

# Results for the First 2 Quarters of Fiscal 2023 (Year Ending March 31, 2023)

November 16, 2022

## I . Overview of Results for the First 2 Quarters of Fiscal 2023

## II . Earnings Forecast for Fiscal 2023

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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 “-.”

## I . Overview of Results for the First 2 Quarters of Fiscal 2023

1. Overview of Results
2. Changes in Net Sales, Income and Profit
3. Causes for Change in Operating Income
4. Shareholder Returns

## 1. Overview of Results

## Key Points of Results for the First 2 Quarters of Fiscal 2023

**【Increase in sales / Decrease in income and profit】** (Compared to 2Q of FY 2022)

**[Sales Result]**

Net sales were mostly the same as the previous period due to the increase in the sales of IoT-related solution services, etc., despite a decrease in sales of data for in-car navigation systems in the automotive-related business, reflecting the effects of automobile production adjustments.

**[Expenses / Profit and loss]**

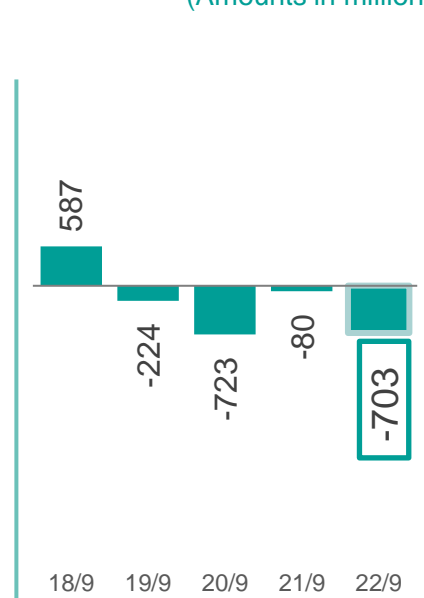
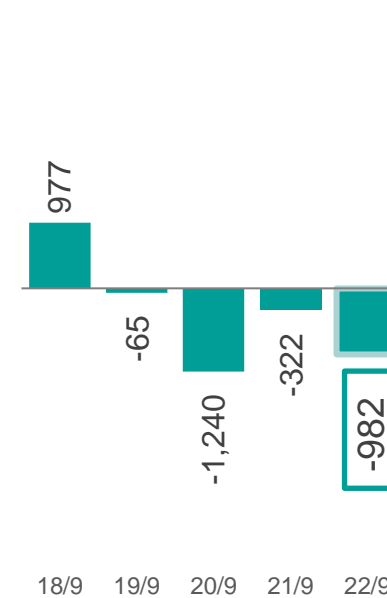
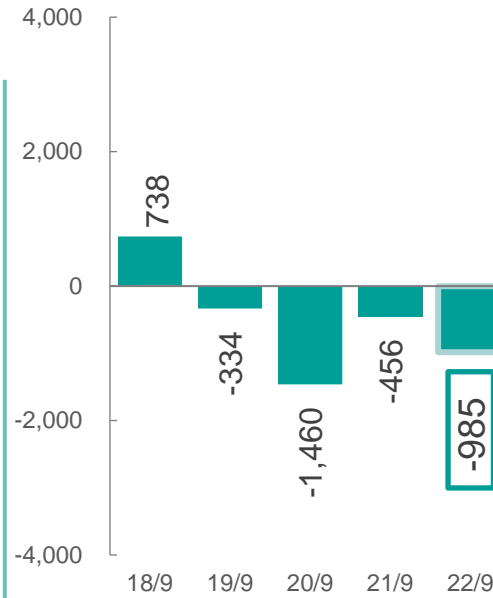
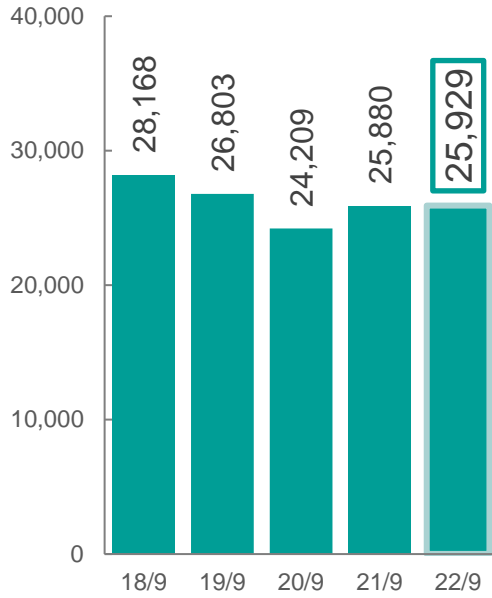
There was an increase in cost of sales due to changes in the composition of net sales and increases in expenses for developing map databases to improve the precision of location data as well as expenses for sales activities amid the trend of economic and social activities returning to normal. Operating income, ordinary income, and profit attributable to owners of parent decreased for the first time in two periods.

(Amounts in million yen)

	2Q of FY2022 (Actual)	2Q of FY2023 (Forecast) <small>(Announced on Apr. 28 2022)</small>	2Q of FY2023 (Actual)	Compared to 2Q of FY2022		Compared to Forecast	
					% of Change		% of Change
Net Sales	25,880	26,200	25,929	+49	0.2	-270	-1.0
Operating Expenses	26,336	26,600	26,915	+578	2.2	315	1.2
Operating Income	-456	-400	-985	-529	—	-585	—
Operating Margin	-1.8%	-1.5%	-3.8%	-2.0pt		-2.3pt	
Ordinary Income	-322	-300	-982	-660	—	-682	—
Profit Attributable to Owners of Parent	-80	—	-703	-623	—	-703	—

## 2. Changes in Net Sales, Income and Profit

(Amounts in million yen)



### Net Sales

### Operating Income

### Ordinary Income

### Profit Attributable to Owners of Parent

25,929 million yen

-985 million yen

-982 million yen

-703 million yen

+49 million yen (+0.2%)

-529 million yen (—)

-660 million yen (—)

-623 million yen (—)

Increase in sales  
for 2 consecutive fiscal years

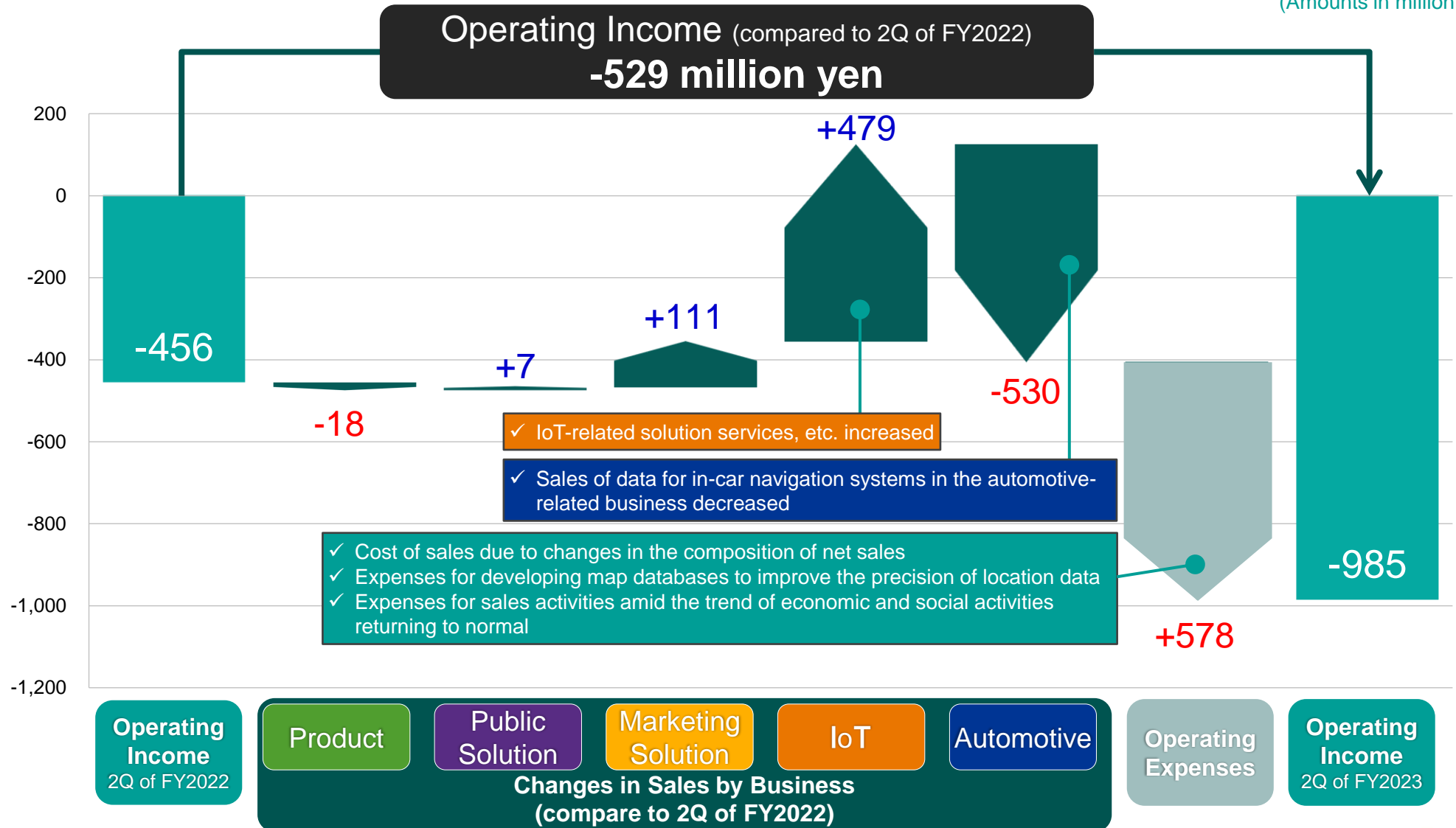
Decrease in income and profit for the first time in 2 fiscal years

