

Automotive Industry Portal

MARKLINES

MarkLines Co., Ltd.

Financial Results

2022 H1

Briefing Materials

August 8, 2022

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MarkLines Co., Ltd.

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I . 2022 H1 Major Topics

1. Worsening business environment

① Shanghai lockdown

- ◆ Disruptions in supply chains and production activities caused many automakers to have difficulty procuring parts, leading to the suspension or reduction of production at plants inside and outside China.
- ◆ The MarkLines Shanghai subsidiary was forced to close for two months, causing delays in the new contract settlement process and other problems that severely hampered sales activities.

② Semiconductor shortages

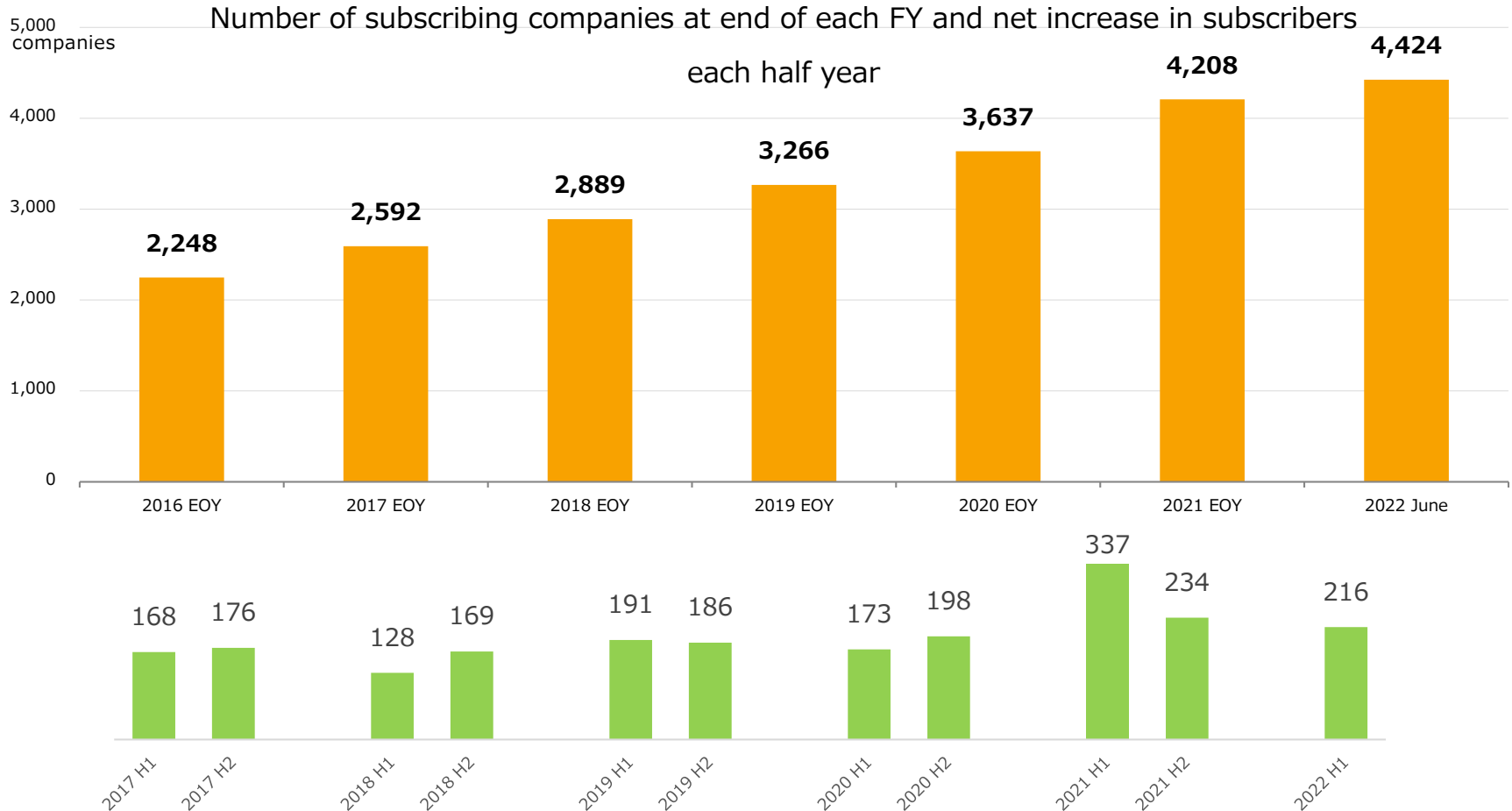
- ◆ The prolonged shortage of semiconductors continued to force the automobile industry to adjust production. As a result, business sentiment worsened within the industry.

③ Russian invasion of Ukraine

- ◆ In addition to production declines in the European region, higher production costs due to surging fuel and raw material prices were identified as a new risk.

2022 H1 Major Topics

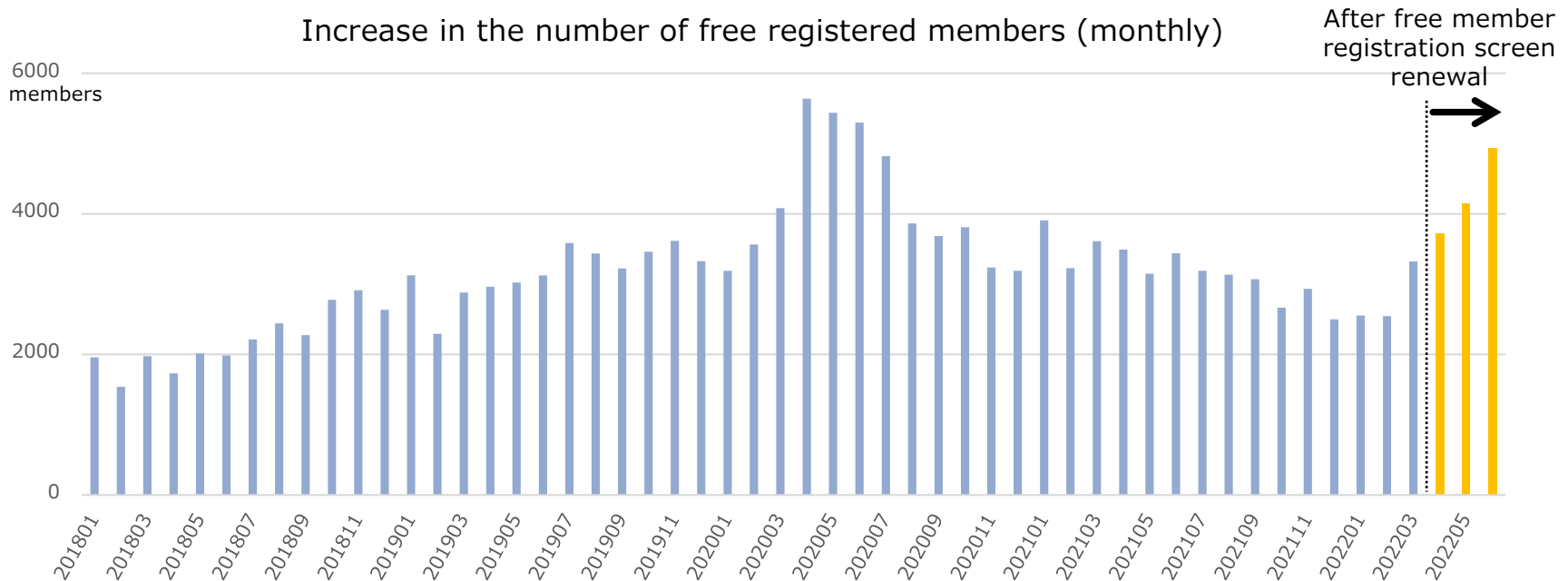
- ④ **The Shanghai lockdown, semiconductor shortages and the invasion of Ukraine have impacted the acquisition of new contracts for the MarkLines Information Platform, resulting in a year-over-year decline in net contract additions in 2022 H1.**



2022 H1 Major Topics

2. Measures to increase the number of free members of the Information Platform

- ① The free membership registration screen has been revamped to make it faster and easier to register as a member.
- ② New landing pages related to information platform contents were created to promote inflow to the web page and increase the number of free membership registrations.



