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Consolidated Financial Results for the Six Months Ended June 30, 2025 [Japanese GAAP]

August 7, 2025

Company name: MarkLines Co., Ltd.

Listing: Tokyo Stock Exchange

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 7, 2025

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, 2025 (January 1, 2025 to June 30, 2025)

(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, 2025	2,929	5.2	1,071	(3.7)	1,081	(3.4)	751	(4.6)
June 30, 2024	2,785	16.2	1,113	14.5	1,119	15.1	788	17.3
(Note) Comprehensive income:	Six months ended June 30, 2025:		¥		712 million	[(17.1)%]		
	Six months ended June 30, 2024:		¥		860 million	[15.2%]		

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2025	56.84	-
June 30, 2024	59.64	59.58

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of June 30, 2025	9,031	6,739	74.1
December 31, 2024	8,753	6,617	75.6
(Reference) Equity:	As of June 30, 2025:	¥ 6,696 million	
	As of December 31, 2024:	¥ 6,617 million	

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended December 31, 2024	Yen -	Yen 0.00	Yen -	Yen 48.00	Yen 48.00
Fiscal year ending December 31, 2025	-	0.00	-	-	-
Fiscal year ending December 31, 2025 (Forecast)	-	-	-	52.00	52.00

(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, 2025 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2025(January 1, 2025 to December 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Full year	6,500	16.9	2,450	10.6	2,450	10.0	1,710	8.4	129.27)

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

* Notes:

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 1 (Company name: MarkLines Software Development Co., Ltd.)
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, 2025:	13,228,800 shares
December 31, 2024:	13,228,800 shares

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

June 30, 2025:	480 shares
December 31, 2024:	478 shares

3) Average number of shares outstanding during the period:

Six months ended June 30, 2025:	13,228,321 shares
Six months ended June 30, 2024:	13,215,988 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 and Primary Notes

Semi-annual Consolidated Balance Sheet

(Thousands of yen)

	As of December 31, 2024	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	6,060,545	4,159,138
Accounts receivable - trade	386,217	292,272
Merchandise	89,759	36,290
Work in process	6,472	1,855
Advance payments to suppliers	14,653	14,220
Prepaid expenses	37,349	23,213
Other	67,793	42,030
Allowance for doubtful accounts	(1,422)	(1,497)
Total current assets	6,661,368	4,567,525
Non-current assets		
Property, plant and equipment		
Buildings and structures	773,832	779,109
Accumulated depreciation	(26,340)	(45,988)
Buildings and structures, net	747,492	733,121
Land	369,801	369,801
Other	148,942	153,533
Accumulated depreciation	(66,074)	(77,443)
Other, net	82,867	76,090
Total property, plant and equipment	1,200,161	1,179,012
Intangible assets		
Software	75,031	83,575
Other	12,234	7,483
Total intangible assets	87,265	91,058
Investments and other assets		
Investment securities	567,243	2,804,899
Long-term prepaid expenses	885	331
Leasehold and guarantee deposits	126,596	286,433
Long-term time deposits	64,890	60,480
Deferred tax assets	45,059	42,025
Total investments and other assets	804,674	3,194,169
Total non-current assets	2,092,101	4,464,241
Total assets	8,753,470	9,031,766

(Thousands of yen)

	As of December 31, 2024	As of June 30, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	113,605	66,428
Accounts payable - other	23,406	36,445
Accrued expenses	60,226	50,921
Income taxes payable	325,338	317,282
Accrued consumption taxes	13,289	84,615
Advances received	1,527,730	1,656,343
Provision for bonuses for directors (and other officers)	15,000	9,000
Deposits received	30,949	32,203
Provision for bonuses	15,755	25,683
Other	35	3
Total current liabilities	<u>2,125,337</u>	<u>2,278,926</u>
Non-current liabilities		
Retirement benefit liability	11,093	13,700
Total non-current liabilities	<u>11,093</u>	<u>13,700</u>
Total liabilities	<u>2,136,431</u>	<u>2,292,627</u>
Net assets		
Shareholders' equity		
Share capital	372,711	372,711
Capital surplus	290,518	290,518
Retained earnings	5,853,939	5,970,912
Treasury shares	(896)	(900)
Total shareholders' equity	<u>6,516,272</u>	<u>6,633,242</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,822	9,675
Foreign currency translation adjustment	80,943	53,886
Total accumulated other comprehensive income	<u>100,765</u>	<u>63,562</u>
Non-controlling interests	-	42,334
Total net assets	<u>6,617,038</u>	<u>6,739,138</u>
Total liabilities and net assets	<u>8,753,470</u>	<u>9,031,766</u>

Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statement of Income

(Thousands of yen)

	For the six months ended June 30, 2024	For the six months ended June 30, 2025
Net sales	2,785,538	2,929,549
Cost of sales	988,262	1,045,846
Gross profit	1,797,275	1,883,702
Selling, general and administrative expenses		
Promotion expenses	11,036	13,888
Sales commission	198	187
Advertising expenses	9,314	10,638
Remuneration for directors (and other officers)	35,266	38,327
Salaries and allowances	329,866	376,389
Provision for bonuses	12,978	14,796
Retirement benefit expenses	7,397	7,977
Legal welfare expenses	58,111	62,794
Depreciation	4,258	10,183
Provision of allowance for doubtful accounts	(1,570)	74
Rent expenses	44,317	53,902
Other	172,400	222,585
Total selling, general and administrative expenses	683,574	811,746
Operating profit	1,113,700	1,071,955
Non-operating income		
Interest income	3,989	13,173
Dividend income	4,539	2,625
Foreign exchange gains	5,346	-
Other	2,692	5,621
Total non-operating income	16,567	21,419
Non-operating expenses		
Share of loss of entities accounted for using equity method	10,753	10,741
Foreign exchange losses	-	1,021
Other	85	26
Total non-operating expenses	10,838	11,789
Ordinary profit	1,119,429	1,081,586
Profit before income taxes	1,119,429	1,081,586
Income taxes - current	318,047	324,949
Income taxes - deferred	13,230	6,469
Total income taxes	331,278	331,419
Profit	788,150	750,167
Loss attributable to non-controlling interests	-	(1,765)
Profit attributable to owners of parent	788,150	751,933

Semi-annual Consolidated Statement of Comprehensive Income

(Thousands of yen)

	For the six months ended June 30, 2024	For the six months ended June 30, 2025
Profit	788,150	750,167
Other comprehensive income		
Valuation difference on available-for-sale securities	9,739	(7,784)
Foreign currency translation adjustment	44,462	(27,057)
Share of other comprehensive income of entities accounted for using equity method	17,786	(2,361)
Total other comprehensive income	71,988	(37,203)
Comprehensive income	860,139	712,963
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	860,139	714,729
Comprehensive income attributable to non-controlling interests	-	(1,765)