

# FY2023 Q2 Financial Results (January-June)

EPCO Co., Ltd. Securities Code : 2311 August 9, 2023

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**



# Carbon-Neutral × DX Strategy

## **01. The Company Highlights**

02. FY2023 Q2 Results and Full-Year Forecast

03. Application for Selection to the Standard Market at Tokyo  
Stock Exchange and Realization of Capital Cost Management

04. Appendix.

# The Company Highlights | EPCO Group Business Model (Currently)

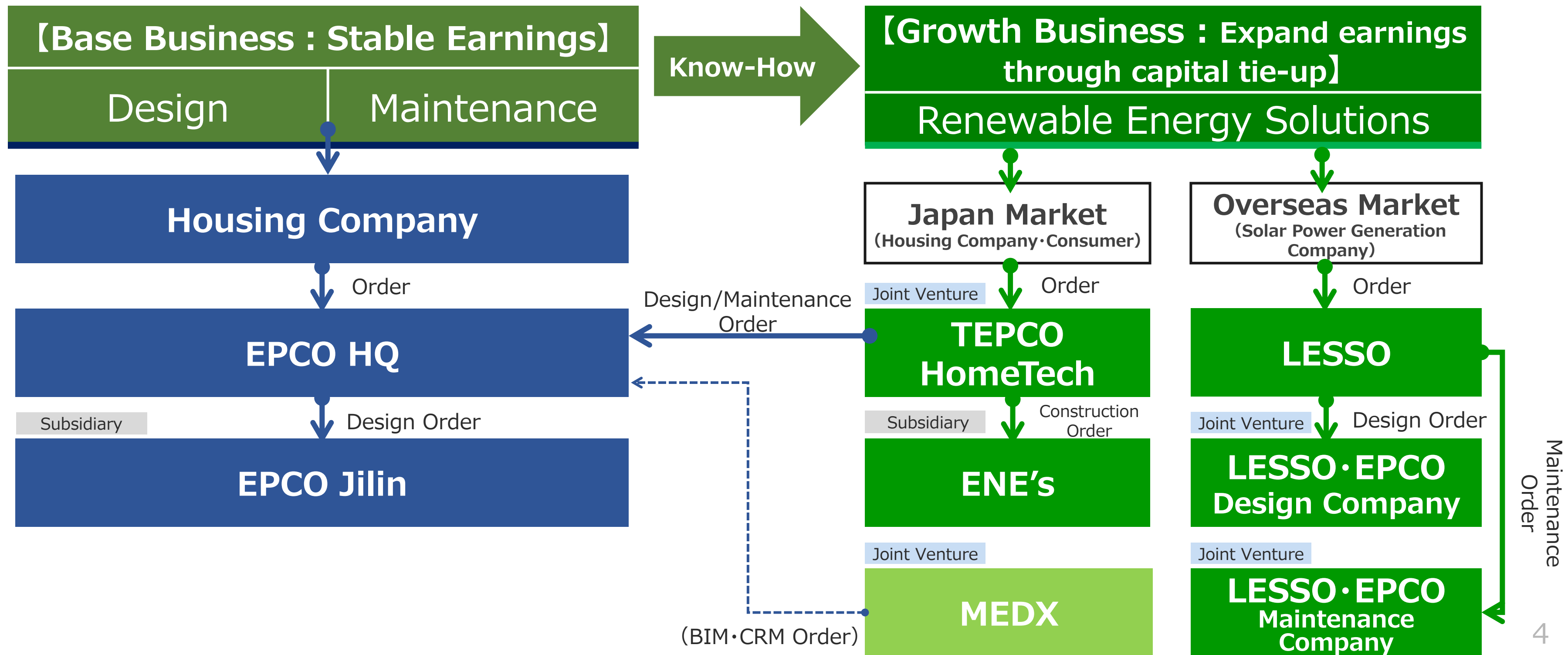


Since the founding in 1990, EPCO group have established three core business (design, maintenance, renewable energy solutions) which support residential lifelines and we have built a stable revenue base.



# The Company Highlights | Review of Business Portfolio

In order to achieve sustainable growth, EPCO group is now in the phase of reviewing our business portfolio. We aim to maximize earnings by focusing on growth business of renewable energy while earning stable earnings in the base business.



Maintenance Order

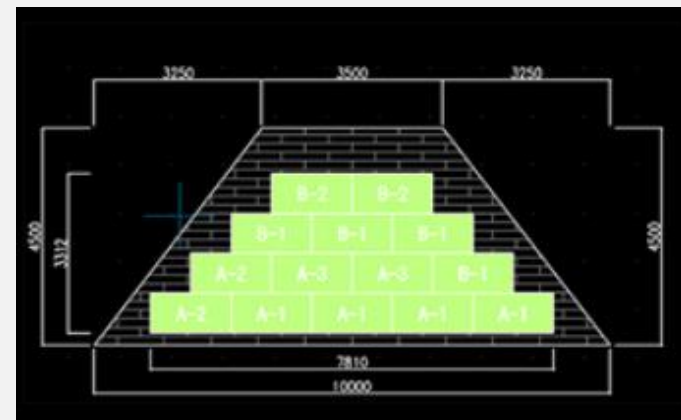
“Renewable Energy Solutions” provides services for the entire life cycle of renewable energy facilities. We aim to speedy expansion of the business in Japan and overseas market through group management utilizing capital tie-up with major companies.

## Renewable Energy Solutions (Solar Power·Storage Battery·EV)

【Manufacturing】▶



【Design】▶



【Installation】▶



【Maintenance】



Japan

Various  
Manufacturers



東京電力グループ  
TEPCOホームテック株式会社



Overseas

LESSO 联塑



LESSO 联塑

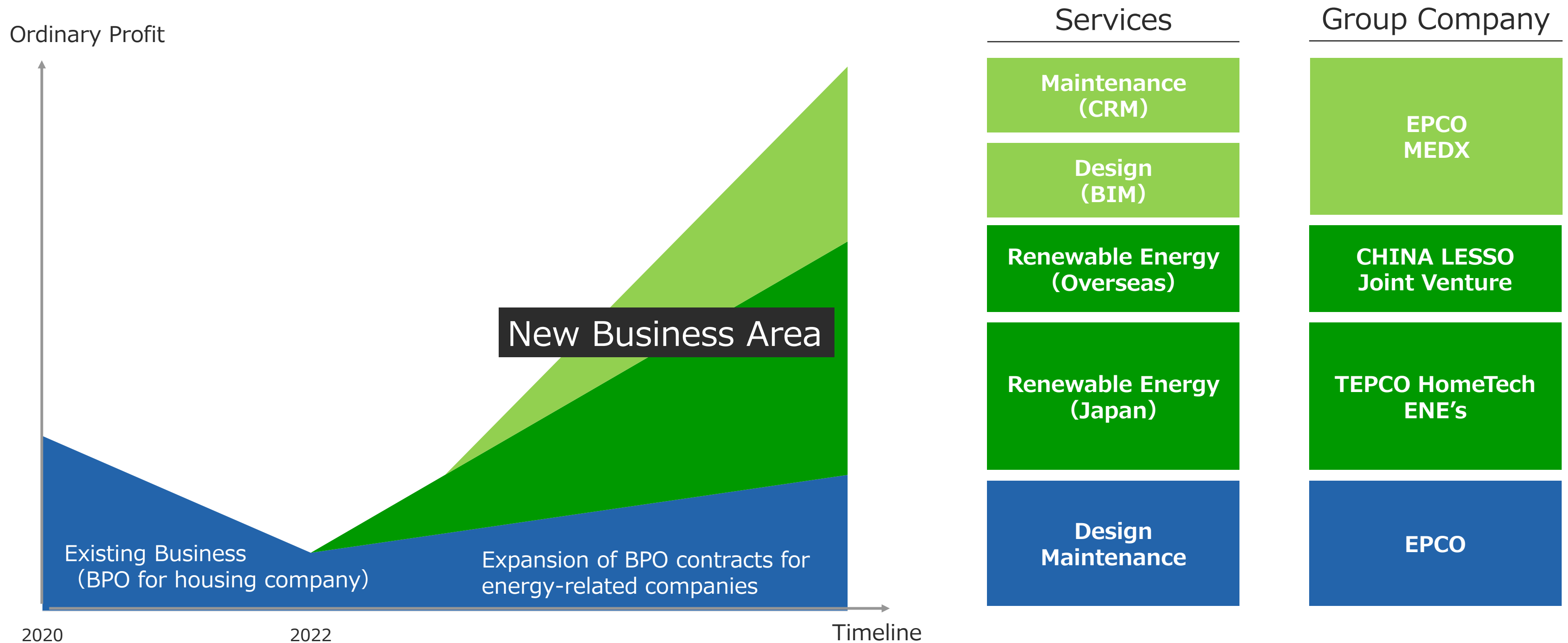


# The Company Highlights | Profit Growth Forecast of EPCO Group



Although profit have been on a downward in the recent years, we will enter a period of profit growth from 2023 owing to profit contributions from new businesses.

While EPCO has been developing its business independently in the past, we aim to maximize consolidated ordinary profit in the future through synergy effects among group companies through expansion of business of each company.



# Carbon-Neutral × DX Strategy

01. The Company Highlights

**02. FY2023 Q2 Results and Full-Year Forecast**

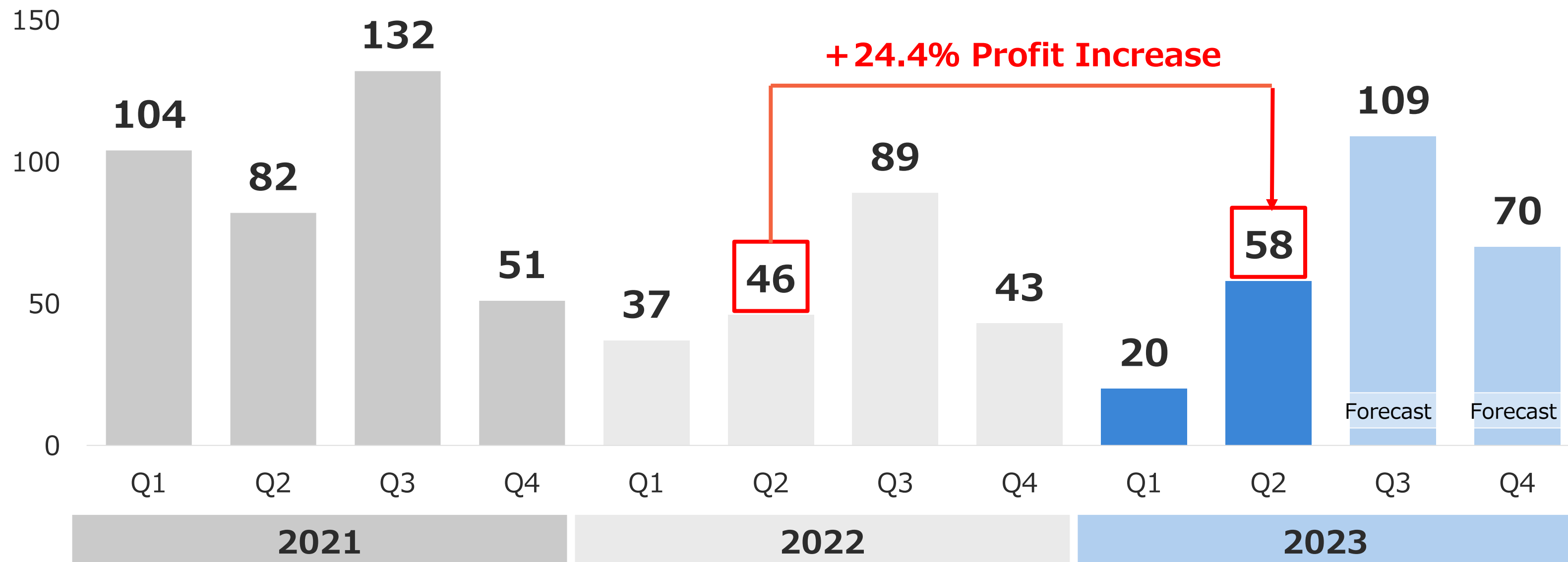
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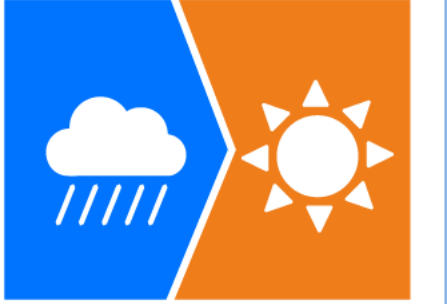
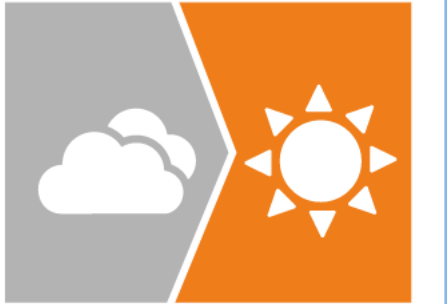


While profits had been decreasing until FY2023 Q1 (Jan-Mar), the measures to improve the performance of each segment were successful. In FY2023 Q2 (April-June), consolidated ordinary profit turned to an increase. We are now in a phase of bottoming out. The company expects profit increase to continue in FY2023 Q3 and beyond compared to the same period of last year.

## Consolidated Ordinary Profit Quarterly Results and Forecast

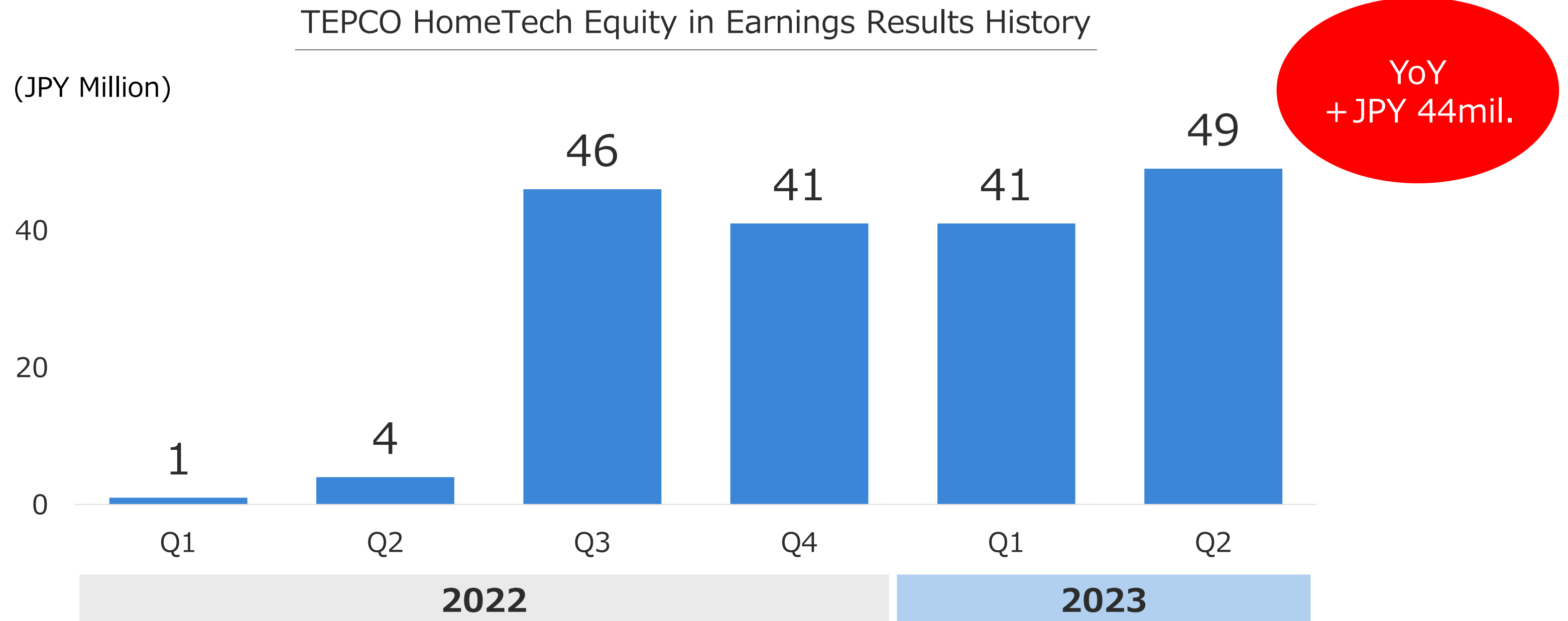
(JPY Million)





<h2>FY2023 Q2 Results</h2>	<p>Ordinary Profit JPY78mil.</p> <p>YoY -6.9%</p>	<p>Profit decreased from the previous year due to foreign exchange gains/losses, Profitability turned up in Q2 (Apr-Jun) owing to segment profit increase. Profit is expected to recover in Q3 onward.</p>	
<h2>Renewable Energy Solutions</h2>	<p>Ordinary Profit JPY38mil.</p> <p>YoY +7.1%</p>	<p>TEPCO HomeTech secured profit increase owing to strong performance Profitability of overseas solar business is expected to improve in Q3 onward.</p>	
<h2>Maintenance</h2>	<p>Ordinary Profit JPY110mil.</p> <p>YoY -6.4%</p>	<p>Despite sales expansion to energy-related companies, profit decreased due to an increase in personnel and business continuity expenses for expansion of contracts.</p>	
<h2>Design</h2>	<p>Ordinary Profit JPY130mil.</p> <p>YoY +34.2%</p>	<p>Profit increased owing to decrease in design costs resulting from the conversion to a joint venture of EPCO SZ, etc. Expecting profit increase in Q3 onward with higher profit in BIM business etc.</p>	

Equity in earnings of TEPCO HomeTech (FY2023 Q2) achieved record profit in quarterly basis.



Ordinary profit decreased, but net profit increased owing to extraordinary gains on sale of investment securities, and sale of investment in capital of subsidiary.

