

# Annual Results for the Fiscal Year Ended March 31, 2021 (FY 2020)

May 20, 2021



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# 1. Overview of FY20 Results

## (1) Financial Highlights

**Both orders received and net sales increased over 9% year on year.  
Operating income rose significantly, 18% year on year, partly due to an increase in profit margin.**

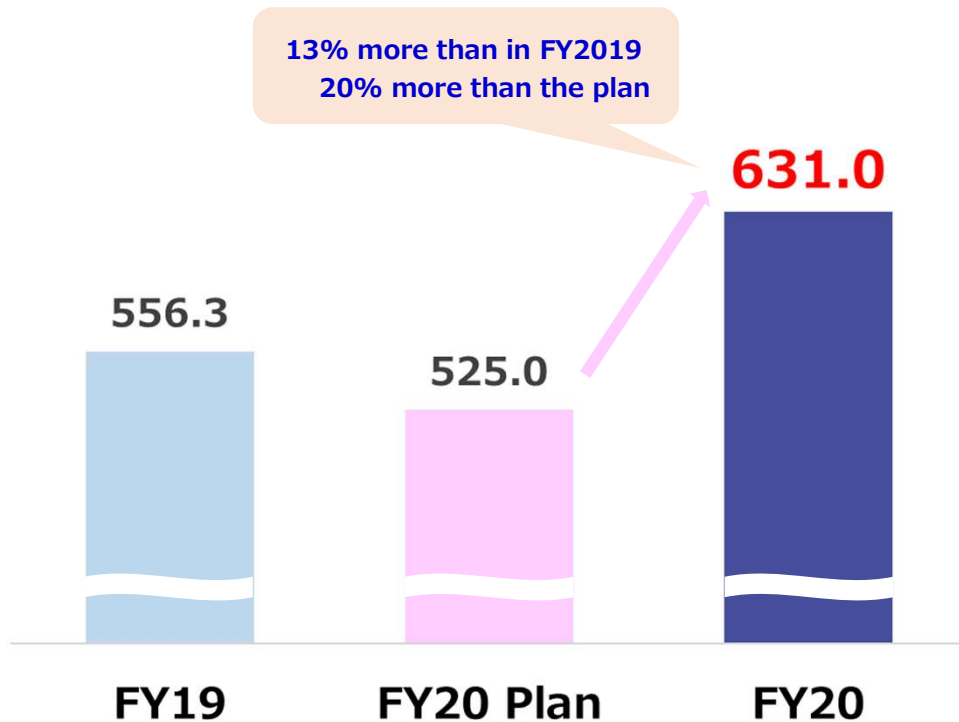
**Orders received exceeded ¥630.0 billion, driven by orders related to GIGA School program and advanced radio.**

**Results far exceeded the targets in the Medium-Term Management Plan (2016-2020).**

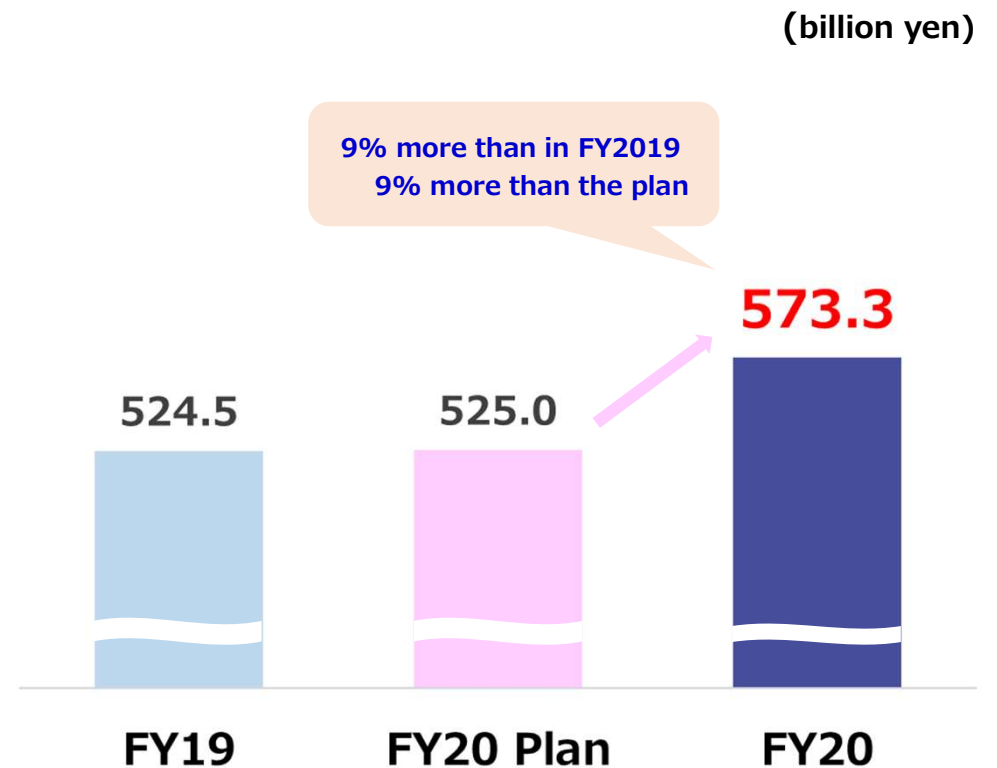
## ／ (2) Results Highlights (Orders Received, Net Sales)

Both orders received and net sales far exceeded their levels in the previous year and initial plan, driven by the GIGA School Program and other factors.

