

Financial Summary for Fiscal 2020 [Japanese GAAP] [Consolidated]

April 28, 2020

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 holding of ordinary general meeting of shareholders: June 19, 2020
 Scheduled date of submission of annual securities report: June 22, 2020
 Scheduled date of commencement of dividend payouts: June 22, 2020
 Preparation of supplementary explanatory materials on financial results: Yes
 Holding of briefing session on financial results: No (A recorded video will be streamed to explain the financial results.)

[Amounts are rounded down to the nearest million yen]

1. Consolidated Results of Operations in Fiscal 2020

ZENRIN's fiscal 2020 is the period from April 1, 2019 to March 31, 2020.

(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 2020	59,771	(6.2)	3,300	(43.3)	3,709	(40.2)	2,633	(17.9)
Fiscal 2019	63,747	3.9	5,824	7.0	6,200	5.7	3,206	(3.9)

[Note] Comprehensive income Fiscal 2020: 1,028 million yen [(68.8%)] Fiscal 2019: 3,296 million yen [(20.2)%]

	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 2020	50.37	47.30	6.6	5.3	5.5
Fiscal 2019	61.15	57.55	8.1	8.8	9.1

[Reference] Share of profit (loss) of entities accounted for using equity method Fiscal 2020: – million yen
 Fiscal 2019: – million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Ratio of equity to total assets	Net assets per share
	million yen	million yen	%	yen
Fiscal 2020	69,569	41,451	57.1	759.57
Fiscal 2019	69,932	41,722	56.7	759.18

[Reference] Equity Fiscal 2020: 39,715 million yen Fiscal 2019: 39,686 million yen

(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 2020	7,995	(2,958)	(2,007)	15,237
Fiscal 2019	9,035	(5,016)	(3,287)	12,240

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 2019	—	12.00	—	12.00	24.00	1,263	39.2	3.2
Fiscal 2020	—	12.50	—	12.50	25.00	1,315	49.6	3.3
Fiscal 2021 [forecast]	—	12.50	—	12.50	25.00		—	

3. Forecast for Consolidated Results of Operations in Fiscal 2021

ZENRIN's fiscal 2021 is the period from April 1, 2020 to March 31, 2021

Business transactions should decrease, and production activities be delayed as the market conditions deteriorate due to the expansion of COVID-19 infection. However, since it is difficult to make reasonable estimates of such impact at this stage, the consolidated forecast for the fiscal year ending in March 2021 has not yet been made.

The consolidated forecast will be announced as soon as it is available.

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1. Analysis of Business Performance

(1) Overview of Business Performance for Fiscal 2020

1. Business Performance for Fiscal 2020

In fiscal 2020 (from April 1, 2019 to March 31, 2020), the Japanese economy showed a moderate recovery on the back of improvements in the employment and income environment. However, the future of Japanese economy remains uncertain as the consumption tax hike dampens personal consumption and the spread of COVID-19 infection affects the global economy.

In such an environment, the ZENRIN Group reported business performance in fiscal 2020 as follows: net sales of 59,771 million yen (decreased 3,976 million yen, or down 6.2%, compared to the previous fiscal year), operating income of 3,300 million yen (decreased 2,524 million yen, or down 43.3%, compared to the previous fiscal year), ordinary income of 3,709 million yen (decreased 2,491 million yen, or down 40.2%, compared to the previous fiscal year) and profit attributable to owners of parent of 2,633 million yen (decreased 573 million yen, or down 17.9%, compared to the previous fiscal year).

The following outlines the status of Segment Results in fiscal 2020. As stated in “3. (5) 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

In the Map Database segment, which is the ZENRIN Group's core business, the GIS package, i.e., the stock-type service, and entrusted services to local governments remained solid. Also, in the IoT business, we have actively worked on alliances with other companies. On the other hand, there was a reactionary decline from the previous fiscal year in contracted data sales in automotive-related business. Sales of in-car navigation data in Japan and overseas also dropped. In terms of profit and loss, segment income decreased due to lower sales, the upfront costs for new services and product development, as well as the fixed costs for map database maintenance.

