

EXEO Group, Inc.



Engineering for Fusion

Connecting our world - to all our tomorrows

Integrated Report
2022

Purpose

Bring the benefits of connectivity to all

Exeo Group believes access to infrastructure should be universal. Everyone everywhere deserves the basic support functions to pursue happiness on their own terms. This is the world we're aiming for.

Working closely with our partners in a rapidly evolving world, we're betting on technology and combined expertise, from hardware to software, to bring the benefits of connectivity to all.



Progress

Value that breaks the mold enriching society for over a half-century

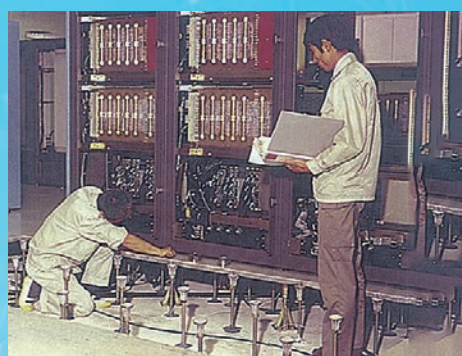
The strength that we have honed since our establishment is the technological capability to build high-quality information and communications infrastructure.

As we have adapted this strength according to the needs of the times, we have expanded into business domains such as electrical, civil, and environmental infrastructure, network integration, and systems integration, while at the same time enriching people's lives and contributing to solutions for a variety of social issues.

1980s

Expansion of business domains following liberalization of telecommunications business

With the liberalization of telecommunications, the telecommunications industry entered a new era in which multiple operators competed to provide better services. We worked to diversify our business and meet the diverse needs of telecommunications carriers.



1954-

Development of a high-quality telecommunication infrastructure network across Japan

As Japan entered a period of rapid economic growth, its telecommunications network, particularly telephones, became an indispensable aspect of its infrastructure. We were responsible for the construction of telecommunications facilities throughout Japan, contributing to the development of the telecommunications network.

2010s

Shift to a total ICT solutions provider

As businesses ramped up their efforts to adapt to the IoT era, characterized by the spread of smartphones and tablets and the shift to cloud services, we pivoted to become a total ICT solutions provider.



1990s

Responsible for the spread of mobile communications and the upgrading of communication networks

In addition to the widespread use of cell phones, there was growing demand for high-standard telecommunication networks such as optical fiber communication and digital communication. With this business environment providing a tailwind, we strengthened our construction capabilities to handle large-scale projects.



The society we envision looking forward to 2030

Our dream is to be a part of solutions to social issues in many different fields, utilizing our technological capabilities honed in the field of information and communications infrastructure.

This is what our 2030 Vision advocates. We will drive ongoing growth in society by using the power of “connecting our world through engineering” to pioneer a new future.



Vision of society



A smart society where people live healthy and vibrant lives

Reviving aging infrastructure and using advanced telecommunications and ICT technologies to transition toward smart cities and offices. Crafting solutions to problems at worksites in Japan's super-aging society, including healthcare and government, with our various systems and services.

Vision of society



Society without poverty or inequality

Revitalizing primary industries where qualified workers are increasingly insufficient through efforts such as building infrastructure, creating local jobs, and developing engineers in developing countries, and using the latest ICT services to create learning environments that provide equal opportunities for anyone to get the education they need.



Vision of society



Carbon-neutral society

Building renewable energy plants including mega solar, biomass, and also offshore wind power which will be increasingly prevalent going forward, and linking them to potential forms of next-generation energy usage via optimized energy management systems.



Vision of society



Global society where diversity is appreciated

Expanding the possibilities of business throughout the world with FinTech that supports diverse cloud services and financial services, to ultimately realize liberated work styles that are not constrained by locations or hours and treat all ethnicities and genders as equals.



2030 Vision

Engineering for Fusion

Connecting our world - to all our tomorrows

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Editorial Policy

| | |
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| Referenced guidelines | <ul style="list-style-type: none"> ● International Integrated Reporting Framework (Value Reporting Foundation) ● Company-Investor Dialogue for Collaborative Value Creation (Ministry of Economy, Trade and Industry of Japan) ● GRI Sustainability Reporting Standards (Global Reporting Initiative) ● SASB Standards (Sustainability Accounting Standards Board) |
| Scope of reporting | Period: April 2021 to March 2022 (includes some information relating to before or after the reporting period) Scope: Exeo Group, Inc. and its consolidated subsidiaries (in some cases Exeo Group, Inc. only) |
| Issued | September 2022 (Next scheduled issue: September 2023) |
| Notice on forward-looking statements | This corporate report contains forward-looking statements such as the future business performance outlook of The Group. As these statements are based on the information available at the time of the preparation of this report, the actual results may differ materially from the content described or suggested therein due to various factors. As this corporate report is not intended for the purpose of soliciting investment, all users of this report are advised to undertake decisions concerning investment at their own discretion. The figures stated in units of ¥100 million and ¥1 million are rounded down. |

External evaluation

MSCI Japan ESG Select Leaders Index
 Since 2017, The Group has for six consecutive years been selected as a constituent stock for the MSCI Japan ESG Select Leaders Index.

2022 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

DX Certification
 Exeo Group was recognized as a certified DX operator in March 2022 based on the DX (digital transformation) Certification System of the Ministry of Economy, Trade and Industry.



Nadeshiko Brand
 The Group has been recognized by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for three consecutive years, with selection as a Nadeshiko Brand in 2020 and as a Semi-Nadeshiko Brand in 2021 and 2022.



Top Hundred Telework Pioneer
 The Group was selected in fiscal 2018 as a "Top Hundred Telework Pioneer," one of the companies and organizations recognized by the Ministry of Internal Affairs and Communications as having achieved sufficient introduction and utilization of telework.



D&I Award 2021
 The Group was awarded the highest designation "Best Workplace for Diversity & Inclusion" in D&I Award 2021^{*1} which recognizes the efforts of companies that strive toward diversity and inclusion.

^{*1} Operated by JobRainbow



PRIDE Index 2021 (Silver)

The Group received silver certification in the PRIDE Index 2021^{*2} that evaluates workplace initiatives related to LGBTQ+ and other sexual minorities.

^{*2} Formulated by volunteer nonprofit organization "work with Pride"



Providing wide-ranging value to society using engineering capabilities cultivated for almost seven decades



2030 Vision

Engineering for Fusion

Connecting our world - to all our tomorrows

Vision of society in 2030

- Carbon-neutral society
- A smart society where people live healthy and vibrant lives
- Global society where diversity is enjoyed
- Society without poverty or inequality

Pooling the combined capabilities of the Group to offer comprehensive solutions

| | | | | | |
|---|--|---|--|---|--|
| 1 | Formidable financial strength | Our strength lies in having little interest-bearing debt and maintaining a high level of shareholders' equity to total assets. Based on this sturdy financial foundation, we invest in growth through a three-pronged approach of M&A, innovation, and investing in digital. Our policy for shareholder returns is to continue paying stable dividends with a target DOE (dividend on equity) of 3.5% while buying back shares in a flexible manner. | For business improvement and strength <ul style="list-style-type: none"> • Generating Group-wide synergies to boost earning power • Focusing on investment in growth areas and on strengthening businesses while maintaining appropriate balance between capital and liabilities • Continuously providing stable shareholder returns | Shareholders' Equity to Total Assets 56.6% | Dividends 10 consecutive years of dividend increases |
| 2 | Proven technological capabilities | Our telecom carriers business provides a full range of services from planning and design to construction, operation, and maintenance throughout Japan. Our urban infrastructure business leverages the electrical and civil engineering technologies that we have developed through telecommunications construction. Our system solutions business deploys ICT (Information and Communication Technology) to deliver solutions that meet the diverse needs of our customers. We create value that harnesses our diverse technological capabilities in these three businesses. | For business improvement and strength <ul style="list-style-type: none"> • Multi-skilling • Mutual support between fixed and mobile phone • Integrating ICT into on-site construction technology | Number of ESPs^{*1} and VE^{*2} Proposals 8,666 | Holders of technology-related professional qualifications (cumulative total) 27,500 |
| 3 | Utilizing DX for safety and quality control | In the areas of engineering solutions (telecom carriers, urban infrastructure) and system solutions in which we do business, the use of DX to strengthen and rationalize safety and quality control has been an important topic. We are actively utilizing DX to improve operational efficiency and accuracy, such as by deploying AI in safety and quality inspections for telecommunications construction work. | For business improvement and strength <ul style="list-style-type: none"> • Automating business processes with ServiceNow, RPA, etc. • Actively utilizing technologies such as BIM/CIM and AI • Enhancing security to operate business more securely | Nikkei Smart Work Management Survey Smart Work ★★★★★ 2022 | DX certification  |
| 4 | Corporate culture that values diversity | In this era of uncertainty and turbulent changes referred to as VUCA, it is essential to establish work environments where diverse human resources such as mid-career hires and female and international employees can harness their capabilities, in order to secure and develop human resources capable of navigating sudden technological innovations and market changes. The Company promotes diversity and inclusion as a top management priority and has been selected as a Nadeshiko Brand and Semi-Nadeshiko Brand for three consecutive years starting in fiscal 2020. | For business improvement and strength <ul style="list-style-type: none"> • Rebuilding the personnel system to accommodate new work styles • Employee learning & development and assignments according to each individual's capabilities and career path • Human resources development based on our shared Group-wide Career Development System (CDP) | Selected as Nadeshiko Brand  | PRIDE Index 2021  |
| 5 | Long list of partner companies | It is increasingly important to establish the foundations of good relationships with partner companies working together with us on-site in order to provide high-quality solutions to our customers. To expand the potential value that connectivity can create and build relationships of even greater mutual benefits and success, we must actively create opportunities to exchange information on market needs and exchange ideas on how to improve operations, while building even stronger relationships in which we grow together as partners. | For business improvement and strength <ul style="list-style-type: none"> • Increasing productivity through nearshoring and offshoring • Deploying global business success cases domestically in Japan • Creating value through co-creation and collaboration with customers | Business partner companies (in Japan) 3,375 | |
| 6 | Combined capabilities of the Group | Our Group includes companies that operate community-based businesses, and we have strong bases of operations in regions throughout Japan. In order to harness this strength to the fullest, we are building systems that can flexibly utilize human resources within the Group. At the same time, we continue to explore M&A targets capable of being growth drivers, with which we could generate even more synergies. | For business improvement and strength <ul style="list-style-type: none"> • Reorganize Group companies according to business domain and area • Visualize & standardize business processes, unify management systems • Mutual support and sales cooperation for order receiving and construction operations | Number of consolidated subsidiaries 107 | Number of consolidated employees 15,847 |

Helping to bring about a prosperous society through “connectivity”

Telecom carriers business

Next-generation mobile infrastructure

From behind the scenes, the Group's telecom carriers business supports the spread of 5G, the next-generation standard in mobile telecommunications. We provide design, construction, and operations services according to the needs of all telecom carriers.

Infrastructure plan by March 2024
Domestic 5G population coverage

over **95%**^{*1}



Telecom carriers business

Being able to use the internet anytime, anywhere

For telecom carriers, we handle development and operations for all types of telecommunications infrastructure throughout Japan with an all-in-one system. We handle a broad range of construction projects, including for network equipment to construct optical fiber networks such as optical access, servers, and routers, as well as the indoor and outdoor base stations required for mobile telecommunications.

^{*2} From the Ministry of Internal Affairs and Communications (MIC) “Survey on Broadband Infrastructure Coverage Rate at End of FY2020”
https://www.soumu.go.jp/menu_news/s-news/01kiban02_02000440.html

Urban infrastructure business

Creating the infrastructure for an information society

For data centers, we provide comprehensive engineering that spans the fields of electrical, electric power, and telecommunications construction. We leverage advanced technology to meet various needs that are particular to data centers, including high-quality, stable power supply equipment, as well as entrance/exit management and building interior-exterior surveillance systems for advanced information security.



^{*3} From the IDC Japan “Forecast of Domestic Data Center Floor Area”
<https://www.idc.com/getdoc.jsp?containerId=prJPJ49021022>



System solutions business

Supporting children's learning

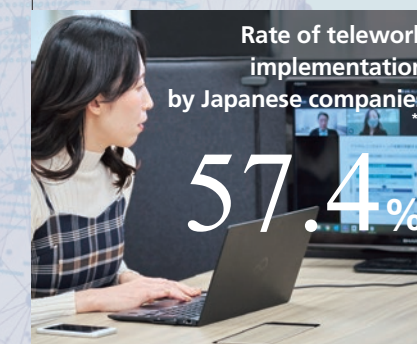
The Group has installed GIGA School Packages at approximately 5,000 public elementary and junior high schools in Japan, accounting for roughly one-sixth of all such schools in the country. We are helping to provide better ICT environments to children throughout Japan.

^{*4} Furnished to 98.5% of local governments as of March 31, 2021 (from Ministry of Education, Culture, Sports, Science and Technology (MEXT) “Status of Furnishing and Usage to Implement the GIGA School Program”)
https://www.mext.go.jp/a_menu/other/ext_00921.html

System solutions business

Supporting next-generation work styles

We support implementations of cloud services providing office environments that improve work efficiency and allow people to work comfortably anywhere, anytime. Doing so, we are helping to create workplace environments that cater to diverse work styles.



^{*5} From the Ministry of Internal Affairs and Communications (MIC) “FY2021 Communication Usage Trend Survey”
https://www.soumu.go.jp/menu_news/s-news/01tsushin02_02000158.html

Proportion of all electric power produced in Japan^{*6} comprised of renewable energy (except hydropower)

10.3%



Urban infrastructure business

Pursuing a clean energy society

As climate change worsens, renewable energy is garnering more attention and comprising a greater proportion of power generated each year. Through our business in renewable energies, from solar power to biomass, offshore wind power generation and more, we are helping to achieve a carbon neutral society.

^{*6} From the Agency for Natural Resources and Energy website
<https://www.enecho.meti.go.jp/about/pamphlet/energy2021/007/>

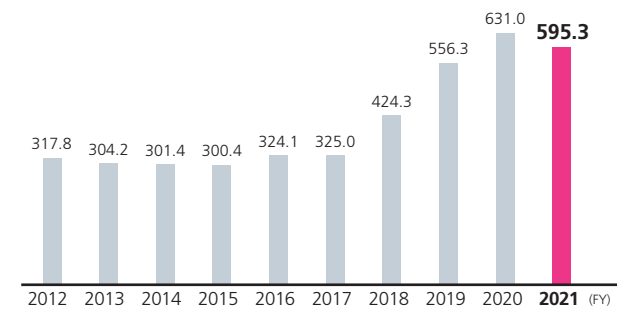
Financial

Scope of data collection: Exeo Group, Inc. and its consolidated subsidiaries

Orders received

¥595.3 billion Change year on year -6%

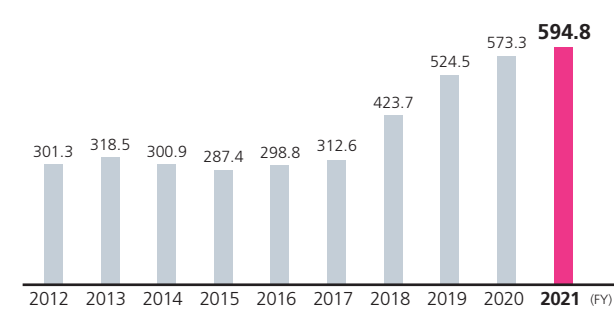
■ Orders received (¥Billion)



Net sales

¥594.8 billion Change year on year +4%

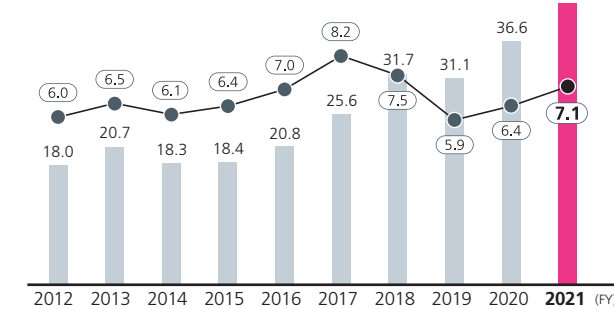
■ Net sales (¥Billion)



Operating profit

¥42.3 billion Change year on year +16%

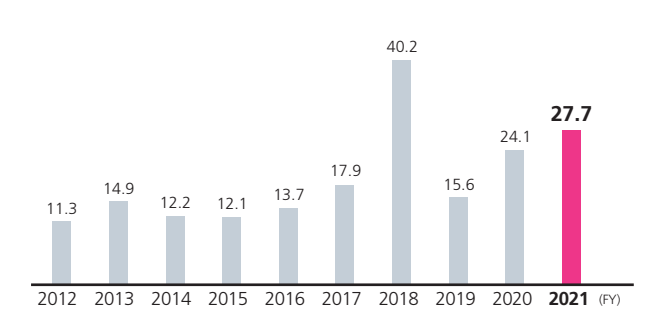
■ Operating profit (¥Billion) ● Operating profit margin (%)



Profit attributable to owners of parent

¥27.7 billion Change year on year +15%

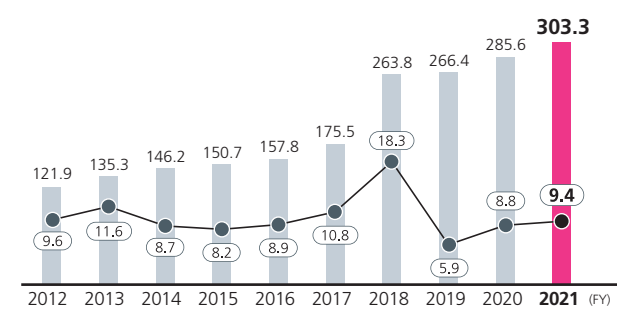
■ Profit attributable to owners of parent (¥Billion)



ROE

9.4% Change year on year +0.6points

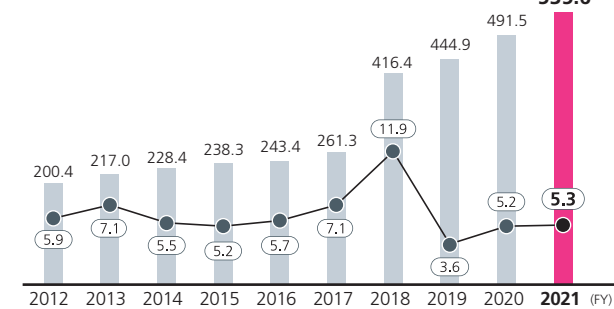
● ROE(%) ■ Shareholders' equity (¥Billion)



ROA

5.3% Change year on year +0.1points

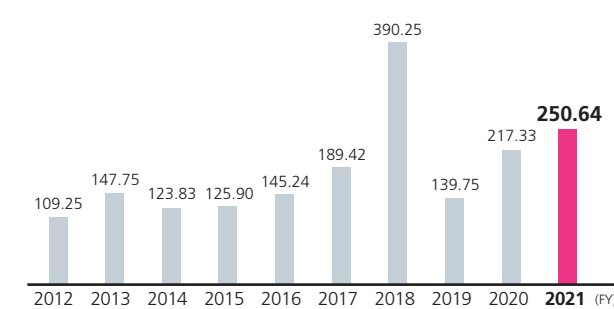
● ROA(%) ■ Total assets (¥Billion)



Earnings per share

¥250.64 Change year on year +15%

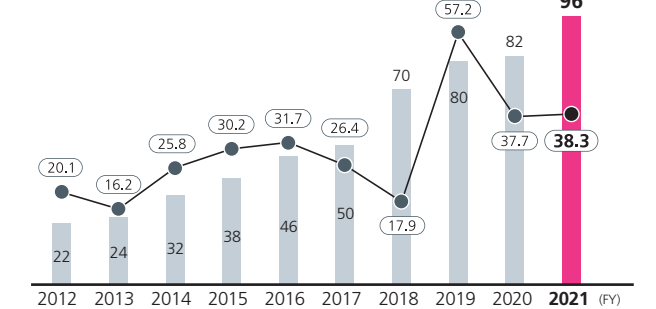
■ Earnings per share (¥)



Dividend per share

¥96 Change year on year +17%

■ Dividend per share (¥) ● Payout ratio (%)

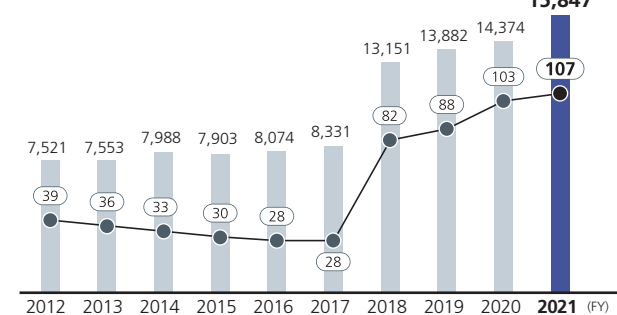


Non-financial

Number of consolidated employees

15,847 Change year on year +10%

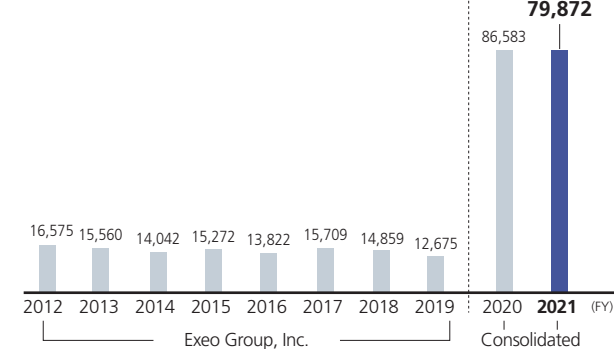
■ Number of consolidated employees (People)
● Number of consolidated subsidiaries (Companies)



CO₂ emissions (Scope1, 2)

79,872 t-co₂ Change year on year -7.8%

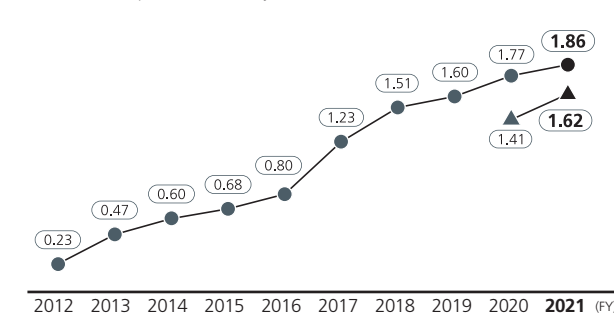
■ CO₂ emissions (t-co₂)



Ratio of women in managerial positions

1.62% Change year on year +0.21points

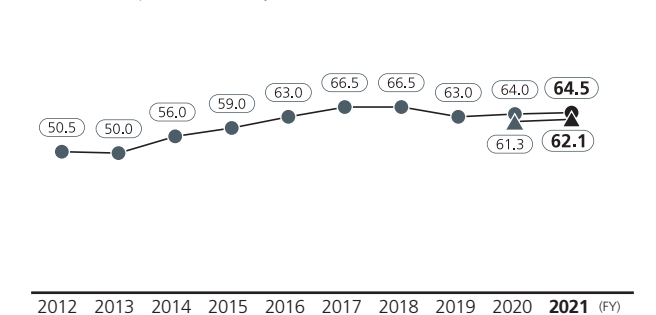
● Exeo Group, Inc. (%)
▲ Exeo Group, Inc. and five major subsidiaries* (%)



Percentage of annual paid leave taken

62.1% Change year on year +0.8points

● Exeo Group, Inc. (%)
▲ Exeo Group, Inc. and five major subsidiaries* (%)



* Five major subsidiaries: C-Cube, Seibu Electric Industry, Nippon Dentsu, Daiwa Densetsu, and Exeo Tech

Tetsuya Funabashi
President & CEO

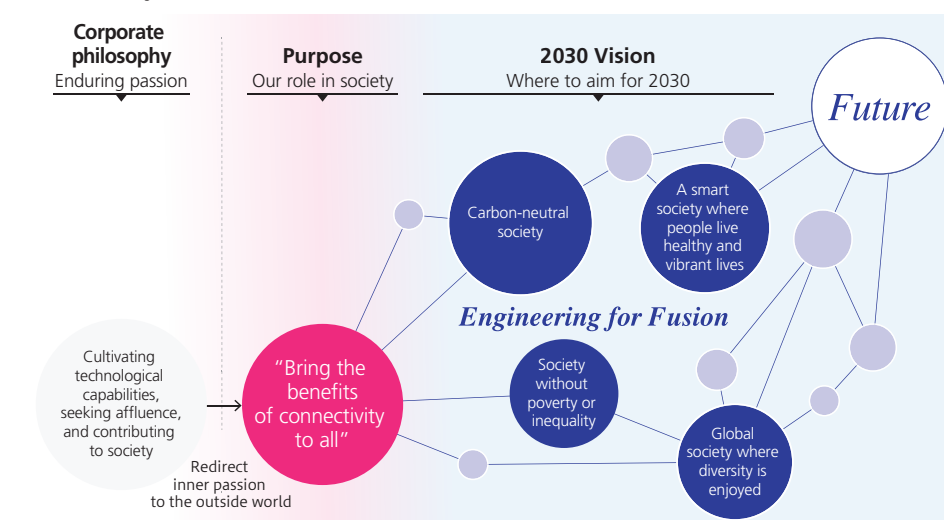
Pooling the Group's “connectivity” for the “benefit of all” on a global level

Changing our company name and establishing our purpose

Seeking breakthroughs as a corporate group with a stronger sense of unity than ever

In October of last year (2021), we changed the name of our company from Kyowa Exeo to Exeo Group, Inc. During approximately 30 years under the name Kyowa Exeo we actively conducted M&A in different business fields, including the management integration of three companies in Western Japan*1 in 2018, as we rapidly grew in scale and expanded into new business domains. As a result, the number of companies that constitute the Group grew to over 100, and our overall revenues jumped to more than double the level of ten years ago. However, for us to continue growing from this point onward, we will need our member companies to be more than just part of the sum. It will be important to integrate capabilities of enterprises that have wide-ranging, diverse knowledge, expertise, and specializations, and maximize the value that the Group creates overall by harnessing synergies. The new company name Exeo Group, Inc. represents our strong determination and expectation to embark on a new phase together,

Our value system





***1 Three companies in Western Japan**
C-Cube Corporation
Seibu Electric Industry Co., Ltd.
Nippon Dentsu Co., Ltd.

→ p.1-6 “Purpose”

***2 Promoting Advanced Radio Environment Improvements**
Projects for which the Ministry of Internal Affairs and Communications partially subsidizes the maintenance and management costs of installing high-speed, large-capacity wireless stations in geographically disadvantaged areas such as underpopulated or remote areas, outlying islands, peninsulas, mountain villages, designated rural areas, and heavy snowfall areas.

with more unity than ever before. Our previous name “Kyowa” contained the characters for the Japanese expressions “kyoryoku” (cooperation) and “wagoh” (harmony), but by changing the title to “Group” borrowed from English, I think we are demonstrating the attitude to aim for even more growth on a global level.

In addition to the change of our company name, our “purpose” which we announced in May of this year (2022) is also highly significant from the standpoint of bolstering unity. This purpose expresses the role that the Group should fulfill in society, or in other words, the meaning of our social existence. The first step that we took in coming up with this purpose was to tabulate employees’ opinions toward the Company. We conducted a survey questionnaire of all Group employees and received approximately 9,000 responses. Additionally, we listened to the opinions of customers, business partners, and many others from outside the Company. Gathering these varied opinions while at the same time discussing them internally on a regular basis, we ultimately expressed them in written form as our purpose.

The statement “Bring the benefits of connectivity to all” expresses our “aspirations” and represents our commitment to society. We expect each of our employees to always keep this purpose in mind and make themselves more deeply aware and responsible for what they themselves must do in order to achieve it as they go about their jobs each day. Additionally, we plan to use this newly established purpose as a means to bolster the strength of our corporate brand.

Achievements of fiscal 2021

Highest ever net sales and operating profit in the first year of the medium-term plan

In fiscal 2021, the Group embarked upon a new Medium-Term Management Plan (FY2021-FY2025). This Medium-Term Management Plan (medium-term plan) was formulated based on 2030 Vision (described below), our management policy from a long-term perspective which we announced in the spring of 2021. The new medium-term plan declares numerical targets of ¥630.0 billion in net sales, ¥47.0 billion in operating profit (7.5% operating profit margin), ROE of 9.0% or higher, and ¥280 or higher in EPS to be achieved in fiscal 2025. It also clarifies the challenges we face in each of the three business segments - telecom carriers, urban infrastructure, and system solutions - which comprise our business domain. We are implementing our growth strategies based on these challenges.

