

Briefing on Results for Fiscal 2023

(Year Ended March 31, 2023)

May 16, 2023

I . Overview of Results for Fiscal 2023

II . Earnings Forecast for Fiscal 2024

III . Business Overview

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***Note:**

This document contains forward-looking statements based on assumptions, forecasts and plans in light of information available to ZENRIN Co., Ltd. as of the preparation date of this document. Actual performance may vary significantly from the forecast figures due to various risks and uncertainties owing to global economic trends, market demand, status of competition, exchange fluctuations and other factors.

The information that appears in this document rounds down fractions to the nearest specified unit and rounds off decimals in the percentage of change to the first decimal place.

In addition, cases where the percentage of change exceeds 1000% and cases where one or both of the items of comparison are negative are shown as “-.”

***Disclaimer:**

This document has been translated from the Japanese original for reference purposes only.

In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

I . Overview of Results for Fiscal 2023

1. Overview of Results
2. Causes for Change in Operating Income
3. Changes in Cash Flows
4. Shareholder Returns

1. Overview of Results

Key Points of Results for Fiscal 2023

【Decrease in sales, income and profit】 (Compared to FY2022)

Sales
Result

- Net sales declined for the first time in 2 periods due to a decline in sales of data for in-car navigation systems in the automotive-related business, impacted by adjustments in automobile production, despite the increase in orders received in the marketing solutions-related and IoT-related business.

Expenses

Profit
and loss

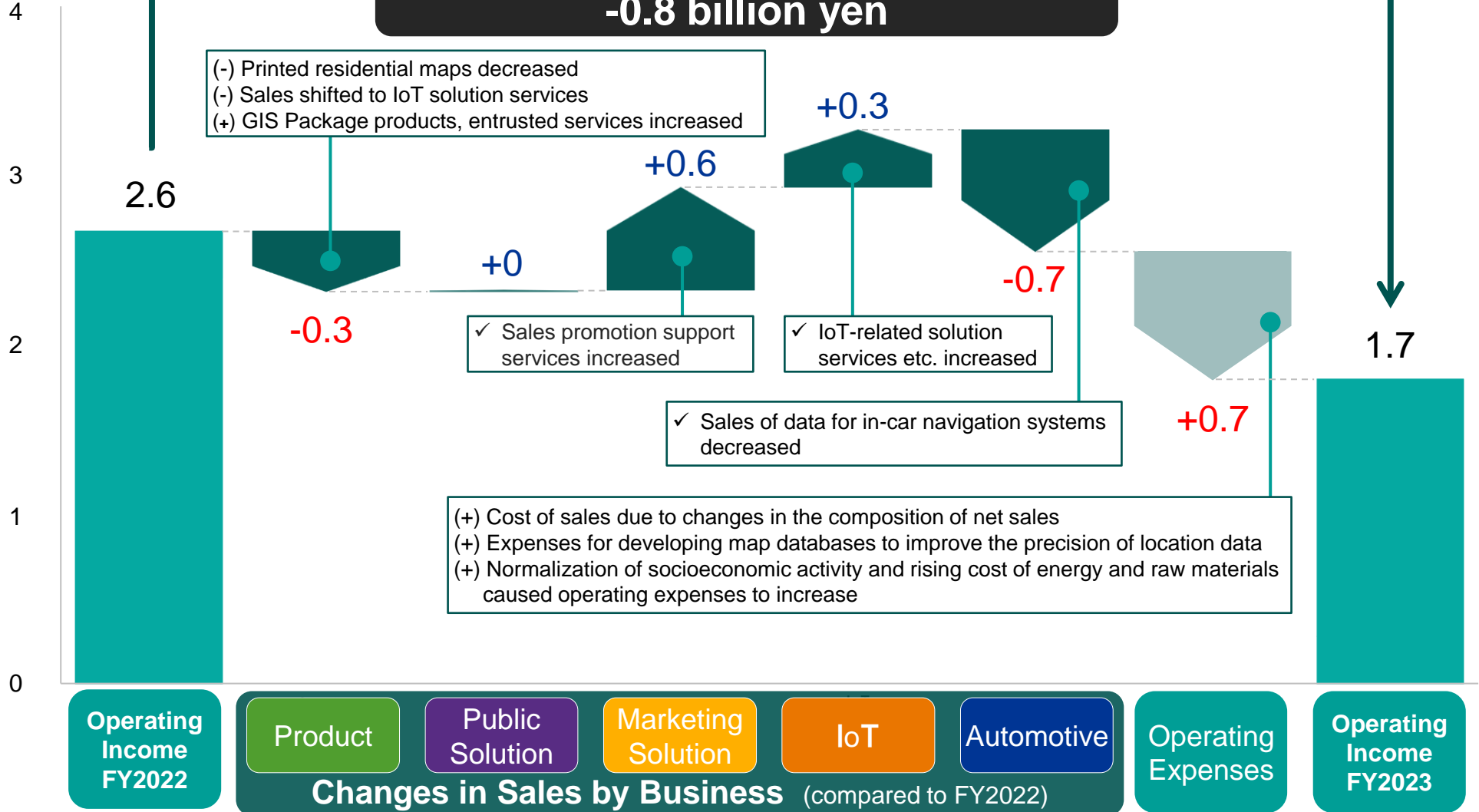
- Cost of sales increased due to changes in the composition of sales. Operating expenses grew due to an increase in expenses for developing map databases to improve the precision of location data as well as the normalization of socioeconomic activity and the rising prices of raw materials, and operating income and ordinary income decreased for the first time in 2 periods.
- Profit attributable to owners of parent declined due to the reporting of extraordinary income from gain on sales of investment securities and gain on sales of non-current assets in fiscal 2023 and also because gain on sales of investment securities was reported in the previous fiscal year.

(Amounts in million yen)

