

FY22 European IR Presentation Material (Virtual Conference)

July 2022



About Us(As of March 31, 2022)

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 116,812,419 shares Number of shareholders 25,559
Consolidated net sales	¥594.8 billion
Rating	Japan Credit Rating Agency, Ltd. (JCR) A + (stable)
Number of employees	Consolidated total: 15,847
Head office	3-29-20 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan
Number of business offices	Branch offices: 13 Sales offices: 22
Consolidated subsidiaries	107
Fiscal year-end	March 31



1. Overview of FY2021 Results

(1) Financial Highlights

Achieved record-high sales (594.8 billion yen).

Operating profit reached a record high of 42.3 billion yen.

Year-end dividend increase (to ¥96 per year), acquisition of treasury stock (¥5 billion *)

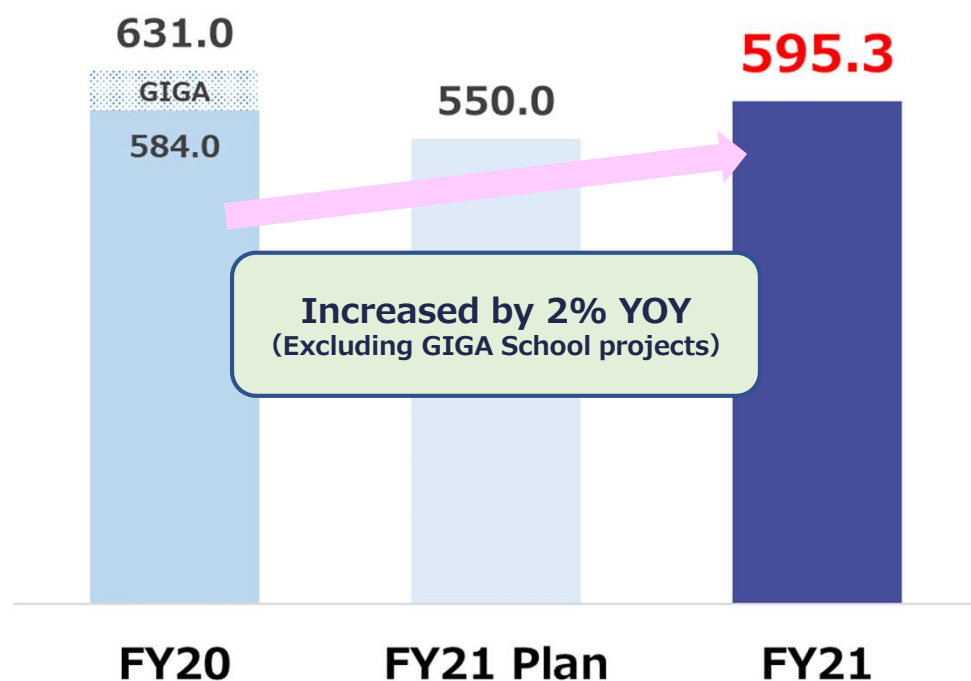
***Including 2 billion yen acquired in FY 21 among those announced in February.**

Changes in disclosure segments from major companies to business segments.

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

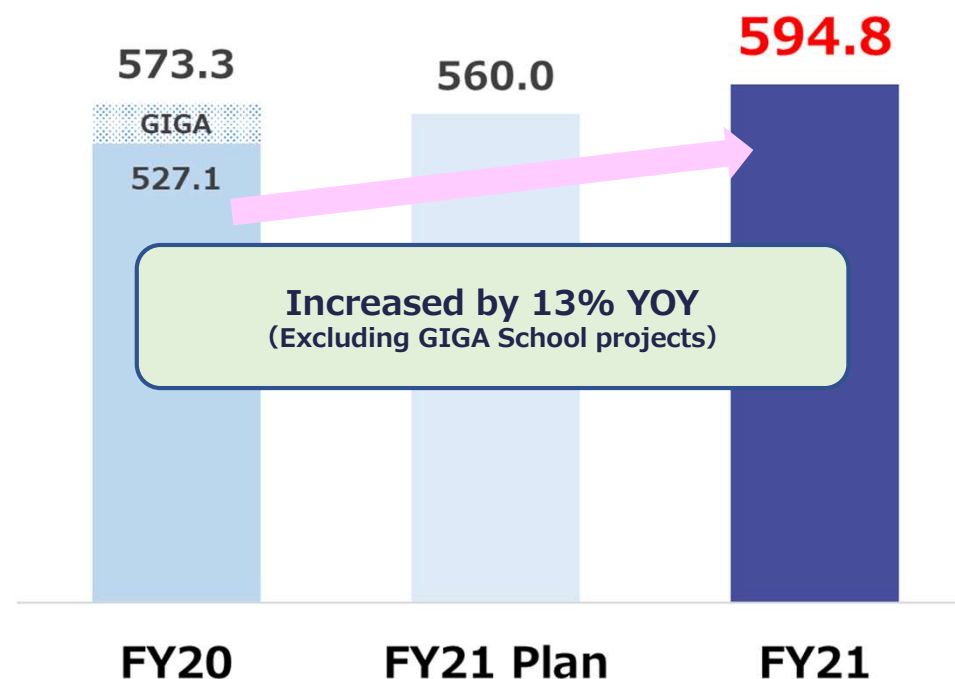
Net Sales were the highest ever. Orders received also increased from the previous fiscal year, excluding special demand factors related to GIGA School projects.

■ Orders Received



■ Net Sales

(billion yen)

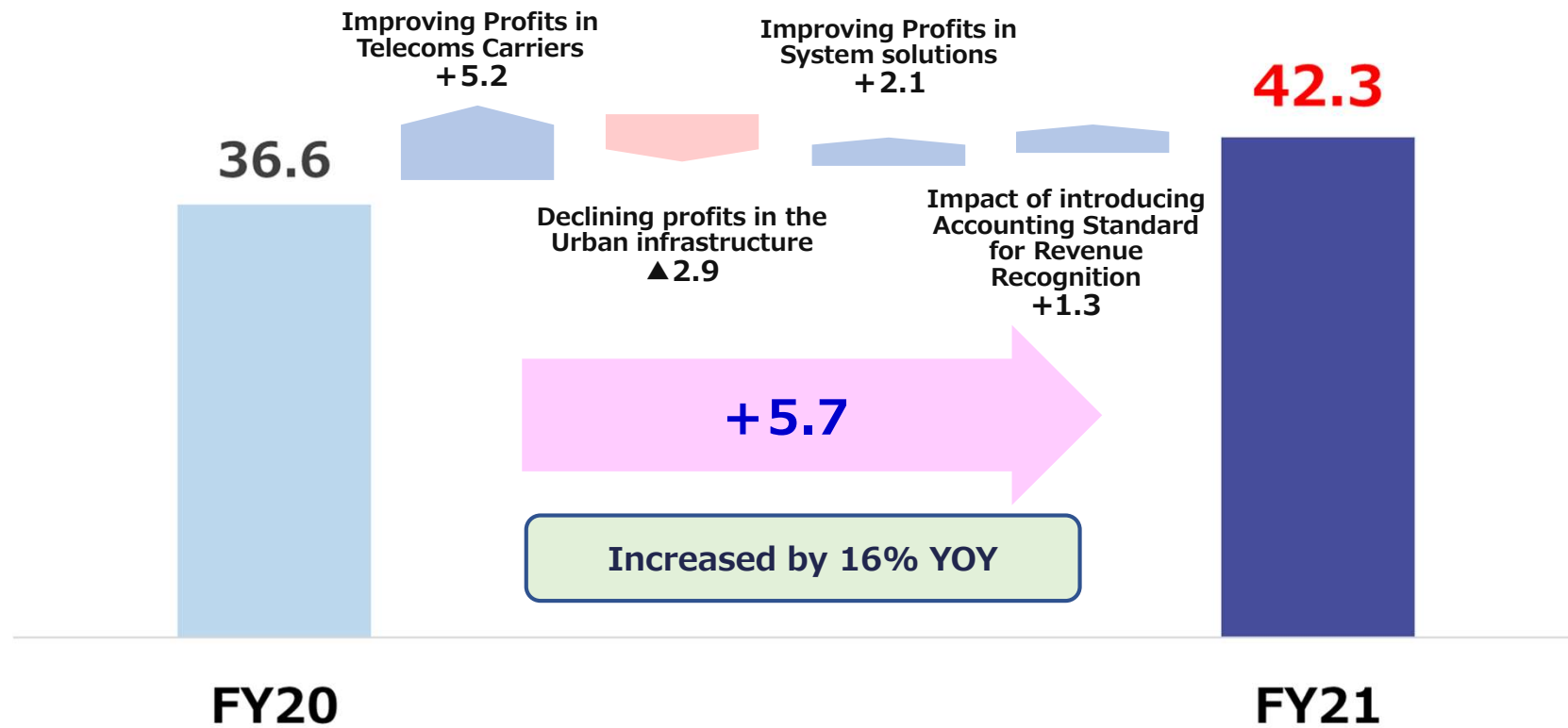


／ (3) Results Highlights (Operating Profit)

Operating profit reached a record high due to an increase in other segments despite a decline in profits in Urban infrastructure.

