



## 1. Qualitative Information on Quarterly Results

### (1) Explanation of Business Performance

In the first 3 quarters of fiscal 2020 (from April 1, 2019 to December 31, 2019), the Japanese economy continued on a moderate recovery trend, despite weaknesses in exports and production. On the other hand, the future remains uncertain with concerns over the shrinking of consumer spending as a result of the consumption tax hike.

In such an environment, the ZENRIN Group in the first 3 quarters of fiscal 2020 reported net sales of 40,316 million yen (decreased 2,680 million yen, or down 6.2%, compared to the same period of the previous fiscal year), operating loss of 466 million yen (downturn of 2,029 million yen compared to the same period of the previous fiscal year), ordinary loss of 160 million yen (downturn of 2,037 million yen, compared to the same period of the previous fiscal year) and profit attributable to owners of parent of 236 million yen (decreased 780 million yen, or down 76.7%, compared to the same period of the previous fiscal year).

Please note that past net sales of the ZENRIN Group have shown trends of large seasonal fluctuations and sales concentrating in the fourth quarter.

#### **[Segment Results of Operations]**

As stated in “2. (3) Notes to Quarterly Consolidated Financial Statements (Segment Information),” from the consolidated first quarter, changes, etc., of reportable segments were made. With regard to the quarter-to-quarter comparison (YOY), the prior year's figures were reclassified to conform to segments after these changes.

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

The Map Database segment, which is the ZENRIN Group's core business, reported a reactionary decline in sales of data under entrustment in the Automotive business, which was reported in the previous year, and a decrease in sales of data for in-car navigation systems, despite the strong performance by the stock-type service, the GIS package, and entrusted services to local governments. In the IoT business, also, net sales decreased mainly due to the decrease in number of fee-paying subscribers to service for smartphones and the impact of the termination of a contract with a platformer in the second half.

In terms of profit and loss, a segment loss was reported as a result of the significant impact of decreased sales, as operating expenses, including fixed expenses such as for the maintenance of map databases and upfront investments, remained on levels comparable to the same period of the previous fiscal year.

As a result of the foregoing, the Map Database segment reported net sales of 33,266 million yen (decreased 1,814 million yen, or down 5.2%, compared to the same period of the previous fiscal year) and segment loss of 666 million yen (downturn of 1,944 million yen, compared to the same period of the previous fiscal year).

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

The General Printing segment reported net sales of 2,807 million yen (decreased 137 million yen, or down 4.7%, compared to the same period of the previous fiscal year) and segment income of 53 million yen (decreased of 9 million yen, or down 14.8%, compared to the same period of the previous fiscal year).

#### ***Other***

The segment other than the Map Database segment and the General Printing segment reported net sales of 4,242 million yen (decreased 727 million yen, or down 14.6%, compared to the same period of the previous fiscal year) and segment income of 97 million yen (decreased 65 million yen, or down 40.1%, compared to the same period of the previous fiscal year) mainly due to a decrease in sales related to marketing solutions.

## (2) Explanation of Financial Position

Total assets at the end of the third quarter of fiscal 2020 amounted to 64,028 million yen (decreased 5,903 million yen, or down 8.4% compared to the end of the previous fiscal year). This was mainly attributable to the decrease in notes and accounts receivable – trade due to the effects of seasonal fluctuations.

Liabilities amounted to 24,514 million yen (decreased 3,695 million yen, or down 13.1% compared to the end of the previous fiscal year). This was attributable to a decrease in accounts payable - trade due to payment, a decrease in short-term loans payable due to repayment, and a decrease in income taxes payable due to tax payment.

Net assets amounted to 39,514 million yen (decreased 2,208 million yen, or down 5.3% compared to the end of the previous fiscal year). This was mainly due to dividends of surplus despite the recognition of profit attributable to owners of parent.

As a result, the ratio of equity to total assets at the end of the third quarter of fiscal 2020 was 59.2% (up 2.5 points compared to the end of the previous fiscal year).

