

Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2020 (Based on Japanese GAAP)

May 11, 2020

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: May 14, 2020
 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 three months ended March 31, 2020 (from January 1, 2020 to March 31, 2020)

(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	%
Three months ended March 31, 2020	1,009	2.9	152	28.9	188	65.9	134	128.4
Three months ended March 31, 2019	980	12.0	118	21.1	113	77.7	58	118.6

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2020	15.10	–
Three months ended March 31, 2019	6.61	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2020	3,731	3,135	84.0
As of December 31, 2019	3,619	3,168	87.5

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, 2019	–	12.50	–	17.50	30.00
Year ending December 31, 2020	–				
Year ending December 31, 2020 (Forecast)		12.50	–	15.00	27.50

3. Forecast of consolidated financial results for the year ending December 31, 2020 (from January 1, 2020 to December 31, 2020)

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
Six months ending June 30, 2020	2,007	1.2	205	(17.0)	262	13.0	183	28.7	20.59
Full year	4,061	(2.2)	476	(14.9)	603	1.0	437	2.2	49.11

4. Notes

- (1) Changes in significant subsidiaries during the three months ended March 31, 2020: Yes
- (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 March 31, 2020	9,316,000 shares	As of December 31, 2019	9,316,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2020	404,045 shares	As of December 31, 2019	404,045 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2020	8,911,955 shares	Three months ended March 31, 2019	8,912,038 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

	(Thousands of yen)	
	As of December 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	1,497,694	1,244,936
Notes and accounts receivable - trade	635,627	666,306
Work in process	63,605	87,625
Other	88,192	103,772
Allowance for doubtful accounts	(1,289)	(1,438)
Total current assets	2,283,830	2,101,202
Non-current assets		
Property, plant and equipment	349,195	589,040
Intangible assets	252,904	266,648
Investments and other assets		
Shares of subsidiaries and associates	317,055	343,614
Investments in capital of subsidiaries and associates	163,120	166,099
Deferred tax assets	36,429	36,902
Other	216,763	227,636
Total investments and other assets	733,368	774,253
Total non-current assets	1,335,468	1,629,942
Total assets	3,619,299	3,731,144
Liabilities		
Current liabilities		
Accounts payable - trade	6,727	47,501
Income taxes payable	82,287	53,426
Provision for bonuses	21,018	62,333
Provision for shareholder benefit program	35,464	22,173
Other	292,711	374,368
Total current liabilities	438,209	559,803
Non-current liabilities		
Retirement benefit liability	—	24,204
Long-term accounts payable - other	11,360	11,360
Other	1,111	728
Total non-current liabilities	12,471	36,293
Total liabilities	450,680	596,096
Net assets		
Shareholders' equity		
Share capital	87,232	87,232
Capital surplus	118,032	118,032
Retained earnings	3,018,243	2,996,891
Treasury shares	(202,855)	(202,855)
Total shareholders' equity	3,020,652	2,999,301
Accumulated other comprehensive income		
Foreign currency translation adjustment	147,965	135,746
Total accumulated other comprehensive income	147,965	135,746
Total net assets	3,168,618	3,135,047
Total liabilities and net assets	3,619,299	3,731,144

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

	(Thousands of yen)	
	Three months ended March 31, 2019	Three months ended March 31, 2020
Net sales	980,872	1,009,170
Cost of sales	569,533	612,054
Gross profit	411,338	397,116
Selling, general and administrative expenses	292,846	244,420
Operating profit	118,492	152,695
Non-operating income		
Interest income	999	236
Share of profit of entities accounted for using equity method	—	33,382
Foreign exchange gains	931	—
Commission income	903	—
Other	282	2,909
Total non-operating income	3,117	36,528
Non-operating expenses		
Share of loss of entities accounted for using equity method	7,820	—
Foreign exchange losses	—	474
Total non-operating expenses	7,820	474
Ordinary profit	113,789	188,748
Extraordinary income		
Gain on reversal of share acquisition rights	1,106	—
Total extraordinary income	1,106	—
Extraordinary losses		
Loss on sales and retirement of non-current assets	21,141	0
Total extraordinary losses	21,141	0
Profit before income taxes	93,754	188,748
Income taxes - current	10,928	38,580
Income taxes - deferred	23,900	15,560
Total income taxes	34,829	54,141
Profit	58,925	134,607
Profit attributable to owners of parent	58,925	134,607

Quarterly consolidated statements of comprehensive income

	(Thousands of yen)	
	Three months ended March 31, 2019	Three months ended March 31, 2020
Profit	58,925	134,607
Other comprehensive income		
Deferred gains or losses on hedges	5,132	—
Foreign currency translation adjustment	4,358	(8,566)
Share of other comprehensive income of entities accounted for using equity method	3,161	(3,653)
Total other comprehensive income	12,652	(12,219)
Comprehensive income	71,577	122,388
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	71,577	122,388
Comprehensive income attributable to non-controlling interests	—	—