■ Operating Profit

(billion yen)



／ (4) Results Highlights (Segment Information)

(billion yen)

	Telecoms Carriers	Urban Infrastructure	System Solutions
Net sales	<p>269.6 → 289.3</p> <p>FY20 FY21</p>	<p>147.9 → 150.8</p> <p>FY20 FY21</p>	<p>155.6 → 154.6</p> <p>GIGA 113.2</p> <p>FY20 FY21</p>
Segment profit	<p>18.2 (6.8%) → 23.9 (8.3%)</p> <p>FY20 FY21</p>	<p>14.6 (9.9%) → 12.8 (8.5%)</p> <p>FY20 FY21</p>	<p>3.6 (2.4%) → 5.5 (3.6%)</p> <p>FY20 FY21</p>

Note: Figures in parentheses are ratio to net sales.



2. Forecast for FY2022 Performance

／ (1) Plan Summary

Revenue in the Telecommunications Carrier Business will decline, but the Company plans to increase revenue by taking into account further growth in the Urban Infrastructure Systems Solutions Business. Operating profit is expected to decline due to a partial reduction in construction projects and an increase in costs for business expansion.

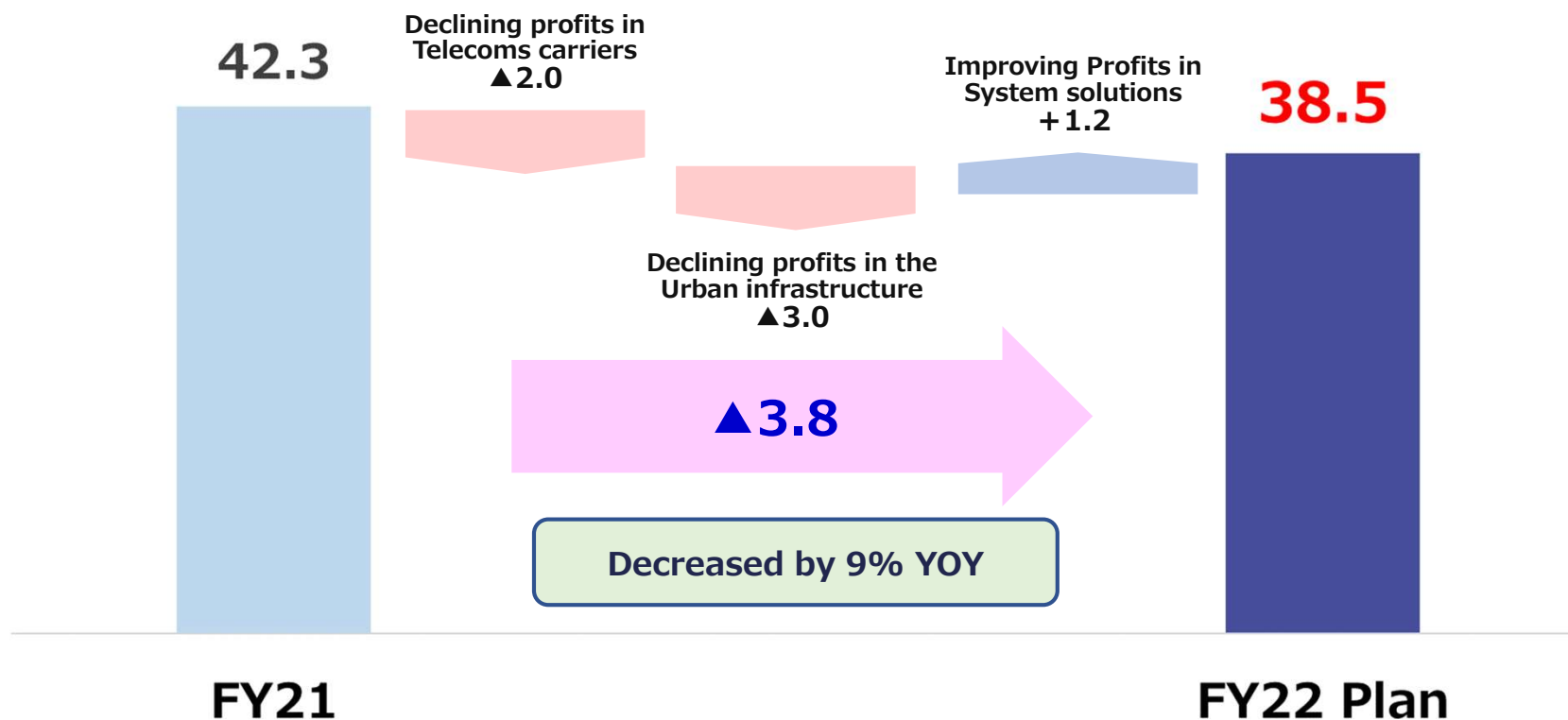
(billion yen)	FY2021	FY2022 Plan	
	Actual A	Plan B	YOY B-A
Orders received	595.3	600.0	4.7
Net sales	594.8	600.0	5.2
Operating profit	(7.1%) 42.3	(6.4%) 38.5	(▲0.7P) ▲3.8

／ (2) Plan Summary (Operating Profit)

Revenue and profit are expected to decrease in the Telecoms Carriers, increase and decrease in the Urban Infrastructure, and increase and increase in the System Solutions. In the System Solutions, we plan to increase both the amount of profit and the profit margin due to the growth of the overseas business in addition to the expansion of the domestic recurring business.

