

# Results for the Six Months Ended September 30, 2022

November 17, 2022



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# 1. Overview of FY22 Interim Results

## ( 1 ) Financial Highlights

**Strong progress in both orders received and net sales.**

**Operating profit decreased due to the impact of restrained investment in mobile business.**

**Dividend increased to 51 yen (planned to be 102 yen for the year)**

**Purchase of treasury stock is ongoing and 7 million shares have been cancelled.**

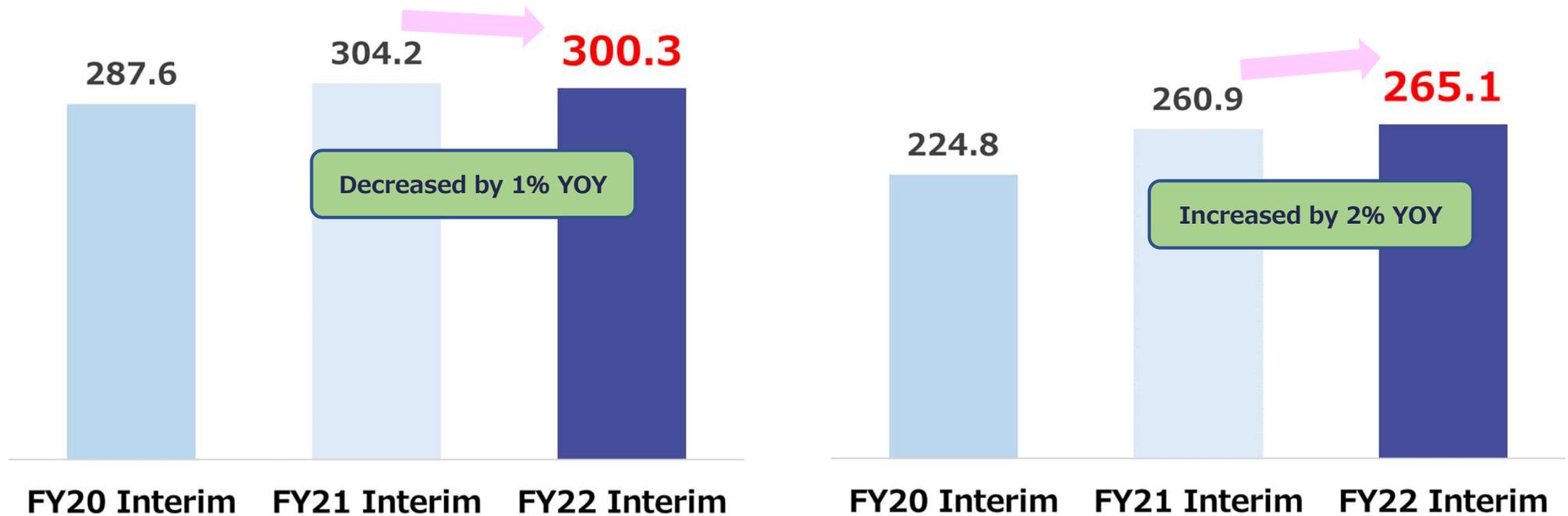
## ／ (2) Results Highlights (Orders Received, Net Sales)

Orders received and net sales made steady progress. Net sales hit record high.

### ■ Orders Received

### ■ Net Sales

(billion yen)

