

**EXEO Group, Inc.**



Connecting Engineering Company

Integrated Report  
**2025**



**Philosophy** — Our enduring passion and guiding principles

Cultivating technological capabilities, seeking affluence,  
and contributing to society

**Purpose** — Our role in society

# 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.







# Contents

## About the Exeo Group

- 13 History of our value creation
- 15 Our businesses
- 17 Group network
- 19 Transforming our business portfolio

## Value creation story

- 23 Value creation process
- 25 Value creation capital and strengths
- 27 Materiality
- 33 Feature 1: Urban Infrastructure business
  - Quest to expand our coverage area in the robust data centers market
- 35 Feature 2: System Solutions business
  - Establishing functions leveraging generative AI to offer cutting-edge DX services

## Value creation strategy

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

## Governance of value creation

- 69 Board of Directors
- 71 Corporate governance
  - Risk management
  - Respect for human rights
  - Dialogues with stakeholders

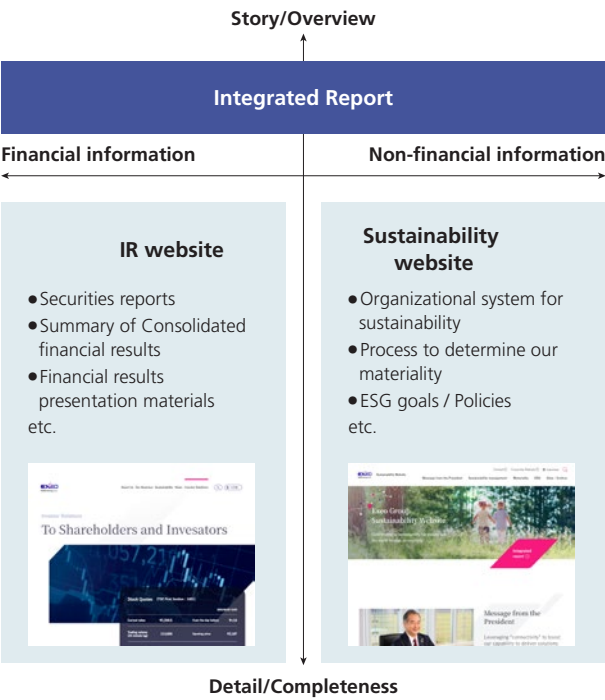
## Data section

- 91 Eleven-year key business data
- 93 External evaluation
- 94 Corporate data

## Editorial policy

Referenced guidelines	<ul style="list-style-type: none"> <li>International Integrated Reporting Framework (IFRS Foundation)</li> <li>Company-Investor Dialogue for Collaborative Value Creation (Ministry of Economy, Trade and Industry of Japan)</li> <li>GRI Sustainability Reporting Standards (Global Reporting Initiative)</li> <li>SASB Standards (Sustainability Accounting Standards Board)</li> </ul>	
Scope of reporting	Period	April 2024 to March 2025 (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)
Published	September 2025 (Next scheduled publication: August 2026)	
Notice on forward-looking statements	<p>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.</p>	

## Information disclosures





## Flexible and resilient Preparing for the Group's next stage of growth

### Aspirations as the new leader

#### Emphasizing dialogue and uniting Group expertise to create new value

I'm honored to address you as the newly appointed President and CEO of Exeo Group Corporation.

Since joining the Company as vice president in June 2024, I have spent the past year learning about the Group's business and growth strategies as part of the management team. Our Chairman and former President and CEO, Mr. Funabashi, had laid a strong foundation for sustainable growth during his six-year tenure, guided by his firm and unwavering conviction through major shifts in the business environment, including the unexpected COVID-19 pandemic. I am committed to building on that foundation and leading the Group into its next phase of growth.

As the leader of this organization, I place high value on communication and accord, which is achieved by attentive listening. It is deeply rewarding to draw out expertise cultivated over a career and create something new. In my first year, I spoke with leaders and staff at over 50 sites in Japan and abroad. I was impressed by their confidence and pride in our technology, commitment to safety and quality, and persistence and determination to overcome challenges until a solution is found. I firmly believe our people are the Group's true strength and core competence.

At the same time, my sense is that this strength still strongly relies on highly skilled individuals. Human capital is undeniably the most important asset for any company, but unlocking the "implicit expertise" of skilled employees and visualizing and standardizing these skills so they are cultivated into organizational knowledge and capability can open up a whole new world of possibilities. I want to harness those possibilities to further enhance the Group's corporate value.

### Fiscal 2024 performance summary fiscal 2025 outlook

#### Profit growth in all segments set to continue in the final year of the medium-term plan

We are currently four years into the five-year medium-term management plan launched back in fiscal 2021. I believe the plan is continuing to drive forward progress. All three business segments posted higher profits in fiscal 2024 supported by the efforts in each of their departments. The result was that

### Keigo Kajimura

President and CEO

Born in 1965

June 2012 Manager, System Department of NTT Communications Corporation

June 2017 Director, and Manager of the Solution Services Department

June 2020 Representative Director and President of NTT Com Engineering Corp.

June 2022 Representative Member of the Board and Senior Executive Vice President and General Manager of the Platform Services Division of NTT Communications Corporation

June 2024 Executive Vice President and Representative Director of EXEO Group, Inc.

June 2025 President and Representative Director





→ pp. 39–44  
Message from the CFO

we achieved the plan's target for sales of ¥630 billion one year ahead of schedule.

In fiscal 2025, the final year of the plan, we expect departmental profit growth to put us on track to meet targets for operating profit, ROE, and EPS. We are still working toward the 7.5% operating profit margin target. The main reasons we have not reached the target are lower-than-expected margin improvements due to unprofitable projects in the Urban Infrastructure business, which have persisted for several years, and delays in transitioning to the return phase of our aggressive upfront investments in our global operations.

The Urban Infrastructure business took on low margin projects as the business had previously prioritized growth over profits, particularly for public tender projects where competition was fierce. These projects continue to suppress the overall profit margin. In response, last year we shifted to a quality-over-quantity strategy under which we now very selectively accept projects with clear profitability prospects. Older projects will likely weigh on profits for another two years, after which the Urban Infrastructure business's operating profit margins are expected to start gradually improving. We are also taking steps to improve the global business, including exiting unprofitable businesses and integrating Group companies with the aim of attaining profitability for the global business in fiscal 2025.

Rather than dismissing past missteps as failures, we see them as valuable learning experiences that will strengthen our ability to drive sustaining growth across all segments.

Addressing each segment's issues

Raising profitability through improved efficiency and high value-added services

Improving profitability is a key management priority for achieving sustainable growth and enhancing corporate value. Our approach centers on two fundamentals: boosting operating efficiency and productivity in each business and increasing the value-adds for each business.

Starting with the Telecom Carriers business, we need to accelerate the standardization and automation of its business operations. Much progress has been made consolidating and streamlining overhead across Group companies in each area. While further strengthening this initiative, we will restructure business processes and management framework, including integrating generative AI and other advanced technologies. The human resources that this will free up will be reskilled and upskilled and reallocated to drive business growth, which will create new positions within the Group.

The Urban Infrastructure business, as mentioned earlier, is being more selective about the projects it takes on while continuing to expand in the data center field, its main revenue source. Demand for data centers is strong, with orders secured for several years ahead, and we expect the ongoing market growth to provide more room for business growth. While current demand is focused on electrical facility construction, data centers also require other equipment and facilities, including network, security, and cooling systems, with water-cooling systems seeing particularly strong demand. We expect our evolution into a total solution provider for data centers across construction, maintenance, and operation will drive further

→ pp. 59–60  
Telecom Carriers business

→ pp. 61–62  
Urban Infrastructure business  
→ pp. 33–34  
Feature 1: Data center

profit growth, and looking further ahead, we want to leverage the Group's broad expertise to pursue value-added projects outside the data center business.

In the System Solutions business, we are aligning resources to offer not only system development and network integration, but also complete, one-stop value-added solutions. Group synergies are growing by connecting areas of expertise and customer bases, which is increasing cross-selling activities and boosting profitability. Our strength is our technical expertise, and because of the rapid pace of technological change, we continuously seek to develop our capabilities to prepare ourselves on challenging new business opportunities.

In the global business, which is part of the System Solutions business, we are withdrawing from unprofitable operations and reorganizing the portfolio to restore profitability, but looking ahead, I believe we should strengthen our business activities conducted overseas. We intend to use our knowledge gained through past experience and convert the global business into its growth stage. The business will provide a wealth of expertise that can benefit across various fields of our domestic businesses, including engineering. I intend to reorganize the business so all three business segments can leverage this knowledge and adopt a global perspective.

Long-term growth strategy

Joining the three business segments for a market-in organization

For our Group to continue growing and evolving, I believe every employee must approach their work from the client's perspective—in other words, adopt a “market-in” mindset. The Exeo Group's broad capabilities, from engineering to ICT, can be combined and leveraged to deliver even greater value to clients.

The three business segments currently operate relatively independently, but by linking their businesses and technologies, we can generate synergies and create even more new value for our clients. To do this, we need an organizational structure that enables the Group to have a unified approach when engaging clients. The current service-based sales structure is not suited for comprehensive client proposals. Combining the full capabilities of our Group companies and external partners, we are seeking to build an organization that can provide total solutions to our clients by understanding their needs and expectations.

Strengthening the corporate brand is another key area that needs focus. The Group has expanded beyond its origins in telecommunication facility construction into diverse fields, including environmental businesses and advanced ICT construction. Clearly communicating this shift and gaining broader recognition is essential for recruiting talent and driving market-in growth. With this in mind, we plan to further enhance company-wide branding efforts.

With the current Medium-Term Management Plan ending in fiscal 2025, we are now considering these ideas for the next plan. As we progress toward fulfilling the 2030 Vision for balanced sales across the three segments, we are also exploring setting balanced operating profits as a target in the new plan.

→ pp. 63–64  
System Solutions business  
→ pp. 65–66  
Global business structural reform





→ pp. 53–56  
Environmental management

\* CDP (formerly Carbon Disclosure Project) is a non-profit organization that collects, analyzes, and evaluates information concerning the environmental activities of major global companies.

→ pp. 47–50  
Human resources strategy

→ pp. 71–90  
Governance of value creation



Sustainability management

Strengthening governance as the Group expands

We understand that establishing sustainable growth as a company requires not only increasing revenue, but also stronger non-financial initiatives, commonly referred to as ESG (environmental, social, and governance). The items of materiality we defined in fiscal 2023 clarify our objective to be a corporate group contributing to addressing social issues in each aspect of ESG.

Our activities pertaining to the environment are extensive. We currently provide solar power and grid storage battery facility construction, and we are training engineers to support the growing offshore wind power sector as well. We are also lowering our CO<sub>2</sub> emissions by converting to renewable energy sources, aiming for 100% use by the end of fiscal 2025. Additionally, we build biomass power plants that help revitalize the forest industry and promote local production and consumption. In recognition of these efforts, the international non-profit CDP\* placed Exeo Group in the highest A List category in February 2025.

Our social activities focus on strengthening our greatest management resource—our people. Japan’s declining birthrate and aging population are making it harder to secure new employees. In this context, we must maximize the potential of our human resources by attracting top talent, allocating personnel effectively across the Group, and supporting skill development. Equally important is maintaining a supportive work environment for all employees by promoting diversity, respecting human rights, and ensuring workplace safety and health. We also need to create a program for developing the next generation of leaders. Several years ago, the Company launched the Transformation Leader Development Program and other initiatives to cultivate future leaders. I aim to expand these efforts across the Group and work with partner companies and clients to develop human resources together.

Today, the most important governance priority is strengthening Group management. Our aggressive M&A strategy has expanded the Group to close to 140 entities, increasing the need for stronger compliance, risk, and security management throughout the Group. The new Audit Department established in October 2024 is tasked with conducting cross-sectional audits of all Group operations, including those of overseas subsidiaries.

Message to stakeholders

Transforming into an organization of autonomous innovation

Amid growing global uncertainty, our sustainable growth depends on the ability to swiftly detect change and respond with agility. At the same time, we must remain true to the Company’s 70-year heritage, especially our technical expertise and strong determination in the face of challenges. My aim is to build a corporate group that is both flexible and resilient.

We will achieve that through various innovations throughout the Group. I will continue engaging directly with as many employees as possible, while also fostering a corporate culture in which employees communicate openly with one another, thinking about what is best for the Group and working together as one toward a shared goal. I also believe that

emphasizing employee well-being and satisfaction will benefit physical and mental health and, ultimately, psychological safety. We will actively promote these initiatives because I believe they will lead to greater productivity. Stimulating autonomous innovation across the Group and turning on-site expertise and individual skills into common assets will make the Group even more flexible and resilient. I appreciate the continued understanding and support of all our stakeholders.

August 2025  
**Keigo Kajimura**  
President and CEO



President Kajimura (left) and  
Chairman Funabashi

Passing the baton to the new president

I would like to express my gratitude to all Group employees and our partner companies for their tremendous support and cooperation while I was company president.

The business environment went through major upheavals after I assumed office in June 2019, from the COVID-19 pandemic and major natural disasters like the Noto Peninsula earthquake to regional conflicts impacting global markets. Despite these challenges, I believe we achieved steady growth and fulfilled the Exeo Group’s mission to help address social issues.

I have deep trust in President Kajimura’s positive mindset in any situation and sound management judgment. His strong track record and experience give me confidence that he will support and guide employees in ways that strengthen Group cohesion and foster the unity needed to drive our continued growth.

In a constantly changing society, the ability to respond flexibly is essential. By remaining mindful of our corporate social responsibility, deepening ties with local communities, and strengthening efforts to address environmental and social issues needed to realize a sustainable future, we can enhance the Group’s credibility and raise corporate value.

New challenges will surely emerge, but I have great confidence in President Kajimura’s leadership to guide the Group to new heights.

**Tetsuya Funabashi**  
Chairman and Representative Director



# 1

## About the Exeo Group

Since our founding, the Exeo Group has continuously been supporting Japan's telecommunications infrastructure.

Through our three business segments, Telecom Carriers, Urban Infrastructure, and System Solutions, we will add prosperity to people's lives and contribute to society's continuous growth by turning "Bring the benefits of connectivity to all" into a reality.