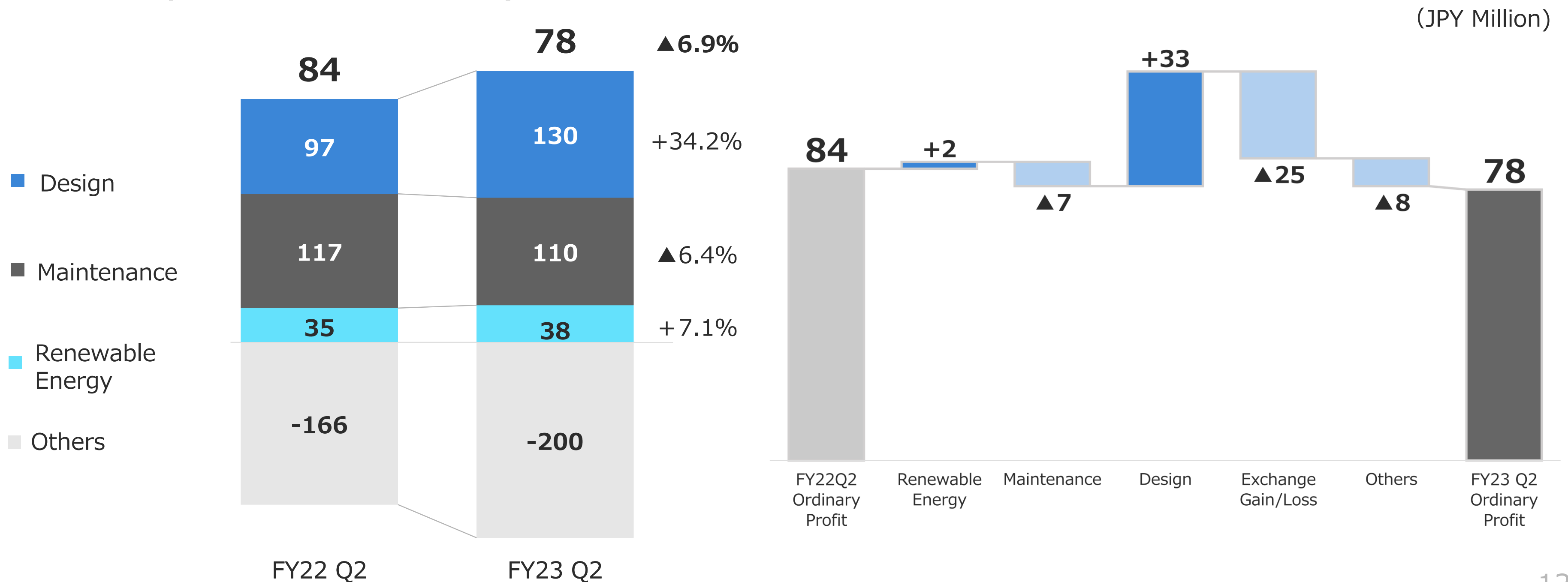
(JPY Million)	FY22Q2 Results	FY23Q2 Results	Changes	Ratio
Net Sales	2,378	2,404	+25	+1.1%
Ordinary Profit	84	78	-5	-6.9%
Net Profit	159	177	+18	+11.8%
Gain on sale of investment securities	119	110		
Gain on sale of investments in capital of subsidiaries and associates	—	65		

\*Factor of increase in profit Gain

# FY2023 Q2 | Consolidated Ordinary Profit (YoY)

The main reason for the decrease in profit was due to foreign exchange losses, however the total ordinary profit of the three segments secured an increase. (In FY22 Q2, foreign exchange gains were generated from exchange contracts amid the appreciation of the yuan and depreciation of the Japanese yen.)

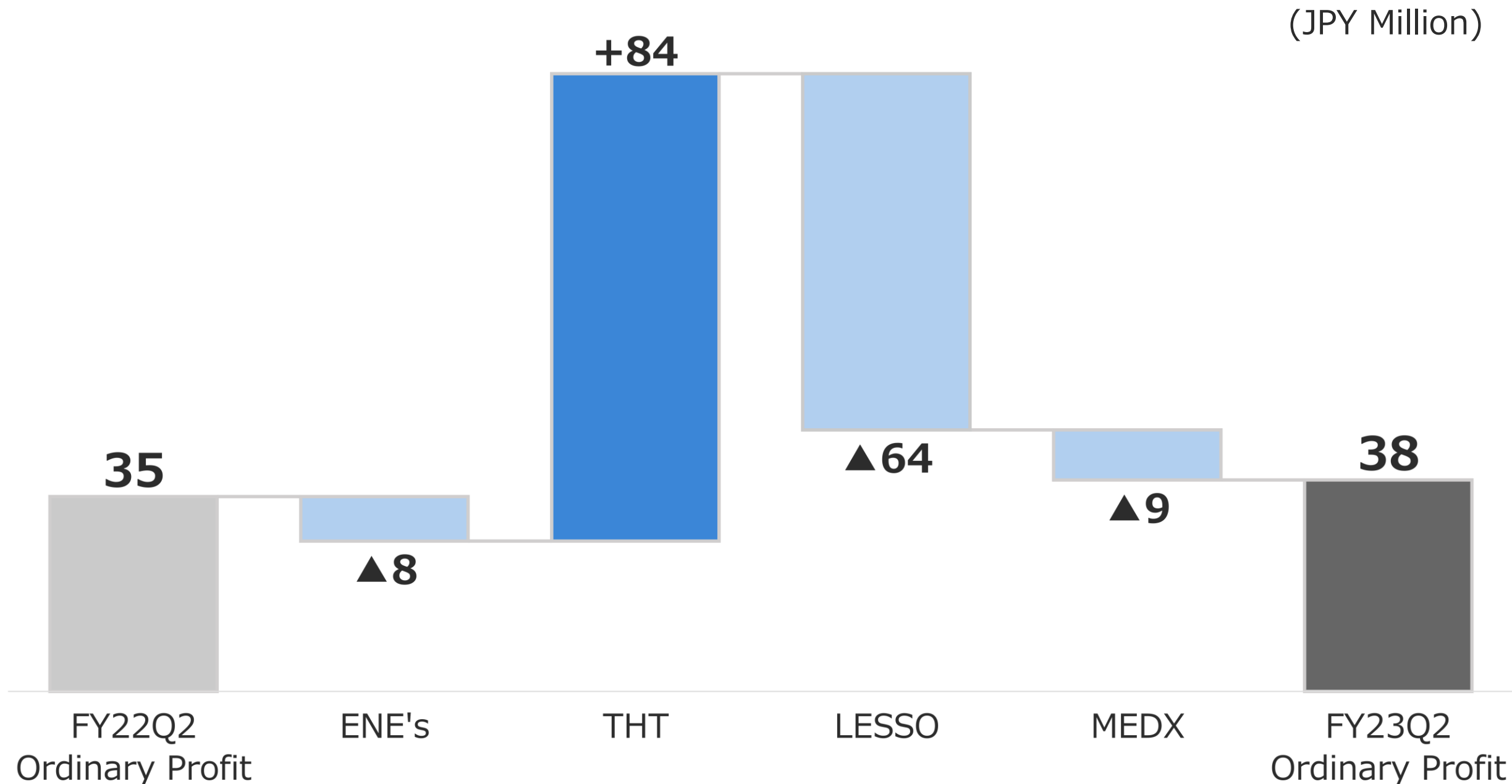
## EPCO Group Consolidated Ordinary Profit



While TEPCO Home Tech (THT) achieved a significant increase in profit, other group companies are in a phase of upfront investment. ENE's and LESSO are expected to improve their performance in the second half of the year through the implementation of various measures.

## Factors of Decrease in profit

## Renewable Energy Solutions Ordinary Profit Fluctuation Analysis



### ■ ENE's

- Gross margin decrease due to increase in outsourcing cost.
- Increase in S&A expenses due to increase in headcount

⇒ **Reviewed the sales price, expecting to improve in profit**

### ■ LESSO

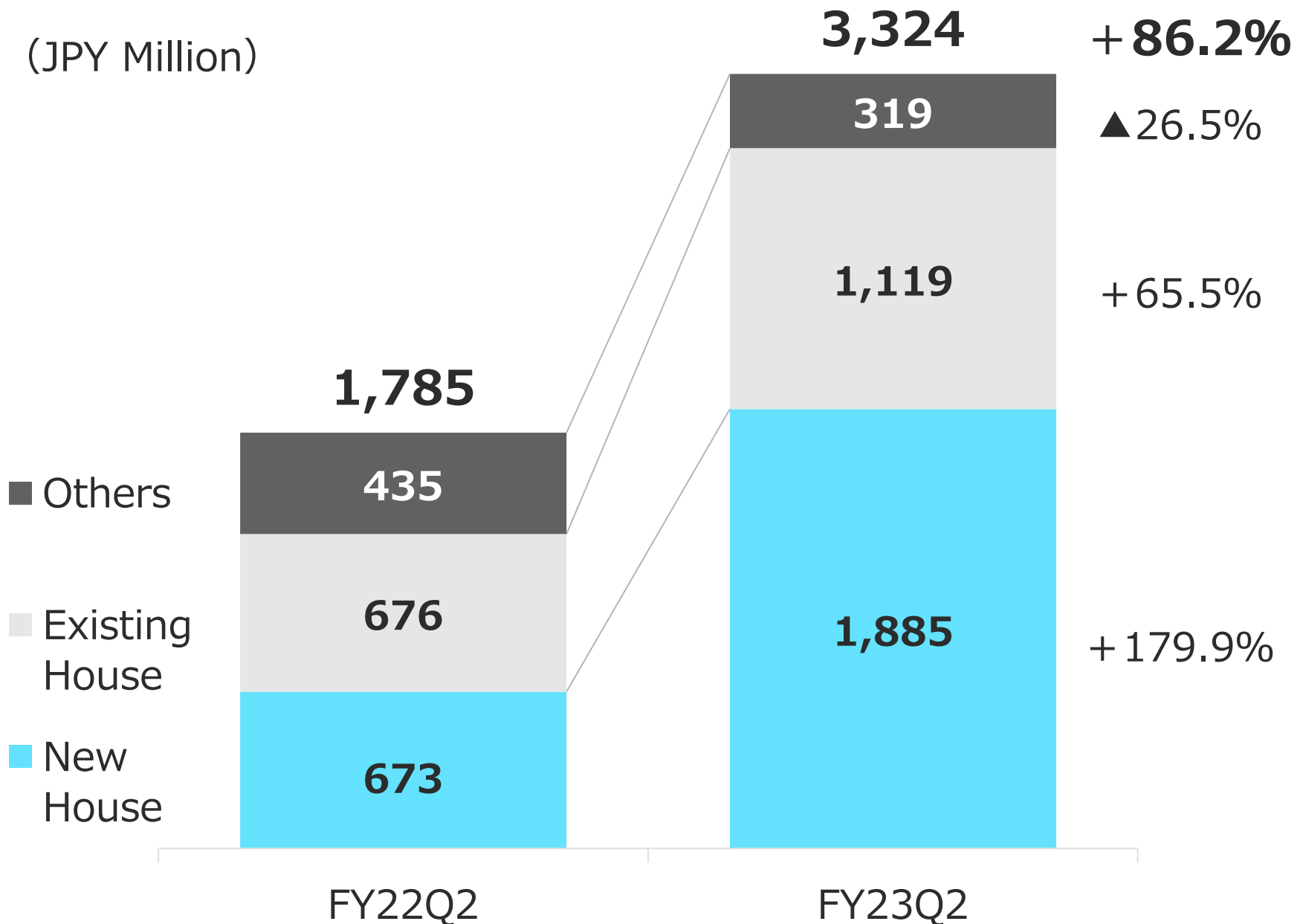
Preparing for operating solar power generation design in China  
(Refer P.16)



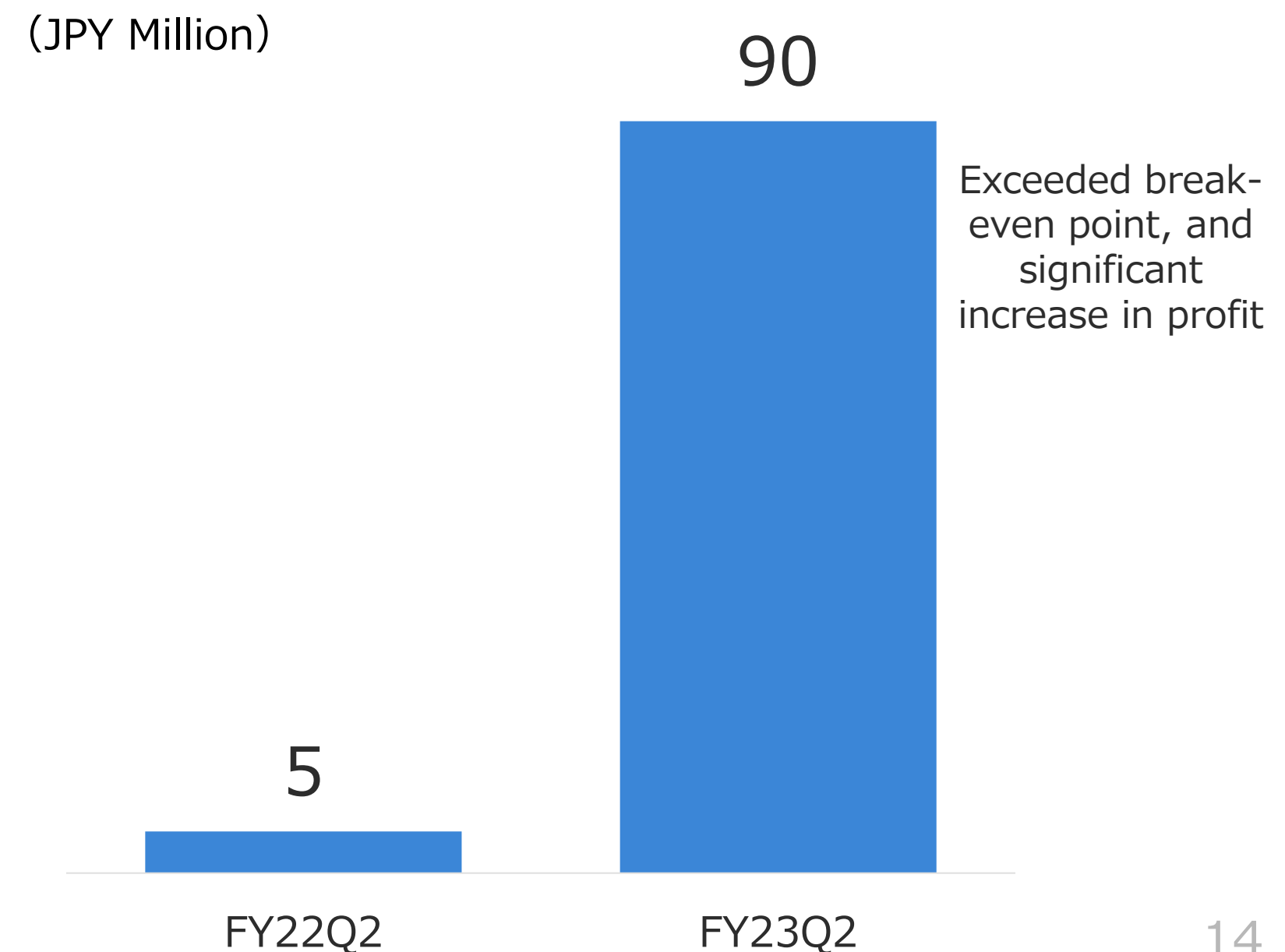
⇒ **Design contract will increase near future and profit will improve in Q4**

By the backing from the Japanese government and local governments for policy support to implement of renewable energy facilities, sales and profits from the installation of renewable energy facilities for both new and existing house have shown significant growth.

### TEPCO HomeTech Net Sales (YoY)



### TEPCO HomeTech Equity in earnings (YoY)



Sales to new housing are showing steady growth due to an increase in the number of companies adopting Enecari by real estate and housing companies.



Decarbonization project with TEPCO as "SUMIFUXENECARI"

すみふ × エネカリ



Adopted for detached houses for sale 75 houses in Yokohama and Kashiwa



Adopted for "Almost new" renovated house project



Adopted for "ZEH" project



2021.9

2021.10

2021.11

2022.1

2022.4

2023.3

2023.4



Adopted for all detached house for sale in Tokyo/Kanagawa area



ファイブイズホーム  
Fiveishome Co.,Ltd.

Adopted on detached house for sale




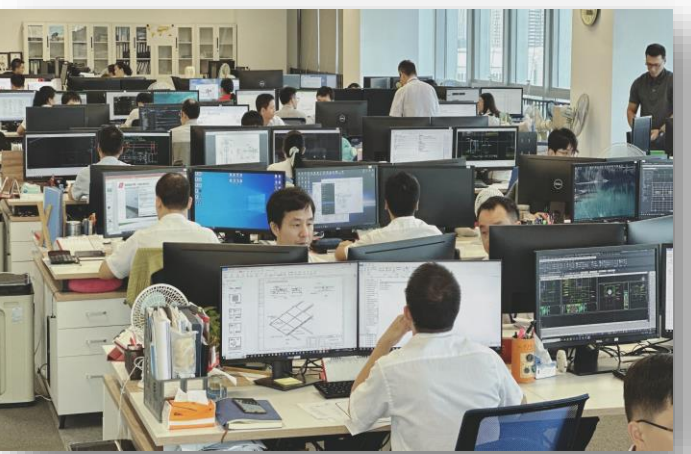
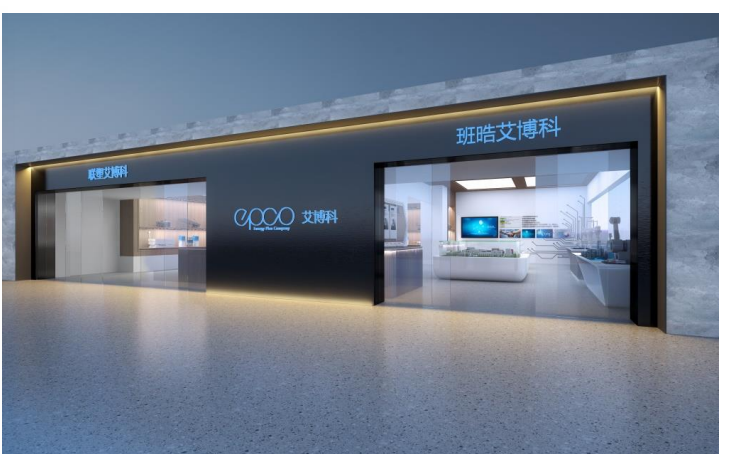


Adopted for "Midorigaoka Bright Garden" estate.



