

ZENRIN

Securities Code: 9474

Results for First Quarter of Fiscal 2021 (Year Ending March 31, 2021)

July 30, 2020

ZENRIN CO.,LTD.

1. Results for First Quarter of Fiscal 2021
2. Earnings Forecast for Fiscal 2021
3. Appendix

Note: This document contains forward-looking statements based on assumptions, forecasts and plans in light of information available to ZENRIN Co., Ltd. as of the preparation date of this document. Actual performance may vary significantly from the forecast figures due to various risks and uncertainties owing to global economic trends, market demand, status of competition, exchange fluctuations and other factors.

The information that appears in this document rounds down fractions to the nearest specified unit and rounds off decimals in the percentage of change to the first decimal place.

In addition, cases where the percentage of change exceeds 1000% and cases where one or both are negative are shown as “-.”

1. Results for First Quarter of Fiscal 2021

- 1) Overview of Results for First Quarter
- 2) Changes in Net Sales, Income and Profit
- 3) Causes for Change in Operating Income
- 4) Net Sales by Business
under Medium- to Long-Term Business Plan ZGP25
- 5) Segment Information

1-1) Overview of Results for First Quarter

Key Points of Results for First Quarter of Fiscal 2021

Compared to 1Q of Fiscal 2020 <decrease in sales and income>

- Although the GIS package, i.e., the stock-type service, and contract services to local governments were firm, sales of data for in-car navigation systems in Japan and overseas in the Automotive business significantly dropped. Net sales decreased for two consecutive fiscal years, and operating income and ordinary income also decreased for two consecutive fiscal years.
- Profit attributable to owners of parent improved for the first time in two periods mainly due to the lower extraordinary losses, which was recognized in the previous period.

(Amounts in million yen)

	1Q of FY2020 Actual	1Q of FY2021 Actual	Compared to 1Q of FY2020	% of Change
Net Sales	12,588	11,312	-1,275	-10.1
Operating Expenses	13,222	12,443	-778	-5.9
Operating Income	-634	-1,130	-496	—
Operating Margin	-5.0%	-10.0%	-5.0pt	
Ordinary Income	-390	-1,016	-626	—
Profit Attributable to Owners of Parent	-640	-621	18	—

1-2) Changes in Net Sales, Income and Profit

Results for First Quarter of Fiscal 2021

(Amounts in million yen)

Net Sales

Down 1,275 (-10.1%)

Operating Income

Downturn 496 (—)

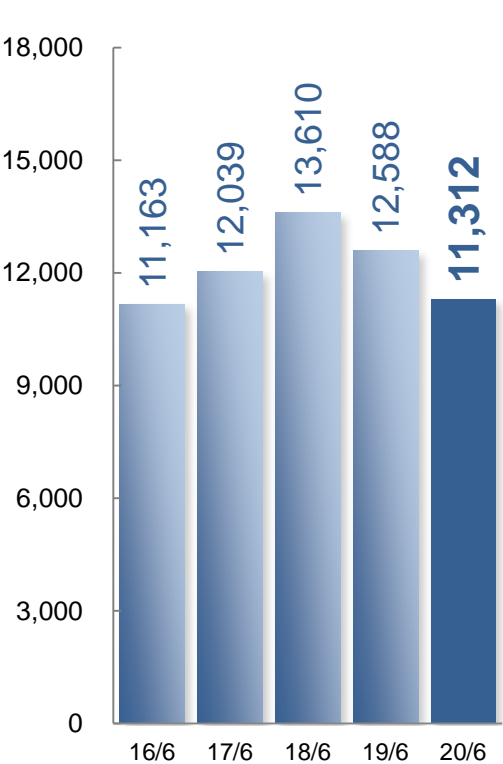
Ordinary Income

Downturn 626 (—)

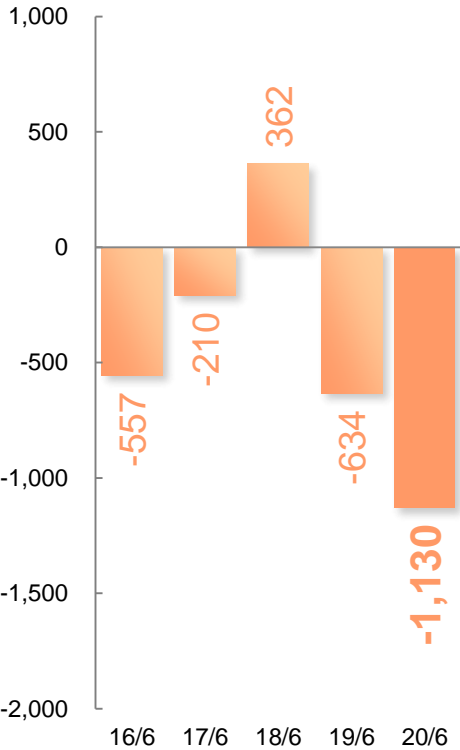
Profit Attributable to Owners of Parent

Improved 18 (—)

