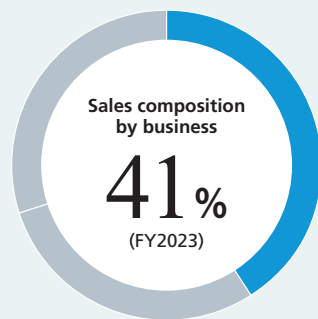
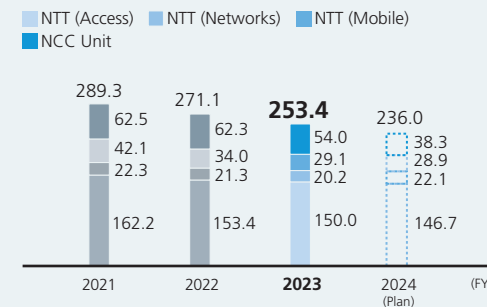
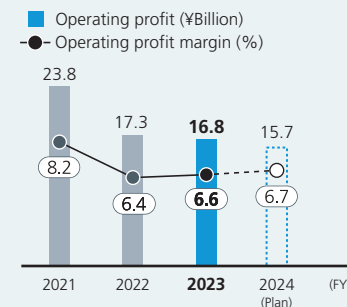




## Telecom carriers business



Net sales (¥Billion)

Operating profit /  
Operating profit margin

### Main products & services

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

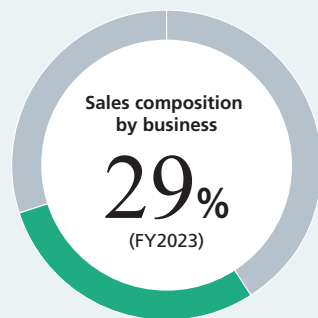
### Summary of FY2023

Harsh circumstances in the previous fiscal year carried over into fiscal 2023 due to the impact of curtailed capital investments by telecom carriers. However, we were able to keep the loss in profits to a minimum as orders and sales recovered somewhat due to investments in quality improvements by some mobile carriers in the second half of the fiscal year. The profit margin also improved thanks to productivity improvements through DX utilization and ongoing efforts in structural reorganizations such as building a more flexible and efficient organizational structure through the integration of our mobile construction organization.

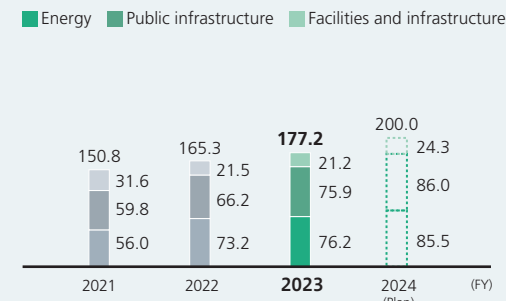
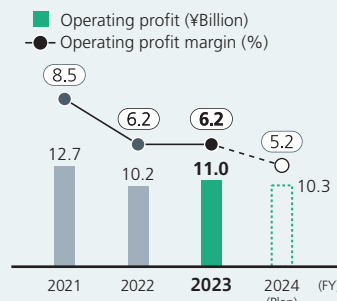
We will steadily secure profits in our core businesses by implementing even more in-depth measures including the use of offshoring and efforts toward optimization by area, while also actively engaging in initiatives such as next generation communications infrastructure IOWN.



## Urban infrastructure business



Net sales (¥Billion)

Operating profit /  
Operating profit margin

### Main products & services

- Electrical & air conditioning equipment projects
- Social infrastructure construction
- Facilities related to renewable energy & smart energy
- Urban civil engineering (pole-free, pipe jacking, etc.)
- Waste treatment plant construction & maintenance

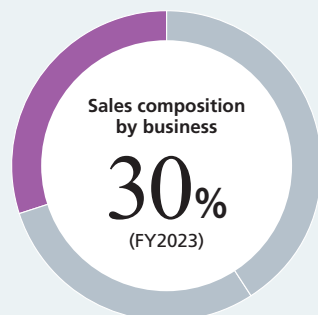
### Summary of FY2023

In fiscal 2023, the results of our ongoing efforts steadily accumulated and led to big results as we received multiple orders for large public-sector projects. In data centers, inquiries from the market also remained strong. In civil engineering technologies where we have strength and in pipe jacking in particular, we actively established the organizational structure to support business expansion by adding a company with extremely high technological strength to the Group and opening expatriate offices locally.