### ■ Orders Received



### ■ Net Sales

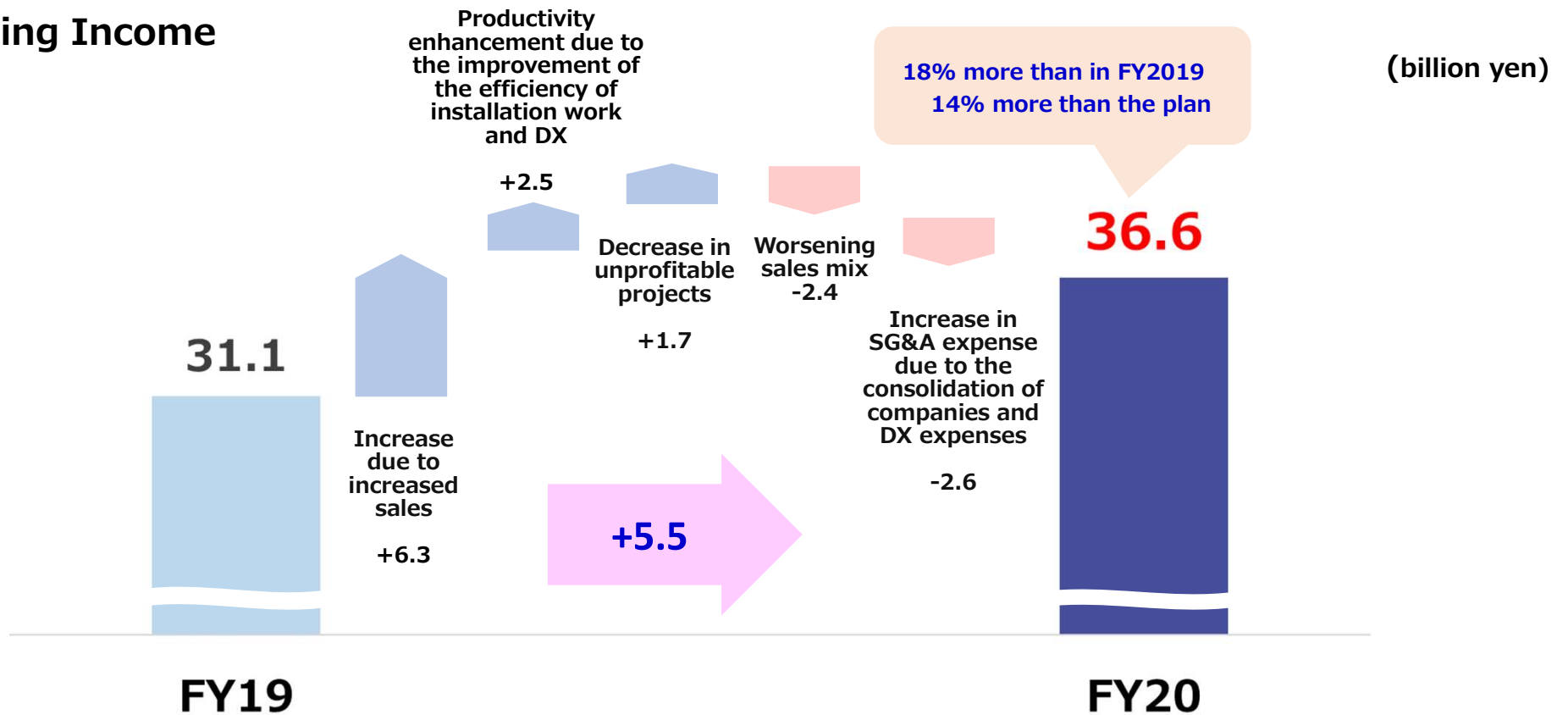


Note: The plan for FY20 is the initial plan.

### ／ (3) Results Highlights (Operating Income)

Operating income rose significantly, reflecting an increase in the profit margin due to an improvement in profitability resulting from the redevelopment of construction teams and digital transformation initiatives.

#### ■ Operating Income





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## **2. Forecast for FY2021 Performance**

## ／ (1) Plan Summary

Despite the end of special demand related to the GIGA School program, the Group will seek to increase income by expanding growth businesses and implementing initiatives that improve productivity.

(billion yen)	FY2020	FY2021	
	Actual A	Plan B	YOY B-A
Orders received	631.0	550.0	▲81.0
Net sales	573.3	560.0	▲13.3
Operating income	(6.4%) 36.6	(6.6%) 37.0	(+0.2P) +0.4



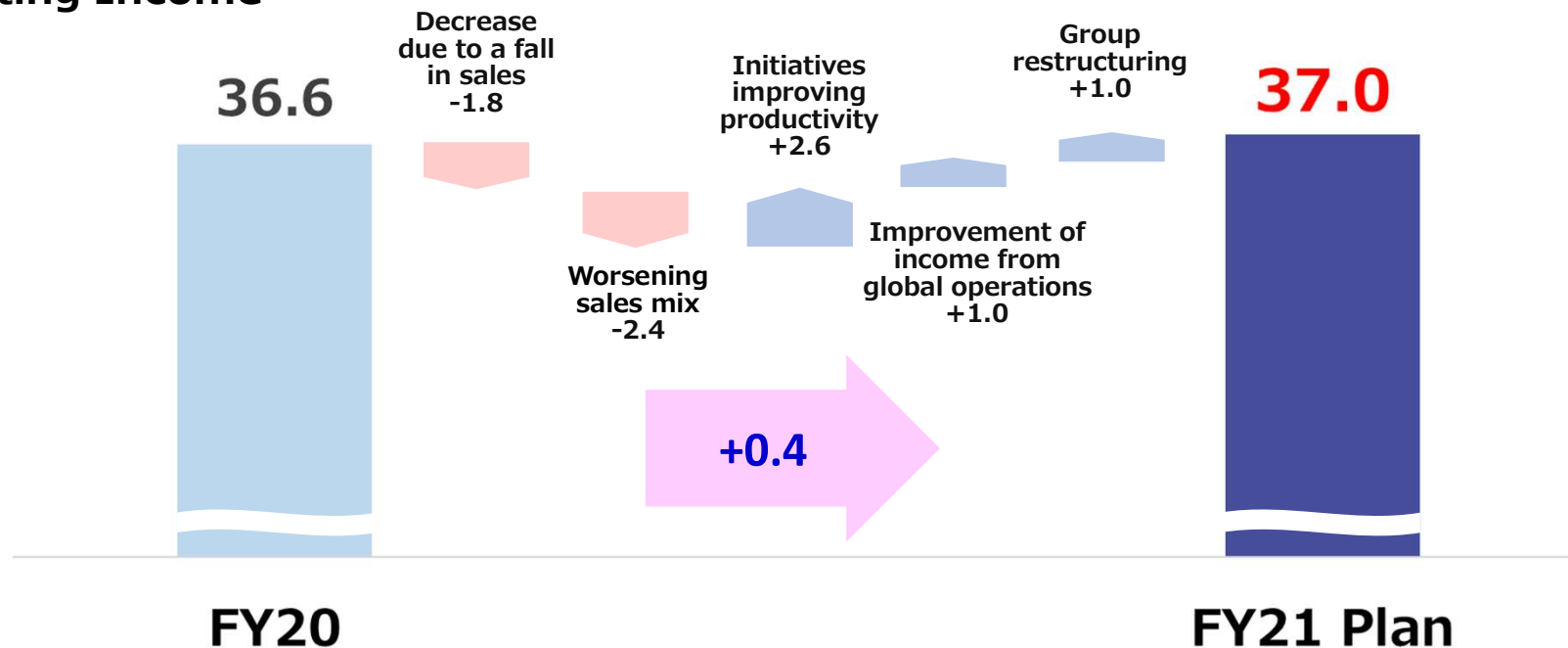
## ／ (2) Plan Summary (Operating Income)

The Telecom Carriers business is expected to continue steadily contributing to income. The Group will strive to increase income chiefly by expanding the fields where it is strong in the Urban Infrastructure and System-Solutions businesses. The Group also aims to improve its income from its global operations.

In addition, the Group will strive to improve productivity, enhancing the efficiency of its businesses through digital transformation, to improve its profit margin.

### ■ Operating Income

(billion yen)





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## 3. Segment Information

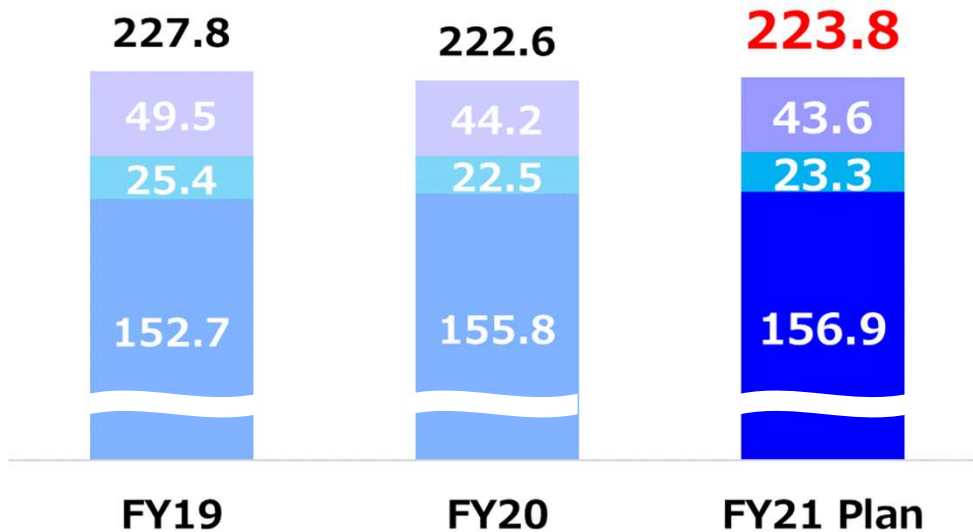
# ／ (1) NTT Group

Net sales in Access, where the Project on Promoting Advanced Radio Environment Improvements has begun, were strong. Progress in 5G projects etc. is expected.

