

Results for First 2 Quarters of Fiscal 2021 (Year Ending March 31, 2021)

November 20, 2020

1. Overview of Results for First 2 Quarters of Fiscal 2021
2. Earnings Forecast for Fiscal 2021
3. Business Overview
4. 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 of the items of comparison are negative are shown as “-.”

1. Overview of Results for First 2 Quarters of Fiscal 2021

- 1) Overview of Results
- 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) Changes in Cash Flows

1-1) Overview of Results

Key Points of Results for First 2 Quarters of Fiscal 2021

Compared to First 2 Quarters 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 decreased due to a drop in sales of data for in-car navigation systems in the Automotive business and the reduction in sales promotion activities by customers in the Marketing Solutions business. As a result, net sales decreased for two consecutive periods.
- In terms of profit, operating costs decreased due to a drop in personnel costs linked with the business performance of the first half and restrictions on business activities in COVID-19 pandemic. However, a loss was recorded for two consecutive periods due to the significant impact of decreased sales.

(Amounts in million yen)

	First 2Qs of FY2020 Actual	First 2Qs of FY2021 Earnings Forecast (Jul. 29)	First 2Qs of FY2021 Revised Forecast (Oct. 21)	First 2Qs of FY2021 Actual	Compared to First 2Qs of FY2020	% of Change	Compared to Earnings Forecast (Jul. 29)	% of Change	Compared to Revised Forecast (Oct. 21)	% of Change
Net Sales	26,803	24,500	24,200	24,209	-2,593	-9.7	-290	-1.2	9	0.0
Operating Expenses	27,137	26,500	25,660	25,670	-1,467	-5.4	-829	-3.1	10	0.0
Operating Income	-334	-2,000	-1,460	-1,460	-1,126	—	539	—	-0	—
Operating Margin	-1.2%	-8.2%	-6.0%	-6.0%	-4.8pt	—	2.2pt	—	-0.0pt	—
Ordinary Income	-65	-1,900	-1,240	-1,240	-1,174	—	659	—	-0	—
Profit Attributable to Owners of Parent	-224	-1,500	-720	-723	-498	—	776	—	-3	—

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

Results for First 2Qs of FY2021

(Amounts in million yen)

Compared to
First 2Qs of
FY2020

Compared to
Earnings
Forecast
(announced
on Jul. 29)

Net Sales

Down 2,593 (-9.7%)

Down 290 (-1.2%)

Operating Income

Downturn of 1,126 (-)

Improved 539 (-)

Ordinary Income

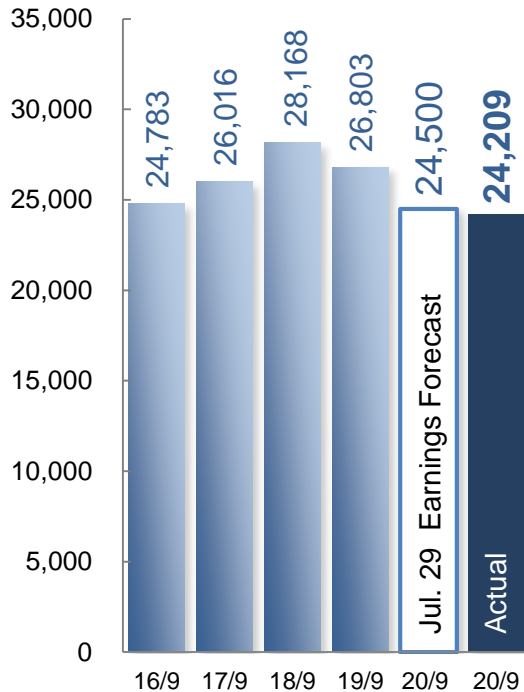
Downturn of 1,174 (-)

Improved 659 (-)

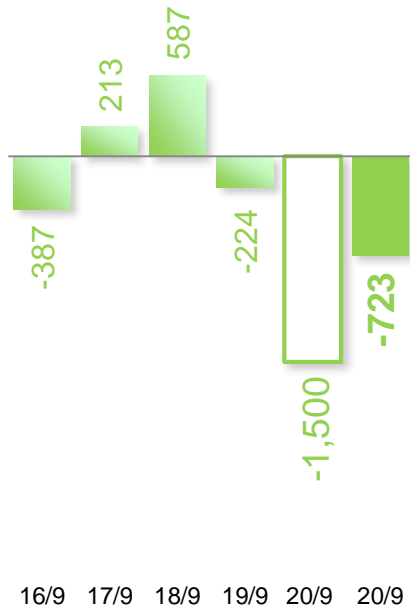
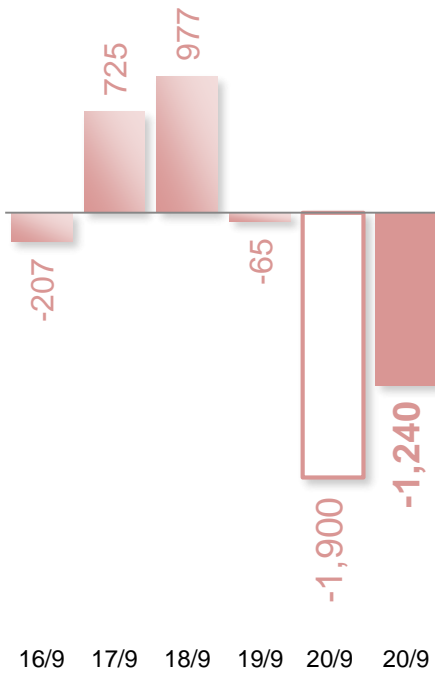
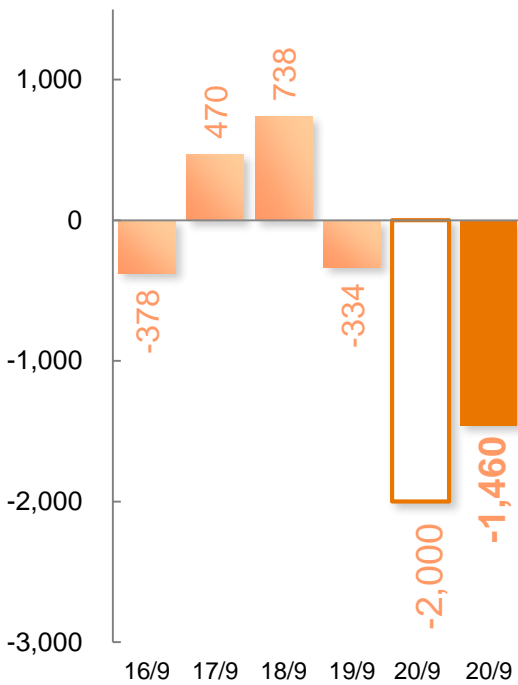
Profit Attributable to Owners of Parent

Downturn of 498 (-)

Improved 776 (-)