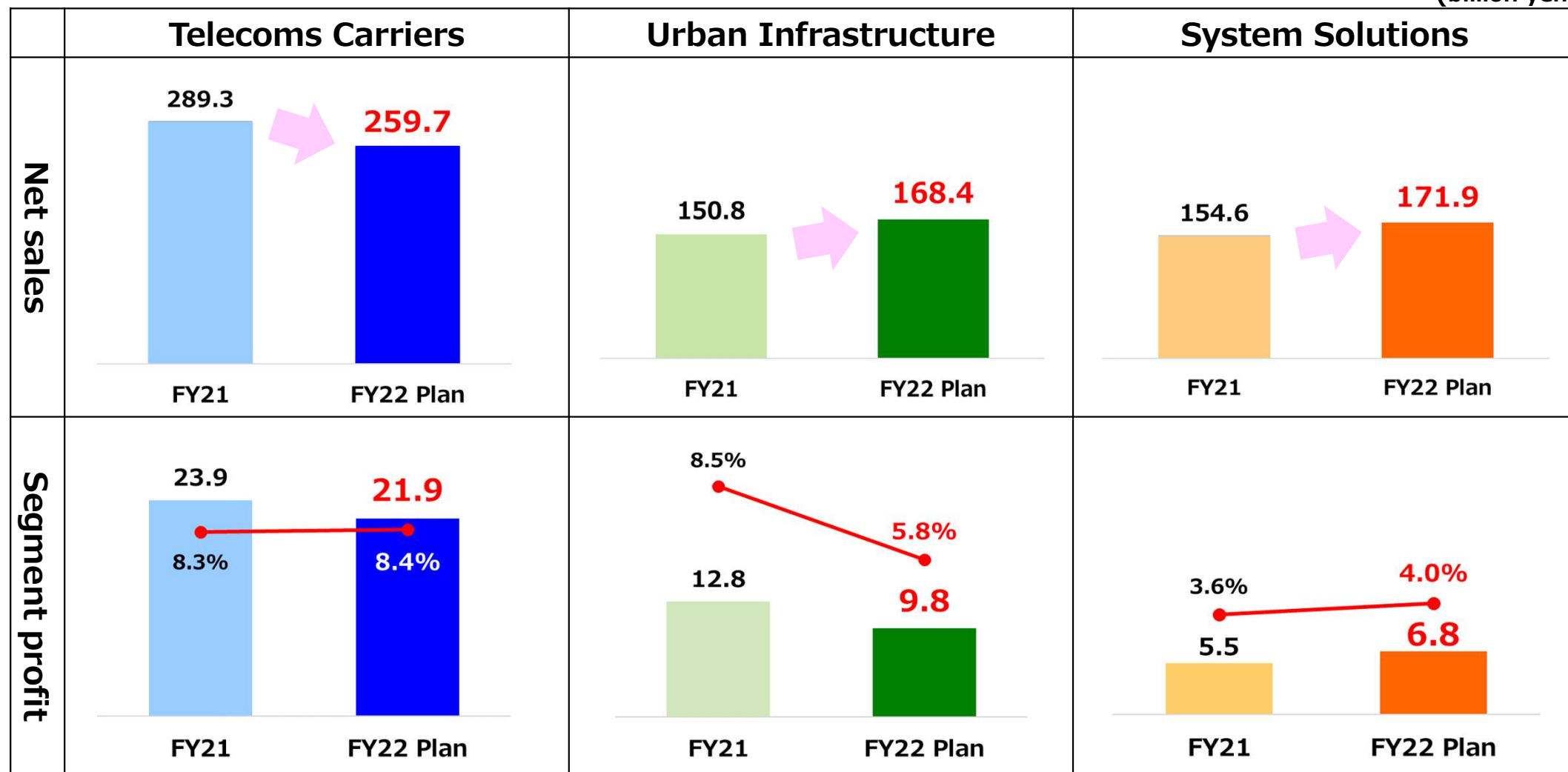
■ Operating Profit

(billion yen)



／ (3) Plan Summary (Segment Information)

(billion yen)



Note: Figures in parentheses are ratio to net sales.

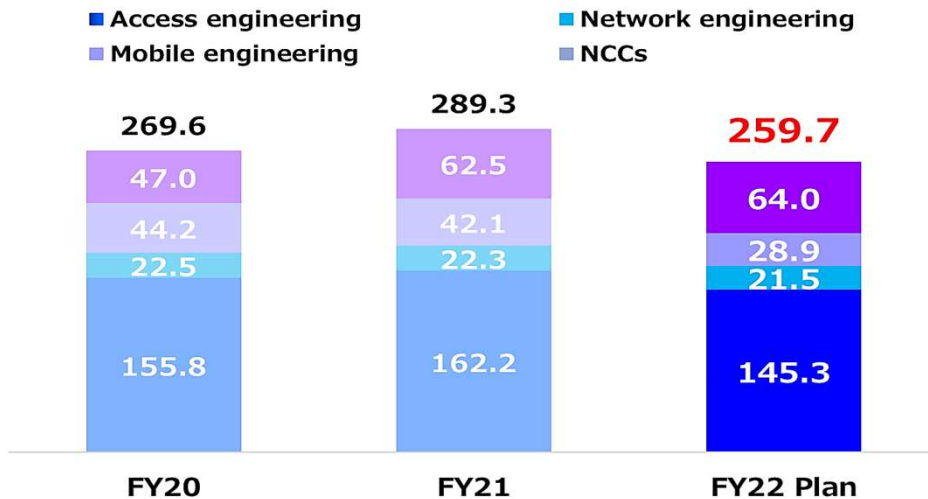


3. Initiatives by Segment

／ (1) Telecoms Carriers

■ Trends in net sales

(billion yen)



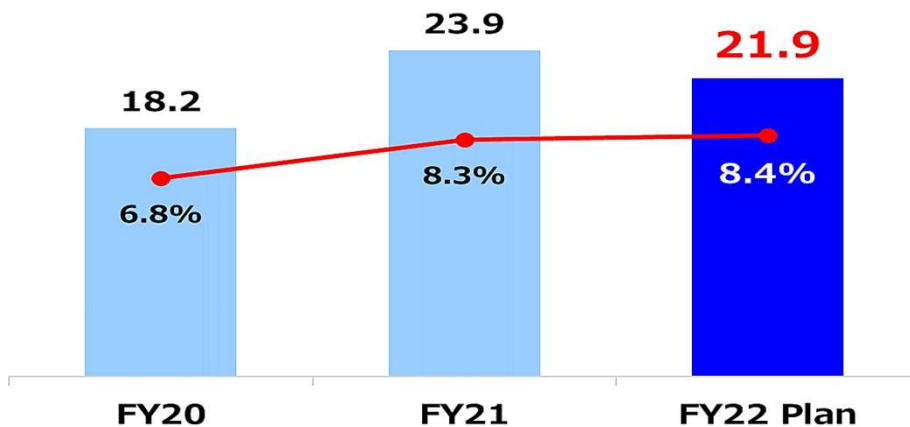
FY2022 Plan

Although revenues and profits will decline due to the termination of the Project on Promoting Advanced Radio Environment Improvements and a decrease in investment by telecommunications carriers, the Company plans to maintain profit margins through productivity improvement.

Main Initiatives

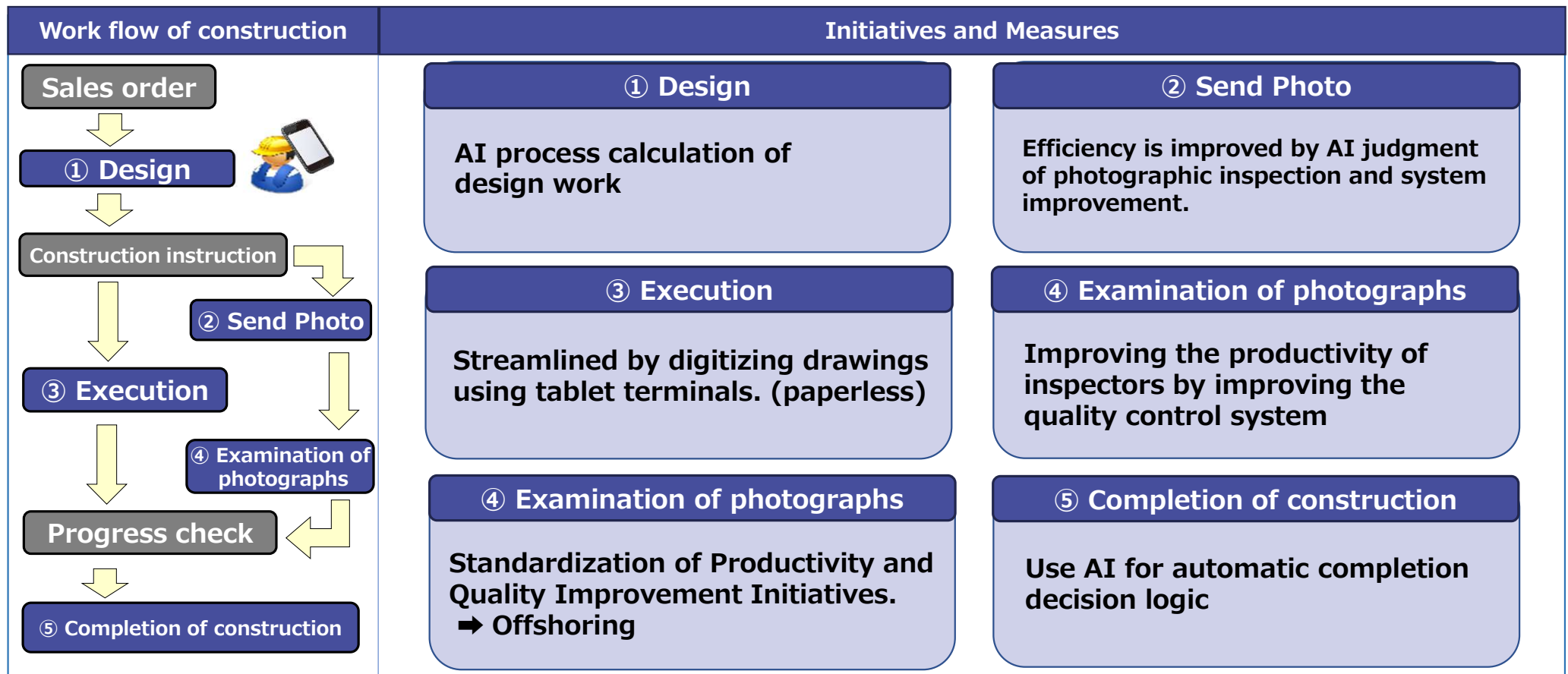
- Multi-Skilling and multi-carrier construction. (construction of a flexible and efficient construction system)
- Process Visualization to Improve Business Efficiency. (Automation, Standardization, Offshore)
- Shift of personnel to growth areas through reskilling.