## ■ Trends in net sales and plan for FY2021

(billion yen)

- Access engineering
- Network engineering
- Mobile engineering



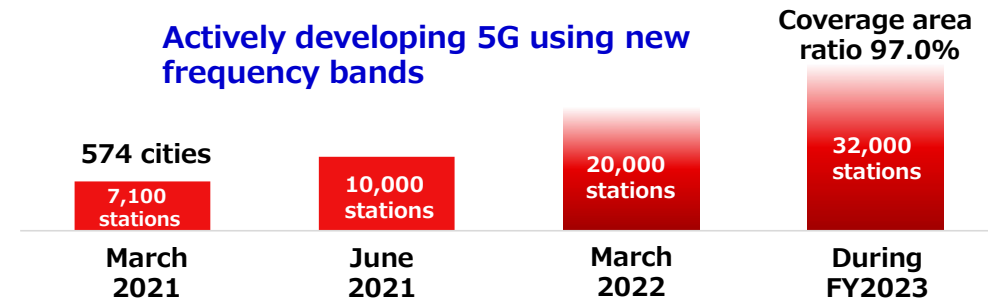
## ■ Topics (NTT East, West and NTT DoCoMo)

### Project on Promoting Advanced Radio Environment Improvements

The national government subsidizes the construction of optical fiber networks in rural and mountainous areas where there are no optical fiber networks.

The Company is actively involved in the project, mainly through its Access business nationwide, from Hokkaido to Kyushu, in cooperation with Group companies.

### DoCoMo's 5G base station plan

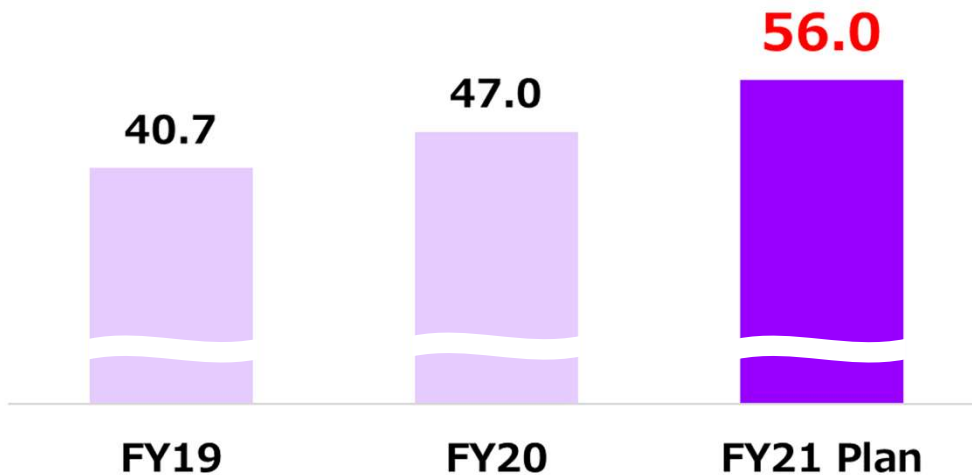


(Source: Created by the Company based on the presentation materials of telecom carriers)

The Company will actively respond to trends impacting telecom carriers and engage in 5G, maintenance and repair and adjustment processes.

■ Trends in net sales and plan for FY2021

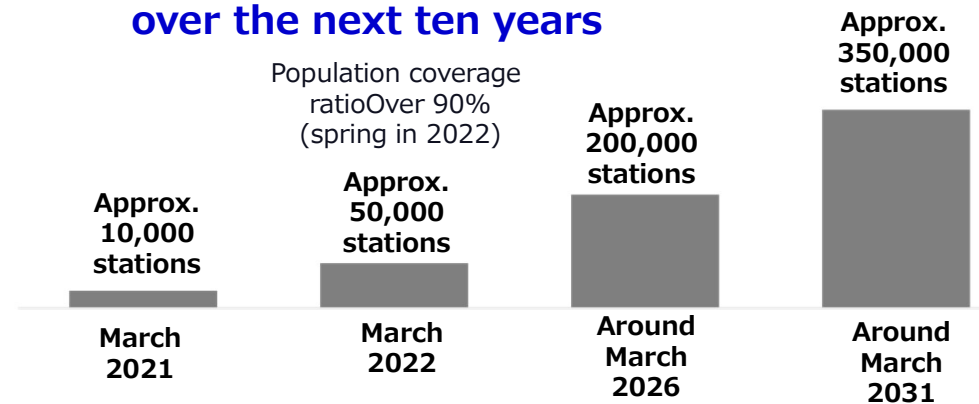
(billion yen)



■ Topics (Softbank)

SoftBank's 5G and 6G plans

Will invest about 2.2 trillion yen over the next ten years



Response to active investment

The Group companies will cooperate with each other to prepare a stronger construction teams in response to active investment in 5G networks.

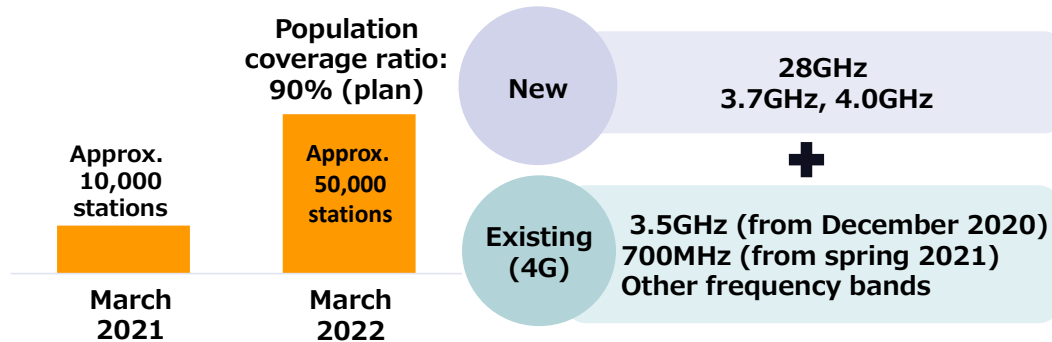
(Source: Created by the Company based on the presentation materials of telecom carriers)

As each telecom carrier accelerates its installation of base stations, the entire Group will energetically respond to the situation nationwide.

## ■ Topics (KDDI)

### KDDI's 5G plan

Approximately ¥2 trillion will be invested by 2030.(5G/beyond 5G)



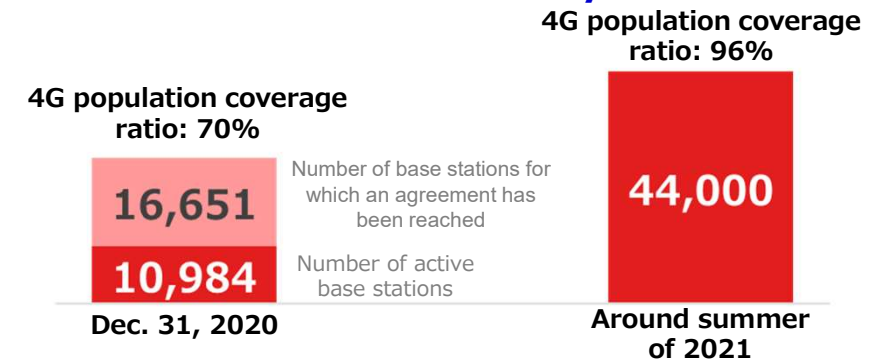
### Flexible response to customer trends

The Group will respond flexibly to customer trends, such as the expansion of 5G areas using existing frequency bands.

