



Financial Summary for the First 2 Quarters of Fiscal 2024 [Japanese GAAP] [Consolidated]

October 27, 2023

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: October 30, 2023
 Scheduled date of commencement of dividend payments: December 4, 2023
 Preparation of supplementary explanatory materials on quarterly results: Yes
 Holding of briefing session on quarterly results: Yes (For institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Consolidated Results of Operations in the First 2 Quarters of Fiscal 2024

ZENRIN's the First 2 Quarters of fiscal 2024 is the period from April 1, 2023 to September 30, 2023.

(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	%
The first 2 quarters of fiscal 2024	27,153	4.7	(1,581)	—	(1,626)	—	(1,221)	—
The first 2 quarters of fiscal 2023	25,929	0.2	(985)	—	(982)	—	(703)	—

[Note] Comprehensive income The first 2 quarters of fiscal 2024: 2,438 million yen [—%]
 The first 2 quarters of fiscal 2023: (514) million yen [—%]

	Earnings per share	Diluted earnings per share
	yen	yen
The first 2 quarters of fiscal 2024	(22.89)	—
The first 2 quarters of fiscal 2023	(13.00)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Ratio of equity to total assets
	million yen	million yen	%
As of September 30, 2023	71,018	47,675	67.1
As of March 31, 2023	70,130	45,962	65.4

[Reference] Equity As of September 30, 2023: 47,625 million yen As of March 31, 2023: 45,871 million yen

2. Dividends

	Annual dividend				
	End of the first quarter	End of the second quarter	End of the third quarter	Year-end	Total
	yen	yen	yen	yen	yen
Fiscal 2023	—	13.50	—	13.50	27.00
Fiscal 2024	—	13.50	—	—	—
Fiscal 2024 [forecast]	—	—	—	13.50	27.00

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

3. Forecast for Consolidated Results of Operations in Fiscal 2024

ZENRIN's fiscal 2024 is the period from April 1, 2023 to March 31, 2024.

[% figures for the fiscal year represent the increase (decrease) compared to the previous fiscal year]

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
	62,000	5.2	2,500	39.0	2,700	28.3	1,800	(35.0)	33.72

[Note] Revision from most recently announced forecast for results of operations: None

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

1. Qualitative Information on Quarterly Results

(1) Explanation of Business Performance

In the first two quarters of fiscal 2024 (from April 1, 2023 to September 30, 2023), the Japanese economy showed signs of a moderate recovery as social and economic activities returned to normal including the downgrading of COVID-19 to a Class 5 infectious disease. Meanwhile, the future outlook continued to be uncertain, as a result of the rising cost of living caused by the soaring energy and raw-material prices and the continued depreciation of the yen on the back of global monetary tightening.

In such an environment, sales of data for in-car navigation systems in the automotive-related business increased thanks to the recovery in automobile production in conjunction with the alleviation of the semiconductor shortage, although product-related orders received from corporate customers decreased. In addition, 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.

In terms of costs, there was an 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. In addition, the effects of the rising cost of living and wage hikes from the first quarter of fiscal 2024 resulted in an increase in operating expenses compared to the same period of the previous fiscal year. Nevertheless, these increases in operating expenses have already been incorporated in the forecast for the consolidated results of operations for fiscal 2024. Moreover, 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.

As a result, the ZENRIN Group in the first two quarters of fiscal 2024 reported net sales of 27,153 million yen (increased 1,224 million yen, or up 4.7% compared to the same period of the previous fiscal year), operating loss of 1,581 million yen (downturn of 596 million yen compared to the same period of the previous fiscal year), ordinary loss of 1,626 million yen (downturn of 643 million yen compared to the same period of the previous fiscal year), and loss attributable to owners of parent of 1,221 million yen (downturn of 518 million yen compared to the same period of the previous fiscal year).

Information by business segment is omitted because the ZENRIN Group's reportable segment is a single segment.

(2) Explanation of Financial Position

Total assets at the end of the second quarter of fiscal 2024 amounted to 71,018 million yen (increased 888 million yen, or up 1.3% compared to the end of the previous fiscal year). This was mainly attributable to an increase of investment securities to reflect fair-value valuation, despite a decrease in notes and accounts receivable – trade, and contract assets due to the effects of seasonal fluctuations.

Liabilities amounted to 23,342 million yen (decreased 825 million yen, or down 3.4% compared to the end of the previous fiscal year). This was mainly attributable to a decrease in accounts payable – trade due to the effects of seasonal fluctuations and decreases in short-term loans payable, despite an increase in advances received.

While retained earnings decreased due to the recording of a loss attributable to owners of parent and dividends of surplus, valuation difference on available-for-sale securities increased to reflect fair-value valuation of investment securities. As a result, net assets amounted to 47,675 million yen (increased 1,713 million yen, or up 3.7% compared to the end of the previous fiscal year).

