



Financial Summary for First 2 Quarters of Fiscal 2019 [Japanese GAAP] [Consolidated]

October 29, 2018

Name of listed company **ZENRIN CO.,LTD.** Stock exchange listings: Tokyo and Fukuoka
 Securities code 9474 URL <https://www.zenrin.co.jp/>
 Representative [Title] President and CEO [Name] Zenshi Takayama
 Contact [Title] Executive Officer and Head of Corporate Management Division [Name] Yumko Toshima TEL +81-93-882-9050
 Scheduled date of submission of quarterly securities report: October 30, 2018
 Scheduled date of commencement of dividend payments: December 4, 2018
 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 2019

ZENRIN's first 2 quarters of fiscal 2019 is the period from April 1, 2018 to September 30, 2018.

(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 2019	28,168	8.3	738	57.0	977	34.8	587	175.3
First 2 quarters of fiscal 2018	26,016	5.0	470	—	725	—	213	—

[Note] Comprehensive income First 2 quarters of fiscal 2019: 167 million yen [(53.9)%]
 First 2 quarters of fiscal 2018: 364 million yen [—%]

	Earnings per share	Diluted earnings per share
	yen	yen
First 2 quarters of fiscal 2019	11.16	10.32
First 2 quarters of fiscal 2018	3.88	—

[Note] Effective April 1, 2018, the Company conducted a stock split. Each share of common stock was split into 1.5 shares. "Earnings per share" and "Diluted earnings per share" have been calculated as if the stock split was carried out at the beginning of the previous consolidated fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Ratio of equity to total assets
	million yen	million yen	%
First 2 quarters of fiscal 2019	65,001	38,854	57.6
Fiscal 2018	71,668	40,822	54.9

[Reference] Equity First 2 quarters of fiscal 2019 : 37,462 million yen
 Fiscal 2018 : 39,342 million yen

[Note] Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) has been applied from the 1st quarter of fiscal 2019 (Year ending March 31, 2019), and the figures in the consolidated financial position for fiscal 2018 (Year ending March 31, 2018) reflect the retrospective application of this accounting standard.

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 2018	—	17.50	—	17.50	35.00
Fiscal 2019	—	12.00	—	—	—
Fiscal 2019 [forecast]	—	—	—	12.00	24.00

[Note1] Revision from most recently announced forecast for dividends: None

[Note2] Effective April 1, 2018, the Company conducted a stock split. Each share of common stock was split into 1.5 shares. For the fiscal year ended in March 2018, actual dividend amounts before the stock split are stated.

3. Forecast for Consolidated Results of Operations in Fiscal 2019

ZENRIN's fiscal 2019 is the period from April 1, 2018 to March 31, 2019.

[% 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	64,000	4.3	5,800	6.6	6,200	5.7	3,700	10.9	70.32

[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 2019 (from April 1, 2018 to September 30, 2018), the Japanese economy continued on a moderate recovery trend, as the employment and income situations improved.

In such an environment, the ZENRIN Group in the first 2 quarters of fiscal 2019 reported net sales of 28,168 million yen (increased 2,151 million yen, or up 8.3%, compared to the same period of the previous fiscal year), operating income of 738 million yen (increased 268 million yen, or up 57.0%, compared to the same period of the previous fiscal year), ordinary income of 977 million yen (increased 252 million yen, or up 34.8%, compared to the same period of the previous fiscal year) and profit attributable to owners of parent of 587 million yen (increased 373 million yen, or up 175.3%, 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]

Map Database Segment

The Map Database segment, which is the ZENRIN Group's core business, reported firm sales of residential map data to corporate and local government customers, in addition to the strong sales from data for Japanese in-car navigation systems. In terms of expenses, an increase in cost of sales including the commission fee was reported in conjunction with increased revenues.

As a result of the foregoing, the Map Database segment reported net sales of 22,966 million yen (increased 1,034 million yen, or up 4.7%, compared to the same period of the previous fiscal year) and segment income of 680 million yen (increased 247 million yen, or up 57.3%, compared to the same period of the previous fiscal year).

General Printing Segment

The General Printing segment reported net sales of 1,915 million yen (increased 366 million yen, or up 23.7%, compared to the same period of the previous fiscal year) and segment income of 15 million yen (improvement of 49 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 3,285 million yen (increased 750 million yen, or up 29.6%, compared to the same period of the previous fiscal year) and segment income of 3 million yen (decreased 31 million yen, or down 91.0%, compared to the same period of the previous fiscal year).

