

Results for the Six Months Ended September 30, 2023

November 16, 2023



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1. Overview of FY23 Interim Results

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

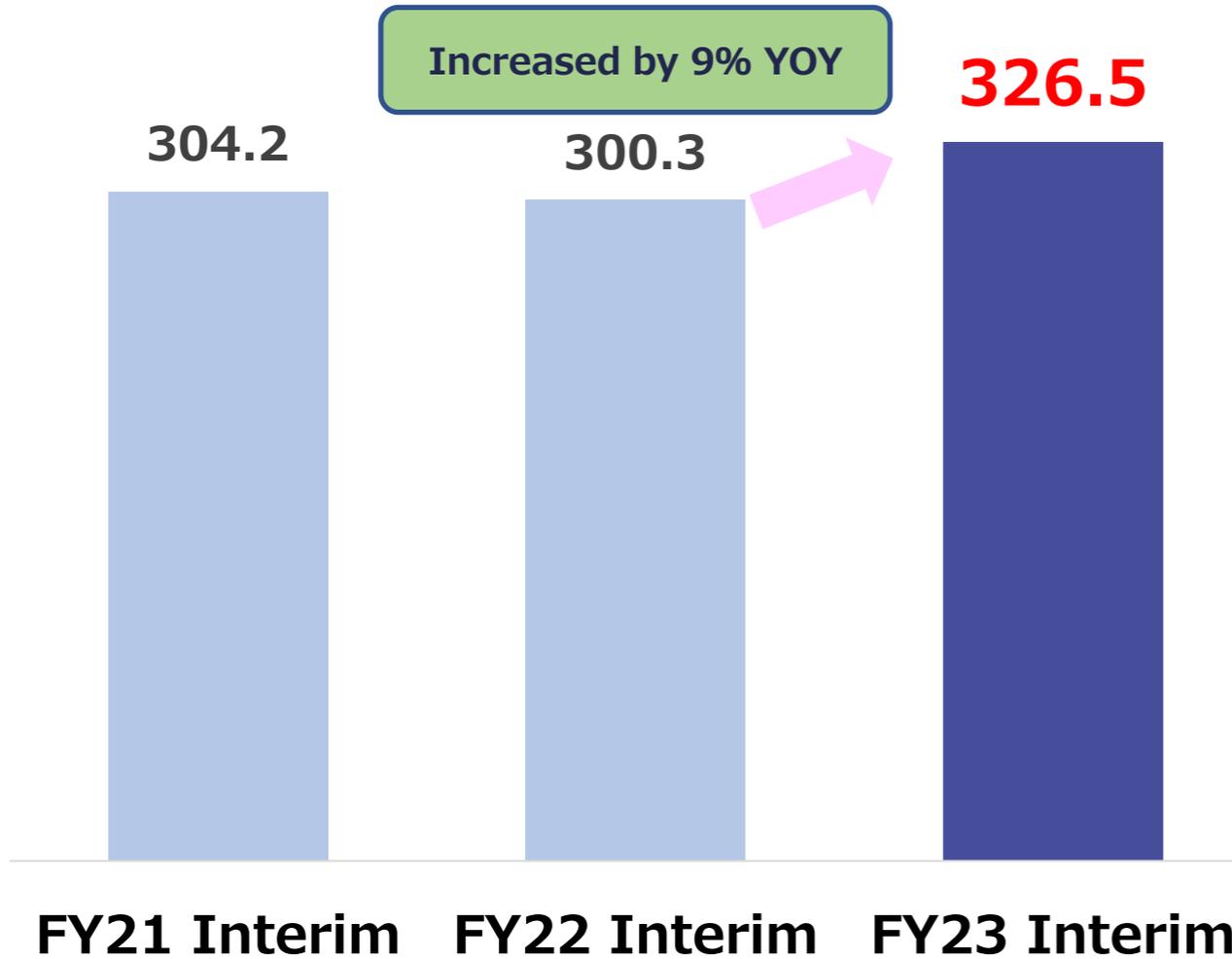
Urban Infrastructure, System Solutions drive growth and profit increase.

Dividend is settled 60yen and Share buybacks also continued.

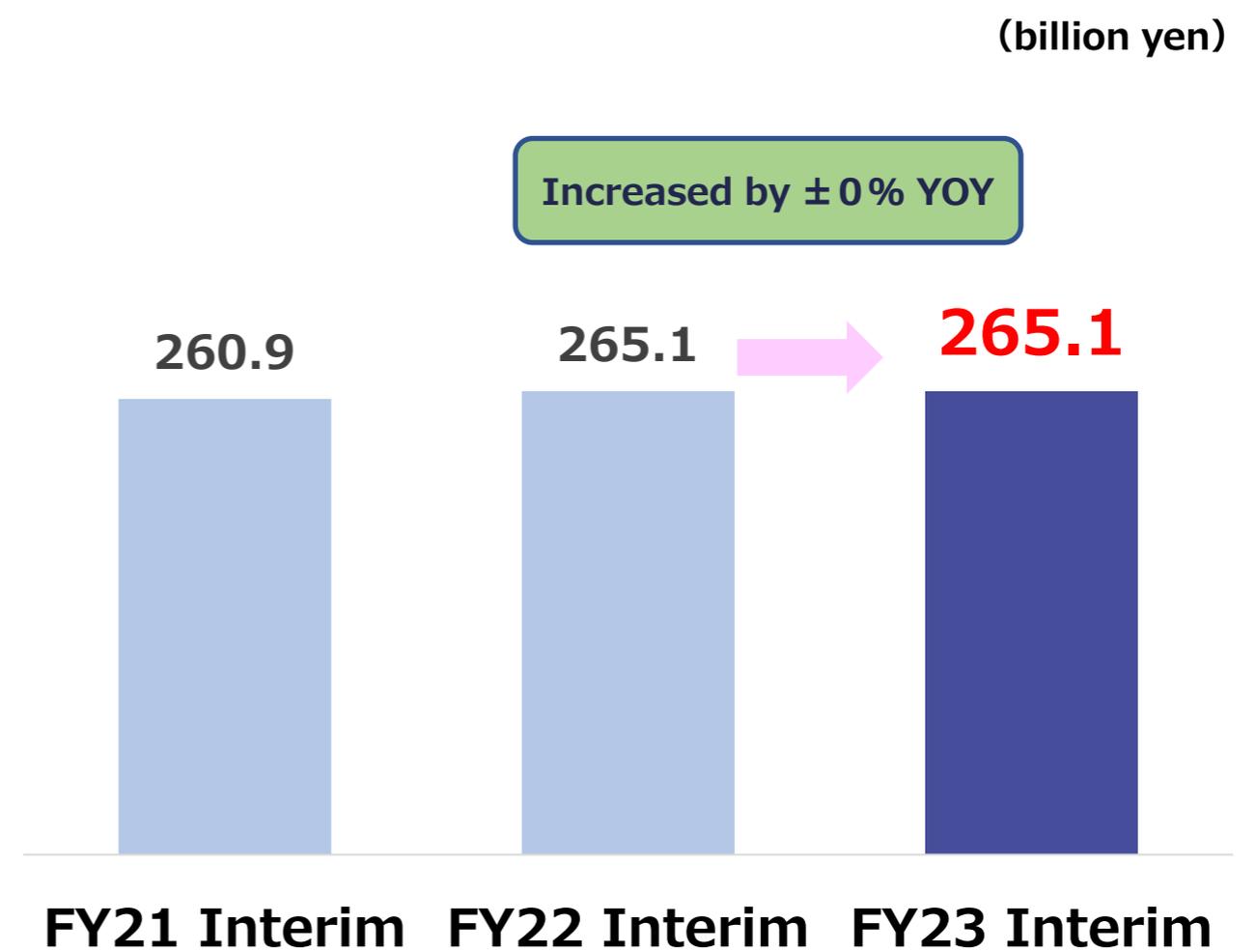
／ (2) Results Highlights (Orders Received, Net Sales)