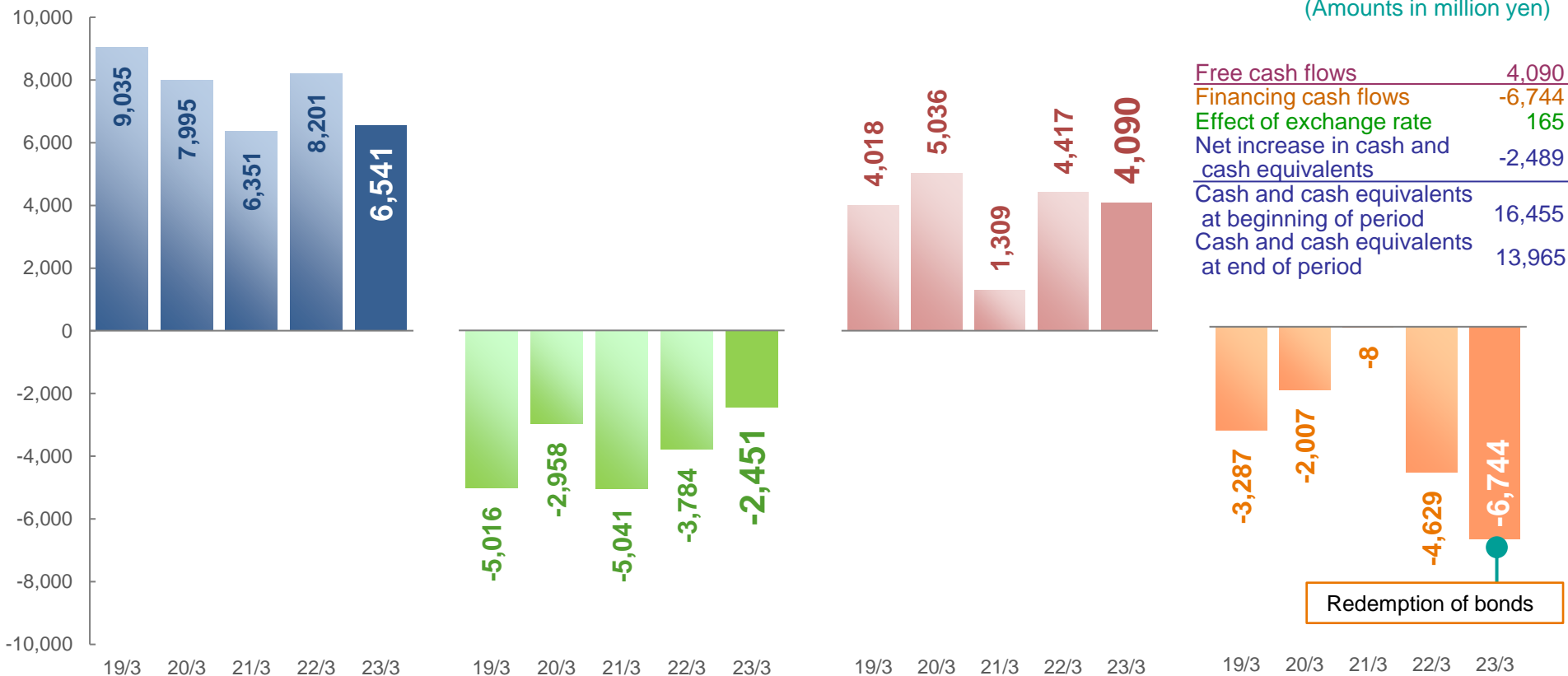
	(1) FY2022 Actual	(2) FY2023 Forecast (Apr. 28 2022)	(3) FY2023 Revised Forecast (Mar. 29 2023)	(4) FY2023 Actual	Compared to FY2022 (4) - (1)		Compared to Forecast (4) - (2)	
						% of Change		% of Change
Net Sales	59,053	60,500	58,600	58,933	-119	-0.2	-1,566	-2.6
Operating Expenses	56,382	57,500	57,050	57,134	+751	+1.3	-365	-0.6
Operating Income	2,670	3,000	1,550	1,799	-871	-32.6	-1,200	-40.0
Operating Margin	4.5%	5.0%	2.6%	3.1%	-1.4pt	—	-1.9pt	—
Ordinary Income	3,044	3,200	1,750	2,104	-939	-30.9	-1,095	-34.2
Profit Attributable to Owners of Parent	3,658	2,600	2,150	2,770	-887	-24.3	+170	+6.6

(Amounts in billion yen)

Operating Income (compared to FY2022)
-0.8 billion yen



(Amounts in million yen)



Free cash flows	4,090
Financing cash flows	-6,744
Effect of exchange rate	165
Net increase in cash and cash equivalents	-2,489
Cash and cash equivalents at beginning of period	16,455
Cash and cash equivalents at end of period	13,965

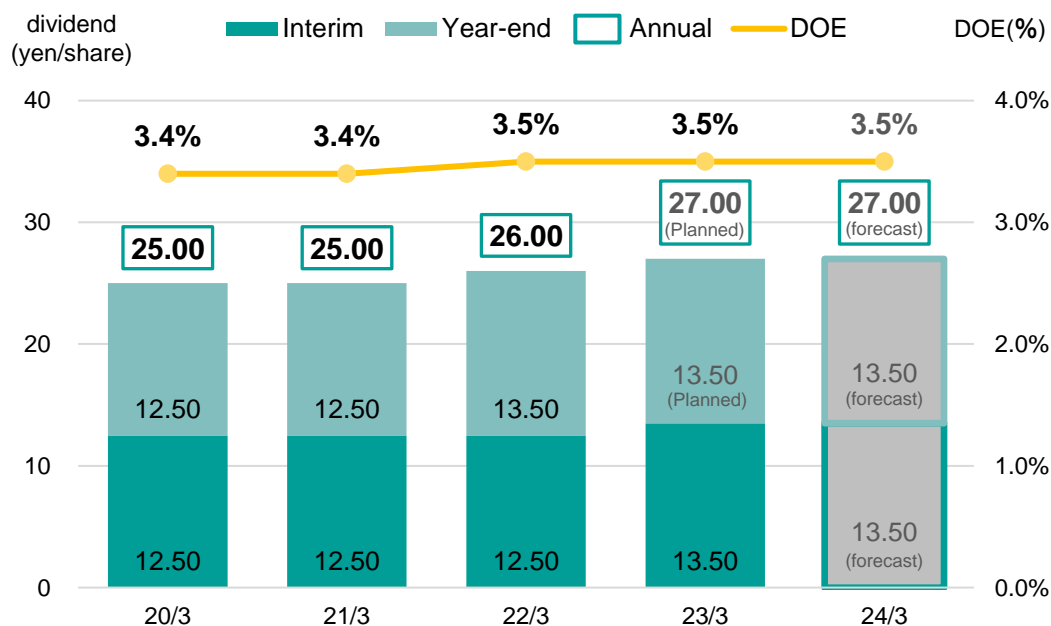
Redemption of bonds

	Operating Cash Flows	Investing Cash Flows	Free Cash Flows	Financing Cash Flows
FY2023 (Actual)	6,541 million yen	-2,451 million yen	4,090 million yen	-6,744 million yen
Compared to FY2022	Inflows down 1,660 million yen	Outflows down 1,333 million yen	Inflows down 327 million yen	Outflows down 2,115 million yen

Dividend

Return income to shareholders derived from income growth based on the medium- to long-term business plan, while taking into account maintaining an adequate amount of internal reserves

Target dividend on equity (DOE) on a consolidated basis of 3% or higher



Purchase of treasury shares

To be carried out flexibly as a measure of shareholder returns that also contributes to the maintenance and improvement of capital efficiency

Make a decision by taking into account capital conditions, stock prices, market environments, and opportunities for growth investments and other related factors

	Details of the resolution at the board meeting on <u>July 28, 2022</u> (Actual)	Details of the resolution at the board meeting on <u>January 31, 2023</u> (Actual)
Period of purchase	August 1, 2022 - August 31, 2022	February 1, 2023 - February 28, 2023
Number of shares purchased	461,200 shares	383,400 shares
Purchase price	433 million yen	327 million yen

II . Earnings Forecast for Fiscal 2024

1. Earnings Forecast for Fiscal 2024
2. Assumptions for Earnings Forecasts

1. Earnings Forecast for Fiscal 2024

Earnings Forecast for Fiscal 2024

Sales
Result

- An increase in sales in the automotive-related business, in conjunction with the recovery trend in automobile production is expected, while efforts will continue to be made in expanding stock-type services such as GIS packages and solutions services.