Looking back on progress in each business segment in 2021, in the telecom carriers business, construction for the Japanese government’s nationwide Project on Promoting Advanced Radio Environment Improvements*2 reached its main phase, and we worked on it from multiple locations

Performance-related achievements and targets

| | FY2020 (Actual) | FY2021 (Actual) | FY2025 (Target) |
|------------------|--|--|--|
| Net sales | ¥573.3billion | ¥594.8billion | ¥630.0billion |
| Operating profit | ¥36.6billion (Operating profit margin 6.4%) | ¥42.3billion (Operating profit margin 7.1%) | ¥47.0billion (Operating profit margin 7.5%) |
| ROE | 8.8% | 9.4% | 9.0% or more |
| EPS | ¥217 | ¥250 | ¥280 or more |

throughout the Group. Investments in mobile base stations by NCCs*3 also continued, and construction on base stations also proceeded smoothly.

In our urban infrastructure business which we have positioned as a growth business, construction on large data centers as well as electrical and civil engineering work such as tunnel facilities proceeded smoothly. For renewable energy-related business, we also began preparations to participate in woody biomass and offshore wind power generation. In our system solutions business, which is similarly positioned as a growth field, we have been seeing results from projects in the educational field where we have strength, such as for high school IT and for “after-GIGA” – digital environments in schools following up on Japan’s Global and Innovation Gateway for All (GIGA) digital classrooms initiative. The Group-wide consulting business spearheaded by Digital Consulting Headquarters which was established two years ago has also entered into full-scale operation.

At the same time, our global business which had been in the upfront investment phase suffered from the impact of lockdowns in each country, primarily in the field of telecommunications construction. However, thanks to steady advancements in solutions business such as digital trade platforms, we were able to expand the size and also improve the profitability of our global business.

As a result of the aforementioned efforts, our orders received for the fiscal year totaled ¥595.3 billion (-6% year-on-year), net sales were ¥594.8 billion (+4% year-on-year), and operating profit was ¥42.3 billion (+16% year-on-year). Orders received decreased year-on-year due to reversion from special demand the previous fiscal year for projects related to Japan’s GIGA School Program*4, but we recorded record highs in both net sales and operating profits, and we made steady progress in bolstering our profitability (earning power) with an operating profit margin of 7.1% (6.4% the previous year) and ROE of 9.4% (8.8% the previous year). Looking at these numbers from a comprehensive standpoint, it would seem that we got off to an extremely good start in the initial fiscal year of the medium-term plan.

Progress in Medium-Term Management Plan

Steadily acquiring the resources needed for the future of the Group

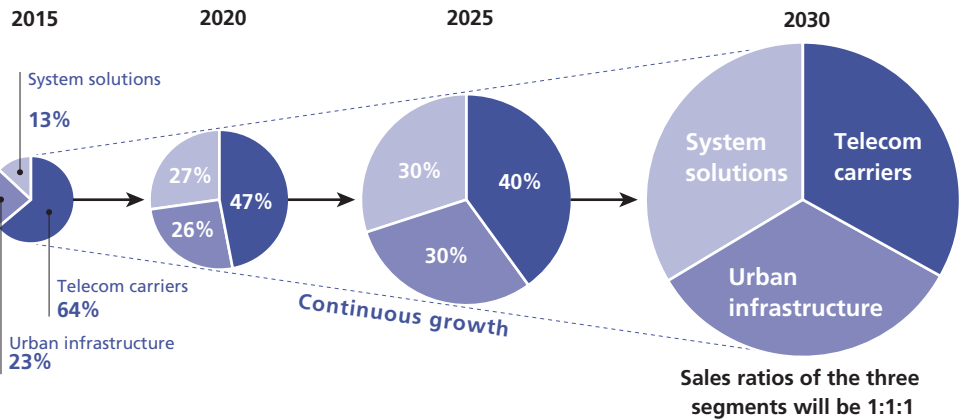
In order to establish solid business infrastructure that cannot be swayed by economic and social circumstances, we are pursuing a business strategy to further expand our business in urban infrastructure and system solutions and grow our sales in each segment to roughly equal proportions in fiscal 2030. M&A is one of the key strategies for this business portfolio revision, which is essential to the future growth of the Group.

In fiscal 2021, we continued to vigorously conduct M&A. In urban infrastructure, the Group added Ryosei Systems, Ltd. (currently Ryosei, Ltd.) which specializes in laying of electric power lines, and Kidoh Construction Co., Ltd. which has advanced technology and a strong track record in

***3 NCCs**
Abbreviation for Type I New Common Carriers who entered the market after Japan’s telecom liberalization in 1985. The Group uses this term in reference to three companies: KDDI, SoftBank, and Rakuten Mobile.

***4 GIGA School Program**
The program promoted by Japan’s Ministry of Education, Culture, Sports, Science and Technology (MEXT) to provide each student with one device together with high-speed network service. Its aim is to achieve an educational ICT environment capable of developing the qualities and capabilities of various children, including those with special needs, without leaving any of them behind.

Illustration of business portfolio changes



*5 Pipe jacking method technology

Non-open cut method to lay pipes through tunnel-shaped holes excavated underground without any open-cut construction.

pipe jacking method technology^{*5}. In system solutions, we added operations and maintenance services company IT-it Co., Ltd. (currently Exeo System Management, Inc.) to the Group as a partner. Globally, we added IoT solutions business operator Ascent Solutions to the Group, as well as 68 Systems which mainly does business in railway signals and telecommunications.

We believe that each of these companies possesses resources that are needed for the future growth of the Group in aspects such as business models, technologies, organization, and human resources. In fact, synergy effects are already being produced in areas such as human resource development and business partnerships.

Going forward, we will actively move to acquire new resources through M&A, while at the same time dedicating effort to supporting each company that has been added to the Group. Including the reorganization of Group companies, we will be working toward additional growth for the Group by striving to optimize our business resources.

Medium-term outlook and growth strategy of each business

Our strategy to help achieve the society we envision in each business domain

As a management strategy from a medium to long-term perspective, we are aspiring toward sustainable growth by steadily implementing our management plan based on 2030 Vision announced in the spring of 2021. With “Engineering for Fusion: Connecting our world - to all our tomorrows” as a slogan, 2030 Vision defined our four visions for society in 2030 (carbon-neutral society, a smart society where people live healthy and vibrant lives, global society where diversity is enjoyed, and society without poverty or inequality) and set out the domains where our Group should contribute and the services and solutions that we should provide toward achieving these four visions. Through fusion of the diverse engineering and solution capabilities that we have cultivated until now, our initiatives in each field that will lead to these four visions of society are steadily unfolding.

We expect investment to be continuous in the telecommunications carrier business going forward, including investment in mobile 5G base stations. However, we anticipate that new technologies such as dynamic spectrum sharing (DSS)^{*6} and infrastructure sharing^{*7} will result in base stations that are more compact and shared. To navigate this business environment, we will seek to make our business operations more efficient by implementing measures for multi-skilling and multi-carrier in construction, increasing operational efficiency through process visualization, and reskilling^{*8} to shift operations flexibly and shift personnel to growth fields. We will also strive to leverage digital technologies to improve operational productivity, including the use of AI to calculate process volumes in design and handle construction processes, and utilizing offshore for photograph-based decisions.

In the urban infrastructure business, we will dedicate energy to bolstering the renewable energy field, which is a growth field. In the offshore wind power business, we are developing and

training engineers for building self-owned power lines through a business alliance with SWCC Showa Holdings Co., Ltd., and in biomass gasification power generation we are moving forward with construction of a pilot plant in Fukushima Prefecture. We are also vigorously advancing business that leverages our strengths in the field of solar power generation on agricultural land, including a business alliance we have begun with Tokyu Land Corporation for pilot facilities. Due to society’s extraordinarily strong demand in this field, shortages of engineers could potentially become a major source of concern, so we will allocate sufficient resources to securing and developing specialized engineers going forward.

In the system solutions business, we proceeded to shift away from primarily performing contract development as we had before, toward a higher added value business model. However, compared to large systems integrators there are still major gaps in terms of competitiveness in the market and profitability. Seeking additional business growth, we will restructure our organizations including at headquarters and subsidiaries, while also establishing two new companies—Exeo Digital Solutions, Inc. to handle solutions development, and Exeo System Management, Inc. to handle services such as operations and maintenance—and evolve into a system that can support customers working on DX through all layers, from consulting proposals to development, architecture, operations, and maintenance.

In global business, we plan to expand our ambitious efforts with APAC (the Asia Pacific region) as a hub. Gradually, more of our companies are already transitioning from the upfront investment phase to the growth phase, including Ascent Solutions which provides IoT solutions, and Guud which provides cloud-based customs clearance systems. In February of this year, our Group company Arco based in Singapore which does business in re-use and maintenance services for IT devices opened a Japan office within the Company’s Head Office, and they are now entering the Japanese market. Going forward, I would like us to utilize M&A as we work toward expanding our businesses in locations throughout the world, while also striving to boost profitability at Group companies and harness Group synergies through better post-merger integration (PMI). Our global business should ultimately comprise around 10% of the Group’s total earnings by fiscal 2025.

Strengthening our business infrastructure

Supporting growth by strengthening human resources, the environment, safety, DX, and other non-financial areas

During the five years of the Medium-Term Management Plan, we will be implementing growth strategies for each business, while also working to strengthen our business infrastructure in the environment and energy, as well as in safety, quality, and BCP, and in human resources. With the awareness that sustainability efforts such as ESG in particular are essential in today’s business management, we established the new Sustainability Promotion Office in April of this year as a dedicated organization for sustainability, and we also established the Sustainability Committee to boost our sustainability and governance as we accelerate our efforts.

The portion of business infrastructure that I consider particularly important is human resources. As Japan’s population ages and the birthrate declines, securing and developing the human resources to carry the future will be the most important challenge for our Group as well. In July of last year, we established the new Human Resource Development Department to work on more effective human resources strategies. With this department playing a leading role, we plan to engage in acquiring and developing human resources who can be ready to swiftly deal with changes in the business environment and changing needs. Additionally, our side-job system introduced in February of this year eliminates restrictions on our employees concurrently working side-jobs elsewhere, and we have also begun accepting outside employees to work with us as a side-job as we actively work to incorporate a variety of knowledge and skills from outside the Group.

For the environment, we are concentrating on making contributions through our business activities including renewable energy business, waste treatment plants, etc., and on reducing the



→ p.27-32 “Strategy by segment”

*6 DSS

Abbreviation for Dynamic Spectrum Sharing, a technology for sharing some frequencies used for 4G with 5G.

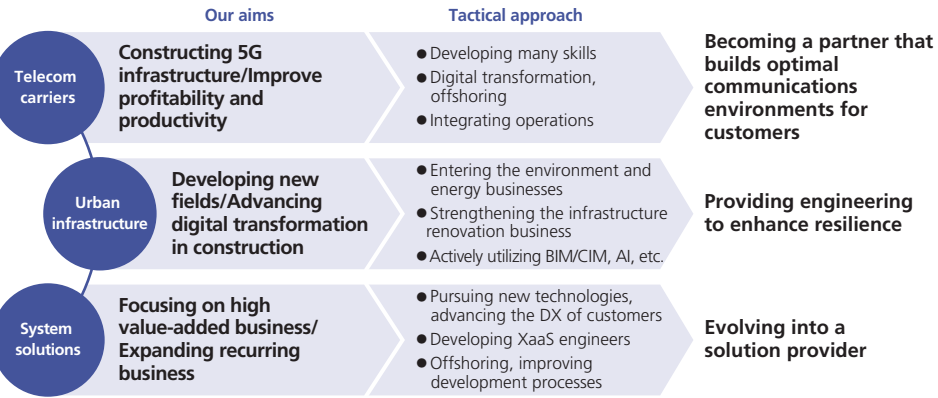
*7 Infrastructure sharing

Method by which multiple telecom carriers reduce costs while expanding coverage areas by jointly building and using base station facilities such as antennas and steel towers.

*8 Reskilling

Employees re-learning skills and knowledge to be able to adapt to newly required tasks and job types.

Aims and tactical approach in each business segment (Medium-Term Management Plan (FY2021-FY2025))



→ p.41-48 “Human resources strategy”

→ p.37-40 “Environment & energy”

→ p.35-36
“Safety, quality & BCP”

→ p.50 “DX implementation”

environmental impact of our businesses through efforts such as switching to renewable-based electricity for our offices and other buildings, and eco-friendly company vehicles. In December 2021, we also declared our support for the recommendations of the TCFD (Task Force on Climate-Related Financial Disclosures) and set a greenhouse gas emissions reduction goal for the Group as a whole in 2030 (Carbon neutral in fiscal 2050 for Scopes 1 & 2). We will be actively disclosing information according to the TCFD Framework going forward.

As for safety, being a company involved in construction work we consider safety to take precedence over all else, and we will continue striving to ensure safety. We will improve on-site inspections that utilize network cameras at centers established throughout Japan to perform more intensive and efficient inspections. We will also work toward visualizing safety and engage in better data-supported management by measuring the frequency and severity of occupational accidents.

In addition to these, we also consider advancing digital transformation (DX) to be a key management priority. Utilization of digital technologies is a topic related to our Group’s entire business infrastructure and management foundation, so we are establishing a DX Strategy Department as a specialized organization and leveraging business intelligence (BI) tools and RPA to visualize and improve the efficiency of the business our company conducts. In fiscal 2022, we will be launching a full-scale overhaul to shift all core systems to the cloud, integrating the networks and security of the Group and constructing efficient, secure in-house systems to boost productivity and lead to new value creation.

Fostering a culture of innovation and growing Group synergies

Integrating the strengths cultivated by each company to create maximum value

Our Group’s greatest strength lies in the advanced technical capabilities that we have cultivated through our experience in many fields. Our telecom carriers business operates integrated services from planning and design to construction, operations, and maintenance throughout Japan. Our urban infrastructure business leverages electrical and civil engineering technologies that we have developed through telecommunications construction to build a wide range of social infrastructure. Our system solutions business fully leverages ICT (Information and Communication Technology) solutions to meet the diverse needs of our customers. In addition to these broad-ranging and advanced technological capabilities, I believe that another strength of our Company is the corporate culture of “never evading problems” which we have fostered. Whenever we are confronted by various forms of adversity in the process of construction, we do not abandon the project, instead holding fast to our commitment to ensure that we respect the promised deadline with firm determination. I think this trust which we have earned from our customers through sincerity in our work is the very foundation of our Group’s existence.

However, as we carry on this positive corporate culture, it will also be important to foster a company culture and ethos that values generating innovation in order to pursue further growth going forward. In recent years we have been actively working to enlist new partners through M&A and external alliances, while at the same time working internally to offer a combination of workshops, training, evaluation systems, recognition awards, and other initiatives to develop human resources who can drive innovation. Through these efforts, we aim to operate in cycles that continuously generate new innovation and expand into new fields of engineering.

Additionally, we are working hard to offer even more support to each Group company in order to generate Group synergies. This includes establishing consulting teams that make proposals to horizontally roll out products of each Group company, coordinating operations for construction in advanced radio business on a nationwide scale, and alliances in sales and construction for building highway infrastructure, and many other ways we are working on measures to strengthen collaboration within the Group.

As a result, we are starting to see tangible results such as an increase in orders for large projects received primarily in the urban infrastructure business. Synergies are also appearing in

aspects other than business, such as cost savings through joint use of work systems and other forms of sharing, as well as cross-safety patrols between companies to boost safety awareness, and more.

Last fiscal year we launched a reorganization designed to maximize earnings for the Group. We started the effort last fiscal year by integrating subsidiaries in our telecom carriers business in the Hokkaido and Tohoku area. As I mentioned before, we are also raising the competitiveness of our system solutions business by restructuring our businesses, including the main portion of the business itself, with the two core companies playing a central role. Going forward, I want to offer even more support to Group companies in management-related departments such as human resources, general affairs, and accounting, in addition to sales and construction functions.

Message to stakeholders

Working together as a Group to “bring benefits to all”

For our consolidated performance in fiscal 2022, we are forecasting ¥600.0 billion in orders received, ¥600.0 billion in net sales, ¥38.5 billion in operating profit, and ¥25.6 billion in net income. I am confident that we will also be able to steadily proceed with our growth strategy this fiscal year in line with 2030 Vision and the Medium-Term Management Plan.

Particularly in the urban infrastructure and system solutions businesses which we are positioning as growth fields, we are also steadily planting seeds from a medium to long-term perspective, including upfront investments for expansion in new fields. As a top management priority, we are working to secure the skills and human resources needed for future business growth and profitability improvement in these businesses.

Under our new Group purpose to “Bring the benefits of connectivity to all,” the Exeo Group will strive to continuously improve the value we provide as a Group that contributes to society on a global level. I hope that our shareholders, investors, and all of our other stakeholders continue to watch over our growth with a medium to long-term perspective in mind.

August 2022

T. Funabashi
President & CEO





Managing the Group to maximize business value through the optimal allocation of capital

Shigeki Hayashi

General Manager of Accounts & Finance Division Operating Officer, CFO

Role of the CFO

I assumed the role of Chief Financial Officer (CFO) in June 2022. From my perspective, the first role of the CFO is to accurately comprehend the state of finances and give reports and disclosures in a timely manner, while also playing a defensive role to keep an eye on every corner of the business, analyze risks, and adequately sound alarms about any matters that could potentially damage our financial foundation or business value. On the other hand, as uncertainty in society and the market increases, I feel it is increasingly important to play the offensive role of seeing into the future as much as possible and making forecasts, and at the same time implement capital policies and investment strategies to maximize business value.

Half of my approximately 30-year career has been spent in finance departments, and the other half has been in the field of global business. I have been involved in everything from business planning and budget control to company mergers and organizational restructuring, M&A and post-merger integration (PMI), and more. My aim is to leverage all that experience to optimize our business resources and do everything I can to increase our business value.

Summary of fiscal 2021 performance

In short, fiscal 2021 was a record year performance-wise. We had ¥594.8 billion in net sales (up 4% year-on-year) and ¥42.3 billion in operating profit (up 16% year-on-year), both of which were new record highs, and our operating profit margin also increased 0.7 percentage points over the previous year. Even looking at each business field separately, if you exclude the special demand related to GIGA Schools, revenues still increased in all three of our business segments. We were even able to more than double our sales year-on-year in global business, which we expect to be a major growth driver going forward. Also ROE, which is an indicator of capital efficiency,

increased from 8.8% the previous year to 9.4%. EPS, which is a profitability indicator, increased from ¥217 the previous year to ¥250. I would say that we got off to a roaring start in the initial fiscal year of our Medium-Term Management Plan.

Rather than being satisfied with our good performance this past fiscal year, we will continue working hard in each business field to achieve the plan.

Change in reporting segments

Starting in fiscal 2022, we changed the categorization of our reporting segments. Previously the segments had been divided by corporate group, but we switched to categorization by business domain. Our 2030 Vision, announced in 2021, asserts that the business fields of telecom carriers, urban infrastructure, and system solutions will be made to comprise equal proportions of our business. One major aim of the categorization change is to provide timely disclosures of the progress toward this objective.

When looking at the sales and operating profit of each segment, some people will likely be concerned about the relatively low profit margin in our system solutions business, but this is the field that has the most potential as a growth driver going forward. We conducted an organizational restructuring in fiscal 2021, including for subsidiaries, and we have now built a structure that enables streamlined support from consulting proposals to development, architecture, operations, and maintenance. Going forward, I predict that we will stabilize our client base and also greatly improve our business profitability by bolstering our operations and maintenance services, which is a recurring business, and expanding our all-in-one solutions. This segment also includes global business. Since much of our global business remains in the upfront investment phase and we have actively been conducting M&A, it has not yet contributed much to profitability. However, our global business crossed into profitability in fiscal 2021, and we

expect it to enter a growth phase going forward. We plan to accelerate sales and profit growth, and in the medium-term grow our global business to the point that it comprises more than 10% of the Group's earnings overall.

Capital allocation policy

Capital allocation is a basic approach to allocating the cash flow generated through business to fund growth investments such as capital expenditures and to return it to shareholders. However, for large investments connected to the future growth of the company such as investments in M&A, we must also utilize borrowings and other outside capital. If we try to execute M&A at the optimal timing without missing opportunities, we can also anticipate that our interest-bearing debt will temporarily increase. We will make investments that contribute to the Group's growth by raising funds in a timely manner as we maintain a proper balance of capital and debt.

At the same time, the first areas of non-financial investments that we emphasize are digital transformation (DX) and human resources. Companies must be lean and powerful in order to increase profitability. We have been making a certain level of investments in DX until now, to which we will continue directing a certain level of capital going forward. Using digital technology to save labor and improve efficiency in various business processes will enable us to divert the energy of our employees to more creative work, which will translate into greater earning power.

Another thing is that regardless of how far DX advances, it is people who ultimately create value. To improve employees' ability to create value, it is essential to hire diverse human resources and provide each employee with human resource development and growth opportunities to improve their performance. The actual hiring and development of human resources falls outside the responsibilities of finance, but

I will be helping to further strengthen our human resources through optimal capital allocation, while also sharing values that emphasize the importance of people with our human resources and business divisions.

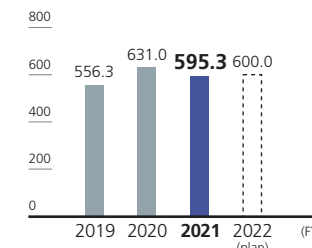
Shareholder returns

We regard the return of profits to our shareholders as one of the most important challenges for management. With a basic policy of paying stable, continuous shareholder dividends in light of our business performance trajectory, financial standing, future business outlook, and other factors, we pay out dividends according to a standard DOE (dividends on equity) of 3.5%. Our midterm dividend for fiscal 2021 was ¥44 and our year-end dividend was ¥50. Adding the ¥2 commemorative dividend (for the change of company name), we paid out a total of ¥96 per share for the year. This was an increase of ¥14 on dividends paid the previous year and marked the 10th consecutive fiscal year of increased dividends. We plan to continue increasing our dividend to ¥102 for the year in fiscal 2022.

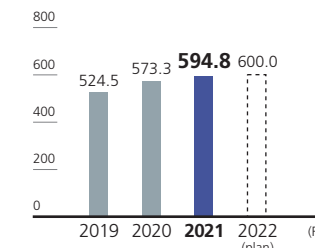
We also nimbly execute treasury share buybacks, taking market trends and the state of our funds into consideration. In fiscal 2021, we purchased around ¥5.0 billion in treasury shares, and we expect to purchase an even greater total in fiscal 2022 with a current plan to purchase ¥7.0 billion. We will continue to boost shareholder value and capital efficiency through treasury share buybacks going forward.

I also consider it the CFO's mission to facilitate smooth communication with shareholders, investors, and various other stakeholders. As I continue working to provide timely, highly transparent information disclosures, I will strive to increase our business value and also listen attentively to your opinions.

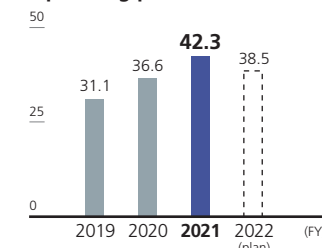
Orders received (¥Billion)



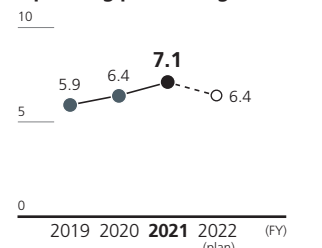
Net sales (¥Billion)



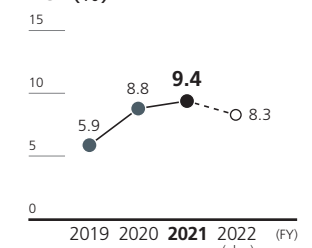
Operating profit (¥Billion)



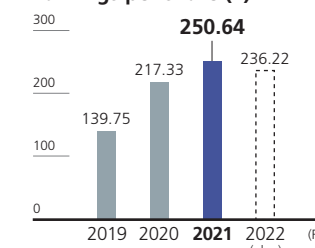
Operating profit margin (%)



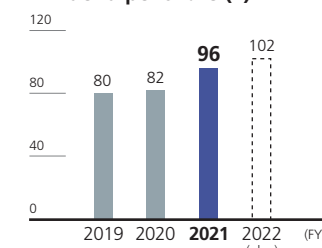
ROE (%)



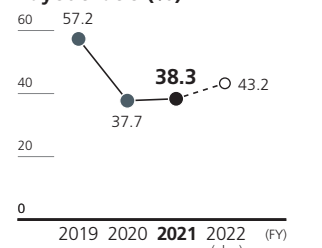
Earnings per share (¥)



Dividend per share (¥)



Payout ratio (%)



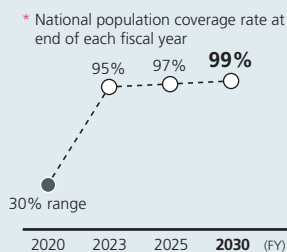
Telecom carriers business

We provide nationwide services for telecom carriers, contributing to the enhancement of telecommunications infrastructure.

Market environment analysis

Advancements in DX and deployment of solutions that utilize 5G are expected to drive further increases in telecommunications network traffic. Infrastructure development for mobile telecom carriers is expected to continue over the medium-term and we are forecasting strong demand for business in achieving a digital society.

Ministry of Internal Affairs and Communications 5G Development Plan



Source: Created based on Ministry of Internal Affairs and Communications Overview of Infrastructure Development Plan for a Digital Garden City Nation

SWOT analysis

S Strengths

- Track record established in telecommunications network architecture 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

O Opportunities

- Expansion of mobile base stations due to full-scale deployment of 5G
- Backbone expansion that accompanies increases in telecommunications traffic
- Acceleration in construction of new base stations as infrastructure sharing advances
- Research and development on the next generation of mobile connectivity, 6G

W Weaknesses

- Operations of subsidiaries and subcontractors must be further standardized
- Standardizing and commonizing workflows of construction systems for each individual carrier is a challenge

T Threats

- Business performance can be easily influenced by the business strategies of telecom carriers and by national government policy
- Investment in base station construction is expected to slow due to 4G frequency bands being switched to 5G (shift to New Radio: NR) and infrastructure sharing

Initiatives under the Medium-Term Management Plan (FY2021-FY2025)

Our aims

- Construction of 5G infrastructure
- Improve profitability and productivity

Key achievements in 2021

- Visualized work processes and made them more efficient
- Significantly expanded NCC base station construction
- Worked on the Project on Promoting Advanced Radio Environment Improvements

Key plans for 2022

- Make processes even more efficient
- Multi-skilling and multi-carrier in construction
- Reskilling to shift personnel to growth fields

Summary of fiscal 2021

Leveraging the track record we have established in telecommunications network architecture since our founding as well as our unsurpassed technological capabilities, our telecom carriers business provides high-quality, integrated services from planning and design to construction, operations, and maintenance for the telecommunications facilities of all telecom carriers. In fiscal 2021, we consistently met robust demand for the infrastructure architecture of facilities such as base stations, including for the 5G networks of each mobile telecom carrier. Construction on the Project on Promoting Advanced Radio Environment Improvements to develop regional infrastructure reached its main phase, and we worked on it from multiple Group locations throughout Japan.

We also worked on measures to strengthen collaboration as a Group, seeking to maximize earnings. For stronger local collaboration in both the access and mobile businesses, we reorganized Group companies in Hokkaido and the Tohoku area and also built a multi-company system to be able to provide timely support anywhere in Japan. We have also continued our measures to increase operational efficiency and reduce costs, such as standardizing photo inspection operations, utilizing AI for cost estimation, and shared use of various work systems among multiple companies in the Group. We also continued working on measures to increase safety awareness, such as cross-safety patrols among companies, as we continued to generate Group synergies.

Forecast of fiscal 2022 plan

We forecast that the Project on Promoting Advanced Radio Environment Improvements which drove earnings last fiscal year will wrap up, and that telecom carriers will curtail investment, leading to lower revenues and profits. While ongoing investment is expected in the medium to long-term, including for building mobile 5G base stations, we anticipate that new technologies such as dynamic spectrum sharing (DSS) and infrastructure sharing will also result in base stations that are more compact and shared.

We will strive to improve our technological capabilities to navigate these movements in the market, and we also strive to raise our productivity to a new level. From multi-skilling and multi-carrier in construction to visualizing work processes to improve efficiency, reskilling to shift personnel into growth fields and more, we will be upgrading our business operations from multiple angles. We will also continue working to improve our work processes by leveraging new technologies and frameworks, such as promoting safe construction through AI image analysis, and offshoring design and cost estimation.

