

# FY2022 Q1 Financial Results (January-March)

EPCO Co., Ltd Securities Code: 2311 May 11, 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. Company Profile

02. Overview of New Business (Mid-term Business Plan)

03. FY2022 Q1 Results

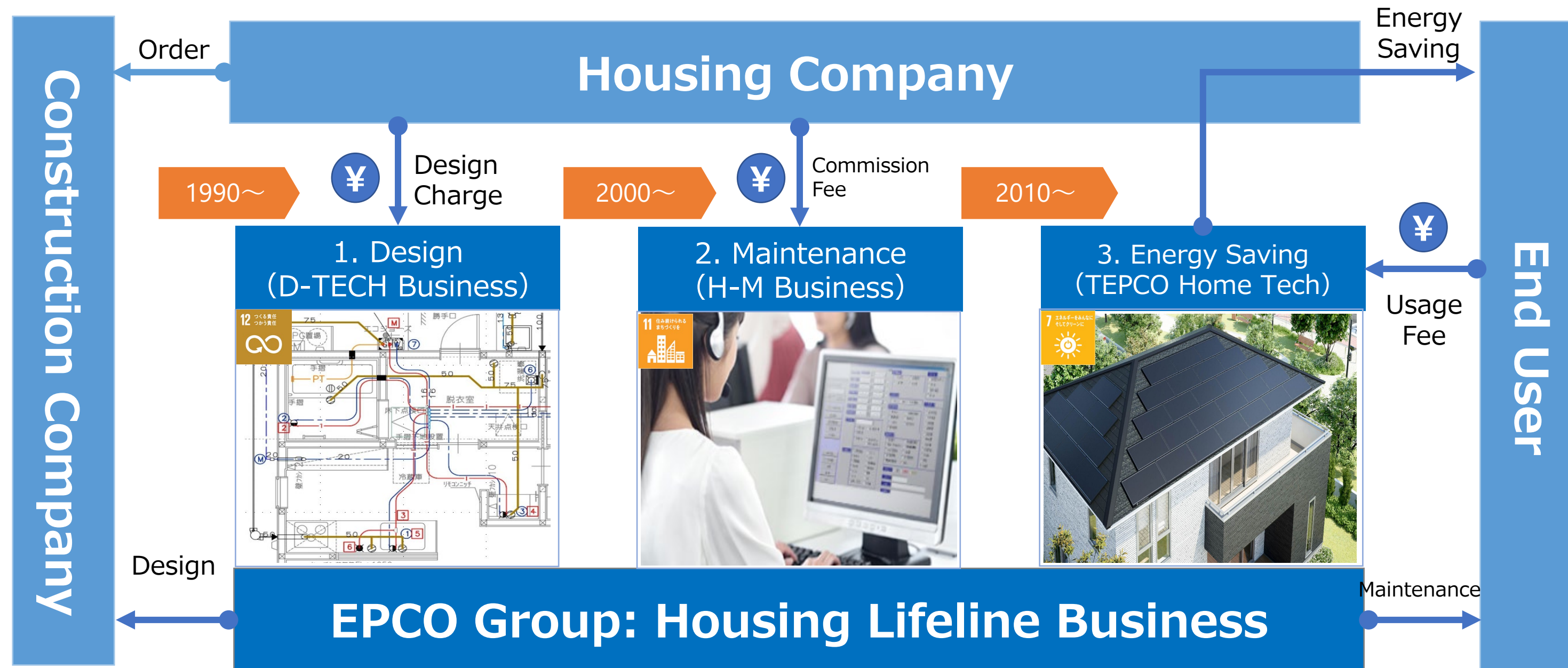
04. Appendix.

**HCDs** HOUSING  
CARBON NEUTRALITY  
DIGITAL SOLUTIONS



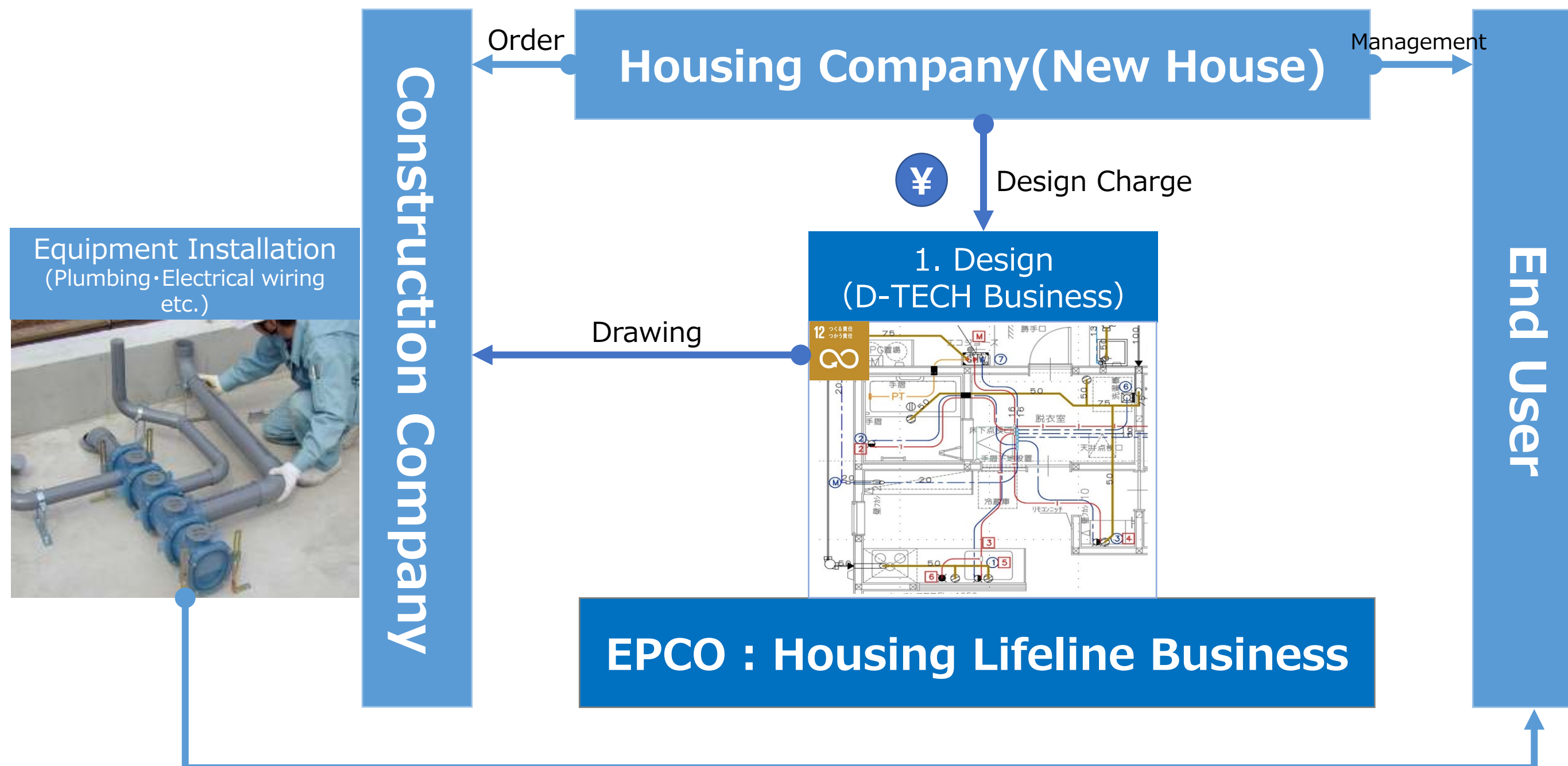
# Core Business of EPCO Group : General View

- Three core business to support housing lifeline (1.Design, 2.Maintenance, 3.Energy Saving) are stable revenue base.



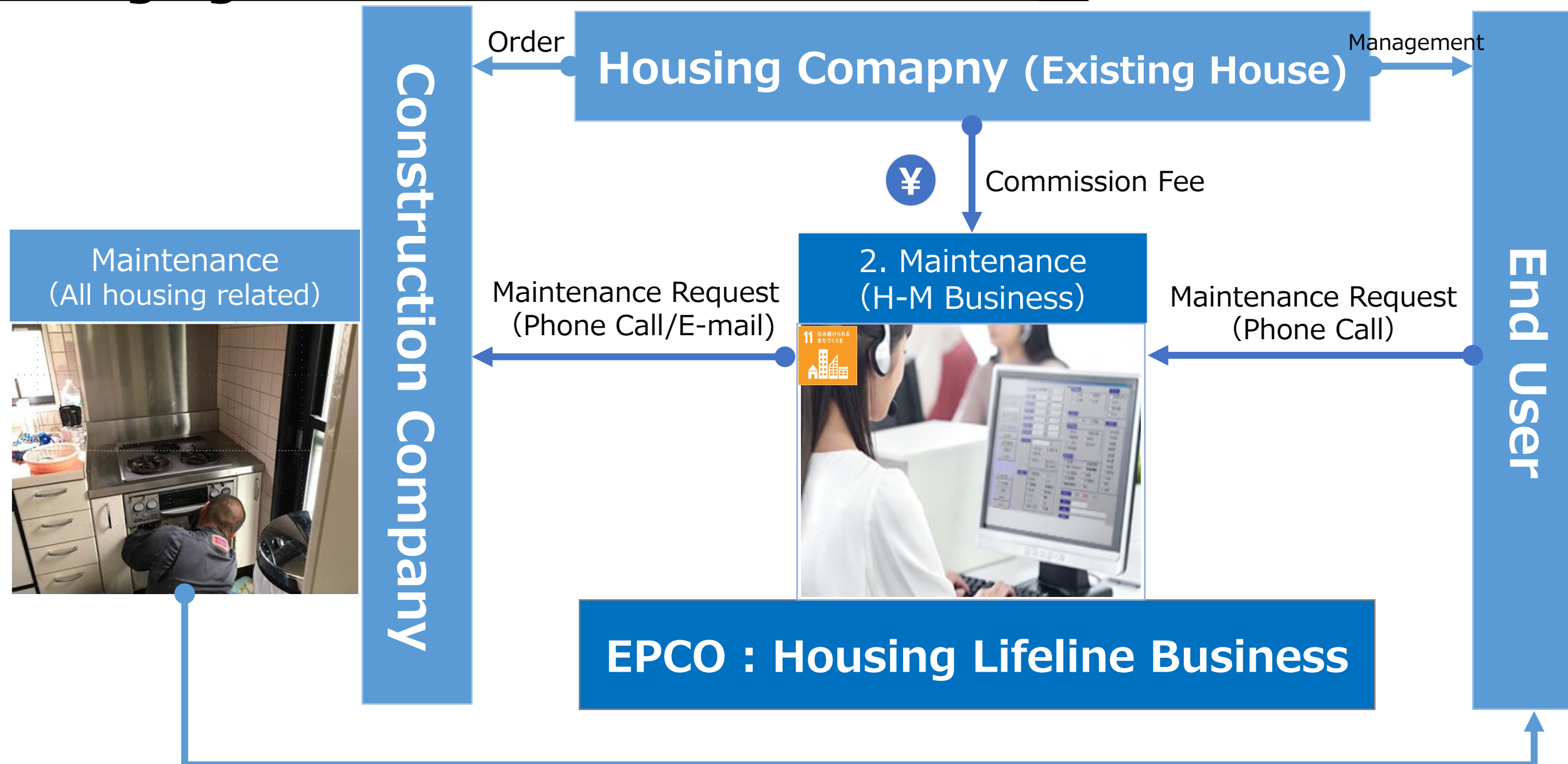
# Core Business of EPCO Group: 1. Design (D-TECH Business)

- One of the largest design organization to support the supply chain of housing company. (Total 460 designer in Japan and China)
- Design performance is approx. 100,000 unit/year in residential field. (Market share of new low-rise residence is 14%)



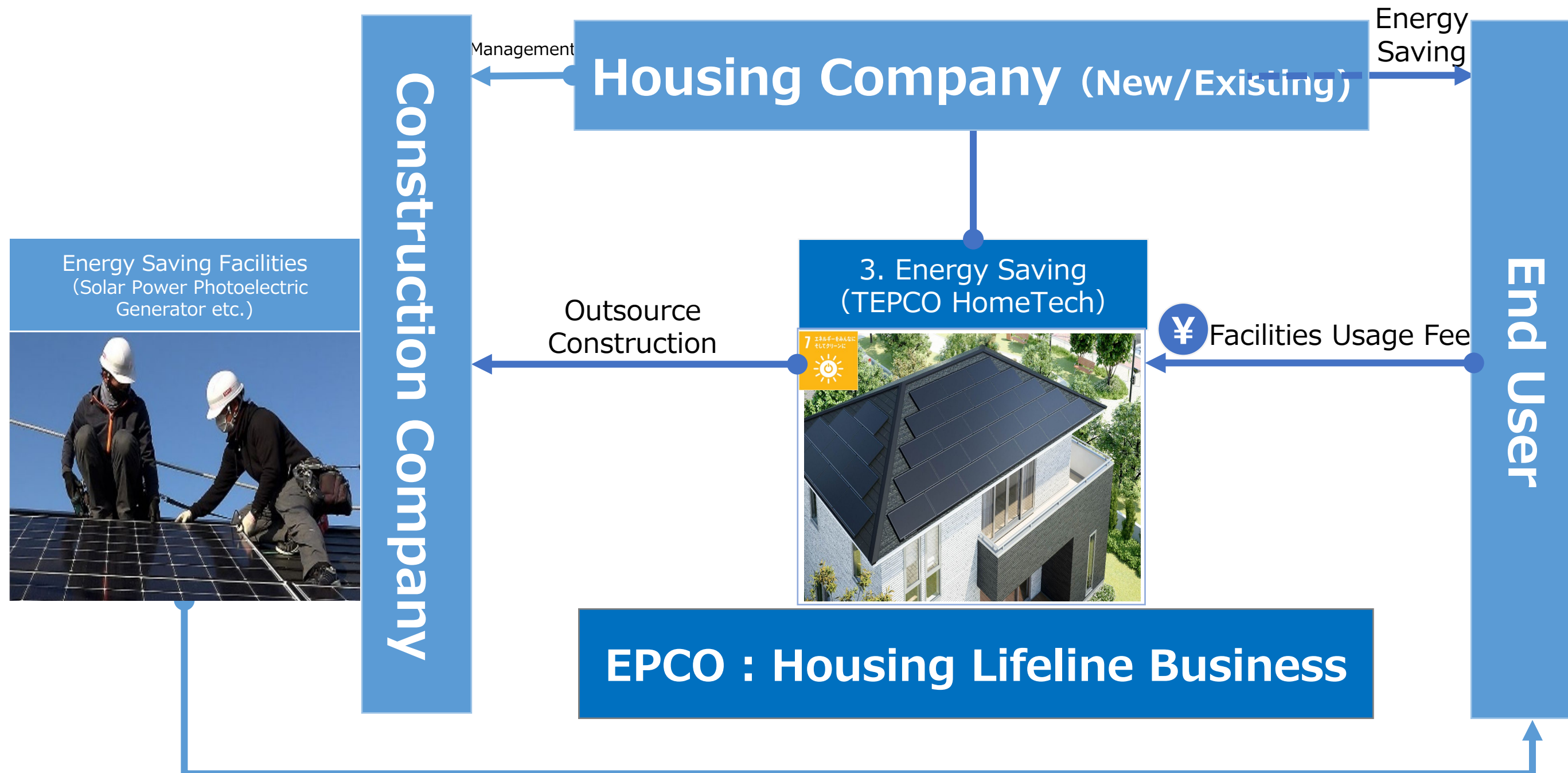
# Core Business of EPCO Group: 2. Maintenance (H-M Business)

- 24/7 call center network to support maintenance service of house builder.  
(200 operators in Okinawa and Kanazawa)
- Approx. 600,000 cases of maintenance request received annually.  
(Managing 1.6 mil. household nationwide)





- TEPCO HomeTech is joint venture with TEPCO Energy Partner, Inc.
- Subscription service of energy-saving facilities (Flat-rate usage with zero initial cost) has been adopted and increased in major housing companies.



Challenge to Evolution

DX Strategy × Carbon-Neutral

01. Company Profile

**02. Overview of New Business (Mid-term Business Plan)**

03. FY2022 Q1 Results

04. Appendix.

**HCDs** HOUSING  
CARBON NEUTRALITY  
DIGITAL SOLUTIONS

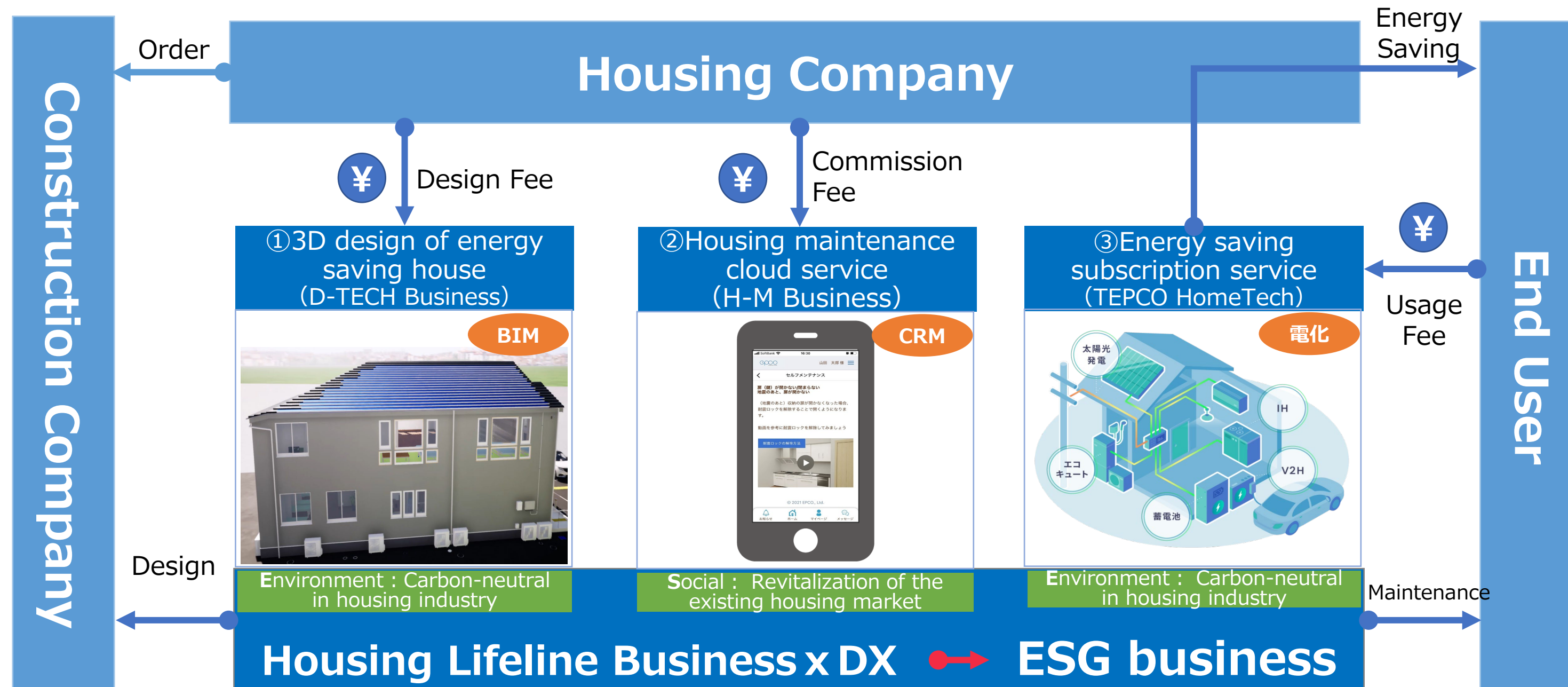
# Core Business of EPCO Group : Overall View (Redisplaying)

- Three core business to support housing lifeline (1.Design 2.Maintenance· 3.Energy Saving) are stable revenue base.

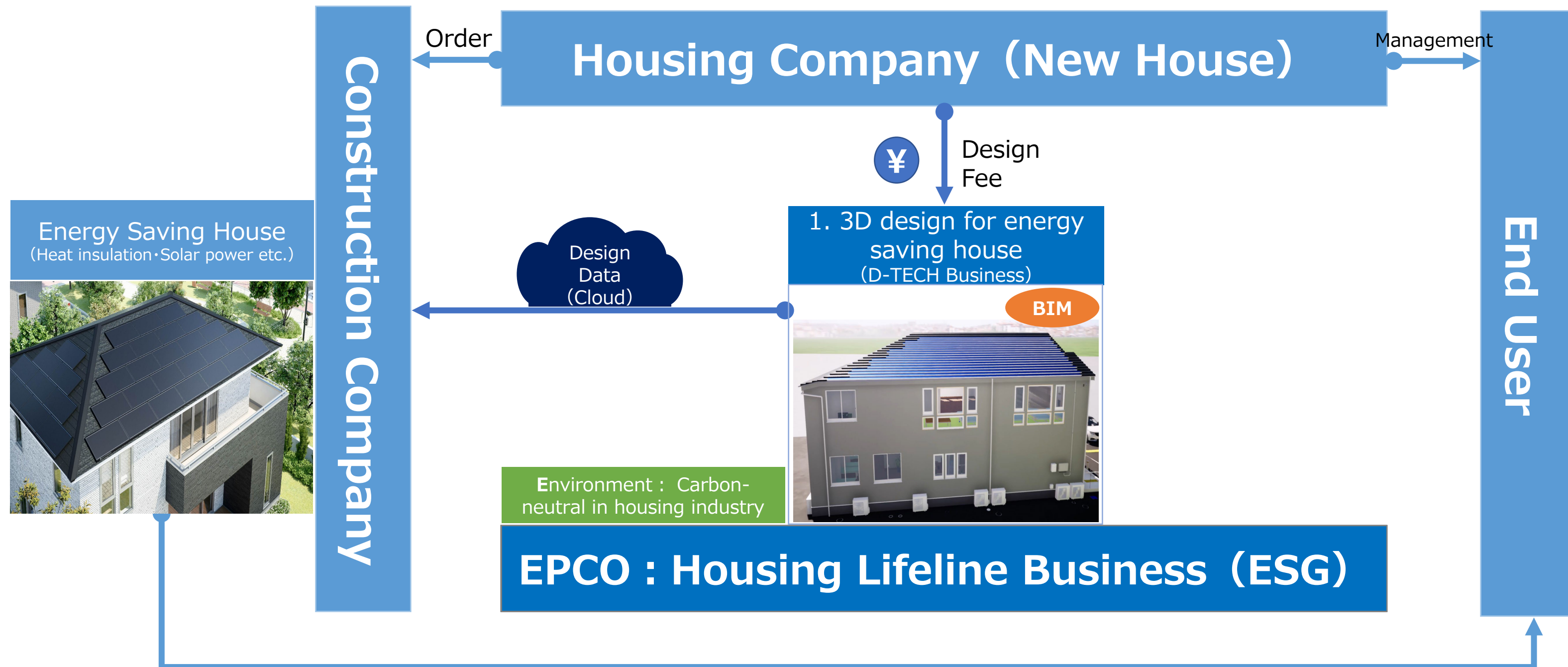




- Mid-term business plan is promoting digital transformation on our core business which is supporting housing lifeline and enhance the value along with ESG in housing industry.



- Value-adding from 2D design services such as plumbing to 3D design services for energy-efficient homes
- Cloud sharing of design data to improve operational efficiency of supply chain, and visualize CO2 emission rate.