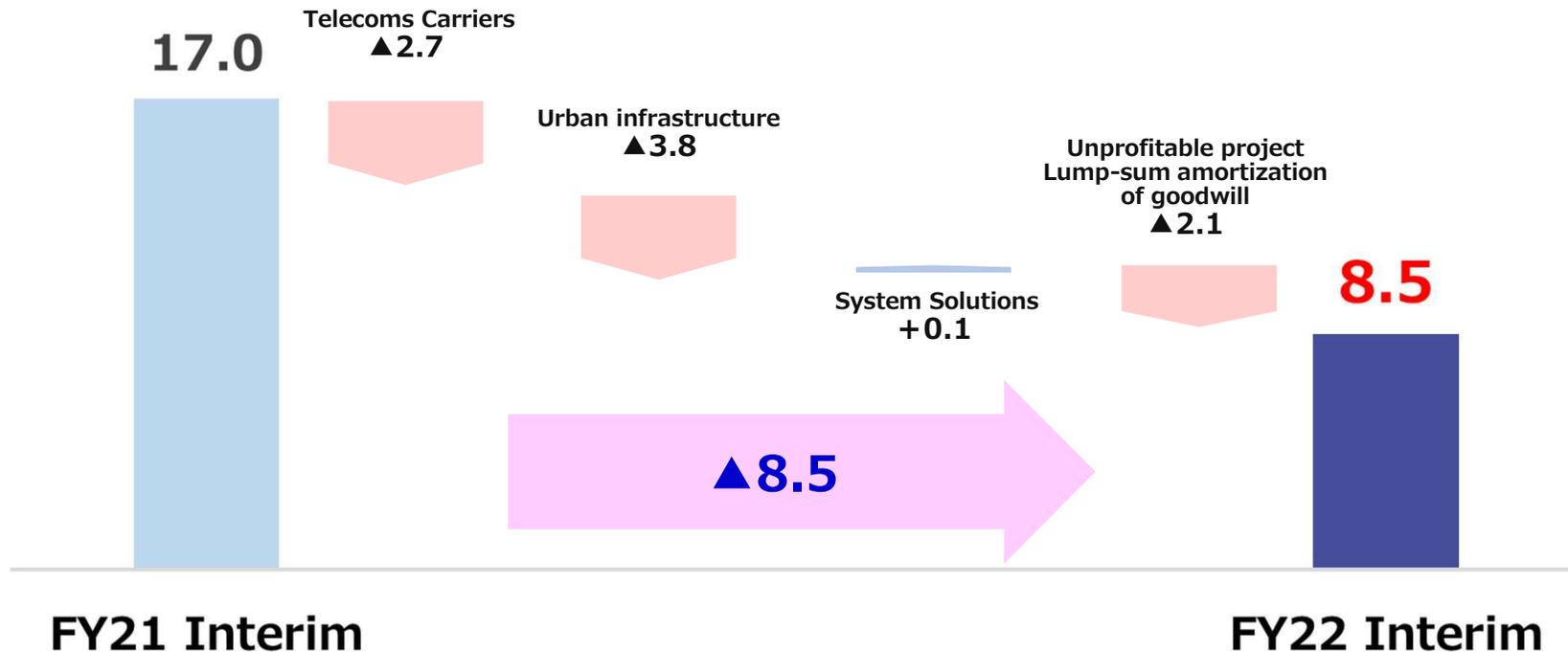


## ／ (3) Results Highlights (Operating Profit)

Operating profit decreased due to the curtailment of mobile carrier investments, the occurrence of transient unprofitable projects and the lump-sum amortization of goodwill.

### ■ Operating Profit

( billion yen )



# ／ (4) Results Highlights (Segment Information)

(billion yen)

	Telecoms Carriers	Urban Infrastructure	System Solutions
Net sales	<p>FY21 Interim: 128.4 FY22 Interim: 119.0</p>	<p>FY21 Interim: 63.5 FY22 Interim: 64.5</p>	<p>FY21 Interim: 68.9 FY22 Interim: 81.5</p>
Segment profit	<p>FY21 Interim: 9.6 (7.5%) FY22 Interim: 6.9 (5.9%)</p>	<p>FY21 Interim: 5.5 (8.7%) FY22 Interim: 1.0 (1.7%)</p> <p>Special factors                      ·unprofitable projects 0.3B yen                      ·the lump-sum amortization of goodwill 0.3B yen</p>	<p>FY21 Interim: 1.8 (2.7%) FY22 Interim: 0.4 (0.6%)</p> <p>Special factors                      ·unprofitable projects 1.4B yen                      ·the lump-sum amortization of goodwill 0.1B yen</p>

## ／ (4) Results Highlights (Segment Information) Quarterly Progress

(billion yen)

	Telecoms Carriers	Urban Infrastructure	System Solutions
Net sales	<p>59.3 → 59.6</p> <p>Apr-Jun Jul-Sep</p>	<p>27.8 → 36.6</p> <p>Apr-Jun Jul-Sep</p>	<p>33.6 → 47.9</p> <p>Apr-Jun Jul-Sep</p>
Segment profit	<p>7.3% → 4.5%</p> <p>4.3 → 2.6</p> <p>Apr-Jun Jul-Sep</p>	<p>※ Adjusted for special factors ※</p> <p>0.6% → 4.2%</p> <p>0.1 → 1.5</p> <p>Apr-Jun Jul-Sep</p>	<p>※ Adjusted for special factors ※</p> <p>▲0.2% → 4.3%</p> <p>▲0 → 2.0</p> <p>Apr-Jun Jul-Sep</p>

## ／ (5) Plan Summary

Secure orders received and net sales through growth in urban infrastructure, system solutions. Aim to achieve the full-year plan by shifting management resources to growth businesses and implementing further efficiency measures

(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



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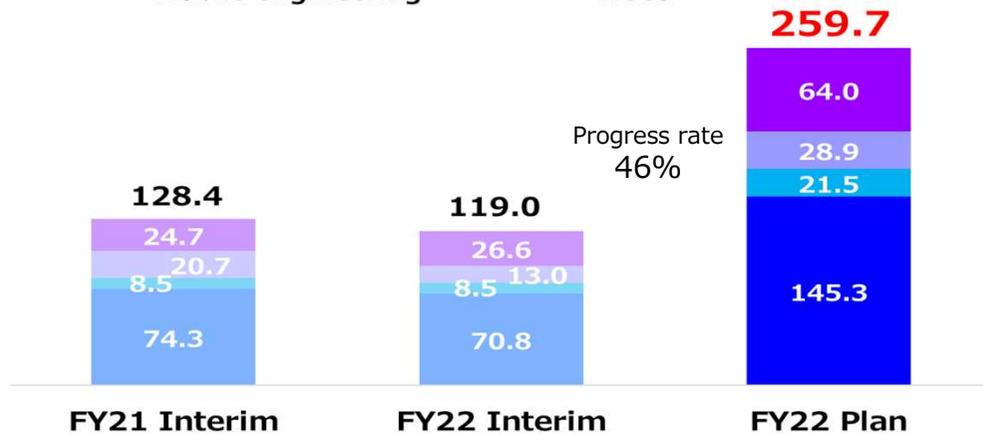
## **2. Initiatives by Segment**

