

FY2021 Financial Results(January-December)

EPCO Co., Ltd Securities Code: 2311 February 14, 2022

CHALLENGE TO EVOLUTION

DX Strategy × Carbon-Neutral

**We support Housing, Living and Global Environment
by adopting Digital Transformation**

PURPOSE

HCDs

HOUSING

CARBON NEUTRALITY

DIGITAL SOLUTIONS



Challenge to Evolution

DX Strategy × Carbon-Neutral

01. FY2021 Results and Summary

02. Mid-term Business Plan Progress

03. Appendix.

HCDs HOUSING
CARBON NEUTRALITY
DIGITAL SOLUTIONS

01. Sales and Operating Profit (EPCO)

Current consolidated fiscal year results are **increased in sales (JPY 4,690 mil., +7.2%)**, but **flat in profit (JPY 430 mil., -0.9%)**

(Our main business, D-TECH and H-M keep advance investment for business transformation)

02. Equity in Earnings of Affiliates (TEPCO HomeTech)

Current consolidated fiscal year results of equity in earnings of affiliate is decreased JPY-90 mil.

(YoY:-JPY 80 mil.) due to the continuous impact of TEPCO Energy Partner Inc.'s self-restraint on sales activities.

Expecting profitability to improve by **increasing Enecari order by strengthening the partnership with housing companies.**

03. Current Net Profit

Current net profit (JPY 650 mil., + 50.2%) is **the highest on record** by profit from sales of shares of ENECHANGE LTD as JPY620 mil.

FY2021 | Summary of Consolidated Financial Results



Net profit is the highest on the record by profit from sales of shares of ENECHANGE Ltd. as JPY622 mil.

(JPY Million)

Consolidated Profit and Loss	FY2020 Results	FY2021					
		Forecast (*)	Results	Vs. Forecast		YoY	
				Changes	Ratio	Changes	Ratio
Net Sales	4,380	4,771	4,696	-75	-1.6%	+315	+7.2%
Operating Profit	441	474	437	-37	-7.8%	-4	-0.9%
Ordinary Profit	465	401	370	-30	-7.5%	-94	-20.3%
Net Profit	438	631	658	+27	+4.3%	+220	+50.2%
Ordinary Profit Ratio	10.6%	8.4%	7.9%	-0.5P	-	-2.7P	-

(*) Forecast figure is revised forecast on Dec. 14, 2021

FY2021 | Summary of Net Sales of Each Business

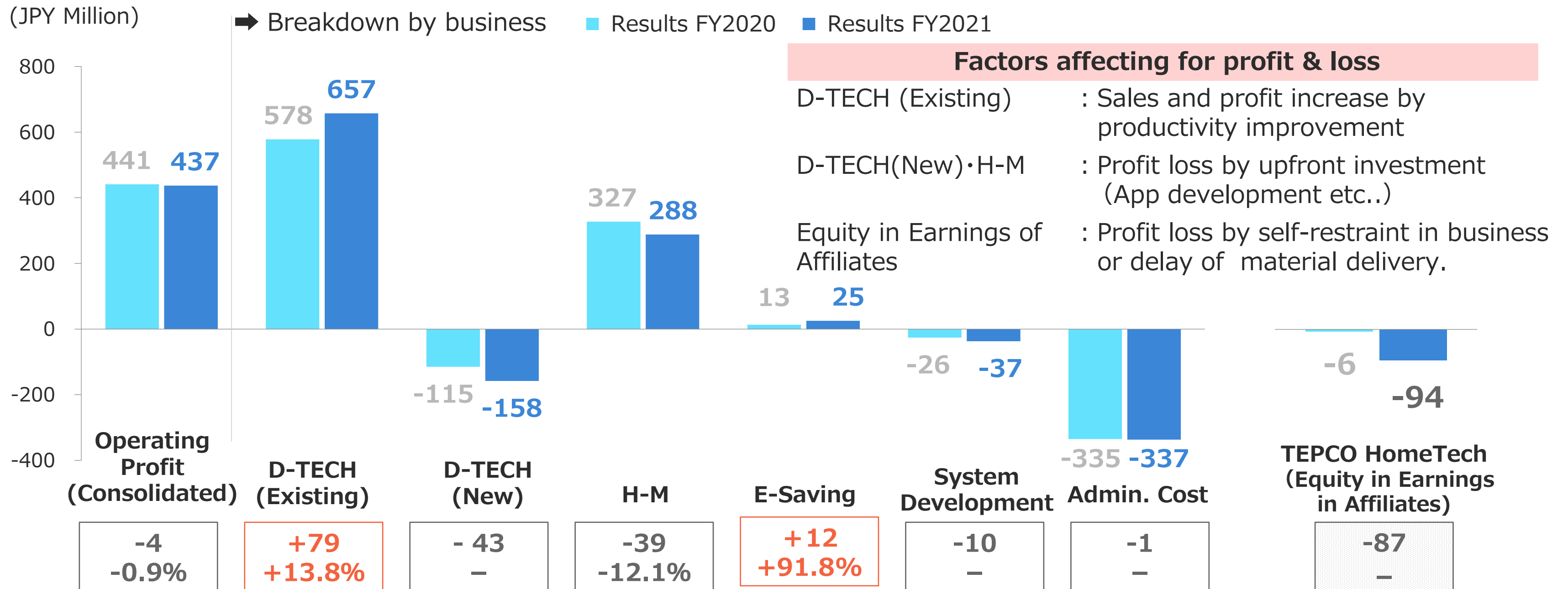


E-Saving Business (Newly subsidiary aquiaition of ENE's) and H-M business lead increase in sales

(JPY Million)

Segments	FY2020 Results	FY2021					
		Forecast	Results	vs. Forecast		YoY	
				Changes	Ratio	Changes	Ratio
D-TECH Business	2,228	2,275	2,249	-25	-1.1%	+21	+1.0%
Facility Design (Water Supply, drainage, electricity)	1,716	1780	1,849	+69	+3.9%	+133	+7.7%
Architectural Design	370	280	240	-40	-14.3%	-130	-35.1%
Energy Design	123	147	129	-18	-12.2%	+6	+5.0%
BIM related (New Business)	17	66	30	-36	-54.9%	+12	+70.9%
H-M Business	1,228	1,340	1,345	+4	+0.3%	+117	+9.6%
E-Saving Business	529	881	792	-89	-10.1%	+263	+49.7%
System Development Business	395	273	308	+34	+12.8%	-86	-21.9%
Total Sales	4,380	4,771	4,696	-75	-1.6%	+315	+7.2%

Turned out the effect of improvement of productivity at all location on D-TECH existing business



Made prior investments to achieve mid-term business plan in D-TECH and H-M business

D-TECH business (New BIM related service)

FY2021 Cost incurred : JPY 188 mil.

【Purpose】

- In converting BIM services, it is important to develop a system that capable to respond for design requests from major housing companies.
- For advance hiring and training of highly specialized BIM technicians who are in short in the market.

【Main Contents】

- Build a framework (Labor Cost)

As of end of Dec 2021 Organization

Occupation	JPN	CHN	Total
Consultant –sales	4	1	5
Engineer –system R&D	0	5	5
Operator – BIM design	5	21	26
Total Number	9	27	36
Cost incurred (JPY)	79 mil.	109 mil.	188 mil.

H-M business (CRM cloud service)

FY2021 Cost incurred : JPY 50 mil.

【Purpose】

- To develop application and systems that utilize EPCO' housing history data, and to build maintenance platform using by housing companies, residences and maintenance companies in the future

【Main Contents】

- Application development cost JPY 40 mil.
(Labor cost, outsourcing, depreciation)
- IT infrastructure cost JPY 10 mil.

01. Sales and Operation Profit (EPCO)

JPY 5,100 mil. in sales (YoY +8.7%) is expected as all three main business (D-TECH, H-M, E-Saving) are expected to see an increase in sales on new business sales.

On the other hand, JPY 460 mil. (YoY +5.2%) in operation profit is expected as planning **to keep prior investment on D-TECH·H-M** to achieve mid-term planning goal (by 2025).

02. Equity in Earnings of Affiliates (TEPCO HomeTech)

The deteriorating factors that occurred in the previous fiscal year have been resolved.

We are expecting an increase in orders due to the launch of new products by TEPCO.

Expecting **JPY 51mil. (YoY + JPY 146 mil.) in equity in earnings of affiliates.**

(Refer P.35-41 for details)

FY2022 Forecast | Summary of Consolidated results



Equity in earnings of affiliates (TEPCO HomeTech) will be increase, expecting +35.2% increase in ordinary profit

(JPY Million)

Consolidated P/L	FY2021			FY2022			YoY
	First Half	Second Half	Full-year Results	First Half	Second Half	Full-year Forecast	
Sales	2,271	2,424	4,696	2,449	2,655	5,105	+8.7%
Operation Profit	206	231	437	158	301	460	+5.2%
Ordinary Profit	186	184	370	145	355	501	+35.2%
Net Profit	94	563	658	99	267	366	-44.3%
Ordinary Profit Ratio	8.2%	7.7%	7.9%	5.9%	13.4%	9.8%	—

FY2022 Forecast | Summary of Sales on Each Business

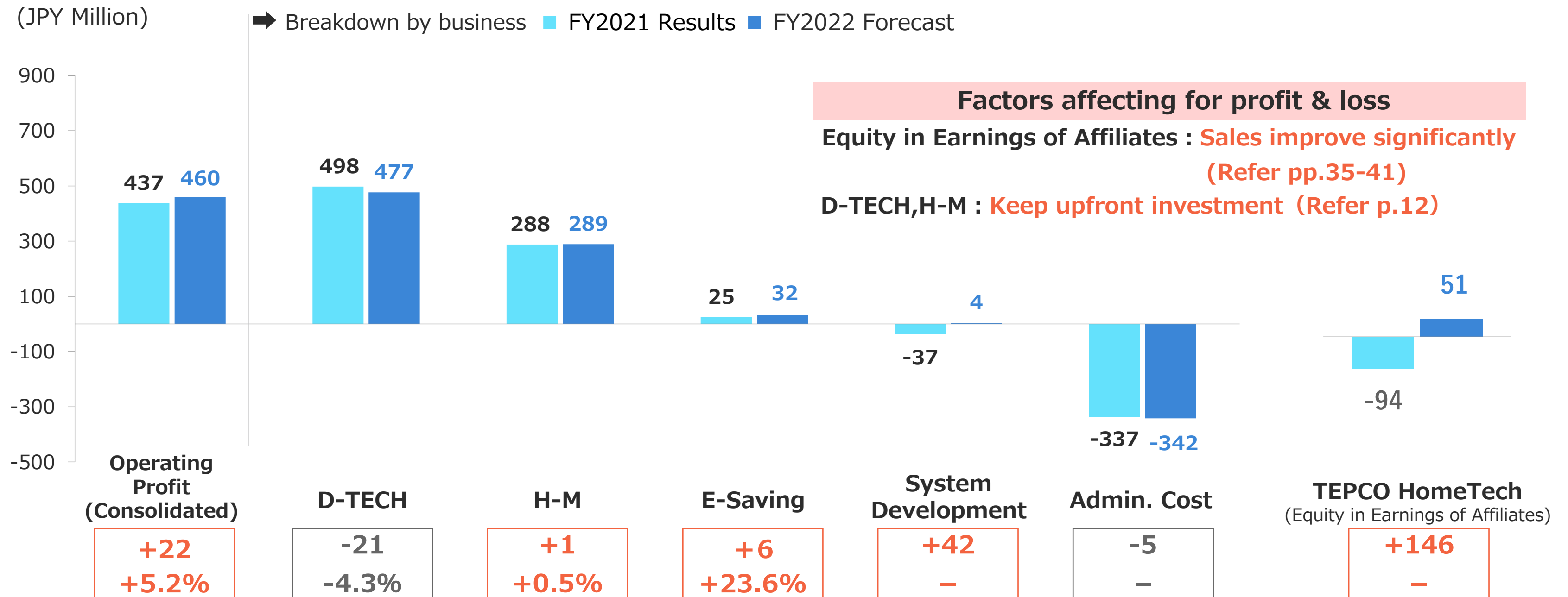


New business-related sales are expected to expand. All three main business will be expected to increase in sales

(JPY Million)

Segment	FY2021			FY2022			YoY
	First Half	Second Half	Full-year Results	First Half	Second Half	Full-year Forecast	
D-TECH Business	1,110	1,138	2,249	1,153	1,235	2,389	+6.2%
Facility Design (Water supply, Electricity)	896	953	1,849	901	932	1,833	-0.9%
Architectural Design	138	102	240	98	109	208	-13.4%
Energy Design	63	65	129	90	92	182	+41.2%
BIM related (New Business)	12	17	30	63	101	164	+445.2%
H-M Business	647	697	1,345	702	799	1,502	+11.7%
E-Saving Business	368	423	792	475	490	965	+21.9%
System Development	144	163	308	118	129	247	-19.8%
Total Sales	2,271	2,424	4,696	2,449	2,655	5,105	+8.7%

Profitability of TEPCO HomeTech is expected to improve significantly.
We keep prior investment on D-TECH and H-M business



While sales of new businesses have already begun to increase, additional investments will be made with aiming to further expanding order contracts

D-TECH business (New BIM related service)

FY2022 Cost (Planning) : JPY 269 mil.

【Purpose】

- BIM design and related service sales will increase in 2022 (JPY 164mil., YoY +JPY 134 mil.), to develop system to correspond the order contracts.

【Main Contents】

- Build a framework (Labor cost)

<End of 2022 Human resource plan>

Occupation	JPN	CHN	Total
Consultant –sales	5	1	6
Engineer –system R&D	0	5	5
Operator – BIM design	6	36	42
Total Number	11	42	53
Cost incurred (JPY)	95 mil.	173 mil.	269 mil.

H-M business (CRM Cloud Service)

FY2022 Cost (Planning) : JPY 114 mil.

【Purpose】

- Carrying out application service development and invest to build IT security infrastructure.
- Establish new location(Kanazawa Operation Center) to correspond to expand order contract. (Refer P.13 for details)

【Main Contents】

- Application development and IT infrastructure cost JPY 46 mil.
- Establishment of Kanazawa Operation Center JPY 67 mil.

Open Kanazawa operation center for looking ahead further business expansion

<Outline of Kanazawa operation center>

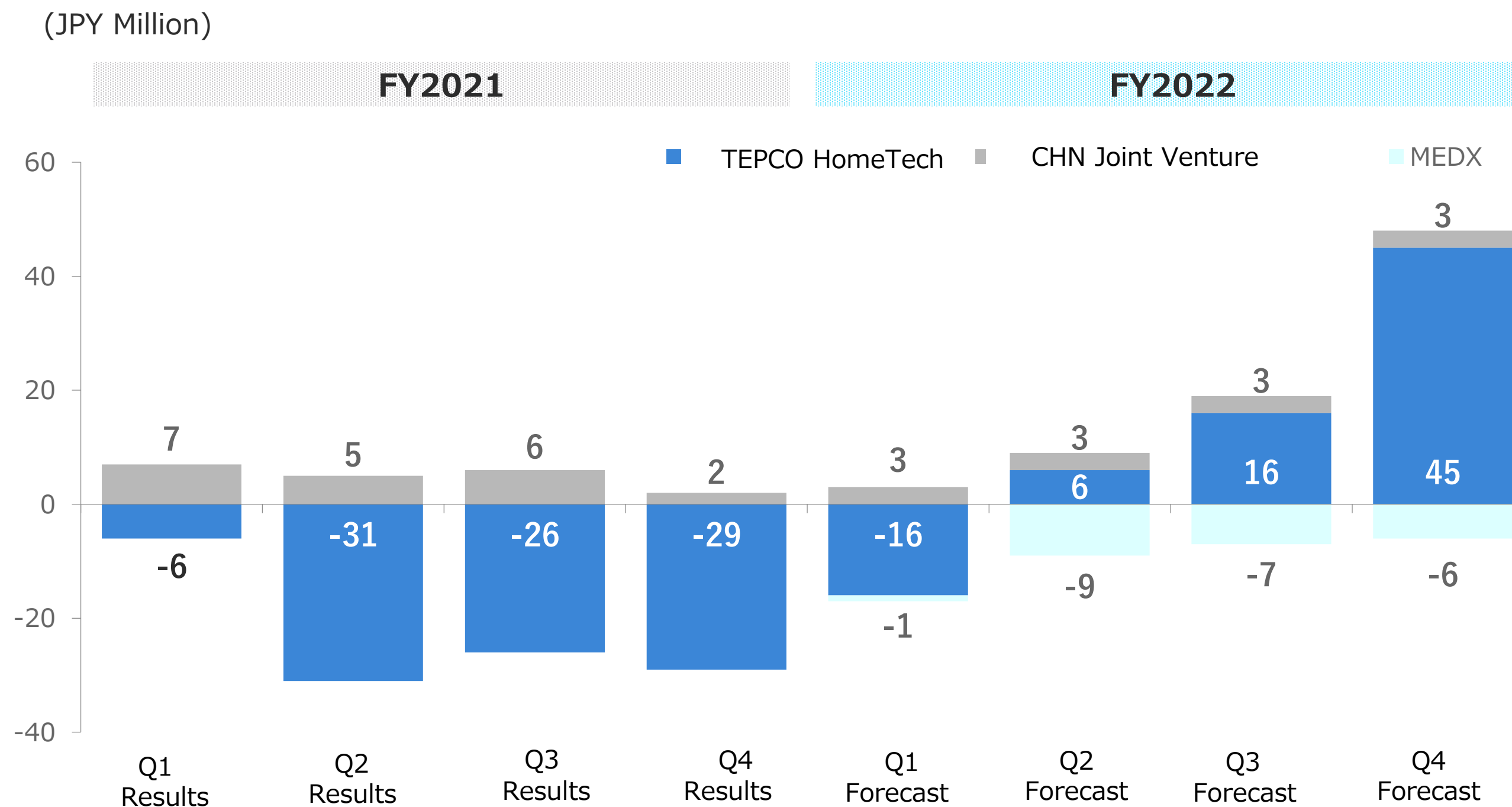
- Location : Kanazawa city, Ishikawa Pref.
(Kanazawa station West entrance)
- Purpose of establishment : 1. Secure capacity for further business expansion
2. Strengthen business continuity planning (BCP) by establishing multiple locations
- Exclusive area : 231.36m² (Max. 40 desks)
- Commencement Day : April 1, 2022 (Scheduled)
- Future Plan : In the beginning, cooperate with Okinawa center to correspond to inquiries (phone call and application) on H-M business.
In the future, not only H-M business, but also D-TECH business to operate as base of both business to expand the function of the center.

< Kanazawa operation center outlook >



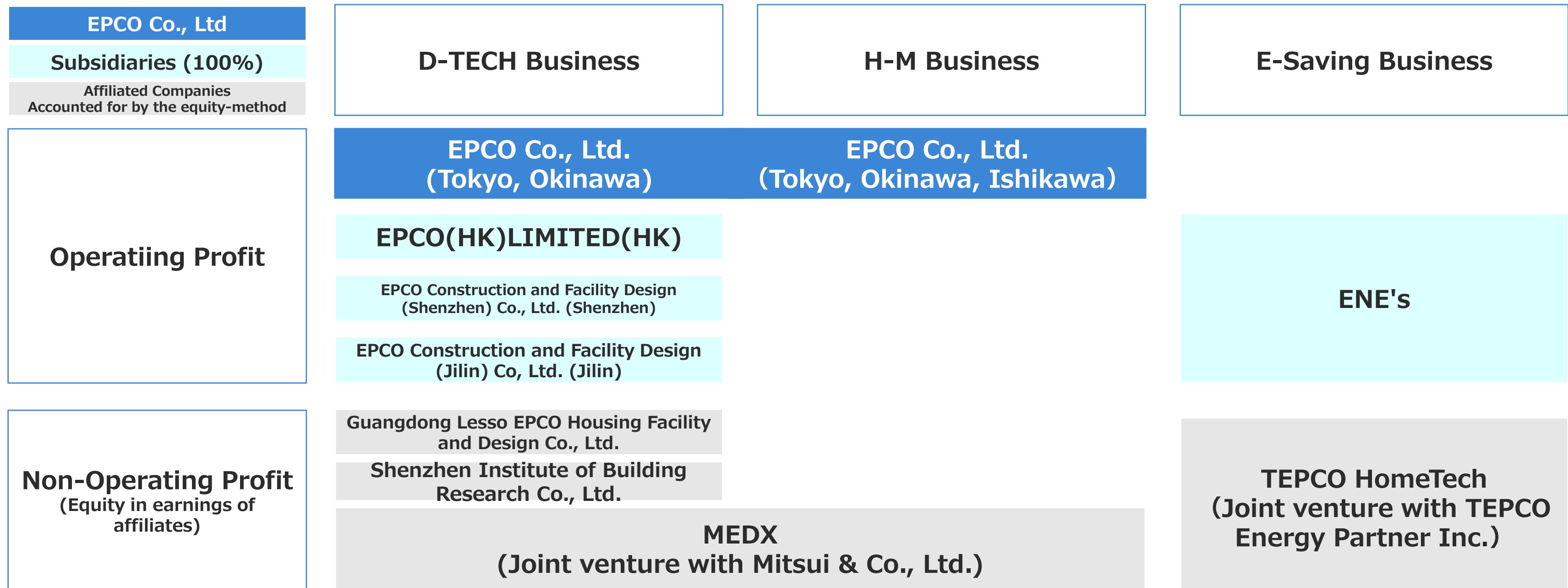
FY2022 Forecast | Equity in Earnings of Affiliates Quarterly Transition

Equity in earnings of affiliates of TEPCO HomeTech is expected to increase significantly due to profit growth



(Reference) Income Structure of EPCO group

Group structure with active use of joint ventures (partnership management)



D-TECH Business

- Business Environment :Housing starts are moderate estimate 820,000 units/year (YoY -3.0%)
- Sales :BIM business is increasing, moderate estimate on existing CAD business will be YoY +6.2%
- Operation Profit :Increase number of employee of BIM, expecting to be YoY -4.3%

H-M Business

- Business Environment :Interest in the existing stock housing business is increasing, and inquiries are on the rise.
- Sales :Contract order is increasing by major housing company, THT, MEDX, expecting be YoY +11.7%
- Operation Profit :opening of new offices in Kanazawa and investment in application development, it will be YoY +0.5%

E-Saving Business

- Business Environment :Increase in demand for installation of solar power devices and storage batteries for residence
- Sales :Increase order for THT, expecting to be +21.9%
- Operation Profit :By above mentioned sales increase, expecting be YoY +23.6%

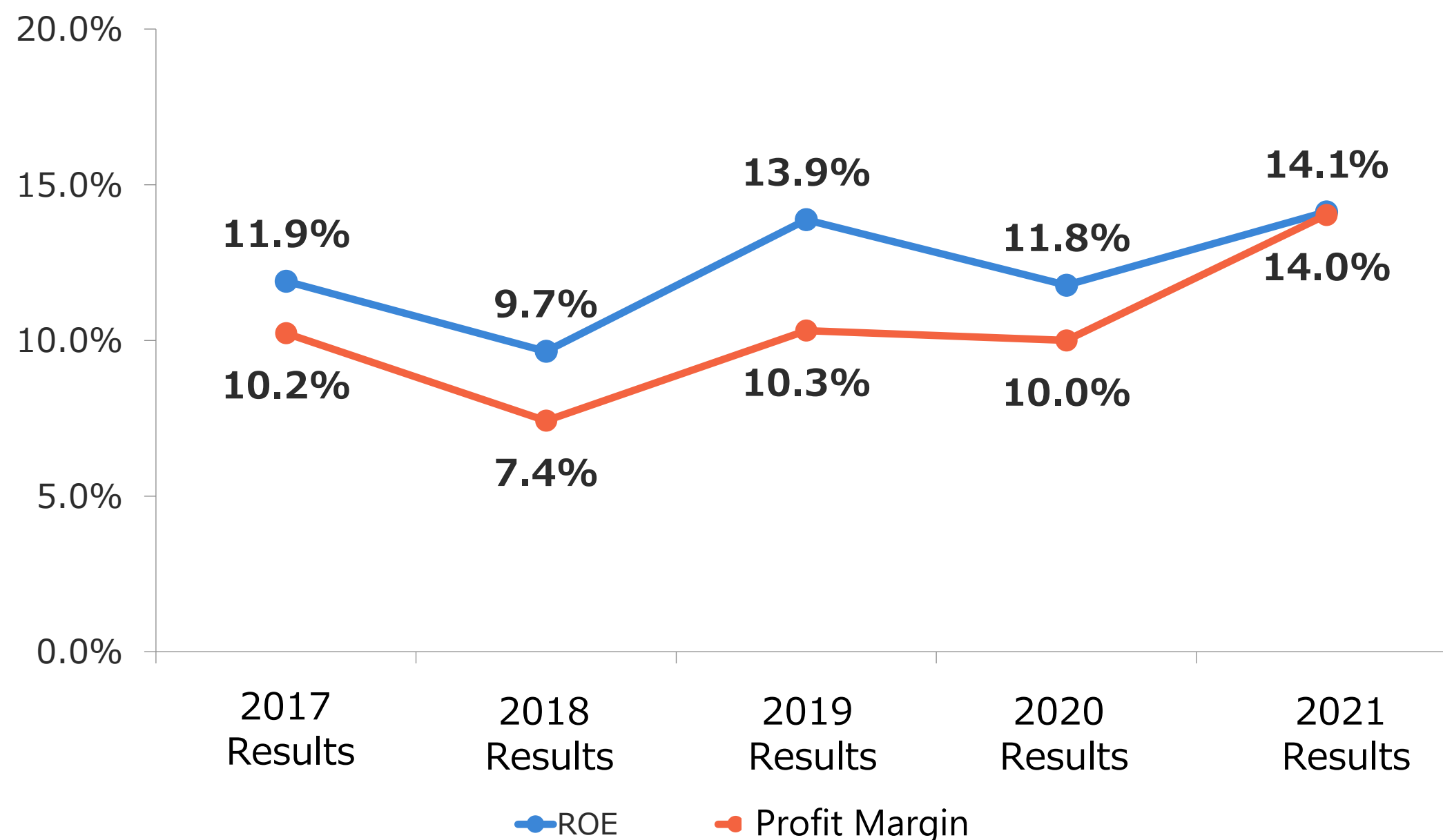
Others

- System Development : Turn to be black figure by strengthening profitability management on system development projects
- Equity in Earnings of Affiliate (THT) : Become black figure in Q2 and turn to profitability for the full year (YoY JPY +146 mil.)
- Equity in Earnings of Affiliate (MEDX) : Due to start up phase of business, expecting to be JPY -25mil.