As a result, the ratio of equity to total assets at the end of the second quarter of fiscal 2024 was 67.1% (up 1.7 points compared to the end of the previous fiscal year).

The following outlines the status of cash flows in fiscal 2024.

Cash and cash equivalents at the end of the second quarter of fiscal 2024 stood at 12,400 million yen (decreased 1,565 million yen, or down 11.2%, compared to at the end of the previous fiscal year).

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to 3,744 million yen (increased 1,913 million yen compared to the same period of the previous fiscal year). This was attributable to a loss before income taxes of 1,644 million yen, a decrease in trade payables of 989 million yen, and other factors of decrease, being offset by a decrease in trade receivables of 3,708 million yen, an increase in advances received of 1,235 million yen, and other factors for increase.

Cash Flows from Investing Activities

Net cash used in investing activities amounted to 2,585 million yen (increased 1,188 million yen compared to the same period of the previous fiscal year). This was attributable mainly to purchase of property, plant and equipment and purchase of intangible assets of 2,232 million yen in total.

Cash Flows from Financing Activities

Net cash used in financing activities amounted to 2,819 million yen (increased 791 million yen compared to the same period of the previous fiscal year). This was attributable mainly to a net decrease in short-term borrowings of 1,766 million yen and cash dividends paid of 723 million yen.

(3) Explanation of Forecast for Consolidated Results of Operations and Other Forward-Looking Statements

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

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

[Unit: million yen]

	Fiscal 2023	The second quarter of fiscal 2024
	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	13,971	12,405
Notes and accounts receivable - trade, and contract assets	11,747	8,109
Electronically recorded monetary claims - operating	118	149
Securities	6	7
Merchandise and finished goods	897	777
Work in process	314	677
Raw materials and supplies	97	103
Other	1,404	1,628
Allowance for doubtful accounts	(3)	(3)
Total current assets	28,553	23,855
Non-current assets		
Property, plant and equipment	13,026	12,821
Intangible assets		
Goodwill	252	188
Software	10,928	11,223
Other	2,954	2,452
Total intangible assets	14,135	13,864
Investments and other assets		
Investment securities	8,592	14,236
Other	5,924	6,341
Allowance for doubtful accounts	(101)	(101)
Total investments and other assets	14,414	20,476
Total non-current assets	41,577	47,163
Total assets	70,130	71,018

[Unit: million yen]

	Fiscal 2023	The second quarter of fiscal 2024
	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	3,030	2,155
Short-term borrowings	4,476	2,710
Income taxes payable	369	251
Advances received	6,881	8,205
Provision for bonuses for directors (and other officers)	64	25
Asset retirement obligations	2	18
Other	6,651	6,267
Total current liabilities	21,476	19,635
Non-current liabilities		
Long-term borrowings	1,576	1,372
Provision for retirement benefits for directors (and other officers)	104	104
Provision for share awards for directors (and other officers)	51	51
Retirement benefit liability	257	258
Asset retirement obligations	64	61
Other	637	1,858
Total non-current liabilities	2,691	3,707
Total liabilities	24,167	23,342
Net assets		
Shareholders' equity		
Share capital	6,557	6,557
Capital surplus	12,451	12,451
Retained earnings	27,389	25,443
Treasury shares	(4,805)	(4,806)
Total shareholders' equity	41,592	39,646
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,567	7,343
Foreign currency translation adjustment	129	92
Remeasurements of defined benefit plans	582	543
Total accumulated other comprehensive income	4,278	7,978
Non-controlling interests	90	50
Total net assets	45,962	47,675
Total liabilities and net assets	70,130	71,018

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

[Unit: million yen]

	The first 2 quarters of fiscal 2023 From: April 1, 2022 To: September 30, 2022	The first 2 quarters of fiscal 2024 From: April 1, 2023 To: September 30, 2023
Net sales	25,929	27,153
Cost of sales	16,219	17,532
Gross profit	9,710	9,621
Selling, general and administrative expenses		
Personnel expenses	6,289	6,410
Provision for bonuses for directors (and other officers)	22	25
Retirement benefit expenses	130	155
Provision of allowance for doubtful accounts	1	0
Other	4,251	4,611
Total selling, general and administrative expenses	10,695	11,202
Operating loss	(985)	(1,581)
Non-operating income		
Interest income	3	2
Dividend income	47	64
Other	155	100
Total non-operating income	205	166
Non-operating expenses		
Interest expenses	4	9
Foreign exchange losses	88	163
Nondeductible consumption tax	91	—
Other	18	38
Total non-operating expenses	203	211
Ordinary loss	(982)	(1,626)
Extraordinary income		
Gain on sale of non-current assets	893	—
Other	13	—
Total extraordinary income	906	—
Extraordinary losses		
Loss on sale and retirement of non-current assets	23	5
Loss on valuation of investment securities	391	12
Loss on liquidation of subsidiaries	208	—
Total extraordinary losses	622	17
Loss before income taxes	(699)	(1,644)
Income taxes - current	460	162
Income taxes - deferred	(407)	(545)
Total income taxes	53	(382)
Loss	(752)	(1,261)
Loss attributable to non-controlling interests	(49)	(39)
Loss attributable to owners of parent	(703)	(1,221)

