

# Annual Results for the Fiscal Year Ended March 31, 2024 (FY 2023)

May 10, 2024



## 1. Overview of FY2023 Results

( 1 ) Financial Highlights	...	4
( 2 ) Results Highlights(Orders Received, Net Sales)	...	5
( 3 ) Results Highlights(Operating Profit)	...	6
( 4 ) Results Highlights(Segment Information)	...	7

## 2. Forecast for FY2024 Performance

( 1 ) Plan Summary	...	9
( 2 ) Plan Summary (Segment Information)	...	10

## 3. Initiatives by Segment

( 1 ) Telecoms Carriers	...	12
( 2 ) Urban Infrastructure	...	15
( 3 ) System Solutions	...	19

## 4. Initiatives to Enhance corporate value

( 1 ) Initiatives to Enhance corporate value (Improving ROE)	...	26
( 2 ) M&A	...	27
( 3 ) Cash Allocation Policy	...	28
( 4 ) Disaster Relief Assistance	...	29
( 5 ) ESG	...	30

## 5. Shareholder Return

( 1 ) Dividends, Share Buybacks	...	32
( 2 ) Total Shareholder Return, ROE, EPS	...	33



---

# **1. Overview of FY2023 Results**

**Orders received reached a record high, and Sales also remain at record levels.**

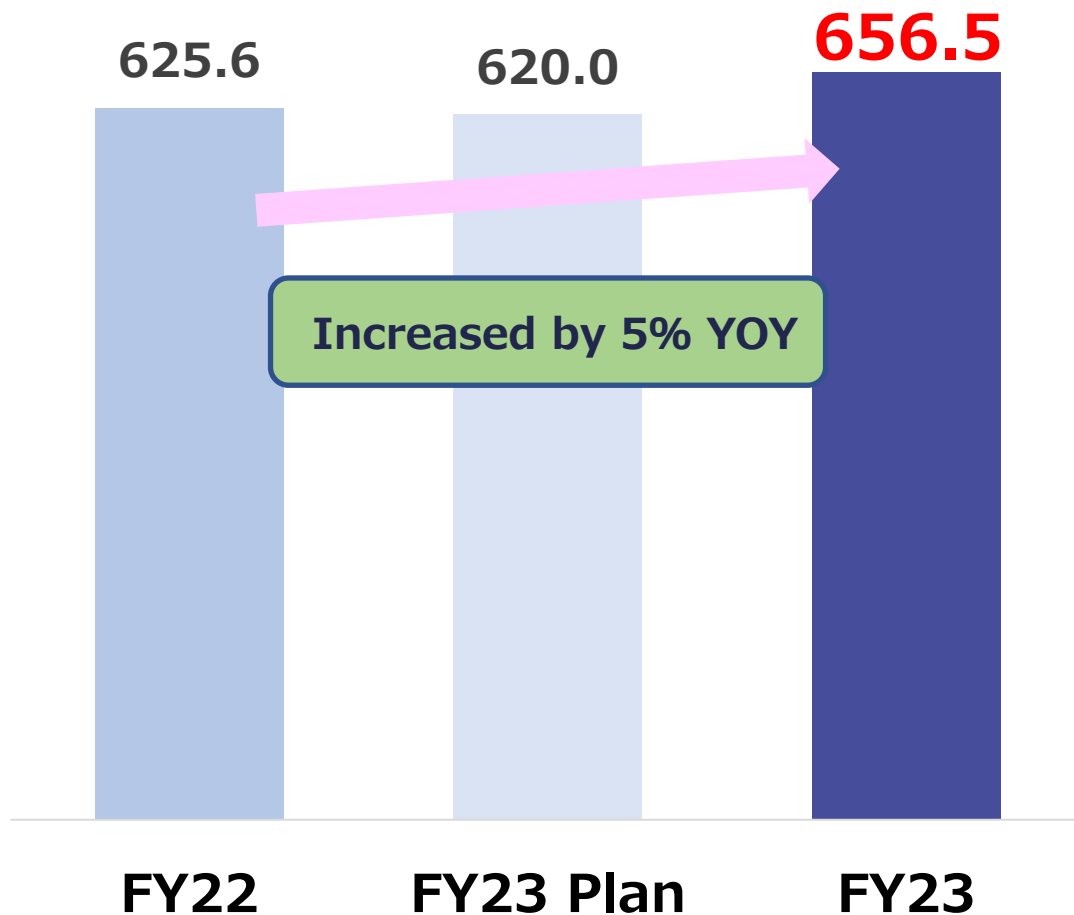
**Overseas business stagnated ,but domestic business remains steady.**

**Year-end dividend 60 yen , 3 billion planned for share buyback.**

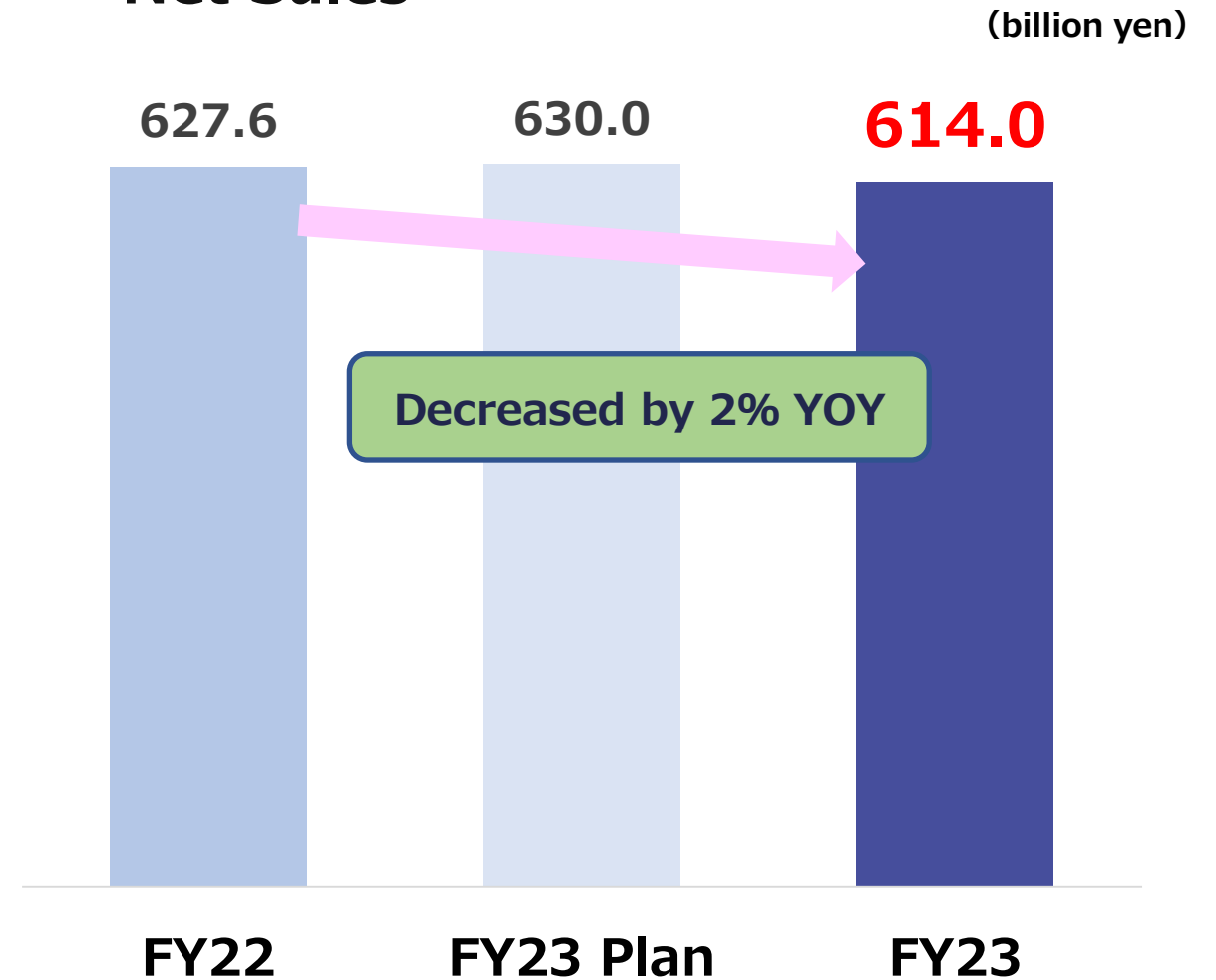
## ／ (2) Results Highlights (Orders Received, Net Sales)

Orders received reached a record high. Sales declined year-on-year, but remained high.

