



MarkLines Co., Ltd.

# Financial Results

FY ended Dec. 2023

## Briefing Materials

February 14, 2024

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MarkLines Co., Ltd.

- I. Summary of FY ended December 31, 2023**
- II. Financial Summary**
- III. Earnings Forecast**
- IV. Growth Strategy**

# **I. SUMMARY OF FY ENDED DECEMBER 31, 2023**

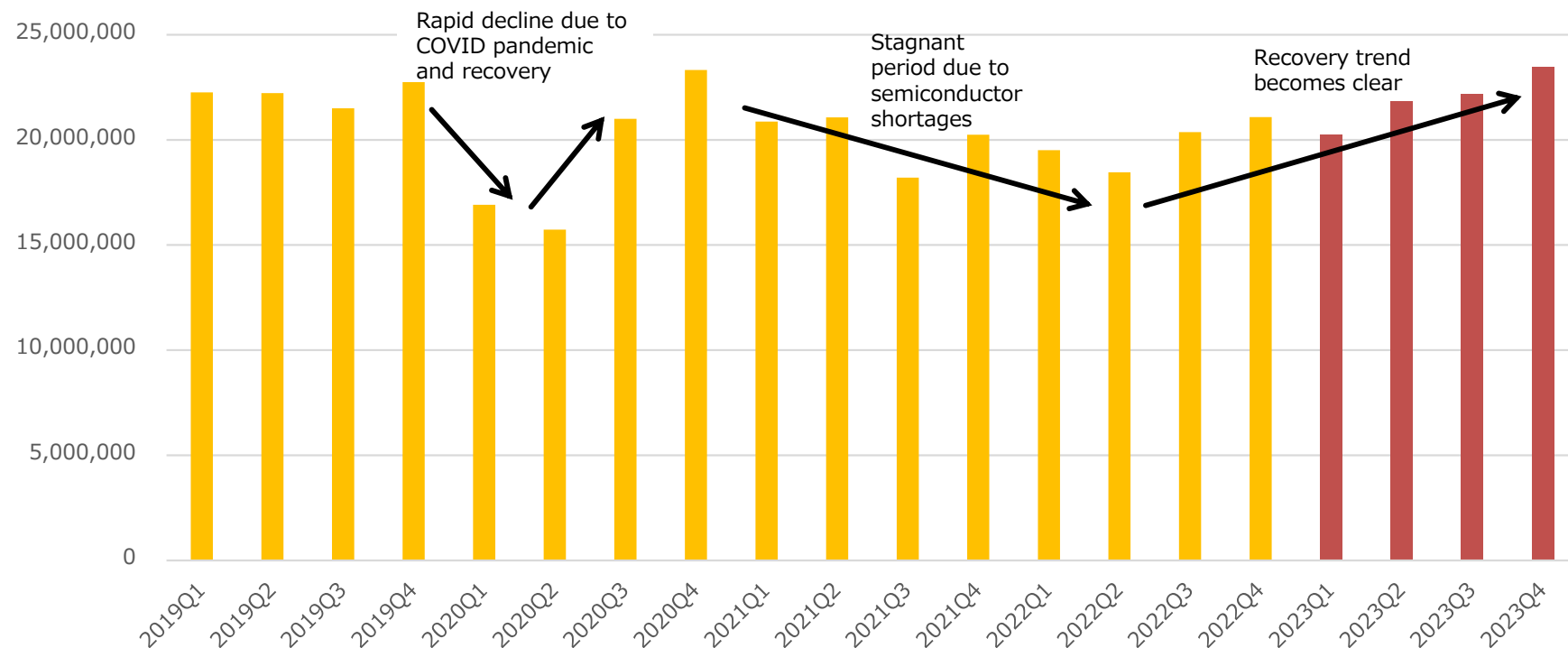
# Summary of FY ended December 31, 2023

## 1. Changes in the Business Environment

### ① Recovery trend in vehicle sales volume strengthens as shortage of semiconductor supply resolves

Supply chain disruptions caused by semiconductor shortages are coming to an end, and unit sales have been on a recovery trend since bottoming out in Q2 2022, with the momentum accelerating in 2023.

Sales volume trends (quarterly)

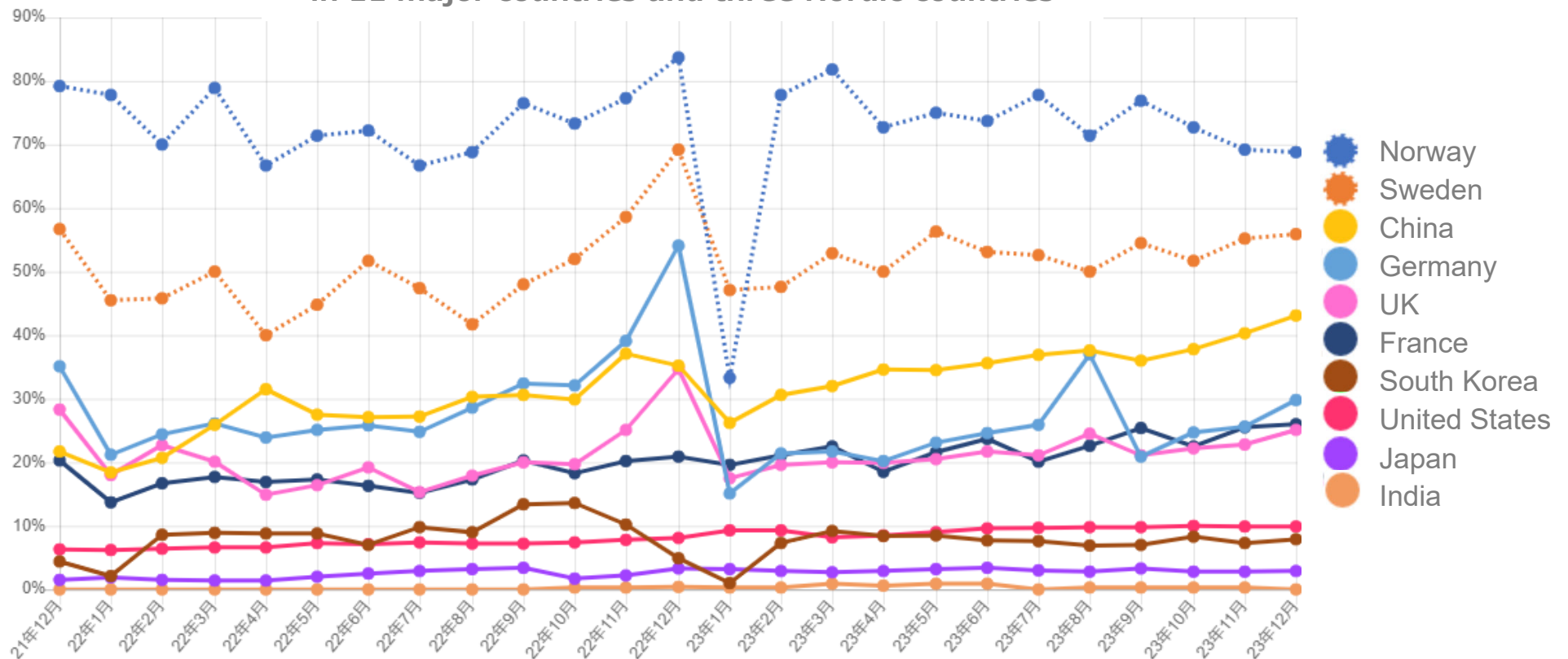


# Summary of FY ended December 31, 2023

## ② Global trends towards carbon neutrality

Various automobile OEMs are launching all-new EVs in the market one after another, and parts suppliers specializing in EVs are emerging, led by Contemporary Amperex Technology Co., Ltd. (CATL). The trend toward electrification continues to advance on a global scale, with the sales share of electric vehicles reaching approximately 40% in China by the end of the fiscal year.

Electric vehicle (BEV/PHEV/FCV) sales share trends in 11 major countries and three Nordic countries



# Summary of FY ended December 31, 2023

## ③ BYD and Tesla are clearly the two strongest players

In terms of electric vehicle sales trends, sales of BYD and Tesla, both specialized EV manufacturers, were strong, with the strength of the two companies becoming more pronounced.

