

# Results for First 2 Quarters of Fiscal 2022 (Year Ending March 31, 2022)

November 15, 2021

1. Overview of Results for First 2 Quarters of Fiscal 2022
2. Earnings Forecast for Fiscal 2022
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 of the items of comparison are negative are shown as “-.”

# 1. Overview of Results for First 2 Quarters of Fiscal 2022

- 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

# 1-1) Overview of Results

## Key Points of Results for First 2 Quarters of Fiscal 2022

### Compared to First 2 Quarters of Fiscal 2021 <Increase in sales and income>

- Sales of data for car navigation systems and sales of entrusted development rose year on year in automotive business, and marketing solutions-related sales increased on the back of a recovery in advertising demand. In addition, sales of entrusted services with residential map data for corporations and a stock-type service “GIS package” in product business were strong, resulting sales increased for the first time in 3 periods.
- In terms of profit and loss, despite an increase in advertising expenses, the company returned to profitability due to an increase in sales, and as a result of posting performance-linked bonuses, an operating loss was recorded. However, each profit improved for the first time in three periods.

(Amounts in million yen)

	First 2Qs of FY2020 Actual	First 2Qs of FY2021 Actual	First 2Qs of FY2022 Forecast (announced on Apr.28)	First 2Qs of FY2022 Actual	Compared to First 2Qs of FY2020		Compared to First 2Qs of FY2021		Compared to Forecast (announced on Apr.28)	
						% of Change		% of Change		% of Change
Net Sales	26,803	24,209	24,800	<b>25,880</b>	-923	-3.4	1,670	6.9	1,080	4.4
Operating Expenses	27,137	25,670	26,000	<b>26,336</b>	-801	-3.0	665	2.6	336	1.3
Operating Income	-334	-1,460	-1,200	<b>-456</b>	-121	—	1,004	—	743	—
Operating Margin	-1.2%	-6.0%	-4.8%	<b>-1.8%</b>	-0.6pt		4.2pt		3.0pt	
Ordinary Income	-65	-1,240	-1,000	<b>-322</b>	-256	—	917	—	677	—
Profit Attributable to Owners of Parent	-224	-723	-700	<b>-80</b>	144	—	642	—	619	—

\*the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. have been applied from the beginning of the first quarter of fiscal 2022. As a result, net sales for the second quarter of fiscal 2022 decreased by 418 million yen, and cost of sales decreased by 385 million yen as compared to the previous accounting method. The impacts on operating loss, ordinary loss and loss before income taxes were minor.

\*Regarding figures for the previous fiscal year (fiscal 2021) and earlier, the increase (decrease) are reference values because the Accounting Standard for Revenue Recognition, etc. are not applied retrospectively (same as the next page and after).

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

Results for First 2Qs of FY2022

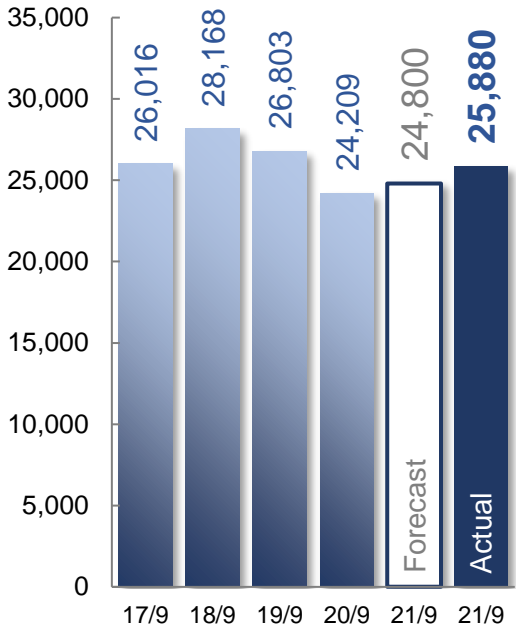
(Amounts in million yen)

Compared to  
First 2Qs of  
FY2021

Compared to  
Forecast  
(announced  
on April 28)

## Net Sales

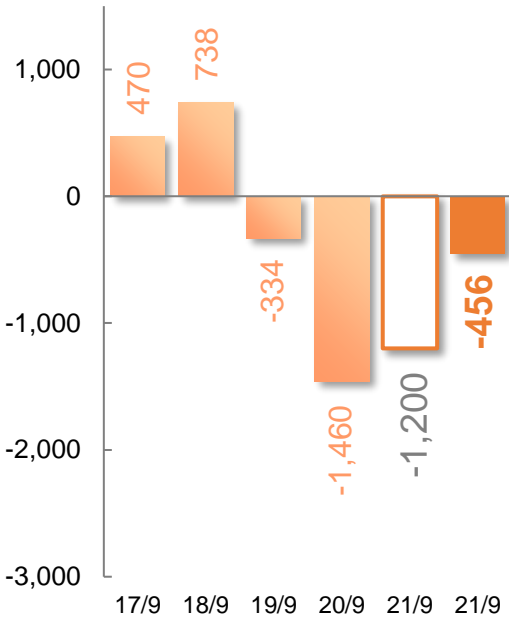
Up 1,670 (6.9%)
Up 1,080 (4.4%)



Increase in sales for the first time in 3 periods

## Operating Income

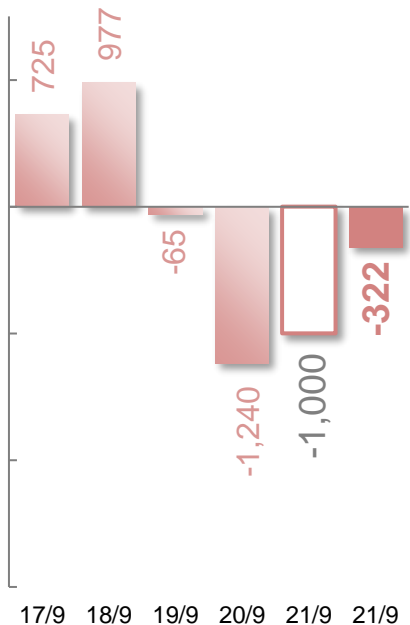
Improved 1,004 (-)
Improved 743 (-)



Improvement in income for the first time in 3 periods

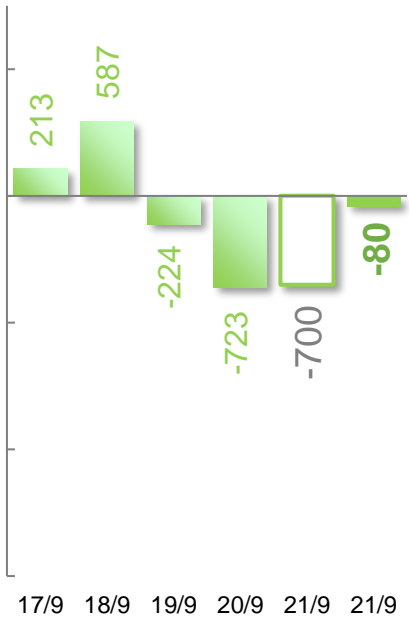
## Ordinary Income

Improved 917 (-)
Improved 677 (-)



