

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2022 (Based on Japanese GAAP)

July 29, 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: Senior Managing Director Kunio Hasebe TEL 03-5641-2018
 Scheduled date to file Quarterly Securities Report: August 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 three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

(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, 2022	14,056	15.0	2,065	18.1	2,167	17.2	1,423	15.5
Three months ended June 30, 2021	12,219	3.9	1,749	11.4	1,848	11.9	1,232	22.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2022	66.61		66.61	
Three months ended June 30, 2021	57.71		57.71	

(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, 2022	60,105	41,268	65.2	1,833.89
As of March 31, 2022	58,830	39,859	64.3	1,769.01

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, 2022	–	30.00	–	33.00	63.00
Year ending March 31, 2023	–				
Year ending March 31, 2023 (Forecast)		33.00	–	33.00	66.00

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	48,700	5.4	6,800	3.0	7,120	2.5	4,660	3.2	218.02

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2022
 (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 June 30, 2022	22,354,000 shares	As of March 31, 2022	22,354,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2022	983,013 shares	As of March 31, 2022	983,013 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2022	21,370,987 shares	Three months ended June 30, 2021	21,364,209 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	26,210,266	26,842,263
Notes and accounts receivable - trade, and contract assets	12,641,890	12,035,495
Electronically recorded monetary claims - operating	884,442	1,597,936
Investments in leases	162,726	124,262
Securities	–	1,000,000
Merchandise	1,141,106	1,182,398
Work in process	144,758	114,730
Raw materials and supplies	2,803	3,706
Other	2,076,605	1,767,853
Total current assets	43,264,598	44,668,648
Non-current assets		
Property, plant and equipment	212,672	221,810
Intangible assets		
Goodwill	468,291	456,411
Other	22,894	32,377
Total intangible assets	491,186	488,788
Investments and other assets		
Investment securities	13,915,100	13,826,520
Other	946,669	899,767
Total investments and other assets	14,861,769	14,726,288
Total non-current assets	15,565,628	15,436,887
Total assets	58,830,227	60,105,535
Liabilities		
Current liabilities		
Accounts payable - trade	8,931,924	8,493,334
Income taxes payable	1,365,031	468,592
Provision for bonuses	633,777	370,700
Provision for bonuses for directors (and other officers)	120,000	22,500
Other	3,899,810	5,112,027
Total current liabilities	14,950,543	14,467,156
Non-current liabilities		
Retirement benefit liability	2,999,747	3,032,757
Provision for share awards	251,972	270,722
Provision for share awards for directors (and other officers)	87,252	91,289
Other	681,450	975,376
Total non-current liabilities	4,020,423	4,370,146
Total liabilities	18,970,966	18,837,302

(Thousands of yen)

	As of March 31, 2022	As of June 30, 2022
Net assets		
Shareholders' equity		
Share capital	1,873,136	1,873,136
Capital surplus	2,132,078	2,132,078
Retained earnings	30,218,406	30,933,518
Treasury shares	(699,739)	(699,739)
Total shareholders' equity	33,523,882	34,238,993
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,320,414	4,900,633
Remeasurements of defined benefit plans	68,610	66,715
Foreign currency translation adjustment	(107,329)	(14,389)
Total accumulated other comprehensive income	4,281,695	4,952,959
Share acquisition rights	111	46
Non-controlling interests	2,053,571	2,076,233
Total net assets	39,859,260	41,268,233
Total liabilities and net assets	58,830,227	60,105,535

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, 2021	Three months ended June 30, 2022
Net sales	12,219,218	14,056,900
Cost of sales	8,967,331	10,521,502
Gross profit	3,251,887	3,535,397
Total selling, general and administrative expenses	1,502,455	1,469,857
Operating profit	1,749,432	2,065,540
Non-operating income		
Interest income	7,017	7,048
Dividend income	89,465	91,338
Foreign exchange gains	6,330	19,534
Gain on valuation of derivatives	2,930	–
Other	7,577	8,943
Total non-operating income	113,320	126,864
Non-operating expenses		
Share of loss of entities accounted for using equity method	6,894	24,957
Loss on investments in investment partnerships	6,314	298
Other	699	2
Total non-operating expenses	13,908	25,259
Ordinary profit	1,848,844	2,167,145
Profit before income taxes	1,848,844	2,167,145
Income taxes - current	515,970	609,900
Income taxes - deferred	50,364	68,536
Total income taxes	566,334	678,437
Profit	1,282,509	1,488,708
Profit attributable to non-controlling interests	49,645	65,163
Profit attributable to owners of parent	1,232,864	1,423,544

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	1,282,509	1,488,708
Other comprehensive income		
Valuation difference on available-for-sale securities	123,816	580,218
Foreign currency translation adjustment	75,927	111,036
Remeasurements of defined benefit plans, net of tax	3,185	(1,895)
Share of other comprehensive income of entities accounted for using equity method	(9,936)	13,585
Total other comprehensive income	192,992	702,945
Comprehensive income	1,475,502	2,191,653
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,406,129	2,100,266
Comprehensive income attributable to non-controlling interests	69,373	91,387