

Daiwa Investment Conference Tokyo 2024

February, 2024



We wish to offer our heartfelt condolences to those who lost their lives in the Noto Peninsula Earthquake on new year's day and we express our sincerest sympathy to all victims.

■ Restoration Assistance Status

- Providing support for road opening by cooperating with other companies in the same industry.
- We dispatched mobile engineers to provide support and restore base station by transferring power trucks and using generators.
- We provide our "Survival Power Supply" (*1) and "Multi-Charger" (*2) to telecommunication companies from all over Japan.

Due to devastated road conditions, it takes some time for restoration, but we will continue to support as a group.

The damage within the group is minor and will have no impact on business performance.

※1 Survival Power Supply : A medium-capacity lithium-ion battery unit that can provide sufficient power supply even in emergency situations.

※2 Multi-charger : Free disaster recharging service that is compact and lightweight, with everything built into one flame-retardant bag.



Multi-charger



Survival Power Supply

About Us (As of March 31, 2023)

Company Name	EXEO Group, Inc.
Established	May 17, 1954
Representatives	President and CEO: Tetsuya Funabashi
Paid-in capital	¥6,888 million
listed exchange	Listed on TSE Prime (Code: 1951) Trading unit: 100 shares
Stocks	Total number of issued shares 109,812,419 shares Number of shareholders 35,114
Consolidated net sales	¥627.6 billion
Rating	Japan Credit Rating Agency, Ltd. (JCR) A + (stable)
Number of employees	Consolidated total: 16,772
Head office	3-29-20 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan
Number of business offices	Branch offices: 12 Sales offices: 23
Consolidated subsidiaries	135
Fiscal year-end	March 31



1. Overview Results for the Nine Months Ended December 31, 2023

Top line is at record high level (Orders Received reached record high).

Revision to full-year forecasts due to weak condition of global field.

Dividends keep increase (interim 60 yen, annual 120 yen).

Announced additional 3 billion yen acquisition of treasury shares.

／ (2) Results Highlights (Orders Received, Net Sales)

Orders Received reached record high (Net Sales is also at record high level).

■ Orders Received

■ Net Sales

(billion yen)

Increased by +3% YOY

decreased by -3% YOY

445.0

462.8

478.5

395.3

417.3

403.3

FY21-3Q

FY22-3Q

FY23-3Q

FY21-3Q

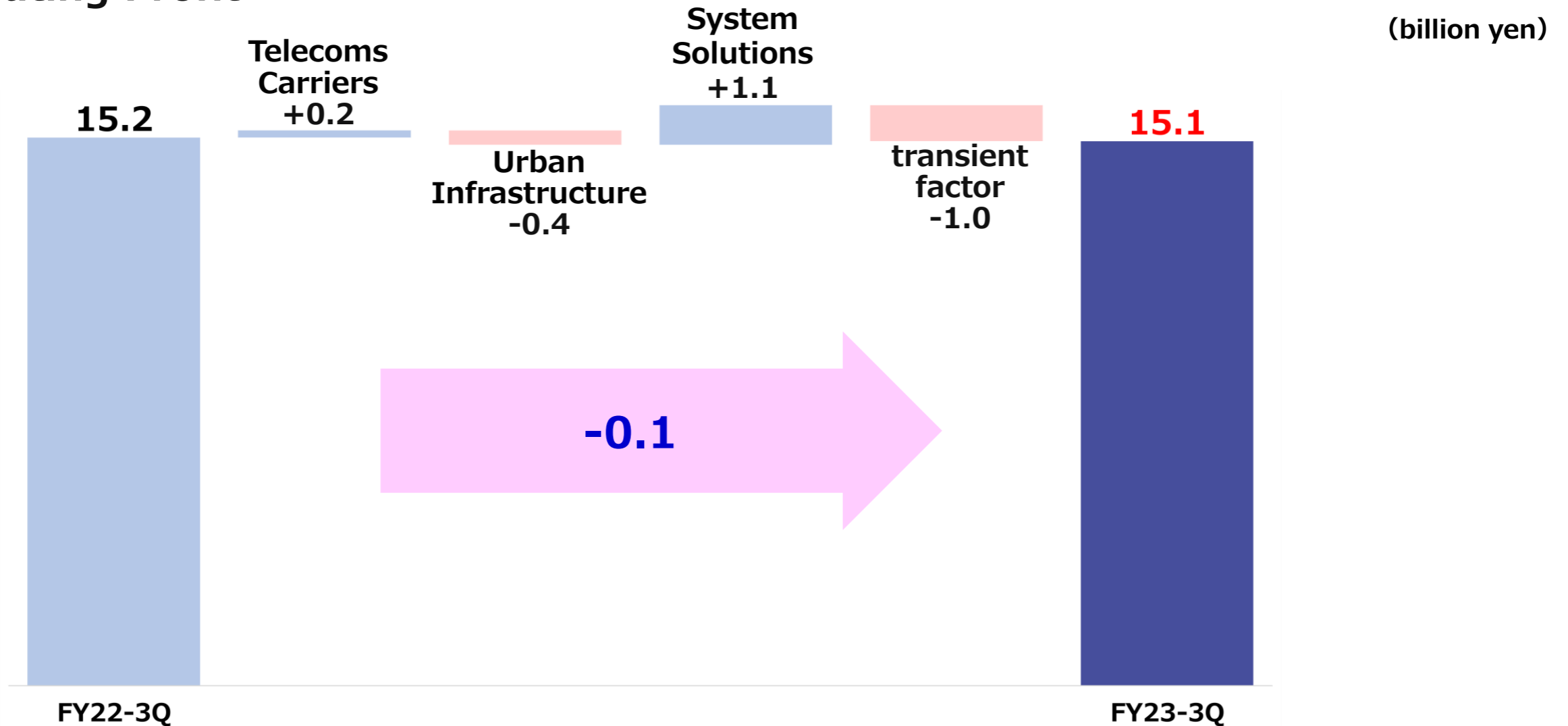
FY22-3Q

FY23-3Q

／ (3) Results Highlights (Operating Profit)

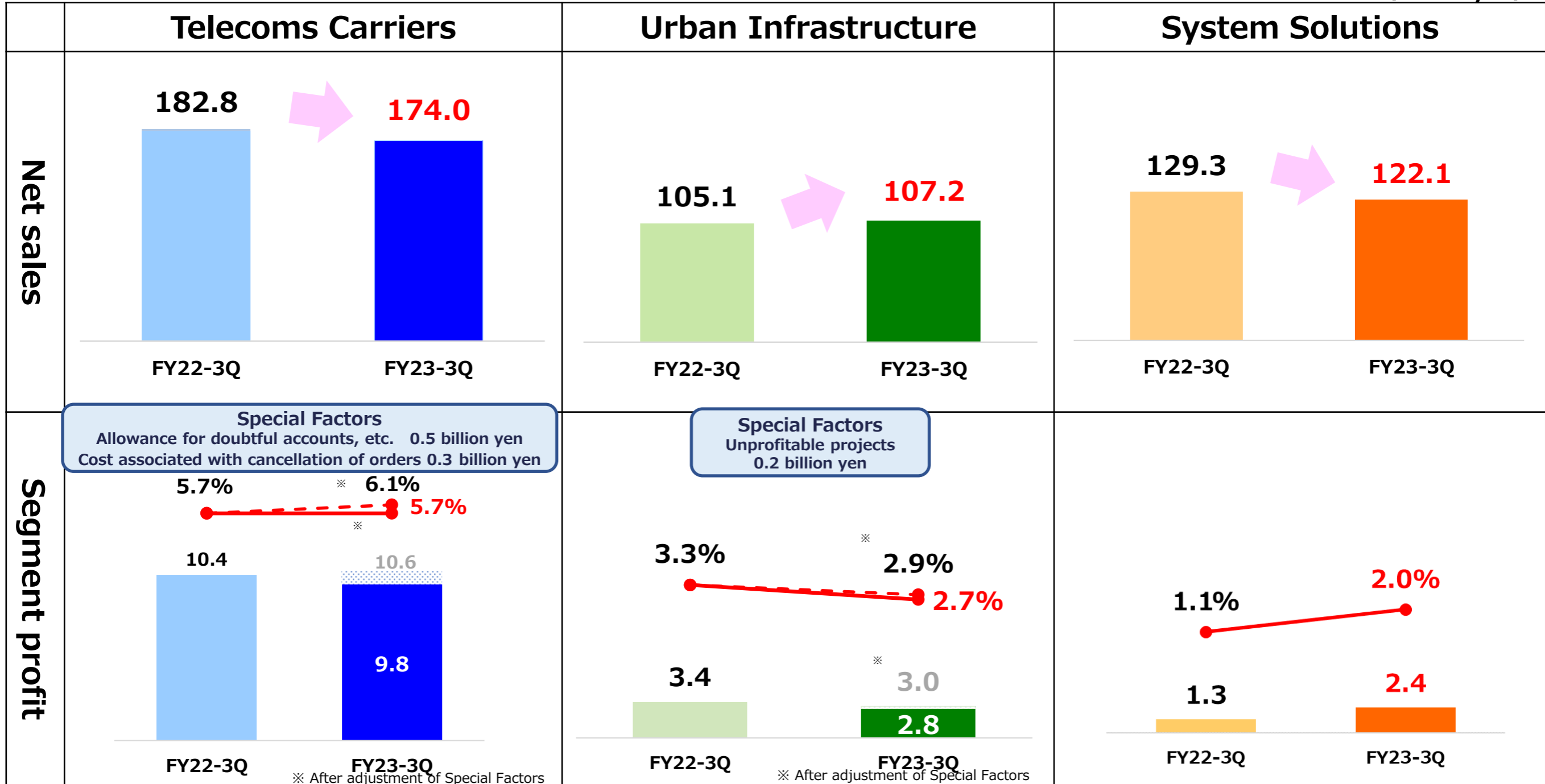
Profits secured due to growth in other areas, despite sluggish overseas project unit and other transient factors.

