

# Financial Summary for Fiscal 2018 [Japanese GAAP] [Consolidated]

April 27, 2018

Name of listed company: **ZENRIN Co., Ltd.** Stock exchange listings: Tokyo and Fukuoka  
 Securities code: 9474 URL: <http://www.zenrin.co.jp/>  
 Representative: [Title] President and CEO TEL: +81-93-882-9050  
 [Name] Zenshi Takayama  
 Contact: [Title] Executive Officer, and Head of Corporate Management Division  
 [Name] Yumiko Toshima

Scheduled date of holding of ordinary general meeting of shareholders: June 15, 2018  
 Scheduled date of submission of annual securities report: June 18, 2018  
 Scheduled date of commencement of dividend payouts: June 18, 2018  
 Preparation of supplementary explanatory materials on financial results: Yes  
 Holding of briefing session on financial results: Yes (briefing for institutional investors and analysts)

[Amounts are rounded down to the nearest million yen]

## 1. Consolidated Results of Operations in Fiscal 2018

*ZENRIN's fiscal 2018 is the period from April 1, 2017 to March 31, 2018.*

### (1) Consolidated Business Performance

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal 2018	61,332	6.1	5,441	28.5	5,863	29.5	3,336	35.5
Fiscal 2017	57,819	5.2	4,234	39.4	4,527	32.1	2,462	52.9

[Note] Comprehensive income Fiscal 2018: 4,129 million yen [28.3%] Fiscal 2017: 3,218 million yen [(318.7%)]

	Earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	yen	yen	%	%	%
Fiscal 2018	60.75	60.66	8.2	8.5	8.9
Fiscal 2017	44.74	—	6.0	7.2	7.3

[Reference] Share of (profit) loss of entities accounted for using equity method Fiscal 2018: — yen  
 Fiscal 2017: 23 million yen

[Note] Effective April 1, 2018, the Company conducted a stock split. Each share of common stock was split into 1.5 shares. "Earnings per share" and "Diluted earnings per share" have been calculated as if the stock split was carried out at the beginning of the previous consolidated fiscal year.

### (2) Consolidated Financial Position

	Total assets	Net assets	Ratio of equity to total assets	Net assets per share
	million yen	million yen	%	yen
Fiscal 2018	72,222	40,822	54.5	745.46
Fiscal 2017	65,150	43,463	64.6	764.34

[Reference] Equity Fiscal 2018: 39,342 million yen Fiscal 2017: 42,061 million yen

[Note] Effective April 1, 2018, the Company conducted a stock split. Each share of common stock was split into 1.5 shares. "Net assets per share" has been calculated as if the stock split was carried out at the beginning of the previous consolidated fiscal year.

### (3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Fiscal 2018	10,783	(5,392)	(668)	11,542
Fiscal 2017	9,318	(5,313)	(2,248)	6,817

## 2. Dividends

	Annual dividend					Total dividends million yen	Payout ratio [Consolidated] %	Ratio of dividends to net assets [Consolidated] %
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total			
	yen	yen	yen	yen	yen			
Fiscal 2017	–	17.00	–	17.50	34.50	1,271	51.4	3.1
Fiscal 2018	–	17.50	–	17.50	35.00	1,266	38.4	3.1
Fiscal 2019 [forecast]	–	12.00	–	12.00	24.00		34.2	

[Note] Effective April 1, 2018, the Company conducted a stock split. Each share of common stock was split into 1.5 shares.  
For the fiscal year ended in March 2018, actual dividend amounts before the stock split are stated.

## 3. Forecast for Consolidated Results of Operations in Fiscal 2019

**ZENRIN's fiscal 2019 is the period from April 1, 2018 to March 31, 2019.**

[% figures for the fiscal year represent the increase (decrease) compared to the previous fiscal year; % figures for the first 2 quarters [cumulative] 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		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
First 2 quarters [cumulative]	27,000	3.8	0	(100.0)	0	(100.0)	0	(100.0)	0.00
Fiscal year	64,000	4.3	5,800	6.6	6,200	5.7	3,700	10.9	70.11

[Note] Effective April 1, 2018, the Company conducted a stock split. Each share of common stock was split into 1.5 shares.  
For “Earnings per share” in the Forecast for Consolidated Results of Operations in Fiscal 2019, the effect of the stock split is considered.

## ATTACHMENT

### 1. Analysis of Business Performance

#### (1) Overview of Business Performance for Fiscal 2018

##### 1. Business Performance for Fiscal 2018

In fiscal 2018 (from April 1, 2017 to March 31, 2018), the Japanese economy continued on a moderate recovery trend with the upturn of the global economy, as personal consumption picked up against the backdrop of the continued recovery due to the improvement of corporate earnings and the employment situation.