Vision of society in 2030



A smart society where people live healthy and vibrant lives

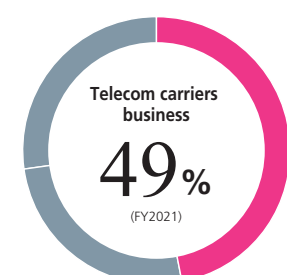
All-in-one support for digital society

Broadband services are spreading and expanding to every corner in Japan, while solutions incorporating 5G and other technologies are increasingly diversifying and becoming more advanced as we transition toward establishing a safe, secure ICT society.

The Group builds the telecommunications infrastructure that forms the very foundation of this society. In doing so, we are supporting the creation of a digital society. At the same time, we are also working with the Ministry of Internal Affairs and Communications and other agencies on 5G testing, and comprehensively supporting the provision of various services that define the smart society of the future, such as digital government services, remote healthcare, and MaaS.

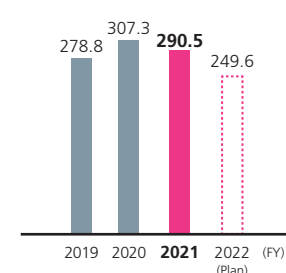


Sales composition by business



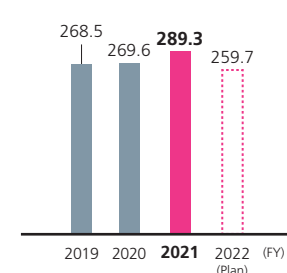
Orders received

¥290.5 billion



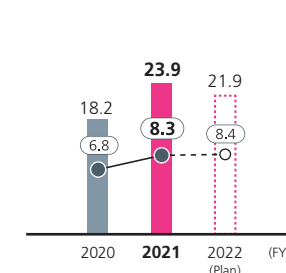
Net sales

¥289.3 billion



Operating profit/ Operating profit margin

¥23.9 billion



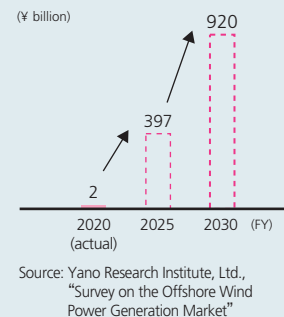
Urban infrastructure business

We provide services related to telecommunications, electricity, civil engineering, and the environment, contributing to the realization of a society in which people can live comfortably.

Market environment analysis

Renewable energy is a focus of attention as a means to achieve a decarbonized society. There are high expectations for growth in the market for offshore wind power generation in particular. Energy management for maintaining stable energy supply is also becoming increasingly important, as “smart energy” is now a key term in the growth of the electricity market.

Forecast of Offshore wind power generation market size



SWOT analysis

| | |
|--|---|
| S Strengths <ul style="list-style-type: none"> • Able to build a variety of construction projects including telecommunications, electrical, and urban civil engineering all in one • Possession of cutting-edge civil engineering technologies including shield tunneling and pipe jacking • Knowledge in plant construction and operations, including for biomass power generation | W Weaknesses <ul style="list-style-type: none"> • Not enough engineers to accommodate business expansion • Insufficient track record or name recognition to compete in the same domain as businesses such as large general contractors • Lack of risk management experience in new domains |
| O Opportunities <ul style="list-style-type: none"> • Growth of the renewable energy market on the path to achieving a decarbonized society • Deregulation of the power transmission business offers greater opportunities for entry • Increasing needs to upgrade aging public infrastructure • Construction of large data centers due to growth of the cloud market | T Threats <ul style="list-style-type: none"> • Surging costs of raw materials and longer lead times for procurement due to pandemics and geopolitical risks • Entry of foreign-owned business operators into Japanese domestic markets for energy-related business |

Initiatives under the Medium-Term Management Plan (FY2021-FY2025)

Our aims

- Develop new business fields
- Advance digital transformation in construction

Key achievements in 2021

- Conducted M&A to grow the renewable energy business, bolstered our human resources development system
- Developed a new method as successor to the Earth Shuttle Method

Key plans for 2022

- Full-scale deployment of our renewable energy business
- Take on high-difficulty civil engineering construction
- Bolster hiring & development of engineers

Summary of fiscal 2021

We have positioned the urban infrastructure business as a segment for pursuing business expansion by integrating our technological capabilities in areas such as telecommunication, electrical, civil engineering, and the environment.

In fiscal 2021, we continued our active efforts to build large data centers and renovate public infrastructure, while also launching various initiatives geared toward future business growth.

Since demand for power transmission infrastructure is forecasted to grow along with the future spread of renewable energy, we entered into a business alliance with SWCC Showa Holdings Co., Ltd. and bolstered our learning and development system for engineers. Ryosei, Ltd. which has strength in this field was also added to the Group, and we are

now exploring ways to grow business synergies—including in human resources development—in order to swiftly enter the power transmission business. Furthermore, we have launched efforts in new types of business such as building direct current (DC) power supply facilities, and construction of pilot solar power generation facilities on agricultural land.

We are also taking on high-difficulty construction work in the field of public infrastructure. These efforts are producing results, including the notable achievement of receiving an order for deep subterranean tunnel construction for the Linear Chuo Shinkansen, Japan's next-generation bullet train. With the Group now having added Kidoh Construction Co., Ltd., one of the leaders in the pipe jacking industry, we have established an organizational structure to conduct an even broader range of business.

Forecast of fiscal 2022 plan

We defined fiscal 2022 as a year in which we would aim to further broaden our scope in this business while making future-oriented investments on the path to achieving the Medium-Term Management Plan. Over these past few years, we have grown this business with data center construction as the centerpiece, but in order to capture further growth going forward we will be working on developing technical supervisors for public works, and on obtaining the relevant qualifications.

For the renewable and smart energy markets which are expected to grow in the future, we are looking to enter the business of installing self-owned power lines for large-scale offshore wind power generation, which we anticipate around 2024. Preparations are steadily progressing. We will also actively work toward advancing digital transformation (DX) in construction utilizing BIM/CIM and handling more design work offshore, as we strive to boost added value while at the same time improving profitability.

Construction for the reception of TV signals in the 700 MHz frequency band will be wrapping up and it will be a harsh year in this business profit-wise, but we will be accelerating our initiatives geared toward the future.

Vision of society in 2030

Carbon-neutral society

Building biomass power plants for local production, local consumption

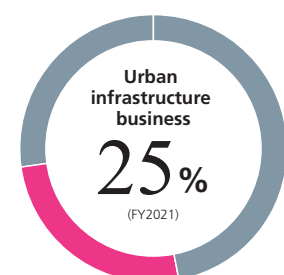
We issued green bonds in fiscal 2021, and the funds raised are being used for woody biomass-using power plants that are currently under construction. This business is proceeding in the town of Furudono in Fukushima Prefecture, and in the city of Ashikaga in Tochigi Prefecture, and forestry officials near each of the two locations are cooperating with our efforts. We are building power generation infrastructure that produces locally for local consumption using no imported materials, fueled by wood chips made from unused timber materials, common timber, and pruned branches found in the areas.

While cooperating with local government agencies, we are revitalizing local communities and increasing their resilience, and at the same time supporting healthy reforestation and forest growth.

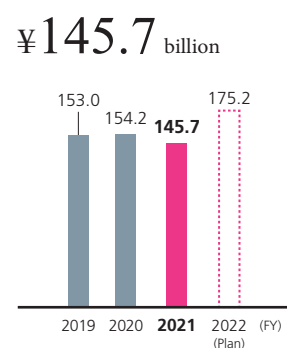


Rendering of how the woody biomass power plant currently under construction in Ashikaga, Tochigi Prefecture will look when completed

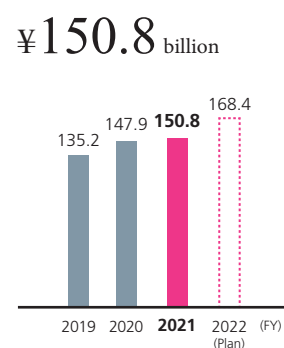
Sales composition by business



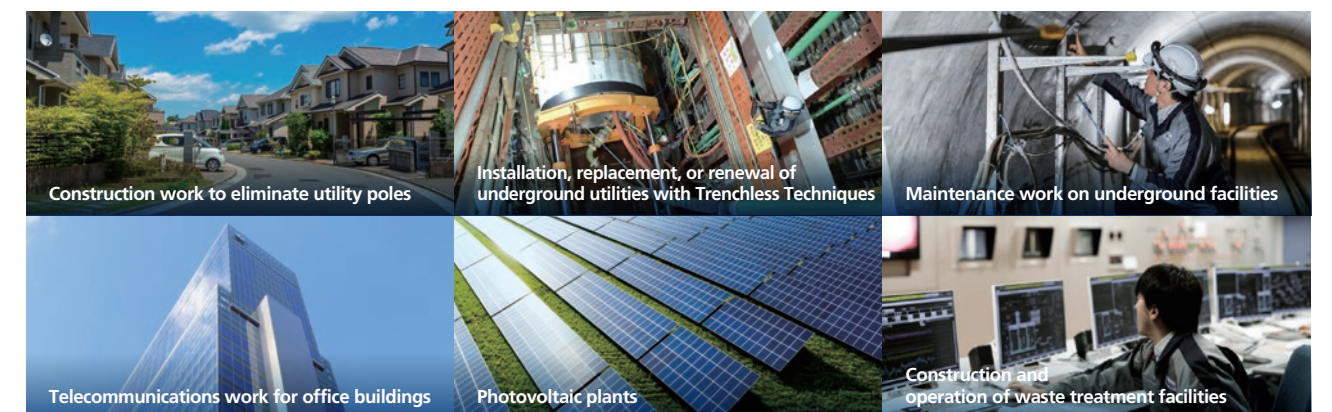
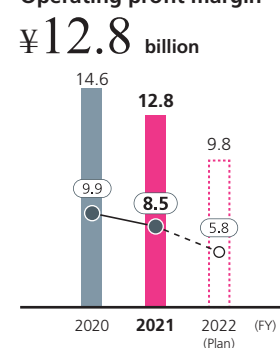
Orders received



Net sales



Operating profit/ Operating profit margin



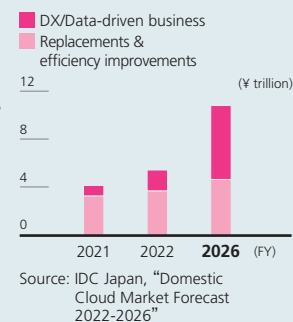
System solutions business

In addition to providing ICT-based solutions in the Japanese market, we also operate a wide variety of services in overseas markets.

Market environment analysis

The IT solutions market is growing along with companies' efforts toward digital transformation (DX), with strong demand for cloud services such as IaaS and PaaS in particular, and the data center construction boom is still ongoing. Initiatives aimed at achieving a digital society such as the Japanese government's new Digital Agency are also expected to drive market growth.

Domestic cloud market sales forecast by usage application



SWOT analysis

| | |
|--|--|
| S Strengths <ul style="list-style-type: none"> • Able to engage in all-in-one business operations through alliances with telecom and various engineering businesses • Group companies that specialize in areas such as education-related products and IoT devices • Cloud engineers who support development/sales organizations • Advancements in new business overseas | W Weaknesses <ul style="list-style-type: none"> • Lack of development resources • No appealing in-house developed products • Focus on system architecture, low proportion of recurring business • Lack of brand power in the IT market |
| O Opportunities <ul style="list-style-type: none"> • Additional increases in DX efforts for increasing productivity • Rising demand for security against intensifying cyberattacks • National and local governments going digital • Creation of services that leverage new technologies such as AI/XR | T Threats <ul style="list-style-type: none"> • 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 who have a head start |

Initiatives under the Medium-Term Management Plan (FY2021-FY2025)

Our aims

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

Key achievements in 2021

- Restructured the organization to strengthen consulting
- Established a customer support center to handle operations and maintenance
- Strengthened our global business infrastructure

Key plans for 2022

- Expand integrated all-in-one services
- Further expand global business

Summary of fiscal 2021

In the system solutions business, we advanced our transition away from business centered on contract development, and toward business to provide integrated services all in one, from consulting to design and architecture, and operations and maintenance. Multi-company, multi-area sales activities got off the ground, spearheaded by Digital Consulting Headquarters which specializes in consulting, and we successfully expanded cross-sales of Group companies' specialty products.

At the same time, we also dedicated effort to learning and development for XaaS engineers to bolster our capabilities at handling cloud system architecture, which is the foundation of companies' efforts in digital transformation (DX). For operations and maintenance work, which is the

nucleus of our all-in-one services, we established a new customer support center that pools resources in the Group, while also bolstering our business infrastructure by adding a company with strength in this field, IT-it Co., Ltd., to the Group. As a result, we succeeded at capturing new projects for various cloud services, as well as education projects including "after-GIGA" to follow up on Japan's GIGA digital classrooms initiative.

Our global business had previously been focused on upfront investments, but new business steadily grew at upfront investments, but new business steadily grew at companies such as Guud, which provides cloud-based customs clearance systems, and Arco which operates in the refurbishments business. These companies also significantly improved their profitability.

Forecast of fiscal 2022 plan

This fiscal year, the trend toward digital transformation (DX) will likely continue, while government-led efforts to go digital are expected to gain momentum and further market growth is anticipated. To ensure that we capture these business opportunities, we would like to reorganize our businesses with a focus on two companies—Exeo Digital Solutions, Inc. to handle system development, and Exeo System Management, Inc. to handle services such as operations and maintenance, strengthen our service-providing capabilities and earning power, and establish a solid position as a systems integrator.

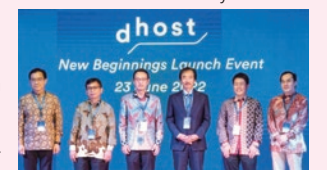
Globally, we plan to seek out steady growth in the fields of telecommunications and urban infrastructure, and systems solutions. With significant growth also forecasted in new businesses such as refurbishments and IoT tracking in addition to customs clearance systems, we plan to advance synergies between these and our domestic businesses. We aim to grow this global business to a level that comprises 10% or more of the Group's overall earnings in the medium-term.

Vision of society in 2030

Global society where diversity is enjoyed New platform architecture

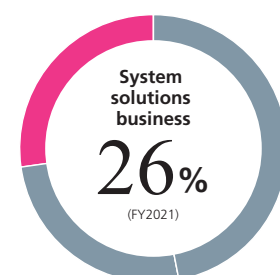
In our global business which is focused in Southeast Asia, we are boldly taking on new types of business that we do not conduct in Japan. These include providing and performing maintenance on cloud-based customs clearance systems and used IT hardware products, and neutral hosting for sharing telecommunications base stations.

For example, in the neutral hosting business, dhost supports telecommunications infrastructure as Indonesia's second-largest indoor telecommunications sharing provider. We will help deliver solutions to social issues locally and also utilize the knowledge we gain through international business in our domestic business operations in the future.

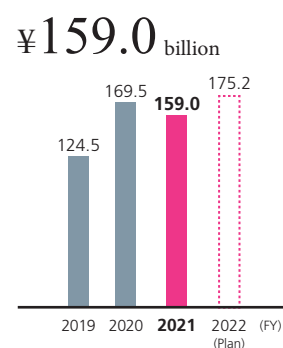


The dhost management team presents their new brand identity to an audience that includes Japan's ambassador to Indonesia and key Indonesian government officials

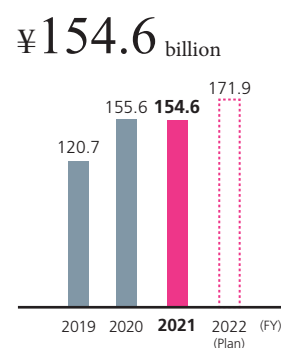
Sales composition by business



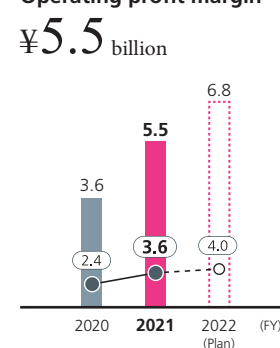
Orders received



Net sales



Operating profit/Operating profit margin



Practicing ESG management to improve our business value and achieve 2030 Vision

We are working to strengthen our business infrastructure by pursuing the six topics listed on the right in our Medium-Term Management Plan (FY2021-FY2025).

We will strive to build a stronger foundation through our own ideas, creativity, and ingenuity, as well as through active participation in initiatives to address important social issues of recent times and the businesses related to these issues. Of these, human resources strategy is positioned as a particularly important topic. As we continue to engage the work styles of the new era, we will position talent acquisition and development as a central issue executing new business.

In addition, we will aim for sound business growth while always maintaining awareness of the perspective of overall Group optimization. We will also strive to improve productivity and create new value through the effective use of digital transformation (DX).

Six topics to
strengthen our
business
infrastructure



Medium-Term Management Plan (FY2021-FY2025) numerical targets

| | Challenges to address | KPI | FY2020 actual | FY2021 actual | Targets for FY2025 | Scope of data |
|-------------|--|---|--------------------------|--------------------------|---------------------------------|---|
| Environment | Shift to renewable energy | Purchase of electricity from renewable energy sources | — | 49.2% | 100% | Company-managed sites of Exeo Group, Inc. |
| | Initiatives toward decarbonization, reduction of CO ₂ emissions | Rate of adoption of EVs and other low-emission vehicles | 91.4% | 95.5% | 100% | Passenger vehicles of Exeo Group, Inc. |
| | | CO ₂ emissions (Scope 1 & 2) | 86,583 t-CO ₂ | 79,872 t-CO ₂ | 10% reduction from FY2020 level | Consolidated |
| | Use of eco-friendly green products | Green product usage rate | 64.8% | 71.4% | 65% | Exeo Group, Inc. |
| | Contribution to a resource recycling-oriented society | Final disposal rate of industrial waste | 5.6% | 2.5% | 50% reduction from FY2020 level | Exeo Group, Inc. |
| Social | Ensuring safety and quality in business | Serious bodily injury and serious equipment accidents | 7 | 4 | Aim for zero | Consolidated |
| | Promotion of diversity & inclusion | Number of women in management positions | 20 | 22 | 1.5 times compared to FY2020 | Exeo Group, Inc. |
| | | | 34 | 40 | — | Exeo Group, Inc. and its five major subsidiaries* |
| | | Number of female employees | 307 | 313 | 25% increase over FY2020 | Exeo Group, Inc. |
| | | | 509 | 538 | — | Exeo Group, Inc. and its five major subsidiaries* |
| | | Percentage of male employees taking childcare leave | 7.3% | 7.5% | 20% | Exeo Group, Inc. |
| | Driving work style reforms | Percentage of paid leave used | 64.0% | 64.5% | 80% | Exeo Group, Inc. |
| | | | 61.3% | 62.1% | — | Exeo Group, Inc. and its five major subsidiaries* |
| Governance | Achieving transparent management | Ensured diversity in the Board of Directors and Board of Statutory Auditors | — | — | — | — |
| | Ensuring strict compliance | Serious violations of laws and regulations | 0 | 0 | Aim for zero | Consolidated |
| | Ensuring thorough risk management | Serious information security incidents | 0 | 0 | Aim for zero | Consolidated |
| | | Rate of risk assessment implementation for cases involving significant business risks | 100% | 100% | 100% | Consolidated |

* Five major subsidiaries: C-Cube, Seibu Electric Industry, Nippon Dentsu, Daiwa Densetsu, and Exeo Tech

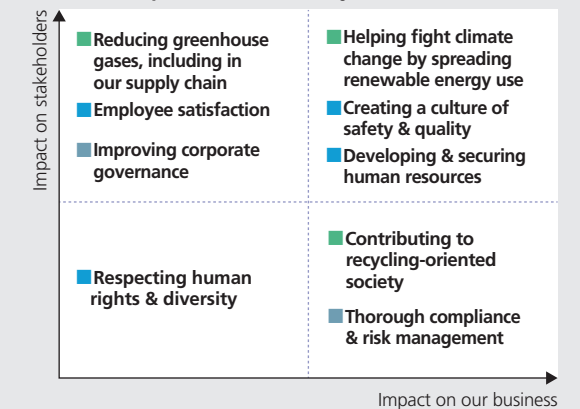
Status of considerations to determine our materiality

We are proceeding with considerations to determine the issues on which the Group should focus its efforts (materiality) on the path to achieving 2030 Vision.

For these considerations, we first referred to international standards such as the GRI Standards, while also considering various megatrends and social issues as well as stakeholders' desires and expectations, and then selected the possible choices. The chart on the right classifies the possible choices along the two axes of impact on our business and impact from the perspectives of stakeholders.

Going forward, we plan to enlist the help of outside experts to verify the consistency of these issues with the business challenges of the Group, and then determine our materiality.

Issues anticipated as materiality



Issues anticipated as materiality and the reasons

| Issue | Reason for importance | Related SDGs |
|--|---|--------------|
| Environment | | |
| Helping fight climate change by spreading renewable energy use | <ul style="list-style-type: none"> Needs are expected to expand internationally on the path to achieving carbon neutrality in 2050 It is essential that we also use more renewable energy in order to achieve carbon neutrality in 2050 | |
| Reducing greenhouse gases, including in our supply chain | <ul style="list-style-type: none"> Directly links to efficient operations Important for helping to reduce CO₂ in customers' supply chains | |
| Contributing to recycling-oriented society | <ul style="list-style-type: none"> The construction industry is under expectations to reduce its environmental impact We conduct business such as biomass power generation that contributes to recycling-oriented society | |
| Social | | |
| Creating a culture of safety & quality | <ul style="list-style-type: none"> There is high occupational health and safety risk in our work Employees and subcontractors prefer companies with robust safety management Our reputation in society will be negatively impacted if a severe accident occurs | |
| Developing & securing human resources | <ul style="list-style-type: none"> Technological capabilities are the source of our competitive strength, and developing superior engineers is essential for continuous growth Employees need multi-skilling to be able to navigate changes in the business environment | |
| Respecting human rights & diversity | <ul style="list-style-type: none"> To maintain and improve our technological capabilities, it is important to build environments where human resources with various attributes can harness their abilities | |
| Employee satisfaction | <ul style="list-style-type: none"> To maintain and improve our technological capabilities, it is important to create workplaces where technologically skilled employees can work for a long time with peace of mind | |
| Governance | | |
| Thorough compliance & risk management | <ul style="list-style-type: none"> If a compliance problem occurs, we would lose our stakeholders' trust Business continuity could be threatened if measures against risk are insufficient In any event, compliance and risk issues could have serious repercussions on business performance | |
| Improving corporate governance | <ul style="list-style-type: none"> Important for earning the trust of investors and other stakeholders Ensuring transparency in governance is also essential for implementing and improving ESG management | |

Safety, quality & BCP

Occupational safety and health

Initiatives to promote a safe and quality-oriented culture

Ensuring safety and quality in the construction of information and communications facilities — the Group's core competence — is of the utmost importance. Accordingly, the Group has been promoting initiatives for safety in line with the management structure shown in the table on the right page, working to achieve goals such as zero deaths and serious accidents, and zero injuries to third parties.

For each and every employee to fully understand this importance and make it a natural part of their actions, we engaged in a five-phase medium-term plan starting with the creation of a safe and quality-oriented culture and ending fiscal 2020 with a return to the basics of this safe and quality-oriented culture.

Our five-year slogan starting in fiscal 2021 is “evolve our safe and quality-oriented culture,” so that we can further improve (enhance/develop) the safe and quality-oriented culture that we have been promoting. Specifically, we are actively implementing highly effective safety measures including engineering measures, working toward visualizing workplaces through the use of network cameras and other ICT, bolstering patrols that use compound-eye and interactive verification and dialogue, and implementing measures to form habits of safe behavior by actively uncovering and publicizing cases of human resources development and recognition given to foremen and others in charge at worksites. To foster a safe and quality-oriented culture in the Group, we are also raising the Group-wide base level of safe behavior by standardizing inspection parameters with major companies in the Group and mutually re-confirming them on a regular basis.

Financial losses from legal proceedings

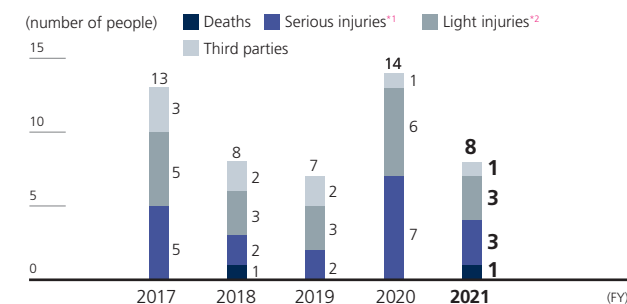
There were no financial losses in fiscal 2021 resulting from legal proceedings related to accidents or allegations pertaining to faultiness or safety.

Occurrence of occupational accidents

The number of accidents occurring in 2021 decreased compared to the previous year, but there was one fatal accident that occurred at a Group company. We are thoroughly implementing recurrence prevention measures to ensure that such an accident does not occur again. Additionally, the occupational accident rates in Exeo Group, Inc. in 2021 were 0.41 frequency rate and 0.01 severity rate.

We will continue working with a strong sense of determination to maintain these numbers at low levels.

Occurrence of occupational accidents

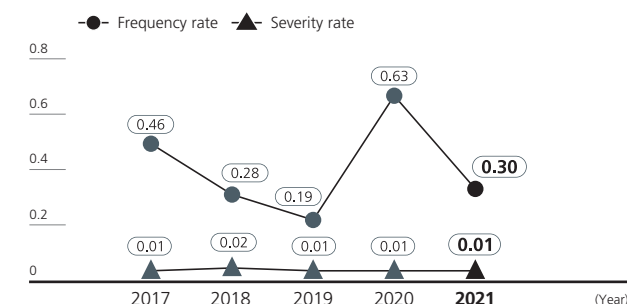


Scope of data: Exeo Group, Inc. and its five major consolidated subsidiaries (C-Cube Corporation, Seibu Electric Industry Co., Ltd., Nippon Dentsu Co., Ltd., Daiwa Densetsu Corp., and Exeo Tech Corporation)

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

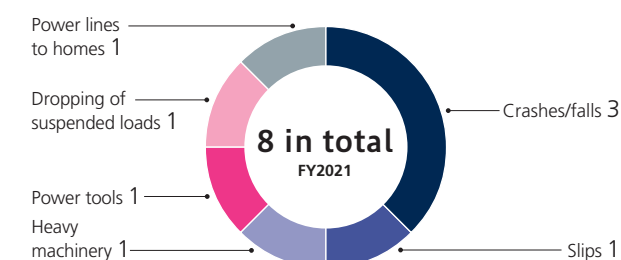
*2 Lost time the following days after the incident

Occupational accident rates (Exeo Group, Inc. NTT infrastructure business)



* Figures from Exeo Group, Inc. overall were tabulated in FY2021
Frequency rate was 0.41% and severity rate was 0.01%

Breakdown of occupational accidents (8 in total)



Occupational safety and health management structure

| Managerial post | Applicable job title | Role |
|--|--|---|
| Group representative | President | <ul style="list-style-type: none"> Approve the Group's occupational safety and health management policies and goals Give instructions for improving results of implemented priority measures |
| General manager of occupational safety and health management | General Manager of Safety and Quality Management Headquarters | <ul style="list-style-type: none"> Supervise safety and health management of the entire company Formulate occupational safety and health management policies, goals, and priority measures related to the Group's occupational safety Roll out priority measures for the Company's headquarters/branches and major subsidiaries (hereinafter referred to as "each organization"), and report the results to representatives of the Group Stay up to date with laws and regulations related to safety and health, the construction industry, and accidents |
| General manager of health supervision | General Manager of Human Resources Department | <ul style="list-style-type: none"> Supervise health management and operation Formulate occupational safety and health management policies, goals, and priority measures for the Group's health Roll out priority measures for each organization and report the results to representatives of the Group Stay up to date with laws and regulations related to health |
| Supervisor of occupational safety and health | Head of each organization | <ul style="list-style-type: none"> Implement priority measures and report the results Formulate and implement internal measures Stay up to date with regulations of the local government having jurisdiction over occupational safety and health |
| Manager of occupational safety and health | Safety and quality control department manager at each organization General Manager of General Affairs | <ul style="list-style-type: none"> Manage occupational safety and health management tasks carried out by each organization Identify hazards in buildings, equipment, and work areas and implement preventive measures Improve work conditions and health at facilities |
| Manager of internal audits | Safety Center Director | <ul style="list-style-type: none"> Implement management inspections/on-site inspections and report the results to representatives of the Group |

History of our safety and quality-oriented culture

(1) Human error countermeasures (Aruaru-kun) launched

In 2003, we introduced an information-gathering system called “Aruaru-kun” with the aim of predicting and taking countermeasures for disasters that may occur in the future, as well as raising safety awareness among front-line workers by collecting information about near-miss experiences and analyzing them to obtain more universal hazard information.

