



Financial Summary for First 2 Quarters of Fiscal 2020 [Japanese GAAP] [Consolidated]

October 29, 2019

Name of listed company **ZENRIN CO.,LTD.** Stock exchange listings: Tokyo and Fukuoka
 Securities code 9474 URL <https://www.zenrin.co.jp/>
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 Scheduled date of submission of quarterly securities report: October 30, 2019
 Scheduled date of commencement of dividend payments: December 3, 2019
 Preparation of supplementary explanatory materials on quarterly results: Yes
 Holding of briefing session on quarterly results: Yes (briefing for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Consolidated Results of Operations in First 2 Quarters of Fiscal 2020

ZENRIN's first 2 quarters of fiscal 2020 is the period from April 1, 2019 to September 30, 2019.

(1) Consolidated Business Performance [cumulative]

[%figures represent the increase (decrease) compared to the same period of the previous fiscal year]

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
First 2 quarters of fiscal 2020	26,803	(4.8)	(334)	—	(65)	—	(224)	—
First 2 quarters of fiscal 2019	28,168	8.3	738	57.0	977	34.8	587	175.3

[Note] Comprehensive income First 2 quarters of fiscal 2020: (1,062) million yen [—%]
 First 2 quarters of fiscal 2019: 167 million yen [(53.9)%]

	Earnings per share	Diluted earnings per share
	yen	yen
First 2 quarters of fiscal 2020	(4.29)	—
First 2 quarters of fiscal 2019	11.16	10.32

(2) Consolidated Financial Position

	Total assets	Net assets	Ratio of equity to total assets
	million yen	million yen	%
First 2 quarters of fiscal 2020	65,707	40,019	58.3
Fiscal 2019	69,932	41,722	56.7

[Reference] Equity First 2 quarters of fiscal 2020 : 38,300 million yen
 Fiscal 2019 : 39,686 million yen

2. Dividends

	Annual dividend				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	yen	yen	yen	yen	yen
Fiscal 2019	—	12.00	—	12.00	24.00
Fiscal 2020	—	12.50			
Fiscal 2020 [forecast]			—	12.50	25.00

[Note] Revision from most recently announced forecast for dividends: None

3. Forecast for Consolidated Results of Operations in Fiscal 2020

ZENRIN's fiscal 2020 is the period from April 1, 2019 to March 31, 2020.

[% figures represent the increase (decrease) compared to the previous fiscal year]

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Fiscal year	63,800	0.1	5,900	1.3	6,300	1.6	4,000	24.7	76.51

[Note] Revision from most recently announced forecast for results of operations: None

1. Qualitative Information on Quarterly Results

(1) Explanation of Business Performance

In the first 2 quarters of fiscal 2020 (from April 1, 2019 to September 30, 2019), the Japanese economy continued on a moderate recovery trend, as the employment and income situations improved. On the other hand, the future remains uncertain with concerns about the impact of the consumption tax hike on consumer spending.

In such an environment, the ZENRIN Group in the first 2 quarters of fiscal 2020 reported net sales of 26,803 million yen (decreased 1,364 million yen, or down 4.8%, compared to the same period of the previous fiscal year), operating loss of 334 million yen (downturn of 1,073 million yen, compared to the same period of the previous fiscal year), ordinary loss of 65 million yen (downturn of 1,043 million yen, compared to the same period of the previous fiscal year) and loss attributable to owners of parent of 224 million yen (downturn of 811 million yen, compared to the same period of the previous fiscal year).

Please note that past net sales of the ZENRIN Group have shown trends of large seasonal fluctuations and sales concentrating in the fourth quarter.

[Segment Results of Operations]

As stated in “2. (4) Notes to Quarterly Consolidated Financial Statements (Segment Information),” from the consolidated first quarter, changes, etc., of reportable segments were made. With regard to the quarter-to-quarter comparison (YOY), the prior year's figures were reclassified to conform to segments after these changes.