Target Management Index (ROE)

Past 5 years (average) ROE 12.3% → Aim for ROE20% by promoting mid-term business plan

【Transition of ROE and profit margin】



Views on ROE

【Further improvement measures of ROE】

① Improve profit margin by promoting the mid-term business plan.

We will increase sales in each business, operation profit, equity in earning of affiliates by promoting mid-term business plan and improve profit margin.

② Appropriate management of surplus assets

To improve total asset turnover and financial leverage through proactive shareholder returns in line with business expansion.

Approach to Shareholder Returns (Dividend Policy)

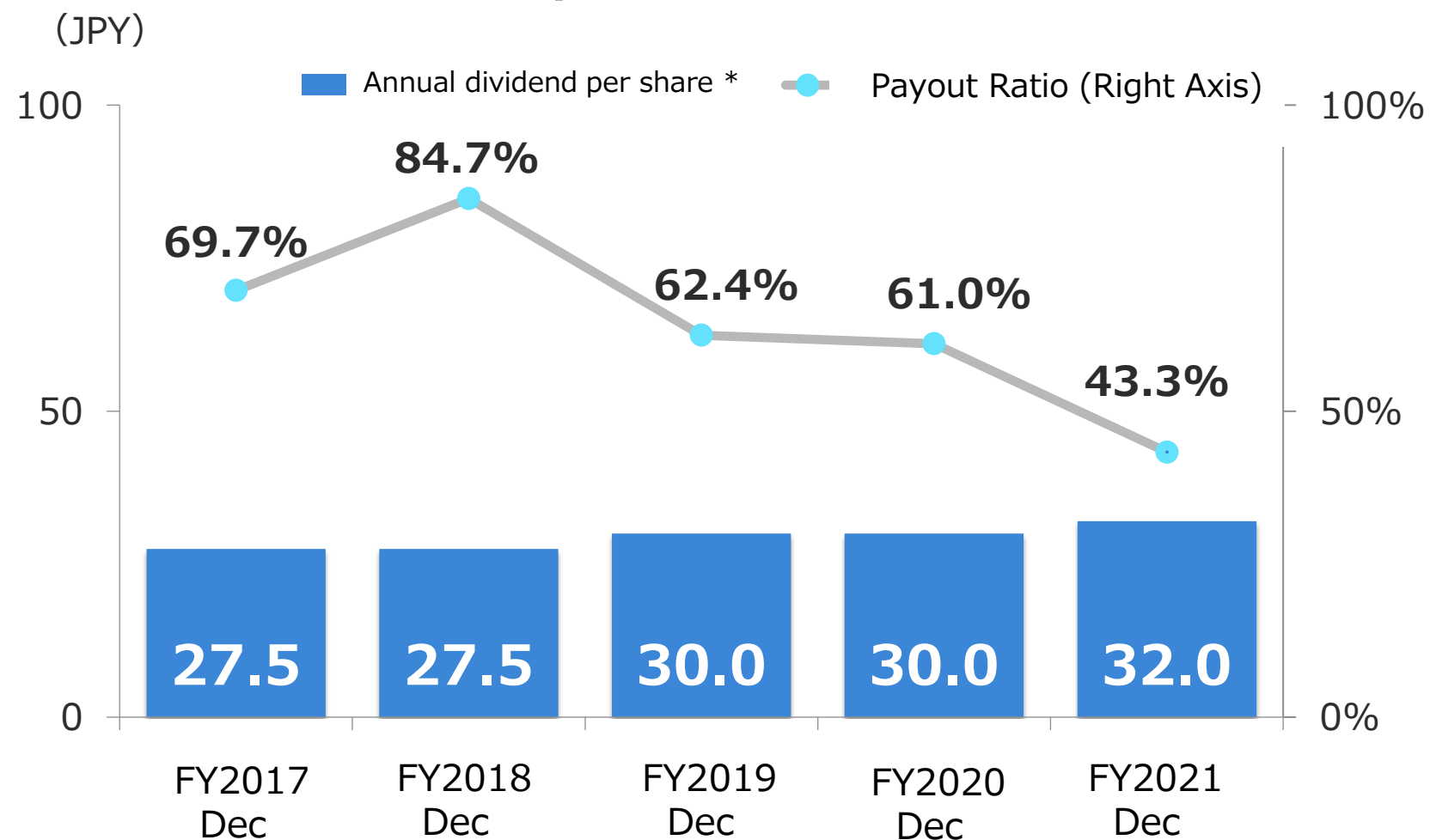
The Company regards the return of profits to shareholders through dividends as an important management policy.

Our policy is to provide a stable return of profits to shareholders, with a target consolidated dividend payout ratio of 50% and a dividend on equity (DOE) ratio of 8%, based on a comprehensive consideration of all relevant factors.

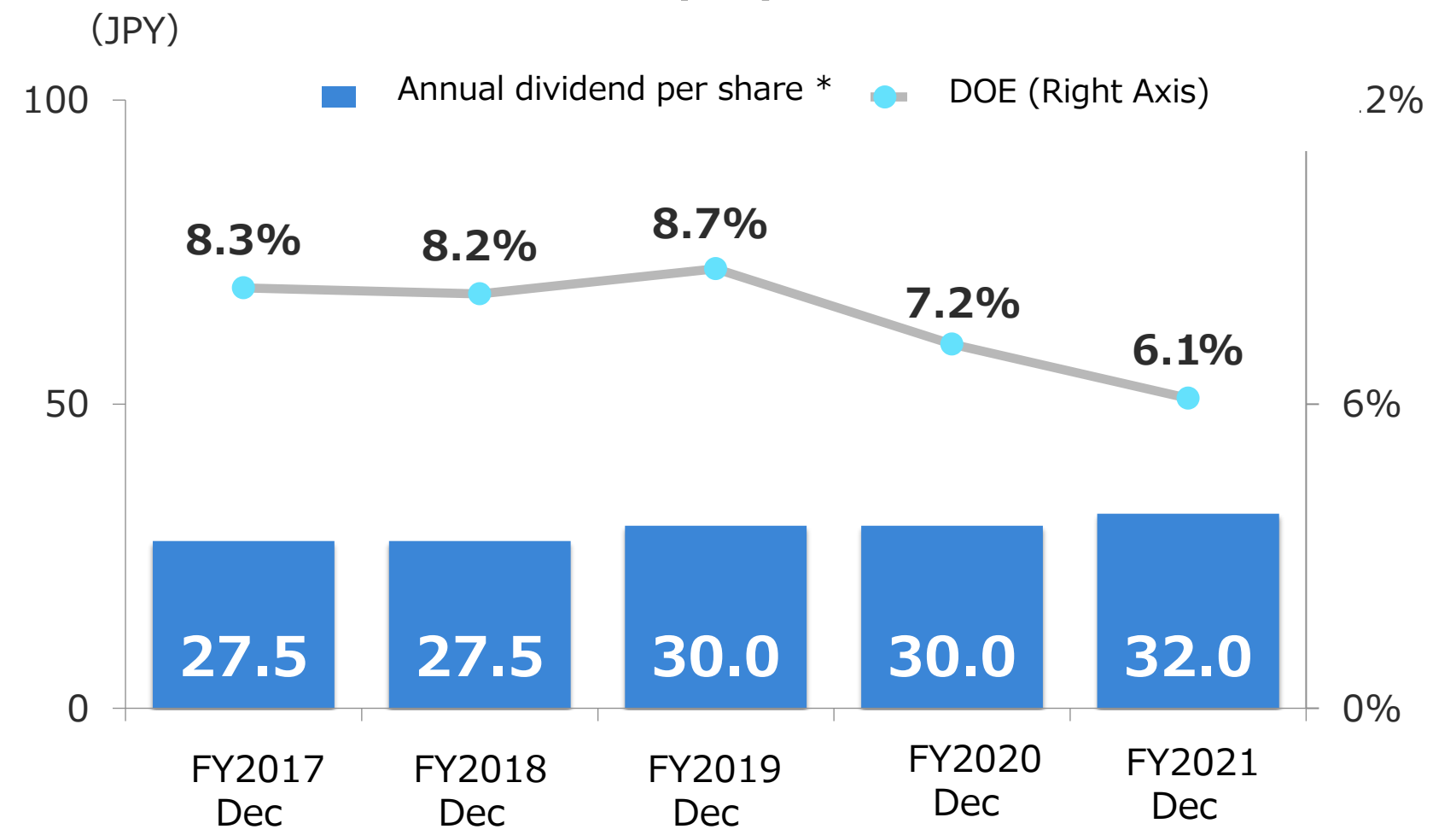
The dividend payout ratio and DOE for the end of Dec. on FY2021 are lower than the guideline because of an increase in net assets and net profit from the sale of ENECHANGE shares.

From the viewpoint of emphasizing stable dividends, the company will monitor ENECHANGE shares transition closely to reflect in future dividend policy.

【Pay-out Ratio】



【Dividend on Equity Ratio (DOE)】



* Dividend per share after stock split adjustment

Our Policy on the Reorganization of the TSE market

We have selected [the prime market](#) for the reorganization of the Tokyo Stock Exchange, which is scheduled to start in April 2022.

The following is the status of implementation of the "Plan for Compliance with the Listing Maintenance Standards" announced in last November.

Implementation of measures to improve liquidity

[Off-floor distributions](#) are conducted last December.

Improved [liquidity indicators](#) as follows.

① Improved liquidity Indicators

41.1% ⇒ 45.3%

② Increase in average daily trading value

JPY 7mil. (November 2021)

⇒ JPY 52mil.(December 2021)

Strengthen IR measures

In FY2021, we [strengthened information disclosure through \(1\) to \(3\)](#) as below; in FY2022, we will [increase opportunities to explain](#) to investors.

① Disclosure of monthly business results

② Disclosure of Analyst Reports

(Shared Research Inc)

③ Information disclosure in English

④ Investor Briefing

(4times in FY2022)

Achievement of mid-term business plan

We are implementing various measures to [accelerate business growth](#) to achieve the Mid-term Business Plan announced last February.

① Establishment of a system to promote new electrification service of TEPCO EP Inc.

② Business promotion through establishment of joint venture MEDX with Mitsui &Co., Ltd.

③ Establishment of Kanazawa operation center.

Challenge to Evolution

DX Strategy × Carbon-Neutral

01. FY2021 Results & Summary

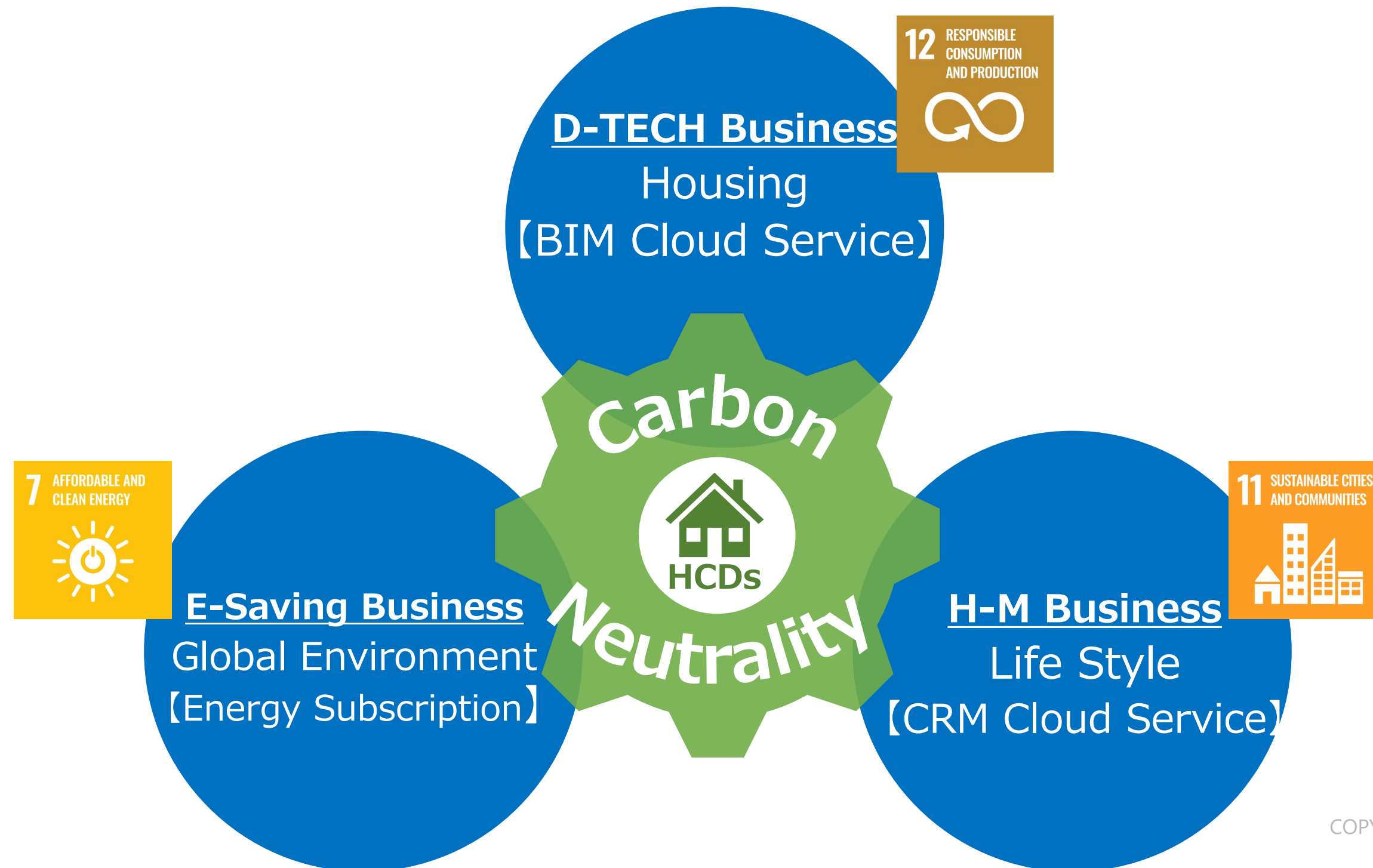
02. Mid-term Business Plan Progress

03. Appendix.

HCDs HOUSING
CARBON NEUTRALITY
DIGITAL SOLUTIONS

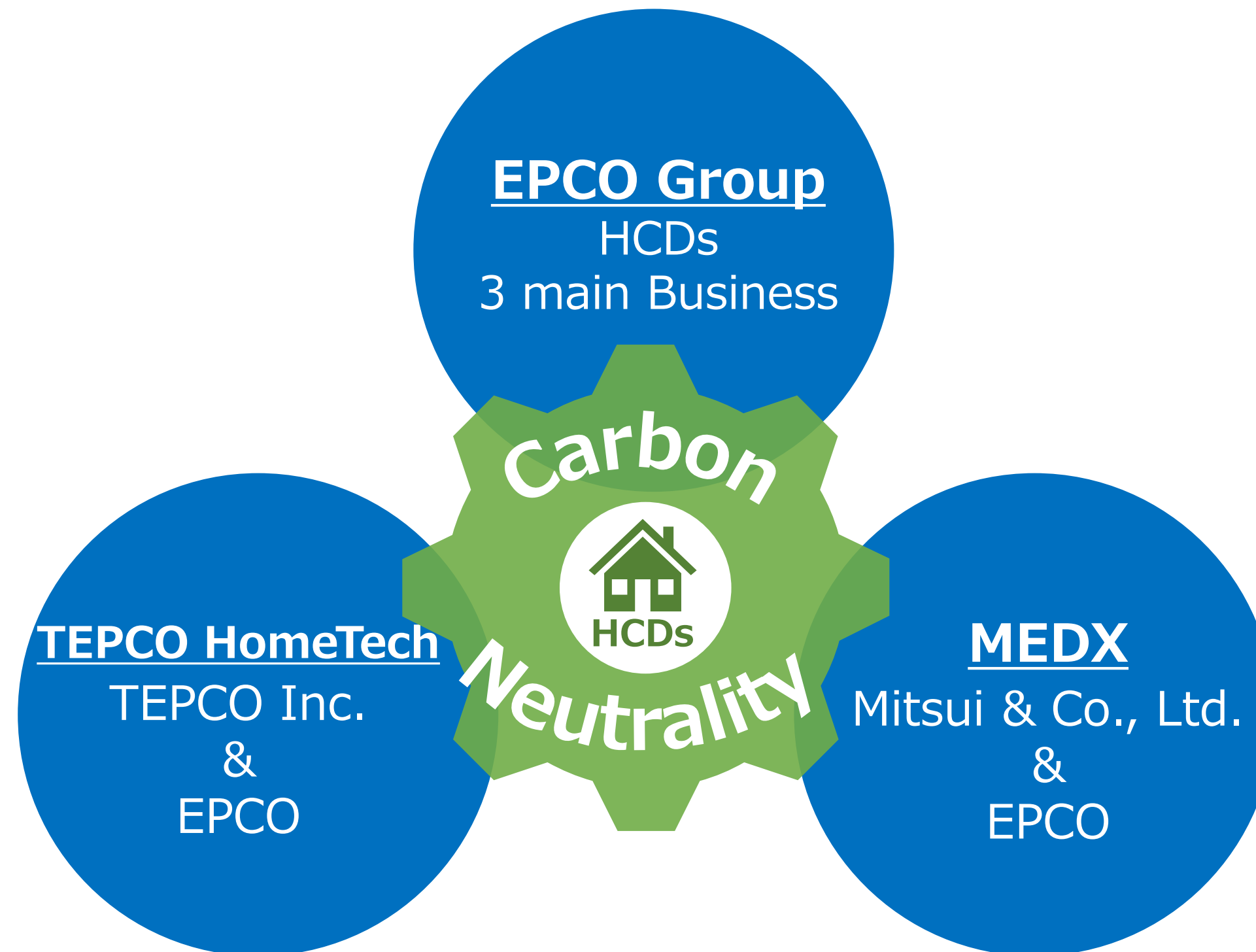
HCDS : Housing Carbon Neutrality Digital Solutions

EPCO Group support housing, living, and the global environment with digital technology.



Partnership Strategy

EPCO Group is committed to working with its partners to achieve lasting growth.



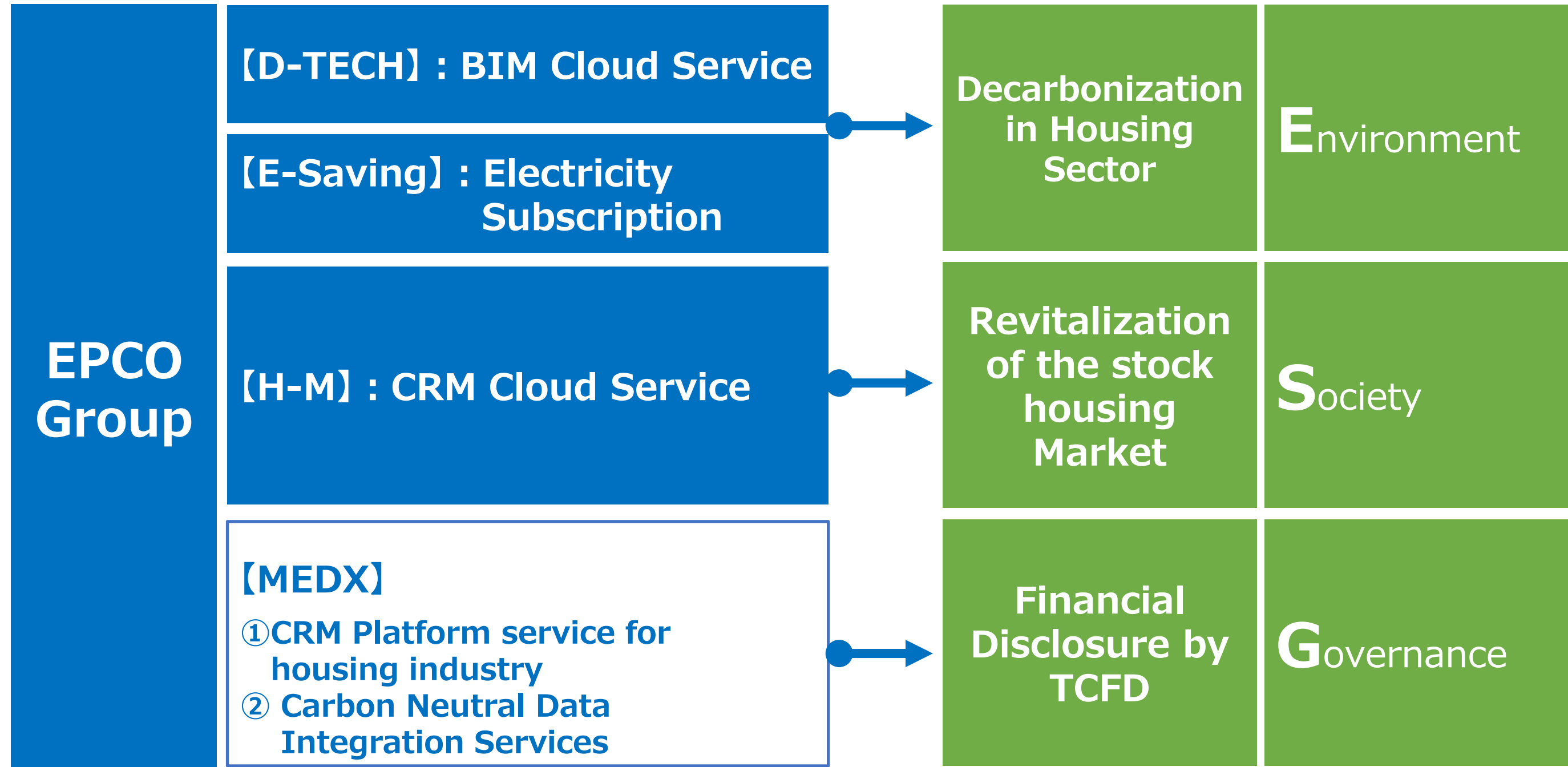
Acceleration of decarbonization and digitalization are tailwinds for each of EPCO's businesses

Business	External Factors
D-TECH 【New House】	<ul style="list-style-type: none">● Aging population, labor shortages, and high resource prices grow the needs of on-site efficiency and cost containment.● Household sector's share of domestic CO2 emissions is as high as 16%.*
H-M 【Existing House】	<ul style="list-style-type: none">● Decrease in new housing construction and increase in stock housing grow the needs for more efficient maintenance.● Growing the needs for sales support for renovation and purchase and resale of stock housing total of 54 million unit.
E-Saving 【New/Existing House】	<ul style="list-style-type: none">● Accelerated decarbonization and growing the needs for renewable energy (PV) especially among major companies.● Growing the needs to secure construction capacity due to labor and material shortages.
MEDX	<ul style="list-style-type: none">● Productivity improvement through digitalization and high demands for stock housing business● Growing the needs to comply for TCFD/Scope 3 (supply chain CO2 emissions calculation)

*National Institute for Environmental Studies, Japan "The GHG Emission Data of Japan (1990~2020) Estimation"

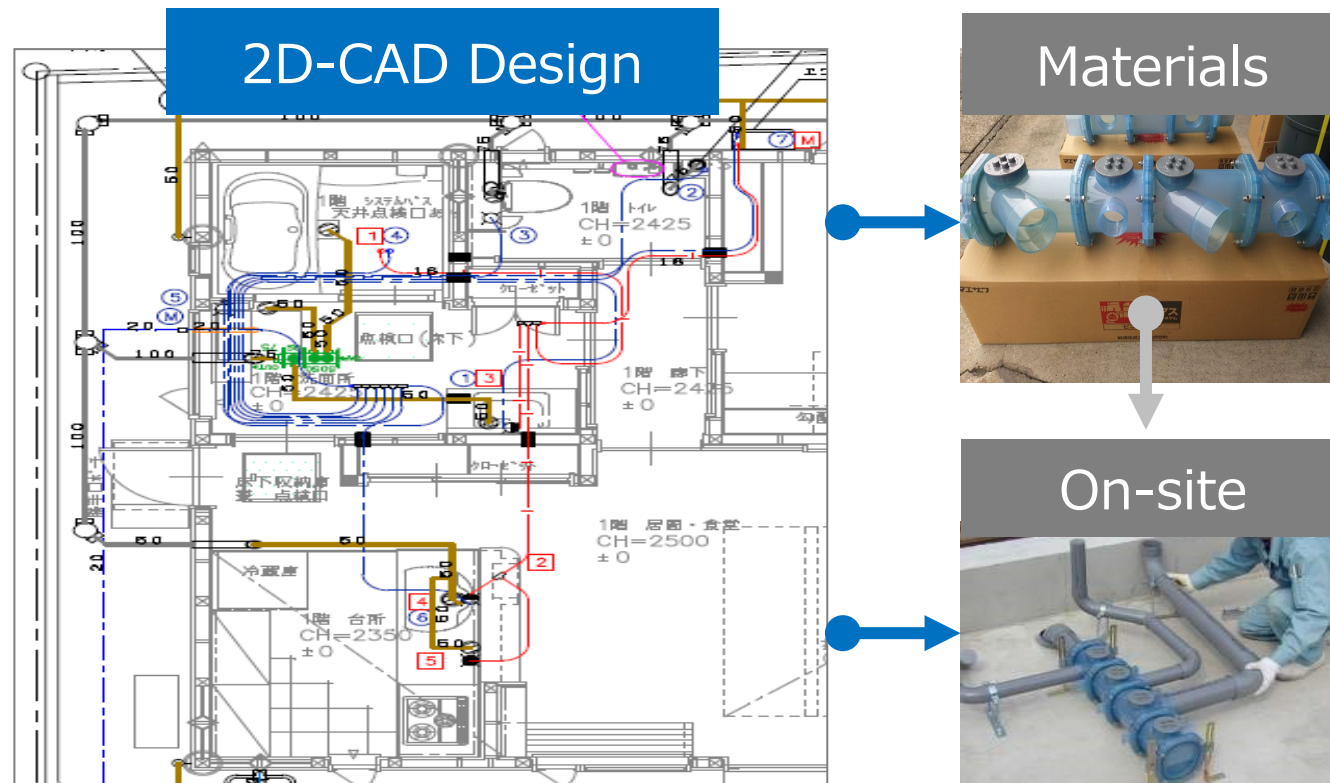
*TCFD – Task Force on Climate-related Financial Disclosure

Supporting decarbonization of the housing sector and revitalization of the stock housing market with digital technology