## Profit Attributable to Owners of Parent

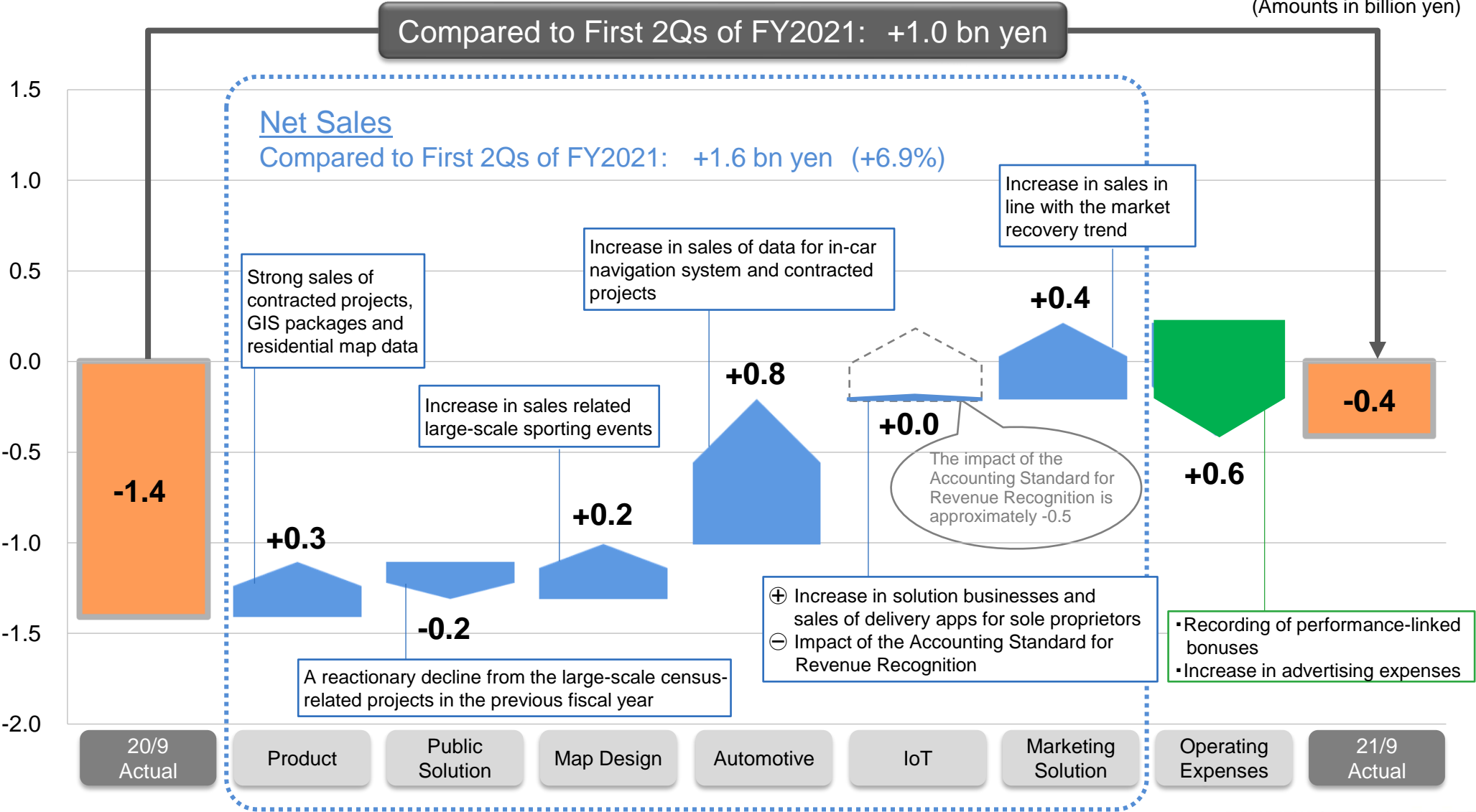
Improved 642 (-)
Improved 619 (-)



# 1-3) Causes for Change in Operating Income

Results for First 2Qs of FY2022

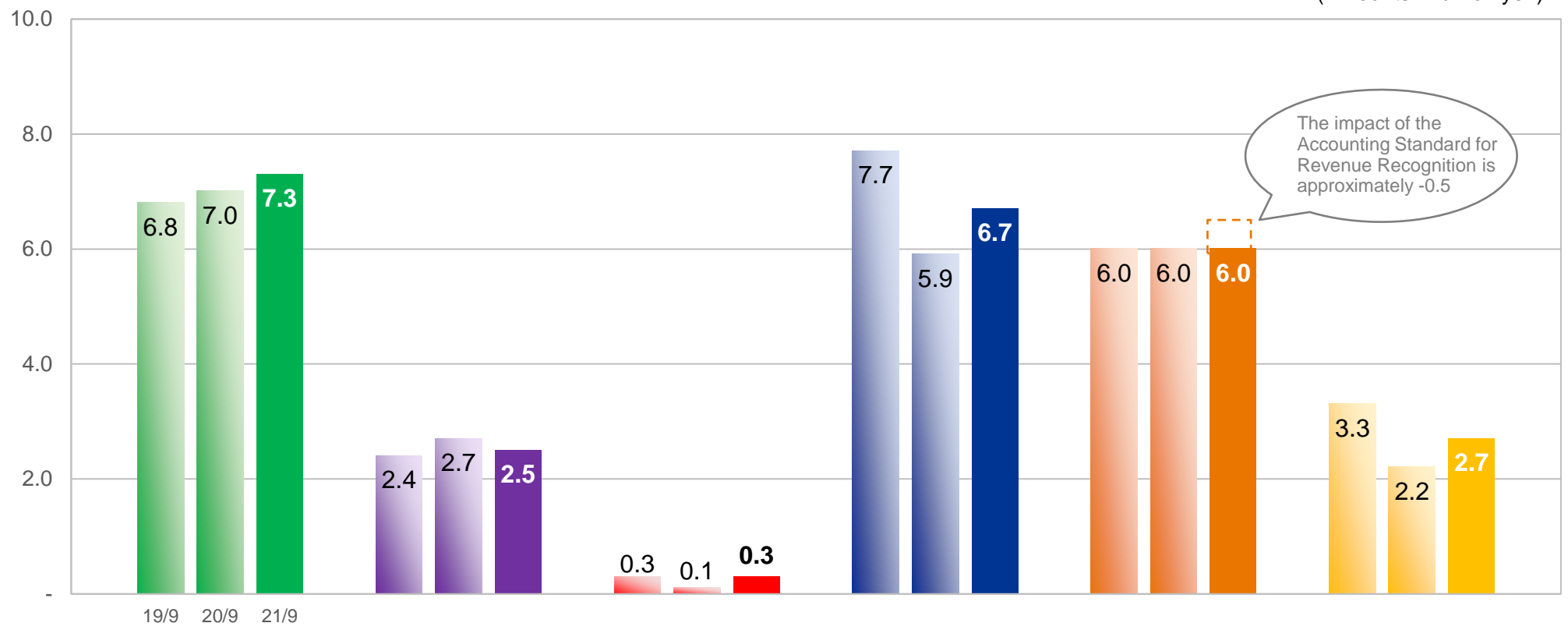
(Amounts in billion yen)



# 1-4) Net Sales by Business under ZGP25

Results for First 2Qs of FY2022

(Amounts in billion yen)



Compared to First 2Qs of FY2021	Product	Public Solution	Map Design	Automotive	IoT	Marketing Solution
	+0.3 (+5.0%)	-0.2 (-8.0%)	+0.2 (+185.2%)	+0.8 (+13.6%)	+0.0 (+0.1%)	+0.4 (+20.6%)

## 2. Earnings Forecast for Fiscal 2022

- 1) Overview of Earnings Forecast for Fiscal 2022  
(Revised on October 28)
- 2) Overview of Earnings Forecast for Fiscal 2022  
(by Business)



# 2-1) Overview of Earnings Forecast for Fiscal 2022

## Earnings Forecast for Fiscal 2022

Compared to Fiscal 2021 <Increase in sales and income> (Revised on October 28)

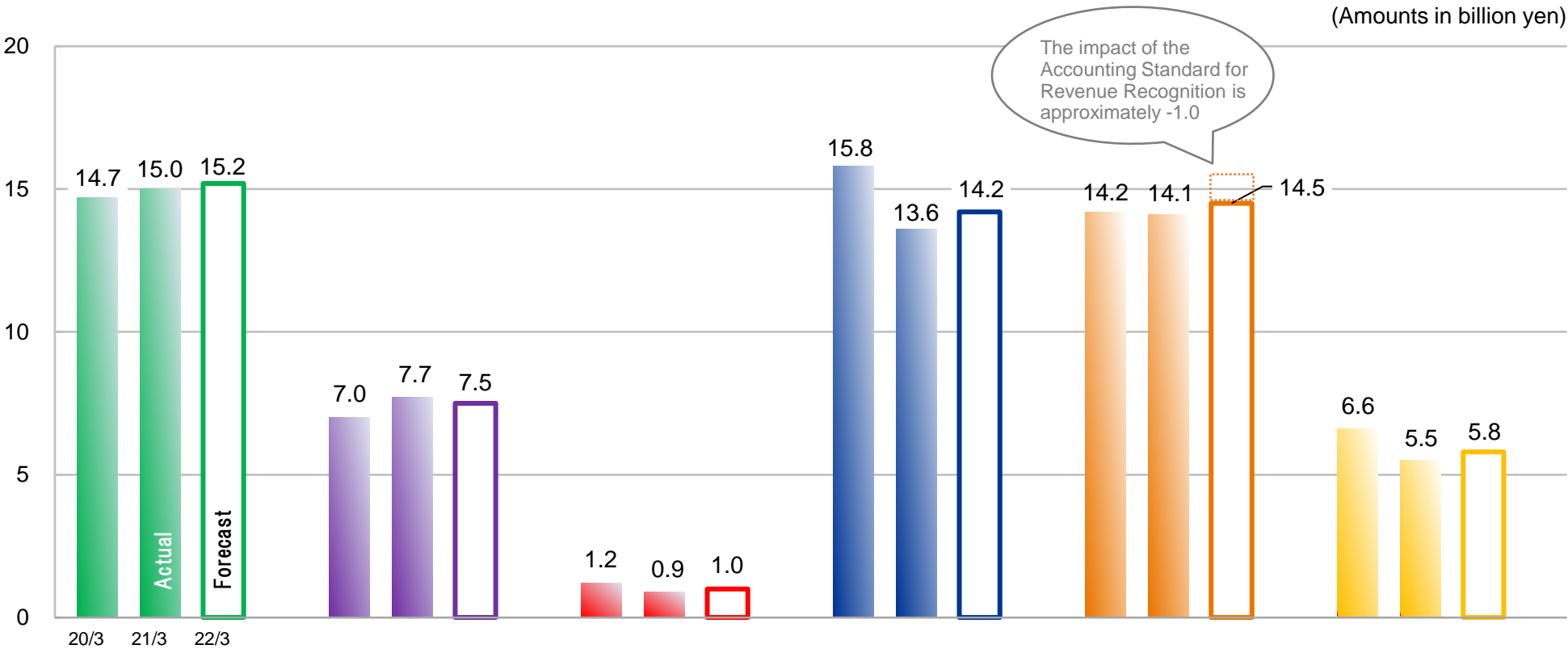
- Concerning the consolidated results of operations in fiscal 2022, although net sales were stronger than the previously announced forecast in the first half of the current fiscal year, the forecast for net sales will remain unchanged as the outlook remains uncertain due to the impact of production adjustments by car manufacturers caused by the global shortage of semiconductors and other factors.
- In terms of profit and loss, operating income and ordinary income are expected to exceed the previously announced forecasts due to the effects of cost reductions resulting from continued efforts to improve the efficiency of sales activities and productivity.  
Profit attributable to owners of parent is expected to exceed the previously announced forecast due to the above-mentioned factors of increase in profit as well as recognition of extraordinary income from transfer of the non-equity method affiliate (partial sale of shares).
- The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. have been applied from the beginning of the first quarter of fiscal 2022. As a result, net sales of earnings forecast for the fiscal 2022 decreased by 1,000 million yen, as compared to the previous accounting method. The impacts on profit and loss is expected to be minor.

