

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Based on Japanese GAAP)

January 26, 2024

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 9, 2024
 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, 2023 (from April 1, 2023 to December 31, 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	%
Nine months ended December 31, 2023	42,186	17.5	6,720	27.0	7,017	26.3	4,652	27.6
Nine months ended December 31, 2022	35,903	7.7	5,291	15.7	5,557	16.0	3,646	20.4

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2023	218.28	–
Nine months ended December 31, 2022	170.86	170.86

(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, 2023	69,879	49,587	67.7	2,222.30
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	Yen	Yen	Yen	Yen
Year ended March 31, 2023	–	33.00	–	40.00	73.00
Year ending March 31, 2024	–	40.00	–		
Year ending March 31, 2024 (Forecast)				50.00	90.00

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	58,200	9.1	9,000	15.8	9,400	14.6	6,300	16.2	295.29

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 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 December 31, 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 December 31, 2023	1,055,425 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)

Nine months ended December 31, 2023	21,316,916 shares	Nine months ended December 31, 2022	21,340,627 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	26,887,318	33,339,137
Notes and accounts receivable - trade, and contract assets	17,352,307	11,667,293
Electronically recorded monetary claims - operating	1,014,978	1,117,992
Investments in leases	44,883	15,153
Securities	1,200,000	500,000
Merchandise	1,954,789	2,082,000
Work in process	63,169	226,460
Raw materials and supplies	1,968	7,357
Other	1,883,504	1,364,803
Total current assets	50,402,919	50,320,199
Non-current assets		
Property, plant and equipment	396,053	421,862
Intangible assets		
Goodwill	448,841	477,289
Other	44,948	41,170
Total intangible assets	493,790	518,460
Investments and other assets		
Investment securities	13,261,760	17,697,943
Other	947,730	921,075
Total investments and other assets	14,209,491	18,619,018
Total non-current assets	15,099,335	19,559,341
Total assets	65,502,254	69,879,540
Liabilities		
Current liabilities		
Accounts payable - trade	10,995,113	9,234,736
Income taxes payable	1,379,401	673,477
Provision for bonuses	656,554	383,983
Provision for bonuses for directors (and other officers)	140,000	105,000
Other	4,310,222	4,341,775
Total current liabilities	17,481,292	14,738,972
Non-current liabilities		
Retirement benefit liability	3,006,958	3,099,223
Provision for share awards	320,377	376,105
Provision for share awards for directors (and other officers)	98,895	142,288
Other	652,887	1,935,078
Total non-current liabilities	4,079,118	5,552,696
Total liabilities	21,560,410	20,291,668
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	37,115,888
Treasury shares	(925,501)	(1,011,625)
Total shareholders' equity	37,287,673	40,114,114

(Thousands of yen)

	As of March 31, 2023	As of December 31, 2023
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,322,108	6,888,963
Remeasurements of defined benefit plans	139,335	120,347
Foreign currency translation adjustment	67,760	208,482
Total accumulated other comprehensive income	4,529,204	7,217,792
Non-controlling interests	2,124,965	2,255,964
Total net assets	43,941,843	49,587,872
Total liabilities and net assets	65,502,254	69,879,540

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Quarterly consolidated statement of income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	35,903,466	42,186,979
Cost of sales	26,139,213	30,657,719
Gross profit	9,764,252	11,529,260
Selling, general and administrative expenses	4,472,735	4,809,166
Operating profit	5,291,517	6,720,094
Non-operating income		
Interest income	26,089	43,374
Dividend income	203,646	225,993
Foreign exchange gains	17,941	14,837
Gain on investments in investment partnerships	–	5,610
Other	29,833	46,690
Total non-operating income	277,511	336,506
Non-operating expenses		
Share of loss of entities accounted for using equity method	10,958	36,780
Other	873	1,844
Total non-operating expenses	11,831	38,624
Ordinary profit	5,557,197	7,017,975
Profit before income taxes	5,557,197	7,017,975
Income taxes - current	1,543,333	2,031,482
Income taxes - deferred	218,864	185,664
Total income taxes	1,762,197	2,217,147
Profit	3,794,999	4,800,828
Profit attributable to non-controlling interests	148,808	147,869
Profit attributable to owners of parent	3,646,191	4,652,958

Quarterly consolidated statement of income (non-cumulative)

(Thousands of yen)

	3rd quarter ended December 31, 2022	3rd quarter ended December 31, 2023
Net sales	10,867,678	13,820,539
Cost of sales	7,836,441	9,930,730
Gross profit	3,031,236	3,889,809
Selling, general and administrative expenses	1,479,738	1,658,546
Operating profit	1,551,498	2,231,263
Non-operating income		
Interest income	9,594	17,200
Dividend income	93,395	101,074
Share of profit of entities accounted for using equity method	3,558	–
Other	7,511	19,345
Total non-operating income	114,059	137,620
Non-operating expenses		
Share of loss of entities accounted for using equity method	–	29,641
Loss on investments in investment partnerships	348	361
Foreign exchange losses	12,284	9,445
Other	69	745
Total non-operating expenses	12,702	40,194
Ordinary profit	1,652,855	2,328,689
Profit before income taxes	1,652,855	2,328,689
Income taxes - current	410,890	647,178
Income taxes - deferred	147,344	103,494
Total income taxes	558,234	750,673
Profit	1,094,620	1,578,015
Profit attributable to non-controlling interests	28,090	39,478
Profit attributable to owners of parent	1,066,530	1,538,537

Quarterly consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	3,794,999	4,800,828
Other comprehensive income		
Valuation difference on available-for-sale securities	95,369	2,566,855
Remeasurements of defined benefit plans, net of tax	(5,685)	(18,988)
Foreign currency translation adjustment	3,684	156,321
Share of other comprehensive income of entities accounted for using equity method	27,984	17,156
Total other comprehensive income	121,352	2,721,344
Comprehensive income	3,916,352	7,522,173
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,781,954	7,338,708
Comprehensive income attributable to non-controlling interests	134,397	183,464

Quarterly consolidated statement of comprehensive income (non-cumulative)

(Thousands of yen)

	3rd quarter ended December 31, 2022	3rd quarter ended December 31, 2023
Profit	1,094,620	1,578,015
Other comprehensive income		
Valuation difference on available-for-sale securities	(426,340)	634,743
Remeasurements of defined benefit plans, net of tax	(1,895)	(6,329)
Foreign currency translation adjustment	(251,644)	13,560
Share of other comprehensive income of entities accounted for using equity method	829	5,532
Total other comprehensive income	(679,051)	647,506
Comprehensive income	415,569	2,225,522
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	463,987	2,184,465
Comprehensive income attributable to non-controlling interests	(48,418)	41,056