As a result of the foregoing, the Map Database segment reported net sales of 50,332 million yen (decreased 2,611 million yen, or down 4.9%, compared to the previous fiscal year) and segment income of 2,932 million yen (decreased 2,317 million yen, or down 44.1%, compared to the previous fiscal year)

General Printing Segment

The General Printing segment reported net sales of 3,582 million yen (decreased 334 million yen, or down 8.5%, compared to the previous fiscal year) and segment income of 114 million yen (decreased 34 million yen, or down 23.3%, compared to the previous fiscal year).

Other

The segment other than the Map Database segment and the General Printing segment reported net sales of 5,856 million yen (decreased 1,030 million yen, or down 15.0%, compared to the previous fiscal year) mainly due to a decrease in orders from large-scale customers related to marketing solutions, and segment income of 187 million yen (decreased 158 million yen, or down 45.8%, compared to the previous fiscal year).

2. Forecast for Fiscal 2021

We expect that the future economy of Japan will remain uncertain owing to sluggish production activities, decline in consumer sentiment due to avoiding outings, and sluggish inbound demand, which in turn are caused by the impact of the COVID-19 infection.

In such an environment, the ZENRIN Group strives to maintain business such as sales and production activities by implementing telework and staggered working hours, etc., to ensure the health and safety of employees first.

However, due to the deterioration of market conditions caused by the impact of the COVID-19 infection, changes in the production plans of business partners, etc., the ZENRIN Group anticipates risks such as decline in transactions and delay in development of new projects and production activities including the Group's map database maintenance. As it is difficult to estimate such impact on business at this time, the consolidated business forecast for the fiscal year ending in March 2021 has not yet been made.

We will assess future trends and announce the consolidated forecast as soon as it becomes possible to reasonably calculate it.

Similarly, as for ZENRIN GROWTH PLAN 2025, the medium- to long-term management plan announced in April 2019, we will continue to promote various measures based on the basic policy while flexibly responding to changes in customers and market conditions. However, we will notify promptly when a review in ZENRIN GROWTH PLAN 2025 becomes necessary based on the future trend.

(2) Overview of Financial Position for Fiscal 2020

1. Overview of Fiscal 2020

Total assets at the end of fiscal 2020 stood at 69,569 million yen (decreased 363 million yen, or down 0.5%, compared to at the end of fiscal 2019). This was attributable to a decrease of land due to the sale, and a decrease in investment securities because of the sale and the recording of valuation loss due to a decline in market value, although cash and deposits increased due to the sale of property, plant and equipment and investment securities.

Liabilities stood at 28,117 million yen (decreased 92 million yen, or down 0.3%, compared to at the end of fiscal 2019). This was mainly attributable to a decrease in lease obligations and deferred tax liabilities, despite an increase in advances received.

Net assets stood at 41,451 million yen (decreased 270 million yen, or down 0.7%, compared to at the end of fiscal 2019). This was mainly attributable to a dividend of surplus and a decrease in valuation difference on available-for-sale securities 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 2020 was 57.1% (up 0.4 points compared to at the end of fiscal 2019).

The following outlines the status of cash flows in fiscal 2020.

Cash and cash equivalents at the end of fiscal 2020 stood at 15,237 million yen (increased 2,996 million yen, or up 24.5%, compared to at the end of fiscal 2019).

Cash Flows from Operating Activities

Net cash provided by operating activities stood at 7,995 million yen (decreased 1,040 million yen compared to the previous fiscal year). This was attributable to profit before income taxes in the amount of 4,168 million yen, depreciation in the amount of 5,389 million yen, being offset by a decrease in income taxes in the amounts of 1,303 million yen, and other factors of decrease.

Cash Flows from Investing Activities

Net cash used in investing activities stood at 2,958 million yen (decreased 2,058 million yen compared to the previous fiscal year), although there was an outflow of 5,511 million yen for the acquisition of tangible and intangible fixed assets. This was attributable to proceeds from sales of tangible fixed assets in the amount of 2,742 million yen and proceeds from sales of investment securities in the amount of 1,173 million yen.

Cash Flows from Financing Activities

Net cash used in financing activities stood at 2,007 million yen (decreased 1,280 million yen compared to the previous fiscal year). This was mainly attributable to cash dividends paid in the amount of 1,287 million yen, repayments of lease obligations in the amount of 690 million yen.

