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Consolidated Financial Results for the Year Ended December 31, 2024 [Japanese GAAP]

February 13, 2025

Company name: MarkLines Co., Ltd.

Listing: Tokyo

Securities code: 3901

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

Representative: Makoto Sakai

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Scheduled date of annual general meeting of shareholders: March 25, 2025

Scheduled date to commence dividend payments: March 26, 2025

Scheduled date to file annual securities report: March 25, 2025

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

President, CEO

Director, General Manager, Administration Dept.

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

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 (January 1, 2024 to December 31, 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 | % |
| Fiscal year ended December 31, 2024 | 5,562 | 14.8 | 2,216 | 11.3 | 2,227 | 12.0 | 1,577 | 14.1 |
| December 31, 2023 | 4,845 | 17.5 | 1,991 | 22.6 | 1,988 | 22.6 | 1,383 | 21.4 |

(Note) Comprehensive income: Fiscal year ended December 31, 2024: ¥ 1,586 million [9.4%]

Fiscal year ended December 31, 2023: ¥ 1,450 million [26.5%]

| | 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, 2024 | 119.35 | 119.29 | 26.0 | 27.4 | 39.8 |
| December 31, 2023 | 104.69 | 104.59 | 27.8 | 29.3 | 41.1 |

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended December 31, 2024: ¥ (42) million

Fiscal year ended December 31, 2023: ¥ (21) million

(2) Consolidated Financial Position

| | Total assets | Net assets | Capital adequacy ratio | Net assets per share |
|-------------------------|-----------------|-----------------|------------------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of December 31, 2024 | 8,753 | 6,617 | 75.6 | 500.22 |
| December 31, 2023 | 7,484 | 5,504 | 73.5 | 416.51 |

(Reference) Equity: As of December 31, 2024: ¥ 6,617 million

As of December 31, 2023: ¥ 5,504 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 |
|-------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Fiscal year ended December 31, 2024 | 1,540 | (564) | (473) | 6,060 |
| December 31, 2023 | 1,785 | (601) | (383) | 5,521 |

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 | Millions of yen | % | % |
| December 31, 2023 | - | 0.00 | - | 36.00 | 36.00 | 475 | 34.4 | 9.6 |
| December 31, 2024 | - | 0.00 | - | 48.00 | 48.00 | 634 | 40.2 | 10.5 |
| Fiscal year ending December 31, 2025 (Forecast) | - | 0.00 | - | 52.00 | 52.00 | | 40.2 | |

(Note) Breakdown of the year-end dividend for the fiscal year ended December 31, 2024 :

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 |
| Six months ending June 30, 2025 | 3,250 | 16.7 | 1,220 | 9.5 | 1,220 | 9.0 | 850 | 7.8 | 64.26 |
| Full year | 6,500 | 16.9 | 2,450 | 10.6 | 2,450 | 10.0 | 1,710 | 8.4 | 129.27 |

* Notes:

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

None

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

(2) 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

(3) Number of issued shares (common shares)

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

December 31, 2024: 13,228,800 shares
December 31, 2023: 13,215,200 shares

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

December 31, 2024: 478 shares
December 31, 2023: 442 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended December 31, 2024: 13,221,103 shares
Fiscal Year ended December 31, 2023: 13,214,758 shares

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2024 (January 1, 2024 to December 31, 2024)

(1) Non-consolidated Operating Results (Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Net income | |
|-------------------|-----------------|------|------------------|------|-----------------|------|-----------------|------|
| Fiscal year ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| December 31, 2024 | 5,107 | 15.0 | 1,952 | 12.7 | 2,136 | 14.3 | 1,571 | 17.4 |
| December 31, 2023 | 4,439 | 16.9 | 1,733 | 21.3 | 1,870 | 21.1 | 1,338 | 20.2 |

| | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
| Fiscal year ended | Yen | Yen |
| December 31, 2024 | 118.88 | 118.82 |
| December 31, 2023 | 101.28 | 101.18 |