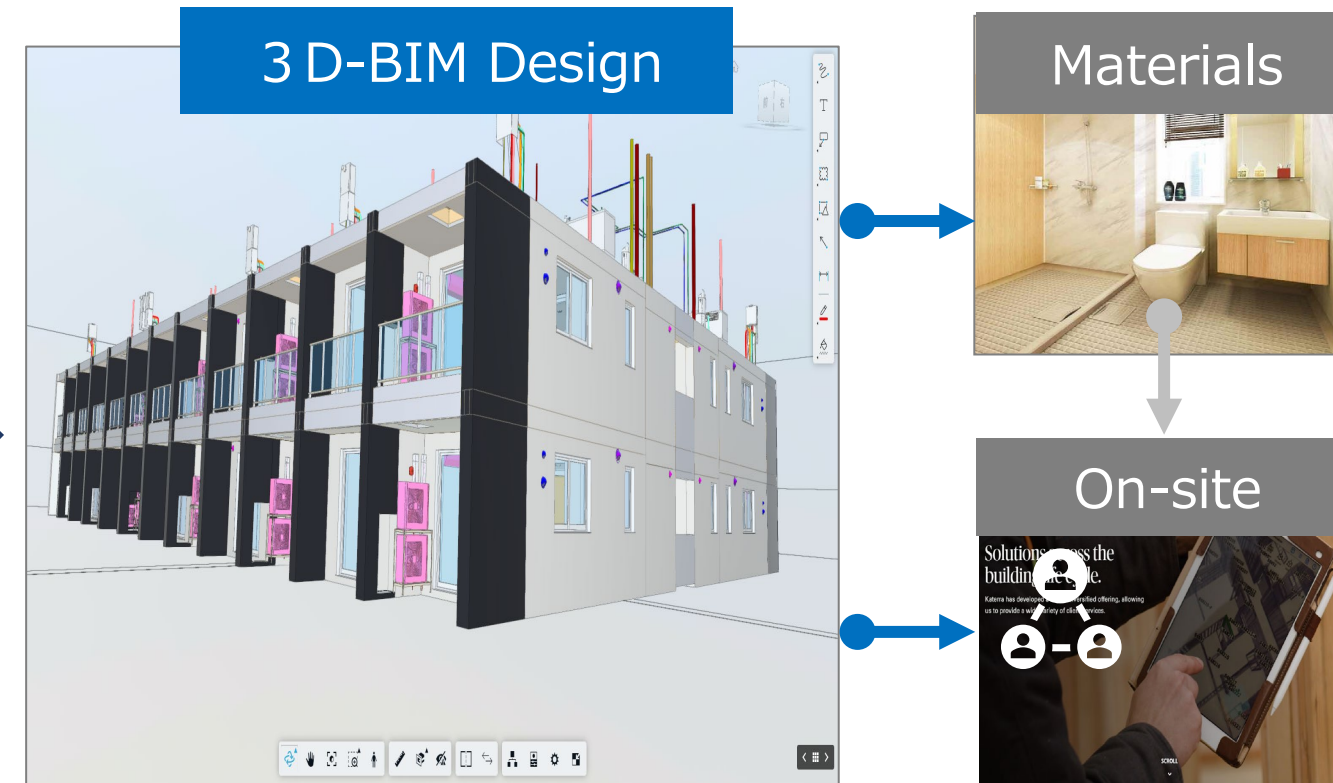


Business Model Reforms : D-TECH Business

Existing Business Models



Future Business Models



Tools

- 2D-CAD (Generalization)
- DX Effect : Small

Tools

- 3D-BIM (Digitalization)
- DX Effect : Large

Service

- Facility Design (Mainly piping)
- Unit Price, Profit : Low

Service

- Full BIM design of architecture, Calculation of CO2 emission
- Unit Price, Profit : High

Customer

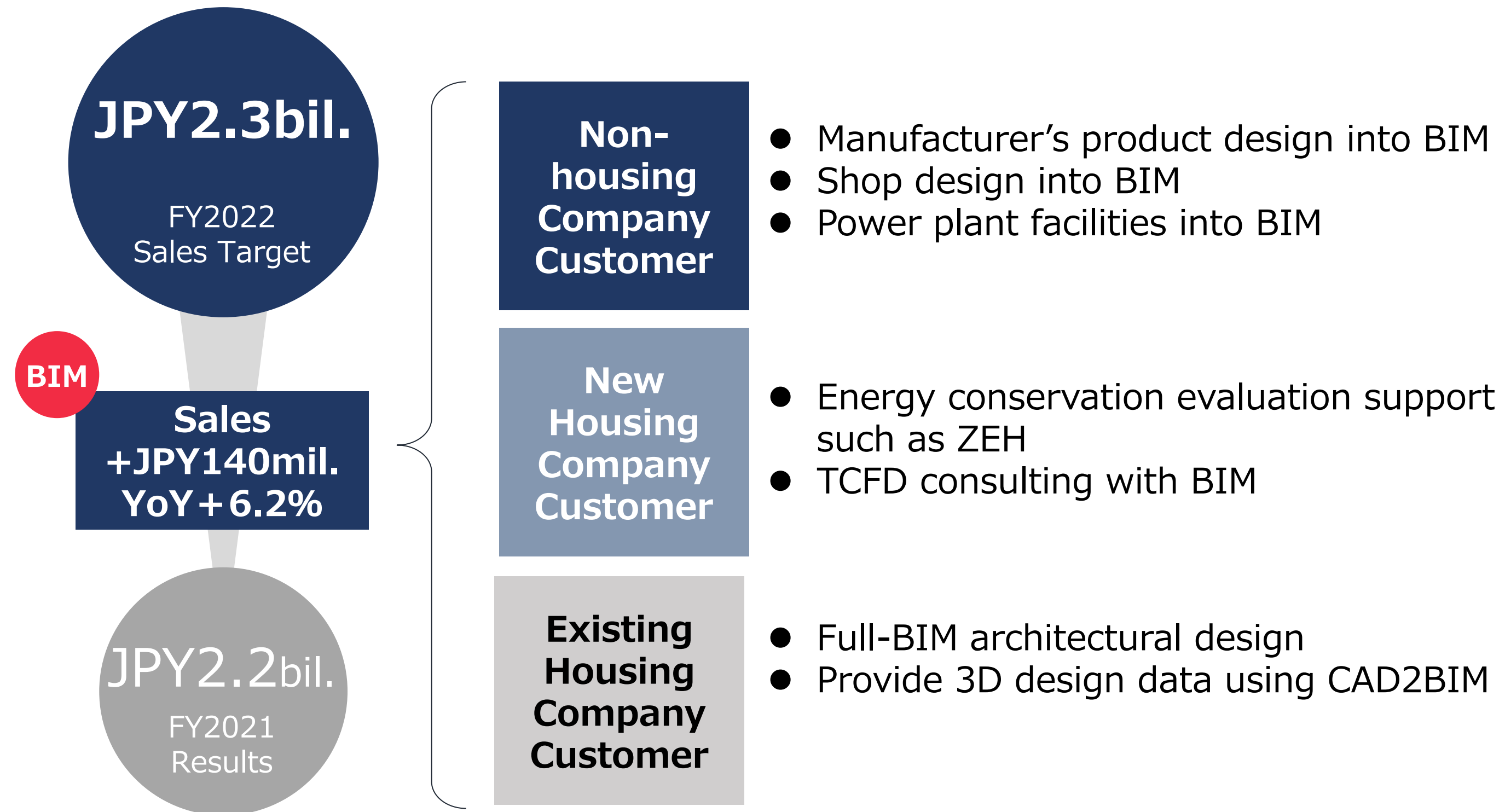
- Major housing company (Detached house)
- Target companies: Limited

Customer

- Major company (Detached house/Rent/sell), General contractor, Store
- Target Companies : Expand

FY2022 Quantitative Targets (Net Sales) : D-TECH Business

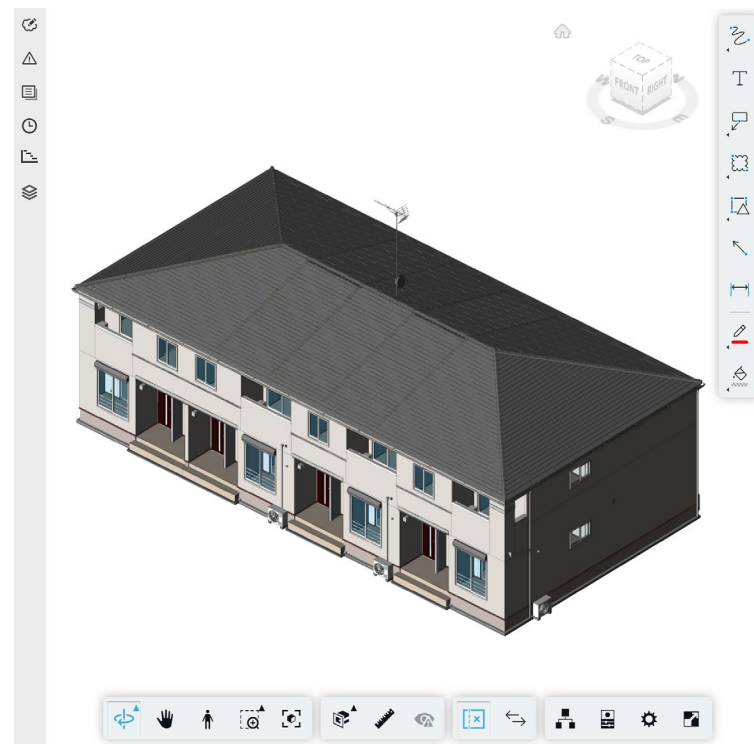
Slight increase in sales is expected for BIM cloud service launching



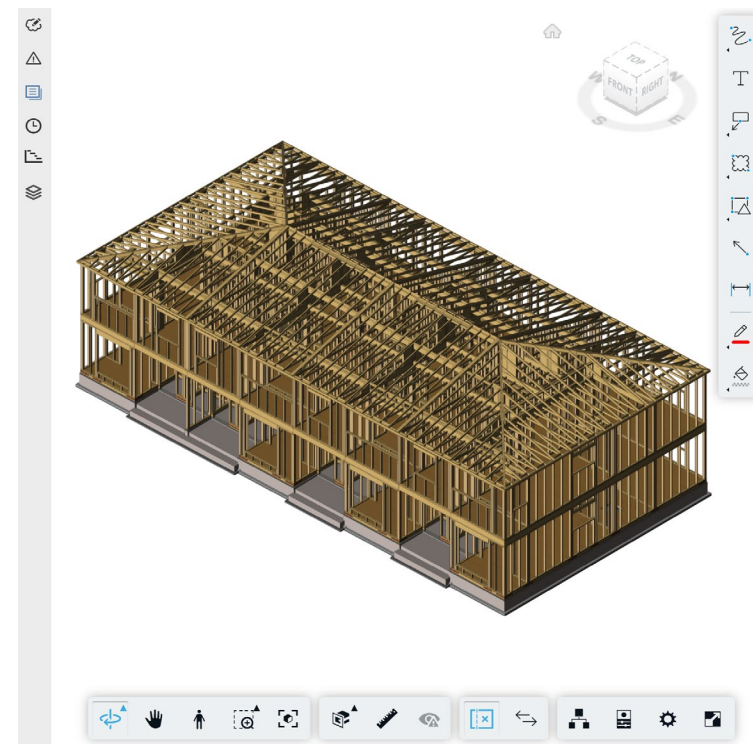
Reference : Example of a Full BIM Design Contract from a Major Housing Company

The needs of BIM design are growing at existing major housing companies
Trial runs are ongoing for full adoption

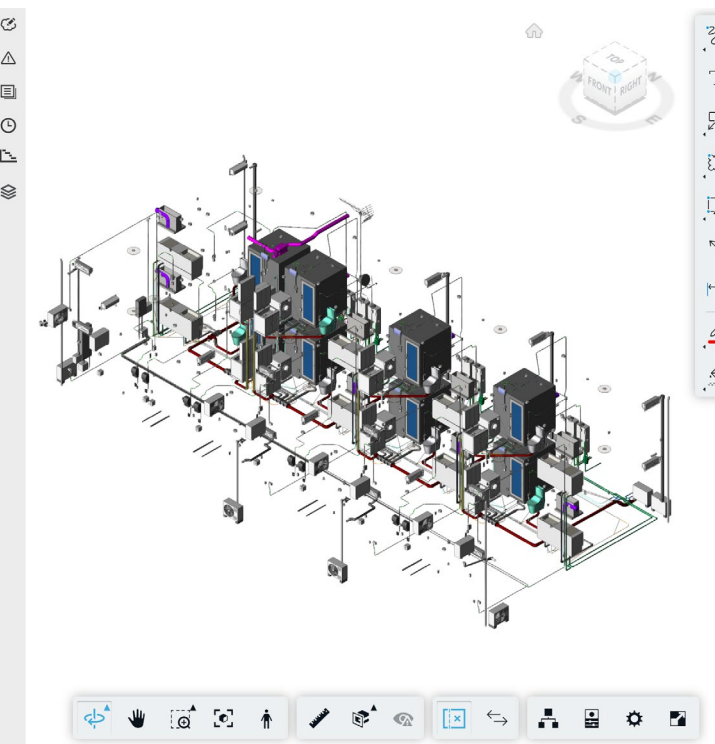
Full-BIM Design



Architectural Design

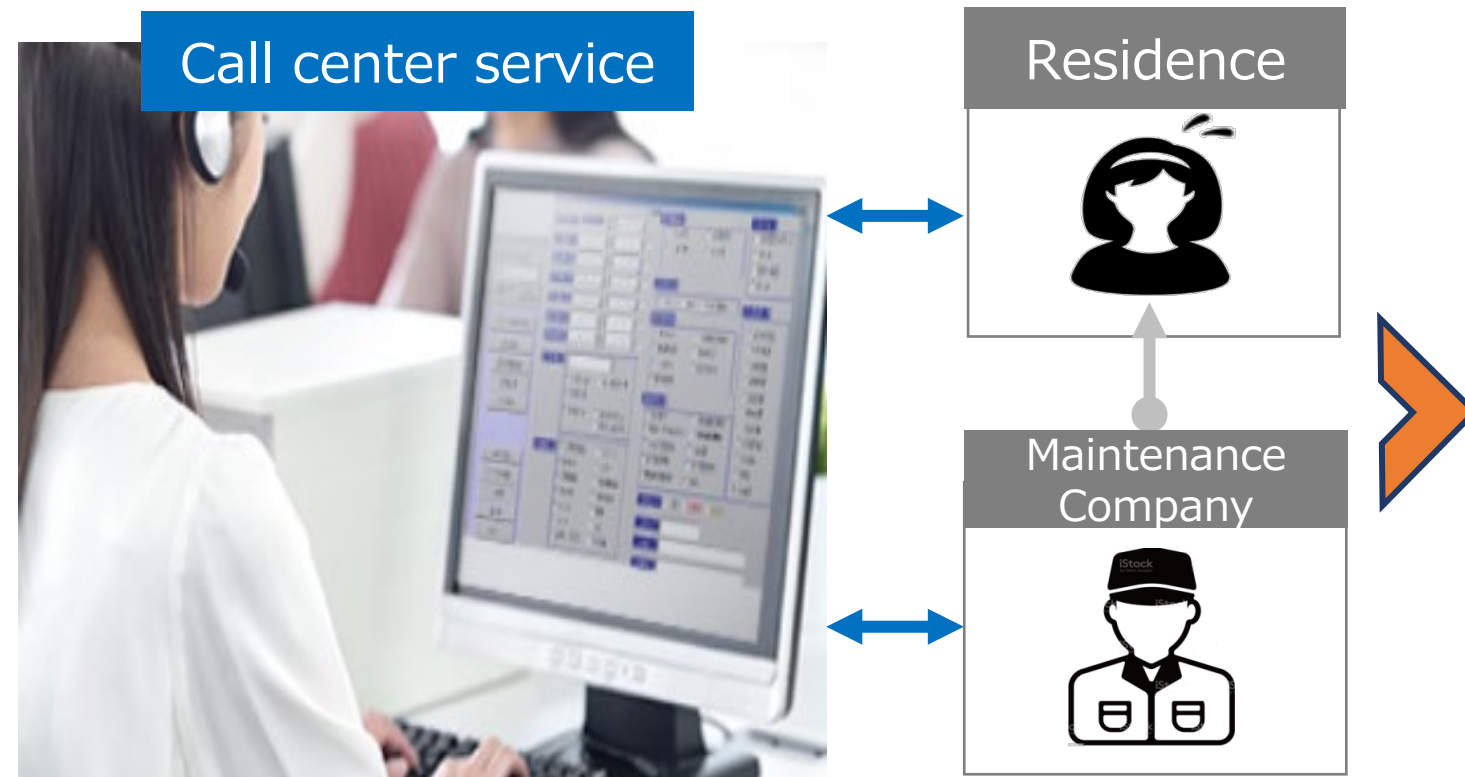


Structural Design

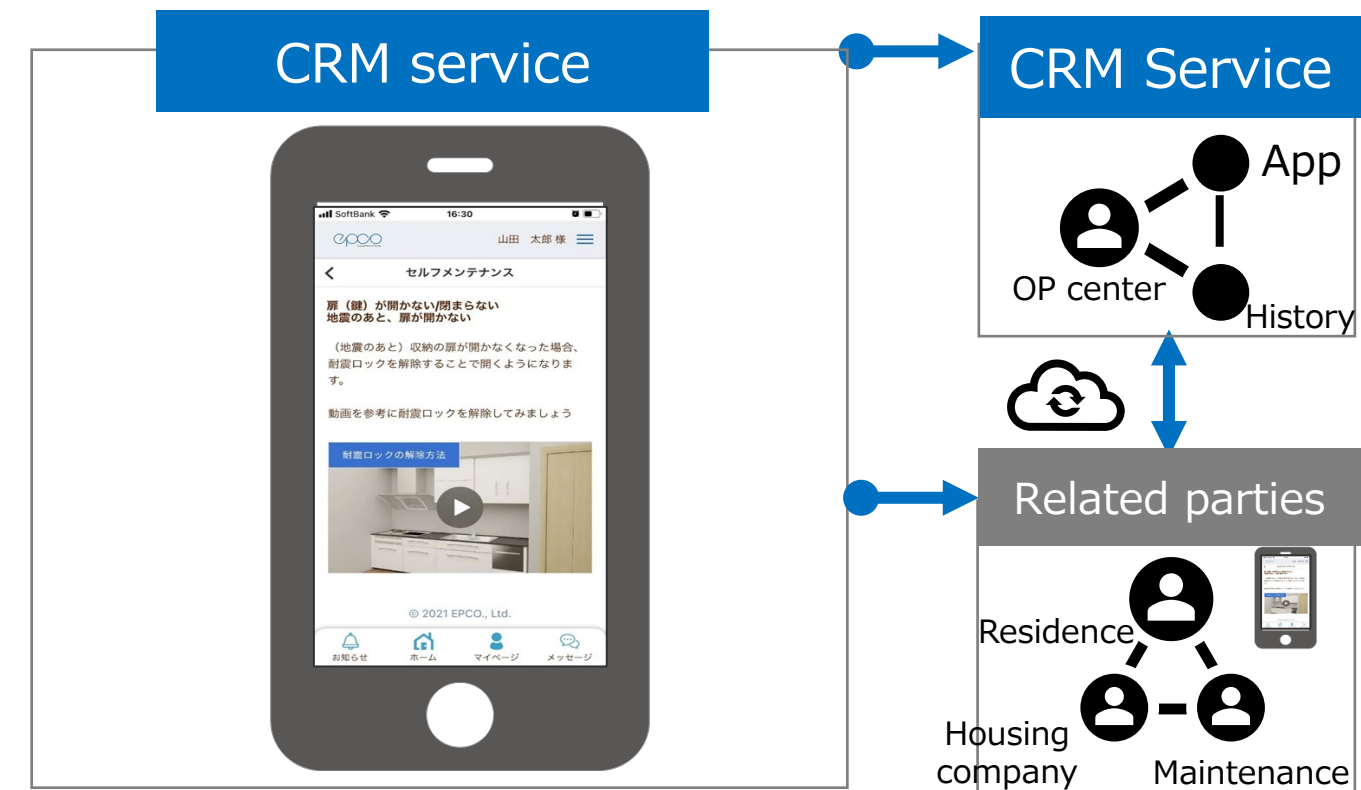


Facility Design

Existing Business Models



Future Business Models



Tools

- Phone Call (Generalization)
- DX Effect : Small

- **Housing History App (Digitalization)**
- **DX Effect : Large**

Service

- Call Center (Maintenance)
- Unit Price, Profit : Low

- **CRM (Maintenance, checking, sales promotion·sharing data)**
- **Unit Price, Profit : High**

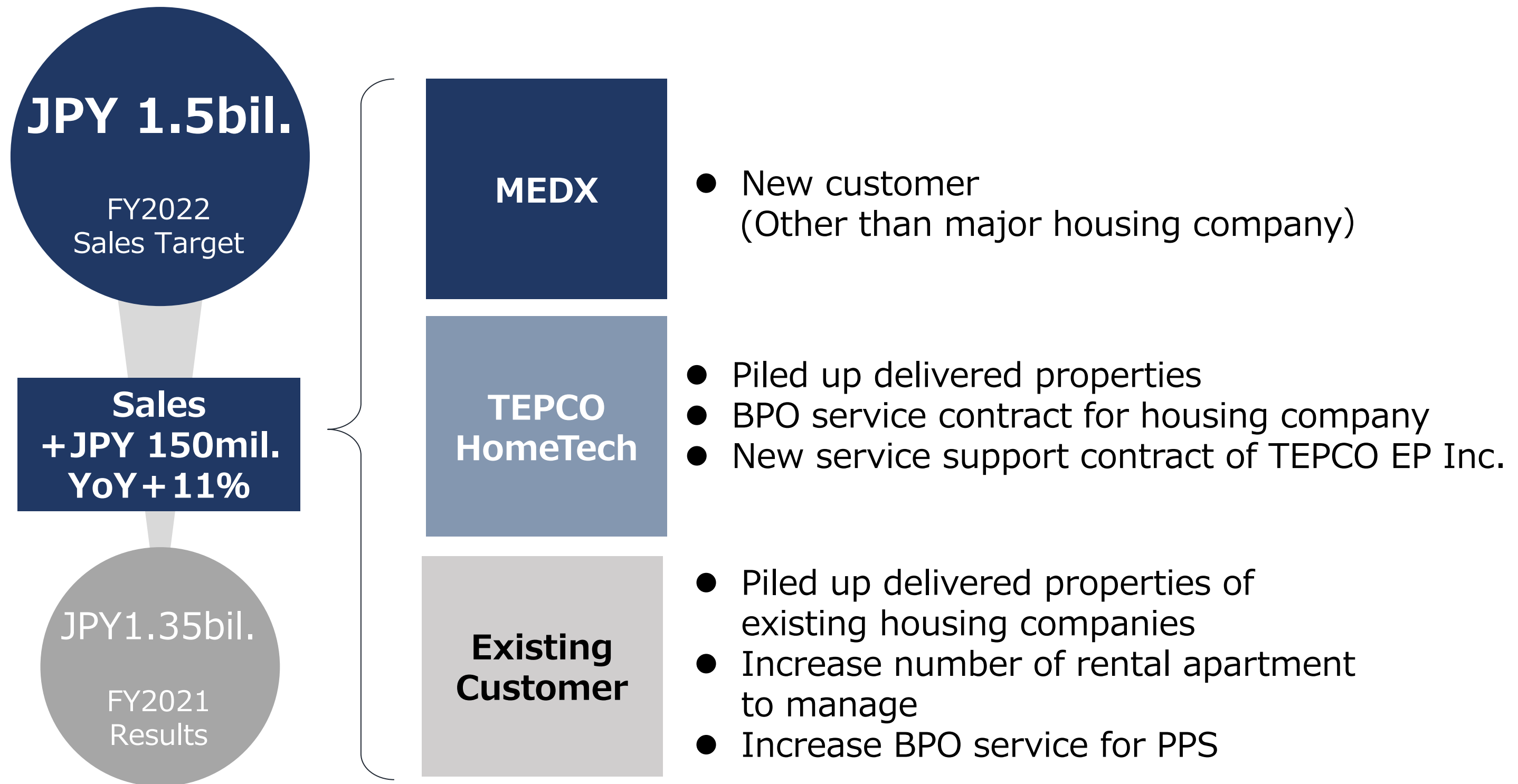
Customer

- Major housing company (Detached house)
- Target companies: Limited

- **Major housing company, TEPCO Hometech, MEDX**
- **Target Companies : Expand**

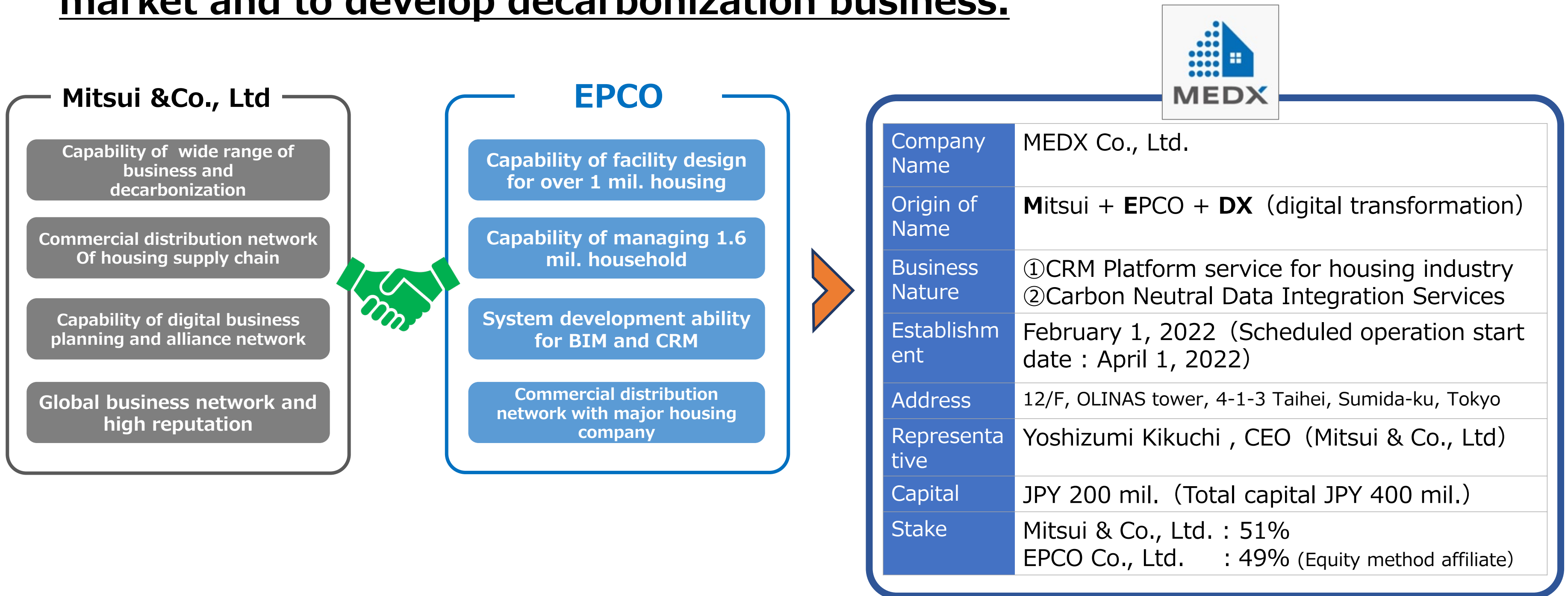
FY2022 Quantitative Targets (Net Sales) : H-M Business

Expecting increase in sales to expand orders from existing customers, TEPCO HomeTch and MEDX



Purpose for Establishment of MEDX

MEDX is joint venture of Mitsui & Co., Ltd. and EPCO to promote digitalization of housing industry (CRM + BIM), to revitalize stock housing market and to develop decarbonization business.

