

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 12, 2023

Company name: EXEO Group, Inc.
 Stock exchange listing: Tokyo
 Stock code: 1951 URL <https://www.exeo.co.jp/>
 Representative: President and CEO Tetsuya Funabashi
 Operating Officer
 General Manager of Accounts & Finance
 Inquiries: Division Shigeki Hayashi TEL 03-5778-1105
 Chief Financial Officer
 Scheduled date of ordinary general meeting of shareholders: June 23, 2023
 Scheduled date to file Securities Report: June 23, 2023
 Scheduled date to commence dividend payments: June 26, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2023	627,607	5.5	32,552	(23.2)	33,771	(25.3)	22,233	(19.9)
Year ended March 31, 2022	594,840	3.8	42,380	15.7	45,217	18.4	27,766	14.8

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2023	204.98	204.90	7.3	6.1	5.2
Year ended March 31, 2022	250.64	250.47	9.4	8.7	7.1

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	577,941	307,941	52.5	2,832.22
As of March 31, 2022	535,617	307,053	56.6	2,748.21

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2023	5,483	(13,332)	3,298	50,204
Year ended March 31, 2022	26,406	(20,388)	5,023	53,727

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2022	—	44.00	—	52.00	96.00	10,617	38.3	3.6
Year ended March 31, 2023	—	51.00	—	51.00	102.00	10,997	49.8	3.7
Year ending March 31, 2024 (Forecast)	—	60.00	—	60.00	120.00		53.6	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	630,000	0.4	34,000	4.4	34,900	3.3	23,600	6.1	223.87

4. Notes

- (1) Changes in significant subsidiaries during the year ended March 31, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2023	109,812,419 shares	As of March 31, 2022	116,812,419 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	2,759,091 shares	As of March 31, 2022	6,424,185 shares
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Average number of shares during the period

Year ended March 31, 2023	108,466,861 shares	Year ended March 31, 2022	110,780,579 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	54,860	51,453
Notes receivable, accounts receivable from completed construction contracts and other	217,644	232,567
Securities	750	263
Costs on construction contracts in progress	46,194	53,877
Other	7,279	15,645
Allowance for doubtful accounts	(68)	(83)
Total current assets	326,660	353,723
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	39,884	39,750
Machinery, vehicles, tools, furniture and fixtures, net	17,083	19,124
Land	61,633	62,701
Construction in progress	5,599	10,454
Other, net	2,699	3,604
Total property, plant and equipment	126,900	135,635
Intangible assets		
Goodwill	9,207	15,112
Other	4,538	7,995
Total intangible assets	13,745	23,108
Investments and other assets		
Investment securities	34,274	32,819
Retirement benefit asset	23,757	21,392
Deferred tax assets	5,692	5,816
Other	5,205	6,075
Allowance for doubtful accounts	(618)	(630)
Total investments and other assets	68,311	65,473
Total non-current assets	208,957	224,217
Total assets	535,617	577,941

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	69,579	75,033
Short-term borrowings	30,756	28,748
Income taxes payable	10,706	4,531
Advances received on construction contracts in progress	9,404	12,692
Provision for bonuses	2,632	2,650
Provision for bonuses for directors (and other officers)	475	405
Provision for warranties for completed construction	452	304
Provision for loss on construction contracts	1,104	1,286
Other	32,652	33,444
Total current liabilities	157,764	159,097
Non-current liabilities		
Bonds payable	30,000	30,000
Long-term borrowings	18,006	53,632
Deferred tax liabilities	9,219	10,815
Provision for retirement benefits for directors (and other officers)	762	778
Retirement benefit liability	9,548	10,083
Other	3,264	5,591
Total non-current liabilities	70,800	110,901
Total liabilities	228,564	269,999
Net assets		
Shareholders' equity		
Share capital	6,888	6,888
Capital surplus	48,546	28,912
Retained earnings	244,892	256,303
Treasury shares	(13,063)	(5,848)
Total shareholders' equity	287,263	286,256
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,937	7,772
Foreign currency translation adjustment	(985)	1,490
Remeasurements of defined benefit plans	10,154	7,678
Total accumulated other comprehensive income	16,106	16,941
Share acquisition rights	185	162
Non-controlling interests	3,497	4,580
Total net assets	307,053	307,941
Total liabilities and net assets	535,617	577,941