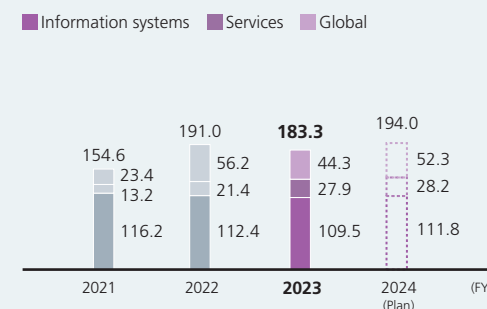
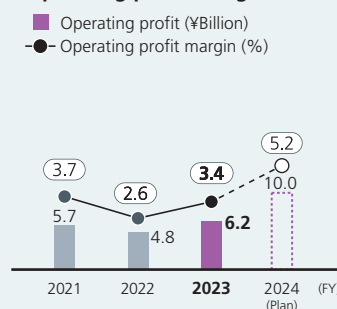
In our environment-related business also, we are starting to generate our own energy at two woody biomass power plants, in addition to ongoing initiatives through collaborations with partner companies such as installing grid-connected storage batteries and building EV charging infrastructure.



## System solutions business



Net sales (¥Billion)

Operating profit /  
Operating profit margin

### Main products & services

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

### Summary of FY2023

In fiscal 2023, revenues declined due to a worsening business environment internationally, but business was strong domestically and profit also improved, resulting in an overall profit increase in the business. Domestically we established an organizational structure to meet robust demand for systems development which included shifting personnel from other businesses, while overseas we also consolidated nine Group companies into our new global head office building as we moved forward with business growth more efficiently and aggressively.

In domestic business, we are accelerating business expansion in the form of total solutions by advancing collaborations between Group companies and bolstering sales activities that leverage products that are each company's strengths. Globally, we are deciding which businesses to adopt or reject as we shift to a business structure that can facilitate stable contributions to profit and strive to improve profitability.



## Telecom carriers business

Net sales in FY2023

¥253.4 billion

**Main businesses** We provide high-quality, integrated services all in one nationwide, from planning and design to construction, operations, and maintenance for the telecommunications facilities of all telecom carriers. We support domestic telecommunications infrastructure through construction of a variety of telecommunications facilities, from optical fiber networks to servers and routers, including 5G—the next-generation standard in mobile telecommunications.

**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 capabilities to provide the same level of service anywhere in Japan

- W Weaknesses**
- Operations of subsidiaries and subcontractors must be further standardized and made more efficient
  - Standardizing and commonizing workflows of construction systems for each individual carrier is a challenge

- O Opportunities**
- Expansion of mobile base stations due to full-scale deployment of 5G
  - Backbone expansion that accompanies increases in telecommunications traffic
  - Transitioning to optical connections for the “last mile” in urban areas
  - Demand for facilities renovations as telecommunications infrastructure ages

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



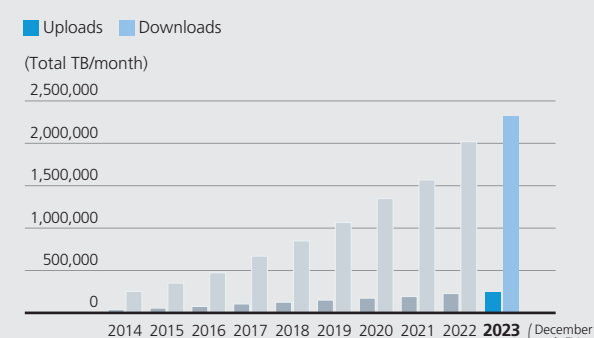
Access networks cabling installation



Outdoor base station on a rooftop

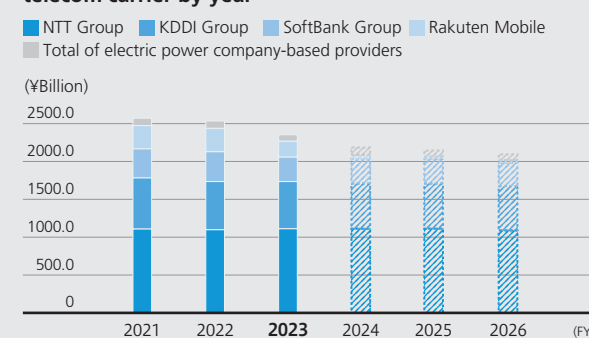
### Market trends and data

#### Mobile communications traffic



Telecommunications traffic is growing at an accelerated pace along with the spread of DX implementation, social media, and video viewing. 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 they 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.

