



MarkLines Co., Ltd.
Financial Results
Briefing Materials

FY ended Dec. 2022

February 14, 2023

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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 incorrect 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.

- I. Summary of FY ended Dec. 31, 2022**
- II. Financial Summary**
- III. Earnings Forecast**
- IV. Growth Strategy**

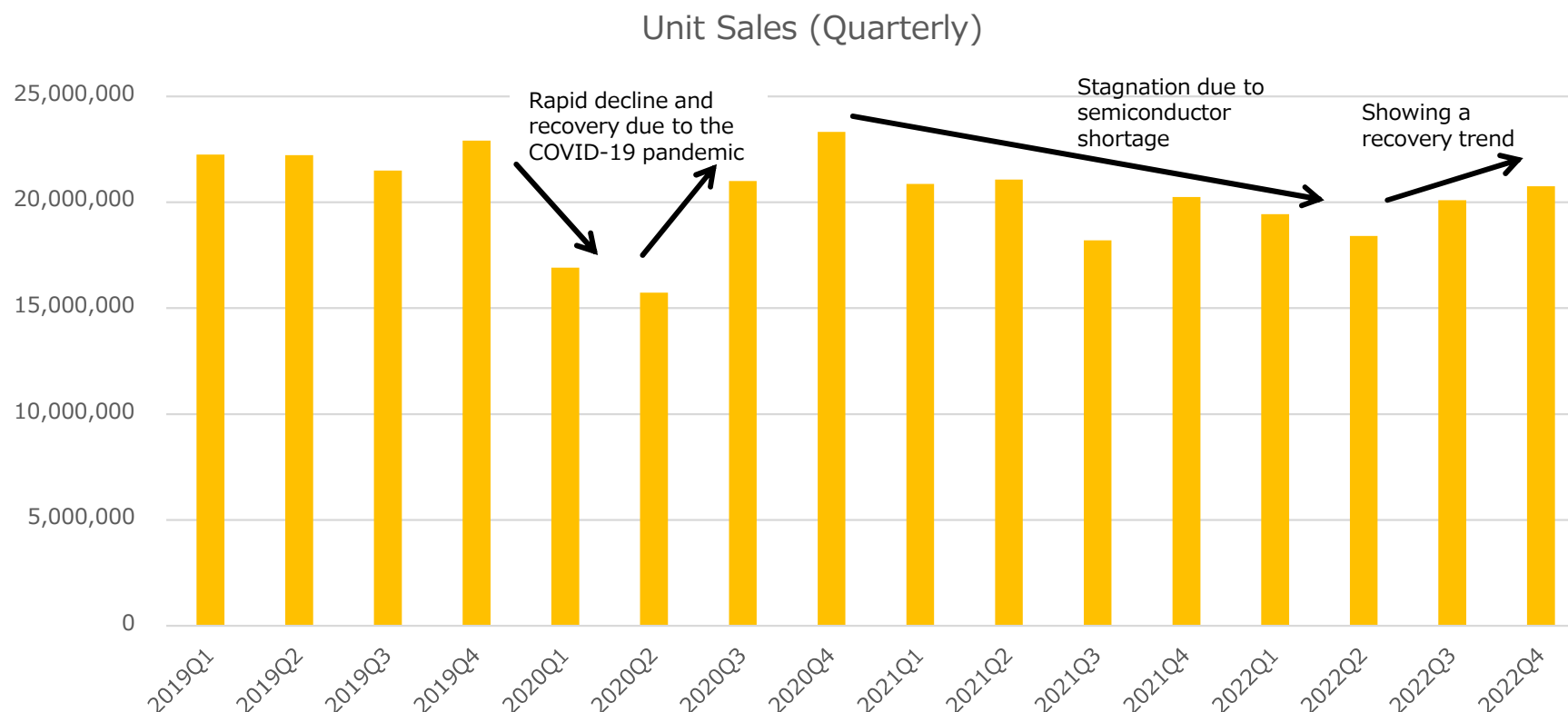
I. Summary of FY ended December 31, 2022

Summary of the FY ended December 31, 2022

1. Changes in the Business Environment

① Aftermath of semiconductor shortage and COVID-19 pandemic

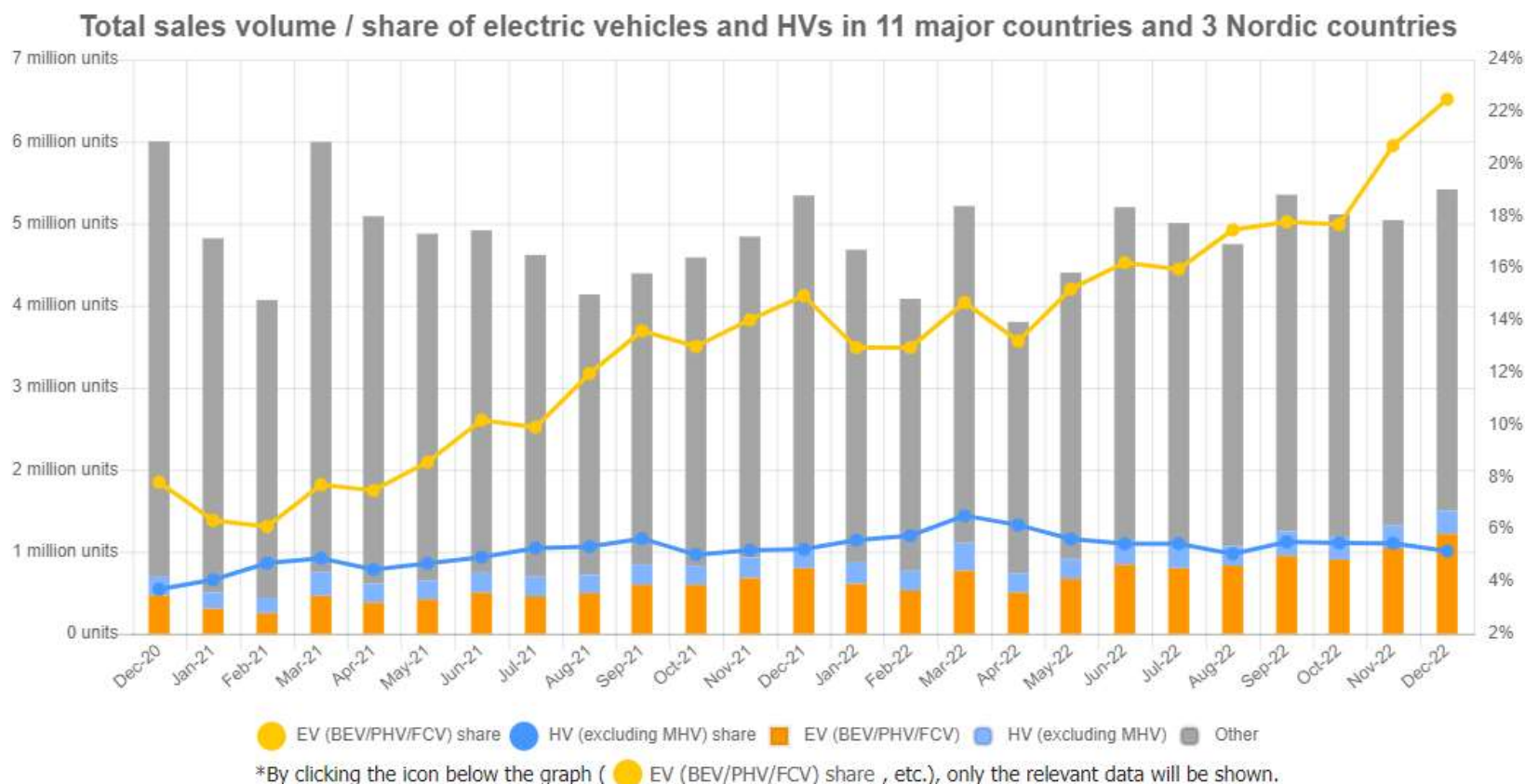
Although many automakers were forced to adjust production due to prolonged supply chain disruptions and parts shortages, sales volumes gradually recovered in the year's second half. In addition, the shortage of semiconductors is expected to be resolved in the first half of 2023.



Summary of the FY ended December 31, 2022

② Efforts toward carbon neutrality accelerating globally

As efforts toward a decarbonized society spread, the rise of EV automakers such as BYD and the trend to follow existing manufacturers has become more pronounced, and the share of EVs in the sales volume is increasing.



Summary of the FY ended December 31, 2022

2. Enhancing the content of the Information Platform

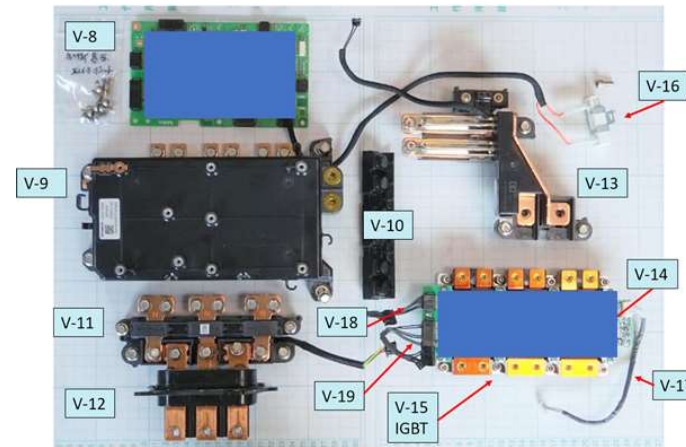
Promoted functional expansion of Information Platform content by putting into practice and deepening DX (digital transformation) and implemented the following functions. We have improved user convenience.