(2) Explanation of Financial Position

Total assets at the end of the second quarter of fiscal 2019 amounted to 65,001 million yen (decreased 6,666 million yen, or down 9.3% compared to the end of the previous fiscal year). This was attributable to a decrease in cash and deposits mainly due to the purchase of treasury shares as well as a decrease in trade notes and accounts receivable due to the effects of seasonal fluctuations.

Liabilities amounted to 26,147 million yen (decreased 4,698 million yen, or down 15.2% compared to the end of the previous fiscal year). This was attributable to a decrease in Notes and trade accounts payable due to payment, and a decrease in income taxes payable.

Net assets amounted to 38,854 million yen (decreased 1,968 million yen, or down 4.8% compared to the end of the previous fiscal year). This was mainly attributable to a dividend of surplus and the purchase of treasury shares despite the recognition of profit attributable to owners of parent.

As a result, the ratio of equity to total assets at the end of the second quarter of fiscal 2019 was

57.6% (up 2.7 points compared to the end of the previous fiscal year).

Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) has been applied from the 1st quarter of fiscal 2019 (Year ending March 31, 2019), and comparison of financial condition is based on the figures as of March 31, 2018 after retrospective application.

The following outlines the status of cash flows in the first 2 quarters of fiscal 2019.

Cash and cash equivalents at the end of the second quarter of fiscal year 2019 were 10,055 million yen (decreased 1,486 million yen, or down 12.9 %, compared to the end of the previous fiscal year)

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to 3,374 million yen (decreased 1,478 million yen compared to the same period of the previous fiscal year). This was attributable to income before income taxes in the amount of 973 million yen, income taxes paid in the amount of 1,827 million yen, a decrease in trade notes and accounts payable in the amount of 1,396 million yen, an increase in inventories in the amount of 1,071 million yen, a decrease in accrued consumption taxes in the amount of 567 million yen and other factors of decrease being offset by a decrease in trade notes and accounts receivable in the amount of 5,243 million yen and depreciation in the amount of 2,776 million yen and other factors of increase.

Cash Flows from Investing Activities

Net cash used in investing activities amounted to 2,169 million yen (decreased 412 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 2,010 million yen.

Cash Flows from Financing Activities

Net cash used in financing activities amounted to 2,681 million yen (increased 673 million yen compared to the same period of the previous fiscal year). This was mainly attributable to the purchase of treasury shares in the amount of 1,517, cash dividends paid in the amount of 619 million yen, and repayments of lease obligations in the amount of 383 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 2019 remains unchanged from the forecast announced on April 27, 2018.

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

[Unit: million yen]

	Fiscal 2018	Second quarter of fiscal 2019
	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	11,856	10,360
Notes and accounts receivable – trade	14,926	9,677
Electronically recorded monetary claims – operating	182	175
Securities	11	43
Merchandise and finished goods	768	905
Work in process	371	1,291
Raw materials and supplies	59	73
Other	1,679	1,627
Allowance for doubtful accounts	(55)	(44)
Total current assets	29,801	24,111
Non-current assets		
Property, plant and equipment		
Land	7,574	7,571
Other, net	7,892	7,533
Total property, plant and equipment	15,466	15,104
Intangible assets		
Goodwill	1,100	857
Software	11,502	10,858
Other	1,844	1,964
Total intangible assets	14,447	13,681
Investments and other assets		
Other	12,168	12,317
Allowance for doubtful accounts	(215)	(213)
Total investments and other assets	11,952	12,104
Total non-current assets	41,867	40,890
Total assets	71,668	65,001

[Unit: million yen]

	Fiscal 2018	Second quarter of fiscal 2019
	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable – trade	3,509	2,099
Short-term loans payable	1,515	1,375
Income taxes payable	1,793	451
Provision for directors' bonuses	171	55
Provision for sales returns	3	3
Other	12,120	10,653
Total current liabilities	19,112	14,638
Non-current liabilities		
Bonds payable	8,238	8,214
Long-term loans payable	1,050	1,050
Provision for directors' retirement benefits	135	133
Provision for management board benefit trust	44	36
Net defined benefit liability	291	290
Asset retirement obligations	47	48
Other	1,925	1,734
Total non-current liabilities	11,733	11,509
Total liabilities	30,846	26,147
Net assets		
Shareholders' equity		
Capital stock	6,557	6,557
Capital surplus	13,488	13,488
Retained earnings	24,497	24,465
Treasury shares	(7,338)	(8,830)
Total shareholders' equity	37,205	35,680
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	744	614
Foreign currency translation adjustment	173	103
Remeasurements of defined benefit plans	1,218	1,064
Total accumulated other comprehensive income	2,136	1,782
Non-controlling interests	1,480	1,391
Total net assets	40,822	38,854
Total liabilities and net assets	71,668	65,001