Expenses
▪
Profit
and loss

- As for expenses, high energy and raw material prices and increased personnel expenses due to higher wages are expected. Prices of products and services will also be revised (raised) gradually but its effect on the consolidated results for fiscal 2024 will be limited.
- Extraordinary income from gain on sales of investments securities and gain on sales of non-current assets was recorded in fiscal 2023 but is not expected to heavily impact extraordinary income in fiscal 2024. Accordingly, profit attributable to owners of parent will decrease compared to fiscal 2023.

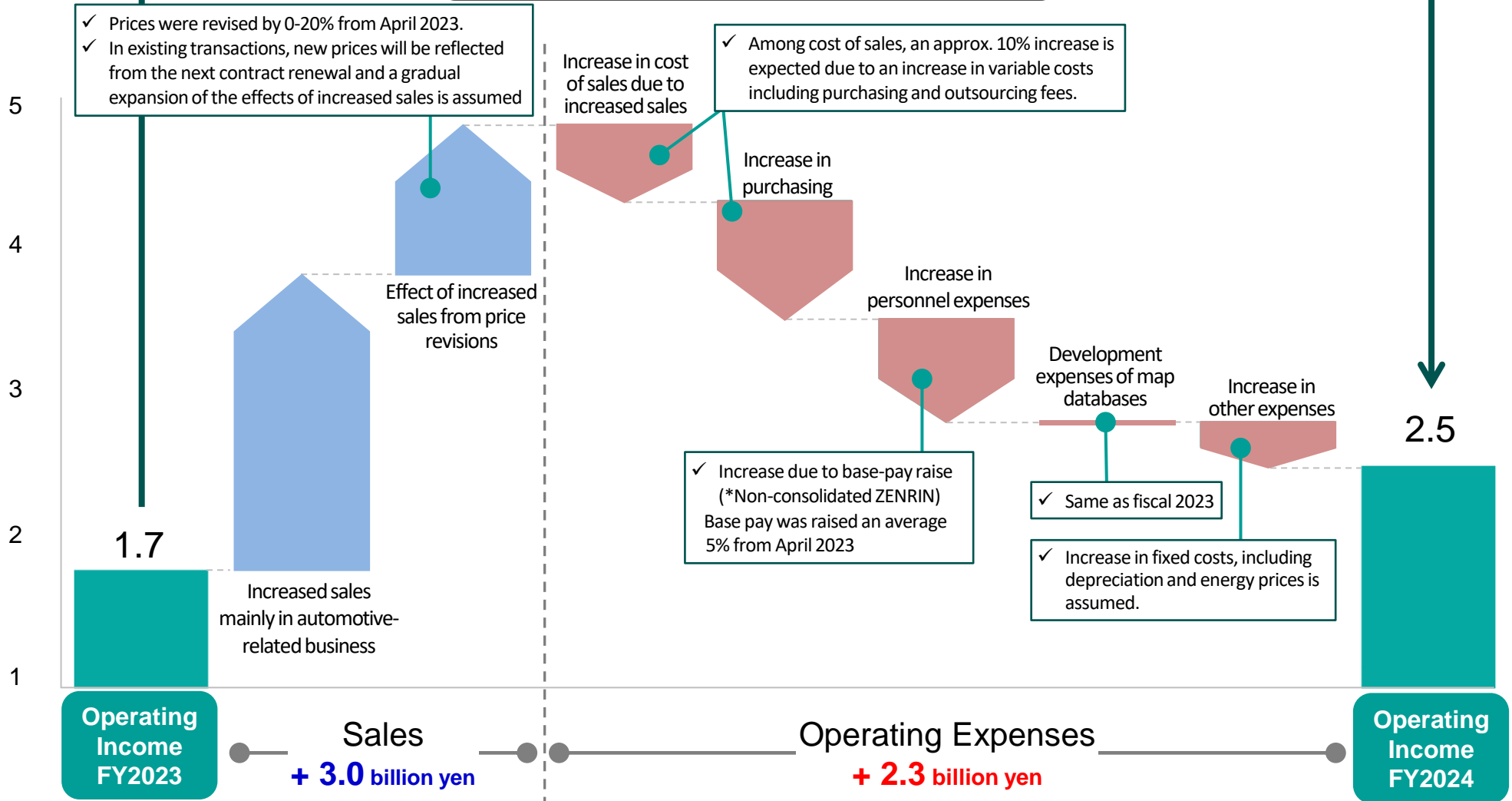
(Amounts in million yen)

	FY2023 (Actual)	FY2024 (Forecast)	Compared to FY2023	
				% of Change
Net Sales	58,933	62,000	+3,066	+5.2
Operating Expenses	57,134	59,500	+2,365	+4.1
Operating Income	1,799	2,500	+700	+39.0
Operating Margin	3.1%	4.0%	+0.9pt	—
Ordinary Income	2,104	2,700	+595	+28.3
Profit Attributable to Owners of Parent	2,770	1,800	-970	-35.0

2. Assumptions for Earnings Forecasts

Operating Income (compared to FY2023)
+ 0.7 billion yen

(Amounts in billion yen)



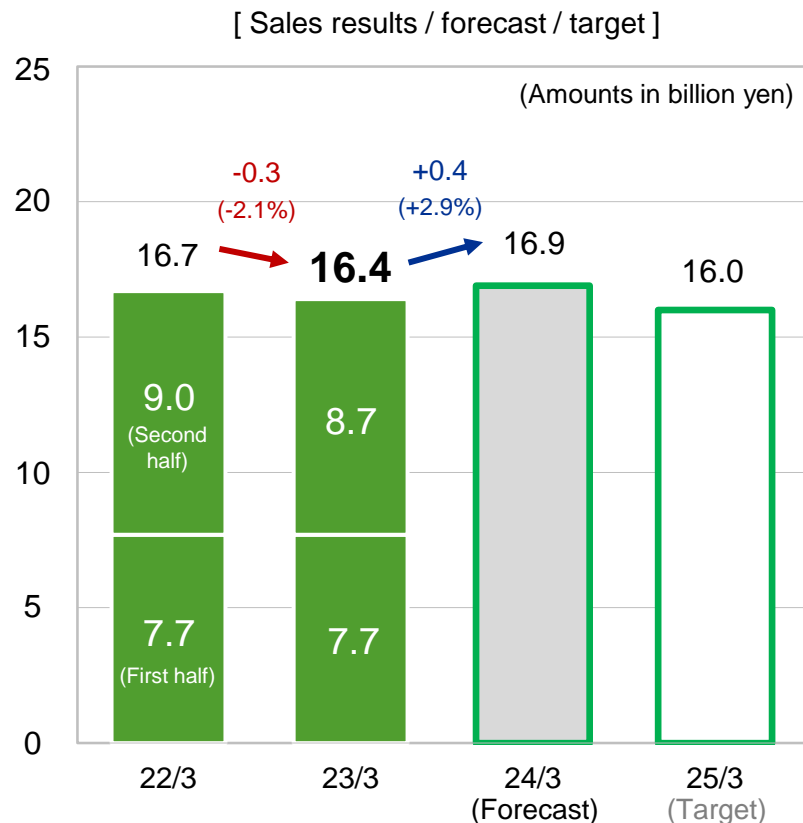
Ⅲ. Business Overview

1. Product
2. Public Solution
3. Marketing Solution
4. IoT
5. Automotive

FY2023 [Actual]