Global sales of electric vehicles of major OEMs

主要メーカーの台数 (万台)

メーカー	2022年	2023年											
	12月	1月	2月	3月	4月	5月	6月	7月	8月	9月	10月	11月	12月
比亞迪汽車 (BYD)	22.5	14.0	17.7	19.3	19.5	23.0	24.2	24.5	25.3	26.2	27.5	27.6	31.2
Tesla	13.8	8.5	11.0	18.0	10.8	12.3	17.3	10.1	14.7	12.1	9.9	14.7	16.2
GMグループ	9.7	1.5	2.3	2.8	3.3	3.4	4.4	4.6	5.0	4.7	6.2	9.2	14.3
VWグループ	10.2	3.4	3.9	6.2	4.8	6.0	7.1	6.8	7.2	7.5	7.5	8.5	9.0
Geely	7.9	2.6	4.0	5.0	4.8	4.9	6.1	5.8	6.2	7.0	7.9	8.5	8.2
広州汽車集団 (GAC)	3.0	0.8	3.0	4.0	4.1	4.6	4.8	4.8	4.7	5.4	4.4	4.7	5.4
Stellantis	5.0	2.5	3.0	4.6	3.4	4.3	5.1	3.5	4.0	4.8	3.2	3.1	4.1
現代-起亜グループ	3.4	1.5	2.5	3.6	3.2	3.4	3.7	3.8	4.0	3.4	3.4	3.2	3.4
メルセデス・ベンツグループ	3.6	1.7	2.2	3.3	2.4	2.6	3.0	2.7	2.8	3.1	2.8	3.1	3.3
Renault・日産	4.0	1.7	1.8	2.6	1.8	1.7	2.3	2.3	2.3	2.7	2.5	2.3	2.2
奇瑞汽車 (Chery)	1.9	0.5	0.6	0.6	0.8	0.8	1.0	0.9	1.0	1.3	1.1	1.5	1.9
Fordグループ	2.3	0.8	0.6	0.8	0.9	1.1	1.4	1.3	1.4	1.6	1.3	1.4	1.6
トヨタグループ	1.3	0.8	0.9	1.4	1.4	1.6	1.5	1.3	1.8	2.0	1.5	1.5	1.5
ホンダ	0.2	0.1	0.1	0.2	0.1	0.2	0.4	0.3	0.7	1.6	1.0	1.0	0.5

出所: MarkLines Data Center

\*GMは上汽GM五菱ブランドを含む

# Summary of FY ended December 31, 2023

## 2. Enhancing Information Platform content

- ◆ In "Market & Tech Reports," we have doubled the number of reports on carbon neutrality (LCA, life cycle assessment) and expanded related information.
- ◆ In response to the increasing proportion of software in the life cycle costs of automobiles, we have begun to enhance our content by including reports related to SDVs (Software Defined Vehicles).
- ◆ The user interfaces for Information Portal menus such as "OEM Plants", "70,000 Supplier Database", and "News" have been redesigned to improve user convenience.

The screenshot displays the '70,000 supplier search menu' interface. At the top, it features a search bar for '部品メーカー検索 (自動車部品)' (Part Manufacturer Search (Automotive Parts)) with a search button and a '検索' (Search) button. Below this, there are two main search methods: '部品名で検索' (Search by Part Name) and '国・地域で検索' (Search by Country/Region). The '部品名で検索' section includes a text input field for '調べたい部品を入力' (Enter the part you want to search for), radio buttons for '部分一致' (Partial Match) and '完全一致' (Exact Match), and a '検索' (Search) button. The '国・地域で検索' section has a '国・地域の選択' (Select Country/Region) button. Below these, there is a '部品分類で検索' (Search by Part Classification) section with a '部品分類一覧' (Part Classification List) button. This section is divided into six categories, each with a list of parts and a '+全て見る' (View All) link: 1. 電動パワートレイン (Electric Powertrain): 駆動モーター, e-Axle, リチウムイオン電池, PCU, バッテリーケース, インバーター, モーター, コア, 電動車冷却システム. 2. ICEパワートレイン (ICE Powertrain): エンジン, 吸排気システム, ターボチャージャー, オイルポンプ, 燃料装置, AT, MT, CVT, クラッチ. 3. 駆動系部品 (Drivetrain Components): デイファレンシャル, LSD, 4WDトランスファ, アクスルモジュール, ドライブシャフト, ホイールハブ. 4. AD/ADAS/情報通信 (AD/ADAS/Information Communication): ADAS, ミリ波レーダー, LiDAR, 超音波ソナー, カメラ, カーナビ, カーオーディオ, キーレスエントリー. 5. 電子/電装部品 (Electronics/Electrical Components): ECU, ワイヤハーネス, 電装コネクタ, PCB, モーター/アクチュエーター, センサー, 半導体, スイッチ. 6. クライメートコントロール (Climate Control): HVACモジュール, エアコン, エアコンコンプレッサー, エアコンホース, ヒーター, PTCヒーター.

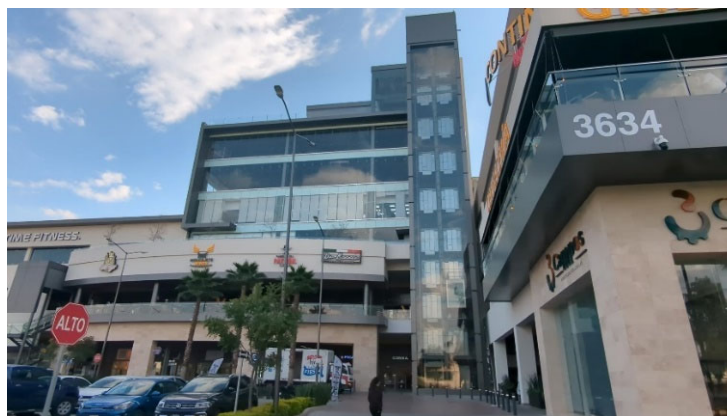


# Summary of FY ended December 31, 2023

## 3. Full-scale operation of Mexican subsidiary

MarkLines Mexicana S.A. de C.V., established in December 2022, has made progress in establishing a staff structure (6 employees) and has begun full-scale sales and information gathering activities in the North American region.

Overview	
Legal name	MarkLines Mexicana S.A. de C.V.
Business content	Sales of automotive industry portal services and research services including collection of local information
Location	Guanajuato, Mexico City of Leon
Establishment	December 2022