### ■ Orders Received



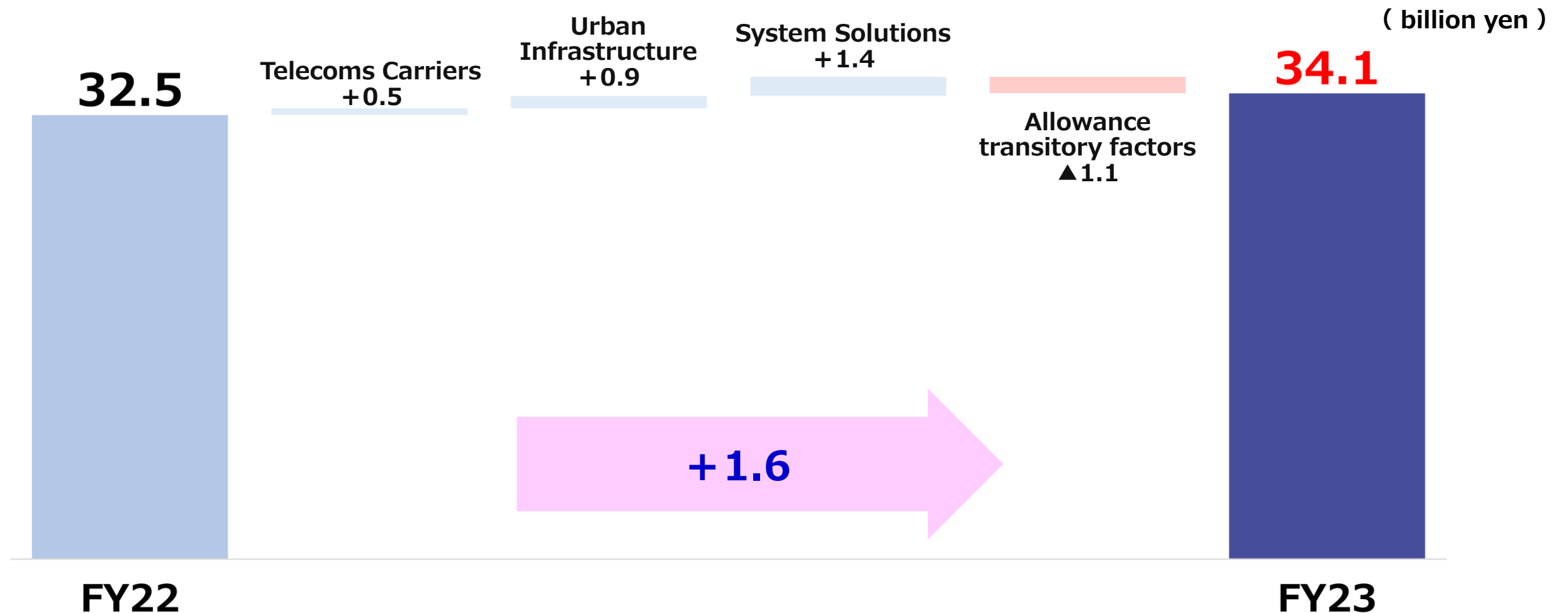
### ■ Net Sales



## ／ (3) Results Highlights (Operating Profit)

Despite lower profits in the global business, the domestic side of the business was strong, with all segments achieving higher profits.

### ■ Operating Profit



# ／ (4) Results Highlights (Segment Information)

(billion yen)

	Telecoms Carriers	Urban Infrastructure	System Solutions
Net sales	<p>271.1 → 253.4</p> <p>FY22 FY23</p>	<p>165.3 → 177.2</p> <p>FY22 FY23</p>	<p>191.0 → 183.3</p> <p>FY22 FY23</p>
Segment profit	<div> Special factors  Allowance for doubtful accounts 0.7B yen  Cost of cancelled orders 0.3B yen </div> <p>6.4% → 6.6%</p> <p>17.3 → 16.8</p> <p>FY22 FY23</p> <p>※Adjusted for special factors</p>	<div> Special factors  Unprofitable projects 0.1B yen </div> <p>6.2% → 6.2%</p> <p>10.2 → 11.0</p> <p>FY22 FY23</p> <p>※Adjusted for special factors</p>	<p>2.6% → 3.4%</p> <p>4.8 → 6.2</p> <p>FY22 FY23</p>



---

## **2. Forecast for FY2024 performance**



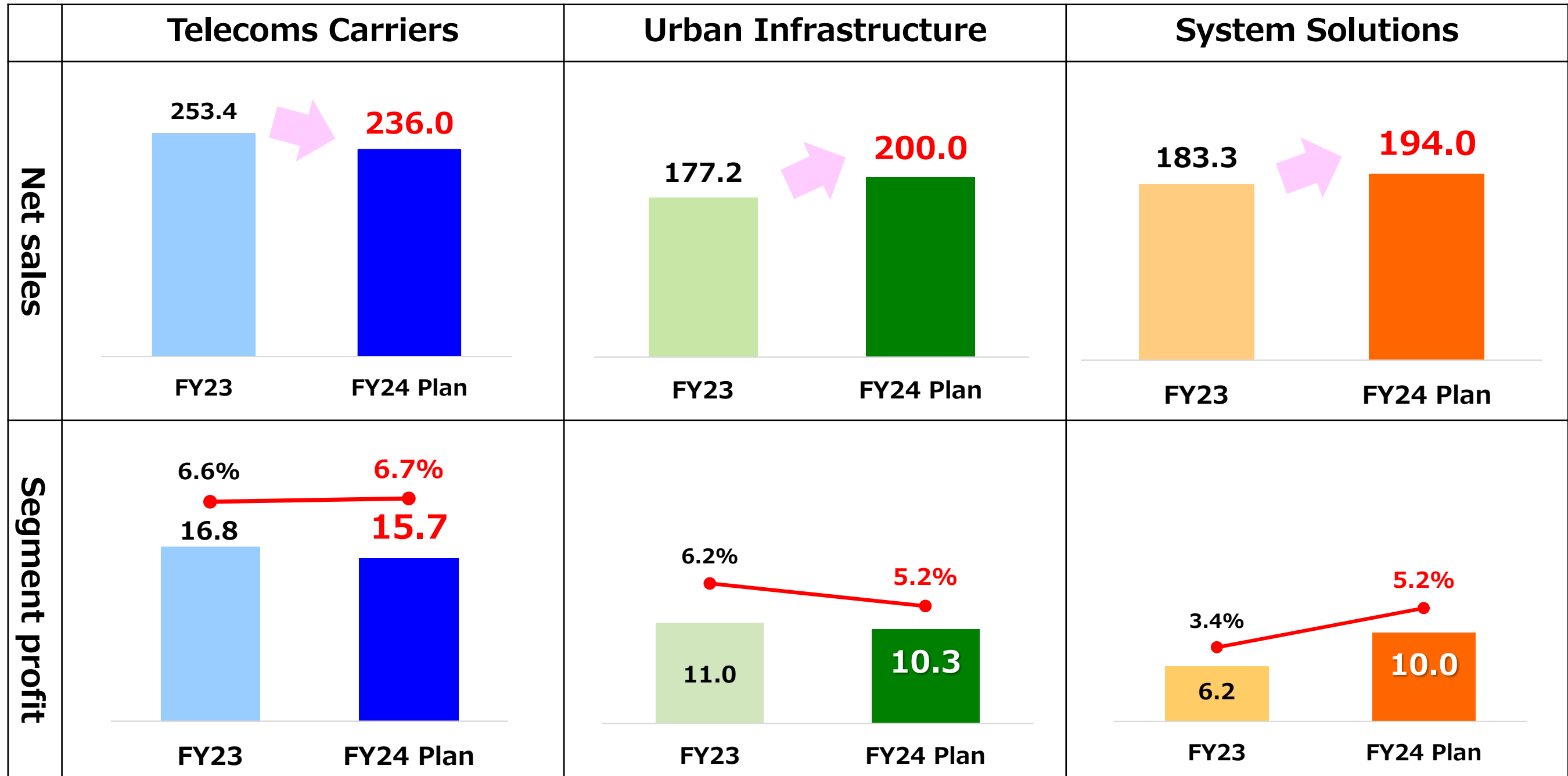
## ／ (1) Plan Summary

As regards sales, the aim is to achieve the medium-term management plan ahead of schedule. Planned increase in profits due to continued strong domestic business and improved profitability of global business.

(billion yen)	FY2023	FY2024	
	Actual A	Plan B	YOY B-A
Orders received	656.5	640.0	▲ 16.5
Net sales	614.0	630.0	+ 16.0
Operating profit	(5.6%) 34.1	(5.7%) 36.0	(+0.1P) + 1.9

## ／ (2) Plan Summary (Segment Information)

(billion yen)



