

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Year Ended March 31, 2024 (Based on Japanese GAAP)

May 10, 2024

Company name: EXEO Group, Inc.
 Stock exchange listing: Tokyo
 Stock code: 1951 URL <https://www.exeo.co.jp/>
 Representative: President and CEO Tetsuya Funabashi
 Director and Operating Officer
 General Manager of Accounts & Finance Shigeki Hayashi TEL 03-5778-1105
 Inquiries: Division
 Chief Financial Officer
 Scheduled date of ordinary general meeting of shareholders: June 26, 2024
 Scheduled date to file Securities Report: June 26, 2024
 Scheduled date to commence dividend payments: June 27, 2024
 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, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2024	614,095	(2.2)	34,121	4.8	36,922	9.3	20,058	(9.8)
Year ended March 31, 2023	627,607	5.5	32,552	(23.2)	33,771	(25.3)	22,233	(19.9)

	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, 2024	94.76	94.73	6.5	6.3	5.6
Year ended March 31, 2023	102.49	102.45	7.3	6.1	5.2

Note: On April 1, 2024, EXEO Group, Inc. implemented a 2-for-1 common stock split. Earnings per share and diluted earnings per share were calculated on the assumption that the stock split had been implemented at the beginning of the fiscal year ended March 31, 2023.

(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, 2024	591,637	319,059	52.9	1,489.68
As of March 31, 2023	577,941	307,941	52.5	1,416.11

Note: On April 1, 2024, EXEO Group, Inc. implemented a 2-for-1 common stock split. Net assets per share were calculated on the assumption that the stock split had been implemented at the beginning of the fiscal year ended March 31, 2023.

(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, 2024	41,902	(13,591)	(30,555)	47,430
Year ended March 31, 2023	5,483	(13,332)	3,298	50,204

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, 2023	–	51.00	–	51.00	102.00	10,997	49.8	3.7
Year ended March 31, 2024	–	60.00	–	60.00	120.00	12,655	63.3	4.1
Year ending March 31, 2025 (Forecast)	–	31.00	–	31.00	62.00		57.8	

Note: On April 1, 2024, EXEO Group, Inc. implemented a 2-for-1 common stock split. For the fiscal years ended March 31, 2023 and 2024, the actual dividend amount before the stock split is shown. For the fiscal year ending March 31, 2025, the forecasted dividend amount after stock split is shown.

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

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	2.6	36,000	5.5	36,340	(1.6)	22,310	11.2	107.22

Note: On April 1, 2024, EXEO Group, Inc. implemented a 2-for-1 common stock split. Earnings per share for the year ending March 31, 2025, uses the number of shares after the stock split.

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2024

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(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: No

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, 2024	213,624,838 shares	As of March 31, 2023	219,624,838 shares
----------------------	--------------------	----------------------	--------------------

Number of treasury shares at the end of the period

As of March 31, 2024	3,470,328 shares	As of March 31, 2023	5,518,182 shares
----------------------	------------------	----------------------	------------------

Average number of shares during the period

Year ended March 31, 2024	211,674,449 shares	Year ended March 31, 2023	216,933,721 shares
---------------------------	--------------------	---------------------------	--------------------

Note: On April 1, 2024, EXEO Group, Inc. implemented a 2-for-1 common stock split. Number of issued shares (common shares) were calculated on the assumption that the stock split had been implemented at the beginning of the fiscal year ended March 31, 2023.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	51,453	48,249
Notes receivable, accounts receivable from completed construction contracts and other	232,567	235,633
Securities	263	0
Costs on construction contracts in progress	53,877	53,421
Other	15,645	10,637
Allowance for doubtful accounts	(83)	(95)
Total current assets	353,723	347,845
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	39,750	49,565
Machinery, vehicles, tools, furniture and fixtures, net	19,124	24,517
Land	62,701	63,191
Construction in progress	10,454	4,396
Other, net	3,604	4,283
Total property, plant and equipment	135,635	145,954
Intangible assets		
Goodwill	15,112	13,872
Other	7,995	8,795
Total intangible assets	23,108	22,668
Investments and other assets		
Investment securities	32,819	35,489
Retirement benefit asset	21,392	27,155
Deferred tax assets	5,816	7,312
Other	6,075	6,153
Allowance for doubtful accounts	(630)	(941)
Total investments and other assets	65,473	75,168
Total non-current assets	224,217	243,791
Total assets	577,941	591,637