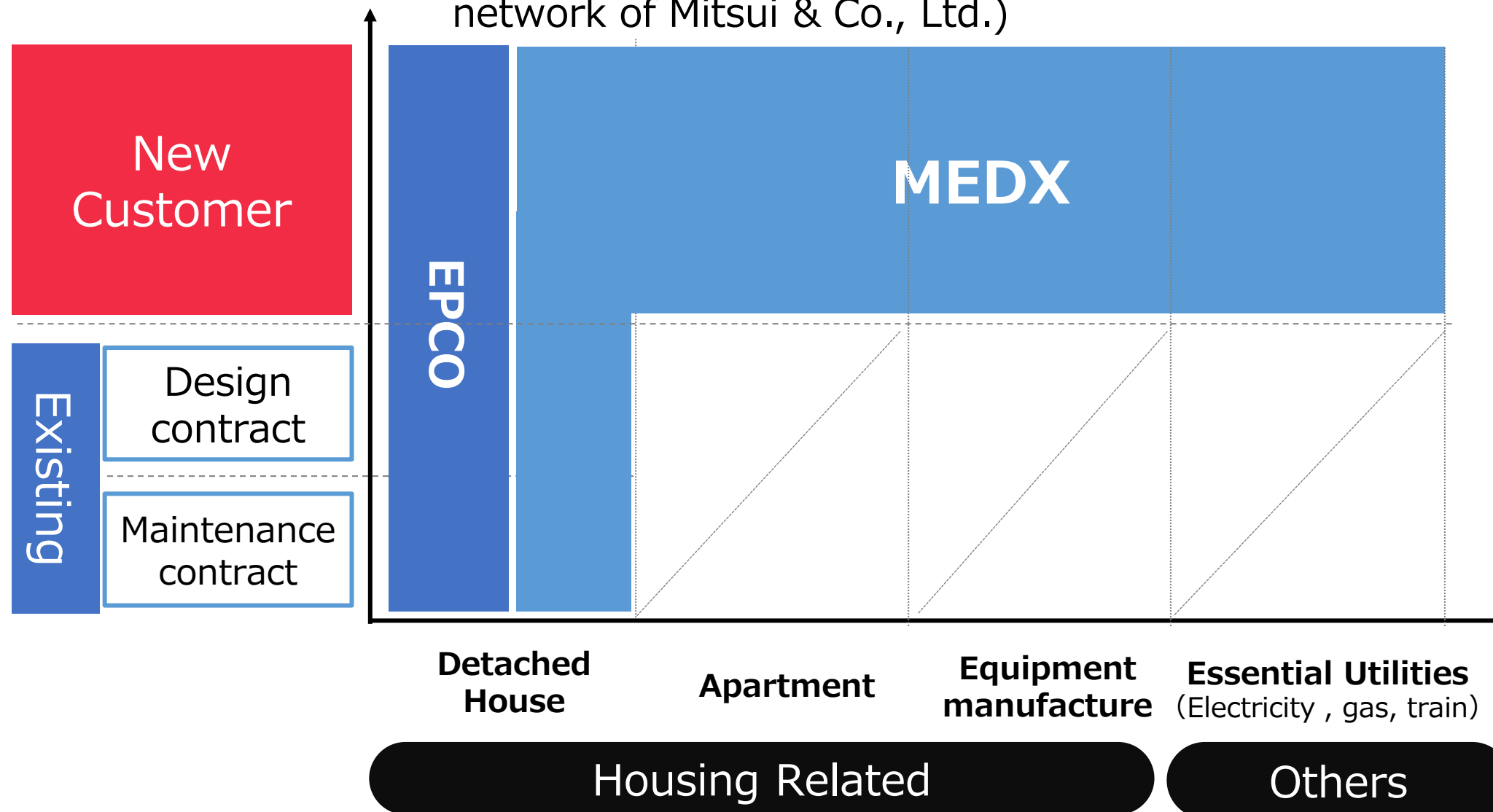


Synergies from the Establishment of MEDX

Establishment of MEDX accelerates mid- to long-term business growth in D-TECH and H-M businesses

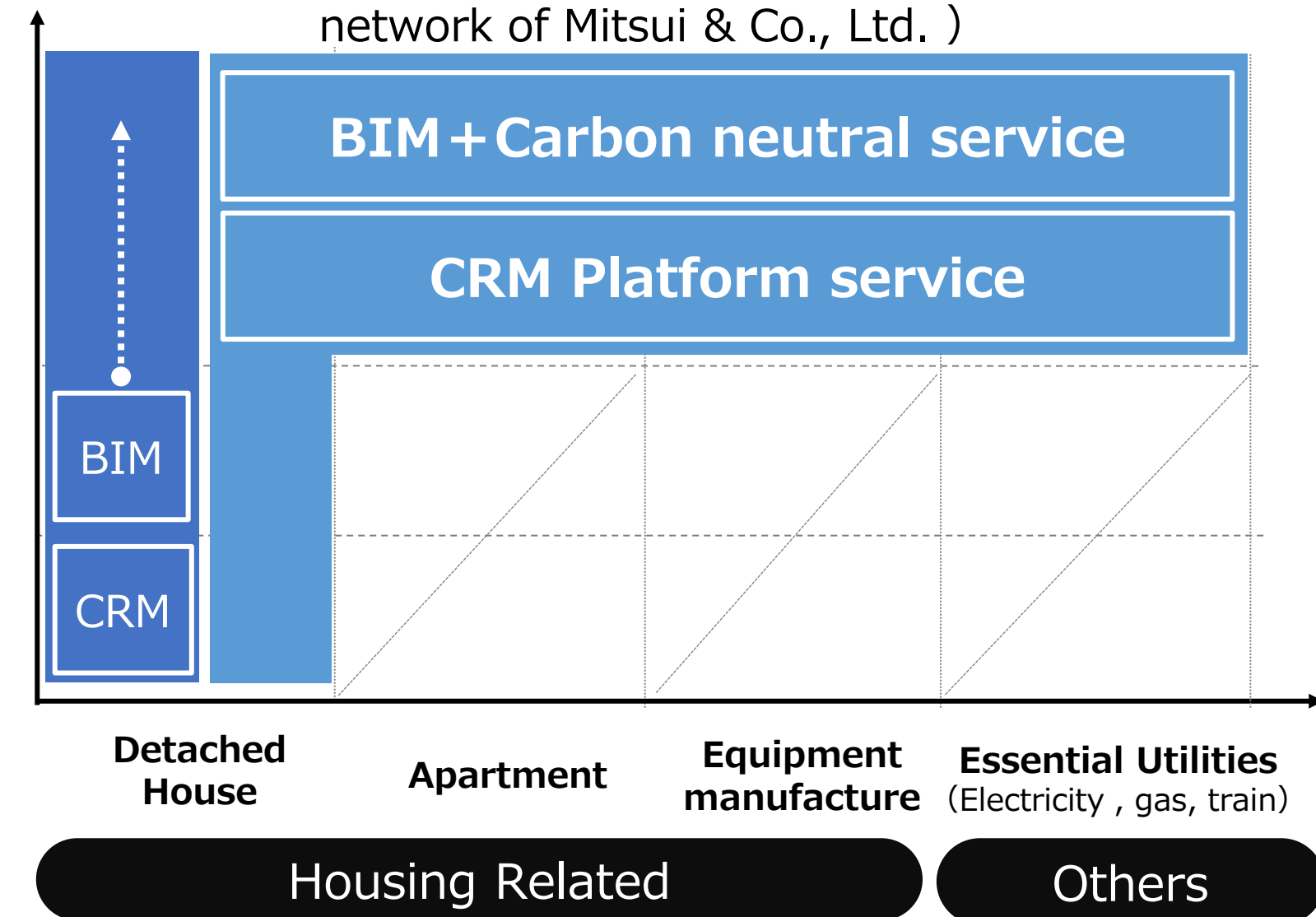
Synergy① : Expansion of customer segment

(Strengthening of new customer acquisition through the sales network of Mitsui & Co., Ltd.)



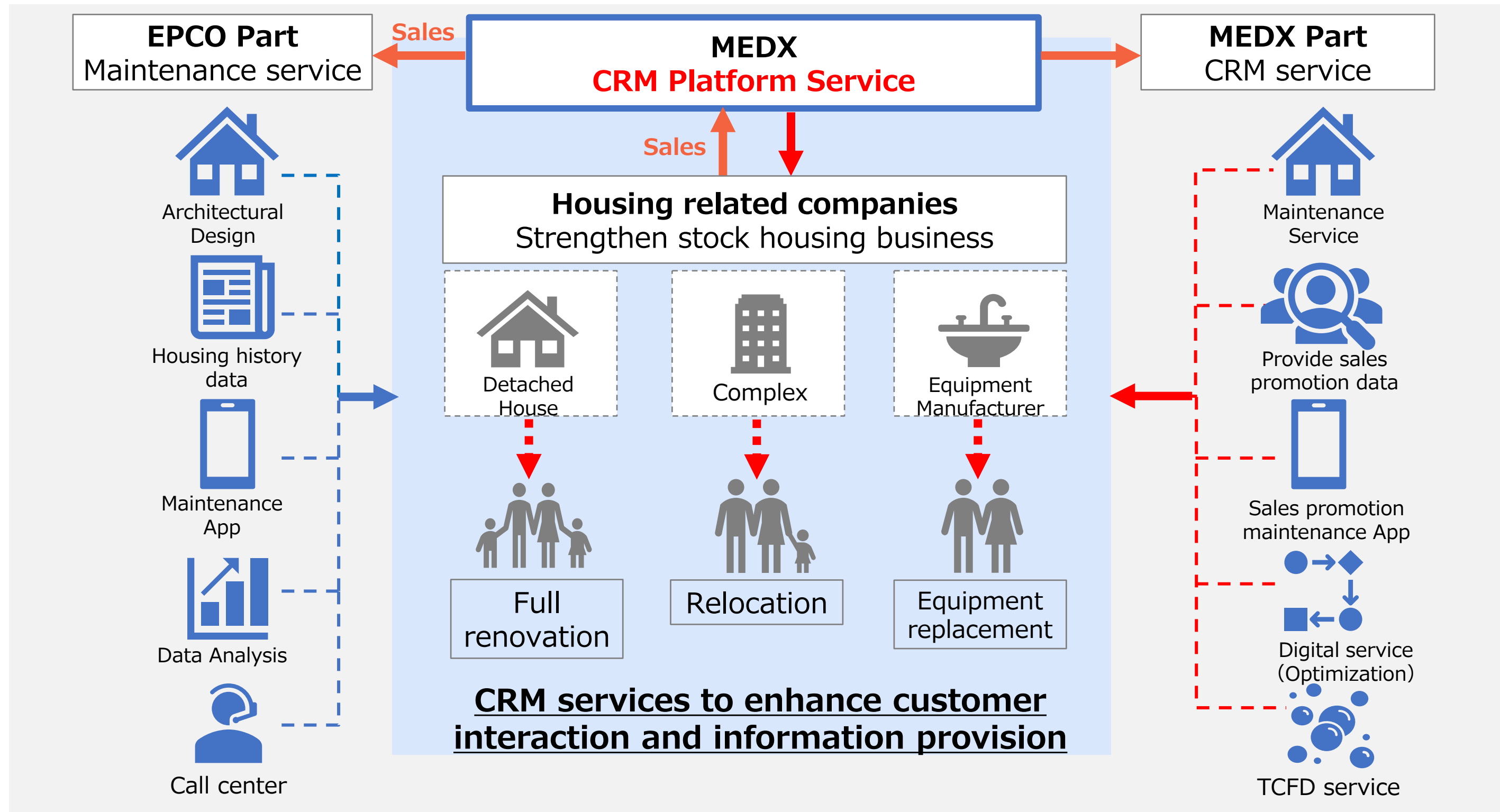
Synergy② : Expansion of service

(Strengthening of new business development by business network of Mitsui & Co., Ltd.)



Idea of CRM Platform Service

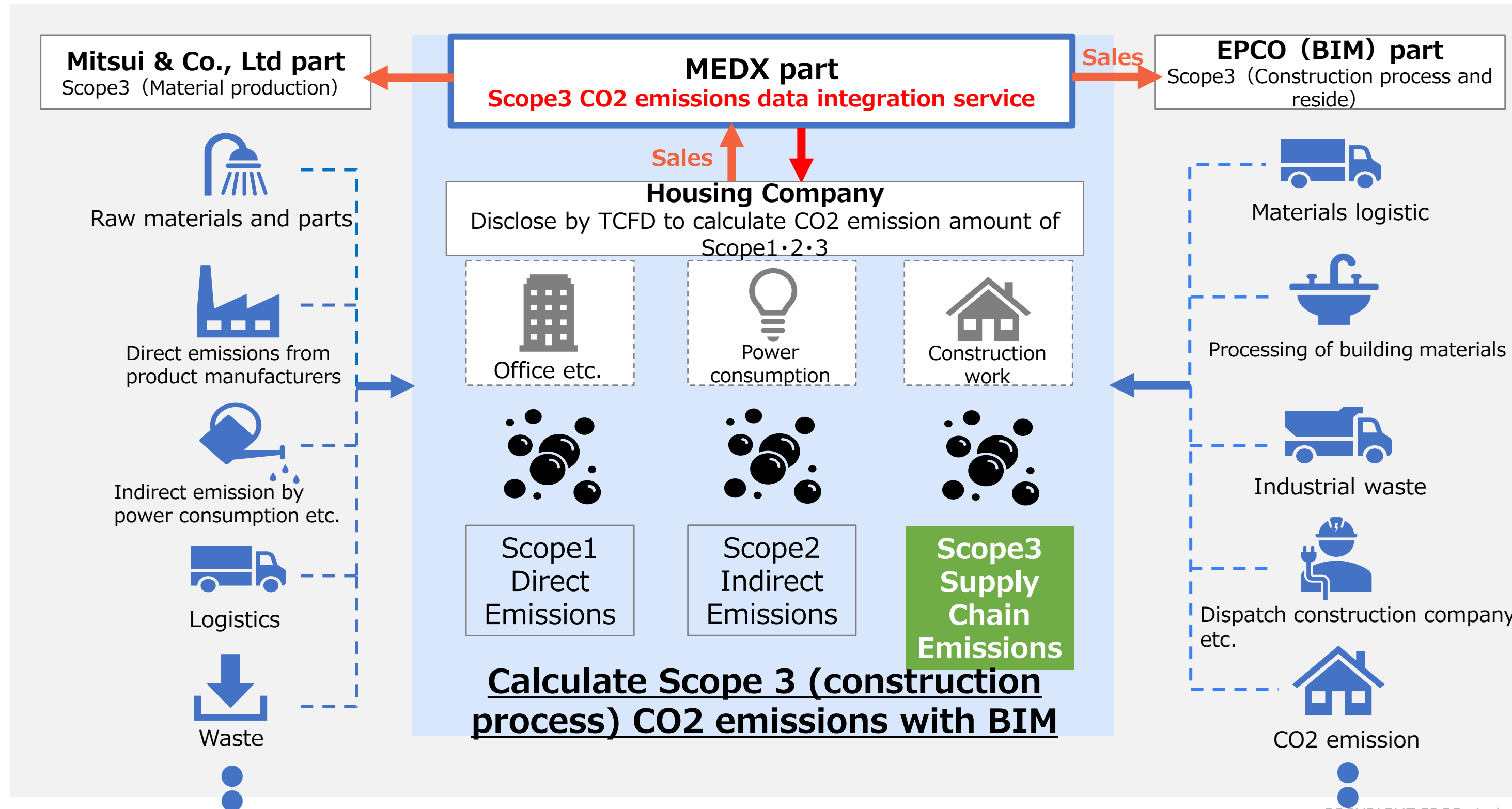
Provide CRM services that lead to stock business targeting housing-related companies



← New Service (MEDX)
 ← Existing service (EPCO)
 ← Sales channel

Idea of Carbon Neutral Data Integration Service

Providing data services on CO2 emissions for prime listed companies



← New Service (MEDX) ← Each Service (Mitsui, EPCO) ← Sales channel

Mitsui & Co., Ltd. visualizes Environmental and Human Rights Risks in Supply Chains, ESG Certified

Jan 27,2022 Nihon Keizai Shimbun Electric edition

(Previous Omitted)

Mitsui &Co., Ltd. will also decarbonize the supply chain, launching new services for the housing industry and commercial stores.

In April, the company will launch a service to visualize and centrally manage CO2 emissions for each building, and propose energy-saving solutions.

Establish a new company with EPCO CO., Ltd., which is involved in designing and constructing housing equipment, and to support the decarbonization of housing and the revitalization of distribution through digital technology.

First, 3D design data on a computer is used during design and construction.

Develop a service to calculate and tally greenhouse gas emissions generated during the construction process, such as sash installation.

The service will also be able to calculate emissions generated by occupancy and store operations after the building is delivered.

Furthermore, Utilizing the customer information management cloud (CRM) which EPCO own to connect the house history data for existing homes with app to centrally manage housing data such as repair and inspection histories.

There is no such a service in Japan. Demand is expected from housing businesses and companies manage retail shops and restaurants.

The housing industry is facing on a lot of challenges to respond to decarbonization and improve liquidity. In particular, existing houses built by small and medium-sized construction companies, which are estimated to account for 80% of the total, often do not have sufficient data, and demand for data management to maintain asset values is expanding. Mitsui & Co., Ltd. is building a one-stop platform for managing building data, including CO2 emissions, to meet these demands.

(Rest Omitted)



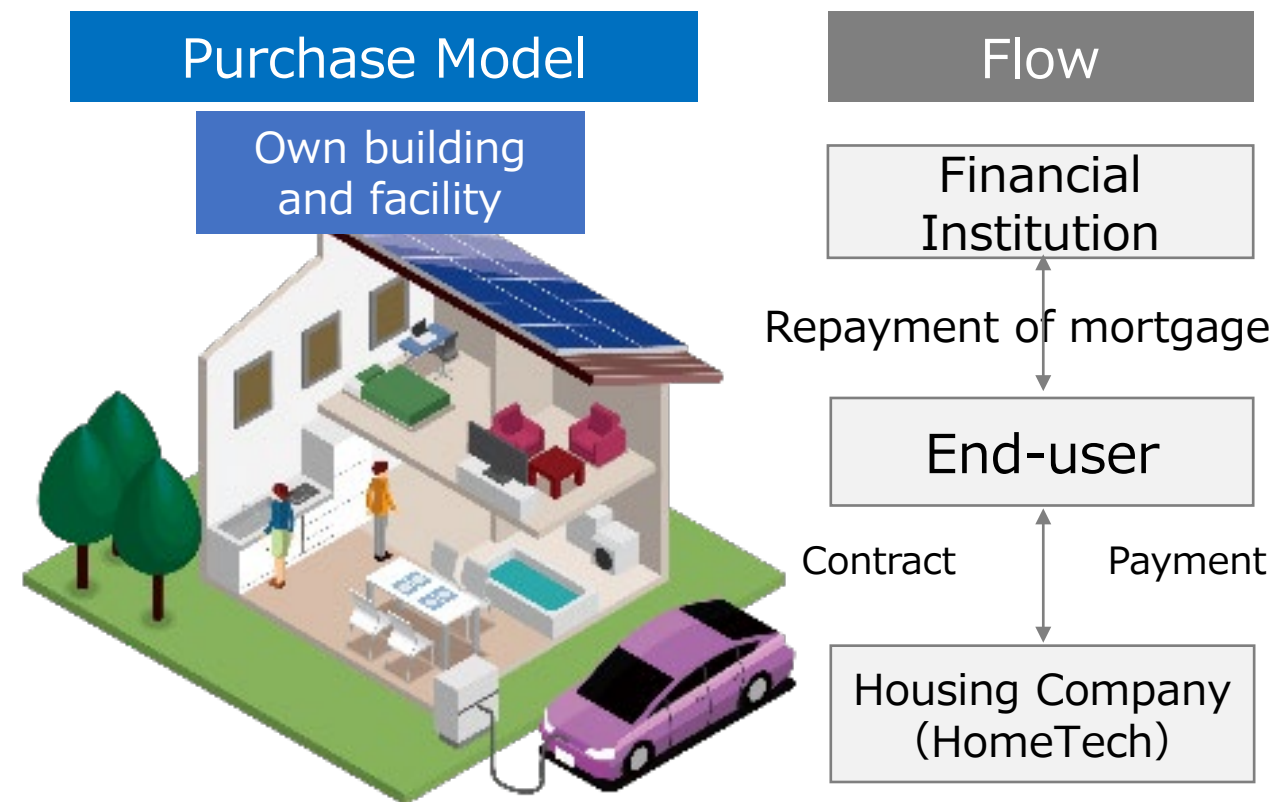
Mitsui & Co., Ltd establish “MEDX” with EPCO Co., Ltd. to visualize CO2 emissions from residential and commercial stores to centrally manage services will be started.

Strong tailwind for electrification subscription service model to achieve a decarbonized society
Must achieve business plan through product, promotion, and system development

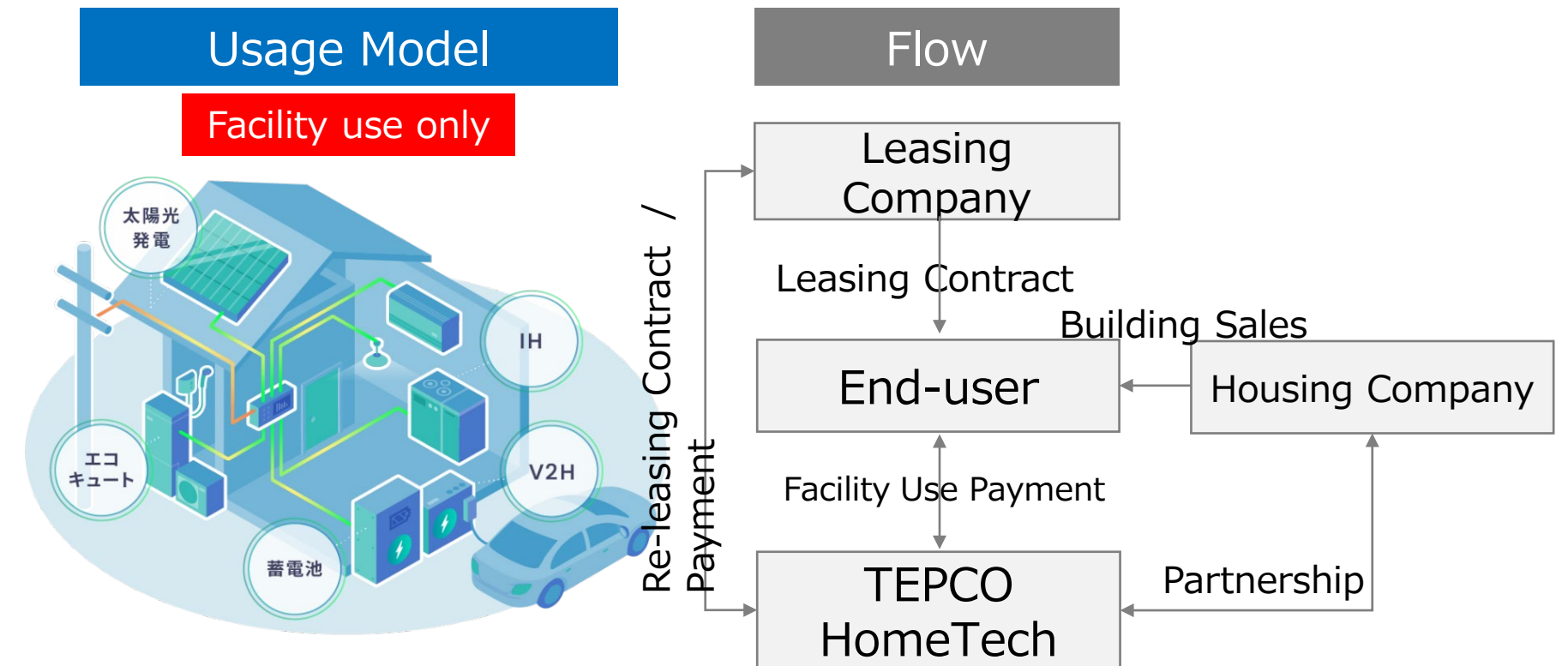
FY2021	Negative Factors	FY2022	Positive Factors
<div style="background-color: #76b82a; color: white; padding: 10px; text-align: center;">Self-restraint in Business</div>	<ul style="list-style-type: none"> ● Far from target plan due to suspension of operations of TEPCO EP Inc. (end of June) 	<div style="background-color: #e74c3c; color: white; padding: 10px; text-align: center;">Lifted State of Emergency</div>	<ul style="list-style-type: none"> ● Suspension of operations lifted at the end of December, resume operations gradually from 2022
<div style="background-color: #76b82a; color: white; padding: 10px; text-align: center;">Delivery Delay</div>	<ul style="list-style-type: none"> ● Due to shortage of semiconductors and expansion of COVID-19, shortage of equipment supply 	<div style="background-color: #e74c3c; color: white; padding: 10px; text-align: center;">Direct Contract</div>	<ul style="list-style-type: none"> ● Direct contract with product manufacturers and securing procurement through multi-company purchasing
<div style="background-color: #76b82a; color: white; padding: 10px; text-align: center;">New product Delay</div>	<ul style="list-style-type: none"> ● Delayed launch of new electrification package product by TEPCO EP Inc. 	<div style="background-color: #e74c3c; color: white; padding: 10px; text-align: center;">Service Start</div>	<ul style="list-style-type: none"> ● Start accepting order for new product "Enecari Plus" from Feb 1, 2022
<div style="background-color: #76b82a; color: white; padding: 10px; text-align: center;">Shortage of Resource</div>	<ul style="list-style-type: none"> ● Orders for electrification equipment from major housing companies grow, but resources are insufficient 	<div style="background-color: #e74c3c; color: white; padding: 10px; text-align: center;">Secure Resources</div>	<ul style="list-style-type: none"> ● Strengthen promotion, sales, construction, and operations systems to cooperate with TEPCO EP Inc. and EPCO together.