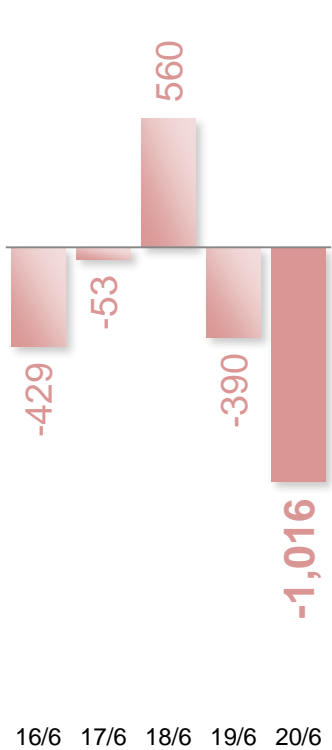
Compared to
1Q of FY2020



Decrease in sales
for 2 consecutive periods



Decrease in income for 2 consecutive periods

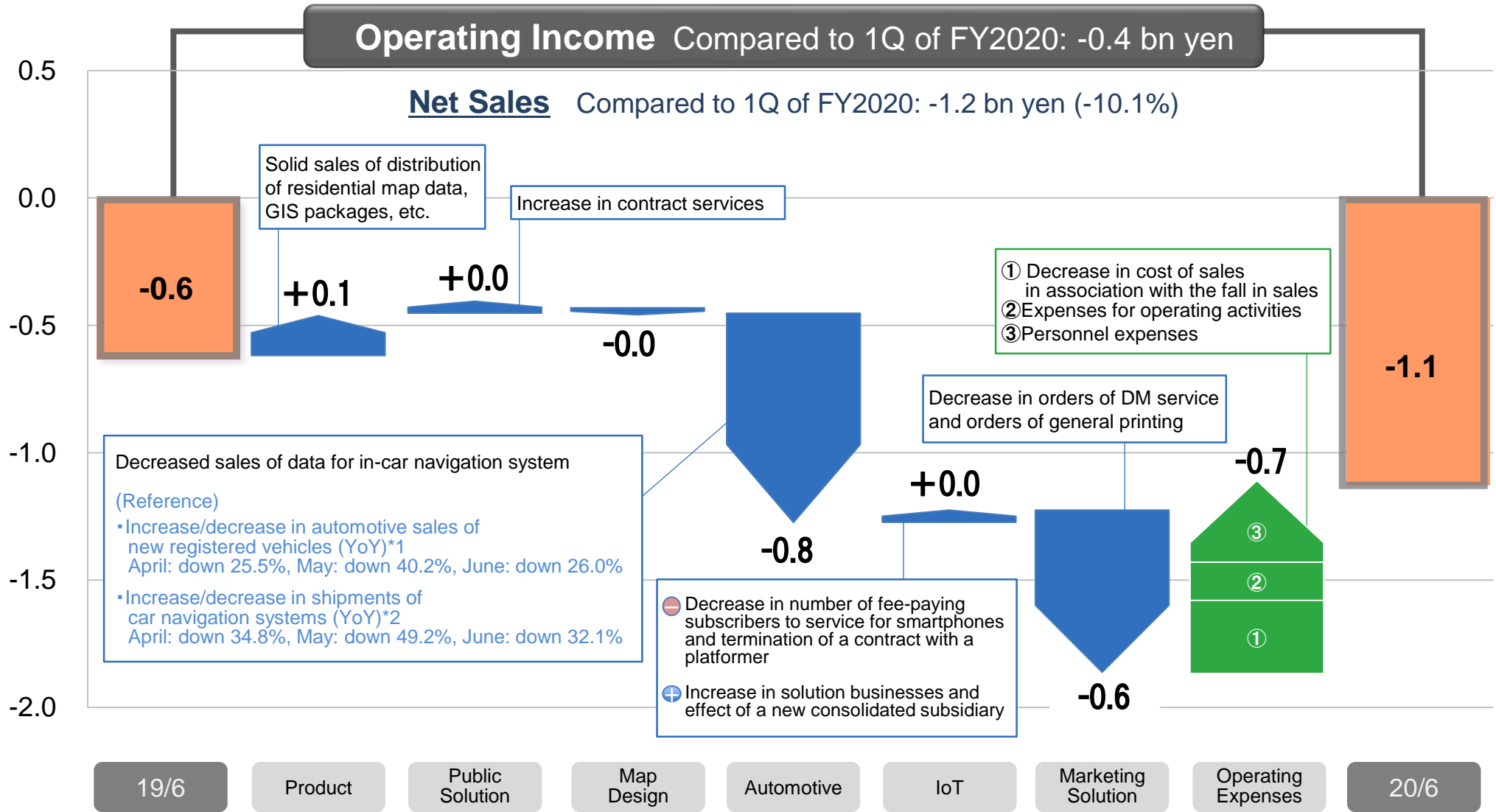


Loss on valuation
of investment
securities, etc.

Increase in profit
for the first time
in 2 periods

1-3) Causes for Change in Operating Income

(Amounts in billion yen)

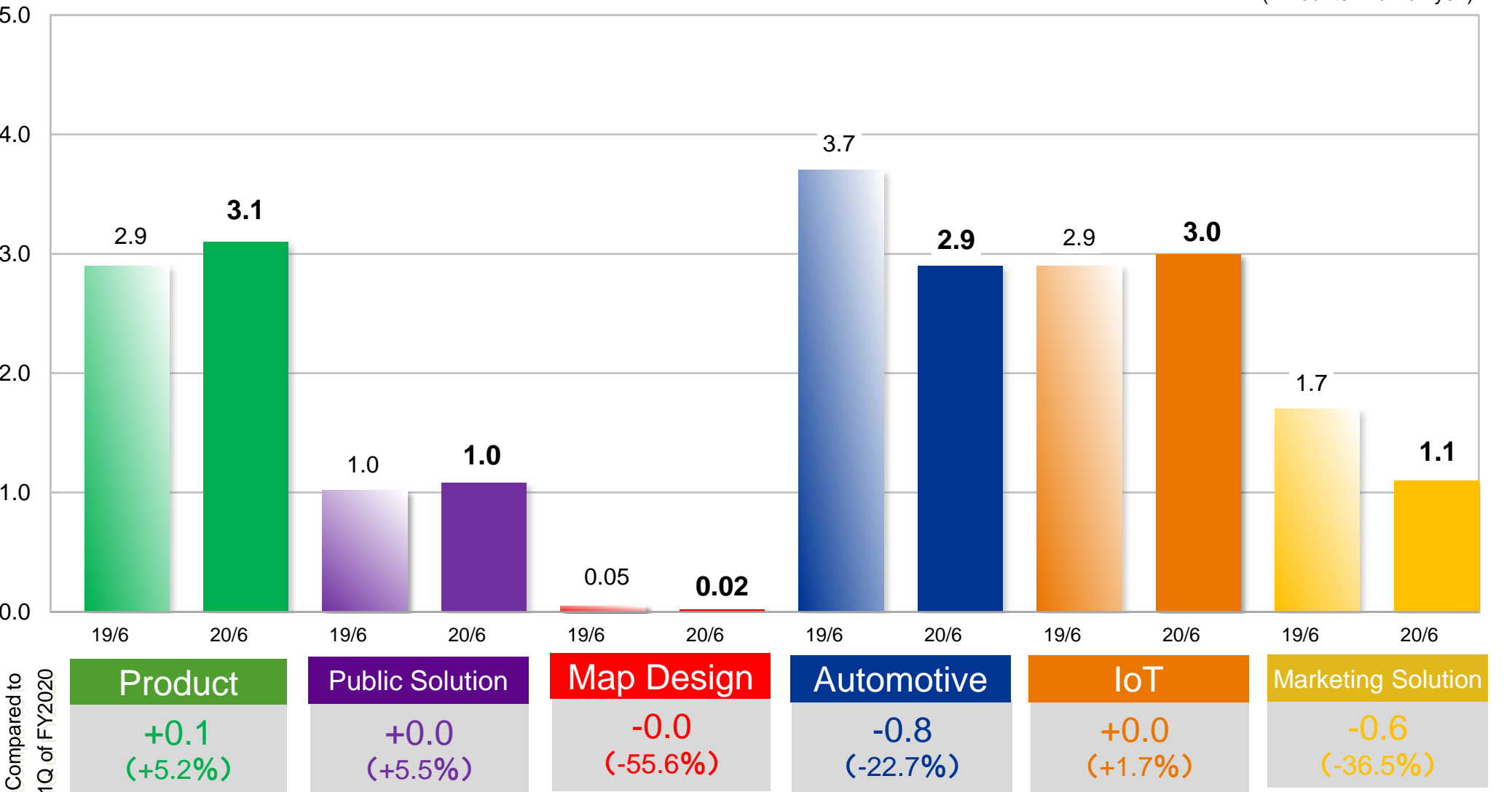


[Source] *1. "Annual sales of new vehicles (registered vehicles) and sales by vehicle type" by Japan Automobile Dealers Association
*2 "Statistics for shipment of consumer electronics in 2020" by Japan Electronics and Information Technology Industries Association

1-4) Net Sales by Business under the ZGP25

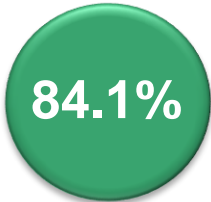
Results for First Quarter of Fiscal 2021

(Amounts in billion yen)



1-5) Segment Information

Sales
Composition



1. Map Database Segment

Main Items: Manufacture and sales of printed residential maps and special-purpose maps
Manufacture and sales of residential map databases and data for in-car navigation systems
Manufacture and sales of map data for internet services
Provision of services for smartphones



