

Results for the First 2 Quarters of Fiscal 2024

(Year Ending March 31, 2024)

November 14, 2023

Maps to the Future

***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.

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I . Overview of Results for the First 2 Quarters of Fiscal 2024

1. Overview of Results
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- 3-3. Sales-increasing Effect of Price Revisions
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1. Overview of Results

Key Points of Results for the First 2 Quarters of Fiscal 2024

【 Increase in sales / Decrease in income and profit 】 (Compared to first 2Qs of FY2023)

Sales Result

- There were more opportunities to provide data for in-car navigation systems thanks to the recovery in automobile production. Orders received from the national and local governments increased, and there were more opportunities to provide residential map data while orders received in the marketing solutions-related business also increased. As a result, sales increased for three consecutive periods.

Expenses - Profit and loss

- Increase in cost of sales due to the increase in revenue, as well as an increase in expenses for developing map databases to improve the precision of location data, the effects of the rising cost of living and wage hikes resulted in an increase in operating expenses, such as personnel expenses, compared to the same period of the previous fiscal year. As a result, profits decreased for two consecutive periods.

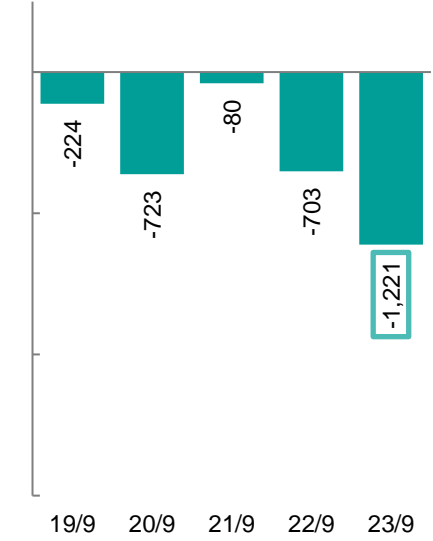
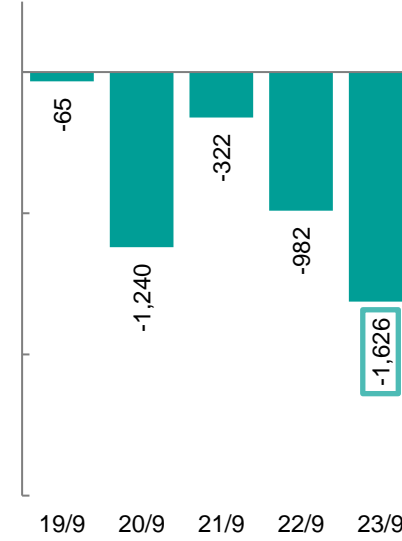
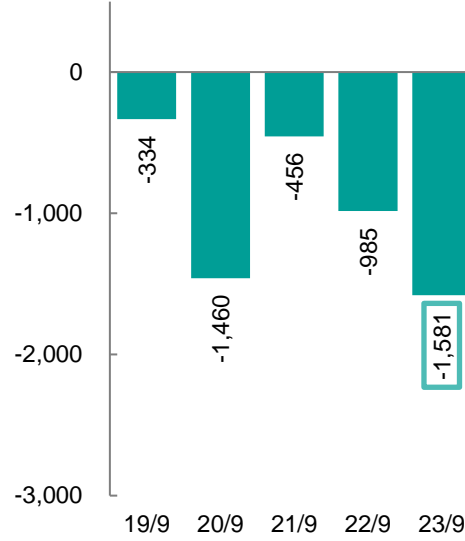
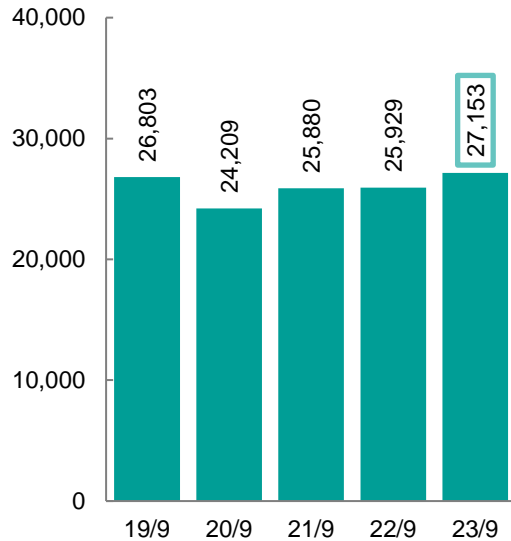
* These increases in operating expenses have already been incorporated in the forecast for the consolidated results of operations for fiscal 2024.

* It should be noted that while fixed costs such as the expenses for developing map databases are incurred throughout the year, expenses generally precede net sales due to drastic seasonal fluctuations in which net sales tend to be concentrated in the fourth quarter.

(Amounts in million yen)

	First 2Qs of FY2023	First 2Qs of FY2024	Compared to First 2Qs of FY2023	
				% of Change
Net Sales	25,929	27,153	1,224	+4.7%
Operating Expenses	26,915	28,735	1,820	+6.8%
Operating Income	-985	-1,581	-596	-
Operating Margin	-3.8%	-5.8%	-2.0pt	-
Ordinary Income	-982	-1,626	-643	-
Profit Attributable to Owners of Parent	-703	-1,221	-518	-

(Amounts in million yen)



Net Sales

+1,224 million yen
(+4.7%)

Operating Income

-596 million yen
(-)

Ordinary Income

-643 million yen
(-)

Profit Attributable to Owners of Parent

-518 million yen
(-)

**Increase in sales
for 3 consecutive periods**

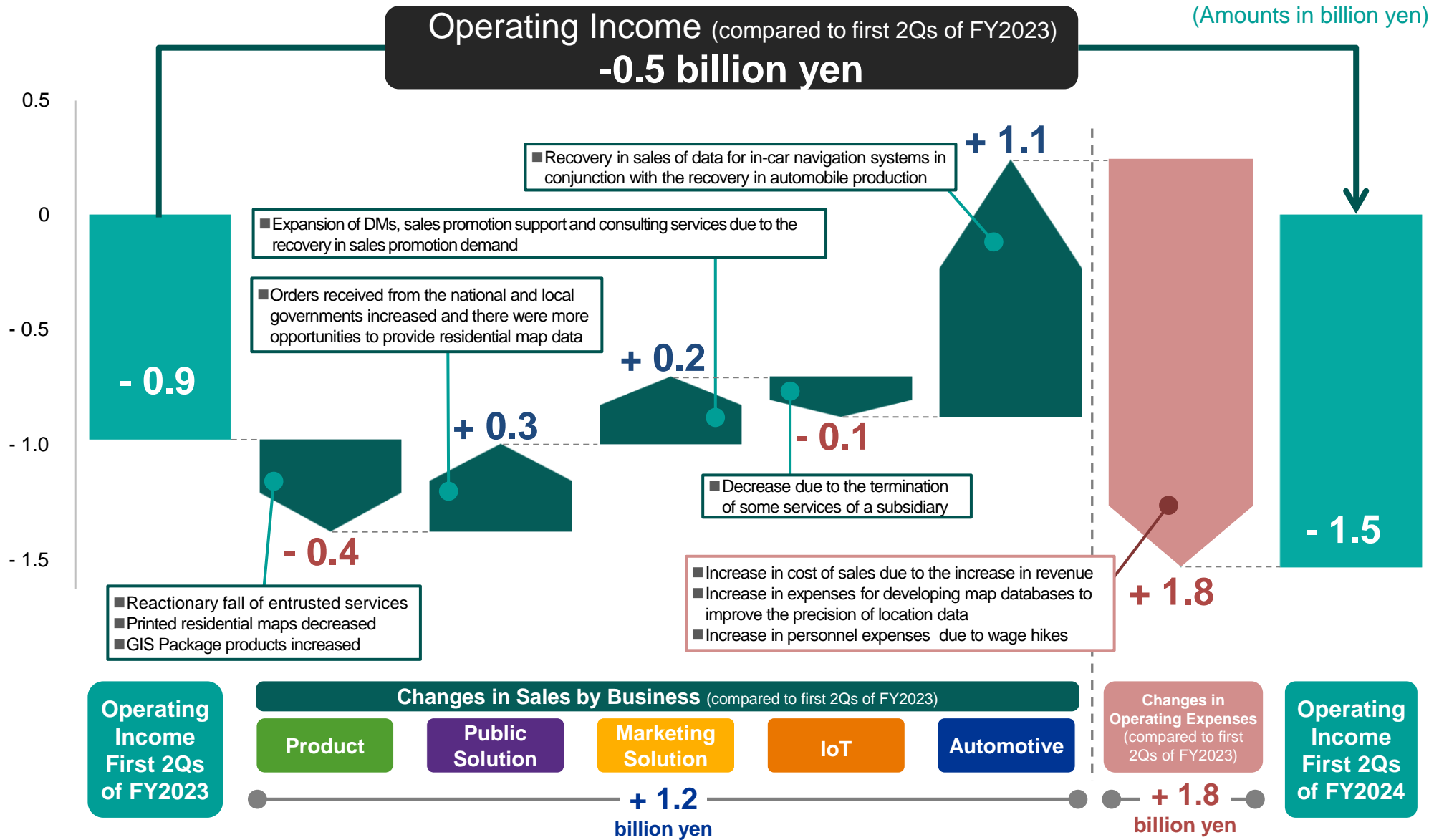
Decrease in income and profit for 2 consecutive periods