Quarterly Consolidated Statement of Comprehensive Income [cumulative]

[Unit: million yen]

	The first 2 quarters of fiscal 2023 From: April 1, 2022 To: September 30, 2022	The first 2 quarters of fiscal 2024 From: April 1, 2023 To: September 30, 2023
Loss	(752)	(1,261)
Other comprehensive income		
Valuation difference on available-for-sale securities	51	3,775
Foreign currency translation adjustment	239	(36)
Remeasurements of defined benefit plans, net of tax	(52)	(39)
Total other comprehensive income	238	3,700
Comprehensive income	(514)	2,438
[Comprehensive income attributable to]		
Comprehensive income attributable to owners of parent	(465)	2,478
Comprehensive income attributable to non-controlling interests	(49)	(39)

(3) Quarterly Consolidated Statement of Cash Flows

[Unit: million yen]

	The first 2 quarters of fiscal 2023 From: April 1, 2022 To: September 30, 2022	The first 2 quarters of fiscal 2024 From: April 1, 2023 To: September 30, 2023
Cash flows from operating activities		
Loss before income taxes	(699)	(1,644)
Depreciation	2,489	2,651
Amortization of goodwill	57	64
Decrease (increase) in retirement benefit asset	(97)	(236)
Increase (decrease) in retirement benefit liability	1	1
Loss (gain) on valuation of investment securities	391	12
Interest and dividend income	(50)	(66)
Interest expenses	4	9
Loss (gain) on sale and retirement of non-current assets	(870)	5
Decrease (increase) in trade receivables	4,027	3,708
Decrease (increase) in inventories	(425)	(248)
Increase (decrease) in trade payables	(910)	(989)
Increase (decrease) in accrued expenses	(692)	(129)
Increase (decrease) in advances received	430	1,235
Increase (decrease) in accrued consumption taxes	(481)	(229)
Other, net	(358)	(230)
Subtotal	2,815	3,913
Interest and dividends received	58	53
Interest paid	(4)	(9)
Income taxes paid	(1,039)	(213)
Net cash provided by (used in) operating activities	1,830	3,744
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	1,232	—
Purchase of property, plant and equipment and intangible assets	(2,747)	(2,232)
Purchase of investment securities	(340)	(265)
Other, net	457	(88)
Net cash provided by (used in) investing activities	(1,397)	(2,585)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	31	(1,766)
Repayments of long-term borrowings	(553)	(204)
Repayments of lease liabilities	(245)	(123)
Dividends paid	(734)	(723)
Other, net	(525)	(0)
Net cash provided by (used in) financing activities	(2,027)	(2,819)
Effect of exchange rate change on cash and cash equivalents	253	95
Net increase (decrease) in cash and cash equivalents	(1,341)	(1,565)
Cash and cash equivalents at beginning of period	16,455	13,965
Cash and cash equivalents at end of period	15,113	12,400

(4) 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

Not applicable.

Changes in Significant Subsidiaries in the Second Quarter of Fiscal 2024

Not applicable.

While not qualifying as a change in specified subsidiaries, ZENRIN and ZENRIN FUTURE PARTNERS CO., LTD., which is ZENRIN's consolidated subsidiary, established ZFP No. 2 Investment Limited Partnership on April 1, 2023. Consequently, ZFP No. 2 Investment Limited Partnership has been included in the scope of consolidation from the beginning of the first quarter of fiscal 2024.

3. Supplementary Information

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

Business category	The first 2 quarters of fiscal 2023	The first 2 quarters of fiscal 2024	Amount of increase (decrease)	Rate of increase (decrease)	Main products
	million yen	million yen	million yen	%	
Product business	7,718	7,315	(403)	(5.2)	(for corporate customers and consumers) Printed residential maps, BLUE MAPS GIS Package products, Residential map data Special-purpose maps
Public Solution business	2,522	2,903	381	15.1	(for central government ministries/agencies and local governments) Printed residential maps, BLUE MAPS, Residential map databases
Marketing Solution business	2,869	3,165	296	10.3	Provision of Marketing Solution, General commercial printing
IoT business	6,558	6,382	(175)	(2.7)	Services for smartphones, Map data for internet services, Provision of location-based services and solutions, Products of map design brands
Automotive business	6,260	7,386	1,125	18.0	Data contents for in-car navigation systems, High-precision 3D data for AD/ADAS
Total	25,929	27,153	1,224	4.7	