



MarkLines Co., Ltd.
Financial Results
Briefing Materials

FY2024 H1

August 06, 2024

Copyright © 2024 MarkLines Co., Ltd. All Rights Reserved

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 may be 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.

- I. Topics for the first half (H1) of 2024**
- II. Financial Summary**
- III. Earnings Forecast**
- IV. Status of initiatives for the growth strategy announced in February 2024**

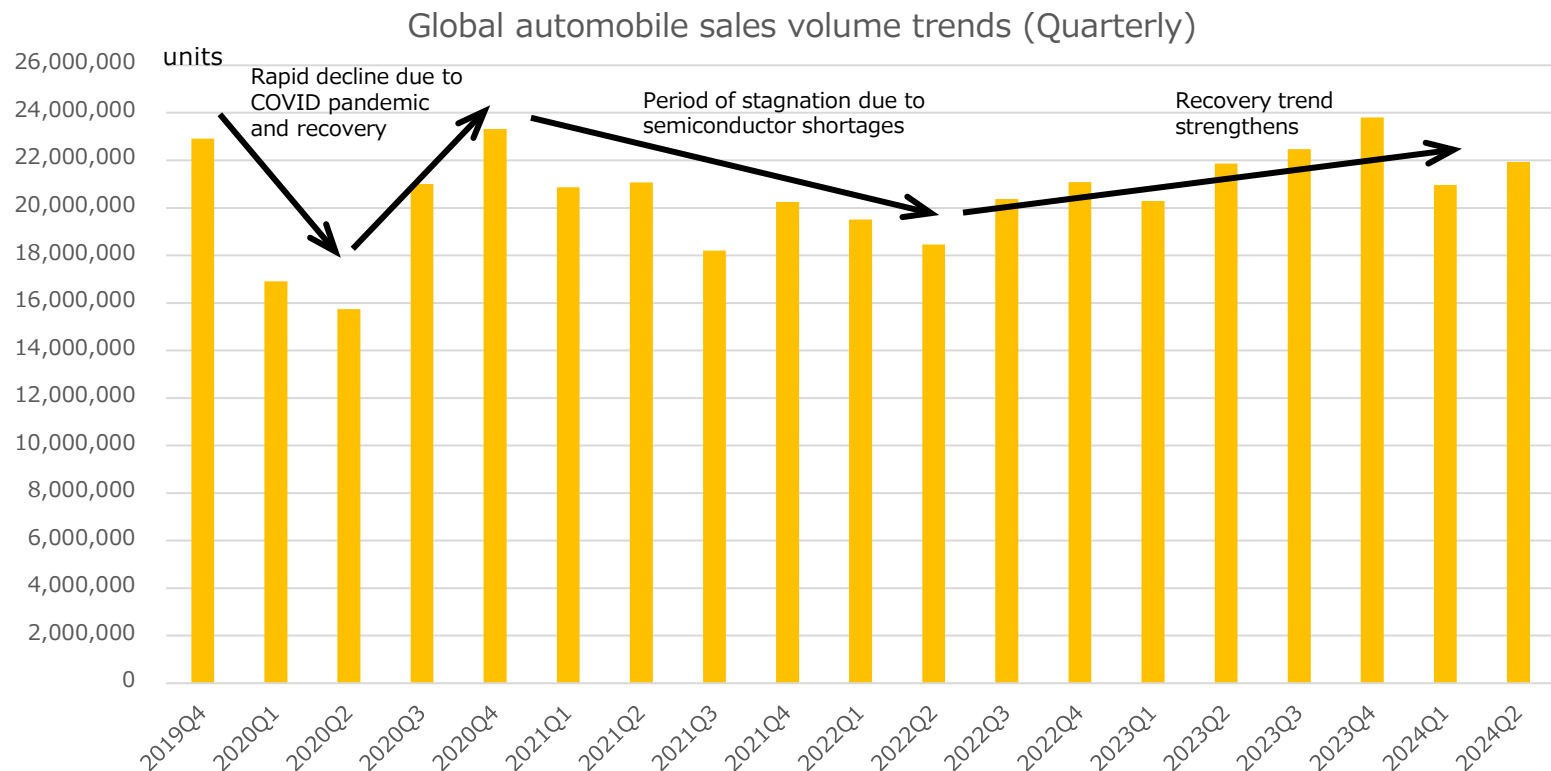
I . TOPICS FOR THE FIRST HALF (H1) OF 2024

Topics for H1 of 2024

1. Business Environment

① Global Automobile Sales Trends

Automobile sales continue to increase globally, although sales are sluggish in some parts of Asia, such as Thailand, Indonesia, and South Korea.

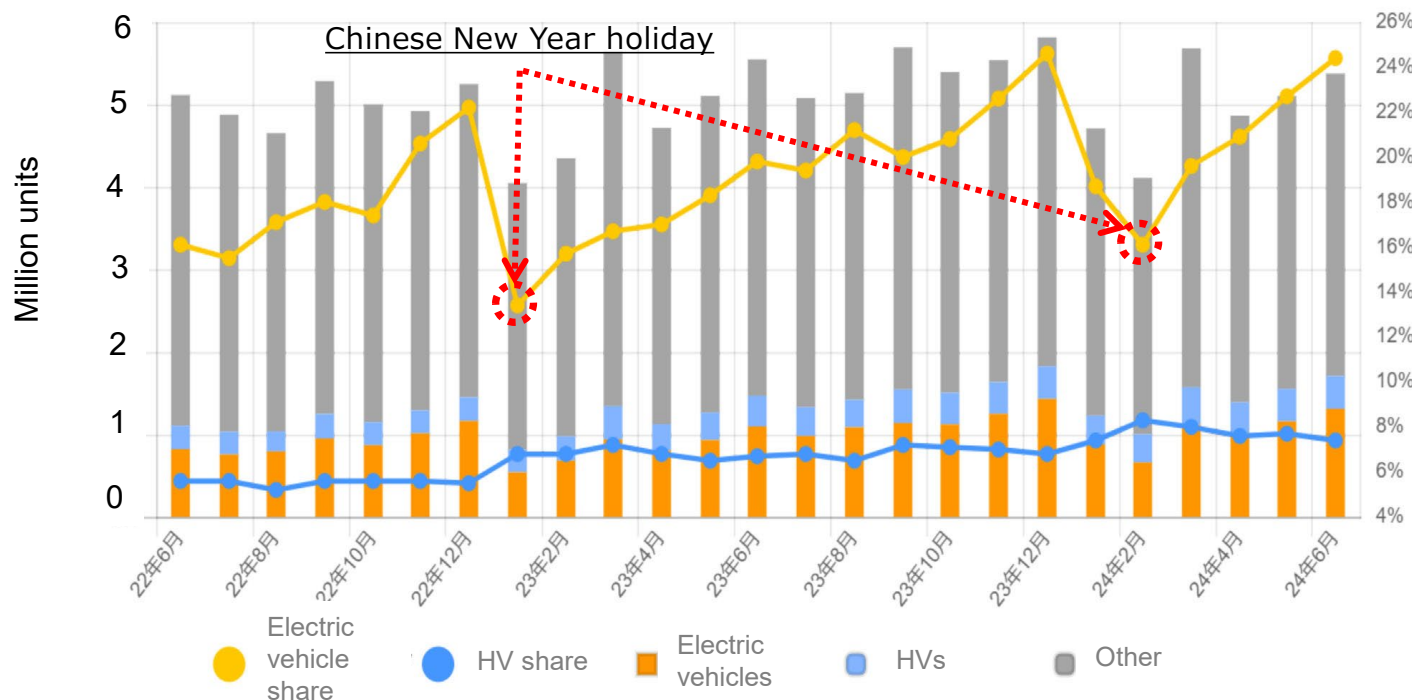


Topics for H1 of 2024

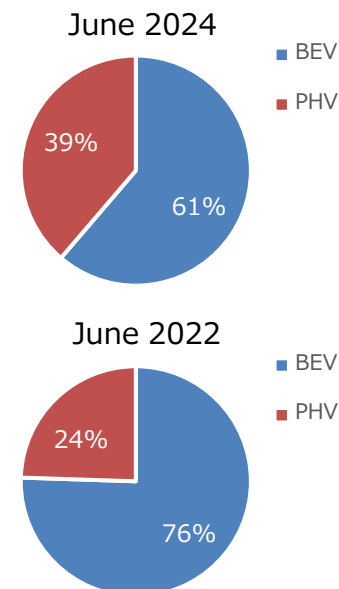
②-1 Global Trends in Electrification

The share of electric vehicles in total sales continues to grow. Among electric vehicles, the share of BEVs has been gradually declining, while the share of PHVs has been increasing, and currently stands at around 40%.