# ESG Business : 1. Progress of 3D Design Service

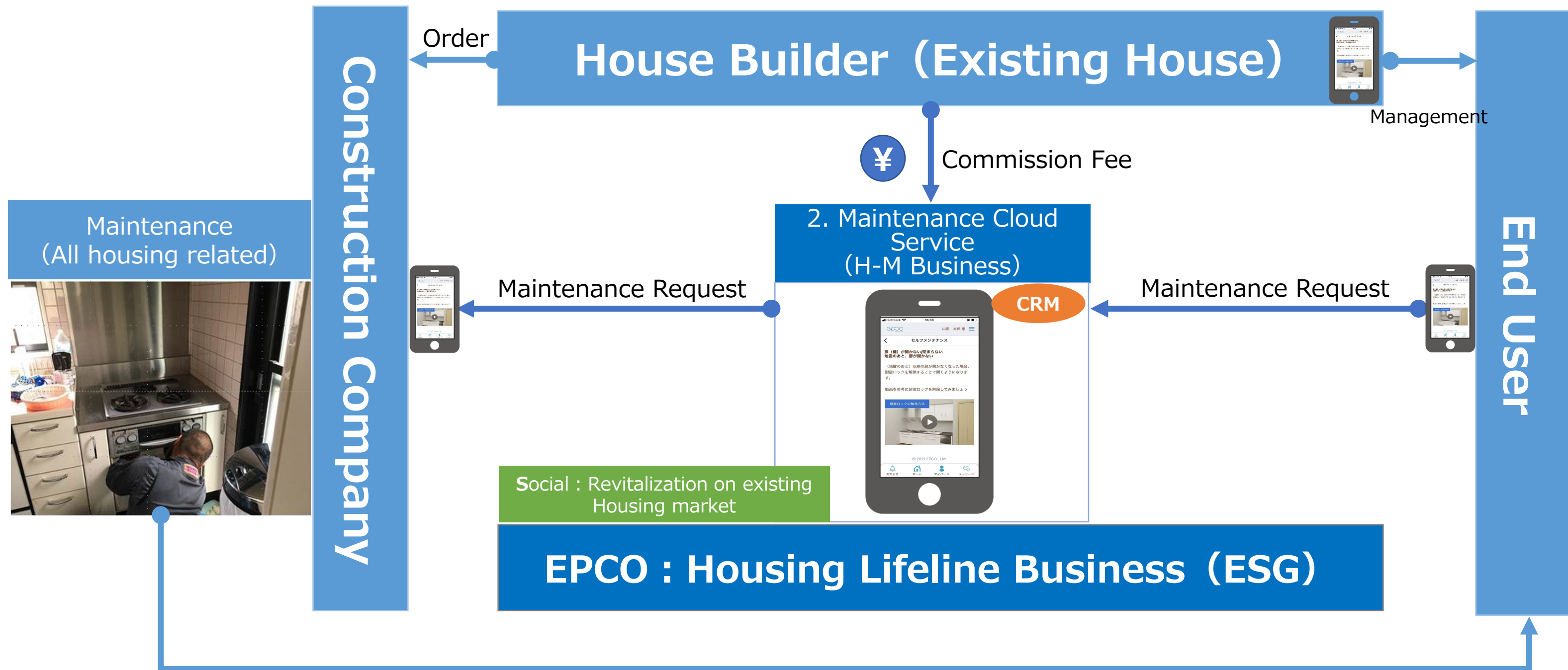
**【Status】** Trial run with product development department of major rental housing company.  
Effect verification is ongoing for actual practice.

**【Point】** Expecting increase of design order contract from MEDX (joint venture with Mitsui & Co., Ltd.)





- Value-adding from a maintenance call center service to a residential maintenance cloud service.
- Cloud sharing of house history data to improve operational efficiency of supply chain and achieve revitalization of renovation etc.



**【Status】 Middle-scale housing company has adopted the system(Maintenance Cloud service), and App development is ongoing.**

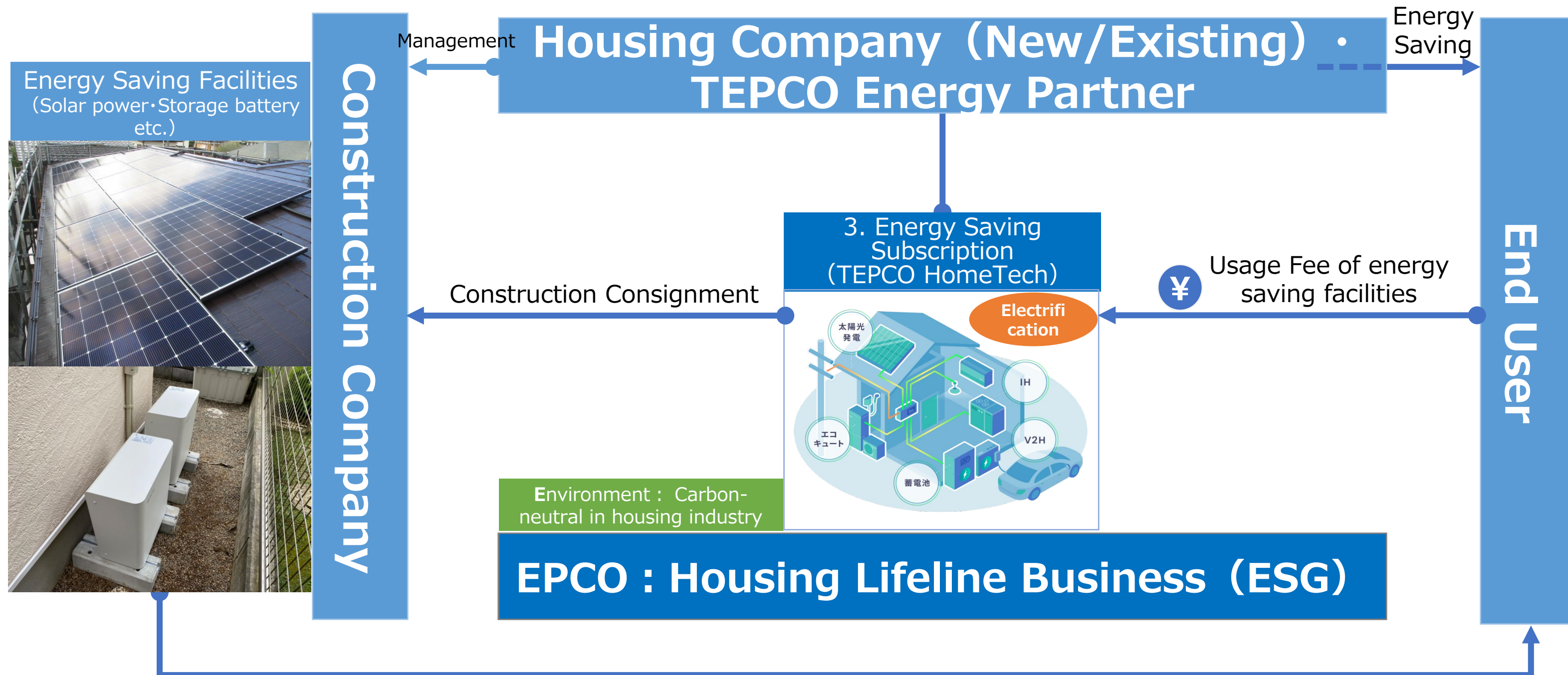
**Major housing company is considering to adopt the system.**

**【Point】 Customer management contract by MEDX (Joint venture with Mitsui & Co., Ltd. ) is expecting to increase.**



The screenshot displays the '建物管理' (Building Management) section of the EPCO Maintenance Cloud Service. The interface includes a sidebar with navigation options like 'ダッシュボード', '物件登録', and '建物管理'. The main content area shows building details for 'EPCO' and '大久保 勇' (Okubo Yu), including address and contact information. Below this, there are tabs for various management functions and a gallery of 10 photos showing the interior of the building. The photos are labeled with IDs such as 'Image20201210154503' and are marked as '非公開' (Private).

- TEPCO Energy Partner start providing subscription service of energy saving facilities package (Enecari).
- TEPCO HomeTech expecting increase sales by expansion of sales channels.





**【Status】** Adoption example of our subscription service (Enecari) has been increasing. Sumitomo Realty & Development Co., Ltd. start using Enecari service on existing houses since Apr. 2022, besides on new houses.

**【Point】** Energy saving facilities installation work is expecting to increase by order by TEPCO EP Inc.



**安心の耐震補強施工**

- ✓耐震補強施工により、350kg超に及ぶ太陽光パネルを屋根に載せても安心
- ✓専属の施工統括者による確かな品質
- ✓累計受注15万棟超、業界シェアNo1※1

\*Number of orders for large-scale renovation of detached houses and condominiums (As of end of June 2021)



**すみふ × エネカリ**

**ずっと安心、初期費用ゼロ  
太陽光発電設備サブスクサービス**

- ✓お住まいの期間ずっと、機器の修理・更新を24時間365日体制で安心サポート
- ✓初期費用ゼロ、ランニング費用実質ゼロ※2
- ✓停電下でも電気が使える安心をお届け

\*Utility cost savings by installing solar panels as major capacities and the benefits of selling excess electricity. (TEPCO HomeTech Estimation)

# 住友不、戸建てに太陽光発電



住友不動産は戸建て向けの太陽光発電サービスを強化する(イメージ)

住友不動産は戸建て向けの太陽光発電サービスを強化する。東京電力ホールディングス系と連携し、4月から既存住宅の屋根に初期費用なしで太陽光パネルなどの設置を始めた。居住者は発電した電力を使いつつ、二酸化炭素(CO<sub>2</sub>)を排出しない環境価値を東電系に売却する。新築住宅で同サービスを提供しているが、国内に5千万戸超ある既存住宅を対象を広げ、脱炭素社会の実現に貢献する。

住友不は2021年9月、東京電力ホールディングス傘下の東京電力エナジーパートナー(E.P.)と、脱炭素に関する包括協定「脱炭素リードプロジェクト協定」を結んだ。第1弾として、「すみふ×エネカリ」という業界初の太陽光発電サービスを始めた。

これまで同サービスは住友不が受注した注文住宅を対象としていたが、今回新たに住友不のリフォームブランド「新築そっくりさん」のプランを受注した既存の戸建て住宅も対象に追加した。

顧客が太陽光発電サービスを導入する場合、東電E.P.は通常数百万円かかる太陽光発電設備や蓄電池を初期費用なしで提供する。所有者は発電した再生可能エネルギー由来の電力を使いつつ、CO<sub>2</sub>を排出しない証書のような「環境価値」を東電E.P.に売却する。東電E.P.は環境価値を企業や自治体に販売する。

太陽光発電設備は一般的に10年以上たつと、居住者が補修を迫られる場合が多い。住友不と東電E.P.のサービスは設備の修理や更新も追加費用がかからないため、「発電設備の資金や維持管理に不安を持つ人が多い」(住友不の担当者)といった課題を解決する。住友不は年8000〜1万棟のリフォーム受注件数の多くで同サービスの提供を目指す。リフォーム全体の受注増にもつなげる考えだ。

政府は30年度の温暖化ガス排出量を13年度比46%減らす目標を掲げ、50年に温暖化ガス排出量を実質ゼロにする方針だ。排出量の大きい家庭部門の脱炭素化は必要不可欠で、新築住宅ではエネルギー消費を実質ゼロにするZEH(ゼロ・エネルギー・ハウス)などが広がっている。

ただ、三菱地所など不動産大手は太陽光発電設備を付けた集合住宅を増やしているものの、新築戸建ての設置率は10〜20%にとどまっている。また、既存戸建ての設置率は約1%しかないのが現状とみられる。

国土交通省によると、国内には既存住宅が5千万戸以上あるという。住友不はリフォームによる耐震補強と同時に環境配慮への対策を提案し、脱炭素化に欠かせない太陽光発電設備を付けた戸建ての普及につなげる。(原欣宏)

## 東電E.P.と連携、初期費用なし

### Summary of the article

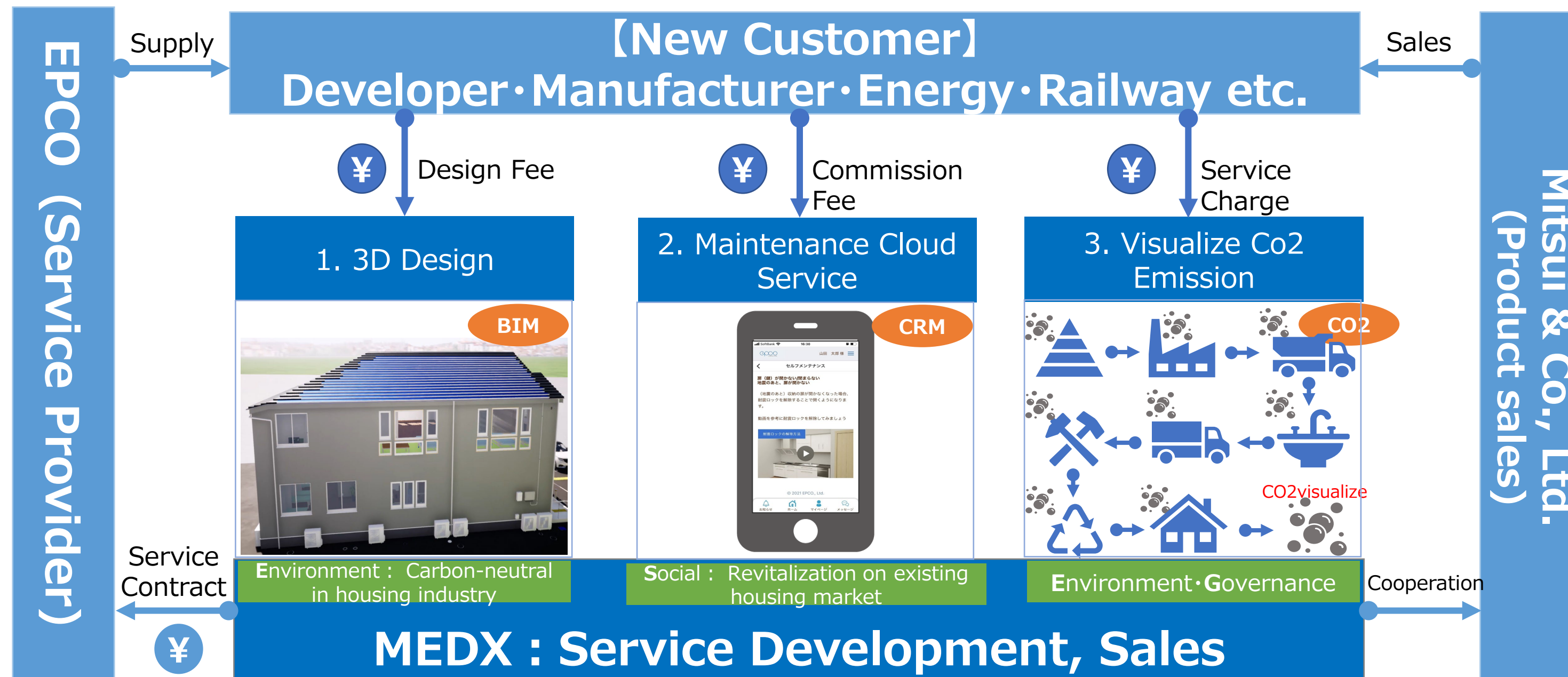
- "Sumifu x Enecari", the industry's first solar power generation service for new houses in cooperation with Sumitomo Realty & Development Co., Ltd. and TEPCO EP Inc. has started since Sep. 2021
- Sumitomo has started service as "Sokkuri san" for existing houses since Apr. this year.
- Aiming to provide the service to most of renovation order of 8,000-10,000 houses/year.
- Sumitomo is expecting to increase overall renovation contract with the service.

住友不動産は戸建てで太陽光発電の設置を進める
• 太陽光発電設備や蓄電池を初期費用なしで提供
• 所有者は自家消費する電気を「環境価値」として東電E.P.に売却
• 東電E.P.は「環境価値」を企業や自治体に販売
• 住友不動産はリフォームの受注増につなげる



# ESG business : 4. Establish MEDX Co., Ltd.

- EPCO's mid-term business growth accelerated by cooperating with Mitsui & Co., Ltd to incorporate MEDX.
- To expand ESG business in housing industry by Mitsui's market network and know-how.





Challenge to Evolution

DX Strategy × Carbon-Neutral

01. Company Profile

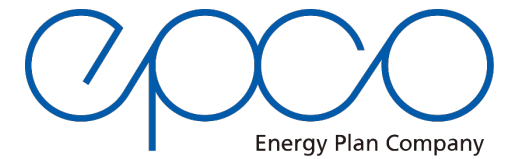
02. Overview of New Business (Mid-term Business Plan)

**03. FY2022 Q1 Results**

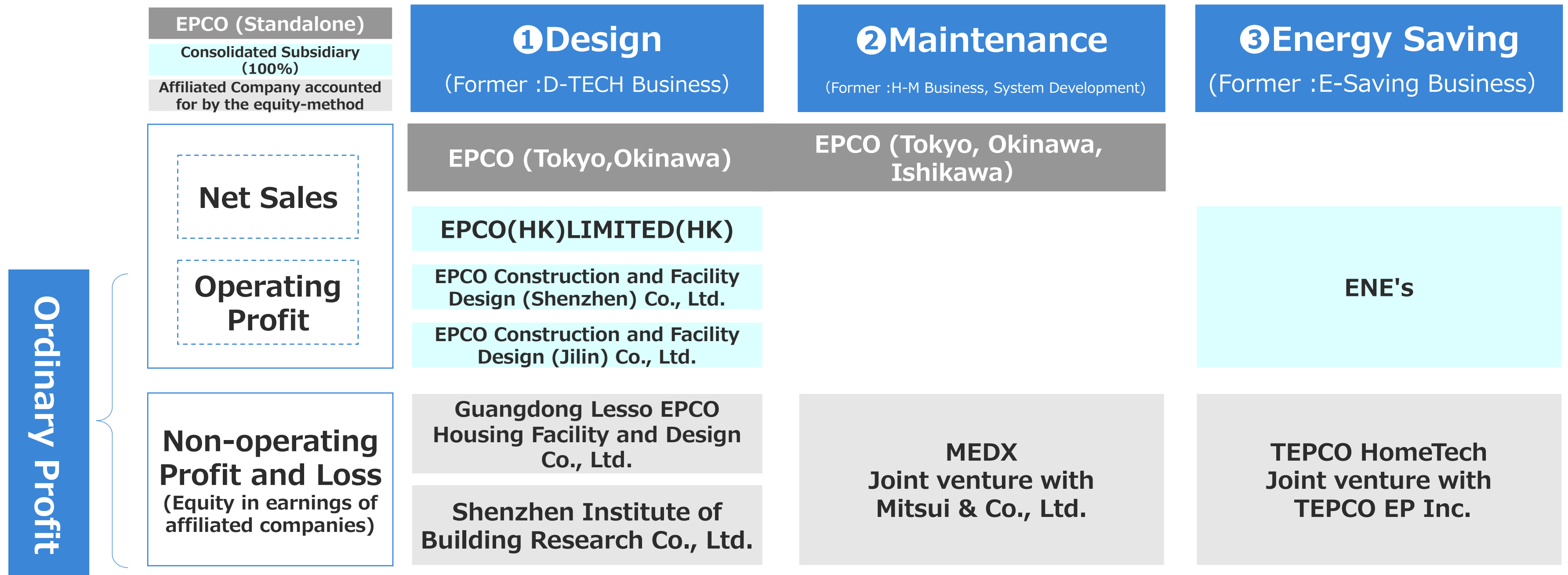
04. Appendix.

**HCDs** HOUSING  
CARBON NEUTRALITY  
DIGITAL SOLUTIONS

# Change in Performance Reporting Format of EPCO Group



1. Key management index : Ordinary Profit (Increase in impact of equity in earnings of affiliates)
2. Segment change : Disclosure by three main segments  
(1. Aggregation and disclosure of system development business. 2. Change the name of segments.)



## FY2022 Q1 Results

Profit decreased as YoY, but result was **largely in line** as forecast  
It is due to temporary factors, and **profit is expecting to improve in each business** from Q2 onward.

Ordinary Profit 30mil. JPY (YoY -63.9% vs Forecast -18.9%)

## ① Design

Main reason is decreased in profit on design service in Q1.  
Profit is expecting to recover by **increase of housing starts** and **increase order contract in new business** from Q2 onward.

Ordinary Profit 50mil. JPY (YoY -53.2% vs Forecast -39.6%)

## ② Maintenance

Profit decreased due to upfront investment for business expansion, however **sales and profit results were higher** than forecast  
Aiming for increasing profit and sales with effect of cooperation with **TEPCO HomeTech&MEDX** from Q2 onward.

Ordinary Profit 50mil. JPY (YoY -19.6% vs Forecast +9.9%)

## ③ Energy Saving

Both TEPCO HomeTech and ENE's performance were very well, **increased in profit both YoY, and vs. forecast**  
Expecting increase in profit **by TEPCO HomeTech order contract** from the Q2 onward.

Ordinary Profit 10mil. JPY (YoY +638.1% vs. Forecast +20mil. JPY)



# FY2022 Q1 Consolidated Results Summary (Year over Year)



Increased in sales and decreased in profit compared with the same period of the previous fiscal year.

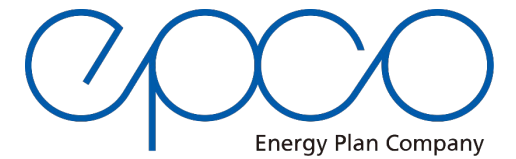
(JPY Million)	FY21 Q1 Results	FY22 Q1 Results	Changes	Ratio
Net Sales	<b>1,159</b>	<b>1,179</b>	<b>+19</b>	<b>+1.7%</b>
Ordinary Profit	<b>104</b>	<b>37</b>	<b>-66</b>	<b>-63.9%</b>
Net Profit	<b>56</b>	<b>33</b>	<b>-22</b>	<b>-40.2%</b>

# FY2022 Q1 Consolidated Results Summary (vs. Forecast)

Results are in line with forecast generally, net profit exceeds the forecast.

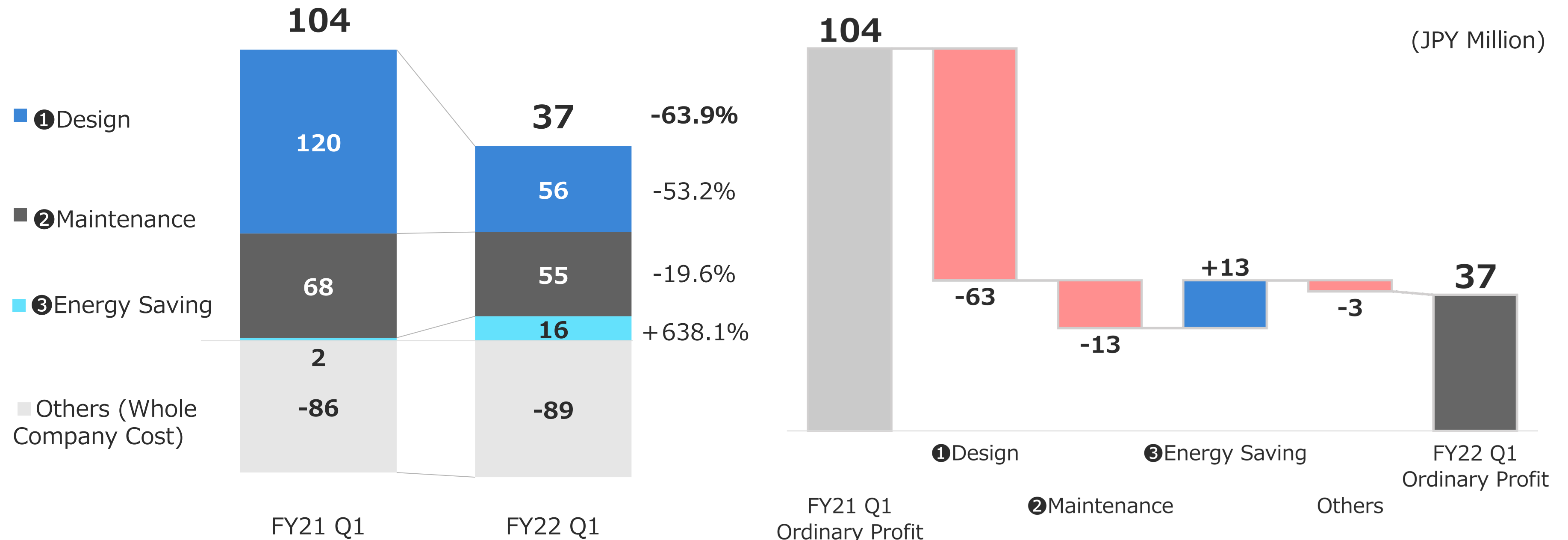
(JPY Million)	FY22 Q1 Forecast	FY22 Q1 Results	Changes	Ratio
Net Sales	<b>1,193</b>	<b>1,179</b>	<b>-14</b>	<b>-1.2%</b>
Ordinary Profit	<b>46</b>	<b>37</b>	<b>-8</b>	<b>-18.9%</b>
Net Profit	<b>28</b>	<b>33</b>	<b>+4</b>	<b>+16.9%</b>

# FY2022 Q1 Consolidated Ordinary Profit (Year over Year)



Main factor of decrease in profit, is profit decline in ①Design service.

