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Value creation strategy

A clear strategy and the ability to execute are necessary to maintain sustainable growth and to contribute to society.

Based on a company-wide strategy encompassing finance, human resources, R&D, and the environment, we are deploying a value creation strategy that leverages strengths in each of our three business segments—Telecom Carriers, Urban Infrastructure, and System Solutions.

39	Message from the CFO / Financial highlights	57	Summaries by segment
45	Group management strategy	59	Telecom Carriers business
47	Human resources strategy	61	Urban Infrastructure business
51	R&D strategy	63	System Solutions business
53	Environmental management		



Pursuing targets for operating profit, ROE, and EPS in the final fiscal year of the medium-term plan

Shigeki Hayashi
 Director and Managing Operating Officer, General Manager of Accounts & Finance Division and General Manager of Corporate Planning Division, CFO

Summary of fiscal 2024

Looking back on our business performance in fiscal 2024, our net sales reached ¥670.8 billion (up 9.2% year on year), setting a record high that far exceeded the plan of ¥630.0 billion. As a result, we were able to achieve the sales target (¥630.0 billion) set in the current Medium-Term Management Plan (FY2021–2025) (the “Current Plan”) one year ahead of schedule. Additionally, total orders received for the year were also well above plans at ¥712.4 billion (up 8.5%).

As for profits, although there were one-off factors such as provisions for losses of around ¥1.1 billion, all three segments—Telecom Carriers, Urban Infrastructure, and System Solutions—achieved increased profits. As a result, all of our profit metrics grew significantly year on year, including operating profits which reached ¥42.4 billion (up 24.5% year on year).

What I am particularly proud of about our fiscal 2024 performance is the improvement in gross profit, which is the foundation for each profit metric. Gross profit for the year totaled ¥100.4 billion (up 12.7% year on year), surpassing ¥100.0 billion for the first time. Gross profit margins also grew to 15.0%. At the same time, SG&A also rose to its highest level ever due to increased labor costs and active growth investments, but we managed to outperform the cost increase, which led to gross profit and gross profit margin growth. I consider this to be evidence that we are making steady progress in strengthening our earning power, which has been a management priority.

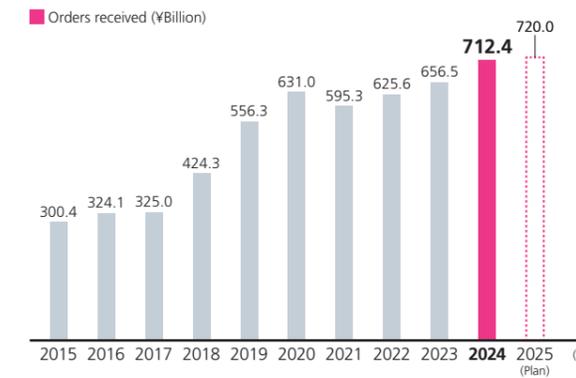
I would like to continue to further increase our earning power, leading to sustainable growth and increased corporate value.

Current medium-term plan: progress and future outlook

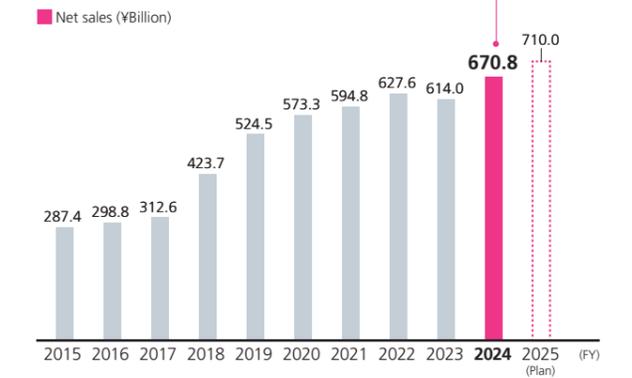
Fiscal 2025 is the final year of the current medium-term plan. As explained above, we were able to achieve our sales target ahead of schedule. From my observations regarding the construction projects carried over from the previous year as well as our overall performance to this point, it is also more than likely our other numerical targets such as for operating profit, ROE, and EPS will be achieved through continued organic growth. In the Finance Department, we also consider it our mission to achieve these.

However, among the target numbers set out in the current medium-term plan, we expect to fall slightly short of our target for operating margin (7.5%). One of the main reasons is due to accepting low-profit projects in the past, and its abiding effect toward the Urban Infrastructure segment. We are also behind schedule in turning our global business into a profitable one. However, these negative factors are now moving in a positive direction. Becoming more selective regarding the orders we accept, the impact of past low-profit projects is gradually diminishing, and continuous structural reforms in our global business will steadily strengthen our balance sheet. Over the past three years, our Group’s operating margins are clearly trending upward, and until the completion of the current

Orders received ¥712.4 billion

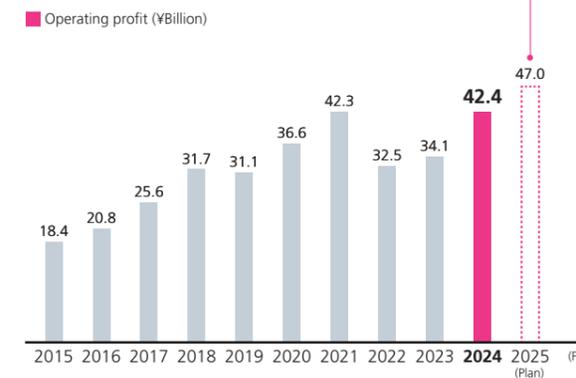


Net sales ¥670.8 billion



Achieved current medium-term plan target of ¥630.0 billion ahead of schedule

Operating profit ¥42.4 billion



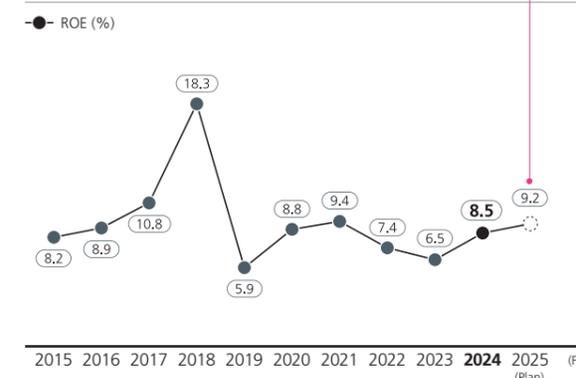
Aiming for plan target of ¥47.0 billion

Operating profit margin 6.3%



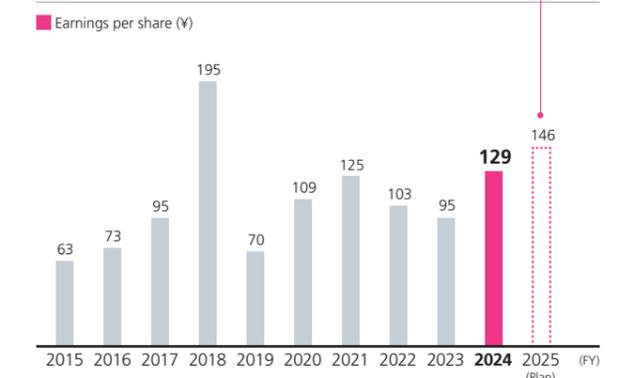
Expecting to fall short of current medium-term plan target 7.5%

ROE 8.5%



Aiming for current medium-term plan target of 9.0% or higher

Earnings per share ¥129



Aiming for plan target of ¥140 or higher

medium-term plan, we will focus on achieving the target 7.5% by boosting the profitability of each business.

Of course, controlling costs (SG&A) is also an important factor affecting profit margins. However, we are not thinking about restricting investments essential to business growth, such as human resources, R&D, or DX. On the contrary, we are convinced that we need to be even more aggressive in these areas. As we control the costs of our normal business operations by standardizing construction processes and consolidating business sites, we will also pursue even greater earning power by

actively investing in growth, ultimately resulting in a higher profit margin.

Improving capital efficiency and ensuring financial soundness

Along with boosting profitability, improving capital efficiency is just as important, or perhaps even more important, for growing corporate value. Since our net income fell significantly due to the effects of extraordinary losses recorded in fiscal 2023, our ROE, which is a key

metric for capital efficiency, temporarily declined to the 6% range. However, we recovered it back to 8.5% in fiscal 2024 and are within reach of the current medium-term plan target of 9%. To increase capital efficiency, I believe it is fundamental to first grow profits by strengthening earning power, but I also consider it important to stabilize net equity by maintaining healthy shareholder returns and leveraging interest-bearing debt.

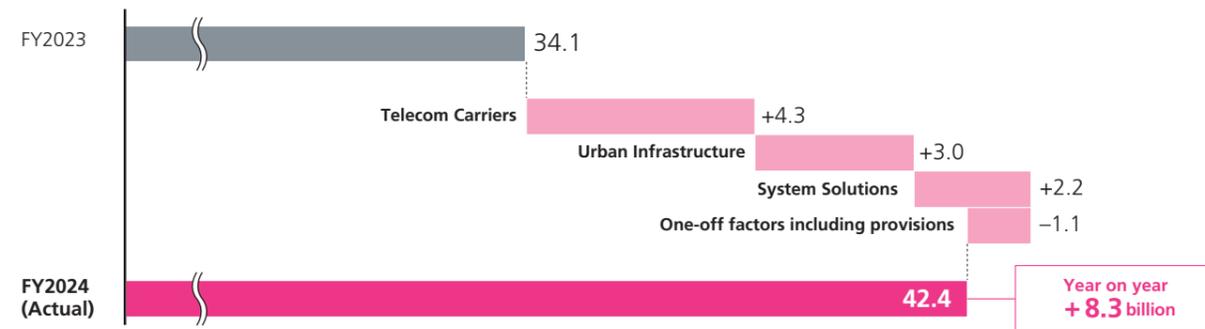
Additionally, we intend to continue disposing of unnecessary assets and reducing cross-shareholdings. Currently we are reorganizing Group companies while also consolidating and integrating business sites in areas throughout Japan. Simultaneously, our Corporate Real Estate (CRE) Office established in July 2024 is leading the restructuring and sale of real estate we have deemed unnecessary, including the facilities of companies that we obtained through M&As. For cross-shareholdings, we are gradually selling off those that are no longer strategically important. We have sold off a cumulative total of roughly ¥17.0 billion during the four years of the current plan, and we expect to sell approximately ¥3.0 billion more in fiscal 2025. Our ratio of cross-shareholdings to net assets is currently more than 8%. Going forward, our policy is to shrink and cash out enough of these to reduce the ratio to 6-7%, diverting the freed up cash toward more shareholder returns and growth investments.

Along with improving capital efficiency, another important mission of the Finance Department is to



maintain the stability (soundness) of our finances. While the current equity ratio (50.0% as of March 31, 2025) is thought to be at a stable level, I consider credit ratings to be a better measure of financial soundness. Taking the recent interest rate increases into consideration, I believe it is important to implement financial capital strategies that acknowledge the significance of retaining our current JCR credit rating (A+) in order to avoid increases in liability costs. If a large-scale M&A transaction requiring a large amount of funds were to occur, we could potentially increase our interest-bearing debt while keeping the cost of raising funds in mind. However, taking our current equity ratio and cash flow into consideration, I believe we still have a sufficient risk buffer to maintain our credit rating.