Total sales volume / share of electric vehicles and HVs in 12 major countries and 3 Nordic countries



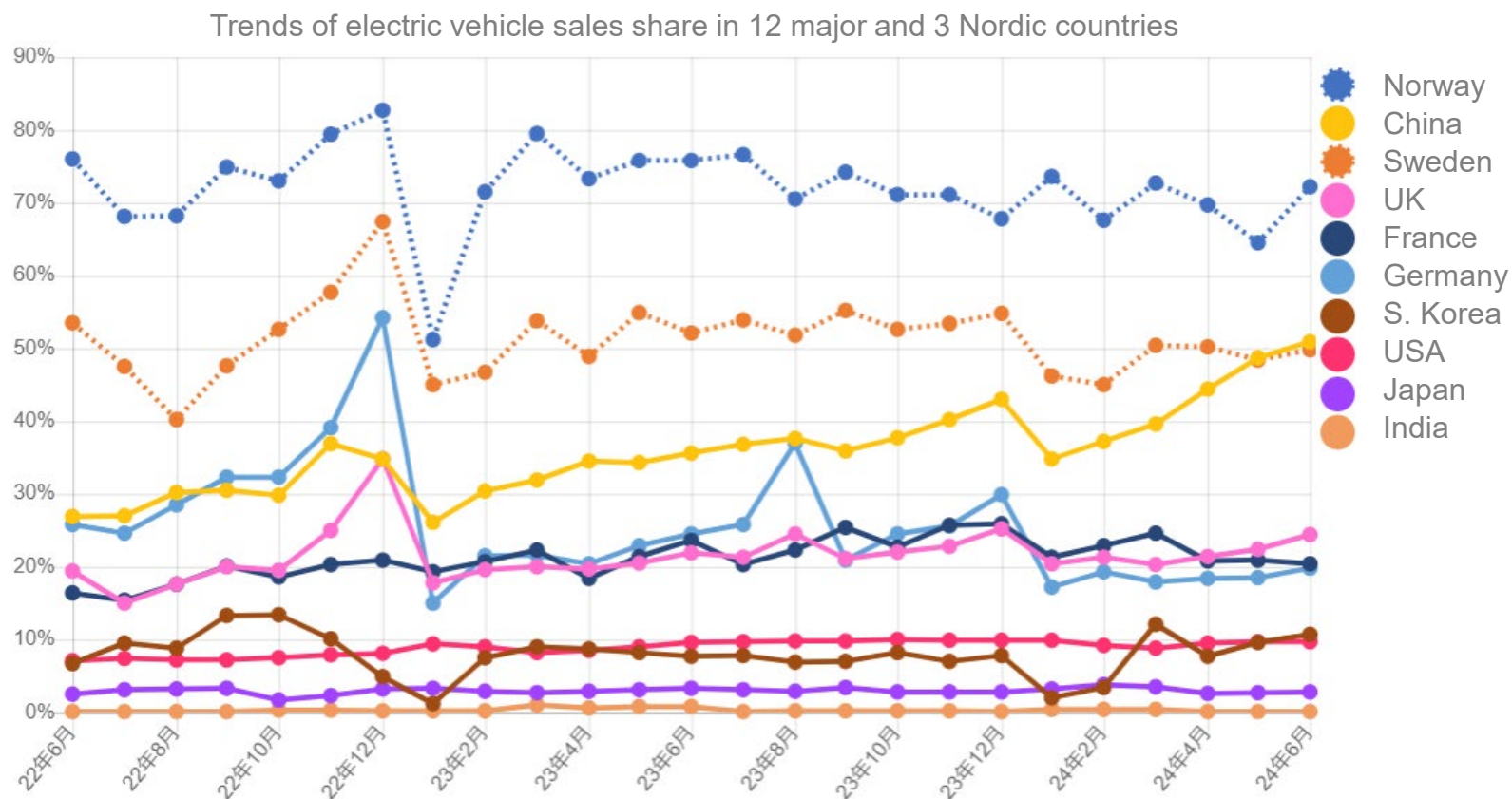
Electric vehicle sales volume breakdown



Topics for H1 2024

②-2 Electric Vehicles Sales Share by Country

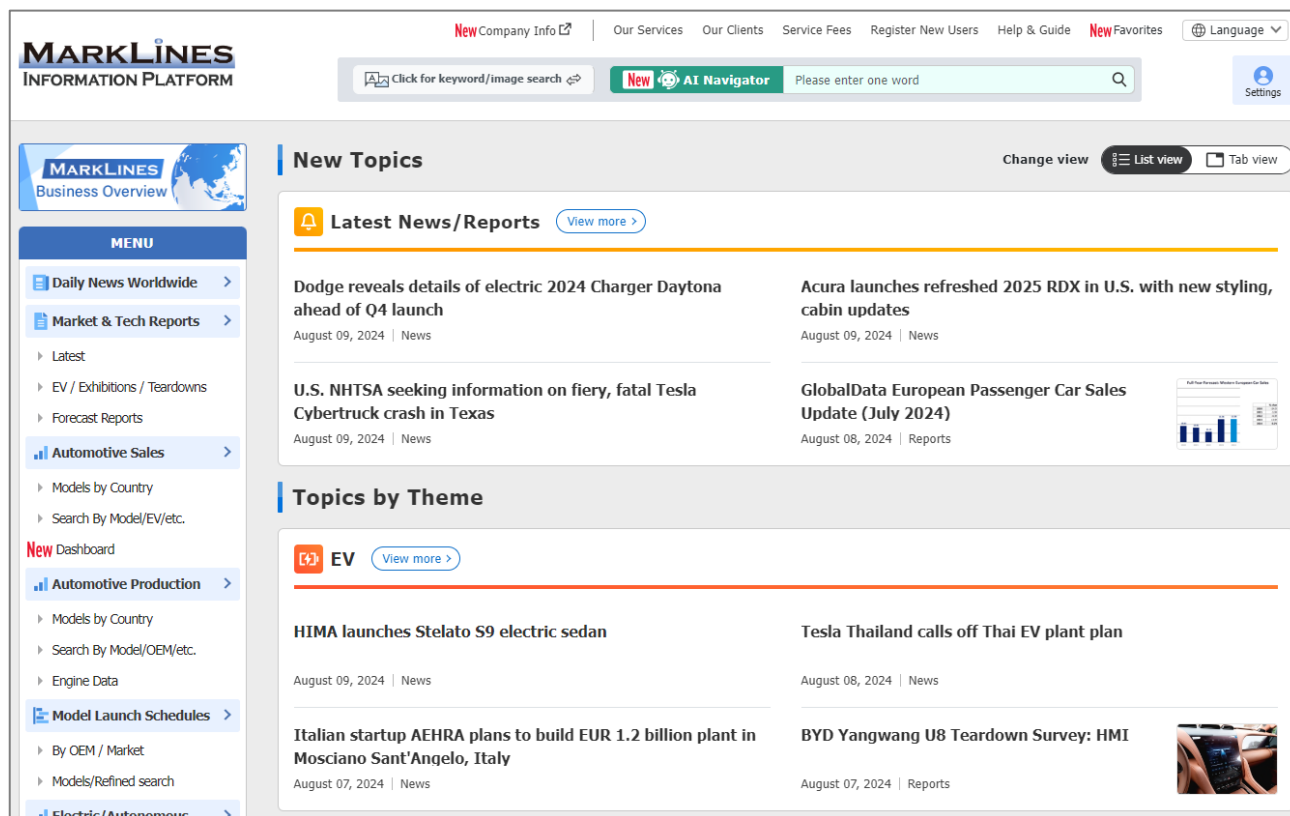
Looking at the sales share of electric vehicles by country, Norway and Sweden are performing at a high level, but the growth in China is particularly significant.



Topics for H1 2024

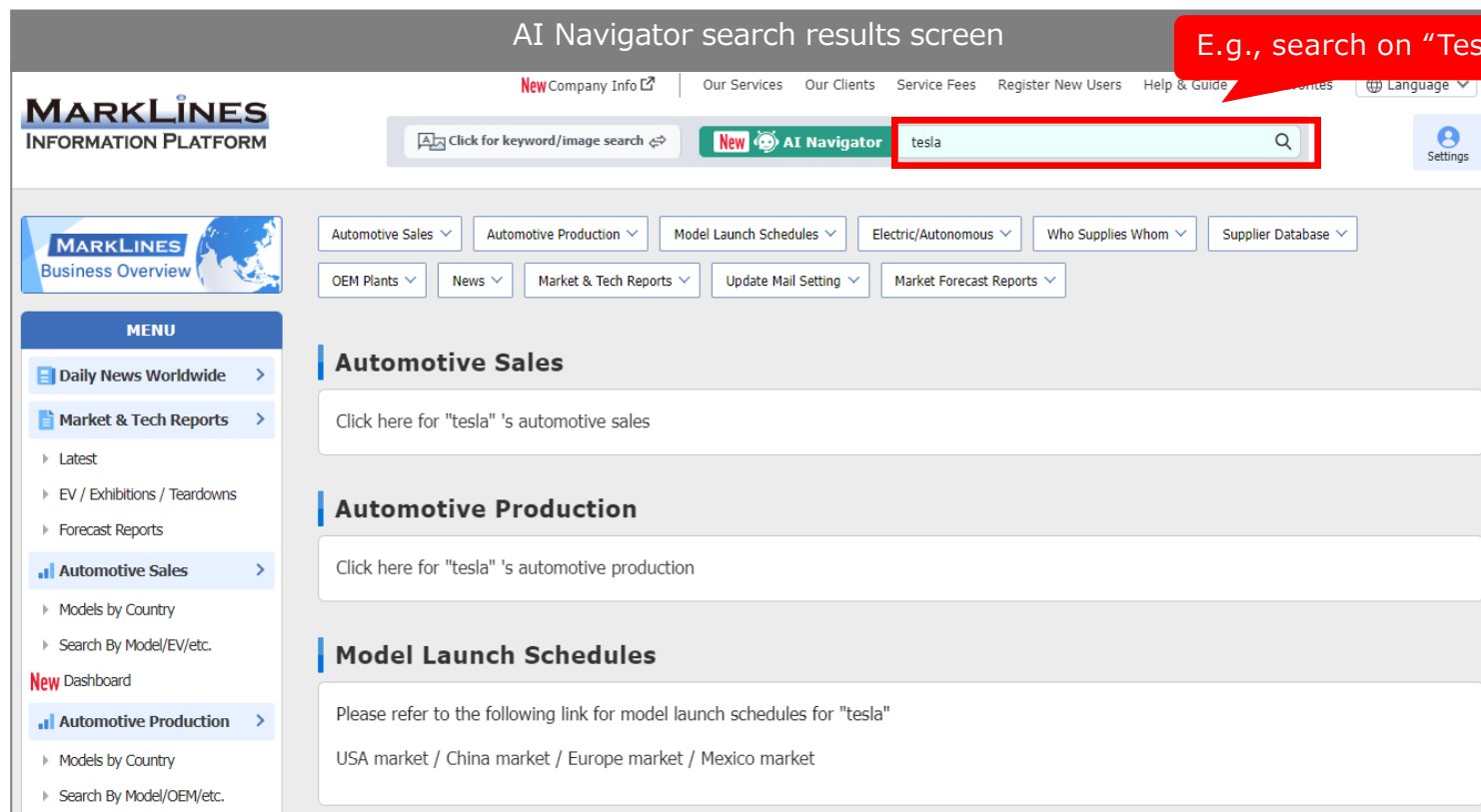
2. “Information Platform” Top Page Renewal