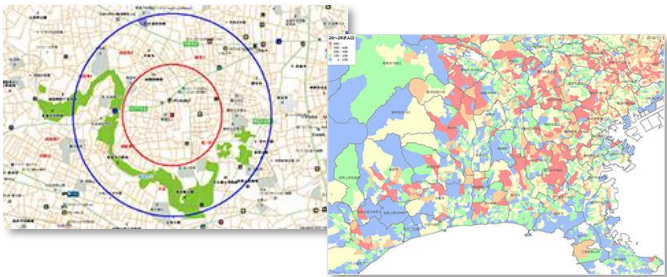
2. General Printing Segment

Main Items: Manufacture and sales of general printing goods



3. Other

Main Items: Provision of marketing solution
Sales of purchased products



1-5) Map Database Segment

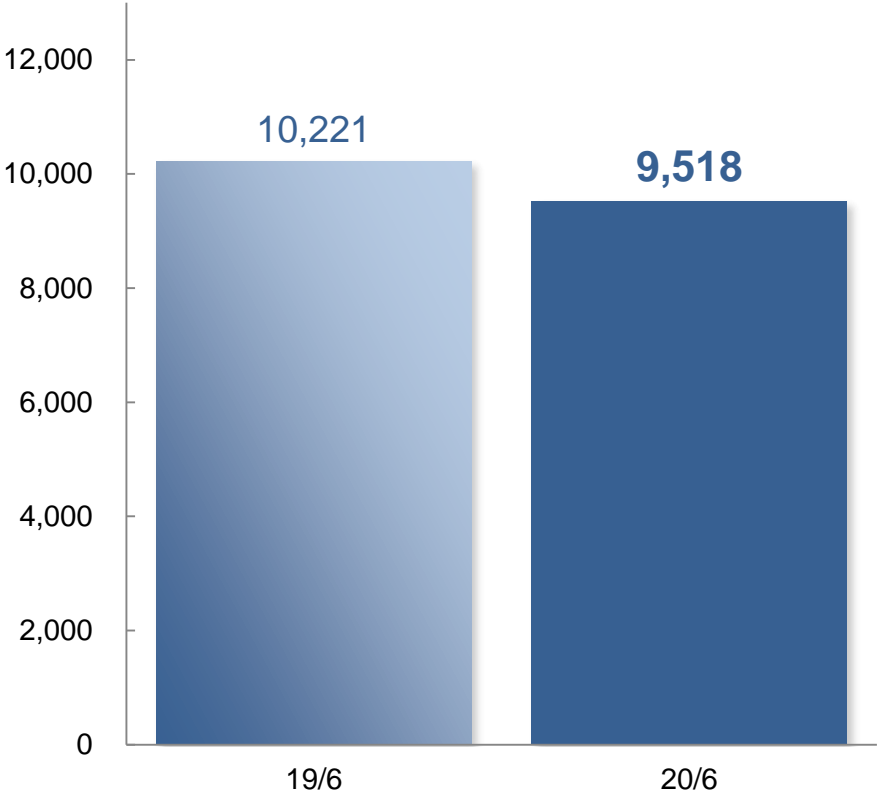
Results for First Quarter of Fiscal 2021

(Amounts in million yen)

Net Sales

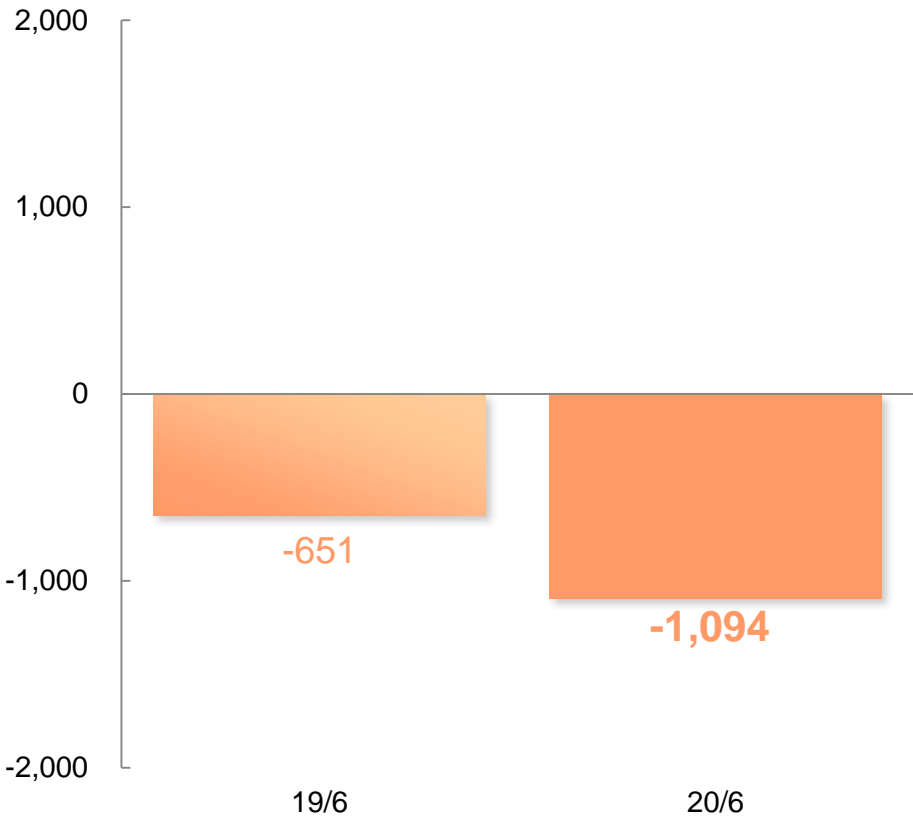
Compared to
1Q of FY2020

Down 702 (-6.9%)



Operating Income

Downturn 443 (—)



*From the consolidated first quarter of fiscal 2021, 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..

1-5) General Printing Segment, and Other

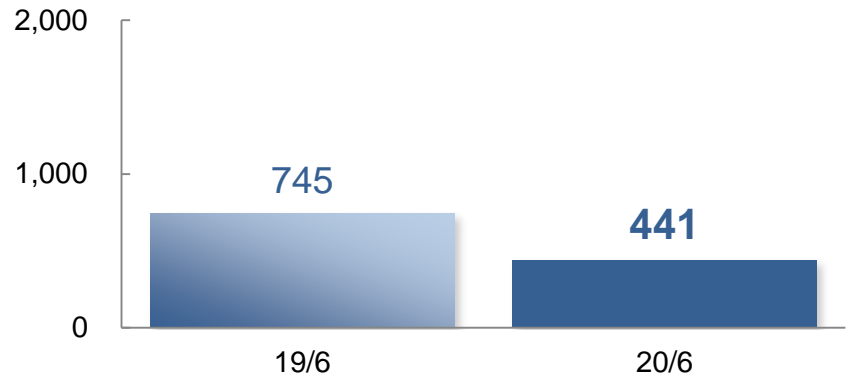
Results for First Quarter of Fiscal 2021

(Amounts in million yen)

General Printing Segment

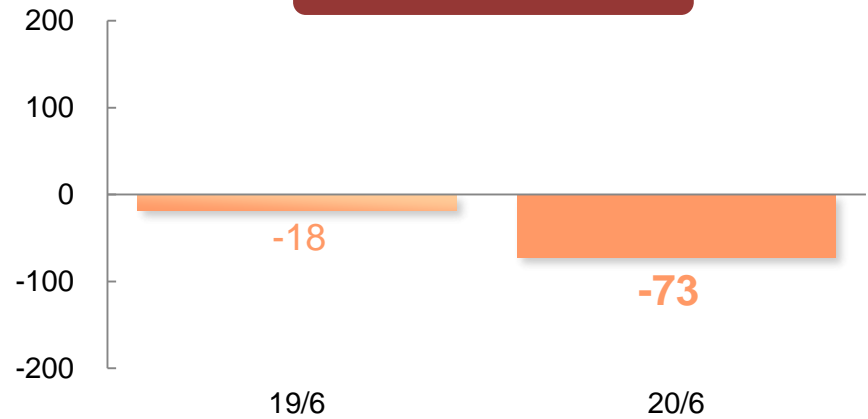
Net Sales

Compared to 1Q of FY2020
Down 303 (-40.8%)



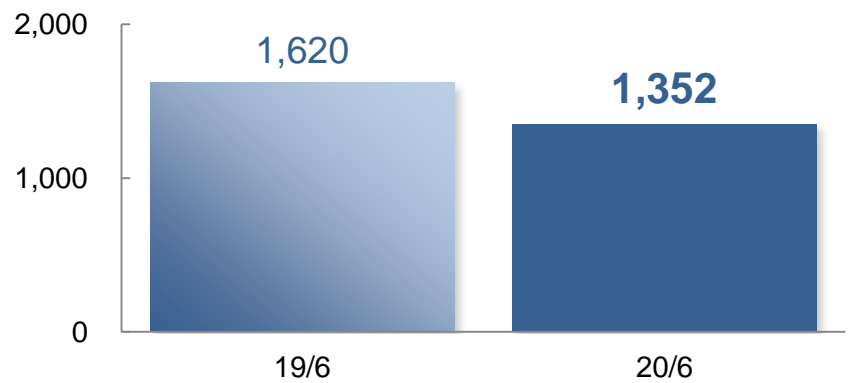
Operating Income

Downturn 55 (—)

