



MarkLines Co., Ltd.

Financial Results

FY ended Dec. 31, 2020

Briefing Materials

Tuesday, February 16, 2021

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The forward-looking statements, including business forecasts, contained in this document are based on information currently available to the Company (MarkLines Co., Ltd.) and certain assumptions deemed reasonable by the Company. It is possible that these statements or assumptions may be objectively inaccurate or may not materialize in the future.

The information in this document concerning companies other than those in our group is quoted from public information, etc., and we do not guarantee the accuracy or appropriateness of said information.

MarkLines Co., Ltd.

Outline

- I. Summary of FY ended Dec. 31, 2020**
- II. Financial Summary**
- III. Earnings Forecast**
- IV. Growth Strategy**

I. Summary of FY ended December 31, 2020

Summary of the FY ended December 31, 2020

1. Rapidly changing business environment

① New coronavirus pandemic

Negative factors

- In the first half of 2020, when the first wave of the COVID-19 pandemic hit, OEMs and auto parts suppliers moved to cut their budgets due to the deteriorating performance of the automotive industry, resulting in order cancellations for the Information Platform and other MarkLines businesses.
- Lockdowns around the world necessitated widespread telecommuting, resulting in slow approval processes and causing delays in the timing of new orders.

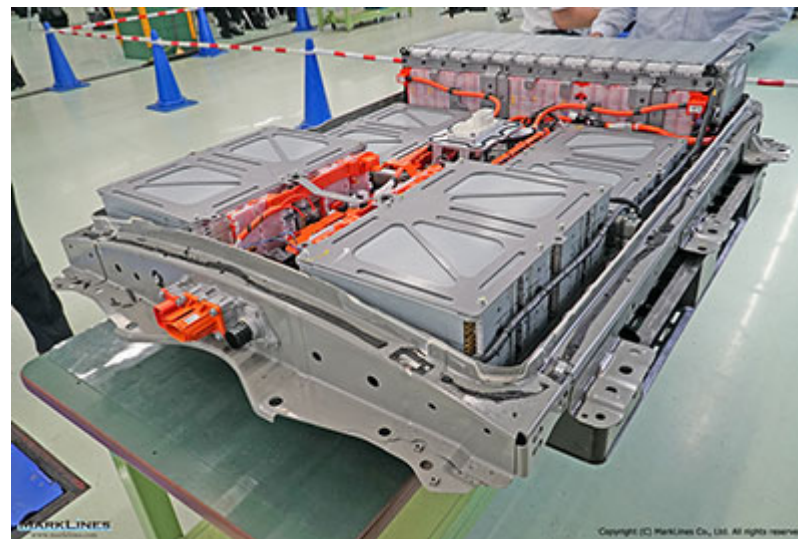
Positive factors

- The way people connect with each other in the business world has changed, and one-on-one online sales has become more popular than face-to-face sales. In addition, MarkLines has been able to develop more efficient sales activities, such as the introduction of one-on-one format briefing sessions.
- With the cancellation of exhibitions held at venues such as event booths, attention turned to our **LINES** service, which can be used to promote online.
- Changes in work styles have led to the widespread use of remote work, which in turn has led to the digitization of business operations, including the digitization of invoices.

Summary of the FY ended December 31, 2020

② Rapidly advancing electrification

The trend toward electrification is accelerating in the automotive industry, with the rise of Tesla and other EV manufacturers against the backdrop of more stringent environmental regulations around the world. As a result, there is growing interest in the Information Platform and content that MarkLines provides, such as EV sales figures and model change data. In addition, the number of projects related to electrification increased in our Consulting and Benchmarking related businesses.

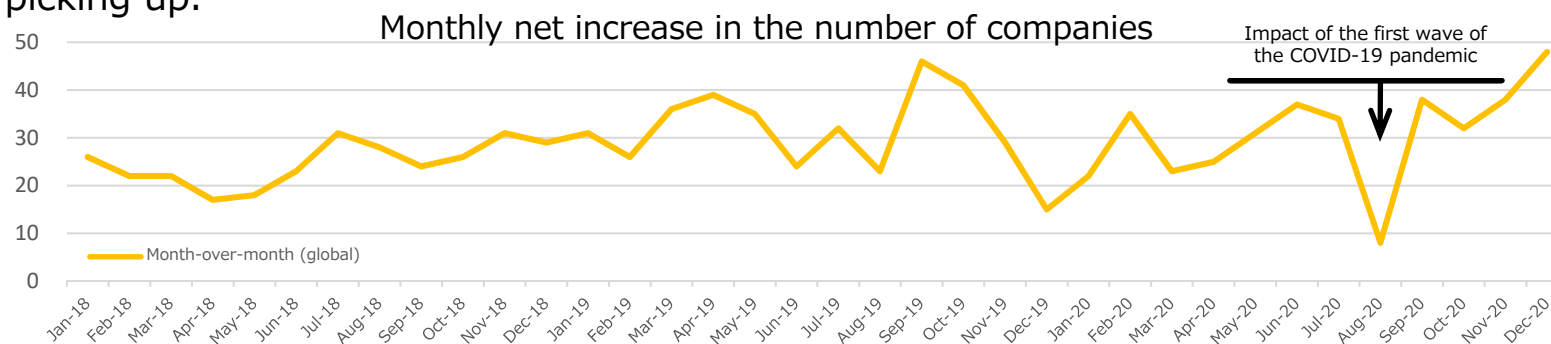


Summary of the FY ended December 31, 2020

③ Impact of changes in the business environment on our business performance

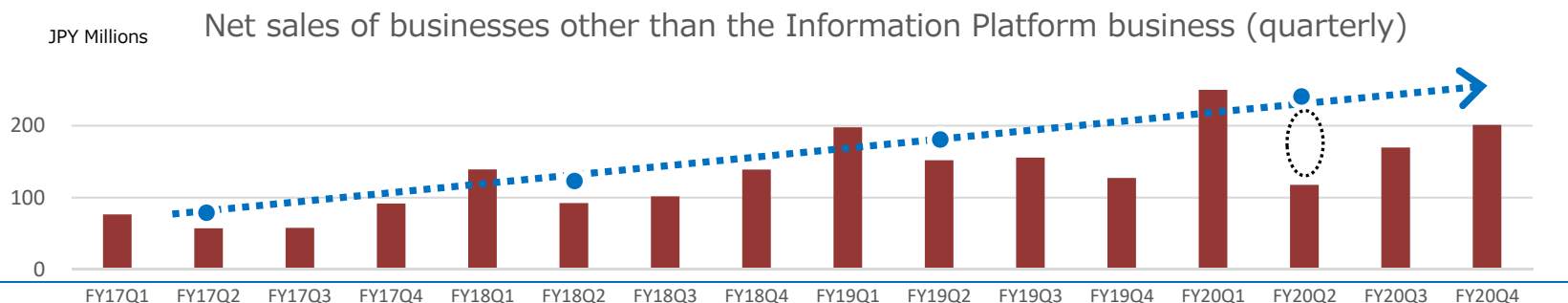
• Information Platform business

Due to the first wave of the COVID-19 pandemic, the monthly net increase in the number of member companies dropped sharply in August. Since then, that number has been picking up.



• Businesses other than the Information Platform

Changes in the business environment had a positive impact on some services, but overall Q2 sales were down from the previous quarter due to the impact of the first wave of the COVID-19 pandemic.

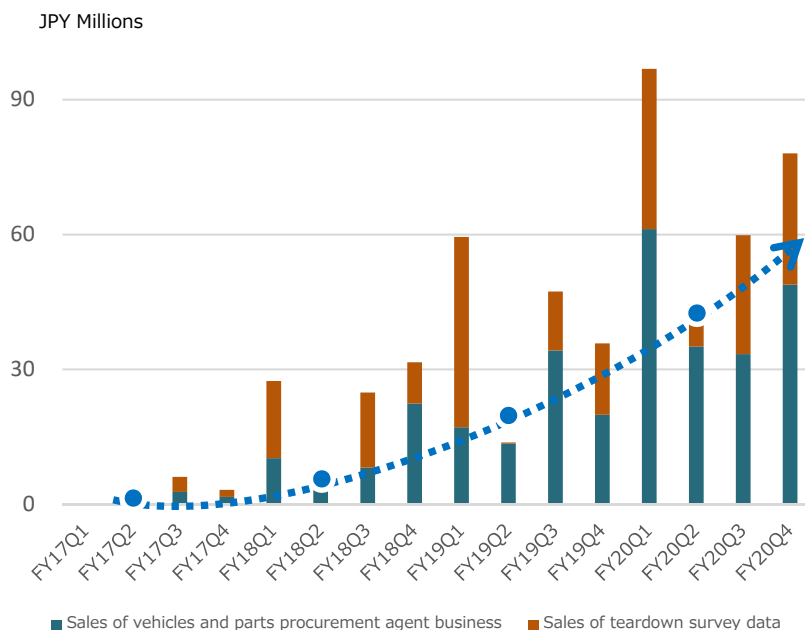


Summary of the FY ended December 31, 2020

Benchmarking-related business

Sales of teardown survey data were strong, including sales of drive motors for electric vehicles. In the vehicle and parts procurement agent business, although there were delays in the shipment of products due to the impact of the COVID-19 crisis, sales growth was remarkable due to an increase in the number of inquiries related to electrification.