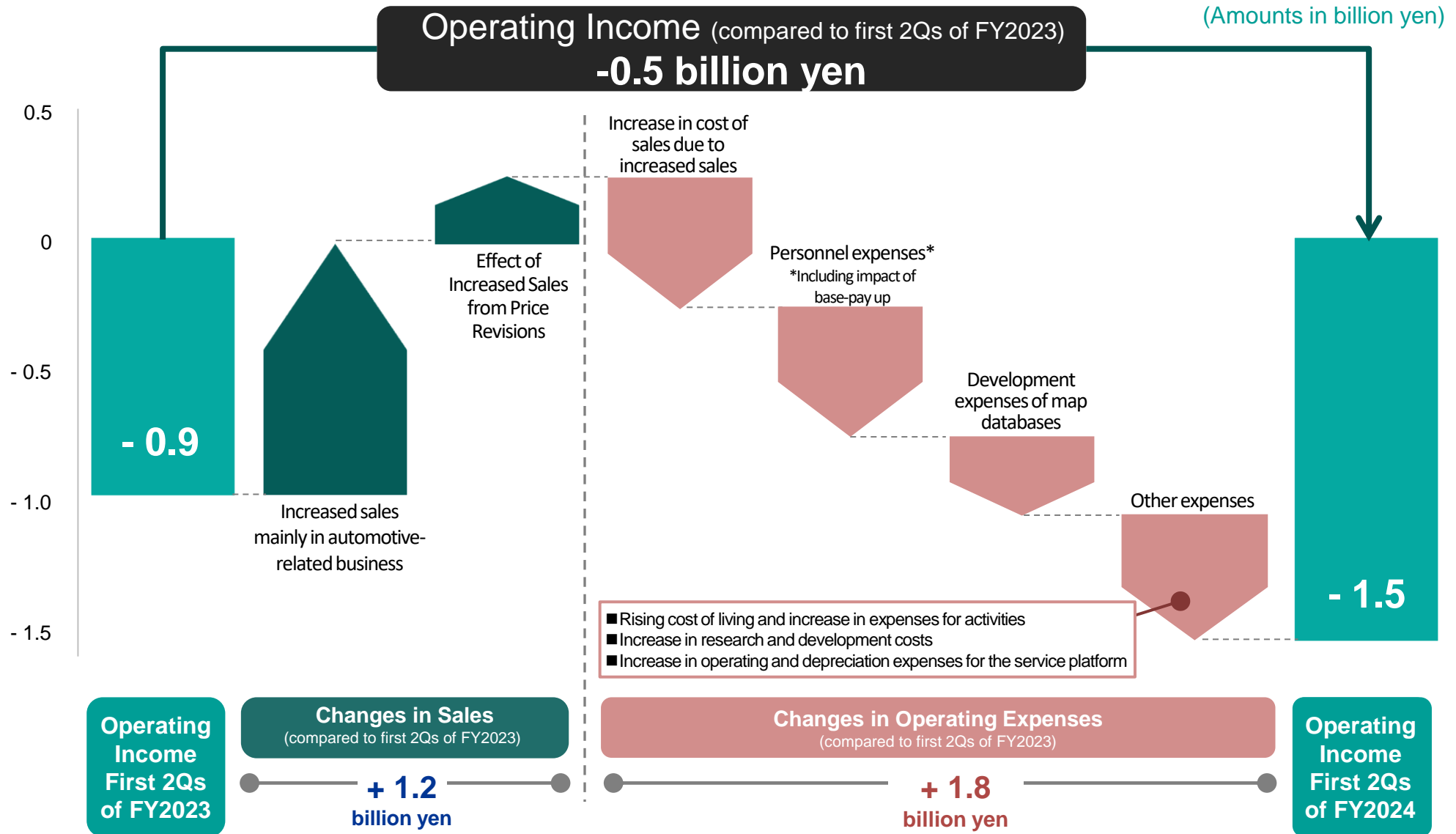
Compared to
First 2Qs
of FY2023
(% of Changes)

*the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. have been applied from the beginning of the first quarter of fiscal 2022.

*Regarding figures for the previous fiscal year (fiscal 2021) and earlier, the increase (decrease) and rates (%) are reference values because the Accounting Standard for Revenue Recognition, etc. are not applied retrospectively (same as the next page and after).

3-1. Causes for Change in Operating Income [Sales by Business]





3-3. Sales-increasing Effect of Price Revisions

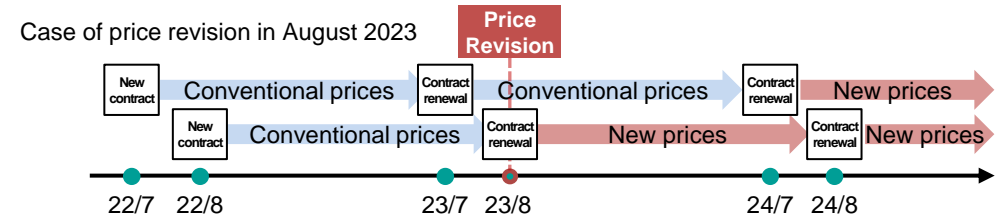
The sales-increasing effect of price revisions for FY2024 will be limited.

- Price revisions are being implemented one by one for each product and service in and after April 2023.
- For annual and multi-year contracts, under which new prices will be applicable upon the next contract renewal, we are currently notifying and negotiating price revisions with customers. For this reason, we expect the sales-increasing effect of price revisions to fully materialize only in and after the next fiscal year.

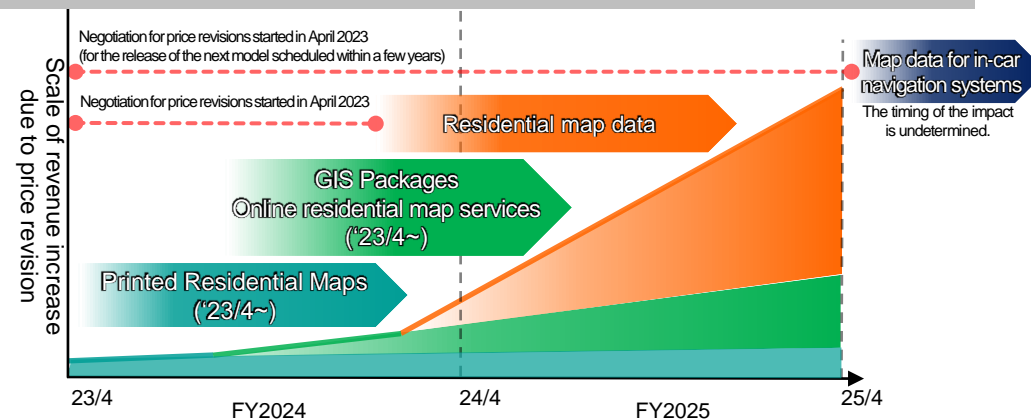
< Progress status of price revisions for each product and service >

Main products and services	Progress status in and after 2023
Printed residential maps	New prices apply to those published <u>in and after April 2023</u>
GIS package Online residential map and other data services (stock)	New prices apply to new contracts concluded and existing contracts renewed <u>in and after August 2023</u>
Provision of residential map data (flow)	<u>New prices will take effect in April 2024</u> New price estimates are currently presented and negotiated. New prices will apply to existing contracts upon the next contract renewal.
Map data for in-car navigation systems	New price estimates are currently presented and negotiated for the next model to be released