(Amounts in million yen)

	FY2020 Actual	FY2021 Actual	FY2022 Forecast (Apr.28)	FY2022 Revised Forecast	Compare to FY2020		Compare to FY2021		Compare to Forecast	
						% of Change		% of Change		% of Change
Net Sales	59,771	57,225	58,200	<b>58,200</b>	-1,571	-2.6	974	1.7	—	—
Operating Expenses	56,470	55,789	56,500	<b>55,900</b>	-570	-1.0	110	0.2	-600	-1.1
Operating Income	3,300	1,436	1,700	<b>2,300</b>	-1,000	-30.3	863	60.1	600	35.3
Operating Margin	5.5%	2.5%	2.9%	<b>4.0%</b>	-1.5pt	—	1.5pt	—	1.1pt	—
Ordinary Income	3,709	1,683	1,900	<b>2,500</b>	-1,209	-32.6	816	48.5	600	31.6
Profit Attributable to Owners of Parent	2,633	1,248	1,300	<b>2,100</b>	-533	-20.3	851	68.1	800	61.5

# 2-2) Overview of Earnings Forecast for Fiscal 2022 (by Business)

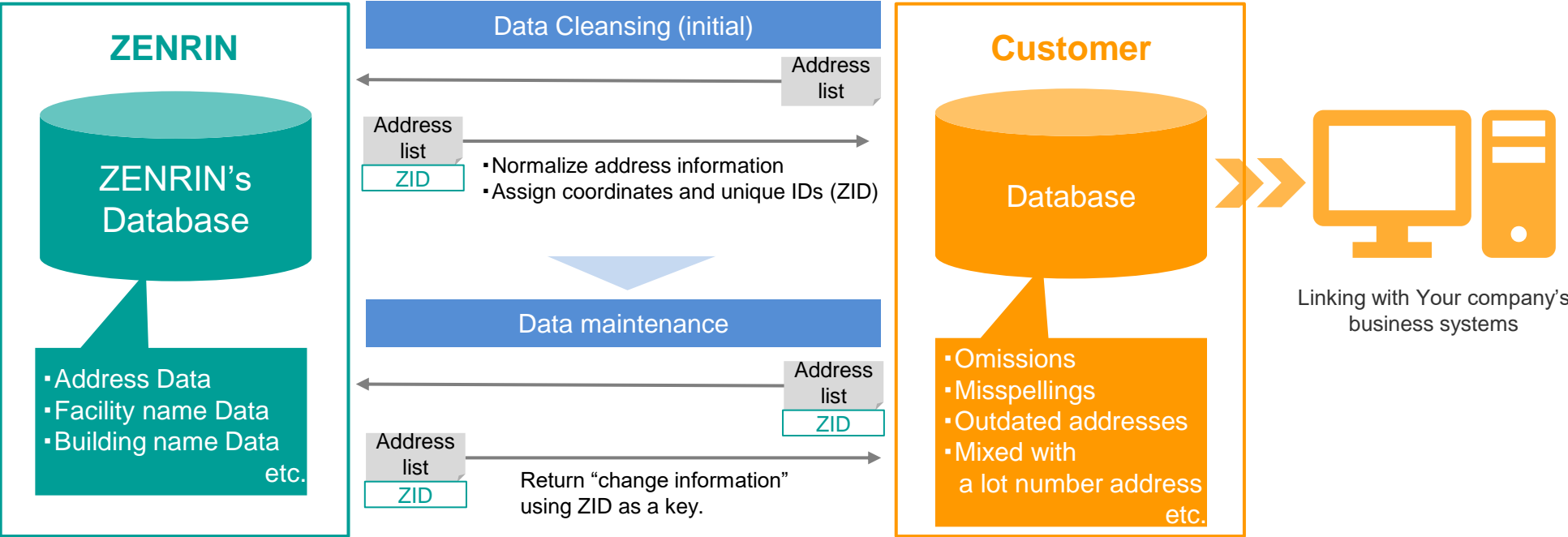
Results for First 2Qs of FY2022



Compared to FY2021	Product	Public Solution	Map Design	Automotive	IoT	Marketing Solution
	+0.1 (+0.8%)	△0.2 (△3.3%)	+0.0 (+0.7%)	+0.5 (+3.8%)	+0.3 (+2.2%)	+0.2 (+5.0%)

By normalizing location information, we can help companies visualize or transform their various data into "usable" data for analysis.

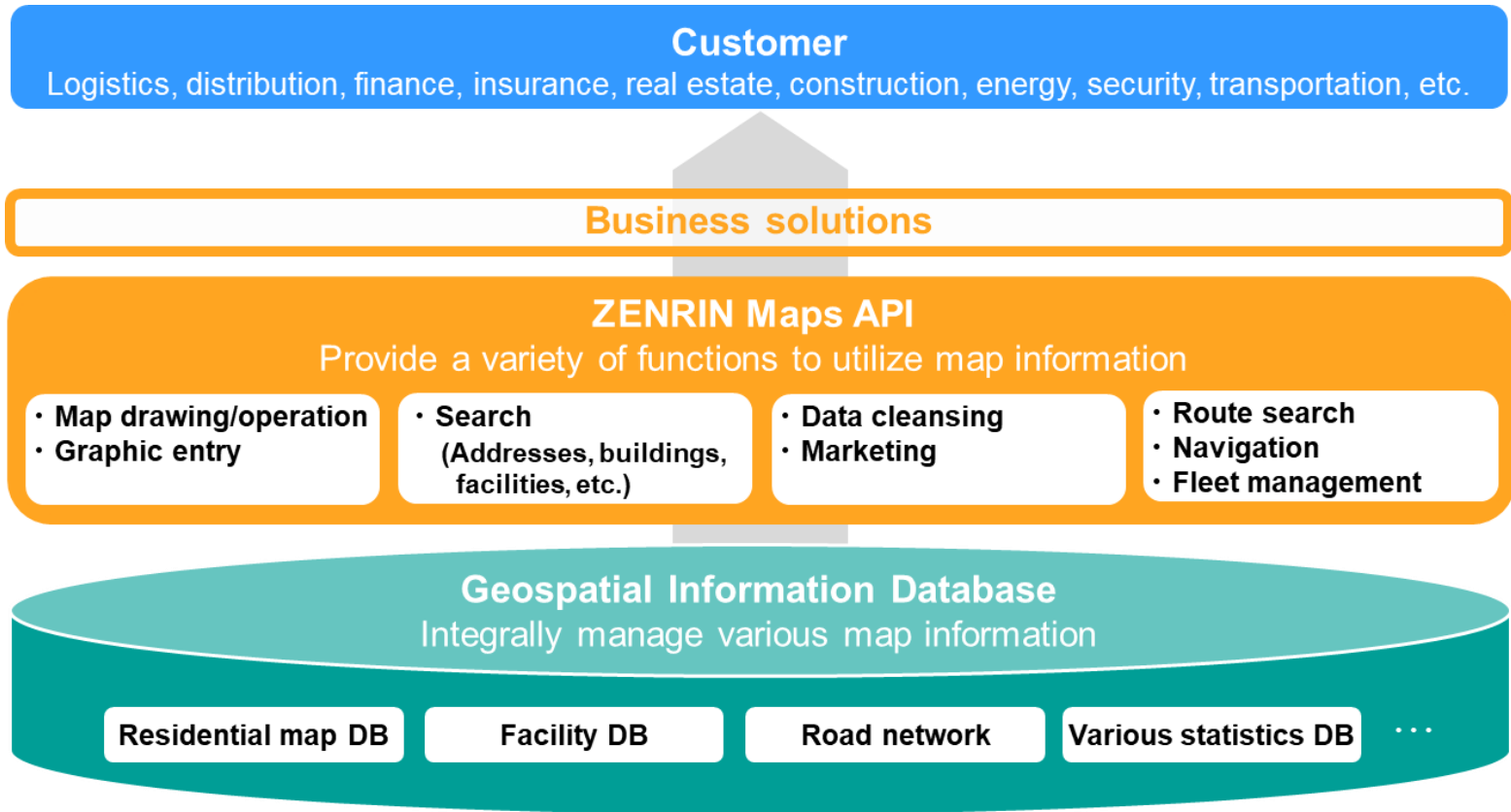
For example, the maintenance of customer master data is always an important issue for companies to improve the efficiency of sales activities and other marketing activities. By assigning the latest, accurate, and comprehensive address data and coordinates owned by our group to customer address information, making it "usable" in each business operation, and making it "visible" through map data, we help companies properly manage their customers and improve their business efficiency.