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

Concerning the results of operations in fiscal 2020, a decrease in net sales is expected due to the delays in certain entrusted developments and the impact of the termination of a contract with a platformer in the second half, despite the steady capture of business by the IoT-related solution and MaaS businesses.

Additionally, in the Automotive business, in which decreased net sales compared to the same period of the previous fiscal year had initially been forecasted, significant decreases in net sales are expected due to the impact of changes in the upfront development plans of each manufacturer in the second half and the slowdown in sales of data for in-car navigation systems for both Japan and overseas.

Furthermore, in the Marketing Solutions business, given the continuing decreasing trend in sales including sales from the direct mail delivery services, net sales are expected to fall short of the previously-announced forecast figures.

In terms of profit and loss, also, while the impact of the Marketing Solutions business will be minimal, operating expenses, including fixed expenses such as for the maintenance of map databases and upfront investments, are expected to proceed as initially forecasted. Consequently, with the impact of the decreased sales in the Automotive and IoT businesses, each item of profits is expected to fall short of the previous-announced forecast figures.

For the reasons stated above, the forecast for the results of operations announced on April 26, 2019 will be revised, as follows.

The forecast for the consolidated results of operations in fiscal 2020 expects net sales of 60,000 million yen (a decrease of 3,747 million yen, or down 5.9% compared to the same period of the previous fiscal year), operating income of 3,200 million yen (a decrease of 2,624 million yen, or down 45.1% compared to the same period of the previous fiscal year), ordinary income of 3,600 million yen (a decrease of 2,600 million yen, or down 41.9% compared to the same period of the previous fiscal year), and profit attributable to owners of parent of 2,600 million yen (a decrease of 606 million yen, or down 18.9% compared to the same period of the previous fiscal year).

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

### Revision of Forecast Figures for Consolidated Results of Operations in Fiscal 2020 [from April 1, 2019 to March 31, 2020]

|  | Net sales   | Operating income | Ordinary income | Profit attributable to owners of parent | Earnings per share |
|--|-------------|------------------|-----------------|---|--------------------|
|  | million yen | million yen      | million yen     | million yen                             | yen                |
| Previous forecast [A]  | 63,800      | 5,900            | 6,300           | 4,000                                   | 76.51              |
| Revised forecast [B]   | 60,000      | 3,200            | 3,600           | 2,600                                   | 49.73              |
| Amount of increase (decrease) [B – A]                                    | (3,800)     | (2,700)          | (2,700)         | (1,400)                                 | —                  |
| Rate of increase (decrease)  | (6.0)       | (45.8)           | (42.9)          | (35.0)                                  | —                  |
| (Reference)<br>Results for same period of previous year<br>[Fiscal 2019] | 63,747      | 5,824            | 6,200           | 3,206                                   | 61.15              |

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

[Unit: million yen]

|  | Fiscal 2019          | Third quarter of<br>fiscal 2020 |
|--|----------------------|---------------------------------|
|  | As of March 31, 2019 | As of December 31, 2019         |
| <b>Assets</b>  |                      |                                 |
| Current assets   |                      |                                 |
| Cash and deposits                                      | 12,295               | 13,235                          |
| Notes and accounts receivable – trade                  | 14,001               | 8,594                           |
| Electronically recorded monetary claims –<br>operating | 183                  | 180                             |
| Securities   | 37                   | 5                               |
| Merchandise and finished goods                         | 887                  | 907                             |
| Work in process  | 477                  | 1,902                           |
| Raw materials and supplies                             | 74                   | 74                              |
| Other  | 1,205                | 1,693                           |
| Allowance for doubtful accounts                        | (26)                 | (23)                            |
| Total current assets                                   | 29,135               | 26,568                          |
| Non-current assets                                     |                      |                                 |
| Property, plant and equipment                          | 14,998               | 12,960                          |
| Intangible assets                                      |                      |                                 |
| Goodwill   | 200                  | 360                             |
| Software   | 10,665               | 9,950                           |
| Other  | 2,589                | 2,749                           |
| Total intangible assets                                | 13,454               | 13,060                          |
| Investments and other assets                           |                      |                                 |
| Other  | 12,556               | 11,651                          |
| Allowance for doubtful accounts                        | (212)                | (212)                           |
| Total investments and other assets                     | 12,343               | 11,439                          |
| Total non-current assets                               | 40,796               | 37,459                          |
| <b>Total assets</b>                                    | <b>69,932</b>        | <b>64,028</b>                   |

