

FY23 North American IR Presentation Material

Oct. 2023



About Us (As of March 31, 2023)

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 109,812,419 shares Number of shareholders 35,114
Consolidated net sales	¥627.6 billion
Rating	Japan Credit Rating Agency, Ltd. (JCR) A + (stable)
Number of employees	Consolidated total: 16,722
Head office	3-29-20 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan
Number of business offices	Branch offices: 12 Sales offices: 23
Consolidated subsidiaries	135
Fiscal year-end	March 31



1. Overview of FY2022 Results

(1) Financial Highlights

Net sales reached a new high of 627.6 billion yen, and the amount carried forward reached another record high.

Operating profit falls to 32.5 billion yen, but plans to recover in FY23.

Increase dividend level to DOE4.0% and annual dividend to 120 yen.

Announced acquisition of treasury stock of 3 billion yen, we will continue to make a continuous return.

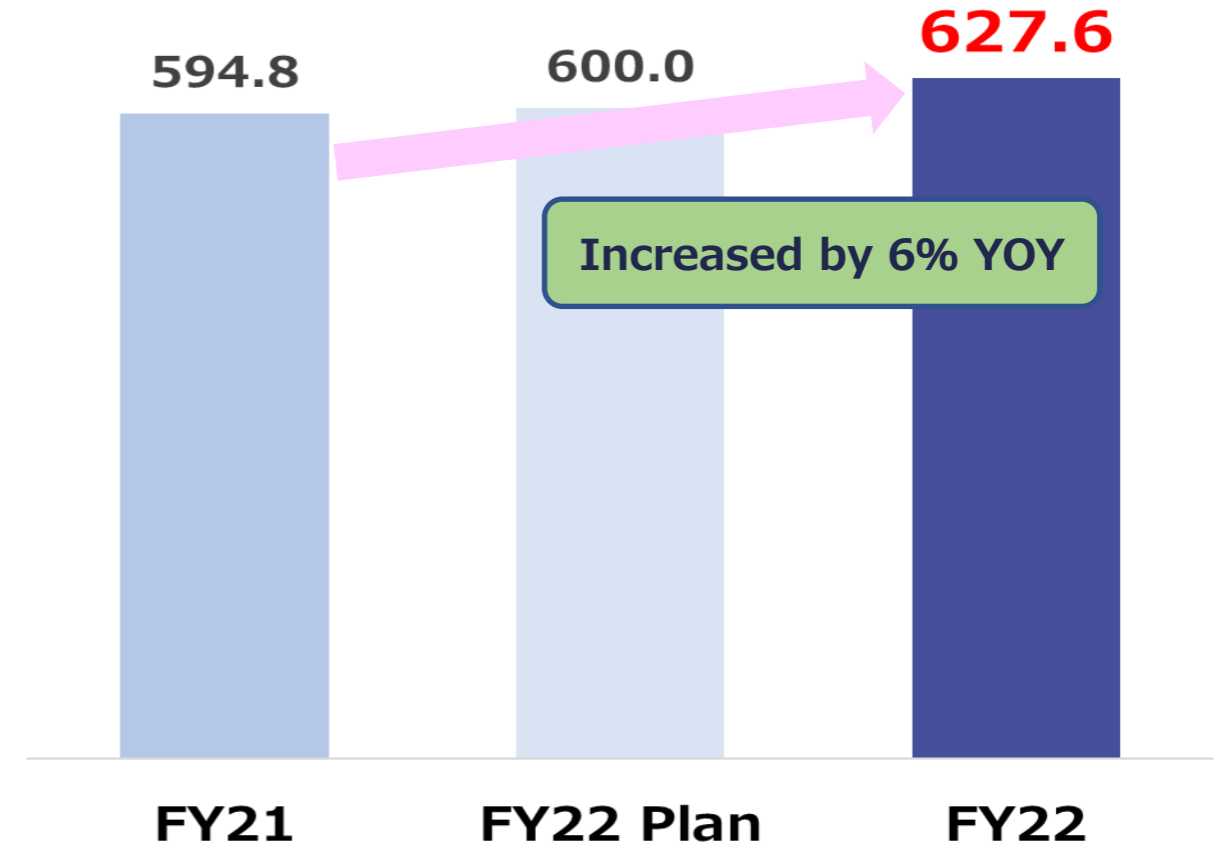
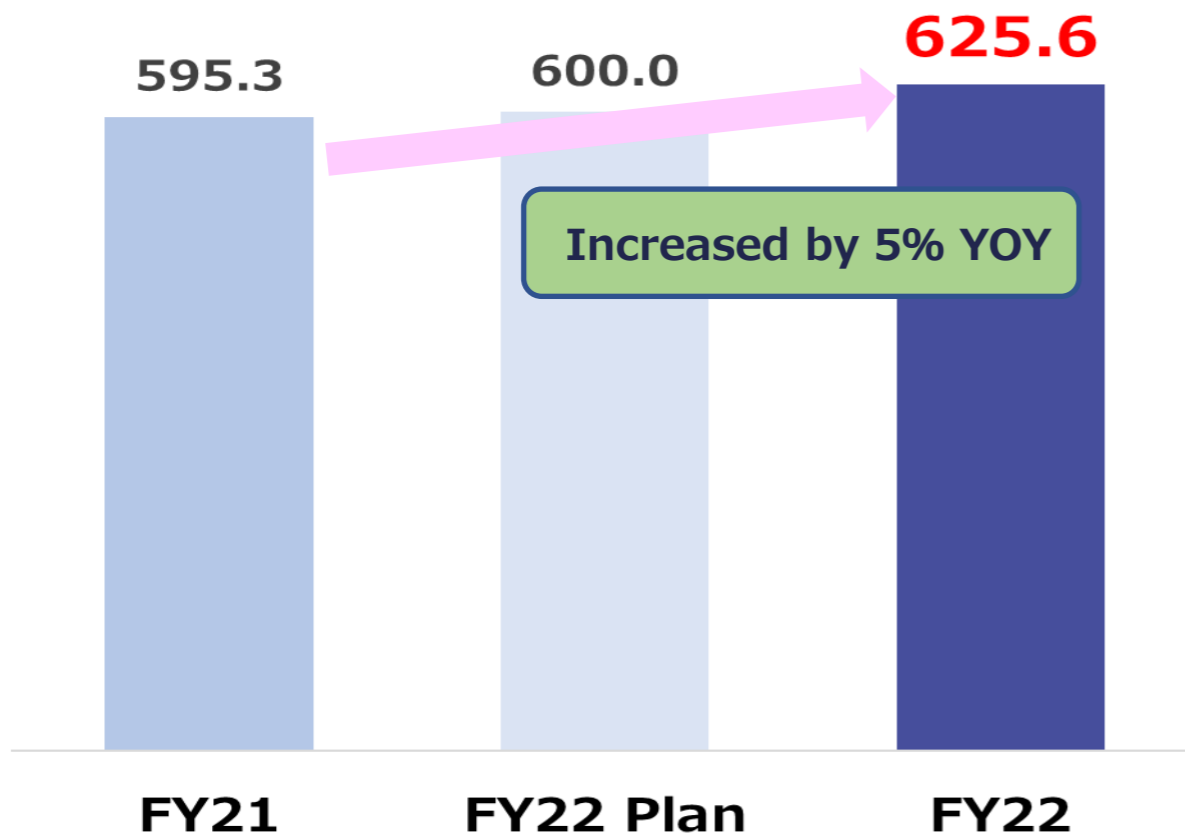
／ (2) Results Highlights (Orders Received, Net Sales)

Net sales hit a record high. Orders received also near record highs.

(billion yen)

■ Orders Received

■ Net Sales

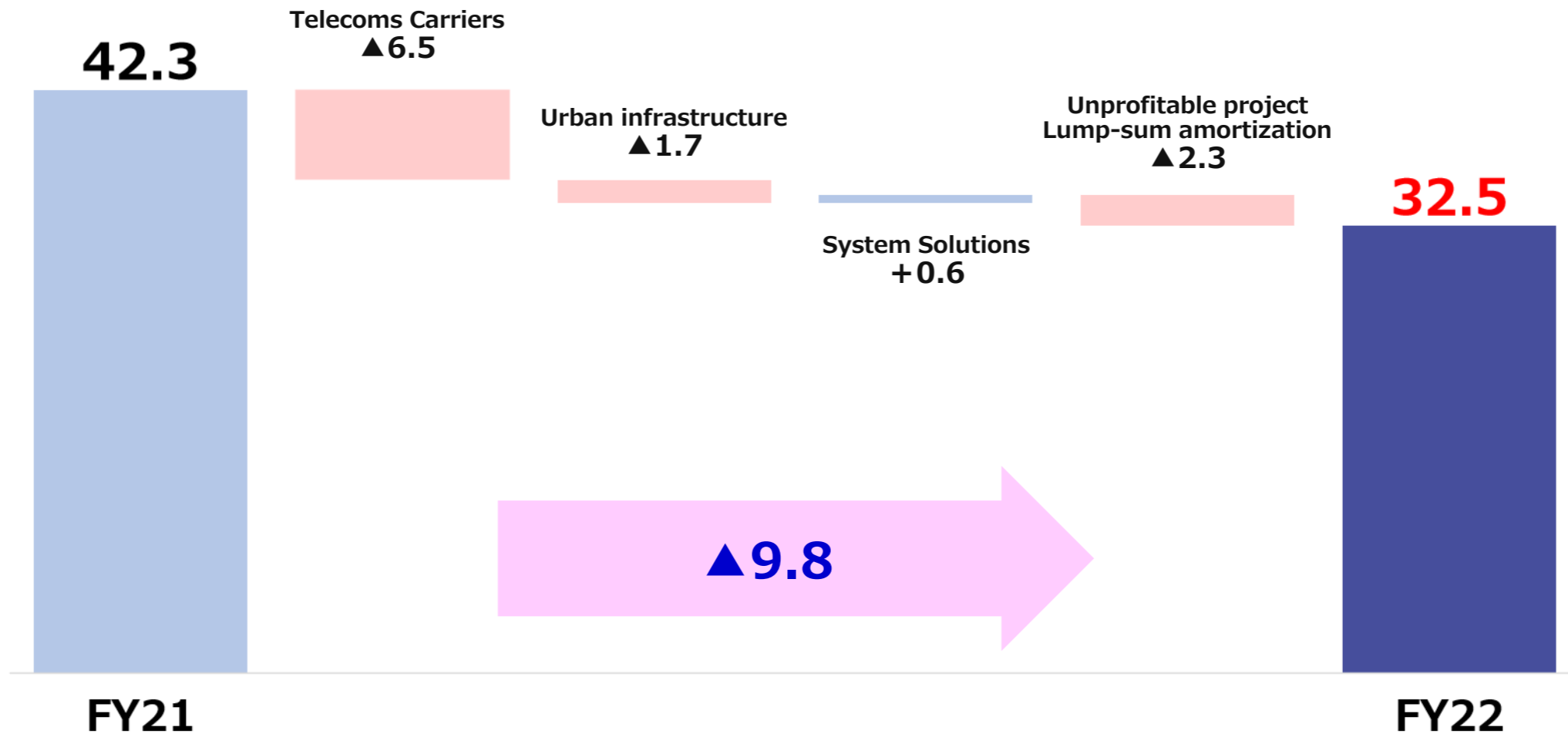


／ (3) Results Highlights (Operating Profit)

Operating profit decreased due to investment restrains by mobile carriers, the occurrence of transient unprofitable projects and the lump-sum amortization of goodwill.