\*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. Causes for Change in Operating Income

(Amounts in million yen)

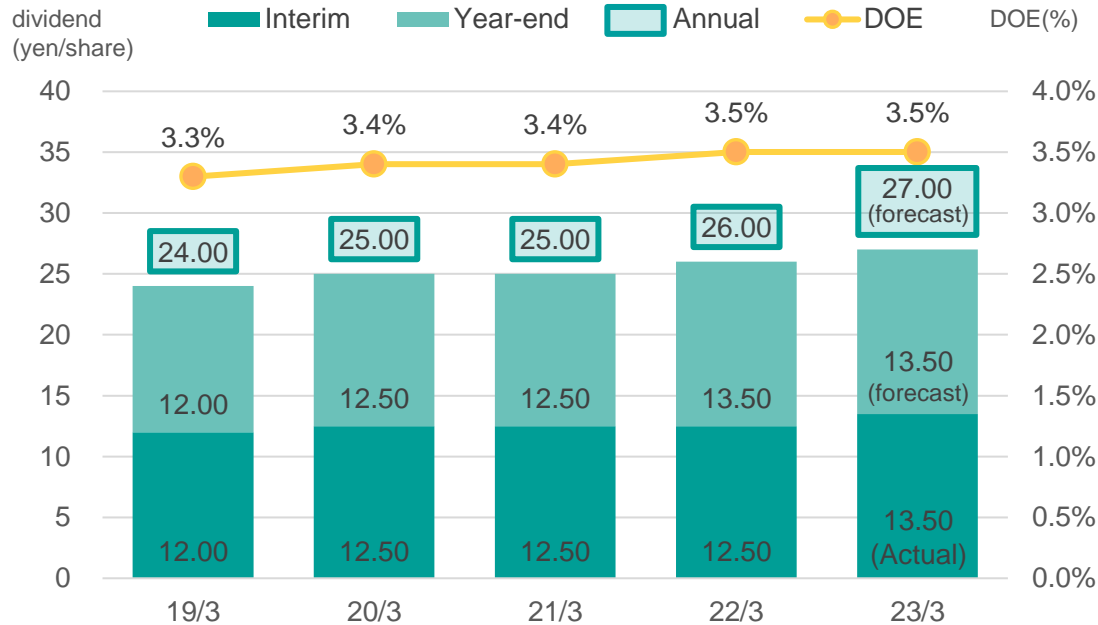


## 4. Shareholder Returns

### 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 (July 28, 2022)		Actual results
Period of purchase	August 1, 2022 - August 31, 2022	As scheduled
Number of shares purchased	Up to 500,000 shares	461,200 shares (92.24%)
Purchase price	Up to 500 million yen	433,949,000 yen (86.79%)

## Ⅱ . Earnings Forecast for Fiscal 2023

1. Earnings Forecast for Fiscal 2023
2. Net Sales target by Business



**No change from the forecast announced on April 28, 2022**

The earnings forecast announced on April 28, 2022 will remain unchanged due to the many uncertainties in the environment surrounding the ZENRIN group, such as automobile production adjustments due to a combination of factors including the global semiconductor supply shortages, the lockdown in Shanghai and the depreciating yen.

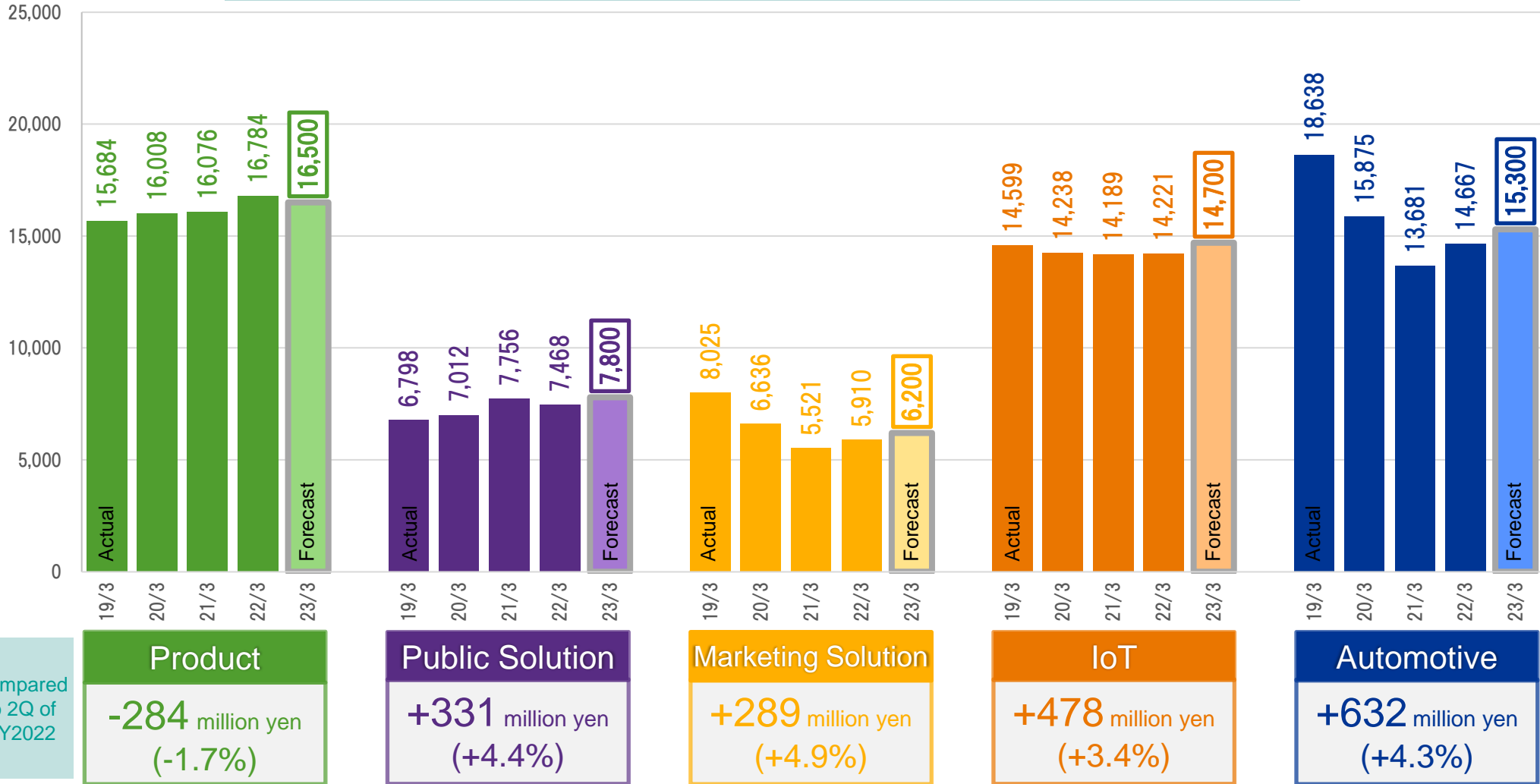
(Amounts in million yen)

	FY2022 (Actual)	FY2023 (Forecast)	Compared to FY2022	
				% of Change
Net Sales	59,053	<b>60,500</b>	+1,446	2.4
Operating Expenses	56,382	<b>57,500</b>	+1,117	2.0
Operating Income	2,670	<b>3,000</b>	+329	12.3
Operating Margin	4.5%	<b>5.0%</b>	+0.5pt	
Ordinary Income	3,044	<b>3,200</b>	+155	5.1
Profit Attributable to Owners of Parent	3,658	<b>2,600</b>	-1,058	-28.9

## 2. Net Sales target by Business

No change from the forecast announced on April 28, 2022

(Amounts in million yen)



## III. Business Overview / Topics

### 1. Business Overview

- 1) Product
- 2) Public Solution
- 3) Marketing Solution
- 4) IoT
- 5) Automotive

### 2. Topics “Initiatives toward building a regional co-creation model”

- 1) Promoting the regional co-creation model by establishing five themes
- 2) Business development of the regional co-creation model
- 3) Examples of linked products and services
- 4) Examples of demonstration experiments

## 1) Product

PR

### Product

2Q of FY2023  
(Actual)

**7.7** billion yen  
(Compared to 2Q of FY2022 : -0)

Policy of ZGP25 2nd Stage

Increase profits by expanding stock-type business  
and stabilizing flow-type business

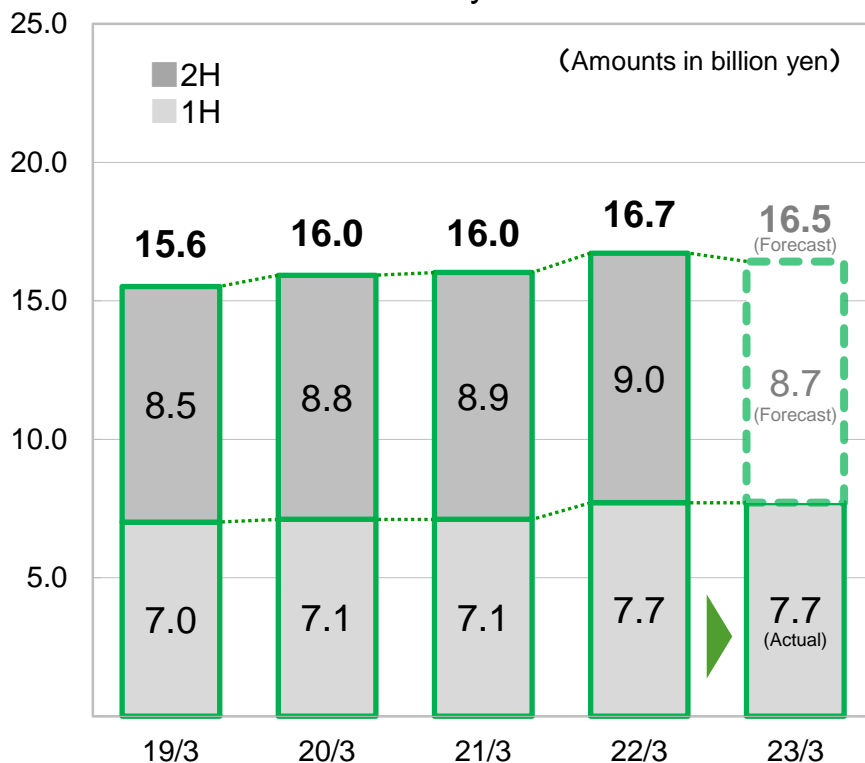
<Definition> Business that provide companies with products and services through development of applications

<Main customer> Various corporate customers and consumers  
(Transportation, real estate, construction, finance etc.)