# ／ ( 1 ) Telecoms Carriers

## ■ Trends in net sales

(billion yen)

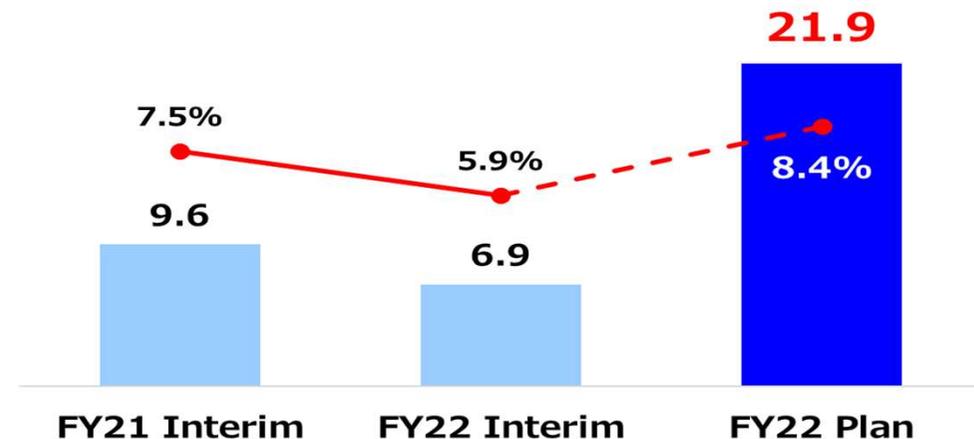
- Access engineering
- Mobile engineering
- Network engineering
- NCCs



## Interim Result and FY2022 Plan

- Restraining investment in mobile business is within expectations.
- Aim to improve profit margins by shifting personnel to growth businesses and promoting DX.

## ■ Trends in segment profit



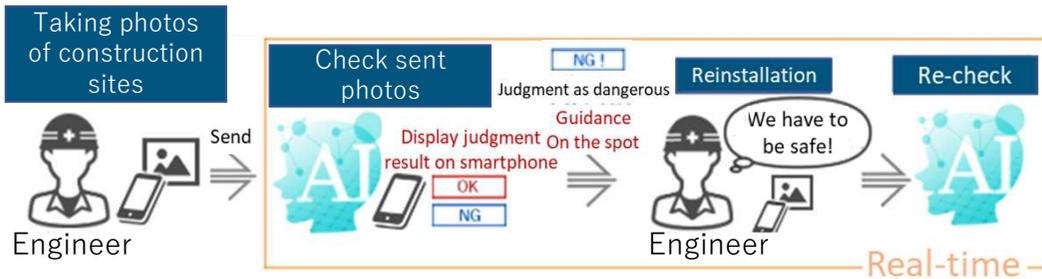
## Main Initiatives

- Using AI to improve safety quality and productivity.
- Building flexible systems through multi-skilling and multi-career approaches.
- Reskilling shifts workforce to growth areas.

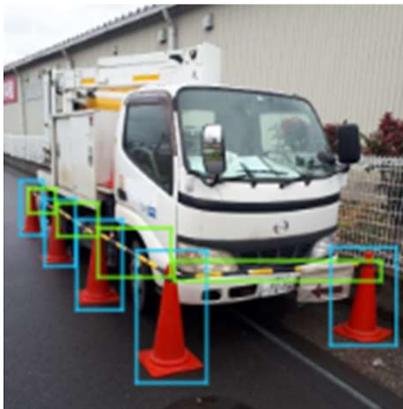
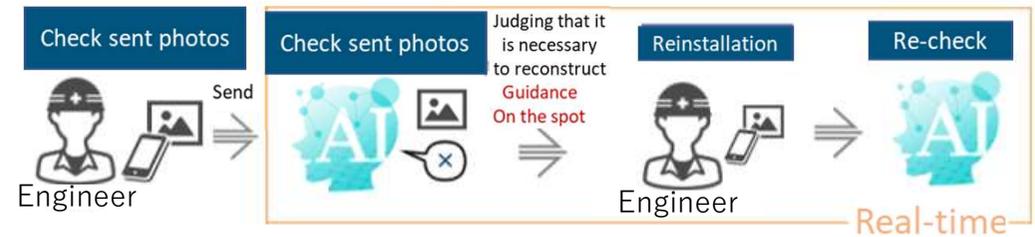
# ／ ( 1 ) Telecoms Carriers ( Examples of Efforts to Improve Profitability )