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

■ Orders Received



■ Net Sales

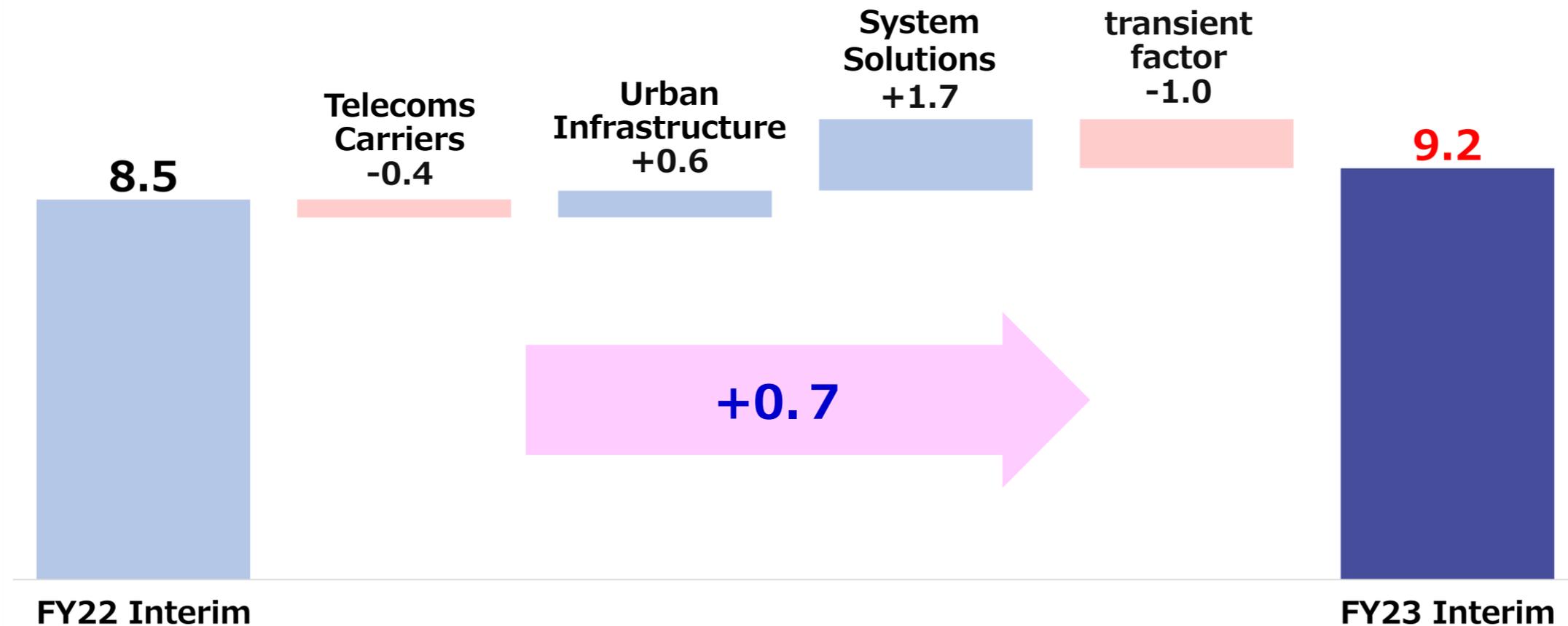


／ (3) Results Highlights (Operating Profit)

Profit declined at Telecoms carrier segment and transient factors, but totally increase due to growth in other segments.

■ Operating Profit

(billion yen)



(4) Results Highlights (Segment Information)

(billion yen)

	Telecoms Carriers	Urban Infrastructure	System Solutions
Net sales	<p>FY22 Interim: 119.0 FY23 Interim: 111.9</p>	<p>FY22 Interim: 64.5 FY23 Interim: 69.7</p>	<p>FY22 Interim: 81.5 FY23 Interim: 83.4</p>
Segment profit	<div style="border: 1px solid blue; padding: 5px; margin-bottom: 10px;"> Special Factors Allowance for doubtful accounts, etc. 0.5 billion yen Cost associated with cancellation of orders 0.3 billion yen </div> <p>FY22 Interim: 6.9 (5.9%) FY23 Interim: 5.7 (5.1%) * After adjustment of Special Factors: 6.5 (5.8%)</p>	<div style="border: 1px solid blue; padding: 5px; margin-bottom: 10px;"> Special Factors Unprofitable projects 0.2 billion yen </div> <p>FY22 Interim: 1.0 (1.7%) FY23 Interim: 1.4 (2.0%) * After adjustment of Special Factors: 1.6 (2.3%)</p>	<p>FY22 Interim: 0.4 (0.6%) FY23 Interim: 2.1 (2.5%)</p>

／ (5) Plan Summary

Our company plan increase revenues through expansion of urban infrastructure and system solutions in the future.

Aim to improve profitability and increase profit by further promoting structural reforms, despite factors such as material price hike.