(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 2018 From: April 1, 2017 To: September 30, 2017	First 2 quarters of fiscal 2019 From: April 1, 2018 To: September 30, 2018
Net sales	26,016	28,168
Cost of sales	15,576	16,923
Gross profit	10,440	11,244
Selling, general and administrative expenses		
Personnel expenses	5,809	6,330
Provision for directors' bonuses	47	48
Retirement benefit expenses	117	32
Other	3,995	4,094
Total selling, general and administrative expenses	9,969	10,506
Operating income	470	738
Non-operating income		
Interest income	6	6
Dividend income	92	76
Subsidy income	0	101
Other	177	139
Total non-operating income	277	325
Non-operating expenses		
Interest expenses	16	11
Commission for purchase of treasury shares	0	26
subsidy repayment loss	—	22
Other	5	25
Total non-operating expenses	22	86
Ordinary income	725	977
Extraordinary income		
Gain on sales of non-current assets	12	14
Other	0	—
Total extraordinary income	12	14
Extraordinary losses		
Loss on sales and retirement of non-current assets	37	10
Loss on valuation of investment securities	11	7
Impairment loss	108	—
Other	2	—
Total extraordinary losses	159	18
Income before income taxes and minority interest	577	973
Income taxes – current	430	539
Income taxes – deferred	(58)	(88)
Total income taxes	372	451
Profit	205	522
Loss attributable to non-controlling interests	(7)	(64)
Profit attributable to owners of parent	213	587

Quarterly Consolidated Statement of Comprehensive Income [cumulative]

[Unit: million yen]

	First 2 quarters of fiscal 2018 From: April 1, 2017 To: September 30, 2017	First 2 quarters of fiscal 2019 From: April 1, 2018 To: September 30, 2018
Profit	205	522
Other comprehensive income		
Valuation difference on available-for-sale securities	112	(130)
Foreign currency translation adjustment	128	(69)
Remeasurements of defined benefit plans, net of tax	(43)	(154)
Share of other comprehensive income of entities accounted for using equity method	(38)	—
Total other comprehensive income	158	(354)
Comprehensive income	364	167
[Comprehensive income attributable to]		
Comprehensive income attributable to owners of parent	372	232
Comprehensive income attributable to non-controlling interests	(7)	(64)

(3) Quarterly Consolidated Statement of Cash Flows

[Unit: million yen]

	First 2 quarters of fiscal 2018 From: April 1, 2017 To: September 30, 2017	First 2 quarters of fiscal 2019 From: April 1, 2018 To: September 30, 2018
Cash flows from operating activities		
Income before income taxes and minority interest	577	973
Depreciation	2,726	2,776
Impairment loss	108	—
Amortization of goodwill	230	227
Increase (decrease) in provision for directors' bonuses	(108)	(115)
Decrease (increase) in net defined benefit asset	(89)	(254)
Increase (decrease) in net defined benefit liability	7	(0)
Loss (gain) on valuation of investment securities	11	7
Interest and dividend income	(98)	(83)
Interest expenses	16	11
Loss (gain) on sales and retirement of non-current assets	25	(4)
Decrease (increase) in notes and accounts receivable - trade	4,679	5,243
Decrease (increase) in inventories	(513)	(1,071)
Increase (decrease) in notes and accounts payable - trade	(784)	(1,396)
Increase (decrease) in accrued expenses	(161)	(339)
Increase (decrease) in accrued consumption taxes	(297)	(567)
Other	260	(273)
Subtotal	6,590	5,134
Interest and dividend income received	94	79
Interest expenses paid	(16)	(11)
Income taxes paid	(1,815)	(1,827)
Net cash provided by (used in) operating activities	4,852	3,374
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(1,982)	(2,010)
Purchase of investment securities	(429)	(115)
Payments for the unpaid portion of acquisition of shares from subsidiaries resulting in change in scope of consolidation	(114)	(117)
Other	(55)	74
Net cash provided by (used in) investing activities	(2,581)	(2,169)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(400)	—
Proceeds from long-term loans payable	550	—
Repayments of long-term loans payable	(1,039)	(139)
Repayments of lease obligations	(449)	(383)
Purchase of treasury shares	(1)	(1,517)
Cash dividends paid	(645)	(619)
Dividends paid to non-controlling interests	(18)	(23)
Other	(2)	2
Net cash provided by (used in) financing activities	(2,008)	(2,681)
Effect of exchange rate change on cash and cash equivalents	(6)	(10)
Net increase (decrease) in cash and cash equivalents	256	(1,486)
Cash and cash equivalents at beginning of period	6,817	11,542
Cash and cash equivalents at end of period	7,074	10,055