This fiscal year, we also plan to combine near-miss data with data from case examples of past accidents to be able to send out warning information tailored to the details of each job.

(2) Exeo Solution Proposal (ESP) System introduced

In 2004, we introduced a system called Exeo Solution Proposal (ESP) which allows us to actively discover proposals that can change perspectives without being bound to the way work is currently done or tasks currently handled. Around 10,000 proposals regarding improvements, efficiency, safety, and quality have been submitted annually.

(3) Ironclad Safety Rules enacted

In 2008, in order to eliminate accidents such as personal and equipment accidents, the entire telecommunications construction industry formulated the “Ironclad Safety Rules” mainly based on lessons learned from past incidents.

The ironclad rules were revised in fiscal 2020, and in January 2022, the use of fall-arrest systems (full harness) for high-place work were made mandatory and changes in

construction methods and safety measures were incorporated so that the rules can be more useful in providing worksite safety guidance.

(4) Ironclad Safety Rules introduced in the telecommunications construction industry

“Ironclad Safety Rules” were proposed as a system for “stopping at the first sign of danger” during construction at customer premises. These were implemented in 2009 as a joint effort with our customers and the telecommunications construction industry.

At present, we are implementing hazard prediction (kiken yochi (KY) in Japanese) activities at each work site in advance, and the “Stop & Look” campaign to stop between jobs and resolve any questions before proceeding.

(5) Safety Operations initiated

In order to prevent accidents and improve the safety and quality of construction work, in 2012, we introduced a red card rule that requires a work team to stop work if a safety deficiency is identified during construction. In addition to stopping work when safety deficiencies are identified, in 2016, we formulated a curriculum placing further emphasis on educating employees to stop work and in recurrence prevention the recurrence of any identified safety deficiencies, which we then revised as our safety retraining rules., a curriculum was formulated and revised as the safety retraining rules.

Environment & energy

Report based on TCFD recommendations

Our approach to the TCFD recommendations

The Group considers environmental problems such as climate change to be important issues for management to address. Based on this awareness, we defined practicing ESG management as one of the challenges in our 2030 Vision announced in May 2021, and set environmental, social, and governance KPIs respectively as well as specific targets in Medium-Term Management Plan (2021-2025), which we are working systematically and continuously to achieve. We will engage in eco-friendly business practices, which include reducing greenhouse gas emissions, while also working actively to contribute toward solutions for climate-related social issues through businesses such as renewable energy.

Additionally, in December 2021 we declared our support for the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) and also joined the TCFD Consortium. The Group will be making information disclosures according to the TCFD Framework going forward.

Governance

The Group has established the Sustainability Committee chaired by the President and CEO and has established the Sustainability Promotion Office in the General Affairs Department as a dedicated organization for sustainability, primarily for taking measures against climate change. The aims of these actions are to help achieve a sustainable society, and to bolster efforts toward the continued growth of the Group. Established as an advisory body to the Management Council, the Sustainability Committee discusses and makes decisions on the direction of sustainability as part of the Group's business strategy, while also monitoring and deliberating on the status of sustainability efforts and deliberating and reporting on these details in the Management Council and Board of Directors. The Sustainability Promotion Office in the General Affairs Department operates as the administrative

Sustainability Committee organizational chart



office of the Sustainability Committee, while also playing the role of coordinating sustainability measures with Group companies, particularly measures against climate change, as well as setting goals for the Group as a whole and managing progress toward achieving them.

Strategy: Impacts of climate change risks and opportunities, and how to deal with them

The Group uses scenario analyses* anticipating what the world will be like in 2030 to ascertain the impact that climate change will have on business. Based on this, we consider what measures to take in response and test out our Group strategies. In the scenario analyses, we utilize a scenario in which average temperature increases are kept under 2.0°C compared to pre-industrial levels (including a 1.5°C scenario) and a scenario in which decarbonization does not advance (4.0°C scenario).

* Main sources used for scenario analysis
Transition risks: Sustainable Development Scenario (SDS), Net Zero Emissions by 2050 (NZE), IEA World Energy Outlook (WEO) 2021, Ministry of Economy, Trade & Industry (METI): "Non-Fossil Fuel Value Trading Market"
Physical risks: Stated Policies Scenario (STEPS) IEA World Energy Outlook (WEO) 2021

Risks & opportunities with climate change / key responses

| Downside risks | |
|--|---|
| 2.0°C (Transition risks) | |
| Introduction of carbon tax | • Increase in taxation such as instituting a carbon tax (taxed according to CO ₂ emissions from business activities) • Increase in electricity bills and procurement costs for materials and fuel due to surging carbon prices |
| Emissions controls | • Increase in cost to buy credits for CO ₂ emissions (emissions quotas) that fail to reduce enough volume • Increase in costs to comply with stronger laws and regulations on GHG emissions and energy usage |
| Shifting to renewable energy (renewable energy measures) | • If renewable energy is not supplied in sufficient volume, unit prices of electric power surge and renewable energy becomes hard to procure • Technology investment in renewable energy causes electric power prices to surge |
| Obligation to disclose information | • Increase in costs to comply with expanded obligations to disclose information related to greenhouse gas emissions |
| Surging raw materials prices | • Increased cost of stocking materials made from natural resources |
| Changing customer preferences | • Preferences shift toward companies that have done more for the environment, and declining sales for those who miss this trend due to business relationships being severed or losing market share to other companies |
| Stakeholder assessments | • Company valuation (stock price) falls due to negative assessments of measures against climate change (falling behind in efforts, including failure to meet target ratio of renewable energy use, insufficient information disclosures, and failure to reach CO ₂ emissions goals), making it harder to raise funds and secure human resources |
| 4.0°C (Physical risks) | |
| (Acute) Intensifying weather | • Emerging risk of flood damage to residential buildings, construction sites, and company-owned power generation facilities as well as the commensurate increase in damage insurance premiums, worsening work environments • Supply chain disruptions due to intensified weather, interruptions to procurement and deliveries, lost chances to make proposals to customers or receive orders from them |
| (Chronic) Higher temperatures | • Worsening labor shortages in construction due to increased health risks (heatstroke, etc.) and worsening work environments at outdoor construction sites • Lower work efficiency, delayed completion of construction, and increased cost of provisions due to heat stress |

| Upside risks (opportunities) | |
|-------------------------------|--|
| 2.0°C (Transition risks) | |
| Products and services | • Expansion of electrical construction business due to increased demand for renewable energy such as offshore wind power generation • Expansion of smart grid business due to changes in power distribution systems (ability to newly enter the power distribution business) • Expansion of construction and maintenance business due to increasing needs for rechargeable batteries |
| Markets | • Markets for renovation construction and cloud services due to increased demand for disaster response and mitigation • Solutions market generated by ICT for measures against climate change • Markets for the development of infrastructure such as networks as urban digitalization advances • Market for refurbishments if circular economy measures are bolstered |
| Resilience | • Stronger resilience by switching to telecommuting and other flexible work styles not dependent on location as a result of climate change |
| Stakeholder assessments | • Decarbonization leads to higher business value, more opportunities to raise funds from investors and the business growth that entails, creates opportunities to receive orders from new clients, and creates opportunities to secure talented human resources |
| Key responses | |
| 2.0°C | |
| Transition risks | • Shift to the use of renewable energy for the electric power used in business activities • Advancements in energy saving in business activities • Stakeholder communication and information disclosures pertaining to decarbonization efforts |
| Opportunities | • Actively pursue business in renewable energies such as solar power, offshore wind power generation, and biomass (mutually complementary resources through business partnerships, expand construction domains through capital contributions, etc.) |
| 4.0°C | |
| (Acute) Intensifying weather | • Better BCP preparedness in the event of a disaster • Obtain pinpoint weather information, evaluate hazard risks of holdings |
| (Chronic) Higher temperatures | • Ensure and improve operating efficiency of worksites by taking thorough measures against heatstroke and advancing digital transformation (DX) of work sites • Secure sufficient construction periods |

Strategy: Business impact, strategy, and resilience based on scenario analysis

Among the business and financial impacts in the two scenarios anticipating circumstances in the year 2030, the Group believes that the introduction of carbon taxes and damage to buildings from floodwaters will be particularly important parameters. For that reason, we are quantifying the financial impact on the Group of these two parameters in both the under2.0°C (including 1.5°C) and 4.0°C scenarios.

Financial impact on the Group anticipated in 2030

| Risk category | Key parameters | Measurement | Under2°C scenario | 4°C scenario |
|---------------|--|---|-------------------|--------------|
| Transition | Carbon tax | Price (¥1,000/t-CO ₂) | 13.6 | — |
| | | Cost increase from taxation (¥million) | 685 | |
| | Electricity prices derived from renewable energy | Price increase (¥/kWh) | 0.3 | |
| | | Increase in procurement cost (¥million) | 19 | |

(Anticipated preconditions in 2030)
• Carbon tax rate: ¥13,650/t-CO₂ Reference: Net Zero Emissions by 2050 (NZE) (1.5°C) World Energy Outlook (WEO) 2021
• Greenhouse gas emissions in the Group (Scope 1, 2): Approx. 50,200 t-CO₂ (42% reduction from FY2020)
• Electricity prices derived from renewable energy: ¥0.3/kWh price increase (compared with non-renewable energy electricity prices), the Group's usage of electricity derived from renewable energy: Approx. 65,000,000 kWh

Going forward, we will strive to improve our quantitative analysis of physical risks (damage and other problems with buildings and structures due to flooding and rising sea levels) and opportunities. We will be bolstering our high strategic resilience from a medium to long-term perspective under both of these scenarios. While we formulate the appropriate measures to avoid the risks, we will also seek to capture new growth opportunities including active efforts toward business in renewable energy.

Risk management

We build and operate an organizational structure for risk management in the Group to be able to identify and evaluate risks on a Group-wide level. We have formulated the Risk Management Rules that specify the basic points involved in risk management and have established risk categories in addition to the Risk Management Division that handles them. We have also established the Business Risk Management Committee as the Group-wide risk manager.

Risks related to climate change are identified and evaluated in the Sustainability Committee and then deliberated and reported in the Management Council and Board of Directors. Information is also shared and coordinated in deliberations on individual matters in the Business Risk Management Committee, which includes verifying climate-related risks.

Based on the Risk Management Rules, these are also integrated into Group-wide processes and matched against risks that have been assessed and identified in environmental management systems based on the ISO14001 international standard, and occupational health and safety management systems based on the ISO45001 international standard.

Metrics and goals

The Group has defined the following metrics and goals for managing climate-related risks and opportunities.

Metrics and goals used for managing climate-related risks and opportunities

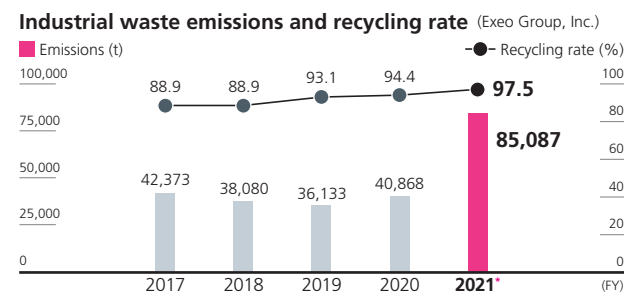
| Metric | Category | FY2020 actual (unit: t-CO ₂) | Goal description | FY of goal |
|---------------|-------------|---|--|------------|
| GHG emissions | Scope 1 + 2 | total: 86,583 (Scope 1: 60,400) (Scope 2: 26,183) | Reduce GHG emissions by 42% (vs. FY2020) | FY2030 |
| | | | Carbon neutrality | FY2050 |
| | Scope 3 | 1,728,553 | Reduce GHG emissions by 25% (vs. FY2020) | FY2030 |

Environmental management

Reducing waste and promoting recycling

We are working to reduce and properly dispose of industrial waste generated during construction, as well as general waste generated from offices and other facilities. We are also working to promote recycling.

We have thorough sorting and management processes in place to properly dispose of waste materials such as asphalt, concrete rubble, and electric wire scraps, so that they can be reused and recycled. In addition, ongoing initiatives include the enhanced use of proper amounts for work materials, requests for collection of packaging materials to suppliers, and worker guidance on the necessary steps for recycling via onsite patrols.



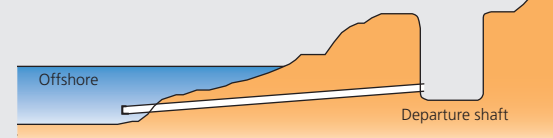
* Emissions increased in FY2021 due to land reclamation work accompanying the construction of large solar power generation facilities.

Minimizing impact to marine and coastal ecosystems

Our earth shuttle method of horizontal directional drilling enables the laying of submarine pipes of a required diameter to a required location while protecting the seabed. It is used in applications such as communications and electric power landing pipes, water supply pipes, seawater intake pipes, and high-voltage cables for offshore wind farms. It is ideal for delicate natural habitats such as fishing grounds and coral reef nature reserves, as well as sites where waves could damage pipes and cables. Offshore wind power generation is seen as a promising source of renewable energy in the future. We consider this method to be a key initiative to addressing the associated problem of the impact of submarine cables on biodiversity.

We also newly developed the Marine Shuttle method which is capable of extending into underwater areas from long distances with small-diameter pipes using the slurry type pipe jacking method. We dedicate ourselves to creating systems that meet our customers' wide-ranging needs.

Marine Shuttle illustration



Assessment of environmental impact

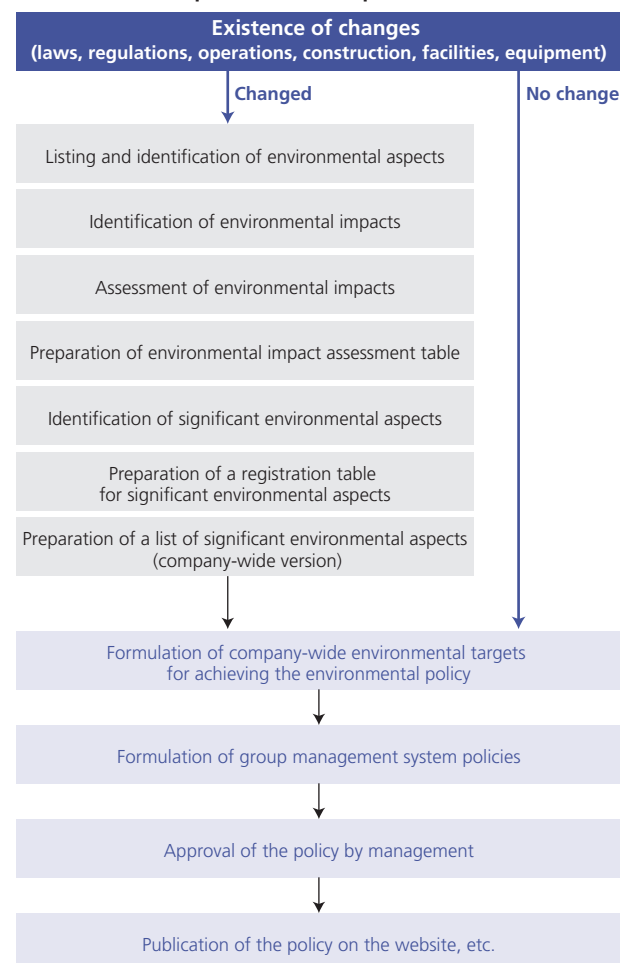
We classify the environmental impact of our business activities into six categories, as shown in the table below. We identify them using the assessment procedure shown in the diagram below.

Aspects that have a significant positive impact on the environment are also assessed using the same procedure. The findings of this assessment are then reflected into our business activities.

Types of environmental impact

| | |
|---|---|
| Depletion of natural resources | Consumption of oil, gas, water, electricity, and various processing materials |
| Degradation of local environment | Vibration, noise, odors, global warming, land subsidence, etc. |
| Soil pollution | Underground leaching of chemicals, sewage, sludge, waste, etc. |
| Water pollution | Drainage or runoff of chemicals, sewage, sludge, waste, etc. |
| Air pollution | Release of suspended solids, dust, and other emissions into the atmosphere |
| Increased waste | Industrial waste, general waste |

Environmental impact assessment procedure



Environmental business

The Group is committed to working toward a recycling-oriented society. We do this through our activities in the design, construction, and maintenance of solar power generation facilities and biomass boilers for renewable energy facilities, as well as the construction and operation of water treatment facilities for domestic and industrial wastewater.

Photovoltaic plants

The Group provides EPC (engineering, procurement, and construction) services for solar power plants, and also proposes and supplies enterprise solar power generating facilities for internal use in companies.

Specific services include support for the introduction of large-scale solar power generation (mega-solar) utilizing the feed-in tariff scheme, and support for the rooftop or proximity installation of in-house solar power generating equipment for industrial facilities and other buildings with electric power supply needs. We offer comprehensive solutions that incorporate storage battery utilization and other elements.

Solar power generation in FY2021 (GWh)

| Location | Power generation | Location | Power generation |
|-----------------------------------|------------------|----------------------------------|------------------|
| Ishioka Kitafuchu | 0.89 | Hosaka | 1.65 |
| Shinpu | 1.77 | Chiyoda Lake | 1.52 |
| Kose | 1.33 | Tokoji | 0.88 |
| Minamiboso | 3.15 | Shonan Technology Center | 0.09 |
| Ishido | 1.42 | Asahara | 1.79 |
| Fuchu Technical Center | 0.09 | Hyogo General Technology Center | 0.11 |
| Ishioka General Technology Center | 1.28 | Kagawa General Technology Center | 0.14 |
| Ubaishi | 1.53 | Exeo Hirao Solar Farm | 1.56 |
| Togane Solar Farm | 3.18 | Matsue Solar Farm | 2.82 |

Biomass boilers

We provide construction and maintenance services for various biomass boilers that play a part in recycling systems.

Specifically, we take materials such as woody biomass that have a high moisture content and have been traditionally regarded as waste products and enable their utilization as biomass resources. These resources are used to produce steam, supply heated water, perform drying, supply heated water for air conditioning, and to operate high-efficiency power generation systems.

List of biomass boilers

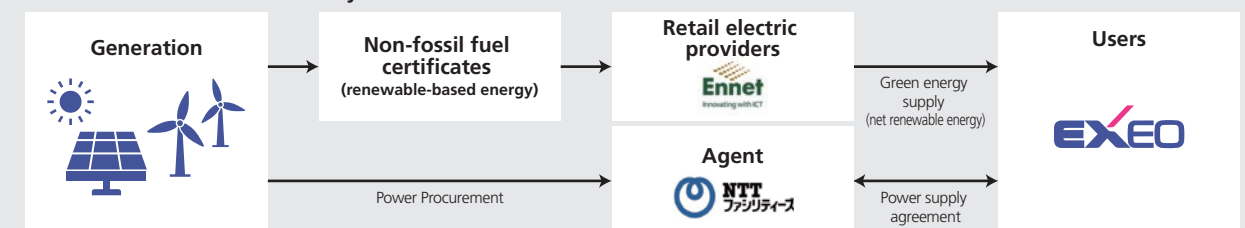
| Customer name | Rated heat output | Units | Heat output type | Fuel | Power generation |
|-----------------------------|-------------------|-------|--|---------------------------------------|------------------|
| Private company (Hokkaido) | 4,000kW | 1 | Saturated steam (1 MPa) | Purchased miscellaneous woody biomass | — |
| Hachimantai City (Iwate) | 400kW | 1 | Warm water | Purchased bark & cutting chips | — |
| Kaneyama Town (Yamagata) | 400kW | 1 | Warm water | Mainly purchased cutting chips | — |
| Private company (Tochigi) | 1,200kW | 1 | Warm water | 100% cedar bark produced in-house | — |
| Private company (Tochigi) | 4,000kW | 1 | Saturated steam (2 MPa) | Use of chips produced in-house | — |
| Private company (Fukushima) | 4,000kW | 1 | Heat transfer oil (for ORC) 700kW combined power generation | Bark, etc. | 708kW |
| Private company (Shiga) | 2,500kW | 2 | Saturated steam (1 MPa) | Use of waste generated in-house | 620kW |
| Private company (Ibaraki) | 3,500kW | 2 | Saturated steam (1 MPa) | Use of biomass generated in-house | 860kW |

About renewable-based electricity implementation

Since October 2021, we have implemented net renewable-based electricity at 38 business locations in Japan, including at Head Office building, Tokyo Integrated Engineering Center, and Tohoku Branch. With these implementations, renewable-based electricity now comprises approximately 50% of all electricity used throughout the Group and our CO₂ emissions have also been significantly reduced.

The combination of non-fossil fuel certificates designated for renewable energy with electric power sold by NTT Facilities, Inc., makes this electricity we have implemented net renewable energy with environmental value that can be traced back to its sources. We will further advance these efforts to ultimately switch to renewable-based energy for all of the electricity used at business locations managed by our Group companies by fiscal 2025.

Provision of renewable electricity



Human resources strategy



Helping to drive continuous corporate growth by creating a culture where diverse people can thrive

Naoko Furukawa
Operating Officer, General Manager, Human Resources Development Department

Pursuing a human resources strategy to outlast the age of VUCA

The mission of the Human Resources Development Department which was newly established in July 2021 is to hire and steadily develop human resources capable of dealing with rapid technological innovation and market changes. In this era of uncertainty and turbulent changes referred to as VUCA*, we must urgently upgrade our human capital adaptability in order to quickly and successfully expand our business into new domains globally. Human resources strategy is also positioned as one of the key elements of the medium-term management plan currently in progress.

In addition to securing talented young new graduates, the policy of our hiring strategy going forward also calls for us to actively pursue mid-career hires. As we increasingly expand into new domains in pursuit of continuous growth, we will be looking for ways to bolster our ranks of immediate contributors possessing a diverse range of experience, including IT personnel who are essential for business in digital transformation (DX). Working together with the Corporate Communications Office, we will also focus on employer branding in the job market to promote the appeal of Exeo Group, Inc. as a place where diverse people can thrive.

Better training with a focus on improving problem-solving skills

For human resource development, we will work closely with the Human Resources Department while creating a Career Development Program (CDP) for every job, based on which we will find ways to improve the knowledge, capabilities, and skills of each employee. Another thing we value is flexibility to adapt to changes in the environment.

To build the resilience necessary to survive the age of VUCA, this fiscal year we are shifting away from the conventional passive style of training and bolstering the content by actively incorporating discussions and interactive communication. This is based on the approach that the ability to solve problems on your own is critically important. Aside from that, we are also working on adding to our diverse curriculum and bolstering the resilience of our employees, including training on coaching, one-on-one meetings, cross-industrial socialization, and communication skills.

We are also working on changing our training style to adapt to the "new normal." Employee learning programs shifted to online mediums all at once during these past two years of the

COVID-19 pandemic, and we are now able to conduct nearly all training online. Going forward, we will be seeking out even more effective and efficient forms of learning through blended learning which combines the respective strong points of online, face-to-face, and e-learning.

Aspiring to a company culture where anyone can thrive

Diversity and inclusion (D&I) is another important mission of the Human Resources Development Department. Our Diversity Promotion Office was established in 2017 and has been working to foster a corporate culture of mutual acceptance among people with different values, including efforts to support women's career advancement, as well as employing more people with disabilities and from other countries. Our D&I promotion activities are also conducted with the idea that they can lead to open innovation, and we have garnered tangible recognition from society as a result. This includes being recognized as a superior company in women's career advancement with our selection for three consecutive years as a Nadeshiko Brand in 2020 and as a Semi-Nadeshiko Brand in 2021 and 2022.

To expand our overseas business, we are also striving to bolster our ranks of "global personnel" with high-level language and intercultural communication abilities. As part of these efforts, we have hired five employees with specialized skills who have Philippines nationality in April 2022. They are scheduled to be immediately assigned to worksites after they finish acquiring basic skills through the technical training they are currently undergoing. We have also just begun an overseas trainee program in which employees experience one year of on-the-job training at local affiliates in other countries.

As work styles become more diverse, we have introduced a side-job system as a means to develop and hire human resources with the advanced skills, new knowledge, and extensive experience needed for the ongoing growth of our business. Concurrently, we have also begun accepting human resources to work with us as a side job. Going forward, we aim to become a company where people with diverse values are accepting of each other, and where each individual can harness their own unique characteristics and attributes to the fullest and thrive.

* VUCA: An acronym that stands for volatility, uncertainty, complexity, and ambiguity, referring to complex, unpredictable times of turbulent change.

Basic approach to human resources

Our employees are invaluable assets. Based on our human resources philosophy regarding employees as the Group's primary asset, we pursue prosperity for both our employees and the Company through diligent practice of respect for human rights, fair evaluations and treatment, human resource development, and professionalism. Based also on the idea that it is essential to our future ongoing growth to secure and develop talented human resources and create workplaces where everyone can work with vitality and harness their capabilities to the fullest, we are implementing work style reforms to change attitudes toward work styles, reform rules, and promote diversity.



Respect for human rights

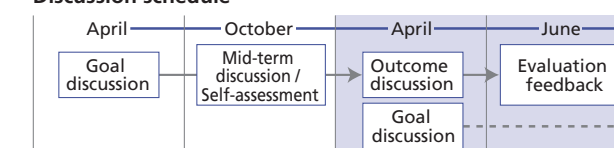
In our business activities, we place great importance on respect for human rights and conduct training to raise and improve human rights awareness in order to provide a workplace environment in which each and every employee can work with vitality. In addition, through training and other activities to promote compliance, we show that we do not tolerate any kind of discriminatory treatment on gender, beliefs, nationality, status of disability, sexual orientation, gender identity or other basic human rights. We strongly advocate for respecting the dignity and individuality of every person.

Fair evaluations and treatment

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



Implementation rate of discussions

| FY2019 | FY2020 | FY2021 |
|--------|--------|--------|
| 100.0% | 100.0% | 100.0% |

Human resource development

Basic approach and promotion system

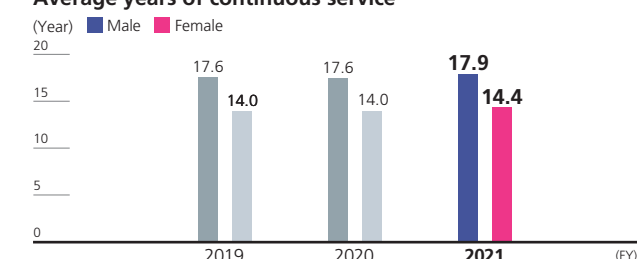
Based on the policy of regarding employees as the Group's primary assets, we provide a variety of training programs such as new employee training, position-based training, technical training, sales training, and training for selected employees. Moreover, we also provide support for self-development, such as incentive programs for acquiring qualifications and correspondence courses, and are committed to providing growth opportunities and encouraging employees to take advantage of them.

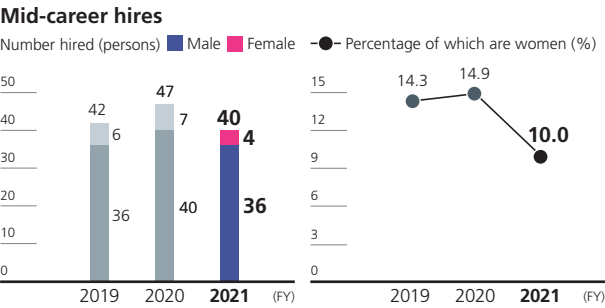
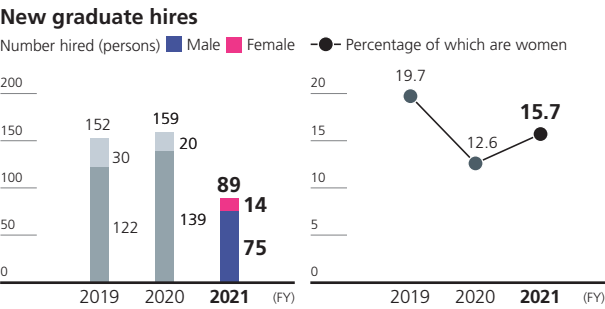
To adapt to rapid technological innovations and changing markets, we are also hiring and developing human resources who are capable of quickly adapting to the business environment.

Four hiring & human resources development policies

- Strive to pursue the sustainable growth of the Group by flexibly hiring human resources according to business requirements.
- Develop human resources as required to expand and shift our business by improving employee knowledge, capabilities, and skills systematically and in a timely manner through the Career Development Program (CDP) and training.
- Implement measures for diversity and inclusion to build work environments that make it easier for diverse human resources to thrive.
- Foster an open, liberated culture and comfortable workplaces that enable each employee to better harness their capabilities.