<Main products> Printed Residential Map, Residential Map data, GIS packages, Products of map design brands

### Net sales by business

(Amounts in billion yen)



\*Earnings forecast for FY2023 remains unchanged  
from the forecast announced on April 28, 2022

### Overview of the first two quarters

- ✓ Decrease in sales of flow-type products including residential map data and residential maps
- ✓ Strong sales of stock-type products such as the GIS package

### Initiatives for the second half

- ✓ Expand the sales of the stock-type business by improving the lineup of packaged products, etc
- ✓ Promote upsell to the solution business  
(\*Solution projects will be transferred to the “IoT Business” category)

### Releases and notices

July 27, 2022: Launched a new product, “Manap Home Edition,” a study tool for learning programming on the map

## 2) Public Solution

### PU Public Solution

2Q of FY2023  
(Actual)

**2.5** billion yen  
(Compared to 2Q of FY2022 : +0)

#### Policy of ZGP25 2nd Stage

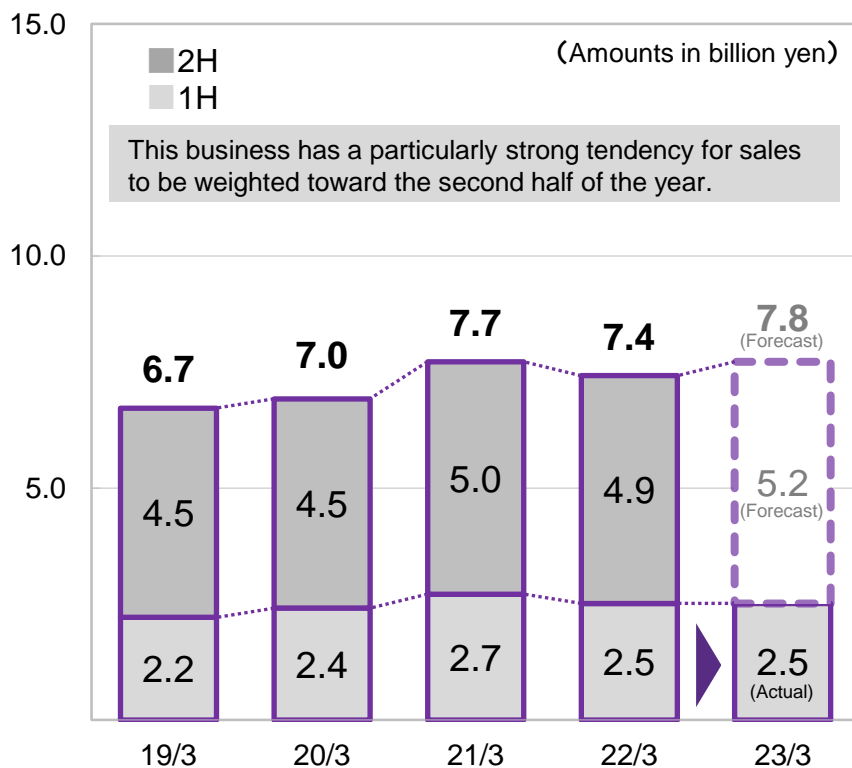
Expand sales by converting from flow-type business to stock-type business and building up entrusted business solutions

<Definition> Business that provide government agencies with products and services through development of applications

<Main customer> Central government ministries/agencies, local governments, etc.

<Main products / Services> Printed Residential Map, Residential Map database products, distribution services for local governments, Entrusted services, etc

### Net sales by business



\*Earnings forecast for FY2023 remains unchanged from the forecast announced on April 28, 2022

### Overview of the first two quarters

- ✓ Entrusted services, sales of map data, and distribution services for local governments remained firm.

### Initiatives for the second half

- ✓ Strengthen initiatives to support the DX of local governments while transitioning to a stock-type business including residential map services dedicated to local governments, released in April.

### Releases and notices

- April 20, 2022: Started to provide a new service for local governments, "Residential Maps Dedicated to Local Governments for Web"
- July 20, 2022: Concluded a comprehensive cooperation agreement with Sasebo City (Regional co-creation model)

3) Marketing Solution

**MS Marketing Solution**

**2Q of FY2023**  
(Actual)

**2.8** billion yen  
(Compared to 2Q of FY2022 : +0.1)

Policy of ZGP25 2nd Stage

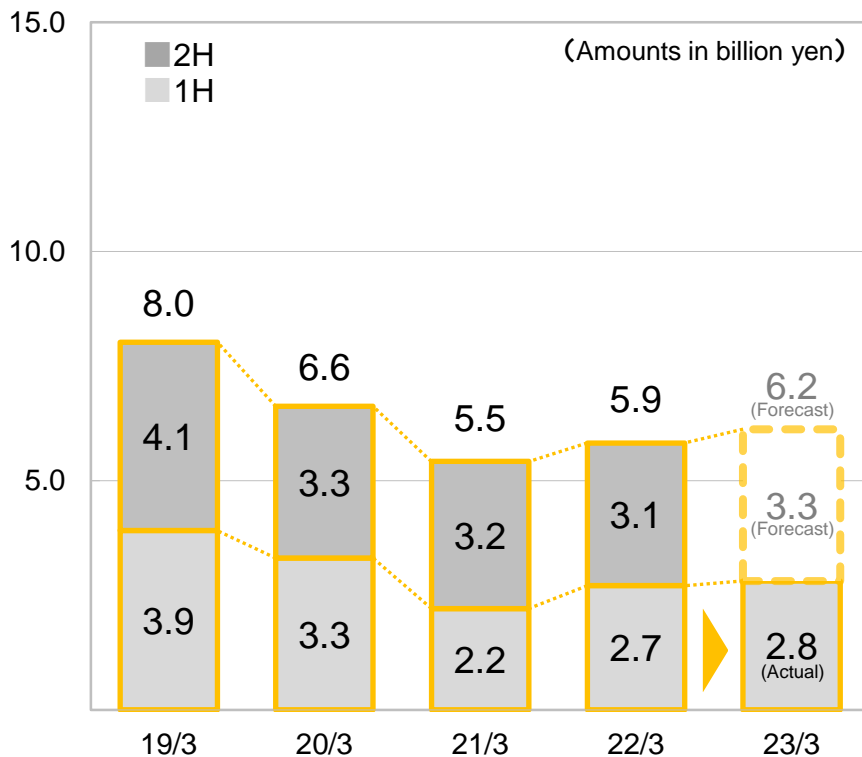
Create a new market by solving sales promotion issues  
by utilizing map information technology

<Definition> Business that provides businesses with products and services to support area marketing  
and sales promotion activities

<Main customer> SMEs and individual business owners, companies operating chain stores

<Main products / Services> Provision of Marketing Solution, General commercial printing

Net sales by business



\*Earnings forecast for FY2023 remains unchanged  
from the forecast announced on April 28, 2022

**Overview of the first two quarters**

- ✓ Sales increased compared to 2Q of FY2022 due to an increase in advertising demand as customers resumed sales promotion activities with the resumption of socioeconomic activities.
- ✓ Sales promotion support package services targeting SMEs and individual business owners also remained firm.

**Initiatives for the second half**

- ✓ Continue to promote sales of sales promotion support package services
- ✓ Develop markets for new types of marketing utilizing the map database.

**Releases and notices**

October 26, 2022:  
Started to provide “ArmBox,” cloud services that support multi-store business strategies. (Group company: ZENRIN MARKETING SOLUTIONS CO., LTD.)

