



Financial Summary for First Quarter of Fiscal 2021 [Japanese GAAP] [Consolidated]

July 29, 2020

Name of listed company **ZENRIN CO., LTD.** Stock exchange listings: Tokyo and Fukuoka
 Securities code 9474 URL <https://www.zenrin.co.jp/>
 Representative [Title] President and CEO [Name] Zenshi Takayama
 Contact [Title] Executive Officer and Head of Corporate Management Division [Name] Yumiko Toshima TEL +81-93-882-9050
 Scheduled date of submission of quarterly securities report: July 30, 2020
 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 Quarter of Fiscal 2021

ZENRIN's first quarter of fiscal 2021 is the period from April 1, 2020 to June 30, 2020.

(1) Consolidated Business Performance [cumulative]

[%figures 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	
	million yen	%	million yen	%	million yen	%	million yen	%
First quarter of fiscal 2021	11,312	(10.1)	(1,130)	—	(1,016)	—	(621)	—
First quarter of fiscal 2020	12,588	(7.5)	(634)	—	(390)	—	(640)	—

[Note] Comprehensive income First quarter of fiscal 2021: (526) million yen [—%]
 First quarter of fiscal 2020: (1,059) million yen [—%]

	Earnings per share	Diluted earnings per share
	yen	yen
First quarter of fiscal 2021	(11.21)	—
First quarter of fiscal 2020	(12.25)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Ratio of equity to total assets
	million yen	million yen	%
First quarter of fiscal 2021	68,640	43,820	61.4
Fiscal 2020	69,569	41,451	57.1

[Reference] Equity First quarter of fiscal 2021: 42,175 million yen Fiscal 2020: 39,715 million yen

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 2020	—	12.50	—	12.50	25.00
Fiscal 2021	—	—	—	—	—
Fiscal 2021 [forecast]	—	12.50	—	12.50	25.00

[Note] Revision from most recently announced forecast for dividends: None

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.

[% figures for the fiscal year represent the increase (decrease) compared to the previous fiscal year; % figures for the first 2 quarters 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	24,500	(8.6)	(2,000)	—	(1,900)	—	(1,500)	—	(27.03)
Fiscal year	58,500	(2.1)	1,500	(54.6)	1,700	(54.2)	900	(65.8)	16.22

[Note] Revision from most recently announced forecast for results of operations: Yes

For the forecast for consolidated results of operations in fiscal 2021, please refer to "Forecast for Results of Operations," which was announced on July 29, 2020.

1. Qualitative Information on Quarterly Results

(1) Explanation of Business Performance

In the first quarter of fiscal 2021 (from April 1, 2020 to June 30, 2020), the Japanese economy experienced the extremely difficult condition with the restriction of consumer spending and corporate economic activities due to the spread of COVID-19 infection.

In such an environment, the ZENRIN Group in the first quarter of fiscal 2021 reported net sales of 11,312 million yen (decreased 1,275 million yen, or down 10.1%, compared to the same period of the previous fiscal year), operating loss of 1,130 million yen (downturn of 496 million yen compared to the same period of the previous fiscal year), ordinary loss of 1,016 million yen (downturn of 626 million yen compared to the same period of the previous fiscal year).

In addition, loss attributable to owners of parent improved by 18 million yen (YOY) to 621 million yen, mainly due to lower extraordinary losses 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 decrease mainly in sales of data for in-car navigation systems in Japan and overseas in the automotive business, despite the strong performance by the GIS package, i.e., the stock-type service. In terms of profit and loss, a segment loss was reported as a result of the significant impact of decreased sales, despite the cost decrease due to the restrictions of business activities with the declaration of a state of emergency.

As a result of the foregoing, the Map Database segment reported net sales of 9,518 million yen (decreased 702 million yen, or down 6.9%, compared to the same period of the previous fiscal year) and segment loss of 1,094 million yen (downturn of 443 million yen compared to the same period of the previous fiscal year).

General Printing Segment

The General Printing segment reported net sales of 441 million yen (decreased 303 million yen, or down 40.8%, compared to the same period of the previous fiscal year) and segment loss of 73 million yen (downturn of 55 million yen compared to the same period of the previous fiscal year) due to the impact of voluntary restraints of posting folded flyers by customers.