< Schematic illustration of new price application to existing contracts >

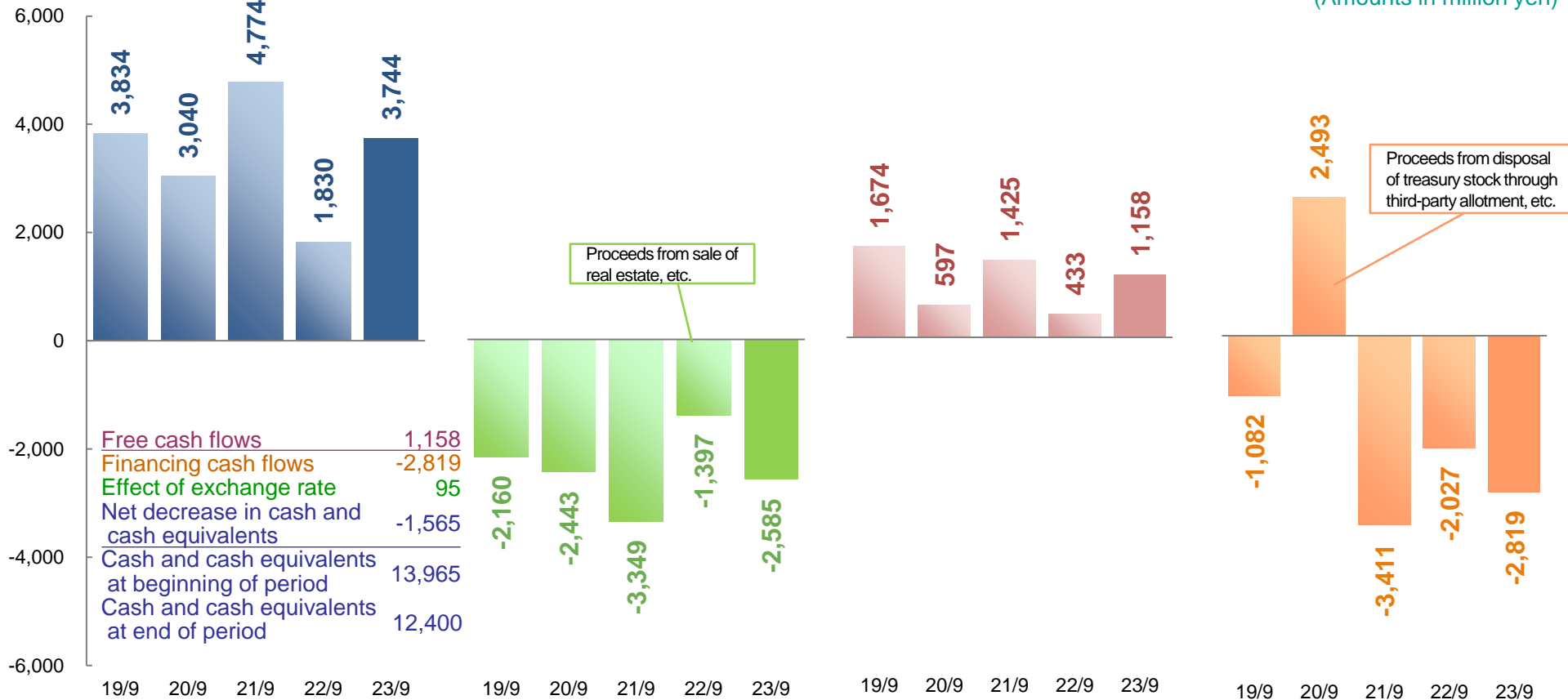


< Schematic illustration of sales-increasing effect of price revisions >



4. Changes in Cash Flows

(Amounts in million yen)



	Operating Cash Flows	Investing Cash Flows	Free Cash Flows	Financing Cash Flows
First 2Qs of FY2024	3,744 million yen	-2,585 million yen	1,158 million yen	-2,819 million yen
Compared to first 2Qs of FY2023	Inflows up 1,913 million yen	Outflows up 1,188 million yen	Inflows up 725 million yen	Outflows down 791 million yen

Ⅱ . Earnings Forecast for Fiscal 2024

1. Earnings Forecast for Fiscal 2024
2. Changes in Net Sales by business

1. Earnings Forecast for Fiscal 2024

The full-year forecast for the results of operations for fiscal 2024 remains unchanged from the forecast announced on April 28, 2023.

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

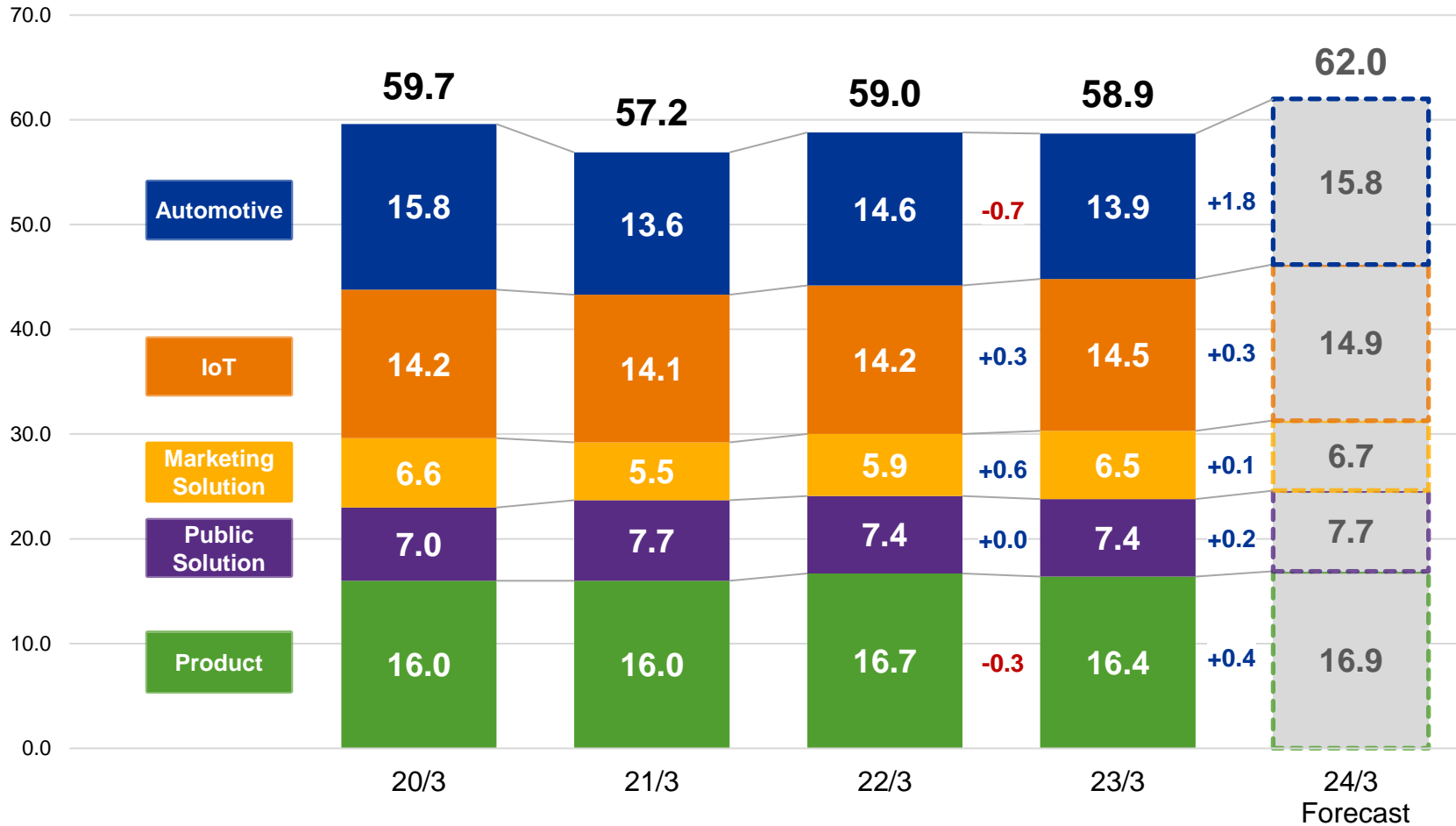
- As for expenses, high energy and raw material prices and increased personnel expenses due to higher wages are expected. Prices of products and services will also be revised (raised) gradually but its effect on the consolidated results for fiscal 2024 will be limited.
- Extraordinary income from gain 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

4. Changes in Net Sales by business

(Amounts in billion yen)



Ⅲ. Business Overview

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

1. Product

Sales of stock-type services increased steadily. However, overall sales for the business decreased as the sales of flow-type products and businesses decreased compared to first 2Qs of FY2023.

Business Overview of 2Qs

Compared to
first 2Qs of FY2023

Sales decrease

- **GIS packages performed well [stock type].**
 - ✓ Partly due to the last-minute surge in demand before price revisions, GIS packages performed well.
- **Sales of printed residential maps continued to trend downward [flow type].**
 - ✓ The number of copies published decreased due to the strategic shift to stock-type services and the revision of publication cycle.
- **Reactionary fall of entrusted services [flow type]**
 - ✓ A reactionary fall in large entrusted service projects, which had continued for several years until FY2023.

* Price revisions:

New prices apply to printed residential maps published in and after April 2023. For stock-type services, new prices apply to new contracts concluded and existing contracts renewed in and after August 2023.

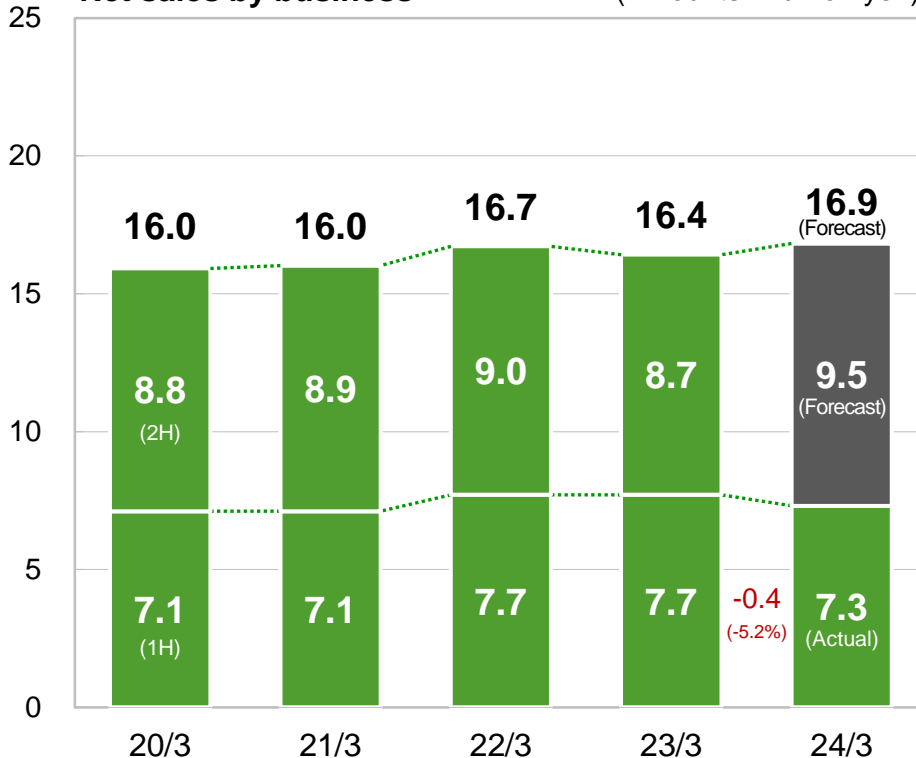
ZGP25 Goal

Initiatives for FY2024-25

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

- 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 business.

