



MarkLines Co., Ltd.

# Financial Results

Briefing Materials

**FY ended Dec. 2021**

February 15, 2022

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The forward-looking statements in this document, including earnings forecasts, are based on information currently available to the Company and on certain assumptions deemed reasonable. It is possible that these statements or assumptions are objectively inaccurate or may not be realized in the future.

In addition, the information in this document concerning companies other than our group companies is quoted from publicly available information, etc., and we do not guarantee the accuracy and appropriateness of such information.

MarkLines Co., Ltd.

# Outline

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- I. Summary of FY ended Dec. 31, 2021**
- II. Financial Summary**
- III. Earnings Forecast**
- IV. Growth Strategy**

# I. Summary of FY ended December 31, 2021

# Summary of the FY ended December 31, 2021

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## 1. Changes in the business environment and impact on business performance

### ① Changes in the business environment

#### a. The trend toward accelerating carbon neutrality

- ◆ The development of new technologies, particularly electrification, has brought about major changes in the structure of the automotive industry, and automotive-related companies are increasingly interested in information. This had a positive impact on the acquisition of new contracts for the Information Platform.
- ◆ Industry is investing heavily in R&D to achieve carbon neutrality. Inquiries for services provided by businesses other than the Information Platforms remained at a high level, centered on the parts procurement agency services.

#### b. Ramifications of prolonged global COVID pandemic

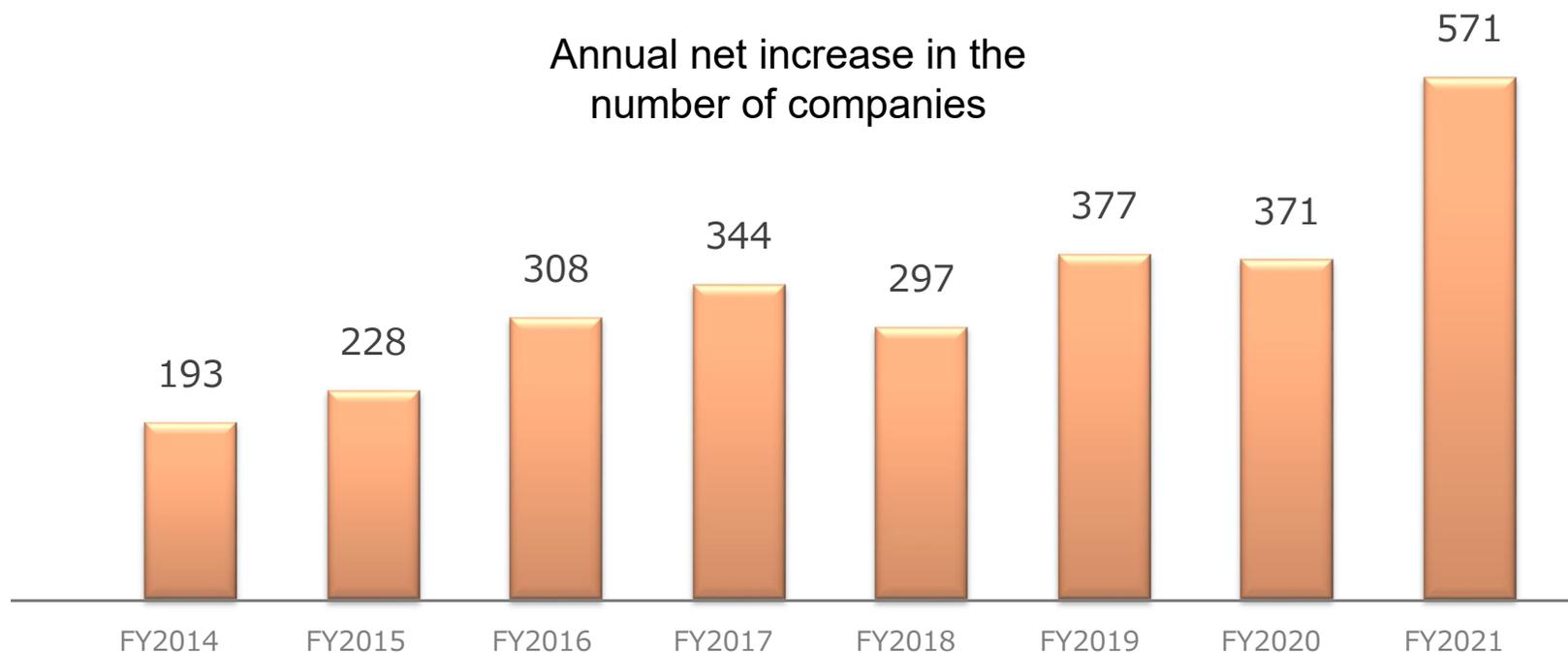
- ◆ As activities to gather information through face-to-face (F2F) interactions with people became more difficult, the expectations for our services increased.
- ◆ The number of business negotiations increased as online demos became acceptable as the current norm. In addition, we promoted online information sessions in a one-to-number (many-to-one) format and made contact with many potential clients, which resulted in the acquisition of new contracts.
- ◆ The COVID situation continues to make it impossible for the industry to hold trade shows and exhibitions using event booths, etc. As a result, the demand for our **LINES** online promotion service continues to remain high.

# Summary of the FY ended December 31, 2021

## ② Impact on business performance

### a. Information Platform business

The growing need for information, combined with more efficient sales activities and improvements in the functionality and content of the Information Platform, resulted in an even higher net increase in the number of new companies signing contracts in FY2021.



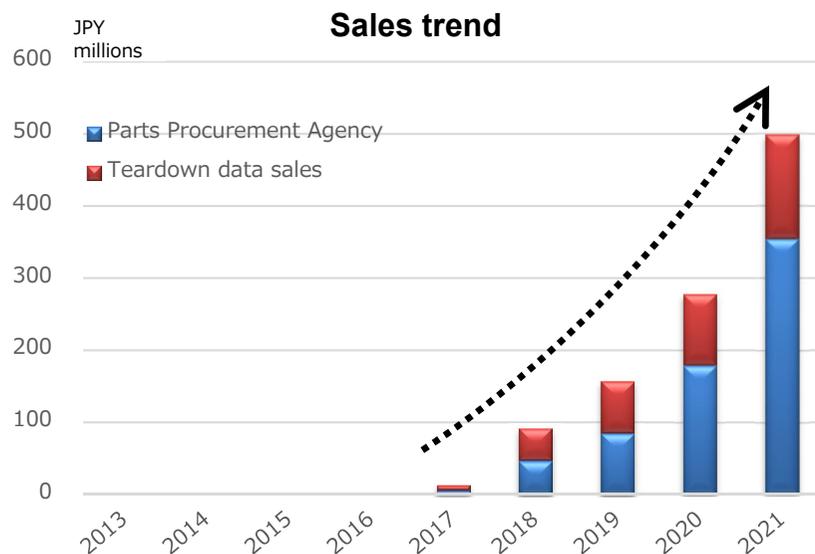
# Summary of the FY ended December 31, 2021

## b. Businesses other than the Information Platform

### ◆ Benchmarking-related business

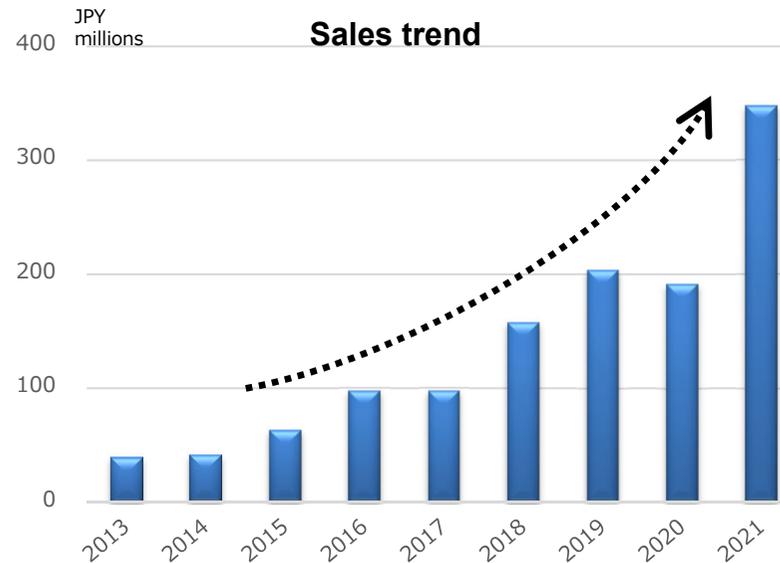
The parts procurement agency saw an increased need for relatively hard-to-find parts such as e-axle and motor-related parts in response to the accelerating trend toward electrification. This has led to an increase in new orders as well as an increase in repeat orders year by year due to the company's increasing reputation for procurement capabilities.

Sales of teardown survey data were similarly driven by sales of electrification-related reports, such as the teardown of the Tesla Model Y.