■ Operating Profit



(4) Results Highlights (Segment Information)

(billion yen)



／ (5) Plan Summary

Full-year plan revised down due to overseas projects unit weakness.
We will make effort to improve profitability by further promoting structural reforms.

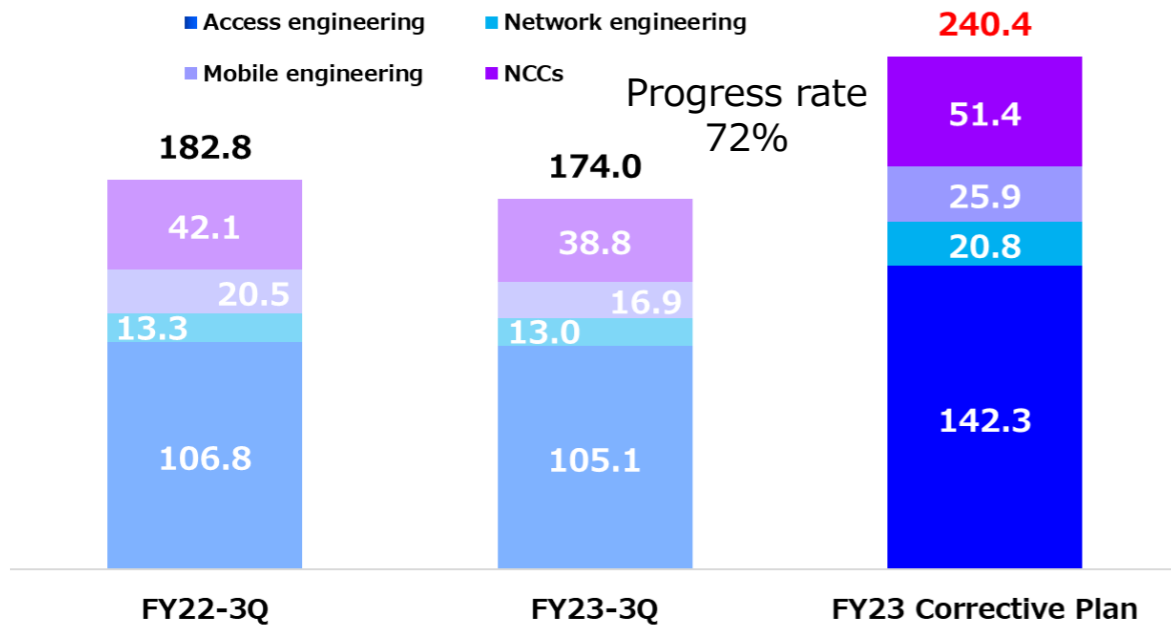
(billion yen)	FY2022	FY2023			
	Actual A	Initial Plan B	Corrective Plan C	Plan C-B	YOY C-A
Orders received	625.6	620.0	620.0	-	-5.6
Net sales	627.6	630.0	610.0	-20.0	-17.6
Operating profit	(5.2%) 32.5	(5.4%) 34.0	(4.9%) 30.0	(-0.5P) -4.0	(-0.3P) -2.5



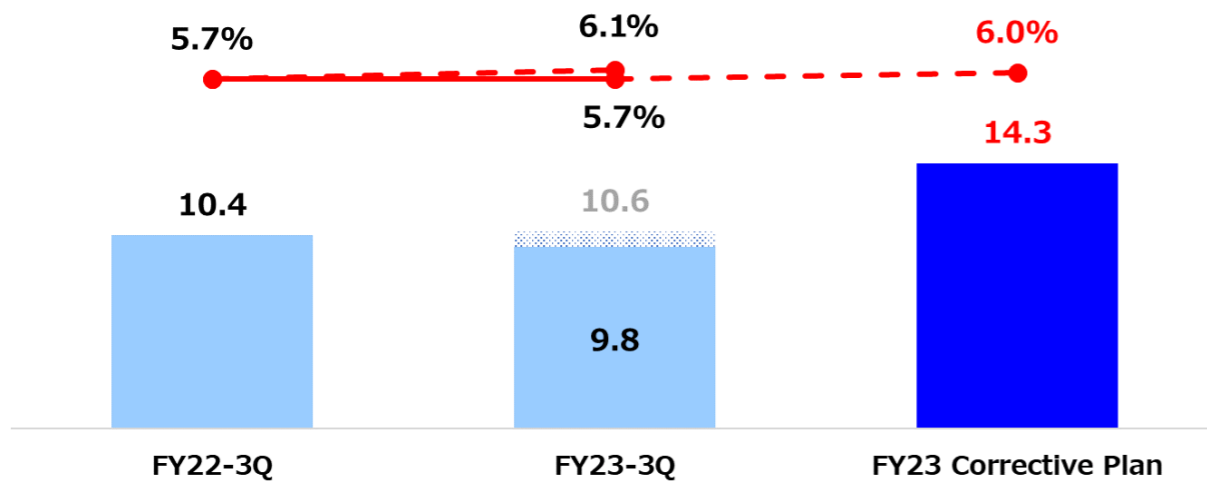
2. Initiatives by Segment

(1) Telecoms Carriers

■ Trends in net sales (billion yen)



■ Trends in segment profit



3Q Result and FY2023 Plan

- Sales decline due to investment restraint by some carriers, but structural reforms minimized the decline in profit margins.
- Continue to aim to achieve full-year plan despite special factors.

Main Initiatives

- **Structural Reform 2.0** (next page below)
- **Building a flexible system that can respond to increases and decreases in demand.**
- **Responding to investments to eliminate network malfunction in urban areas.**

／ (1) Telecoms Carriers ~ Structural Reform 2.0 ~

“Structural Reform 2.0” is underway to increase productivity in the carrier business and secure resources in growth areas and we also continued efforts to improve productivity

Telecoms Carriers

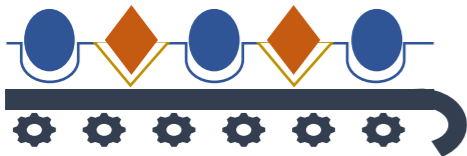
Organizational integration of mobile construction systems.
(Business Engineering Division)

Carrier A

Carrier B

Multi-carrier

- Standardization of construction process.
- Integration of construction organization slimming down.



➔ **Productivity increase**

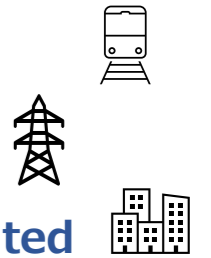
➔ Focused on experienced /qualified people.

Urban Infrastructure

Expansion of electric, power and smart energy businesses.

Expansion of railroads, public and other social infrastructure facilities.

Expansion and synergy with infrastructure-related group companies.



We already shifted 100 personnel to growth areas in the first half-year (reskilling)

➔ Selection and training based on aptitude.

System Solutions

Proposing business models using solutions.

