

Nomura Japan Corporate Week 2025

February, 2025



About Us (As of March 31, 2024)

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 106,812,419 shares (Increased to 213,624,838 shares following a share split on 1 April 2024) Number of shareholders 45,458
Consolidated net sales	¥614.0 billion
Rating	Japan Credit Rating Agency, Ltd. (JCR) A + (stable)
Number of employees	Consolidated total: 17,056
Head office	3-29-20 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan
Number of business offices	Branch offices: 12 Sales offices: 23
Consolidated subsidiaries	142
Fiscal year-end	March 31



1. Overview Results for the Nine Months Ended December 31, 2024

Orders received and net sales reached record highs

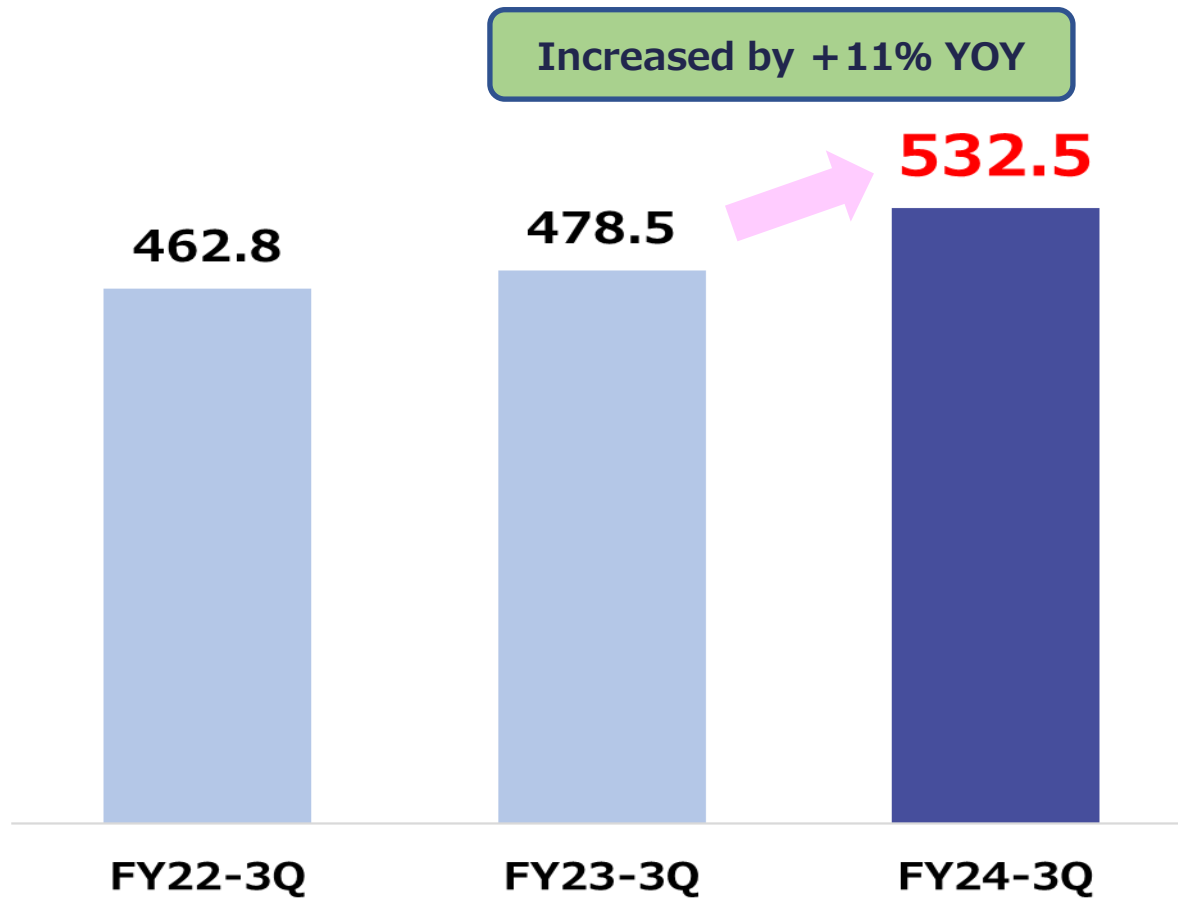
Profits expanded in Telecom Carrier and Domestic System Solutions, and full-year forecast was revised upward

Interim dividend of 31 yen, announced additional 3 billion yen acquisition of treasury shares

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

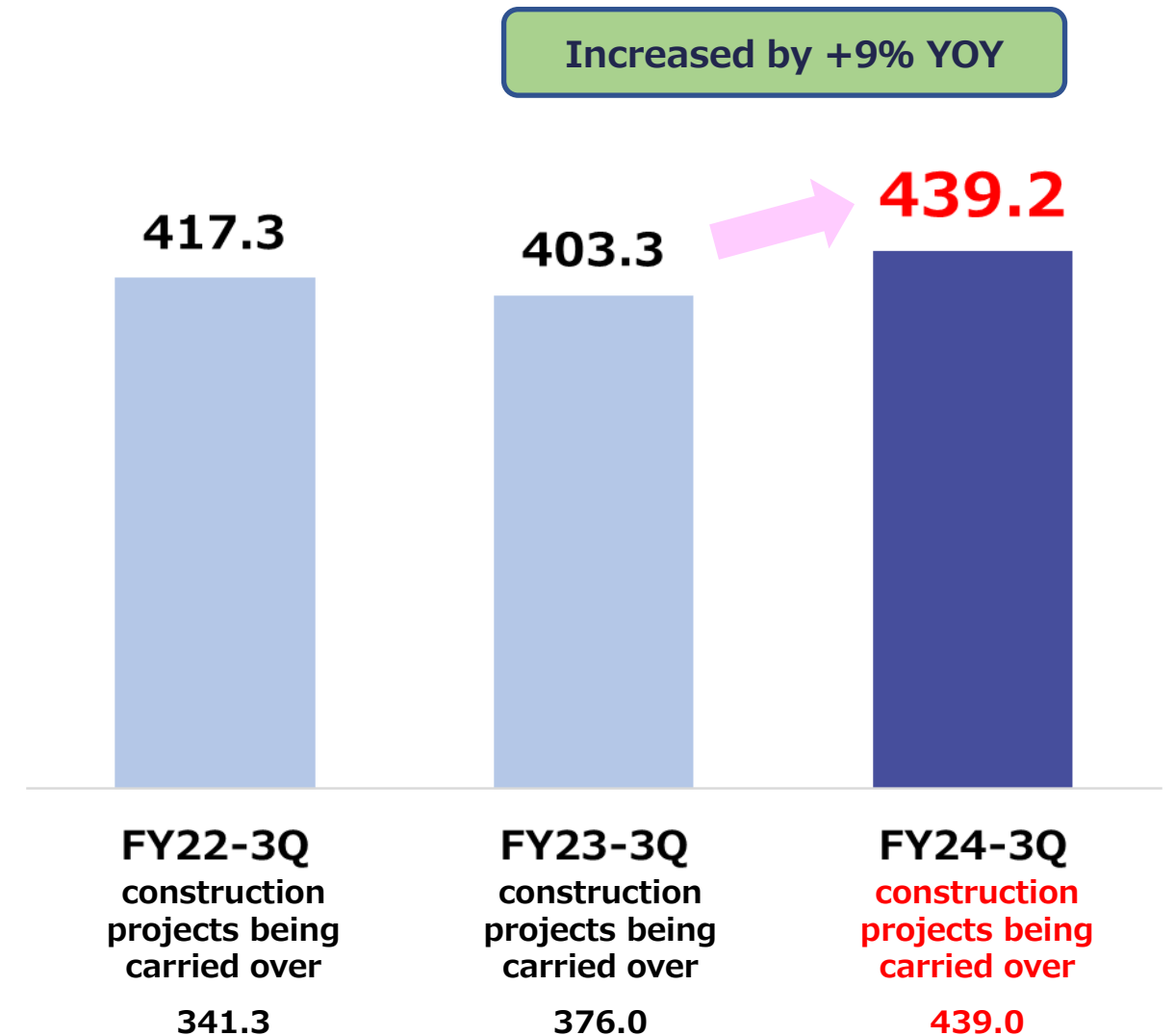
Record-high orders and net sales, as well as a significant increase in construction projects being carried over

■ Orders Received



■ Net Sales

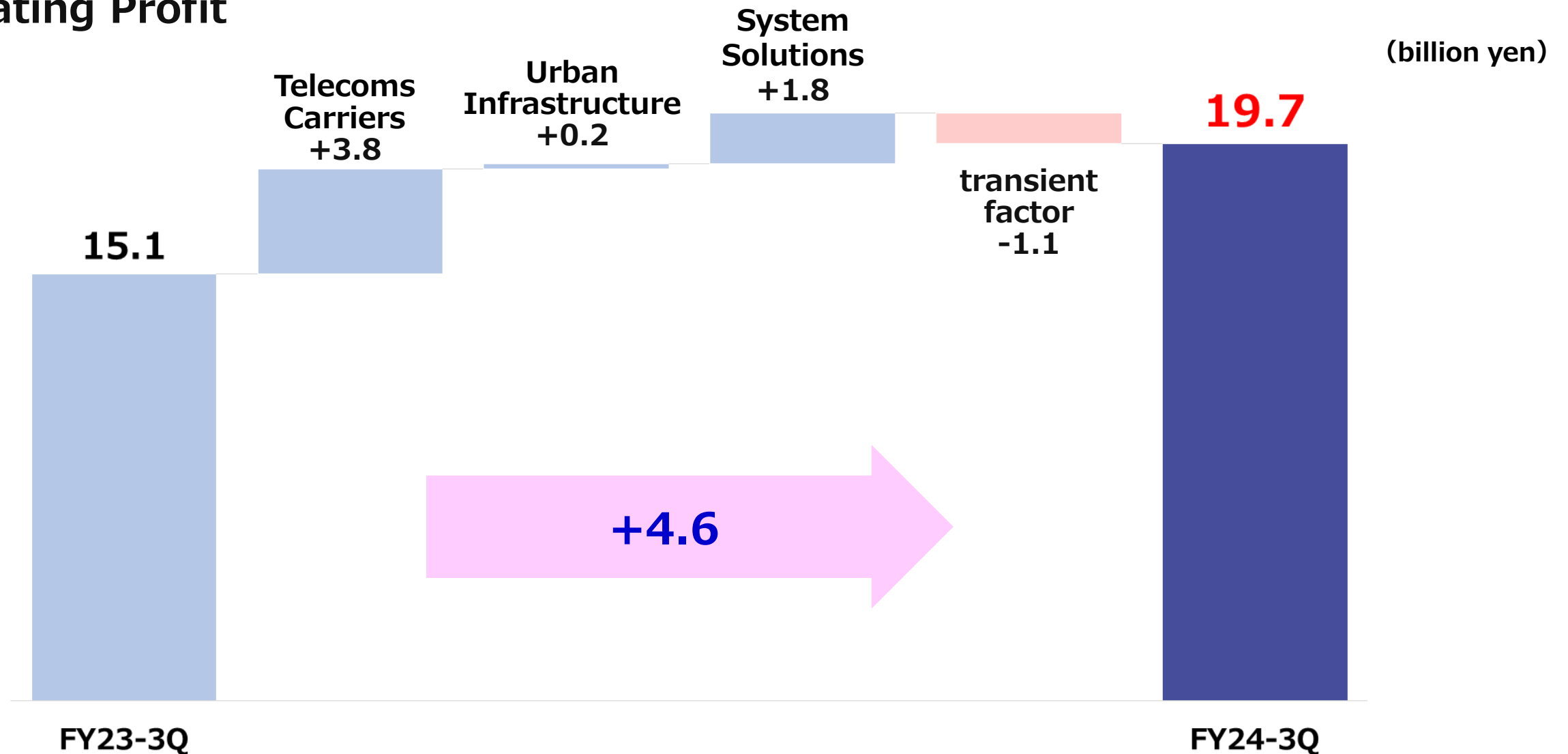
(billion yen)