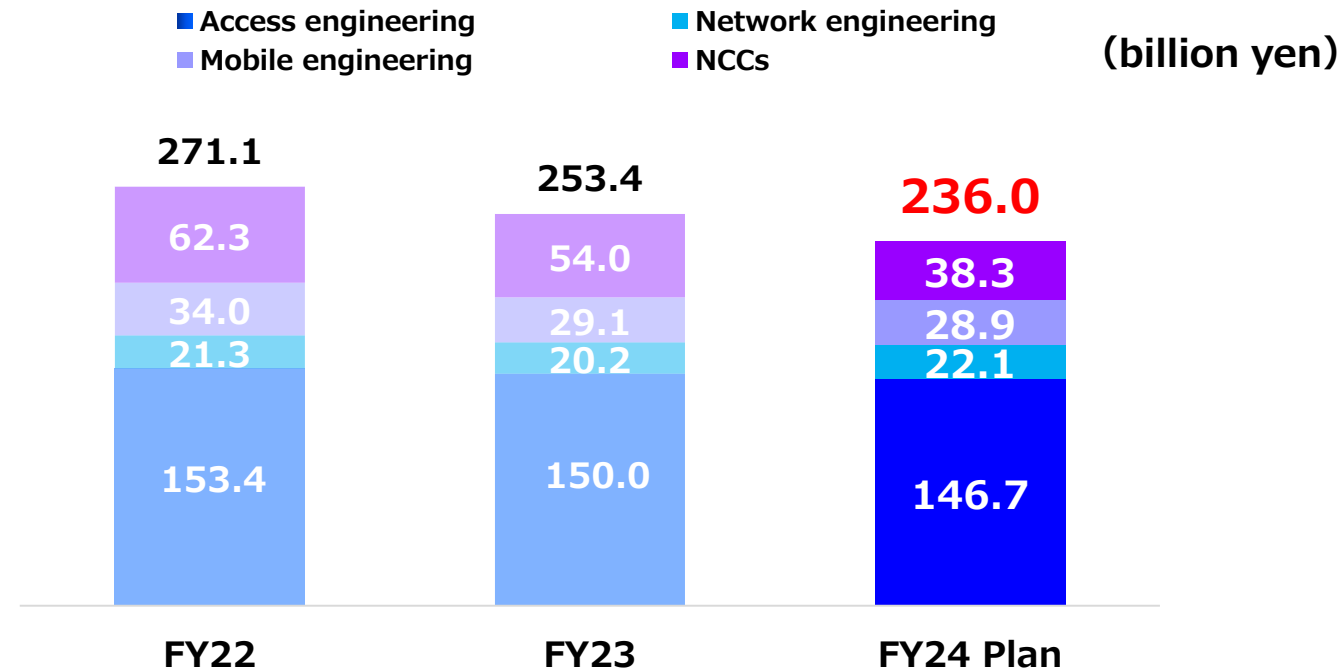


---

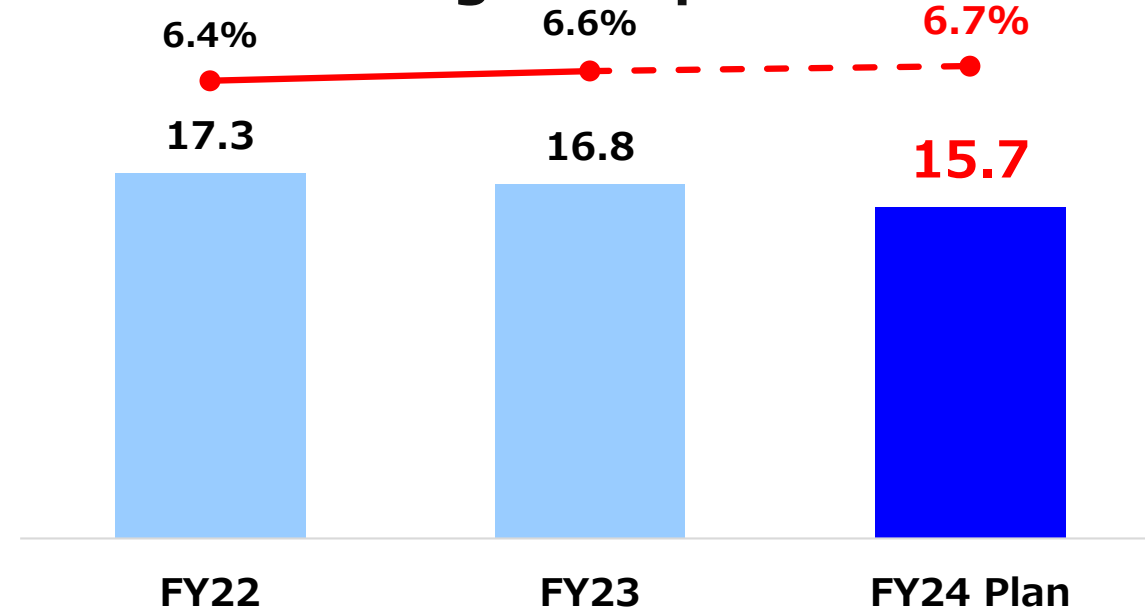
## **3. Initiatives by Segment**

# ／ (1) Telecoms Carriers

## ■ Trends in net sales



## ■ Trends in segment profit



### FY2024 Plan

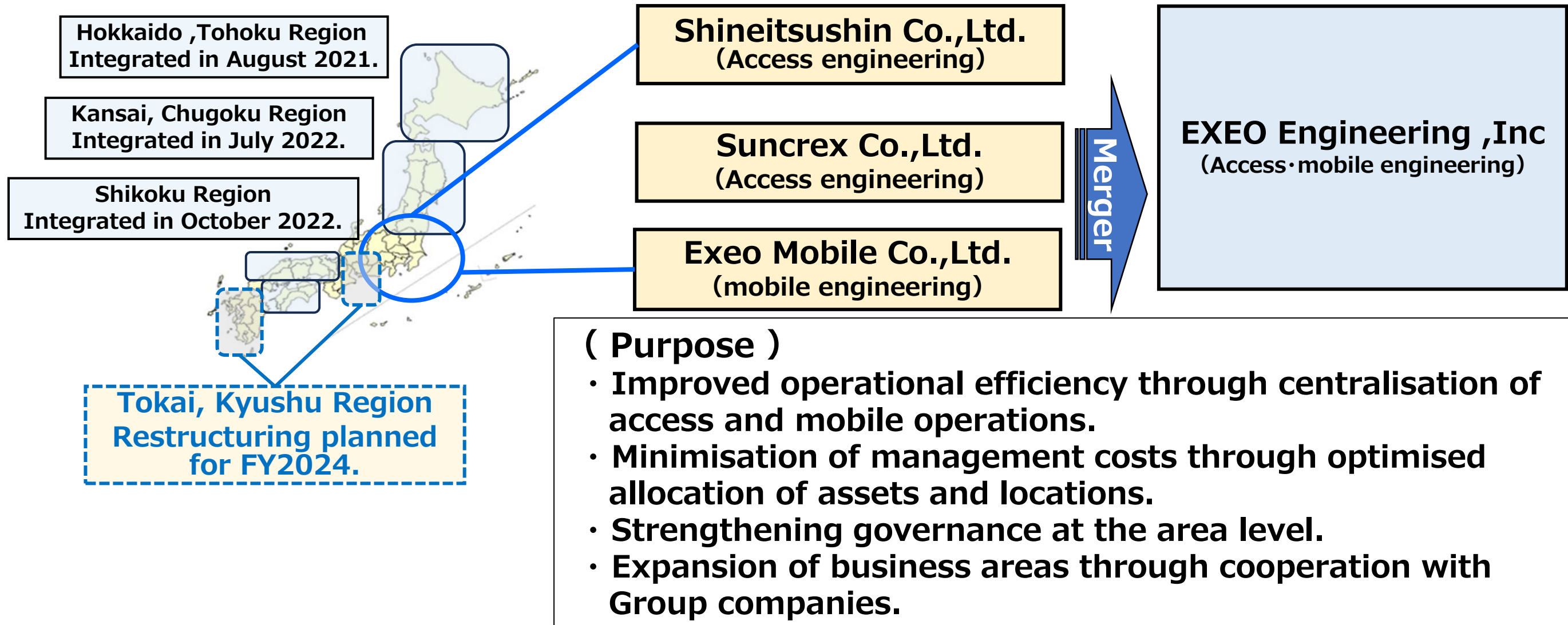
- Capital investment by telecoms carriers stagnates.
- Maintain/improve profitability as a core business.

### Main Initiatives

- Continued productivity gains through DX utilization.  
( Automation, Offshore, etc. )
- Ongoing area-specific business optimization.
- Next generation infrastructure "IOWN" and telecommunications NW renewal.  
( Focus on wireless fixed-line telephony, metal removal, etc.)

# ／ ( 1 ) Telecoms Carriers (Restructuring of area businesses)

Subsidiaries were reorganised on 1 April to optimise the telecom carrier business formation in the metropolitan area.



# ／ (1) Telecoms Carriers (centralisation of offices)

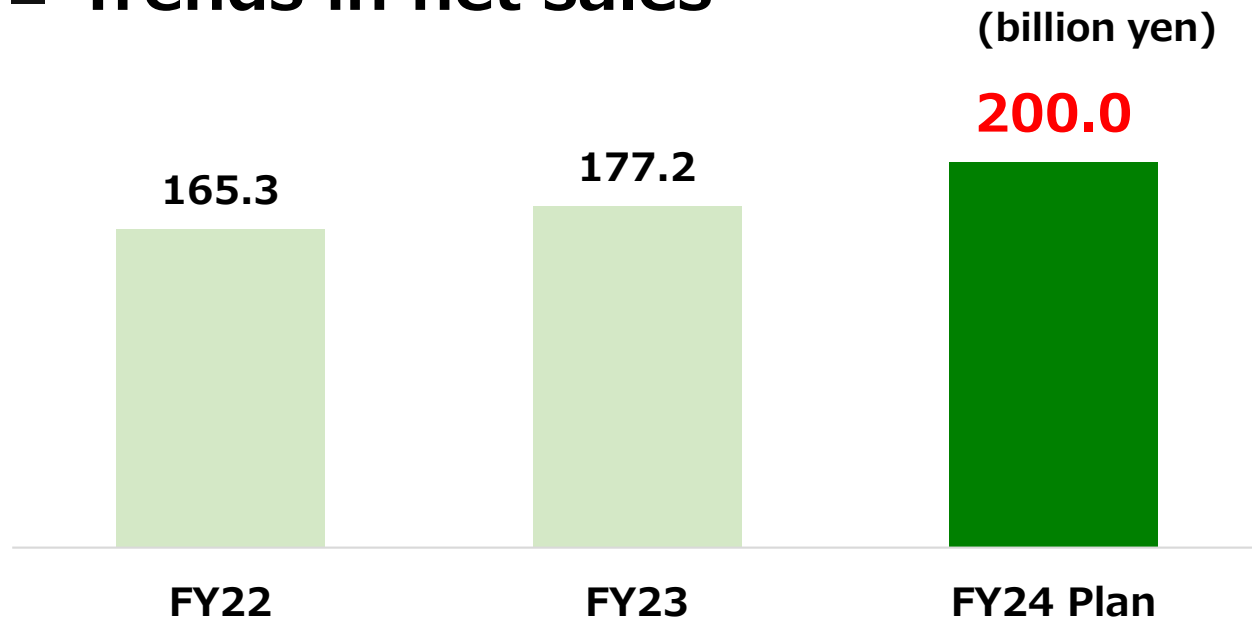
**New Technology Centre (Dazaifu, Fukuoka) established to improve operational efficiency in the Kyushu area.**