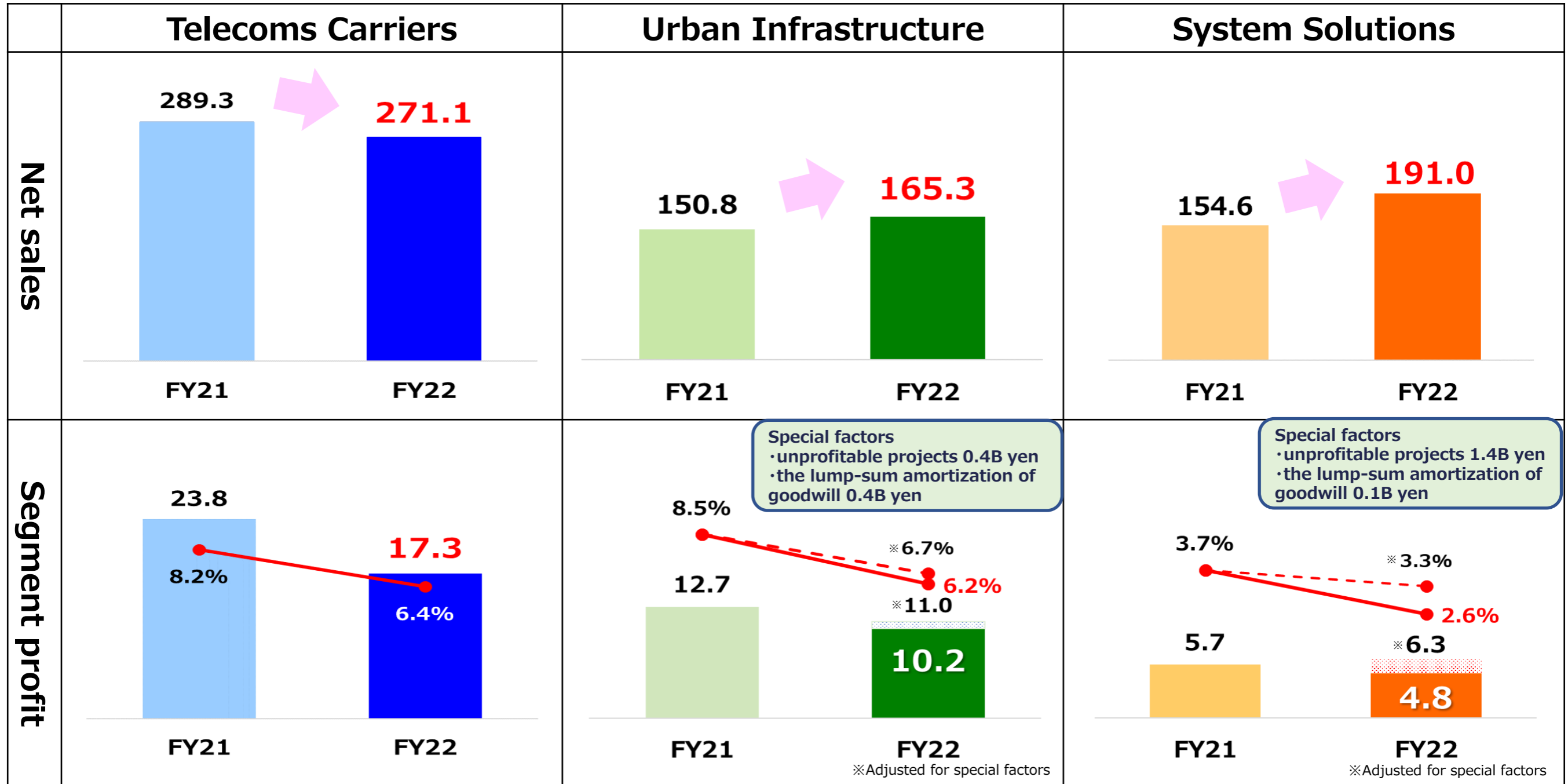
■ Operating Profit

(billion yen)



(4) Results Highlights (Segment Information)

(billion yen)





2. Forecast for FY2023 performance

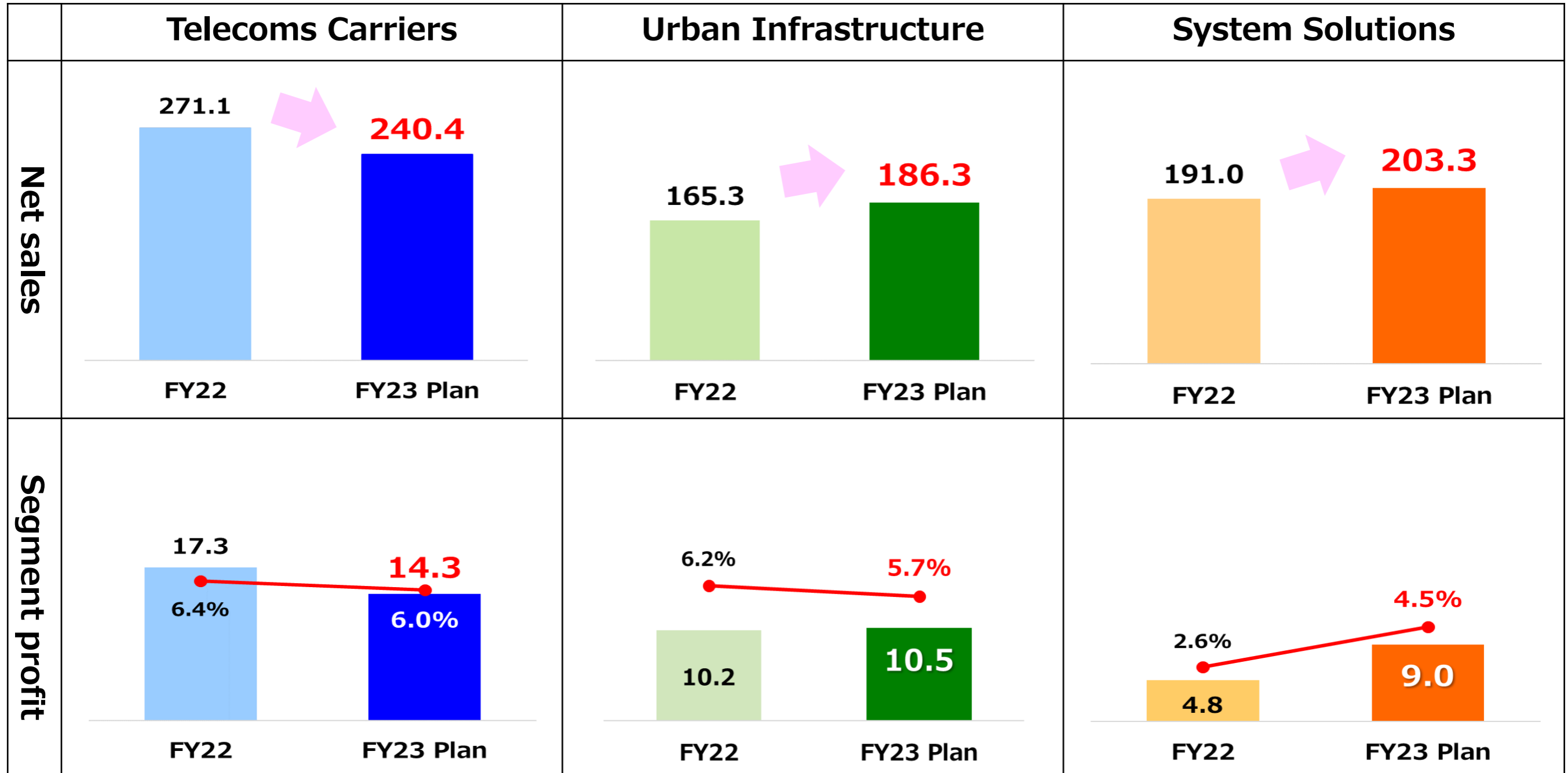
／ (1) Plan Summary

Plan for continued revenue growth through expansion of urban infrastructure and system solutions. Aim to improve profitability and increase profits by further restructuring amid soaring materials prices.

(billion yen)	FY2022	FY2023	
	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) Plan Summary (Segment Information)

(billion yen)



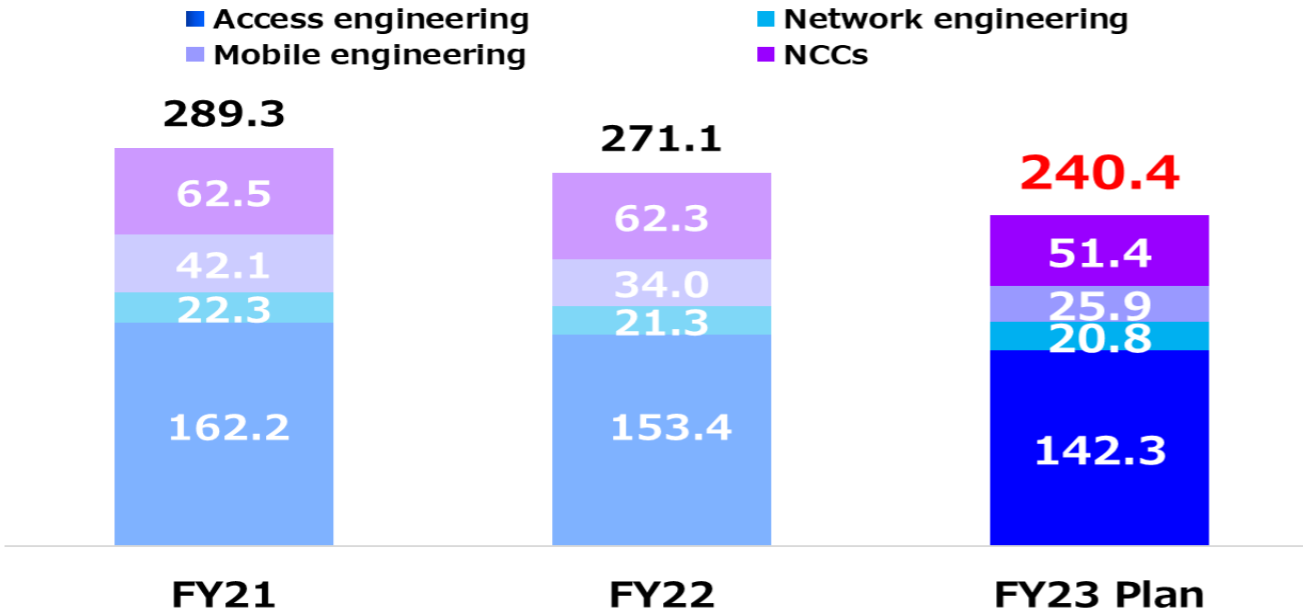


3. Initiatives by Segment

(1) Telecoms Carriers

■ Trends in net sales

(billion yen)



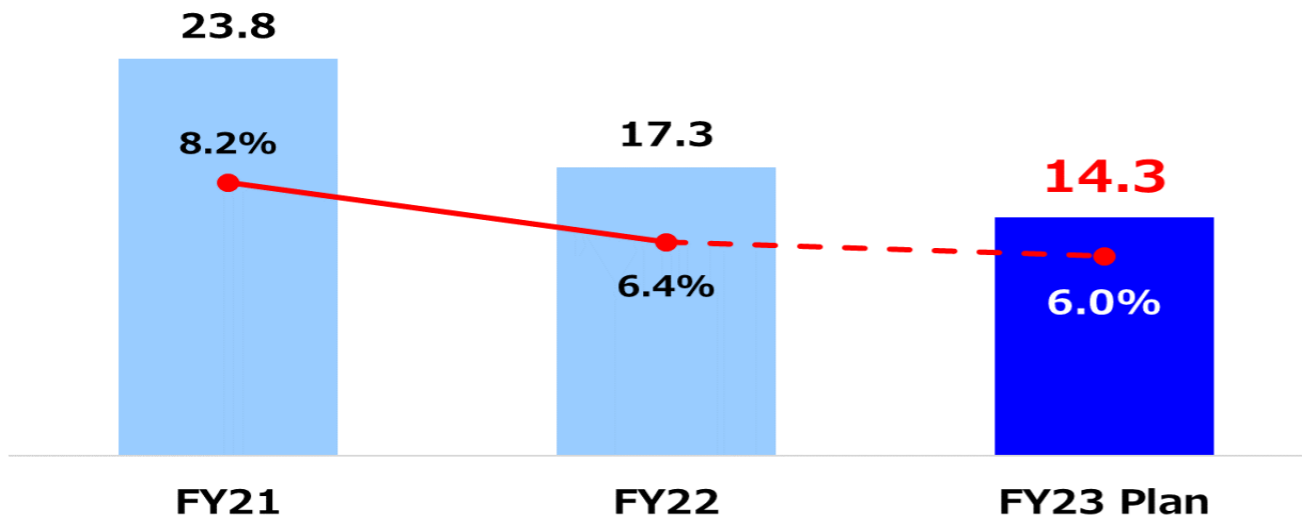
FY2023 Plan

We expect the trend of investment restraint by telecom carriers to continue. Net sales and profits will decline, but we will work to reduce the margin of decline by restructuring the entire Group.