Decrease in sales

- Despite the steady sales of stock-type services such as GIS packages, the sales of flow-type products declined resulting in a decline in sales for the business overall compared to the previous fiscal year.

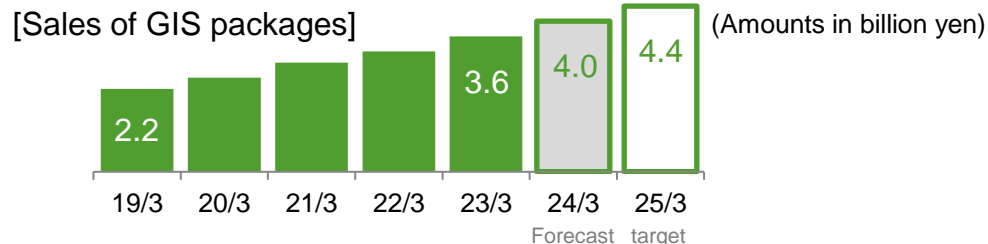


Progress of ZGP25 2nd Stage

GOAL

Expand the sales ratio of stock-type products to 70% of net sales.

- GIS packages are growing steadily.



- Advance the shift (*) from a conventional map-providing business to a solution-providing business.
(*Sales from solutions will be transferred to the IoT business category)

Ratio at the end of the period: Stock: Flow = 50%: 50%

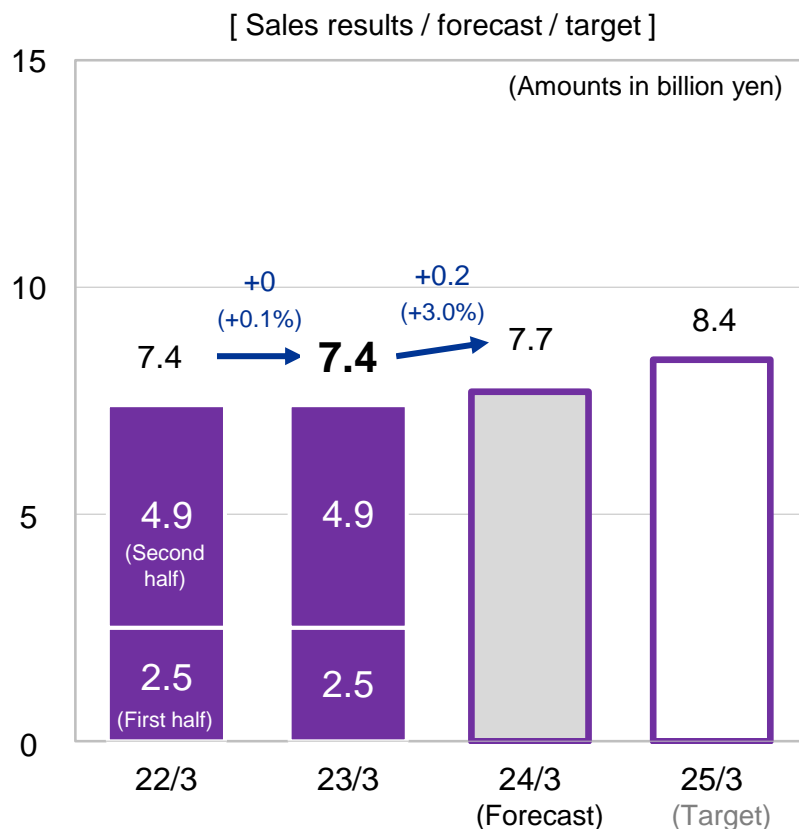
Initiatives for FY2024-25

- Expand the sales ratio of the stock-type business by expanding the lineup of GIS package products.
- By promoting the adoption of “ZENRIN Maps API,” expand and shift the existing map data-providing business to a solution-providing business.

FY2023 [Actual]

Increase in sales

- In Web services for local governments and entrusted services, sales were at levels similar to the previous fiscal year.



Progress of ZGP25 2nd Stage

GOAL

Increase sales through a shift from flow-type businesses to stock-type businesses and providing entrusted solutions.

- In the 1st Stage, we aimed to become the map platform for local governments and succeeded in being adopted by 1,000 local governments, which was targeted by “Residential map data.”
- In the 2nd Stage, we stepped up the shift from a business requiring bidding each time to a continuous stock-type business and promoted the development and adoption of stock-type services.
 - **ZENRIN Residential Map LGWAN** (from April 2018)
⇒ Supporting Local Government Wide Area Network (LGWAN)
 - **“Residential maps for Web” dedicated to local governments** (from April 2022)
⇒ Easily adopted at a low price. Support for the first step of DX of local governments

Together the two services have been adopted by more than 300 local governments.
Established a map platform at local governments.

Promoted initiatives to solve regional social problems by cooperating with local governments.

⇒ Concluded a comprehensive cooperation agreement with 3 cities in Nagasaki Prefecture.

Initiatives for FY2024-25

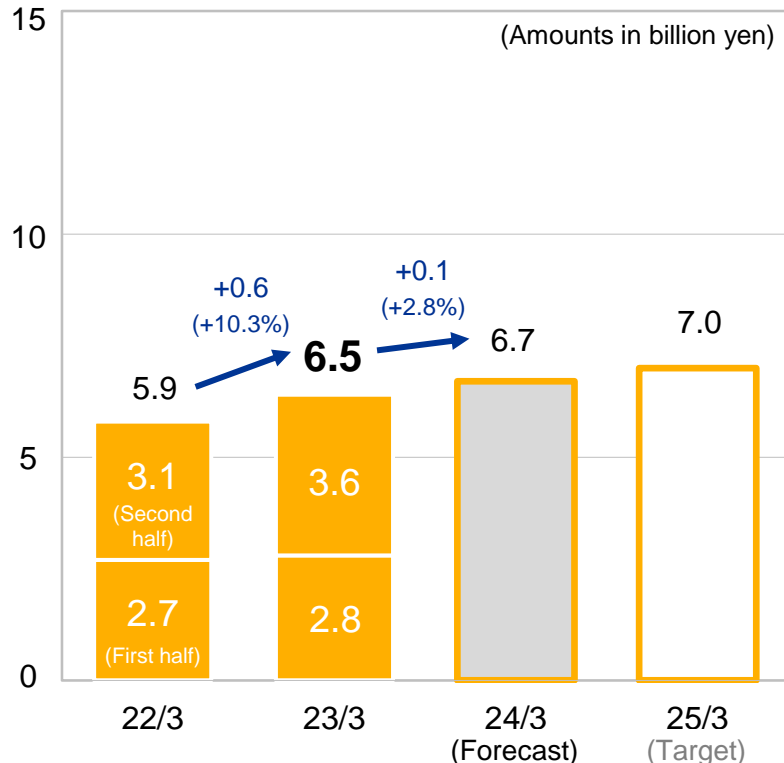
- Strengthen support for the DX of local governments and promote the shift to stock-type businesses.
- Promote regional co-creation businesses aiming to solve regional social issues.