## Using AI to ensure safety quality and improve work efficiency (reduce inspection operations by 50%)

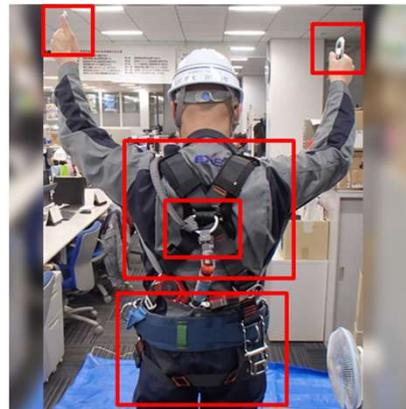
### ■ Safety AI ( During construction )



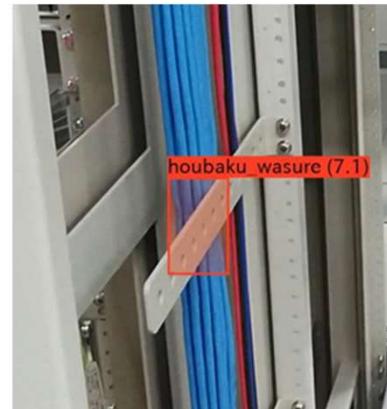
### ■ Quality AI ( After construction )



Pre-work inspection of bucket car



Safety fitting inspection



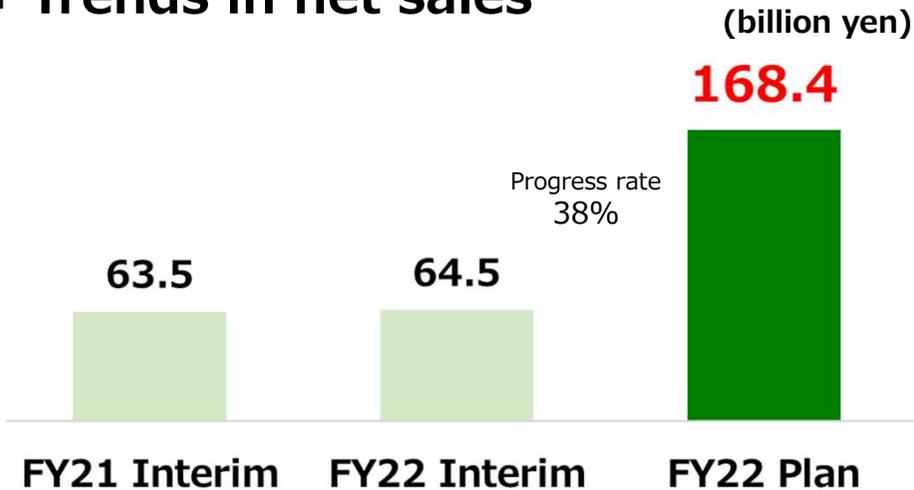
Cable banding test



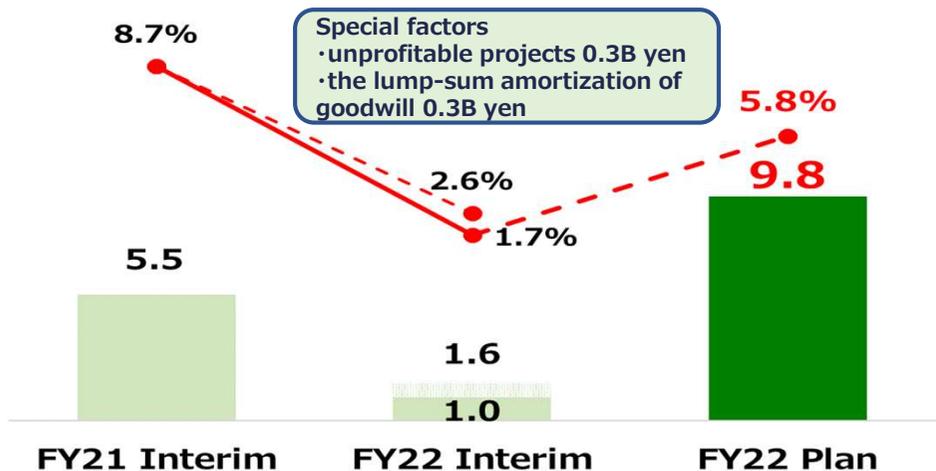
Ground clearance check

## ／ (2) Urban Infrastructure

### ■ Trends in net sales



### ■ Trends in segment profit



### Interim Result and FY2022 Plan

- Delay in profit progress due to decrease in high profit projects (700 MHz countermeasure construction).
- Full-year recovery due to completion of major projects.

### Main Initiatives

- Full-scale expansion into energy business (Renewable energy, power line connections, batteries, etc.)
- Challenges for major renewal projects in the environmental field (Already bid for Tochigi Green Plaza in second half).
- Invest upfront in acquiring and developing engineers (University cooperation programs, etc.)