Average years of continuous service





New employee training

The first year of employment is designated as a training period in which we offer a multifaceted curriculum that includes induction training, basic training for our Group, job-specific technical training, and training for acquiring IT qualifications, to supplement employees’ common sense understanding as members of society and help them strive to acquire a wide range of knowledge and basic technical skills as members of the company. In addition, each new employee is assigned a tutor, who promotes growth and motivation through training and follow-ups, as well as advice on mental health and lifestyle issues. We also provide step-up training in the

second year to review the training and secure its results.

Technical training

The Group’s technical capabilities are the very essence of our corporate brand. For this reason, we conduct technical training across the country, including at Group companies, and focus on developing IT personnel, engineers with advanced and up-to-date technical skills, and leaders who are capable of maintaining safety at worksites. We strive to have our employees obtain high-level national qualifications for professional engineers, advanced professional skills in engineering and CAD skills, cutting-edge skills in ICT fields such as virtual cloud, network servers, and programming, as well as technical skills in safety and quality management. We are also actively working toward acquisitions of high-level national qualifications and IT qualifications in developing the strategic engineers and DX personnel needed to execute our medium-term management plan and 2030 Vision.

Establishing an overseas trainee system

For global business expansion, we revamped the program that we had continuously conducted since 2015 to send employees to the Philippines, re-establishing it in fiscal 2022 as our overseas trainee system. We accept applicants from among all employees of the Group companies, and after a process that includes interviews, we send them to work at overseas Group companies for roughly one year. This practical experience gained at overseas locations serves as a means to swiftly develop those who will lead the Group’s business and conduct business globally. Based on the experience, personal networks, and expertise gained as overseas trainees, we aim to further expand our new business and other initiatives.

Training system

Through blended learning (group training, online training, and self-study through methods such as e-learning), we have revamped the learning opportunities that we offer. This has maximized the learning effects and increased rates of learning retention and proficiency, leading to faster human resources development overall.

Initiatives at Group companies

We want all employees at our 144 Group companies (107 consolidated subsidiaries, 19 non-consolidated subsidiaries, and 18 affiliates), including those overseas, to be able to work with a sense of fulfillment. Our top priority is to build a new Team Exeo to enable this. We see this as an essential step toward developing our human resources for the future, reforming our work styles and increasing diversity.

Based on the Group’s common operational measures, in addition to playing the role of a “go-between” for expanding the excellent initiatives of our Group companies, we will further promote the establishment of a strong Team Exeo that takes on the challenge of new businesses and responds to changes.

Work style reform

Basic approach

With the aim of proper management of working hours and rectifying long working hours, labor representatives and top management have issued a joint declaration and are working on reforms to comply with labor related laws and regulations, promote flexible work styles, improve operational efficiency across the organization, and maintain and promote physical and mental health by raising employee awareness and implementing specific measures. We are also working to realize diverse and flexible work styles through means such as the establishment of a regional key position system (a system for regionally assigned employees) and a teleworking system.

Furthermore, we are developing and promoting novel ways of working that incorporate the new lifestyles and new working styles recommended by the Japanese government. We are taking the following measures to promote new ways

of working: (1) review of operations (business inventory, business evaluation, etc.), (2) improvement of the environment (PC, work environment, etc.), (3) consideration for health and wellbeing (development of a system for supporting mental health, etc.), (4) enhancement of systems (review of commuting styles, establishment of an expenses policy for working from home, etc.). Through these efforts, we are striving to create a work environment where everyone can work with peace of mind and enthusiasm.

Boosting productivity through digital transformation

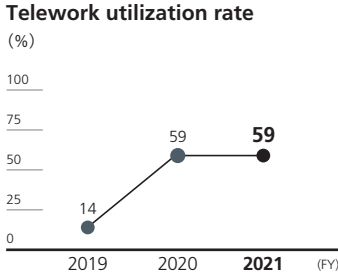
Utilizing IT infrastructure, AI technologies, and other common tools across the Group including Office 365, we are working to improve sales capabilities, business efficiency, quality, safety, and comfort while aiming to boost productivity in a noticeable way, not only for employees but for our partners as well.

*Microsoft, Office 365, and Microsoft Teams are registered trademarks or trademarks of Microsoft Corporation in the U.S. and other countries.

Promoting telework

In July 2018, we made significant revisions to our telework regulations, allowing employees to make use of work from home, work at satellite offices and mobile work in more flexible ways. The new external satellite shared office that we began using in March 2019 has also expanded our available options for work locations. During the pandemic, we eliminated our restrictions on the number of times telecommuting can be used, as well as restrictions on the scope of employees eligible to use the system. This led to a substantial increase in the number of our employees who used telecommuting. We will continue working to promote usage among employees, including active participation in initiatives such as Telework Days.

In recognition of these efforts, in November 2018, the company was selected as one of the 2018 Top Hundred Telework Pioneers by the Ministry of Internal Affairs and Communications.



Training system

| Rank | Management training | | HR-related training | Individual training | Technical training | D&I training |
|-------------------|---------------------|----------------------------------|---|---------------------|--------------------|--------------|
| Managers | Executive | Newly appointed officer training | | | | |
| | | | | | | |
| | Manager | Senior manager training | | Coaching training | | |
| General employees | Deputy manager | Middle manager training | Training for those from other companies | | | |
| | | | | | | |
| | General employment | Manager training | | | | |
| | | Leadership training | | | | |
| | General employment | | | | | |
| | | | | | | |

Gold medal in the Information Network Cabling job category at the 59th National Skills Competition Japan

Employees of Exeo Group, Inc. representing Saitama Prefecture, Shogo Mizutani won a gold medal, Asshu Toba won a silver medal, and Emiri Murakami, Sho Watanabe, and Hiroki Murata each won Fighting Spirit Awards in the “Information Network Cabling” job category at the 59th National Skills Competition Japan held in the Tokyo metropolitan area. The competition was sponsored by the Ministry of Health, Labour and Welfare and the Japan Vocational Ability Development Association, in cooperation with the Tokyo Metropolitan Government. This was the third consecutive time and ninth overall that we had a gold medal winner at this national competition. We will continue to strengthen and improve our technical skills, dedicate energy to developing outstanding engineers, and contribute to society.



Shogo Mizutani



Asshu Toba

Diversity & Inclusion

Diversity & Inclusion declaration

Diversity means variety. In other words, promoting diversity in an organization is a strategy to harness the abilities of various human resources to the fullest. With the aim of quickly and flexibly meeting the diversifying needs of our customers, expanding our business, and boosting performance, we are fostering a culture as Team Exeo that promotes mutual acceptance among people of diverse values regardless of gender, beliefs, nationality, disability, sexual orientation, gender identity or other such attributes, and leads to new value creation free from conventional norms or stereotypes while continuously growing both as individuals and as an organization. Diversity promotion does not aim for any particular goal. We aim for the true meaning of diversity and inclusion, to energize organizations with new ideas derived from diverse feelings and values that enable organizations to generate innovation.

Tetsuya Funabashi President & CEO

Supporting women's career advancement

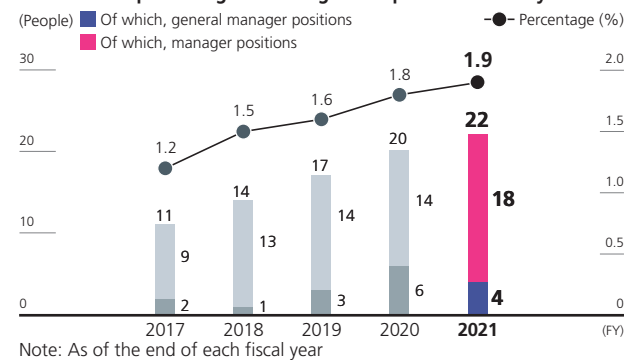
Exeo Group, Inc. has formulated an action plan in accordance with the Act on the Promotion of Women's Participation and Advancement in the Workplace, and publishes related information including numerical targets. We are pursuing targets for the proactive hiring of women, creating plans to develop female managers, and more.

We select female candidates for executive roles and promoters for women's career advancement, and we engage them through various measures aimed at raising their awareness. These include training courses and social events with female employees of other companies. We are creating opportunities for female employees to thrive and providing them with support.

As a result of these efforts, the Ministry of Health, Labour and Welfare recognized Exeo Group, Inc. in 2016 with its



Number and percentage of management positions held by women



Eruboshi certification, which is awarded to companies for outstanding efforts to support the career development of women. We have also received recognition from the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for three consecutive years, as a Nadeshiko Brand in 2020 and as a Semi-Nadeshiko Brand in 2021 and 2022. These certifications are awarded to listed companies in recognition of their efforts to support the career advancement of women.

General employer action plan based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace

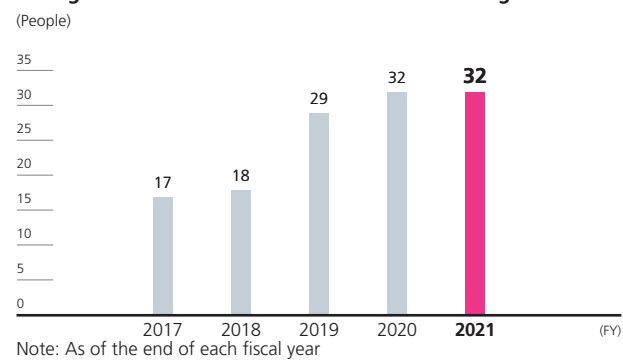
| | As of the end of March, 2021 | Target at the end of March, 2026 |
|---|------------------------------|----------------------------------|
| Number of women in management positions | 20 | 1.5 times (30) |
| Number of female employees | 307 | 25% increase (384) |
| Percentage of male employees taking childcare leave | 7.3% | 20% |

Plan period: April 1, 2021 - March 31, 2026 (5 years)

Promoting the employment of people with disabilities

To ensure that all people can demonstrate their capabilities and aptitude to the fullest extent and lead active, fulfilling lives regardless of whether or not they have disabilities, Exeo Group, Inc. actively pursues the employment of people with disabilities. Employees of the Diversity Promotion Office have completed disabled person occupational and lifestyle counsellor certification courses, carefully gather information about desired workplace, occupation, skills, and disability considerations when employees are hired, and strive to match employees with the right organization. Even after an employee has joined the company we regularly follow up on the individual and their assigned department and make every effort to ensure they are able to succeed in a reassuring environment. Additionally, we work to create new occupational fields so that persons with all kinds of disabilities can flourish while making active efforts to hire people with specialist skills.

Change in the number of female assistant managers



We also provide training to promote deeper understanding of people with disabilities for employees who work with them and for management teams, managers, and others, including at Group companies.

Percentage of employees with disabilities (As of March 31, 2022)

| | |
|------------------------------------|-------|
| Exeo Group, Inc. | 2.34% |
| C-Cube Corporation | 2.51% |
| Seibu Electric Industry Co., Ltd. | 3.15% |
| Nippon Dentsu Co., Ltd. | 0.82% |
| Daiwa Dentsu Corporation Co., Ltd. | 2.86% |
| Exeo Tech Corporation | 1.53% |

Rehiring of retirees

In order to make use of the skills and experience gained over the years by employees who are motivated to work after retirement, we have a system to rehire retirement-age employees, a registered employee system to hire retired employees on a temporary basis, and a system to rehire former employees who have left the company due to family circumstances such as family relocation, marriage, childbirth, and nursing care. These systems provide opportunities for diverse work styles.

These efforts are helping to secure our technological capabilities for the future and ensure that we are able to pass on our skills.

Number of retirees who have been rehired

| | FY2019 | FY2020 | FY2021 |
|-----------------------------|--------|--------|--------|
| Number of rehired employees | 218 | 249 | 301 |

Life plan seminars

The Group holds seminars throughout Japan for employees at the ages of 53 and 54 to help them design their post-retirement life with a deeper understanding and awareness so that they can lead materially, physically, and mentally healthy lifestyles. We also hold seminars for employees at the age of 58 and 59 to help them deepen their understanding of post-retirement social security and pension fund systems.

Number of seminar attendees (the past 3 years)

| | FY2016 | FY2018 | FY2020 |
|---|--------|--------|--------|
| 53-54 years old (including Group companies) | 233 | 237 | 307 |
| | FY2017 | FY2019 | FY2021 |
| 58-59 years old | 105 | 139 | 192 |

Hiring foreign nationals

In order to promote global business, especially in the Asia region, and to internationalize and invigorate the company,

we are actively hiring foreign students who are expected to be active both in Japan and abroad. In fiscal 2022, we hired two foreign national new graduates and one mid-career foreign national. In addition to hiring foreign exchange students, in fiscal 2022, we hired five employees with specialized skills who have Philippines nationality. We will continue to pursue diversity in our hiring going forward.

Foreign nationals hired by year

| | FY2018 | FY2019 | FY2020 | FY2021 |
|--------------|--------|--------|--------|--------|
| New graduate | 1 | 5 | 0 | 2 |
| Mid-career | 0 | 0 | 0 | 1 |

Implementation of diversity promotion training

Training is conducted starting from upper levels of the company to foster an understanding of the importance of diversity promotion as a management strategy and to recognize issues the company faces in doing so. In training aimed at executives and managers, attendees learn about management techniques for diverse human resources and approaches for supporting career development. This knowledge is then put into practice in the workplace.

Diversity promotion training (FY2017 - FY2021)

| Content of training | Number of sessions |
|---|--------------------|
| Diversity promotion training for management level ^{*1} | 3 |
| Diversity management training for managers | 31 |
| Diversity management training for newly appointed managers | 3 |
| Training for female leaders | 2 |
| Career design training for women | 6 |
| Diversity training for new recruits | 5 |
| LGBTQ training ^{*1*2} | 4 |
| Training to promote understanding of people with disabilities ^{*1} | 2 |

^{*1} Including Group companies ^{*2} Overlaps with training for management level

Moving forward, we will expand the scope to include a wider range of employees and conduct training that fosters a culture that promotes the mutual acceptance and utilization of a diverse range of values. In addition, as a result of these efforts, our company received bronze certification in the PRIDE Index 2020 and a silver certification in the 2021 version of this index established by the organization "work with Pride" to evaluate workplace initiatives related to LGBTQ and other sexual minorities. Aside from that, we were awarded the highest possible rank "Best Workplace for Diversity & Inclusion" by the D&I Award which recognizes companies making admirable efforts toward diversity and inclusion.



Work-life balance

Supporting the balance between work and home

To ensure that employees can achieve a balance between work and child-rearing or work and family caregiving, regardless of gender and continue to work and achieve success with peace of mind for as long as possible, we have established balance support schemes that go beyond statutory requirements. Specifically, we have improved our parenting support systems such as for payments of allowances for returning to work early, and in conjunction with health insurance being made applicable to fertility treatment in April 2022, we introduced Special Treatment Leave which can also be used for fertility treatment, as well as a reduced work hours system for undergoing medical treatments, as we have strived to give employees what they need to balance work with parenting.

In April 2022, we also formulated an action plan (Seventh Action Plan) pursuant to the Act on Advancement of Measures to Support Raising Next-Generation Children and have published targets and other relevant information.

We actively work to enhance systems, hold briefings to achieve these targets, and have introduced company-led childcare facilities. We are committed to developing an environment that makes it easy for employees to strike a balance between their jobs and childcare responsibilities, regardless of gender. In recognition of these efforts, in 2015 we earned the Kurumin Mark, an accreditation from the Ministry of Health, Labour and Welfare recognizing companies providing support for childcare.



List of childcare support schemes

○ :In line with statutory requirements ⊙ :Beyond statutory requirements

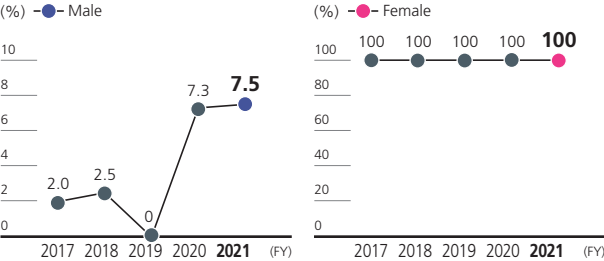
| Types of Leave | Statutory requirements | Eligible employees | Details |
|--|------------------------|--------------------|--|
| Healthcare system during pregnancy and after childbirth | ○ | female | • Medical checkups, etc. (hospital visits during pregnancy) • Rest periods during pregnancy • Hospital visits following childbirth, etc. • Relaxation of commuting requirements • Symptoms, etc. during pregnancy and within one year of childbirth |
| Special childbirth leave | ⊙ | female male | Female employees: 8 weeks before childbirth and 8 weeks after childbirth Male employees: 5 days |
| Childcare leave system | ○ | female | Up to the day before a child's first birthday Note 1 For Mom & Dad Childcare Leave Plus, up to one year during the period until the child reaches one year and two months of age |
| | | male | Note 2 When circumstances prescribed separately apply, until the child reaches one year and six months of age (up to the day the child reaches two years of age at the latest) In the case of paternal leave, an employee who has taken childcare leave within eight weeks of the birth of his child is in principle eligible to take one additional period of childcare leave |
| Special childcare leave | ⊙ | female | Two 30-minute sessions per day for a female employee raising an infant less than one year of age (one-hour sessions for twins) |
| Special nursing leave | ⊙ | female male | Up to five days per year (or up to ten days for two or more children) up to a cumulative total of 35 days (or up to 70 days for two or more children) can be taken until the child (ren) reach the third year of elementary school. Can be taken in half-day or hourly increments (including as intervals between working hours) |
| Shortened working hours for childcare scheme, etc. | ⊙ | female male | • Modified start times for employees raising children • Exemption from late night work for employees raising children • Limitations on overtime work for employees raising children • Exemption from non-scheduled work for employees raising children Note Available until children reach the third year of elementary school |
| Support allowance for early return after childcare leave | ⊙ | female | A monthly allowance is paid to female employees (company employees) who have made an early return to work within one year and three months from the month following their return to work until the month in which their child has reached two years of age |
| Support for employees returning from childcare leave | ⊙ | female male | Interviews: From one month before taking leave to one month after returning to work Mobile PC loan: From one week before taking leave to one month after returning to work |
| Company-led childcare center | ⊙ | female male | Partnerships with company-led childcare centers across Japan |

General Employer Action Plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children

| | |
|--------|---|
| Target | (1) Achieve 20% rate of male employees taking childcare leave (2) Maintain childcare leave usage rate of at least 90% among female employees (3) 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 |
|--------|---|

Plan period: April 1, 2022 to March 31, 2026 (4 years)

Percentage of employees taking childcare leave



Data on childcare leave (April 1, 2021 to March 31, 2022)

| | Male | Female |
|---|-------|--------|
| Total number of employees eligible for childcare leave | 80 | 6 |
| Total number of employees who have taken childcare leave | 6 | 6 |
| Total number of employees who have returned to work after childcare leave | 6 | 11 |
| Return to work rate of employees after childcare leave | 100% | 100% |
| Total number of employees enrolled at the end of 12 months after returning to work* | 4 | 11 |
| Retention rate of employees after childcare leave | 66.7% | 100% |
| Average number of days of childcare leave taken | 61 | 334.7 |

* Total includes employees who returned to work between April 1, 2021, and March 31, 2022. (Exeo Group, Inc.)

Support for balancing work with medical treatment

We have established a new support system for balancing work with medical treatment so employees can continue working with vitality even while undergoing treatments. In addition to treatment of diseases, applicable treatments also include fertility treatment, and we are working to support parents in raising the next generation. Specifically, our support includes making it possible to receive allocations of special leave of absence, take accumulated annual paid leave, and use the reduced work hours system, telework system, and shift changes to be able to receive proper treatment. Through diverse work styles, we actively support our motivated employees in balancing their medical treatments with work so they can thrive in the workplace.

Maintaining good labor-management relations

Mutual trust between labor and management is fundamental to the Group's business. In the view of pursuing company growth and maintaining and improving employees' work conditions, we seek to build stable labor-management relations through regular discussions between labor and management.

We hold regular labor-management meetings to exchange opinions between both sides on the business plan and other important issues to execute proactive business operations and achieve the healthy growth of the company. We also hold meetings of a committee for improved work hours and conditions where we are working to set targets for the total number of work hours for the year and annual paid leave to be taken, and on ways to reduce overtime work and determining specific measures for having employees take their annual paid leave.

Health and productivity management

Reducing long working hours

As part of our initiatives to achieve a healthy work-life balance, we seek to develop a comfortable work environment for employees, including by setting the annual targets for use of paid leaves, promoting consecutive leaves by combining annual paid leaves with long holidays, summer holidays, year-end/new-year holidays, etc., and designating a no overtime day for each week. Also, we proactively seek to reduce overtime work.

Helping employees maintain and improve physical and mental health

In cooperation with Exeo's health insurance association, we seek to help our employees and their family members manage and improve their health by conducting regular health checkups and comprehensive medical examinations of our employees, as well as campaigns to promote walking among employees and their family members. In regard to mental health, we conduct self-care through stress checks, as well as training by corporate doctors for "line care" in which those who work with someone who seems abnormal can initiate the proper assistance- based on results of in-house diagnosis. Furthermore, for employees with excessive overtime work hours, our in-house doctors meet each such employee five times a month to provide physical and mental care.

Annual total working hours

| FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
|--------|--------|--------|--------|--------|
| 2,133 | 2,129 | 2,087 | 2,099 | 2,124 |

Number of days of paid leave/Percentage used

| FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
|--------|--------|--------|--------|--------|
| 13.3 | 13.3 | 12.6 | 12.8 | 12.9 |
| 66.5% | 66.5% | 63.0% | 64.0% | 64.5% |

Systems to support a diverse range of human resources

| Main systems | Details |
|--|---|
| Paid leave | Leave can be taken in daily, half-daily, or hourly increments |
| Different start and finish time system | System to change work allocation, monthly flexible working hours system, modified rest period system, modified weekly days off system |
| Flexible working hours system | Within the scope of total scheduled working hours, working hours that exceed the scheduled working hours in a single day can be set |
| Intervals between work system | System to secure rest hours at an interval of at least nine continuous hours between the end of work and the beginning of the next. |
| Telework system | Work from home, work from satellite offices, and mobile work |
| Area career path system | Systems limited to regional employees (no out-of-area transfers) |
| Senior employment system | • System for reemployment following mandatory retirement (until the end of the month in which an employee reaches 65 years of age) • After 65 years of age, employees may be hired as contract employees • A former employees reemployment system to hire former employees who have resigned due to personal reasons such as relocation of a family member due to job transfer, marriage, child-birth, and nursing care |
| Side-job system | Employees are able to work outside the company (side-job application system) and we are also accepting employees to work with us as a side-job. |
| Maiden name usage system | With the exception of procedures requiring an employee to use their legal name, employees may use their maiden internally |
| Housekeeping service | Housekeeping services are available with employee discounts |

Group management

Reorganization of subsidiaries for medium-term growth

We promote multi-skilling of our engineers, maximum usage of our resources, and community-based business operations that leverage our presence. Our basic outlook is to organize our business in a formation suitable for the medium-term growth for the Group as a whole. Doing so, we consistently optimize the organization of our Group companies as we aim to maximize net sales and profit.

In April 2022, we reorganized existing subsidiaries along with companies we had acquired through M&A and established two core companies to accommodate our customers' diversifying needs in system solutions. One of these companies is Exeo Digital Solutions, Inc. (integrated with the development functions of Icom Systech Co., Ltd., and Accresco Co., Ltd.) which plays a central role in the system development function along with Exeo Group, Inc. The other is Exeo System Management, Inc (changed trade name from IT-it Co., Ltd., integrated with the operations function of Accresco Co., Ltd. in July of the same year) which handles system operations and maintenance along with the customer support business of Exeo Group, Inc.

In the Hokkaido, Tohoku, Kansai, Chugoku, and Hokuriku areas, we established new companies through integration of existing subsidiaries as shown in the table below.

Companies that were reorganized & integrated since April 2021

| Company | Established | Business activities |
|---------------------------------------|-------------|--|
| Exeo Digital Solutions, Inc. | April 2022 | Systems development |
| Exeo System Management, Inc. | April 2022 | Systems operation and maintenance, call center, help desk |
| Exeo Engineering Hokkaido, Inc. | August 2021 | Design, construction, maintenance, and the related information processing and sales of equipment and other products for telecommunications, electrical and civil engineering |
| Exeo Engineering Tohoku, Inc. | August 2021 | |
| Exeo Engineering West Japan Co., Ltd. | July 2022 | |

Major companies added to the Group via M&A in fiscal 2021

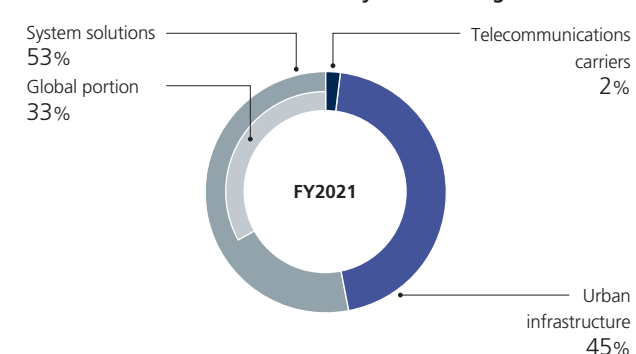
| Company | Business domains | Business activities |
|---|--|---|
| IT-it Co., Ltd. | System solutions | ICT support engineering, network support, contact services (inbound call centers), field services |
| Ryosei, Ltd. (previously Ryosei Systems, Ltd.) | Urban infrastructure System solutions | <ul style="list-style-type: none"> Design, construction, and management of overhead and underground power transmission lines Design and construction for electrical and information & telecommunications system projects, design and sales for electrical and information & telecommunications devices and components Design, construction and product sales for electric floor heating and snowmelt systems |
| Kidoh Global Holdings Co., Ltd., Kidoh Construction Co., Ltd. | Urban infrastructure | Underground pipe jacking and burial construction, utility tunnels, tunneling shields, prestressed concrete (PC) projects, and more |
| Ascent Solutions Pte. Ltd. | Global | IoT and blockchain solutions |
| Koyo Engineering Co., Ltd. | Urban infrastructure | Planning, design, construction, operations and maintenance, and energy saving-related work for facilities such as production plants, air conditioning, plumbing, and sanitation facilities, and disaster prevention facilities |
| 68 Systems & Project Engineering Pte. Ltd. | Global | Signals and communications facilities for the Singapore MRT (urban high-speed rail) |

Implementing M&A

The Group is pursuing a business strategy to further expand its urban infrastructure and system solutions businesses and grow the net sales of each of its business segments to roughly equal levels by fiscal 2030. The Group is actively conducting M&A to contribute toward achieving this.

Major companies added to the Group through M&A in fiscal 2021 are as shown in the table below.

Breakdown of M&A investment by business segment



DX implementation

To integrate the strengths of each Group company and create new value, we consider it essential to leverage advanced technologies such as AI and IoT and implement DX to transform our work and business. Based on the knowledge gained from doing so, in the future we aim to provide DX that yields solutions to our customers' problems and build optimized

engineering platforms.

As we find ways to bolster and expand our initiatives, we will strive to further improve profitability and provide new solutions with the Digital Transformation Strategic Division established in April 2019 playing a central role.

Illustration of solving problems and providing solutions by shifting to DX



Revolutionizing network construction management work by creating databases out of construction information and introducing use of tablets

Work at network engineering worksites had conventionally been performed using paper documentation. For that reason, information such as the name of the construction project had to be repeatedly entered manually when producing documentation, and construction-related information was never committed to data. Work efficiency was also a problem. Since carrying documents required physical labor, there was a high risk of information loss. Reports also had to be brought back to the worksite office every time since they were handwritten.

To remedy these and other inefficiencies, we moved construction-related information into databases and introduced tablets for all construction crews to carry around. This drastically improved construction management work by eliminating inefficiencies such as the workload involved in manual entry, and by communicating instructions to worksites and producing work reports in a timely manner, among other improvements.

