

May 14, 2021

**2030 Vision,  
the Medium-Term Management Plan  
(FY2021-FY2025)**



# **I. 2030 Vision**

## II. Medium-Term Management Plan (FY2021-FY2025)

## III. Changing the Company Name

# Into an Age of Revolutionary Change

Drastic social and economic change is occurring around the world. The entire world is facing the unprecedented crisis of the COVID-19 pandemic. At the same time, people's awareness of human rights issues, including diversity and race problems, has increased, and environmental issues have become a common challenge faced by all. In this environment, technological innovation has the power to radically change every business. While some businesses will decline, some new services will be able to quickly expand globally. Social awareness of the issues the world is facing is changing as the SDGs become widely known around the world.

## ◆ Social issues

### Environmental destruction, depletion of resources

- Global warming and climate change due to CO<sub>2</sub> emissions
- The effects of microplastics on ecosystems
- The depletion of resources associated with economic growth

### Aging infrastructure and natural threats

- Renovation of aging infrastructure
- Preparation for frequent natural disasters
- Response to the new normal created by the COVID-19 pandemic

### Depopulation and hollowing-out due to a declining population

- Declining birthrate and aging population, evident decline of the working-age population
- Depopulation and aging in rural areas
- Hollowing-out and the decline of cities

## ◆ Changes in industry and society

### Rapid technological innovation

- Development of information and communications technology, including the change from 5G to 6G
- Changes in everyday life due to AI and robotics
- Signs of a new society due to DX (Society 5.0)

### Change from goods to experiential services

- Change of services from ownership to use, such as XaaS
- Providing added value through digital services
- Changing the business model to create new businesses

### Changes in social awareness

- Increasing awareness of human rights, including LGBTQ rights
- Progress in diversity and inclusion
- SDGs and ESG as essential indicators

# Roles of the Exeo Group as the world moves toward 2030

To achieve the Group's vision of society in 2030, the Group will create a solution innovation cycle in engineering and will expand engineering into new fields.

## Vision of society in 2030

### Carbon-neutral society

- The sophistication of resource recycling and energy
- Enhancement of renewable energy plants and zero waste gases

### A smart society where people live healthy and vibrant lives

- Smart cities, buildings and homes using advanced communications
- Medical, government and social systems for an aging society

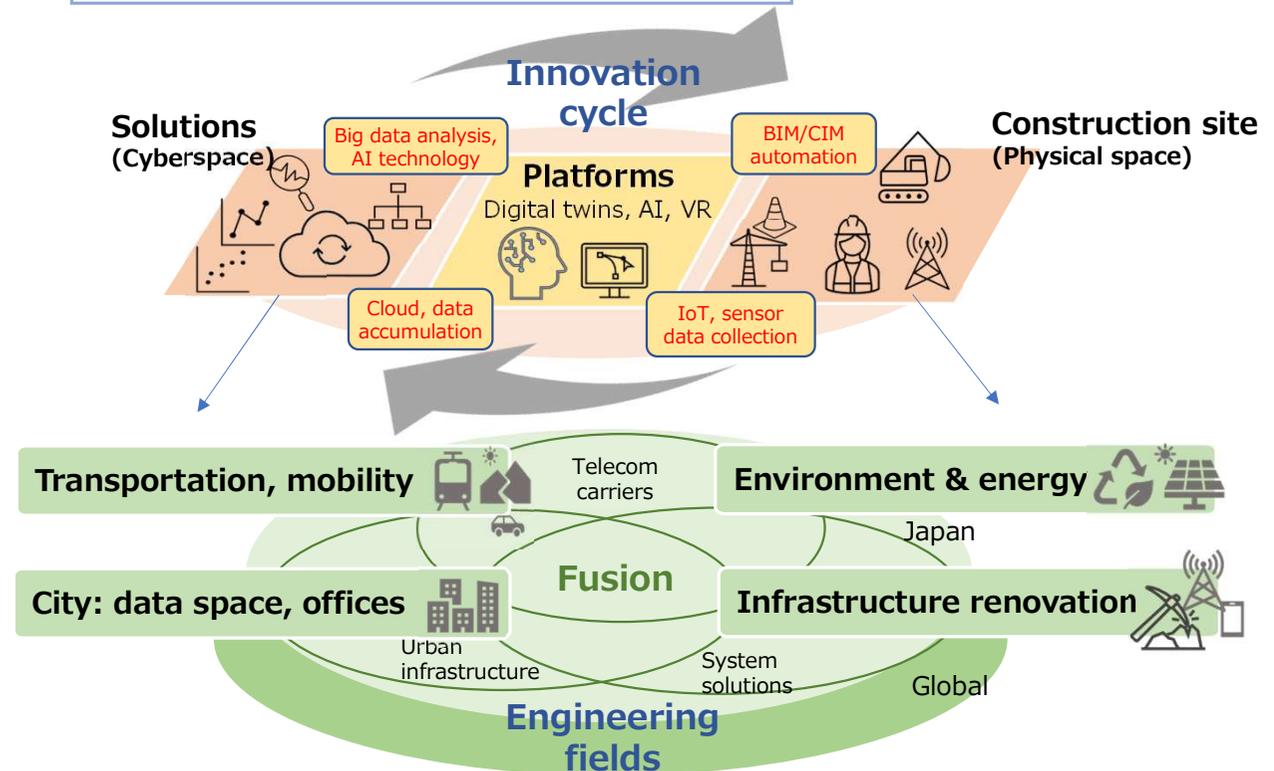
### Global society where diversity is enjoyed

- Workstyle reforms that consider globalization and diversity
- Development of communications infrastructure in APAC

### Society without poverty or inequality

- Education solutions for equal opportunities in education
- Digitalization of industry to eliminate inequalities in industry

