

# FY2023 Q3 Financial Results (January-September)

EPCO Co., Ltd. Securities Code : 2311 November 8, 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**



# 01. FY2023 Q3 Results and Full-Year Forecast

02. FY2023 Q3 Topics

03. Shareholder Returns Plan

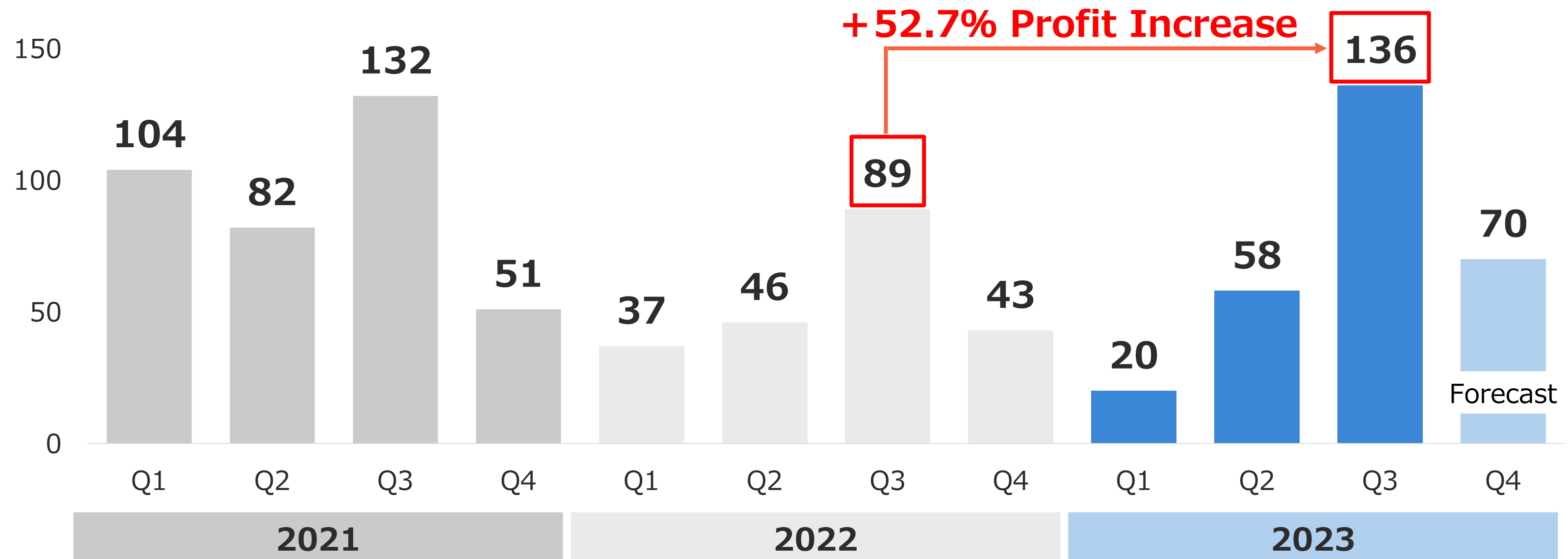
04. Appendix.

# FY2023 Q3 | Key Message 1

While profits had been decreasing until FY2023 Q1 (Jan-Mar), the measures to improve the performance of each segment were successful. In FY2023 Q2 (Apr-Jun), consolidated ordinary profit turned to an increase. In Q3 (Jul-Sep), achieved a 52.7% increase in profit, and profit growth is expected to continue in Q4.

### Consolidated Ordinary Profit Quarterly Results and Forecast

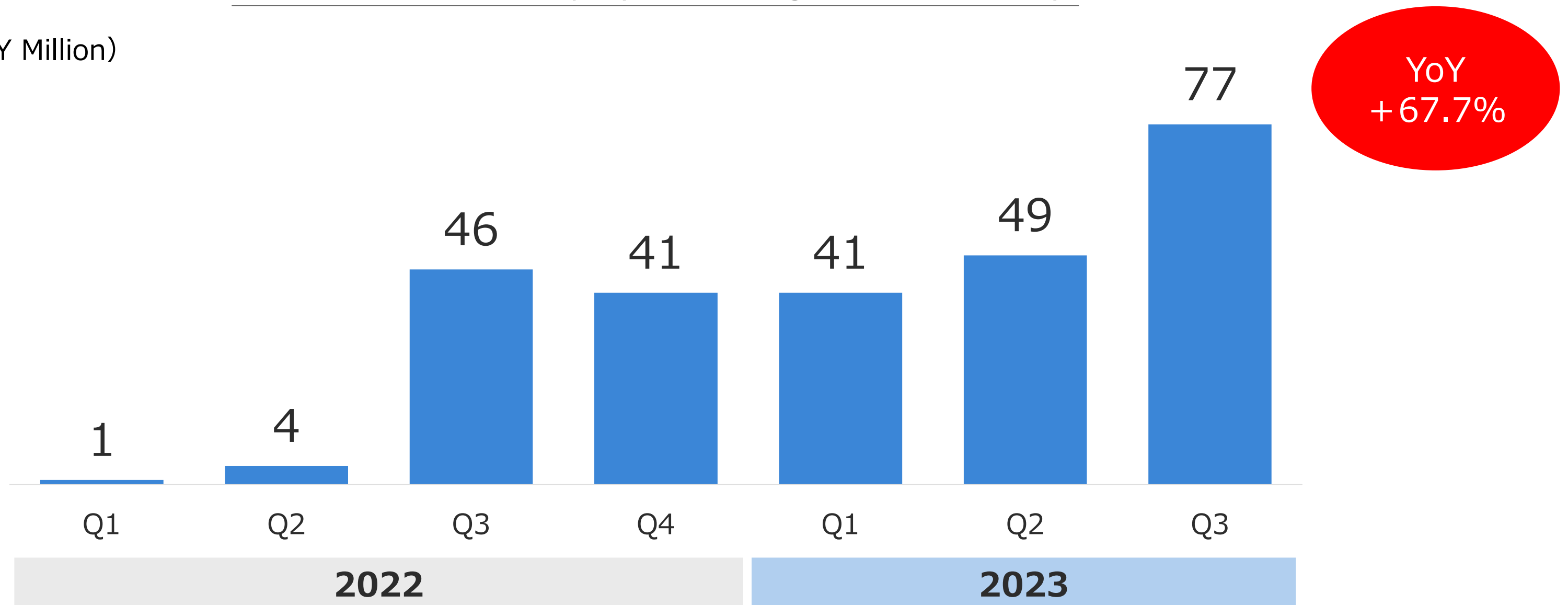
(JPY Million)

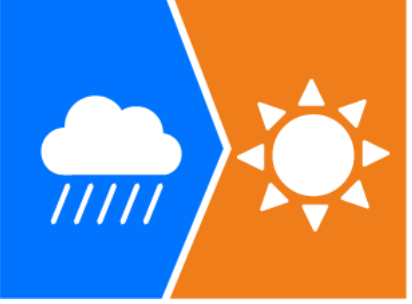
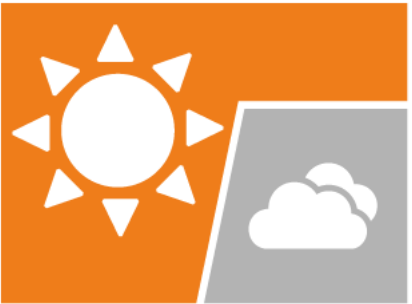
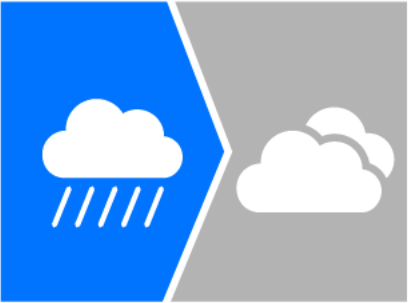
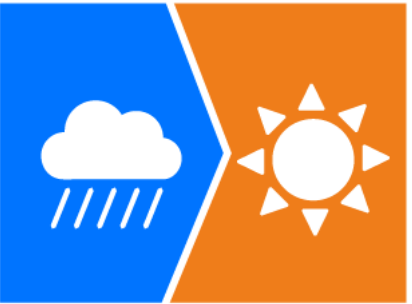


Equity in earnings of TEPCO HomeTech (FY2023 Q3) achieved record profit in quarterly basis. The main reason for the drastic increase in profits in Q3 compared to the most recent quarter is the increase in contracts by the “Summer Energy-Saving Campaign”.

TEPCO HomeTech Equity in Earnings Results History

(JPY Million)



<h2>FY2023 Q3 Results</h2>	<p>Ordinary Profit YoY</p>	<p>JPY215mil. + 23.7%</p>	<p>Profits increased from Q2 (Apr-Jun), profits have increased in all segment in Q3 (Jul-Sep) and expected to continue in Q4.</p>	
<h2>Renewable Energy Solutions</h2>	<p>Ordinary Profit YoY</p>	<p>JPY101mil. +7.2%</p>	<p>Profits increased with strong performance of TEPCO HomeTech Overseas Solar business is still in red in Q3, expected to improve from Q4 onward.</p>	
<h2>Maintenance</h2>	<p>Ordinary Profit YoY</p>	<p>JPY193mil. +5.5%</p>	<p>Profit decreased until Q2 due to the launch of the new Kanazawa base, however both housing companies and energy-related contracts expanded in Q3, resulting in an increase in profit.</p>	
<h2>Design</h2>	<p>Ordinary Profit YoY</p>	<p>215mil. +44.1%</p>	<p>Profit increased owing to decrease in design costs resulting from the conversion to a joint venture of EPCO SZ, etc. and increase in BIM related sales, and expected to continue in Q4</p>	

# FY2023 Q3 | Consolidated Results Summary

Q3 Cumulative  
Total  
(Jan-Sep)



As a result of all segments achieving an increase in profit, both ordinary and net profit turned to increase from Q3.

(JPY Million)	FY22Q3 Results	FY23Q3 Results	Changes	Ratio
Net Sales	<b>3,588</b>	<b>3,712</b>	<b>+123</b>	<b>+3.4%</b>
Ordinary Profit	<b>173</b>	<b>215</b>	<b>+41</b>	<b>+23.7%</b>
Net Profit	<b>228</b>	<b>284</b>	<b>+55</b>	<b>+24.5%</b>

\*Factors for increase in net profit

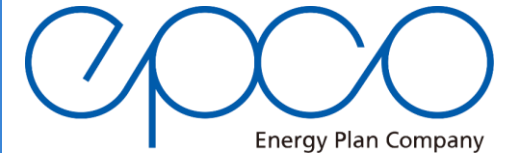
Gain on sale of investment securities  
Gain on sale of investments  
in capital of subsidiaries  
and associates

**119**  
—

**110**  
**68**

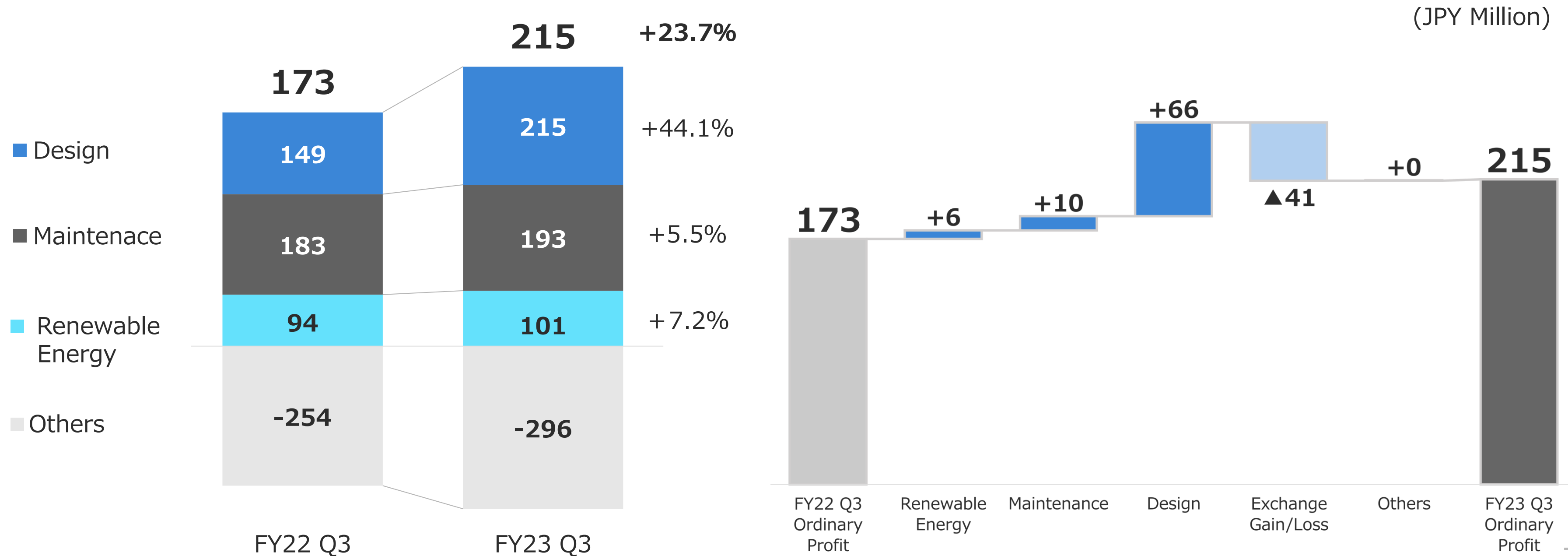
# FY2023 Q3 | Consolidated Ordinary Profit by Segment

Q3 Cumulative Total (Jan-Sep)



While all three segments secured profit growth, the increase in profit from design services was particularly significant. The increase in others (corporate expenses) is due to the foreign exchange gains that occurred in the previous fiscal year have not occurred in this fiscal year.

## EPCO Group Consolidated Ordinary Profit

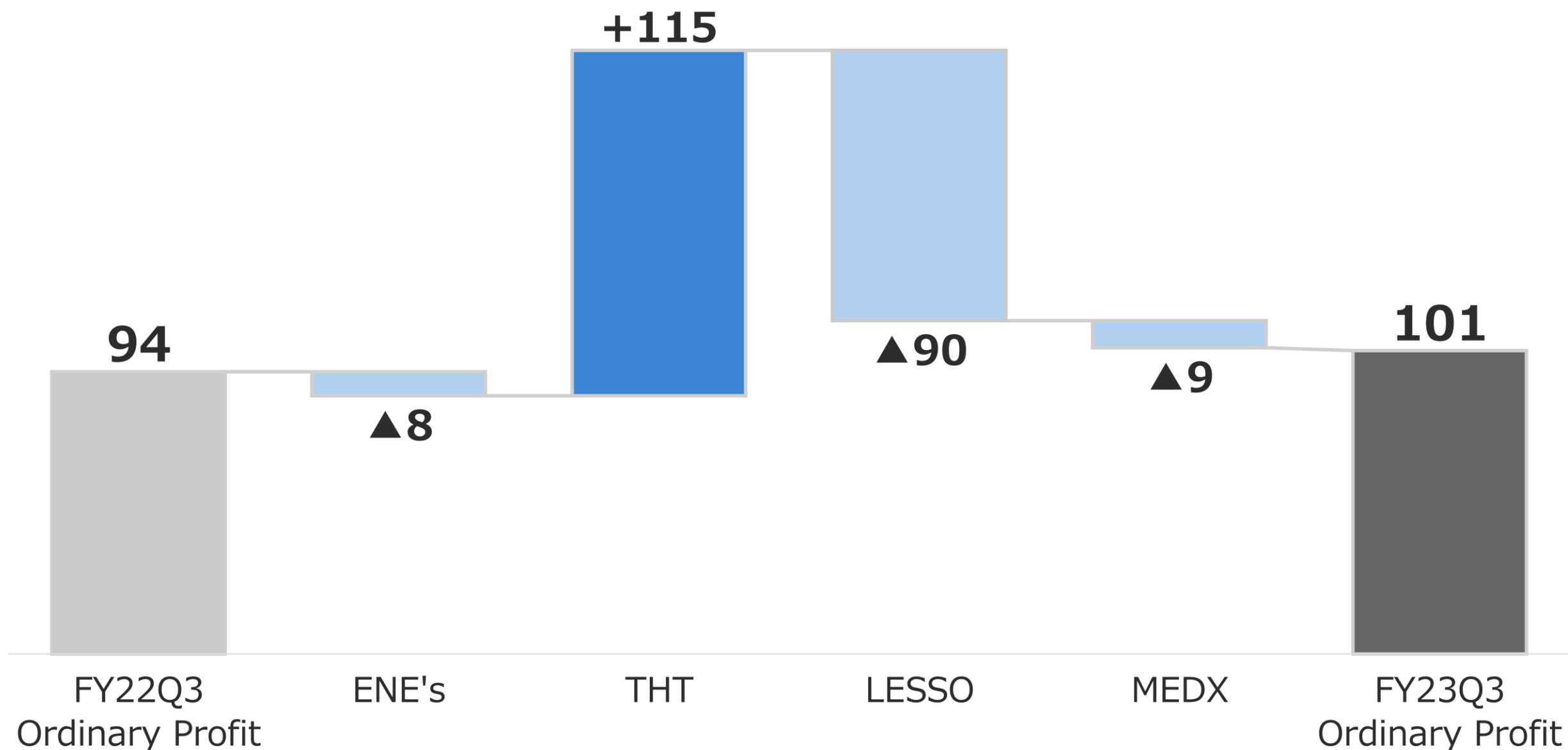




While TEPCO HomeTech achieved a significant increase in profit, other group companies are in a phase of upfront investment. ENE's and LESSO are expected to improve their performance in Q4 (Oct-Dec) through the implementation of various measures.

