

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Based on Japanese GAAP)

January 27, 2023

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: February 10, 2023
 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, 2022 (from April 1, 2022 to December 31, 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	%
Nine months ended December 31, 2022	35,903	7.7	5,291	15.7	5,557	16.0	3,646	20.4
Nine months ended December 31, 2021	33,344	9.9	4,572	16.9	4,791	16.8	3,027	13.3

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2022	170.86	170.86
Nine months ended December 31, 2021	141.65	141.65

(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, 2022	61,467	42,019	65.0	1,874.64
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	Yen	Yen	Yen	Yen
Year ended March 31, 2022	–	30.00	–	33.00	63.00
Year ending March 31, 2023	–	33.00	–		
Year ending March 31, 2023 (Forecast)				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 nine months ended December 31, 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 December 31, 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 December 31, 2022	1,035,661 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)

Nine months ended December 31, 2022	21,340,627 shares	Nine months ended December 31, 2021	21,374,572 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	26,210,266	27,982,779
Notes and accounts receivable - trade, and contract assets	12,641,890	10,915,723
Electronically recorded monetary claims - operating	884,442	882,343
Investments in leases	162,726	66,189
Securities	–	500,000
Merchandise	1,141,106	2,994,531
Work in process	144,758	275,789
Raw materials and supplies	2,803	2,594
Other	2,076,605	1,813,218
Total current assets	43,264,598	45,433,170
Non-current assets		
Property, plant and equipment	212,672	461,004
Intangible assets		
Goodwill	468,291	488,484
Other	22,894	41,387
Total intangible assets	491,186	529,871
Investments and other assets		
Investment securities	13,915,100	14,119,491
Other	946,669	923,946
Total investments and other assets	14,861,769	15,043,437
Total non-current assets	15,565,628	16,034,313
Total assets	58,830,227	61,467,483
Liabilities		
Current liabilities		
Accounts payable - trade	8,931,924	9,826,858
Income taxes payable	1,365,031	371,682
Provision for bonuses	633,777	320,103
Provision for bonuses for directors (and other officers)	120,000	67,500
Other	3,899,810	4,494,111
Total current liabilities	14,950,543	15,080,255
Non-current liabilities		
Retirement benefit liability	2,999,747	3,106,640
Provision for share awards	251,972	295,218
Provision for share awards for directors (and other officers)	87,252	99,363
Other	681,450	866,978
Total non-current liabilities	4,020,423	4,368,200
Total liabilities	18,970,966	19,448,456

(Thousands of yen)

	As of March 31, 2022	As of December 31, 2022
Net assets		
Shareholders' equity		
Share capital	1,873,136	1,873,136
Capital surplus	2,132,078	2,173,108
Retained earnings	30,218,406	32,429,891
Treasury shares	(699,739)	(926,384)
Total shareholders' equity	33,523,882	35,549,751
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,320,414	4,415,783
Remeasurements of defined benefit plans	68,610	62,924
Foreign currency translation adjustment	(107,329)	(64,266)
Total accumulated other comprehensive income	4,281,695	4,414,442
Share acquisition rights	111	–
Non-controlling interests	2,053,571	2,054,832
Total net assets	39,859,260	42,019,027
Total liabilities and net assets	58,830,227	61,467,483

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, 2021	Nine months ended December 31, 2022
Net sales	33,344,293	35,903,466
Cost of sales	24,400,217	26,139,213
Gross profit	8,944,076	9,764,252
Total selling, general and administrative expenses	4,372,072	4,472,735
Operating profit	4,572,003	5,291,517
Non-operating income		
Interest income	19,891	26,089
Dividend income	179,253	203,646
Other	33,738	47,775
Total non-operating income	232,883	277,511
Non-operating expenses		
Share of loss of entities accounted for using equity method	9,931	10,958
Loss on valuation of derivatives	3,574	–
Other	17	873
Total non-operating expenses	13,523	11,831
Ordinary profit	4,791,363	5,557,197
Profit before income taxes	4,791,363	5,557,197
Income taxes - current	1,476,040	1,543,333
Income taxes - deferred	146,786	218,864
Total income taxes	1,622,826	1,762,197
Profit	3,168,536	3,794,999
Profit attributable to non-controlling interests	140,748	148,808
Profit attributable to owners of parent	3,027,787	3,646,191

(Thousands of yen)

	3rd quarter ended December 31, 2021	3rd quarter ended December 31, 2022
Net sales	9,909,441	10,867,678
Cost of sales	7,092,960	7,836,441
Gross profit	2,816,480	3,031,236
Total selling, general and administrative expenses	1,464,686	1,479,738
Operating profit	1,351,794	1,551,498
Non-operating income		
Interest income	5,915	9,594
Dividend income	82,602	93,395
Share of profit of entities accounted for using equity method	–	3,558
Other	24,543	7,511
Total non-operating income	113,062	114,059
Non-operating expenses		
Share of loss of entities accounted for using equity method	12,057	–
Loss on valuation of derivatives	7,282	–
Foreign exchange losses	13,142	12,284
Other	–	418
Total non-operating expenses	32,481	12,702
Ordinary profit	1,432,375	1,652,855
Profit before income taxes	1,432,375	1,652,855
Income taxes - current	378,330	410,890
Income taxes - deferred	167,153	147,344
Total income taxes	545,483	558,234
Profit	886,891	1,094,620
Profit attributable to non-controlling interests	98,018	28,090
Profit attributable to owners of parent	788,872	1,066,530

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	3,168,536	3,794,999
Other comprehensive income		
Valuation difference on available-for-sale securities	420,364	95,369
Foreign currency translation adjustment	(2,384)	3,684
Remeasurements of defined benefit plans, net of tax	9,554	(5,685)
Share of other comprehensive income of entities accounted for using equity method	(4,942)	27,984
Total other comprehensive income	422,593	121,352
Comprehensive income	3,591,129	3,916,352
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,445,004	3,781,954
Comprehensive income attributable to non-controlling interests	146,125	134,397

	(Thousands of yen)	
	3rd quarter ended December 31, 2021	3rd quarter ended December 31, 2022
Profit	886,891	1,094,620
Other comprehensive income		
Valuation difference on available-for-sale securities	(88,814)	(426,340)
Foreign currency translation adjustment	(34,379)	(251,644)
Remeasurements of defined benefit plans, net of tax	3,184	(1,895)
Share of other comprehensive income of entities accounted for using equity method	1,742	829
Total other comprehensive income	(118,268)	(679,051)
Comprehensive income	768,623	415,569
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	673,355	463,987
Comprehensive income attributable to non-controlling interests	95,267	(48,418)