／ (3) Results Highlights (Operating Profit)

Profits increased in all segments. Particularly in the telecom carrier segment, efforts to improve productivity are starting to show

■ Operating Profit



／ (4) Results Highlights (Segment Information)

(billion yen)

	Telecoms Carriers	Urban Infrastructure	System Solutions
Net sales	<p>174.0 → 173.1</p> <p>FY23-3Q FY24-3Q</p>	<p>107.2 → 128.6</p> <p>FY23-3Q FY24-3Q</p>	<p>122.1 → 137.4</p> <p>FY23-3Q FY24-3Q</p>
Segment profit	<p>5.7% → 7.9%</p> <p>9.8 13.6</p> <p>FY23-3Q FY24-3Q</p>	<div>Special Factors Unprofitable projects 1.1 billion yen</div> <p>2.7% → 2.3% → 1.5%</p> <p>2.8 3.0 1.9</p> <p>FY23-3Q FY24-3Q</p> <p>※ After adjustment of Special Factors</p>	<p>2.0% → 3.1%</p> <p>2.4 4.2</p> <p>FY23-3Q FY24-3Q</p>

／ (5) Full Year Forecast

Strong orders in each segment, smooth progress of large-scale projects, and profits expansion in Telecom Carrier and Domestic System Solutions leading to an upward revision of the full-year forecast

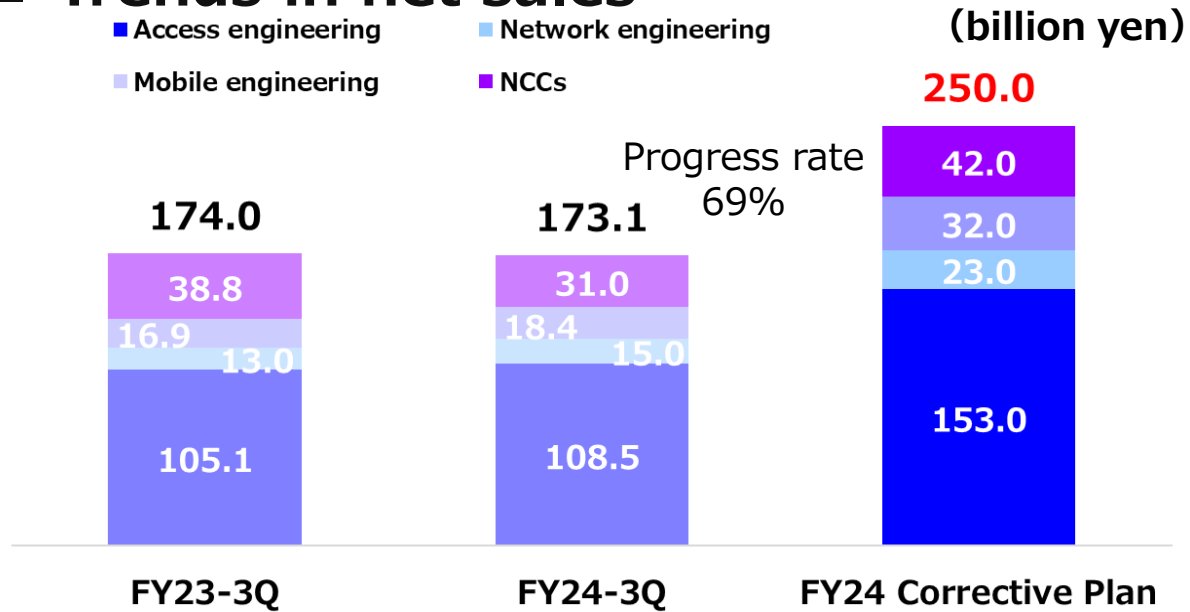
	FY2023	FY2024			
(billion yen)	Actual A	Initial Plan B	Corrective Plan C	Plan C-B	YOY C-A
Orders received	656.5	640.0	690.0	+50.0	+33.5
Net sales	614.0	630.0	660.0	+30.0	+46.0
Operating profit	(5.6%) 34.1	(5.7%) 36.0	(6.1%) 40.0	(+0.4P) +4.0	(+0.5P) +5.9



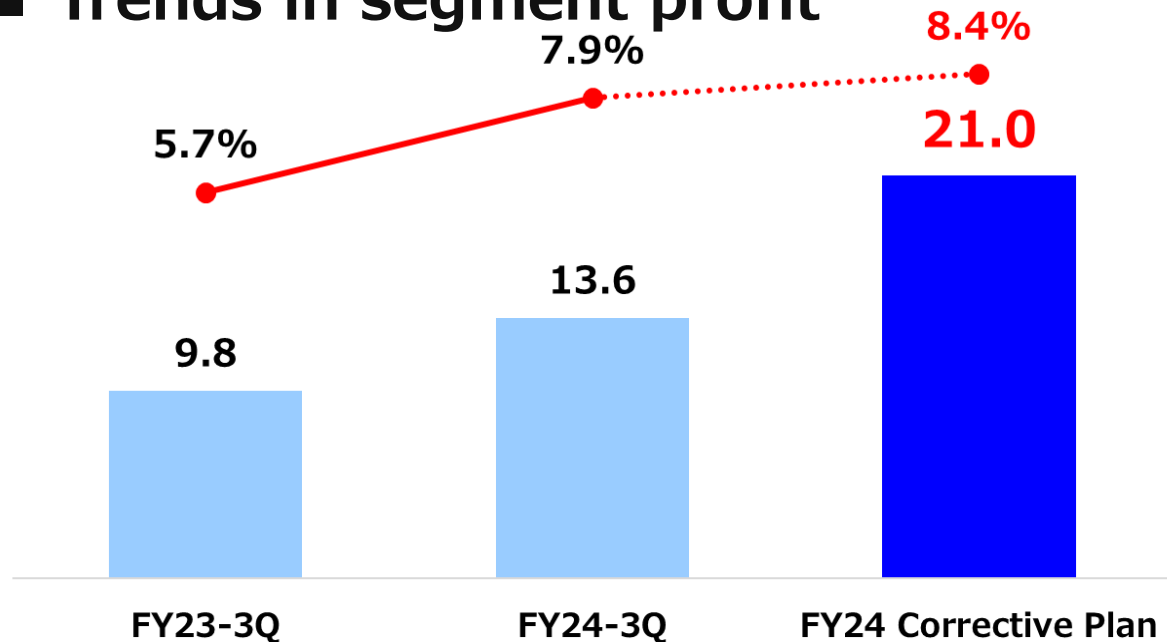
2. Initiatives by Segment

／ (1) Telecom Carriers

■ Trends in net sales



■ Trends in segment profit



3Q Result and FY2024 Plan

- Strong investment in mobile communication quality improvement
- Profitability improvement through structural reorganizations
- Expect each telecommunications carriers to continue investment

Main Initiatives

- Productivity improvement through business restructuring (reorganization of group companies, consolidation of bases)
- Standardization and multi-skilling of construction processes
- Further resource shift to growth areas

／ (1) Telecom Carriers (Promotion of Group Company Integration)

Further integration of group companies to achieve sustainable growth and strengthen internal control and governance

DENKEN Co., Ltd.

K. Technos Co., Ltd., DENKEN Co., Ltd and Nishinihondenwakouji Co., Ltd. merged.

(January 2025)

- Expansion of telecommunications constructions for public offices
- Improvement of profit margin by eliminating multi-layered structure
- Supports a wide range of construction types, including telecommunications, electrical, and civil engineering

C-Cube Field Co., Ltd.

C-Cube Aichi Co., Ltd., C-Cube Mie Co., Ltd. and C-Cube Shizuoka Co., Ltd. merged.

(October 2024)

- Profit improvement through integration of access engineering construction and service operation
- Business Segment Review
- Reinforcement of area free operations management system

Exeo Engineering Hokkaido Co., Ltd.

It merged with KDT Co., Ltd.

(January 2025)

- Improve value-added by all-in-one services
- Business expansion into data centers and renewable energy
- Developing human resources through exchange in different fields

EXEO Engineering ,Inc.

Shinyei Tsushin Co., Ltd., Suncrex Corporation and Exeo Mobile Corporation merged (April 2024)

- Improves the business efficiency by integrating our access and mobile operations into a single operation
- Minimize management costs
- Expansion/ broadening of business areas through integration

／ (1) Telecom Carriers (Disaster Relief Assistance)

Group-wide support for reconstruction following natural disasters such as the Noto Peninsula Earthquake and Typhoon No.10

■ 2024 Noto Peninsula Earthquake

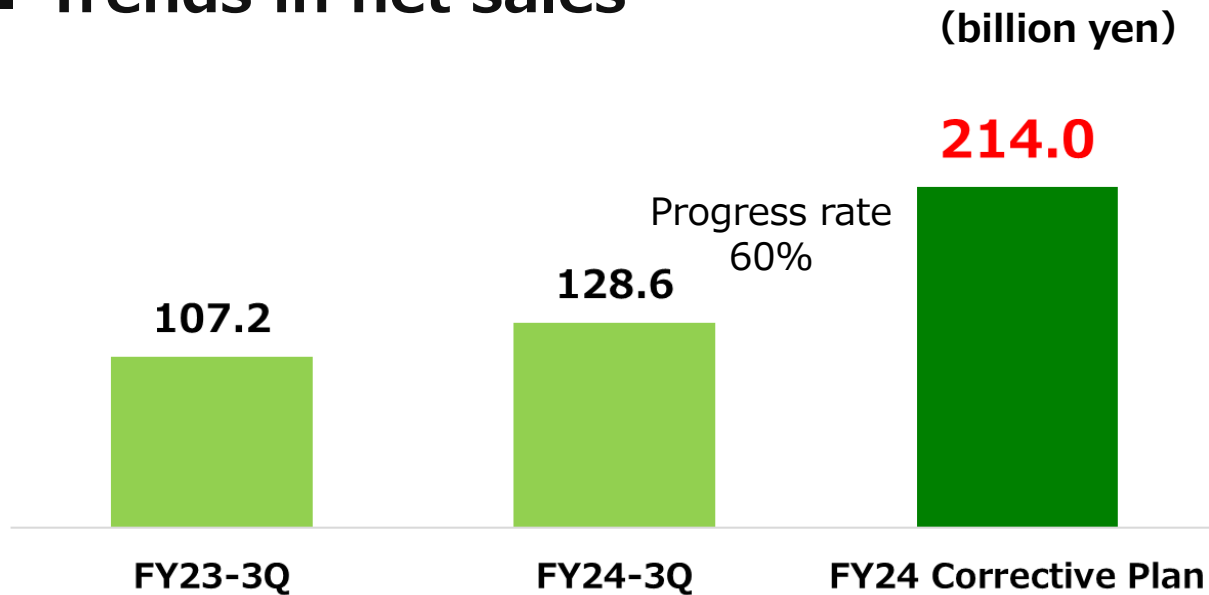


■ Typhoon No.10 (in Kagoshima)