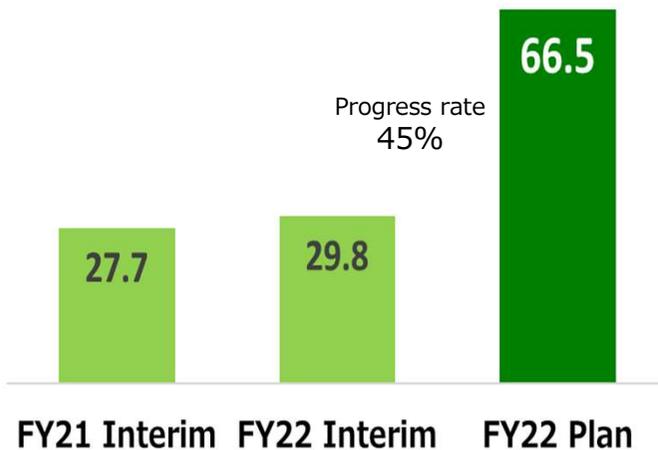
## ／ (2) Urban Infrastructure ( Breakdown by Business Unit )

### ■ Trends in net sales

(billion yen)

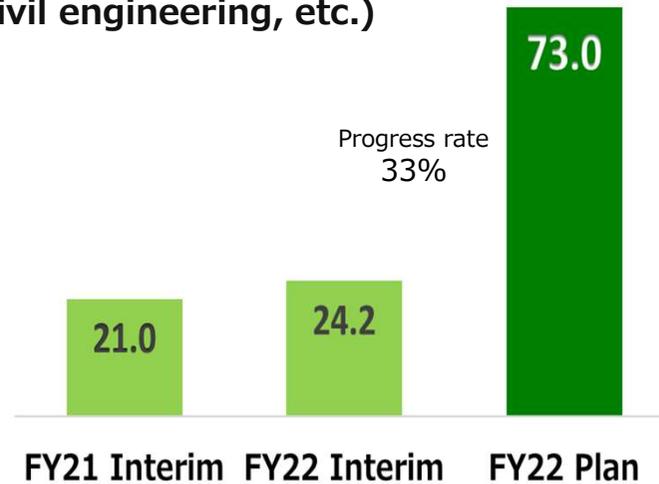
#### ・Energy Unit

(Electricity, Environment, Renewable energy, etc.)



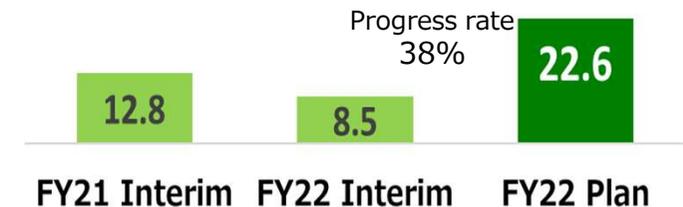
#### ・Public infrastructure Unit

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



#### ・Facility infrastructure Unit

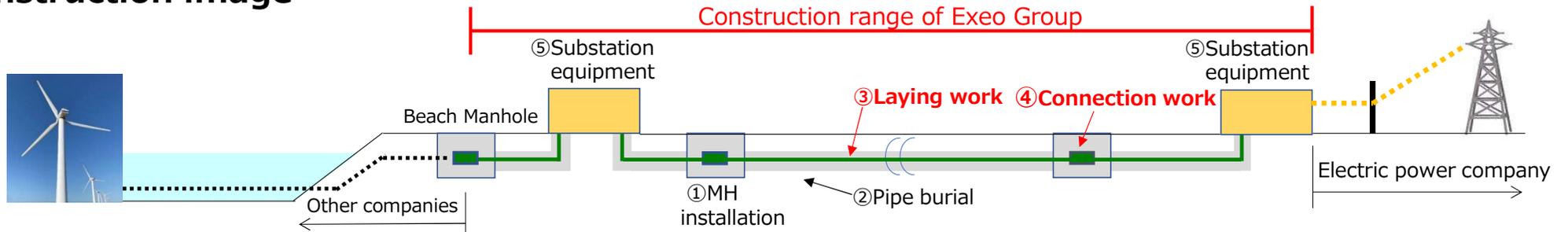
(700MHz Band TV reception measures, Local 5G facilities, etc.)



## ／ (2) Urban Infrastructure ( Energy )

Training engineers to enter offshore wind business. Four first-term students and eight second-term students are undergoing on-the-job training.