(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

Pursuant to the resolution passed at the meeting of the Board of Directors held on June 15, 2018, the Company purchased 510,900 treasury shares for 1,499 million yen. Mainly as a result of this purchase, treasury shares increased by 1,492 million yen during the first 2 quarters of the current fiscal year to 8,830 million yen at the end of the second quarter of fiscal 2019.

Changes in accounting estimates

(Change in the number of years to amortize actuarial gain/loss and past service costs in the accounting for retirement benefits)

The Company and certain domestic consolidated subsidiaries previously amortized actuarial gain/loss and past services costs in the accounting of retirement benefits over a certain number of years within the average remaining years of service of employees, i.e. 15 years. Effective from the quarter of fiscal 2019, however, the amortization period has been changed to 13 years due to the average remaining years of service falling below 15 years. Consequently, operating income, ordinary income and income before income taxes for the second quarter of fiscal 2019 have increased by 110 million yen, respectively, compared to the previous method.

Segment Information

I. First 2 Quarters of Fiscal 2018 (from April 1, 2017 to September 30, 2017)

(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	21,932	1,549	23,481	2,535	26,016
Intersegment net sales or transfers	37	179	217	80	298
Total	21,970	1,728	23,699	2,615	26,315
Segment income (loss)	432	(34)	397	34	432

[Note] The "Other" item encompasses the selling of purchased products, direct mail delivery services 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	397
Income of "Other" item	34
Eliminations of intersegment transactions	38
Operating income (loss) on quarterly consolidated statement of income	470

(c) 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 has been reported. The amount of said impairment loss stood at 106 million yen in the second quarter of fiscal 2019.

II. 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	22,966	1,915	24,882	3,285	28,168
Intersegment net sales or transfers	53	235	288	58	346
Total	23,020	2,150	25,170	3,343	28,514
Segment income (loss)	680	15	695	3	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	695
Income of "Other" item	3
Eliminations of intersegment transactions	40
Operating income (loss) on quarterly consolidated statement of income	738

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

(Change in the number of years to amortize actuarial gain/loss and past service costs in the accounting for retirement benefits)

As stated in "Changes in accounting estimates", The Company and certain domestic consolidated subsidiaries previously amortized actuarial gain/loss and past services costs in the accounting of retirement benefits over a certain number of years within the average remaining years of service of employees, i.e. 15 years. Effective from the first quarter of fiscal 2019, however, the amortization period has been changed to 13 years due to the average remaining years of service falling below 15 years.

As a result, segment income for the second quarter of fiscal 2019 has increased by 99 million yen for the Map Database segment ,by 11 million yen for the General Printing segment, and by 0 million for the Other segment.

3. Supplementary Information

Sales Turnover based on Business Categories under the Medium- to Long-Term Business Plan ZGP2020

Business category	First 2 quarters of fiscal 2018	First 2 quarters of fiscal 2019	Amount of increase (decrease)	Rate of increase (decrease)	Main products
	million yen	million yen	million yen	%	
Product business	6,451	6,709	258	4.0	(for corporate customers) Printed residential maps, BLUE MAPS GIS Package products, Residential map data
Public Solution business	2,129	2,267	137	6.5	(for central government ministries/agencies and local governments) Printed residential maps, BLUE MAPS, Residential map databases
Map Design business	382	383	0	0.3	Special-purpose maps, Map design stationary “mati mati” series, Original map design goods, Printed books
Automotive business	7,943	8,745	802	10.1	Data contents for Japanese in-car navigation systems, High-precision 3D data for AD/ADAS
IoT business	5,953	6,154	201	3.4	Services for smartphones, Map data for internet services, Provision of location based services
Marketing Solution business	3,155	3,906	750	23.8	Provision of Marketing Solution, General commercial printing
Total	26,016	28,168	2,151	8.3	

[Note] Effective from the 1st quarter of fiscal 2019, business segments have been revised under the Medium- to Long-term Business Plan ZGP2020, and quantities have been aggregated under the new segments.