Time-series, ID-controlled data will make it possible to capture changes in the real world.

**Supporting digital transformation with map information “ZENRIN SMART SOLUTIONS”**

Against the backdrop of the advancement of digitalization, there is a growing expectation that map information can be used to visualize and normalize big data or optimize travel and delivery routes in order to solve social and corporate issues. We provide "ZENRIN SMART SOLUTIONS" to support these activities by utilizing our knowledge cultivated through our business and map information.



## 3. Appendix

- 1) Business Overview
- 2) Overview of Results for First 2 Quarters of Fiscal 2022
  - Changes in Cash Flows
  - Amount of Capital Investment, Depreciation and R&D Costs
  - Changes in Composition of Net Sales by Quarter
- 3) Overview of Earnings Forecast for Fiscal 2022
  - Changes in Net Sales, Income and Profit
  - Amount of Capital Investment, Depreciation and R&D Costs
- 4) Shareholder Returns

**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.

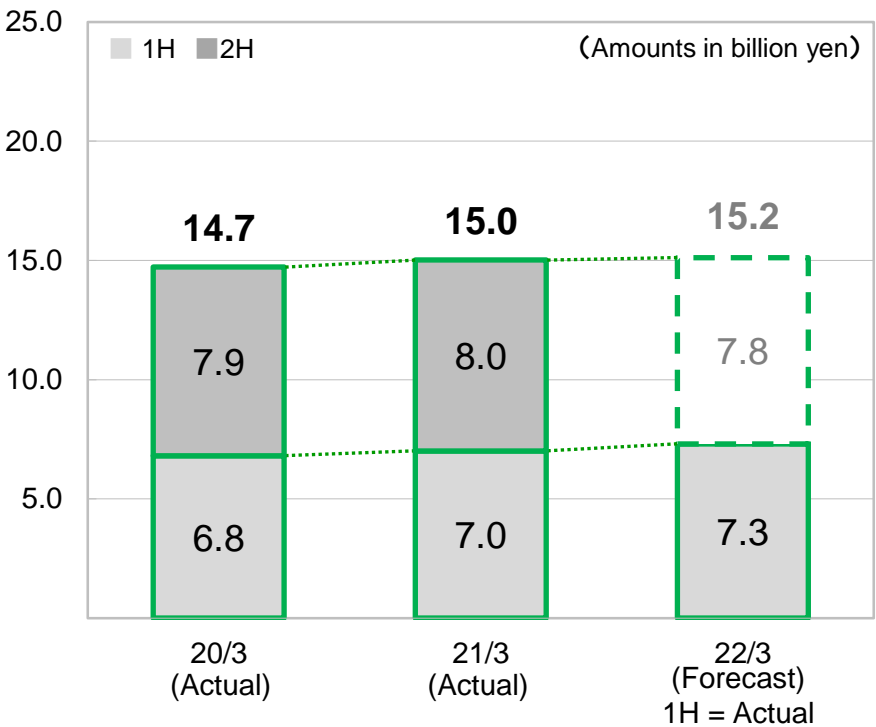
**2Q Actual Results: 7.3 billion yen (up 0.3 billion yen, YOY)**

Entrusted services with residential map data for corporations and stock-type products such as GIS packages were strong, resulting in a year-on-year increase in sales.

**Increasing demand for data management services**

The maintenance of customer master data has always been one of the most important initiatives for companies, and the demand for data management is increasing along with the promotion of Digital Transformation. We assigns address data and coordinates that are up-to-date, accurate, and comprehensive, and visualizes the data with map data to help companies properly manage customers and improve operational efficiency.

Sales Results and Forecast



Forecast of FY2022 remains unchanged from the forecast announced on April 28, 2021.

ZGP25 1st Stage Target

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

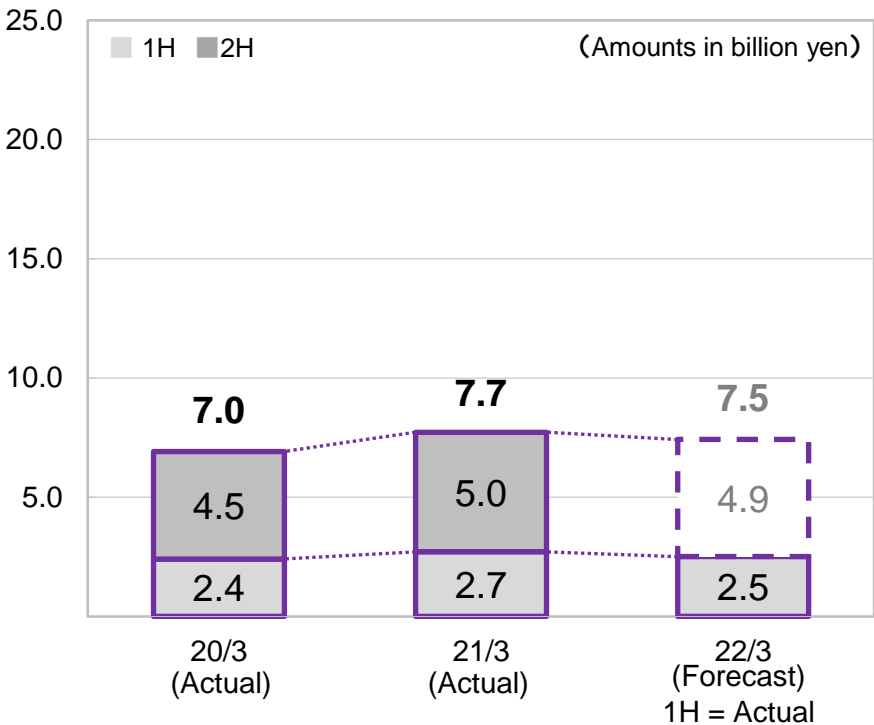
■ Initiatives

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

■ 2Q Actual Results: 2.5 billion yen (Down 0.2 billion yen, YOY)

Sales declined YoY due to a reactionary decline from the large-scale census-related projects in the previous fiscal year and drop in sales of residential map books. However, sales of entrusted projects for local governments and central governmental agencies and ministries, as well as stock-type services for LGWAN, increased.

Sales Results and Forecast



Forecast of FY2022 remains unchanged from the forecast announced on April 28, 2021.

