

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2021 (Based on Japanese GAAP)

July 30, 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: August 6, 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 three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

(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, 2021	12,219	3.9	1,749	11.4	1,848	11.9	1,232	22.1
Three months ended June 30, 2020	11,765	(8.8)	1,569	(7.1)	1,652	(6.4)	1,009	(11.6)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2021	57.71		57.71	
Three months ended June 30, 2020	47.27		47.27	

(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, 2021	52,115	37,418	68.1	1,660.80
As of March 31, 2021	52,585	36,529	66.0	1,624.49

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, 2021	–	30.00	–	30.00	60.00
Year ending March 31, 2022	–				
Year ending March 31, 2022 (Forecast)		30.00	–	30.00	60.00

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 three months ended June 30, 2021
(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: Yes
- 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, 2021	22,354,000 shares	As of March 31, 2021	22,354,000 shares
---------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of June 30, 2021	975,913 shares	As of March 31, 2021	996,754 shares
---------------------	----------------	----------------------	----------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2021	21,364,209 shares	Three months ended June 30, 2020	21,355,646 shares
----------------------------------	-------------------	----------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	22,149,490	20,954,327
Notes and accounts receivable - trade	11,033,718	11,036,983
Electronically recorded monetary claims - operating	721,025	1,634,976
Investments in leases	426,885	332,262
Securities	500,000	500,000
Merchandise	736,103	692,236
Work in process	59,884	92,035
Raw materials and supplies	2,887	2,391
Other	2,053,015	1,925,988
Total current assets	37,683,010	37,171,200
Non-current assets		
Property, plant and equipment	208,033	212,565
Intangible assets		
Goodwill	603,952	582,121
Other	35,601	33,114
Total intangible assets	639,554	615,235
Investments and other assets		
Investment securities	13,233,331	13,335,648
Other	821,186	781,209
Total investments and other assets	14,054,518	14,116,858
Total non-current assets	14,902,105	14,944,659
Total assets	52,585,115	52,115,860
Liabilities		
Current liabilities		
Accounts payable - trade	7,247,578	6,265,584
Income taxes payable	1,024,407	370,412
Provision for bonuses	578,005	357,128
Provision for bonuses for directors (and other officers)	90,000	17,440
Other	2,986,196	3,451,006
Total current liabilities	11,926,188	10,461,572
Non-current liabilities		
Retirement benefit liability	2,987,839	3,024,674
Provision for share awards	224,669	227,725
Provision for share awards for directors (and other officers)	83,218	78,913
Other	834,108	904,628
Total non-current liabilities	4,129,836	4,235,942
Total liabilities	16,056,025	14,697,514

	(Thousands of yen)	
	As of March 31, 2021	As of June 30, 2021
Net assets		
Shareholders' equity		
Share capital	1,873,136	1,873,136
Capital surplus	2,117,656	2,117,656
Retained earnings	27,090,922	27,710,562
Treasury shares	(688,143)	(671,031)
Total shareholders' equity	30,393,571	31,030,323
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,488,856	4,612,672
Remeasurements of defined benefit plans	(39,385)	(36,199)
Foreign currency translation adjustment	(148,398)	(102,135)
Total accumulated other comprehensive income	4,301,073	4,474,337
Share acquisition rights	147	147
Non-controlling interests	1,834,298	1,913,536
Total net assets	36,529,090	37,418,345
Total liabilities and net assets	52,585,115	52,115,860

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, 2020	Three months ended June 30, 2021
Net sales	11,765,428	12,219,218
Cost of sales	8,666,455	8,967,331
Gross profit	3,098,973	3,251,887
Total selling, general and administrative expenses	1,528,986	1,502,455
Operating profit	1,569,986	1,749,432
Non-operating income		
Interest income	5,981	7,017
Dividend income	83,271	89,465
Gain on valuation of derivatives	7,892	2,930
Other	3,151	13,907
Total non-operating income	100,297	113,320
Non-operating expenses		
Share of loss of entities accounted for using equity method	16,547	6,894
Loss on investments in investment partnerships	364	6,314
Other	1,252	699
Total non-operating expenses	18,165	13,908
Ordinary profit	1,652,119	1,848,844
Extraordinary losses		
Loss on valuation of investment securities	72,888	–
Total extraordinary losses	72,888	–
Profit before income taxes	1,579,230	1,848,844
Income taxes - current	445,292	515,970
Income taxes - deferred	62,524	50,364
Total income taxes	507,817	566,334
Profit	1,071,412	1,282,509
Profit attributable to non-controlling interests	62,007	49,645
Profit attributable to owners of parent	1,009,405	1,232,864

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit	1,071,412	1,282,509
Other comprehensive income		
Valuation difference on available-for-sale securities	505,194	123,816
Foreign currency translation adjustment	(122,388)	75,927
Remeasurements of defined benefit plans, net of tax	8,798	3,185
Share of other comprehensive income of entities accounted for using equity method	(8,964)	(9,936)
Total other comprehensive income	382,640	192,992
Comprehensive income	1,454,053	1,475,502
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,418,728	1,406,129
Comprehensive income attributable to non-controlling interests	35,325	69,373