3. Strengthening the content of the information platform

- ① Information on the sales volume of motorcycles, which are actively moving toward electrification, has been newly added for seven countries to enhance the sales volume data.
- ② Expanded the German subsidiary's exhibition coverage from Germany to all of Europe, including Spain, and augmented its Market and Tech Reports.
- ③ Added information on the number of mild HVs, which are in high demand in Europe.

Indian electric 2-wheeler companies Market/Technology Report

アザー・エナジー (Ather Energy) は2013年に、インド工科大学 (IITs) の2人の卒業生によって設立された。同社はインド初のスマートなコネクテッド電動スクーター、Ather 450を開発した。現在、同社の製品にはAther 450Xと450プラス、公共と民営の充電インフラ、革新的な所有権プランなどがある。同社はヒーロー・モトコープ、タイガー・グローバル (Tiger Global)、科学技術省の技術開発委員会、フリップカート (Flipkart) の創設者から資金提供を受けている。アザー・エナジーはインドで唯一、自社でバッテリーパックを製造するEVメーカーであり、リチウムイオンバッテリーの設計・製造に関する13件の特許を出願している。



Ather 450X
(出典: Ather Energy)

2019年には、ホスール (Hosur) に40万平方フィートの電気自動車製造施設を建設するために、タミル・ナドゥ州政府と覚書を締結した。2021年には、リチウムイオンバッテリーの製造に加え、ホスールで電動二輪車の製造を開始した。年間12万台のスクーターを製造可能で、アザー・エナジー製品製造の90%が現地化された。この施設では年間12万個のバッテリーパックを製造できる。

2021年11月に、アザー・エナジーはホスールで第2製造施設の建設を開始した。この施設は電動スクーター450Xと450プラスの需要拡大に対応する。現在の12万台から大幅増となる、年間40万台の製造を予定している。第2工場は2022年末までに完成する予定。

同社は、現在拠点のある都市にEV用の充電インフラであるアザー・グリッド (Ather Grid) を投資した。同社は2021年11月時点で、インド国内の23都市に220カ所以上の急速充電ポイントを設置した。2021年2月には、カルナタカ州に1,000台の電気自動車用アザー急速充電器を投資するために、州政府と覚書を締結した。

■ Okinawa

オキナワ電動スクーターは、2015年に設立されたインドの電動二輪車メーカーである。同社は、インドが電動化、リサイクルに対応するモビリティの主要プレーヤーになることを目指して設立された。インド政府からFAME II補助金を支給された初のインド企業であり、設計・製造においてIATFの認定を受けた初のEVメーカーである。



Okinawa IPraise+
(出典: Okinawa Autotech)

2016年に製造を開始し、2017年に最初の製品を発売した。ラジャスタン州のアルウォー (Alwar, Rajasthan) に、1シフトで年間9万台の製造能力を持つ工場がある。

2022年2月、オキナワ・オートテックは、ラジャスタン州ビワディ (Bhiwadi, Rajasthan) で第2製造施設の稼働を開始すると発表した。新工場の稼働開始時には、年間約30万台の電動二輪車 (EV) を製造する計画で、今後2~3年間で製造能力を100万台に強化する予定である。

新工場に約25億ルピーを投資し、製造拡大のため、さらに段階的な戦略的投資を行う予定である。

■ Revolt Motors

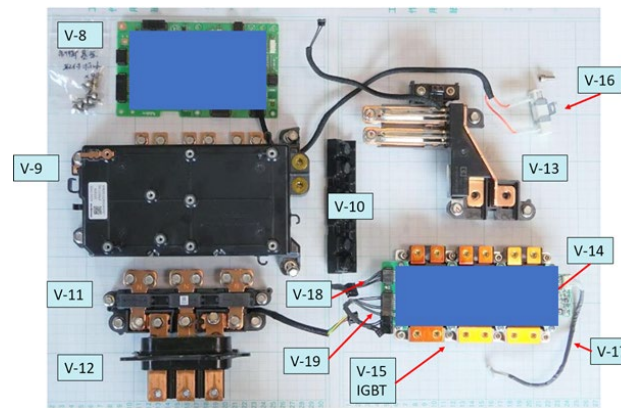
Revolt Motorは、インド初の電動二輪車メーカーの1つである。同社はインド初のAI対応二輪車を開発した。Revolt Intelicorp Pvt. Ltd.の社はグルガオン (Gurgaon) にあり、ハリヤナ州のマネサル (Manesar, Haryana) に製造施設がある。10万平方フィートを誇るこの施設は、フェーズ1の規模で12万台の製造能力がある。2019年、Revoltは初の電動二輪車を発売した。Revolt Motorsはインドで最も売れている電動二輪車モデルのRV400とRV300を持つ、インドの電動二輪車市場のリーダーである。



2021年4月にRattanIndia Enterprisesは、Revolt Intelicorp Pvt Ltd.の多数の株を取得した。これにより、RattanIndia EnterprisesはRevolt Intelicorpの50%の議決権を持つことになる。この投資により、Revoltはイノベ

4. In-house creation of teardown analysis data

Started sales of "Cost Analysis Data of Nidec e-Axle for Aion S" and "12 Model Comparison Report on Latest HMI Technology" as in-house produced reports this fiscal year. Started full-scale in-house production of teardown analysis data.



Detailed cost breakdown of each component

部品構成表ベースに、材料費(単価 × 使用量)、加工費(工数 × 賃率)、型治工具費 等の見積結果を提供致します。

部品名	仕様	寸法 (mm)	個数	単品重量 (g)	台当り (g)	材料費					加工費				製造原価 (円)	型費治具 (千円)	
						材質	材料単価 (円/kg)	投入重量 (kg)	材料費 (円)	購入部品費	材料費計	加工工程	工数	賃率			加工費 (円)
SHAFT		3φ *81	1	4.5	4.5	磨き棒鋼	XXXX	XXXX	XXX	XX	XXX	切断、 センターレス研削	XX	XXXX	XXX	XXXX	XXXX
CORE		23φ	56	0.0	0.0	ケイ素 鋼板 0.5t	XXXX	XXXX	XXX	XX	XXX	PROG加工 50T 4枚同時加工	XX	XXXX	XXX	XXXX	XXXX
ROTOR	冷間鍛造 + 機械加工		1	99.0	99.0	SWCH12A	XXXX	XXXX	XXX	XX	XXX	冷間鍛造	XX	XXXX	XXX	XXXX	XXXX
												N C 旋削	XX	XXXX	XXX	XXXX	XXXX
HOUSING GEAR			1	415.0	415.0	ADC12	XXXX	XXXX	XXX	XX	XXX	ダイカスト 湯口カット ショットブラスト	XX	XXXX	XXX	XXXX	XXXX

~Image of Aion S e-Axle cost analysis data~

5. Investment in Blue Sky Technology, Inc.

Automobile Fund Co., Ltd., a MarkLines subsidiary, invested JPY 200 million in Blue Sky Technology, Inc. through the "Automobile Industry Support Fund 2021 Limited Liability Investment Partnership".