### ■ Construction image



### ■ Development plan and progress



Scene of training



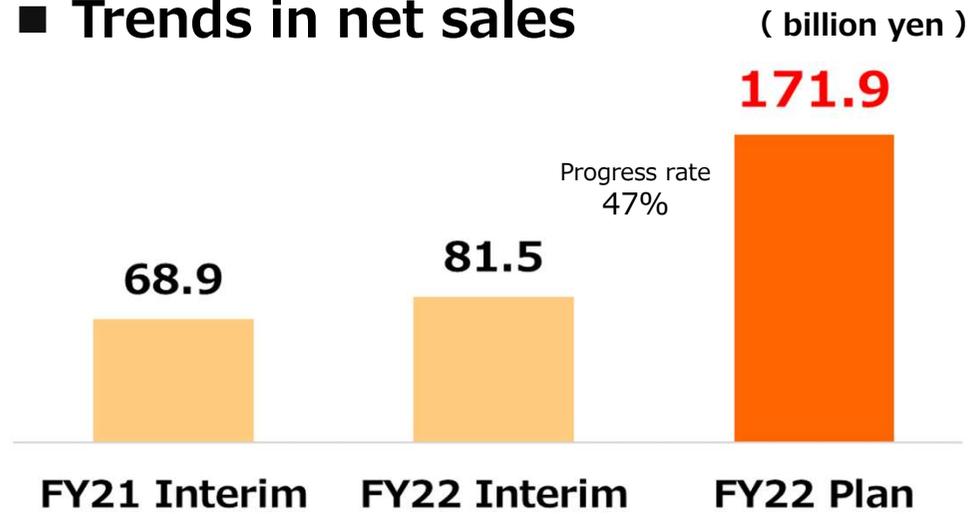
Scene of training



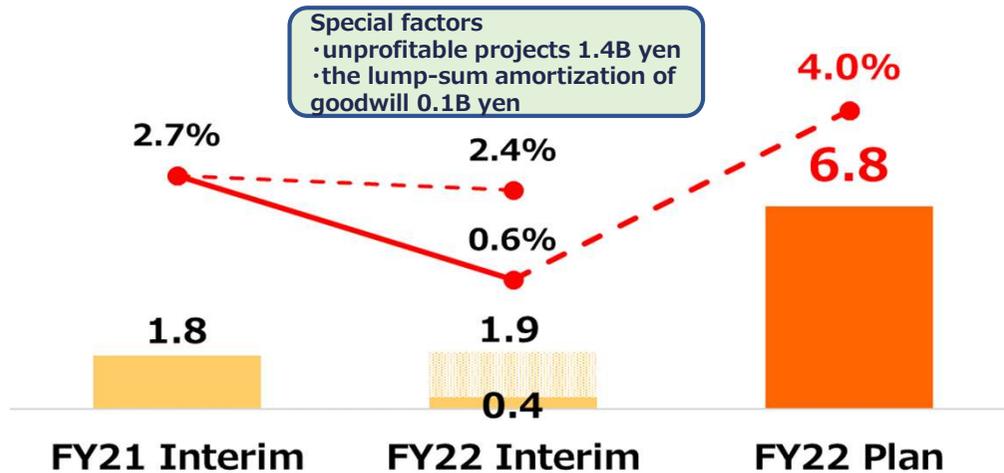
Scene of on-the-job training

## ／ (3) System Solutions

### ■ Trends in net sales



### ■ Trends in segment profit



### Interim Result and FY2022 Plan

- The overall business is growing steadily, even though profits are down due to unprofitable projects.
- Overseas business further expand the scale.

### Main Initiatives

- Restructure business with two IT companies (EDS, ESM) at the core (to increase in recurring business revenue ).
- Strengthen consulting, develop in-house AI solutions for high-value-added business.
- Through the acquisition of Procurri, we will expand our capabilities to offer 3R (Reduce, Reuse, Recycle) on a global scale.

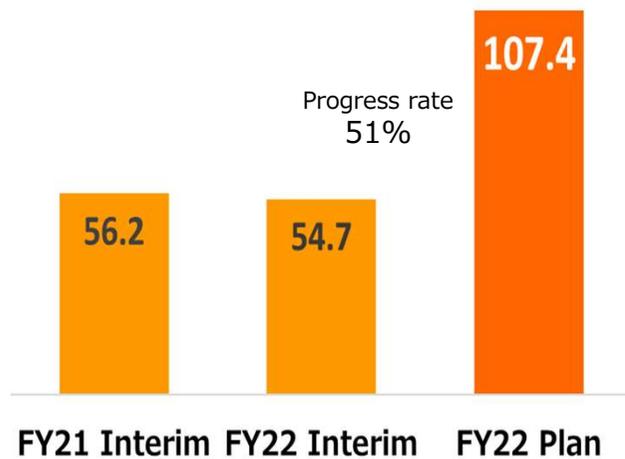
## ／ (3) System Solutions ( Breakdown by Business Unit )

### ■ Trends in net sales

(billion yen)

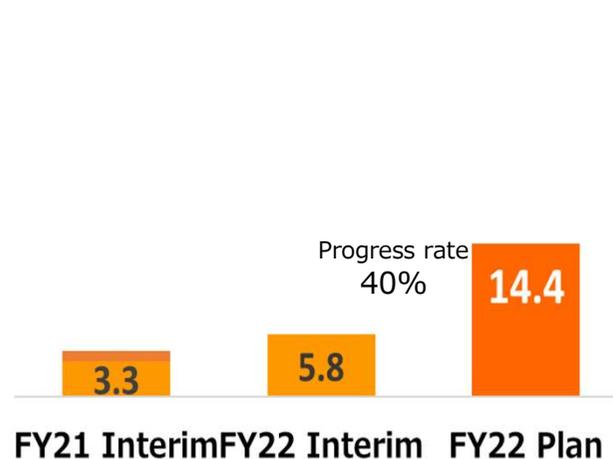
#### ・Information system Unit

(Contract development, server construction, etc.)