Main Initiatives

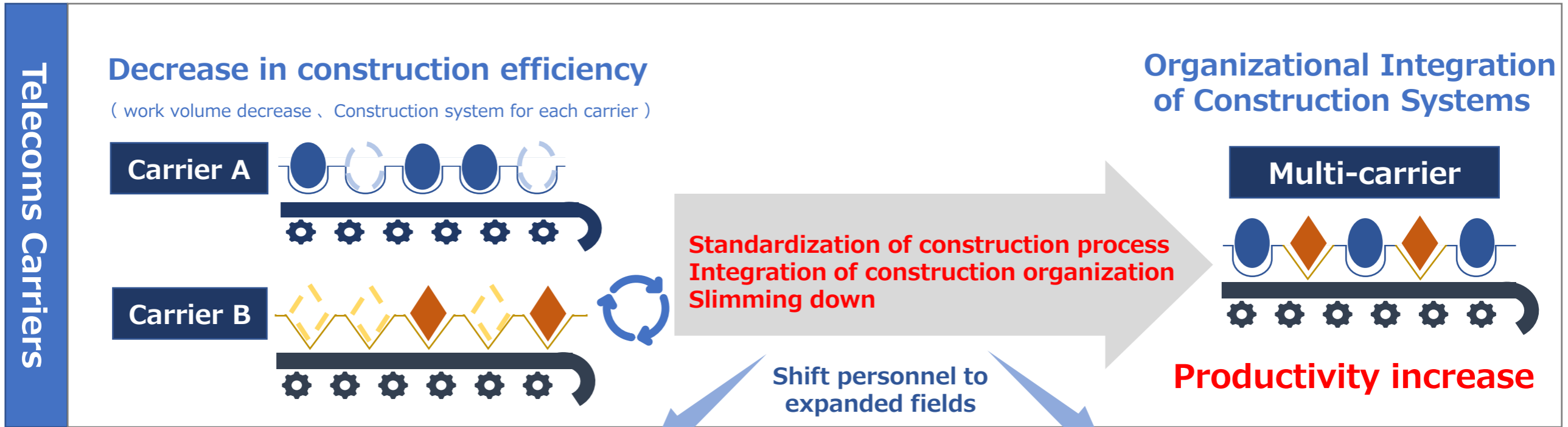
- Slimming down the structure to match workload and shifting personnel to growth areas
- Improving productivity by standardizing and leveling operations
- Promoting operational improvements through AI, offshore operations, etc.

■ Trends in segment profit



／ (1) Telecoms Carriers - Structural Reform 2.0 -

Implement **“Structural Reform 2.0”** to accelerate organizational productivity growth in response to the rapid slowdown of telecoms carriers.



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

System Solutions

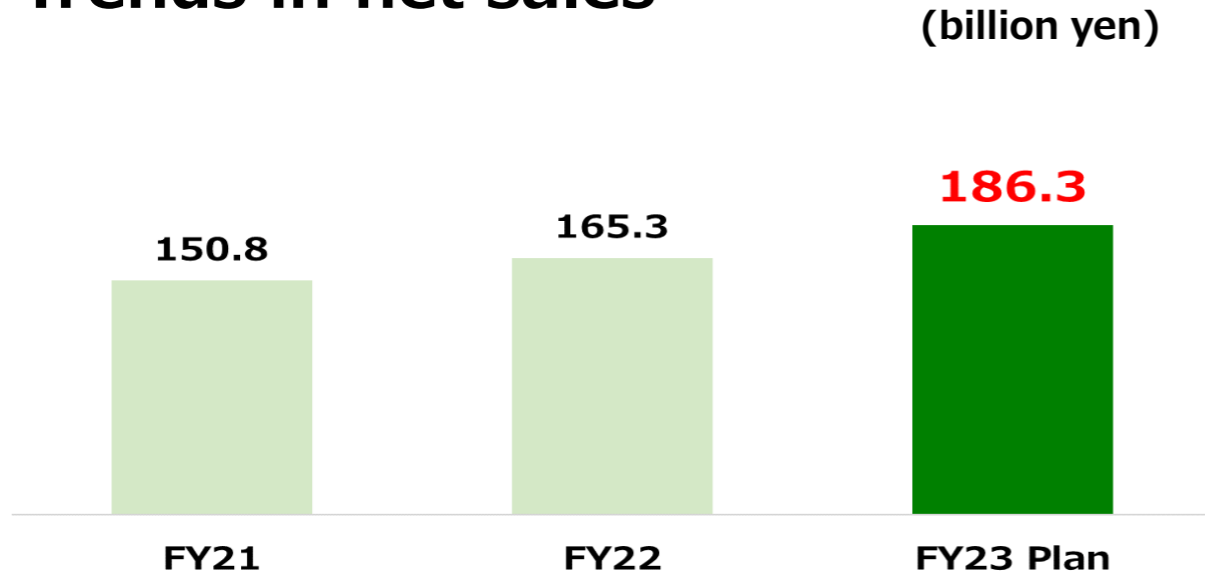
Proposing business models using solutions

Strengthening high-value-added areas

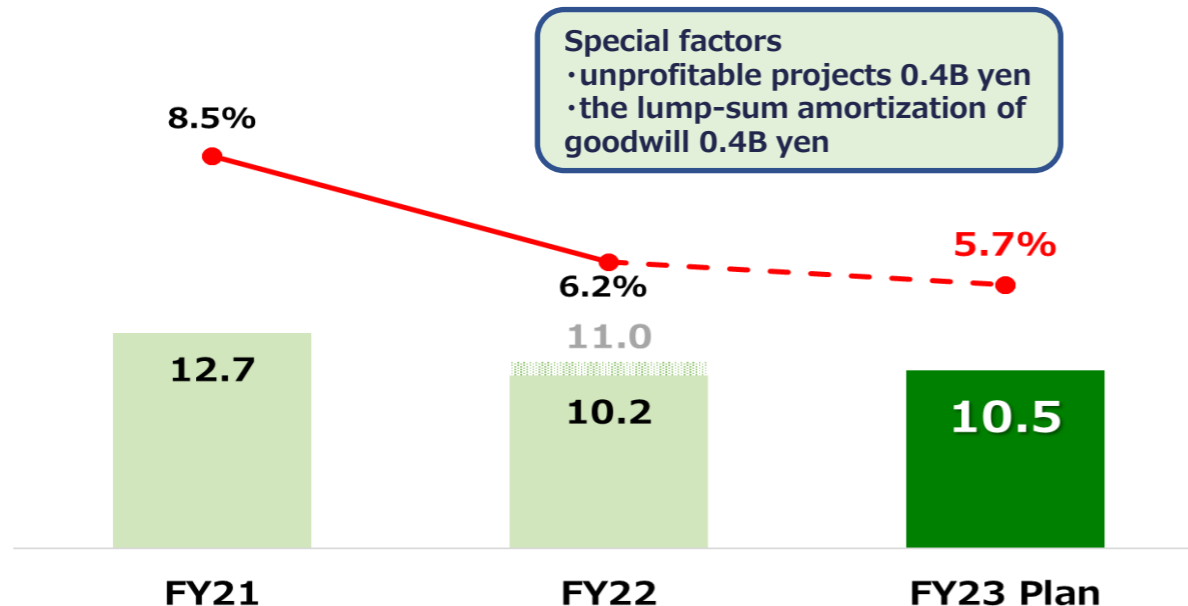
Expansion and synergy with SI Group companies

(2) Urban Infrastructure

■ Trends in net sales



■ Trends in segment profit



FY2023 Plan

Aggressively expand operations, particularly in energy units, which are performing well. Continued efforts to improve profits despite factoring in higher material and energy costs.

Main Initiatives

- Strengthening systems to expand new energy markets such as batteries and EVs
- Taking on the challenge of the offshore wind business (private line civil works)
- Reforming design and estimation operations using offshore and BIM/CIM

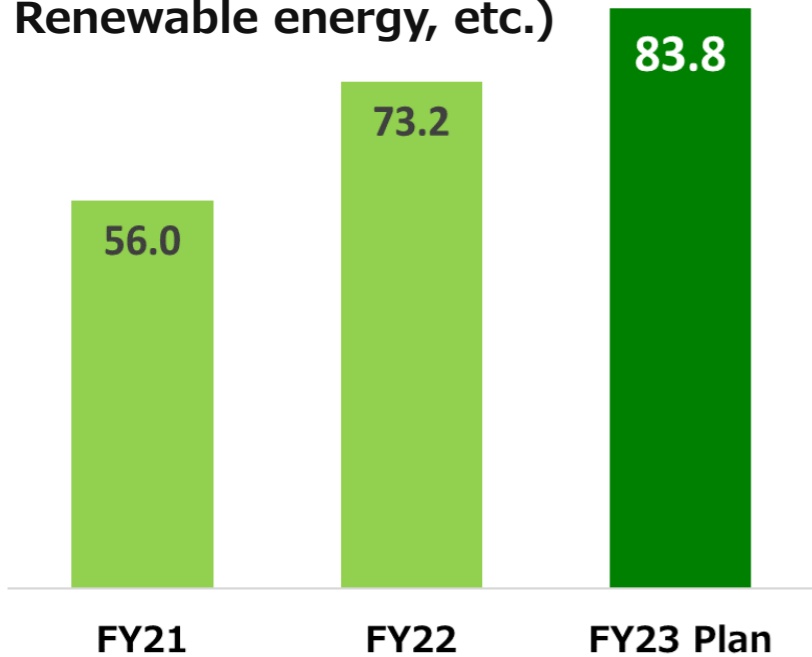
(2) Urban Infrastructure (Breakdown by Business Unit)

■ Trends in net sales

(billion yen)

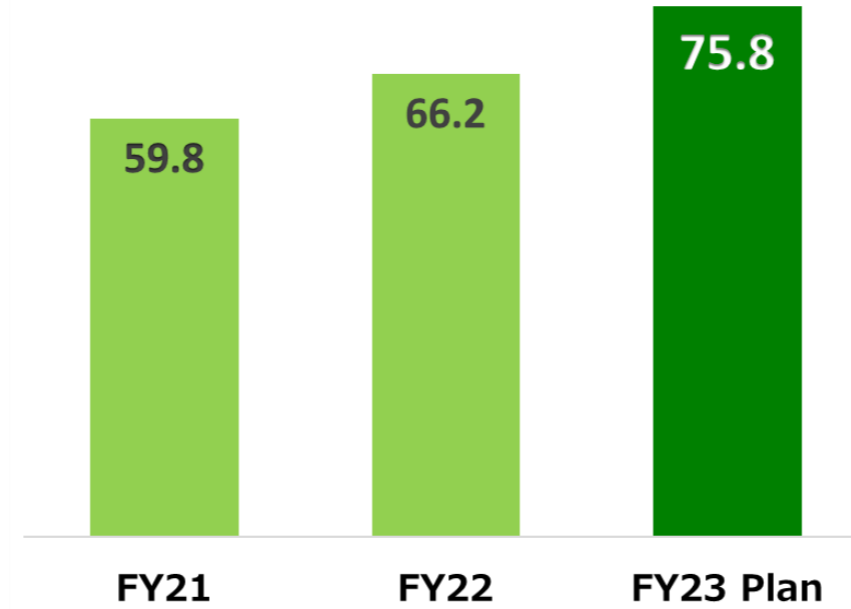
• Energy Unit

(Electricity, Environment, Renewable energy, etc.)