## EPCO Group Consolidated Ordinary Profit



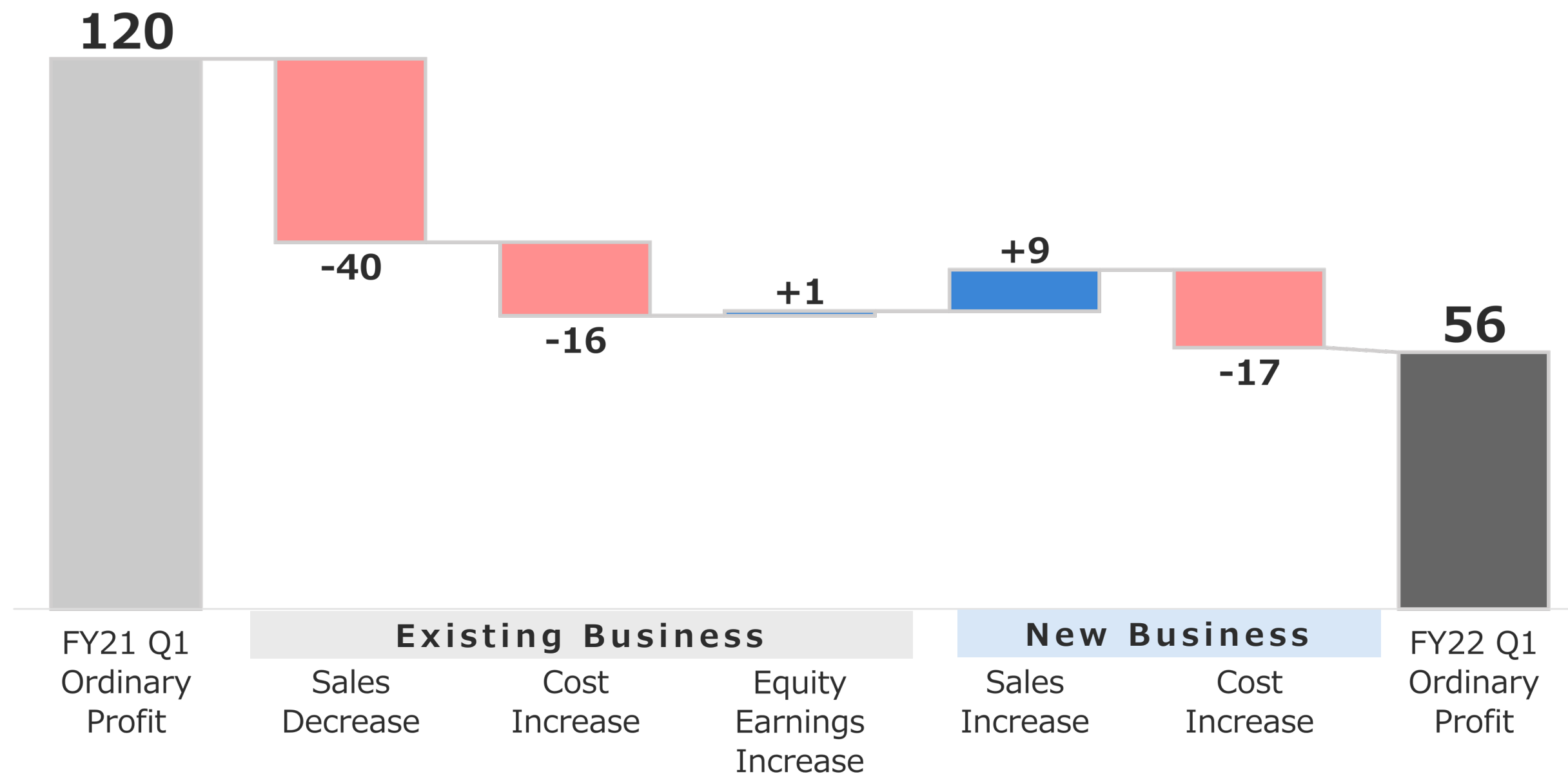


# FY2022 Q1 ① Design Service Ordinary Profit

Factors of decrease in profit : Sales decrease on existing business and upfront investment for new business.

## ① Design service ordinary profit fluctuation analysis

(JPY Million)



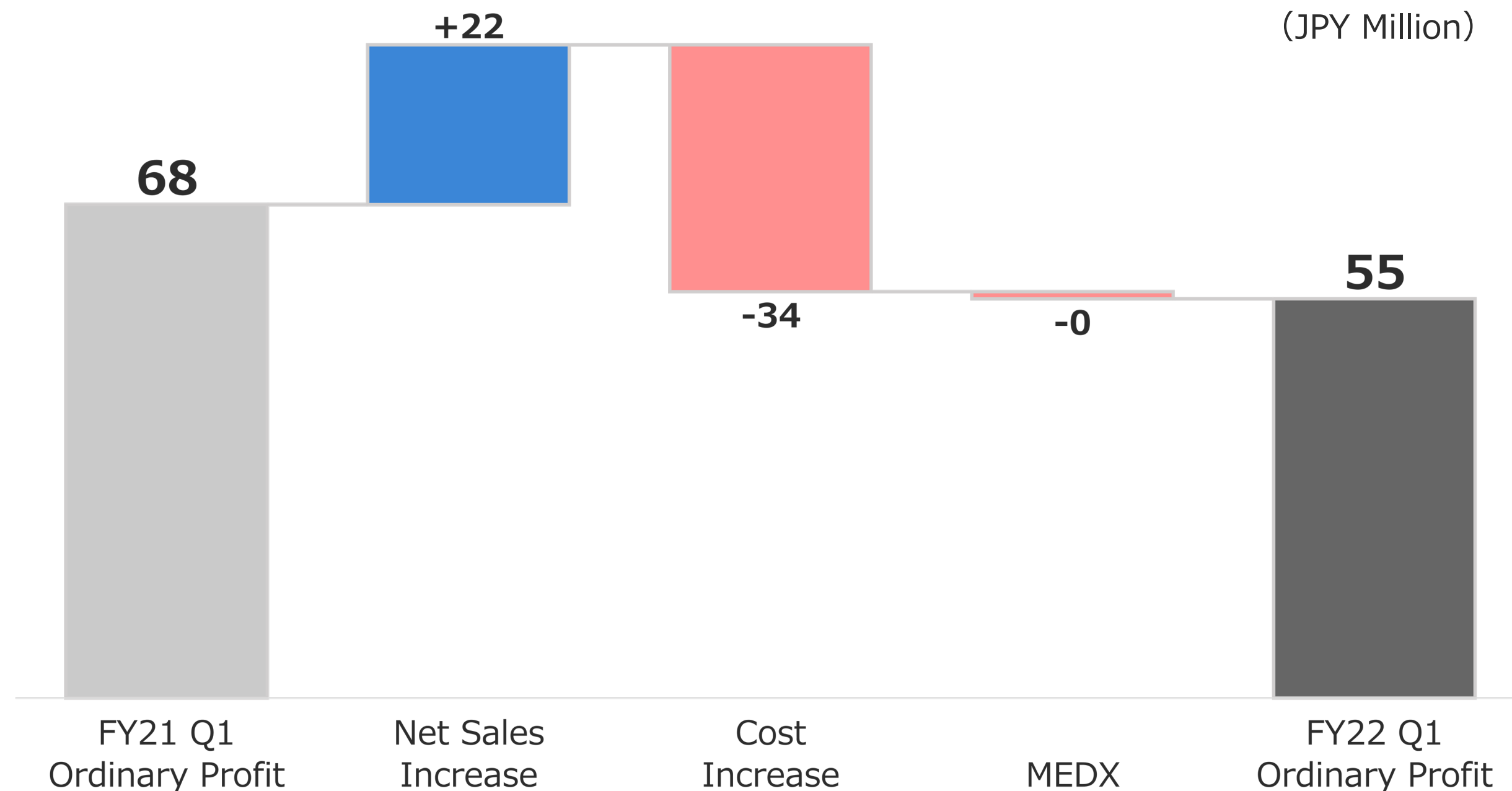
### Factors of profit & loss

1. Sales decrease in existing business  
Decrease the design order contract due to decline of housing starts. (P.31)
2. Cost increase in existing business  
Cost increase for China (High RMB rate)
3. Cost increase in new business  
HR cost increase for new employees on BIM related.  
→Sales on new business is tend to be increasing as a result of upfront investment. (P.32)

FY22 Q1	Existing	New	Total
Net sales	487	17	504
Operating Expenses	391	65	457
Equity in earnings of affiliate companies	8	—	8
Ordinary profit	104	-47	56

## Sale is growing steadily, decrease in profit by upfront investment

### ② Maintenance service ordinary profit fluctuation analysis



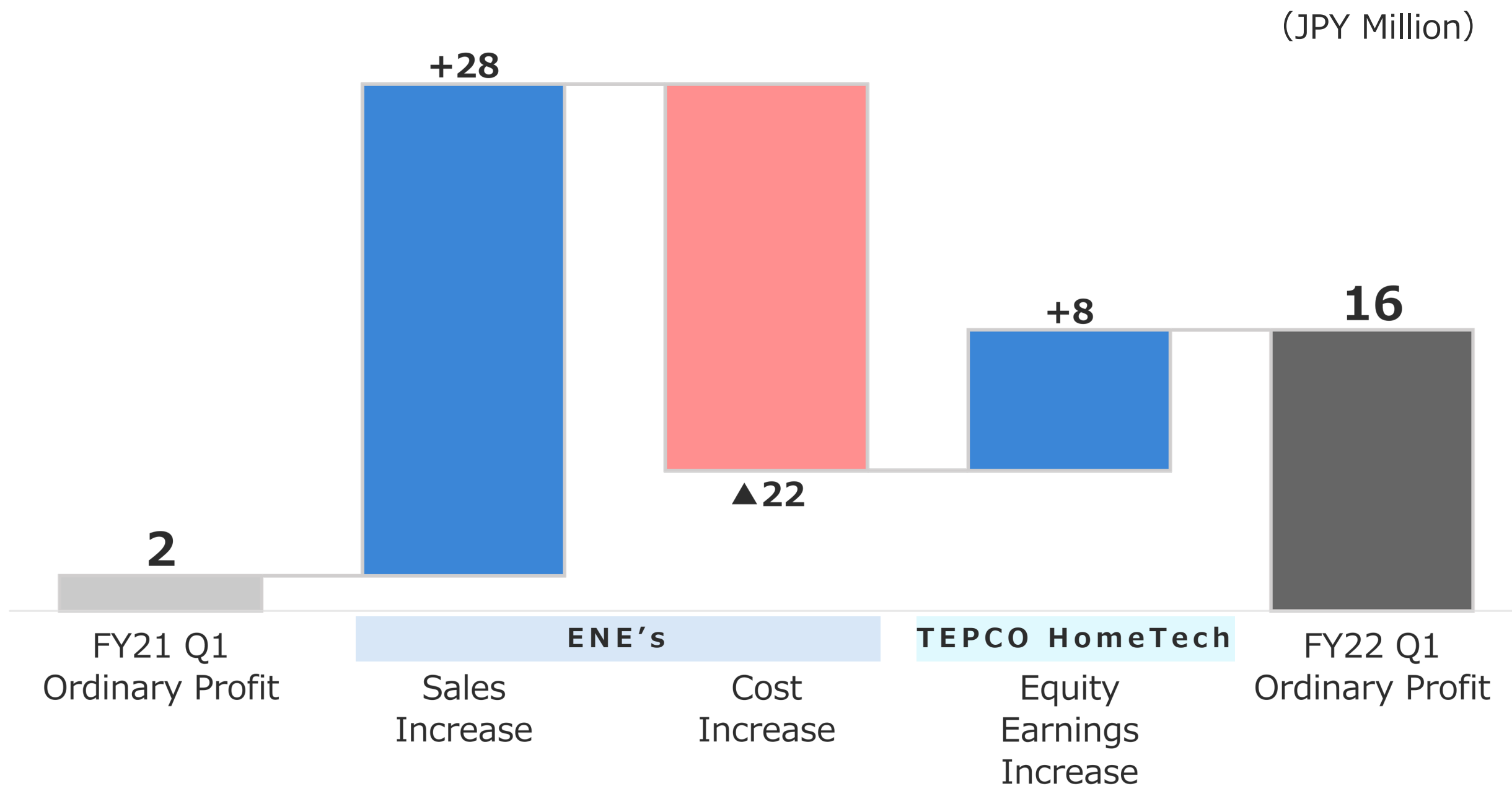
### Factors of profit & loss

1. Maintenance sales increase  
Order from housing company and energy company increase steadily (P.33)
2. Maintenance cost increase  
Upfront investment for expanding operation
 

New location Cost	20mil. JPY
(Kanazawa Operation Centre)	
Infrastructure, security cost	10mil. JPY

## Both TEPCO HomeTech and ENE's achieved profit growth

### ③Energy saving service ordinary profit fluctuation analysis



### Factors of profit & loss

1. ENE's  
Sales increase by order increase from TEPCO HomeTech and sales cooperation with EPCO
2. TEPCO HomeTech  
Profit increase by order increase of energy saving facilities (Solar power, storage battery etc.) (P.27)

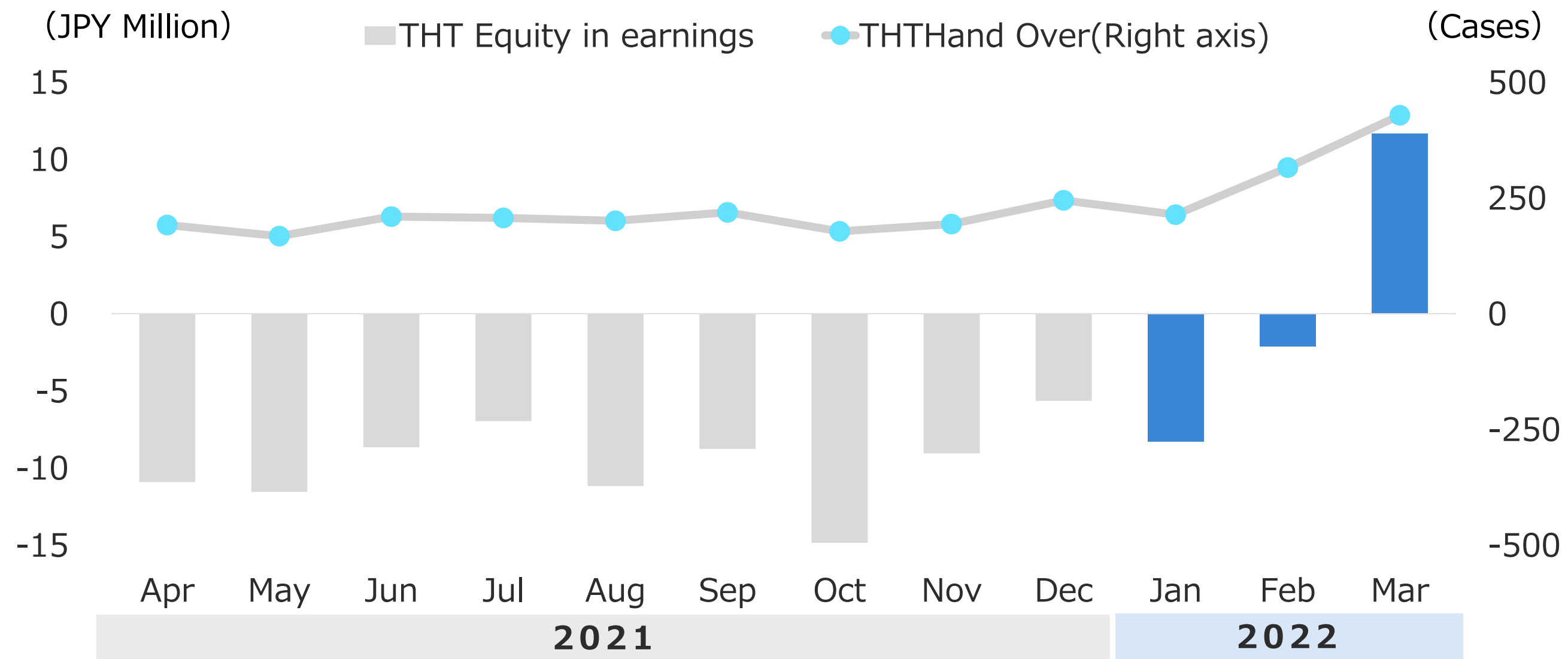


## THT Equity in Earnings of Affiliates Company returning to profit.

In FY2021, the company remained in the red due to TEPCO's voluntary restraint of operations, however the company return to profitable in March 2022 by increase orders.

Enecari service for new houses which start providing last year take about 10 months from order to hand over. Number of hand over is increasing for the order received last year, expecting stable income onward.

Transition of THT Equity in Earnings of Affiliates Company



**Expecting +35.2% in ordinary profit as significant profit gain in energy saving service.**

(JPY Million)	FY21 Results	FY22 Forecast	Changes	Ratio
Net Sales	<b>4,696</b>	<b>5,105</b>	<b>+408</b>	<b>+8.7%</b>
Ordinary Profit	<b>370</b>	<b>501</b>	<b>+130</b>	<b>+35.2%</b>
Net Profit	<b>658</b>	<b>366</b>	<b>-291</b>	<b>-44.3%*</b>

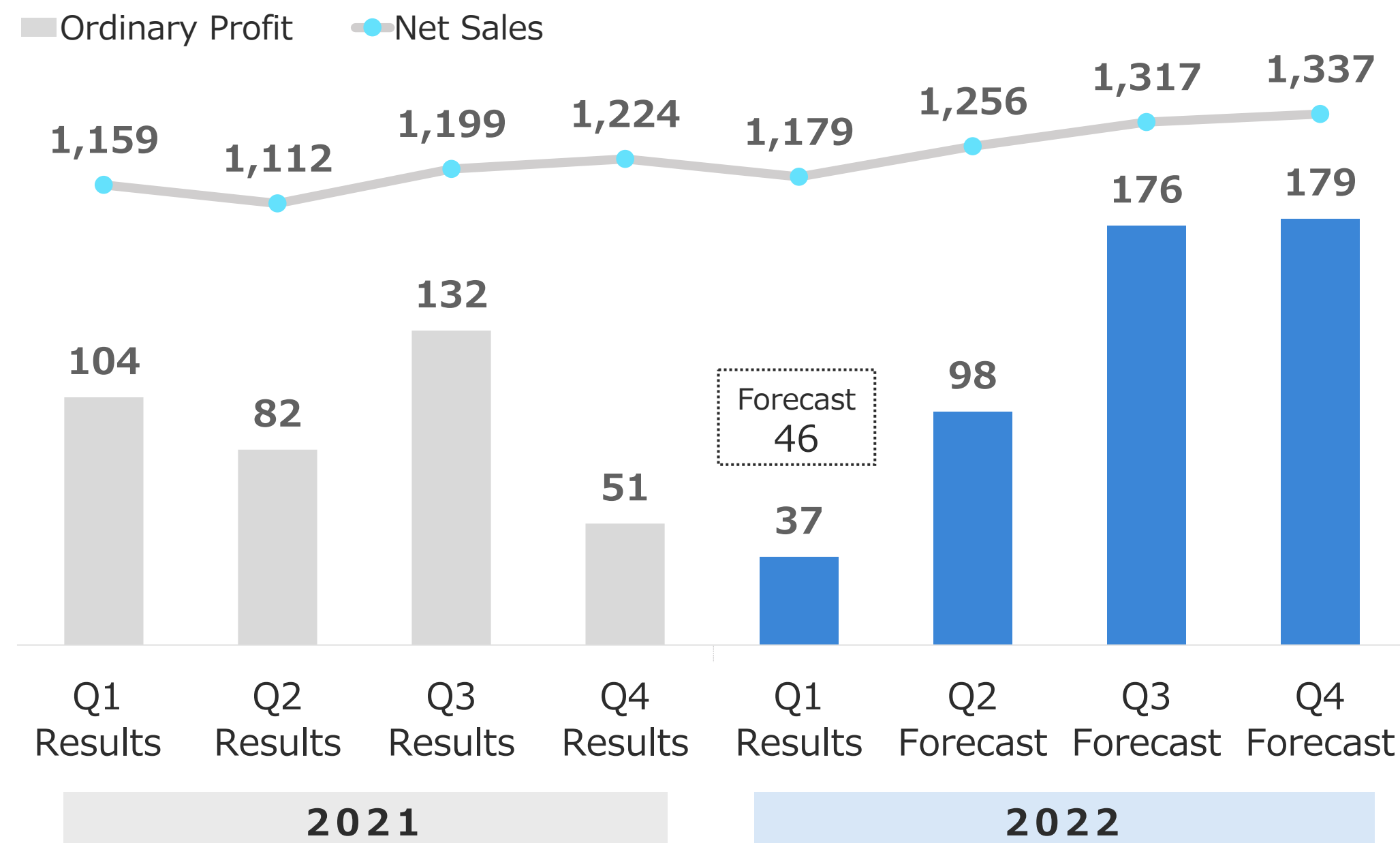
\*Recorded 622mil. JPY as extra ordinary income by selling investment security in FY2021 results. (ENECHANGE stocks)

# FY2022 Consolidated Performance Quarterly Transition

Decrease in ordinary profit in Q1 as expected

Profit in each business is expecting to improve from the Q2 onward.

(JPY Million)



## Comment on the transition

Previous Q4 (Oct-Dec 2021) and this Q1 (Jan-Mar 2022) are in the period of upfront investment and sales decrease, the results of ordinary profit is almost expected amount as forecast.

Profit in each business is expecting to improve on the Q2 (Apr to Jun 2022) onward.

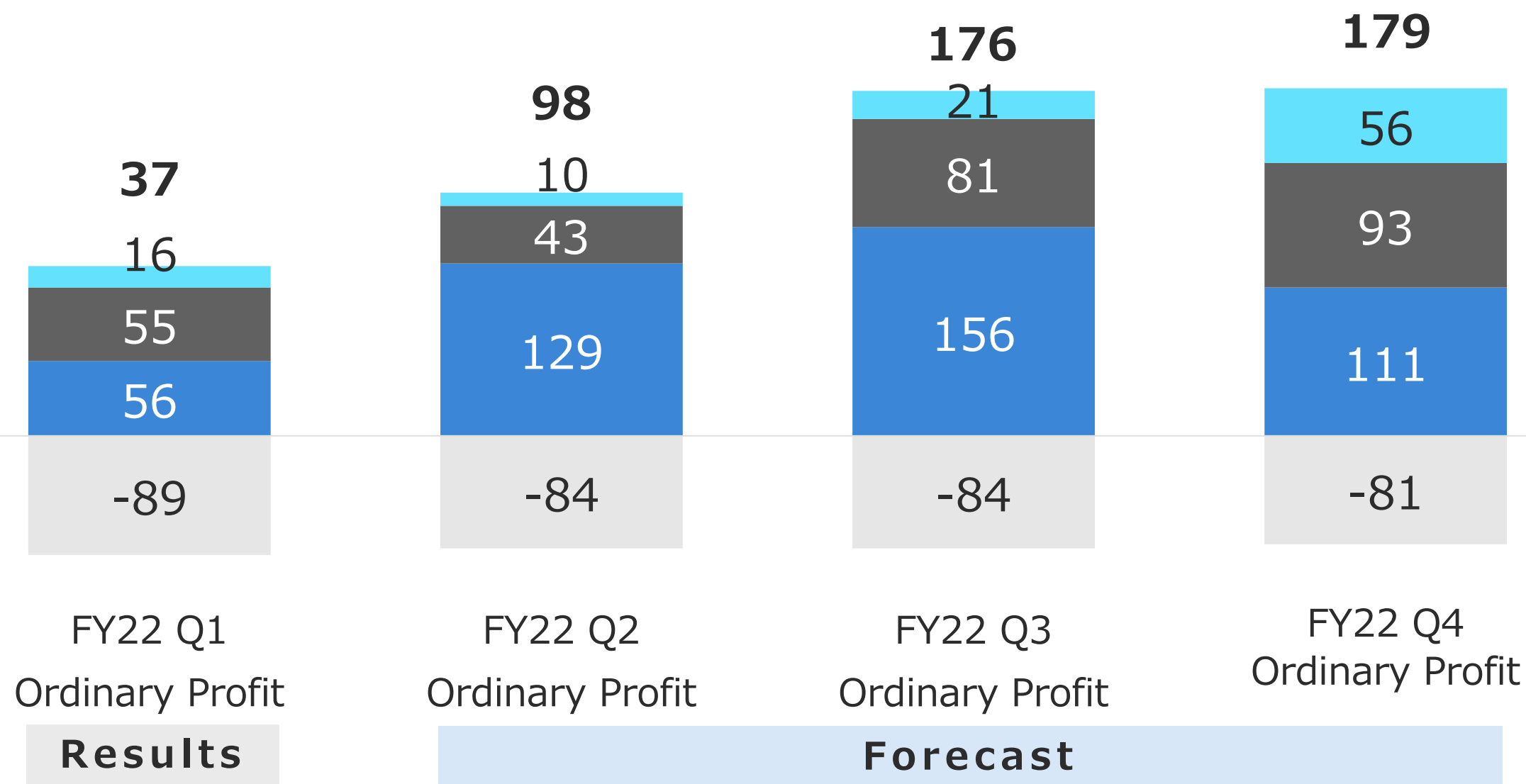


# FY2022 Consolidated Ordinary Profit Quarterly Forecast

Profit in each business is expecting to be improve from Q2 onward.