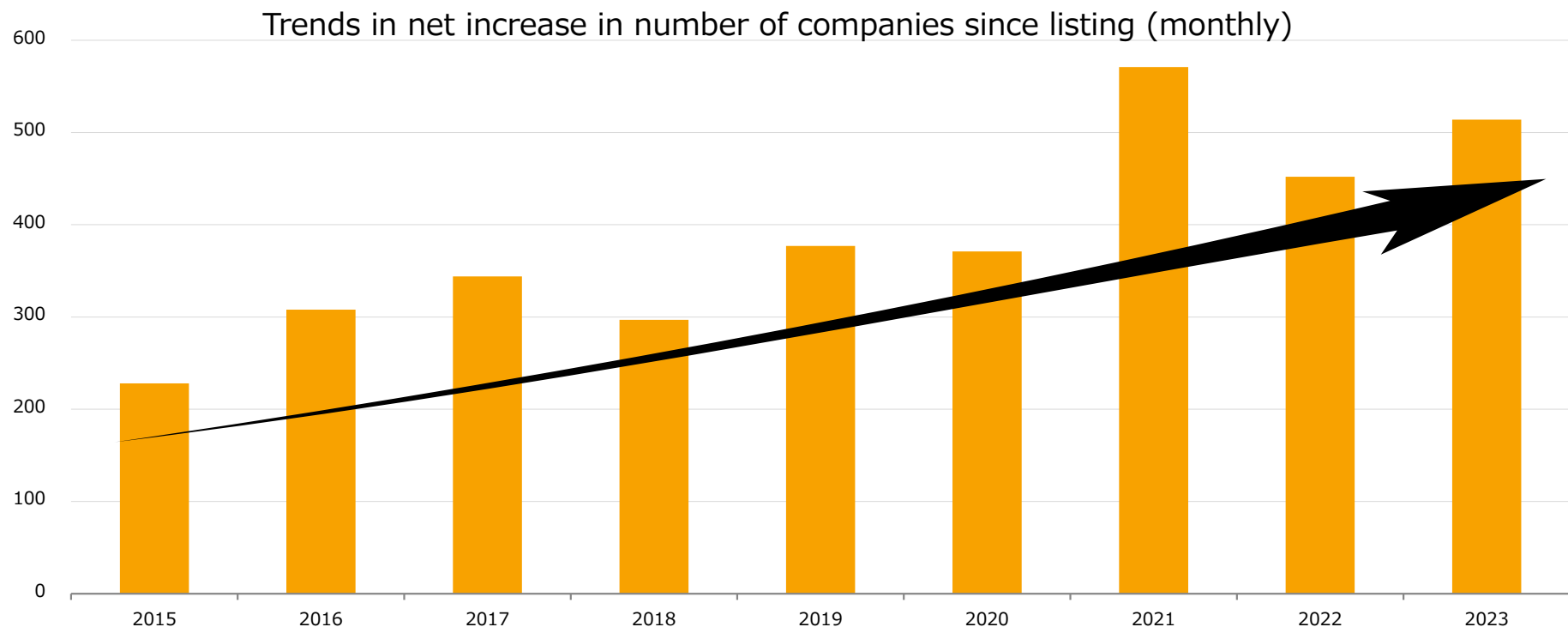


# Summary of FY ended December 31, 2023

## 4. Expansion of customer base

### ① Increase in number of companies with net increase in contracts

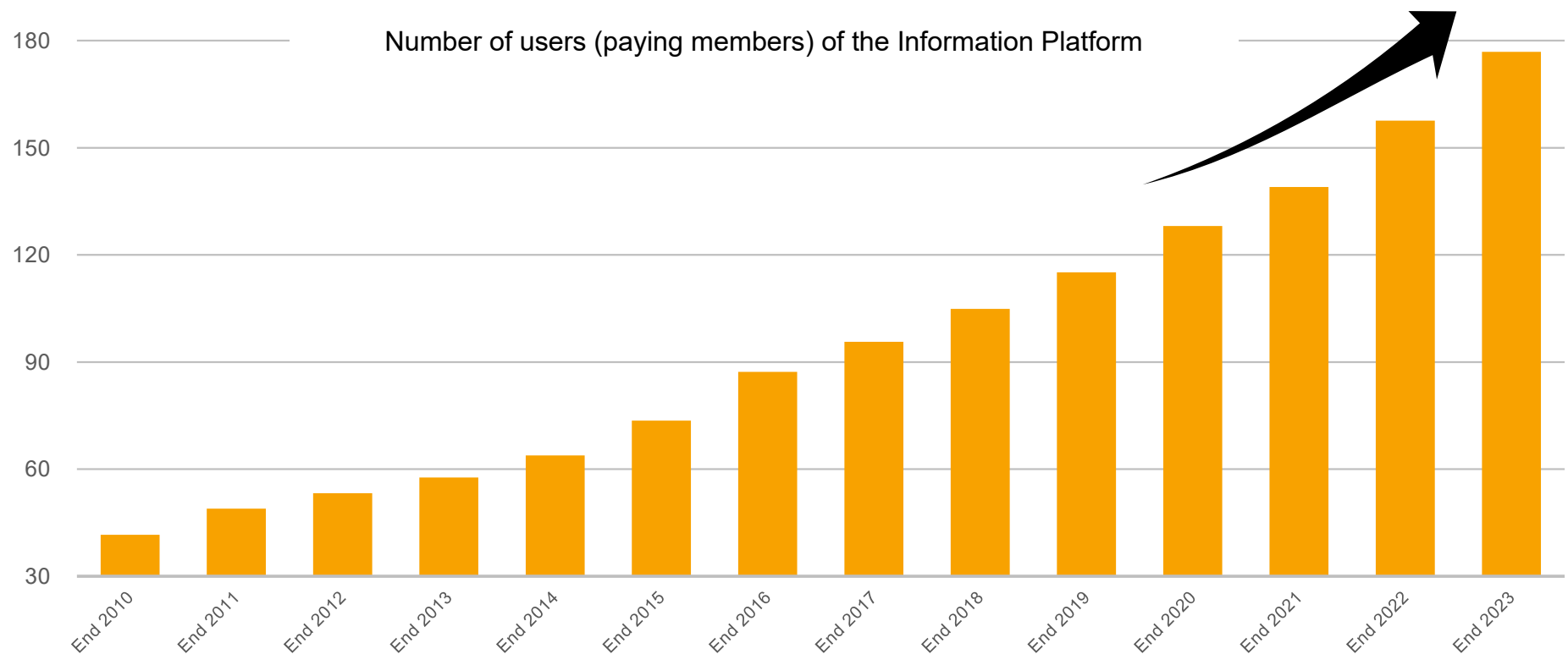
Just as the graph on p. 5 above shows an upward trend with the recovery in industry sales volume, the number of companies with net increase in subscriptions is also on an upward trend. In addition, the Sales Department continues to strengthen its personnel structure and share its know-how. As a result, the number of companies with increases in contracts grew for the full year to 514, the second largest increase on record.



# Summary of FY ended December 31, 2023

## ② Expanding the number of information platform users

The steady increase in the number of subscribing companies, as well as the effect of our efforts to promote the registration of existing unlimited subscribers to our service, has strengthened the upward trend in the number of paying subscribers, which reached approximately 180,000 as of the end of 2023.



# Summary of FY ended December 31, 2023

## 5. Information platform fee structure change

In light of changing customer needs and price levels between countries, we have made changes to our rate structure effective July 1, 2023.

[After revision]

No. of users	JPY	USD	EUR	CNY	GBP
Up to 2	600,000	5,100	5,100	36,000	4,200
Up to 4	780,000	6,300	6,300	45,000	5,400
Up to 10	1,200,000	10,200	10,200	72,000	8,400
Up to 20	1,800,000	15,300	15,300	108,000	12,600
21 or more	2,400,000	20,400	20,400	144,000	16,800



[Before revision]

No. of users	JPY	USD	EUR	CNY	GBP
Up to 2	480,000	5,100	5,100	36,000	4,200
Up to 4	600,000	6,300	6,300	45,000	5,400
Up to 10	840,000	9,000	9,000	63,600	7,500
11 or more	1,200,000	12,600	12,600	86,400	10,800

# Summary of FY ended December 31, 2023

## 6. Improved operations by introducing a low-code tool (Kintone)

In June, the company introduced a full-fledged low-code tool to promote centralization of data, speed-up of operations, and paperless operation in the information platform business, enabling constant monitoring of the status of sales activities such as order progress, sales performance, customer management, and customer follow-up.



Low-code tool: A platform that allows applications to be developed with intuitive operations, without requiring advanced programming.

# II. FINANCIAL SUMMARY

# Consolidated Financial Summary

(Unit: JPY millions)

	FY ended Dec. 2023			y/y	Cause
	Results	2023 performance forecast	Ratio to forecast (%)		
Consolidated sales	<b>4,845</b>	<b>5,000</b>	<b>-3.1</b>	<b>+17.5</b>	Information Platform business increased by 18.7% over the previous year. Other businesses performed well, mainly in the Consulting business, increasing by 15.8% year-over-year (y/y). The overall increase was 17.5% y/y.
Consolidated operating income	<b>1,991</b>	<b>1,900</b>	<b>+4.8</b>	<b>+22.6</b>	The effect of increased sales absorbed the impact of increased fixed costs, resulting in a 22.6% y/y increase.
Consolidated ordinary income	<b>1,988</b>	<b>1,900</b>	<b>+4.7</b>	<b>+22.6</b>	Ordinary income increased 22.6% y/y due to operating income increase of 22.6% y/y.
Net income attributable to owners of the parent	<b>1,383</b>	<b>1,300</b>	<b>+6.4</b>	<b>+21.4</b>	Increased by 21.4% y/y due to ordinary income increasing by 22.6% y/y.

# Business segment profit and loss

(Unit: JPY millions)

Business		2022 Results	2023 Results	y/y	
Information Platform business	Net sales	2,619	3,109	+489	+18.7%
	Segment profit (loss)	1,595	1,933	+338	+21.2%
Consulting business	Net sales	383	489	+105	+27.5%
	Segment profit (loss)	74	113	+39	+52.6%
Teardown Survey Data Sales business	Net sales	210	253	+42	+20.2%
	Segment profit (loss)	104	110	+5	+5.3%
Promotional Advertising business	Net sales	87	95	+8	+9.2%
	Segment profit (loss)	77	83	+6	+8.5%
Market Forecast Information Sales business	Net sales	225	233	+7	+3.4%
	Segment profit (loss)	69	78	+8	+12.4%
Vehicle and Parts Procurement Agency business	Net sales	406	456	+50	+12.4%
	Segment profit (loss)	53	77	+24	+45.2%
Recruitment business	Net sales	153	169	+16	+10.6%
	Segment profit (loss)	57	71	+13	+24.2%
Automotive Fund business	Net sales	39	39	–	–
	Segment profit (loss)	3	2	(0)	(11.9%)
Adjustment	Net sales	–	–	–	–
	Segment profit (loss)	(411)	(479)	(68)	–
Consolidated sales		4,125	4,845	+719	+17.5%
Consolidated operating income		1,623	1,991	+367	+22.6%



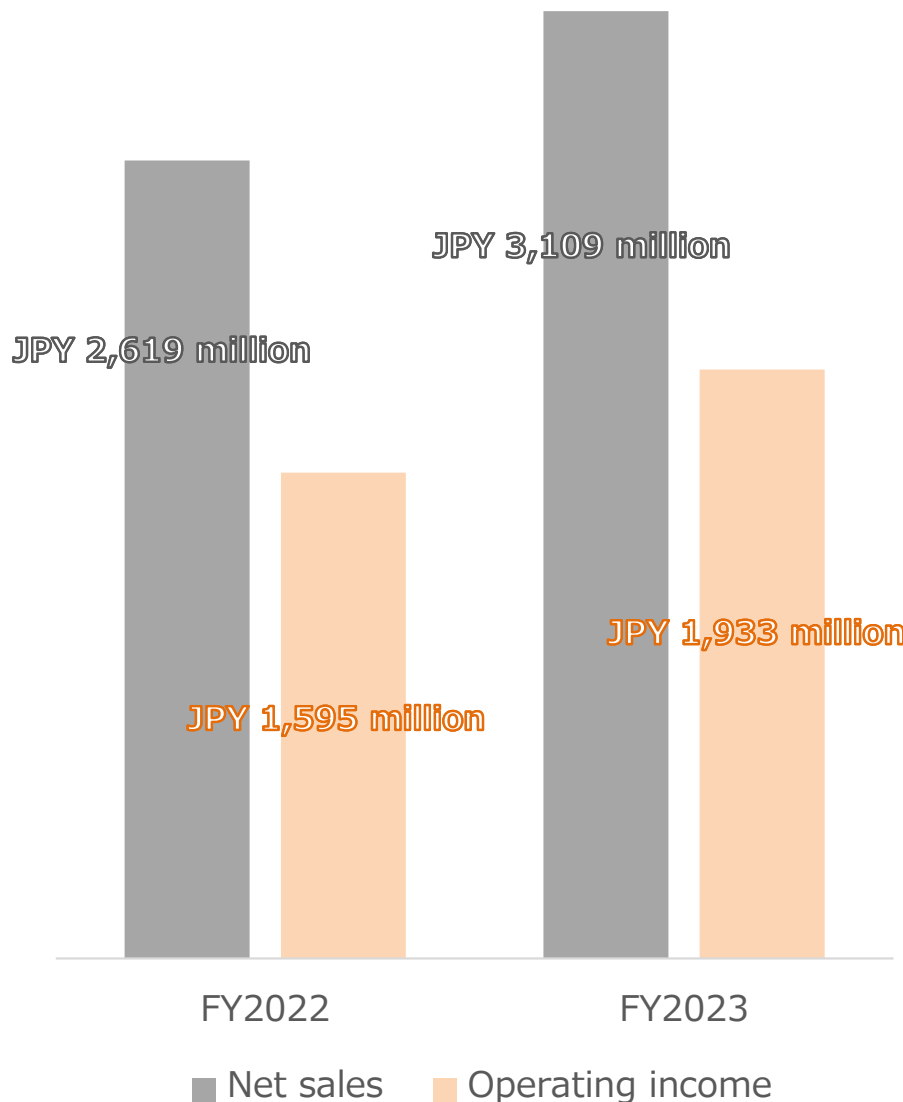
# Business segment profit and loss (Information Platform business)