## Renewable Energy Solutions Ordinary Profit Fluctuation Analysis

(JPY Million)



### ■ ENE's

- Gross margin decrease due to increase in outsourcing cost etc.
  - Increase in SG&A expenses due to increase in headcount
- ⇒ **Reviewed the sales price, expecting to improve in profit in Q4**

### ■ LESSO

Preparing for operating solar power generation design in China



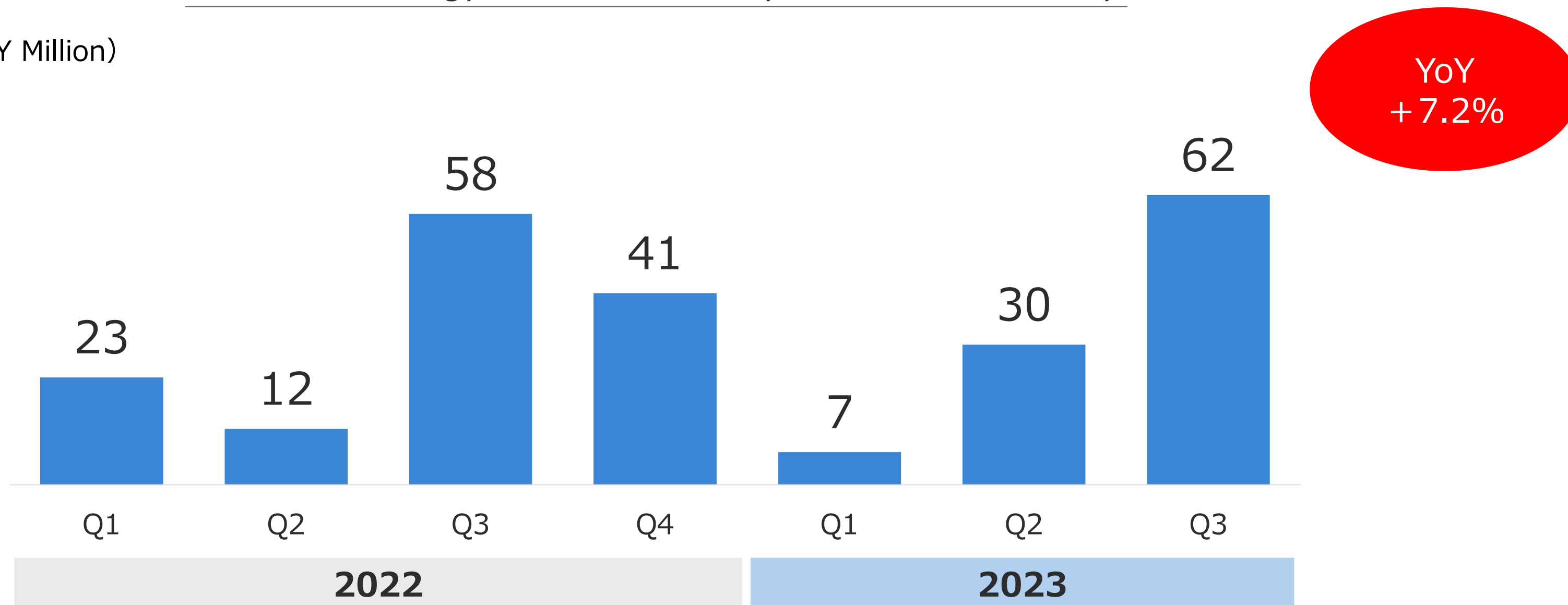
- ⇒ **Design contract is expected to be increased and profit will improve in Q4**



Ordinary profit from renewable energy solutions (Q3 2023) is on an increasing trend owing to profit increase in TEPCO HomeTech. Losses in overseas operations have restrained profit growth till Q3, however profit and loss in overseas operations are expected to improve in Q4 onward.

Renewable Energy Solutions Ordinary Profit Results History

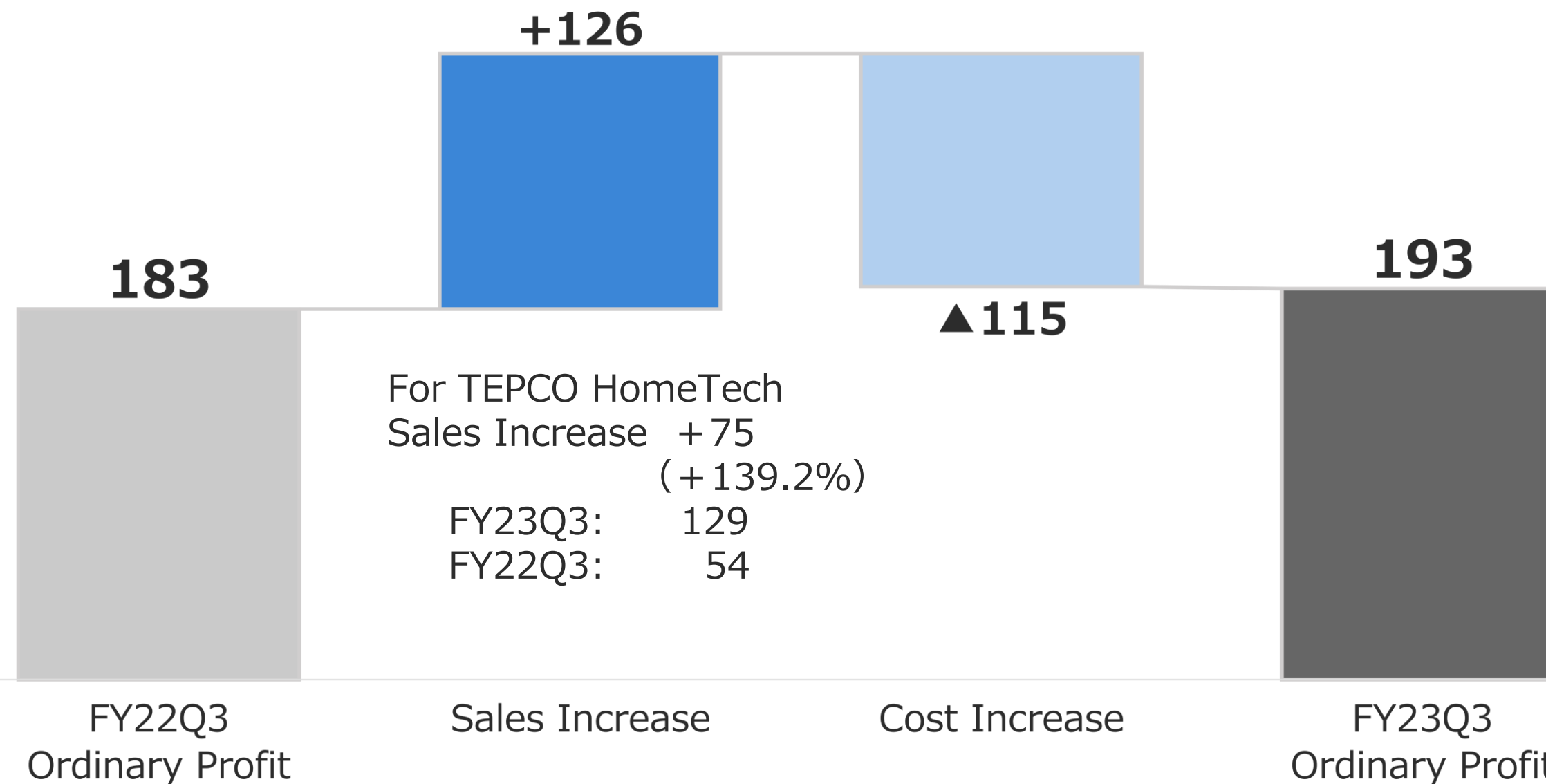
(JPY Million)



Despite an increase in expenses due to an upfront increase in personnel in anticipation of contracts increased and business continuity expenses increased (decentralization of business locations, etc.), the increase in contracts from energy-related companies such as TEPCO HomeTech has covered and turned into profit increase.

## Maintenance Ordinary Profit Fluctuation Analysis

(JPY Million)



### ■ Maintenance No. of employee

Site	FY22Q3	FY23Q3	YoY
Okinawa	229	242	+13
Tokyo	17	26	+9
Ishikawa	14	19	+5
Total	260	287	+27

※Increased in new location  
(Tokyo, Ishikawa)



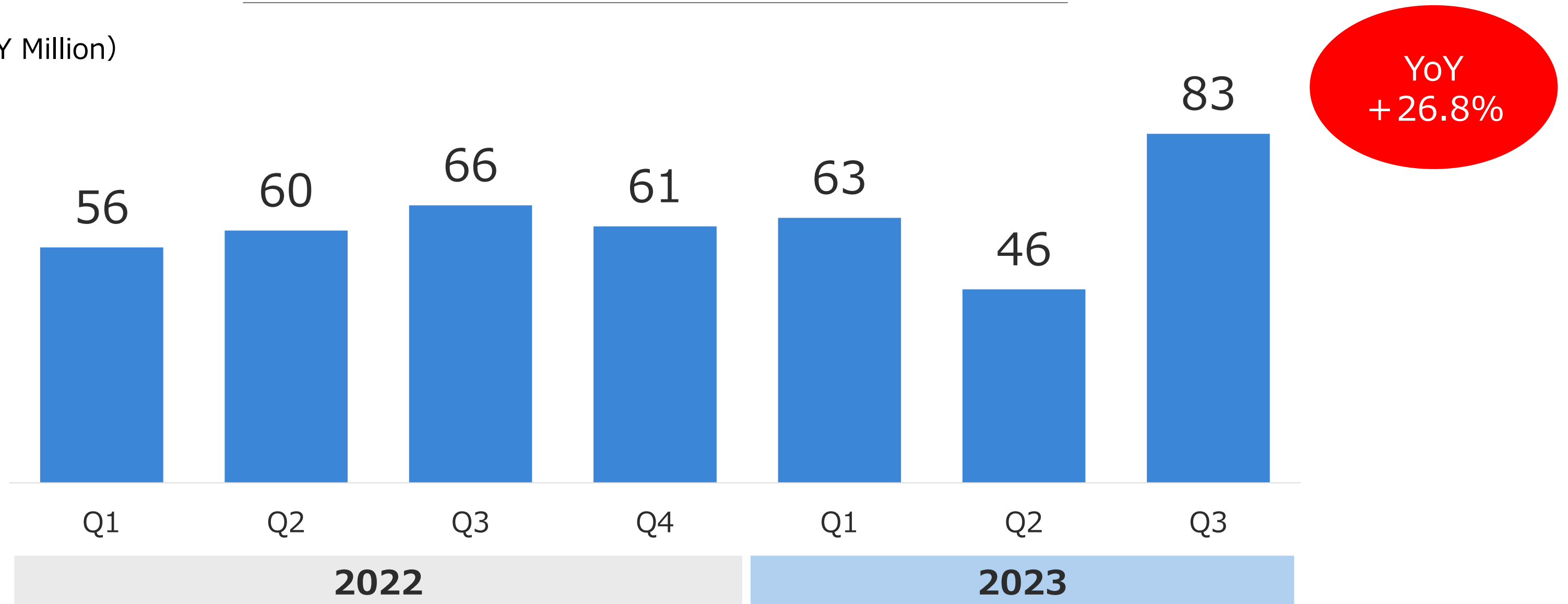
# FY2023 Q3 | Maintenance Service Ordinary Profit Results



Ordinary profit in Q3 was boosted by strong sales of both contracts for housing companies and energy-related companies. Improving staff utilization rates contributed to the increase in profit.

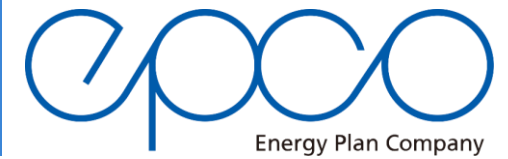
Maintenance Service Ordinary Profit Results History

(JPY Million)



# FY2023 Q3 | Design Service Ordinary Profit

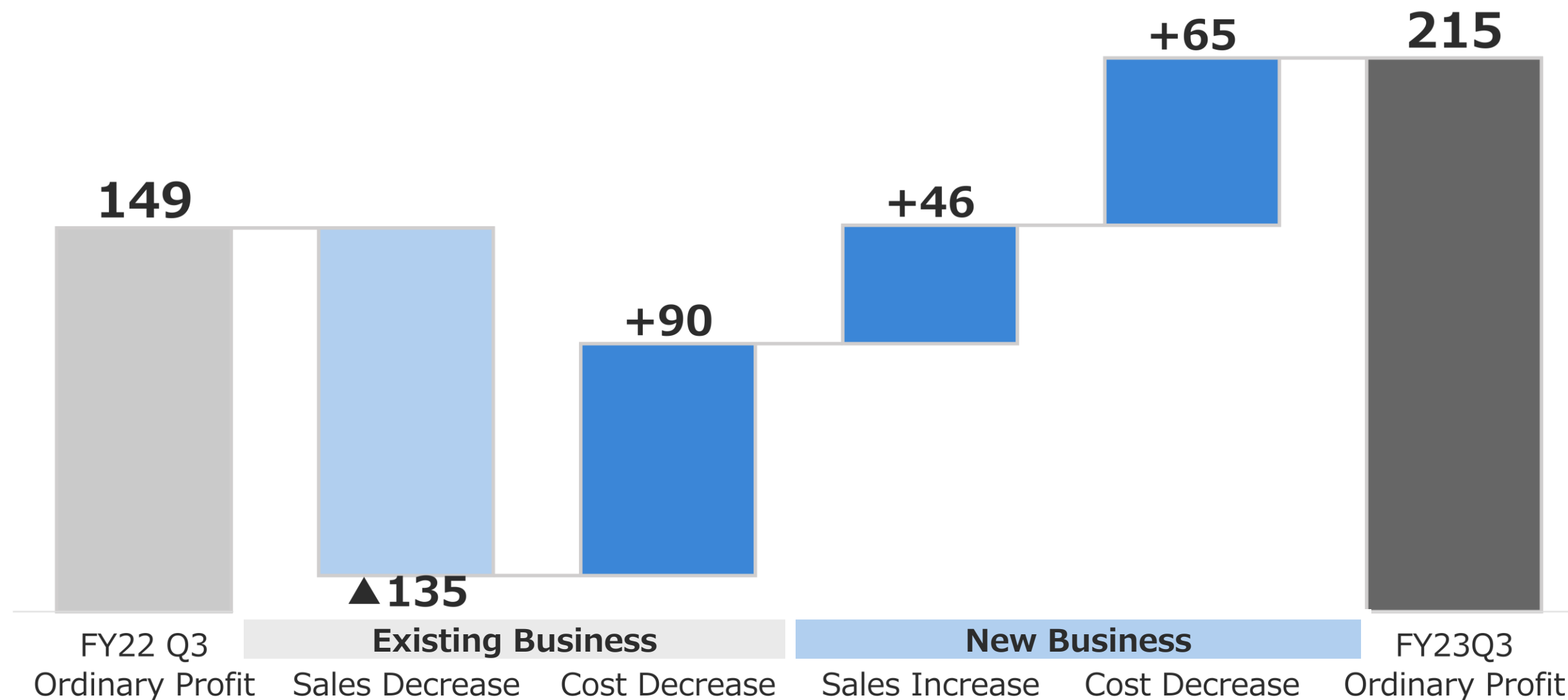
Q3 Cumulative  
Total  
(Jan-Sep)



While sales of existing business decreased, secured profit increase by reducing design cost with conversion EPCO SZ to joint venture. We expect further profit improvement through expansion of new business as BIM related sales is getting increasing.

## Design Service Ordinary Profit Fluctuation Analysis

(JPY Million)



### ■ Factors for sales decrease

Housing Starts (Owner-occupied)  
YoY -9.8%

### ■ Factor of profit increase

Reforming joint venture of EPCO SZ  
⇒ Design staff decreased on  
existing/new business

### ■ Future Prospects

1. Expansion of new business
2. Effect of new business price will begin to emerge in 2<sup>nd</sup> half of the year.

(Ref.) Breakdown of design Service

FY23Q3	Existing	New	Total
Net Sales	1,410	82	1,493
OP Expenses	1,168	108	1,277
Ordinary Profit	242	-26	215

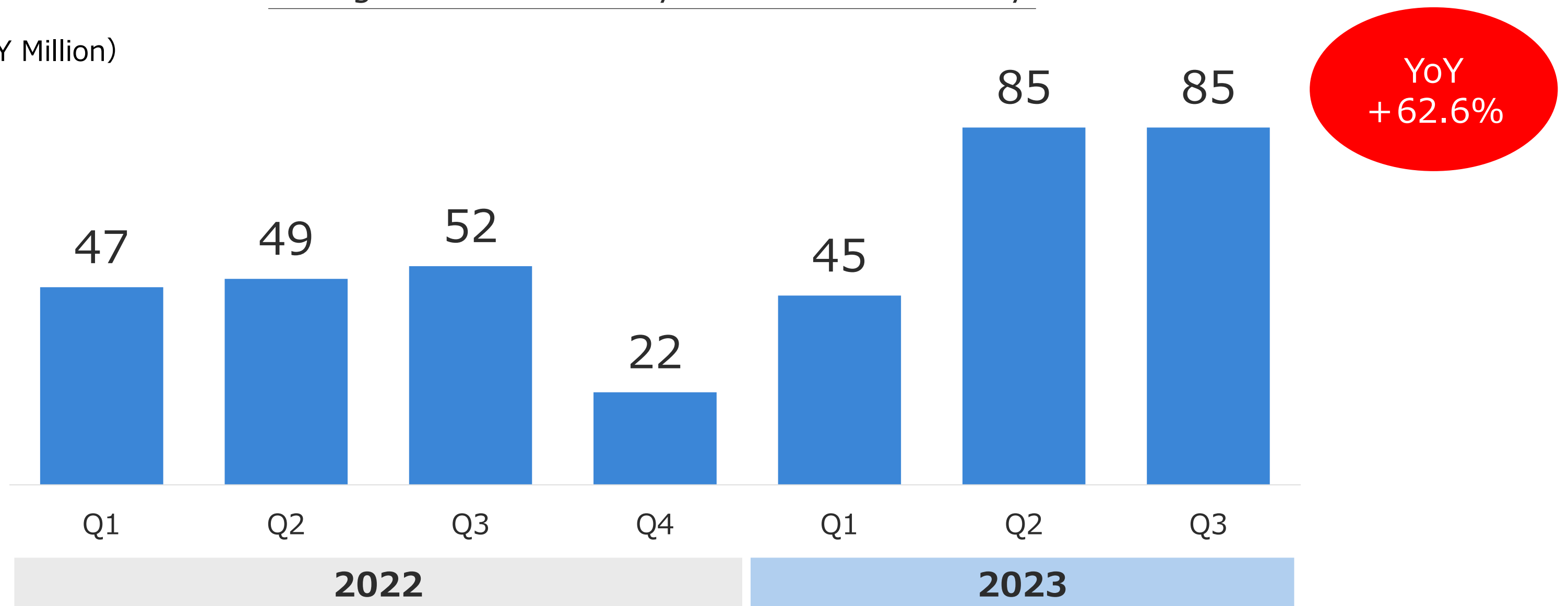
# FY2023 Q3 | Design Service Ordinary Profit Results



The quarterly profit/loss has been improving since FY2023 due to (1) reduction of design cost by reforming the former EPCO Shenzhen joint venture and (2) reduction of deficit by new business sales increase (BIM, etc.).