(JPY Million)

■ ①Design   ■ ②Maintenance   ■ ③Energy Saving   ■ Others(Whole company)



## Factors of profit increase

- ① Design Service
  - 1.Recovery of housing starts (Owned house) by seasonal reason (P.31)
  - 2.Sales expansion in new business (BIM related) (P.32)
- ② Maintenance Service
  - 1.Increase new order contract (Housing/Energy company) (P.33)
- ③ Energy Saving Service
  - 1.Increase order contract from TEPCO HomeTech and ENE's. (P.34)

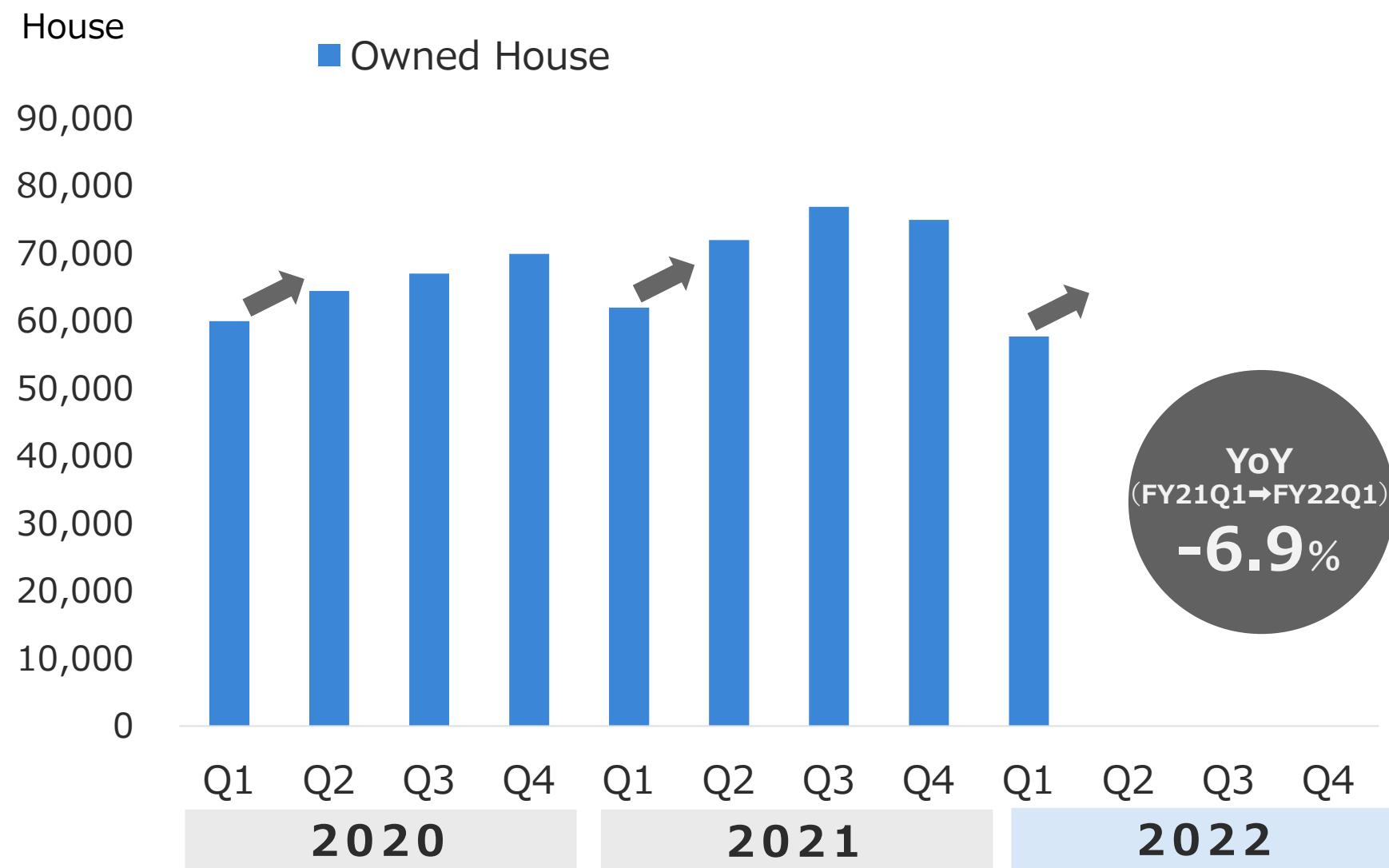
# FY2022 ① Design Service Tendency of New Housing Starts

## New housing starts decrease affecting order decrease in Q1, expecting to recover from Q2 onward.

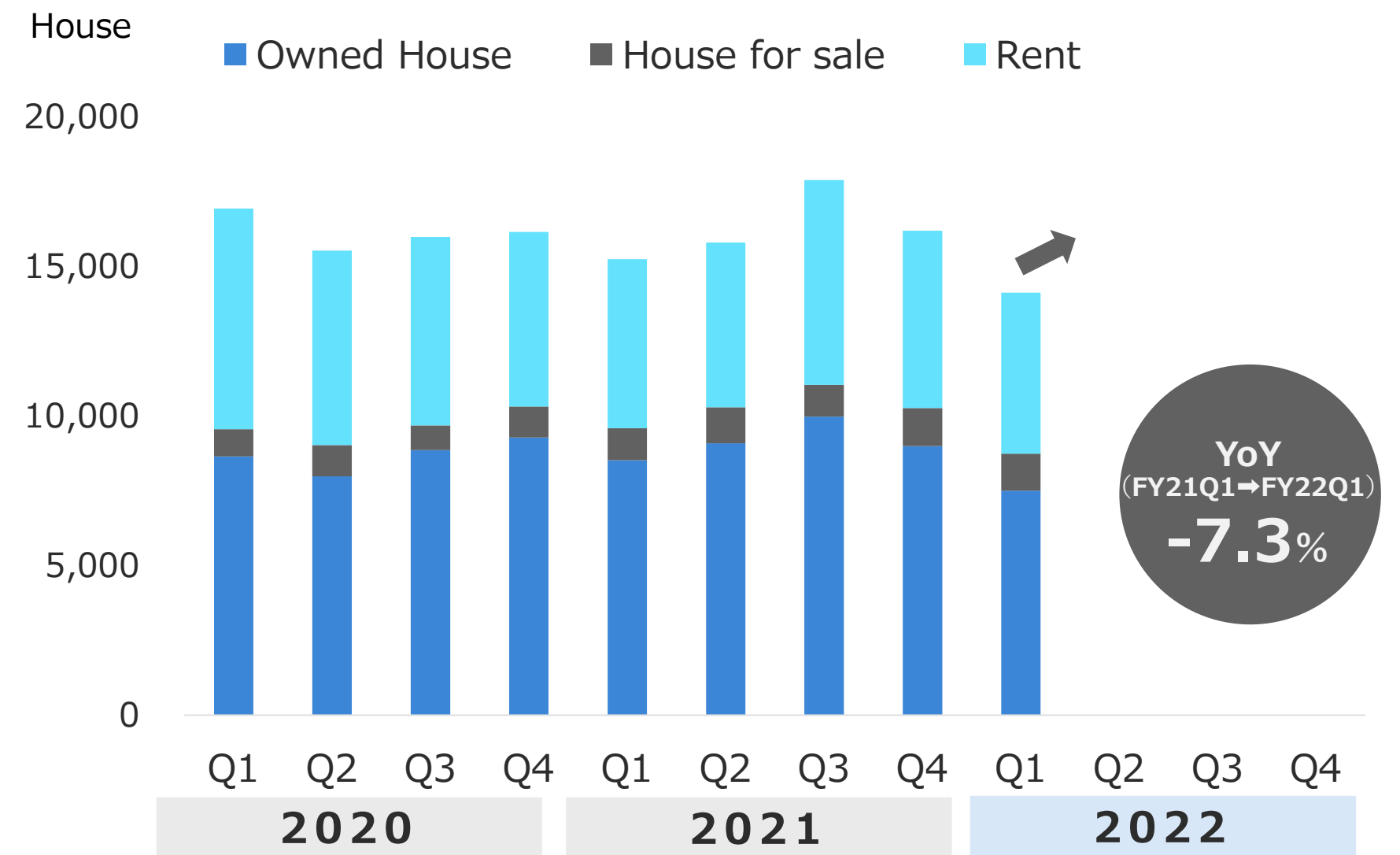
In Jan-Mar 2022, new housing starts (owned house) as macro indicator decrease and being link to order contract (existing business sales) of our company to decline.

New housing starts (owned house) is expecting to recover by seasonal factor and will increase order contract (existing business sales) from Apr 2022.

### New Housing Starts (Owned House)

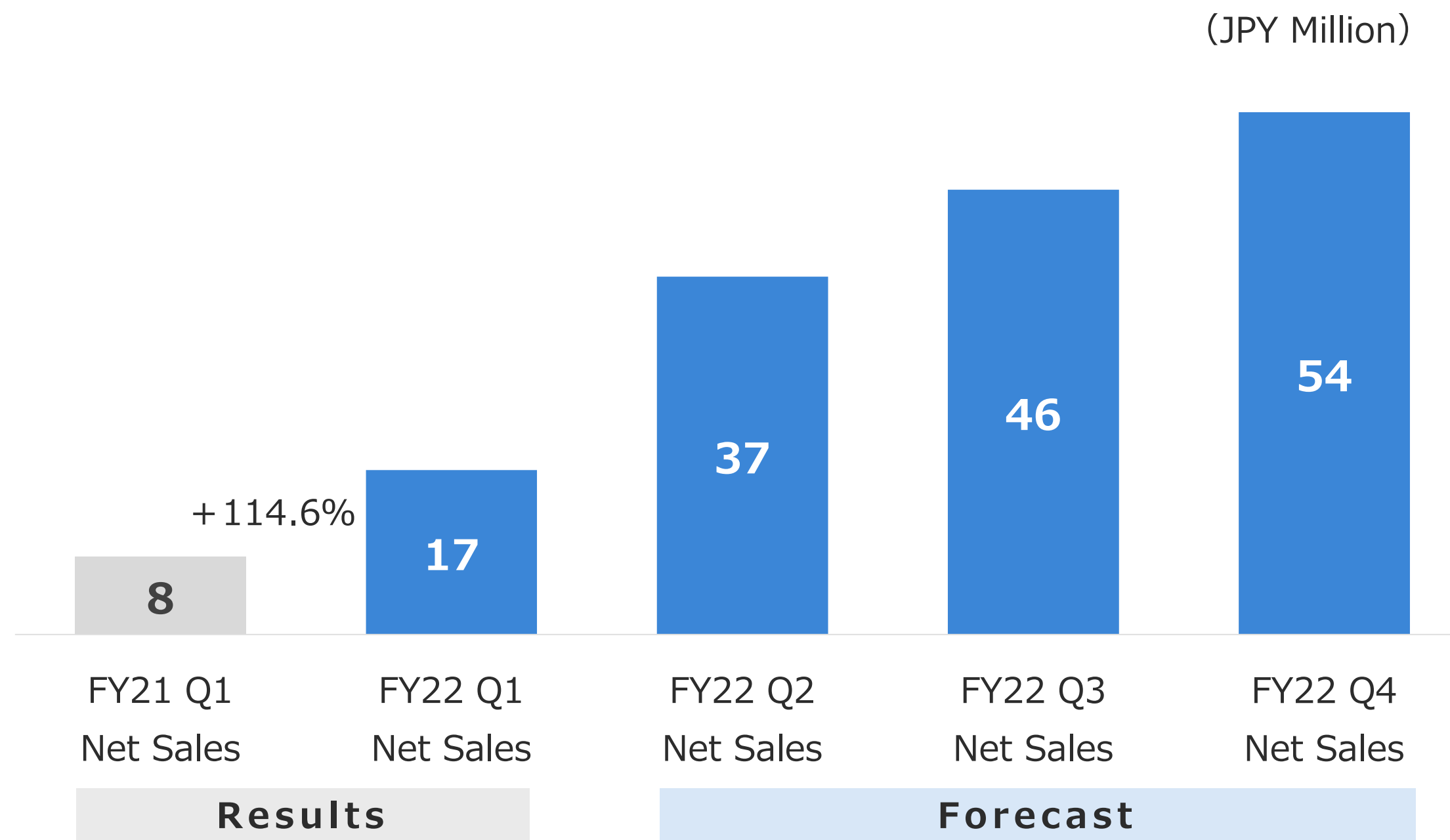


### ① Design Service Contract cases (Plumbing)



\*Own calculation based on Ministry of Land, Infrastructure, Transport and Tourism "Statistical Survey of construction Starts"

New business (BIM·Energy saving related) sales is expecting to increase steadily.



## Factors of sales increase

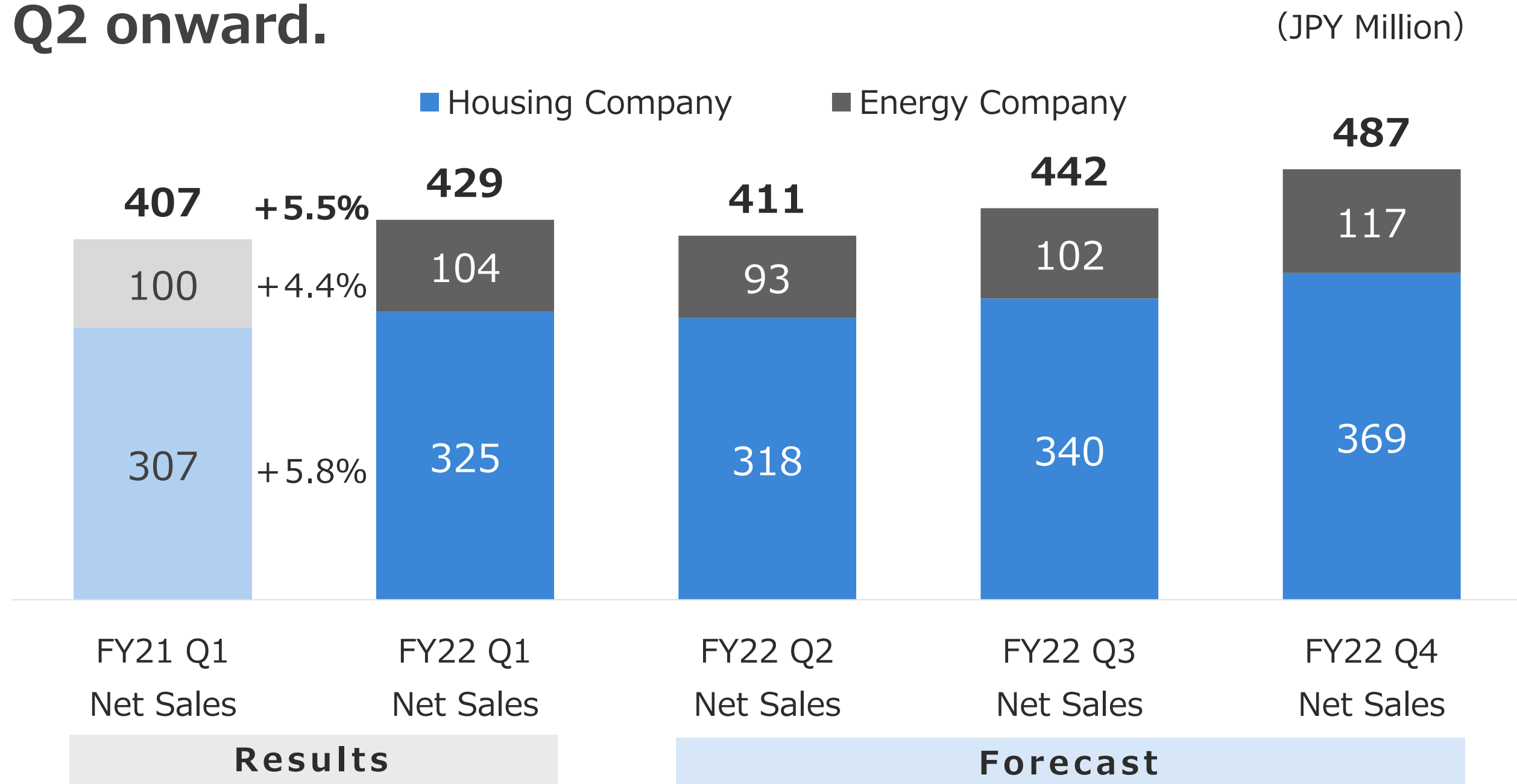
1. BIM related business expansion  
Consulting service (BIM) for major rental house management company would be increased from Q2 onward.
2. Energy saving service order contract  
In response to the trend of increasing the penetration rate of solar panel in residence house, expecting to increase design order, application assistant or related service of energy saving products.



# FY2022 ② Maintenance Service Sales Forecast

Order contract from both housing company and energy company perform well in Q1.

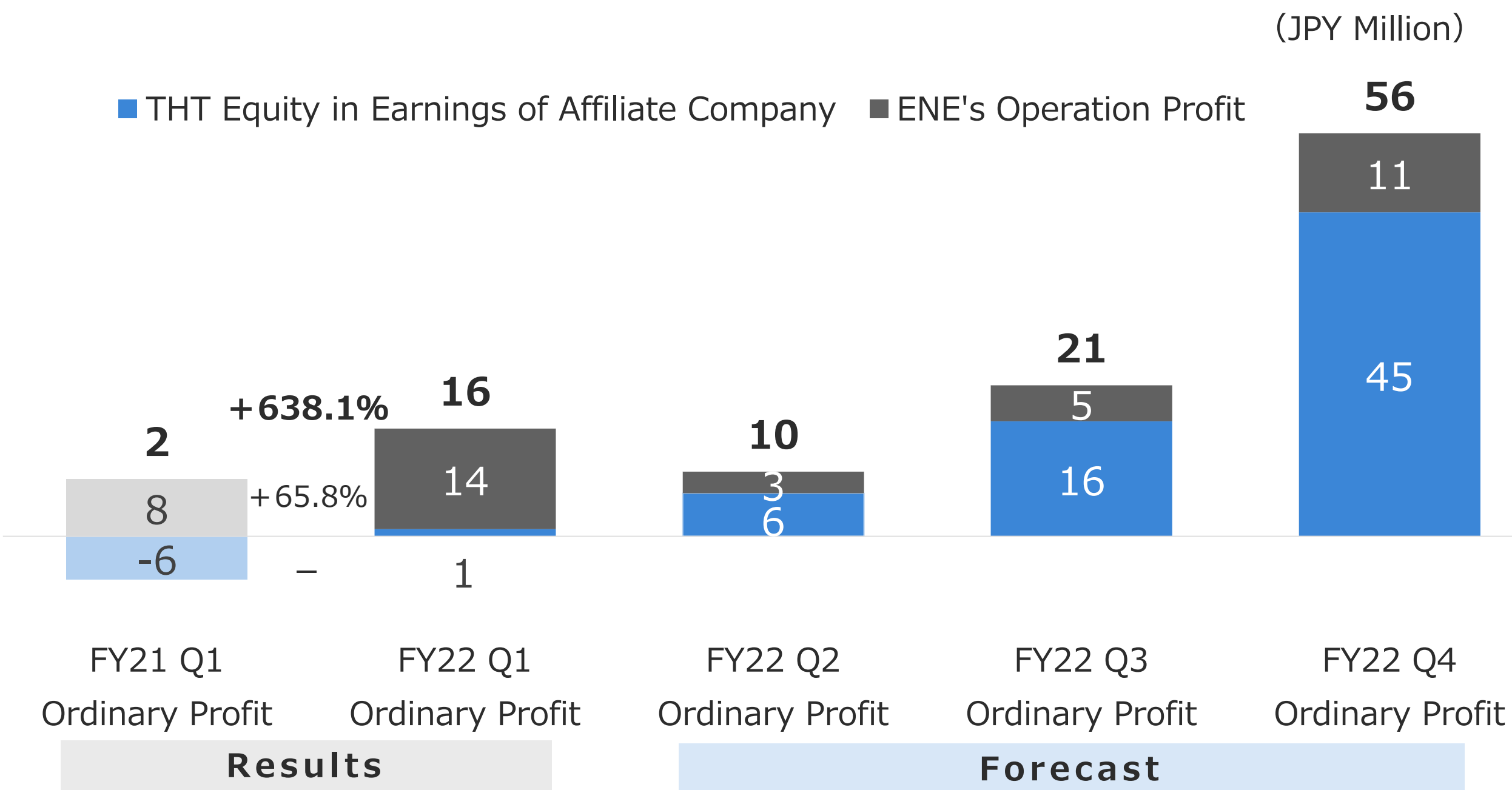
Aiming to expand the sales with TEPCO HomeTech·MEDX related order from Q2 onward.



## Factors of sales increase

1. Sales for housing company
  - Q1 : Increase sales for existing clients
  - Q2 onward : MEDX related new clients
2. Sales for energy company
  - Q1 : TEPCO HomeTech and PPS order contract increase
  - Q2 onward : Expecting to expand sales of TEPCO HomeTech

## Both TEPCO HomeTech (THT) and ENE's profit growth by increasing order contract of THT



### Factors of profit increase

1. THT Equity in earnings of affiliate company

Increase hand over case of Enecari service for new house and higher results than forecast in Q1. (P.27) Profit is expecting to increase by increasing order contract from Q2 onward.

2. ENE's Operating profit  
Order contract increase in Q1 (Jan-Mar) even it's period of handover normally.

Aiming to growth of profit with order contract increase by THT from Q2 onward.

# Started providing working capital loans to TEPCO HomeTech

Responding to an increase in working capital due to a rapid growth of Enecari orders for new house.

Set up “Maximum 700mil. JPY scale financial limit” to cooperate with TEPCO EP Inc.

## Background

- It takes 10 months from order to handover for new house Enecari service which is collaborate with housing company.
- Expecting rapid growth of orders and necessary to secure working capital.

## Financial Limit

- Set up “**Maximum 700mil. JPY scale financial limit**” to cooperate with TEPCO EP along with capital contribution ratio
  - TEPCO EP : 360mil. JPY
  - **EPCO : 340mil. JPY**

## Terms & Condition

- Loan : Loan monthly based on order (Starting May 2022)
- Repayment : Repayment by deposit of each property hand over
- Interest : 0.6%/year

# Shareholder Returns | ① Dividend Policy

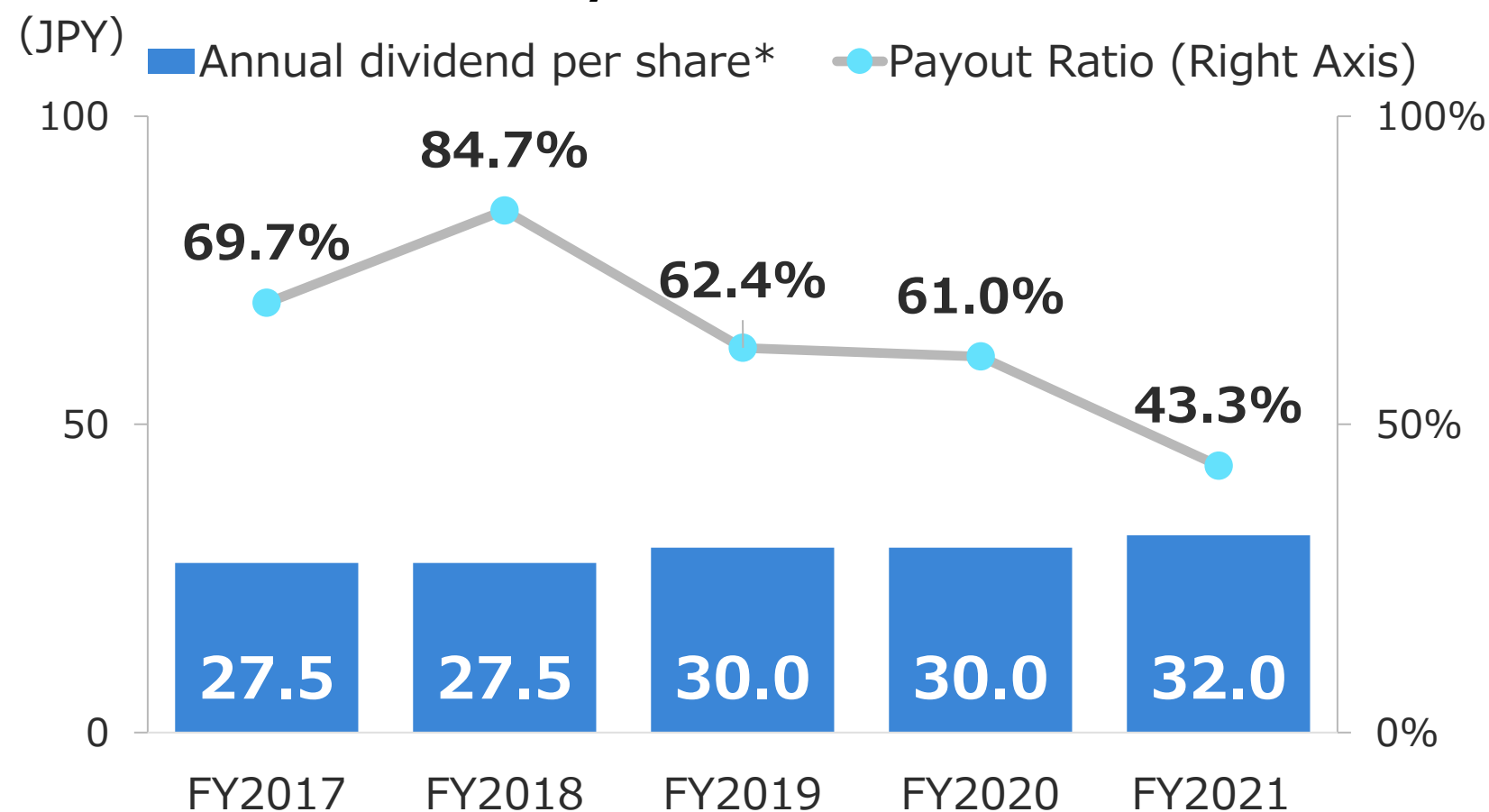
The Company regards the return of profits to shareholders through dividends as an important management policy.