~Blue Sky Technology, Inc.'s Atsugi Development Center~

6. Transition to TSE Prime Market

Following the reorganization of the market classifications of the Tokyo Stock Exchange, MarkLines moved to the Prime Market on April 4, 2022. All of the criteria to maintain Prime listing are greatly exceeded.

	Listing maintenance criteria (minimum)	MarkLines	Remarks
Number of shareholders	800	2,790	As of end of March 2022
Number of shares in circulation	20,000 shares	104,443 shares	As of end of March 2022
Total market value of tradeable shares	JPY 10 billion	JPY 30 billion	Based on share price April 1, 2022
Average daily trading value	JPY 20 million	JPY 140 million	January – June 2022 average

II. Financial Summary

Consolidated Financial Summary

(units: JPY millions)

	FY 2022 H1			Year-over-year comparison (%)	Primary Factors
	Actual	February 2022 Forecast	Ratio to Forecast (%)		
Consolidated Net Sales	2,066	2,095	-1.3	+21.8	The Information Platform business increased 19.1% year-over-year (y/y). Other businesses increased 26.5% y/y, mainly due to strong sales of market forecasting information, promotional advertising, and benchmarking-related business. Overall, sales increased 21.8% y/y.
Consolidated Operating Income	777	730	+6.5	+35.1	The increase in sales offset the impact of higher fixed costs, rising 35.1% y/y.
Consolidated Ordinary Income	785	720	+9.1	+34.8	Ordinary income increased 34.8% y/y, driven by a 35.1% y/y increase in operating income.
Net income attributable to owners of the parent	547	505	+8.5	+39.3	Net income attributable to owners of the parent increased 39.3% y/y, reflecting a 34.8% y/y increase in ordinary income.

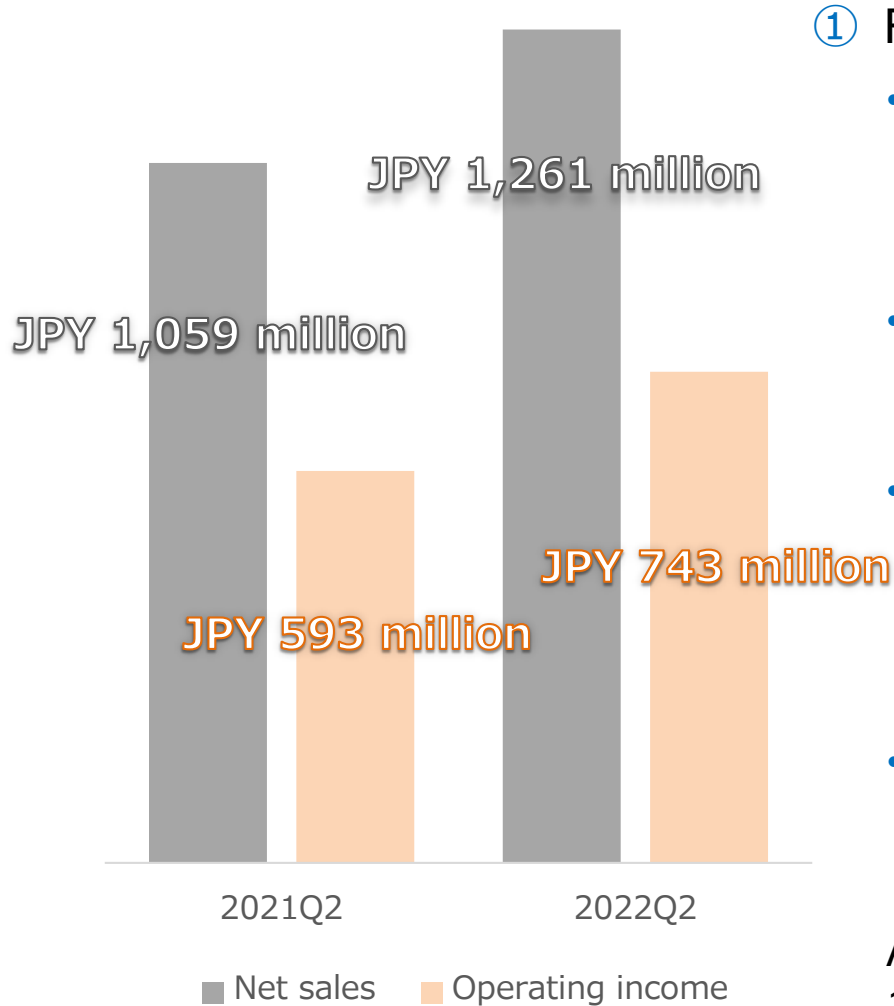
Business Segment Profit and Loss

(units: JPY millions)

Business		2021 H1 Results	2022 H1 Results	Comparison y/y	
Information Platform business	Net sales	1,059	1,261	+201	+19.1%
	Segment profit (loss)	593	743	+150	+25.4%
Benchmarking-related business	Net sales	290	367	+76	+26.5%
	Segment profit (loss)	71	104	+33	+47.3%
Market Forecast Information sales business	Net sales	79	118	+38	+47.7%
	Segment profit (loss)	17	31	+13	+74.7%
Consulting business	Net sales	168	176	+7	+4.7%
	Segment profit (loss)	34	32	(2)	(7.1%)
Promotional Advertising business	Sales	26	39	+13	+49.9%
	Segment profit (loss)	19	35	+15	+81.6%
Recruiting Solutions business	Sales	71	84	+12	+18.2%
	Segment profit (loss)	28	29	+0	+1.6%
Automobile Fund business	Sales	–	19	+19	–
	Segment profit (loss)	(20)	0	+21	–
Adjustments	Sales	–	–	–	–
	Segment profit (loss)	(168)	(199)	(30)	–
Consolidated net sales		1,696	2,066	+370	+21.8%
Consolidated operating income		575	777	+201	+35.1%

Business Segment Profit and Loss

■ Information Platform Business



① For the Information Platform business:

- New orders for our services temporarily fell as business confidence in the automotive industry as a whole deteriorated due to the Shanghai lockdown and other factors.
- On the other hand, sales related to overseas contracts increased as the exchange rate fluctuated toward a weaker yen.
- The shift last June from local-currency-denominated new contracts in developing countries to the more stable dollar-denominated contracts also contributed to the increase.
- In addition, an increase in contracts with higher unit prices compared to last year contributed to the sale increase.

As a result of the above, net sales increased 19.1% y/y and operating income rose 25.4%.

Business Segment Profit and Loss (Information Platform Business)