Summary	
Implementation of Recommendation Function	Display recommended content based on individual access trends
Creation of database for "EVs and Autonomous driving"	Ability to search more than 650 vehicle models by battery type, capacity, motor output, autonomous driving level, presence or absence of millimeter wave radar, etc.
Creation of database for "Market share and supply information by component"	A combination of specific models, specific parts manufacturers, and parts classifications enables narrowing down searches for parts supply-related data.

Summary of the FY ended December 31, 2022

3. In-house production of teardown survey data

From this fiscal year, we started selling our in-house reports, "Nidec e-Axle cost analysis data for Aion S" and "12 model comparison report on the latest HMI technology". Started full-scale in-house production of teardown survey data.



Cost accumulation for each component

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

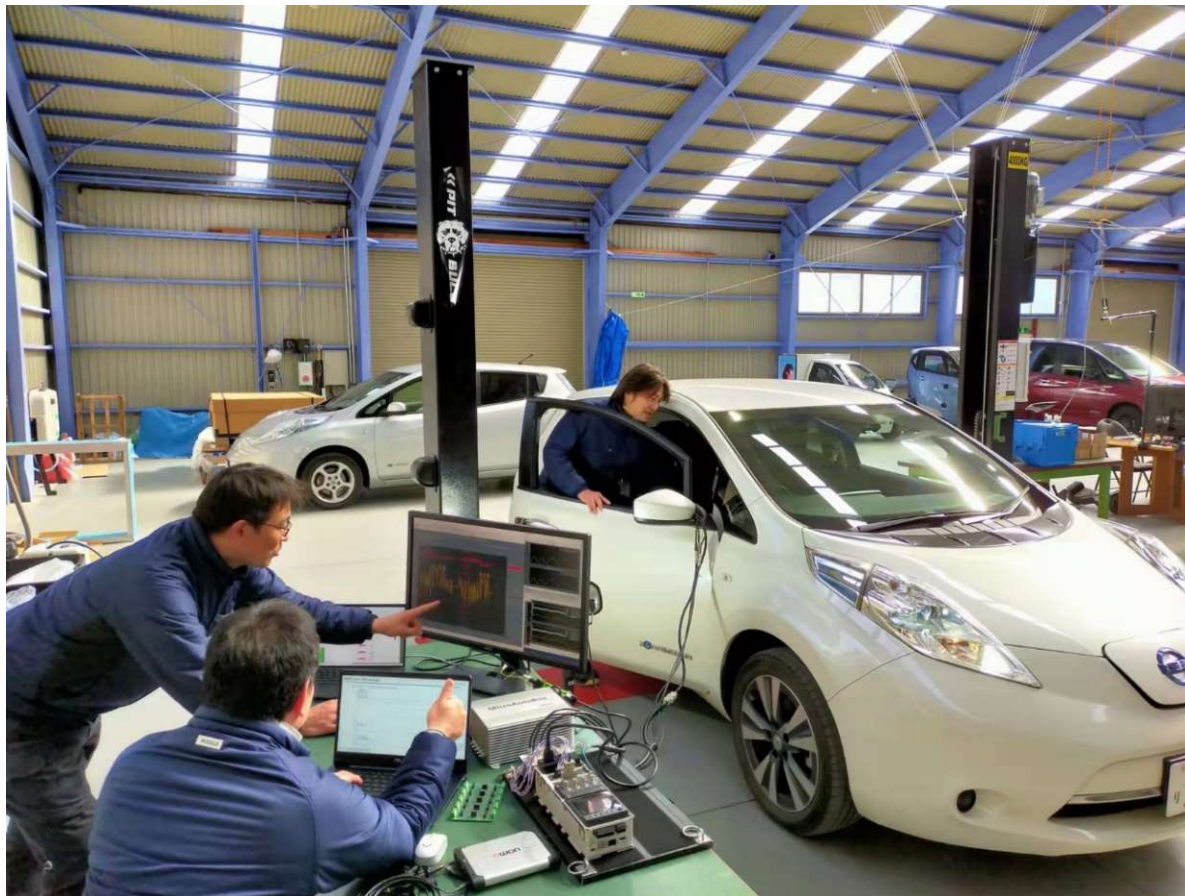
部品名	仕様	寸法 (mm)	個数	単品重量 (g)	台当り (g)	材料費						加工費				製造原価 (円)	型費治具 (千円)
						材質	材料単価 (円/kg)	投入重量 (kg)	材料費 (円)	購入 部品費	材料費計	加工工程	工数	賃率	加工費 (円)		
SHAFT		3φ * 81	1	4.5	4.5	磨き棒銅	XXXX	XXXX	XXX	XX	XXX	切断、 センターレス研削	XX	XXXX	XXX	XXXX	XXXX
CORE		23φ	56	0.0	0.0	ケイ素 銅板 0.5t	XXXX	XXXX	XXX	XX	XXX	PROG加工 50T 4枚同時加工	XX	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 e-Axle cost analysis data for Aion S

Summary of the FY ended December 31, 2022

4. Investment in Blue Sky Technology, Inc.

Automobile Fund Co., Ltd., a subsidiary of the MarkLines, has invested JPY 200 million in Blue Sky Technology, Inc. through the “Automotive Industry Support Fund 2021 Investment Business Limited Liability Union” operated by the Company.



～Blue Sky Technology's Atsugi Development Center～

Summary of the FY ended December 31, 2022

5. Establishment of Mexico subsidiary

Established a subsidiary in Mexico, an important region for the automotive industry. We are accelerating the development of new customers in the North American region and increasing our capacity to collect primary information.

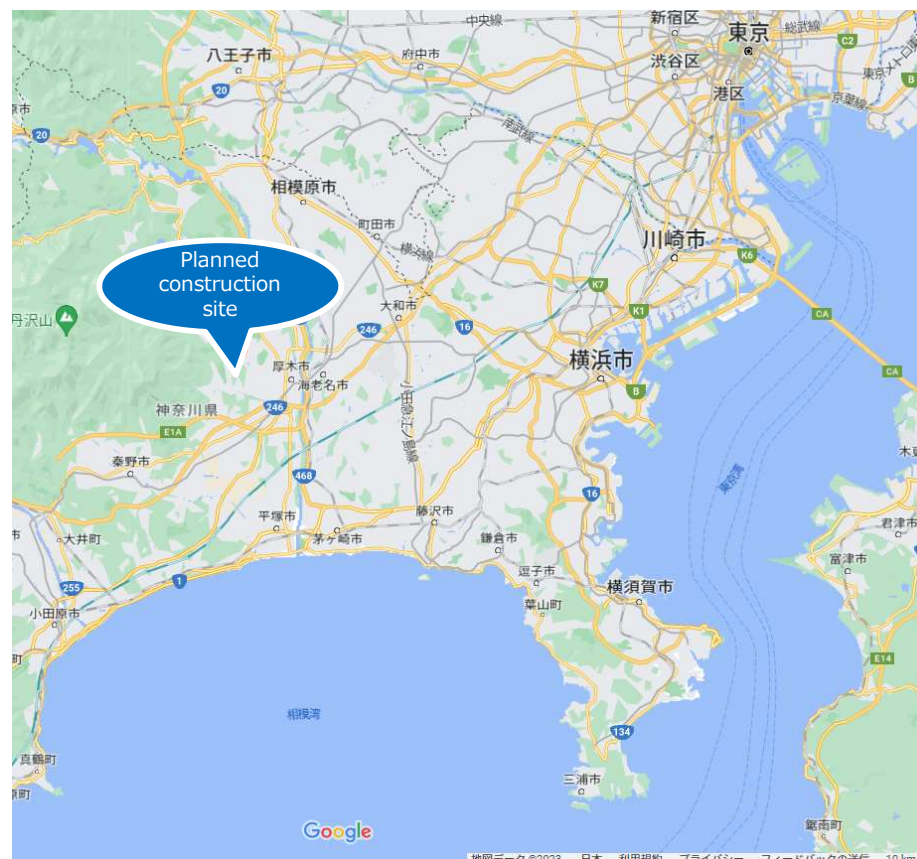
Summary	
Name	MarkLines Mexicana S.A. de C.V.
Location	Leon City, Guanajuato, Mexico
Representative	Takamasa Adachi
Capital	MXP 700,000
Establishment date	December 10, 2022
Capital contribution ratio	Our company 100%

Summary of the FY ended December 31, 2022

6. Acquisition of land for construction of Benchmark Center

Sales of vehicle and parts procurement agency and cost comparison analysis services provided by the current Benchmark Center continue to grow. Against this backdrop, the company acquired the site to build a full-scale benchmarking center of its own, which has been planned for some time.

Summary	
Location	Morinosato, Atsugi-shi, Kanagawa 14 Aoyama
Land area	4416.52 sq.m
Acquisition price	JPY 340 million
Ownership transfer date	December 20, 2022



II. Financial Summary

Summary of Consolidated Financial Results

(Unit: JPY Millions)

	FY ended Dec. 2022			y/y (%)	Primary factors
	Actuals	2022 earnings forecast	Ratio to forecast (%)		
Consolidated net sales	4,125	4,270	$\triangle 3.4$	+17.9	The "Information Platform" business increased 17.7% year-over-year (y/y). Other businesses increased by 18.3% y/y due mainly to strong performance in market forecasting information sales, promotional advertising, and benchmarking-related businesses. Overall, sales increased by 17.9% y/y.
Consolidated operating income	1,623	1,600	+1.5	+26.7	Sales increased by 26.7% y/y, offsetting the impact of higher fixed costs.
Consolidated ordinary income	1,622	1,600	+1.4	+27.7	Operating income increased by 26.7% y/y, resulting in a 27.7% y/y increase in ordinary income.
Net income attributable to shareholders of the parent	1,139	1,120	+1.8	+28.7	Ordinary income increased 28.7% y/y, resulting in a 27.7% y/y increase in net income attributable to shareholders of the parent.