## Roles of the Exeo Group



# Fields We Aim to Contribute to by 2030

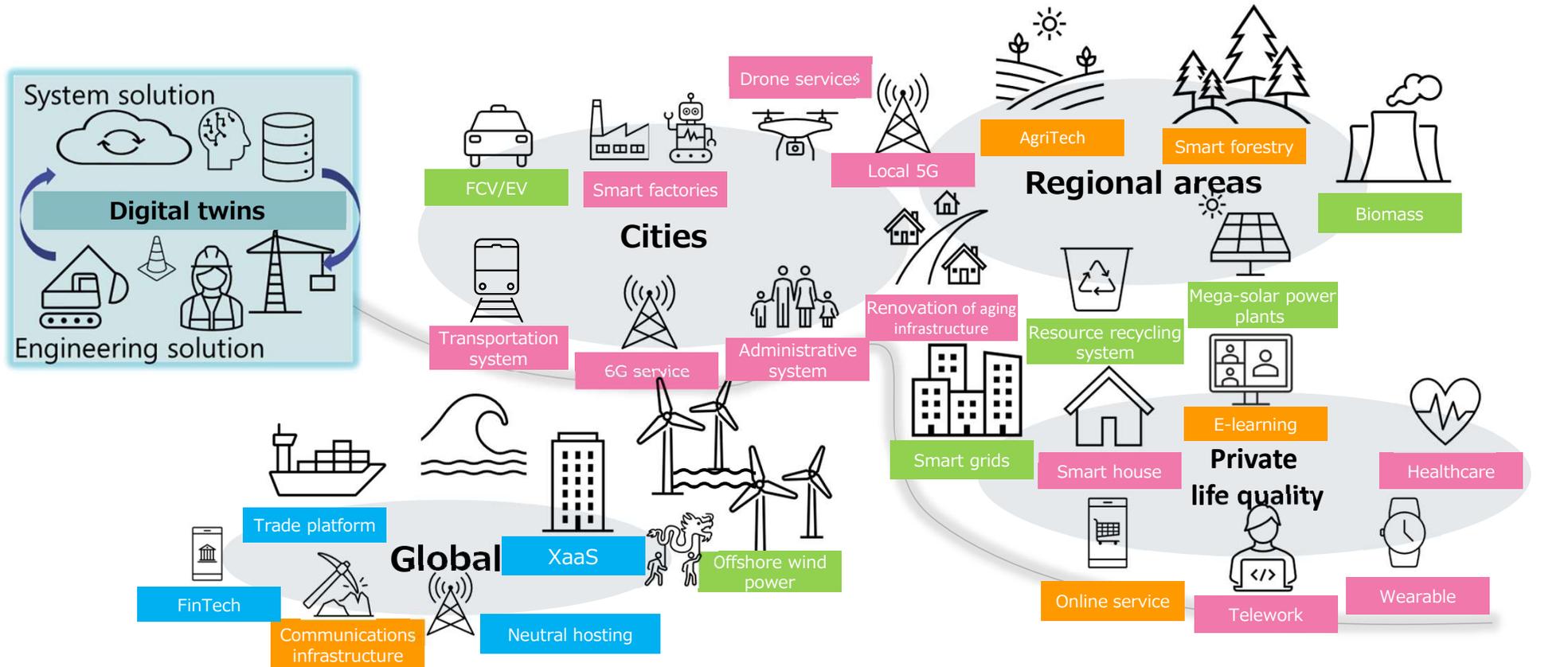
**Our Vision of Society in 2030**

**Carbon-neutral society**

**A smart society where people live healthy and vibrant lives**

**Global society where diversity is enjoyed**

**Society without poverty or inequality**



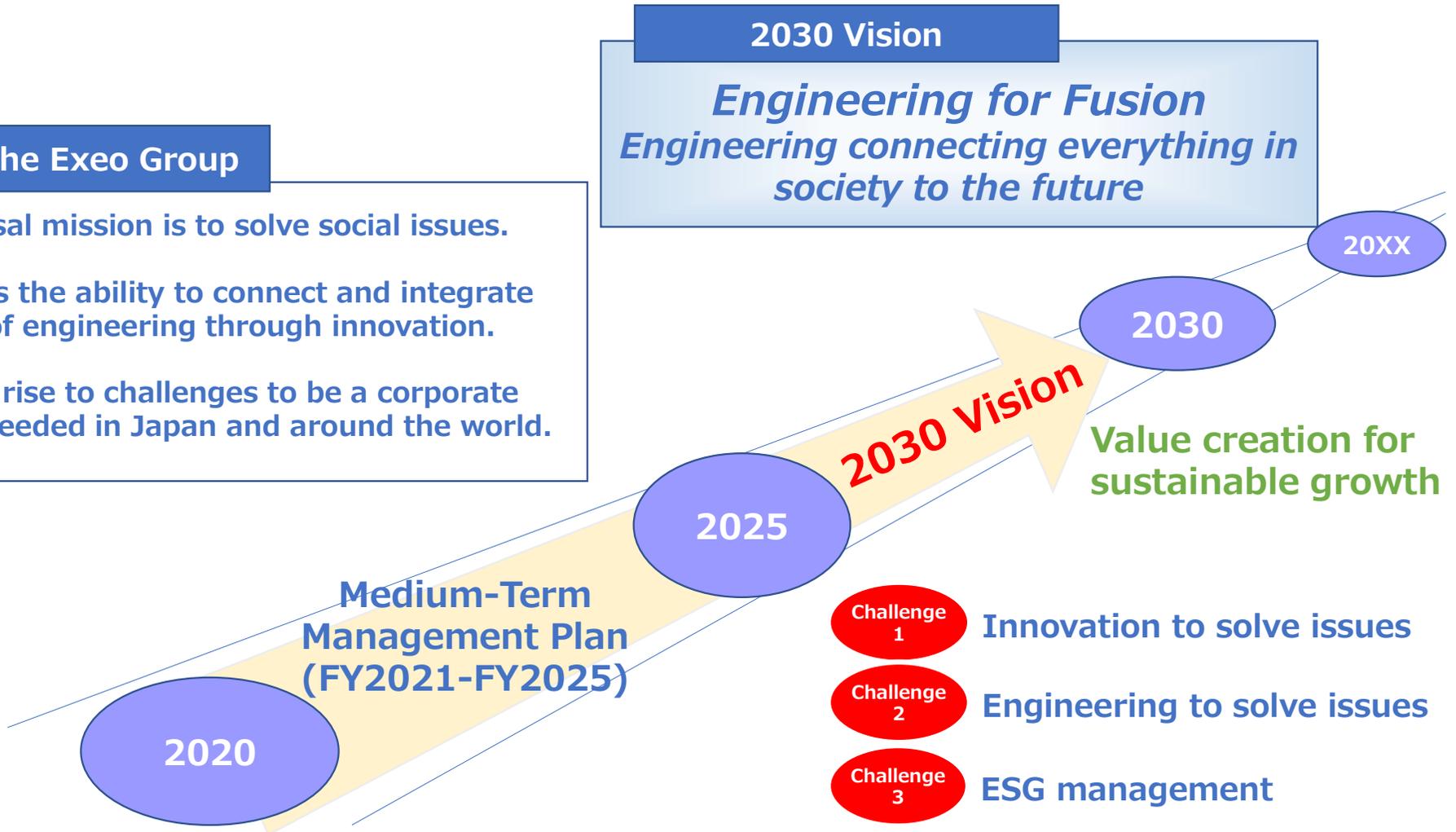
# 2030 Vision

## Vision of the Exeo Group

- Exeo's universal mission is to solve social issues.
- The Group has the ability to connect and integrate diverse types of engineering through innovation.
- Our goal is to rise to challenges to be a corporate group that is needed in Japan and around the world.

## 2030 Vision

*Engineering for Fusion  
Engineering connecting everything in  
society to the future*



# Challenge 1: Innovation to Solve Issues

Promotion of innovation and digital transformation to build a standardized engineering platform

Exeo will continue to promote innovation to advance the digital transformation of its processes and value chains to provide Exeo digital solutions that solve customer issues. It will build and provide an optimized engineering platform in the future.



Promoting innovation and continuing to innovate

Digital transformation at Exeo

Providing solutions

Building a platform