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.

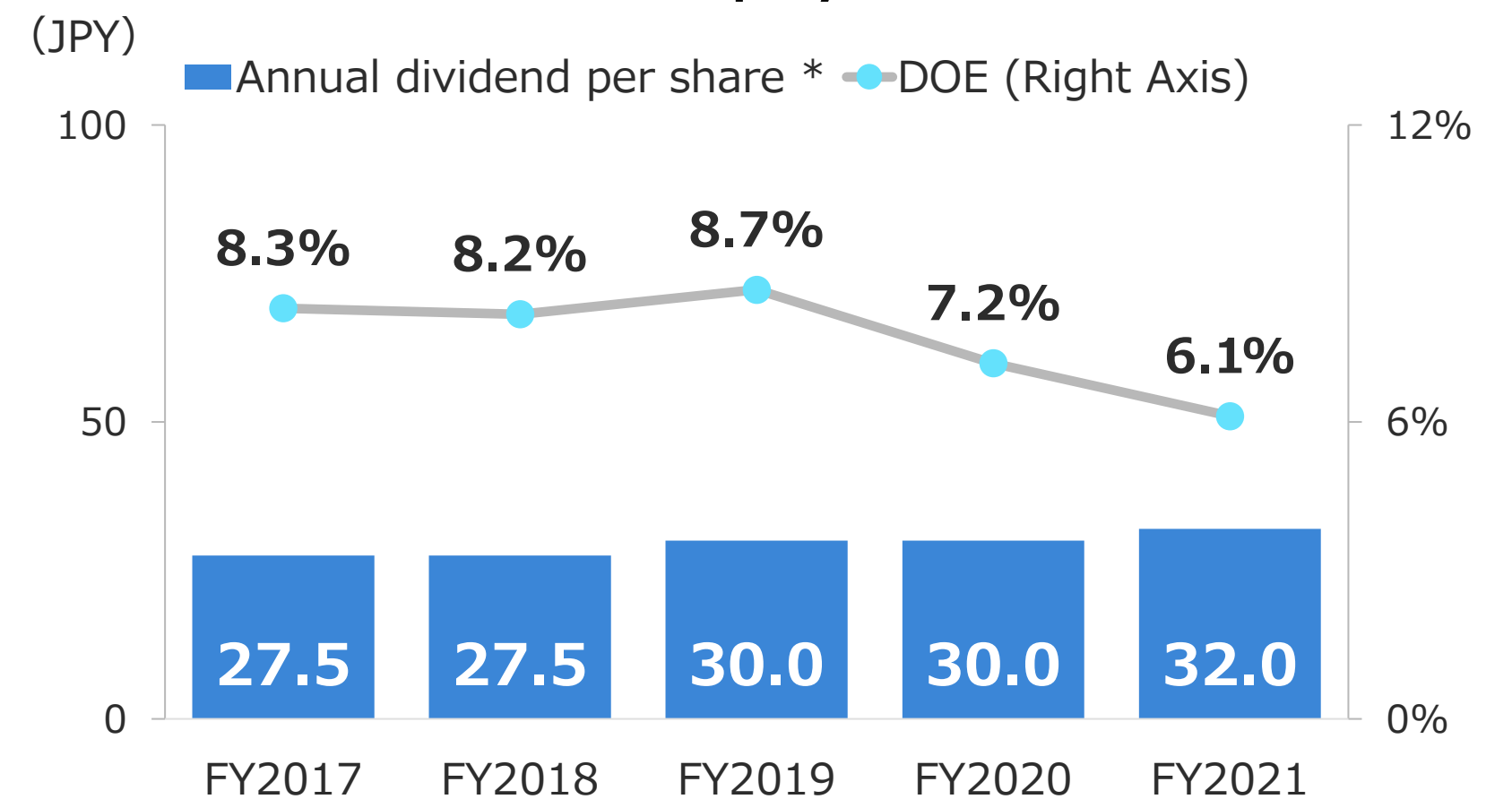
The dividend payout ratio and DOE for the end of Dec. on FY2021 are lower than the guideline because of an increase in net assets and net profit from the sale of ENECHANGE shares.

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



Newly setup “Benefit Plan for all”, not only for shareholder but also beneficent for global environment and EPCO.

## Details of Benefit Plan

- The right to install “ Solar power generation system (worth 1 mil. JPY) ” for free.
- 5 winners (FY2022)  
First half year 1 winner, second half year 4 winners in FY2022  
Keep free installation of solar panel every year as social contribution.

## Eligible Shareholder for Draws

- ① Shareholder who own **more than 1unit (100 shares)** as of end of June (First half year), and end of Dec (second half year) on shareholder registry.
- ② Shareholders who **have completed the procedures to apply** the lottery.

## Venues to Install

- Winner can pick **any place** to install.
- Condition : **Detached house** can install the system **located in Japan**

## Drawing Method

- Apply with specific form and winner will be selected under strict regulations
- The winning probability **increases proportionally with the number of shares held (up to 1,000 shares).**
- Drawing day : Late Aug for first half year and Feb next year for second half year



\*For details, please refer “Notice of lottery style shareholder benefit plan” released on May 11, 2022

# (Reference) Consolidated Net Sales Breakdown

(JPY Million)	FY21 Q1	FY22 Q1	Changes	Ratio
<b>Net Sales (Consolidated)</b>	<b>1,159</b>	<b>1,179</b>	<b>+19</b>	<b>+1.7%</b>
<b>① Design Service</b>	<b>535</b>	<b>504</b>	<b>-30</b>	<b>-5.7%</b>
Existing Business	527	487	-40	-7.6%
New Business	8	17	+9	+114.6%
<b>② Maintenance Service</b>	<b>407</b>	<b>429</b>	<b>+22</b>	<b>+5.5%</b>
Housing Company	307	325	+17	+5.8%
Energy Company	100	104	+4	+4.4%
<b>③ Energy Saving Service (ENE's)</b>	<b>216</b>	<b>244</b>	<b>+28</b>	<b>+13.1%</b>

# (Reference) Consolidated Ordinary Profit Breakdown

(JPY Million)	FY21 Q1	FY22 Q1	Changes	Ratio
<b>Ordinary Profit (Consolidated)</b>	<b>104</b>	<b>37</b>	<b>-66</b>	<b>-63.9%</b>
<b>① Design Service</b>	<b>120</b>	<b>56</b>	<b>-63</b>	<b>-53.2%</b>
Operating profit (Consolidated)	112	47	-65	-57.8%
Equity in earnings of affiliates company in China	7	8	+1	+16.1%
<b>② Maintenance Service</b>	<b>68</b>	<b>55</b>	<b>-13</b>	<b>-19.6%</b>
Operating profit (Consolidated)	68	56	-11	-17.3%
Equity in earnings of affiliates company MEDX	-	-1	-1	-
<b>③ Energy Saving Service</b>	<b>2</b>	<b>16</b>	<b>+13</b>	<b>+638.1%</b>
Operating profit (Consolidated)	8	14	+5	+65.8%
Equity in earnings of affiliates company TEPCO HomeTech	-6	1	+8	-
<b>Others (Cost·Non-operating P&amp;L)</b>	<b>-86</b>	<b>-89</b>	<b>-3</b>	<b>-</b>

Challenge to Evolution

DX Strategy × Carbon-Neutral

01. Company Profile

02. Overview of New Business (Mid-term Business Plan)

03. FY2022 Q1 Results

**04. Appendix.**

**HCDs** HOUSING  
CARBON NEUTRALITY  
DIGITAL SOLUTIONS



# Company Overview

## Management Philosophy

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.

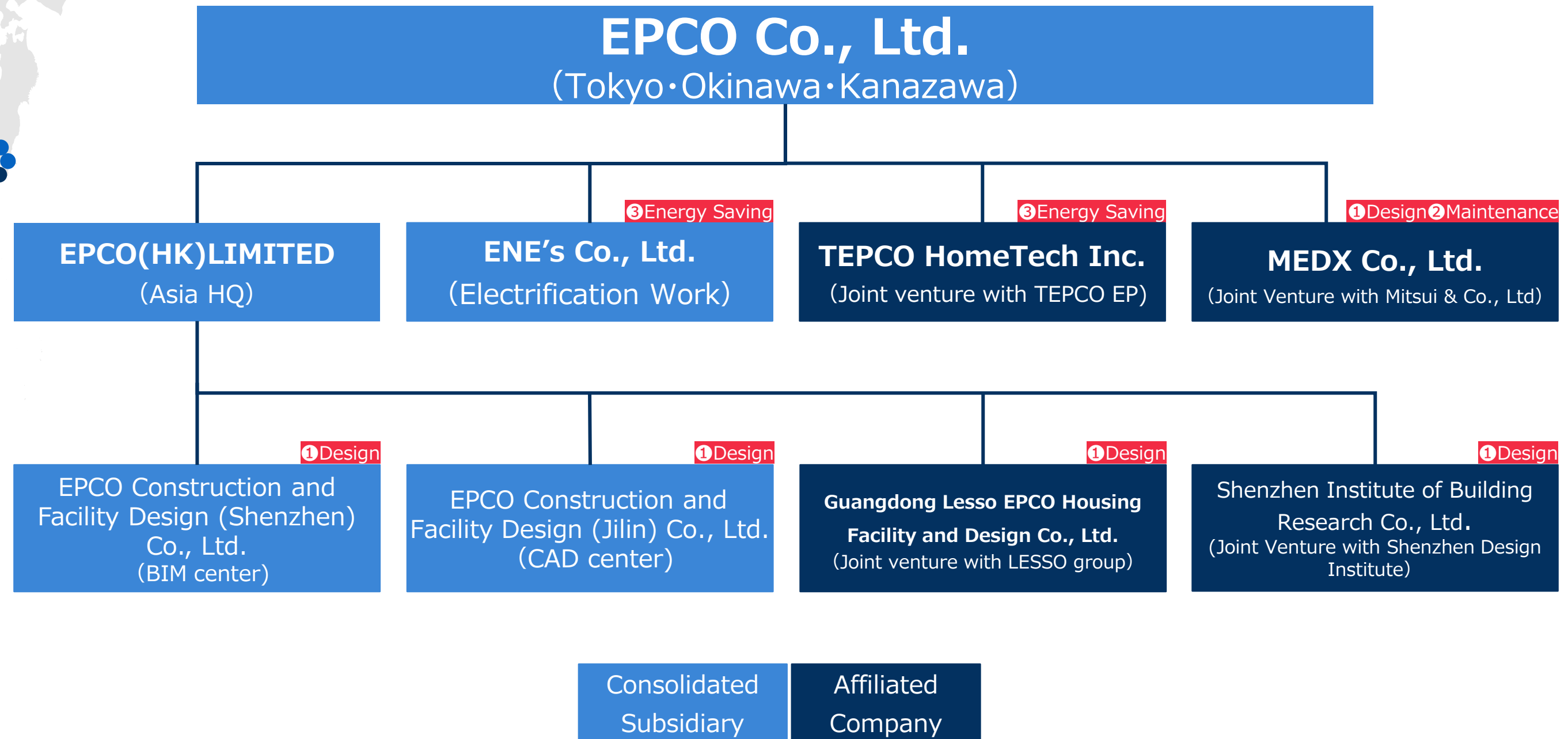
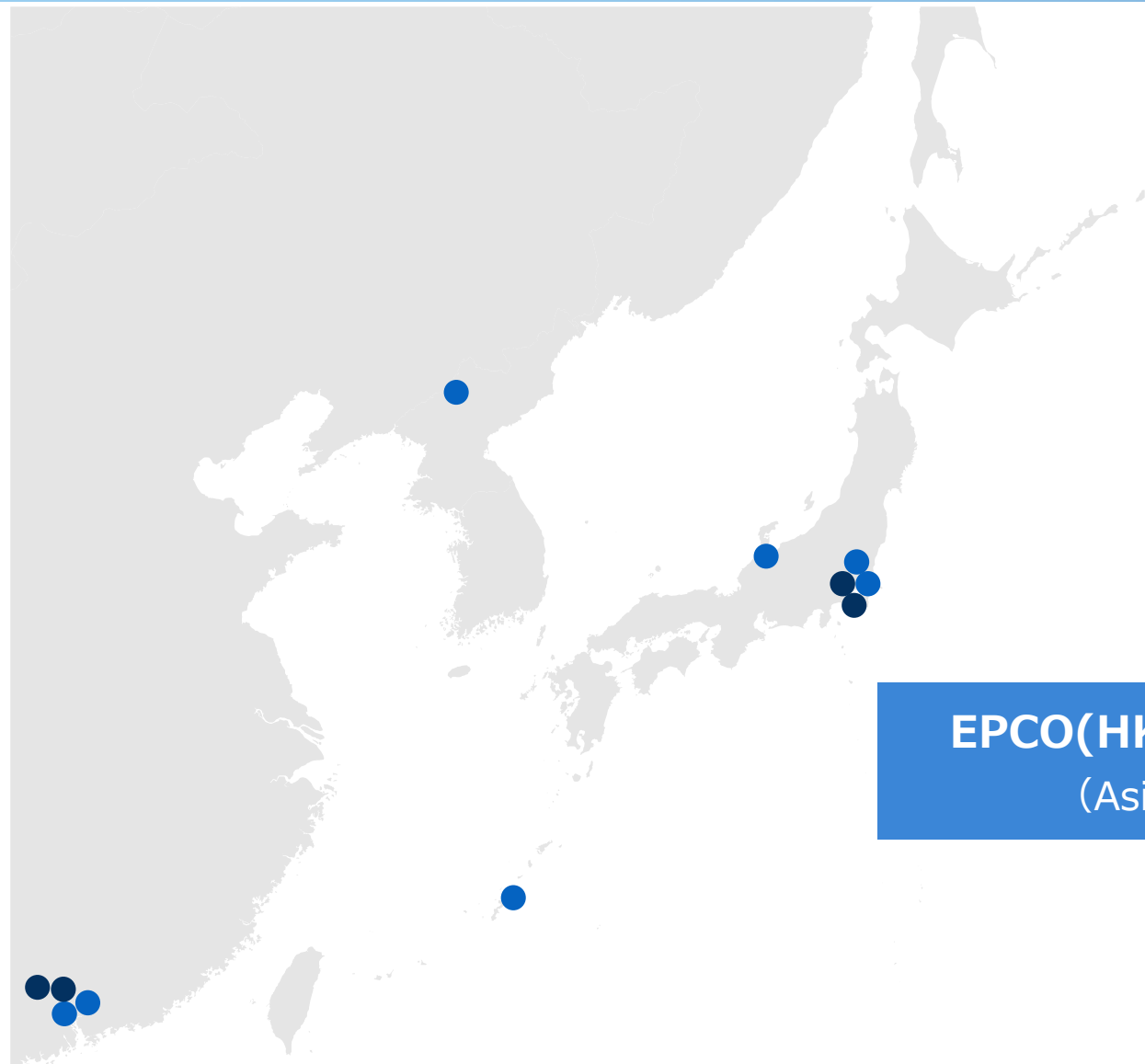
We aim to be infrastructure company to support the homes and lifestyles of people around the world.



Representative Director  
Group CEO

岩崎 辰之

Company Name	<b>EPCO Co., Ltd.</b>
Head Office	12/F, OLINAS tower, 4-1-3 Taihei, Sumida-ku, Tokyo, 130-0012 JAPAN
Securities Code	2311 (Prime 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 Tadashi Tamura, Outside Director Satomi Katsumata, Outside Director (Audit and supervisory Board Member) Takuo Akino, Outside Director (Audit and supervisory Board Member) Masashi Watanabe, Outside Director (Audit and supervisory Board Member)
Executive Officer	Kim Jungheon Chief Director of D-TECH Business Takatsugu Urayama Chief Director of H-M Business Yang Chao Chief Director of Information Systems Division



## Challenge to Evolution

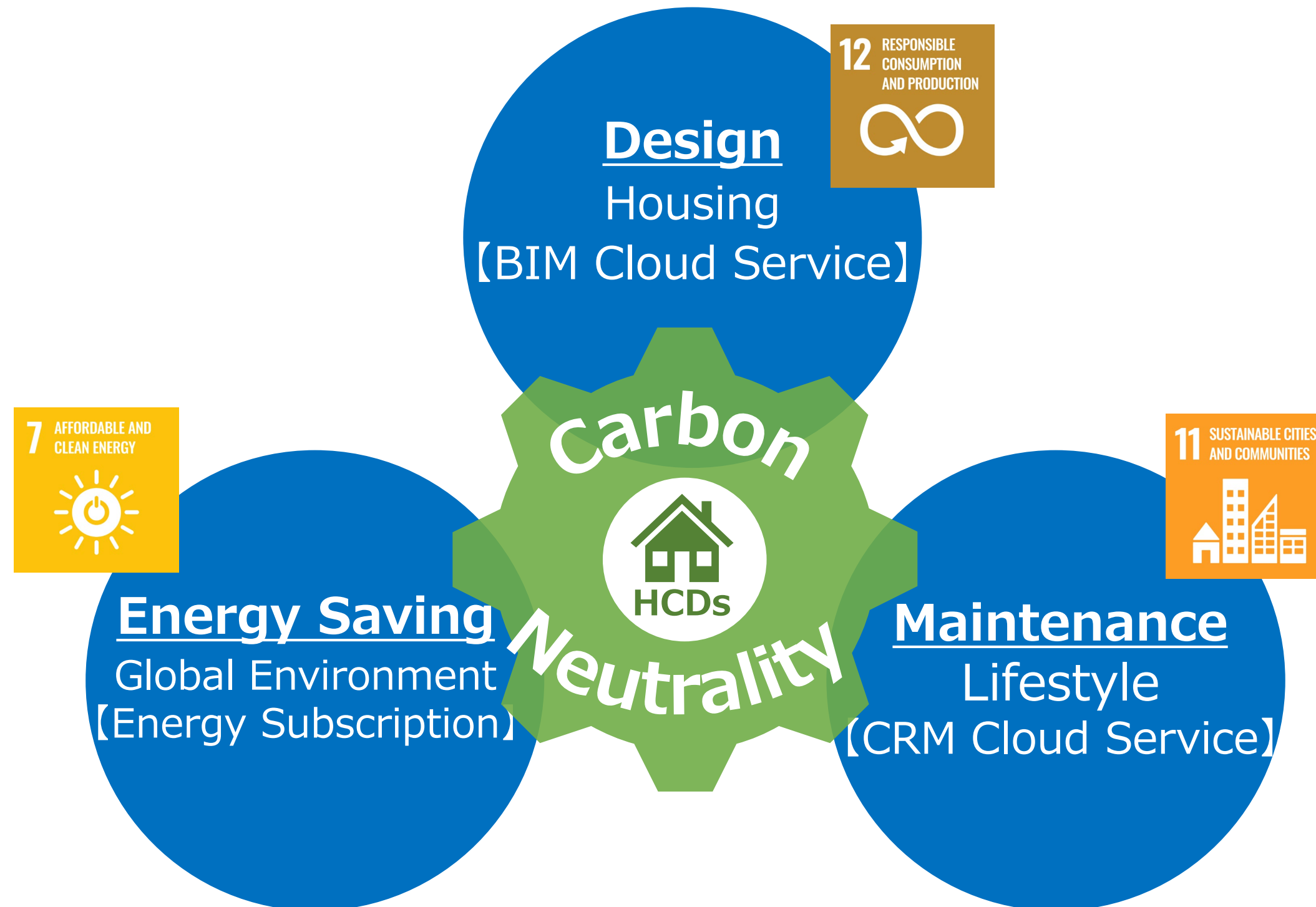
### DX Strategy × Carbon-Neutral

- 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

## HCDs : Housing Carbon Neutrality Digital Solutions

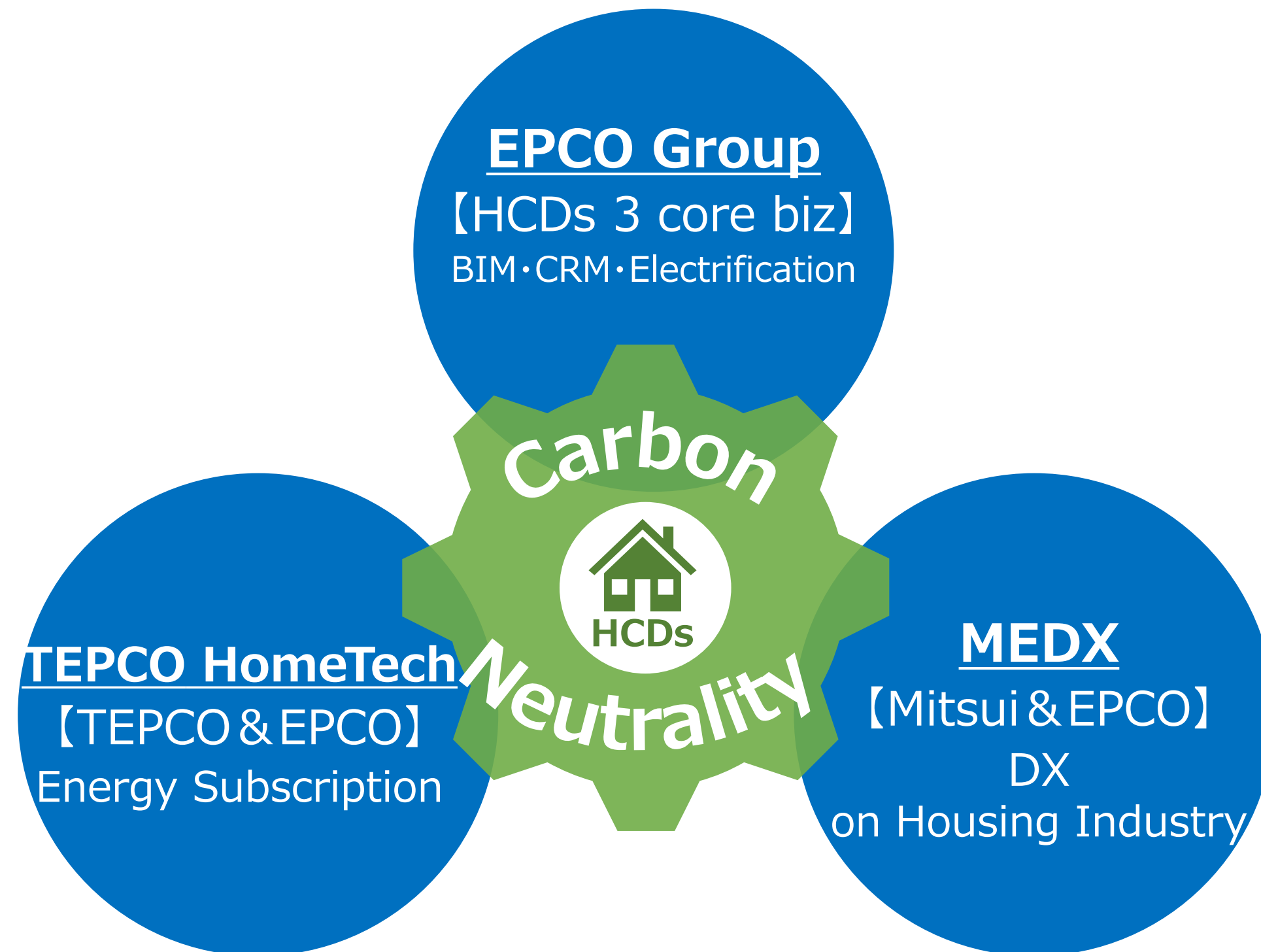
EPCO Group support housing, living, and the global environment with digital technology.