Decrease in sales for consecutive 2 periods

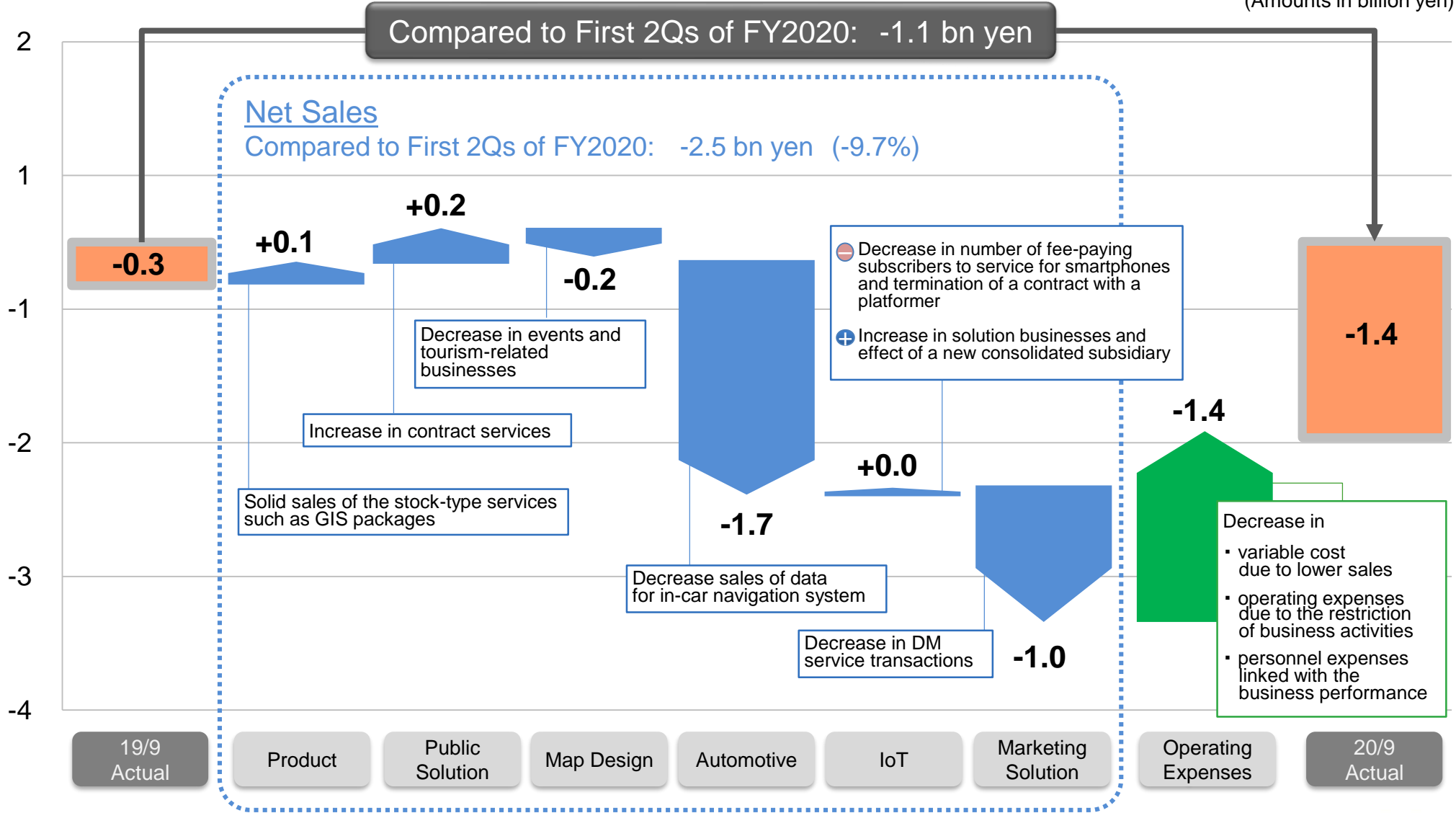


Loss in income for consecutive 2 periods

1-3) Causes for Change in Operating Income

Results for First 2Qs of FY2021

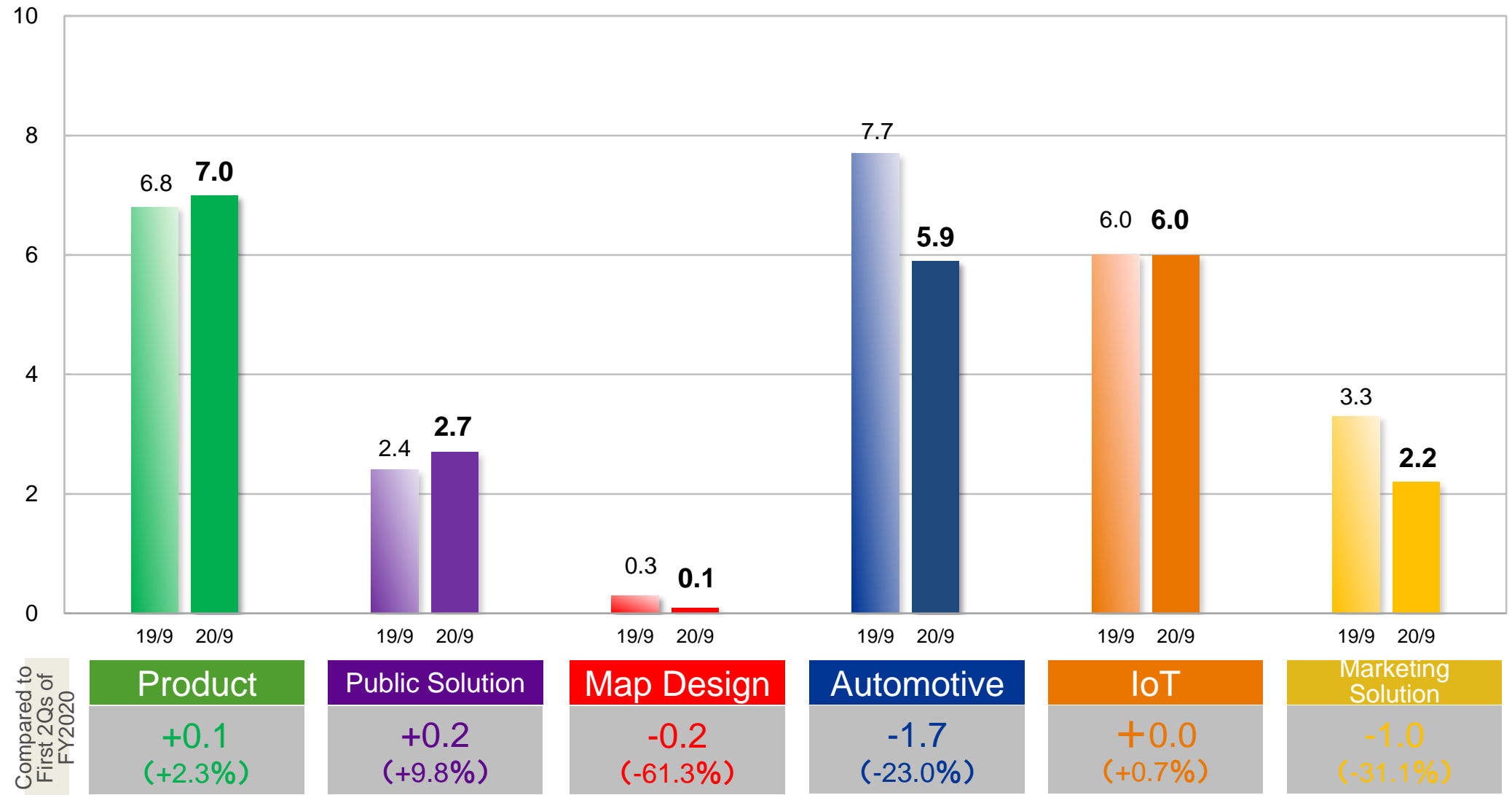
(Amounts in billion yen)



1-4) Net Sales by Business under ZGP25

Results for First 2Qs of FY2021

(Amounts in billion yen)



1-5) Changes in Cash Flows

Results for First 2Qs of FY2021

(Amounts in million yen)

Operating Cash Flows

Compared to
First 2Qs of
FY2020

Inflows Down 793

Investing Cash Flows

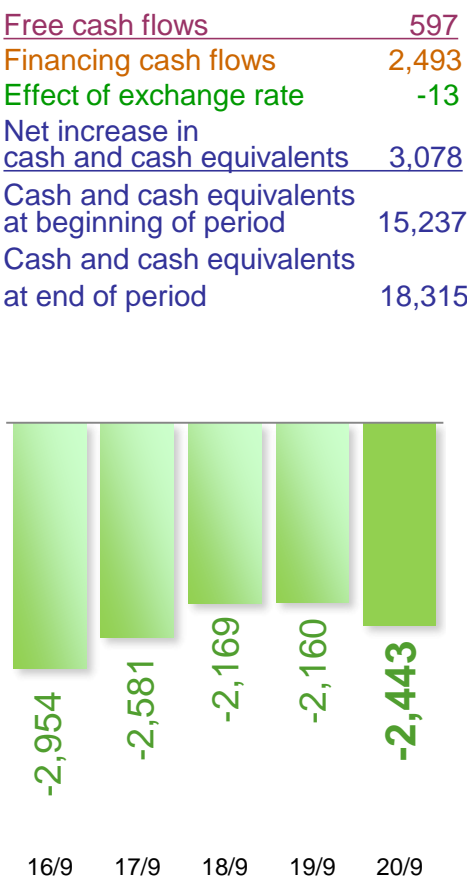
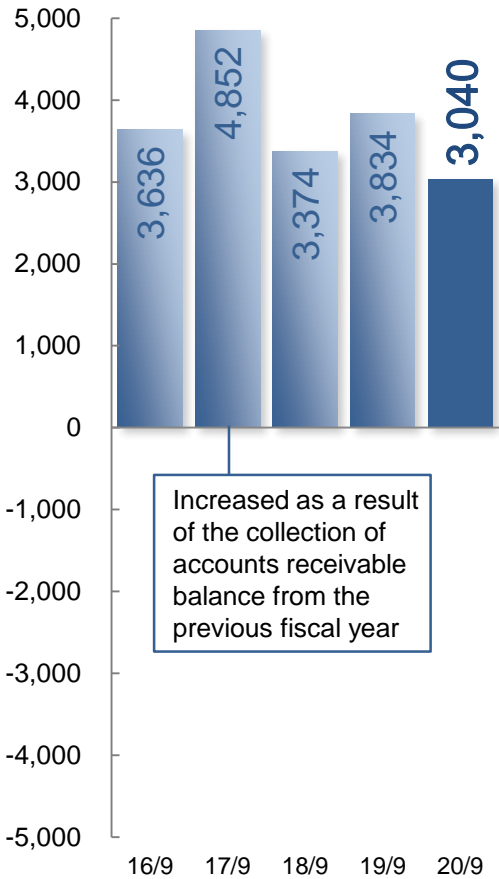
Outflows Up 283

Free Cash Flows

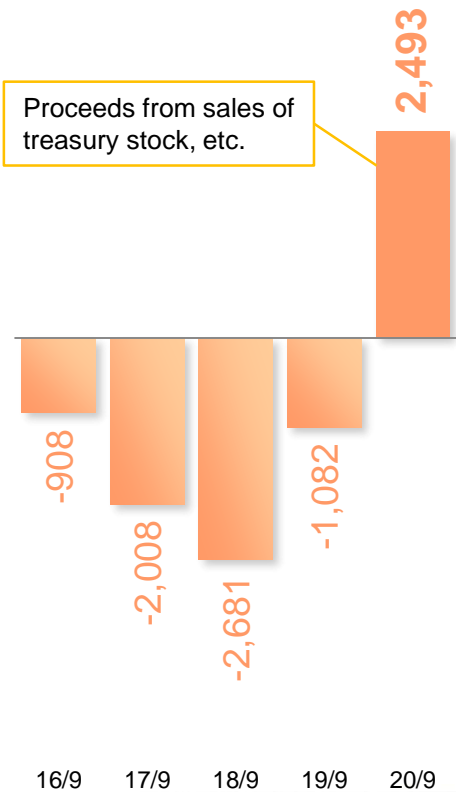
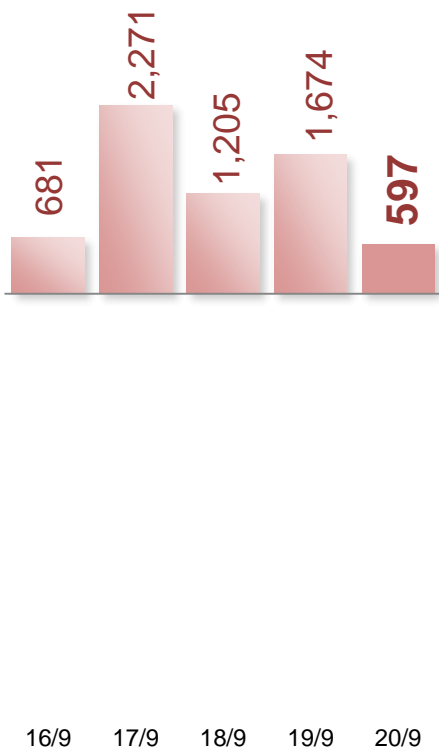
Inflows Down 1,076

Financing Cash Flows

Inflows Up 3,576



Free cash flows	597
Financing cash flows	2,493
Effect of exchange rate	-13
Net increase in cash and cash equivalents	3,078
Cash and cash equivalents at beginning of period	15,237
Cash and cash equivalents at end of period	18,315



2. Earnings Forecast for Fiscal 2021

1) Overview of Earnings Forecast for Fiscal 2021
(No change from the figures announced on July 29)

2) Dividends

2-1) Overview of Earnings Forecast for Fiscal 2021

Earnings Forecast for Fiscal 2021

The forecast for the consolidated results of operations in fiscal 2021 remains unchanged from the forecast announced on July 29, 2020 because another wave of the spread of the COVID-19, or the period of convergence of COVID-19 infection and the prospect for recovery of economic activities are uncertain.