Cause analysis diagram for changes in operating profit (¥Billion)



Cash flow status analysis diagram



Initiatives to increase ROE

	Initiatives for FY2024	FY2025 onward
ROE Earnings per share / Shareholders' equity Achieve ROE that exceeds capital cost (approximately 8%) (FY2024: 8.5%)	Increased profits <ul style="list-style-type: none"> Standardizing construction processes and multi-skilling Shifting resources to growth areas Accepting orders selectively with emphasis on profitability Developing new solutions Integrating Group companies and consolidating business sites, Initiating reorganization of overseas Group companies 	<ul style="list-style-type: none"> Pursue further efficiency in the Telecom Carriers segment Increase profits in the Urban Infrastructure and System Solutions segments Reduce SG&A expenses and improve efficiency by restructuring domestic and overseas Group companies
	Improving capital efficiency <ul style="list-style-type: none"> Streamlining unnecessary real estate along with business site consolidation and selling off cross-shareholdings Executed three M&A transactions Established independent specialized organizations Dividends have increased for 13 consecutive years Acquired treasury stock worth ¥6.0 billion and cancelled 5 million treasury shares 	<ul style="list-style-type: none"> Accelerate the streamlining and sales of unnecessary assets Continue growth investments while utilizing interest-bearing debt Continue increasing dividends with a target DOE of 4.0% Reduce net assets through share buybacks

Approach to cash allocation and growth investment

Cash derived from business operations, interest-bearing debt, and sales of unnecessary assets are allocated to either growth investments or shareholder returns.

At the time we announced our medium-term plan, we expected cumulative growth investments of at least ¥120.0 billion over the five years. However, because we have actually been generating cash at a faster pace than planned over the past four years, we expect our cumulative growth investments over the five years to reach roughly ¥165.0 billion. Much of the growth investments is for capital expenditures to replace and reinforce aging buildings and facilities, including technology centers. Over the four years of the current plan, we have allocated over ¥70.0 billion to this.

M&A investment is another focus of our growth strategy. Including overseas projects, we have allocated over ¥40.0 billion to M&A expenses through the four years of the current plan. Speaking of which, in May of fiscal 2025, we acquired SAT, which offers hardware devices and third-party maintenance services.

The current M&A market is fiercely competitive, and thus not all acquisitions proceed as expected, even with sufficient funding in place. Going forward, it will be important to drive toward increasing the value-adds of

each business, adapting to technological advancements and changes in the environment. We will also be less fixated on self-sufficiency, such as adding companies to the Group or establishing subsidiaries. We will consider options such as investing in partners and collaboration/co-creation in the form of capital and business alliances.

Based on this reasoning, we established the new Strategic Alliances Division directly under the CEO in April 2025. The objective of this new team is to advance M&A and strategic investments. From the Finance Department's perspective, we intend to work closely with this team on financial due diligence for M&A projects and financing strategic investments.

We also expect to continuously direct cash equivalent of roughly 2% of our sales (approx. ¥14.0 billion in fiscal 2025) to R&D and DX investments with the aim to develop and leverage digital technologies for greater operational efficiency and business productivity.

Basic policy on M&A strategies

- Strategically identify M&A targets to attain an even 1:1:1 business portfolio
- Select investments with consideration for the resulting effects and profitability, and build systems to monitor them
- Rebuild our asset portfolio by selling cross-shareholdings

In addition to these diverse growth investments, I also emphasize investing in human resources (human capital). We consider our people as the company's greatest asset, as well as the greatest risk against business continuity. If we cannot steadily hire and develop talented personnel and implement reskilling in growth fields, our Group will not have much of a future. With that in mind, we consider expense toward personnel as "investments for the future." We intend to continue actively allocating cash to that end.

A message to our shareholders and investors

Returning profit to shareholders is our highest priority in cash allocation. We consider dividends to shareholders to be the primary focus of shareholder returns. Our basic policy is to actively pay out stable dividends on an ongoing basis, taking our performance trends, financial status, and future business developments into consideration. Our annual dividends are also decided with a target dividend-on-equity (DOE) ratio of 4.0% in mind in order to pay stable dividends without being excessively influenced by performance in any particular fiscal year. In fiscal 2024 we paid out an annual dividend of ¥63, an increase of ¥3 year on year. This marked the 14th consecutive year since fiscal 2011 in which we have increased our dividend.

We are also continuously and flexibly repurchasing and retiring shares of our stock as an approach to improving capital efficiency and enhancing shareholder return. In fiscal 2024, we purchased a total of roughly ¥6.0 billion worth of our outstanding shares and retired 5 million shares of treasury stock. We will continue our purchases of treasury shares in fiscal 2025. It bears mentioning that our total return ratio combining dividends with treasury share acquisitions was around 70% in fiscal 2024.

Our most important mission in the Finance Department is to keep our dividends trending upward. I look forward to rewarding our shareholders and investors by actively investing in continuous growth and ensuring we generate cash, based on our solid financial foundation. Please look forward to the future growth and development of our Group over the medium to long term.

Cash allocation policy

Policy

- Generate cash flow through steady growth
- Sell cross-shareholdings and idle real estate
- Leverage interest-bearing debt (maintaining financial soundness)

Results

Interest-bearing debt

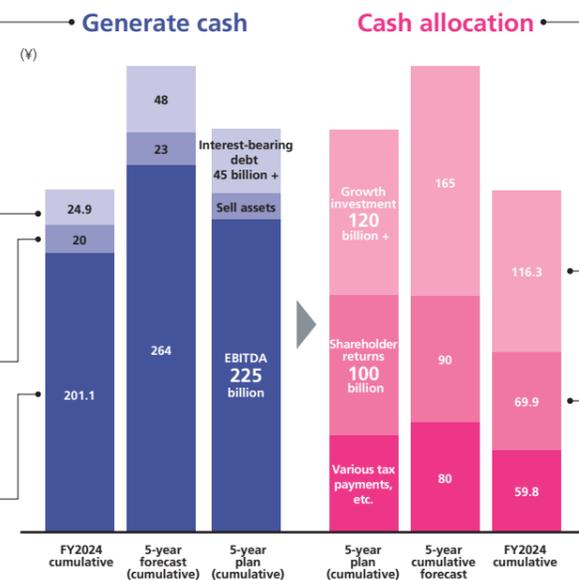
- Utilize ¥24.9 billion of interest-bearing debt (4-year cumulative total)

Sell assets

- Sale of ¥17 billion in cross-shareholdings (four-year cumulative total)
- Sell idle real estate as needed

EBITDA

- Achieved 89% of the medium-term target (four-year cumulative total)



Policy

- Continue investment through M&A
- Actively allocate cash to human resources/R&D
- Steadily increase dividends and continue share buybacks

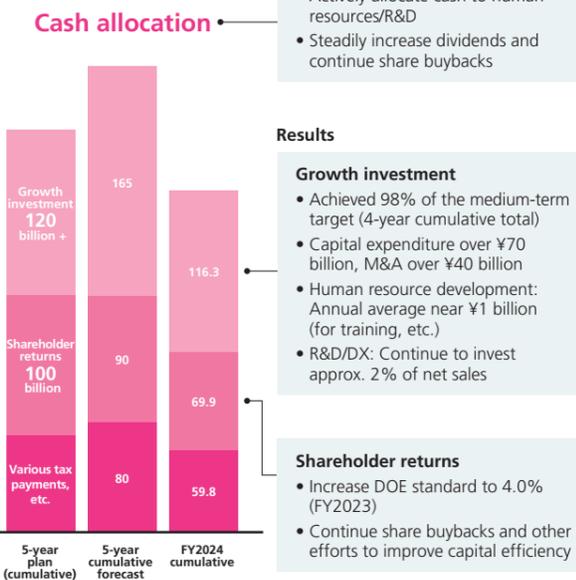
Results

Growth investment

- Achieved 98% of the medium-term target (4-year cumulative total)
- Capital expenditure over ¥70 billion, M&A over ¥40 billion
- Human resource development: Annual average near ¥1 billion (for training, etc.)
- R&D/DX: Continue to invest approx. 2% of net sales

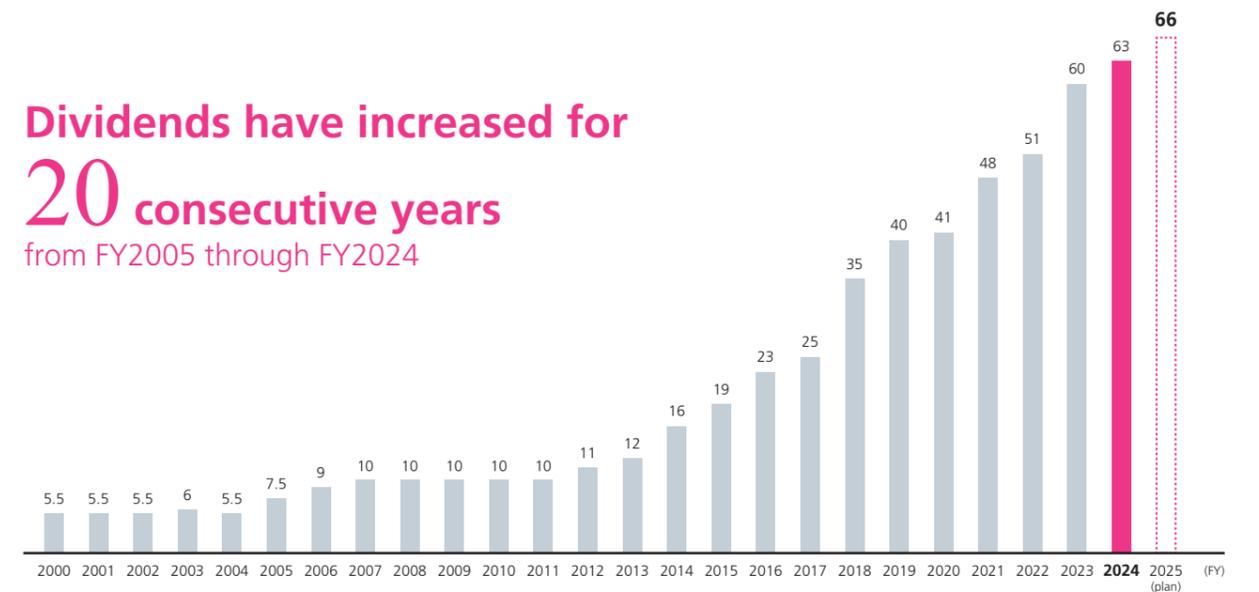
Shareholder returns

- Increase DOE standard to 4.0% (FY2023)
- Continue share buybacks and other efforts to improve capital efficiency



Annual dividend

Dividend amount (¥)



Dividends have increased for 20 consecutive years from FY2005 through FY2024

Message from an officer



Game changer for our existing businesses: Business portfolio transformations through strategic M&A

Hideaki Yagi
Managing Operating Officer
Head of Strategic Alliances Division

The newly established Strategic Alliances Division: handling everything from M&A to PMI

In April 2025, the Strategic Alliances Division was established to take prompt actions on capital alliances, business alliances, and M&As.

Our Group has carried out over 40 M&A transactions, both domestically and internationally, since 2018. However, because responsibilities were split between the Strategy Planning Office, which led the M&A processes, and the Group Business Promotion Division, which handled post-merger integration (PMI), a significant amount of time was spent before synergies could be achieved.

This new organization handles everything from the M&A deal through PMI, which enables discussions to maximize business synergies from the early stages. This includes pre-PMI activities during the due diligence stage in order to obtain information needed for PMI. Enabling the Strategic Alliances Division to perform subsequent monitoring also promotes verification of whether the synergies and returns that were originally sought are being achieved. Additionally, we are now able to identify the causes and consider measures against any outstanding issues at an early stage. Furthermore, since we can now reflect monitoring results toward future M&A strategies, we can expect positive effects for future M&A decisions.