## Partnership Strategy

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



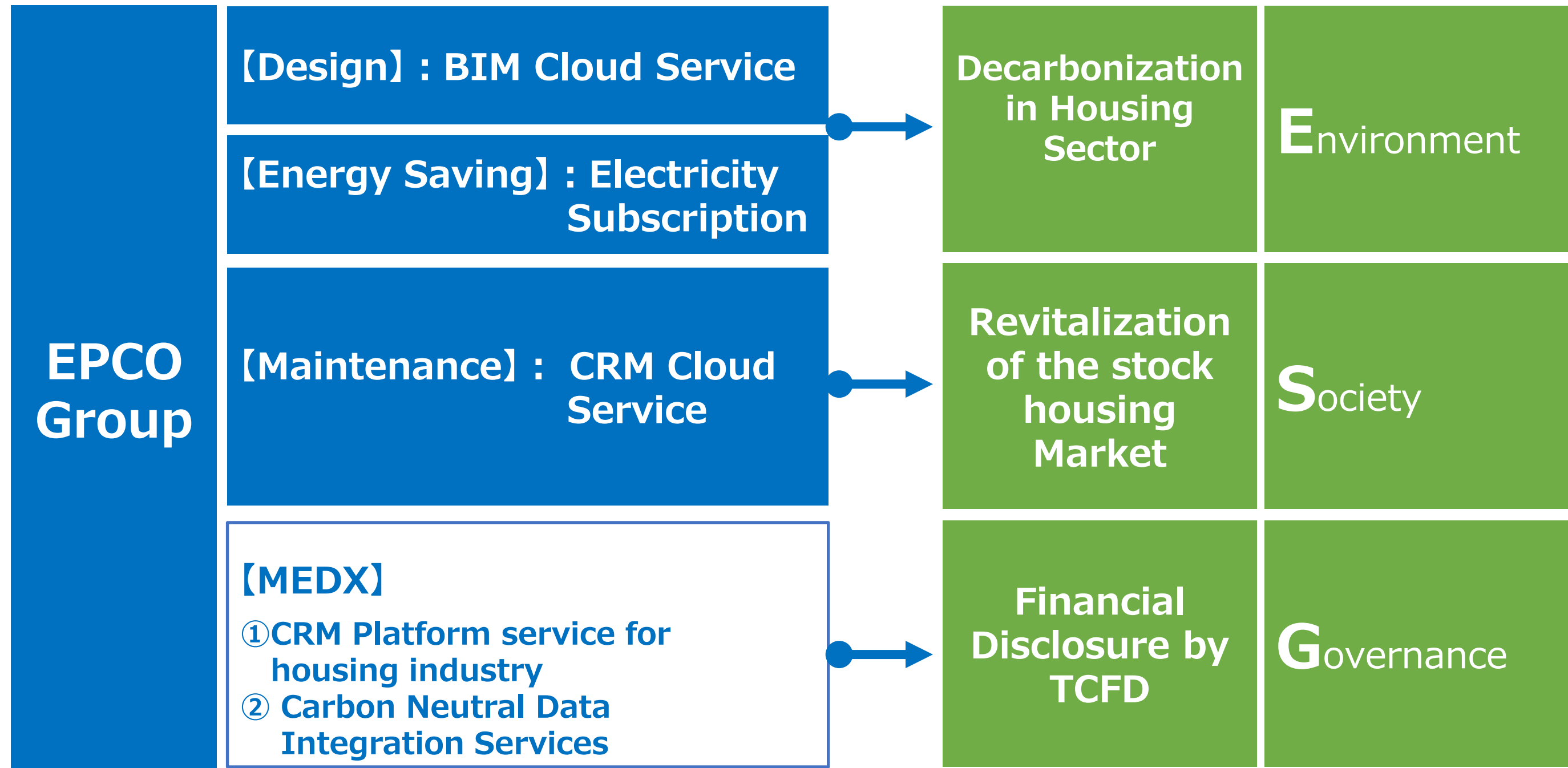
## Acceleration of decarbonization and digitalization are tailwinds for each of EPCO's businesses

Service	External Factors
<div style="background-color: #0070C0; color: white; padding: 10px; text-align: center;"> <b>Design</b>                      [ New House ]                 </div>	<ul style="list-style-type: none"> <li>● Aging population, labor shortages, and high resource prices grow the needs of <b>on-site efficiency</b> and <b>cost containment</b>.</li> <li>● Household sector's share of domestic CO2 emissions is as high as <b>16%.*</b></li> </ul>
<div style="background-color: #0070C0; color: white; padding: 10px; text-align: center;"> <b>Maintenance</b>                      [ Existing House ]                 </div>	<ul style="list-style-type: none"> <li>● Decrease in new housing construction and <b>increase in stock housing</b> grow the needs for <b>more efficient</b> maintenance.</li> <li>● Growing the needs for <b>sales support</b> for renovation and purchase and resale of stock housing total of 54 million unit.</li> </ul>
<div style="background-color: #0070C0; color: white; padding: 10px; text-align: center;"> <b>Energy Saving</b>                      [ New/Existing House ]                 </div>	<ul style="list-style-type: none"> <li>● <b>Accelerated decarbonization</b> and growing the needs for renewable energy (PV) especially among major companies.</li> <li>● Growing the needs to <b>secure construction capacity</b> due to labor and material shortages.</li> </ul>
<div style="border: 1px solid #0070C0; padding: 10px; text-align: center;"> <b>MEDX</b> </div>	<ul style="list-style-type: none"> <li>● Productivity improvement through <b>digitalization</b> and high demands for <b>stock housing business</b></li> <li>● Growing the needs to comply for <b>TCFD/Scope 3</b> (supply chain CO2 emissions calculation)*</li> </ul>



\*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

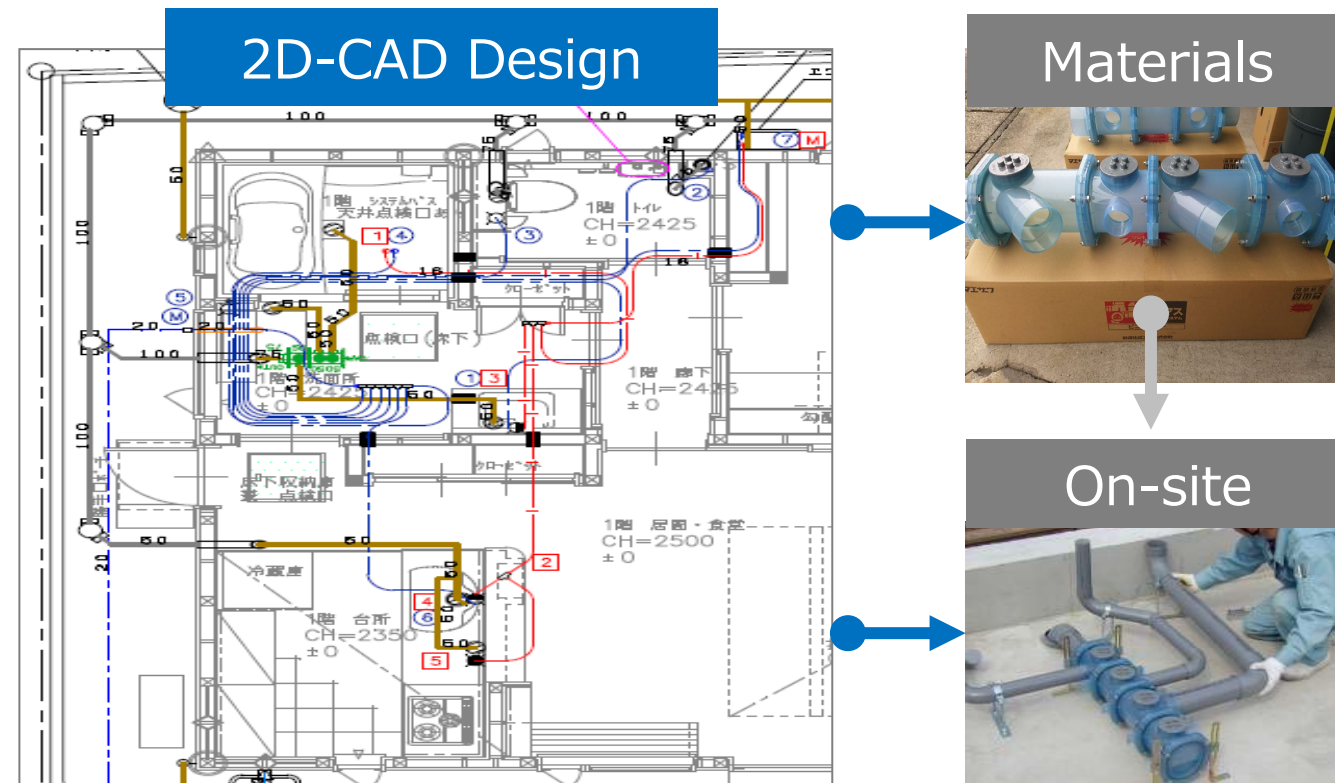


# EPCO Group's ESG initiative

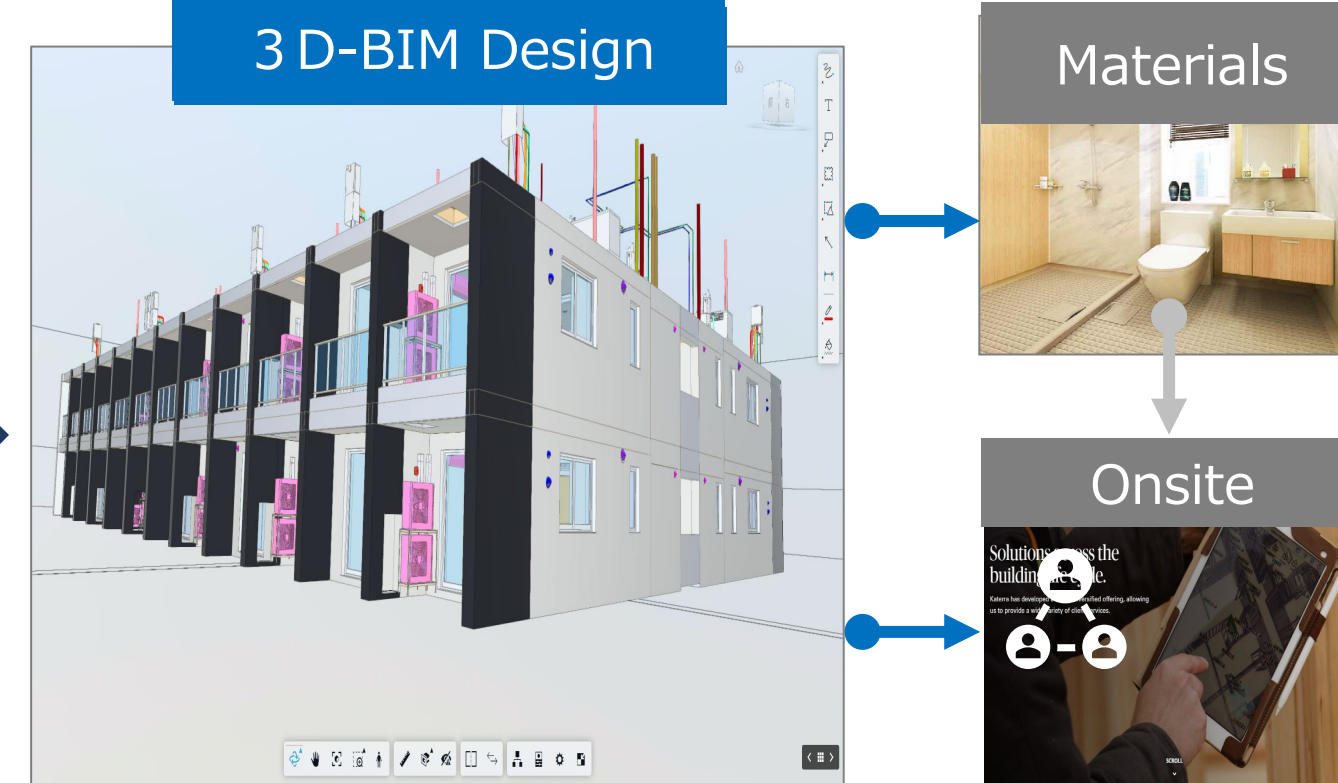
	Theme	Summary	Our Major Initiative	SDGs
Environment : E	Environmental preservation through business activities	Reduction of industrial waste by pre-fabrication Visualization of CO2 emissions with BIM	Reduction of industrial waste through optimal design and pre-fabrication of housing facilities. Calculation 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 <a href="https://www.epco.co.jp/ir/">https://www.epco.co.jp/ir/</a> Proactive and stable shareholder returns <a href="https://www.epco.co.jp/ir/highlight.html">https://www.epco.co.jp/ir/highlight.html</a>	
	Employee	Promotion of diversity	The ratio of female employees is 46%, and foreign employees is 37% in EPCO group. (As of end of Dec. 2021)	
		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 <a href="https://ssl4.eir-parts.net/doc/2311/ir_material6/174682/00.pdf">https://ssl4.eir-parts.net/doc/2311/ir_material6/174682/00.pdf</a>	
	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)	



## 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

**[Environment]**  
Carbon-neutral in housing industry

**Customer**

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

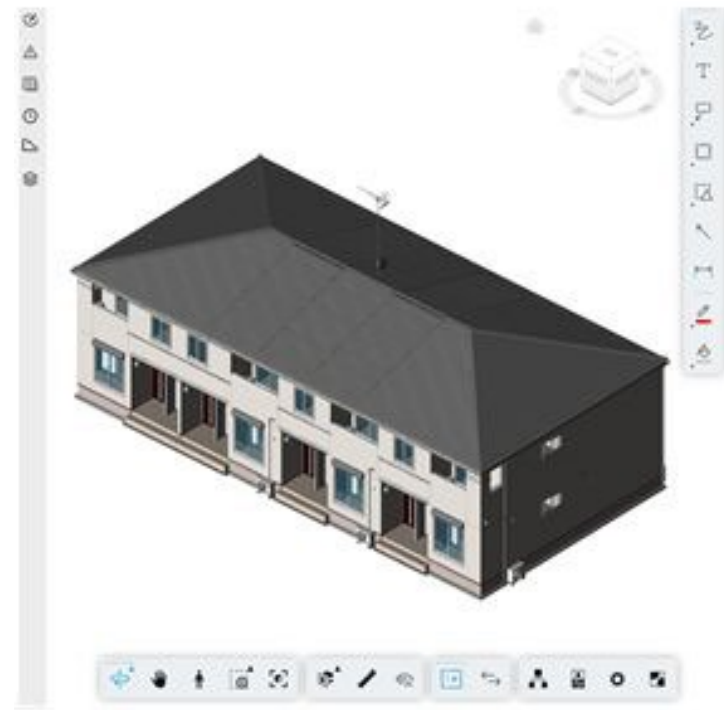
**Customer**

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

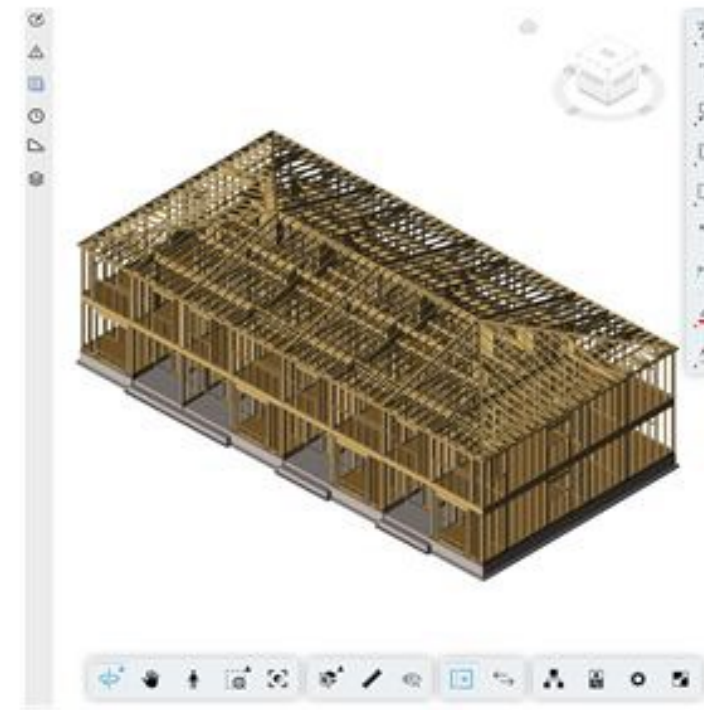
# Reference : Example of a Full BIM Design Contract from a Major Housing Company

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

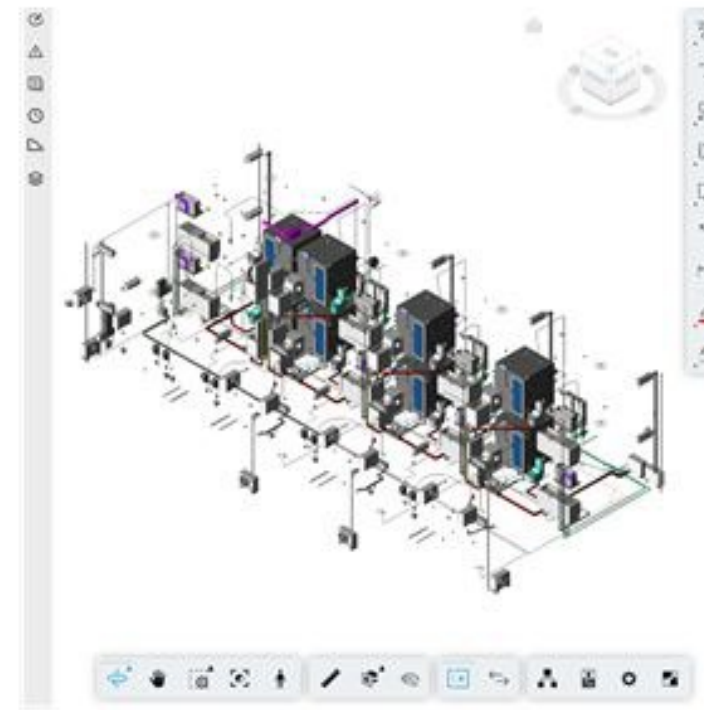
## Full-BIM Design



Architectural Design



Structural Design



Facility Design

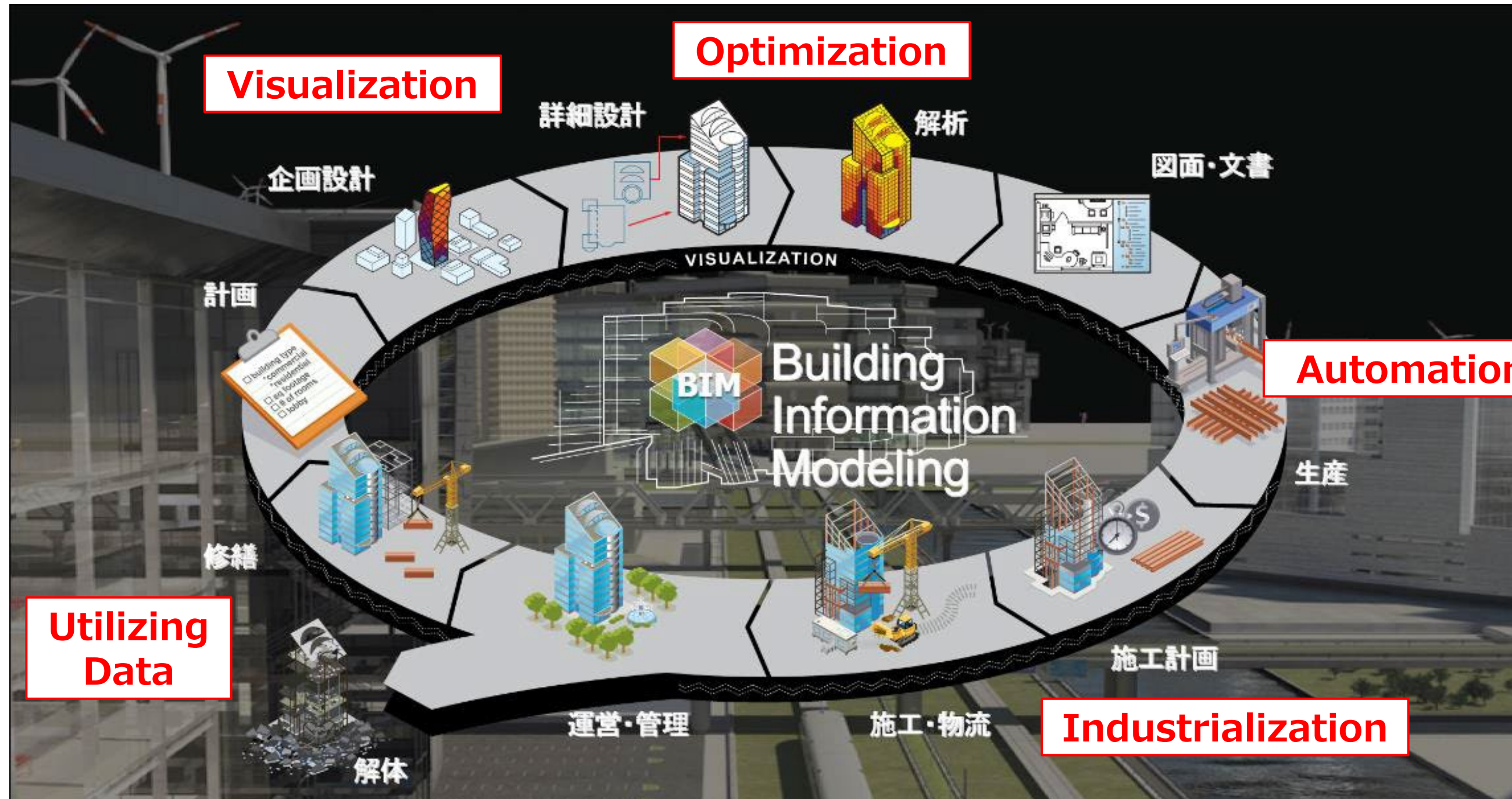


# Reference : What is BIM? It's Building Information Modeling

**BIM** : 3D CAD+ Attribute Data = Building Digital Twin

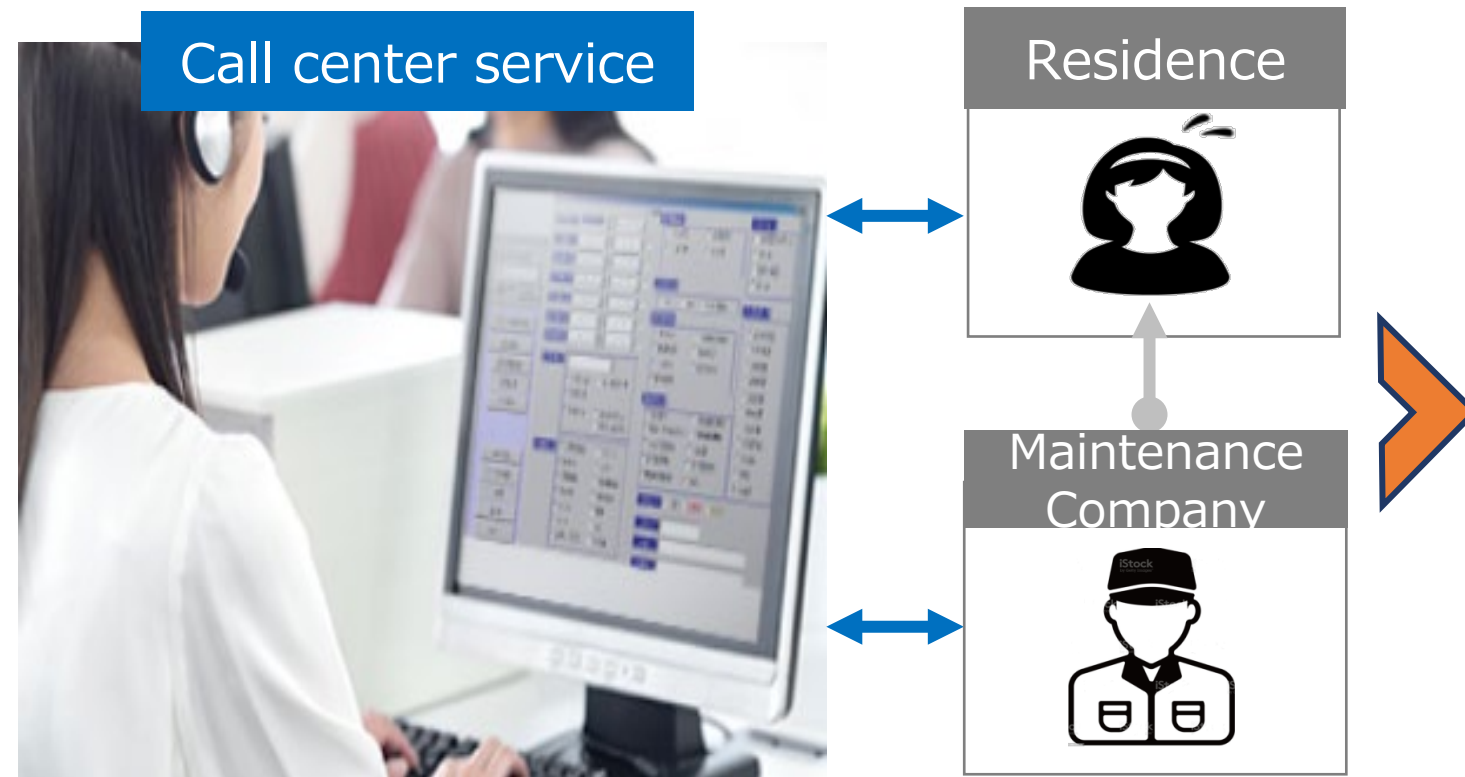
The system which builds a building information model to contain the attribute information of the building - a name, rooms, specifications, performance, the materials and 3D shape information on the computer.