Design Service Ordinary Profit Results History

(JPY Million)



(JPY Million)	FY22Q3 Results	FY23Q3 Results	Changes	Ratio
<b>Net Sales (Consolidated)</b>	<b>3,588</b>	<b>3,712</b>	<b>+123</b>	<b>+3.4%</b>
<b>Renewable Energy Solutions</b>	<b>705</b>	<b>793</b>	<b>+87</b>	<b>+12.3%</b>
<b>Maintenance</b>	<b>1,299</b>	<b>1,425</b>	<b>+126</b>	<b>+9.7%</b>
<b>Design</b>	<b>1,582</b>	<b>1,493</b>	<b>-89</b>	<b>-5.7%</b>

# FY2023 Q3 | (Reference) Consolidated Ordinary Profit Breakdown

Q3 Cumulative  
Total  
(Jan-Sep)



(JPY Million)	FY22Q3 Results	FY23Q3 Results	Changes	Ratio
<b>Ordinary Profit (Consolidated)</b>	<b>173</b>	<b>215</b>	<b>+41</b>	<b>+23.7%</b>
<b>Renewable Energy Solutions</b>	<b>94</b>	<b>101</b>	<b>+6</b>	<b>+7.2%</b>
ENE' s	<b>33</b>	<b>24</b>	<b>-8</b>	<b>-25.2%</b>
TEPCO HomeTech	<b>52</b>	<b>167</b>	<b>+115</b>	<b>+222.1%</b>
LESSO	<b>23</b>	<b>-66</b>	<b>-90</b>	<b>-</b>
MEDX	<b>-14</b>	<b>-24</b>	<b>-9</b>	<b>-</b>
<b>Maintenance</b>	<b>183</b>	<b>193</b>	<b>+10</b>	<b>+5.5%</b>
<b>Design</b>	<b>149</b>	<b>215</b>	<b>+66</b>	<b>+44.1%</b>
<b>Others (Corporate Expenses / Non-operating profit/loss)</b>	<b>-254</b>	<b>-296</b>	<b>-41</b>	<b>-</b>



# FY2023 Full-year | FY2023 Forecast Summary



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

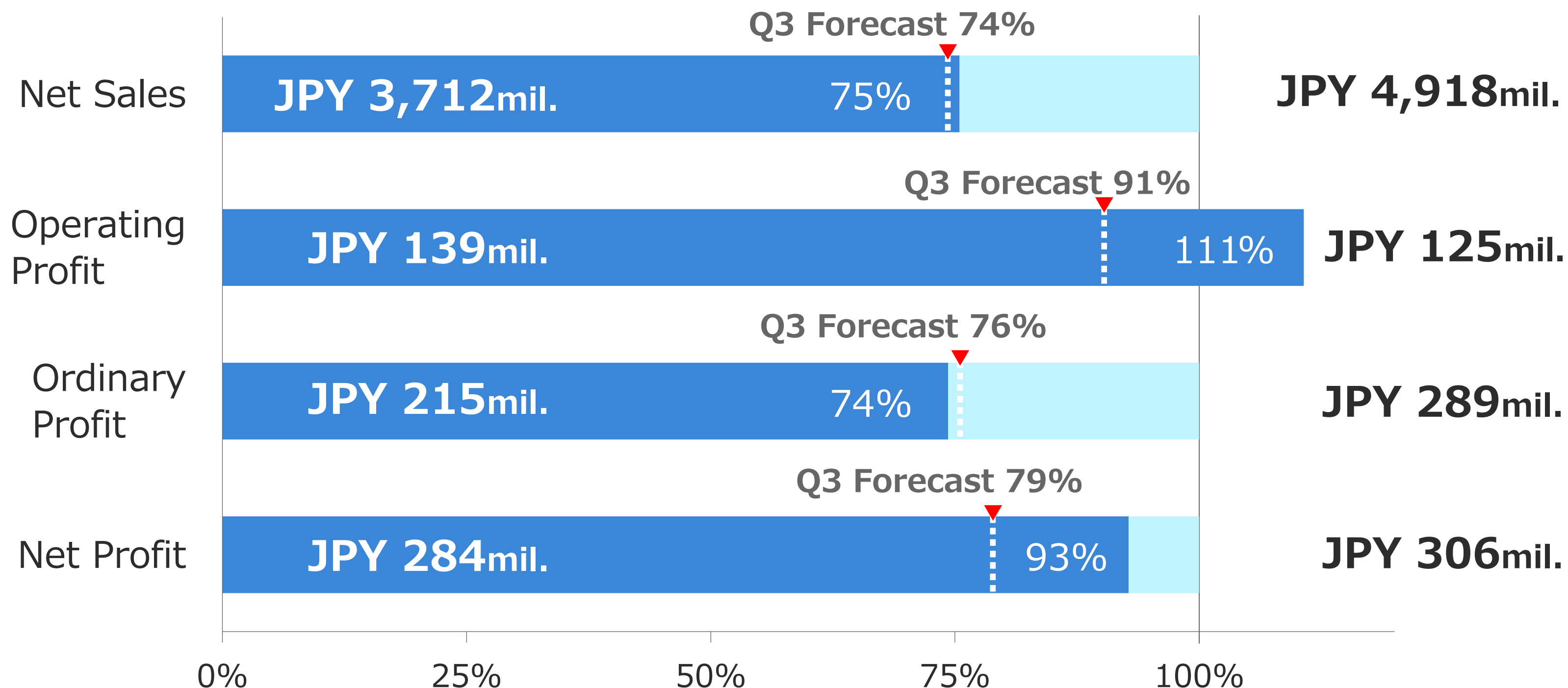
(JPY Million)	FY22 Results	FY23 Forecast	Changes	Ratio
Net Sales	<b>4,818</b>	<b>4,918</b>	<b>+99</b>	<b>+2.1%</b>
Operating Profit	<b>65</b>	<b>125</b>	<b>+59</b>	<b>+91.1%</b>
Ordinary Profit	<b>216</b>	<b>289</b>	<b>+72</b>	<b>+33.4%</b>
Net Profit	<b>359</b>	<b>306</b>	<b>-52</b>	<b>-14.8%</b>

# FY2023 Full-year | Progress Towards Full-year Forecast



Net sales and each profit in Q3 are generally in line with the forecast.

If it becomes necessary to revise the full-year forecast, we will promptly disclose the revised forecast after carefully monitoring the Q4 performance.



## Carbon-Neutral x DX Strategy

01. FY2023 Q3 Results and Full-Year Forecast

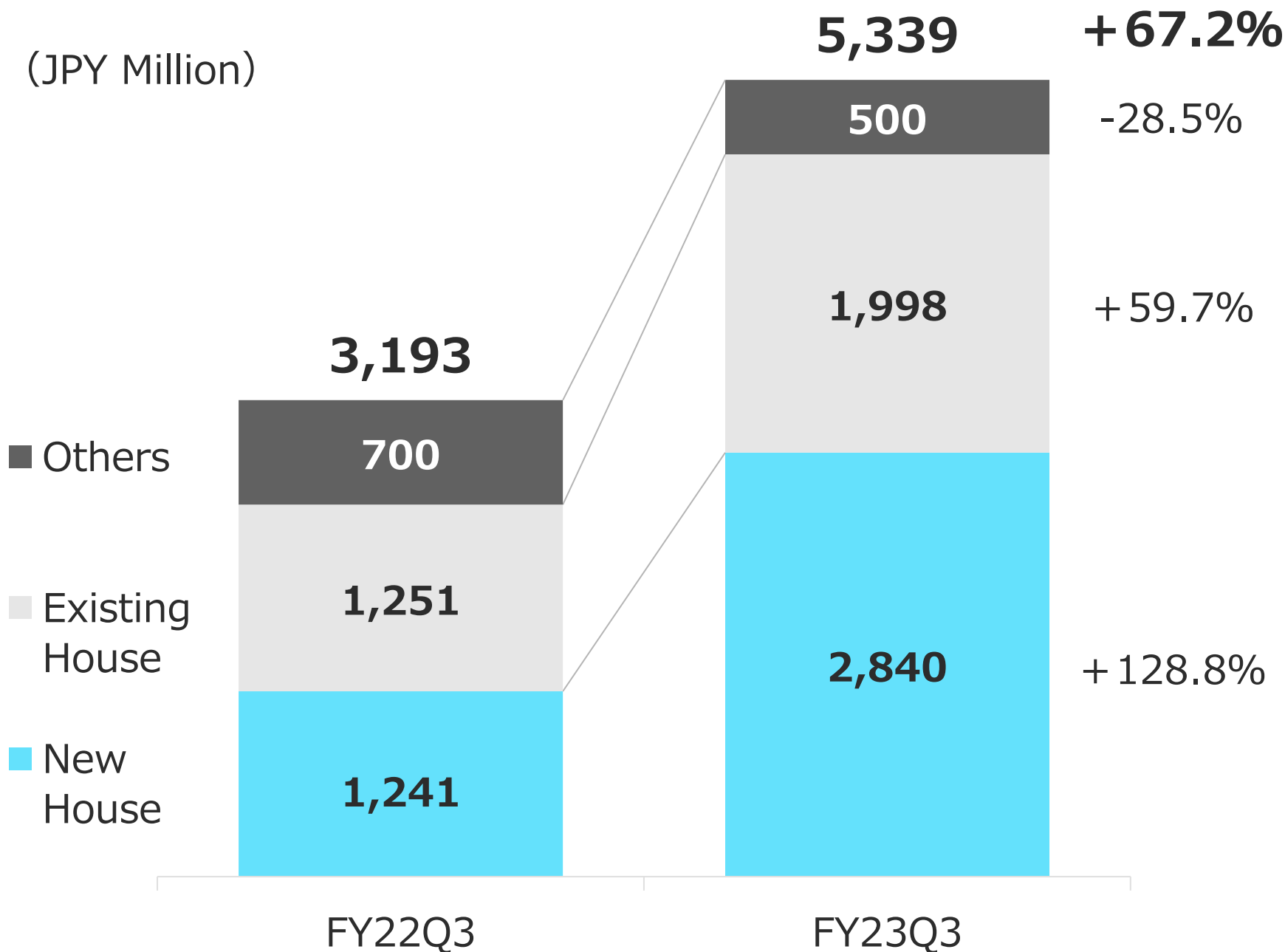
**02. FY2023 Q3 Topics**

03. Shareholder Returns Plan

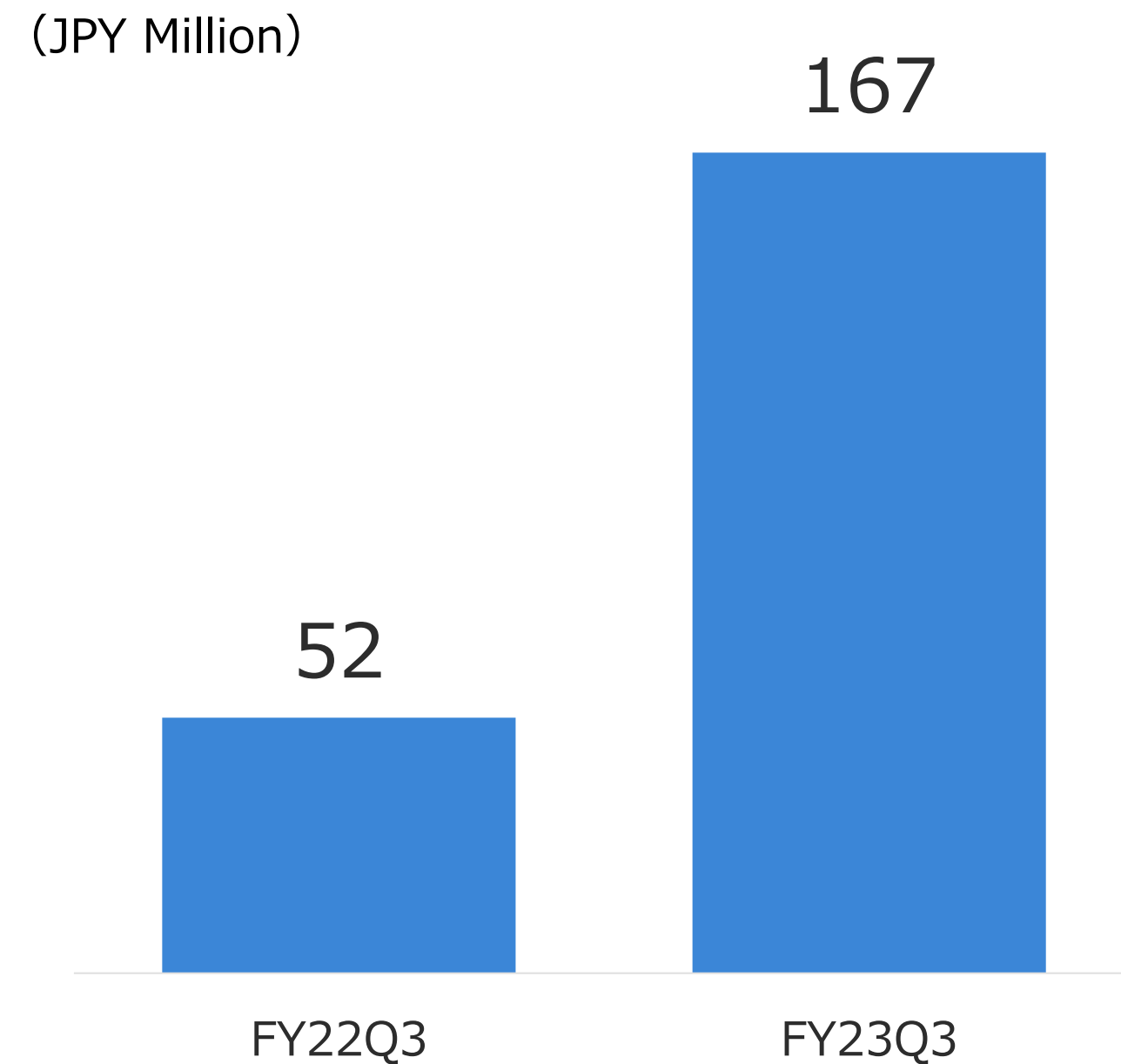
04. Appendix.

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, Jan.-Sep.)



### TEPCO HomeTech Equity in Earnings (YoY, Jan.-Sep.)



Sales to new housing are showing steady growth owing 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

2023.8



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.



Adopted for detached house "Leafia Komae" 10 houses





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 acquire 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. (Refer P.17)
- Increase numbers of accepting orders

2023	Q1 (Jan-Mar)	Q2 (Apr-Jun)	Q3 (Jul-Sep)	Q4 (Oct-Dec)
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Training design staffs in China



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





Contract design services has been launched in March 2023, and the development of the design contracting system and actual property contracts are progressing steadily.

## 1. Design Contracting System (As of Sep 2023)

Assigned 80 people as Solar Power Generation Design Staff and training program has been conducted

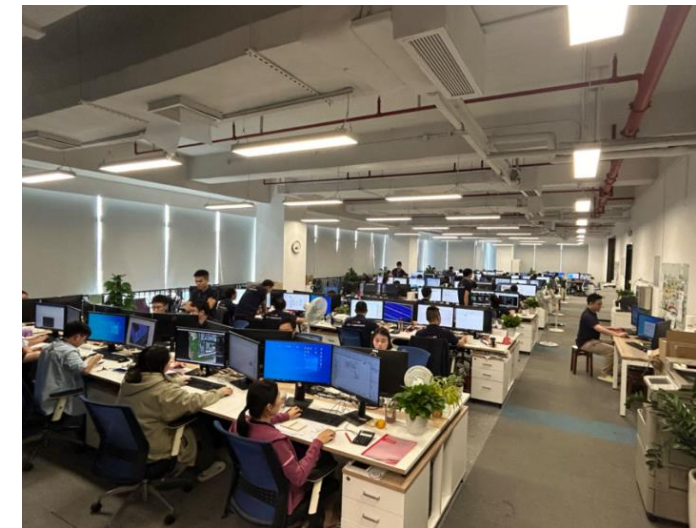
## 2. Major solar design contract projects

1. Install the product on the roof of factories of associated company of LESSO.
2. LESSO operate their own power plants  
(Install the product on the roof of third parties (hospital, school etc.) as a lease)
3. Sales of distributors

## 3. Contracted design order (As of Sep 2023)

1. Proposed Design (Simplified design for economic evaluation)  
No. of contract 658 cases Electric power generation 6.2GW
2. Detailed Design (Detailed installation drawings, Qty of materials list)  
No. of contract 30 cases Electric power generation 0.2GW

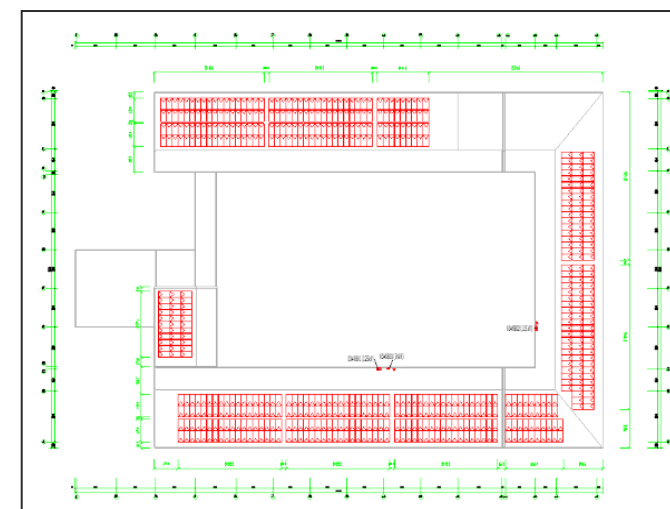
LESSO Office



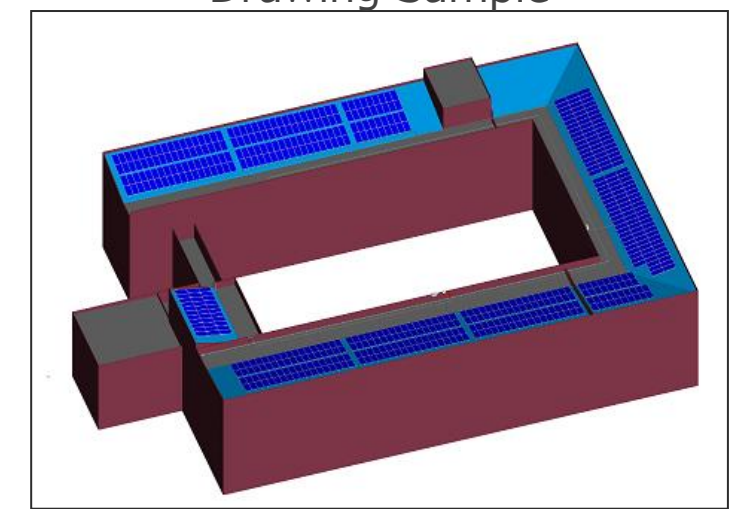
The solar panel installation site



Drawing Sample



Installation Simulation Drawing Sample





## Carbon-Neutral x DX Strategy

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04. Appendix.