2. Changes in Cash Flow Indicators

	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020
Ratio of equity to total assets [%]	67.1	64.6	54.9	56.7	57.1
Ratio of equity to total assets [%] (market value basis)	138.7	133.3	165.5	183.2	79.4
Ratio of interest-bearing liabilities to operating cash flows [years]	0.4	0.4	1.0	1.2	1.3
Interest coverage ratio [times]	243.5	261.5	337.3	425.5	513.0

[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 2020 and 2021

Positioning the returning of income to shareholders as a top priority, ZENRIN adopts 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 12.5 yen as the year-end dividend per share in fiscal 2020 based on the above policy. Combined with 12.5 yen already paid as the interim dividend per share, annual dividend per share is expected to be 25 yen, an increase of 1 yen per share from the previous period.

Please note that this matter will be decided by resolution at ZENRIN's 60th ordinary general meeting of shareholders that is scheduled to be held on June 19, 2020.

ZENRIN expects 25 yen as the annual dividend per share for the next fiscal year, with 12.5 yen as both the interim dividend per share and the year-end dividend per share.

[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 2019	Fiscal 2020
	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	12,295	15,524
Notes and accounts receivable – trade	14,001	13,950
Electronically recorded monetary claims – operating	183	125
Securities	37	5
Merchandise and finished goods	887	955
Work in process	477	541
Raw materials and supplies	74	77
Other	1,205	1,330
Allowance for doubtful accounts	(26)	(18)
Total current assets	29,135	32,493
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,653	4,412
Machinery, equipment and vehicles, net	153	101
Land	7,534	5,614
Leased assets, net	1,865	1,742
Construction in progress	20	121
Other, net	771	767
Total property, plant and equipment	14,998	12,761
Intangible assets		
Goodwill	200	333
Software	10,665	9,765
Software in progress	2,509	3,634
Leased assets	58	60
Other	20	25
Total intangible assets	13,454	13,820
Investments and other assets		
Investment securities	5,809	3,554
Long-term loans receivable	9	7
Net defined benefit asset	3,530	2,958
Deferred tax assets	1,482	1,940
Other	1,723	2,203
Allowance for doubtful accounts	(212)	(170)
Total investments and other assets	12,343	10,494
Total non-current assets	40,796	37,075
Total assets	69,932	69,569

[Unit: million yen]

	Fiscal 2019	Fiscal 2020
	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	3,054	3,461
Short-term loans payable	1,350	1,350
Lease obligations	526	460
Accrued expenses	4,821	4,359
Income taxes payable	901	1,259
Advances received	3,748	4,463
Provision for directors' bonuses	167	73
Provision for sales returns	3	3
Asset retirement obligations	—	6
Other	2,168	2,086
Total current liabilities	16,741	17,523
Non-current liabilities		
Bonds payable	8,191	8,143
Long-term loans payable	1,050	1,050
Lease obligations	810	534
Deferred tax liabilities	622	241
Provision for directors' retirement benefits	132	129
Provision for management board benefit trust	52	52
Net defined benefit liability	283	262
Asset retirement obligations	48	44
Other	278	137
Total non-current liabilities	11,467	10,594
Total liabilities	28,209	28,117
Net assets		
Shareholders' equity		
Capital stock	6,557	6,557
Capital surplus	13,624	13,624
Retained earnings	26,453	27,796
Treasury shares	(8,833)	(8,817)
Total shareholders' equity	37,801	39,161
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,289	342
Foreign currency translation adjustment	100	69
Remeasurements of defined benefit plans	495	142
Total accumulated other comprehensive income	1,885	554
Non-controlling interests	2,036	1,736
Total net assets	41,722	41,451
Total liabilities and net assets	69,932	69,569

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

[Unit: million yen]