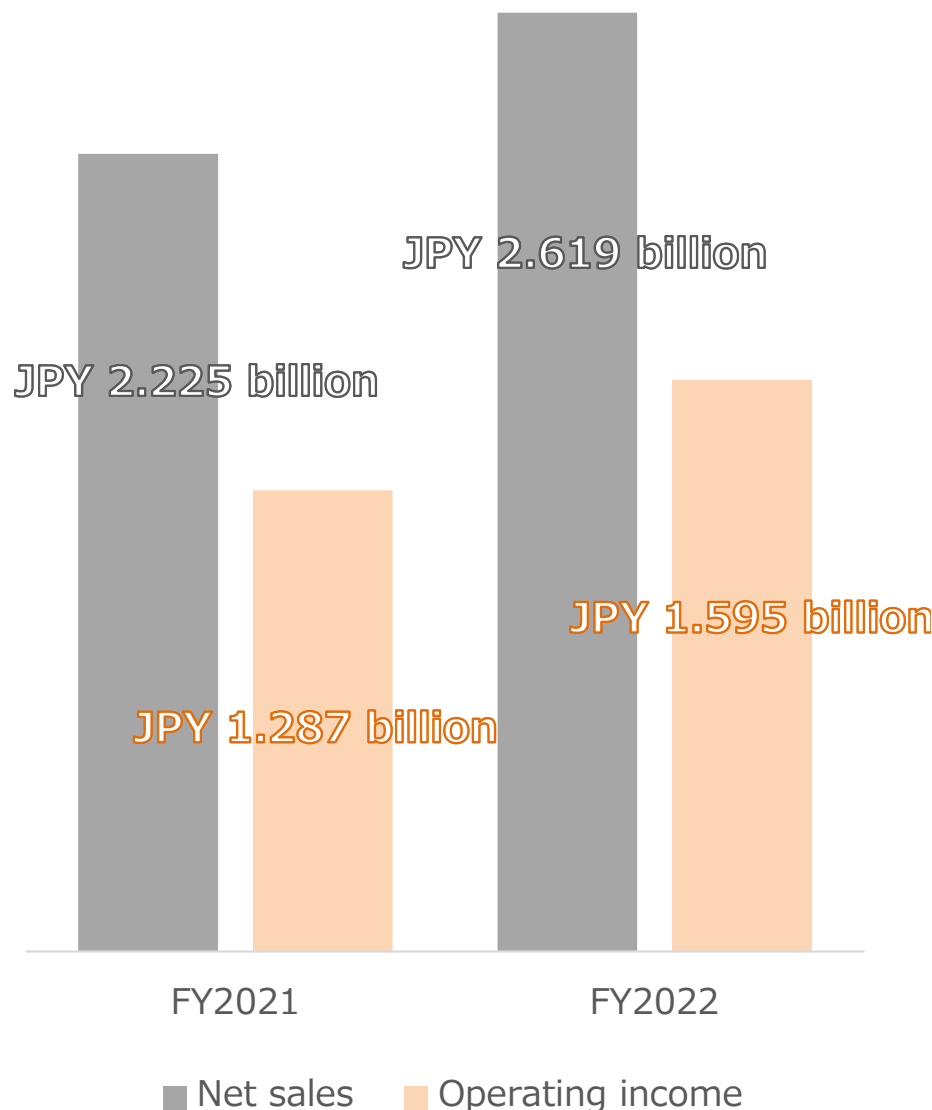
Business segment profit and loss

(Unit: JPY Millions)

Business		2021 Actuals	2022 Actuals	y/y	
Information Platform business	Net sales	2,225	2,619	+394	+17.7%
	Segment profit	1,287	1,595	+307	+23.9%
Benchmarking-related business	Net sales	498	616	+118	+23.7
	Segment profit	114	158	+43	+38.3%
Promotional Advertising business	Net sales	68	87	+19	+27.8%
	Segment profit	54	77	+23	+42.8%
Consulting business	Net sales	347	383	+36	+10.4%
	Segment profit (loss)	75	74	△1	△1.4%
Market Forecast Information sales business	Net sales	185	225	+40	+21.9%
	Segment profit	50	69	+18	+37.3%
Recruiting Solutions business	Net sales	133	153	+19	+14.4%
	Segment profit	48	57	+9	+19.4%
Automobile Fund business	Net sales	39	39	△0	△ 1.0
	Segment profit (loss)	△2	3	+5	-
Adjustments	Net sales	-	-	-	-
	Segment profit (loss)	△346	△411	△65	-
Consolidated net sales		3,498	4,125	+626	+17.9%
Consolidated operating income		1,281	1,623	+341	+26.7%

Business segment profit and loss (Information Platform business)

■ Information Platform business



① Information Platform business,

- New orders temporarily declined in the first half of the year due to the Shanghai lockdowns and semiconductor shortage, but recovered in the second half.
- Sales related to overseas contracts increased due to the continued depreciation of the Japanese yen (JPY).
- The shift from local currency denominated contracts to the more stable USD-denominated contracts in developing countries in June last year also contributed.
- In addition, contracts with higher unit prices increased compared to last year, contributing to the increase in sales.

As a result of the above, net sales increased 17.7% y/y and operating income increased 23.9%.

Business segment profit and loss (Information Platform business)

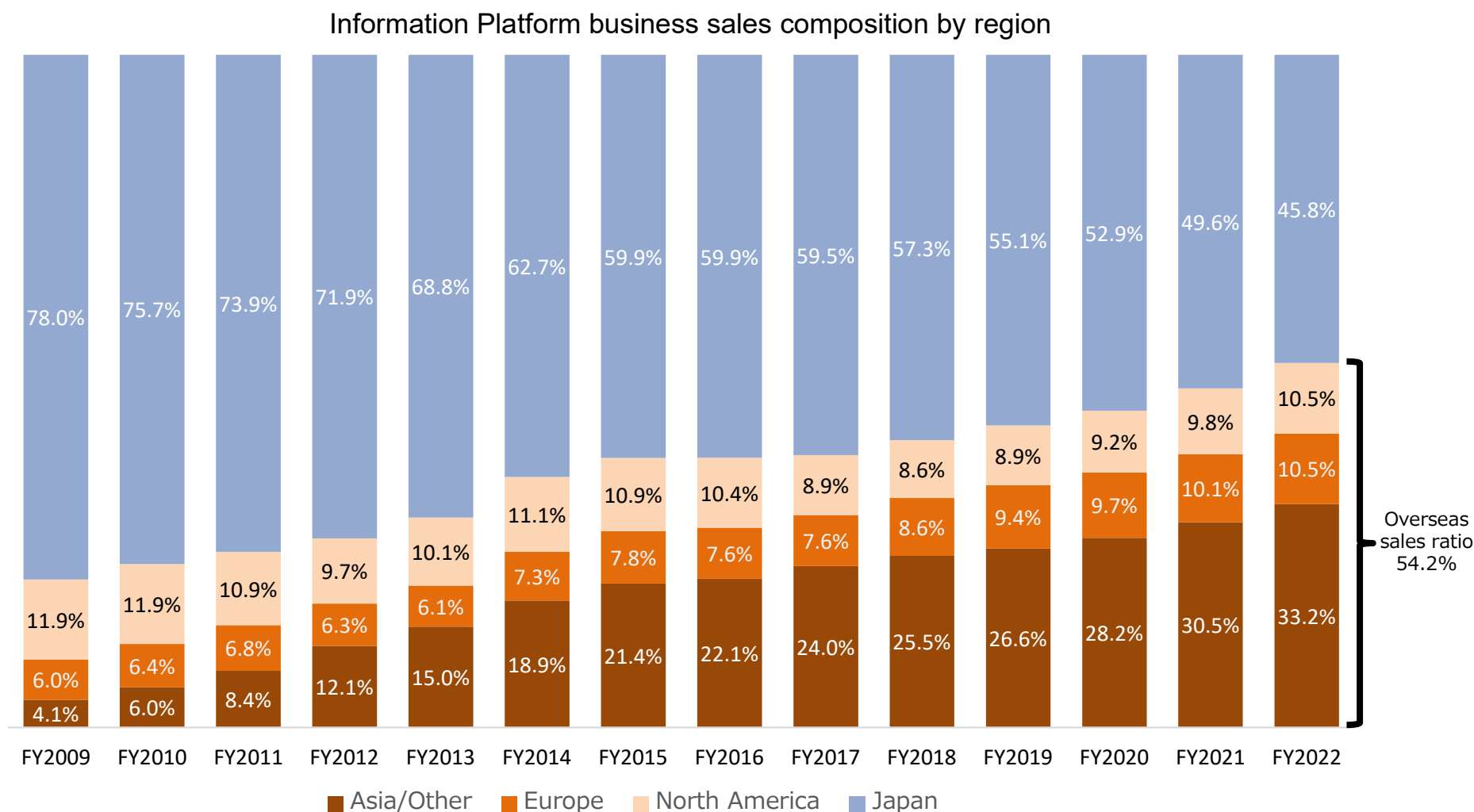
- ② Sales by region in the Information Platform business grew significantly, especially overseas, due in part to the positive effect of the weak Japanese yen.