In the first half of the year, we focused on business start-up preparations (design staff training, acquisition of design qualifications, design trials, etc.). In the second half of the year, the joint venture is expected to increase sales and improve profits as the delivery of design for actual projects will start.

## 【Status】

- Training of design staffs in China (Task verification with LESSO)
- Prepare to obtain the qualification of design in China to operate renewable energy design
- Start design trial of actual properties. (Approx. 200 design work contracts)
- Start accepting orders of actual properties. (Mainly overseas case)
- Increase numbers of accepting orders (China domestic and overseas case)

2023	Q1 (Jan-Mar)	Q2 (Apr-Jun)	Q3 (Jul-Sep)	Q4 (Oct-Dec)
	Preparation to obtain the qualification of design in China	Design Operation Trial	EPCO/LESSO Joint Venture Show Room Open	LESSO Solar Power Generation System Installation
	<p>Training design staffs in China</p> 			
				



China Lesso Group is making rapid and huge investment in the start-up of our solar power generation business.

Vigorous sales activities in China and overseas

Apr 2023 PV Distributor Briefing



Mar 2023 Exhibited in Italy

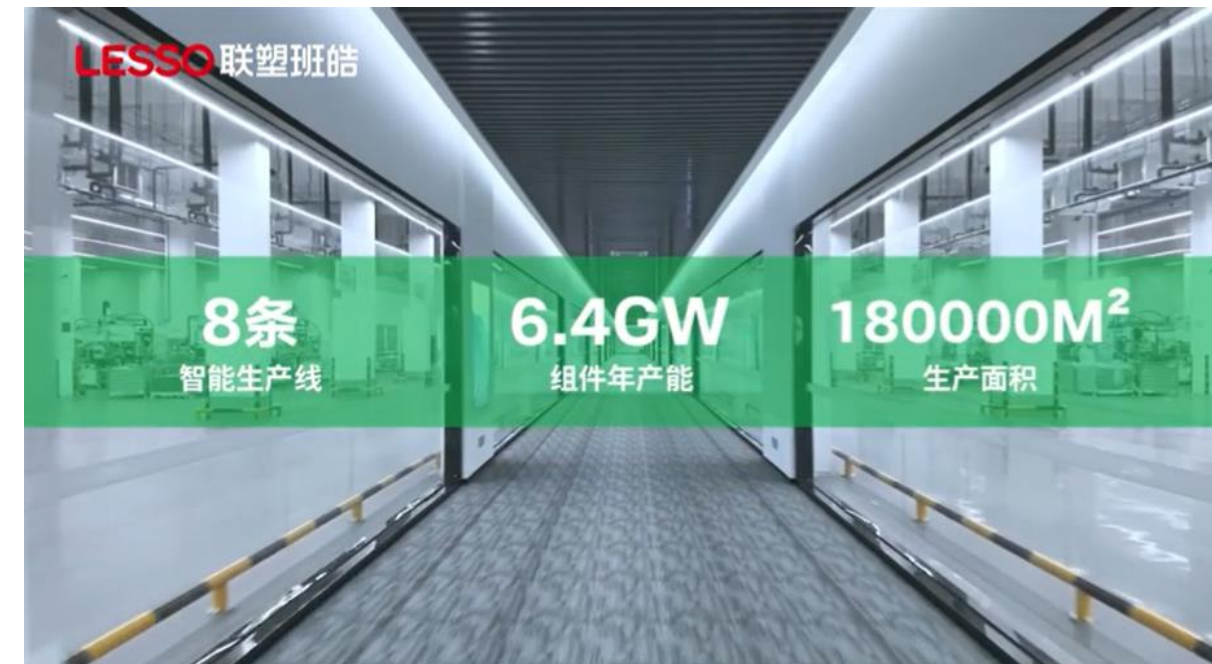


Increase production capacity through factory investment

Mar 2023 Shunde Daliang new factory completed



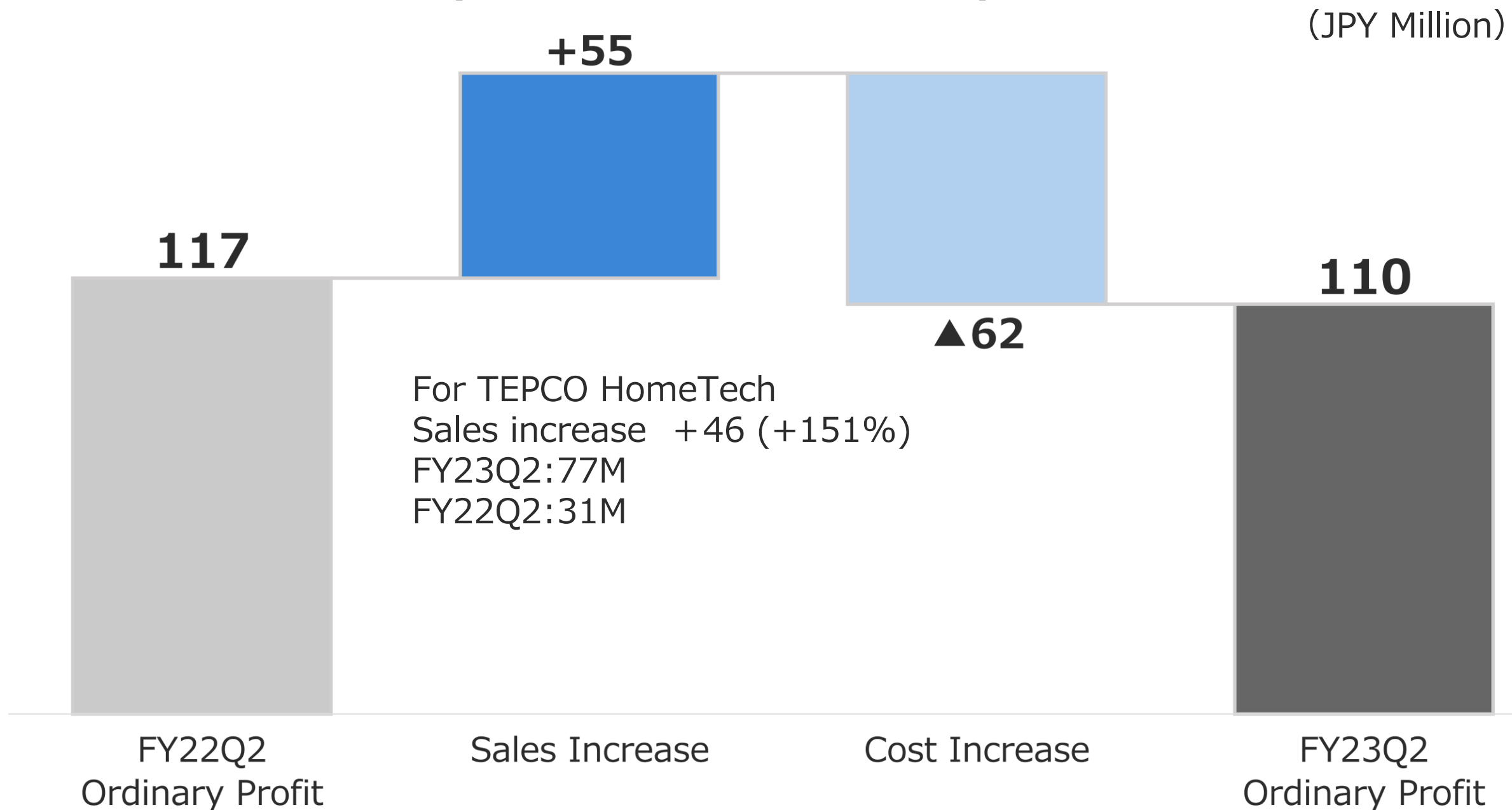
Production capacity will increase to approximately 7 GW per year after the new plant started



Despite an increase in contracts from energy-related companies like TEPCO HomeTech, however, profit decreased due to an upfront increase in personnel for anticipation of contracts increased and business continuity expenses increased.(e.g., for decentralization of business locations)

## Factors of Decrease in Profit

### Maintenance Ordinary Profit Fluctuation Analysis



### Maintenance No. of employee

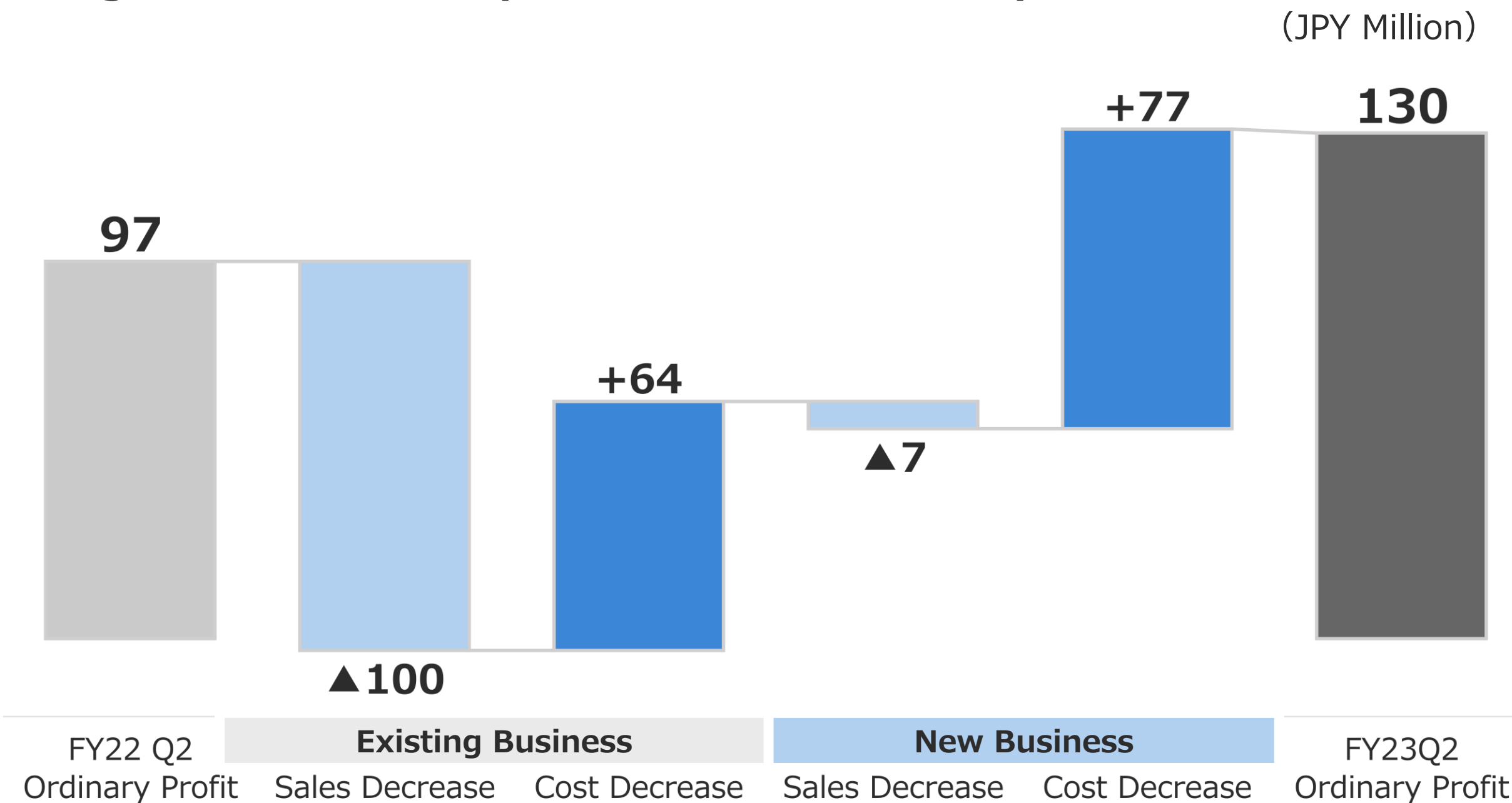
sites	FY22Q2	FY23Q2	YoY
Okinawa	225	237	+12
Tokyo	16	25	+9
Ishikawa	12	17	+5
Total	253	279	+26

\*Increased in new location  
(Tokyo and Ishikawa)



While sales of existing business decreased, secured profit increase by reducing design cost with reforming a joint venture of EPCO SZ. We expect further profit improvement through expansion of new business (BIM-related)

## Design Service Ordinary Profit Fluctuation Analysis



### Factor of increase in Profit and Future Prospects

- **Factors for sales decrease**  
Housing starts (owner-occupied)  
YoY -10.5%
- **Factor of profit increase**  
Reforming joint venture of EPCO SZ  
⇒ Design staff decreased on existing/new business
- **Future Prospects**
  1. Expansion of new business (BIM-related)
  2. Effect of revision of design price will begin to emerge in 2<sup>nd</sup> half of the year  
⇒ **Further profit improvement from Q3**

(Ref) Breakdown of Design Service

	FY23Q2	Existing	New	Total
Net Sales		935	24	959
OP Expenses		774	54	829
Ordinary Profit		160	-30	130

# FY2023 Q2 | (Reference) Consolidated Net Sales Breakdown



(JPY Million)	FY22Q2 Results	FY23Q2 Results	Changes	Ratio
<b>Net Sales (Consolidated)</b>	<b>2,378</b>	<b>2,404</b>	<b>+25</b>	<b>+1.1%</b>
<b>Renewable Energy Solutions</b>	<b>446</b>	<b>525</b>	<b>+78</b>	<b>+17.6%</b>
<b>Maintenance</b>	<b>863</b>	<b>919</b>	<b>+55</b>	<b>+6.4%</b>
<b>Design</b>	<b>1,068</b>	<b>959</b>	<b>-108</b>	<b>-10.2%</b>

# FY2023 Q2 | (Reference) Consolidated Ordinary Profit Breakdown

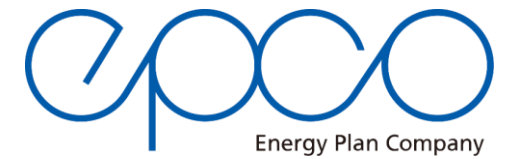


(JPY Million)	FY22Q2 Results	FY23Q2 Results	Changes	Ratio
<b>Ordinary Profit (Consolidated)</b>	<b>84</b>	<b>78</b>	<b>▲5</b>	<b>▲6.9%</b>
<b>Renewable Energy Solutions</b>	<b>35</b>	<b>38</b>	<b>+2</b>	<b>+7.1%</b>
ENE' s	<b>17</b>	<b>8</b>	<b>-8</b>	<b>-48.5%</b>
TEPCO HomeTech	<b>5</b>	<b>90</b>	<b>+84</b>	<b>+1412.1%</b>
LESSO	<b>19</b>	<b>-44</b>	<b>-64</b>	<b>-</b>
MEDX	<b>-7</b>	<b>-16</b>	<b>-9</b>	<b>-</b>
<b>Maintenance</b>	<b>117</b>	<b>110</b>	<b>-7</b>	<b>-6.4%</b>
<b>Design</b>	<b>97</b>	<b>130</b>	<b>+33</b>	<b>+34.2%</b>
<b>Others (Whole company cost /Non-operating profit/loss)</b>	<b>-166</b>	<b>-200</b>	<b>-34</b>	<b>-</b>

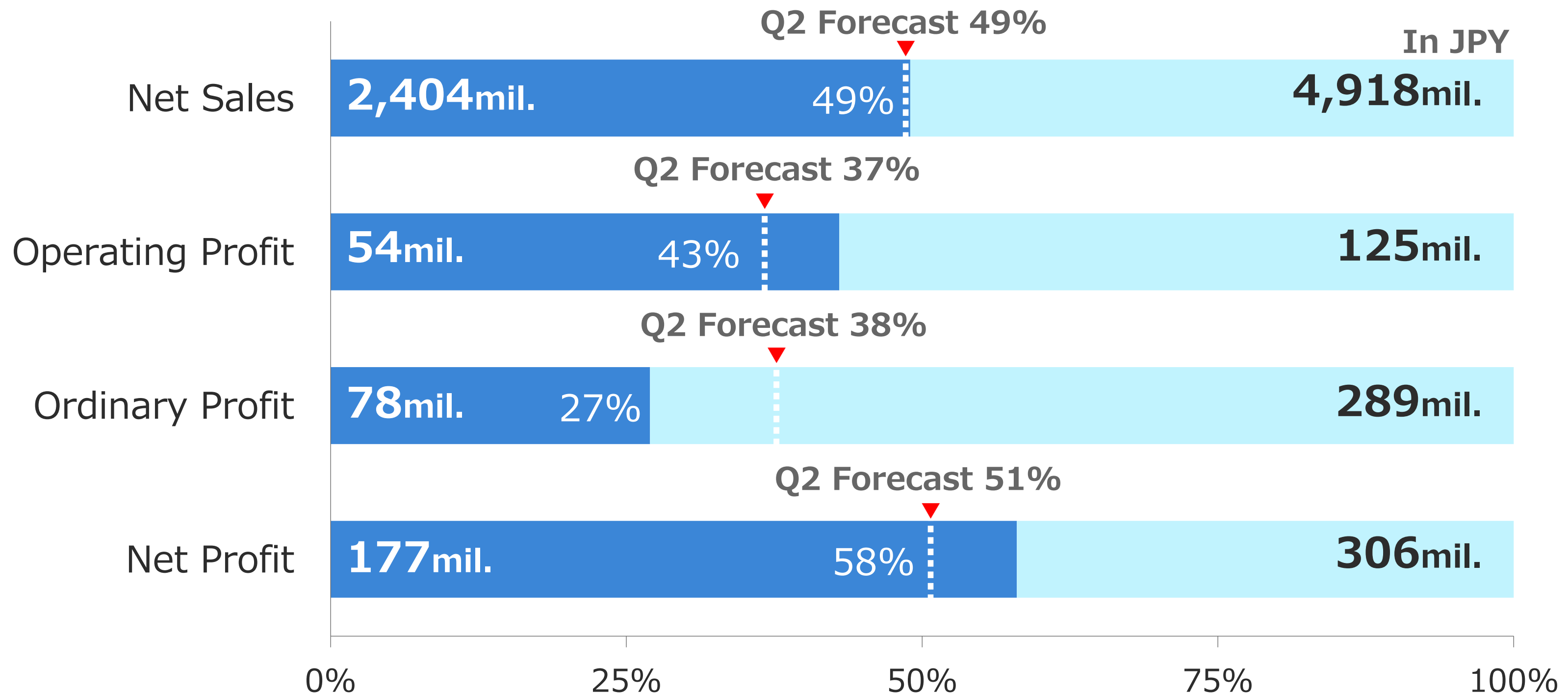
Both operating and ordinary profit are expected to increase, as the renewable energy service and design service will lead the performance.