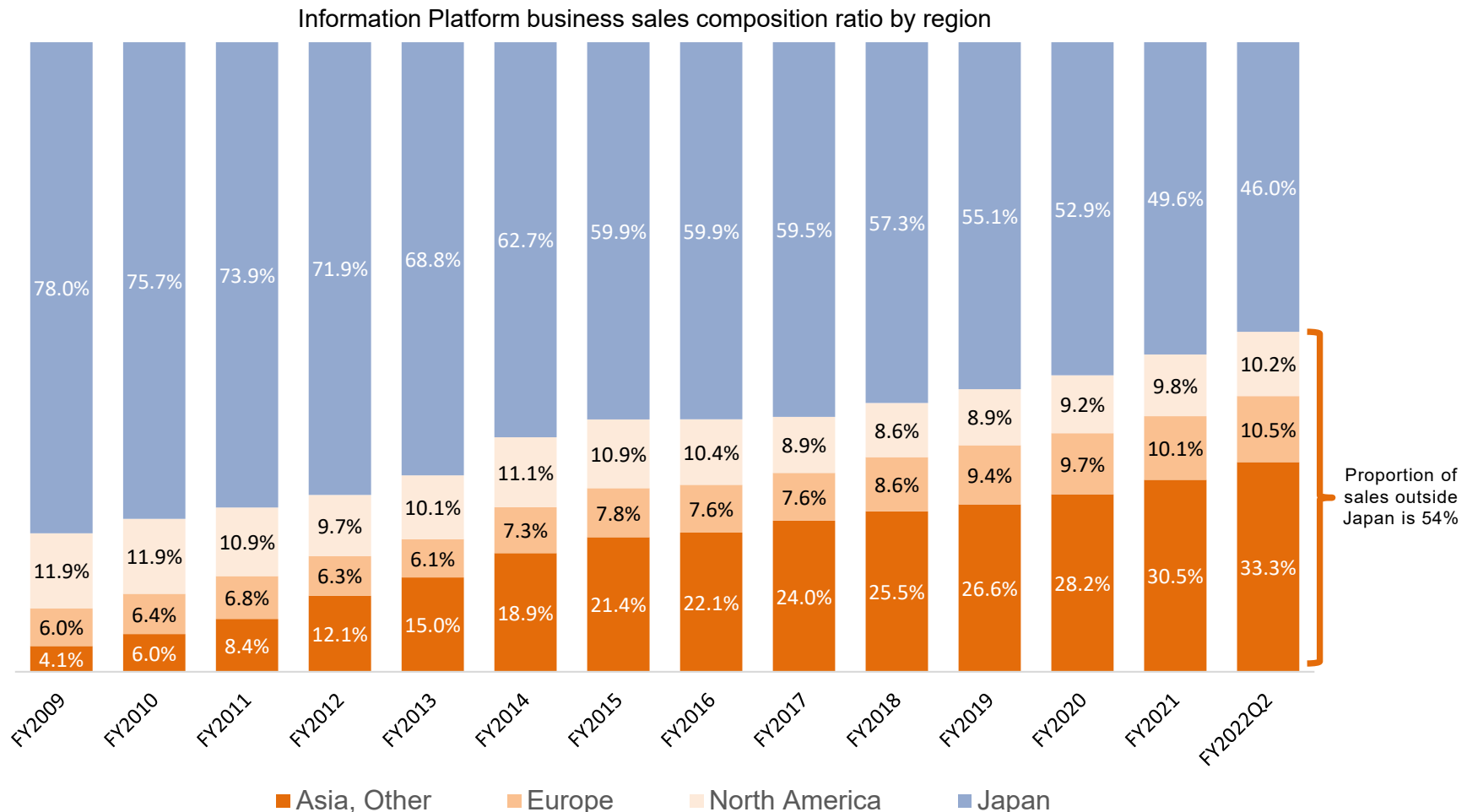
- ② Sales by region in the Information Platform business grew significantly, especially in overseas regions, due in part to the positive effect of the weak Japanese yen.

(units: JPY millions)

Information Platform Business Sales by Region				
Information Platform Business	2021 H1	2022 H1	Comparison y/y (%)	Factors for increase / decrease
Japan	541	580	+7.3	Sales increased due to the sustained effect of the increase in the number of contracted companies in the previous fiscal year.
China	155	225	+45.0	Although the acquisition of new contracts temporarily declined in Q2 due to the impact of the Shanghai lockdown, sales continued to be strong from the previous year except for Q2. Sales increased significantly due to the weaker JPY (stronger CNY).
Asia	150	187	+24.5	The increase in the number of subscription contracts was steady, especially in Taiwan and South Korea. Net sales grew by more than 20%, due in part to the effect of unifying the contract currency to the USD.
North America	101	128	+25.8	Sales increased due to the acquisition of new contracts from North American subsidiaries of major European automakers, direct sales to Japanese companies in North America from Japanese domestic sales, and the effect of a net increase in the number of companies in the previous fiscal year.
Europe	105	131	+24.9	As in North America, sales increased due to direct sales to Japanese companies in Europe from Japanese domestic sales and the effect of the net increase in the number of companies in the previous fiscal year.
Other	4	7	+62.9	—
Total	1,059	1,261	+19.1	—

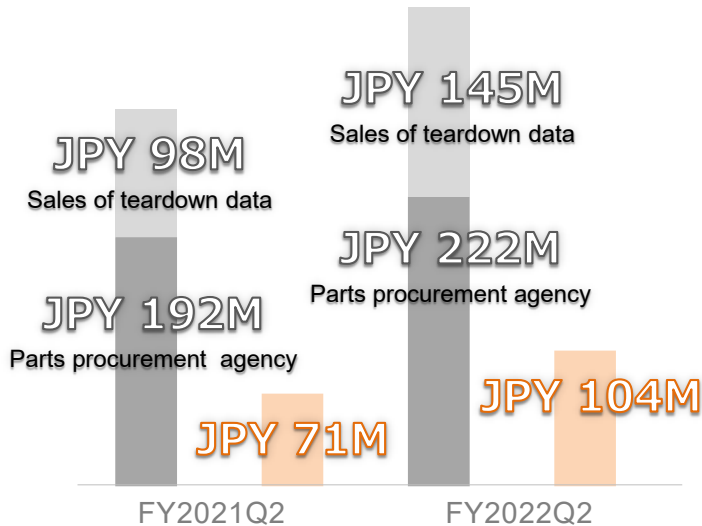
Business Segment Profit and Loss (Information Platform Business)

- ③ Looking at the sales composition ratio of the Information Platform by region, about 70% of new contracts are with overseas companies, and with globalization further progressing, the overseas sales ratio increased by 3.6 points to 54% in the first half of the year.



Business Segment Profit and Loss

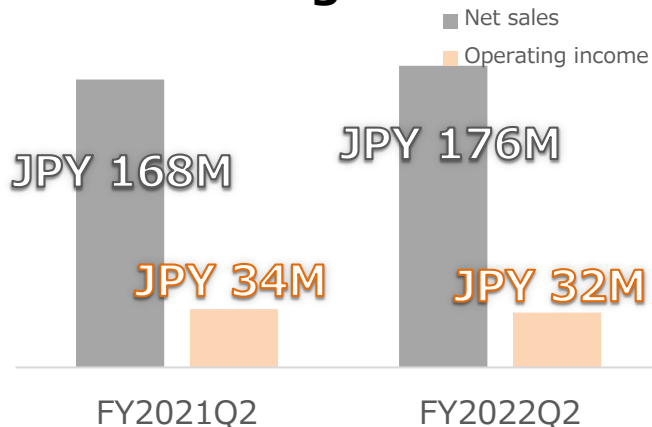
■ Benchmarking-related business



- Vehicle and parts procurement agency
Sales increased 15.8% y/y to JPY 222 million due to steady growth in procurement projects for electric drive units and EV vehicle bodies (Hongguang MINI manufactured by SAIC-GM Wuling).
- Sales of teardown survey data
Sales increased 47.1% y/y to JPY 145 million on the back of strong sales of teardown reports related to vehicle electrification.

Operating income for the two businesses combined rose 47.3% y/y to JPY 104 million.

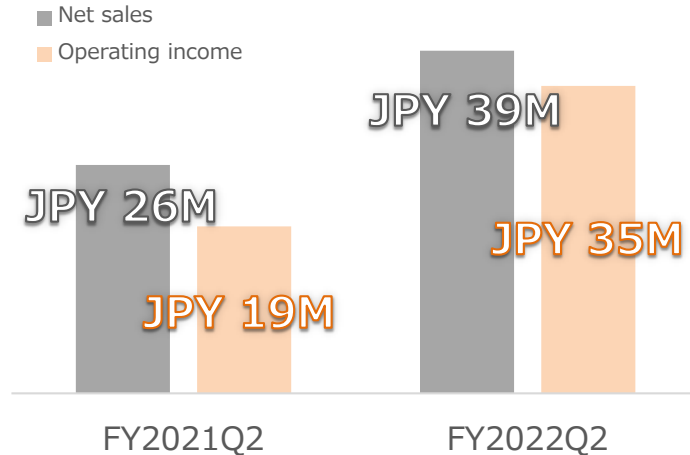
■ Consulting business



In cost comparison analysis services, although major automakers and parts manufacturers began to establish themselves as repeat customers, there were few large projects in the period under review, and sales increased 4.7% y/y. On the other hand, operating income declined 7.1% y/y due to a temporary increase in dependence on outsourcing.