(2) Non-consolidated Financial Position

| | Total assets | Net assets | Capital adequacy ratio | Net assets per share |
|-------------------|-----------------|-----------------|------------------------|----------------------|
| As of | Millions of yen | Millions of yen | % | Yen |
| December 31, 2024 | 8,101 | 6,266 | 77.3 | 473.72 |
| December 31, 2023 | 6,923 | 5,182 | 74.9 | 392.17 |

(Reference) Equity: As of December 31, 2024: ¥ 6,266 million
As of December 31, 2023: ¥ 5,182 million

Consolidated Financial Statements

Consolidated Balance Sheets

(Thousands of yen)

| | As of December 31, 2023 | As of December 31, 2024 |
|-------------------------------------|-------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 5,521,123 | 6,060,545 |
| Accounts receivable - trade | 234,811 | 386,217 |
| Merchandise | 26,650 | 89,759 |
| Work in process | 12,446 | 6,472 |
| Advance payments to suppliers | 23,258 | 14,653 |
| Prepaid expenses | 33,177 | 37,349 |
| Other | 23,513 | 67,793 |
| Allowance for doubtful accounts | (2,403) | (1,422) |
| Total current assets | 5,872,578 | 6,661,368 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 38,635 | 773,832 |
| Accumulated depreciation | (10,937) | (26,340) |
| Buildings and structures, net | 27,698 | 747,492 |
| Land | 367,207 | 369,801 |
| Construction in progress | 235,994 | - |
| Other | 69,218 | 148,942 |
| Accumulated depreciation | (49,219) | (66,074) |
| Other, net | 19,998 | 82,867 |
| Total property, plant and equipment | 650,899 | 1,200,161 |
| Intangible assets | | |
| Software | 45,022 | 75,031 |
| Other | 10,183 | 12,234 |
| Total intangible assets | 55,206 | 87,265 |
| Investments and other assets | | |
| Investment securities | 683,995 | 567,243 |
| Distressed receivables | 539 | - |
| Deferred tax assets | 32,975 | 45,059 |
| Long-term prepaid expenses | 262 | 885 |
| Long-term time deposits | 59,760 | 64,890 |
| Leasehold and guarantee deposits | 128,611 | 126,596 |
| Allowance for doubtful accounts | (539) | - |
| Total investments and other assets | 905,605 | 804,674 |
| Total non-current assets | 1,611,710 | 2,092,101 |
| Total assets | 7,484,288 | 8,753,470 |

(Thousands of yen)

| | As of December 31, 2023 | As of December 31, 2024 |
|--|-------------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 90,714 | 113,605 |
| Accounts payable - other | 16,792 | 23,406 |
| Accrued expenses | 51,982 | 60,226 |
| Income taxes payable | 327,994 | 325,338 |
| Accrued consumption taxes | 56,150 | 13,289 |
| Advances received | 1,372,452 | 1,527,730 |
| Deposits received | 26,758 | 30,949 |
| Provision for bonuses | 14,633 | 15,755 |
| Provision for bonuses for directors (and other officers) | 13,000 | 15,000 |
| Other | - | 35 |
| Total current liabilities | 1,970,478 | 2,125,337 |
| Non-current liabilities | | |
| Retirement benefit liability | 9,725 | 11,093 |
| Total non-current liabilities | 9,725 | 11,093 |
| Total liabilities | 1,980,203 | 2,136,431 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 371,351 | 372,711 |
| Capital surplus | 289,158 | 290,518 |
| Retained earnings | 4,751,713 | 5,853,939 |
| Treasury shares | (784) | (896) |
| Total shareholders' equity | 5,411,438 | 6,516,272 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 31,931 | 19,822 |
| Foreign currency translation adjustment | 60,714 | 80,943 |
| Total accumulated other comprehensive income | 92,646 | 100,765 |
| Total net assets | 5,504,084 | 6,617,038 |
| Total liabilities and net assets | 7,484,288 | 8,753,470 |

Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Thousands of yen)

| | For the fiscal year ended December 31, 2023 | For the fiscal year ended December 31, 2024 |
|---|--|--|
| Net sales | 4,845,212 | 5,562,104 |
| Cost of sales | 1,659,239 | 1,943,136 |
| Gross profit | 3,185,973 | 3,618,968 |
| Selling, general and administrative expenses | | |
| Promotion expenses | 18,617 | 17,400 |
| Sales commission | 902 | 930 |
| Advertising expenses | 14,673 | 18,338 |
| Remuneration for directors (and other officers) | 61,915 | 72,577 |
| Salaries and allowances | 585,842 | 670,885 |
| Provision for bonuses | 8,475 | 10,486 |
| Provision for bonuses for directors (and other officers) | 13,000 | 15,000 |
| Retirement benefit expenses | 13,429 | 14,600 |
| Legal welfare expenses | 102,750 | 115,104 |
| Depreciation | 10,177 | 13,492 |
| Provision of allowance for doubtful accounts | (928) | (319) |
| Rent expenses | 77,628 | 91,898 |
| Other | 287,881 | 362,467 |
| Total selling, general and administrative expenses | 1,194,365 | 1,402,862 |
| Operating profit | 1,991,607 | 2,216,105 |
| Non-operating income | | |
| Interest income | 6,516 | 7,919 |
| Dividend income | 6,732 | 7,920 |
| Gain on sale of investment securities | - | 21,675 |
| Foreign exchange gains | - | 9,121 |
| Other | 5,795 | 7,385 |
| Total non-operating income | 19,044 | 54,022 |
| Non-operating expenses | | |
| Share of loss of entities accounted for using equity method | 21,559 | 42,053 |
| Foreign exchange losses | 462 | - |
| Other | 0 | 840 |
| Total non-operating expenses | 22,021 | 42,894 |
| Ordinary profit | 1,988,629 | 2,227,234 |
| Profit before income taxes | 1,988,629 | 2,227,234 |
| Income taxes - current | 606,482 | 650,823 |
| Income taxes - deferred | (1,254) | (1,546) |
| Total income taxes | 605,228 | 649,277 |
| Profit | 1,383,401 | 1,577,957 |
| Profit attributable to owners of parent | 1,383,401 | 1,577,957 |

Consolidated Statements of Comprehensive Income

(Thousands of yen)

| | For the fiscal year ended December 31, 2023 | For the fiscal year ended December 31, 2024 |
|--|--|--|
| Profit | 1,383,401 | 1,577,957 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 36,399 | (23,876) |
| Foreign currency translation adjustment | 22,598 | 20,229 |
| Share of other comprehensive income of entities accounted for using equity method | 7,744 | 11,767 |
| Total other comprehensive income | 66,743 | 8,119 |
| Comprehensive income | 1,450,144 | 1,586,076 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 1,450,144 | 1,586,076 |
| Comprehensive income attributable to non-controlling interests | - | - |

Consolidated Statements of Changes in Equity
For the fiscal year ended December 31, 2023

(Thousands of yen)

| | Shareholders' equity | | | | | Accumulated other comprehensive income | | | 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 | 371,351 | 289,158 | 3,751,539 | (784) | 4,411,265 | (12,213) | 38,115 | 25,902 | 4,437,168 |
| Changes during period | | | | | | | | | |
| Issuance of new shares | | | | | - | | | | - |
| Dividends of surplus | | | (383,227) | | (383,227) | | | | (383,227) |
| Profit attributable to owners of parent | | | 1,383,401 | | 1,383,401 | | | | 1,383,401 |
| Purchase of treasury shares | | | | | - | | | | - |
| Net changes in items other than shareholders' equity | | | | | | 44,144 | 22,598 | 66,743 | 66,743 |
| Total changes during period | - | - | 1,000,173 | - | 1,000,173 | 44,144 | 22,598 | 66,743 | 1,066,916 |
| Balance at end of period | 371,351 | 289,158 | 4,751,713 | (784) | 5,411,438 | 31,931 | 60,714 | 92,646 | 5,504,084 |

