

Briefing on Results for First 2 Quarters of Fiscal 2020 (Year Ending March 31, 2020)

November 13, 2019

President and CEO

Zenshi Takayama

Executive Vice President

Junya Amita

Executive Officer, and
Head of Corporate Management Division

Yumiko Toshima

1. Overview of Results for First 2 Quarters of Fiscal 2020
2. Earnings Forecast for Fiscal 2020
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 2020

- 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 2020

Compared to First 2 Quarters of Fiscal 2019 <decrease in sales and income>

- Both sales and income decreased due to such factors as the drop in sales of the marketing solution business and the reactionary fall in sales of contract data generated in the same period of the previous fiscal year in the automotive business.

Compared to Earnings Forecast <decrease in sales and income>

- Sales of marketing solution business decreased and contract development related to in-car navigation systems in the automotive business was partially postponed.

| | First 2Qs of FY2019 Actual | First 2Qs of FY2020 Earnings Forecast (Apr. 26) | First 2Qs of FY2020 Revised Forecast (Oct. 25) | First 2Qs of FY2020 Actual | Compared to First 2Qs of FY2019 | % of Change | Compared to Earnings Forecast (Apr. 26) | % of Change | Compared to Revised Forecast (Oct. 25) | % of Change |
|--|----------------------------------|---|--|----------------------------------|---------------------------------------|----------------|--|----------------|---|----------------|
| (Amounts in million yen) | | | | | | | | | | |
| Net Sales | 28,168 | 27,800 | 26,800 | 26,803 | -1,364 | -4.8 | -996 | -3.6 | 3 | 0.0 |
| Operating Expenses | 27,429 | 27,800 | 27,130 | 27,137 | -291 | -1.1 | -662 | -2.4 | 7 | 0.0 |
| Operating Income | 738 | 0 | -330 | -334 | -1,073 | — | -334 | — | -4 | — |
| Operating Margin | 2.6% | — | -1.2% | -1.2% | -3.8pt | | -1.2pt | | -0.0pt | |
| Ordinary Income | 977 | 0 | -60 | -65 | -1,043 | — | -65 | — | -5 | — |
| Profit Attributable to Owners of Parent | 587 | 0 | -220 | -224 | -811 | — | -224 | — | -4 | — |

*No substantial change from the revised earnings forecast figures announced on October 25.

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

Briefing on Results for First 2Qs of FY2020

(Amounts in million yen)

Compared to
First 2Qs of
FY2019

Compared to
Earnings
Forecast
(announced
on Apr. 26)

Net Sales

Down 1,364 (-4.8%)

Down 996 (-3.6%)

Operating Income

Downturn of 1,073 (-)

Downturn of 334 (-)

Ordinary Income

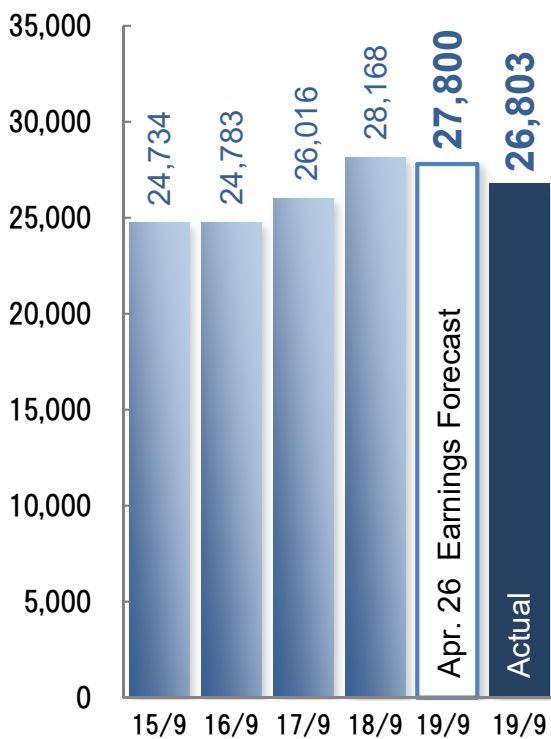
Downturn of 1,043 (-)

Downturn of 65 (-)

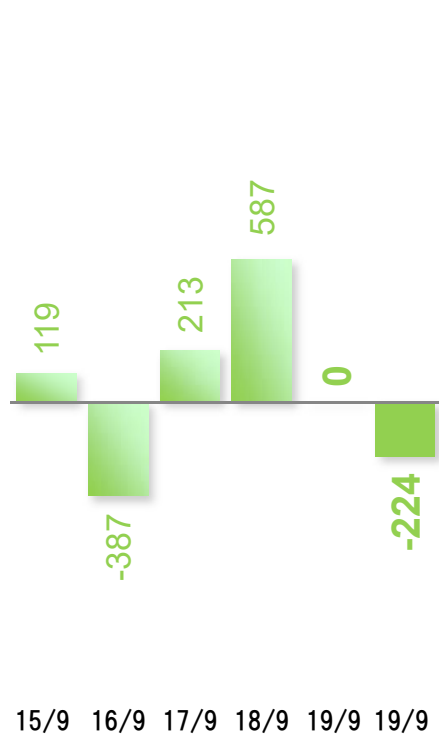
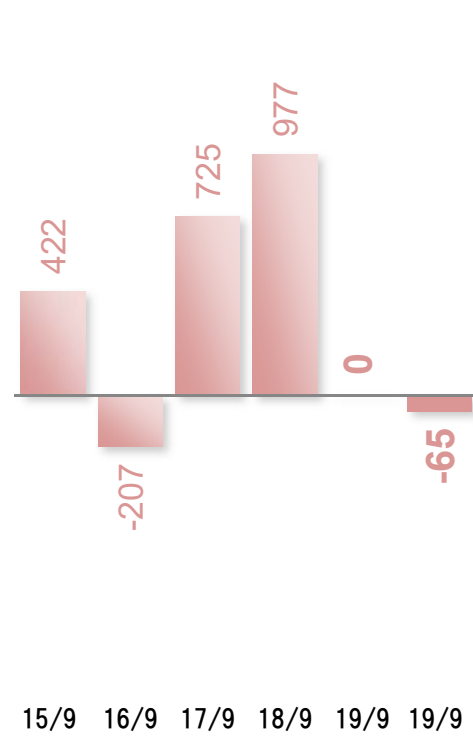
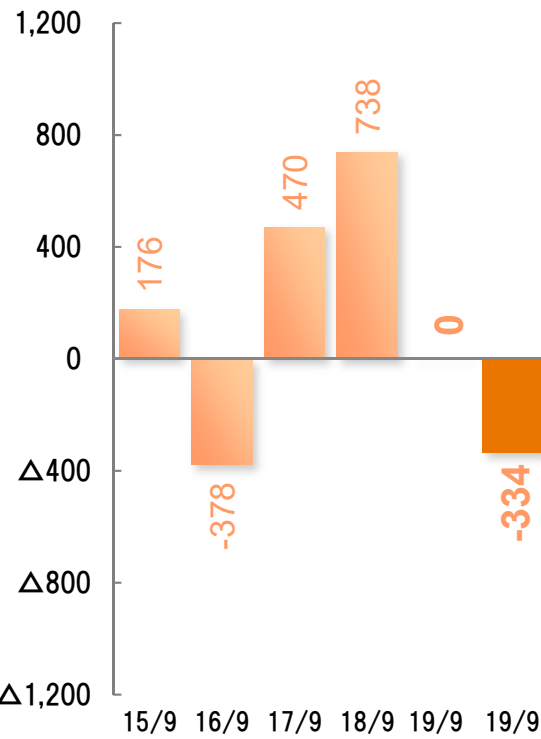
Profit Attributable to Owners of Parent

Downturn of 811 (-)

Downturn of 224 (-)



Decrease in sales for the first time in 5 periods

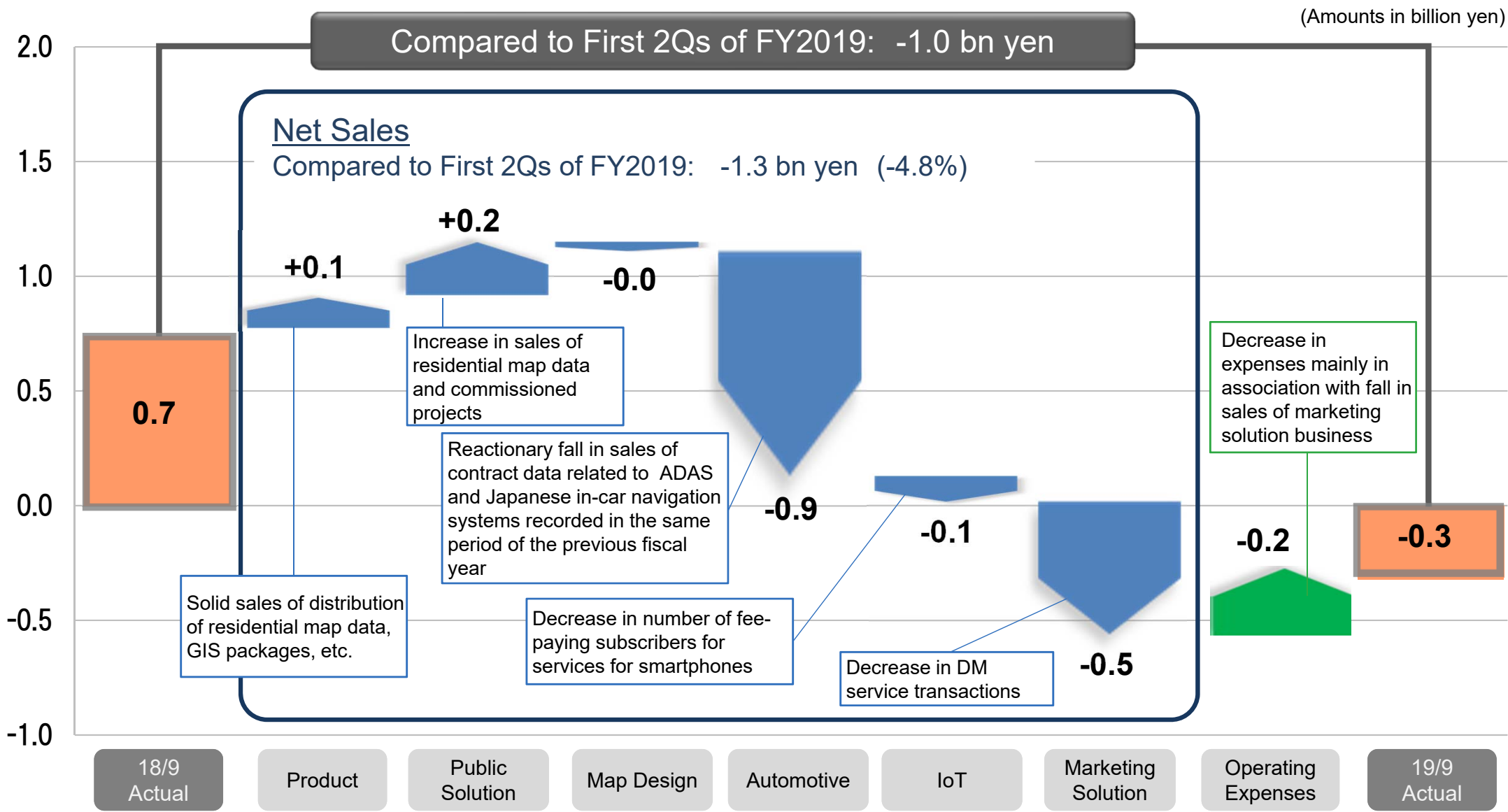


Profit in previous period → Loss

*No substantial change from the revised earnings forecast figures announced on October 25.

1-3) Causes for Change in Operating Income

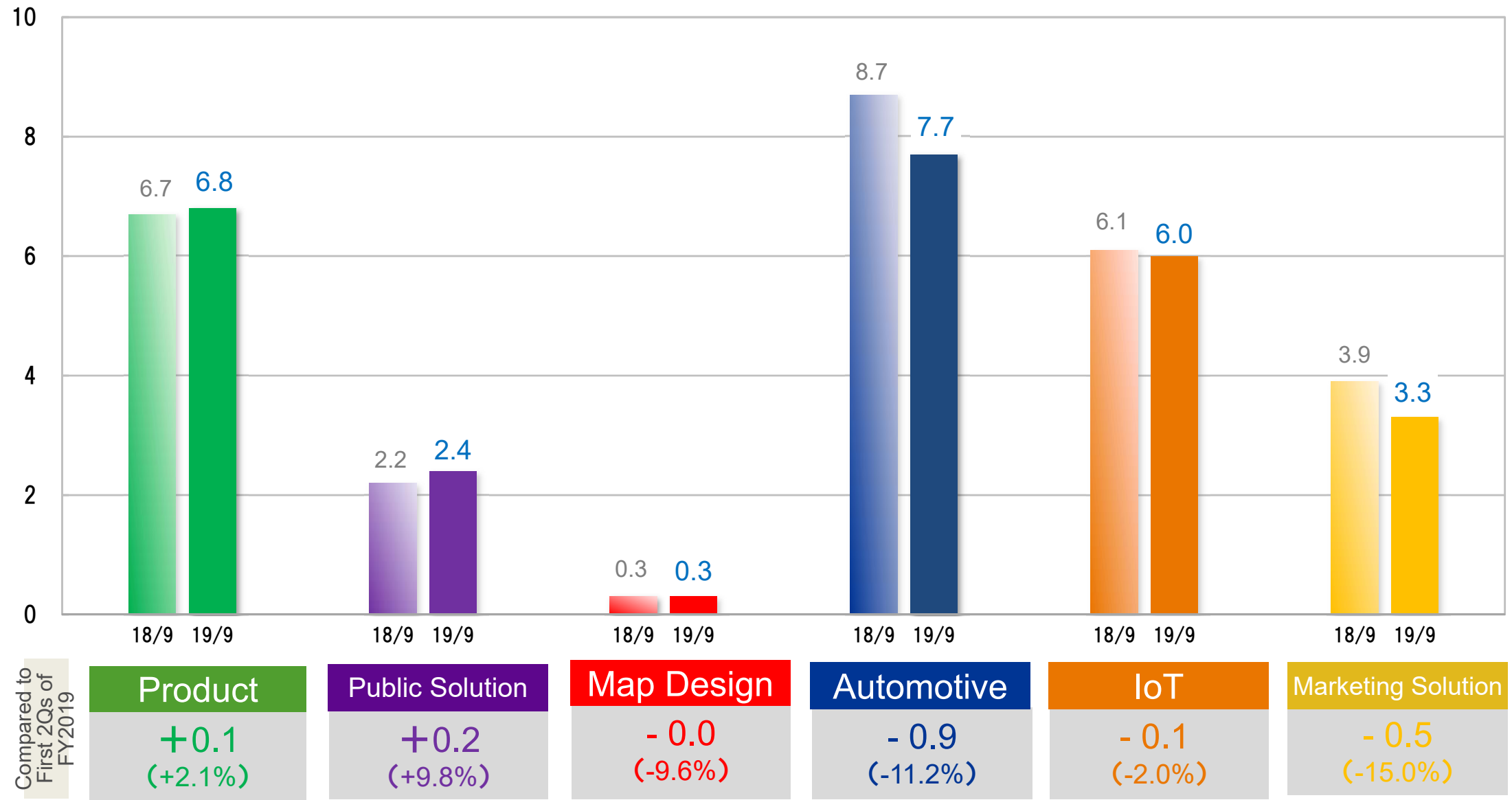
Briefing on Results for First 2Qs of FY2020



1-4) Net Sales by Business under ZGP25

Briefing on Results for First 2Qs of FY2020

(Amounts in billion yen)



*Data for fiscal 2018 are reclassified from the previous business composition.