Compared to Fiscal 2020 <Decrease in sales and income> (Announced on July 29, 2020)

- Net sales dropped mainly due to the significant impact of decreased sales of data for in-car navigation systems linked 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

(Amounts in million yen)

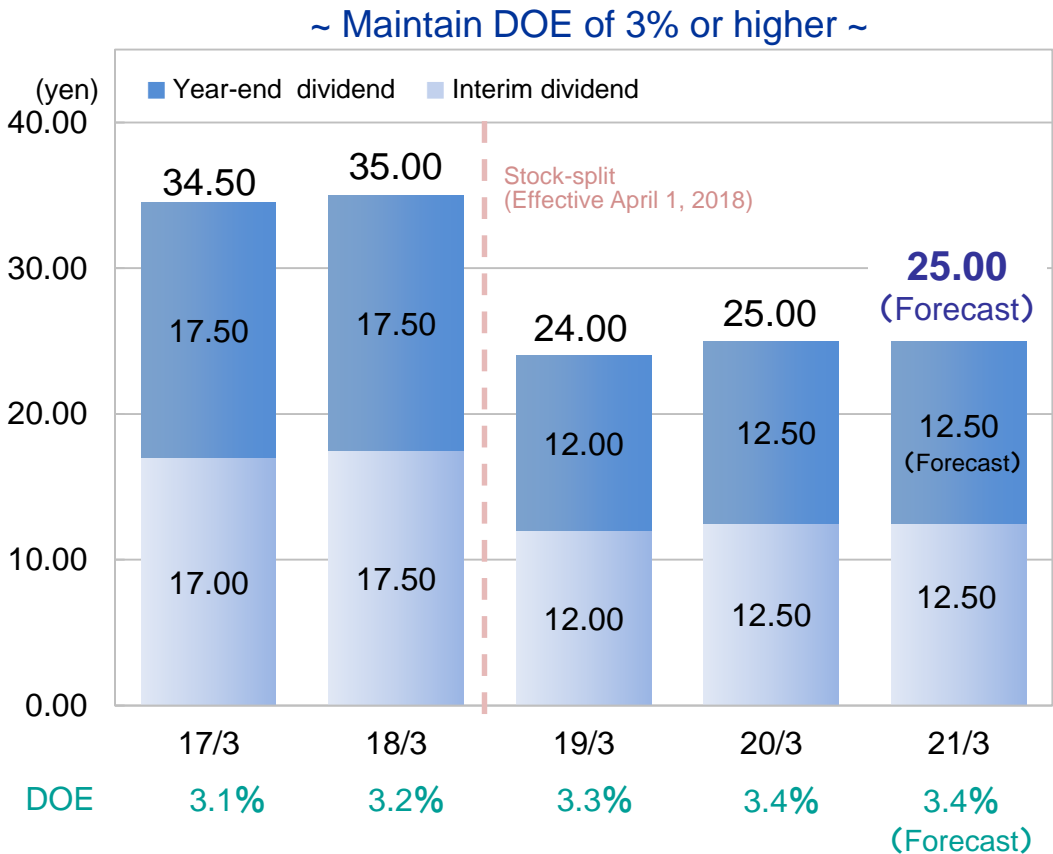
	FY2020 Actual	FY2021 Forecast	Compared to FY2020	% of Change
Net Sales	59,771	58,500	-1,271	-2.1
Operating Expenses	56,470	57,000	529	0.9
Operating Income	3,300	1,500	-1,800	-54.6
Operating Margin	5.5%	2.6%	-2.9pt	
Ordinary Income	3,709	1,700	-2,009	-54.2
Profit Attributable to Owners of Parent	2,633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

Basic
Policy

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

FY2021 Dividend	
Interim	12.50 yen
Year-end (Forecast)	12.50 yen
Annual (Forecast)	25.00 yen



3. Business Overview

- 1) Product Business
- 2) Public Solution Business
- 3) Map Design Business
- 4) Automotive Business
- 5) IoT Business
- 6) Marketing Solution Business

ZGP25 1st Stage Target

Sales of stock-type businesses to expand so much that they account for 50% of total sales through the growth of license business

■ Initiatives

Expand stock-type products and services and promote business model transformation.

■ Progress to 2Q

Extend the GIS package series.
Further boost sales while responding customer needs.

➤ **Add functions (upselling)**

Commence the new area price plan with GIS Package Real Estate. Offer flexible services according to the customer's access area: Add 3 municipality plan (8,000 yen/month) or 1 municipality plan (5,000 yen/month) to the basic plan for an existing prefecture (10,000 yen/month).

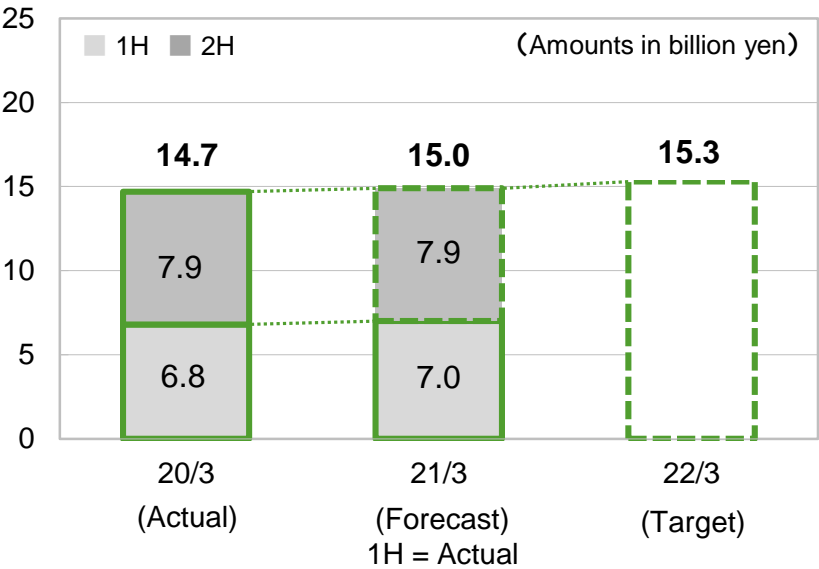
➤ **Add services (expansion of the scope)**

Launch the GIS Package Construction for Design.
In addition to GIS Package Construction, which was mainly for construction business operators, this product offers new features to meet the needs of architectural design firms, such as import of residential map data into CAD and identification of the status of facing roads. An optional monthly contract by city/ward/town/village is also available to respond to sporadic operations.

■ 2Q Actual Results: 7 billion yen (up 0.1 billion yen, YOY)

The impact of the spread of the COVID-19 is limited.
Sales increased compared to 2Q of fiscal 2020 because of the firm sales of stock-type products such as GIS package.

Sales Results / ZGP25 1st Stage target



3-2) Public Solution Business

ZGP25 1st Stage Target

Expand the use of residential map data as a map platform to 1000 municipalities

■ Initiatives

Expand the functions of “ZENRIN Residential Map LGWAN”, a cloud-based GIS service for Local Government, and promote the broader use

(Use of residential maps has been expanded to 900 municipalities)

■ Progress to 2Q

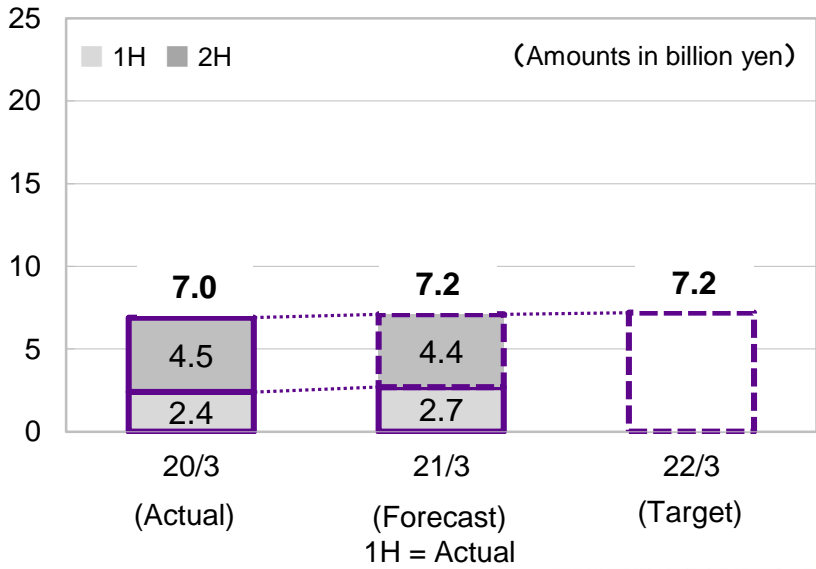
Strengthen disaster prevention related services

- **Expand “ZENRIN Residential Map LGWAN Disaster Prevention Package”**
Add “river information” as a new content. Disaster information is available as a one stop solution. (July)
- **Form a business alliance with SKY Perfect JSAT Corporation and Nippon Koei Co., Ltd. for Japan's first “satellite disaster prevention information service”**
The three companies (satellite business operator, construction consultant, and the largest map information company in Japan) formed a business alliance to construct the satellite disaster prevention information platform that allows risk management in normal times and precise identification of information at the time of occurrence of disaster. Aim to launch the service in 2021 as a useful service for business continuity planning (BCP) for both public and private sectors. (October)

■ 2Q Actual Results: 2.7 billion yen (up 0.2 billion yen, YOY)

Sales increased compared to 2Q of fiscal 2020 thanks to the increase in the contract services related to the implementation of national census and map data sales.