(Unit: JPY Millions)

Information Platform business sales by region				
Information Platform business	2021	2022	y/y (%)	Factors of increase/decrease
Japan	1,104	1,200	+8.6	The effect of the increase in the number of contract wins in the previous term continued, and sales also increased.
China	348	448	+28.8	Despite a temporary decline in new contract wins due to the Shanghai lockdowns and other factors, the number of contract wins steadily increased for the full year. Sales increased significantly due to the weaker JPY (stronger CNY).
Asian	318	402	+26.6	New contract wins remained strong, especially in Taiwan and South Korea. Sales grew by more than 20%, due in part to the effect of unifying the contract currency to the U.S. dollar (USD).
North America	217	275	+26.7	The number of contracts in the region increased by 39 companies from the end of the previous fiscal year due to the effect of direct sales to Japanese companies in North America from domestic sales in Japan. In addition, the weak JPY also contributed to an increase in sales of more than 20%.
Europe	225	276	+22.4	As in North America, sales increased by more than 20% due to direct sales to Japanese companies in Europe from domestic sales in Japan and the effects of the weaker JPY.
Other	10	15	+49.4	-
Total	2,225	2,619	+17.7	

Business segment profit and loss (Information Platform business)

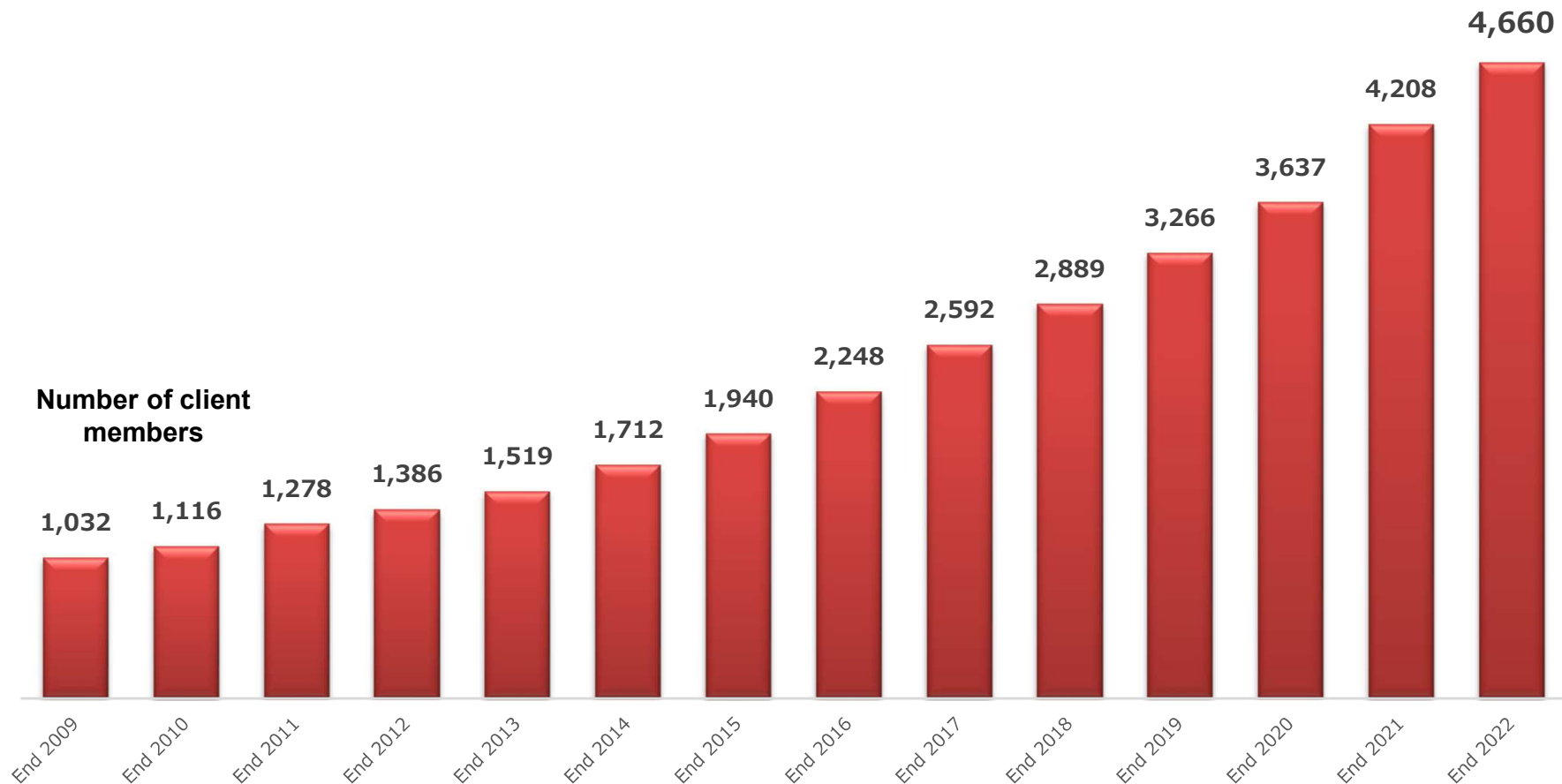
- ③ In FY2022, 74% of new orders were from overseas companies, further globalizing the company's operations. As a result, the ratio of overseas sales to total sales rose 3.8 percentage points from the previous year to 54.2%.



Business segment profit and loss (Information Platform business)

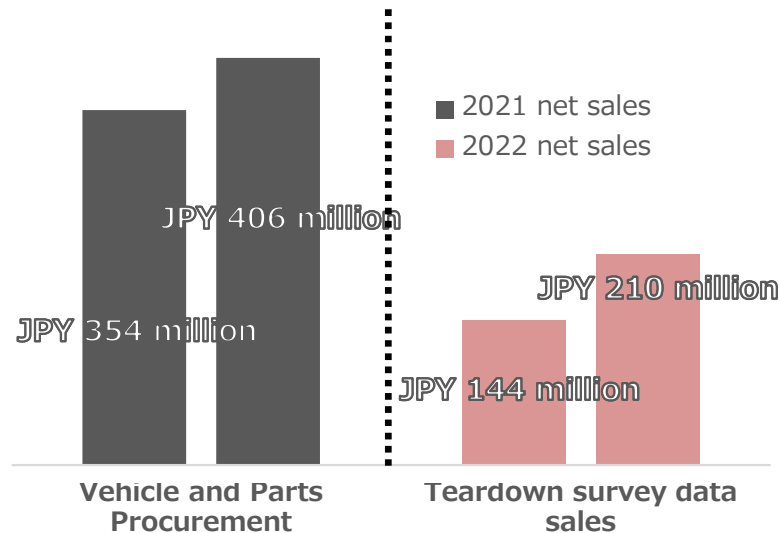
- ④ In the first half of the year, the number of net additions increased steadily despite the downturn in the automotive industry due to the shortage of semiconductors and disruptions in the supply chain. As a result, the number of Information Platform client member companies as of the end of December 2022 was 4,660.

Number of client members as of the end of each fiscal year



Business segment profit and loss (businesses other than the Information Platform business)

■ Benchmarking-related business



• Vehicle and Parts Procurement Agency

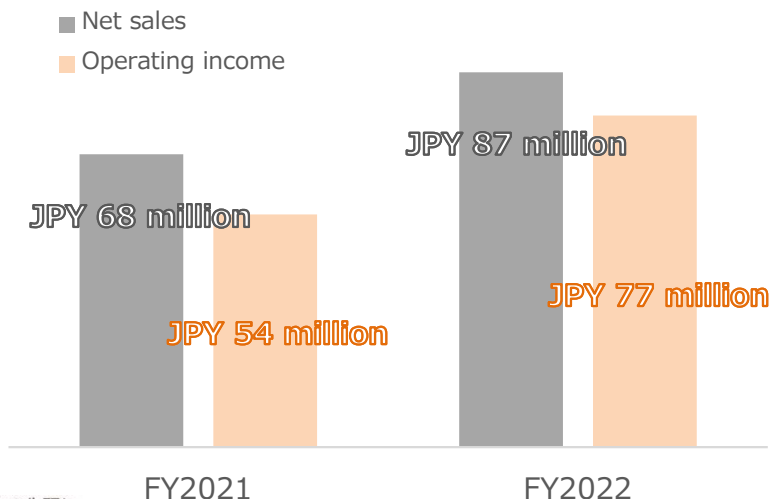
Sales increased 14.7% y/y to JPY 406 million due to strong interest in e-Axle for electric vehicles (EVs) amid the ongoing trend toward electrification, as well as steady growth in procurement projects for EV bodies, etc.

• Teardown survey data sales

In addition to the enhancement of product lineups such as Audi e-Tron, Wuling Hongguang Mini EV, and Ford F-150 Lightning, the sales ratio of in-house produced survey reports exceeded 30%, resulting in a 45.6% y/y increase in sales to JPY 210 million.

Operating income for both services increased 38.3% y/y to JPY 158 million.

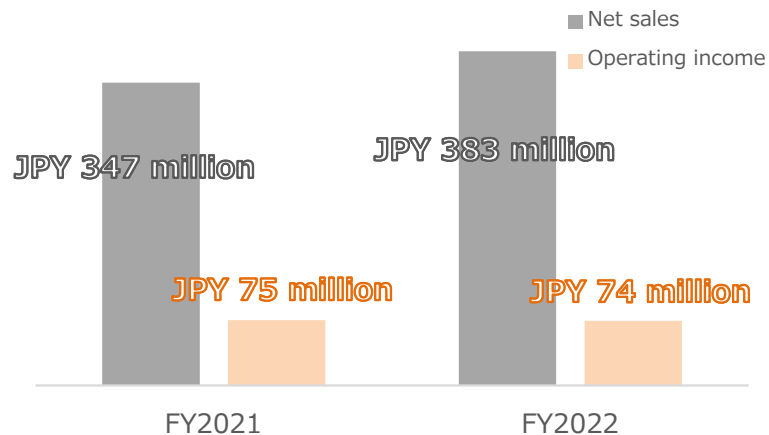
■ Promotional Advertising Business **LINES**



It has become established as a specialized advertising medium for the automotive industry, with orders from repeat customers accounting for nearly 90% of sales. In addition, sales increased 27.8% y/y due to the effects of the renewal of the introduction page and the revamping of business introduction materials. In addition, because this is a business with high marginal profit margins, operating income grew significantly 42.8% y/y in line with sales growth.