In such an environment, the ZENRIN Group reported business performance in fiscal 2018 as follows: net sales of 61,332 million yen (increased 3,512 million yen, or up 6.1%, compared to the previous fiscal year), operating income of 5,441 million yen (increased 1,207 million yen, or up 28.5%, compared to the previous fiscal year), ordinary income of 5,863 million yen (increased 1,335 million yen, or up 29.5%, compared to the previous fiscal year) and profit attributable to owners of parent of 3,336 million yen (increased 874 million yen, or up 35.5%, compared to the previous fiscal year).

The following outlines the status of Segment Results in fiscal 2018.

##### **Map Database Segment**

The Map Database segment, which is the ZENRIN Group's core businesses, reported robust sales related to GIS utilizing residential map databases, in addition to the strong sales from data for Japanese in-car navigation systems. In terms of expenses, an increase in cost of sales including the commission fee in conjunction with increased revenues.

As a result of the foregoing, the Map Database segment reported net sales of 51,353 million yen (increased 2,260 million yen, or up 4.6%, compared to the previous fiscal year) and segment income of 4,987 million yen (increased 1,150 million yen, or up 30.0%, compared to the previous fiscal year)

##### **General Printing Segment**

The General Printing segment reported net sales of 3,734 million yen (increased 230 million yen, or up 6.6%, compared to the previous fiscal year) and segment income of 81 million yen (increased 25 million yen, or up 44.9%, compared to the previous fiscal year).

##### **Other**

The segment other than the Map Database segment and the General Printing segment reported net sales of 6,244 million yen (increased 1,021 million yen, or up 19.6%, compared to the previous fiscal year) and segment income of 293 million yen (increased 36 million yen, or up 14.3%, compared to the previous fiscal year), which were due in part to the impact of the subsidiary that was newly included in the scope of consolidation, starting from the third quarter of fiscal 2018.

#### **Reportable Segment Information**

##### **1. Overview of Reportable Segments**

Reportable segments of the ZENRIN Group are components of the ZENRIN Group for which discrete financial information is available and which are regularly reviewed by ZENRIN's board of directors in deciding how to allocate resources and in assessing performance.

The ZENRIN Group, mainly upon selling products related to map database to external customers, engages in an integrated map database business in which production (research/input and editing/processing, etc.) and sales (product sales/distribution, etc.) are divided among ZENRIN and the subsidiaries. On top of this, the Group is engaged in general printing business which conducts planning and designing as well as manufacturing and selling of commercial printing goods and other businesses.

Accordingly, the ZENRIN Group sets two segments - the Map Database segment and the General Printing segment - as its reportable segments, and other businesses are classified as "Other".

The Map Database segment manufactures and sells printed residential maps, special-purpose maps, residential map databases, map data for internet services, data for in-car navigation systems, etc., and provides services for smartphone. The General Printing segment manufactures and sells general printing goods.

**2. Basis for Calculating Reportable Segment Net Sales, Income or Loss, Assets, Liabilities and Other Account Items**

Reportable segment income is the value on an operating income basis.

Intersegment sales or transfers are based on actual market price.

**3. Information on Reportable Segment Net Sales, Income or Loss, Assets, Liabilities and Other Account Items**

**Fiscal 2017 (from April 1, 2016 to March 31, 2017)**

[Unit: million yen]

	Reportable segments			Other [Note]	Total
	Map Database segment	General Printing segment	Total		
Net sales					
Net sales to external customers	49,092	3,503	52,596	5,222	57,819
Intersegment net sales or transfers	104	643	748	297	1,046
Total	49,197	4,147	53,345	5,520	58,865
Segment income (loss)	3,836	56	3,893	256	4,149
Segment assets	44,645	5,350	49,995	2,097	52,093
Other account items					
Depreciation and amortization	5,339	162	5,501	35	5,537
Amortization of goodwill	130	—	130	231	361
Investments in affiliates accounted for by equity method	633	—	633	—	633
Additions to property, plant and equipment and intangible assets	4,837	685	5,522	23	5,545

[Note] The "Other" item encompasses the selling of purchased products, direct mail delivery services and other business activities that are not attributable to reportable segments.