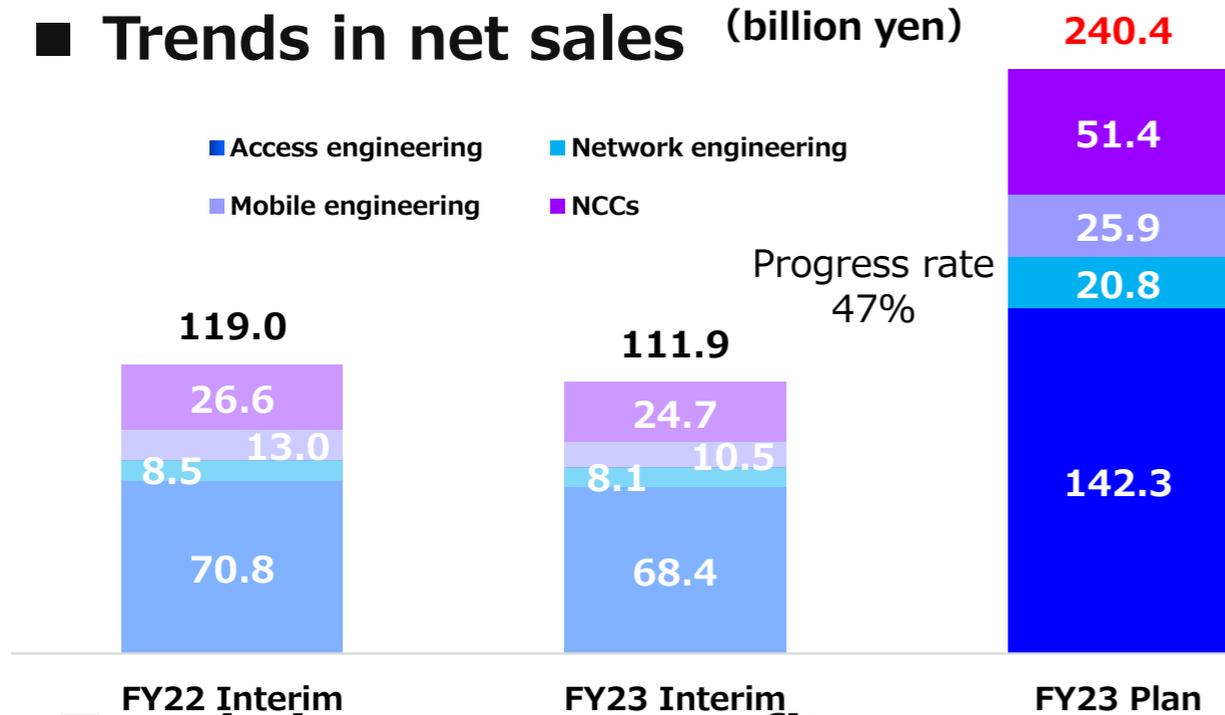
(billion yen)	FY2022	FY2023 Plan	
	Actual A	Plan B	YOY B-A
Orders received	625.6	620.0	-5.6
Net sales	627.6	630.0	+2.4
Operating profit	(5.2%) 32.5	(5.4%) 34.0	(+0.2P) +1.5



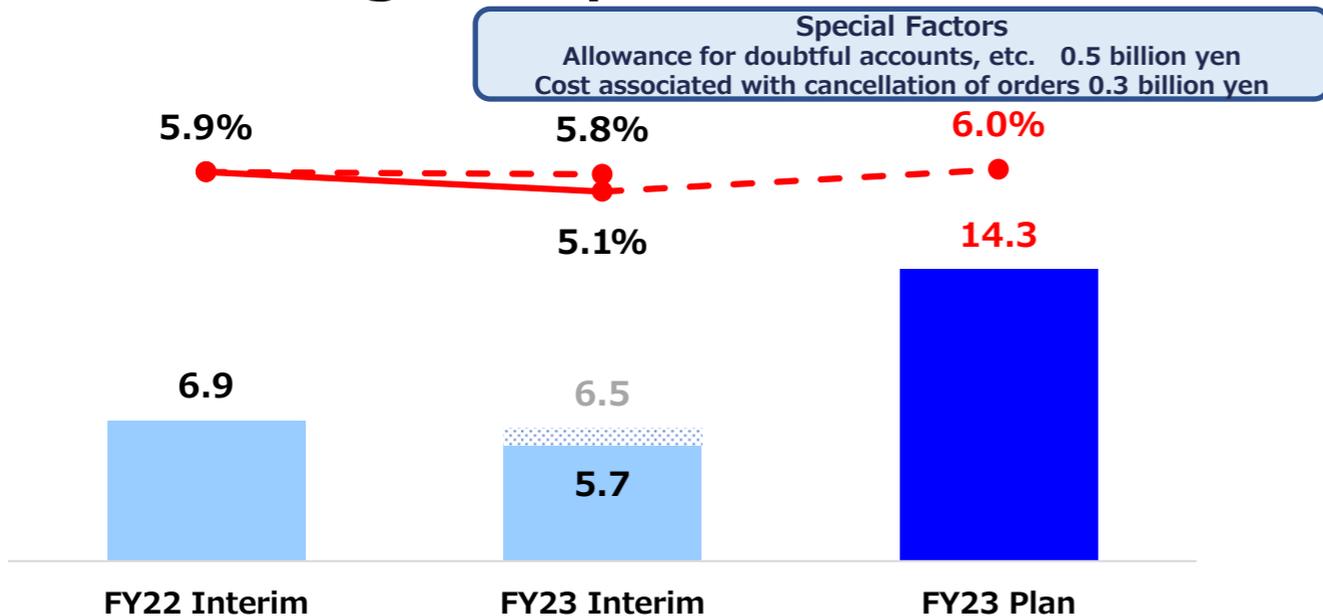
2. Initiatives by Segment

(1) Telecoms Carriers

■ Trends in net sales (billion yen)



■ Trends in segment profit



Interim 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" to increase productivity in the carrier business and secure resources in growth areas.

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.

➔ Selection and training based on aptitude.

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.



Shifted 100 of personnel to expanding areas
(reskilling)

System Solutions

Proposing business models using solutions.

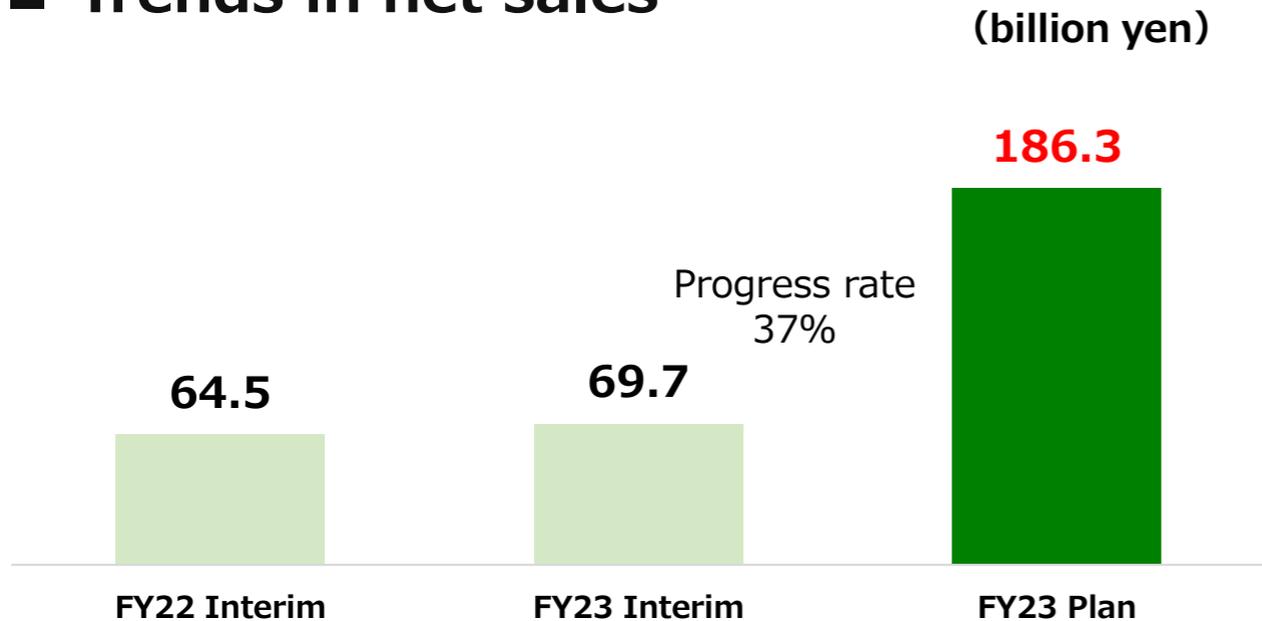
Strengthening high-value-added areas.