## ■ Topics (Rakuten Mobile)

### Rakuten's 4G plan

Investment in 4G will increase 30% to 40% from ¥600 billion by 2025.



### Response to accelerated construction

Base stations will be installed five years ahead of the initial plan, and the Group will actively respond to this across the nation.

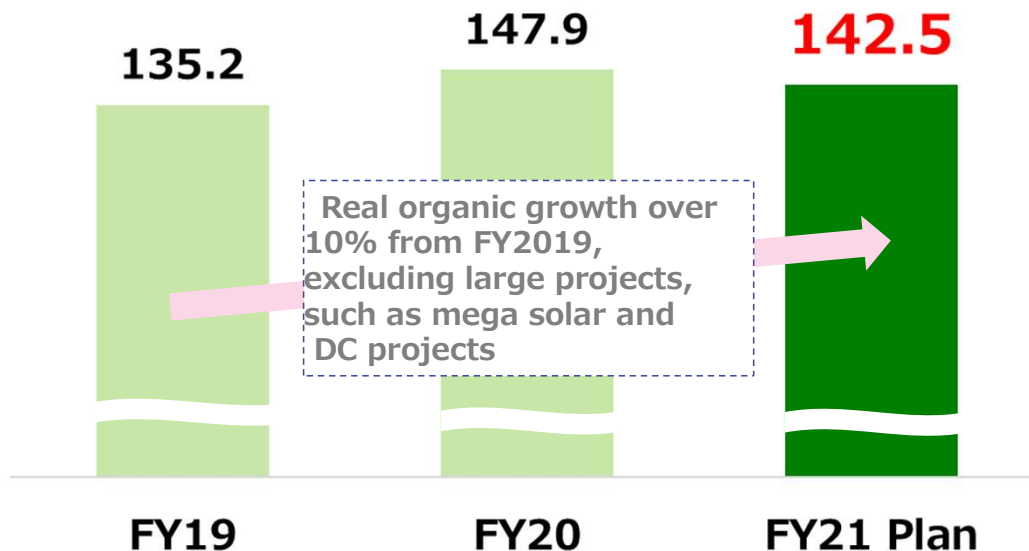
(Source: Created by the Company based on the presentation materials of telecom carriers)

## ／ (3) Urban infrastructure

The Company will actively engage in energy-related construction and the renovation of aging infrastructure in response to strong capital expenditure.

### ■ Trends in net sales and plan for FY2021

(billion yen)



### ■ Topics

#### Energy

Begin preparations for entering the renewable energy business, including woody biomass and offshore wind power generation.

#### Social infrastructure

Expand renovations of aging infrastructure, including the renovation of highways and other public infrastructure, railways and building facilities.

#### Data centers

Actively tap into demand for new data center construction in response to expanding demand for cloud services

# ／ (3) Urban Infrastructure (Part of Priority Projects)

Leveraging our technological prowess  
in the field of renewable energy



Biomass power  
generation facilities



Earth shuttle method  
(arc-shaped drill)



Contributing to the renovation of important  
infrastructure, including roads

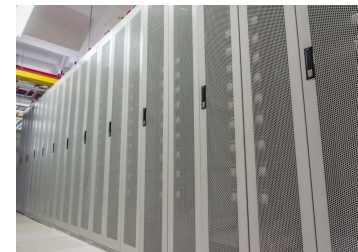


Installation of tunnel  
lighting

Expanding our business domain  
in the field of railways



Increasing reliability based on our track  
record in data center work

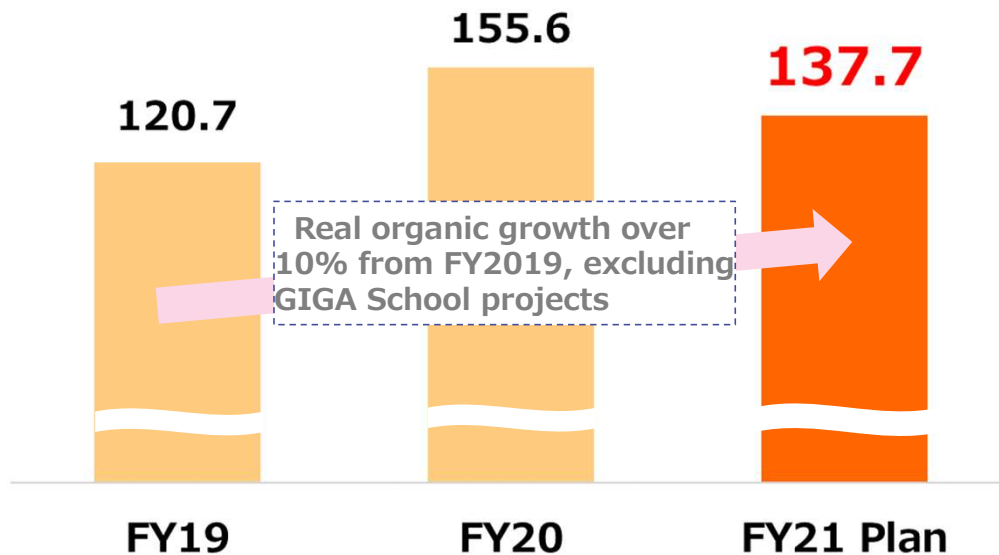


## ／ (4) System solutions

The Company will create high value-added solutions and provide services based on competitive products.

### ■ Trends in net sales and plan for FY2021

(billion yen)



### ■ Topics

#### Responding to needs for digitalization

Create high value-added products in response to new needs, including companies and local government's needs for digital transformation and needs following the GIGA School project.

#### Expanding recurring business

Providing integrated services using the new customer center, including upstream consulting, maintenance, operations and security support.

#### Developing Group solutions

Share and develop the individual Group companies solutions throughout the Group, including solutions addressing education, healthcare, insurance and business analysis platforms.



# ／ (4) System solutions

## Providing total, optimized solutions that solve social issues and advance customers' digital transformations

### Business process DX consulting

- Visualizing existing business processes
- Designing ideal business processes
- Helping formulate digitalization policies



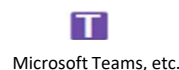
### Using competitive platforms

- Automating IT operations using ServiceNow and RPA
- Supporting data-driven management using Snowflake, data analysis and AI
- Group companies using each other's products to provide total solutions



### Providing high value-added engineering

- Providing zero trust security for companies and local governments
- Building and maintaining local 5G, IoT, cloud, DC, and other systems
- Beginning to engage in the smart city and smart energy fields



### Providing support originating from maintenance and operations to achieve customers' DX

- Consolidating maintenance and operations bases nationwide to establish a new customer center
- Providing integrated support, including consulting and support for construction, maintenance and operations
- Providing managed services including SoC





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## 4. Group Strategies

# ／ (1) Trends in Profit Generation Within the Group

The subsidiaries' contribution to profits has been increasing every year, and consolidated profits is now more than twice non-consolidated income. The earning power of the entire Group is developing.