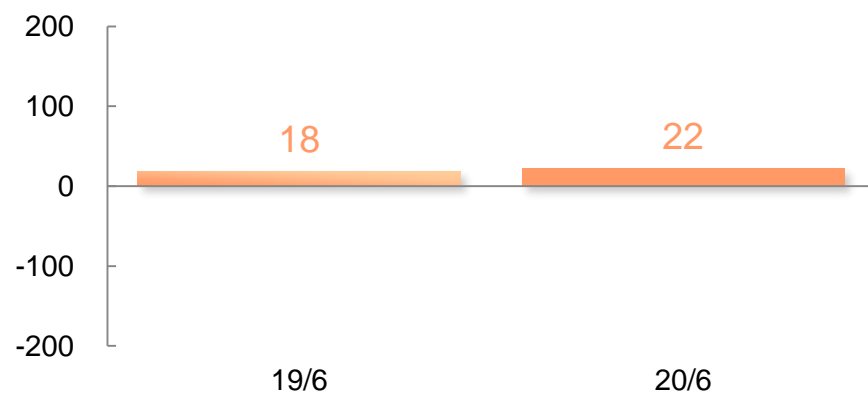


Other

Compared to 1Q of FY2020
Down 268 (-16.6%)



Up 3 (+18.5%)



*From the consolidated first quarter of fiscal 2021, 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..

2. Earnings Forecast for Fiscal 2021

- 1) Earnings Forecast for Fiscal 2021
- 2) Changes in Net Sales, Income and Profit
- 3) Outlook by Business
- 4) Amount of Capital Investment, Depreciation and R&D Costs
- 5) Shareholder Returns
- 6) ZGP25 Numerical Target

2-1) Earnings Forecast for Fiscal 2021

Compared to Fiscal 2020 <Decrease in sales and income>

- Net sales dropped mainly due to the significant impact of decreased sales of data for in-car navigation systems in Japan and overseas with the decrease in automotive sales in the first half
- In terms of profit, income dropped due to the addition of upfront expenses for development of circulation platform and new business, in addition to decreased sales

Earnings Forecast for First 2 Quarters of Fiscal 2021 (Amounts in million yen)

	First 2Qs of FY2020	First 2Qs of FY2021	Compared to First 2Qs of FY2020	% of Changes
Net Sales	26,803	24,500	-2,303	-8.6
Operating Expenses	27,137	26,500	-637	-2.4
Operating Income	-334	-2,000	-1,665	-
Operating Margin	-1.2%	-8.2%	-7.0pt	
Ordinary Income	-65	-1,900	-1,834	-
Profit Attributable to Owners of Parent	-224	-1,500	-1,275	-

Earnings Forecast for Fiscal 2021 (Amounts in million yen)

	FY2020 Actual	FY2021 Forecast	Compared to FY2020	% of Changes
Net Sales	59,771	58,500	-1,271	-2.1
Operating Expenses	56,470	57,000	529	0.9
Operating Income	3,300	1,500	-1,800	-54.6
Operating Margin	5.5%	2.6%	-2.9pt	
Ordinary Income	3,709	1,700	-2,009	-54.2
Profit Attributable to Owners of Parent	2,633	900	-1,733	-65.8

[Assumption of earnings forecast]

The earnings forecast for the fiscal year ending March 2021 has been calculated based on information and projection available at this moment on the assumption that social restrictions such as the re-issuance of the declaration of a state of emergency due to a second wave of the COVID-19 infection will not be enforced, and that the economic situation will not deteriorate more than the current state.

The ZENRIN Group foresees that the fall in automobile sales and decreased opportunities to receive orders for projects under contract, etc., will be affected significantly in the first half, and yet the economic activities will recover and the said impact will be reduced in the second half and later.

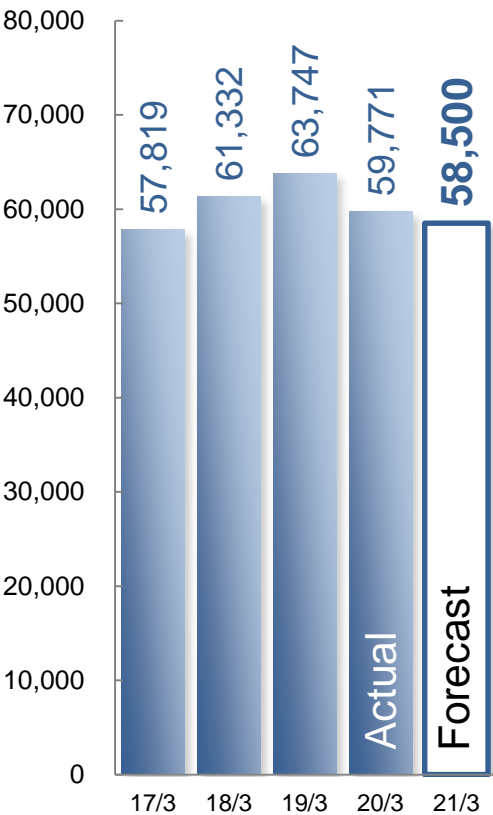
The period of convergence of COVID-19 infection, the degree of impact and other related conditions may vary greatly in the future. In the case of occurrence of an event that affects the ZENRIN Group's business performance, we will promptly make an announcement.

2-2) Changes in Net Sales, Income and Profit

Results for First Quarter of Fiscal 2021

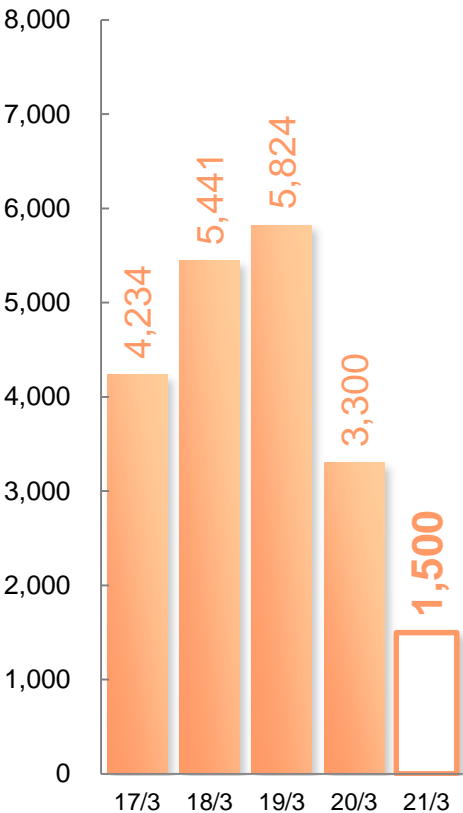
(Amounts in million yen)

Net Sales



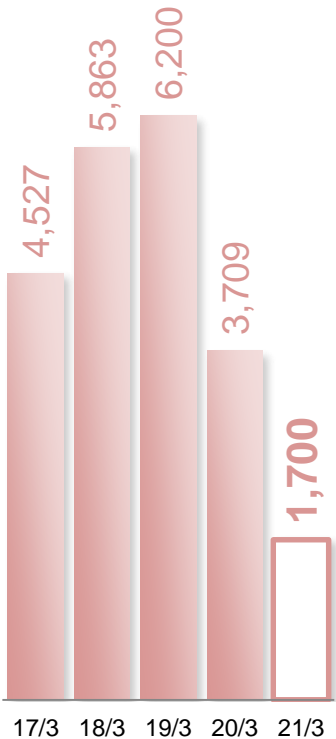
Decrease in sales
for 2 consecutive periods

