

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.



Consolidated Financial Results for the Nine Months Ended September 30, 2018 [Japanese GAAP]

November 02, 2018

Company name: MarkLines Co., Ltd.

Stock exchange listing: Tokyo

Code number: 3901

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

Representative: Makoto Sakai

President, CEO

Contact: Masami Uchida

Director, General Manager, Administration Dept.

Phone: 03-5785-1380

Scheduled date of filing quarterly securities report: November 12, 2018

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 million yen are rounded down)

1. Consolidated Financial Results for the Nine Months Ended September 30, 2018 (January 01, 2018 to September 30, 2018)

(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	%
Nine months ended September 30, 2018	1,500	23.3	528	24.2	537	22.7	366	24.2
September 30, 2017	1,216	15.8	425	11.5	437	25.1	295	24.5

(Note) Comprehensive income:
 Nine months ended September 30, 2018: ¥ 352 million [20.4%]
 Nine months ended September 30, 2017: ¥ 292 million [34.5%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2018	27.90	27.72
September 30, 2017	22.56	22.37

*The Company conducted a 4-for-1 stock split on June 9, 2017. Figures per share stated above reflect retrospective restatement, taking the impact of the stock split into consideration.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of September 30, 2018	2,840	1,987	70.0
December 31, 2017	2,579	1,797	69.7

(Reference) Equity:
 As of September 30, 2018: ¥ 1,987 million
 As of December 31, 2017: ¥ 1,797 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, 2017	-	0.00	-	12.50	12.50
Fiscal year ending December 31, 2018	-	0.00	-		
Fiscal year ending December 31, 2018 (Forecast)				15.00	15.00

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

(Note) Breakdown of the 3rd quarter dividend for the fiscal year ending December 31, 2018 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2018(January 01, 2018 to December 31, 2018)

(% 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
Full year	2,000	19.0	746	22.9	746	17.3	536	20.3	40.51

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

* Notes:

(1) Changes in significant subsidiaries during the nine months ended September 30, 2018

(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: No

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):

September 30, 2018: 13,140,800 shares

December 31, 2017: 13,136,800 shares

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

September 30, 2018: 229 shares

December 31, 2017: 225 shares

3) Average number of shares during the period:

Nine months ended September 30, 2018: 13,138,362 shares

Nine months ended September 30, 2017: 13,084,174 shares

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

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of December 31,2017	As of September 30,2018
Assets		
Current assets		
Cash and deposits	2,040,689	2,128,932
Notes receivable - trade	-	2,526
Accounts receivable - trade	59,386	80,962
Merchandise	-	136
Prepaid expenses	10,050	16,855
Deferred tax assets	12,919	19,737
Other	2,582	5,610
Allowance for doubtful accounts	(689)	(728)
Total current assets	2,124,938	2,254,033
Non-current assets		
Property, plant and equipment		
Buildings and structures	40,651	41,365
Accumulated depreciation	(14,118)	(15,692)
Buildings and structures, net	26,533	25,673
Land	5,634	5,634
Other	29,592	34,886
Accumulated depreciation	(23,404)	(26,054)
Other, net	6,188	8,831
Total property, plant and equipment	38,356	40,140
Intangible assets		
Software	80,840	112,517
Software in progress	-	3,132
Total intangible assets	80,840	115,649
Investments and other assets		
Investment securities	249,774	340,532
Long-term time deposits	51,840	49,410
Lease deposits	32,803	33,069
Other	1,683	8,066
Allowance for doubtful accounts	(639)	(427)
Total investments and other assets	335,461	430,652
Total non-current assets	454,658	586,442
Total assets	2,579,596	2,840,475

(Thousand yen)

	As of December 31,2017	As of September 30,2018
Liabilities		
Current liabilities		
Accounts payable - trade	6,035	11,393
Accounts payable - other	28,953	32,911
Accrued expenses	27,510	25,326
Income taxes payable	94,816	88,963
Accrued consumption taxes	28,947	15,404
Advances received	555,241	619,044
Deposits received	12,710	8,589
Provision for bonuses	8,285	36,144
Provision for contingent loss	15,000	15,000
Accounts payable - facilities	3,650	-
Other	411	676
Total current liabilities	781,561	853,454
Non-current liabilities		
Deferred tax liabilities	183	-
Total non-current liabilities	183	-
Total liabilities	781,744	853,454
Net assets		
Shareholders' equity		
Capital stock	363,511	363,911
Capital surplus	281,318	281,718
Retained earnings	1,154,252	1,356,565
Treasury shares	(175)	(182)
Total shareholders' equity	1,798,907	2,002,012
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(8,139)	(18,347)
Foreign currency translation adjustment	7,084	3,355
Total accumulated other comprehensive income	(1,054)	(14,991)
Total net assets	1,797,852	1,987,021
Total liabilities and net assets	2,579,596	2,840,475

Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the nine months)

(Thousand yen)

	For the nine months ended September 30,2017	For the nine months ended September 30,2018
Net sales	1,216,571	1,500,456
Cost of sales	331,914	460,858
Gross profit	884,656	1,039,597
Selling, general and administrative expenses		
Promotion expenses	8,143	5,206
Sales commission	4,434	2,749
Advertising expenses	6,249	9,508
Directors' compensations	32,887	38,288
Salaries and allowances	200,469	216,403
Provision for bonuses	18,744	24,409
Retirement benefit expenses	3,586	3,634
Legal welfare expenses	34,374	36,239
Depreciation	6,914	7,577
Provision of allowance for doubtful accounts	(775)	238
Rent expenses	25,152	25,184
Other	119,214	141,919
Total selling, general and administrative expenses	459,396	511,359
Operating profit	425,259	528,237
Non-operating income		
Interest income	728	1,864
Dividend income	7,578	11,638
Gain on sales of investment securities	-	14,151
Foreign exchange gains	3,406	-
Other	1,017	2,649
Total non-operating income	12,730	30,303
Non-operating expenses		
Commission fee	-	414
Listing expenses	-	17,768
Foreign exchange losses	-	3,194
Other	129	0
Total non-operating expenses	129	21,377
Ordinary profit	437,860	537,163
Extraordinary losses		
Provision for contingent loss	15,000	-
Total extraordinary losses	15,000	-
Profit before income taxes	422,860	537,163
Income taxes - current	134,729	178,979
Income taxes - deferred	(7,080)	(8,335)
Total income taxes	127,648	170,643
Profit	295,211	366,519
Profit attributable to owners of parent	295,211	366,519

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

(Thousand yen)

	For the nine months ended September 30,2017	For the nine months ended September 30,2018
Profit	295,211	366,519
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,474)	(10,207)
Foreign currency translation adjustment	1,163	(3,728)
Total other comprehensive income	(2,311)	(13,936)
Comprehensive income	292,900	352,582
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	292,900	352,582
Comprehensive income attributable to non-controlling interests	-	-