

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2021 (Based on Japanese GAAP)

January 28, 2022

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 10, 2022
 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, 2021 (from April 1, 2021 to December 31, 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	%
Nine months ended December 31, 2021	33,344	9.9	4,572	16.9	4,791	16.8	3,027	13.3
Nine months ended December 31, 2020	30,347	(14.1)	3,910	(17.7)	4,103	(18.3)	2,673	(18.4)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2021	141.65		141.65	
Nine months ended December 31, 2020	125.17		125.17	

(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, 2021	56,754	38,857	65.0	1,725.79
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 nine months ended December 31, 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 December 31, 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 December 31, 2021	973,013 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)

Nine months ended December 31, 2021	21,374,572 shares	Nine months ended December 31, 2020	21,355,824 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	22,149,490	24,709,286
Notes and accounts receivable - trade, and contract assets	11,033,718	11,475,267
Electronically recorded monetary claims - operating	721,025	1,099,919
Investments in leases	426,885	206,775
Securities	500,000	–
Merchandise	736,103	1,285,322
Work in process	59,884	62,143
Raw materials and supplies	2,887	2,931
Other	2,053,015	2,334,399
Total current assets	37,683,010	41,176,045
Non-current assets		
Property, plant and equipment	208,033	207,425
Intangible assets		
Goodwill	603,952	488,543
Other	35,601	26,994
Total intangible assets	639,554	515,537
Investments and other assets		
Investment securities	13,233,331	14,114,890
Other	821,186	740,497
Total investments and other assets	14,054,518	14,855,388
Total non-current assets	14,902,105	15,578,351
Total assets	52,585,115	56,754,397
Liabilities		
Current liabilities		
Accounts payable - trade	7,247,578	8,857,690
Income taxes payable	1,024,407	409,575
Provision for bonuses	578,005	318,870
Provision for bonuses for directors (and other officers)	90,000	52,480
Other	2,986,196	3,670,685
Total current liabilities	11,926,188	13,309,301
Non-current liabilities		
Retirement benefit liability	2,987,839	3,103,235
Provision for share awards	224,669	251,755
Provision for share awards for directors (and other officers)	83,218	84,332
Other	834,108	1,148,201
Total non-current liabilities	4,129,836	4,587,525
Total liabilities	16,056,025	17,896,827

(Thousands of yen)

	As of March 31, 2021	As of December 31, 2021
Net assets		
Shareholders' equity		
Share capital	1,873,136	1,873,136
Capital surplus	2,117,656	2,132,078
Retained earnings	27,090,922	28,844,273
Treasury shares	(688,143)	(668,629)
Total shareholders' equity	30,393,571	32,180,858
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,488,856	4,909,221
Remeasurements of defined benefit plans	(39,385)	(29,830)
Foreign currency translation adjustment	(148,398)	(161,101)
Total accumulated other comprehensive income	4,301,073	4,718,289
Share acquisition rights	147	140
Non-controlling interests	1,834,298	1,958,281
Total net assets	36,529,090	38,857,570
Total liabilities and net assets	52,585,115	56,754,397

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, 2020	Nine months ended December 31, 2021
Net sales	30,347,041	33,344,293
Cost of sales	21,908,058	24,400,217
Gross profit	8,438,983	8,944,076
Total selling, general and administrative expenses	4,528,959	4,372,072
Operating profit	3,910,023	4,572,003
Non-operating income		
Interest income	25,123	19,891
Dividend income	168,001	179,253
Other	25,892	33,738
Total non-operating income	219,017	232,883
Non-operating expenses		
Share of loss of entities accounted for using equity method	10,213	9,931
Loss on valuation of derivatives	11,666	3,574
Other	3,534	17
Total non-operating expenses	25,413	13,523
Ordinary profit	4,103,627	4,791,363
Extraordinary losses		
Loss on valuation of investment securities	72,888	–
Total extraordinary losses	72,888	–
Profit before income taxes	4,030,738	4,791,363
Income taxes - current	1,036,124	1,476,040
Income taxes - deferred	189,640	146,786
Total income taxes	1,225,765	1,622,826
Profit	2,804,973	3,168,536
Profit attributable to non-controlling interests	131,885	140,748
Profit attributable to owners of parent	2,673,087	3,027,787

(Thousands of yen)

	3rd quarter ended December 31, 2020	3rd quarter ended December 31, 2021
Net sales	9,240,049	9,909,441
Cost of sales	6,755,021	7,092,960
Gross profit	2,485,027	2,816,480
Total selling, general and administrative expenses	1,492,437	1,464,686
Operating profit	992,590	1,351,794
Non-operating income		
Interest income	7,666	5,915
Dividend income	62,521	82,602
Other	1,380	24,543
Total non-operating income	71,568	113,062
Non-operating expenses		
Share of loss of entities accounted for using equity method	11,965	12,057
Loss on valuation of derivatives	10,634	7,282
Foreign exchange losses	4,429	13,142
Other	762	–
Total non-operating expenses	27,792	32,481
Ordinary profit	1,036,366	1,432,375
Profit before income taxes	1,036,366	1,432,375
Income taxes - current	185,781	378,330
Income taxes - deferred	115,014	167,153
Total income taxes	300,796	545,483
Profit	735,569	886,891
Profit attributable to non-controlling interests	26,201	98,018
Profit attributable to owners of parent	709,367	788,872

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit	2,804,973	3,168,536
Other comprehensive income		
Valuation difference on available-for-sale securities	1,024,665	420,364
Foreign currency translation adjustment	(137,737)	(2,384)
Remeasurements of defined benefit plans, net of tax	26,590	9,554
Share of other comprehensive income of entities accounted for using equity method	(5,037)	(4,942)
Total other comprehensive income	908,481	422,593
Comprehensive income	3,713,454	3,591,129
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,612,879	3,445,004
Comprehensive income attributable to non-controlling interests	100,575	146,125

	(Thousands of yen)	
	3rd quarter ended December 31, 2020	3rd quarter ended December 31, 2021
Profit	735,569	886,891
Other comprehensive income		
Valuation difference on available-for-sale securities	113,302	(88,814)
Foreign currency translation adjustment	(71,637)	(34,379)
Remeasurements of defined benefit plans, net of tax	8,895	3,184
Share of other comprehensive income of entities accounted for using equity method	3,987	1,742
Total other comprehensive income	54,549	(118,268)
Comprehensive income	790,118	768,623
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	781,369	673,355
Comprehensive income attributable to non-controlling interests	8,749	95,267