	Fiscal 2019	Fiscal 2020
	From: April 1, 2018 To: March 31, 2019	From: April 1, 2019 To: March 31, 2020
Net sales	63,747	59,771
Cost of sales	36,874	35,436
Gross profit	26,873	24,334
Selling, general and administrative expenses		
Personnel expenses	12,401	12,070
Provision for directors' bonuses	167	74
Provision for management board benefit trust	15	—
Retirement benefit expenses	61	368
Other	8,402	8,520
Total selling, general and administrative expenses	21,048	21,033
Operating profit	5,824	3,300
Non-operating income		
Interest income	12	10
Dividend income	101	153
Subsidy income	113	172
Other	268	265
Total non-operating income	496	601
Non-operating expenses		
Interest expenses	21	15
Foreign exchange losses	27	45
Cancellation penalty	1	53
Nondeductible consumption tax	—	26
Other	70	52
Total non-operating expenses	120	193
Ordinary profit	6,200	3,709
Extraordinary income		
Gain on sales of non-current assets	14	752
Gain on sales of investment securities	—	806
State subsidy	3	—
Total extraordinary income	18	1,558
Extraordinary losses		
Loss on sales and retirement of non-current assets	92	117
Impairment loss	560	528
Loss on valuation of investment securities	11	429
Other	34	22
Total extraordinary losses	699	1,098
Profit before income taxes	5,519	4,168
Income taxes – current	1,547	1,650
Income taxes – deferred	657	(76)
Total income taxes	2,205	1,574
Profit	3,314	2,594
Profit(loss) attributable to non-controlling interests	107	(39)
Profit attributable to owners of parent	3,206	2,633

Consolidated Statement of Comprehensive Income

[Unit: million yen]

	Fiscal 2019	Fiscal 2020
	From: April 1, 2018 To: March 31, 2019	From: April 1, 2019 To: March 31, 2020
Profit	3,314	2,594
Other comprehensive income		
Valuation difference on available-for-sale securities	777	(1,182)
Foreign currency translation adjustment	(73)	(29)
Remeasurements of defined benefit plans, net of tax	(722)	(352)
Total other comprehensive income	(18)	(1,565)
Comprehensive income	3,296	1,028
[Comprehensive income attributable to]		
Comprehensive income attributable to owners of parent	2,955	1,302
Comprehensive income attributable to non-controlling interests	340	(273)

(3) Consolidated Statement of Changes in Equity**Fiscal 2019 (from April 1, 2018 to March 31, 2019)**

[Unit: million yen]

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,557	13,488	24,497	(7,338)	37,205
Changes of items during period					
Dividends of surplus			(1,251)		(1,251)
Profit attributable to owners of parent			3,206		3,206
Purchase of treasury shares				(1,520)	(1,520)
Disposal of treasury shares		0		25	26
Change in treasury shares of parent Arising from transactions with non- Controlling shareholders		135			135
Net changes of items other than shareholders' equity					
Total changes of items during period	—	135	1,955	(1,495)	595
Balance at end of current period	6,557	13,624	26,453	(8,833)	37,801

	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	744	173	1,218	2,136	1,480	40,822
Changes of items during period						
Dividends of surplus						(1,251)
Profit attributable to owners of parent						3,206
Purchase of treasury shares						(1,520)
Disposal of treasury shares						26
Change in treasury shares of parent Arising from transactions with non- Controlling shareholders						135
Net changes of items other than shareholders' equity	544	(73)	(722)	(251)	555	304
Total changes of items during period	544	(73)	(722)	(251)	555	900
Balance at end of current period	1,289	100	495	1,885	2,036	41,722

Fiscal 2020 (from April 1, 2019 to March 31,2020)

[Unit: million yen]

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,557	13,624	26,453	(8,833)	37,801
Changes of items during period					
Dividends of surplus			(1,289)		(1,289)
Profit attributable to owners of parent			2,633		2,633
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		(0)		19	18
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	—	(0)	1,343	16	1,359
Balance at end of current period	6,557	13,624	27,796	(8,817)	39,161

	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	1,289	100	495	1,885	2,036	41,722
Changes of items during period						
Dividends of surplus						(1,289)
Profit attributable to owners of parent						2,633
Purchase of treasury shares						(2)
Disposal of treasury shares						18
Change in treasury shares of parent Arising from transactions with non- Controlling shareholders						—
Net changes of items other than shareholders' equity	(947)	(31)	(352)	(1,330)	(299)	(1,630)
Total changes of items during period	(947)	(31)	(352)	(1,330)	(299)	(270)
Balance at end of current period	342	69	142	554	1,736	41,451

(4) Consolidated Statement of Cash Flows

[Unit: million yen]