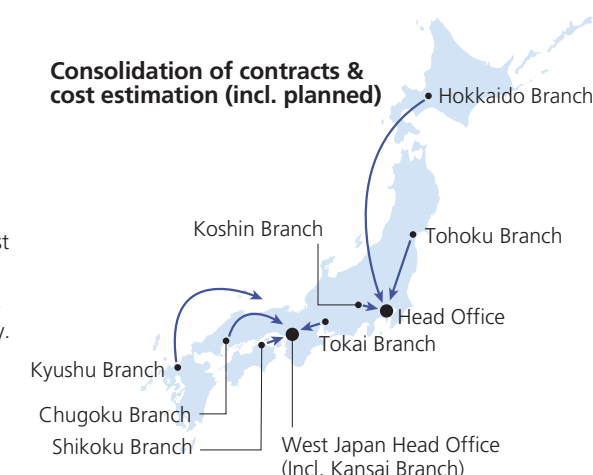
### Major initiatives and key achievements

#### Operational efficiency efforts including use of DX

We are making operations more efficient by using RPA to automatically create various forms and advancing transitions to DX including tablet devices for information sharing at construction sites. As we consolidate our contracts and cost estimations as well as our design and technical support throughout Japan and shift to offshore inspection operations, we are striving to operate more efficiently. Additionally, we are also working on deploying network cameras and AI for safety.

Aside from those, we made efforts to shift personnel to growth fields through multi-skilling in access/mobile and network/electric power and flexibly build operations.

#### Consolidation of contracts & cost estimation (incl. planned)



#### Building the optimal operational structure by restructuring subsidiaries

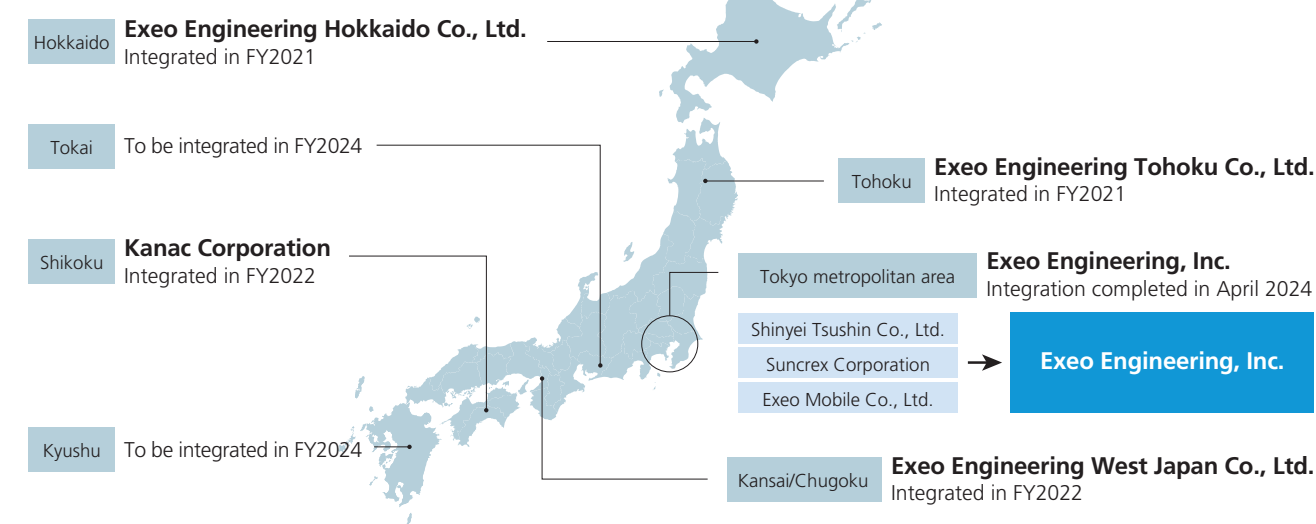
We are restructuring our subsidiaries by area from the perspectives of continuous business growth, better profitability, and stronger governance. Doing so, we will integrate skills, increase operational efficiency, and grow and expand business domains while making effective use of assets, reducing indirect costs, and increasing our presence in communities.

