



Financial Summary for First 3 Quarters of Fiscal 2022 [Japanese GAAP] [Consolidated]

January 31, 2022

Name of listed company **ZENRIN CO., LTD.** Stock exchange listings: Tokyo and Fukuoka
 Securities code 9474 URL <https://www.zenrin.co.jp/>
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 Scheduled date of submission of quarterly securities report: February 1, 2022
 Scheduled date of commencement of dividend payments: —
 Preparation of supplementary explanatory materials on quarterly results: Yes
 Holding of briefing session on quarterly results: No

(Amounts are rounded down to the nearest million yen)

1. Consolidated Results of Operations in First 3 Quarters of Fiscal 2022

ZENRIN's first 3 quarters of fiscal 2022 is the period from April 1, 2021 to December 31, 2021.

(1) Consolidated Business Performance [cumulative]

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
First 3 quarters of fiscal 2022	39,990	—	61	—	321	—	2,067	—
First 3 quarters of fiscal 2021	38,429	(4.7)	(1,719)	—	(1,482)	—	(758)	—

[Note] Comprehensive income First 3 quarters of fiscal 2022: 8,133 million yen [—%]
 First 3 quarters of fiscal 2021: (740) million yen [—%]

	Earnings per share	Diluted earnings per share
	yen	yen
First 3 quarters of fiscal 2022	37.79	35.55
First 3 quarters of fiscal 2021	(13.65)	—

[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 3 quarters of fiscal 2022 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 3 quarters of fiscal 2022	75,329	47,956	63.4
Fiscal 2021	71,320	44,723	60.5

[Reference] Equity First 3 quarters of fiscal 2022: 47,728 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 3 quarters of fiscal 2022 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 for 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 for the fiscal year represent the increase (decrease) compared to the previous fiscal year]

Fiscal year	Net sales		Operating profit		Ordinary profit		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	-	3,400	-	62.14

[Note] Revision from most recently announced forecast for results of operations: None

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 are not stated.

1. Qualitative Information on Quarterly Results

(1) Explanation of Business Performance

In the first 3 quarters of fiscal 2022 (from April 1, 2021 to December 31, 2021), although there were signs of a recovery in the Japanese economy as the challenging situation caused by COVID-19 moderately eased, the outlook remains uncertain due to the emergence of new variant strains.

In this environment, sales of data for car navigation systems in the automotive-related business were up year on year, while contracted services for corporations using residential map data and stock-type services “GIS packages” also performed well. Additionally, sales related to marketing solutions business increased against the backdrop of a rebound in the demand for advertising and other factors. The result of this was a significant increase in profit.

With the application of the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., the cost of sales decreased, primarily as a result of the change to the method of recognizing revenue as a net amount as an agent.

As a result, the ZENRIN Group in the first 3 quarters of fiscal 2022 reported net sales of 39,990 million yen (38,429 million yen in the same period of the previous fiscal year), operating profit of 61 million yen (1,719 million yen loss in the same period of the previous fiscal year), and ordinary profit of 321 million yen (1,482 million yen loss in the same period of the previous fiscal year). In addition, profit attributable to owners of parent was 2,067 million yen (758 million yen loss in the same period of the previous year), reflecting the recording of extraordinary income from the sale of shares in C.E. INFO SYSTEMS LIMITED.

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 first 3 quarters 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. (3) 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 3 quarters of fiscal 2022 amounted to 75,329 million yen (increased 4,008 million yen, or up 5.6%, compared to the end of the previous fiscal year), despite the decrease in notes and accounts receivable – trade, and contract assets due to the effects of seasonal fluctuations. This was mainly attributable to an increase in investment securities resulting from the fair market value of shares of C.E. INFO SYSTEMS LIMITED following its listing on the Bombay Stock Exchange and the National Stock Exchange of India.

Liabilities amounted to 27,372 million yen (increased 776 million yen, or up 2.9%, compared to the end of the previous fiscal year). This was mainly attributable to an increase in other current liabilities due to adjustments at the beginning of fiscal 2022 with the application of the Accounting Standard for Revenue Recognition, etc., despite a decrease in accounts payable – trade due to payment, etc.

Net assets amounted to 47,956 million yen (increased 3,232 million yen, or up 7.2%, compared to the end of the previous fiscal year), despite 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. This was mainly due to an increase in valuation difference on available-for-sale securities resulting from the fair market value of shares of C.E. INFO SYSTEMS LIMITED following its listing on the Bombay Stock Exchange and the National Stock Exchange of India.

As a result, the ratio of equity to total assets at the end of the first 3 quarters of fiscal 2022 was 63.4% (up 2.9 points compared to the end of the previous fiscal year).

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

The forecast for the results of operations for fiscal 2022 remain unchanged from the forecast announced on December 17, 2021.