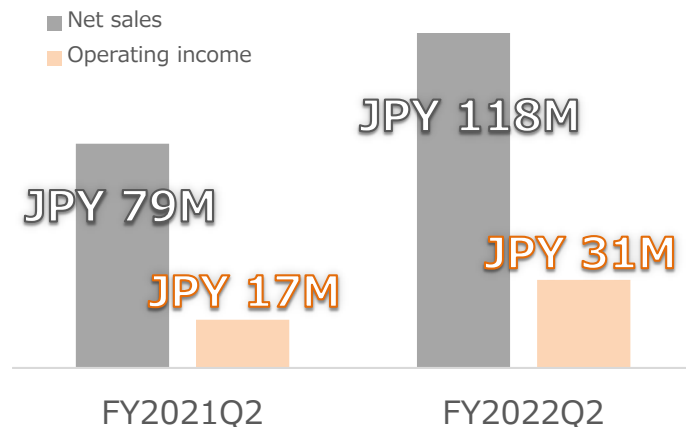
Business Segment Profit and Loss

■ Promotional Advertising business



Sales grew 49.9% y/y due to an increase in the number of inquiries resulting from the effect of the LINES top page renewal and the continued strong number of orders from repeat customers. In addition, operating profit grew by 81.6% y/y, reflecting sales growth in this high marginal profit ratio business.

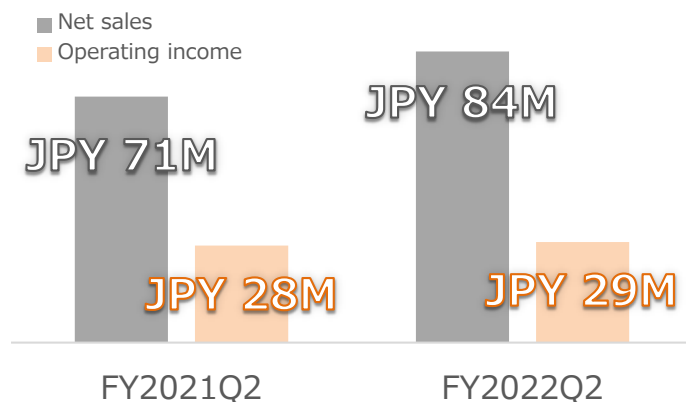
■ Market Forecast Information sales business



Sales increased 47.7% y/y due to a high level, more than 90%, of companies renewing annual contracts, increased awareness of this service due to an increase in the number of data citations in the media, and higher selling prices on the back of Japanese yen depreciation. Operating income rose a substantial 74.7% y/y, thanks to lower purchasing costs resulting from increased transaction volume.

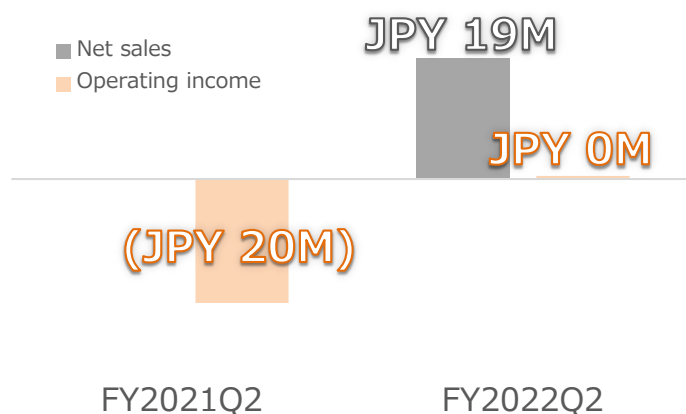
Business Segment Profit and Loss

■ Recruiting Solutions business



Although sales increased 18.2% y/y due to an increase in the number of contracts signed from 36 to 40, operating income increased only 1.6% y/y due to an increase in fixed costs caused by an increase in personnel.

■ Automobile Fund business



As the "Automotive Industry Support Fund 2021 Investment Limited Partnership" has been treated as an affiliate accounted for by the equity method since the third quarter of the previous fiscal year, management fees received from the limited liability investment partnership during the second quarter of the current fiscal year were recorded as revenues. As a result, operating income improved from an operating loss of JPY 20 million in FY2021 H1 to an operating income of JPY 0 million in FY2022 H1.

III. Earnings Forecast

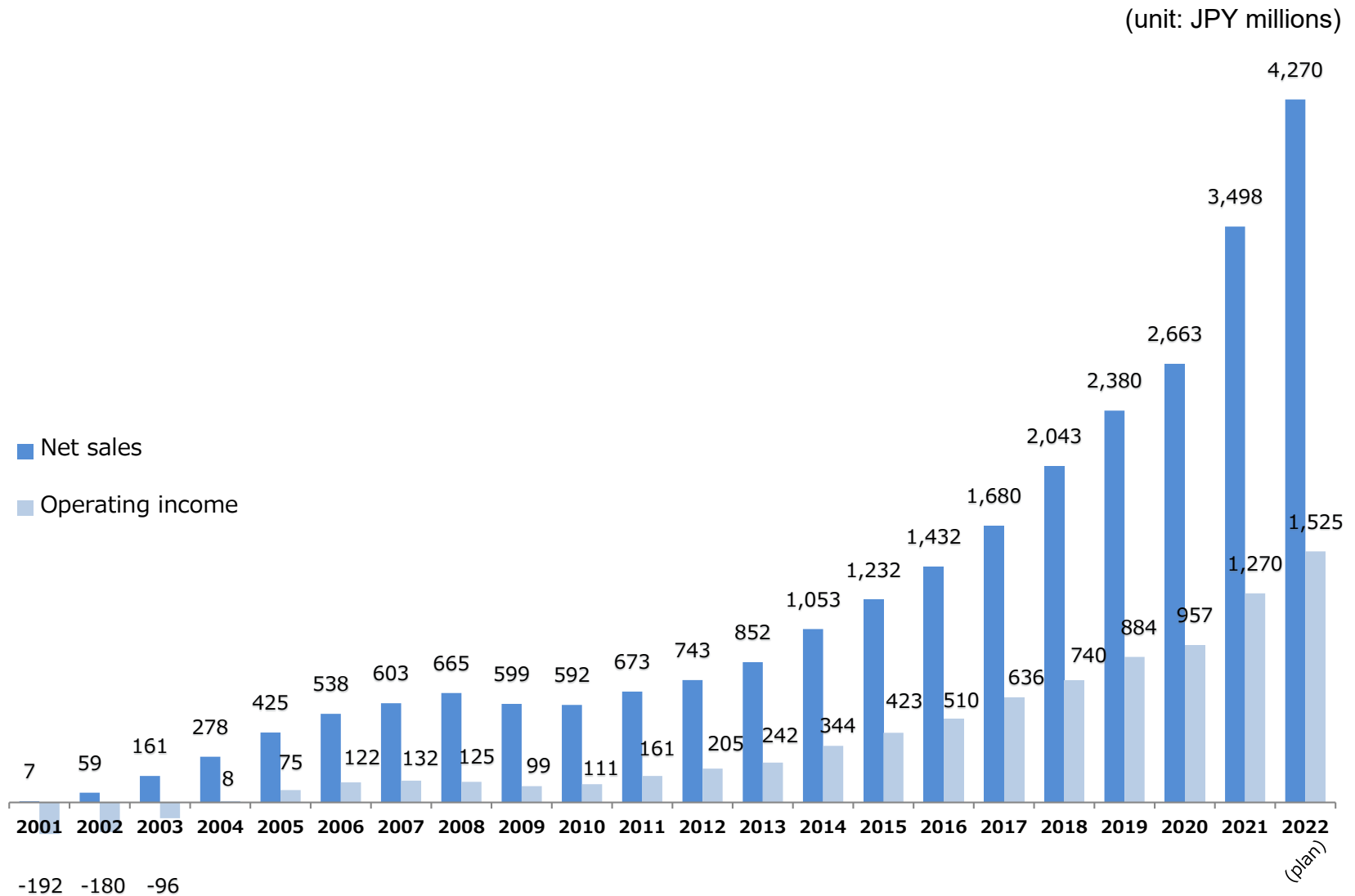
Full-year Earnings Forecast

(unit: JPY millions)