# Challenge 2: Engineering to Solve Issues

Integrating diverse engineering fields to create new value and solve issues

## Solutions to social issues

### Transportation, mobility

- Public infrastructure development in response to the increasing mobility of people and increasingly complicated logistics
- Development of 5G, AI and robotics, including automated driving and communications infrastructure

### Environment, energy

- Promotion of renewable energy as an initiative mitigating global warming
- Promotion of actions for the recycling of resources

### Transportation, mobility



Telecom carriers

### Environment & energy



Japan

### City: data space, offices



Fusion

### Infrastructure renovation



Urban infrastructure

System solutions

Global

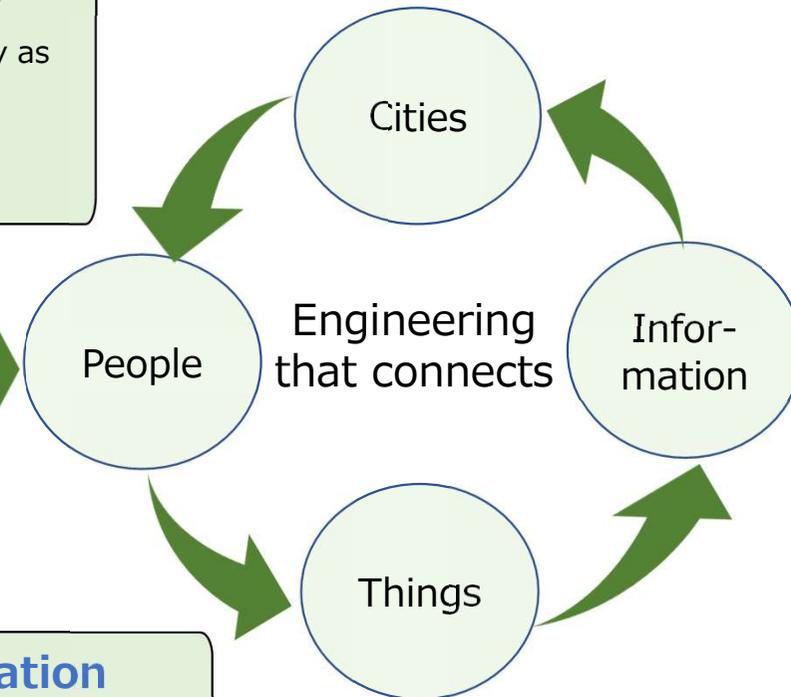
Engineering fields

### City: data space, offices

- Expansion of data centers in response to the increasing use of cloud services
- Urban development including the development of smart offices and smart cities

### Infrastructure renovation

- Response to demand for renovation and replacement
- Response for the renovation and maintenance of aging infrastructure



# Challenge 3: ESG Management

ESG management to enhance corporate value and contribute to the achievement of the SDGs