FY2023 [Actual]

Increase in sales

- Sales promotion support services grew and sales increased significantly from the previous fiscal year due to the recovery in corporate advertising demand which had diminished during COVID-19.

[Sales results / forecast / target]



Progress of ZGP25 2nd Stage

GOAL

Expand revenue by solving sales promotion issues of regional SMEs and sole business proprietors.

- Launched “RakuRaku sales promotion map” in Jan. 2021. Inexpensive, user-friendly, stock-type, online services for regional, individual, small, and medium stores, providing and supporting sales promotion activities from the selection of flyer-distribution areas to flyer preparation and distribution
- “Selection services,” a version of the “RakuRaku sales promotion map” with added optional services, performed well and became the driving force behind this business (Main factor for increased sales in fiscal 2023).
- Also expanded sales promotion consulting services A Group company, ZENRIN MARKETING SOLUTIONS CO., LTD. started to provide “Armbox” cloud services supporting the series of marketing in store development in October 2022.

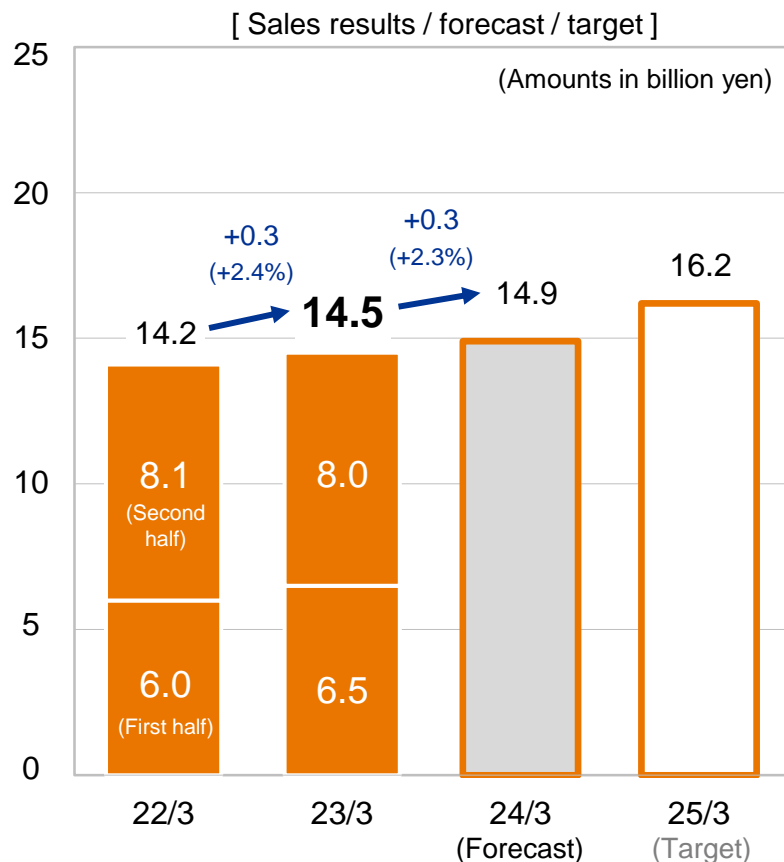
Initiatives for FY2024-25

- Continue to promote the sales of sales promotion support packages.
- Provide and expand high value-added services by first offering packages.

FY2023 [Actual]

Increase in sales

- Sales increased overall from the previous fiscal year, as solution services for large companies and delivery apps for smartphones performed well, despite factors for decreased sales at a subsidiary.



Progress of ZGP25 2nd Stage

GOAL

Expand sales by strengthening industry-specific solutions, utilizing “ZENRIN Maps API.”

- Sales of “ZENRIN Maps API” grew with both existing and new customers (Customers were mainly real estate, finance, and infrastructure-related companies).
- Logistics-related solution services, which are rising in demand, and delivery apps for smartphones performed solidly.
- Services utilizing ZENRIN’s DB contents and expertise also increased.
 - New orders received for data cleansing and other services
 - The scale of the licensing business for Web service providers grew

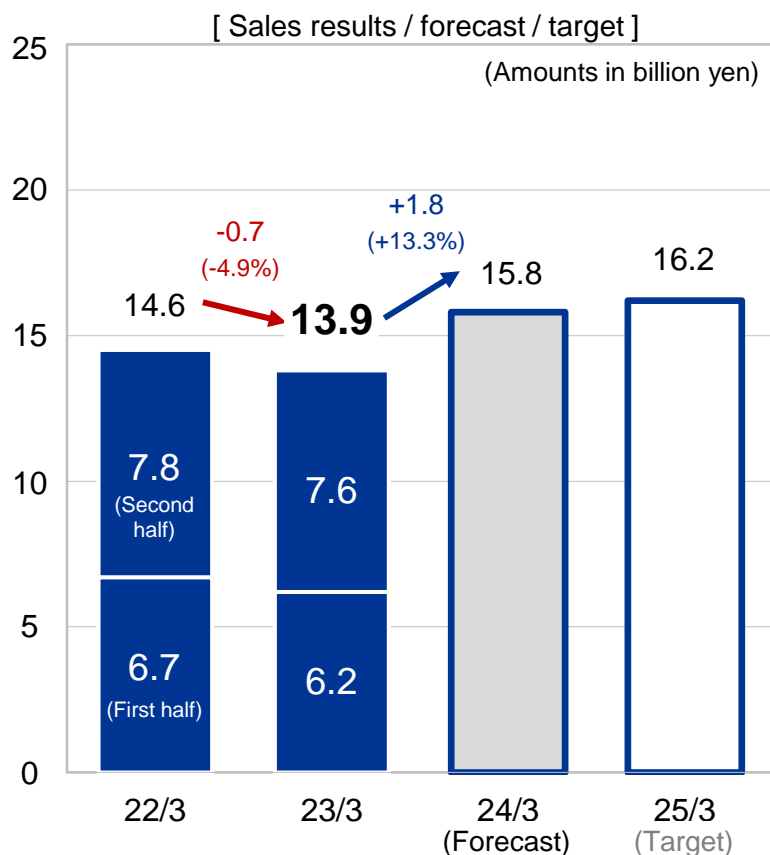
Initiatives for FY2024-25

- Strengthen the capture of new customers of the solution business.
- Develop and promote industry- and operation-specific, optimal solution packages, by utilizing “ZENRIN Maps API.”
- Build a new business model by continuing to strengthen our business foundations through alliances with other companies and co-creating new services.