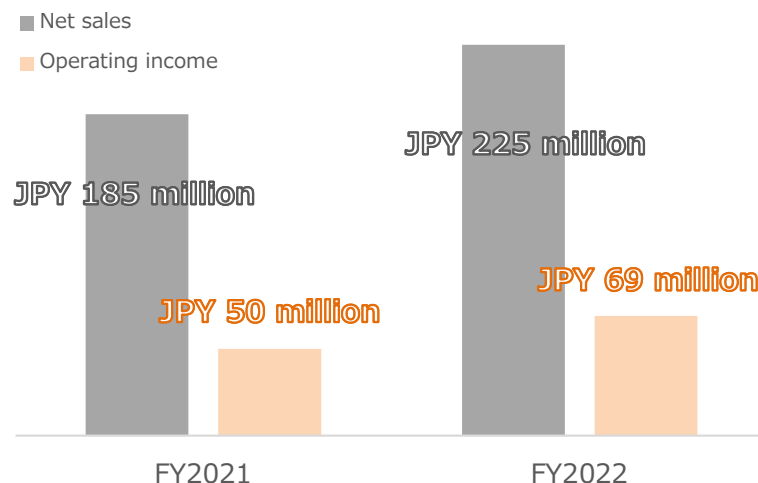
Business segment profit and loss (businesses other than the Information Platform business)

■ Consulting business



In response to the trend toward electrification, cost comparison analysis and technology trend surveys, etc. accounted for the majority of sales. In addition, as a new endeavor, consulting services were launched in Germany and China. As a result, net sales increased 10.4% y/y. Conversely, operating income decreased by 1.4% y/y due to increased outsourcing and personnel expenses.

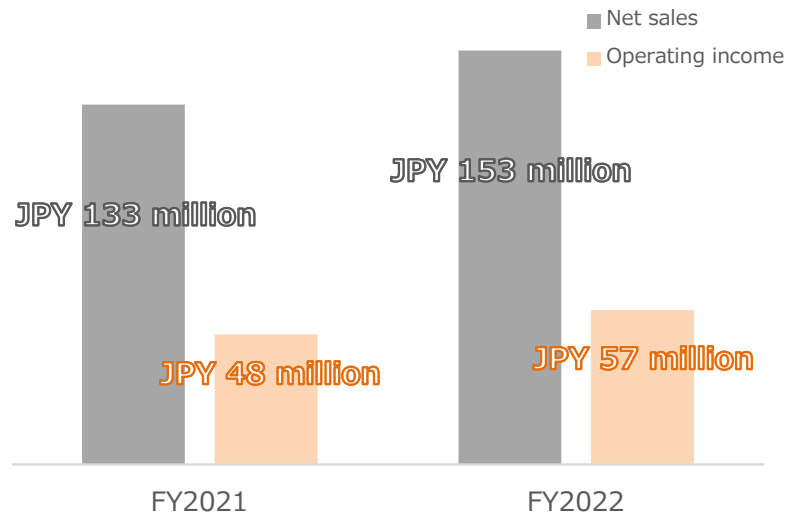
■ Sales of LMC Automotive Ltd. product (market forecast information) sales business



Against the backdrop of electrification, powertrain-related forecast information accounted for nearly 80% of orders. In addition, the number of companies renewing annual contracts remained high, exceeding the previous year's level, resulting in a 21.9% increase in net sales and a 37.3% increase in operating income y/y, with the added effect of reduced procurement costs due to increased transaction volume.

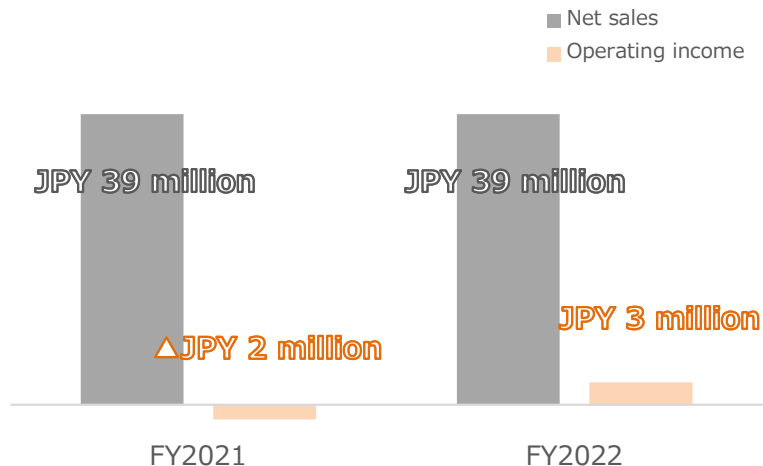
Business segment profit and loss (businesses other than the Information Platform business)

■ Recruiting Solutions business



With automakers becoming more active in hiring, the number of management-level projects increased, and the number of contracts signed increased from 65 in the previous year to 74. As a result, net sales increased by 14.4% y/y and operating income increased by 19.4% y/y.

■ Automobile Fund business



Since the third quarter of the previous fiscal year, the "Automotive Industry Support Fund 2021 Investment Limited Liability Partnership" has been treated as an affiliate accounted for by the equity method, and establishment and management fees are recorded as sales. In the current consolidated fiscal year, management fees received from such limited liability investment partnerships were recorded as revenues. As a result, operating income improved from an operating loss of JPY 2 million in the previous year to an operating loss of JPY 3 million.

III. Earnings Forecast

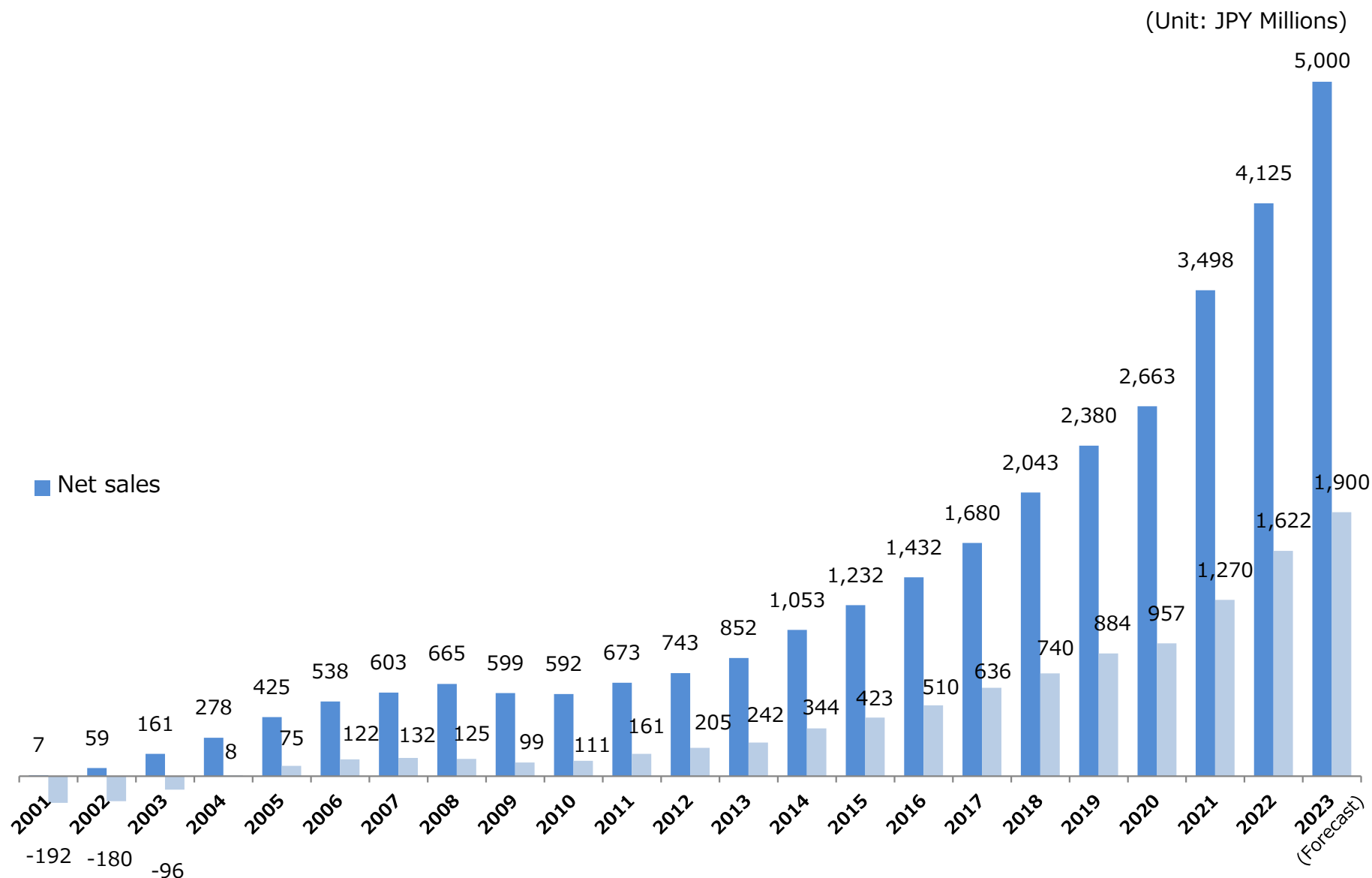
Full-year earnings forecast

(Unit: JPY Millions)

