

# FY2022 Q3 Financial Results (January-September)

EPCO Co., Ltd. Securities Code : 2311 November 10,2022

CHALLENGE TO EVOLUTION

Carbon-Neutral × DX Strategy

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

PURPOSE

# HCDs

**HOUSING**

**CARBON NEUTRALITY**

**DIGITAL SOLUTIONS**



# 01. FY2022 Q3 Results

## 02. FY2022 Q3 Topics

## 03. Shareholder Return

## 04. Appendix.

## FY2022 Q3 Results

Ordinary profit decreased as YoY, but exceeded the forecast  
**Energy saving service in Q3 (Jul-Sep) had strong performance** to exceed the forecast

Ordinary Profit JPY 170mil. (YoY **-45.6%** vs Forecast **+46.3%**)

## Energy Saving

**Energy saving facility contract (Solar power, storage battery etc.) has expanded,**

TEPCO HomeTech and ENE's both earning increased, and profit exceeded both YoY and vs forecast.

Ordinary Profit JPY 80mil. (YoY **+JPY 130mil.** vs Forecast **+JPY 50mil.**)

## Maintenance

Sales increased steadily in residence and energy company, but **due to upfront investment to expand the business (New location office)** profit decreased YoY as expected within the forecast

Ordinary Profit JPY 160mil. (YoY **-10.3%** vs Forecast **-3.5%**)

## Design

**1. Decreased housing starts (Owner occupied house), 2. JPY depreciation, 3. Delay in launching new business**

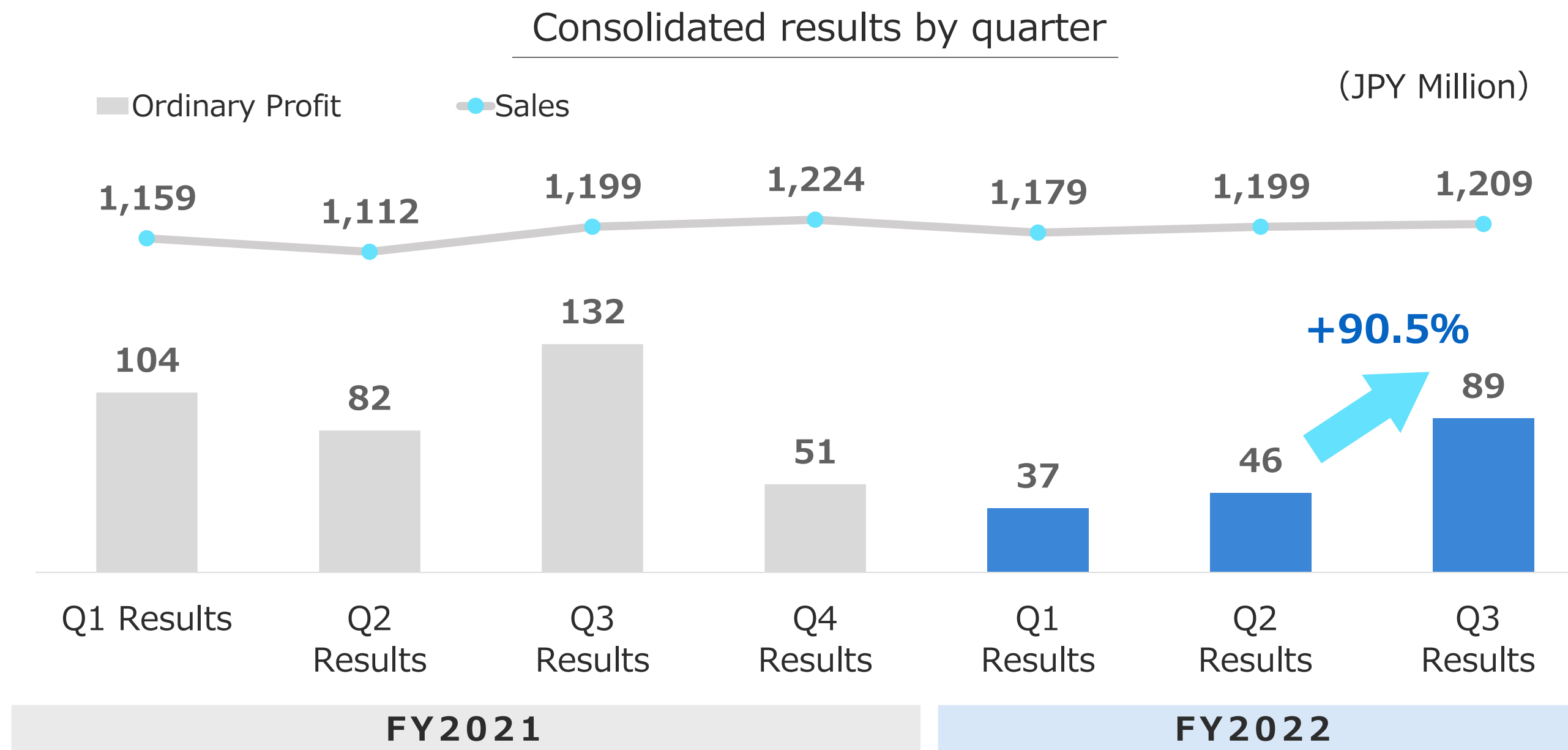
Ordinary profit decrease YoY as expected within the forecast

Ordinary Profit JPY170mil. (YoY **-59.4%** vs Forecast **-1.7%**)

## Consolidated ordinary profit in recovery track quarter by quarter

Consolidated ordinary profit bottomed out in this Q1, getting in recovery by quarter (This Q3 results is +90.5% compared with this Q2)

Main factor of profit recovery is contract(Solar Power, storage battery etc.) increasing in energy saving service



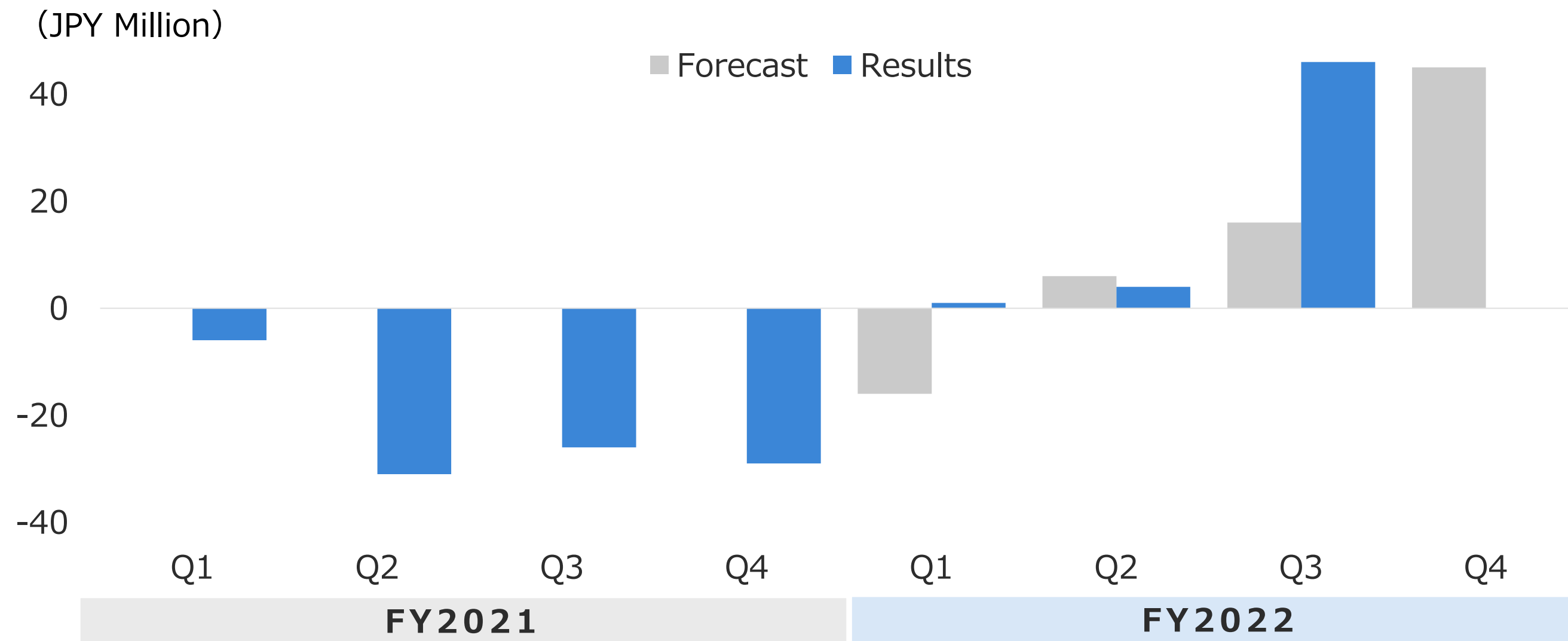
# FY2022 Q3 Highlight 3

## Equity in earnings of affiliated company (TEPCO HomeTech) increased in profit for energy saving service to exceed the forecast

In FY2022, sales of energy-saving facility installation are on the rise owing to cooperation with housing business company (for newly built houses) and online direct sales (for existing houses).

Q3 results significantly exceeded the forecast. The order backlog remains in good figure, and the company expects stable performance going forward.

History of equity in earnings of affiliated company (TEPCO HomeTech)

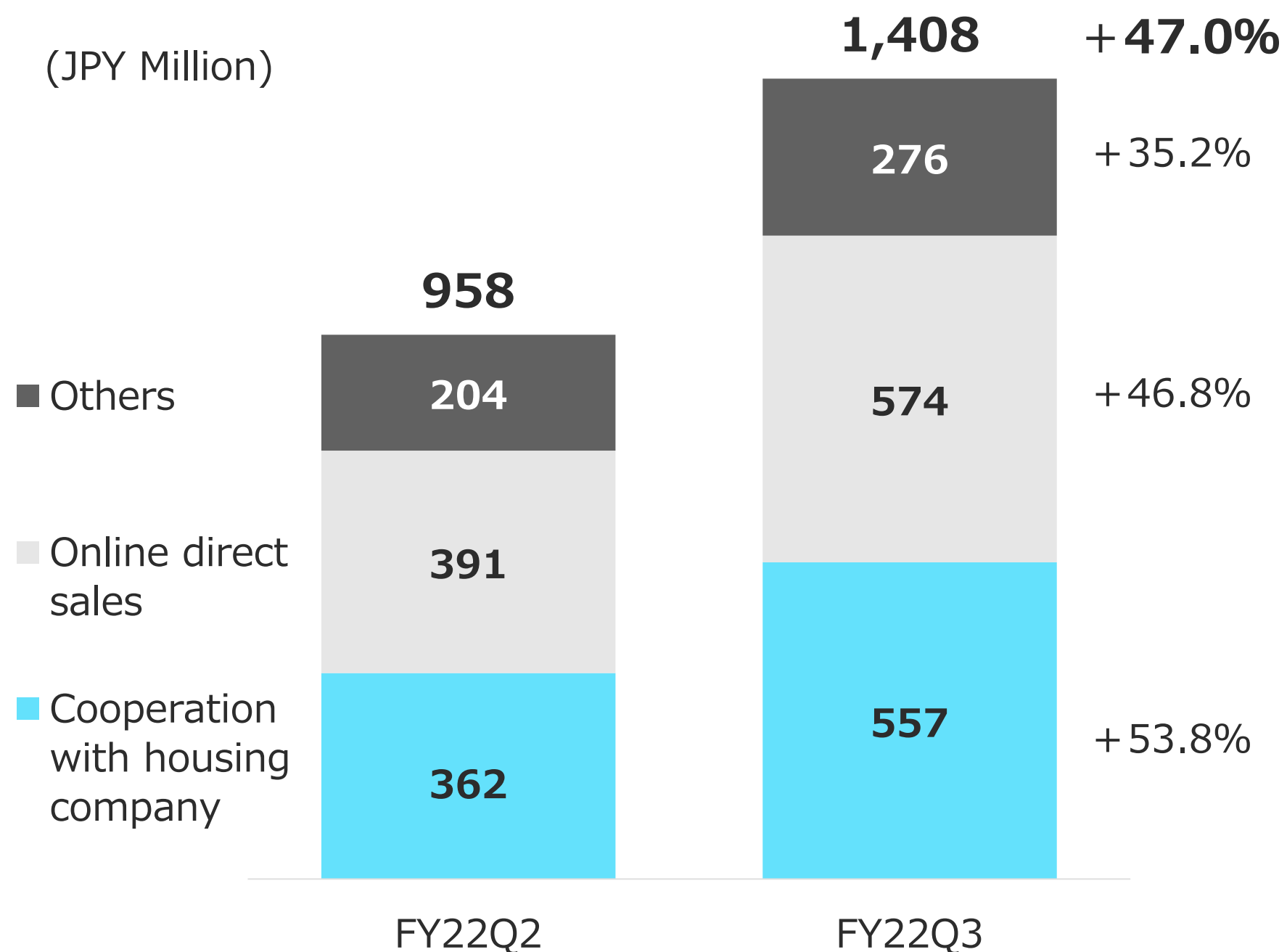


# FY2022 Q3 Highlight 4

Sales increase with cooperation with housing company (for newly built houses) and online direct sales (for existing houses) on two wheels contributing to support sales.

## TEPCO HomeTech Sales (vs Q2)

(JPY Million)



### Factors of profit & Loss

#### 1. Cooperation with housing company (for newly build houses)

- Increased numbers to adopt Enecari since last year
- Increased sales this year to start handover of new houses
- Current order is in good figure

⇒ **Expecting to keep stable order**

#### 2. Online direct sales (For existing houses)

- Strengthened web marketing and renewed whole website
- Strengthen marketing cooperation with parent company TEPCO
- Increased order via website

⇒ **Expecting to keep stable order**

# FY2022 Q3 Consolidated Results Summary (vs Forecast)

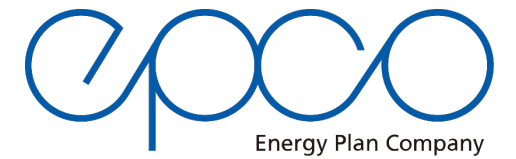


Net sales were generally in line with expectations, while ordinary income and net income exceeded the forecast

(JPY Million)	FY22 Q3 Forecast *	FY22 Q3 Results	Changes	Ratio
Net Sales	<b>3,595</b>	<b>3,588</b>	<b>-7</b>	<b>-0.2%</b>
Ordinary Profit	<b>118</b>	<b>173</b>	<b>+55</b>	<b>+46.3%</b>
Net Profit	<b>201</b>	<b>228</b>	<b>+26</b>	<b>+13.1%</b>

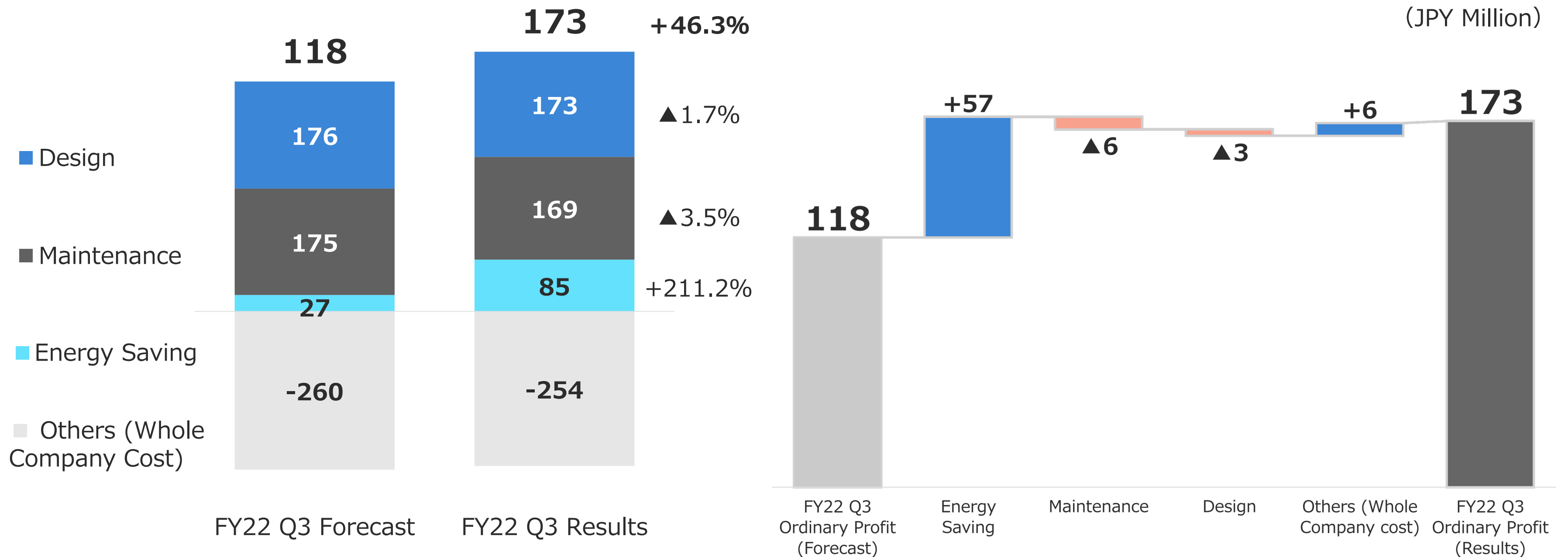
\*Revised forecast figure announced Jul. 20, 2022

# FY2022 Q3 Consolidated ordinary Profit (vs. Forecast)



Main factor of profit gain is increase in profit on energy saving service

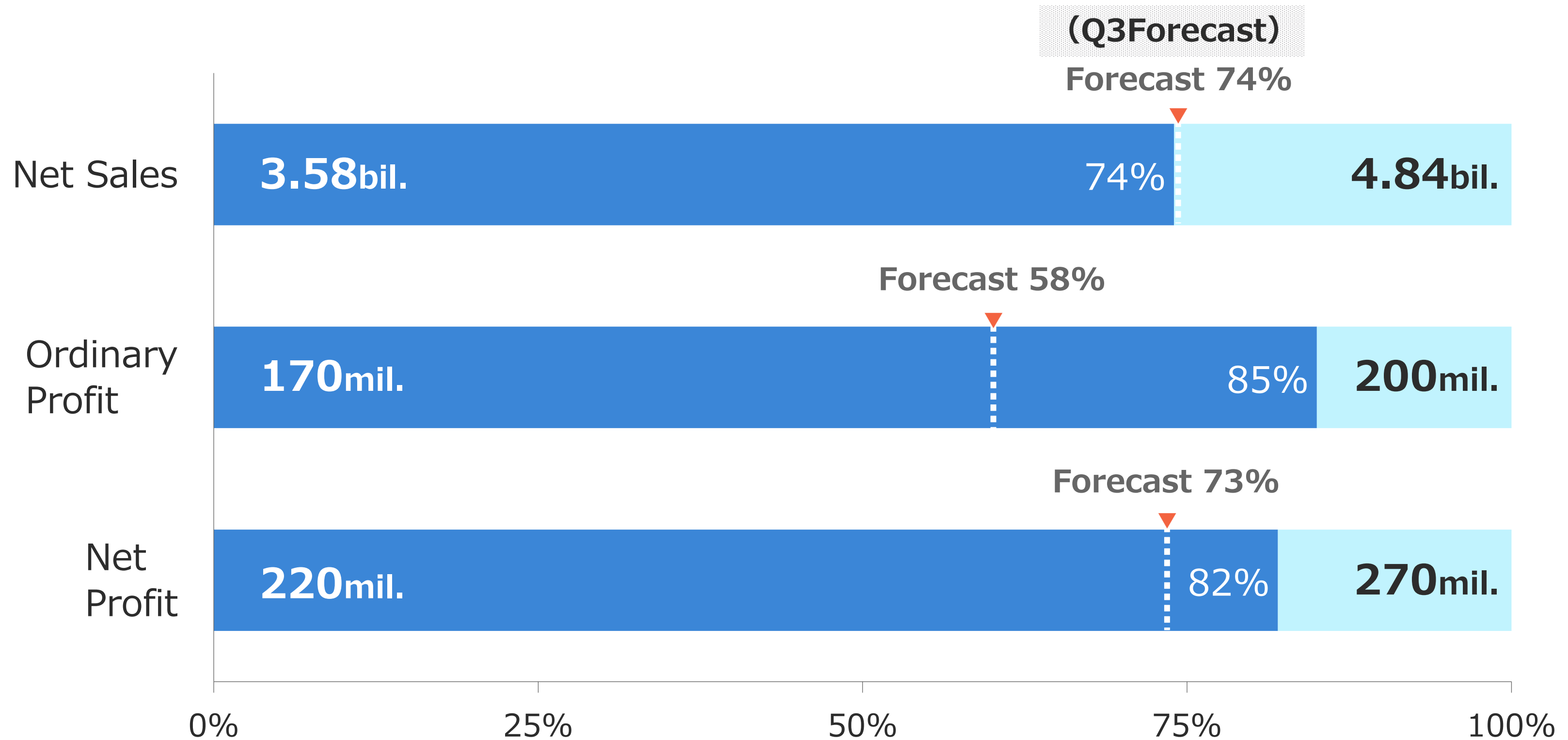
## EPCO Group Consolidated Ordinary Profit





# FY2022 Q3 Achievement of the Results

Ordinary profit and net profit exceeded the Q3 forecast.