Sales Results / ZGP25 1st Stage target



ZGP25 1st Stage Target

Develop consumer markets with specific targets and map design products

■ Initiatives

Promote market expansion through product development and channel development

■ Progress to 2Q

- **Add a new product lineup of map design brands**
ZENRIN adds a new product lineup in addition to “mati mati” series. Accordingly, the future focus for product expansion includes three brands: “mati mati,” “wamap” and “kochizu.”

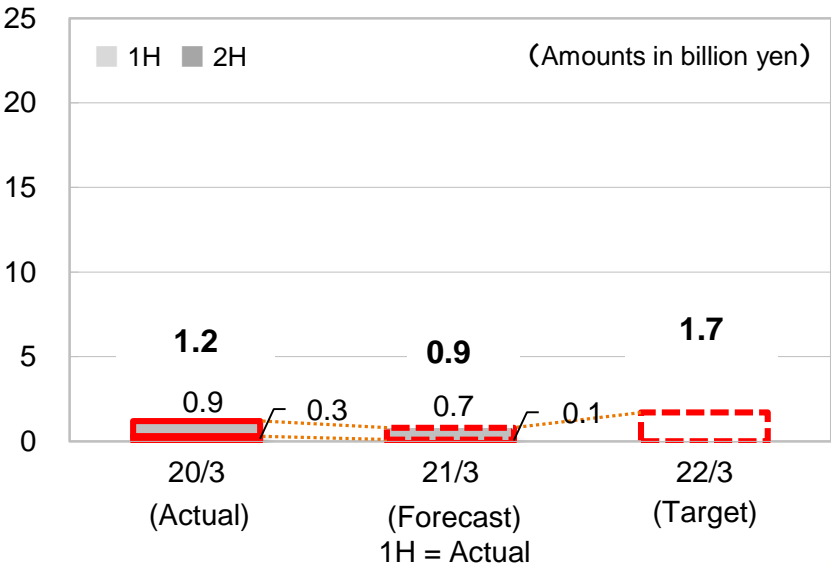


- The plan of the business for events for fiscal 2021 will be reviewed due to the effects of the COVID-19 infection

■ 2Q Actual Results: 0.1 billion yen (down 0.2 billion yen, YOY)

Sales decreased compared to 2Q of fiscal 2020 due to cancellation of various events and decline in tourism-related businesses, which were affected by the spread of the COVID-19.

Sales Results / ZGP25 1st Stage target



ZGP25 1st Stage Target

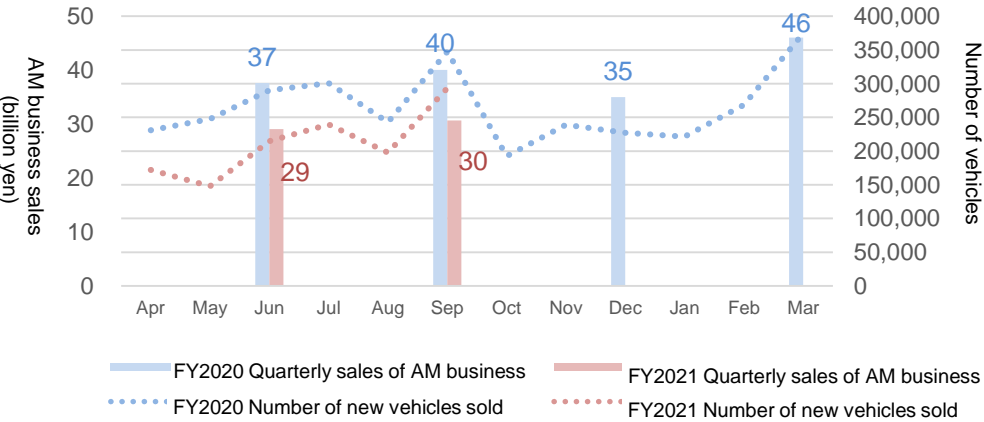
Create a new stable revenue source through the adoption of the ZENRIN service model

Initiatives

Maintain market share in the in-car navigation market, transform service models, and continue the efforts related to ADAS/automated driving (advance development of high-precision map data for ordinary roads, etc.)

Progress to 2Q

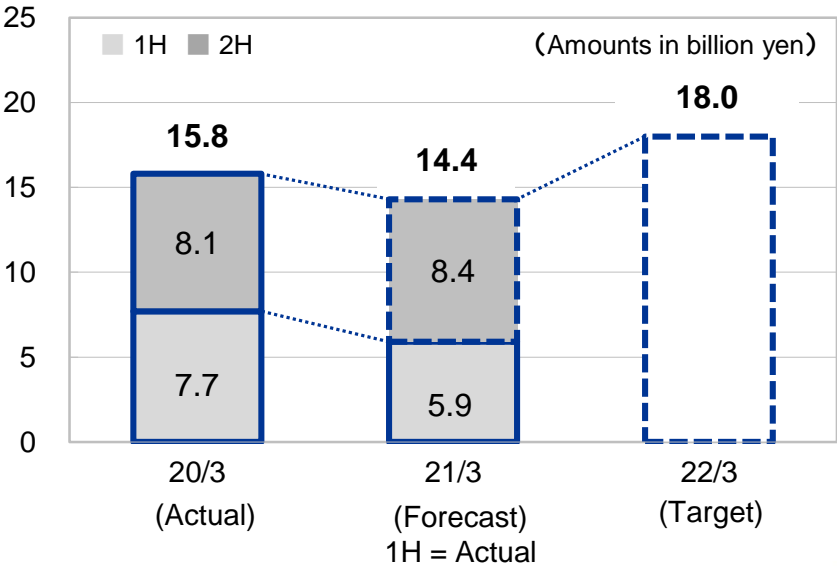
In the first half, sales of new vehicles decreased significantly, and the size of contract services also decreased. Although the automotive market has been on a recovery trend since June and the in-car navigation business is expected to improve in the second half, the difficult situation is likely to continue for contract services.



2Q Actual Results: 5.9 billion yen (down 1.7 billion yen, YOY)

Sales of data for in-car navigation systems decreased due to the decrease in new automotive sales (caused by consumption tax increase in the previous fiscal year and the spread of the COVID-19). As a result, sales decreased significantly compared to 2Q of fiscal 2020.

Sales Results / ZGP25 1st Stage target



[Source] "Annual sales of new vehicles (registered vehicles) and sales by vehicle type" by Japan Automobile Dealers Association

ZGP25 1st Stage Target

Share expansion in new platforms that use location information

■ Initiatives

Strengthen the business foundations through alliances with other companies, co-create new services, and promote business model transformation

■ Progress to 2Q

In addition to expansion of solution business and acquisition of new projects, strengthen the business foundation through alliances with other companies and make continuous efforts to create new services such as drones and MaaS.

➤ Expansion of solution business

Expand the existing business and acquire new projects in various areas, including mobility services, logistics and delivery, and finance.

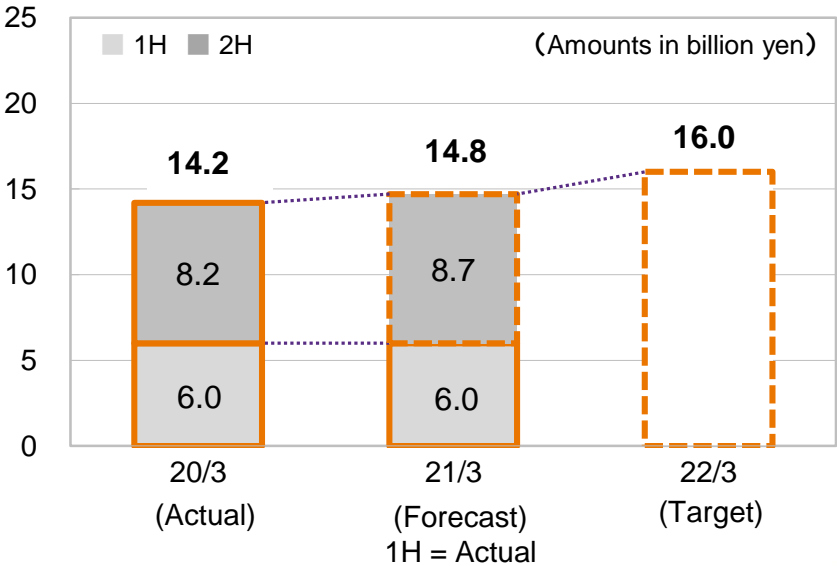
➤ Strengthen the business foundation and jointly create services through alliances

- Commence the joint construction of “advanced geospatial information database” through the business and capital alliance with Nippon Telegraph and Telephone Corporation.
- Participate in a number of public-private partnership demonstration projects in the drones and MaaS fields. Promote technical verification and joint creation of new services through diverse alliance.