For the fiscal year ended December 31, 2024

(Thousands of yen)

| | Shareholders' equity | | | | | Accumulated other comprehensive income | | | 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 | 371,351 | 289,158 | 4,751,713 | (784) | 5,411,438 | 31,931 | 60,714 | 92,646 | 5,504,084 |
| Changes during period | | | | | | | | | |
| Issuance of new shares | 1,360 | 1,360 | | | 2,720 | | | | 2,720 |
| Dividends of surplus | | | (475,731) | | (475,731) | | | | (475,731) |
| Profit attributable to owners of parent | | | 1,577,957 | | 1,577,957 | | | | 1,577,957 |
| Purchase of treasury shares | | | | (112) | (112) | | | | (112) |
| Net changes in items other than shareholders' equity | | | | | | (12,109) | 20,229 | 8,119 | 8,119 |
| Total changes during period | 1,360 | 1,360 | 1,102,225 | (112) | 1,104,833 | (12,109) | 20,229 | 8,119 | 1,112,953 |
| Balance at end of period | 372,711 | 290,518 | 5,853,939 | (896) | 6,516,272 | 19,822 | 80,943 | 100,765 | 6,617,038 |

Consolidated Statements of Cash Flows

(Thousands of yen)

| | For the fiscal year ended December 31, 2023 | For the fiscal year ended December 31, 2024 |
|---|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 1,988,629 | 2,227,234 |
| Depreciation | 27,331 | 52,189 |
| Increase (decrease) in allowance for doubtful accounts | (928) | (1,520) |
| Increase (decrease) in provision for bonuses | 2,481 | 1,121 |
| Interest and dividend income | (13,248) | (15,840) |
| Foreign exchange losses (gains) | (153) | (15) |
| Share of loss (profit) of entities accounted for using equity method | 21,559 | 42,053 |
| Decrease (increase) in trade receivables | 79,598 | (149,635) |
| Loss (gain) on sale of investment securities | - | (21,675) |
| Increase (decrease) in provision for bonuses for directors (and other officers) | 2,000 | 2,000 |
| Increase (decrease) in accounts payable - other | 5,370 | 6,777 |
| Increase (decrease) in accrued consumption taxes | 5,938 | (84,328) |
| Increase (decrease) in advances received | 203,836 | 136,226 |
| Other, net | (5,645) | (10,446) |
| Subtotal | 2,316,770 | 2,184,141 |
| Interest and dividends received | 16,647 | 14,477 |
| Income taxes paid | (548,296) | (657,844) |
| Net cash provided by (used in) operating activities | 1,785,122 | 1,540,774 |
| Cash flows from investing activities | | |
| Payments into time deposits | (59,760) | - |
| Proceeds from withdrawal of time deposits | 59,760 | - |
| Proceeds from sale of securities | - | 73,383 |
| Purchase of property, plant and equipment | (283,383) | (584,643) |
| Purchase of intangible assets | (36,208) | (49,685) |
| Purchase of investment securities | (250,000) | - |
| Payments of leasehold and guarantee deposits | (31,804) | (4,695) |
| Proceeds from refund of leasehold and guarantee deposits | - | 1,312 |
| Net cash provided by (used in) investing activities | (601,395) | (564,328) |
| Cash flows from financing activities | | |
| Proceeds from issuance of shares | - | 2,720 |
| Purchase of treasury shares | - | (112) |
| Dividends paid | (383,685) | (475,758) |
| Net cash provided by (used in) financing activities | (383,685) | (473,150) |
| Effect of exchange rate change on cash and cash equivalents | 25,751 | 36,127 |
| Net increase (decrease) in cash and cash equivalents | 825,792 | 539,421 |
| Cash and cash equivalents at beginning of period | 4,695,330 | 5,521,123 |
| Cash and cash equivalents at end of period | 5,521,123 | 6,060,545 |