# FY2022 Q3 Consolidated Results Summary (YoY)

## Ordinary profit declined, however net profit is in gain

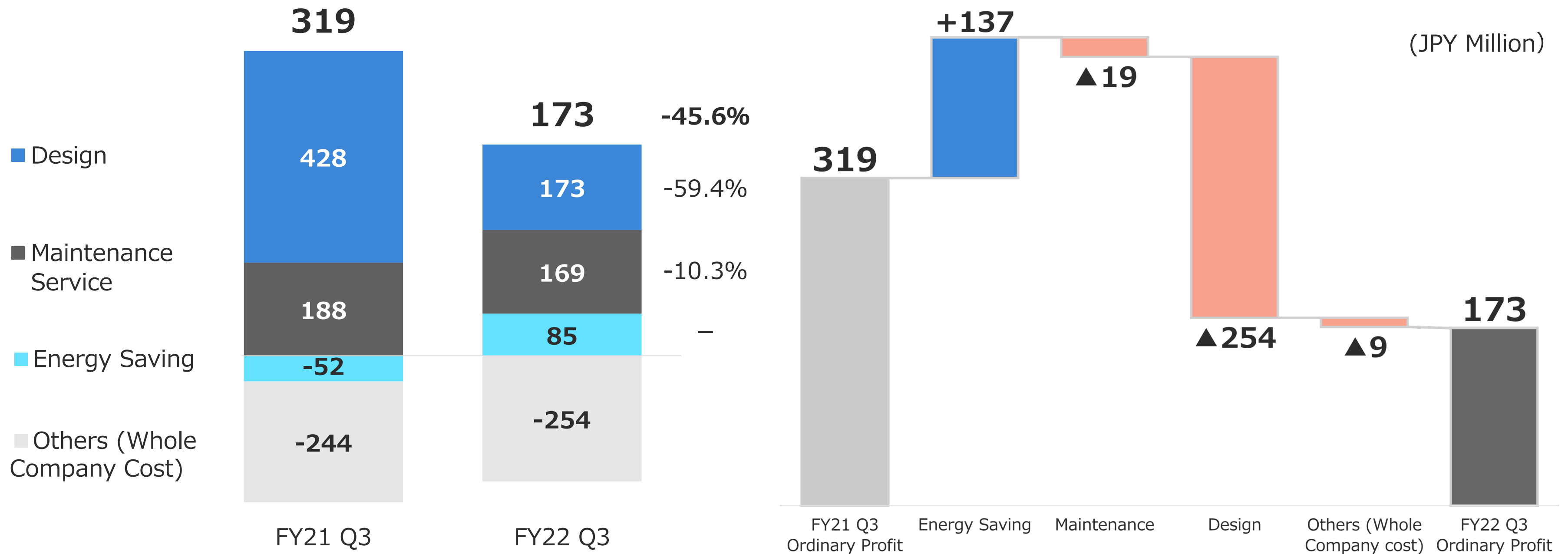
(JPY Million)	FY21 Q3 Results	FY22 Q3 Results	Changes	Ratio
Net Sales	<b>3,471</b>	<b>3,588</b>	<b>+116</b>	<b>+3.4%</b>
Ordinary Profit	<b>319</b>	<b>173</b>	<b>-145</b>	<b>-45.6%</b>
Net Profit	<b>175</b>	* <b>228</b>	<b>+53</b>	<b>+30.4%</b>

\*Extraordinary income of JPY 119mil. Was recorded as gain on sales of investment securities.

# FY2022 Q3 Consolidated Ordinary Profit (YoY)

Main factor of decreasing in profit is sales decrease on design service.

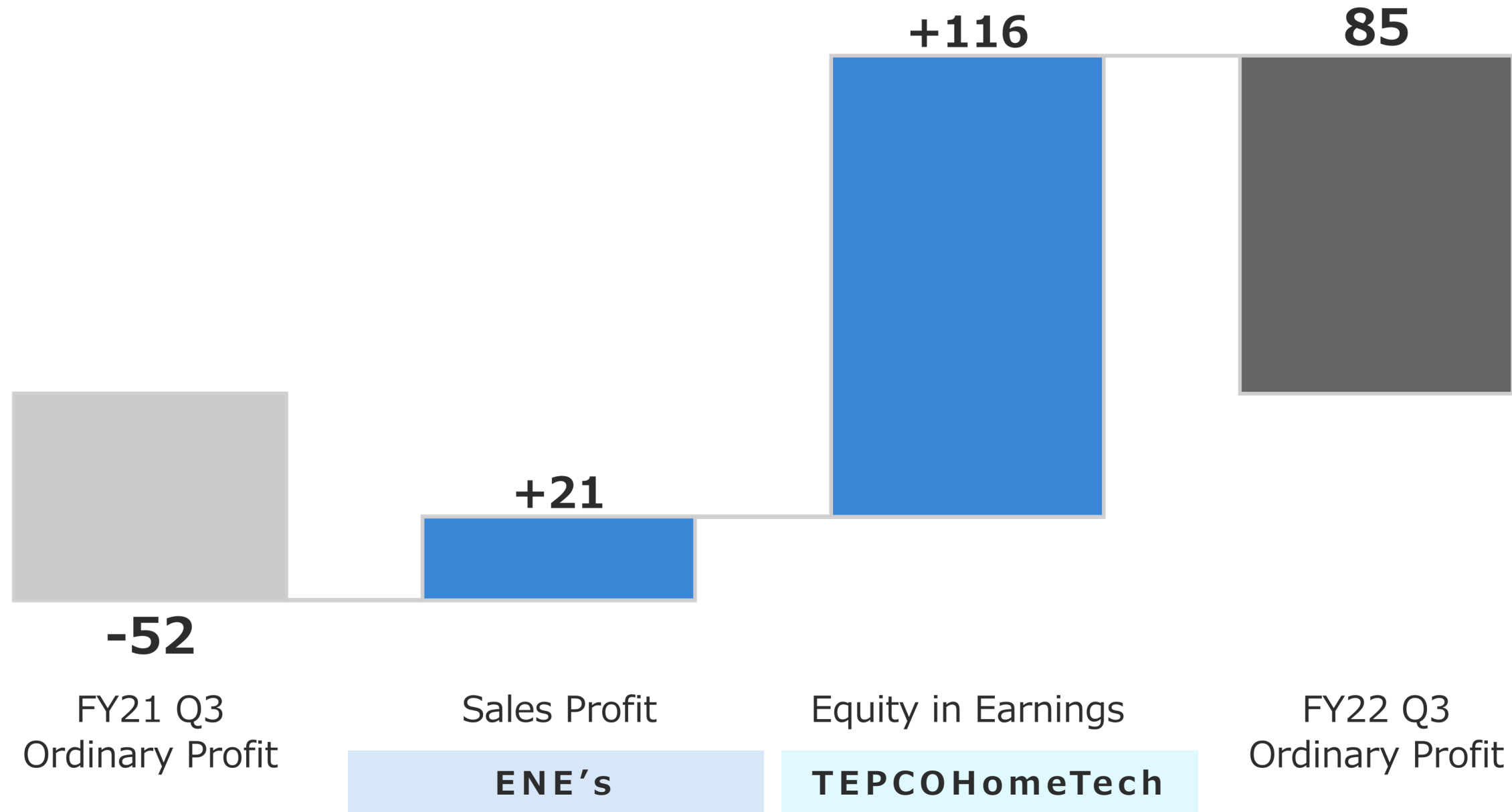
## EPCO Group Consolidated Ordinary Profit



## TEPCO HomeTech and ENE's both achieved increasing in profit

### Energy Saving Service Ordinary Profit Fluctuation Analysis (YoY)

(JPY Million)



### Factors of profit & Loss

#### 1. ENE's

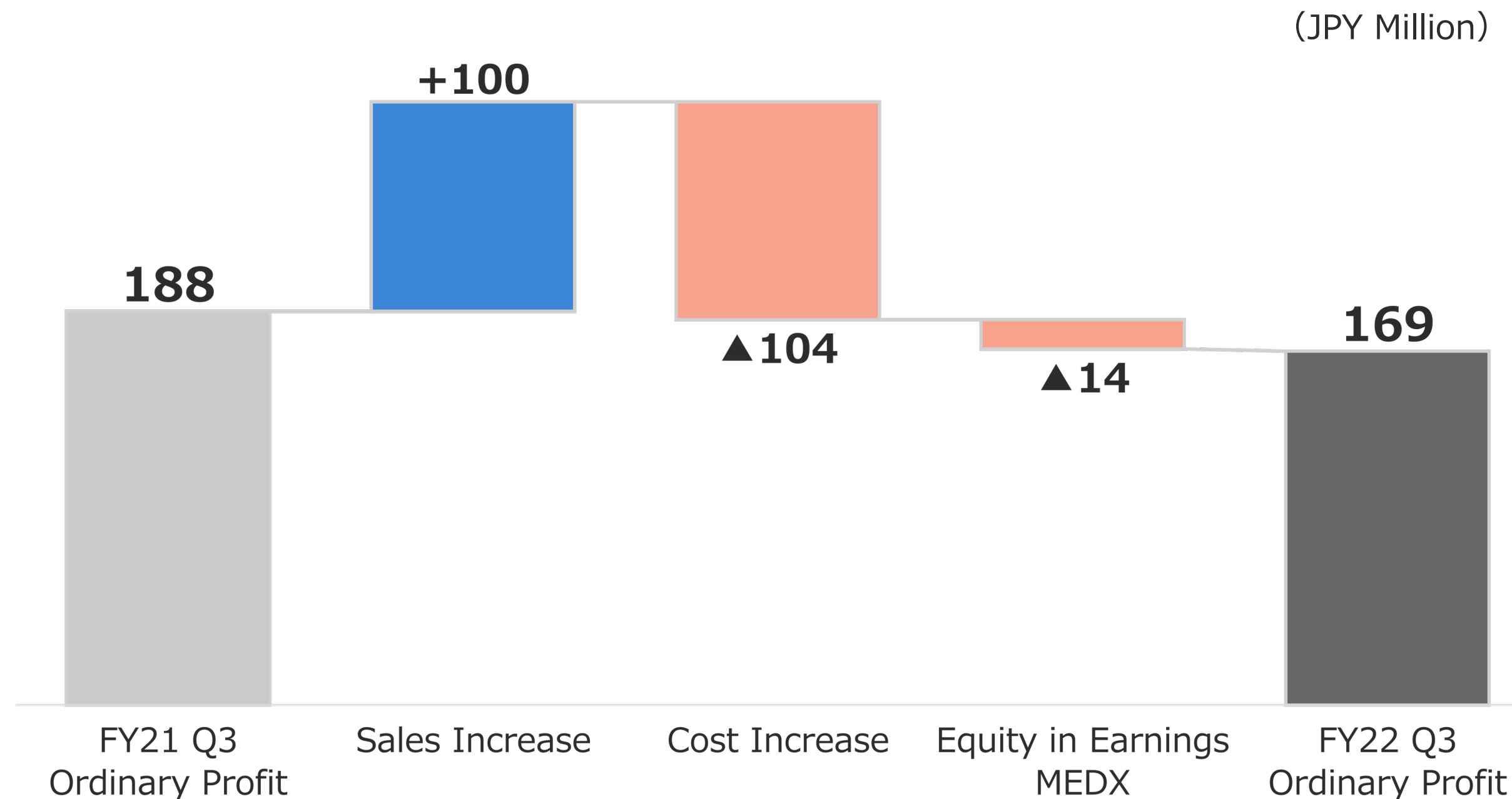
Increased contract with TEPCO HomeTech and cooperation with EPCO made more contracts to gain in profit

#### 2. TEPCO HomeTech

Energy saving facility related order (Solar power, storage battery) has increased and gain in profit (P.19~21)

## Maintenance sales increased but profit loss due to upfront investment

### Maintenance Service Ordinary Profit Fluctuation Analysis (YoY)



### Factors of profit & Loss

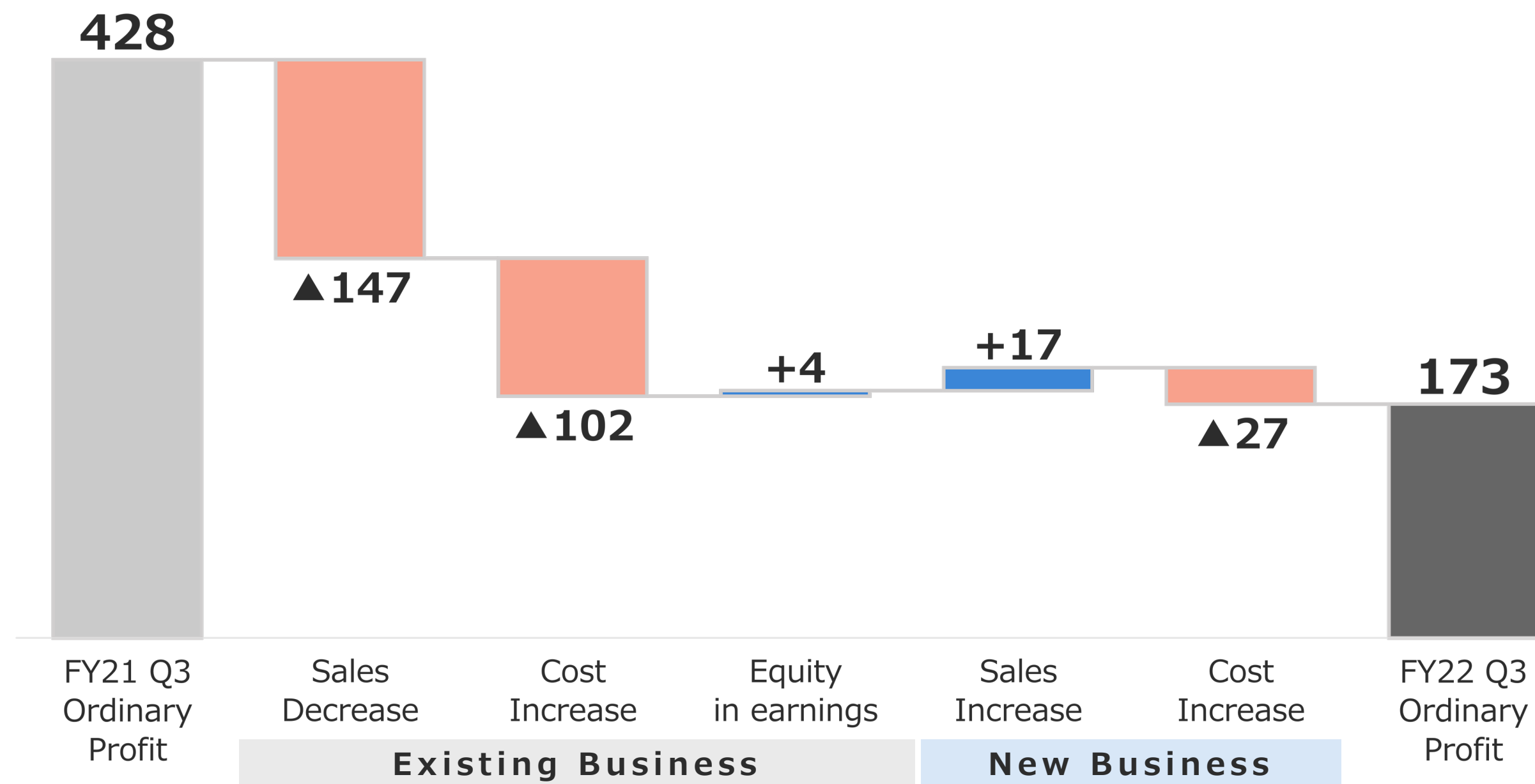
- 1. Maintenance sales increased**  
Sales for residence and energy company both expanded sales (P.24)
- 2. Cost increased**  
Upfront investment for expansion of the business  
  
Opening new location JPY 44mil.  
(Kanazawa Operation Center)  
  
Profit is expected to improve in next year with higher operation rate

# FY2022 Q3 Design Service Ordinary Profit

Factors of decrease in profit : Sales decreased in existing business and design cost in China increased due to JPY depreciation and RMB appreciation

## Design Service Ordinary Profit Fluctuation Analysis (YOY)

(JPY Million)



### Factors of profit & Loss

#### 1. Sales decreased in existing business

Decrease in the number of design contract due to decline in housing starts

#### 2. Cost increased in existing business

China related cost increased (RMB Appreciation)

#### 3. Cost increased in new business

BIM related staff cost increased

FY22 Q3	Existing	New	Total
Sales	1,546	35	1,582
Sales Cost	1,258	173	1,432
Equity in earnings	23	—	23
Ordinary Profit	311	-137	173

# (Reference) Consolidated Net Sales Breakdown



(JPY Million)	FY21 Q3	FY22 Q3	Changes	Ratio
<b>Net Sales (Consolidated)</b>	<b>3,471</b>	<b>3,588</b>	<b>+116</b>	<b>+3.4%</b>
Energy Saving (ENE's)	<b>559</b>	<b>705</b>	<b>+146</b>	<b>+26.2%</b>
Maintenance	<b>1,199</b>	<b>1,299</b>	<b>+100</b>	<b>+8.3%</b>
Residence	944	989	+44	+4.7%
Energy Company	254	310	+55	+21.7%
<b>Design</b>	<b>1,712</b>	<b>1,582</b>	<b>-129</b>	<b>-7.6%</b>
Existing Business	1,694	1,546	-147	-8.7%
New Business	17	35	+17	+100.0%

# (Reference) Consolidated Ordinary Profit Breakdown

(JPY Million)	FY21 Q3	FY22 Q3	Changes	Ratio
<b>Ordinary Profit (Consolidated)</b>	<b>319</b>	<b>173</b>	<b>-145</b>	<b>-45.6%</b>
Energy Saving	<b>-52</b>	<b>85</b>	<b>+137</b>	<b>-</b>
Operating Profit (Consolidated)	12	33	+21	+175.9%
Equity in Earnings of Affiliated Company (TEPCO HomeTech)	-64	52	+116	-
<b>Maintenance</b>	<b>188</b>	<b>169</b>	<b>-19</b>	<b>-10.3%</b>
Operating Profit (Consolidated)	188	183	-4	-2.6%
Equity in Earnings of Affiliated Company (MEDX)	-	-14	-14	-
<b>Design</b>	<b>428</b>	<b>173</b>	<b>-254</b>	<b>-59.4%</b>
Operating Profit (Consolidated)	409	149	-259	-63.4%
Equity in Earnings of Affiliated Company (China)	19	23	+4	+24.6%
<b>Others (Whole company cost / Non-operating profit&amp;loss)</b>	<b>-244</b>	<b>-254</b>	<b>-9</b>	<b>-</b>