Expansion and synergy with SI Group companies.



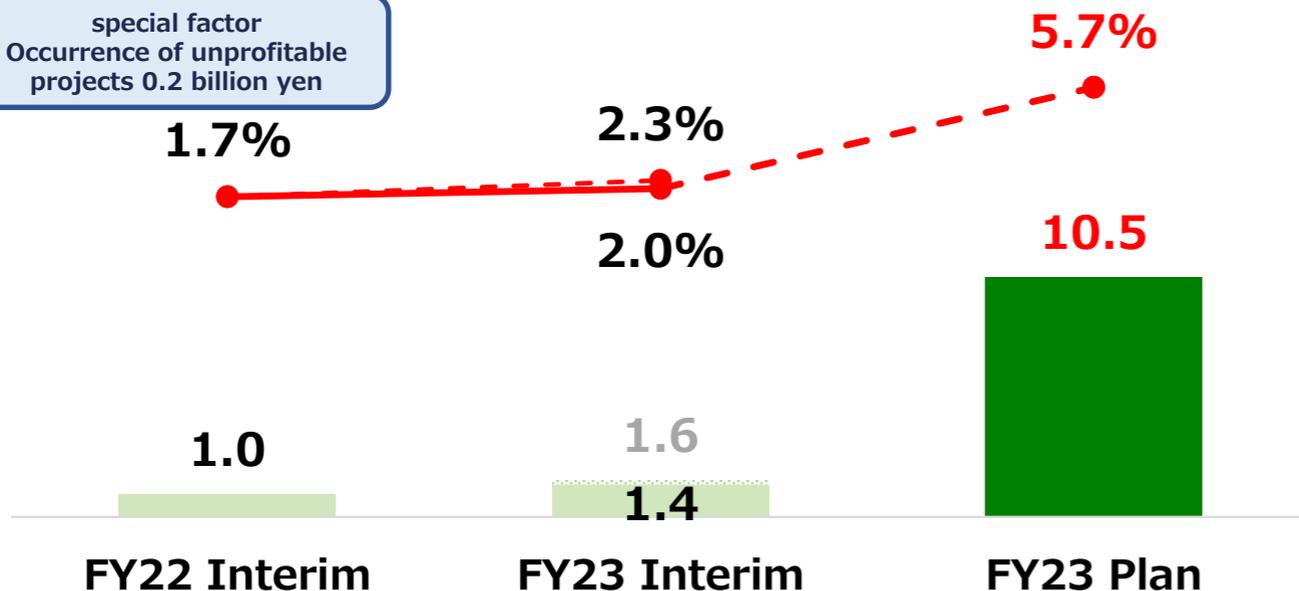
(2) Urban Infrastructure

■ Trends in net sales



■ Trends in segment profit

special factor
Occurrence of unprofitable projects 0.2 billion yen



Interim 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, actively challenging overseas propulsion works.

(2) Urban Infrastructure (Breakdown by Business Unit)

■ Trends in net sales

(billion yen)

• Energy Unit

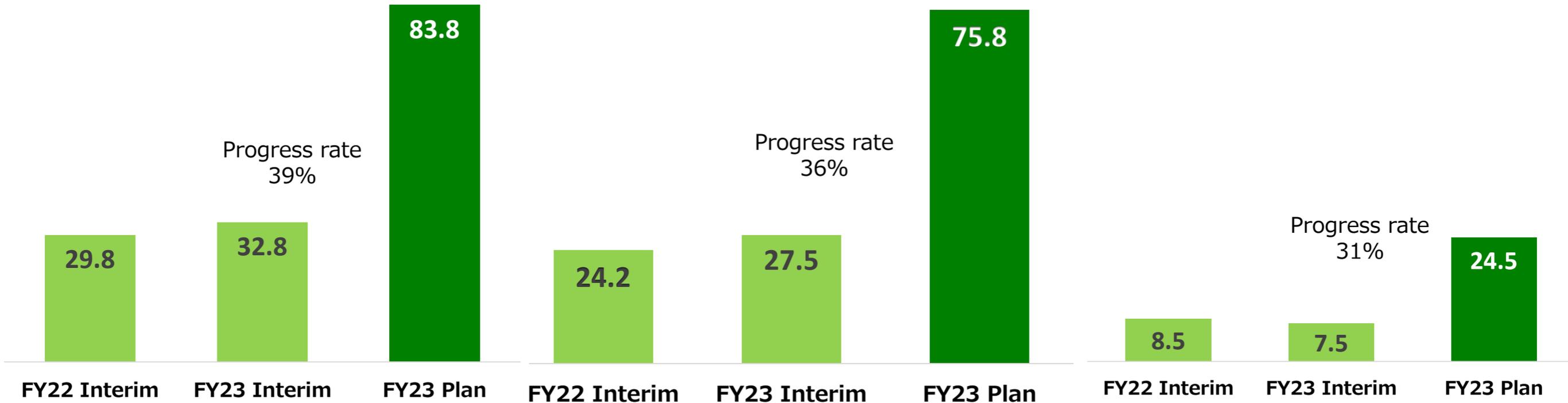
(Electricity, Environment, Renewable energy, etc.)