	Fiscal 2019	Fiscal 2020
	From: April 1, 2018 To: March 31, 2019	From: April 1, 2019 To: March 31, 2020
Cash flows from operating activities		
Profit before income taxes	5,519	4,168
Depreciation	5,472	5,389
Impairment loss	560	528
Amortization of goodwill	458	202
Decrease (increase) in net defined benefit asset	(507)	63
Increase (decrease) in net defined benefit liability	(8)	(21)
Loss (gain) on valuation of investment securities	11	429
Interest and dividend income	(114)	(163)
Interest expenses	21	15
Loss (gain) on sales and retirement of non-current assets	78	(634)
Loss (gain) on sales of investment securities	—	(803)
Decrease (increase) in notes and accounts receivable – trade	908	119
Decrease (increase) in inventories	(240)	(110)
Increase (decrease) in notes and accounts payable – trade	(436)	404
Increase (decrease) in accrued expenses	23	(492)
Increase (decrease) in advances received	(185)	712
Increase (decrease) in accrued consumption taxes	(153)	(96)
Other	(87)	(554)
Subtotal	11,320	9,155
Interest and dividend income received	131	158
Interest expenses paid	(21)	(15)
Income taxes paid	(2,395)	(1,303)
Net cash provided by (used in) operating activities	9,035	7,995
Cash flows from investing activities		
Net decrease (increase) in time deposits	250	(234)
Proceeds from sales of property, plant and equipment	105	2,742
Purchase of property, plant and equipment and intangible assets	(5,077)	(5,511)
Purchase of investment securities	(181)	(288)
Proceeds from sales of investment securities	—	1,173
Payments of leasehold and guarantee deposits	(30)	(515)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(329)
Payments for the unpaid portion of purchase of shares of subsidiaries resulting in change in scope of consolidation	(117)	—
Other	34	4
Net cash provided by (used in) investing activities	(5,016)	(2,958)
Cash flows from financing activities		
Repayments of long-term loans payable	(165)	—
Repayments of lease obligations	(703)	(690)
Cash dividends paid	(1,250)	(1,287)
Dividends paid to non-controlling interests	(23)	(26)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	109	—
Proceeds from share issuance to non-controlling shareholders	264	—
Other	(1,519)	(2)
Net cash provided by (used in) financing activities	(3,287)	(2,007)
Effect of exchange rate change on cash and cash equivalents	(32)	(32)
Net increase (decrease) in cash and cash equivalents	697	2,996
Cash and cash equivalents at beginning of period	11,542	12,240
Cash and cash equivalents at end of period	12,240	15,237

(5) Notes to Consolidated Financial Statements

Notes on the Going Concern Assumption

Not applicable.

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.

With the reorganization of the marketing solution business from the 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 fiscal 2019 has been prepared in accordance with the classification of reportable segments after the change.

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 2019 (from April 1, 2018 to March 31,2019)

[Unit: million yen]

	Reportable segments			Other [Note]	Total
	Map Database segment	General Printing segment	Total		
Net sales					
Net sales to external customers	52,943	3,916	56,860	6,887	63,747
Intersegment net sales or transfers	169	714	883	270	1,154
Total	53,113	4,630	57,744	7,157	64,902
Segment income (loss)	5,250	149	5,399	345	5,745
Segment assets	45,122	6,050	51,172	2,773	53,946
Other account items					
Depreciation and amortization	5,186	196	5,383	34	5,417
Amortization of goodwill	195	—	195	262	458
Additions to property, plant and equipment and intangible assets	5,131	47	5,179	29	5,208

[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.

Fiscal 2020 (from April 1, 2019 to March 31,2020)

[Unit: million yen]

	Reportable segments			Other [Note]	Total
	Map Database segment	General Printing segment	Total		
Net sales					
Net sales to external customers	50,332	3,582	53,914	5,856	59,771
Intersegment net sales or transfers	168	640	809	351	1,160
Total	50,500	4,223	54,724	6,207	60,931
Segment income (loss)	2,932	114	3,047	187	3,234
Segment assets	42,375	5,381	47,757	2,963	50,721
Other account items					
Depreciation and amortization	5,095	194	5,290	39	5,330
Amortization of goodwill	10	—	10	191	202
Additions to property, plant and equipment and intangible assets	5,731	153	5,885	100	5,985

[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 2019	Fiscal 2020
Total for reportable segments	57,744	54,724
Net sales of "Other" item	7,157	6,207
Eliminations of intersegment transactions	(1,154)	(1,160)
Net sales on consolidated financial statements	63,747	59,771

[Unit: million yen]