(JPY Million)	FY22 Results	FY23 Forecast	Changes	Ratio
Net Sales	<b>4,818</b>	<b>4,918</b>	<b>+99</b>	<b>+2.1%</b>
Operating Profit	<b>65</b>	<b>125</b>	<b>+59</b>	<b>+91.1%</b>
Ordinary Profit	<b>216</b>	<b>289</b>	<b>+72</b>	<b>+33.4%</b>
Net Profit	<b>359</b>	<b>306</b>	<b>-52</b>	<b>-14.8%</b>

# FY2023 Full-year | Progress toward full-year forecast



The main reason of ordinary income fell short of Q2 forecast is timing difference of adding up sales from overseas business in renewable energy business. This difference will be managed in the second half of the year, and we view that the forecast will be achieved.



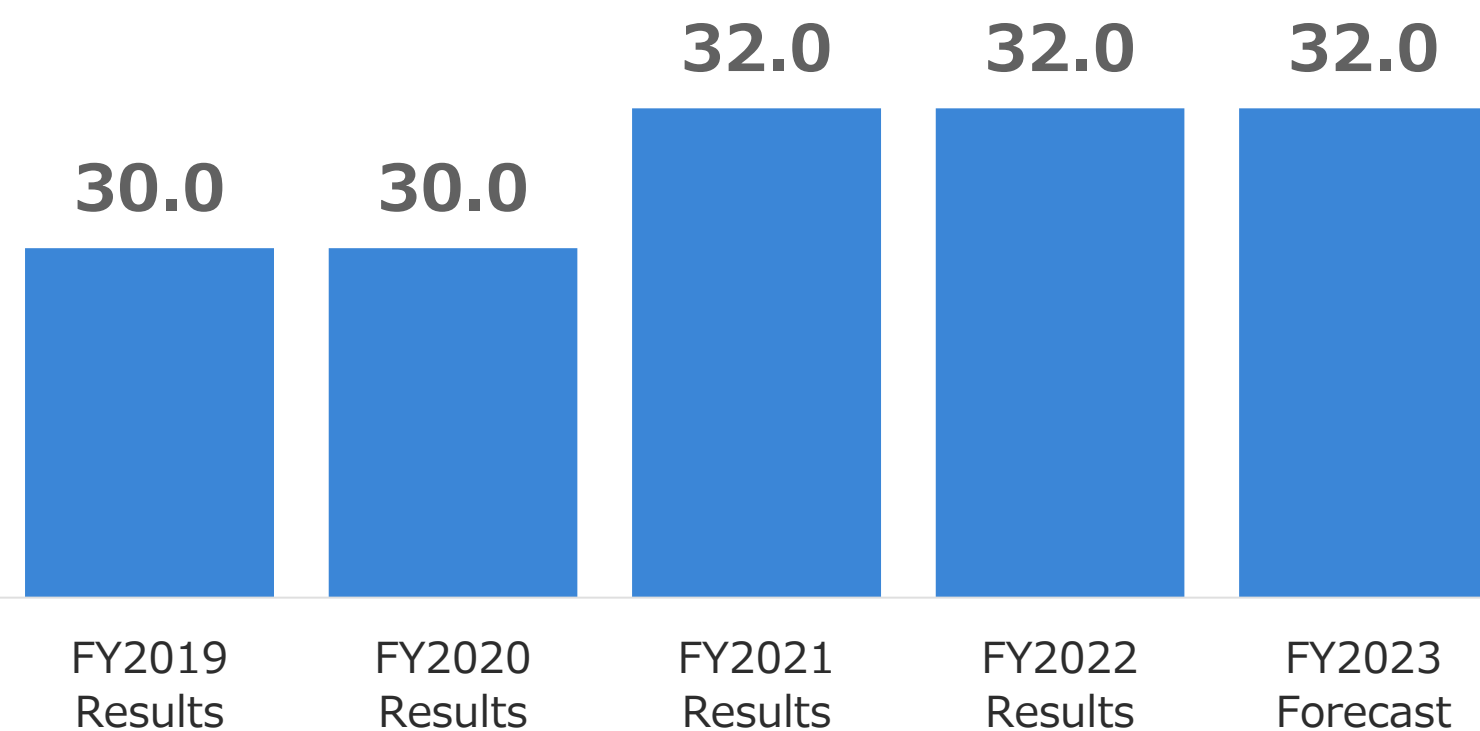
**Dividend Policy** : To provide **a stable** return of profits to shareholders, **with a target consolidated dividend payout ratio of 50% and a dividend on equity (DOE) ratio of 8%.**

FY2023, expected dividend per share is **JPY32** (End of Q2 @JPY14, end of FY @JPY18)

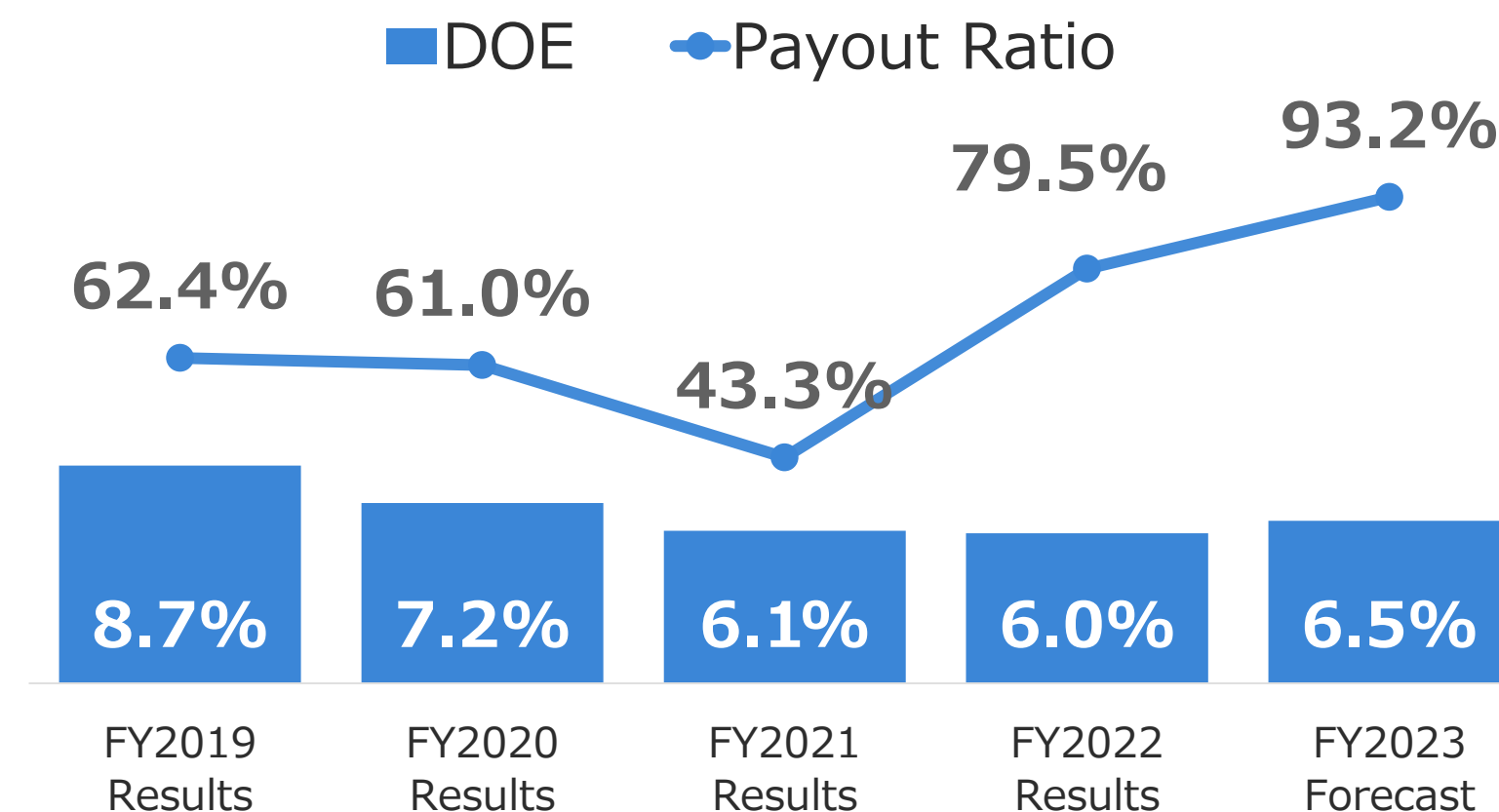
Dividend Yield **4.2%** (Calculate with the price JPY760/share as of Jul. 31, 2023)

**【Dividend】**

(JPY)



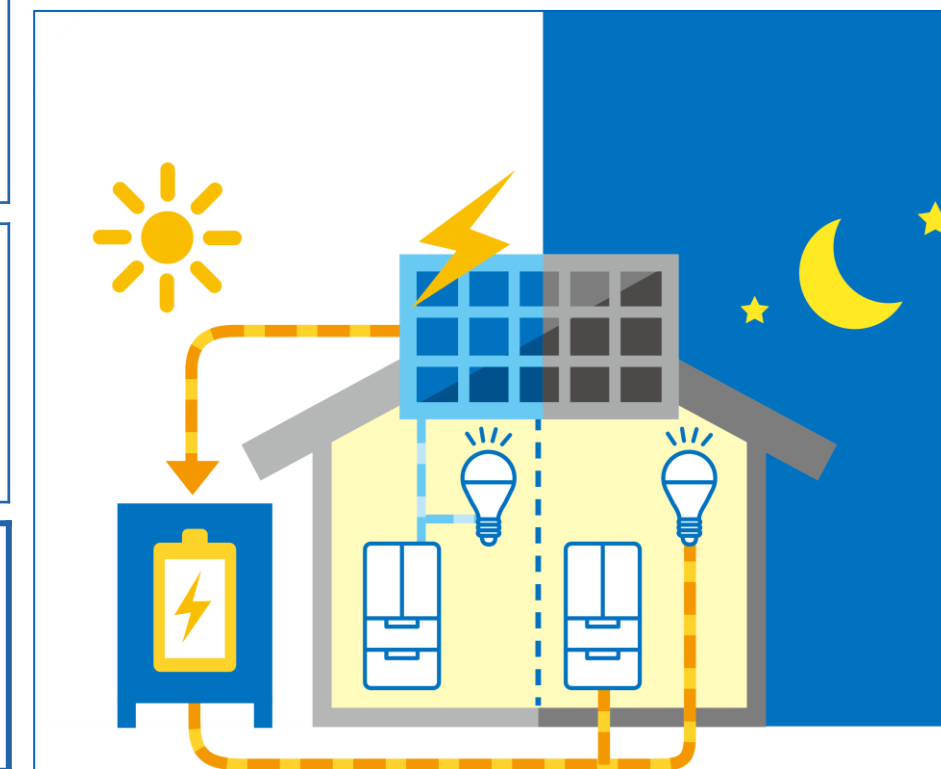
**【 Dividend on Equity Ratio (DOE)】**





In response to an increase in number of applicants for the lottery, the number of winners has been increased from three to five for the first half year.

<p><b>Details of Benefit Plan</b></p>	<ul style="list-style-type: none"> <li>➤ Free installation of solar power generation system or storage battery (equivalent to JPY 1 mil.)</li> <li>➤ The lottery is two times a year.(End of June and End of December for eligible shareholders)</li> <li>➤ The probability of winning increases proportionally with the number of shares held (Up to 1,000 shares, max 10 units)</li> </ul>
<p><b>Eligible Shareholder for the drawing</b></p>	<ol 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 June 2023</b>(1<sup>st</sup> half).</li> <li>2.Shareholder who <b>have completed the procedures to apply</b> the lottery.</li> </ol>
<p><b>Condition</b></p>	<ul style="list-style-type: none"> <li>➤ Winner can pick <b>any place</b> for installation of solar panel (For family or friends is ok)</li> <li>➤ <b>Detached house in Japan</b></li> </ul>



**The first half year : 5 winners      Drawing Date : Aug. 28, 2023 Mon**  
 It will be drawn at FY2023 Q2 Management Plan Briefing

\* Please refer our website for more details <https://www.epco.co.jp/ir/yutai.html>

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# Application for Selection to the Standard Market at Tokyo Stock Exchange



**The Company applied for selection to the Standard Market at Tokyo Stock Exchange on Aug. 9, 2023. As a result, the company will transition from the Prime Market to the Standard Market as of October 20, 2023.**

( As shown in the table below, all the listing maintenance criteria standards in the Standard Market have been met.)

Entry	Record (* 1)	Prime		Standard	
		Criteria	Pass	Criteria	Pass
Shareholders	5,853 person	800	○	400	○
No. of shares	46,973 unit	20,000	○	2,000	○
Total market value of tradable shares	JPY 3.2bil.	JPY 10bil.	×	JPY 1bil.	○
Average trading value	JPY 23mil./day	JPY 20mil./day	○	—	—
	(*2) 5,241unit/mo	—	—	10unit/mo	○
Tradable share ratio	50.4%	35%	○	25%	○

## 【Reasons for choosing the Standard Market】

- ◆ Advantage for investors  
Secure an environment for trading / holding the shares without any concern
- ◆ Advantage for the Company  
Concentrate management resources to enhance corporate value by realizing capital cost management (Refer P.28)

(※ 1) End of Dec. 2022

(※ 2) Average from Jan. 2023 to Jun. 2023

**However, we believe that our mission is remain same even we change the market. We will strive to achieve our medium-term management plan as originally planned, so that we can meet the criteria for initial listing on the Prime Market in the future, and we keep sustainable growth and enhancing our corporate value.**

# Status of Capital Cost Management Implementation

## Background (TSE Recognition of issues)

About half of the companies listed on the Prime Market and 60% of the companies listed on the Standard Market have a ROE of less than 8% and a P/B ratio of less than 1.  
 ⇒ **TSE requests action to achieve cost of capital and stock price conscious management**  
 (on end of Mar. 2023) (For listed companies on the Prime and the Standard Market)

## Current Situation of the Company

**Average ROE of 11.4% and P/B ratio of 1.4-4.1 in the last 5 years**  
 ⇒ However, ROE and P/B ratio declined in the most recent fiscal year due to lower profitability results from a review of the business portfolio.

## Countermeasure of the Company

Strategy	Initiatives
<b>Business Portfolio Review to Improvement of Capital Profitability</b>	【Business】 Expansion of renewable energy solutions with group management 【Business】 Improvement of services in design and maintenance business (BIM, CRM) 【Capital】 Promote balance sheet management with awareness of capital cost and capital income
<b>Establish an aggressive governance structure</b>	<ul style="list-style-type: none"> <li>■ Stimulation of the board deliberation, and appointment of outside directors with management experience</li> <li>■ Establishment of Nominating and Compensation Committee and introduction of incentive plan</li> </ul>
<b>Constructive dialogue with shareholders</b>	<ul style="list-style-type: none"> <li>■ Lead by representative director CFO, management members to involve in investor relations positively.</li> <li>■ Regular feedback of shareholder opinions and concerns to the Board of Directors</li> </ul>

\* For details, please refer press release on Aug 9, 2023 "Notice Concerning Measures to Achieve Management Conscious of Cost of Capital and Stock Price".

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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.