• 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

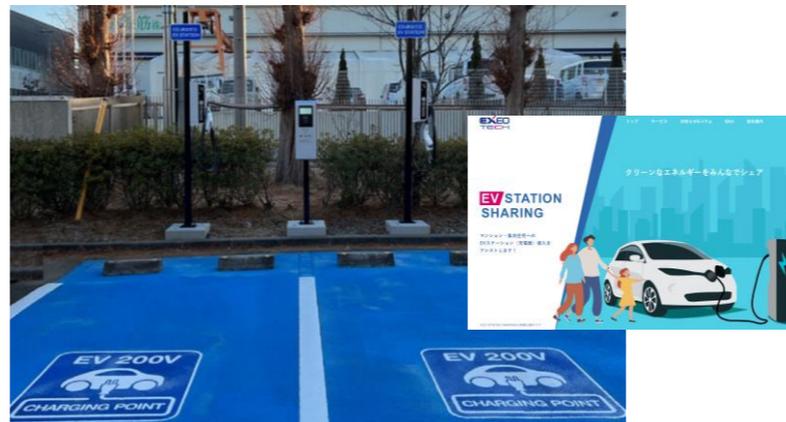
EXEO Group, Inc. (head office: Shibuya-ku, Tokyo; Tetsuya Funabashi, President) announces that it has formed a business alliance with Terra Motors Corporation (head office: Minato-ku, Tokyo; Toru Tokushige, Founder and Chairman; Akihiro Ueda, CEO), which offers the Terra Charge EV charging infrastructure with the goal of making EVs more familiar to Japanese 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

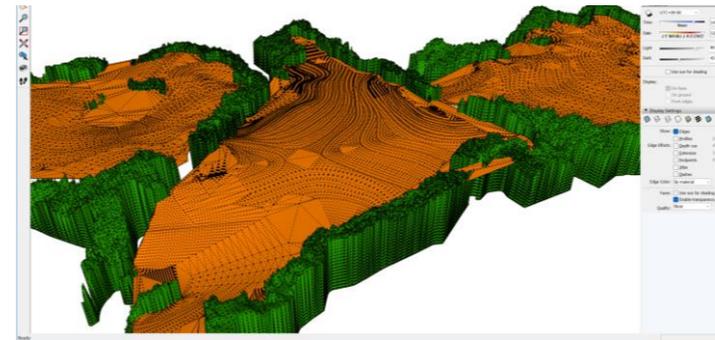


EV Charger Service for condominiums and businesses

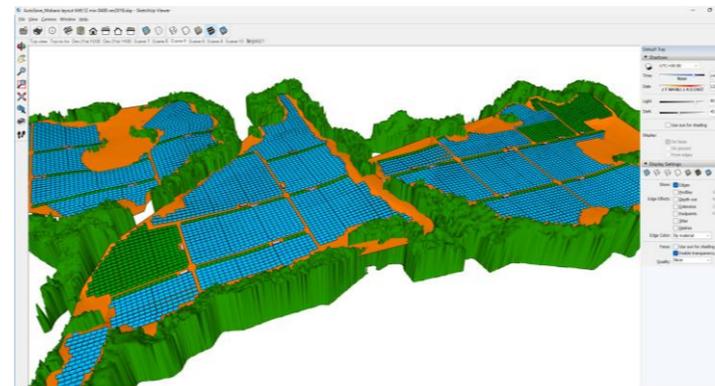
(2) Urban Infrastructure (Inovative Construction Method)

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



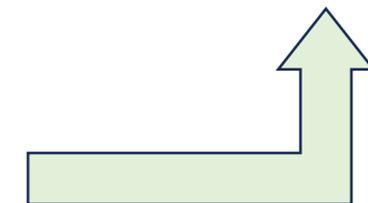
Acquisition of 3D data of landscaped surfaces by drone