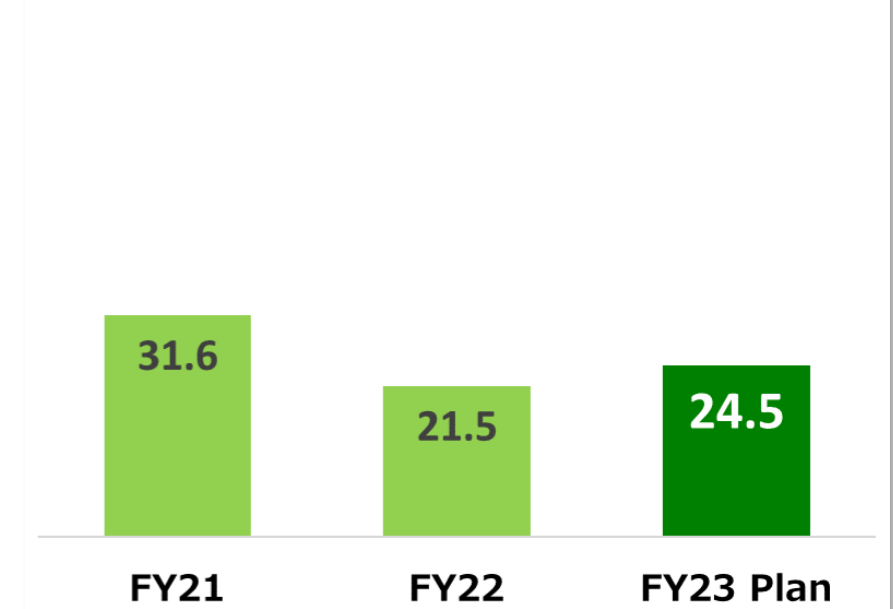
• Public infrastructure Unit

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



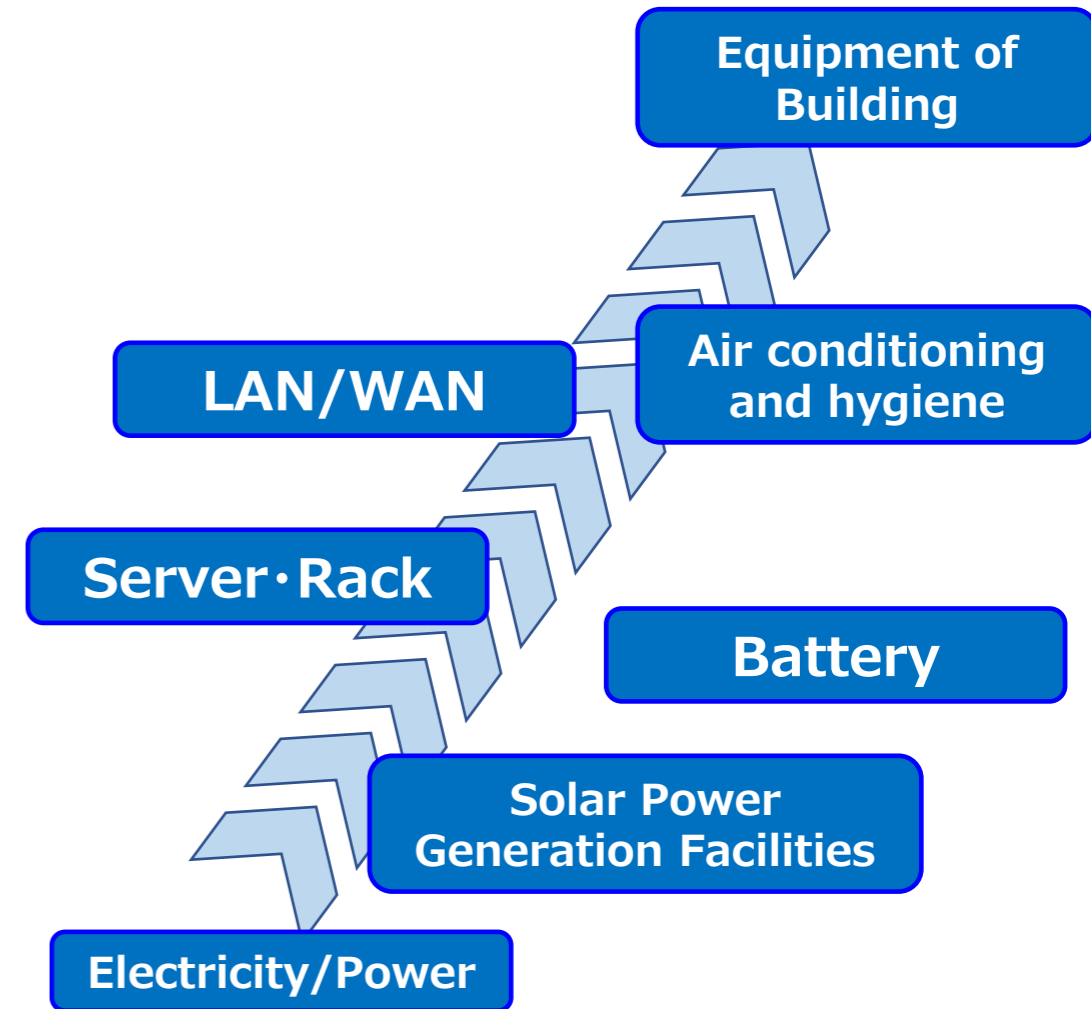
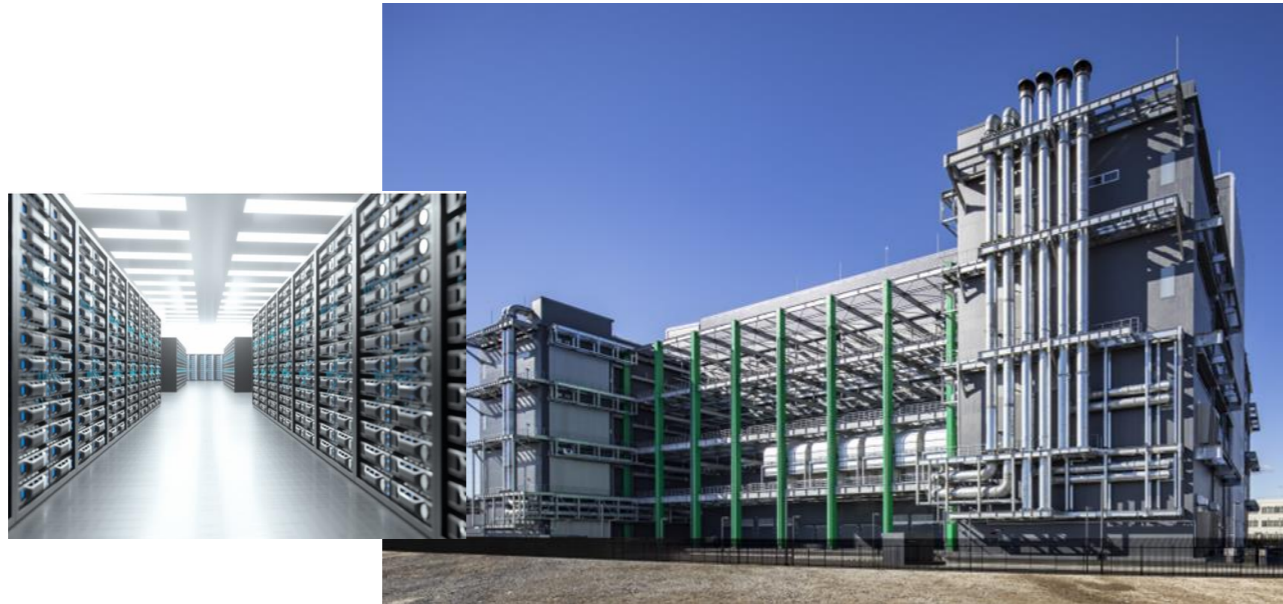
• Facility infrastructure Unit

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



(2) Urban Infrastructure (Deployment from Energy Units)

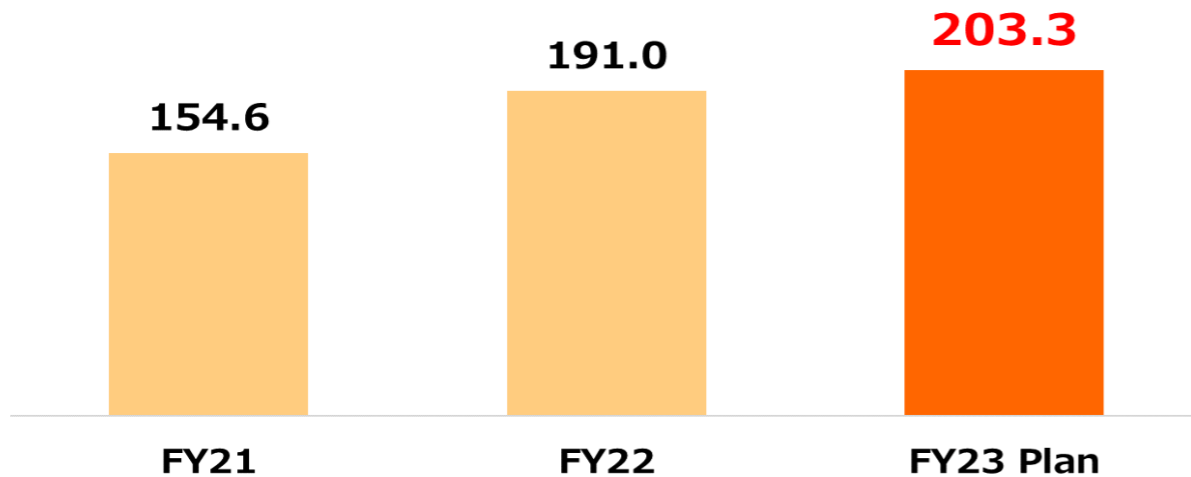
Aim to width out from energy units centered on data centers to peripheral business areas.



