

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2021 (Based on Japanese GAAP)

May 14, 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
 Managing Director, Administration Control
 Inquiries: Division Kunio Hasebe TEL 03-5641-2018
 Scheduled date of ordinary general meeting of shareholders: June 17, 2021
 Scheduled date to file Securities Report: June 18, 2021
 Scheduled date to commence dividend payments: June 18, 2021
 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, 2021 (from April 1, 2020 to March 31, 2021)

(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, 2021	43,416	(9.9)	5,639	(10.0)	5,997	(8.6)	3,961	(6.0)
Year ended March 31, 2020	48,192	6.7	6,265	26.5	6,562	25.0	4,214	19.4

	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, 2021	185.50	185.49	13.3	11.4	12.9
Year ended March 31, 2020	197.34	197.34	15.2	13.6	13.0

(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, 2021	52,585	36,529	66.0	1,624.49
As of March 31, 2020	48,274	32,329	63.4	1,432.58

(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, 2021	2,591	(258)	(1,444)	21,064
Year ended March 31, 2020	6,410	(528)	(1,349)	20,248

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, 2020	–	25.00	–	35.00	60.00	1,305	30.4	4.0
Year ended March 31, 2021	–	30.00	–	30.00	60.00	1,305	32.3	3.5
Year ending March 31, 2022 (Forecast)	–	30.00	–	30.00	60.00		31.1	

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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	9.4	6,060	7.4	6,280	4.7	4,120	4.0	192.92

4. Notes

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

(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, 2021	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 March 31, 2021	996,754 shares	As of March 31, 2020	998,354 shares
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Average number of shares during the period

Year ended March 31, 2021	21,356,179 shares	Year ended March 31, 2020	21,355,113 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	21,581,121	22,149,490
Notes and accounts receivable - trade	9,199,416	11,033,718
Electronically recorded monetary claims - operating	976,280	721,025
Investments in leases	759,097	426,885
Securities	18,866	500,000
Merchandise	1,078,563	736,103
Work in process	26,443	59,884
Raw materials and supplies	2,132	2,887
Other	1,655,707	2,053,015
Total current assets	35,297,629	37,683,010
Non-current assets		
Property, plant and equipment		
Buildings	126,730	141,473
Accumulated depreciation	(48,937)	(61,752)
Buildings, net	77,792	79,721
Land	3,926	3,926
Other	559,936	580,030
Accumulated depreciation	(422,934)	(455,645)
Other, net	137,002	124,384
Total property, plant and equipment	218,722	208,033
Intangible assets		
Goodwill	913,071	603,952
Other	47,741	35,601
Total intangible assets	960,813	639,554
Investments and other assets		
Investment securities	10,883,010	13,233,331
Deferred tax assets	266,421	174,704
Other	648,098	646,482
Total investments and other assets	11,797,529	14,054,518
Total non-current assets	12,977,065	14,902,105
Total assets	48,274,695	52,585,115

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	7,382,475	7,247,578
Income taxes payable	1,268,900	1,024,407
Provision for bonuses	606,262	578,005
Provision for bonuses for directors (and other officers)	110,000	90,000
Advances received	1,962,335	1,866,539
Other	1,245,401	1,119,657
Total current liabilities	12,575,374	11,926,188
Non-current liabilities		
Retirement benefit liability	2,838,879	2,987,839
Provision for share awards	213,789	224,669
Provision for share awards for directors (and other officers)	82,349	83,218
Deferred tax liabilities	107,897	707,066
Other	127,042	127,042
Total non-current liabilities	3,369,958	4,129,836
Total liabilities	15,945,333	16,056,025
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	27,090,922
Treasury shares	(689,412)	(688,143)
Total shareholders' equity	27,844,583	30,393,571
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,859,342	4,488,856
Remeasurements of defined benefit plans	(68,625)	(39,385)
Foreign currency translation adjustment	(41,588)	(148,398)
Total accumulated other comprehensive income	2,749,129	4,301,073
Share acquisition rights	208	147
Non-controlling interests	1,735,440	1,834,298
Total net assets	32,329,362	36,529,090
Total liabilities and net assets	48,274,695	52,585,115

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

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	48,192,120	43,416,334
Cost of sales	35,471,721	31,488,800
Gross profit	12,720,399	11,927,533
Selling, general and administrative expenses	6,454,681	6,288,368
Operating profit	6,265,717	5,639,164
Non-operating income		
Interest income	40,579	37,891
Dividend income	153,036	174,681
Share of profit of entities accounted for using equity method	45,088	62,472
Gain on valuation of derivatives	22,114	23,120
Other	39,615	61,937
Total non-operating income	300,433	360,103
Non-operating expenses		
Other	3,684	1,401
Total non-operating expenses	3,684	1,401
Ordinary profit	6,562,467	5,997,867
Extraordinary losses		
Loss on valuation of investment securities	–	72,888
Loss on sale of shares of subsidiaries and associates	12,925	–
Total extraordinary losses	12,925	72,888
Profit before income taxes	6,549,541	5,924,979
Income taxes - current	2,184,740	1,836,566
Income taxes - deferred	(76,298)	(21,068)
Total income taxes	2,108,441	1,815,497
Profit	4,441,100	4,109,481
Profit attributable to non-controlling interests	226,875	147,993
Profit attributable to owners of parent	4,214,225	3,961,488