Operating Income

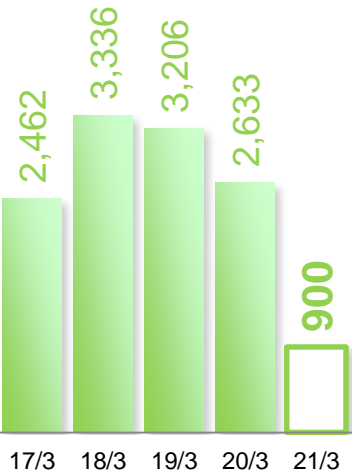


Decrease in income for 2 consecutive periods

Ordinary Income



Profit Attributable to Owners of Parent



Decrease in profit
for 3 consecutive periods






2-3) Outlook by Business

Outlook

While negative impact on each business is foreseen in the first half, recovery is expected in the second half and later, based on the assumption that social restrictions such as the re-issuance of the declaration of a state of emergency due to a second wave of the COVID-19 infection will not be enforced, and that the economic situation will not deteriorate more than the current state.

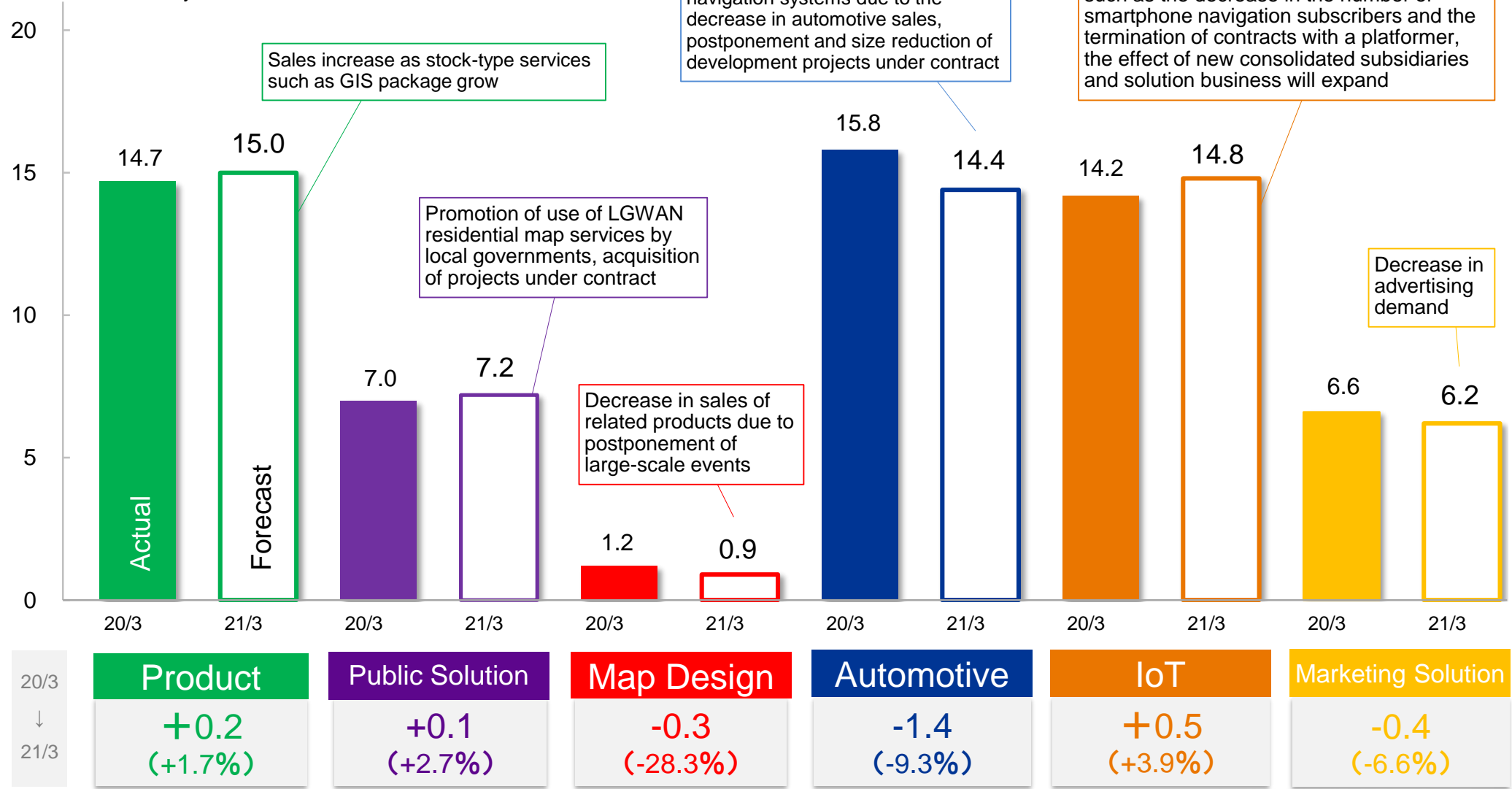
Policy

- Ensure employees' safety and continuing business activities by improving map data under the Group's multi-site structure
- Enhance stable earnings by shifting the business model to stock-type services
- Continue upfront investment to develop new products and services and strengthen the business foundation

Business	Risks assumed in COVID-19 pandemic	Outlook for the fiscal year ending March 2021
Product	Decrease in orders for flow-type products (map booklets, etc.) due to the slowdown of economic activities, and delay in acquisition of new projects due to restrictions on business activities	 A steady increase of earnings is expected by strengthening sales of stock-type products (GIS package, LGWAN, etc.)
Public Solution		
Map Design	Decrease in sales of related products due to postponement of large-scale sports events and sales decline in consumer products due to sluggish consumption	 Sales are likely to decrease due to the impact of postponement of events, etc. despite the acceleration of new product development and channel development.
Automotive	Decline in sales of data for in-car navigation systems in Japan and overseas with the decrease in automobile sales and postponement and size reduction of projects under contract, etc. mainly through change in the plans by customers	 The automotive market is likely to recover from the second half. However, sales are expected to fall for the full-year period due to the impact of the significant drop in the first half. ADAS-related R&D investment and business activities will continue.
IoT	Delay in acquisition of new projects due to restrictions on business activity and postponement and size reduction of projects under contract, etc. mainly through change in the plans by customers	 Sales are expected to rise by stocking existing solution projects and strengthening the development of new business in the second half and later
Marketing Solution	Decrease in orders for advertisement due to the reduction of corporate PR activities.	 Sales are expected to drop due to the fall in advertising demand. We will accelerate to discover needs in "New Normal" and release stock-type package products

