



Consolidated Financial Results Summary [ Japanese Accounting Standards ]  
for the Fiscal Year ended December 31, 2017

February 13, 2018

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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Scheduled date of general shareholder's meeting: March 29, 2018

Scheduled date of annual security report filing: March 29, 2018

Schedule date of commencement of dividend payment: March 30, 2018

Supplementary documents for annual results : Yes

Financial results briefing : Yes (For institutional investors and analysts )

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

1. Consolidated financial results for the fiscal year ended December 31, 2017 (January 1, 2017 – December 31, 2017)

(1) Consolidated results of operation

(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	%
Fiscal year ended December 31, 2017	1,680	17.3	607	17.1	636	24.6	445	24.3
Fiscal year ended December 31, 2016	1,432	16.2	518	24.5	510	20.5	358	26.4

(Note) Comprehensive income: 445million yen(30.2%) for the fiscal year ended December 31, 2017

342million yen(23.9%) for the fiscal year ended December 31, 2016

	Basic income per share	Diluted income per share	Rate of return on equity	Rate of ordinary income on total assets	Operating margin
	Yen	Yen	%	%	%
Fiscal year ended December 31, 2017	34.04	33.76	27.3	27.1	36.1
Fiscal year ended December 31, 2016	28.00	27.35	27.1	26.2	36.2

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	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2017	2,579	1,797	69.7	136.86
As of December 31, 2016	2,117	1,470	69.4	112.72

(Reference) Shareholder's Equity: As of December 31, 2017 1,797Million yen As of December 31, 2016 1,470Million yen

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

(3) Consolidated cash flow

	Net cash provided by operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at year-end
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended December 31, 2017	585	(170)	(117)	2,040
Fiscal year ended December 31, 2016	435	33	(50)	1,738

## 2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended December 31, 2016	-	0.00	-	42.00	42.00	136	37.5	10.2
Fiscal year ended December 31, 2017	-	0.00	-	12.50	12.50	164	36.7	10.0
Year ending December 31, 2018 (forecast)	-	0.00	-	15.00	15.00		37.0	

As we mentioned, a stock split was conducted on 9th June, 2017.

The dividends for the fiscal year ended December 31st, 2016 is indicated figures before stock split.

## 3. Consolidated forecasts for the fiscal year ending December 31, 2018 (January 1,2018-December 31,2018)

(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		Basic income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending June 30,2018	940	17.1	333	23.0	331	18.6	234	20.1	17.70
Year ending December 31,2018	2,000	19.0	746	22.9	746	17.3	536	20.3	40.51

\* Note

(1) Change of material subsidiaries during the period : None

(2) 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

(3) Number of issued shares (common stock)

(a) Number of issued shares (including treasury shares):

As of December 31,2017	13,136,800shares	As of December 31,2016	13,042,400shares
As of December 31,2017	225shares	As of December 31,2016	192shares
Fiscal year ended December 31,2017	13,094,816shares	Fiscal year ended December 31,2016	12,804,052shares

(b) Number of treasury shares

(c) Average outstanding shares

(Reference) Summary of financial information on a non-consolidated basis

1. Non-consolidated financial results ( January 1, 2017 – December 31, 2017 )

(1) Results of operation

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

	Net Sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended December 31, 2017	1,561	16.4	530	11.7	581	21.2	413	21.6
Fiscal year ended December 31, 2016	1,341	16.4	474	23.8	480	16.2	340	21.6

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended December 31, 2017	31.59	31.33
Fiscal year ended December 31, 2016	26.57	25.95

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) Financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2017	2,395	1,698	70.9	129.27
As of December 31, 2016	1,979	1,405	71.0	107.74

(Reference) Shareholder's Equity: As of December 31, 2017 1,698 Million yen As of December 31, 2016 1,405 Million yen

\*Implementation status of audit procedure

This report is outside the scope of audit procedures based on the Financial Instruments and Exchange Law,

\*Explanation regarding the appropriate use of forecasts, and other special note

The earnings forecasts are based on certain assumptions that the Company 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 【Consolidated financial statements】

## (1) 【Consolidated balance sheet】

(Unit : thousand yen)