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	4,441,100	4,109,481
Other comprehensive income		
Valuation difference on available-for-sale securities	(218,863)	1,629,514
Foreign currency translation adjustment	88,503	(103,387)
Remeasurements of defined benefit plans, net of tax	35,542	29,239
Share of other comprehensive income of entities accounted for using equity method	(2,183)	(23,562)
Total other comprehensive income	(97,000)	1,531,803
Comprehensive income	4,344,099	5,641,285
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,098,097	5,516,417
Comprehensive income attributable to non-controlling interests	246,002	124,867

Consolidated statements of changes in equity

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

Fiscal year ended March 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,873,136	2,117,347	24,543,512	(689,412)	27,844,583
Changes during period					
Dividends of surplus			(1,414,077)		(1,414,077)
Profit attributable to owners of parent			3,961,488		3,961,488
Purchase of treasury shares				(55)	(55)
Transfer of treasury shares by Employee Stock Ownership Plan				1,324	1,324
Change in ownership interest of parent due to transactions with non-controlling interests		308			308
Net changes in items other than shareholders' equity					
Total changes during period	–	308	2,547,410	1,269	2,548,987
Balance at end of period	1,873,136	2,117,656	27,090,922	(688,143)	30,393,571

	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	2,859,342	(68,625)	(41,588)	2,749,129	208	1,735,440	32,329,362
Changes during period							
Dividends of surplus							(1,414,077)
Profit attributable to owners of parent							3,961,488
Purchase of treasury shares							(55)
Transfer of treasury shares by Employee Stock Ownership Plan							1,324
Change in ownership interest of parent due to transactions with non-controlling interests							308
Net changes in items other than shareholders' equity	1,629,514	29,239	(106,810)	1,551,943	(61)	98,857	1,650,740
Total changes during period	1,629,514	29,239	(106,810)	1,551,943	(61)	98,857	4,199,728
Balance at end of period	4,488,856	(39,385)	(148,398)	4,301,073	147	1,834,298	36,529,090

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	6,549,541	5,924,979
Depreciation	65,213	64,252
Amortization of goodwill	281,634	278,475
Loss (gain) on valuation of derivatives	(22,114)	(23,120)
Loss (gain) on valuation of investment securities	–	72,888
Increase (decrease) in provision for bonuses	23,662	(28,256)
Increase (decrease) in provision for bonuses for directors (and other officers)	–	(20,000)
Increase (decrease) in retirement benefit liability	242,096	191,104
Loss (gain) on sale of shares of subsidiaries and associates	12,925	–
Increase (decrease) in provision for share awards	61,917	10,879
Increase (decrease) in provision for share awards for directors (and other officers)	14,718	869
Increase (decrease) in long-term accounts payable - other	934	–
Interest and dividend income	(193,615)	(212,572)
Share of loss (profit) of entities accounted for using equity method	(45,088)	(62,472)
Decrease (increase) in trade receivables	1,376,259	(1,579,047)
Decrease (increase) in investments in leases	6,731	332,212
Decrease (increase) in inventories	367,401	308,264
Decrease (increase) in advance payments to suppliers	(539,199)	(371,396)
Decrease (increase) in other current assets	(11,855)	(11,666)
Increase (decrease) in trade payables	(115,480)	(134,896)
Increase (decrease) in advances received	(79,684)	(95,795)
Increase (decrease) in accrued consumption taxes	21,055	37,059
Increase (decrease) in other current liabilities	(45,135)	(102,284)
Other, net	16,239	(64,607)
Subtotal	7,988,160	4,514,867
Interest and dividends received	298,596	221,662
Income taxes paid	(1,876,658)	(2,144,620)
Net cash provided by (used in) operating activities	6,410,098	2,591,909
Cash flows from investing activities		
Payments into time deposits	(1,288,137)	(511,652)
Proceeds from withdrawal of time deposits	1,246,452	798,037
Payments of guarantee deposits	(10,228)	(977)
Proceeds from refund of guarantee deposits	1,464	1,585
Purchase of property, plant and equipment	(34,307)	(37,195)
Purchase of intangible assets	(7,163)	(5,987)
Purchase of investment securities	(1,510,476)	(506,428)
Proceeds from redemption of investment securities	1,000,000	–
Purchase of long-term prepaid expenses	(1,529)	–
Proceeds from sale of shares of subsidiaries and associates	76,000	–
Other, net	(551)	3,989
Net cash provided by (used in) investing activities	(528,477)	(258,628)

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from financing activities		
Dividends paid	(1,088,734)	(1,414,077)
Dividends paid to non-controlling interests	(125,862)	(30,432)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(134,190)	–
Other, net	(331)	(147)
Net cash provided by (used in) financing activities	(1,349,118)	(1,444,658)
Effect of exchange rate change on cash and cash equivalents	39,753	(72,743)
Net increase (decrease) in cash and cash equivalents	4,572,255	815,878
Cash and cash equivalents at beginning of period	15,676,249	20,248,505
Cash and cash equivalents at end of period	20,248,505	21,064,384