The source : MLIT

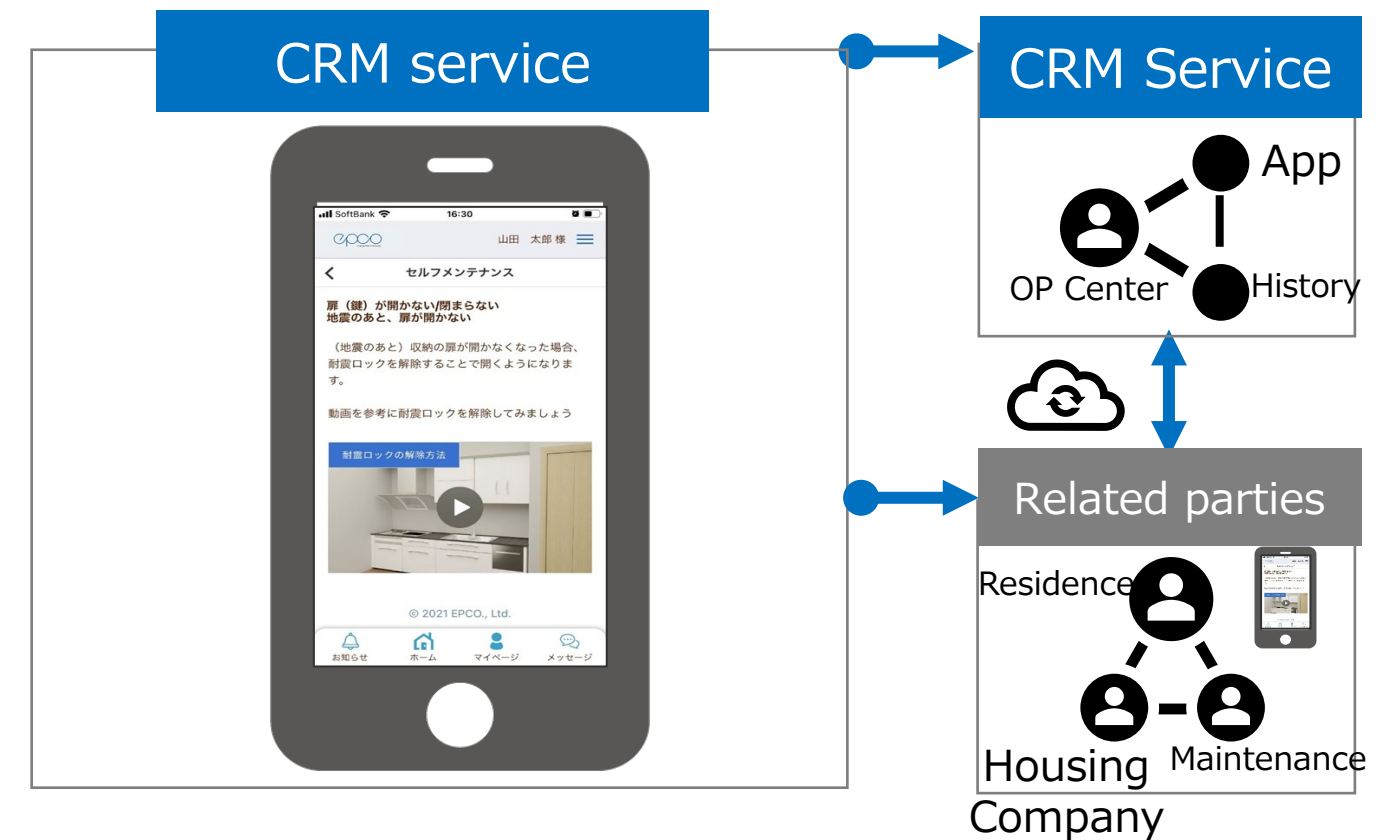


The Source : AUTODESK

## Existing Business Models



## Future Business Models



**Tools**

- Phone Call (Generalization)
- DX Effect : Small

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

【 Social 】 Revitalization on existing Housing market

**Service**

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

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

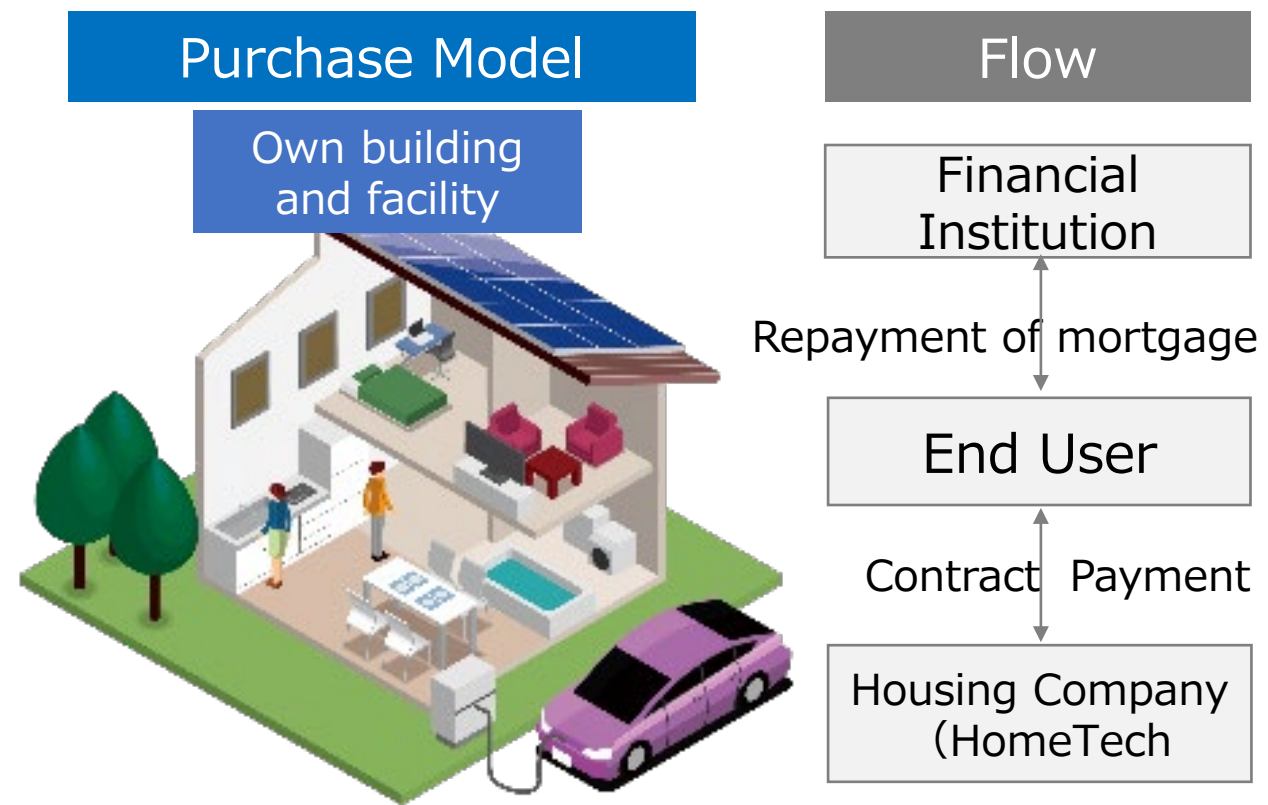
**Customer**

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

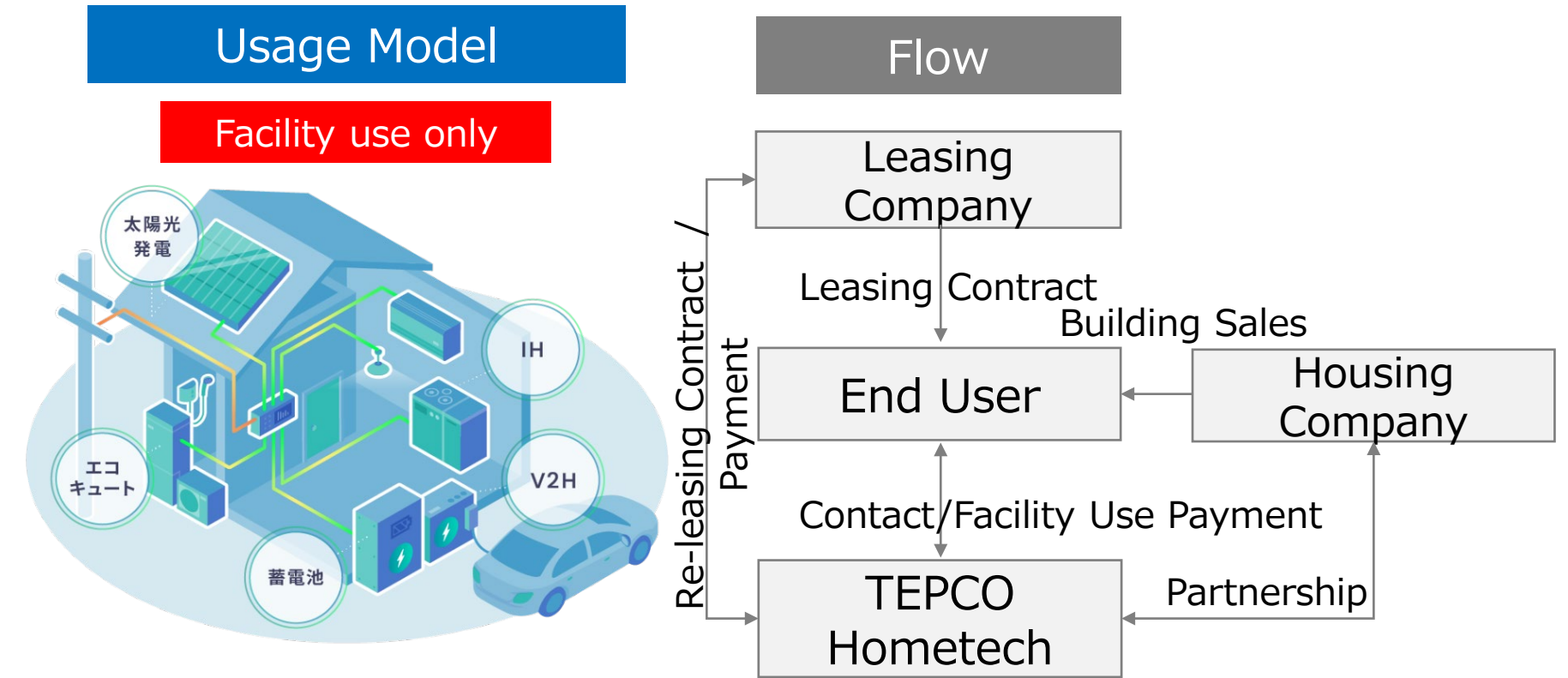
- **Major housing company, TEPCO Hometech, MEDX**
- **Target Companies : Expand**



## 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)**

**[Environment]**  
Carbon-neutral in housing industry

### 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

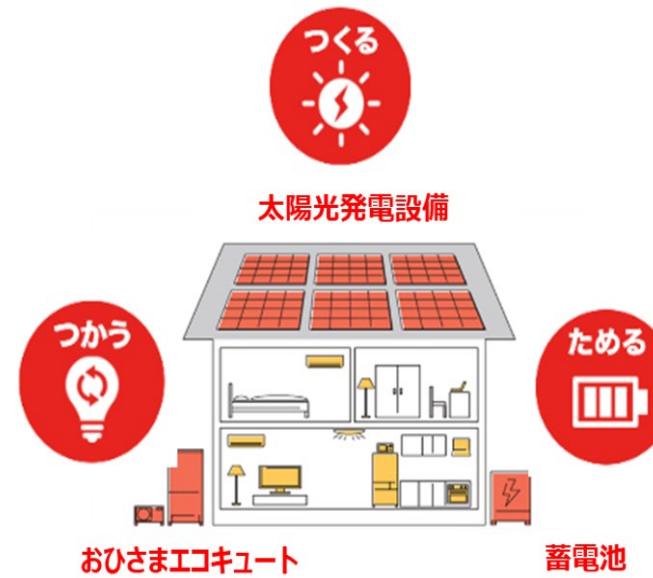
- **New House : Direct sales to end-users via housing companies**
- **Existing Company : Direct sales to end-users**

# ③ Energy Saving Service: Expansion of Customer Segment with New Product (Enecari Plus)

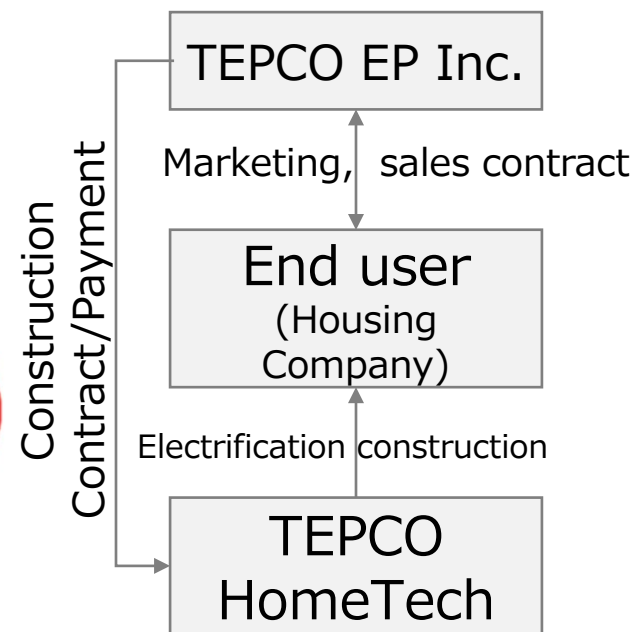
Start accepting order for Enecari Plus which is new electrification service by TEPCO EP Inc.

## Business model of Enecari Plus

### Enecari Plus

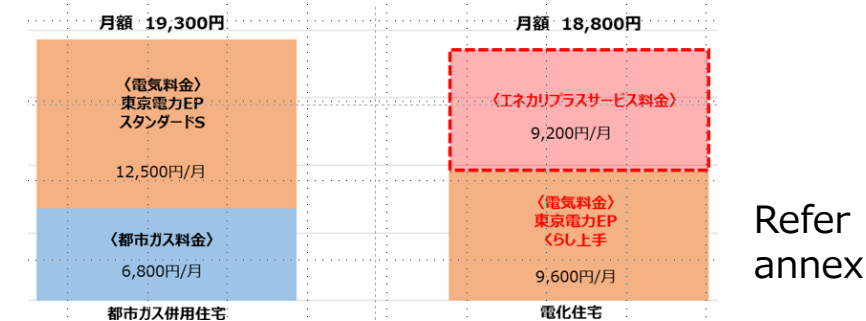


### Flow



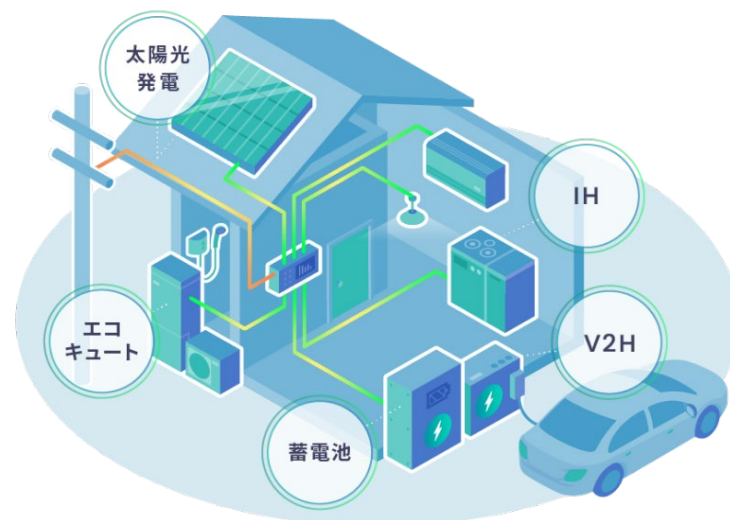
### Advantage

- Reduction of utility costs through installation of electrical appliances (e.g., solar panels)



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

### Enecari



## Enecari and Enecari Plus are parallel sales

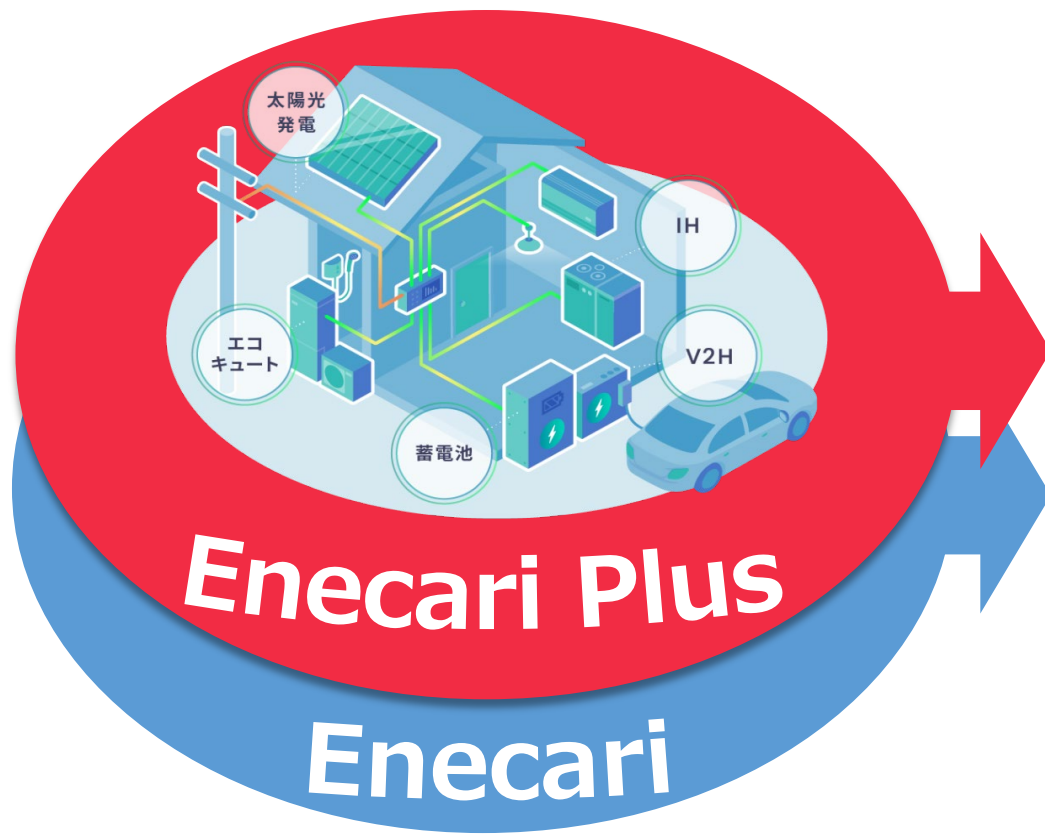
Subject	Enecari	Enecari Plus
Type of electrification equipment	Select Models	Package
Electricity Rate Menu	Select Menu	Special Menu
Income from PV surplus power sales	Contractor	TEPCO EP Inc.
Power Company Restrictions	No	Yes
Contract Period	10-15 years	10-15 years

# ③ Energy Saving Service : Synergies from Enecari Plus

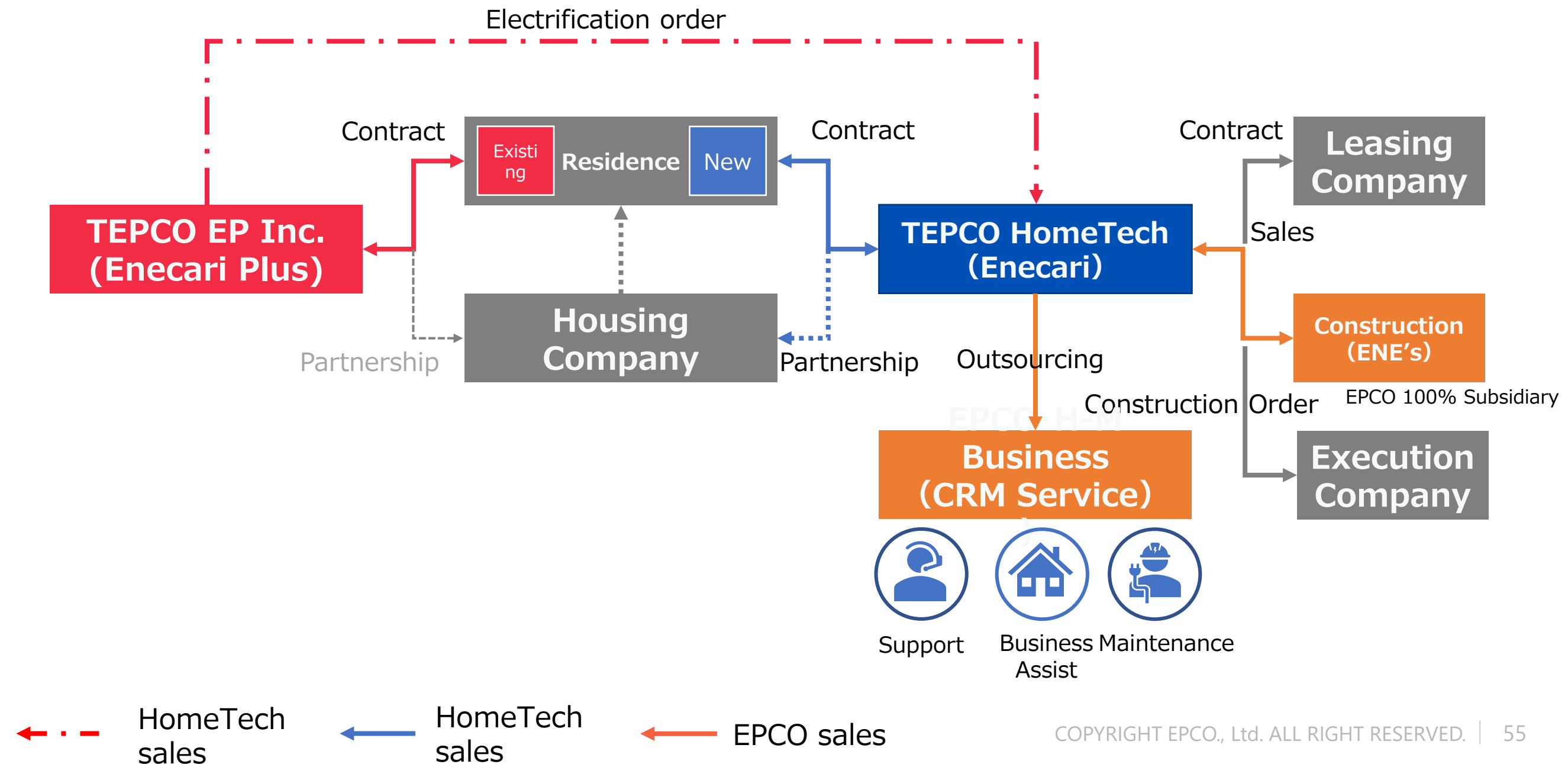
TEPCO HomeTech increased sales due to launch of “Enecari Plus” and expansion of sales channels to housing companies.