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01. FY2022 Q3 Results

**02. FY2022 Q3 Topics**

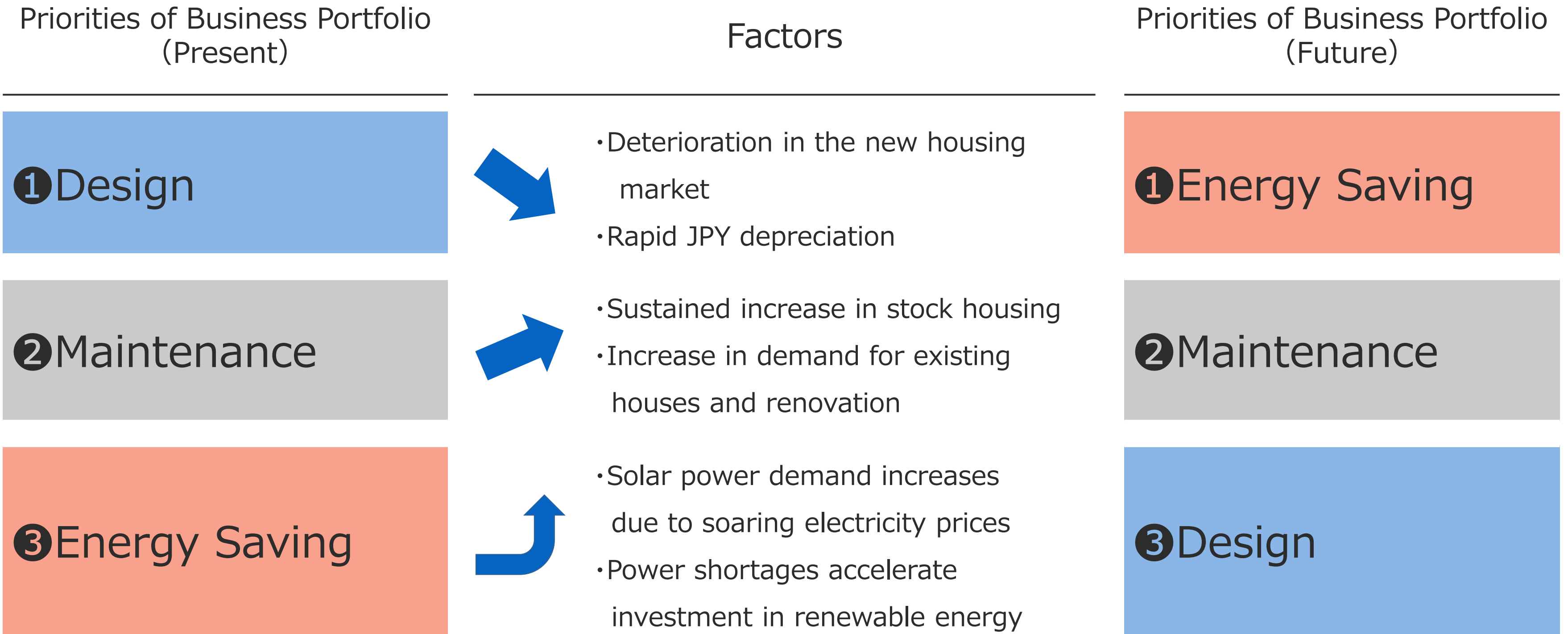
03. Shareholder Return

04. Appendix.

**HCDs** HOUSING  
CARBON NEUTRALITY  
DIGITAL SOLUTIONS

# Reviewing Priorities of Business Portfolio

Considering recent changes in the business environment, we prioritize the investment of management resources in the energy saving service and aim for business growth on the service

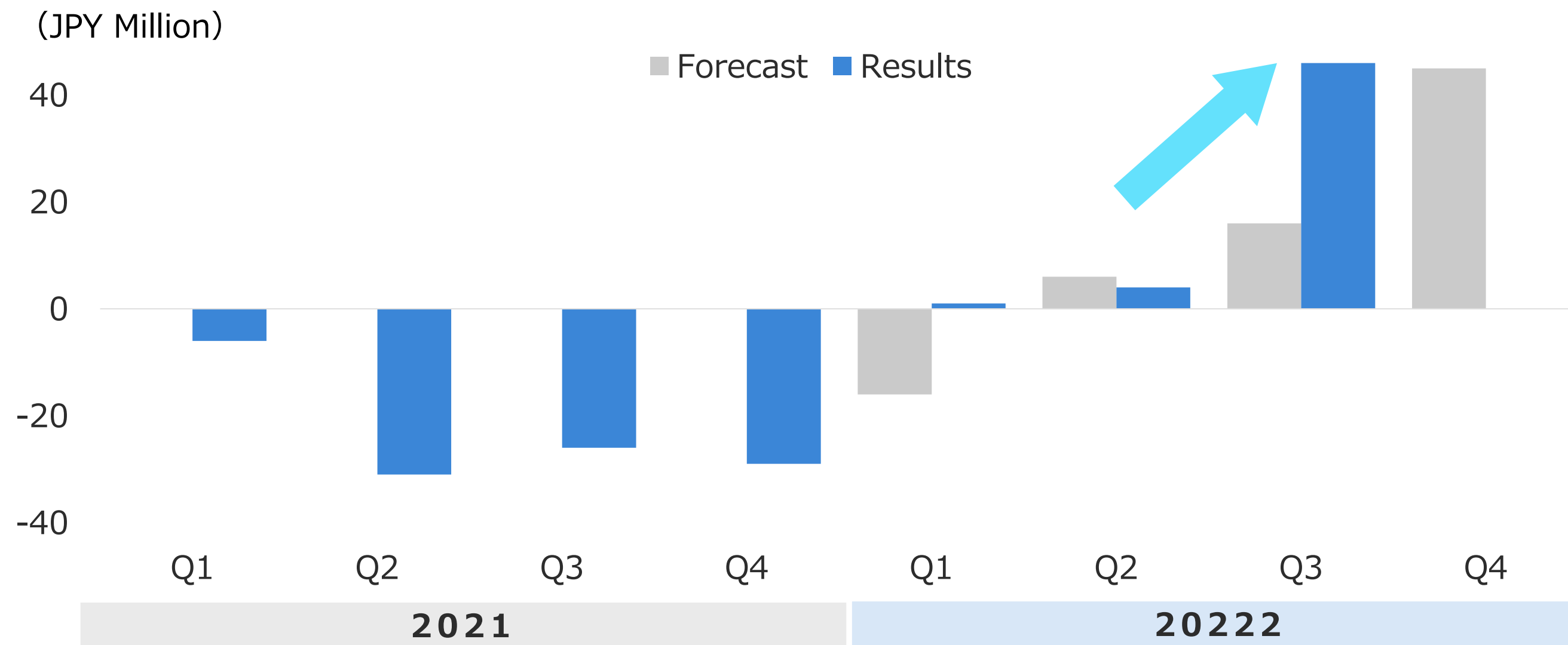


## TEPCO HomeTech, equity in earnings of affiliated company (Energy Saving Service) exceed the forecast drastically

In FY2022, sales of energy-saving facility installation are on the rise owing to cooperation with housing business company (for newly built houses) and online direct sales (for existing houses).

Q3 results significantly exceeded the forecast. The order backlog remains in good figure, and the company expects stable performance going forward.

TEPCO HomeTech Equity in Earnings of Affiliates



The following 3 external factors to increase adoption of Enecari by housing companies.

## ① Various policy support for the realization of carbon-neutral society

(Government) Aim to **install solar panel on 60% of new housing**  
(Tokyo) Considering **mandatory installation of solar panels**  
(Municipality) Enhancement of **subsidy programs** for the installation of energy-saving facilities for residences

## ② Electricity shortages and soaring electricity prices

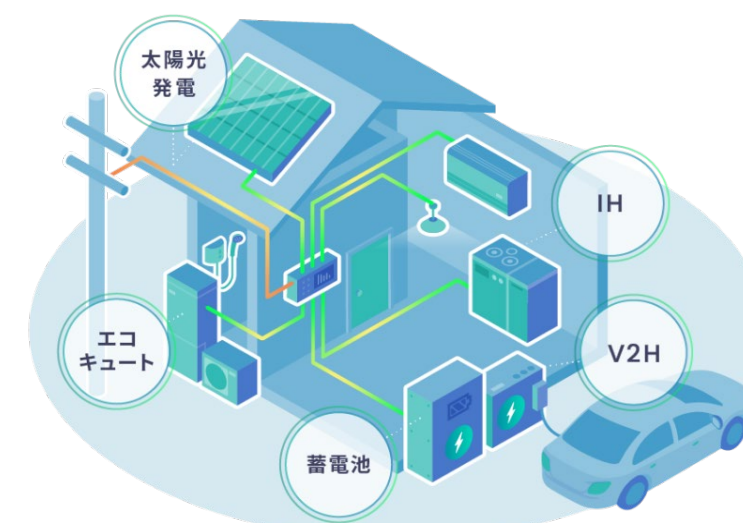
Energy supply and demand have tightened world-wide and energy prices have skyrocketed these days.  
In Japan, power shortages and soaring electricity prices have become a social problem.

## ③ Increased willingness to install energy-saving facilities and devices

(Housing Company) In response to social demands (SDGs, TCFD, etc.), increasing number of companies willing to rise the installation rate of energy-saving facilities  
(General Consumer) Improved cost-effectiveness of energy-saving facilities and increased awareness of disaster prevention and energy saving

## What is Enecari?

Subscription service of energy saving facilities  
(Zero initial cost, flat rate charge)



## Companies adopted Enecari

 野村不動産

—信用と創造—  
 住友不動産

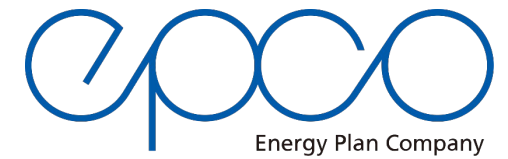
すまいとくらしの未来へ  
 三井不動産レジデンシャル

飯田グループホールディングス  
 株式会社アーネストワン

 YAMADA HOMES

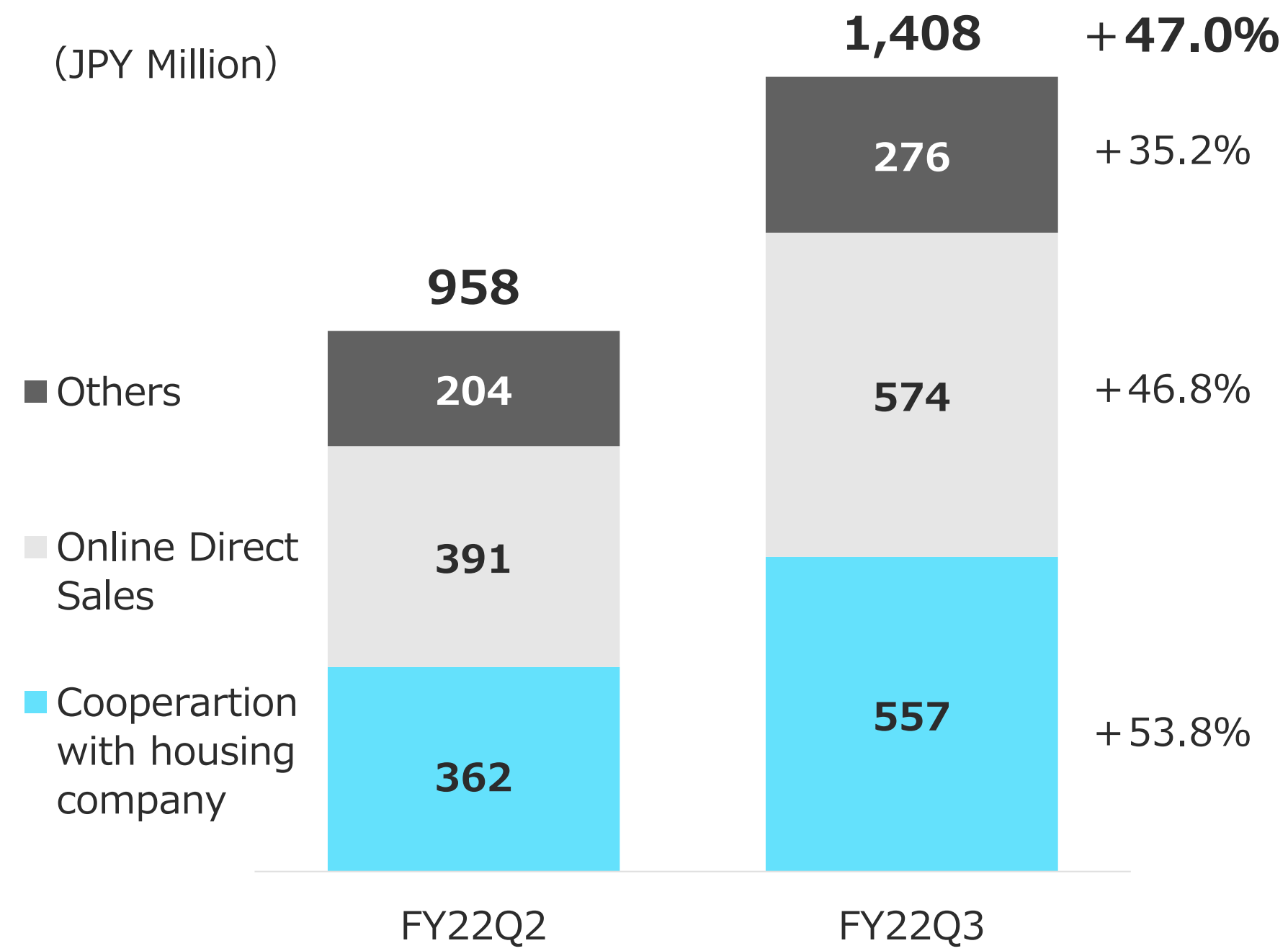
 ファイブイズホーム

# (Repost) Energy Saving Service Factors to Expand the Business



Sales increase with cooperation with housing company (for newly built houses) and online direct sales (for existing houses) as two wheels contributing to support sales.

## TEPCO HomeTech Sales (vs Q2)



### Factor of profit & loss

#### 1. Cooperation with housing company (for newly build houses)

- Increased numbers to adopt Enecari since last year
- Increased sales this year to start handover of new houses
- Current order is in good figure

⇒ **Expecting to keep stable order**

#### 2. Online direct sales (For existing houses)

- Strengthened web marketing and renewed whole website
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⇒ **Expecting to keep stable order**

# Energy Saving Service Synergy Effect 1

The following synergy effects are expected for each segment by TEPCO HomeTech's business expansion.

## Energy Saving

- Solar panel installation contract etc.  
(ENE's )



Q3 Sales results JPY 37mil.  
(YoY +11.5%)

## Maintenance

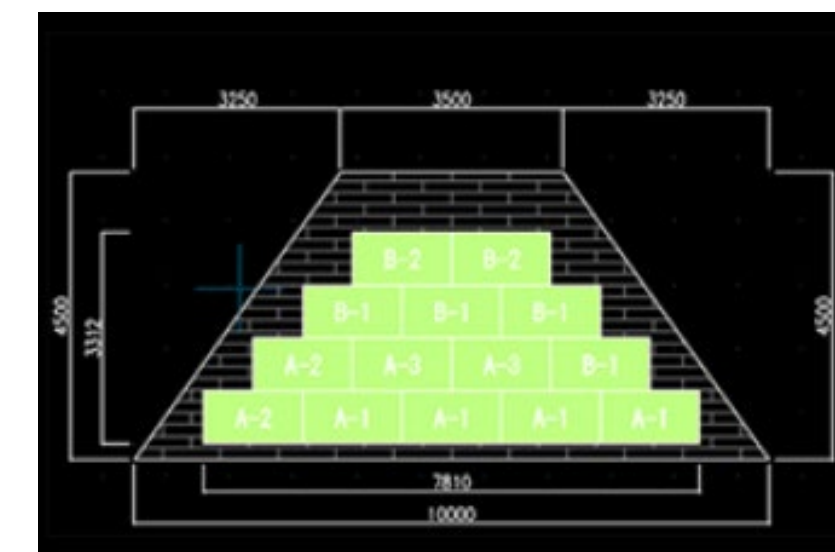
- Contract BPO business for the flow of inquiry to contract
- Provide maintenance service



Q3 Sales results JPY 54mil.  
(YoY +68.7%)

## Design

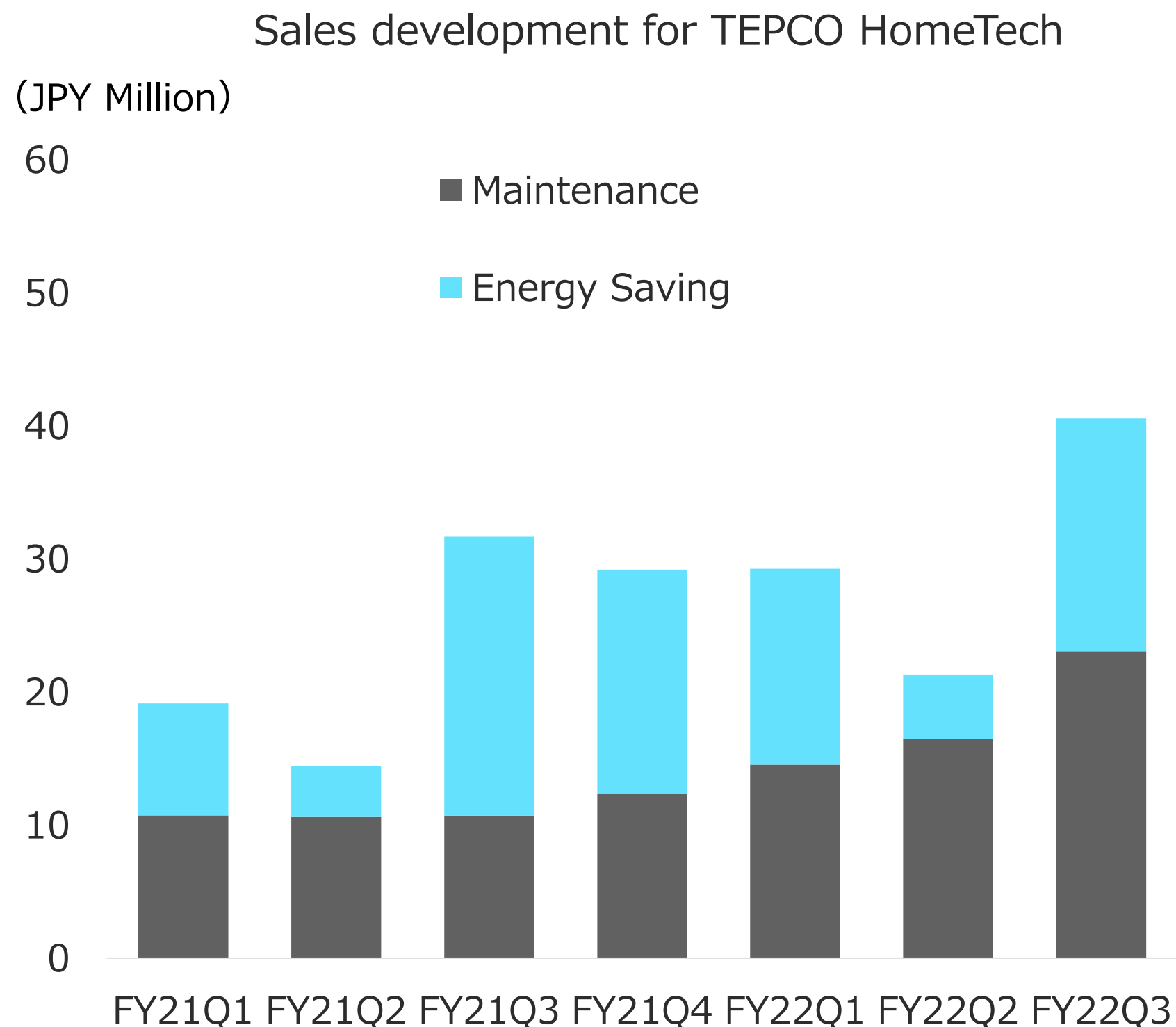
- Solar panel design contract
- Installation plan for storage battery



Q3 Sales results N/A  
Expecting business in  
next FY

# Energy Saving Service Synergy Effect 2

**Sales increase for TEPCO HomeTech especially in maintenance service**  
**Aiming further expansion by establishing service providing organization**



Status and plan for strengthening the service provide system	
<b>Optimizing the allocation of personnel for strong organization</b>	
<b>Maintenance Service</b>	<p><b>Expand service team for TEPCO HomeTech</b></p> <p>2022 June: 15ppl (Okinawa)                      Oct: 29ppl (Okinawa + Tokyo)                      (Team Tokyo launched in July)</p>
<b>Energy Saving Service</b>	<p><b>Strengthen the organization for ENE's</b></p> <ul style="list-style-type: none"> <li>• Allocate the key officers (Transfer, employment, training)</li> <li>• Augmentation of outsourced contractors</li> <li>• Consideration of M&amp;A for contractors</li> </ul>