**ZGP25 1st Stage Target**

Develop consumer markets with specific targets and map design products

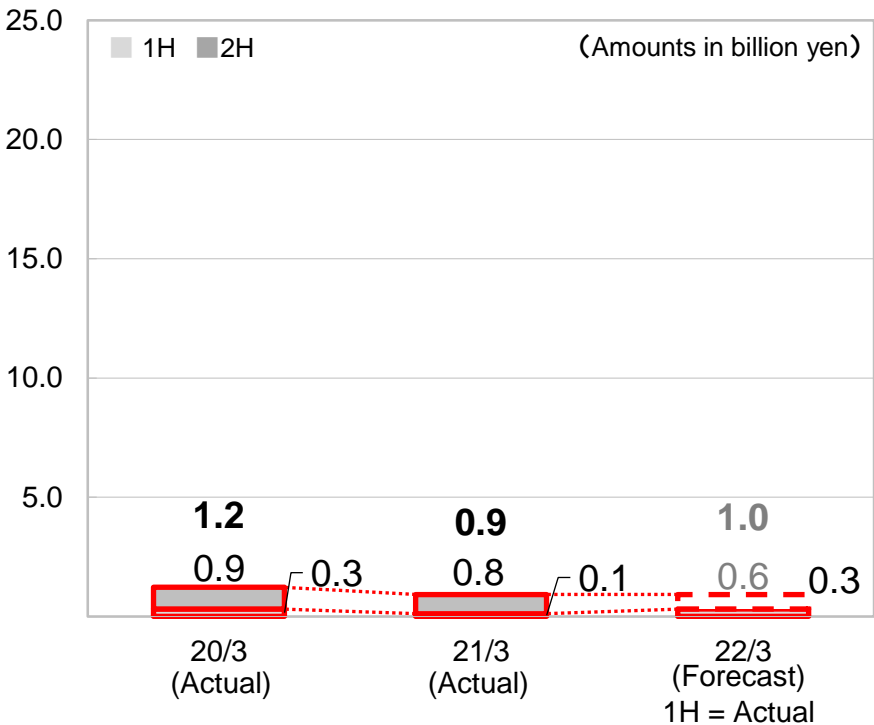
**Initiatives**

Promote market expansion through product development and channel development

**2Q Actual Results: 0.3 billion yen (Up 0.2 billion yen, YOY)**

Sales of officially licensed products related to large-scale sporting events as well as sales of commissioned projects increased. In addition, demand for tourism-related advertising and sales of products and services for individuals are on a recovery trend, resulting sales increased YoY.

Sales Results and Forecast



Forecast of FY2022 remains unchanged from the forecast announced on April 28, 2021.



ZGP25 1st Stage Target

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

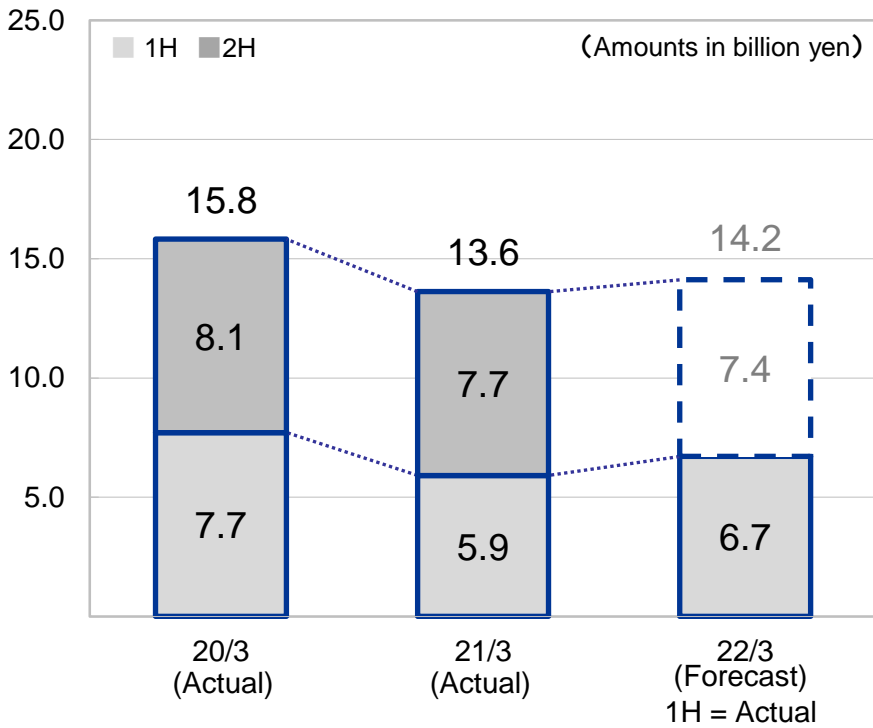
Initiatives

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.)

2Q Actual Results: 6.7 billion yen (Up 0.8 billion yen, YOY)

Sales increased year on year due to an increase in sales of data for car navigation systems and contracted projects. Due to the spread of the COVID-19 and the shortage of semiconductors, automobile sales and car navigation system shipments in the domestic market declined year on year, however, the impact on our business was limited due to the adoption of our products in new models, etc. In addition, sales of contracted development projects including AD/ADAS-related projects were recorded.

Sales Results and Forecast



Forecast of FY2022 remains unchanged from the forecast announced on April 28, 2021.

**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

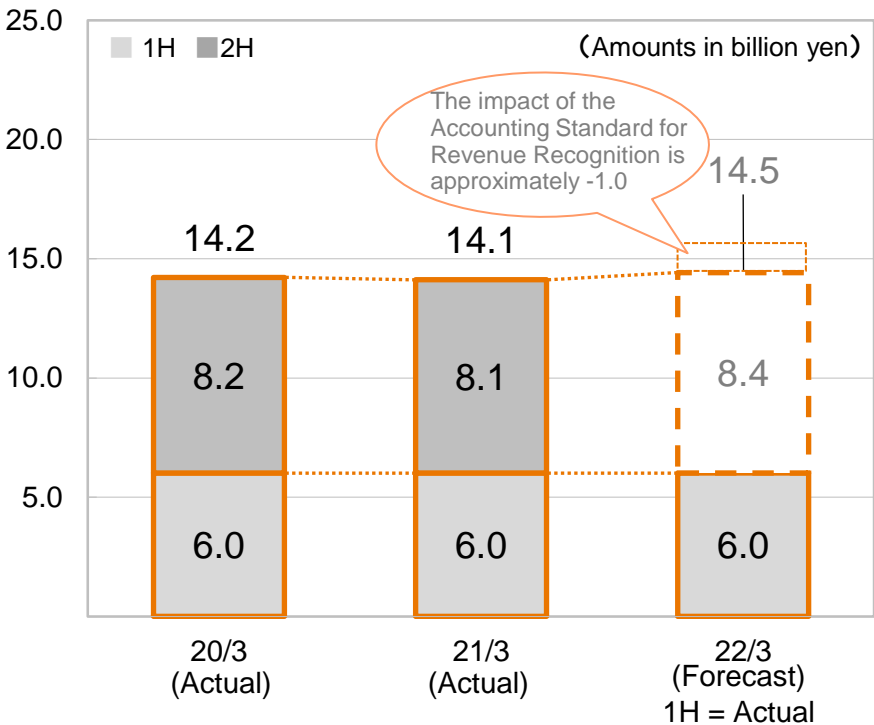
**2Q Actual Results: 6 billion yen (up 0 million yen, YOY)**

Due to steady growth in solution business, etc., sales increased YoY. (The impact of the Accounting Standard for Revenue Recognition is approximately -0.5 billion yen.)

With the increase in demand for home delivery due to the spread of the COVID-19, the logistics-related solutions business, and services for sole proprietors who provide home delivery services are performing well.

The cumulative number of paying subscribers to GODOOR, a route guidance app for home delivery for sole proprietors exceeded 100,000.

Sales Results and Forecast



Forecast of FY2022 remains unchanged from the forecast announced on April 28, 2021.

ZGP25 1st Stage Target

Introduce new services in the marketing support service market

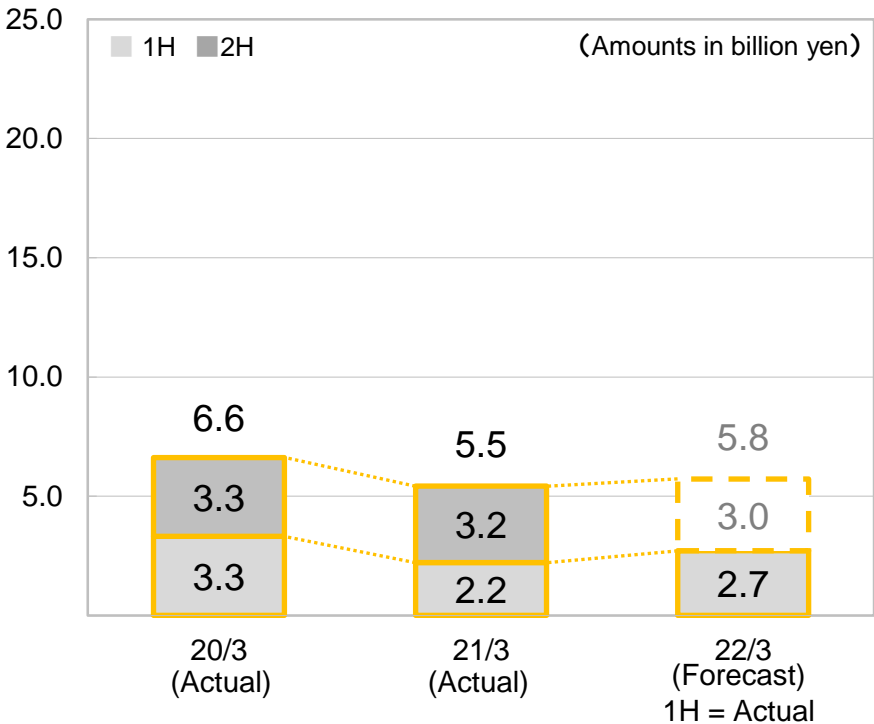
■ Initiatives

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

■ 2Q Actual Results: 2.7 billion yen (Up 0.4 billion yen, YOY)

Due to recovery in demand for advertising, sales of paper media printing such as DM and flyers, and provision of marketing data increased resulting sales increased YoY.