## 4) IoT

IoT

IoT

2Q of FY2023  
(Actual)

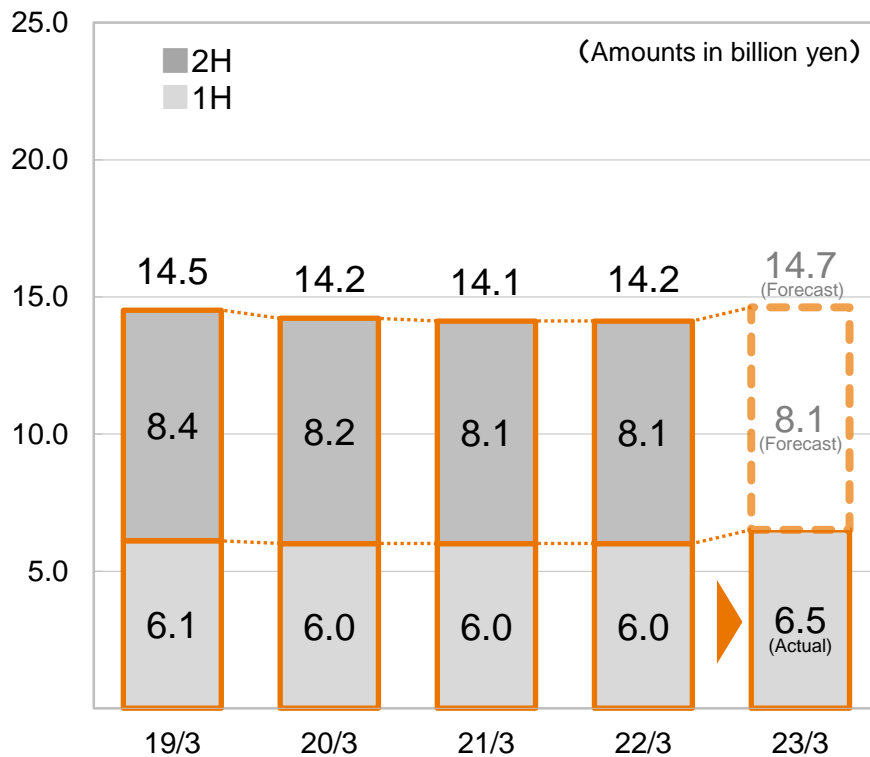
6.5 billion yen  
(Compared to 2Q of FY2022 : +0.4)

Policy of ZGP25 2nd Stage

Plan solutions to support industry DX  
and strengthen alliance business

- <Definition> Business that provide solutions that help solve problems to local communities and companies
- <Main customer> Various corporate customers (Delivery, transportation, real estate, construction, finance etc.)  
system vendors, telecommunications carriers
- <Main products / Services> Services for smartphones, Map data for internet services, Provision of location-based services and solutions

### Net sales by business



\*Earnings forecast for FY2023 remains unchanged  
from the forecast announced on April 28, 2022

### Overview of the first two quarters

- ✓ Sales increased compared to 2Q of FY2022 due to increased sales in the solution business for large corporations and the increase in the number of members of the delivery app for individual business owners.

### Initiatives for the second half

- ✓ Strengthen the business foundation through alliances with other companies and co-create new services.
- ✓ Strengthen the robust logistics and delivery services.

### Releases and notices

October 6, 2022:  
Added the Sasebo and Western Kyushu areas to "STLOCAL," the tourism information website and smartphone app, which is being provided as part of the demonstration experiment for a tourism-type MaaS application (Regional co-creation model).

5) Automotive

**AM Automotive**

**2Q of FY2023**  
(Actual)

**6.2** billion yen  
(Compared to 2Q of FY2022 : -0.5)

Policy of ZGP25 2nd Stage

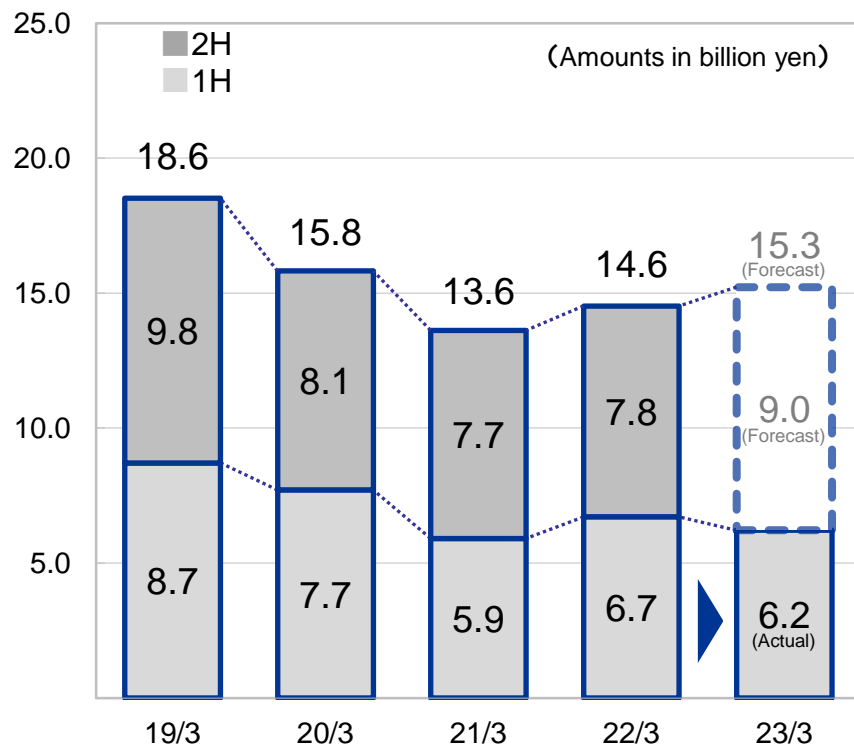
Stabilize existing navigation business  
and establish smart mobility business

<Definition> Business that provides mobility-related spatial information and services to automobile-related companies

<Main customer> Car manufacturers, Car navigation system developers

<Main products / Services> Data contents for in-car navigation systems, High-precision 3D data for AD/ADAS

Net sales by business



\*Earnings forecast for FY2023 remains unchanged  
from the forecast announced on April 28, 2022

**Overview of the first two quarters**

- ✓ Due to the effects of production adjustments by automobile manufacturers as a result of the semiconductor shortage and the lockdown in Shanghai, and other factors, the provision of the Company's navigation data declined and sales decreased compared to the 2Q of FY2022.

**Initiatives for the second half**

- ✓ Many uncertainties remain in the business environment and accordingly, the full-year earnings forecast will remain unchanged.
- ✓ Aim to raise unit prices and our market share through proposals for EV-related and ADAS-related content.

**Releases and notices**

August 31, 2022: Pioneer and ZENRIN Partner to Develop and Offer Solutions and Services for EVs to Pave the Way for Carbon Neutrality

▶ next page

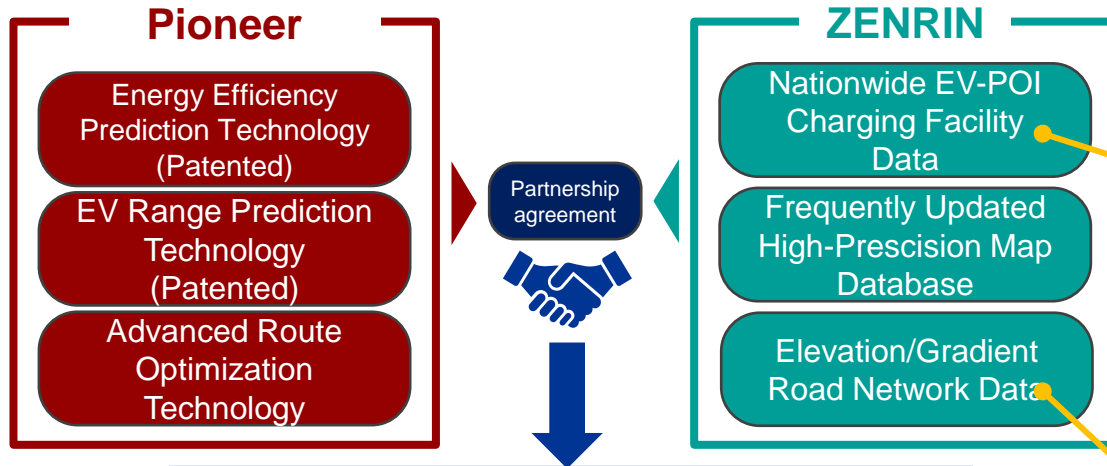


5) Automotive

**Pioneer and ZENRIN Partner to Develop and Offer Solutions and Services for EVs  
to Pave the Way for Carbon Neutrality**

(Released on August 31, 2022)

We will aim to develop and provide competitive EV solution services by effectively utilizing the technological and intellectual assets and commercial channels of both companies.



**Solutions and Services for EVs**

Contribute to resolving adoption and usage issues unique to EVs as well as concerns about the usage environment

- For car manufacturers / car-sharing and leasing companies: Cloud-based navigation service for EVs
- For mobility and energy industries: Carbon Neutral API Services  
- Charging Stations Search API, EV Range Prediction API, EV Routing API, CO2 Emission Calculation API
- For businesses and municipalities considering switching to EVs: EV fleet consulting & productivity simulation services  
- CO2 reductions, Economic benefits, Operational efficiency

**The superiority of ZENRIN's data**

**(1) Information gathering and maintenance system**

**(2) High information accuracy**

- ✓ Building relationships with the managing groups (local governments, associations, and companies) and establishing an onsite research system through proprietary researchers
- ✓ Improving information accuracy and reliability by making corrections to the location of charging facilities and checks for eliminating private property based on the information periodically obtained from the managing groups

**(3) Overwhelming volume of information**

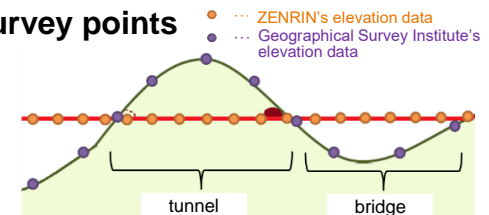
- ✓ Managing detailed information including the type of connectors, power output, and operating hours of the nearly 30,000 charging stations around the country

**(4) Providing proprietary information through tracking surveys**

- ✓ Adding proprietary road surface elevation values to the terrain elevation values of the base map

**(5) A vast number of survey points**

- ✓ Road surface elevations are measured at 30-cm intervals



► By providing high-precision elevation and gradient data to EVs, we will contribute to calculating the route requiring the least battery consumption and environmental burden.

