

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 13, 2022

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 Managing Operating, General
 Inquiries: Manager, Accounts & Finance Division Hideo Higuchi TEL 03-5778-1105
 Scheduled date of ordinary general meeting of shareholders: June 24, 2022
 Scheduled date to file Securities Report: June 24, 2022
 Scheduled date to commence dividend payments: June 27, 2022
 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, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	594,840	3.8	42,380	15.7	45,217	18.4	27,766	14.8
Year ended March 31, 2021	573,339	9.3	36,623	17.8	38,186	24.5	24,192	55.0

	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, 2022	250.64	250.47	9.4	8.7	7.1
Year ended March 31, 2021	217.33	217.05	8.8	8.2	6.4

(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, 2022	535,617	307,053	56.6	2,748.21
As of March 31, 2021	491,574	288,884	58.1	2,576.78

(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, 2022	26,406	(20,388)	5,023	53,727
Year ended March 31, 2021	6,301	(9,249)	(1,750)	41,246

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, 2021	–	41.00	–	41.00	82.00	9,170	37.7	3.3
Year ended March 31, 2022	–	44.00	–	52.00	96.00	10,617	38.3	3.6
Year ending March 31, 2023 (Forecast)	–	51.00	–	51.00	102.00		43.2	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	600,000	0.9	38,500	(9.2)	39,400	(12.9)	25,600	(7.8)	236.02

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(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: 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, 2022	116,812,419 shares	As of March 31, 2021	117,812,419 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	6,424,185 shares	As of March 31, 2021	6,955,251 shares
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Average number of shares during the period

Year ended March 31, 2022	110,780,579 shares	Year ended March 31, 2021	111,316,723 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	42,785	54,860
Notes receivable, accounts receivable from completed construction contracts	204,657	217,644
Securities	910	750
Costs on construction contracts in progress	43,564	46,194
Other	8,388	7,279
Allowance for doubtful accounts	(80)	(68)
Total current assets	300,227	326,660
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	38,394	39,884
Machinery, vehicles, tools, furniture and fixtures, net	13,128	17,083
Land	59,848	61,633
Construction in progress	368	5,599
Other, net	1,635	2,699
Total property, plant and equipment	113,375	126,900
Intangible assets		
Goodwill	5,949	9,207
Other	4,229	4,538
Total intangible assets	10,179	13,745
Investments and other assets		
Investment securities	37,707	34,274
Retirement benefit asset	21,641	23,757
Deferred tax assets	4,141	5,692
Other	4,852	5,205
Allowance for doubtful accounts	(550)	(618)
Total investments and other assets	67,792	68,311
Total non-current assets	191,347	208,957
Total assets	491,574	535,617

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	74,890	69,579
Short-term borrowings	19,509	30,756
Current portion of bonds payable	10,000	–
Income taxes payable	6,766	10,706
Advances received on construction contracts in progress	8,080	9,404
Provision for bonuses	4,990	2,632
Provision for bonuses for directors (and other officers)	472	475
Provision for warranties for completed construction	148	452
Provision for loss on construction contracts	1,384	1,104
Other	29,967	32,652
Total current liabilities	156,212	157,764
Non-current liabilities		
Bonds payable	20,000	30,000
Long-term borrowings	6,837	18,006
Deferred tax liabilities	8,328	9,219
Provision for retirement benefits for directors (and other officers)	648	762
Retirement benefit liability	7,963	9,548
Other	2,699	3,264
Total non-current liabilities	46,477	70,800
Total liabilities	202,689	228,564
Net assets		
Shareholders' equity		
Share capital	6,888	6,888
Capital surplus	49,844	48,546
Retained earnings	226,294	244,892
Treasury shares	(13,221)	(13,063)
Total shareholders' equity	269,805	287,263
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,451	6,937
Foreign currency translation adjustment	(268)	(985)
Remeasurements of defined benefit plans	9,665	10,154
Total accumulated other comprehensive income	15,848	16,106
Share acquisition rights	262	185
Non-controlling interests	2,968	3,497
Total net assets	288,884	307,053
Total liabilities and net assets	491,574	535,617

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

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	573,339	594,840
Cost of sales	497,474	510,517
Gross profit	75,865	84,323
Selling, general and administrative expenses	39,241	41,942
Operating profit	36,623	42,380
Non-operating income		
Interest income	25	36
Dividend income	1,111	810
Foreign exchange gains	483	1,875
Rental income from land and buildings	424	452
Other	815	1,160
Total non-operating income	2,861	4,335
Non-operating expenses		
Interest expenses	148	226
Impairment loss	406	471
Loss on retirement of non-current assets	325	208
Other	418	592
Total non-operating expenses	1,297	1,498
Ordinary profit	38,186	45,217
Extraordinary income		
Gain on sale of investment securities	478	677
Total extraordinary income	478	677
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	38,665	44,112
Income taxes - current	14,261	16,430
Income taxes - deferred	73	(735)
Total income taxes	14,335	15,694
Profit	24,330	28,418
Profit attributable to non-controlling interests	137	652
Profit attributable to owners of parent	24,192	27,766