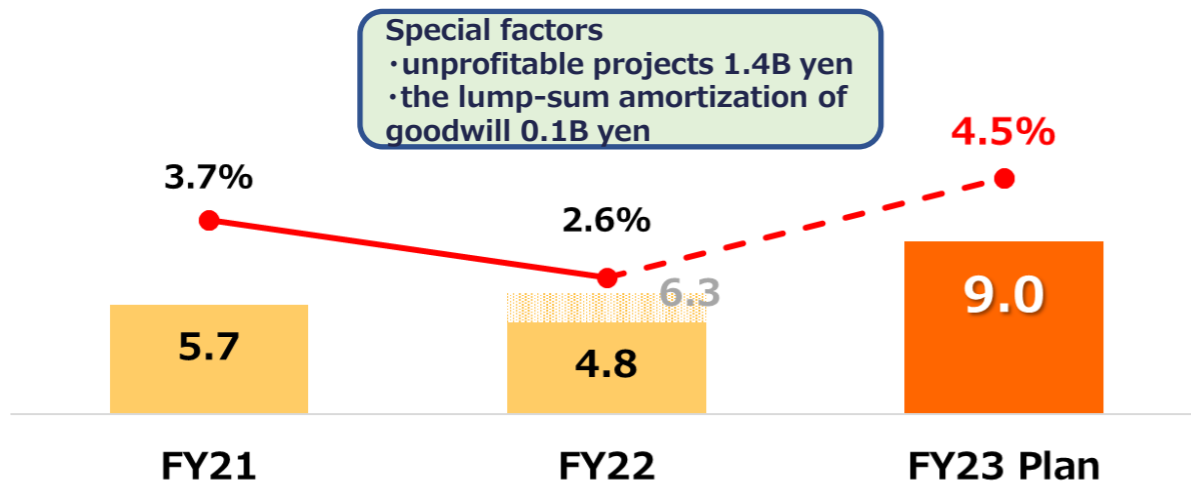
(3) System Solutions

■ Trends in net sales

(billion yen)



■ Trends in segment profit



FY2023 Plan

Aggressively allocate resources to highly profitable business areas by securing human resources and strengthening the system. Further improve profitability while expanding the business.

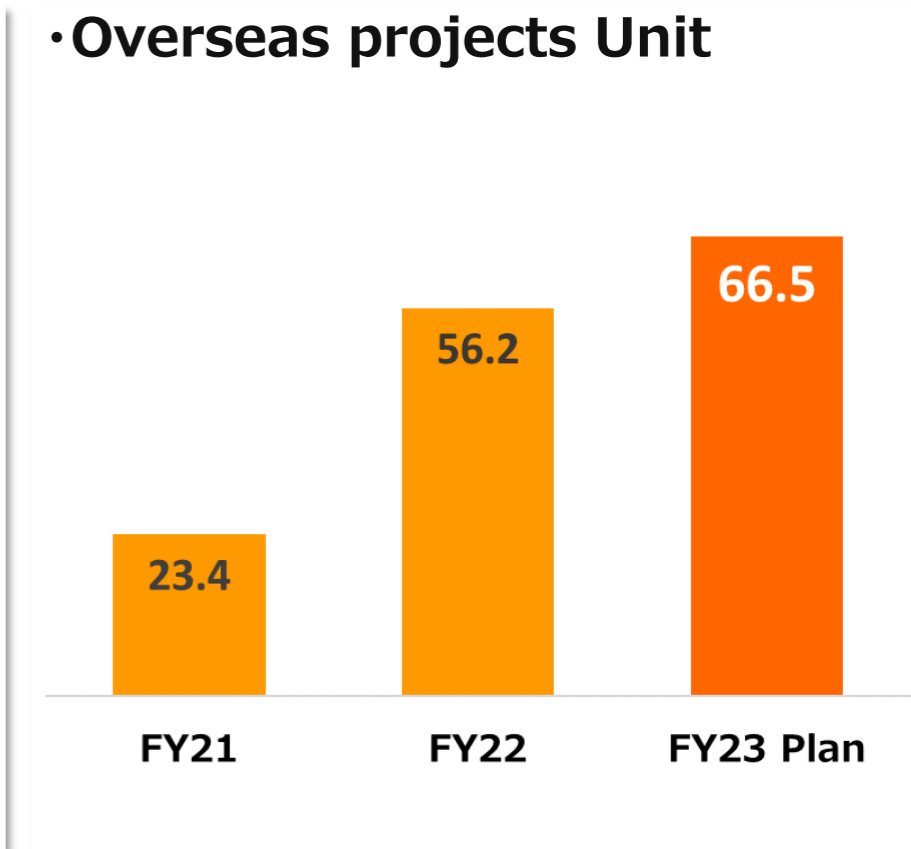
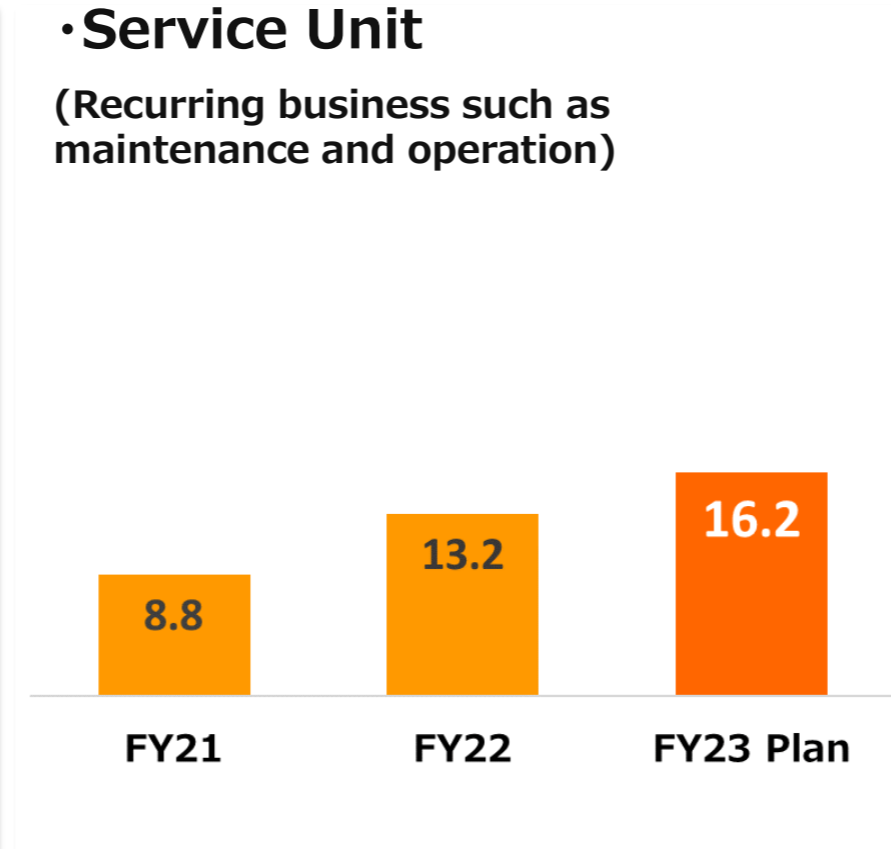
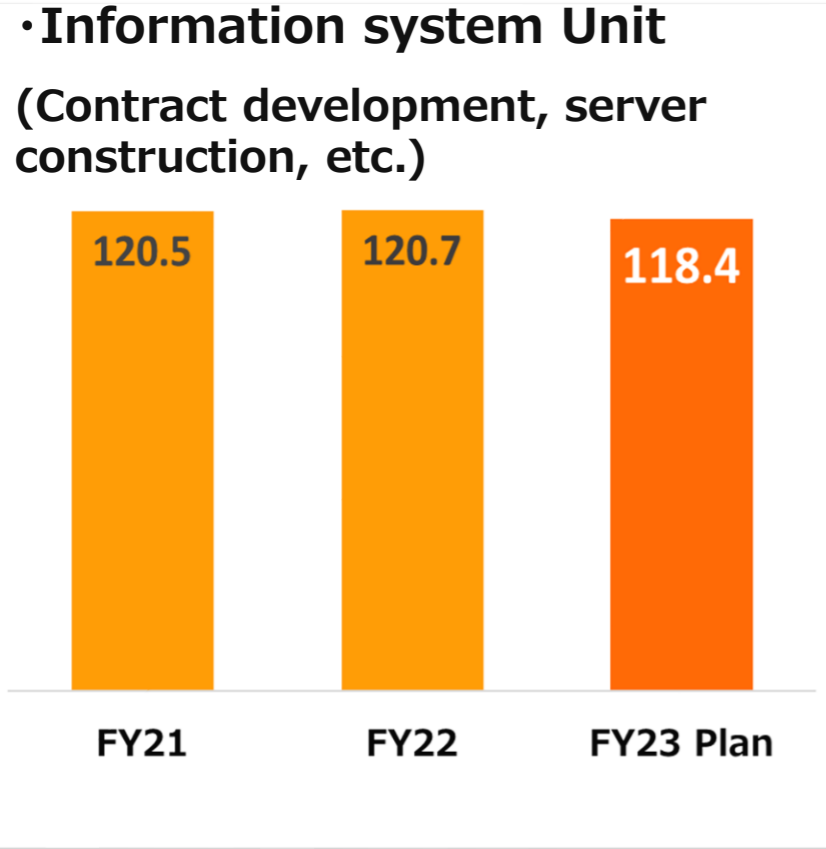
Main Initiatives

- Improve productivity by leveraging economies of scale through restructuring of two core IT companies (EDS and ESM)
- Expand managed services by strengthening maintenance and operation functions
- Expand refurbishing business globally and expand in Japan

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

■ Trends in net sales

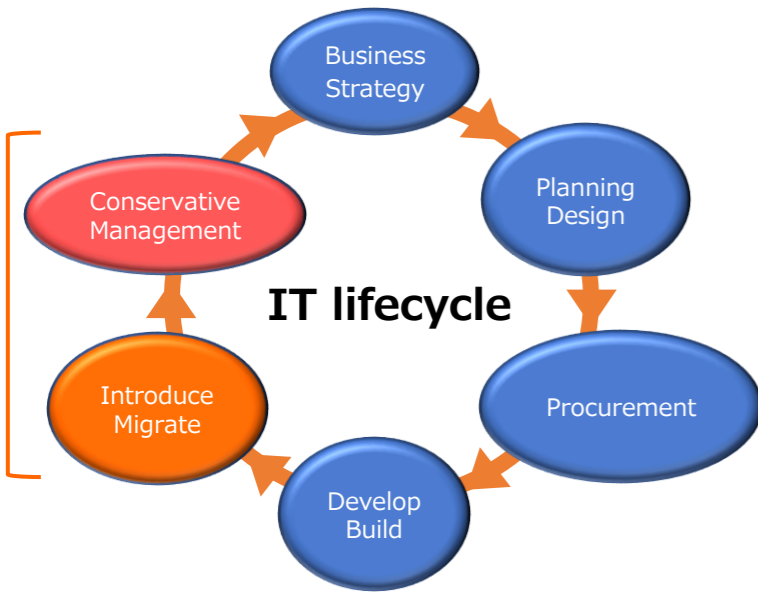
(billion yen)