### ◆ Consulting business

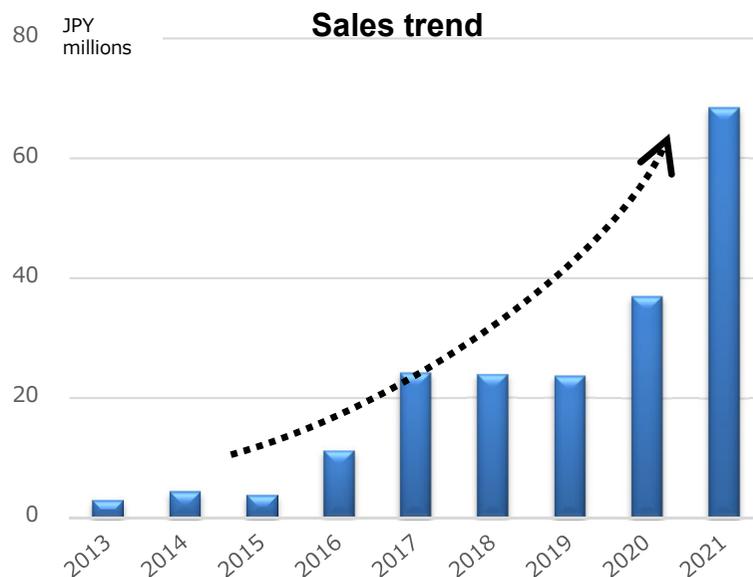
Due to the COVID-19 pandemic, R&D activities of finished vehicle and parts manufacturers were restricted in FY2020, and this business was also affected. In FY2021, however, R&D activities related to electrification, etc., accelerated, and the number of projects such as technology trend surveys and cost comparison analyses related to batteries and motors increased, contributing to sales growth.



# Summary of the FY ended December 31, 2021

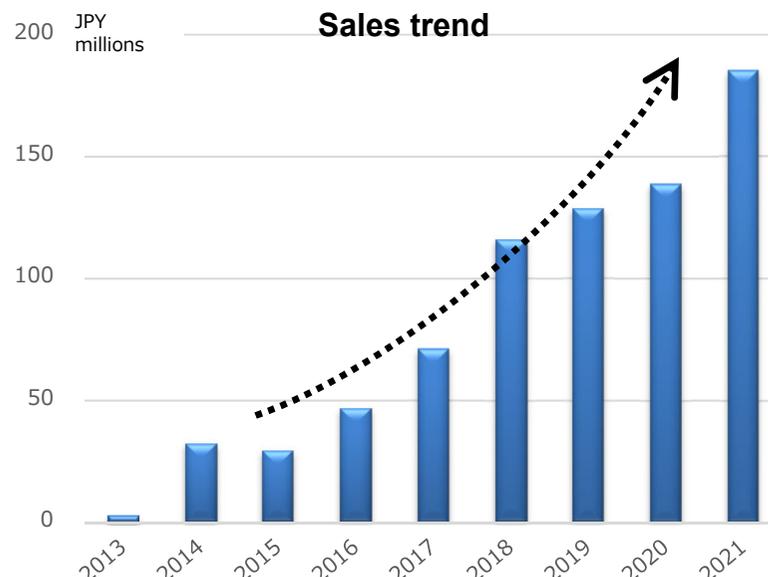
## ◆ Promotional Advertising business

Sales increased as digital marketing became more widespread with the prolongation of the COVID pandemic, and as a means of promoting company's products and services. Sales also increased as companies holding online seminars increased their use of the service as a tool for attracting customers.



## ◆ Market Forecast Information sales business

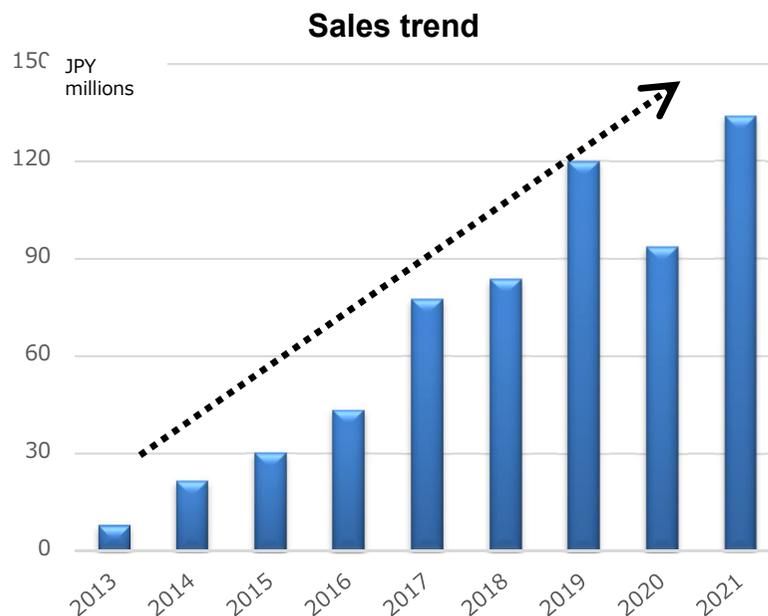
In response to the growing need for electrification-related information, information related to batteries for electrified vehicles (capacity, materials and suppliers) was added to our forecast data. This led to an increase in inquiries from an even wider range of customers, which in turn led to an increase in subscription orders.



# Summary of the FY ended December 31, 2021

## ◆ Recruiting Solutions business

In FY2020, the industry was affected by finished vehicle manufacturers freezing their hiring activities due to the COVID-19 pandemic, but in FY2021, companies moved up their hiring plans to secure electrification-related personnel. As a result, the number of recruiting-related inquiries increased, leading to an increase in Recruiting Solutions sales.



# Summary of the FY ended December 31, 2021

## 2. "Automotive Industry Support Fund 2021" composition

Our subsidiary, Automobile Fund Co., Ltd. established the "Automobile Industry Support Fund 2021 Investment Limited Partnership" on January 29, 2021, in collaboration with SBI Capital Co., Ltd. The fund started with an investment of JPY 1.1 billion and reached its final closing at the end of FY2021, with a total investment amount of JPY 2.45 billion.

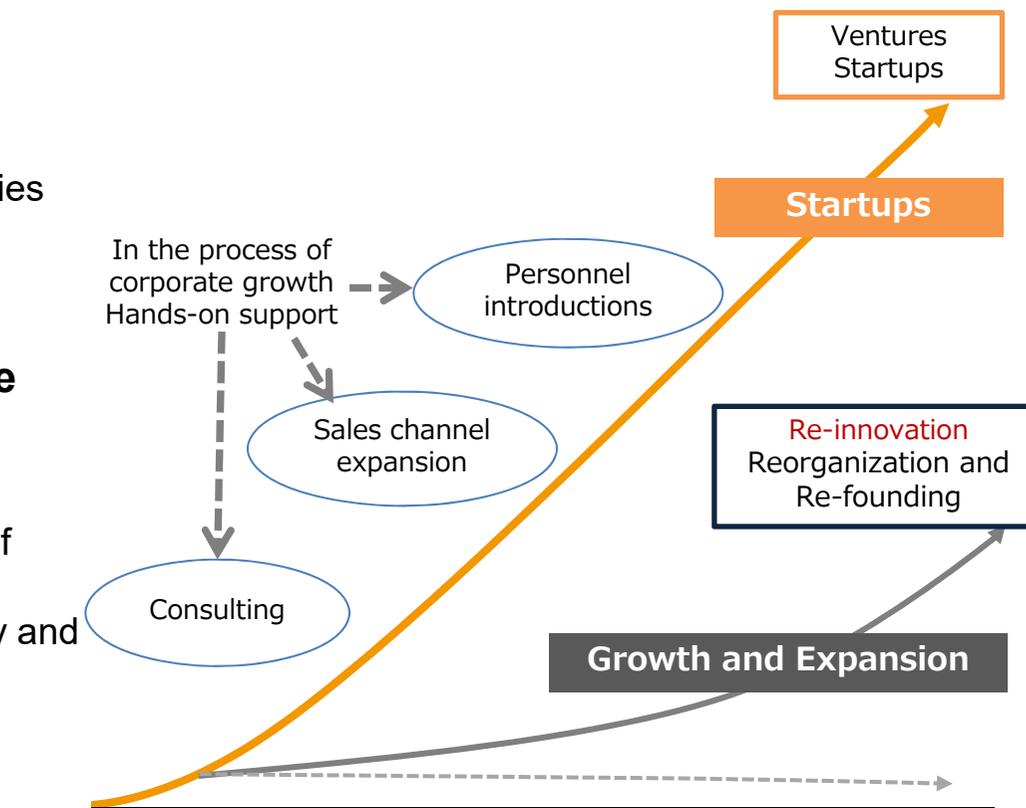
[ Growth curve image of portfolio companies ]

### ① Companies to be invested

- Ventures and Startups
- Supporting the revitalization and growth of manufacturing companies such as parts manufacturers (re-innovation)

### ② Management structure of the fund

The company has established a management structure consisting of executives and capitalists with expertise in the automotive industry and has begun investment activities.