Sales Results and Forecast



Forecast of FY2022 remains unchanged from the forecast announced on April 28, 2021.

# 3-2) Changes in Cash Flows

## Operating Cash Flows

## Investing Cash Flows

## Free Cash Flows

## Financing Cash Flows

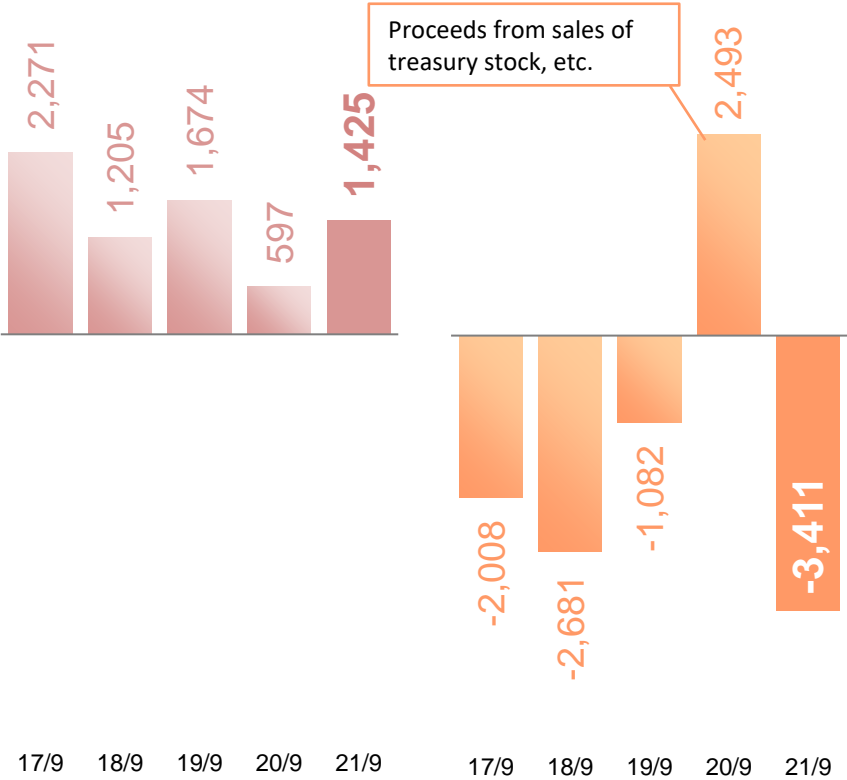
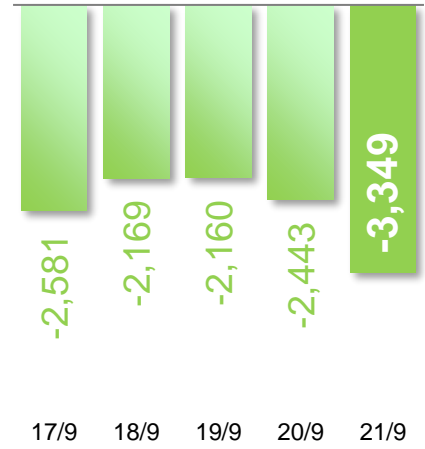
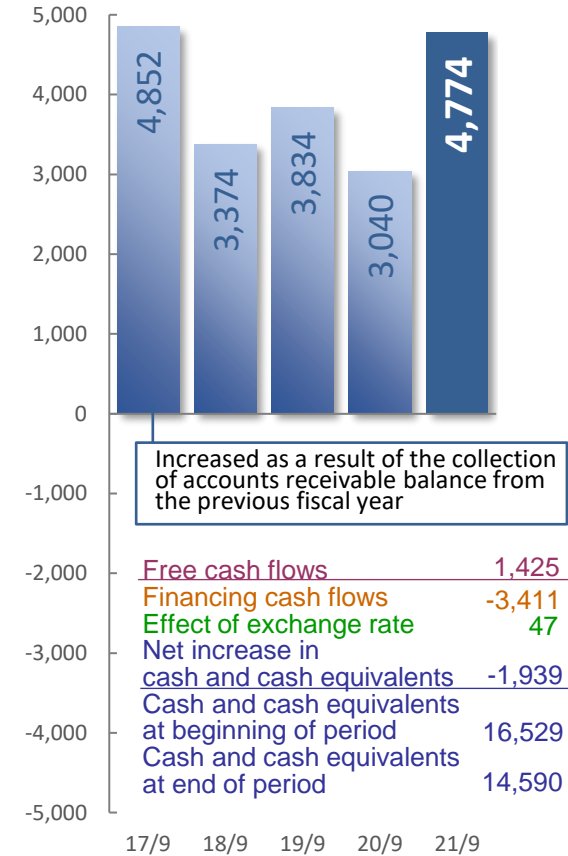
Compared to First 2Qs of FY2021