■ Trends in segment profit



／ (1) Telecoms Carriers (Examples of Efforts to Improve Profitability)

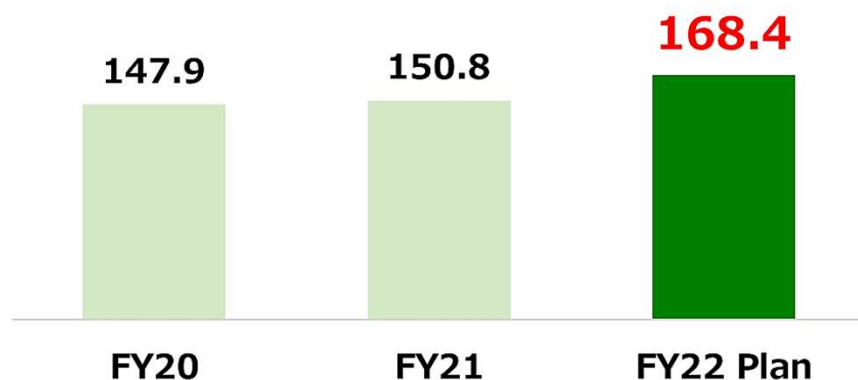
To make maximum use of DX and AI, and to improve efficiency by disassembling each process.



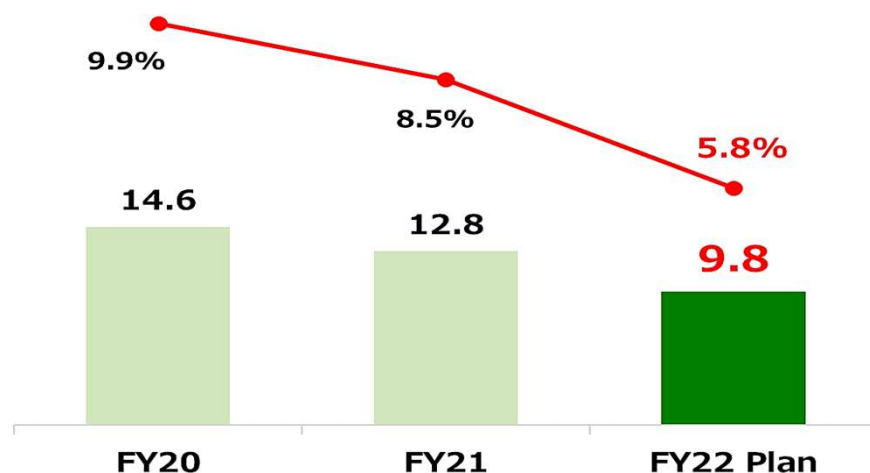
／ (2) Urban Infrastructure

■ Trends in net sales

(billion yen)



■ Trends in segment profit



FY2022 Plan

We expect growth of more than 10% year on year due to aggressive upfront investment. Aim for medium-term profit improvement in priority areas.

Main Initiatives

- Full-scale Development of Renewable Energy Business. (Offshore wind, biomass, and farming solar power)
- Challenge to develop high-difficulty civil engineering projects. (strengthen synergies with newly consolidated companies)
- Advance investment in the acquisition and training of engineers. (active use of business cooperation with other companies)

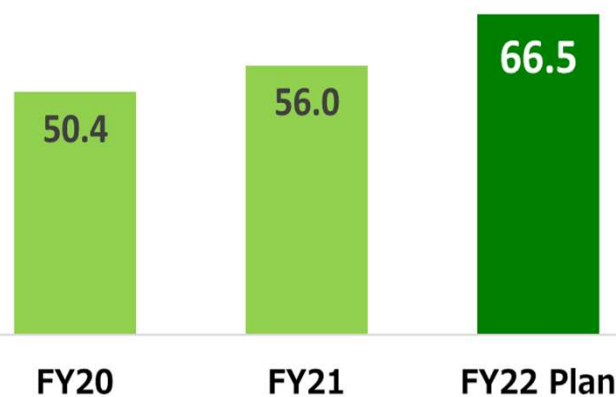
／ (2) Urban Infrastructure (Breakdown by Business Unit)

■ Trends in net sales

(billion yen)

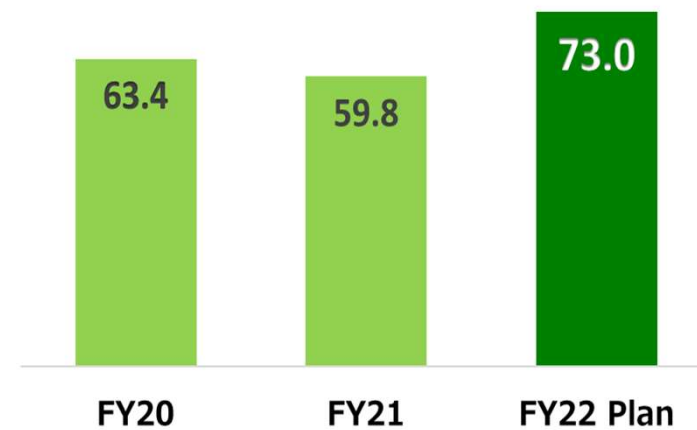
・Energy Unit

(Electricity, Environment, Renewable energy, etc.)



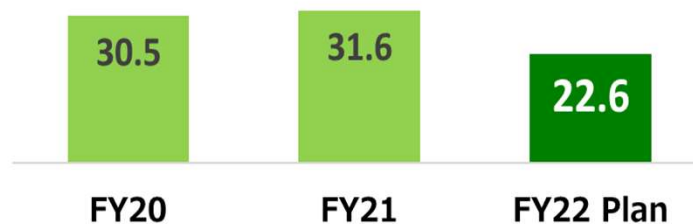
・Public infrastructure Unit

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



・Facility infrastructure Unit

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



*The breakdown of disclosure segments is set as "Business units."
For definitions of units, see the reference material (P. 36).

／ (2) Urban Infrastructure (Energy)

Aim to further expand new energy businesses (renewable energy, smart energy) that have increased social significance. (solar power, offshore wind power, biomass gasification power generation, etc.)

■ Initiatives for a farming type photovoltaic power plant

Plans to construct a renewable energy demonstration facility, "ReENE Solar Farm Higashimatsuyama", in Higashimatsuyama City, Saitama Prefecture, with TOKYU LAND CORPORATION, focusing on solar sharing (a farming type photovoltaic power plant)



Image of farming in the lower part of the power plant



Finished drawing

■ Construction of DC power supply facilities

NTT Anode Energy Corporation and Kanazawa Institute of Technology installed solar power generation facilities and storage batteries on the campus. The generated electricity is supplied to each facility as DC.

DC power supply system in Ougigaoka Campus of Kanazawa Institute of Technology



(Source: News release from NTT Anode Energy Corporation)

／ (2) Urban Infrastructure (Civil engineering)

We will strengthen our shield and propulsion technologies and take on even more difficult construction projects.