- 13 | History of our value creation
- 15 | Our businesses
- 17 | Group network
- 19 | Transforming our business portfolio



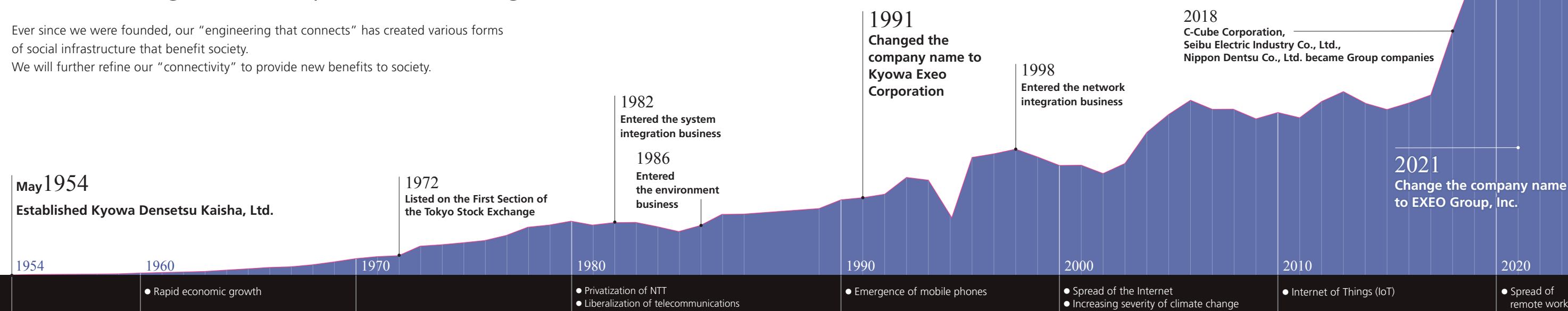
# Our heritage and our future: Delivering value by connecting people

Ever since we were founded, our “engineering that connects” has created various forms of social infrastructure that benefit society.

We will further refine our “connectivity” to provide new benefits to society.

Net sales in FY2024 (consolidated)

¥670.8 billion



## 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.



## Contributing to the spread of optical fibers for high-volume data transmission

We took part in building the approximately 4,000 km high-speed telecommunications highway spanning all of Japan in the Trans-Japan Optical Fiber Transmission Line project from 1983 until 1985. Doing so, we played a part in bringing about the age of high-volume data transmission.



## Implementing the shield tunneling method in tunnel construction

Tunnels to house underground telecommunications cables were conventionally dug by hand, but starting in the 1960s it became normal to excavate such tunnels using shield tunneling machines. Tunnels reaching up to approximately 650 km in total length are currently supporting telecommunications infrastructure throughout Japan.



## Helping to bring about a mobile society

From the launch of NTT Docomo's i-mode service at the end of the 1990s to the rise of the smartphone and its prevalence today, our Group has been supporting the explosive growth of data traffic via cellular networks through the construction of wireless stations.



## Contributing to circular economies

Amid growing public concern about the environment, we have provided integrated services from construction to operations and maintenance of waste treatment facilities and biomass boilers, leveraging our technical capabilities cultivated through telecommunications construction.



## Construction, upkeep, and maintenance of public infrastructure and electrical facilities

Utilizing our technical expertise in urban civil engineering and telecom-related electrical engineering, both cultivated through experience in cable tunnel constructions, we have successfully expanded our business to areas such as cable undergrounding, highway/water/sewage infrastructure constructions, and electrical facility engineering in data centers and office buildings. We have also leveraged our engineering and construction expertise to expand into such areas as railroads and disaster-warning radio systems.

## Telecom Carriers business

Throughout Japan, we provide integrated all-in-one services from design to construction, operations, and maintenance, for the telecommunications facilities of telecom carriers. We support construction for a broad range of telecommunications infrastructure, including 5G mobile telecommunications, optical fibers, servers, and routers.

## Urban Infrastructure business

From design and construction to maintenance, we provide integrated services covering electrical facilities for data centers and office buildings, as well as a variety of infrastructure works including railroad communication facilities and undergrounding.

## System Solutions business

We provide a full range of ICT-based solutions for the construction, maintenance, and operation of various corporate systems, from communication network systems to core systems for the manufacturing industry, as well as educational and medical applications.



## Shift to a total ICT solutions provider

We provide total solutions that meet our customers' needs in this era when generative AI use is becoming a norm in addition to the widespread use of smartphones and tablets.

## Expanding global business with focus on Southeast Asia

Based out of Singapore, we are expanding our managed services, ICT Infrastructure, and M&E engineering businesses overseas, seeking further growth opportunities as the Japanese domestic market matures.





# Helping society flourish with diverse businesses generated by connectivity

The strength that we have acquired since our establishment is the technical capability to build high-quality information and communications infrastructure. Leveraging the technical capabilities acquired over the years to deliver solutions to social issues in many different fields, we are expanding our business domain while contributing to the prosperity of individuals and the continued growth of society.



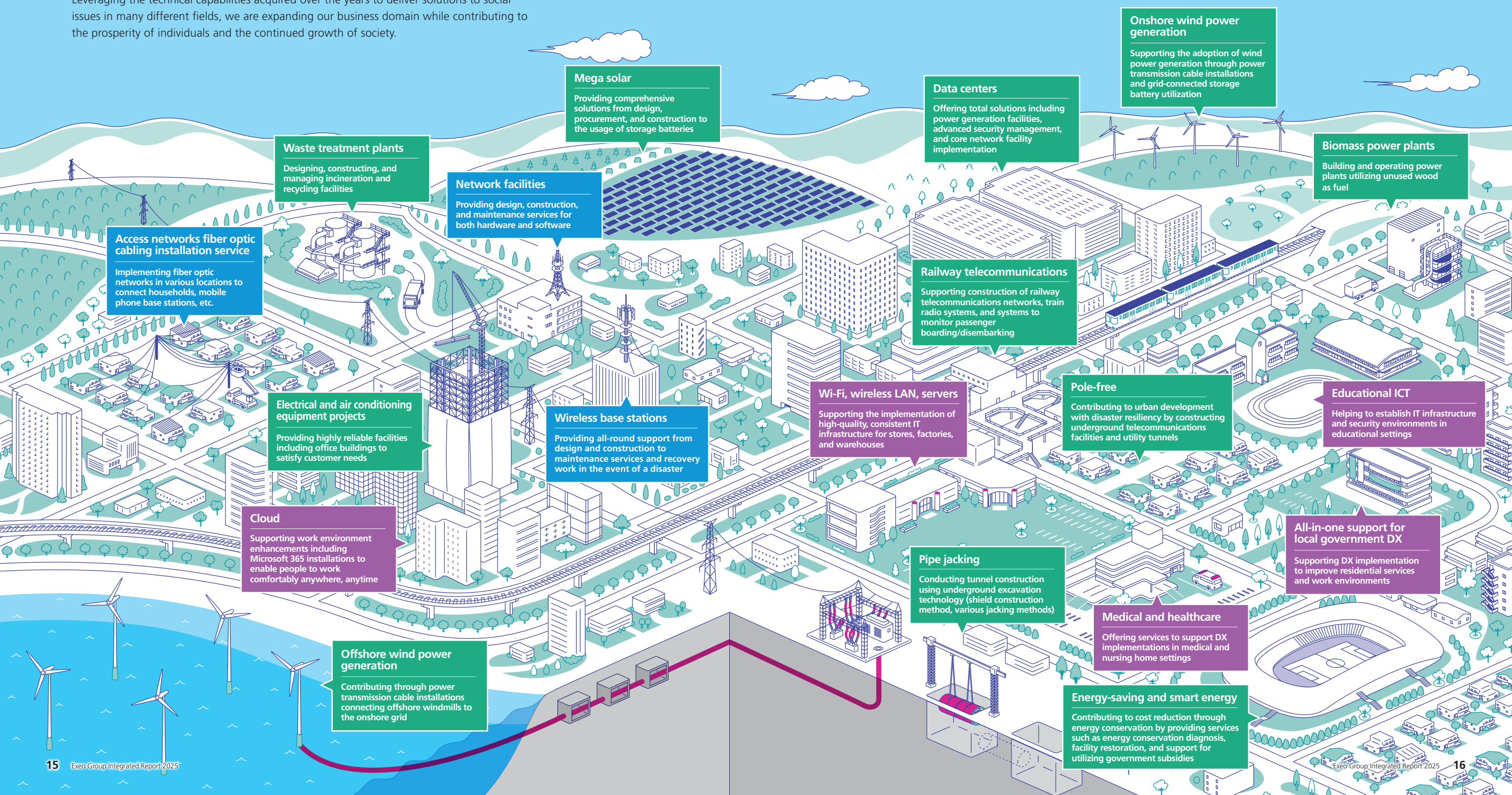
Telecom Carriers  
business



Urban Infrastructure  
business



System Solutions  
business





# Connectivity throughout Japan and the world

Exeo Group, Inc. brings together more than 130 consolidated subsidiaries and more than 17,000 employees to offer integrated services spanning from design and construction to maintenance and management, with uniform quality throughout Japan. Developing a wide variety of businesses centered on EXEO Global Pte. Ltd. based in Singapore, we are gaining deeper penetration into overseas markets.



## Domestic Group companies

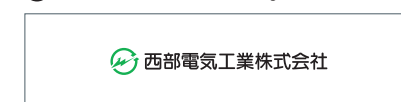
### ① C-Cube Corporation



Head office: Nagoya Established: 1954  
Net sales: ¥85.6 billion Number of employees: 2,180



### ② Seibu Electric Industry Co., Ltd.



Head office: Fukuoka Established: 1947  
Net sales: ¥62.8 billion Number of employees: 1,365



### ③ Nippon Dentsu Co., Ltd.



Head office: Osaka Established: 1947  
Net sales: ¥48.8 billion Number of employees: 912



### ④ Daiwa Densetsu Corporation



Head office: Sendai Established: 1949  
Net sales: ¥31.7 billion Number of employees: 1,009



### ⑤ Exeo Tech Corporation



Head office: Tokyo Established: 1948  
Net sales: ¥33.3 billion Number of employees: 851



### ⑥ Exeo Digital Solutions, Inc.



Head office: Tokyo Established: 2022  
Net sales (non-consolidated): ¥36.3 billion  
Number of employees (non-consolidated): 1,995



Note: Displaying consolidated data for net sales and employee numbers unless otherwise specified

## Overseas Group companies

■ Exeo Global's offices

### Telecom Carriers-related

- Exeo Engineering Hokkaido Co., Ltd.
- Exeo Engineering Tohoku Co., Ltd.
- Exeo Engineering West Japan Co., Ltd.
- Exeo Engineering, Inc.
- Just Engineering Co., Ltd.
- Kanac Co., Ltd.
- Densenisha Co., Ltd.
- Denken Co., Ltd.
- K.Technosu Co. Ltd.

### Urban Infrastructure-related

- Exeo Infra Co., Ltd.
- Ryosei, Ltd.
- Kidoh Construction Co., Ltd.
- Kohken Co., Ltd.
- Iseki Poly-Tech, Inc.
- Koyo Engineering Co., Ltd.
- Sanetsu Corp.
- Kitanihon-Tsushin Co., Ltd.
- Kyoei Dengyou Co., Ltd.
- Core Techno Co., Ltd.
- Ashikaga Eco Power Co., Ltd.
- Furudono Ronden Eco Power Co., Ltd.

### System Solutions-related

- Exeo System Management, Inc.
- Advanced Information Design Co., Ltd.
- Sun Planning Systems Co., Ltd.
- CPU Inc.
- Interactive Communication Design Co., Ltd.
- NDI Solutions Ltd.
- Where, Inc.
- SAT Co., Ltd.

### ⑦ Exeo Global Pte. Ltd.



Head office: Singapore  
Established: 2018  
Net sales: ¥47.0 billion\*  
Number of employees: 1,207\*

\* Total overseas Group companies

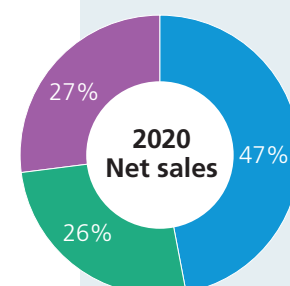
- Proccuri Corporation Limited
- ARCO Japan, Inc.
- Telistar Solutions Pte. Ltd.
- PT EXEO Komunikasi Indonesia
- Guud Pte. Ltd.
- Aeqon TJ Pte. Ltd.
- dhost Global, Inc.
- Ascent Solutions Pte. Ltd.
- EXEO Asia Co. Ltd.
- EXEO Vietnam Company Limited
- Leng Aik Engineering Pte.Ltd.
- Winner Engineering Pte. Ltd.
- 68 Systems & Project Engineering Pte. Ltd.
- MG EXEO Network, Inc.
- EXEO Global Ventures Pte. Ltd.
- EXEO Innovation Fund Management Pte. Ltd.



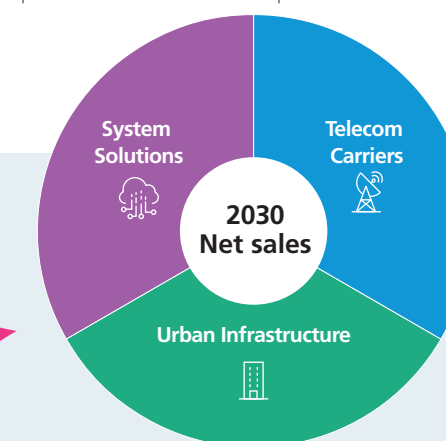
# Trailblazing new business domains in pursuit of continuous growth

The Group's long-term vision is to drive net sales for each of the three business segments so they are level in size composing a balanced portfolio by the year 2030.

## 2030 Vision

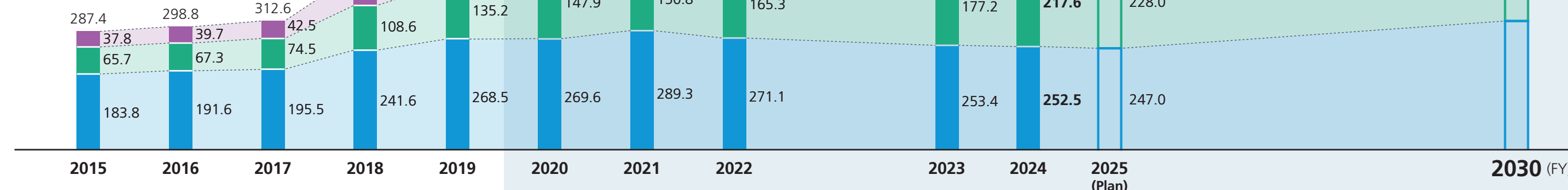


Sales ratios of the three segments will be  
**1:1:1**



## Net sales (¥Billion)

■ Telecom Carriers business  
■ Urban Infrastructure business  
■ System Solutions business



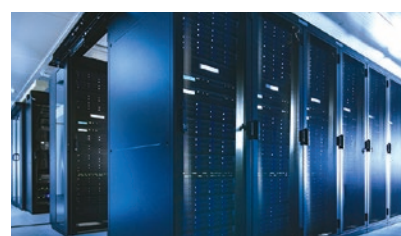
## Key businesses for achieving our 2030 Vision

### Urban Infrastructure business → pp. 61–62 Urban Infrastructure business



#### Renewable energy

In addition to operating two woody biomass power plants, we also build solar power generation facilities, offshore and onshore wind power generation facilities, grid-scale battery storage plants, and more.



#### Data centers

As the rapid growth of generative AI drives market growths, we are striving to expand our business while addressing the changing needs of hyperscalers domestically and internationally.