Inflows Up 1,734

Outflows Up 906

Inflows Up 827

Inflows Down 5,905

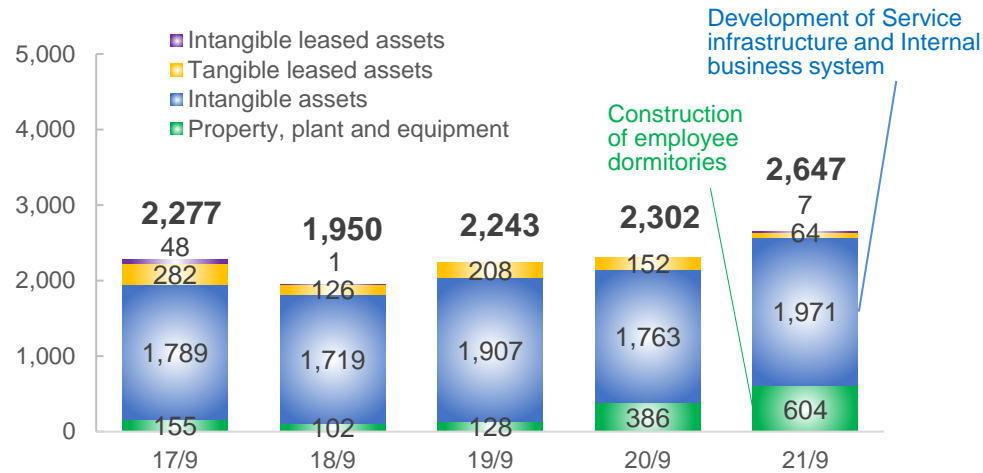


# Overview of Results for First 2 Quarters of Fiscal 2022

## 3-2) Amount of Capital Investment, Depreciation and R&D Costs

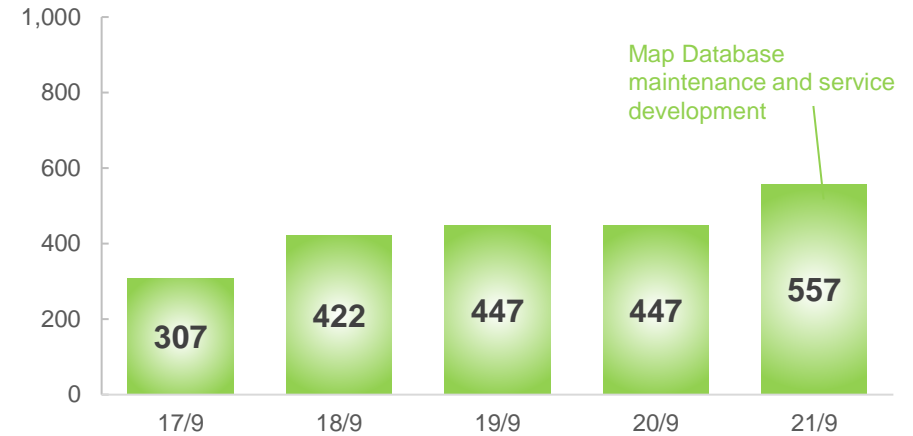
Results for First 2Qs of FY2022

### Amount of Capital Investment

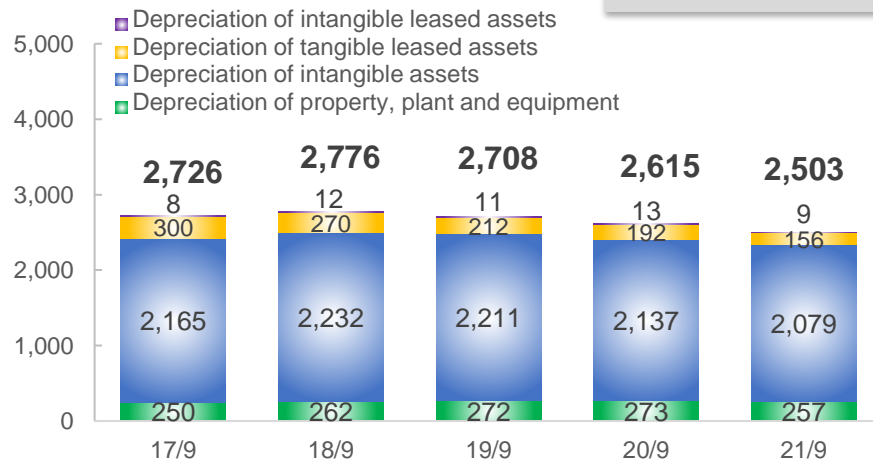


### R & D Cost

(Amounts in million yen)

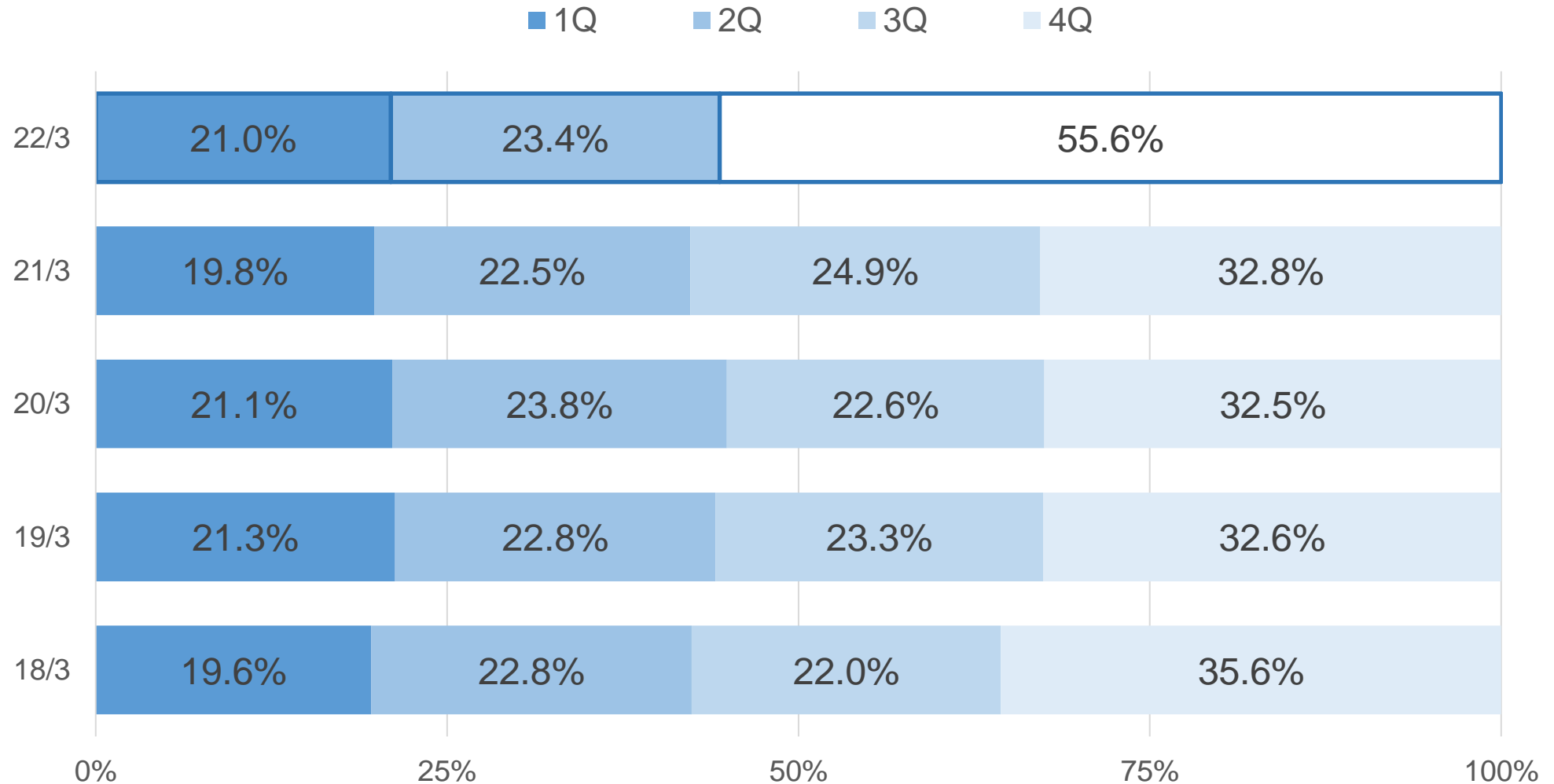


### Depreciation



## 3-2) Changes in Composition of Net Sales by Quarter

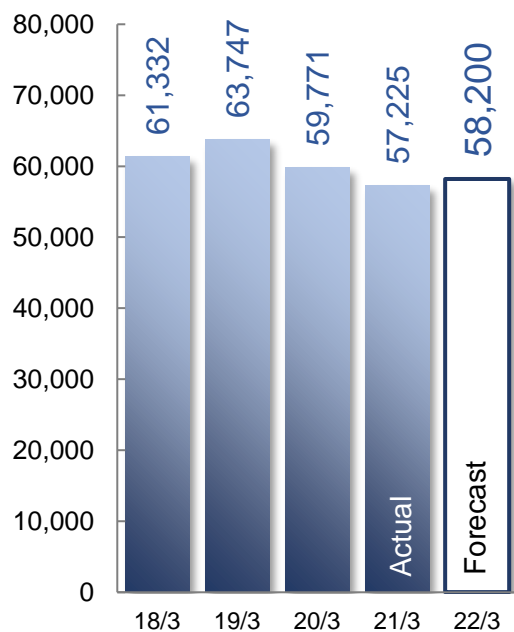
Results for First 2Qs of FY2022



# Overview of Earnings Forecast for Fiscal 2022

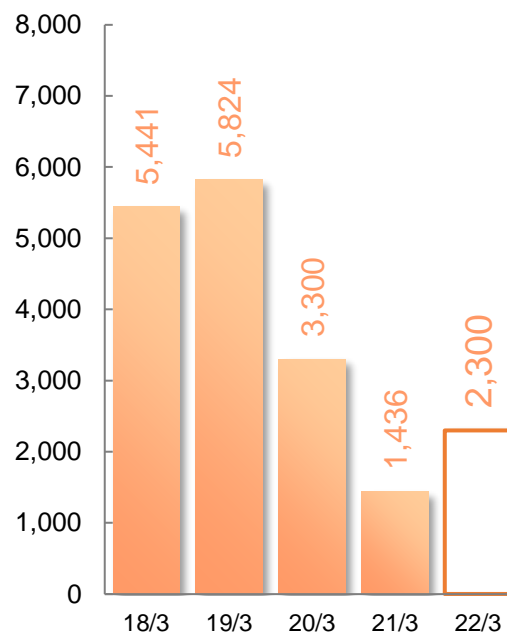
## 3-3) Changes in Net Sales, Income and Profit

Net Sales



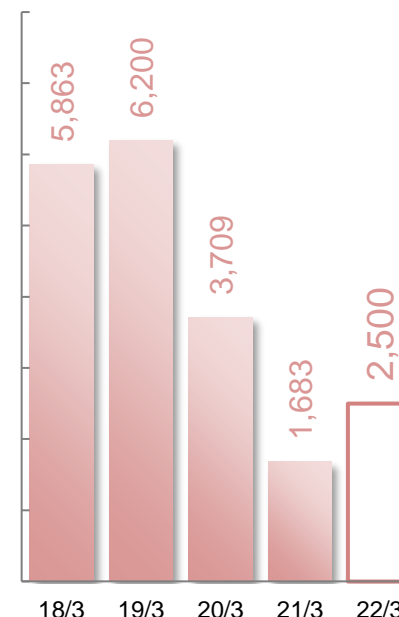
Increase in sales  
for the first time in 3 periods