	Results FY ended Dec 31 2021	Plan FY ending Dec 31 2022	y/y change (%)
Consolidated net sales	3,498	4,270	+22.0%
Consolidated operating income	1,281	1,538	+20.0%
Consolidated ordinary income	1,270	1,525	+20.0%
Net income attributable to shareholders of the parent company	885	1,062	+20.0%

- ※1 Exchange rate assumptions for the FY ending December 2022 plan are as follows: USD 1: JPY 113; EUR 1: JPY 131; CNY 1: JPY 17.8; THB 1: JPY 3.4
- ※2 The full-year consolidated earnings forecast announced on February 10, 2022 remains unchanged.

Forecasting a 12th consecutive year of record profits

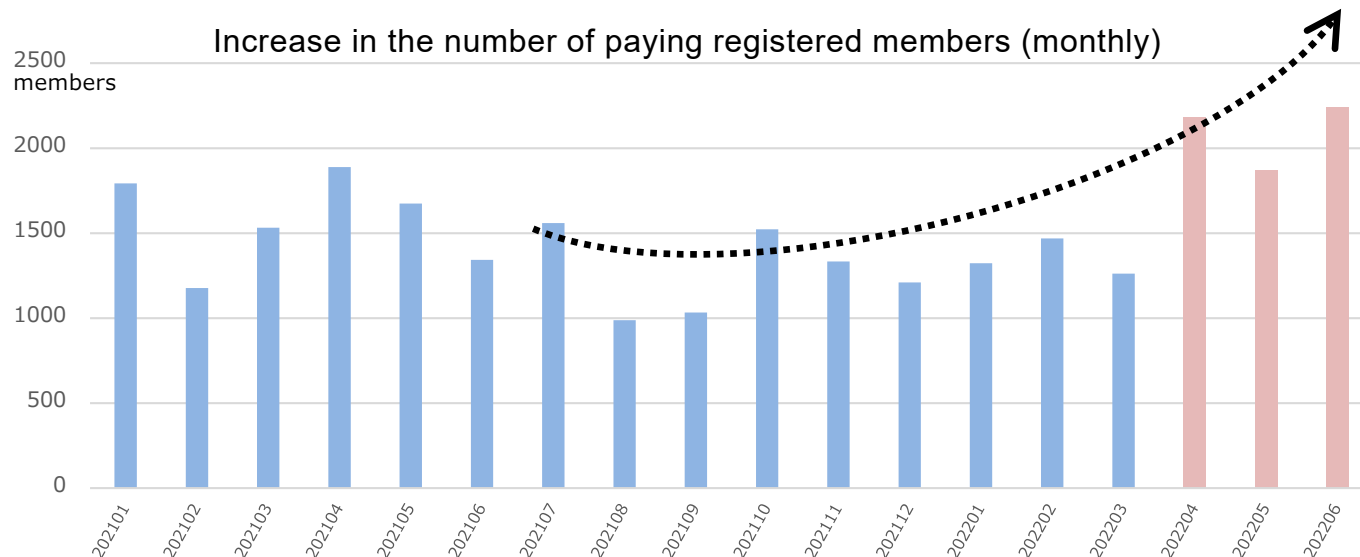


IV. Status of initiatives toward the growth strategy announced in February 2022

1. Information Platform Business

① Initiatives to increase the number of subscribing companies and the number of users

- ◆ In June, the landing pages for some contents were renewed. The same efforts will be made in the second half of the fiscal year to increase the number of registered members.
- ◆ The company started activities to promote registration, such as assigning a person in charge to each company with unlimited contracts and holding one-on-n online information sessions. We will continue to promote these activities.
- ◆ Promote the expansion of the buyer base for services other than the Information Platform by encouraging an increase in the number of subscribing companies and their users inside and outside Japan.



1. Information Platform Business

② Initiatives to enhance content

- ◆ The number of Market and Tech Reports related to efforts to achieve carbon neutrality was increased from 3 in 2021 H1 to 11 in 2022 H1. In 2022 H2, we will release a report on carbon neutral initiatives at automakers' production sites.

Report on the Challenge of Going Carbon Neutral at Yorozu Corporation

ヨロズは2021年5月末に新中期経営計画（YSP2023、2021～2023年度）を発表した。経営方針「変化に強い健全経営を目指す」として、(1)ESG経営、(2)安定した収益、(3)新技術・工法、への取り組みを掲げている。ESG経営のE（環境）においては、「生産工程でのCO2削減⇒カーボンニュートラルへ」に向けた施策を進めている。