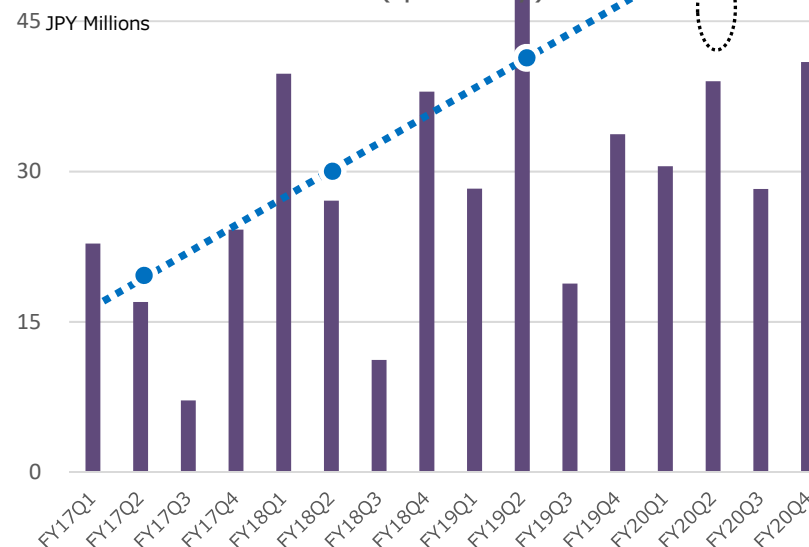
Benchmarking-related business sales (quarterly)



Market forecast information sales business

Sales decreased from the previous quarter due to postponement of contract renewals in Q2.

Market forecast information sales revenue (quarterly)

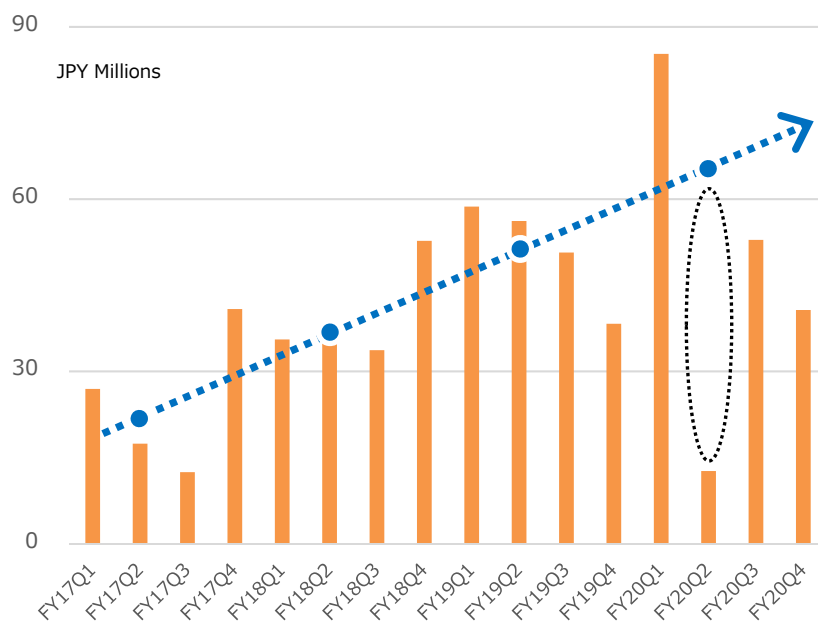


Summary of the FY ended December 31, 2020

Consulting business

Sales declined significantly quarter-over-quarter due to postponement of orders in Q2 due to stalled approval processes.

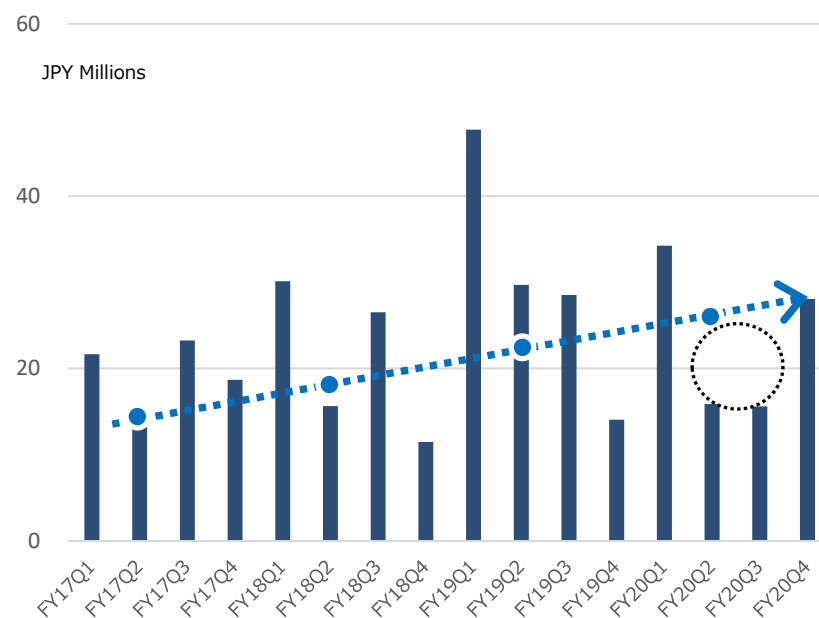
Consulting sales (Quarterly)



Recruiting Solutions business

The impact of the hiring freezes in Q2 lingered, and new contract signings were soft.

Recruit Solutions sales (Quarterly)

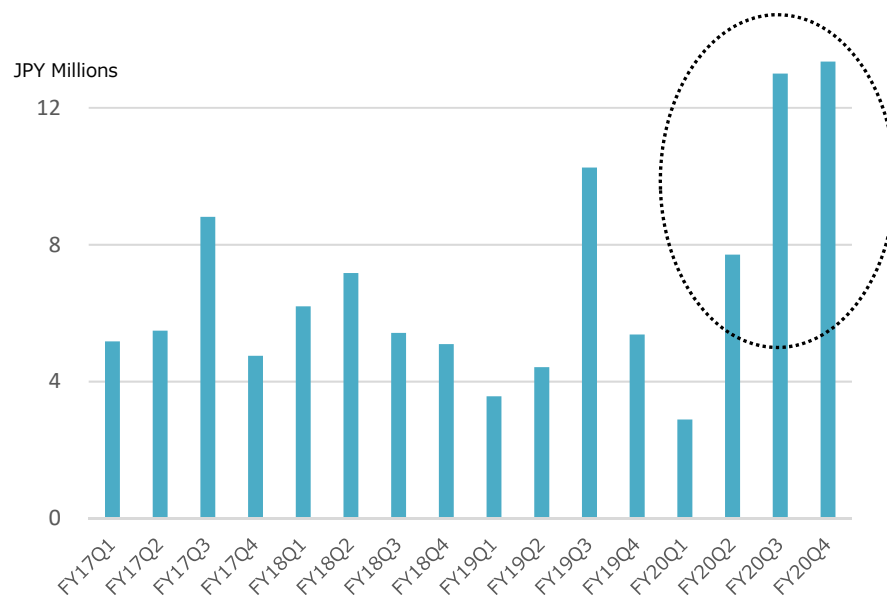


Summary of the FY ended December 31, 2020

Promotional Advertising business

Amidst the continued cancellation of actual in-person exhibitions, our Promotional Advertising business has attracted attention as an online promotional tool, and sales have been strong since the second quarter due to the increased use of PR emails and banner ads.

LINES sales (Quarterly)



Summary of the FY ended December 31, 2020

2. Opening of Benchmarking Center

In September 2020, we established a Benchmarking Center in Atsugi City, Kanagawa Prefecture, to quickly and efficiently operate the highly compatible "Vehicle and Parts Procurement Agency" and the "Cost Comparison Analysis" services.



Summary of the FY ended December 31, 2020

3. Established the Automobile Fund Co., Ltd.

We established this subsidiary to support the automotive industry in terms of financing, utilizing the strengths of our group, such as management know-how, information capabilities, and the discernment of specialized human resources, which we have cultivated through our own growth process as a venture company.