**Fiscal 2018 (from April 1, 2017 to March 31, 2018)**

[Unit: million yen]

	Reportable segments			Other [Note]	Total
	Map Database segment	General Printing segment	Total		
Net sales					
Net sales to external customers	51,353	3,734	55,087	6,244	61,332
Intersegment net sales or transfers	90	623	714	213	927
Total	51,443	4,358	55,801	6,458	62,259
Segment income (loss)	4,987	81	5,069	293	5,362
Segment assets	43,991	6,392	50,383	3,299	53,683
Other account items					
Depreciation and amortization	5,243	194	5,437	41	5,479
Amortization of goodwill	229	5	235	242	477
Additions to property, plant and equipment and intangible assets	4,636	246	4,882	59	4,941

[Note] The "Other" item encompasses the selling of purchased products, provision of marketing solution and other business activities that are not attributable to reportable segments.

**4. Difference between Total for Reportable Segments and Amount on Consolidated Financial Statements, and Principal Components of the Difference in Amount (Matters Concerning Reconciliation of Differences)**

[Unit: million yen]

Net sales	Fiscal 2017	Fiscal 2018
Total for reportable segments	53,345	55,801
Net sales of "Other" item	5,520	6,458
Eliminations of intersegment transactions	(1,046)	(927)
Net sales on consolidated financial statements	57,819	61,332

[Unit: million yen]

Income	Fiscal 2017	Fiscal 2018
Total for reportable segments	3,893	5,069
Income of "Other" item	256	293
Eliminations of intersegment transactions	85	79
Operating income on consolidated financial statements	4,234	5,441

[Unit: million yen]

Assets	Fiscal 2017	Fiscal 2018
Total for reportable segments	49,995	50,383
Assets of "Other" item	2,097	3,299
Corporate assets [Note]	13,387	18,894
Eliminations of intersegment transactions	(330)	(355)
Total assets on consolidated financial statements	65,150	72,222

[Note] Corporate assets are primarily surplus management funds (cash and deposits), long-term investment funds (investment securities) and assets related to administrative departments that are not attributable to reportable segments.

[Unit: million yen]

Other account items	Total for reportable segments		Other		Reconciliation		Amount on consolidated financial statements	
	Fiscal 2017	Fiscal 2018	Fiscal 2017	Fiscal 2018	Fiscal 2017	Fiscal 2018	Fiscal 2017	Fiscal 2018
Depreciation and amortization	5,501	5,437	35	41	53	53	5,591	5,532
Amortization of goodwill	130	235	231	242	-	-	361	477
Investments in affiliates accounted for by equity method	633	-	-	-	-	-	633	-
Additions to property, plant and equipment and intangible assets	5,522	4,882	23	59	17	18	5,563	4,960

[Note] Reconciliation of additions to property, plant and equipment and intangible assets is for capital investments in buildings, etc. that are not attributable to reportable segments.

## Per share information

	Fiscal 2017 From: April 1, 2016 To: March 31, 2017	Fiscal 2018 From: April 1, 2017 To: March 31, 2018
	(yen)	(yen)
Net assets per share	764.34	745.46
Net income per share	44.74	60.75
Diluted earnings per share	-	60.66

[Note 1] Statements of diluted earnings per share are omitted for the previous consolidated fiscal year as there were no shares with dilutive effects.

[Note 2] Effective April 1, 2018, the Company conducted a stock split based on the resolution at the meeting of its Board of Directors held on January 29, 2018. Each share of common stock was split into 1.5 shares. Net assets per share, earnings per share and diluted earnings per share have been calculated as if the stock split was carried out at the beginning of the previous consolidated fiscal year.

[Note 3] The Company's shares held by Trust & Custody Services Bank, Ltd. (Trust E account) as trust assets under the Board Benefit Trust (BBT) and Employee Stock Ownership Plan (J-ESOP) are included in the number of treasury shares that are deducted from the total number of shares outstanding at the end of the fiscal year for reason of calculation of net assets per share (375,000 shares for the previous consolidated fiscal year, 375,000 shares for the consolidated fiscal year under review).

They are also included in the number of treasury shares that are deducted from the average number of shares outstanding in the fiscal year for reason of calculation of earnings per share (98,000 shares for the previous consolidated fiscal year, 375,000 shares for the consolidated fiscal year under review).

[Note 4] Earnings per share and diluted earnings per share are calculated under the following calculation basis

	Fiscal 2017 From: April 1, 2016 To: March 31, 2017	Fiscal 2018 From: April 1, 2017 To: March 31, 2018
Net Income Per Share (million yen)		
Profit attributable to owners of parent (million yen)	2,462	3,336
Amount not attributable to common stock (million yen)	—	—
Profit attributable to owners of parent on common stock (thousand shares)	2,462	3,336
Average number of common shares outstanding in the fiscal year (thousand shares)	55,030	54,917
Diluted earnings per share		
Adjustment of profit attributable to owners of parent (million yen)	—	(0)
Write-off in the fiscal year (after deduction of tax equivalent) (million yen)	(—)	((0))
Increase in the number of common shares (thousand shares)	—	66
Convertible bond-type bonds with subscription rights to shares (thousand shares)	(—)	(66)
Summary of diluted shares that were not included in the calculation of diluted earnings per share because they did not have dilutive effect.	—	—

[Note 5] Net assets per share are calculated under the following calculation basis.