The Top Page was redesigned for the first time in eight years, with a layout that allows more content to be seen on the screen, including a change in the display position of banner advertisements. In addition, the layout is arranged by topic to improve user convenience.



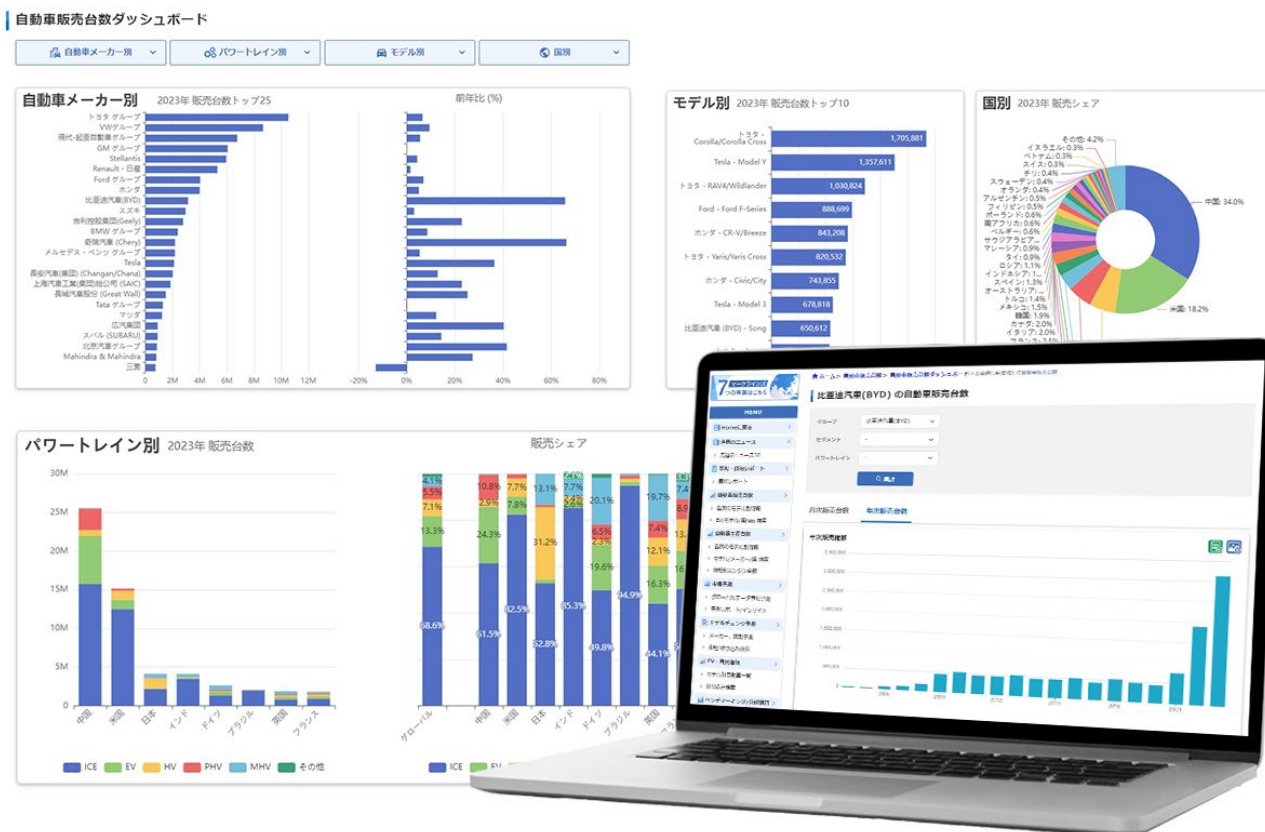
3. New Features Added to Information Platform

- ① AI Navigation search menu has been placed at the top of the Top Page. By searching with this function, it is now possible to extract information related to the search word by topic from the abundant content accumulated on the Information Platform.



Topics for H1 2024

- ② A dashboard menu for automobile sales volume has been added as a BI tool. This function enables users to create a graph for sales volume information from various perspectives, such as make, powertrain, model, and country.



Topics for H1 2024

4. Enhanced Information Platform Content

In response to the increasing share of software in the added value of automobiles, the SDV (Software Define Vehicle)/In-Vehicle Software Vendor Report menu has been newly added to enhance the content related to high-profile vendors in the industry.

SDV/In-Vehicle Software Vendor Report top page

Market & Tech Reports

- ▶ Latest
- ▶ EV / Exhibitions / Teardowns
- ▶ Forecast Reports

Automotive Sales

- ▶ Models by Country
- ▶ Search By Model/EV/etc.
- ▶ Dashboard **New**

Automotive Production

- ▶ Models by Country
- ▶ Search By Model/OEM/etc.
- ▶ Engine Data

Model Launch Schedules

- ▶ By OEM / Market
- ▶ Models/Refined search

Electric/Autonomous

- ▶ Electrified Vehicles by Model
- ▶ Refined search

Benchmarking/Teardown

- ▶ Teardown Reports
- ▶ Fee based data&Report
- ▶ Side-by-side EV Motor

SDV/In-Vehicle Software Vendor Report

Information on featured in-vehicle software vendors, including products, customers, partners, and the latest news

Alphabetical order | By Country

1 - 23 of 23 results

Alibaba Alibaba Group Holding Limited	Amazon Web Services Amazon Web Services Inc. (Amazon.com, Inc.)	Baidu Baidu Inc.	BlackBerry BlackBerry Ltd.
Cerence Cerence Inc.	ECARX ECARX (Hubei) Tech Co., Ltd. (ECARX Holdings Inc.)	Elektrobit Elektrobit Automotive GmbH	ETAS ETAS GmbH

II. FINANCIAL SUMMARY

Summary of Consolidated Financial Results

(Unit: JPY millions)

	FY2024 H1			y/y change (%)	Primary factors
	Actuals	Feb. 2024 earnings forecast	Ratio to forecast (%)		
Consolidated net sales	2,785	2,750	+1.3	+16.2	Information Platform business increased 18.5% year-over-year (y/y). Other businesses increased 12.3% y/y, driven by Consulting, Promotional Advertising, and Market Forecast Information sales. Overall, sales increased 16.2% y/y.
Consolidated operating income	1,113	1,110	+0.3	+14.5	The increase in sales absorbed the impact of higher fixed costs, increasing by 14.5% y/y.
Consolidated ordinary income	1,119	1,110	+0.8	+15.1	Operating income increased 15.1% y/y due to a 14.5% y/y increase in operating income.
Net income attributable to shareholders of the parent company	788	770	+2.4	+17.3	Ordinary income increased 15.1% y/y, resulting in a 17.3% increase compared to the same period last year.