# Summary of the FY ended December 31, 2021

## 3. Business partnerships

- ① Formed business alliances with the following two companies for sales of teardown survey data and started sales of reports provided by both companies.

### a. AVL List GmbH

The company is an engineering company with cutting-edge technology in automotive powertrain development and vehicle development. Started selling benchmark reports such as performance tests, teardown surveys, and cost analyses for the latest vehicles.



State at the time of the business alliance with AVL

### b. Kobelco Research Institute, Inc.

The company is a comprehensive testing and research company with advanced technology and excellent human resources, which was spun off from the analysis and testing division of Kobe Steel, Ltd. in 1979. Started selling technical reports on evaluation tests and teardown surveys at various levels from vehicles to subcomponents.



Hongguang Mini EV disassembled by Kobelco Research Institute

# Summary of the FY ended December 31, 2021

## ② Business alliance with Blue Sky Technology Inc.

The company is an engineering company with extensive technology and experience in powertrain development and vehicle development for electric vehicles. As part of strengthening our benchmarking-related business, we have formed a business alliance with Blue Sky Technology in the following areas.

- a. Joint orders for electric vehicle platforms, powertrain design and development, lithium-ion battery production support, etc.
- b. Collaboration in our existing services, such as our current research on technology trends and teardown surveys related to electric vehicles.



# Summary of the FY ended December 31, 2021

## 4. New efforts in Benchmarking-related business

With the aim of raising awareness of the benchmarking-related business and enhancing services, we implemented a plan to import the Tesla Model Y, which has not been released in Japan, from Canada, disassemble it in Japan, and sell parts.



# Summary of the FY ended December 31, 2021

## 5. Strengthen the content of the Information Platform

- ① A database of model change information has been created to enable multifaceted data searches and improve user convenience.
- ② In the "300 Parts Supply Chain" menu, the display classification of parts and the order of display have been revised to enable users to easily access the information they need, focusing on electrification-related information, which is in high demand.
- ③ We have enhanced local content such as exhibition reports on the Shanghai Motor Show and content related to electrification.
- ④ With the introduction of translation support tools, the translation lead time between Japanese, English, and Chinese has been reduced from about one week to about one day. The same content can now be viewed in three languages in a timely manner.



# Summary of the FY ended December 31, 2021

## 6. "MarkLines Online Exhibition 2021" held and "Send Me MarkLines" smartphone app version released

- ① Continuing from last year, the MarkLines Online Exhibition was held. The number of companies listed on the site has grown to approximately 100 parts and materials manufacturers, and the presence of member companies as a means of promoting their products and services has increased.
- ② Released the "Send Me MarkLines" promotion app. We have established a system that allows member companies to easily send information on their products and services to our staff.



## II. Financial Summary

# Summary of Consolidated Financial Results

(Unit: JPY Millions)

	2021			Change from previous period (%)	Primary factors
	Actuals	Earnings forecast (Revised)	Ratio to forecast (%)		
Consolidated net sales	<b>3,498</b>	<b>3,500</b>	$\Delta 0.0$	<b>+31.4</b>	The "Information Platform" business increased by 15.6% from the previous fiscal year. Other businesses also increased by 72.5% y/y, with significant growth mainly in benchmarking, consulting, and promotional advertising businesses. Overall, sales were up 31.4% y/y.
Consolidated operating income	<b>1,281</b>	<b>1,250</b>	<b>+2.6</b>	<b>+33.4</b>	Due to a significant increase in sales, it increased by 33.4% from the previous year.
Consolidated ordinary income	<b>1,270</b>	<b>1,230</b>	<b>+3.3</b>	<b>+32.8</b>	Consolidated ordinary income increased 32.8% y/y with a 33.4% y/y increase in consolidated operating income.
Net income attributable to shareholders of the parent company	<b>885</b>	<b>850</b>	<b>+4.2</b>	<b>+40.5</b>	Net income attributable to shareholders of the parent company increased by 40.5% y/y due to a decrease in losses on valuation of investment securities, as well as gains on changes in equity and gains on the sales of fixed assets.

\*Note: The "Automotive Industry Support Fund 2021 Investment Limited Partnership" is treated as a consolidated subsidiary until the second quarter.

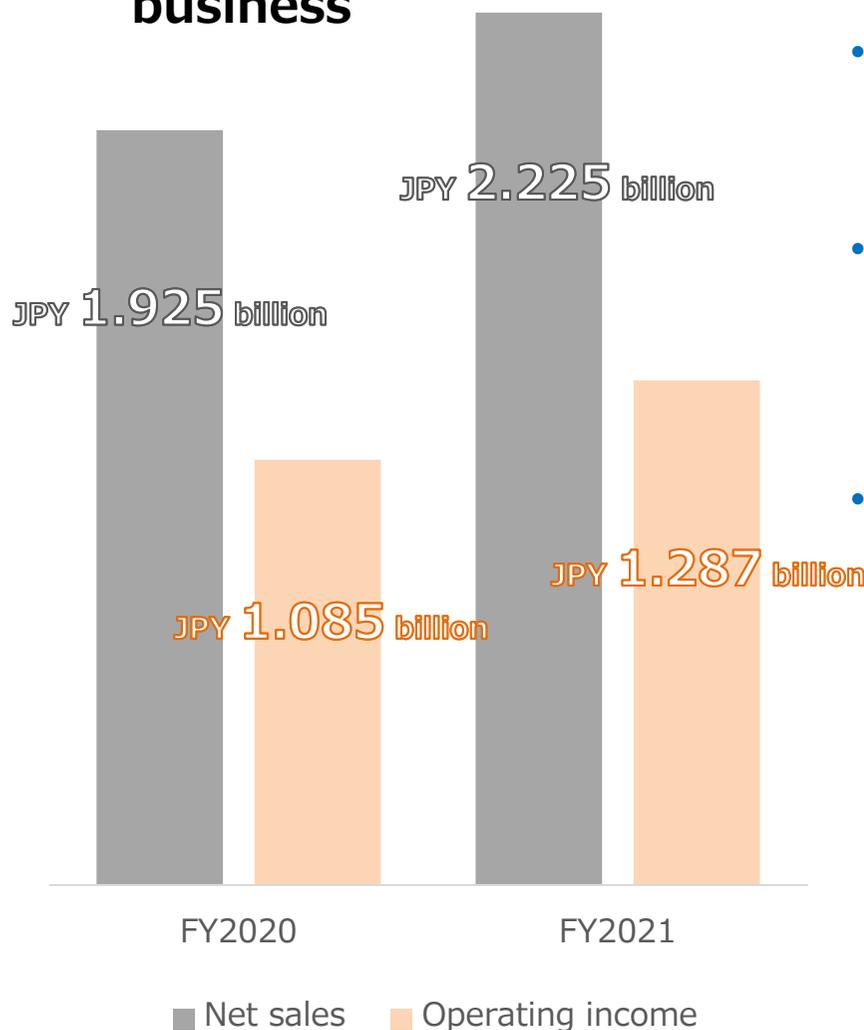
## Business segment profit and loss

(Unit: JPY Millions)

Business		2020 Actuals	2021 Actuals	y/y	
Information Platform business	Net sales	1,925	2,225	+300	+15.6%
	Segment profit (loss)	1,085	1,287	+202	+18.6%
Benchmarking-related business	Net sales	277	498	+221	+79.9%
	Segment profit (loss)	65	114	+49	+75.6%
Consulting business	Net sales	191	347	+156	+81.5%
	Segment profit (loss)	33	75	+41	+124.8%
Promotional Advertising business	Net sales	36	68	+31	+85.1%
	Segment profit (loss)	24	54	+29	+116.7%
Market Forecast Information sales business	Net sales	138	185	+46	+33.5%
	Segment profit (loss)	35	50	+14	+41.1%
Recruiting Solutions business	Net sales	93	133	+40	+42.8%
	Segment profit (loss)	19	48	+28	+142.7%
Automobile Fund business	Net sales	—	39	+39	—
	Segment profit (loss)	(12)	△2	+9	—
Adjustments	Net sales	—	—	—	—
	Segment profit (loss)	△291	△346	△54	—
Consolidated net sales		2,663	3,498	+835	+31.4%
Consolidated operating income		960	1,281	+321	+33.4%