	2022 Results for FY ended December 31	2023 Plan for FY ended December 31	Change from the previous year (%)
Consolidated net sales	4,125	5,000	+21.2%
Consolidated operating income	1,623	1,900	+17.0%
Consolidated ordinary income	1,622	1,900	+17.1%
Net income attributable to shareholders of the parent company	1,139	1,300	+14.1%

※1 The exchange rate assumptions for the fiscal year plan ended December 2023 plan are as follows:
JPY130/USD, JPY140/EUR, JPY19.2/CNY, JPY3.9/THB

Forecasting a 13th consecutive year of record profits



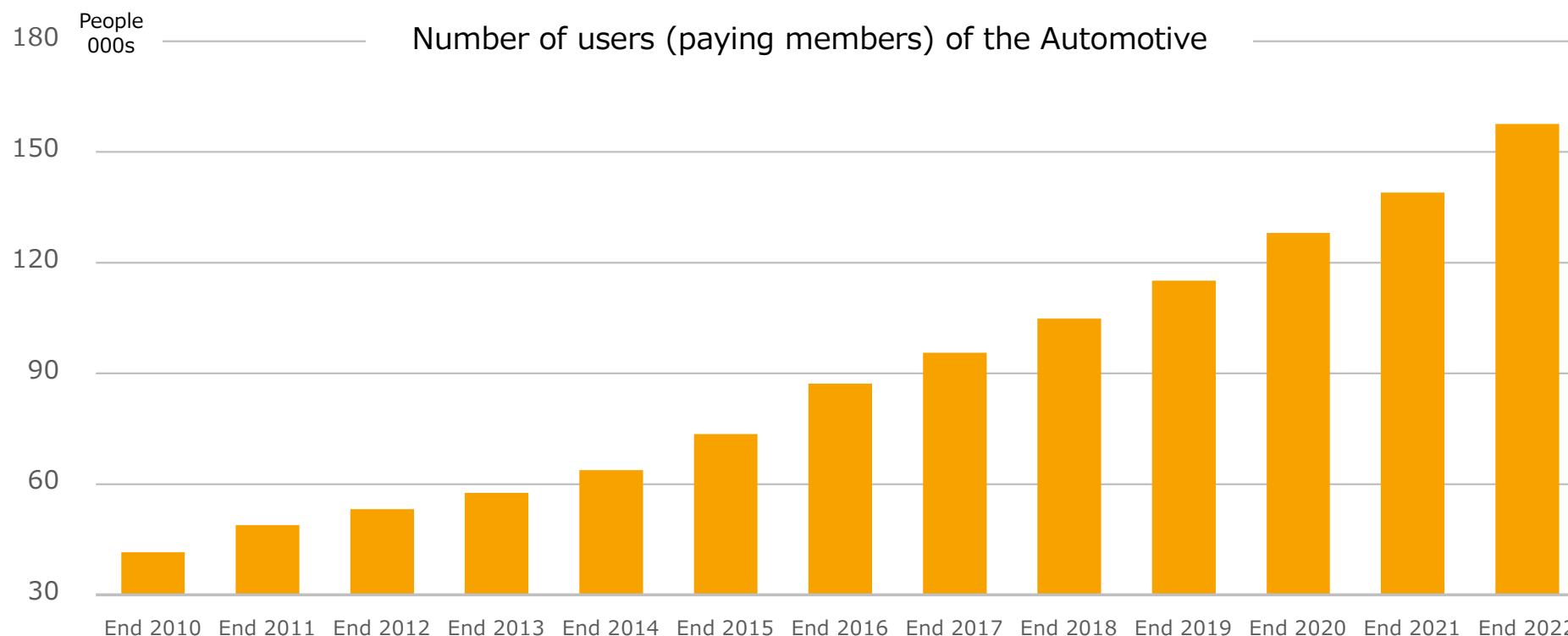
IV. Growth Strategy

1. “Information Platform” business...Expansion of customer base 1/2

Expansion of the customer base for the "Information Platform" business, which reflects the buyer base of services being expanded by each business

① Efforts to increase the number of subscribers and users

- ◆ Promote the acquisition of new unrestricted contracts through such measures as strengthening the sales force structure.
- ◆ Continue to increase the number of registered members by encouraging each company with unrestricted contracts to promote internal recognition and PR.



1. “Information Platform” business...Expansion of customer base 2/2

② Efforts to strengthen content

- ◆ Strengthening of news, supplier information, and other content in North and South America by utilizing the Mexican subsidiary.
- ◆ The user interface of the "60,000 Company Search" menu has been updated to improve user convenience.
- ◆ Continuing to enhance high-profile content such as carbon neutrality (LCA; life cycle assessment), including in the manufacturing field, by finding partners and strengthening the personnel structure.
- ◆ The weight of software in the life cycle cost of automobiles is increasing. Promote the enhancement of content related to this area.



2. Introduction of customer-specific (horizontal) sales management

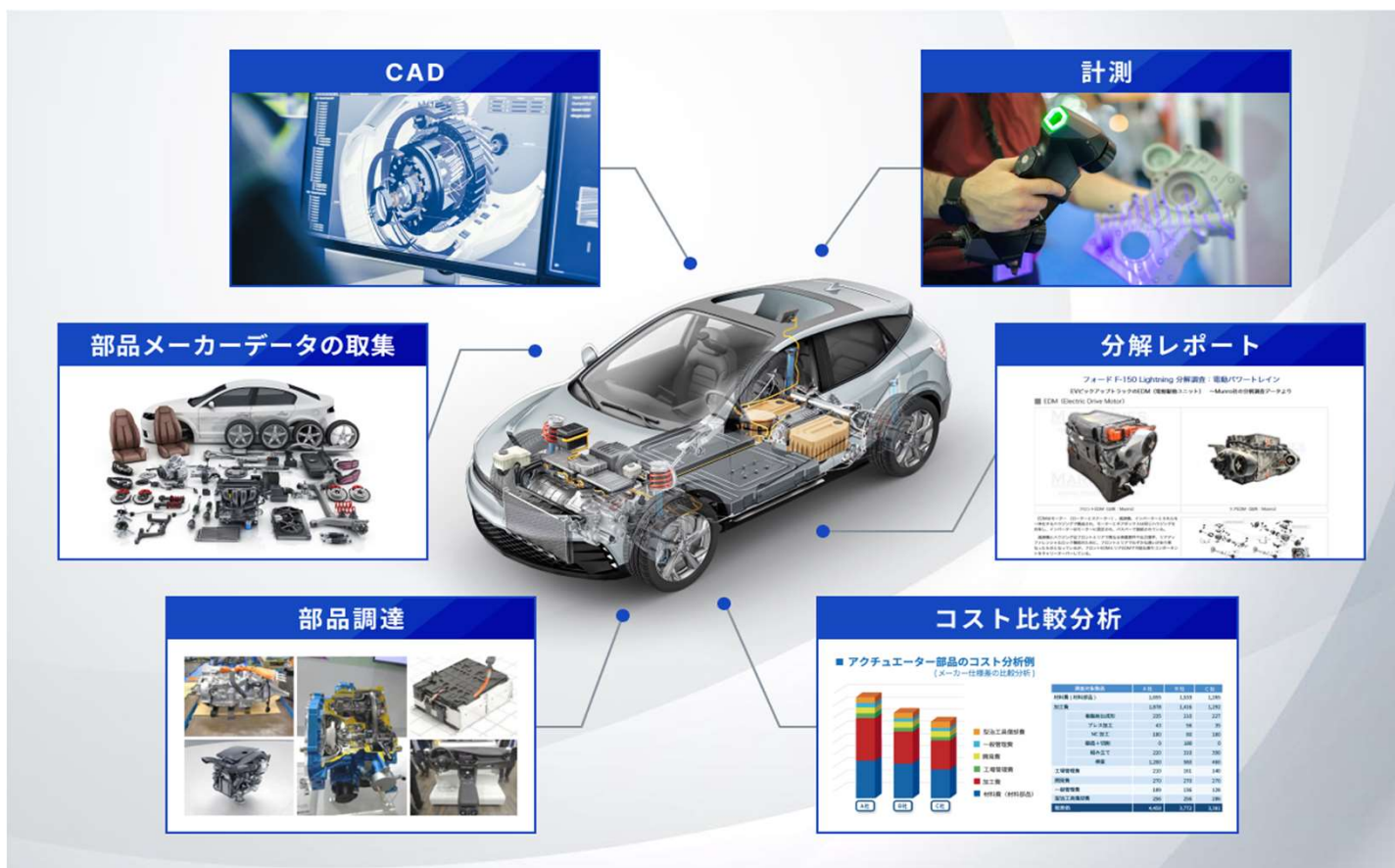
In addition to the conventional sales management (vertical) by each business division, sales management (horizontal) for each customer we be introduced as a new approach. Based on this management approach, the Company will promote activities to propose the optimal combination of services for each customer from among the service groups it offers, with the aim of maximizing sales per customer.

Image of sales management by business and customer

	Information Platform	Bench-marking	Promotional Advertising	Consulting	Market forecast information sales	Recruiting Solutions	Automobile Fund
A Automotive	○	○	○	○	○	○	
B Automotive	○			○			
C Automobile	○				○		
D Parts industry	○	○	○				○
E Precision equipment		○		○	○	○	

3. Benchmarking-related business 1/2

The land for the construction of the benchmark center was acquired in December 2022. Construction of the Benchmark Center is scheduled to be completed by the end of 2024. In addition to parts procurement agency services and cost comparison and analysis services, the center will provide vehicle disassembly, measurement, CAD data acquisition, reporting, and other functions, aiming to offer highly specialized and wide-ranging services to customers such as automakers and parts manufacturers.