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	594,840	627,607
Cost of sales	510,517	545,769
Gross profit	84,323	81,837
Selling, general and administrative expenses	41,942	49,285
Operating profit	42,380	32,552
Non-operating income		
Interest income	36	80
Dividend income	810	797
Foreign exchange gains	1,875	1,050
Rental income from land and buildings	452	501
Other	1,160	730
Total non-operating income	4,335	3,160
Non-operating expenses		
Interest expenses	226	640
Impairment loss	471	–
Loss on retirement of non-current assets	208	–
Other	592	1,300
Total non-operating expenses	1,498	1,941
Ordinary profit	45,217	33,771
Extraordinary income		
Gain on sale of investment securities	677	1,962
Gain on sale of non-current assets	–	1,133
Gain on step acquisitions	–	562
Total extraordinary income	677	3,658
Extraordinary losses		
Loss on sale of investment securities	261	–
Loss on valuation of investment securities	1,521	–
Total extraordinary losses	1,782	–
Profit before income taxes	44,112	37,430
Income taxes - current	16,430	12,160
Income taxes - deferred	(735)	2,266
Total income taxes	15,694	14,427
Profit	28,418	23,003
Profit attributable to non-controlling interests	652	769
Profit attributable to owners of parent	27,766	22,233

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	28,418	23,003
Other comprehensive income		
Valuation difference on available-for-sale securities	482	838
Foreign currency translation adjustment	(745)	2,496
Remeasurements of defined benefit plans, net of tax	491	(2,474)
Total other comprehensive income	228	859
Comprehensive income	28,647	23,863
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	28,023	23,068
Comprehensive income attributable to non-controlling interests	623	794

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,888	49,844	226,294	(13,221)	269,805
Cumulative effects of changes in accounting policies			273		273
Restated balance	6,888	49,844	226,567	(13,221)	270,078
Changes during period					
Dividends of surplus			(9,441)		(9,441)
Profit attributable to owners of parent			27,766		27,766
Purchase of treasury shares				(5,004)	(5,004)
Disposal of treasury shares		63		317	380
Cancellation of treasury shares		(1,958)		1,958	–
Changes in Stock exchange		533		1,722	2,256
Transfer of treasury shares via trust				1,164	1,164
Increase due to decrease in subsidiaries					–
Change in equity due to additional acquisition of consolidated subsidiary stock		(90)			(90)
Change in ownership interest of parent due to transactions with non-controlling interests		154			154
Changes in liabilities for written put options over non-controlling interests					–
Net changes in items other than shareholders' equity					–
Total changes during period	–	(1,297)	18,325	157	17,185
Balance at end of period	6,888	48,546	244,892	(13,063)	287,263

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	6,451	(268)	9,665	15,848	262	2,968	288,884
Cumulative effects of changes in accounting policies							273
Restated balance	6,451	(268)	9,665	15,848	262	2,968	289,158
Changes during period							
Dividends of surplus							(9,441)
Profit attributable to owners of parent							27,766
Purchase of treasury shares							(5,004)
Disposal of treasury shares							380
Cancellation of treasury shares							–
Changes in Stock exchange							2,256
Transfer of treasury shares via trust							1,164
Increase due to decrease in subsidiaries							–
Change in equity due to additional acquisition of consolidated subsidiary stock							(90)
Change in ownership interest of parent due to transactions with non-controlling interests							154
Changes in liabilities for written put options over non-controlling interests							–
Net changes in items other than shareholders' equity	485	(717)	489	257	(76)	528	709
Total changes during period	485	(717)	489	257	(76)	528	17,895
Balance at end of period	6,937	(985)	10,154	16,106	185	3,497	307,053

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,888	48,546	244,892	(13,063)	287,263
Cumulative effects of changes in accounting policies					
Restated balance	6,888	48,546	244,892	(13,063)	287,263
Changes during period					
Dividends of surplus			(11,278)		(11,278)
Profit attributable to owners of parent			22,233		22,233
Purchase of treasury shares				(7,503)	(7,503)
Disposal of treasury shares		(2)		273	271
Cancellation of treasury shares		(14,445)		14,445	–
Changes in Stock exchange					–
Transfer of treasury shares via trust					–
Increase due to decrease in subsidiaries			432		432
Change in equity due to additional acquisition of consolidated subsidiary stock		(3,346)			(3,346)
Change in ownership interest of parent due to transactions with non-controlling interests			23		23
Changes in liabilities for written put options over non-controlling interests		(1,840)			(1,840)
Net changes in items other than shareholders' equity					–
Total changes during period	–	(19,634)	11,411	7,215	(1,007)
Balance at end of period	6,888	28,912	256,303	(5,848)	286,256