Map Database Segment

The Map Database segment, which is the ZENRIN Group's core business, despite firm sales of residential map data services to corporate and local government customers, net sales decreased year-on-year mainly due to a reactionary decline in sales of data under entrustment. In terms of profit and loss, segment income decreased due to a decrease in revenue and an increase in general administrative expenses such as personnel expenses.

As a result of the foregoing, the Map Database segment reported net sales of 22,204 million yen (decreased 744 million yen, or down 3.2%, compared to the same period of the previous fiscal year) and segment loss of 379 million yen (downturn 962 million yen, compared to the same period of the previous fiscal year).

General Printing Segment

The General Printing segment reported net sales of 1,820 million yen (decreased 95 million yen, or down 5.0%, compared to the same period of the previous fiscal year) and segment loss of 9 million yen (downturn of 24 million yen, compared to the same period of the previous fiscal year).

Other

The segment other than the Map Database segment and the General Printing segment reported net sales of 2,778 million yen (decreased 525 million yen, or down 15.9%, compared to the same period of the previous fiscal year) and segment income of 21 million yen (decreased 79 million yen, or down 79.1%, compared to the same period of the previous fiscal year) mainly due to a decrease in sales related to marketing solutions.

(2) Explanation of Financial Position

Total assets at the end of the second quarter of fiscal 2020 amounted to 65,707 million yen (decreased 4,224 million yen, or down 6.0% compared to the end of the previous fiscal year). This was attributable to a decrease in notes and accounts receivable - trade due to the effects of seasonal fluctuations.

Liabilities amounted to 25,687 million yen (decreased 2,521 million yen, or down 8.9% compared to the end of the previous fiscal year). This was attributable to a decrease in accounts payable - trade due to payment, and a decrease in income taxes payable due to tax payment.

Net assets amounted to 40,019 million yen (decreased 1,702 million yen, or down 4.1% compared to the end of the previous fiscal year). This was mainly attributable to the recognition of loss attributable to owners of parent and a dividend of surplus.

As a result, the ratio of equity to total assets at the end of the second quarter of fiscal 2020 was 58.3% (up 1.6 points compared to the end of the previous fiscal year).

The following outlines the status of cash flows in the first 2 quarters of fiscal 2020.

Cash and cash equivalents at the end of the second quarter of fiscal year 2020 were 12,797 million yen (increased 557 million yen, or up 4.6%, compared to the end of the previous fiscal year)

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to 3,834 million yen (increased 459 million yen compared to the same period of the previous fiscal year). This was attributable to loss before income taxes in the amount of 56 million yen, an increase in inventories in the amount of 916 million yen, income taxes paid in the amount of 915 million yen and other factors of decrease being offset by a decrease in notes and accounts receivable - trade in the amount of 4,374 million yen and depreciation in the amount of 2,708 million yen and other factors of increase.

Cash Flows from Investing Activities

Net cash used in investing activities amounted to 2,160 million yen (decreased 9 million compared to the same period of the previous fiscal year). This was mainly attributable to purchase of property, plant and equipment and intangible assets in the amount of 2,127 million yen, despite the proceeds of 939 million yen from sales of investment securities.

Cash Flows from Financing Activities

Net cash used in financing activities amounted to 1,082 million yen (decreased 1,599 million yen compared to the same period of the previous fiscal year). This was mainly attributable to cash dividends paid in the amount of 630 million yen, and repayments of lease obligations in the amount of 423 million yen.

(3) Explanation of Forecast for Consolidated Results of Operations and Other Forward-Looking Statements

The forecast for the consolidated results of operations in fiscal 2020 remains unchanged from the forecast announced on April 26, 2019, because the business proceeded almost as planned in the outlook, and net sales of the ZENRIN Group tend to concentrate in the fourth quarter of the consolidated fiscal year.

2. Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheet

[Unit: million yen]

	Fiscal 2019	Second quarter of fiscal 2020
	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	12,295	13,085
Notes and accounts receivable – trade	14,001	9,677
Electronically recorded monetary claims – operating	183	142
Securities	37	5
Merchandise and finished goods	887	792
Work in process	477	1,485
Raw materials and supplies	74	75
Other	1,205	1,349
Allowance for doubtful accounts	(26)	(20)
Total current assets	29,135	26,593
Non-current assets		
Property, plant and equipment		
Land	7,534	7,534
Other, net	7,463	7,315
Total property, plant and equipment	14,998	14,850
Intangible assets		
Goodwill	200	352
Software	10,665	9,871
Other	2,589	2,862
Total intangible assets	13,454	13,086
Investments and other assets		
Other	12,556	11,392
Allowance for doubtful accounts	(212)	(214)
Total investments and other assets	12,343	11,178
Total non-current assets	40,796	39,114
Total assets	69,932	65,707

[Unit: million yen]

	Fiscal 2019 As of March 31, 2019	Second quarter of fiscal 2020 As of September 30, 2019
Liabilities		
Current liabilities		
Accounts payable – trade	3,054	2,463
Short-term loans payable	1,350	1,350
Income taxes payable	901	282
Provision for directors' bonuses	167	38
Provision for sales returns	3	3
Other	11,264	10,561
Total current liabilities	16,741	14,698
Non-current liabilities		
Bonds payable	8,191	8,167
Long-term loans payable	1,050	1,050
Provision for directors' retirement benefits	132	129
Provision for management board benefit trust	52	52
Net defined benefit liability	283	295
Asset retirement obligations	48	53
Other	1,711	1,241
Total non-current liabilities	11,467	10,988
Total liabilities	28,209	25,687
Net assets		
Shareholders' equity		
Capital stock	6,557	6,557
Capital surplus	13,624	13,624
Retained earnings	26,453	25,597
Treasury shares	(8,833)	(8,816)
Total shareholders' equity	37,801	36,962
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,289	731
Foreign currency translation adjustment	100	74
Remeasurements of defined benefit plans	495	531
Total accumulated other comprehensive income	1,885	1,337
Non-controlling interests	2,036	1,719
Total net assets	41,722	40,019
Total liabilities and net assets	69,932	65,707

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
Quarterly Consolidated Statement of Income [cumulative]

[Unit: million yen]

	First 2 quarters of fiscal 2019 From: April 1, 2018 To: September 30, 2018	First 2 quarters of fiscal 2020 From: April 1, 2019 To: September 30, 2019
Net sales	28,168	26,803
Cost of sales	16,923	16,600
Gross profit	11,244	10,202
Selling, general and administrative expenses		
Personnel expenses	6,330	6,190
Provision for directors' bonuses	48	34
Retirement benefit expenses	32	187
Other	4,094	4,124
Total selling, general and administrative expenses	10,506	10,537
Operating income (loss)	738	(334)
Non-operating income		
Interest income	6	5
Dividend income	76	99
Subsidy income	101	111
Other	139	146
Total non-operating income	325	363
Non-operating expenses		
Interest expenses	11	8
Foreign exchange losses	13	32
Cancellation penalty	0	25
subsidy repayment loss	22	—
Other	38	28
Total non-operating expenses	86	94
Ordinary income (loss)	977	(65)
Extraordinary income		
Gain on sales of non-current assets	14	0
Gain on sales of investment securities	—	592
Total extraordinary income	14	592
Extraordinary losses		
Loss on sales and retirement of non-current assets	10	21
Impairment loss	—	179
Loss on valuation of investment securities	7	270
Other	—	112
Total extraordinary losses	18	584
Profit (loss) before income taxes	973	(56)
Income taxes – current	539	319
Income taxes – deferred	(88)	(49)
Total income taxes	451	270
Profit (loss)	522	(327)
Profit (loss) attributable to non-controlling interests	(64)	(102)
Profit (loss) attributable to owners of parent	587	(224)

Quarterly Consolidated Statement of Comprehensive Income [cumulative]

[Unit: million yen]