<p style="text-align: center;">新中期経営計画 Yorozu Sustainability Plan 2023</p> <p style="text-align: center;">連結業績目標（2023年度）</p> <table border="1" style="width: 100%;"> <tr> <td style="text-align: center;">売上高 1,500億円 <small>(2020年度実績 1,188億円)</small></td> <td style="text-align: center;">営業利益率 5.0% <small>(2020年度実績 0.3%)</small></td> <td style="text-align: center;">ROE 8.0% <small>(2020年度実績 ▲11.0%)</small></td> </tr> </table> <p style="text-align: center;">経営方針</p> <p style="text-align: center;">変化に強い健全経営を目指す</p> <table border="1" style="width: 100%;"> <tr> <td style="vertical-align: top;"> <p style="text-align: center;">(1) ESG経営</p> <p>中長期的かつ持続的な成長 企業体質の改革に向けたDX(デジタルトランスフォーメーション)の推進</p> <ul style="list-style-type: none"> ・E：地球にやさしいものづくり ・S：健康で働きがいのある職場づくり ・G：透明性の高いガバナンスの実践 </td> <td style="vertical-align: top;"> <p style="text-align: center;">(2) 安定した収益</p> <ul style="list-style-type: none"> ・高正な生産能力レベルに転換 ・強い現場の再構築 ・キャッシュフロー経理の強化 ・生産台数に左右されない企業体質の構築 </td> <td style="vertical-align: top;"> <p style="text-align: center;">(3) 新技術・工法</p> <ul style="list-style-type: none"> ・経路化による高付加価値の製品開発 ・電動化自動車への製品等の提案 ・顧客・製品・用途の3つの軸の観点から展開する取組 ・金融、設備等の生産機能外への拡大 </td> </tr> </table> <p style="font-size: small;">© YOROZU CORPORATION. 2021. All Rights Reserved.</p>	売上高 1,500億円 <small>(2020年度実績 1,188億円)</small>	営業利益率 5.0% <small>(2020年度実績 0.3%)</small>	ROE 8.0% <small>(2020年度実績 ▲11.0%)</small>	<p style="text-align: center;">(1) ESG経営</p> <p>中長期的かつ持続的な成長 企業体質の改革に向けたDX(デジタルトランスフォーメーション)の推進</p> <ul style="list-style-type: none"> ・E：地球にやさしいものづくり ・S：健康で働きがいのある職場づくり ・G：透明性の高いガバナンスの実践 	<p style="text-align: center;">(2) 安定した収益</p> <ul style="list-style-type: none"> ・高正な生産能力レベルに転換 ・強い現場の再構築 ・キャッシュフロー経理の強化 ・生産台数に左右されない企業体質の構築 	<p style="text-align: center;">(3) 新技術・工法</p> <ul style="list-style-type: none"> ・経路化による高付加価値の製品開発 ・電動化自動車への製品等の提案 ・顧客・製品・用途の3つの軸の観点から展開する取組 ・金融、設備等の生産機能外への拡大 	<p style="text-align: center;">新中期経営計画 Yorozu Sustainability Plan 2023</p> <p style="text-align: center;">(1) ESG経営 ESG経営の活動を通じてSDGsに貢献</p> <table border="1" style="width: 100%;"> <tr> <td style="text-align: center; vertical-align: middle;"> <p style="font-size: 2em; color: green;">E</p> <p style="font-weight: bold; color: green;">環境</p> </td> <td style="padding-left: 10px;"> <p>地球にやさしいものづくり Environment</p> <ul style="list-style-type: none"> ▶ 生産工程でのCO2削減 ▶ カarbonニュートラルへ ▶ 製品での遊離化防止策（経路化技術） </td> </tr> <tr> <td style="text-align: center; vertical-align: middle;"> <p style="font-size: 2em; color: pink;">S</p> <p style="font-weight: bold; color: pink;">社会</p> </td> <td style="padding-left: 10px;"> <p>健康で働きがいのある職場づくり Social</p> <ul style="list-style-type: none"> ▶ 人材の確保 ▶ 働き方改革とダイバーシティの推進 ▶ 多様性を受け入れる組織の醸成 </td> </tr> <tr> <td style="text-align: center; vertical-align: middle;"> <p style="font-size: 2em; color: blue;">G</p> <p style="font-weight: bold; color: blue;">企業統治</p> </td> <td style="padding-left: 10px;"> <p>透明性の高いガバナンスの実践 Governance</p> <ul style="list-style-type: none"> ▶ 監査機能の強化 ▶ さらなるコンプライアンスの推進 ▶ 株主様との対話の充実 </td> </tr> </table> <p style="text-align: center; font-size: small;">目標達成のための土台 DX(デジタルトランスフォーメーション)の推進 ～ 競争に勝つための企業体質改革（仕事の仕方・プロセス見直し）～</p> <p style="font-size: small;">© YOROZU CORPORATION. 2021. All Rights Reserved.</p>	<p style="font-size: 2em; color: green;">E</p> <p style="font-weight: bold; color: green;">環境</p>	<p>地球にやさしいものづくり Environment</p> <ul style="list-style-type: none"> ▶ 生産工程でのCO2削減 ▶ カarbonニュートラルへ ▶ 製品での遊離化防止策（経路化技術） 	<p style="font-size: 2em; color: pink;">S</p> <p style="font-weight: bold; color: pink;">社会</p>	<p>健康で働きがいのある職場づくり Social</p> <ul style="list-style-type: none"> ▶ 人材の確保 ▶ 働き方改革とダイバーシティの推進 ▶ 多様性を受け入れる組織の醸成 	<p style="font-size: 2em; color: blue;">G</p> <p style="font-weight: bold; color: blue;">企業統治</p>	<p>透明性の高いガバナンスの実践 Governance</p> <ul style="list-style-type: none"> ▶ 監査機能の強化 ▶ さらなるコンプライアンスの推進 ▶ 株主様との対話の充実
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(資料：ヨロズ)

- ◆ In 2022 H2, the following contents will be added to the database to improve convenience.
 - ① EVs and autonomous driving
 - ② Who Supplies Whom 300 components supply chain
- ◆ A function to summarize and immediately update the financial results of the companies listed in the "Top 400 Suppliers" menu using AI immediately after disclosure was implemented.

2. Automobile Fund Business

- ① For the finding of potential investment targets, information on about 1,300 startups has been accumulated through our activities to date. Screening is currently underway, and we are currently watching about 100 companies. The company will continue to promote the discovery of investment targets.
- ② The fund collects information on venture startups around the world with a focus on CASE, and provides data on 100 to fund investors every quarter. We will continue to support open innovation of fund investors through these activities.

Number of global venture startups provided to fund investors by region/category for the past year

	Europe	Japan	China	North America	Other	Total
In-vehicle	42	36	44	30	29	181
Manufacturing	24	71	11	13	10	129
Development	21	15	7	7	5	55
Materials	7	13	3	5	4	32
Other	1	1	0	1	0	3
Total	95	136	65	56	48	400

3. Benchmarking-related Business

① Vehicle and parts procurement agency

- ◆ At automobile manufacturers and major parts manufacturers, which account for the majority of our clients, the number of referrals to other departments within the company by departments that use our services continues to grow, leading to repeat orders. In H2, we will consider plans to increase the number of internal referrals and aim to increase orders.
- ◆ In 2022 H2, following the sale of the Tesla Model Y teardown parts in the previous fiscal year, the company will import the vehicle body of Hyundai NEXO (FCV), disassemble it in Japan, and sell the parts.

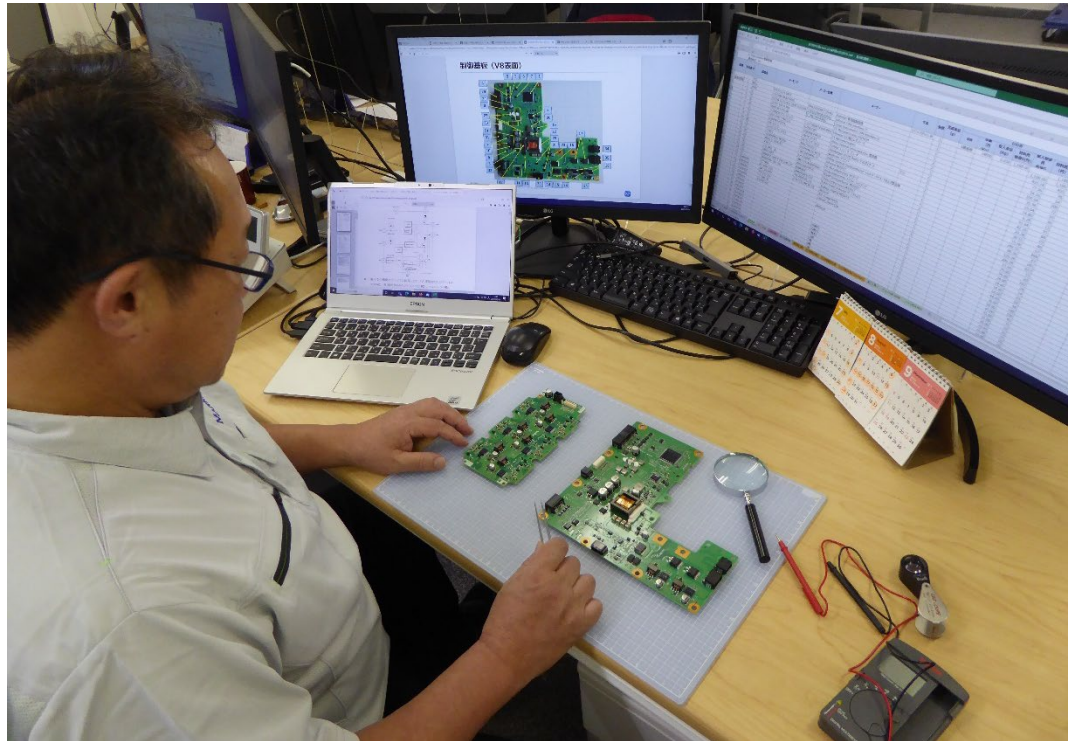


② Sales of teardown survey data

Sales of teardown survey reports by AVL and Kobelco Research Institute, which joined the partnership in the previous fiscal year, have been strong. In 2022 H2, the company will continue to focus on sales promotion activities for these reports and will also start sales of the analyses of the Tesla Model S Plaid, Rivian R1T, and the in-house produced Geely Zeekr 001 e-Axle teardown report by Munro and Associates to further increase sales.

