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## Consolidated Financial Results for the Six Months Ended June 30, 2024 [Japanese GAAP]

August 5, 2024

Company name: MarkLines Co., Ltd.

Listing: Tokyo

Securities code: 3901

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

Representative: Makoto Sakai

President, CEO

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Scheduled date to file semi-annual securities report: August 8, 2024

Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated Financial Results for the Six Months Ended June 30, 2024 (January 1, 2024 to June 30, 2024)

#### (1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

|                                | Net sales       |      | Operating profit |      | Ordinary profit |      | Profit attributable to owners of parent |      |
|--------------------------------|-----------------|------|------------------|------|-----------------|------|---|------|
|                                | Millions of yen | %    | Millions of yen  | %    | Millions of yen | %    | Millions of yen                         | %    |
| Six months ended June 30, 2024 | 2,785           | 16.2 | 1,113            | 14.5 | 1,119           | 15.1 | 788                                     | 17.3 |
| June 30, 2023                  | 2,398           | 16.0 | 972              | 25.1 | 972             | 23.9 | 671                                     | 22.6 |

(Note) Comprehensive income: Six months ended June 30, 2024: ¥ 860 million [ 15.2%]  
Six months ended June 30, 2023: ¥ 746 million [ 30.1%]

|                  | Basic earnings per share | Diluted earnings per share |
|------------------|--------------------------|----------------------------|
| Six months ended | Yen                      | Yen                        |
| June 30, 2024    | 59.64                    | 59.58                      |
| June 30, 2023    | 50.84                    | 50.79                      |

#### (2) Consolidated Financial Position

|                   | Total assets    | Net assets      | Capital adequacy ratio |
|-------------------|-----------------|-----------------|------------------------|
| As of             | Millions of yen | Millions of yen | %                      |
| June 30, 2024     | 8,138           | 5,889           | 72.4                   |
| December 31, 2023 | 7,484           | 5,504           | 73.5                   |

(Reference) Equity: As of June 30, 2024: ¥ 5,889 million  
As of December 31, 2023: ¥ 5,504 million

## 2. Dividends

|  | Annual dividends   |                    |                    |          |       |
|--|--------------------|--------------------|--------------------|----------|-------|
|  | 1st<br>quarter-end | 2nd<br>quarter-end | 3rd<br>quarter-end | Year-end | Total |
|  | Yen                | Yen                | Yen                | Yen      | Yen   |
| Fiscal year ended December 31, 2023                | -                  | 0.00               | -                  | 36.00    | 36.00 |
| Fiscal year ending December 31, 2024               | -                  | 0.00               |                    |          |       |
| Fiscal year ending December 31, 2024<br>(Forecast) |                    |                    | -                  | 42.00    | 42.00 |

(Note) Revision to the forecast for dividends announced most recently: None

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending December 31, 2024 :

|                        |       |
|------------------------|-------|
| Commemorative dividend | - yen |
| Special dividend       | - yen |

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2024(January 1, 2024 to December 31, 2024)

(Percentages indicate year-on-year changes.)

|           | Net sales       |      | Operating profit |      | Ordinary profit |      | Profit attributable to<br>owners of parent |      | Basic earnings<br>per share |
|-----------|-----------------|------|------------------|------|-----------------|------|--|------|-----------------------------|
|           | Millions of yen | %    | Millions of yen  | %    | Millions of yen | %    | Millions of yen                            | %    | Yen                         |
| Full year | 5,700           | 17.6 | 2,300            | 15.5 | 2,300           | 15.7 | 1,600                                      | 15.7 | 121.07                      |

(Note) Revision to the financial results forecast announced most recently: None

\* Notes:

(1) Significant changes in the scope of consolidation during the period: None

|                 |   |                |   |
|-----------------|---|----------------|---|
| Newly included: | - | (Company name: | ) |
| Excluded:       | - | (Company name: | ) |

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None

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

- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) Restatement: None

(4) Number of issued shares (common shares)

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

|                    |                   |
|--------------------|-------------------|
| June 30, 2024:     | 13,220,800 shares |
| December 31, 2023: | 13,215,200 shares |