→ pp. 33–34 Feature 1



#### Social infrastructure construction

From expressways to water supply and sewerage systems, railways, and disaster warning systems, including measures to address aging facilities, the fields where our engineering technologies can be utilized are growing.

### System Solutions business → pp. 63–66 System Solutions business



#### Expanding business infrastructure via core subsidiaries

With Exeo Digital Solutions, Inc. which handles systems development playing the leading role, we are mobilizing Group resources to expand our business domains.



#### Expanding recurring business

We are working to expand our operations and maintenance services as a business to secure stable earnings.



#### Global business

Led by overseas management company Exeo Global Pte. Ltd., we are pursuing structural reforms, operational efficiency, and automation in the pursuit of greater profitability.

→ pp. 65–66 Global business structural reform



# 2

## Value creation story

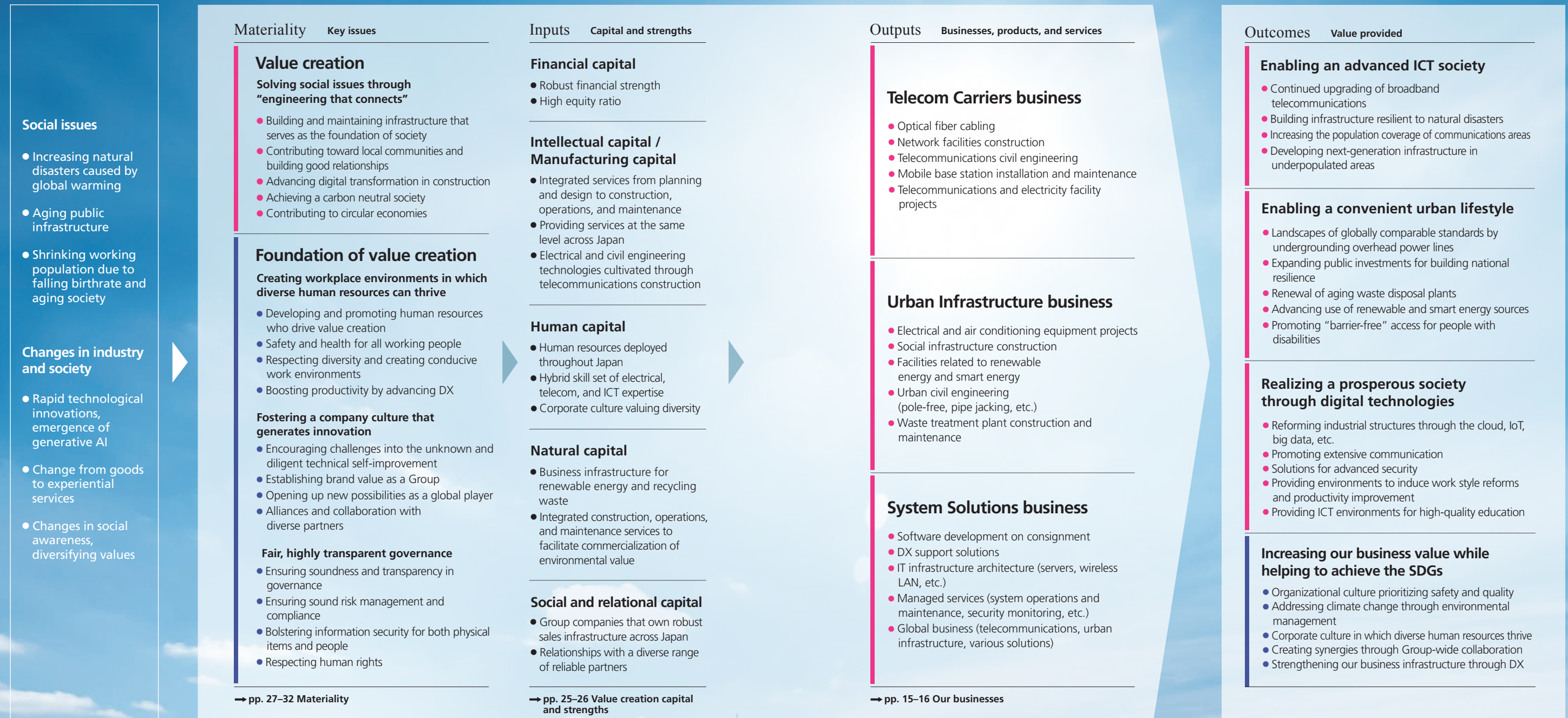
Leveraging engineering capabilities cultivated for seven decades, our Group has provided solutions to social issues while enhancing our business value.

We pursue sustainable growth by delivering value to society through a value creation process based on our diverse business assets and strengths.

- 23 | Value creation process
- 25 | Value creation capital and strengths
- 27 | Materiality
- 33 | Feature 1: Urban Infrastructure business
  - Quest to expand our coverage area in the robust data centers market
- 35 | Feature 2: System Solutions business
  - Establishing functions leveraging generative AI to offer cutting-edge DX services



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



Management guidelines

Medium-Term Management Plan (FY2021–2025)



# Bolstering our non-financial capital, the source of our value creation





	Financial capital	Intellectual capital / Manufacturing capital	Human capital	Natural capital	Social and relational capital
<b>Strengths and characteristics</b>	<ul style="list-style-type: none"> <li>Formidable financial strength</li> <li>High equity ratio</li> </ul>	<ul style="list-style-type: none"> <li>Integrated services from planning and design to construction, operations, and maintenance</li> <li>Providing the same level of service across Japan</li> <li>Electrical and civil engineering technologies cultivated through telecommunications construction</li> </ul>	<ul style="list-style-type: none"> <li>Human resources deployed throughout Japan</li> <li>Hybrid skill set of electrical, telecom, and ICT expertise</li> <li>Corporate culture valuing diversity</li> </ul>	<ul style="list-style-type: none"> <li>Business infrastructure for renewable energy and recycling waste</li> <li>Integrated construction, operations, and maintenance services to facilitate commercialization of environmental value</li> </ul>	<ul style="list-style-type: none"> <li>Group companies that own robust sales infrastructure across Japan</li> <li>Relationships with a diverse range of reliable partners</li> </ul>
<b>Issues</b>	<ul style="list-style-type: none"> <li>Improving capital efficiency for growth investments</li> <li>Improving ROE and operating margins</li> </ul>	<ul style="list-style-type: none"> <li>Improving productivity and ensuring safety and quality</li> <li>Maintaining capabilities to address aging facilities and disaster management</li> </ul>	<ul style="list-style-type: none"> <li>Securing and training human resources capable of adapting to rapid technological innovations and market changes</li> <li>Multi-skilling and reskilling</li> <li>Shifting human resources to growth fields</li> </ul>	<ul style="list-style-type: none"> <li>Accelerating investment and business development to achieve carbon neutrality in 2050</li> <li>Establishing revenue models and managing risks in environment-related business</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining and enhancing disaster management capabilities</li> <li>Extensive co-creation with communities and social contributions</li> <li>Ensuring transparency and fairness in supply chains</li> </ul>
<b>Initiatives to strengthen capital</b>	<ul style="list-style-type: none"> <li>Active investments for future growth, including M&amp;A, human resources, and R&amp;D</li> <li>Maintaining stable, continuous dividends with dividend on equity ratio (DOE) of 4.0% as benchmark</li> <li>Dynamic share buyback</li> </ul>	<ul style="list-style-type: none"> <li>Improving business processes through digital transformation</li> <li>Improving safety and quality control through utilization of network cameras and AI</li> <li>Improving construction efficiency through construction DX</li> <li>Promoting knowledge sharing, standardization, and joint development within the Group and with external parties</li> </ul>	<ul style="list-style-type: none"> <li>Employee learning/development and assignments according to personal capabilities and career path (Job Challenge System, Overseas Trainee System, Transformation Leader Development Program, etc.)</li> <li>Building a Group-wide personnel database</li> <li>Human resources development based on our shared Group-wide Career Development Program (CDP)</li> </ul>	<ul style="list-style-type: none"> <li>Implementing renewable energy and saving energy at company-owned locations</li> <li>Pursuing biomass, solar, wind power and other renewable energy businesses</li> <li>Recycling and resource circulation of aluminum, solar panels, and other waste</li> <li>Reducing environmental impact in construction and procurement (green procurement and eco-friendly construction methods)</li> </ul>	<ul style="list-style-type: none"> <li>Enabling disaster relief operations and establishing personnel mobility</li> <li>Community contribution activities</li> <li>Co-creating with partners and promoting business alliances</li> <li>Implementing thorough procurement guidelines</li> <li>Engaging dialogues with stakeholders</li> </ul>
<b>Relevant materiality issues</b>	<ul style="list-style-type: none"> <li>Digital transformation in construction</li> <li>Improving productivity through digital transformation</li> </ul>	<ul style="list-style-type: none"> <li>Digital transformation in construction</li> <li>Improving productivity through digital transformation</li> <li>Encouraging quests into the unknown and diligent technological self-improvement</li> </ul>	<ul style="list-style-type: none"> <li>Developing and promoting human resources who drive value creation</li> <li>Safety and health for all working people</li> <li>Respecting diversity and creating conducive work environments a vibrant workplace</li> </ul>	<ul style="list-style-type: none"> <li>Achieving a carbon neutral society</li> <li>Contributing to circular economies</li> </ul>	<ul style="list-style-type: none"> <li>Contributing toward local communities and building good relationships</li> <li>Establishing brand value as a Group</li> <li>Alliances and collaboration with diverse partners</li> </ul>
<b>Relevant KPIs</b>	<ul style="list-style-type: none"> <li>ROE</li> <li>Equity ratio</li> <li>DOE</li> <li>Payout ratio</li> </ul>	<ul style="list-style-type: none"> <li>Number of technical proposals</li> <li>Ratio of sales generated by new businesses</li> </ul>	<ul style="list-style-type: none"> <li>Ratio of women in managerial positions</li> <li>Percentage of male employees taking childcare leave</li> <li>Percentage of annual paid leave taken</li> </ul>	<ul style="list-style-type: none"> <li>Scope 1 and 2 emissions</li> <li>Ratio of green procurement</li> <li>Net sales of environment-related business (renewable energy and recycling)</li> </ul>	<ul style="list-style-type: none"> <li>Number of community contribution activities</li> <li>Number of personnel mobilized for disasters</li> <li>Satisfaction level index for partner companies</li> </ul>
<b>Relevant pages</b>	→ pp. 39–44 Message from the CFO	→ pp. 51–52 R&D strategy	→ pp. 47–50 Human resources strategy	→ pp. 53–56 Environmental management	→ pp. 45–46 Group management strategy







Action plans and KPIs based on our materiality

Materiality			Action plan	KPIs (consolidated if not noted otherwise)	Target (FY of goal)	FY2024 actual	Relevant pages
Value creation	Solving social issues through “engineering that connects” 	E Achieving a carbon neutral society	●Reduce CO2 emissions ●Advance smart energy business (self-owned power lines for wind power generation, storage batteries, EV chargers, etc.)	(1) Rate of CO2 emissions reduction (Scope 1 + 2) (vs. FY2020) (2) Renewable electric power usage rate (Company-managed domestic sites)	(1) -43.9% (FY2030) (2) 100% (FY2025)	(1) -22.4% (2) 94.5%	→ pp. 53–56 Environmental management
		E Contributing to circular economies	●Continue initiatives to reduce industrial waste, save energy and save resources ●Advance resource recycling-oriented business (refurbishments business, woody biomass power generation)	(1) Final disposal rate of industrial waste (non-consolidated) (2) Reduction of pieces of paper used (non-consolidated)	(1) -50% vs. FY2020 (FY2025) (2) -50% vs. FY2023 (FY2024)	(1) 3.3% (2) -23% (year-on-year)	
		S Building and maintaining infrastructure that serves as the foundation of society	●Work with advancements in telecommunications infrastructure (5G, 6G, IOWN, OREX) ●Build and update social infrastructure (expressways, water supply and sewage, putting power lines underground, etc.) ●National resilience, disaster recovery support	Holders of technical qualifications at S Ranks (elite ranks) and above (internal standards)	Encourage acquisition of high-rank qualifications	11,915 (cumulative)	→ pp. 59–60 Telecom Carriers business → pp. 61–62 Urban Infrastructure business → pp. 63–66 System Solutions business
		S Contributing toward local communities and building good relationships	●Engage in community contribution activities and sponsor community events ●Enter into partnerships with communities through business	Number of social and community contribution activities	Continue social and community contribution activities	126	→ pp. 53–56 Environmental management
		S Advancing digital transformation in construction	●Use BIM/CIM to transform construction workflows ●Use AI/Webcams to improve safety and work efficiency at construction sites	Number of severe accidents (bodily injury or equipment-related)	Aim for zero	5	→ pp. 47–50 Human resources strategy → pp. 51–52 R&D strategy
Foundation of value creation	Creating workplace environments in which diverse human resources can thrive 	S Developing and promoting human resources who drive value creation	●Develop next-generation leaders who drive transformation ●Implement various human resource development programs ●Develop careers based on dialogues with employees as prerequisite	Number of employees who undergo the Transformation Leader Development Program	Cumulative total 1,040 (FY2025)	317 (cumulative 907)	→ pp. 47–50 Human resources strategy
		S Safety and health for all working people	●Implement safety initiatives (AI/network cameras, surveillance centers, etc.) ●Develop safety professionals and improve safety training ●Implement health and productivity management (reducing overtime, taking paid leave, various health examinations, health guidance)	(1) Percentage of annual paid leave taken (non-consolidated) (2) Percentage undergoing stress checks (non-consolidated and five major subsidiaries*)	(1) 80% (FY2025) (2) 100% (FY2024)	(1) 78.5% (2) 98.8%	
		S Respecting diversity and creating conducive work environments	●Promote diversity, equity, and inclusion (DE&I). ●Use DX to reform work styles ●Raise employee engagement	(1) Number of women in management positions (non-consolidated) (2) Percentage of male employees taking childcare leave(non-consolidated)	(1) 1.5 x FY2020 (FY2025) (2) 20% (FY2025)	(1) 41 (2) 35.3%	
		S Boosting productivity by advancing DX	●Utilize RPA, AI, tablets and offshore ●Build shared IT infrastructure for the Group ●Develop DX implementation personnel	Amount of IT and R&D (investments and expenditures)	Generally at least 1% of annual sales	1.18%	→ pp. 51–52 R&D strategy
	Fostering a company culture that generates innovation 	S Encouraging challenges into the unknown and diligent technical self-improvement	●Develop innovative personnel, foster a culture of innovation ●Generate business and make proposals related to technological development ●Partner with universities and research institutions	(1) Create new business through business contests (2) Develop technologies through ESP and VE proposal activities	(1) Number of entries (2) Number of proposals	(1) 32 (2) 4,004	→ pp. 51–52 R&D strategy
		S Establishing brand value as a Group	●Company promotions via commercials, etc. ●Sponsor cultural events, sports teams, etc. ●More tie-up activities with universities, etc.	Engagement fostered (employee satisfaction improvement)	80% or more (FY2024)	79%	→ pp. 45–46 Group management strategy
		S Opening up new possibilities as a global player	●Further expand global business ●Hire overseas personnel ●Bolster development of global human resources	(1) Proportion of net sales from global business (2) Number of overseas trainees sent	(1) At least 10% of net sales (FY2025) (2) Cumulative total 17 (FY2024)	(1) 7.2% (2) Cumulative total 15	→ pp. 65–66 Global business structural reform
		S Alliances and collaboration with diverse partners	●Formulate and instill our Basic Procurement Policy ●Promote stronger communication with partner companies	Measures implemented for communicating with partners	Number of partner surveys conducted	344	→ pp. 67–90 Corporate governance
	Fair, highly transparent governance 	G Ensuring soundness and transparency in governance	●Achieving transparent management (ensure diversity and effectiveness of Board of Directors and Board of Statutory Auditors) ●More dialogues with stakeholders ●Produce various types of information disclosures	(1) Number and percentage of outside directors (2) Number and percentage of outside statutory auditors	(1) 1/3 or more (FY2025) (2) More than half (FY2025)	(1) 5 out of 13 outside directors (2) 3 out of 5 outside statutory auditors	→ pp. 67–90 Corporate governance
		G Ensuring sound risk management and compliance	●Strengthen risk analysis using heat map, etc. ●Training and learning/development for compliance ●Conduct training for various types of risks	(1) Serious violations of laws and regulations (2) Rate of risk assessment implementation for cases involving significant business risks	(1) Aim for zero (2) 100% (FY2025)	(1) Zero (2) 100%	
		G Bolstering information security for both physical items and people	●Bolster Group monitoring through EXEO-SIRT ●Conduct information security training, learning/development and drills/exercises ●Thoroughly implement recurrence prevention measures when accidents occur	(1) Number of serious information security incidents (2) Rate of conducting security training	(1) Aim for zero (2) 100% (FY2025)	(1) Zero (2) 100%	
		S Respecting human rights	●Establish the Exeo Group Human Rights Policy ●Conduct ongoing human rights awareness training ●Build an organizational structure for Human rights due diligence and conduct training	(1) Establishment of policy (2) Rate of undergoing training and e-learning	(1) Establishment of human rights policy (2) 100% (FY2024)	(1) Established January 2024 (2) 100%	