	Fiscal 2017 From: April 1, 2016 To: March 31, 2017	Fiscal 2018 From: April 1, 2017 To: March 31, 2018
Total amount in net assets (million yen)	43,463	40,822
Amount deducted from the total amount in net assets (million yen)	1,401	1,480
Non-controlling interests (million yen)	(1,401)	(1,480)
Net assets at the end of the fiscal year on common stock (million yen)	42,061	39,342
Number of common shares at the end of the fiscal year used in the calculation of net assets per share (thousand shares)	55,029	52,775

## 2. Forecast for Fiscal 2019

In the Japanese economy moving forward, although a moderate economic recovery is expected against the backdrop of the continued recovery in employment and the income situation partially owing to the effects of various policies, the future economy remains uncertain because of the effect of the international circumstances.

Under such an environment, the forecast of consolidated results for fiscal 2019 expects net sales of 64,000 million yen (increase of 2,667 million yen, or up 4.3%, compared to fiscal 2018), operating income of 5,800 million yen (increase of 358 million yen, or up 6.6%, compared to fiscal 2018), ordinary income of 6,200 million yen (increase of 336 million yen, or up 5.7%, compared to fiscal 2018) and profit attributable to owners of parent of 3,700 million yen (increase of 363 million yen, or up 10.9%, compared to fiscal 2018).

## (2) Overview of Financial Position for Fiscal 2018

### 1. Overview of Fiscal 2018

Total assets at the end of fiscal 2018 stood at 72,222 million yen (increased 7,072 million yen, or up 10.9%, compared to at the end of fiscal 2017). This was attributable to an increase in cash and deposits due to the issuance of bonds, and an increase in land from a newly consolidated subsidiary.

Liabilities stood at 31,400 million yen (increased 9,713 million yen, or up 44.8%, compared to at the end of fiscal 2017). This was mainly attributable to the issuance of bonds despite a decrease in short-term loans payable due to repayment.

Net assets stood at 40,822 million yen (decreased 2,640 million yen, or down 6.1%, compared to at the end of fiscal 2017). This was mainly attributable to a dividend of surplus and the purchase of treasury shares despite the recognition of profit attributable to owners of parent.

As a result, the ratio of equity to total assets at the end of fiscal 2018 was down 10.1 points compared to at the end of fiscal 2017 to 54.5%.

The following outlines the status of cash flows in fiscal 2018.

Cash and cash equivalents at the end of fiscal 2018 stood at 11,542 million yen (increased 4,724 million yen, or up 69.3%, compared to at the end of fiscal 2017).

### ***Cash Flows from Operating Activities***

Net cash provided by operating activities stood at 10,783 million yen (increased 1,465 million yen compared to the previous fiscal year). This was attributable to profit before income taxes in the amount of 5,526 million yen, income taxes paid in the amount of 2,335 million yen, being offset by depreciation and amortization in the amount of 5,532 million yen, increases in trade notes and accounts payable in the amounts of 709 million yen and 487 million yen, respectively, goodwill amortization in the amount of 477 million yen, and other factors of increase.

### ***Cash Flows from Investing Activities***

Net cash used in investing activities stood at 5,392 million yen (increased 78 million yen compared to the previous fiscal year), although 678 million yen was earned due to a net decrease in time deposits. This was mainly attributable to purchases of property, plant and equipment and intangible assets in the amount of 4,488 million yen, purchases of shares of subsidiaries resulting in a change in the scope of consolidation in the amount of 921 million yen, and purchases of investment securities in the amount of 569 million yen.

### ***Cash Flows from Financing Activities***

Net cash used in financing activities stood at 668 million yen (decreased 1,580 million yen compared to the previous fiscal year). This was mainly attributable to proceeds from issuance of bonds in the amount of 8,240 million yen, proceeds from long-term loans payable in the amount of 550 million yen, which were being offset by purchase of treasury shares in the amount of 5,146 million yen, repayments of long-term loans payable in the amount of 1,576 million yen, cash dividends paid in the amount of 1,292 million yen, repayments of lease obligations in the amount of 842 million yen and a net decrease in short-term loans payable in the amount of 550 million yen.



