

1. Qualitative Information on Quarterly Results

(1) Explanation of Business Performance

In the first 3 quarters of fiscal 2021 (from April 1, 2020 to December 31, 2020), the Japanese economy continued to face extremely difficult conditions, with corporate earnings and the employment environment deteriorating due to the effects of COVID-19 infection. Although socioeconomic activities were resumed in stages and there were signs of recovery, the situation remains unpredictable due to the reemergence of the infectious disease.

In such an environment, the ZENRIN Group in the first 3 quarters of fiscal 2021 reported net sales of 38,429 million yen (decreased 1,886 million yen, or down 4.7%, compared to the same period of the previous fiscal year), operating loss of 1,719 million yen (downturn of 1,253 million yen compared to the same period of the previous fiscal year), ordinary loss of 1,482 million yen (downturn of 1,322 million yen, compared to the same period of the previous fiscal year) and loss attributable to owners of parent of 758 million yen (downturn of 995 million yen 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, contracted services for corporations and local governments and sales of GIS packages, a stock-type service, were firm, but sales of data for in-car navigation systems in the automotive business declined. In terms of profit and loss, a segment loss was reported as a result of the significant impact of decreased sales and an increase in upfront investment expenses, despite the cost decrease due to lower personnel costs and the restrictions of business activities during COVID-19 pandemic.

As a result of the foregoing, the Map Database segment reported net sales of 32,420 million yen (decreased 845 million yen, or down 2.5%, compared to the same period of the previous fiscal year) and segment loss of 1,872 million yen (downturn of 1,205 million yen, compared to the same period of the previous fiscal year).

General Printing Segment

The General Printing segment reported net sales of 1,592 million yen (decreased 733 million yen, or down 31.5%, compared to the same period of the previous fiscal year) and segment loss of 91 million yen (downturn of 153 million yen compared to the same period of the previous fiscal year) mainly 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 4,415 million yen (decreased 307 million yen, or down 6.5%, compared to the same period of the previous fiscal year) and segment income of 194 million yen (increased 105 million yen, or up 119.1%, compared to the same period of the previous fiscal year) mainly 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 third quarter of fiscal 2021 amounted to 66,207 million yen (decreased 3,361 million yen, or down 4.8% 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 24,275 million yen (decreased 3,842 million yen, or down 13.7% 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 41,932 million yen (increased 480 million yen, or up 1.2% compared to the end of the previous fiscal year). This was mainly due to the disposition of treasury shares despite the recognition of loss attributable to owners of parent and dividends of surplus,

As a result, the ratio of equity to total assets at the end of the third quarter of fiscal 2021 was 61.1% (up 4.0 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 consolidated results of operations in fiscal 2021 remains unchanged from the forecast announced on July 29, 2020, because the outlook for recovery in economic activity remains still uncertain due to the re-emergence of the COVID-19.

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

[Unit: million yen]

| | Fiscal 2020 | Third quarter of fiscal 2021 |
|--|----------------------|---------------------------------|
| | As of March 31, 2020 | As of December 31, 2020 |
| Assets | | |
| Current assets | | |
| Cash and deposits | 15,524 | 15,002 |
| Notes and accounts receivable – trade | 13,950 | 9,140 |
| Electronically recorded monetary claims – operating | 125 | 103 |
| Securities | 5 | 5 |
| Merchandise and finished goods | 955 | 881 |
| Work in process | 541 | 1,345 |
| Raw materials and supplies | 77 | 75 |
| Other | 1,330 | 1,802 |
| Allowance for doubtful accounts | (18) | (16) |
| Total current assets | 32,493 | 28,339 |
| Non-current assets | | |
| Property, plant and equipment | 12,761 | 13,123 |
| Intangible assets | | |
| Goodwill | 333 | 432 |
| Software | 9,765 | 10,050 |
| Other | 3,721 | 3,067 |
| Total intangible assets | 13,820 | 13,550 |
| Investments and other assets | | |
| Other | 10,664 | 11,369 |
| Allowance for doubtful accounts | (170) | (175) |
| Total investments and other assets | 10,494 | 11,194 |
| Total non-current assets | 37,075 | 37,867 |
| Total assets | 69,569 | 66,207 |