Business Model Reforms : E-Saving Business (TEPCO HomeTech)

Existing Business Models



Future Business Models (Enecari)



Contract

- Housing Loan (Building・Facilities)
- Period : Long Term (30-35 years)

- **Leasing Contract (Facilities only)**
- **Period : Middle Term (10-15 years)**

Model

- Contracting model for installation of electrification equipment
- Unit Price, Profit : Low

- **Flat-fee model for electrification facilities**
- **Unit Price, Profit : High**

Customer

- New House : Housing Company
- Existing House : Renovation Company

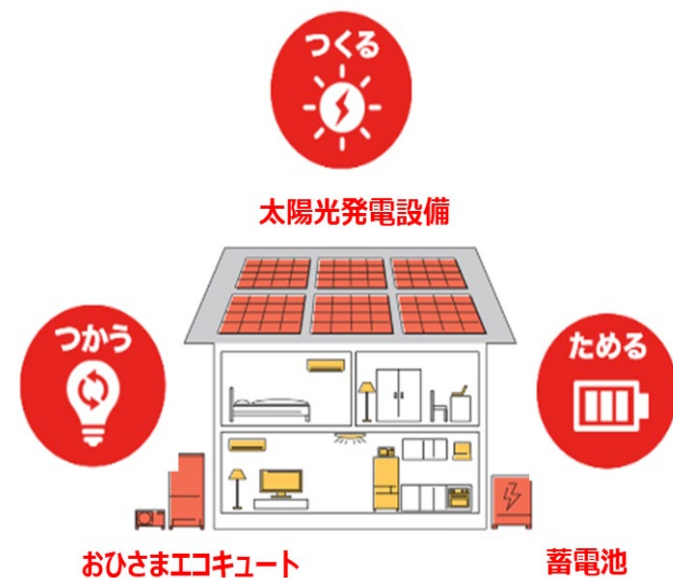
- **New House : Direct sales to end-users via housing companies**
- **Existing Company : Direct sales to end-users**

E-Saving Business : Expansion of Customer Segment with Product (Enecari Plus)

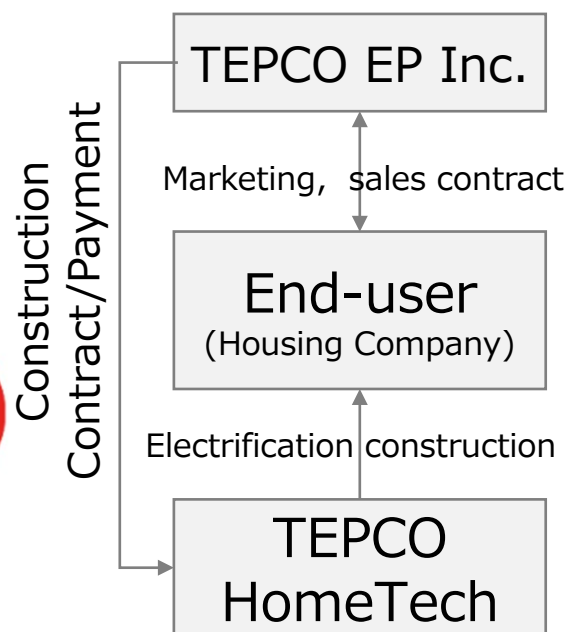
Start accepting order for Enecari Plus which is new electrification service by TEPCO EP Inc.

Business model of Enecari Plus

Enecari Plus

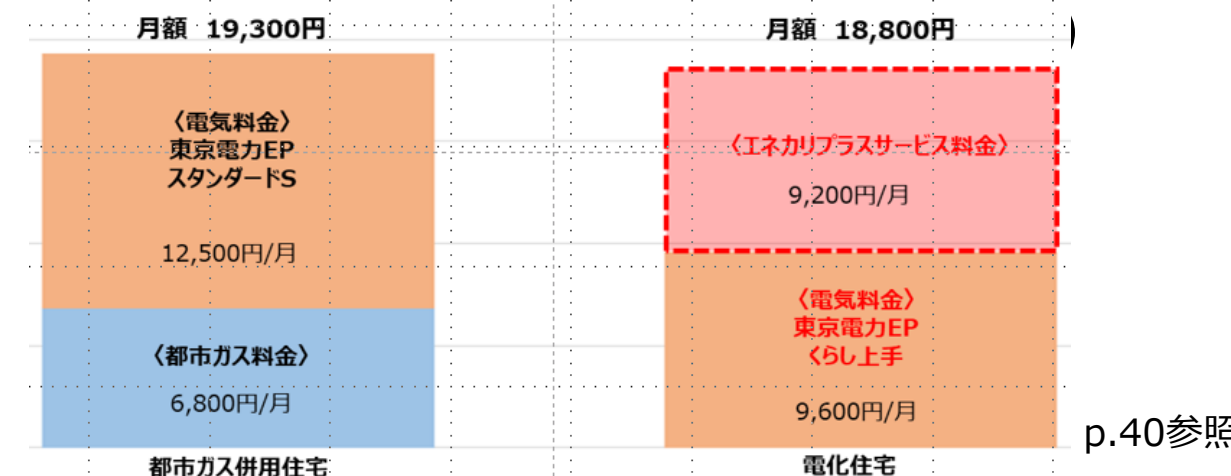


Flow



Advantage

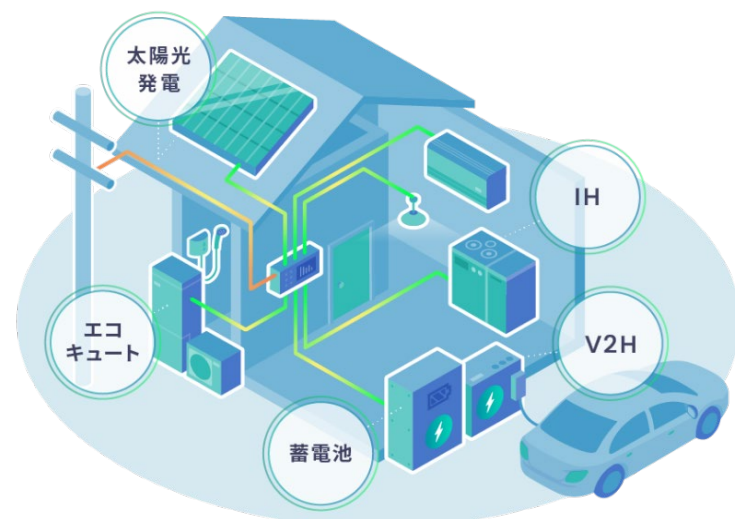
- Reduction of utility costs through installation of



- Flat rate usage model without mortgage facility (10-15 years) including maintenance fee
- Environmental and disaster prevention measures through the installation of electrical appliances

Enecari and Enecari Plus are parallel sales

Enecari



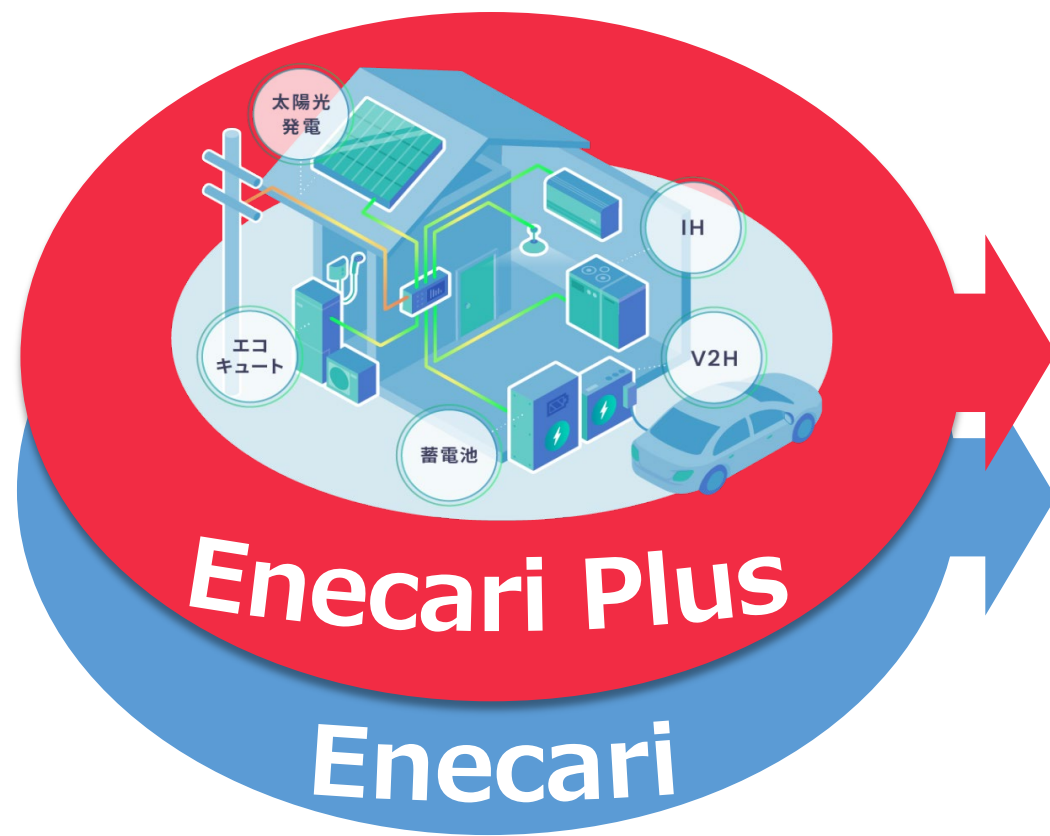
Subject	Enecari	Enecari Plus
Type of electrification equipment	Select Models	Package
Electricity Rate Menu	Select Menu	Special Menu
Income from PV surplus power sales	Contractor	TEPCO EP Inc.
Power Company Restrictions	No	Yes
Contract Period	10-15 years	10-15 years

Synergies from Enecari Plus

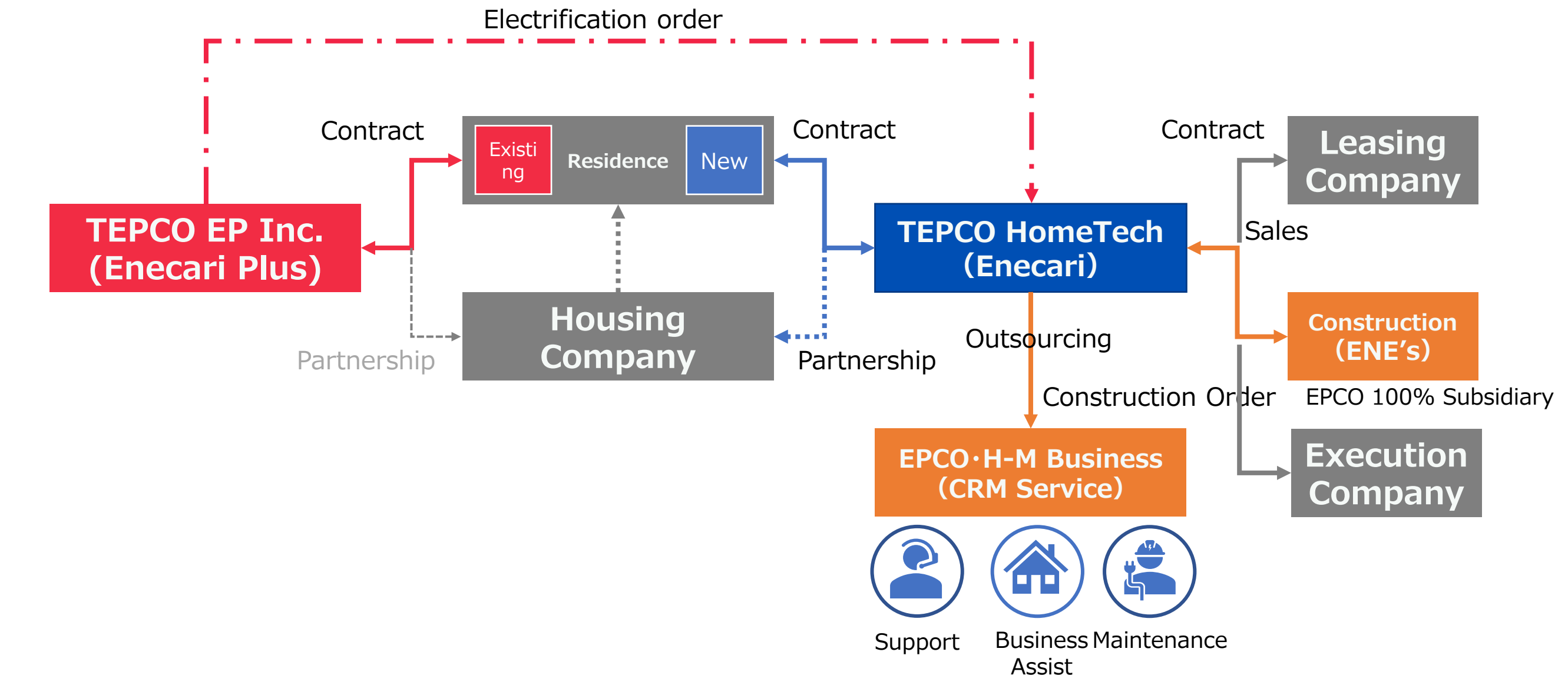
TEPCO HomeTech increased sales due to launch of “Enecari Plus” and expansion of sales channels to housing companies.

EPCO increase sales providing CRM service etc.

Two Major Service



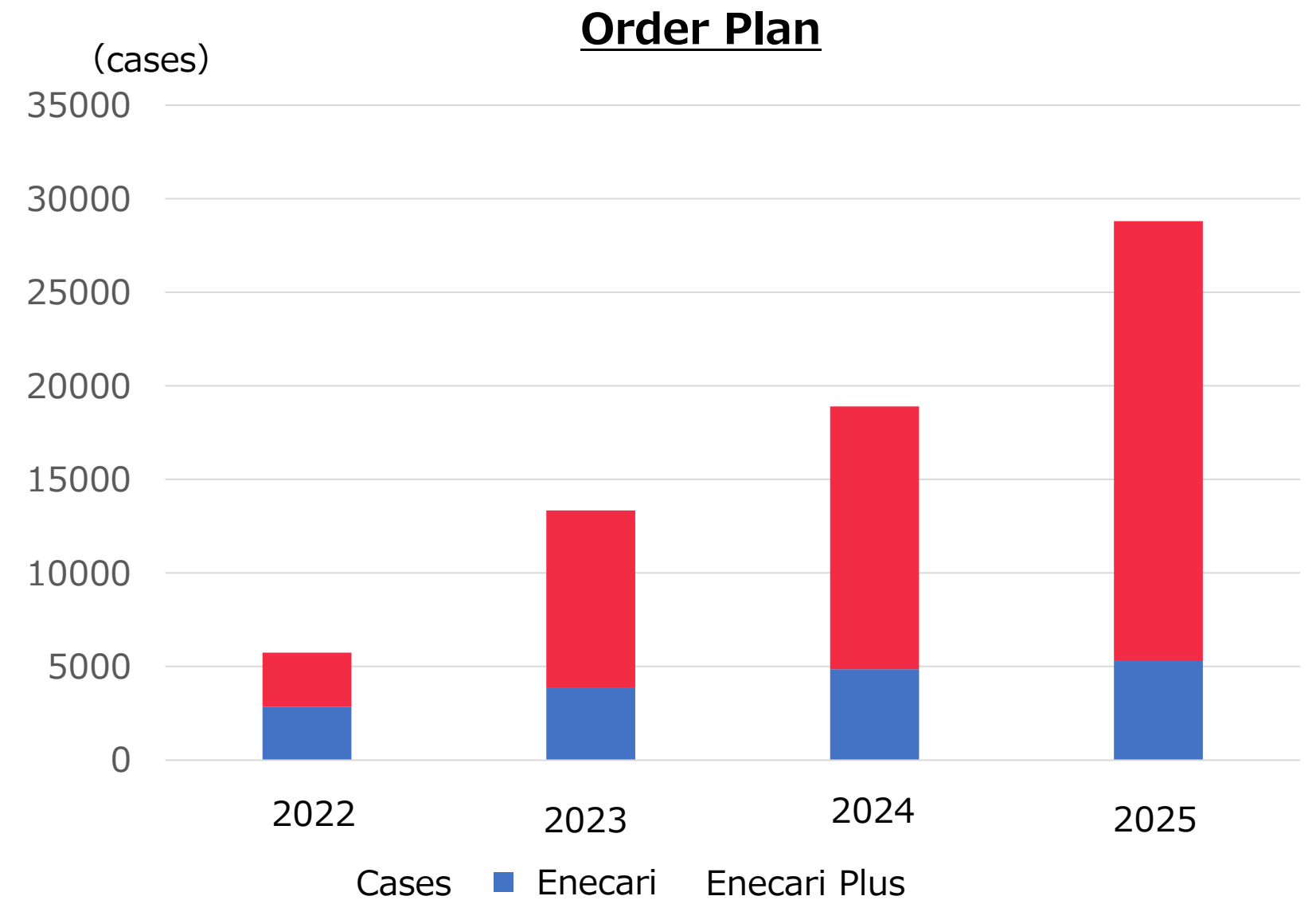
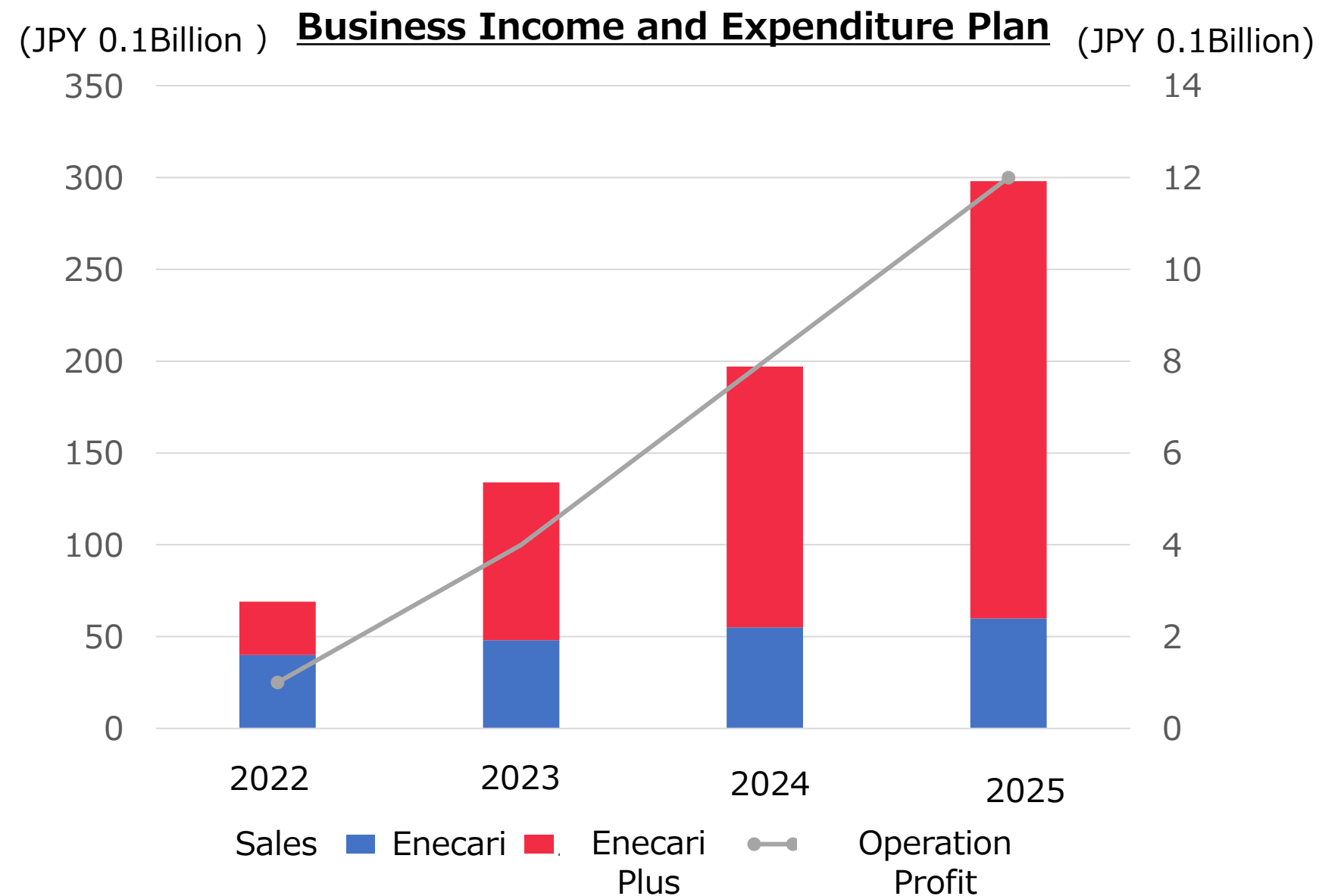
Business scheme



← . . . HomeTech sales ← HomeTech sales ← EPCO sales

Estimate the effect of Enecari Plus to business plan of EPCO

(EPCO group med-term business plan will be reviewed with the results of Enecari Plus sales)



【Reference】 : Comparison of Utilities Cost with Enecari Plus

Utility cost comparison with newly build housing with city gas

Press conference materials of TEPCO EP Inc.

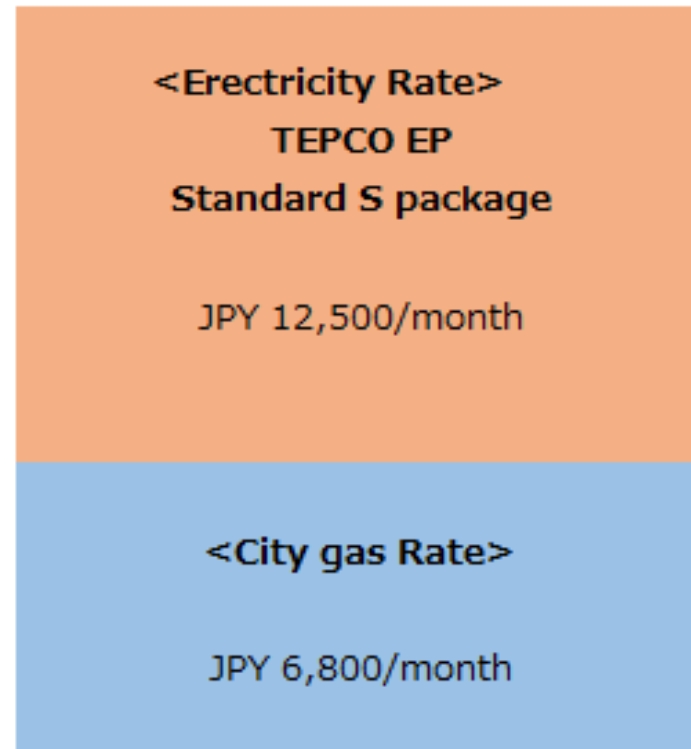
➤ It is possible to have comfortable and safety life the company provide with almost same cost as newly build housing combined with city gas.

Model Case

Newly build detached house (4LDK) for family of 4

Electricity 60A 376kWh/month
Gas 45m³/month

JPY 19,300 / month

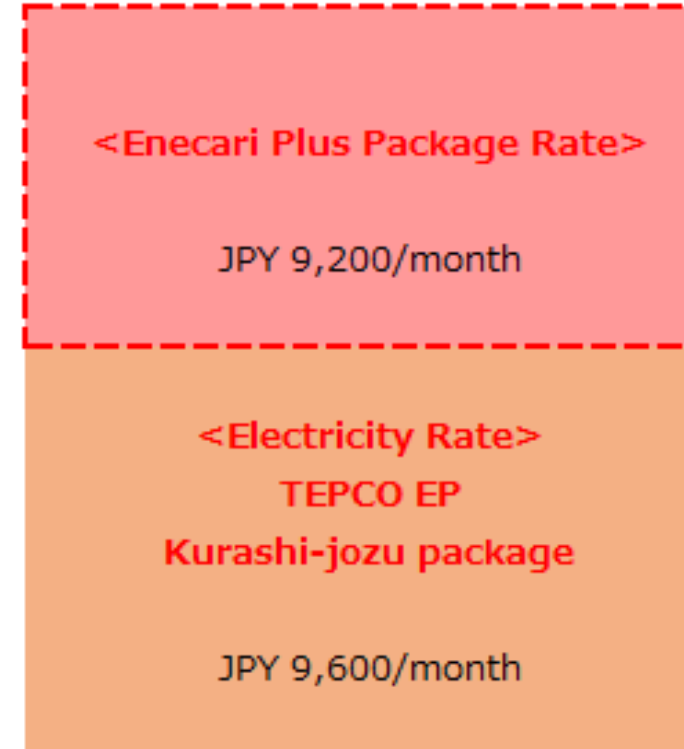


Combined city gas /electricity house

No Solar power photoelectric generator, storage battery
Purchase waterheater (gas) from housing company

Electricity 10kVa 233kWh/month

JPY 18,800 / month (Tax inclusive)





Electric House

With Solar power photoelectric generator, storage battery
15yrs contract, no service charge occurs after the last contract day.
Purchase SunEcocute (Water heater) from housing company

【Reference】 : Service Comparison of Enecari and Enecari Plus

- Enecari service : Customer owns facilities, high versatility with a wide choice of target areas and facilities.
- Enecari Plus service : The Company owns facilities, customer receives benefits. Unified control of facility operation status and surplus electricity by the Company.