Key achievements in fiscal 2024

In fiscal 2024, we welcomed Interactive Communication Design Co., Ltd. to the System Solutions segment. In the Telecom Carriers segment, KYOUEI TELECOM Co., Ltd. and Exceed Kansai Co., Ltd. became subsidiaries of Exeo

Engineering West Japan Co., Ltd. in the Urban Infrastructure business segment, Kyouei Dengyou Co., Ltd. and Core Techno Co., Ltd. joined the Group as construction operators for traffic safety facilities such as traffic lights in the Kansai area. Traffic lights are expected to become a hub for traffic DX as autonomous driving becomes more widespread, and we anticipate future synergies with our electrical and telecom construction technologies.

In May 2025, SAT Co., Ltd., which provides third-party maintenance services for IT hardware, was acquired and became part of the System Solutions segment. We expect significant growth in the third-party maintenance services as it is a complimentary business with our refurbishment business that can contribute toward mitigating environmental risks through resource conservation.

Policies for fiscal 2025

In fiscal 2025, we are pursuing M&A investments under three principles/objectives: Strategic M&A to transform our business portfolio, Selections based on profitability and returns, and Revising our asset portfolio to improve capital efficiency.

The key to our M&A strategy is to turn existing enterprises into businesses with higher added value. The Strategic Alliances Division will be the game-changer for our existing businesses by taking on the appropriate risks to bolster our competitive advantage.

Topics

Accelerating personnel shifts with Ryosei and its certification for ultra high-voltage power lines joining the Group

Ryosei Ltd. (formerly Ryosei Systems), which was acquired in 2021, is an electrical engineering company offering overhead and underground electric power line construction services. With certification from electric power companies, Ryosei contributes to our business by adding ultra high-voltage power line construction capabilities, making way for possibilities in a new business sector.

Our Telecom Carriers business has a significant number of telecom engineers who are able to perform work in high places, and by re-training them for skills in power line construction will allow us to shift human resources into this new field to expand our business. We aim at outperforming our initial plans through similar M&A projects that can create synergies with our current businesses.



Construction of overhead electric power lines at a steel tower 100 meters above ground

Extending nearshoring and offshoring capacity with ICD

Interactive Communication Design Co., Ltd. (ICD), which joined the Group through M&A in fiscal 2024, is a systems development company located in the Tokyo metropolitan area, with development teams in Sapporo and Ho Chi Minh City, Vietnam.

In order to boost development resources for our System Solutions business, we had previously sought to strengthen the domestic nearshoring sites (Hokkaido, Tohoku, Hokuriku, Tokai, Kyushu) and also modify our offshore sites that handle direct communication with clients in Japanese in-house, but ICD managed to resolve these issues through its capabilities. In the PMI phase, we assigned directors and management personnel to ICD's head office as well as their base in Vietnam to actively pursue collaboration and integration.



ICD's Vietnam office is expected to serve as a base for offshoring

Strengthening collaboration between Group companies to generate synergies

With Exeo Digital Solutions, Inc. (EDS) playing a central role, 20 group companies in the System Solutions segment take part in the "solution ecosystem," where they collaborate on 11 key business topics (i.e., business process DX by developing upstream consultants).

We are also consolidating our business sites, where by the end of fiscal 2025, we plan to bring 13 companies (approx. 3,200 employees) into our office building in Mita, Tokyo where EDS's head office is located. Through events such as joint kick-off meetings, we are making efforts to foster unity. In addition, we are contracting back-office operations to our shared services company, Exeo Business.



Group photo from a social event held near a business site



Message from an officer

Optimizing our Group formation and enhancing governance for future growth

Eiko Sakai
Operating Officer, General Manager of Human Resources Development Department

We have set a goal to make the Group's three segments—Telecom Carriers, Urban Infrastructure, and System Solutions—roughly equal in size in terms of net sales by fiscal 2030.

It will be important for us to allocate and train human resources in growth fields as well as new areas of business in working toward accomplishing this portfolio transformation, and we are defining and tackling strategic issues to strengthen hiring, training, and corporate culture to push this initiative.

Raising awareness of our corporate brand through online commercial promotions, bolstering referral hiring and re-hiring of former employees

Competition in the recruitment market has been intense in recent years, making it more difficult than before to secure talented personnel through both new graduate and mid-career hiring. With that backdrop, we launched four online promotion campaigns from September 2024 through June 2025 to raise brand awareness where each reached more than a million views. We are also deploying hiring strategies that break the mold of our previous conventional efforts, such as more hiring through recruiters and referrals, collaboration with Group companies, and hiring non-Japanese personnel.

Former employees who left due to personal reasons are still important resources who we can look to when hiring. For that reason, we are creating rules that facilitate their return, while also creating opportunities through business alliances. This includes a revision to our Come Back System and the launch of our network, which is a forum for exchanging information with former employees.

900+ "Transformation Leaders" steering the organization

Since fiscal 2021, we have been strengthening our Transformation Leader Development Program that aims to develop next-generation leaders who can adapt to the turbulently changing business environment and lead our organizations. This program gives employees the opportunity to attain general business skills as well as coaching skills. Those who have completed the program have been highly satisfied with the experience, and as a result, workplaces have been energized. At the end of fiscal 2024, 907 employees have completed the program, representing strong progress toward our target of 1,040 by the end of fiscal 2025.

Additionally, a systematic and continuous training environment is important for engineers to adapt to rapidly growing businesses. We provide such an environment by strengthening our capabilities toward engineer reskilling and support provided to acquire new qualifications. For example, in the Urban Infrastructure business, we are reallocating human resources across the Group and training engineers to become compatible with electrical facilities construction in order to meet the high demand of the data centers market.

To keep up with advancements in digital technologies, we are actively pursuing DX Training and DX Activity Report initiatives as well. There have been roughly 15,000 participants in our DX Training through the end of fiscal 2024, which has significantly broadened the scope of our digital-ready personnel. Positioning fiscal 2025 as our inaugural year of generative AI, we will be promoting generative AI use through company-wide study sessions and support for qualification exams.

In fiscal 2023 we launched efforts to build a human resources database for viewing information such as acquired

qualifications and training history, which we plan to complete in fiscal 2025. We believe that visualizing the human resources portfolio of the entire Group will make it possible to lead to optimized allocation of resources, and it will also be beneficial for drafting new business strategies.

Improving employee engagement and ensuring psychological safety to establish energized work environments

In order to be successful at transforming business portfolios and executing organizational changes, a high level of fulfillment and job satisfaction among employees is critical. Creating opportunities for communication between supervisors and their subordinates is also key in today's work environment.

We have been promoting the Career Development Program (CDP) for employees to think proactively about their own careers, and also have encouraged one-on-one discussions to improve both the quality and quantity of dialogues. As of the end of fiscal 2024, around 1,000 managers and 1,300 employees had undergone training for beneficial one-on-one discussions. The results of the post-training survey showed a trend that employee

fulfillment and job satisfaction were increasing proportionally with the frequency of one-on-one discussions. To create an environment of career self-determination by employees, we are also implementing our Overseas Trainee Program as well as the Job Challenge Program for all employees, including those at Group companies, to challenge themselves to different roles through internal transfers.

Promoting diversity is also a key issue. With training regarding topics such as women's career advancement and LGBTQ conducted annually, we are establishing deeper levels of understanding. For the employment of people with disabilities, we are making the utmost considerations—assigning dedicated staff members, conducting workplace tours, and bolstering our post-hiring follow-up systems. Thanks to these efforts we have been recognized with multiple certifications, including the Eruboshi certification, PRIDE Index silver certification, and Best Workplace for Diversity & Inclusion.

We also conduct e-learning-based harassment prevention training for all managers establishing deeper understanding of the importance of ensuring psychological safety and dialogue.

Initiatives for bolstering human capital

Area	Basic policy	Strategic issue	Main initiatives
Hiring	Basic policies, strategies, and efforts for bolstering our human capital	Securing competitive human resources	<ul style="list-style-type: none"> Strengthen promotions using hiring websites, YouTube, and other platforms/channels Increase referral hiring and re-hiring of alumni (past employees)
Development	Offer prompt and well-timed development programs to develop high-skilled professionals and transformation leaders	Transformation leader development	<ul style="list-style-type: none"> Bolstering our curriculum for developing the younger generation of employees Transformation Leader Development Program (target: cumulative total 1,040 participants by end of fiscal 2025)
		Developing high-skilled professionals	<ul style="list-style-type: none"> Bolstering technology training through collaboration with Group companies Working on multi-skilling and reskilling employees
Culture	Boost productivity and establish work environments where employees feel energized through improved employee engagement and psychological safety	Raising engagement	<ul style="list-style-type: none"> Career development programs (CDPs) and career development plotted out by employees themselves Establishing environments for autonomous development via e-learning, etc.
		Ensuring psychological safety	<ul style="list-style-type: none"> Creating harassment-free workplaces that unlock employees' capabilities Promoting one-on-one discussions where employees can think and speak their minds

Four foundations of strategy implementation

- Visualizing our human resources portfolio by building a talent management program for prompt linkage to management strategy
- Implementing diversity, equity, and inclusion (DE&I) measures (for women's career advancement, employment of people with disabilities, LGBTQ-related, promoting childcare leave for men, etc.)
- Enhancing strategic internal and external communication (disclose external reports, hiring promotions, internal communication to ensure understanding, etc.)
- Collaborating within the Group on hiring activities and human resources development measures

Overseas Trainee System

From fiscal 2015 to fiscal 2021, the Company had a program to send employees to the Philippines. However, in fiscal 2022, in tune with the expansion of our global business, we discontinued the program and created a new expanded global trainee system based on the Philippine model.

Employees from among all employees of the Group companies ages 24 and older who have been with the Group for over a year can apply for this program. When accepted, they are assigned to work at overseas Group companies for roughly one year. Trainees gain hands-on experience, create personal networks, and acquire expertise, while quickly developing skills to drive the Group's business into the future.

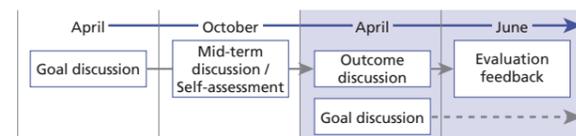
Four trainees were sent overseas in fiscal 2024, with one going to Singapore, one to Thailand, and two to the Philippines, bringing the cumulative total to 15 since the program's launch.

Dialogue with employees

As a system to reward employees for their efforts by fairly evaluating outcomes, employees hold bi-annual discussions with their superiors to discuss their progress and achievement of self-established goals. We are helping to ensure the evaluations are convincing by providing feedback on the results of the evaluations to employees.

In addition, all employees are given an opportunity to talk with their supervisors once a year about their job satisfaction, career plans and other matters.

Discussion schedule



Supporting women's career advancement

To promote hiring of women and prepare future female executives, we have formulated an action plan in accordance with the Act on the Promotion of Women's Participation and Advancement in the Workplace with the Diversity Promotion Office, Human Resources Development Department, Human Resources Department, and our various departments working together to push initiatives.

We also changed the name of our "promoters for women's career advancement," initiated in 2017, to "diversity promoters" in order to pursue DE&I from a broader range of perspectives throughout the Group. Both men and women are being selected as diversity promoters

to engage in activities across organizations in unified efforts with Group companies.

