

**Translation**

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## Summary of Consolidated Financial Results for the Six Months Ended June 30, 2022 (Based on Japanese GAAP)

August 10, 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: August 10, 2022  
 Scheduled date to commence dividend payments: September 2, 2022  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for shareholders and institutional investors)

(Amounts less than one million yen are rounded down)

## 1. Consolidated financial results for the six months ended June 30, 2022 (from January 1, 2022 to June 30, 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	%
Six months ended June 30, 2022	2,378	4.7	43	(78.9)	84	(54.7)	159	67.7
Six months ended June 30, 2021	2,271	10.6	206	0.0	186	(25.0)	94	(44.7)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2022	17.85	–
Six months ended June 30, 2021	10.65	–

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2022	5,680	4,787	84.3
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	–	14.00	–	–	–
Year ending December 31, 2022 (Forecast)	–	–	–	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
Full year	4,848	3.2	125	(71.4)	204	(44.9)	276	(57.9)	31.07

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 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 June 30, 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 June 30, 2022	392,274 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)

Six months ended June 30, 2022	8,915,859 shares	Six months ended June 30, 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 June 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	2,147,833	1,749,683
Notes and accounts receivable - trade	652,903	600,861
Work in process	102,675	95,515
Other	160,474	209,677
Allowance for doubtful accounts	(2,460)	(905)
Total current assets	3,061,427	2,654,832
Non-current assets		
Property, plant and equipment	474,655	469,006
Intangible assets	149,374	135,050
Investments and other assets		
Investment securities	2,012,320	1,391,080
Shares of subsidiaries and associates	216,488	411,188
Investments in capital of subsidiaries and associates	232,166	283,282
Deferred tax assets	26,393	28,217
Other	204,305	307,405
Total investments and other assets	2,691,673	2,421,173
Total non-current assets	3,315,703	3,025,230
Total assets	6,377,131	5,680,062
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	56,447	56,514
Income taxes payable	271,500	24,390
Provision for bonuses	27,419	26,515
Other	311,033	312,876
Total current liabilities	666,400	420,296
Non-current liabilities		
Retirement benefit liability	34,452	36,107
Long-term accounts payable - other	11,360	11,360
Deferred tax liabilities	614,266	425,221
Other	14	1
Total non-current liabilities	660,093	472,690
Total liabilities	1,326,494	892,987
<b>Net assets</b>		
Shareholders' equity		
Share capital	87,232	87,232
Capital surplus	118,032	120,107
Retained earnings	3,579,709	3,565,048
Treasury shares	(202,894)	(196,969)
Total shareholders' equity	3,582,080	3,575,419
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,242,994	837,096
Deferred gains or losses on hedges	(717)	16,529
Foreign currency translation adjustment	226,279	358,030
Total accumulated other comprehensive income	1,468,556	1,211,656
Total net assets	5,050,636	4,787,075
Total liabilities and net assets	6,377,131	5,680,062

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

	(Thousands of yen)	
	Six months ended June 30, 2021	Six months ended June 30, 2022
Net sales	2,271,708	2,378,908
Cost of sales	1,574,730	1,774,044
Gross profit	696,977	604,863
Selling, general and administrative expenses	490,736	561,434
Operating profit	206,241	43,429
Non-operating income		
Interest income	447	1,717
Share of profit of entities accounted for using equity method	–	18,685
Foreign exchange gains	3,377	14,981
Subsidy income	1,079	3,774
Other	463	2,006
Total non-operating income	5,368	41,165
Non-operating expenses		
Share of loss of entities accounted for using equity method	24,751	–
Total non-operating expenses	24,751	–
Ordinary profit	186,857	84,594
Extraordinary income		
Gain on sale of non-current assets	–	4
Gain on sale of investment securities	–	119,157
Total extraordinary income	–	119,161
Extraordinary losses		
Loss on sale and retirement of non-current assets	2,079	162
Total extraordinary losses	2,079	162
Profit before income taxes	184,778	203,593
Income taxes - current	94,303	31,063
Income taxes - deferred	(4,426)	13,409
Total income taxes	89,876	44,472
Profit	94,901	159,121
Profit attributable to owners of parent	94,901	159,121

**Quarterly consolidated statements of comprehensive income**

	(Thousands of yen)	
	Six months ended June 30, 2021	Six months ended June 30, 2022
Profit	94,901	159,121
Other comprehensive income		
Valuation difference on available-for-sale securities	(197,429)	(405,897)
Deferred gains or losses on hedges	5,317	17,246
Foreign currency translation adjustment	45,953	117,532
Share of other comprehensive income of entities accounted for using equity method	8,852	14,218
Total other comprehensive income	(137,305)	(256,900)
Comprehensive income	(42,404)	(97,779)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(42,404)	(97,779)
Comprehensive income attributable to non-controlling interests	—	—

**Quarterly consolidated statements of cash flows**

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	184,778	203,593
Depreciation	74,440	71,179
Interest and dividend income	(447)	(1,717)
Subsidy income	(1,079)	(3,774)
Share of loss (profit) of entities accounted for using equity method	24,751	(18,685)
Loss (gain) on sale of investment securities	–	(119,157)
Loss (gain) on sale of property, plant and equipment	–	(4)
Loss on retirement of property, plant and equipment	2,079	162
Decrease (increase) in trade receivables	(8,097)	51,683
Increase (decrease) in trade payables	9,934	67
Decrease (increase) in works in process	(1,933)	7,120
Increase (decrease) in allowance for doubtful accounts	140	(1,554)
Increase (decrease) in provision for bonuses	(6,026)	(2,849)
Increase (decrease) in retirement benefit liability	1,143	1,655
Increase (decrease) in provision for shareholder benefit program	(1,580)	–
Increase (decrease) in accounts payable - other	(21,920)	17,894
Other, net	(90,887)	(71,681)
Subtotal	165,296	133,931
Interest and dividends received	194	552
Subsidies received	1,079	3,774
Income taxes paid	(167,208)	(279,588)
Income taxes refund	20,397	28,969
Net cash provided by (used in) operating activities	19,758	(112,359)
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	–	22,614
Purchase of property, plant and equipment	(8,582)	(25,357)
Proceeds from sale of property, plant and equipment	–	131
Purchase of intangible assets	(9,387)	(7,569)
Proceeds from sale of investment securities	–	121,157
Purchase of shares of subsidiaries and associates	–	(196,000)
Loan advances	–	(100,000)
Proceeds from collection of loans receivable	–	84
Payments of leasehold and guarantee deposits	(90)	–
Proceeds from refund of leasehold and guarantee deposits	733	304
Net cash provided by (used in) investing activities	(17,326)	(184,634)
Cash flows from financing activities		
Dividends paid	(155,694)	(173,703)
Net cash provided by (used in) financing activities	(155,694)	(173,703)
Effect of exchange rate change on cash and cash equivalents	12,821	33,623
Net increase (decrease) in cash and cash equivalents	(140,441)	(437,074)
Cash and cash equivalents at beginning of period	1,321,127	1,794,683
Cash and cash equivalents at end of period	1,180,686	1,357,609