

**Translation**

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**Summary of Consolidated Financial Results  
for the Year Ended March 31, 2020  
(Based on Japanese GAAP)**

May 15, 2020

Company name: ARGO GRAPHICS Inc.  
 Stock exchange listing: Tokyo  
 Stock code: 7595 URL <http://www.argo-graph.co.jp>  
 Representative: Chairman and CEO Yoshimaro Fujisawa  
 Managing Director, Administration Control  
 Inquiries: Division Kunio Hasebe TEL 03-5641-2018  
 Scheduled date of ordinary general meeting of shareholders: June 18, 2020  
 Scheduled date to file Securities Report: June 19, 2020  
 Scheduled date to commence dividend payments: June 19, 2020  
 Preparation of supplementary material on financial results: No  
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2020	48,192	6.7	6,265	26.5	6,562	25.0	4,214	19.4
Year ended March 31, 2019	45,174	12.4	4,951	31.9	5,250	30.0	3,530	36.6

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2020	197.34	197.34	15.2	13.6	13.0
Year ended March 31, 2019	165.32	165.32	13.5	12.6	11.0

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2020	48,274	32,329	63.4	1,432.58
As of March 31, 2019	44,918	29,331	61.3	1,289.61

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2020	6,410	(528)	(1,349)	20,248
Year ended March 31, 2019	4,271	(278)	(1,010)	15,676

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2019	–	40.00	–	50.00	90.00	978	27.1	3.6
Year ended March 31, 2020	–	25.00	–	35.00	60.00	1,305	30.4	4.0
Year ending March 31, 2021 (Forecast)	–	30.00	–	30.00	60.00		–	

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	47,500	(1.4)	5,750	(8.2)	6,000	(8.6)	3,900	(7.4)	182.63

4. Notes

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

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2020	22,354,000 shares	As of March 31, 2019	22,354,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2020	998,354 shares	As of March 31, 2019	1,000,440 shares
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Average number of shares during the period

Year ended March 31, 2020	21,355,113 shares	Year ended March 31, 2019	21,353,327 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	16,944,905	21,581,121
Notes and accounts receivable - trade	11,136,789	9,199,416
Electronically recorded monetary claims - operating	415,167	976,280
Investments in leases	765,829	759,097
Securities	17,499	18,866
Merchandise	1,290,049	1,078,563
Work in process	180,281	26,443
Raw materials and supplies	4,210	2,132
Other	1,104,279	1,655,707
Total current assets	31,859,011	35,297,629
Non-current assets		
Property, plant and equipment		
Buildings	121,260	126,730
Accumulated depreciation	(41,240)	(48,937)
Buildings, net	80,020	77,792
Land	3,926	3,926
Other	543,358	561,990
Accumulated depreciation	(394,692)	(424,988)
Other, net	148,665	137,002
Total property, plant and equipment	232,612	218,722
Intangible assets		
Goodwill	1,156,480	913,071
Other	59,330	47,741
Total intangible assets	1,215,811	960,813
Investments and other assets		
Investment securities	10,833,276	10,883,010
Deferred tax assets	129,553	266,421
Other	648,613	648,098
Total investments and other assets	11,611,443	11,797,529
Total non-current assets	13,059,868	12,977,065
Total assets	44,918,879	48,274,695

(Thousands of yen)

	As of March 31, 2019	As of March 31, 2020
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	7,497,955	7,382,475
Income taxes payable	1,072,115	1,268,900
Provision for bonuses	582,599	606,262
Provision for bonuses for directors (and other officers)	110,000	110,000
Advances received	2,042,019	1,962,335
Other	1,160,750	1,245,401
Total current liabilities	12,465,440	12,575,374
Non-current liabilities		
Retirement benefit liability	2,648,012	2,838,879
Provision for share-based remuneration	151,871	213,789
Provision for share-based remuneration for directors (and other officers)	67,631	82,349
Deferred tax liabilities	128,235	107,897
Other	126,107	127,042
Total non-current liabilities	3,121,857	3,369,958
Total liabilities	15,587,298	15,945,333
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,873,136	1,873,136
Capital surplus	2,073,167	2,117,347
Retained earnings	21,417,044	24,543,512
Treasury shares	(690,902)	(689,412)
Total shareholders' equity	24,672,445	27,844,583
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,078,205	2,859,342
Remeasurements of defined benefit plans	(104,167)	(68,625)
Foreign currency translation adjustment	(108,676)	(41,588)
Total accumulated other comprehensive income	2,865,361	2,749,129
Share acquisition rights	208	208
Non-controlling interests	1,793,565	1,735,440
Total net assets	29,331,581	32,329,362
Total liabilities and net assets	44,918,879	48,274,695

