

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended June 30, 2023 (Based on Japanese GAAP)

August 9, 2023

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, 2023  
 Scheduled date to commence dividend payments: September 4, 2023  
 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, 2023 (from January 1, 2023 to June 30, 2023)

(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, 2023	2,404	1.1	54	25.5	78	(6.9)	177	11.8
Six months ended June 30, 2022	2,378	4.7	43	(78.9)	84	(54.7)	159	67.7

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2023	19.93		-	
Six months ended June 30, 2022	17.85		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	5,589	4,646	83.1
As of December 31, 2022	5,077	4,391	86.5

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended December 31, 2022	-	14.00	-	18.00	32.00
Year ending December 31, 2023	-	14.00	-	-	-
Year ending December 31, 2023 (Forecast)	-	-	-	18.00	32.00

3. Forecast of consolidated financial results for the year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

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	4,918	2.1	125	91.1	289	33.4	306	(14.8)	34.33

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2023:  
 (changes in specified subsidiaries resulting in the change in scope of consolidation): 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 June 30, 2023	∣	9,316,000 shares	As of December 31, 2022	∣	9,316,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	∣	379,926 shares	As of December 31, 2022	∣	392,274 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, 2023	∣	8,927,842 shares	Six months ended June 30, 2022	∣	8,915,859 shares
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**Quarterly consolidated financial statements**  
**Quarterly consolidated balance sheets**

(Thousands of yen)

	As of December 31, 2022	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	1,406,615	1,799,821
Notes and accounts receivable - trade	626,688	613,324
Work in process	137,553	113,611
Other	238,283	160,657
Allowance for doubtful accounts	(914)	(510)
Total current assets	2,408,225	2,686,904
Non-current assets		
Property, plant and equipment	616,674	556,847
Intangible assets	108,062	74,804
Investments and other assets		
Investment securities	775,360	1,023,520
Shares of subsidiaries and associates	482,950	556,902
Investments in capital of subsidiaries and associates	270,840	356,387
Deferred tax assets	27,009	24,680
Other	388,699	309,765
Total investments and other assets	1,944,859	2,271,256
Total non-current assets	2,669,596	2,902,908
Total assets	5,077,822	5,589,813
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	94,081	64,591
Short-term borrowings	—	19,940
Income taxes payable	4,975	72,420
Provision for bonuses	32,648	23,142
Other	291,654	348,414
Total current liabilities	423,360	528,509
Non-current liabilities		
Retirement benefit liability	37,932	40,103
Long-term accounts payable - other	11,360	11,360
Deferred tax liabilities	213,711	292,818
Other	—	70,418
Total non-current liabilities	263,003	414,701
Total liabilities	686,363	943,210
<b>Net assets</b>		
Shareholders' equity		
Share capital	87,232	87,232
Capital surplus	120,107	122,909
Retained earnings	3,640,242	3,657,554
Treasury shares	(196,969)	(190,768)
Total shareholders' equity	3,650,613	3,676,926
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	434,817	598,354
Foreign currency translation adjustment	306,027	371,321
Total accumulated other comprehensive income	740,844	969,676
Total net assets	4,391,458	4,646,603
Total liabilities and net assets	5,077,822	5,589,813

**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, 2022	Six months ended June 30, 2023
Net sales	2,378,908	2,404,112
Cost of sales	1,774,044	1,800,505
Gross profit	604,863	603,607
Selling, general and administrative expenses	561,434	549,088
Operating profit	43,429	54,518
Non-operating income		
Interest income	1,717	5,194
Share of profit of entities accounted for using equity method	18,685	29,593
Foreign exchange gains	14,981	–
Subsidy income	3,774	791
Other	2,006	494
Total non-operating income	41,165	36,075
Non-operating expenses		
Interest expenses	–	1,388
Foreign exchange losses	–	10,468
Total non-operating expenses	–	11,856
Ordinary profit	84,594	78,737
Extraordinary income		
Gain on sale of investments in capital of subsidiaries and associates	–	65,649
Gain on sale of non-current assets	4	–
Gain on sale of investment securities	119,157	110,173
Total extraordinary income	119,161	175,822
Extraordinary losses		
Loss on sale and retirement of non-current assets	162	465
Total extraordinary losses	162	465
Profit before income taxes	203,593	254,094
Income taxes - current	31,063	80,675
Income taxes - deferred	13,409	(4,520)
Total income taxes	44,472	76,155
Profit	159,121	177,938
Profit attributable to owners of parent	159,121	177,938

**Quarterly consolidated statements of comprehensive income**

	(Thousands of yen)	
	Six months ended June 30, 2022	Six months ended June 30, 2023
Profit	159,121	177,938
Other comprehensive income		
Valuation difference on available-for-sale securities	(405,897)	163,537
Deferred gains or losses on hedges	17,246	–
Foreign currency translation adjustment	117,532	47,293
Share of other comprehensive income of entities accounted for using equity method	14,218	18,000
Total other comprehensive income	(256,900)	228,831
Comprehensive income	(97,779)	406,770
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(97,779)	406,770
Comprehensive income attributable to non-controlling interests	–	–

**Quarterly consolidated statements of cash flows**

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	203,593	254,094
Depreciation	71,179	72,793
Interest and dividend income	(1,717)	(5,194)
Subsidy income	(3,774)	(791)
Share of loss (profit) of entities accounted for using equity method	(18,685)	(29,593)
Interest expenses	–	1,388
Loss (gain) on sale of investments in capital of subsidiaries and associates	–	(65,649)
Loss (gain) on sale of investment securities	(119,157)	(110,173)
Loss (gain) on sale of property, plant and equipment	(4)	–
Loss on retirement of property, plant and equipment	162	465
Decrease (increase) in trade receivables	51,683	13,388
Increase (decrease) in trade payables	67	(55,644)
Decrease (increase) in works in process	7,120	23,805
Increase (decrease) in accounts payable - other	17,894	22,514
Increase (decrease) in allowance for doubtful accounts	(1,554)	(404)
Increase (decrease) in provision for bonuses	(2,849)	1,203
Increase (decrease) in retirement benefit liability	1,655	2,171
Other, net	(71,681)	94,464
Subtotal	133,931	218,838
Interest and dividends received	552	6,517
Interest paid	–	(1,388)
Subsidies received	3,774	791
Income taxes paid	(279,588)	(19,263)
Income taxes refund	28,969	118,396
Net cash provided by (used in) operating activities	(112,359)	323,891
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	22,614	–
Payments into time deposits	–	(7,318)
Purchase of property, plant and equipment	(25,357)	(18,299)
Proceeds from sale of property, plant and equipment	131	–
Purchase of intangible assets	(7,569)	–
Proceeds from sale of investment securities	121,157	111,506
Purchase of shares of subsidiaries and associates	(196,000)	–
Proceeds from the sale of investments in capital of subsidiaries and associates resulting in change in scope of consolidation	–	14,132
Loan advances	(100,000)	(110,000)
Proceeds from collection of loans receivable	84	180,168
Proceeds from refund of leasehold and guarantee deposits	304	767
Net cash provided by (used in) investing activities	(184,634)	170,955
Cash flows from financing activities		
Repayments of short-term borrowings	–	(19,550)
Dividends paid	(173,703)	(160,590)
Net cash provided by (used in) financing activities	(173,703)	(180,140)
Effect of exchange rate change on cash and cash equivalents	33,623	37,552
Net increase (decrease) in cash and cash equivalents	(437,074)	352,260
Cash and cash equivalents at beginning of period	1,794,683	1,025,175
Cash and cash equivalents at end of period	1,357,609	1,377,436