	 Enecari	 Enecari Plus
Service Provider	TEPCO HomeTech	TEPCO
Service Contents	Choose and combine facilities as customers request. Facilities belong to customer.	The Company use customer's roof to install solar photoelectric generation device and customer can use the electricity.
Service Area	All over Japan *Depends on device	Kanto Area
Service commence day	August 2017	February 2022 (Start order accepting)
Initial Cost	JPY 0	JPY 0
Monthly Cost	Flat rate	Flat rate (Usage of solar electricity and device fee)
Owenship of surplus electricity	Customer	The Company
Contract Period	10-15 years (Depends on device)	10-15 years (Depends on device)
Facilities	Solar photoelectric generation device, Storage battery, V2H, IH, Eco-cute	Solar photoelectric generation device, Storage battery, Solar Eco-cute *Solar photoelectric generation device is mandatory, others are optional

Challenge to Evolution

DX Strategy × Carbon-Neutral

01. FY2021 Results & Summary

02. Mid-term Business Plan Progress

03. Appendix.

HCDs HOUSING
CARBON NEUTRALITY
DIGITAL SOLUTIONS

Company Overview

Management Philosophy of EPCO group

We pursue the happiness of our passionate employees and their family.
Purpose of our existence is to reduce social problems and contribute human's lives.

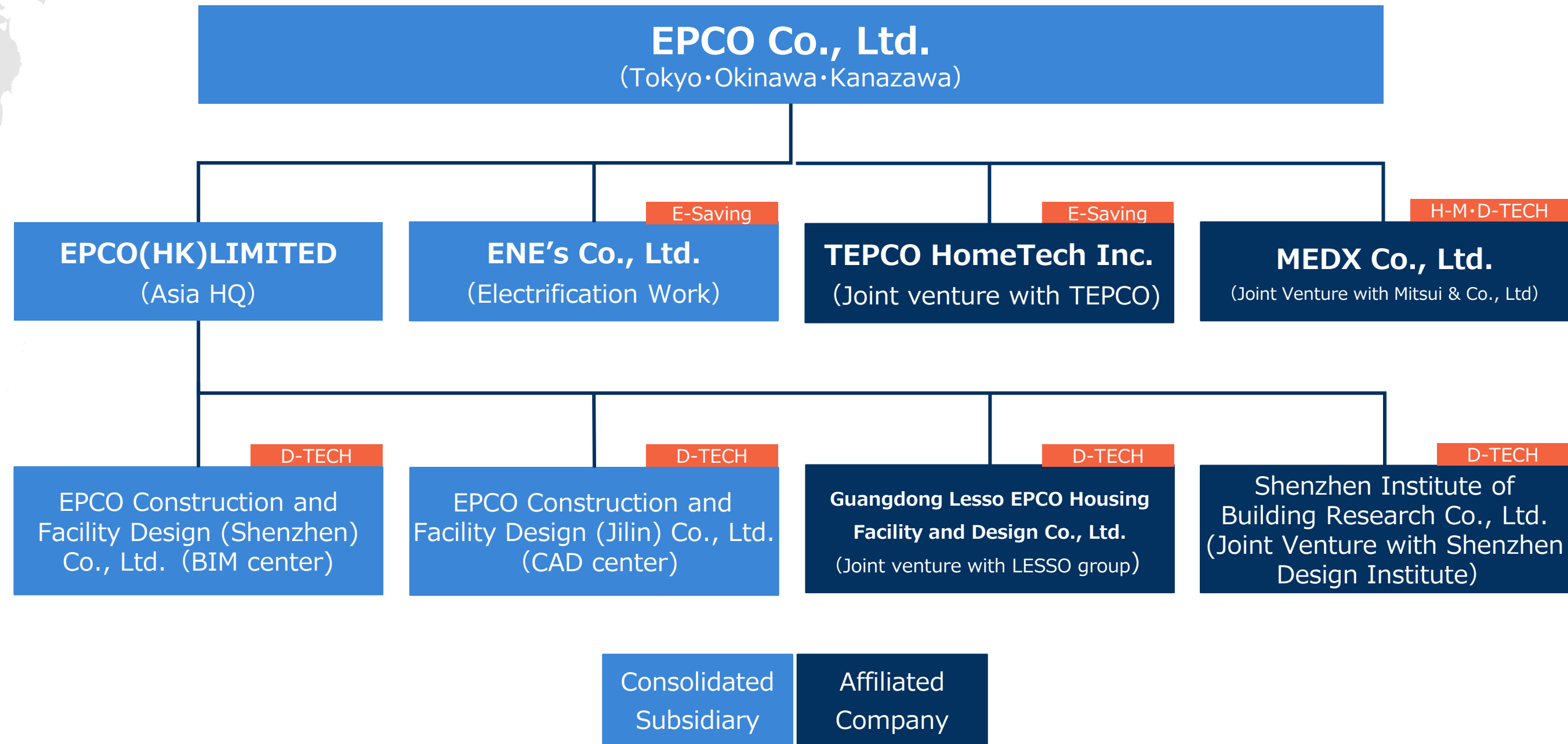
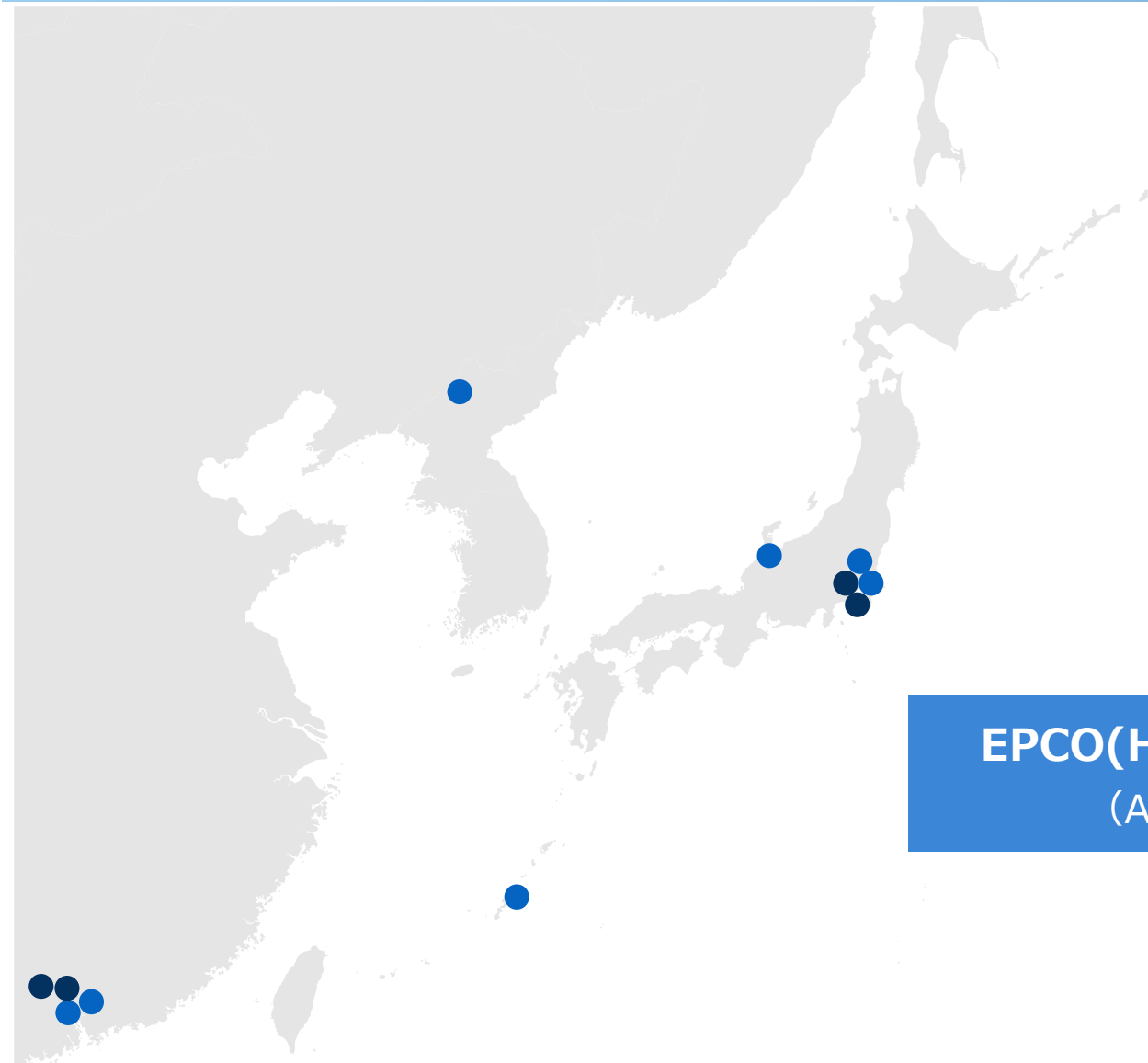
We aim to be infrastructure company to support the homes and lifestyles of people around the world.



Representative Director
Group CEO

岩崎 辰之

Company Name	EPCO Co., Ltd.
Head Office	12/F, OLINAS tower, 4-1-3 Taihei, Sumida-ku, Tokyo, 130-0012 JAPAN
Securities Code	2311 (Fiest Section of the Tokyo Stock Exchange)
Establishment	April 12, 1990
Capital	JPY 87 mil.
Numbers of employee	493 (Consolidated 793) Including temporary employees and dispatched workers *As of Dec. 31, 2021
Directors	Yoshiyuki Iwasaki, Representative Director and Group CEO Shinichiro Yoshihara, Representative Director and CFO Tohru Miyano, Director Satomi Katsumata, Outside Director (Audit and supervisory Board Member) Katsukane Mizushima, Outside Director (Audit and supervisory Board Member) Takuo Akino, Outside Director (Audit and supervisory Board Member)
Executive Officers	Kim Jungheon Chief Director of D-TECH Business Takatsugu Urayama Chief Director of H-M Business Yang Chao Chief Director of Information System Division



Challenge to Evolution

DX Strategy × Carbon-Neutral

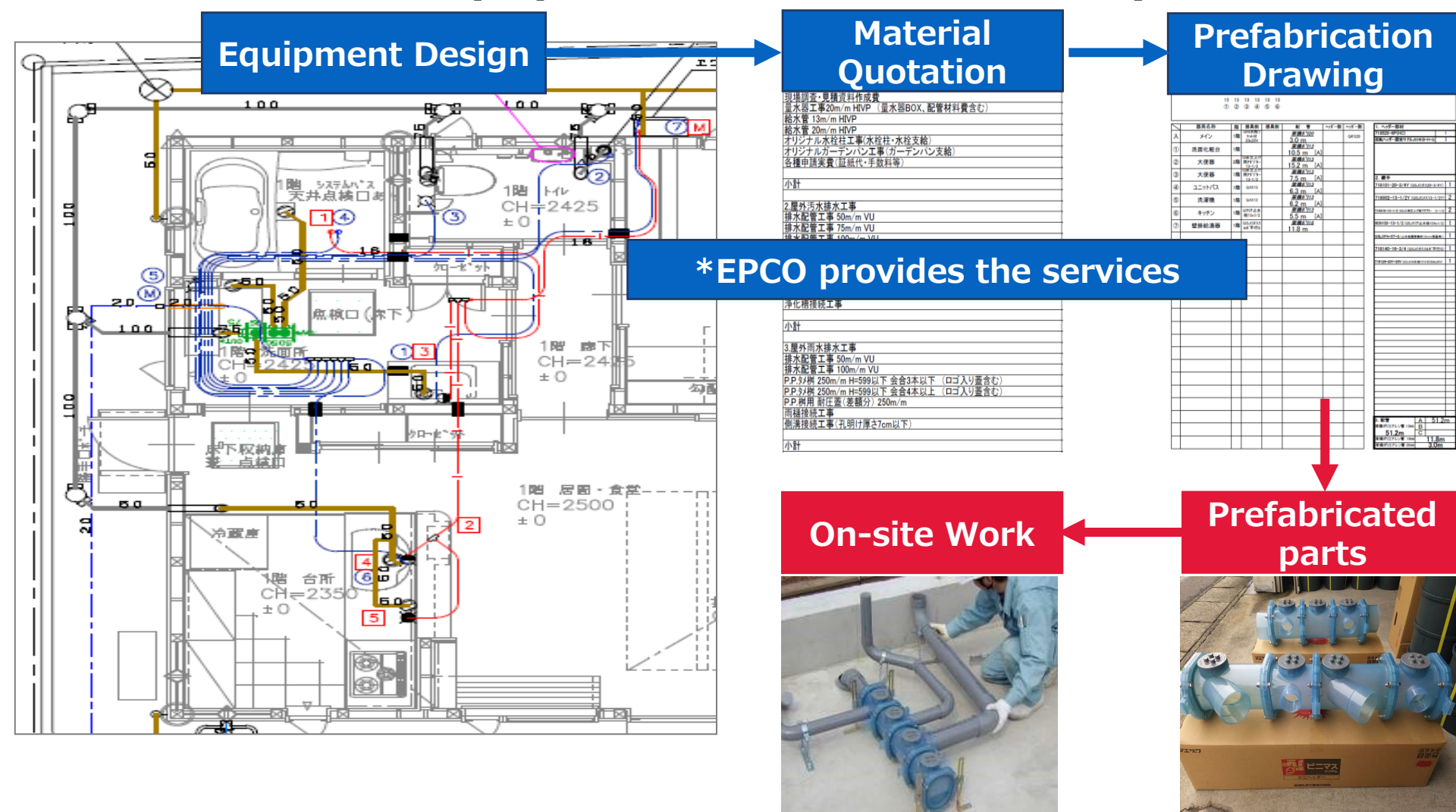
- 2022** • Established Kanazawa Operation Center
• Established MEDX Co., Ltd.
- 2020** • Acquired in System Engineering Co., Ltd. (Current :ENE's Co., Ltd.) and made it a subsidiary.
- 2019** • Listed on the first section of the Tokyo Stock Exchange
• Market change to the second section of the Tokyo Stock Exchange
- 2018** • Relocated Okinawa call center
- 2017** • Establishes TEPCO HomeTech Inc.
- 2016** • Established EPCO Construction and Facility Design (Jilin) Co., Ltd.
- 2014** • Relocated Tokyo office
- 2011** • Established EPCO (HK) LIMITED
• Established Guangdong Lesso EPCO Housing Facility and Design Co., Ltd.
- 2008** • Launched the Software Development Business related to photovoltaic power generation
- 2005** • Opened Okinawa office
- 2004** • Established a subsidiary EPCO Construction and Facility Design (Shenzhen) Co., Ltd.
- 2003** • Started a contact for inquiries on existing house
- 2002** • Head office relocated to Adachi-ku, Tokyo
• Listed on JASDAQ
- 2001** • Launched service to provide processing information for parts and materials for equipment industrialization
- 1996** • Planning, development, and consulting for labor-saving piping systems started
- 1992** • Reorganized into EPCO Co., Ltd.
- 1990** • Establishment of EPCO limited company

HCDs HOUSING
CARBON NEUTRALITY
DIGITAL SOLUTIONS

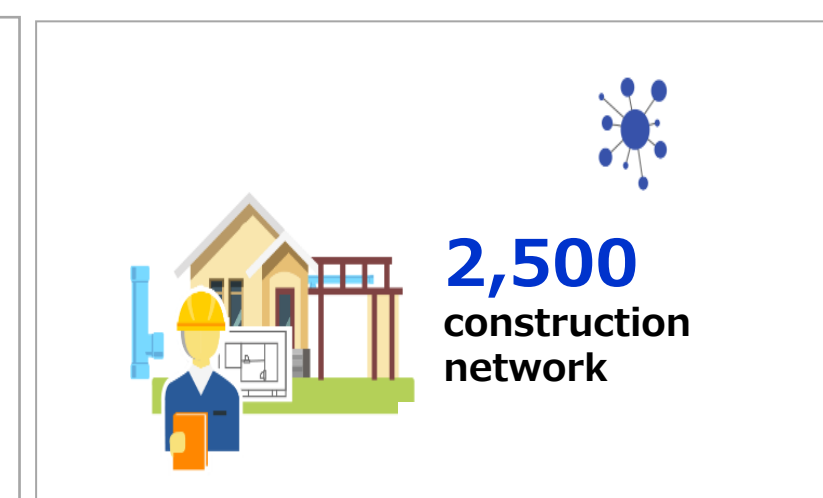
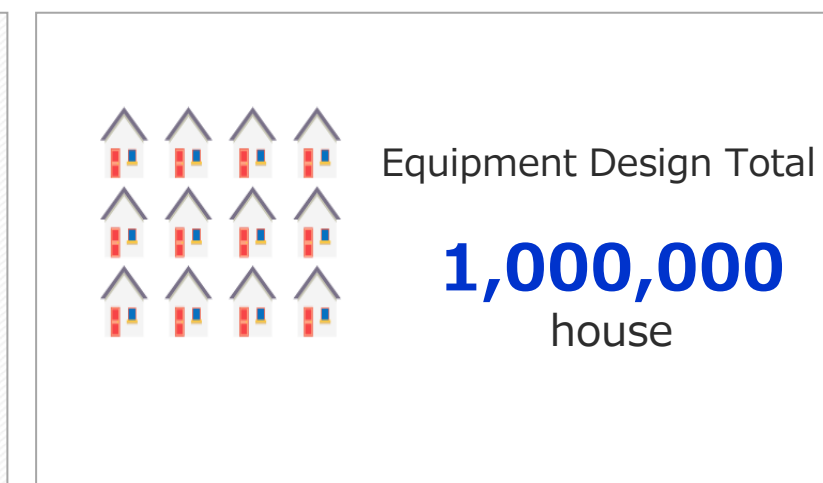
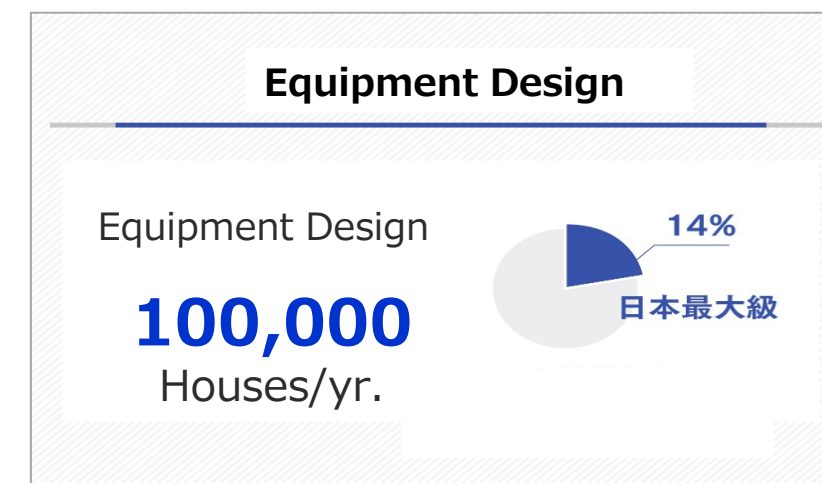
D-TECH Business (Design-Tech business)

- EPCO has **total 460 designers (270 in China)** in Tokyo, Okinawa and China (Shenzhen, Jilin). **We have implemented horizontal international specialization of design work to BCP(Business Continuity Planning).**
- Our main BPO contractors are major housing companies, and we have a **track record of designing about 100,000 households annually in the construction field** (about 14% share of the market for new low-rise construction). **We also provide pre-fabrication information on building materials automatically generated from design data and cost estimation information at the same time.**

【EPCO's Equipment Prefabrication System】



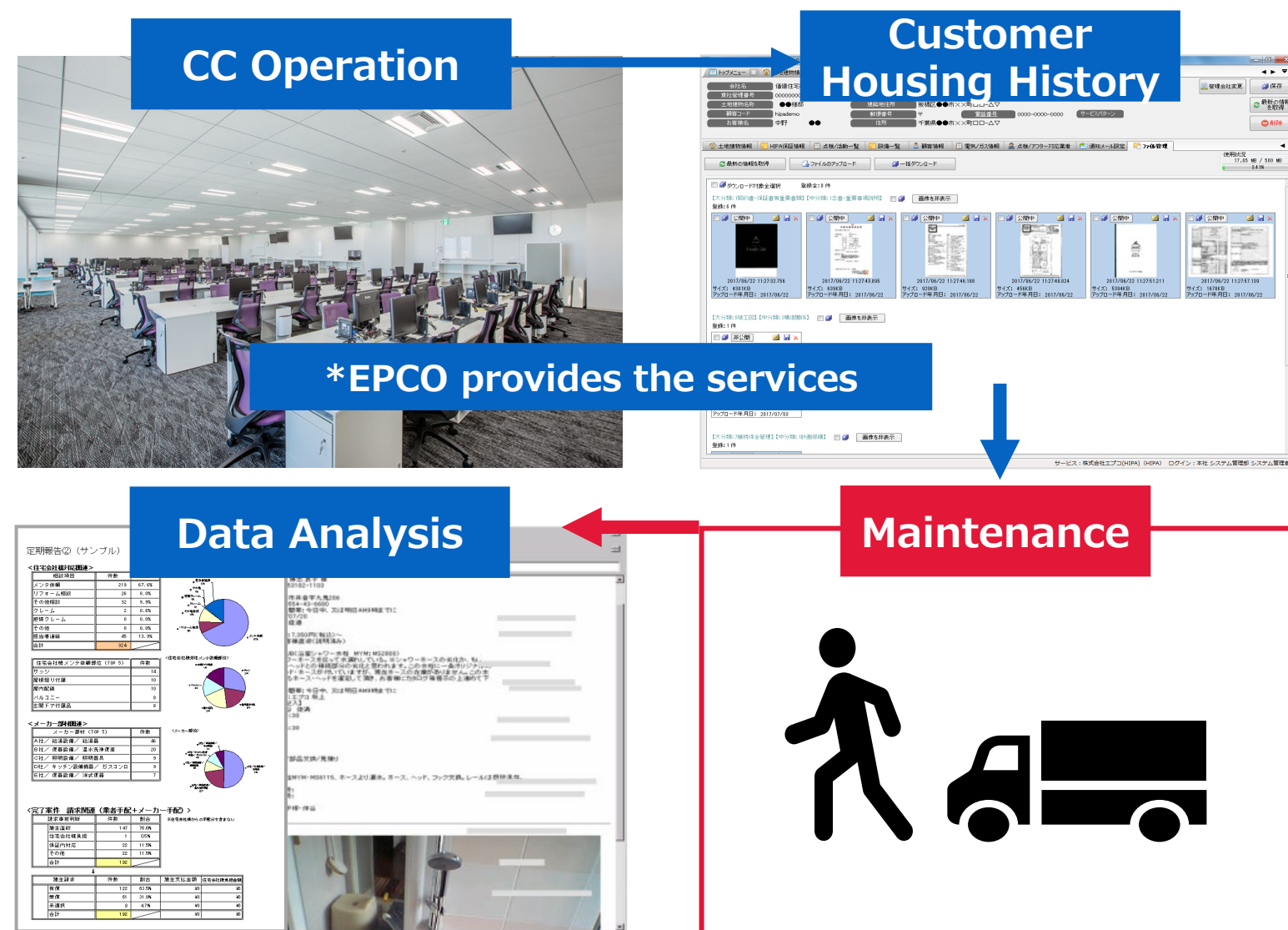
【EPCO Design Achievement】



H-M Business (Housing Management Business)

- EPCO Okinawa maintenance center employs approximately 200 staff and operates 24/7 to handle maintenance for 1.6 million households nationwide, 600,000 cases per year.
- Main BPO contractors are major housing company, house equipment manufacturer, power supply company and telecommunication company etc.
- Maintenance center is located forefront building in Naha city that with multiple power sources and uninterruptible power supply system for power outages. We maintain business continuity activities (BCP) in case of a disaster * The importance of CC has been reaffirmed in response to the recent spate of disasters.

【EPCO Okinawa Maintenance Center】



【EPCO Maintenance Achievement】

Customer Service

Annual after maintenance cases we handle

600,000 cases

24

Number of household we manage

1,600,000

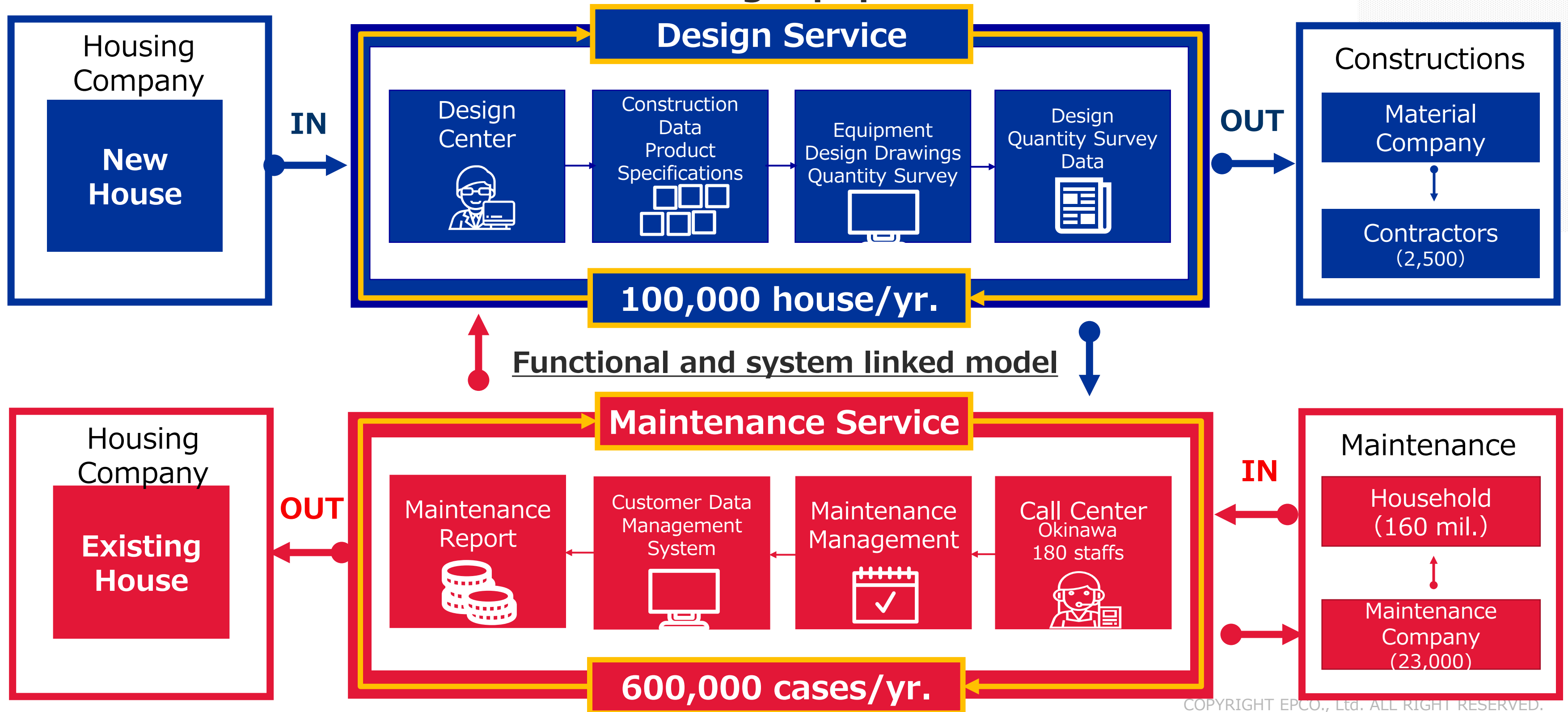
Maintenance staff : 200

Call Center Available 24/7

23,000 maintenance network

Federated Business Model of D-TECH and H-M

「Provide functions and systems for the building life-cycle to implement linkages from industrialization of housing equipment to after-sales service.」



E-Saving Business : TEPCO HomeTech Inc.