# Maintenance Service Current Results

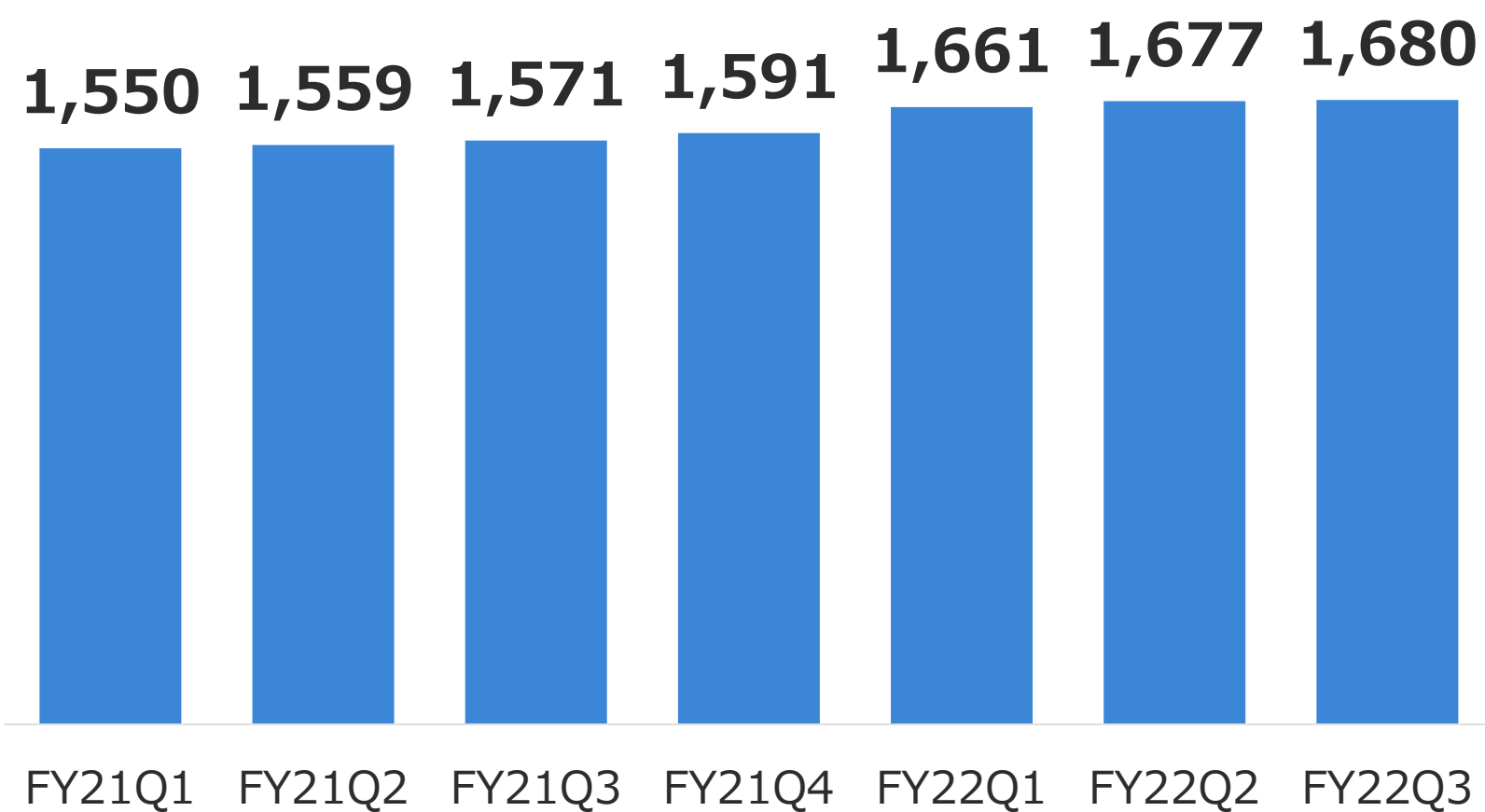
**Residence** : Aiming stable growth to build up numbers of customer managed steadily

**Energy Company** : Aiming stable growth to increase the orders by sales expansion of TEPCO HomeTech

### Numbers of Customer Manages

(In 1,000)

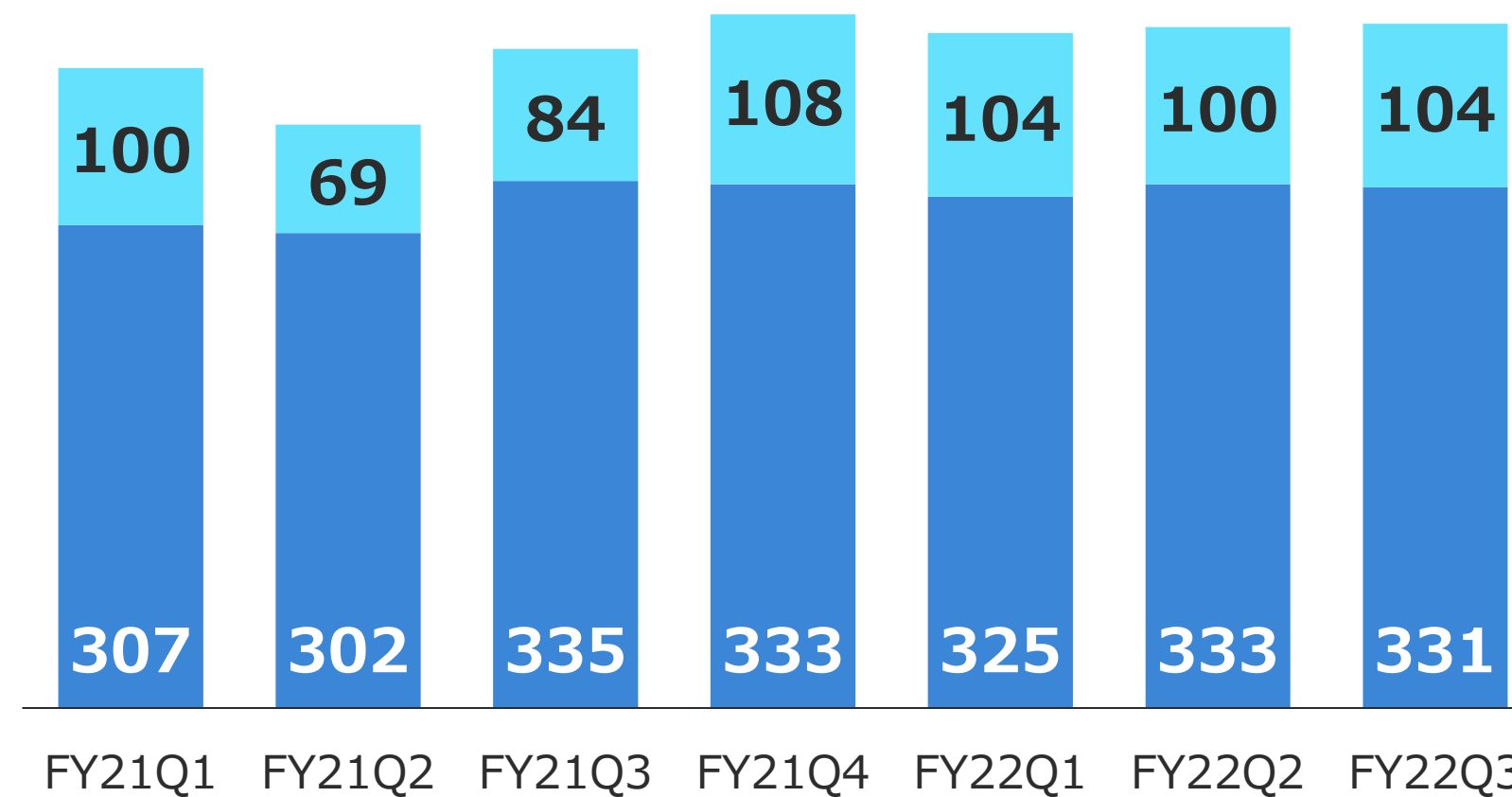
**1.68mil.**



### Sales

(JPY Million)

■ Housing Company ■ Energy Company





# Maintenance Service Initiative of MEDX

Developed new service to stimulate demand for “Renovation” and “Housing replacement” while providing house maintenance service.

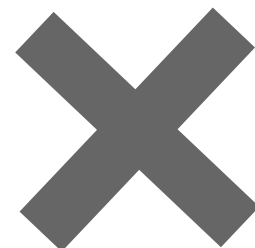
①Railway company ②Energy company ③Condominium estate agent are main target clients to develop the market.

## Defence

- BPO operations from inquiry to contract
- Management of maintenance service



Improve the operation efficiency of Customer Center  
Maintain customer loyalty



## Offence

- Collection, analysis and utilize of information
- Role as Profit center

Data Mining

Promising Client Selection

Various Approach

## Target real estate clients

- ①Railway company group
- ②Energy company group
- ③Condominium estate agents

# Issues and strategy on Design Service

Aim for profit recovery in the next fiscal year by steady implementation of the strategy

## Issues

Decrease in sales of existing services due to decline in housing starts (owner-occupied)

Increase in design cost in China due to rapid JPY depreciation

## Strategy

### Service line expansion

Short term : Increase the contract of "**Design for energy saving related**"

(Inquiry have increased from TEPCO HomeTech, PV manufacturer)

Long term : Increase the contract of "**BIM business**"

(Steady progress is being made on consulting for building BIM model for complex housing.)

### Review the role of China office

Shenzhen : Specialized as "**Operation for China market**"

Jilin : "**Consolidate operation for Japan**" to improve efficiency.

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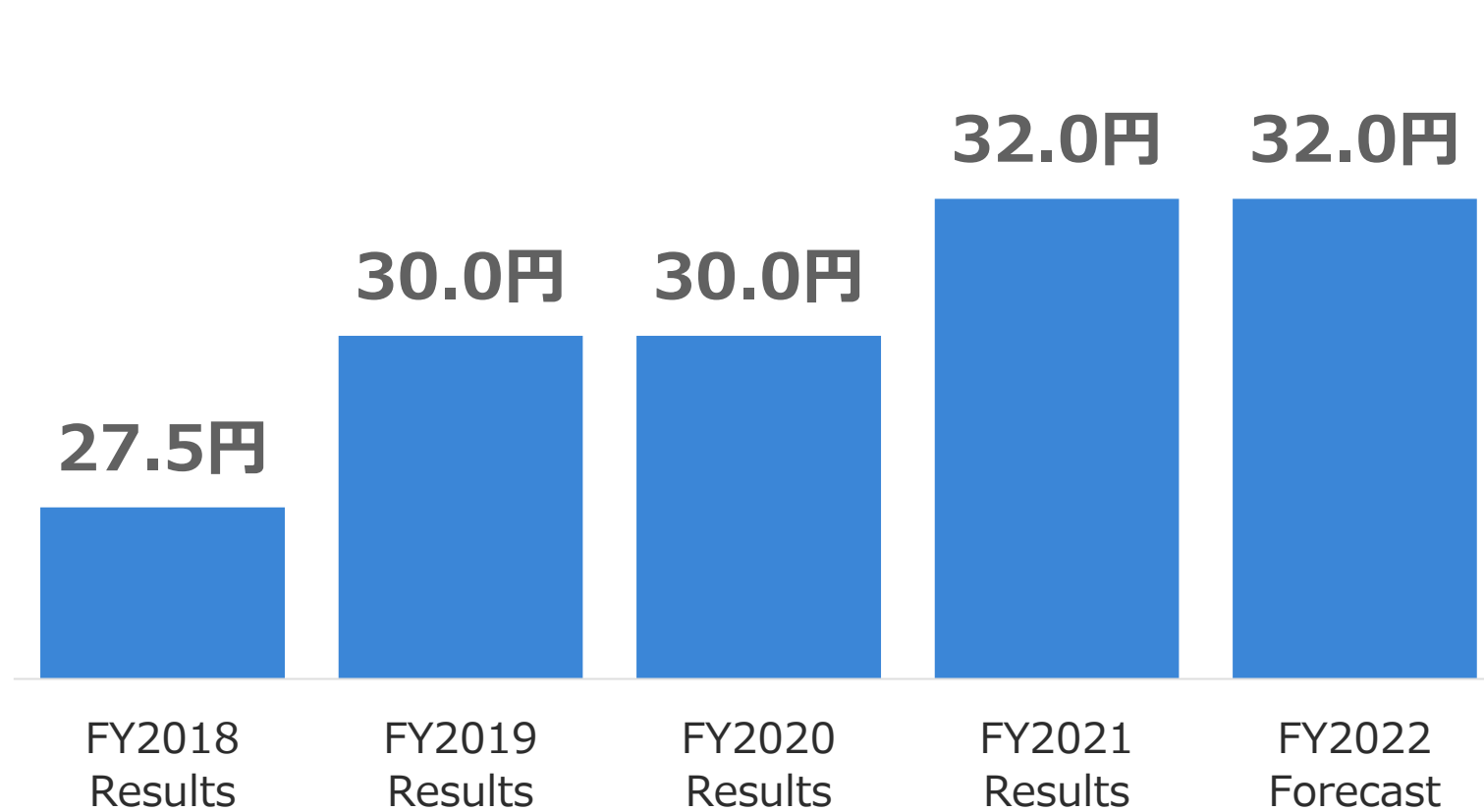
# Shareholder Returns | ① Dividend Policy

**Dividend Policy** : 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%.**

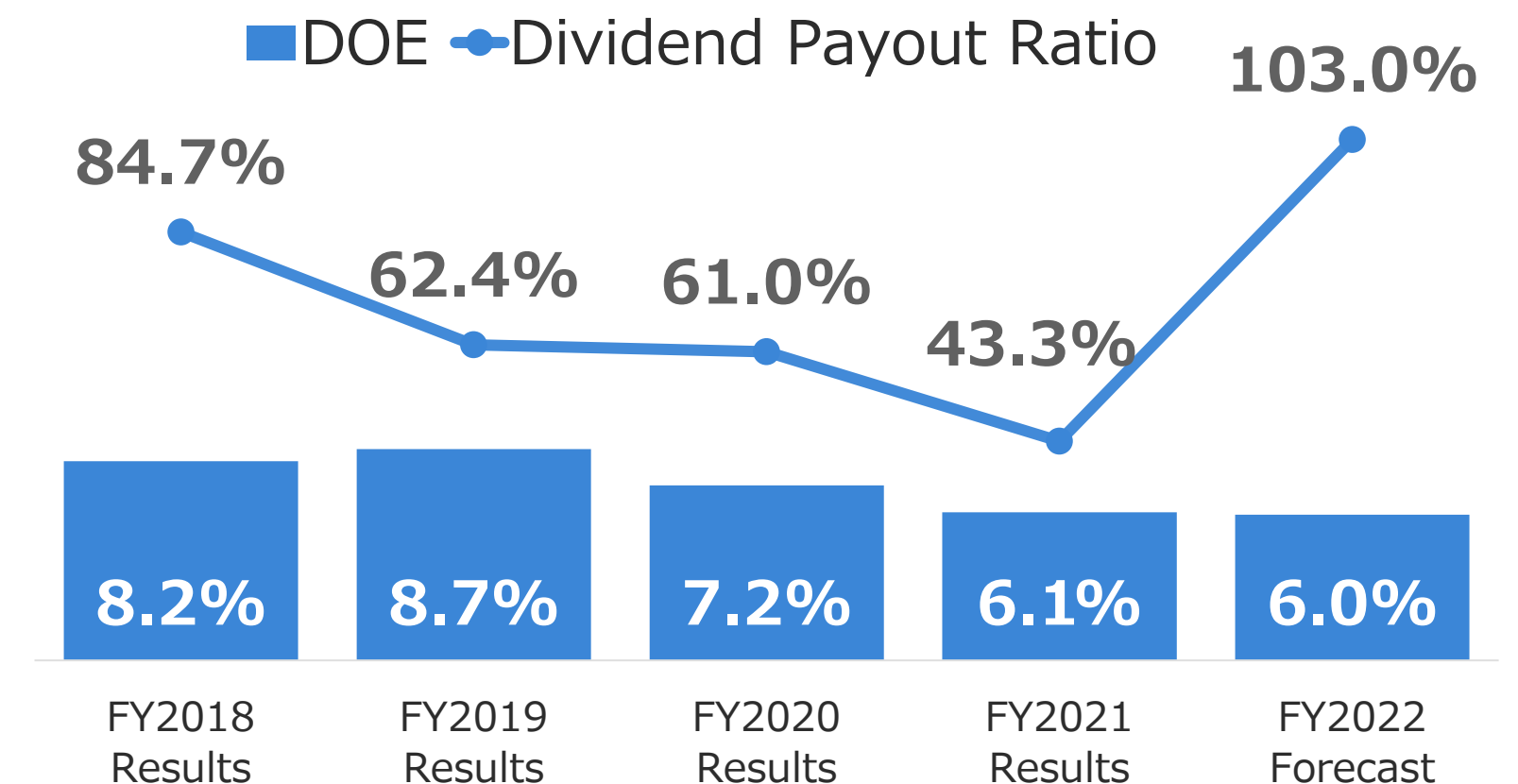
FY2022 expected dividend per share is **JPY32** (End of Q2 @JPY14, End of FY @JY18)

Dividend Yield **4.9%** (Calculate with the price JPY654/share as of Oct 31, 2022)

**【Dividend】**



**【 Dividend on Equity Ratio (DOE)】**



Established new “Three-way-win shareholder benefit plan” which is beneficial not only to shareholders but also to the Company and the global environment.

## Details of Benefit Plan

- **The right to install “ Solar power generation system (worth 1 mil. JPY) ” for free.**
  - **6 winners** (FY2022) 3 in 1<sup>st</sup> half and another 3 in 2<sup>nd</sup> half
- Eligible shareholder : Shareholder who is on the shareholder list on end of Jun and end of Dec 2022



## Reason to implement the plan

- Contributing to **raise awareness of the company** and **business growth**
- Winners can **enjoy the benefits** of solar power systems **at no cost**
- **Contributing to the realization of a decarbonized society** by continuing to install solar panels for free **every year**



## Details of lottery

- Lottery Period : Late Aug for 1<sup>st</sup> half, late Feb in following year for 2<sup>nd</sup> half
- The probability of winning increases **proportionally with the number of shares held (up to 1,000 shares)**

The 1<sup>st</sup> round, 862 shareholders applied for a total 2,771 units, 3 winners were selected

<1<sup>st</sup> Lottery application status>

Shares	Number of participation Unit	Chance	Number of applicants
100	1	0.11%	457
200	2	0.22%	103
300	3	0.32%	43
400	4	0.43%	58
500	5	0.54%	24
600	6	0.65%	21
700	7	0.76%	6
800	8	0.87%	19
900	9	0.97%	3
Over 1,000	10	1.08%	128



Setting status	Details
● Existing house	× Solar Panel
● New house	× Solar Panel
● Existing Condo.	× Storage Battery

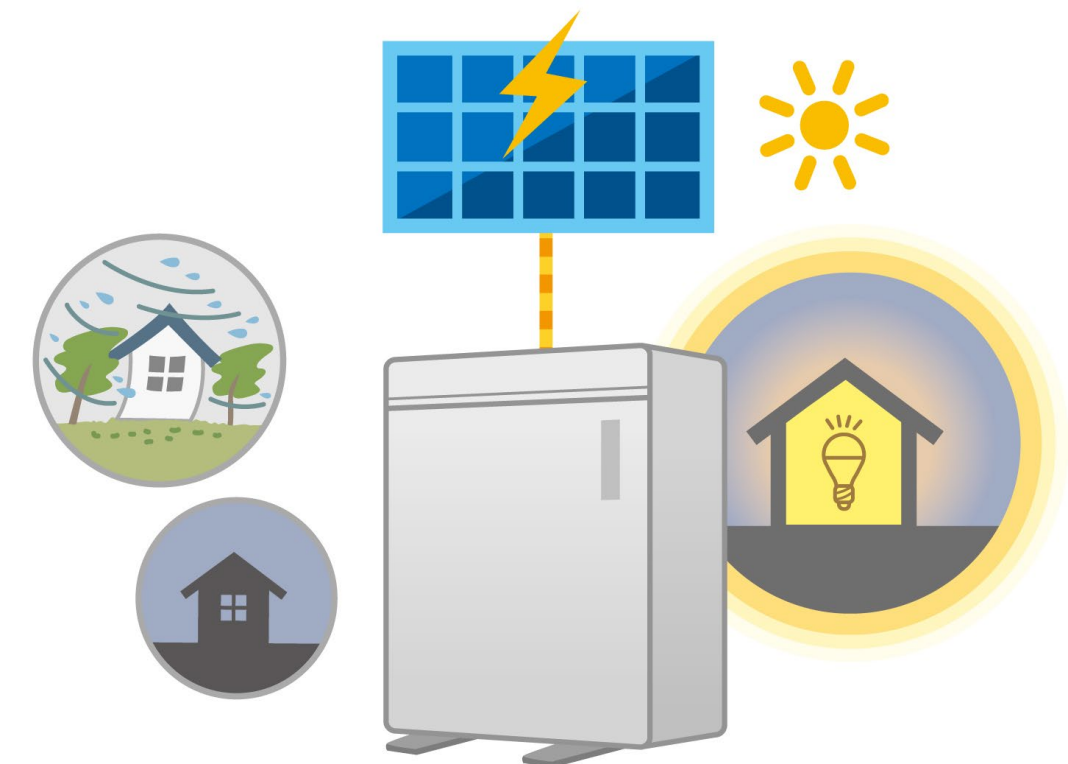
Feedback from shareholders

- I am considering to install photovoltaic power generation systems as **environmental-friendly**
- Would love to install the system due to the recent **rise the price of electricity**
- I have been observing the situation as **the high cost and** wondering the **power generation value**, but I have applied since it's the benefit.
- This is a very exciting shareholder benefit and I hope it will continue. Hoping to expand the number of winners in the future.
- It would be great if **storage battery** come together
- I bought the company's share because of the benefit plan.

