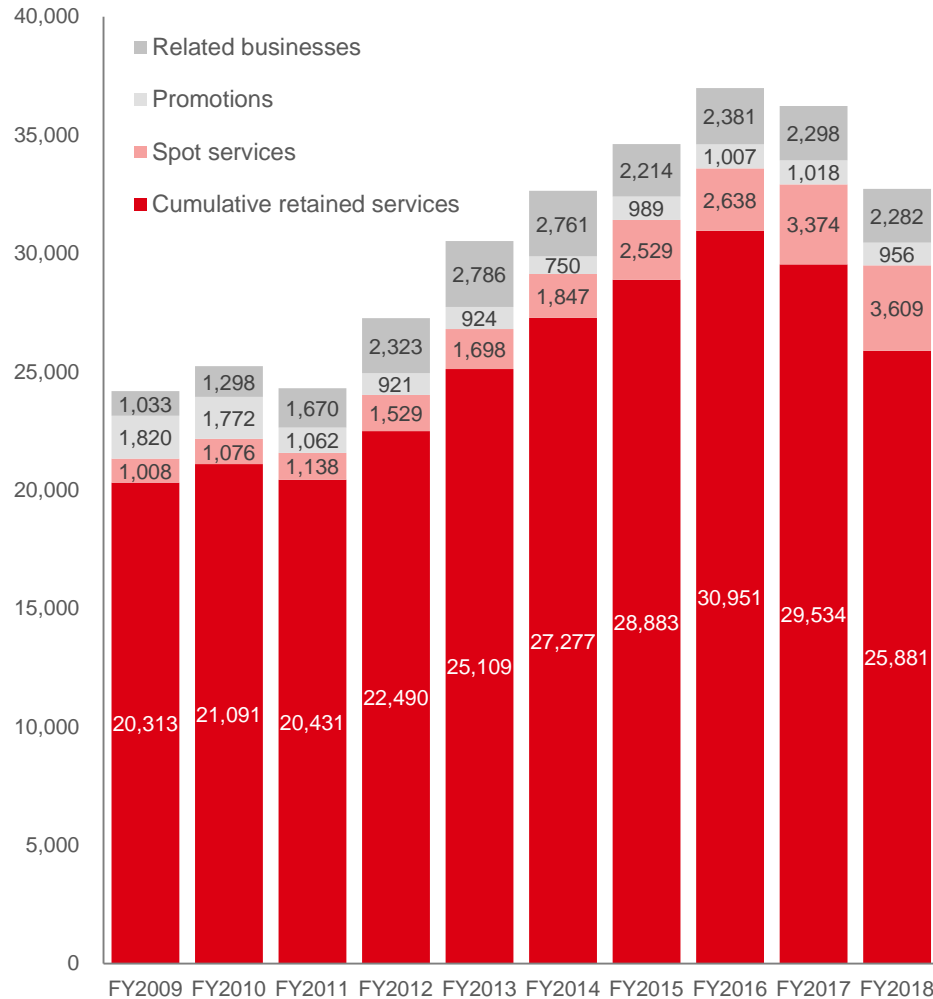


* In December 2019

Sales and costs & expenses

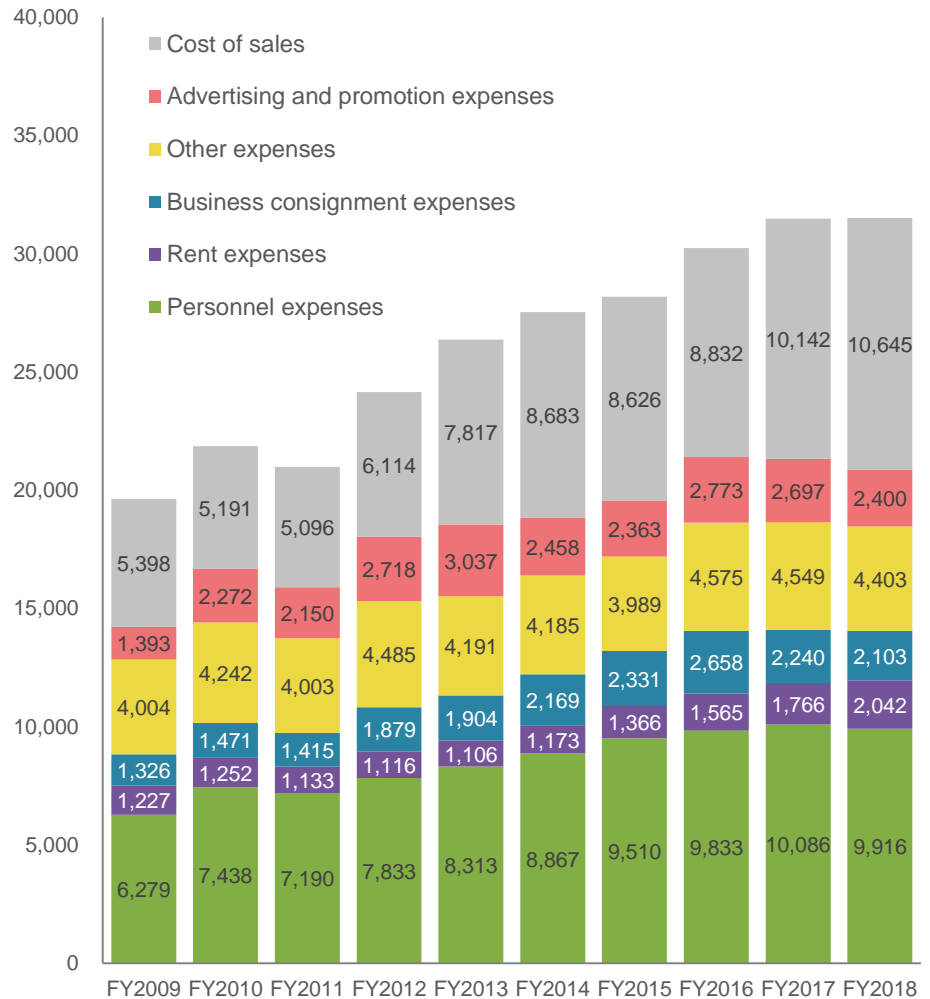
Sales

(Million yen)



Costs & Expenses

(Million yen)



Quarterly sales data (consolidated)

Net sales (Unit: JPY million)		FY2016				FY2017				FY2018				FY2019		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Cumulative retained services	<i>a</i>	7,601	7,674	7,880	7,795	7,518	7,346	7,443	7,225	6,778	6,417	6,385	6,300	6,014	5,978	6,093
Spot services	<i>b</i>	487	596	813	741	604	710	1,198	861	751	691	1,166	999	967	1,021	1,511
Restaurant promotion services	<i>c</i> <i>a+b</i>	8,088	8,271	8,693	8,536	8,123	8,056	8,641	8,087	7,530	7,108	7,552	7,299	6,982	6,999	7,605
Promotions	<i>d</i>	155	189	262	399	152	195	266	403	144	174	322	314	118	179	200
Core businesses total	<i>e</i> <i>c+d</i>	8,243	8,460	8,956	8,936	8,276	8,252	8,908	8,490	7,674	7,282	7,874	7,614	7,100	7,178	7,805
Related businesses	<i>f</i>	520	508	676	676	515	516	631	635	534	513	634	600	451	433	461
Total	<i>g</i> <i>e+f</i>	8,763	8,968	9,633	9,613	8,791	8,769	9,539	9,126	8,209	7,795	8,509	8,214	7,551	7,611	8,267

(Unit: JPY)		FY2016				FY2017				FY2018				FY2019		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Cumulative retained services revenue per restaurant(ARPU)	<i>h</i> *1	43,990	43,420	43,625	42,700	41,202	40,352	40,791	39,755	37,791	36,191	36,279	36,185	35,181	35,357	36,182
Restaurant promotion services revenue per restaurant(ARPU) 1	<i>i</i> *2	-	-	-	-	44,292	43,772	46,718	43,667	40,933	38,911	41,493	40,430	39,227	39,557	42,961