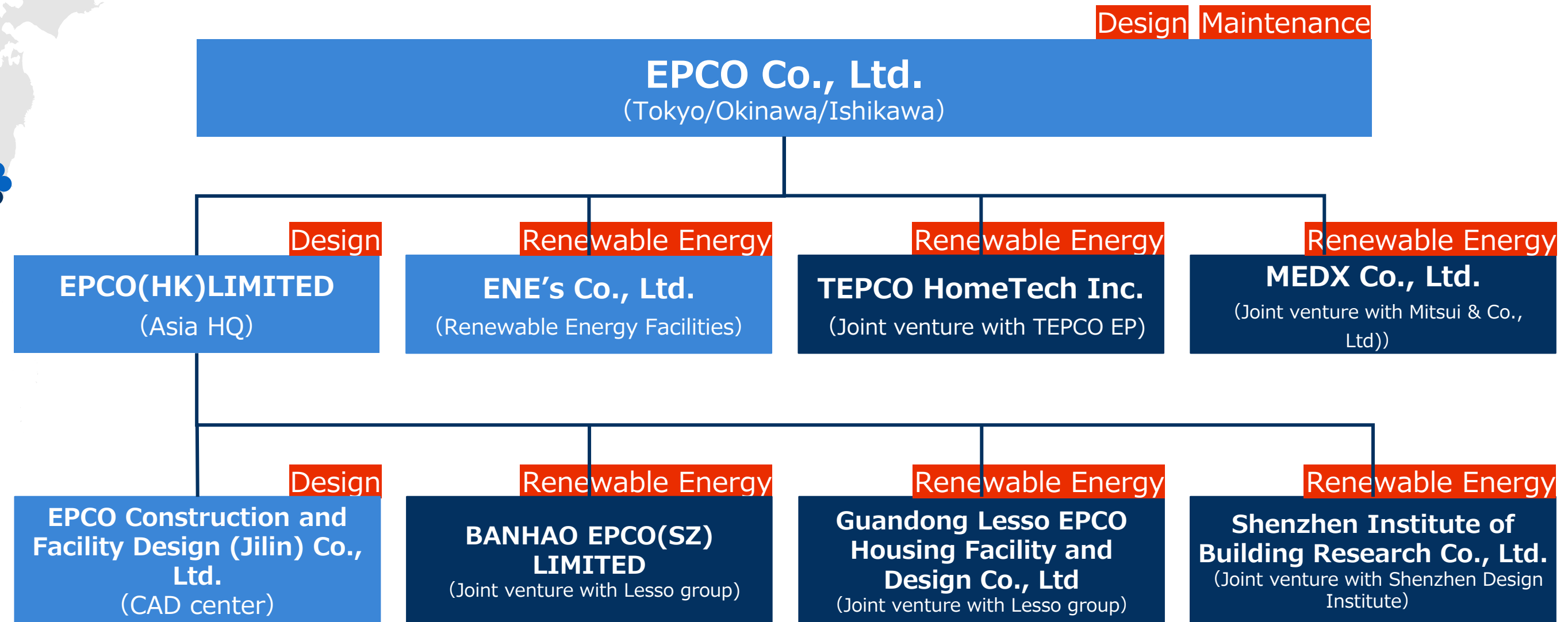
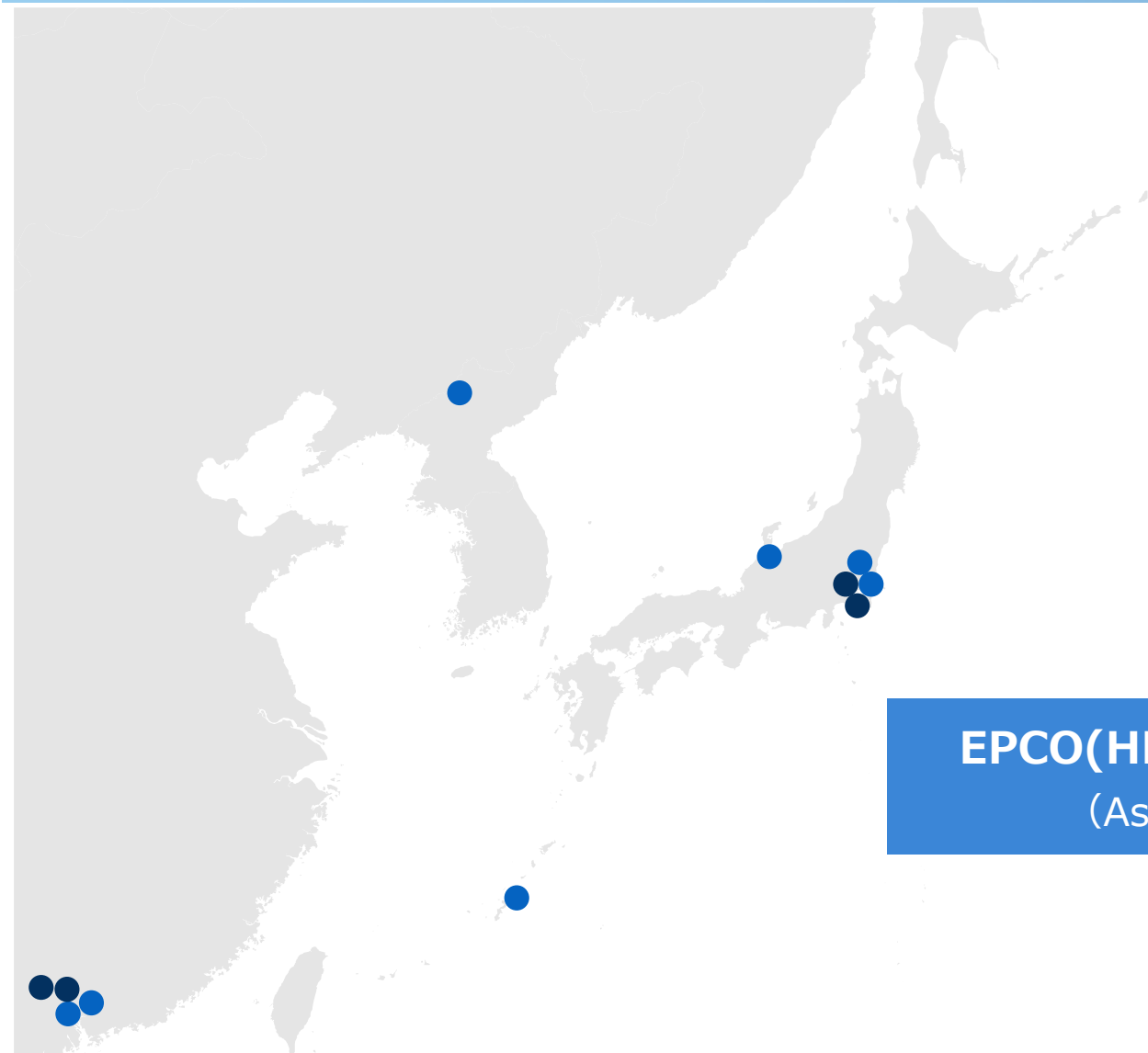
We aim to be infrastructure company to support the homes and lifestyles of people around the world.



Representative Director  
Group CEO

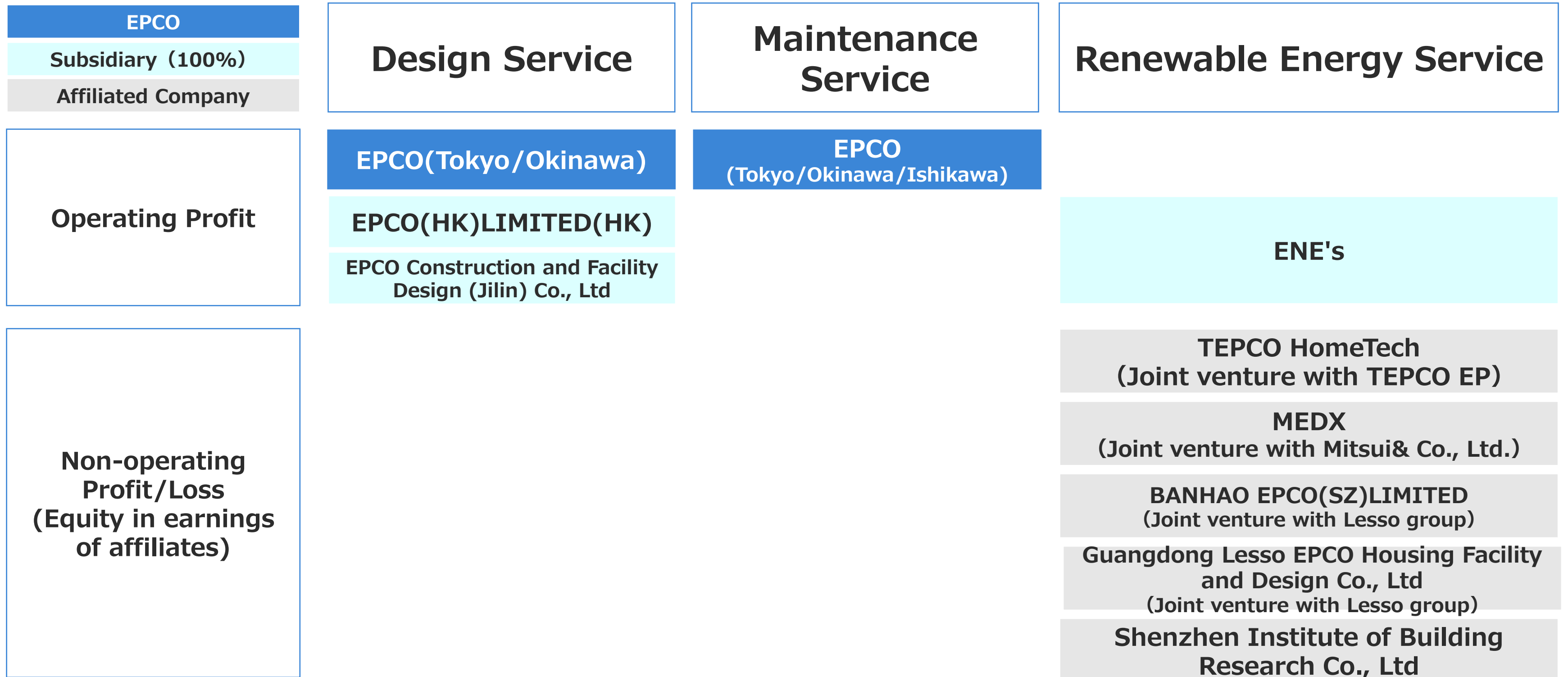
岩崎 辰之

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	541 (Consolidated total 853) Including temporary employees and dispatched workers *As of Dec. 31, 2022	
Directors	Representative Director and Group CEO Representative Director and CFO Director Outside Director (Audit & Supervisory Committee) Outside Director (Audit & Supervisory Committee) Outside Director (Audit & Supervisory Committee)	Yoshiyuki Iwasaki Shinichiro Yoshihara Tohru Miyano Masashi Watanabe Takuo Akino Tadashi Tamura
Executive Officer	In charge of Business Development In charge of Design Services and Information Systems In charge of Maintenance Service In charge of Group Management	Kim Jungheon Yang Chao Takatsugu Urayama Tomohisa Hirakawa



Subsidiary      Affiliated

## Group structure with active use of joint ventures (group management)





## Challenge to Evolution

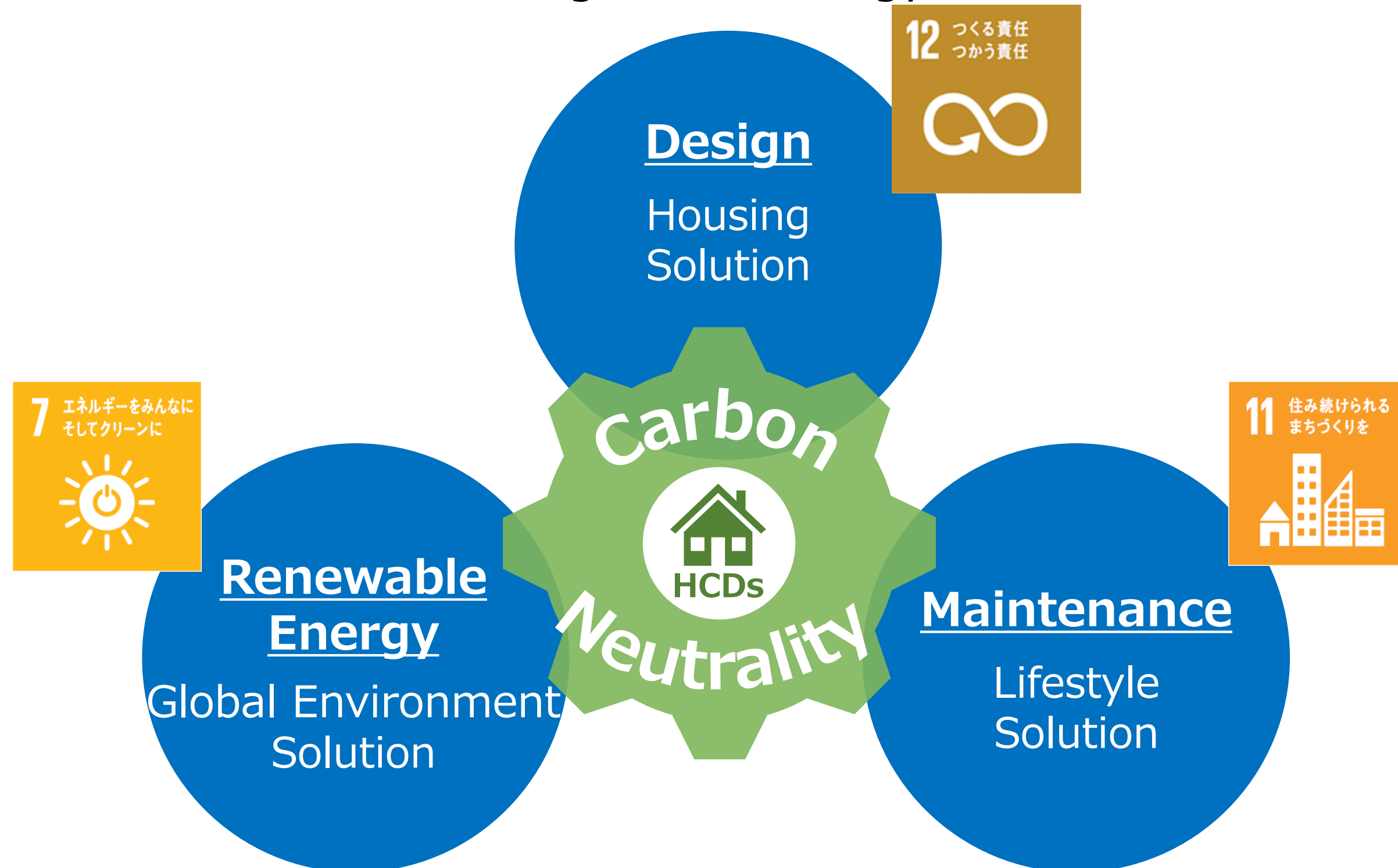
### Carbon Neutral × DX Strategy

- 2023 ● Established BANHAO EPCO (SZ)LIMITED
- 2022 ● Opened Kanazawa Operation center
- Established MEDX Co., Ltd.
- 2020 ● Acquired in System Engineering Co., Ltd. (Current ENE's Co., Ltd.) and made it as 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 ● Established TEPCO HomeTech Inc.
- 2016 ● Established EPCO Construction and Facility Design (Jilin) Co., Ltd.
- 2014 ● Relocated Tokyo Office
- 2011 ● Established EPCO (HK) LIMITED
- Established Guandong Lesso EPCO Housing Facility and Design Co., Ltd.
- 2005 ● Opened Okinawa office
- 2004 ● Established a subsidialy EPCO Construction and Facility Design (Shenzhen) Co., Ltd.
- 2002 ● Relocated head office to Adachi-ku, Tokyo
- Listed on JASDAQ
- 1992 ● Reorganized into EPCO Co., Ltd.
- 1990 ● Established EPCO Limited Company

**HCDs** HOUSING  
CARBON NEUTRALITY  
DIGITAL SOLUTIONS

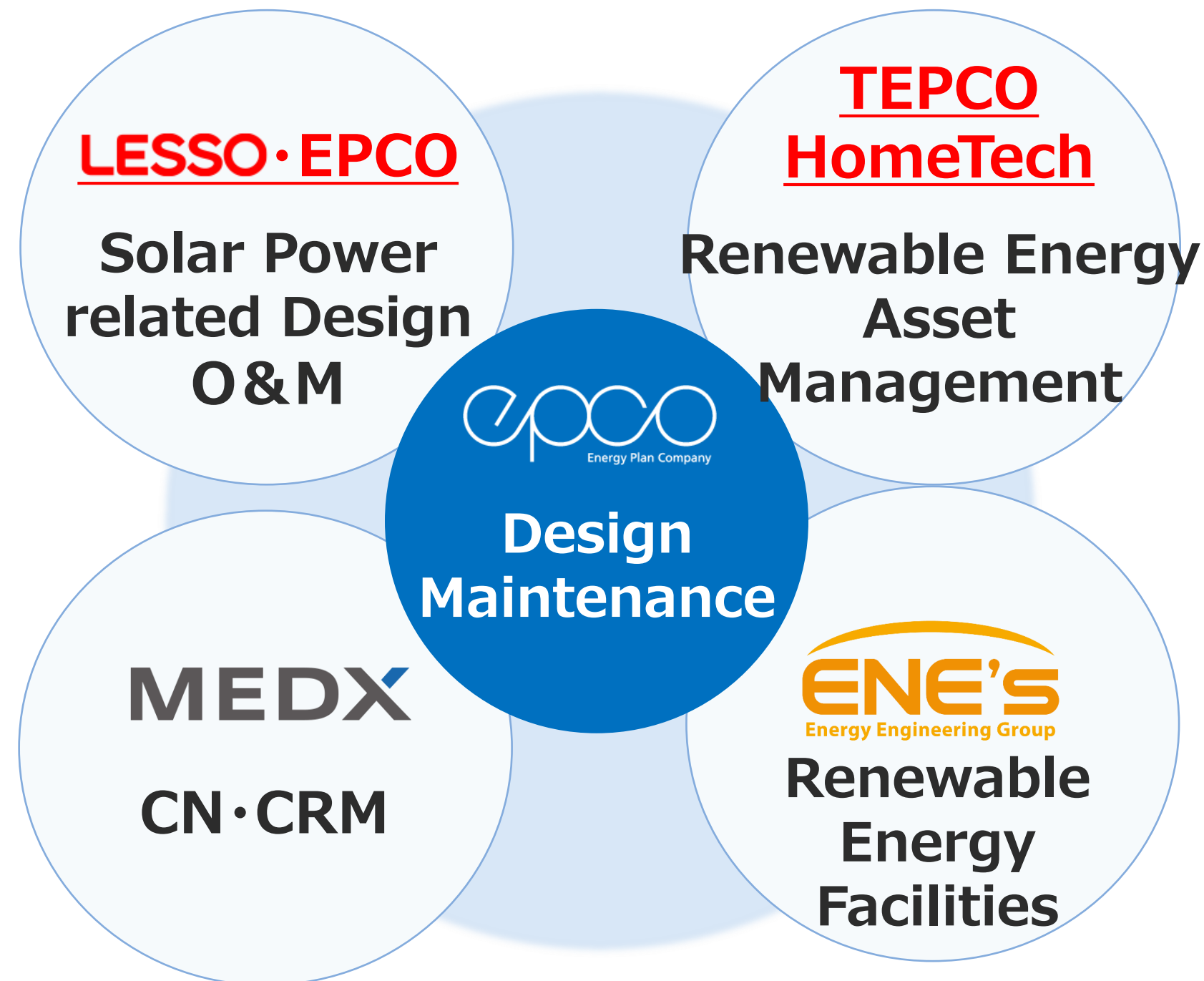
## HCDs : Housing Carbon Neutrality Digital Solutions

