

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2019 (Based on Japanese GAAP)

November 11, 2019

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 12, 2019
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 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 September 30, 2019 (from January 1, 2019 to September 30, 2019)

(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, 2019	3,046	8.9	427	5.9	424	35.0	280	53.4
Nine months ended September 30, 2018	2,797	10.7	403	(4.3)	314	(22.6)	183	(32.4)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2019	31.52	–
Nine months ended September 30, 2018	20.55	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2019	3,354	2,993	89.2
As of December 31, 2018	3,736	3,001	80.3

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, 2018	–	12.50	–	15.00	27.50
Year ending December 31, 2019	–	12.50	–		
Year ending December 31, 2019 (Forecast)				15.00	27.50

3. Forecast of consolidated financial results for the year ending December 31, 2019 (from January 1, 2019 to December 31, 2019)

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	4,022	3.2	571	(1.3)	538	14.9	349	20.6	39.16

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended September 30, 2019: 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, 2019	9,316,000 shares	As of December 31, 2018	9,316,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2019	404,007 shares	As of December 31, 2018	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, 2019	8,912,013 shares	Nine months ended September 30, 2018	8,912,038 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

	(Thousands of yen)	
	As of December 31, 2018	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	1,753,041	1,279,069
Notes and accounts receivable - trade	559,145	598,287
Work in process	45,169	113,196
Other	117,599	82,806
Allowance for doubtful accounts	(1,946)	(1,872)
Total current assets	2,473,009	2,071,487
Non-current assets		
Property, plant and equipment	339,281	366,172
Intangible assets	228,382	247,248
Investments and other assets		
Shares of subsidiaries and associates	296,218	279,923
Investments in capital of subsidiaries and associates	151,212	151,849
Deferred tax assets	40,884	20,236
Other	207,189	217,544
Total investments and other assets	695,504	669,554
Total non-current assets	1,263,168	1,282,974
Total assets	3,736,177	3,354,462
Liabilities		
Current liabilities		
Accounts payable - trade	6,910	8,083
Income taxes payable	121,002	32,949
Provision for bonuses	22,519	47,475
Provision for shareholder benefit program	35,095	4,783
Other	534,644	254,884
Total current liabilities	720,172	348,177
Non-current liabilities		
Long-term accounts payable - other	11,360	11,360
Other	3,405	1,582
Total non-current liabilities	14,765	12,942
Total liabilities	734,937	361,119
Net assets		
Shareholders' equity		
Capital stock	87,232	87,232
Capital surplus	118,032	118,032
Retained earnings	2,835,189	2,871,031
Treasury shares	(202,753)	(202,798)
Total shareholders' equity	2,837,700	2,873,497
Accumulated other comprehensive income		
Deferred gains or losses on hedges	(3,253)	(2,105)
Foreign currency translation adjustment	165,686	121,951
Total accumulated other comprehensive income	162,432	119,845
Share acquisition rights	1,106	—
Total net assets	3,001,239	2,993,342
Total liabilities and net assets	3,736,177	3,354,462

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, 2018	Nine months ended September 30, 2019
Net sales	2,797,812	3,046,169
Cost of sales	1,718,263	1,782,346
Gross profit	1,079,548	1,263,822
Selling, general and administrative expenses	675,624	835,900
Operating profit	403,924	427,922
Non-operating income		
Interest income	3,587	1,402
Commission fee	—	1,446
Other	1,603	1,356
Total non-operating income	5,190	4,205
Non-operating expenses		
Share of loss of entities accounted for using equity method	88,918	5,489
Foreign exchange losses	5,525	1,864
Other	231	255
Total non-operating expenses	94,675	7,609
Ordinary profit	314,439	424,518
Extraordinary income		
Gain on reversal of share acquisition rights	17	1,106
Total extraordinary income	17	1,106
Extraordinary losses		
Loss on sales and retirement of non-current assets	386	21,725
Total extraordinary losses	386	21,725
Profit before income taxes	314,070	403,899
Income taxes - current	124,744	102,933
Income taxes - deferred	6,223	20,044
Total income taxes	130,967	122,977
Profit	183,102	280,921
Profit attributable to owners of parent	183,102	280,921

Quarterly consolidated statements of comprehensive income

	(Thousands of yen)	
	Nine months ended September 30, 2018	Nine months ended September 30, 2019
Profit	183,102	280,921
Other comprehensive income		
Deferred gains or losses on hedges	1,791	1,147
Foreign currency translation adjustment	(11,818)	(36,237)
Share of other comprehensive income of entities accounted for using equity method	(7,380)	(7,498)
Total other comprehensive income	(17,407)	(42,587)
Comprehensive income	165,694	238,334
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	165,694	238,334
Comprehensive income attributable to non-controlling interests	—	—