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



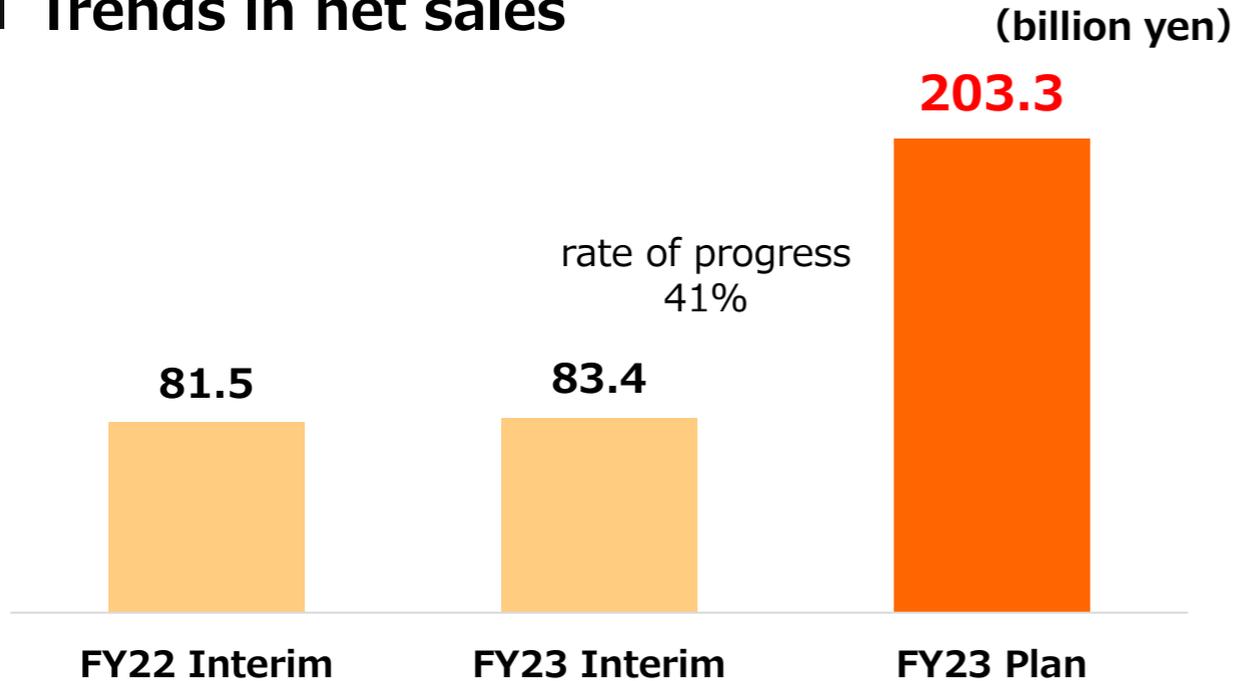
Dparture shaft



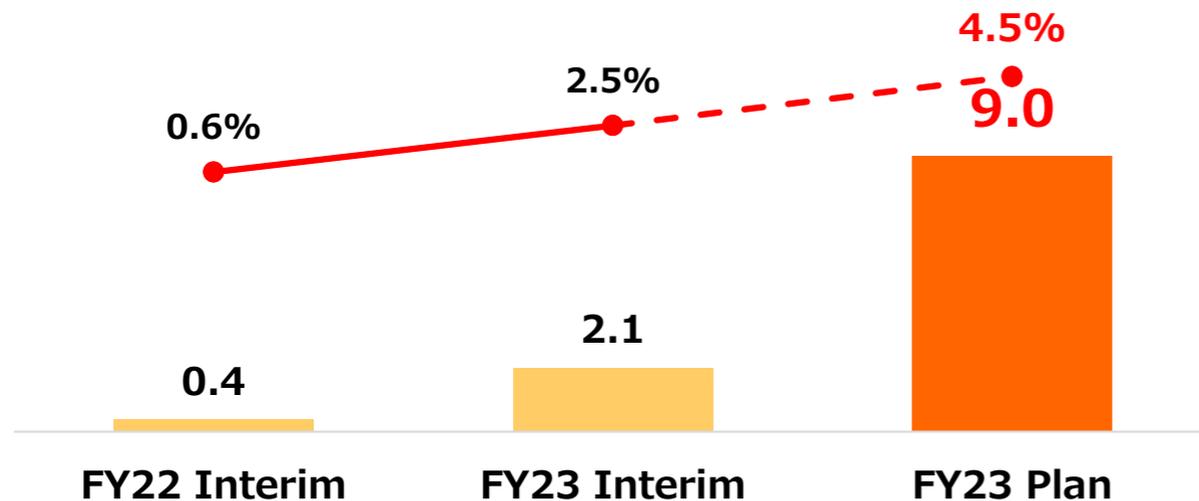
Meeting scene

(3) System Solutions

■ Trends in net sales



■ Trends in segment profit



Interim Result and FY2023 Plan

- Although the contribution of global operations to profits has lagged, business growth centered on the SI field has been strong, and profit margins have steadily increased.
- Aiming to achieve full-year plan through further growth in SI business.

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)

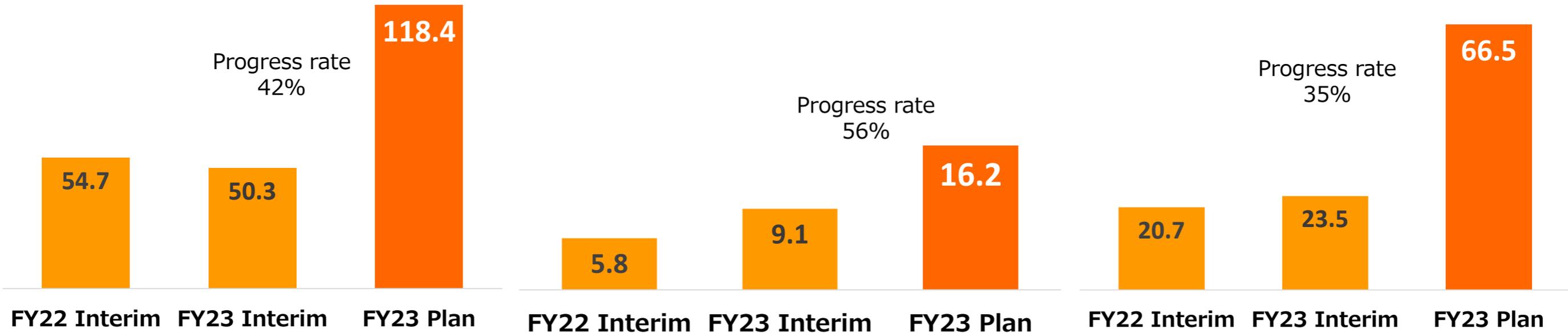
• Information system Unit

(Contract development, server construction, etc.)

• Service Unit

(Recurring business such as maintenance and operation)

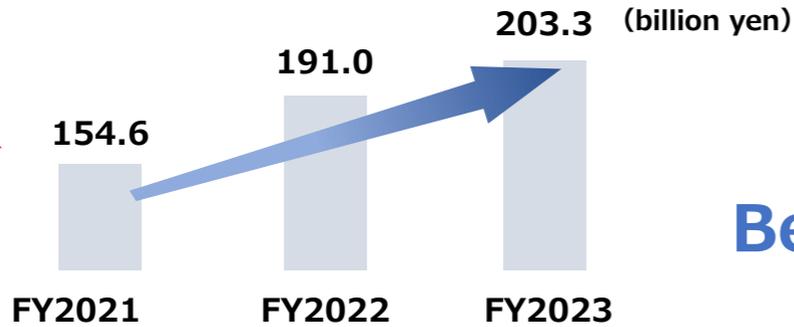
• Overseas projects Unit



／ (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

what we aim to be

Beyond SIer

Solution Provider

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

2021

2022

Now

2025

2030

(3) System Solutions (Improving efficiency in the global field)

New Global Headquarters "The Pulse" opens in Singapore, bringing together group companies.



Appearance



Office Scenery



Rest area



Entrance

- **Nine Group companies occupy the building.**
- **Develop business aggressively and efficiently through ongoing recruitment and investment in the technology sector in Singapore.**

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

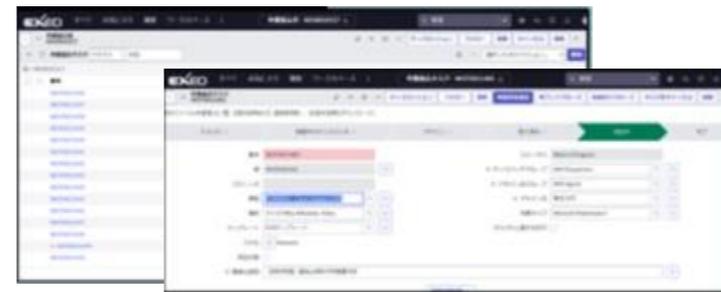
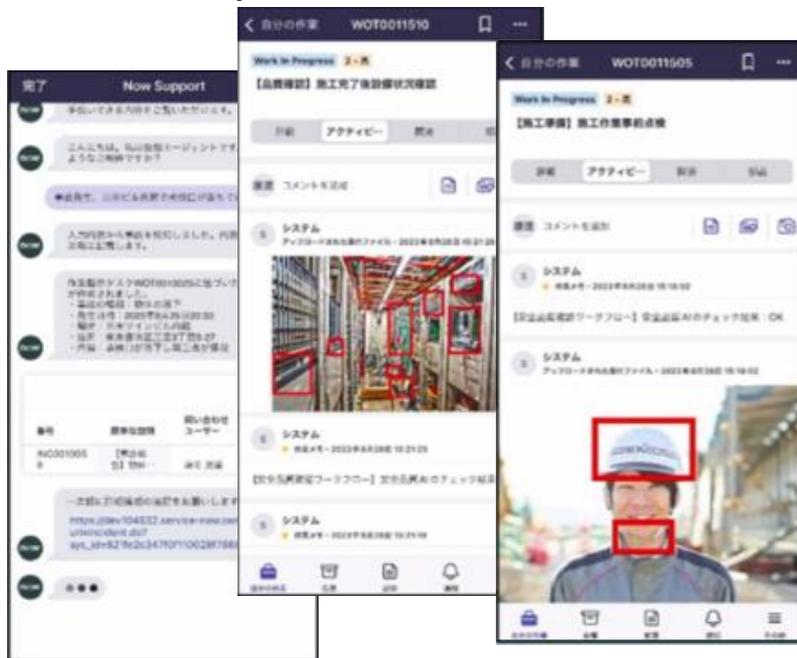
Embodying "AI utilization and automation" as an application on the "Now Platform," a PaaS provided by ServiceNow, Inc.