\* Five major subsidiaries: C-Cube Corporation, Seibu Electric Industry Co., Ltd., Nippon Dentsu Co., Ltd., Daiwa Densetsu Corporation, and Exeo Tech Corporation

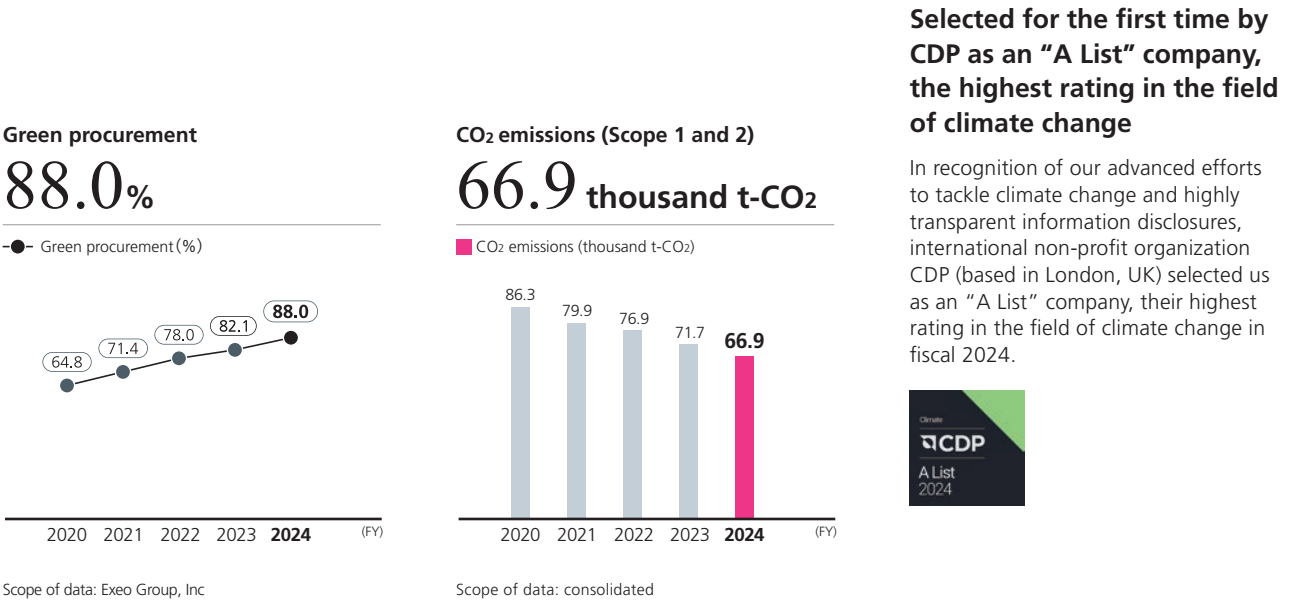
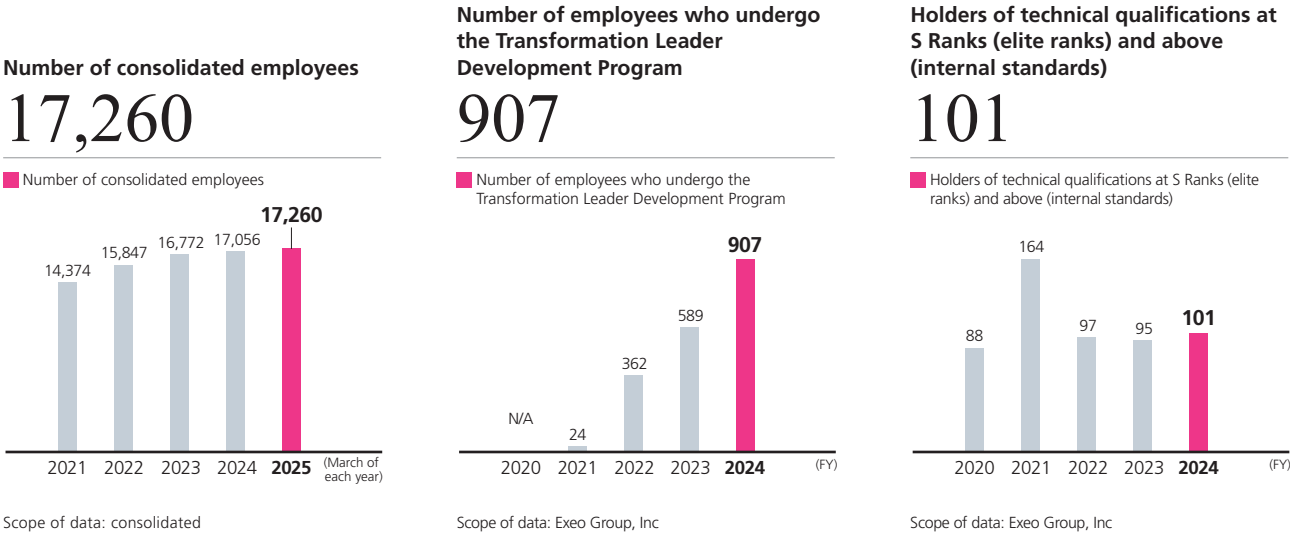


Initiatives in the Medium-Term Management Plan

In fiscal 2025, the final year of the current Medium-Term Management Plan, we defined six topics and are working to strengthen our business foundation.

Theme		Relevant material issues	Past efforts	Relevant pages
Financial strategy	<ul style="list-style-type: none"><li>Achieving a stable financial base</li><li>Active investment for growth</li><li>Stable and flexible shareholder returns</li></ul>	—	<ul style="list-style-type: none"><li>Invested heavily in human resources, R&amp;D, and DX</li><li>Raised the DOE of our dividend policy to 4.0%</li><li>Planned dividend increase for the 14th consecutive year, continued buybacks of treasury shares</li></ul>	→ pp. 39–44 Message from the CFO
Group management	<ul style="list-style-type: none"><li>Flexible and agile Group management</li><li>Synergies utilizing the Group's strengths</li><li>Practiced diligent business management post-M&amp;A</li></ul>	<ul style="list-style-type: none"><li>S Establishing brand value as a Group</li><li>S Opening up new possibilities as a global player</li></ul>	<ul style="list-style-type: none"><li>Strengthen internal control functions (established Audit Division)</li><li>Instill governance across the Group</li><li>Unify systems within the Group (core/operations)</li></ul>	→ pp. 45–46 Group management strategy
Human resources strategy	<ul style="list-style-type: none"><li>Enhancing adaptability to changes to be able to achieve continuous growth</li><li>Securing competitive human resources</li><li>Developing a culture where diverse values are respected</li><li>Raised employee engagement</li></ul>	<ul style="list-style-type: none"><li>S Developing and promoting human resources who drive value creation</li><li>S Safety and health for all working people</li><li>S Respecting diversity and creating workplaces conducive to working with vitality</li></ul>	<ul style="list-style-type: none"><li>Introduced and implemented the Driving Corporate Dynamism (DCD) Program</li><li>Promoted multi-skilling and reskilling of employees</li><li>Built the Group-wide Human Resources Database</li></ul>	→ pp. 47–50 Human resources strategy Our website Our website <ul style="list-style-type: none"><li>Human resource development</li><li>Fair evaluations and treatment</li><li>Work style reform</li><li>Diversity and inclusion</li><li>Work-life balance</li><li>Health and productivity management</li></ul>
DX implementation	<ul style="list-style-type: none"><li>Increased productivity by improving business processes</li><li>Created value geared toward a new era</li><li>Advanced digital transformation (DX) in construction through AI, BIM/CIM, etc.</li></ul>	<ul style="list-style-type: none"><li>S Advancing digital transformation in construction</li><li>S Boosting productivity by advancing DX</li></ul>	<ul style="list-style-type: none"><li>Generated innovations through R&amp;D promotion organizations</li><li>Continued efficiency improvements through digital implementation project teams</li><li>Established training systems to develop DX human resources</li></ul>	→ pp. 35–36 Feature 2 → pp. 51–52 R&D strategy
Environment and energy	<ul style="list-style-type: none"><li>Active contribution to environment-related business</li><li>Promotion of the use of renewable energy</li><li>Reducing the Company's CO<sub>2</sub> emissions</li><li>Promoting energy-saving activities</li></ul>	<ul style="list-style-type: none"><li>E Achieving a carbon neutral society</li><li>E Contributing to circular economies</li></ul>	<ul style="list-style-type: none"><li>Launched operations of woody biomass power plants</li><li>Advanced our grid-scale battery storage business</li><li>Selected by CDP as an “A List” company</li></ul>	→ pp. 53–56 Environmental management Our website <ul style="list-style-type: none"><li>Climate change initiatives</li><li>Engagement with the TCFD Recommendations</li></ul>
Safety, quality and BCP	<ul style="list-style-type: none"><li>Responding to changes in the business environment</li><li>Fostering an organization/culture that supports safety and quality</li><li>Addressed new business risks</li></ul>	<ul style="list-style-type: none"><li>G Ensuring thorough risk management and compliance</li><li>G Bolstering information security for both physical items and people</li></ul>	<ul style="list-style-type: none"><li>Initiated remote safety monitoring using network cameras</li><li>Introduced safety equipment and other checking functions utilizing AI</li><li>Conducted practical training for preparedness against cyberattacks</li></ul>	Our website <ul style="list-style-type: none"><li>Quality control and customer safety and health</li><li>BCP</li><li>Occupational safety and health</li><li>Information security</li></ul>

Non-financial highlights For information about human capital, please refer to “Human Capital Highlights” on page 50.



## Urban Infrastructure business

# Quest to expand our capabilities in the robust data centers market

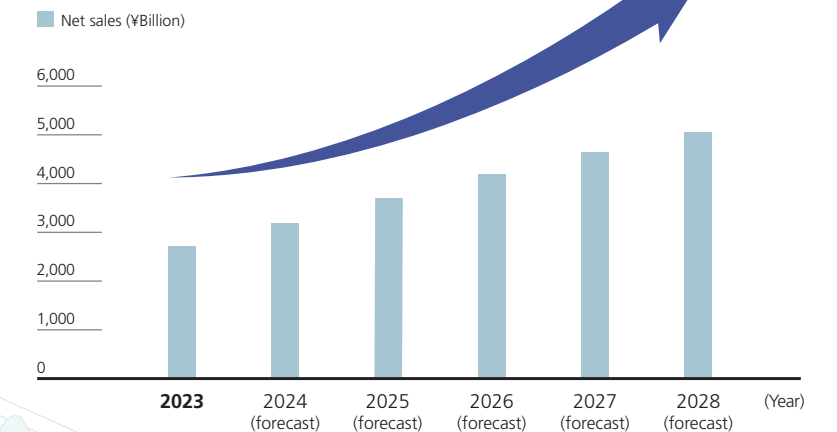
Services provided through the internet such as video streaming, cashless payments, and generative AI are increasingly becoming part of our everyday lives. Supporting these services from behind the scenes are data centers, which house servers and other related equipment. Leveraging the knowledge and technical expertise obtained through the years, our Group plays a major role in building and operating data centers.

## Size of domestic data centers market

Even after surpassing ¥2 trillion in size for the first time in fiscal 2022, the data centers market in Japan has grown continuously. The size of this market was estimated at over ¥2.7 trillion in 2023.

Maintaining a high compound annual growth rate (CAGR) of 13.2% from 2023 to 2028, the value of the market is projected to surpass the ¥5 trillion mark and reach nearly ¥5.1 trillion in 2028.

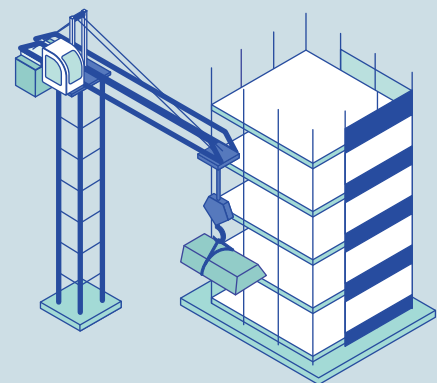
Domestic market for data center services



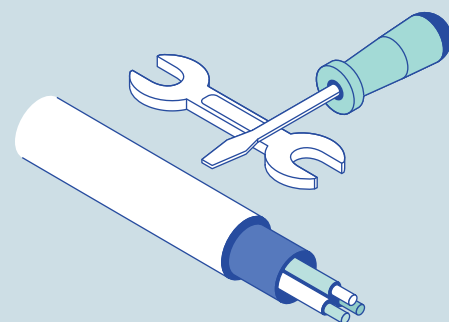
## Data centers: from construction to operation

### Construction stage

### Operation phase



Facility construction



Fit-Out construction



Installation of racks, servers, etc.