In fiscal 2023, we integrated and reorganized access and mobile construction companies in the Tokyo metropolitan area. We also established an organizational structure more conducive to harnessing synergies by integrating Group business locations that had been dispersed in the city of Fukuoka and establishing a new technology center in the city of Dazaifu.



Dazaifu General Technology Center

#### Progress of subsidiary restructuring by area



# Urban infrastructure business

Net sales in FY2023  
¥177.2 billion

## Energy Unit

Net sales in FY2023 ¥76.2 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

<b>S</b> Strengths <ul style="list-style-type: none"> <li>Technological and operational capabilities established through decades of experience in construction of electrical facilities in data centers and office buildings</li> <li>Knowledge in plant construction and operations, including for biomass power generation</li> </ul>	<b>W</b> Weaknesses <ul style="list-style-type: none"> <li>Not enough engineers to accommodate increased demand</li> <li>Lack of risk management experience in new domains</li> </ul>
<b>O</b> Opportunities <ul style="list-style-type: none"> <li>Growing demand for data centers along with the advancement of data usage in society</li> <li>Growth of the renewable energy market on the path to achieving a decarbonized society</li> </ul>	<b>T</b> Threats <ul style="list-style-type: none"> <li>Entry of foreign-owned business operators into Japanese domestic markets for energy-related business</li> </ul>



Data centers

## Public Infrastructure Unit

Net sales in FY2023 ¥75.9 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, construction work to eliminate utility poles)

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

### SWOT analysis

<b>S</b> Strengths <ul style="list-style-type: none"> <li>Able to build a variety of construction projects including telecommunications, electrical, and urban civil engineering all in one</li> <li>Possession of cutting-edge civil engineering technologies including shield tunneling and pipe jacking</li> </ul>	<b>W</b> Weaknesses <ul style="list-style-type: none"> <li>Insufficient track record or brand power to compete in the same domain as businesses such as large general contractors</li> <li>Shortages of personnel with various qualifications</li> </ul>
<b>O</b> Opportunities <ul style="list-style-type: none"> <li>Increasing needs to upgrade aging public infrastructure such as expressway facilities and water supply and sewerage system</li> </ul>	<b>T</b> Threats <ul style="list-style-type: none"> <li>Surging raw materials and labor costs and longer lead times for procurement</li> </ul>



Railway telecommunications construction

## Facilities & Infrastructure Unit

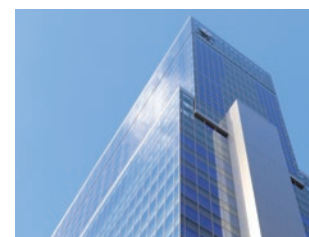
Net sales in FY2023 ¥21.2 billion

**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

<b>S</b> Strengths <ul style="list-style-type: none"> <li>Able to build a variety of construction projects including telecommunications, electrical, and urban civil engineering all in one</li> </ul>	<b>W</b> Weaknesses <ul style="list-style-type: none"> <li>Not enough engineers to accommodate increased demand</li> </ul>
<b>O</b> Opportunities <ul style="list-style-type: none"> <li>Building infrastructure for further DX implementation (collecting positioning information from inside buildings, etc.)</li> </ul>	<b>T</b> Threats <ul style="list-style-type: none"> <li>Surging costs of raw materials and longer lead times for procurement</li> </ul>



Electrical & 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 what we handle to include all facilities inside buildings, including telecommunications, air conditioning, and LAN/WAN and capture more orders for all-in-one services. We also aim to expand business in fields where growth is expected such as renewable energy, power storage, and EV chargers. Our efforts will also include striving to maximize added value in DX deployments at worksites and in offshoring of design operations.