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

(4) R&D Initiatives

Promoting R&D for sustainable growth.

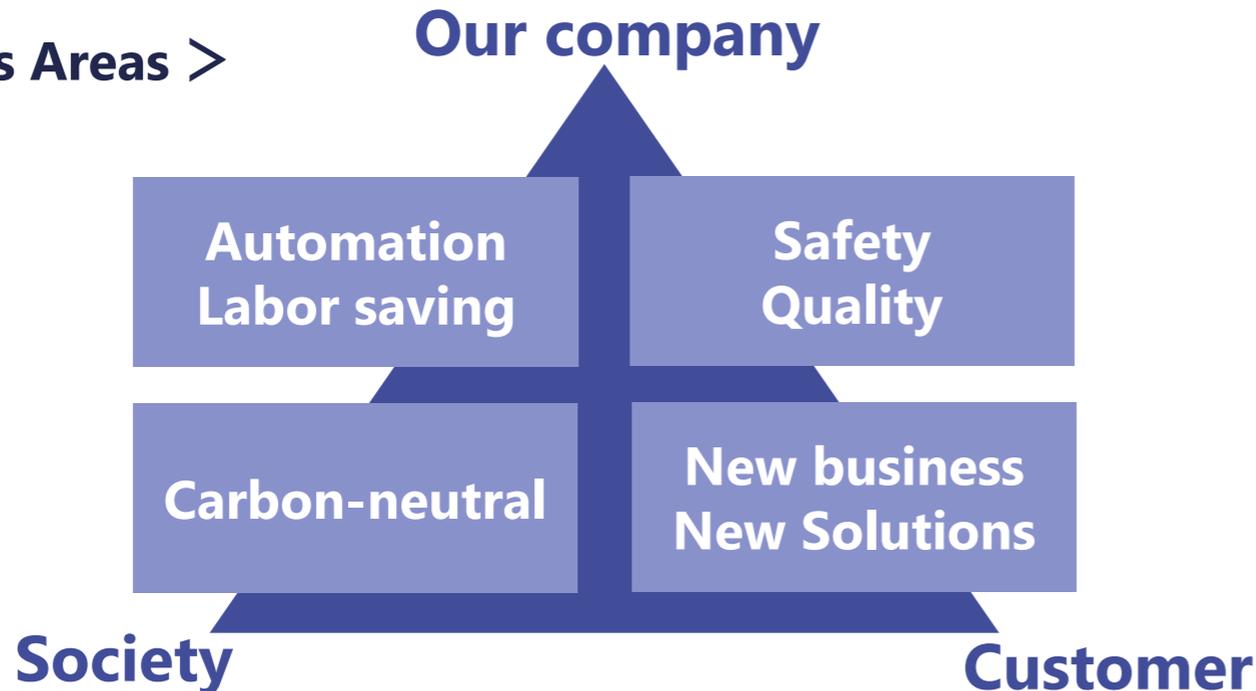
Target 1% of annual sales for DX/R&D investments.

【 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.**

< Focus Areas >



Form an R&D promotion system and establish a mechanism to consolidate the Group's knowledge.



3 . Shareholder Return

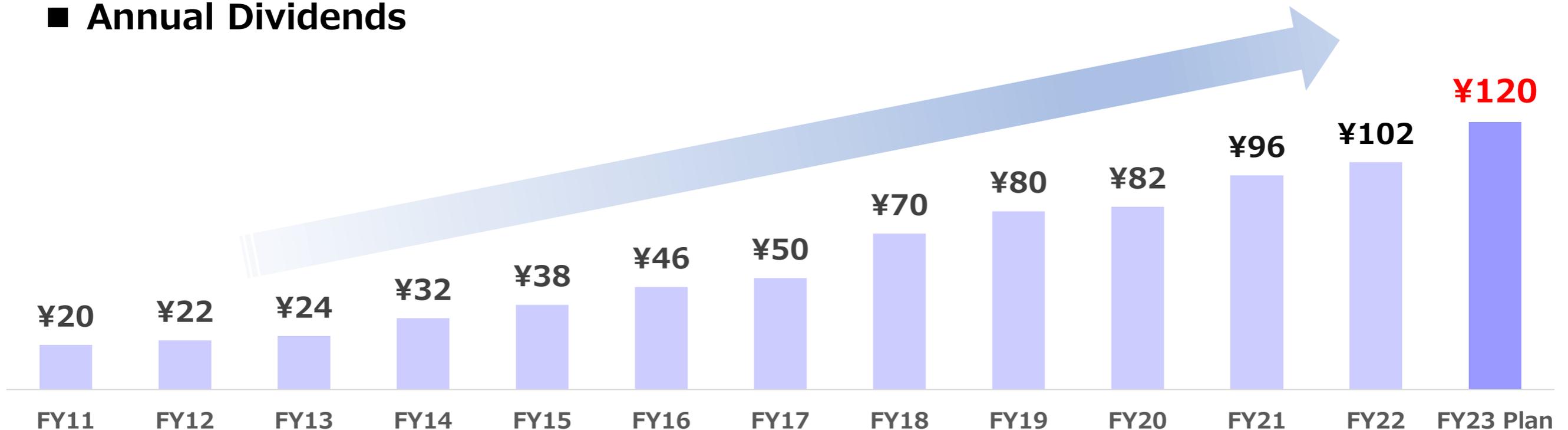
／ (1) Dividends, Share Buybacks

Expected to increase dividend for 12 consecutive years based on DOE of 4.0%
(Interim: 60 yen, Annual: 120 yen).

Continued acquisition of treasury stock.

Plans to retire 3 million shares of treasury stock (2.7% of total shares outstanding).
Executing a 2-for-1 stock split of its common shares in April 2024.