Reception, operation and maintenance

Data centers are expected to be highly earthquake- and fire-resistant, with redundancy and high-level security to support 24/7 operations. Data center construction requires expertise and knowledge regarding seismic isolation of structures, stable and reliable power supplies, precise temperature and humidity control, durable floor structures, and serviceability.

Fit-Out construction refers to interior installation and refurbishment projects after the structure of the building has been completed. Data centers require more sophisticated construction technologies than typical office buildings, including electrical facilities that can handle high workloads, air conditioning with precise control of temperature and humidity, and robust security systems.

After the fit-out construction is completed, racks and servers are installed. Orders from this point are often placed by the data center tenant such as IT services operators, financial institutions, or systems integrators. This process requires expertise in areas such as air conditioning design, power supply redundancy, and wiring plans.

As services provided through networks have become more widespread, data centers have taken on increasing importance as infrastructure that supports life in society. Data centers require high levels of operational skills to handle security measures and unpredictable demand fluctuations in order to deliver safe and secure services.

### Exeo's strengths and strategy

In a market where large general contractors hold a sizeable share, electrical facilities and high-voltage substations for the building are set up first. Electrical and air conditioning facilities for the server rooms are then installed in phases, but we have the comprehensive capability to handle these end to end, shortening construction time, increasing efficiency, and reducing costs.

### Exeo's strengths and strategy

Fit-Out construction to install electrical equipment, air conditioning, networks, and security systems has always been one of our strengths. We create the optimal construction plan, including procurement of large equipment, and together with partner companies that have extensive track records, we tackle joint projects that satisfy needs for shortened construction time and reduced costs.

### Exeo's strengths and strategy

Leveraging our wealth of experience in installation of network equipment, our Group is involved in an increasing number of cases in this field. We are also actively embracing new technologies, including high performance cooling systems such as liquid cooling, and using DCIM\* to visualize electric power and facility configurations.

\* DCIM: Data center infrastructure management

### Exeo's strengths and strategy

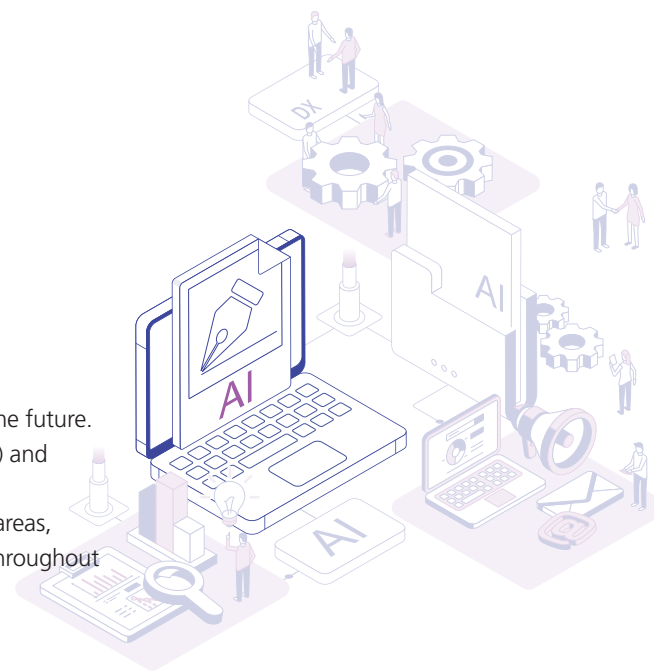
Leveraging our strengths as a construction company with capabilities to expand and update facilities and equipment according to their life cycles, we are working to grow this area of business. We strive to enhance our services, including remote integrated monitoring, automating operations, and assigning and directing on-site engineers during failure recoveries.



## System Solutions business

# Establishing functions that leverage generative AI to offer cutting-edge DX services

Diverse digital technologies carry the potential to greatly change business and the way we work in the future. Among those, we are focusing on the use of generative AI that facilitates digital transformation (DX) and produces benefits in many different areas. The establishment of our Generative AI Center has enabled us to provide services in many different areas, from consulting to systems development. The center will accelerate the utilization of generative AI throughout the Group, and spearhead the development of new businesses, products, and human resources.



## Examples of internal generative AI implementation

### 1. Exe-ro AI (generative AI chatbot)

Generative AI chatbot that can be used on Microsoft Teams, enabling employees to use generative AI in their daily communication. Support functions provided to pursue higher work efficiency.

### 2. Microsoft Copilot

Significantly improving work efficiency by implementing Copilot embedded in Microsoft 365 and using it with Microsoft's various tools. Since it can search for information across various departments within the organization, it is also helping to eliminate information gaps.

### 3. Generative AI usage platform (via browser)

Promoting employee usage of AI and accelerating innovation in organizations by building our own original generative AI platform that can be easily accessed in web browsers, providing versatile functions such as accumulating expertise through shared prompt functions.



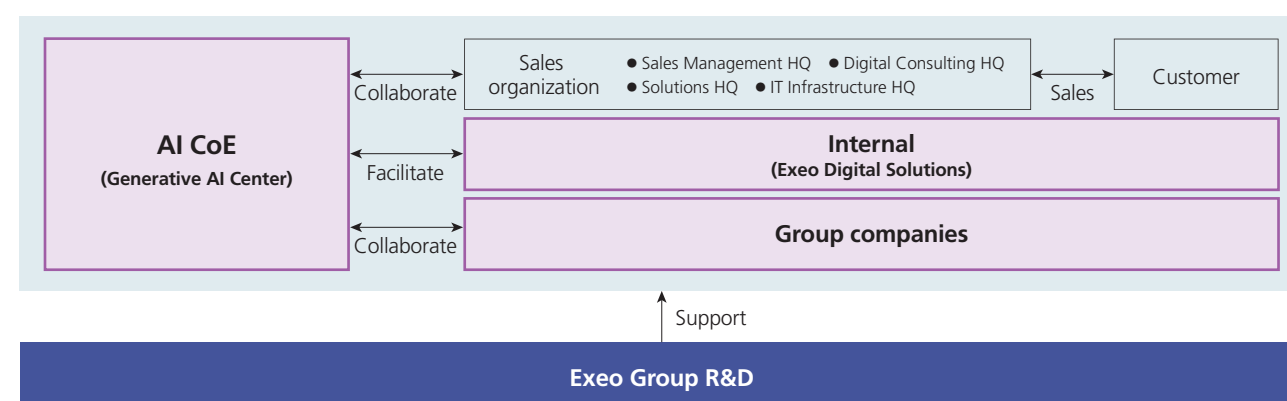
## Positioning and role of the Generative AI Center ("AI CoE")

1	Strategy consulting	Strategic planning for generative AI implementation and assistance for related proposals
2	Applications	Application development utilizing generative AI
3	Integration	Platform environment development to provide optimal architecture for both on-premises and cloud
4	Infrastructure	Design and architecture for GPU server/network/infrastructure equipment
5	Internal usage (systems integration, network integration, back office)	Software development, IT infrastructure design, AIOps, and automated document creation
6	Group company collaboration	<ul style="list-style-type: none"> <li>Collaboration among Group companies (generative AI working operations)</li> <li>Pipeline sharing, joint proposals</li> </ul>

### Main characteristics

- Established within Exeo Digital Solutions, Inc., one of our core subsidiaries, to serve as the Center of Excellence (CoE) to drive generative AI usage throughout the Group
- Six functional blocks collaborate on product development and human resources development
- Organized to provide consulting, infrastructure platform architecture, and systems development all under one roof

## Overall scheme for generative AI efforts

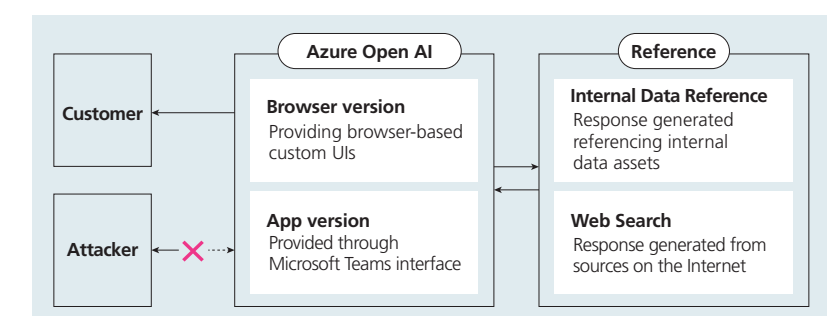


## Examples of generative AI services

### Exeo Digital Solutions, Inc.

#### Generative AI utilization platform service

Securely utilize generative AI in Azure environments. By referencing internal data assets in addition to information from the internet, "internal data search" and "web search" do not need to be performed individually, ultimately driving work efficiencies. Provides customer support from pre-implementation considerations to post-implementation usage.



### NDI Solutions Ltd.

#### Video analysis tool "Video Questor"

Simply by uploading a video, Video Questor deploys AI to analyze content to respond to questions and directions from the user in chat format, instantly producing summaries, FAQs, related manuals, and translations. This changes the way video data is handled, dramatically improving operational efficiency and productivity while taking information sharing and knowledge utilization to the next level.

#### Minutes writing support service "nMinutes"

nMinutes is a cloud service that makes the task of writing meeting minutes efficient by using generative AI (ChatGPT), with the ability to produce meeting minutes of an hour's worth of content in only five minutes. Compatible with both web conferences and face-to-face meetings, it can generate meeting minutes easily from a platform that can be accessed either by computer or smartphone.

#### AI chatbot "CB3"

CB3 is a general-purpose AI chatbot that can be utilized for various situations. With connectivity to other systems, it can also be used as a system interface for different types of operation systems. CB3 can not only answer questions but can also connect users to the required operation system.

### Futureinn Co., Ltd.

#### "KeepMIRAI" generative AI service

"KeepMIRAI" generative AI service KeepMIRAI is a service that makes generative AI instantly accessible even to non-IT experts with an easy-to-use template screen that guides users to enter the necessary information. The service's simplicity will help increase the utilization of generative AI across the organization. It can be used to perform a diverse range of tasks to achieve dramatic improvements in work efficiency, from generating novel ideas to creating minutes of extended meetings.



# 3

## Value creation strategy

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

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

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





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

Shigeki Hayashi

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

### Summary of fiscal 2024

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

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

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

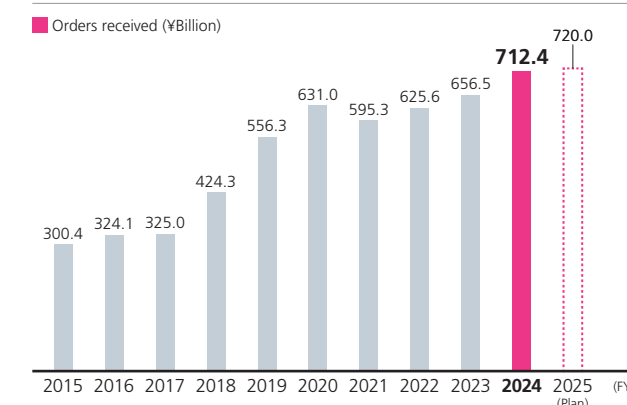
I would like to continue to further increase our earning power, leading to sustainable growth and increased corporate value.

### Current medium-term plan: progress and future outlook

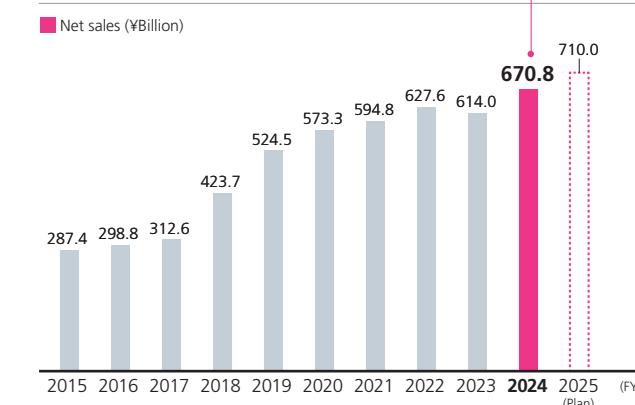
Fiscal 2025 is the final year of the current medium-term plan. As explained above, we were able to achieve our sales target ahead of schedule. From my observations regarding the construction projects carried over from the previous year as well as our overall performance to this point, it is also more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