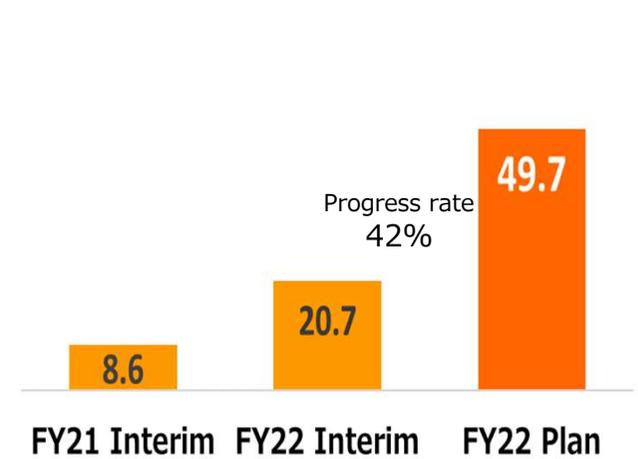


#### ・Service Unit

(Recurring business such as maintenance and operation)



#### ・Overseas projects Unit



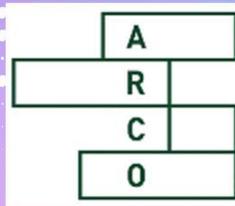
## ／ (3) System Solutions (Overseas projects)

Incorporating Procurri, which has been developing refurbishing businesses mainly in Europe and the United States, into the Group and expanding its global offering structure. Restructuring underway to maximize synergies with Asia-focused Arco.

**Procurri**



**Arco**



**Total support for life cycle management from system introduction to disposal, including applications, maintenance, with a focus on hardware provision. NW can also be provided as a set.**

## ／ (4) Structural Reform

Implement further structural reforms to accelerate efficient business operations and restructuring of business portfolio

### Initiatives through the Interim

#### Telecoms Carriers

( Increase productivity )

- Integration of Construction Organizations by Carrier(Integrated resources, flexible construction system)
- Consolidation of Group Companies by Area (Hokkaido, Tohoku and western Japan)

#### Urban Infrastructure

( Accelerate business expansion )

- Construction support nationwide, new sales headquarters for Tokyo area
- Integration of energy-related functions (Renewable energy, smart energy)

#### System Solutions

(Reorganization and profit improvement)

- Consolidation of NI/SI Solutions Division
- Group reorganization of IT organizations (establishment of two core companies) (Strengthen development capabilities, expand maintenance and operation services)

### Initiatives in the second half and beyond

- Accelerate cross-segment personnel exchanges (Between telecommunications carriers and urban infrastructure flexible resource shifting)



- Promotion of integration of civil engineering infrastructure companies (Integrated resources, flexible construction system)

- Developing global human resources (Dispatch of overseas trainees started.)



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## **3 . Shareholder Return**

## ／ ( 1 ) Dividends, Share Buybacks

- Expected to increase dividend for 11 consecutive years based on DOE of 3.5% (Interim: 51 yen, Annual: 102 yen).
- Acquisition of treasury stock continues (7 billion yen including the amount acquired in the current fiscal year announced last year).
- Plans to retire 7 million shares of treasury stock (6.0% of total shares outstanding)  
Treasury stock that is not needed in the future will be retired as appropriate.

### ■ Annual Dividends



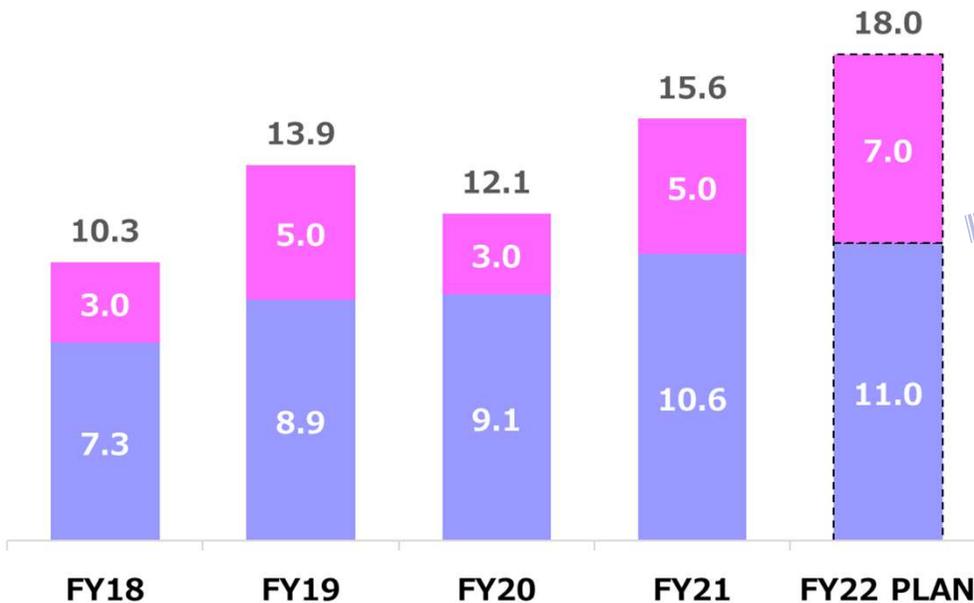
## ／ (2) Total Shareholder Return, ROE, EPS

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.