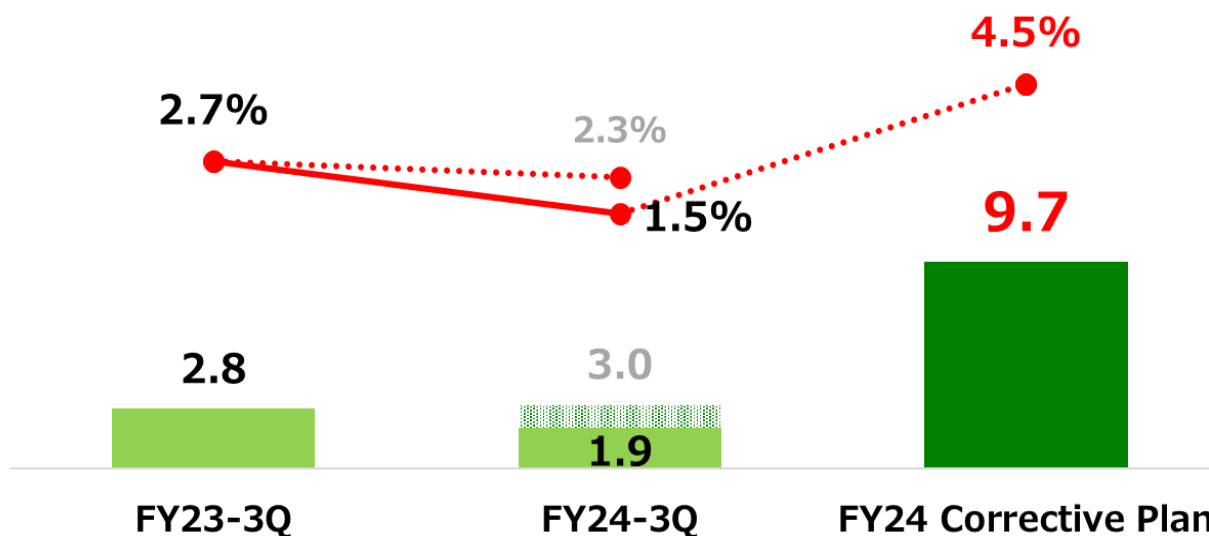


／ (2) Urban Infrastructure

■ Trends in net sales



■ Trends in segment profit



3Q Result and FY2024 Plan

- Receive strong orders for data center
- Sales increased due to progress in large projects
- Promoting construction progress toward to the end of the fiscal year

Main Initiatives

- Review policy for public projects
⇒ Improve profitability through selective order receipt
- Shift resources to growth areas such as data centers
- Further training of electrical engineers
- Strengthen management of environmental business

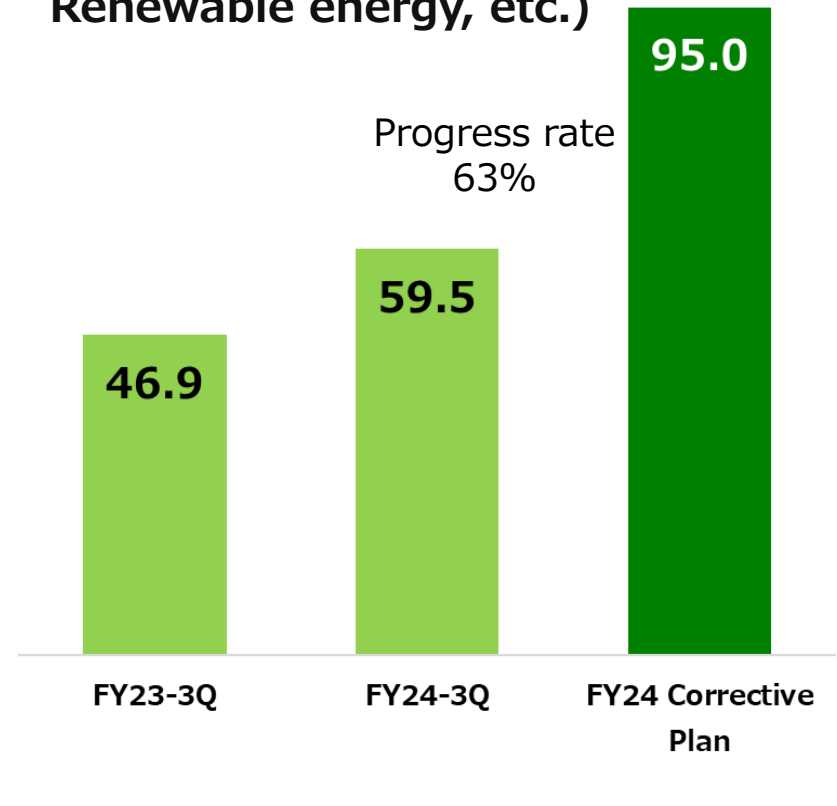
／ (2) Urban Infrastructure (Breakdown by Business Unit)

■ Trends in net sales

(billion yen)

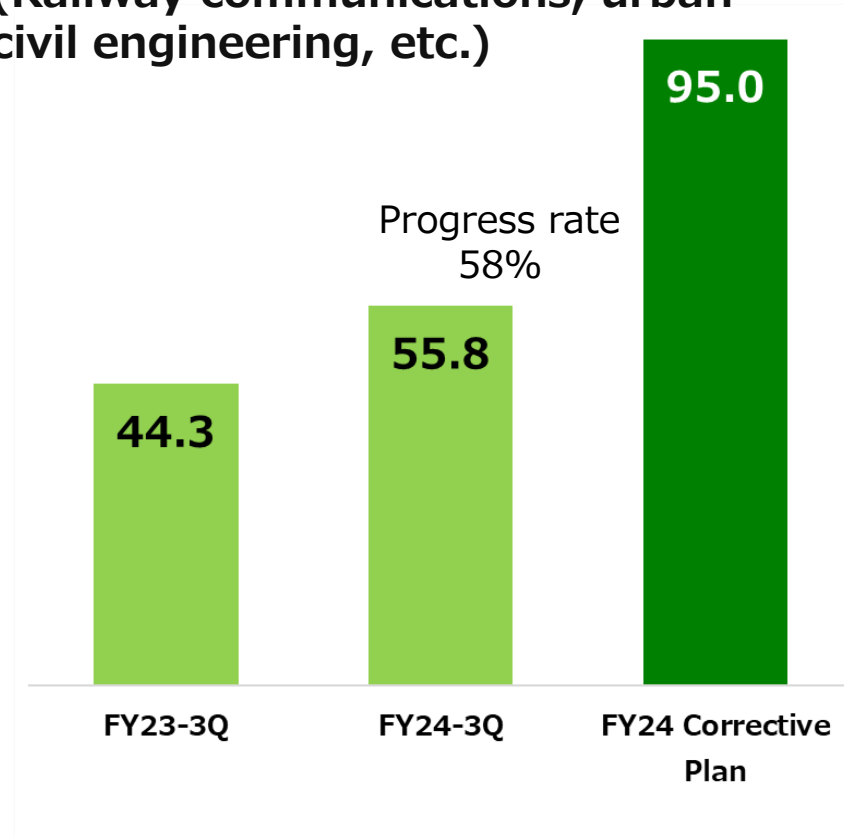
• Energy Unit

(Electricity, Environment, Renewable energy, etc.)



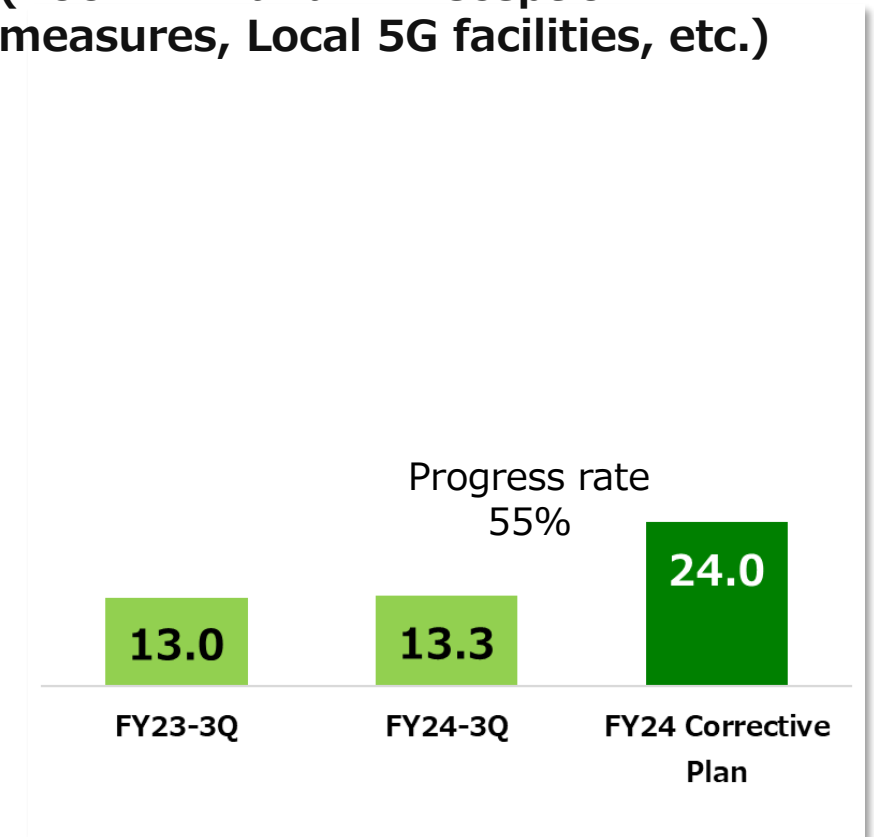
• Public infrastructure Unit

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



• Facility infrastructure Unit

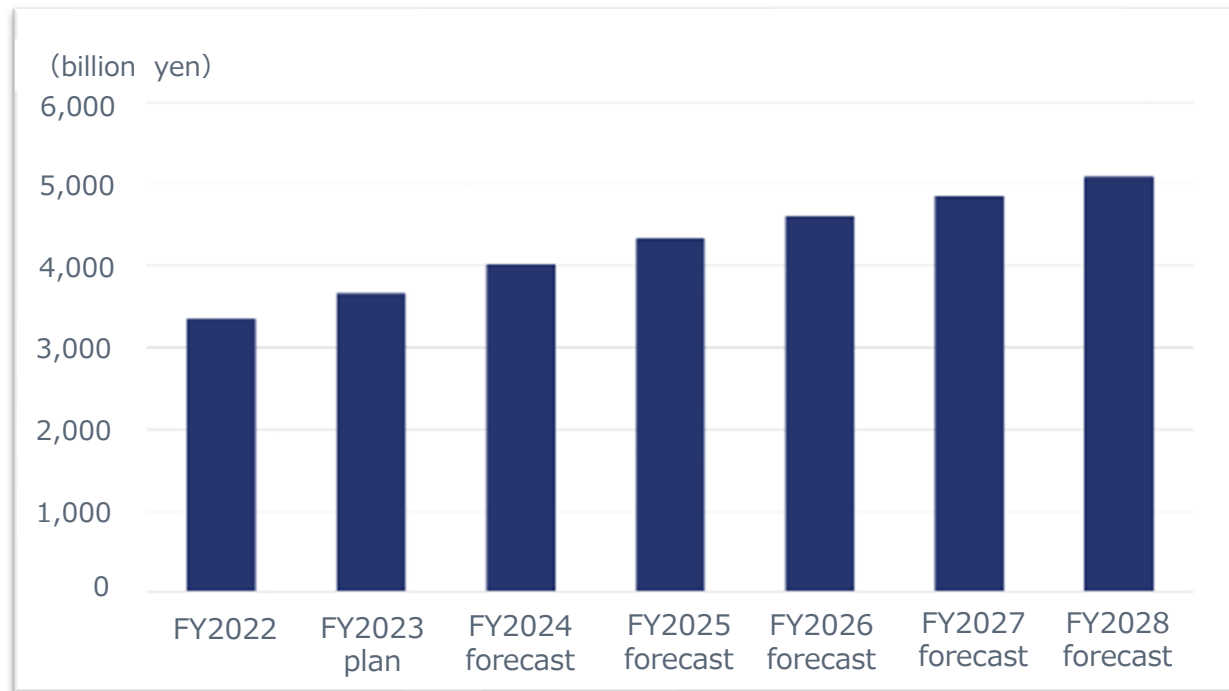
(700MHz Band TV reception measures, Local 5G facilities, etc.)