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

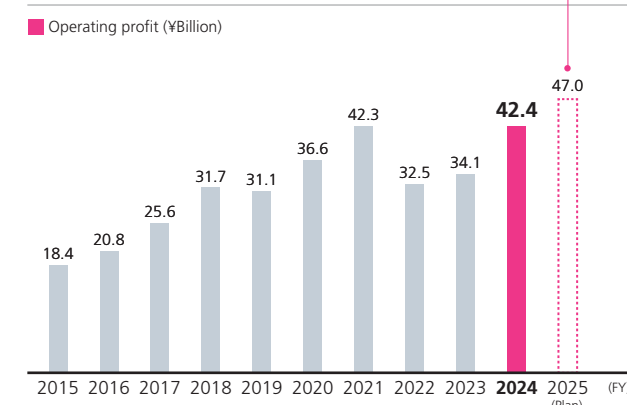
Orders received  
¥712.4 billion



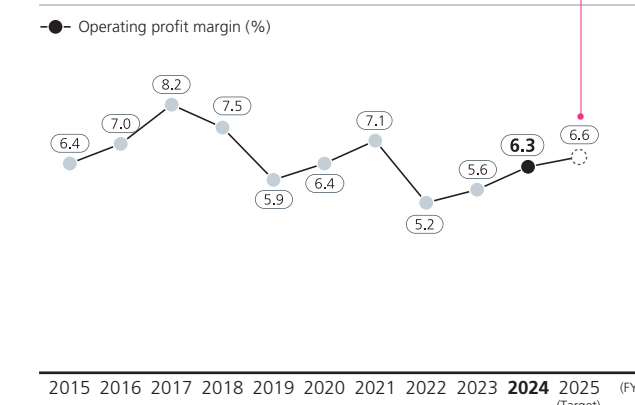
Net sales  
¥670.8 billion



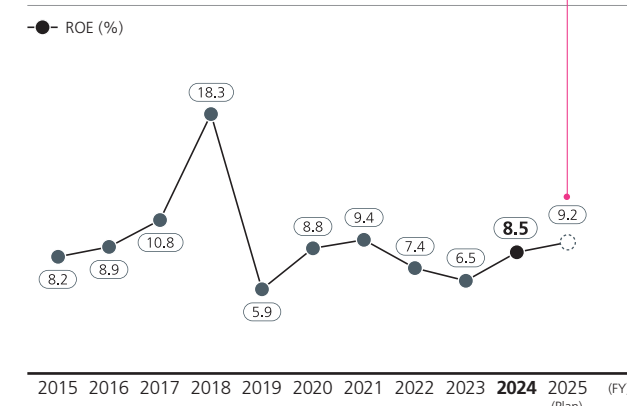
Operating profit  
¥42.4 billion



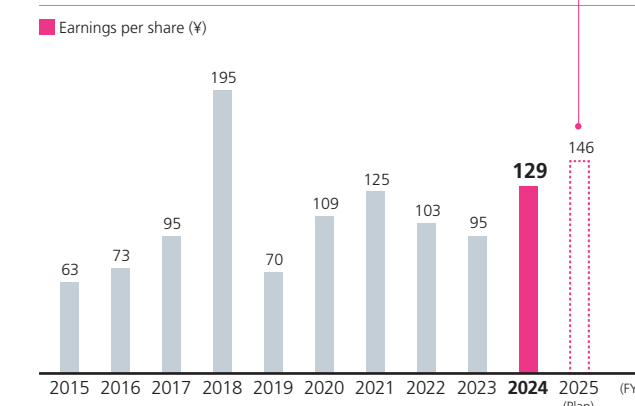
Operating profit margin  
6.3%



ROE  
8.5%



Earnings per share  
¥129



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

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

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

### Improving capital efficiency and ensuring financial soundness

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

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

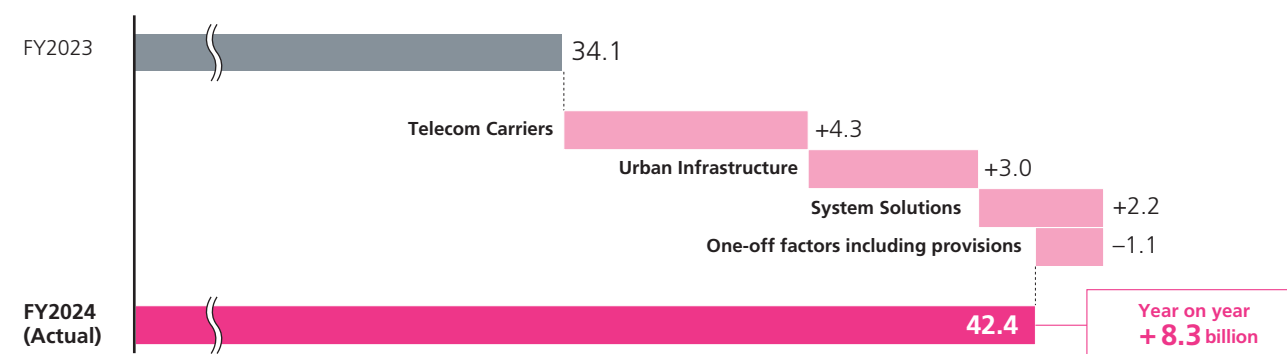
Additionally, we intend to continue disposing of unnecessary assets and reducing cross-shareholdings. Currently we are reorganizing Group companies while also consolidating and integrating business sites in areas throughout Japan. Simultaneously, our Corporate Real Estate (CRE) Office established in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

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



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

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



Cash flow status analysis diagram



Initiatives to increase ROE

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



## Approach to cash allocation and growth investment

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

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

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

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

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

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

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

### Basic policy on M&A strategies

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

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

## A message to our shareholders and investors

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

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

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

### Cash allocation policy

#### Policy

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

#### Results

##### Interest-bearing debt

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

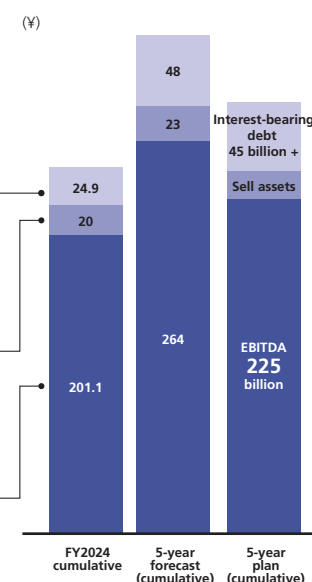
##### Sell assets

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

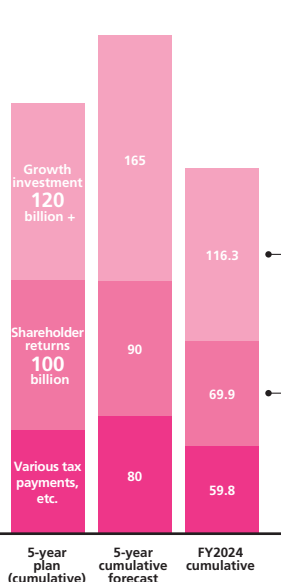
##### EBITDA

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

### Generate cash



### Cash allocation



#### Policy

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

#### Results

##### Growth investment

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

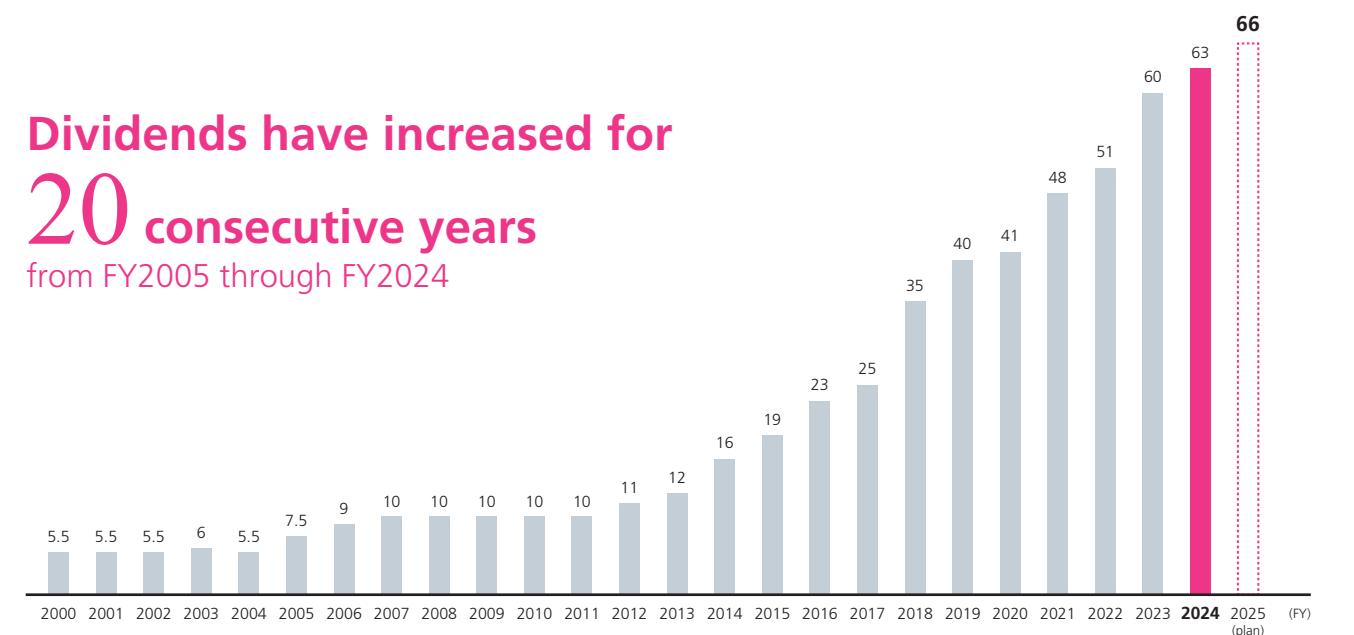
##### Shareholder returns

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

### Annual dividend

■ Dividend amount (¥)

## Dividends have increased for 20 consecutive years from FY2005 through FY2024



## Message from an officer



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

Hideaki Yagi  
Managing Operating Officer  
Head of Strategic Alliances Division

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

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

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

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

### Key achievements in fiscal 2024

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

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

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

### Policies for fiscal 2025

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

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

## Topics

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

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

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



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

### Extending nearshoring and offshoring capacity with ICD

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

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



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

### Strengthening collaboration between Group companies to generate synergies

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

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



Group photo from a social event held near a business site





Message from an officer

Optimizing our Group formation and enhancing governance for future growth

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

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

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

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

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

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

900+ “Transformation Leaders” steering the organization

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

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

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

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

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

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

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

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

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

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

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

Initiatives for bolstering human capital

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

Four foundations of strategy implementation

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

## Overseas Trainee System

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

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

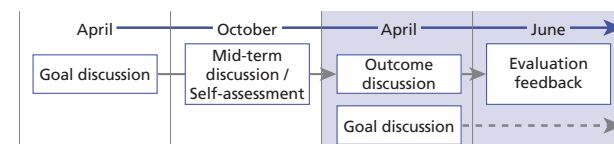
Four trainees were sent overseas in fiscal 2024, with one going to Singapore, one to Thailand, and two to the Philippines, bringing the cumulative total to 15 since the program's launch.

## Dialogue with employees

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

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

### Discussion schedule



## Supporting women's career advancement

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

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

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

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

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

## Work-life balance

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

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

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

## Occupational safety and health

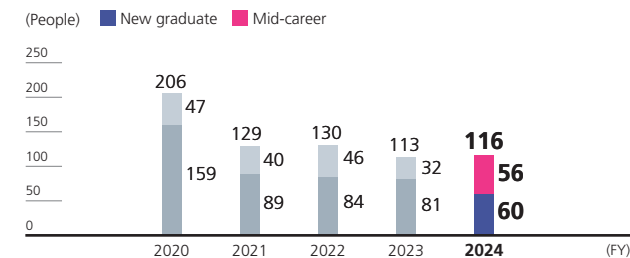
Among the Exeo Group Management Policies, our occupational safety and health management policies call for "thoroughly ensuring safe work operations and maintaining and promoting mental and physical health." Based on these policies, we have established four priority measures and we are working together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

### Priority measures

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

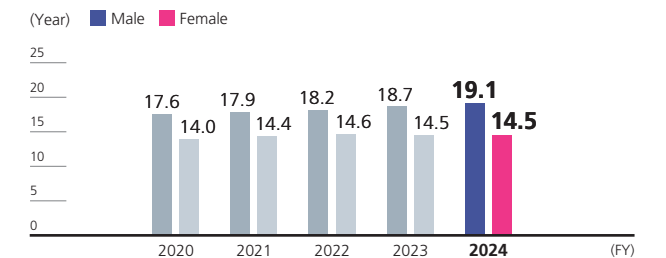
## Human capital highlights

### Number of new hires



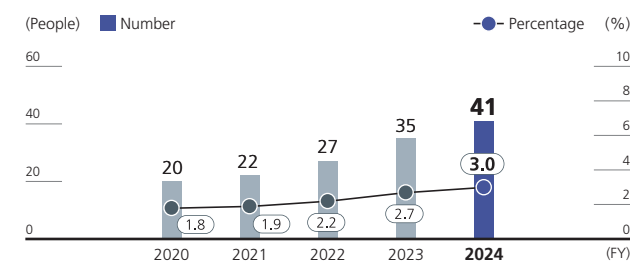
Scope of data: Exeo Group, Inc.

### Average years of continuous service



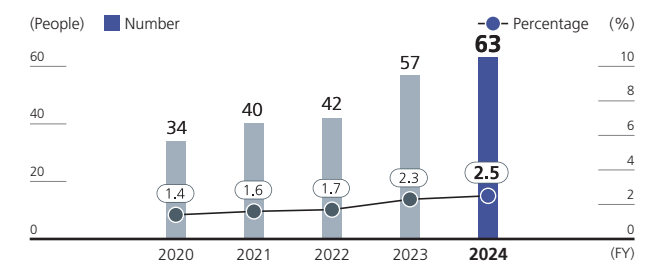
Scope of data: Exeo Group, Inc.

### Number and percentage of women in managerial positions



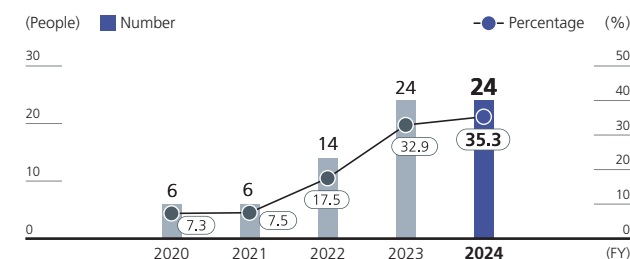
Scope of data: Exeo Group, Inc.

### Number and percentage of women in managerial positions (consolidated)



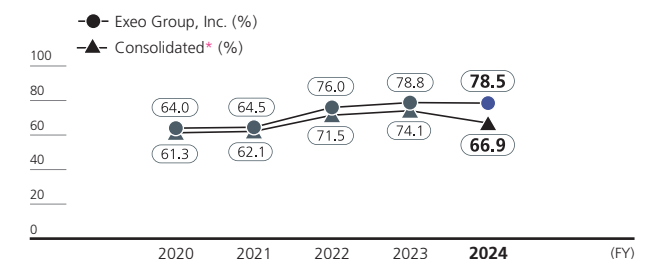
Scope of data: Consolidated

### Percentage and number of male employees taking childcare leave



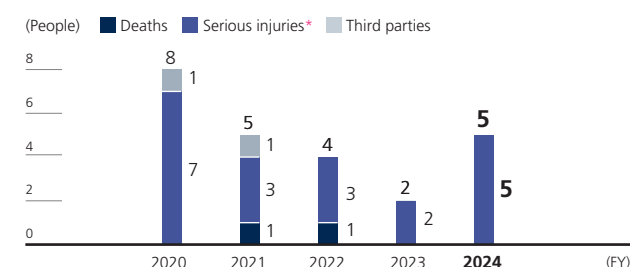
Scope of data: Exeo Group, Inc.

### Percentage of annual paid leave taken



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

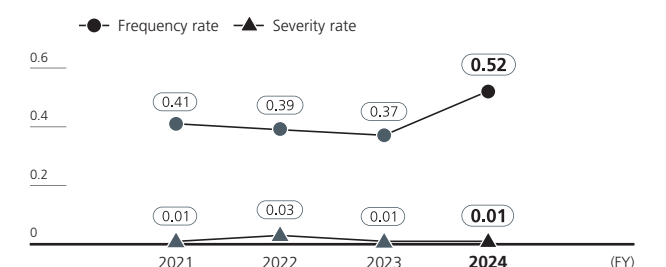
### Status of bodily injury accident occurrences



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

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

### Occupational accident rates



Scope of data: Exeo Group, Inc.