# Business segment profit and loss

## ■ Information Platform business



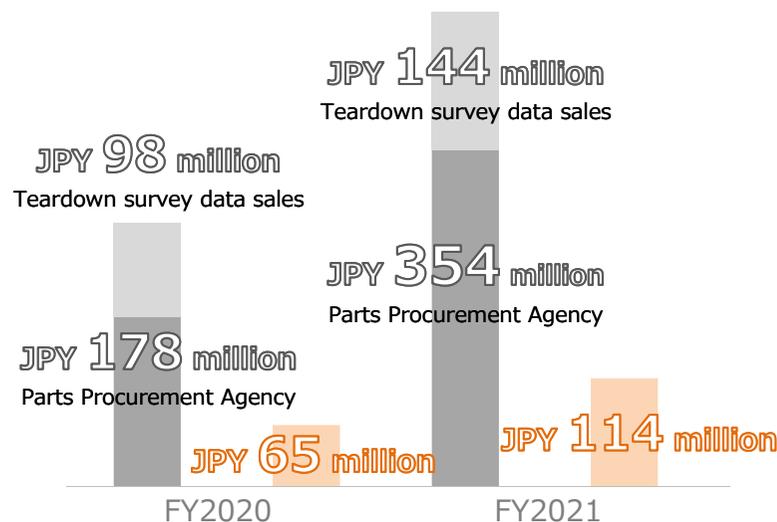
### The Information Platform business

- Online demos have increased the number of business negotiations and improved sales efficiency.
- The sales structure was strengthened by increasing the number of sales personnel. In addition, new graduate employees have become more competitive.
- One-to-number (many-to-one) online information sessions for existing members have increased contact with customers. This increased opportunities for customer feedback to be reflected in the Information Platform.

As a result of the above, net sales increased by 15.6% y/y, and operating income increased by 18.6%.

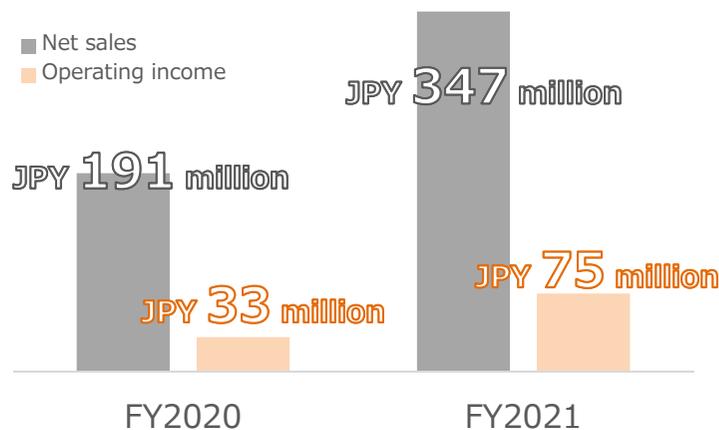
# Business segment profit and loss

## ■ Benchmarking-related business



- Vehicle and parts procurement agency: Sales increased by 98.3% y/y to JPY 354 million due to an increase in inquiries in this area as the trend toward electrification accelerated, as well as an increase in high unit-price transactions such as vehicle bodies.
- Sales of teardown survey data: Sales increased by 46.6% y/y to JPY 144 million due to strong sales of Tesla Model 3 and Model Y teardown survey reports.

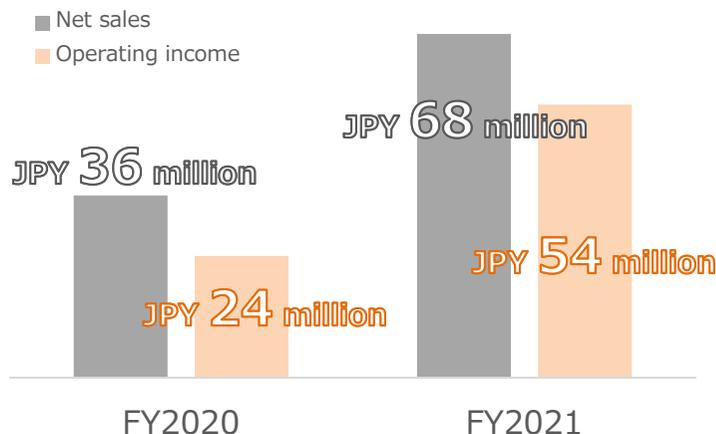
## ■ Consulting business



The trend toward electrification is advancing at a faster-than-expected pace, and the number of projects related to technological trend research and cost comparison analysis, such as battery structure research, has increased, contributing to improved business performance. Net sales increased 81.5% y/y and operating income increased 124.8% y/y.

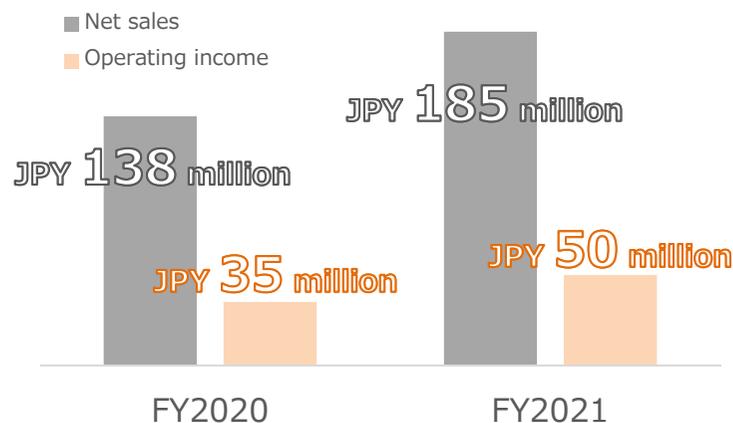
# Business segment profit and loss

## ■ Promotional Advertising business



It has been increasingly used as a promotion tool for in-house products and services and as a tool for attracting potential customers to company events. In addition, the detailed support has led to an increase in the evaluation of the service and repeat orders. As a result, net sales increased by 85.1% y/y and operating income increased by 116.7% y/y.

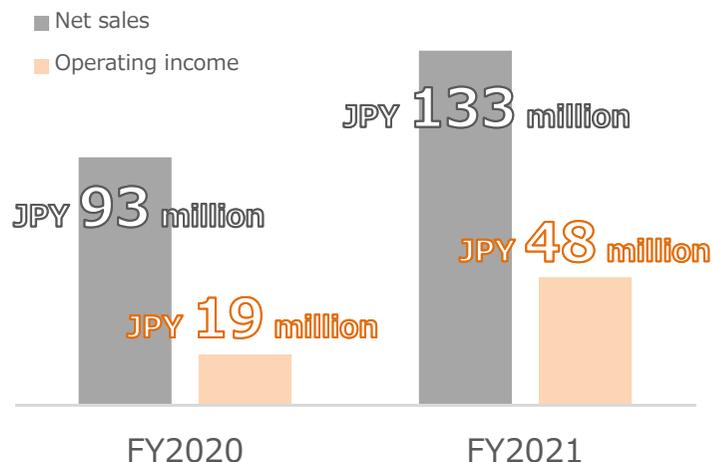
## ■ Market Forecast Information sales business



Net sales increased 33.5% y/y and operating income increased 41.1% y/y, as companies renewing contracts accounted for about 80% of the total, boosting sales, and large orders were received in the second half of the year.

# Business segment profit and loss

## ■ Recruiting Solutions business



The number of contracts signed increased by 20 from the previous quarter to 65, as automakers that have resumed hiring became more active. As a result, net sales increased by 42.8% y/y and operating income increased by 142.7% y/y.

## ■ Automobile Fund business



The “Automotive Industry Support Fund 2021 Investment Limited Liability Partnership” was formed in the first quarter and included in the scope of consolidation, but became an affiliate accounted for by the equity method from the third quarter of the consolidated fiscal year. Therefore, the establishment and management fees received from the Automotive Industry Support Fund 2021 were recorded as revenue.

