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Consolidated Financial Results for the Year Ended December 31, 2022 [Japanese GAAP]

February 09, 2023

Company name: MarkLines Co., Ltd.

Stock exchange listing: Tokyo

Code number: 3901

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

Representative: Makoto Sakai

Contact: Kenichi Sakai

Phone: 03-4241-3901

President, CEO

Director, General Manager, Administration Dept.

Scheduled date of Annual General Meeting of Shareholders: March 28, 2023

Scheduled date of commencing dividend payments: March 29, 2023

Scheduled date of filing annual securities report: March 28, 2023

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

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

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (January 01, 2022 to December 31, 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	%
Fiscal year ended December 31, 2022	4,125	17.9	1,623	26.7	1,622	27.7	1,139	28.7
December 31, 2021	3,498	31.4	1,281	33.4	1,270	32.8	885	40.5

(Note) Comprehensive income: Fiscal year ended December 31, 2022: ¥ 1,146 million [21.4%]
Fiscal year ended December 31, 2021: ¥ 944 million [46.5%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended December 31, 2022	86.27	86.17	28.4	29.3	39.4
December 31, 2021	67.07	66.94	27.2	28.2	36.6

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended December 31, 2022: ¥ (21) million
Fiscal year ended December 31, 2021: ¥ (23) million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
December 31, 2022	6,096	4,437	72.8	335.77
December 31, 2021	4,992	3,593	72.0	272.07

(Reference) Equity: As of December 31, 2022: ¥ 4,437 million
As of December 31, 2021: ¥ 3,593 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
December 31, 2022	1,387	(368)	(302)	4,695
December 31, 2021	1,080	26	(248)	3,951

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
December 31, 2021	-	0.00	-	23.00	23.00	303	34.3	9.3
December 31, 2022	-	0.00	-	29.00	29.00	383	33.6	9.5
Fiscal year ending December 31, 2023 (Forecast)	-	0.00	-	34.00	34.00		34.6	

(Note) Breakdown of the year-end dividend for the fiscal year ended December 31, 2022 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2023 (January 01, 2023 to December 31, 2023)

(% 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
Six months ended June 30, 2023	2,400	16.1	920	18.3	920	17.1	630	15.0	47.67
Full year	5,000	21.2	1,900	17.0	1,900	17.1	1,300	14.1	98.38

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New	-	(Company name:)
Exclusion:	-	(Company name:)

(2) 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

(3) Total number of issued shares (common shares)

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

December 31, 2022:	13,215,200 shares
December 31, 2021:	13,209,200 shares

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

December 31, 2022:	442 shares
December 31, 2021:	442 shares

3) Average number of shares during the period:

Fiscal Year ended December 31, 2022:	13,211,075 shares
Fiscal Year ended December 31, 2021:	13,201,024 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (January 01, 2022 to December 31, 2022)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2022	3,796	18.1	1,428	27.0	1,543	30.6	1,113	34.5
December 31, 2021	3,215	28.1	1,124	28.5	1,181	28.3	827	32.9

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2022	84.26	84.16
December 31, 2021	62.69	62.57

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
December 31, 2022	5,623	4,184	74.4	316.67
December 31, 2021	4,598	3,394	73.8	256.98

(Reference) Equity: As of December 31, 2022: ¥ 4,184 million
As of December 31, 2021: ¥ 3,394 million

Consolidated Financial Statements

Consolidated Balance Sheets

(Thousand yen)