■ Annual Dividends

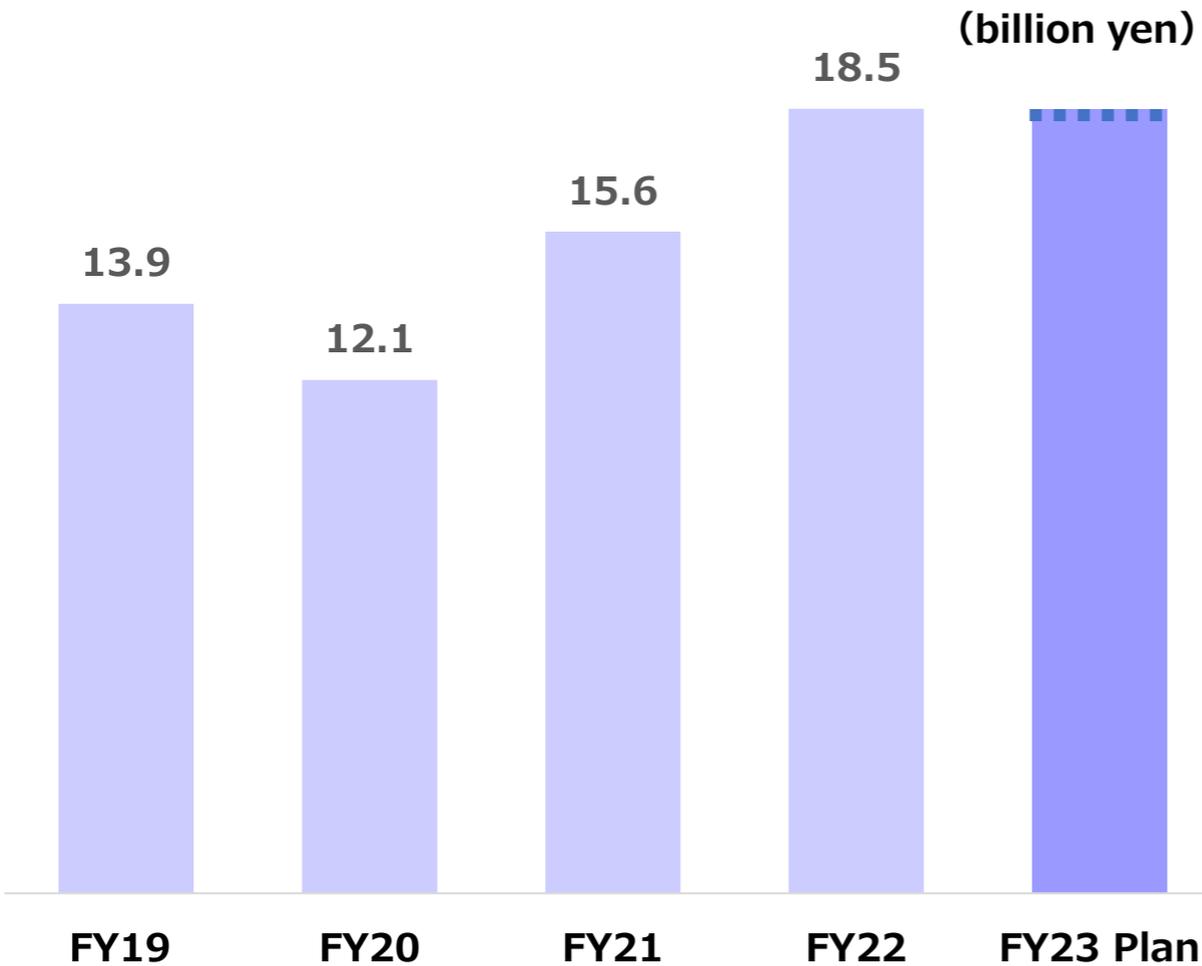


(2) Total Shareholder Return, ROE, EPS

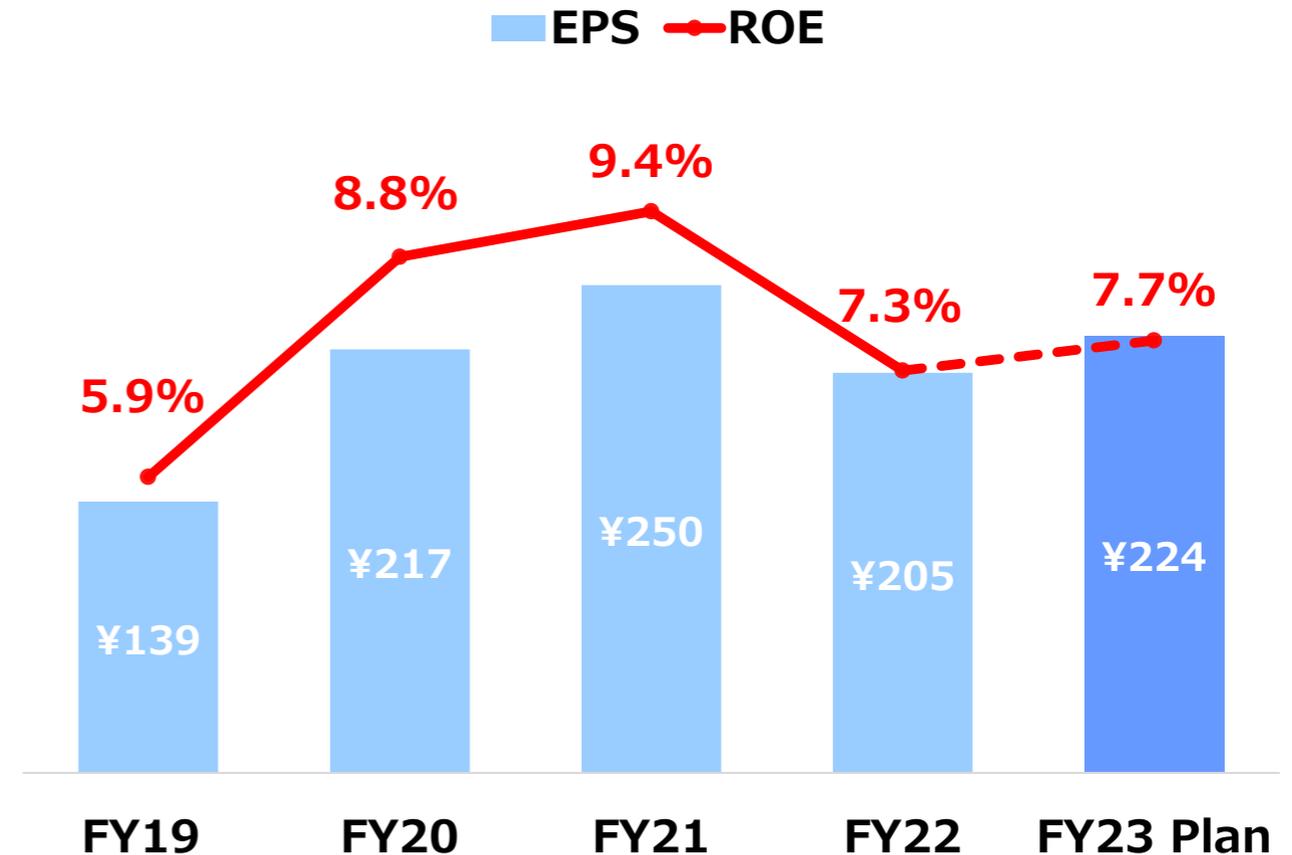
Enhanced shareholder returns through consecutive dividend increases and continuous share buybacks.

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

■ Total Shareholder Return



■ 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