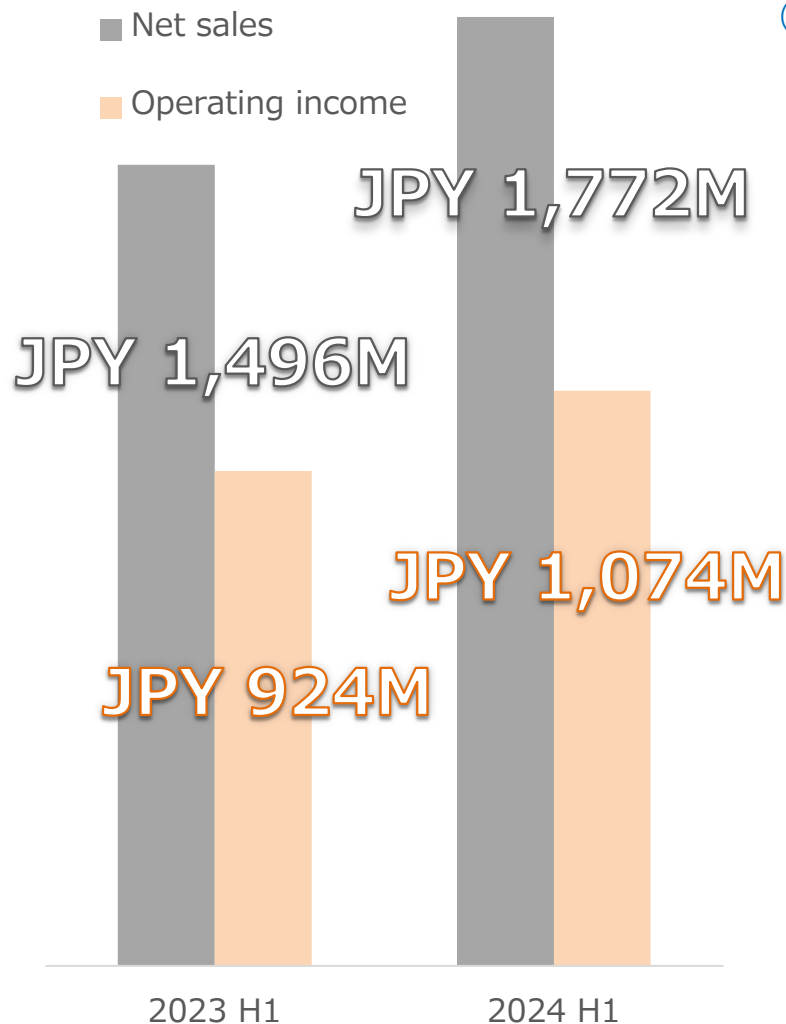
Business segment profit and loss

(Unit: JPY millions)

Division		2023 H1 actuals	2024 H1 actuals	y/y change	
Information Platform business	Net sales	1,496	1,772	+276	+18.5%
	Operating income	924	1,074	+150	+16.2%
Consulting business	Net sales	248	314	+65	+26.2%
	Operating income	62	85	+23	+36.9%
Market Forecast Information sales business	Net sales	127	157	+30	+23.9%
	Operating income	37	49	+12	+32.2%
Promotional Advertising business	Net sales	43	55	+12	+27.0%
	Operating income	37	48	+11	+29.7%
Teardown Survey Data sales business	Net sales	158	94	△64	△40.6%
	Operating income	70	40	△30	△42.7%
Vehicle Teardown and Measurement business	Net sales	—	93	+93	—
	Operating income	—	36	+36	—
Vehicle and Parts Procurement business	Net sales	206	234	+28	+13.5%
	Operating income	37	34	△3	△6.9%
Recruiting Solutions Department	Net sales	97	43	△54	△55.3%
	Operating income	43	5	△38	△87.6%
Automobile Fund business	Net sales	19	19	+0	+0.3%
	Operating income	0	0	+0	+37.5%
Adjustment	Net sales	—	—	—	—
	Operating income	△240	△262	△22	—
Consolidated net sales		2,398	2,785	+388	+16.2%
Consolidated operating income		972	1,113	+141	+14.5%

Business segment profit and loss (Information Platform business)

■ Information Platform business



① The Information Platform business:

- Overseas sales, mainly in the North American region, were strong, as the acquisition of contracts by the Mexican subsidiary, which began full-scale operations in the second half of last year, contributed to an increase in the number of subscribing companies.
- The continued depreciation of the JPY against the USD, EUR, and CNY from the previous year led to an increase in net sales denominated in those currencies after conversion into JPY.

As a result of the above, net sales increased 18.5% y/y and operating income increased 16.2%. Of these amounts, the effect of the Japanese yen's depreciation is about JPY 76 million (5%) in net sales and JPY 57 million (6%) in segment operating income.

【Exchange rate for Sales】

Currency	FY2023 average annual rate	FY2024 average H1 rate
USD	JPY 136	JPY 144
EUR	JPY 143	JPY 155
CNY	JPY 20.0	JPY 22.4

※CNY is the spot rate at the end of the accounting period

Business segment profit and loss (Information Platform business)

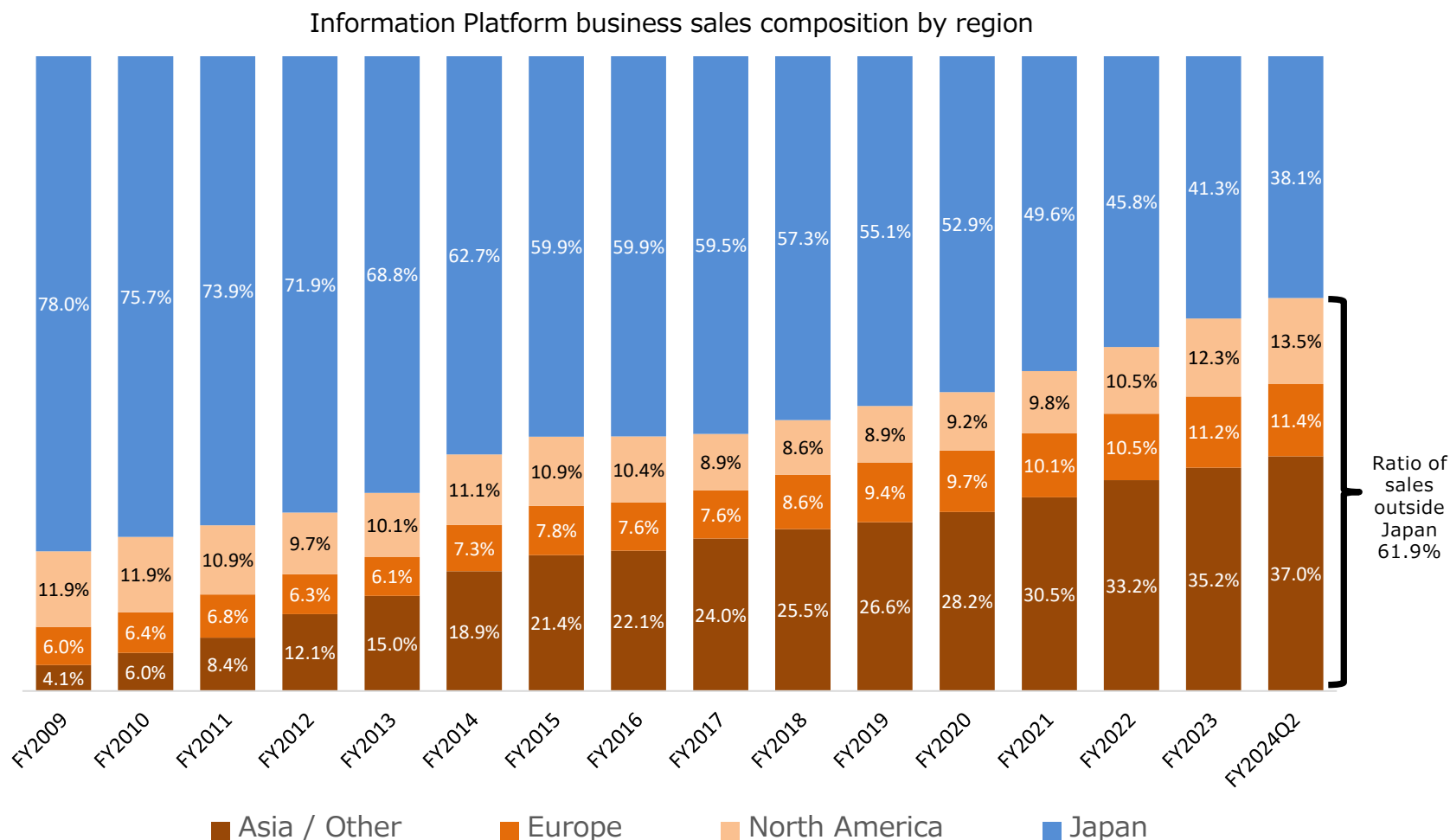
- ② Sales by region in the Information Platform business grew significantly, especially in North America, thanks to the positive contribution of the depreciation of the Japanese yen (JPY).