## Enhancing corporate value, contributing to sustainable growth

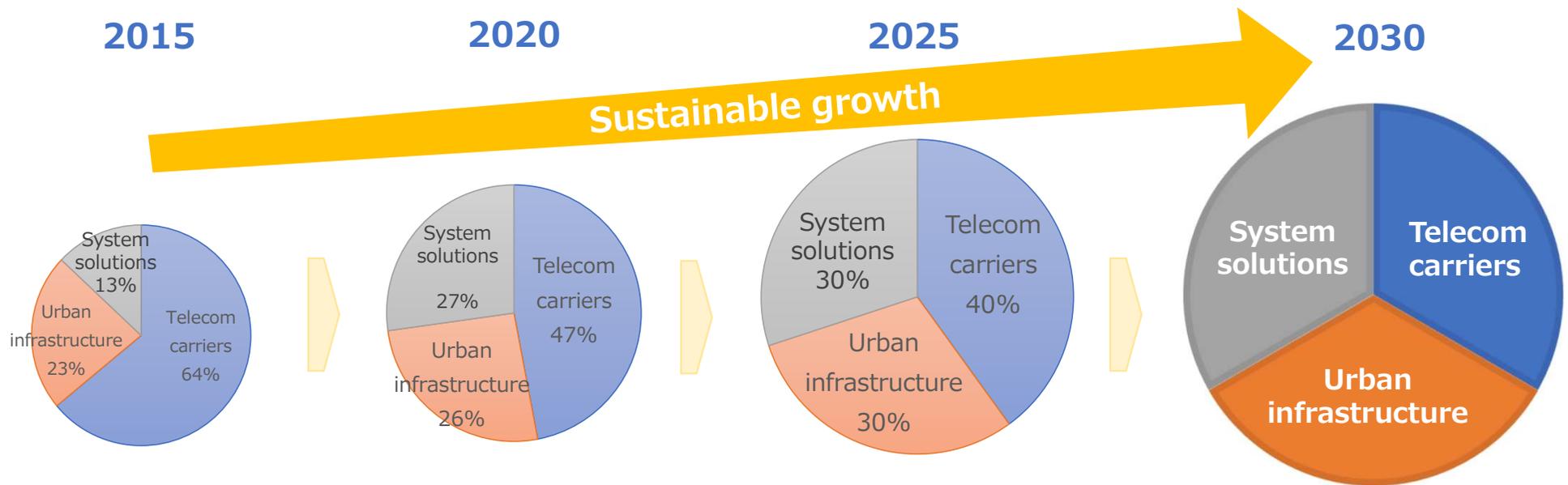
Environmental destruction, climate change → Renewable energy business  
Depletion of resources, reduction of waste → Reuse business  
Aging infrastructure → Infrastructure renewal business  
Frequent natural disasters → BCP solutions  
Declining working-age population → Robotics, AI and automation solutions  
"Smarter society" → Infrastructure platform  
Essential infrastructure → Information and telecommunications infrastructure business

- Management in consideration of a sustainable environment
- Promoting workstyle reforms and diversity
- Maintaining and enhancing corporate governance



# Target Business Portfolio in 2030

To build a robust management foundation that is less affected by the economy and social conditions, Exeo will expand Urban Infrastructure and System-Solutions to make sales in each of its segment almost equal in FY2030.



- Integration of three companies in the same industry in western Japan
- Expansion of operations through M&A activities
- Promotion of global business

- Entry into the social infrastructure renovation business
- Expansion of the renewable energy business
- Entry into a new phase in the global business

- Expansion into new business fields
- ESG management to enhance corporate value
- To become a company that contributes to the achievement of the SDGs

## Concept behind the 2030 Vision

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**The goal of the Exeo Group is to solve social issues with its stakeholders through "Engineering for Fusion."**

Engineering connecting everything in society to the future

I. 2030 Vision

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# Review of Medium-Term Management Plan (FY2016-FY2020)

Each management indicator target was achieved.  
 Urban infrastructure and system-solutions expanded, and the initially planned Urban infrastructure: System-Solutions: Telecom Carriers ratio in the business portfolio (50:25:25) was achieved.

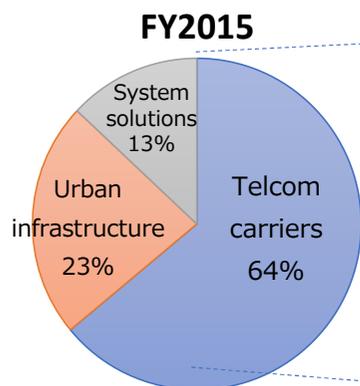
## Management indicators

Results targets	FY2015
Net sales	¥287.4 billion
Operating profit	¥18.4 billion (6.4%)
ROE	8.2%
EPS	¥125

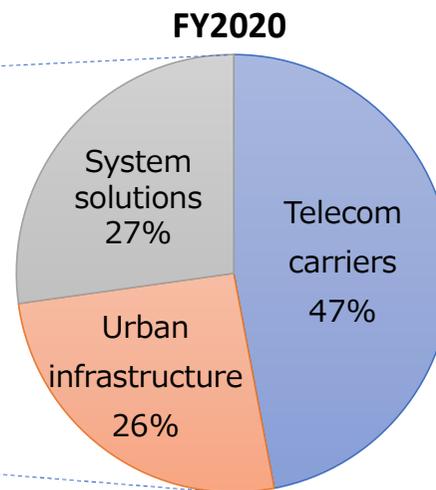


FY2020 medium-term goal	FY2019 results	FY2020 results
¥500.0 billion	¥524.5 billion	¥573.3 billion
¥33.0 billion (6.6%)	¥31.1 billion (5.9%)	¥36.6 billion (6.4%)
8.5%	5.9%	8.8%
¥210	¥139	¥217