[Unit: million yen]

| | Fiscal 2020 As of March 31, 2020 | Third quarter of fiscal 2021 As of December 31, 2020 |
|---|-------------------------------------|--|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 3,461 | 1,871 |
| Short-term loans payable | 1,350 | 1,220 |
| Income taxes payable | 1,259 | 30 |
| Provision for directors' bonuses | 73 | 26 |
| Provision for sales returns | 3 | 3 |
| Asset retirement obligations | 6 | 6 |
| Other | 11,369 | 10,836 |
| Total current liabilities | 17,523 | 13,994 |
| Non-current liabilities | | |
| Bonds payable | 8,143 | 8,107 |
| Long-term loans payable | 1,050 | 834 |
| Provision for directors' retirement benefits | 129 | 128 |
| Provision for management board benefit trust | 52 | 52 |
| Net defined benefit liability | 262 | 291 |
| Asset retirement obligations | 44 | 73 |
| Other | 913 | 792 |
| Total non-current liabilities | 10,594 | 10,280 |
| Total liabilities | 28,117 | 24,275 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 6,557 | 6,557 |
| Capital surplus | 13,624 | 12,919 |
| Retained earnings | 27,796 | 23,292 |
| Treasury shares | (8,817) | (3,118) |
| Total shareholders' equity | 39,161 | 39,651 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 342 | 515 |
| Foreign currency translation adjustment | 69 | 62 |
| Remeasurements of defined benefit plans | 142 | 208 |
| Total accumulated other comprehensive income | 554 | 786 |
| Non-controlling interests | 1,736 | 1,494 |
| Total net assets | 41,451 | 41,932 |
| Total liabilities and net assets | 69,569 | 66,207 |

(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 2020 From: April 1, 2019 To: December 31, 2019 | First 3 quarters of fiscal 2021 From: April 1, 2020 To: December 31, 2020 |
|--|--|--|
| Net sales | 40,316 | 38,429 |
| Cost of sales | 25,115 | 24,774 |
| Gross profit | 15,201 | 13,655 |
| Selling, general and administrative expenses | | |
| Personnel expenses | 9,210 | 8,939 |
| Provision for directors' bonuses | 52 | 24 |
| Retirement benefit expenses | 277 | 308 |
| Provision of allowance for doubtful accounts | — | 5 |
| Other | 6,127 | 6,097 |
| Total selling, general and administrative expenses | 15,667 | 15,375 |
| Operating loss | (466) | (1,719) |
| Non-operating income | | |
| Interest income | 8 | 5 |
| Dividend income | 119 | 105 |
| Other | 312 | 207 |
| Total non-operating income | 440 | 318 |
| Non-operating expenses | | |
| Interest expenses | 12 | 12 |
| Cancellation penalty | 53 | 26 |
| Foreign exchange losses | 32 | — |
| Other | 36 | 41 |
| Total non-operating expenses | 134 | 81 |
| Ordinary loss | (160) | (1,482) |
| Extraordinary income | | |
| Gain on sales of non-current assets | 430 | 6 |
| Gain on sales of investment securities | 599 | 45 |
| Total extraordinary income | 1,029 | 52 |
| Extraordinary losses | | |
| Loss on sales and retirement of non-current assets | 93 | 62 |
| Loss on valuation of investment securities | — | 20 |
| Impairment loss | 192 | — |
| Other | 110 | 0 |
| Total extraordinary losses | 396 | 84 |
| Profit before income (loss) taxes | 471 | (1,514) |
| Income taxes – current | 254 | 154 |
| Income taxes – deferred | 161 | (697) |
| Total income taxes | 415 | (543) |
| Profit (Loss) | 55 | (971) |
| Loss attributable to non-controlling interests | (181) | (212) |
| Profit (Loss) attributable to owners of parent | 236 | (758) |

Quarterly Consolidated Statement of Comprehensive Income [cumulative]