(Amounts in million yen)

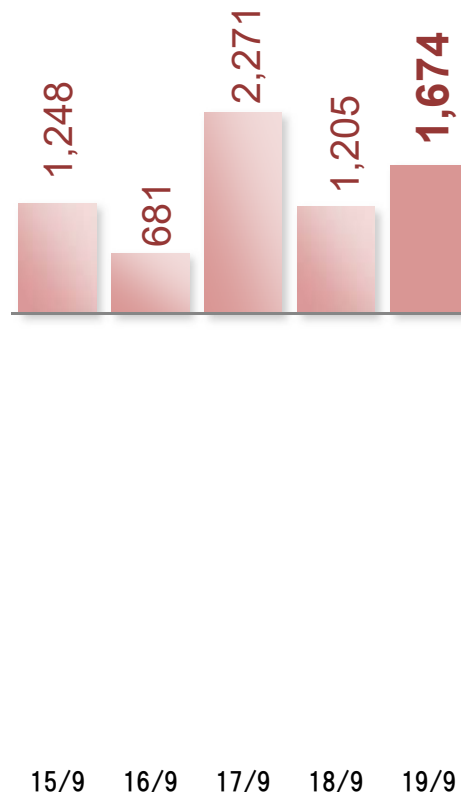
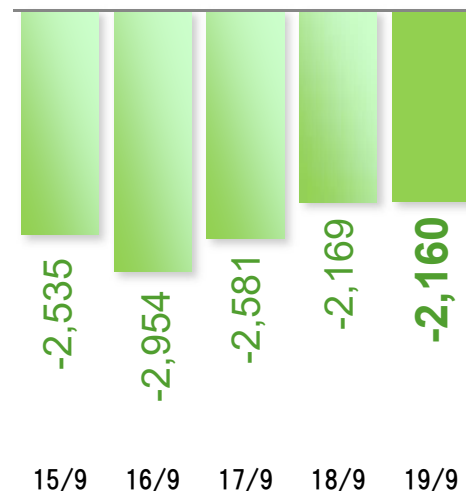
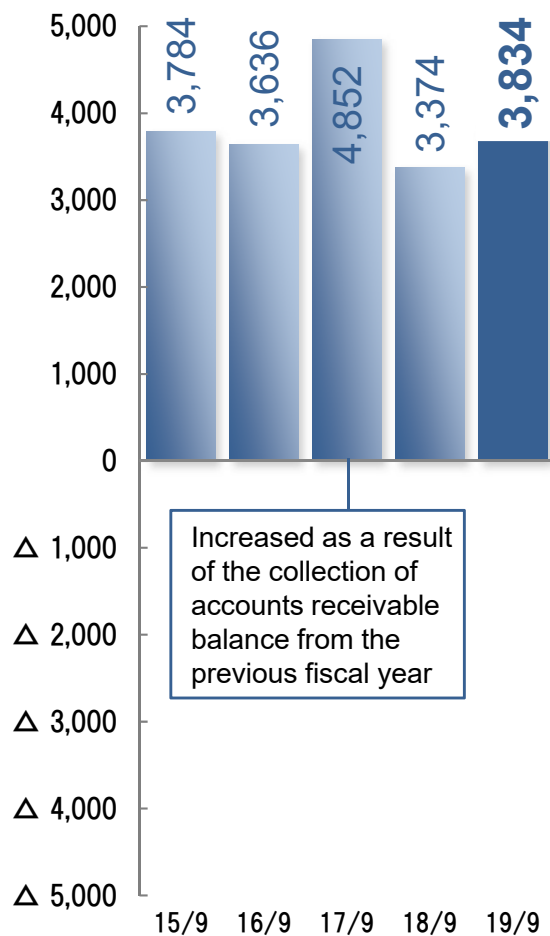
Operating Cash Flows

Investing Cash Flows

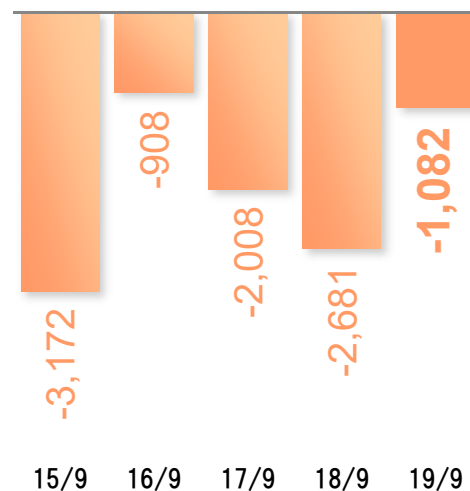
Free Cash Flows

Financing Cash Flows

 Compared to
First 2Qs of
FY2019

Inflows Up 459
Outflows Down 9
Inflows Up 468
Outflows Down 1,599


| | |
|--|--------|
| Free cash flows | 1,674 |
| Financing cash flows | -1,082 |
| Effect of exchange rate | -34 |
| Net increase in cash and cash equivalents | 557 |
| Cash and cash equivalents at beginning of period | 12,240 |
| Cash and cash equivalents at end of period | 12,797 |



2. Earnings Forecast for Fiscal 2020

- 1) Overview of Earnings Forecast for Fiscal 2020
(No change from the figures announced on April 26)
- 2) Dividends

Earnings Forecast for Fiscal 2020

Earnings forecast for fiscal 2020 is left unchanged from that announced on April 26, 2019 for now, given that progress is being made more or less as planned at this stage, not to mention that ZENRIN Group's sales and income tend to concentrate on the fourth quarter.

Compared to Fiscal 2019 <increase in sales and increase in income (same levels as previous period)>
 (Announced on April 26, 2019)

- Growth in stock-type business in Product and Public Solution Businesses and expansion of solution businesses in IoT Business are expected although ADAS-related sales in Automotive Business are expected to decrease
- Secure the same level of income as in the previous period by improving productivity, operating efficiency, etc.
 (Profit attributable to owners of parent includes the reactionary increase following the impairment loss on goodwill incurred in the same period of the previous fiscal year.)

(Amounts in million yen)

| | FY2019 Actual | FY2020 Forecast | Compared to FY2019 | % of Change |
|--|------------------|--------------------|-----------------------|-------------|
| Net Sales | 63,747 | 63,800 | 52 | 0.1 |
| Operating Expenses | 57,923 | 57,900 | -23 | -0.0 |
| Operating Income | 5,824 | 5,900 | 75 | 1.3 |
| Operating Margin | 9.1% | 9.2% | 0.1pt | |
| Ordinary Income | 6,200 | 6,300 | 99 | 1.6 |
| Profit Attributable to Owners of Parent | 3,206 | 4,000 | 793 | 24.7 |

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

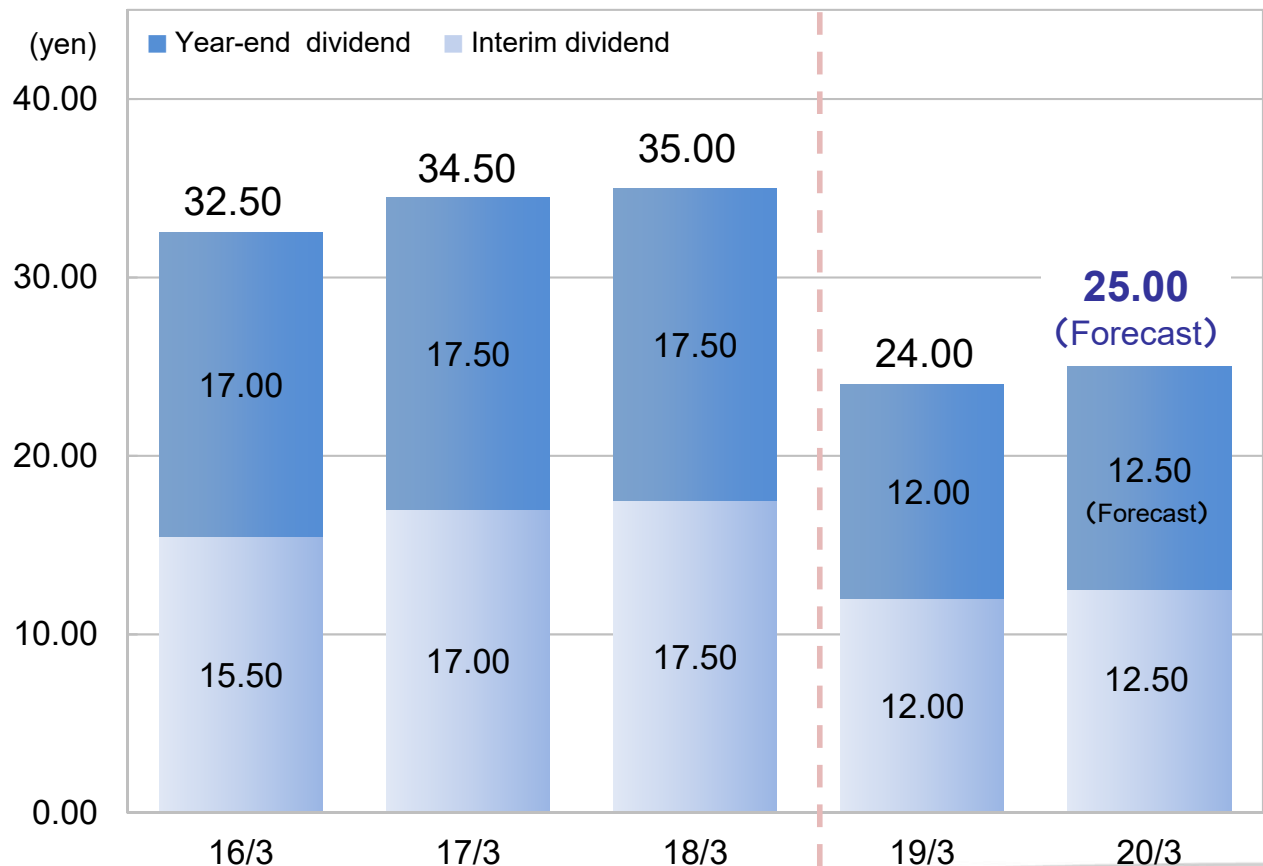
Target dividend on equity (DOE) on a consolidated basis of 3% or higher

FY2020 Dividend (pre-stock-split basis)*

| | |
|---------------------|-----------------------|
| Interim | 12.50 yen (18.75 yen) |
| Year-end (Forecast) | 12.50 yen (18.75 yen) |
| Annual (Forecast) | 25.00 yen (37.50 yen) |

* Effective April 1, 2018, the Company conducted a stock split. Each share of common stock was split into 1.5 shares.

