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Consolidated Financial Results for the Six Months Ended June 30, 2019 [Japanese GAAP]

August 02, 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: August 09, 2019

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes (Japanese only)

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 Six Months Ended June 30, 2019 (January 01, 2019 to June 30, 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	%
Six months ended June 30, 2019	1,199	19.8	438	22.3	441	26.8	311	31.8
June 30, 2018	1,001	24.7	358	32.4	348	24.7	236	21.3

(Note) Comprehensive income: Six months ended June 30, 2019: ¥ 304 million [38.8%]
Six months ended June 30, 2018: ¥ 219 million [22.4%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2019	23.70		23.58	
June 30, 2018	18.00		17.89	

(2) Consolidated Financial Position

	Total assets		Net assets		Capital adequacy ratio	
	Million yen		Million yen		%	
As of June 30, 2019	3,180		2,200		69.2	
December 31, 2018	2,941		2,092		71.1	

(Reference) Equity: As of June 30, 2019: ¥ 2,200 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	-	0.00			
Fiscal year ending December 31, 2019 (Forecast)			-	18.00	18.00

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

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending December 31, 2019 :

Commemorative dividend	- yen
Special dividend	- yen

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
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 six months ended June 30, 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):

June 30, 2019: 13,152,000 shares

December 31, 2018: 13,148,000 shares

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

June 30, 2019: 229 shares

December 31, 2018: 229 shares

3) Average number of shares during the period:

Six months ended June 30, 2019: 13,149,348 shares

Six months ended June 30, 2018: 13,137,237 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 June 30,2019
Assets		
Current assets		
Cash and deposits	2,265,237	2,467,018
Accounts receivable - trade	96,532	94,451
Merchandise	115	-
Work in process	2,814	150
Prepaid expenses	12,229	12,489
Other	4,173	4,863
Allowance for doubtful accounts	(908)	(498)
Total current assets	2,380,195	2,578,475
Non-current assets		
Property, plant and equipment		
Buildings and structures	43,111	43,143
Accumulated depreciation	(16,174)	(17,178)
Buildings and structures, net	26,936	25,964
Land	5,634	5,634
Other	34,320	35,520
Accumulated depreciation	(24,292)	(26,624)
Other, net	10,027	8,895
Total property, plant and equipment	42,598	40,495
Intangible assets		
Software	108,290	113,549
Software in progress	4,428	-
Total intangible assets	112,718	113,549
Investments and other assets		
Investment securities	288,797	288,028
Long-term time deposits	48,450	47,010
Deferred tax assets	31,570	30,850
Lease deposits	35,280	79,948
Other	2,722	2,619
Allowance for doubtful accounts	(402)	(247)
Total investments and other assets	406,419	448,210
Total non-current assets	561,737	602,255
Total assets	2,941,932	3,180,730

(Thousand yen)

	As of December 31,2018	As of June 30,2019
Liabilities		
Current liabilities		
Accounts payable - trade	13,671	2,791
Accounts payable - other	24,105	41,243
Accrued expenses	31,275	32,955
Income taxes payable	125,233	125,566
Accrued consumption taxes	19,442	22,422
Advances received	598,283	714,627
Deposits received	23,948	20,681
Provision for bonuses	10,083	13,765
Accounts payable - facilities	3,276	6,048
Other	57	455
Total current liabilities	849,378	980,557
Total liabilities	849,378	980,557
Net assets		
Shareholders' equity		
Capital stock	364,631	365,031
Capital surplus	282,438	282,838
Retained earnings	1,498,998	1,613,425
Treasury shares	(182)	(182)
Total shareholders' equity	2,145,885	2,261,112
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(54,240)	(58,019)
Foreign currency translation adjustment	909	(2,920)
Total accumulated other comprehensive income	(53,331)	(60,939)
Total net assets	2,092,554	2,200,173
Total liabilities and net assets	2,941,932	3,180,730

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

(Thousand yen)

	For the six months ended June 30,2018	For the six months ended June 30,2019
Net sales	1,001,181	1,199,538
Cost of sales	307,772	389,014
Gross profit	693,408	810,524
Selling, general and administrative expenses		
Promotion expenses	4,150	7,679
Sales commission	1,941	1,342
Advertising expenses	6,262	6,558
Directors' compensations	24,553	28,002
Salaries and allowances	146,975	168,256
Provision for bonuses	7,548	8,845
Retirement benefit expenses	2,512	2,468
Legal welfare expenses	22,964	27,054
Depreciation	4,707	6,064
Provision of allowance for doubtful accounts	(141)	(149)
Rent expenses	16,535	19,765
Other	96,939	96,386
Total selling, general and administrative expenses	334,949	372,275
Operating profit	358,459	438,248
Non-operating income		
Interest income	1,394	983
Dividend income	7,834	5,927
Other	1,338	1,264
Total non-operating income	10,566	8,175
Non-operating expenses		
Listing expenses	17,768	-
Foreign exchange losses	2,719	4,237
Other	0	330
Total non-operating expenses	20,487	4,568
Ordinary profit	348,538	441,855
Profit before income taxes	348,538	441,855
Income taxes - current	111,113	127,824
Income taxes - deferred	919	2,387
Total income taxes	112,033	130,212
Profit	236,505	311,643
Profit attributable to owners of parent	236,505	311,643

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

(Thousand yen)

	For the six months ended June 30,2018	For the six months ended June 30,2019
Profit	236,505	311,643
Other comprehensive income		
Valuation difference on available-for-sale securities	(12,052)	(3,778)
Foreign currency translation adjustment	(5,339)	(3,829)
Total other comprehensive income	(17,391)	(7,608)
Comprehensive income	219,113	304,035
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	219,113	304,035
Comprehensive income attributable to non-controlling interests	-	-