	First 2 quarters of fiscal 2019 From: April 1, 2018 To: September 30, 2018	First 2 quarters of fiscal 2020 From: April 1, 2019 To: September 30, 2019
Profit (Loss)	522	(327)
Other comprehensive income		
Valuation difference on available-for-sale securities	(130)	(744)
Foreign currency translation adjustment	(69)	(25)
Remeasurements of defined benefit plans, net of tax	(154)	35
Total other comprehensive income	(354)	(734)
Comprehensive income	167	(1,062)
[Comprehensive income attributable to]		
Comprehensive income attributable to owners of parent	232	(771)
Comprehensive income attributable to non-controlling interests	(64)	(290)

(3) Quarterly Consolidated Statement of Cash Flows

[Unit: million yen]

	First 2 quarters of fiscal 2019 From: April 1, 2018 To: September 30, 2018	First 2 quarters of fiscal 2020 From: April 1, 2019 To: September 30, 2019
Cash flows from operating activities		
Profit (loss) before income taxes	973	(56)
Depreciation	2,776	2,708
Impairment loss	—	179
Amortization of goodwill	227	149
Increase (decrease) in provision for directors' bonuses	(115)	(128)
Decrease (increase) in net defined benefit asset	(254)	31
Increase (decrease) in net defined benefit liability	(0)	11
Loss (gain) on valuation of investment securities	7	270
Interest and dividend income	(83)	(105)
Interest expenses	11	8
Loss (gain) on sales and retirement of non-current assets	(4)	21
Loss (gain) on sales of investment securities	—	(588)
Decrease (increase) in notes and accounts receivable - trade	5,243	4,374
Decrease (increase) in inventories	(1,071)	(916)
Increase (decrease) in notes and accounts payable – trade	(1,396)	(593)
Increase (decrease) in accrued expenses	(339)	(604)
Increase (decrease) in advances received	137	735
Increase (decrease) in accrued consumption taxes	(567)	(550)
Other	(410)	(290)
Subtotal	5,134	4,655
Interest and dividend income received	79	102
Interest expenses paid	(11)	(8)
Income taxes paid	(1,827)	(915)
Net cash provided by (used in) operating activities	3,374	3,834
Cash flows from investing activities		
Net decrease (increase) in time deposits	(0)	(241)
Purchase of property, plant and equipment and intangible assets	(2,010)	(2,127)
Proceeds from sales of investment securities	—	939
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(329)
Payments for lease and guarantee deposits	(19)	(392)
Payments for the unpaid portion of acquisition of shares from subsidiaries resulting in change in scope of consolidation	(117)	—
Other	(21)	(8)
Net cash provided by (used in) investing activities	(2,169)	(2,160)
Cash flows from financing activities		
Repayments of long-term loans payable	(139)	—
Repayments of lease obligations	(383)	(423)
Cash dividends paid	(619)	(630)
Dividends paid to non-controlling interests	(23)	(26)
Other	(1,515)	(1)
Net cash provided by (used in) financing activities	(2,681)	(1,082)
Effect of exchange rate change on cash and cash equivalents	(10)	(34)
Net increase (decrease) in cash and cash equivalents	(1,486)	557
Cash and cash equivalents at beginning of period	11,542	12,240
Cash and cash equivalents at end of period	10,055	12,797

(4) Notes to Quarterly Consolidated Financial Statements

Notes on the Going Concern Assumption

Not applicable.

Notes in the Event of Material Change in the Amount of Shareholders' Equity

Not applicable.

Changes in accounting estimates

Not applicable.

While not qualifying as a change in specified subsidiaries, Lease System Planning co., inc has been included in the scope of consolidation starting from the second quarter of fiscal 2020, due to the acquisition of its shares.

Segment Information

I. First 2 Quarters of Fiscal 2019 (from April 1, 2018 to September 30, 2018)

(a) Information on Reportable Segment Net Sales and Income or Loss Amount

[Unit: million yen]

	Reportable segments			Other [Note]	Total
	Map Database segment	General Printing segment	Total		
Net sales					
Net sales to external customers	22,948	1,915	24,864	3,304	28,168
Intersegment net sales or transfers	68	235	303	85	389
Total	23,017	2,150	25,168	3,389	28,557
Segment income (loss)	582	15	597	100	698

[Note] The "Other" item encompasses the selling of purchased products, provision of marketing solution and other business activities that are not attributable to reportable segments.