EPCO increase sales providing CRM service etc.

## Two Major Service



## Business scheme





# Review of FY2021 : TEPCO HomeTech

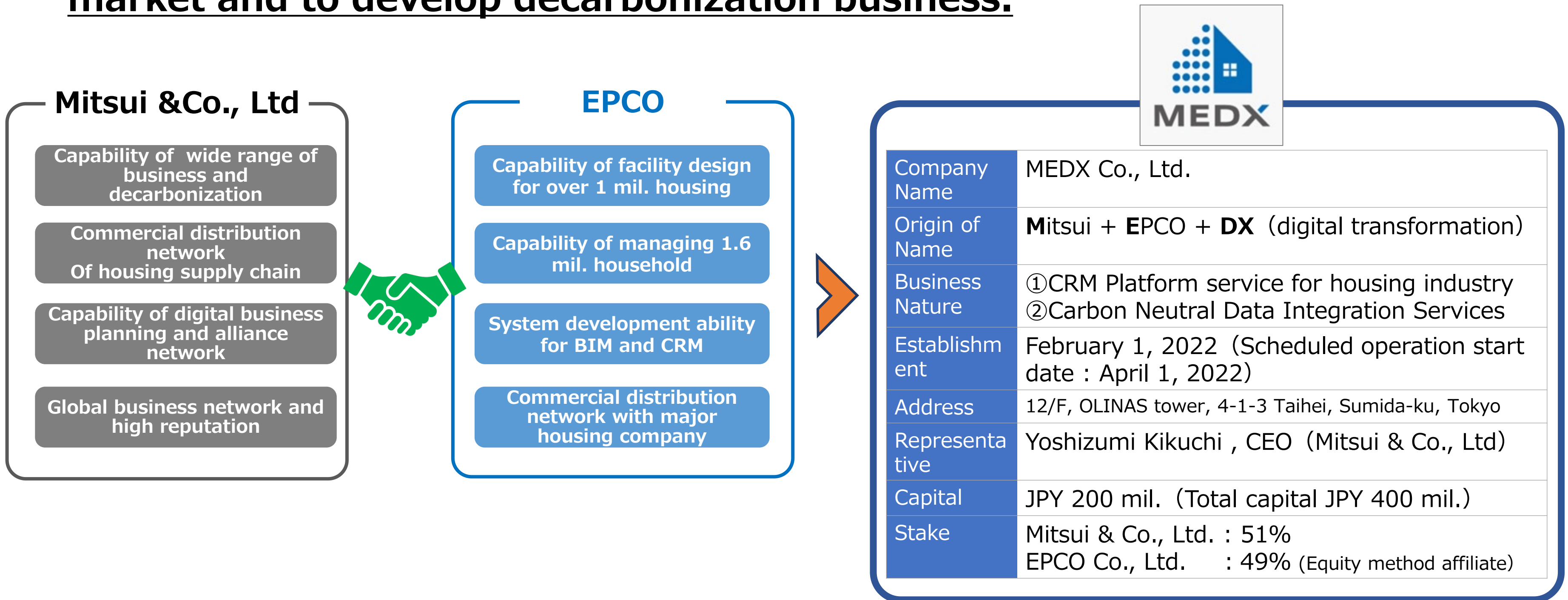
**Strong tailwind for electrification subscription service model to achieve a decarbonized society**  
**Must achieve business plan through product, promotion, and system development**

FY2021	Negative Factors		Fy2022	Positive Factors
Self-restraint in Business	<ul style="list-style-type: none"> <li>● <b>Far from target plan</b> due to suspension of operations of TEPCO EP Inc. (end of June)</li> </ul>	➤	Lifted State of Emergency	<ul style="list-style-type: none"> <li>● Suspension of operations lifted at the end of December, <b>resume operations gradually</b> from 2022</li> </ul>
Delivery Delay	<ul style="list-style-type: none"> <li>● Due to shortage of semiconductors and expansion of COVID-19, <b>shortage</b> of equipment supply</li> </ul>	➤	Direct Contract	<ul style="list-style-type: none"> <li>● <b>Direct contract</b> with product manufacturers and securing procurement through <b>multi-company purchasing</b></li> </ul>
New product Delay	<ul style="list-style-type: none"> <li>● <b>Delayed launch</b> of new electrification package product by TEPCO EP Inc.</li> </ul>	➤	Service Start	<ul style="list-style-type: none"> <li>● Start accepting order for new product "<b>Enecari Plus</b>" from Feb 1, 2022</li> </ul>
Shortage of Resource	<ul style="list-style-type: none"> <li>● Orders for electrification equipment from <b>major housing companies</b> grow, but resources are insufficient</li> </ul>	➤	Secure Resources	<ul style="list-style-type: none"> <li>● <b>Strengthen promotion</b>, sales, construction, and operations systems to cooperate with <b>TEPCO EP Inc. and EPCO together.</b></li> </ul>



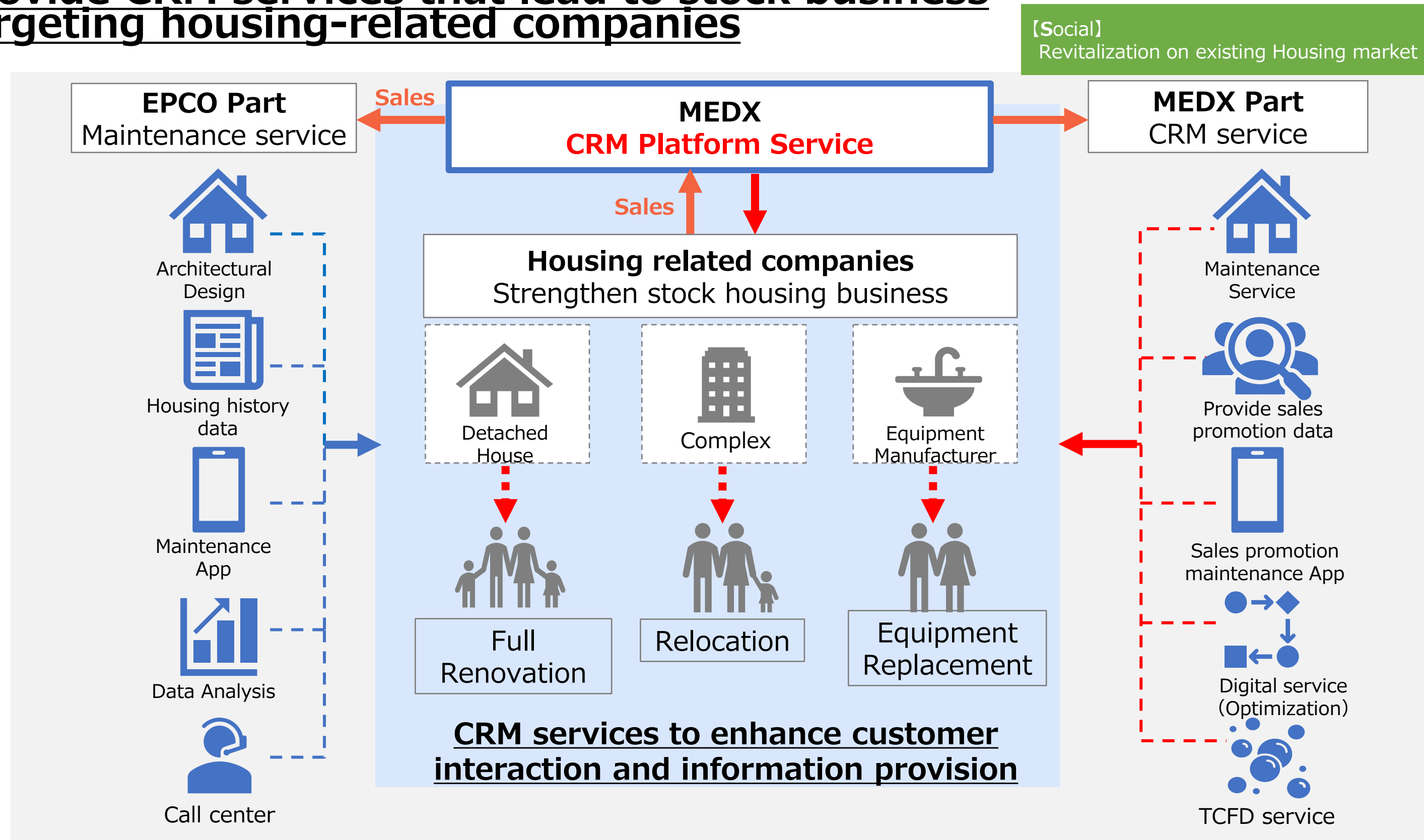
# Purpose for Establishment of MEDX

**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.**



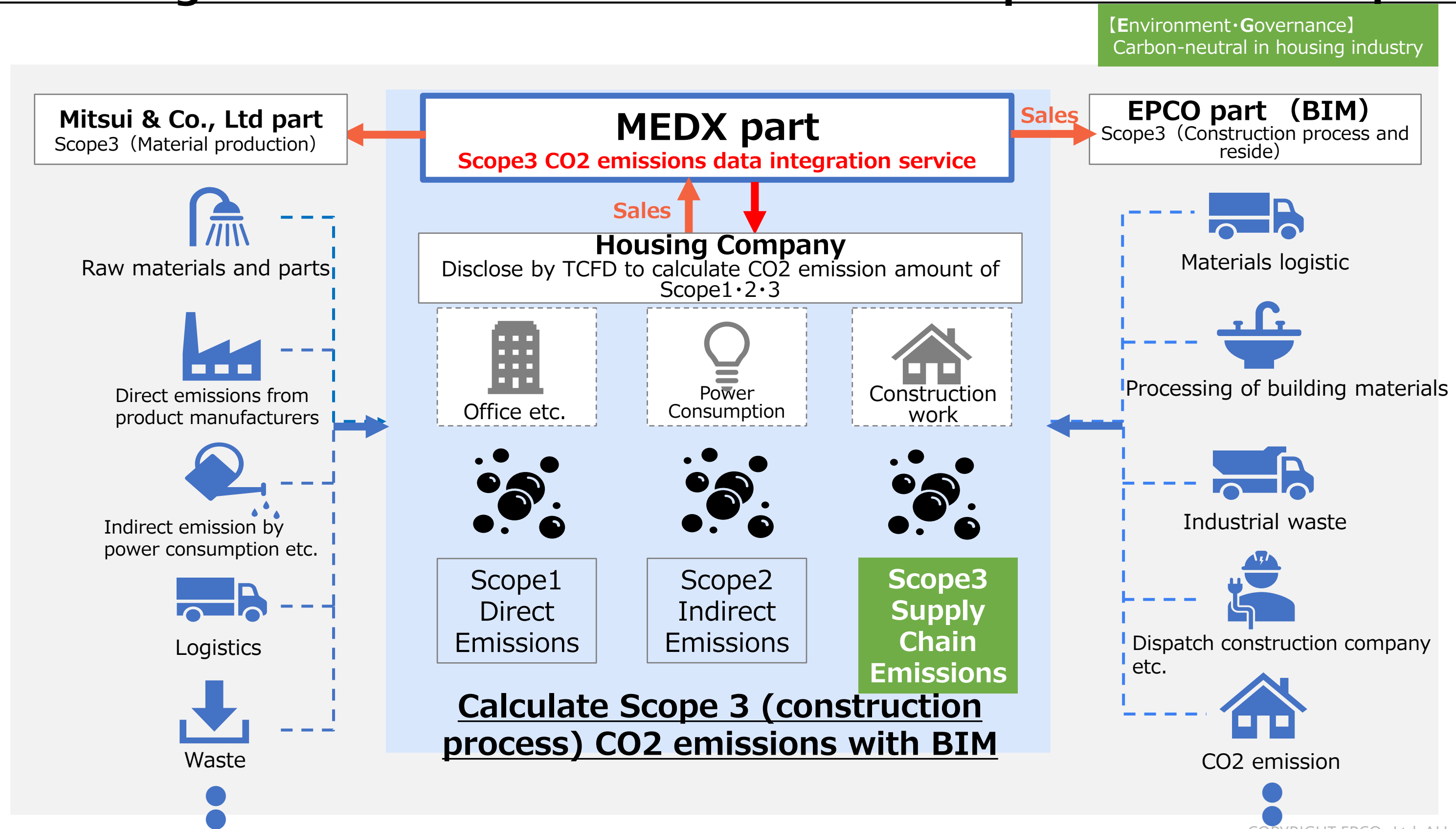
# Reference : Idea of CRM Platform Service

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

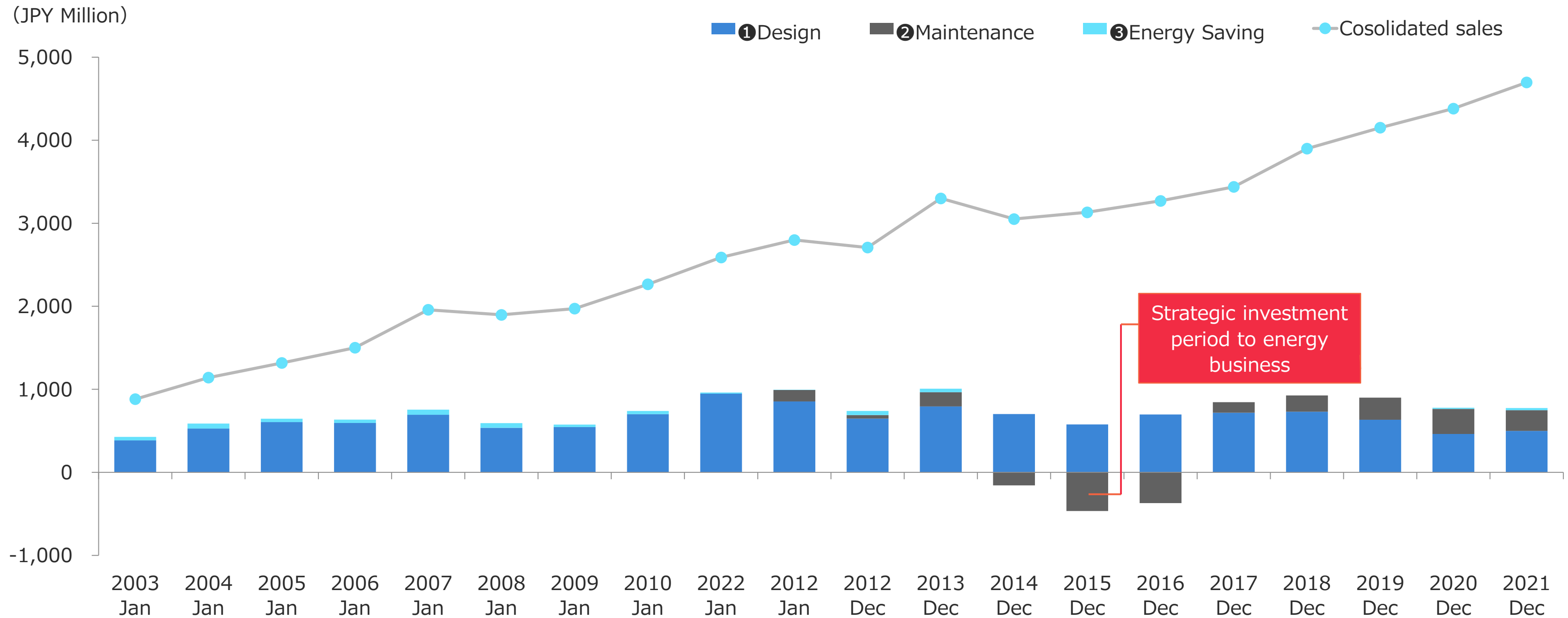


← New Service (MEDX)      ← Existing service (EPCO)      ← Sales channel

## Providing data services on CO2 emissions for prime listed companies

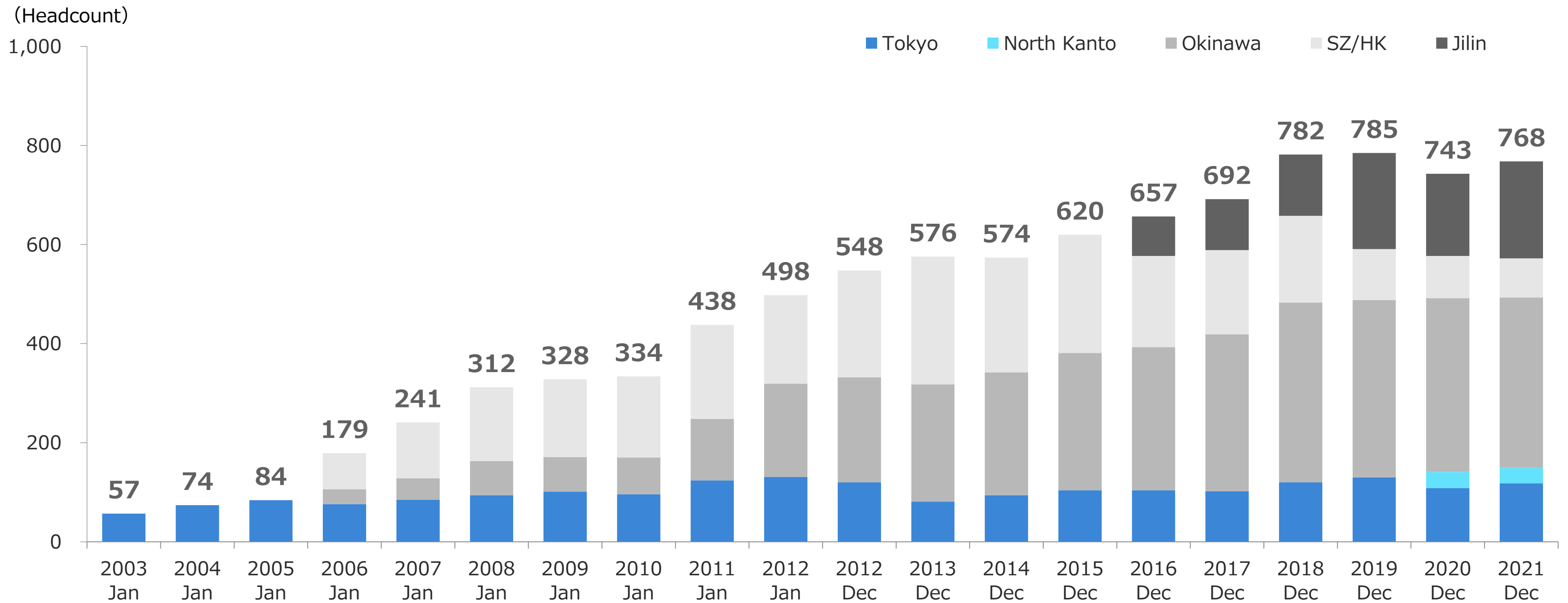


# Transition of Consolidated Results



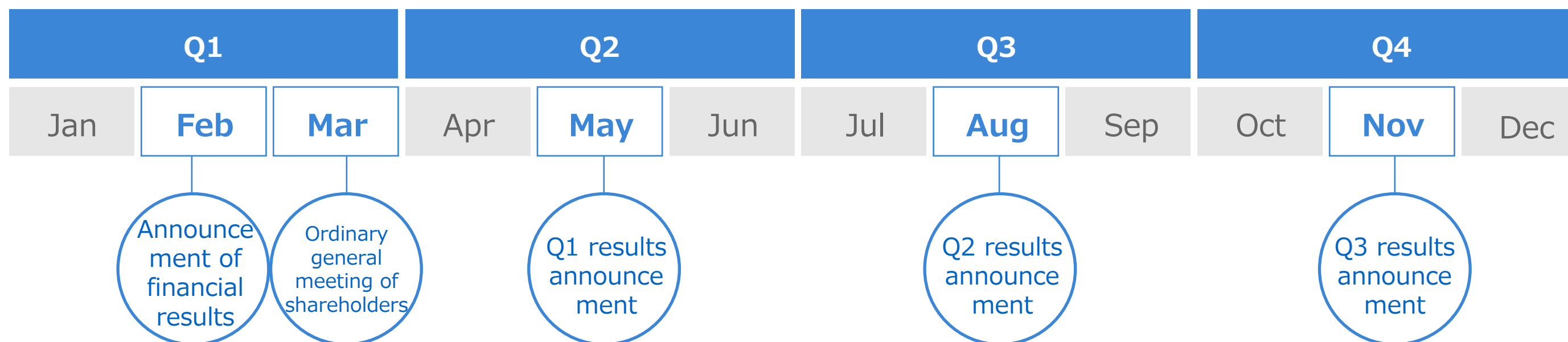


# Consolidated Numbers of Employee





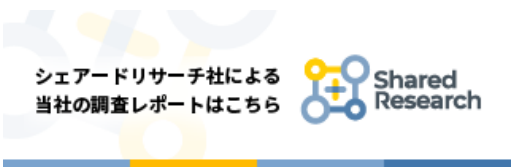

\*Including temporary employees (Counted temporary employee as average during the period)

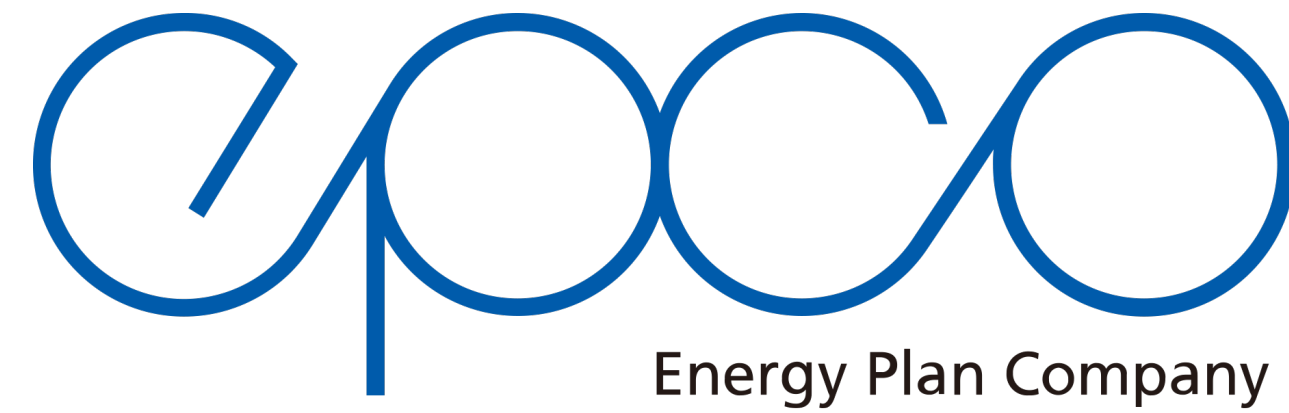
# IR Schedule 2022 (Planned)



## 2022

Feb14 Mon.	Announcement of FY2021 financial results	Aug. 10 Wed.	FY2022 Q2 results announcement
Feb. 21 Mon.	FY2021 business plan briefing session (full-year results)	Late Aug.	FY2022 business plan briefing session (Q2 results)
Mar. 25 Fri.	32nd ordinary general meeting of shareholders	Nov. 10 Thu.	FY2022 Q3 results announcement
May 11 Wed.	FY2022 Q1 results announcement	Dec. 28 Wed.	Final date of year-end dividend Rights acquisition
Jun. 28 Tue.	Final date of Q2 dividend rights acquisition	Dec. 29 Thu.	Ex-rights date
Jun. 29 Wed.	Ex-rights date		

	IR Website	<a href="https://www.epco.co.jp/ir/">https://www.epco.co.jp/ir/</a>
	IR information E-mail distribution service	<a href="https://www.epco.co.jp/ir/mail.html">https://www.epco.co.jp/ir/mail.html</a>
	ENGLISH (IR)	<a href="https://www.irstreet.com/new/en/brand/index.php?brand=159">https://www.irstreet.com/new/en/brand/index.php?brand=159</a>
	Analyst Report	<a href="https://sharedresearch.jp/ja/companies/2311">https://sharedresearch.jp/ja/companies/2311</a>
	CEO Blog	<a href="https://www.epco.co.jp/aroute/">https://www.epco.co.jp/aroute/</a>
	Contact Us	<a href="https://www.epco.co.jp/contact/contact.php">https://www.epco.co.jp/contact/contact.php</a>



**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.