[Unit: million yen]

|   | Fiscal 2019          | Third quarter of<br>fiscal 2020 |
|---|----------------------|---------------------------------|
|   | As of March 31, 2019 | As of December 31, 2019         |
| <b>Liabilities</b>                                    |                      |                                 |
| Current liabilities                                   |                      |                                 |
| Accounts payable - trade                              | 3,054                | 1,974                           |
| Short-term loans payable                              | 1,350                | 700                             |
| Income taxes payable                                  | 901                  | 63                              |
| Provision for directors' bonuses                      | 167                  | 52                              |
| Provision for sales returns                           | 3                    | 3                               |
| Asset retirement obligations                          | —                    | 11                              |
| Other   | 11,264               | 10,768                          |
| Total current liabilities                             | 16,741               | 13,573                          |
| Non-current liabilities                               |                      |                                 |
| Bonds payable   | 8,191                | 8,155                           |
| Long-term loans payable                               | 1,050                | 1,050                           |
| Provision for directors' retirement benefits          | 132                  | 129                             |
| Provision for management board benefit trust          | 52                   | 52                              |
| Net defined benefit liability                         | 283                  | 303                             |
| Asset retirement obligations                          | 48                   | 43                              |
| Other   | 1,711                | 1,207                           |
| Total non-current liabilities                         | 11,467               | 10,940                          |
| Total liabilities                                     | 28,209               | 24,514                          |
| <b>Net assets</b>                                     |                      |                                 |
| Shareholders' equity                                  |                      |                                 |
| Capital stock   | 6,557                | 6,557                           |
| Capital surplus                                       | 13,624               | 13,624                          |
| Retained earnings                                     | 26,453               | 25,400                          |
| Treasury shares                                       | (8,833)              | (8,816)                         |
| Total shareholders' equity                            | 37,801               | 36,765                          |
| Accumulated other comprehensive income                |                      |                                 |
| Valuation difference on available-for-sale securities | 1,289                | 520                             |
| Foreign currency translation adjustment               | 100                  | 48                              |
| Remeasurements of defined benefit plans               | 495                  | 549                             |
| Total accumulated other comprehensive income          | 1,885                | 1,117                           |
| Non-controlling interests                             | 2,036                | 1,630                           |
| Total net assets                                      | 41,722               | 39,514                          |
| Total liabilities and net assets                      | 69,932               | 64,028                          |