## 2. Changes in Cash Flow Indicators

	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
Ratio of equity to total assets [%]	61.7	64.4	67.1	64.6	54.5
Ratio of equity to total assets [%] (market value basis)	64.8	87.2	138.7	133.3	164.2
Ratio of interest-bearing liabilities to operating cash flows [years]	1.7	0.9	0.4	0.4	1.0
Interest coverage ratio [times]	137.5	189.6	243.5	261.5	337.3

[Notes] Each indicator is calculated in accordance with the following formulas, using consolidated financial figures.

- Ratio of equity to total assets: 
$$\text{Equity} / \text{Total assets}$$
- Ratio of equity to total assets (market value basis): 
$$\text{Market capitalization} / \text{Total assets}$$
  - \*Market capitalization is calculated by multiplying the number of shares issued and outstanding at the end of the fiscal year (excluding treasury shares) by the closing price per share at the end of the fiscal year.
- Ratio of interest-bearing liabilities to operating cash flows: 
$$\text{Interest-bearing liabilities} / \text{Operating cash flows}$$
  - \*Operating cash flows are the net cash provided by (used in) operating activities recorded on consolidated statement of cash flows.
  - \*Interest-bearing liabilities include all liabilities recorded on consolidated balance sheets on which interest is paid.
- Interest coverage ratio: 
$$\text{Operating cash flows} / \text{Interest paid}$$
  - \*Interest paid is the interest expenses paid recorded on consolidated statement of cash flows.

### (3) Basic Policy on Distribution of Income, and Payment of Dividends in Fiscal 2018 and 2019

Positioning the returning of income to shareholders as a top priority, ZENRIN strives for sustainable corporate value enhancement, while adopting a basic policy of realizing stable, uninterrupted payments of dividends derived from income growth based on the medium- to long-term business plan on a consolidated basis. Under this policy, ZENRIN will aim for a dividend equity (DOE) [Note] on a consolidated basis of 3% or higher while maintaining dividends at the current level.

In addition, by continuing to consider purchasing treasury shares and other undertakings with the aim of ensuring an agile capital policy and enhancing capital efficiency, ZENRIN will return income to shareholders in accordance with the level of income on a consolidated basis while taking into account the maintaining of an adequate amount of internal reserves.

The internal reserves will be used for capital investment, research and development investment and other expenditures that are indispensable for business development in the future in order to keep pace with the rapid market changes.

ZENRIN expects 17.5 yen as the year-end dividend per share in fiscal 2018 based on the above policy. Combined with 17.5 yen already paid as the interim dividend per share, annual dividend per share is expected to be 35 yen.

Please note that this matter will be decided by resolution at ZENRIN's 58th ordinary general meeting of shareholders that is scheduled to be held on June 15, 2018.

In addition, effective April 1, 2018, the Company conducted a stock split. Each share of common stock was split into 1.5 shares. ZENRIN expects 24 yen as the annual dividend per share for the next fiscal year, with 12 yen as both the interim dividend per share and the year-end dividend per share. This is equal to 36 yen as the year-end dividend per share, an increase of 1 yen, according to the calculation based on the standard before the stock split.

[Note] Dividend on equity on a consolidated basis (DOE) = Total amount of dividends / Shareholders' equity

Shareholders' equity is the amount arrived at when the amount of treasury shares is subtracted from the sum total of common stock, capital surplus and retained earnings.

## **2. Basic approach to the selection of accounting standards**

As a basic policy, the ZENRIN Group will continue to prepare its consolidated financial statements under the Japanese standards, in consideration of the comparability of its consolidated financial statements between periods and corporations.

Meanwhile, we intend to address the future application of IFRS appropriately upon taking into careful consideration various circumstances both in Japan and abroad surrounding the ZENRIN Group.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheet

	[Unit: million yen]	
	Fiscal 2017	Fiscal 2018
	As of March 31, 2017	As of March 31, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	6,824	11,856
Notes and accounts receivable – trade	14,475	14,926
Electronically recorded monetary claims – operating	87	182
Securities	—	11
Merchandise and finished goods	760	768
Work in process	313	371
Raw materials and supplies	65	59
Deferred tax assets	2,045	2,261
Other	1,102	1,679
Allowance for doubtful accounts	(16)	(55)
Total current assets	25,658	32,062
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,044	4,922
Machinery, equipment and vehicles, net	133	213
Land	6,743	7,574
Leased assets, net	2,401	2,159
Construction in progress	42	45
Other, net	552	551
Total property, plant and equipment	14,917	15,466
Intangible assets		
Goodwill	1,549	1,100
Software	11,825	11,502
Leased assets	51	79
Other	1,965	1,765
Total intangible assets	15,392	14,447
Investments and other assets		
Investment securities	3,749	4,509
Long-term loans receivable	10	14
Net defined benefit asset	3,566	4,065
Deferred tax assets	185	221
Other	1,814	1,651
Allowance for doubtful accounts	(146)	(215)
Total investments and other assets	9,181	10,245
Total non-current assets	39,491	40,159
Total assets	65,150	72,222