General Employers Action Plan based on the Act on the Promotion of Women's Participation and Advancement in the Workplace and our progress (Exeo Group, Inc.)

Target	(1) Increase the number of women in management positions by 50% (to 30) (2) Raise the number of female employees by 25% (to 384) (3) Achieve a 20% rate of male employees taking childcare leave
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Plan period: April 1, 2021 to March 31, 2026 (5 years)

Work-life balance

We are actively enhancing systems and holding briefings to achieve the targets in the action plan (Seventh Action Plan) formulated in April 2022 pursuant to the Act on Advancement of Measures to Support Raising Next-Generation Children. We have introduced company-led childcare facilities along with a babysitter program, and are actively providing consultations from midwives as we work to develop environments that make it easy for employees to strike a balance between their jobs and parenting responsibilities, regardless of gender. In 2015, we earned the Kurumin Mark, an accreditation from the Minister of Health, Labour and Welfare recognizing companies providing support for childcare.

General Employer Action Plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children (Exeo Group, Inc.)

Target	(4) Achieve 20% rate of male employees taking childcare leave (5) Maintain childcare leave usage rate of at least 90% among female employees (6) Effectively communicate guidance about how to use the System for Balancing Medical Treatment with Work which was newly established in April 2022, and about the related procedures
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Plan period: April 1, 2022 to March 31, 2026 (4 years)

Occupational safety and health

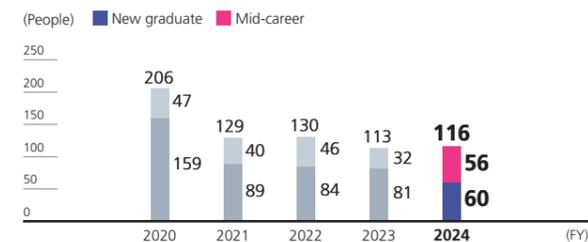
Among the Exeo Group Management Policies, our occupational safety and health management policies call for "thoroughly ensuring safe work operations and maintaining and promoting mental and physical health." Based on these policies, we have established four priority measures and we are working together throughout the Group to achieve the related goals.

Priority measures

- Reliably execute safe construction cycles and verify establishment
- Implement measures to prevent bodily injury accidents that absolutely cannot be allowed to occur
- Manage work-life balance (reduce overall work hours)
- Preemptively prevent health problems from overwork and provide better mental health care

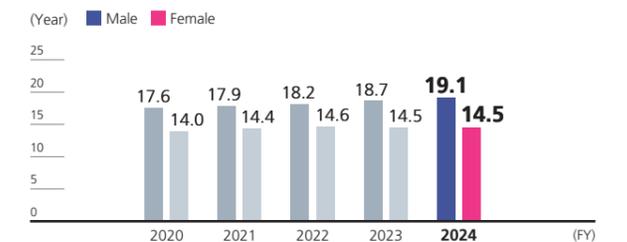
Human capital highlights

Number of new hires



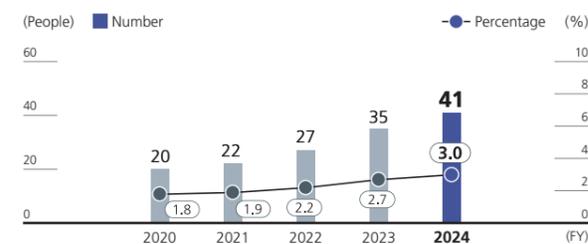
Scope of data: Exeo Group, Inc.

Average years of continuous service



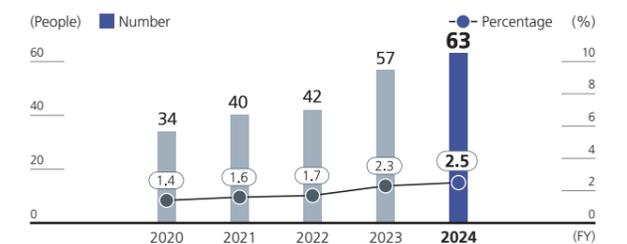
Scope of data: Exeo Group, Inc.

Number and percentage of women in managerial positions



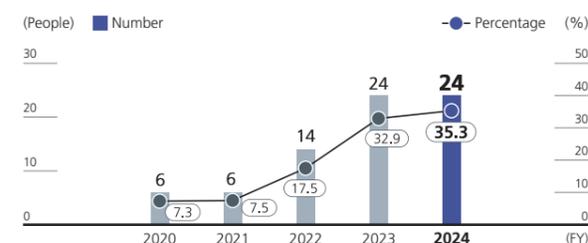
Scope of data: Exeo Group, Inc.

Number and percentage of women in managerial positions (consolidated)



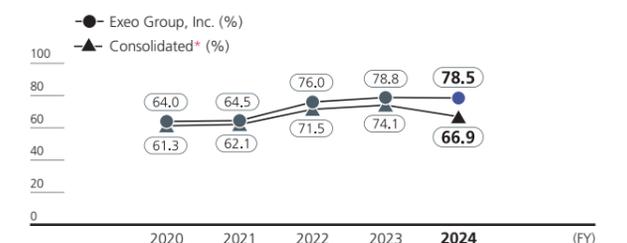
Scope of data: Consolidated

Percentage and number of male employees taking childcare leave



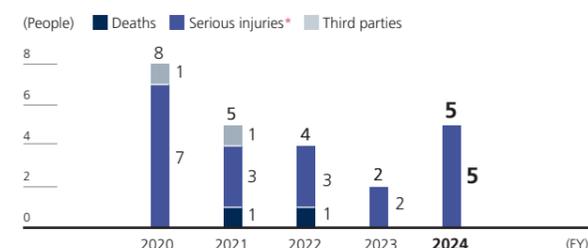
Scope of data: Exeo Group, Inc.

Percentage of annual paid leave taken



* Until fiscal 2023, Exeo Group, Inc. and its five major subsidiaries (C-Cube Corporation, Seibu Electric Industry Co., Ltd., Nippon Dentsu Co., Ltd., Daiwa Densetsu Corporation, and Exeo Tech Corporation)

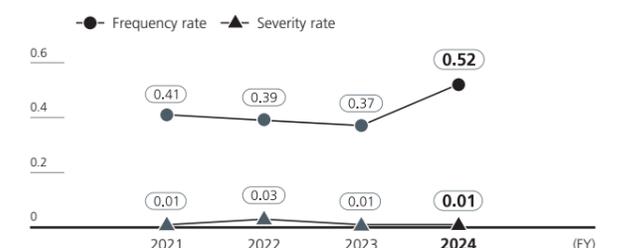
Status of bodily injury accident occurrences



Scope of data: Exeo Group, Inc. and its five major subsidiaries (C-Cube Corporation, Seibu Electric Industry Co., Ltd., Nippon Dentsu Co., Ltd., Daiwa Densetsu Corporation, and Exeo Tech Corporation)

* Hospitalized for two weeks or more and 30 or more days of temporary absence

Occupational accident rates



Scope of data: Exeo Group, Inc.

Message from an officer

Developing technologies that enhance our problem-solving capabilities through connectivity

Kazuhiko Okubo
Operating Officer, General Manager of Innovation Promotion Division



Establishing four focus fields for R&D efforts

Under the direction to “develop technologies that deliver solutions to resolve customers’ challenges and social issues through connectivity,” the Group has defined four focus areas for R&D: automation and efficiencies, carbon neutrality, safety and quality, and new businesses and solutions.

The R&D topics fielded from each of our departments are evaluated in a meeting body called the R&D Committee. This committee consists of the CFO, CDO, technology development experts, branch managers, and representatives of major subsidiaries, and the Innovation Promotion Division serves as its chief and administrative office. In the committee discussions, each topic is evaluated from two angles—business impact (return on investment in terms of sales increases or cost reductions)

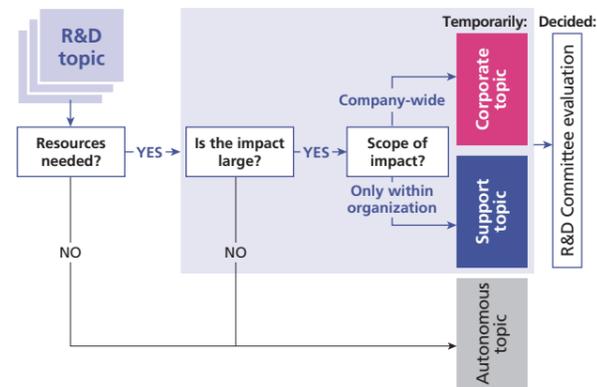
and potential for application in other segments—before applying necessary budgetary measures and process support.

Key achievements in fiscal 2024

Fiscal 2024 featured achievements in the following topics: remote operation and automation in pipe jacking, improvements in operational efficiency of solutions development through generative AI, and AI food intake analysis.

Remote operation and automation in pipe jacking: a project we are engaging in with Hokkaido University and Group companies Kidoh Construction and Iseki Polytech. In fiscal 2024, we finished building the architecture for the remote operation system. Going forward, we will construct the system and utilize AI learning to drive

Process to decide R&D topics



R&D topic evaluation criteria

Key fields		Is this assumed to be a key field for R&D? Automation and labor saving, carbon neutrality, safety and quality, and new businesses and solutions
Impact (return on investment)	Boost sales	Could performance improvement in the billions of yen be expected? Would creating the technologies or concepts lead to results on par with business creation?
	Reduce costs	Would existing operations or methods be made drastically more efficient? Would it lead to transforming operational processes overall as opposed to just partial efficiencies?
Scope of impact		Is there strong potential for application in other segments? Could the achievements of the R&D be utilized across organizations without being limited to specific departments?

efficiencies, which will in turn lead to more orders received.

Improvements in operational efficiency of solutions development through generative AI: we not only established a method to automatically generate web user interface source code from design documents, but also a method to generate test specifications documents from source codes and design documents using generative AI. We are also trying to expand the scope of application by promoting its use in security improvements such as automating vulnerability detection in the application layer. In the future, we will work on development toward the implementation phase of these technologies, with the aim of reducing operational workload by the tens of percents.

AI food intake analysis: we conducted proof of concept (PoC) trials at hospitals and nursing homes, and created a model capable of delivering highly accurate volume measurements of food intake. Together with business partners, we plan to work on turning this into a service.

Fostering a corporate culture focused on continuous innovation

The Innovation Promotion Division places the utmost importance on making innovation a part of everyday business operations. This means the organization and its employees must constantly adapt to change, and be receptive to new technologies and ideas that deliver improvements. Therefore, we share and collaborate on challenges within the Group, on not only R&D but also DX and operational improvements.

We will continue striving to foster a corporate culture where people listen to and appreciate new ideas generated on the front lines of the business.

Topics

Energy savings through maintenance and re-construction of existing buildings

Recently, renovation of older buildings is increasingly popular as a means to reduce environmental impact. This is because it can be completed with less waste than dismantling and requires less building materials compared to reconstruction or new construction.

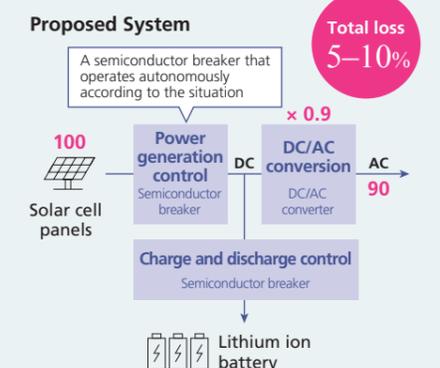
Through February 2025, the Group has made three investments as an anonymous partner in green building development funds in addition to participation in renovation projects. Leveraging our knowledge and expertise as a general engineering company, we are engaged in energy saving construction projects for green building certification. We aim to improve the market value of buildings through this new business to solve social problems.