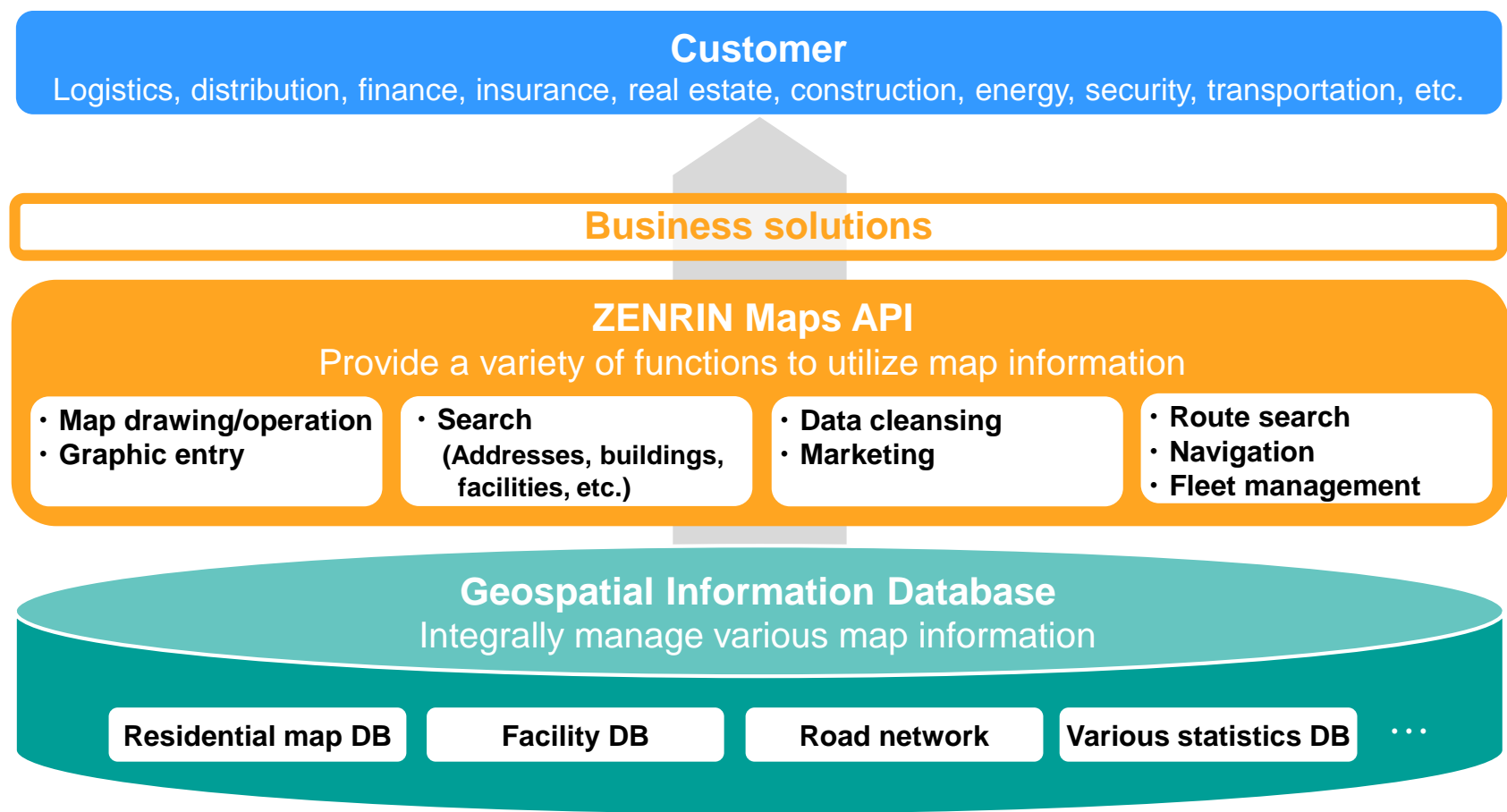
■ 2Q Actual Results: 6 billion yen (up 40 million yen, YOY)

The solutions business remained strong despite the decrease in the number of service subscribers for smartphones and the decreased sales after the termination of contract with a platformer. As a result, sales increased compared to 2Q of fiscal 2020.

Sales Results / ZGP25 1st Stage target



The information collected by various surveys is maintained as data, and it is managed integrally as “geospatial information database”. We provide business solutions that meet customer needs and solve their issues by incorporating “**ZENRIN Maps API**,” which has a feature of handling a great amount of information.



3-6) Marketing Solution Business

ZGP25 1st Stage Target

Introduce new services in the marketing support service market

■ Initiatives

The provision of sales promotion package service utilizing map data and marketing content

■ Progress to 2Q

Four group companies merged on April 1, 2020 and the trade name changed to ZENRIN MARKETING SOLUTIONS CO., LTD. Establish the system for being able to offer a series of marketing activities from trade area analysis to planning, media production and development.
Create group synergies with the firm's marketing know-how and ZENRIN's customer base in Japan, and strive to develop and provide services that mainly support the promotional activities for small and medium-sized shops.

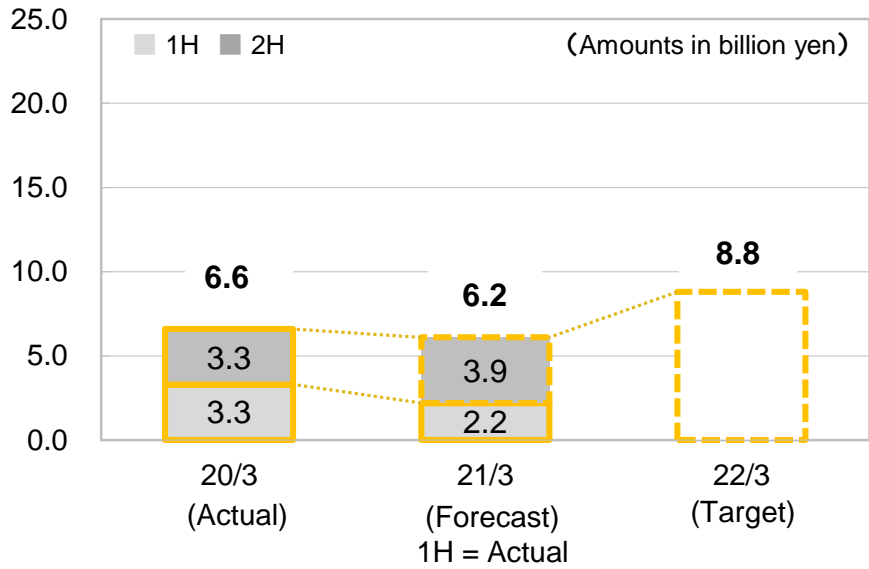
➤ Announce the launch of “Rakuraku Sales Promotion Map ” in September 2020

Cloud-based package service in which customers can easily handle flyer creation to distribution by themselves.
Scheduled to be released in January 2021.
(Prior to release, free trial period is offered from October to December 2020)

■ 2Q Actual Results: 2.2 billion yen (down 1 billion yen, YOY)

In response to the cancellation of various events due to the impact of the spread of the COVID-19, transactions regarding printing of paper media (e.g. DMs and flyers) and advertising decreased. As a result, sales decreased compared to 2Q of fiscal 2020.

Sales Results / ZGP25 1st Stage target



4. Appendix

1) Overview of Results for First 2 Quarters of Fiscal 2021

Segment Information

Amount of Capital Investment, Depreciation and R&D Costs

Changes in Composition of Net Sales by Quarter

2) Overview of Earnings Forecast for Fiscal 2021

(Excerpt from Briefing on Results for First Quarter of Fiscal 2021 presentation materials)

Changes in Net Sales, Income and Profit

Amount of Capital Investment, Depreciation and R&D Costs

Overview of Results for First 2 Quarters of Fiscal 2021

4-1) Segment Information

Results for First 2Qs of FY2021

Sales
Composition

84.9%

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



3.9%

2. General Printing Segment

Main Items: Manufacture and sales
of general printing goods



11.2%

3. Other

Main Items: Provision of marketing solution
Sales of purchased products



Overview of Results for First 2 Quarters of Fiscal 2021

4-1) Map Database Segment

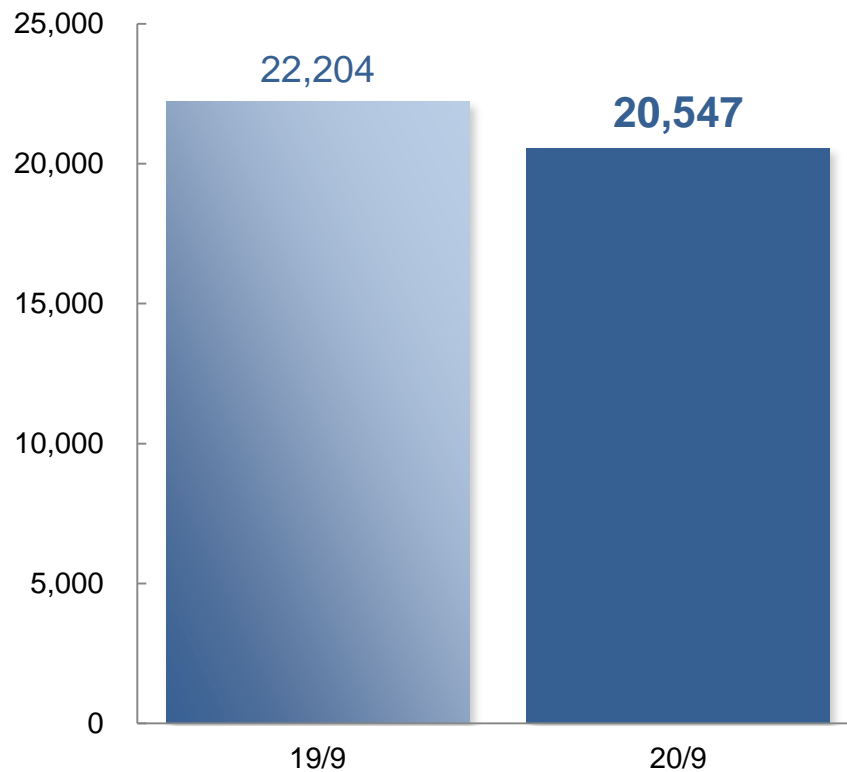
Results for First 2Qs of FY2021

(Amounts in million yen)

Net Sales

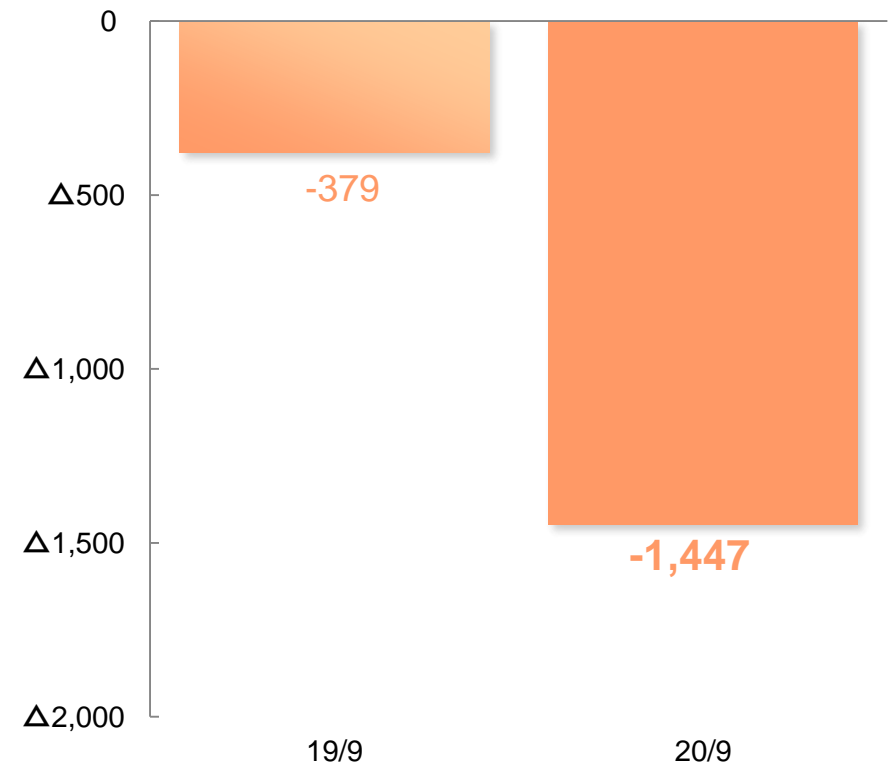
Compared to
First 2Qs of FY2020

Down 1,656 (-7.5%)



Operating Income

Downturn of 1,067 (-)



*From the consolidated first quarter, changes, etc., of reportable segments were made.