FY2023 [Actual]

Decrease in sales

- Sales decreased from the previous fiscal year, impacted by adjustments in automobile production caused by the semiconductor shortage and the global situation.



Progress of ZGP25 2nd Stage

GOAL

Expand the business domain and create high-added value through ADAS content.

- In fiscal 2023, despite plans anticipating a recovery to pre-COVID-19 levels, sales in the in-car navigation system business decreased from the previous fiscal year, due to production adjustments by manufacturers caused by the prolonged semiconductor shortage.

Automotive business sales : -4.9% (compared to FY 2022)

In-car navigation units shipped*1 : -5.9%

Number of new cars sold (registered cars, mini vehicles)*2 : +4.0%

*1: Statistics on Domestic Shipments of Major Consumer Electronic Equipment, Japan Electronics and Information Technology Industries Association (JEITA)

*2: Japan Automobile Dealers Association and Japan Mini Vehicles Association

- Although recovery of the automobile market is assumed in fiscal 2024, production and distribution are forecasted to completely go back to normal in and after 2024. ZENRIN will aim for pre-COVID-19 sales levels through high-price-range products and an increased market share.

Initiatives for FY2024-25

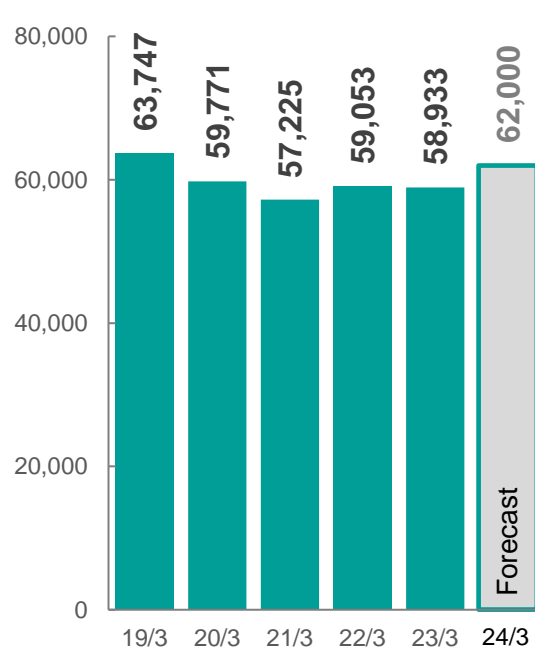
- Increase market share of the in-car navigation market through high-added value and maintain stable sales.
 - Strengthen proposals for EV/ADAS content
 - Expand the business domain by developing navigation apps that support a connected environment.
- Adapt to the global expansion of Japanese manufacturers.
 - Expand the adoption of WebLink of Abalta Technologies, which became a subsidiary in 2016.
 - Adopt services specific to areas such as the US, Southeast Asia, and Germany of Japanese manufacturers such as PIONEER.

IV. Appendix

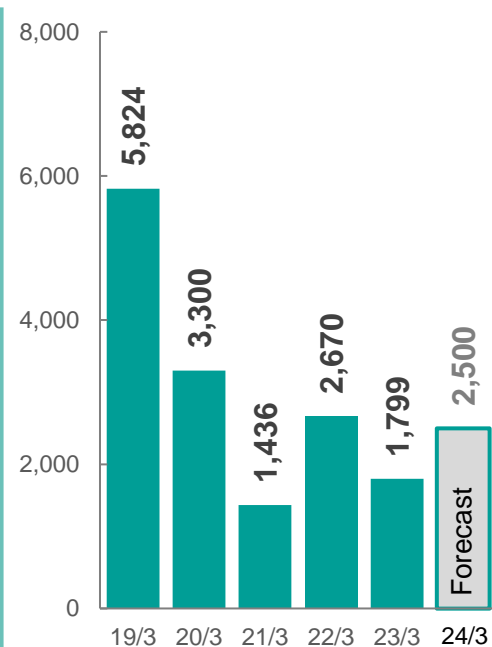
1. Changes in Net Sales, Income and Profit
2. Changes in Net Sales by business
3. Amount of Capital Investment, Depreciation and R&D Cost
4. Changes in Composition of Net Sales by Quarter

1. Changes in Net Sales, Income and Profit

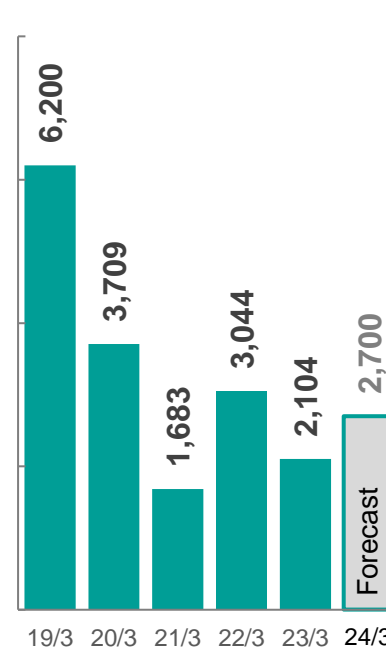
(Amounts in million yen)



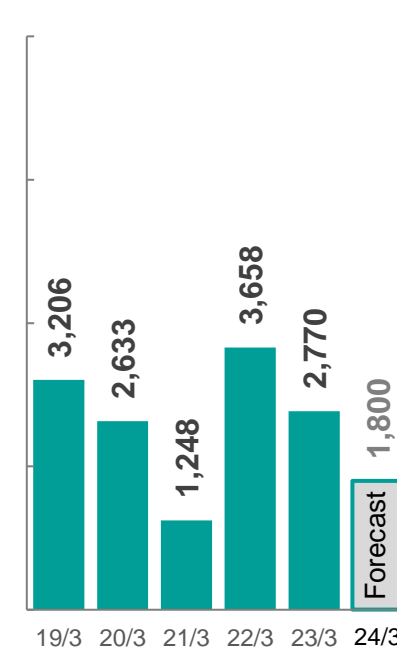
Net Sales



Operating Income



Ordinary Income



Profit Attributable to Owners of Parent

FY 2024
(Forecast)