1) Promoting the regional co-creation model by establishing five themes

Proactively considering business models under the following five co-creation themes in order to “Resolve regional issues through the utilization of map information”

**Five co-creation themes**

**I. Creating a safe and secure life**

A livable environment from the city to the suburbs

**II. Improving the educational environment**

A robust educational environment from primary school to college

**III. Promoting culture and tourism**

Creating an appealing region that satisfies visitors

**IV. Supporting intra-region mobility**

An environment where tourists and visitors can move around easily

**V. Promoting digitalization**

Efficiently building a digital environment for local governments and local companies

**Assets held by ZENRIN (Products and services)**

**Agreement of support at times of disaster**  
Providing an environment for utilizing maps when disasters occur

**Disaster prevention LGWAN**  
Residential map cloud service that supports improving business efficiency of departments responsible for disaster prevention

**Support for measures against vacant houses**  
Business support for measures against vacant houses, including research of vacant houses and information utilization

**Manap School Edition**  
Tool for learning programming at primary schools using maps

**Manap Home Edition**  
Home-schooling tool for learning programming

**Tourism-type MaaS application**  
**STLOCAL**  
Revitalizing excursions around the region

**Smart City**  
Visualizing and analyzing the location information of people and goods, and contributing to resolving mobility issues

**ZENRIN MUSEUM**  
  
ZENRIN MUSEUM  
A museum of maps that illustrate history

**“Michi-no-eki” recording app**  
Promoting excursions around “Michi-no-eki” and mobility through the “Michi-no-eki” app  


**Map design products**  
Developing stationary and various goods under the concept of “Maps = Design/patterns”  

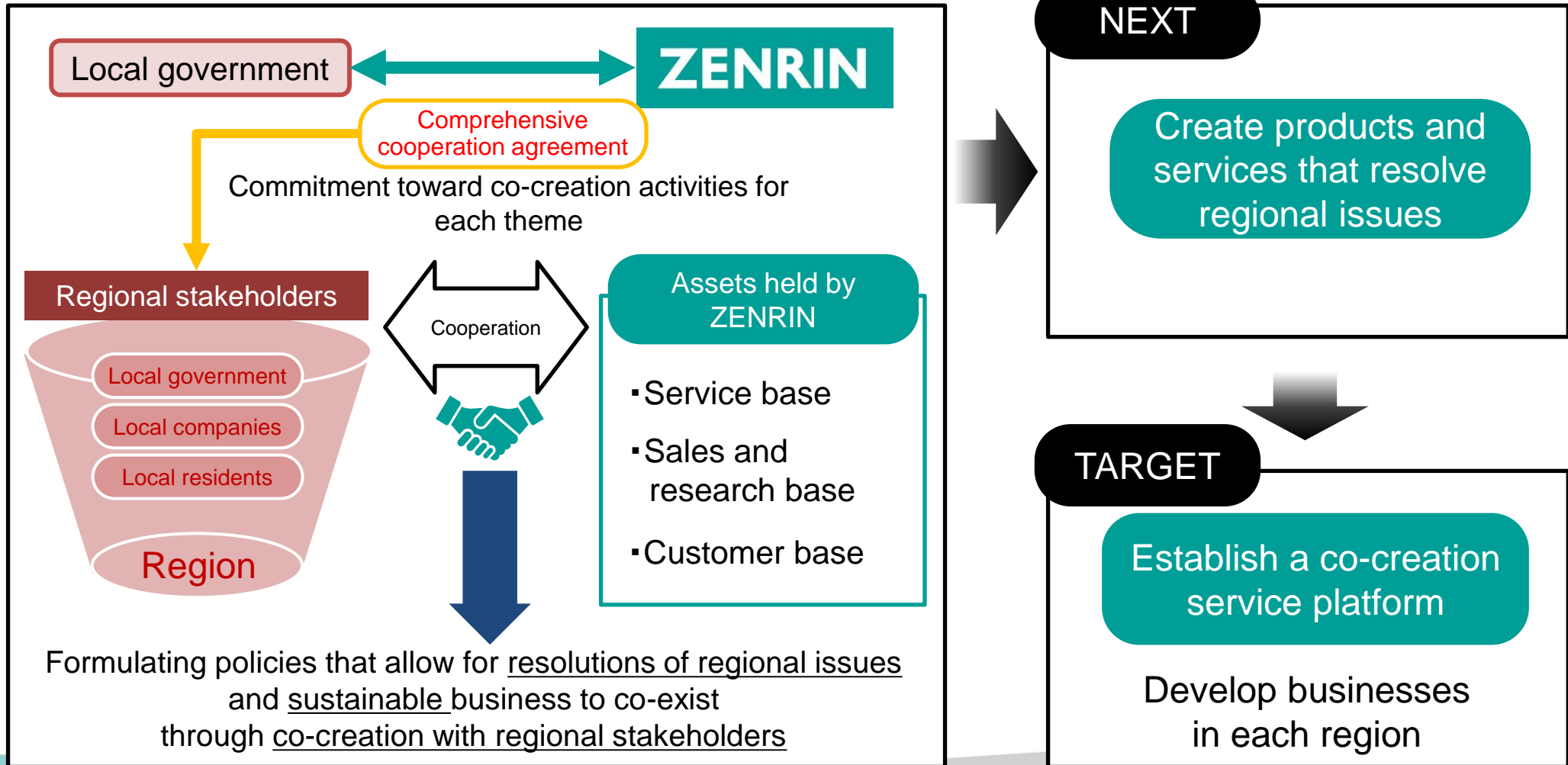

**“Residential maps for Web” dedicated to local governments**  
A web service for browsing residential maps compatible with LGWAN

**RakuRaku Sales Promotion Map**  
Providing total support for the sales promotion activities of local companies

**GIS Package**  
Online service equipped with convenient features and the necessary map information for each industry and business

2) Business development of the regional co-creation model

Cooperate with regional stakeholders by concluding “comprehensive cooperation agreements” with local governments, establish regional co-creation platforms, and develop businesses in each region



3) Examples of linked products and services

A residential map service that supports the DX promotion of local governments

“Residential maps for Web”  
dedicated to local governments



Residential map service for the administrative service of local governments

- Easy to use anytime
- Equipped with basic map functions
- ▶ Look, search, print and label maps

Supporting the improvement of administrative services by digitalizing paper residential maps

Preparation of documents

Hassle of pasting together maps



Counter service

Hard to find



Visits

Hard to confirm the address of visit destinations

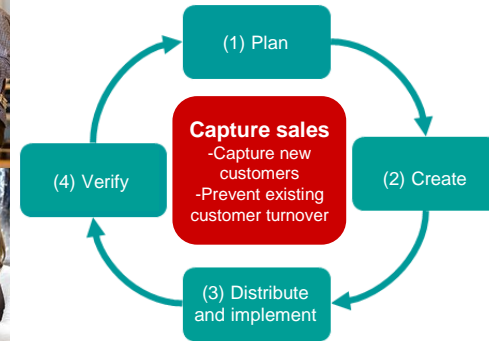


- No need to install it in PCs
- Easily used by local government employees

- Easily operated and no need for special knowledge
- Compatible with LGWAN

Providing total support for the sales promotion activities of local companies

RakuRaku Sales Promotion Map



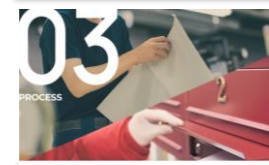
Selection service



Target analysis



Design production



Posting



Proposal of an optimal plan



Analyze the characteristics of the area by understanding the position of own store and customer location on the map

↓  
Evolve from intuitive to strategic sales promotion



3) Examples of linked products and services

# Tourism-type MaaS application that revitalizes excursions around the region

We will aim to establish the fun and convenience of mobility, attract more people and contribute to regional revitalization.



Search tourism information  
Buy tickets



Use tickets using the app  
Accumulate points



Review travel records  
And seek the next destination



The freedom to go on  
new journeys with STLOCAL



**See the sites**  
Create your own routes  
through the city

**Enjoy great food**  
Information on food  
recommended by the locals that  
will look great on Instagram

**Learn**  
Seek out the history of  
Nagasaki as well as trivia  
that only the locals know

**Play**  
Easily book and purchase  
tourist and travel tickets

**Accumulate points**  
The more you travel the more points  
you accumulate

Name of service: “STLOCAL”

Expresses the wish to go **Local** and create your own **Story**  
through **Stays** and **Strolls** of the **Streets** and **Stations**

Released on October 6, 2022

**Added Sasebo and Western Kyushu area to “STLOCAL,”  
in addition to Nagasaki**

Features of the Sasebo and Western Kyushu area

- 1) Updated the areas along the Matsuura Railway
- 2) Filled with local information by tourism masters
- 3) Offers a wide range of e-tickets



Ticket purchase screen

4) Examples of demonstration experiments

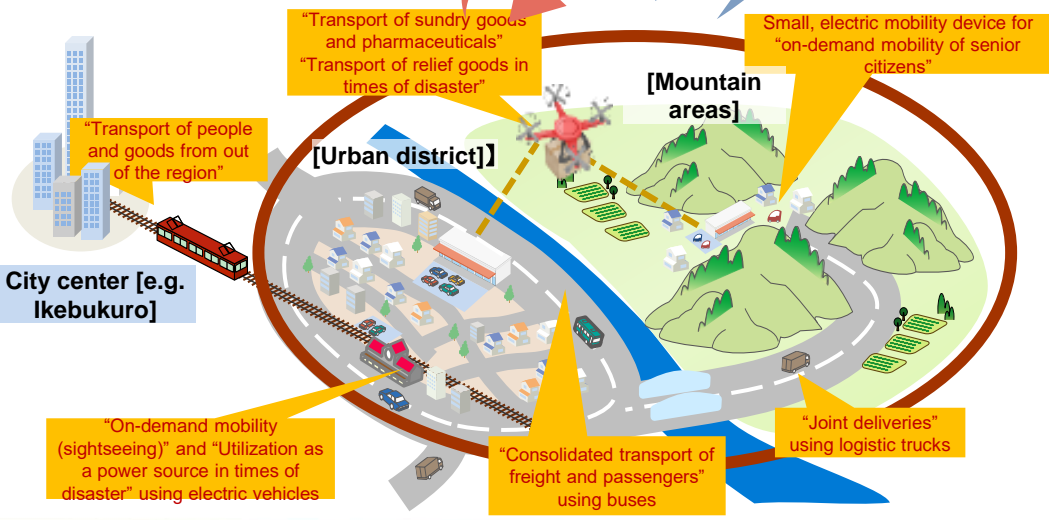
Smart City Demonstration to optimize  
mobility in the entire area  
(Examples of initiatives at Chichibu-City, Saitama)

