

*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 Three Months Ended March 31, 2020 [Japanese GAAP]

May 07, 2020

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

Director, General Manager, Administration Dept.

Phone: 03-4241-3901

Scheduled date of filing quarterly securities report: May 14, 2020

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: No

Schedule of quarterly financial results briefing session: Yes

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

### 1. Consolidated Financial Results for the Three Months Ended March 31, 2020 (January 01, 2020 to March 31, 2020)

#### (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	%
Three months ended March 31, 2020	715	15.6	254	12.2	255	11.8	113	(29.2)
March 31, 2019	618	18.9	226	12.9	228	15.7	159	18.8

(Note) Comprehensive income: Three months ended March 31, 2020: ¥ 129 million [ (21.5)%]  
Three months ended March 31, 2019: ¥ 164 million [ 34.1%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2020	8.60	8.57
March 31, 2019	12.17	12.10

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of March 31, 2020	3,405	2,405	70.6
December 31, 2019	3,484	2,509	72.0

(Reference) Equity: As of March 31, 2020: ¥ 2,405 million  
As of December 31, 2019: ¥ 2,509 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, 2019	-	0.00	-	18.00	18.00
Fiscal year ending December 31, 2020	-				
Fiscal year ending December 31, 2020 (Forecast)		0.00	-	21.00	21.00

(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, 2020 :

Commemorative dividend	- yen
Special dividend	- yen

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2020(January 01, 2020 to December 31, 2020)

(% 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, 2020	1,426	18.9	482	10.1	488	10.4	343	10.1	25.94
Full year	2,900	21.8	1,000	14.4	1,000	13.0	705	15.2	53.29

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

### \* Notes:

(1) Changes in significant subsidiaries during the three months ended March 31, 2020

(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):

March 31, 2020: 13,185,200 shares

December 31, 2019: 13,169,600 shares

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

March 31, 2020: 229 shares

December 31, 2019: 229 shares

3) Average number of shares during the period:

Three months ended March 31, 2020: 13,180,254 shares

Three months ended March 31, 2019: 13,147,771 shares

Quarterly Consolidated Financial Statements  
 Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of December 31,2019	As of March 31,2020
<b>Assets</b>		
Current assets		
Cash and deposits	2,883,357	2,666,852
Accounts receivable - trade	87,536	211,407
Merchandise	364	1,665
Prepaid expenses	16,638	21,786
Other	18,826	15,909
Allowance for doubtful accounts	(731)	(1,973)
Total current assets	3,005,992	2,915,648
Non-current assets		
Property, plant and equipment		
Buildings and structures	43,197	53,319
Accumulated depreciation	(17,891)	(9,832)
Buildings and structures, net	25,305	43,486
Land	5,634	5,634
Other	29,639	34,519
Accumulated depreciation	(22,816)	(23,111)
Other, net	6,823	11,408
Total property, plant and equipment	37,763	60,529
Intangible assets		
Software	95,711	87,367
Total intangible assets	95,711	87,367
Investments and other assets		
Investment securities	226,914	151,966
Leasehold deposits	82,068	126,462
Deferred tax assets	34,344	61,989
Other	2,954	3,277
Allowance for doubtful accounts	(1,250)	(1,844)
Total investments and other assets	345,032	341,850
Total non-current assets	478,507	489,747
<b>Total assets</b>	<b>3,484,500</b>	<b>3,405,396</b>

(Thousand yen)

	As of December 31,2019	As of March 31,2020
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	9,162	27,559
Accounts payable - other	22,864	46,129
Accrued expenses	36,694	26,345
Income taxes payable	161,503	85,513
Accrued consumption taxes	33,852	30,249
Advances received	681,444	695,574
Deposits received	17,108	13,417
Provision for bonuses	11,635	38,449
Accounts payable - facilities	-	28,692
Other	750	5,404
Total current liabilities	975,015	997,336
Non-current liabilities		
Retirement benefit liability	-	3,059
Total non-current liabilities	-	3,059
Total liabilities	975,015	1,000,395
Net assets		
Shareholders' equity		
Share capital	366,791	368,351
Capital surplus	284,598	286,158
Retained earnings	1,913,724	1,789,970
Treasury shares	(182)	(182)
Total shareholders' equity	2,564,932	2,444,297
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(54,476)	(33,005)
Foreign currency translation adjustment	(970)	(6,291)
Total accumulated other comprehensive income	(55,447)	(39,296)
Total net assets	2,509,485	2,405,000
Total liabilities and net assets	3,484,500	3,405,396

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

(Thousand yen)

	For the three months ended March 31,2019	For the three months ended March 31,2020
Net sales	618,632	715,023
Cost of sales	205,882	257,077
Gross profit	412,749	457,945
Selling, general and administrative expenses		
Promotion expenses	5,378	5,628
Sales commission	499	301
Advertising expenses	3,167	2,327
Remuneration for directors (and other officers)	13,735	14,266
Salaries and allowances	70,517	76,664
Provision for bonuses	15,476	15,333
Retirement benefit expenses	1,208	2,234
Legal welfare expenses	13,025	13,894
Depreciation	3,038	4,848
Provision of allowance for doubtful accounts	903	2,067
Rent expenses	9,616	10,745
Other	49,795	55,613
Total selling, general and administrative expenses	186,361	203,927
Operating profit	226,387	254,018
Non-operating income		
Interest income	496	457
Dividend income	4,081	2,234
Other	330	1,141
Total non-operating income	4,908	3,833
Non-operating expenses		
Foreign exchange losses	2,034	1,943
Other	330	0
Total non-operating expenses	2,365	1,943
Ordinary profit	228,930	255,907
Extraordinary losses		
Loss on valuation of investment securities	-	105,896
Total extraordinary losses	-	105,896
Profit before income taxes	228,930	150,011
Income taxes - current	72,350	73,838
Income taxes - deferred	(3,386)	(37,120)
Total income taxes	68,963	36,717
Profit	159,966	113,294
Profit attributable to owners of parent	159,966	113,294

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

(Thousand yen)

	For the three months ended March 31,2019	For the three months ended March 31,2020
Profit	159,966	113,294
Other comprehensive income		
Valuation difference on available-for-sale securities	3,259	21,471
Foreign currency translation adjustment	1,771	(5,321)
Total other comprehensive income	5,030	16,150
Comprehensive income	164,996	129,444
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	164,996	129,444
Comprehensive income attributable to non-controlling interests	-	-