With regard to the year-to-year comparison, the previous year's figures for the business related to map databases and other businesses were reclassified to conform to segments after these changes.

Overview of Results for First 2 Quarters of Fiscal 2021

4-1) General Printing Segment, and Other

Results for First 2Qs of FY2021

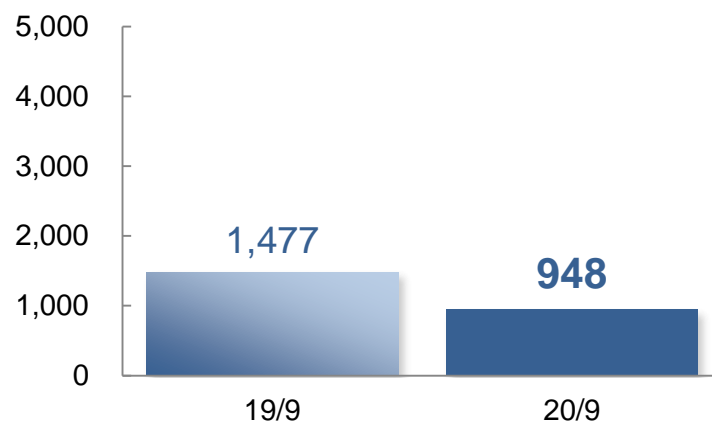
(Amounts in million yen)

General Printing Segment

Net Sales

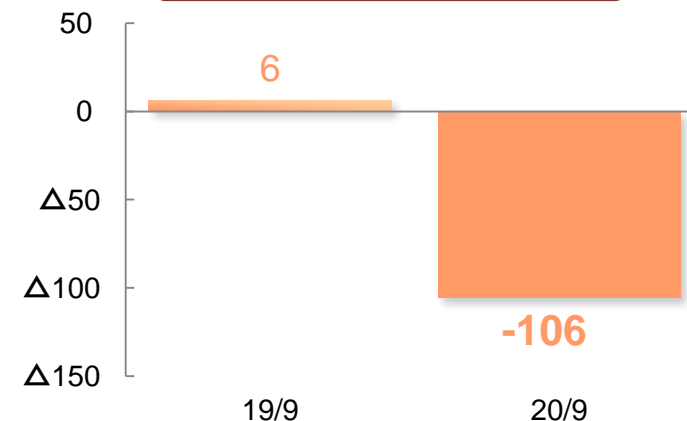
Compared to
First 2Qs of FY2020

Down 529 (-35.8%)



Operating Income

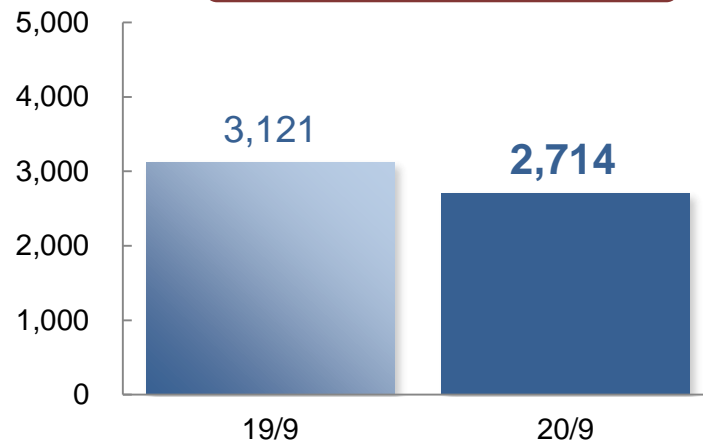
Downturn of 112 (-)



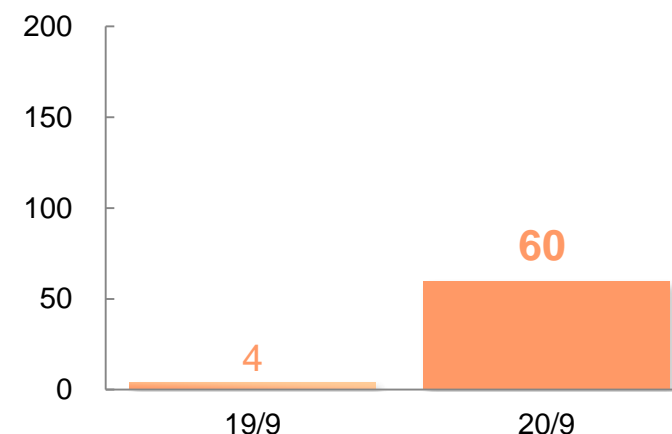
Other

Compared to
First 2Qs of FY2020

Down 407 (-13.1%)



Up 55 (1,118.8%)



*From the consolidated first quarter, changes, etc., of reportable segments were made.

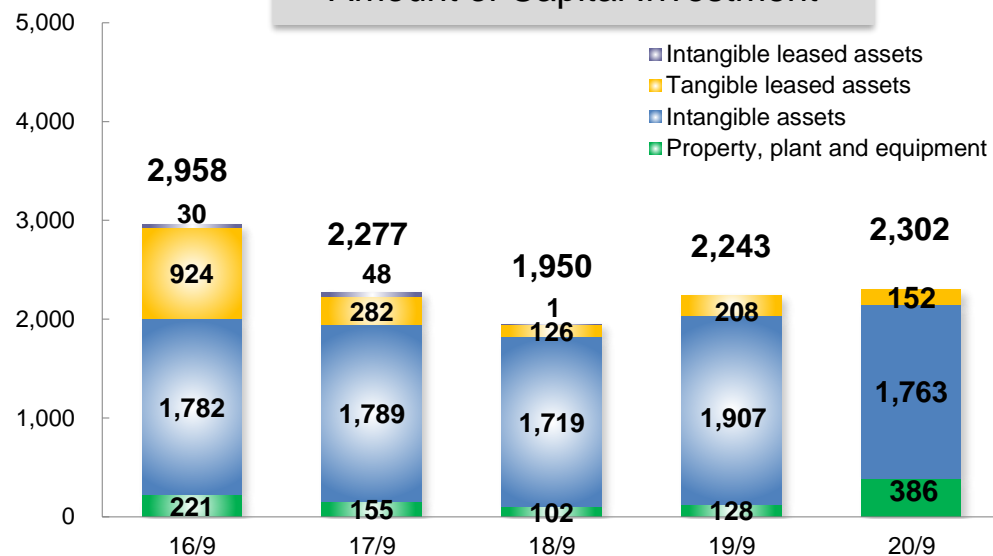
With regard to the year-to-year comparison, the previous year's figures for the business related to map databases and other businesses were reclassified to conform to segments after these changes.