Net sales by business (Amounts in billion yen)



2. Public Solutions

As large entrusted service projects, sales of residential map data, and online residential map services performed well, sales increased compared to first 2Qs of FY2023.

Business Overview of 2Qs

Compared to
first 2Qs of FY2023

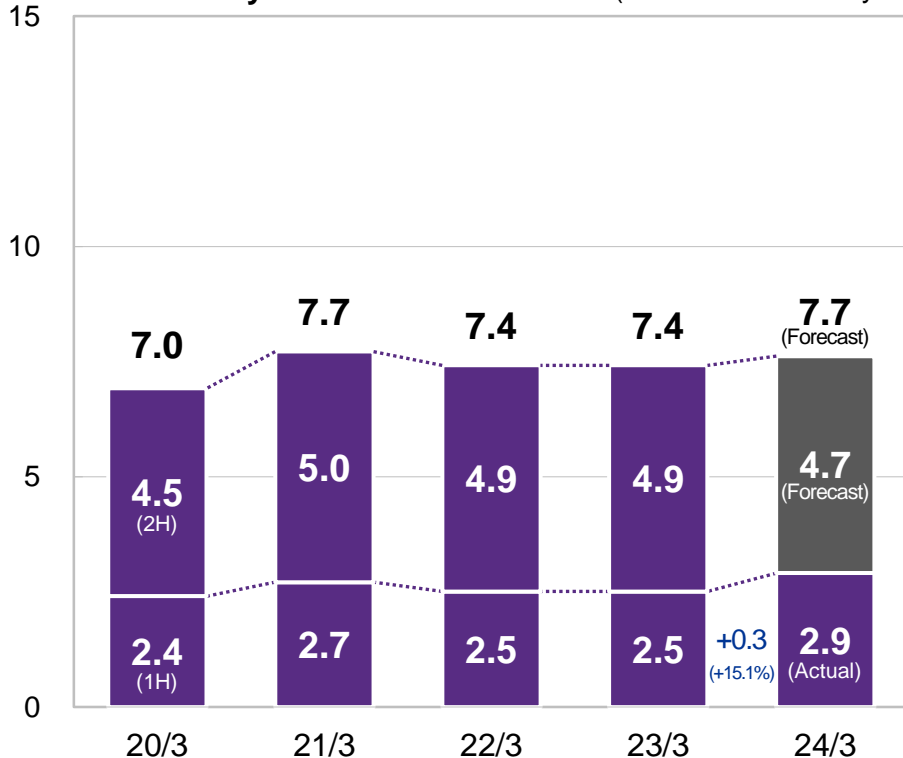
Sales increase

- **Increase in entrusted services [flow type]**
 - ✓ Sales were recognized for large entrusted service projects for central government agencies (ongoing projects that started in FY2023) (part of such sales were recognized ahead of the plan for the second half of the year).
- **Sales of residential map data were strong [flow type]**
- **Online residential map services dedicated to local governments also performed well [stock type].**
 - ✓ Online residential map services developed for exclusive use by local governments(*) have been introduced to more than 400 local governments since 2018.
(*) "ZENRIN Residential Map LGWAN" and "Residential Maps for Web"
 - ✓ Helped by tailwinds of DX of local government services, the number of local governments introducing these services is increasing as we propose convenient specifications and affordable prices.

* Price revisions:

For entrusted services, new prices apply one by one to estimates presented in and After April 2023 (the effect of price revisions will materialize in and after the next fiscal year as it is included in the budget for the next fiscal year).

Net sales by business (Amounts in billion yen)



ZGP25 Goal

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

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.

3. Marketing Solutions

Due to the recovery in advertisement and sales promotion demand from customers, marketing support services were strong, sales increased compared to first 2Qs of FY2023.

Business Overview of 2Qs

Compared to
first 2Qs of FY2023

Sales increase

- **Sales of DM sending services increased [flow type].**
 - ✓ The number of contracts increased following the resumption of sales promotion activities of customers.
- **“RakuRaku sales promotion map” selection services were strong [flow type].**
 - ✓ “Selection services,” a version of “RakuRaku sales promotion map” with added optional area analysis and posting services, performed well.
- **Consulting services also performed well [flow type/stock type]**
 - ✓ Entrusted services related to sales promotion activities and marketing support services performed well.

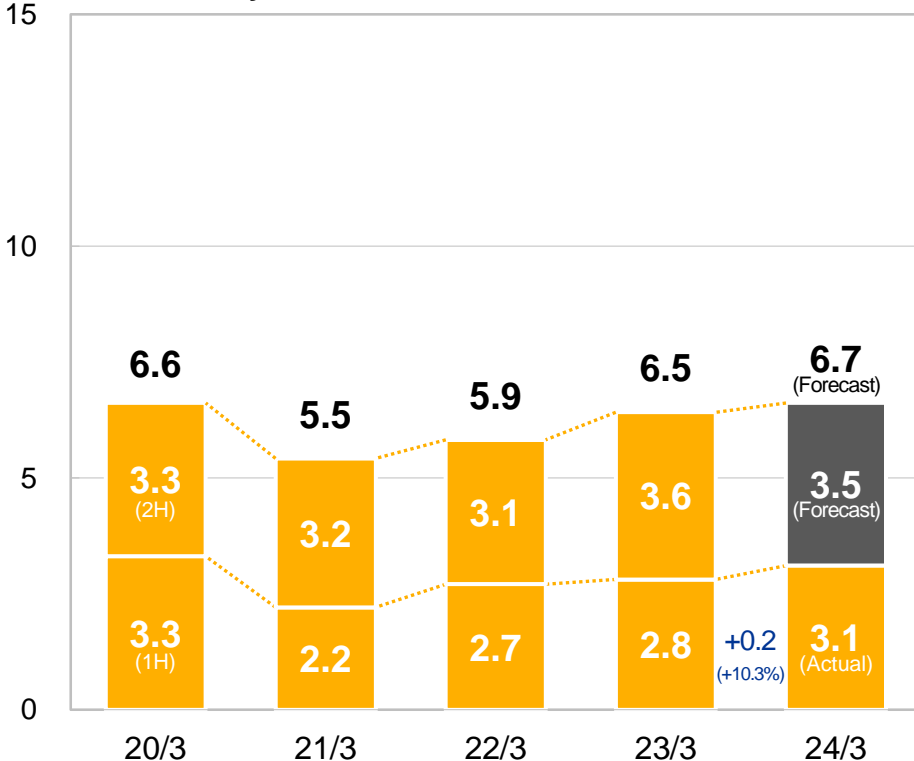
* Price revisions:

For DM sending services, new prices apply one by one to estimates presented in and after April 2023.

For RakuRaku sales promotion map, new prices took effect in June 2023.

For selection services, new prices apply to estimates presented in and after April 2023.

Net sales by business (Amounts in billion yen)



ZGP25 Goal

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

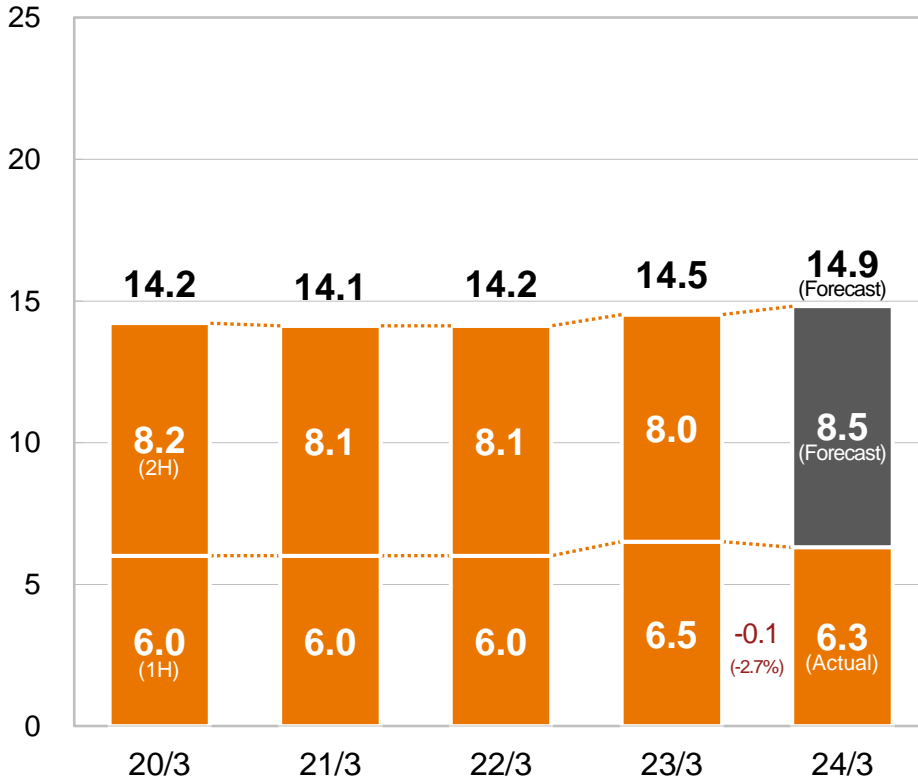
Initiatives for FY2024-25

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

IoT solution services and delivery support apps for smartphones performed well.