Major effects of improvements

- Reduced time taken to produce construction documents
- Enabled real-time communication of instructions and reports to worksites
- Went paperless, reducing risk of information loss
- Reduced transportation time between worksites and offices



System architecture



Implementing AI for safety and quality inspections in construction of communication facilities

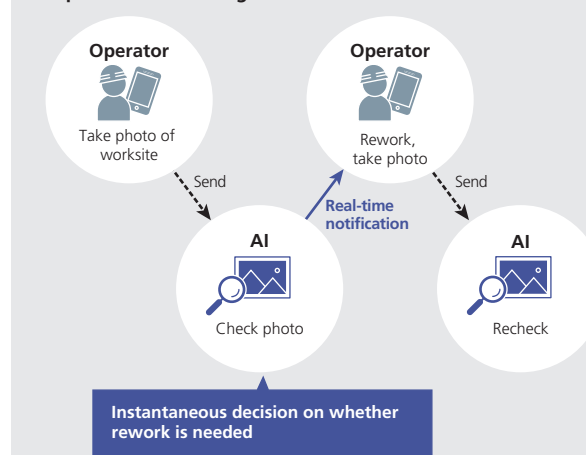
For managing the safety and work quality of communication facilities construction, the Group has implemented Safety and Quality AI Solution. With AI that contains the knowledge and expertise of skilled experts, this solution performs AI analysis on photographs of worksites and construction situations in order to preemptively prevent accidents while instantaneously identifying faulty workmanship to avoid having to go back and perform the work again from the beginning.

In addition to using this solution in-house, we are also providing it to customers in other industry types as a commercial service.

Major effects of improvements

- Can reduce waiting time for verification results
- Prevents inconsistencies in decisions made by individual specialists

Illustration of operational efficiency improvements through AI



Overseeing the sustainable growth of the Group from diverse outside perspectives

In fiscal 2020, the number of independent outside directors was increased to four.

With the lively discussions enabled by the varied expertise and experience that each brings to the table, we are finding ways to improve the effectiveness of the Board of Directors and ensure transparency in decision making.

The four current outside directors had a discussion with each other about their assessments of our governance and business operations, as well as the current challenges and their outlook for the future.



Tatsushi Mochizuki
Director

Naoko Iwasaki
Director

Yasushi Kohara
Director

Keiji Yoshida
Director

The mutual trust to be able to speak openly with executives

Kohara: Four years have already passed since I became an outside director, and I really feel that the Board of Directors here has evolved during that time. Out of the 16 members of the Board of Directors, seven are currently outside officers. We come from diverse backgrounds, including those who built their careers at companies and government agencies as well as university professors, CPAs, and attorneys. Our diversity has also significantly increased since we now have three female members. As a result, I believe we are capable of having discussions that incorporate a broad range of perspectives.

Iwasaki: Indeed. Our Board of Directors has also been forced to hold meetings online over the past two years due to the COVID-19 pandemic, but we have overcome that adversity quite smoothly. Information is provided thoroughly and consistently at the advance briefing sessions held two to three days before Board of Directors meetings, and if anything is unclear, we can ask all the questions we need. As a result, I believe that our meetings are held with sufficiently deep understanding and thought about each agenda item.

Mochizuki: Personally, I joined the Board right in the middle of the pandemic, and as you mentioned I thought the advance briefing sessions were extremely helpful. For particularly important agenda items this company has also established "Vector Meetings" where we outside officers engage in intensive discussions on these matters before they are submitted to the Board of Directors. I believe that has added an extra layer of depth and substance to Board meetings.

Yoshida: Until two years ago I was actually in the opposite position of being an inside director at another company. When I got here, my first impression was utter surprise at how discussions such as these could take place at a Board of Directors meeting. At every meeting, we outside officers freely share our opinions without holding back. When the inside officers disagree about anything, they argue back earnestly without any sort of excessive politeness to try to help us save face as outsiders. We have established relationships where we can tell each other exactly what we think.

Kohara: This environment conducive to conversations has been here since the time I joined. The chair manages everything well, in a way that elicits everyone's opinions, and there might never even be any agenda items that are concluded without any debate. Because of that, it is also not uncommon for meetings to run past their scheduled durations.

Mochizuki: We really have a strong inclination to share information. We also receive guidance and participate in

meetings such as briefing sessions for due diligence in M&A. When we get this type of deeper understanding, we can also have more intensive discussions in the Board of Directors meetings. I think it is highly meaningful that we have these opportunities for explanations before Board of Directors meetings.

Iwasaki: We find ways to share knowledge about many different aspects from inside and outside the company, and we use that to fine-tune each agenda item. I think that process has really been carefully crafted.

Yoshida: Vector Meetings in particular are a really good system. Thinking back to when I was on the executive side myself, I would want to hear opinions and impressions from people outside the company before submitting anything, and if any course corrections were necessary, I would want to make them sooner rather than later. It's excellent that we have opportunities for those types of discussions.

Kohara: Although it may increase the workload for us outside directors, I think there are many more opportunities to be had. Right now I am actually proposing to our administrative office that we could further expand on the Vector Meetings to also have general managers and younger executive-class personnel participate, and even hold them offsite where we stay somewhere in training camp format. In addition to the agenda items we are given, I also want to create opportunities to present topics from our own perspectives and discuss them.

Utilizing the "outside" perspective to offer fresh realizations

Iwasaki: There are two basic responsibilities of outside directors that I consider particularly important. The first is to offer perspective on whether the Board of Directors is operating in a proper manner, whether the transparency of management is ensured, and so forth. Our other important mission is to make suggestions that leverage our individual expertise. In my own case, I make it a point to provide valuable comments on topics such as ICT business strategy or global business trends from my own specialized perspective.

Mochizuki: I also think the "outside perspective" is extremely important. Although I came up through Japan's Ministry of Internal Affairs and Communications (previously called the Ministry of Home Affairs), I also spent about half of my career working at local government agencies. From their perspective of me as someone from the outside who had joined their workplace, I think there were many times they wondered about me, "You know nothing about this region, so what can you actually contribute?" But quite often, seeing matters objectively from an outside perspective actually helps things to proceed more smoothly. Based on what I learned from this experience, I also

try to always maintain objectivity here in the Board of Directors.

Yoshida: Thinking back to when I was in the position of an inside director, there really were quite a few times when I was surprised to realize things that people outside the company had said or pointed out. Of course, I was a tenured veteran with long years of experience working at that company, but there are often important realizations to be gained from what people who have walked an entirely different path in life can tell us. Personally, I hope to be able to give as many of these fresh perspectives or realizations as possible. Particularly within the company, I try to pay closer attention to the things that are taken for granted and to matters in meetings that end up being quietly brushed aside.

Kohara: Establishing trust with the executive side is important for outside directors in fulfilling the supervisory function. We must leverage our own knowledge and expertise to thoroughly highlight where risk lies and whatever needs to be pointed out, while at the same time respecting the pride and passion they feel having worked for decades in their respective fields. If the executive side is the accelerator, I think we are considered to play an important role as the brake. As we maintain this sense of distance and balance, I hope we can continue on our growth trajectory by skillfully utilizing both the accelerator and the brake.



Yasushi Kohara Director

With a wealth of management experience in the Toyota Group, Kohara's resume includes having served as a managing officer for Toyota Motor Corporation, and as representative director and president of Osaka Toyota Motor Co., Ltd. He has been an outside director since 2018.

Thoroughly monitoring the process of company transformation

Kohara: For 2030 Vision and the medium-term management plan currently in progress, I participated in the formulation process starting in the draft stages and completed it through repeated discussions and corrections in Vector Meetings and Board of Directors meetings. What I felt throughout this process was the strong desire of upper management to "Change this company!" This desire was most likely behind our company name change to Exeo Group, Inc. last fall.

Mochizuki: The change of the company name really is deeply meaningful. The scale of our business increased significantly the year before I assumed this role (2018) when



Naoko Iwasaki Director

Waseda University professor. Her research topics include the core competencies of CIOs, digital human resources development, and digital government (national & local e-government). She has been an outside director since 2019.

C-Cube, Seibu Electric Industry, and Nippon Dentsu were added to the Group. At the same time, we then faced the challenges of fostering a sense of unity throughout the Group and instilling our growth strategy companywide. In that sense, I think this name change significantly increased the sense of unity throughout the Group while also communicating our strong determination to "drastically change our business structure and portfolio together, as a Group!"

Iwasaki: Looking back over these past three years, I also think this company is undergoing significant change. Our future vision of being a corporate group with well-balanced operations in the three segments of telecom carriers, urban infrastructure, and system solutions is precisely aligned with the rapid advancement of digitalization, as well as globalization, aging society, global warming, and other changes in the business climate. 2030 Vision and our medium-term management plan also set out measures with an unprecedented sense of urgency, particularly in areas such as DX strategy and global expansion.

Yoshida: Throughout the nearly 70-year history of the company, I believe it has only ever operated in the telecommunications construction industry. However, 2030 Vision and the medium-term management plan which we announced last year clearly set out an entirely new path for the company. I can imagine it was probably also groundbreaking for the Group's employees. The medium-term plan until now had generally plotted a growth strategy along the same trajectory as before, but these five years of the current plan do not. I think this will be a period of major transition in the company's history.

Mochizuki: Telecommunications construction business is also heavily influenced by major telecom carriers and government policies on telecommunications, and I think in the past it was largely typical at this company to wait for someone else to give you work rather than taking the initiative to personally go out and find work. In order to break that mold, we are attempting to expand into new fields while making effective use of the technologies and business resources we have accumulated. However, I think management is struggling with how well they can share this sense of awareness

throughout the Group and generate enough energy to push forward.

Kohara: Since I am also from a manufacturing company background, I am always conscious of whether PDCA cycles are being thoroughly practiced. "Plan" and "Do" will be the focus in this period of actively taking on new challenges to transform the company over the next few years, but activities that link these to "Check" to soundly evaluate the progress of the plan, and "Act" to make improvements, are more important than anything. We have also expressed our desire to have the relationship to the medium-term management plan annotated in agenda items submitted to the Board of Directors. With that, I hope we will be able to monitor whether measures are steadily progressing according to the medium-term plan.



Tatsushi Mochizuki Director

Involved in key positions in local and national government for many years, he has served in roles including deputy governor of Mie Prefecture, deputy director-general of the Local Sovereignty Strategy Council at Japan's Cabinet Office, and director-general of the Local Administration Bureau of the Ministry of Internal Affairs and Communications. He has been an outside director since 2020.

Support new challenges in various fields

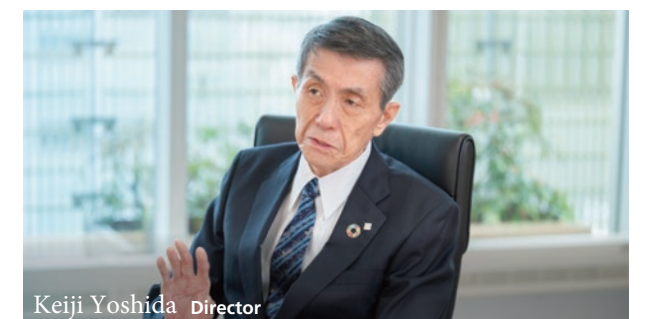
Kohara: Two years ago (in 2020) we established a new organization called the Innovation Promotion Office (changed to the Innovation Development Unit in July 2022) and have launched initiatives to create new business domains. However, I think we must also dedicate even more effort to bolstering our R&D. Our company's strength is the high technological capabilities that have been refined over the years at many different work sites. To further build on that strength, I want to visualize and share technological information throughout the company and generate synergies by also integrating the new technologies, knowledge, and expertise acquired through M&A to deliver technological development that meets the needs of a new era.

Mochizuki: We will also need to secure human resources to maintain and improve our technological capability. As Japan's society ages and the birthrate declines, I think we will need to figure out how to make our company more appealing to talented students in order to hire them. Our business plays an important role in supporting social infrastructure. However, being a B-to-B company makes that hard for typical consumers

to see. I think we will need to visualize what our company does through corporate branding and other promotional activities.

Iwasaki: From the perspective of human resources, I think that promoting diversity is also an important topic. Particularly if we want to expand our business globally, it will be essential to have a company culture where diverse human resources can thrive. In recent years, our company has been dedicating effort to supporting women's career advancement, and women are now effectively performing many jobs that had previously been considered for men. In the future, I look forward to the arrival of our first female inside director. Japan does not have many "rikejo" – women in the sciences – to begin with, but I hope suitable human resources development efforts will be made over the long term, from hiring to career development after joining the company and eventually promotions to director roles.

Yoshida: Going forward, I believe that overhauling and improving management divisions will also be an important topic. Over these past few years, we have actively conducted M&A not only in our existing business domains but also in new domains to transform our business portfolio. However, post-merger integration (PMI) is critically important in maximizing the effects of M&A. When bringing aboard smaller companies in particular, their non-client facing functions – accounting and finance, legal, HR, and information systems – must be raised to a fairly high level. I have often been suggesting to upper management that the management teams in these areas still have room for improvement, including in human resources.



Keiji Yoshida Director

His resume includes serving as representative director and executive vice president at JFE Engineering Corporation and as chairman for Japan Water Steel Pipe Association among other roles. He has been an outside director since 2021.

Kohara: As we deal with major changes to the business environment surrounding us and also plot our expansion into new domains, I think we will encounter both opportunities and predicaments that we have never experienced before. As you deal with these, please keep in mind the ambitious mentality expressed by the new company name, along with a healthy sense of urgency, and turn these into additional growth. We will be there to thoroughly monitor these efforts from our "outside perspective" and provide support.

Directors

**Tetsuya Funabashi****President and CEO**

Number of the Company's shares held: 24,300
Board of Directors meeting attendance in FY2021: 15/15 times

Jun. 2010 Senior Vice President, Head of Customer Services, NTT Communications Corporation
Jun. 2014 Senior Executive Vice President, NTT Communications Corporation
Aug. 2016 Senior Executive Vice President, Head of Customer Services, NTT Communications Corporation
Jun. 2017 Senior Executive Vice President, NTT Communications Corporation
Jun. 2018 Representative Director and Executive Vice President, Exeo Group, Inc.
Jun. 2019 President and CEO, Exeo Group, Inc. (present position)

**Koichi Mino****Director and Executive Operating Officer**

Number of the Company's shares held: 25,000
Board of Directors meeting attendance in FY2021: 15/15 times

Jun. 2011 Branch Manager of Hokkaido Branch, Nippon Telegraph and Telephone East Corporation
Jul. 2014 General Manager of NTT Sales Division, NTT Business Headquarters, Exeo Group, Inc.
Jun. 2015 Operating Officer, General Manager of NTT Business Headquarters, Exeo Group, Inc.
Jun. 2017 Managing Operating Officer, General Manager of NTT Business Headquarters and NTT Sales Division, NTT Business Headquarters, Exeo Group, Inc.
Jun. 2020 Director and Managing Operating Officer, General Manager of Corporate Planning Division, Exeo Group, Inc.
Jun. 2022 Director and Executive Operating Officer, General Manager of Corporate Planning Division, Exeo Group, Inc. (present position)

**Noriyuki Watabe****Director and Executive Operating Officer**

Number of the Company's shares held: 8,200
Board of Directors meeting attendance in FY2021: -/- times

Sep. 1985 Joined Exeo Group, Inc.
Jun. 2017 Operating Officer, General Manager of Corporate Sales Department and General Manager of Public Works Sales Department, Electric Division, Electrical & Telecoms Engineering/Environmental Projects Headquarters, Exeo Group, Inc.
Jul. 2017 Operating Officer, Deputy General Manager of Electric Division, Electrical & Telecoms Engineering/Environmental Projects Headquarters, Exeo Group, Inc.
Jun. 2019 Managing Operating Officer, General Manager of Electrical & Telecoms Engineering/Environmental Projects Headquarters and General Manager of Electric Division, Electrical & Telecoms Engineering/Environmental Projects Headquarters, Exeo Group, Inc.
Jun. 2020 Executive Operating Officer, General Manager of Electrical & Telecoms Engineering/Environmental Projects Headquarters, Exeo Group, Inc.
Apr. 2022 Executive Operating Officer, General Manager of Electrical, Environment, and Smart Energy Headquarters, Exeo Group, Inc.
Jun. 2022 Director and Executive Operating Officer, General Manager of Electrical, Environment, and Smart Energy Headquarters, Exeo Group, Inc. (present position)

**Yuichi Koyama****Director and Managing Operating Officer**

Number of the Company's shares held: 16,900
Board of Directors meeting attendance in FY2021: 15/15 times

Jun. 2013 General Manager of Office Users Business Division, Corporate Sales Promotion Headquarters, Nippon Telegraph and Telephone East Corporation
Jun. 2014 Senior Vice President, Deputy General Manager of Corporate Sales Promotion Headquarters and Office Users Business Division, Corporate Sales Promotion Headquarters, Nippon Telegraph and Telephone East Corporation
Jun. 2016 Managing and Operating Officer, General Manager of Communication & Business Network Headquarters, Exeo Group, Inc.
Jun. 2017 Director and Managing and Operating Officer, General Manager of Communication & Business Network Headquarters, Exeo Group, Inc.
Jun. 2019 Director and Managing and Operating Officer, General Manager of Group Business Promotion Division, Exeo Group, Inc. (present position)

**Kenji Asano****Director and Managing Operating Officer**

Number of the Company's shares held: 7,500
Board of Directors meeting attendance in FY2021: 15/15 times

Jun. 2015 Director, General Manager of Tokyo Division, Nippon Telegraph and Telephone East Corporation
Jun. 2017 President and Representative Director, NTT Infrastructure Network Corporation
Jun. 2019 Managing Operating Officer, General Manager of Communication & Business Network Headquarters, Exeo Group, Inc.
Jun. 2020 Director and Managing Operating Officer, General Manager of Communication & Business Network Headquarters, Exeo Group, Inc.
Jun. 2022 President and CEO, Exeo Tech Corporation (present position)

**Takafumi Sakaguchi****Director and Managing Operating Officer**

Number of the Company's shares held: 4,000
Board of Directors meeting attendance in FY2021: 11/11 times

Jun. 2015 President and Representative Director, NTT Neomeit Corporation
Jun. 2016 Member of the Board, Nippon Telegraph and Telephone West Corporation, President and Representative Director, NTT Neomeit Corporation
Jun. 2017 Member of the Board, Executive Manager, Service Management Department, Plant Headquarters, Nippon Telegraph and Telephone West Corporation
Jun. 2019 Member of the Board, Executive Manager, Service Management Department, Plant Headquarters, Nippon Telegraph and Telephone West Corporation, President and Representative Director, NTT Fieldtechno Corporation
Jun. 2020 Managing Operating Officer, Representative of West Japan Head Office, Branch Manager of Kansai Branch, and Deputy General Manager of ICT Solutions Headquarters, Exeo Group, Inc.
Jun. 2021 Director and Managing Operating Officer, Representative of West Japan Head Office, Branch Manager of Kansai Branch, and Deputy General Manager of ICT Solutions Headquarters, Exeo Group, Inc.
Jun. 2022 Director and Managing Operating Officer, Representative of West Japan Head Office, Branch Manager of Kansai Branch, Exeo Group, Inc. (present position)

**Fumitoshi Imaizumi****Director and Managing Operating Officer**

Number of the Company's shares held: 2,500
Board of Directors meeting attendance in FY2021: -/- times

Jul. 2014 Head of Data Centers, Cloud Services, NTT Communications Corporation
Jul. 2017 Deputy General Manager of Solution Sales Division and Deputy General Manager of Solution Promotion Department, ICT Solutions Headquarters, Exeo Group, Inc.
Jul. 2018 General Manager of Solution Promotion Department and Deputy General Manager of Solution Sales Division, ICT Solutions Headquarters, Exeo Group, Inc.
Dec. 2018 Managing Director and President, Exeo Global Pte. Ltd. (present position)
Apr. 2019 General Manager of Global Business Department, ICT Solutions Headquarters, Exeo Group, Inc.
Jun. 2019 Operating Officer, General Manager of Global Business Department, ICT Solutions Headquarters, Exeo Group, Inc.
Jun. 2021 Managing Operating Officer, General Manager of Global Business Department, ICT Solutions Headquarters, Exeo Group, Inc.
Jun. 2022 Director and Managing Operating Officer, General Manager of Global Business Department, ICT Solutions Headquarters, Exeo Group, Inc. (present position)

**Yasushi Kohara****Director**

Number of the Company's shares held: 1,700
Board of Directors meeting attendance in FY2021: 15/15 times

Jun. 2007 Managing Officer, Toyota Motor Corporation
Jun. 2011 Representative Director and President, Toyota Tokyo Corolla Co., Ltd.
Jun. 2015 Representative Director and President, Osaka Toyota Motor Co., Ltd.
Jun. 2018 Outside Director, Exeo Group, Inc. (present position)

**Naoko Iwasaki****Director**

Number of the Company's shares held: 0
Board of Directors meeting attendance in FY2021: 15/15 times

Apr. 2017 Professor, Institute of e-Government, Waseda University (present position)
Apr. 2017 President, International Academy of CIO Japan (present position)
Jan. 2019 Committee Chair, Smart Silver Innovation Committee, APEC (present position)
Jun. 2019 Outside Director, Exeo Group, Inc. (present position)
Jun. 2019 Outside Director, ITOCHU Techno-Solutions Corporation (present position)
Sep. 2019 Member of Policy Evaluation Council, Ministry of Internal Affairs and Communications (present position)
Apr. 2021 Expert Advisor, Public Records and Archives Management Commission, Cabinet Office (present position)

**Tatsushi Mochizuki****Director**

Number of the Company's shares held: 600
Board of Directors meeting attendance in FY2021: 15/15 times

Jul. 2006 Vice Governor of Mie Prefecture
Oct. 2008 Deputy Director-General of Minister's Secretariat, Ministry of Internal Affairs and Communications
Jan. 2010 Deputy Director-General of Office for the Local Sovereignty Strategy Council at Cabinet Office
Sep. 2012 Director-General of the Local Administration Bureau, Ministry of Internal Affairs and Communications
Sep. 2013 Advisor, Nippon Life Insurance Company
Apr. 2014 Vice Chairman, Japan Agency for Local Authority Information Systems
Aug. 2019 Secretary-General, National Association Chairpersons of Town and Village Assemblies (present position)
Jun. 2020 Outside Director, Exeo Group, Inc. (present position)

**Keiji Yoshida****Director**

Number of the Company's shares held: 800
Board of Directors meeting attendance in FY2021: 11/11 times

Apr. 2013 Director and Senior Vice President, Urban Environment Division, JFE Engineering Corporation
Apr. 2014 Representative Director and Senior Vice President, Urban Environment Division, JFE Engineering Corporation
Apr. 2016 Representative Director and Executive Vice President, JFE Engineering Corporation
May 2017 Chairman, Japan Water Steel Pipe Association
Apr. 2020 Advisor, JFE Engineering Corporation
Jun. 2021 Director, Exeo Group Inc. (present position)

Statutory Auditors

**Yasuo Otsubo****Standing Statutory Auditor**

Number of the Company's shares held: 26,600
Board of Directors meeting attendance in FY2021: -/-
Board of Statutory Auditors meeting attendance in FY2021: -/-

**Masato Suwabe****Standing Statutory Auditor**

Number of the Company's shares held: 14,900
Board of Directors meeting attendance in FY2021: 11/11
Board of Statutory Auditors meeting attendance in FY2021: 11/11

**Tomoko Aramaki****Statutory Auditor**

Number of the Company's shares held: 0
Board of Directors meeting attendance in FY2021: 15/15
Board of Statutory Auditors meeting attendance in FY2021: 16/16

**Shinnosuke Yamada****Statutory Auditor**

Number of the Company's shares held: 0
Board of Directors meeting attendance in FY2021: 15/15
Board of Statutory Auditors meeting attendance in FY2021: 16/16

**Kimiko Takahashi****Statutory Auditor**

Number of the Company's shares held: 0
Board of Directors meeting attendance in FY2021: 11/11
Board of Statutory Auditors meeting attendance in FY2021: 10/11

Corporate governance

Governance system and rationale for adopting this system

The Company has adopted a Company with Audit and Supervisory Board format, having determined this system to be the most conducive to ensuring appropriate corporate governance. Members of the Board of Statutory Auditors attend meetings of the Board of Directors and other important meetings in accordance with the audit policy and audit plan. They observe,

Simplified chart of corporate governance system

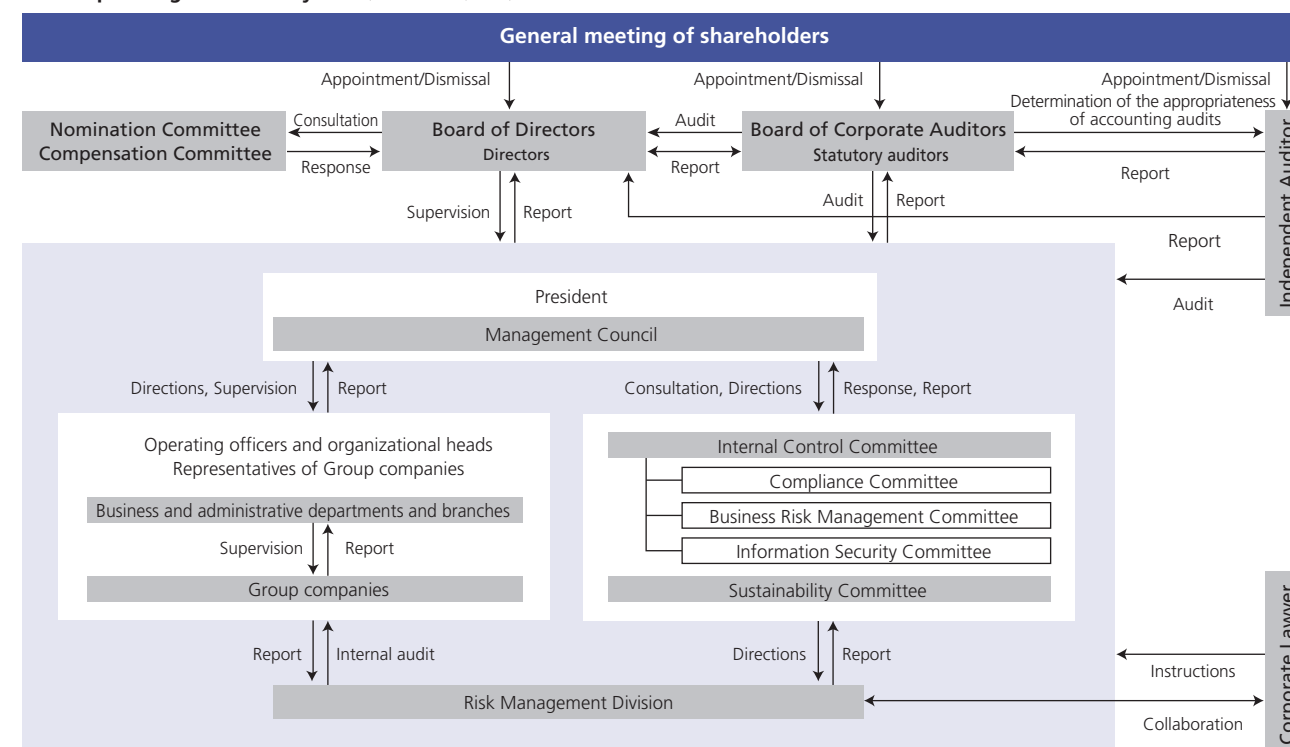
| | |
|---|---|
| Format | Company with Audit and Supervisory Board |
| Directors | 11 (including 4 outside directors) |
| Auditors | 5 (including 3 outside auditors) |
| Number of Board of Directors meetings held this fiscal year | 15 |
| Number of Board of Statutory Auditors meetings held this fiscal year | 16 |
| Operating Officers System | Yes |
| Internal units of the Board of Directors | Nomination Committee and Compensation Committee established |

from a perspective of fairness and impartiality, the execution of duties by the Board of Directors and audit the business and financial conditions of major offices and Group companies.

We have also adopted an operating officers system to separate the management decision-making and supervisory function from the business execution function, to achieve prompt and appropriate decision-making and business execution while further strengthening our corporate governance. The Board of Directors, chaired by the Representative Director and Chairman, makes decisions on important matters and supervises business execution. Operating officers execute operations based on the Board of Directors' decisions. Furthermore, we have a Management Council in place that discusses important business execution matters.

Additionally, to further enhance our corporate governance, we have established a Nomination Committee and Compensation Committee as internal units of the Board of Directors. The Nomination Committee deliberates on matters such as the nomination of candidates for directors and dismissal of directors. The Compensation Committee deliberates on matters such as remuneration and bonuses for Directors. Each reports relevant items to the Board of Directors.

Our corporate governance system (As of June 24, 2022)



Composition of the Nomination Committee for fiscal 2022

| Committee chairman | Committee members | | | | | |
|--------------------|-------------------|-----------|--------|---------|-----------|---------|
| Mino | Asano | Sakaguchi | Kohara | Iwasaki | Mochizuki | Yoshida |

Composition of the Compensation Committee for fiscal 2022

| Committee chairman | Committee members | | | | | |
|--------------------|-------------------|--------|----------------------|---------|-----------|---------|
| Kohara | Watabe | Koyama | Imaizumi | Iwasaki | Mochizuki | Yoshida |
| Outside Director | | | (honorifics omitted) | | | |

Evaluating the effectiveness of the Board of Directors

To enhance the function of the Board of Directors and corporate value, we evaluate the effectiveness of our Board of Directors based on the results of questionnaire surveys among all Directors and Statutory Auditors, which are collected and analyzed by an external organization to ensure objectivity, as well as discussions at meetings of the Board of Directors. It has been confirmed that our Board of Directors has adequate scale and structure and is appropriately operated to ensure proper decision-making on important management agendas and

supervision of business execution.

