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## Consolidated Financial Results for the Six Months Ended June 30, 2020 [Japanese GAAP]

August 03, 2020

Company name: MarkLines Co., Ltd.

Stock exchange listing: Tokyo

Code number: 3901

URL: <https://www.marklines.com>

Representative: Makoto Sakai

President, CEO

Contact: Kenichi Sakai

Director, General Manager, Administration Dept.

Phone: 03-4241-3901

Scheduled date of filing quarterly securities report: August 03, 2020

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

### 1. Consolidated Financial Results for the Six Months Ended June 30, 2020 (January 01, 2020 to June 30, 2020)

#### (1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended June 30, 2020	1,308	9.1	448	2.3	449	1.6	277	(11.0)
June 30, 2019	1,199	19.8	438	22.3	441	26.8	311	31.8

(Note) Comprehensive income: Six months ended June 30, 2020: ¥ 277 million [ (8.6)%]  
Six months ended June 30, 2019: ¥ 304 million [ 38.8%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2020	21.03	20.97
June 30, 2019	23.70	23.58

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
June 30, 2020	3,610	2,553	70.7
December 31, 2019	3,484	2,509	72.0

(Reference) Equity: As of June 30, 2020: ¥ 2,553 million  
As of December 31, 2019: ¥ 2,509 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2019	-	0.00	-	18.00	18.00
Fiscal year ending December 31, 2020	-	0.00			
Fiscal year ending December 31, 2020 (Forecast)			-	21.00	21.00

(Note) Revision to the forecast for dividends announced most recently: No

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending December 31, 2020 :

Commemorative dividend	- yen
Special dividend	- yen

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2020(January 01, 2020 to December 31, 2020)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	2,900	21.8	1,000	14.4	1,000	13.0	705	15.2	53.29

(Note) Revision to the financial results forecast announced most recently: No

### \* Notes:

(1) Changes in significant subsidiaries during the six months ended June 30, 2020

(changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New 1 (Company name: )

Exclusion: - (Company name: )

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

June 30, 2020: 13,187,200 shares

December 31, 2019: 13,169,600 shares

2) Total number of treasury shares at the end of the period:

June 30, 2020: 229 shares

December 31, 2019: 229 shares

3) Average number of shares during the period:

Six months ended June 30, 2020: 13,182,931 shares

Six months ended June 30, 2019: 13,149,348 shares

Quarterly Consolidated Financial Statements  
Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of December 31,2019	As of June 30,2020
<b>Assets</b>		
Current assets		
Cash and deposits	2,883,357	3,018,752
Accounts receivable - trade	87,536	97,293
Merchandise	364	-
Prepaid expenses	16,638	19,221
Other	18,826	17,005
Allowance for doubtful accounts	(731)	(899)
Total current assets	3,005,992	3,151,373
Non-current assets		
Property, plant and equipment		
Buildings and structures	43,197	54,686
Accumulated depreciation	(17,891)	(10,681)
Buildings and structures, net	25,305	44,004
Land	5,634	5,634
Other	29,639	35,920
Accumulated depreciation	(22,816)	(24,609)
Other, net	6,823	11,311
Total property, plant and equipment	37,763	60,951
Intangible assets		
Software	95,711	79,197
Total intangible assets	95,711	79,197
Investments and other assets		
Investment securities	226,914	168,335
Leasehold deposits	82,068	99,857
Deferred tax assets	34,344	46,507
Other	2,954	5,637
Allowance for doubtful accounts	(1,250)	(1,206)
Total investments and other assets	345,032	319,131
Total non-current assets	478,507	459,280
<b>Total assets</b>	<b>3,484,500</b>	<b>3,610,653</b>

(Thousand yen)

	As of December 31,2019	As of June 30,2020
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	9,162	10,753
Accounts payable - other	22,864	22,865
Accrued expenses	36,694	31,678
Income taxes payable	161,503	128,160
Accrued consumption taxes	33,852	21,525
Advances received	681,444	799,573
Deposits received	17,108	17,754
Provision for bonuses	11,635	14,439
Accounts payable - facilities	-	1,711
Other	750	4,295
Total current liabilities	975,015	1,052,759
Non-current liabilities		
Retirement benefit liability	-	4,105
Total non-current liabilities	-	4,105
<b>Total liabilities</b>	<b>975,015</b>	<b>1,056,864</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	366,791	368,551
Capital surplus	284,598	286,358
Retained earnings	1,913,724	1,953,975
Treasury shares	(182)	(182)
Total shareholders' equity	2,564,932	2,608,702
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(54,476)	(49,642)
Foreign currency translation adjustment	(970)	(5,270)
Total accumulated other comprehensive income	(55,447)	(54,913)
<b>Total net assets</b>	<b>2,509,485</b>	<b>2,553,789</b>
<b>Total liabilities and net assets</b>	<b>3,484,500</b>	<b>3,610,653</b>

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Thousand yen)

	For the six months ended June 30,2019	For the six months ended June 30,2020
Net sales	1,199,538	1,308,623
Cost of sales	389,014	453,034
Gross profit	810,524	855,588
Selling, general and administrative expenses		
Promotion expenses	7,679	5,829
Sales commission	1,342	619
Advertising expenses	6,558	5,324
Remuneration for directors (and other officers)	28,002	28,636
Salaries and allowances	168,256	183,292
Provision for bonuses	8,845	8,427
Retirement benefit expenses	2,468	4,187
Legal welfare expenses	27,054	28,589
Depreciation	6,064	8,297
Provision of allowance for doubtful accounts	(149)	1,705
Rent expenses	19,765	25,871
Other	96,386	106,460
Total selling, general and administrative expenses	372,275	407,244
Operating profit	438,248	448,344
Non-operating income		
Interest income	983	943
Dividend income	5,927	2,610
Other	1,264	1,895
Total non-operating income	8,175	5,449
Non-operating expenses		
Foreign exchange losses	4,237	4,687
Other	330	8
Total non-operating expenses	4,568	4,696
Ordinary profit	441,855	449,097
Extraordinary losses		
Loss on valuation of investment securities	-	65,546
Total extraordinary losses	-	65,546
Profit before income taxes	441,855	383,550
Income taxes - current	127,824	120,547
Income taxes - deferred	2,387	(14,296)
Total income taxes	130,212	106,251
Profit	311,643	277,299
Profit attributable to owners of parent	311,643	277,299

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Thousand yen)

	For the six months ended June 30,2019	For the six months ended June 30,2020
Profit	311,643	277,299
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,778)	4,833
Foreign currency translation adjustment	(3,829)	(4,300)
Total other comprehensive income	(7,608)	533
Comprehensive income	304,035	277,832
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	304,035	277,832
Comprehensive income attributable to non-controlling interests	-	-