Overall sales for the business decreased compared to first 2Qs of FY2023 due to the discontinuation of certain services provided by subsidiaries.

Net sales by business (Amounts in billion yen)



Business Overview of 2Qs

Compared to
first 2Qs of FY2023

Sales decrease

- IoT solution services made steady progress [flow type → stock type].
 - ✓ Helped by tailwinds of the corporate needs for DX of business operations, the adoption of APIs went well.
- Delivery support apps for smartphones increased [stock type].
 - ✓ The number of users of these apps increased on the back of firm demand.
- Impact of the discontinuation of certain services provided by subsidiaries
 - ✓ Decrease in sales due to the discontinuation of an online shopping website of a subsidiary (in August of the previous fiscal year)

* Price revisions:

Negotiation for price revisions upon the next contract renewal has started.

ZGP25 Goal

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

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.
- For Nagasaki STLOCAL (sightseeing MaaS), service apps are being developed, and coordination with local governments and companies is being strengthened. To meet the tourism demand that is recovering, the services will be enhanced going forward.

5. Automotive

Sales increased significantly compared to first 2Qs of FY2023 owing to the contribution of the provision of data for in-car navigation systems on the back of the recovery in automobile production.

Business Overview of 2Qs

Compared to
first 2Qs of FY2023

Sales increase

- **Recovery in the provision of data for in-car navigation systems [flow type]**

- ✓ On the back of the recovery in automobile production, sales are on a recovery trend toward pre-COVID levels.

Reference: Japan Automobile Dealers Association and Japan Mini Vehicles Association
Numbers of cars sold in Japan (April to September 2023): 2,230,000 (up 15.7% compared to the same period last year)

- **Increasing demand for EV content**

- ✓ Opened a dedicated website after collecting information on EV charging stations based on field survey and converting the information into data.

⇒ [See p. 19 for details]

- ✓ Announced an alliance to contribute to the wider use of EVs and started the provision of “EV Charging Demand Map.”

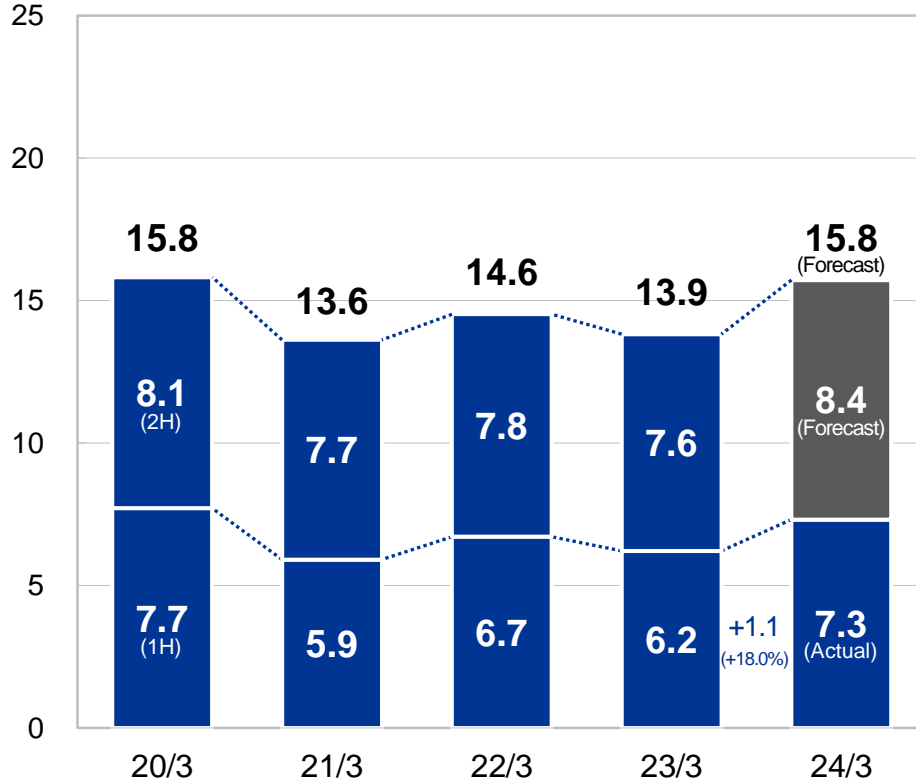
⇒ September 8, 2023: Announced a collaboration with Panasonic HD.

⇒ [See p. 20 for details]

- * Price revisions:

New prices are being negotiated for the next model to be released. The effect of the price revisions is expected to materialize after a few years. For entrusted services, new prices apply one by one to estimates presented in and after April 2023.

Net sales by business (Amounts in billion yen)



ZGP25 Goal

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

Initiatives for FY2024-25

- Increase market share of the in-car navigation data 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.

ZENRIN has opened a dedicated website that provides current information on EV charging stations

Various detailed data on EV charging stations, such as the number of chargers, location, and connector type, are now available for public inspection

- ZENRIN has been collecting information on EV charging stations since 2009 through its nationwide survey network.
- ZENRIN has opened a dedicated website to provide detailed information, such as its EV solutions and the latest number of chargers at each charging station all over Japan.

Our EV special site

www.zenrin.co.jp/product/category/automotive/electric/

[Japanese only]

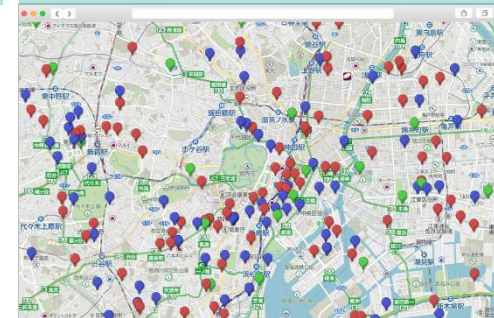


ZENRIN has the following attribute information on EV charging stations:

- Paid or free
- Brand information
- Charging method
- Connector type
- Charging fee information
- Fee charging terms and conditions
- Charger manufacturer
- Charger model number
- Output information (kW)
- Business hours
- Regular holidays
- Arrival point, etc.

* The dedicated website provides only certain selected information.

“EV Charging Stations Map” is available for inspection



ZENRIN's initiative to promote the wider use of EVs

- ✓ Combine EV charging station data with map information to provide them to various stakeholders who aim to achieve a wider use of EVs.
- ✓ Create new solutions to contribute to the realization of the shift to EVs and energy management.

Panasonic HD and ZENRIN have started joint development of energy management that uses electric vehicles (EVs)

We have started the provision of the “EV Charging Demand Map” in order to contribute to the realization of carbon neutrality

Panasonic HD

Technical knowledge and operation knowhow on mobility and energy



ZENRIN

Detailed and up-to-date map information, location data on EV charging stations, and various statistical data

Background of the collaboration

External environment

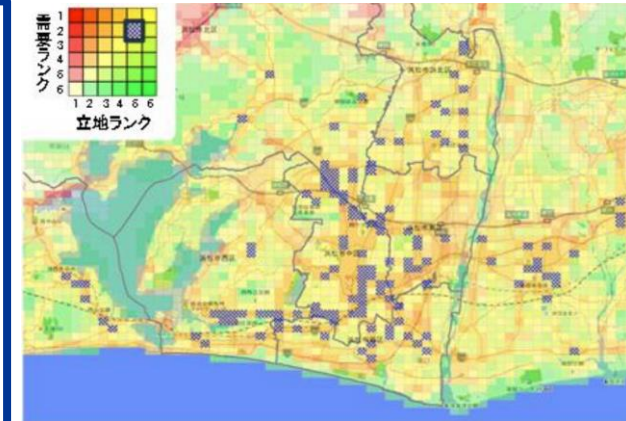
- ✓ Carbon neutrality by 2050
- ✓ Maximum utilization of decentralized energy resources
⇒ Use of electric vehicles (EVs)

Challenges

- ✓ Development of charging infrastructure
- ✓ Controlling electricity supply and demand

First initiative: “EV Charging Demand Map”

- ❑ Visualize the locations of EV charging stations and demand areas using various information held by ZENRIN and proprietary algorithms to be developed jointly by both companies.
- ❑ Support efficient and effective capital investment by charger manufacturers and operation and management companies to contribute to the wider use of EV chargers.



