

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2017 (Based on Japanese GAAP)

November 10, 2017

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 13, 2017
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended September 30, 2017 (from January 1, 2017 to September 30, 2017)

(1) Consolidated financial results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended September 30, 2017	2,526	3.9	422	–	406	45.9	270	31.3
Nine months ended September 30, 2016	2,433	7.1	(36)	–	278	319.6	206	772.4

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2017	60.78	–
Nine months ended September 30, 2016	46.25	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2017	3,397	2,909	85.6
As of December 31, 2016	3,385	2,915	86.1

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, 2016	–	25.00	–	30.00	55.00
Year ending December 31, 2017	–	25.00	–		
Year ending December 31, 2017 (Forecast)				30.00	55.00

3. Forecast of consolidated financial results for the year ending December 31, 2017 (from January 1, 2017 to December 31, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	3,406	4.2	527	470.8	529	31.8	344	11.6	77.21

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended September 30, 2017: 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: 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, 2017	4,658,000 shares	As of December 31, 2016	4,658,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2017	201,981 shares	As of December 31, 2016	201,981 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, 2017	4,456,019 shares	Nine months ended September 30, 2016	4,459,473 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Thousands of yen)

	As of December 31, 2016	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	2,171,162	1,857,101
Notes and accounts receivable - trade	466,690	532,279
Work in process	38,984	52,831
Deferred tax assets	25,145	17,109
Other	58,732	83,983
Allowance for doubtful accounts	(8,272)	(6,971)
Total current assets	2,752,442	2,536,333
Non-current assets		
Property, plant and equipment	143,762	140,731
Intangible assets	190,876	209,910
Investments and other assets		
Shares of subsidiaries and associates	50,534	230,951
Investments in capital of subsidiaries and associates	135,058	142,824
Other	112,390	137,232
Total investments and other assets	297,983	511,008
Total non-current assets	632,622	861,649
Total assets	3,385,064	3,397,983
Liabilities		
Current liabilities		
Accounts payable - trade	6,383	7,595
Income taxes payable	94,223	105,369
Provision for bonuses	13,746	34,987
Other	322,000	315,011
Total current liabilities	436,354	462,964
Non-current liabilities		
Long-term accounts payable - other	11,360	11,360
Deferred tax liabilities	11,186	5,899
Other	11,073	7,995
Total non-current liabilities	33,619	25,254
Total liabilities	469,974	488,219
Net assets		
Shareholders' equity		
Capital stock	87,232	87,232
Capital surplus	118,032	118,032
Retained earnings	2,705,520	2,709,856
Treasury shares	(202,753)	(202,753)
Total shareholders' equity	2,708,031	2,712,368
Accumulated other comprehensive income		
Deferred gains or losses on hedges	(3,755)	804
Foreign currency translation adjustment	209,591	195,458
Total accumulated other comprehensive income	205,835	196,263
Subscription rights to shares	1,223	1,133
Total net assets	2,915,090	2,909,764
Total liabilities and net assets	3,385,064	3,397,983

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, 2016	Nine months ended September 30, 2017
Net sales	2,433,133	2,526,874
Cost of sales	1,487,353	1,554,647
Gross profit	945,779	972,227
Selling, general and administrative expenses	982,178	550,211
Operating income (loss)	(36,399)	422,016
Non-operating income		
Interest income	2,762	3,525
Commission fee	–	3,378
Subsidy income	313,849	–
Other	5,189	1,416
Total non-operating income	321,801	8,320
Non-operating expenses		
Share of loss of entities accounted for using equity method	2,344	19,993
Foreign exchange losses	4,714	4,060
Commission for purchase of treasury shares	122	–
Other	2	274
Total non-operating expenses	7,183	24,329
Ordinary income	278,218	406,007
Extraordinary income		
Gain on sales of non-current assets	–	611
Gain on reversal of subscription rights to shares	15	90
Gain on change in equity	2,882	2,785
Gain on sales of shares of subsidiaries and associates	38,123	–
Total extraordinary income	41,021	3,487
Extraordinary losses		
Loss on sales and retirement of non-current assets	–	231
Total extraordinary losses	–	231
Profit before income taxes	319,239	409,263
Income taxes - current	59,883	138,118
Income taxes - deferred	53,108	329
Total income taxes	112,992	138,447
Profit	206,247	270,815
Profit attributable to owners of parent	206,247	270,815

Quarterly consolidated statements of comprehensive income

	(Thousands of yen)	
	Nine months ended September 30, 2016	Nine months ended September 30, 2017
Profit	206,247	270,815
Other comprehensive income		
Deferred gains or losses on hedges	(2,801)	4,559
Foreign currency translation adjustment	(157,070)	(19,672)
Share of other comprehensive income of entities accounted for using equity method	(8,127)	5,540
Total other comprehensive income	(167,999)	(9,572)
Comprehensive income	38,248	261,243
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	38,248	261,243
Comprehensive income attributable to non-controlling interests	-	-