Operating Income

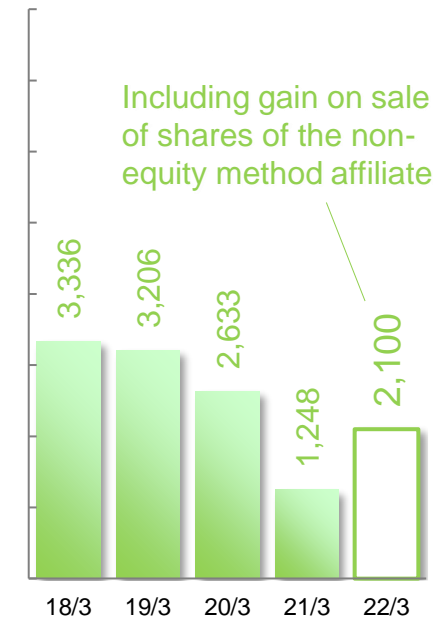


Increase in income for the first time in 3 periods

Ordinary Income



Profit Attributable to Owners of Parent



Increase in profit  
for the first time in 4 periods

Revised forecast was announced on October 28, 2021.

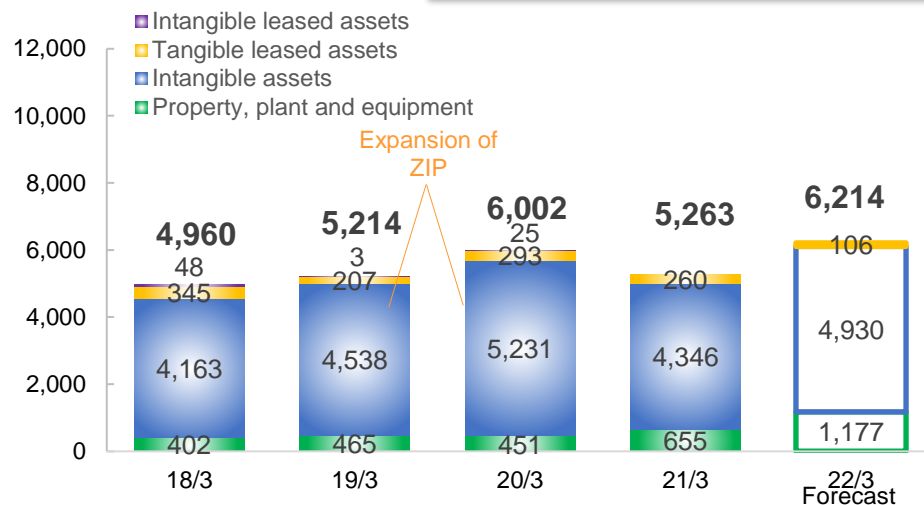
# Overview of Earnings Forecast for Fiscal 2022

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

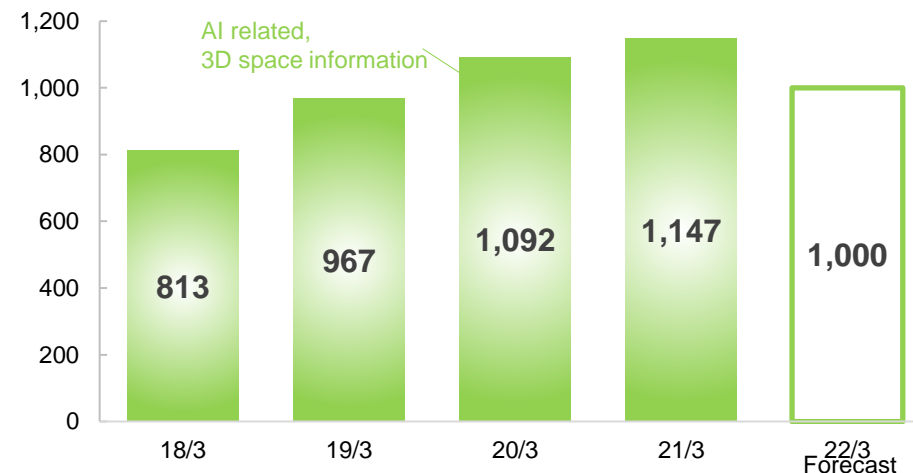
Results for First 2Qs of FY2022

(Amounts in million yen)

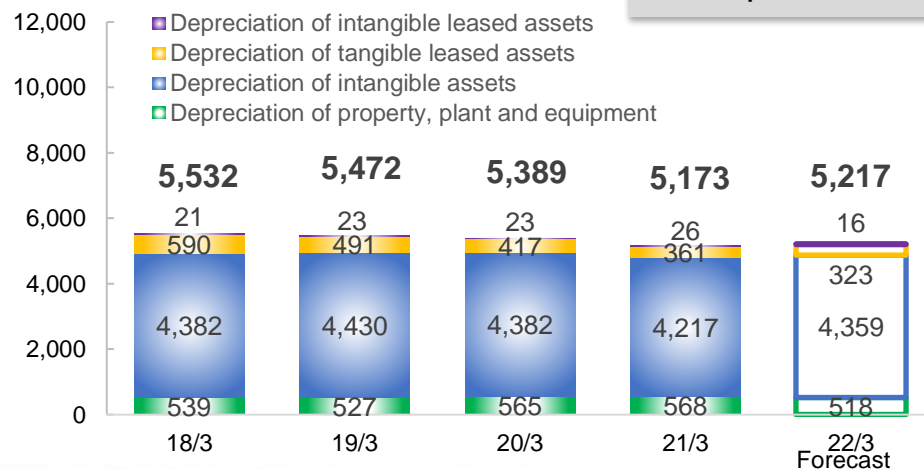
### Amount of Capital Investment



### R & D Cost



### Depreciation

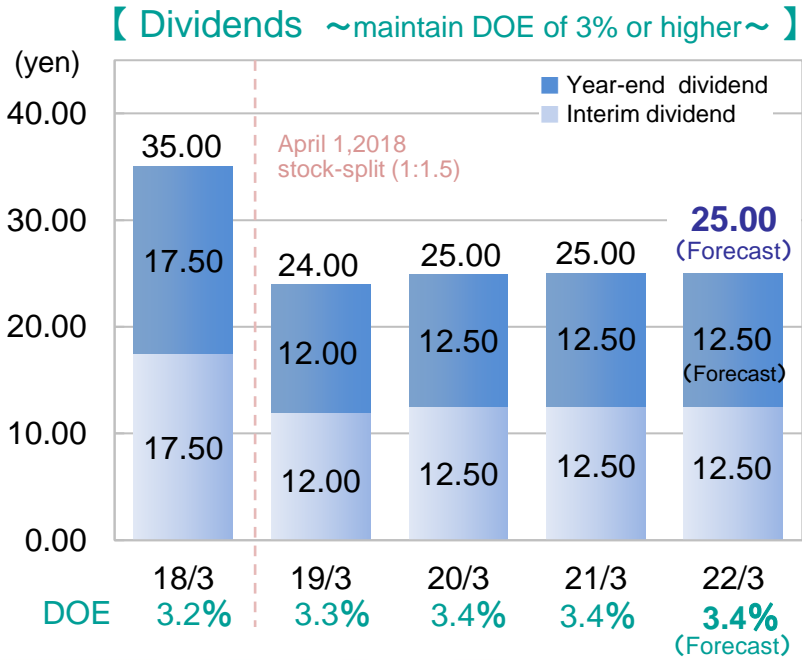


Capital investment and R&D costs remain at the same level as the previous years.



# 2-5) Shareholder Returns

<b>Dividend</b>	<p>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</p> <p>→ Target dividend on equity (DOE) on a consolidated basis of 3% or higher</p>
<b>Purchase of treasury shares</b>	<p>To be carried out flexibly as a measure of shareholder returns that also contributes to the maintenance and improvement of capital efficiency</p> <p>→ Make a decision by taking into account capital conditions, stock prices, market environments, and opportunities for growth investments and other related factors</p>



【 Purchase of treasury shares 】

Details of the resolution at the board meeting on April 28, 2021	
Period of purchase	May 6, 2021 - March 31, 2022
Number of shares purchased	Up to 1,000,000 shares
Purchase price	Up to 1,500,000,000 yen
Progress (% = progress rate)	
Period of purchase	As of the period from May 6, 2021 to October 31, 2021
Number of shares purchased	232,800 shares (23.28%)
Purchase price	269,044,100 yen (17.94%)

# **ZENRIN**

Maps to the Future