IV. Appendix

【Results for the First 2 Quarters of Fiscal 2024】

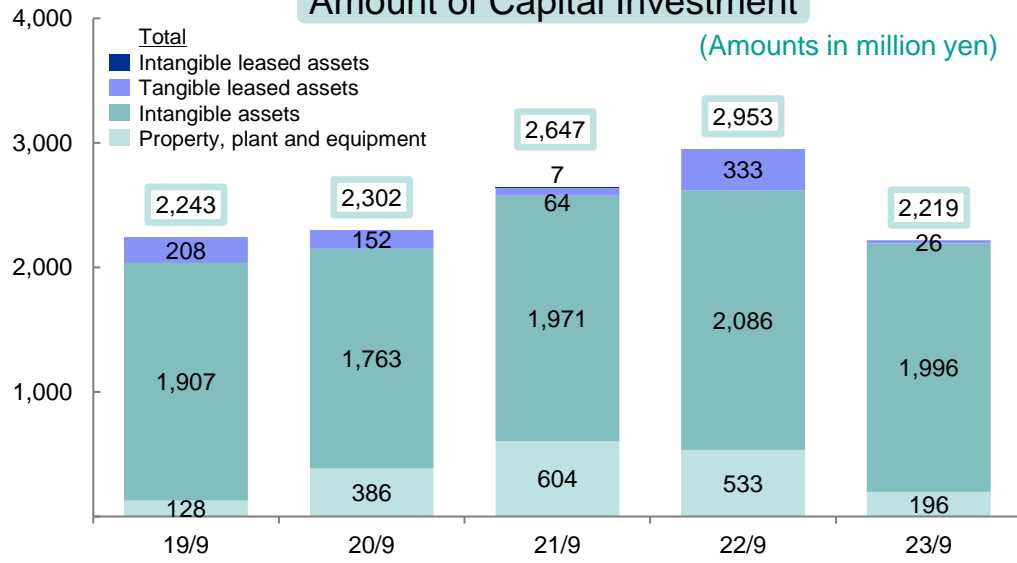
1. Amount of Capital Investment, Depreciation and R&D Cost

【Earnings Forecast for Fiscal 2024】

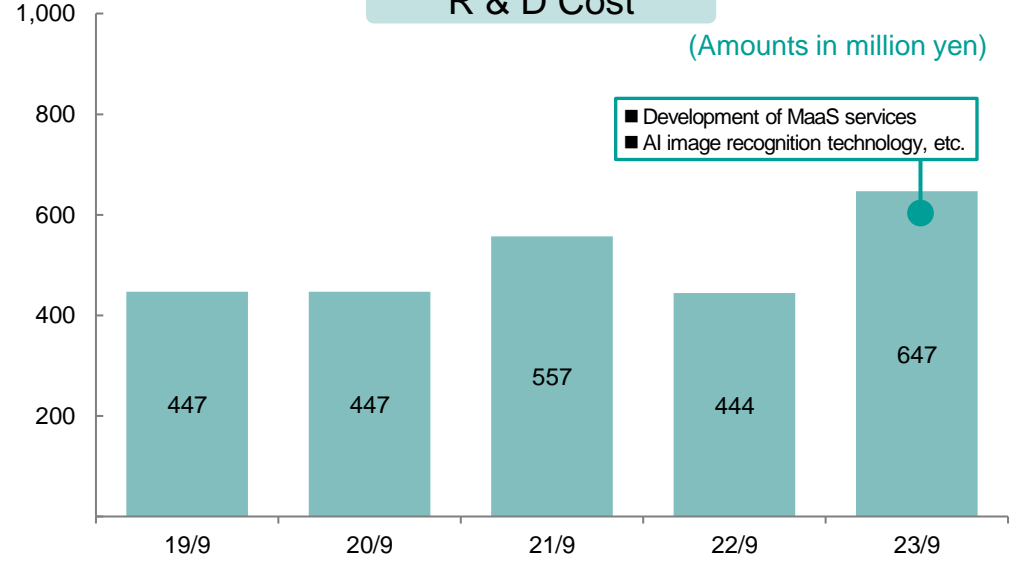
2. Changes in Net Sales, Income and Profit
3. Assumptions for Earnings Forecasts for Fiscal 2024
4. Changes in Quarterly sales by business
5. Dividend
6. Amount of Capital Investment, Depreciation and R&D Cost
7. Changes in Composition of Net Sales by Quarter

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

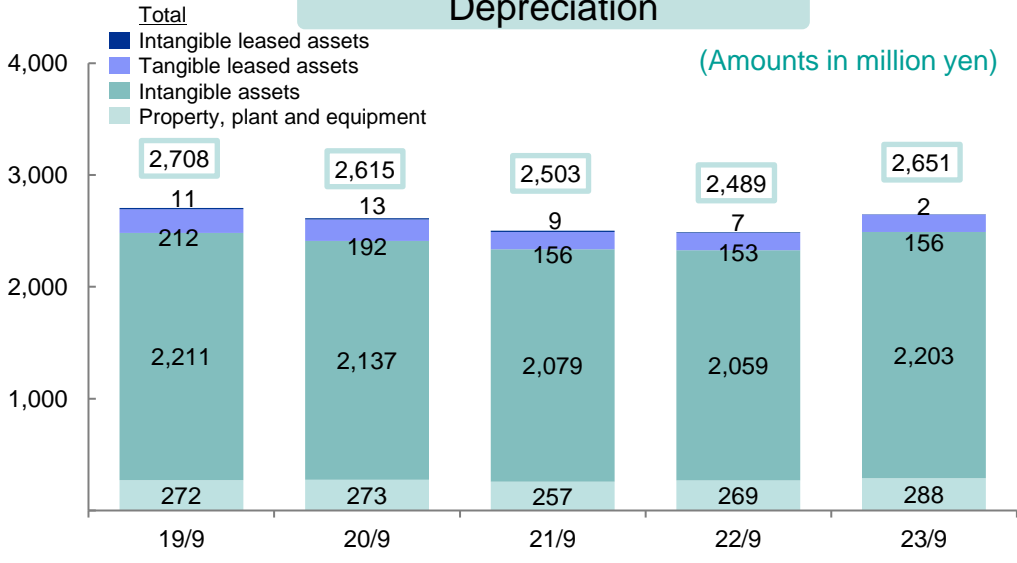
Amount of Capital Investment



R & D Cost

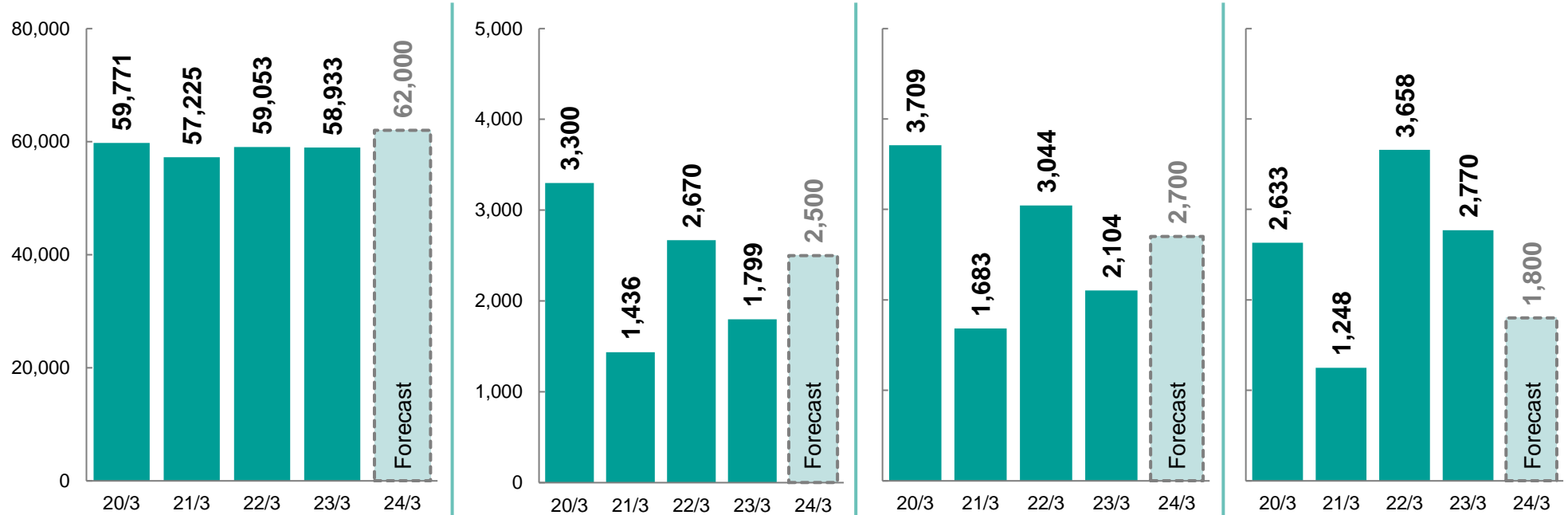


Depreciation



2. Changes in Net Sales, Income and Profit

(Amounts in million yen)



Net Sales

+ 3,066 million yen
(+ 5.2%)

Increase in sales
for the first time in 2 periods

Operating Income

+ 700 million yen
(+ 39.0%)

Increase in income for the first time in 2 periods

Ordinary Income

+ 595 million yen
(+ 28.3%)

Profit Attributable to Owners of Parent

- 970 million yen
(- 35.0%)