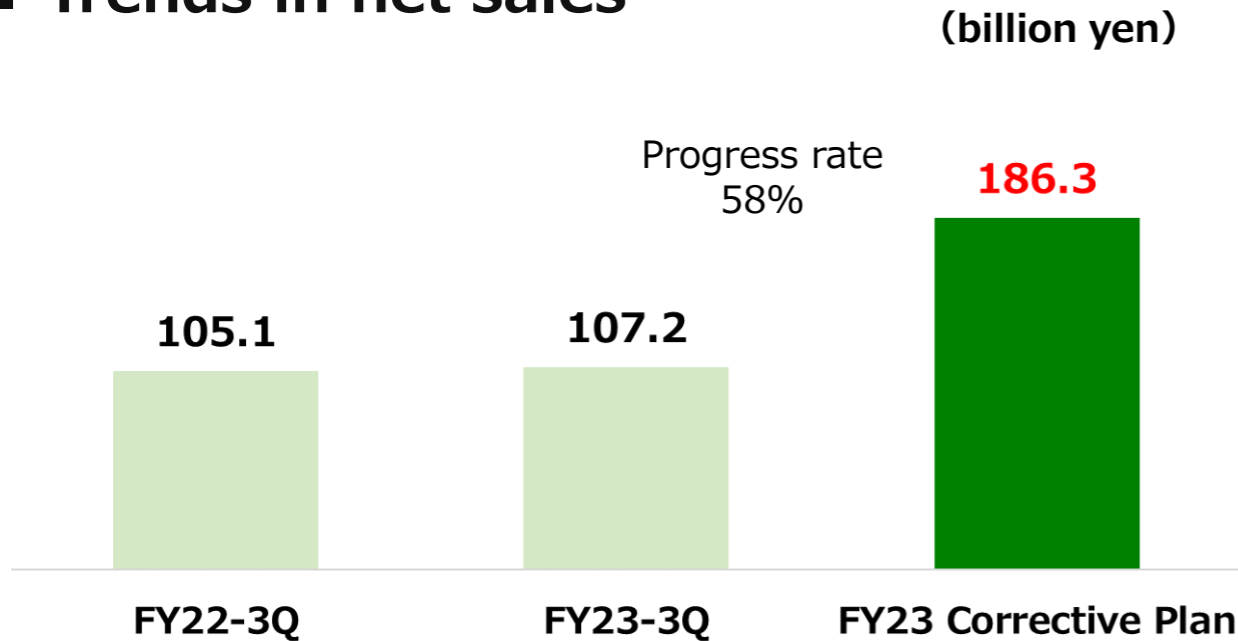
Strengthening high-value-added areas.

Expansion and synergy with SI Group companies.

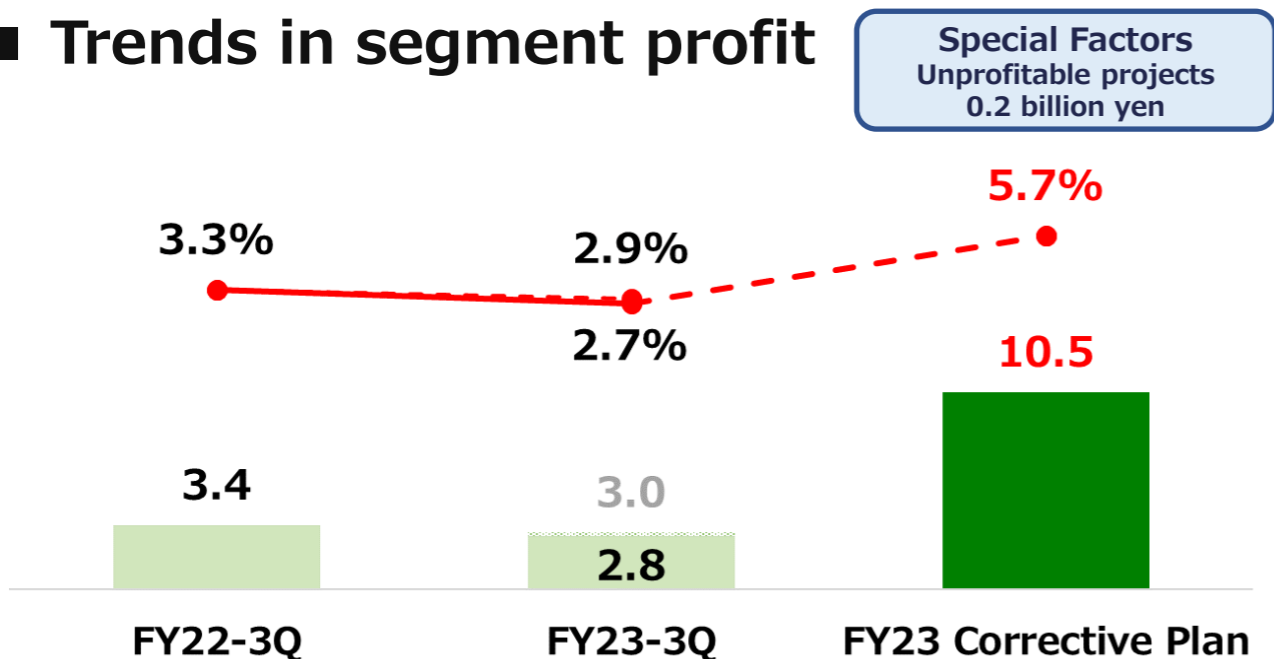


(2) Urban Infrastructure

■ Trends in net sales



■ Trends in segment profit



3Q Result and FY2023 Plan

- Steady business growth in data centers, public infrastructure construction, etc. Improved profitability mainly in large-scale projects.
- Many large long-term orders were received in the first half of the year, and the order backlog expanded.

Main Initiatives

- Implemented personnel transfers within the group, it strengthen the structure in response to market expansion in the electrical sector of the data center.
- In the civil engineering field, we are also developing propulsion method construction projects overseas.

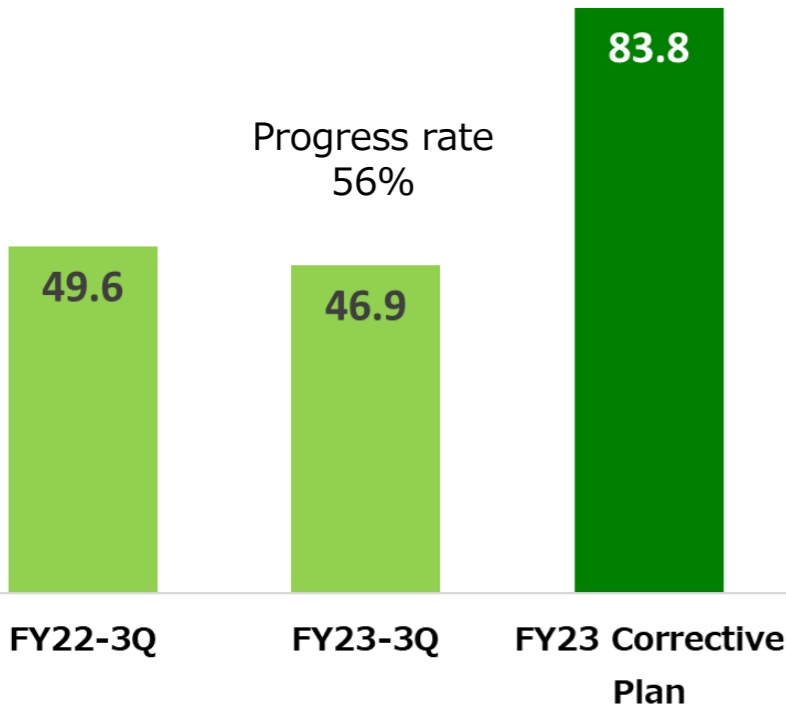
(2) Urban Infrastructure (Breakdown by Business Unit)

■ Trends in net sales

(billion yen)

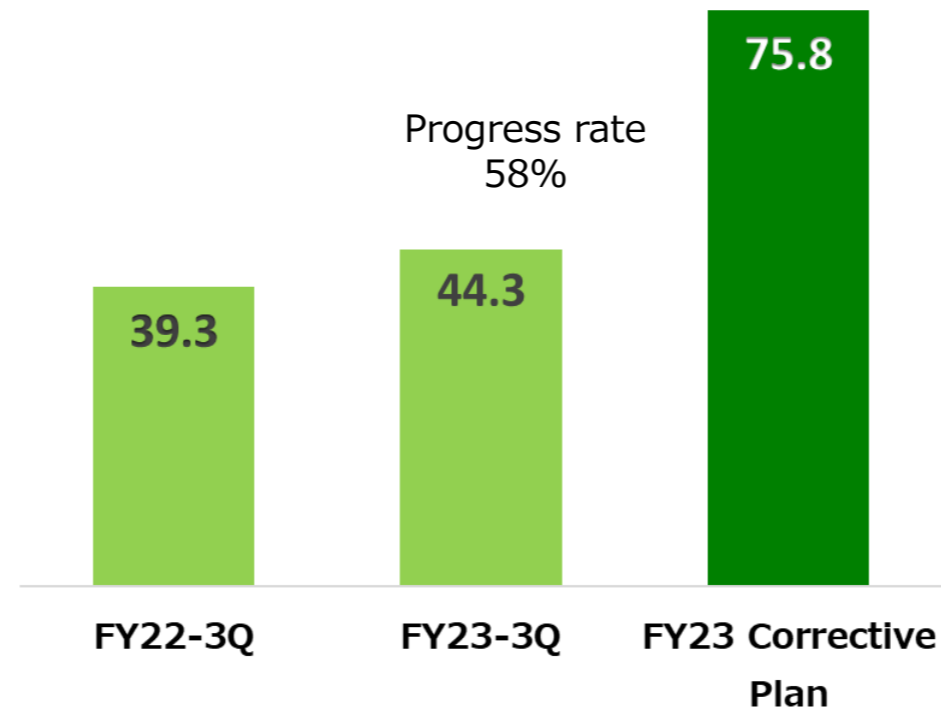
• Energy Unit

(Electricity, Environment, Renewable energy, etc.)