## ■ Information Platform business

### ① The Information Platform business

- Sales increased due to a steady increase in the number of subscribing companies as a result of the effect of the strengthening of the Sales Department's personnel structure and the sharing of know-how within the department to raise the level of sales capabilities.
- The continued depreciation of the Japanese yen (JPY) against the USD, EUR, and CNY from the previous fiscal year further boosted sales.

As a result of the above, net sales increased 18.7% y/y and operating income increased 21.2%.



## Business segment profit and loss (Information Platform business)

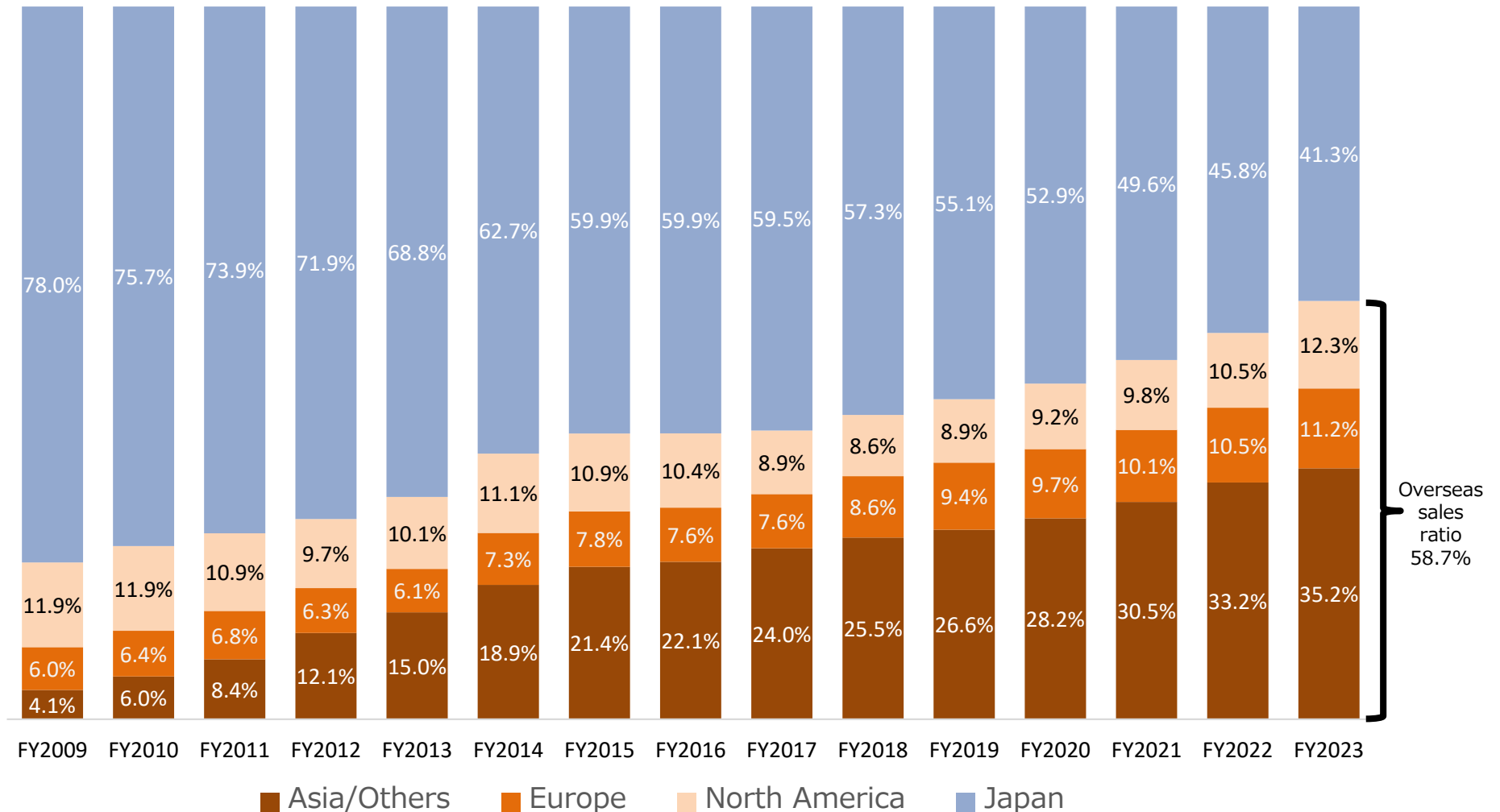
- ② As a result of focused efforts to develop regions outside of Japan, the number of overseas contracts increased, particularly in the U.S. and Mexico, and overseas sales in particular grew significantly. (Unit: JPY millions)

Information Platform business sales by region				
Information Platform	2022	2023	y/y (%)	Factors for increase or decrease
Japan	1,200	1,284	+7.1	Sales increased as the effect of increasing the number of subscribing companies in the previous period continued.
China	448	542	+20.8	New contract acquisition by domestic Sales in Japan and by Sales in the Chinese subsidiary was favorable, and the number of contracted companies increased. Sales also increased by 20.8% y/y.
Asia	402	530	+31.8	New contract acquisitions remained steady, mainly in Thailand and South Korea. Sales grew by more than 30%, due in part to the effect of unifying the contract currency to the U.S. dollar (USD).
North America	275	382	+38.8	New contracts in the U.S. and Mexico, which are positioned as priority areas, have increased significantly. Furthermore, the effects of the weaker Japanese yen contributed to sales increasing by approximately 40%.
Europe	276	346	+25.5	Sales also increased due to direct sales from domestic sales in Japan to Japanese companies in Europe as well as the effect of the net increase in the number of companies in the previous fiscal year.
Other	15	22	+40.5	–
Total	2,619	3,109	+18.7	–

# Business segment profit and loss (Information Platform business)

- ③ In FY2023, 73% of new orders were from companies outside Japan, further globalizing the company's operations. As a result, the ratio of overseas sales to total sales rose 4.5 percentage points from the previous year to 58.7%.