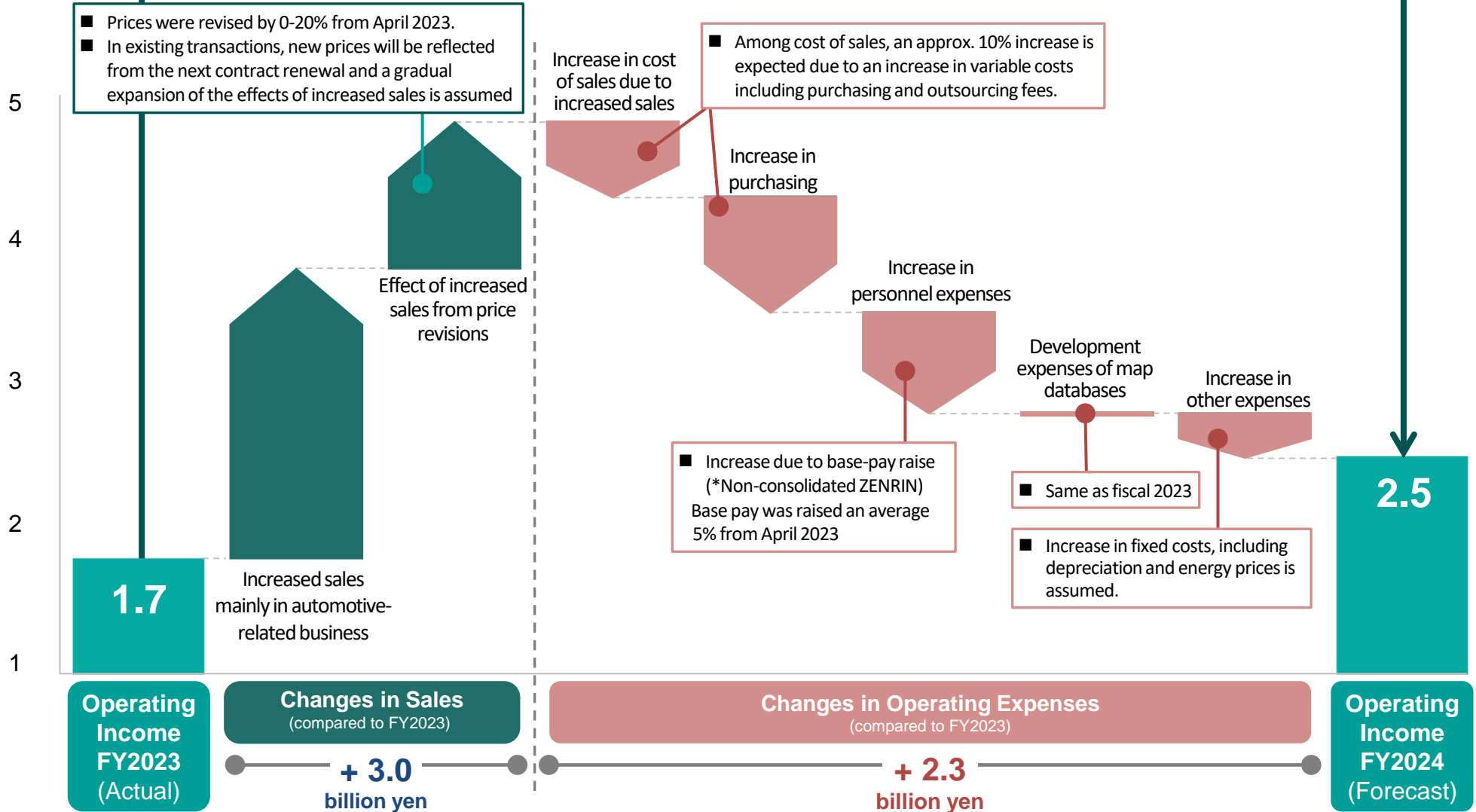
Decrease in profit
for 2 consecutive periods

Compared to
FY2023
(% of Changes)

3. Assumptions for Earnings Forecasts for Fiscal 2024

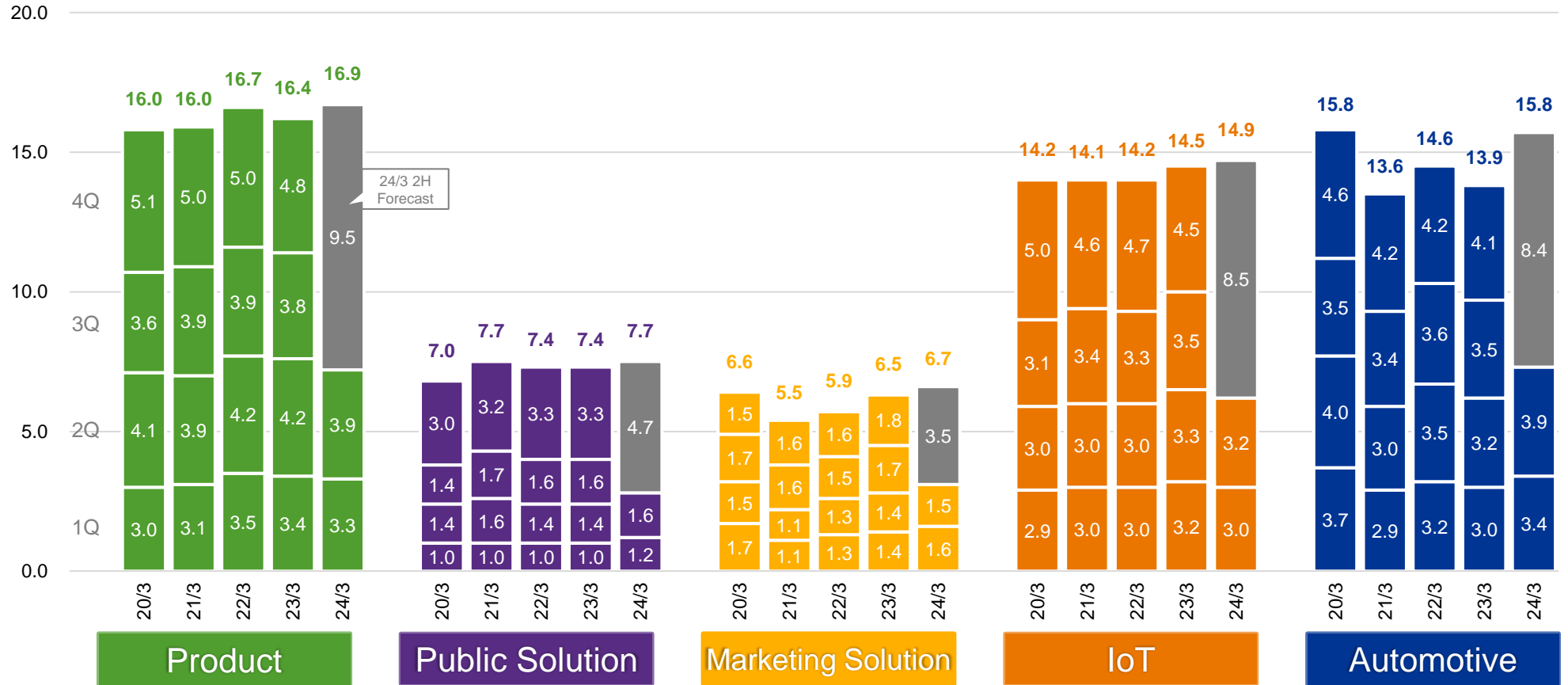
Operating Income (compared to FY2023)
+ 0.7 billion yen

(Amounts in billion yen)



4. Changes in Quarterly sales by business

(Amounts in billion yen)