~ Maintain DOE of 3% or higher ~



April 1, 2018
stock-split

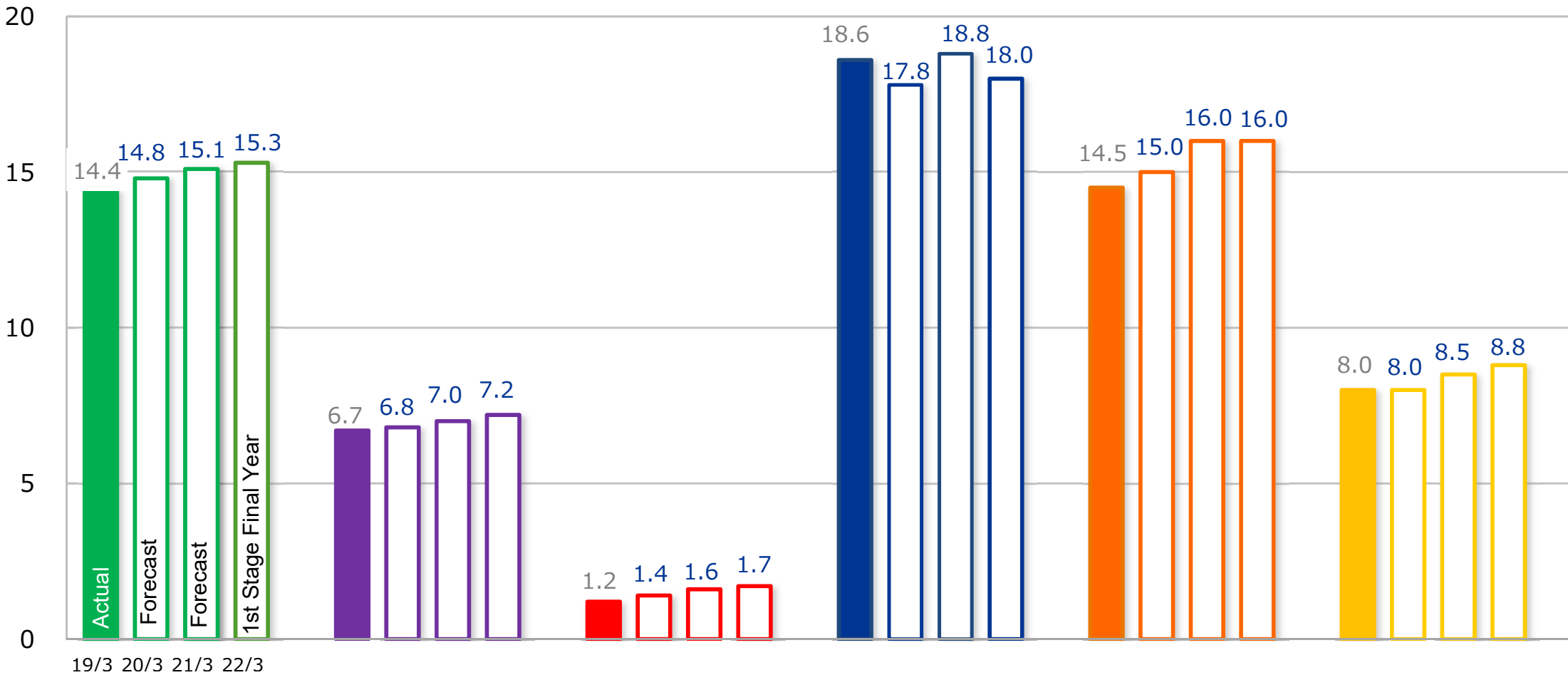
3. Business Overview

- 1) Net Sales by Business under ZGP25
- 2) ZGP25 Business Strategy

3-1) Net Sales by Business under ZGP25

Briefing on Results for First 2Qs of FY2020

(Amounts in billion yen)



| | Product | Public Solution | Map Design | Automotive | IoT | Marketing Solution |
|------|-----------------|-----------------|------------------|------------------|-----------------|--------------------|
| 19/3 | | | | | | |
| ↓ | | | | | | |
| 20/3 | +0.3 (+2.2%) | +0.0 (+0.0%) | +0.1 (+16.5%) | - 0.8 (-4.5%) | +0.4 (+2.7%) | - 0.0 (-0.3%) |

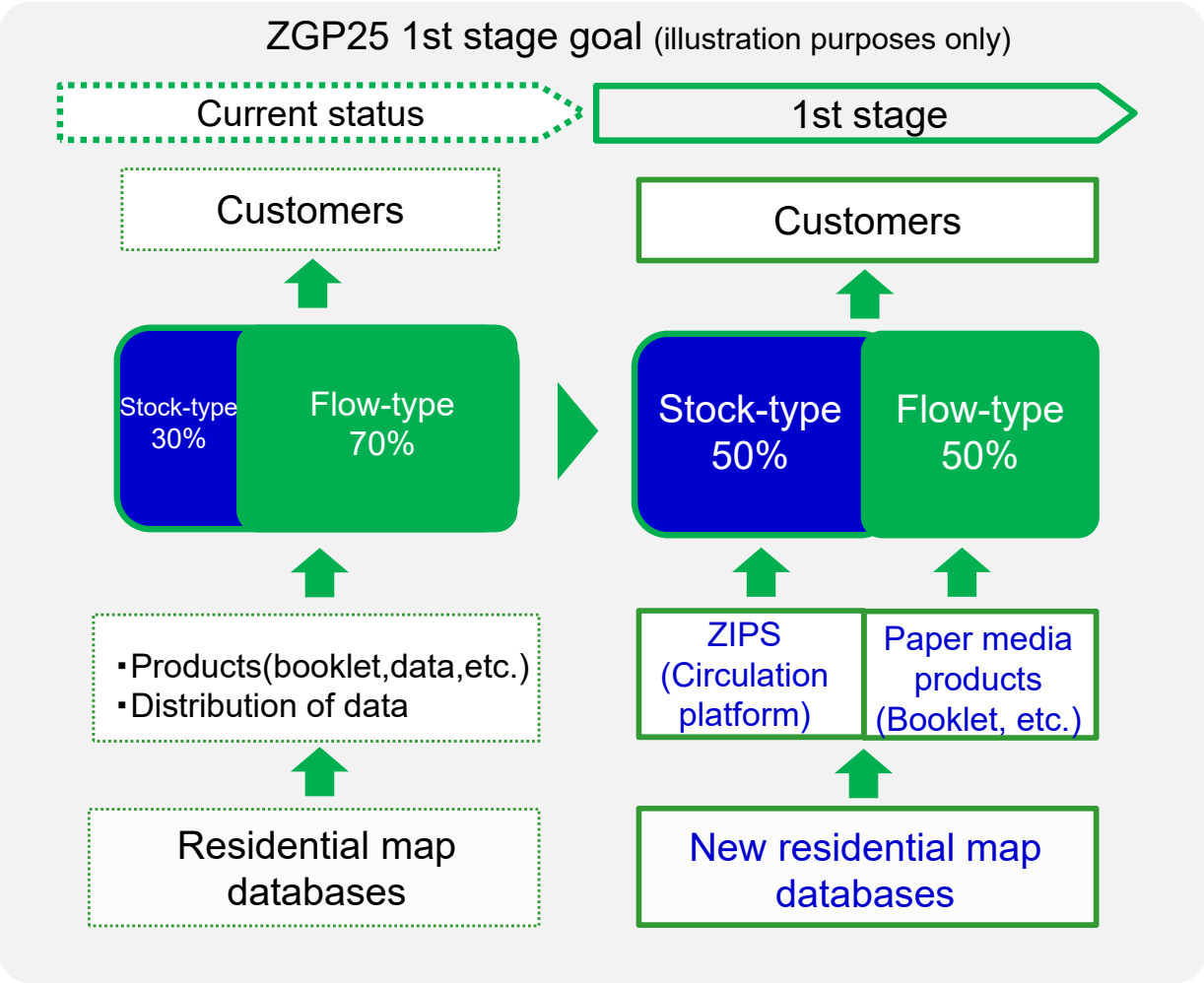
*Data for fiscal 2019 (outlined bar graph) and fiscal 2020 (final fiscal year under ZGP2020) are reclassified from the previous business composition.

3-2) ZGP25 Business Strategy

Briefing on Results for First 2Qs of FY2020

Product

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

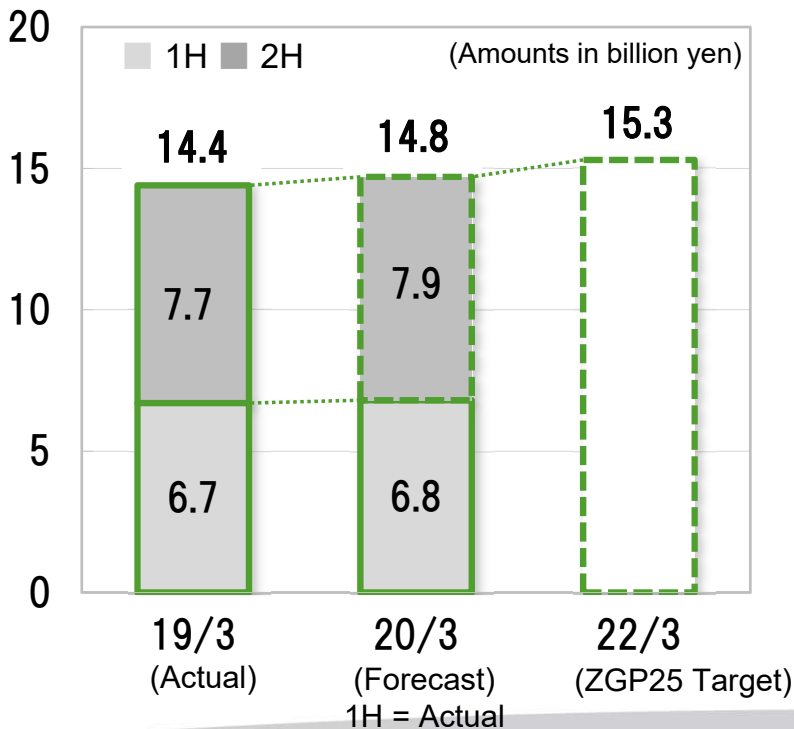


Second Quarter Progress

Sales from the distribution of map data, GIS packages, etc. were solid.

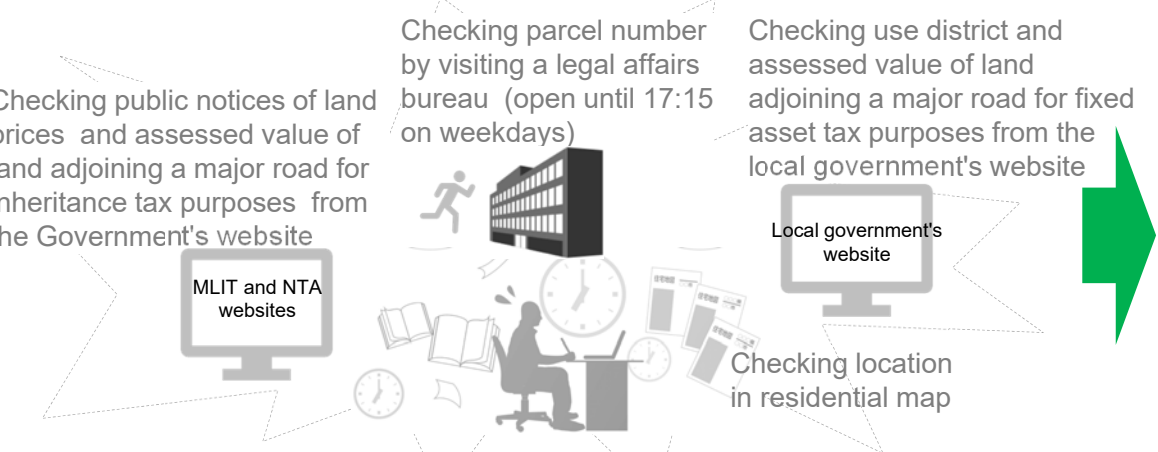
Topic

Added "past map function" to GIS Package Real Estate Premium . Further improved efficiency of real estate operations.



Provides various information needed in work in the form of a one-stop shop!
Assists SMEs in improving their operating efficiency.

For example, real estate agents' property survey operations involve:



GIS Package Real Estate allows the use of the latest map data necessary for work anytime, 24 hours a day. Cloud-based service eliminates the need for troublesome installation and configuration!



(Included contents)
Residential map, blue map, use map, public notices of land prices, land price survey, assessed value of land adjoining a major road for inheritance tax purposes, assessed value of land adjoining a major road for fixed asset tax purposes

+

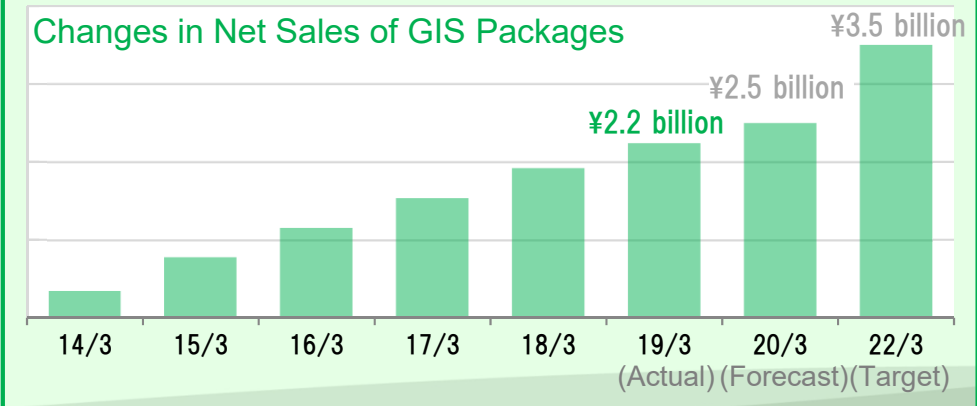
(Functions)
Search, measurement, drawing, printing, satellite image checking function, etc.