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	6,937	(985)	10,154	16,106	185	3,497	307,053
Cumulative effects of changes in accounting policies							
Restated balance	6,937	(985)	10,154	16,106	185	3,497	307,053
Changes during period							
Dividends of surplus							(11,278)
Profit attributable to owners of parent							22,233
Purchase of treasury shares							(7,503)
Disposal of treasury shares							271
Cancellation of treasury shares							–
Changes in Stock exchange							–
Transfer of treasury shares via trust							–
Increase due to decrease in subsidiaries							432
Change in equity due to additional acquisition of consolidated subsidiary stock							(3,346)
Change in ownership interest of parent due to transactions with non-controlling interests							23
Changes in liabilities for written put options over non-controlling interests							(1,840)
Net changes in items other than shareholders' equity	835	2,476	(2,476)	835	(23)	1,083	1,895
Total changes during period	835	2,476	(2,476)	835	(23)	1,083	888
Balance at end of period	7,772	1,490	7,678	16,941	162	4,580	307,941

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	44,112	37,430
Depreciation	7,414	8,700
Impairment losses	471	137
Amortization of goodwill	1,955	3,596
Gain on bargain purchase	(31)	(91)
Loss (gain) on step acquisitions	–	(562)
Increase (decrease) in allowance for doubtful accounts	(152)	(26)
Increase (decrease) in provision for bonuses	(2,361)	(59)
Increase (decrease) in provision for warranties for completed construction	303	(154)
Increase (decrease) in provision for loss on construction contracts	(334)	175
Increase in Defined Benefit Asset or Liability	(1,255)	2,717
Interest and dividend income	(846)	(877)
Interest expenses	226	640
Loss (gain) on sale of non-current assets	(15)	(1,067)
Loss (gain) on sale of investment securities	(416)	(1,868)
Decrease (increase) in trade receivables	5,361	(7,121)
Decrease (increase) in costs on construction contracts in progress	(12,324)	(3,701)
Decrease (increase) in other assets	880	(5,373)
Increase (decrease) in trade payables	(7,793)	1,613
Increase (decrease) in advances received on construction contracts in progress	183	513
Increase (decrease) in other liabilities	2,265	(3,843)
Other, net	(772)	(4,895)
Subtotal	36,871	25,882
Interest and dividends received	846	872
Interest paid	(202)	(628)
Income taxes paid	(11,108)	(20,643)
Net cash provided by (used in) operating activities	26,406	5,483
Cash flows from investing activities		
Purchase of property, plant and equipment	(17,950)	(11,356)
Proceeds from sale of property, plant and equipment	880	2,429
Purchase of intangible assets	(2,221)	(2,381)
Purchase of investment securities	(1,133)	(1,637)
Proceeds from sale of investment securities	4,776	5,199
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	72	975
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(4,891)	(6,662)
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	–	(356)
Loan advances	(403)	(67)
Proceeds from collection of loans receivable	38	176
Decrease (increase) in time deposits and other	803	542
Other, net	(359)	(195)
Net cash provided by (used in) investing activities	(20,388)	(13,332)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	10,865	(3,897)
Proceeds from issuance of bonds	10,000	–
Redemption of bonds	(10,000)	(20)
Repayments of long-term borrowings	(3,724)	(2,693)
Proceeds from long-term borrowings	12,558	36,717
Purchase of treasury shares	(5,004)	(7,503)
Proceeds from sale of treasury shares	72	22
Transfer of treasury shares via trust	1,164	–
Dividends paid	(9,446)	(11,240)
Dividends paid to non-controlling interests	(168)	(421)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(4)	(6,206)
Other, net	(1,289)	(1,459)
Net cash provided by (used in) financing activities	5,023	3,298
Effect of exchange rate change on cash and cash equivalents	590	1,705
Net increase (decrease) in cash and cash equivalents	11,632	(2,845)
Cash and cash equivalents at beginning of period	41,246	53,727
Increase in cash and cash equivalents due to share exchange	848	(647)
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	–	(30)
Cash and cash equivalents at end of period	53,727	50,204