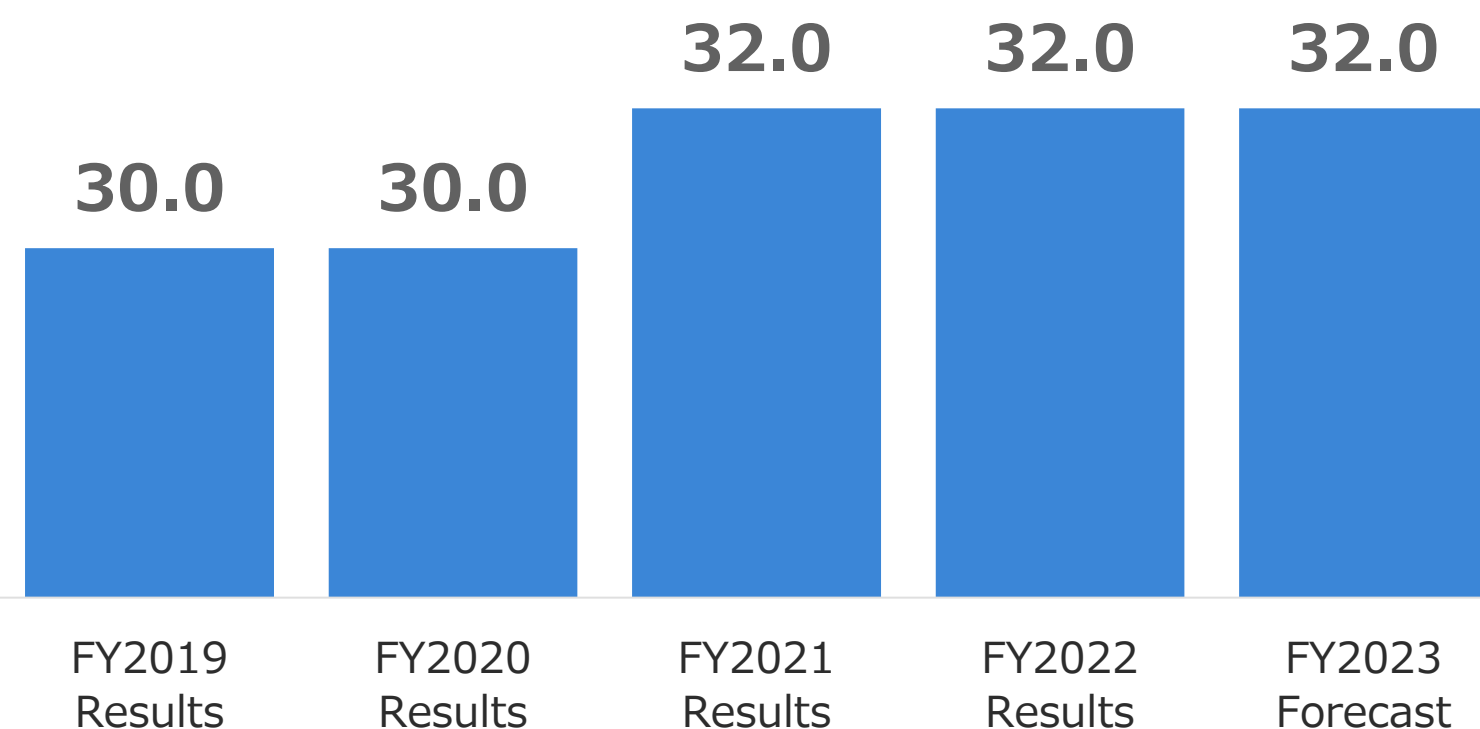
**Dividend Policy** : To provide **a stable** return of profits to shareholders, **with a target consolidated dividend payout ratio of 50% and a dividend on equity (DOE) ratio of 8%.**

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

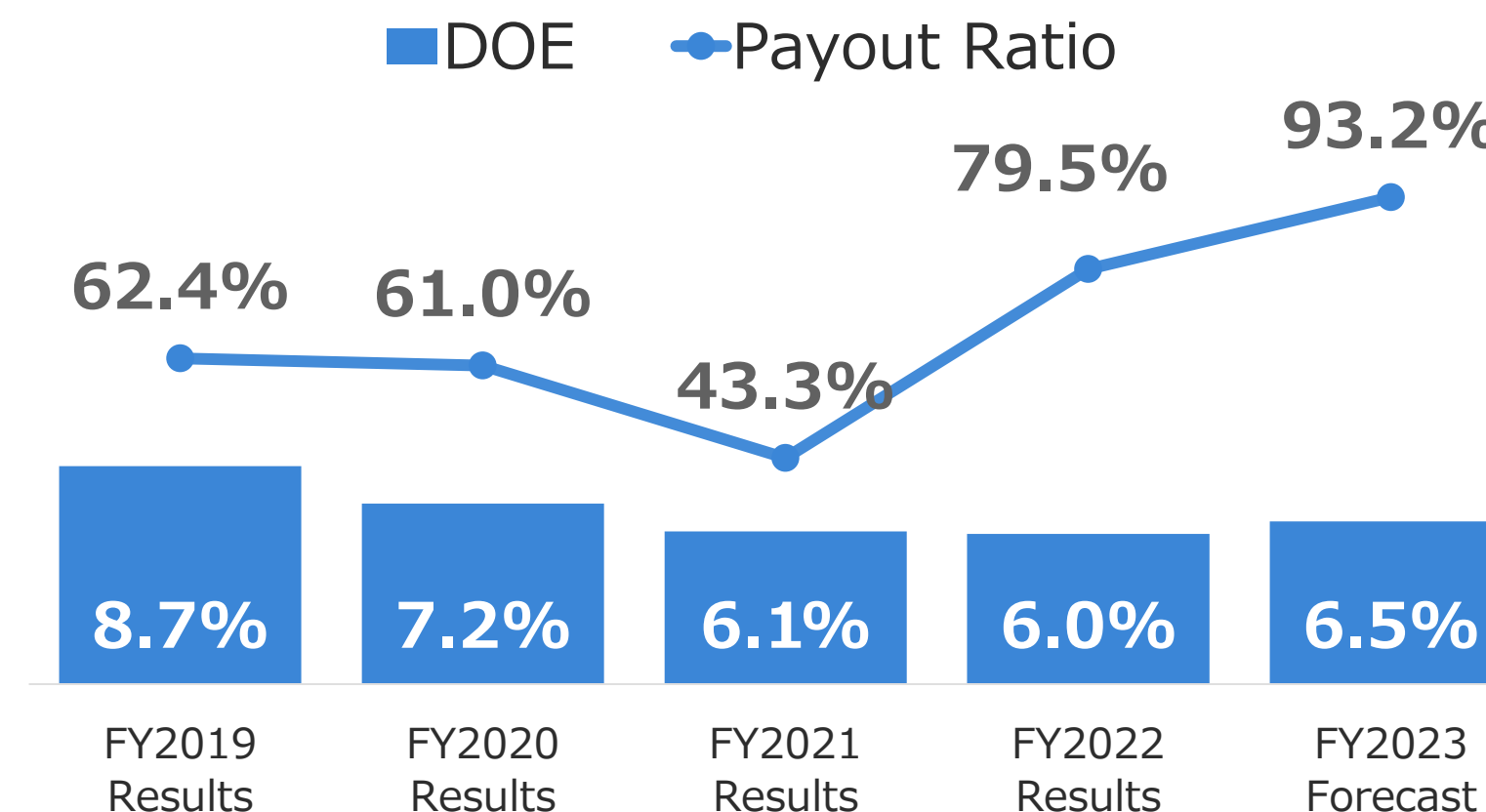
Dividend Yield **4.1%** (Calculate with the price JPY778/share as of Oct. 31, 2023)

**【Dividend】**

(JPY)

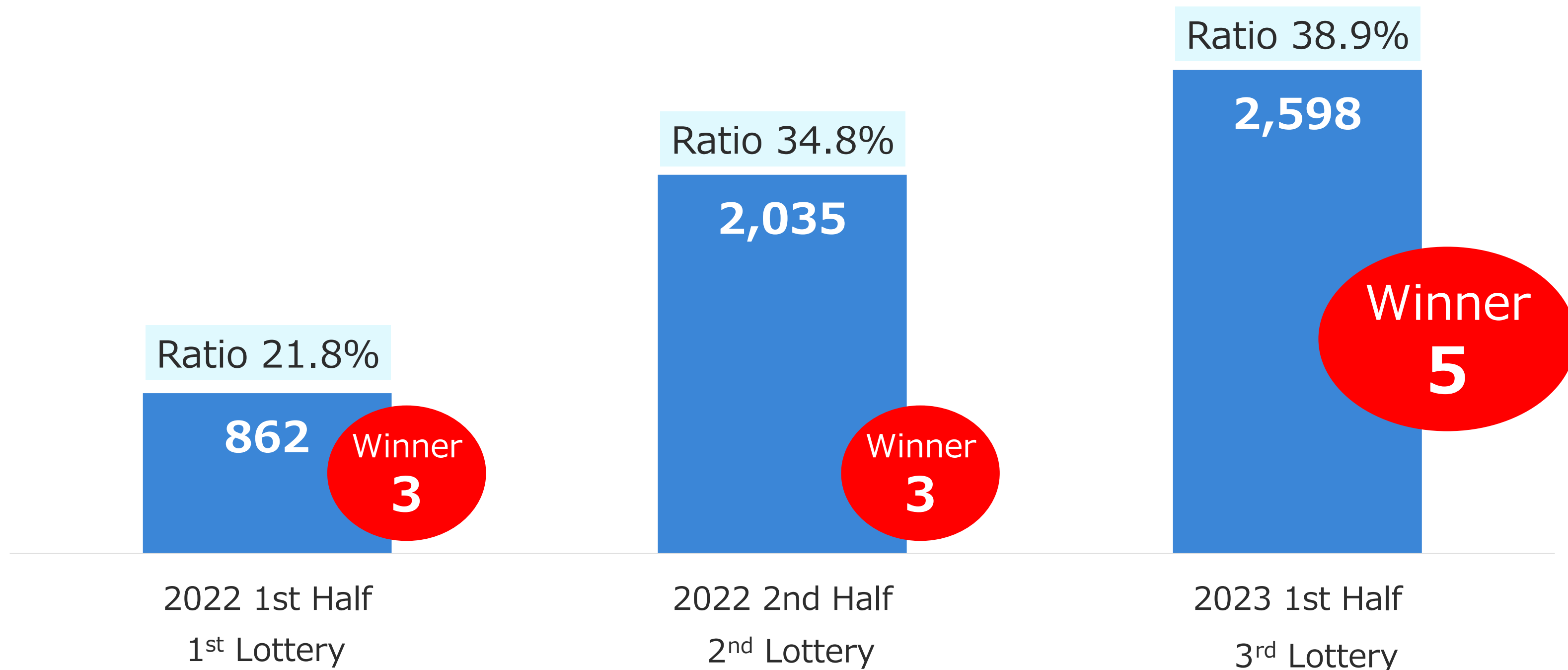


**【 Payout ratio and Dividend on Equity Ratio(DOE) 】**



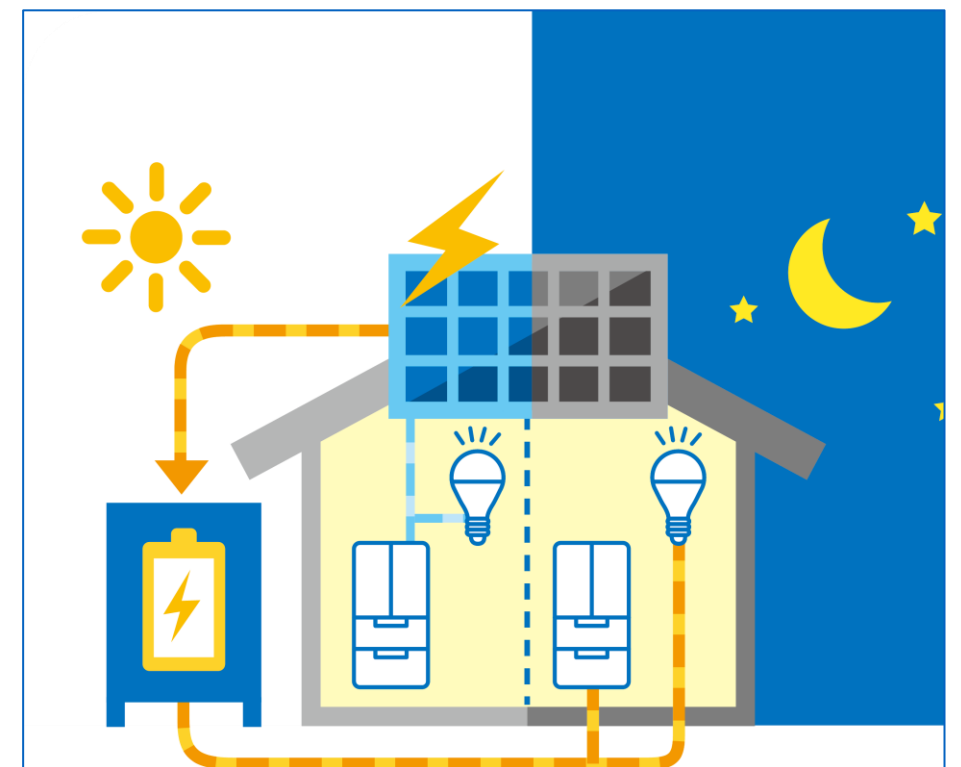
For the 3rd lottery, the number of winners was increased to five in response to an increase in both the number and rate of applications.

【Number of Applications and Application Ratio】



Winners will receive a free installation of a solar power generation system or storage batteries worth 1 million Japanese yen.

<b>Details of Benefit Plan</b>	<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>
<b>Eligible Shareholder for the lottery</b>	<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 28<sup>th</sup> of Dec 2023</b>.</li><li>2.Shareholder who <b>have completed the procedures to apply</b> the lottery.</li></ol>
<b>Condition</b>	<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 second half year : 5 winners Lottery Date : February 2024**  
It will be drawn at FY2023 (Full-year) Management Plan Briefing

\* Please refer our website for more details

We plan to have 5 winners for the second half of 2023.  
We look forward to seeing many participants.

**Eligible Shareholder for the lottery**

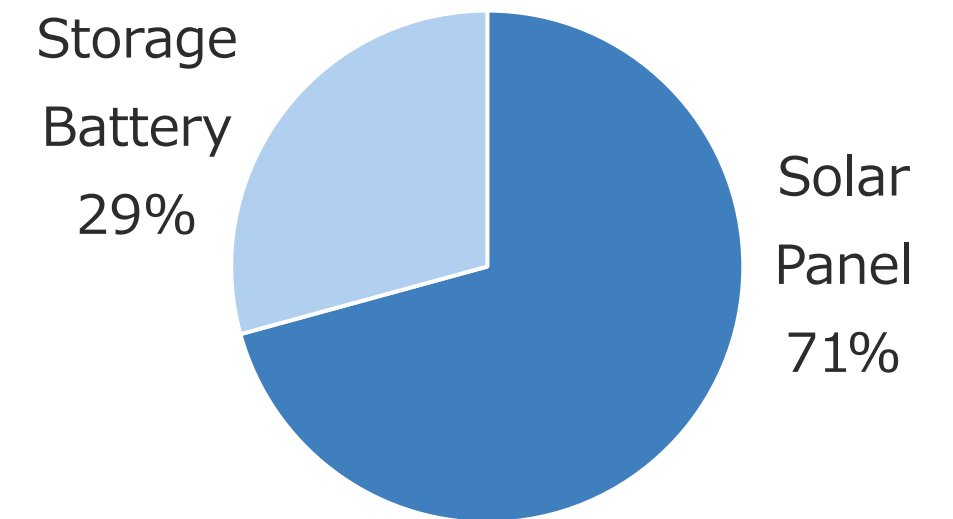
1. Shareholder who own **more than 1 unit (100 shares)** and **on the shareholder list on 28<sup>th</sup> of Dec 2023 (Thu)**.
2. Shareholder who **have completed the procedures to apply the lottery**.

**Summary of the lottery**

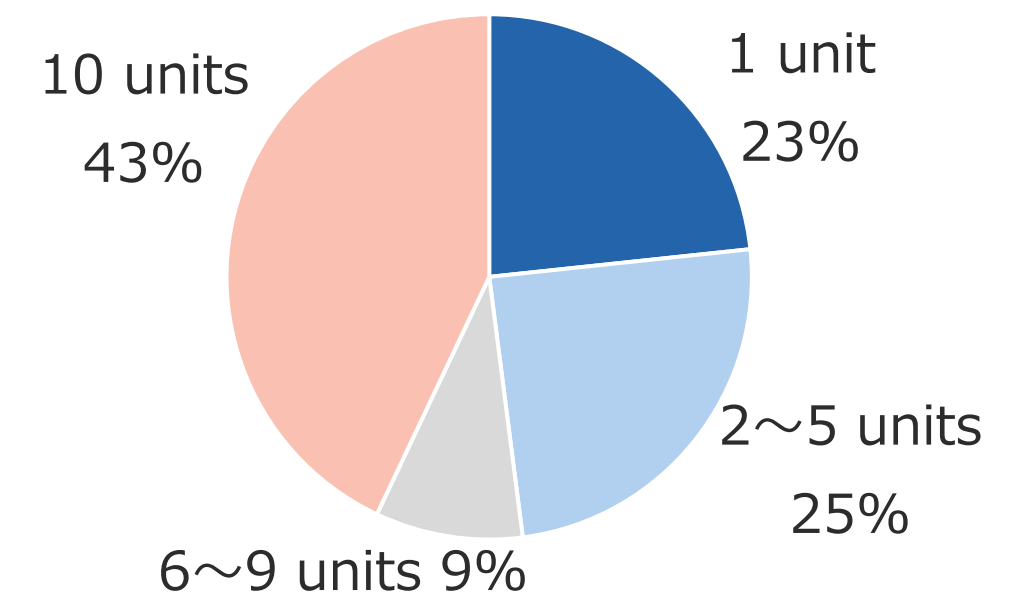
- Lottery is scheduled in **late Feb 2024**
- **The probability of winning increases proportionally with the number of shares held.** (Up to 1,000 shares, max 10 units)