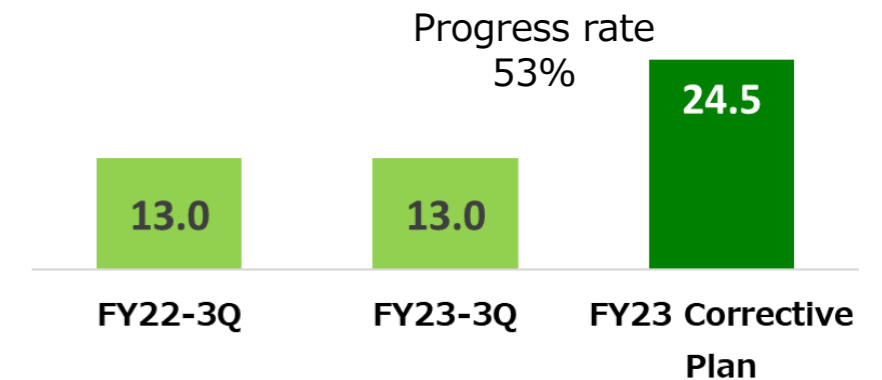
• Public infrastructure Unit

(Railway communications, urban-civil engineering, etc.)



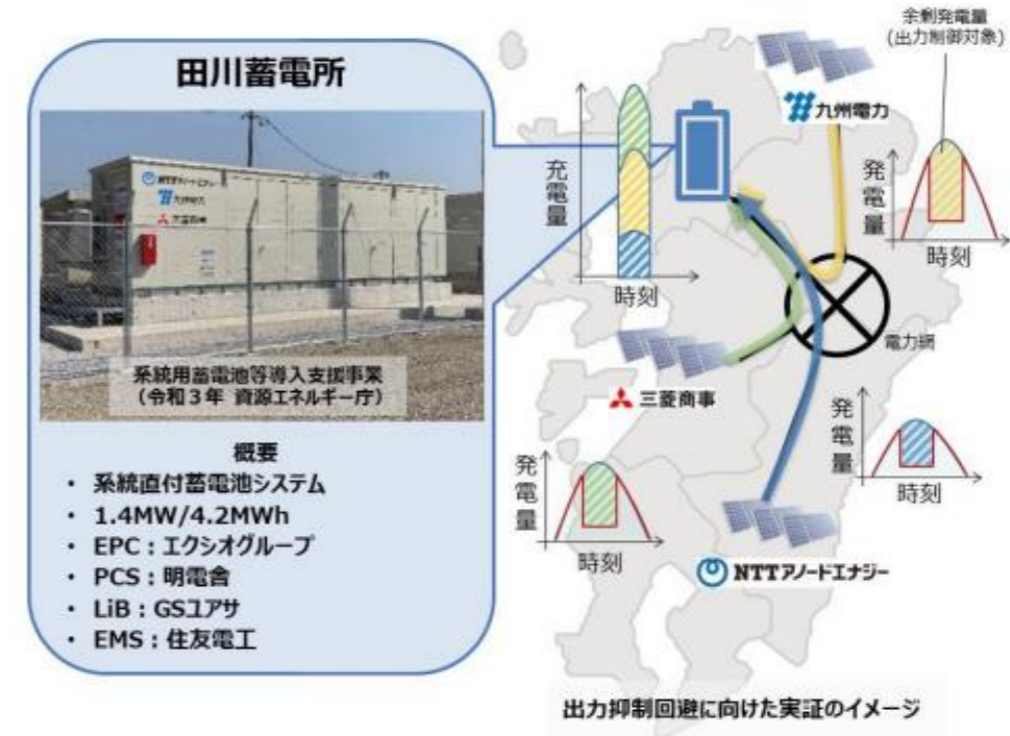
• Facility infrastructure Unit

(700MHz Band TV reception measures, Local 5G facilities, etc.)



(2) Urban Infrastructure (Grid storage battery)

Stabilization of the power grid and effective use of renewable energy.
Actively contribute to securing variable adjustment capacity.



Source: NTT Anode Energy News Release

Linking data between different locations, building the System that match the amount of surplus power from the solar power plant with the amount of power charged by the grid storage batteries.

(2) Urban Infrastructure (Business Development for EV Expansion)

Providing advanced charging infrastructure to support the spread of EVs in Japan and abroad through business alliances with manufacturers.



Started promotion and expansion collaboration of Gachaco Station

Business Alliance with Terra Motors, Which Offers the Terra Charge EV Charging Infrastructure — Making EVs More Familiar by Expanding Charging Infrastructure —

June 27, 2023

EXEO Group, Inc. (head office: Shibuya-ku, Tokyo; Tetsuya Funabashi, President) announces that it has formed a business alliance with Terra Motors Corporation (head office: Minato-ku, Tokyo; Toru Tokushige, Founder and Chairman; Akihiro Ueda, President), which offers the Terra Charge EV charging infrastructure with the goal of making EVs more familiar to consumers. We will unite the Group's technological capabilities for building high-quality electric and information and communication technologies (ICT) and Terra Motors' technologies for building EV charging infrastructure for the next generation and mutually accelerate the penetration of EV charging infrastructure.



Formed business alliance with TERA MOTORS



EV Charger Installation in Singapore

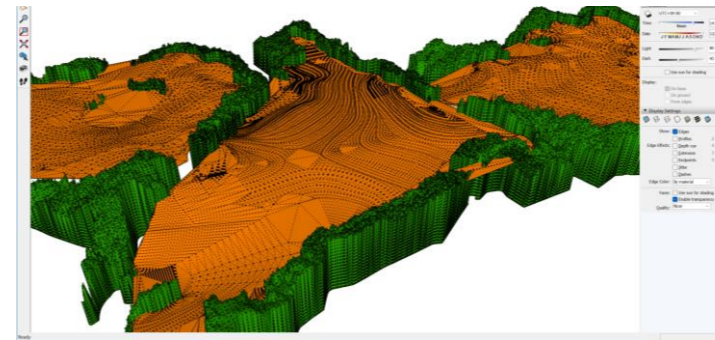


EV Charger Service for condominiums and businesses

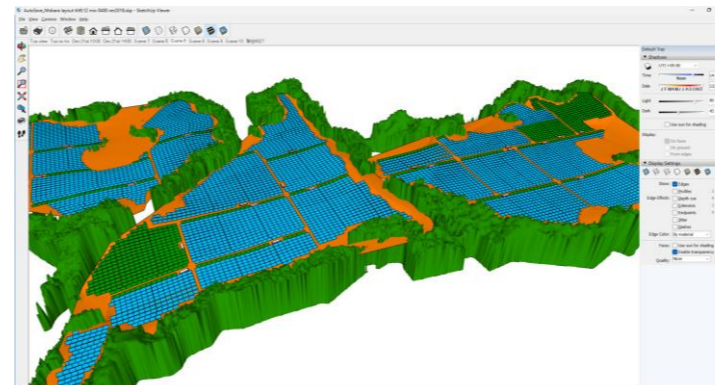
(2) Urban Infrastructure (Inovative Construction Method)

Mega solar construction using i-Construction, such as drones, 3D data, GPS, and laser beams, improves quality, speeds up construction, and reduces costs.

■ Solar power generation equipment



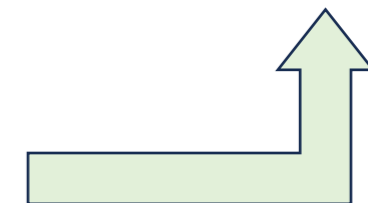
Acquisition of 3D data of landscaped surfaces by drone



Optimal panel placement on 3D data
(Acquired pile head coordinates for approximately 27,000 piles)



Millimeter-by-millimeter construction according to the 3D model



Development of an ODA sewage project in Jakarta.

- Deployment of propulsion technology of Kido Construction Co.,Ltd. and Iseki Poly-Tech Inc. overseas.
- Opened a civil engineering representative office for the EXEO Group.



