

Translation

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

October 30, 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: November 13, 2020
 Scheduled date to commence dividend payments: December 4, 2020
 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 six months ended September 30, 2020 (from April 1, 2020 to September 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	%
Six months ended September 30, 2020	21,106	(12.6)	2,917	(11.7)	3,067	(11.1)	1,963	(12.0)
Six months ended September 30, 2019	24,151	9.7	3,305	40.3	3,451	37.5	2,231	32.1

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2020	91.95	91.95
Six months ended September 30, 2019	104.49	104.49

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2020	46,998	34,462	69.5	1,529.39
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 six months ended September 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 September 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 September 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)

Six months ended September 30, 2020	21,355,646 shares	Six months ended September 30, 2019	21,354,565 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	21,581,121	22,931,167
Notes and accounts receivable - trade	9,199,416	6,747,697
Electronically recorded monetary claims - operating	976,280	677,552
Investments in leases	759,097	629,541
Securities	18,866	18,147
Merchandise	1,078,563	557,454
Work in process	26,443	92,537
Raw materials and supplies	2,132	1,790
Other	1,655,707	1,378,799
Total current assets	35,297,629	33,034,688
Non-current assets		
Property, plant and equipment	218,722	208,838
Intangible assets		
Goodwill	913,071	750,614
Other	47,741	44,324
Total intangible assets	960,813	794,938
Investments and other assets		
Investment securities	10,883,010	12,124,831
Other	914,519	835,357
Total investments and other assets	11,797,529	12,960,188
Total non-current assets	12,977,065	13,963,966
Total assets	48,274,695	46,998,654
Liabilities		
Current liabilities		
Accounts payable - trade	7,382,475	4,385,108
Income taxes payable	1,268,900	754,280
Provision for bonuses	606,262	561,205
Provision for bonuses for directors (and other officers)	110,000	35,000
Other	3,207,736	2,917,011
Total current liabilities	12,575,374	8,652,606
Non-current liabilities		
Retirement benefit liability	2,838,879	2,926,487
Provision for share-based remuneration	213,789	253,767
Provision for share-based remuneration for directors (and other officers)	82,349	87,768
Other	234,939	615,557
Total non-current liabilities	3,369,958	3,883,580
Total liabilities	15,945,333	12,536,186

(Thousands of yen)

	As of March 31, 2020	As of September 30, 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	25,745,805
Treasury shares	(689,412)	(689,467)
Total shareholders' equity	27,844,583	29,047,129
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,859,342	3,770,705
Remeasurements of defined benefit plans	(68,625)	(50,930)
Foreign currency translation adjustment	(41,588)	(105,841)
Total accumulated other comprehensive income	2,749,129	3,613,933
Share acquisition rights	208	147
Non-controlling interests	1,735,440	1,801,257
Total net assets	32,329,362	34,462,467
Total liabilities and net assets	48,274,695	46,998,654

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net sales	24,151,460	21,106,992
Cost of sales	17,805,421	15,153,036
Gross profit	6,346,038	5,953,955
Selling, general and administrative expenses	3,040,713	3,036,522
Operating profit	3,305,325	2,917,433
Non-operating income		
Interest income	19,541	17,457
Dividend income	70,185	105,479
Share of profit of entities accounted for using equity method	52,713	1,752
Gain on investments in investment partnerships	–	2,073
Other	6,813	24,609
Total non-operating income	149,254	151,372
Non-operating expenses		
Loss on valuation of derivatives	–	1,031
Loss on investments in investment partnerships	775	–
Other	1,938	513
Total non-operating expenses	2,714	1,544
Ordinary profit	3,451,865	3,067,261
Extraordinary losses		
Loss on valuation of investment securities	–	72,888
Total extraordinary losses	–	72,888
Profit before income taxes	3,451,865	2,994,372
Income taxes - current	969,589	850,342
Income taxes - deferred	107,785	74,625
Total income taxes	1,077,374	924,968
Profit	2,374,491	2,069,404
Profit attributable to non-controlling interests	143,191	105,684
Profit attributable to owners of parent	2,231,299	1,963,719

(Thousands of yen)

	2nd quarter ended September 30, 2019	2nd quarter ended September 30, 2020
Net sales	11,248,136	9,341,563
Cost of sales	8,126,447	6,486,581
Gross profit	3,121,688	2,854,982
Selling, general and administrative expenses	1,506,425	1,507,535
Operating profit	1,615,263	1,347,446
Non-operating income		
Interest income	12,313	11,475
Dividend income	6,682	22,208
Share of profit of entities accounted for using equity method	38,121	18,299
Gain on investments in investment partnerships	–	2,438
Gain on valuation of derivatives	11,919	–
Other	2,547	22,610
Total non-operating income	71,584	77,032
Non-operating expenses		
Loss on valuation of derivatives	–	8,924
Loss on investments in investment partnerships	377	–
Other	52	413
Total non-operating expenses	430	9,337
Ordinary profit	1,686,416	1,415,141
Profit before income taxes	1,686,416	1,415,141
Income taxes - current	483,229	405,050
Income taxes - deferred	20,218	12,100
Total income taxes	503,447	417,150
Profit	1,182,969	997,991
Profit attributable to non-controlling interests	93,677	43,676
Profit attributable to owners of parent	1,089,292	954,314

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit	2,374,491	2,069,404
Other comprehensive income		
Valuation difference on available-for-sale securities	191,611	911,363
Foreign currency translation adjustment	28,535	(66,100)
Remeasurements of defined benefit plans, net of tax	17,792	17,694
Share of other comprehensive income of entities accounted for using equity method	(6,834)	(9,025)
Total other comprehensive income	231,105	853,932
Comprehensive income	2,605,596	2,923,336
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,456,119	2,831,510
Comprehensive income attributable to non-controlling interests	149,477	91,826

(Thousands of yen)

	2nd quarter endedSeptember 30, 2019	2nd quarter endedSeptember 30, 2020
Profit	1,182,969	997,991
Other comprehensive income		
Valuation difference on available-for-sale securities	(69,778)	406,168
Foreign currency translation adjustment	(7,397)	56,287
Remeasurements of defined benefit plans, net of tax	8,895	8,895
Share of other comprehensive income of entities accounted for using equity method	(11,021)	(60)
Total other comprehensive income	(79,300)	471,291
Comprehensive income	1,103,668	1,469,282
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,013,030	1,412,782
Comprehensive income attributable to non-controlling interests	90,638	56,500