4. Consulting Business

- ① The German subsidiary worked to win orders for consulting projects, but no orders were received in 2022 H1. The company will continue its activities to win orders in H2.
- ② In response to a temporary increase in the ratio of outsourced consulting projects, the company started activities to increase the proportion of in-house production. In H2, the company aims to improve gross profit margin by promoting these activities.

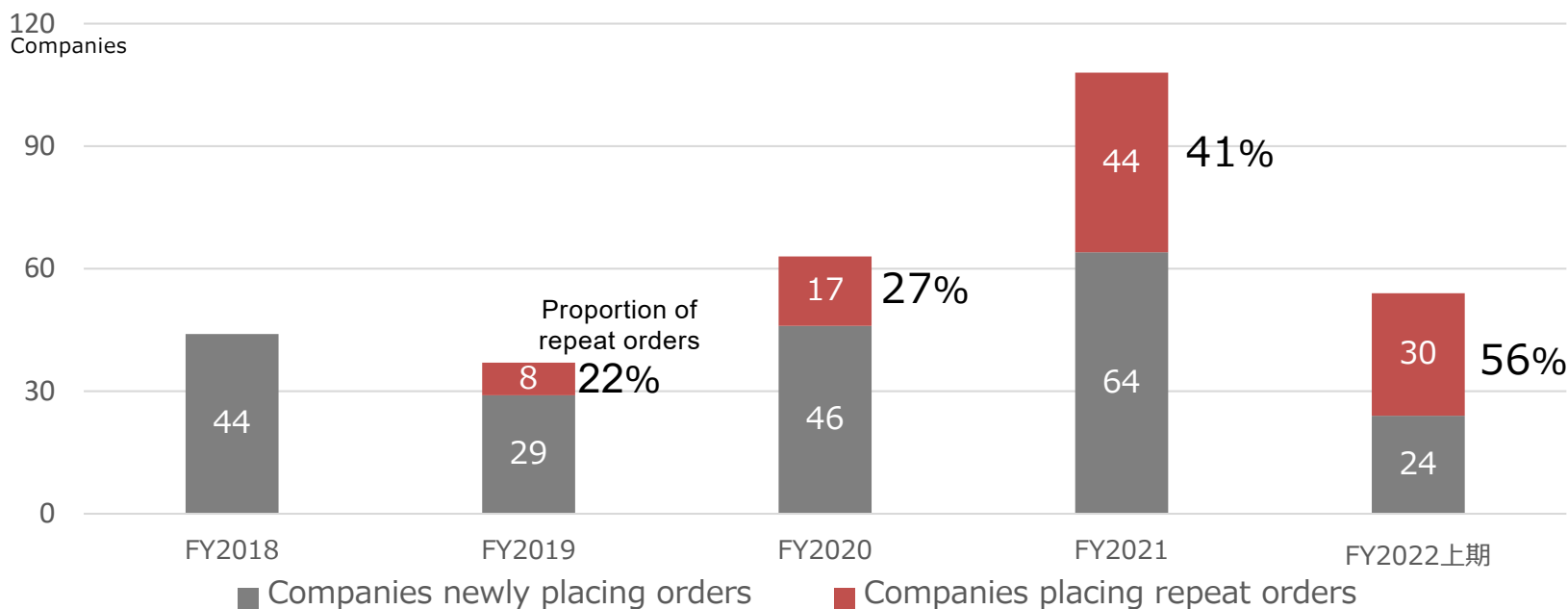


Cost comparison analysis work

5. Promotional Advertising (*LINES*) Business

Banner ads and PR e-mails are highly evaluated for their support system for posting and distribution as well as after-sales follow-up services. The ratio of repeat orders is increasing (22% in 2019 → 56% in H1 2022). In H2 and beyond, we will continue to develop activities to add more value to our services.

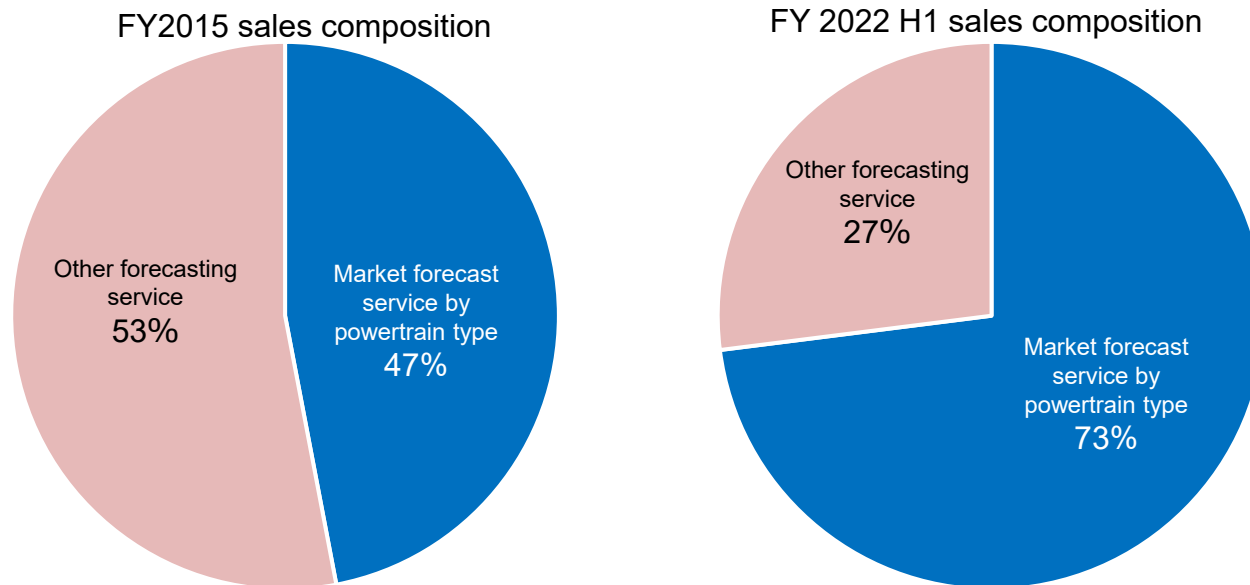
Number of LINES new and repeat orders received



6. LMC Automotive Ltd. (Market Forecast Information) Sales Business

- ① The need for electric vehicle market forecasting services is increasing year by year along with the progress of electrification. In 2022 H2, we will continue our activities to link inquiries to orders.

Proportion of market forecasting services for electric vehicles



- ② It is now possible to provide market forecast data covering motor and battery installation information. This data will increase awareness and stimulate demand from potential customers.

7. Recruiting Solutions business

The company is in the process of applying for a license as a temporary staffing agency (to be obtained this fall) to dispatch senior Japanese engineers to companies inside and outside Japan. By dispatching these engineers to these companies, the company aims to revitalize the automotive industry by providing the engineers with opportunities to utilize their wealth of experience.



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Thank you very much for your attention.