¥10,000 or more per month
* Excluding tax, per prefecture, per ID

[ZENRIN GIS Package Series] * Pricing is tax-exclusive, per prefecture and per ID

| | | | |
|-----------------------------------|---------|---|--------------------------------|
| GIS Package Real Estate | Premium | Supports operations as a whole, ranging from information collection to marketing | Monthly fee ¥20,000 or more |
| | Light | Provides necessary information and functions when dealing with clients in real estate rental agent operations | Monthly fee ¥2,980 or more |
| GIS Package Construction | | Assists persons involved in construction business in preparing ledger sheets | Monthly fee ¥10,000 or more |
| GIS Package Real Estate Appraiser | | Reduces burden of real estate appraisal and consulting operations | |
| GIS Package Tax Accountant | | Resolves the trouble involved in inheritance tax return operations in various ways | |

Growing into a stable source of income in stock-type business



3-2) ZGP25 Business Strategy

Public Solution

The residential map user base to expand to 1,000 municipalities as our maps are provided on their map platform

ZGP25 1st stage goal (illustration purposes only)

Current status

1st stage



600 municipalities

Provision of services
in collaboration with
partner companies



1,000 municipalities

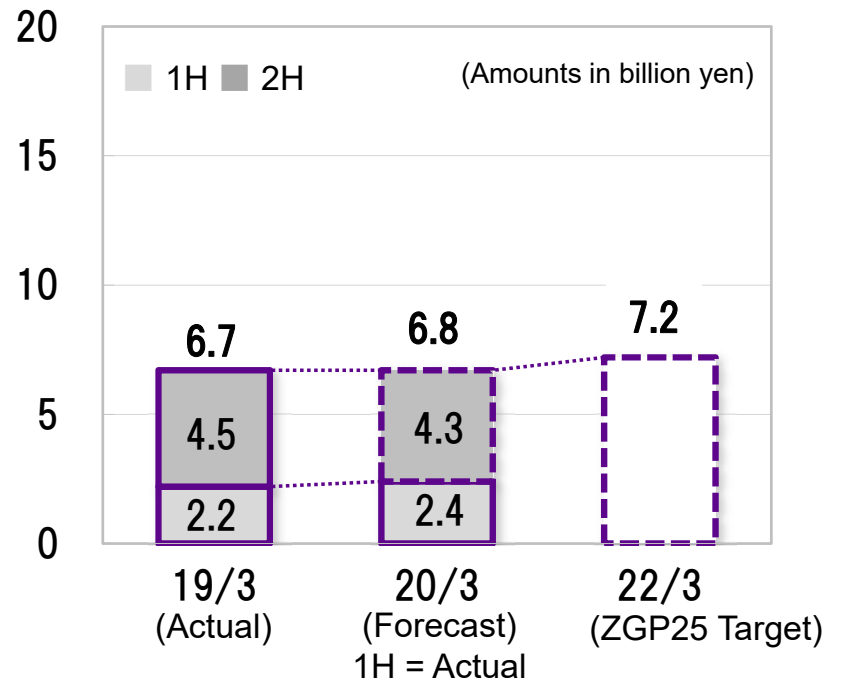
Expansion of use of
“ZENRIN residential maps
LGWAN,” which can be
used in municipalities’
dedicated network
environment

■ Second Quarter Progress

Sales of residential map data were solid.
Continued to promote expansion of LGWAN use.

■ Topic

Won the "Award of Minister of State for Disaster Management for Persons who Made Significant Contributions to Disaster Prevention for First Year of Reiwa Era," contributed to speedy recovery and reconstruction of disaster-affected areas.



Utilize residential maps in local government work more effectively!
Rich functionality provided through LGWAN.

ZENRIN Residential Map LGWAN is a cloud-based residential map service supporting Local Government Wide Area Network (LGWAN) developed by ZENRIN based on its wealth of expertise in providing maps to local governments amassed over many years. (Released in April 2018)

Institutional package

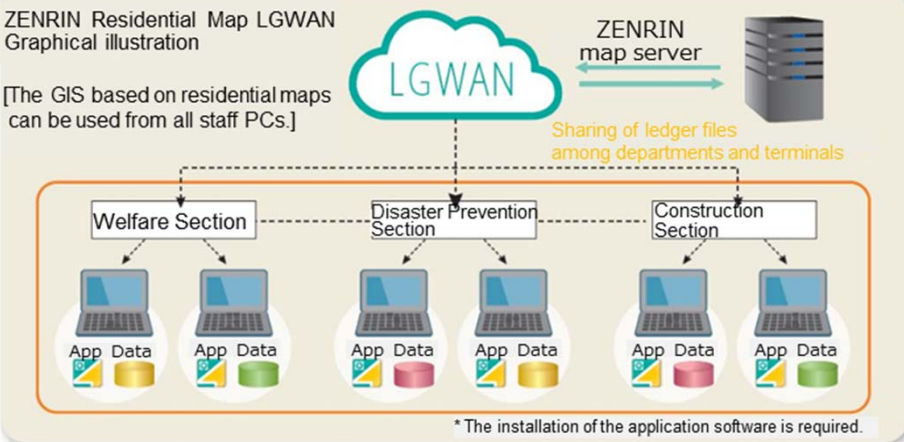
[Rich functionality provided in the form of a package through LGWAN]

Contents: Residential map, road map, city map, wide-area map
+
Basic functions: Search, printing, and separate display of buildings



ZENRIN Residential Map LGWAN
Graphical illustration

[The GIS based on residential maps
can be used from all staff PCs.]



Municipality with population of less than 30,000
Annual fee: ¥120,000 or more

* Excluding tax, basic functions only

[ZENRIN Residential Map LGWAN Disaster Prevention Pack]

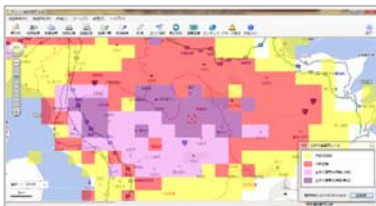
Packaged functions required for disaster response and other operations in crisis management division.

Basic functions + Ledger management, shapefile import, wide-format printing, area count, display of Landslide Warning Judgment Mesh Information, UTM grid display



[Area count]

Automatically counts the number of households in designated diagrams in ledgers and polygons drawn.



[Display of Landslide Warning Judgment Mesh Information]

Superimposes the Landslide Warning Judgment Mesh Information distributed by the Japan Meteorological Agency on a map. (5km mesh)
*Sends alert and email notification when mesh areas overlap based on preconfigured conditions.



[UTM grid display]

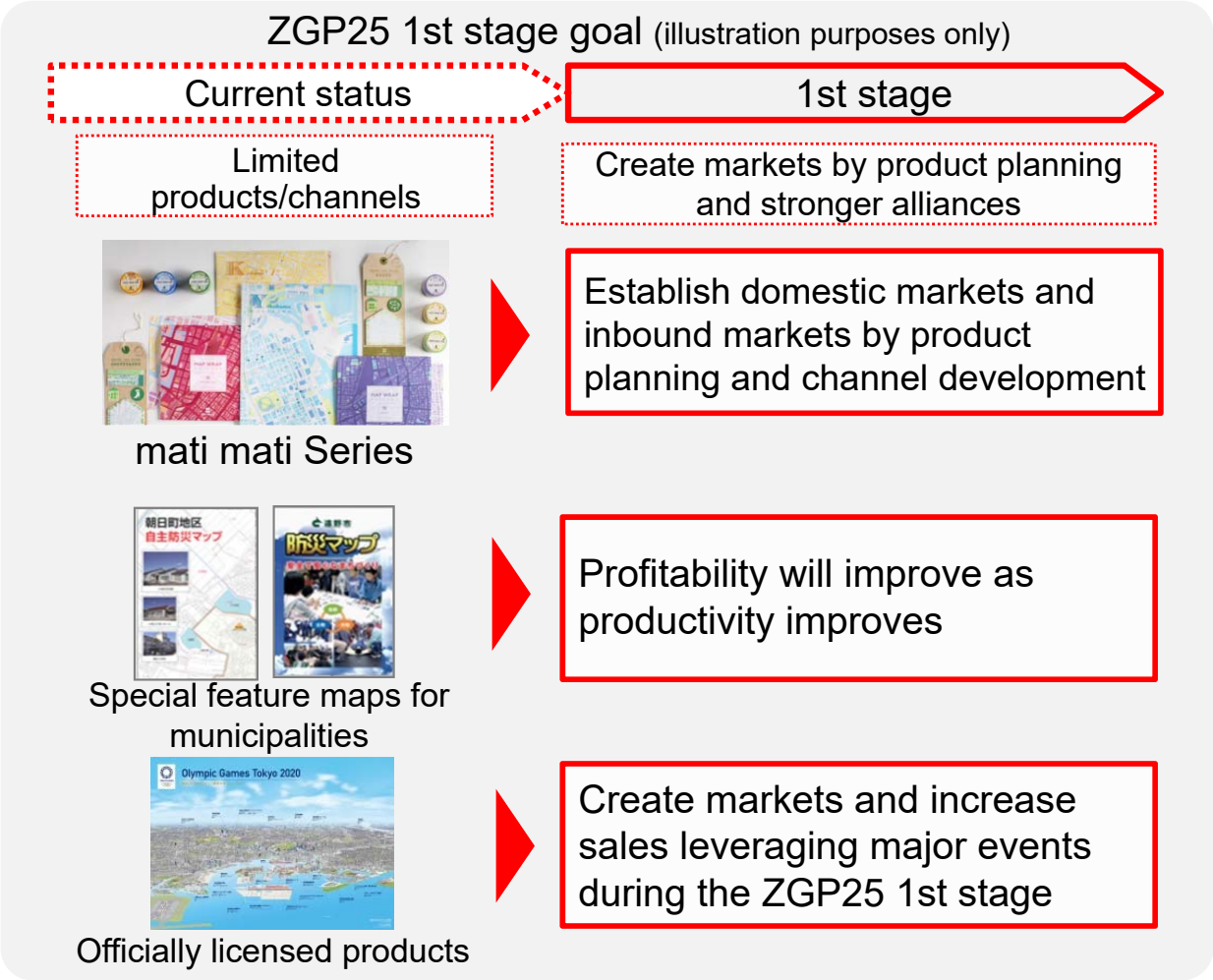
Superimposes UTM grid lines (grid lines based on UTM coordinate system) on a map. Improves the efficiency of information exchange with Self-Defense Forces when responding to a disaster.

3-2) ZGP25 Business Strategy

Briefing on Results for First 2Qs of FY2020

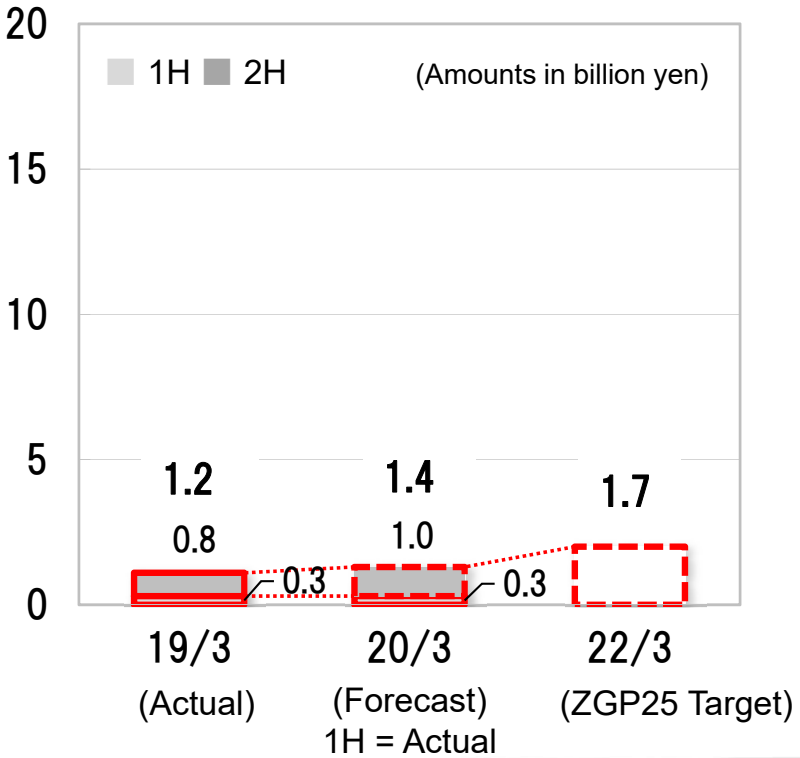
Map Design

Develop consumer markets with specific targets and map design products



■ Second Quarter Progress
Mostly the same as the same period of the previous fiscal year.

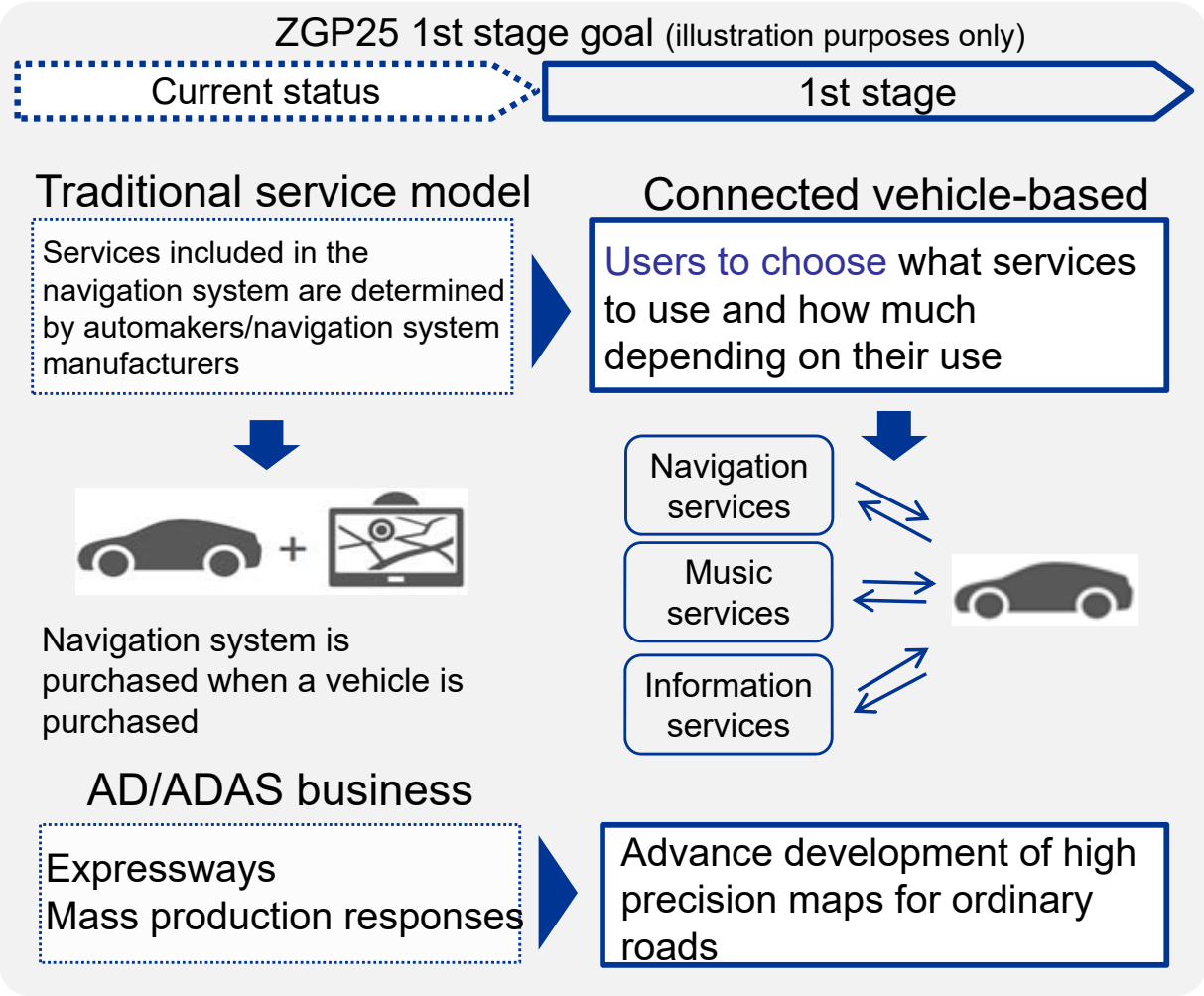
■ Topic
Sold officially licensed products at major events.