Status of promotion



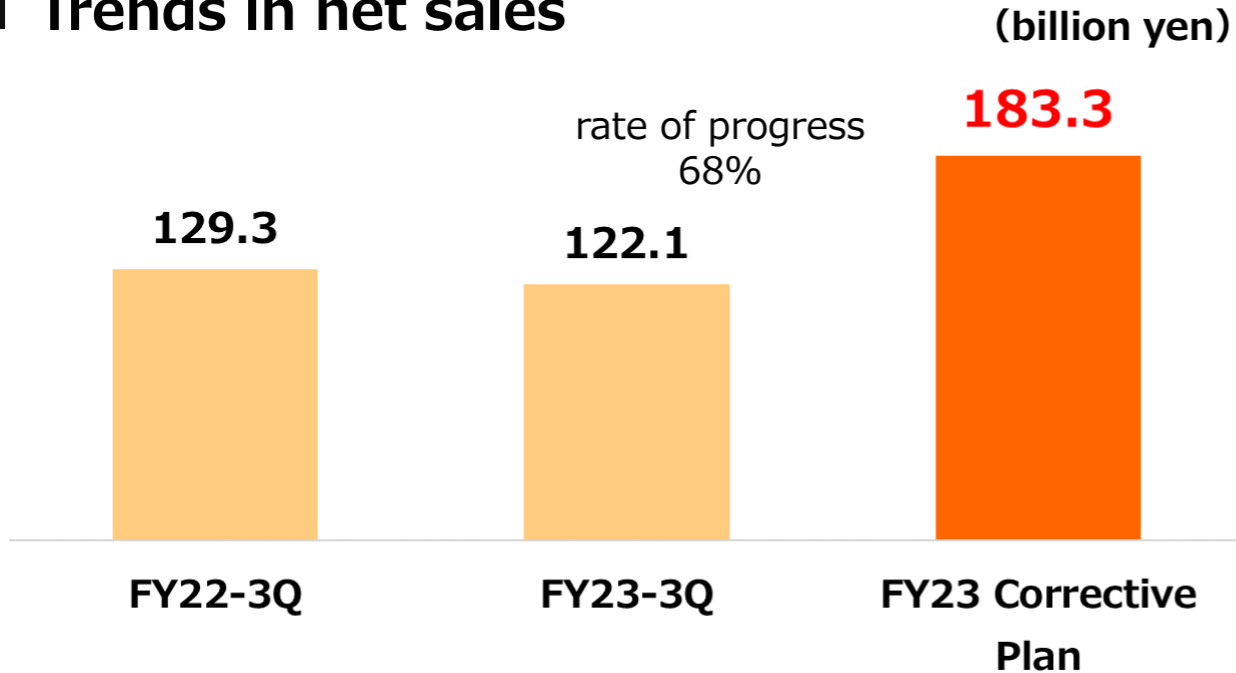
Dparture shaft



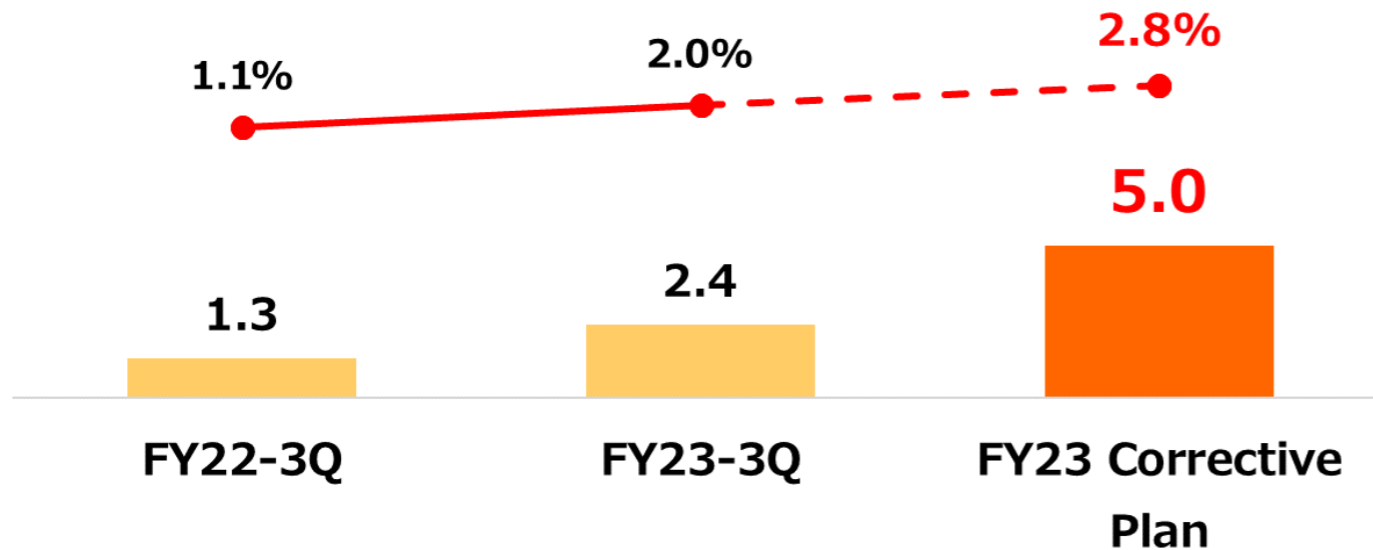
Meeting scene

(3) System Solutions

■ Trends in net sales



■ Trends in segment profit



3Q Result and FY2023 Plan

- Domestic SI business glow and profit margins expanded steadily.
- Overseas projects unit slumped due to the deterioration of the refurbished business market, etc.

Main Initiatives

- Actively utilize human resources from other businesses through reskilling, etc.
- Developed an inter-group collaboration system centered on two core IT companies.
- Focus on restructuring in global business.

(3) System Solutions (Breakdown by Business Unit)

■ Trends in net sales

(billion yen)

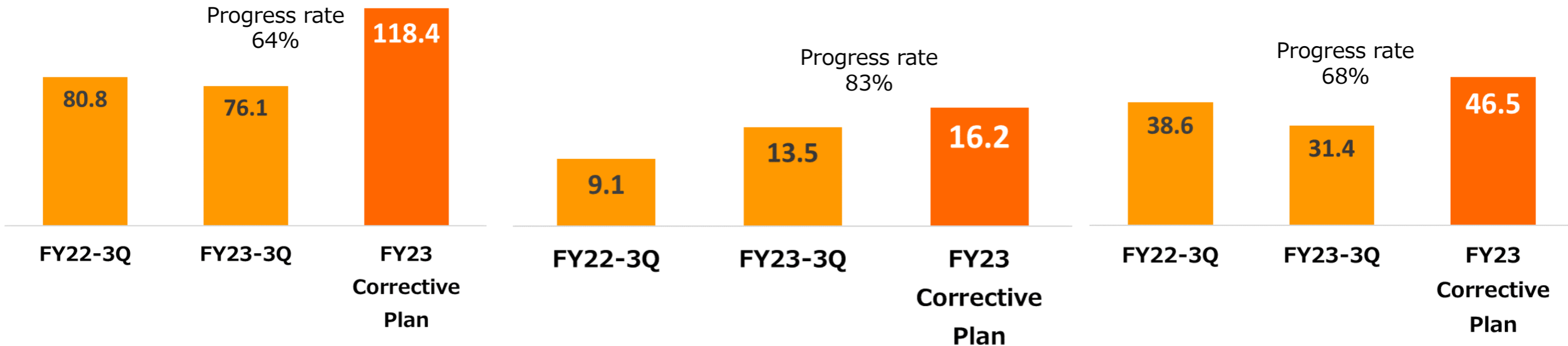
• Information system Unit

(Contract development, server construction, etc.)

• Service Unit

(Recurring business such as maintenance and operation)

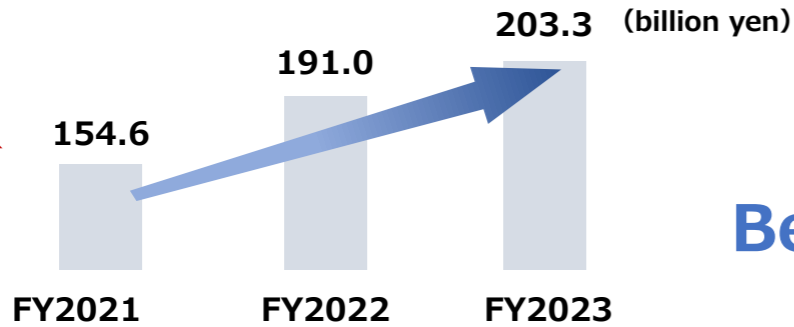
• Overseas projects Unit



／ (3) System Solutions (Toward Business Expansion)

Evolving from a "SIer" to a "Solution Provider" while leveraging the characteristics of the group companies.