[Unit: million yen]

| | First 3 quarters of fiscal 2020 From: April 1, 2019 To: December 31, 2019 | First 3 quarters of fiscal 2021 From: April 1, 2020 To: December 31, 2020 |
|--|--|--|
| Profit (loss) | 55 | (971) |
| Other comprehensive income (loss) | | |
| Valuation difference on available-for-sale securities | (967) | 173 |
| Foreign currency translation adjustment | (51) | (8) |
| Remeasurements of defined benefit plans, net of tax | 53 | 66 |
| Total other comprehensive income | (965) | 231 |
| Comprehensive income | (909) | (740) |
| [Comprehensive income attributable to] | | |
| Comprehensive income attributable to owners of parents | (530) | (525) |
| Comprehensive income attributable to non-controlling interests | (379) | (214) |

(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 3 quarters of fiscal 2021.

In addition, based on the resolution at the board meeting held on April 28, 2020, ZENRIN acquired 1,457 thousands treasury shares for 1,830 million yen, resulting in 12,919 million yen in capital surplus, 23,292 million yen in retained earnings and 3,118 million yen in treasury shares as of the end of the third quarter of fiscal 2021.

Changes in Significant Subsidiaries in the First 3 Quarters 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.

ZENRIN acquired additional shares of Y's Computer Creates Co.,Ltd., a non-equity method affiliate of the Company, on January 5, 2021, and plans to include the company in the scope of consolidation from the fourth quarter of fiscal 2021.

Segment Information

I. 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 [Note] | Total |
|-------------------------------------|-------------------------|-----------------------------|--------|-----------------|--------|
| | Map Database segment | General Printing segment | Total | | |
| Net sales | | | | | |
| Net sales to external customers | 33,266 | 2,326 | 35,592 | 4,723 | 40,316 |
| Intersegment net sales or transfers | 119 | 339 | 458 | 178 | 636 |
| Total | 33,386 | 2,665 | 36,051 | 4,901 | 40,952 |
| Segment income (loss) | (666) | 62 | (604) | 88 | (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 | (604) |
| Income of "Other" item | 88 |
| Eliminations of intersegment transactions | 49 |
| Operating loss on quarterly consolidated statement of income | (466) |

(c) 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 2021.

II. First 3 Quarters of Fiscal 2021 (from April 1, 2020 to December 31, 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 | 32,420 | 1,592 | 34,013 | 4,415 | 38,429 |
| Intersegment net sales or transfers | 129 | 329 | 458 | 384 | 843 |
| Total | 32,550 | 1,922 | 34,472 | 4,800 | 39,272 |
| Segment income (loss) | (1,872) | (91) | (1,963) | 194 | (1,768) |

[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 | (1,963) |
| Income of "Other" item | 194 |
| Eliminations of intersegment transactions | 48 |
| Operating loss on quarterly consolidated statement of income | (1,719) |

(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 3 quarters has been prepared in accordance with the classification of reportable segments after the change.

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 2020 | First 3 quarters of fiscal 2021 | Amount of increase (decrease) | Rate of increase (decrease) | Main products |
|-----------------------------|---------------------------------|---------------------------------|-------------------------------|-----------------------------|---|
| | million yen | million yen | million yen | % | |
| Product business | 10,302 | 10,631 | 328 | 3.2 | (for corporate customers) Printed residential maps, BLUE MAPS GIS Package products, Residential map data |
| Public Solution business | 3,925 | 4,493 | 568 | 14.5 | (for central government ministries/agencies and local governments) Printed residential maps, BLUE MAPS, Residential map databases |
| Map Design business | 522 | 416 | (105) | (20.2) | Special-purpose maps, Map design stationary “mati mati” series, Original map design goods, Printed books |
| Automotive business | 11,271 | 9,447 | (1,823) | (16.2) | Data contents for Japanese in-car navigation systems, High-precision 3D data for AD/ADAS |
| IoT business | 9,204 | 9,522 | 318 | 3.5 | Services for smartphones, Map data for internet services, Provision of location based services |
| Marketing Solution business | 5,089 | 3,917 | (1,172) | (23.0) | Provision of Marketing Solution, General commercial printing |
| Total | 40,316 | 38,429 | (1,886) | (4.7) | |