3 winners will be selected with lottery for end of Dec 2022.  
 Winner can choose also storage battery other than solar panel.

<p><b>Details of Benefit Plan</b></p>	<ul style="list-style-type: none"> <li>➤ <b>The right to install “ Solar power generation system (worth 1 mil. JPY) “ for free.</b>                      * You can choose storage battery instead of solar panel</li> <li>➤ <b>3 winners</b> (For 2<sup>nd</sup> half of FY2022)</li> </ul>
<p><b>Eligible Shareholder for lottery</b></p>	<ul style="list-style-type: none"> <li>① Shareholder who own <b>more than 1unit (100 shares)</b> and on the shareholder list <b>on end of Dec 2022.</b></li> <li>② Shareholder who <b>have completed the procedures to apply</b> the lottery.</li> </ul>
<p><b>Condition</b></p>	<ul style="list-style-type: none"> <li>➤ Winner can pick <b>any place</b> for installation of solar panel</li> <li>➤ Condition : <b>House located in Japan</b> (Installation requirement will be applied)</li> </ul>
<p><b>Details of lottery</b></p>	<ul style="list-style-type: none"> <li>➤ Lottery date will be <b>late Feb 2023</b></li> <li>➤ The probability of winning increases <b>proportionally with the number of shares held (up to 1,000 shares/10units)</b></li> </ul>

**Storage battery is...**  
 Not only you can use the electricity stored during daytime at night, but also can be used during power outage and disasters such as typhoon.



# Our Policy on the Reorganization of the TSE Market

We have selected **The Prime Market** and we announced “Plan for compliance with listing maintenance criteria” in Nov. 2021. The progress of the plan is as follows.

## Previous Measures

### Implementation of measures to improve liquidity

Implemented **Off-floor sales** as follows.

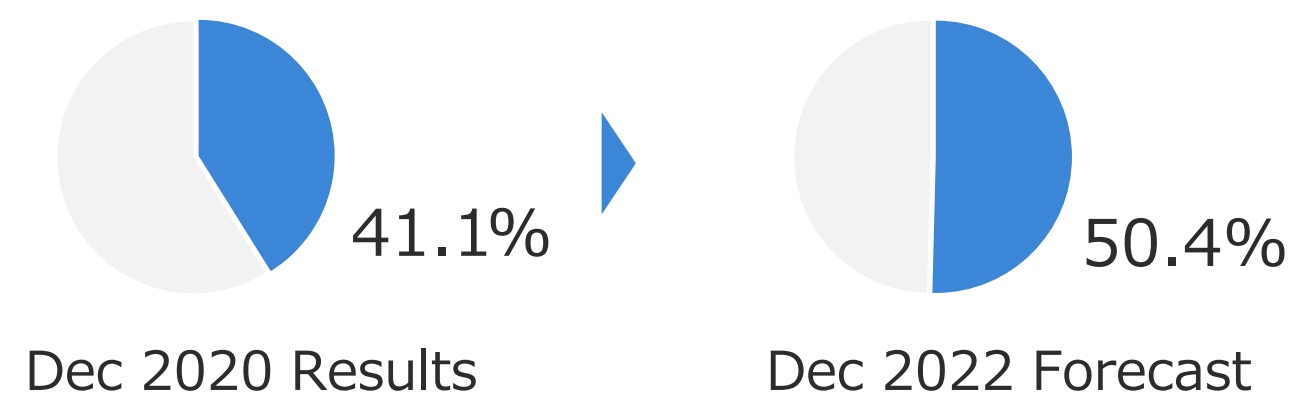
Date	Numbers of shares	Ratio of total numbers of issued share
Dec 22, 2021	384,000	4.1%
Aug 29, 2022	419,000	4.5%

### Strengthen IR measures

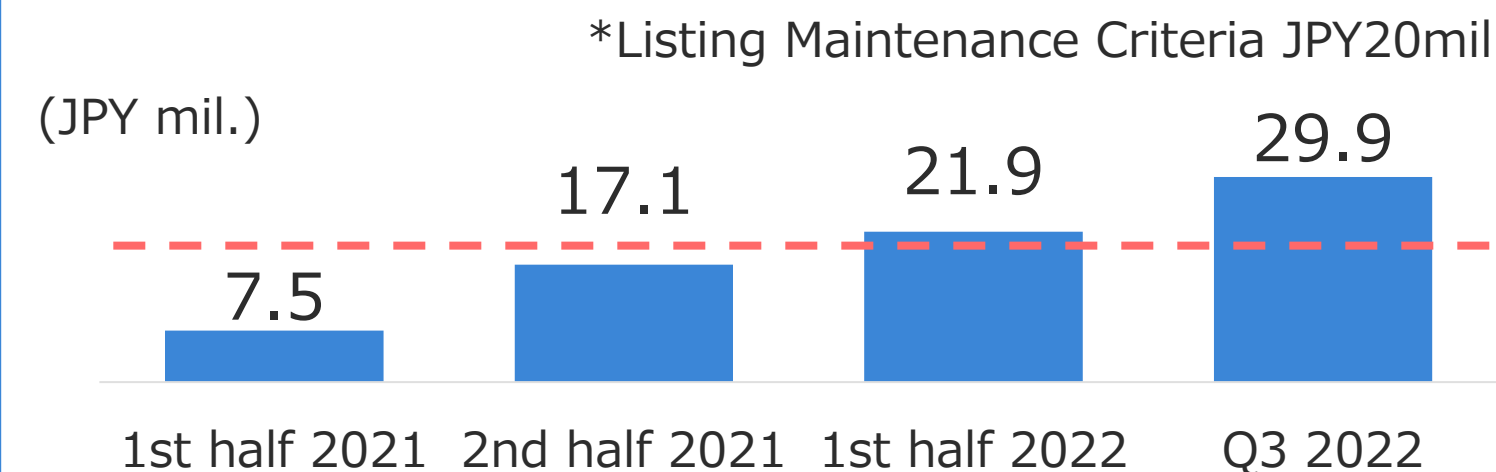
- ① Investor briefing will be held **4 times a year**
  - May 2022 Online IR seminar (TOKYO IPO)
  - Aug 2022 Management plan briefing (EPCO)
  - Sep 2022 IR seminar for women (Nikkei CNBC)
- ② **Disclose analyst report**  
(Shared Research Inc. in Japanese and English)

## Current Situation

### Improvement of current ratio



### Improvement in average daily trading value



\* Mid-term management plan (2025) is scheduled to revise in Feb 2023



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01. FY2022 Results

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**04. Appendix.**

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# 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.

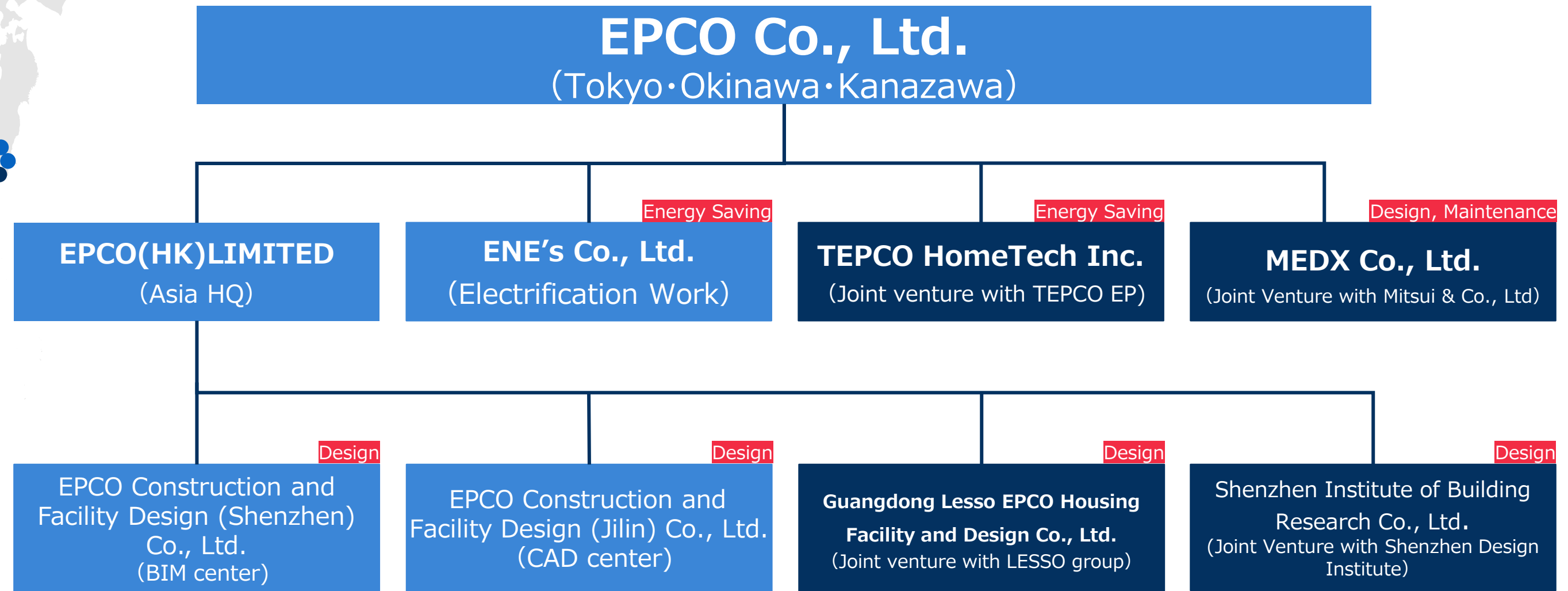
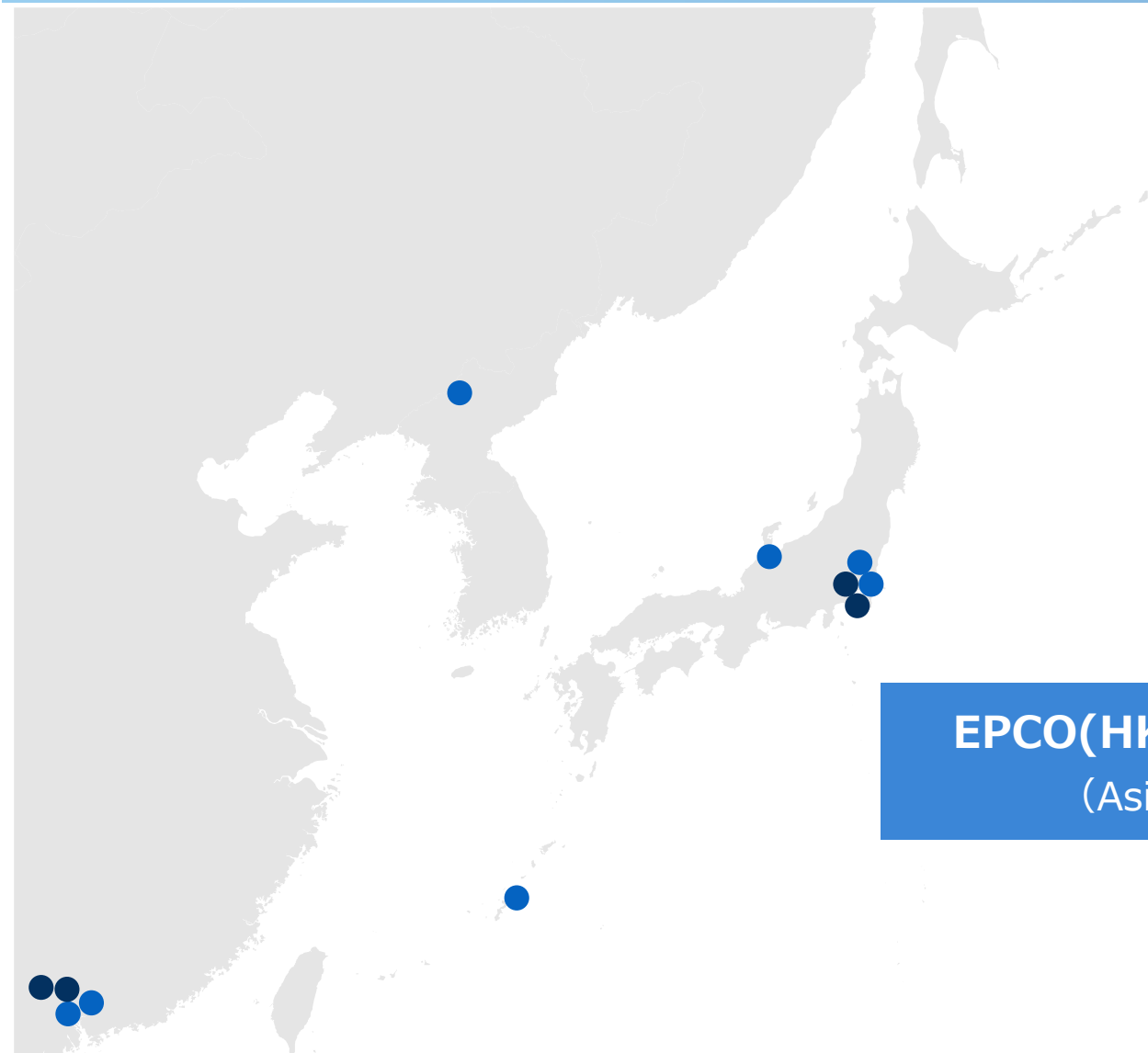
We aim to be infrastructure company to support the homes and lifestyles of people around the world.



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



Consolidated Subsidiary      Affiliated Company

## Challenge to Evolution

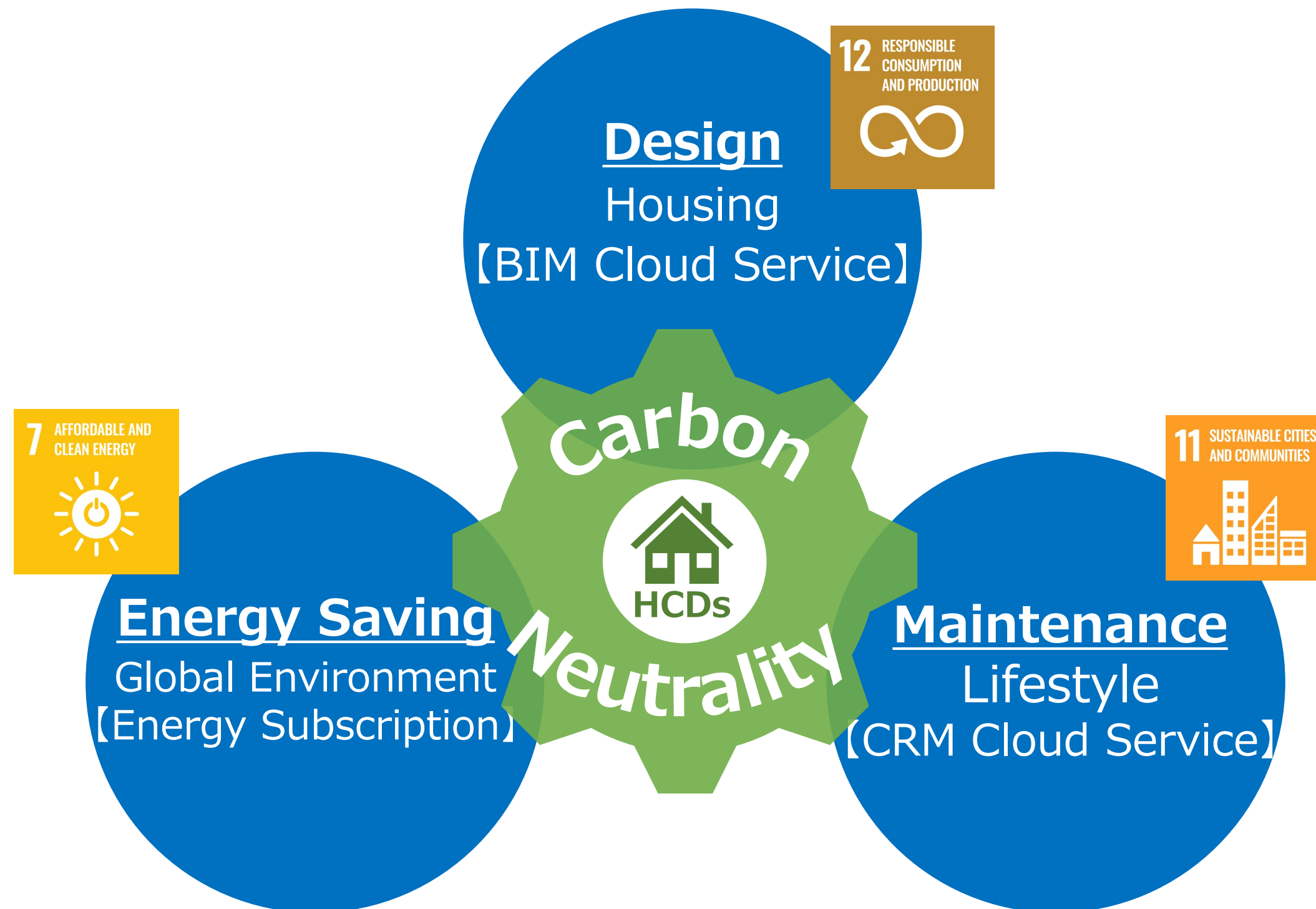
### DX Strategy × Carbon-Neutral

- 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

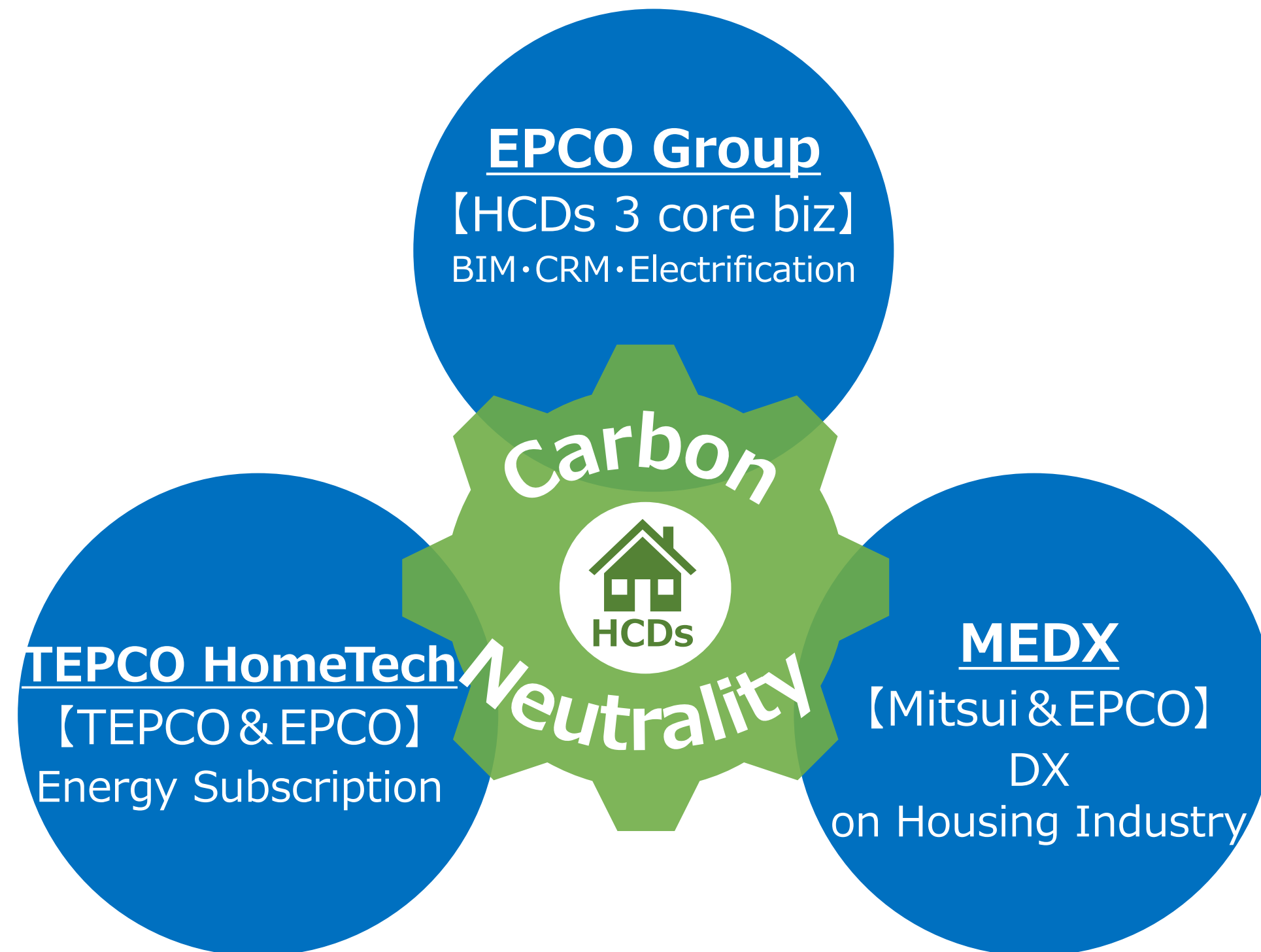
## HCDS : Housing Carbon Neutrality Digital Solutions