Controlling power generation with power conditioner-less technology

To drive efficiency of renewable energy use, the Group developed a power conditioner-less system to replace the power conditioners used in typical solar power generation systems. This new system maximizes the output of solar batteries through semiconductor circuit breakers and lithium-ion batteries.

In conventional systems, only around 60–70% of the generated energy could be used due to power loss and power consumption in the conditioner itself. The power conditioner-less system overcame this problem by limiting energy loss to only 5–10%.



Information disclosures based on TCFD recommendations

The Group considers addressing environmental problems such as climate change an important management issue. In December 2021, we declared our support for the recommendations published by the Task Force on Climate-related Financial Disclosures (TCFD). We have joined the TCFD Consortium, and are now disclosing information according to the TCFD framework.

For more details about engagement with the TCFD Recommendations, please visit our website.

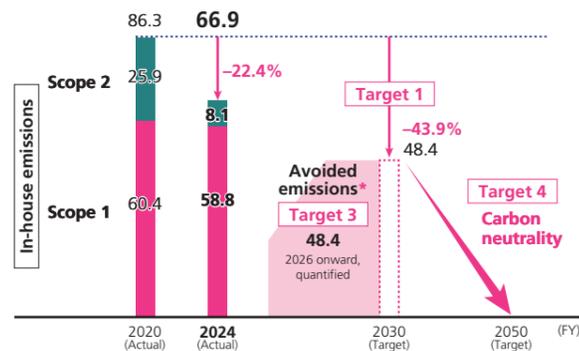
Web | Engagement with the TCFD Recommendation
<https://www.exeo.co.jp/en/sustainability/environment/tcfdf/>



Note: TCFD was absorbed into ISSB in 2023.

Greenhouse gas reduction targets

(Unit: thousand t-CO₂)



Note: For Scope 3 reduction target, please see Target 2 at right
 * Amount contributed to reducing overall emissions through the provision of services by our group

International non-government organization CDP, which runs an environmental information disclosure system, selected us as an A list company for the first time. We also received the highest rating given for supplier engagement.



For our fiscal 2030 target, we received SBTi validation in July 2024.



We joined the Japan Climate Leaders Partnership (JCLP), an organization that supports companies in their efforts to combat climate change.



Target 1	Reduce scope 1 and 2 GHG emissions by 43.9%* by FY2030
Target 2	Scope 3 GHG emissions by 25%* by FY2030
Target 3	GHG emissions equivalent to scope 1 and 2 by FY2030, contributing to emission reductions toward society through business activities.
Target 4	Net zero scope 1 and 2 GHG emissions by FY2050

* We received SBTi validation

Submetrics

	FY2022	FY2023	FY2024	FY2025 (Target)	Scope of data
Switch to renewable energy sources	73.2%	77.8%	94.5%	100%	Locations managed by Exeo Group, Inc.
Adoption of EVs and other low-emission vehicles	96.1%	96.7%	96.8%	100%	Exeo Group, Inc. sales vehicles

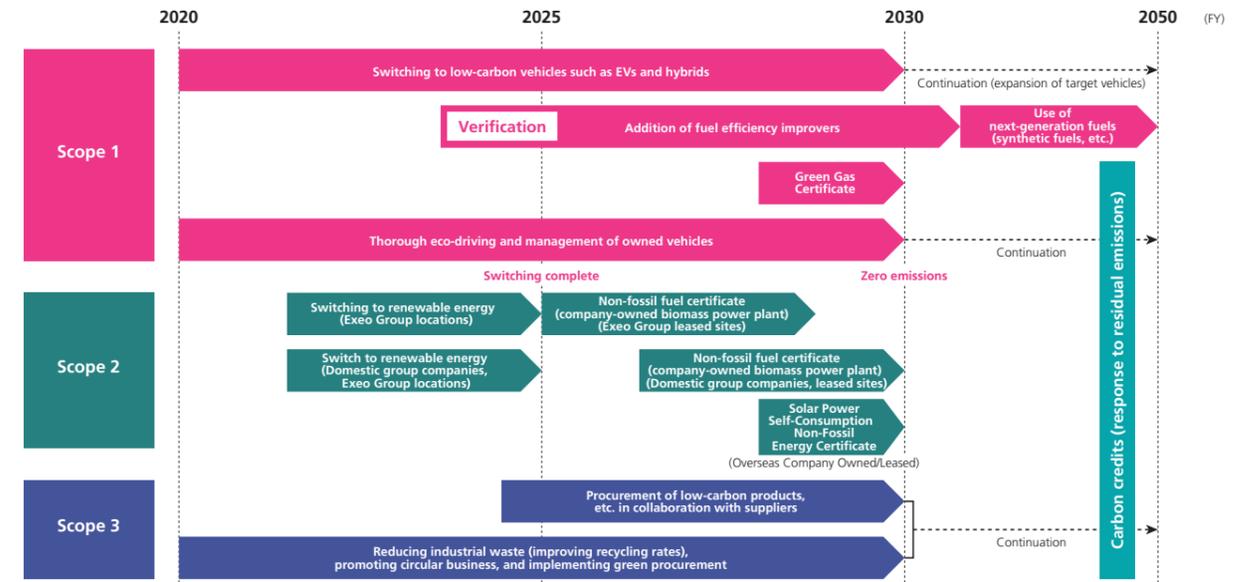
GHG emissions by Scope

(Scope of data: consolidated) (Unit: thousand t-CO₂)

Classification	Details	FY2020 (Base year)	FY2024	Difference	% change
Scope 1	Direct emissions	60.4	58.8	-1.6	-2.6%
Scope 2	Indirect emissions	25.9	8.1	-17.8	-68.8%
Total (Scopes 1 and 2)		86.3	66.9	-19.4	-22.4%
Scope 3	Supply chain	1,757.0	1,164.9	-592.2	-33.7%
Category 1	Purchased goods and services	275.9	212.3	-63.6	-23.0%
Category 2	Capital goods	41.5	72.3	30.8	74.3%
Category 3	Fuel- and energy-related activities	12.7	12.8	0.2	1.2%
Category 5	Waste generated in operations	2.4	3.9	1.5	60.4%
Category 6	Business travel	1.9	2.2	0.4	20.1%
Category 7	Commuting	3.4	4.1	0.7	20.1%
Category 11	Use of sold products	1,418.4	837.8	-580.6	-40.9%
Category 13	Downstream leased assets	0.9	19.4	18.5	1,987.1%

Notes: 1. Companies subject to consolidated accounting are the scope of cumulative total emissions.
 2. An independent third-party assurance report has been obtained from Sustainability Accounting Co., Ltd. for these emissions figures.
 3. Numerical values for the base year is subject to change if applicable scope or calculation methods are modified as they become more sophisticated, or in an event where our business growth exceeds plans.

Roadmap to greenhouse gas reduction



Notes: 1. The use of next-generation fuels and the utilization of green gas certificates depend on external factors such as technological innovation and dissemination (commercialization timing and pricing) as well as institutionalization.
 2. We will periodically review our measures in accordance with the implementation status and social conditions, and update accordingly.

Risks and Opportunities

Scenario	Type	Climate change factor	Time line of impact*1	Level of impact*2		Key response measures
				2030	2050	
1.5°C (Transition risks)	Policies and legal restrictions	Introduction of carbon tax	Medium / Long	▼ 8	▼ 0	Shift to the use of net-zero impact renewable energy for electric power, switching to eco-friendly cars, efforts to save energy
		Emissions controls	Medium / Long	▼ 0	▼ 2	Achieve reduction targets by implementing the CO ₂ emissions reduction measures shown above to avoid the costs of purchasing emissions quotas
		Obligation to disclose information	Short / Long	▼ 1	▼ 1	Avoid increased costs to handle emissions calculations by implementing digital transformation (DX) in the calculation operations
		CO ₂ reduction cost	Short / Long	▼ 1	▼ 2	Efforts to save energy
		Surging raw materials prices	Short / Long	—	—	Mitigate cost increase risk by raising construction work prices in proportion
	Markets and technologies	Advancements in energy-saving and renewable energy	Short / Long	▼ 14	▼ 95	Mutually complement resources through M&A and business partnerships as a measure against order capacity limitations attributable to engineer shortage
4°C (Physical risks)	Acute	Intensifying weather	Medium / Long	▼ 7	▼ 19	Better BCP preparedness in the event of a disaster, regular hazard risk assessments for properties owned
	Chronic	Higher temperatures	Medium / Long	▼ 12	▼ 16	Countermeasures against heatstroke, ensure and improve operating efficiency through DX of construction sites, secure sufficient construction periods
1.5°C (Opportunities)	Business opportunities	Expansion of renewable energy-related construction	Short / Long	▲▲	▲▲	Expand renewable energy-related businesses such as solar power, offshore wind power generation and biomass (mutually complementary resources through business partnerships, expand construction domains through capital contributions, etc.)
		Expansion of services for climate change mitigation and adaptation	Short / Long	▲	▲	Expand Urban Infrastructure (undergrounding, zero emissions buildings) and refurbishments businesses
	Resilience	Adaptation to climate change	Short / Long	▲	▲	Make further efforts toward flexible work styles
	Reputation	Stakeholder assessments	Short / Long	—	—	Engage in decarbonization activities within the Group, improve assessments from environmental ratings agencies Raise funds through means such as Sustainability-Linked Loans

*1 Time line of impact: Short time line: 3 years or less, Medium time line: Over 3 and up to 10 years, Long time line: Over 10 years
 *2 Level of impact: Values (unit: ¥billion) for financial impact (profit) on business activities of the Group in fiscal 2030 and fiscal 2050 are calculated under the assumption of certain conditions. Anticipating the relative magnitudes, risks are expressed as "▼▼▼ (large)," "▼▼ (medium)," and "▼ (small)," and opportunities as "▲▲▲ (large)," "▲▲ (medium)," and "▲ (small)." Impact scale in financial terms is (large): ¥10.0 billion or more, (medium): From ¥1.0 billion to less than ¥10.0 billion, and (small): Less than ¥1.0 billion

Report based on TNFD recommendations

Declaration of alignment with TNFD principles

We conduct our analyses using the LEAP approach*1 advocated by the TNFD. Additionally, we declared our alignment with TNFD principles and became a TNFD Forum member in July 2024.

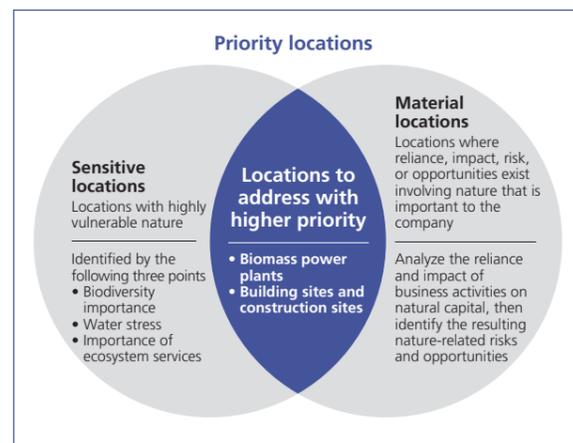


*1 An approach to locate (L) interfaces with nature, evaluate (E) dependencies and impacts, assess (A) materials risks and opportunities, and prepare (P) to respond and report.