3-2) ZGP25 Business Strategy

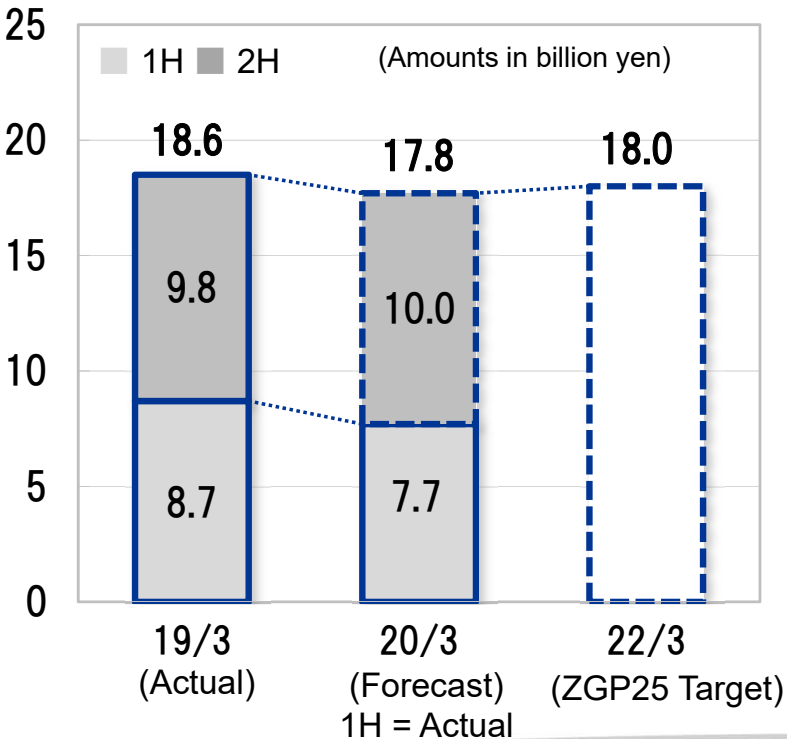
Automotive

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



■ Second Quarter Progress
Sales of data for Japanese in-car navigation systems were solid.

■ Topic
3D high-precision map data adopted by Nissan's "ProPILOT2.0".



IoT

Share expansion in new platforms that use location information

ZGP25 1st stage goal (illustration purposes only)

Current status

1st stage

Values provided

- Evolution into location information infrastructure referenced by machines and AI
- Provide a spatial information platform that relates various information

Business model

Create a stock-type business model that provides geospatial databases and IoT solutions using ZIPS (circulation platform)

Customers

- Leading companies in each industry sector
- MaaS vendors, transportation companies
- IoT service providers
- Drone service providers

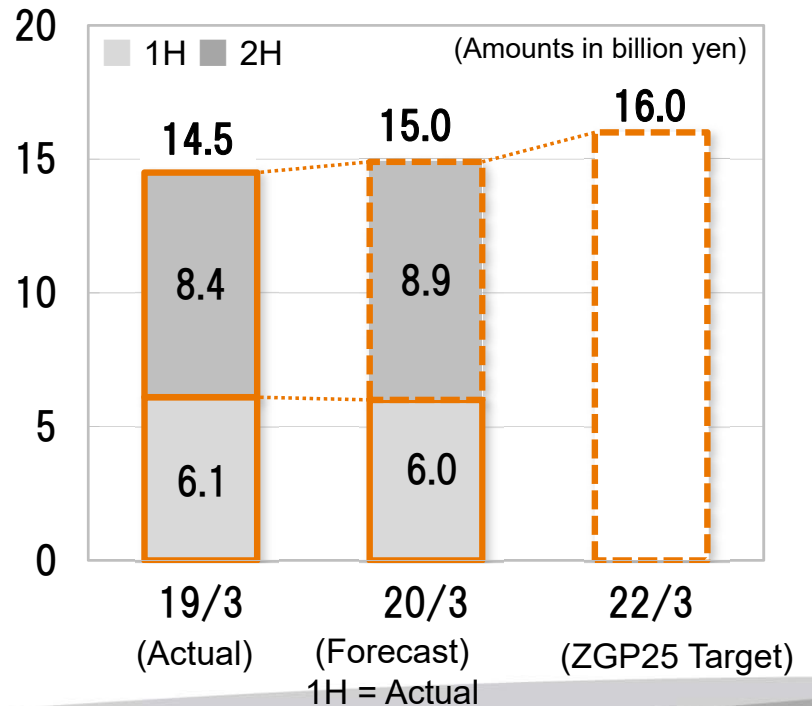
Flow-type business to provide map data to specific companies

■ Second Quarter Progress

- The number of fee-paying subscribers for services for smartphones decreased.
- Enhanced solutions for taxi dispatch in the MaaS business field.

■ Topic

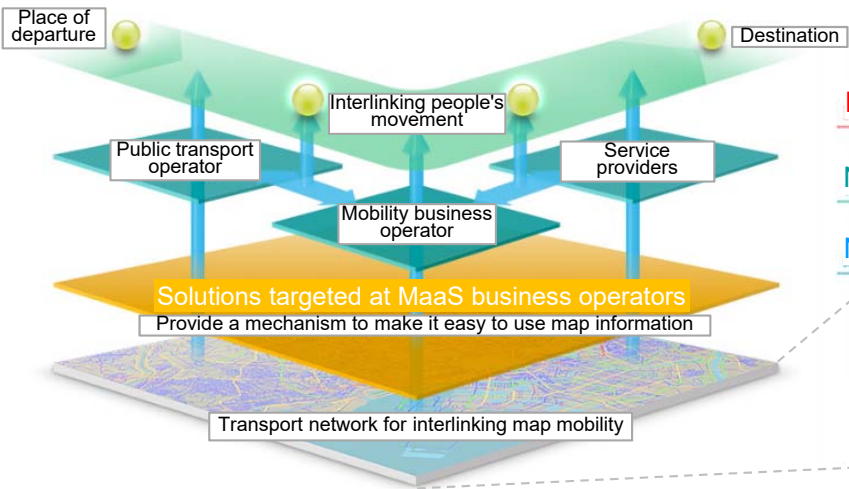
- ZENRIN Group forms business alliance with DiDi Mobility Japan Corp.
- ZENRIN Group forms business and capital alliance with MinnanoTaxi Corporation.



Spatial database that realizes MaaS: "Mobility-based Network"

Interlinks the movement of people by making movement visible on the map and providing it in the form of spatial information to various business operators.

Provide spatial information to interlink movement



Mobility based Network

Rail route

Network for pedestrians

Network for automobiles

+



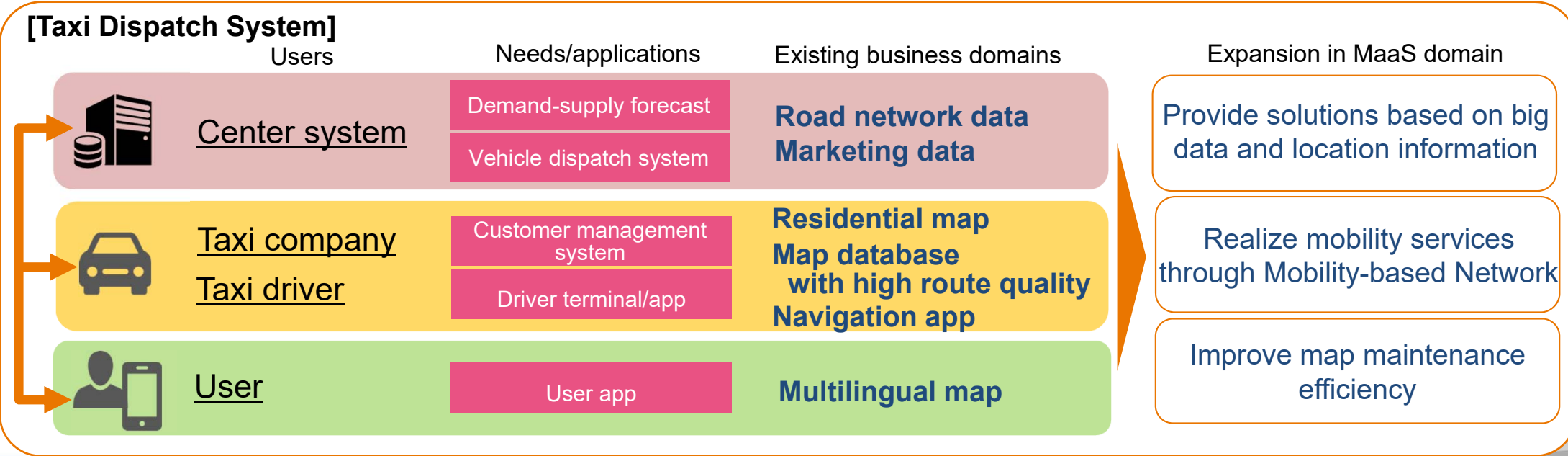
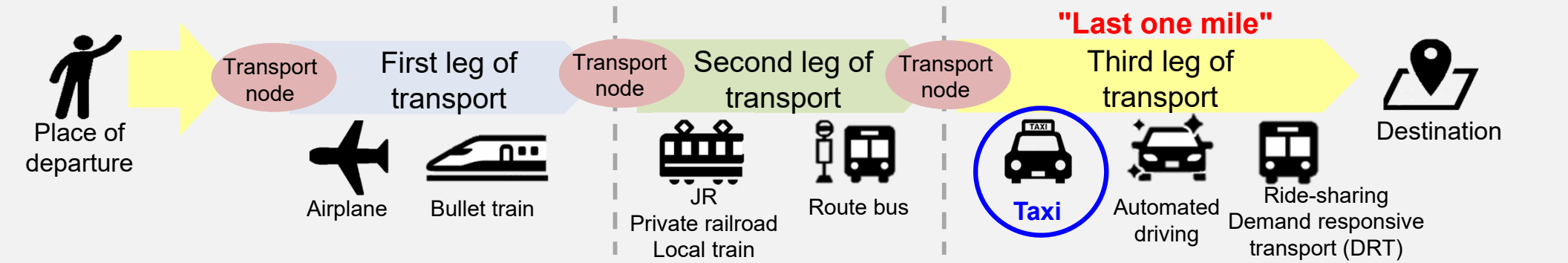
* Image is for illustration purposes only.

ZENRIN's "Mobility-based Network" makes mobility in all forms visible in a single space. It realizes the provision of information optimized for MaaS by incorporating all networks required for movement, including networks for automobiles, rail routes, paths inside station yards and networks for pedestrians, and interconnecting each network at transport nodes (i.e., places where various means of transportation intersect).

A new mobility service is created by providing Mobility-based Network and three solution functions (i.e., regional information digitization tool, provision of optimal routes, and big data analysis) to MaaS operators.

Alliance with the taxi industry,
a key mobility factor in charge of the "last one mile" as the third leg of transport

A great deal of attention is drawn to a next-generation taxi dispatch app that will improve convenience and comfortableness in the taxi industry, where the adoption of IT is accelerating.



Marketing Solution

Introduce new services in the marketing support service market

ZGP25 1st stage goal (illustration purposes only)

Provide value to customers based on synergies from the combination of geospatial information and ZENRIN Group's know-how (consulting, design, printing, etc.)

Platform

Consulting

Promotion

Operation

Planning

Creative

Operation

Analysis

Strategy
formulation

Promotion
planning

Editorial
design

Media
production

Media distribution
and operation

Marketing area analysis using GIS, shop opening plan proposal, sales promotion planning, etc.