／ (2) Urban Infrastructure (Data Center)

Responding to rising demand of data center market and sequentially expanding its business domain

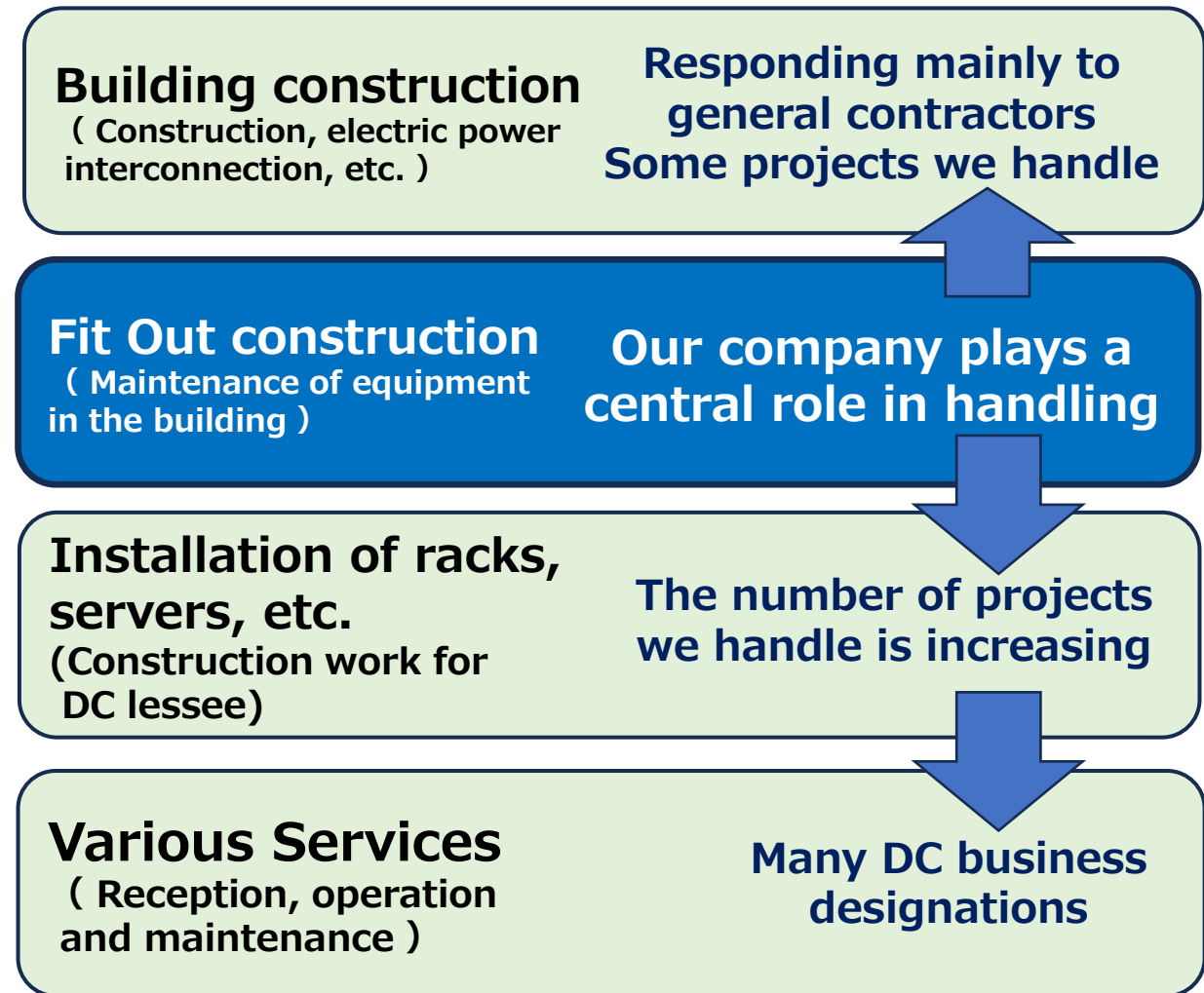
■ Domestic Data Center Market Forecast



from : Fuji Chimera Research Institute Co., Ltd. "Investigating the domestic market for data center business"

- Domestic DC market size is projected to exceed 4 trillion yen by 2025
- Major U.S. operators have also announced investments of over 4 trillion yen in Japan

■ Expansion of Supported Areas



Expanding business areas

／ (2) Urban Infrastructure (Profit Improvement Measures)

Shift resources to growth areas and improve profitability by reviewing the policy for public projects

■ Review policy for handling public projects

< until now >

[Business Expansion Phase]

- Priority is given to order performance and experience acquisition.
- ⇒ Actively participated in various tenders to win projects
- Lack of knowledge makes efficient construction difficult
- ex. Traffic control on highways, etc.
- ⇒ We don't generate sufficient profits but...

⇒ We acquire construction experience and know-how necessary to participate in bidding

< from now on >

[Profit Creation Phase]

- Maximize use of acquired bidding qualifications and knowledge
 - Concentrate on projects that are expected to be profitable
 - Transfer of operations to cost-competitive subsidiaries
- ⇒ Improved profitability through efficient operations and creation of human resources by narrowing down the number of projects

⇒ Shift resources to growth areas such as data centers (Assuming dozens of people)

／ (2) Urban Infrastructure (Major Orders)

Receives orders for large-scale facility construction
Building social infrastructure through diverse engineering

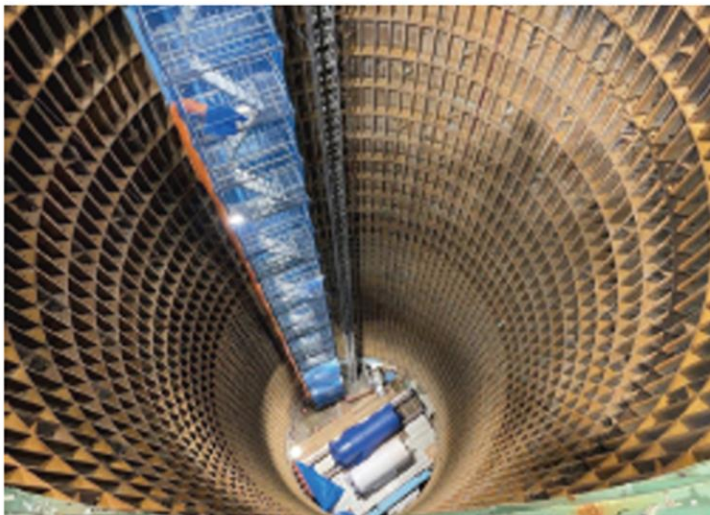
■ Construction of electrical equipment for semiconductor plant



■ Wireless-activated disaster warning systems of local government agencies



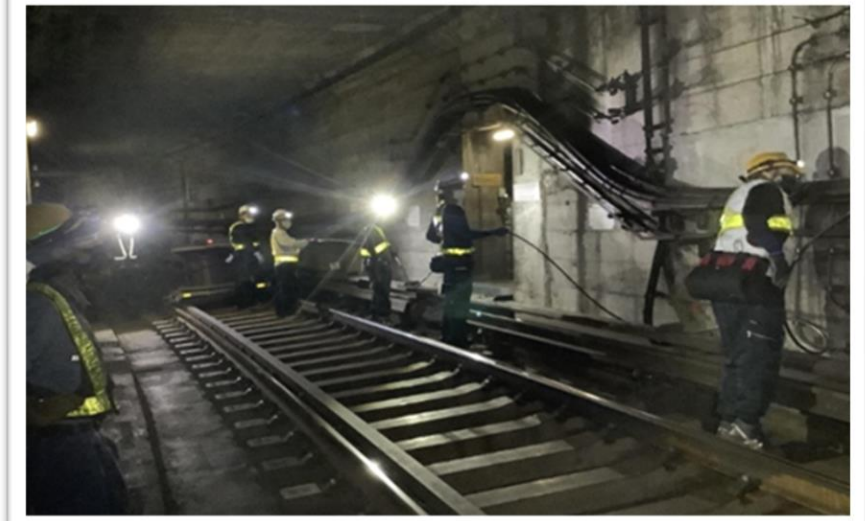
■ Shield tunneling of water supply and sewerage system



■ Expressway CCTV construction



■ Rail way telecommunications systems construction



／ (2) Urban Infrastructure (Environment-related Business)

We are starting to generate our own energy at two woody biomass power plants

■ Ashikaga Eco Power (operation started from March 2024)



■ Furudono Ronden Eco Power (operation started from August 2024)



- It generates power using only 100% domestic wood chips procured from foresters, lumbermills and other wood-related businesses that are nearby
- Reforestation/recycling, forestry revitalization, local energy production for local consumption

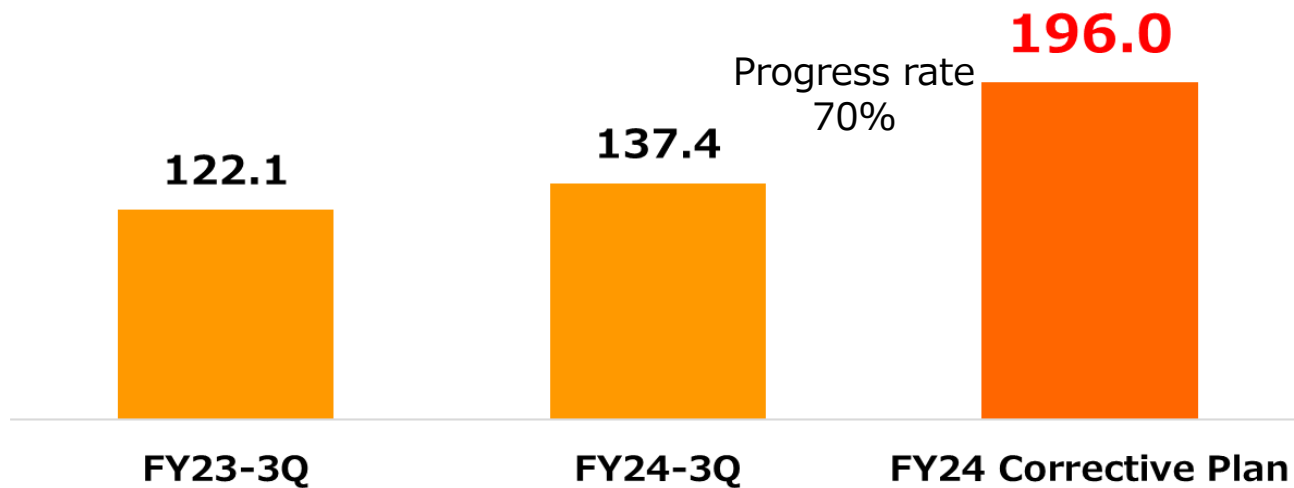
⇒ We will contribute to the realization of a sustainable society



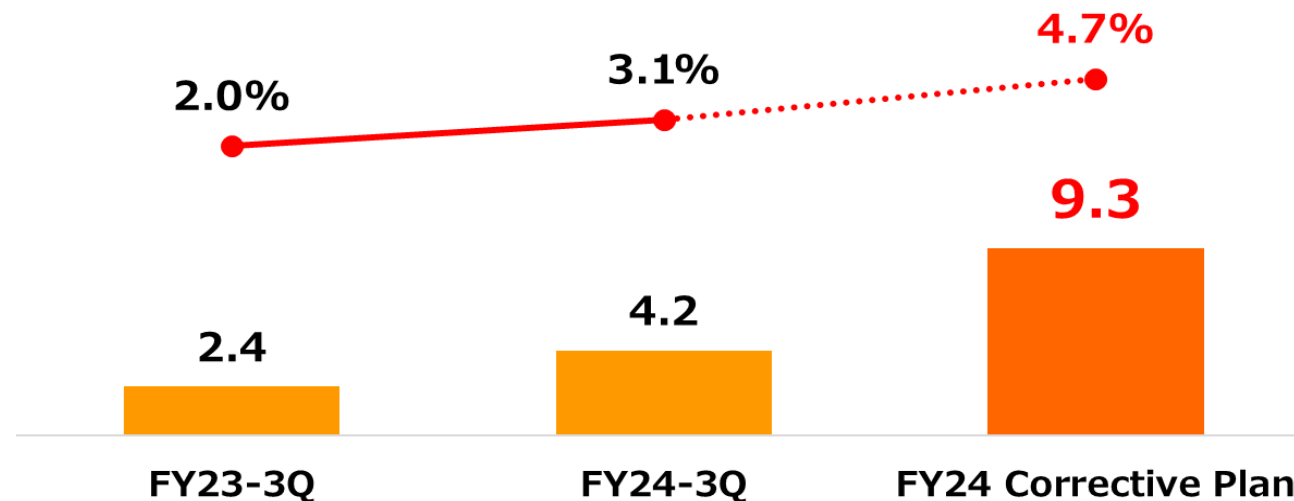
／ (3) System Solutions

■ Trends in net sales

(billion yen)



