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Consolidated Financial Results for the Six Months Ended June 30, 2021 [Japanese GAAP]

August 04, 2021

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 04, 2021

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, 2021 (January 01, 2021 to June 30, 2021)

(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, 2021	1,696	29.6	575	28.4	582	29.7	393	41.8
June 30, 2020	1,308	9.1	448	2.3	449	1.6	277	(11.0)

(Note) Comprehensive income: Six months ended June 30, 2021: ¥ 450 million [62.3%]
Six months ended June 30, 2020: ¥ 277 million [(8.6)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2021	29.81	29.74
June 30, 2020	21.03	20.97

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
June 30, 2021	4,428	3,123	70.0
December 31, 2020	4,024	2,920	72.6

(Reference) Equity: As of June 30, 2021: ¥ 3,100 million
As of December 31, 2020: ¥ 2,920 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, 2020	-	0.00	-	21.00	21.00
Fiscal year ending December 31, 2021	-	0.00			
Fiscal year ending December 31, 2021 (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, 2021 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2021(January 01, 2021 to December 31, 2021)

(% 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	3,100	16.4	1,100	14.5	1,050	9.7	730	15.8	55.35

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

* Notes:

(1) Changes in significant subsidiaries during the six months ended June 30, 2021

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

New 1 (Company name: Automotive Industry Support Fund 2021 Investment Limited Partnership)

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, 2021: 13,209,200 shares

December 31, 2020: 13,189,200 shares

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

June 30, 2021: 351 shares

December 31, 2020: 297 shares

3) Average number of shares during the period:

Six months ended June 30, 2021: 13,193,109 shares

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

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of December 31,2020	As of June 30,2021
Assets		
Current assets		
Cash and deposits	3,301,979	3,778,908
Accounts receivable - trade	131,811	111,591
Merchandise	9,956	8,823
Prepaid expenses	22,998	23,383
Other	45,854	12,878
Allowance for doubtful accounts	(1,450)	(1,238)
Total current assets	3,511,150	3,934,347
Non-current assets		
Property, plant and equipment		
Buildings and structures	54,938	26,375
Accumulated depreciation	(12,353)	(4,994)
Buildings and structures, net	42,585	21,381
Land	5,634	-
Other	39,173	43,000
Accumulated depreciation	(27,632)	(30,296)
Other, net	11,540	12,704
Total property, plant and equipment	59,760	34,085
Intangible assets		
Software	64,447	49,180
Total intangible assets	64,447	49,180
Investments and other assets		
Investment securities	194,307	228,411
Distressed receivables	1,067	753
Long-term prepaid expenses	3,383	2,624
Long-term time deposits	47,430	51,330
Leasehold deposits	99,239	99,721
Deferred tax assets	45,153	28,567
Allowance for doubtful accounts	(1,067)	(753)
Total investments and other assets	389,513	410,656
Total non-current assets	513,721	493,922
Total assets	4,024,872	4,428,270

(Thousand yen)

	As of December 31,2020	As of June 30,2021
Liabilities		
Current liabilities		
Accounts payable - trade	42,707	32,086
Accounts payable - other	8,230	5,088
Accrued expenses	43,812	39,835
Income taxes payable	169,853	176,962
Accrued consumption taxes	38,446	38,949
Advances received	764,267	965,847
Deposits received	19,764	21,661
Provision for bonuses	12,671	19,196
Other	-	855
Total current liabilities	1,099,752	1,300,482
Non-current liabilities		
Retirement benefit liability	4,435	4,332
Total non-current liabilities	4,435	4,332
Total liabilities	1,104,187	1,304,814
Net assets		
Shareholders' equity		
Share capital	368,751	370,751
Capital surplus	286,558	288,558
Retained earnings	2,306,972	2,423,323
Treasury shares	(344)	(509)
Total shareholders' equity	2,961,938	3,082,124
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(38,003)	9,665
Foreign currency translation adjustment	(3,250)	8,583
Total accumulated other comprehensive income	(41,254)	18,249
Non-controlling interests	-	23,081
Total net assets	2,920,684	3,123,455
Total liabilities and net assets	4,024,872	4,428,270

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 30,2020	For the six months ended June 30,2021
Net sales	1,308,623	1,696,328
Cost of sales	453,034	648,336
Gross profit	855,588	1,047,991
Selling, general and administrative expenses		
Promotion expenses	5,829	6,048
Sales commission	619	639
Advertising expenses	5,324	5,657
Remuneration for directors (and other officers)	28,636	28,523
Salaries and allowances	183,292	220,008
Provision for bonuses	8,427	11,417
Retirement benefit expenses	4,187	3,698
Legal welfare expenses	28,589	37,082
Depreciation	8,297	6,377
Provision of allowance for doubtful accounts	1,705	205
Rent expenses	25,871	33,404
Other	106,460	119,240
Total selling, general and administrative expenses	407,244	472,304
Operating profit	448,344	575,687
Non-operating income		
Interest income	943	1,904
Dividend income	2,610	1,623
Foreign exchange gains	-	2,283
Other	1,895	1,041
Total non-operating income	5,449	6,852
Non-operating expenses		
Foreign exchange losses	4,687	-
Other	8	64
Total non-operating expenses	4,696	64
Ordinary profit	449,097	582,475
Extraordinary income		
Gain on sales of non-current assets	-	11,043
Total extraordinary income	-	11,043
Extraordinary losses		
Loss on valuation of investment securities	65,546	34,603
Total extraordinary losses	65,546	34,603
Profit before income taxes	383,550	558,914
Income taxes - current	120,547	171,968
Income taxes - deferred	(14,296)	(4,452)
Total income taxes	106,251	167,515
Profit	277,299	391,399
Loss attributable to non-controlling interests	-	(1,918)
Profit attributable to owners of parent	277,299	393,317

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

(Thousand yen)

	For the six months ended June 30,2020	For the six months ended June 30,2021
Profit	277,299	391,399
Other comprehensive income		
Valuation difference on available-for-sale securities	4,833	47,669
Foreign currency translation adjustment	(4,300)	11,834
Total other comprehensive income	533	59,503
Comprehensive income	277,832	450,902
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	277,832	452,821
Comprehensive income attributable to non-controlling interests	-	(1,918)