(b) Total Amount of Reportable Segment Income or Loss Amount and its Difference in Amount with Amount on Quarterly Consolidated Statement of Income, and Principal Components of the Difference in Amount (Matters Concerning Reconciliation of Differences)

[Unit: million yen]

Income	Amount
Total for reportable segments	597
Income of "Other" item	100
Eliminations of intersegment transactions	40
Operating income (loss) on quarterly consolidated statement of income	738

II. First 2 Quarters of Fiscal 2020 (from April 1, 2019 to September 30, 2019)

(a) Information on Reportable Segment Net Sales and Income or Loss Amount

[Unit: million yen]

	Reportable segments			Other [Note]	Total
	Map Database segment	General Printing segment	Total		
Net sales					
Net sales to external customers	22,204	1,820	24,024	2,778	26,803
Intersegment net sales or transfers	76	205	282	111	393
Total	22,281	2,025	24,307	2,890	27,197
Segment income (loss)	(379)	(9)	(388)	21	(367)

[Note] The "Other" item encompasses the selling of purchased products, provision of marketing solution and other business activities that are not attributable to reportable segments.

(b) Total Amount of Reportable Segment Income or Loss Amount and its Difference in Amount with Amount on Quarterly Consolidated Statement of Income, and Principal Components of the Difference in Amount (Matters Concerning Reconciliation of Differences)

[Unit: million yen]

Income	Amount
Total for reportable segments	(388)
Income of "Other" item	21
Eliminations of intersegment transactions	33
Operating income (loss) on quarterly consolidated statement of income	(334)

(c) Notes relating to changes in reportable segments etc.

With the reorganization of the marketing solution business from the consolidated first quarter, the businesses of ZENRIN MS HOLDINGS CO., LTD. (trade name was changed from ZENRIN PlusOne CO., Ltd. on April 1, 2019) and ZENRIN GEO INTELLIGENCE CO., LTD. have been moved from "Map Database segment" to "other." In addition, the businesses of Will Smart Co., Ltd. have been changed from "other" to "Map Database segment" following the review of the management section with the expansion of the IoT-related business.

Segment information for the previous consolidated first quarter has been prepared in accordance with the classification of reportable segments after the change.

(d) Information on Impairment Loss on Non-Current Assets and Goodwill by Reportable Segment

Significant impairment loss on Non-Current Assets

In the Map Database segment, an impairment loss of software has been reported. The amount of said impairment loss stood at 179 million yen in the first 2 quarter of fiscal 2020.

Material Change in the Amount of Goodwill

In the Other segment, Lease System Planning co., inc has been included in the scope of consolidation starting from the second quarter of fiscal 2020, due to the acquisition of its shares. As a result of this event, the amount of goodwill stood at 286 million yen in the first 2 quarter of fiscal 2020.

3. Supplementary Information

Sales Turnover based on Business Categories under the Medium- to Long-Term Business Plan ZGP25

Business category	First 2 quarters of fiscal 2019	First 2 quarters of fiscal 2020	Amount of increase (decrease)	Rate of increase (decrease)	Main products
	million yen	million yen	million yen	%	
Product business	6,709	6,848	139	2.1	(for corporate customers) Printed residential maps, BLUE MAPS GIS Package products, Residential map data
Public Solution business	2,267	2,490	222	9.8	(for central government ministries/agencies and local governments) Printed residential maps, BLUE MAPS, Residential map databases
Map Design business	383	346	(36)	(9.6)	Special-purpose maps, Map design stationary “mati mati” series, Original map design goods, Printed books
Automotive business	8,745	7,767	(978)	(11.2)	Data contents for Japanese in-car navigation systems, High-precision 3D data for AD/ADAS
IoT business	6,154	6,029	(124)	(2.0)	Services for smartphones, Map data for internet services, Provision of location based services
Marketing Solution business	3,906	3,319	(586)	(15.0)	Provision of Marketing Solution, General commercial printing
Total	28,168	26,803	(1,364)	(4.8)	