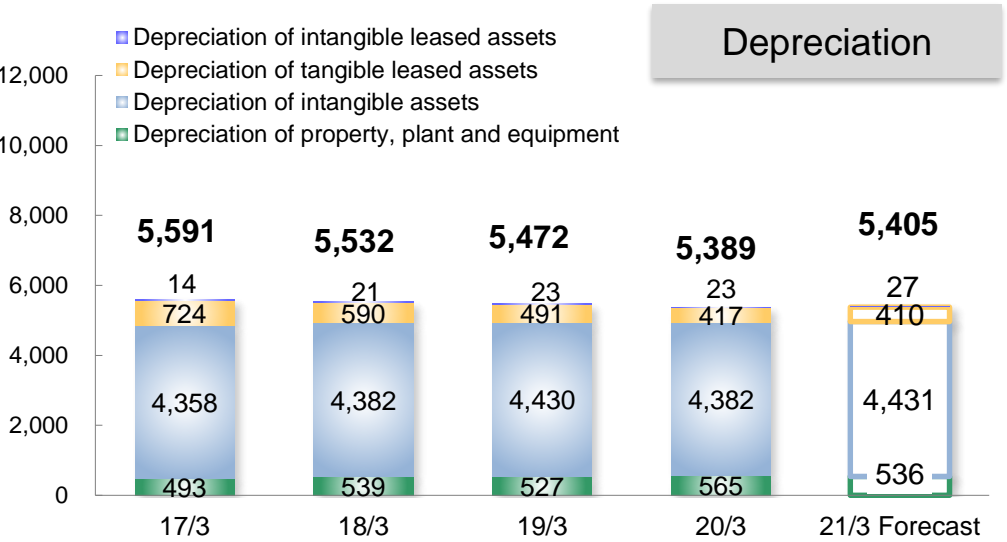
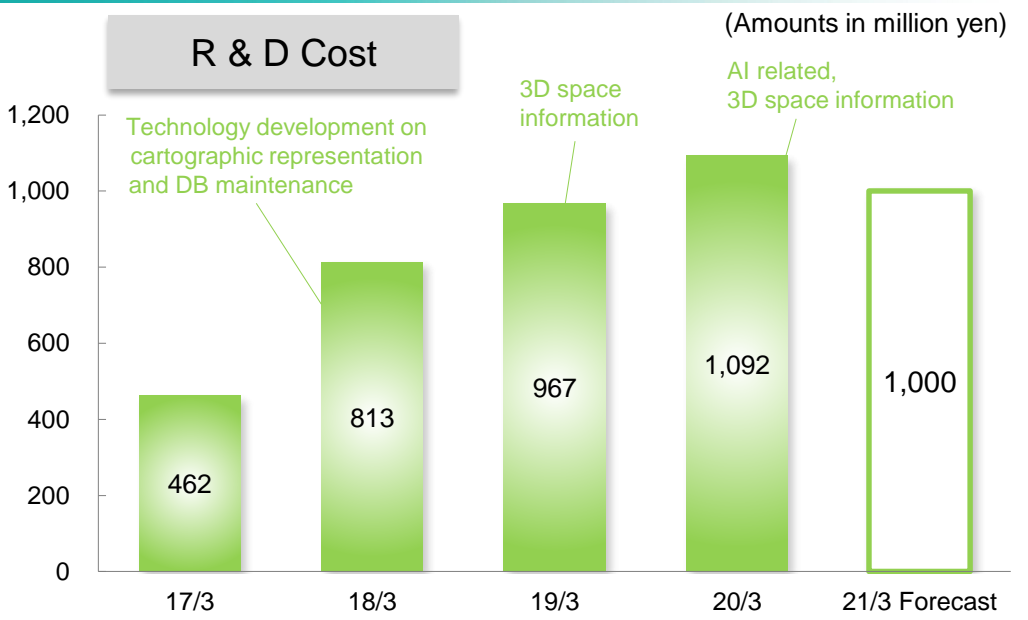
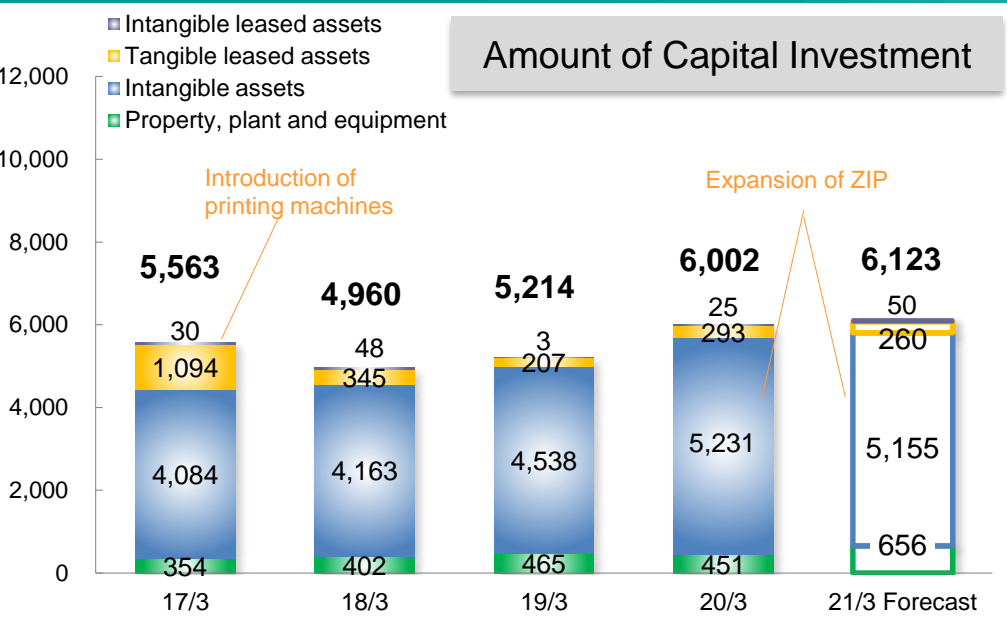
2-3) Outlook by Business

(Amounts in billion yen)



2-4) Amount of Capital Investment, Depreciation and R&D Costs

Results for First Quarter of Fiscal 2021



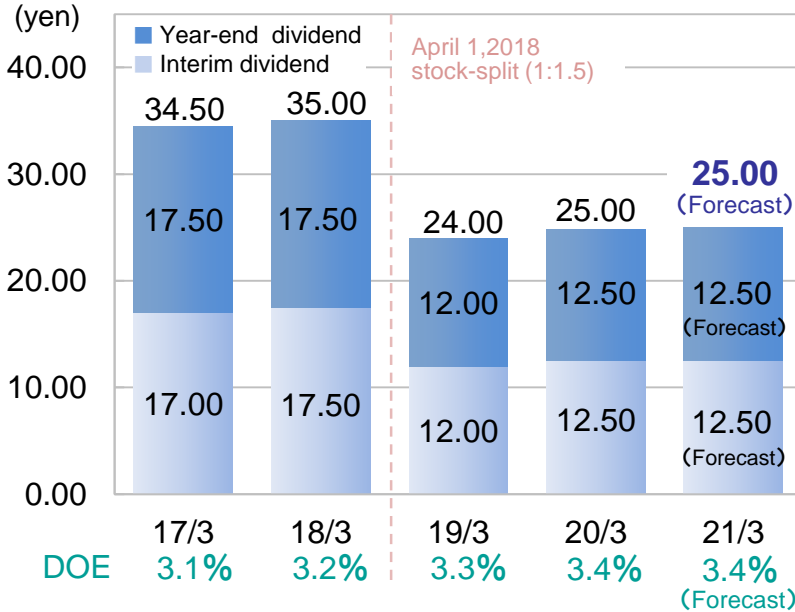
Capital investment and R&D costs remain at the same level as the previous periods

2-5) Shareholder Returns

Continue to pay dividends and purchase treasury shares based on the basic policy

Dividend	Return income to shareholders derived from income growth based on the medium- to long-term business plan, while taking into account maintaining an adequate amount of internal reserves → Target dividend on equity (DOE) on a consolidated basis of 3% or higher
Purchase of treasury shares	To be carried out flexibly as a measure of shareholder returns that also contributes to the maintenance and improvement of capital efficiency → Make a decision by taking into account capital conditions, stock prices, market environments, and opportunities for growth investments and other related factors

【 Dividends ~maintain DOE of 3% or higher~ 】



【 Purchase of treasury shares 】

Details of the resolution at the board meeting on April 28, 2020	
Period of purchase	May 1, 2020 - April 30, 2021
Number of shares purchased	Up to 2,000,000 shares
Purchase price	Up to 3,000,000,000 yen
Progress (% = progress rate)	
Period of purchase	As of the period from May 1, 2020 to June 30, 2020
Number of shares purchased	802,700 shares (40.14%)
Purchase price	999,911,200 yen (33.33%)