(Unit: JPY millions)

Information Platform business sales by region				
Information Platform business	FY2023 H1	FY2024 H1	y/y change (%)	Change factors
J a p a n	630	675	+7.2	Sales increased due to the sustained effect of the increase in the number of contracted companies in the previous fiscal year.
C h i n a	263	327	+24.4	24.4% increase due to the effect of the increase in the number of companies under contract over the previous fiscal year and the depreciation of the Japanese yen.
A s i a	251	315	+25.5	Sales increased 25.5%, mainly in Thailand, South Korea, and India, as the effect of the unification of the contract currency to the U.S. dollar, which was implemented in June 2022, continued to be felt
N o r t h America	175	239	+36.8	New contract wins continued to grow in the U.S. and Mexico, which are positioned as priority areas. Net sales increased significantly due to the effect of the yen's depreciation.
E u r o p e	166	202	+21.5	Sales also increased due to direct sales to Japanese companies in Europe rather than domestically in Japan, as well as an increase in the number of contracted companies in the previous period.
O t h e r	9	11	+22.9	–
T o t a l	1,496	1,772	+18.5	–

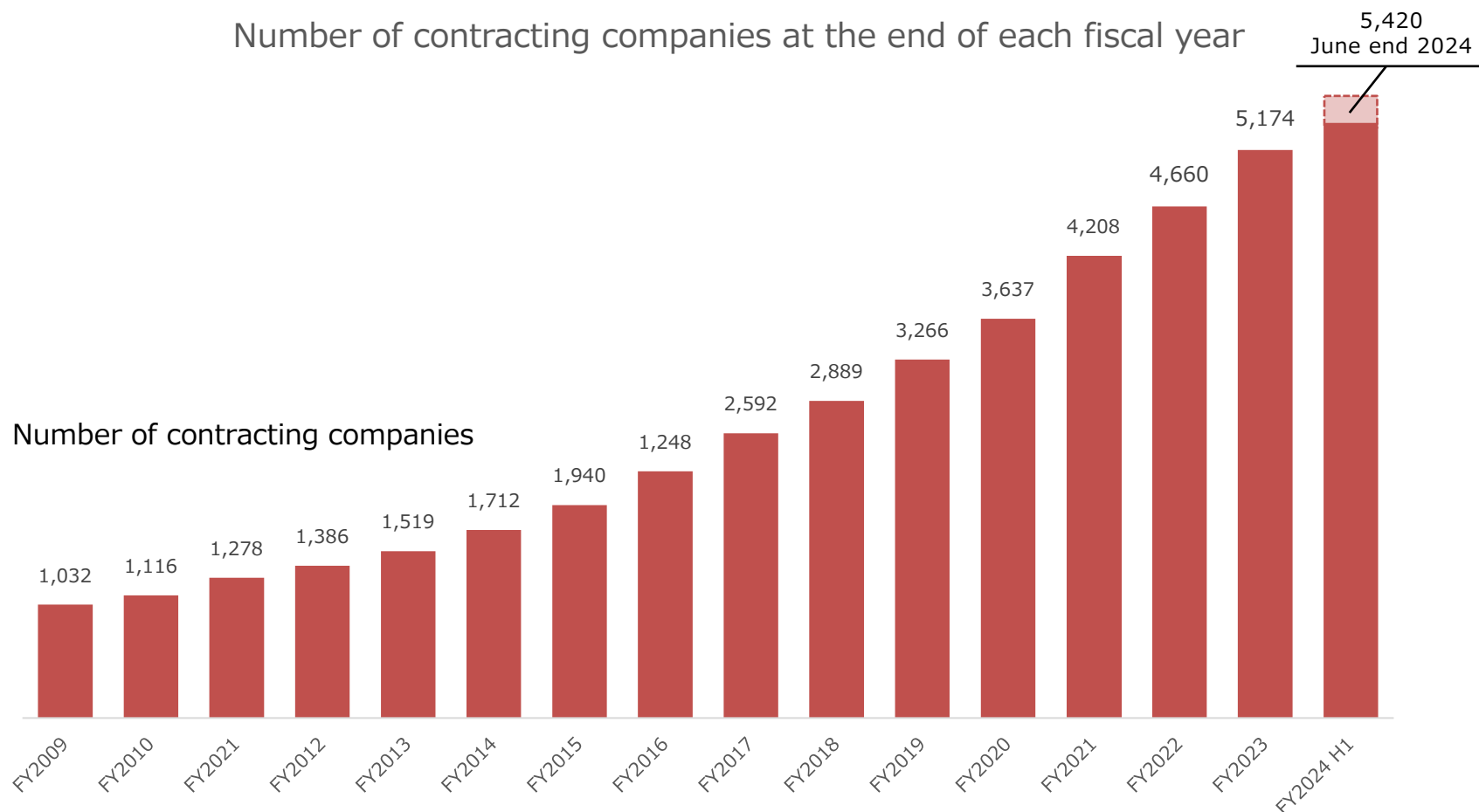
Business segment profit and loss (Information Platform business)

- ③ New contracts with overseas companies continued to exceed 70% and globalization progressed. As a result, the overseas sales ratio rose 3.2 points in the first half to 61.9%.



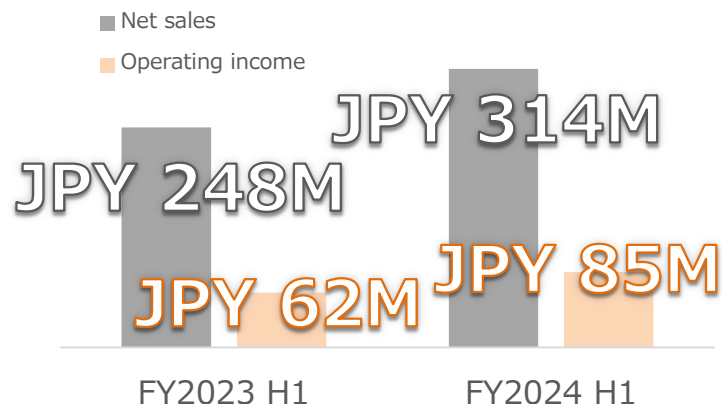
Business segment profit and loss (Information Platform business)

- ④ The number of companies subscribing to the Information Platform has also been steadily increasing. As a result, the number of companies subscribing as of the end of June 2024 was 5,420.



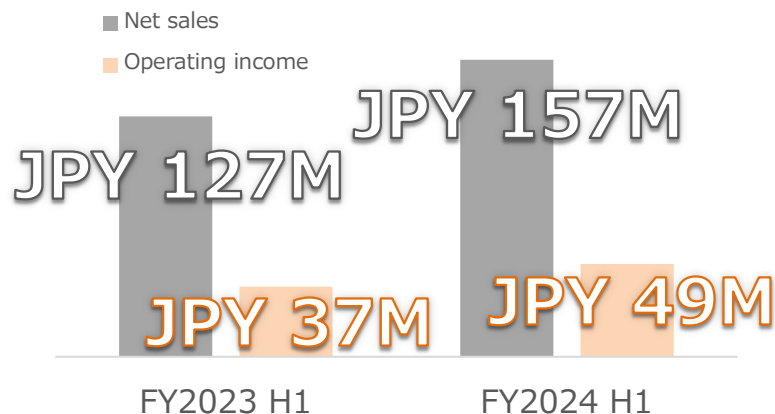
Business segment profit and loss (businesses other than Information Platform business)

■ Consulting business



In the first quarter, ECU benchmarking and cost comparison analysis performed well. In addition, the company began to receive regular inquiries from automobile manufacturers, resulting in more value-added projects than in the past. As a result, both the average order unit price and the number of orders received increased, resulting in a 26.2% increase in sales and a 36.9% increase in operating income over the same period last year.

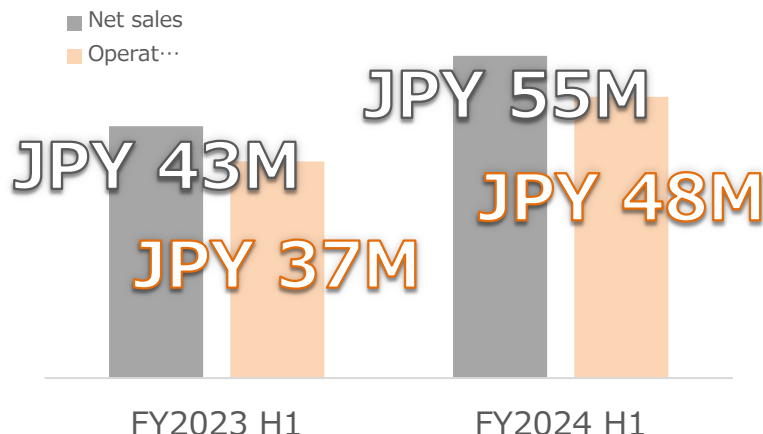
■ Market Forecast Information sales business



The contract renewal rate remained at a high level compared to the same period last year. In addition, sales of higher-priced products increased due to growing demand for access to future forecast information by powertrain, such as EVs and PHVs. As a result, sales increased 23.9% y/y, and operating profit increased 32.2% y/y.

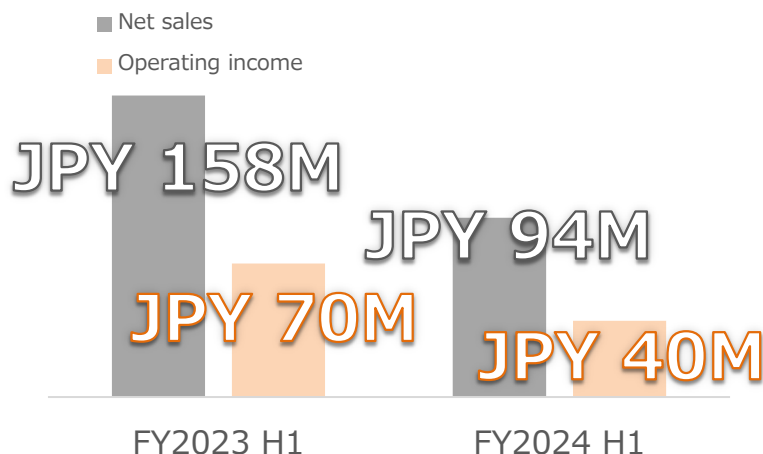
Business segment profit and loss (businesses other than Information Platform business)

■ Promotional Advertising business *LINES*



Sales increased 27.0% y/y and operating income increased 29.7% y/y as a result of the continued upward trend in repeat orders from machinery and equipment and solution vendors, as well as an increase in orders triggered by requests for information materials.