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

[Unit: million yen]

	Fiscal 2021 As of March 31, 2021	First 3 quarters of fiscal 2022 As of December 31, 2021
Assets		
Current assets		
Cash and deposits	16,853	15,506
Notes and accounts receivable – trade	12,675	–
Notes and accounts receivable - trade, and contract assets	–	9,091
Electronically recorded monetary claims – operating	90	135
Securities	5	5
Merchandise and finished goods	992	877
Work in process	426	992
Raw materials and supplies	78	91
Other	1,564	1,777
Allowance for doubtful accounts	(5)	(4)
Total current assets	32,682	28,473
Non-current assets		
Property, plant and equipment	13,042	13,237
Intangible assets		
Goodwill	395	308
Software	10,332	9,965
Other	3,203	3,381
Total intangible assets	13,931	13,655
Investments and other assets		
Investment securities	4,144	12,860
Other	7,642	7,224
Allowance for doubtful accounts	(123)	(122)
Total investments and other assets	11,663	19,962
Total non-current assets	38,637	46,855
Total assets	71,320	75,329

[Unit: million yen]

	Fiscal 2021 As of March 31, 2021	First 3 quarters of fiscal 2022 As of December 31, 2021
Liabilities		
Current liabilities		
Accounts payable – trade	3,401	1,983
Short-term borrowings	1,885	1,316
Income taxes payable	447	151
Provision for directors' bonuses	41	23
Provision for sales returns	6	–
Other	10,906	13,371
Total current liabilities	16,688	16,846
Non-current liabilities		
Bonds payable	8,095	8,059
Long-term loans payable	572	20
Provision for directors' retirement benefits	128	128
Provision for management board benefit trust	52	50
Net defined benefit liability	306	312
Asset retirement obligations	73	78
Other	678	1,876
Total non-current liabilities	9,907	10,526
Total liabilities	26,596	27,372
Net assets		
Shareholders' equity		
Capital stock	6,557	6,557
Capital surplus	12,925	12,472
Retained earnings	25,299	24,493
Treasury shares	(3,311)	(3,563)
Total shareholders' equity	41,471	39,960
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	661	6,658
Foreign currency translation adjustment	46	165
Remeasurements of defined benefit plans	969	943
Total accumulated other comprehensive income	1,677	7,767
Non-controlling interests	1,574	227
Total net assets	44,723	47,956
Total liabilities and net assets	71,320	75,329

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
Quarterly Consolidated Statement of Income [cumulative]

[Unit: million yen]

	First 3 quarters of fiscal 2021	First 3 quarters of fiscal 2022
	From: April 1, 2020 To: December 31, 2020	From: April 1, 2021 To: December 31, 2021
Net sales	38,429	39,990
Cost of sales	24,774	24,137
Gross profit	13,655	15,852
Selling, general and administrative expenses		
Personnel expenses	8,939	9,297
Provision for directors' bonuses	24	25
Retirement benefit expenses	308	223
Provision of allowance for doubtful accounts	5	—
Other	6,097	6,245
Total selling, general and administrative expenses	15,375	15,791
Operating profit (loss)	(1,719)	61
Non-operating income		
Interest income	5	6
Dividend income	105	60
Other	207	288
Total non-operating income	318	355
Non-operating expenses		
Interest expenses	12	6
Foreign exchange losses	—	69
Other	68	19
Total non-operating expenses	81	95
Ordinary profit (loss)	(1,482)	321
Extraordinary income		
Gain on sale of non-current assets	6	0
Gain on sales of investment securities	45	2,016
Other	—	478
Total extraordinary income	52	2,495
Extraordinary losses		
Loss on sales and retirement of non-current assets	62	154
Impairment losses	—	19
Other	21	1
Total extraordinary losses	84	176
Profit (Loss) before income taxes	(1,514)	2,640
Income taxes – current	154	538
Income taxes – deferred	(697)	78
Total income taxes	(543)	617
Profit (Loss)	(971)	2,023
Profit (Loss) attributable to non-controlling interests	(212)	(44)
Profit (Loss) attributable to owners of parent	(758)	2,067

Quarterly Consolidated Statement of Comprehensive Income [cumulative]

[Unit: million yen]

	First 3 quarters of fiscal 2021 From: April 1, 2020 To: December 31, 2020	First 3 quarters of fiscal 2022 From: April 1, 2021 To: December 31, 2021
Profit (Loss)	(971)	2,023
Other comprehensive income		
Valuation difference on available-for-sale securities	173	5,997
Foreign currency translation adjustment	(8)	118
Remeasurements of defined benefit plans, net of tax	66	(25)
Total other comprehensive income	231	6,090
Comprehensive income	(740)	8,113
[Comprehensive income attributable to]		
Comprehensive income attributable to owners of parent	(525)	8,158
Comprehensive income attributable to non-controlling interests	(214)	(44)

(3) 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. (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)."

Changes in Significant Subsidiaries in the First 3 Quarters 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 3 quarters of fiscal 2022 decreased by 554 million yen, and cost of sales decreased by 535 million yen. The impacts on operating profit, ordinary profit and profit 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 3 Quarters of Fiscal 2021 (from April 1, 2020 to December 31, 2020)

Details are as described in “II. First 3 Quarters of Fiscal 2022 (Notes Relating to Changes in Reportable Segments, Etc.)”.

II. First 3 Quarters of Fiscal 2022 (from April 1, 2021 to December 31, 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 3 quarters of fiscal 2021 and the first 3 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 3 quarters of fiscal 2021	First 3 quarters of fiscal 2022	Main products
	million yen	million yen	
Product business	10,631	11,188	(for corporate customers) Printed residential maps, BLUE MAPS, GIS Package products, Residential map data
Public Solution business	4,493	4,159	(for central government ministries/agencies and local governments) Printed residential maps, BLUE MAPS, Residential map data
Map Design business	416	526	Special-purpose maps, Products of map design brands, Original map design goods, Printed books
Automotive business	9,447	10,396	Data contents for in-car navigation systems, High-precision 3D data for AD/ADAS
IoT business	9,522	9,433	Services for smartphones, Map data for internet services, Provision of location-based services and solutions
Marketing Solution business	3,917	4,286	Provision of Marketing Solution, General commercial printing
Total	38,429	39,990	

[Note] While figures for the first 3 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 3 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.