Design and printing of flyers and tools

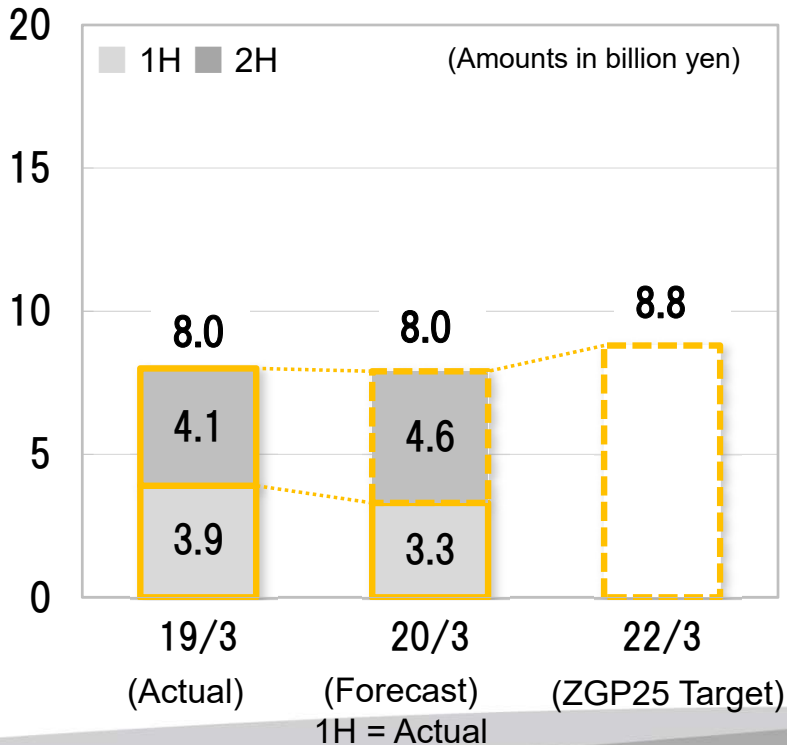
Sending DMs, posting folded flyers, etc.

Second Quarter Progress

Orders received for direct mail service decreased.

Topic

Plan to roll out marketing solution package service.



Resolves various issues in sales promotion operations in retail and service businesses and provides an easy-to-understand, effective service.

Sales promotion package service utilizing map data and marketing content targeted at 1.4 million retail and service businesses nationwide.

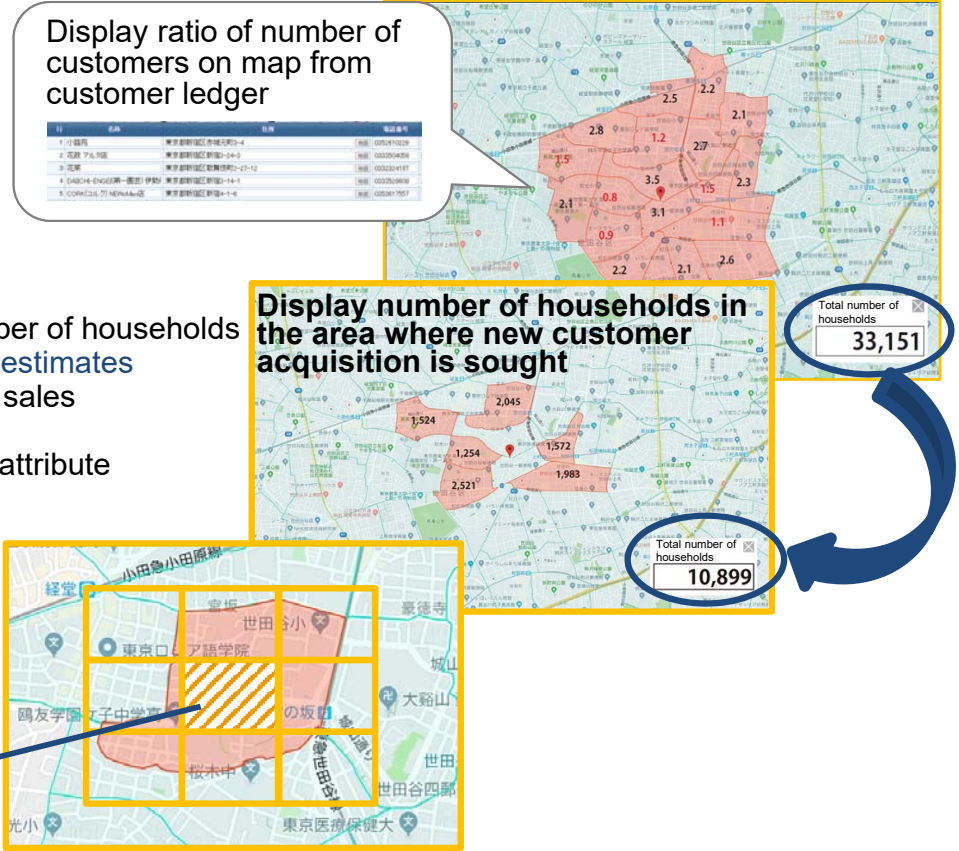
[Sales promotion support package (illustration)]



- Browse maps and search (residential maps and road maps)
- Import customer ledgers
- Display number of households per town/block
- Display ratio of number of customers with respect to number of households
- Narrow down area and display leaflet printing/distribution estimates
- Display estimate in the narrowed-down area according to sales promotion budget
- Select sales promotion target by residential map building attribute (e.g., detached house, condominium, rental apartment)
- Create leaflets easily
- Automatically create a map of your store in leaflets
- Output map of the distribution area

Display ratio of number of customers on map from customer ledger

| 行 | 住所 | 住所 | 住所 | 住所 |
|---|-------|--------------|----------|----------|
| 1 | 1-1-1 | 東京都港区赤坂2-1-1 | 100-0001 | 100-0001 |
| 2 | 2-2-2 | 東京都港区赤坂2-2-2 | 100-0002 | 100-0002 |
| 3 | 3-3-3 | 東京都港区赤坂2-3-3 | 100-0003 | 100-0003 |
| 4 | 4-4-4 | 東京都港区赤坂2-4-4 | 100-0004 | 100-0004 |
| 5 | 5-5-5 | 東京都港区赤坂2-5-5 | 100-0005 | 100-0005 |



Additional services Also supports leaflet design production/printing, newspaper insert/posting/DM dispatching after selection of sales promotion area

4. Appendix

1) Overview of Results for First 2 Quarters of Fiscal 2020

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 2020

(Excerpt from Briefing on Results for Fiscal 2019 presentation materials)

Changes in Net Sales, Income and Profit

Amount of Capital Investment, Depreciation and R&D Costs

ZGP25 Numerical Targets

3) Business Topics

4-1) Segment Information

Sales
Composition

82.8%

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



6.8%

2. General Printing Segment

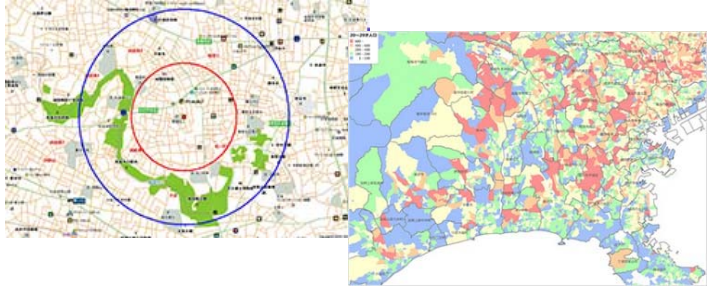
Main Items: Manufacture and sales of general printing goods



10.4%

3. Other

Main Items: Provision of marketing solution
Sales of purchased products



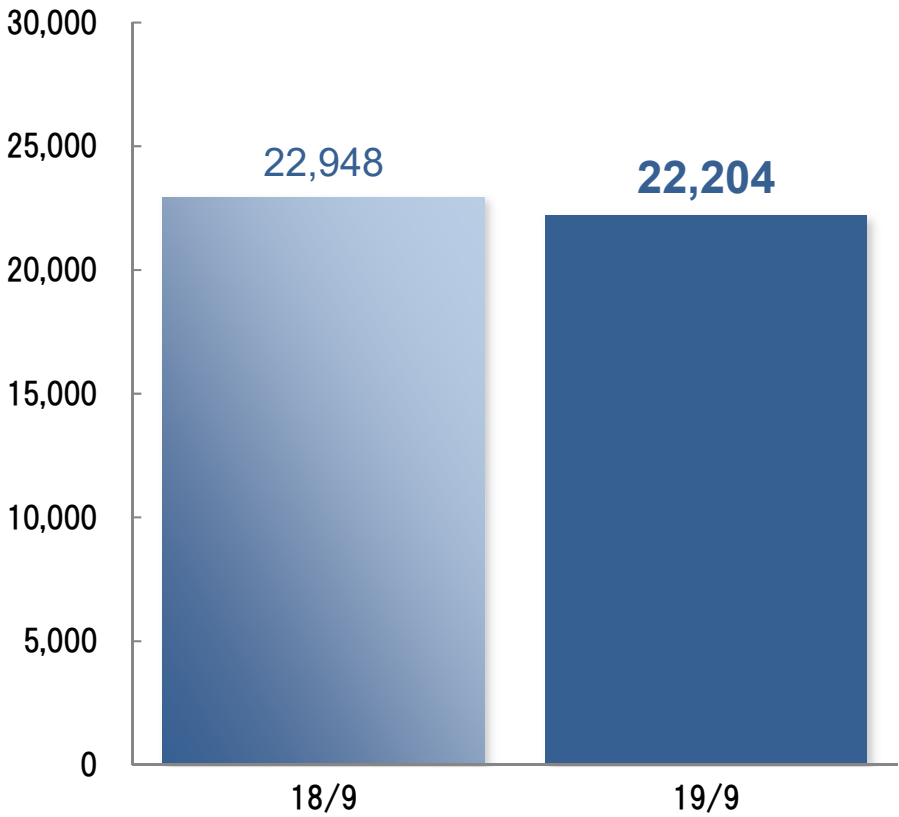
*From the consolidated first quarter, changes, etc., of reportable segments were made.

4-1) Map Database Segment

Net Sales

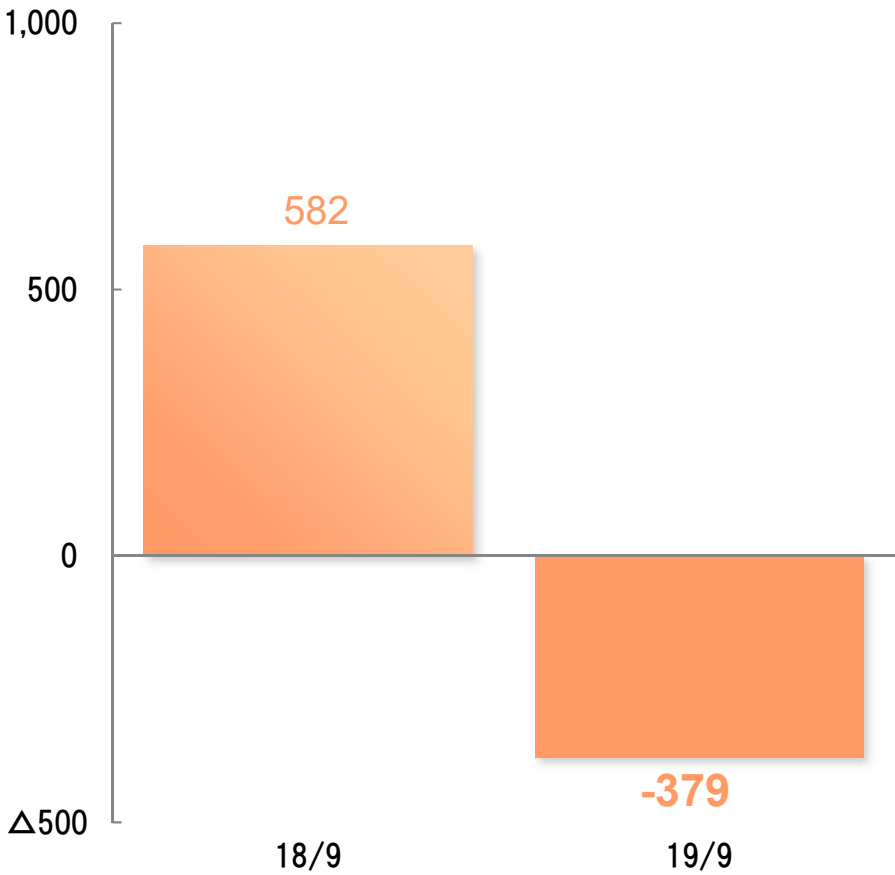
Compared to First
2Qs of FY2019

Down 744 (-3.2%)



Operating Income

Downturn of 962 (-)



*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.

(Amounts in million yen)

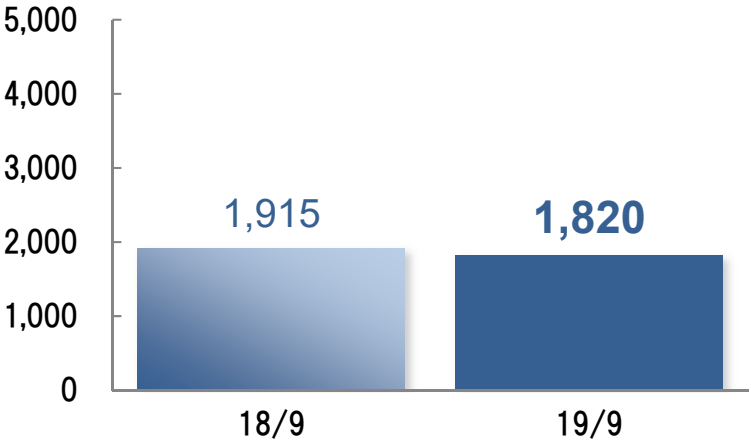
4-1) General Printing Segment, and Other

General Printing Segment

Net Sales

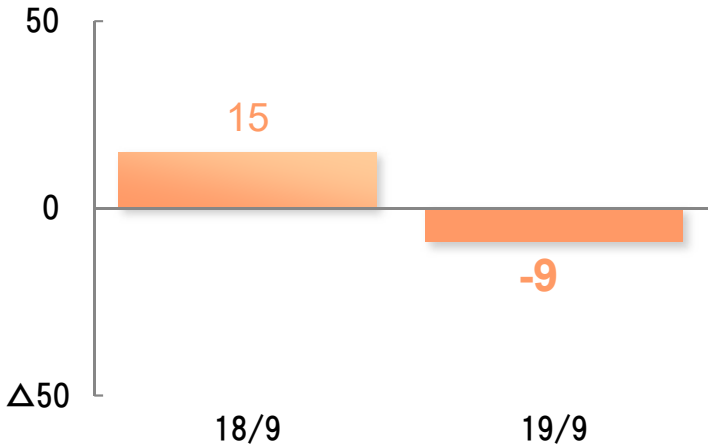
Compared to First
2Q of FY2019

Down 95 (-5.0%)