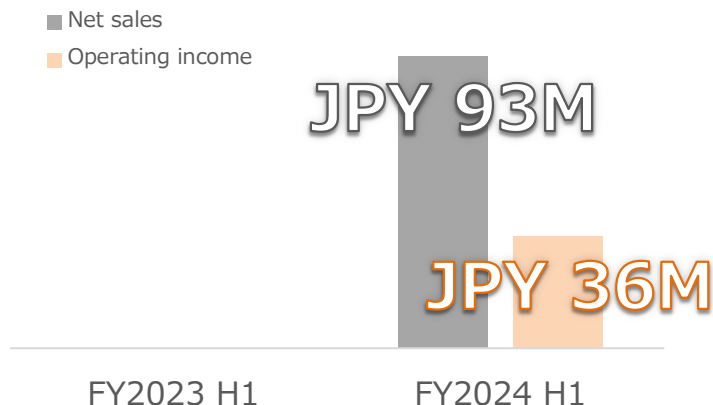
■ Teardown Survey Data sales business



Although sales of the Hyundai Ioniq5 report and our in-house reports contributed to the results, the launch of reports such as the Tesla Cybertruck, which was scheduled to be newly launched, was delayed to H2, resulting in a gap between the initial sales plan and the actual results. As a result, net sales declined 40.6% y/y, and operating income fell 42.7% y/y.

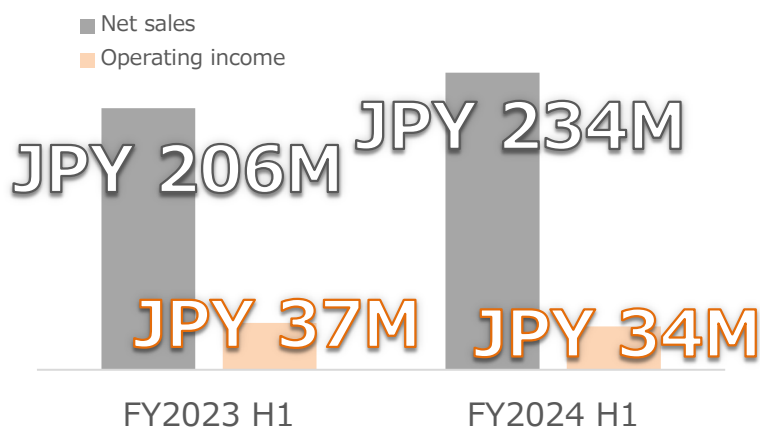
Business segment profit and loss (businesses other than Information Platform business)

■ Vehicle Teardown and Measurement business



The company plans to start full-scale operations in time for the new benchmark center, which is scheduled to open in 2024 H2. Prior to this, the company received an order from an automobile OEM for a measurement project, which was performed with sales recorded in Q1.

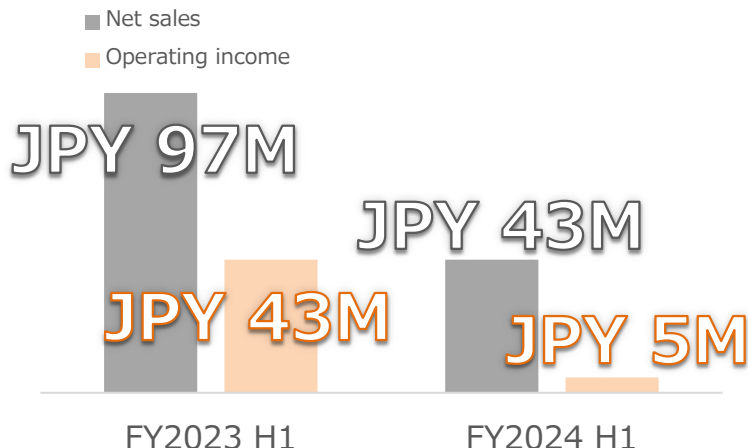
■ Vehicle and Parts Procurement business



Sales increased 13.5% y/y due to strong sales of electrification-related vehicle bodies, parts, and infrastructure-related equipment (quick chargers). Operating income, on the other hand, declined 6.9% y/y due to an increase in projects with low gross profit margins compared to the same period last year.

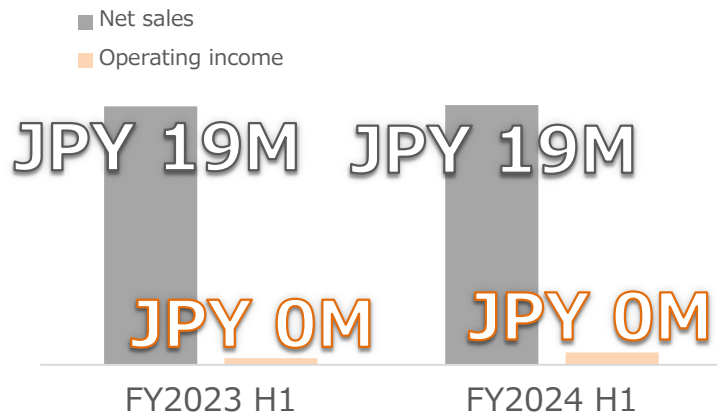
Business segment profit and loss (businesses other than Information Platform business)

■ Recruiting Solutions business



The number of contracts signed was 20, compared to 50 in the same period last year. The number of contracts decreased due to a significant turnover of personnel within the division, from veteran consultants to new consultants. As a result, sales declined 55.3% y/y, and operating income fell sharply by 87.6% y/y.

■ Automobile Fund business



Management fees received from the "Automotive Industry Support Fund 2021 Investment Limited Liability Partnership," an affiliate, are recorded as revenues. There was no change in the structure of the company, and fixed costs were at the same level as in the same period of last year. As a result, both net sales and operating income remained almost flat y/y.

III. EARNINGS FORECAST

Full-year earnings forecast 1/2

(Unit: JPY millions)

	FY ended Dec. 2023 actuals	FY ending Dec. 2024 forecast	y/y change (%)
Consolidated net 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 shareholders of the parent company	1,383	1,600	+15.7%

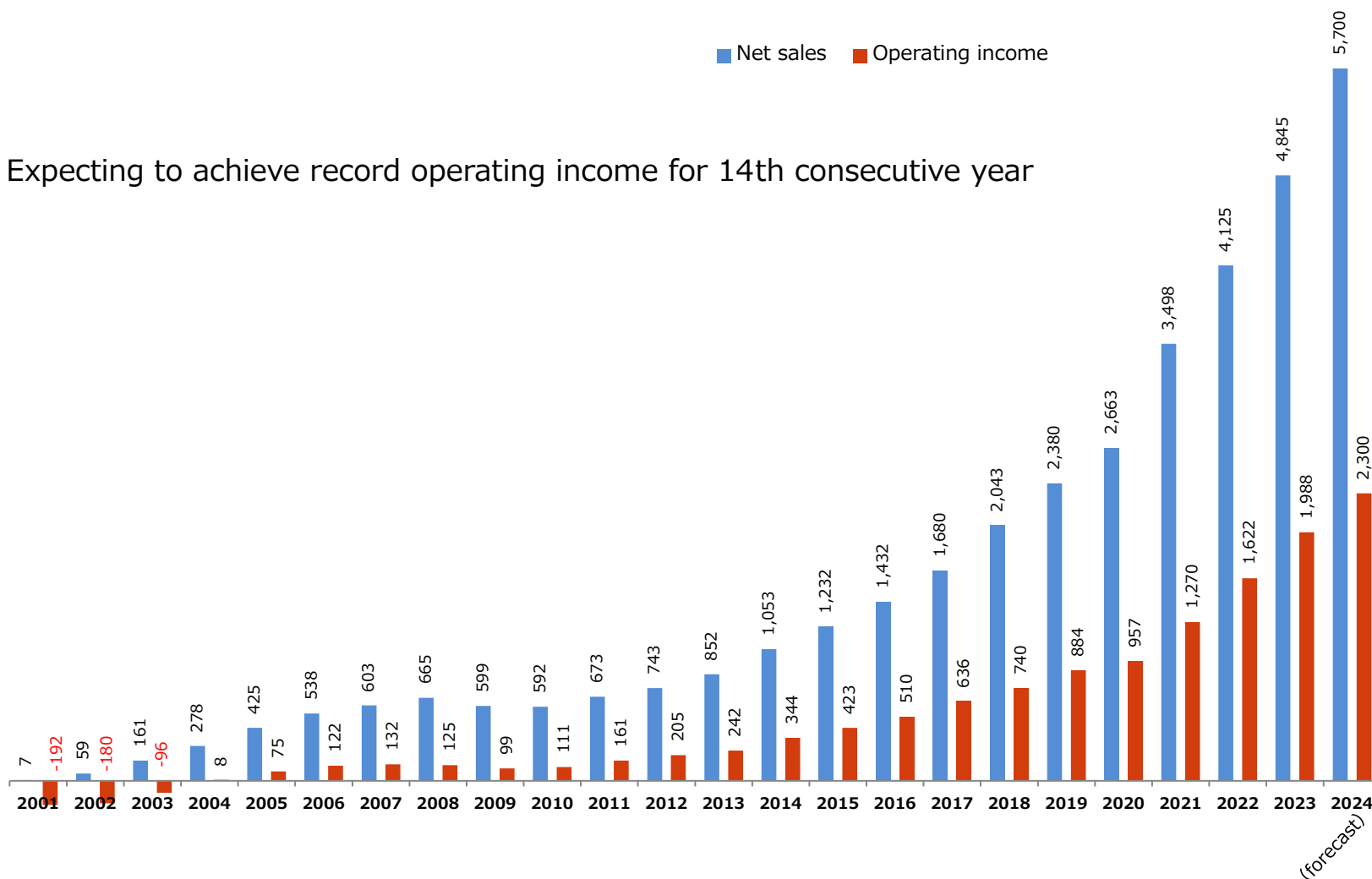
- ※1 The exchange rate assumptions for the FY12/2024 plan are as follows:
JPY146/USD, JPY159/EUR, JPY20.5/CNY, JPY4.0/THB, JPY8.5/MXN
- ※2 There is no change to the full-year consolidated earnings forecast announced on February 9, 2024.