## ■ 2023 1st half Application Summary

### The Equipment Requested



### Application Unit



## Carbon-Neutral x DX Strategy

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**04. Appendix.**



# 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.

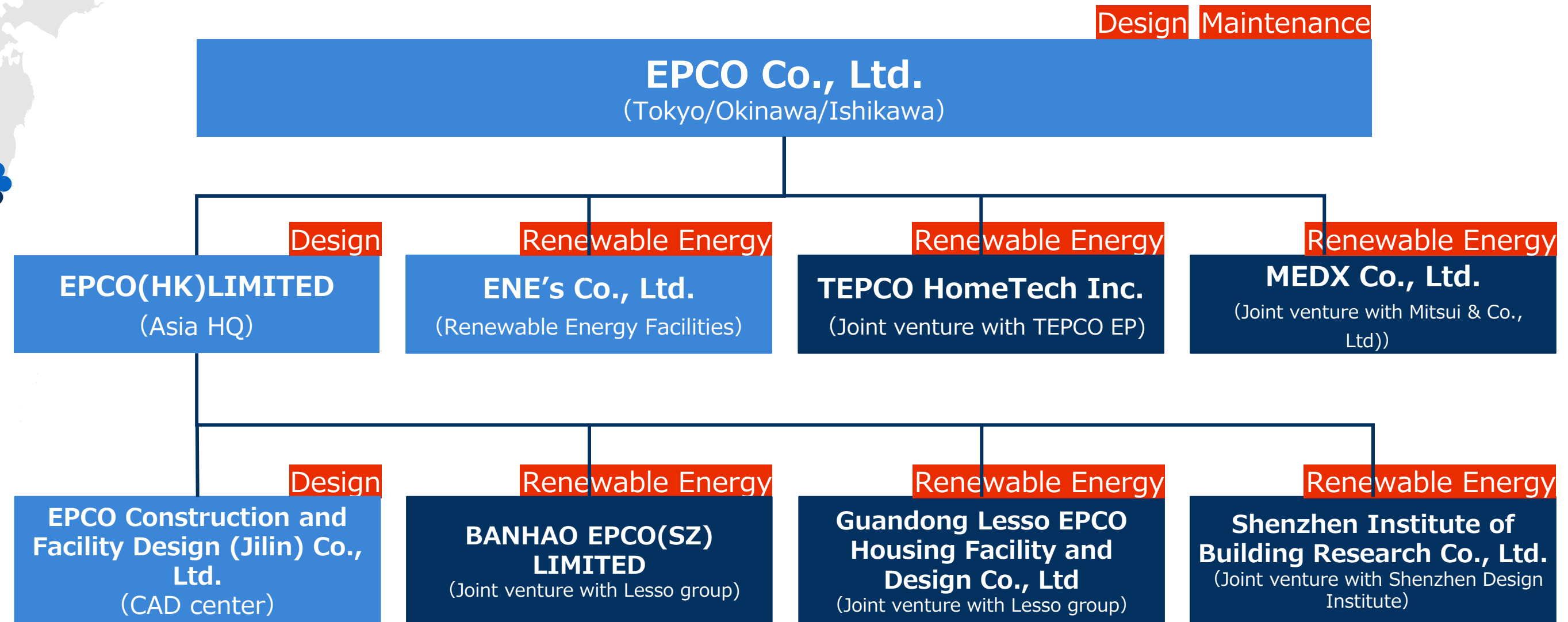
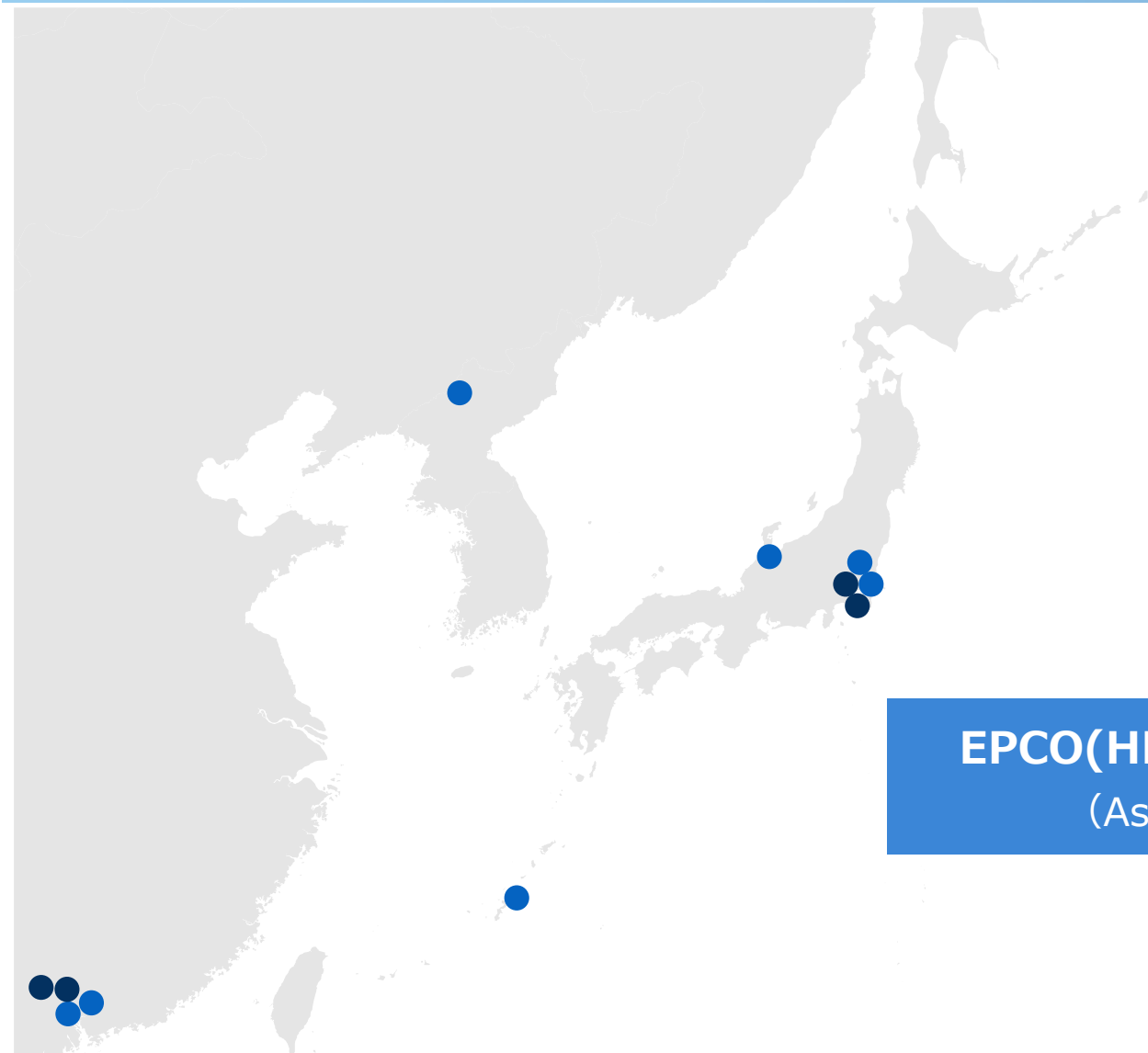


Representative Director  
Group CEO

岩崎 辰之

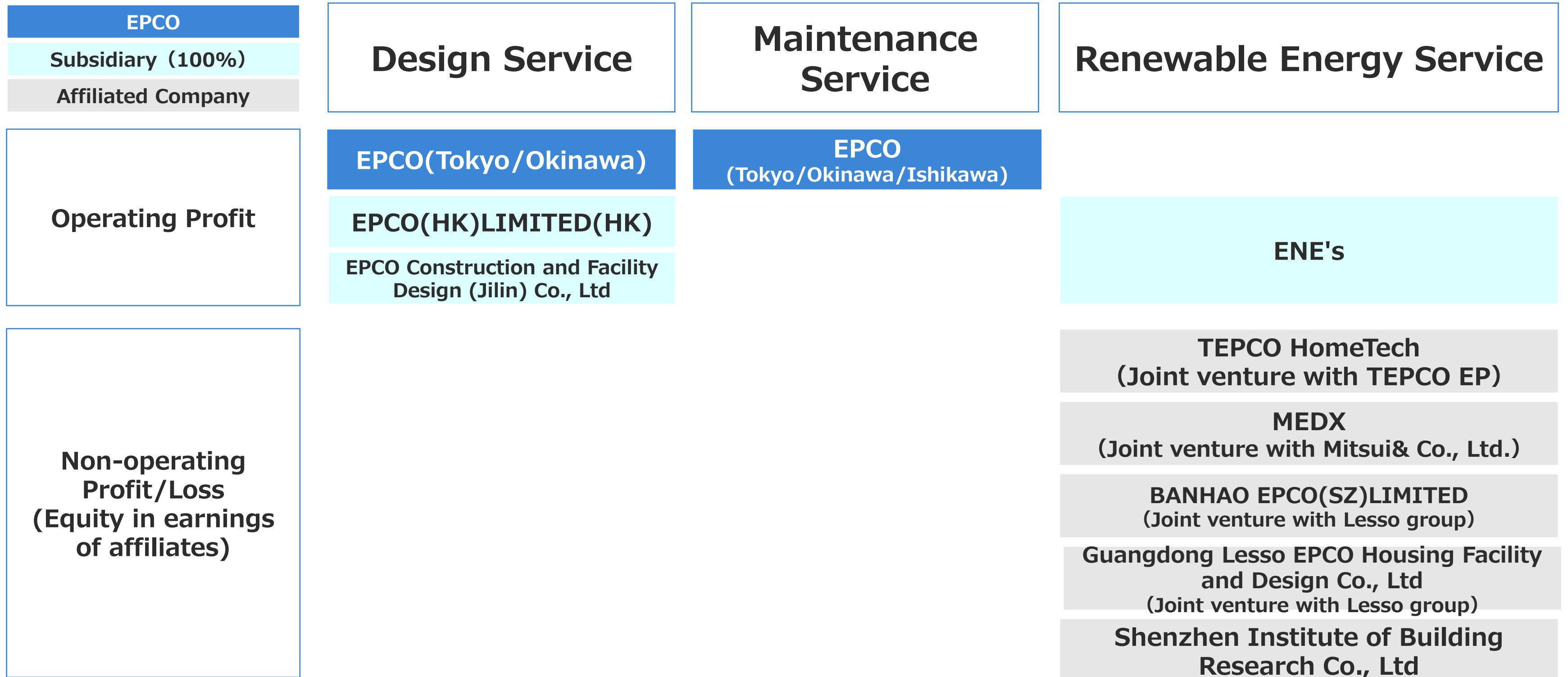
Company Name	<b>EPCO Co., Ltd.</b>	
Head Office	12/F, OLINAS tower, 4-1-3 Taihei, Sumida-ku, Tokyo, 130-0012 JAPAN	
Securities Code	2311 (Standard of the Tokyo Stock Exchange )	
Establishment	April 12, 1990	
Capital	JPY 87 mil.	
Numbers of employee	541 (Consolidated total 853) Including temporary employees 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)

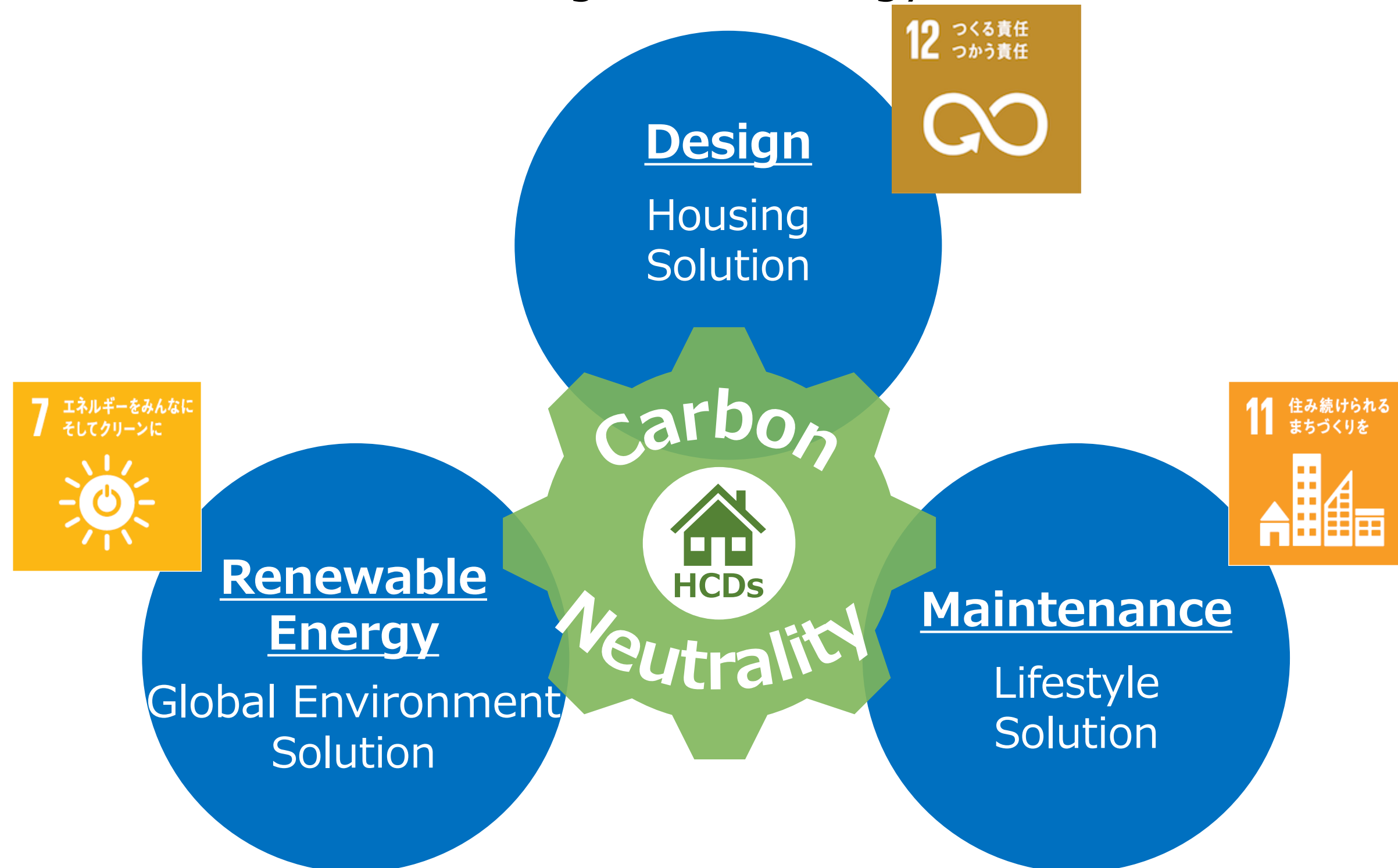


- 2023** Transferred to the Tokyo Stock Exchange Standard Market.  
Established BANHAO EPCO (SZ)LIMITED (Reform joint venture with CHINA LESSO group and EPCO SZ)
- 2022** Transferred from the First Section of the Tokyo Stock Exchange to the Prime Market  
Opened Kanazawa Operation center  
Established 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

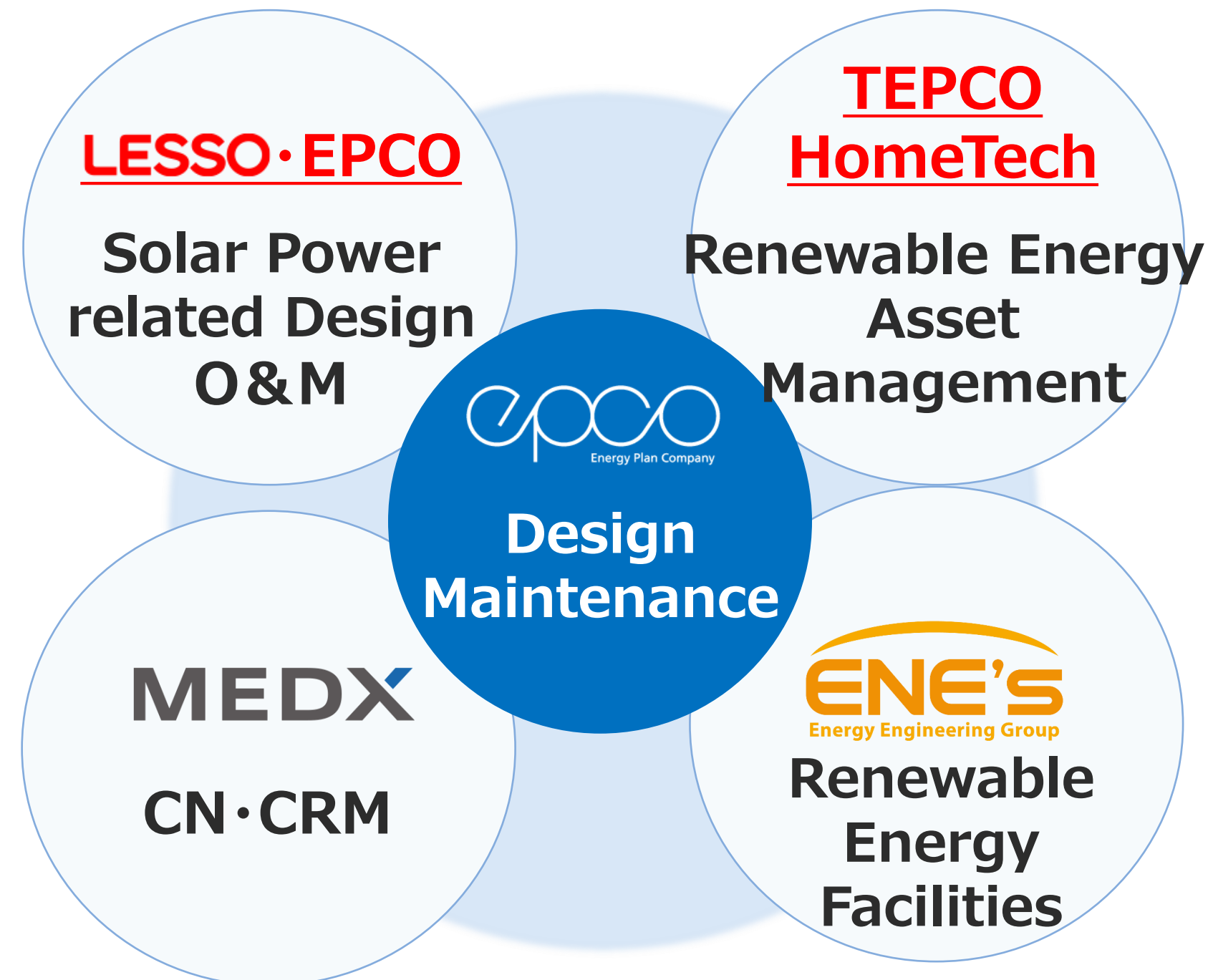
## HCDs : Housing Carbon Neutrality Digital Solutions

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





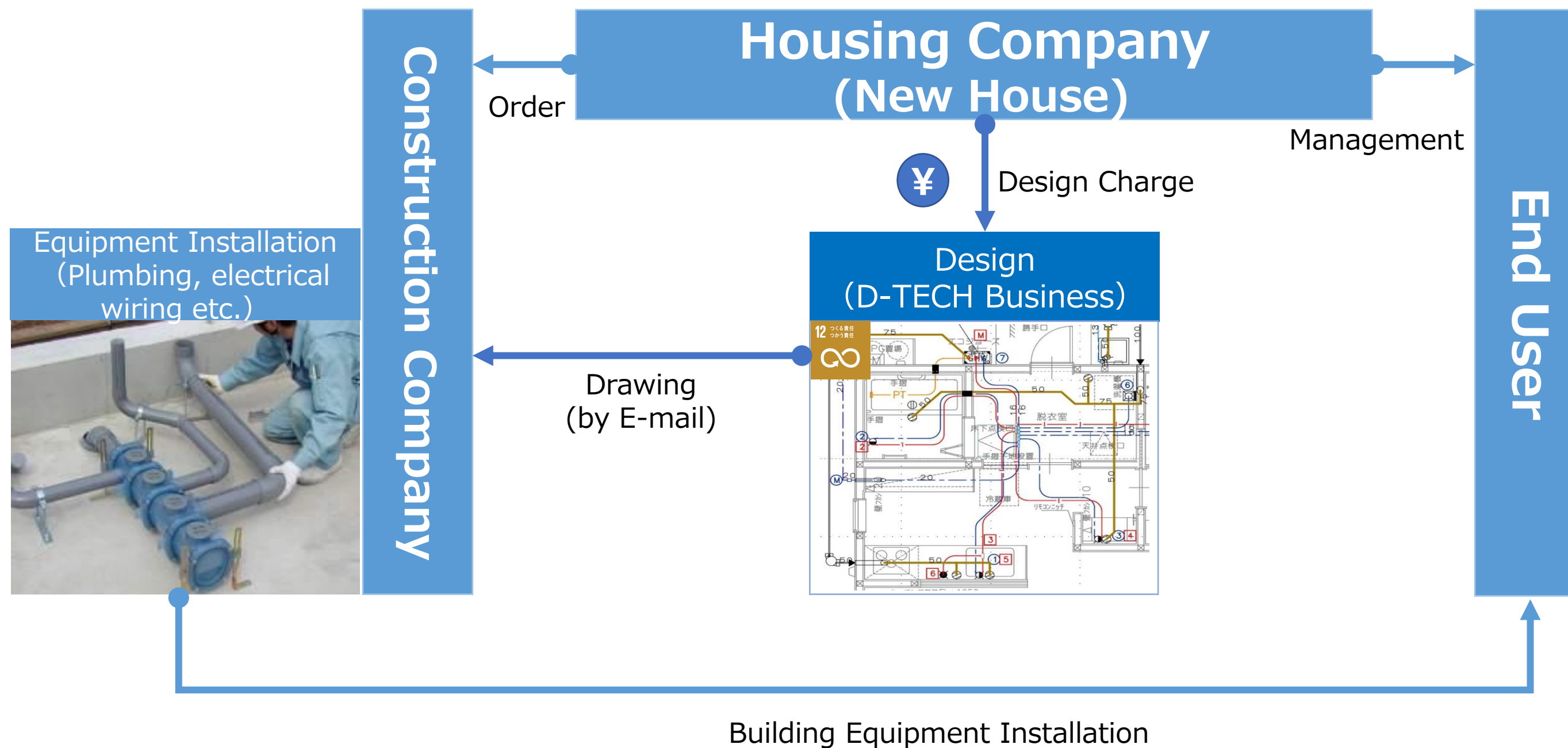
# Core Business of EPCO Group | General View

Since its founding in 1990, the EPCO Group has established three core businesses (design, maintenance, and renewable energy solutions) that support residential lifelines, and these are a stable revenue base.