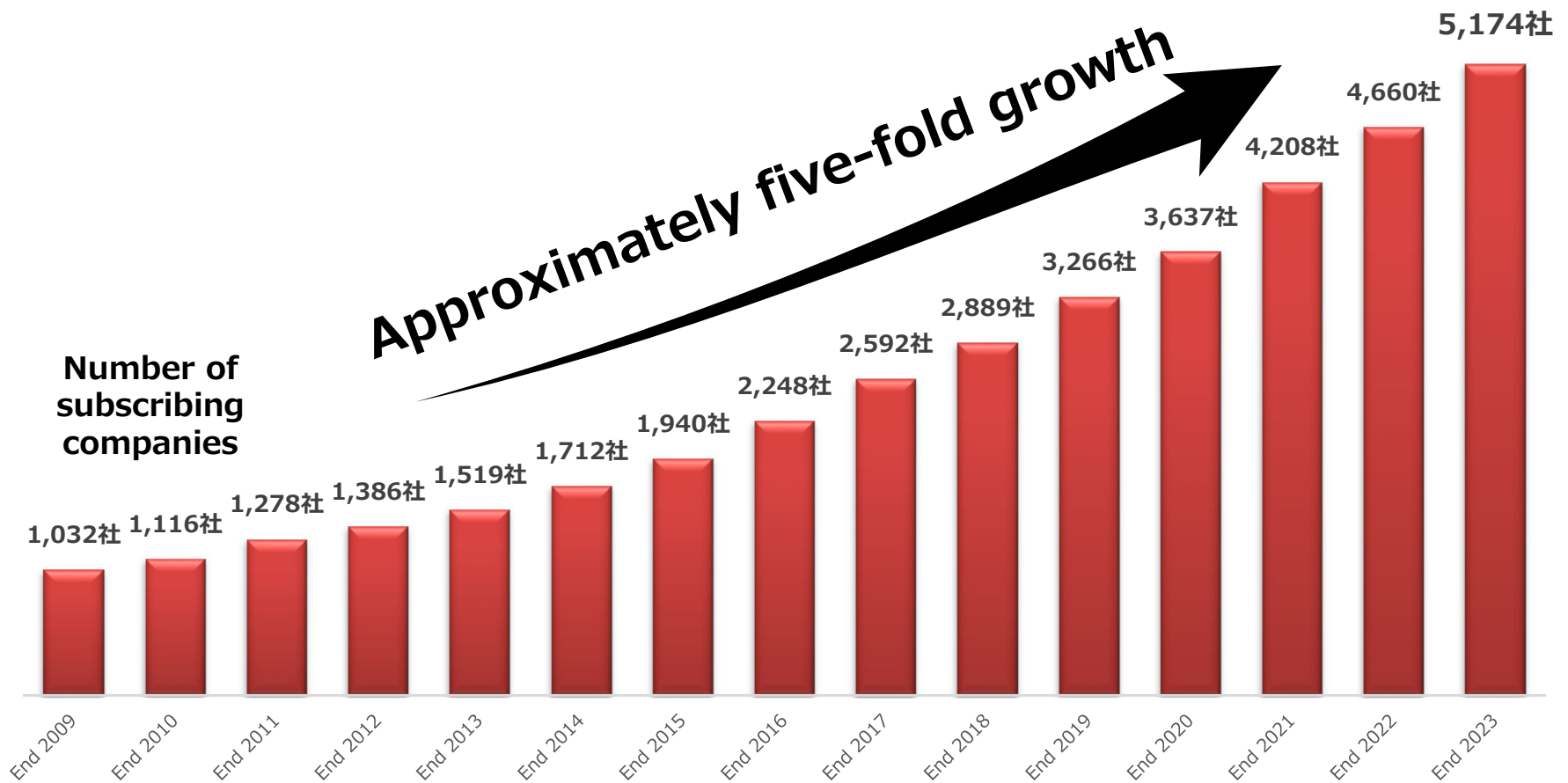
Information Platform business sales composition by region



# Business segment profit and loss (Information Platform business)

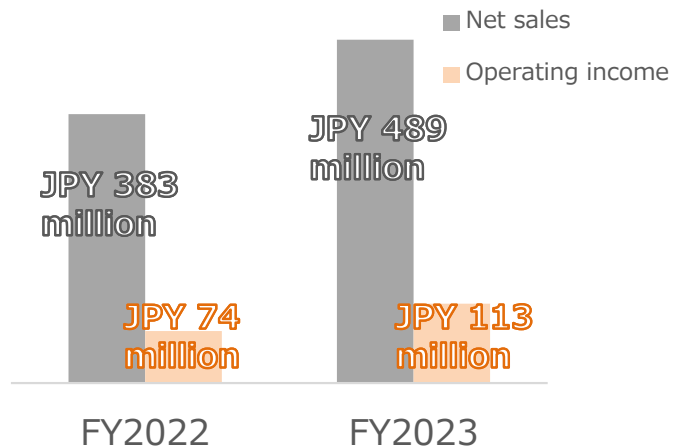
- ④ The number of companies subscribing to the Information Platform also increased steadily, reflecting the recovery in automobile sales. As a result, the number of Information Platform subscribers at the end of December 2023 was 5,174 companies.

Changes in the number of contract companies at the end of each period



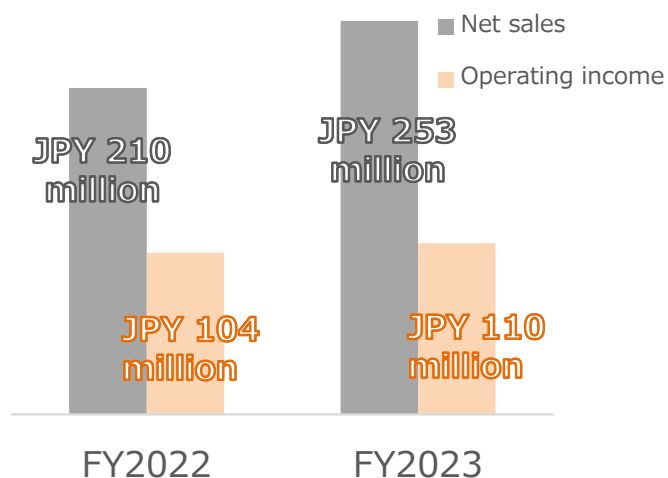
# Business segment profit and loss (Businesses other than Information Platform business)

## ■ Consulting business



In addition to continued strong performance in cost comparison analysis services, orders for ECU benchmarking and testing contract work increased. The higher unit price and profit margin per project than in the previous fiscal year were also factors that boosted results. As a result of these factors, net sales and segment profit increased significantly compared to the previous fiscal year.

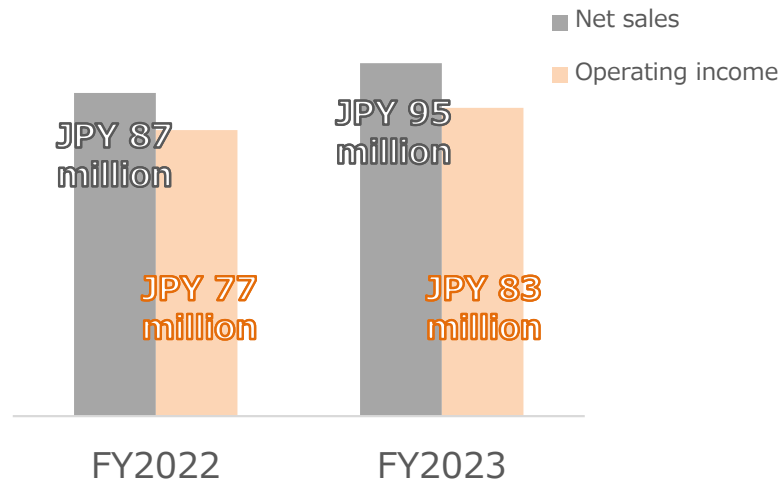
## ■ Teardown Survey Data Sales business



The product lineup has been expanded with the sequential release of teardown analysis reports for new models produced by our business partners (Munro & Associates, AVL, etc.), and orders have increased. On the other hand, due to a decrease in sales of our high-margin in-house teardown reports, net sales increased 20.2% y/y, but segment income increased only 5.3% y/y.

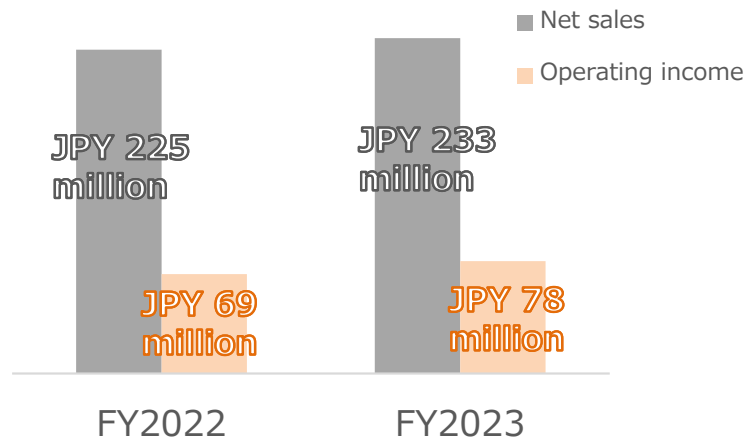
# Business segment profit and loss (Businesses other than Information Platform business)

## ■ Promotional Advertising business *LINES*



Demand for this service continues to be high as a means of promoting a company's products and services, especially toward automobile OEMs and major parts suppliers in the automotive industry, which is becoming increasingly electrified. Additionally, an increase in the number of business negotiations due to introductions from other divisions within the company also contributed to improved performance.

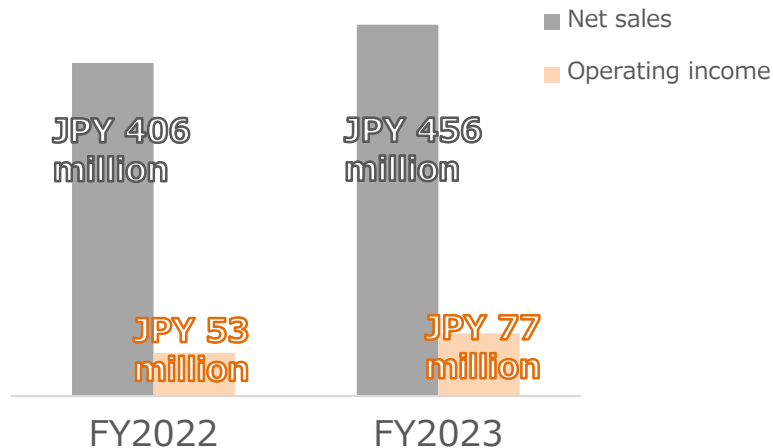
## ■ Market Forecast Information Sales business



Sales increased only 3.4% y/y due to the impact of lower contract renewal rates among existing clients in the third quarter and a temporary delay in the progress of service recognition due to the company's name change to GlobalData. Segment income increased 12.4% y/y due to a decrease in fixed costs.

