



**Consolidated Financial Results Summary [ Japanese Accounting Standards ]  
for the Nine Months Ended September 30, 2017(Q3 FY2017)**

November 2, 2017

Company name MarkLines Co., Ltd. Listed on The Tokyo Stock Exchange,  
JASDAQ Standard  
Code Number 3901 URL https://www.marklines.com  
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Filing date of quarterly report: November 13, 2017 Scheduled date of commencement of dividend payment: -  
Supplementary documents for quarterly results : No  
Quarterly results briefing : No

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

1. Consolidated financial results for the nine months ended September 30, 2017(January 1, 2017 – September 30, 2017)

(1) Consolidated results of operation (Accumulated total)

(Percentage figures compare current results with those of the same period of the previous year)

	Net Sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended								
September 30, 2017	1,216	15.8	425	11.5	437	25.1	295	24.5
September 30, 2016	1,050	15.5	381	26.6	350	14.5	237	17.8

(Note) Comprehensive income: 292million yen (34.5%) for the nine months ended September 30, 2017  
217million yen (17.6%) for the nine months ended September 30, 2016

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
September 30, 2017	22.56	22.37
September 30, 2016	18.59	18.11

We conducted a 4 for 1 stock split effective from 9th June, 2017. Therefore above figures concerning earnings per share are adjusted by assuming that this stock split was conducted at the beginning of previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of September 30, 2017	2,380	1,640	68.9
As of December 31, 2016	2,117	1,470	69.4

(Reference) Shareholder's Equity: As of September 30, 2017 1,640Million yen As of December 31, 2016 1,470 Million yen

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2016	-	0.00	-	42.00	42.00
Year ending December 31, 2017	-	0.00	-		
Year ending December 31, 2017 (forecast)				12.50	12.50

(Note) Revisions to the latest dividend forecasts :None

As we mentioned, a stock split was conducted on 9th June, 2017, therefore the forecast dividends per share of current fiscal year is indicated figure divided by 4. Still there is no change in the total amount of annual dividends.

3. Consolidated forecasts for the fiscal year ending December 31, 2017 (January 1, 2017-December 31, 2017)

(Percentage figures compare current results with those of the same period of the previous year)

	Net Sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending December 31, 2017	1,673	16.8	620	19.5	620	21.4	430	19.9	32.50

(Note) Revisions to the latest financial forecasts :None

\* 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 September 30, 2017	13,114,000 shares	As of December 31, 2016	13,042,400 shares
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(b) Number of treasury shares at Period-end:

As of September 30, 2017	192 shares	As of December 31, 2016	192 shares
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(c) Average outstanding shares (accumulated period):

Nine months ended September 30, 2017	13,084,174 shares	Nine months ended September 30, 2016	12,753,292 shares
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The number of shares listed above is respectively adjusted by assuming that a 4 for 1 stock split was conducted at the beginning of the previous fiscal year.

\* Implementation status of quarterly review procedure

This report is outside the scope of quarterly review 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 【Quarterly consolidated financial statements】

## (1) 【Quarterly consolidated balance sheet】

(Unit : thousand yen)

	FY2016 As of Dec.31, 2016	FY2017 As of Sep.30, 2017
<b>Assets</b>		
Current asset		
Cash and deposits	1,738,766	1,747,187
Accounts receivable - trade	55,129	35,292
Work in process	54	1,518
Prepaid expenses	10,744	14,805
Deferred tax assets	8,606	16,431
Other	1,820	2,857
Allowance for doubtful accounts	(1,709)	(654)
Total current assets	1,813,412	1,817,439
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	40,727	40,621
Accumulated depreciation	(13,033)	(13,711)
Buildings and structures, net	27,694	26,909
Land	5,634	5,634
Construction in progress	232	-
Other	26,366	29,182
Accumulated depreciation	(19,845)	(22,219)
Other, net	6,521	6,962
Total property, plant and equipment	40,082	39,506
Intangible assets		
Software	70,046	80,335
Total intangible asset	70,046	80,335
Investments and other assets		
Investment securities	161,818	355,764
Long-term time deposits	-	50,760
Lease deposits	31,145	33,103
Other	2,258	4,067
Allowance for doubtful accounts	(952)	(948)
Total investments and other assets	194,269	442,746
Total noncurrent assets	304,398	562,589
Total assets	2,117,811	2,380,028

(Unit : thousand yen)

	FY2016 As of Dec.31, 2016	FY2017 As of Sep.30, 2017
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	4,564	2,420
Accounts payable - other	20,364	20,513
Accrued expenses	25,792	23,934
Income taxes payable	78,930	58,793
Accrued consumption taxes	17,145	22,258
Advances received	476,944	556,893
Deposits received	10,305	8,662
Provision for bonuses	7,752	30,292
Provision for contingent loss	-	15,000
Accounts payable-facilities	5,400	-
Other	533	903
Total current liabilities	647,732	739,672
Total liabilities	647,732	739,672
<b>Net assets</b>		
Shareholders' equity		
Capital stock	354,071	361,231
Capital surplus	271,878	279,038
Retained earnings	845,471	1,003,740
Treasury shares	(138)	(138)
Total shareholders' equity	1,471,283	1,643,871
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(5,630)	(9,105)
Foreign currency translation adjustment	4,426	5,589
Total accumulated other comprehensive income	(1,204)	(3,515)
Total net assets	1,470,078	1,640,356
Total liabilities and net assets	2,117,811	2,380,028

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

## 【Quarterly consolidated statement of income】

Nine months ended September 30

(Unit : thousand yen)

	FY2016 Nine months ended September 30, 2016	FY2017 Nine months ended September 30, 2017
Net sales	1,050,208	1,216,571
Cost of sales	304,587	331,914
Gross profit	745,621	884,656
Selling, general and administrative expenses		
Promotion expenses	6,466	8,143
Sales commission	3,960	4,434
Advertising expenses	5,260	6,249
Directors' compensations	32,827	32,887
Salaries and allowances	154,282	200,469
Provision for bonuses	15,336	18,744
Retirement benefit expenses	2,792	3,586
Legal welfare expenses	25,443	34,374
Depreciation	3,593	6,914
Provision of allowance for doubtful accounts	848	(775)
Rent expenses	22,129	25,152
Other	91,357	119,214
Total selling, general and administrative expenses	364,299	459,396
Operating income	381,321	425,259
Non-operating income		
Interest income	704	728
Dividend income	5,045	7,578
Foreign exchange gains	-	3,406
Other	538	1,017
Total non-operating income	6,288	12,730
Non-operating expenses		
Foreign exchange losses	37,552	-
Other	2	129
Total non-operating	37,555	129
Ordinary income	350,054	437,860
Extraordinary losses		
Provision for contingent loss	-	15,000
Total extraordinary losses	-	15,000
Profit before income taxes	350,054	422,860
Income taxes - current	116,808	134,729
Income taxes - deferred	(3,846)	(7,080)
Total income taxes	112,961	127,648
Profit	237,092	295,211
Profit attribute to owners of parent	237,092	295,211

## 【Quarterly consolidated statement of comprehensive income】

Nine months ended September 30

(Unit : thousand yen)

	FY2016 Nine months ended September 30, 2016	FY2017 Nine months ended September 30, 2017
Income before minority interests	237,092	295,211
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,065)	(3,474)
Foreign currency translation adjustment	(15,269)	1,163
Total other comprehensive income	(19,335)	(2,311)
Total comprehensive income	217,757	292,900
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	217,757	292,900
Comprehensive income attributable to non-controlling interests	-	-