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Consolidated Financial Results for the Six Months Ended June 30, 2022 [Japanese GAAP]

August 04, 2022

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, 2022

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, 2022 (January 01, 2022 to June 30, 2022)

(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, 2022	2,066	21.8	777	35.1	785	34.8	547	39.3
June 30, 2021	1,696	29.6	575	28.4	582	29.7	393	41.8

(Note) Comprehensive income: Six months ended June 30, 2022: ¥ 574 million [27.3%]
Six months ended June 30, 2021: ¥ 450 million [62.3%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2022	41.48	41.43
June 30, 2021	29.81	29.74

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
June 30, 2022	5,418	3,864	71.3
December 31, 2021	4,992	3,593	72.0

(Reference) Equity: As of June 30, 2022: ¥ 3,864 million
As of December 31, 2021: ¥ 3,593 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, 2021	-	0.00	-	23.00	23.00
Fiscal year ending December 31, 2022	-	0.00			
Fiscal year ending December 31, 2022 (Forecast)			-	28.00	28.00

(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, 2022 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2022(January 01, 2022 to December 31, 2022)

(% 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	4,270	22.0	1,538	20.0	1,525	20.0	1,062	20.0	80.39

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

* Notes:

(1) Changes in significant subsidiaries during the six months ended June 30, 2022

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (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: Yes

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, 2022: 13,211,200 shares

December 31, 2021: 13,209,200 shares

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

June 30, 2022: 442 shares

December 31, 2021: 442 shares

3) Average number of shares during the period:

Six months ended June 30, 2022: 13,210,713 shares

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

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of December 31,2021	As of June 30,2022
Assets		
Current assets		
Cash and deposits	3,951,623	4,515,796
Accounts receivable - trade	227,985	159,404
Merchandise	11,717	10,268
Work in process	644	2,921
Advance payments to suppliers	62,802	27,350
Prepaid expenses	28,834	20,235
Other	6,150	5,918
Allowance for doubtful accounts	(2,190)	(1,358)
Total current assets	4,287,569	4,740,537
Non-current assets		
Property, plant and equipment		
Buildings and structures	28,407	26,980
Accumulated depreciation	(7,866)	(6,941)
Buildings and structures, net	20,541	20,038
Other	47,072	50,464
Accumulated depreciation	(34,099)	(38,030)
Other, net	12,972	12,433
Total property, plant and equipment	33,514	32,472
Intangible assets		
Software	35,490	30,198
Software in progress	-	1,620
Total intangible assets	35,490	31,818
Investments and other assets		
Investment securities	446,032	424,605
Distressed receivables	240	1,174
Long-term prepaid expenses	2,306	1,557
Long-term time deposits	54,150	61,050
Leasehold deposits	98,355	98,121
Deferred tax assets	34,936	26,921
Other	-	1,503
Allowance for doubtful accounts	(240)	(1,174)
Total investments and other assets	635,780	613,759
Total non-current assets	704,784	678,050
Total assets	4,992,354	5,418,587

(Thousand yen)

	As of December 31,2021	As of June 30,2022
Liabilities		
Current liabilities		
Accounts payable - trade	54,996	52,108
Accounts payable - other	9,298	9,174
Accrued expenses	41,066	31,324
Income taxes payable	228,126	225,915
Accrued consumption taxes	64,073	46,704
Advances received	954,648	1,144,183
Provision for bonuses for directors (and other officers)	8,700	-
Deposits received	21,327	21,727
Provision for bonuses	11,502	16,449
Total current liabilities	1,393,738	1,547,587
Non-current liabilities		
Retirement benefit liability	4,852	6,633
Total non-current liabilities	4,852	6,633
Total liabilities	1,398,591	1,554,220
Net assets		
Shareholders' equity		
Share capital	370,751	370,951
Capital surplus	288,558	288,758
Retained earnings	2,915,576	3,159,763
Treasury shares	(784)	(784)
Total shareholders' equity	3,574,101	3,818,688
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,997	552
Foreign currency translation adjustment	11,663	45,124
Total accumulated other comprehensive income	19,661	45,677
Total net assets	3,593,762	3,864,366
Total liabilities and net assets	4,992,354	5,418,587

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 30,2021	For the six months ended June 30,2022
Net sales	1,696,328	2,066,884
Cost of sales	648,336	765,786
Gross profit	1,047,991	1,301,097
Selling, general and administrative expenses		
Promotion expenses	6,048	12,998
Sales commission	639	454
Advertising expenses	5,657	7,488
Remuneration for directors (and other officers)	28,523	27,619
Salaries and allowances	220,008	253,213
Provision for bonuses	11,417	9,948
Retirement benefit expenses	3,698	5,427
Legal welfare expenses	37,082	42,720
Depreciation	6,377	4,498
Provision of allowance for doubtful accounts	205	101
Rent expenses	33,404	34,907
Other	119,240	124,180
Total selling, general and administrative expenses	472,304	523,560
Operating profit	575,687	777,537
Non-operating income		
Interest income	1,904	2,797
Dividend income	1,623	3,152
Foreign exchange gains	2,283	11,219
Other	1,041	1,543
Total non-operating income	6,852	18,713
Non-operating expenses		
Share of loss of entities accounted for using equity method	-	10,696
Other	64	221
Total non-operating expenses	64	10,918
Ordinary profit	582,475	785,332
Extraordinary income		
Gain on sale of non-current assets	11,043	-
Total extraordinary income	11,043	-
Extraordinary losses		
Loss on valuation of investment securities	34,603	-
Total extraordinary losses	34,603	-
Profit before income taxes	558,914	785,332
Income taxes - current	171,968	226,043
Income taxes - deferred	(4,452)	11,300
Total income taxes	167,515	237,343
Profit	391,399	547,988
Loss attributable to non-controlling interests	(1,918)	-
Profit attributable to owners of parent	393,317	547,988

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

(Thousand yen)

	For the six months ended June 30,2021	For the six months ended June 30,2022
Profit	391,399	547,988
Other comprehensive income		
Valuation difference on available-for-sale securities	47,669	(7,444)
Foreign currency translation adjustment	11,834	33,460
Total other comprehensive income	59,503	26,016
Comprehensive income	450,902	574,004
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	452,821	574,004
Comprehensive income attributable to non-controlling interests	(1,918)	-