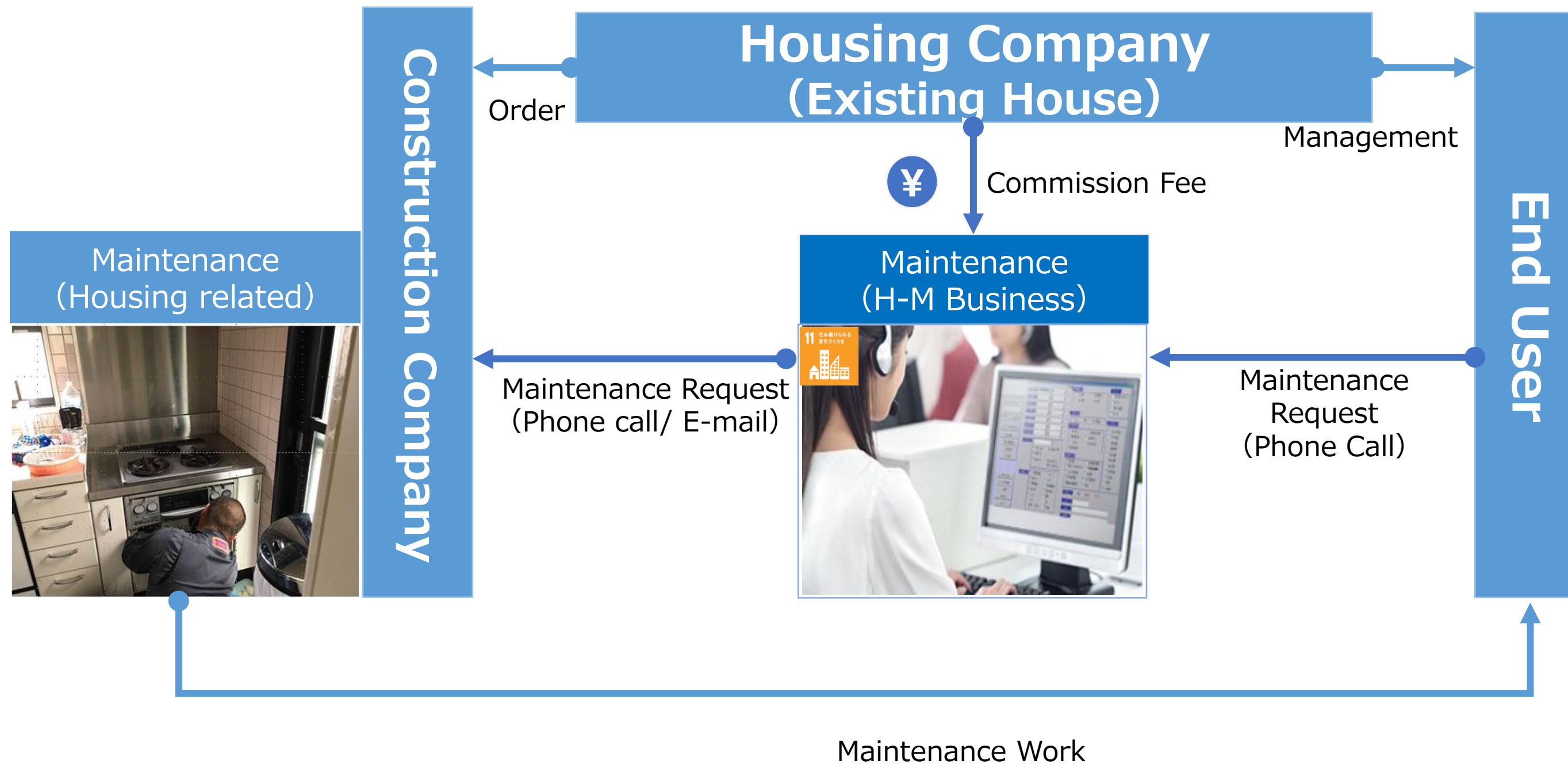
# Core Business of EPCO Group | Design

- 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%)

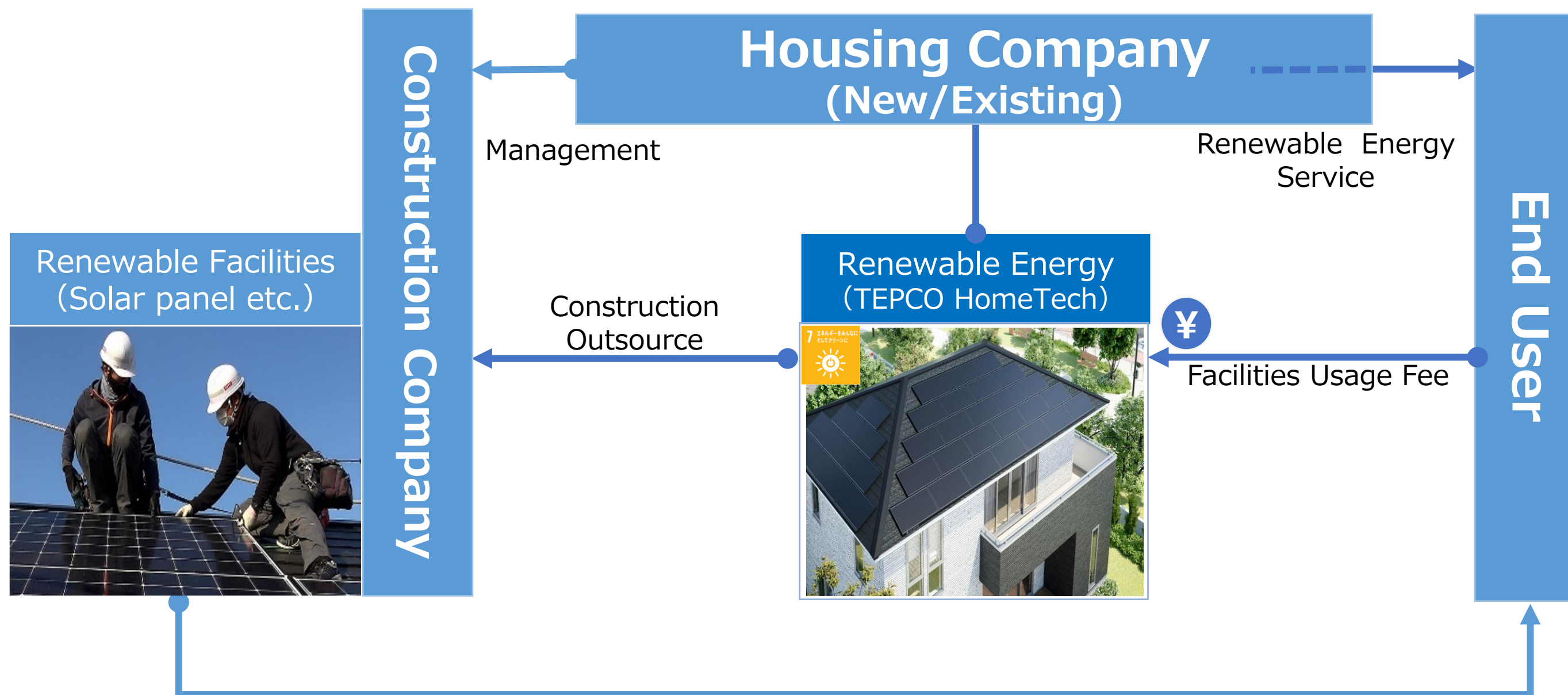




- 24/7 call center network to support maintenance service of house builder.  
(200 operators in Okinawa and Kanazawa)
- Approx. 600,000 cases of maintenance request received annually.  
(Managing 1.6 mil. household nationwide)

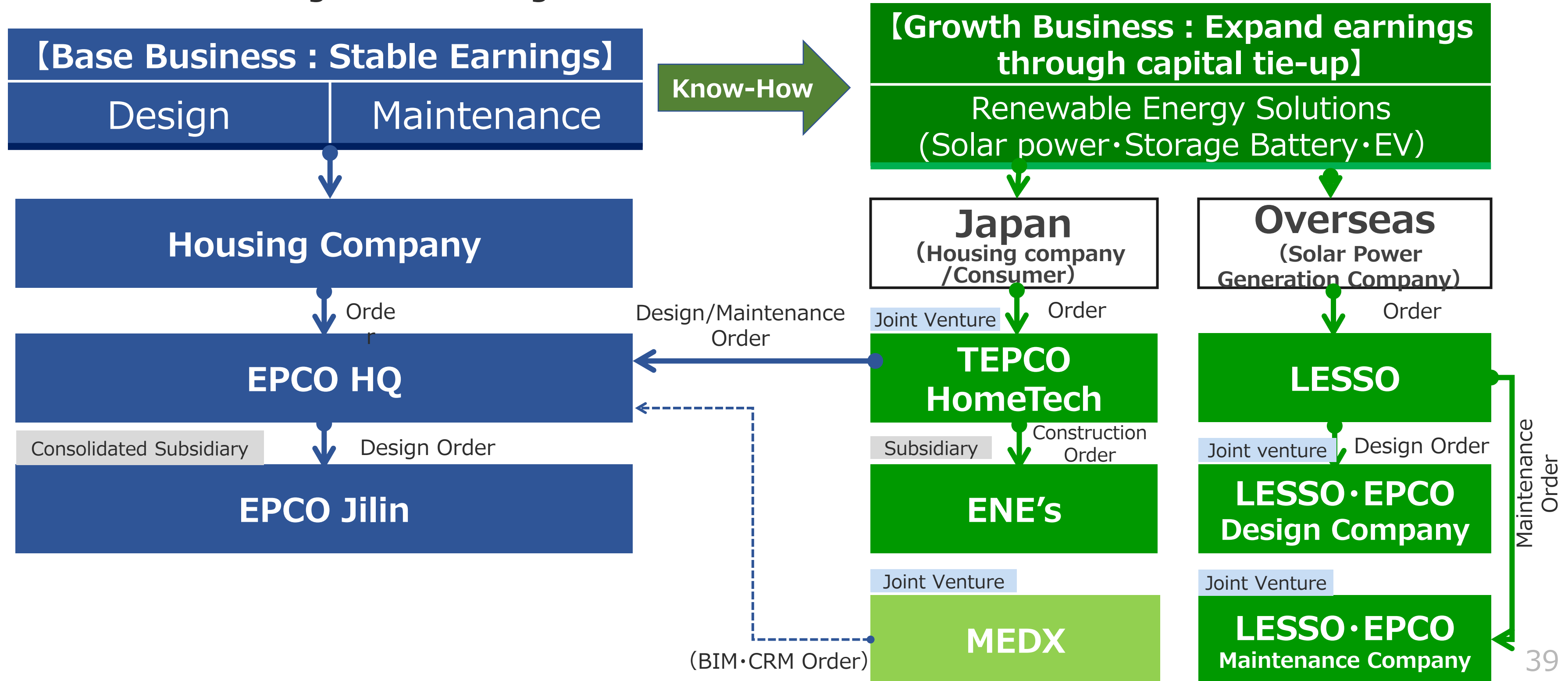


- TEPCO HomeTech is joint venture with TEPCO Energy Partner, Inc.
- Subscription service of renewable energy facilities (Flat-rate usage with zero initial cost) has been adopted and increased in major housing companies



Renewable Energy Facilities Installation

The EPCO Group is currently in the phase of reviewing its business portfolio for achieving sustainable growth. We aim to maximize earnings by focusing on the growing business of renewable energy solutions while earning stable earnings in the base business.





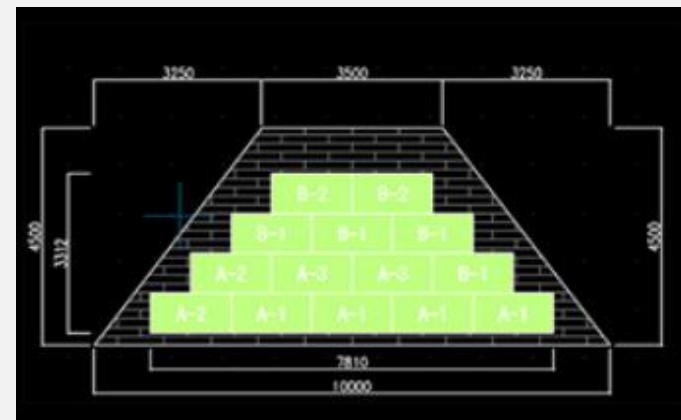
“Renewable Energy Solutions” provides services for the entire life cycle of renewable energy facilities. We aim to speedy expansion of the business in Japan and overseas market through group management utilizing capital tie-up with major companies.

## 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

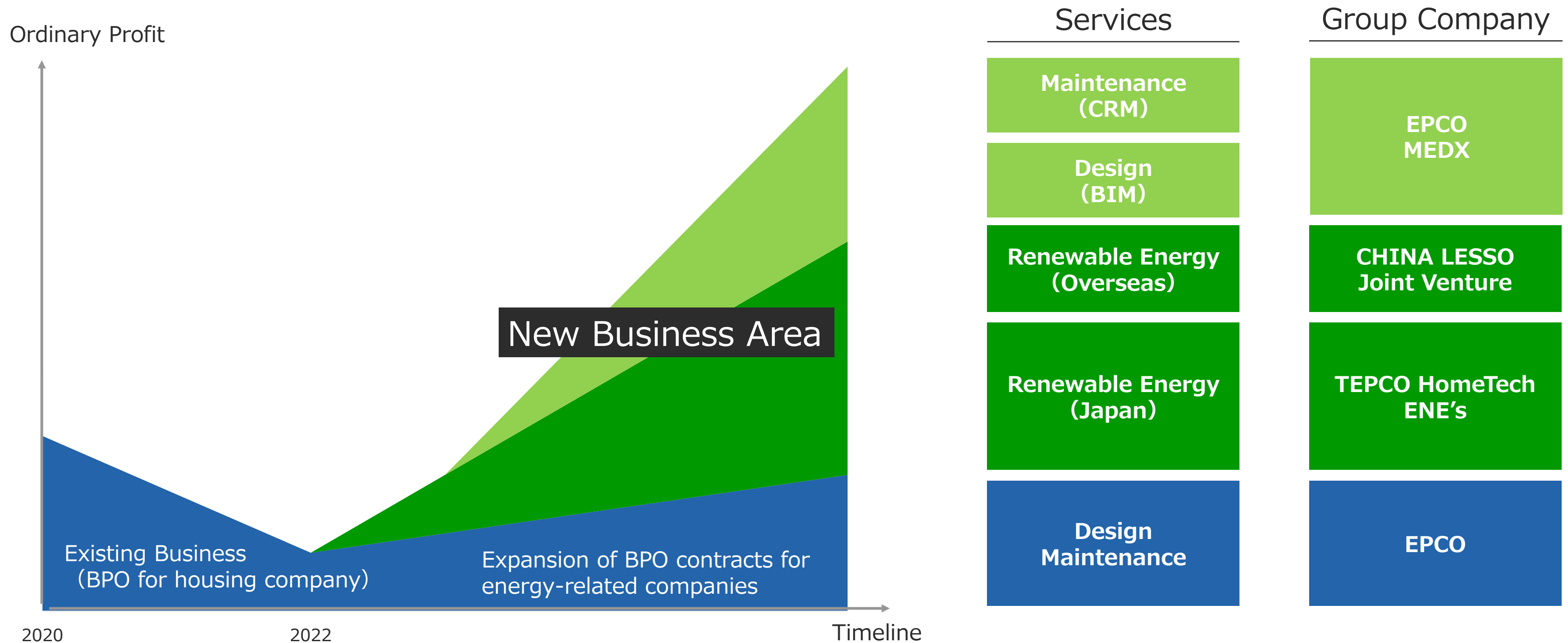
LESSO | EPCO Energy Plan Company

LESSO 联塑

LESSO | EPCO Energy Plan Company

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.