■ Efforts to develop new construction methods

MARINE SHUTTLE method

泥水式推進工法により小口径管での長距離水中到達を実現

特許出願中 NO-DIG AWARD 2016 受賞

マリンシャトル手順

1. 発進立坑から海中の到達位置まで推進
2. 掘進機一次式戻し(カッターヘッドを縮径)
3. ダイバーにより掘進機先端部に閉塞筒を設置
4. 掘進機を発進立坑までを引き戻す
5. 閉塞筒は、ケーブル引き込みまで設置

※鋼管内には海水等を入れない施工が可能。

マリンシャトル搬進機回収手順

カッターヘッド縮径(掘進機到達位置)

カッターヘッド縮径(掘進機一次戻し)

掘進機先端部閉塞筒設置

掘進機引き戻し

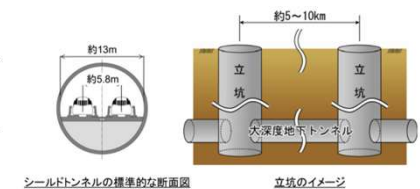
カッターヘッド縮径・掘進機回収システム

A short distance landing jacking method jointly developed with ISEKI Poly-Tech, Inc. (Becoming our company Group Company in April 2022). Also exhibited at the 10 WIND EXPO.

■ Challenge of high difficulty construction

Construction of the First Chukyo Area Tunnel on the Chuo Shinkansen Line

工 事 名	中央新幹線第一中京圏トンネル新設(坂下東工区)
請 負 業 者	中央新幹線第一中京圏トンネル新設(坂下東工区)工事共同企業体 (代表構成員 五洋建設株式会社) (構成員 エクシオグループ株式会社)
工 事 場 所	愛知県春日井市坂下町から神屋町の間
工 事 区 分	土木(設計・施工一括)
工 事 概 要	シールドトンネル工事
契 約 締 結 日	2021年11月8日
工 期	契約締結の翌日から2026年12月25日まで



(Source : HP of JR Central)

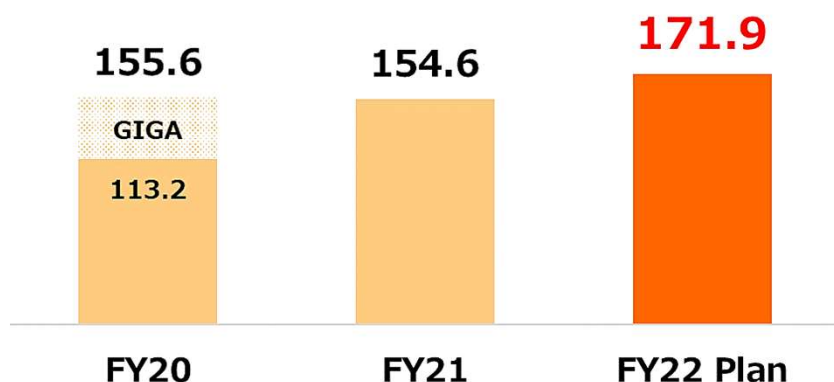
以上

This is a highly difficult construction project to excavate approximately 2.2 km underground with a maximum of 60 m of earth covering. Striving to achieve the highest level of shield tunneling.

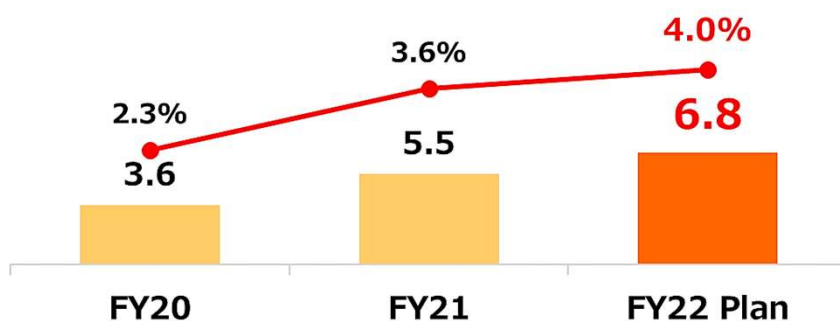
／ (3) System Solutions

■ Trends in net sales

(billion yen)



■ Trends in segment profit



FY2022 Plan

We plan to grow steadily through the expansion of one-stop services, and to increase both sales and income, including the progress of overseas business.

Main Initiatives

- Shift to a high-value-added business by strengthening consulting and developing in-house AI solutions.
- Increase in recurring business revenue due to expansion of maintenance and operation and security services.
- Further expansion of overseas business.
(IoT solutions, digital trade PFs, etc.)

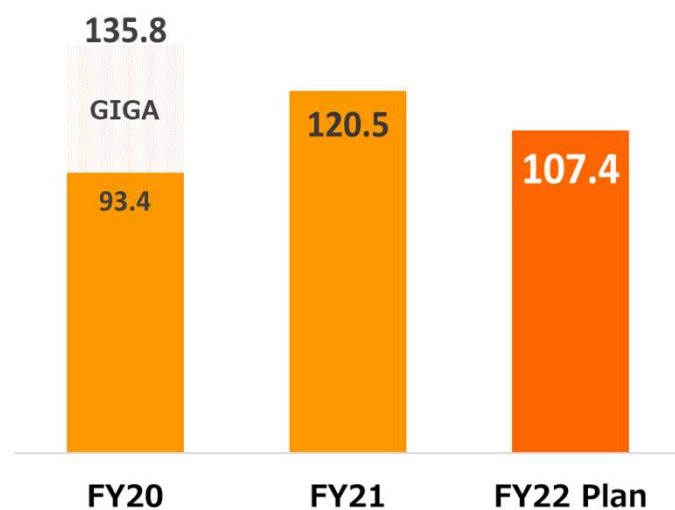
／ (3) System Solutions (Breakdown by Business Unit)

■ Trends in net sales

(billion yen)

・Information system Unit

(Contract development, server construction, etc.)

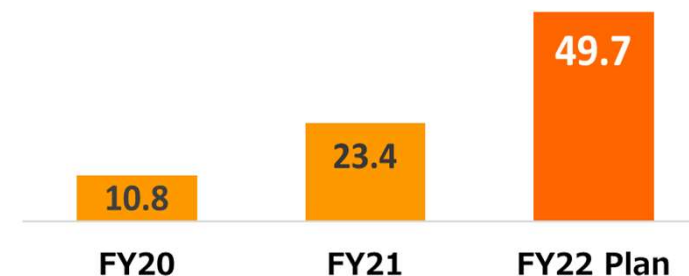


・Service Unit

(Recurring business such as maintenance and operation)



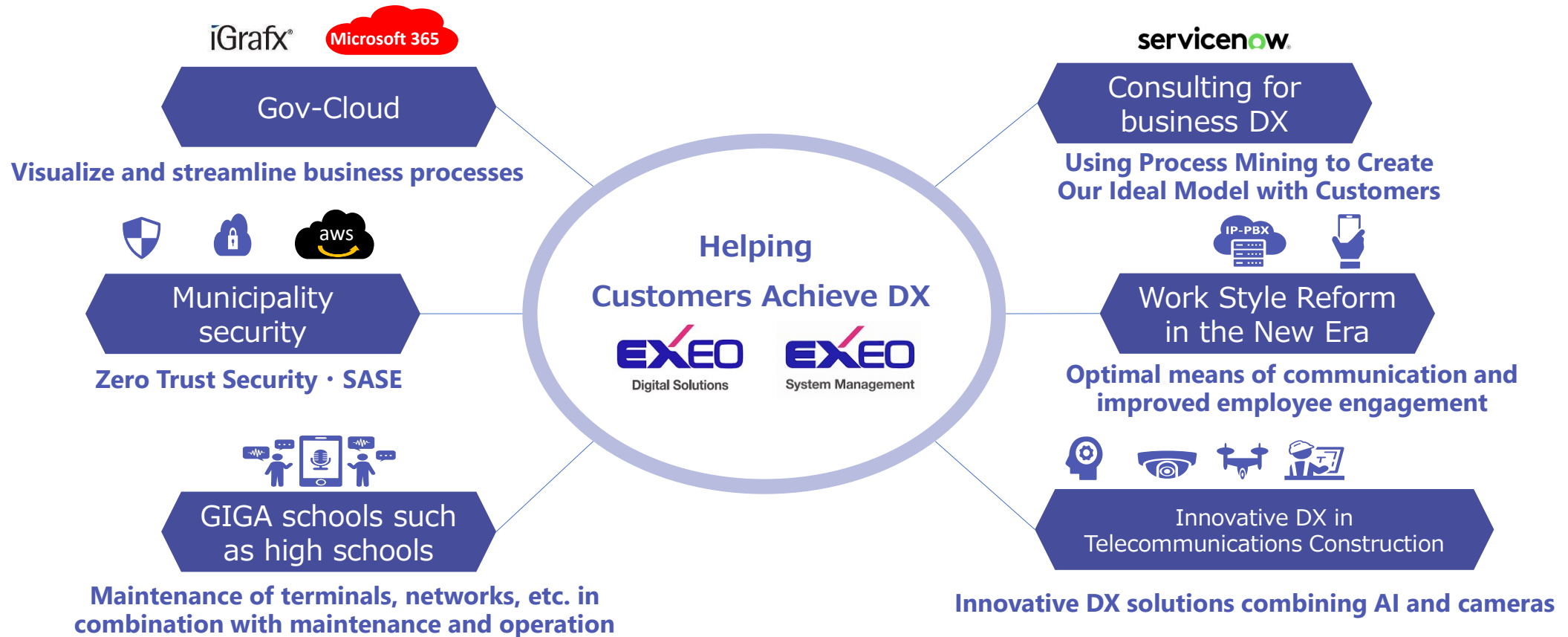
・Overseas projects Unit



*The breakdown of disclosure segments is set as "Business units."
For definitions of units, see the reference material (P. 36).