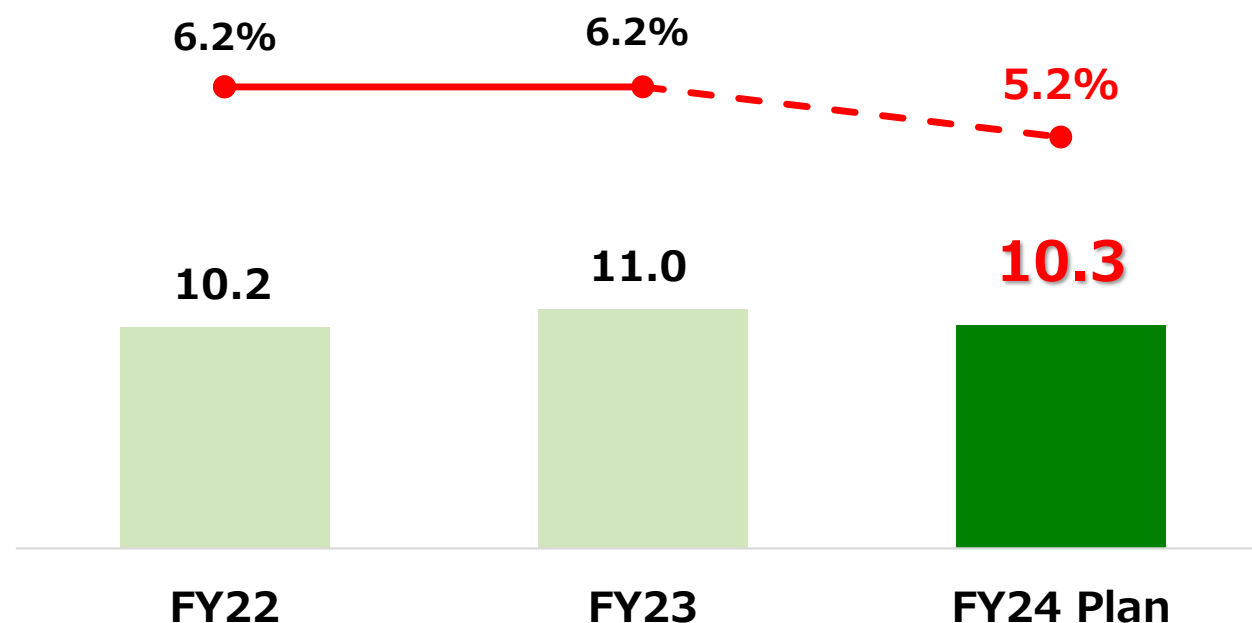
- In order to create new value, five offices, including those of group companies, which were dispersed throughout Fukuoka City, were integrated.
- Rooftop solar power, storage batteries, insulated glass and state-of-the-art air-conditioning systems have been installed to create an eco-friendly and healthy working environment.

## ／ (2) Urban Infrastructure

### ■ Trends in net sales



### ■ Trends in segment profit



### FY2024 Plan

- DC business remains strong. Expand resources and maximise orders and completions.
- Profits for the current year will decrease due to the deteriorating profitability of large projects awarded in the past and increased recruitment and training costs.

### Main Initiatives

- Accelerate the shift of resources to DC and electrical equipment projects.
- Train offshore wind turbine engineers and promote partnerships with universities and other organizations to facilitate local development.
- Patent applied for energy-related power controller. ( R&D promotion )

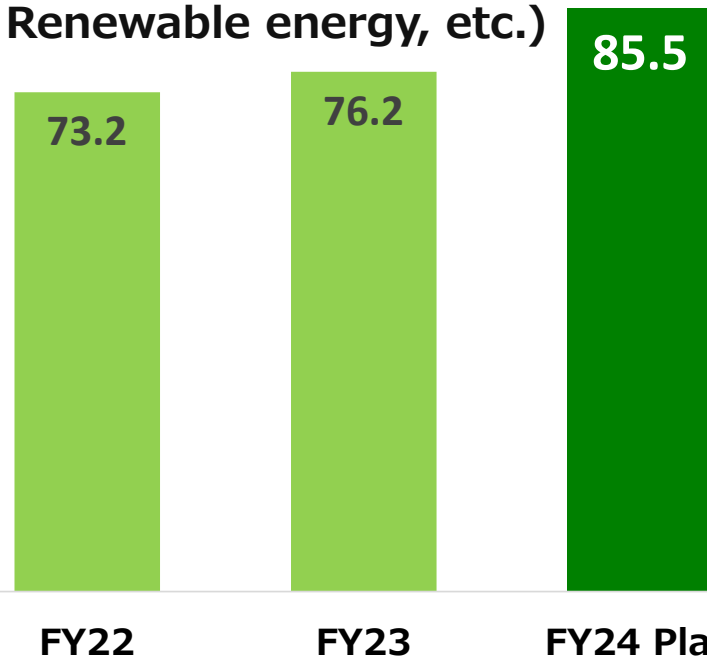
## ／ (2) Urban Infrastructure (Breakdown by Business Unit)

### ■ Trends in net sales

(billion yen)

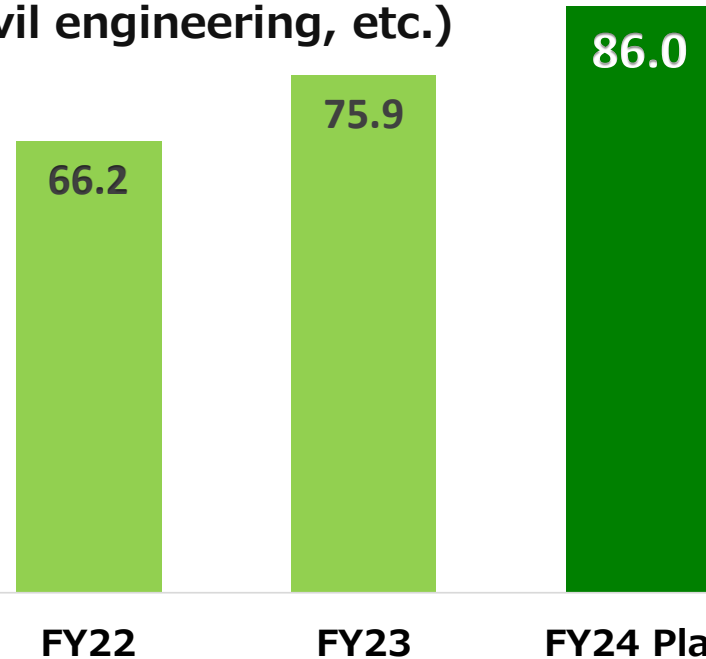
#### ・Energy Unit

(Electricity, Environment, Renewable energy, etc.)