## ■ Consolidated operating income

Consolidated to non-consolidated ratio

(1.9)

(1.7)

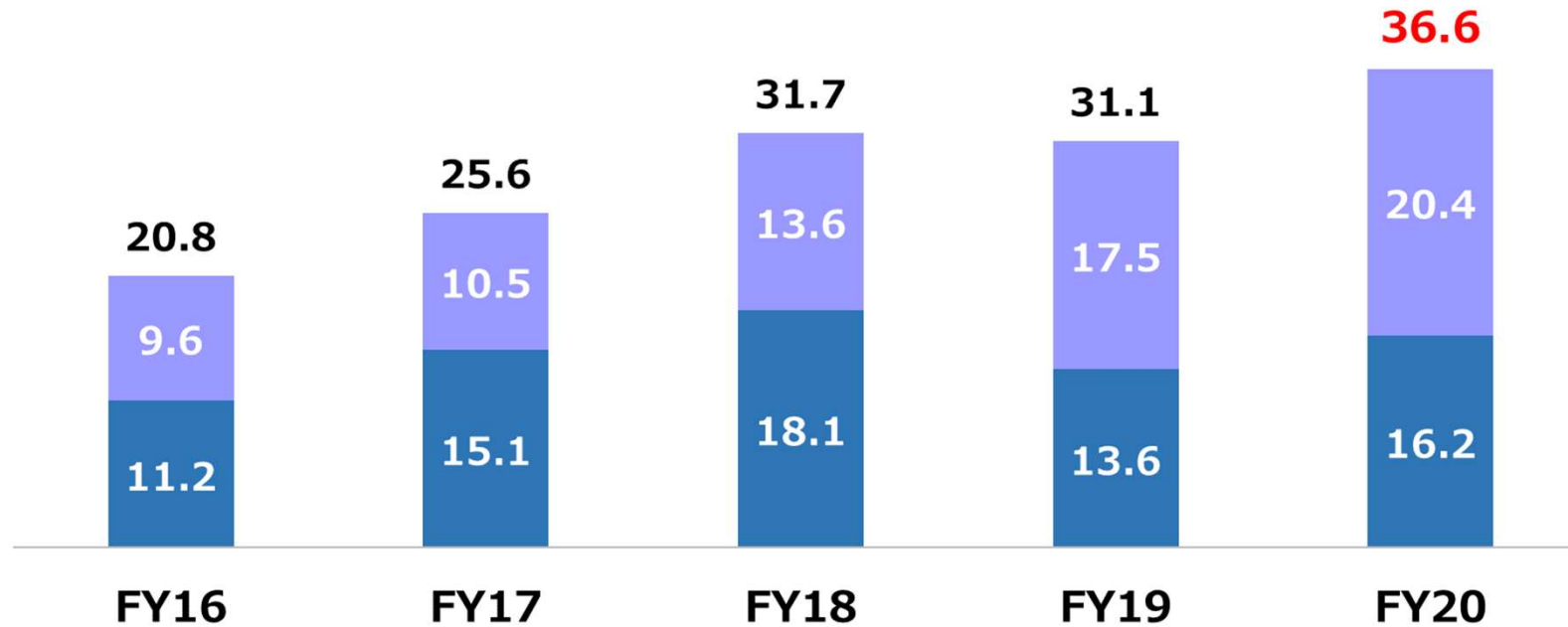
(1.8)

(2.3)

(2.3)

■ Exeo alone ■ Group companies

(billion yen)



## ／ (2) Group Structure and M&A (Japan)

Growth in the domestic business has been supported by subsidiaries, including subsidiaries that have been recently added through M&A activities. The subsidiaries have boosted the Group's overall capabilities.

### Major Consolidated Subsidiaries (5 companies)

C-Cube

Seibu Electric  
Industry

Nippon Dentsu

Exeo Tech

Daiwa Densetsu

### Other Consolidated Subsidiaries (66 companies)

The following are major companies

Telecom  
carriers

Shinyei Tsushin, Suncrex, Ecos Hokuei,  
Sankyo-Techno, KANAC, K. Technos, Sigmax,  
Exeo Mobile, Toho Communications, Yuai  
Tuken, Kyoei Densetsu Kogyo, Densetsya,  
KDT

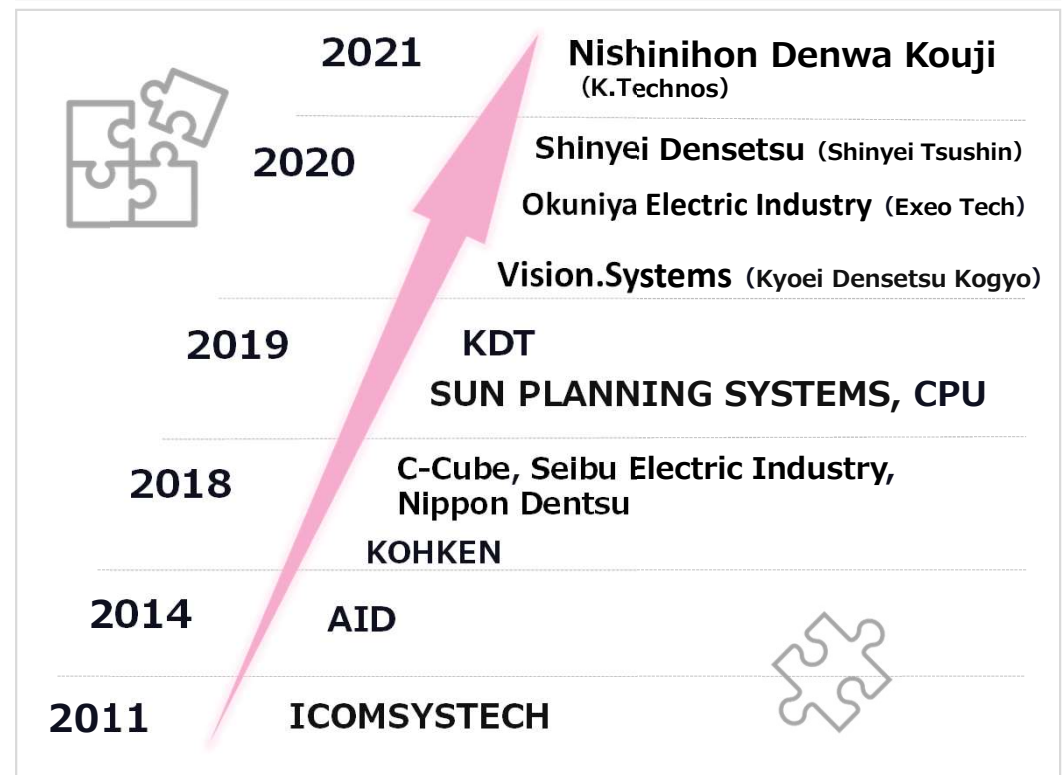
Urban  
infrastructure

Exeo Infra, Infratechno, KOHKEN

System-  
Solutions

ICOMSYSTECH, ACCRESCO, AID, WHERE  
SUN PLANNING SYSTEMS, CPU

### Group companies added through M&A activities (from 2011)



Note: Companies in parentheses acquired new subsidiaries through M&A activities.