We took an additional measure to strengthen governance while also increasing our ratio of female officers by adding one female independent outside statutory auditor from June 2021.

In addition, we continued to distribute Board of Directors' meeting materials as early as possible, to enhance the explanations that we provide in advance to independent outside directors and independent outside statutory auditors, and to arrange for site visits by independent outside directors. During the fiscal year under review we also conducted "Vector Meetings," for 16 projects, in which all business units get on the same page by discussing their business strategies among other matters at an early stage. Also, based on our awareness of the need to hold sufficient discussions on initiatives to improve sustainability such as ESG and the SDGs, we established the Sustainability Committee in April 2022. We are also working hard to bolster our sustainability initiatives, including through timely reporting by the Sustainability Committee to the Board of Directors.

Outside directors and outside statutory auditors actively make sound comments from an independent standpoint grounded in sufficient insight in discussions at meetings of the Board of Directors. We see the undeniable effects of these efforts in the strengthened effectiveness of the Board of Directors.

Going forward, based on these results of Board of Directors effectiveness evaluations and opinions, the Company's Board of Directors will fully consider measures for improving its effectiveness and continue to implement initiatives for enhancing its functions.

Transition to a stronger governance system

| | Measure | Composition of the Board of Directors | Female Directors |
|------|---|---------------------------------------|------------------|
| 2021 | Increased proportion of outside directors | 7 inside 4 outside 11 in total | 1 person |
| 2020 | Increased the number of outside directors (from 3 to 4) The majority of the members of the Nomination Committee and Compensation Committee are outside members | 8 inside 4 outside 12 in total | 1 person |
| 2018 | Increased the number of outside directors (from 2 to 3) | 12 inside 3 outside 15 in total | 1 person |
| 2015 | Increased the number of outside directors (from 1 to 2) Using a third-party organization, conducted a questionnaire for evaluating the effectiveness of the Board of Directors | 9 inside 2 outside 11 in total | 1 person |
| 2014 | Appointed an outside director (1) | 11 inside 1 outside 12 in total | 1 person |
| 2009 | Adopted an operating officers system | 8 inside 0 outside 8 in total | 0 person |
| 2003 | Established Nomination Committee and Compensation Committee | 18 inside 0 outside 18 in total | 0 person |

Use of outside directors and auditors

The Company has four outside directors and three outside statutory auditors. The functions and roles that outside directors and outside statutory auditors should carry out in the corporate governance of the Company are as follows. Outside directors fulfill the function of supervising and monitoring the management of the Company from an independent and neutral standpoint, providing comments based on their

Reasons for selection of outside directors

| | |
|--|---|
| Yasushi Kohara Appointed in 2018 ●● | Having gained deep experience and insight in corporate management at the Toyota Group, Mr. Kohara has provided appropriate advice and recommendations in important management decisions of the Company, appropriately fulfilling his role as an outside director. |
| Naoko Iwasaki Appointed in 2019 ●● | Ms. Iwasaki is a leading international researcher and expert on the use of ICT in international relations, national and local government administration, disaster countermeasures and BCP, aging society, and women's career advancement. She has provided appropriate advice and recommendations in important management decisions of the Company, appropriately fulfilling her role as an outside director. |
| Tatsushi Mochizuki Appointed in 2020 ●● | Mr. Mochizuki has been involved in key positions in central government ministries and local governments for many years. With the insight he has accumulated through his career, he has provided appropriate advice and recommendations in important management decisions of the Company, appropriately fulfilling his role as an outside director. |
| Keiji Yoshida Appointed in 2021 ●● | Mr. Yoshida has a wealth of experience and insight in corporate management as an officer of JFE Engineering Corporation and other companies. He has provided appropriate advice and recommendations in important management decisions of the Company, appropriately fulfilling his role as an outside director. |

● denotes members of Nomination Committee for fiscal 2022
● denotes members of Compensation Committee for fiscal 2022

abundant experience and wide-ranging knowledge. Outside statutory auditors fulfill the management monitoring function by auditing from an objective standpoint, offering a perspective informed by advanced expertise, abundant experience, and wide-ranging knowledge.

Regarding the criteria or policies concerning independence for appointing outside directors or outside statutory auditors, the Company secures independent directors and auditors in accordance with Article 436-2 and Article 445-4 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc., and the criteria for determining independence stipulated by the same exchange (“Guidelines for Listing Management, etc.”).

Remuneration of officers

Policy for Determining the Content of Individual Remuneration, etc. for Directors

Our basic policy concerning the decision-making about compensation for directors and its calculation is to effectively incentivize executives to contribute to increasing our business value and improving our short, medium, and long-term performance, and to maintain for a standard that enables us to secure outstanding talent who will drive our business as the leading information and communication network company.

Our specific policy concerning the decision-making about compensation and its calculation is deliberated by the Compensation Committee, which is comprised of directors including independent directors selected by the Board of Directors, and then determined by resolution of the Board of

Directors to secure the transparency and fairness of the decision-making process. Compensation for Directors consists of base compensation, bonuses, and restricted shares. Details are as shown in the table below.

Matters concerning resolutions of the General Meeting of Shareholders regarding remuneration, etc. of directors and statutory auditors

It was resolved at the 55th Ordinary General Meeting of Shareholders, held on June 23, 2009, that the amount of monetary remuneration for directors shall not exceed ¥350 million per year (not including employee salaries in the case of directors who also serve as employees). The number of directors as of the close of this Ordinary General Meeting of Shareholders is eight. In addition, separate from monetary remuneration, it was resolved at the 65th Ordinary General Meeting of Shareholders, held on June 21, 2019, that: the annual amount of remuneration for performance-linked restricted stock shall not exceed ¥50 million and the maximum number of shares shall not exceed 50,000 shares per year; the annual amount of remuneration for continuous service-linked restricted stock shall not exceed ¥50 million and the maximum number of shares shall not exceed 50,000 shares per year. (Outside directors are not eligible.) The number of directors (excluding outside directors) as of the close of this Ordinary General Meeting of Shareholders is 12.

At the 55th Ordinary General Meeting of Shareholders, held on June 23, 2009, it was resolved that the amount of monetary remuneration for statutory auditors shall be within

¥80 million per year. The number of statutory auditors as of the close of this Ordinary General Meeting of Shareholders is five.

Matters concerning the delegation of responsibility for determining details of individual remuneration, etc. of directors

Tetsuya Funabashi, President and Representative Director, determines the specific amount of compensation for each individual director in the Group based on the authority delegated to him by resolution of the Board of Directors.

Such authority, which governs the determination of the amount of base compensation and bonuses for each director, was delegated to the President and Representative Director on the grounds that the President and Representative Director is the most suitable person to evaluate, in the context of the Company's overall performance, each of the businesses for which directors are responsible.

The Board of Directors has made it a condition of the above delegation that the Compensation Committee shall confirm that details such as the amount of base compensation for each director are appropriate, to ensure that the above authority may be properly exercised by the President and Representative Director. Since the amount of remuneration for each individual director has been determined through such confirmation procedures, the Board of Directors has determined the content to be in line with the decision-making policy.

The Compensation Committee, which conducts the above procedures, met three times during the fiscal year under review.

Skills matrix of directors and statutory auditors

| | Name | Corporate management & ESG | Innovation & DX | Engineering | Marketing & global business | Finance, legal, human resources & labor relations |
|--------------------|--------------------|----------------------------|-----------------|-------------|-----------------------------|---|
| Directors | Tetsuya Funabashi | ● | ● | ● | ● | ● |
| | Koichi Mino | ● | ● | ● | ● | |
| | Noriyuki Watabe | ● | | | ● | |
| | Yuichi Koyoma | ● | | | ● | ● |
| | Kenji Asano | ● | | ● | ● | |
| | Takafumi Sakaguchi | ● | ● | ● | ● | ● |
| | Fumitoshi Imaizumi | ● | ● | ● | ● | |
| | Yasushi Kohara | ● | | | ● | |
| | Naoko Iwasaki | ● | ● | | ● | |
| | Tatsushi Mochizuki | ● | | | | ● |
| | Keiji Yoshida | ● | | ● | ● | ● |
| Statutory Auditors | Yasuo Otsubo | ● | ● | ● | ● | |
| | Masato Suwabe | ● | | | ● | ● |
| | Tomoko Aramaki | ● | | | | ● |
| | Shinnosuke Yamada | | | | | ● |
| | Kimiko Takahashi | ● | | | | ● |

Note: These are the skills that directors and statutory auditors are particularly expected to have, and this table does not comprehensively indicate their entire skillsets.

Total amount of remuneration, etc. for directors and statutory auditors

| Classification of officers | | Total amount of remuneration, etc. (¥ Millions) | Total amount of remuneration, etc. by type (¥ Millions) | | | Number of eligible officers (persons) |
|--|----------------------------|--|---|-------|---------------------------|---------------------------------------|
| | | | Monetary remuneration | | Non-monetary compensation | |
| | | | Base compensation | Bonus | Restricted stock | |
| Director (excluding outside directors) | | 238 | 113 | 85 | 39 | 9 |
| Statutory auditors (excluding outside statutory auditors) | | 40 | 40 | — | — | 3 |
| Outside officers | Outside directors | 45 | 45 | — | — | 5 |
| | Outside statutory auditors | 25 | 25 | — | — | 3 |

Note:

1. Amounts are rounded down to the nearest million yen.
2. The above figures include three directors (including one outside director) and one auditor who retired at the conclusion of the 67th Ordinary General Meeting of Shareholders held on June 23, 2021.
3. Base compensation is aligned with the rank of the position and is fixed at an appropriate level based on consideration of the business environment and market rates.
4. Bonuses are paid to directors (excluding outside directors), and are determined based on a comprehensive consideration of the business environment and other factors, with the basic principle of linking bonuses to business performance based on consolidated profit for the fiscal year under review. The calculation indices for bonuses are consolidated operating profit and profit attributable to owners of parent, as directors are responsible, as business operators, for overall consolidated performance. In the fiscal year under review, the target for consolidated operating profit was ¥37.0 billion and the target for profit attributable to owners of parent was ¥24.1 billion. The actual results were ¥42.3 billion in consolidated operating profit and ¥27.7 billion in profit attributable to owners of parent.
5. As non-monetary remuneration, etc., 13,600 shares of restricted stock have been issued to seven directors (excluding outside directors). Restricted stock consists of performance-linked restricted stock and continuous service-linked restricted stock. Performance-linked restricted stock is granted in accordance with the rank of the employee, based on linkage with the achievement of business results through medium- to long-term consolidated profits, etc., for the purpose of providing medium- to long-term incentives for the sustainable enhancement of corporate value and promoting the sharing of value with shareholders. The performance-linked index for performance-linked restricted stock is consolidated operating profit. It is directly linked to the achievement of performance targets, providing an index that promotes the sharing of value with shareholders. With respect to service continuous service-linked restricted stock, the condition for waiving the restriction on transfer is that the employee continuously serves as a director of the Company or in a certain other position for a certain period of time.
6. Since outside directors and statutory auditors are independent from the execution of business, their remuneration is limited to base compensation.

Risk management

The Group's basic policy for risk management is as follows:

Basic Policy

- (1) When setting strategies and business performance targets and engaging in efforts to achieve them, we seek integration of strategies and risk management by considering risk profiles, risk appetite, risk capacity and risk tolerance.
- (2) By recognizing risks clearly at an earlier stage and promptly providing as many choices as possible for risk management, we reduce the possibility of unachieved business targets, losses, accidents, and failures.
- (3) By monitoring risks on a regular basis, we address any deviation from intended performance swiftly and with consistency.
- (4) With a grasp of our comprehensive and consistent risk portfolio, we seek optimum allocation of the Group's resources.

Risk management system

The Group sets forth its basic rules on risk management in the "Risk Management Rules" and sets up risk categories and corresponding Risk Management Divisions. In addition, the Group established and has been operating the Business Risk Management Committee as the Group-wide risk manager to identify and evaluate Group-level risks.

Risk management category

| Risk management category | | Description of the risk |
|--------------------------|-----------------|--|
| Business risk | Management risk | Business environment risk |
| | | Management strategy risk |
| | | Business process risk |
| Disaster risk | | Risk relating to the occurrence of natural disasters |

Business Risk Management Committee

As the Group-wide risk manager, the committee was established to provide the risk management systems required to accomplish strategies and business performance targets in the process of creating, maintaining, and realizing value and to steadily provide the Group's stakeholders with reasonable expectations that risks can be controlled to a tolerable amount. The standing members of the Committee are the General Manager of the Corporate Planning Division, the General Manager of the Group Business Promotion Division, the General Manager of the Accounts & Finance Division, and the General Manager of the Risk Management Division. The number of meetings held in fiscal 2021 was 12.

Business Risk Manager (1st-tier risk manager)

As the 1st-tier risk managers, the Business Risk Managers set forth strategies that are consistent with the Exeo Group's mission, vision, and core values. In addition, the managers develop concrete action plans and manage the progress thereof to address risks according to the environments of their organizations and in line with the risk-addressing policies presented by the Support Division teams.

Support Division (2nd-tier risk manager)

As the 2nd-tier risk managers, the Support Division teams provide guidelines for addressing the category of risks they attend to and monitor the appropriateness and effectiveness of measures taken to address risks and the status of corrections.

Internal Audit Division (3rd-tier risk manager)

As the 3rd-tier risk manager, the Internal Audit Division conducts internal audits of the performance of the Business Risk Managers to identify problems and matters to be improved, issues recommendations for improvement, provides the latest information on the matters to be improved, and verifies the status of improvement.

Utilization of the ISO-compliant management systems

The Company acquired ISO certification for quality assurance, environmental conservation, occupational health and safety and information security and is committed to implementing management systems to standardize operations and make them more efficient.

Utilizing the risk assessment methods of ISO management systems, we are formulating and implementing our Exeo Group Management Policies which summarize our policies for dealing with Group-wide risks as we strive to continuously improve the effectiveness and appropriateness of our operations.

ISO management systems of which certification has been acquired

| Category | Applicable standards | Date of registration |
|--|----------------------|----------------------|
| Quality Management System | JIS Q 9001:2015 | February 22, 1999 |
| Environment Management System | JIS Q 14001:2015 | May 12, 2000 |
| Occupational Health and Safety Management System | JIS Q 45001:2018 | September 19, 2003 |
| Information Security Management System | JIS Q 27001:2014 | November 10, 2004 |

Information security

In the course of its business operations, the Group handles important information, such as technical data and customer data owned by customers. We are working to strengthen our information security, given the increasingly critical importance of appropriate information management, amid the spread of cloud services, social media, and other forms of networks.

In terms of our system, we are improving our management system by assigning an officer in charge as the chief information security officer, as well as assigning an information management officer and information manager for each organization. In addition, under the supervision of the Information Security Committee, we determine policy for the Group's efforts, monitor the overall status of the efforts, consider measures to prevent recurrence in the event of an accident, conduct training via e-learning systems, evaluate the status of improvement, and promote continuous improvement.

Furthermore, the Group conducts information security training for all employees, mock exercises to respond to

targeted email attacks, and various security checks.

Efforts to protect personal information

The Company engages in a broad range of business operations and handles a large amount of personal information in the process of carrying out these operations. In the recognition that appropriately managing such information is a corporate social responsibility, we are promoting efforts to ensure the protection of private information under the Privacy Policy.

In response to the Amended Act on the Protection of Personal Information which took effect in April 2022, we reviewed and enhanced our privacy management measures by revising in-house rules, taking an inventory of personal information held, and reviewing the management of records concerning the provision and receipt of personal information.

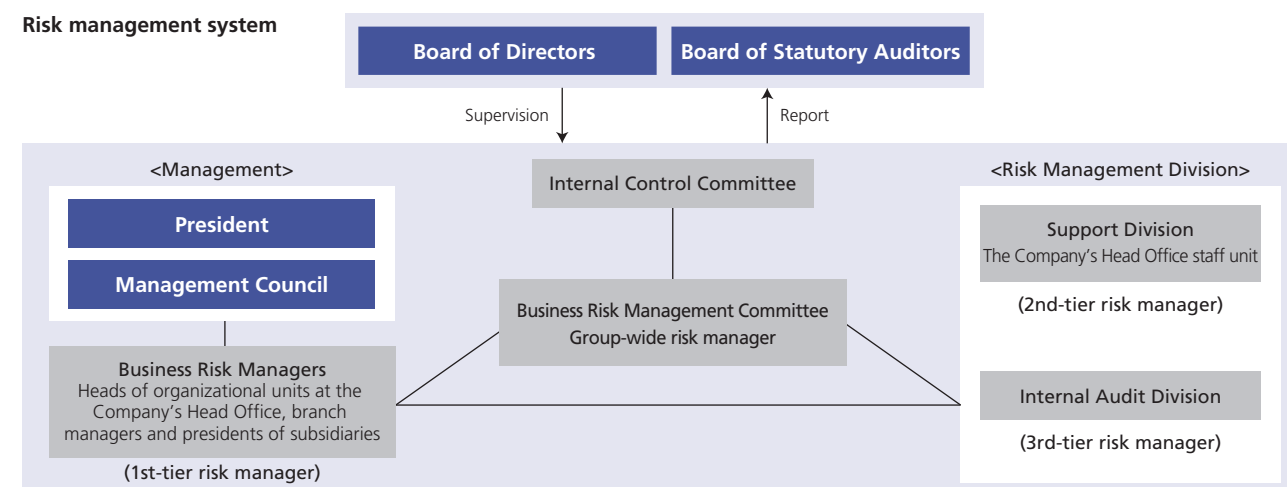
To ensure the continued protection of personal information in an appropriate manner, we have continually updated our certification of the Personal Information Protection Management System.

For the details of the Exeo Group Privacy Policy, visit:

<https://www.exeo.co.jp/en/company/ppolicy.html>



Risk management system



Compliance

Everybody on our management team maintains a high standard of ethics when conducting business. Furthermore, individual directors and employees take principled actions grounded in compliance to fulfill their social responsibility.

Exeo Group Basic Actions Declaration

Based on the Exeo Group Compliance Program, the officers and employees of the Group presuppose compliance with not only laws and regulations but also corporate ethics, including the spirit underlying those ethics, and engage in activities with high social value, thereby contributing to society.

Given that a company is part of society, it is a prerequisite for all stakeholders in a company, irrespective of whether they are officers or employees of the company, to comply with laws and corporate ethics when carrying out the company's business operations. Such compliance is also to be expected of us as individual members of society.

In addition, ensuring such compliance is indispensable for the company to maintain the trust of society and realize the Group's corporate philosophy of "Contributing to Society."

In light of the above, we shall without hesitation prioritize laws, regulations, and corporate ethics in case we are forced to choose between earnings or ethics in our own activities.

Whistle-blowing system

Regarding compliance-related concerns, the "Support Desk" is the contact point for whistleblowers, and the "Lawyer Hot Line" is provided to enable direct consulting or communication with corporate lawyers. All employees of the Exeo Group are provided with "Compliance Cards" to raise their awareness of

the contact point for whistleblowers and guidelines for use.

To strictly protect the privacy of whistleblowers and ensure that users of the system do not suffer any disadvantageous treatment, we are taking all possible measures in accordance with the implementation of the amended Whistleblower Protection Act, including formulation of in-house whistleblower protection rules for each company in the Group as we work to resolve each issue.

Compliance training

We conduct compliance training at least once a year for management and all employees.

We invite outside instructors to provide training for management-level employees, including officers such as representative directors, general managers of the head office, branch managers, and presidents of Group companies. In fiscal 2021 there were over 130 participants in the training.

We also conduct basic compliance training for all employees, in addition to raising awareness effectively by incorporating compliance into training by job level and providing training on the content of each job position.

Training topics for management

| FY | Topic |
|------|---|
| 2021 | Business & human rights |
| 2020 | Compliance, management systems |
| 2019 | Key points of the Amended Law of Obligations (civil code amendment) |

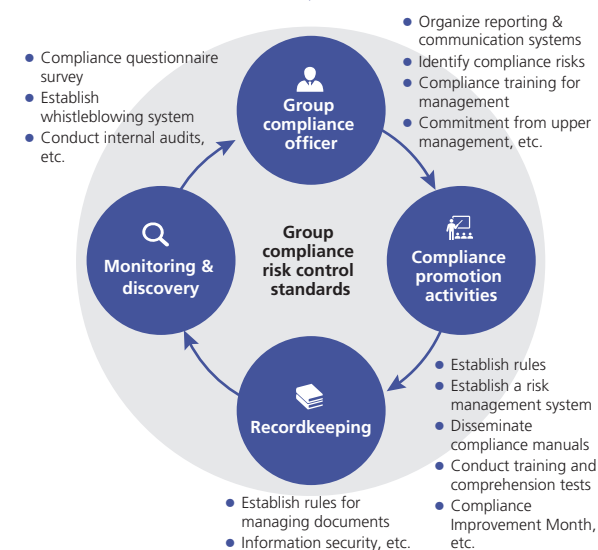
Compliance initiatives

We have established a common Compliance Improvement Month throughout the Group to further reinforce compliance.

Compliance program

Basic policy

In response to the economic, social, legal, and other expectations that society has for each company in the Group, we meet these expectations and contribute to society by taking principled actions and practicing compliance in carrying out our work each day.



Discussions with shareholders and investors

Shareholders' Meeting

On June 24, 2022, the Company held its 68th Annual Shareholders' Meeting. The scale was reduced for the third consecutive year due to social distancing measures during the pandemic.

The Company views the meeting as an important forum for communicating with its shareholders. Accordingly, in addition to the first seven features below which were offered last year, starting this year we are also broadcasting the shareholders' meeting online (hybrid interactive and virtual shareholders' meeting).

1. Holding the meeting on a day that avoids a high concentration of other shareholders' meetings
2. Early dispatch of the convocation notice
3. Disclosure of the convocation notice prior to dispatch
4. Exercise of voting rights by electromagnetic means
5. Participation in the voting rights exercise platform
6. Disclosure of an English-language convocation notice
7. Introduction of a smartphone-based voting right exercise service
8. Broadcasting the shareholders' meeting online (Hybrid interactive and virtual shareholders' meeting)

Shareholder benefits

One of our initiatives to increase the attractiveness of our shares is our shareholder benefits program.

Shareholders who hold 1,000 shares or more at the end of March each year will receive a Quo Card worth ¥1,000 if they have held these shares for less than three years, or ¥2,000 if they have held their shares for three years or longer.

Earnings announcement

We are listed on the Prime Market of the Tokyo Stock Exchange, and in accordance with the Securities Listing Regulations we prepare full-year and quarterly summaries of financial results, and disclose them fairly, promptly, and extensively through TDnet and other media. We also take proactive measures to publicize our earnings status such as publishing English-language versions of financial results information on our website.

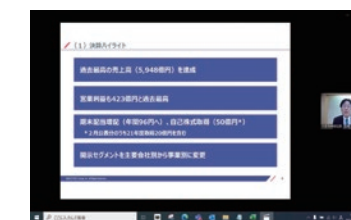
IR activities

We hold financial results briefings, business briefings, site tours, and individual investor briefings for shareholders, institutional investors, and securities analysts to promote understanding of the Company's business and performance trends. We hold many individual meetings with domestic institutional investors and securities analysts throughout the year. For overseas investors in Europe, North America, Asia, and other regions with a high ratio of foreign shareholders, we arrange a meeting with the president once a year to proactively communicate with them.

In fiscal 2021, we held all of the above-mentioned briefings and meetings online again as we did in fiscal 2020 due to the coronavirus pandemic. We will continue to conduct IR activities energetically while taking all possible precautions against infections.



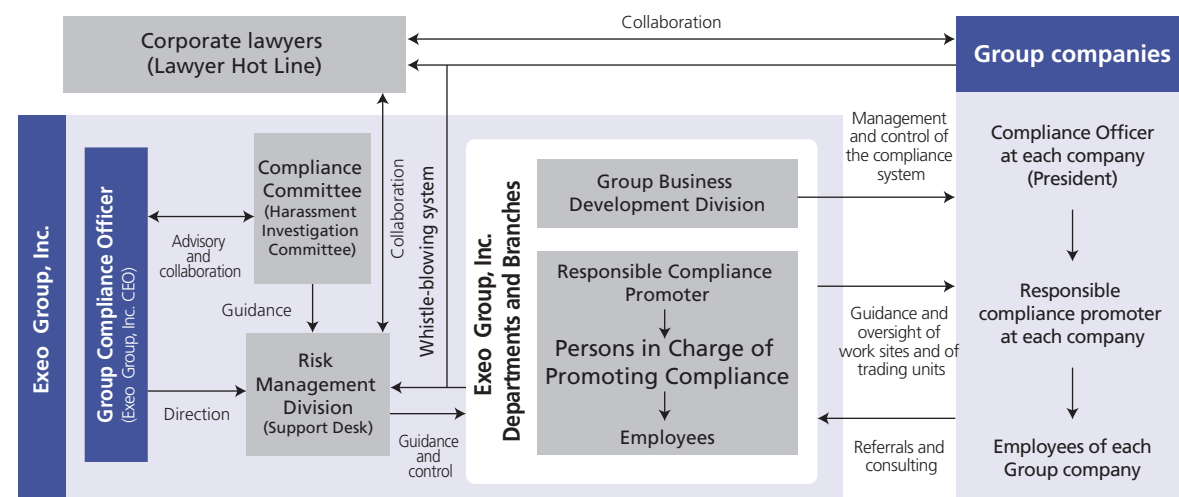
Online meetings with overseas investors



Financial results briefing held via Zoom

Please see our corporate website for IR information.
<https://www.exeo.co.jp/en/ir/>

Compliance system



* Supervision and monitoring of the compliance system is carried out by the Board of Directors and Board of Statutory Auditors