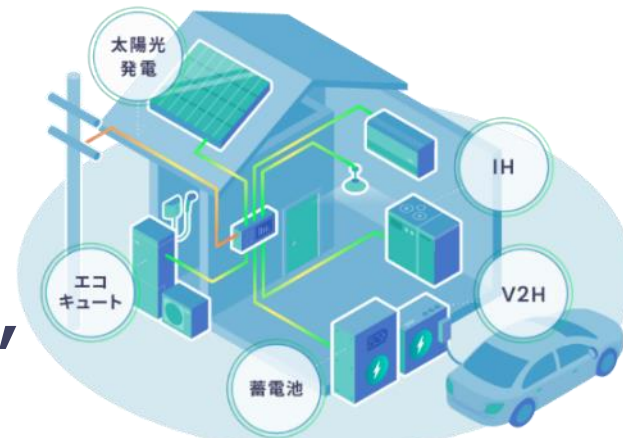


**TEPCO HomeTech aim to be a “Comprehensive Equipment Company”,  
as essential for carbon neutrality in the household**

**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]

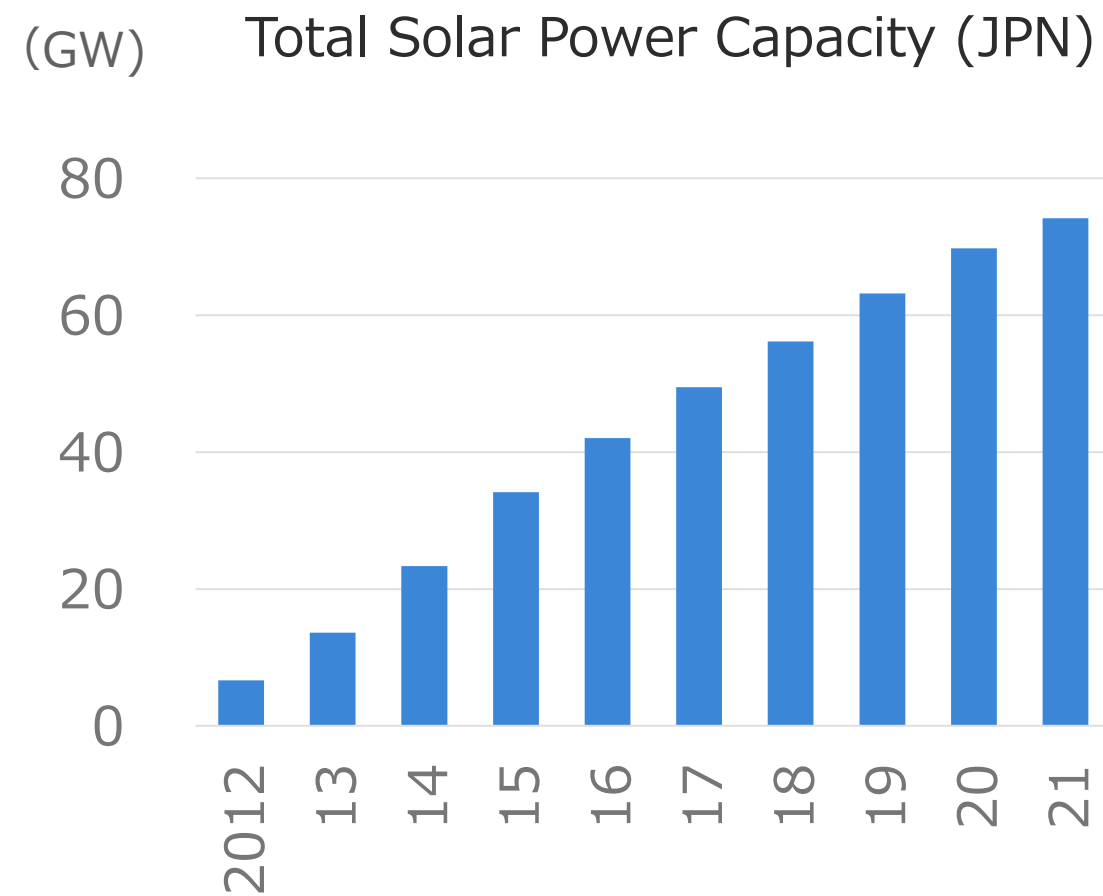
Capital

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

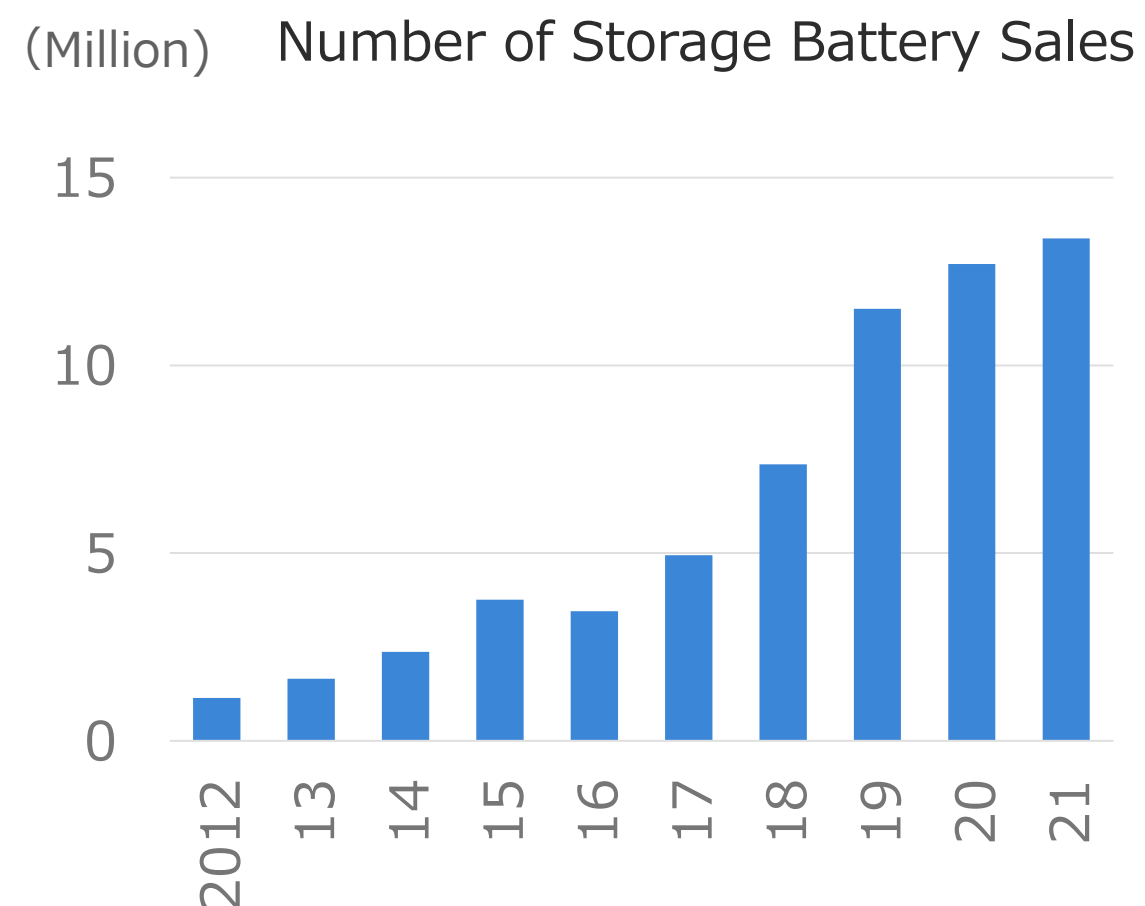
Contract of renewable energy asset management service (Enecari) by TEPCO HomeTech is increasing. Expecting to grow further by spreading solar power generation, storage batteries and EV.

### Solar Power Generation



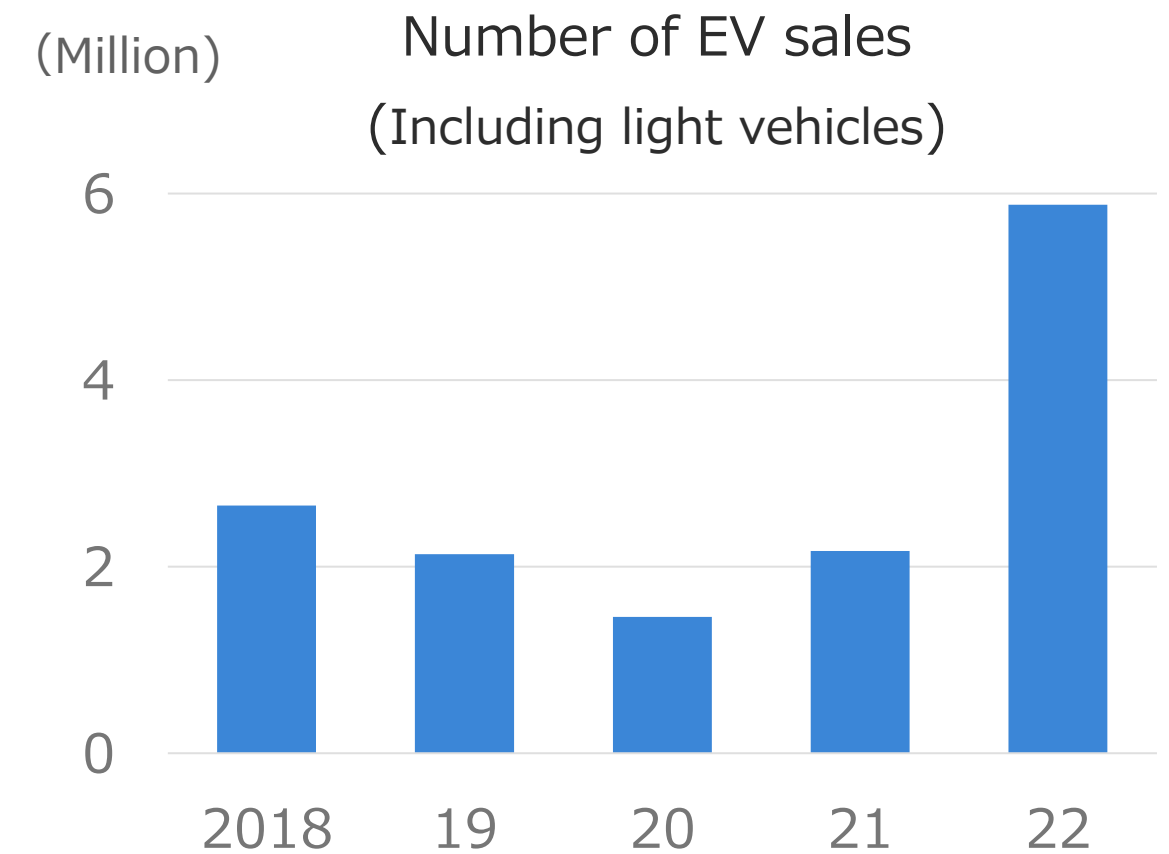
The Source : IRENA "RENEWABLE CAPACITY STATISTICS 2022"

### 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

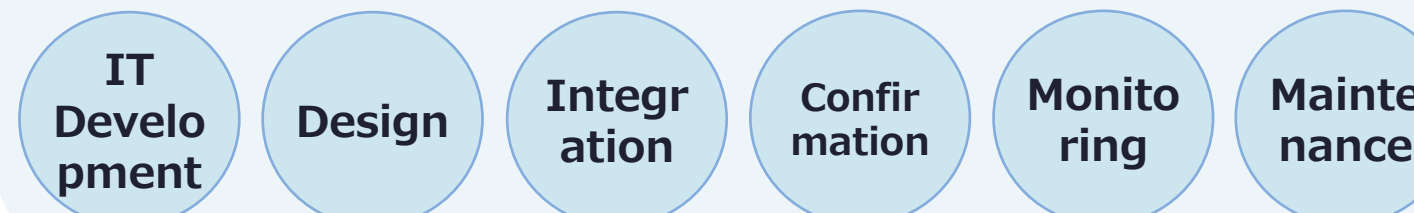
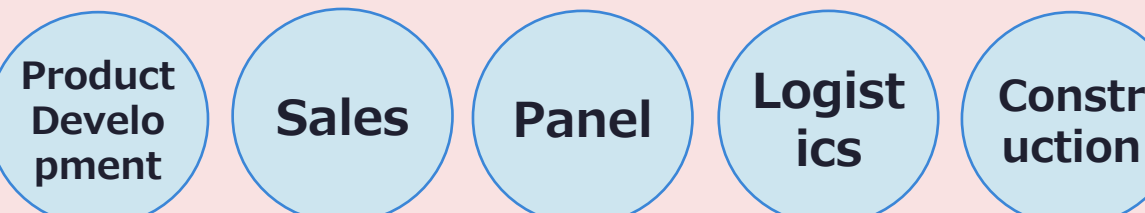


For solar power plants  
One-stop service

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

## LESSO · EPCO Joint Venture\*

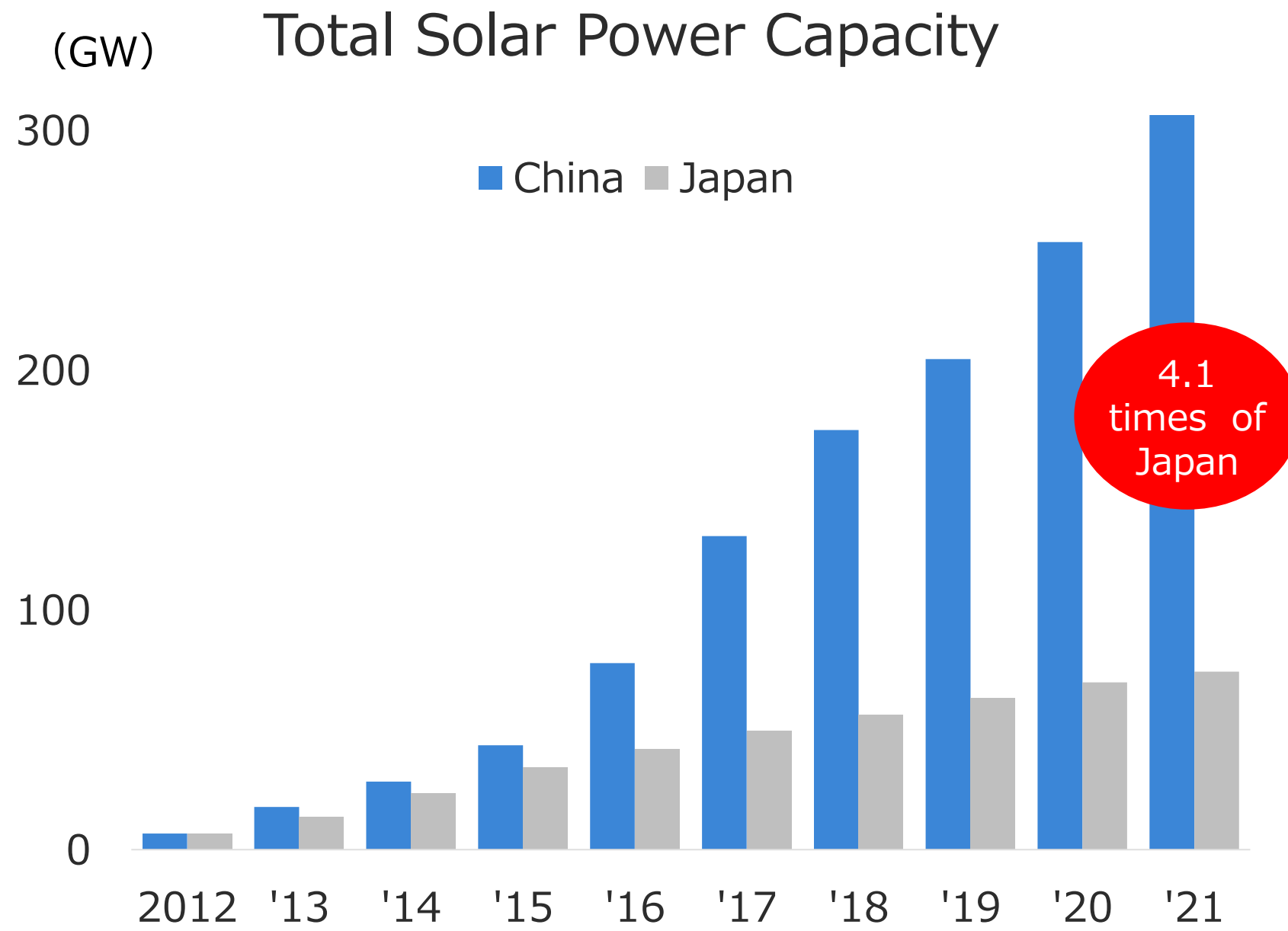
### LESSO 联塑



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



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

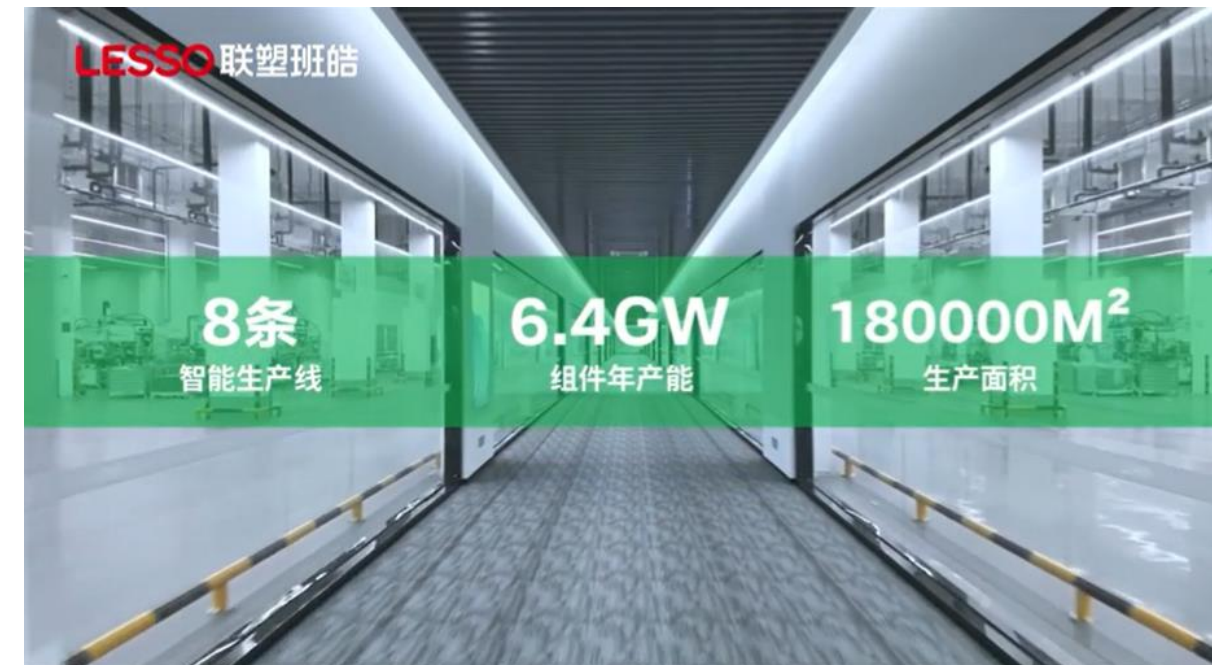


**Increase production capacity through factory investment**

Mar 2023 Shunde Daliang new factory completed



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





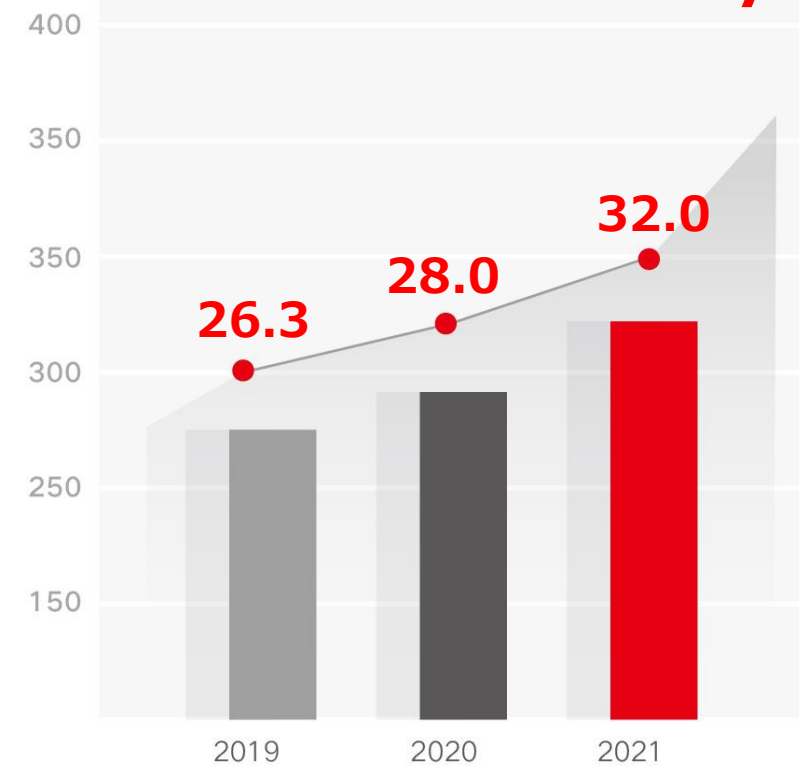
【Name of the company】 中国联塑集团控股有限公司 (China Liansu Group Holding Limited)