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	45,174,445	48,192,120
Cost of sales	33,840,872	35,471,721
Gross profit	11,333,573	12,720,399
Selling, general and administrative expenses	6,382,118	6,454,681
Operating profit	4,951,454	6,265,717
Non-operating income		
Interest income	36,336	40,579
Dividend income	133,083	153,036
Gain on sales of investment securities	3,026	–
Share of profit of entities accounted for using equity method	150,178	45,088
Gain on valuation of derivatives	–	22,114
Other	35,495	39,615
Total non-operating income	358,119	300,433
Non-operating expenses		
Interest expenses	599	–
Loss on valuation of derivatives	36,519	–
Other	22,136	3,684
Total non-operating expenses	59,255	3,684
Ordinary profit	5,250,318	6,562,467
Extraordinary losses		
Loss on valuation of golf club membership	550	–
Loss on valuation of investment securities	2,772	–
Loss on sales of shares of subsidiaries and associates	4,306	12,925
Total extraordinary losses	7,628	12,925
Profit before income taxes	5,242,690	6,549,541
Income taxes - current	1,691,853	2,184,740
Income taxes - deferred	(141,124)	(76,298)
Total income taxes	1,550,729	2,108,441
Profit	3,691,961	4,441,100
Profit attributable to non-controlling interests	161,850	226,875
Profit attributable to owners of parent	3,530,110	4,214,225

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	3,691,961	4,441,100
Other comprehensive income		
Valuation difference on available-for-sale securities	182,512	(218,863)
Foreign currency translation adjustment	(22,622)	88,503
Remeasurements of defined benefit plans, net of tax	2,652	35,542
Share of other comprehensive income of entities accounted for using equity method	(14,542)	(2,183)
Total other comprehensive income	148,000	(97,001)
Comprehensive income	3,839,961	4,344,099
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,683,983	4,098,097
Comprehensive income attributable to non-controlling interests	155,977	246,002

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,873,136	2,073,658	18,757,140	(691,234)	22,012,701
Changes during period					
Issuance of new shares - exercise of share acquisition rights					
Dividends of surplus			(870,206)		(870,206)
Profit attributable to owners of parent			3,530,110		3,530,110
Transfer of treasury shares by Employee Stock Ownership Plan				331	331
Change in ownership interest of parent due to transactions with non-controlling interests		(491)			(491)
Net changes in items other than shareholders' equity					
Total changes during period	-	(491)	2,659,904	331	2,659,744
Balance at end of period	1,873,136	2,073,167	21,417,044	(690,902)	24,672,445

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	2,895,692	(106,820)	(77,384)	2,711,487	1,080	1,696,740	26,422,009
Changes during period							
Issuance of new shares - exercise of share acquisition rights					(871)		(871)
Dividends of surplus							(870,206)
Profit attributable to owners of parent							3,530,110
Transfer of treasury shares by Employee Stock Ownership Plan							331
Change in ownership interest of parent due to transactions with non-controlling interests							(491)
Net changes in items other than shareholders' equity	182,512	2,652	(31,292)	153,873	-	96,825	250,698
Total changes during period	182,512	2,652	(31,292)	153,873	(871)	96,825	2,909,571
Balance at end of period	3,078,205	(104,167)	(108,676)	2,865,361	208	1,793,565	29,331,581

Fiscal year ended March 31, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,873,136	2,073,167	21,417,044	(690,902)	24,672,445
Changes during period					
Dividends of surplus			(1,087,757)		(1,087,757)
Profit attributable to owners of parent			4,214,225		4,214,225
Purchase of treasury shares				(331)	(331)
Transfer of treasury shares by Employee Stock Ownership Plan				1,822	1,822
Change in ownership interest of parent due to transactions with non-controlling interests		44,180			44,180
Net changes in items other than shareholders' equity					
Total changes during period	–	44,180	3,126,468	1,491	3,172,138
Balance at end of period	1,873,136	2,117,347	24,543,512	(689,412)	27,844,583