Eleven-year major financial data

Value creation story | Value creation strategy | Strengthening our business infrastructure | Governance | **Data section**

| Item | Unit | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
|---|-----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Operating results | | | | | | | | | | | | |
| Orders received | ¥Millions | 288,532 | 317,862 | 304,201 | 301,446 | 300,438 | 324,102 | 325,029 | 424,318 | 556,321 | 631,088 | 595,373 |
| Net sales of completed construction contracts | ¥Millions | 273,134 | 301,319 | 318,513 | 300,912 | 287,437 | 298,825 | 312,669 | 423,727 | 524,574 | 573,339 | 594,840 |
| Gross profit on completed construction contracts | ¥Millions | 26,806 | 36,113 | 38,543 | 35,740 | 35,795 | 38,480 | 43,354 | 58,337 | 68,327 | 75,865 | 84,323 |
| Selling, general and administrative expenses | ¥Millions | 17,886 | 18,067 | 17,809 | 17,382 | 17,382 | 17,607 | 17,732 | 26,620 | 37,226 | 39,241 | 41,942 |
| Operating Profit | ¥Millions | 8,919 | 18,046 | 20,734 | 18,358 | 18,412 | 20,873 | 25,621 | 31,716 | 31,100 | 36,623 | 42,380 |
| Ordinary profit | ¥Millions | 9,178 | 18,119 | 20,602 | 18,589 | 18,512 | 21,409 | 26,448 | 33,431 | 30,669 | 38,186 | 45,217 |
| Profit attributable to owners of parent | ¥Millions | 7,856 | 11,313 | 14,910 | 12,264 | 12,184 | 13,789 | 17,993 | 40,219 | 15,603 | 24,192 | 27,766 |
| Capital expenditures | ¥Millions | 1,964 | 3,360 | 7,372 | 4,219 | 13,215 | 7,139 | 4,194 | 3,887 | 15,855 | 12,239 | 20,802 |
| Depreciation | ¥Millions | 2,947 | 2,308 | 2,264 | 2,660 | 3,001 | 3,251 | 3,272 | 4,725 | 6,473 | 6,789 | 7,414 |
| Financial status | | | | | | | | | | | | |
| Total assets | ¥Millions | 181,291 | 200,412 | 217,091 | 228,422 | 238,301 | 243,438 | 261,305 | 416,483 | 444,905 | 491,574 | 535,617 |
| Property, plant and equipment | ¥Millions | 47,736 | 47,707 | 50,767 | 52,005 | 59,830 | 62,002 | 62,664 | 97,955 | 107,677 | 113,375 | 126,900 |
| Net assets | ¥Millions | 113,411 | 122,387 | 135,687 | 146,768 | 151,241 | 158,280 | 176,101 | 267,811 | 270,109 | 288,884 | 307,053 |
| Balance of interest-bearing debt (balance of loans payable, bonds payable, etc.) | ¥Millions | 8,178 | 9,908 | 13,374 | 8,679 | 16,299 | 12,825 | 11,435 | 18,049 | 47,167 | 57,520 | 80,619 |
| Cash flow status | | | | | | | | | | | | |
| Cash flows from operating activities | ¥Millions | 16,435 | 7,160 | 9,888 | 23,167 | 5,389 | 15,504 | 24,800 | 12,770 | 17,299 | 6,301 | 26,406 |
| Cash flows from investing activities | ¥Millions | (4,523) | (2,160) | (7,477) | (2,828) | (13,907) | (6,027) | (4,538) | (17,609) | (17,085) | (9,249) | (20,388) |
| Free cash flow | ¥Millions | 11,912 | 4,999 | 2,411 | 20,338 | (8,518) | 9,477 | 20,262 | (4,839) | 213 | (2,947) | 6,018 |
| Cash flows from financing activities | ¥Millions | (17,533) | (3,038) | (905) | (12,343) | 313 | (10,230) | (5,137) | (4,924) | 4,227 | (1,750) | 5,023 |
| Cash and cash equivalents at end of period | ¥Millions | 12,304 | 14,611 | 16,213 | 24,291 | 16,037 | 15,241 | 30,343 | 41,469 | 46,012 | 41,246 | 53,727 |
| Per share data | | | | | | | | | | | | |
| Earnings per share | ¥ | 74.96 | 109.25 | 147.75 | 123.83 | 125.90 | 145.24 | 189.42 | 390.25 | 139.75 | 217.33 | 250.64 |
| Net assets | ¥ | 1,084.44 | 1,199.86 | 1,350.05 | 1,482.82 | 1,569.09 | 1,668.29 | 1,842.97 | 2,343.43 | 2,395.16 | 2,576.78 | 2,748.21 |
| Cash dividend | ¥ | 20 | 22 | 24 | 32 | 38 | 46 | 50 | 70 | 80 | 82 | 96 |
| Payout ratio | % | 26.7 | 20.1 | 16.2 | 25.8 | 30.2 | 31.7 | 26.4 | 17.9 | 57.2 | 37.7 | 38.3 |
| Financial indices | | | | | | | | | | | | |
| Operating profit margin | % | 3.3 | 6.0 | 6.5 | 6.1 | 6.4 | 7.0 | 8.2 | 7.5 | 5.9 | 6.4 | 7.1 |
| Profit attributable to owners of parent to net sales | % | 2.9 | 3.8 | 4.7 | 4.1 | 4.2 | 4.6 | 5.8 | 9.5 | 3.0 | 4.2 | 4.7 |
| Return on equity (ROE) | % | 7.2 | 9.6 | 11.6 | 8.7 | 8.2 | 8.9 | 10.8 | 18.3 | 5.9 | 8.8 | 9.4 |
| Return on assets (ROA) | % | 4.2 | 5.9 | 7.1 | 5.5 | 5.2 | 5.7 | 7.1 | 11.9 | 3.6 | 5.2 | 5.3 |
| Equity ratio | % | 62.4 | 60.9 | 62.3 | 64.0 | 63.3 | 64.8 | 66.6 | 63.4 | 59.9 | 58.1 | 56.6 |
| Stock price | | | | | | | | | | | | |
| Highest stock price | ¥ | 863 | 1,079 | 1,495 | 1,494 | 1,543 | 1,744 | 3,075 | 3,410 | 3,135 | 3,030 | 3,065 |
| Lowest stock price | ¥ | 675 | 690 | 944 | 1,141 | 1,096 | 1,142 | 1,559 | 2,309 | 1,906 | 2,182 | 2,261 |
| Other | | | | | | | | | | | | |
| Number of consolidated employees | People | 7,872 | 7,521 | 7,553 | 7,988 | 7,903 | 8,074 | 8,331 | 13,151 | 13,882 | 14,374 | 15,847 |

Operating results

Although the economy of Japan had been expected to recover in the current consolidated fiscal year (April 1, 2021 to March 31, 2022) along with decreases in COVID-19 infections resulting from thorough measures to combat the spread of the virus as well as vaccination efforts. However, the pandemic has remained rampant due to repeated arrivals of multiple new variants and recurring outbreaks, and due to concerns about risks arising from Russia's invasion of Ukraine, we must stay sufficiently vigilant about problems such as those resulting from spikes in the cost of raw materials and breakdowns in supply chains.

In the information and communications field in which the Company does business, investments by NCCs in mobile base stations are ongoing, development of information infrastructure that will form the foundation of digital society is accelerating, and we anticipate that investments to bridge the digital divide will continue. In the field of construction, we forecast that private capital investment will show a trend toward recovery, and for investments in public projects we expect business to be strong for the renewal and maintenance of aging social infrastructure such as roads.

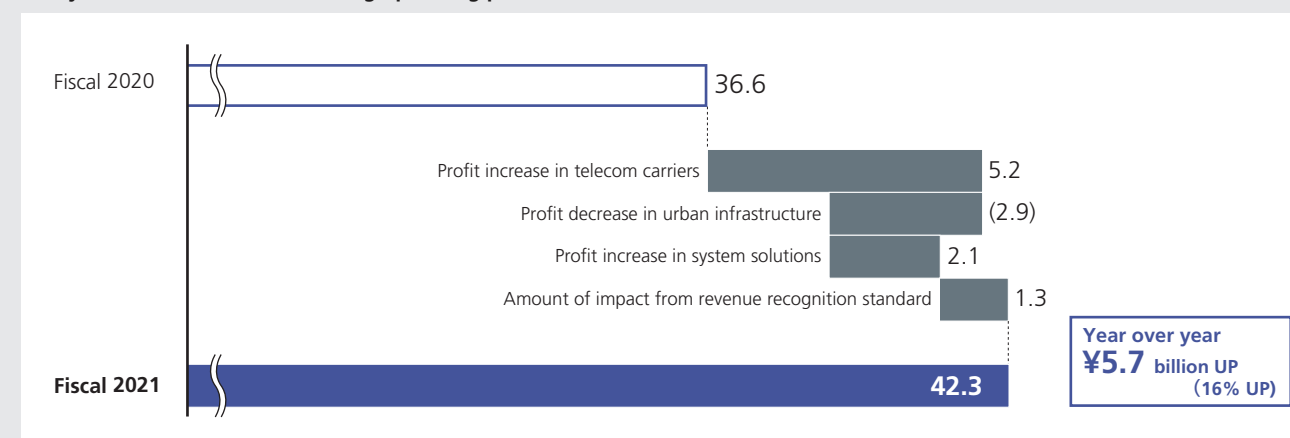
Under this business environment we operated our business with both caution and flexibility as we strived to prevent the spread of COVID-19 and established in-house environments for teleworking and kept them functioning, while taking actions such as applying as quickly as possible for worksite vaccinations and carrying out three-dose vaccinations.

In the telecom carriers business, we are making steady progress in the Project on Promoting Advanced Radio Environment Improvements in regional areas, while in the field

of mobile we are working on our nationwide business profile in building base stations including for 5G, and other infrastructure. In the urban infrastructure business, business was strong in orders received for large projects such as the construction of large data centers and the Linear Chuo Shinkansen. In renewable energy, we pushed forward in construction of woody biomass power plants while accelerating our human resources development with the aim of entering the offshore wind power generation business in the future. In the system solutions business, we leveraged the opportunities of work style reforms to deploy solutions related to DX implementation, and also continued actively selling to customers in the education industry. In our global business, we were affected by lockdowns in each country primarily in the telecommunications construction field, but thanks to strong performance in solutions business including for digital trade platforms, profitability still steadily improved and we were able to advance from establishing a business foundation to the growth phase. Moreover, we actively added subsidiaries with strength in future growth fields in the urban infrastructure and system solutions businesses, with the goal of further business growth.

As a result of these efforts, net sales increased by ¥21,500 million from the previous consolidated fiscal year to ¥594,840 million (up 3.8% year over year). Regarding profits, operating profit increased by ¥5,757 million from the previous consolidated fiscal year to ¥42,380 million (up 15.7% year over year), ordinary profit increased by ¥7,030 million from the previous consolidated fiscal year to ¥45,217 million (up 18.4% year over year), and profit attributable to owners of parent increased by ¥3,573 million from the previous consolidated fiscal year to ¥27,766 million (up 14.8% year over year).

Analytical chart of factors affecting operating profit (¥Billion)



Return on equity (ROE) increased by 0.6 percentage points to 9.4%, and earnings per share (EPS) increased by ¥33.31 to ¥250.64.

Note that the impact of the COVID-19 pandemic in the current consolidated fiscal year was limited.

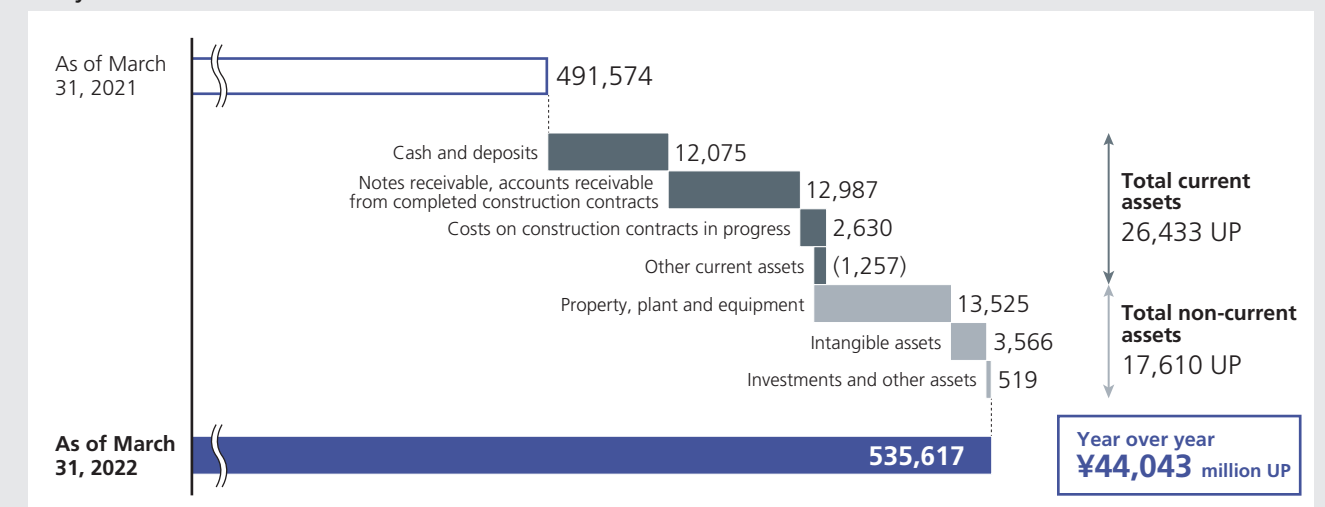
Financial status

Assets increased by ¥44,043 million from the end of the previous consolidated fiscal year to ¥535,617 million (up 9.0% year over year). This was mainly due to an increase in cash and deposits, notes receivable, accounts receivable from completed construction contracts.

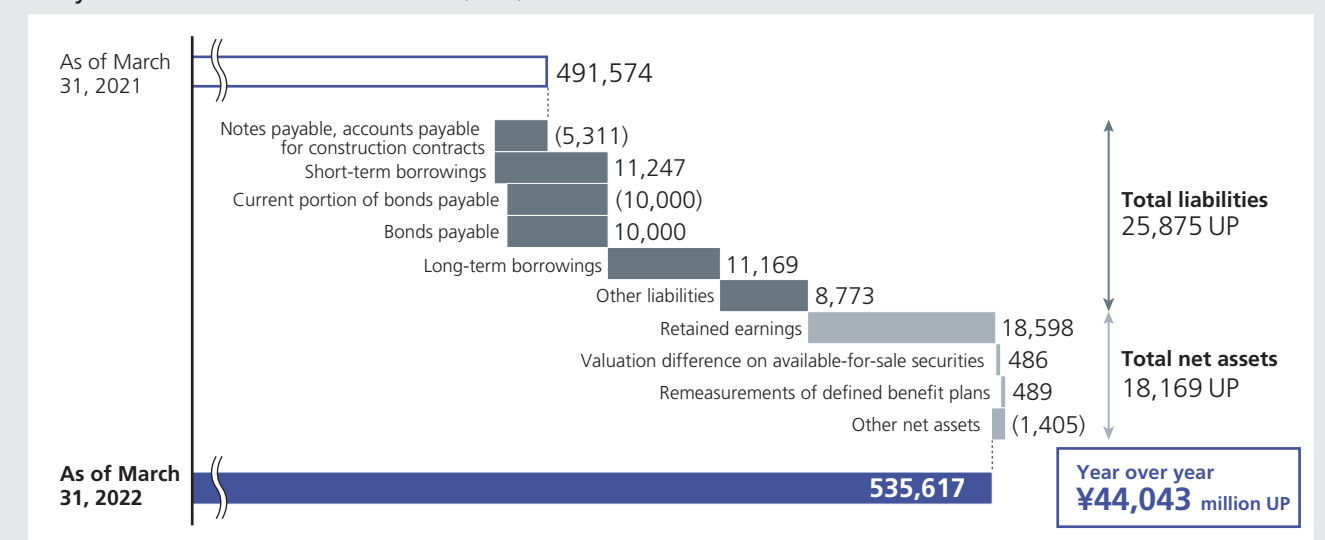
Liabilities increased by ¥25,875 million from the end of the previous consolidated fiscal year to ¥228,564 million (up 12.8% year over year). This was mainly due to increases in short-term borrowings and long-term borrowings.

Net assets increased by ¥18,168 million from the end of the previous consolidated fiscal year to ¥307,053 million (up 6.3% year over year). This was mainly due to an increase in retained earnings.

Analytical chart of assets (¥Millions)



Analytical chart of liabilities and net assets (¥Millions)



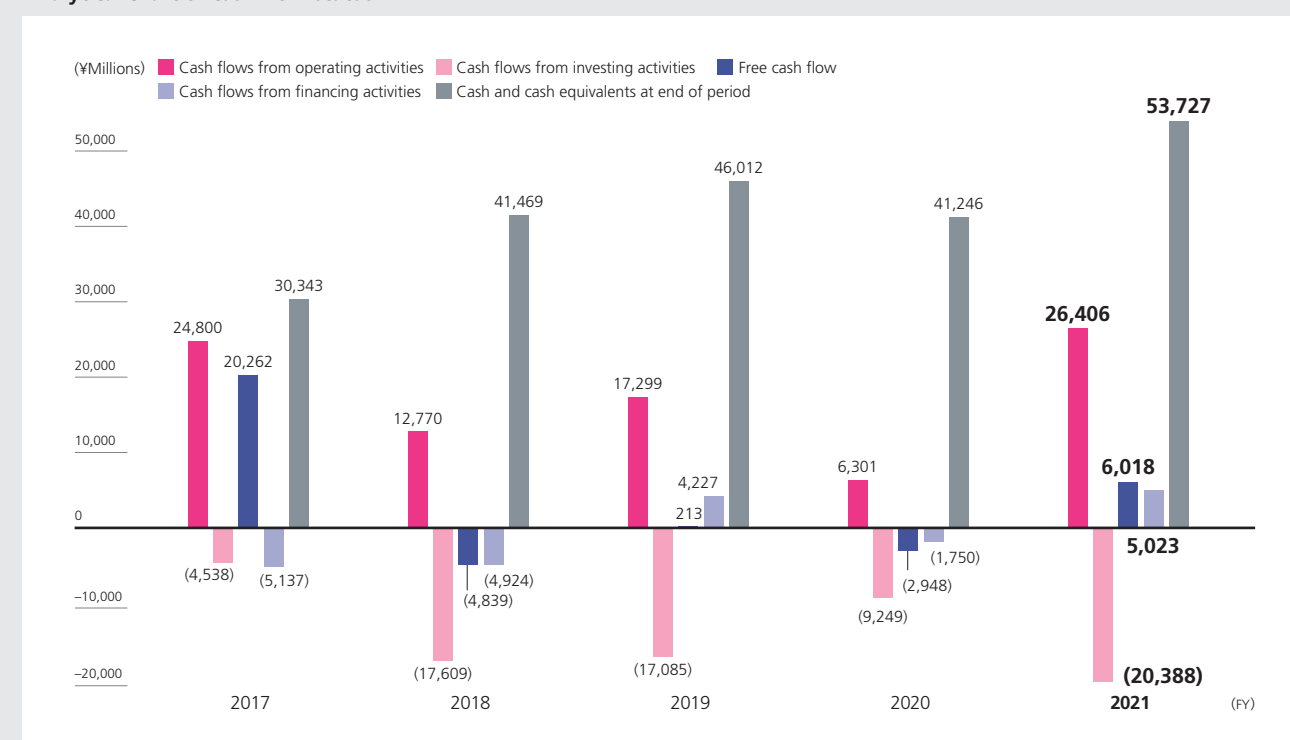
Cash flow status

The capital demand of the Group includes ordinary working capital, as well as real estate capital investment funds for improving productivity and M&A investment funds for expanding business. Regarding distribution of returns to shareholders, our basic policy is to actively continue ensuring stable dividends, and we flexibly conduct share buybacks while employing a dividend on equity (DOE) of 3.5% as the benchmark percentage.

The source of the Group's funding is cash earned through operating activities, but when there are shortages, we raise funds mainly from liabilities while considering how to maintain a sound financial position. We deal with any temporary lack of funds through short-term borrowings from financial institutions, and if long-term demand for investment funds or other types of funds arises, we mainly consider issuing straight bonds or SDG bonds. The funds of our domestic subsidiaries are centrally managed by the Company, and we are working to improve the efficiency of funds within the Group and liquidate them.

As a result of such efforts, cash and cash equivalents (hereinafter referred to as "funds") at the end of the current consolidated fiscal year increased by ¥12,480 million from the end of the previous consolidated fiscal year to ¥53,727 million.

Analytical chart of cash flow status



The status of each cash flow is as follows.

Cash flows from operating activities

Funds provided by operating activities were ¥26,406 million (¥6,301 million in the previous fiscal year). This was mainly due to decreases in trade receivables and trade payables.

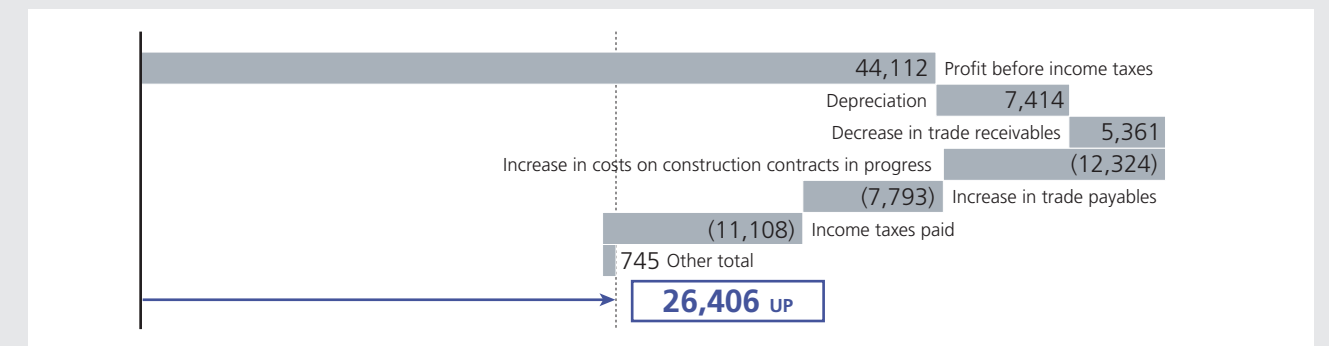
Cash flows from investing activities

Funds used in investing activities were ¥20,388 million (¥9,249 million in the previous fiscal year). This was mainly due to acquisition of property, plant and equipment expenses.

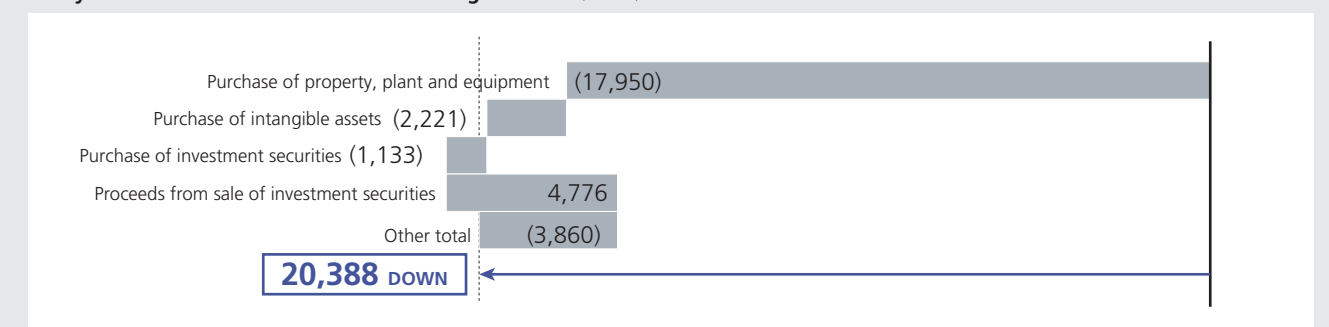
Cash flows from financing activities

Funds obtained from financing activities were ¥5,023 million (¥1,750 million used the previous fiscal year). This was mainly due to increases in short-term borrowings and long-term borrowings.

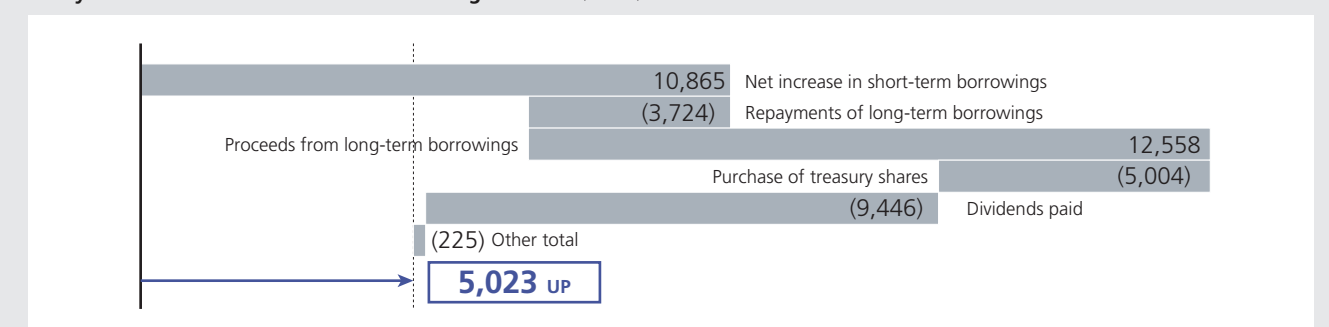
Analytical chart of Cash flows from operating activities (¥Millions)



Analytical chart of Cash flows from investing activities (¥Millions)



Analytical chart of Cash flows from financing activities (¥Millions)



Capital expenditure status

The total amount of capital expenditures in the current consolidated fiscal year was ¥20,802 million, mainly due to construction of branch office and other buildings, and acquisition of telecommunications network equipment.

There was no retirement or sale of important equipment in the current consolidated fiscal year.

We have formulated a cross-Group utilization plan for the installation of new equipment based on medium-term usage needs and trends to promote utilization in a systematic and efficient way. There are no plans to retire any important equipment.

Changes in capital expenditure

| (¥Millions) | | | | |
|-------------|--------|--------|--------|--------|
| FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
| 4,194 | 3,887 | 15,855 | 12,239 | 20,802 |

Corporate Data (as of March 31, 2022)

| | |
|-----------------------------------|--|
| Company Name | Exeo Group, Inc. |
| Established | May 17, 1954 |
| Paid-in Capital | ¥6,888 million |
| Fiscal Year-end | March 31 |
| Stock Listing | Listed on Prime Market of Tokyo Stock Exchange |
| President & CEO | Tetsuya Funabashi |
| Net Sales | ¥594.8 billion (consolidated) (fiscal year ended March 31, 2022) |
| Number of Employees | 15,847 (consolidated) (as of March 31, 2022) |
| Head Office | 29-20, Shibuya 3-chome, Shibuya-ku, Tokyo |
| West Japan Head Office | 2-10, Uchihonmachi 2-chome, Chuo-ku, Osaka |
| Number of Business Offices | Headquarters and branch offices: 15 Sales offices: 22 |
| Consolidated Subsidiaries | 107 companies Note: Excludes non-consolidated subsidiaries (19 companies) and affiliated companies (18 companies) |
| Correspondent Banks | Mizuho Bank / Sumitomo Mitsui Banking Corporation / MUFG Bank |

Group companies (as of July 1, 2022)

Major subsidiaries

| | | | | |
|---|--|--|--|--|
|  C-Cube Corporation |  Seibu Electric Industry Co., Ltd. |  Nippon Dentsu Co., Ltd. |  Daiwa Densetsu Corporation |  Exeo Tech Corporation |
|---|--|--|--|--|

Other consolidated subsidiaries

Telcom carriers-related

Shinyei Tsushin
Suncrex
Exeo Mobile
Exeo Engineering Hokkaido
Exeo Engineering Tohoku
Exeo Engineering West Japan
Just Engineering
Kanac
Denseisha
K.Technos
Hikari Progress
Other subsidiaries

Urban infrastructure-related

Exeo Infra
Ryosei
Kidoh Construction
Infra Techno
Kohken
Koyo Engineering
Iseki Poly-Tech
Other subsidiaries

System solutions-related

Exeo Digital Solutions
Exeo System Management
Advanced Information Design
Sun Planning Systems
CPU
KDT
Where
Other subsidiaries

Group companies (overseas)

Exeo Global Pte. Ltd.
MG EXEO NETWORK, INC.
Leng Aik Engineering Pte. Ltd.
EXEO ASIA CO., LTD.

DeClout Pte. Ltd.
Aeaqon Pte. Ltd.
vCargo Cloud Pte. Ltd.
dhost Pte. Ltd.

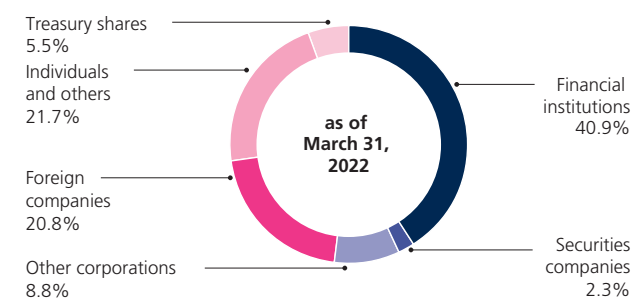
Arco Pte. Ltd.
Ascent Solutions Pte. Ltd.
Winner Engineering Pte. Ltd.

Stock Information (as of March 31, 2022)

Shareholding

| | |
|-------------------------------------|--------------------|
| Common Stock Authorized | 300,000,000 shares |
| Issued | 116,812,419 shares |
| Total Number of Shareholders | 25,559 |

Shareholding structure



Major Shareholders

| | Number of shares held (thousand) | Percentage of total (%) |
|--|----------------------------------|-------------------------|
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 17,093 | 15.48 |
| Custody Bank of Japan, Ltd. (Trust Account) | 10,574 | 9.58 |
| Exeo Group, Inc. Employee Shareholding Association | 4,456 | 4.04 |
| Sumitomo Life Insurance Company | 2,296 | 2.08 |
| Sumitomo Realty & Development Co., Ltd. | 2,081 | 1.89 |
| SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch) | 2,012 | 1.82 |
| Custody Bank of Japan, Ltd. (Mitsui Sumitomo Trust & Banking Co., Ltd. Retirement Benefit Trust Account) | 1,834 | 1.66 |
| Japan Post Insurance Co., Ltd. | 1,695 | 1.54 |
| Custody Bank of Japan, Ltd. (Sumitomo Electric Industries, Ltd. Retirement Benefit Trust Account reentrusted by Sumitomo Mitsui Trust Bank, Limited) | 1,500 | 1.36 |
| JP Morgan Chase Bank 385781 (Standing proxy: Mizuho Bank, Ltd.) | 1,359 | 1.23 |

Note: The Company holds 6,424 thousand shares of treasury stock although those shares are not included in the above table.

Stock Price Range and Trading Volume on the Tokyo Stock Exchange