3. Benchmarking-related business 2/2

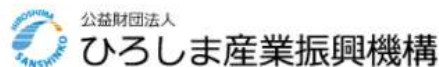
① Vehicle and parts procurement services

Promotional e-mails tailored to the needs of each automaker and major parts manufacturer will be distributed to Information Platform members to stimulate demand and further improve recognition.

② Teardown survey data sales

- ◆ In FY2023, we will cultivate new partners in addition to existing partners, expand the lineup of reports, and promote sales promotion activities.
- ◆ Continue to focus on creating in-house reports to increase sales revenue.

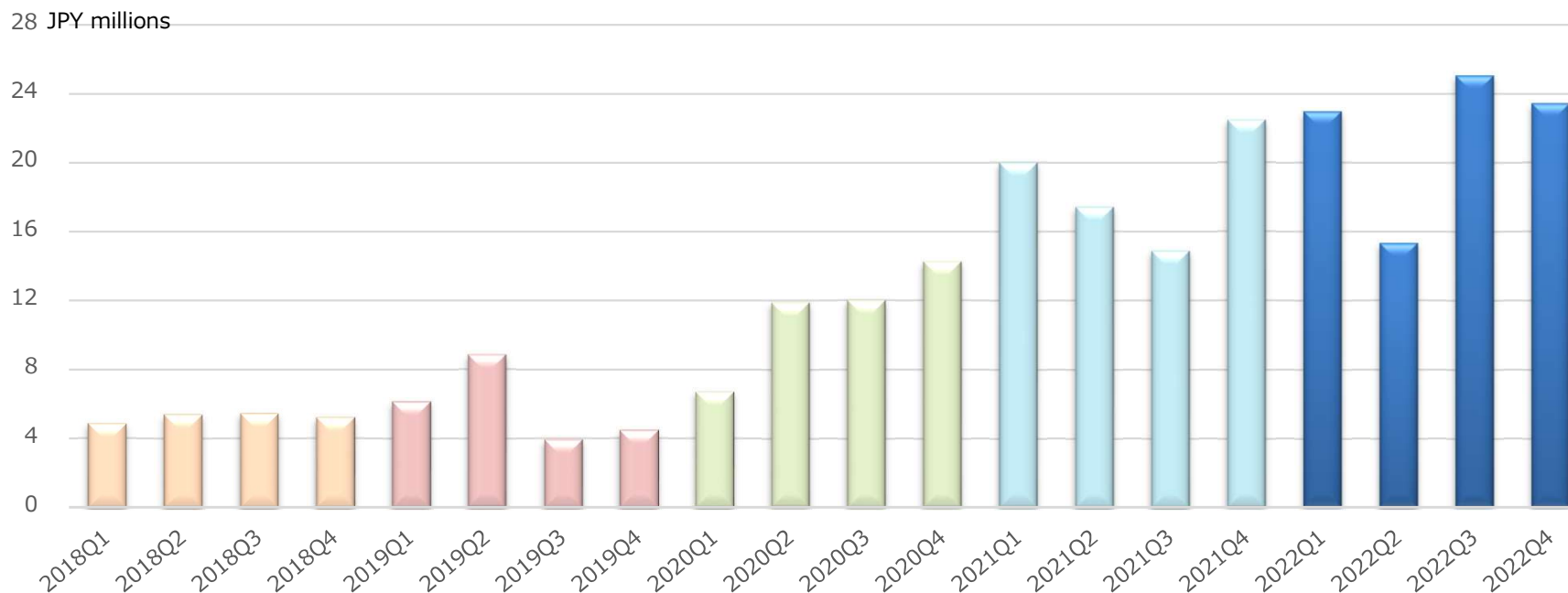
[List of partners as of December 31, 2022]



3. Promotional Advertising business *LINES*

- ① Orders from distributors with major component manufacturers/solution vendors as customers are on the rise. Furthermore, the Company will work closely with agents to expand our customer base.
- ② Banners and PR emails for seminars on EVs, carbon neutrality, and other high-profile subject areas were well received. Continue to increase sales by linking this demand to the acquisition of contracts.

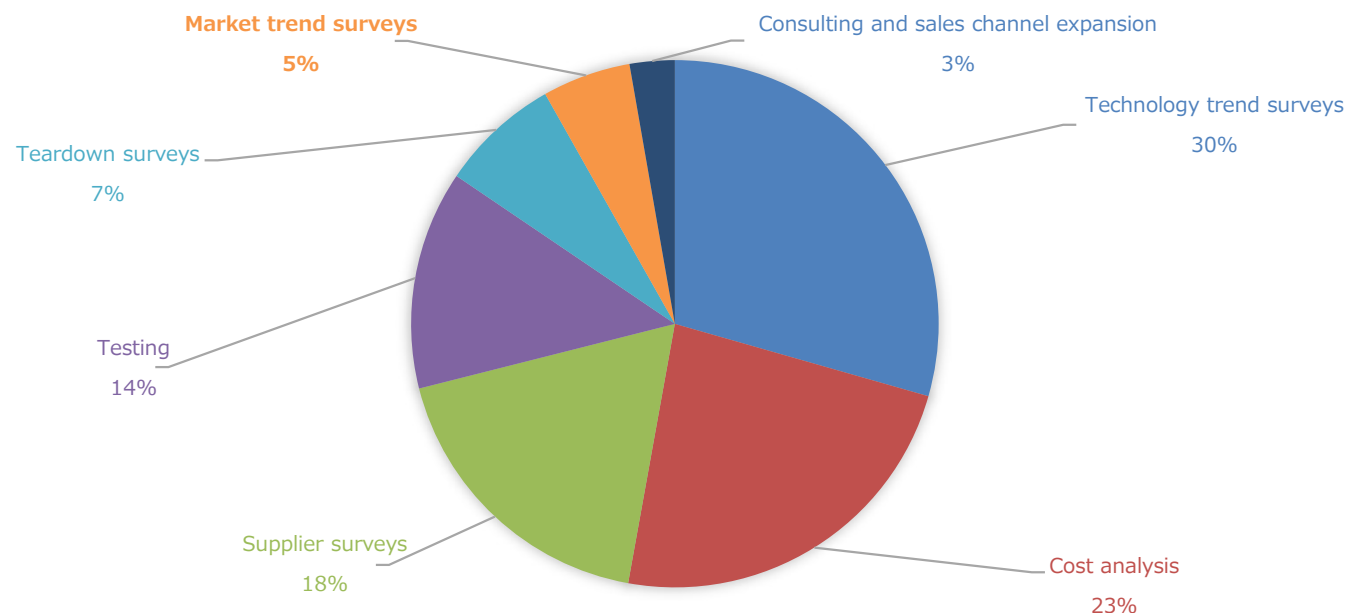
Changes in LINES orders received (Quarterly)



3. Consulting business

- ① To meet the growing demand for electronic circuit analysis against the backdrop of accelerating trend of electrification, the company will promote strengthening of its system, including capital investment.
- ② Standardize operations for cost comparison analysis services and promote efficiency in analysis work.
- ③ The company will promote doing experimental work on consignment from automakers.
- ④ Efforts to become carbon neutral are accelerating. In the cost comparison analysis service, the company has newly acquired the know-how to analyze CO₂ emissions in the manufacturing process and will provide more value-added services.
- ⑤ Against the backdrop of the shift to electrification (xEV), inquiries for research projects in this area continue to be strong. The company will promote strengthening the system by increasing the number of personnel and developing partners.