2) Number of treasury shares at the end of the period:

|                    |            |
|--------------------|------------|
| June 30, 2024:     | 442 shares |
| December 31, 2023: | 442 shares |

3) Average number of shares outstanding during the period:

|                                 |                   |
|---------------------------------|-------------------|
| Six months ended June 30, 2024: | 13,215,988 shares |
| Six months ended June 30, 2023: | 13,214,758 shares |

\* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

\* Proper use of earnings forecasts, and other special matters

Semi-annual Consolidated Financial Statements  
Semi-annual Consolidated Balance Sheets

(Thousands of yen)

|                                     | As of December 31, 2023 | As of June 30, 2024 |
|-------------------------------------|-------------------------|---------------------|
| <b>Assets</b>                       |                         |                     |
| Current assets                      |                         |                     |
| Cash and deposits                   | 5,521,123               | 5,943,912           |
| Accounts receivable - trade         | 234,811                 | 180,039             |
| Merchandise                         | 26,650                  | 39,955              |
| Work in process                     | 12,446                  | 3,335               |
| Advance payments to suppliers       | 23,258                  | 32,844              |
| Prepaid expenses                    | 33,177                  | 27,996              |
| Other                               | 23,513                  | 28,790              |
| Allowance for doubtful accounts     | (2,403)                 | (1,372)             |
| Total current assets                | 5,872,578               | 6,255,500           |
| Non-current assets                  |                         |                     |
| Property, plant and equipment       |                         |                     |
| Buildings and structures            | 38,635                  | 40,738              |
| Accumulated depreciation            | (10,937)                | (12,458)            |
| Buildings and structures, net       | 27,698                  | 28,279              |
| Land                                | 367,207                 | 369,801             |
| Construction in progress            | 235,994                 | 468,908             |
| Other                               | 69,218                  | 74,010              |
| Accumulated depreciation            | (49,219)                | (53,351)            |
| Other, net                          | 19,998                  | 20,659              |
| Total property, plant and equipment | 650,899                 | 887,648             |
| Intangible assets                   |                         |                     |
| Software                            | 45,022                  | 68,983              |
| Other                               | 10,183                  | 11,088              |
| Total intangible assets             | 55,206                  | 80,071              |
| Investments and other assets        |                         |                     |
| Investment securities               | 683,995                 | 705,066             |
| Distressed receivables              | 539                     | -                   |
| Long-term prepaid expenses          | 262                     | 191                 |
| Leasehold and guarantee deposits    | 128,611                 | 127,855             |
| Long-term time deposits             | 59,760                  | 67,050              |
| Deferred tax assets                 | 32,975                  | 15,445              |
| Allowance for doubtful accounts     | (539)                   | -                   |
| Total investments and other assets  | 905,605                 | 915,609             |
| Total non-current assets            | 1,611,710               | 1,883,329           |
| Total assets                        | 7,484,288               | 8,138,829           |

(Thousands of yen)

|  | As of December 31, 2023 | As of June 30, 2024 |
|--|-------------------------|---------------------|
| <b>Liabilities</b>                                       |                         |                     |
| Current liabilities                                      |                         |                     |
| Accounts payable - trade                                 | 90,714                  | 60,961              |
| Accounts payable - other                                 | 16,792                  | 32,847              |
| Accrued expenses   | 51,982                  | 45,271              |
| Income taxes payable                                     | 327,994                 | 322,994             |
| Accrued consumption taxes                                | 56,150                  | 48,362              |
| Advances received  | 1,372,452               | 1,673,494           |
| Provision for bonuses for directors (and other officers) | 13,000                  | 8,000               |
| Deposits received  | 26,758                  | 21,754              |
| Provision for bonuses                                    | 14,633                  | 22,562              |
| Other  | -                       | 2,006               |
| Total current liabilities                                | 1,970,478               | 2,238,254           |
| Non-current liabilities                                  |                         |                     |
| Retirement benefit liability                             | 9,725                   | 10,962              |
| Total non-current liabilities                            | 9,725                   | 10,962              |
| <b>Total liabilities</b>                                 | <b>1,980,203</b>        | <b>2,249,216</b>    |
| <b>Net assets</b>  |                         |                     |
| Shareholders' equity                                     |                         |                     |
| Share capital  | 371,351                 | 371,911             |
| Capital surplus  | 289,158                 | 289,718             |
| Retained earnings  | 4,751,713               | 5,064,132           |
| Treasury shares  | (784)                   | (784)               |
| Total shareholders' equity                               | 5,411,438               | 5,724,978           |
| Accumulated other comprehensive income                   |                         |                     |
| Valuation difference on available-for-sale securities    | 31,931                  | 59,457              |
| Foreign currency translation adjustment                  | 60,714                  | 105,177             |
| Total accumulated other comprehensive income             | 92,646                  | 164,634             |
| <b>Total net assets</b>                                  | <b>5,504,084</b>        | <b>5,889,612</b>    |
| <b>Total liabilities and net assets</b>                  | <b>7,484,288</b>        | <b>8,138,829</b>    |