Other

The segment other than the Map Database segment and the General Printing segment reported net sales of 1,352 million yen (decreased 268 million yen, or down 16.6%, compared to the same period of the previous fiscal year) and segment income of 22 million yen (increased 3 million yen, or up 18.5% compared to the same period of the previous fiscal year) due to the impact of reduction of events and sales promotion activities by customers.

(2) Explanation of Financial Position

Total assets at the end of the first quarter of fiscal 2021 amounted to 68,640 million yen (decreased 929 million yen, or down 1.3%, compared to the end of the previous fiscal year). This was attributable to the decrease in notes and accounts receivable-trade due to the effects of seasonal fluctuations.

Liabilities amounted to 24,819 million yen (decreased 3,298 million yen, or down 11.7%, compared to the end of the previous fiscal year). This was attributable to a decrease in notes and accounts payable – trade due to payment, and a decrease in income taxes payable due to tax payment.

Net assets amounted to 43,820 million yen (increased 2,368 million yen, or up 5.7%, compared to the end of the previous fiscal year). This was mainly due to disposal of treasury shares, despite the decrease by a loss attributable to owners of parent, dividend of surplus, etc.

As a result, the ratio of equity to total assets at the end of the first quarter of fiscal 2021 was 61.4% (up 4.3 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 the fiscal year ending March 2021 was undetermined as it was difficult to reasonably estimate the forecast due to the spread of the COVID-19 infection. Meanwhile, we announce the consolidated forecast that has been calculated based on information, etc. available at this moment.

For the fiscal year ending March 2021, our full-year forecast for the consolidated results of operations includes net sales of 58,500 million yen (decrease 1,271 million yen, or down 2.1%, compared to the previous fiscal year) , operating income of 1,500 million yen (decrease 1,800 million yen, or down 54.6%, compared to the previous fiscal year) , ordinary income of 1,700 million yen (decrease 2,009 million yen, or down 54.2%, compared to at the end of fiscal 2020) , and profit attributable to owners of parent of 900 million yen (decrease 1,733 million yen, or down 65.8%, compared to the previous fiscal year) . We foresee a decrease in both sales and income from the previous fiscal year.

For details, please refer to “Forecast for Results of Operations,” which was announced on July 29, 2020.

The period of convergence of COVID-19 infection, the degree of impact and other related conditions may vary greatly in the future. In the case of occurrence of an event that affects the ZENRIN Group's business performance, we will promptly make an announcement.

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

[Unit: million yen]

	Fiscal 2020 As of March 31, 2020	First quarter of fiscal 2021 As of June 30, 2020
Assets		
Current assets		
Cash and deposits	15,524	19,737
Notes and accounts receivable – trade	13,950	7,549
Electronically recorded monetary claims – operating	125	78
Securities	5	5
Merchandise and finished goods	955	986
Work in process	541	803
Raw materials and supplies	77	73
Other	1,330	1,517
Allowance for doubtful accounts	(18)	(15)
Total current assets	32,493	30,736
Non-current assets		
Property, plant and equipment	12,761	12,962
Intangible assets		
Goodwill	333	506
Software	9,765	9,804
Other	3,721	3,598
Total intangible assets	13,820	13,908
Investments and other assets		
Other	10,664	11,208
Allowance for doubtful accounts	(170)	(176)
Total investments and other assets	10,494	11,032
Total non-current assets	37,075	37,903
Total assets	69,569	68,640

[Unit: million yen]