Web | The TNFD Forum
<https://tnfd.global/engage/tnfd-community/>

Identifying priority locations

We identified priority locations among our business sites and compiled them into the chart below. We position biomass power plants, building sites, and construction sites identified as both "sensitive locations" and "material locations" as priority locations, where we assign higher priority when considering and executing measures to achieve the global goal of "nature positive."



Dependencies and impacts on nature

Based on ENCORE,*2 we analyzed the dependencies on ecosystem services and influences on the environment in the business activities of the Company. The results identified a high dependency on timber which is turned into fuel at our biomass power plants.

In terms of influences on the environment, we learned we could very likely be impacting the environment through a variety of factors such as land and water usage and emissions of greenhouse gases and water and land

contaminants in the Telecom Carriers and Urban Infrastructure segments in which we perform various types of construction. The results we identified are as shown in Table 1.

*2 A tool developed by organizations including the UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC) to understand the dependencies and impacts on nature of each business process.

Identifying risks and opportunities

Based on the results of using the ENCORE tool to map the impact of nature-related dependencies, we referred to the TNFD Risk and Opportunity Registers and guidance by sector to identify risks and opportunities relevant to our direct operations as well as upstream activities in our value chain. The results of the policies arranged to address these are shown in tables 2 and 3.

Global core indexes

The disclosure indexes considered relevant to our business activities which we could currently ascertain are shown in the table below. For more detailed numerical data, please visit the ESG data book on our website (biodiversity-related).

Web | ESG Data Book
<https://www.exeo.co.jp/en/sustainability/esg-data/>

Category	Index no.	Disclosure index details	Data and disclosure page(s)
Climate change	—	GHG emissions	* See p. 53 for targets
Land/freshwater/ocean area used	C1.0	Total spatial footprint (land)	See ESG Data Book
	C1.1	Change in used area (land)	See ESG Data Book
Contamination/decontamination	C2.1	Wastewater	See ESG Data Book
	C2.4	Non-GHG air pollutant emissions	Particulate matter (PM), SOx, NOx See ESG Data Book (biomass power plants only)
Usage/replenishment of resources	C3.0	Water usage	See ESG Data Book
		Water intake from high water stress regions	No locations relevant to high water stress
	C3.1	Commodity procurement (timber)	See ESG Data Book



Activity at Exeo Forest (Kansai Branch)



Tree planting at Seibu Forest of Kikuchi (Seibu Electric Industry Co., Ltd.)

Table 1: Relationships between dependencies indicated by ENCORE and our activities

Type	Dependency or impact	Relationship with us
Dependency	Fibers and other materials	Fuel procurement in biomass power generation
	Rainfall pattern control	Flood risk mitigated by forests and marshlands at construction sites
Impact	Use of terrestrial, freshwater, and marine ecosystems	Land modifications and use of heavy machinery in construction, laying of undersea cables
	Water usage	Biomass power generation, cooling at data centers, cleaning at solar power plants
	GHG and non-GHG emissions	Fuel burning in construction activities and biomass power generation
	Contaminants in water	Contaminating water and releasing chemicals into land in construction
	Soil contaminants	Using paints, coatings, and anti-corrosion agents and also runoff of harmful substances in construction
	Solid waste	Generating ashes and other waste after fuel burning in biomass power generation
Disruptions (nuisances)	Noise and bright lights due to construction or laying of cables	

Table 2: Risks identified by LEAP analysis and countermeasures

Risk category	Dependency or impact	Impact on the Company	Timeline	Response measures
Policies and regulations	Land area used	Potential difficulties in establishing power generation facilities in areas of high biodiversity importance as a result of forest conservation regulations	Medium	<ul style="list-style-type: none"> Gather information on the latest policy trends such as forest conservation regulations Assess impact on natural environment in priority locations, and implement response measures by location (★) Engage in sustainable timber procurement (★)
	—	Increasing costs (research and analysis) to comply with stricter requirements for information disclosures on nature conservation	Short / Long	
	Solid waste Pollutant emissions	Higher costs to comply with stricter rules related to natural capital (ash dispersion from combustion at biomass power plants, generating white smoke, air pollution, water stress due to high volume water intake, water pollution from drainage, etc.)	Medium	
Reputation	Non-GHG air pollutants Land area used	Less choices of suppliers and obstructions to procuring certified materials due to market changes and stronger regulations to prevent forest destruction	Medium	<ul style="list-style-type: none"> Conduct research on protected areas near construction sites and establish construction rules considerate of the natural environment (★) Provide detailed explanations to community residents and build good relationships with them (★) Plan and execute operations considerate of the surrounding environment (★)
	Disturbing noise, light, etc.	Light and sound pollution or vibrations from facilities, construction sites, or suppliers' manufacturing plants located near protected areas disturbing the reproduction of rare species (birds of prey, etc.), leading to reputation damage among community residents and causing loss of business value, orders, and profits	Medium / Long	
	Water usage Land area used	Conflicts and criticism in communities and damage to social reputation due to water usage and detrimental impact on landscape	Medium	
Acute	Land area used Rainstorm mitigation Supplying biological resources	Effects of logging, infringing on natural habitats incidental to construction, and lack of disaster preparedness caused by land modifications leading to increase in cost to address damage caused by extreme weather	Medium / Long	<ul style="list-style-type: none"> Better BCP preparedness in the event of a disaster
	Flood control Rainstorm mitigation	Limitations on construction during abnormal weather occurrences, rising labor costs, and increasing risk of floods or landslides due to loss of ecosystem services for flood and rainstorm control	Medium / Long	
	Rainfall pattern control Supplying biological resources	Increased procurement costs of biomass power generation fuel materials (e.g., wood chips) due to unstable tree growth caused by changes in rainfall patterns and ecosystem services	Medium / Long	
Chronic	—	Reputation decline due to conducting business operations without consideration for biodiversity, causing business partners (both upstream and downstream in supply chains) to cease dealings	Medium / Long	<ul style="list-style-type: none"> Establish stable procurement structures by diversifying timber suppliers

* ★ indicates response measures related to our priority locations

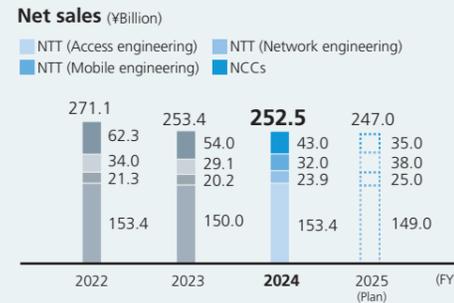
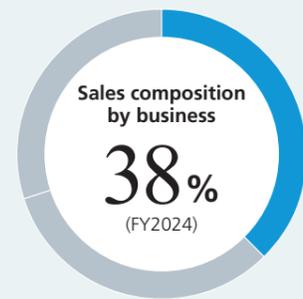
Table 3: Opportunities identified in LEAP analysis and response measures

Risk category	Dependency or impact	Impact to the Company	Timeline	Response measures
Products and services	Freshwater area used	Enter new markets by providing services utilizing DX technologies to support biodiversity	Short-medium term	<ul style="list-style-type: none"> Enter the environmental solutions business utilizing IoT technologies
Products and services / resource efficiency	Soil contaminants Pollutant emissions	Increase projects and earnings in high-efficiency waste treatment facilities as a result of growing interest in recycling-based society and biodiversity conservation	Short-medium term	<ul style="list-style-type: none"> Help to improve power generation efficiency and resource recovery rates at waste treatment facilities
Reputation	—	Increase business value by actively disclosing biodiversity initiatives	Short-medium term	<ul style="list-style-type: none"> Engage in biodiversity-related efforts and work on information disclosures throughout the Group Engage in sustainable timber usage such as thinned wood and establish procurement structures accordingly Engage in green procurement
	Using biological resources	Boost reputation in the community through tree thinning	Short-medium term	
Protecting, restoring and revitalizing ecosystems	Area used on land	Boost reputation in the community and secure human resources as a result of forest conservation activities	Medium-long term	<ul style="list-style-type: none"> Establish stable procurement structures by diversifying timber suppliers Engage in forest conservation and continue conducting activities to raise awareness about biodiversity conservation Promote the development of construction technologies that lead to ecosystem conservation and build a reputation in construction
	Seabed area used	Gain more opportunities to receive orders for by employing new construction methods that protect marine ecosystems (Earth Shuttle Method, Marine Shuttle Method)	Short-medium term	

* Timeline: Short term is 3 years or less, medium term is from over 3 years and up to 10 years, long term is over 10 years



Telecom Carriers business



Main products and services

- Optical fiber cabling
- Network facilities construction
- Telecommunications civil engineering
- Mobile base station installation and maintenance
- Telecommunications and electricity facility projects

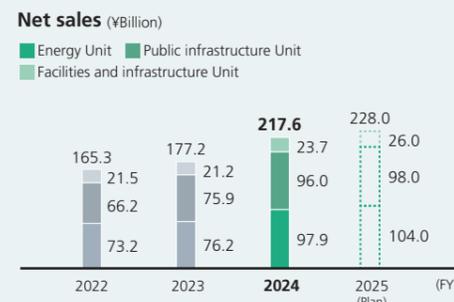
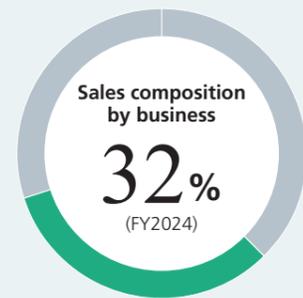
Summary of FY2024

As the Group's original line of business, this segment operates with stable profit generation as the primary objective.

Profits in this segment improved significantly, while profit margins also improved. New orders received from NTT Group companies were strong in fiscal 2024 due to their extensive investments toward coverage area and capacity expansion for their new fiber optic access service, FLET'S Hikari Cross. We also achieved significant success in our efforts to create efficiency through Group company reorganization and business site integration. We were also able to capture positive effects from our activities in business process standardization, consolidation of contract and cost estimation processes, and offshoring inspection work.



Urban Infrastructure business



Main products and services

- Electrical and air conditioning equipment projects (Data centers, various buildings and facilities)
- Social infrastructure construction
- Renewable energy and smart energy facilities
- Urban civil engineering (undergrounding, pipe jacking, etc.)
- Waste treatment plant construction and maintenance

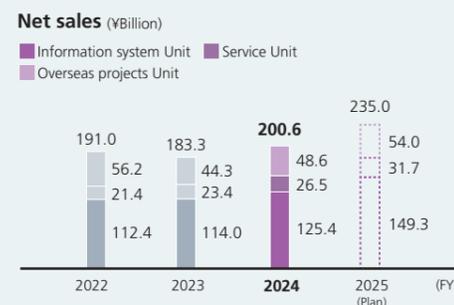
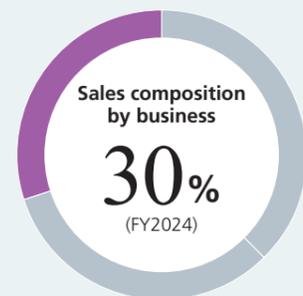
Summary of FY2024

As demand for data centers remained strong, we were able to steadily grow sales and profits, successfully delivering on large construction projects including in the public sector. We are leveraging the capabilities of the Group in its entirety to follow through on data center construction. This includes shifting personnel from other business areas, in addition to new hirings and training.

In energy-related business, a main focus going forward, we made steady progress in building grid-scale battery storage plants, and also in the renewable energy business post-FIT. Beyond that, we trained electric power engineers for upcoming business growth in offshore wind power generation.