Restaurant promotion services revenue per restaurant(ARPU) 2	<i>j</i> *3	46,811	46,793	48,126	46,763	44,515	44,253	47,357	44,495	41,982	40,091	42,902	41,927	40,842	41,396	45,158

*1) Sales of cumulative retained services divided by the average of number of basic member restaurants with annual fixed fee at previous and current quarter-end $h=2/3*a/(lt-1+lt)$

*2) Sum of sales of cumulative retained services and those of spot services divided by the average of number of all paying member restaurants at previous and current quarter-end $i=2/3*c/(kt-1+kt)$

*3) Sum of sales of cumulative retained services and those of spot services divided by the average of number of basic member restaurants with annual fixed fee at previous and current quarter-end $j=2/3*c/(lt-1+lt)$

Number of member restaurants (Unit: restaurants)		FY2016				FY2017				FY2018				FY2019		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
All paying member restaurants	<i>k</i> <i>l+m</i>	58,226	59,612	60,816	60,886	61,383	61,328	61,986	61,482	61,157	60,629	60,712	59,660	59,007	58,951	59,067
Basic member restaurants with annual fixed fee	<i>l</i>	58,226	59,612	60,816	60,886	60,770	60,606	61,045	60,123	59,452	58,747	58,608	57,465	56,509	56,210	56,067
Paying member restaurants with other fee type contract	<i>m</i>	-	-	-	-	613	722	941	1,359	1,705	1,882	2,104	2,195	2,498	2,741	3,000
Non-paying member restaurants	<i>n</i>	81,529	83,182	82,466	87,019	86,536	86,679	87,665	86,607	88,078	89,927	89,584	91,405	90,345	81,586	75,763