Company Name	TEPCO HomeTech Inc.
Establishment	August 9, 2017
Location	12/F, OLINAS tower, 4-1-3 Taihei, Sumida-ku, Tokyo, 130-0012 JAPAN
Representative	Yoshiyuki Iwasaki, Representative Director
Capital	JPY 475 mil. (Total contribution JPY 950 mil.)
Stake	TEPCO EP Inc. 51% EPCO Co., Ltd. 49%

Electric Subscription Service : Enecari

The latest electrical appliances are available without initial cost



創エネ
コース

太陽光発電システム

ソーラーエネカリ

自家消費で電気代を節約。

災害などによる停電時にも電気が使えて安心。



蓄エネ
コース

蓄電池

蓄電池エネカリ

もしもの災害や停電時の備えに。

太陽光と組み合わせて電気を効率よく使う。

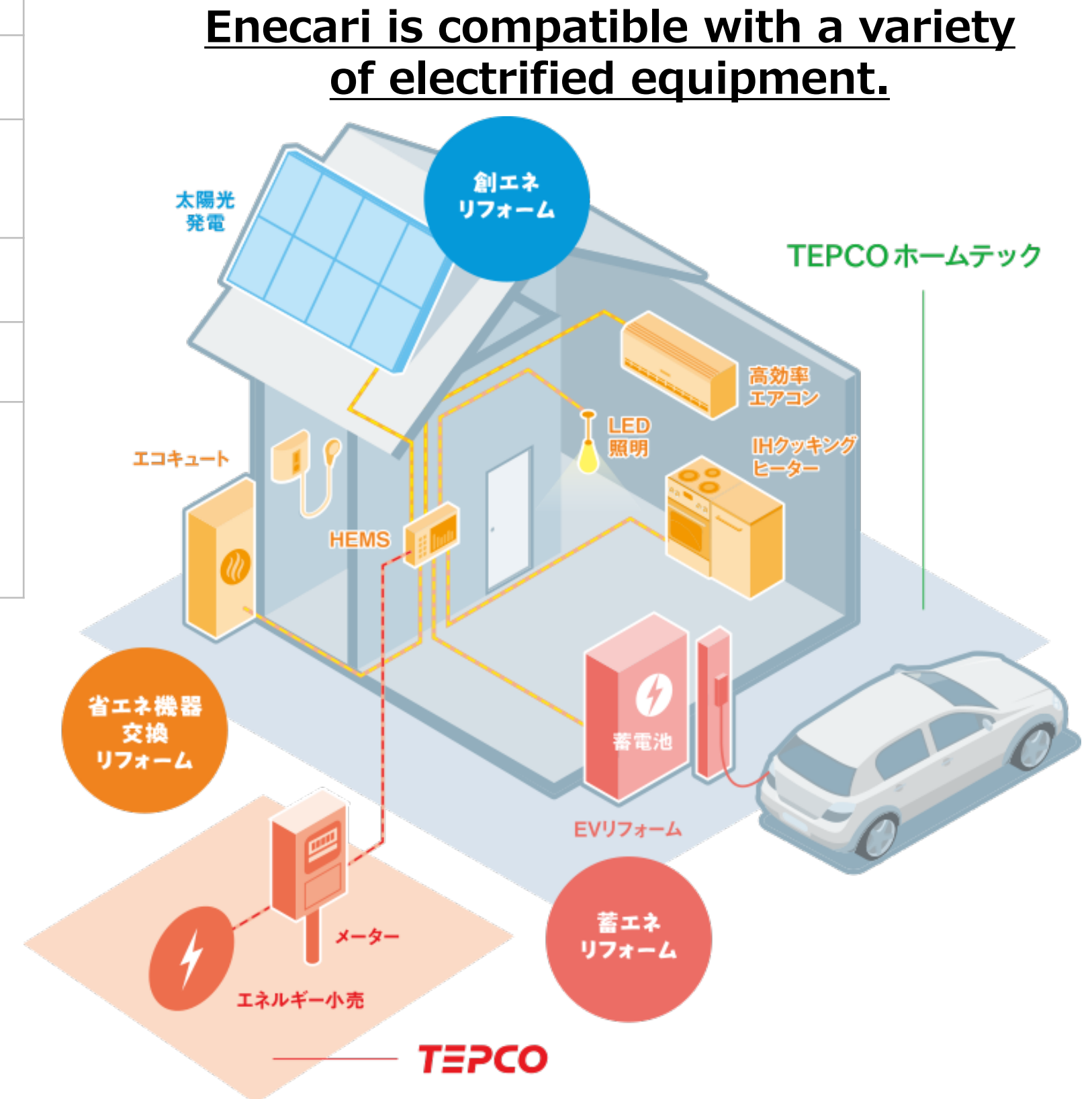


省エネ
コース

エコキュート
IHクッキングヒーター

機器エネカリ

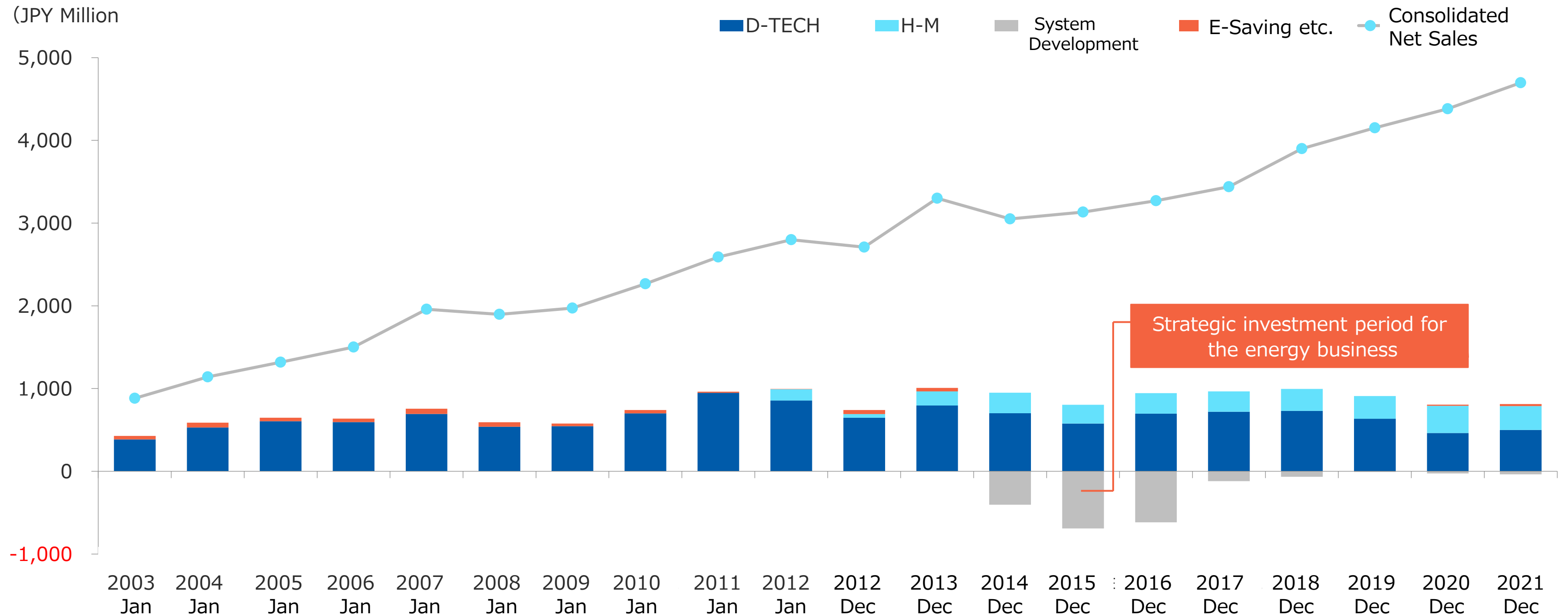
最新の省エネ機器が使って光熱費がおトク。



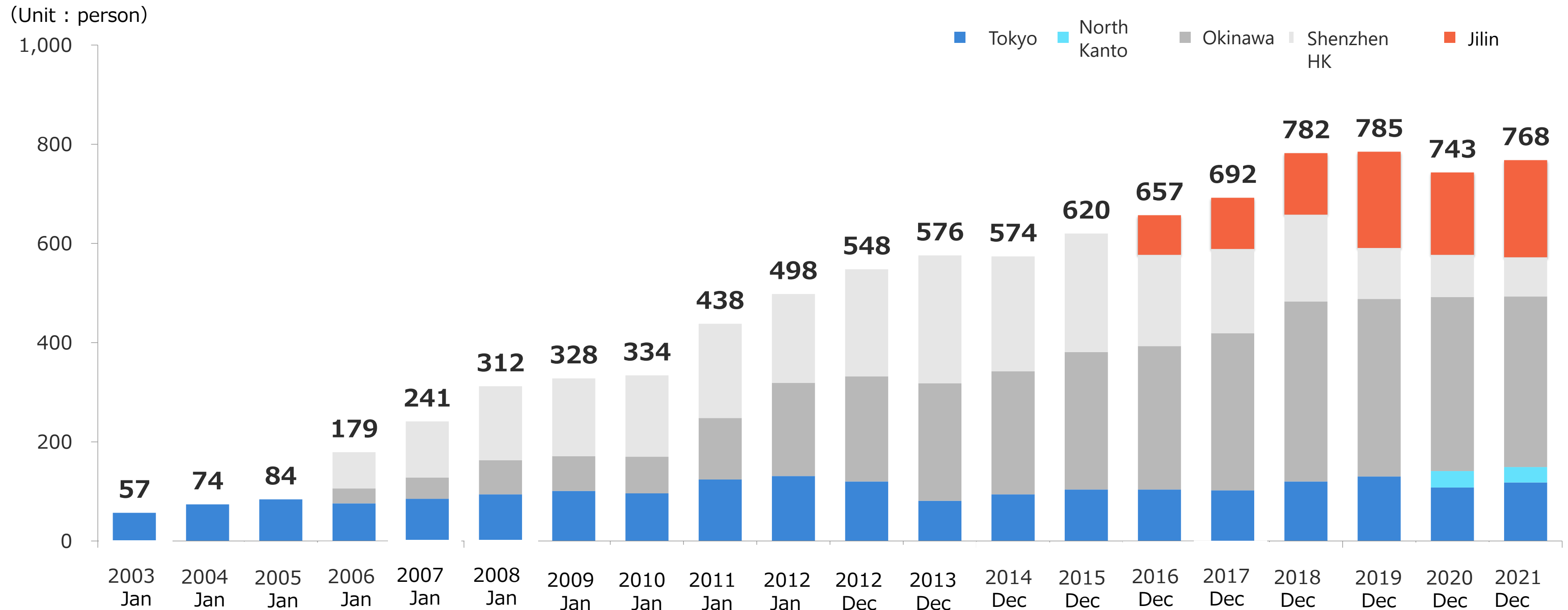
EPCO Group's ESG initiative

	Theme	Summary	Our Major Initiative	SDGs
Environment : E	Environmental preservation through business activities	Reduction of industrial waste by pre-fabrication Visualization of CO2 emissions with BIM	Reduction of industrial waste through optimal design and pre-fabrication of housing facilities. Calculation of CO2 emissions in the building phase by BIM design.	  
		Reduction of CO2 emissions by installation of energy-saving equipment	Reduction of CO2 emissions by installing energy-saving equipment such as solar panels and storage batteries. Contributing to the spread of energy-efficient equipment through a flat-rate usage service without an initial cost.	
	Reduction of environmental impact	Reduction of printed materials by using IT	Reduction of printed materials for checking design drawings using IT.	
Society : S	Residence	Relationship with residences	Corresponding 24/7 for various problems in all aspects of housing. Quick problem resolution through efficient maintenance arrangements	
	Customer	Relationship with customers (e.g.Housing company)	Improve customer satisfaction by realizing low cost, high quality, and quick delivery	
	Shareholder	Relationship with shareholder	Timely and appropriate disclosure of information https://www.epco.co.jp/ir/ Proactive and stable shareholder returns https://www.epco.co.jp/ir/highlight.html	
	Employee	Promotion of diversity	The ratio of female employees is 46%, and foreign employees is 37% in EPCO group. (As of end of Dec.)	
		Creating a safe and healthy workplace	Promotion of health management (employee health management in collaboration with industrial physicians and external organizations)	
Governance : G	Corporate Governance	Corporate Governance Structure	Company with an Audit Committee and 50% is outside directors (3 out of 6) Corporate Governance report https://ssl4.eir-parts.net/doc/2311/ir_material6/174682/00.pdf	
	Compliance	Compliance Structure	Establishment of a code of conduct in EPCO group and compliance education for employees, and an internal reporting system	
	Securities	Information Security Management	Establishment of Information Security Management System (ISO 27001 certification)	
		Protection of personal data	Establishment of a personal information protection management system (Acquisition of Privacy Mark)	

Consolidated Performance Transition

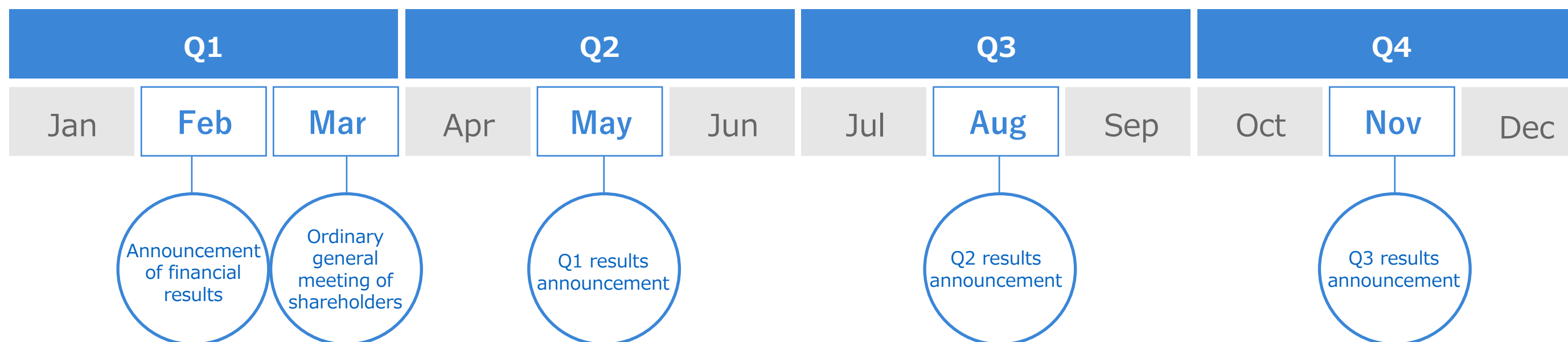


Consolidated Numbers of Employee



*Including temporary employee (Temporary employee is calculated based on the average number of employees during the period.)




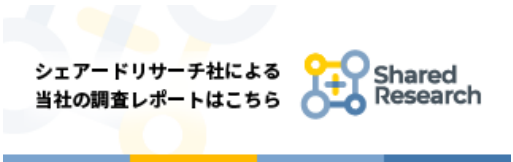


IR Schedule 2022 (Planned)



2022

Feb. 14	Mon.	Announcement of FY2021 financial results
Feb. 21	Mon.	FY2021 business plan briefing session (full-year results)
Mar. 25	Fri.	32nd ordinary general meeting of shareholders
May 11	Wed.	FY2022 Q1 results announcement
Jun. 28	Tue.	Final date of Q2 dividend rights acquisition
Jun. 29	Wed.	Ex-rights date

Aug. 10	Wed.	FY2022 Q2 results announcement
Late Aug.		FY2022 business plan briefing session (Q2 results)
Nov. 10	Thu.	FY2022 Q3 results announcement
Dec. 28	Wed.	Final date of year-end dividend Rights acquisition
Dec. 29	Thu.	Ex-rights date

	IR website	https://www.epco.co.jp/ir/
	IR information E-mail distribution service	https://www.epco.co.jp/ir/mail.html
	ENGLISH (IR)	https://www.irstreet.com/new/en/brand/index.php?brand=159
	Analyst report	https://sharedresearch.jp/ja/companies/2311
	CEO Blog	https://www.epco.co.jp/aroute/
	Contact us	https://www.epco.co.jp/contact/contact.php

Challenge to Evolution

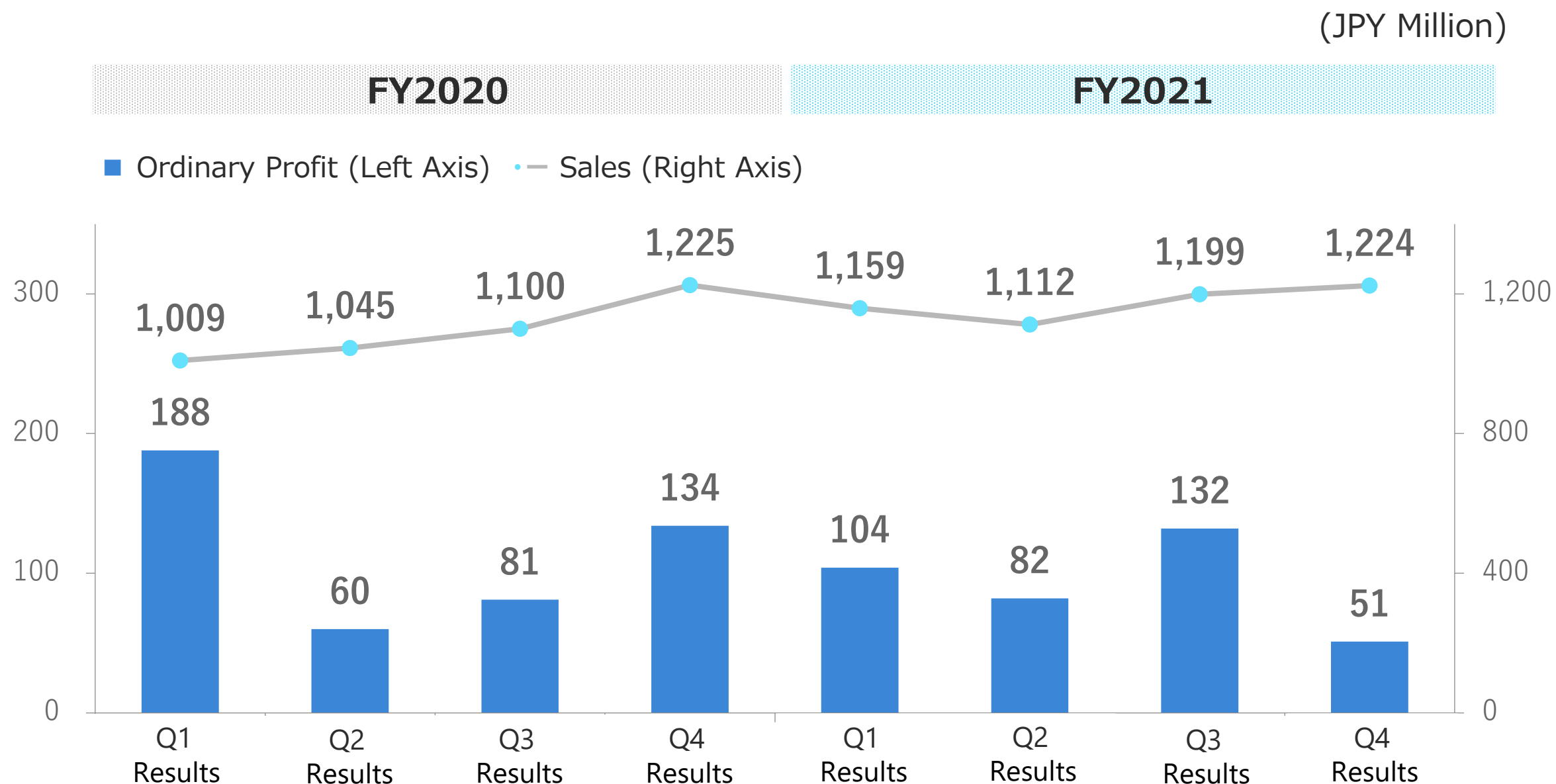
DX Strategy × Carbon-Neutral

(Reference Materials)

Supplemental Financial Data

HCDs HOUSING
CARBON NEUTRALITY
DIGITAL SOLUTIONS

Sales grew steadily, but income decreased due to the prior investments in each business



Comment on the transition

Although sales expanded steadily on E-Saving and H-M business, however, profit decreased because equity in earnings of affiliate of TEPCO HomeTech has been shifting within negative territory due to the impact of the TEPCO Group's self-restraint on sales, etc., and made advance investment on D-TECH and H-M business.

① D-TECH Business | Summary of Profit and Loss on the Business



D-TECH Business

FY2021 Factors affecting for profit & loss

Facility Design : Increased consignment order by macro factors

(Background) Housing Starts +5.0 (*)

Architectural Design : Decreased consignment order

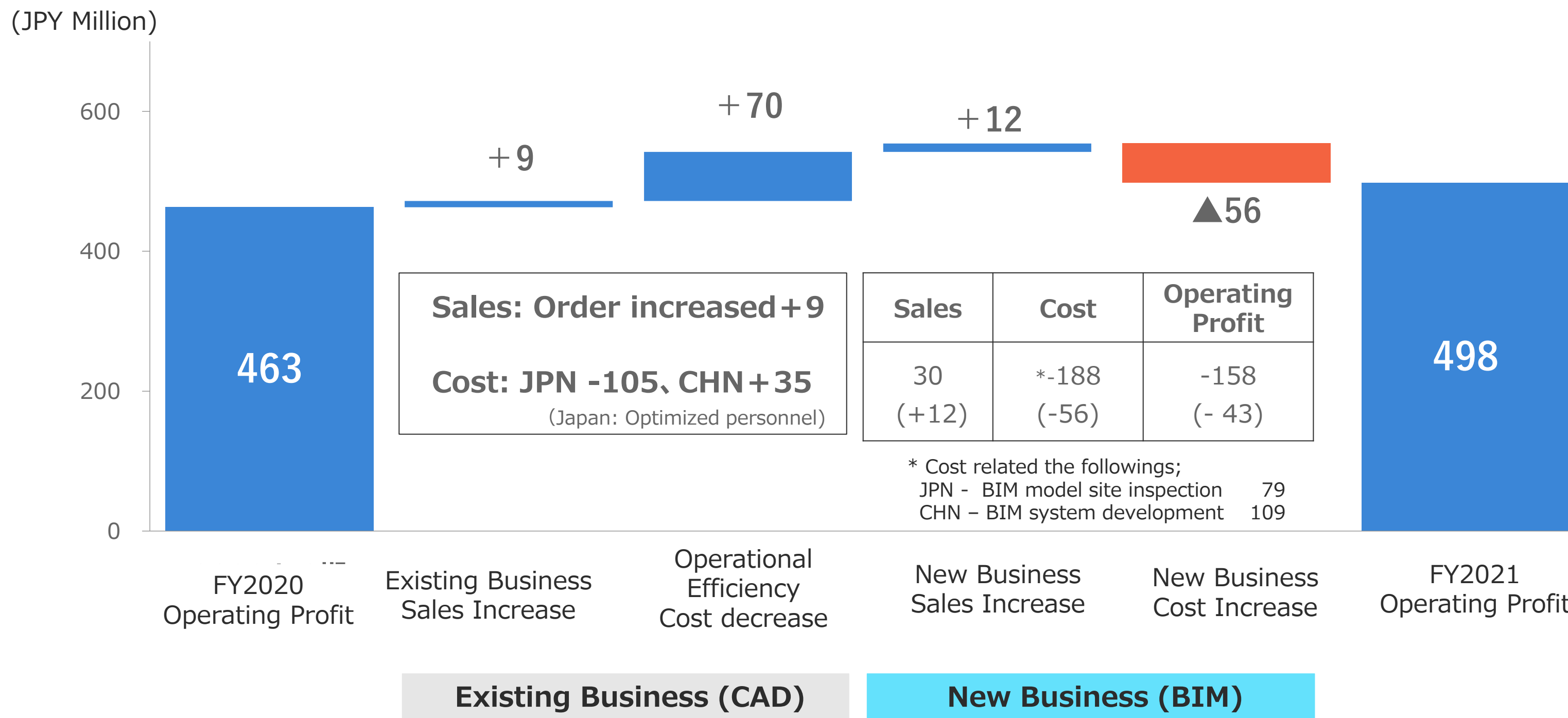
(JPY Million)

D-TECH Business	FY2020	FY2021					
		Forecast	Results	vs. Forecast		YoY	
				Changes	Ratio	Changes	Ratio
Net Sales	2,228	2,275	2,249	-25	-1.1%	+21	+1.0%
Facility Design (Water supply, electricity)	1,716	1780	1,849	+69	+3.9%	+133	+7.7%
Architectural Design	370	280	240	-40	-14.3%	-130	-35.1%
Energy Design	123	147	129	-18	-12.2%	+6	+5.0%
BIM related (New Business)	17	66	30	-36	-54.9%	+12	+70.9%
Operating Profit	463	489	498	+9	+1.8%	+35	+7.7%

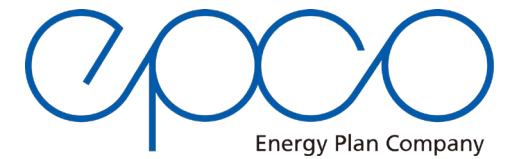
* New Housing starts Total Jan-Dec 2020 :815,340, Jan-Dec 2021 : 856,484 from Statical Survey by MLIT

① D-TECH Business | Operating Profit and Loss Factors (Quarter-to-Quarter basis)