Outline of the subsidiary	
Company name	Automobile Fund Co., Ltd.
Location	Sanno Park Tower 14F, 2-11-1 Nagatacho, Chiyoda-ku, Tokyo
Description of Business	Acquisition and ownership of securities Operation and management of the assets of investment partnerships and limited liability investment partnerships, and investment in investment partnerships and limited liability investment partnerships, etc.
Date of establishment	April 1, 2020
Capital	50 million yen
Investment ratio	MarkLines: 100%
Representative	Chairman and Representative Director Makoto Sakai President and Representative Director Aya Miyake

Summary of the FY ended December 31, 2020

4. Relocation of offices in China, Germany and Japan headquarters

With a view to reinforcing our global management system, we launched new companies in China in January, in Germany in February, and in Japan in December.

In addition, our head office was expanded and relocated at the end of March, 2020 to accommodate the increase in personnel.



Summary of the FY ended December 31, 2020

5. Strengthening the content of the Information Platform

- ① Business alliance with Springer Fachmedien Wiesbaden GmbH (Springer)

Springer publishes technical journals and other publications aimed primarily at engineers and social scientists. Through this partnership, the company will reprint 12 articles per year from ATZ, the world's oldest automotive technology magazine, which was first published in 1898.

Report on self-driving shuttle buses, courtesy of Springer



Navya社が開発したシャトルは様々なテストサイトでデモンストレーションを行っている

コネクティビティが安全性を増強する

ドイツが先駆けて実施し国際的に大きな注目を集

シャトルバスは2021年にハンブルグ市で開催予定の「ITS世界会議 (The World Congress on Intelligent Transport Systems)」においてハイライトの1つになるだろう。この会議は1万人以上が参加する大規模な年次総会で、米国、欧州およびアジアで順次開催される。

つまり、シャトルバスは搭載されたセンサーで自動的にモニターし、検出した障害物の場合は緊急ブレーキをかけることが求められる。3Dプロジェクトされたソリューションには、システムの冗長化、改善された耐障害性

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- ② Enhanced the following content for Germany and China:

- Newly added sales figures for diesel vehicles in Germany.
- Newly added information on the number of retail units registered in China.

Sales volume information for diesel engines in Germany

ドイツディーゼル販売台数		2020年1月	2020年2月	2020年3月	2020年4月	2020年5月	2020年6月
ブランド	モデル						
Alfa Romeo	Alfa Romeo GIULIA	7	11	3	7	6	4
Alfa Romeo	Alfa Romeo Giulietta	11	8	7	4	6	1
Alfa Romeo	Stelvio	45	30	17	20	23	10
Alfa Romeo Total		63	49	27	31	35	15
Audi	Audi A3	711	426	558	283	401	779
Audi	Audi A4	2,126	1,721	1,168	619	1,045	761
Audi	Audi A5	469	404	363	191	243	372
Audi	Audi A6	11	7	7	3	3	6
Audi	Audi A7	3	3		2		1
Audi	Audi A8	4	2				
Audi	Audi Q2	490	355	298	116	186	128
Audi	Audi Q3	616	882	663	326	487	631
Audi	Audi Q5	1,199	704	483	193	392	469
Audi	Audi Q7	207	217	237	100	105	121
Audi	Audi Q8	5	4	2			1
Audi Total		6,041	4,725	3,779	1,835	2,862	3,269
BMW	1 Series	858	649	716	356	273	778
BMW	2 Series	492	493	532	280	172	447
BMW	3 Series	2,733	2,765	2,452	1,008	665	1,056
BMW	4 Series	104	106	113	61	57	128
BMW	6 Series	39	52	53	36	18	26
BMW	BMW 5 Series	1,182	956	736	431	385	817
BMW	BMW 7 Series	163	155	156	84	69	154

II. Financial Summary

Summary of Consolidated Financial Results

■ Record-high profits for the 10th consecutive year

(Unit: Millions of yen)

	2020 Actuals	Change y/y (%)	Primary factors
Consolidated net sales	2,663	+11.9	The "Information Platform" business increased by 10.1% from the previous fiscal year. For the other businesses, our benchmarking-related business and promotional advertising business increased significantly from the previous fiscal year, but growth in the consulting and recruiting businesses slowed due to lower-than-expected results in the previous fiscal year. Overall, sales were up 11.9% y/y.
Consolidated operating income	960	+9.9	Affected by the slowdown in sales growth, sales increased only 9.9% y/y.
Consolidated ordinary income	957	+8.2	Operating income increased by 8.2% y/y due to the limited growth of 9.9% y/y and the impact of foreign exchange losses.
Net income attributable to shareholders of the parent company	630	+3.0	Increased by 3.0% y/y due to the impact of a JPY 56 million loss on the valuation of investment securities.

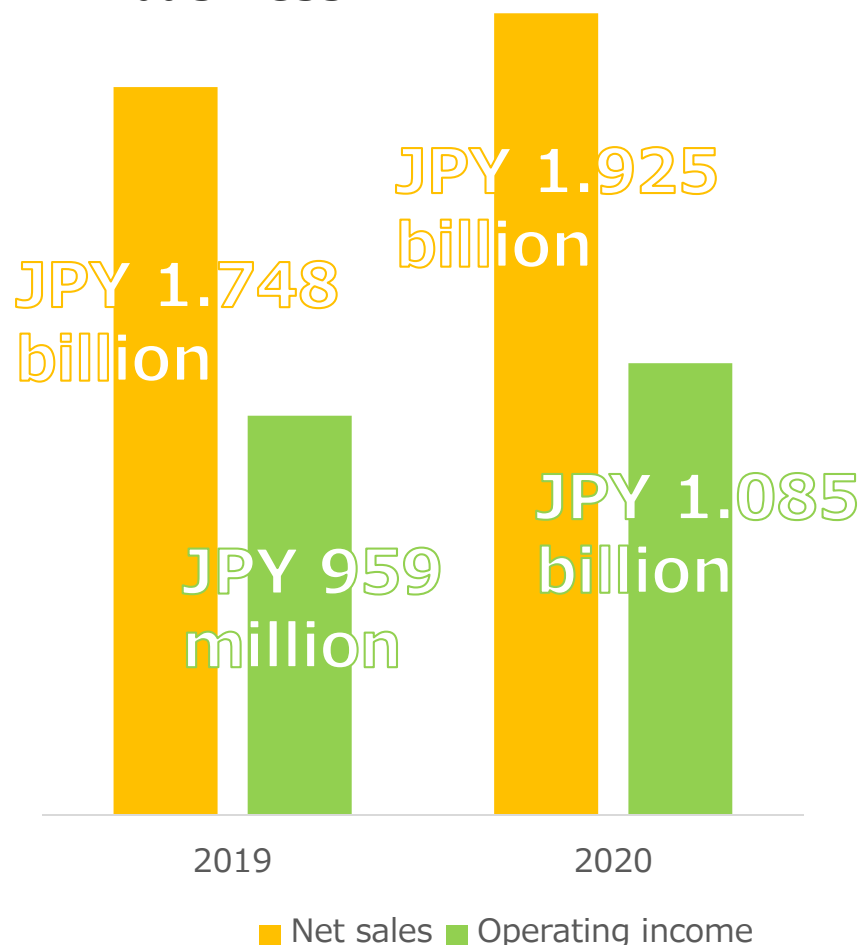
Business segment profit and loss

(Unit: JPY Millions)

Business		2019 Actuals	2020 Actuals	Change from previous period	
Information Platform business	Net sales	1,748	1,925	+176	+10.1%
	Segment profit (loss)	959	1,085	+125	+13.1%
Benchmarking-related business	Net sales	156	277	+120	+77.4%
	Segment profit (loss)	39	65	+25	+64.9%
Market Forecast Information sales business	Net sales	128	138	+10	+7.9%
	Segment profit (loss)	30	35	+5	+16.6%
Consulting business	Net sales	203	191	(12)	(6.1%)
	Segment profit (loss)	56	33	(23)	(40.9%)
Promotional Advertising business	Net sales	23	36	+13	+56.4%
	Segment profit (loss)	14	24	+10	+70.5%
Recruiting Solutions business	Net sales	119	93	(26)	(21.9%)
	Segment profit (loss)	36	19	(16)	(45.8%)
Adjustments	Net sales	—	—	—	—
	Segment profit (loss)	(263)	(303)	(40)	+15.3%
Consolidated net sales		2,380	2,663	+282	+11.9%
Consolidated operating income		874	960	+86	+9.9%