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	75,033	73,414
Short-term borrowings	28,748	29,192
Current portion of bonds payable	–	10,000
Income taxes payable	4,531	10,138
Advances received on construction contracts in progress	12,692	12,594
Provision for bonuses	2,650	2,935
Provision for bonuses for directors (and other officers)	405	385
Provision for warranties for completed construction	304	290
Provision for loss on construction contracts	1,286	940
Other	33,444	37,827
Total current liabilities	159,097	177,720
Non-current liabilities		
Bonds payable	30,000	20,000
Long-term borrowings	53,632	43,193
Deferred tax liabilities	10,815	14,496
Provision for retirement benefits for directors (and other officers)	778	771
Retirement benefit liability	10,083	9,778
Other	5,591	6,617
Total non-current liabilities	110,901	94,857
Total liabilities	269,999	272,577
Net assets		
Shareholders' equity		
Share capital	6,888	6,888
Capital surplus	28,912	22,091
Retained earnings	256,303	264,552
Treasury shares	(5,848)	(4,534)
Total shareholders' equity	286,256	288,998
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,772	11,201
Foreign currency translation adjustment	1,490	1,796
Remeasurements of defined benefit plans	7,678	11,067
Total accumulated other comprehensive income	16,941	24,064
Share acquisition rights	162	142
Non-controlling interests	4,580	5,853
Total net assets	307,941	319,059
Total liabilities and net assets	577,941	591,637

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

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	627,607	614,095
Cost of sales	545,769	524,936
Gross profit	81,837	89,158
Selling, general and administrative expenses	49,285	55,037
Operating profit	32,552	34,121
Non-operating income		
Interest income	80	227
Dividend income	797	771
Foreign exchange gains	1,050	2,731
Rental income from land and buildings	501	479
Other	730	1,555
Total non-operating income	3,160	5,765
Non-operating expenses		
Interest expenses	640	797
Provision of allowance for doubtful accounts	22	585
Other	1,277	1,581
Total non-operating expenses	1,941	2,963
Ordinary profit	33,771	36,922
Extraordinary income		
Gain on sale of investment securities	1,962	3,450
Gain on sale of non-current assets	1,133	–
Gain on step acquisitions	562	–
Total extraordinary income	3,658	3,450
Extraordinary losses		
Loss on valuation of inventories	–	4,197
Total extraordinary losses	–	4,197
Profit before income taxes	37,430	36,176
Income taxes - current	12,160	16,596
Income taxes - deferred	2,266	(808)
Total income taxes	14,427	15,787
Profit	23,003	20,388
Profit attributable to non-controlling interests	769	329
Profit attributable to owners of parent	22,233	20,058

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	23,003	20,388
Other comprehensive income		
Valuation difference on available-for-sale securities	838	3,430
Foreign currency translation adjustment	2,496	342
Remeasurements of defined benefit plans, net of tax	(2,474)	3,390
Total other comprehensive income	859	7,163
Comprehensive income	23,863	27,552
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	23,068	27,182
Comprehensive income attributable to non-controlling interests	794	369

Consolidated statements of changes in equity

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
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	–
Change in scope of consolidation					–
Increase due to a decrease in consolidated 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
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							–
Change in scope of consolidation							–
Increase due to a decrease in consolidated 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

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,888	28,912	256,303	(5,848)	286,256
Changes during period					
Dividends of surplus			(11,810)		(11,810)
Profit attributable to owners of parent			20,058		20,058
Purchase of treasury shares				(6,003)	(6,003)
Disposal of treasury shares		65		295	361
Cancellation of treasury shares		(7,021)		7,021	-
Change in scope of consolidation		257			257
Increase due to a decrease in consolidated subsidiaries					-
Change in equity due to additional acquisition of consolidated subsidiary stock		(122)			(122)
Change in ownership interest of parent due to transactions with non-controlling interests					-
Changes in liabilities for written put options over non-controlling interests					-
Net changes in items other than shareholders' equity					-
Total changes during period	-	(6,820)	8,248	1,313	2,741
Balance at end of period	6,888	22,091	264,552	(4,534)	288,998