**(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<br>fiscal 2019           | First 3 quarters of<br>fiscal 2020           |
|--|--|--|
|  | From: April 1, 2018<br>To: December 31, 2018 | From: April 1, 2019<br>To: December 31, 2019 |
| Net sales  | 42,996                                       | 40,316                                       |
| Cost of sales                                      | 25,930                                       | 25,115                                       |
| Gross profit                                       | 17,066                                       | 15,201                                       |
| Selling, general and administrative expenses       |  |  |
| Personnel expenses                                 | 9,280  | 9,210  |
| Provision for directors' bonuses                   | 68   | 52   |
| Retirement benefit expenses                        | 47   | 277  |
| Other  | 6,106  | 6,127  |
| Total selling, general and administrative expenses | 15,502                                       | 15,667                                       |
| Operating income (loss)                            | 1,563  | (466)  |
| Non-operating income                               |  |  |
| Interest income                                    | 9  | 8  |
| Dividend income                                    | 94   | 119  |
| Subsidy income                                     | 111  | 126  |
| Other  | 205  | 185  |
| Total non-operating income                         | 421  | 440  |
| Non-operating expenses                             |  |  |
| Interest expenses                                  | 16   | 12   |
| Foreign exchange losses                            | 24   | 32   |
| Cancellation penalty                               | 0  | 53   |
| Other  | 66   | 36   |
| Total non-operating expenses                       | 107  | 134  |
| Ordinary income (loss)                             | 1,877  | (160)  |
| Extraordinary income                               |  |  |
| Gain on sales of non-current assets                | 14   | 430  |
| Gain on sales of investment securities             | —  | 599  |
| Total extraordinary income                         | 14   | 1,029  |
| Extraordinary losses                               |  |  |
| Loss on sales and retirement of non-current assets | 41   | 93   |
| Impairment loss                                    | —  | 192  |
| Other  | 10   | 110  |
| Total extraordinary losses                         | 51   | 396  |
| Profit before income taxes                         | 1,839  | 471  |
| Income taxes – current                             | 443  | 254  |
| Income taxes – deferred                            | 426  | 161  |
| Total income taxes                                 | 870  | 415  |
| Profit   | 968  | 55   |
| Loss attributable to non-controlling interests     | (48)   | (181)  |
| Profit attributable to owners of parent            | 1,017  | 236  |

## Quarterly Consolidated Statement of Comprehensive Income [cumulative]

[Unit: million yen]

|  | First 3 quarters of<br>fiscal 2019<br>From: April 1, 2018<br>To: December 31, 2018 | First 3 quarters of<br>fiscal 2020<br>From: April 1, 2019<br>To: December 31, 2019 |
|--|--|--|
| Profit   | 968  | 55   |
| Other comprehensive income                                     |  |  |
| Valuation difference on available-for-sale securities          | 145  | (967)  |
| Foreign currency translation adjustment                        | (36)   | (51)   |
| Remeasurements of defined benefit plans, net of tax            | (230)  | 53   |
| Total other comprehensive income                               | (121)  | (965)  |
| Comprehensive income   | 847  | (909)  |
| [Comprehensive income attributable to]                         |  |  |
| Comprehensive income attributable to owners of parents         | 780  | (530)  |
| Comprehensive income attributable to non-controlling interests | 67   | (379)  |

### (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

Not applicable.

#### Changes in accounting estimates

Not applicable.

While not qualifying as a change in specified subsidiaries, Lease System Planning co., inc has been included in the scope of consolidation starting from the second quarter of fiscal 2020, due to the acquisition of its shares.

#### Segment Information

##### I. First 3 Quarters of Fiscal 2019 (from April 1, 2018 to December 31, 2018)

##### (a) Information on Reportable Segment Net Sales and Income or Loss Amount

[Unit: million yen]

|                                     | Reportable segments     |                             |        | Other<br>[Note] | Total  |
|-------------------------------------|-------------------------|-----------------------------|--------|-----------------|--------|
|                                     | Map Database<br>segment | General Printing<br>segment | Total  |                 |        |
| Net sales                           |                         |                             |        |                 |        |
| Net sales to external customers     | 35,080                  | 2,945                       | 38,026 | 4,970           | 42,996 |
| Intersegment net sales or transfers | 100                     | 346                         | 446    | 147             | 594    |
| Total                               | 35,181                  | 3,291                       | 38,473 | 5,118           | 43,591 |
| Segment income (loss)               | 1,277                   | 62                          | 1,340  | 162             | 1,503  |

[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.