■ Trends in segment profit



3Q Result and FY2024 Plan

- Domestic solution market is steadily growing
- IT solution subsidiaries merger is ongoing
- Overseas field, we struggled with engineering service

Main Initiatives

- Expand the new solution
- Accelerate sales of "Next GIGA"
- Focus on restructuring in global business

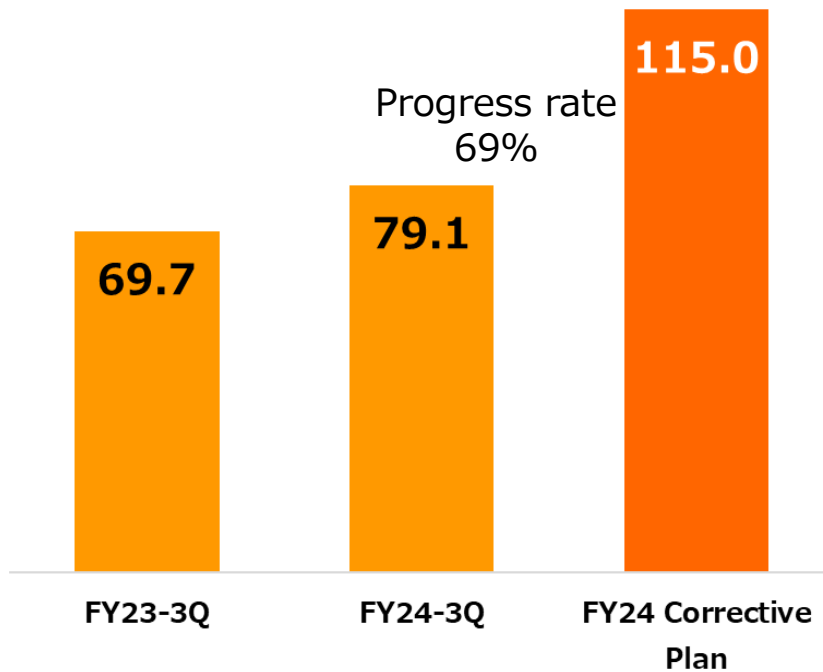
／ (3) System Solutions (Breakdown by Business Unit)

■ Trends in net sales

(billion yen)

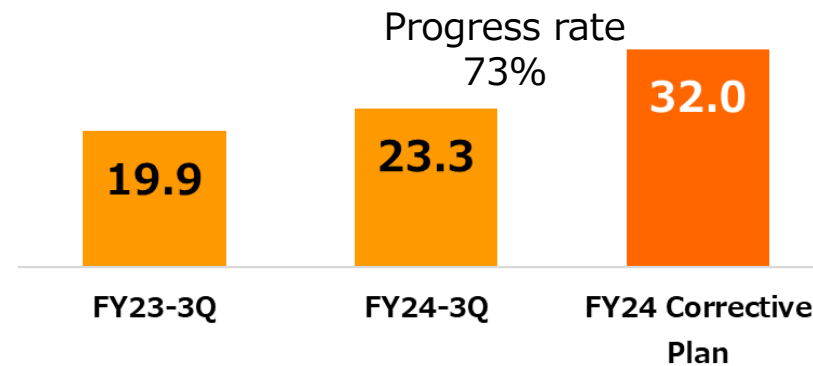
・Information system Unit

(Contract development, server construction, etc.)

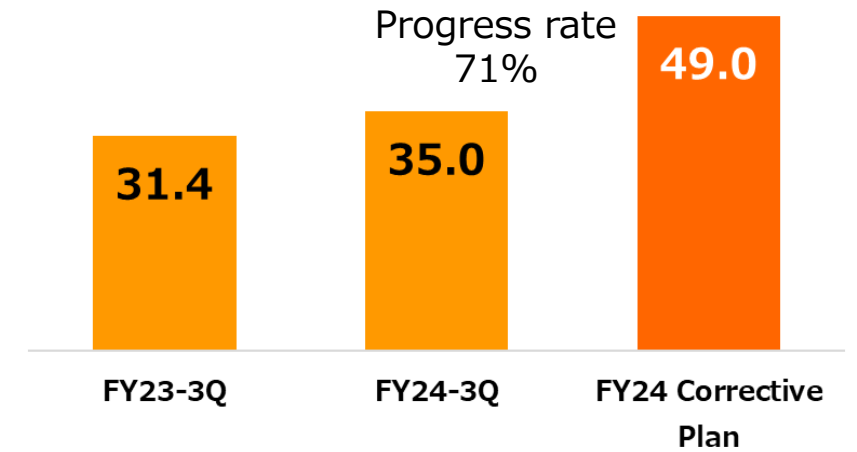


・Service Unit

(Recurring business such as maintenance and operation)



・Overseas projects Unit



／ (3) System Solutions (Example)

■ Water gate IoT (Water monitoring remote control)

Contributing to comprehensive flood control measures for local governments and other customers nationwide amid the growing risk of flooding due to rapid climate change

Water gate IoT in flood control, agriculture, and Industrial fields (Remote monitoring and control systems)

Flood Control

Open and close sluice gates remotely to prevent flooding and hazards to workers

- River and port gates
- Storm Surge Backflow Countermeasures
- Regulating Pond Water level Adjustment

Approx. 20 cases
(Approx. 80 units)

Agriculture

Controlling water withdrawal for disaster prevention and protection

- agricultural waterway
- Reservoir intake

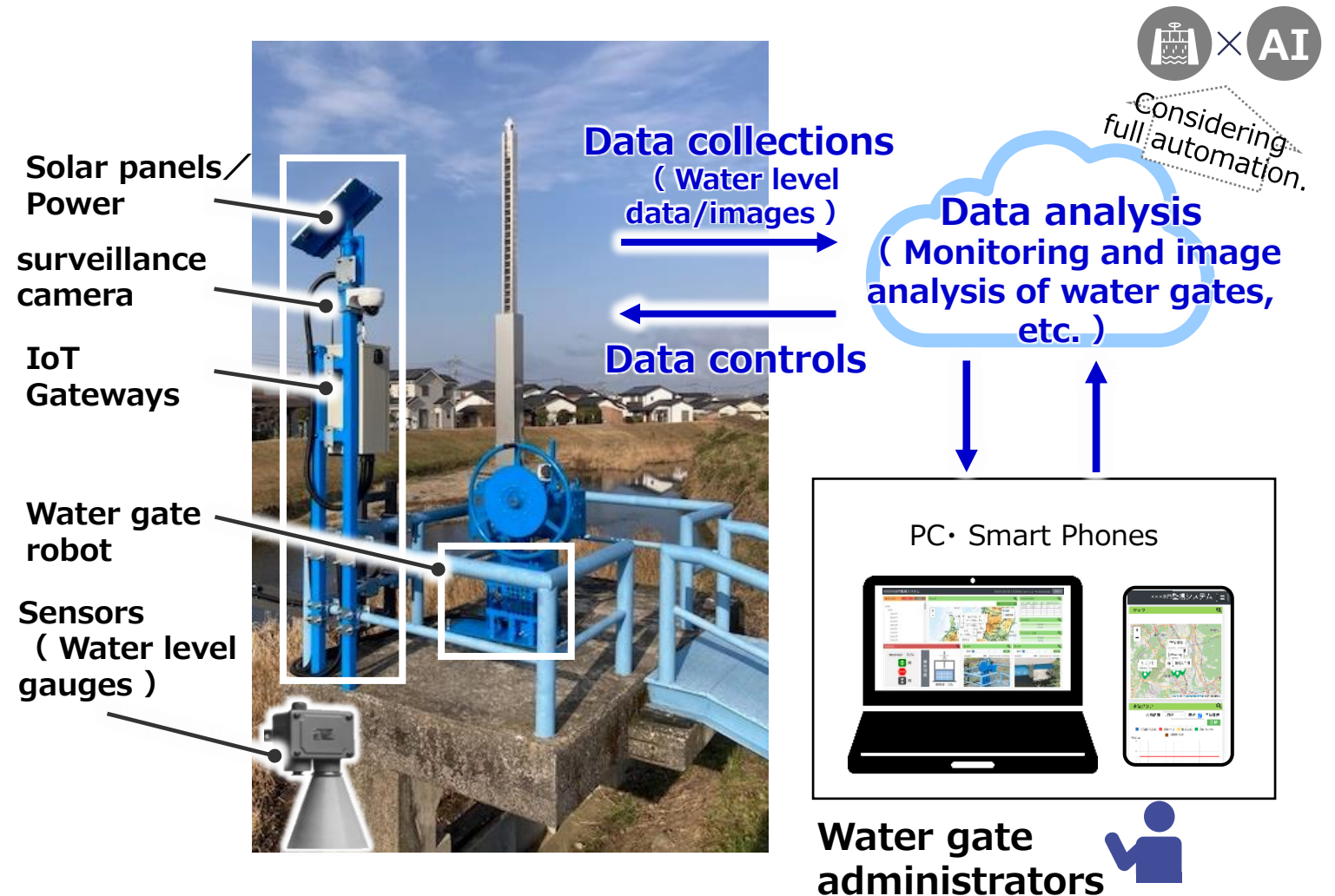
Approx. 20 cases
(Approx. 220 units)

Industrial

Control of hazardous Substance spills and hydroelectric power generation

- Water intake gate for hydropower generation
- Industrial storm drainage gate

Approx. 3 cases
(Approx. 300 units)



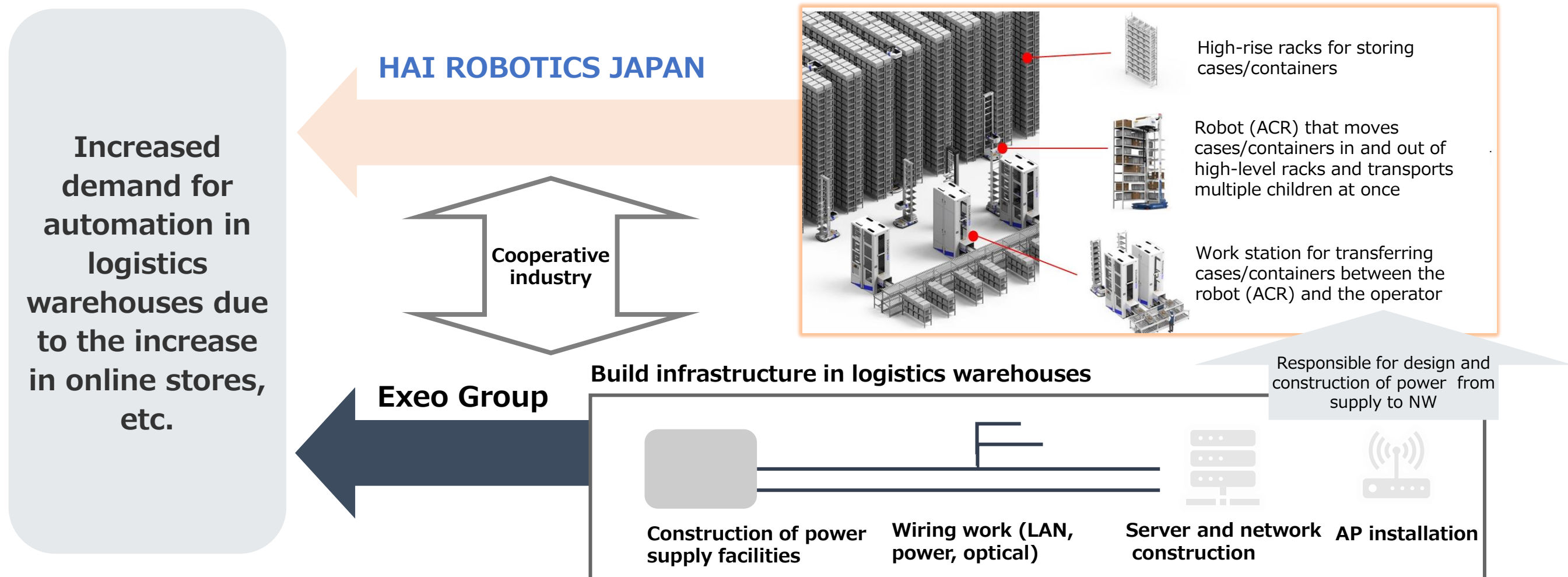
※ Number of projects includes those under proposal.