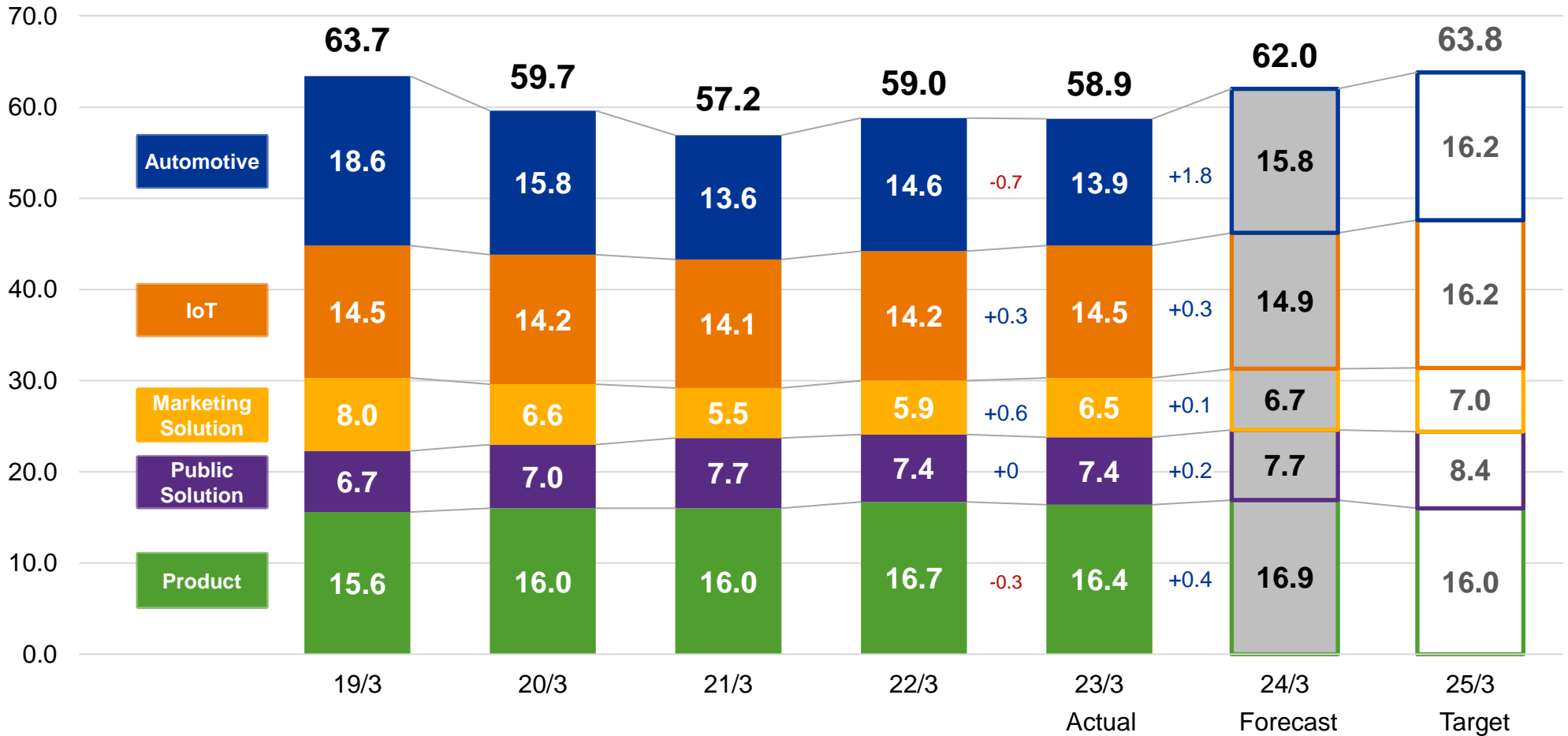
Increase in sales for the first time in 2 periods

Increase in income for the first time in 2 periods

Decrease in sales for 2 consecutive periods

2. Changes in Net Sales by business

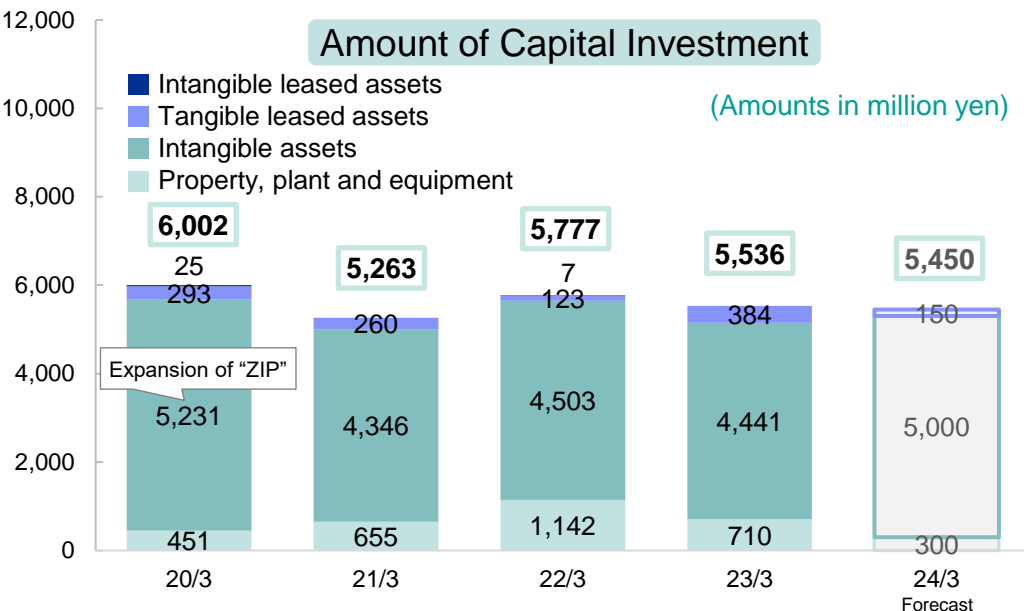
(Amounts in billion yen)



3. Amount of Capital Investment, Depreciation and R&D Cost

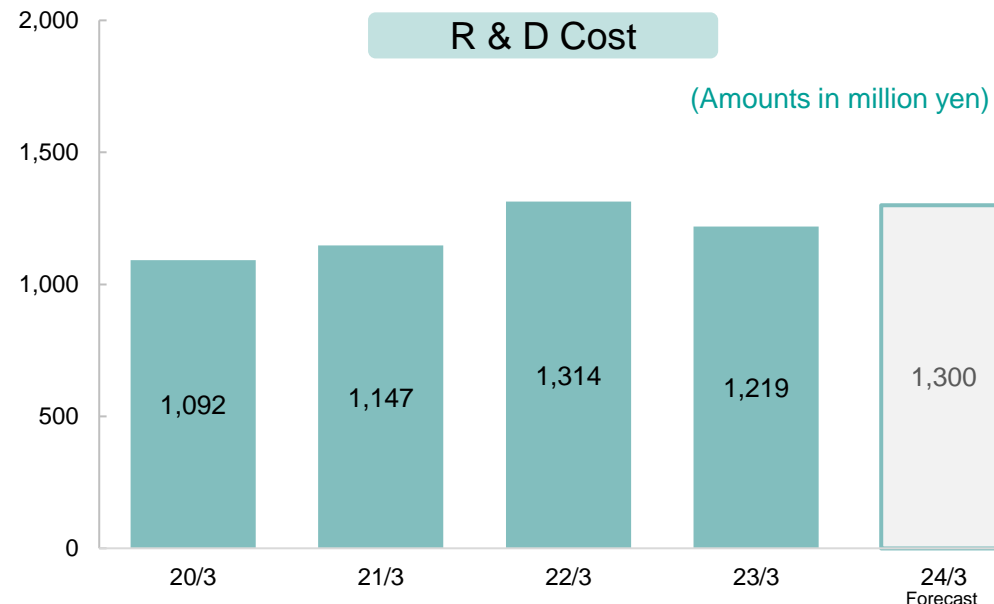
Amount of Capital Investment

(Amounts in million yen)