Income	Fiscal 2019	Fiscal 2020
Total for reportable segments	5,399	3,047
Income of "Other" item	345	187
Eliminations of intersegment transactions	79	65
Operating income on consolidated financial statements	5,824	3,300

[Unit: million yen]

Assets	Fiscal 2019	Fiscal 2020
Total for reportable segments	51,172	47,757
Assets of "Other" item	2,773	2,963
Corporate assets [Note]	16,400	19,299
Eliminations of intersegment transactions	(414)	(451)
Total assets on consolidated financial statements	69,932	69,569

[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 2019	Fiscal 2020	Fiscal 2019	Fiscal 2020	Fiscal 2019	Fiscal 2020	Fiscal 2019	Fiscal 2020
Depreciation and amortization	5,383	5,290	34	39	54	58	5,472	5,389
Amortization of goodwill	195	10	262	191	—	—	458	202
Additions to property, plant and equipment and intangible assets	5,179	5,885	29	100	5	17	5,214	6,002

[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 2019 From: April 1, 2018 To: March 31, 2019	Fiscal 2020 From: April 1, 2019 To: March 31, 2020
	(yen)	(yen)
Net assets per share	759.18	759.57
Net income per share	61.15	50.37
Diluted earnings per share	57.55	47.30

[Note 1] 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 (356,000 shares for the previous consolidated fiscal year, 344,000 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 (363,000 shares for the previous consolidated fiscal year, 349,000 shares for the consolidated fiscal year under review).

[Note 2] Earnings per share and diluted earnings per share are calculated under the following calculation basis

	Fiscal 2019 From: April 1, 2018 To: March 31, 2019	Fiscal 2020 From: April 1, 2019 To: March 31, 2020
	Net Income Per Share	
Profit attributable to owners of parent (million yen)	3,206	2,633
Amount not attributable to common stock (million yen)	—	—
Profit attributable to owners of parent on common stock (million yen)	3,206	2,633
Average number of common shares outstanding in the fiscal year (thousand shares)	52,445	52,282
Diluted earnings per share		
Adjustment of profit attributable to owners of parent (million yen)	(33)	(32)
Write-off in the fiscal year (after deduction of tax equivalent) (million yen)	((33))	((33))
fees (after deduction of tax equivalent) (million yen)	(0)	(0)
Increase in the number of common shares (thousand shares)	2,702	2,702
Convertible bond-type bonds with subscription rights to shares (thousand shares)	(2,702)	(2,702)
Summary of diluted shares that were not included in the calculation of diluted earnings per share because they did not have dilutive effect.	—	—

[Note3] Net assets per share are calculated under the following calculation basis.

	Fiscal 2019 As of March 31, 2019	Fiscal 2020 As of March 31, 2020
Total amount in net assets (million yen)	41,722	41,451
Amount deducted from the total amount in net assets (million yen)	2,036	1,736
Non-controlling interests (million yen)	(2,036)	(1,736)
Net assets at the end of the fiscal year on common stock (million yen)	39,686	39,715
Number of common shares at the end of the fiscal year used in the calculation of net assets per share (thousand shares)	52,275	52,286

Significant Subsequent Events

(Capital and business tie-ups and disposal of treasury stock by third-party allotment)

At the board meeting held on March 26, 2020, ZENRIN resolved to enter into a capital and business tie-up with Nippon Telegraph and Telephone Corporation (hereinafter referred to as “NTT”) and dispose treasury stock through a third-party allotment (hereafter referred to as the “third-party allotment”) to NTT. The Company signed the capital and business tie-up agreement with NTT on the same date and the third-party allotment was implemented as of April 13, 2020.

1. Purpose of and Reasons for Capital and business tie-ups and disposal of treasury stock

As announced in ZENRIN GROWTH PLAN 2025, its medium- and long-term management plan, ZENRIN has posted "Optimization of 'quantity and quality' in networked society" as its basic policy. It aspires to the creation of new values by optimizing the 'quantity and quality' of location information that the ZENRIN Group has and publicly available information, and by making effective use of the same in modern society characterized by complex connections of activities, goods, and people.

NTT has undertaken the research and development of “4D digital platform™”, which integrates various sensing data such as humans, things and environments in real time into high-precision spatial information, enabling fusion with various industries’ platforms and the construction of future predictions. As presented in Your Value Partner 2025, our medium-term management plan, we are aiming for contribution to the achievement of a smart society = smart world.