	[Unit: million yen]	
	Fiscal 2017	Fiscal 2018
	As of March 31, 2017	As of March 31, 2018
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	2,555	3,509
Short-term loans payable	2,879	1,515
Lease obligations	745	671
Accrued expenses	4,290	4,820
Income taxes payable	1,896	1,793
Deferred tax liabilities	2	5
Advances received	3,535	3,944
Provision for directors' bonuses	160	171
Provision for sales returns	3	3
Other	2,013	2,683
Total current liabilities	18,082	19,118
Non-current liabilities		
Bonds payable	-	8,238
Long-term loans payable	665	1,050
Lease obligations	1,489	1,150
Deferred tax liabilities	303	889
Provision for directors' retirement benefits	132	135
Provision for management board benefit trust	22	44
Net defined benefit liability	238	291
Asset retirement obligations	37	47
Other	714	433
Total non-current liabilities	3,603	12,281
Total liabilities	21,686	31,400
<b>Net assets</b>		
Shareholders' equity		
Capital stock	6,557	6,557
Capital surplus	13,491	13,488
Retained earnings	22,750	24,497
Treasury shares	(2,192)	(7,338)
Total shareholders' equity	40,607	37,205
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	441	744
Foreign currency translation adjustment	18	173
Remeasurements of defined benefit plans	993	1,218
Total accumulated other comprehensive income	1,454	2,136
Non-controlling interests	1,401	1,480
Total net assets	43,463	40,822
Total liabilities and net assets	65,150	72,222

**(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income****Consolidated Statement of Income**

[Unit: million yen]

	Fiscal 2017	Fiscal 2018
	From: April 1, 2016 To: March 31, 2017	From: April 1, 2017 To: March 31, 2018
Net sales	57,819	61,332
Cost of sales	33,699	35,345
Gross profit	24,120	25,986
Selling, general and administrative expenses		
Personnel expenses	11,401	11,776
Provision for directors' bonuses	165	175
Provision for management board benefit trust	22	22
Retirement benefit expenses	273	235
Provision of allowance for doubtful accounts	57	—
Other	7,964	8,335
Total selling, general and administrative expenses	19,885	20,544
Operating profit	4,234	5,441
Non-operating income		
Interest income	11	12
Dividend income	120	112
Real estate rent	46	53
Compensation income	1	141
Share of profit of entities accounted for using equity method	23	—
Other	145	187
Total non-operating income	347	507
Non-operating expenses		
Interest expenses	35	32
Bond issuance cost	—	34
Other	18	19
Total non-operating expenses	54	86
Ordinary profit	4,527	5,863
Extraordinary income		
Gain on sales of non-current assets	1	12
State subsidy	—	2
Other	12	0
Total extraordinary income	14	15
Extraordinary losses		
Loss on sales and retirement of non-current assets	181	108
Impairment loss	120	230
Other	13	13
Total extraordinary losses	315	352
Profit before income taxes	4,226	5,526
Income taxes – current	2,167	2,230
Income taxes – deferred	(476)	(151)
Total income taxes	1,691	2,078
Profit	2,535	3,447
Profit attributable to non-controlling interests	73	111
Profit attributable to owners of parent	2,462	3,336

**Consolidated Statement of Comprehensive Income**

	[Unit: million yen]	
	Fiscal 2017	Fiscal 2018
	From: April 1, 2016 To: March 31, 2017	From: April 1, 2017 To: March 31, 2018
Profit	2,535	3,447
Other comprehensive income		
Valuation difference on available-for-sale securities	85	302
Foreign currency translation adjustment	(23)	193
Remeasurements of defined benefit plans, net of tax	573	224
Share of other comprehensive income of entities accounted for using equity method	47	(38)
Total other comprehensive income	683	682
Comprehensive income	3,218	4,129
[Comprehensive income attributable to]		
Comprehensive income attributable to owners of parent	3,167	4,018
Comprehensive income attributable to non-controlling interests	51	111

**(3) Consolidated Statement of Changes in Equity****Fiscal 2017 (from April 1, 2016 to March 31, 2017)**

[Unit: million yen]