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



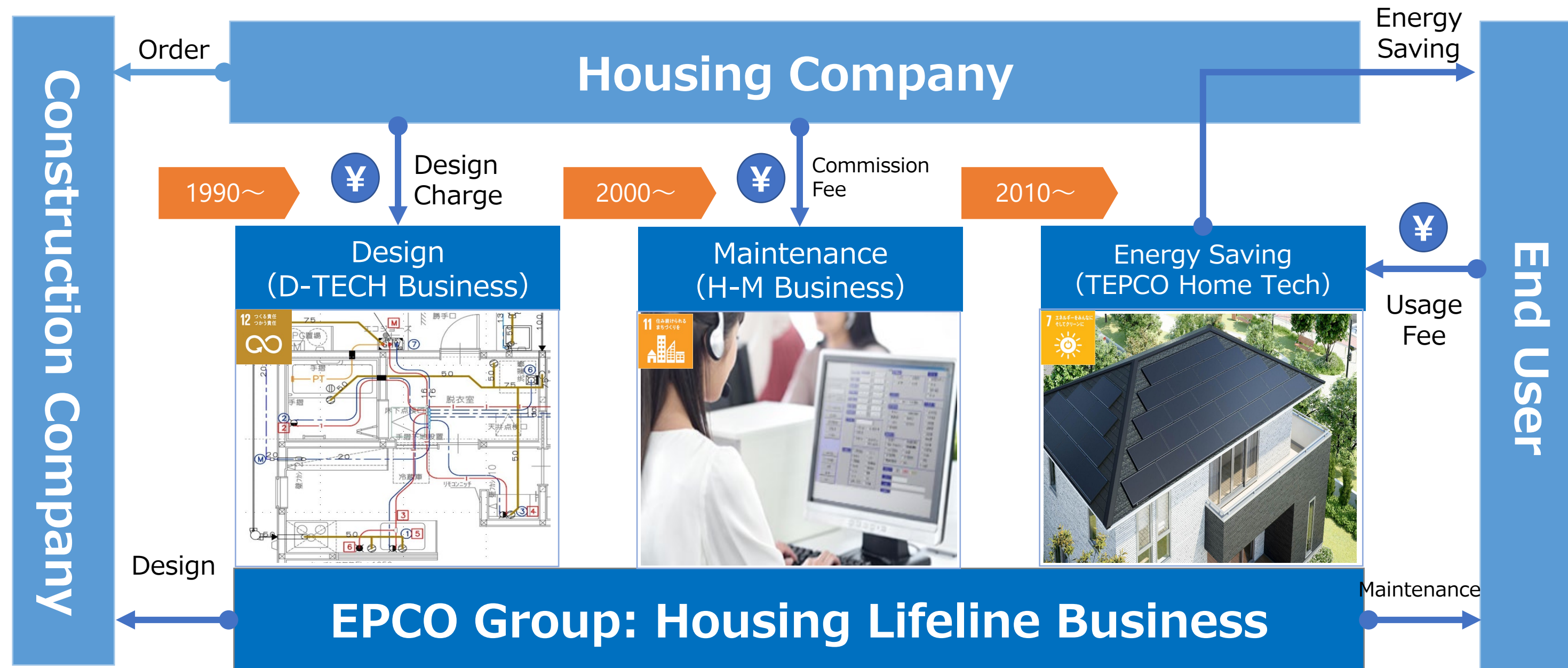
## Partnership Strategy

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



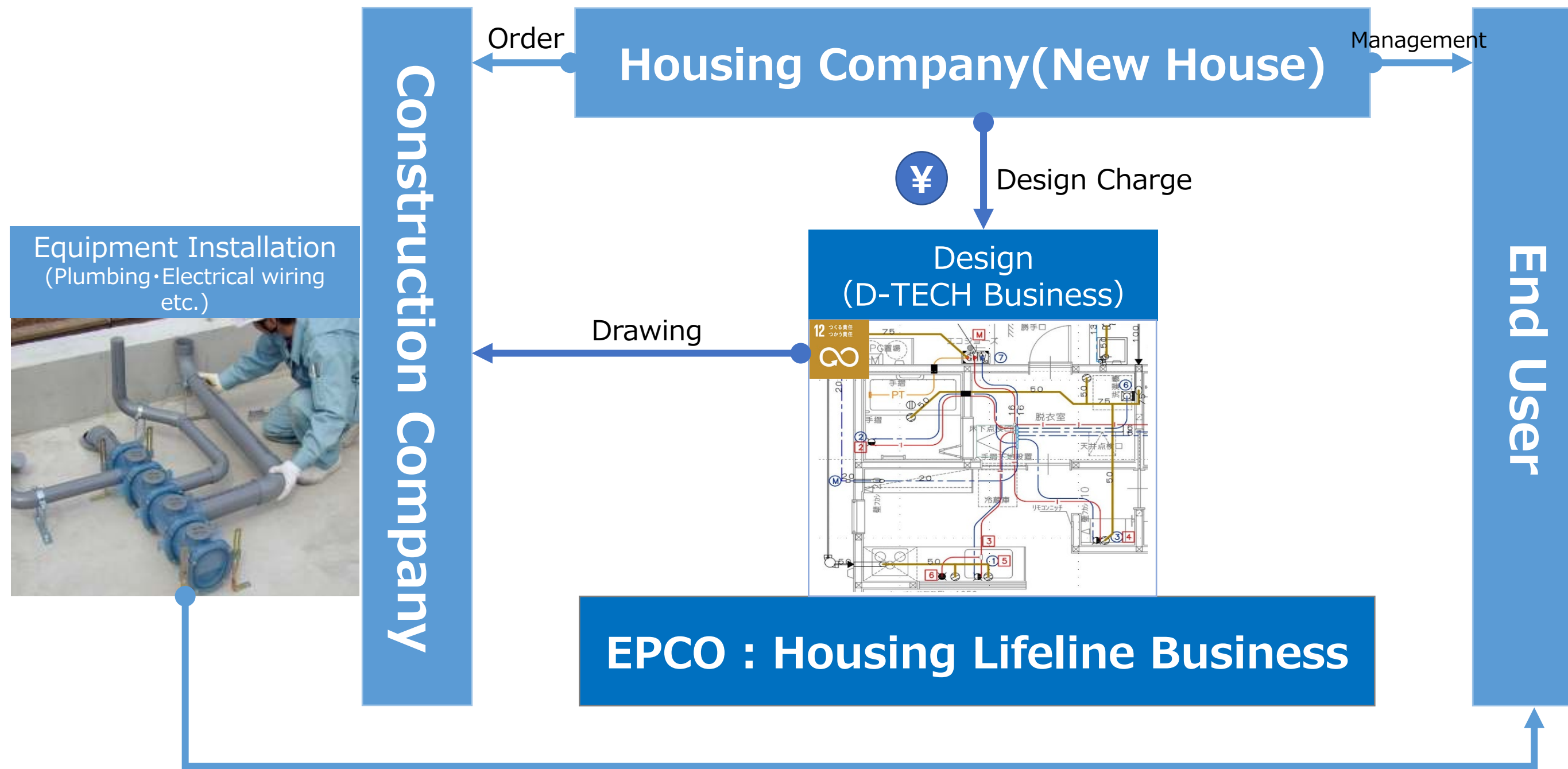
# Core Business of EPCO Group : General View

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



# Core Business of EPCO Group: 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%)

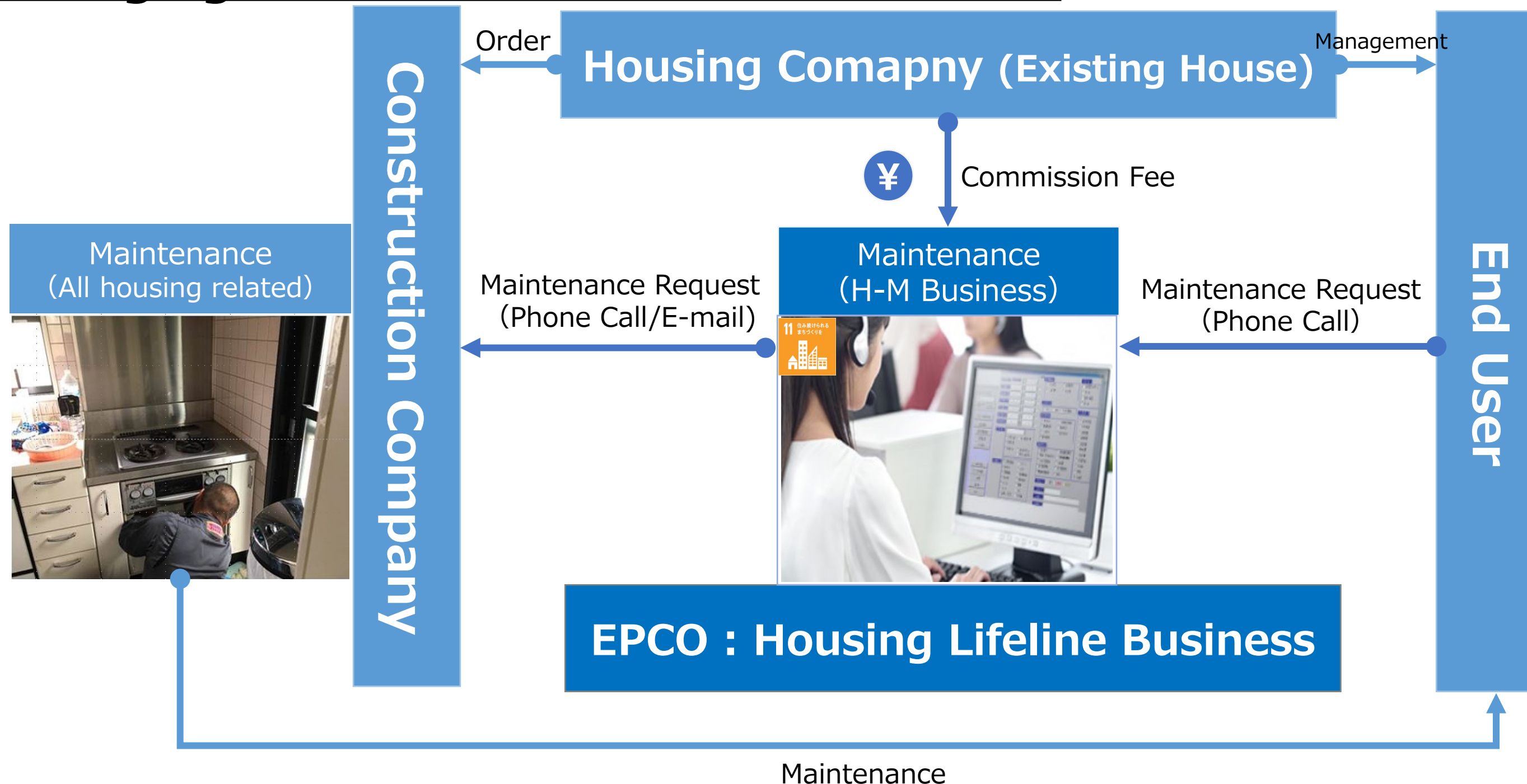


Building Equipment Installation



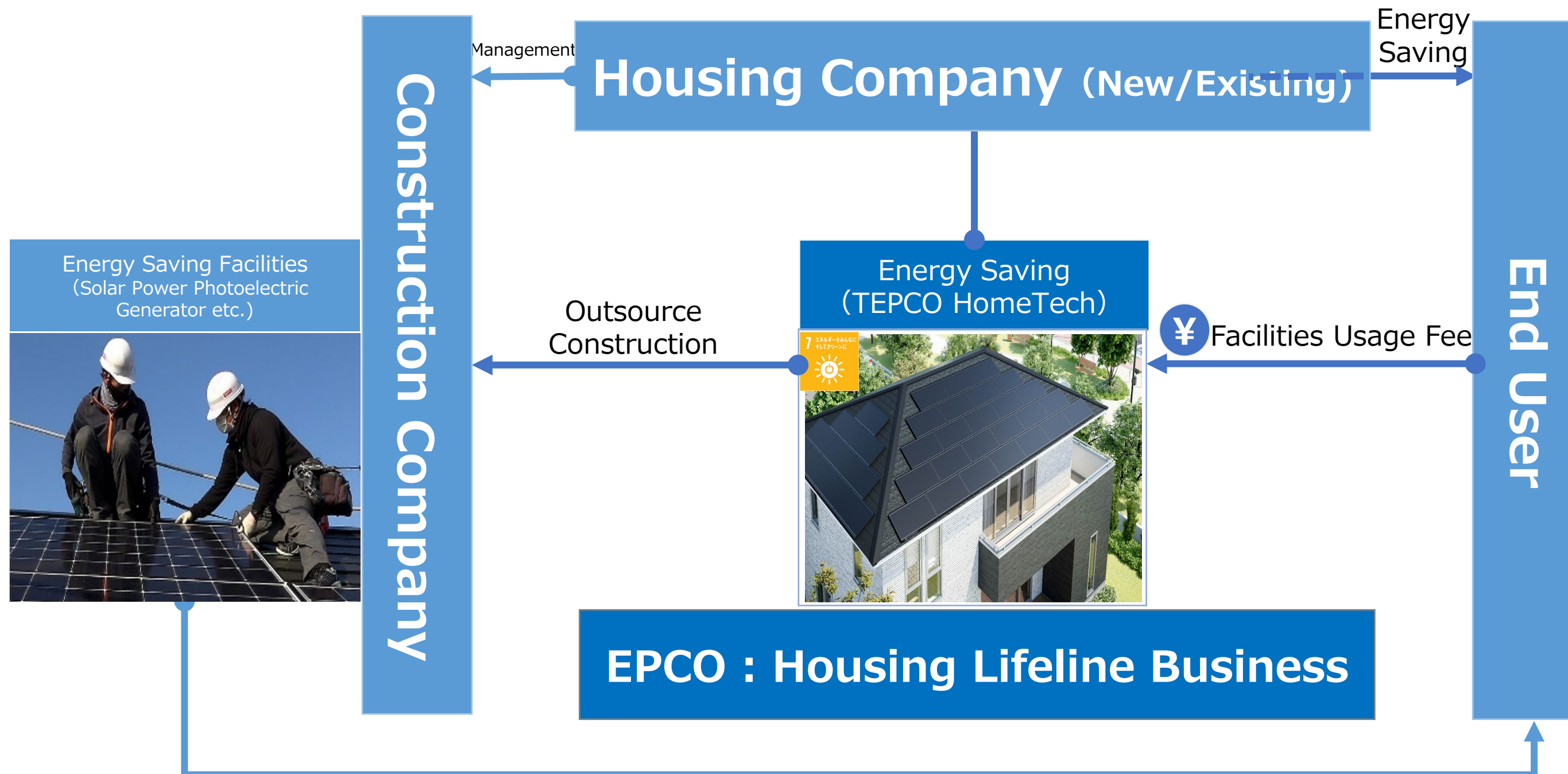
# Core Business of EPCO Group: Maintenance (H-M Business)

- 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)



# Core Business of EPCO Group : Energy Saving (TEPCO HomeTech)

- 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.



**EPCO : Housing Lifeline Business**

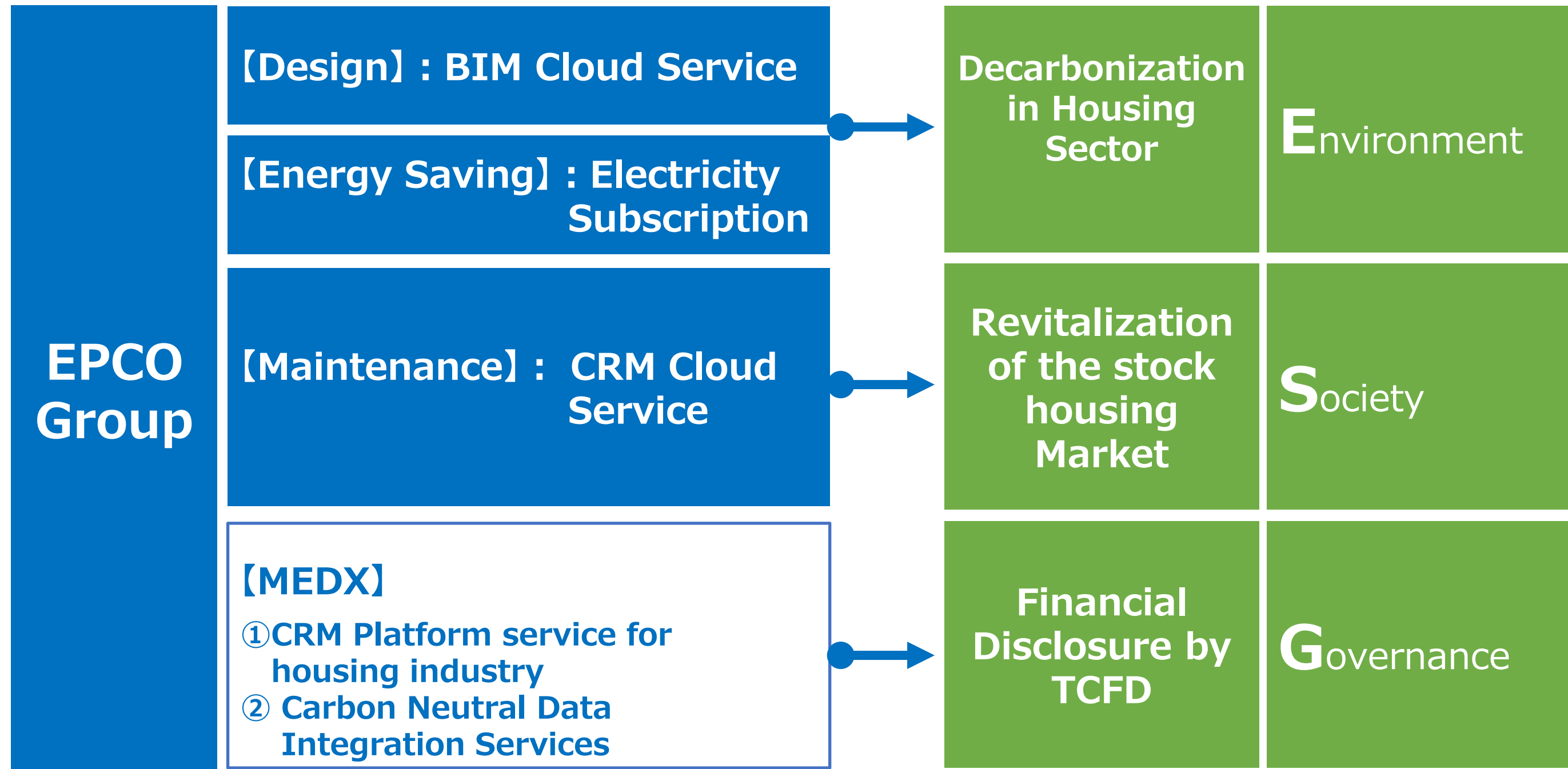
## Acceleration of decarbonization and digitalization are tailwinds for each of EPCO's businesses

