



Financial Summary for First 2 Quarters of Fiscal 2022 [Japanese GAAP] [Consolidated]

October 28, 2021

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] Yumiko Toshima TEL +81-93-882-9050
 Scheduled date of submission of quarterly securities report: October 29, 2021
 Scheduled date of commencement of dividend payments: December 2, 2021
 Preparation of supplementary explanatory materials on quarterly results: Yes
 Holding of briefing session on quarterly results: No (A recorded video will be streamed to explain the financial results.)

(Amounts are rounded down to the nearest million yen)

1. Consolidated Results of Operations in First 2 Quarters of Fiscal 2022

ZENRIN's first 2 quarters of fiscal 2022 is the period from April 1, 2021 to September 30, 2021.

(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 2022	25,880	—	(456)	—	(322)	—	(80)	—
First 2 quarters of fiscal 2021	24,209	(9.7)	(1,460)	—	(1,240)	—	(723)	—

[Note] Comprehensive income First 2 quarters of fiscal 2022: 14 million yen [-%]
 First 2 quarters of fiscal 2021: (710)million yen [-%]

	Earnings per share	Diluted earnings per share
	yen	yen
First 2 quarters of fiscal 2022	(1.47)	—
First 2 quarters of fiscal 2021	(13.01)	—

[Note] As 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, the amounts for the first 2 quarters reflect the application of the said accounting standard, etc., and the increase (decrease) compared to the same period of the previous fiscal year is not stated.

(2) Consolidated Financial Position

	Total assets	Net assets	Ratio of equity to total assets
	million yen	million yen	%
First 2 quarters of fiscal 2022	66,959	40,544	60.2
Fiscal 2021	71,320	44,723	60.5

[Reference] Equity First 2 quarters of fiscal 2022 : 40,312 million yen Fiscal 2021 : 43,149 million yen

[Note] As 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, the amounts for the first 2 quarters reflect the application of the said accounting standard, etc.

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 2021	—	12.50	—	12.50	25.00
Fiscal 2022	—	12.50			
Fiscal 2022 [forecast]			—	12.50	25.00

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

3. Forecast for Consolidated Results of Operations in Fiscal 2022

ZENRIN's fiscal 2022 is the period from April 1, 2021 to March 31, 2022.

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

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	58,200	—	2,300	—	2,500	—	2,100	—	38.37

[Note] Revision from most recently announced forecast for results of operations: Yes

For the forecast for consolidated results of operations in fiscal 2022, please refer to "Revision of Forecast for Results of Operations", which was announced on October 28, 2021.

As 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, the figures of the above forecast for consolidated results of operations reflect the application of the said accounting standard, etc., and the increase (decrease) compared to the previous fiscal year is not stated.

1. Qualitative Information on Quarterly Results

(1) Explanation of Business Performance

In the first 2 quarters of fiscal 2022 (from April 1, 2021 to September 30, 2021), the Japanese economy continued to be in the difficult condition as a result of the restrictions of socioeconomic activities due to the spread of COVID-19 infection; however, some signs of recovery have been observed.

In such an environment, automotive-related sales of data and contract development for car navigation systems rose year on year, 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” were strong.

In terms of profit and loss, an operating loss was recorded as a result of the posting of performance-linked bonuses due to the return to profitability with increased revenue in the first half of the current fiscal year, as well as an increase in advertising expenses for sales promotion activities.

As a result, the ZENRIN Group in the first 2 quarters of fiscal 2022 reported net sales of 25,880 million yen (24,209 million yen in the same period of the previous fiscal year), operating loss of 456 million yen (1,460 million yen in the same period of the previous fiscal year), ordinary loss of 322 million yen (1,240 million yen in the same period of the previous fiscal year). In addition, loss attributable to owners of parent was 80 million yen (723 million yen in 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.

It should be noted that 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. Thus, the Explanation of Business Performance for the said quarter period does not include the increase (decrease) amounts and rates (%) compared to the same period of the previous fiscal year. Details are as described in “2. (4) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies).”

