

Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2022 (Based on Japanese GAAP)

May 11, 2022

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 12, 2022
 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, 2022 (from January 1, 2022 to March 31, 2022)

(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, 2022	1,179	1.7	22	(77.5)	37	(63.9)	33	(40.2)
Three months ended March 31, 2021	1,159	14.9	101	(33.3)	104	(44.6)	56	(57.9)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2022	3.80		–	
Three months ended March 31, 2021	6.36		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2022	4,943	4,197	84.9
As of December 31, 2021	6,377	5,050	79.2

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, 2021	–	12.50	–	19.50	32.00
Year ending December 31, 2022	–				
Year ending December 31, 2022 (Forecast)		14.00	–	18.00	32.00

3. Forecast of consolidated financial results for the year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

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, 2022	2,449	7.8	158	(22.9)	145	(22.2)	99	4.9	11.17
Full year	5,105	8.7	460	5.2	501	35.2	366	(44.3)	41.17

4. Notes

- (1) Changes in significant subsidiaries during the three months ended March 31, 2022: 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: Yes
- 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, 2022	9,316,000 shares	As of December 31, 2021	9,316,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	404,074 shares	As of December 31, 2021	404,074 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, 2022	8,911,926 shares	Three months ended March 31, 2021	8,911,926 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Thousands of yen)

	As of December 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	2,147,833	1,697,784
Notes and accounts receivable - trade	652,903	632,233
Work in process	102,675	110,870
Other	160,474	153,658
Allowance for doubtful accounts	(2,460)	(1,194)
Total current assets	3,061,427	2,593,353
Non-current assets		
Property, plant and equipment	474,655	484,627
Intangible assets	149,374	141,477
Investments and other assets		
Investment securities	2,012,320	819,040
Shares of subsidiaries and associates	216,488	412,189
Investments in capital of subsidiaries and associates	232,166	256,644
Deferred tax assets	26,393	29,216
Other	204,305	206,743
Total investments and other assets	2,691,673	1,723,833
Total non-current assets	3,315,703	2,349,938
Total assets	6,377,131	4,943,291
Liabilities		
Current liabilities		
Accounts payable - trade	56,447	62,969
Income taxes payable	271,500	8,304
Provision for bonuses	27,419	49,599
Other	311,033	371,509
Total current liabilities	666,400	492,383
Non-current liabilities		
Retirement benefit liability	34,452	35,194
Long-term accounts payable - other	11,360	11,360
Deferred tax liabilities	614,266	207,234
Other	14	2
Total non-current liabilities	660,093	253,791
Total liabilities	1,326,494	746,174
Net assets		
Shareholders' equity		
Share capital	87,232	87,232
Capital surplus	118,032	118,032
Retained earnings	3,579,709	3,439,809
Treasury shares	(202,894)	(202,894)
Total shareholders' equity	3,582,080	3,442,180
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,242,994	460,826
Deferred gains or losses on hedges	(717)	12,875
Foreign currency translation adjustment	226,279	281,234
Total accumulated other comprehensive income	1,468,556	754,936
Total net assets	5,050,636	4,197,117
Total liabilities and net assets	6,377,131	4,943,291

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, 2021	Three months ended March 31, 2022
Net sales	1,159,071	1,179,039
Cost of sales	805,021	873,983
Gross profit	354,050	305,055
Selling, general and administrative expenses	252,236	282,101
Operating profit	101,814	22,954
Non-operating income		
Interest income	243	208
Share of profit of entities accounted for using equity method	783	8,423
Foreign exchange gains	500	3,993
Subsidy income	1,079	1,748
Other	123	437
Total non-operating income	2,730	14,811
Ordinary profit	104,545	37,765
Extraordinary income		
Gain on sale of non-current assets	-	4
Total extraordinary income	-	4
Extraordinary losses		
Loss on sale and retirement of non-current assets	166	-
Total extraordinary losses	166	-
Profit before income taxes	104,378	37,770
Income taxes - current	46,086	9,775
Income taxes - deferred	1,633	(5,887)
Total income taxes	47,720	3,887
Profit	56,658	33,882
Profit attributable to owners of parent	56,658	33,882

Quarterly consolidated statements of comprehensive income

	(Thousands of yen)	
	Three months ended March 31, 2021	Three months ended March 31, 2022
Profit	56,658	33,882
Other comprehensive income		
Valuation difference on available-for-sale securities	(62,139)	(782,167)
Deferred gains or losses on hedges	5,677	13,592
Foreign currency translation adjustment	42,346	44,858
Share of other comprehensive income of entities accounted for using equity method	5,632	10,096
Total other comprehensive income	(8,482)	(713,619)
Comprehensive income	48,175	(679,737)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	48,175	(679,737)
Comprehensive income attributable to non-controlling interests	—	—