	As of December 31,2021	As of December 31,2022
Assets		
Current assets		
Cash and deposits	3,951,623	4,752,630
Accounts receivable - trade	227,985	313,815
Merchandise	11,717	10,039
Work in process	644	874
Advance payments to suppliers	62,802	31,527
Prepaid expenses	28,834	29,676
Other	6,150	8,343
Allowance for doubtful accounts	(2,190)	(3,118)
Total current assets	4,287,569	5,143,788
Non-current assets		
Property, plant and equipment		
Buildings and structures	28,407	26,944
Accumulated depreciation	(7,866)	(8,222)
Buildings and structures, net	20,541	18,722
Land	-	348,997
Other	47,072	50,562
Accumulated depreciation	(34,099)	(40,827)
Other, net	12,972	9,735
Total property, plant and equipment	33,514	377,455
Intangible assets		
Software	35,490	25,423
Other	-	8,130
Total intangible assets	35,490	33,553
Investments and other assets		
Investment securities	446,032	395,345
Distressed receivables	240	752
Deferred tax assets	34,936	47,786
Long-term prepaid expenses	2,306	604
Long-term time deposits	54,150	-
Leasehold and guarantee deposits	98,355	98,289
Allowance for doubtful accounts	(240)	(752)
Total investments and other assets	635,780	542,025
Total non-current assets	704,784	953,034
Total assets	4,992,354	6,096,822

(Thousand yen)

	As of December 31,2021	As of December 31,2022
Liabilities		
Current liabilities		
Accounts payable - trade	54,996	77,803
Accounts payable - other	9,298	14,207
Accrued expenses	41,066	42,552
Income taxes payable	228,126	266,715
Accrued consumption taxes	64,073	46,543
Advances received	954,648	1,159,956
Deposits received	21,327	20,731
Provision for bonuses	11,502	12,151
Provision for bonuses for directors (and other officers)	8,700	11,000
Other	-	44
Total current liabilities	1,393,738	1,651,705
Non-current liabilities		
Retirement benefit liability	4,852	7,949
Total non-current liabilities	4,852	7,949
Total liabilities	1,398,591	1,659,654
Net assets		
Shareholders' equity		
Share capital	370,751	371,351
Capital surplus	288,558	289,158
Retained earnings	2,915,576	3,751,539
Treasury shares	(784)	(784)
Total shareholders' equity	3,574,101	4,411,265
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,997	(12,213)
Foreign currency translation adjustment	11,663	38,115
Total accumulated other comprehensive income	19,661	25,902
Total net assets	3,593,762	4,437,168
Total liabilities and net assets	4,992,354	6,096,822

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended December 31,2021	For the fiscal year ended December 31,2022
Net sales	3,498,688	4,125,325
Cost of sales	1,256,679	1,452,770
Gross profit	2,242,009	2,672,555
Selling, general and administrative expenses		
Promotion expenses	8,765	17,287
Sales commission	1,287	1,019
Advertising expenses	10,589	13,327
Remuneration for directors (and other officers)	56,891	54,491
Salaries and allowances	480,742	516,889
Provision for bonuses	7,109	7,595
Provision for bonuses for directors (and other officers)	8,700	11,000
Retirement benefit expenses	7,455	11,329
Legal welfare expenses	77,736	85,223
Depreciation	15,265	10,039
Provision of allowance for doubtful accounts	1,156	1,962
Rent expenses	68,040	68,852
Other	216,313	249,613
Total selling, general and administrative expenses	960,053	1,048,631
Operating profit	1,281,955	1,623,923
Non-operating income		
Interest income	4,074	5,278
Dividend income	4,229	5,291
Foreign exchange gains	-	5,047
Other	5,572	4,766
Total non-operating income	13,876	20,384
Non-operating expenses		
Share of loss of entities accounted for using equity method	23,910	21,556
Foreign exchange losses	957	-
Other	67	221
Total non-operating expenses	24,935	21,778
Ordinary profit	1,270,896	1,622,529
Extraordinary income		
Gain on change in equity	12,839	-
Gain on sale of non-current assets	11,043	-
Total extraordinary income	23,883	-
Extraordinary losses		
Loss on valuation of investment securities	34,324	-
Total extraordinary losses	34,324	-
Profit before income taxes	1,260,454	1,622,529
Income taxes - current	387,108	486,694
Income taxes - deferred	(10,085)	(3,930)
Total income taxes	377,023	482,764
Profit	883,431	1,139,765
Loss attributable to non-controlling interests	(1,918)	-
Profit attributable to owners of parent	885,349	1,139,765

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended December 31,2021	For the fiscal year ended December 31,2022
Profit	883,431	1,139,765
Other comprehensive income		
Valuation difference on available-for-sale securities	46,001	(20,210)
Foreign currency translation adjustment	14,914	26,451
Total other comprehensive income	60,915	6,241
Comprehensive income	944,346	1,146,006
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	946,265	1,146,006
Comprehensive income attributable to non-controlling interests	(1,918)	-