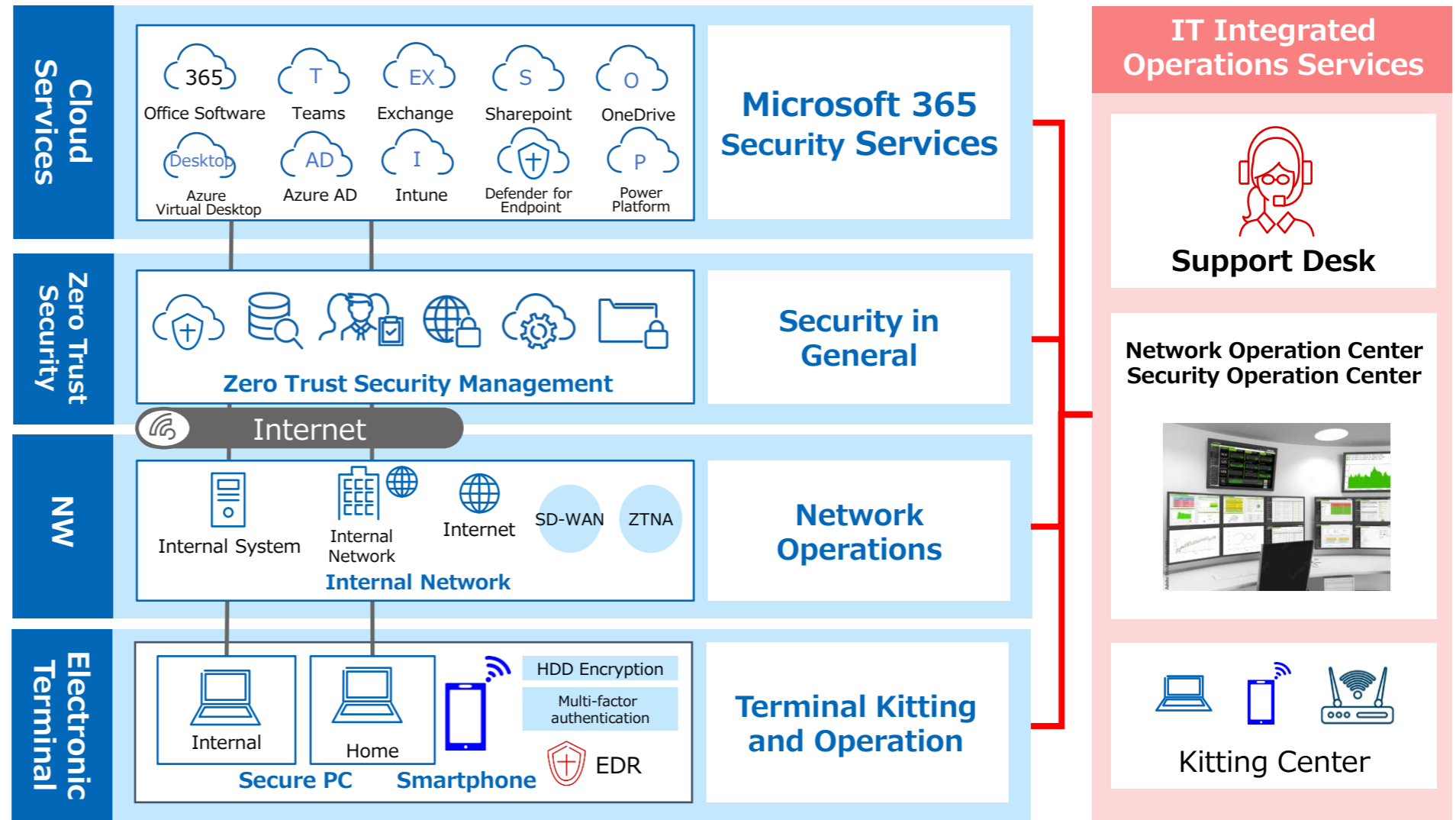
(3) System Solutions (Managed Services Initiatives)

Expanded managed services using technologies developed through development and construction.
 Challenged to transform business model to become a solution provider.

Managed Services



- User Support
- Maintenance Support
- Operations Management
- Terminal Kitting and Management



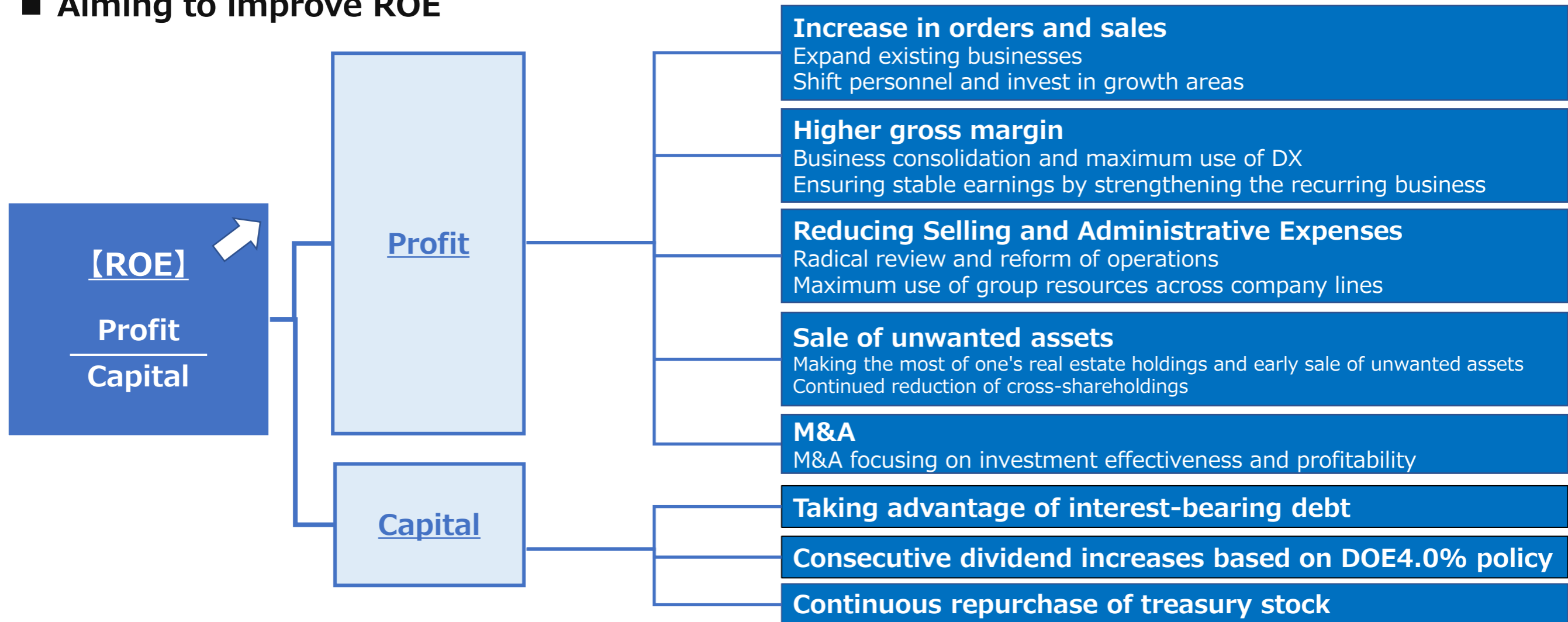


4. Initiatives to Enhance corporate value

(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.

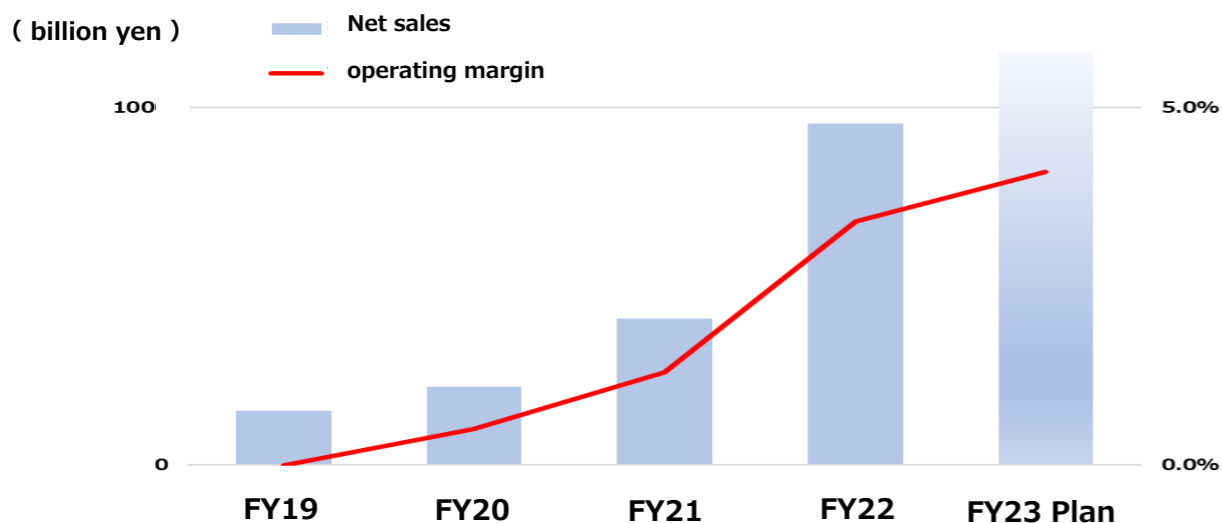
■ Aiming to improve ROE



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

Results 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 FY2022

Companies	Region
Iseki Polytech Inc,	Urban Infrastructure
Procurri Corporation Ltd.	System Solutions(Global)
SANDEN SYSTEM ENGINEERING CORPORATION ※	System Solutions
Sanetsu Corporation	Urban Infrastructure
Telistar Solutions Pte Ltd.	System Solutions(Global)

※ The company changed its name to EXEO·Core Innovation

M&A policy

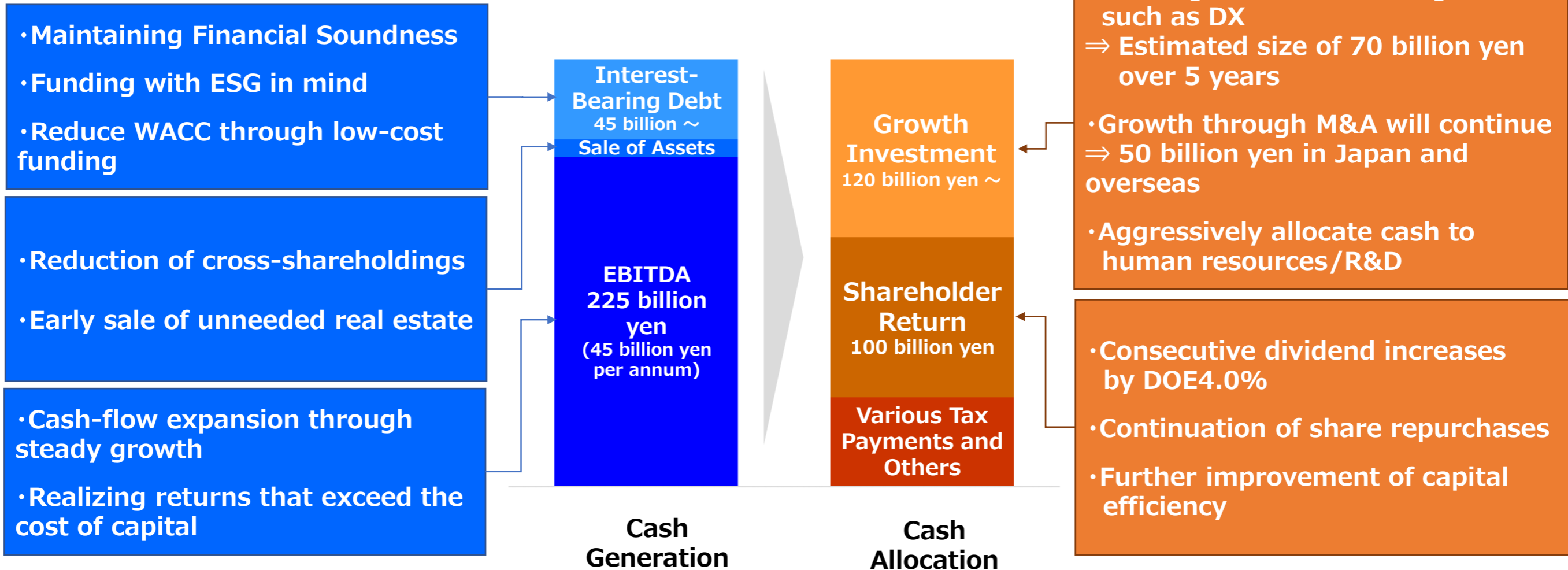
- Find strategic M&A destinations to build business portfolio for 2030
- Select investment targets with an eye to investment effectiveness and profitability, and establish a monitoring system
- Restructure asset portfolio by selling cross-shareholdings

Business Areas	Main Purpose
Urban Infrastructure	<ul style="list-style-type: none"> • Strengthening energy business • Developing renewal business • Expanding business scale
System Solutions	<ul style="list-style-type: none"> • Accelerating Managed Services • Developing Refurbishing Business • Acquiring Pioneering Technology • Localization/Offshore Utilization

(3) Cash Allocation Policy

Increase corporate value by effectively using generated cash and interest-bearing debt.