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

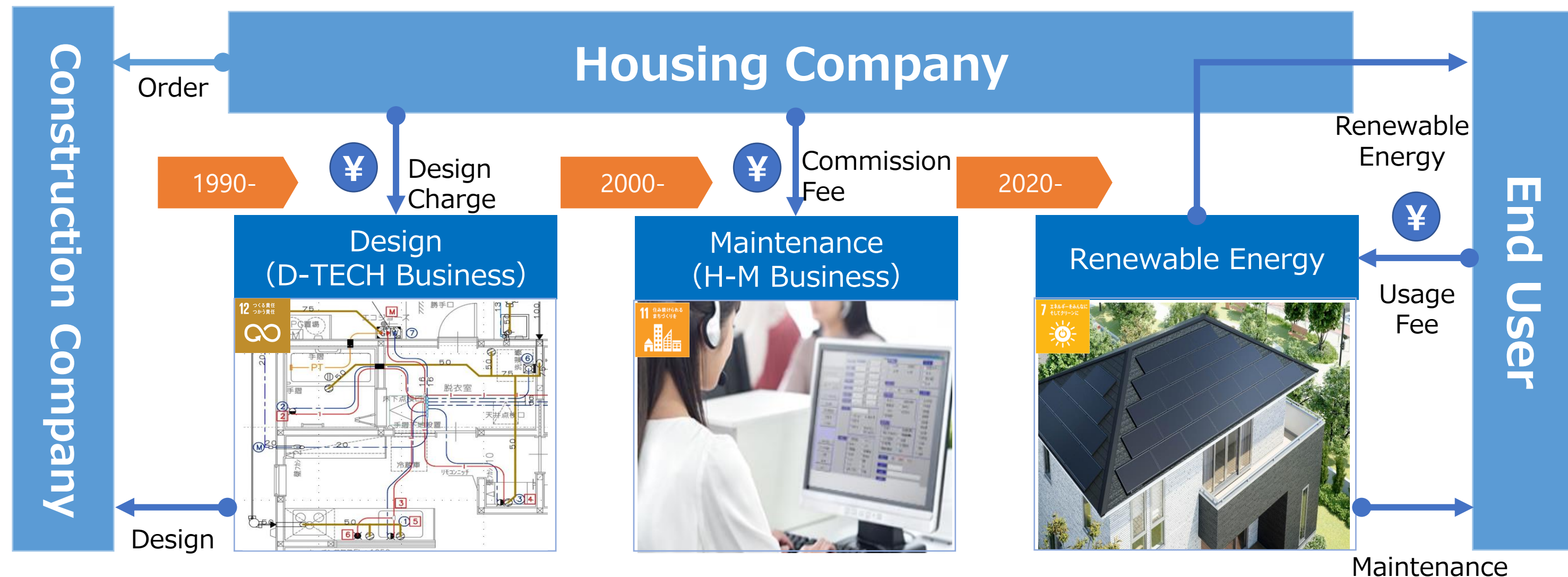


## Group Management

EPCO collaborate with group companies and aim for business growth by providing value to group companies

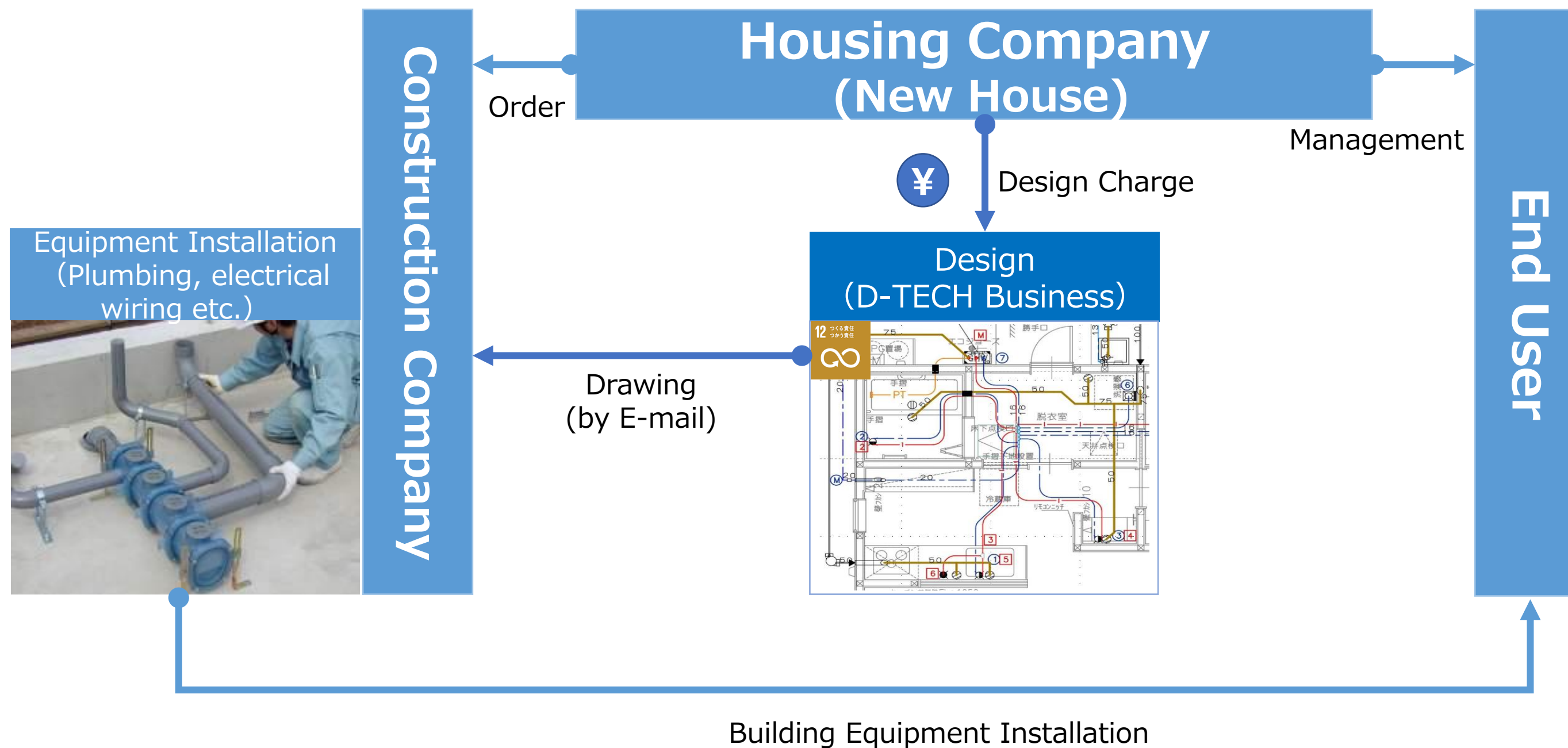


- Three core business to support housing lifeline (Design, Maintenance, Renewable energy) are stable revenue base

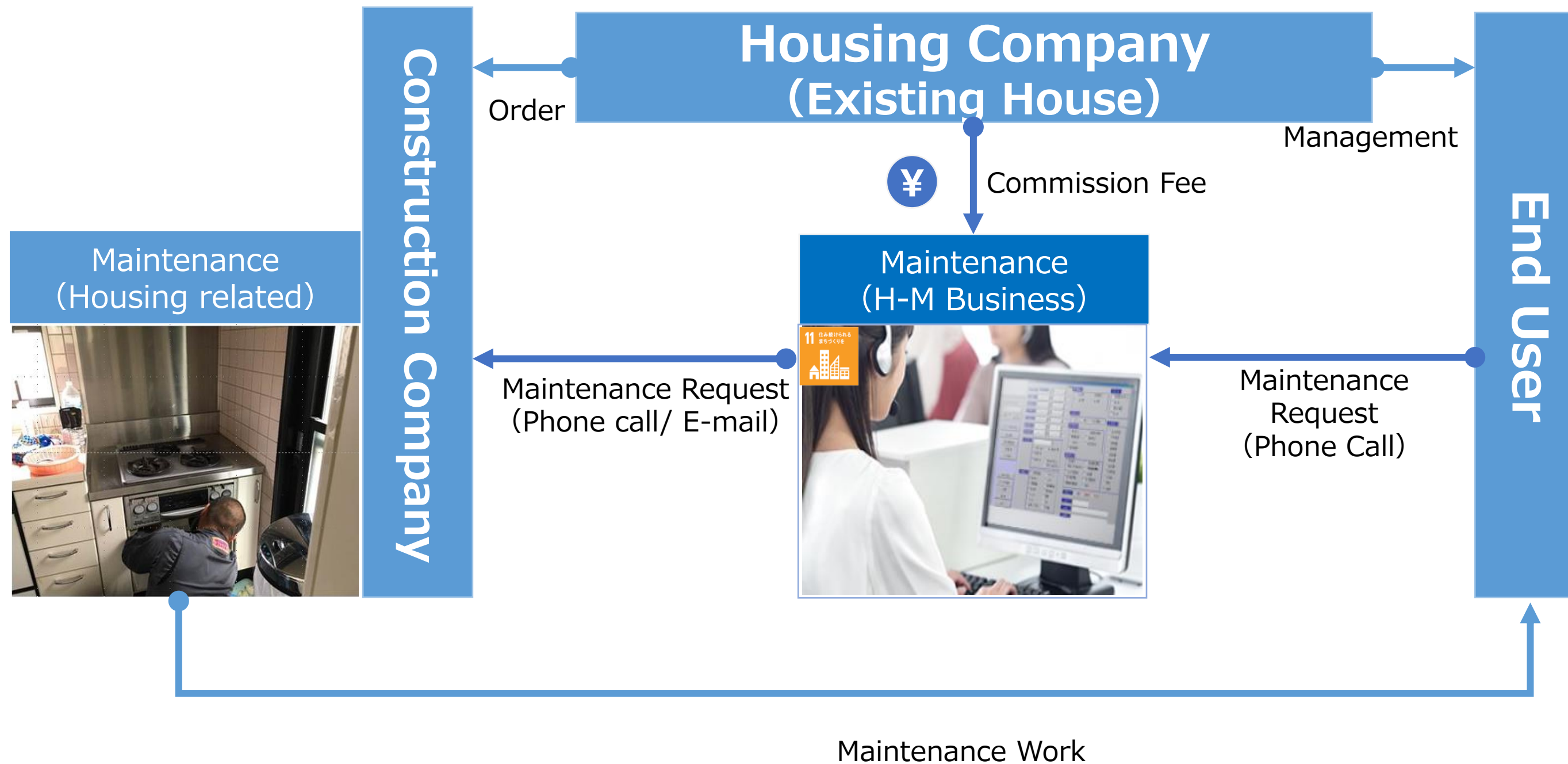


# Core Business of EPCO Group | Design

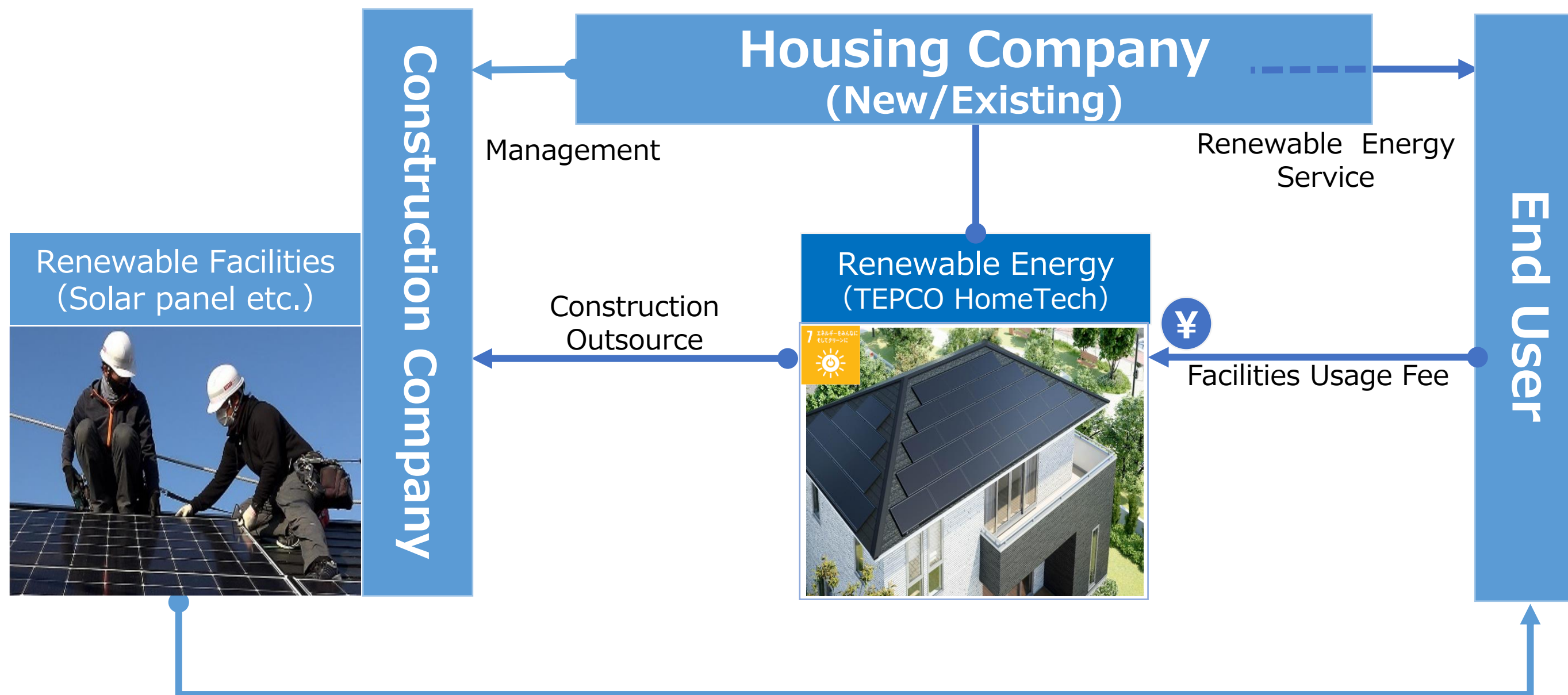
- One of the largest design organization to support the supply chain of housing company. (Total 460 designer in Japan and China)
- Design performance is approx. 100,000 unit/year in residential field. (Market share of new low-rise residence is 14%)



- 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 renewable energy facilities (Flat-rate usage with zero initial cost) has been adopted and increased in major housing companies



Renewable Energy Facilities Installation

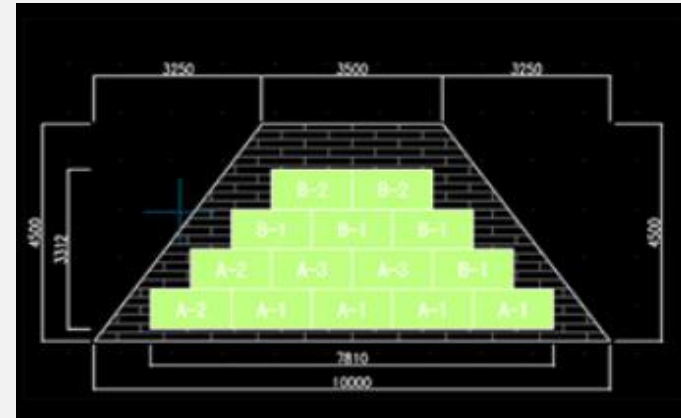
EPCO group is focusing on business growth of "Renewable Energy Solutions" with partners.

## Renewable Energy Solutions (Solar Power·Storage Battery·EV)

【Manufacturing】▶



【Design】▶



【Installation】▶



【Maintenance】▶



Japan

Various  
Manufacturers



東京電力グループ  
TEPCOホームテック株式会社



China

LESSO 联塑

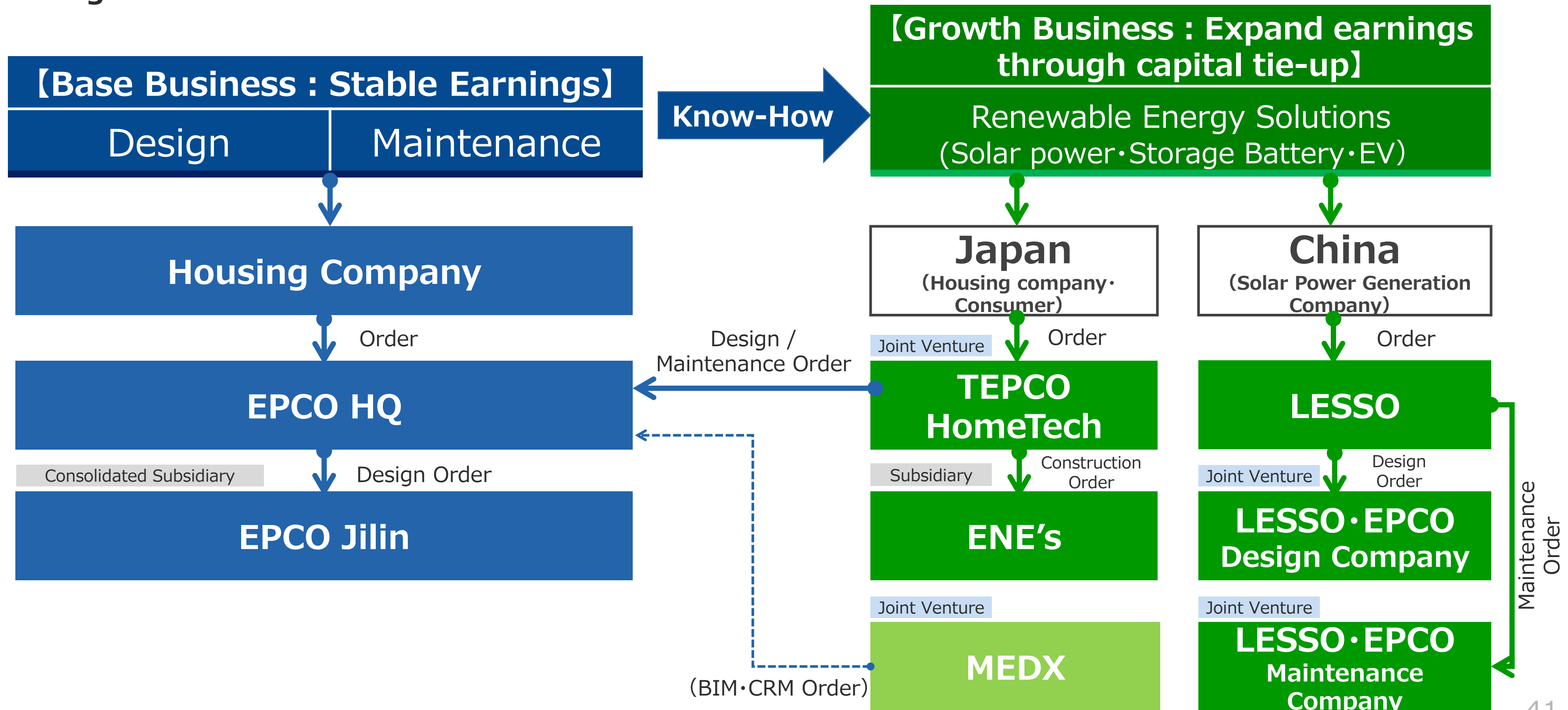


LESSO 联塑





The company aim to maximize earnings by focusing on growth businesses while keep stable earnings from base businesses.

