



\* Note

(1) Change of material subsidiaries during the period : None

(2) Application of accounting treatments specific to quarterly financial statements : None

(3) Changes in accounting policies, changes in accounting estimates and restatements

(a) Changes in accounting policies in accordance with changes in accounting standards, etc. : None

(b) Voluntary changes in accounting policies : None

(c) Changes in accounting estimates : None

(d) Restatement : None

(4) Number of issued shares (common stock)

(a) Number of issued shares at period-end (including treasury shares):

As of March 31,2018	13,136,800 shares	As of December 31,2017	13,136,800 shares
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(b) Number of treasury shares at Period-end:

As of March 31,2018	225 shares	As of December 31,2017	225 shares
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(c) Average outstanding shares (accumulated period):

Three months ended March 31,2018	13,136,575 shares	Three months ended March 31,2017	13,057,108 shares
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We conducted a 4 for 1 stock split effective from 9th June. Therefore, the number of shares listed above is adjusted by assuming that this stock split was conducted at the beginning of the fiscal year 2017.

\* This report is outside the scope of quarterly review audit based on the Financial Instruments and Exchange Act.

\* Explanation regarding the appropriate use of forecasts, and other special note

The earnings forecasts are based on certain assumptions that Marklines Co., Ltd. deemed reasonable by the information currently available. Actual results may differ significantly due to a wide range of factors.

This report is an English translation of a statement written initially in Japanese for reference purpose only.

In the event of any discrepancy between English version and the Japanese original, the original shall prevail.

## 1 【Consolidated financial statements】

## (1) 【Consolidated balance sheet】

(Unit : thousand yen)

	FY2017 As of Dec.31, 2017	FY2018 As of March 31, 2018
<b>Assets</b>		
Current asset		
Cash and deposits	2,040,689	1,761,635
Accounts receivable-trade	59,386	108,286
Merchandise	—	563
Work in process	—	1,991
Prepaid expenses	10,050	12,029
Deferred tax assets	12,919	17,251
Other	2,582	7,018
Allowance for doubtful accounts	(689)	(866)
Total current assets	2,124,938	1,907,909
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	40,651	40,929
Accumulated depreciation	(14,118)	(14,476)
Buildings and structures, net	26,533	26,453
Land	5,634	5,634
Other	29,592	30,960
Accumulated depreciation	(23,404)	(23,719)
Other, net	6,188	7,241
Total property, plant and equipment	38,356	39,328
Intangible assets		
Software	80,840	79,559
Total intangible asset	80,840	79,559
Investments and other assets		
Investment securities	249,774	444,346
Long-term time deposits	51,840	50,790
Lease deposits	32,803	33,221
Other	1,683	4,047
Allowance for doubtful accounts	(639)	(601)
Investments and other assets total	335,461	531,804
Total noncurrent assets	454,658	650,692
Total assets	2,579,596	2,558,602

(Unit : thousand yen)

	FY2017 As of Dec.31, 2017	FY2018 As of March 31, 2018
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	6,035	27,860
Accounts payable-other	28,077	37,839
Accrued expenses	27,510	22,519
Income taxes payable	94,816	69,446
Accrued consumption taxes	28,947	22,259
Advances received	555,241	556,741
Deposits received	12,710	14,061
Provision for bonuses	8,285	30,576
Provision for loss on litigation	15,000	15,000
Accounts payable-facilities	3,650	5,184
Other	1,286	393
Total current liabilities	781,561	801,882
Noncurrent liabilities		
Deferred tax liabilities	183	—
Total noncurrent liabilities	183	—
Total liabilities	781,744	801,882
<b>Net assets</b>		
Shareholders' equity		
Capital stock	363,511	363,511
Capital surplus	281,318	281,318
Retained earnings	1,154,252	1,124,646
Treasury shares	(175)	(175)
Total shareholders' equity	1,798,907	1,769,300
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(8,139)	(15,485)
Foreign currency translation adjustment	7,084	2,904
Total accumulated other comprehensive income	(1,054)	(12,580)
Total net assets	1,797,852	1,756,719
<b>Total liabilities and net assets</b>	<b>2,579,596</b>	<b>2,558,602</b>

## (2) Quarterly consolidated statement of income and consolidated statement of comprehensive income

## 【Quarterly consolidated statement of income】

Three months ended March 31

	(Unit : thousand yen)	
	FY2017 Three months ended March 31,2017	FY2018 Three months ended March 31,2018
Net sales	404,753	520,203
Cost of sales	118,312	163,836
Gross profit	286,441	356,367
Selling, general and administrative expenses		
Promotion expenses	3,416	3,416
Sales commission	371	697
Advertising expenses	2,073	2,966
Directors' compensations	11,251	10,818
Salaries and allowances	57,276	58,405
Provision for bonuses	12,071	14,332
Retirement benefit expenses	1,158	1,279
Legal welfare expenses	11,058	11,070
Depreciation	2,188	2,216
Provision of allowance for doubtful accounts	(696)	223
Rent expenses	7,589	8,259
Other	41,847	42,079
Total selling, general and administrative expenses	149,605	155,765
Operating income	136,835	200,601
Non-operating income		
Interest income	217	916
Dividend income	2,821	5,956
Foreign exchange gains	530	—
Other	161	544
Total non-operating income	3,730	7,416
Non-operating expenses		
Listing expenses	—	8,768
Foreign exchange losses	—	1,326
Other	113	0
Total non-operating expenses	113	10,095
Ordinary income	140,452	197,922
Income before income taxes	140,452	197,922
Income taxes - current	43,414	66,337
Income taxes - deferred	(1,317)	(3,015)
Total income taxes	42,096	63,322
Profit	98,356	134,600
Profit attribute to owners of parent	98,356	134,600

## 【Quarterly consolidated statement of comprehensive income】

Three months ended March 31

(Unit : thousand yen)

	FY2017 Three months ended March 31,2017	FY2018 Three months ended March 31,2018
Profit	98,356	134,600
Other comprehensive income		
Valuation difference on available-for-sale securities	(8,797)	(7,345)
Foreign currency translation adjustment	(3,457)	(4,179)
Total other comprehensive income	(12,255)	(11,525)
Total comprehensive income	86,100	123,074
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	86,100	123,074
Comprehensive income attributable to non-controlling interests	—	—