■ Cash Allocation Policy (FY 2021 to FY 2025)



／ (4) Implementation of ESG Management (Materiality)

Identifying Materiality to Strengthen Sustainability Management.

2030 Vision

“Engineering for Fusion”
Connecting our world – to all our tomorrows

Extracting
Challenges

Identify Materiality

Specific Process

- ① Long List creation (See GRI Standards, SASB, etc.)
- ② Scoring/Workshop (Prioritization)
- ③ Validity verification through interviews with outside stakeholders and outside officers
- ④ Approval by the Management Committee and Board of Directors

The Four Societies We Aim For

Carbon
Neutral
Society

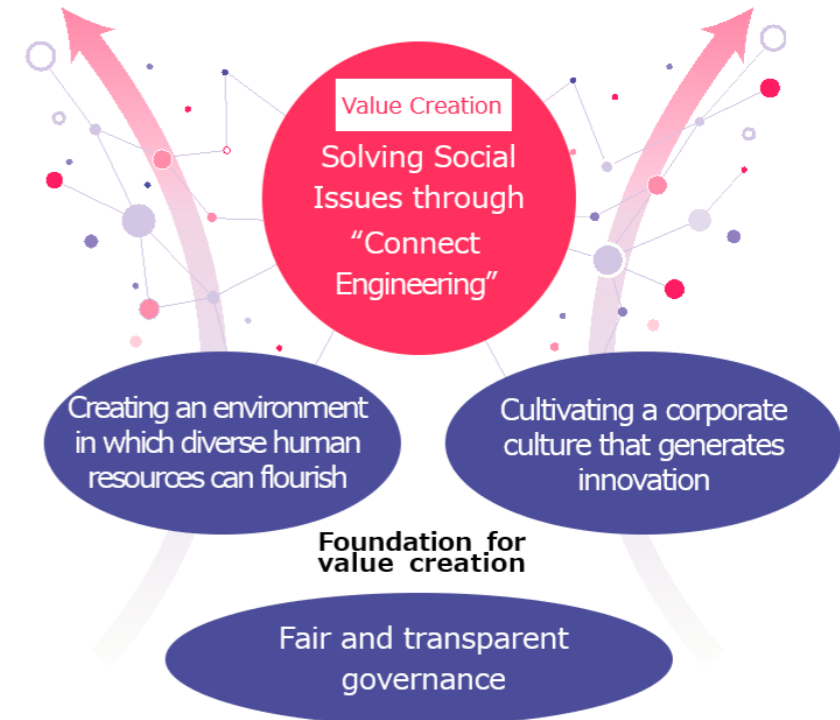
A Smart Society
people can live
healthy and
vivaciously

A Global
and
Diverse Society

A Society in which
poverty and
inequality are
eliminated

Materiality

Results
Identified



(4) Implementation of ESG Management (Materiality)

Value Creation

Solving Social Issues through "Engineering to Connect"

- **[E]** Achieving a Carbon-neutral society
- **[E]** Contributing to the Circular economy
- **[S]** Building and preserving infrastructure as the foundation of society
- **[S]** Contributing to local communities and building good relationships
- **[S]** Promoting construction DX



Foundation for Value Creation

Creating an Environment in which Diverse Human Resources can Flourish

- **[S]** Training and Recruiting Human Resources for Value Creation
- **[S]** Safety and Health of All Workers
- **[S]** Respect for Diversity and Creating a Vibrant Workplace
- **[S]** Enhance Productivity by Promoting DX



Cultivating a corporate culture that generates innovation

- **[S]** Encouraging the challenge of the unknown and the improvement of skills
- **[S]** Establishing brand value as a group
- **[S]** Cultivating new possibilities as a global player
- **[S]** Collaborating with diverse partners



Fair and transparent group governance

- **[G]** Ensuring sound and transparent governance
- **[G]** Thorough risk management and compliance
- **[G]** Enhanced information security in terms of both hardware and human resources
- **[S]** Respect for human rights



[E] Environment
[S] Society
[G] Governance

Solving social issues through environment-related businesses.

■ Woody biomass power generation



Biomass power plant
(Furudono-town)

Ashikaga Eco Park



■ Farming solar power generation



Demonstration facility
(Higashimatsuyama City)



■ Waste treatment facilities (comprehensive operation)



Operation and monitoring facilities

(4) Implementation of ESG Management (Global: Refurbish Business)

Aim to expand by combining carbon neutral initiatives with refurbishing business.

■ Refurbish Business

3. Current status survey

Conduct on-site inspections and inspections of existing IT equipment



4. Maintenance Services

Provide SLA-based product recovery and replacement support



2. Product offering

Provision and installation of equipment

Launch of carbon neutral PCs



5. appropriate treatment

Collection of IT equipment, implementation of disposal and data erasure services



1. Procurement

Procurement of new, reused and like used products worldwide

6. Recycling

Recycling and reselling equipment to customers



Carbon Footprint Standard

International standards by Carbon Footprint Ltd. to certify low carbon status

Certified as a "Carbon Neutral Organization"

Certified as a "Carbon Neutral Plus Organization"



Carbon Neutral Organisation

PROCURRI



Carbon Neutral Organisation

Providing Certified "Carbon Neutral Laptops" Certified by the Carbon Footprint Standard
Purchasers can report a reduction in CO2 emissions of approximately 316 kg per laptop



Carbon Neutral Product



Customers in the UK, etc.

Environmental benefits of remanufactured laptops by Procurri and Circular Computing

- Prevents about 316 kg of CO2 emissions per laptop (1,000 PCs equal 1 year's worth of 80 cars)
- Conserves 190,000 liters of water, protects 1,200 kg of global resources, etc.

／ (4) Implementation of ESG Management (Others)

Continue various other initiatives and earn external recognition.

- Received the “Best Workplace for Diversity&Inclusion” ,
the highest evaluation in “D&I Award 2022”.

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 2022”.

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



- Recognized as a "B" 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 "B" rating is the third highest rating.



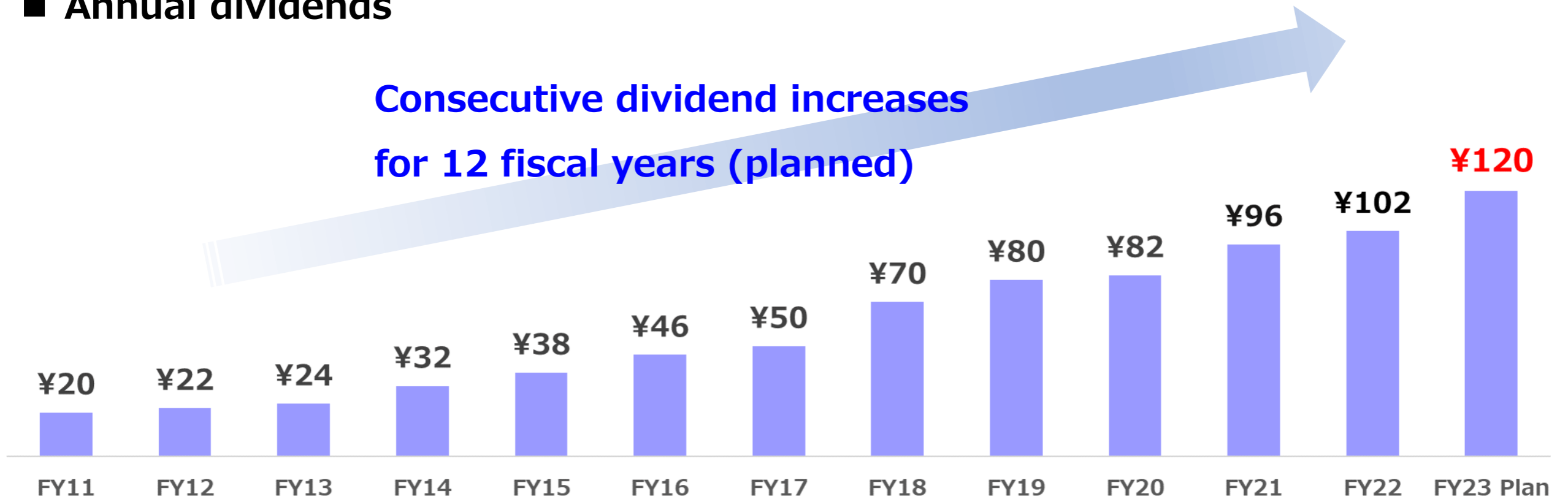


5. Shareholder Return

／ (1) Dividends, Share Buybacks

Beginning in FY23, the dividend policy has been changed to a 4.0% DOE basis, and the company plans to increase its dividend for 12 consecutive fiscal years (120 yen per year in FY23). Purchase of treasury stock continuously and flexibly.