Business segment profit and loss

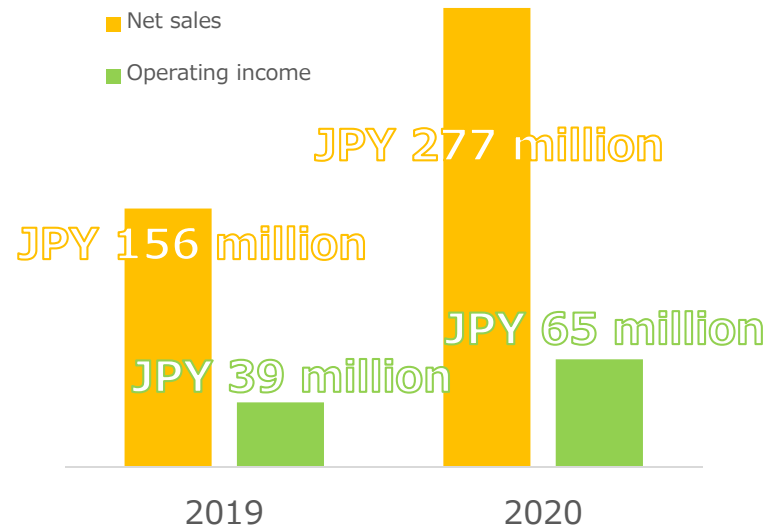
■ Information Platform business



- The Information Platform business was affected by the COVID-19 pandemic from April 2020, and the number of companies with a monthly net increase plummeted in August. Since then, the Information Platform business has been picking up.
- As one of our business strategies, we were successful in the acquisition of unrestricted user contracts from German and American OEMs.
- We also focused on regions such as China, where the impact of the COVID-19 pandemic has diminished.
- As a result of the above, net sales increased by 10.1% y/y, and operating income increased by 13.1%.

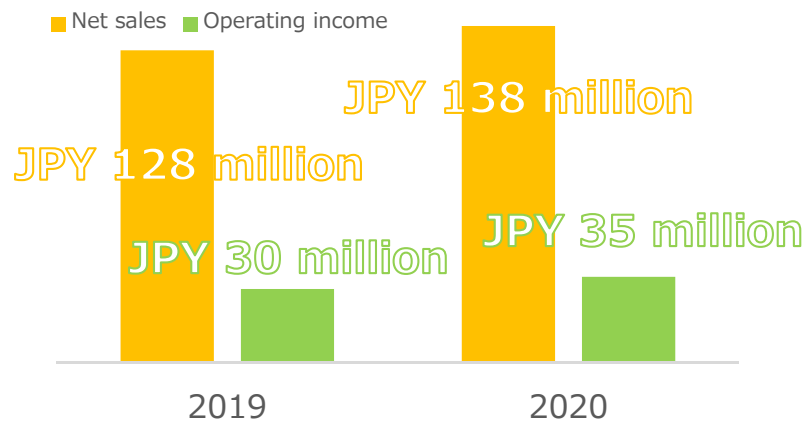
Business segment profit and loss

■ Benchmarking-related business



- Vehicle and parts procurement agency: Sales increased by 110.6% y/y to JPY 178 million due to an increase in large-scale projects such as the procurement of vehicle bodies on behalf of customers, and an increase in inquiries in this area as the trend toward electrification has accelerated.
- Sales of teardown survey data: Sales increased by 38.0% y/y to JPY 98 million due to strong sales of electric drive motors for electric vehicles, the Tesla Model 3 and other electrification-related reports.

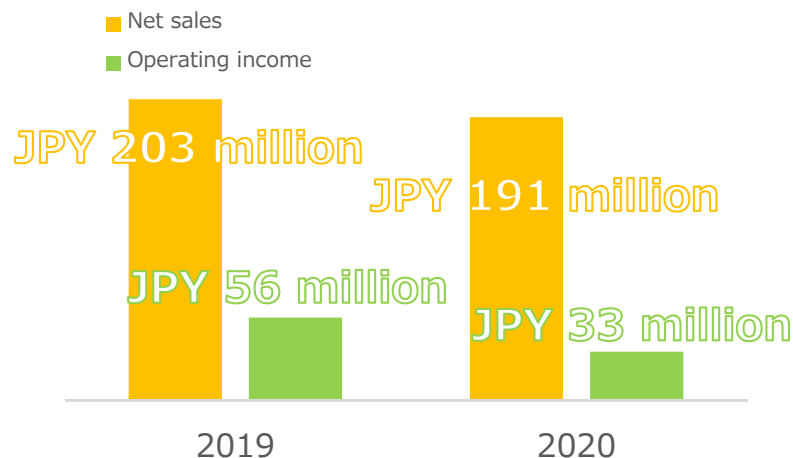
■ Market Forecast Information sales business



Despite an increase in the number of companies that decided to postpone renewing their contracts in Q2, from Q3 onwards, some companies switched from other companies' products due to our price competitiveness. They also purchased our products as a tool to predict recovery scenarios for the automotive market. As a result, sales increased by 7.9% y/y and operating profit increased by 16.6% y/y.

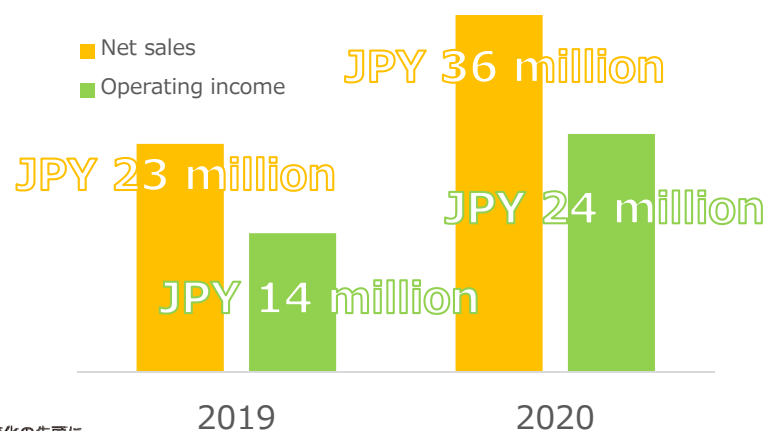
Business segment profit and loss

■ Consulting business



Since the beginning of the year, there has been a strong demand for our "cost comparison analysis service" and other electrification-related services, but the growth in new orders stagnated in Q2 due to the COVID-19 pandemic. Subsequently, the company's financial health began to recover by winning orders for projects in new business areas such as corporate restructuring support, but net income declined by 6.1% y/y. Operating income decreased by 40.1% y/y, partly due to increased labor costs.

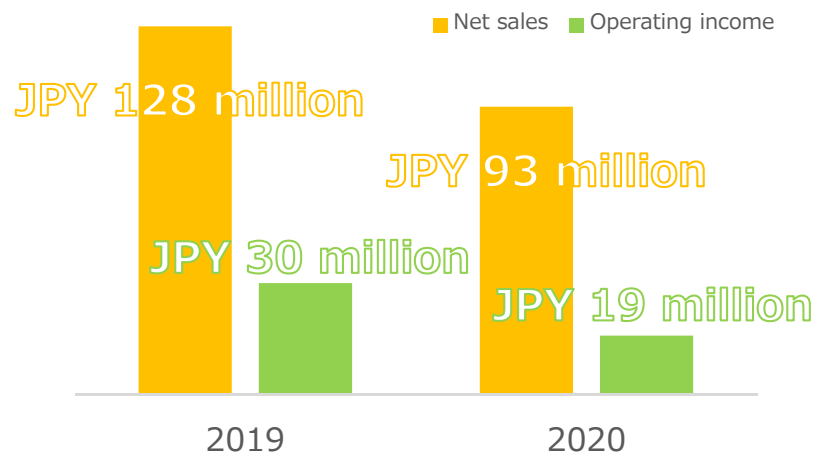
■ Promotional Advertising business



With the cancellation of actual exhibitions due to the COVID-19 crisis, digital marketing, such as virtual exhibitions, **LINES** has become the focus of attention as an alternative to in person sales. As a result, sales increased by 56.4% y/y and operating profit increased by 70.5% y/y.

Business segment profit and loss

■ Recruiting Solutions business



The impact of hiring freezes in Q2 lingered, and the number of new contracts signed was soft at 45 (58 in the previous fiscal year), resulting in a 21.9% decrease in sales and a 45.8% decrease in operating profit compared to the previous fiscal year.

Sales summary by region for the "Information Platform" business

(Unit: JPY millions)

Information Platform business	2019	2020	y/y (%)
Japan	962	1,019	+5.8
China	211	250	+18.0
Asia	244	280	+14.9
North America	155	176	+13.9
Europe	163	187	+14.6
Other	10	10	+5.2
Total	1,748	1,925	+10.1

Growth slowed due to the focused allocation of domestic sales resources to overseas sales.

Sales increased further in the current fiscal year due to the relatively early convergence of the COVID-19 crisis and the depreciation of the JPY.