	FY2016 As of Dec.31, 2016	FY2017 As of Dec.31, 2017
<b>Assets</b>		
Current asset		
Cash and deposits	1,738,766	2,040,689
Accounts receivable-trade	55,129	59,386
Work in process	54	-
Prepaid expenses	10,744	10,050
Deferred tax assets	8,606	12,919
Other	1,820	2,582
Allowance for doubtful accounts	(1,709)	(689)
Total current assets	1,813,412	2,124,938
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	40,727	40,651
Accumulated depreciation	(13,033)	(14,118)
Buildings and structures, net	27,694	26,533
Land	5,634	5,634
Construction in progress	232	-
Other	26,366	29,592
Accumulated depreciation	(19,845)	(23,404)
Other, net	6,521	6,188
Total property, plant and equipment	40,082	38,356
Intangible assets		
Software	70,046	80,840
Total intangible asset	70,046	80,840
Investments and other assets		
Investment securities	161,818	249,774
Long-term time deposits	-	51,840
Lease deposits	31,145	32,803
Claims provable in bankruptcy, claims provable in rehabilitation and other	1,081	639
Deferred tax assets	1,177	-
Long-term prepaid expenses	-	1,044
Allowance for doubtful accounts	(952)	(639)
Investments and other assets total	194,269	335,461
Total noncurrent assets	304,398	454,658
Total assets	2,117,811	2,579,596

(Unit : thousand yen)

	FY2016 As of Dec.31, 2016	FY2017 As of Dec.31, 2017
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	4,564	6,035
Accounts payable-other	20,897	28,953
Accrued expenses	25,792	27,510
Income taxes payable	78,930	94,816
Accrued consumption taxes	17,145	28,947
Advances received	476,944	555,241
Deposits received	10,305	12,710
Provision for bonuses	7,752	8,285
Provision for loss on litigation	-	15,000
Accounts payable-facilities	5,400	3,650
Other	-	411
Total current liabilities	647,732	781,561
Noncurrent liabilities		
Deferred tax liabilities	-	183
Total noncurrent liabilities	-	183
Total liabilities	647,732	781,744
<b>Net assets</b>		
Shareholders' equity		
Capital stock	354,071	363,511
Capital surplus	271,878	281,318
Retained earnings	845,471	1,154,252
Treasury shares	(138)	(175)
Total shareholders' equity	1,471,283	1,798,907
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(5,630)	(8,139)
Foreign currency translation adjustment	4,426	7,084
Total accumulated other comprehensive income	(1,204)	(1,054)
Total net assets	1,470,078	1,797,852
Total liabilities and net assets	2,117,811	2,579,596

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

## 【 Consolidated statement of income 】

For the fiscal year ended December 31, 2016 and 2017

(Unit : thousand yen)

	Fiscal year ended December 31, 2016 From Jan.1 to Dec. 31,2016	Fiscal year ended December 31, 2017 From Jan.1 to Dec. 31,2017
Net sales	1,432,149	1,680,218
Cost of sales	404,652	455,966
Gross profit	1,027,496	1,224,252
Selling, general and administrative expenses		
Promotion expenses	7,141	9,729
Sales commission	4,815	5,481
Advertising expenses	7,207	8,233
Directors' compensations	44,079	43,705
Salaries and allowances	236,997	290,814
Provision for bonuses	4,439	4,987
Retirement benefit expenses	3,930	4,846
Legal welfare expenses	36,644	46,293
Depreciation	5,555	9,412
Provision of allowance for doubtful accounts	1,555	(1,049)
Rent expenses	30,388	33,626
Other	126,049	160,794
Total selling, general and administrative expenses	508,803	616,875
Operating income	518,692	607,377
Non-operating income		
Gain on sales of investment securities	12,484	10,062
Interest income	962	844
Dividend income	7,802	12,033
Foreign exchange gains	-	4,924
Other	888	1,454
Total non-operating income	22,139	29,319
Non-operating expenses		
Foreign exchange losses	30,020	-
Commission fee	245	404
Other	3	129
Total non-operating expenses	30,270	534
Ordinary income	510,561	636,162
Extraordinary losses		
Provision for loss on litigation	-	15,000
Total extraordinary losses	-	15,000
Income before income taxes	510,561	621,162
Income taxes - current	151,494	177,282
Income taxes - deferred	577	(1,844)
Total income taxes	152,072	175,437
Profit	358,489	445,724
Profit attribute to owners of parent	358,489	445,724

【Consolidated statement of comprehensive income】  
For the fiscal year ended December 31, 2016 and 2017

(Unit : thousand yen)

	For the fiscal year ended December 31,2016 From Jan. 1 to Dec. 31, 2016	For the fiscal year ended December 31,2017 From Jan. 1 to Dec. 31, 2017
Profit	358,489	445,724
Other comprehensive income		
Valuation difference on available-for-sale securities	(8,670)	(2,508)
Foreign currency translation adjustment	(7,495)	2,658
Total other comprehensive income	(16,165)	149
Total comprehensive income	342,324	445,873
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	342,324	445,873
Comprehensive income attributable to non-controlling interests	-	-

