

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2020 (Based on Japanese GAAP)

January 29, 2021

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: February 12, 2021
 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 nine months ended December 31, 2020 (from April 1, 2020 to December 31, 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	%
Nine months ended December 31, 2020	30,347	(14.1)	3,910	(17.7)	4,103	(18.3)	2,673	(18.4)
Nine months ended December 31, 2019	35,327	8.2	4,749	29.5	5,022	28.8	3,275	25.8

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2020	125.17	125.17
Nine months ended December 31, 2019	153.41	153.41

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2020	47,546	34,601	69.0	1,535.36
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	–	30.00	–		
Year ending March 31, 2021 (Forecast)				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 nine months ended December 31, 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 December 31, 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 December 31, 2020	996,754 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)

Nine months ended December 31, 2020	21,355,824 shares	Nine months ended December 31, 2019	21,354,934 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	21,581,121	21,367,681
Notes and accounts receivable - trade	9,199,416	7,204,084
Electronically recorded monetary claims - operating	976,280	1,256,275
Investments in leases	759,097	541,934
Securities	18,866	3,342
Merchandise	1,078,563	1,024,876
Work in process	26,443	98,186
Raw materials and supplies	2,132	2,967
Other	1,655,707	1,585,186
Total current assets	35,297,629	33,084,535
Non-current assets		
Property, plant and equipment	218,722	202,163
Intangible assets		
Goodwill	913,071	660,303
Other	47,741	39,905
Total intangible assets	960,813	700,208
Investments and other assets		
Investment securities	10,883,010	12,787,229
Other	914,519	772,579
Total investments and other assets	11,797,529	13,559,809
Total non-current assets	12,977,065	14,462,181
Total assets	48,274,695	47,546,717
Liabilities		
Current liabilities		
Accounts payable - trade	7,382,475	5,252,926
Income taxes payable	1,268,900	198,209
Provision for bonuses	606,262	307,777
Provision for bonuses for directors (and other officers)	110,000	47,500
Other	3,207,736	3,138,796
Total current liabilities	12,575,374	8,945,209
Non-current liabilities		
Retirement benefit liability	2,838,879	2,957,663
Provision for share-based remuneration	213,789	222,729
Provision for share-based remuneration for directors (and other officers)	82,349	83,956
Other	234,939	735,897
Total non-current liabilities	3,369,958	4,000,247
Total liabilities	15,945,333	12,945,457

(Thousands of yen)

	As of March 31, 2020	As of December 31, 2020
Net assets		
Shareholders' equity		
Share capital	1,873,136	1,873,136
Capital surplus	2,117,347	2,117,656
Retained earnings	24,543,512	25,802,521
Treasury shares	(689,412)	(688,143)
Total shareholders' equity	27,844,583	29,105,170
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,859,342	3,884,008
Remeasurements of defined benefit plans	(68,625)	(42,034)
Foreign currency translation adjustment	(41,588)	(156,038)
Total accumulated other comprehensive income	2,749,129	3,685,935
Share acquisition rights	208	147
Non-controlling interests	1,735,440	1,810,006
Total net assets	32,329,362	34,601,259
Total liabilities and net assets	48,274,695	47,546,717

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net sales	35,327,461	30,347,041
Cost of sales	25,971,333	21,908,058
Gross profit	9,356,128	8,438,983
Total selling, general and administrative expenses	4,606,960	4,528,959
Operating profit	4,749,168	3,910,023
Non-operating income		
Interest income	29,737	25,123
Dividend income	141,546	168,001
Gain on valuation of derivatives	23,458	–
Share of profit of entities accounted for using equity method	59,518	–
Gain on investments in investment partnerships	–	1,773
Other	21,044	24,119
Total non-operating income	275,305	219,017
Non-operating expenses		
Share of loss of entities accounted for using equity method	–	10,213
Loss on valuation of derivatives	–	11,666
Loss on investments in investment partnerships	341	–
Other	2,006	3,534
Total non-operating expenses	2,348	25,413
Ordinary profit	5,022,125	4,103,627
Extraordinary losses		
Loss on valuation of investment securities	–	72,888
Loss on sales of shares of subsidiaries and associates	12,925	–
Total extraordinary losses	12,925	72,888
Profit before income taxes	5,009,199	4,030,738
Income taxes - current	1,414,564	1,036,124
Income taxes - deferred	152,915	189,640
Total income taxes	1,567,479	1,225,765
Profit	3,441,720	2,804,973
Profit attributable to non-controlling interests	165,738	131,885
Profit attributable to owners of parent	3,275,982	2,673,087

(Thousands of yen)

	3rd quarter ended 31, 2019	3rd quarter ended 31, 2020
Net sales	11,176,001	9,240,049
Cost of sales	8,165,911	6,755,021
Gross profit	3,010,089	2,485,027
Total selling, general and administrative expenses	1,566,246	1,492,437
Operating profit	1,443,843	992,590
Non-operating income		
Interest income	10,195	7,666
Dividend income	71,361	62,521
Share of profit of entities accounted for using equity method	6,804	–
Gain on valuation of derivatives	22,831	–
Other	15,291	1,380
Total non-operating income	126,484	71,568
Non-operating expenses		
Share of loss of entities accounted for using equity method	–	11,965
Loss on valuation of derivatives	–	10,634
Other	67	5,191
Total non-operating expenses	67	27,792
Ordinary profit	1,570,259	1,036,366
Extraordinary losses		
Loss on sales of shares of subsidiaries and associates	12,925	–
Total extraordinary losses	12,925	–
Profit before income taxes	1,557,333	1,036,366
Income taxes - current	444,975	185,781
Income taxes - deferred	45,129	115,014
Total income taxes	490,104	300,796
Profit	1,067,229	735,569
Profit attributable to non-controlling interests	22,546	26,201
Profit attributable to owners of parent	1,044,682	709,367

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit	3,441,720	2,804,973
Other comprehensive income		
Valuation difference on available-for-sale securities	755,011	1,024,665
Foreign currency translation adjustment	42,894	(137,737)
Remeasurements of defined benefit plans, net of tax	26,688	26,590
Share of other comprehensive income of entities accounted for using equity method	(14,488)	(5,037)
Total other comprehensive income	810,106	908,481
Comprehensive income	4,251,826	3,713,454
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,077,721	3,612,879
Comprehensive income attributable to non-controlling interests	174,105	100,575

(Thousands of yen)

	3rd quarter endedDecember 31, 2019	3rd quarter endedDecember 31, 2020
Profit	1,067,229	735,569
Other comprehensive income		
Valuation difference on available-for-sale securities	563,400	113,302
Foreign currency translation adjustment	14,358	(71,637)
Remeasurements of defined benefit plans, net of tax	8,895	8,895
Share of other comprehensive income of entities accounted for using equity method	(7,653)	3,987
Total other comprehensive income	579,000	54,549
Comprehensive income	1,646,230	790,118
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,621,602	781,369
Comprehensive income attributable to non-controlling interests	24,627	8,749