／ (3) System Solutions (Example)

■ Automation of logistics warehouses (Robotics Automation)

We collaborated with Hi-Robotics Japan, a rapidly growing pioneer in ACR* for large logistics warehouses, to acquire the NW domain in the field of robotics and automation, Acquired NW domain in the robotics and automation field

※Autonomous Case-handling Robot



／ (3) System Solutions (Overseas Project)

Promote reform of global business. Aim to generate profits while establishing a management foundation

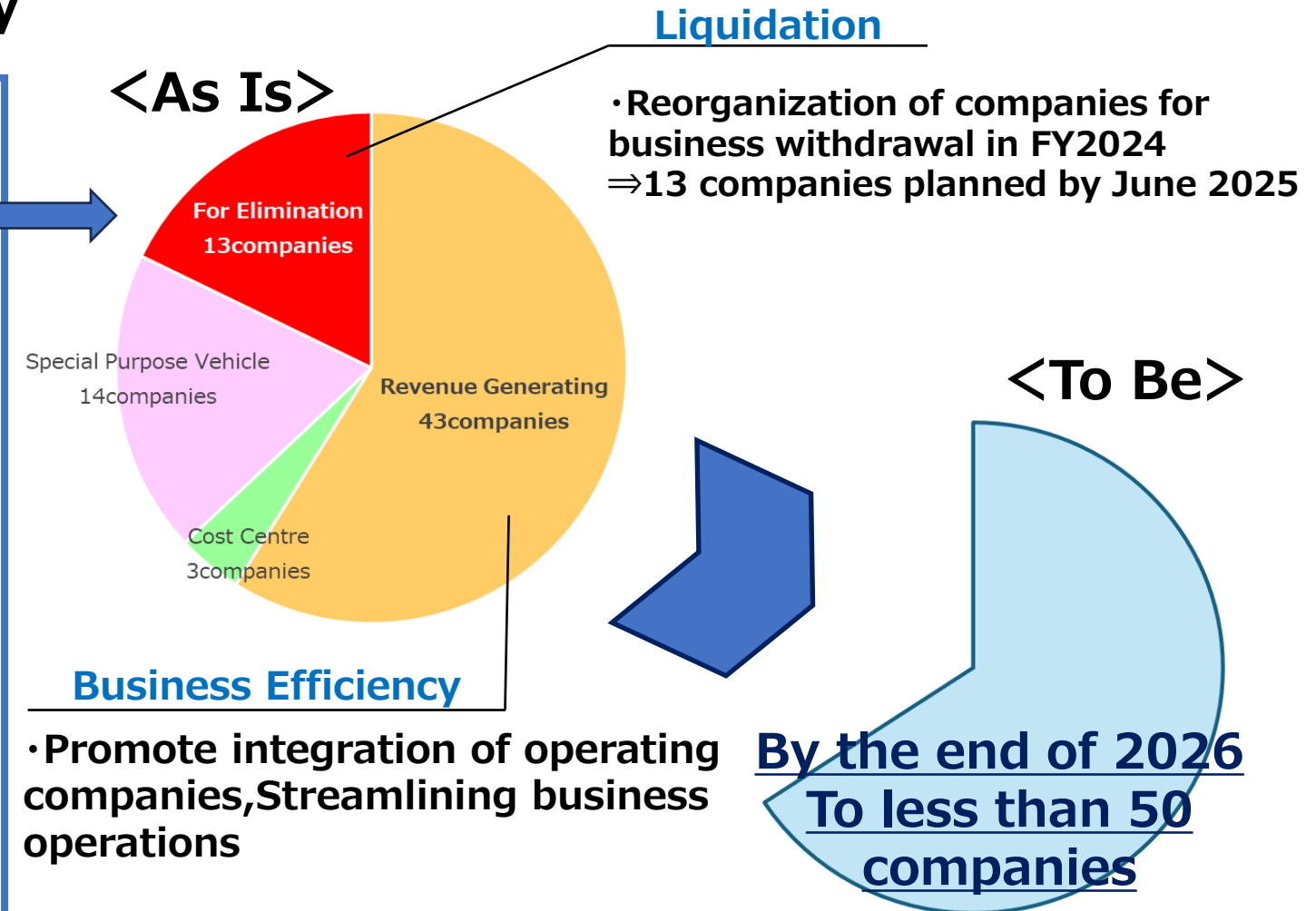
■ Overseas Business Restructuring Policy

■ Profit improvement in existing businesses

- Business Selection and Integration
⇒ Improved profitability by reducing the number of group companies
- Resource management through digitization and workflow automation

■ Expansion of existing businesses

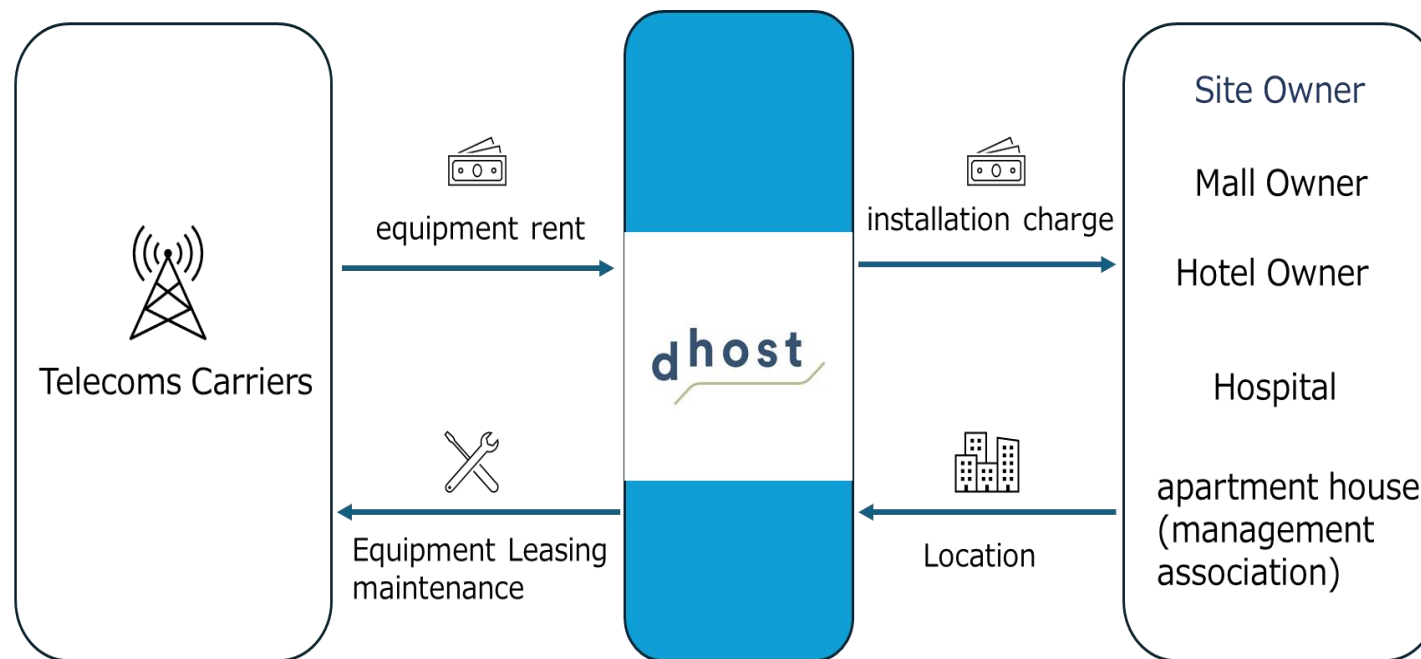
- Expansion of countries covered by neutral hosting business
⇒ To the Philippines, Taiwan, and Vietnam
- ORAN、SD-WAN related business
- Offshore Utilization: Contributing to Human Resource Expansion



／ (3) System Solutions (Overseas Project)

Dhost, which operates an indoor telecommunications infrastructure sharing business in Indonesia, has established a partnership with NTT Group to achieve further growth and create new value

■ Business image




July 2024

Dhost acquires indoor communications equipment at 850 sites owned by Telkomsel, a mobile network operator in Indonesia. With this acquisition, dhost will solidify its position as a leading company with the largest share of the indoor communications infrastructure sharing site market in Indonesia.



August 2024

Dhost has accepted an investment from a fund operated by NTT DOCOMO Ventures, Inc. They seek to domestically and internationally expand its indoor communications infrastructure sharing business and create new value. As part of this initiative, dhost concluded a memorandum of understanding with the NTT East Group, aiming to build a partnership in Southeast Asia.



3. Progress of Medium-Term Management Plan

(1) Numerical Targets

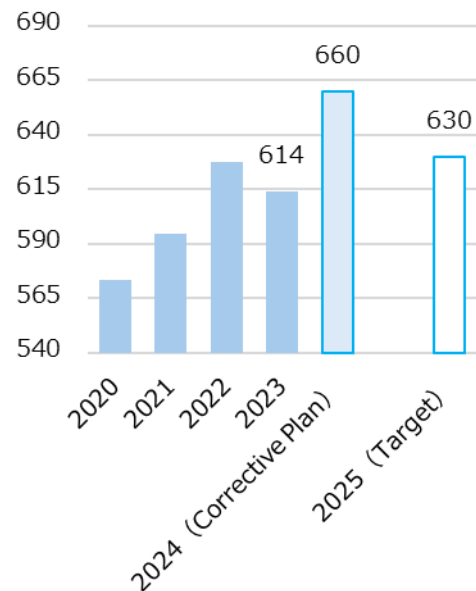
Net sales at record high level, challenging to achieve mid-term targets in FY2024 one year ahead of schedule
Improve profitability by increasing productivity, allocating resources to growth areas, and maximizing group synergies

FY2025 Performance targets

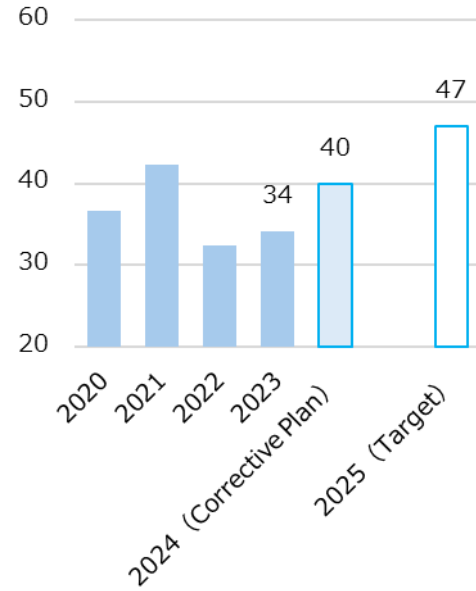
- Net sales 630 billion yen
- Operating profit 47 billion yen (7.5%)
- ROE over 9.0%
- EPS over 140yen

(Revised from 280 yen due to stock split on April 1, 2024)

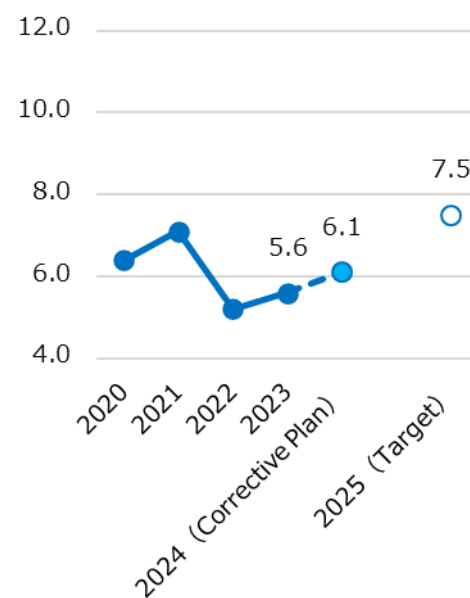
Net sales (¥Billion)