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,557	13,314	21,537	(2,013)	39,395
Changes of items during period					
Dividends of surplus			(1,249)		(1,249)
Profit attributable to owners of parent			2,462		2,462
Purchase of treasury shares				(511)	(511)
Disposal of treasury shares		177		332	510
Changes of scope of consolidation					—
Change in treasury shares of parent Arising from transactions with non- Controlling shareholders					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	177	1,213	(178)	1,211
Balance at end of current period	6,557	13,491	22,750	(2,192)	40,607

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	355	(26)	419	748	1,352	41,496
Changes of items during period						
Dividends of surplus						(1,249)
Profit attributable to owners of parent						2,462
Purchase of treasury shares						(511)
Disposal of treasury shares						510
Changes of scope of consolidation						—
Change in treasury shares of parent Arising from transactions with non- Controlling shareholders						—
Net changes of items other than shareholders' equity	86	45	573	705	49	755
Total changes of items during period	86	45	573	705	49	1,967
Balance at end of current period	441	18	993	1,454	1,401	43,463

**Fiscal 2018 (from April 1, 2017 to March 31, 2018)**

[Unit: million yen]

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,557	13,491	22,750	(2,192)	40,607
Changes of items during period					
Dividends of surplus			(1,292)		(1,292)
Profit attributable to owners of parent			3,336		3,336
Purchase of treasury shares				(5,146)	(5,146)
Disposal of treasury shares					—
Changes of scope of consolidation			(295)		(295)
Change in treasury shares of parent Arising from transactions with non- Controlling shareholders		(3)			(3)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(3)	1,747	(5,146)	(3,401)
Balance at end of current period	6,557	13,488	24,497	(7,338)	37,205

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	441	18	993	1,454	1,401	43,463
Changes of items during period						
Dividends of surplus						(1,292)
Profit attributable to owners of parent						3,336
Purchase of treasury shares						(5,146)
Disposal of treasury shares						—
Changes of scope of consolidation						(295)
Change in treasury shares of parent Arising from transactions with non- Controlling shareholders						(3)
Net changes of items other than shareholders' equity	302	155	224	682	78	760
Total changes of items during period	302	155	224	682	78	(2,640)
Balance at end of current period	744	173	1,218	2,136	1,480	40,822



**(4) Consolidated Statement of Cash Flows**

[Unit: million yen]

	Fiscal 2017	Fiscal 2018
	From: April 1, 2016 To: March 31, 2017	From: April 1, 2017 To: March 31, 2018
<b>Cash flows from operating activities</b>		
Profit before income taxes	4,226	5,526
Depreciation	5,591	5,532
Impairment loss	120	230
Amortization of goodwill	361	477
Decrease (increase) in net defined benefit asset	(83)	(177)
Increase (decrease) in net defined benefit liability	5	12
Interest and dividend income	(131)	(125)
Interest expenses	35	32
Share of (profit) loss of entities accounted for using equity method	(23)	—
Loss (gain) on sales and retirement of non-current assets	180	95
Decrease (increase) in notes and accounts receivable – trade	(1,605)	(307)
Decrease (increase) in inventories	78	12
Increase (decrease) in notes and accounts payable – trade	(340)	709
Increase (decrease) in accrued expenses	884	487
Increase (decrease) in advances received	1,201	377
Increase (decrease) in accrued consumption taxes	269	270
Other	(205)	(120)
<b>Subtotal</b>	<b>10,564</b>	<b>13,032</b>
Interest and dividend income received	123	117
Interest expenses paid	(35)	(31)
Income taxes paid	(1,334)	(2,335)
<b>Net cash provided by (used in) operating activities</b>	<b>9,318</b>	<b>10,783</b>
<b>Cash flows from investing activities</b>		
Net decrease (increase) in time deposits	(0)	678
Purchase of property, plant and equipment and intangible assets	(4,416)	(4,488)
Purchase of investment securities	(127)	(569)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(809)	(921)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	20	—
Payments for the unpaid portion of purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(114)
Other	20	23
<b>Net cash provided by (used in) investing activities</b>	<b>(5,313)</b>	<b>(5,392)</b>
<b>Cash flows from financing activities</b>		
Net decrease (increase) in short-term loans payable	3	(550)
Proceeds from long-term loans payable	500	550
Repayments of long-term loans payable	(433)	(1,576)
Proceeds from issuance of bonds	—	8,240
Repayments of lease obligations	(1,058)	(842)
Purchase of treasury shares	(511)	(5,146)
Proceeds from sales of treasury shares	510	—
Cash dividends paid	(1,248)	(1,292)
Dividends paid to non-controlling interests	(5)	(18)
Other	(5)	(32)
<b>Net cash provided by (used in) financing activities</b>	<b>(2,248)</b>	<b>(668)</b>
Effect of exchange rate change on cash and cash equivalents	(37)	1
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,718</b>	<b>4,724</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>5,099</b>	<b>6,817</b>
<b>Cash and cash equivalents at end of period</b>	<b>6,817</b>	<b>11,542</b>

**(5) Notes to Consolidated Financial Statements****Notes on the Going Concern Assumption**

Not applicable.