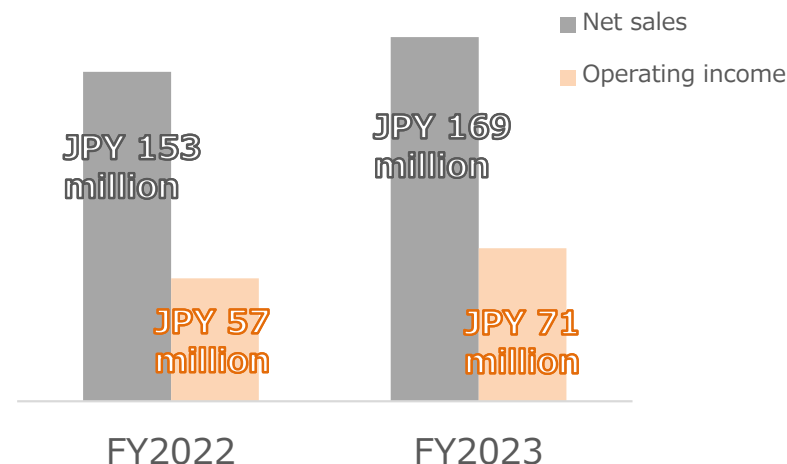
# Business segment profit and loss (Businesses other than Information Platform business)

## ■ Vehicle and Parts Procurement Agency business



Sales increased 12.4% y/y, mainly due to strong sales of projects related to vehicle body and parts procurement for BYD, a high-profile Chinese EV manufacturer. In addition, segment income increased 45.2% y/y, reflecting an increase in high-margin projects.

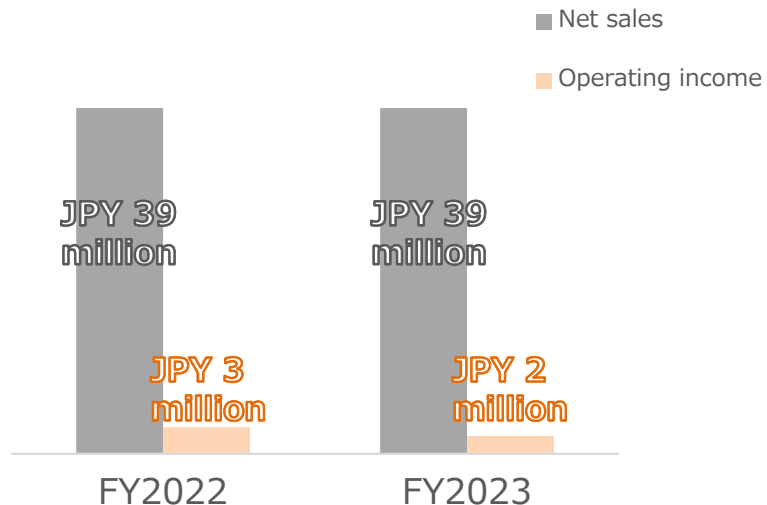
## ■ Recruitment business



Despite a decrease in contracts for high-level personnel, the number of contracts increased due to strong hiring needs among automotive OEMs as they became more active in recruiting, resulting in a 10.6% increase in net sales over the previous year.

# Business segment profit and loss (Businesses other than Information Platform business)

## ■ Automotive Fund business



Management fees received from the "Automotive Industry Support Fund 2021 Investment Limited Partnership," an affiliate, as a fixed amount each period are recorded as revenues. With no major changes in the structure, both sales and segment income remained almost unchanged from the previous year. During the current fiscal year, new investments were made in Israel, Finland, and Japan, bringing the total number of companies in which the Fund has invested to four.



# III. EARNINGS FORECAST

# Full-year earnings forecast 1/2

(Unit: JPY millions)

	Fiscal year ending December 31, 2023 results	Fiscal year ending December 31, 2024 plan	y/y (%)
Consolidated sales	4,845	5,700	+17.6%
Consolidated operating income	1,991	2,300	+15.5%
Consolidated ordinary income	1,988	2,300	+15.7%
Net income attributable to owners of the parent	1,383	1,600	+15.7%

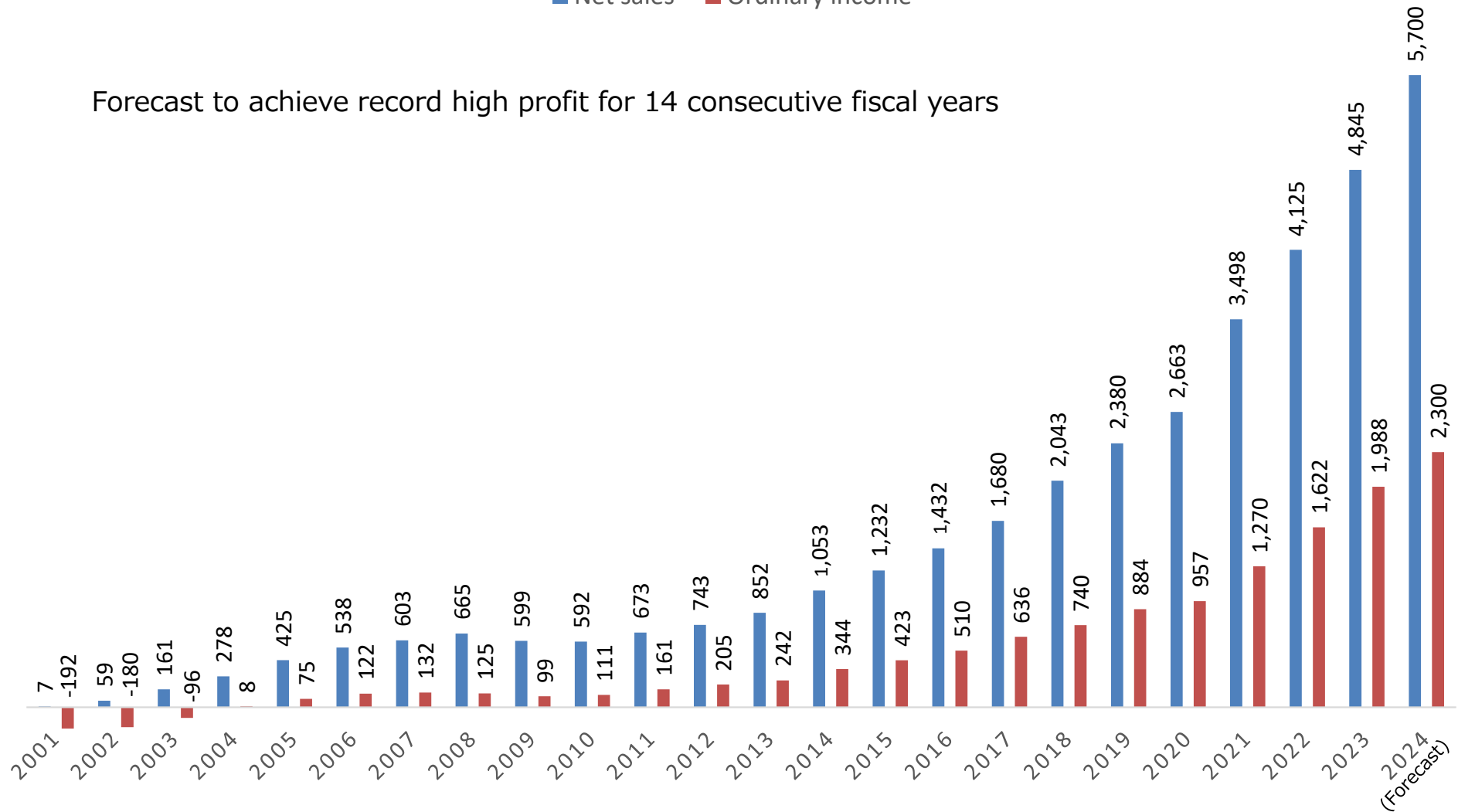
※1 The exchange rate assumptions for the fiscal year ending December 31, 2024 plan are as follows:  
USD: JPY 146; EUR: JPY 159; CNY: JPY 20.5; THB: JPY 4.0; MXN: JPY 8.5

# Full-year earnings forecast 2/2

(Unit: JPY millions)