Overview of Results for First 2 Quarters of Fiscal 2021

4-1) Amount of Capital Investment, Depreciation and R&D Costs

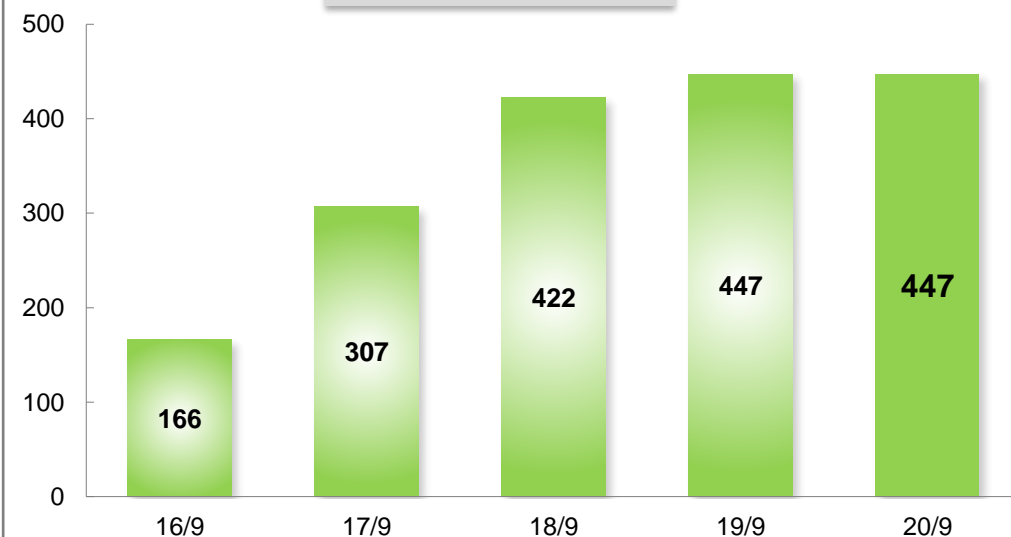
Results for First 2Qs of FY2021

Amount of Capital Investment

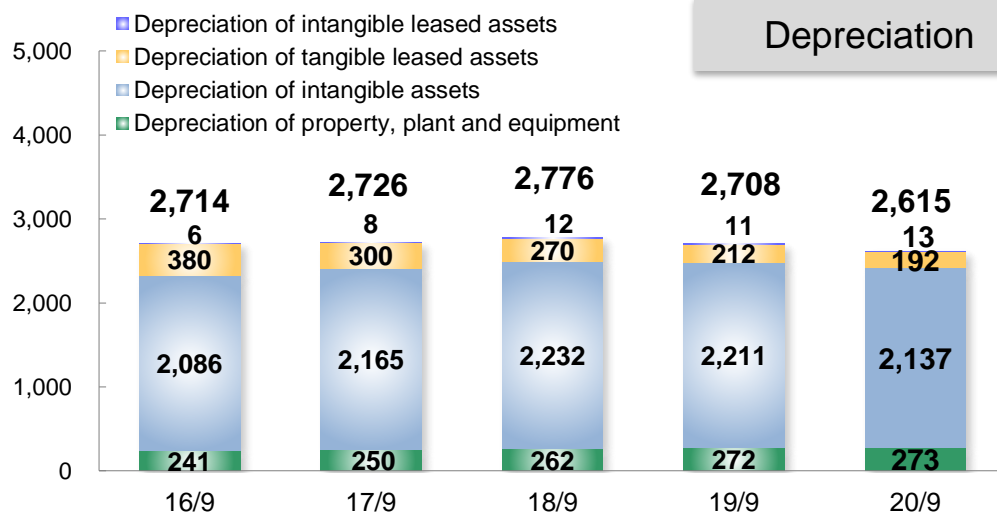


R & D Cost

(Amounts in million yen)

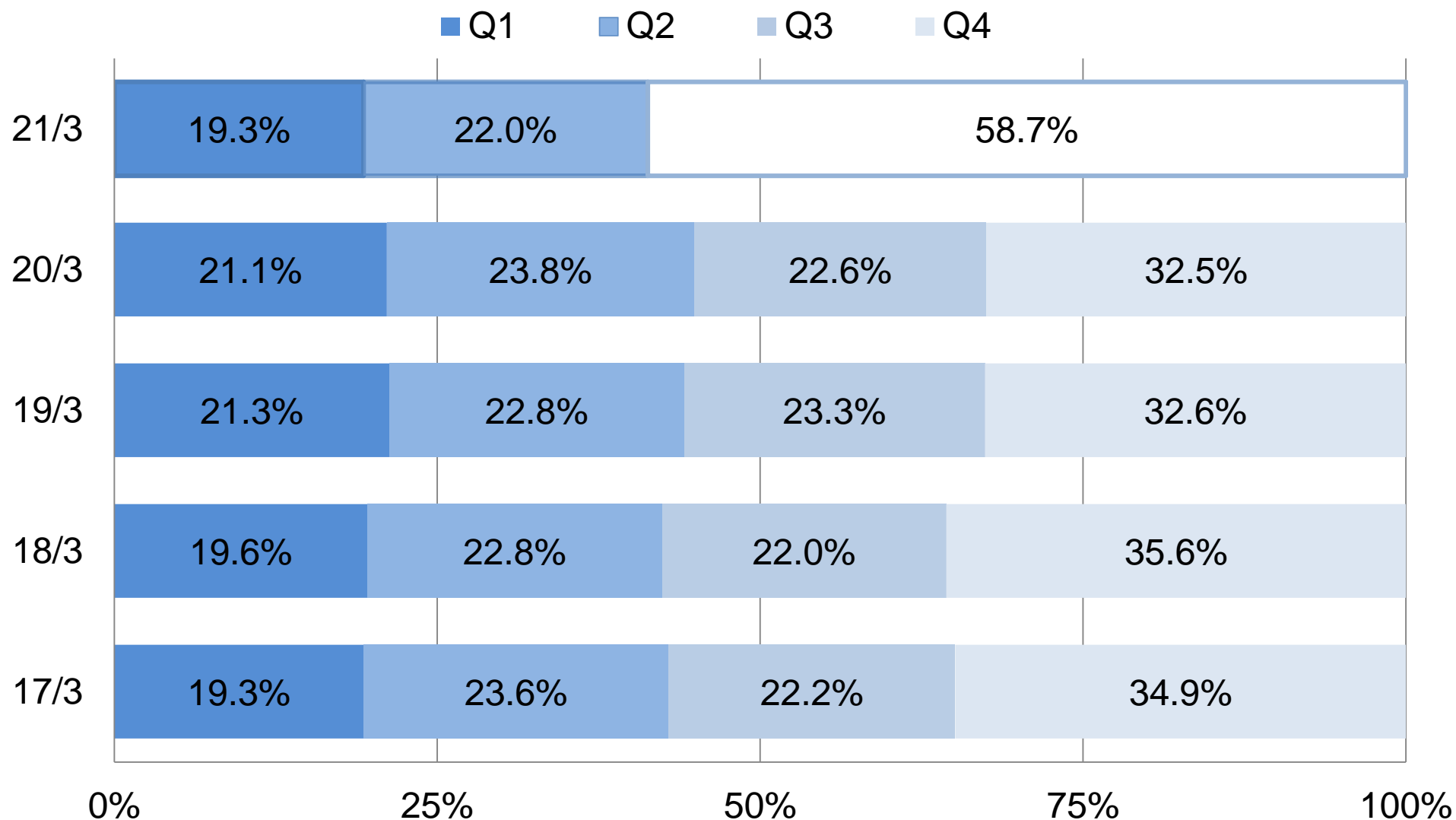


Depreciation



4-1) Changes in Composition of Net Sales by Quarter

Results for First 2Qs of FY2021



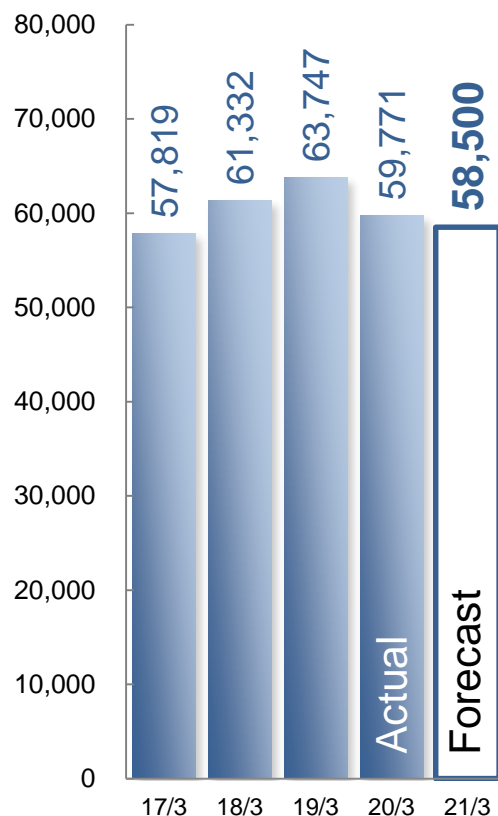
Overview of Earnings Forecast for Fiscal 2021

4-2) Changes in Net Sales, Income and Profit

Results for First 2Qs of FY2021

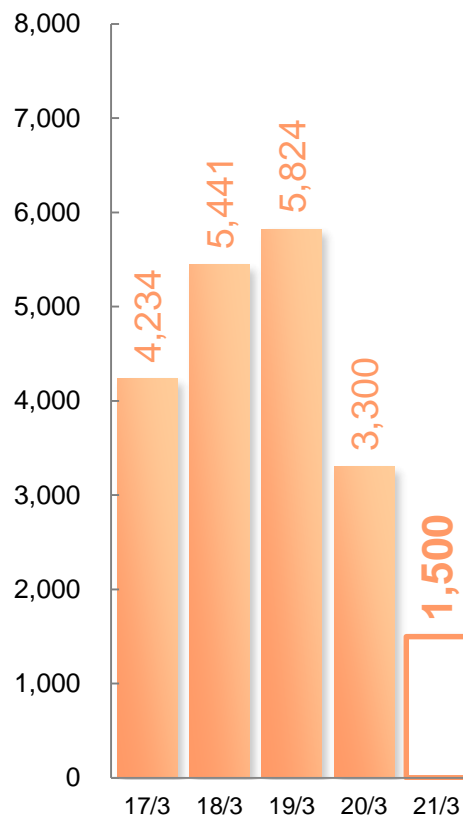
(Amounts in million yen)

Net Sales



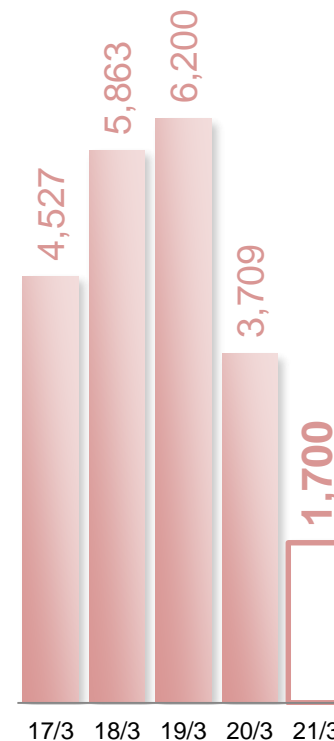
Decrease in sales
for 2 consecutive periods