# ／ (3) Global Strategy

**EXEO Global controls three segments which include challenging fields.**  
**The Group companies under EXEO Global generate synergies with domestic businesses and expand the Group's business fields.**

## Telecommunications carrier & ICT

- Access, network, mobile construction
- Building common infrastructure and developing recurring business



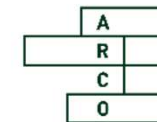
## Urban Infrastructure

- Electrical and air conditioning work for subways, DC, office buildings, etc.
- Advancing the DX of construction using BIM



## Business Incubation

- Providing new solutions to enhance the customer experience
- Striving to resolve social issues (contributing through IT and the reuse of equipment)





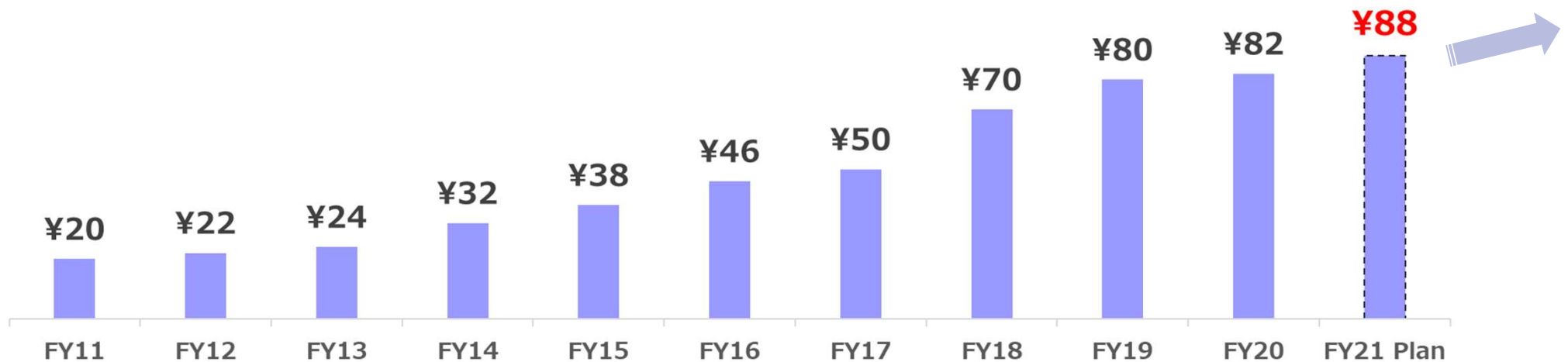
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## 5. Shareholder Return

## ／ (1) Dividends, Share Buybacks

Continue to actively provide shareholder returns (have adopted DOE and will continue to steadily increase dividends)

- Annual dividends: **Will increase for the tenth consecutive year.**



- Acquisition of treasury stock: Will flexibly purchase treasury stock in light of market trends, results, and financial condition.

Under the policy actively providing shareholder returns, the Company **will purchase ¥3.0 billion of treasury stock in FY2021** and will purchase treasury stock thereafter as appropriate in light of circumstances.

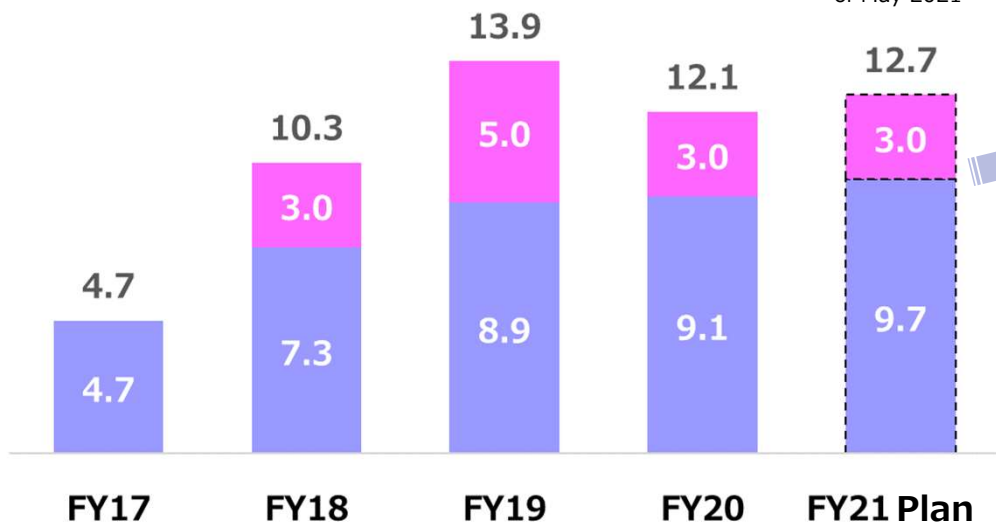
## ／ (2) Total Shareholder Return, ROE, EPS

Aim to steadily increase ROE and EPS by continuing to increase income and capital efficiency.

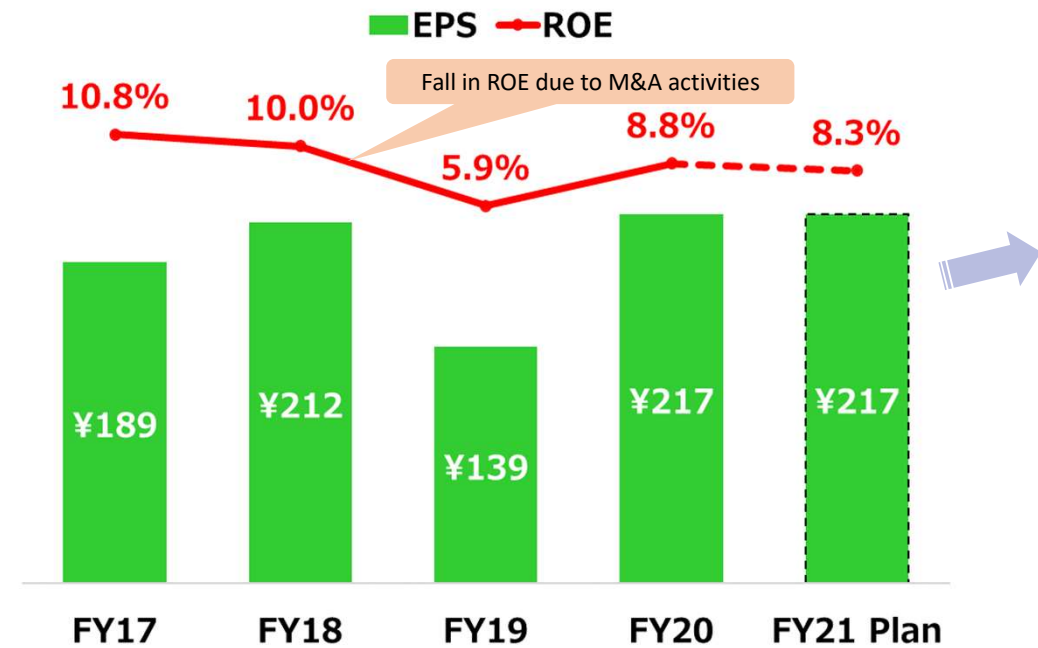
### ■ Total Shareholder Return

(billion yen)

- Total acquisition of treasury stock
- Total dividends



### ■ ROE/EPS







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## 6. Topics

## (1) Wins Gold Medal at National Skills Competition Japan (human resources development)



**In the National Skills Competition Japan, Ebihara, an employee of the Company, won a Gold Medal in the Information Network category.**

This is the eighth time, and the second consecutive year that an employee of the Company has won a Gold Medal at the national competition. Ebihara will participate in the WorldSkills Competition in Shanghai in 2022. Employees of the Company have represented Japan in the WorldSkills Competition, which is held biennially, five times. Company employees have won gold medals all the five times.