	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	7,772	1,490	7,678	16,941	162	4,580	307,941
Changes during period							
Dividends of surplus							(11,810)
Profit attributable to owners of parent							20,058
Purchase of treasury shares							(6,003)
Disposal of treasury shares							361
Cancellation of treasury shares							–
Change in scope of consolidation							257
Increase due to a decrease in consolidated subsidiaries							–
Change in equity due to additional acquisition of consolidated subsidiary stock							(122)
Change in ownership interest of parent due to transactions with non-controlling interests							–
Changes in liabilities for written put options over non-controlling interests							–
Net changes in items other than shareholders' equity	3,428	305	3,389	7,123	(19)	1,272	8,376
Total changes during period	3,428	305	3,389	7,123	(19)	1,272	11,117
Balance at end of period	11,201	1,796	11,067	24,064	142	5,853	319,059

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	37,430	36,176
Depreciation	8,700	10,142
Impairment losses	137	230
Amortization of goodwill	3,596	3,343
Gain on bargain purchase	(91)	–
Loss (gain) on step acquisitions	(562)	–
Increase (decrease) in allowance for doubtful accounts	(26)	322
Increase (decrease) in provision for bonuses	(59)	285
Increase (decrease) in provision for warranties for completed construction	(154)	(14)
Increase (decrease) in provision for loss on construction contracts	175	(345)
Increase in Defined Benefit Asset or Liability	2,717	(6,068)
Interest and dividend income	(877)	(998)
Interest expenses	640	797
Loss (gain) on sale of non-current assets	(1,067)	(425)
Loss (gain) on sale of investment securities	(1,868)	(3,450)
Decrease (increase) in trade receivables	(7,121)	(2,192)
Decrease (increase) in costs on construction contracts in progress	(3,701)	769
Decrease (increase) in other assets	(5,373)	4,334
Increase (decrease) in trade payables	1,613	(926)
Increase (decrease) in advances received on construction contracts in progress	513	(308)
Increase (decrease) in other liabilities	(3,843)	5,475
Other, net	(4,895)	3,661
Subtotal	25,882	50,806
Interest and dividends received	872	1,002
Interest paid	(628)	(460)
Income taxes paid	(20,643)	(9,446)
Net cash provided by (used in) operating activities	5,483	41,902
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,356)	(17,338)
Proceeds from sale of property, plant and equipment	2,429	1,683
Purchase of intangible assets	(2,381)	(2,431)
Purchase of investment securities	(1,637)	(560)
Proceeds from sale of investment securities	5,199	5,758
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	975	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(6,662)	(1,483)
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(356)	–
Loan advances	(67)	(34)
Proceeds from collection of loans receivable	176	40
Decrease (increase) in time deposits and other	542	693
Other, net	(195)	81
Net cash provided by (used in) investing activities	(13,332)	(13,591)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,897)	(11,412)
Redemption of bonds	(20)	–
Repayments of long-term borrowings	(2,693)	(2,436)
Proceeds from long-term borrowings	36,717	3,603
Purchase of treasury shares	(7,503)	(6,003)
Proceeds from sale of treasury shares	22	68
Dividends paid	(11,240)	(11,797)
Dividends paid to non-controlling interests	(421)	(304)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(6,206)	(2)
Other, net	(1,459)	(2,269)
Net cash provided by (used in) financing activities	3,298	(30,555)
Effect of exchange rate change on cash and cash equivalents	1,705	(529)
Net increase (decrease) in cash and cash equivalents	(2,845)	(2,773)
Cash and cash equivalents at beginning of period	53,727	50,204
Increase in cash and cash equivalents due to share exchange	(647)	–
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	(30)	–
Cash and cash equivalents at end of period	50,204	47,430