

Translation

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

October 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
 Managing Director, Administration Control Division Kunio Hasebe TEL 03-5641-2018
 Scheduled date to file Quarterly Securities Report: November 12, 2021
 Scheduled date to commence dividend payments: December 3, 2021
 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, 2021 (from April 1, 2021 to September 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	%
Six months ended September 30, 2021	23,434	11.0	3,220	10.4	3,358	9.5	2,238	14.0
Six months ended September 30, 2020	21,106	(12.6)	2,917	(11.7)	3,067	(11.1)	1,963	(12.0)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2021	104.76		104.76	
Six months ended September 30, 2020	91.95		91.95	

(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, 2021	55,064	38,750	67.1	1,728.91
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				
Year ended March 31, 2021	–	30.00	–	30.00	60.00
Year ending March 31, 2022	–	30.00	–	–	–
Year ending March 31, 2022 (Forecast)	–	–	–	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 six months ended September 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 September 30, 2021	22,354,000 shares	As of March 31, 2021	22,354,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2021	974,513 shares	As of March 31, 2021	996,754 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, 2021	21,371,815 shares	Six months ended September 30, 2020	21,355,646 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	22,149,490	23,371,305
Notes and accounts receivable - trade	11,033,718	11,990,021
Electronically recorded monetary claims - operating	721,025	1,609,763
Investments in leases	426,885	264,241
Securities	500,000	–
Merchandise	736,103	373,771
Work in process	59,884	241,321
Raw materials and supplies	2,887	2,298
Other	2,053,015	1,930,216
Total current assets	37,683,010	39,782,940
Non-current assets		
Property, plant and equipment	208,033	206,593
Intangible assets		
Goodwill	603,952	536,596
Other	35,601	30,727
Total intangible assets	639,554	567,323
Investments and other assets		
Investment securities	13,233,331	13,695,770
Other	821,186	812,207
Total investments and other assets	14,054,518	14,507,977
Total non-current assets	14,902,105	15,281,894
Total assets	52,585,115	55,064,835
Liabilities		
Current liabilities		
Accounts payable - trade	7,247,578	7,079,821
Income taxes payable	1,024,407	859,570
Provision for bonuses	578,005	569,044
Provision for bonuses for directors (and other officers)	90,000	34,960
Other	2,986,196	3,290,597
Total current liabilities	11,926,188	11,833,994
Non-current liabilities		
Retirement benefit liability	2,987,839	3,053,651
Provision for share awards	224,669	240,171
Provision for share awards for directors (and other officers)	83,218	81,623
Other	834,108	1,104,478
Total non-current liabilities	4,129,836	4,479,925
Total liabilities	16,056,025	16,313,919

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
Net assets		
Shareholders' equity		
Share capital	1,873,136	1,873,136
Capital surplus	2,117,656	2,210,778
Retained earnings	27,090,922	28,715,436
Treasury shares	(688,143)	(669,871)
Total shareholders' equity	30,393,571	32,129,479
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,488,856	4,998,036
Remeasurements of defined benefit plans	(39,385)	(33,015)
Foreign currency translation adjustment	(148,398)	(131,215)
Total accumulated other comprehensive income	4,301,073	4,833,806
Share acquisition rights	147	147
Non-controlling interests	1,834,298	1,787,482
Total net assets	36,529,090	38,750,916
Total liabilities and net assets	52,585,115	55,064,835

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, 2020	Six months ended September 30, 2021
Net sales	21,106,992	23,434,852
Cost of sales	15,153,036	17,307,256
Gross profit	5,953,955	6,127,595
Selling, general and administrative expenses	3,036,522	2,907,386
Operating profit	2,917,433	3,220,209
Non-operating income		
Interest income	17,457	13,976
Dividend income	105,479	96,650
Gain on valuation of derivatives	–	3,707
Share of profit of entities accounted for using equity method	1,752	2,125
Gain on investments in investment partnerships	2,073	–
Other	24,609	28,317
Total non-operating income	151,372	144,777
Non-operating expenses		
Loss on valuation of derivatives	1,031	–
Loss on investments in investment partnerships	–	5,981
Other	513	17
Total non-operating expenses	1,544	5,999
Ordinary profit	3,067,261	3,358,987
Extraordinary losses		
Loss on valuation of investment securities	72,888	–
Total extraordinary losses	72,888	–
Profit before income taxes	2,994,372	3,358,987
Income taxes - current	850,342	1,097,709
Income taxes - deferred	74,625	(20,366)
Total income taxes	924,968	1,077,343
Profit	2,069,404	2,281,644
Profit attributable to non-controlling interests	105,684	42,729
Profit attributable to owners of parent	1,963,719	2,238,915

(Thousands of yen)

	2nd quarter ended September 30, 2020	2nd quarter ended September 30, 2021
Net sales	9,341,563	11,215,633
Cost of sales	6,486,581	8,339,925
Gross profit	2,854,982	2,875,708
Selling, general and administrative expenses	1,507,535	1,404,931
Operating profit	1,347,446	1,470,777
Non-operating income		
Interest income	11,475	6,959
Dividend income	22,208	7,185
Gain on valuation of derivatives	–	777
Share of profit of entities accounted for using equity method	18,299	9,019
Gain on investments in investment partnerships	2,438	332
Other	22,610	15,107
Total non-operating income	77,032	39,381
Non-operating expenses		
Loss on valuation of derivatives	8,924	–
Other	413	15
Total non-operating expenses	9,337	15
Ordinary profit	1,415,141	1,510,143
Profit before income taxes	1,415,141	1,510,143
Income taxes - current	405,050	581,739
Income taxes - deferred	12,100	(70,731)
Total income taxes	417,150	511,008
Profit	997,991	999,135
Profit attributable to non-controlling interests	43,676	(6,915)
Profit attributable to owners of parent	954,314	1,006,050

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	2,069,404	2,281,644
Other comprehensive income		
Valuation difference on available-for-sale securities	911,363	509,179
Foreign currency translation adjustment	(66,100)	31,995
Remeasurements of defined benefit plans, net of tax	17,694	6,370
Share of other comprehensive income of entities accounted for using equity method	(9,025)	(6,684)
Total other comprehensive income	853,932	540,861
Comprehensive income	2,923,336	2,822,506
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,831,510	2,771,648
Comprehensive income attributable to non-controlling interests	91,826	50,857

	(Thousands of yen)	
	2nd quarter endedSeptember 30, 2020	2nd quarter endedSeptember 30, 2021
Profit	997,991	999,135
Other comprehensive income		
Valuation difference on available-for-sale securities	406,168	385,363
Foreign currency translation adjustment	56,287	(43,931)
Remeasurements of defined benefit plans, net of tax	8,895	3,184
Share of other comprehensive income of entities accounted for using equity method	(60)	3,252
Total other comprehensive income	471,291	347,868
Comprehensive income	1,469,282	1,347,003
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,412,782	1,365,519
Comprehensive income attributable to non-controlling interests	56,500	(18,515)