In Aichi, in November 2020



**Note: In principle, technicians who are 23 years old or younger compete by category at National Skills Competition Japan. In the 2020 competition, 944 people participated in 40 categories.**

**Ebihara competed in the Information Network Cabling category, where participants compete on the speed and performance of their optical fiber fusion splicing in the wiring of a simulated building, and in other assignments. Participants compete for a total of eight hours over two days.**

## ／ (2) Selected as a Semi-Nadeshiko Brand (women's active participation)



The Company was selected as a 2020 Semi-Nadeshiko Brand, which is a Ministry of Economy, Trade and Industry and Tokyo Stock Exchange program recognizing companies that excel at promoting women's participation.

To promote the active participation of female employees, the Company actively promotes women to important posts (officers, branch managers, auditors at Group companies) and managerial posts. The Company also appoints a facilitator of women's participation in each job type and branch to improve the environment for women's participation and help women develop their careers.

In 2016, the Company was certified by the Ministry of Health, Labour and Welfare as a level 3 (top level) Eruboshi company, an excellent company in terms of women's active participation.

Note: Since FY2012, the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange have jointly selected Nadeshiko and Semi-Nadeshiko Brands to showcase listed companies that excel at the promotion of women's participation as stocks that would be attractive to investors and that emphasize the enhancement of corporate value over the medium to long term and encourage investors to invest in those companies. In this way, this system aims to accelerate companies' initiatives to promote women's participation.

In FY2020, 45 companies were selected as Nadeshiko Brands, and 19 companies as Semi-Nadeshiko Brands.



### ／ (3) A Sustainable Office Completed (reducing environmental impact)



**A new ZEB-certified Minami Kanto Branch building has been completed following the sustainable office concept.**

**The building's energy consumption is 51% less than a standard building of the same size due to windows that reduce heat from sunlight, outer walls with superior insulation performance and an energy management system. Moreover, the building has a 50 kW photovoltaic power generation system, effectively using 75% less energy. The building thus meets the Nearly ZEB criteria.**



**Note: This building has been certified by the Kanagawa prefectural government as a Net Zero Energy Building (ZEB) project in the Kanagawa Smart Energy Initiative.**

## ／ (4) Starting a New Form of Agriculture (harmony with communities)



**C-Cube, a major subsidiary, produces and sells high-sugar mini tomatoes in a smart farm using ICT.**

**C-Cube produces high-sugar Sweet Cube mini tomatoes at C-Cube Sakahogi Farm in Gifu Prefecture. The farm takes steps to mitigate global warming and takes the surrounding environment into consideration. It utilizes ICT, including automatic environment control and a data analysis system.**

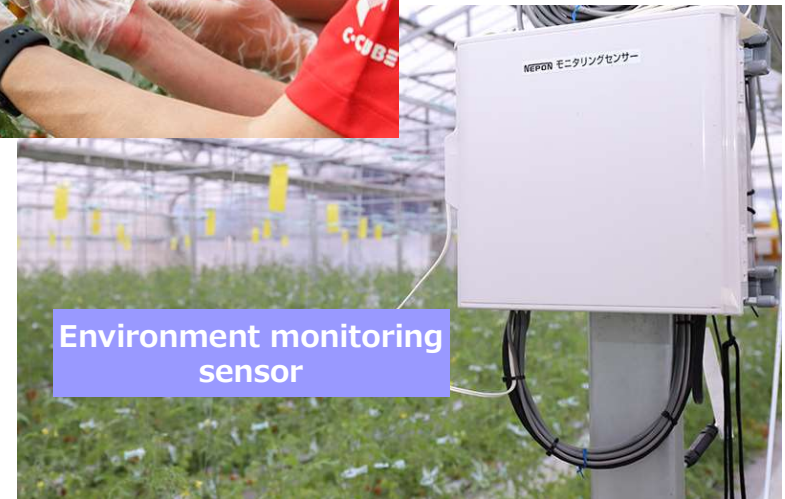


**Sakahogi Farm is a JGAP\* certified farm.**

\*JGAP is a third-party certification system that certifies farms that meet criteria for proper management.



**Yield forecasts using AI (a demonstration experiment is being conducted)**



**Environment monitoring sensor**

## ／ (5) The Group's Response to COVID-19

### Thorough infection prevention measures

- Through disinfection of offices, preparing PCR test kits for voluntary testing, making rules known to employees, etc. Driving work style reforms in response to the new normal created by the COVID-19 pandemic, improving the workplace environment

### Driving work style reforms in response to the new normal created by the COVID-19 pandemic, improving the workplace environment

- Distributing mobile PCs and smartphones to all employees to enable them to work anywhere in the same ways they would in the office
- Promoting paperless offices, ending the use of seals and building a network environment that ensures security for employees working remotely
- Implementing hot-desking at the head office and other major offices and installing security gates with face authentication and thermography cameras

### Providing the Group's COVID-19 measures and work style reform solutions to customers

- Providing remote work solutions using EXBeacon,\* selling disinfection units\*See next page

\*See next page



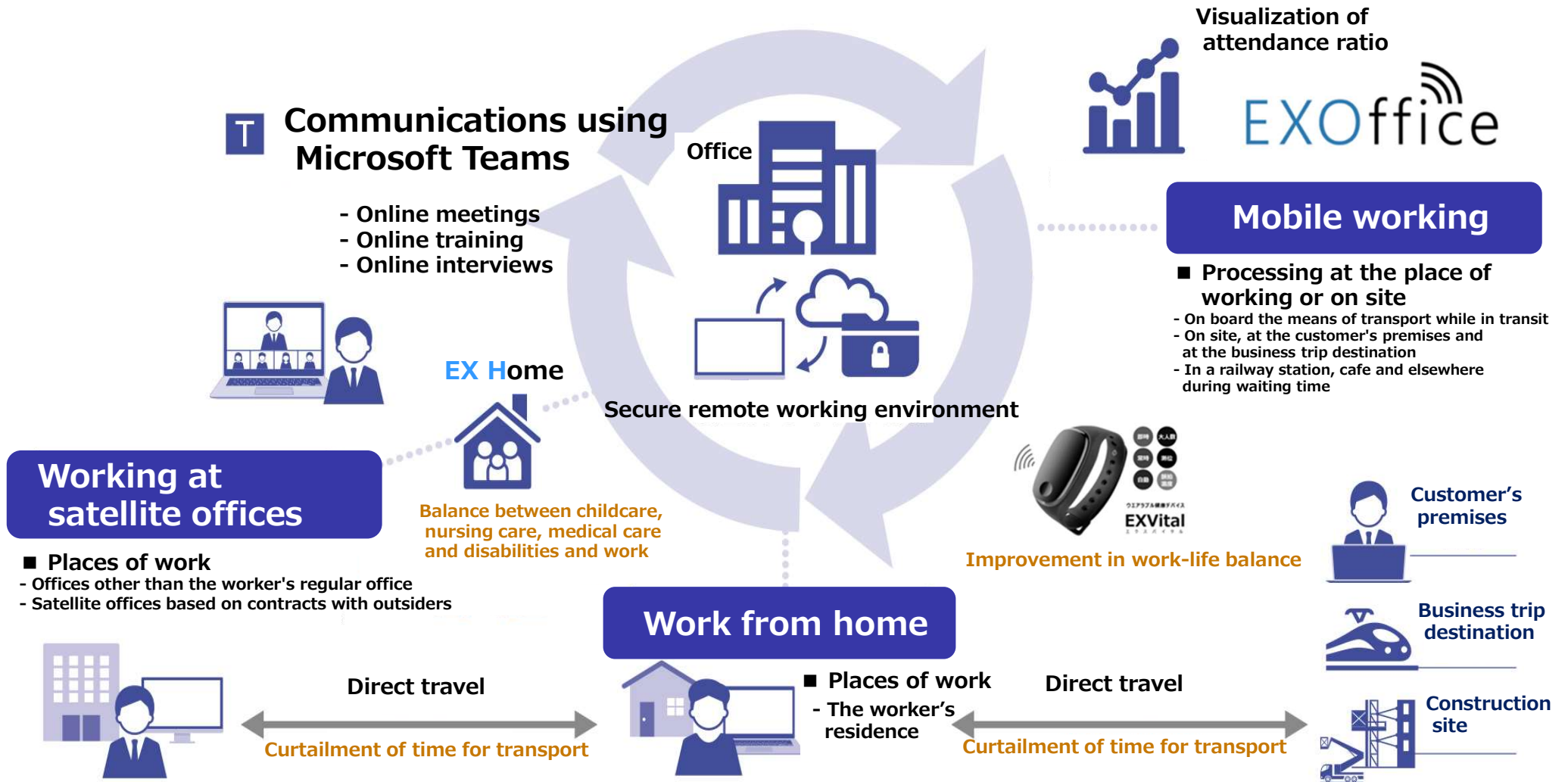
Nippon Dentsu's antiviral ultraviolet irradiation device Care222