The target and guide of ZGP25 1st and 2nd stages for the final year of the plan will remain unchanged from the value disclosed in April 2019

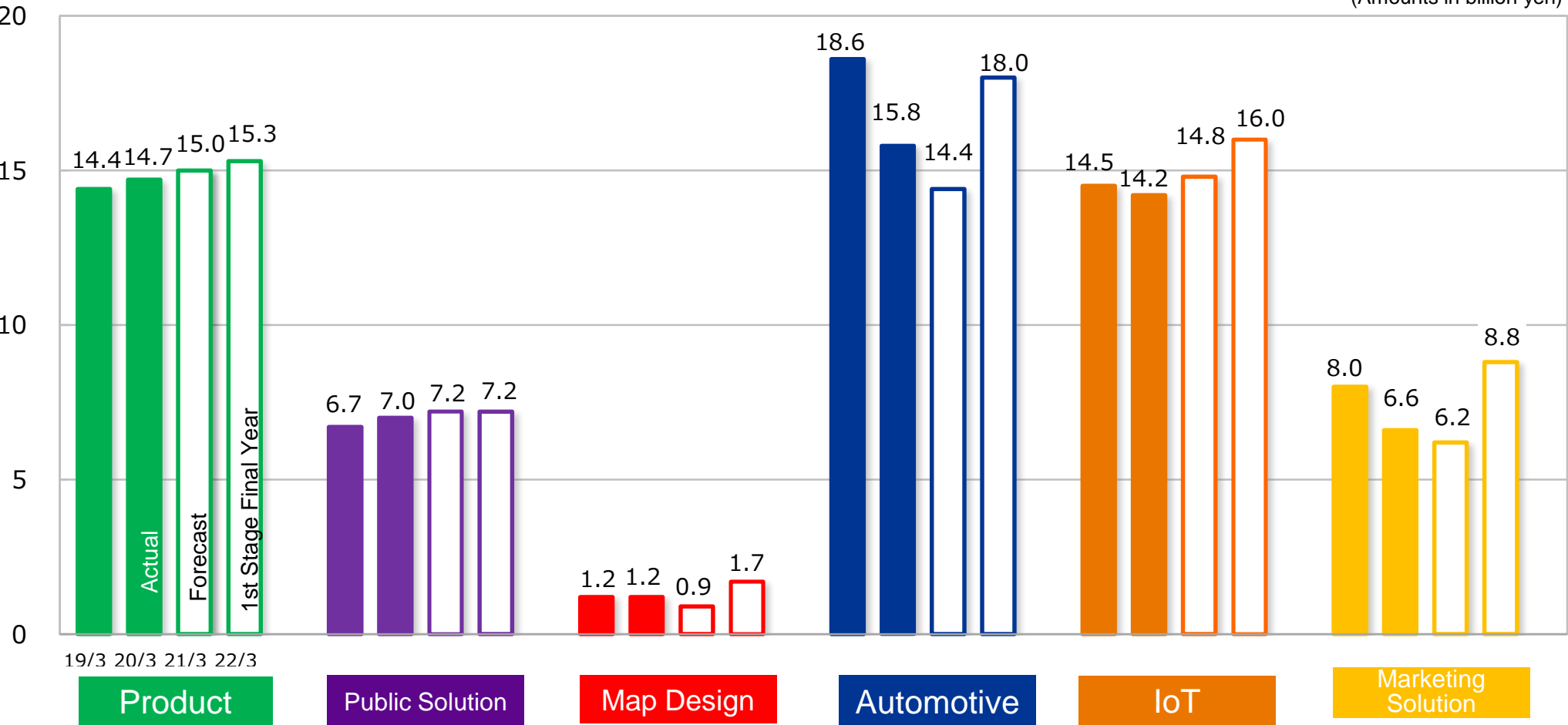
	1st Stage			2nd Stage
	1st Year	2nd Year	3rd Year	6th Year
	FY2020 (Actual)	FY2021 (Forecast)	FY2022 (Target)	FY2025 (Guide)
Consolidated Net Sales	59.7 bn yen	58.5 bn yen	67.0 bn yen	80.0 bn yen
Consolidated Operating Income (Margin)	3.3 bn yen (5.5%)	1.5 bn yen (2.6%)	6.7 bn yen (10.0%)	10.0 bn yen (12.5%)
ROE (Return on equity)	6.6%	2.2%	9.7%	10% or higher
DOE (Dividend on equity on a consolidated bases)	3.4%	3.4%	3.0% or higher	3% or higher

2-6) ZGP25 Numerical Target

Results for First Quarter of Fiscal 2021

The target and guide of ZGP25 1st and 2nd stages for the final year of the plan will remain unchanged from the value disclosed in April 2019

(Amounts in billion yen)



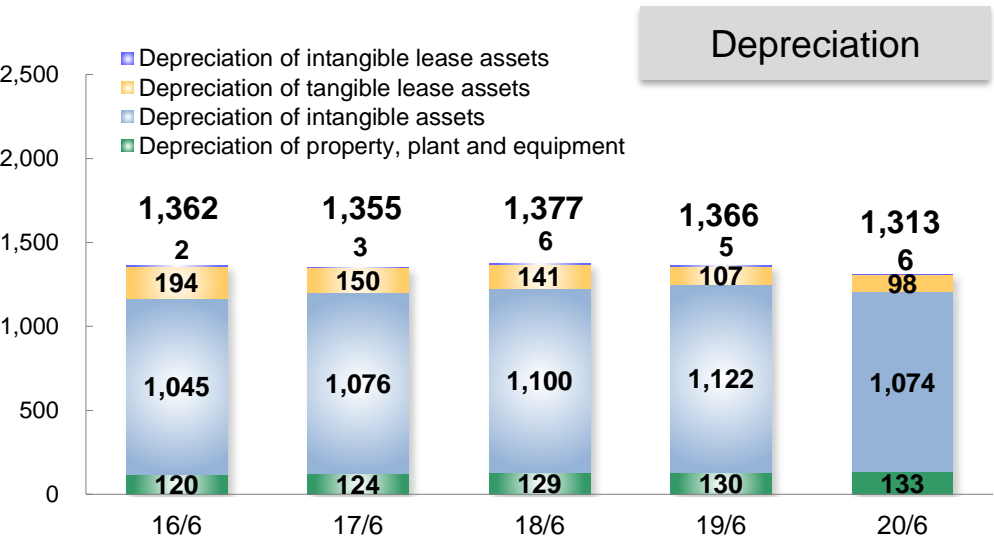
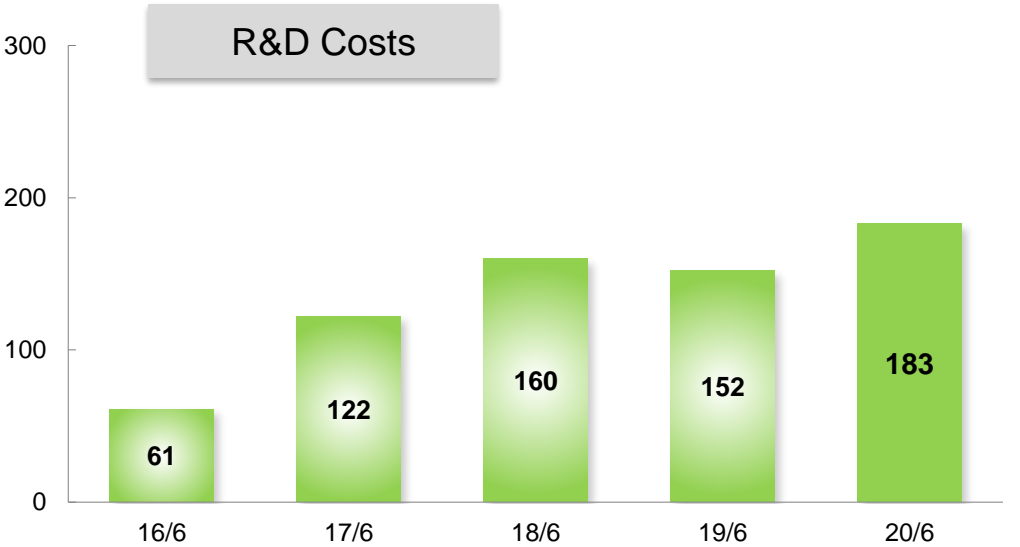
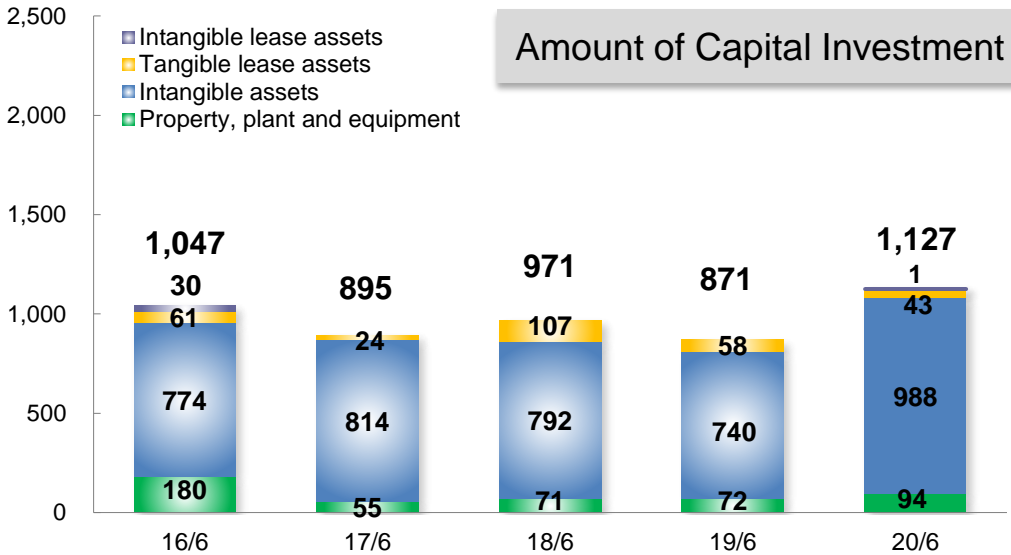
3. Appendix

