

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2018 (Based on Japanese GAAP)

November 12, 2018

Company name: EPCO Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 2311 URL <http://www.epco.co.jp/>
 Representative: President and Group CEO Yoshiyuki Iwasaki
 Inquiries: Chief Financial Officer Shinichiro Yoshihara TEL +81-3-6853-9165
 Scheduled date to file Quarterly Securities Report: November 13, 2018
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended September 30, 2018 (from January 1, 2018 to September 30, 2018)

(1) Consolidated financial 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 September 30, 2018	2,797	10.7	403	(4.3)	314	(22.6)	183	(32.4)
Nine months ended September 30, 2017	2,526	3.9	422	–	406	45.9	270	31.3

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2018	20.55	–
Nine months ended September 30, 2017	30.39	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2018	3,399	2,917	85.8
As of December 31, 2017	3,532	2,996	84.8

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 December 31, 2017	–	25.00	–	30.00	55.00
Year ending December 31, 2018	–	12.50	–		
Year ending December 31, 2018 (Forecast)				15.00	27.50

3. Forecast of consolidated financial results for the year ending December 31, 2018 (from January 1, 2018 to December 31, 2018)

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	3,575	4.0	521	(6.1)	415	(18.7)	230	(34.5)	25.87

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended September 30, 2018: 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 September 30, 2018	9,316,000 shares	As of December 31, 2017	9,316,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2018	403,962 shares	As of December 31, 2017	403,962 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2018	8,912,038 shares	Nine months ended September 30, 2017	8,912,038 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Thousands of yen)

	As of December 31, 2017	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	2,065,596	1,654,440
Notes and accounts receivable - trade	503,523	558,396
Work in process	44,200	51,107
Deferred tax assets	28,415	18,363
Other	74,633	108,170
Allowance for doubtful accounts	(4,254)	(4,963)
Total current assets	2,712,113	2,385,513
Non-current assets		
Property, plant and equipment	132,091	122,452
Intangible assets	206,021	211,661
Investments and other assets		
Shares of subsidiaries and associates	198,479	319,626
Investments in capital of subsidiaries and associates	148,116	151,616
Other	136,017	208,599
Total investments and other assets	482,613	679,841
Total non-current assets	820,727	1,013,955
Total assets	3,532,841	3,399,468
Liabilities		
Current liabilities		
Accounts payable - trade	6,763	7,855
Income taxes payable	147,481	53,217
Provision for bonuses	17,983	46,845
Provision for shareholder benefit program	13,460	4,866
Other	328,177	352,757
Total current liabilities	513,866	465,541
Non-current liabilities		
Long-term accounts payable - other	11,360	11,360
Deferred tax liabilities	4,072	1,193
Other	6,970	4,204
Total non-current liabilities	22,402	16,758
Total liabilities	536,268	482,300
Net assets		
Shareholders' equity		
Capital stock	87,232	87,232
Capital surplus	118,032	118,032
Retained earnings	2,790,859	2,728,880
Treasury shares	(202,753)	(202,753)
Total shareholders' equity	2,793,370	2,731,392
Accumulated other comprehensive income		
Deferred gains or losses on hedges	(2,674)	(883)
Foreign currency translation adjustment	204,748	185,548
Total accumulated other comprehensive income	202,073	184,665
Share acquisition rights	1,128	1,111
Total net assets	2,996,572	2,917,168
Total liabilities and net assets	3,532,841	3,399,468

Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income
Quarterly consolidated statements of income

	(Thousands of yen)	
	Nine months ended September 30, 2017	Nine months ended September 30, 2018
Net sales	2,526,874	2,797,812
Cost of sales	1,554,647	1,718,263
Gross profit	972,227	1,079,548
Selling, general and administrative expenses	550,211	675,624
Operating profit	422,016	403,924
Non-operating income		
Interest income	3,525	3,587
Commission fee	3,378	—
Other	1,416	1,603
Total non-operating income	8,320	5,190
Non-operating expenses		
Share of loss of entities accounted for using equity method	19,993	88,918
Foreign exchange losses	4,060	5,525
Other	274	231
Total non-operating expenses	24,329	94,675
Ordinary profit	406,007	314,439
Extraordinary income		
Gain on sales of non-current assets	611	—
Gain on reversal of share acquisition rights	90	17
Gain on change in equity	2,785	—
Total extraordinary income	3,487	17
Extraordinary losses		
Loss on sales and retirement of non-current assets	231	386
Total extraordinary losses	231	386
Profit before income taxes	409,263	314,070
Income taxes - current	138,118	124,744
Income taxes - deferred	329	6,223
Total income taxes	138,447	130,967
Profit	270,815	183,102
Profit attributable to owners of parent	270,815	183,102

Quarterly consolidated statements of comprehensive income

	(Thousands of yen)	
	Nine months ended September 30, 2017	Nine months ended September 30, 2018
Profit	270,815	183,102
Other comprehensive income		
Deferred gains or losses on hedges	4,559	1,791
Foreign currency translation adjustment	(19,672)	(11,818)
Share of other comprehensive income of entities accounted for using equity method	5,540	(7,380)
Total other comprehensive income	(9,572)	(17,407)
Comprehensive income	261,243	165,694
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	261,243	165,694
Comprehensive income attributable to non-controlling interests	—	—