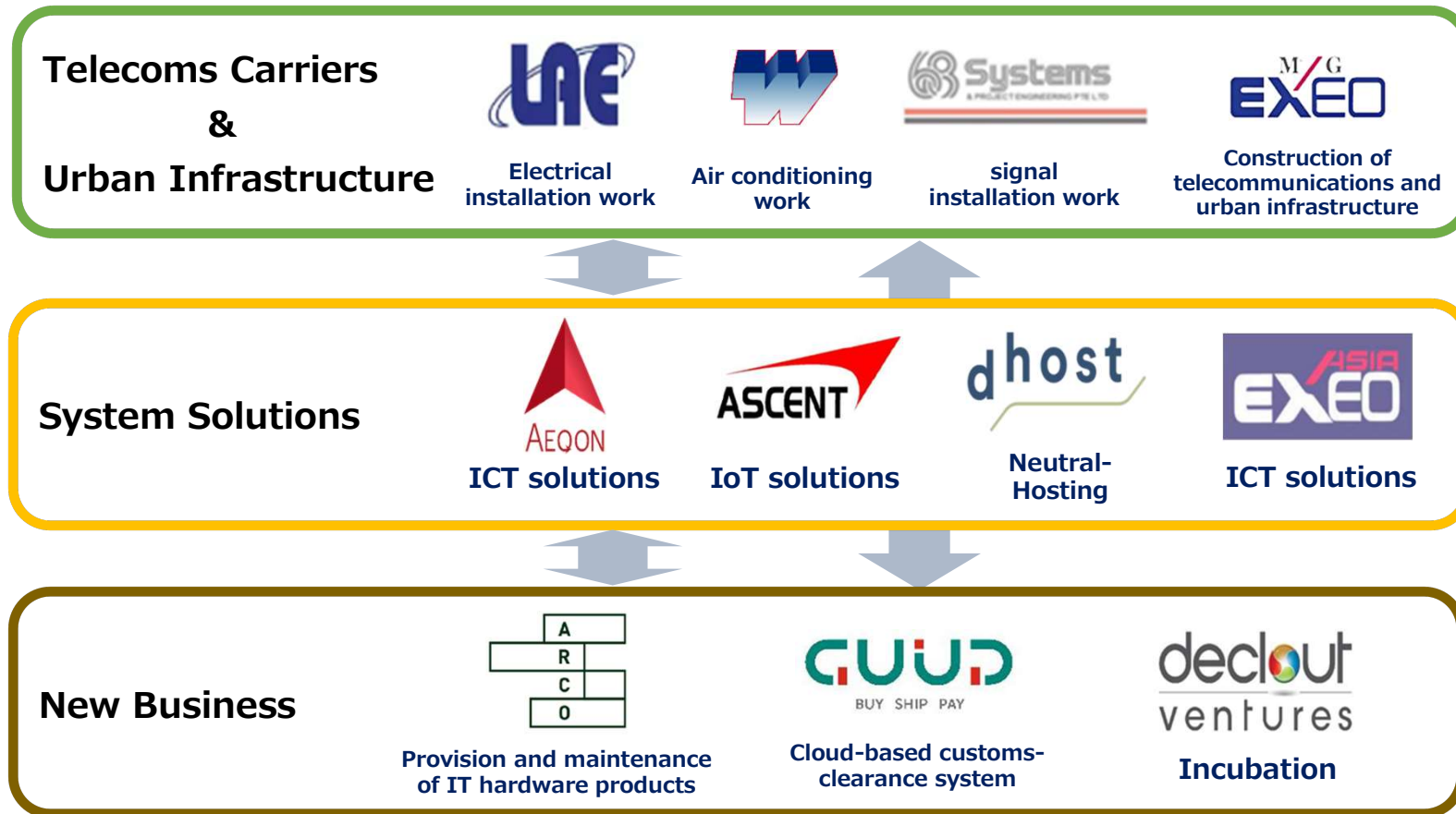
／ (3) System Solutions (Establishment of a strategic company)

Two strategic companies (EXEO Digital Solutions, Inc., EXEO System Management, Inc.) were established in April to lead the system solution business. To realize customer DX, we provide comprehensive support from consulting proposal to development, construction, and maintenance and operation in a full-layer manner.



／ (3) System Solutions (Overseas projects)

The portfolio in the three business segments is substantial. Profitability improved significantly with the expansion of solution provision capabilities. Aim to further expand earnings and profits while pursuing synergies among the three segments and between overseas and domestic businesses.



Expected to expand revenues from the recurring business.

Expect to grow to 10% of group revenues and profits in FY 2025.



4. Shareholder Return

／ (1) Dividends, Share Buybacks

Dividends to shareholders are based on a DOE of 3.5% and are maintained on a stable and continuous basis.

In fiscal 2021, we increased the year-end dividend by 6 yen to 96 yen (including a commemorative dividend of 2 yen). We plan to raise the annual dividend to ¥102 in fiscal 2022.

■ Annual dividends: Will increase for 11 consecutive fiscal year.



■ Acquisition of treasury stock:

Will flexibly purchase treasury stock in light of market trends, results, and financial condition.

Acquire an additional 4 billion yen of treasury stock. (Of the 5 billion yen announced in February, 3 billion yen will be acquired for the current fiscal year, so a total of 7 billion yen will be acquired for the current fiscal year.)

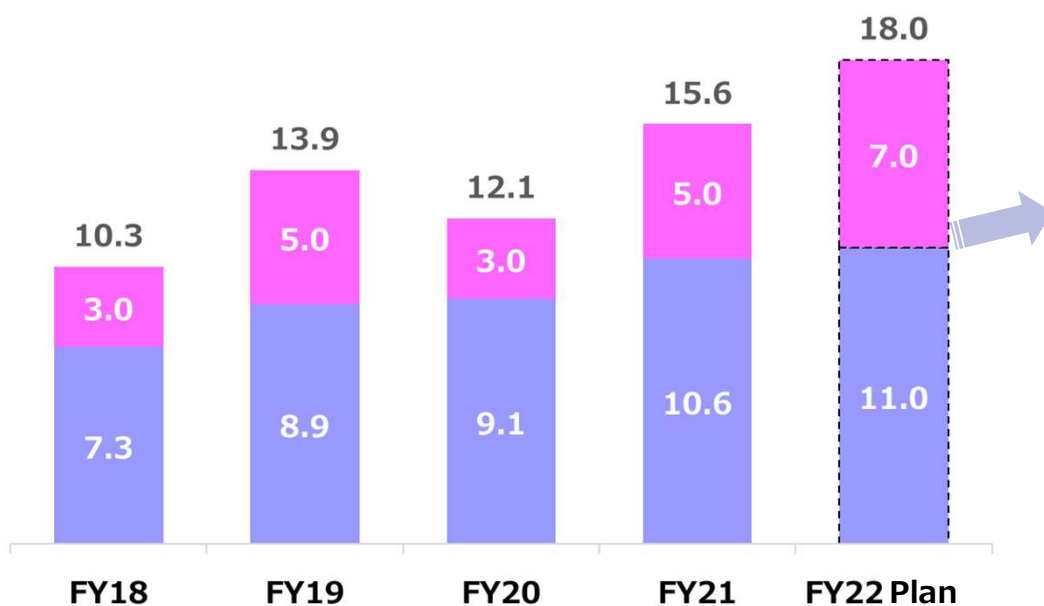
／ (2) Total Shareholder Return, ROE, EPS

Continue to increase dividends and actively acquire treasury stock to return profits to shareholders. Continue to improve capital efficiency in order to achieve the medium-term management plan.