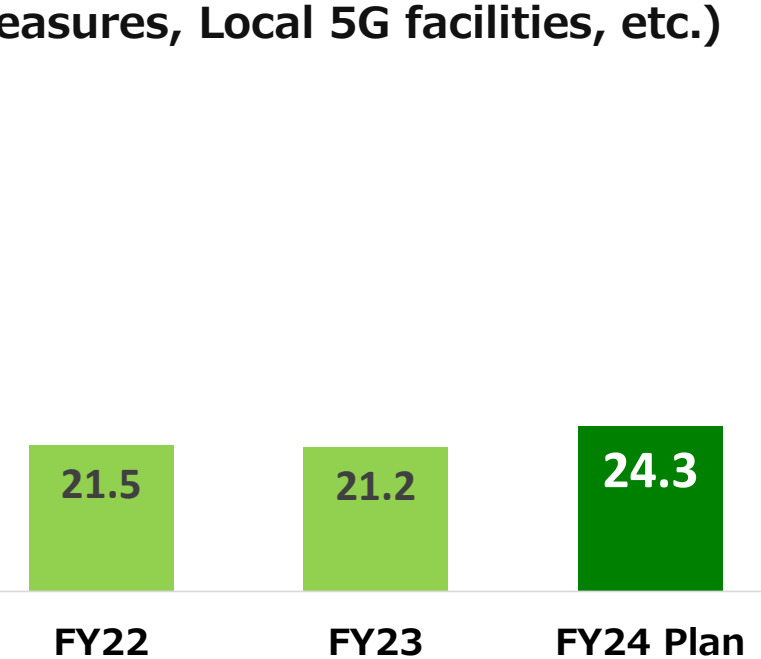
#### ・Public infrastructure Unit

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



#### ・Facility infrastructure Unit

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





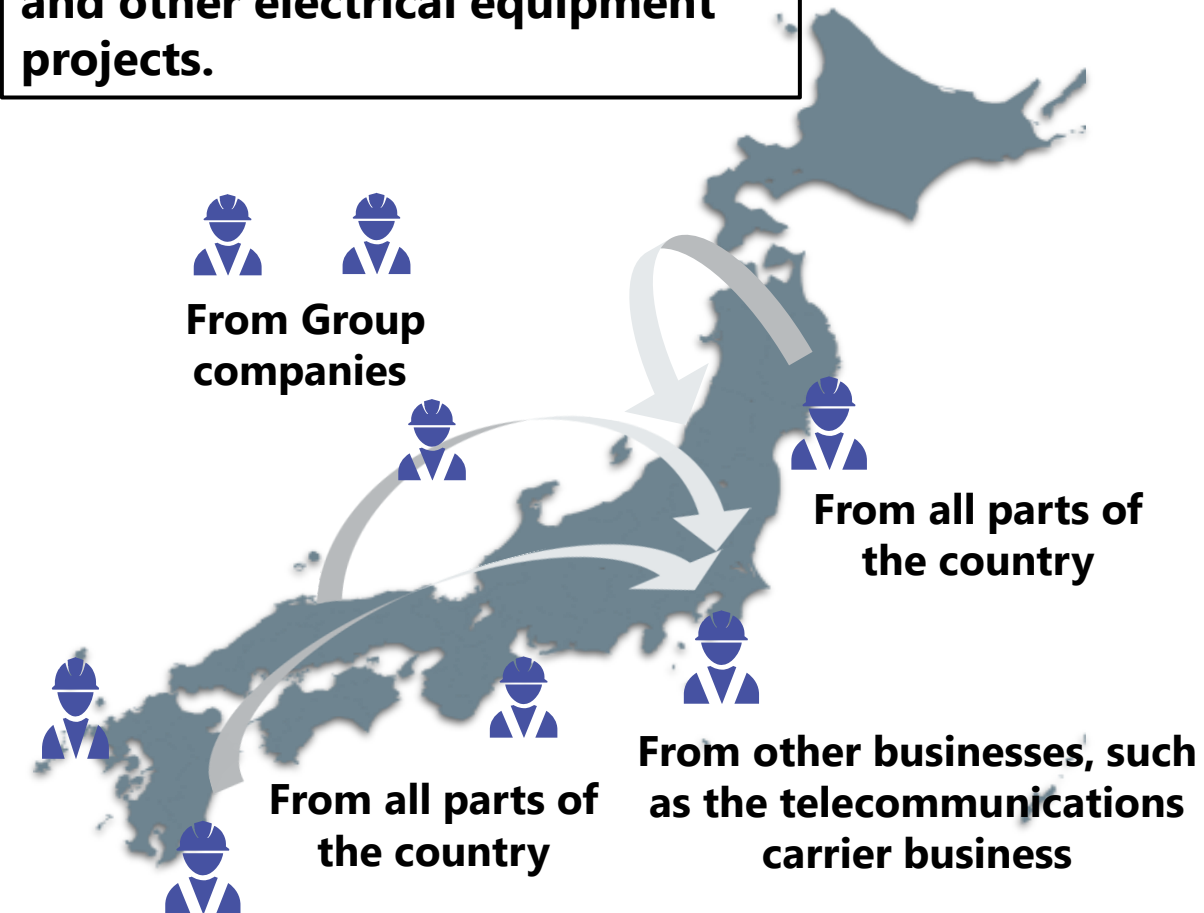
## ／ (2) Urban Infrastructure (Data Center)

### Investment in domestic data centers by major cloud providers grows.

- US cloud providers have announced investments of over 4 trillion yen.
- Consolidation of resources from other businesses and group companies.
- Consideration of responses to high heat generation, such as generative AI and GPU chips.



**Shifted resources to data centers and other electrical equipment projects.**



## ／ (2) Urban Infrastructure (Environmental business)

Contribute to reducing environmental impact through renewable and smart energy projects.

### ■ Woody biomass power generation



**Ashikaga Eco Power (Operation started in March 2024).**



**Furudono Ronden Eco Power (Operation will start in August 2024.)**

### ■ Smart energy



**Grid Storage Batteries (NTT Anode Energy)**



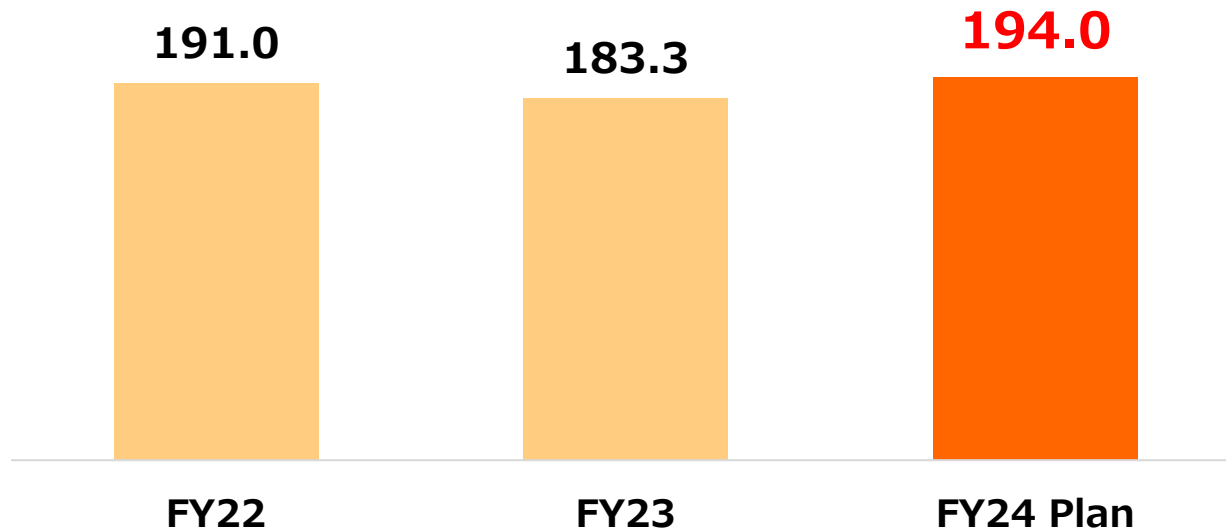
**EV charging infrastructure (Plugo)**

**Start selling the electricity generated.**

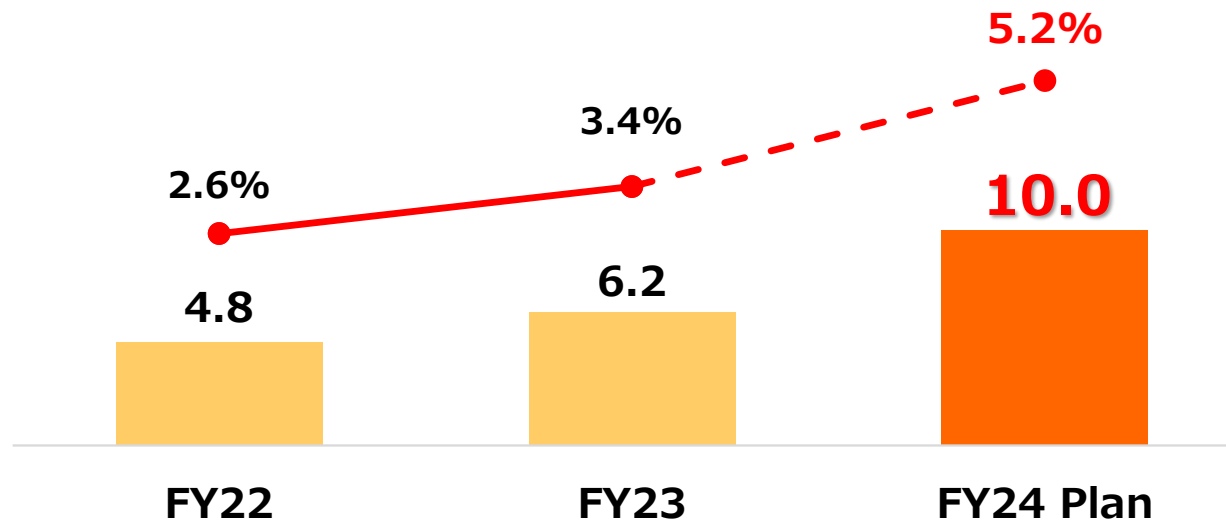
**Strengthening business cooperation**

### ■ Trends in net sales

( billion yen )



### ■ Trends in segment profit



### FY2024 Plan

- SI business, including software development, steady.
- The service business grew steadily and contributed to profits.
- Aiming for a significant increase in profits along with a recovery in global business.

### Main Initiatives

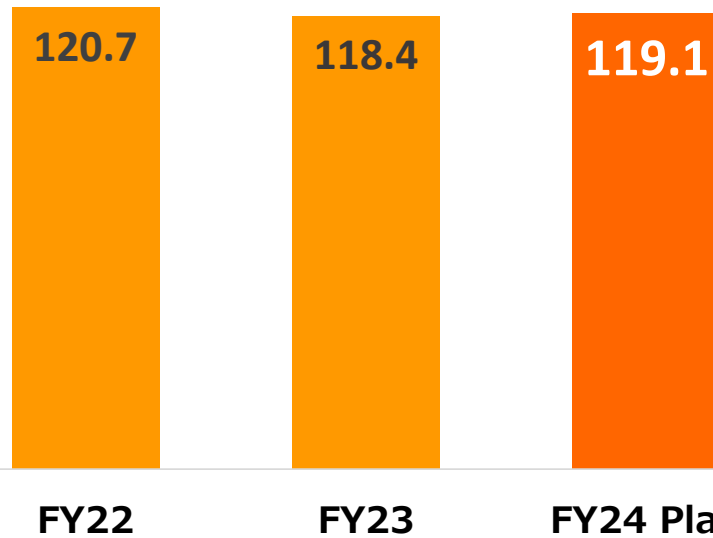
- Strengthening sales and marketing across the Group's businesses to increase prime contracting orders with total solutions.
- Increased relationship orders, including after-GIGA.
- Global operations aim to generate stable profits through the integration of new businesses.