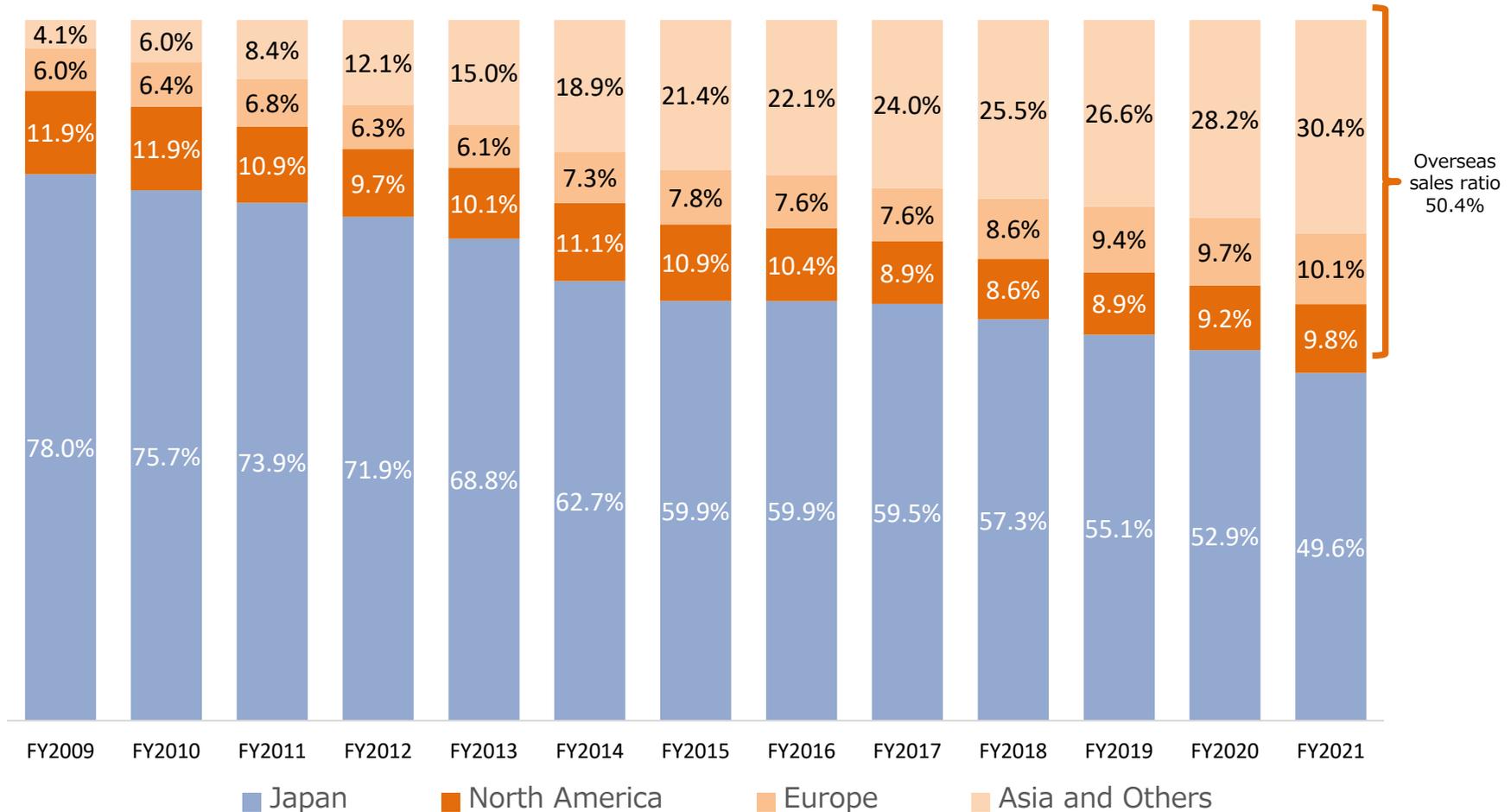
# Sales summary by region for the "Information Platform" business

(Unit: JPY Millions)

Information Platform business	2020	2021	y/y (%)	Factors of increase/decrease
Japan	1,019	1,104	+8.4	New contract acquisitions have been stable since December of the previous fiscal year due to the growing need for information and the strengthening of the sales department structure. Sales also increased.
China	250	348	+39.4	The COVID-19 pandemic subsided relatively early, leading to an increase in new contract wins since Q2 of the previous fiscal year, contributing to higher sales. The weaker JPY also contributed to further growth in sales during the fiscal year.
Asia	280	318	+13.2	Although new contracts in Korea and India were sluggish, new contract wins in Thailand were up substantially, resulting in double-digit sales growth.
North America	176	217	+23.2	New contract acquisition in the U.S. remained at an even higher level from Q4 of the previous year due to aggressive approaches from the Sales team in Japan. Sales also increased.
Europe	187	225	+20.2	Sales growth was driven by continued strong sales, particularly new contract wins in Germany.
Other	10	10	△0.4	—
Total	1,925	2,225	+15.6	—

# Sales by Region for the Information Platform business

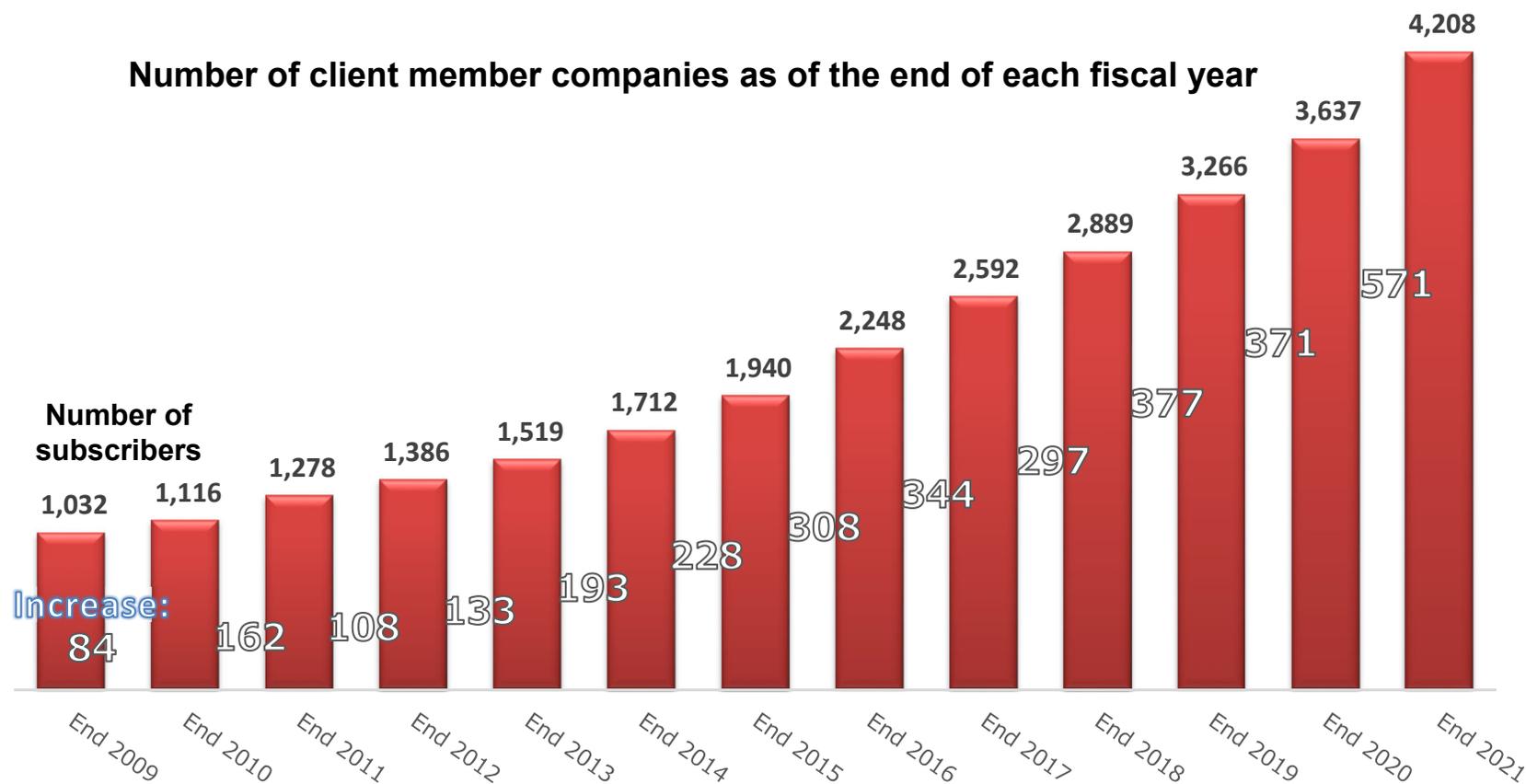
Overseas sales grew significantly, especially in China, and the ratio of overseas sales to total sales increased 3.3 percentage points from the previous year to 50.4% of total sales.



# Number of Client Members in the Information Platform business

As of the end of December 2021, the number of companies with Information Platform contracts increased by 571 y/y to 4,208 companies. Various efforts by the Sales department paid off, resulting in a record net increase in the number of companies.