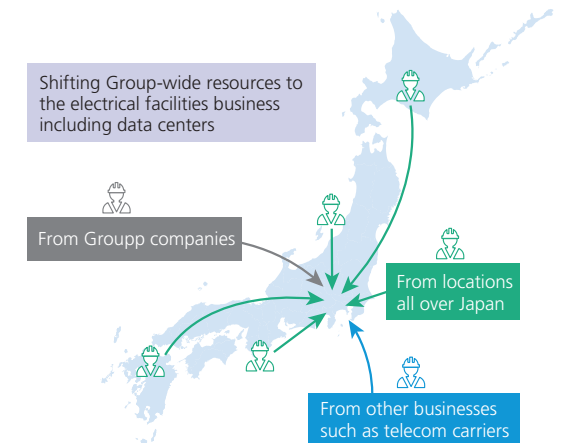
## Major initiatives and key achievements

### Energy Unit

#### Capturing data center-related demand

Due to advancements in digitalization and the spread of generative AI, demand for large data centers is further increasing. Leading cloud business operators in the US have announced intentions to invest ¥4.0 trillion in data centers in Japan, and urgent efforts are being made to address high heat generation which accompanies the higher speeds of devices.

Data center demand is expected to keep growing, and we will capture this demand by working to consolidate resources within the Group as a whole and grow our construction capabilities, while also enhancing our education and training and bolstering our ranks of engineers with experience at data center worksites.



### Public Infrastructure Unit

#### Sewage pipe construction in Jakarta

We are expanding globally in the field of civil engineering. With long-established track records in construction overseas, Kidoh Construction Co., Ltd. and Iseki Poly-Tech, Inc. are playing leading roles in this expansion.

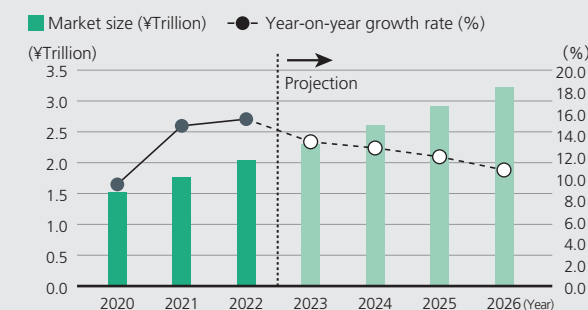
Sewer development using ODA from Japan is under way in Jakarta, Indonesia, and multiple companies in our Group are advancing this business together. Since Jakarta is also an area with particularly heavy traffic, the pipe jacking method is utilized to minimize the impact of construction on traffic. We are leveraging the Group's technological capabilities to the fullest in this work.



## Market trends and data

### Energy Unit

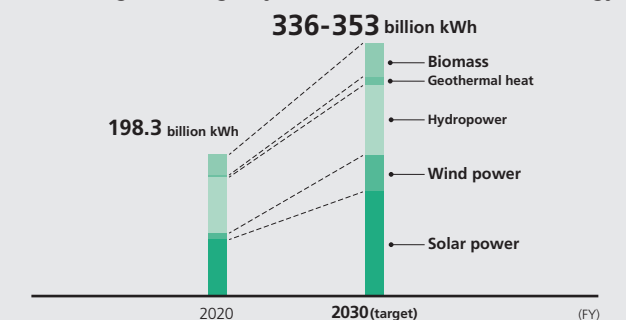
#### Size of Japan's data center services market by year <sup>\*1</sup> and future projections



Even after the data centers market in Japan eclipsed ¥2 trillion in size for the first time in fiscal 2022, it has still continued to grow. Maintaining a high average annual growth rate of 12.8% from 2021 to 2026, the value of the market is projected to reach over ¥3.2 trillion in 2026.

### Energy Unit

#### Renewable energy implementation status and goals according to the Agency for Natural Resources and Energy <sup>\*2</sup>



In light of the Japanese government's stated aim to reduce its greenhouse gas emissions by 46% in fiscal 2030 (vs. fiscal 2013), the Agency for Natural Resources and Energy has set a target of raising the ratio of renewable energy to 36-38% of all power supplies.

<sup>\*1</sup> 2022 is forecast, 2023 onward are projections

Source: IDC Japan, "Japan Datacenter Services Forecast" (August 29, 2022)

<sup>\*2</sup> From the Sixth Strategic Energy Plan

Source: Agency for Natural Resources and Energy, "Renewable Energy Policy in the Future"





