

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2023 (Based on Japanese GAAP)

July 28, 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: August 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 three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

(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, 2023	14,461	2.9	2,227	7.8	2,371	9.4	1,578	10.9
Three months ended June 30, 2022	14,056	15.0	2,065	18.1	2,167	17.2	1,423	15.5

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2023	74.02		–	
Three months ended June 30, 2022	66.61		66.61	

(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, 2023	64,910	45,759	67.2	2,045.57
As of March 31, 2023	65,502	43,941	63.8	1,961.49

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, 2023	–	33.00	–	40.00	73.00
Year ending March 31, 2024	–				
Year ending March 31, 2024 (Forecast)		40.00	–	40.00	80.00

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	55,200	3.5	7,870	1.2	8,280	1.0	5,520	1.8	258.72

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2023
 (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, 2023	22,354,000 shares	As of March 31, 2023	22,354,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	1,032,161 shares	As of March 31, 2023	1,035,061 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, 2023	21,320,706 shares	Three months ended June 30, 2022	21,370,987 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	26,887,318	29,465,533
Notes and accounts receivable - trade, and contract assets	17,352,307	12,997,533
Electronically recorded monetary claims - operating	1,014,978	1,244,464
Investments in leases	44,883	34,969
Securities	1,200,000	–
Merchandise	1,954,789	2,346,021
Work in process	63,169	77,146
Raw materials and supplies	1,968	1,403
Other	1,883,504	2,010,648
Total current assets	50,402,919	48,177,720
Non-current assets		
Property, plant and equipment	396,053	401,581
Intangible assets		
Goodwill	448,841	553,212
Other	44,948	46,583
Total intangible assets	493,790	599,795
Investments and other assets		
Investment securities	13,261,760	14,790,149
Other	947,730	941,288
Total investments and other assets	14,209,491	15,731,438
Total non-current assets	15,099,335	16,732,815
Total assets	65,502,254	64,910,536
Liabilities		
Current liabilities		
Accounts payable - trade	10,995,113	8,162,226
Income taxes payable	1,379,401	476,805
Provision for bonuses	656,554	415,180
Provision for bonuses for directors (and other officers)	140,000	22,500
Other	4,310,222	5,384,735
Total current liabilities	17,481,292	14,461,448
Non-current liabilities		
Retirement benefit liability	3,006,958	3,054,266
Provision for share awards	320,377	338,609
Provision for share awards for directors (and other officers)	98,895	113,359
Other	652,887	1,183,401
Total non-current liabilities	4,079,118	4,689,637
Total liabilities	21,560,410	19,151,085

(Thousands of yen)

	As of March 31, 2023	As of June 30, 2023
Net assets		
Shareholders' equity		
Share capital	1,873,136	1,873,136
Capital surplus	2,136,715	2,136,715
Retained earnings	34,203,323	34,911,261
Treasury shares	(925,501)	(921,234)
Total shareholders' equity	37,287,673	37,999,879
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,322,108	5,371,349
Remeasurements of defined benefit plans	139,335	133,006
Foreign currency translation adjustment	67,760	111,056
Total accumulated other comprehensive income	4,529,204	5,615,411
Non-controlling interests	2,124,965	2,144,159
Total net assets	43,941,843	45,759,450
Total liabilities and net assets	65,502,254	64,910,536

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, 2022	Three months ended June 30, 2023
Net sales	14,056,900	14,461,352
Cost of sales	10,521,502	10,712,195
Gross profit	3,535,397	3,749,157
Selling, general and administrative expenses	1,469,857	1,521,819
Operating profit	2,065,540	2,227,338
Non-operating income		
Interest income	7,048	10,886
Dividend income	91,338	103,304
Foreign exchange gains	19,534	20,236
Other	8,943	16,651
Total non-operating income	126,864	151,079
Non-operating expenses		
Share of loss of entities accounted for using equity method	24,957	5,611
Loss on investments in investment partnerships	298	989
Other	2	526
Total non-operating expenses	25,259	7,126
Ordinary profit	2,167,145	2,371,290
Profit before income taxes	2,167,145	2,371,290
Income taxes - current	609,900	642,753
Income taxes - deferred	68,536	91,878
Total income taxes	678,437	734,631
Profit	1,488,708	1,636,659
Profit attributable to non-controlling interests	65,163	58,523
Profit attributable to owners of parent	1,423,544	1,578,136

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	1,488,708	1,636,659
Other comprehensive income		
Valuation difference on available-for-sale securities	580,218	1,049,241
Foreign currency translation adjustment	111,036	48,416
Remeasurements of defined benefit plans, net of tax	(1,895)	(6,329)
Share of other comprehensive income of entities accounted for using equity method	13,585	5,176
Total other comprehensive income	702,945	1,096,505
Comprehensive income	2,191,653	2,733,164
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,100,266	2,661,505
Comprehensive income attributable to non-controlling interests	91,387	71,659