Consolidated Statements of Changes in Net Assets

For the fiscal year ended December 31,2021

(Thousand yen)

	Shareholders' equity					Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	368,751	286,558	2,306,972	(344)	2,961,938	(38,003)	(3,250)	(41,254)	-	2,920,684
Changes during period										
Issuance of new shares	2,000	2,000			4,000					4,000
Dividends of surplus			(276,966)		(276,966)					(276,966)
Profit attributable to owners of parent			885,349		885,349					885,349
Purchase of treasury shares				(440)	(440)					(440)
Other			221		221					221
Net changes in items other than shareholders' equity						46,001	14,914	60,915	-	60,915
Total changes during period	2,000	2,000	608,603	(440)	612,163	46,001	14,914	60,915	-	673,078
Balance at end of period	370,751	288,558	2,915,576	(784)	3,574,101	7,997	11,663	19,661	-	3,593,762

For the fiscal year ended December 31,2022

(Thousand yen)

	Shareholders' equity					Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	370,751	288,558	2,915,576	(784)	3,574,101	7,997	11,663	19,661	-	3,593,762
Changes during period										
Issuance of new shares	600	600			1,200					1,200
Dividends of surplus			(303,801)		(303,801)					(303,801)
Profit attributable to owners of parent			1,139,765		1,139,765					1,139,765
Purchase of treasury shares					-					-
Other					-					-
Net changes in items other than shareholders' equity						(20,210)	26,451	6,241	-	6,241
Total changes during period	600	600	835,963	-	837,163	(20,210)	26,451	6,241	-	843,405
Balance at end of period	371,351	289,158	3,751,539	(784)	4,411,265	(12,213)	38,115	25,902	-	4,437,168

Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended December 31,2021	For the fiscal year ended December 31,2022
Cash flows from operating activities		
Profit before income taxes	1,260,454	1,622,529
Depreciation	42,676	28,141
Increase (decrease) in allowance for doubtful accounts	(87)	1,441
Increase (decrease) in provision for bonuses	(1,169)	649
Interest and dividend income	(8,303)	(10,569)
Foreign exchange losses (gains)	81	141
Share of loss (profit) of entities accounted for using equity method	23,910	21,556
Decrease (increase) in trade receivables	(95,523)	(85,272)
Increase (decrease) in provision for bonuses for directors (and other officers)	8,700	2,300
Loss (gain) on valuation of investment securities	34,324	-
Loss (gain) on sale of non-current assets	(11,043)	-
Loss (gain) on change in equity	(12,839)	-
Increase (decrease) in accounts payable - other	108	4,685
Increase (decrease) in accrued consumption taxes	21,805	(17,677)
Increase (decrease) in advances received	175,032	195,448
Other, net	(25,994)	59,290
Subtotal	1,412,132	1,822,664
Interest and dividends received	6,803	9,521
Income taxes paid	(338,131)	(444,207)
Net cash provided by (used in) operating activities	1,080,804	1,387,977
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,019)	(351,631)
Purchase of intangible assets	(3,157)	(15,670)
Proceeds from sale of property, plant and equipment	38,173	-
Payments of leasehold and guarantee deposits	(1,330)	(1,815)
Proceeds from refund of leasehold and guarantee deposits	501	461
Net cash provided by (used in) investing activities	26,166	(368,655)
Cash flows from financing activities		
Proceeds from issuance of shares	4,000	1,200
Purchase of treasury shares	(440)	-
Dividends paid	(276,959)	(303,623)
Proceeds from share issuance to non-controlling shareholders	25,000	-
Net cash provided by (used in) financing activities	(248,399)	(302,423)
Effect of exchange rate change on cash and cash equivalents	31,624	26,808
Net increase (decrease) in cash and cash equivalents	890,196	743,706
Cash and cash equivalents at beginning of period	3,301,979	3,951,623
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	(240,551)	-
Cash and cash equivalents at end of period	3,951,623	4,695,330