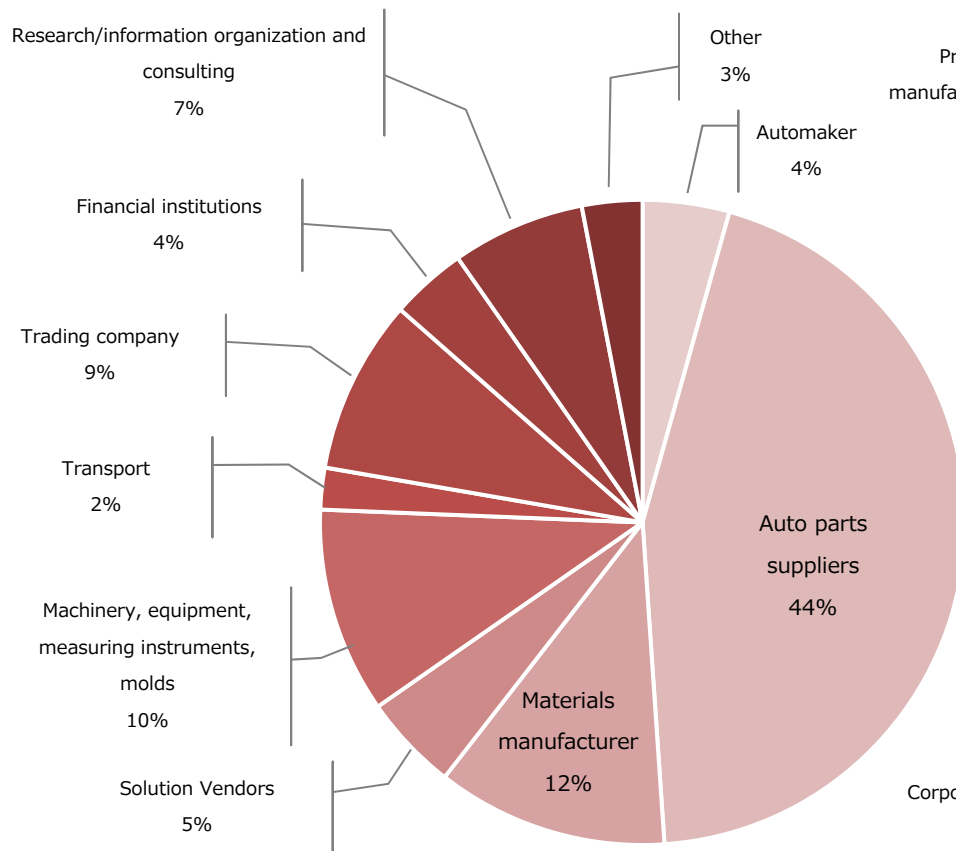
Sales also increased as a result of relatively strong new user contract acquisitions in Thailand, South Korea, and India.

As a result of focused efforts to develop business with Japanese companies in the U.S. and Mexico, sales increased by double digits.

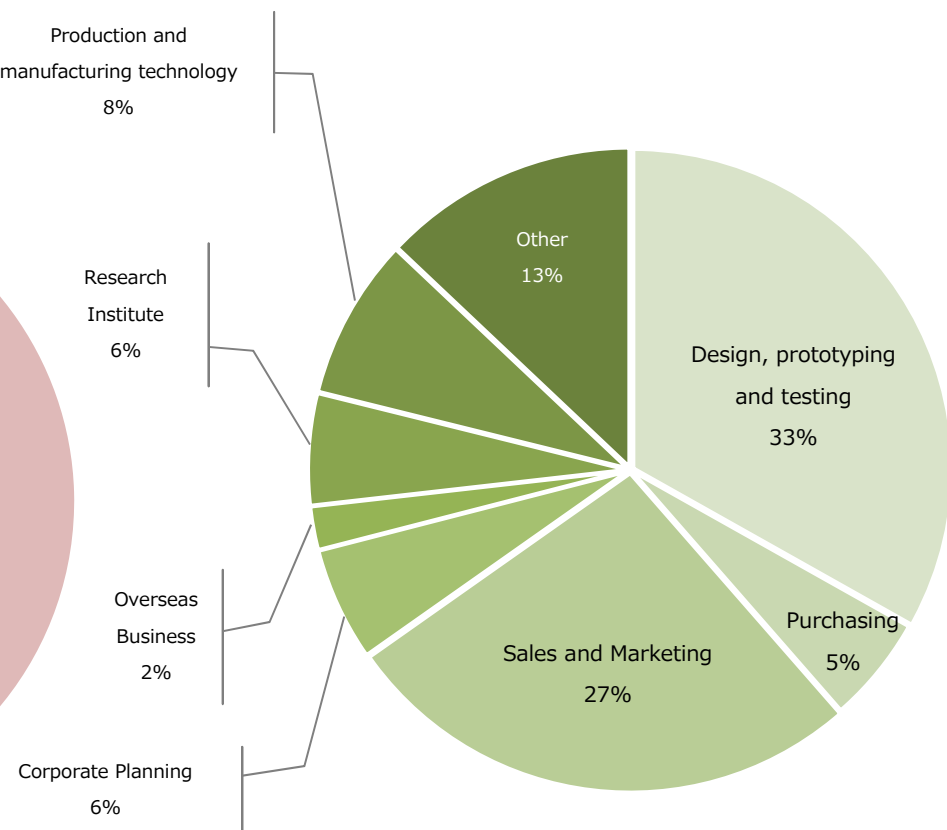
This business continued to perform well, including winning an unrestricted contract from Daimler.