**Significant Subsequent Events****Stock Split and Partial Amendment to the Articles of Incorporation in Relation to the Stock Split**

The Company at the meeting of its Board of Directors held on January 29, 2018, passed a resolution to implement a stock split and partially amend the Articles of Incorporation in relation to the stock split.

**1. Purpose of the Stock Split**

The purpose of the stock split is to raise the liquidity of the Company's stock and expand the investor base by reducing the Company's stock price per investment unit and providing an environment conducive to investments.

**2. Outline of the Stock Split****(1) Method of the stock split**

Each share of common stock owned by shareholders listed or recorded in the closing register of shareholders on the record date of Saturday, March 31, 2018 (effectively Friday, March 30, 2018, as March 31, 2018 is a holiday for the administrator of the shareholder register) will be split into 1.5 shares.

**(2) Number of shares to be increased by the stock split**

Total number of issued shares prior to the stock split	38,200,910 shares
The number of shares to be increased by the stock split	19,100,455 shares
Total number of issued shares after the stock split	57,301,365 shares
Total number of authorized shares after the stock split	201,000,000 shares

**(3) Schedule of the stock split**

Public notice of record date	Monday, March 12, 2018
Record date	Saturday, March 31, 2018
Effective date	Sunday, April 1, 2018

**(4) Adjustment of conversion price of convertible bonds**

With the stock split, the conversion price of convertible bonds (due 2023) is adjusted as follows on and after April 1, 2018.

Name of bonds	Conversion price before adjustment	Conversion price after adjustment
	(yen)	(yen)
ZENRIN CO., LTD. ¥8,000,000,000 Zero Coupon Convertible Bonds due 2023	4,440	2,960

**(5) Other**

No changes will be made to the amount of capital stock in connection with this stock split.

**(6) Impact on per share information**

The effect of the stock split has been calculated as if the stock split was carried out at the beginning of the previous consolidated fiscal year and is stated in "Per share information".

## 3. Partial Amendment to the Articles of Incorporation in Relation to the Stock Split

## (1) Reason for the amendment

In conjunction with this stock split, the Company, pursuant to Article 184, Paragraph 2 of the Companies Act, will amend Article 6 (Total Number of Authorized Shares and Total Number of Authorized Preferred Shares) of its Articles of Incorporation, effective Sunday, April 1, 2018.

## (2) Details of the amendment

The details of the amendment are as follows:

(Changes have been underlined)

Before the amendment	After the amendment
(Total Number of Authorized Shares and Total Number of Authorized Preferred Shares) Article 6 The total number of shares authorized to be issued by the Company shall be <u>134,000</u> thousand shares and the total number of shares of each class authorized to be issued by the Company shall be as follows: Common shares: <u>134,000</u> thousand shares Class 1 preferred shares: <u>67,000</u> thousand shares	(Total Number of Authorized Shares and Total Number of Authorized Preferred Shares) Article 6 The total number of shares authorized to be issued by the Company shall be <u>201,000</u> thousand shares and the total number of shares of each class authorized to be issued by the Company shall be as follows: Common shares: <u>201,000</u> thousand shares Class 1 preferred shares: <u>100,500</u> thousand shares

## (3) Schedule of the amendment

Resolution of the meeting of the Board of Directors	Monday, January 29, 2018
Effective date	Sunday, April 1, 2018

#### 4. Other

##### **Sales Turnover based on Business Composition under Medium- to Long-Term Business Plan ZGP2020**

Business composition	Fiscal 2017	Fiscal 2018	Amount of increase (decrease)	Rate of increase (decrease)	Main items
	million yen	million yen	million yen	%	
Publishing business	8,832	8,475	(356)	(4.0)	Printed residential maps, special-purpose maps, and purchased products
GIS business	12,953	14,177	1,223	9.4	Residential map databases
ICT business	11,171	11,736	565	5.1	Services for smartphones / mobile phones, and map data provision for internet services
ITS business	14,639	16,580	1,941	13.3	Data for Japanese in-car navigation systems
Global business	2,760	2,218	(542)	(19.6)	Data for overseas in-car navigation systems, and various overseas content
Other business	7,462	8,143	680	9.1	General printing goods, Provision of marketing solution service
Total	57,819	61,332	3,512	6.1	