Sales Trends in the System Solutions Segment



Business Domain Expansion adding of extra value



Strategy(1)

Business Model Reforms

- ✓ DX Consulting Promotion
- ✓ Managed Services Expansion

Strategy(2)

Strengthen high-value-added areas

- ✓ AI, Automation, Security
- ✓ Refurbish ·GX

Strategy(3)

Co-creation with group companies

- ✓ Economy of scale
- ✓ Strategic M&A

Network SIer
/ software development SIer



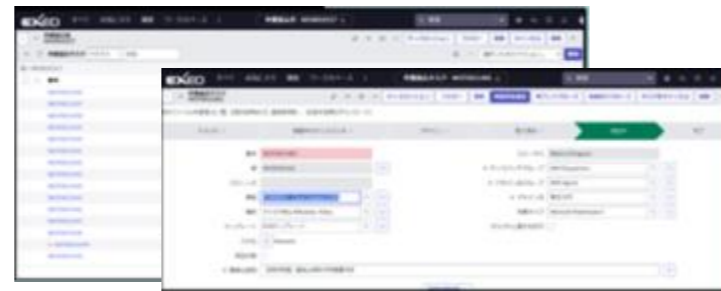
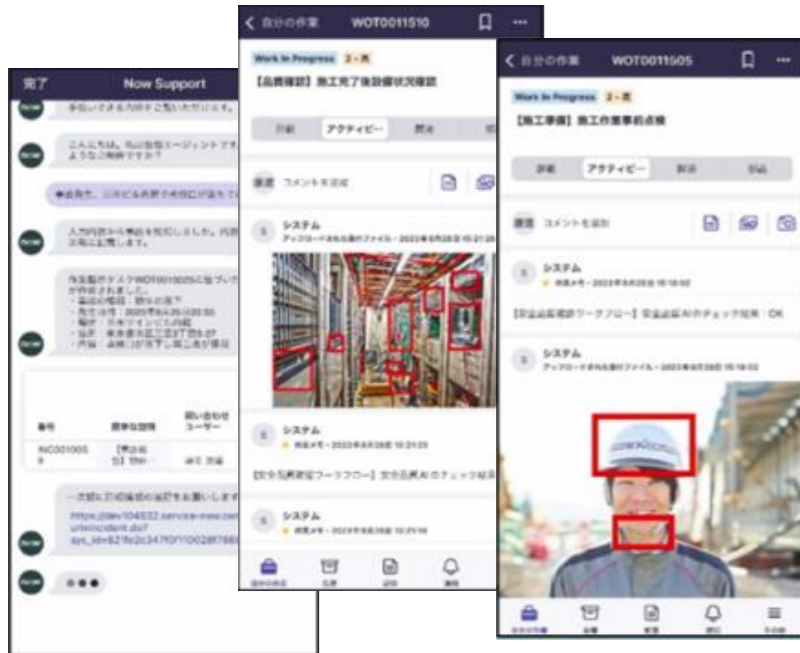
／ (3) System Solutions (Wins first prize at Hackathon 2023)

Embodying "AI utilization and automation" as an application on the "Now Platform," a PaaS provided by ServiceNow, Inc.
2023 awarded the highest prize ! (2021 : 2nd place 2022 : 3rd place)

■ Award Winning Apps

Ex EffiAI (Efficiency Artificial Intelligence)

Applications that respond to the challenges of a declining workforce in construction occupations with business process automation and AI technology.



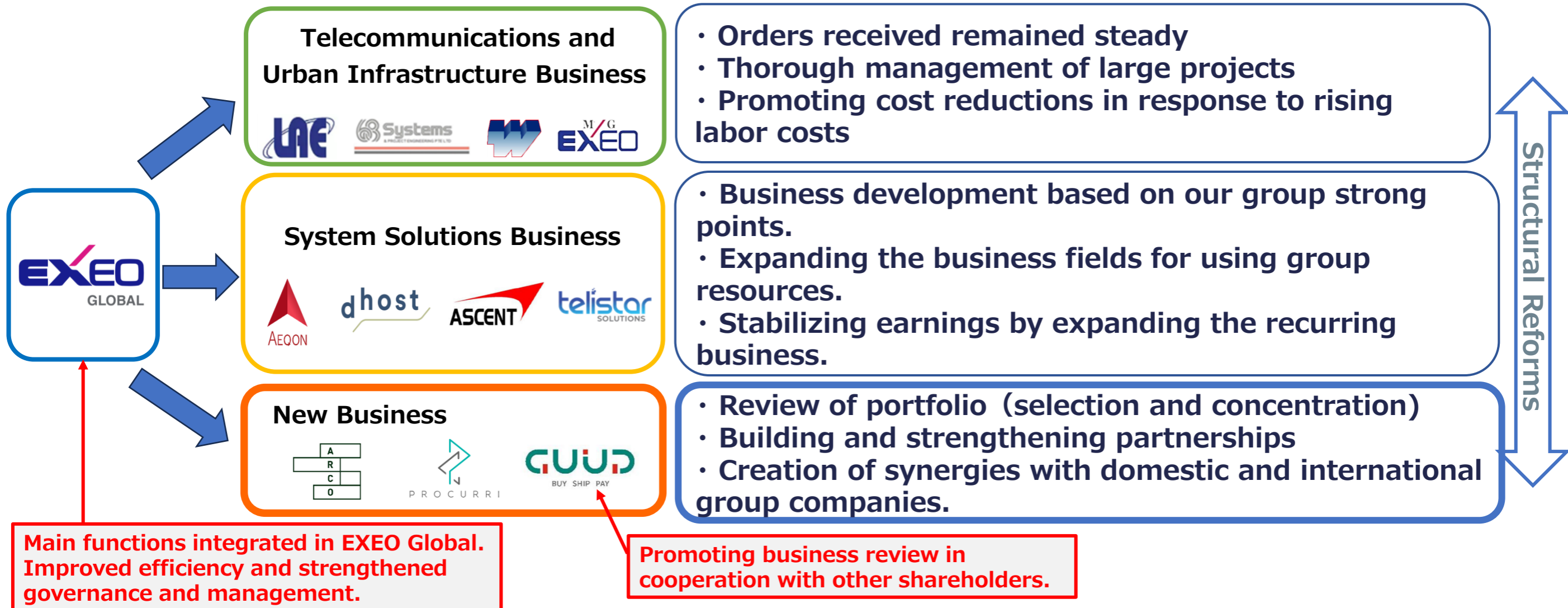
Automatic document creation screen



Emergency call and safety quality confirmation screen

／ (3) System Solutions (Structural Reforms in the Global Sector)

Promoting structural reforms for sustainable growth in the global field. Especially for new businesses, we will select and discard those that we believe will grow in the future.

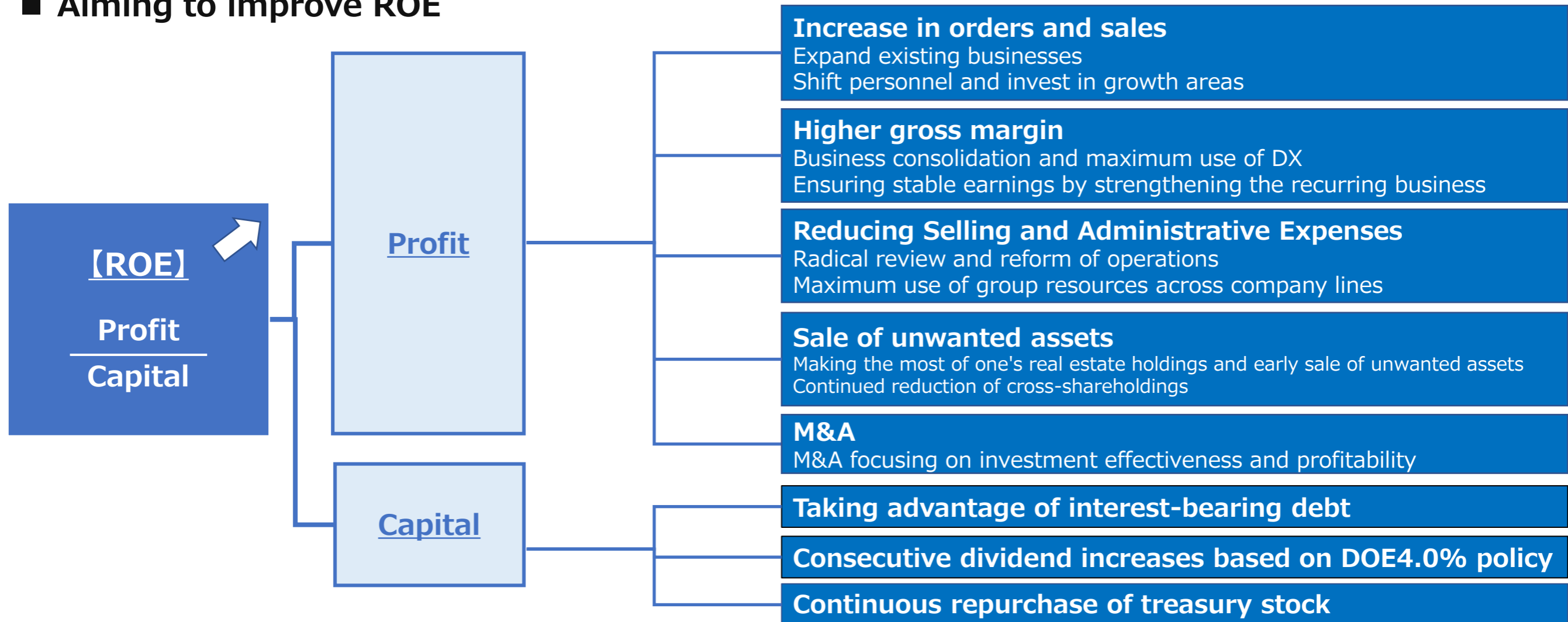


3. Initiatives to Enhance corporate value

(1) Initiatives to Enhance corporate value (Improving ROE)

Pursue growth to achieve ROE of 9.0% or higher as set out in the Medium-Term Management Plan. Continue growth exceeding capital costs to increase corporate value.