Operating Income

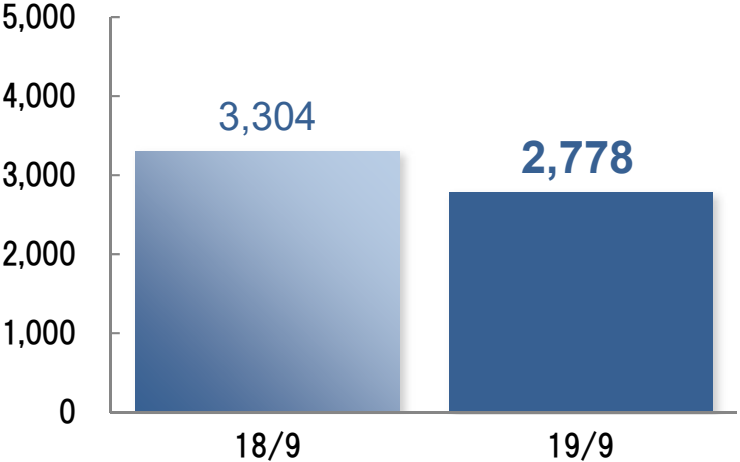
Downturn of 24 (-)



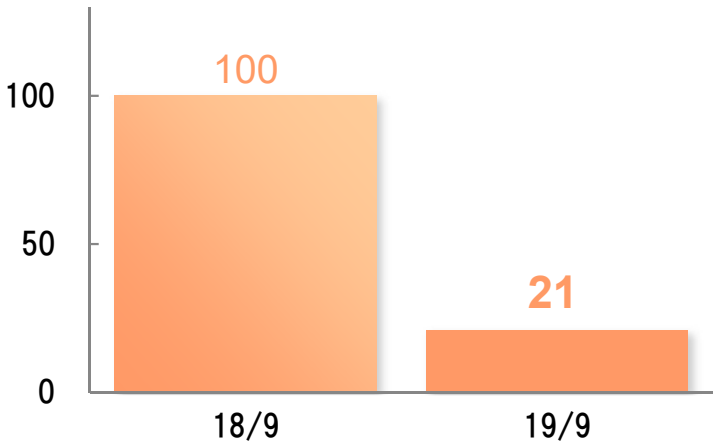
Other

Down 525 (-15.9%)

Compared to First
2Qs of FY2019



Down 79 (-79.1%)



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

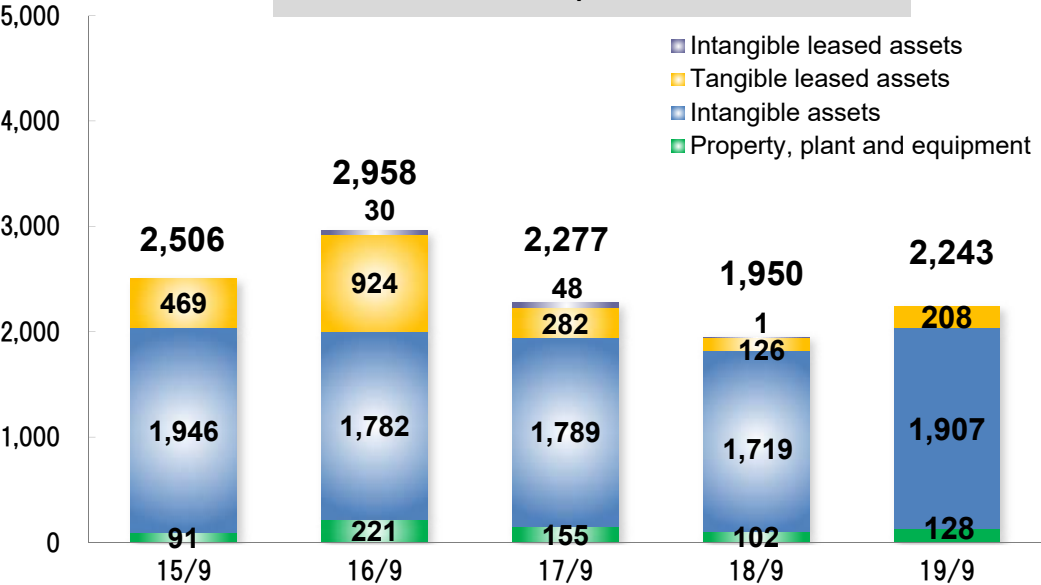
With regard to the year-to-year comparison, the previous year's figures for the business related to map databases and other businesses were reclassified to conform to segments after these changes.

4-1) Overview of Results for First 2 Quarters of Fiscal 2020

(Amount of Capital Investment, Depreciation and R&D Costs)

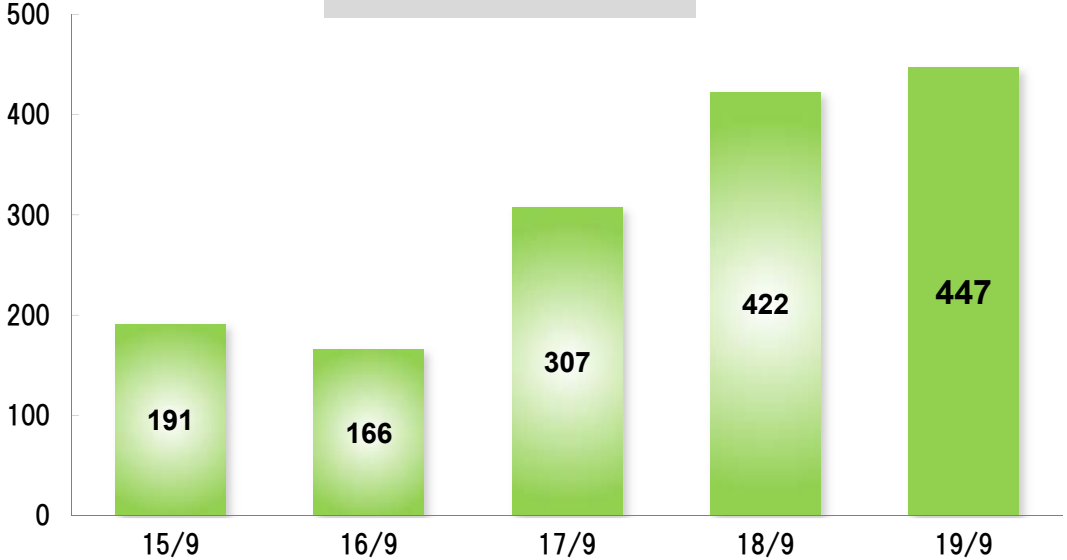
Briefing on Results for First 2Qs of FY2020

Amount of Capital Investment

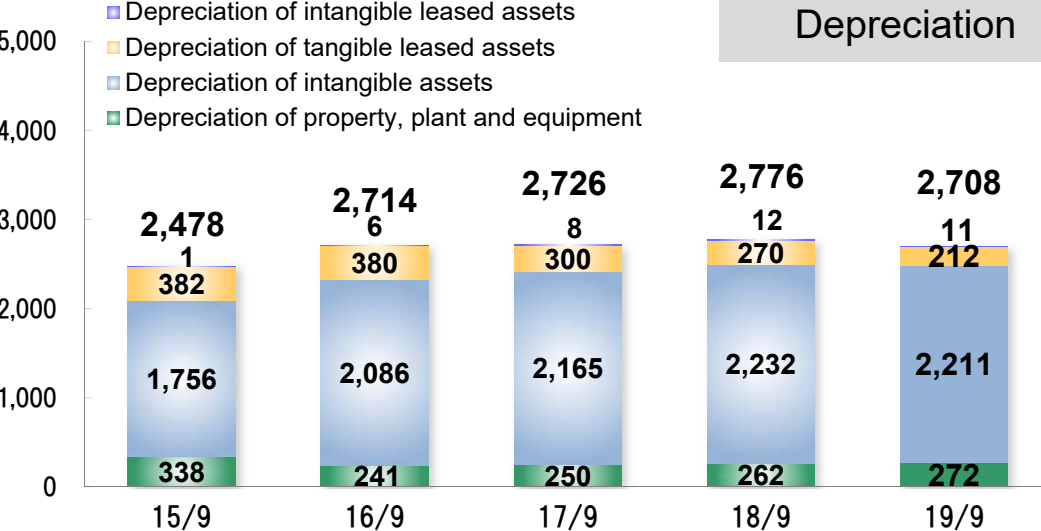


R & D Cost

(Amounts in million yen)



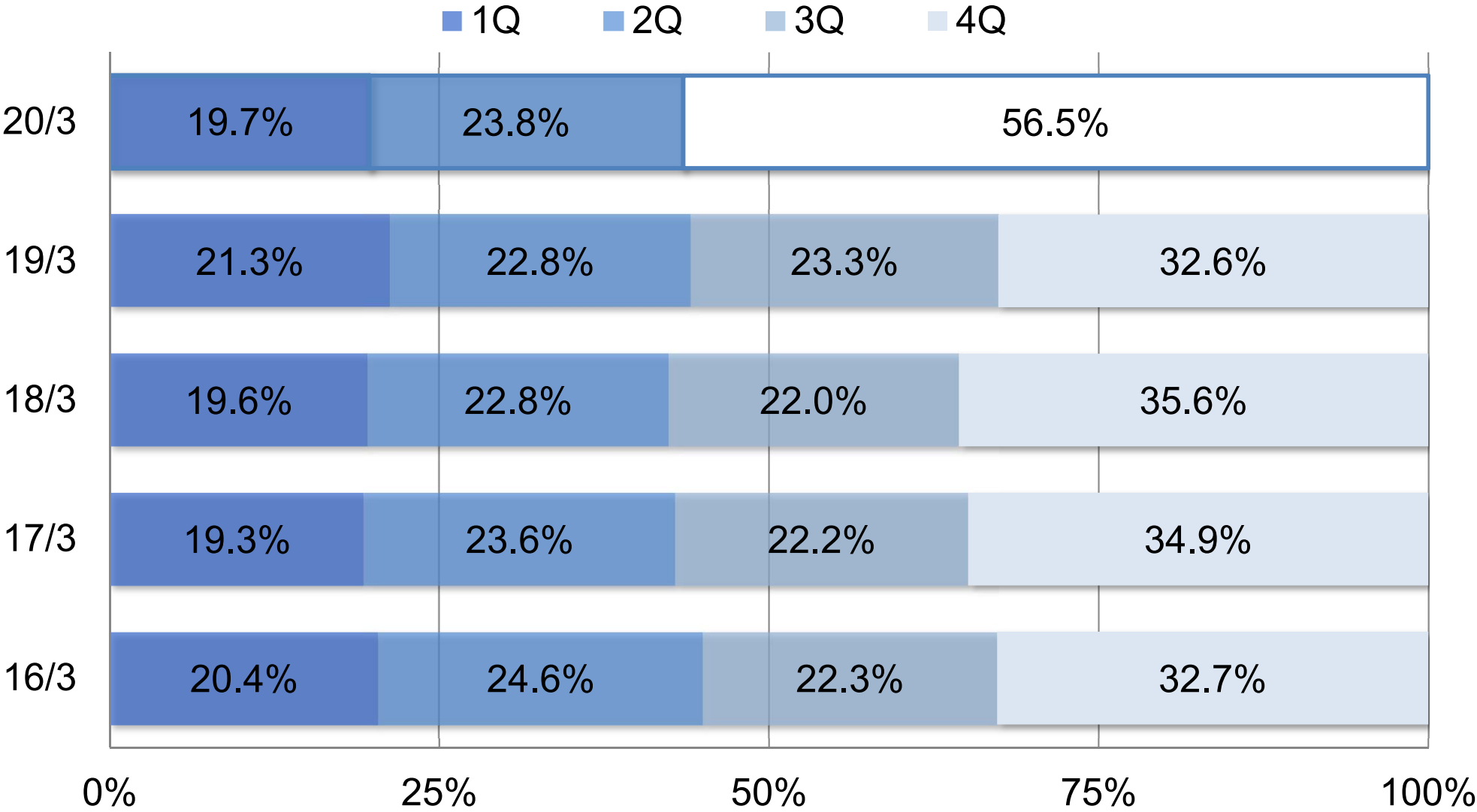
Depreciation



4-1) Overview of Results for First 2 Quarters of Fiscal 2020

(Changes in Composition of Net Sales by Quarter)

Briefing on Results for First 2Qs of FY2020



4-2) Overview of Earnings Forecast for Fiscal 2020

(Changes in Net Sales, Income and Profit)

Briefing on Results for First 2Qs of FY2020

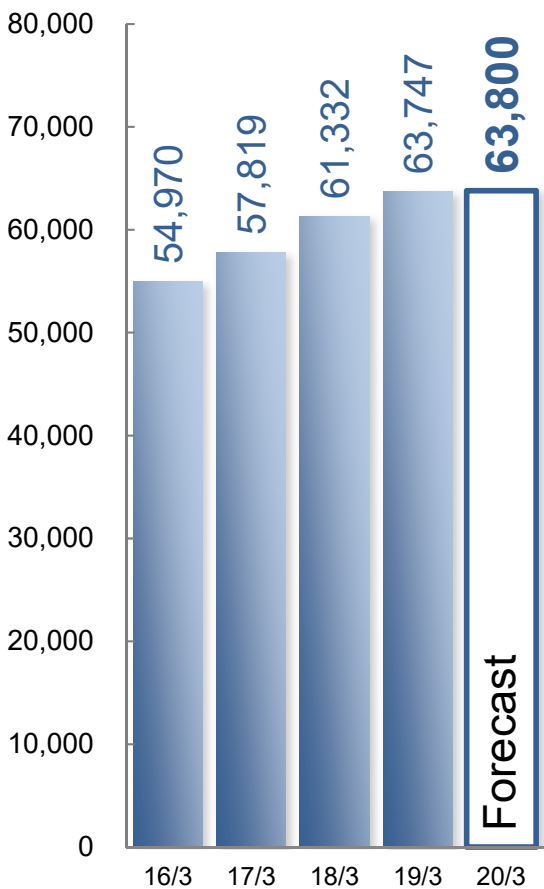
(Amounts in million yen)