■ Annual dividends

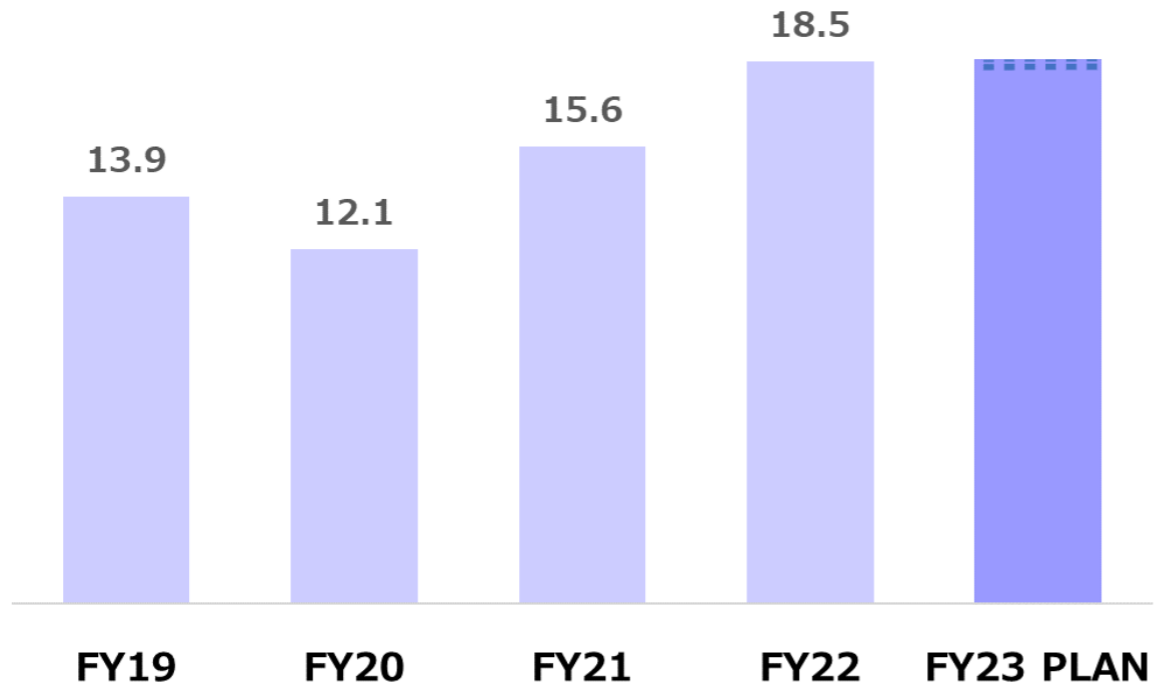


(2) Total Shareholder Return, ROE, EPS

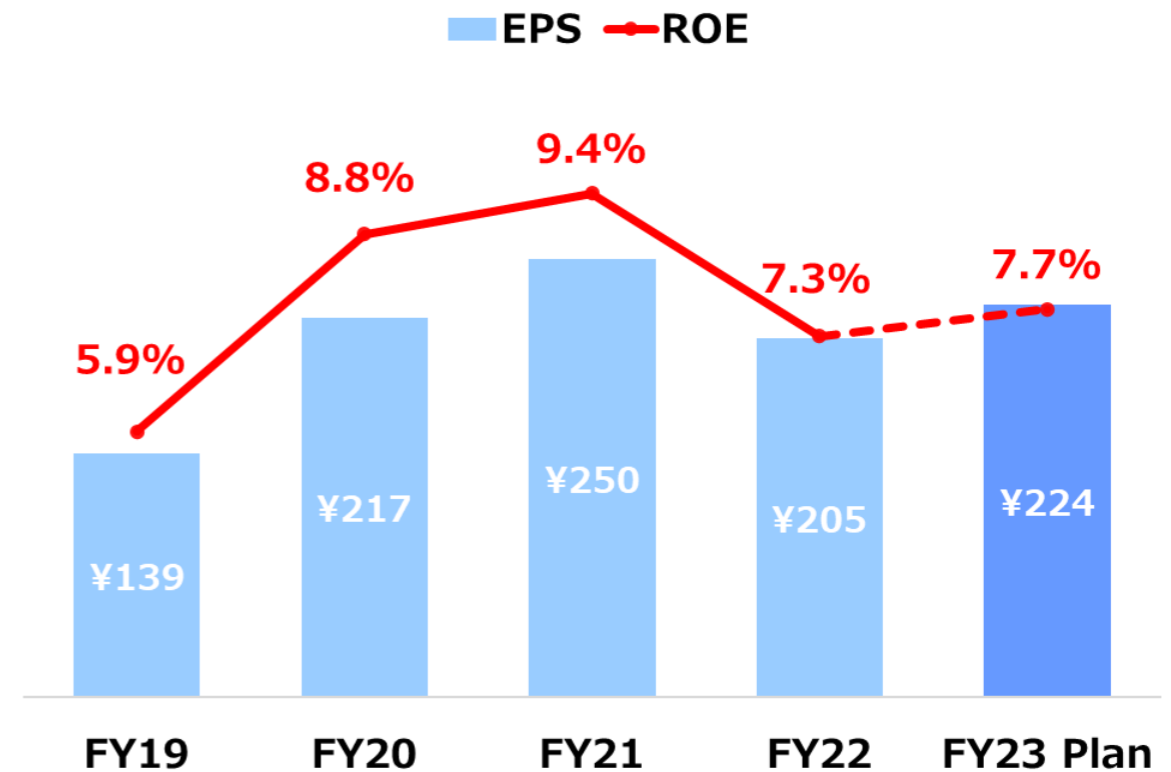
Enhance shareholder returns through continuous dividend increases and ongoing share buybacks.
Continue to operate the business with an awareness of capital efficiency to achieve the goals of the Medium-Term Management Plan.

■ Total Shareholder Return

(billion yen)



■ ROE/EPS



6. Topics

(1) Expanded Neutral Hosting

PT dhost, a group company and overseas subsidiary headquartered in Indonesia, has surpassed 1,500 indoor communication infrastructure sharing sites in the country. Becomes one of the largest leading companies.



Shopping mall exterior



Construction photograph



Installation equipment



Indoor Antennas

(2) Business Development for EV Expansion

Aiming to provide environmentally friendly energy solutions, actively providing advanced infrastructure to support the spread of EV vehicles in Japan and overseas and forming business alliances with manufacturers.



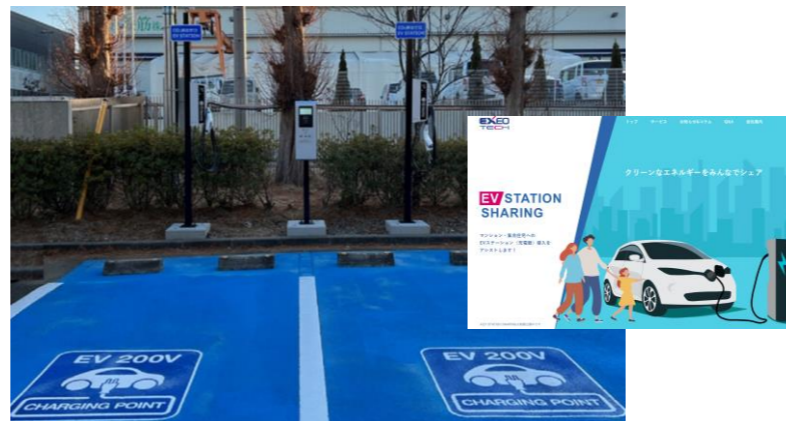
Launch of Collaboration for Popularizing and Spreading Gachaco Station



Business Alliance with Terra Motors



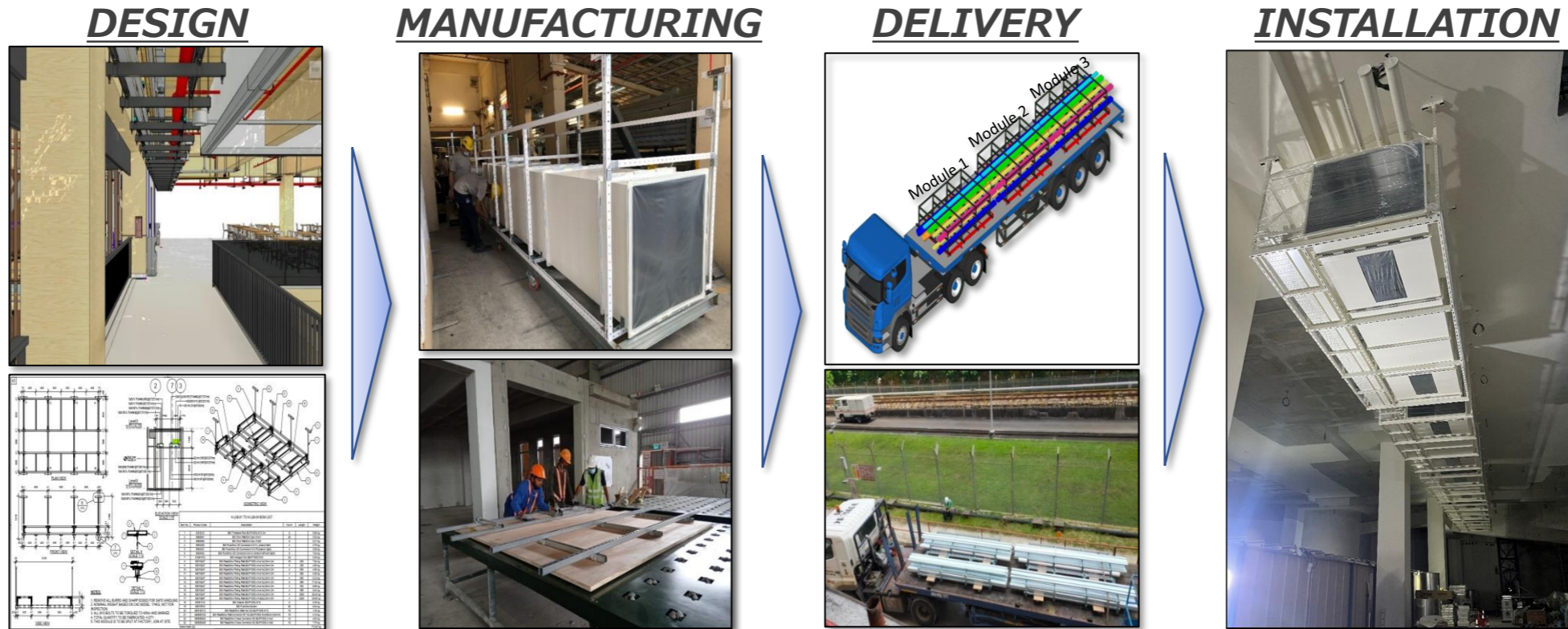
EV Charger Installation Work in Singapore (987 EV chargers to be installed at total of 314 sites)



EV station sharing for apartment & Business owner

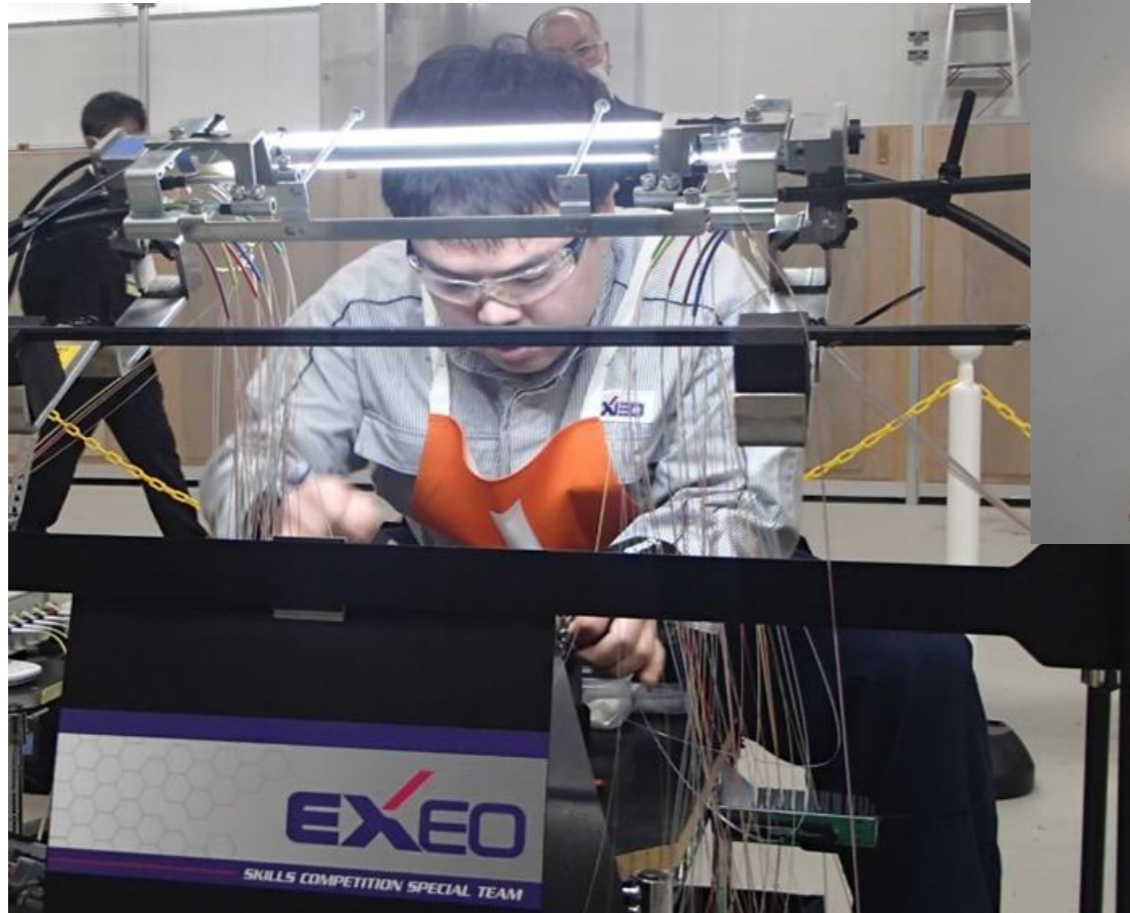
(3) Initiatives for DfMA construction

Develop "Design for Manufacture and Assembly (DfMA)," a next-generation construction method, in overseas operations. Winner, an overseas subsidiary, is officially certified as "PREFAB MEP SPECIALIST" by the Singapore government.



（4） Breaking a World Record at the National Skill Olympic Qualifiers

Set a **new world record** in the "Optical Connection Speed Race" at the Qualifiers for The 61st International Skills Competition.



Employees Murata and 5 others qualified for the final round of the 61st National Skill Olympic to be held in Aichi Prefecture in November this year.

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.

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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