- 1) Overview of results for First Quarter of Fiscal 2021
Amount of Capital Investment, Depreciation and R&D Costs
- 2) Overview of results for First Quarter of Fiscal 2021
Balance Sheet
- 3) Changes in Composition of Net Sales by Quarter

3-1) Amount of Capital Investment, Depreciation and R&D Costs

Results for First Quarter of Fiscal 2021

(Amounts in million yen)



The amount of capital investment and R&D costs for the first quarter of Fiscal 2021 will be maintained as scheduled

3-2) Balance Sheet

Sound financial condition will be maintained even in COVID-19 pandemic

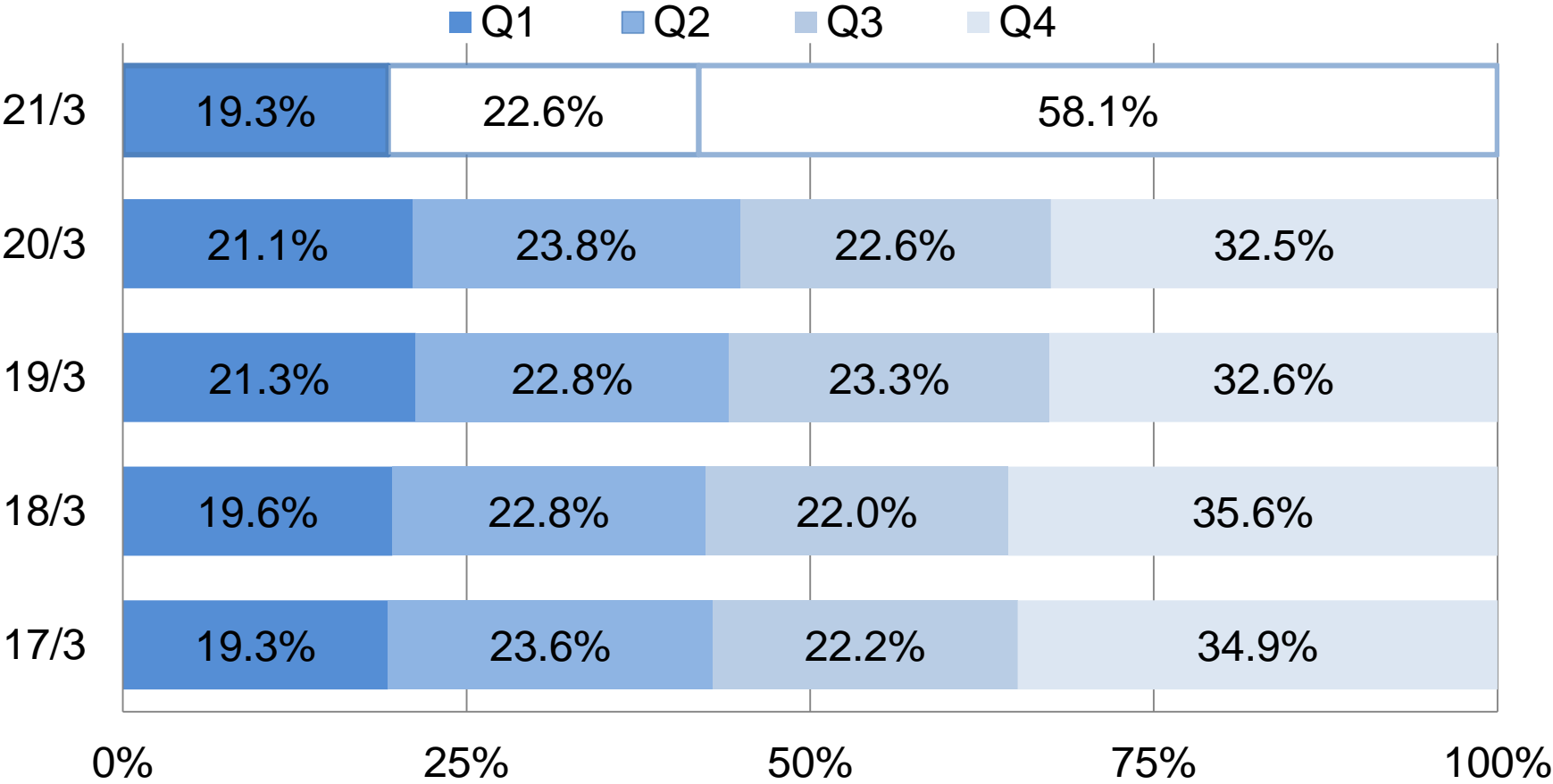
(Amounts in million yen)

	As of March 31, 2020	As of June 30, 2020	change
Assets	69,569	68,640	-929
Current assets	32,493	30,736	-1,756
Cash and deposits	15,524	19,737	+4,213
Non-current assets	37,075	37,903	+827
Liabilities	28,117	24,819	-3,298
Current liabilities	17,523	14,032	-3,490
Short-term loans payable	1,350	743	-606
Non-current liabilities	10,594	10,786	+192
Bonds payable	8,143	8,131	-11
Long-term loans payable	1,050	1,447	+397
Net assets	41,451	43,820	+2,368
Owned capital	39,715	42,175	+2,459
[Capital adequacy ratio]	[57.1%]	[61.4%]	[+4.3pt]

3-3) Changes in Composition of Net Sales by Quarter

Results for First Quarter of Fiscal 2021

In addition to usual seasonal fluctuations, recovery is expected in the second half and later due to the effects of COVID-19 pandemic



ZENRIN

Maps to the Future

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