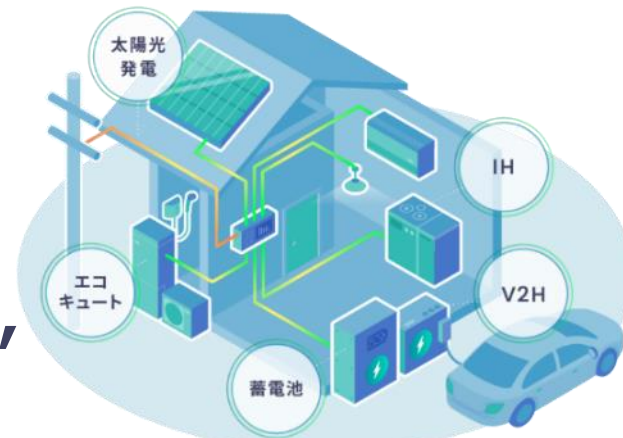


**TEPCO HomeTech aim to be a “Comprehensive Equipment Company”,  
as essential for carbon neutrality in the household**

**TEPCO**

東京電力エナジーパートナー

Provide Name-value, Human Resources,  
Electricity Know-How  
Conversion to electric power  
asset business



Housing all over Japan  
(New・Existing)



Renewable Energy Asset Service

Energy Plan Company

Provide know-how of  
Resources (manpower, goods  
capital, and clients)  
THT and EPCO form energy  
community with a common destiny

**TEPCO HomeTech**

**TEPCO**

東京電力エナジーパートナー

Energy Plan Company

Value Trade

Finance

Capital

marketing

Procurement

Paperwork

Design

O&M

ENE'S  
Energy Engineering Group  
Construction

M&A  
[Construction]

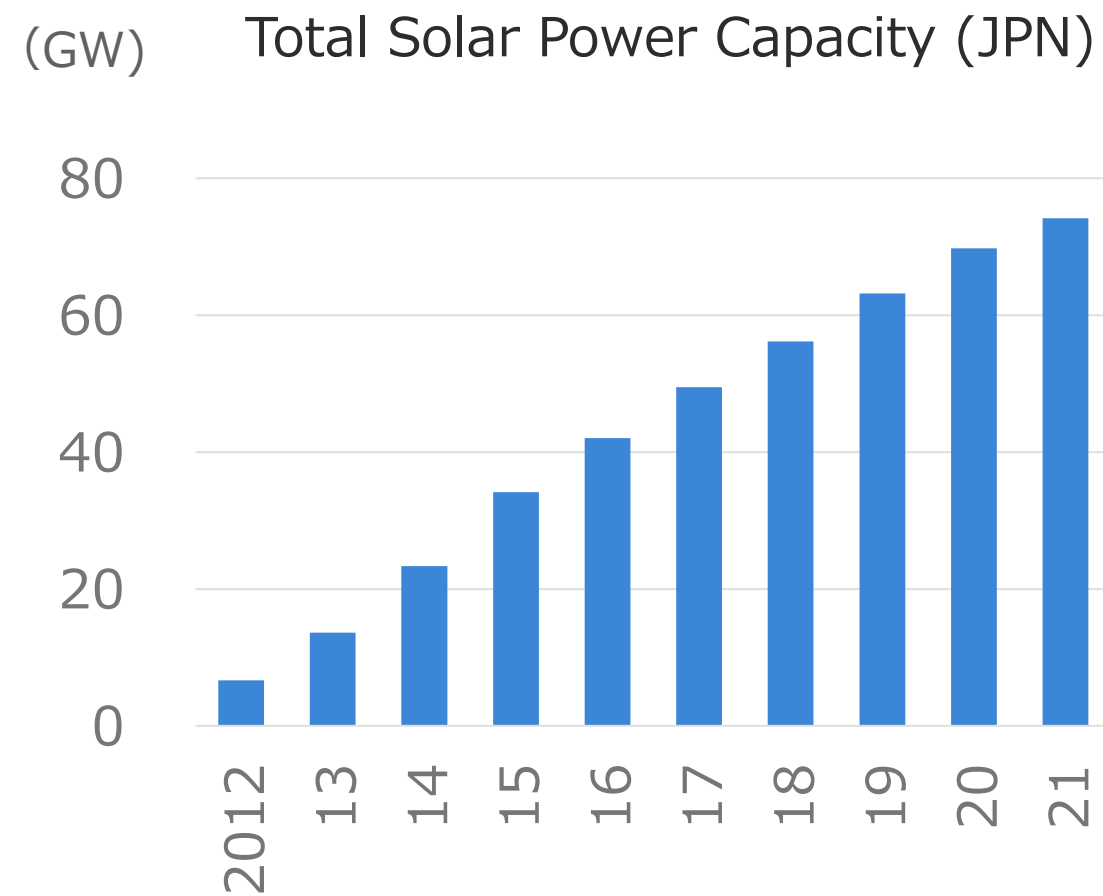
Capital

Utilize know-how from results of Design 100k case/yr, Maintenance 1.6mil. case/yr

## The main business area of renewable energy solutions is expected to continue to grow

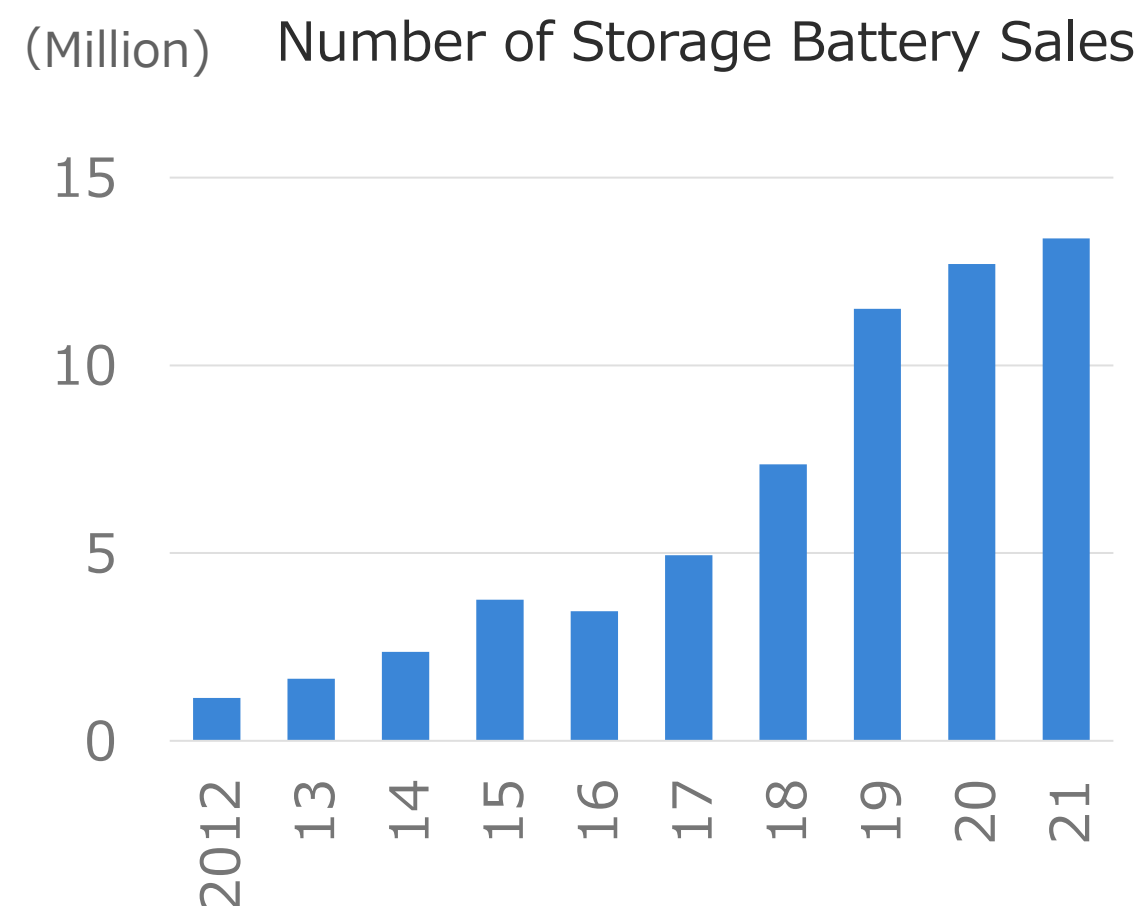
Contract of renewable energy asset management service (Enecari) by TEPCO HomeTech is increasing. Expecting to grow further by spreading solar power generation, storage batteries and EV.

### Solar Power Generation



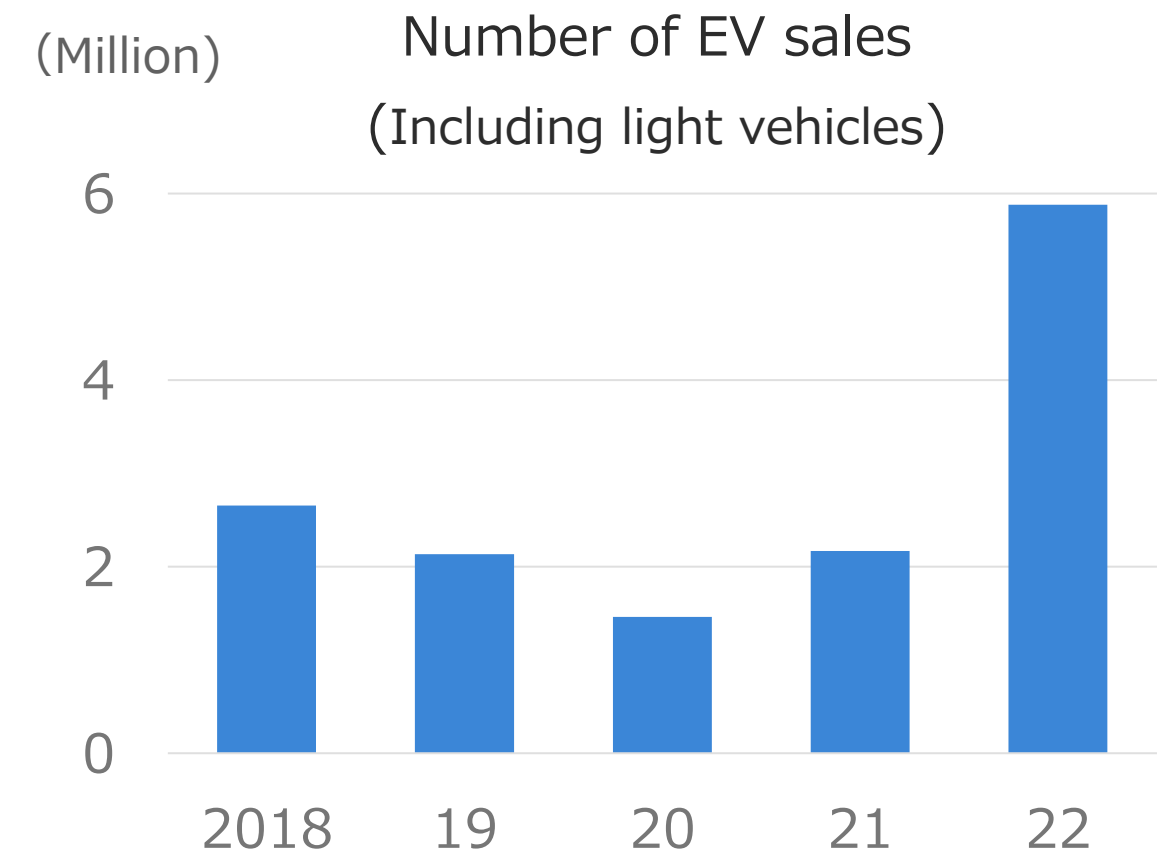
The Source : IRENA "RENEWABLE CAPACITY STATISTICS 2022"

### Storage Batteries



The Source : JEMA "Voluntary statistics on lithium-ion energy storage systems for stationary use"

### EV



The Source : Own data statistics by JADA, Zenkeijikyo data

# LESSO & EPCO develop solar power generation market in China

## LESSO 联塑

Provide name value, manufacturing technology, sales network  
Renewable energy business will be 2<sup>nd</sup> core business



Provide design and maintenance system  
To form energy community with a common destiny in China renewable business

For solar power plants  
One-stop service

## LESSO · EPCO Joint Venture\*

### LESSO 联塑

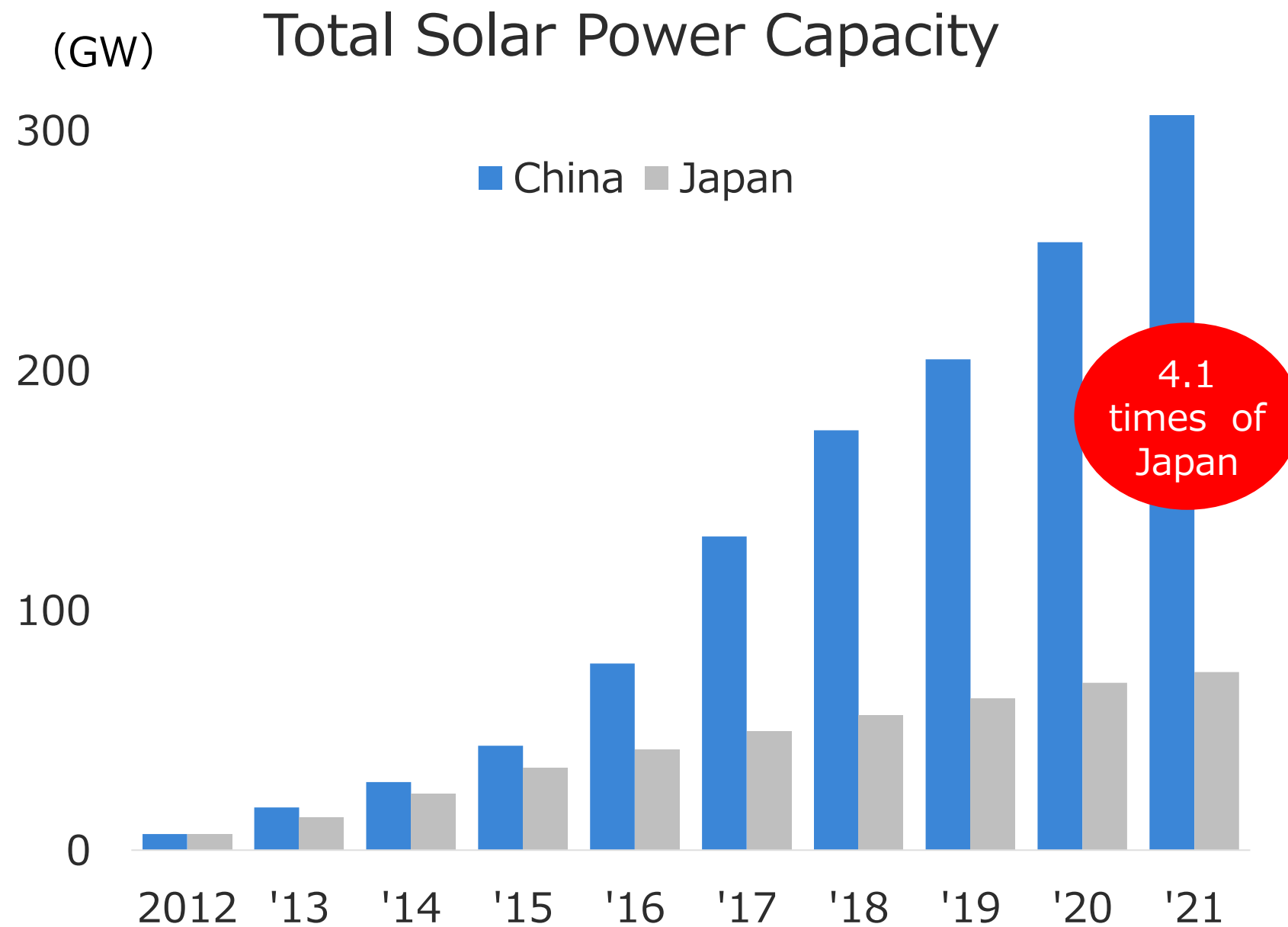
- Product Development
- Sales
- Panel
- Logistics
- Construction

- IT Development
- Design
- Integration
- Confirmation
- Monitoring
- Maintenance

Utilize the know-how of solar system development and design

\* New company name is BANHAO EPCO (SZ)LIMITED : LESSO50%、EPCO50%

# Planning to develop business in solar power generation market in China which is the largest in the world



The Source : IRENA 「RENEWABLE CAPACITY STATISTICS 2022」

## China is the world's largest to install solar power generation equipment

China has the world's largest cumulative capacity of solar power generation facilities(308.5GW)  
It's 1/3 of total solar power generation capacity of the world  
(Ref. : IEA「Snapshot 2022」)

## Plans to further promote solar power generation facilities as a national policy

National Goal Based on "3060 Goal", plan to promote more expansion of solar power generation  
Solar power generation capacity in 2025 : 150GW/yr (Estimate)  
(3times more than 2020)