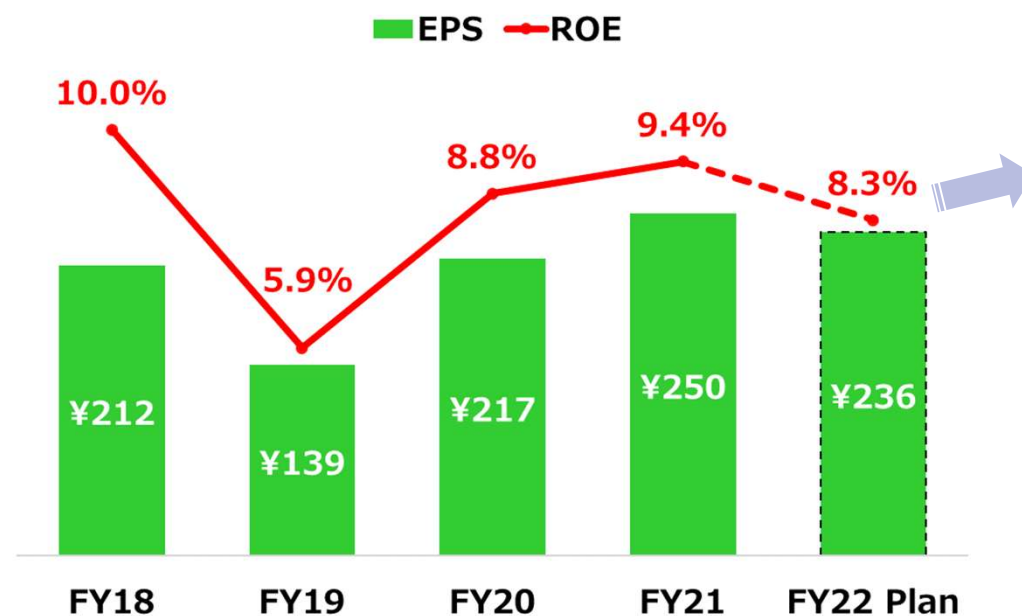
■ Total Shareholder Return

(billion yen)

■ Total dividends ■ Total acquisition of treasury stock



■ ROE/EPS





5. Efforts to Strengthen the Management Base

／ (1) Structural reform

Implement organizational reforms to accelerate further business growth and efficient business operations.

Telecoms Carriers	Urban Infrastructure	System Solutions
Accelerate productivity growth through multi-skilling.	Accelerate business expansion by concentrating on growth areas and strengthening construction support systems.	Accelerate profit improvement through solutions-related reorganization.
Integrated operation of segment businesses	<p>Telecoms carriers : Integration and consolidation of construction organizations separated by telecommunication companies. (Integrated operation of resources and construction of flexible construction systems)</p> <p>Urban infrastructure : Integration of energy business organizations. (Strengthening cooperation between renewable energy and smart energy)</p> <p>System solutions : Integration of NI/SI Solution Division. (integrated management from consulting to maintenance)</p>	
Optimization of business operations in the Tokyo metropolitan area	<p>Telecoms carriers : Elimination of distributed loss by making it an area under direct control of the head office. (common cost reduction by incorporating the South Kanto Branch)</p> <p>Urban infrastructure : Establishment of nationwide construction support system and establishment of Tokyo Metropolitan Area Sales Division.</p> <p>System solutions : Group reorganization of solution-related organizations. (Strengthen software development capabilities and expand maintenance and operation services)</p>	

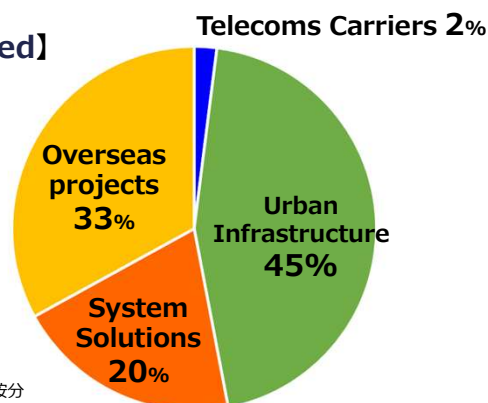
／ (2) M&A

Select partners to drive growth and execute investments strategically.
Promoting PMI to Maximize Synergies.

■ Major investments in fiscal 2021

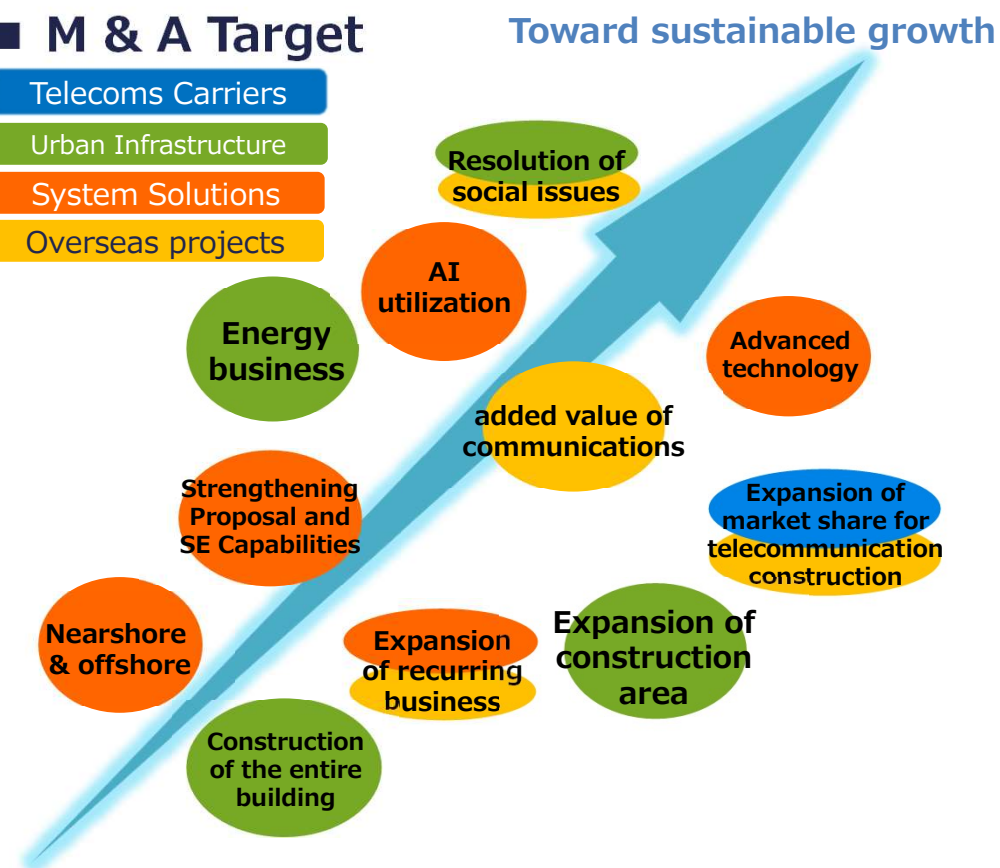
	Company name	Business field
1	IT-it CO., LTD.	System Solutions
2	RYOSEI, Ltd. (Former name: RYOSEI SYSTEMS, LTD.)	Urban Infrastructure System Solutions
3	KIDOH CONSTRUCTION CI., LTD (KIDOH GLOBAL Holdings Corporation)	Urban Infrastructure
4	Ascent Solutions Pte Ltd	Overseas projects
5	KOYO ENGINEERING CO.,LTD	Urban Infrastructure
6	68 systems & Project Engineering Pte Ltd	Overseas projects

【Percentage of segments invested】



■ M & A Target

- Telecoms Carriers
- Urban Infrastructure
- System Solutions
- Overseas projects



／ (3) Implementation of ESG Management

We have established the "Group Purpose" as the social raison d'être of the Group based on the thoughts of our employees.