Composition of "Information Platform" business by Industry and Occupation

Composition of client member companies by industry

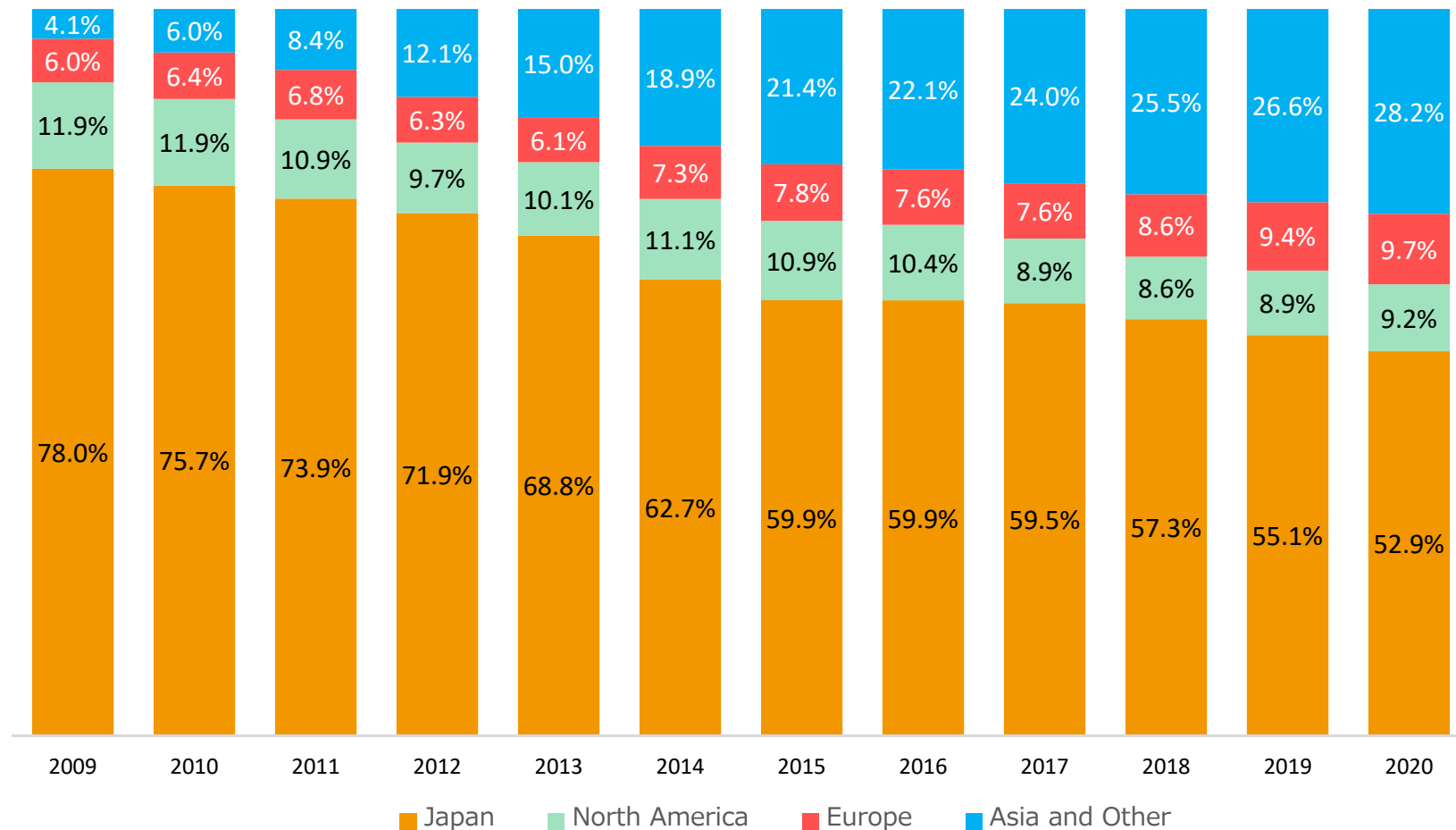


Composition of Information Platform paying members by job type



Sales by Region for the Information Platform business

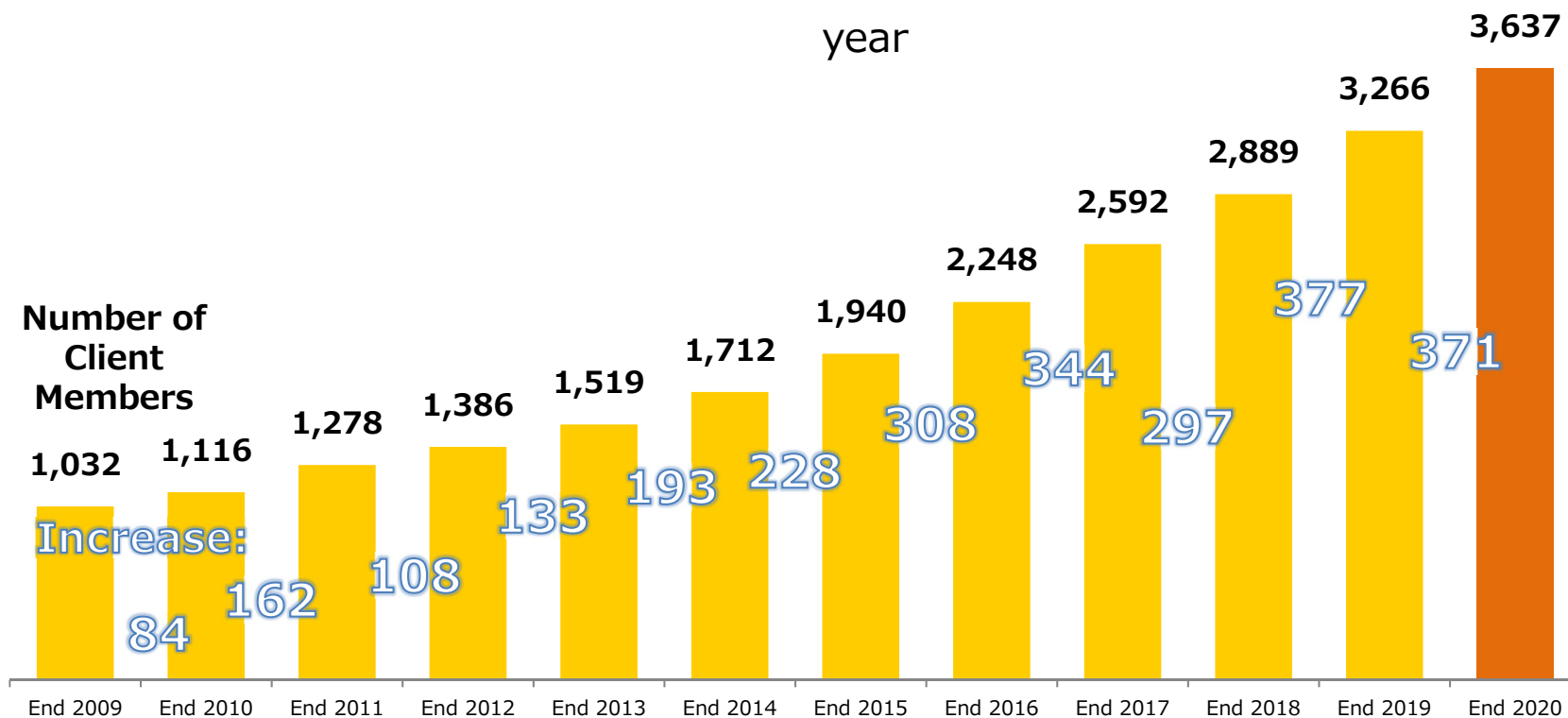
Sales in each region, excluding Japan, grew by double digits, accounting for 47.1% of total sales. Currently, the ratio of new overseas contracts has been about 60-70%, and the ratio of overseas sales is increasing yearly.



Number of Client Members in the Information Platform business

As of the end of December 2020, the number of companies with Information Platform contracts increased by 371 companies y/y to 3,637 companies. Despite the impact of the COVID-19 pandemic, the net increase in the number of subscribers was maintained at about the same level as the previous fiscal year.

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



III. Earnings Forecast

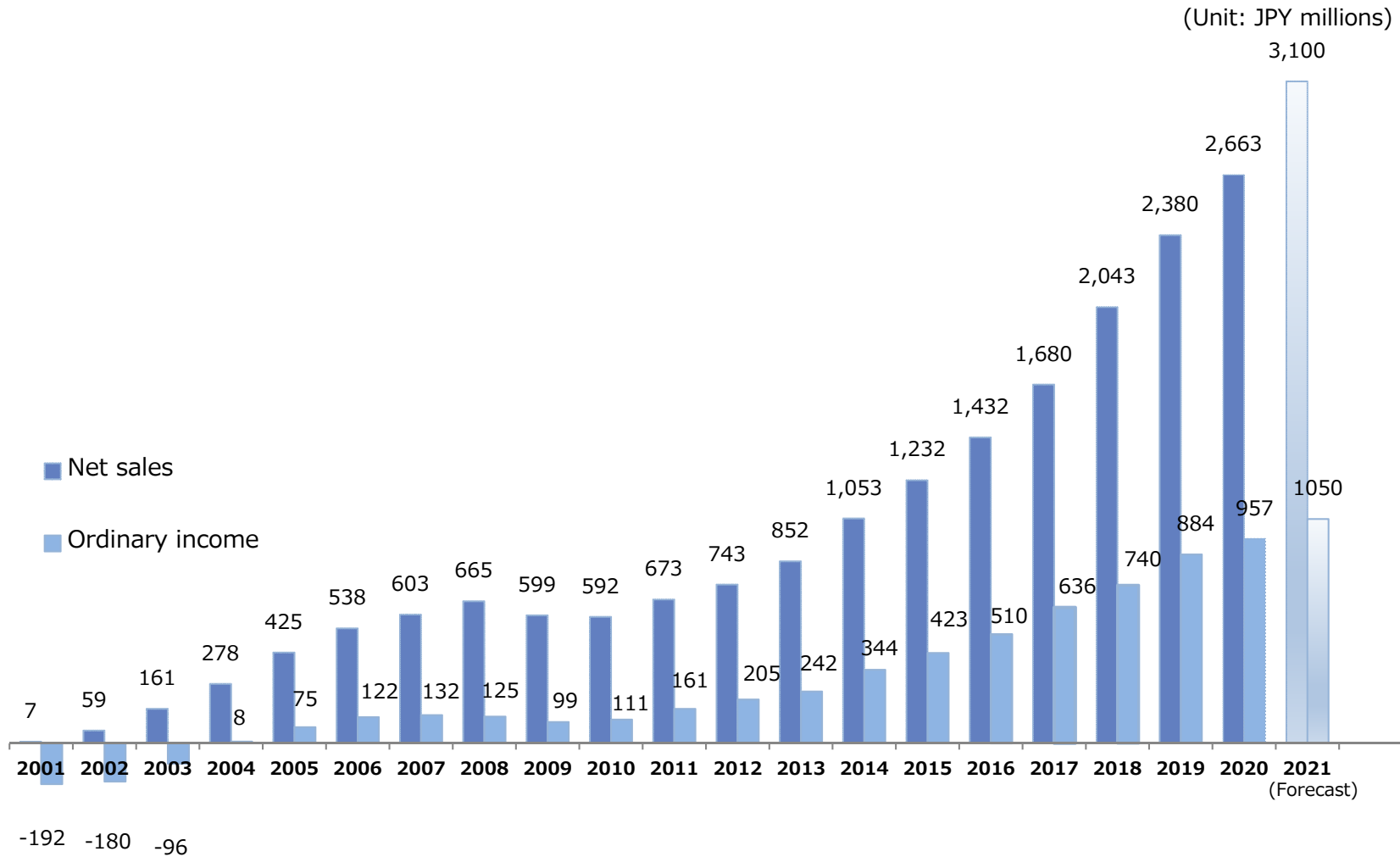
Full-year Earnings Forecast

(Unit: JPY millions)

	2020 Results for Fiscal Year ended December 31	2021 Plan for Fiscal Year Ending December 31	Change from the previous year (%)
Consolidated net sales	2,663	3,100	+16.4%
Consolidated operating income	960	1,100	+14.5%
Consolidated ordinary income	957	1,050	+9.7%
Net income attributable to shareholders of the parent company	630	730	+15.8%

※ The exchange rate assumptions for the fiscal year plan ending December 2021 are as follows: USD103 yen, EUR123 yen, CNY15.6 yen, THB3.4 yen

Forecasting an 11th consecutive year of record profits



IV. Growth Strategy

Our Vision

Aiming to establish ourselves as a platformer in the automotive industry over the next 10 years



What do we mean by the term "platformer"?