## LESSO entered full-scale into solar power generation market

Jan 2022 LESSO group established subsidiary company for solar power generation business  
Solar panel production capacity will be 7GW/yr in 2023

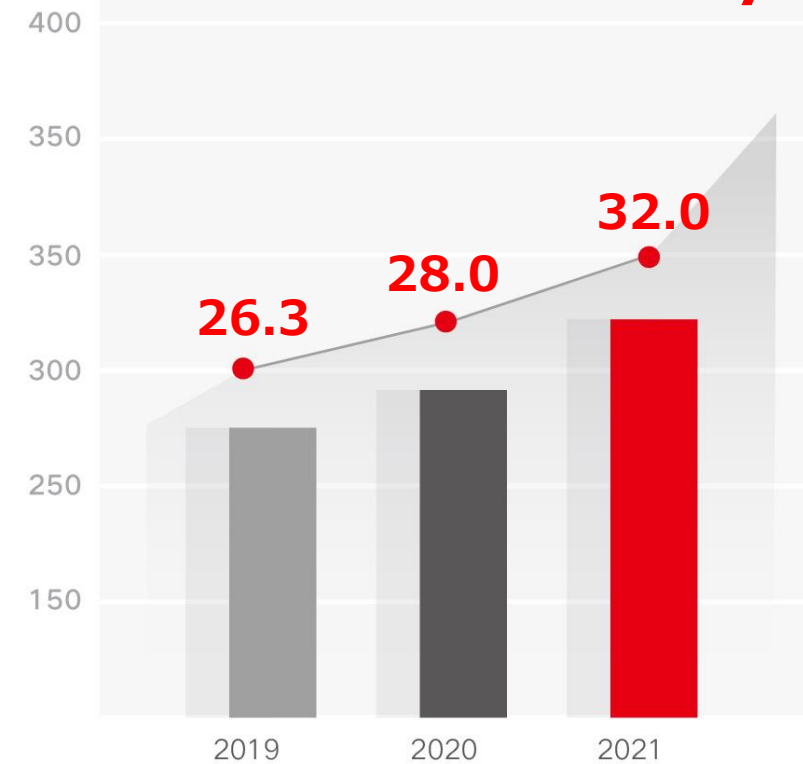
【Name of the company】 中国联塑集团控股有限公司 (China Liansu Group Holding Limited)

【Address】 Fushan, Guangdong,

【Summary】 ·Established in1986

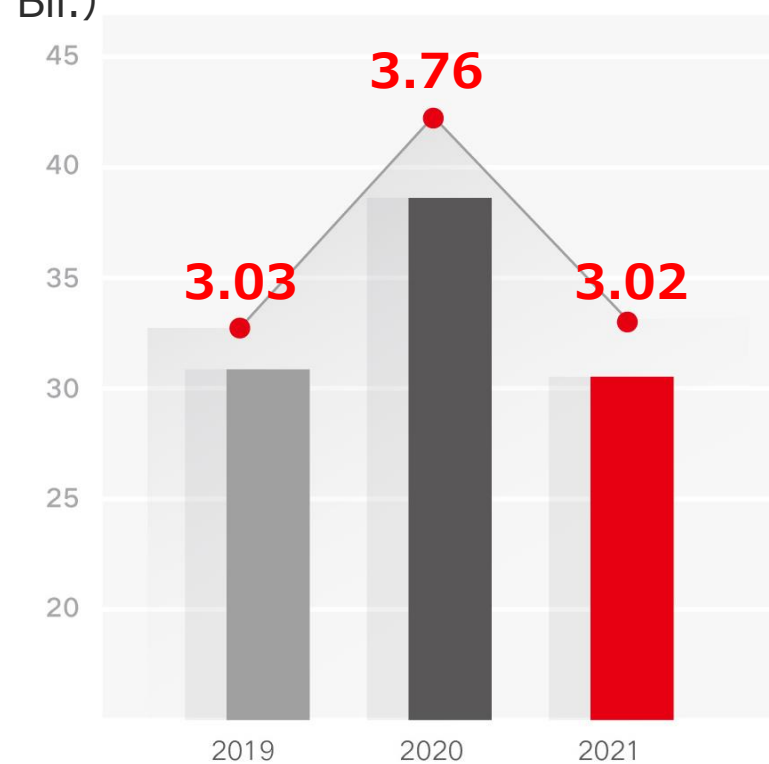
- Largest manufacturer of plastic pipe and fitting in China, Top 500Enterprises of China (375<sup>th</sup>)
- Listed on HK Market (Securities Code 2128:HK)
- Manufacturing Factory : 30 locations in China, 7 locations in overseas
- Distribution Outlet : About 30,000 locations in China

(RMB Bil.) **Net Sales in last 3yrs**



单位: 亿元

(RMB Bil.) **Net Profit in last 3yrs**



单位: 亿元

**LESSO HQ**



# EPCO Group's ESG Initiative

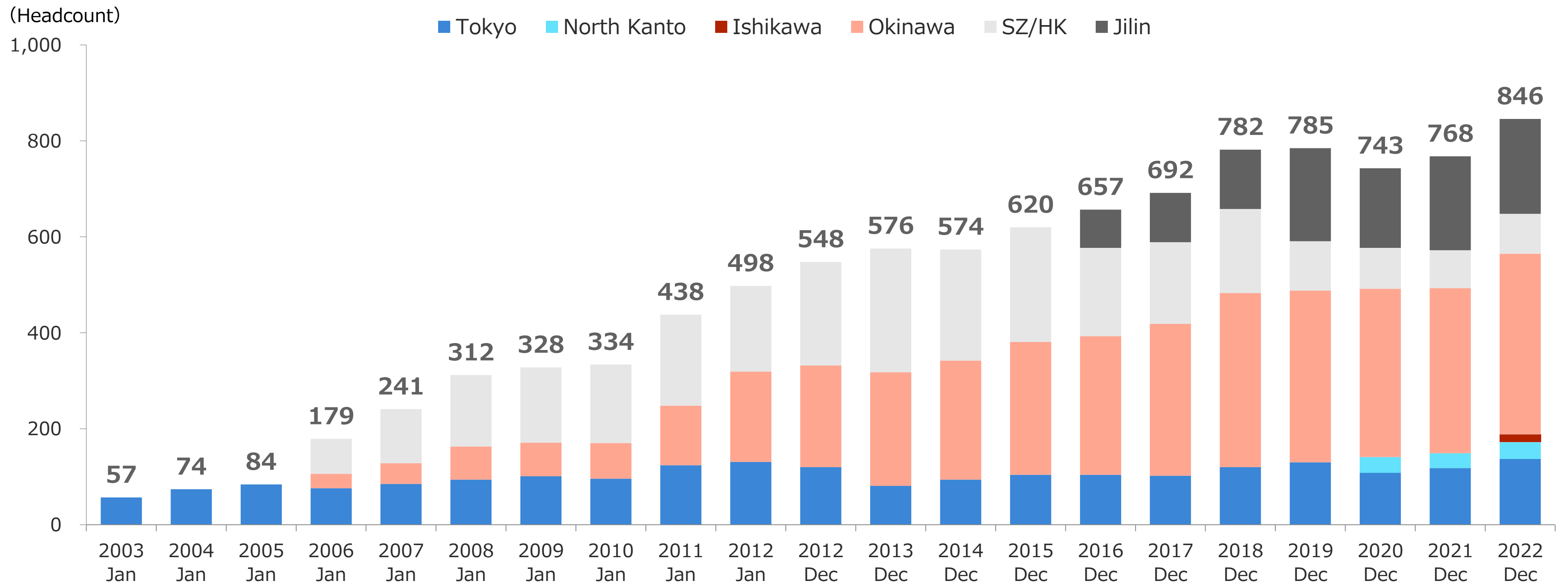
	Theme	Summary	Our Major Initiative	SDGs
Environment E	Environmental preservation through business activities	Reduction of industrial waste by pre-fabrication Visualization of CO2 emissions with BIM	Reduction of industrial waste through optimal design and pre-fabrication of housing facilities. Calculation of CO2 emissions in the building phase by BIM design.	 
		Reduction of CO2 emissions by installation of renewable energy facility	Reduction of CO2 emissions by installing renewable energy facility 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	Residents	Relationship with residents	Corresponding 24/7 for various problems in all aspects of housing. Quick problem resolution through efficient maintenance arrangements	
	Customers	Relationship with customers	Improve customer satisfaction by realizing low cost, high quality, and quick delivery	
	Shareholders	Relationship with shareholders	Timely and appropriate disclosure of information <a href="https://www.epco.co.jp/ir/">https://www.epco.co.jp/ir/</a> Policy on constructive dialogue with shareholders <a href="https://www.epco.co.jp/ir/dialogue.html">https://www.epco.co.jp/ir/dialogue.html</a>	
	Employees	Promotion of diversity	The ratio of female employees is 47.1%, and foreign employees is 28.6% in EPCO group. (As of end of Dec. 2022)	
Creating safety 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://www.epco.co.jp/release/wp-content/uploads/2023/08/corporate_governance.pdf">https://www.epco.co.jp/release/wp-content/uploads/2023/08/corporate_governance.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

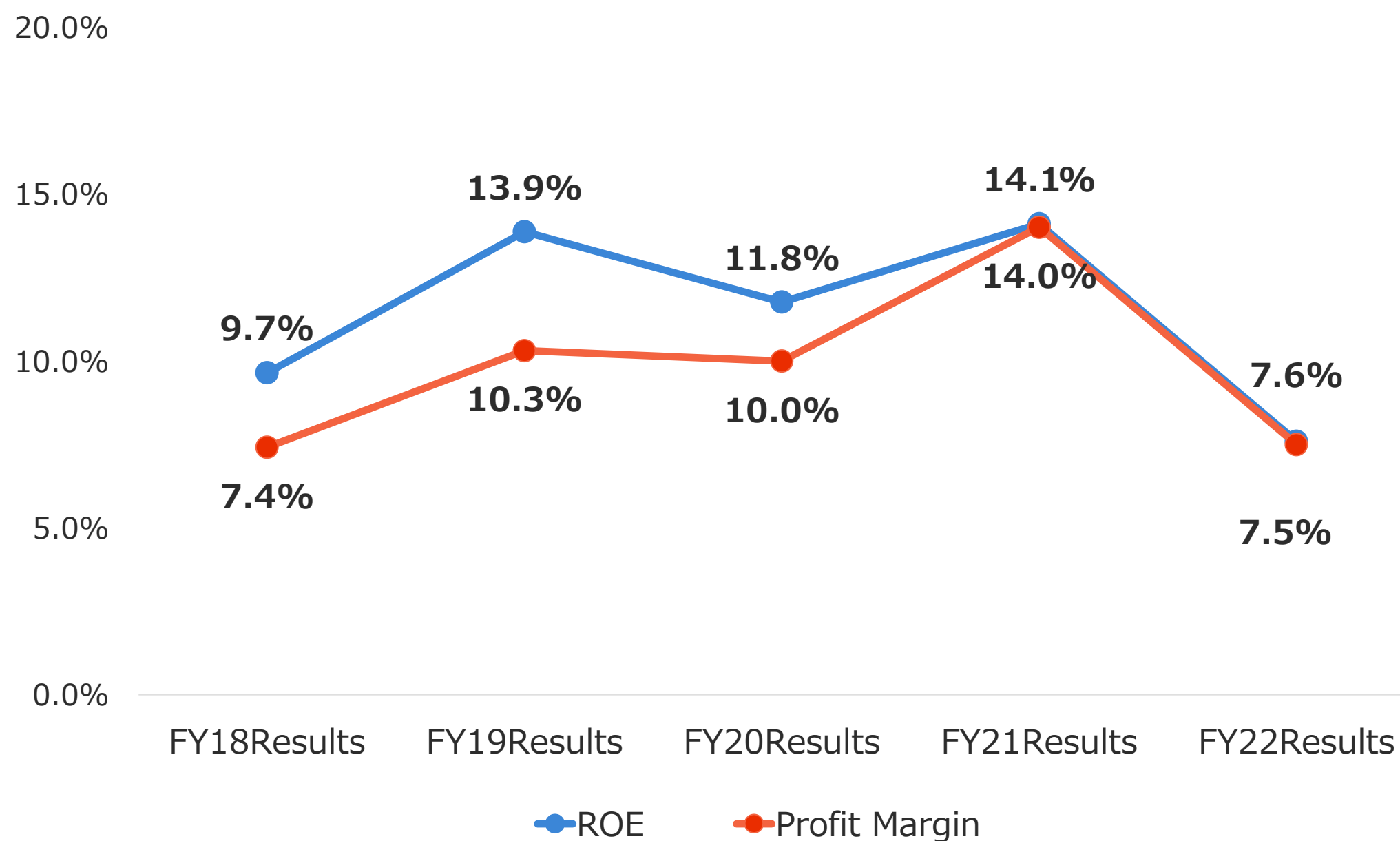


\*Including temporary employees (Counted temporary employee as average during the period)

# Target Management Index (ROE)

Past 5 years (average) ROE 11.4% → Aiming higher ROE by profit improvement

【Transition of ROE and profit margin】



## Views on ROE

【Further improvement measures of ROE】

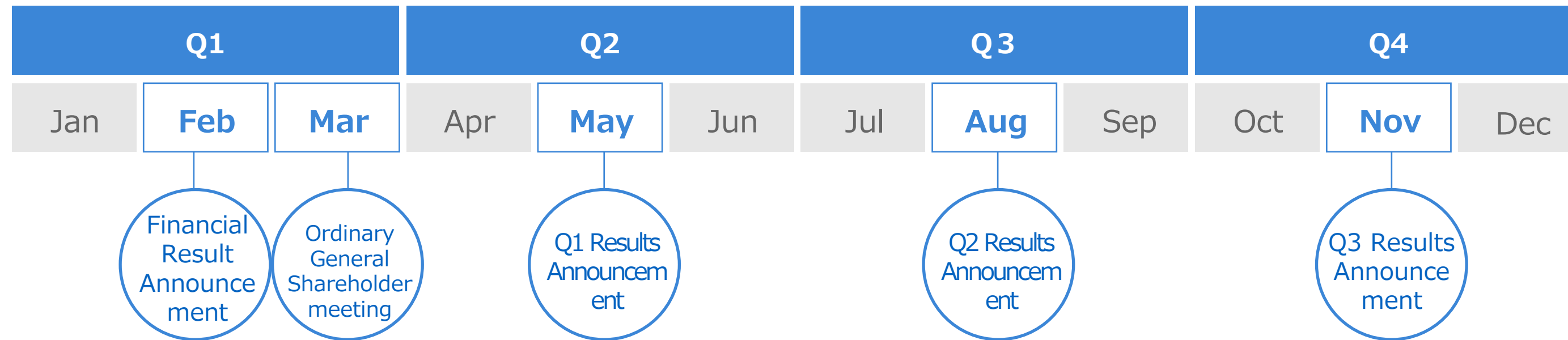
① Improve profit margin by promoting the medium term business plan.

We will increase sales in each business, operation profit, equity in earning of affiliates by promoting medium 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 2023 (Planned)



## 2023

Feb. 13 Mon	FY2022 financial results announcement	Jun. 29 Thu	EX-rights date
Feb. 27 Mon	FY2022 business plan briefing (Full-year)	Aug. 9 Wed	FY2023 Q2 results announcement
Mar. 11 Sat	Online seminar for individual investor	Aug. 28 Mon	FY2023 business plan briefing (Q2 results)
Mar. 24 Fri	33rd ordinary general shareholder meeting	Nov. 8 Wed	FY2023 Q3 Results announcement
May 11 Thu	FY2023 Q1 results announcement	Dec. 27 Wed	Final date of year-end dividend rights acquisition
Jun. 28 Wed	Final date of Q2 dividend rights acquisition		

# IR and Contact Information



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>



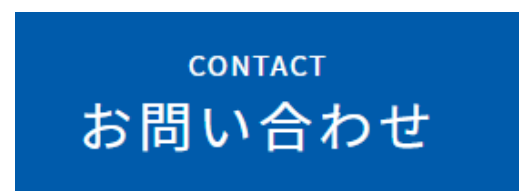
Analyst Report

<https://sharedresearch.jp/ja/companies/2311>



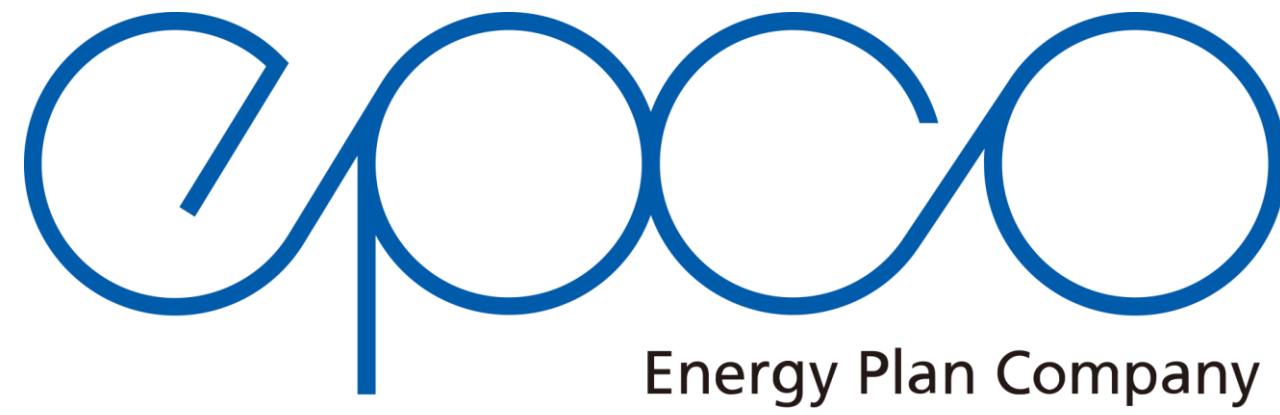
CEO Blog

<https://www.epco.co.jp/aroute/>



Contact Us

<https://www.epco.co.jp/contact/contact.php>



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