■ Net sales ■ Ordinary income

Forecast to achieve record high profit for 14 consecutive fiscal years



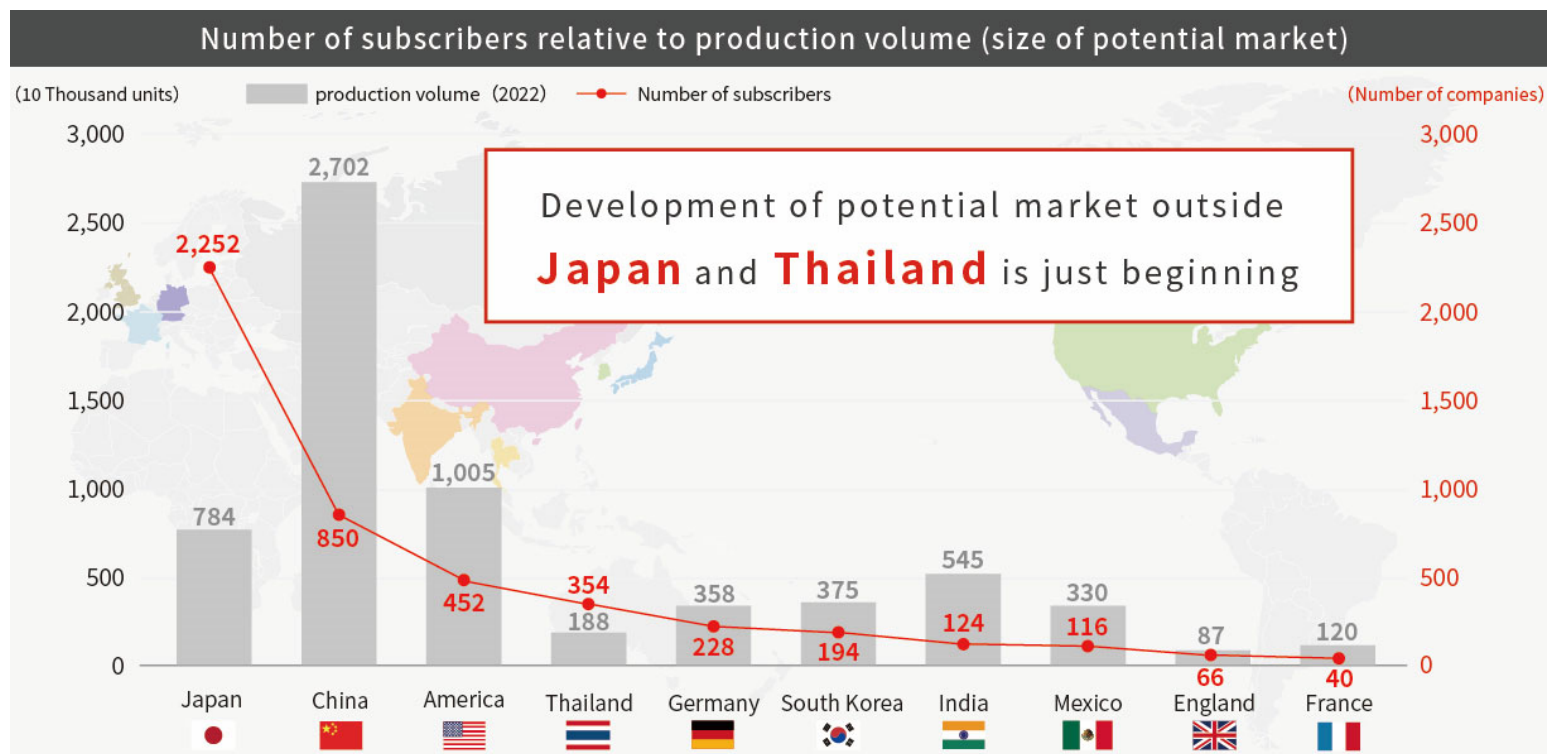
# **IV. GROWTH STRATEGY**

**~ Upfront investment for further growth ~**

# 1. Investing towards reacceleration of global expansion

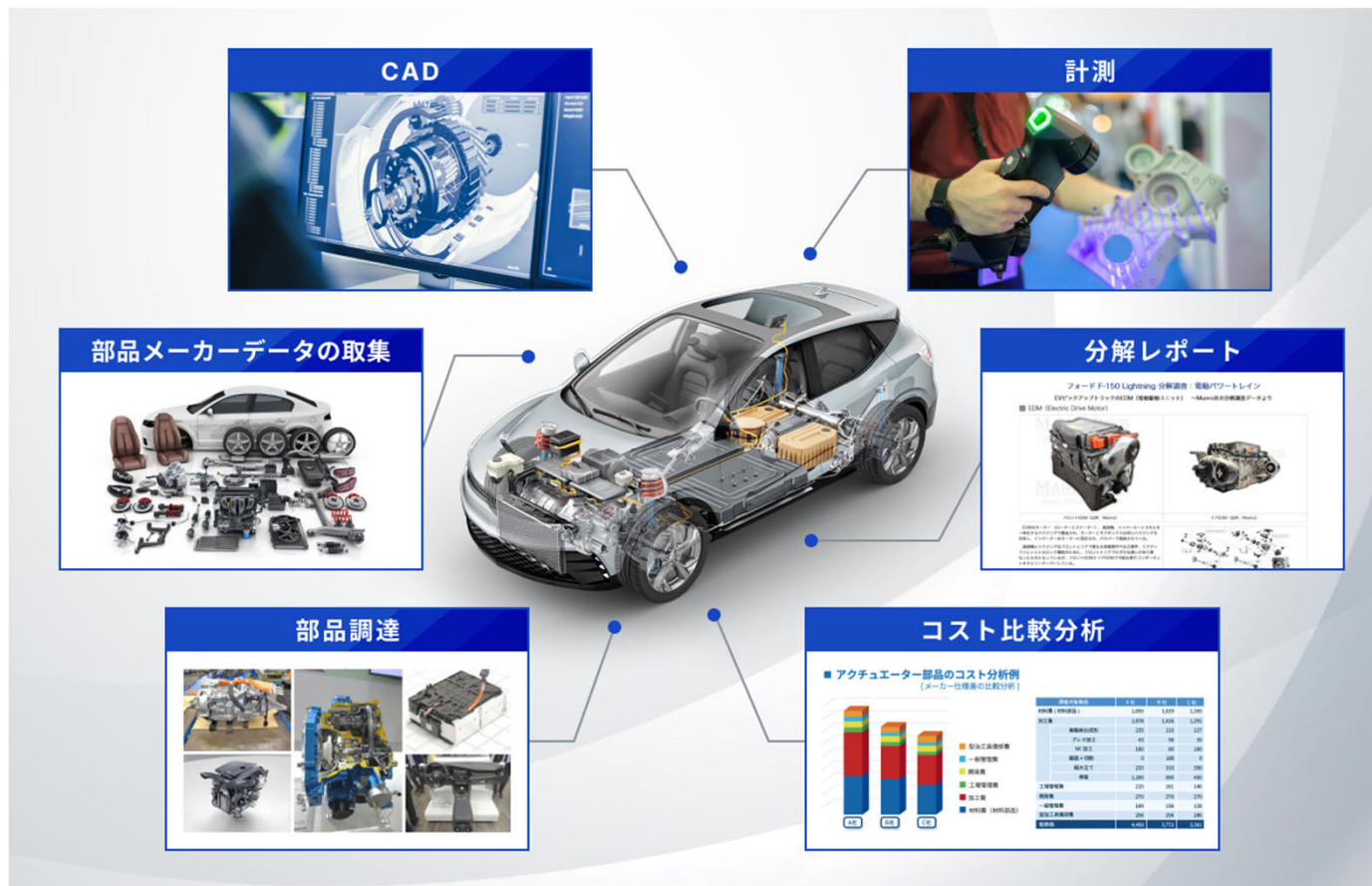
As the COVID pandemic subsides, we will once again accelerate and promote business development by strengthening investment overseas, where approximately 90% of our potential customers are located.

- ◆ To promote global development, the Sales Department will be reorganized into two departments, Global Sales Departments 1 and 2, each of which will conduct sales activities in North America, Asia, and other regions.
- ◆ We will increase the number of employees transferred to overseas subsidiaries as well as the number of overseas business trips to promote the transfer of know-how accumulated at the head office.
- ◆ The personnel structure of our overseas subsidiaries will be enhanced with the aim to strengthen sales and content capabilities.
- ◆ Consideration will be given to establishing a seventh subsidiary outside Japan.



## 2. New investment in reverse engineering field 1/2

Once the Benchmark Center (with capacity of approximately 100 people), which is currently under construction, is operational, new functions such as vehicle teardown, measurement, and CAD data acquisition will be implemented in addition to vehicle and parts procurement agency services and cost comparison analysis services. We will use this as an opportunity to promote full-scale efforts in the field of reverse engineering.



## 2. New investment in reverse engineering field 2/2

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By procuring vehicles and performing the teardowns ourselves, we are able to realize the Three Realities principle (the actual place, the actual goods, and the actual situation). This will promote increased added value to services provided by existing businesses through deeper and broader analysis activities.

### ① Information Platform business

- ◆ Market and technology reports will include teardown reports for items other than powertrains.
- ◆ Information on market share and supply by component will be enhanced through physical checking of supplier names.
- ◆ Components' materials information will be enhanced.

### ② Consulting business

- ◆ Promote vehicle evaluation work by conducting various tests using purchased vehicles.
- ◆ Promote more detailed analysis of vehicle components based on actual products.