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

### ■ Trends in net sales

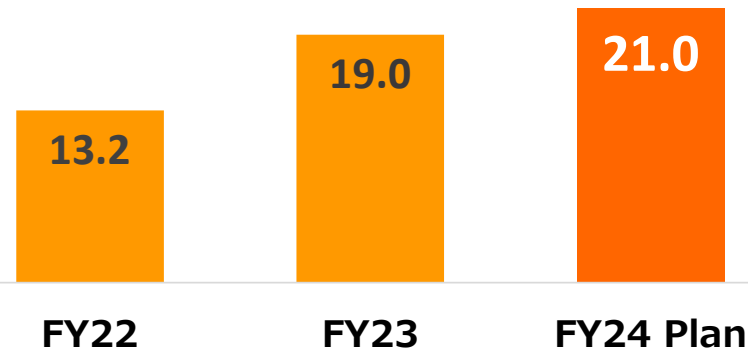
(billion yen)

#### ・Information system Unit

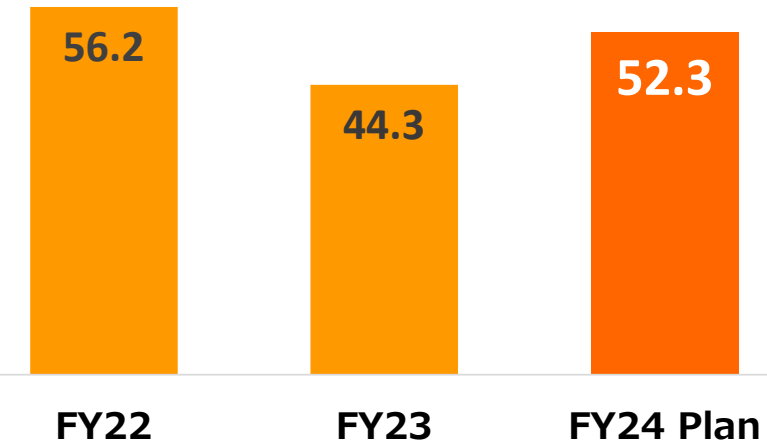


#### ・Service Unit

(Recurring business such as maintenance and operation)



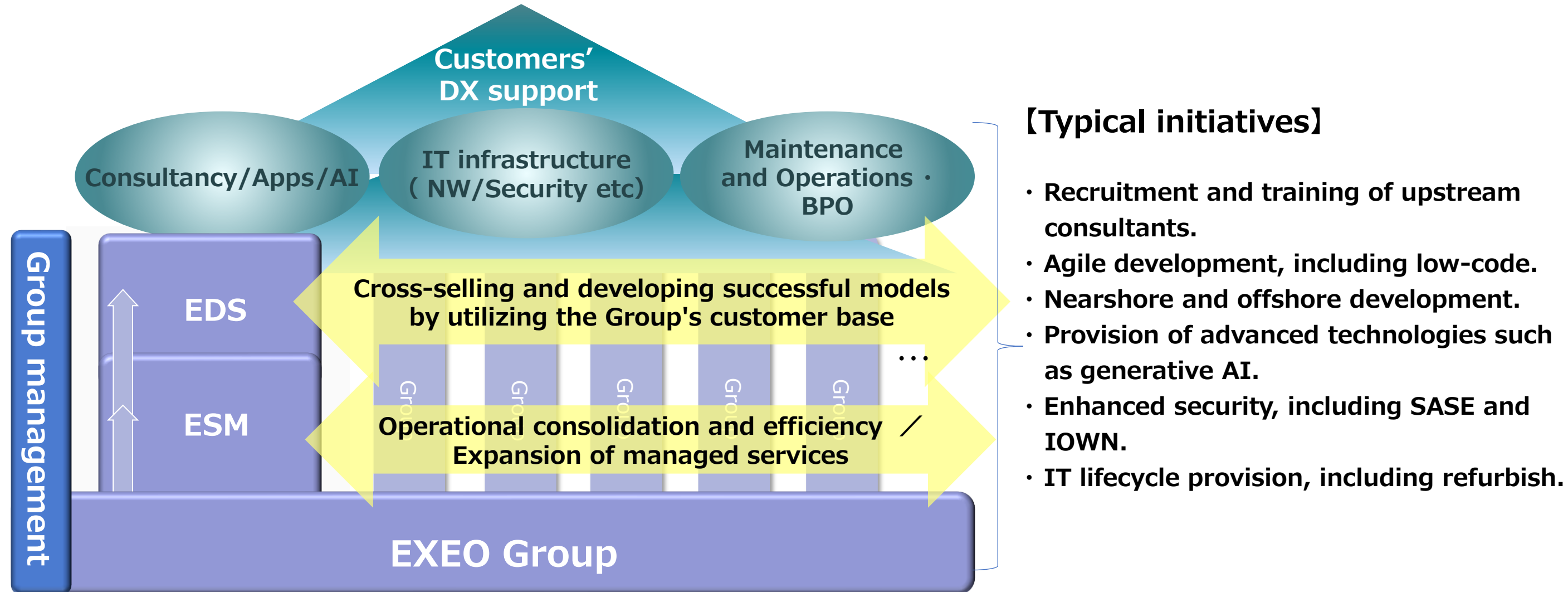
#### ・Overseas projects Unit





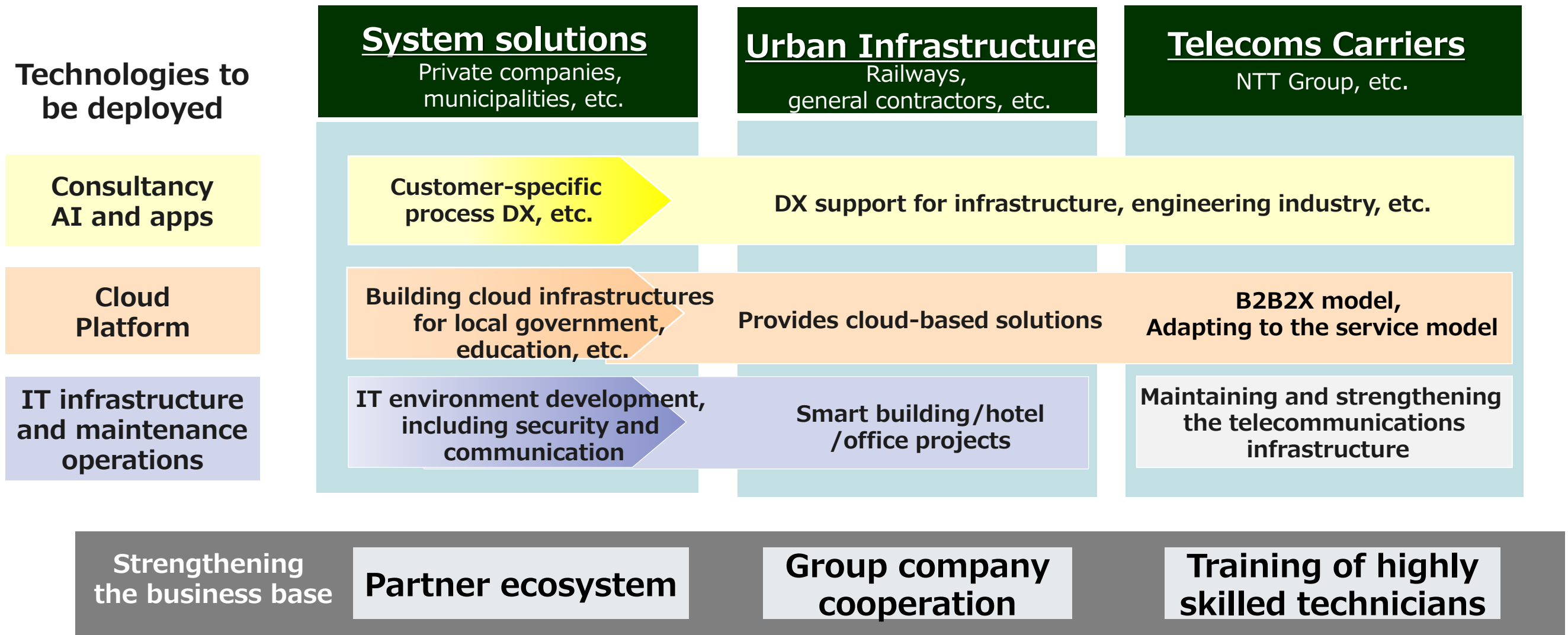
### ／ (3) System Solutions ( Total Solution Initiatives )

Total support for customers' DX promotion by maximising the use of the Group's assets, with EXEO Digital Solutions, Inc. (EDS) and EXEO System Management, Inc. (ESM) at the core.