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	24,330	28,418
Other comprehensive income		
Valuation difference on available-for-sale securities	2,242	482
Foreign currency translation adjustment	(466)	(745)
Remeasurements of defined benefit plans, net of tax	3,510	491
Total other comprehensive income	5,286	228
Comprehensive income	29,617	28,647
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	29,481	28,023
Comprehensive income attributable to non-controlling interests	135	623

Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,888	49,604	211,195	(11,795)	255,893
Cumulative effects of changes in accounting policies					
Restated balance	6,888	49,604	211,195	(11,795)	255,893
Changes during period					
Dividends of surplus			(9,093)		(9,093)
Profit attributable to owners of parent			24,192		24,192
Purchase of treasury shares				(3,008)	(3,008)
Disposal of treasury shares		99		327	426
Cancellation of treasury shares					–
Changes in Stock exchange					–
Transfer of treasury shares via trust				1,255	1,255
Change in equity due to additional acquisition of consolidated subsidiary stock		140			140
Change in ownership interest of parent due to transactions with non-controlling interests					–
Net changes in items other than shareholders' equity					–
Total changes during period	–	239	15,098	(1,425)	13,912
Balance at end of period	6,888	49,844	226,294	(13,221)	269,805

	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	4,210	193	6,156	10,559	318	3,337	270,109
Cumulative effects of changes in accounting policies							
Restated balance	4,210	193	6,156	10,559	318	3,337	270,109
Changes during period							
Dividends of surplus							(9,093)
Profit attributable to owners of parent							24,192
Purchase of treasury shares							(3,008)
Disposal of treasury shares							426
Cancellation of treasury shares							–
Changes in Stock exchange							–
Transfer of treasury shares via trust							1,255
Change in equity due to additional acquisition of consolidated subsidiary stock							140
Change in ownership interest of parent due to transactions with non-controlling interests							–
Net changes in items other than shareholders' equity	2,241	(461)	3,509	5,289	(56)	(369)	4,862
Total changes during period	2,241	(461)	3,509	5,289	(56)	(369)	18,775
Balance at end of period	6,451	(268)	9,665	15,848	262	2,968	288,884

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
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
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
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
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

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	38,665	44,112
Depreciation	6,789	7,414
Impairment losses	406	471
Amortization of goodwill	1,864	1,955
Gain on bargain purchase	(33)	(31)
Increase (decrease) in allowance for doubtful accounts	102	(152)
Increase (decrease) in provision for bonuses	406	(2,361)
Increase (decrease) in provision for warranties for completed construction	17	303
Increase (decrease) in provision for loss on construction contracts	(1,226)	(334)
Increase in Defined Benefit Asset or Liability	(191)	(1,255)
Interest and dividend income	(1,137)	(846)
Interest expenses	148	226
Loss (gain) on sale of non-current assets	1	(15)
Loss (gain) on sale of investment securities	(473)	(416)
Decrease (increase) in trade receivables	(37,381)	5,361
Decrease (increase) in costs on construction contracts in progress	(960)	(12,324)
Decrease (increase) in other assets	711	880
Increase (decrease) in trade payables	14,548	(7,793)
Increase (decrease) in advances received on construction contracts in progress	(1,935)	183
Increase (decrease) in other liabilities	1,529	2,265
Other, net	429	(772)
Subtotal	22,282	36,871
Interest and dividends received	1,137	846
Interest paid	(164)	(202)
Income taxes paid	(16,953)	(11,108)
Net cash provided by (used in) operating activities	6,301	26,406
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,841)	(17,950)
Proceeds from sale of property, plant and equipment	90	880
Purchase of intangible assets	(1,321)	(2,221)
Purchase of investment securities	(1,039)	(1,133)
Proceeds from sale of investment securities	1,827	4,776
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	72
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(77)	(4,891)
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(20)	–
Loan advances	(161)	(403)
Proceeds from collection of loans receivable	61	38
Decrease (increase) in time deposits and other	(0)	803
Other, net	234	(359)
Net cash provided by (used in) investing activities	(9,249)	(20,388)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	11,021	10,865
Proceeds from issuance of bonds	–	10,000
Redemption of bonds	–	(10,000)
Repayments of long-term borrowings	(3,207)	(3,724)
Proceeds from long-term borrowings	2,129	12,558
Purchase of treasury shares	(3,008)	(5,004)
Proceeds from sale of treasury shares	161	72
Transfer of treasury shares via trust	1,255	1,164
Dividends paid	(9,044)	(9,446)
Dividends paid to non-controlling interests	(381)	(168)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(105)	(4)
Other, net	(570)	(1,289)
Net cash provided by (used in) financing activities	(1,750)	5,023
Effect of exchange rate change on cash and cash equivalents	(67)	590
Net increase (decrease) in cash and cash equivalents	(4,766)	11,632
Cash and cash equivalents at beginning of period	46,012	41,246
Increase in cash and cash equivalents due to share exchange	–	848
Cash and cash equivalents at end of period	41,246	53,727