## Business Portfolio



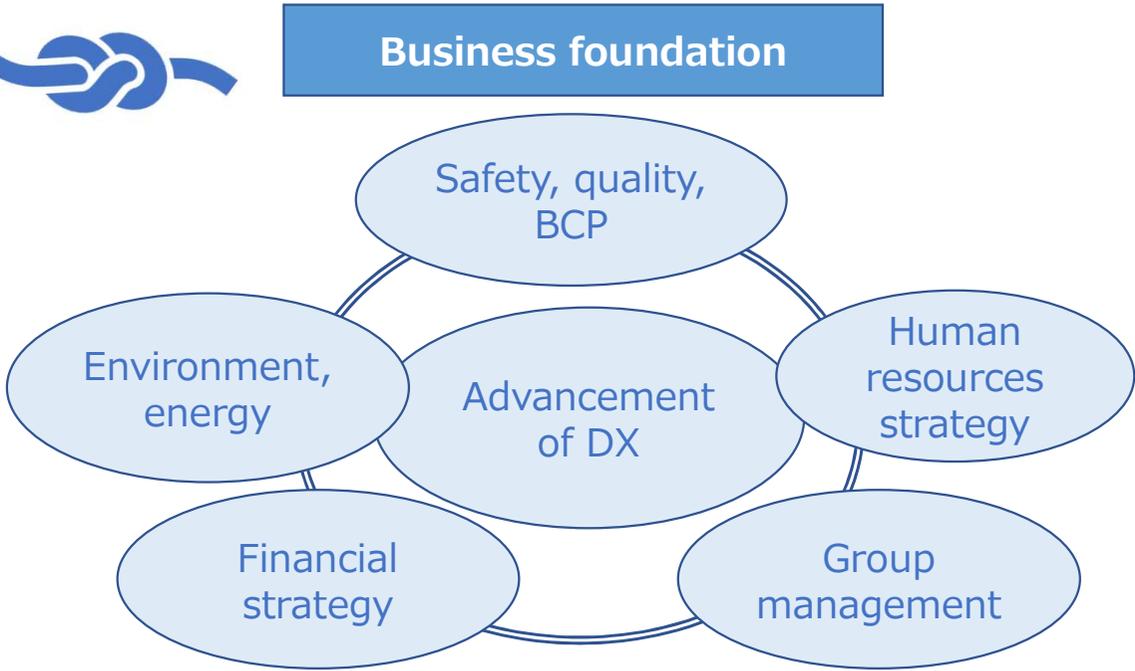
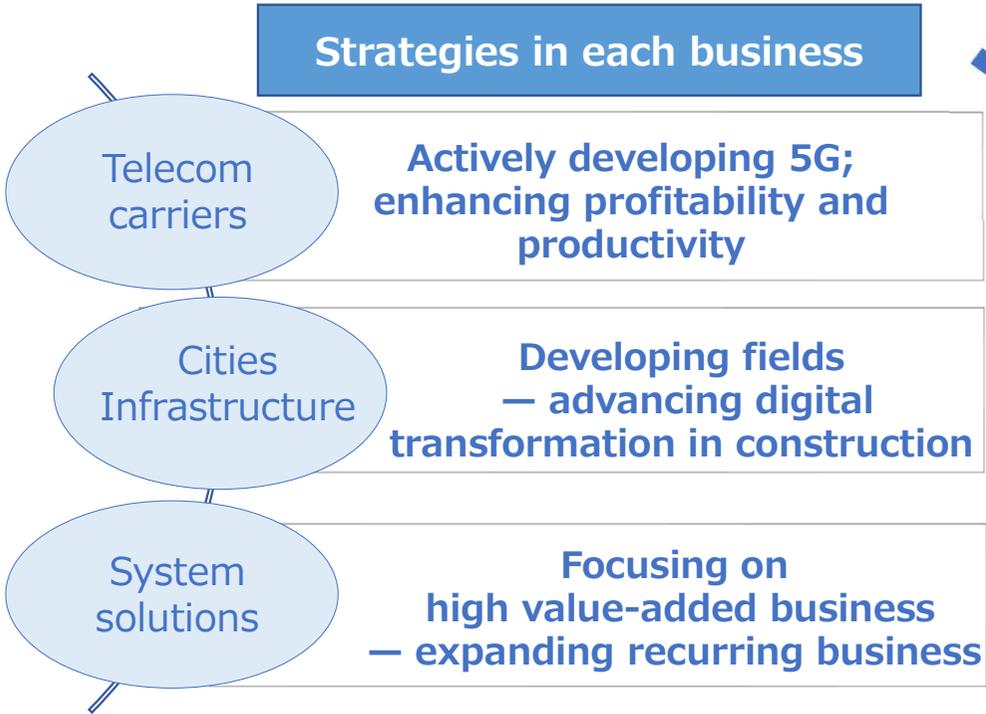
■ Telecom carriers ■ Urban infrastructure ■ System solution



■ Telecom carriers ■ Urban infrastructure ■ System solution

# Targets in the Medium-Term Management Plan

<p><b>FY2025 Results targets</b></p>	<ul style="list-style-type: none"> <li>• Net sales: ¥630.0 billion</li> <li>• Operating profit: ¥47.0 billion (7.5%)</li> <li>• ROE: 9.0% or more</li> <li>• EPS: ¥280 or more</li> </ul>
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## Strategies in Each Segment: Telecom carriers

# Becoming a partner that builds optimal communications environments for customers



### Building a 5G base

- ✓ Effective base station installation
- ✓ Building a multi-carrier system



### Increasing profitability and productivity

- ✓ Promoting standardization of work and common operations
- ✓ Multiple skills to promote the mobility of human resources



### Developing many skills

- Fixed phone and mobile phone operations supporting each other



### Digital transformation, offshoring

- Automated photo inspection using AI, etc.
- Leveraging overseas sites to reduce costs



### Integrating operations

- Optimal distribution of construction offices, etc.

## Strategies in Each Segment: Urban infrastructure

# Providing engineering to enhance resilience



### Developing new fields

- ✓ Integrating telecommunications, electrical, and civil engineering and plant technologies
- ✓ Increasing the number of orders that involve complex operations, such as work for entire buildings



### Advancement of construction DX

- ✓ Promoting i-Construction to change construction
- ✓ Leveraging offshoring to increase productivity in design work etc.