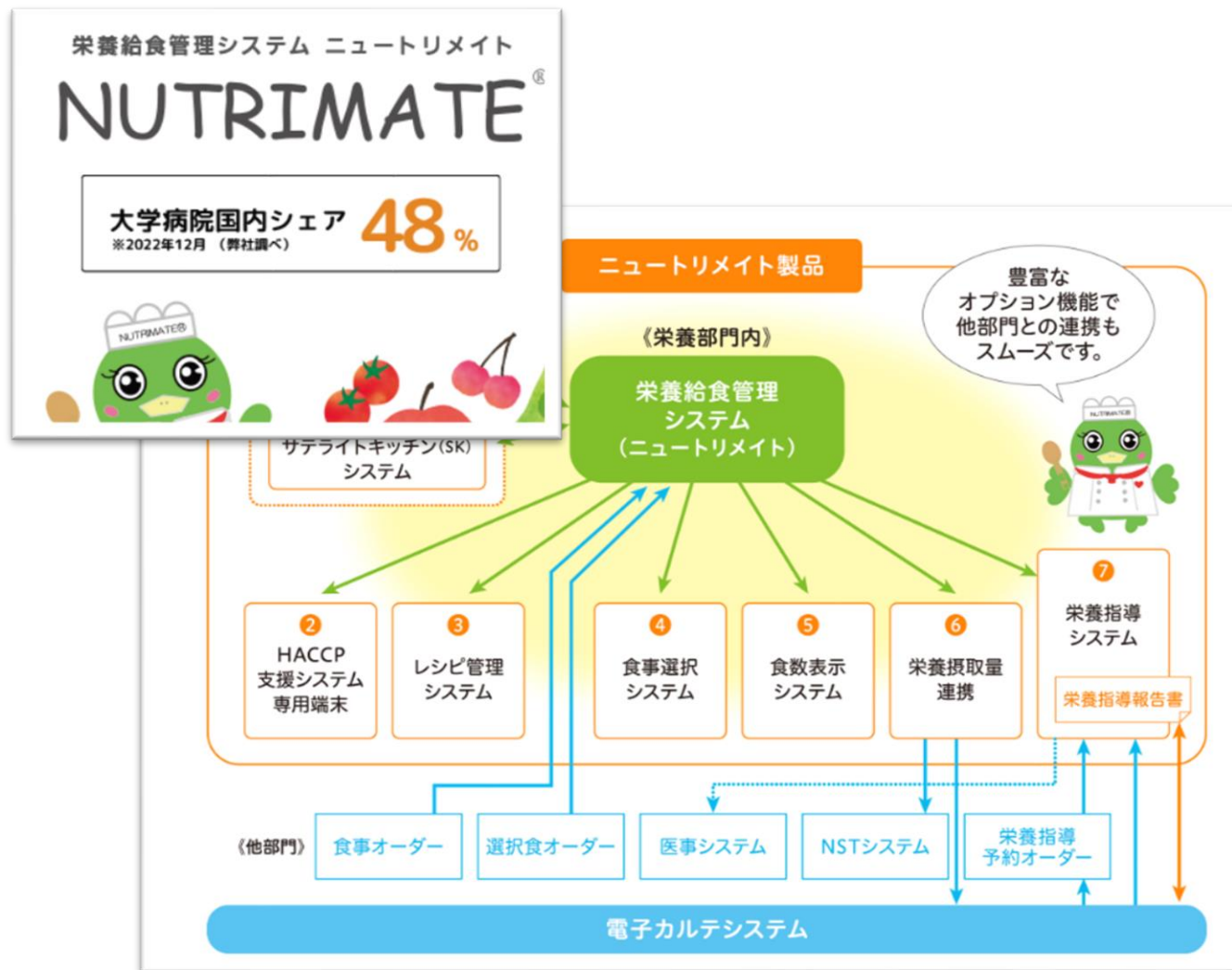
### ／ (3) System Solutions ( Total Solution Initiatives )

Expand knowledge of system solutions to other segments to increase company-wide profits.



# ／ (3) System Solutions (NUTRIMATE)

Nutrimate, a nutritional food service management system with the No.1\* domestic market share in university hospitals. New version (ver. 11) equipped with AI automatic menu planning function (patent pending) \* According to Daiwa Densetsu Kogyo research.



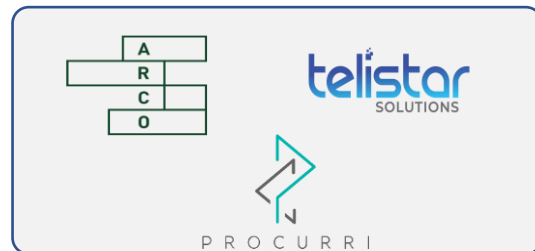
# ／ (3) System Solutions (Overseas project)

Strengthen management and governance, promote structural reforms for sustainable growth and steady improvement in income and expenditure.



## IT Managed Service

- HW Subscription Services
- NW monitoring and security services



Improved income and expenditure by recovering from the deteriorating business environment.



## ICT infrastructure

- Provision and construction of IoT/SI/NI equipment
- IBS infrastructure sharing services
- Offshore development

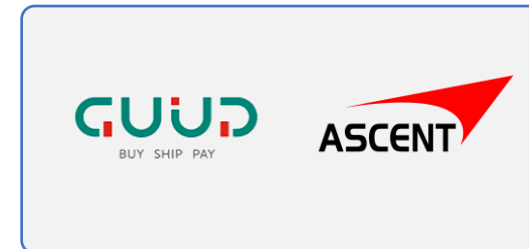


Steady growth. Further growth with footprint expansion.



## Supply chain technology

- Digital trade platform
- Freight tracking and fleet management services
- Digital Twin Warehousing



Review business portfolio and improve income and expenditure



## M&E Engineering

- Electrical and sanitary engineering
- Air conditioning and ventilation engineering
- Communications and signal engineering



Steady growth. Further growth by capturing strong engineering demand.



Expand intra-group synergies with domestic operations to achieve stable business growth





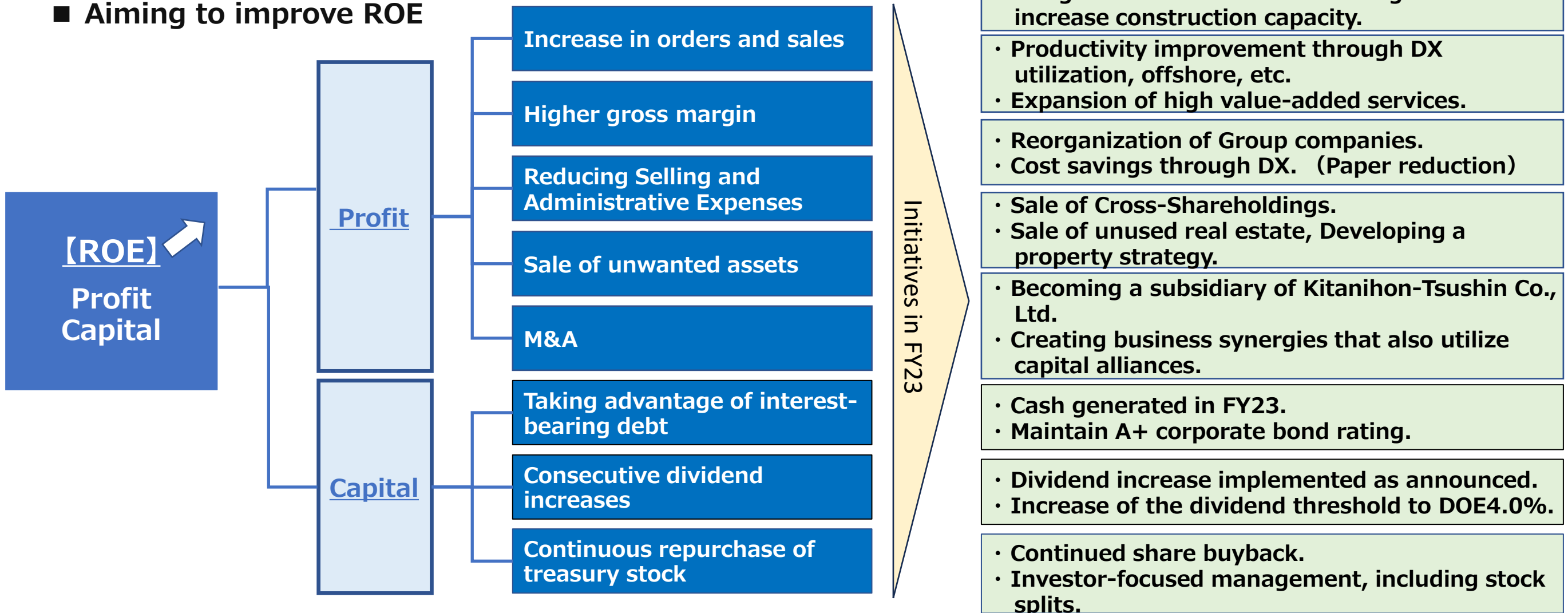
---

## **4. 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.

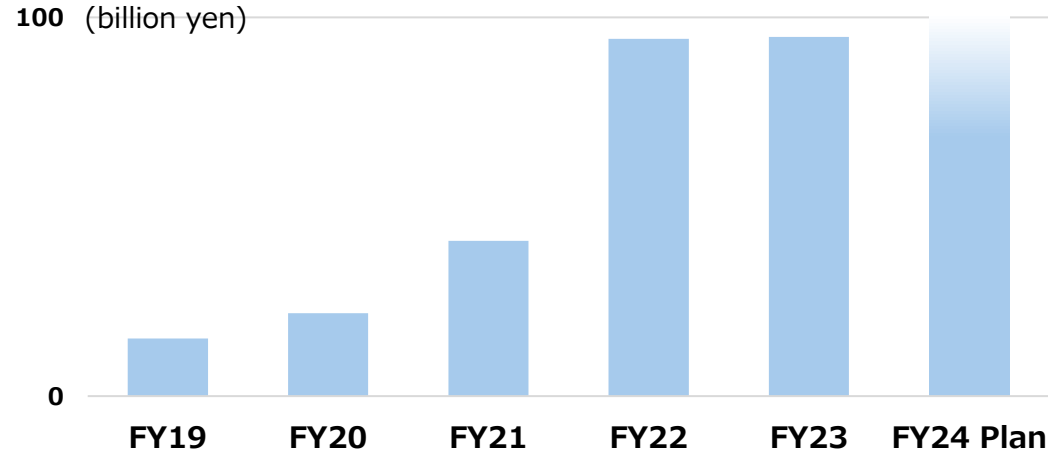
## ■ Aiming to improve ROE



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

### ■ Net sales of acquired subsidiaries

※Aggregate of subsidiaries that have joined the Group since fiscal 2018.  
However, three companies in western Japan Company Group are excluded.



### ■ Major Investments in FY2023

Companies	Region
Kitanihon-Tsushin Co., Ltd.	Urban Infrastructure
Fixpoint, Inc. 【Capital and Business Alliance】	System Solutions
X1Studio, Inc. 【Capital and Business Alliance】	Urban Infrastructure

### ■ M&A policy

- 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.