【Address】 Fushan, Guangdong,

【Summary】

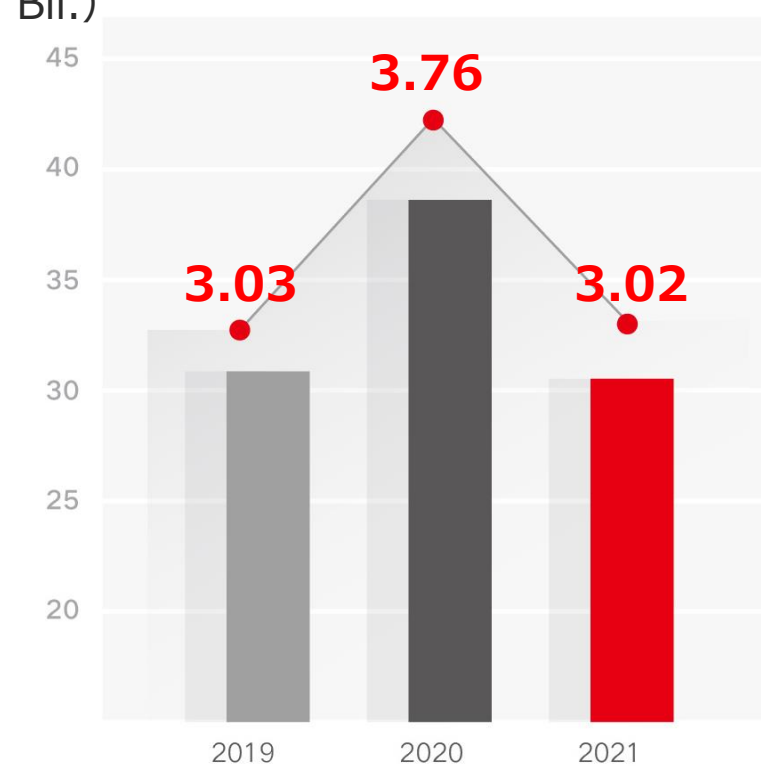
- Established in 1986
- Largest manufacturer of plastic pipe and fitting in China, Top 500 Enterprises of China (375<sup>th</sup>)
- Listed on HK Market (Securities Code 2128:HK)
- Manufacturing Factory : 30 locations in China, 7 locations in overseas
- Distribution Outlet : About 30,000 locations in China

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



单位: 亿元

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






单位: 亿元

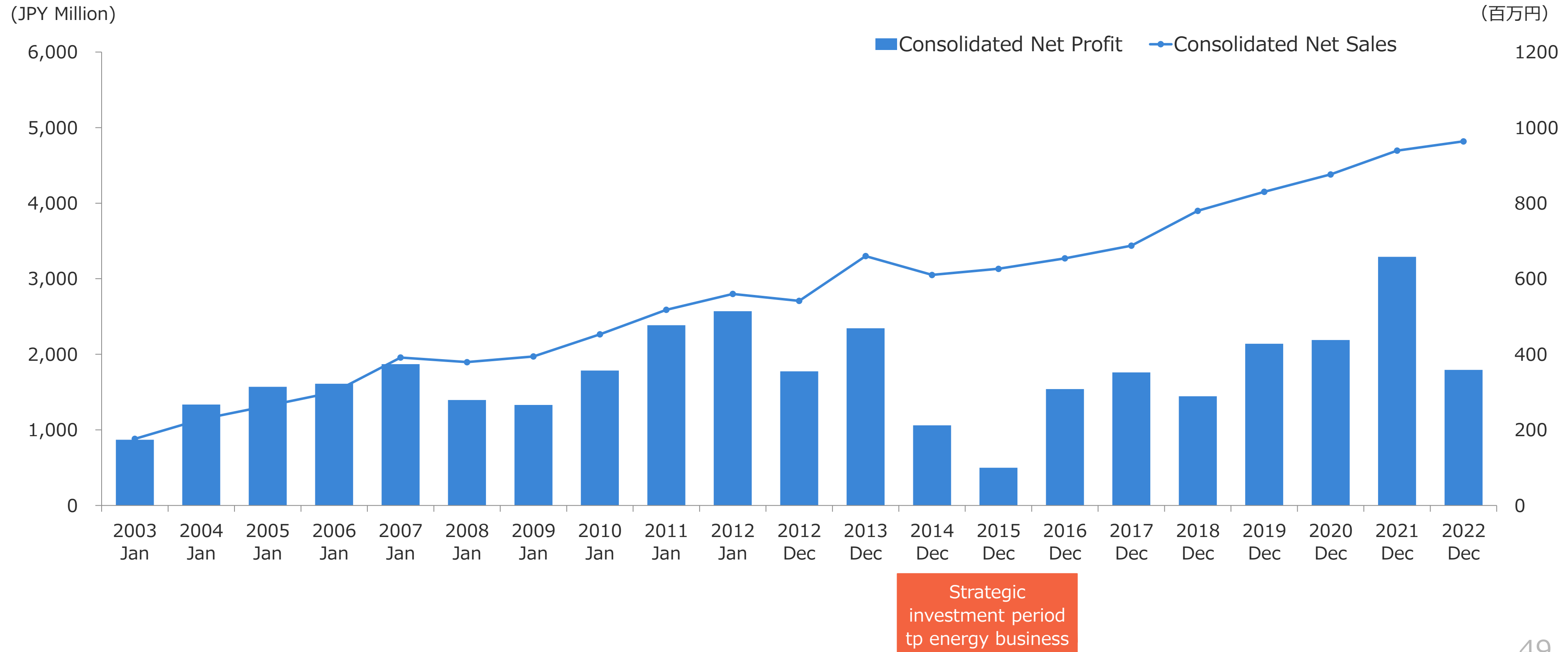
## LESSO HQ



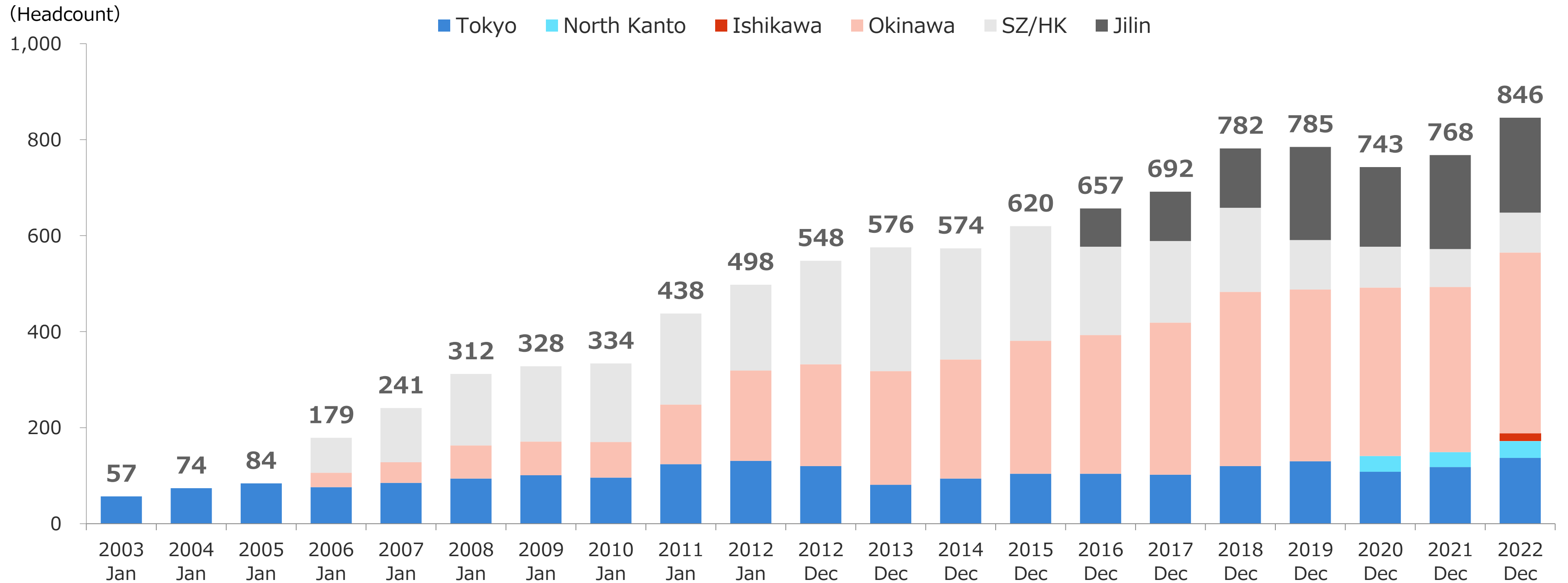
# EPCO Group's ESG Initiative

	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://ssl4.eir-parts.net/doc/2311/ir_material6/216230/00.pdf">https://ssl4.eir-parts.net/doc/2311/ir_material6/216230/00.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



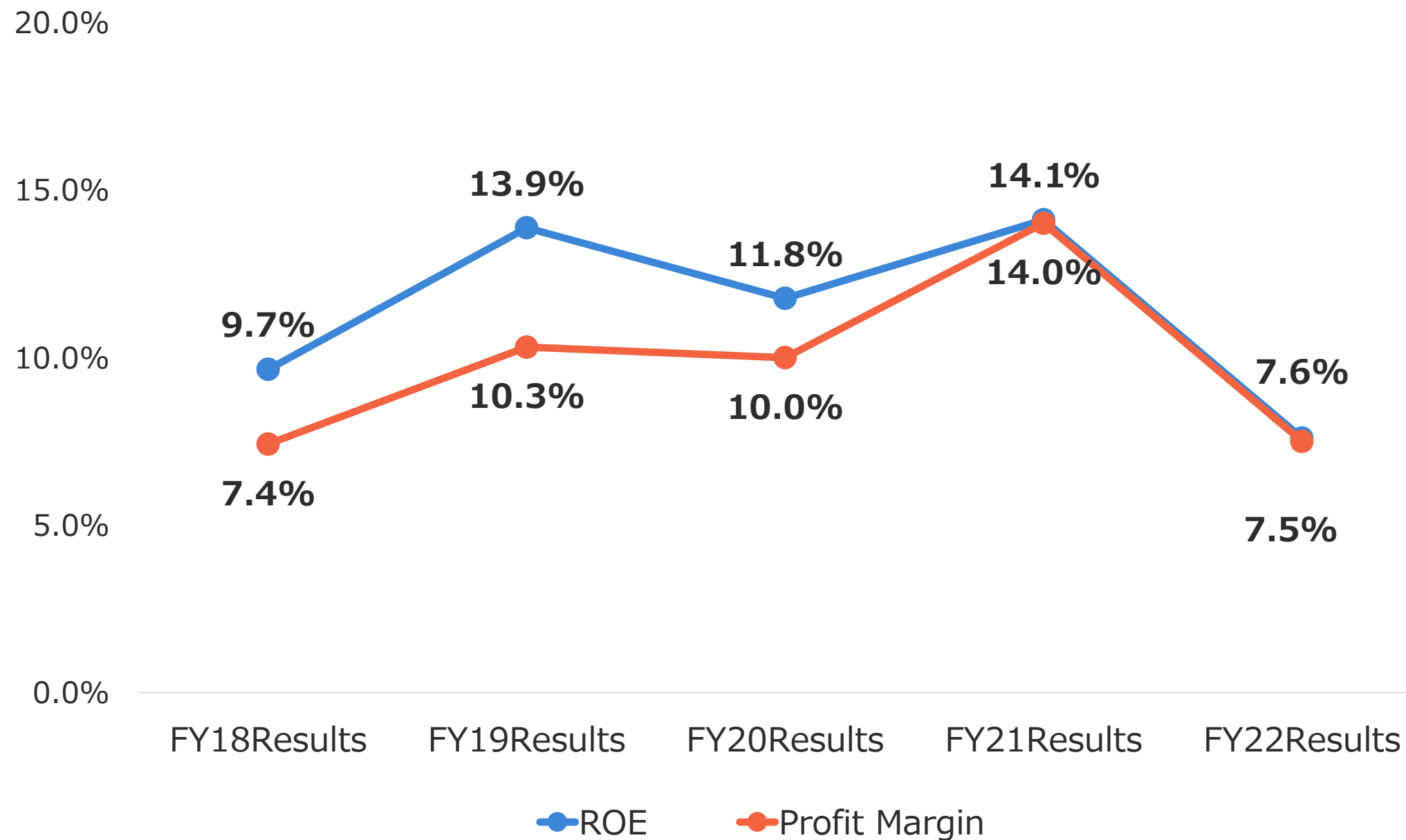
\*Including temporary employees (Counted temporary employee as average during the period)



# Target Management Index (ROE)

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

【Transition of ROE and profit margin】



## Views on ROE

【Further improvement measures of ROE】

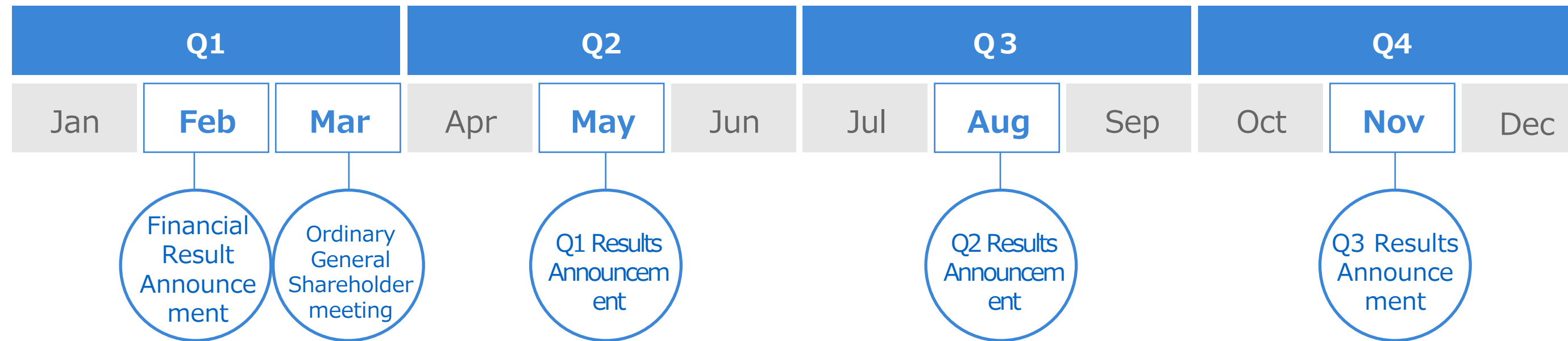
① Improve profit margin by promoting the medium term business plan.

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







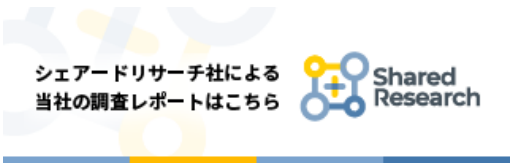



To improve total asset turnover and financial leverage through proactive shareholder returns in line with business expansion.

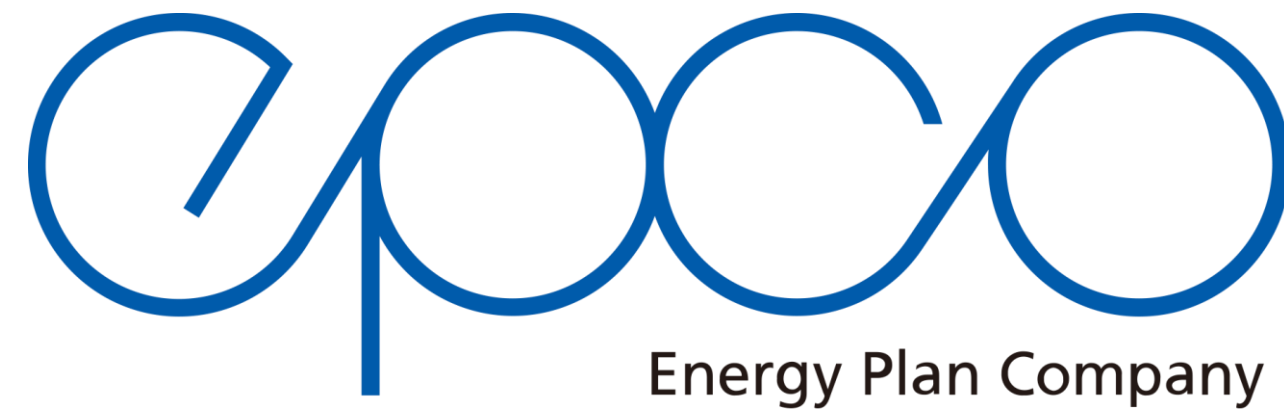
# IR Schedule 2023 (Planned)



## 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 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>	
	Contact Us	<a href="https://www.epco.co.jp/contact/contact.php">https://www.epco.co.jp/contact/contact.php</a>	



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