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>

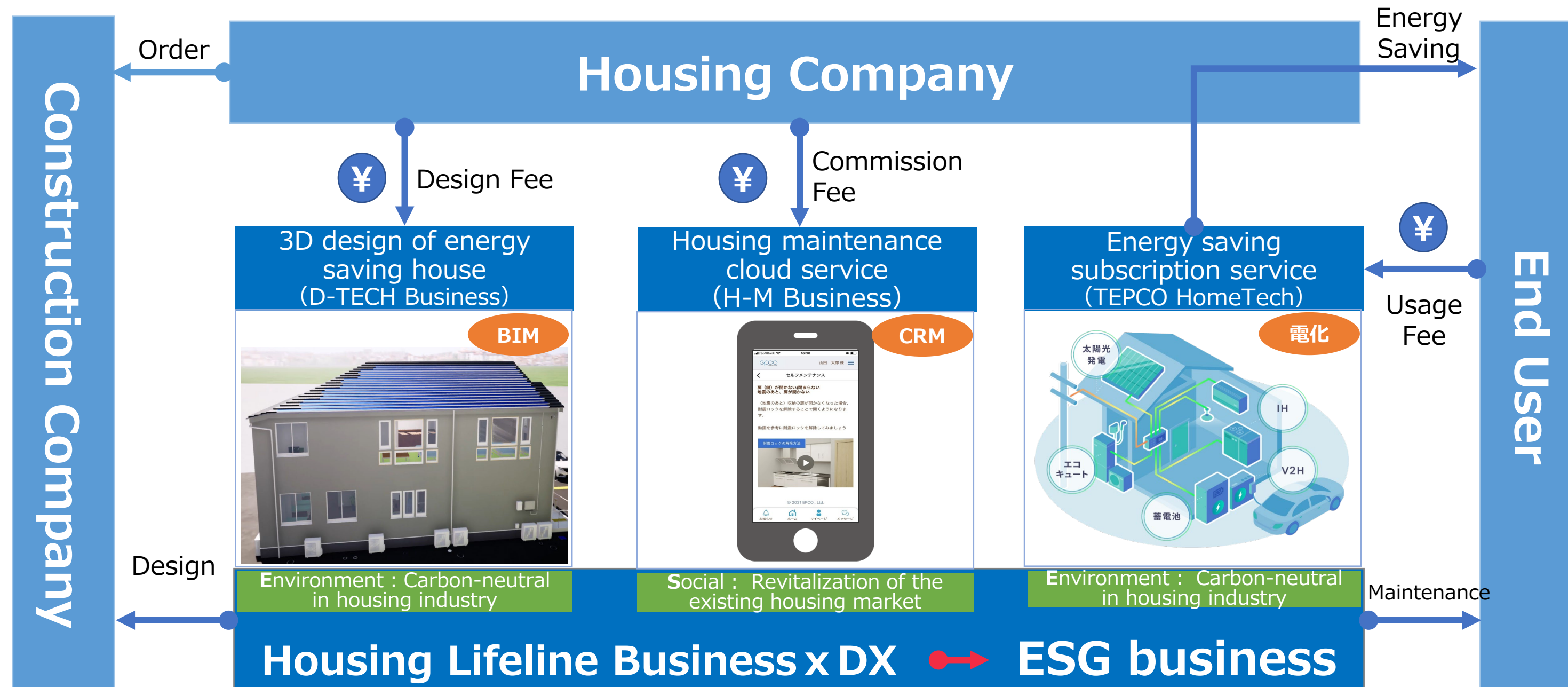
\*National Institute for Environmental Studies, Japan "The GHG Emission Data of Japan (1990~2020) Estimation"

\*TCFD – Task Force on Climate-related Financial Disclosure

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



- 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.



# ESG Business : 3D Design Service for Energy Saving House

- 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.



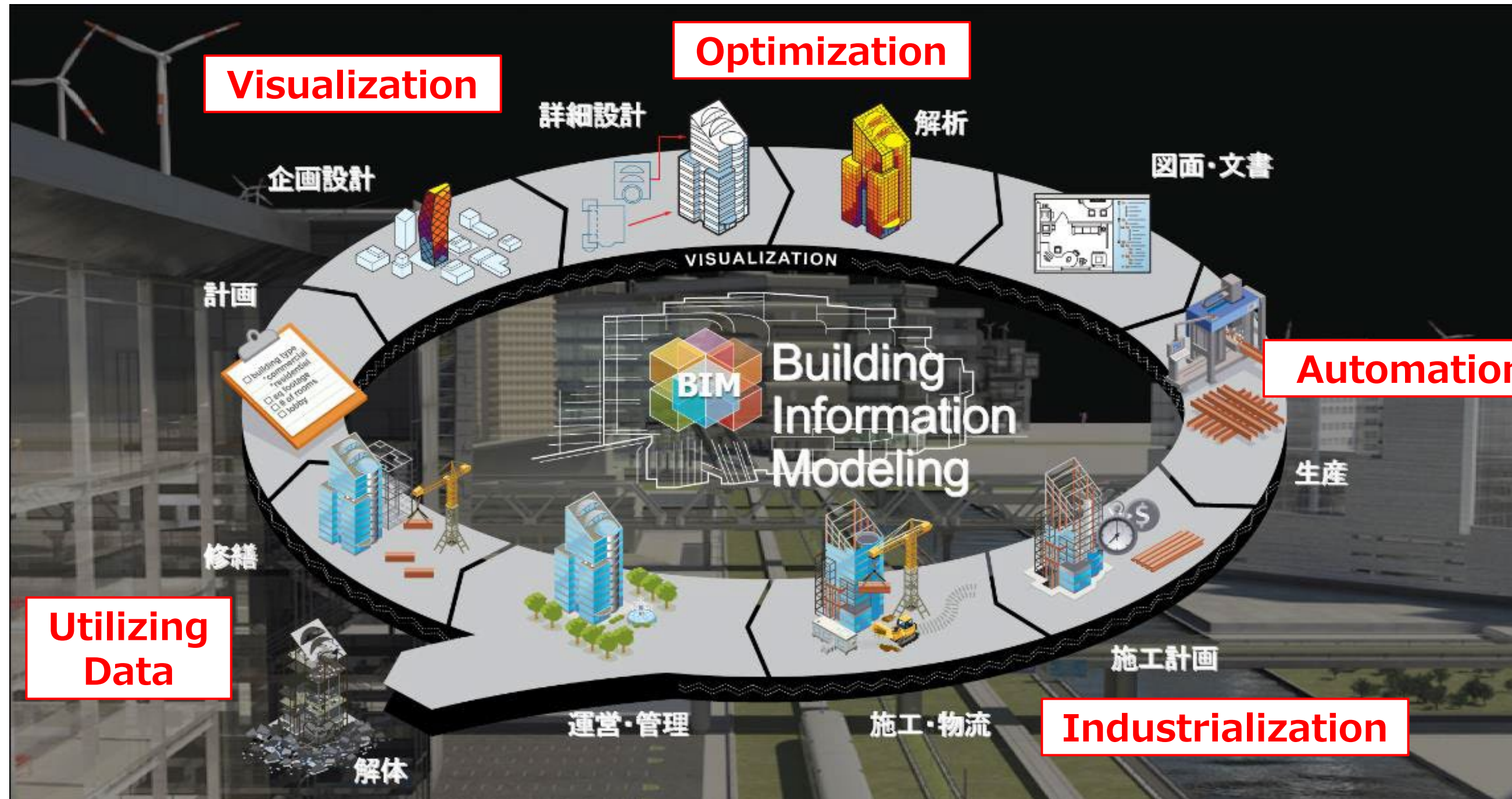
Build energy saving house

# 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.

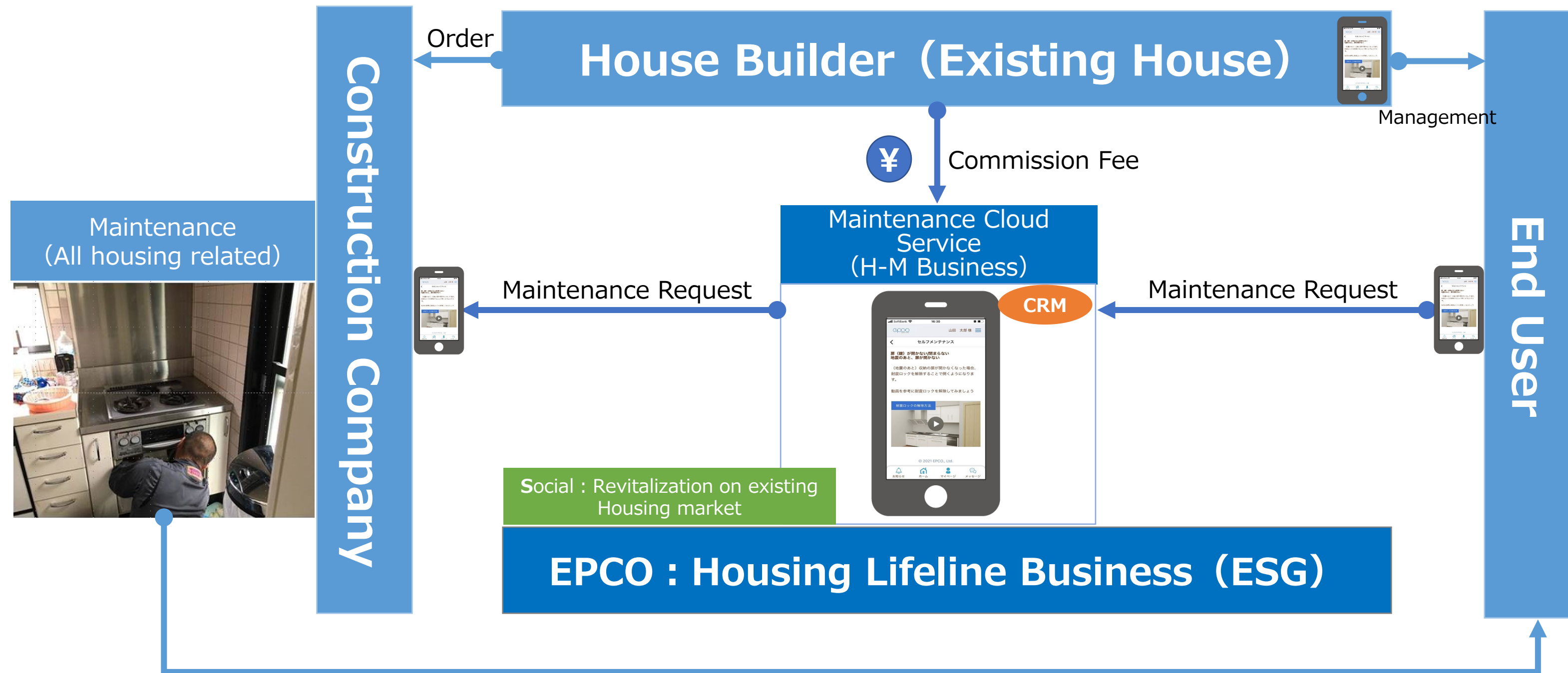
The source : MLIT



The Source : AUTODESK

# ESG Business : House Maintenance Cloud Service

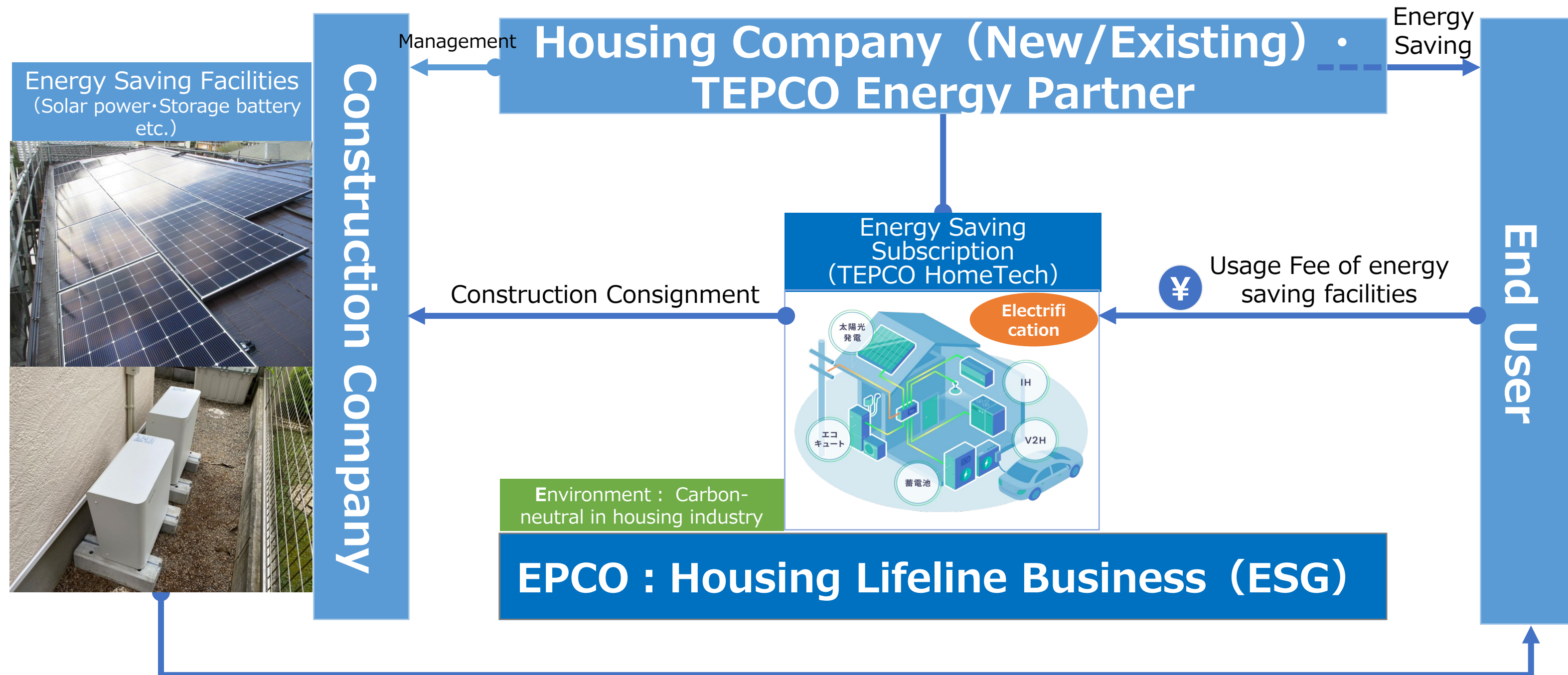
- Value-adding from a maintenance call center service to a residential maintenance cloud service.
- Cloud sharing of house history data to improve operational efficiency of supply chain and achieve revitalization of renovation etc.





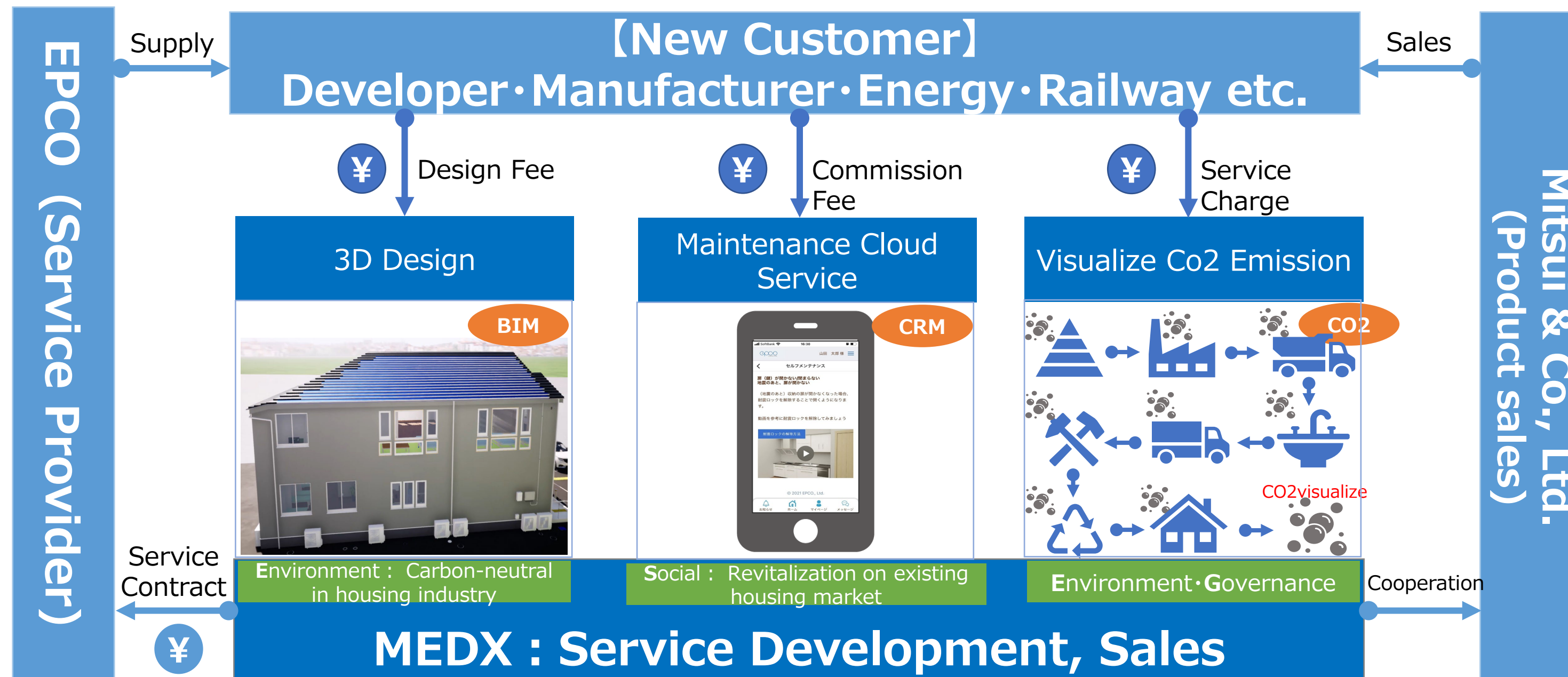
# ESG Business : Subscription Service of Energy Saving Facilities.