Increase market share through expansion of business size and domain

Reinforcement of high value-added areas through new technologies and expertise

- Strengthening our ability to handle large projects.
- Acquisition of construction areas.

- Resolving of lost opportunities and handling of new projects.
- Acquisition of human resources and development sites.

- Setting up a new business.
- Value-added acquisitions such as patents and construction methods.

- Development of new products and solutions.
- Acquisition of new technologies such as AI.

# ／ (3) 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.

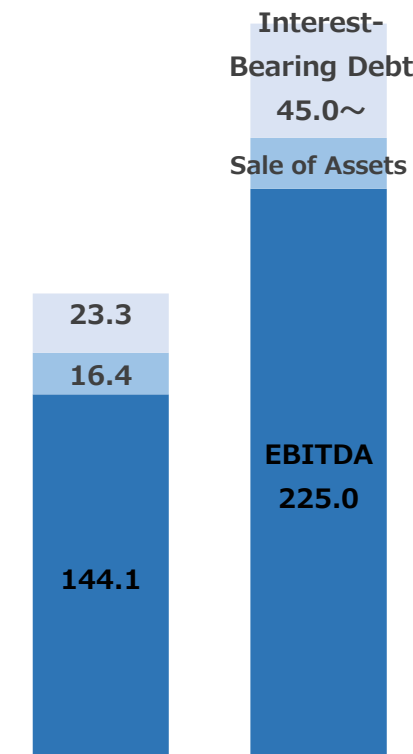
### Sales of asset

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

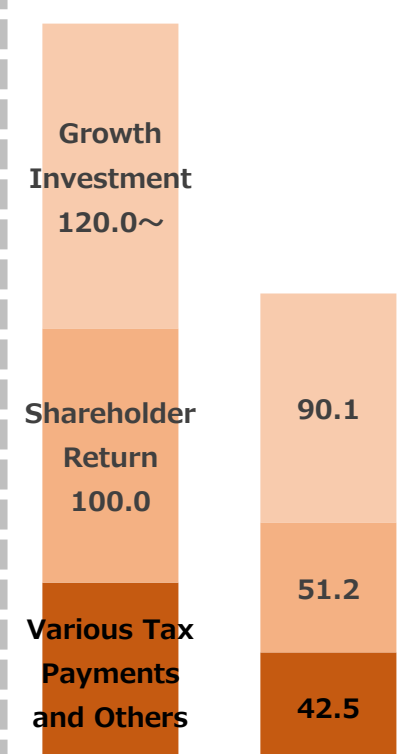
### interest-bearing debt

- 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.



## ／ (4) Disaster Relief Assistance

Engaged in reconstruction assistance activities following the Noto Peninsula earthquake of 2024.



- A total of 6,000 people across the Group have been assisted in the restoration of telecommunications infrastructure.
- Provision of our own 'survival power supplies' and 'multi-chargers' to various telecoms companies.

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





---

## 5. 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 3 million treasury shares at the end of November 2023.  
2-for-1 stock split in April 2024.

## ■ Annual Dividends and Share Price



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

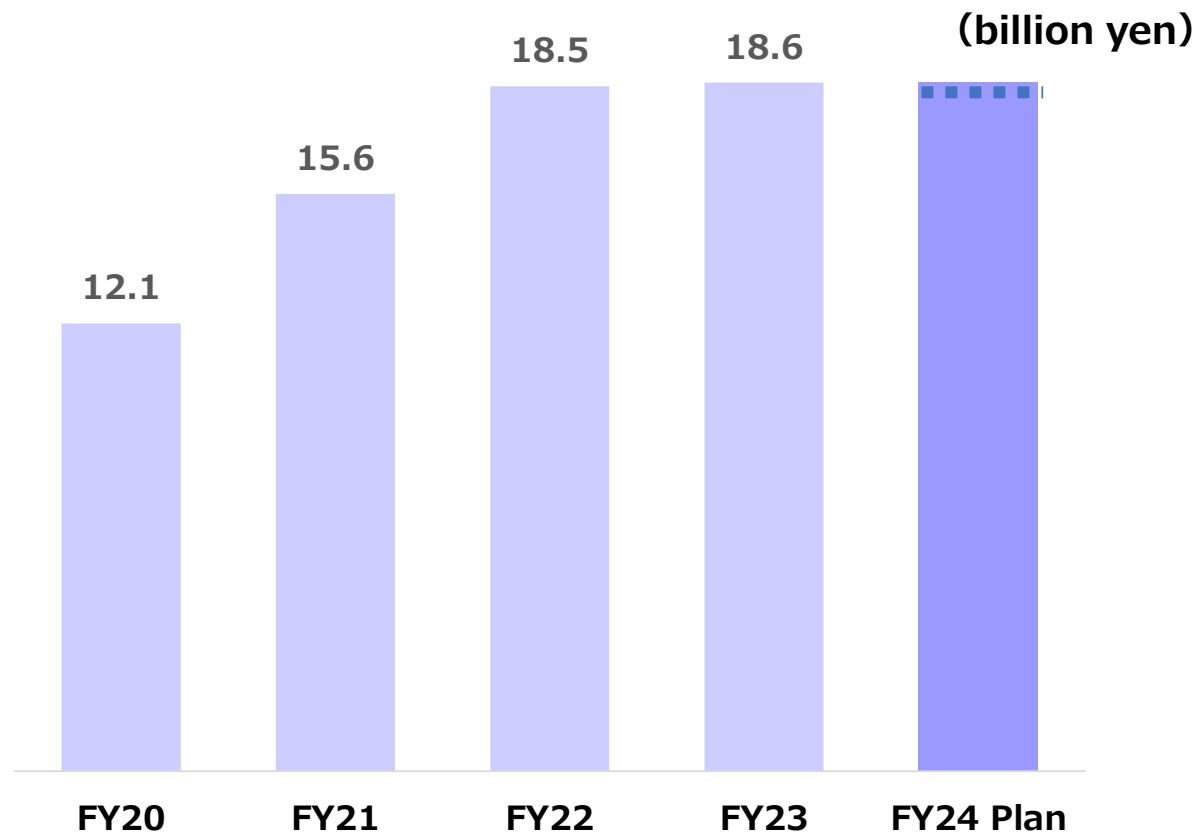


## ／ (2) Total Shareholder Return, ROE, EPS

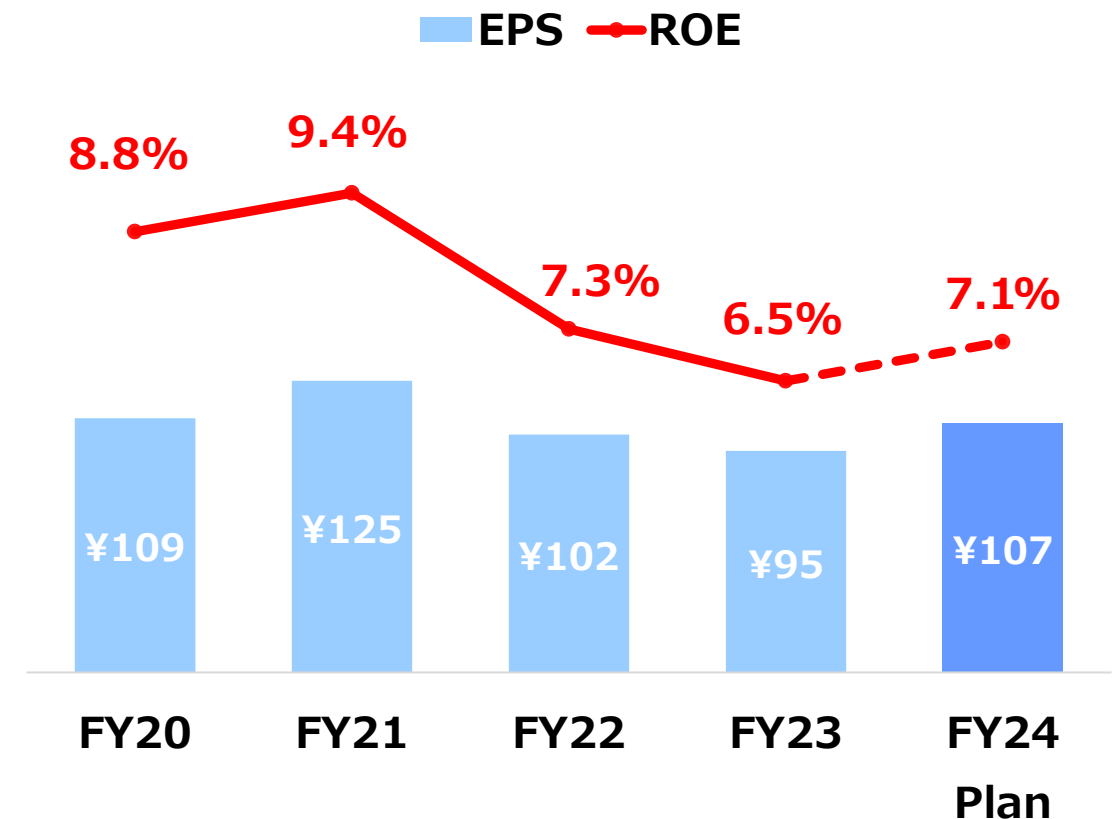
Active shareholder returns through consecutive dividend increases and continuous share buy-backs.

ROE declined in FY23 due to valuation losses, but has been on a steady growth trajectory since FY24.

### ■ 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.**

3-29-20 Shibuya, Shibuya-ku,  
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”*