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	3,078,205	(104,167)	(108,676)	2,865,361	208	1,793,565	29,331,581
Changes during period							
Dividends of surplus							(1,087,757)
Profit attributable to owners of parent							4,214,225
Purchase of treasury shares							(331)
Transfer of treasury shares by Employee Stock Ownership Plan							1,822
Change in ownership interest of parent due to transactions with non-controlling interests							44,180
Net changes in items other than shareholders' equity	(218,863)	35,543	67,088	(116,232)	–	(58,125)	(174,357)
Total changes during period	(218,863)	35,543	67,088	(116,232)	–	(58,125)	2,997,781
Balance at end of period	2,859,342	(68,625)	(41,588)	2,749,129	208	1,735,440	32,329,362



## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	5,242,690	6,549,541
Depreciation	89,094	65,213
Amortization of goodwill	278,475	281,634
Loss (gain) on valuation of derivatives	36,519	(22,114)
Loss (gain) on valuation of investment securities	2,772	–
Increase (decrease) in provision for bonuses	7,531	23,662
Increase (decrease) in provision for bonuses for directors (and other officers)	20,000	–
Increase (decrease) in retirement benefit liability	166,654	242,096
Loss (gain) on sales of shares of subsidiaries and associates	4,306	12,925
Increase (decrease) in provision for share-based remuneration	60,700	61,917
Increase (decrease) in provision for share-based remuneration for directors (and other officers)	27,030	14,718
Increase (decrease) in long-term accounts payable - other	1,484	934
Interest and dividend income	(169,419)	(193,615)
Share of loss (profit) of entities accounted for using equity method	(150,178)	(45,088)
Decrease (increase) in trade receivables	(2,457,029)	1,376,259
Decrease (increase) in investments in leases	(577,860)	6,731
Decrease (increase) in inventories	(158,156)	367,401
Decrease (increase) in advance payments - trade	(408,855)	(539,199)
Decrease (increase) in other current assets	17,509	(11,855)
Increase (decrease) in trade payables	2,839,732	(115,480)
Increase (decrease) in advances received	448,302	(79,684)
Increase (decrease) in accrued consumption taxes	143,851	21,055
Increase (decrease) in other current liabilities	81,771	(45,135)
Other, net	(7,008)	16,239
Subtotal	5,539,918	7,988,160
Interest and dividends received	190,010	298,596
Interest paid	(599)	–
Income taxes paid	(1,457,579)	(1,876,658)
Net cash provided by (used in) operating activities	4,271,750	6,410,098
Cash flows from investing activities		
Payments into time deposits	(2,627,535)	(1,288,137)
Proceeds from withdrawal of time deposits	2,370,000	1,246,452
Payments of guarantee deposits	(1,314)	(10,228)
Proceeds from refund of guarantee deposits	7,631	1,464
Purchase of property, plant and equipment	(49,297)	(34,307)
Purchase of intangible assets	(11,017)	(7,163)
Purchase of investment securities	(1,207,688)	(1,510,476)
Proceeds from sales of investment securities	20,121	–
Proceeds from redemption of investment securities	–	1,000,000
Proceeds from redemption of securities	1,200,000	–
Purchase of long-term prepaid expenses	(11,072)	(1,529)
Proceeds from sales of shares of subsidiaries and associates	30,000	76,000
Proceeds from redemption at maturity of membership	2,000	–
Other, net	(541)	(552)
Net cash provided by (used in) investing activities	(278,713)	(528,477)

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Repayments of short-term borrowings	(75,000)	–
Dividends paid	(871,335)	(1,088,734)
Dividends paid to non-controlling interests	(64,516)	(125,862)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(134,190)
Other, net	–	(331)
Net cash provided by (used in) financing activities	(1,010,852)	(1,349,118)
Effect of exchange rate change on cash and cash equivalents	(29,462)	39,753
Net increase (decrease) in cash and cash equivalents	2,952,722	4,572,255
Cash and cash equivalents at beginning of period	12,723,527	15,676,249
Cash and cash equivalents at end of period	15,676,249	20,248,505