Full-year earnings forecast 2/2

(Unit: JPY millions)

■ Net sales ■ Operating income

Expecting to achieve record operating income for 14th consecutive year



IV. STATUS OF INITIATIVES FOR THE GROWTH STRATEGY ANNOUNCED IN FEBRUARY 2024

1. Shenzhen subsidiary established

China is not only the world's largest automotive market, but also the most important country in the industry where electrification and AI are the keys to the future. The subsidiary will be located in Shenzhen, Guangdong Province, where BYD, Huawei, Tencent, and other cutting-edge companies in electrification, AI, and SDV are concentrated, and will promote the development of Chinese domestic customers and strengthen content by reflecting the latest trends of companies in the region in its Information Platform.

【Summary of subsidiary】

	Outline
Name	MarkLines (Shenzhen) Co., Ltd.
Location	Shenzhen, Guangdong Province, People's Republic of China
Representative	Mr. Kazuki Imazu
Business content	Customer development and information gathering in China
Capital	USD 400,000
Date of establishment	July 12, 2024
Ownership ratio	100%

2. Fukuoka Outbound Call Center established

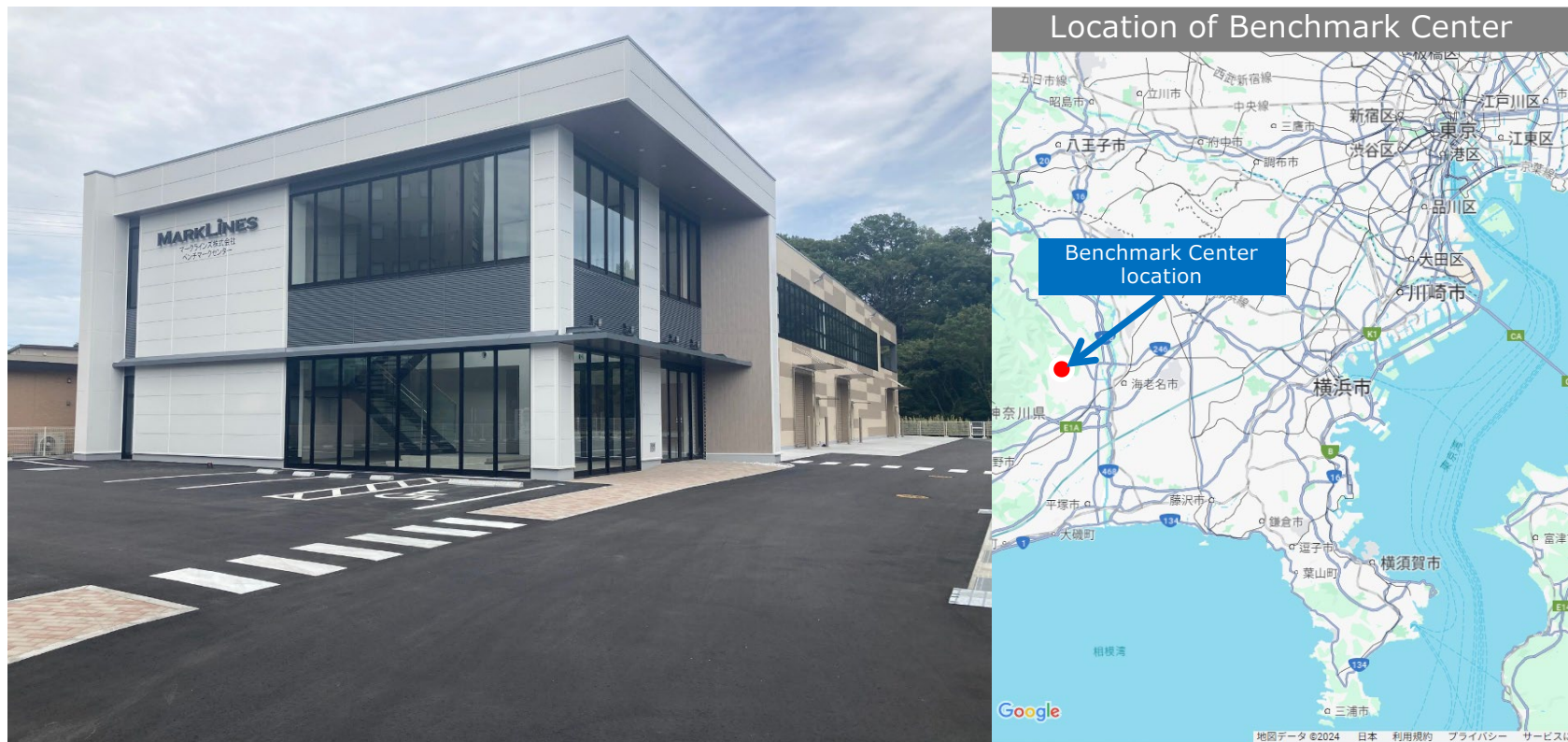
Tens of thousands of potential customers exist in the Asian region, especially in China. In order to more efficiently cultivate these companies, an outbound call center will be opened, staffed by students from China and Korea who are currently enrolled at Kyushu University, to strengthen the sales structure in the Asian region.

【Call Center summary】

	Outline
Name	MarkLines Co., Ltd. Fukuoka Outbound Call Center
Location	La Coeur Ito 2F, 1-6-14 Saito Nishi-ku, Fukuoka City, Fukuoka Prefecture, Japan 819-0367
Call Center manager	Mr. Yu Ishiwata
Business content	Developing new customers in Asia, especially in China and Korea
Date of establishment	End of August, 2024