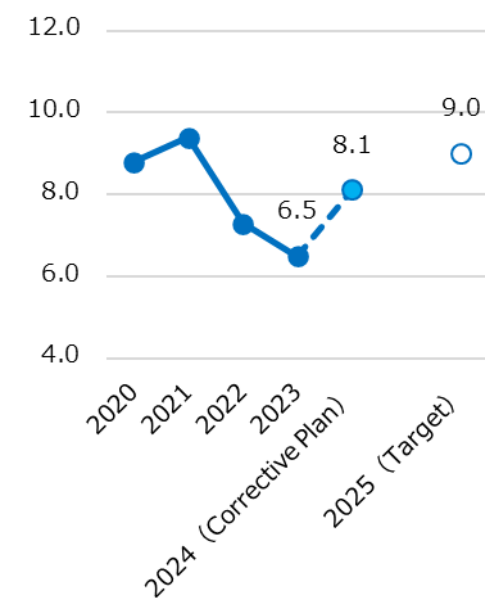
Operating profit (¥Billion)



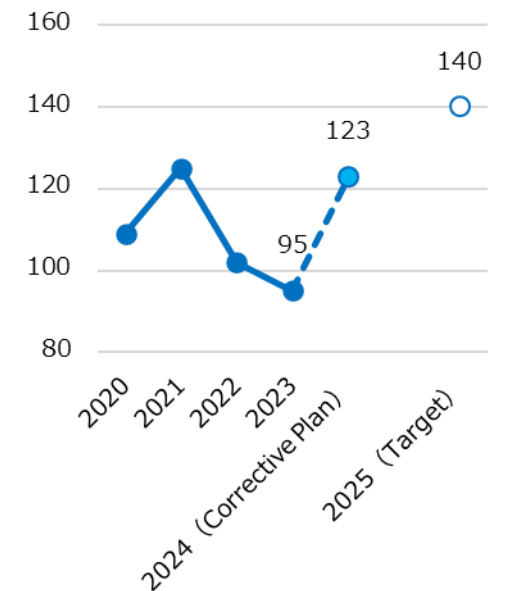
Operating profit margin (%)



ROE (%)



EPS (¥)



(2) Strengthening Our Business Infrastructure

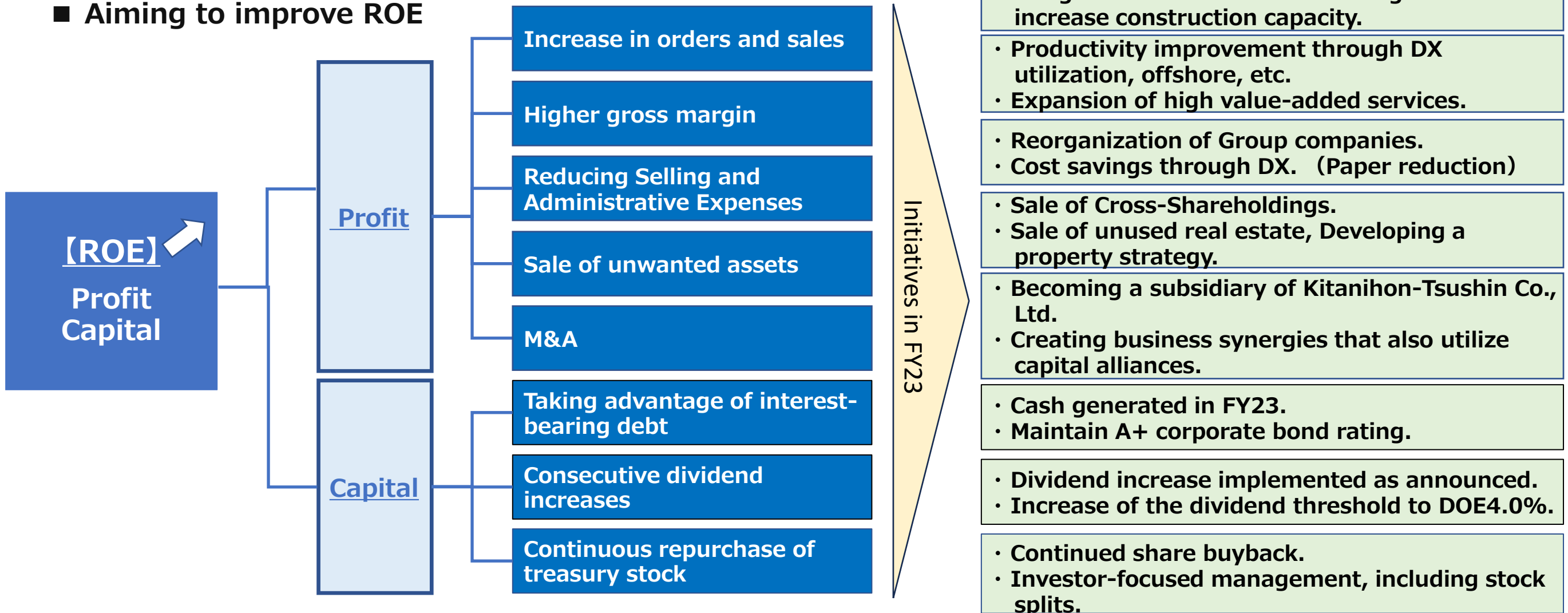
Steady implementation of strengthening our business infrastructure

Theme	Main Initiatives	Theme	Main Initiatives
Financial strategy	<ul style="list-style-type: none">• Invested heavily in human resources and R&D/DX• Raised the DOE of our dividend policy to 4.0%• Planning a dividend increase for the thirteen consecutive years, continuing repurchase treasury stock	Safety, quality&BCP	<ul style="list-style-type: none">• Remote safety monitoring using network cameras• Introduced safety equipment and other checking functions through the use of AI• Conducted practical training for preparedness against cyberattacks
Group management	<ul style="list-style-type: none">• Strengthen of internal system(settlement of internal Audit division)• Instill the governance policy to all group companies• Unified internal system (core /operations)	Environment & energy	<ul style="list-style-type: none">• Woody biomass power generation started its operation• Advanced our grid-scale battery storage business• Switched to electricity from renewable sources at our sites
DX implementation	<ul style="list-style-type: none">• Generated innovations through R&D promotion organizations• Continued efficiency improvements through digital implementation project teams• Established training systems for developing DX human resources	Human resources strategy	<ul style="list-style-type: none">• Introduced & implemented a transformation leader development program• Worked on multi-skilling & reskilling employees• Began building a Group-wide personnel database

／ (3) 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



／ (4) Cash Allocation Policy

Appropriately allocate the cash generated to investment in growth and shareholder returns, with the aim of increasing corporate value.

Policy

- Cash flow generation through steady growth
- Sale of Cross-Shareholdings and unwanted real estate.
- Use of interest-bearing debt while maintaining financial soundness

【 Actual results 】

EBITDA

- 64% progress on medium-term targets. (3-year cumulative total)
- Aiming for profit increase and growth from FY24 onwards.

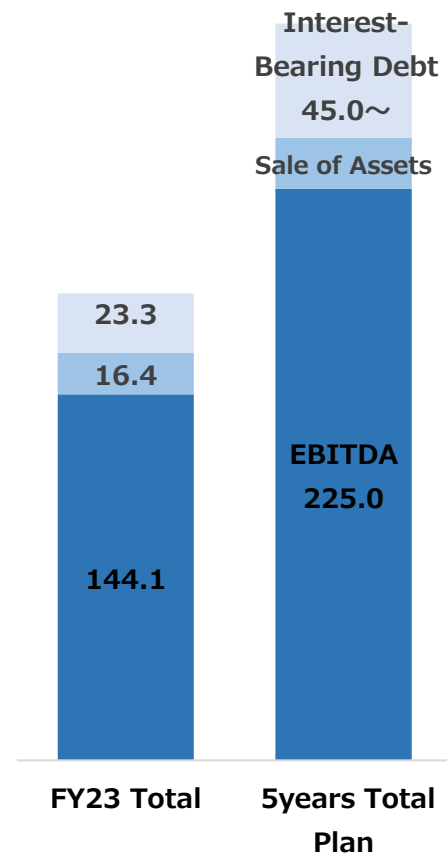
Sales of asset

- 14 billion Cross-Shareholdings sold. (3-year cumulative total)
- Start considering medium- and long-term property strategies.

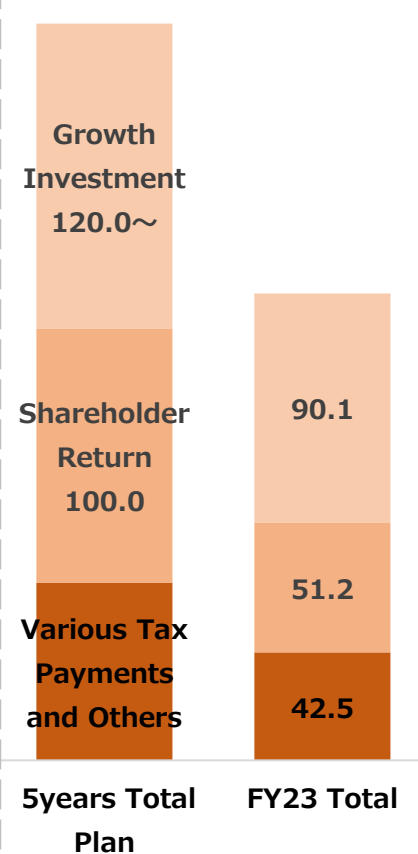
interest-bearing debt

- 12bn reduction in favorable child liabilities (FY23)

Cash Generation



Cash Allocation



Policy

- Continued investment in building a growth platform and through M&A.
- Active allocation of cash to human capital/R&D.
- Continuous dividend increases and share buybacks.

【 Actual results 】

Growth Investment

- 75% progress on medium-term targets (3-year cumulative total)
- Capital investment : 50bn M&A : 35bn
- Human Resource Development : Average of about 1 billion per year (training, etc.)
- R&D/DX : At least 1% of sales invested.

Shareholder return

- DOE standard increased to 4.0%(FY23).
- Share buybacks continue with the aim of improving capital efficiency.

Three share acquisitions in FY2024 (Interactive Communication Design Co., Ltd. , Kyoei Dengyou Co., Ltd. , Core Techno Co., Ltd.)

Expectations for business synergies such as resolving resource shortages, acquiring regional bases, and strengthening business foundations

■ Outline of the new subsidiary

Name	Interactive Communication Design Co., Ltd.	Kyoei Dengyou Co., Ltd.	Core Techno Co., Ltd.
Location	Minato-ku, Tokyo	Osaka-shi, Osaka	Sakai-shi, Osaka
Business	Solution business and service business	Urban Infrastructure [Electrical installation work]	
Office	Sapporo・Osaka・Nagoya・Vietnam(subsidiary)	Osaka・Nara・Kobe	Osaka
Features	Focusing on software development from large SIers, we handle projects in a variety of industries	Extensive construction experience in electrical equipment construction for traffic safety facilities in the Kansai region	

■ M&A policy and Major

- ・ Strategic mergers and acquisitions to expand the business portfolio.
- ・ Selection of investment destinations with an awareness of investment effectiveness and profitability.
- ・ Restructuring of the asset portfolio through the sale of Cross-Shareholdings.

Companies	Region
Kitanihon-Tsushin Co., Ltd.	Urban Infrastructure
Fixpoint, Inc. [Capital and Business Alliance]	System Solutions
X1Studio, Inc. [Capital and Business Alliance]	Urban Infrastructure
Daiichi-Hutecc Co. [Business Alliance]	Urban Infrastructure
Dawn Co. [Business Alliance]	System Solutions
Interactive Communication Design Co., Ltd.	System Solutions
Kyoei Dengyou Co., Ltd.	Urban Infrastructure
Core Techno Co., Ltd.	Urban Infrastructure

Social and governance-related initiatives continue to be implemented and external evaluations obtained.