As a leading company in the map-making field, ZENRIN possesses good capabilities for the collection and management of map information, and has a wealth of know-how related to the production of maps. Meanwhile, NTT has a solid customer base inside and outside Japan, and is in possession of a globally recognized brand, human resource power, and research and development capabilities that are among the best in the world. As a result of mutual discussions on the possibility of collaboration toward building a smart society that makes high-level use of geospatial information, as described above, the two companies decided to form a business tie-up with the belief that promoting collaboration fusing their respective strengths would contribute to the enhancement of the corporate value of each company.

Specifically, NTT and ZENRIN will endeavor to expand business of both companies in the fields of infrastructure management, MaaS/autonomous vehicles and smart cities among other things. And also, beginning in FY2020, the two companies intend to jointly and efficiently construct Advanced Geospatial Information Database, which will have a high precision and an abundance of semantic information (*2) required to construct the 4D Digital Platform™ envisioned by NTT. This will be done by drawing on the management resources and know-how of each company.

Moreover, in order to utilize the results of this tie-up to solve various social problems and create value in new business fields promptly and continuously, the two companies believe that the construction of a firm partnership into the future is vital. Therefore, they also have decided to form a capital tie-up.

Regarding the method, disposal of treasury stock was judged reasonable as this capital tie-up will be implemented together with the business tie-up; prompt and reliable implementation is required; and treasury stock will be effectively used. NTT will acquire ZENRIN's 4,200,000 shares of treasury stock (7.32 percent of the outstanding shares, rounded down to the second decimal place) by underwriting the third-party allotment.

(*1) 4D Digital Platform™: the across-industrial base being developed by NTT that precisely integrates human, object, and product sensing data into high-precision spatial information in real time, fusing data with diverse industrial platforms and predicting the future.

(*2) Semantic information: the attribute information optimized for the content suitable for use and reference for the components of geospatial information.

2. Overview of Disposition of Treasury Shares

(1) Date of disposition	April 13, 2020
(2) Number of shares	Common share 4,200,000 shares
(3) Price of disposition	1,088 yen per share
(4) Amount of financing	4,569 million yen
(5) Method of subscription or disposition	Disposition by third-party allotment
(6) Acquirer of shares	Nippon Telegraph and Telephone Corporation

(Repurchase of Shares)

At the meeting of the Board of Directors held on April 28, 2020, we decided to repurchase our shares in accordance with our articles of incorporation, as applied pursuant to Article 459, Section 1 of the Companies Act.

1. Purpose of Repurchase of Shares

To implement flexible capital management strategy in response to changing business environment, improve capital efficiency and enhance shareholder returns.

2. Conditions of Repurchase of Shares

(1) Class of Shares	Common Stock
(2) Total Number of Shares to be repurchased	Up to 2 million shares (3.5% of the total issued shares excluding treasury share)
(3) Total Amount of Repurchase Price	Up to 3 billion yen
(4) Period of Repurchase	From May 1, 2020 to April 30, 2021
(5) Method of Repurchase	Market trading on Tokyo Stock Exchange

4. Other

Sales Turnover based on Business Composition under Medium- to Long-Term Business Plan ZGP25

Business composition	Fiscal 2019	Fiscal 2020	Amount of increase (decrease)	Rate of increase (decrease)	Main items
	million yen	million yen	million yen	%	
Product business	14,482	14,753	270	1.9	(for corporate customers) Printed residential maps, BLUE MAPS GIS Package products, Residential map data
Public Solution business	6,798	7,012	213	3.1	(for central government ministries/agencies and local governments) Printed residential maps, BLUE MAPS, Residential map databases
Map Design business	1,201	1,255	53	4.4	Special-purpose maps, Map design stationary "mati mati" series, Original map design goods, Printed books
Automotive business	18,638	15,875	(2,763)	(14.8)	Data contents for Japanese in-car navigation systems, High-precision 3D data for AD/ADAS
IoT business	14,599	14,238	(361)	(2.5)	Services for smartphones, Map data for internet services, Provision of location based services
Marketing Solution business	8,025	6,636	(1,388)	(17.3)	Provision of Marketing Solution, General commercial printing
Total	63,747	59,771	(3,976)	(6.2)	