Integrate and visualize location information for the  
mobility of the entire city



Location information

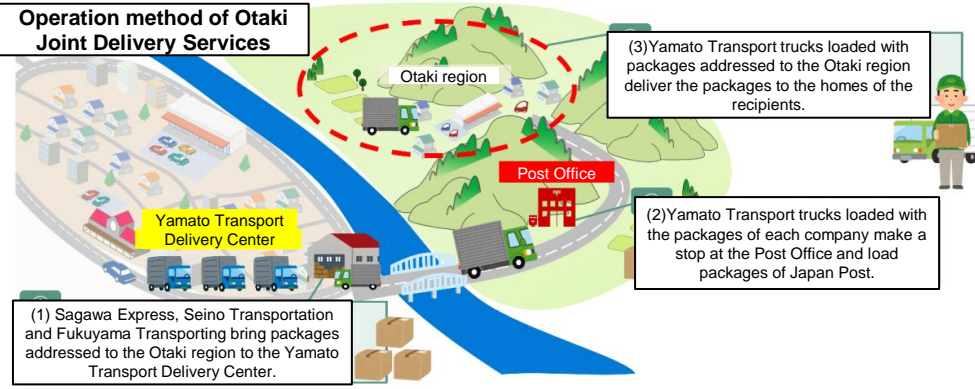
Location information



Released on September 20, 2022

Soft launch of “Joint delivery services”

Verified a new logistics model that is equipped with both logistics functions and regional monitoring services of senior citizens (mutual assistance)



Conceptual image of joint delivery services

Released on October 25, 2022

Concluded a cooperation agreement on the transport of emergency relief goods

Aiming for the early implementation of the transport of emergency relief goods utilizing drones in the Nakatsugawa region of Chichibu-City

<<Outline of the cooperation agreement>>

**(1) Drones**

Selection of the drone type, measures to resolve technical issues, and operation methods will be studied.

**(2) Region**

Accurately understand the needs of the local residents and select and prepare emergency relief goods.

**(3) Delivery**

Conduct regular deliveries to local residents using drone flights.

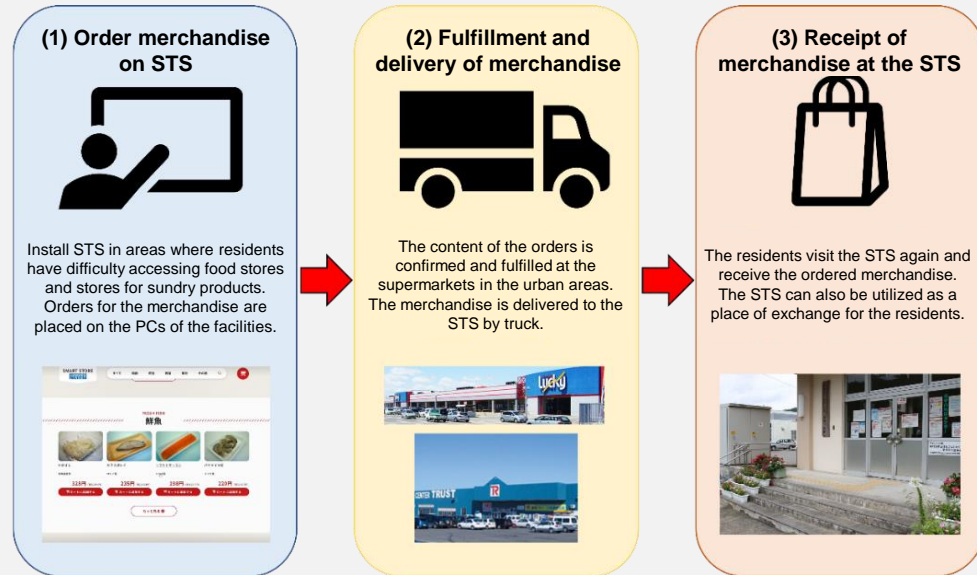
4) Examples of demonstration experiments

Released on September 6, 2022

Demonstration experiments aiming to improve the food access problems

(“Area-wide Smart Terrace Store” Yokote City, Akita)

Ministry of Agriculture, Forestry and Fisheries Project:  
Implemented as “The project to support initiatives toward food access problems using new technology.”



Experiment period: September 6 to mid-November 2022

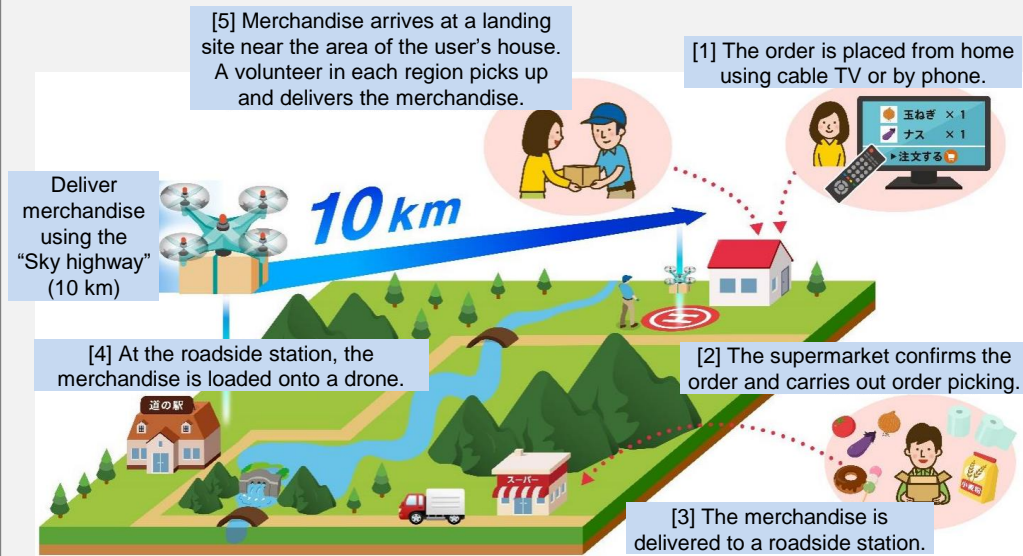
\*In areas where the STS could not be built, drones were used to make deliveries to the residents.

Released on November 16, 2021

Achieved long-distance drone deliveries operated by local governments through high-precision 3D maps

(“INA Drone Aqua Skyway Project” Ina City, Nagano)

Commenced long-distance drone deliveries of 10km or more using the airspace over rivers as a “Sky highway.”  
Achieved the social application of delivery services to support shopping in hilly and mountainous areas.



We will aim to make drone delivery of sundry goods possible at all times and improve the convenience of shopping for the local residents, as well as further develop the regional economy.

## IV. Appendix

### 1. Results for the First 2 Quarters of Fiscal 2023

- 1) Changes in Net Sales by business
- 2) Amount of Capital Investment, Depreciation and R&D Costs
- 3) Changes in Cash Flows

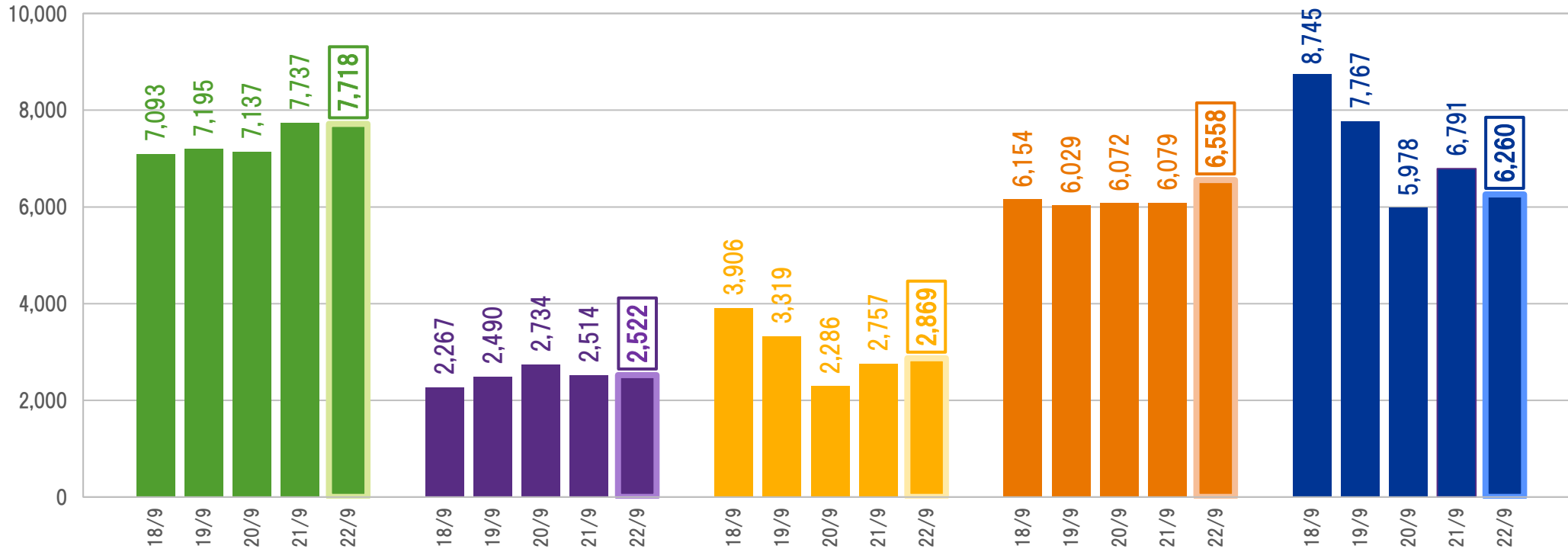
### 2. Earnings Forecast for Fiscal 2023