### Entering the environment and energy businesses

- Endeavoring to enter electricity sales and offshore wind power generation



### Strengthening the infrastructure renovation business

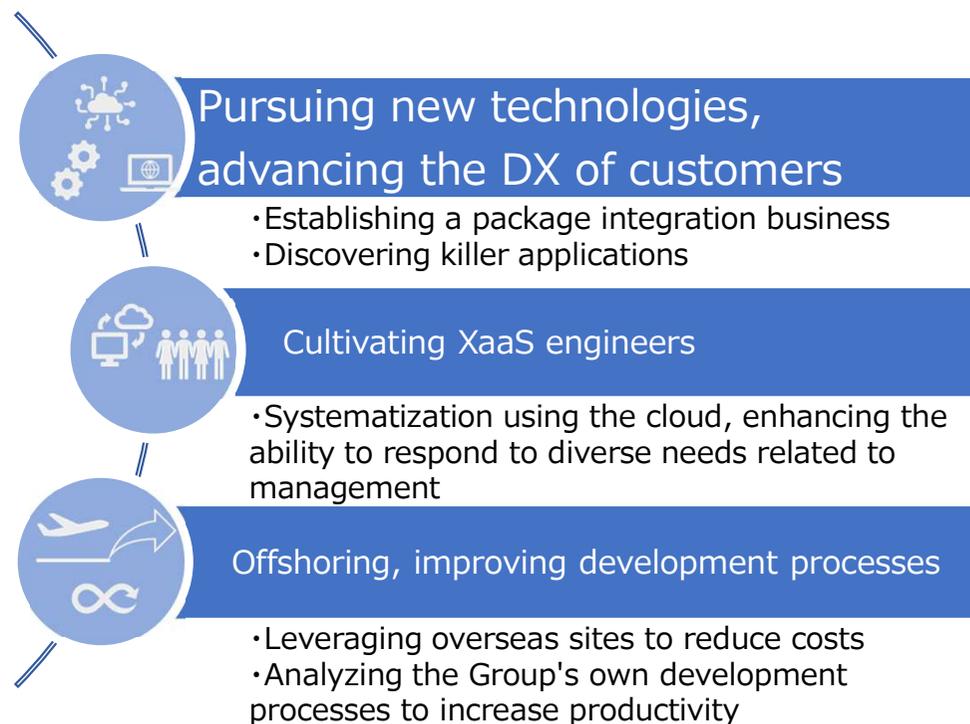
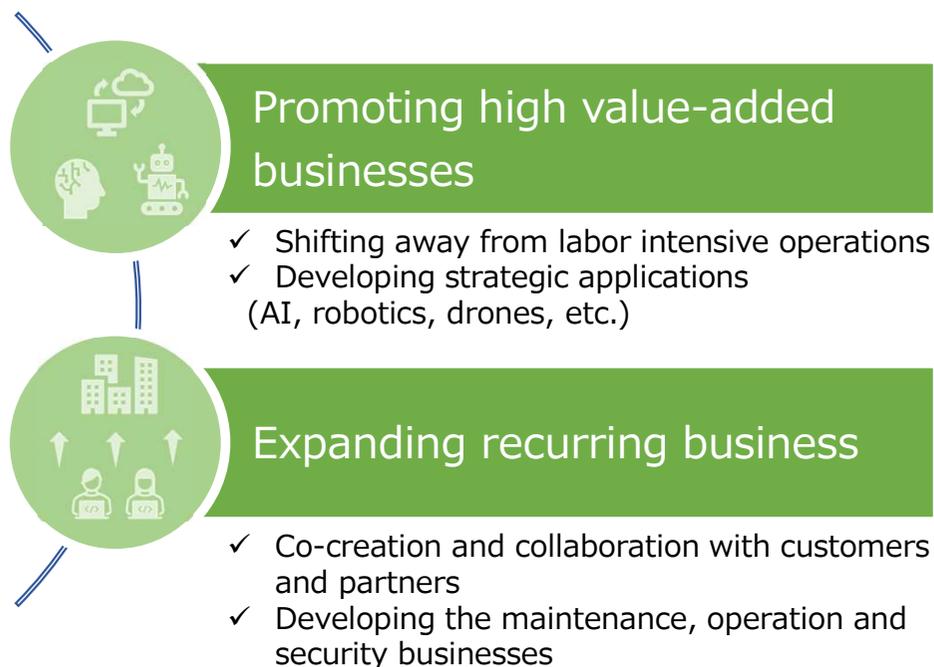
- Renovation and maintenance of aging infrastructure



