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Consolidated Financial Results for the Three Months Ended March 31, 2023 [Japanese GAAP]

May 8, 2023

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

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Scheduled date of filing quarterly securities report: May 11, 2023

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: No

Schedule of quarterly financial results briefing session: No

(Amounts of less than one millions of yen are rounded down.)

1. Consolidated Financial Results for the Three Months Ended March 31, 2023 (January 1, 2023 to March 31, 2023)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2023	1,275	6.8	527	19.1	525	18.6	374	20.9
March 31, 2022	1,194	21.9	443	35.3	443	33.4	309	41.9

(Note) Comprehensive income: Three months ended March 31, 2023: ¥ 393 million [23.2%]
Three months ended March 31, 2022: ¥ 319 million [18.5%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2023	28.32	28.29
March 31, 2022	23.42	23.40

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of March 31, 2023	6,261	4,447	71.0
December 31, 2022	6,096	4,437	72.8

(Reference) Equity: As of March 31, 2023: ¥ 4,447 million
As of December 31, 2022: ¥ 4,437 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, 2022	-	0.00	-	29.00	29.00
Fiscal year ending December 31, 2023	-				
Fiscal year ending December 31, 2023 (Forecast)		0.00	-	34.00	34.00

(Note) Revision to the forecast for dividends announced most recently: No

(Note) Breakdown of the 1st quarter dividend for the fiscal year ending December 31, 2023 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2023(January 1, 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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending 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

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

* Notes:

(1) Changes in significant subsidiaries during the three months ended March 31, 2023

(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):

March 31, 2023: 13,215,200 shares

December 31, 2022: 13,215,200 shares

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

March 31, 2023: 442 shares

December 31, 2022: 442 shares

3) Average number of shares outstanding during the period:

Three months ended March 31, 2023: 13,214,758 shares

Three months ended March 31, 2022: 13,210,669 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of December 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	4,752,630	4,527,755
Accounts receivable - trade	313,815	425,497
Merchandise	10,039	8,195
Work in process	874	1,580
Advance payments to suppliers	31,527	22,723
Prepaid expenses	29,676	27,499
Other	8,343	17,527
Allowance for doubtful accounts	(3,118)	(4,165)
Total current assets	5,143,788	5,026,611
Non-current assets		
Property, plant and equipment		
Buildings and structures	26,944	27,011
Accumulated depreciation	(8,222)	(8,812)
Buildings and structures, net	18,722	18,198
Land	348,997	366,997
Other	50,562	52,206
Accumulated depreciation	(40,827)	(41,824)
Other, net	9,735	10,382
Total property, plant and equipment	377,455	395,578
Intangible assets		
Software	25,423	30,237
Other	8,130	8,224
Total intangible assets	33,553	38,461
Investments and other assets		
Investment securities	395,345	658,271
Distressed receivables	752	752
Long-term prepaid expenses	604	217
Leasehold and guarantee deposits	98,289	98,696
Deferred tax assets	47,786	43,702
Allowance for doubtful accounts	(752)	(1,152)
Total investments and other assets	542,025	800,487
Total non-current assets	953,034	1,234,527
Total assets	6,096,822	6,261,139

(Thousands of yen)

	As of December 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	77,803	163,355
Accounts payable - other	14,207	65,672
Accrued expenses	42,552	38,621
Income taxes payable	266,715	153,866
Accrued consumption taxes	46,543	59,961
Advances received	1,159,956	1,251,315
Provision for bonuses for directors (and other officers)	11,000	3,250
Deposits received	20,731	15,925
Provision for bonuses	12,151	52,929
Other	44	660
Total current liabilities	1,651,705	1,805,558
Non-current liabilities		
Retirement benefit liability	7,949	8,496
Total non-current liabilities	7,949	8,496
Total liabilities	1,659,654	1,814,055
Net assets		
Shareholders' equity		
Share capital	371,351	371,351
Capital surplus	289,158	289,158
Retained earnings	3,751,539	3,742,550
Treasury shares	(784)	(784)
Total shareholders' equity	4,411,265	4,402,276
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(12,213)	724
Foreign currency translation adjustment	38,115	44,082
Total accumulated other comprehensive income	25,902	44,807
Total net assets	4,437,168	4,447,083
Total liabilities and net assets	6,096,822	6,261,139

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Thousands of yen)

	For the three months ended March 31, 2022	For the three months ended March 31, 2023
Net sales	1,194,355	1,275,404
Cost of sales	491,490	468,073
Gross profit	702,864	807,330
Selling, general and administrative expenses		
Promotion expenses	7,008	6,646
Sales commission	144	-
Advertising expenses	3,957	3,411
Remuneration for directors (and other officers)	14,184	13,435
Salaries and allowances	102,877	115,781
Provision for bonuses	21,965	25,014
Retirement benefit expenses	2,355	2,861
Legal welfare expenses	19,558	23,027
Depreciation	1,654	2,295
Provision of allowance for doubtful accounts	2,171	1,446
Rent expenses	17,467	17,495
Other	66,376	68,037
Total selling, general and administrative expenses	259,721	279,452
Operating profit	443,142	527,878
Non-operating income		
Interest income	1,221	1,531
Dividend income	2,163	2,426
Foreign exchange gains	1,730	-
Other	595	1,012
Total non-operating income	5,711	4,970
Non-operating expenses		
Share of loss of entities accounted for using equity method	5,219	5,722
Foreign exchange losses	-	1,183
Other	221	0
Total non-operating expenses	5,440	6,906
Ordinary profit	443,413	525,941
Profit before income taxes	443,413	525,941
Income taxes - current	137,238	153,329
Income taxes - deferred	(3,274)	(1,625)
Total income taxes	133,964	151,703
Profit	309,448	374,238
Profit attributable to owners of parent	309,448	374,238

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

(Thousands of yen)

	For the three months ended March 31, 2022	For the three months ended March 31, 2023
Profit	309,448	374,238
Other comprehensive income		
Valuation difference on available-for-sale securities	(7,936)	12,937
Foreign currency translation adjustment	17,490	5,967
Total other comprehensive income	9,554	18,904
Comprehensive income	319,003	393,143
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	319,003	393,143