Furthermore, from the first quarter of fiscal 2022, information by business segment is omitted because the ZENRIN Group’s reportable segments have been aggregated to a single segment.

(2) Explanation of Financial Position

Total assets at the end of the first quarter of fiscal 2022 amounted to 66,959 million yen (decreased 4,360 million yen, or down 6.1%, compared to the end of the previous fiscal year). This was attributable to the decrease in Notes receivable-trade and Notes and accounts receivable - trade, and contract assets due to the effects of seasonal fluctuations.

Liabilities amounted to 26,414 million yen (decreased 181 million yen, or down 0.7%, compared to the end of the previous fiscal year). This was mainly attributable to a decrease in notes and accounts payable - trade due to payment and decrease in Long-term borrowings due to repayment despite an increase in advances received due to adjustments at the beginning of fiscal 2022 with the application of the Accounting Standard for Revenue Recognition, etc.

Net assets amounted to 40,544 million yen (decreased 4,178 million yen, or down 9.3%, compared to the end of the previous fiscal year). This was mainly due to a decrease in retained earnings resulting from the adjustments at the beginning of fiscal 2022 with the application of the Accounting Standard for Revenue Recognition, etc., and a decrease in non-controlling interests.

As a result, the ratio of equity to total assets at the end of the first 2 quarters of fiscal 2022 was 60.2% (down 0.3 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 2022.

Cash and cash equivalents at the end of the second quarter of fiscal year 2022 were 14,590 million yen (decreased 1,939 million yen, or down 11.7%, compared to the end of the previous fiscal year)

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to 4,774 million yen (increased 1,734 million yen compared to the same period of the previous fiscal year). This was attributable to loss before income taxes in the amount of 411 million yen, a decrease in trade payables in the amount of 1,505, income taxes paid in the amount of 266 million yen, a decrease in accrued consumption taxes in the amount of 261 and other factors of decrease being offset by a decrease in notes and accounts receivables in the amount of 4,997 million yen and depreciation in the amount of 2,503 million yen and other factors of increase.

Cash Flows from Investing Activities

Net cash used in investing activities amounted to 3,349 million yen (increased 906 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 2,695 million yen, and purchase of investment securities in the amount of 485 million yen.

Cash Flows from Financing Activities

Net cash used in financing activities amounted to 3,411 million yen (2,493 million yen was earned in the same period of the previous fiscal year). This was mainly attributable to the purchase of shares of subsidiaries not resulting in change in scope of consolidation in the amount of 1,753 million yen, the dividends paid in the amount of 689 million yen, and repayments of long-term borrowings in the amount of 502 million yen.

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

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).

For the reasons stated above, the forecast for the results of operations announced on April 28, 2021 will be revised, as follows.

The forecast of consolidated results of operations for fiscal 2022 expects net sales of 58,200 million yen (57,225 million yen in the same period of the previous fiscal year), operating income of 2,300 million yen (1,436 million yen in the same period of the previous fiscal year), ordinary income of 2,500 million yen (1,683 million yen in the same period of the previous fiscal year), and profit attributable to owners of parent of 2,100 million yen (1,248 million yen in the same period of the previous fiscal year).

For details, see, also, the “Revision of Forecast for Results of Operations” announced today.

Revision of Forecast Figures for Consolidated Results of Operations in Fiscal 2022
[from April 1, 2021 to March 31, 2022]

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Earnings per share
	million yen	million yen	million yen	million yen	yen
Previous forecast [A]	58,200	1,700	1,900	1,300	23.73
Revised forecast [B]	58,200	2,300	2,500	2,100	38.37
Amount of increase (decrease) [B – A]	—	600	600	800	
Rate of increase (decrease)	—	35.3	31.6	61.5	
(Reference) Results for same period of previous year	57,225	1,436	1,683	1,248	22.54

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

[Unit: million yen]