##### (b) Total Amount of Reportable Segment Income or Loss Amount and its Difference in Amount with Amount on Quarterly Consolidated Statement of Income, and Principal Components of the Difference in Amount (Matters Concerning Reconciliation of Differences)

[Unit: million yen]

| Income   | Amount |
|--|--------|
| Total for reportable segments                                  | 1,340  |
| Income of "Other" item   | 162    |
| Eliminations of intersegment transactions                      | 59     |
| Operating income on quarterly consolidated statement of income | 1,563  |



## II. First 3 Quarters of Fiscal 2020 (from April 1, 2019 to December 31, 2019)

### (a) Information on Reportable Segment Net Sales and Income or Loss Amount

[Unit: million yen]

|                                     | Reportable segments     |                             |        | Other<br>[Note] | Total  |
|-------------------------------------|-------------------------|-----------------------------|--------|-----------------|--------|
|                                     | Map Database<br>segment | General Printing<br>segment | Total  |                 |        |
| Net sales                           |                         |                             |        |                 |        |
| Net sales to external customers     | 33,266                  | 2,807                       | 36,073 | 4,242           | 40,316 |
| Intersegment net sales or transfers | 119                     | 292                         | 411    | 186             | 598    |
| Total                               | 33,386                  | 3,099                       | 36,485 | 4,428           | 40,914 |
| Segment income (loss)               | (666)                   | 53                          | (612)  | 97              | (515)  |

[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.

### (b) Total Amount of Reportable Segment Income or Loss Amount and its Difference in Amount with Amount on Quarterly Consolidated Statement of Income, and Principal Components of the Difference in Amount (Matters Concerning Reconciliation of Differences)

[Unit: million yen]

| Income  | Amount |
|---|--------|
| Total for reportable segments   | (612)  |
| Income of "Other" item  | 97     |
| Eliminations of intersegment transactions                             | 49     |
| Operating income on quarterly consolidated statement of income (loss) | (466)  |

### (c) Notes relating to changes in reportable segments etc.

With the reorganization of the marketing solution business from the first quarter of fiscal 2020, the businesses of ZENRIN MS HOLDINGS CO., LTD. (trade name was changed from ZENRIN PlusOne CO., Ltd. on April 1, 2019) and ZENRIN GEO INTELLIGENCE CO., LTD. have been moved from "Map Database segment" to "other." In addition, the businesses of Will Smart Co., Ltd. have been changed from "other" to "Map Database segment" following the review of the management section with the expansion of the IoT-related business.

Segment information for the previous first 3 quarters has been prepared in accordance with the classification of reportable segments after the change.

### (d) Information on Impairment Loss on Non-Current Assets and Goodwill by Reportable (Material Change in the Amount of Goodwill)

In the Map Database segment, ZENRIN has acquired the business relating to the sales of residential maps and others from Zenrin Sanin Co., Ltd. As a result of this event, the amount of goodwill stood at 32 million yen in the first 3 quarters of fiscal 2020.

### 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 2019 | First 3 quarters of fiscal 2020 | Amount of increase (decrease) | Rate of increase (decrease) | Main products   |
|-----------------------------|---------------------------------|---------------------------------|-------------------------------|-----------------------------|---|
|                             | million yen                     | million yen                     | million yen                   | %                           |   |
| Product business            | 10,006                          | 10,302                          | 296                           | 3.0                         | (for corporate customers)<br>Printed residential maps, BLUE MAPS<br>GIS Package products, Residential map data                          |
| Public Solution business    | 3,610                           | 3,925                           | 314                           | 8.7                         | (for central government ministries/agencies and local governments)<br>Printed residential maps, BLUE MAPS,<br>Residential map databases |
| Map Design business         | 580                             | 522                             | (57)                          | (9.9)                       | Special-purpose maps,<br>Map design stationary “mati mati” series,<br>Original map design goods, Printed books                          |
| Automotive business         | 12,936                          | 11,271                          | (1,664)                       | (12.9)                      | Data contents for Japanese in-car navigation systems,<br>High-precision 3D data for AD/ADAS   |
| IoT business                | 9,874                           | 9,204                           | (670)                         | (6.8)                       | Services for smartphones,<br>Map data for internet services,<br>Provision of location based services                                    |
| Marketing Solution business | 5,988                           | 5,089                           | (898)                         | (15.0)                      | Provision of Marketing Solution,<br>General commercial printing   |
| Total                       | 42,996                          | 40,316                          | (2,680)                       | (6.2)                       |   |