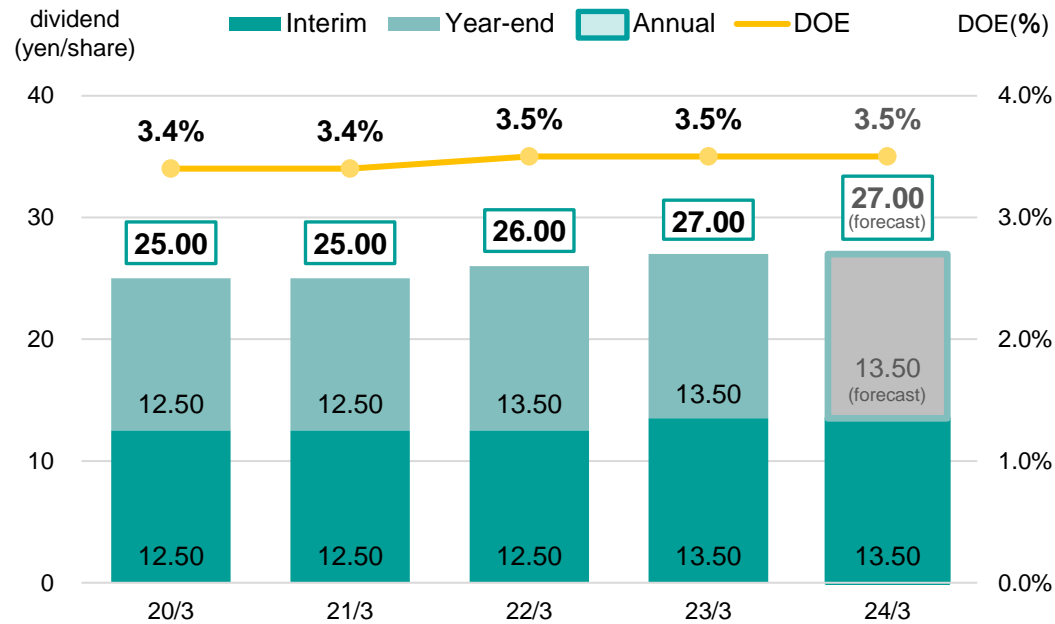
5. Dividend

Basic policy for shareholder return

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

Dividend

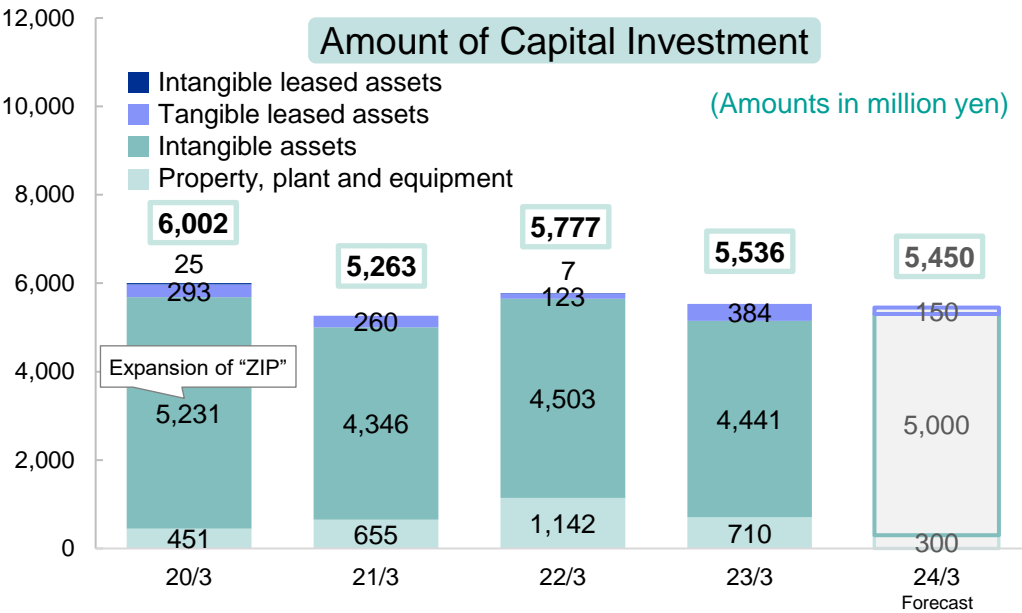
Target dividend on equity (DOE) on a consolidated basis of 3% or higher



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

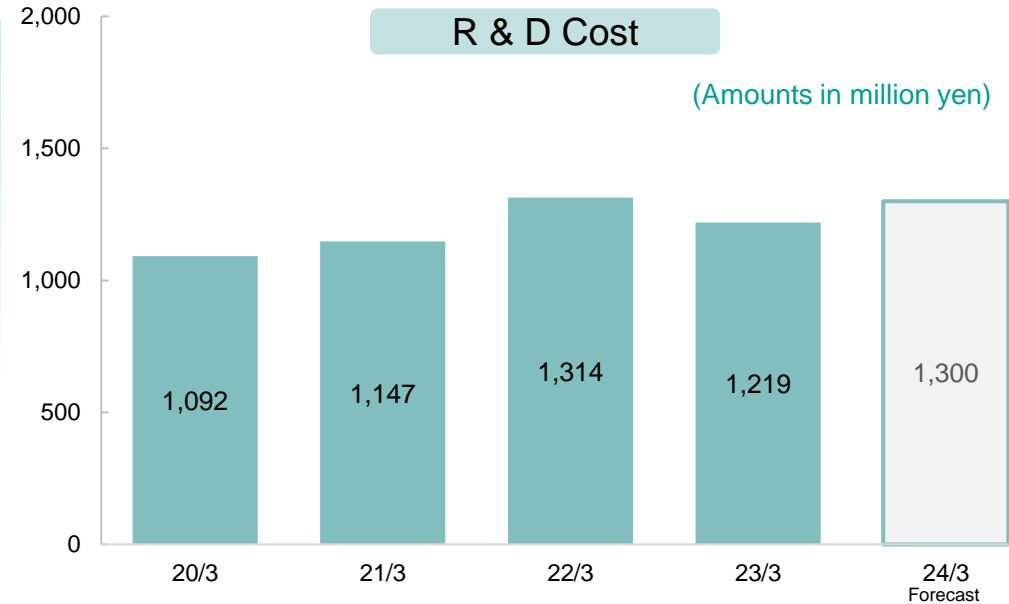
Amount of Capital Investment

(Amounts in million yen)



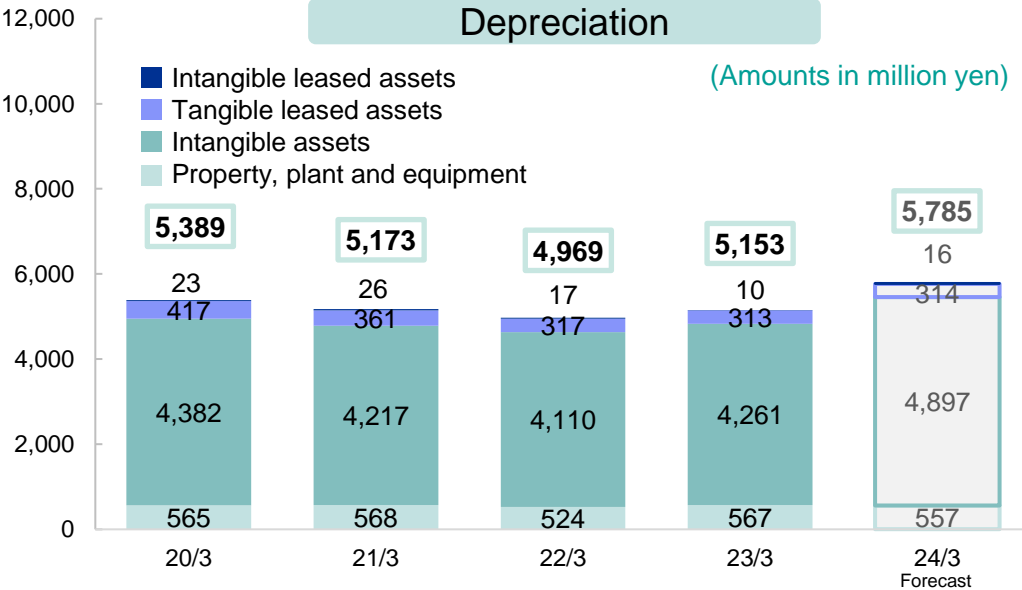
R & D Cost

(Amounts in million yen)



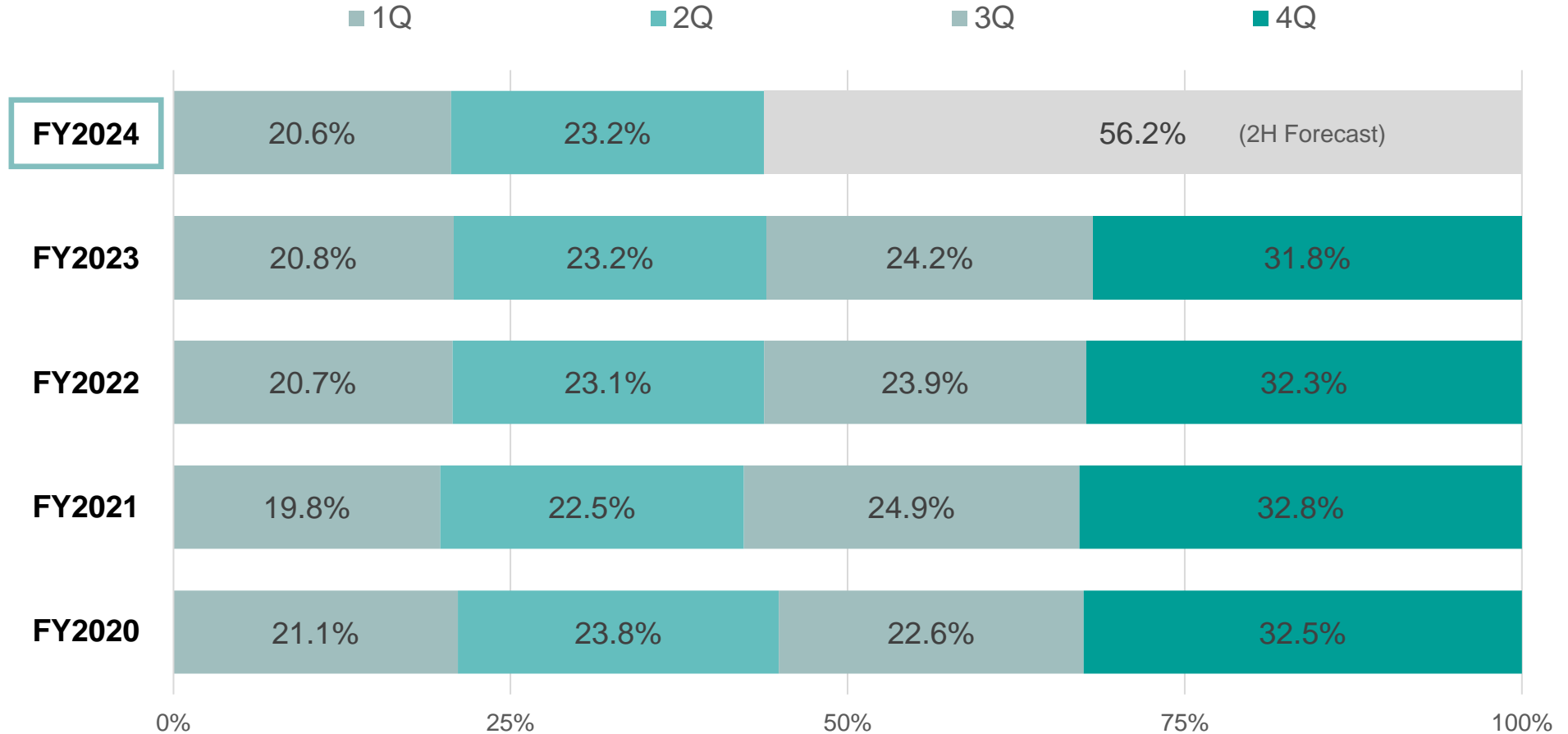
Depreciation

(Amounts in million yen)



7. Changes in Composition of Net Sales by Quarter

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