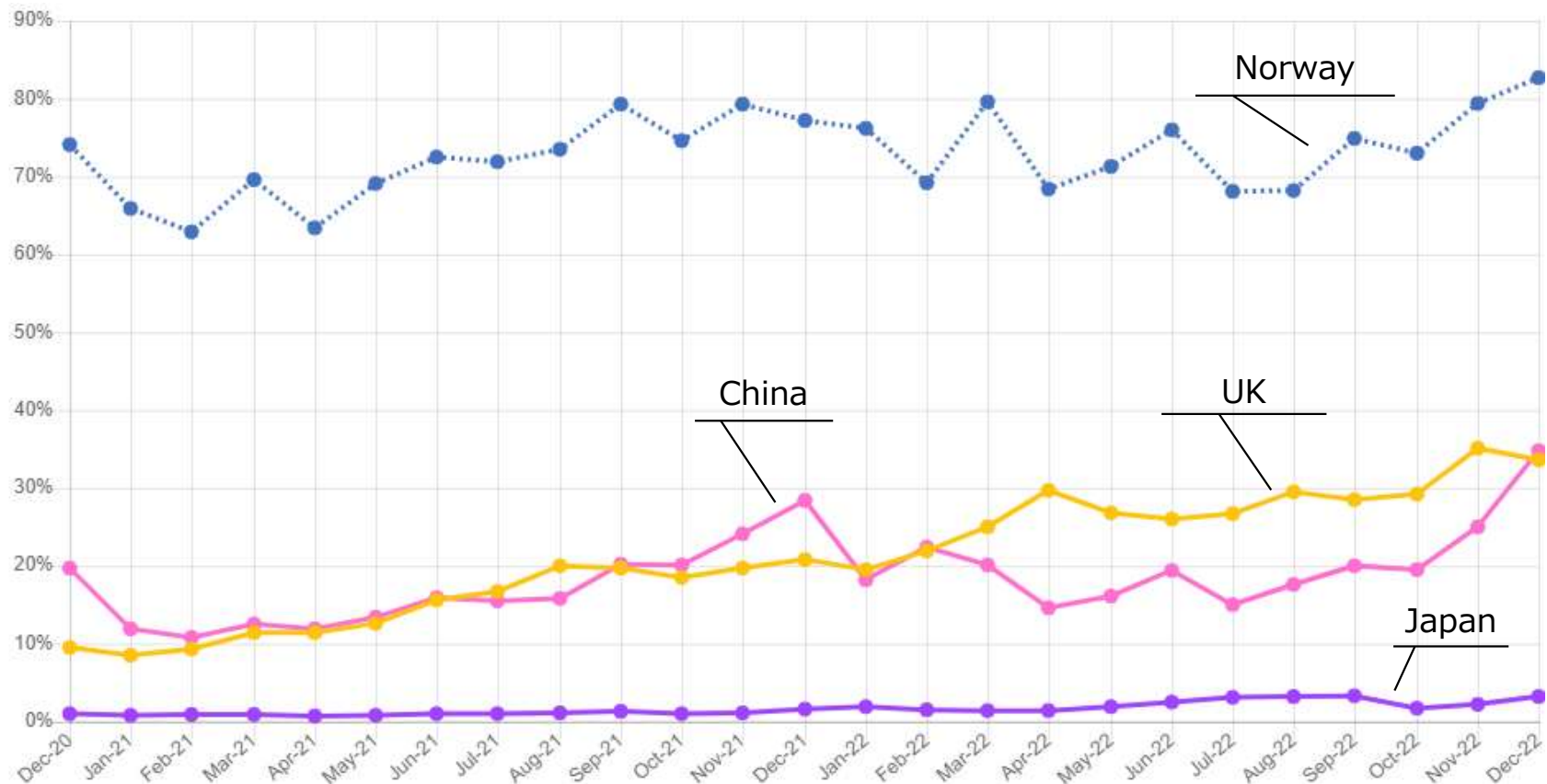
2022 sales composition ratio by service



■ Sales of LMC Automotive Ltd. product (market forecast information) sales business

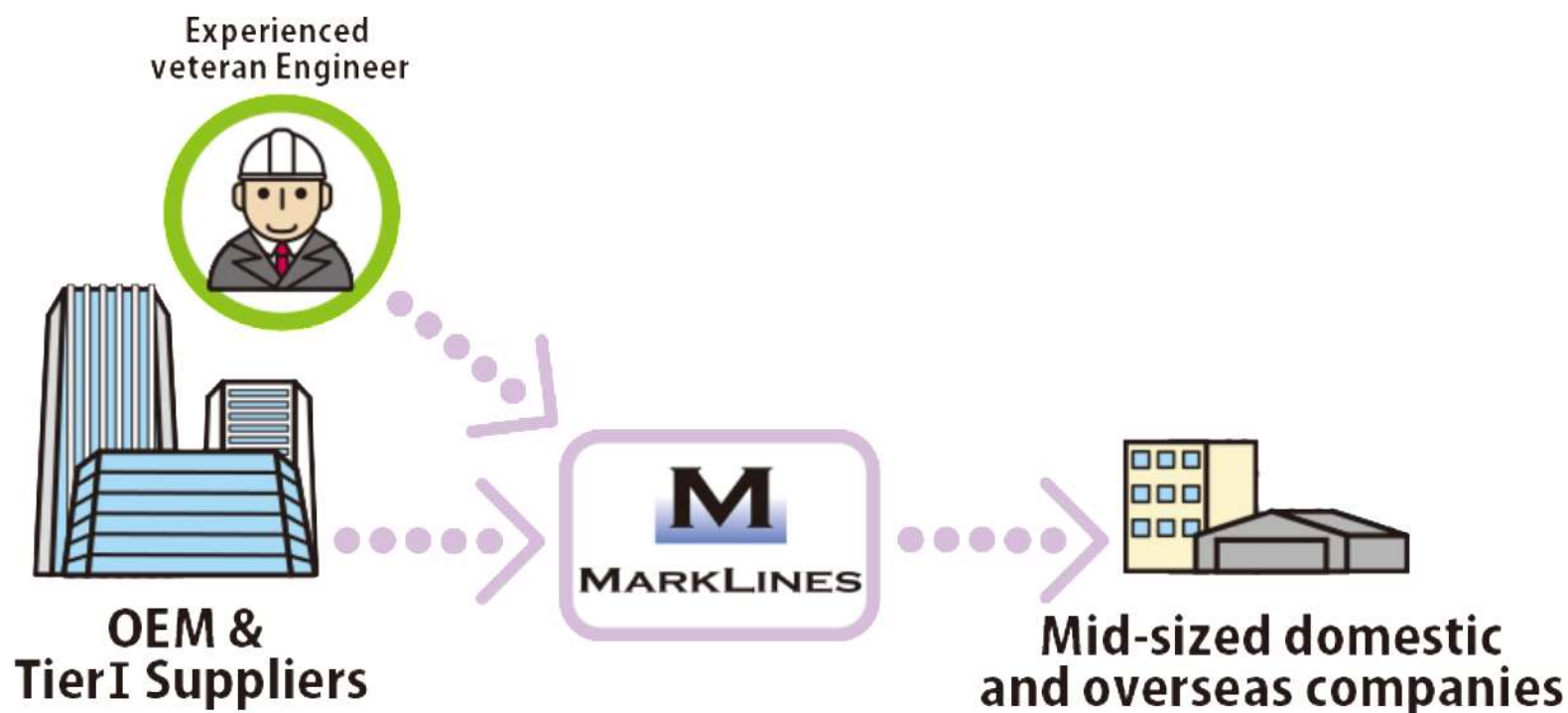
Although the spread of EVs has been slow in Japan, the sales volume of EVs is expanding rapidly around the world. The company will promote awareness of global trends through the services of this business.

Electric Vehicle share trend graph



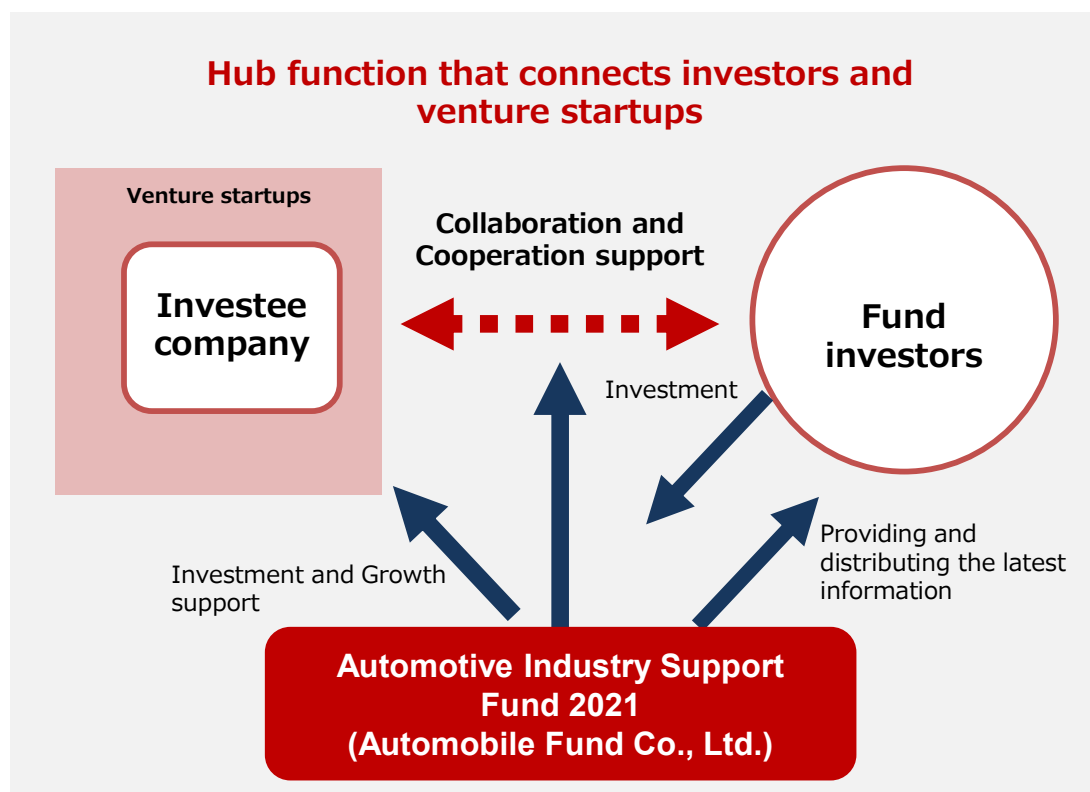
3. Recruiting Solutions business

A new recruiting registration system will be established, and a service launched to introduce experienced veteran workers from OEM & Tier1 suppliers to mid-sized domestic and overseas companies. Through this service, the company will promote the creation of three-way relationships between major companies, veteran workers, and mid-sized domestic and overseas companies.



3. Automobile Fund business

- ① From 2023 onwards, the company will continue to invest approximately JPY 600 million annually over a three-year period.
- ② After investing in a target company, we will support the investee by utilizing our network.
- ③ The company will continue to support open innovation by fund investors and other global venture startups through information gathering activities centered on CASE (connected, autonomous, shared, electric). In addition, the company will promote activities to support collaboration and cooperation among LP (Limited Partner) investors, investee companies, and venture companies.



Bringing together the 5 strengths: Making the **world's only automotive industry portal** a reality!

~ Individuals go far, teams go farther. ~



**THANK YOU VERY MUCH FOR YOUR
ATTENTION.**