

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2020 (Based on Japanese GAAP)

July 31, 2020

Company name: ARGO GRAPHICS Inc.
 Stock exchange listing: Tokyo
 Stock code: 7595 URL <https://corp.argo-graph.co.jp>
 Representative: Chairman and CEO Yoshimaro Fujisawa
 Inquiries: Managing Director, Administration Control Division Kunio Hasebe TEL 03-5641-2018
 Scheduled date to file Quarterly Securities Report: August 6, 2020
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)

(1) Consolidated operating results (cumulative)

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	%
Three months ended June 30, 2020	11,765	(8.8)	1,569	(7.1)	1,652	(6.4)	1,009	(11.6)
Three months ended June 30, 2019	12,903	13.3	1,690	36.3	1,765	34.1	1,142	22.6

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2020	47.27		47.27	
Three months ended June 30, 2019	53.48		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2020	45,544	32,991	68.6	1,463.22
As of March 31, 2020	48,274	32,329	63.4	1,432.58

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2020	–	25.00	–	35.00	60.00
Year ending March 31, 2021	–				
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 three months ended June 30, 2020
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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

(4) Number of issued shares (common shares)

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

As of June 30, 2020	22,354,000 shares	As of March 31, 2020	22,354,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2020	998,354 shares	As of March 31, 2020	998,354 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2020	21,355,646 shares	Three months ended June 30, 2019	21,354,337 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	21,581,121	20,654,247
Notes and accounts receivable - trade	9,199,416	7,303,228
Electronically recorded monetary claims - operating	976,280	1,483,680
Investments in leases	759,097	634,066
Securities	18,866	17,400
Merchandise	1,078,563	682,096
Work in process	26,443	43,335
Raw materials and supplies	2,132	1,828
Other	1,655,707	1,315,886
Total current assets	35,297,629	32,135,769
Non-current assets		
Property, plant and equipment	218,722	212,892
Intangible assets		
Goodwill	913,071	798,277
Other	47,741	43,629
Total intangible assets	960,813	841,906
Investments and other assets		
Investment securities	10,883,010	11,532,469
Other	914,519	821,198
Total investments and other assets	11,797,529	12,353,667
Total non-current assets	12,977,065	13,408,466
Total assets	48,274,695	45,544,236
Liabilities		
Current liabilities		
Accounts payable - trade	7,382,475	4,333,948
Income taxes payable	1,268,900	344,048
Provision for bonuses	606,262	378,645
Provision for bonuses for directors (and other officers)	110,000	22,500
Other	3,207,736	3,851,429
Total current liabilities	12,575,374	8,930,571
Non-current liabilities		
Retirement benefit liability	2,838,879	2,885,412
Provision for share-based remuneration	213,789	234,663
Provision for share-based remuneration for directors (and other officers)	82,349	89,011
Other	234,939	413,021
Total non-current liabilities	3,369,958	3,622,108
Total liabilities	15,945,333	12,552,680
Net assets		
Shareholders' equity		
Share capital	1,873,136	1,873,136
Capital surplus	2,117,347	2,117,347
Retained earnings	24,543,512	24,791,491
Treasury shares	(689,412)	(689,412)
Total shareholders' equity	27,844,583	28,092,562

	(Thousands of yen)	
	As of March 31, 2020	As of June 30, 2020
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,859,342	3,364,537
Remeasurements of defined benefit plans	(68,625)	(59,826)
Foreign currency translation adjustment	(41,588)	(149,245)
Total accumulated other comprehensive income	2,749,129	3,155,465
Share acquisition rights	208	208
Non-controlling interests	1,735,440	1,743,319
Total net assets	32,329,362	32,991,555
Total liabilities and net assets	48,274,695	45,544,236

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net sales	12,903,324	11,765,428
Cost of sales	9,678,974	8,666,455
Gross profit	3,224,350	3,098,973
Total selling, general and administrative expenses	1,534,287	1,528,986
Operating profit	1,690,062	1,569,986
Non-operating income		
Interest income	7,228	5,981
Dividend income	63,503	83,271
Share of profit of entities accounted for using equity method	14,592	–
Gain on valuation of derivatives	–	7,892
Other	3,639	3,151
Total non-operating income	88,963	100,297
Non-operating expenses		
Share of loss of entities accounted for using equity method	–	16,547
Loss on valuation of derivatives	11,292	–
Other	2,283	1,617
Total non-operating expenses	13,576	18,165
Ordinary profit	1,765,448	1,652,119
Extraordinary losses		
Loss on valuation of investment securities	–	72,888
Total extraordinary losses	–	72,888
Profit before income taxes	1,765,448	1,579,230
Income taxes - current	486,360	445,292
Income taxes - deferred	87,566	62,524
Total income taxes	573,926	507,817
Profit	1,191,522	1,071,412
Profit attributable to non-controlling interests	49,514	62,007
Profit attributable to owners of parent	1,142,007	1,009,405

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Profit	1,191,522	1,071,412
Other comprehensive income		
Valuation difference on available-for-sale securities	261,389	505,194
Foreign currency translation adjustment	35,932	(122,388)
Remeasurements of defined benefit plans, net of tax	8,896	8,798
Share of other comprehensive income of entities accounted for using equity method	4,186	(8,964)
Total other comprehensive income	310,406	382,640
Comprehensive income	1,501,928	1,454,053
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,443,088	1,418,728
Comprehensive income attributable to non-controlling interests	58,839	35,325