	Fiscal 2021 As of March 31, 2021	Second quarter of fiscal 2022 As of September 30, 2021
Assets		
Current assets		
Cash and deposits	16,853	14,972
Notes and accounts receivable – trade	12,675	–
Notes and accounts receivable - trade, and contract assets	–	8,084
Electronically recorded monetary claims – operating	90	102
Securities	5	5
Merchandise and finished goods	992	842
Work in process	426	841
Raw materials and supplies	78	81
Other	1,564	1,517
Allowance for doubtful accounts	(5)	(3)
Total current assets	32,682	26,444
Non-current assets		
Property, plant and equipment	13,042	13,309
Intangible assets		
Goodwill	395	337
Software	10,332	10,018
Other	3,203	3,398
Total intangible assets	13,931	13,754
Investments and other assets		
Other	11,787	13,574
Allowance for doubtful accounts	(123)	(122)
Total investments and other assets	11,663	13,451
Total non-current assets	38,637	40,515
Total assets	71,320	66,959

[Unit: million yen]

	Fiscal 2021	Second quarter of fiscal 2022
	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Accounts payable – trade	3,401	1,965
Short-term borrowings	1,885	1,936
Income taxes payable	447	299
Advances received	4,798	7,379
Provision for directors' bonuses	41	21
Provision for sales returns	6	–
Other	6,108	5,539
Total current liabilities	16,688	17,141
Non-current liabilities		
Bonds payable	8,095	8,071
Long-term borrowings	572	21
Provision for directors' retirement benefits	128	128
Provision for management board benefit trust	52	50
Net defined benefit liability	306	311
Asset retirement obligations	73	78
Other	678	611
Total non-current liabilities	9,907	9,273
Total liabilities	26,596	26,414
Net assets		
Shareholders' equity		
Capital stock	6,557	6,557
Capital surplus	12,925	12,472
Retained earnings	25,299	23,033
Treasury shares	(3,311)	(3,562)
Total shareholders' equity	41,471	38,500
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	661	716
Foreign currency translation adjustment	46	143
Remeasurements of defined benefit plans	969	952
Total accumulated other comprehensive income	1,677	1,812
Non-controlling interests	1,574	231
Total net assets	44,723	40,544
Total liabilities and net assets	71,320	66,959

(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 2021 From: April 1, 2020 To: September 30, 2020	First 2 quarters of fiscal 2022 From: April 1, 2021 To: September 30, 2021
Net sales	24,209	25,880
Cost of sales	16,078	15,786
Gross profit	8,131	10,093
Selling, general and administrative expenses		
Personnel expenses	5,491	6,291
Provision for directors' bonuses	19	17
Retirement benefit expenses	206	151
Other	3,875	4,088
Total selling, general and administrative expenses	9,592	10,549
Operating loss	(1,460)	(456)
Non-operating income		
Interest income	3	4
Dividend income	86	40
Other	192	176
Total non-operating income	282	220
Non-operating expenses		
Interest expenses	9	4
Foreign exchange losses	—	57
Other	52	24
Total non-operating expenses	61	86
Ordinary loss	(1,240)	(322)
Extraordinary income		
Gain on sales of non-current assets	6	—
Gain on sales of investment securities	45	23
Total extraordinary income	51	23
Extraordinary losses		
Loss on sales and retirement of non-current assets	23	110
Other	21	2
Total extraordinary losses	45	113
Loss before income taxes	(1,233)	(411)
Income taxes – current	104	227
Income taxes – deferred	(452)	(518)
Total income taxes	(348)	(291)
Loss	(885)	(120)
Loss attributable to non-controlling interests	(162)	(39)
Loss attributable to owners of parent	(723)	(80)

Quarterly Consolidated Statement of Comprehensive Income [cumulative]

[Unit: million yen]

	First 2 quarters of fiscal 2021 From: April 1, 2020 To: September 30, 2020	First 2 quarters of fiscal 2022 From: April 1, 2021 To: September 30, 2021
Loss	(885)	(120)
Other comprehensive income		
Valuation difference on available-for-sale securities	144	54
Foreign currency translation adjustment	(13)	97
Remeasurements of defined benefit plans, net of tax	44	(16)
Total other comprehensive income	175	134
Comprehensive income	(710)	14
[Comprehensive income attributable to]		
Comprehensive income attributable to owners of parent	(551)	54
Comprehensive income attributable to non-controlling interests	(159)	(39)