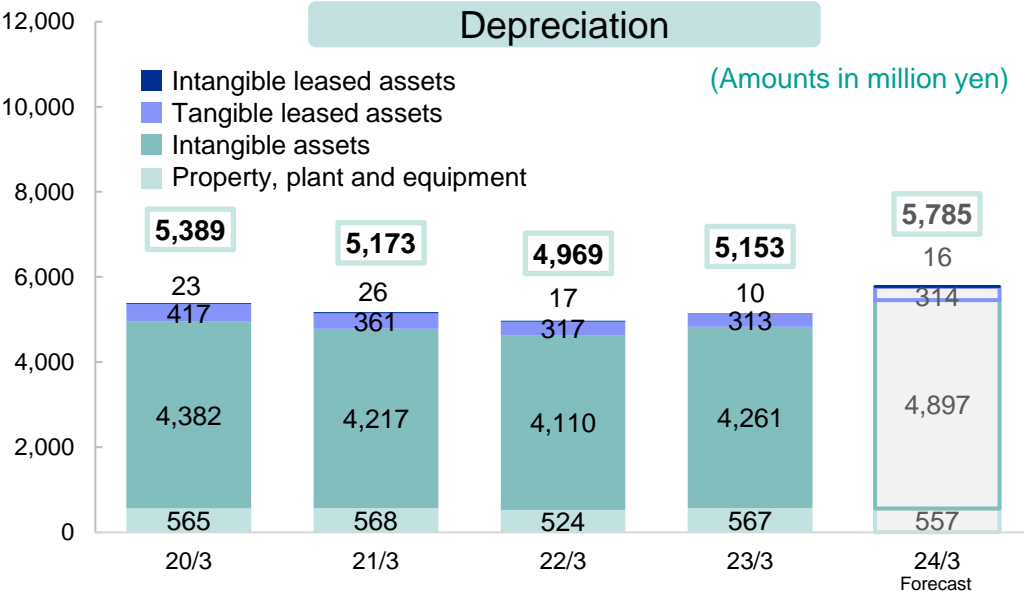
R & D Cost

(Amounts in million yen)

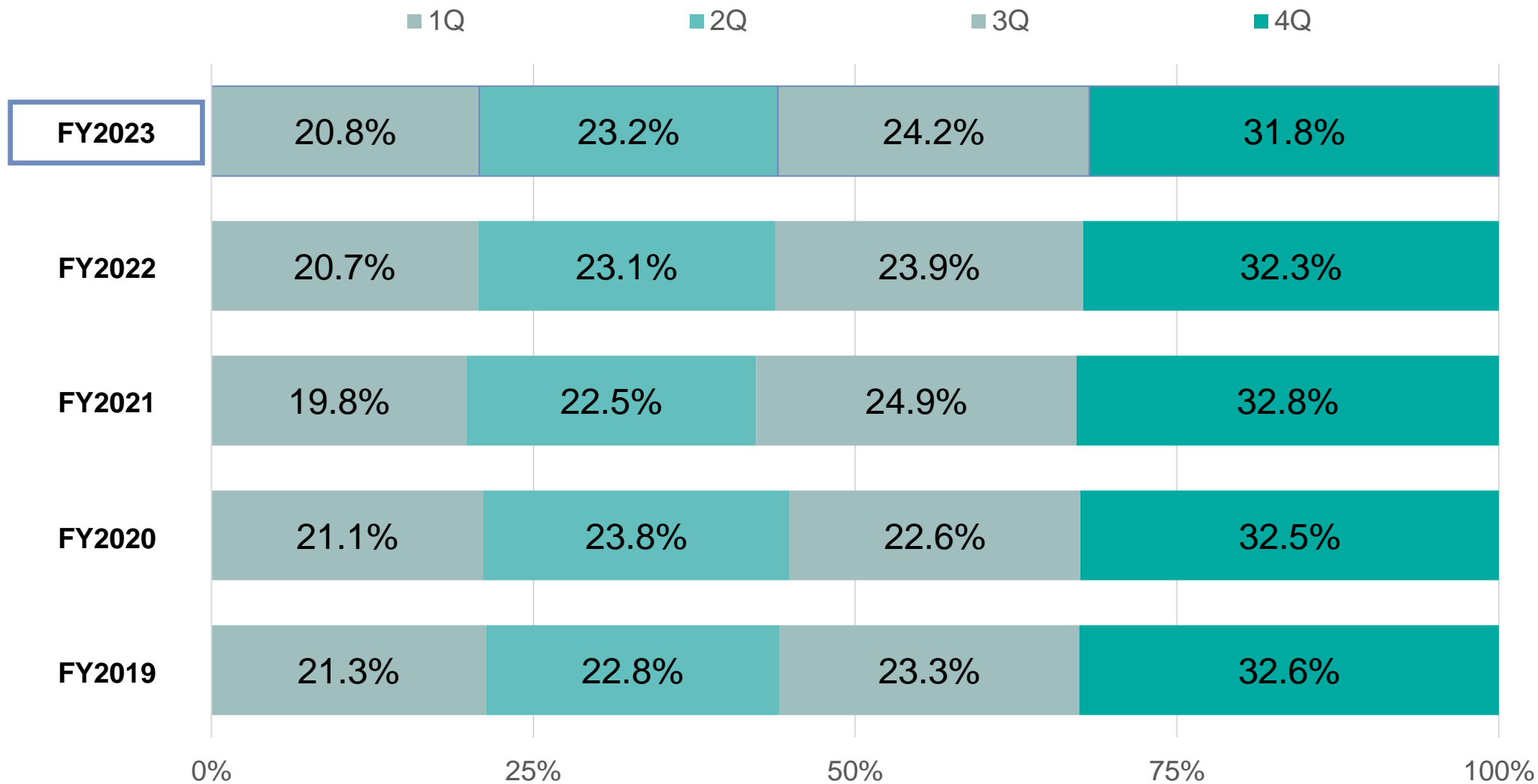


Depreciation

(Amounts in million yen)



4. Changes in Composition of Net Sales by Quarter



ZENRIN

Maps to the Future

ZENRIN CO.,LTD.

<https://www.zenrin.co.jp/>

<https://www.zenrin.co.jp/english/>

IR contact email: zenrin-ir@zenrin.co.jp