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Consolidated Financial Results for the Three Months Ended March 31, 2021 [Japanese GAAP]

May 06, 2021

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 12, 2021

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: No

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

1. Consolidated Financial Results for the Three Months Ended March 31, 2021 (January 01, 2021 to March 31, 2021)

(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, 2021	979	37.0	327	29.0	332	29.9	218	92.5
March 31, 2020	715	15.6	254	12.2	255	11.8	113	(29.2)

(Note) Comprehensive income: Three months ended March 31, 2021: ¥ 269 million [108.0%]
Three months ended March 31, 2020: ¥ 129 million [(21.5)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2021	16.53	16.49
March 31, 2020	8.60	8.57

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of March 31, 2021	4,143	2,938	70.3
December 31, 2020	4,024	2,920	72.6

(Reference) Equity: As of March 31, 2021: ¥ 2,914 million
As of December 31, 2020: ¥ 2,920 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, 2020	-	0.00	-	21.00	21.00
Fiscal year ending December 31, 2021	-				
Fiscal year ending December 31, 2021 (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, 2021 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2021(January 01, 2021 to December 31, 2021)

(% 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, 2021	1,500	14.6	540	20.4	520	15.8	360	29.8	27.30
Full year	3,100	16.4	1,100	14.5	1,050	9.7	730	15.8	55.35

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

* Notes:

(1) Changes in significant subsidiaries during the three months ended March 31, 2021

(changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New 1 (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, 2021: 13,191,200 shares

December 31, 2020: 13,189,200 shares

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

March 31, 2021: 297 shares

December 31, 2020: 297 shares

3) Average number of shares during the period:

Three months ended March 31, 2021: 13,190,769 shares

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

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of December 31,2020	As of March 31,2021
Assets		
Current assets		
Cash and deposits	3,301,979	3,191,817
Accounts receivable - trade	131,811	364,201
Merchandise	9,956	4,905
Work in process	-	2,300
Prepaid expenses	22,998	26,071
Other	45,854	24,506
Allowance for doubtful accounts	(1,450)	(3,755)
Total current assets	3,511,150	3,610,046
Non-current assets		
Property, plant and equipment		
Buildings and structures	54,938	55,176
Accumulated depreciation	(12,353)	(13,153)
Buildings and structures, net	42,585	42,023
Land	5,634	5,634
Other	39,173	42,921
Accumulated depreciation	(27,632)	(29,433)
Other, net	11,540	13,487
Total property, plant and equipment	59,760	61,145
Intangible assets		
Software	64,447	56,469
Total intangible assets	64,447	56,469
Investments and other assets		
Investment securities	194,307	224,447
Long-term time deposits	47,430	50,370
Leasehold deposits	99,239	99,002
Deferred tax assets	45,153	39,169
Other	4,451	4,487
Allowance for doubtful accounts	(1,067)	(1,430)
Total investments and other assets	389,513	416,046
Total non-current assets	513,721	533,662
Total assets	4,024,872	4,143,708

(Thousand yen)

	As of December 31,2020	As of March 31,2021
Liabilities		
Current liabilities		
Accounts payable - trade	42,707	128,241
Accounts payable - other	8,230	11,622
Accrued expenses	43,812	30,423
Income taxes payable	169,853	104,232
Accrued consumption taxes	38,446	44,977
Advances received	764,267	815,902
Deposits received	19,764	14,735
Provision for bonuses	12,671	46,270
Other	-	2,407
Total current liabilities	1,099,752	1,198,813
Non-current liabilities		
Retirement benefit liability	4,435	6,540
Total non-current liabilities	4,435	6,540
Total liabilities	1,104,187	1,205,354
Net assets		
Shareholders' equity		
Share capital	368,751	368,951
Capital surplus	286,558	286,758
Retained earnings	2,306,972	2,248,089
Treasury shares	(344)	(344)
Total shareholders' equity	2,961,938	2,903,455
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(38,003)	4,136
Foreign currency translation adjustment	(3,250)	7,102
Total accumulated other comprehensive income	(41,254)	11,239
Non-controlling interests	-	23,660
Total net assets	2,920,684	2,938,354
Total liabilities and net assets	4,024,872	4,143,708

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 31,2020	For the three months ended March 31,2021
Net sales	715,023	979,444
Cost of sales	257,077	415,881
Gross profit	457,945	563,562
Selling, general and administrative expenses		
Promotion expenses	5,628	5,695
Sales commission	301	346
Advertising expenses	2,327	2,768
Remuneration for directors (and other officers)	14,266	14,339
Salaries and allowances	76,664	87,028
Provision for bonuses	15,333	19,558
Retirement benefit expenses	2,234	2,225
Legal welfare expenses	13,894	17,094
Depreciation	4,848	3,166
Provision of allowance for doubtful accounts	2,067	2,667
Rent expenses	10,745	16,641
Other	55,613	64,451
Total selling, general and administrative expenses	203,927	235,984
Operating profit	254,018	327,578
Non-operating income		
Interest income	457	873
Dividend income	2,234	1,223
Foreign exchange gains	-	2,286
Other	1,141	417
Total non-operating income	3,833	4,800
Non-operating expenses		
Foreign exchange losses	1,943	-
Other	0	-
Total non-operating expenses	1,943	-
Ordinary profit	255,907	332,378
Extraordinary losses		
Loss on valuation of investment securities	105,896	30,598
Total extraordinary losses	105,896	30,598
Profit before income taxes	150,011	301,779
Income taxes - current	73,838	97,650
Income taxes - deferred	(37,120)	(12,614)
Total income taxes	36,717	85,036
Profit	113,294	216,743
Loss attributable to non-controlling interests	-	(1,339)
Profit attributable to owners of parent	113,294	218,083

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

(Thousand yen)

	For the three months ended March 31,2020	For the three months ended March 31,2021
Profit	113,294	216,743
Other comprehensive income		
Valuation difference on available-for-sale securities	21,471	42,140
Foreign currency translation adjustment	(5,321)	10,353
Total other comprehensive income	16,150	52,493
Comprehensive income	129,444	269,237
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	129,444	270,577
Comprehensive income attributable to non-controlling interests	-	(1,339)