Number of client member companies as of the end of each fiscal year



# III. Earnings Forecast

# Full-year Earnings Forecast

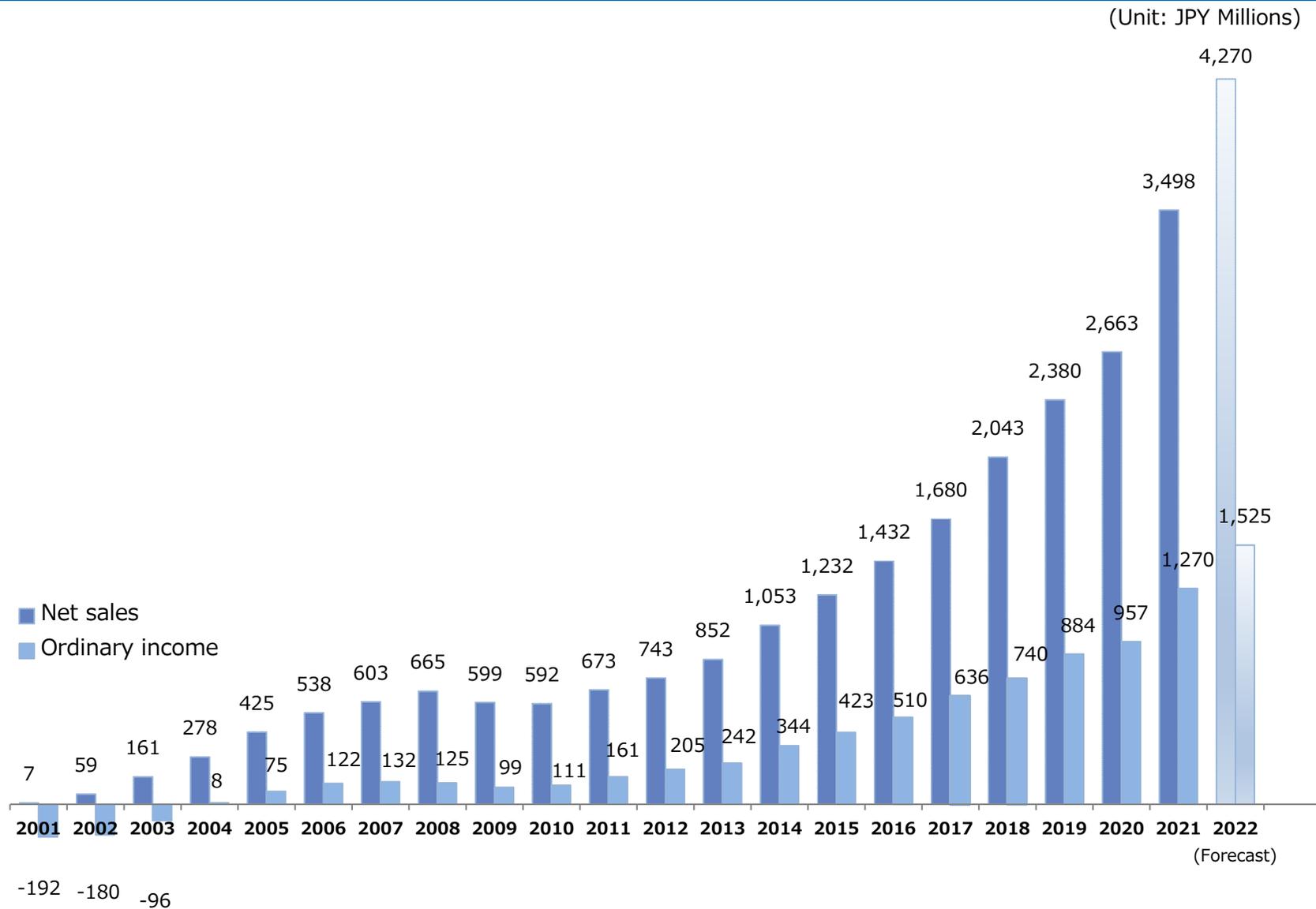
(Unit: JPY Millions)

	2021 Results for FY ended December 31	2022 Plan for FY ending December 31	Change from the previous year (%)
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 The exchange rate assumptions for the fiscal year plan ending December 2022 are as follows:

JPY113/USD, JPY131/EUR, JPY17.8/CNY, JPY3.4/THB

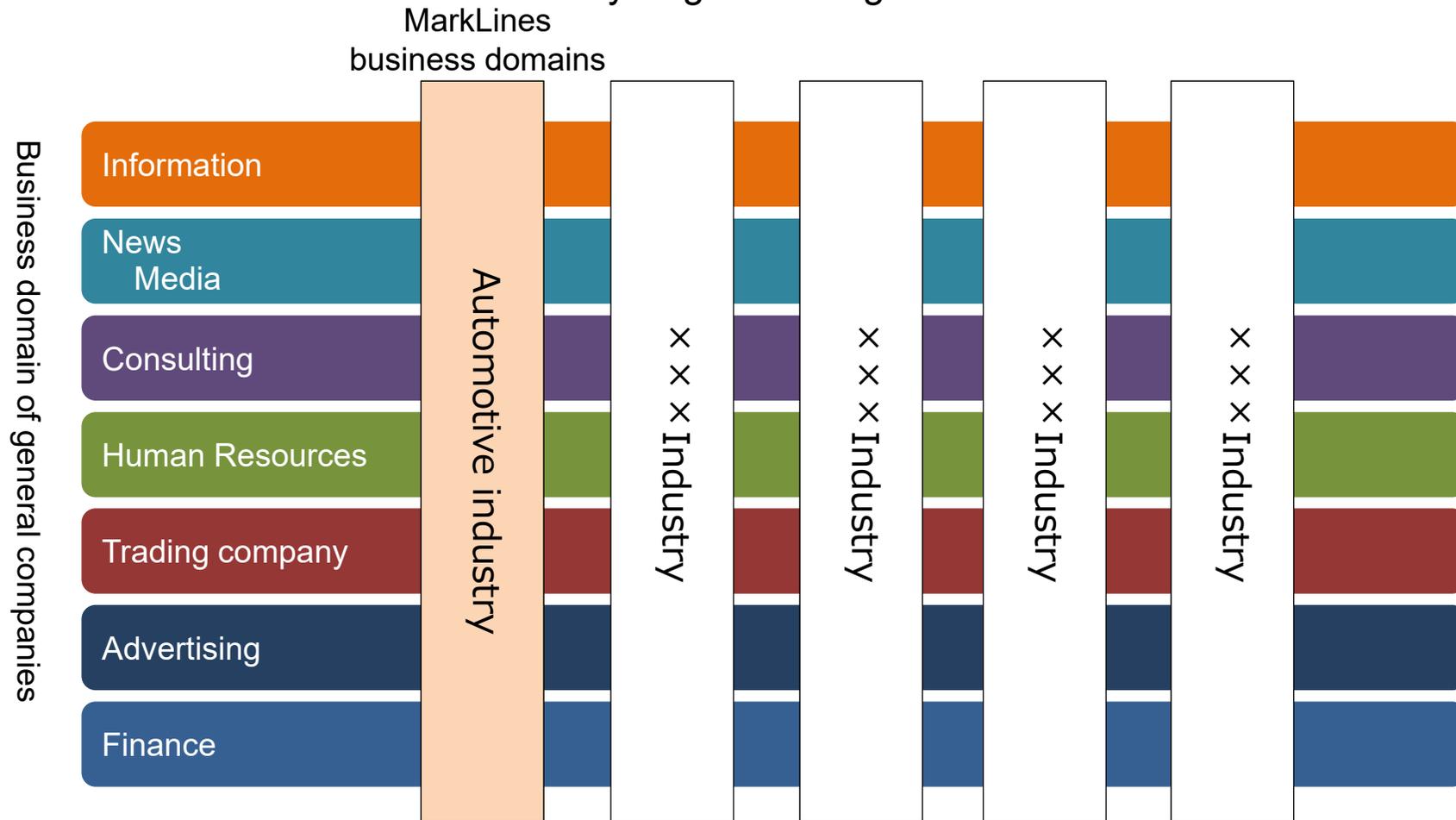
# Forecasting a 12th consecutive year of record profits