Historical data (consolidated)

(Unit: JPY million)	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Consolidated business results										
Net sales	24,175	25,238	24,302	27,265	30,518	32,636	34,617	36,979	36,226	32,728
Operating income	4,545	3,369	3,312	3,116	4,147	5,099	6,429	6,740	4,742	1,216
Ordinary income	4,578	3,406	3,375	3,153	4,167	5,127	6,492	6,813	4,809	1,289
Net income	2,323	1,813	1,909	1,959	2,420	3,279	4,367	4,799	3,192	581
Assets・Liabilities・Net assets										
Total assets	15,309	19,653	16,951	19,103	22,071	23,665	27,322	23,917	25,457	23,797
Cash and deposits	5,531	10,398	7,548	7,399	9,448	10,492	13,131	7,922	8,000	7,630
Liabilities	3,895	8,519	4,381	5,005	5,926	6,201	7,026	5,878	6,270	5,093
Net assets	11,413	11,133	12,569	14,098	16,145	17,464	20,296	18,038	19,186	18,704
Equity	11,413	11,133	12,555	14,042	16,099	17,427	20,266	18,013	19,166	18,662
Per share data										
Earnings per share *1	45.20	35.76	39.12	40.15	49.56	67.26	90.19	102.25	68.27	12.42
Dividends per share(JPY) *1	10	10	10	10	15	28	38	42	44	8
Other										
Operating margin(%)	18.8	13.4	13.6	11.4	13.6	15.6	18.6	18.2	13.1	3.7
Return on equity(%)	22.0	16.1	16.1	14.7	16.1	19.6	23.2	25.1	17.2	3.1
Return on assets(%)	16.5	10.4	10.4	10.9	11.8	14.3	17.1	18.7	12.9	2.4
Payout ratio(%)	22.1	28.0	25.6	24.9	30.3	41.6	42.1	41.1	64.5	64.4
Shareholders' equity ratio(%)	74.6	56.7	74.1	73.5	72.9	73.6	74.2	75.3	75.3	78.4
Number of shares of treasury stock	2,779	15,854	1,585,400	1,585,400	1,503,649	266,059	216,459	1,924,559	1,892,159	1,839,162
Number of member restaurants (paid)	50,227	48,129	48,893	50,310	52,235	53,263	56,967	60,886	60,123	57,465

*1:Gurunavi implemented a 100-to-1 share split on April 1, 2011 and a 2-to-1 split on April 1, 2014. Calculated on the assumption that these share split were conducted at the beginning of FY2009 (April 1, 2009).

Company profile as of the end of December 2019

Name	Gurunavi, Inc. (stock code: 2440)
Establishment	October 2, 1989 (incorporated) February 29, 2000 (Gurunavi, Inc. established)
Head office	1-2-2, Yurakucho, Chiyoda-ku, Tokyo
Capital	2,334 million yen (Number of shares issued: 48,675,100 shares)
Business description	Web-based information provision relating to restaurants etc. using the platform of PC and smartphones etc. Provision of support service associated with the management of restaurants etc. and other related business
Directors	Chairman and Director : Hisao Taki President and Representative Director : Akio Sugihara Outside Directors : Koichi Tsukihara (Independent Director), Hidehiko Sato (Independent Director), Hirohisa Fujiwara (Independent Director), Kazunori Takeda, Naho Kono
Top 10 shareholders	Rakuten, Inc. 15.0%, Hisao Taki 12.7%, Japan Traffic Culture Association 4.0%, The Master Trust Bank of Japan, Ltd. (Trust account) 2.8%, Odakyu Electric Railway Co, Ltd. 2.4%, Japan Trustee Services Bank, Ltd. (Trust account) 2.2%, Tokyo Metro Co., Ltd. 2.1%, Mizuho Trust & Banking Co., Ltd. retirement benefit trust (Keikyu Corporation account) re-trust trustees, Trust & Custody Services Bank, Ltd. 1.9%, Hiroko Taki 1.8%, BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE 1.6%, *The ratio of shareholding is calculated based on the total number of shares issued after deduction of treasury stock (1,806,562 shares).
Total Number of shareholders	12,273
Number of total personnel	Non-consolidated : 1,671 Consolidated : 1,917
Consolidated subsidiaries	Gurunavi Promotion Community, Inc. (100%), Gurunavi Shanghai, Inc. (100%) Gurunavi Research Institute, Inc. (100%), Gurunavi Support Associe, Inc. (100%)



Company information

<https://corporate.gnavi.co.jp/en/>

Gurunavi IR contact information

<https://ssl.gnavi.co.jp/company/english/contact/>

Disclaimer

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The Company will not guarantee or ensure the accuracy and completeness of the information, which may be changed without prior notice.