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



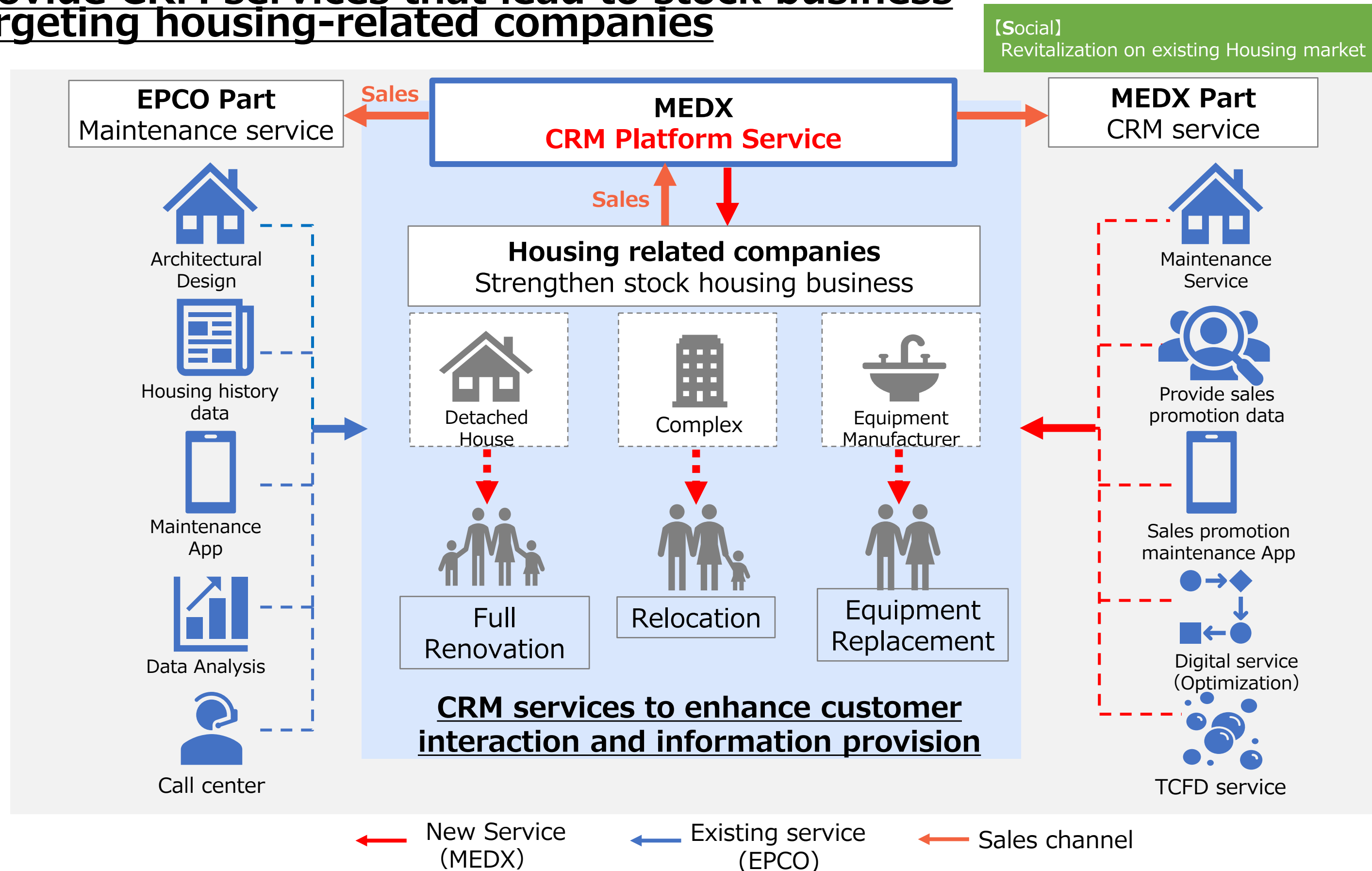
# ESG business : Establish MEDX Co., Ltd.

- 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.



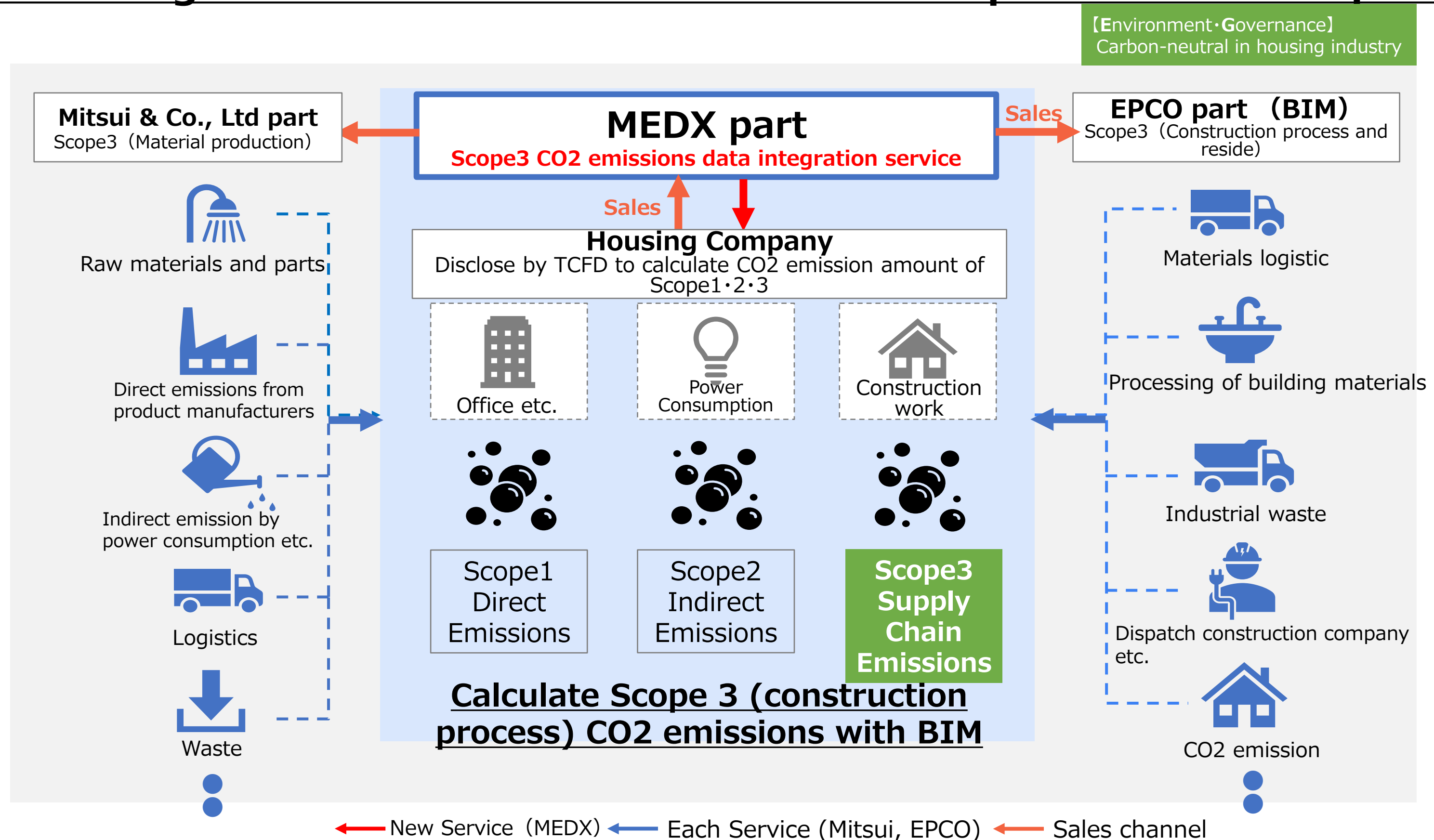
# Reference : Idea of CRM Platform Service

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





# Reference: Idea of Carbon Neutral Data Integration Service

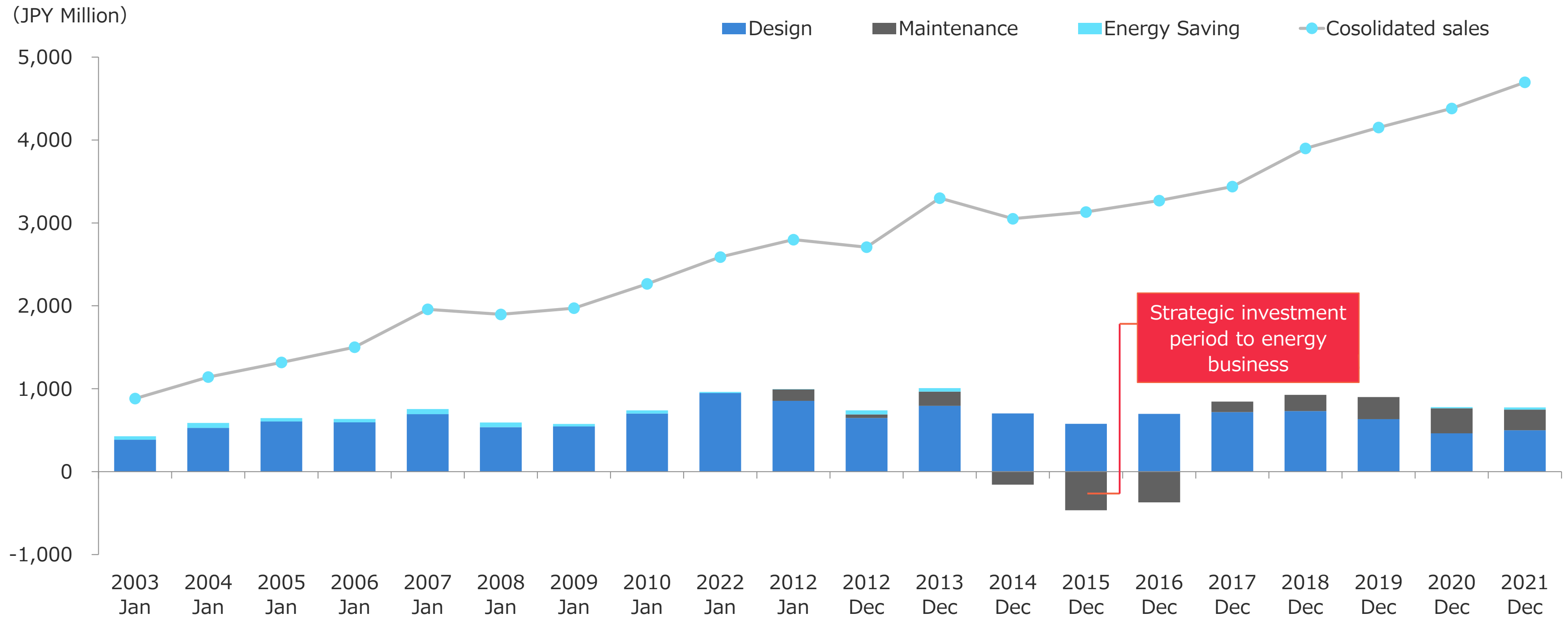
## Providing data services on CO2 emissions for prime listed companies



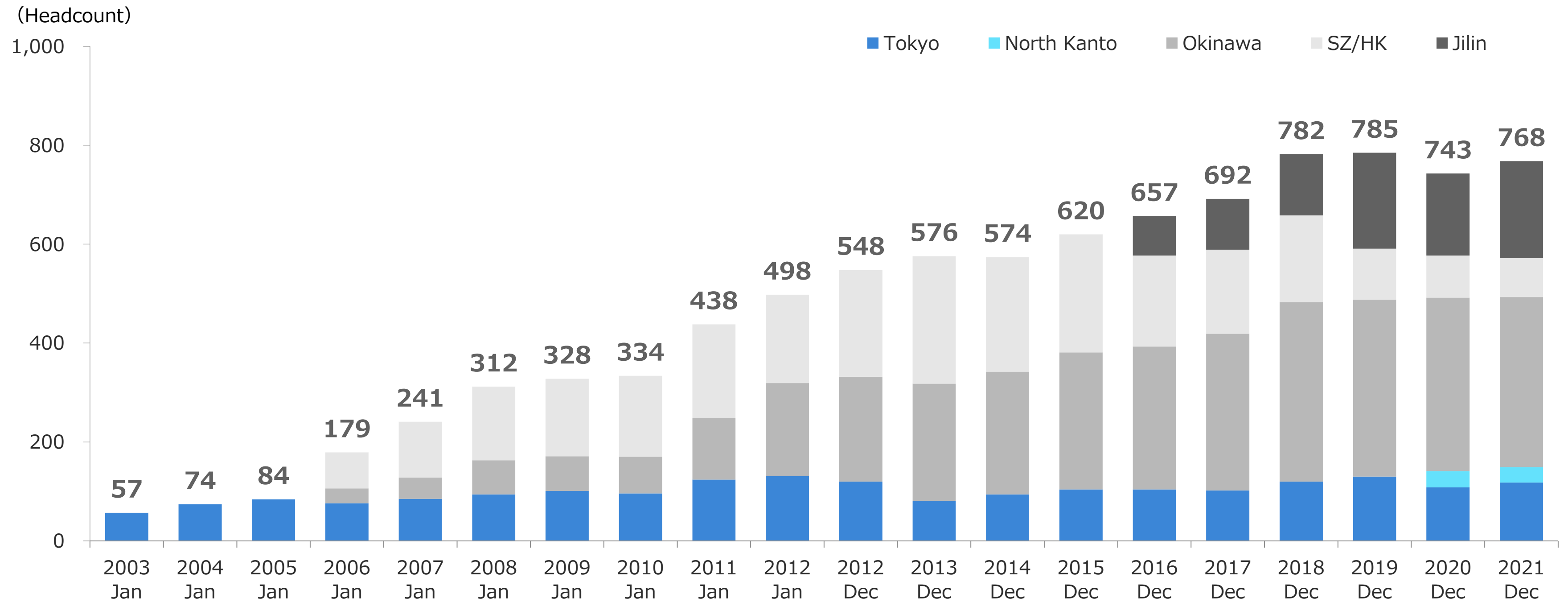
# EPCO Group's ESG initiative

	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)	

# Transition of Consolidated Results



# Consolidated Numbers of Employee

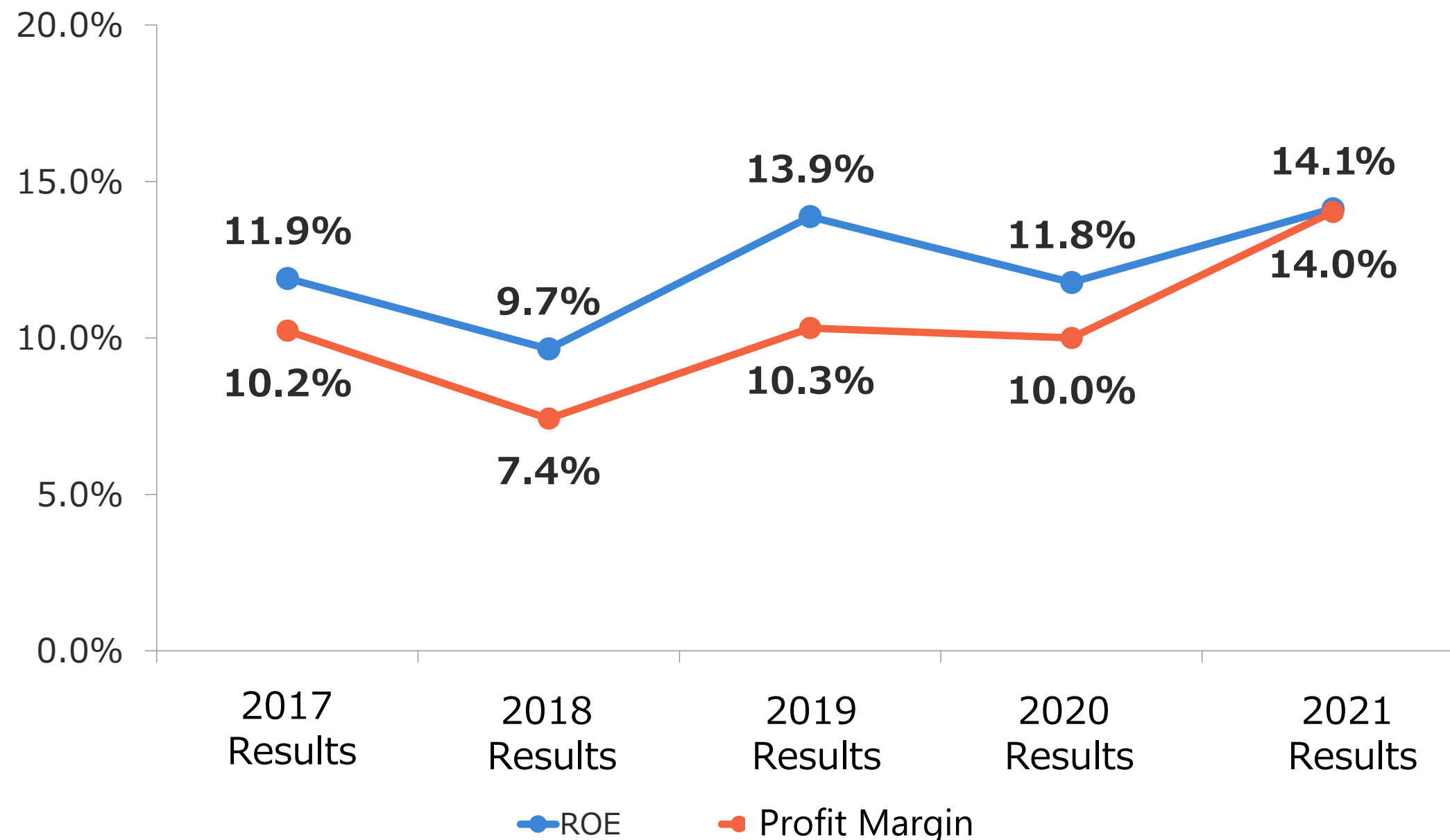


\*Including temporary employees (Counted temporary employee as average during the period)

# 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.

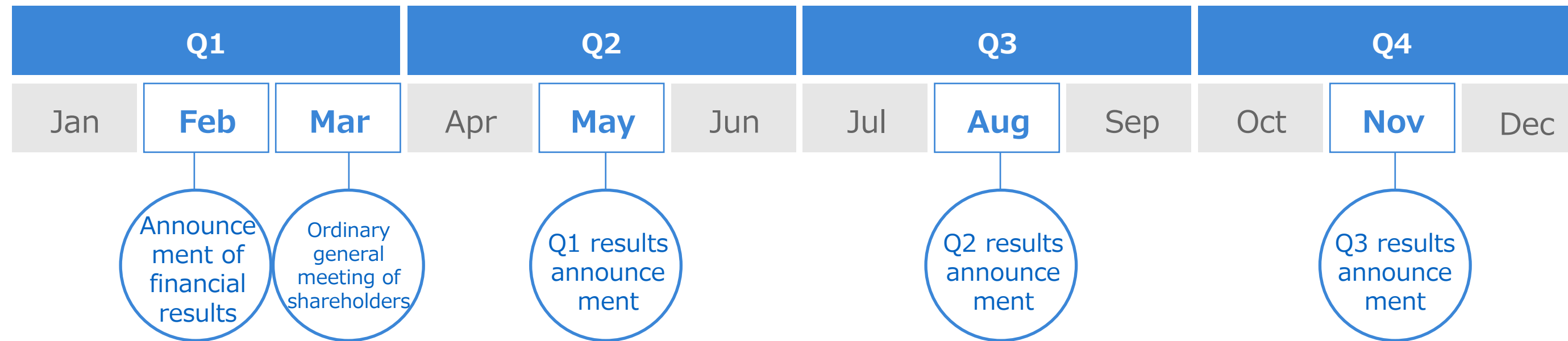
We will increase sales in each business, operation profit, equity in earning of affiliates by promoting mid-term business plan and improve profit margin.

② Appropriate management of surplus assets

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





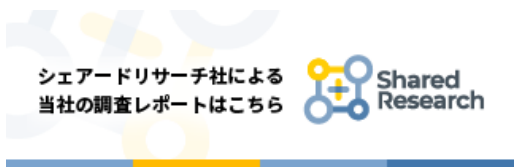

# IR Schedule 2022 (Planned)

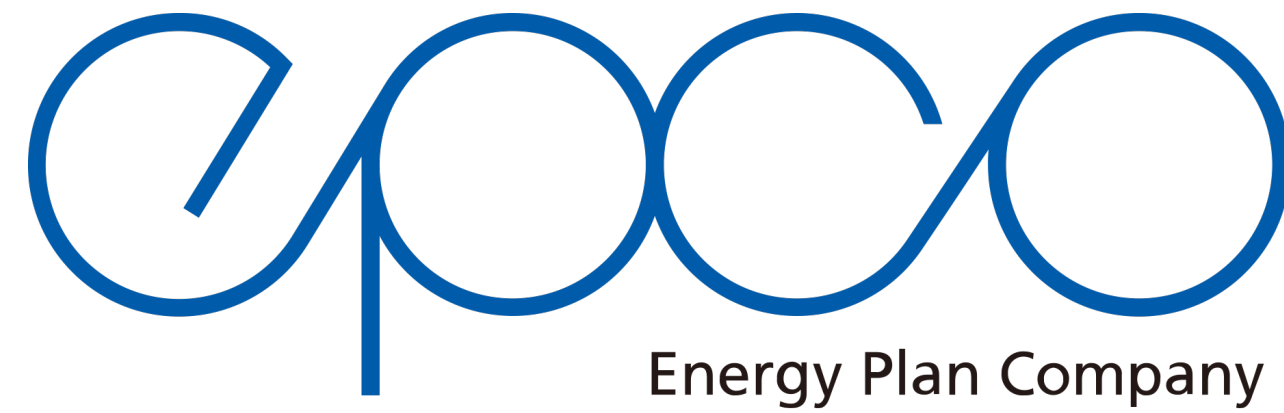


## 2022

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
Aug. 31	Wed.	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	<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.