### Actively utilizing BIM/CIM, AI, etc.

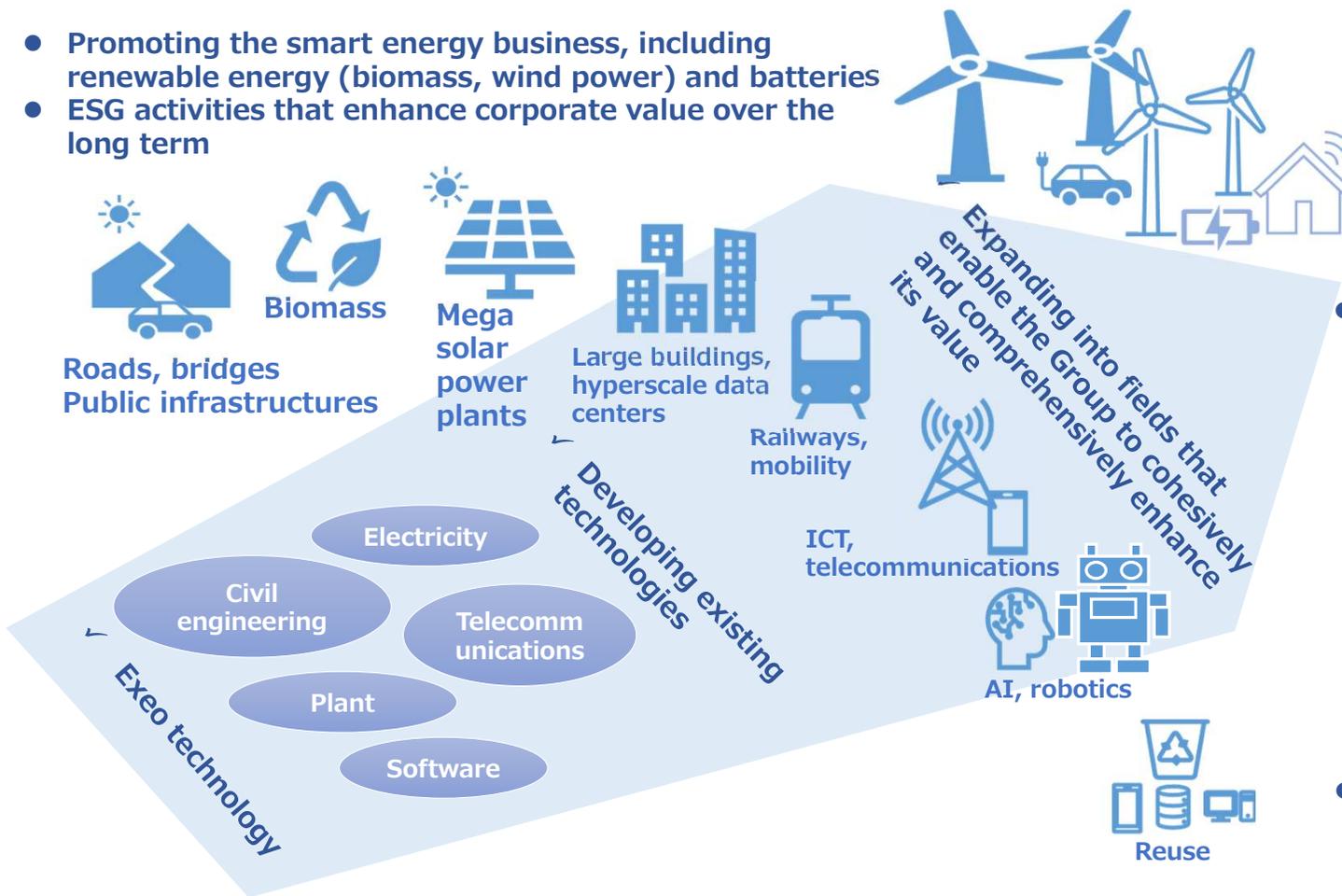
- Automating design and cost estimates and change workflows

## Evolving into a solution provider



# Strategies in Each Segment: Image of Growth Strategies

- Promoting the smart energy business, including renewable energy (biomass, wind power) and batteries
- ESG activities that enhance corporate value over the long term



- Development of entire buildings, urban redevelopment, maintenance
- Strengthening collaboration with developers



- Active initiatives for 5G development
- Local 5G
- MEC (mobile edge computing)
- IoT, etc.

# Business foundation: Safety, quality, BCP

✓ Using the evolution of technologies  
DX, AI, IoT, VR/AR, digital twin, etc.

✓ Enhancing power through ideas and added value  
Awareness-idea-improvement-proposal (patent)-development

✓ Adapting to change in the environment  
Declining birthrate and aging population, diversifying workforce, 2024 ISDN problem, increased number of natural disasters, response to pandemics, etc.

**Culture of safety and quality**  
Ensure the execution of basic operation

**Crisis management**  
Standing crisis management office

◆ Monitoring shop floor safety using the IoT and the cloud  
Enhancing monitoring through DX and AI

### Construction monitoring center



◆ Solving all issues related to work safety, shortening construction periods, environmental considerations, etc. in 5G work

### Kururinpa

Patent obtained



◆ Visualizing safe work in real time  
Continued evolution with functions using vital data and AI

### Smart helmet



◆ Promptly securing 100V supply of electricity, which is necessary in a disaster  
Easily connected to power supply vehicles, rental engines, etc.

### EneCompo

Patent pending



Safety and quality

Disaster control

## Business foundation: Environment, energy

### ✓ Active contribution to environment-related business

- Developing the biomass business
- Taking on the challenge of building offshore wind power generation facilities
- Continue to build renewable energy facilities, including solar power facilities  
(including solar power plants, solar power + off-grid batteries, electric vehicle power supplies)

### ✓ Promotion of the use of renewable energy

- Introducing net zero energy buildings (ZEB)  
(The Minami Kanto Branch building was certified by the Kanagawa Prefecture government under its smart energy plan.)
- Purchasing electricity from renewable sources

### ✓ Reducing the Company's CO<sub>2</sub> emissions

- Shifting to low-emissions vehicles, including electric vehicles  
(Replacing all general vehicles, including those used in sales activities, by 2025)

### ✓ Promoting energy-saving activities

- Green purchases
- Day-to-day activities, including teleworking and paperless offices

# Business foundation: Human resources strategy

✓ **Enhancing adaptability to enable human resources to adapt to changes in the business environment**

- Hiring more work-ready human resources
- Enhancing online training to cultivate human resources quickly

✓ **Increasing labor productivity**

- Hiring the high-level IT personnel necessary for digitalization
- Increasing the visibility of labor management and establishing appropriate working hours

✓ **Developing a culture where diverse values are respected**

- Promoting diversity and inclusion
- Personnel exchange throughout the Group, including in global operations

✓ **Responding to new ways of working in the new normal created by the COVID-19 pandemic**

- Rebuilding the personnel system in response to new ways of working
- Cultivation and assignment of employees according to each individual's capabilities and career path

## Business foundation: Financial strategy

### ✓ Achieving a stable financial base

- Keeping the equity ratio high
- Financing mainly through interest-bearing debt, including straight bonds and green bonds

### ✓ Active investment for growth

- Focusing on investment in growth areas and on strengthening businesses — Investing in three areas: M&A, innovation and digitalization

### ✓ Stable and flexible shareholder returns

- Continuing to pay stable dividends
- Continuing flexible stock buybacks

## Business foundation: Group management

### ✓ Flexible and agile Group management

- Integrating/dividing subsidiaries based on business domains/areas
- Maximizing construction/development capabilities by focusing on fields where the Group is strong
- Shifting resources to flexibly use human resources within the Group