	Fiscal 2020 As of March 31, 2020	First quarter of fiscal 2021 As of June 30, 2020
Liabilities		
Current liabilities		
Accounts payable – trade	3,461	1,684
Short-term loans payable	1,350	743
Income taxes payable	1,259	42
Provision for directors' bonuses	73	17
Provision for sales returns	3	—
Asset retirement obligations	6	6
Other	11,369	11,538
Total current liabilities	17,523	14,032
Non-current liabilities		
Bonds payable	8,143	8,131
Long-term loans payable	1,050	1,447
Provision for directors' retirement benefits	129	129
Provision for management board benefit trust	52	52
Net defined benefit liability	262	273
Asset retirement obligations	44	40
Other	913	713
Total non-current liabilities	10,594	10,786
Total liabilities	28,117	24,819
Net assets		
Shareholders' equity		
Capital stock	6,557	6,557
Capital surplus	13,624	13,071
Retained earnings	27,796	24,129
Treasury shares	(8,817)	(2,307)
Total shareholders' equity	39,161	41,450
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	342	496
Foreign currency translation adjustment	69	63
Remeasurements of defined benefit plans	142	164
Total accumulated other comprehensive income	554	724
Non-controlling interests	1,736	1,645
Total net assets	41,451	43,820
Total liabilities and net assets	69,569	68,640

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

[Unit: million yen]

	First quarter of fiscal 2020 From: April 1, 2019 To: June 30, 2019	First quarter of fiscal 2021 From: April 1, 2020 To: June 30, 2020
Net sales	12,588	11,312
Cost of sales	8,031	7,715
Gross profit	4,557	3,597
Selling, general and administrative expenses		
Personnel expenses	3,140	2,779
Provision for directors' bonuses	17	9
Retirement benefit expenses	96	99
Other	1,937	1,839
Total selling, general and administrative expenses	5,191	4,728
Operating loss	(634)	(1,130)
Non-operating income		
Interest income	2	2
Dividend income	93	83
Other	190	53
Total non-operating income	287	139
Non-operating expenses		
Interest expenses	4	4
Other	39	20
Total non-operating expenses	43	25
Ordinary loss	(390)	(1,016)
Extraordinary income		
Gain on sales of non-current assets	0	—
Gain on sales of investment securities	—	18
Total extraordinary income	0	18
Extraordinary losses		
Loss on sales and retirement of non-current assets	9	5
Loss on valuation of investment securities	265	20
Other	108	—
Total extraordinary losses	382	26
Loss before income taxes	(773)	(1,024)
Income taxes – current	94	64
Income taxes – deferred	(141)	(391)
Total income taxes	(47)	(327)
Loss	(725)	(697)
Loss attributable to non-controlling interests	(85)	(75)
Loss attributable to owners of parent	(640)	(621)

Quarterly Consolidated Statement of Comprehensive Income [cumulative]

[Unit: million yen]

	First quarter of fiscal 2020 From: April 1, 2019 To: June 30, 2019	First quarter of fiscal 2021 From: April 1, 2020 To: June 30, 2020
Loss	(725)	(697)
Other comprehensive income		
Valuation difference on available-for-sale securities	(363)	154
Foreign currency translation adjustment	11	(5)
Remeasurements of defined benefit plans, net of tax	17	22
Total other comprehensive income	(333)	170
Comprehensive income	(1,059)	(526)
[Comprehensive income attributable to]		
Comprehensive income attributable to owners of parent	(870)	(451)
Comprehensive income attributable to non-controlling interests	(189)	(74)

(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

Based on the resolution at the board meeting held on March 26, 2020, ZENRIN entered into a capital and business tie-up with Nippon Telegraph and Telephone Corporation ("NTT") and disposed of treasury shares (4,200,000 shares) through a third-party allotment to NTT on April 13, 2020, resulting in decreases of 7,509 million yen in treasury shares, 552 million yen in capital surplus and 2,388 million yen in retained earnings, respectively, in the first quarter of fiscal 2021.

In addition, based on the resolution at the board meeting held on April 28, 2020, ZENRIN acquired 802 thousands treasury shares for 999 million yen, resulting in 13,071 million yen in capital surplus, 24,129 million yen in retained earnings and 2,307 million yen in treasury shares as of the end of the first quarter of fiscal 2021.

Changes in Significant Subsidiaries in the First Quarter of Fiscal 2021

Not applicable.

While not qualifying as a change in specified subsidiaries, ZENRIN acquired shares of Taico CO., LTD, and ZENRIN DataCom CO., LTD., which is ZENRIN's consolidated subsidiary, acquired shares of ACTCUBE inc. and Communication Project CO., LTD. on April 1, 2020. Those firms have been included in the scope of consolidation starting from the first quarter of fiscal 2021.