## (3) Consolidated statement of change in equity

For the fiscal year ended December 31, 2016 and 2017

The previous fiscal year (From January 1 to December 31, 2016)

(unit : thousand yen)

	Shareholders' equity					Accumulated other comprehensive income			Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Shareholders' equity total	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	323,864	241,670	598,343	(74)	1,163,804	3,039	11,921	14,961	1,178,766
changes of items during period									
Issuance of new shares	30,207	30,207			60,415				60,415
Dividends of surplus			(111,362)		(111,362)				(111,362)
Profit attribute to owners of parent			358,489		358,489				358,489
Purchase of treasury shares				(64)	(64)				(64)
Net changes of items other than shareholders' equity						(8,670)	(7,495)	(16,165)	(16,165)
Total changes of items during period	30,207	30,207	247,127	(64)	307,478	(8,670)	(7,495)	(16,165)	291,312
Balance at end of current period	354,071	271,878	845,471	(138)	1,471,283	(5,630)	4,426	(1,204)	1,470,078

The current fiscal year (From January 1 to December 31, 2017)

(unit : thousand yen)

	Shareholders' equity					Accumulated other comprehensive income			Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Shareholders' equity total	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	354,071	271,878	845,471	(138)	1,471,283	(5,630)	4,426	(1,204)	1,470,078
changes of items during period									
Issuance of new shares	9,440	9,440			18,880				18,880
Dividends of surplus			(136,943)		(136,943)				(136,943)
Profit attribute to owners of parent			445,724		445,724				445,724
Purchase of treasury shares				(36)	(36)				(36)
Net changes of items other than shareholders' equity						(2,508)	2,658	149	149
Total changes of items during period	9,440	9,440	308,781	(36)	327,624	(2,508)	2,658	149	327,773
Balance at end of current period	363,511	281,318	1,154,252	(175)	1,798,907	(8,139)	7,084	(1,054)	1,797,852



## (4) Consolidated statement of cash flows

## 【 Consolidated statement of cash flows 】

For the fiscal year ended December 31, 2016 and 2017

(Unit : thousand yen)

	Fiscal year ended December 31, 2016 From Jan.1 to Dec. 31,2016	Fiscal year ended December 31, 2017 From Jan.1 to Dec. 31,2017
Cash flows from operating activities		
Income before income taxes	510,561	621,162
Depreciation	15,500	26,757
Increase (decrease) in allowance for doubtful accounts	857	(1,332)
Increase (decrease) in provision for bonuses	899	532
Increase (decrease) in provision for loss on litigation	-	15,000
Interest and dividend income	(8,765)	(12,878)
Foreign exchange losses (gains)	26,005	184
Decrease (increase) in notes and accounts receivable - trade	(29,911)	(3,753)
Loss (gain) on sales of short-term and long-term investment securities	(12,484)	(10,062)
Increase (decrease) in accounts payable - other	12,675	7,579
Increase (decrease) in accrued consumption taxes	(7,176)	11,894
Increase (decrease) in advances received	53,759	76,280
Other, net	19,047	8,977
Subtotal	580,968	740,341
Interest and dividend income received	8,720	12,696
Income taxes paid	(153,787)	(167,198)
Net cash provided by (used in) operating activities	435,901	585,839
Cash flows from investing activities		
Payments into time deposits	-	(151,840)
Proceeds from withdrawal of time deposits	-	100,000
Proceeds from sales of investment securities	112,453	117,445
Purchase of property, plant and equipment	(5,280)	(3,739)
Purchase of intangible assets	(52,676)	(33,799)
Purchase of long-term investment securities	(21,100)	(198,955)
Collection of lease deposits	244	674
Net cash provided by (used in) investing activities	33,642	(170,214)
Cash flows from financing activities		
Proceeds from issuance of common shares	60,415	18,880
Purchase of treasury shares	(64)	(36)
Cash dividends paid	(111,237)	(136,601)
Net cash provided by (used in) financing activities	(50,886)	(117,757)
Effect of exchange rate change on cash and cash equivalents	(39,227)	4,055
Net increase (decrease) in cash and cash equivalents	379,429	301,922
Cash and cash equivalents at the beginning of the year	1,359,336	1,738,766
Cash and cash equivalents at the end of the year	1,738,766	2,040,689