1. We can stand between the demand side and the supply side, mediate between the two, and create new value.
2. We can provide a wide variety of one-stop services.
3. We can provide a common platform (Information, in our case) like a chassis.

1. Measures to realize a platform for the automotive industry

① Seller side development

- To provide a variety of information content and services to attract buyers, we will utilize our eight global offices to develop new seller-side[※] business partners.

※Main business partners to date: LMC Automotive Ltd.
Munro & Associates, Inc.

② Buyer side development

- To acquire new contracts from European OEMs (VW, BMW) with whom we have not yet signed.
- In addition to obtaining unlimited contracts from European and U.S. OEMs with only a small number of users, we will promote registration to increase the number of users to 5,000 per OEM.
- Acquire new unlimited contracts other than those mentioned above, and promote the upgrade of existing client members to unlimited contracts to further increase the number of members who become product buyers. The goal is to double the number Information Platform users over the next three years.

2. Launch of the Automobile Fund business

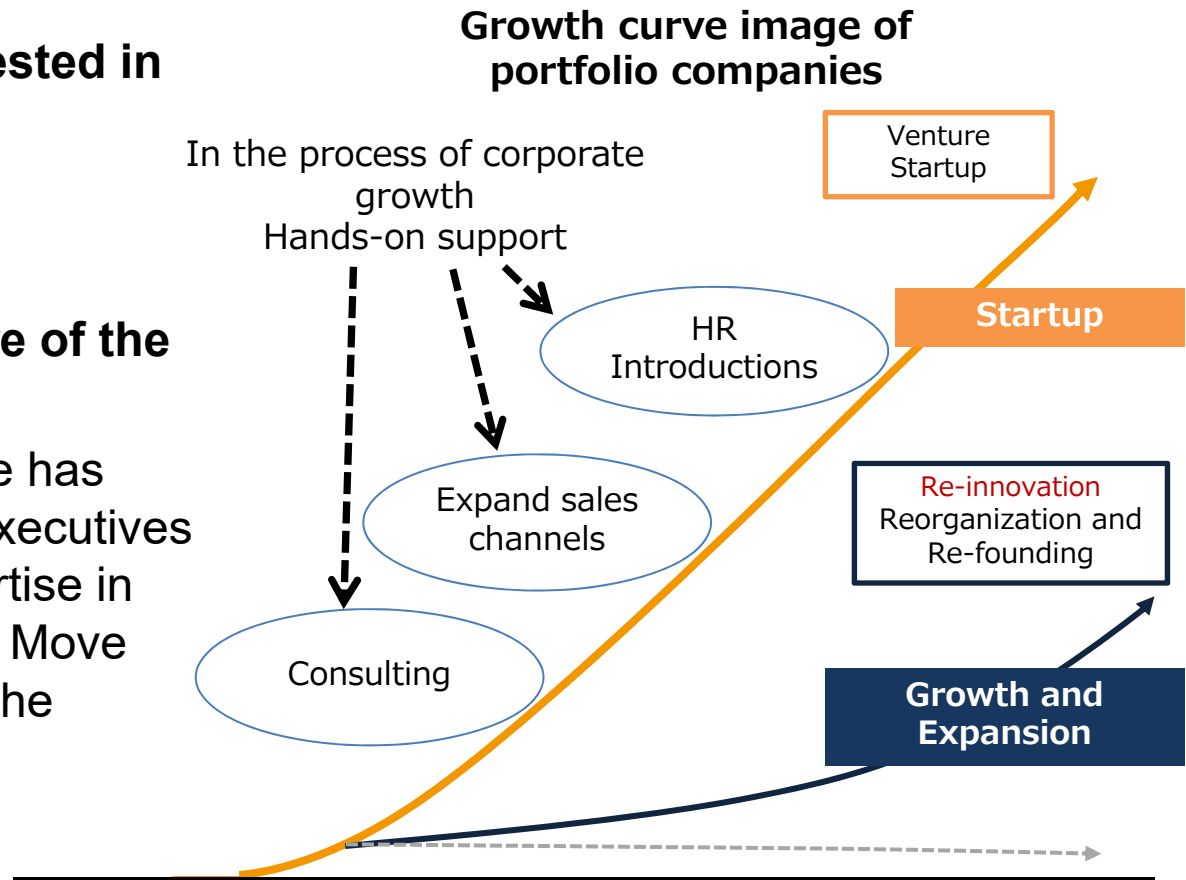
Our subsidiary, Automobile Fund Co., Ltd. established the "Automobile Industry Support Fund 2021" on January 29, 2021 in collaboration with SBI Capital Co., Ltd. and started investment activities in earnest.

① Companies to be invested in

- Venture startups
- Re-innovation

② Management structure of the fund

A management structure has been established with executives and investors with expertise in the automotive industry. Move investment activities to the execution phase.



3. Enhancement of "Information Platform" content

- ① The search function for model change information will be enhanced to enable data extraction from multiple perspectives, thereby improving convenience for users.
- ② Strengthen local technical exhibition reporting by increasing the number of personnel in our China and Germany subsidiaries.
- ③ For the information on the number of units, the detailed classification of HVs will be added to enhance the content.

自動車産業ポータル MARKLINES CASE (電動化・自動運転) ノート (Note)

■ メーカー名
日産

■ 販売国
日本

■ 販売 (予定) 時期
2020年12月に発売。

■ 生産工場
沼津工場 (神奈川県)

■ サイズ
全長 4,045 (159.3) X 全幅 1,695 (66.7) X 全高 1,520 (59.8) mm(in), ホールベース 2,580mm (101.6in)

■ 車重
車両重量: 1,190kg (2,623.5lbs)

■ 車体
5ドアコンパクトハッチバック
CMF-Bプラットフォーム

■ 動力システム
HV, 前輪/四輪駆動, シリウスハイブリッドシステム [e-Power]。
- 1.2L 3気筒ガソリンエンジン (最高出力: 60kW/82ps, 最大トルク: 103Nm/10.5kgf·m, 型式: HR12DE)
- 交流同期モーター (最高出力: 85kW/116ps, 最大トルク: 280Nm/28.5kgf·m, 型式: EM47)
- リチウムイオン電池

■ トランスミッション
-

■ 燃費/電費、航続距離
日本 WLTCモード: 29.5km/L

■ 自動運転技術
搭載仕様: 日本向け 搭載年月: 2020年11月 ◎: 全車標準 ○: 部分標準 △: メーカーオプション ×: 設定なし

項目	設定	デバイス・システム名称
センサー	ソナー	◎ 超音波センサー (全車標準 8個)
	ミリ波レーダー	◎ & △ ミリ波レーダー (最大3個: 全車標準 1個, オプション 2個)
	レーザーレーダー	×
	LIDAR (レーザーキャナー)	×
	甲種カメラ	◎ & △ 甲種カメラ (最大5個: 全車標準 2個, オプション 3個)
	ステレオカメラ	×
衝突警報	◎	インテリジェント FCW (前方衝突予測警報)