### Message from an officer

## Developing technologies that enhance our problem-solving capabilities through connectivity

Kazuhiko Okubo

Operating Officer, General Manager of  
Innovation Promotion Division

### Establishing four focus fields for R&D efforts

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

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

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

### Key achievements in fiscal 2024

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

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

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

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

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

### Fostering a corporate culture focused on continuous innovation

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

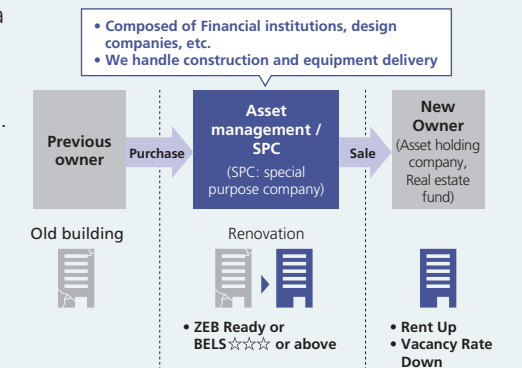
We will continue striving to foster a corporate culture where people listen to and appreciate new ideas generated on the front lines of the business.

## Topics

### Energy savings through maintenance and re-construction of existing buildings

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

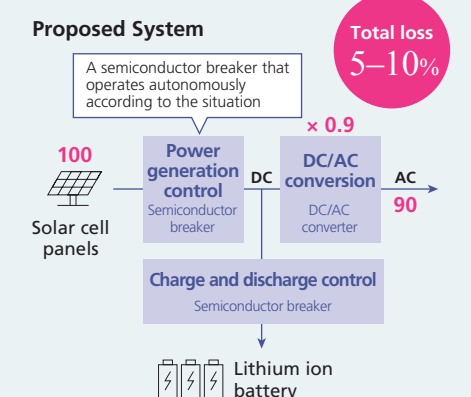
Through February 2025, the Group has made three investments as an anonymous partner in green building development funds in addition to participation in renovation projects. Leveraging our knowledge and expertise as a general engineering company, we are engaged in energy saving construction projects for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



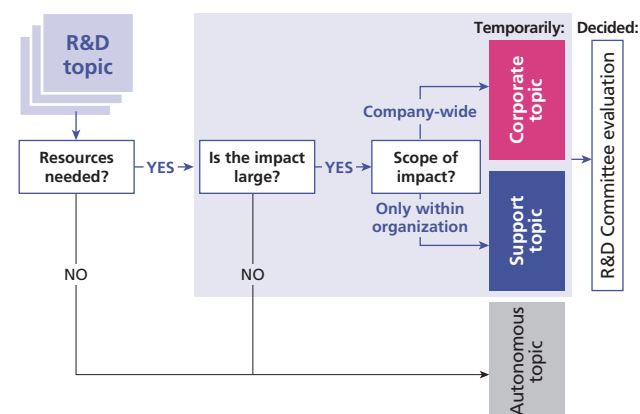
### Controlling power generation with power conditioner-less technology

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

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



### Process to decide R&D topics



### R&D topic evaluation criteria

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

## Information disclosures based on TCFD recommendations

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

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

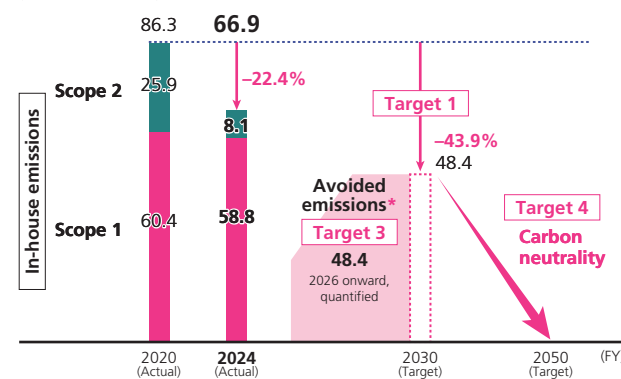
**Web |** Engagement with the TCFD Recommend  
<https://www.exeo.co.jp/en/sustainability/environment/tcf/>



Note: TCFD was absorbed into ISSB in 2023.

### Greenhouse gas reduction targets

(Unit: thousand t-CO<sub>2</sub>)



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

### GHG emissions by Scope

(Scope of data: consolidated) (Unit: thousand t-CO<sub>2</sub>)

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

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

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



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



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



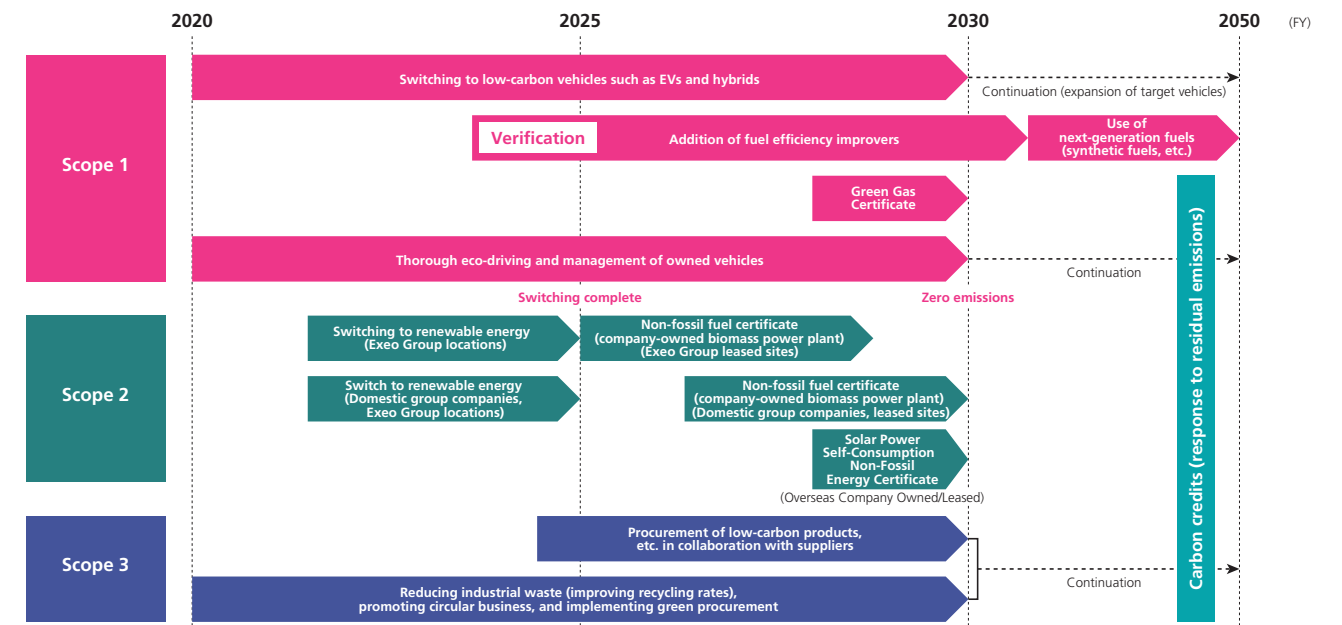
Target 1	Reduce scope 1 and 2 GHG emissions by 43.9%* by FY2030
Target 2	Scope3 GHG emissions by 25%* by FY2030
Target 3	GHG emissions equivalent to scope 1 and 2 by FY2030, contributing to emission reductions toward society through business activities.
Target 4	Net zero scope 1 and 2 GHG emissions by FY2050

\* We received SBTi validation

### Submetrics

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

### Roadmap to greenhouse gas reduction



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

### Risks and Opportunities

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

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



Report based on TNFD recommendations

Declaration of alignment with TNFD principles

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

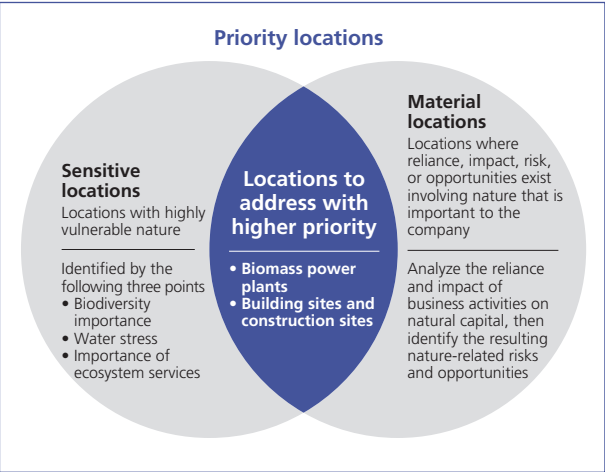


\*1 An approach to locate (L) interfaces with nature, evaluate (E) dependencies and impacts, assess (A) materials risks and opportunities, and prepare (P) to respond and report.

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

Identifying priority locations

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



Dependencies and impacts on nature

Based on ENCORE,\*2 we analyzed the dependencies on ecosystem services and influences on the environment in the business activities of the Company. The results identified a high dependency on timber which is turned into fuel at our biomass power plants. In terms of influences on the environment, we learned we could very likely be impacting the environment through a variety of factors such as land and water usage and emissions of greenhouse gases and water and land

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

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

Identifying risks and opportunities

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

Global core indexes

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

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

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



Activity at Exeo Forest (Kansai Branch)



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

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

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

Table 2: Risks identified by LEAP analysis and countermeasures

Risk category	Dependency or impact	Impact on the Company	Timeline	Response measures
Policies and regulations	● Land area used	• Potential difficulties in establishing power generation facilities in areas of high biodiversity importance as a result of forest conservation regulations	Medium	• Gather information on the latest policy trends such as forest conservation regulations • Assess impact on natural environment in priority locations, and implement response measures by location (★) • Engage in sustainable timber procurement (★)
	—	• Increasing costs (research and analysis) to comply with stricter requirements for information disclosures on nature conservation	Short / Long	
	● Solid waste ● Pollutant emissions	• Higher costs to comply with stricter rules related to natural capital (ash dispersion from combustion at biomass power plants, generating white smoke, air pollution, water stress due to high volume water intake, water pollution from drainage, etc.)	Medium	
	● Non-GHG air pollutants ● Land area used	• Less choices of suppliers and obstructions to procuring certified materials due to market changes and stronger regulations to prevent forest destruction	Medium	
Reputation	● Disturbing noise, light, etc.	• Light and sound pollution or vibrations from facilities, construction sites, or suppliers' manufacturing plants located near protected areas disturbing the reproduction of rare species (birds of prey, etc.), leading to reputation damage among community residents and causing loss of business value, orders, and profits	Medium / Long	• Conduct research on protected areas near construction sites and establish construction rules considerate of the natural environment (★) • Provide detailed explanations to community residents and build good relationships with them (★) • Plan and execute operations considerate of the surrounding environment (★)
	● Water usage ● Land area used	• Conflicts and criticism in communities and damage to social reputation due to water usage and detrimental impact on landscape	Medium	
	—	• Reputation decline due to conducting business operations without consideration for biodiversity, causing business partners (both upstream and downstream in supply chains) to cease dealings	Medium / Long	
Acute	● Land area used ● Rainstorm mitigation ● Supplying biological resources	• Effects of logging, infringing on natural habitats incidental to construction, and lack of disaster preparedness caused by land modifications leading to increase in cost to address damage caused by extreme weather	Medium / Long	• Better BCP preparedness in the event of a disaster
	● Flood control ● Rainstorm mitigation	• Limitations on construction during abnormal weather occurrences, rising labor costs, and increasing risk of floods or landslides due to loss of ecosystem services for flood and rainstorm control	Medium / Long	
Chronic	● Rainfall pattern control ● Supplying biological resources	• Increased procurement costs of biomass power generation fuel materials (e.g., wood chips) due to unstable tree growth caused by changes in rainfall patterns and ecosystem services	Medium / Long	• Establish stable procurement structures by diversifying timber suppliers

\* ★ indicates response measures related to our priority locations

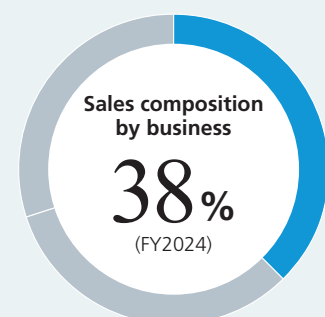
Table 3: Opportunities identified in LEAP analysis and response measures

Risk category	Dependency or impact	Impact to the Company	Timeline	Response measures
Products and services	● Freshwater area used	• Enter new markets by providing services utilizing DX technologies to support biodiversity	Short-medium term	• Enter the environmental solutions business utilizing IoT technologies
Products and services / resource efficiency	● Soil contaminants ● Pollutant emissions	• Increase projects and earnings in high-efficiency waste treatment facilities as a result of growing interest in recycling-based society and biodiversity conservation	Short-medium term	• Help to improve power generation efficiency and resource recovery rates at waste treatment facilities
Reputation	—	• Increase business value by actively disclosing biodiversity initiatives	Short-medium term	• Engage in biodiversity-related efforts and work on information disclosures throughout the Group • Engage in sustainable timber usage such as thinned wood and establish procurement structures accordingly • Engage in green procurement
	● Using biological resources	• Boost reputation in the community through tree thinning	Short-medium term	
Protecting, restoring and revitalizing ecosystems	● Area used on land	• Boost reputation in the community and secure human resources as a result of forest conservation activities	Medium-long term	• Establish stable procurement structures by diversifying timber suppliers • Engage in forest conservation and continue conducting activities to raise awareness about biodiversity conservation • Promote the development of construction technologies that lead to ecosystem conservation and build a reputation in construction
	● Seabed area used	• Gain more opportunities to receive orders for by employing new construction methods that protect marine ecosystems (Earth Shuttle Method, Marine Shuttle Method)	Short-medium term	

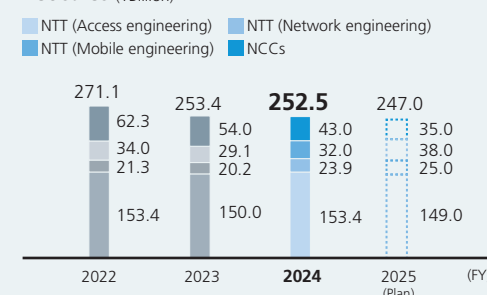
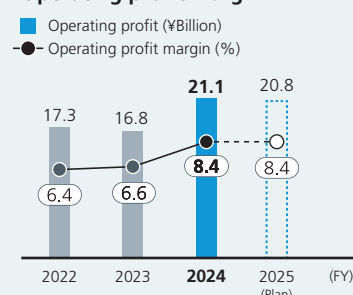
\* Timeline: Short term is 3 years or less, medium term is from over 3 years and up to 10 years, long term is over 10 years



## Telecom Carriers business



Net sales (¥Billion)