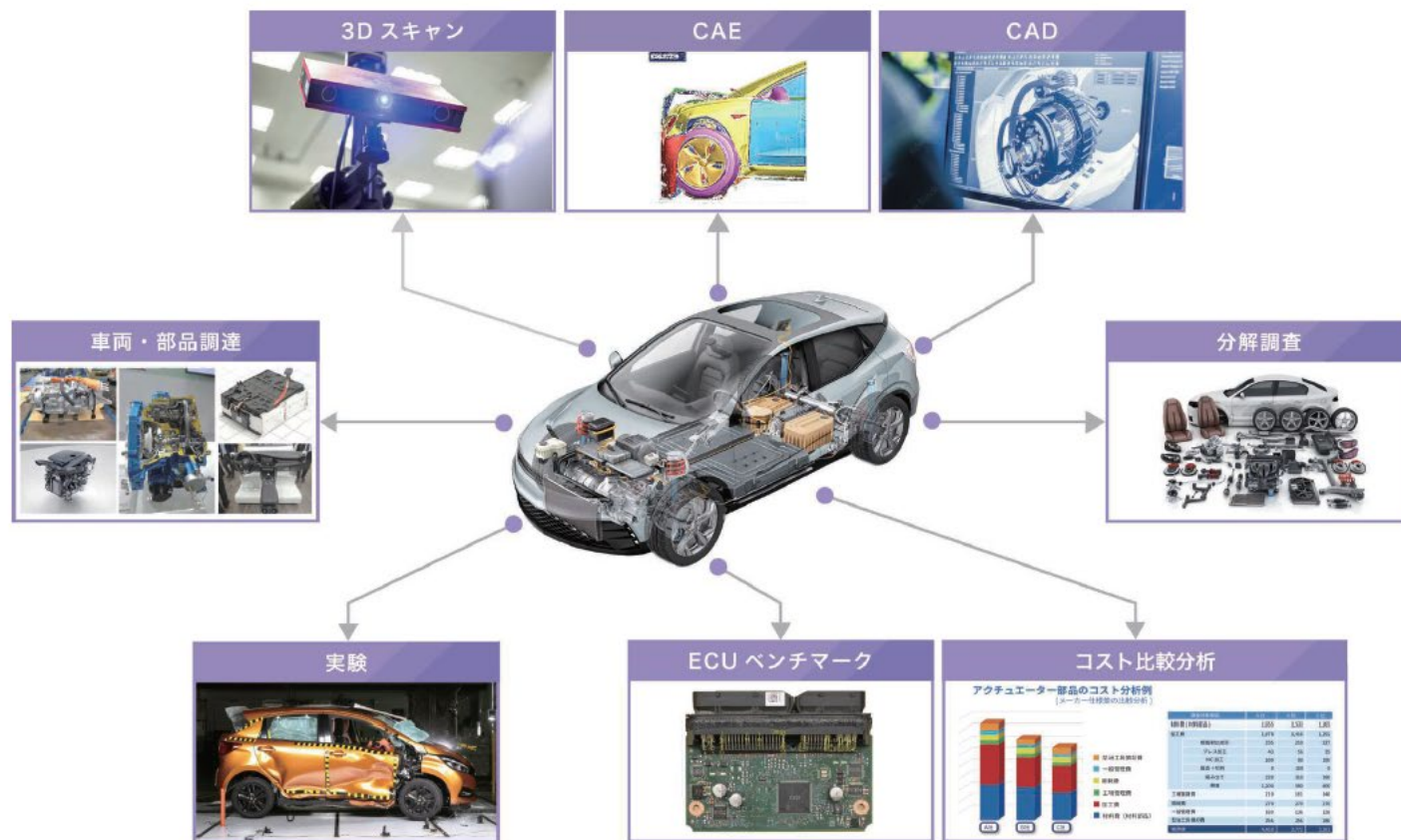
3. Benchmark Center begins operations

The construction and inspection of the MarkLines Benchmark Center was completed at the end of July. It will be fully operational after the opening ceremony on August 8th.



4. Strengthening reverse engineering through development of new business partners

Once the Benchmark Center is fully operational, the company will collaborate extensively with automobile manufacturers, parts manufacturers, universities, research institutes, and local governments to provide a variety of services in the field of reverse engineering.



5. Additional investment in new features to the Information Platform website

Introduction of the vehicle sales volume dashboard and AI Navigation search function utilizing BI (Business Intelligence) tools has been completed. In the future, MarkLines will promote activities to make the Information Platform an indispensable tool for business operations by further improving its convenience, such as promoting its use on smartphones and introducing a simple pivot tabulation function.

【Image of simple PIVOT tabulation function】

カスタマイズ集計

1. 集計項目を選択してください (複数選択可)

メーカー/ブランド
モデル名
国/地域
電動パワートレイン
セグメント

2. 年次/月次と集計期間を設定してください

年次/月次	<input checked="" type="radio"/> 年次 <input type="radio"/> 月次
集計期間	2010 年から 2024 年 まで

Q 集計

【Image of use with smartphone】



- AI Navigation system allows reaching information in the shortest distance!
- Switching tabs ensures that any information on topics of interest is not missed!
- Browse each content by clicking the menu button in the upper right corner



6. Investment in SDV (Software Defined Vehicle) Content

In the first half of 2024, MarkLines added a report on SDV/in-vehicle software vendors as new content. In the second half of the year, MarkLines will continue to increase the amount of software-related content and focus on directly contacting each vendor to obtain primary information.

【Newly listed vendors】

USA	India
<ul style="list-style-type: none">◆ Amazon Web Services Inc.◆ Cerence Inc.◆ Google◆ Microsoft Corporation◆ Qualcomm, Inc.◆ SONATUS Inc.	<ul style="list-style-type: none">◆ KPIT Technologies Ltd.◆ Tata Elxsi Limited◆ Tata Technologies Ltd
China	Germany
<ul style="list-style-type: none">◆ Alibaba Group Holding Limited◆ Baidu Inc.◆ ECARX (Hubei) Tech Co., Ltd.◆ iFLYTEK Co., Ltd.◆ NavInfo Co., Ltd.◆ Neusoft Corporation◆ Tencent Holdings Limited	<ul style="list-style-type: none">◆ Elektrobit Automotive GmbH◆ Vector Informatik GmbH◆ ETAS GmbH
	Other
	<ul style="list-style-type: none">◆ BlackBerry Ltd.◆ Tier IV, Inc.◆ HERE Technologies◆ Luxoft

7. Strengthening back office divisions

In response to the growing need to strengthen the back-office divisions of the entire Group, the Administration Department was separated into the HR & General Affairs Department and the Finance & Accounting Department in February 2024 to clarify the functions of each. MarkLines will continue to strengthen its administrative structure in the second half of the fiscal year.

① HR & General Affairs Department

- ◆ Promote recruitment activities and strengthen the personnel structure of each business.
- ◆ In conjunction with the operation of the Benchmark Center, promote the establishment and implementation of regulations and health and safety management.
- ◆ Work to improve employee benefits.

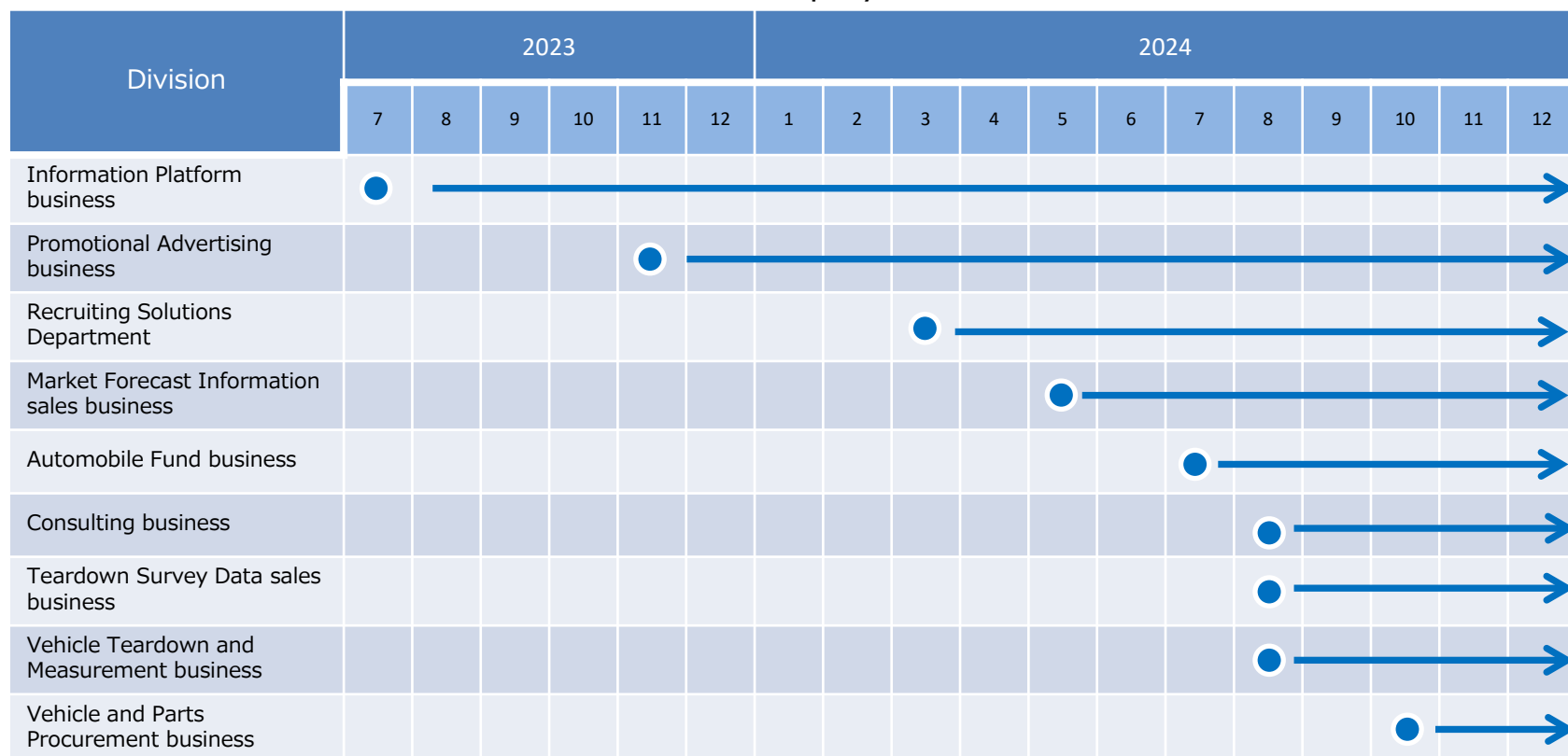
② Finance & Accounting Department

- ◆ As each business expands, work to improve the accuracy of business forecasts.
- ◆ In conjunction with the launch of the benchmark center, introduce a cost accounting system for each project, promote profit and loss management for each project, and improve the accuracy of performance management for the entire group.

8. Strengthening sales capabilities for businesses other than the Information Platform

Since Information Platform subscribers are promising potential customers for businesses other than the Information Platform, orders for each business are increasing as the number of subscribers grows. In the second half of the fiscal year, the company will use a low-code tool ("Kintone") to manage orders and other operations for all businesses, and build a system that allows for horizontal management of order status by customer and by business.

【Kintone low-code tool deployment schedule】



Concentrating the 5 Powers

Let's make the world's only automotive industry portal!

-Individuals go far, teams go further.-