### ✓ Synergies utilizing the Group's strengths

- Community-based business development taking advantage of each company's presence
- Evaluating the businesses of Group companies in consideration of comprehensive optimization
- Using the Group's own benchmarks, including safety and security benchmarks

## Business foundation: Advancement of DX

### ✓ Strengthening the management foundation through digitalization

- Automating business processes using ServiceNow and RPA
- Expediting management decisions using BI and analytics tools
- Enhancing the security of business operations
- Increasing productivity through nearshoring and offshoring

### ✓ Creating new value through solutions

- Leveraging BIM and CIM to achieve smart construction
- Transforming security into a service to expand earnings
- Creating new services by applying business models used in new fields overseas

# ESG Goals

	Challenges to address	Related SDGs
<b>Environment</b>	<ul style="list-style-type: none"> <li>■ Shift to renewable energy</li> <li>■ Initiatives toward decarbonization, reduction of CO<sub>2</sub> emissions</li> <li>■ Contribution to a resource recycling-oriented society</li> <li>■ Use of environmentally friendly green products</li> </ul>	     
<b>Social</b>	<ul style="list-style-type: none"> <li>■ Contributing to local communities</li> <li>■ Ensuring safety and quality in business</li> <li>■ Promotion of Diversity &amp; Inclusion</li> <li>■ Driving work style reforms</li> </ul>	     
<b>Governance</b>	<ul style="list-style-type: none"> <li>■ Achieving transparent management</li> <li>■ Ensuring strict compliance</li> <li>■ Ensuring thorough risk management</li> </ul>	   

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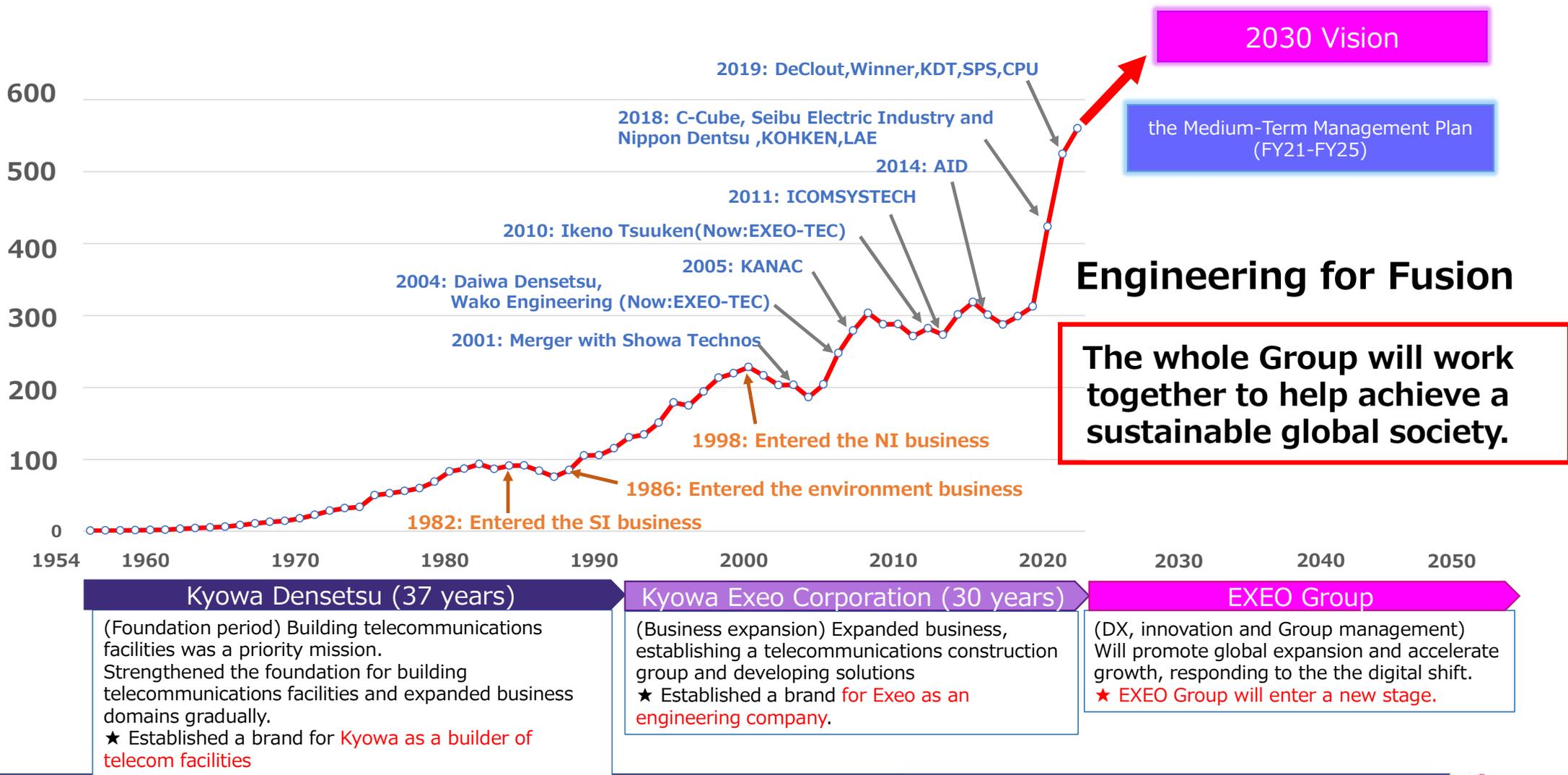
## From Kyowa Exeo Corporation to EXEO Group

**Kyowa Exeo Corporation will change its name to express its aspiration to create new value, bringing together the Group companies' management resources and technologies as the core company of the Group to achieve substantial growth.**

- New business name: EXEO Group, Inc.
- Date of change: October 1, 2021

The name of the business will change following the passing of a resolution at a shareholders' meeting, which is necessary for the name to be changed.

# Corporate History and Future Development



# *Engineering for Fusion*

Connecting our world - to all our tomorrows