# IV. Growth Strategy

# Outline for promoting growth strategy

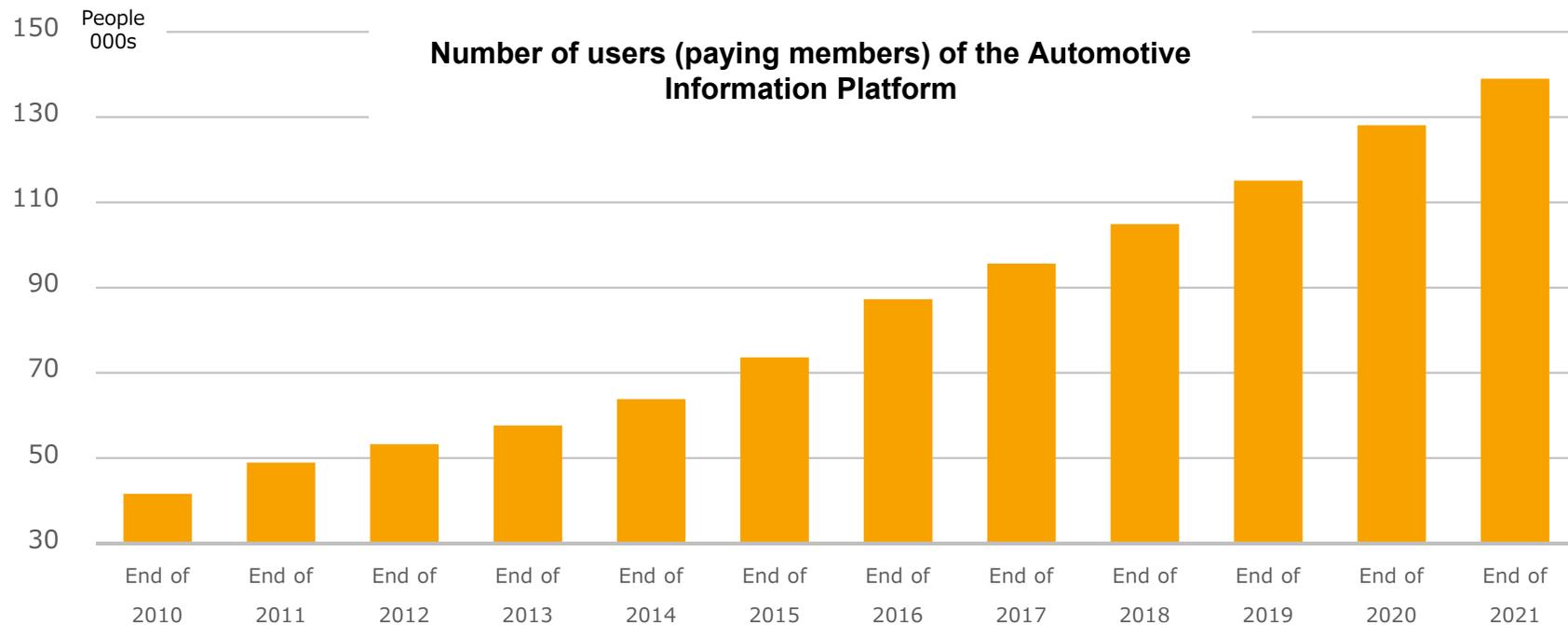
With the launch of the Automobile Fund business, the services we provide cover the areas of information, know-how, people, goods, and money (finance) necessary for business activities. Going forward, we will strengthen each business and maximize synergies among businesses.



# 1. “Information Platform” business

## ① Efforts to increase the number of subscribers and users

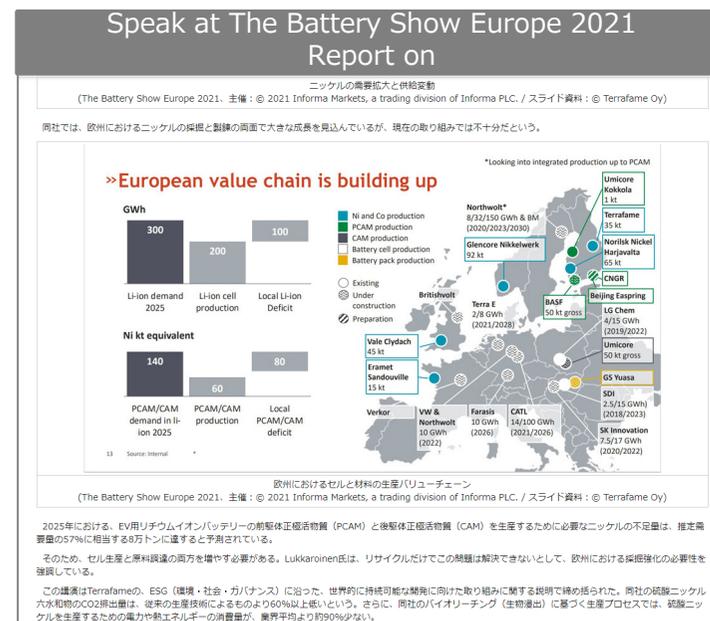
- ◆ In 2021, the number of companies with a net increase in contracts reached a record high of 571. In FY2022, we will continue to hold one-to-number (many-to-one) online information sessions at each of our global locations to increase the number of new subscriptions and to penetrate the use of existing members. Promote the expansion of the buyer base for services other than the Information Platform by encouraging an increase in the number of domestic and international subscribing companies and their users.



# 1. “Information Platform” business

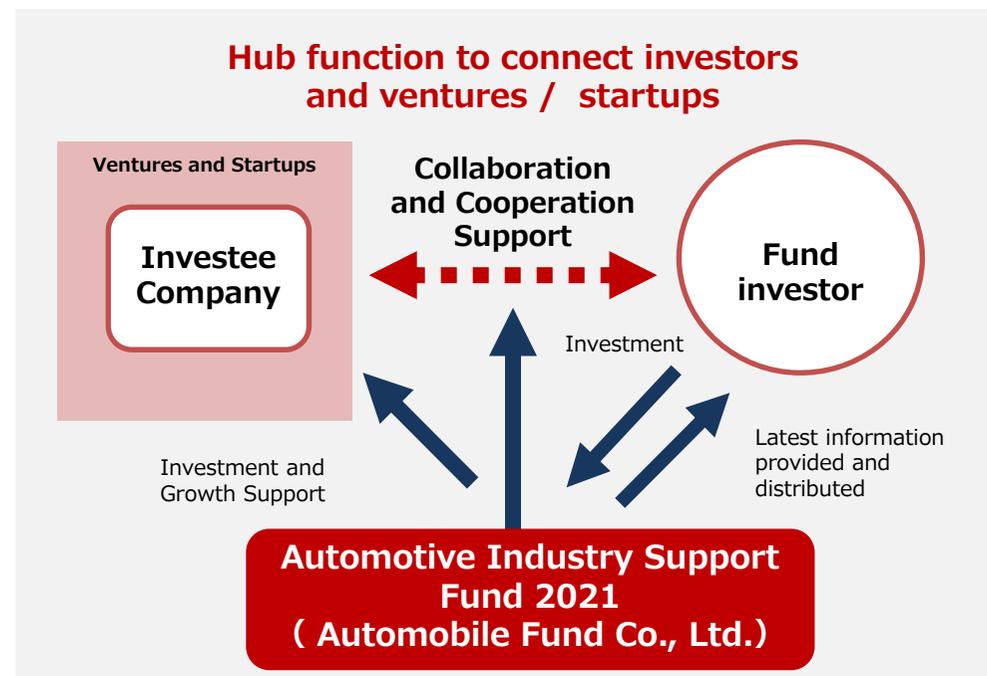
## ② Initiatives to strengthen content

- ◆ The movement toward carbon neutrality throughout the entire value chain, including raw material procurement, manufacturing, and logistics, is accelerating. We have started creating content for this trend.
- ◆ In FY2022, the "CASE (electrification and autonomous driving)" menu will be compiled into a database to improve convenience for Information Platform members.
- ◆ A multi-functional search function will be added to the "300 Parts Supply Chain" menu to enable data extraction from a variety of perspectives.
- ◆ Adding information on the number of mild HVs, which are in high demand in Europe.
- ◆ The "400 Major Companies Report" menu will be updated immediately after a company discloses its financial information, using AI to summarize and immediately update the information to speed up the provision of information.



## 2. Automobile Fund business

- ① Fundraising was completed at the end of December 2021. From 2022 onward, investments of about JPY 600 million per year will be implemented over a four-year period.
- ② After investing in the target company, we will support the investee by utilizing our network.
- ③ We will continue to support open innovation by fund investors through information gathering activities on CASE (Connected, Autonomous, Shared, Electric) and other global ventures and startups. In addition, we will promote activities to support collaboration and cooperation among LP (Limited Partner) investors and portfolio companies.



### 3. Benchmarking-related business

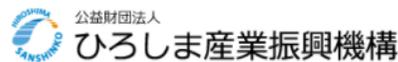
#### ① Vehicle and Parts Procurement agent services

For automobile manufacturers and major parts manufacturers, which account for the majority of our clients, referrals to other departments within those companies by the departments that use our services have led to repeat orders. Consider plans to increase in-house referrals and aim to increase orders.

#### ② Teardown survey data sales

- a. In partnership with AVL and Kobelco Research Institute, we have started selling new teardown survey reports such as performance test data. In 2022, we will focus on sales promotion activities for these reports.