System Solutions business



Main products and services

- Software development on consignment
- DX support solutions
- IT infrastructure architecture (servers, wireless LAN, etc.)
- Managed services (system operations and maintenance, security monitoring, etc.)
- Global business

Summary of FY2024

In domestic solutions, sales and profits grew year on year by shifting the business to high value-added areas including various cloud services and security enhancement projects, all while capturing DX demand from local governments and enterprises. Shifting the business toward high-level consulting to offer all-in-one, high-value-added services such as security led to a steady increase in profit margin.

On the other hand, the global business has not yet turned profitable, as originally planned structural reforms have fallen behind schedule due to factors such as delayed progress in large projects and business mergers. Efforts will be made to avoid and withdraw from unprofitable projects, and Group company integration activities will continue in order to improve profitability.



Telecom Carriers business

Net sales in FY2024
¥252.5 billion

Main businesses We provide high-quality, all-in-one integrated services to telecom carriers nationwide, from planning and design to construction, operations, and maintenance of telecommunications facilities. Through our telecommunications facilities construction business where we handle optical fiber networks, servers, and routers, we support various domestic telecommunications infrastructure, including 5G.

Main customers Telecom carriers (cell phones, land lines)

SWOT analysis

- S Strengths**
- Track record established in building telecommunications-related facilities since our founding, and unsurpassed technological capabilities
 - Integrated services from planning and design to construction, operations, and maintenance for the telecommunications facilities of all telecom carriers
 - Organizational strength to provide the same level of service, with high reliability across Japan

- W Weaknesses**
- Standardization across group companies and subcontractors to drive process efficiency
 - Highly dependent on specific customers (telecom carriers), performance is easily affected by customer trends

- O Opportunities**
- New markets created through advancements in next-generation technologies such as IOWN
 - Backbone expansion that accompanies increases in telecommunications traffic
 - Transitioning to optical connections for the "last mile" in urban areas
 - Demand for facilities renovations toward aging telecommunications infrastructure

- T Threats**
- Reduced capital expenditures resulting from trends in the business strategies of telecom carriers and from national government policy
 - Cut-backs in investment in base station construction due to 4G frequency bands being switched to 5G (shift to New Radio: NR) and infrastructure sharing



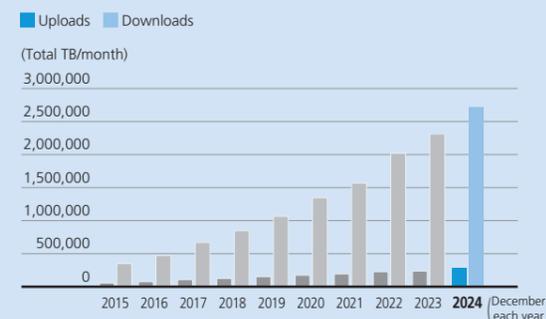
Access networks cabling installation



Outdoor base station on a rooftop

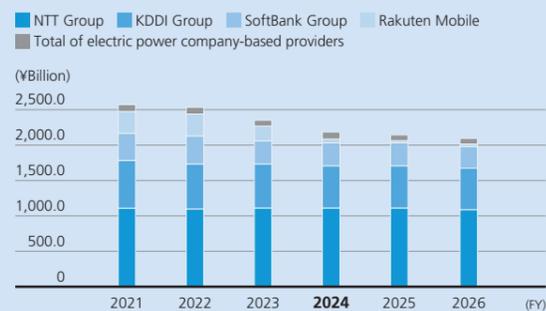
Market trends and data

Mobile communications traffic



Telecommunications traffic is growing at an accelerated pace along with the spread of DX implementation, social media, and video entertainment. Traffic in mobile communications has grown approximately thirteen-fold over the past decade, with further increases expected in the future.

Past and projected capital expenditures per Japanese telecom carrier by year



(From IR materials of telecom carriers and MCA analysis in fiscal 2021–2026)
 Source: MCA Inc. "Network Investment Strategies of Major Carriers and the Telecommunications Infrastructure Market FY2023"

Capital expenditures by telecom carriers exceeded ¥2.5 trillion in fiscal 2021 and 2022, but each announced business plans that curtail such spending in subsequent years. Expenditures are projected to shrink to around ¥2.1 trillion in fiscal 2026.

Our aims in the Medium-Term Management Plan

- Construction of 5G infrastructure
- Improve profitability and productivity

We aim to contribute toward strengthening business infrastructure in what has conventionally been our core business by leveraging DX to further improve profitability and productivity. As we are helping to build and maintain more advanced telecommunications infrastructure including 5G and 6G, we will continue to support economic activity and the daily lives of citizens.

Major initiatives and key achievements

Making processes more efficient by consolidating back-office operations

We completed consolidation of backyard operations (contracts and cost estimations) within sales teams in our Head Office and West Japan Head Office, which had been ongoing since fiscal 2022. Inspection operations were also made non-area dependent, and were offshored to overseas subsidiaries.

Going forward, the consolidated sites will also assist Group companies as we specialize operations and make improvements to systems and processes. By utilizing common IT systems, we will actively engage in standardizing and visualizing the sales processes of Group companies.



Building the optimal operational structure by restructuring subsidiaries

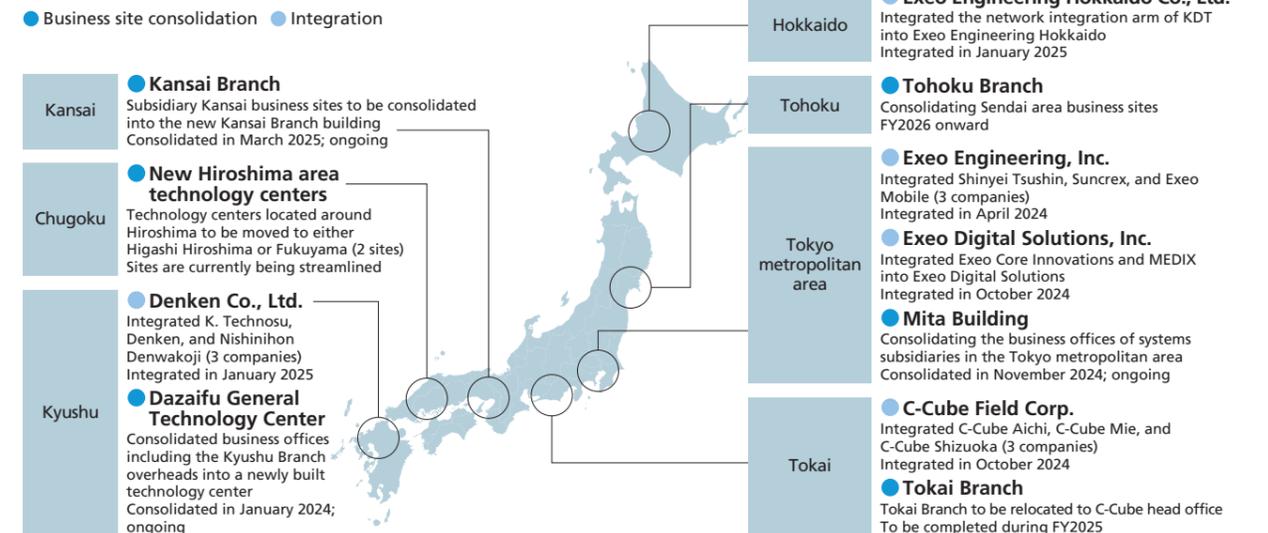
We are restructuring and integrating our subsidiaries by geographic regions, seeking continuous business growth, better profitability, and stronger governance, while taking into consideration factors such as regional characteristics and affinity with our businesses. We are also consolidating our business offices to maximize business efficiency, all while addressing issues regarding aging buildings and medium-term utilization of real estate.

Through these changes, we will integrate skills, increase operational efficiency, and expand business domains while reducing indirect costs and increasing presence in each of those communities.



Dazaifu General Technology Center

Subsidiary restructuring and consolidation by area





Urban Infrastructure business

Net sales in FY2024

¥217.6 billion

Energy Unit

Net sales in FY2024 ¥97.9 billion

Main businesses Construction and maintenance of electrical and air conditioning equipment, smart energy-related facilities including data centers, and waste treatment plants

Main customers Cloud operators, general contractors, local government authorities, etc.

SWOT analysis

S Strengths

- Technological and operational capabilities established through decades of experience in construction of electrical facilities in data centers and office buildings
- Knowledge in plant construction and operations, including biomass power generation

W Weaknesses

- Insufficient number of engineers to accommodate increased demand
- Lack of risk management experience in new domains

O Opportunities

- Growing demand for data centers along with the advancement of data usage in society
- Growth of the renewable energy market on the path to achieving a decarbonized society

T Threats

- Entry of foreign-owned business operators into Japanese domestic markets for energy-related business



Data centers

Public Infrastructure Unit

Net sales in FY2024 ¥96.0 billion

Main businesses Telecommunications construction and urban civil engineering related to public offices, local government agencies, cable television, and transport-related (wireless-activated disaster warning systems, utility line undergrounding)

Main customers Local government authorities, operators of public infrastructure such as railways and roads

SWOT analysis

S Strengths

- One-stop capability to handle a variety of construction projects including telecommunications, electrical, and urban civil engineering
- Possession of cutting-edge civil engineering technologies including shield tunneling and pipe jacking

W Weaknesses

- Insufficient track record and brand power to compete against large general contractors
- Shortages of personnel with various qualifications

O Opportunities

- Increasing needs to upgrade aging public infrastructure such as expressway facilities and water supply and sewerage system

T Threats

- Surging raw materials and labor costs and longer lead times for procurement



Railway telecommunications construction

Facilities and Infrastructure Unit

Net sales in FY2024 ¥23.7 billion

Main businesses Construction of various telecommunication facilities for use in homes or by specific customers outside of the public sector (company internal local 5G, network architecture, etc.)

Main customers Local government authorities, others

SWOT analysis

S Strengths

- One-stop capability for construction projects including telecommunications, electrical, and urban civil engineering

W Weaknesses

- Insufficient number of engineers to accommodate increased demand

O Opportunities

- Infrastructure development pursuing further DX implementation (collecting positioning information from inside buildings, etc.)

T Threats

- Surging costs of raw materials and longer lead times for procurement



Electrical and air conditioning construction for office buildings

Our aims in the Medium-Term Management Plan

- Develop new business fields
- Advance digital transformation in construction

We aim to expand the breadth of our capabilities to include all facilities inside buildings, including telecommunications, air conditioning, and LAN/WAN and capture more all-in-one service demand. We also aim to expand business in fields where growth is expected such as renewable energy, power storage, and EV chargers. We will also direct our attention to maximizing added value through efforts such as deploying DX at worksites and offshoring design operations.

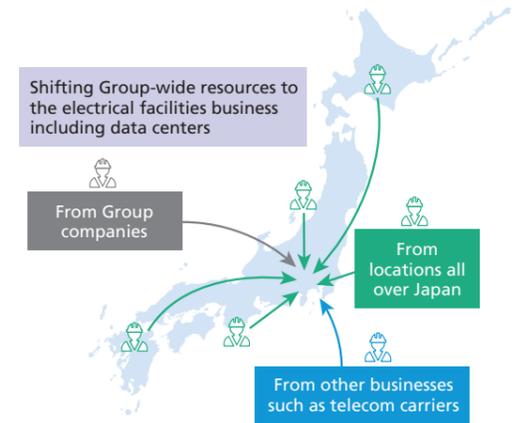
Major initiatives and key achievements

Energy Unit

Capturing robust demand in the data centers market by adding more construction capabilities for electrical facilities

Amid advancements in DX and the increasing prevalence of generative AI, we are harnessing the collective capabilities of the Group to secure and educate engineers as inquiries for data center projects remain strong. Pursuing higher mobility of our engineers, including those in our Group companies, for deployment throughout Japan, we are implementing measures to expand our construction capacity. This includes assigning multiple engineers to work on projects in order to accelerate their development through hands-on experience.