■ Aiming to improve ROE

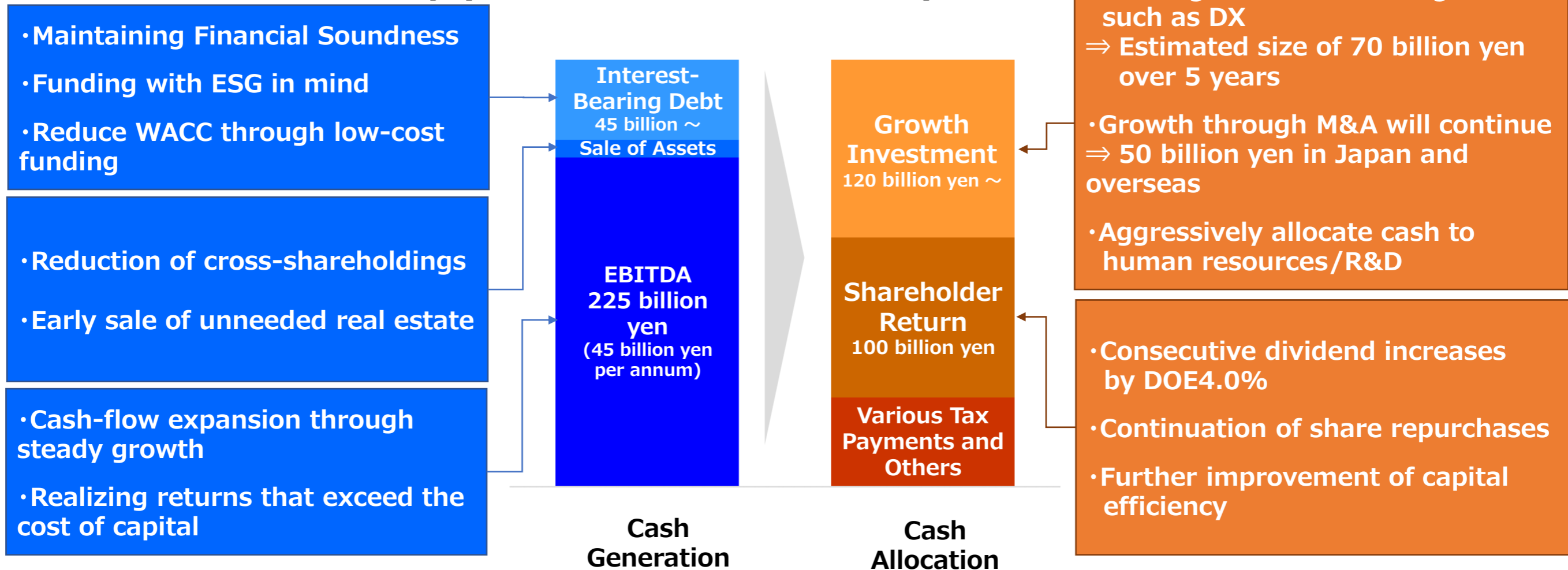


／ (2) Cash Allocation Policy

Effective use of cash generation and interest-bearing debt to increase corporate value.

Cash inflows in FY21-FY23 is steady and increased investment in growth.

■ Cash Allocation Policy (FY 2021 to FY 2025 total)



Aggressively continue M&A to increase scale and further improve profitability.

■ M&A policy

- Find strategic M&A destinations to build business portfolio for 2030
- Select investment targets with an eye to investment effectiveness and profitability, and establish a monitoring system
- Restructure asset portfolio by selling cross-shareholdings

Business Areas	Main Purpose
Urban Infrastructure	<ul style="list-style-type: none"> • Strengthening energy business • Developing renewal business • Expanding business scale
System Solutions	<ul style="list-style-type: none"> • Accelerating Managed Services • Developing Refurbishing Business • Acquiring Pioneering Technology • Localization/Offshore Utilization

■ Kitanihon Telecommunications Co. (we acquired all shares in November 2023)

This company has experience in public infrastructure constructions related to electricity, telecommunications, and civil engineering, mainly in Iwate Prefecture. They will help us to strengthen and expand our urban infrastructure business in the Tohoku area.

Location	Morioka-shi, Iwate prefecture
Business	Comprehensive electrical telecommunication construction (Telecommunications, electrical, civil engineering)
Capital stock	25 million yen
Date of Establishment	August 14, 1974
Number of Employees	49 persons *As of the end of February 2023

(4) R&D Initiatives

Promoting R&D for sustainable growth.

Target 1% of annual sales for DX/R&D investments.

[Basic Policy]

“Developing technologies that solve the problems of our customers and society through the power of connectivity.”

- **Anticipate changes and provide optimal construction processes and working environment.**
- **Aiming to achieve Carbon-neutral and Well-being.**
- **Identifying potential challenges and providing new solutions.**



(5) Implementation of ESG Management (Environment)

Accelerate efforts to combat climate change to contribute to the realization of the SDGs.

■ Endorsing the TCFD Recommendations and Joining the TCFD Consortium.

⇒ Promote disclosure of non-financial information.



■ Established the “Sustainability Promotion Office” and “Sustainability Committee”.

■ Calculation of greenhouse gas emissions for the entire Group and establishment of reduction targets

⇒ Scope 1 and 2 aim to be carbon neutral by 2050.

Classification	Contents	Emissions(t-CO2) ^{※1}	Reduction targets for FY 2030 ^{※2}
Scope 1	Direct emissions of greenhouse gases by businesses	60,400	▲42% Carbon neutral in fiscal 2050
Scope 2	Indirect emissions associated with the use of electricity, heat, and fiscal 2050 steam supplied by other companies	26,183	
Scope 3	Indirect emissions from the supply chain (emissions from other companies related to business activities)	1,728,553	▲25%

※1: Emissions in FY 2020 ※2 : Compared to fiscal 2020

／ (5) Implementation of ESG Management (Others)

Continue various other initiatives and earn external recognition

- Received the “Best Workplace for Diversity&Inclusion” ,
the highest evaluation in “D&I Award 2023”.

Certification based on the Diversity Score; an index developed by Job rainbow that visualizes the promotion of corporate diversity.



- Received silver certification for “PRIDE Index 2023”.

An evaluation index for LGBTQ and other sexual minorities in the workplace developed by “work with Pride”, a voluntary organization.



- Recognized as a "A-" by CDP for excellence in climate action and information disclosure
CDP, a London-based non-governmental organization (NGO) that works internationally to disclose environmental assessments, rates companies on a scale of one to eight.

The "A-" rating is the second highest rating.



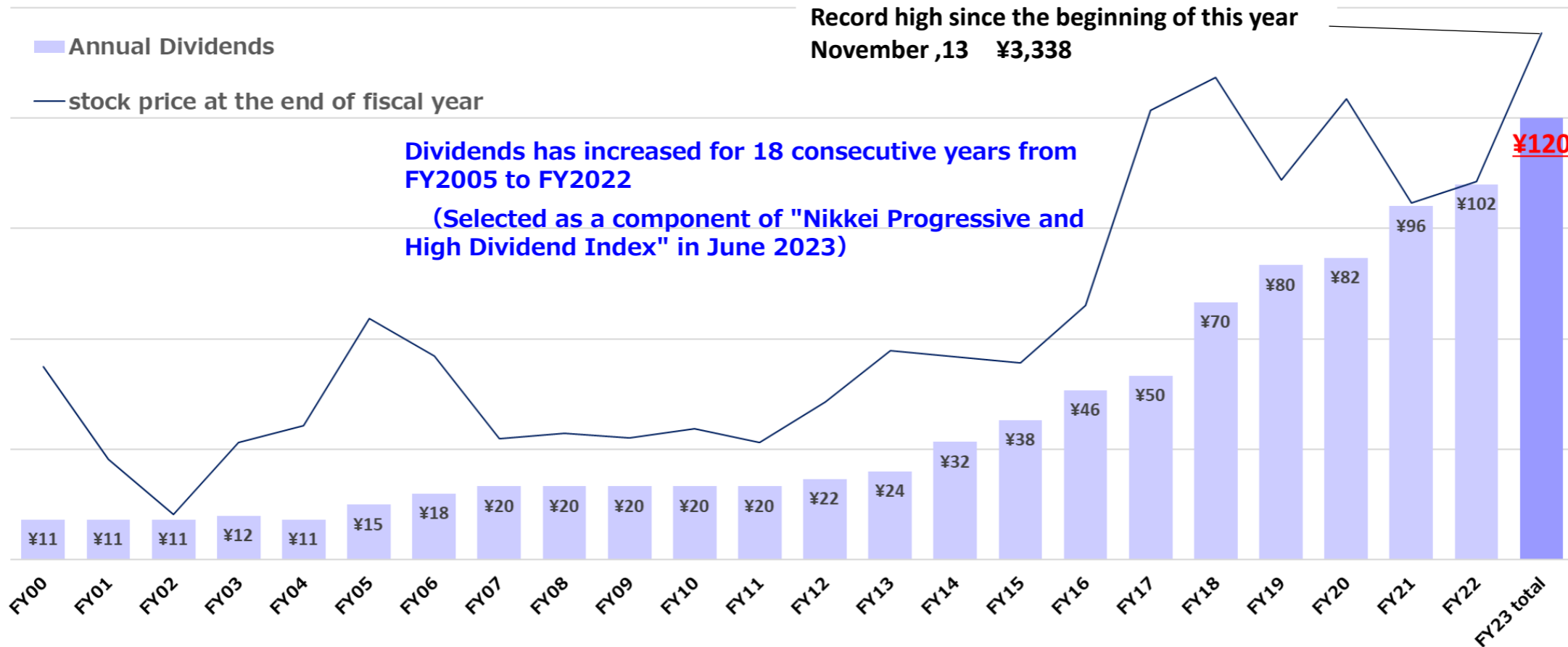


4. Shareholder Return

(1) Dividends, share repurchases

From FY23, the dividend policy has been changed to a 4.0% DOE basis, and we plans to increase dividends for 12 consecutive fiscal years (interim 60 yen, annual 120 yen).
Purchase of treasury stock continuously and flexibly.
Cancellation of 3 million treasury shares at the end of November 2023.
2-for-1 stock split in April 2024.