■ **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.



■ **Obtained SBT certification for GHG reduction targets**

The 2030 GHG reduction target has been certified by the international organization "Science Based Targets (SBTi)" as being a science-based target that is in line with the target level set by the Paris Agreement.



■ **Received the "Best Workplace for Diversity&Inclusion", the highest evaluation in "D&I Award 2024".**

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 2024".**

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





4. Shareholder Return

／ (1) Dividends, Share Buybacks

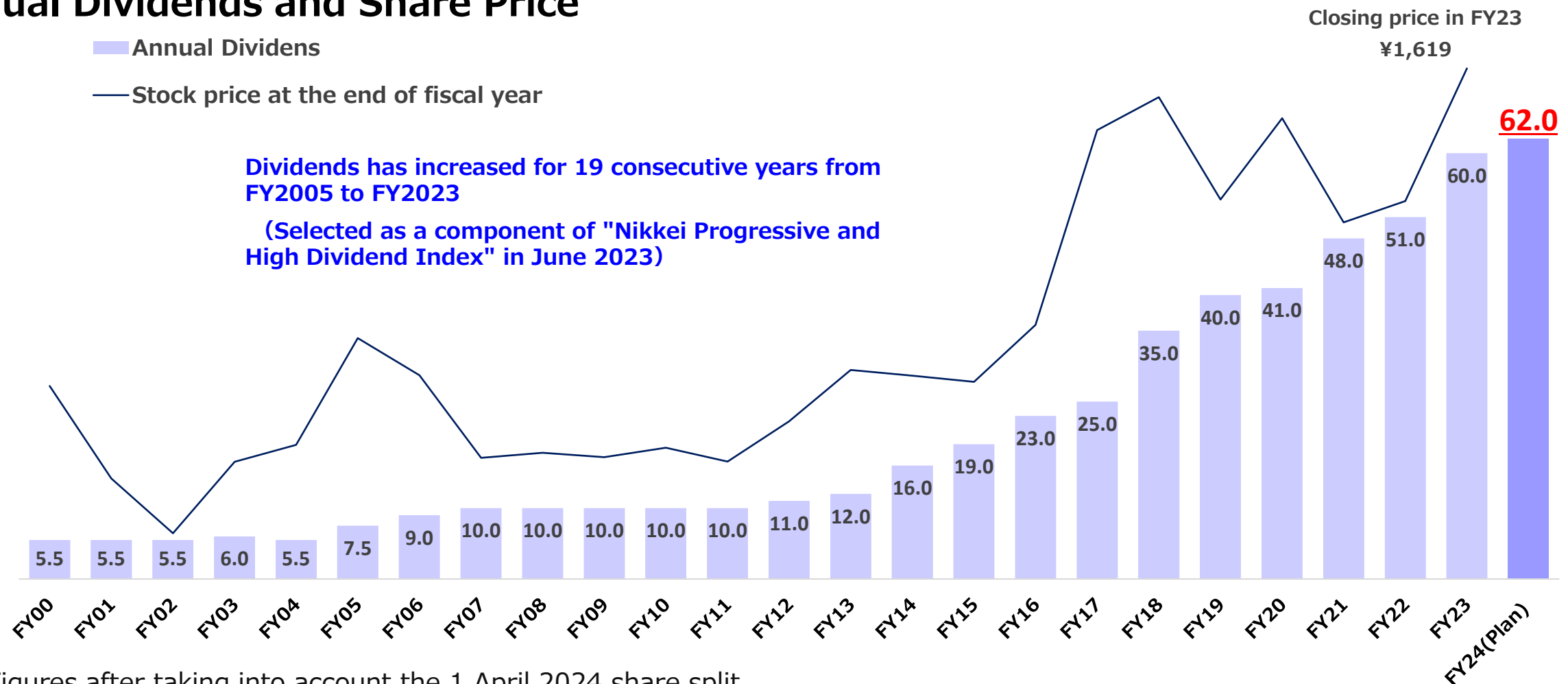
From FY23, the dividend policy has been changed to a 4.0% DOE basis, and we plans to increase dividends for 13 consecutive fiscal years (interim 31 yen, annual 62 yen)

Purchase of treasury stock continuously and flexibly

Cancellation of 5 million treasury shares at the end of November 2024

2-for-1 stock split in April 2024

■ Annual Dividends and Share Price

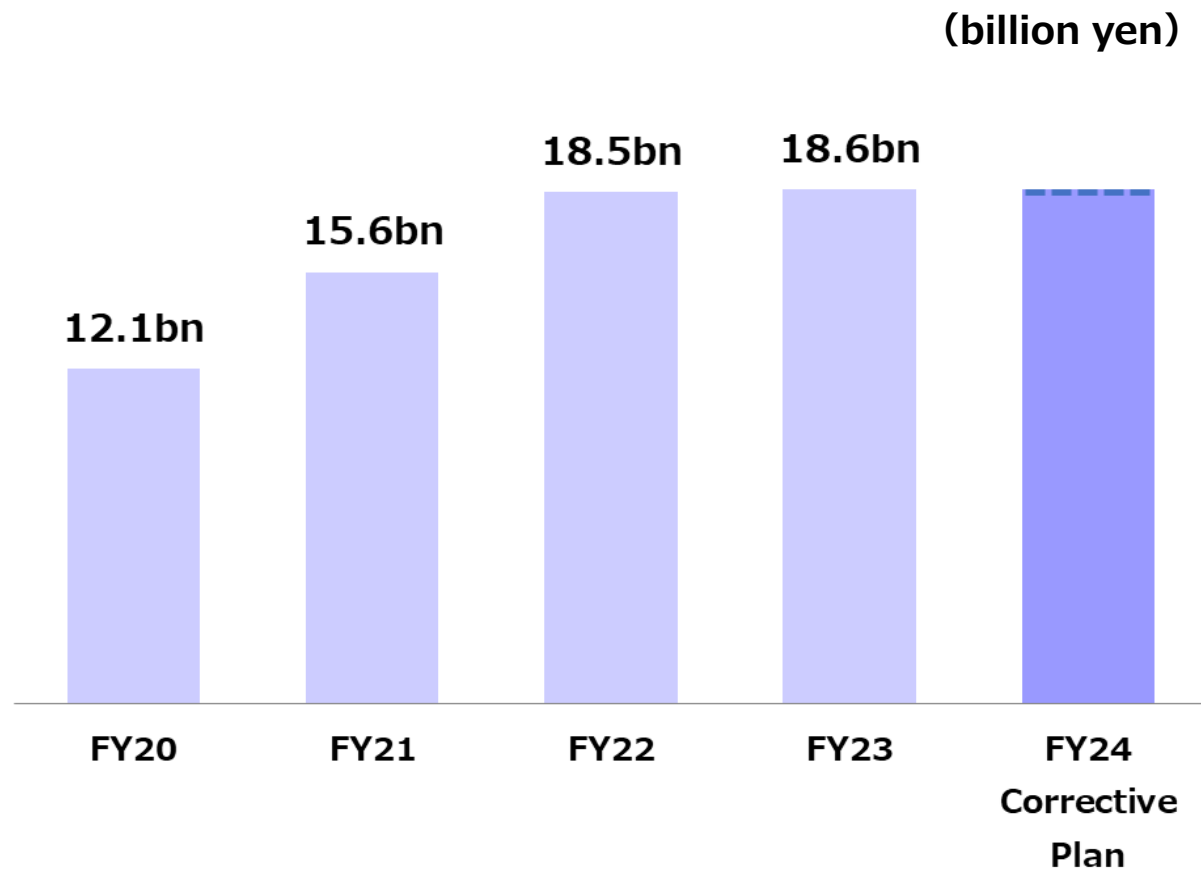


※ Figures after taking into account the 1 April 2024 share split.

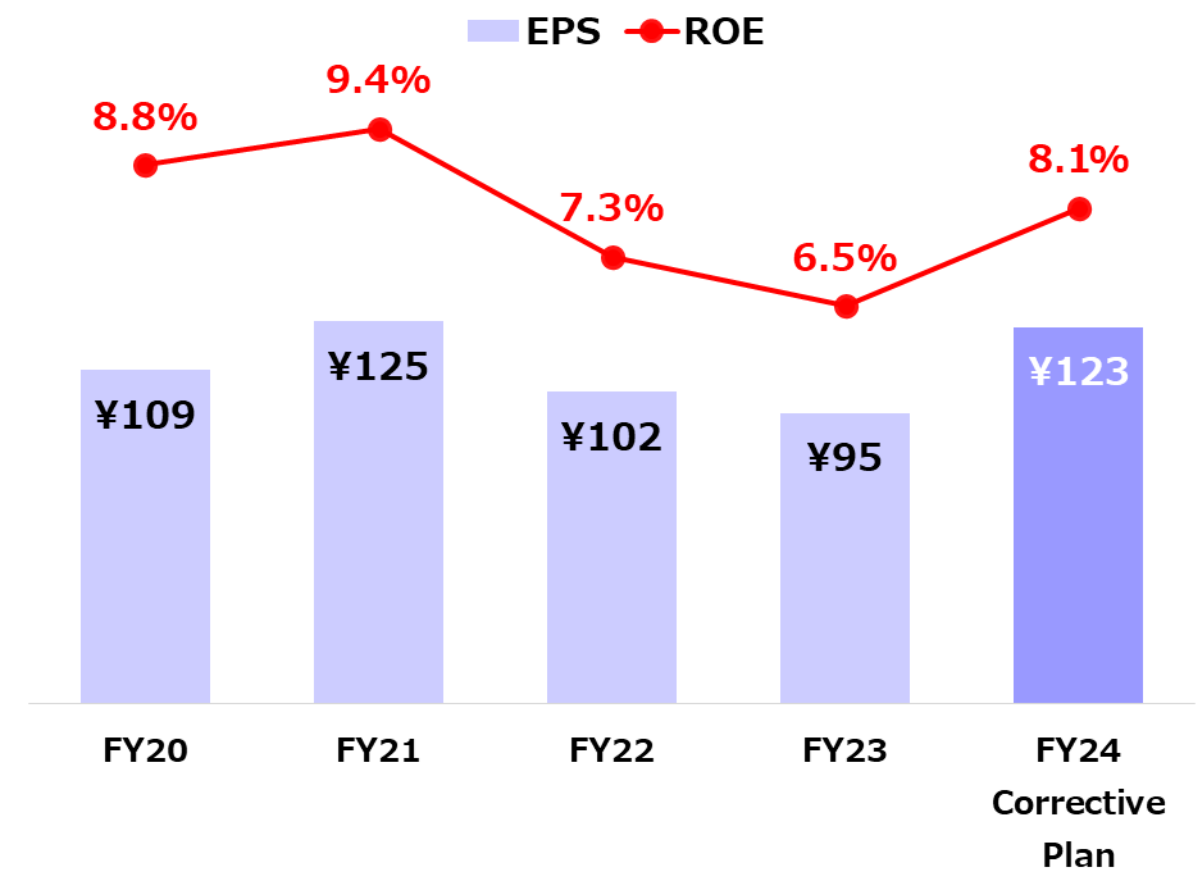
／ (2) Total Shareholder Return, ROE, EPS

Active shareholder returns through consecutive dividend increases and continuous share buy-backs
(We announced additional 3 billion yen acquisition of treasury shares February 7, 2025)
ROE declined in FY23 due to loss on valuation, but has been on a steady growth trajectory since FY24
ROE and EPS further improved due to upward revision of full-year forecast

■ Total Shareholder Return



■ ROE/EPS



※ EPS figures take into account the 1 April 2024 share split.



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.

EXEO Group, Inc.

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Tokyo 150-0002 JAPAN

URL: <https://www.exeo.co.jp/en/ir/>
TEL: (81)3-5778-1073

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

“Bring the benefits of connectivity to all”

