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Consolidated Financial Results for the Nine Months Ended September 30, 2019 [Japanese GAAP]

November 05, 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: November 13, 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 Nine Months Ended September 30, 2019 (January 01, 2019 to September 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	%
Nine months ended September 30, 2019	1,793	19.5	654	23.9	655	22.1	454	24.0
September 30, 2018	1,500	23.3	528	24.2	537	22.7	366	24.2

(Note) Comprehensive income:
 Nine months ended September 30, 2019: ¥ 449 million [27.5%]
 Nine months ended September 30, 2018: ¥ 352 million [20.4%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
September 30, 2019	34.57	34.39
September 30, 2018	27.90	27.72

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
September 30, 2019	3,248	2,345	72.2
December 31, 2018	2,941	2,092	71.1

(Reference) Equity:
 As of September 30, 2019: ¥ 2,345 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

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 nine months ended September 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):

September 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:

September 30, 2019: 229 shares

December 31, 2018: 229 shares

3) Average number of shares during the period:

Nine months ended September 30, 2019: 13,150,165 shares

Nine months ended September 30, 2018: 13,138,362 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 September 30,2019
Assets		
Current assets		
Cash and deposits	2,265,237	2,516,304
Notes receivable - trade	-	2,432
Accounts receivable - trade	96,532	100,488
Merchandise	115	669
Work in process	2,814	1,088
Prepaid expenses	12,229	16,793
Other	4,173	5,550
Allowance for doubtful accounts	(908)	(747)
Total current assets	2,380,195	2,642,581
Non-current assets		
Property, plant and equipment		
Buildings and structures	43,111	43,152
Accumulated depreciation	(16,174)	(17,382)
Buildings and structures, net	26,936	25,770
Land	5,634	5,634
Other	34,320	29,292
Accumulated depreciation	(24,292)	(21,163)
Other, net	10,027	8,129
Total property, plant and equipment	42,598	39,534
Intangible assets		
Software	108,290	105,170
Software in progress	4,428	-
Total intangible assets	112,718	105,170
Investments and other assets		
Investment securities	288,797	292,800
Long-term time deposits	48,450	45,660
Deferred tax assets	31,570	41,669
Lease deposits	35,280	78,671
Other	2,722	2,950
Allowance for doubtful accounts	(402)	(823)
Total investments and other assets	406,419	460,927
Total non-current assets	561,737	605,632
Total assets	2,941,932	3,248,213

(Thousand yen)

	As of December 31,2018	As of September 30,2019
Liabilities		
Current liabilities		
Accounts payable - trade	13,671	6,530
Accounts payable - other	24,105	21,264
Accrued expenses	31,275	25,167
Income taxes payable	125,233	104,783
Accrued consumption taxes	19,442	26,911
Advances received	598,283	670,441
Deposits received	23,948	4,902
Provision for bonuses	10,083	42,539
Accounts payable - facilities	3,276	-
Other	57	111
Total current liabilities	849,378	902,652
Total liabilities	849,378	902,652
Net assets		
Shareholders' equity		
Capital stock	364,631	365,031
Capital surplus	282,438	282,838
Retained earnings	1,498,998	1,756,396
Treasury shares	(182)	(182)
Total shareholders' equity	2,145,885	2,404,084
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(54,240)	(54,708)
Foreign currency translation adjustment	909	(3,814)
Total accumulated other comprehensive income	(53,331)	(58,522)
Total net assets	2,092,554	2,345,561
Total liabilities and net assets	2,941,932	3,248,213

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 30,2018	For the nine months ended September 30,2019
Net sales	1,500,456	1,793,794
Cost of sales	460,858	581,563
Gross profit	1,039,597	1,212,231
Selling, general and administrative expenses		
Promotion expenses	5,206	11,217
Sales commission	2,749	1,965
Advertising expenses	9,508	8,848
Directors' compensations	38,288	42,268
Salaries and allowances	216,403	246,487
Provision for bonuses	24,409	26,405
Retirement benefit expenses	3,634	3,885
Legal welfare expenses	36,239	41,433
Depreciation	7,577	9,134
Provision of allowance for doubtful accounts	238	676
Rent expenses	25,184	28,928
Other	141,919	136,648
Total selling, general and administrative expenses	511,359	557,901
Operating profit	528,237	654,330
Non-operating income		
Interest income	1,864	1,439
Dividend income	11,638	8,171
Gain on sales of investment securities	14,151	-
Other	2,649	1,738
Total non-operating income	30,303	11,349
Non-operating expenses		
Commission fee	414	-
Listing expenses	17,768	-
Foreign exchange losses	3,194	9,258
Other	0	450
Total non-operating expenses	21,377	9,709
Ordinary profit	537,163	655,970
Profit before income taxes	537,163	655,970
Income taxes - current	178,979	211,246
Income taxes - deferred	(8,335)	(9,891)
Total income taxes	170,643	201,354
Profit	366,519	454,615
Profit attributable to owners of parent	366,519	454,615

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

(Thousand yen)

	For the nine months ended September 30,2018	For the nine months ended September 30,2019
Profit	366,519	454,615
Other comprehensive income		
Valuation difference on available-for-sale securities	(10,207)	(467)
Foreign currency translation adjustment	(3,728)	(4,723)
Total other comprehensive income	(13,936)	(5,191)
Comprehensive income	352,582	449,423
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	352,582	449,423
Comprehensive income attributable to non-controlling interests	-	-