## Semi-annual Consolidated Statements of Income and Comprehensive Income

(Thousands of yen)

|   | For the six months<br>ended June 30, 2023 | For the six months<br>ended June 30, 2024 |
|---|---|---|
| Net sales   | 2,398,115                                 | 2,785,538                                 |
| Cost of sales   | 837,533                                   | 988,262                                   |
| Gross profit  | 1,560,582                                 | 1,797,275                                 |
| Selling, general and administrative expenses                |   |   |
| Promotion expenses  | 11,253                                    | 11,036                                    |
| Sales commission  | 190                                       | 198                                       |
| Advertising expenses  | 8,066                                     | 9,314                                     |
| Remuneration for directors (and other officers)             | 28,020                                    | 35,266                                    |
| Salaries and allowances                                     | 287,761                                   | 329,866                                   |
| Provision for bonuses                                       | 10,772                                    | 12,978                                    |
| Retirement benefit expenses                                 | 7,130                                     | 7,397                                     |
| Legal welfare expenses                                      | 49,996                                    | 58,111                                    |
| Depreciation  | 4,751                                     | 4,258                                     |
| Provision of allowance for doubtful accounts                | 1,077                                     | (1,570)                                   |
| Rent expenses   | 37,379                                    | 44,317                                    |
| Other   | 141,205                                   | 172,400                                   |
| Total selling, general and administrative expenses          | 587,605                                   | 683,574                                   |
| Operating profit  | 972,976                                   | 1,113,700                                 |
| Non-operating income  |   |   |
| Interest income   | 3,364                                     | 3,989                                     |
| Dividend income   | 3,513                                     | 4,539                                     |
| Foreign exchange gains                                      | 892                                       | 5,346                                     |
| Other   | 2,941                                     | 2,692                                     |
| Total non-operating income                                  | 10,711                                    | 16,567                                    |
| Non-operating expenses                                      |   |   |
| Share of loss of entities accounted for using equity method | 10,699                                    | 10,753                                    |
| Other   | 0   | 85  |
| Total non-operating expenses                                | 10,699                                    | 10,838                                    |
| Ordinary profit   | 972,989                                   | 1,119,429                                 |
| Profit before income taxes                                  | 972,989                                   | 1,119,429                                 |
| Income taxes - current                                      | 291,065                                   | 318,047                                   |
| Income taxes - deferred                                     | 10,106                                    | 13,230                                    |
| Total income taxes  | 301,172                                   | 331,278                                   |
| Profit  | 671,816                                   | 788,150                                   |
| Profit attributable to owners of parent                     | 671,816                                   | 788,150                                   |

(Thousands of yen)

|  | For the six months<br>ended June 30, 2023 | For the six months<br>ended June 30, 2024 |
|--|---|---|
| Profit   | 671,816                                   | 788,150                                   |
| Other comprehensive income   |   |   |
| Valuation difference on available-for-sale securities                                | 48,826                                    | 9,739                                     |
| Foreign currency translation adjustment  | 25,981                                    | 44,462                                    |
| Share of other comprehensive income of entities<br>accounted for using equity method | -   | 17,786                                    |
| Total other comprehensive income   | 74,808                                    | 71,988                                    |
| Comprehensive income   | 746,625                                   | 860,139                                   |
| Comprehensive income attributable to   |   |   |
| Comprehensive income attributable to owners of<br>parent                             | 746,625                                   | 860,139                                   |