(3) Quarterly Consolidated Statement of Cash Flows

[Unit: million yen]

	First 2 quarters of fiscal 2021 From: April 1, 2020 To: September 30, 2020	First 2 quarters of fiscal 2022 From: April 1, 2021 To: September 30, 2021
Cash flows from operating activities		
Loss before income taxes	(1,233)	(411)
Depreciation	2,615	2,503
Amortization of goodwill	81	78
Decrease (increase) in net defined benefit asset	40	(43)
Increase (decrease) in net defined benefit liability	17	5
Interest and dividend income	(89)	(44)
Interest expenses	9	4
Loss (gain) on sales and retirement of non-current assets	17	110
Loss (gain) on sales of investment securities	(44)	(23)
Decrease (increase) in notes and accounts receivable – trade	5,685	4,997
Decrease (increase) in inventories	(489)	(239)
Increase (decrease) in notes and accounts payable – trade	(1,312)	(1,505)
Increase (decrease) in accrued expenses	(1,384)	23
Increase (decrease) in advances received	941	282
Increase (decrease) in accrued consumption taxes	(431)	(261)
Other	(227)	(478)
Subtotal	4,194	4,998
Interest and dividend income received	101	46
Interest expenses paid	(10)	(4)
Income taxes paid	(1,244)	(266)
Net cash provided by (used in) operating activities	3,040	4,774
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(2,339)	(2,695)
Purchase of investment securities	(116)	(485)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(179)	(97)
Other	192	(70)
Net cash provided by (used in) investing activities	(2,443)	(3,349)
Cash flows from financing activities		
Repayments of long-term loans payable	(141)	(502)
Repayments of lease obligations	(254)	(189)
Purchase of treasury shares	(1,000)	(269)
Cash dividends paid	(656)	(689)
Dividends paid to non-controlling interests	(17)	(2)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(1,753)
Other	4,565	(4)
Net cash provided by (used in) financing activities	2,493	(3,411)
Effect of exchange rate change on cash and cash equivalents	(13)	47
Net increase (decrease) in cash and cash equivalents	3,078	(1,939)
Cash and cash equivalents at beginning of period	15,237	16,529
Cash and cash equivalents at end of period	18,315	14,590

(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

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 in accordance with the transitional treatment. Details are as described in "2. (4) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)."

Changes in Significant Subsidiaries in the First Quarter of Fiscal 2022

Not applicable.

While not qualifying as a change in specified subsidiaries, ZENRIN acquired shares of KERNEL INC. on April 1, 2021. In addition, ZENRIN and ZENRIN FUTURE PARTNERS CO., LTD., which is ZENRIN's consolidated subsidiary, established the ZFP No. 1 Investment Limited Partnership on the said date.

Consequently, the two companies KERNEL INC. and ZFP No. 1 Investment Limited Partnership have been included in the scope of consolidation from the beginning of the first quarter of fiscal 2022.

Changes in Accounting Policies

Application of Accounting Standard for Revenue Recognition, Etc.

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. The application of the Accounting Standard for Revenue Recognition, etc. is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the start of the first quarter of fiscal 2022, was added to or subtracted from the opening balance of retained earnings of the first quarter of fiscal 2022, and thus the new accounting policy was applied from such opening balance. However, the new accounting policy has not been retrospectively applied to contracts in which the amounts of almost all earnings are recognized in accordance with the previous treatment before the beginning of the first quarter of fiscal 2022 through the application of the method prescribed in paragraph 86 of the Accounting Standard for Revenue Recognition.

It has thus recognized promised goods or services as revenue at the amount expected to be received upon exchange of said goods or services at the time the control of said goods or services is transferred to the customer. Major points of change in accounting method include (1) while revenue for some license transactions were usually recognized when the license was granted to the end user, revenue is now recognized for the period of time over which the performance obligation to customers is satisfied for the relevant license, (2) if the performance obligation is to arrange the provision of goods or services promised with customers through another party, revenue is recognized in net amount as an agent, and (3) regarding entrusted contracts in which performance obligation continues over a certain period of time, while revenue was recognized upon completion of the entrusted services, revenue is, as a basic rule, recognized as the satisfaction of performance obligations progresses.