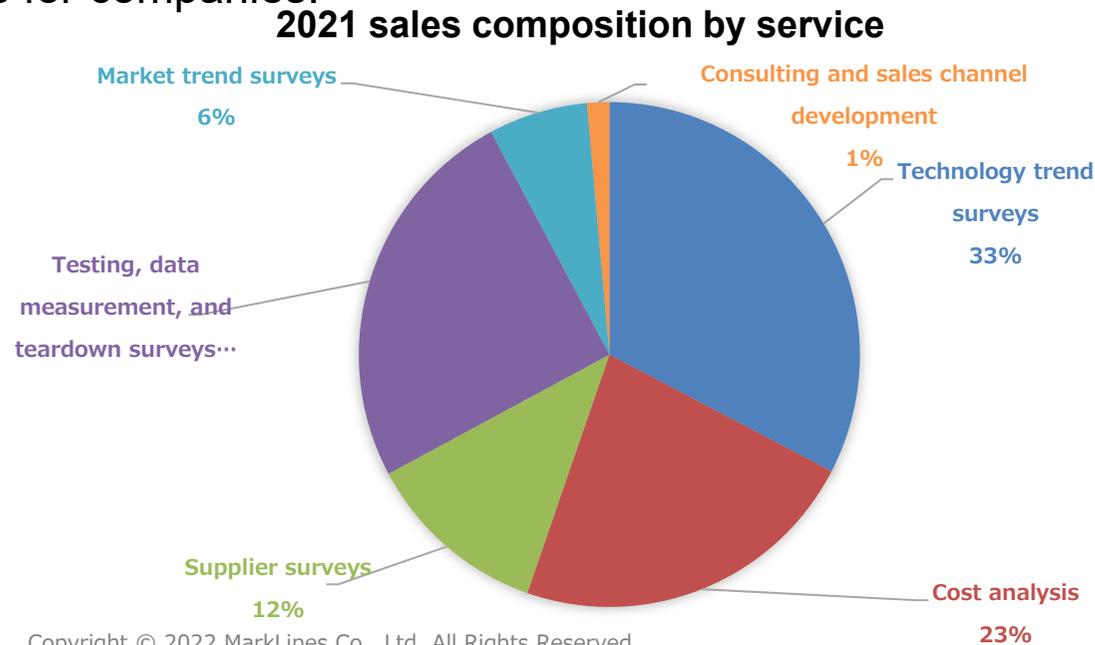
[List of partners as of December 31, 2021]



- b. Expand the lineup of sales reports by developing new partners.

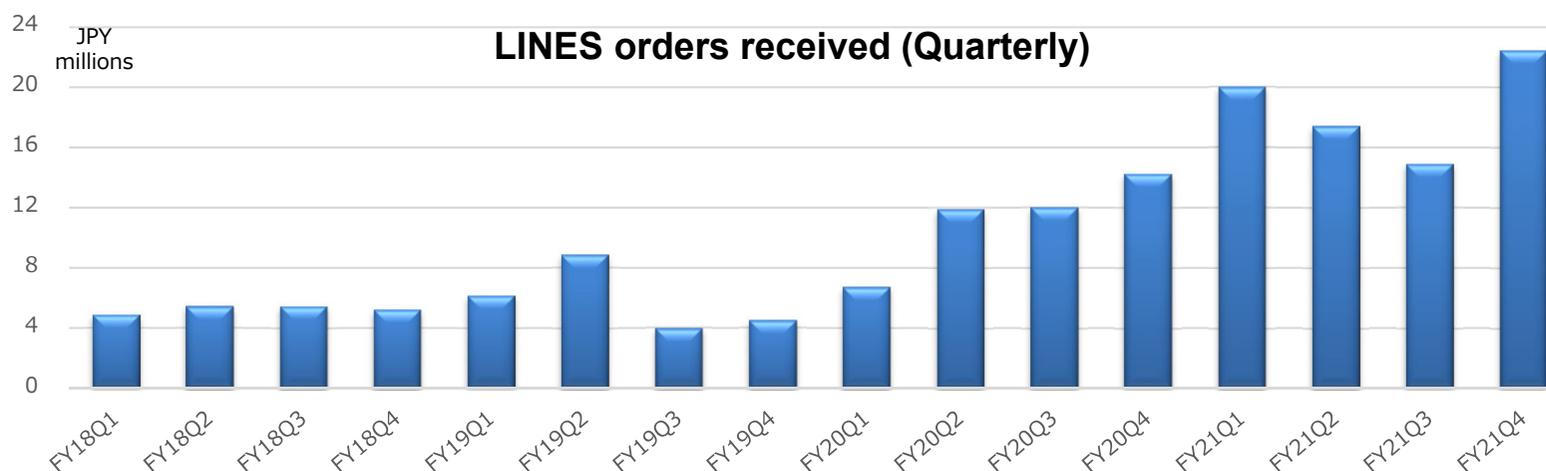
## 4. Consulting business

- ① With a view to global expansion of this business, we will attempt to execute consulting projects at our German subsidiary in FY2022. Subsequently, we will expand this to our China subsidiary.
- ② Cost comparison analysis services have grown steadily over the past three years due to an increase in new and repeat customers. We will continue to expand our capacity to handle the increase in orders.
- ③ By collaborating with the automobile fund business and the temporary staffing business, we aim to increase the acquisition of problem-solving consulting projects for companies.



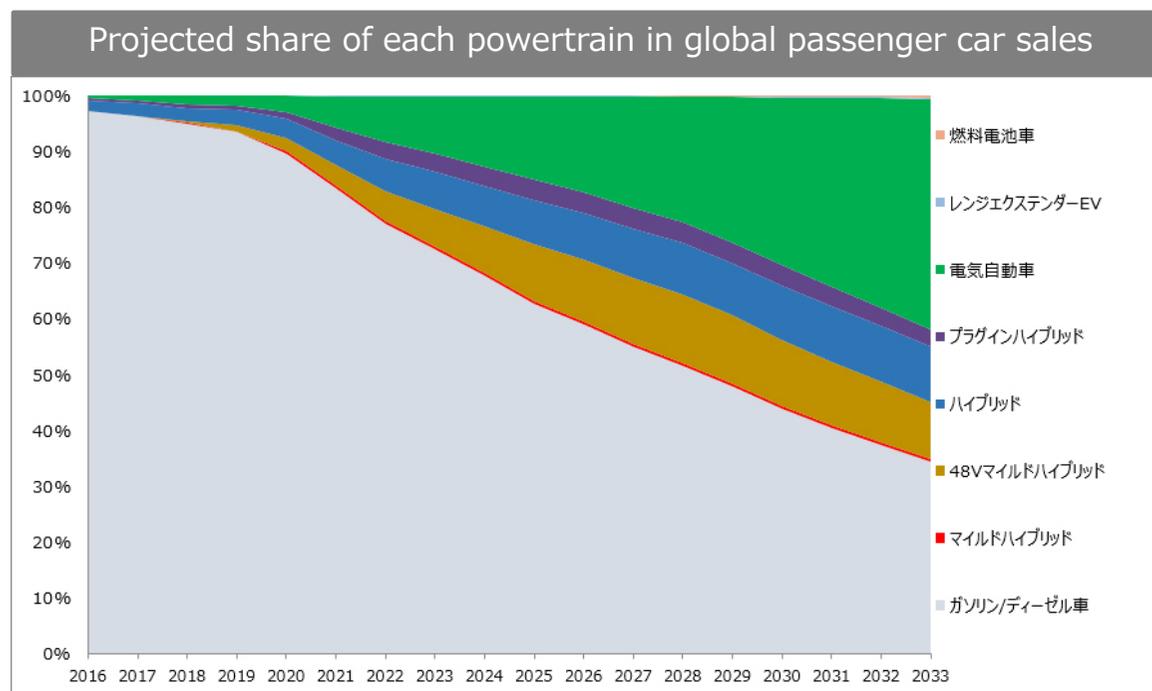
## 5. Promotional Advertising (**LINES**) business

- ① The landing page was released in November 2021. In 2022, we aim to increase awareness and acquire customers in new business areas by directing them to the relevant pages from Google and other online searches.
- ② It has been used as a tool for promoting Client in-house products and services and attracting customers for in-house events. We will continue to increase sales by linking this demand to the acquisition of contracts, as repeat orders from equipment, machinery, and solutions companies, with which it has strong inquiries, are increasing.
- ③ The release of the smartphone version of the app "Send Me MarkLines" has been completed. In FY2022, we will work to increase awareness of this app among companies considering the promotion of their products and services.



## 6. LMC Automotive Ltd. product (market forecast information) sales business

- ① It is assumed that there will continue to be a high need for forward-looking information on the progress of electrification, etc. The data provided by MarkLines can be sold in a variety of ways, such as by powertrain type and country, and will therefore appeal to a wide range of Information Platform members.
- ② In FY2022, we aim to further increase the number of contacts with prospective customers by further expanding the number of people to whom promotional e-mails are sent.





# MarkLines SDG and ESG Initiatives

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- 1. PROVIDING LCA (LIFE CYCLE ASSESSMENT) INFORMATION, KNOWLEDGE, AND HUMAN RESOURCES TO REALIZE A CARBON-FREE SOCIETY**
- 2. CONTRIBUTING TO THE REALIZATION OF COMFORTABLE TRAVEL BY PROVIDING AUTONOMOUS DRIVING INFORMATION**
- 3. PROMOTION OF DIGITIZATION THROUGH INTERNET BUSINESSES**
- 4. PROMOTE INTERNAL HUMAN RESOURCES REGARDLESS OF AGE, GENDER, EDUCATIONAL BACKGROUND, OR NATIONALITY.**

THANK YOU VERY MUCH FOR YOUR  
ATTENTION.