- 1) Changes in Net Sales, Income and Profit
- 2) Changes in Composition of Net Sales by Quarter
- 3) Amount of Capital Investment, Depreciation and R&D Costs



1) Changes in Net Sales by business

(Amounts in million yen)



Compared  
to 2Q of  
FY2022

Product

-18 million yen  
(-0.2%)

Public Solution

+7 million yen  
(+0.3%)

Marketing Solution

+111 million yen  
(+4.0%)

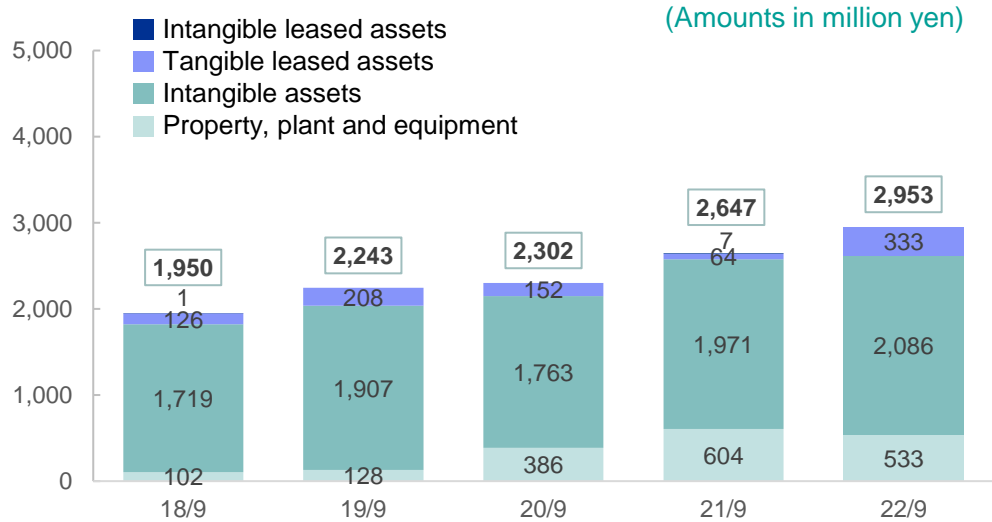
IoT

+479 million yen  
(+7.9%)

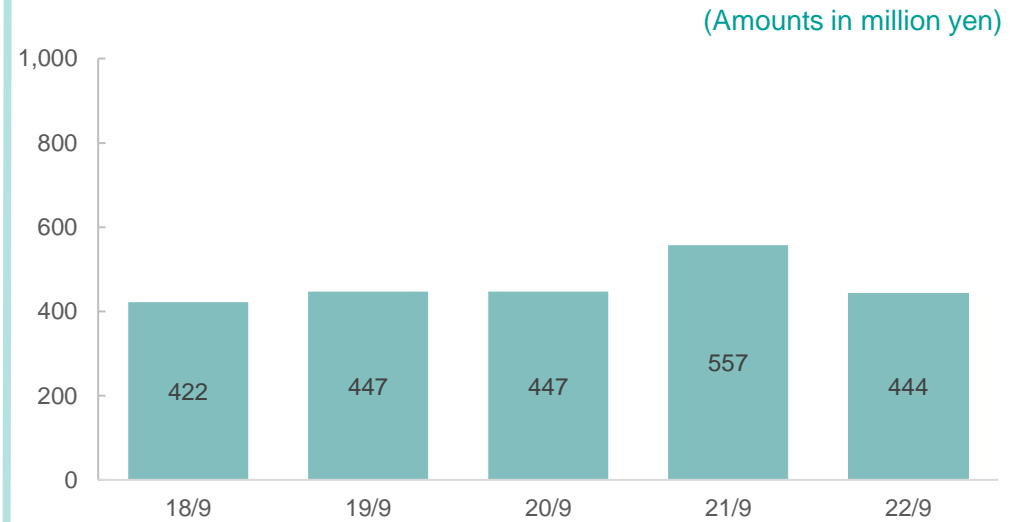
Automotive

-530 million yen  
(-7.8%)

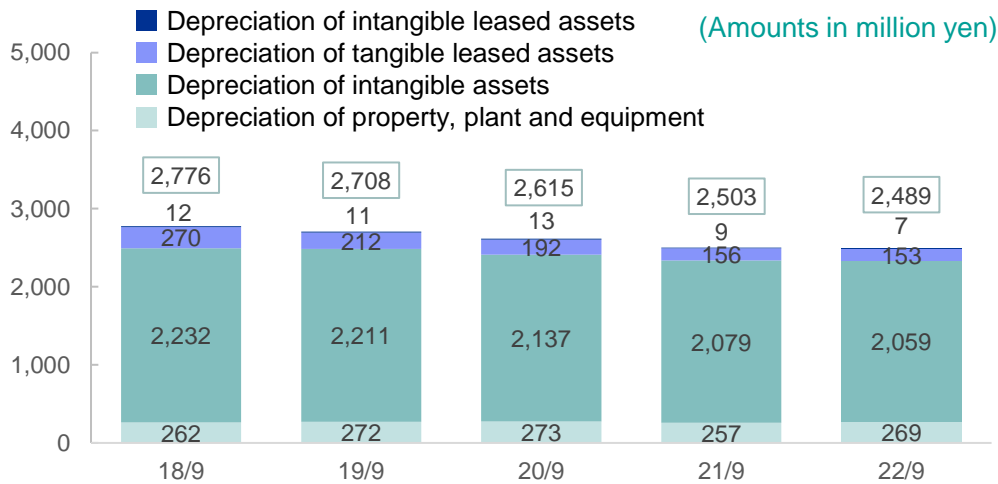
Amount of Capital Investment



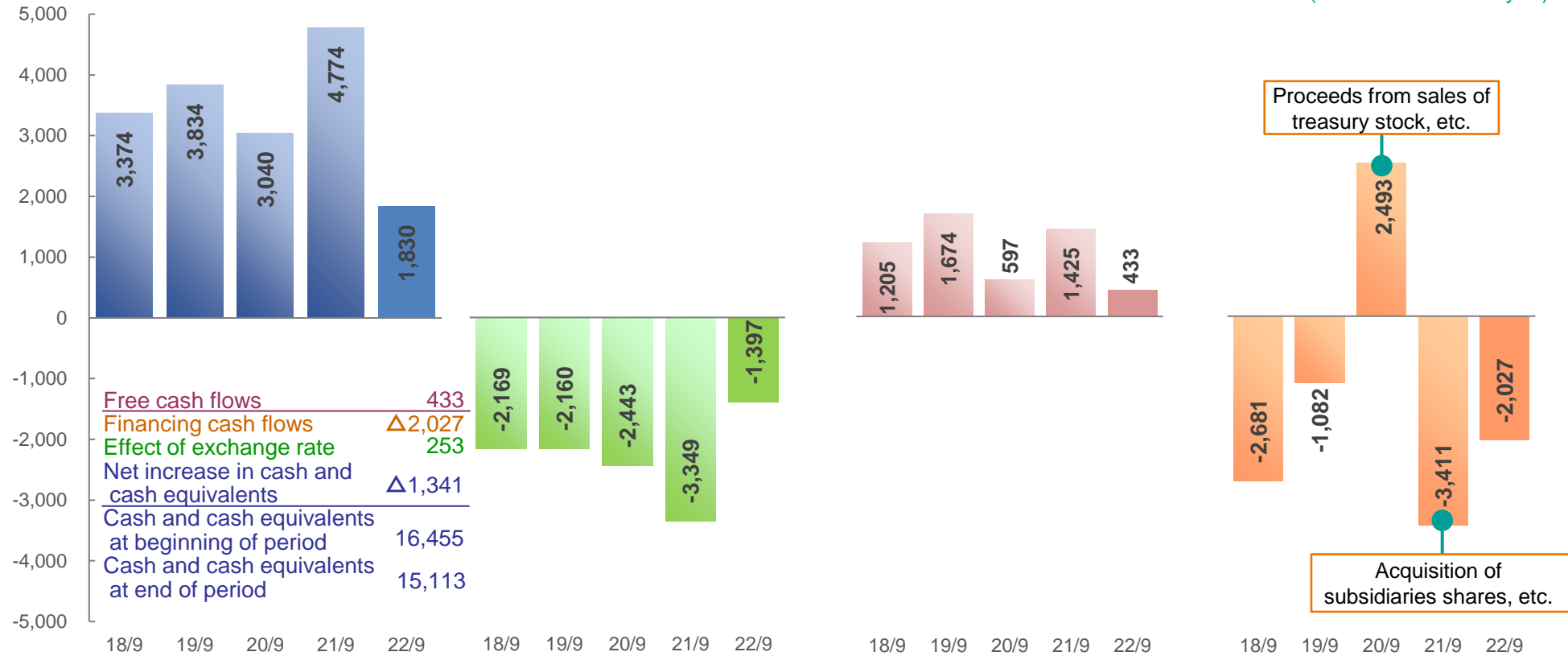
R & D Cost



Depreciation



(Amounts in million yen)



Free cash flows	433
Financing cash flows	△2,027
Effect of exchange rate	253
Net increase in cash and cash equivalents	△1,341
Cash and cash equivalents at beginning of period	16,455
Cash and cash equivalents at end of period	15,113

	Operating Cash Flows	Investing Cash Flows	Free Cash Flows	Financing Cash Flows
2Q of FY2023 (Actual)	1,830 million yen	-1,397 million yen	433 million yen	-2,027 million yen
Compared to 2Q of FY2022	Inflows down 2,944 million yen	Outflows down 1,951 million yen	Inflows down 992 million yen	Outflows down 1,383 million yen

