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Consolidated Financial Results for the Three Months Ended March 31, 2019 [Japanese GAAP]

May 07, 2019

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: May 14, 2019

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: No

Schedule of quarterly financial results briefing session: Yes [For institutional investors and analysts]

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

1. Consolidated Financial Results for the Three Months Ended March 31, 2019 (January 01, 2019 to March 31, 2019)

(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, 2019	618	18.9	226	12.9	228	15.7	159	18.8
March 31, 2018	520	28.5	200	46.6	197	40.9	134	36.8

(Note) Comprehensive income: Three months ended March 31, 2019: ¥ 164 million [34.1%]
Three months ended March 31, 2018: ¥ 123 million [42.9%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2019	12.17	12.10
March 31, 2018	10.25	10.18

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of March 31, 2019	2,923	2,060	70.5
December 31, 2018	2,941	2,092	71.1

(Reference) Equity: As of March 31, 2019: ¥ 2,060 million
As of December 31, 2018: ¥ 2,092 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, 2018	-	0.00	-	15.00	15.00
Fiscal year ending December 31, 2019	-				
Fiscal year ending December 31, 2019 (Forecast)		0.00	-	18.00	18.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2019(January 01, 2019 to December 31, 2019)

(% 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, 2019	1,183	18.2	405	13.2	411	18.1	290	22.7	21.94
Full year	2,434	19.1	875	19.2	890	20.1	620	21.8	46.87

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

* Notes:

(1) Changes in significant subsidiaries during the three months ended March 31, 2019

(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, 2019: 13,148,000 shares

December 31, 2018: 13,148,000 shares

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

March 31, 2019: 229 shares

December 31, 2018: 229 shares

3) Average number of shares during the period:

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

Three months ended March 31, 2018: 13,136,575 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 31,2018	As of March 31,2019
Assets		
Current assets		
Cash and deposits	2,265,237	2,177,227
Accounts receivable - trade	96,532	155,618
Merchandise	115	792
Work in process	2,814	1,506
Prepaid expenses	12,229	12,436
Other	4,173	6,713
Allowance for doubtful accounts	(908)	(1,186)
Total current assets	2,380,195	2,353,107
Non-current assets		
Property, plant and equipment		
Buildings and structures	43,111	43,144
Accumulated depreciation	(16,174)	(16,684)
Buildings and structures, net	26,936	26,459
Land	5,634	5,634
Other	34,320	34,556
Accumulated depreciation	(24,292)	(25,588)
Other, net	10,027	8,968
Total property, plant and equipment	42,598	41,062
Intangible assets		
Software	108,290	116,375
Software in progress	4,428	-
Total intangible assets	112,718	116,375
Investments and other assets		
Investment securities	288,797	293,495
Long-term time deposits	48,450	49,290
Deferred tax assets	31,570	33,519
Lease deposits	35,280	34,968
Other	2,722	2,909
Allowance for doubtful accounts	(402)	(869)
Total investments and other assets	406,419	413,313
Total non-current assets	561,737	570,751
Total assets	2,941,932	2,923,859

(Thousand yen)

	As of December 31,2018	As of March 31,2019
Liabilities		
Current liabilities		
Accounts payable - trade	13,671	31,549
Accounts payable - other	24,105	43,339
Accrued expenses	31,275	26,712
Income taxes payable	125,233	74,478
Accrued consumption taxes	19,442	24,405
Advances received	598,283	611,174
Deposits received	23,948	15,695
Provision for bonuses	10,083	35,315
Accounts payable - facilities	3,276	-
Other	57	852
Total current liabilities	849,378	863,524
Total liabilities	849,378	863,524
Net assets		
Shareholders' equity		
Capital stock	364,631	364,631
Capital surplus	282,438	282,438
Retained earnings	1,498,998	1,461,748
Treasury shares	(182)	(182)
Total shareholders' equity	2,145,885	2,108,635
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(54,240)	(50,981)
Foreign currency translation adjustment	909	2,680
Total accumulated other comprehensive income	(53,331)	(48,300)
Total net assets	2,092,554	2,060,334
Total liabilities and net assets	2,941,932	2,923,859

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 31,2018	For the three months ended March 31,2019
Net sales	520,203	618,632
Cost of sales	163,836	205,882
Gross profit	356,367	412,749
Selling, general and administrative expenses		
Promotion expenses	3,416	5,378
Sales commission	697	499
Advertising expenses	2,966	3,167
Directors' compensations	10,818	13,735
Salaries and allowances	58,405	70,517
Provision for bonuses	14,332	15,476
Retirement benefit expenses	1,279	1,208
Legal welfare expenses	11,070	13,025
Depreciation	2,216	3,038
Provision of allowance for doubtful accounts	223	903
Rent expenses	8,259	9,616
Other	42,079	49,795
Total selling, general and administrative expenses	155,765	186,361
Operating profit	200,601	226,387
Non-operating income		
Interest income	916	496
Dividend income	5,956	4,081
Other	544	330
Total non-operating income	7,416	4,908
Non-operating expenses		
Listing expenses	8,768	-
Foreign exchange losses	1,326	2,034
Other	0	330
Total non-operating expenses	10,095	2,365
Ordinary profit	197,922	228,930
Profit before income taxes	197,922	228,930
Income taxes - current	66,337	72,350
Income taxes - deferred	(3,015)	(3,386)
Total income taxes	63,322	68,963
Profit	134,600	159,966
Profit attributable to owners of parent	134,600	159,966

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

(Thousand yen)

	For the three months ended March 31,2018	For the three months ended March 31,2019
Profit	134,600	159,966
Other comprehensive income		
Valuation difference on available-for-sale securities	(7,345)	3,259
Foreign currency translation adjustment	(4,179)	1,771
Total other comprehensive income	(11,525)	5,030
Comprehensive income	123,074	164,996
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	123,074	164,996
Comprehensive income attributable to non-controlling interests	-	-