Net Sales

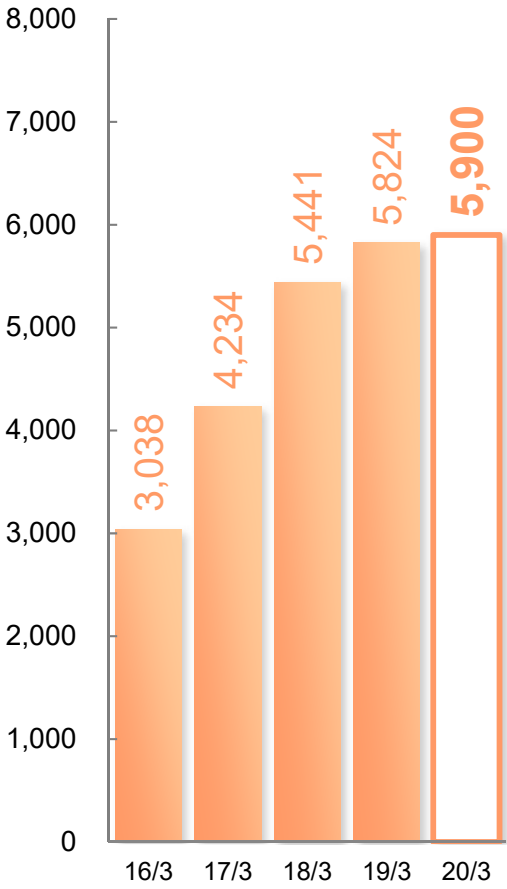
Operating Income

Ordinary Income

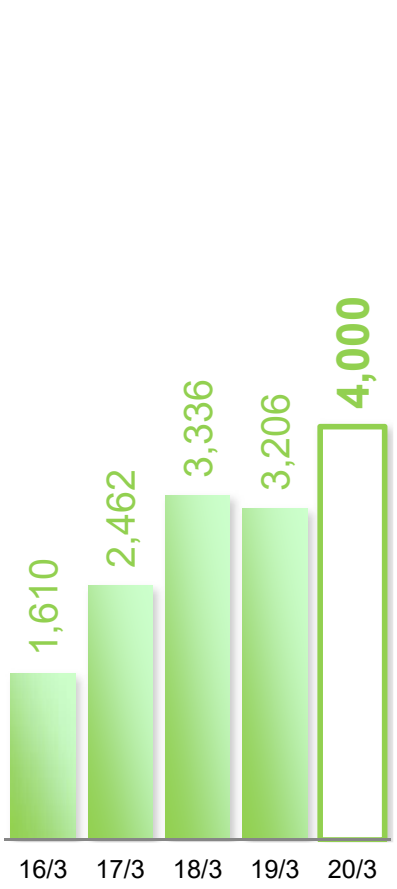
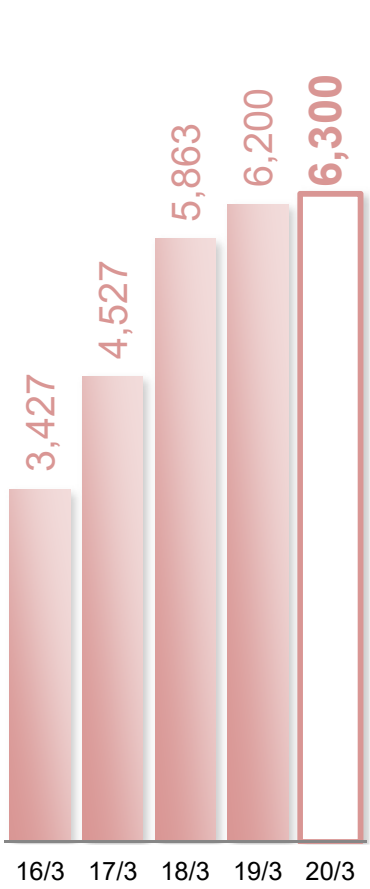
Profit Attributable to Owners of Parent



Increase in sales for five consecutive periods/Record high



Increase in income for five consecutive periods



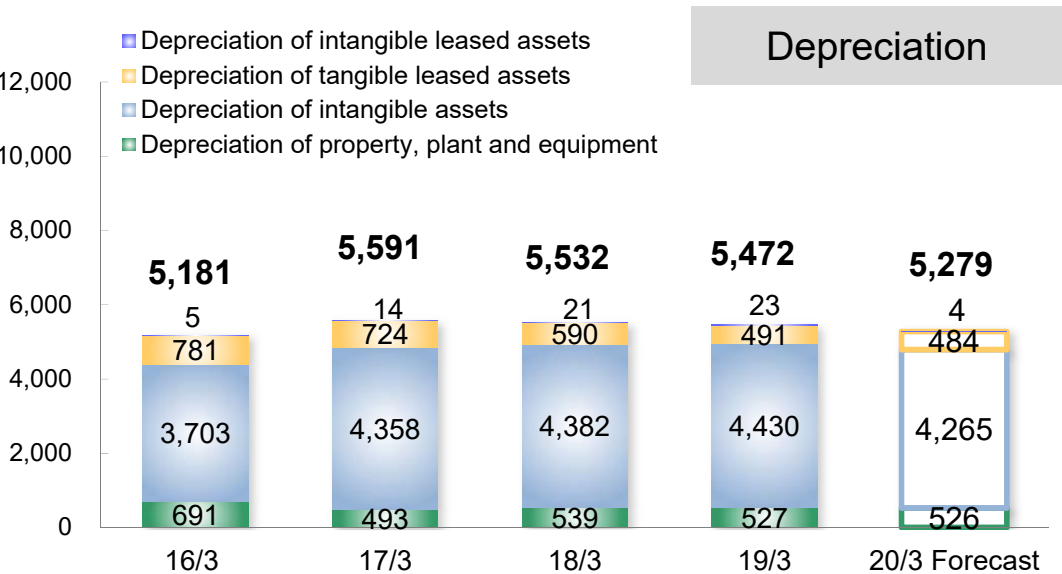
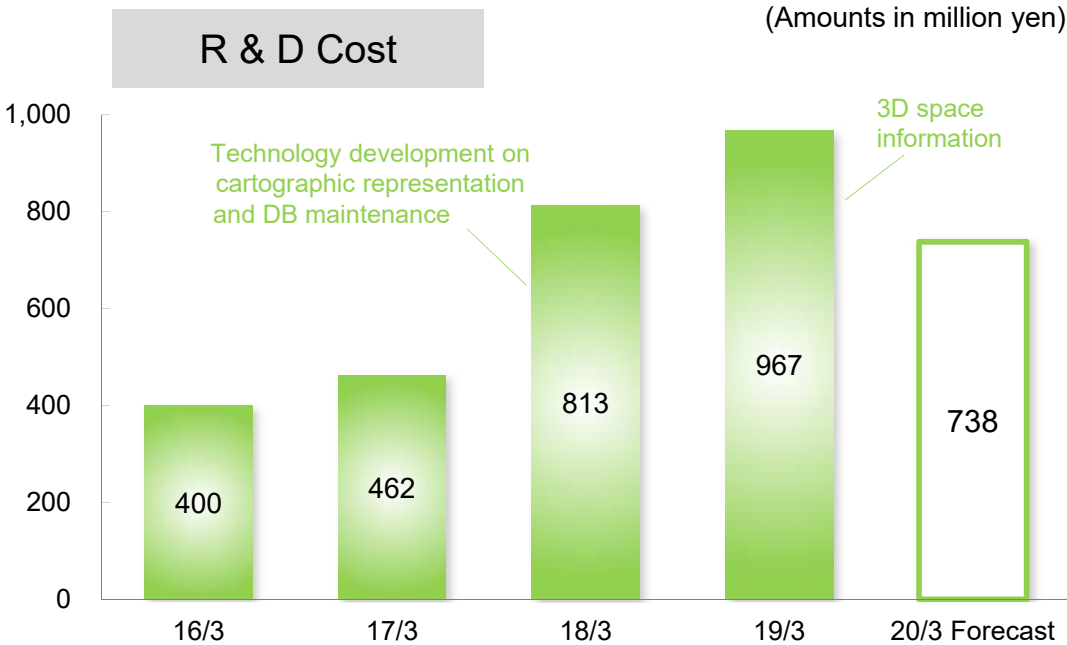
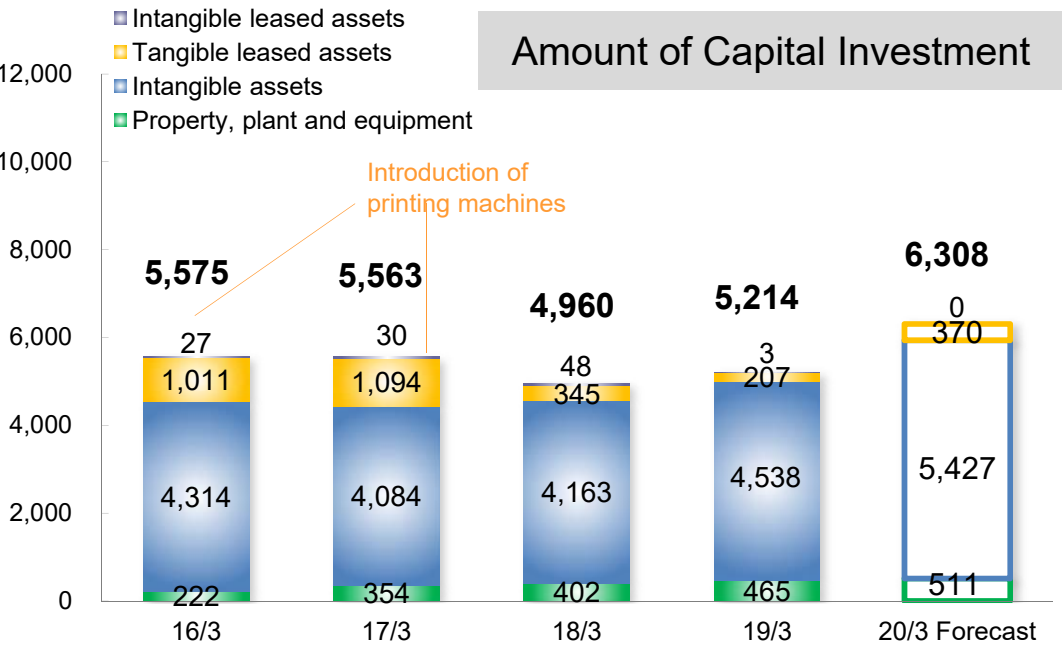
Increase in profit for the first time in two periods

4-2) Overview of Earnings Forecast for Fiscal 2020

(Amount of Capital Investment, Depreciation and R&D Costs)

Briefing on Results for First 2Qs of FY2020

(Amounts in million yen)



4-2) ZGP25 Numerical Targets

| | 1st Stage | | | 2nd Stage |
|--|----------------------|----------------------|-----------------------|----------------------|
| | 1st Year | 2nd Year | 3rd Year | 6th year |
| | FY2020 (Forecast) | FY2021 (Target) | FY2022 (Target) | FY2025 (Guide) |
| Consolidated Net Sales | 63.8 bn yen | 67.0 bn yen | 67.0 bn yen | 80 bn yen |
| Consolidated Operating Income (Margin) | 5.9 bn yen (9.2%) | 6.3 bn yen (9.4%) | 6.7 bn yen (10.0%) | 10 bn yen (12.5%) |
| ROE (Return on equity) | 9.7% | 9.7% | 9.7% | 10% or higher |
| DOE (Dividend on equity on a consolidated bases) | 3.0% or higher | 3.0% or higher | 3.0% or higher | 3% or higher |

4-3) Business Topics

■ZENRIN Group forms business alliance with DiDi Mobility Japan Corp . (Sep. 25, 2019)

ZENRIN, ZENRIN DataCom Co., Ltd. and DiDi Mobility Japan Corp.*1 announced that they had formed a business alliance in view of strategic business expansion in the Japanese market. This alliance makes ZENRIN DataCom's navigation app "Z-NAV" available for use in "DiDi Driver, " an app for drivers on the taxi dispatch platform provided by DiDi Mobility Japan.

As strategic partners, DiDi Mobility Japan and the ZENRIN Group will pursue the utilization of data contents in the MaaS business domain and look into various possibilities such as the joint development of solutions leveraging their respective expertise.

*1: A joint venture company of DiDi Chuxing (leading taxi dispatch service provider in China) and SoftBank Corp.



DiDi Mobility Japan's
Executive Vice President Keigo Sugano
and
ZENRIN DataCom's President
Tatsuhiko Shimizu

■ZENRIN Group forms business and capital alliance with MinnanoTaxi Corporation (Nov. 5, 2019)

ZENRIN DataCom Co., Ltd. announced that it had formed a business and capital alliance with MinnanoTaxi Corporation ("MinnanoTaxi")*2, a provider of taxi dispatch and other services. The navigation app for commercial vehicles developed by ZENRIN DataCom is used as a business app of taxi business operators that participate in MinnanoTaxi. Going forward, services that utilize various data collected by MinnanoTaxi from vehicles, etc. and data held by ZENRIN DataCom will be built, and initiatives such as research and development aimed at data utilization will be promoted. In the future, expansion of business in the MaaS business domain will be sought by combining the assets of the two companies.

*2: A joint venture company of five taxi business operators, Sony Corporation and Sony Payment Services Inc..
Provider of taxi dispatch service "S.RIDE."

ZENRIN

Maps to the Future

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