1) Changes in Net Sales, Income and Profit

(Amounts in million yen)



**Net Sales**

**60,500** million yen

+1,446 million yen  
(+2.4%)

**Operating Income**

**3,000** million yen

+329 million yen  
(+12.3%)

**Ordinary Income**

**3,200** million yen

+155 million yen  
(+5.1%)

**Profit Attributable to Owners of Parent**

**2,600** million yen

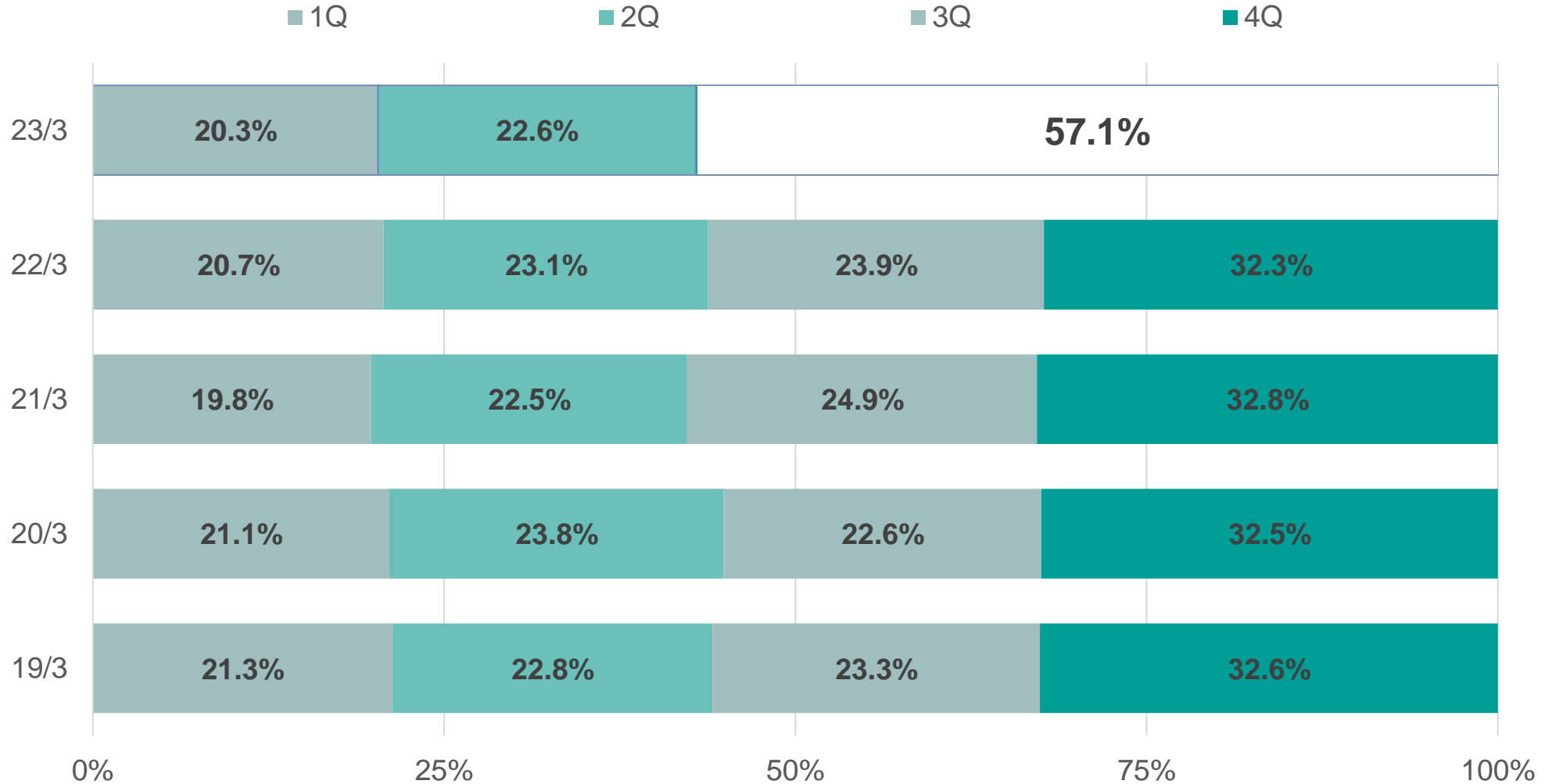
-1,058 million yen  
(-28.9%)

Increase in sales  
for 2 consecutive fiscal years

Increase in income  
for 2 consecutive fiscal years

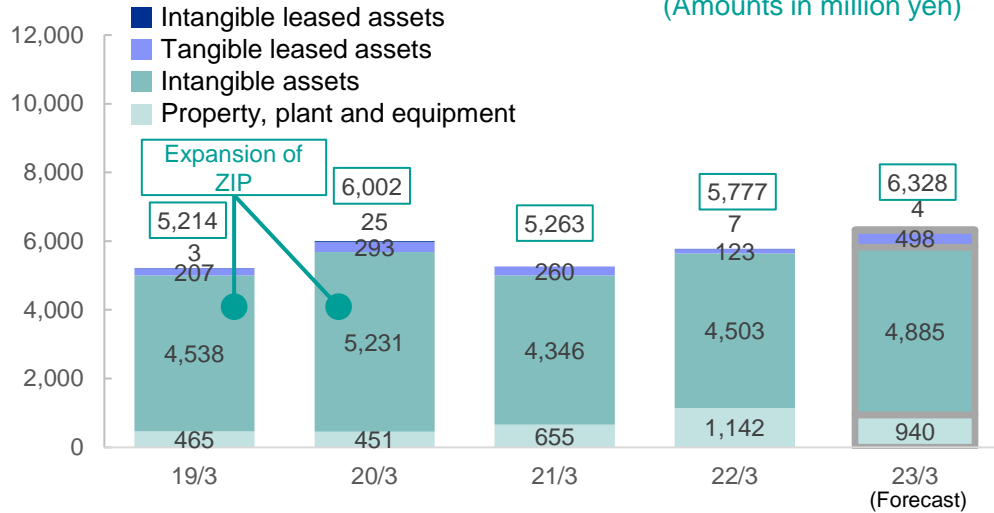
Decrease in profit  
for the first time in 2 fiscal years

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



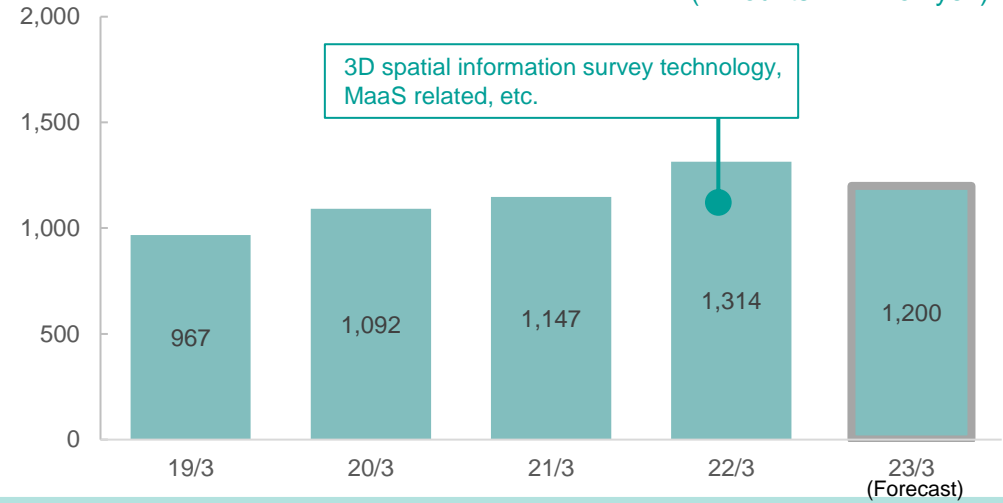
Amount of Capital Investment

(Amounts in million yen)



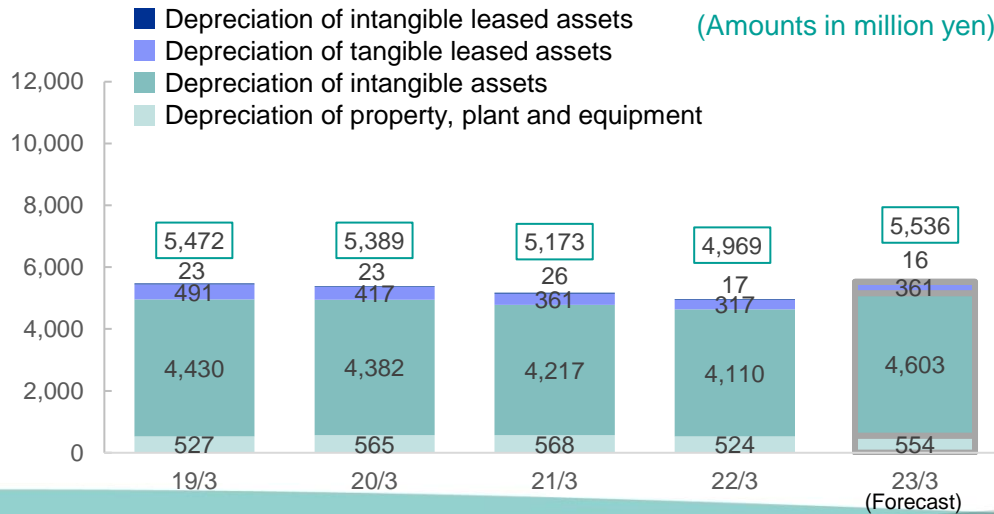
R & D Cost

(Amounts in million yen)



Depreciation

(Amounts in million yen)



# ZENRIN

Maps to the Future

**ZENRIN CO.,LTD.**

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