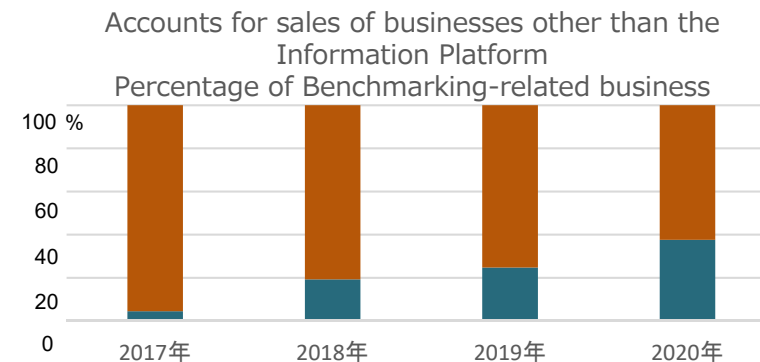
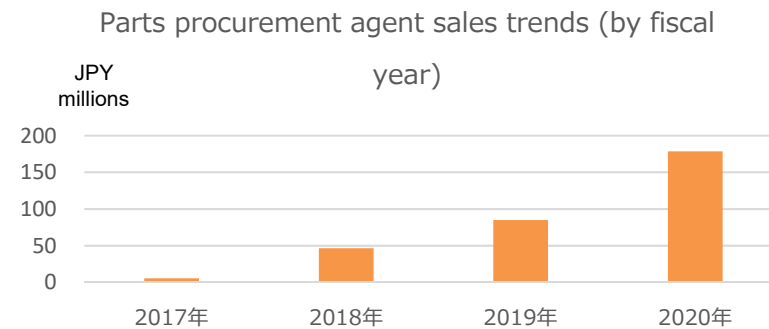
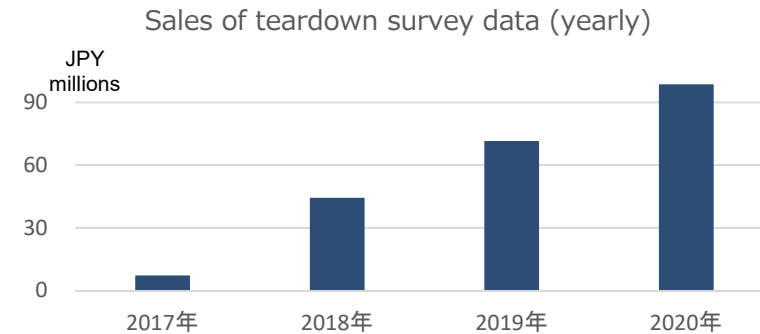
4. Benchmarking

① Teardown Survey Data sales

By identifying new business partners, we will expand our lineup of new sales reports, such as performance test data, to stimulate latent demand from Information Platform members.

② Vehicle and Parts Procurement agent services

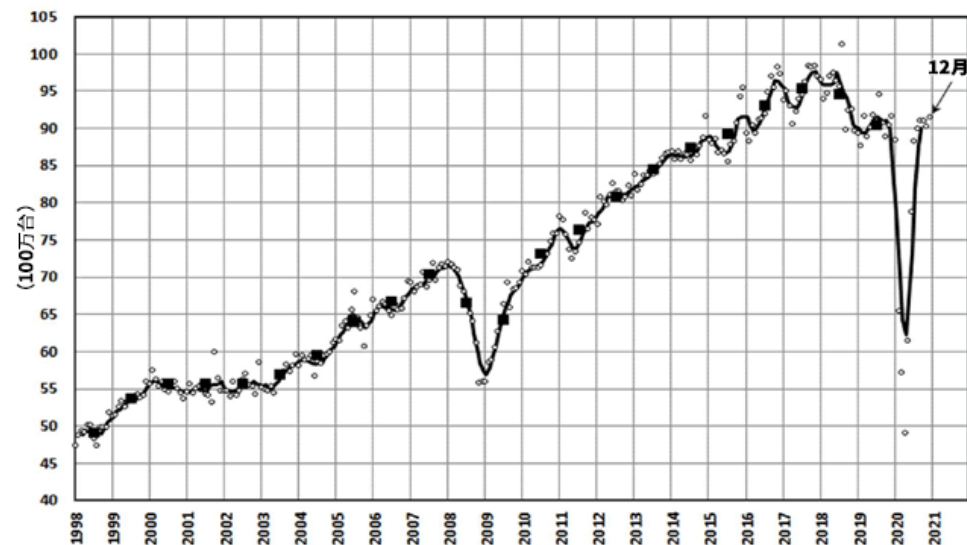
We will continue to promote this service to our Information Platform members through trade shows and targeted mailings.



5. Sales of LMC Automotive Ltd. products (market forecast information)

- ① Expanded measures to send promotional e-mails to Information Platform members who view forecast-related content. Aiming to further increase contact points with prospective customers.
- ② In 2020, some customers canceled their contracts due to the unstable market outlook caused by the COVID-19 crisis. In 2021, it is expected that there will be a need among these companies to predict the pace of market recovery, so we will strengthen our contacts to have them become customers again.

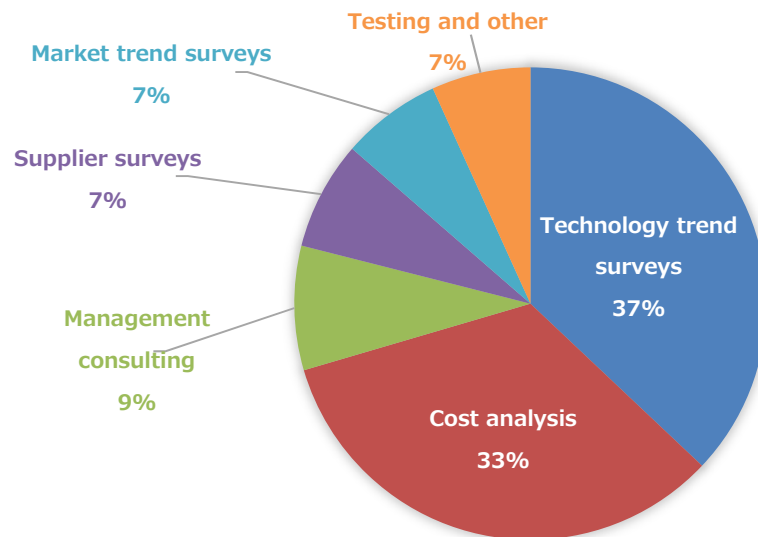
グローバル・ライトビークル販売



6. Consulting

- ① Due to the progress of electrification, the needs for consulting for business reform and new business development and technology trend survey are becoming more active. In 2021, we will expand the scope of our activities by expanding into problem-solving consulting for companies.
- ② Our cost comparison analysis service has been growing steadily over the past three years due to an increase in new customers and repeat customers. And we will continue to strengthen our systems, improve the efficiency of analysis operations, and expand capacity in response to the increase in orders.

Composition of FY2020 net sales by service



7. Promotional Advertising (*LINES*)

- ① It is estimated that online exhibitions and seminars will continue to be held and the shift to digitalization will continue this year. In particular, we will focus on approaching equipment, machinery, and solution companies, for which we have strong inquiries.
- ② By releasing a smartphone version of the "Promotion App", companies considering sales promotion of their products and services will be able to more easily access and raise awareness.
- ③ Expand sales of LINES at overseas offices.

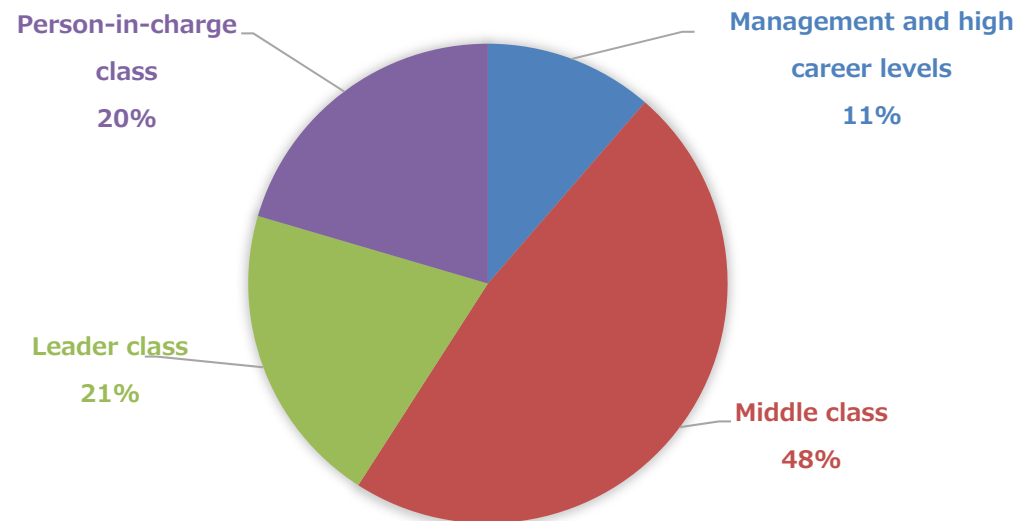


Image of the smartphone version of the "Promotion App"

8. HR Introduction

- ① We will create a database of management and high-level career human resources, and promote new activities such as proposing HR talent that matches the potential needs of Information Platform member companies, in addition to activities based on referral requests from client companies.
- ② To respond to the demand for human resources that arises in the process of management support consulting to solve issues faced by companies, such as the transition to CASE technologies and business restructuring, we will collaborate with the Consulting and the Automobile Fund businesses.

Composition of contracts signed in FY2020 by tier



MarkLines SDG and ESG Initiatives

- 1. PROVISION OF INFORMATION, KNOWLEDGE, AND HUMAN RESOURCES FOR ELECTRIFICATION TOWARD ZERO CO2 EMISSIONS**
- 2. HELPING THE MOBILITY IMPAIRED BY PROVIDING INFORMATION ON AUTONOMOUS DRIVING TECHNOLOGIES**
- 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.