

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2023 (Based on Japanese GAAP)

November 8, 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: November 9, 2023
 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, 2023 (from January 1, 2023 to September 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	%
Nine months ended September 30, 2023	3,712	3.4	139	96.7	215	23.7	284	24.5
Nine months ended September 30, 2022	3,588	3.4	70	(80.2)	173	(45.6)	228	30.4

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2023	31.82		–	
Nine months ended September 30, 2022	25.60		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	5,490	4,532	82.5
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	Yen	Yen	Yen	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 nine months ended September 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 September 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 September 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)

Nine months ended September 30, 2023	8,930,586 shares	Nine months ended September 30, 2022	8,918,481 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Thousands of yen)

	As of December 31, 2022	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	1,406,615	1,595,399
Notes and accounts receivable - trade	626,688	725,699
Work in process	137,553	133,723
Other	238,283	138,126
Allowance for doubtful accounts	(914)	(539)
Total current assets	2,408,225	2,592,408
Non-current assets		
Property, plant and equipment	616,674	538,296
Intangible assets	108,062	64,375
Investments and other assets		
Investment securities	775,360	835,360
Shares of subsidiaries and associates	482,950	626,081
Investments in capital of subsidiaries and associates	270,840	343,059
Deferred tax assets	27,009	23,928
Other	388,699	467,376
Total investments and other assets	1,944,859	2,295,806
Total non-current assets	2,669,596	2,898,478
Total assets	5,077,822	5,490,887
Liabilities		
Current liabilities		
Accounts payable - trade	94,081	101,297
Short-term borrowings	—	20,430
Income taxes payable	4,975	61,991
Provision for bonuses	32,648	63,409
Other	291,654	360,062
Total current liabilities	423,360	607,190
Non-current liabilities		
Retirement benefit liability	37,932	41,363
Long-term accounts payable - other	11,360	11,360
Deferred tax liabilities	213,711	231,205
Other	—	67,217
Total non-current liabilities	263,003	351,145
Total liabilities	686,363	958,336
Net assets		
Shareholders' equity		
Share capital	87,232	87,232
Capital surplus	120,107	122,909
Retained earnings	3,640,242	3,638,669
Treasury shares	(196,969)	(190,768)
Total shareholders' equity	3,650,613	3,658,041
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	434,817	475,019
Foreign currency translation adjustment	306,027	399,489
Total accumulated other comprehensive income	740,844	874,509
Total net assets	4,391,458	4,532,550
Total liabilities and net assets	5,077,822	5,490,887

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, 2022	Nine months ended September 30, 2023
Net sales	3,588,446	3,712,074
Cost of sales	2,658,244	2,737,073
Gross profit	930,201	975,001
Selling, general and administrative expenses	859,483	835,876
Operating profit	70,718	139,125
Non-operating income		
Interest income	3,554	9,057
Share of profit of entities accounted for using equity method	61,384	76,534
Foreign exchange gains	30,530	–
Subsidy income	6,073	2,329
Other	1,566	773
Total non-operating income	103,108	88,694
Non-operating expenses		
Interest expenses	–	1,400
Foreign exchange losses	–	11,417
Total non-operating expenses	–	12,817
Ordinary profit	173,826	215,002
Extraordinary income		
Gain on sale of investments in capital of subsidiaries and associates	–	68,571
Gain on sale of non-current assets	4	–
Gain on sale of investment securities	119,157	110,173
Total extraordinary income	119,161	178,744
Extraordinary losses		
Loss on sale and retirement of non-current assets	367	487
Total extraordinary losses	367	487
Profit before income taxes	292,620	393,258
Income taxes - current	32,293	109,657
Income taxes - deferred	32,046	(556)
Total income taxes	64,340	109,100
Profit	228,279	284,158
Profit attributable to owners of parent	228,279	284,158

Quarterly consolidated statements of comprehensive income

	(Thousands of yen)	
	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Profit	228,279	284,158
Other comprehensive income		
Valuation difference on available-for-sale securities	(802,880)	40,202
Deferred gains or losses on hedges	7,459	–
Foreign currency translation adjustment	147,749	72,151
Share of other comprehensive income of entities accounted for using equity method	7,292	21,310
Total other comprehensive income	(640,379)	133,664
Comprehensive income	(412,099)	417,822
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(412,099)	417,822
Comprehensive income attributable to non-controlling interests	–	–