### ③ Other business

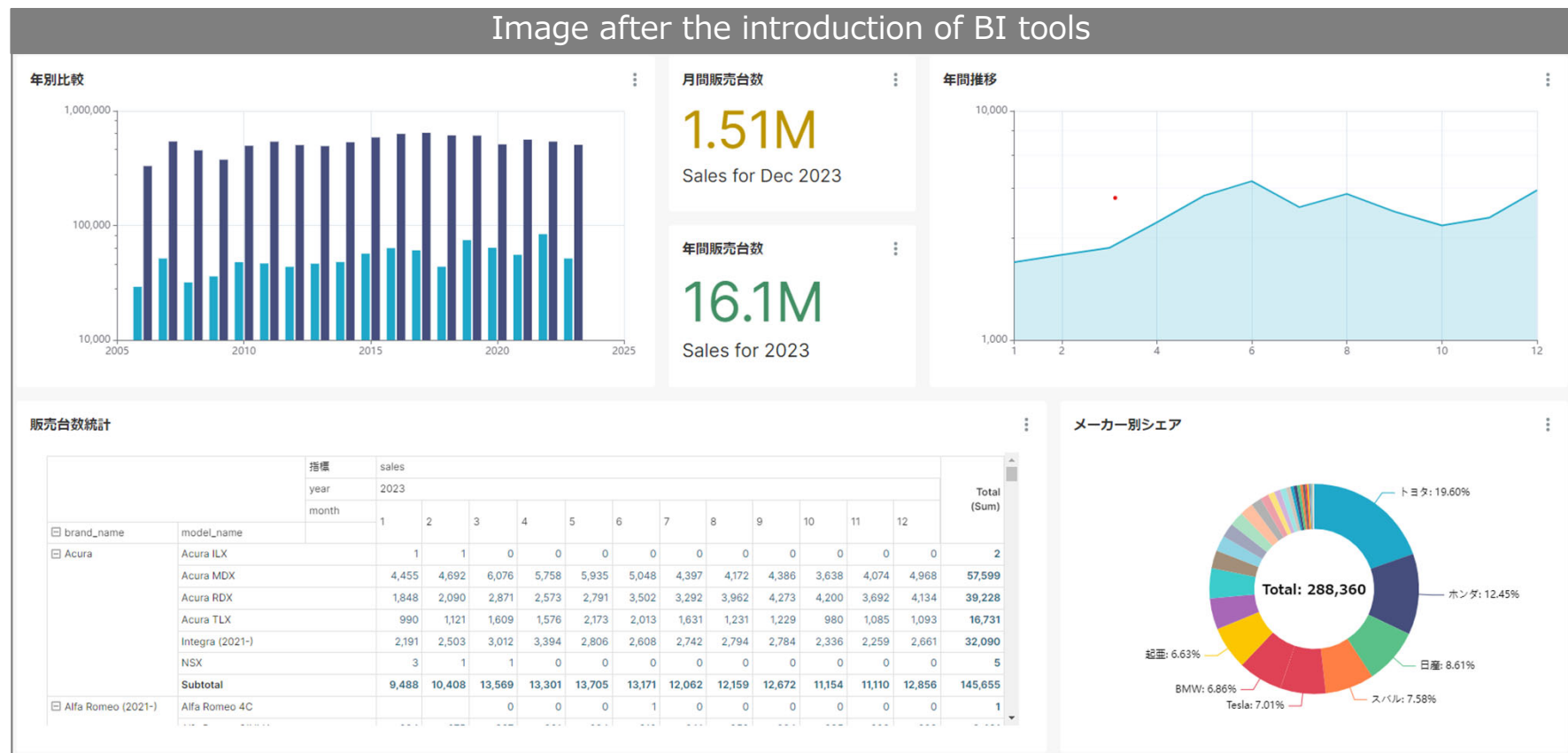
- ◆ Promote sales of teardown reports through in-house production.
- ◆ Promote cost analysis, measurement, and CAD data acquisition proposals for purchased vehicles.
- ◆ Promote sales of the purchased vehicles' parts.

### ④ Other comprehensive initiatives

- ◆ Exhibiting vehicles and parts will encourage customers to visit, leading to various services.

### 3. Advanced system investment for Information Platform site

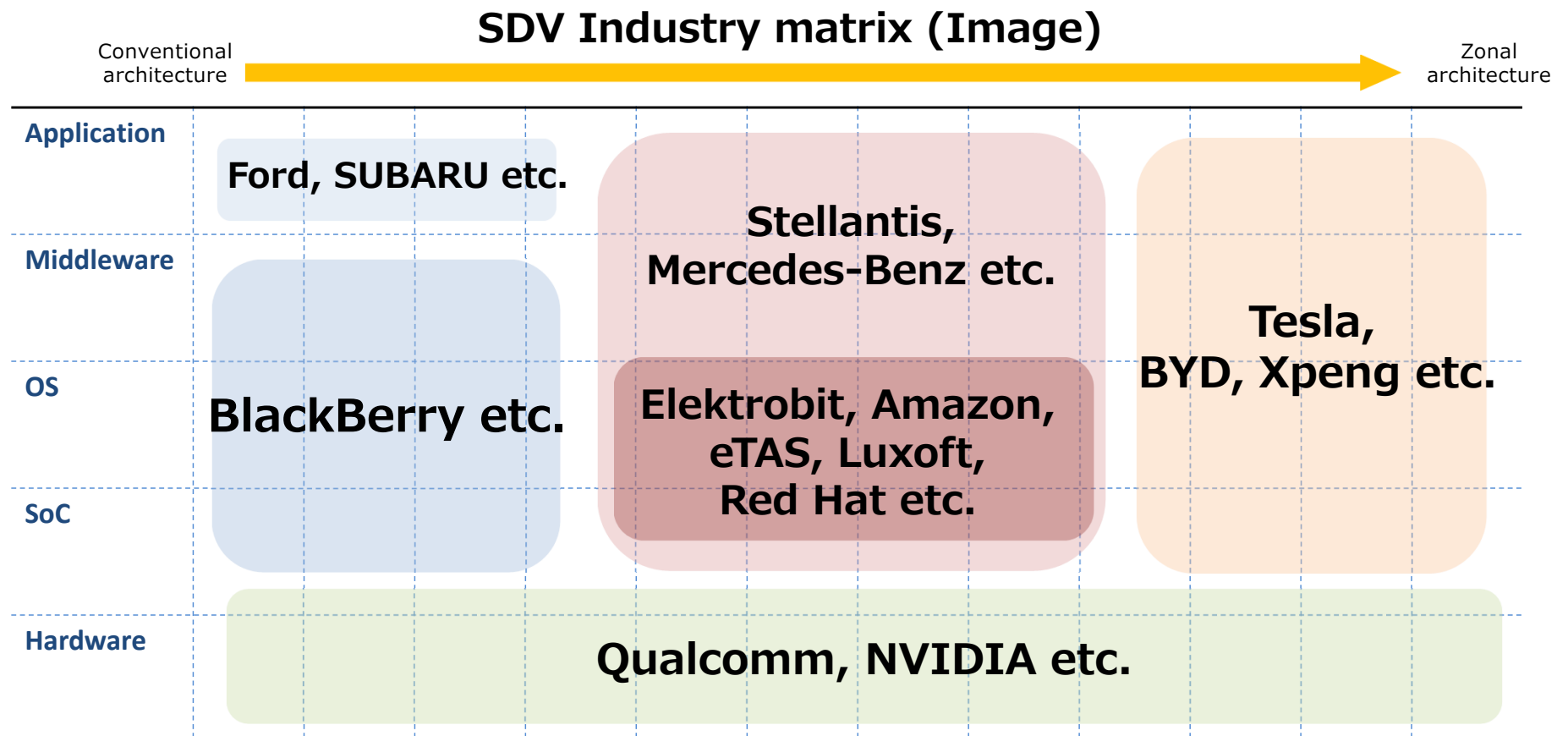
Introduced generative AI technologies such as ChatGPT to enhance site search functionality, as well as BI (Business Intelligence) tools to promote data visualization by implementing functions that enable intuitive graphing of the various numbers accumulated on the site.





## 4. Investment in SDV (Software Defined Vehicle) content

In response to the increasing proportion of software in the life cycle costs of automobiles, we have begun to strengthen SDV-related content. In order to further strengthen the content in this area, a new menu of reports on global software vendors will be added.



## 5. Strengthening back-office departments

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In response to the increased need to strengthen the back-office departments of the entire Group against the backdrop of business scale expansion, the Administration Department was separated into the HR & General Affairs Department and the Finance & Accounting Department to clarify the functions of each. Going forward, we will strengthen the functions of each of these departments to promote business activities.

### ① Human Resources & General Affairs Department

- ◆ Promote recruitment activities and strengthen the personnel structure of each business.
- ◆ With the establishment of the Benchmark Center, work will begin on handling actual vehicles. In line with this, the company will promote health and safety and the workplace environment.
- ◆ We aim to enhance employee welfare.

### ② Finance & Accounting Department

- ◆ As the performance of each business expands, we will aim to improve the accuracy of performance forecasts.
- ◆ By introducing a cost accounting system for each project, we will promote profit and loss management for each project and aim to improve the accuracy of performance management for the entire group.

## 6. Strengthen sales capabilities for businesses other than the Information Platform business

Since Information Platform subscribers are promising potential customers for businesses other than the Information Platform business, orders for each business are increasing as the number of subscribers increase. Going forward, the company will strengthen its own sales activities in each business, while at the same time promoting collaboration among businesses to further increase orders.

Image of sales management by business and customer

	Information Platform	Benchmarking	Promotional Advertising	Consulting	Market Forecast Information Sales	Recruitment	Automotive Fund
OEM A	○	○	○	○	○	○	
OEM B	○			○			
OEM C	○				○		
Part supplier D	○	○	○				○
Instrument maker E		○		○	○	○	

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