Through these measures, we are adding around ¥5.0 billion in construction capacity each year to meet the high demand in the data centers market.



Energy Unit

Renewable energy-related business efforts

In fiscal 2024, we worked toward expanding our renewable energy-related business, including the commercial operation of two woody biomass power plant facilities, and grid-scale battery storage plant construction through a partnership with NTT Anode Energy Corporation.

In May 2025, we signed a memorandum with Green Power Development Corporation of Japan and launched a collaboration to pursue business in storage batteries, including repowering solar power plants and transitioning them to FiP.



Grid-scale battery storage plants

Market trends and data

Energy Unit

Forecast for renewable energy in Japan's Seventh Strategic Energy Plan

FY2022 (actual) Total: 1 trillion kWh

FY2040 (projection) Total: 1.1–1.2 trillion kWh



The Japanese government's Seventh Strategic Energy Plan as decided by the cabinet in February 2025 sets a target of 40–50% share of renewable energy in fiscal 2040, demonstrating the large expectations for the expansion of this market. Solar power is positioned as the main component of renewable energy, expected to account for 23–29% of the overall total, while biomass-based power is projected to account for around 5%. Offshore wind power generation is also expected to become a stable supply of power for Japan, a country comprised of islands.

Source: Agency for Natural Resources and Energy, "Outlook for Energy Supply and Demand in FY2040"

System Solutions business

Net sales in FY2024
¥200.6 billion

Information System Unit

Net sales in FY2024 ¥125.4 billion

Main businesses Contract development of large-scale systems, business support solutions, network integration (servers, wireless LAN, security, cloud, etc.)

Main customers IT business operators

SWOT analysis

- S Strengths**
- IT engineering capabilities centered around telecommunications facilities construction
 - Provide all-in-one services from consulting/design/construction to operations and maintenance
 - Group companies with strengths in each domain

- O Opportunities**
- Continued appetite for DX implementation among companies and public offices
 - Rising demand for security against intensifying cyberattacks

- W Weaknesses**
- Lack of human resources for development
 - Lack of self-developed services
 - Low brand power in the IT market

- T Threats**
- Arrivals of new players and services could make existing services obsolete
 - Depletion of IT human resources in Japan, and accompanying spikes in labor costs
 - Declining profit margin due to competition with major systems integrators



Exeo Digital Solutions, Inc. which plays a central role in the system development function

Service Unit

Net sales in FY2024 ¥26.5 billion

Main businesses Operation/maintenance of customers' systems, sales/maintenance of various licenses, managed services

Main customers Education and medical, general private sector demand

SWOT analysis

- S Strengths**
- Group companies that specialize in areas such as education-related products and IoT devices
 - Track record in help desk operations including with the NTT Group

- O Opportunities**
- Increased demand for subscription-based managed services due to more efficient IT operations at companies

- W Weaknesses**
- Low rate of recurring revenues due to past focus on construction business

- T Threats**
- Depletion of IT human resources in Japan, and accompanying spikes in labor costs



Exeo System Management, Inc. which plays a central role in system operations and maintenance

Overseas Projects Unit

Net sales in FY2024 ¥48.6 billion

Main businesses Construction and solutions regarding telecommunications, electrical, and air conditioning equipment in the Asia Pacific region and other overseas markets

Main customers Overseas business operators

SWOT analysis

- S Strengths**
- Rapid business expansion overseas including M&A
 - Strong local presence tied to possessing own building (Singapore)

- O Opportunities**
- Market expansion primarily in Asia Pacific
 - Lower barriers to entry for new services compared to the Japanese market

- W Weaknesses**
- Lack of brand power overseas
 - Insufficient personnel and experience in new domains internationally

- T Threats**
- Regional conflicts, changes in government, and other geopolitical risks in each country



Officially opened "The Pulse," our new global headquarters that houses Group companies including Exeo Global Pte. Ltd. which oversees global affiliates

Our aims in the Medium-Term Management Plan

- Focus on high value-added business
- Expand recurring business

We seek to differentiate our services and boost added value by providing cutting-edge solutions that leverage Group companies' respective strengths and assets through collaboration. As we break away from business models centered on contracting, we are also working to grow recurring business with potential for stable earnings.

Major initiatives and key achievements

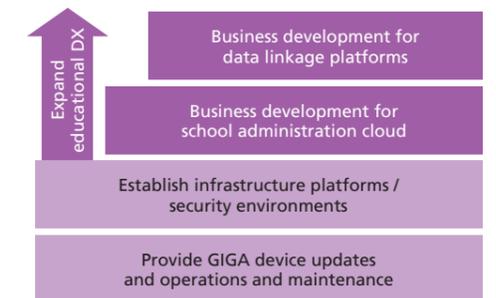
Information Systems Unit

Services Unit

Leveraging Next GIGA to expand the realm of business for educational DX

Updates and replacements of electronic devices and maintenance operations have been ongoing at public elementary and junior high schools across Japan through the GIGA School Package which rolled out in 2021. School administration and learning networks are in need of enhanced integrated infrastructure and stronger security measures.

The Group will be helping to establish personally customized, creativity-inspiring educational settings as further efforts in educational DX. This will be accomplished by shifting school administration systems to the cloud and establishing environments for education data usage that support individualized learning.



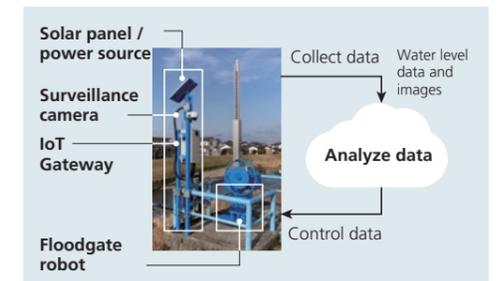
Information Systems Unit

Services Unit

Contributing to flood control by implementing IoT in floodgates for rivers and water channels

Extreme weather events such as localized torrential rains have been occurring frequently in recent years, and it has become imperative to mitigate the resulting disaster risk.

Leveraging our track record, the Group has built a robust cooperation network through collaboration with Group companies and design consultants. Going forward, we will add new functions that improve productivity. This includes implementing AI systems, bolstering security, and providing coordination with various types of sensors. By doing so, we will aim to deliver even higher-quality flood control solutions.



Floodgates that implemented a remote monitoring system

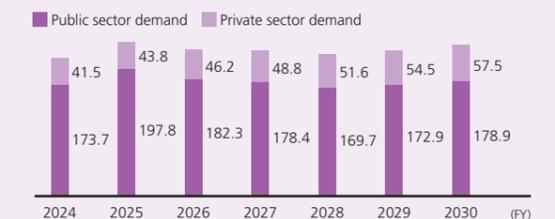
Market trends and data

What is Next GIGA?

Next GIGA is a 5-year initiative running from 2024 to 2028 as the second phase of the GIGA School Program, spearheaded by Japan's Ministry of Education, Culture, Sports, Science and Technology (MEXT). Its goals are to update the ICT environments that were initially installed while also utilizing ICT effectively, leveraging learning data, and improving the instructional abilities of teachers.



Demand forecast for the disaster preparedness systems and services market (¥Billion)



Disasters have increased in both severity and frequency in recent years, and major disasters such as earthquakes are expected to occur in a not-so-distant future. Various measures to deal with such disasters are currently in demand, including those that utilize DX and IT.

Structurally reforming our global business

Seeking higher profitability and continuous growth through structural reforms, more efficient operations, and automation



Fumitoshi Imaizumi
Director and Managing Operating Officer,
General Manager of Global Business

Since establishing Exeo Global in Singapore in 2018 as the management company for our global business, our Group has been working on strengthening our global business in three areas: managed services, ICT infrastructure, and mechanical and electrical (M&E) engineering. Currently, we have 19 locations worldwide, offering services in over 150 countries. The goal for our global business is to achieve a 10% share of both net sales and operating profits, as set out in the Medium-Term Management Plan for fiscal 2021 to fiscal 2025.

In the field of managed services, we are expanding our refurbished IT hardware business and providing services that meet demand for using devices after manufacturers no longer support them. We are also building a revenue model with managed services that combines maintenance services with call center support.

In the field of ICT infrastructure, we own over 1,300 indoor communications facilities in Indonesia and provide

infrastructure sharing services. As Indonesia's number one sharing services provider in terms of market share, the business generates stable income that is fortifying our revenue base.

In the field of M&E engineering, we are leveraging expertise attained in Japan to create highly reliable proposals for electrical and air conditioning configurations in data centers and commercial facilities. We are also implementing methods that induce efficiency such as Design for Manufacture & Assembly (DfMA) and robotics, to improve the productivity and quality of construction projects.

We are working on structural reforms focused on integrating and rebuilding business entities to improve profitability in the Global business domain. We plan to reduce the number of business entities to under 50 by the end of fiscal 2026. We will shift to a sturdier profit structure by improving operational efficiency and reducing indirect costs. From a governance standpoint, we are establishing a highly transparent and trustworthy management structure by implementing profit-oriented KPIs for management, thoroughly ensuring the filing of incidence reports, and continuously educating employees on compliance. Through these efforts, we intend to rapidly advance this business from the current investment phase to a profit-generating phase and contribute toward the Group's overall growth.

Global business structure



Indoor infrastructure sharing business in Japan and overseas

Dhost Global, which operates Indonesia's largest indoor infrastructure sharing business with over 1,500 sites, received investment funding from NTT Docomo Ventures, Inc. in August 2024 and signed a basic agreement with the NTT East Group to build a partnership in Southeast Asia. This is yet another example of our efforts to expand both domestically and internationally through stronger partnership with the NTT Group.

We also signed an exclusive partnership agreement for Asia with Mapxus Technology PTE Limited, which owns digital mapping technologies using AI. Working together, we are actively engaged in developing business that combines our facilities with the most cutting-edge technologies.

Opening of Leng Aik Engineering's Advanced DfMA Factory

In March 2025, Leng Aik Engineering, which operates electrical and general facilities construction business in Singapore, opened its Advanced DfMA Factory, which is considered symbolic of digital transformation (DX) in construction. With the latest equipment installed including welding robots, AR inspections, and smart lifts, this factory was selected as a productivity improvement project to receive assistance from the Singaporean government.

Combining cutting-edge equipment with standardization and cost reductions through DfMA methodology, we aim to create more efficient construction technologies.



Training and deploying non-Japanese engineers as Japan faces a declining birthrate and aging population

Facing the labor shortages that will inevitably arise as Japan continues to face a declining birthrate and aging population, we are working to recruit and train engineers from countries other than Japan. By request from the Information & Telecommunications Engineering Association of Japan (ITEA), we held a recruiting event for engineers from a total of 10 countries outside of Japan, including India and Sri Lanka back in 2024.

We are also engaged in efforts to utilize Exeo Vietnam, which was established in 2023, as a site for offshoring Japanese domestic business operations. By leveraging the systems development capabilities of local engineers and strengthening our remote management capabilities, we manage to orchestrate sustained technical expertise and improved business productivity.