## System solutions business

Net sales in FY2023

¥183.3 billion

### Information Systems Unit

Net sales in FY2023 ¥109.5 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

<b>S</b> Strengths <ul style="list-style-type: none"> <li>IT engineering capabilities honed in telecommunications facilities construction</li> <li>Provide all-in-one services from consulting/design/construction to operations and maintenance</li> <li>Group companies with strengths in each domain</li> </ul>	<b>W</b> Weaknesses <ul style="list-style-type: none"> <li>Lack of human resources for development</li> <li>Not enough services provided on our own</li> <li>Low brand power in the IT market</li> </ul>
<b>O</b> Opportunities <ul style="list-style-type: none"> <li>Continued appetite for DX implementation among companies and public offices</li> <li>Rising demand for security against intensifying cyberattacks</li> </ul>	<b>T</b> Threats <ul style="list-style-type: none"> <li>Arrivals of new players and services could make existing services obsolete</li> <li>Depletion of IT human resources in Japan, and accompanying spikes in labor costs</li> <li>Declining profit margin due to competition with major systems integrators</li> </ul>



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

### Services Unit

Net sales in FY2023 ¥27.9 billion

**Main businesses** Operations and maintenance of customers' systems, sales and maintenance of various licenses, providing other managed services  
**Main customers** Education & medical, general private sector demand

#### SWOT analysis

<b>S</b> Strengths <ul style="list-style-type: none"> <li>Group companies that specialize in areas such as education-related products and IoT devices</li> <li>Track record in help desk operations including with the NTT Group</li> </ul>	<b>W</b> Weaknesses <ul style="list-style-type: none"> <li>Low rate of recurring revenues due to having focused on construction until now</li> </ul>
<b>O</b> Opportunities <ul style="list-style-type: none"> <li>Increased demand for subscription-based managed services due to more efficient IT operations at companies</li> </ul>	<b>T</b> Threats <ul style="list-style-type: none"> <li>Depletion of IT human resources in Japan, and accompanying spikes in labor costs</li> </ul>



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

### Overseas Projects Unit

Net sales in FY2023 ¥44.3 billion

**Main businesses** Construction for telecommunications, electrical, and air conditioning equipment, and providing solutions in the Asia Pacific region and other overseas markets  
**Main customers** Overseas business operators

#### SWOT analysis

<b>S</b> Strengths <ul style="list-style-type: none"> <li>Speedy business expansion overseas including M&amp;A</li> <li>Large presence due to owning our own building (Singapore)</li> </ul>	<b>W</b> Weaknesses <ul style="list-style-type: none"> <li>Lack of brand power overseas</li> <li>Insufficient personnel and experience in new domains internationally</li> </ul>
<b>O</b> Opportunities <ul style="list-style-type: none"> <li>Market expansion primarily in Asia Pacific</li> <li>Lower barriers for new services than in the Japanese market</li> </ul>	<b>T</b> Threats <ul style="list-style-type: none"> <li>Regional conflicts, changes in government, and other geopolitical risks in each country</li> </ul>



Officially opened "The Pulse," our new global headquarters that will house 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

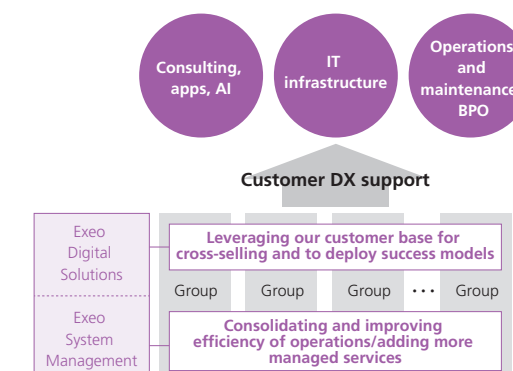
#### Services Unit

#### Integrating resources and expertise at two core companies, expanding business infrastructure

In system solutions, we are integrating resources and expertise at the two core companies established through business reorganization in 2022\*. We aim to grow the Group's presence in the system solutions business while expanding our business infrastructure and boosting added value.

We will provide all-encompassing total solutions from consulting to design, manufacturing, operations, and maintenance to accurately address diversifying customer needs.

\* The two companies are Exeo Digital Solutions, Inc. and Exeo System Management, Inc.



#### Information Systems Unit

#### Services Unit

#### Took 1st place at ServiceNow Japan Hackathon 2023

Exeo Digital Solutions, Inc. (EDS) took first place at the ServiceNow Japan Hackathon 2023 event organized by ServiceNow Japan.