Signify's Air disinfection device



# (Reference) Remote Work Solutions Provided by the Company





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# Appendix



# Consolidated Statement of Income

(billion yen)

	FY 2019	FY 2020					FY 2021	
	Full year	Full year					Full year	
		Initial Plan B	Corrective Plan (Announced on Feb. 10, 2021) C	Actual D	YOY D/A	Initial Plan accuracy D/B	Plan E	YOY E/D
A								
Orders received	556.3	525.0	600.0	631.0	113%	120%	550.0	87%
Net sales	524.5	525.0	560.0	573.3	109%	109%	560.0	98%
Gross profit	(13.0%) 68.3	(13.8%) 72.5	(13.1%) 73.5	(13.2%) 75.8	111%	105%	(13.6%) 76.4	101%
SG&A expenses	(7.1%) 37.2	(7.7%) 40.5	(7.1%) 39.5	(6.8%) 39.2	105%	97%	(7.0%) 39.4	100%
Operating income	(5.9%) 31.1	(6.1%) 32.0	(6.1%) 34.0	(6.4%) 36.6	118%	114%	(6.6%) 37.0	101%
Ordinary income	(5.8%) 30.6	(6.3%) 33.0	(6.3%) 35.0	(6.7%) 38.1	125%	116%	(6.8%) 37.8	99%
Net income attributable to owners of parent	(3.0%) 15.6	(4.0%) 21.1	(3.9%) 22.0	(4.2%) 24.1	155%	115%	(4.3%) 24.1	100%

# Consolidated Orders and Net Sales by Segment

(billion yen)

			FY 2019	FY 2020					FY 2021		
			Full year	Full year					Full year		
				Initial Plan	Corrective Plan (Announced on Feb. 10, 2021)	Actual	YOY	Initial Plan accuracy	Plan	YOY	
A	B	C	D	D/A	D/B	E	E/D				
Orders Received	ENGINEERING-SOLUTIONS	NTT Group engineering	Access engineering	151.2	151.2	160.7	166.4	110%	122%	146.9	88%
			Network engineering	25.6	25.6	20.8	21.6	84%	88%	23.2	107%
			Mobile engineering	50.2	50.2	49.0	51.0	102%	103%	44.5	87%
			Sub-total	227.0	227.0	230.5	239.1	105%	114%	214.6	90%
		NCCs	51.7	51.7	60.6	68.1	132%	141%	57.3	84%	
		Urban infrastructure	153.0	153.0	142.3	154.2	101%	115%	141.2	92%	
		Sub-total	431.8	431.8	433.4	461.5	107%	118%	413.1	90%	
		SYSTEM-SOLUTIONS	124.5	124.5	166.6	169.5	136%	128%	136.9	81%	
	TOTAL	556.3	556.3	600.0	631.0	113%	120%	550.0	87%		
Net Sales	ENGINEERING-SOLUTIONS	NTT Group engineering	Access engineering	152.7	152.7	155.4	155.8	102%	109%	156.9	101%
			Network engineering	25.4	25.4	22.1	22.5	88%	89%	23.3	104%
			Mobile engineering	49.5	49.5	44.1	44.2	89%	94%	43.6	99%
			Sub-total	227.8	227.8	221.6	222.6	98%	103%	223.8	101%
		NCCs	40.7	40.7	45.2	47.0	115%	100%	56.0	119%	
		Urban infrastructure	135.2	135.2	138.1	147.9	109%	107%	142.5	96%	
		Sub-total	403.8	403.8	404.9	417.6	103%	104%	422.3	101%	
		SYSTEM-SOLUTIONS	120.7	120.7	155.1	155.6	129%	125%	137.7	88%	
	TOTAL	524.5	524.5	560.0	573.3	109%	109%	560.0	98%		
Amount Carried Forward	ENGINEERING-SOLUTIONS	NTT Group engineering	Access engineering	26.4	—	—	37.0	140%	—	—	—
			Network engineering	11.0	—	—	10.0	92%	—	—	—
			Mobile engineering	27.2	—	—	34.0	125%	—	—	—
			Sub-total	64.7	—	—	81.2	126%	—	—	—
		NCCs	30.9	—	—	52.1	168%	—	—	—	
		Urban infrastructure	113.7	—	—	121.1	107%	—	—	—	
		Sub-total	209.3	—	—	254.4	122%	—	—	—	
		SYSTEM-SOLUTIONS	21.5	—	—	34.8	161%	—	—	—	
	TOTAL	230.9	—	—	289.2	125%	—	—	—		

# Group segments

Segment			Description of work
ENGINEERING-SOLUTIONS	Telecom carriers	Access engineering	Access construction and civil engineering work for NTT Group
		Network engineering	Network construction for NTT Group (including network construction for DoCoMo)
		Mobile engineering	Mobile construction for NTT Group
	NCCs		Telecommunications infrastructure construction for NCCs (KDDI, SoftBank, Rakuten)• (Access, Network and Mobile)
Urban infrastructure		<ul style="list-style-type: none"> <li>•Wiring for telecommunications for local governments, public offices, CATV, railway companies and private companies (telecom infrastructure construction other than for telecom carriers)</li> <li>•Electric work, air conditioning work, renewable energy-related work, including the construction of solar power generation facilities</li> <li>•Urban civil engineering work (utility pole removal, water and sewage, earth shuttle method construction, etc.)</li> <li>•Construction, operation and maintenance of waste disposal plants, biomass boilers, etc.</li> </ul>	
SYSTEM-SOLUTIONS			<ul style="list-style-type: none"> <li>•SI (contract development of large systems, provision of business support solutions, etc.)</li> <li>•NI (servers, wireless LAN, security, cloud services, GIGA School project, etc.)</li> <li>•Global (wiring for telecommunications, electric work, air conditioning work, provision of solutions, etc.)</li> </ul>



## 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.

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TEL: (81)3-5778-1073

A variety of IR materials is available for  
consultation on our company website.

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