Annual Dividends and Share Price

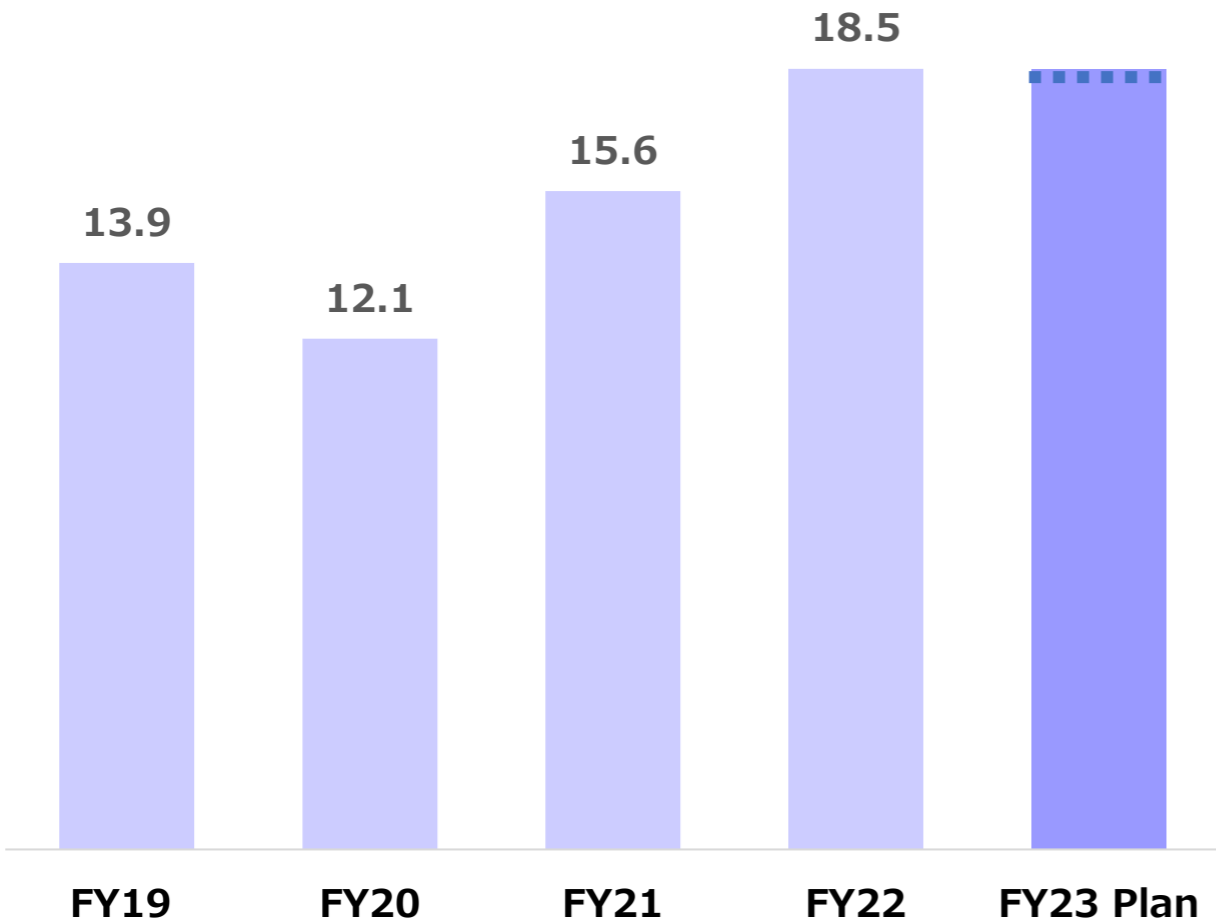


(2) Total Shareholder Return, ROE, EPS

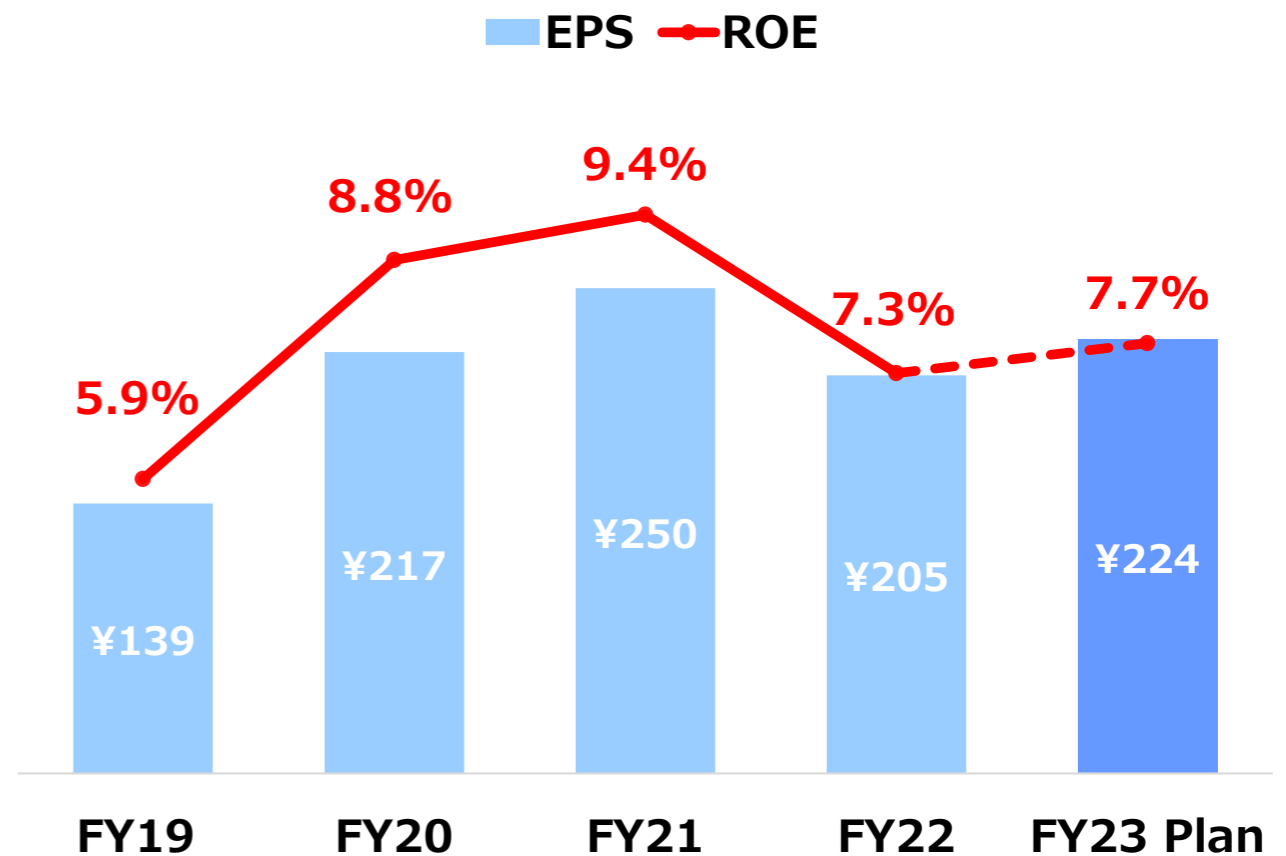
Enhanced shareholder returns through consecutive dividend increases and continuous share buybacks. (We announced additional 3 billion yen acquisition of treasury shares February 9, 2024.)

Continue to operate the business with an awareness of capital efficiency to achieve the mid-term management plan.

■ Total Shareholder Return (billion yen)



■ ROE/EPS



Disclaimer Regarding Forward-Looking Statements

Management of the Company has made estimates and assumptions relating to financial forecasts based on information available as of the reporting date. Actual results could differ from those estimates.

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A variety of IR materials is available for consultation on our company website.

Engineering for Fusion

Connecting our world - to all our tomorrows