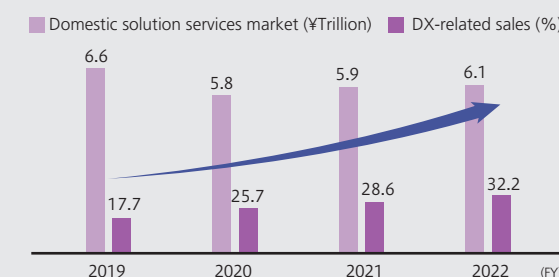
EDS supports implementations of ServiceNow, a cloud service that standardizes and automates the business processes of entire companies. Boasting one of Japan's most extensive track records of implementations, EDS also has one of the country's largest rosters of certification holders. Competing with 31 companies to come up with the best ideas at the event, EDS created an application that uses construction-related information to train AI to automatically generate tasks and documents.



At the event

### Market trends and data

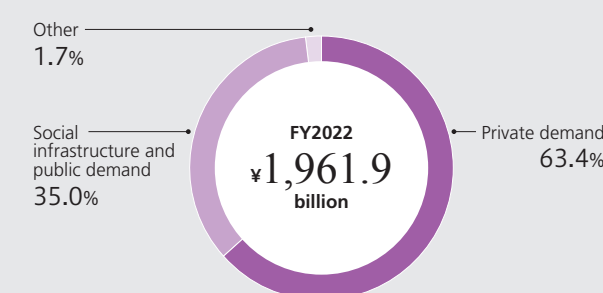
#### Proportion of the domestic solution services market that is DX-related



Source: JEITA Solution Service Market Size Survey by Japan Electronics and Information Technology Industries Association (JEITA)

The domestic solution services market that had temporarily shrunk due to the pandemic recovered to a size of around ¥6.0 trillion by fiscal 2022. The biggest part of that recovery was steady growth in DX-related investments, comprising over 30% of all investment in fiscal 2022. Social infrastructure and public demand comprised roughly one-third of the DX-related solution services market as of fiscal 2022.

#### Monetary proportion of domestic DX-related solution services market size





## Strengthening our global business

# Collaborating domestically and internationally to grow markets and be more competitive

Five years have passed since Exeo Global Pte. Ltd. which oversees our global business primarily targeting Southeast Asia was established in Singapore. Around two years of that time was impacted by the pandemic, but this business has now grown to a scale of roughly ¥50.0 billion in annual sales. Going forward, we will be working to stabilize the business, improve its profitability, and also facilitate entries to the Japanese market while aiming to achieve the goal of contributing 10% toward the Medium-Term Management Plan.

### 1. IT managed services

We have expanded the area coverage of our services to roughly 150 countries and regions including in Asia Pacific, North and South America, Europe, and Africa as we build a robust organizational structure capable of swiftly attending to the needs of virtually all of our customers. As a result of our efforts, orders from large telecommunications carriers and major IT device manufacturers have been increasing.

Going forward, we will continue this stable business growth while enhancing the added value of our services through the additions of security monitoring and AI-powered automation tools.



### 2. Design for Manufacture and Assembly (DfMA)

The prefabricated construction method based on DfMA is used to manufacture components of buildings at locations away from the construction sites to be swiftly assembled at the sites. This DfMA method is deployed by Leng Aik Engineering Pte. Ltd. and Winner Engineering Pte. Ltd. to efficiently perform high-quality and safe construction.

One example is The Pulse, Exeo Global's headquarters building completed in 2023, where Winner Engineering used DfMA to construct the air conditioning facilities. Use of DfMA is also increasing in large projects in Singapore, and the results it achieves are leading to more orders.



### 3. IoT smart tracking

Ascent Solutions Pte. Ltd. offers IoT smart tracking solutions and remote monitoring with seamless coverage from outdoors to indoors, and also swiftly handles various end-to-end traceability needs in supply chains. Their strength is in their ability to flexibly accommodate customers' needs since they handle design in-house and manufacture the optimal IoT devices for projects.

Currently, they are preparing to enter the Japanese market.



### 4. Power frequency stabilization business in Taiwan

Leveraging its extensive experience in facilities construction and in operations and maintenance, Aeqon Pte. Ltd. has entered the market for providing facilities to stabilize power output during times of fluctuation, with the aim of supplying stable renewable energy to Taiwan. This business is recurring by nature, with a business model that is resistant to economic downturns.

In the future, they will leverage that experience and expertise to capture a market advantage when similar needs emerge in Japan.