Operating Income

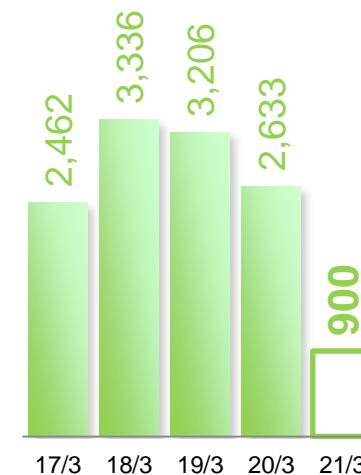


Decrease in income for 2 consecutive periods

Ordinary Income



Profit Attributable to Owners of Parent

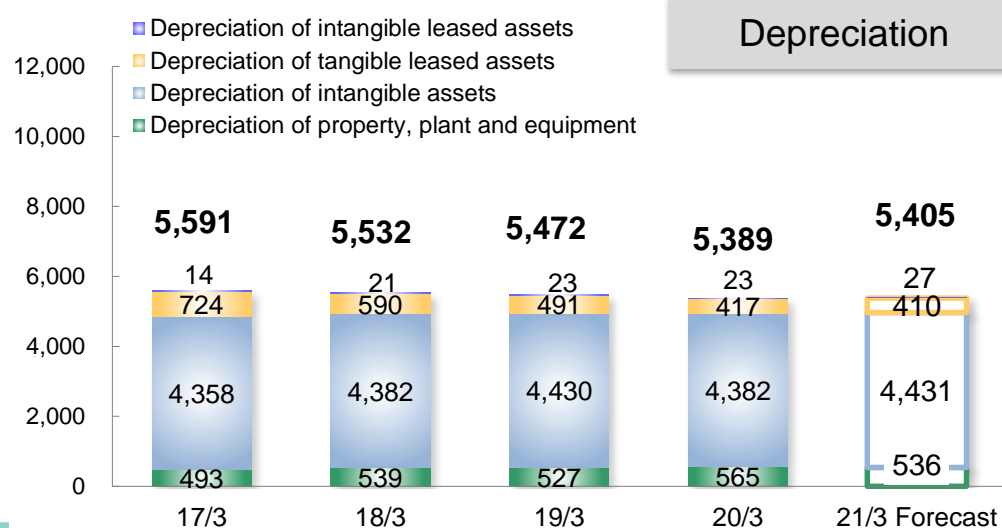
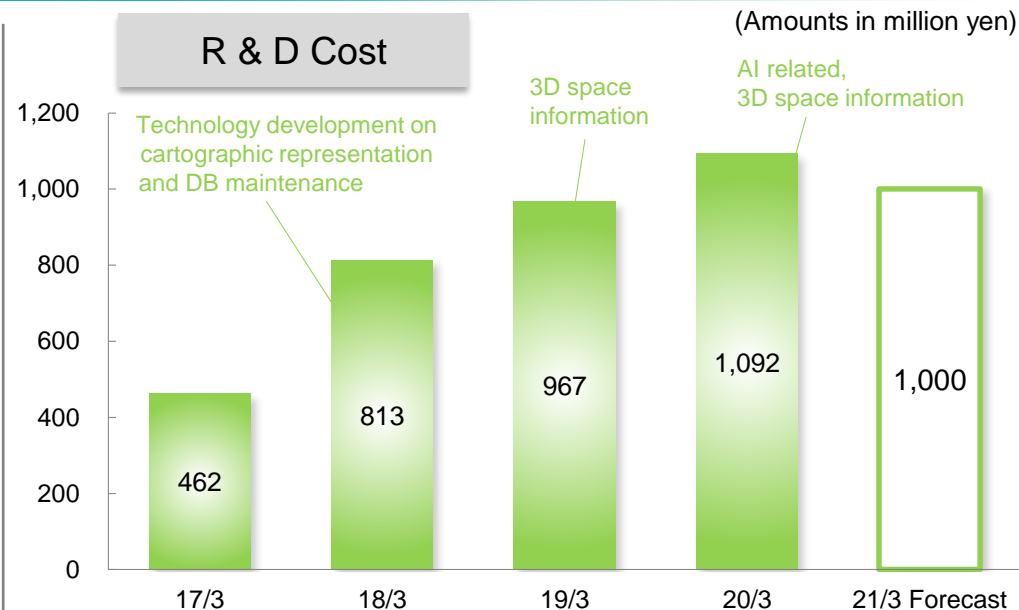
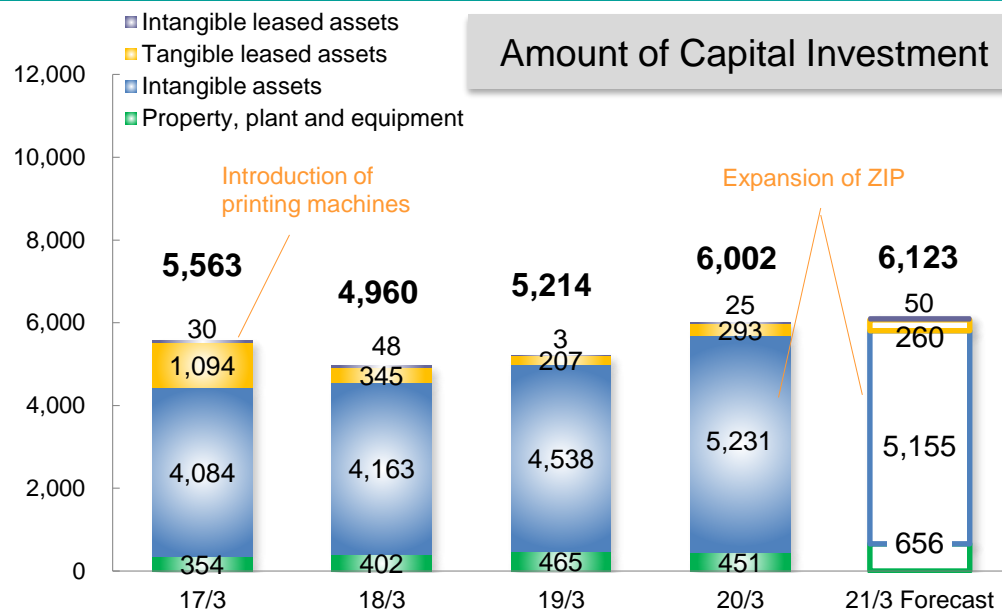


Decrease in profit
for 3 consecutive periods

Overview of Earnings Forecast for Fiscal 2021

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

Results for First 2Qs of FY2021



Reference) ZGP25 Numerical Targets

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

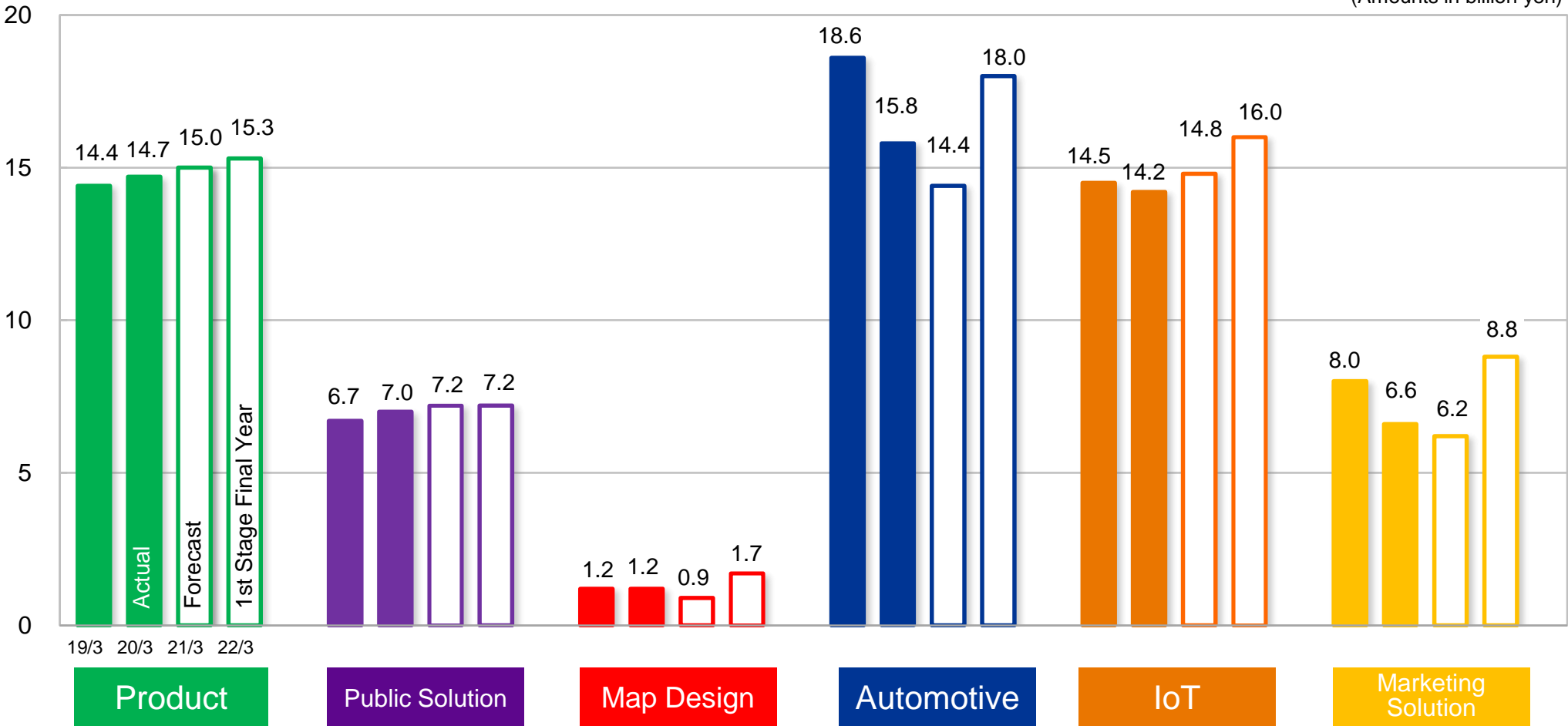
	1st Stage			2nd Stage
	1st Year	2nd Year	3rd Year	6th Year
	FY2020 (Actual)	FY2021 (Forecast)	FY2022 (Target)	FY2025 (Guide)
Consolidated Net Sales	59.7 bn yen	58.5 bn yen	67.0 bn yen	80.0 bn yen
Consolidated Operating Income (Margin)	3.3 bn yen (5.5%)	1.5 bn yen (2.6%)	6.7 bn yen (10.0%)	10.0 bn yen (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

Reference) ZGP25 Numerical Targets (by Business)

Results for First 2Qs of FY2021

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)



ZENRIN

Maps to the Future

ZENRIN CO.,LTD. <https://www.zenrin.co.jp>
Corporate Management Division
IR contact email: zenrin-ir@zenrin.co.jp