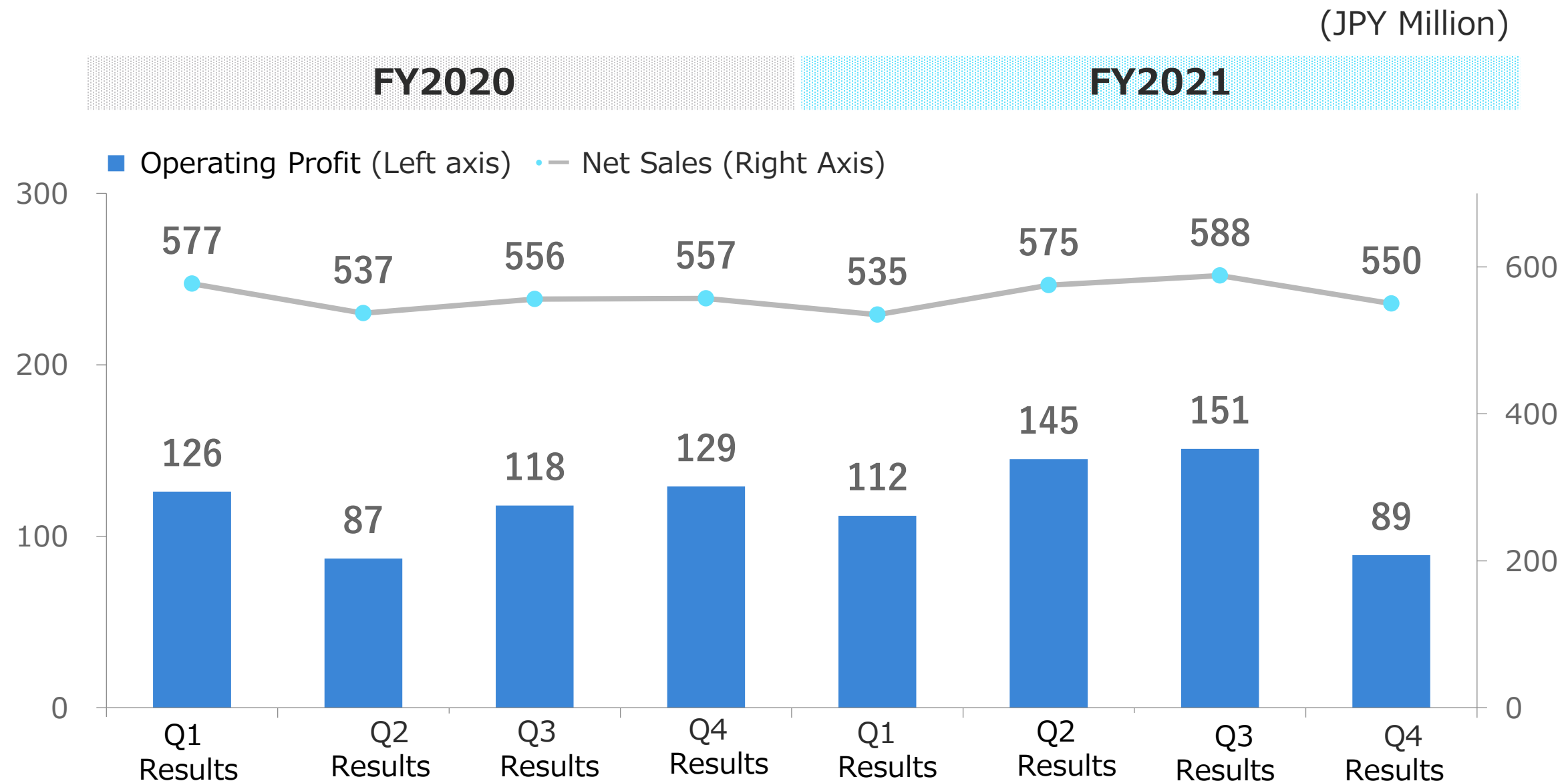
Profit growth by improving productivity resulting from the review of operation at each site



① D-TECH Business | Net Sales and Operating Profit Quarter Transition



Sales decreased by seasonal factors and profit decreased due to the increase in the number of employees in anticipation of order contract expansion in Q4



Comment on the transaction

Operating profit in Q4(Oct. –Dec.) decreased compared to Q3 (Jul.-Sep.) due to a seasonal decrease in sales of facility design (plumbing and electrical) and an increase in the number of employees in anticipation of future order contract expansion.

② H-M Business | Summary of Profit and Loss on the business



H-M Business

FY2021 Factors affecting for profit & loss

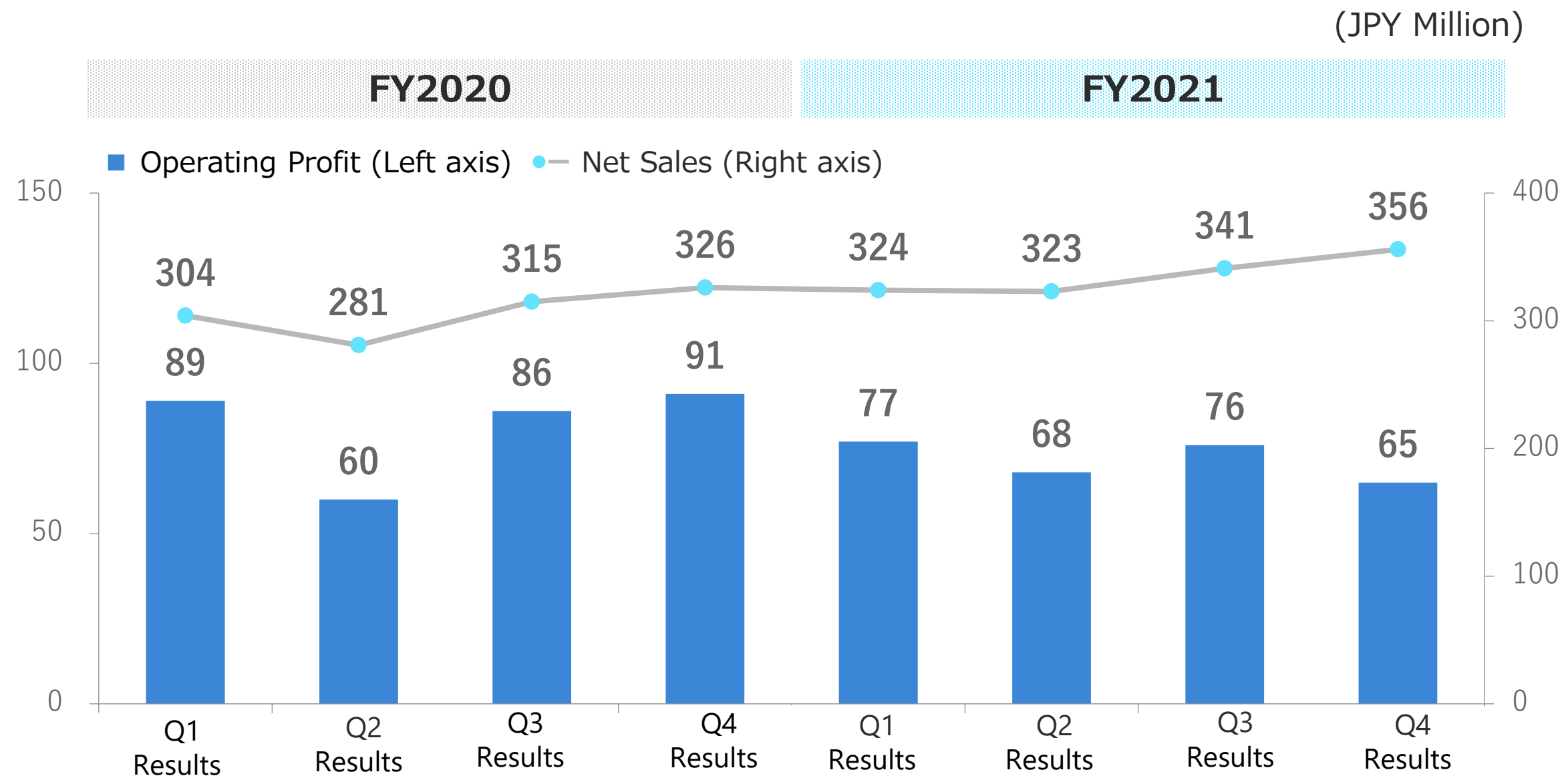
Increased in sales and profit. Received more consignment of housing company than forecast. On the other hand, profit declined by prior investment for new business.

(JPY Million)

H-M Business	FY2020 Results	FY2021					
		Forecast	Results	vs. Forecast		YoY	
				Changes	Ratio	Changes	Ratio
Net Sales	1,228	1,340	1,345	+4	+0.3%	+117	+9.6%
Clients : Housing Company	1,082	1120	1,204	+84	+7.5%	+122	+11.3%
Clients : Energy Company	146	220	140	-79	-36.2%	-5	-3.7%
Operating Profit	327	316	288	-28	-8.9%	-39	-12.1%

② H-M Business | Net Sales and Operating Profit Quarterly Transition

Sales increased steadily, but operating profit decreased due to prior investment in CRM cloud service



Comment on the transition

Net sales in Q4 (Oct.-Dec.) increased from the previous quarter.

However, due to investments in application and content development and an increase in the number of operators in anticipation of an increase in contracts, operating profit decreased from the previous quarter. Income decreased from the previous quarter.

③ E-Saving Business | Summary of Profit and Loss on the business



E-Saving Business

FY2021 Factors affecting profit & loss

Existing Clients : Almost as expected (Sales increase by increasing order of storage battery)

TEPCO HomeTech : Increased in sales compare to the previous year, however, sales fell short of plan due to the impact of TEPCO's self-restraint of operation.

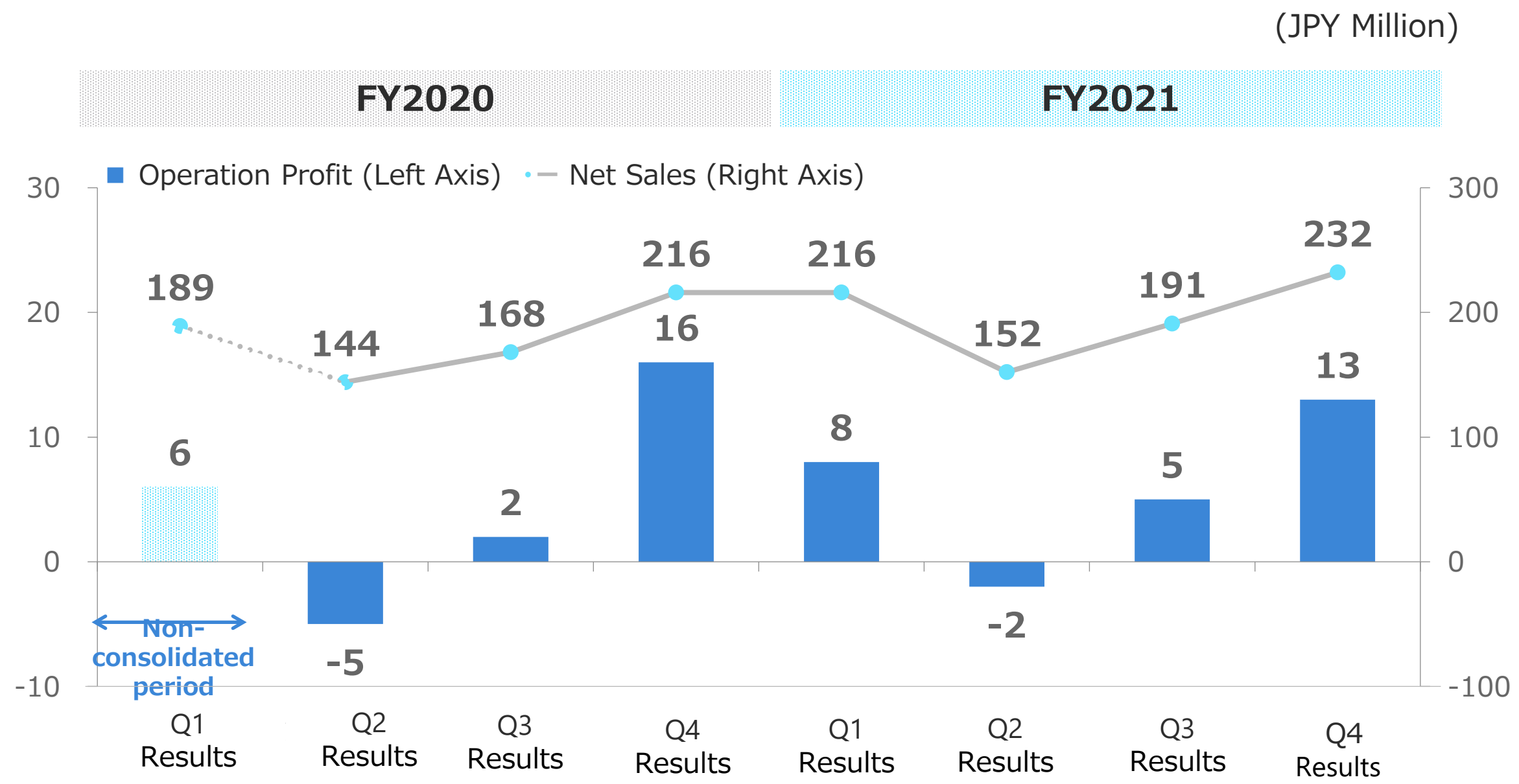
(JPY Million)

E-Saving Business	FY2020 Results	FY2021					
		Forecast	Results	vs. Forecast		YoY	
				Changes	Ratio	Changes	Ratio
Net Sales	529	881	792	-89	-10.1%	+263	+49.7%
Clients : Existing Clients	521	757	742	-14	-2.0%	+220	+42.4%
Clients : TEPCO HomeTech	7	124	50	-74	-59.9%	+42	+549.8%
Operating Profit	13	36	25	-10	-28.5%	+12	+91.8%

* E-saving business is newly established after subsidiary acquisition of ENE's in FY2020 Q2.

③ E-Saving Business | Net Sales and Operating Profit Quarterly Transition

Increase in sales due to the effect of increased orders from TEPCO HomeTech



Comment on the transtion Sales increased due to the growth of orders from TEPCO HomeTech in addition to orders from existing ENE's customers. We achieved sales target in all quarters.

④ System Development Business | Summary of Profit and Loss on the Business



System Development Business

FY2021 Factors affecting profit & loss

Decreased in sales due to transfer of ENESAP business,(to be implemented in October 2020) is within expectations.

Profit decreased from the previous year and from the plan due to unprofitable projects in contract development.

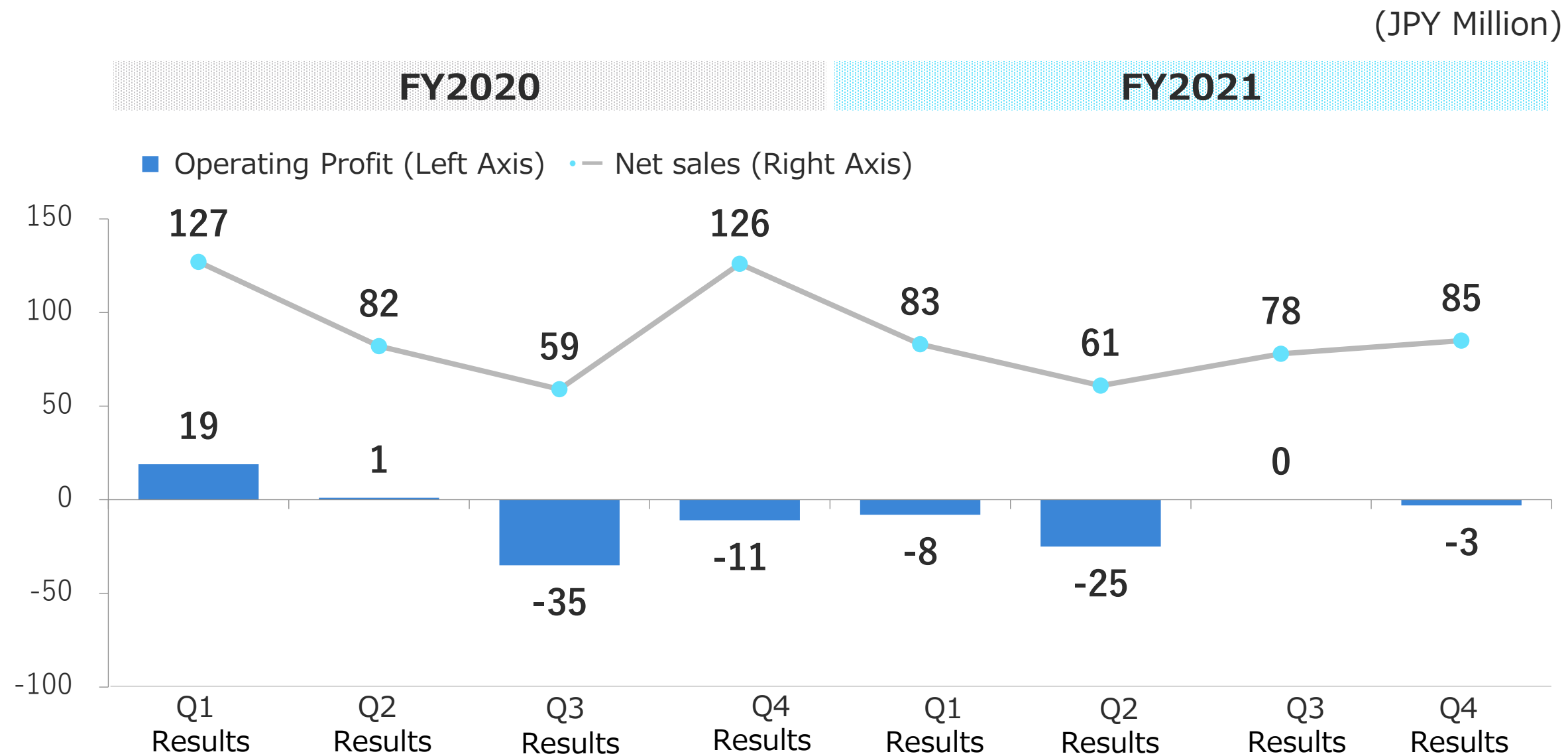
However, profits are expected to recover in the second half of the year due to strengthened profitability management

(JPY Million)

System Development Business	FY2020 Results	FY2021					
		Forecast	Results	vs. Forecast		YoY	
				Changes	Ratio	Changes	Ratio
Net Sales	395	273	308	+34	+12.8%	-86	-21.9%
Recurring Revenues (e.g. System Maintenance)	198	145	162	+17	+11.7%	-35	-17.9%
One-off order (Consignment Development)	196	127	145	+17	+14.0%	-50	-25.9%
Operating Profit	-26	-18	-37	-18	-	-10	-

④ System Development Business | Net Sales and Operating Profit Quarterly Transition

Operating profit will be recovered to improve profitability of contracted development projects from Q3

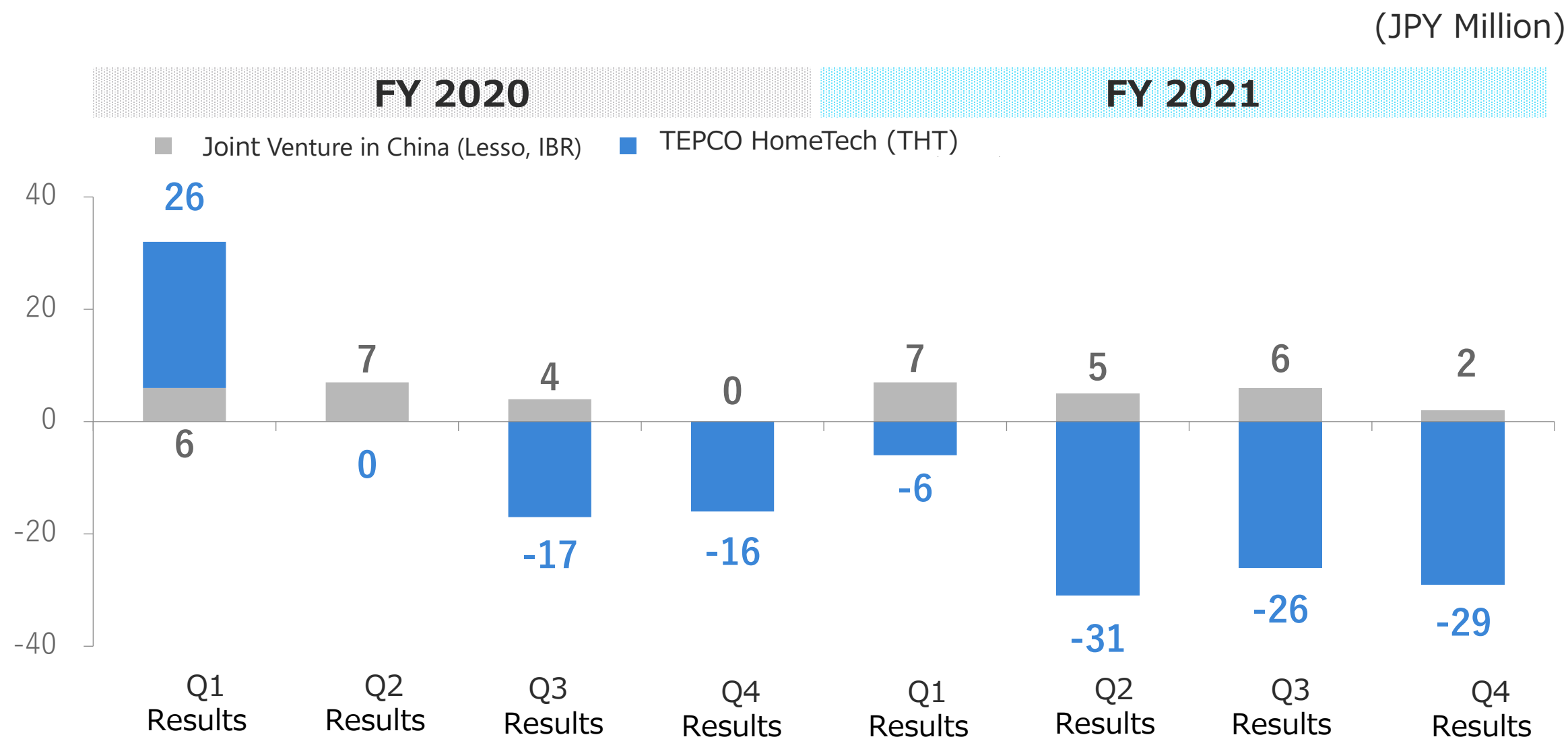


Comment on the transition

In the Q4 (Oct.-Dec.), profitability of contracted development projects improved, resulting in an increase in profit compare with the same period of the previous year.

⑤ Equity in Earnings of Affiliates | Quarter Transition

THT has continued losses due to voluntary restraint in sales activities and delay in delivery of equipment and facilities. It will recover in the next fiscal year



Comment on the transtion

Equity in earnings (THT) remained slow move due to the TEPCO Group's self-restraint on sales activities and delays in equipment deliveries. On the other hand, since the order backlog has been on an increasing due to the increased adoption of Enecari services for housing companies since Q3. Profitability is expected to improve toward the next fiscal year.

(Reference) Summary of Consolidated B/S (Balance Sheet)

Increase in assets, liabilities, and net assets due to higher share price and partial sale of ENECHANGE stock

(JPY Million)

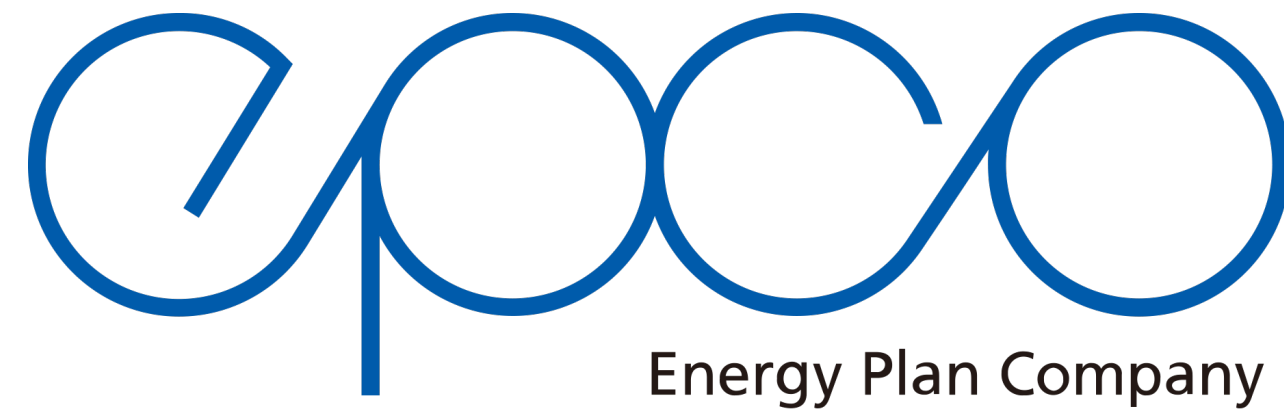
Subjects	End of Dec. 2020		End of Dec. 2021		YoY
	Amount	Composition Ratio	Amount	Composition Ratio	
Current Assets	2,481	45.9%	3,061	48.0%	+ 580
(Cash and saving)	(1,641)	(30.4%)	(2,147)	(33.7%)	(+ 506)
Fixed Assets *	2,920	54.1%	3,315	52.0%	+ 395
Total Assets	5,401	100.0%	6,377	100.0%	+ 975
Total liabilities	1,128	20.9%	1,326	20.8%	+ 198
Total net assets	4,273	79.1%	5,050	79.2%	+ 777
Total liabilities and net assets	5,401	100.0%	6,377	100.0%	+ 975
Net assets per share	JPY 479.52		JPY566.73		—
*ENECHANGE share	1,470	27.2%	1,912	30.0%	

(Reference) Summary of Consolidated Cash Flow

Stable dividend payments to shareholders based on stable operating cash flow generation

(JPY Million)

Subject						Average
	2017 Results	2018 Results	2019 Results	2020 Results	2021 Results	
Cash from sales operation	521	423	463	513	230	430
Cash from investment	-362	-395	-113	-411	483	-160
Free cash flow	158	27	349	101	713	270
Cash from financial operation	-244	-244	-244	-267	-267	-253
Term end cash balance	1,631	1,398	1,497	1,321	1,794	1,528
Capital investment	119	376	250	174	29	190
Depreciation	119	140	192	172	151	155



Disclaimer

The performance outlook on the materials are based on the information available and certain assumption that are considered reasonable. Actual results may differ significantly from the forecast due to various factors. Therefore, the Company does not guarantee its certainty.