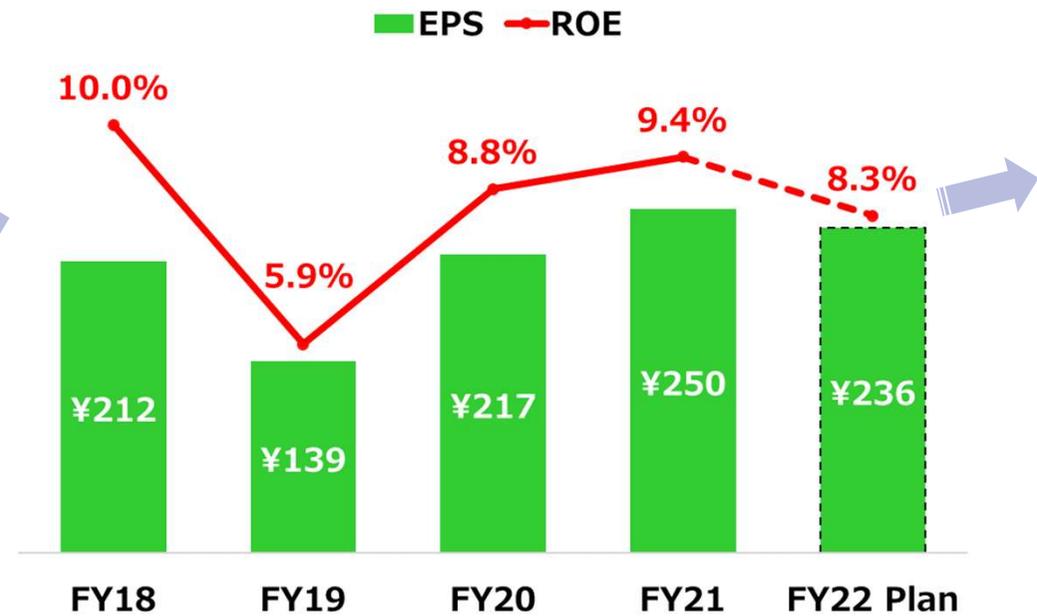
### ■ Total Shareholder Return

(billion yen)

■ Total dividends ■ Total acquisition of treasury stock



### ■ ROE/EPS





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## 4 . Topics

## ／ ( 1 ) Wins Gold Medal at International Skills Competition

At the International Skills Competition (10/15 to 19: In Kyoto, Japan), employee Ebihara won 6th gold medal in our company!



### Our company employees' international competition results

	Venue	Contestant	Results
Part 38 2005	Helsinki, Finland	<b>Daisuke Kominato</b>	<b>Gold medal</b>
Part 39 2007	Shizuoka, Japan	<b>Yuki Yamaguchi</b>	<b>Gold medal</b>
Part 40 2009	Calgary, Canada	<b>Shigehiro Nose</b>	<b>Gold medal</b>
Part 41 2011	London, Britain	<b>Haruki Morino</b>	<b>Gold medal</b>
Part 44 2017	Abu Dhabi, United Arab Emirates	<b>Yoshiaki Shimizu</b>	<b>Gold medal</b>
Part 46 2022	Kyoto, Japan	<b>Toru Ebihara</b>	<b>Gold medal</b>

## ／ (2) Contributing to a Decarbonized Society through Business

Our company has formed a comprehensive partnership with Gachaco Co., Ltd \* to install and maintain battery swaps for electric motorcycles.

\*Gachaco Co., Ltd : Bike sharing company of ENEOS, Honda, Kawasaki, Suzuki and Yamaha



Opening ceremony of EV bike battery sharing service (October 25<sup>th</sup>, 2022)  
( Courtesy of Gachaco Co., Ltd. )



Battery swapping machines for electric motorcycles  
(Installed around town. Battery can be replaced at any time)

### ／ (3) Woody biomass gasification power generation

Construction is underway on two woody biomass power plants (Furudono-machi, Ashikaga town) in preparation for the start of its own power sales business. Planned to be fully operational in 2024 or later in collaboration with local governments.



**Furudono-machi Biomass Plant in full view**

**Demonstration test at a plant in Furudono-machi, Fukushima. (September to November 2022)**

**Advanced biomass gasification power generation that does not generate tar.  
⇒ Toward full-scale operation from 2024, Plan to phase in construction of second gasifier.**



**Combustion of purified gas**



## 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.

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