ZENRIN BIZNEXUS Co., Ltd, ZENRIN GEO INTELLIGENCE CO., LTD. and DAITO Marketing Solutions Inc. , which were consolidated subsidiaries in the previous fiscal year, were combined on April 1, 2020 with ZENRIN MARKETING SOLUTIONS CO., LTD. (trade name was changed from ZENRIN MS HOLDINGS CO., LTD. on April 1, 2020) through an absorption-type merger. Consequently, those firms have been excluded from the scope of consolidation.

Segment Information

I. First Quarter of Fiscal 2020 (from April 1, 2019 to June 30, 2019)

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

[Unit: million yen]

	Reportable segments			Other [Note]	Total
	Map Database segment	General Printing segment	Total		
Net sales					
Net sales to external customers	10,221	745	10,967	1,620	12,588
Intersegment net sales or transfers	39	38	77	33	111
Total	10,260	784	11,045	1,654	12,699
Segment income (loss)	(651)	(18)	(670)	18	(651)

[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	(670)
Income of "Other" item	18
Eliminations of intersegment transactions	17
Operating income (loss) on quarterly consolidated statement of income	(634)

II. First Quarter of Fiscal 2021 (from April 1, 2020 to June 30, 2020)

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

[Unit: million yen]

	Reportable segments			Other [Note]	Total
	Map Database segment	General Printing segment	Total		
Net sales					
Net sales to external customers	9,518	441	9,960	1,352	11,312
Intersegment net sales or transfers	41	70	111	38	150
Total	9,560	512	10,072	1,390	11,463
Segment income (loss)	(1,094)	(73)	(1,168)	22	(1,146)

[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	(1,168)
Income of "Other" item	22
Eliminations of intersegment transactions	15
Operating income (loss) on quarterly consolidated statement of income	(1,130)

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

As of April 1, 2020, an absorption-type merger took effect with ZENRIN MARKETING SOLUTIONS CO., LTD. (trade name was changed from ZENRIN MS HOLDINGS CO., LTD. on April 1, 2020) being the surviving company, and ZENRIN BIZNEXUS Co., Ltd, ZENRIN GEO INTELLIGENCE CO., LTD. and DAITO Marketing Solutions Inc., being ceasing companies. In line with this change of organizational structure, the business of DAITO Marketing Solutions Inc., which was previously included in the General Printing segment, has been included in "Other" from the first quarter of fiscal 2021.

Segment information for the previous first quarter 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 Segment

(Significant changes in amount of goodwill)

In the Map Database segment, Communication Project CO., LTD. has been included in the scope of consolidation from the first quarter of fiscal 2021 due to the acquisition of its shares. The increase in goodwill due to the said event was 105 million yen for the first quarter of fiscal 2021.

In "Other," ACTCUBE CO., LTD. has been included in the scope of consolidation from the first quarter of fiscal 2021 due to the acquisition of its shares. The increase in goodwill due to the said event was 93 million yen for the first quarter of fiscal 2021.

3. Supplementary Information

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

Business category	First quarter of fiscal 2020	First quarter of fiscal 2021	Amount of increase (decrease)	Rate of increase (decrease)	Main products
	million yen	million yen	million yen	%	
Product business	2,971	3,125	153	5.2	(for corporate customers) Printed residential maps, BLUE MAPS GIS Package products, Residential map data
Public Solution business	1,029	1,085	56	5.5	(for central government ministries/agencies and local governments) Printed residential maps, BLUE MAPS, Residential map databases
Map Design business	59	26	(33)	(55.6)	Special-purpose maps, Products of map design brands Original map design goods, Printed books
Automotive business	3,760	2,907	(853)	(22.7)	Data contents for in-car navigation systems, High-precision 3D data for AD/ADAS
IoT business	2,984	3,034	50	1.7	Services for smartphones, Map data for internet services, Provision of location-based services and solutions
Marketing Solution business	1,782	1,132	(650)	(36.5)	Provision of Marketing Solution, General commercial printing
Total	12,588	11,312	(1,275)	(10.1)	