"Group Purpose"

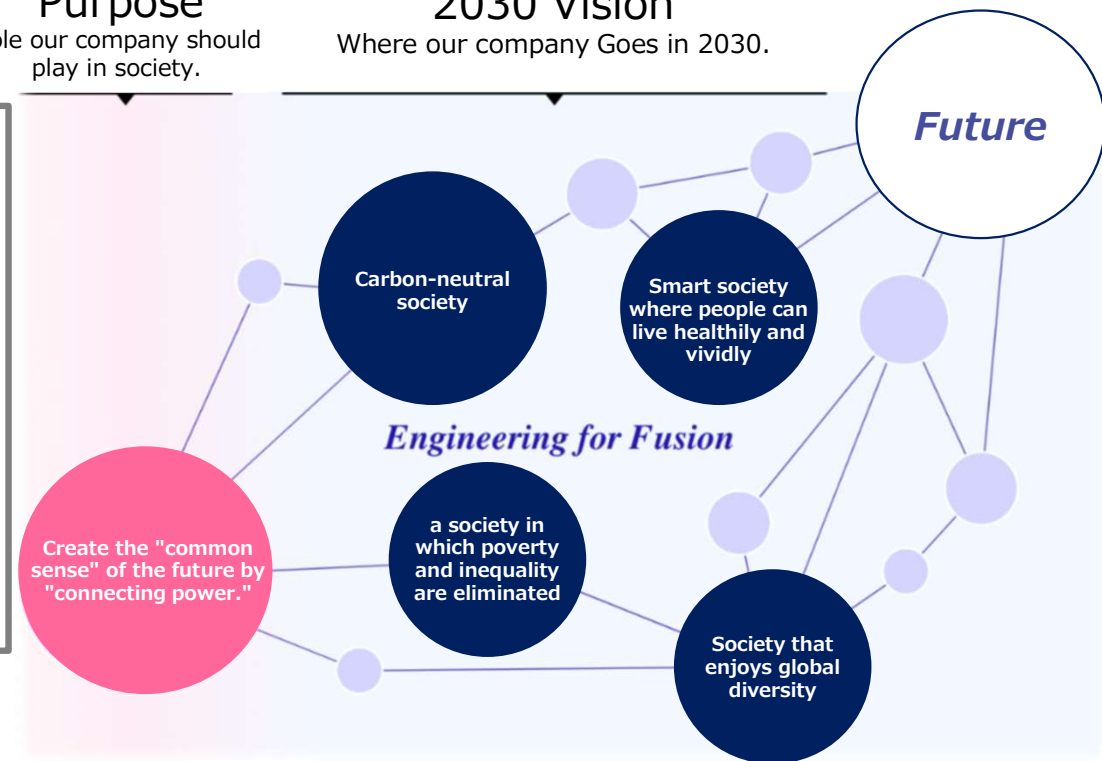
Create the "common sense" of the future by "connecting power."

All people, regardless of region or generation, can use the infrastructure that supports their lives as a matter of course and pursue happiness freely. That is the rich world that the EXEO Group aims for.

Our company will continue to refine its technology and connect all aspects of knowledge, from hardware to digital, to create new "common sense" with its partners in a rapidly changing society.

"Purpose"
Role our company should play in society.

"2030 Vision"
Where our company Goes in 2030.



／ (3) 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-CO ₂) ※ 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 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

／ (3) Implementation of ESG Management (Other)

We continue to implement social and governance initiatives and have received external evaluations.

■ Approved as a stock in *MSCI Japan ESG Select Leaders Index*

MSCI selects companies with excellent ESG evaluation from the top 700 stocks in Japan.

2021 CONSTITUENT MSCIジャパン
ESGセレクト・リーダーズ指数

■ Selected as a “*Semi-Nadeshiko Brand*”

The Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange jointly selected listed companies that excel in promoting women's participation.



■ Received the “Best Workplace for Diversity&Inclusion” , the highest evaluation in “D&I Award 2021”.

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 2021”.

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



／ (4) Status of Efforts in Each Theme

Steadily implementing initiatives to strengthen the management foundation set forth in the Medium-Term Management Plan.

Theme	Main Initiatives	Theme	Main Initiatives
Safety, quality, and BCP	<ul style="list-style-type: none"> • On-site inspection using network cameras • Visualization of safety (measurement of labor accident frequency and severity rate) • Implementation of occupational vaccination (3 times) 	Financial strategy	<ul style="list-style-type: none"> • Issuance of green bonds • Review and sale of cross-shareholdings • Commemorative dividend and cancellation of treasury stock
Environment and Energy	<ul style="list-style-type: none"> • Introduction of renewable energy-derived electricity • Announcement of support for TCFD and promotion of information disclosure • Establishment of Sustainability Promotion Office 	Group management	<ul style="list-style-type: none"> • Reorganization of subsidiaries in the Hokkaido and Tohoku areas • Promotion of personnel exchanges with Group companies • Promoting the sharing of various systems
Talent strategy	<ul style="list-style-type: none"> • Establishment of Human Resources Development Department • Introduction of a side job system • Establishment of overseas business trainee system 	Promotion of DX	<ul style="list-style-type: none"> • Make core systems cloud-based • Deploy communication base system throughout the group • Intra-group network, security integration



6. Topics

(1) Wins Gold Medal at National Skills Competition Japan (human resources development)

In the National Skills Competition Japan, Mizutani, an employee of the Company, won a Gold Medal in the Information Network category.

This is the ninth time, and the third consecutive year that an employee of the Company has won a Gold Medal at the national competition. Employees of the Company have represented Japan in the WorldSkills Competition, which is held biennially, five times. Company employees have won gold medals all the five times.



In Tokyo, in December 2021



Note: In principle, technicians who are 23 years old or younger compete by category at National Skills Competition Japan. In the 2021 competition, 1,028 people participated in 42 categories.

Mizutani competed in the Information Network Cabling category, where participants compete on the speed and performance of their optical fiber fusion splicing in the wiring of a simulated building, and in other assignments. Participants compete for a total of eight hours over two days.

／ (2) Employment of foreigners with specific skills

On April 15, five skilled foreign nationals with Filipino nationality joined the company. It will be the first time for our company's electrical communication field to recruit successful foreign applicants. The entry was finally realized due to the relaxation of immigration regulations.



The 5 new recruits passed the “The Specified Skills (i) Evaluation Exam for Construction Industry” (electrical communication), which was conducted in March 2021 for the first time in the construction field overseas (the Philippines) by the Japan Association for Construction Human Resources.

Our company provided the five employees with remote support, including training on preparation for exams.

／ (Reference) Business Unit Details

Segments				Business Unit	Business Focus
ENGINEERING-SOLUTIONS	Telecoms Carriers	NTT Group engineering	Access engineering	NTT Unit	Access work and civil engineering work for the NTT Group
			Network engineering		Network engineering work for the NTT Group
			Mobile engineering		Mobile engineering work for the NTT Group
		NCCs		NCC Unit	Telecommunications infrastructure construction for NCCs(KDDI、Softbank、Rakuten) *Access, Network, Mobile
	Urban Infrastructure		Energy Unit	Construction and maintenance of electric and air conditioning equipment, and renewable energy such as solar and offshore wind power generation facilities. Smart energy construction and maintenance of EV stations. Construction, operation and maintenance of waste treatment plants, biomass boilers, etc.	
			Public infrastructure Unit	Communication works and urban civil engineering works related to government offices, local governments, CATV, and transportation, in which many and unspecified people receive services. *Disaster prevention radio, laying of power lines underground construction, etc.	
			Facility infrastructure Unit	Communication work for private use or specific customer use other than energy units and public infrastructure units. (Local 5G in the enterprise, networking, etc.)	
System Solutions			Information system Unit	SI (Contract development of large-scale systems, business support solutions, etc.) NI (Servers, wireless LAN, security, cloud, etc.)	
			Service Unit	Sales and maintenance of customer systems, various licenses, recurring business of fixed amount maintenance of various systems, etc.	
			Overseas projects Unit	Overseas Business Projects (Communication work, electric air conditioning work, provision of various solutions, etc.)	



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