As a result, net sales for the first 2 quarters of fiscal 2022 decreased by 418 million yen, and cost of sales decreased by 385 million yen. The impacts on operating loss, ordinary loss and loss before income taxes were minor. In addition, the balance of retained earnings at the beginning of the first quarter of fiscal 2022 decreased by 1,495 million yen.

With the application of the Accounting Standard for Revenue Recognition, etc., "notes and accounts receivable - trade," which was presented in "current assets" in the balance sheet for the previous fiscal year has been included in "notes, accounts receivable-trade, and contract assets" from the first quarter of fiscal 2022. Meanwhile, no reclassification is made for the previous fiscal year based on the new classification method in accordance with the transitional treatment prescribed in paragraph 89-2 of the Accounting Standard for Revenue Recognition.

Application of Accounting Standard for Fair Value Measurement, Etc.

The “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019, etc. have been applied from the beginning of the first quarter of fiscal 2022. The Group has prospectively applied new accounting policies provided for in the Accounting Standard for Fair Value Measurement, etc. in accordance with the transitional treatment stipulated in paragraphs 19 of the Accounting Standard for Fair Value Measurement and 44-2 of the Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). This application does not have any impact on the quarterly consolidated financial statements.

Segment Information

I. First 2 Quarters of Fiscal 2021 (from April 1, 2020 to September 30, 2020)

Details are as described in “II. First Quarter of Fiscal 2022 (Notes Relating to Changes in Reportable Segments, Etc.)”.

II. First 2 Quarters of Fiscal 2022 (from April 1, 2021 to September 30, 2021)

As the ZENRIN Group has a single segment named “Map and Location Data Services business” the segment information has been omitted.

Notes Relating to Changes in Reportable Segments, Etc.

While the Group’s reportable segments were previously been classified into the Map Database segment and the General Printing segment, those segments have been aggregated in a single segment named “Map and Location Data Services business” from the first quarter of fiscal 2022.

As the business environment is changing very rapidly due to the growing needs for location data, the ZENRIN Group has shifted to its business that provides services in response to customer needs by integrally managing location data and other related diverse data. In addition, considering that sales, profits, and assets in the General Printing segment have been less significant, we have determined that disclosing those two segments in aggregate as the “Map and Location Data Services business” would reflect the actual management status of the ZENRIN Group more properly, as a result of taking into account the ZENRIN Group’s business development and the process and actual conditions of decision-making on the allocation of management resources, etc.

Through this change, as the ZENRIN Group’s reportable segment has been aggregated to a single segment of “Map and Location Data Services business,” the segment information for the first 2 quarters of fiscal 2021 and the first 2 quarters of fiscal 2022 has been omitted.

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 2021	First 2 quarters of fiscal 2022	Main products
	million yen	million yen	
Product business	7,003	7,354	(for corporate customers) Printed residential maps, BLUE MAPS, GIS Package products, Residential map data
Public Solution business	2,734	2,514	(for central government ministries/agencies and local governments) Printed residential maps, BLUE MAPS, Residential map data
Map Design business	134	382	Special-purpose maps, Products of map design brands, Original map design goods, Printed books
Automotive business	5,978	6,791	Data contents for in-car navigation systems, High-precision 3D data for AD/ADAS
IoT business	6,072	6,079	Services for smartphones, Map data for internet services, Provision of location-based services and solutions
Marketing Solution business	2,286	2,757	Provision of Marketing Solution, General commercial printing
Total	24,209	25,880	

[Note] While figures for the first 2 quarters of fiscal 2022 reflect the application of the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., figures for the first 2 quarters of fiscal 2021 are those computed prior to the application of the said accounting standard, etc. Therefore, the increase (decrease) amounts and rates (%) are not stated.