Operating profit /  
Operating profit margin

### Main products and services

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

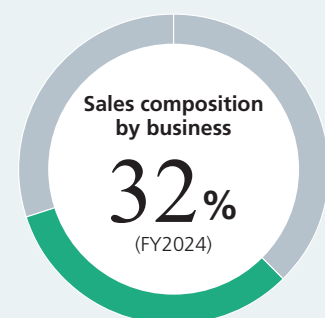
### Summary of FY2024

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

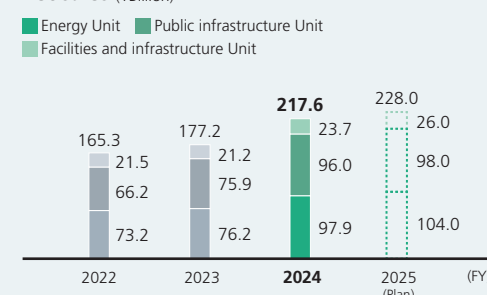
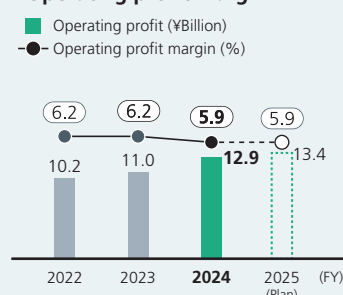
Profits in this segment improved significantly, while profit margins also improved. New orders received from NTT Group companies were strong in fiscal 2024 due to their extensive investments toward coverage area and capacity expansion for their new fiber optic access service, FLET'S Hikari Cross. We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



## Urban Infrastructure business



Net sales (¥Billion)

Operating profit /  
Operating profit margin

### Main products and services

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

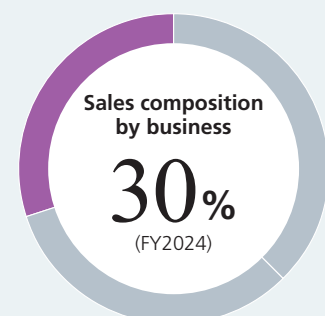
### Summary of FY2024

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

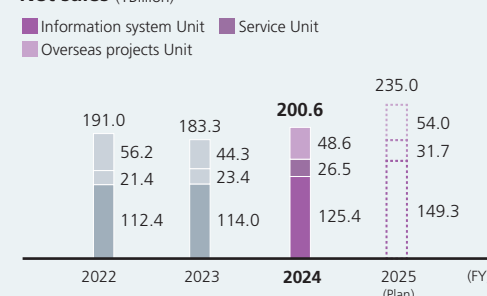
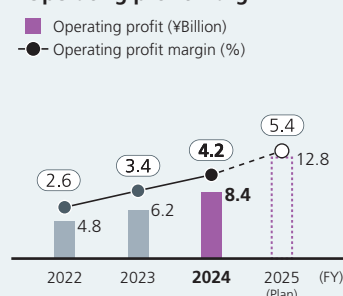
In energy-related business, a main focus going forward, we made steady progress in building grid-scale battery storage plants, and also in the renewable energy business post-FIT. Beyond that, we trained electric power engineers for upcoming business growth in offshore wind power generation.



## System Solutions business



Net sales (¥Billion)

Operating profit /  
Operating profit margin

### Main products and services

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

### Summary of FY2024

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

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





## Telecom Carriers business

Net sales in FY2024

¥252.5 billion

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

**Main customers** Telecom carriers (cell phones, land lines)

### SWOT analysis

<p><b>S</b> Strengths</p> <ul style="list-style-type: none"> <li>Track record established in building telecommunications-related facilities since our founding, and unsurpassed technological capabilities</li> <li>Integrated services from planning and design to construction, operations, and maintenance for the telecommunications facilities of all telecom carriers</li> <li>Organizational strength to provide the same level of service, with high reliability across Japan</li> </ul>	<p><b>W</b> Weaknesses</p> <ul style="list-style-type: none"> <li>Standardization across group companies and subcontractors to drive process efficiency</li> <li>Highly dependent on specific customers (telecom carriers), performance is easily affected by customer trends</li> </ul>
<p><b>O</b> Opportunities</p> <ul style="list-style-type: none"> <li>New markets created through advancements in next-generation technologies such as IOWN</li> <li>Backbone expansion that accompanies increases in telecommunications traffic</li> <li>Transitioning to optical connections for the “last mile” in urban areas</li> <li>Demand for facilities renovations toward aging telecommunications infrastructure</li> </ul>	<p><b>T</b> Threats</p> <ul style="list-style-type: none"> <li>Reduced capital expenditures resulting from trends in the business strategies of telecom carriers and from national government policy</li> <li>Cut-backs in investment in base station construction due to 4G frequency bands being switched to 5G (shift to New Radio: NR) and infrastructure sharing</li> </ul>



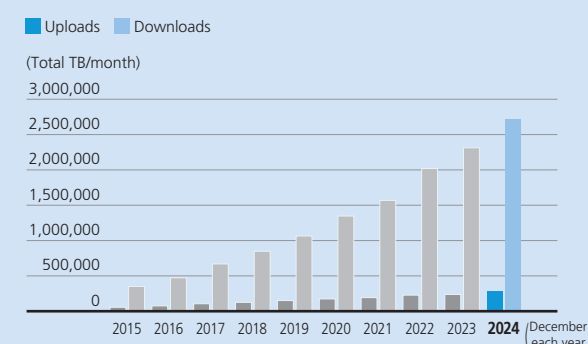
Access networks cabling installation



Outdoor base station on a rooftop

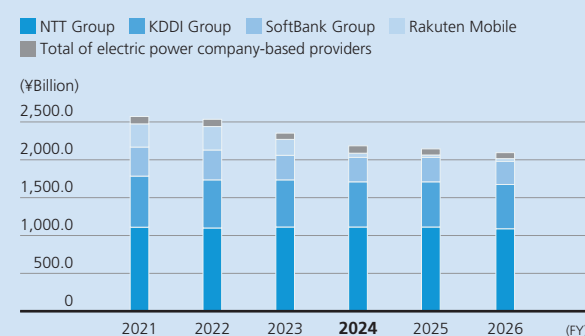
### Market trends and data

#### Mobile communications traffic



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

#### Past and projected capital expenditures per Japanese telecom carrier by year



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

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

### Our aims in the Medium-Term Management Plan

- Construction of 5G infrastructure
- Improve profitability and productivity

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

### Major initiatives and key achievements

#### Making processes more efficient by consolidating back-office operations

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

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



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

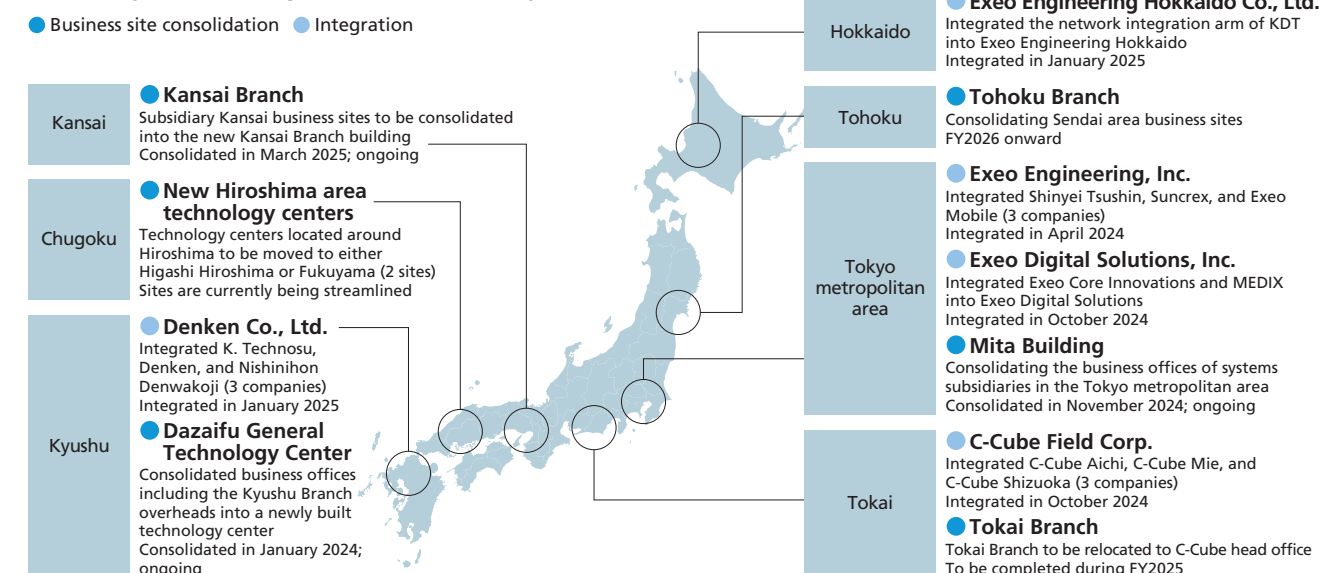
We are restructuring and integrating our subsidiaries by geographic regions, seeking continuous business growth, better profitability, and stronger governance, while taking into consideration factors such as regional characteristics and affinity with our businesses. We are also consolidating our business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

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



Dazaifu General Technology Center

#### Subsidiary restructuring and consolidation by area





## Urban Infrastructure business

Net sales in FY2024

¥217.6 billion

### Energy Unit

Net sales in FY2024 ¥97.9 billion

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

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

#### SWOT analysis

**S**  
Strengths

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

**W**  
Weaknesses

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

**O**  
Opportunities

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

**T**  
Threats

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



Data centers

### Public Infrastructure Unit

Net sales in FY2024 ¥96.0 billion

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

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

#### SWOT analysis

**S**  
Strengths

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

**W**  
Weaknesses

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

**O**  
Opportunities

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

**T**  
Threats

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



Railway telecommunications construction

### Facilities and Infrastructure Unit

Net sales in FY2024 ¥23.7 billion

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

**Main customers** Local government authorities, others

#### SWOT analysis

**S**  
Strengths

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

**W**  
Weaknesses

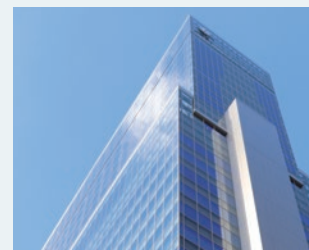
- Insufficient number of engineers to accommodate increased demand

**O**  
Opportunities

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

**T**  
Threats

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



Electrical and air conditioning construction for office buildings

## Our aims in the Medium-Term Management Plan

- Develop new business fields
- Advance digital transformation in construction

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

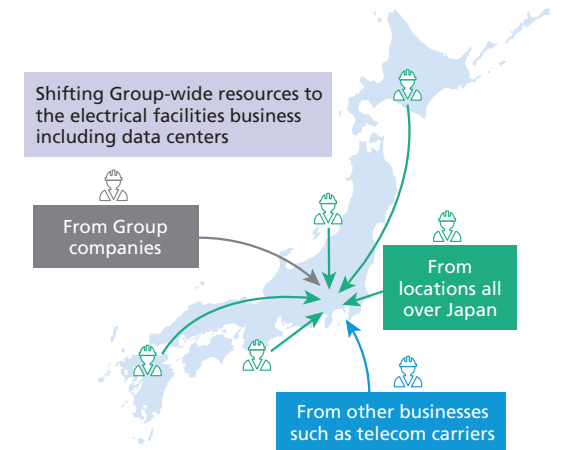
## Major initiatives and key achievements

### Energy Unit

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

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

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



### Energy Unit

### Renewable energy-related business efforts

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

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



Grid-scale battery storage plants

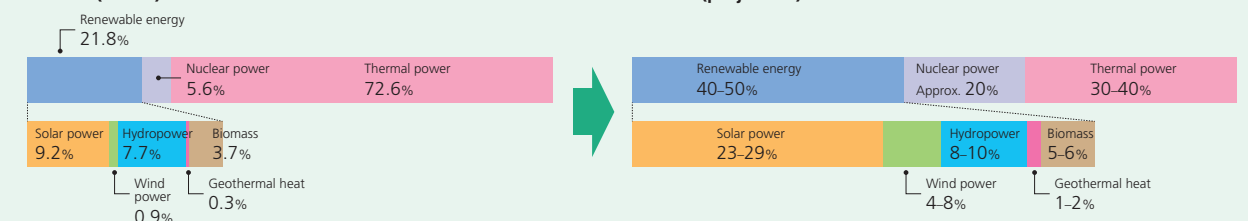
## Market trends and data

### Energy Unit

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

FY2022 (actual) Total: 1 trillion kWh

FY2040 (projection) Total: 1.1–1.2 trillion kWh



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

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





## System Solutions business

Net sales in FY2024

¥200.6 billion

### Information System Unit

Net sales in FY2024 ¥125.4 billion

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

**Main customers** IT business operators

#### SWOT analysis

**S Strengths**

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

**O Opportunities**

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

**W Weaknesses**

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

**T Threats**

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



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

### Service Unit

Net sales in FY2024 ¥26.5 billion

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

**Main customers** Education and medical, general private sector demand

#### SWOT analysis

**S Strengths**

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

**O Opportunities**

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

**W Weaknesses**

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

**T Threats**

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



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

### Overseas Projects Unit

Net sales in FY2024 ¥48.6 billion

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

**Main customers** Overseas business operators

#### SWOT analysis

**S Strengths**

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

**O Opportunities**

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

**W Weaknesses**

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

**T Threats**

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



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

## Our aims in the Medium-Term Management Plan

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

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

## Major initiatives and key achievements

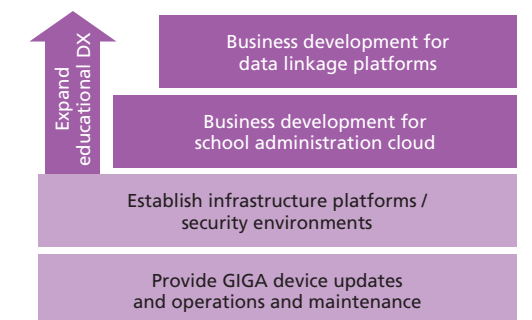
### Information Systems Unit

### Services Unit

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

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

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



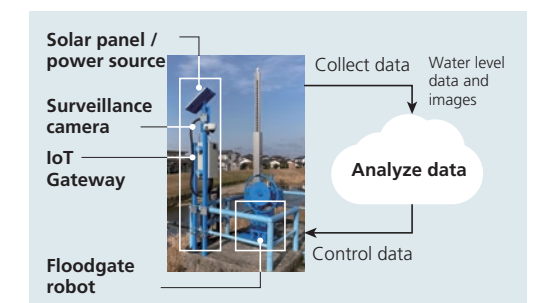
### Information Systems Unit

### Services Unit

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

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

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



Floodgates that implemented a remote monitoring system

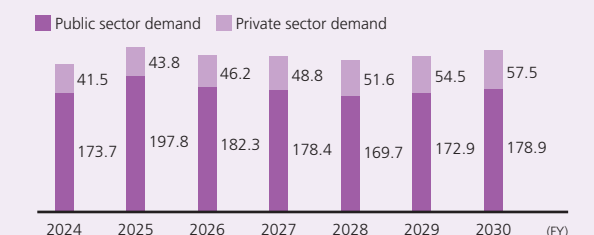
## Market trends and data

### What is Next GIGA?

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



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



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

## Structurally reforming our global business

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



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

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

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

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

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

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

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

### Global business structure



Indoor infrastructure sharing sites  
over 1,500

## Indoor infrastructure sharing business in Japan and overseas

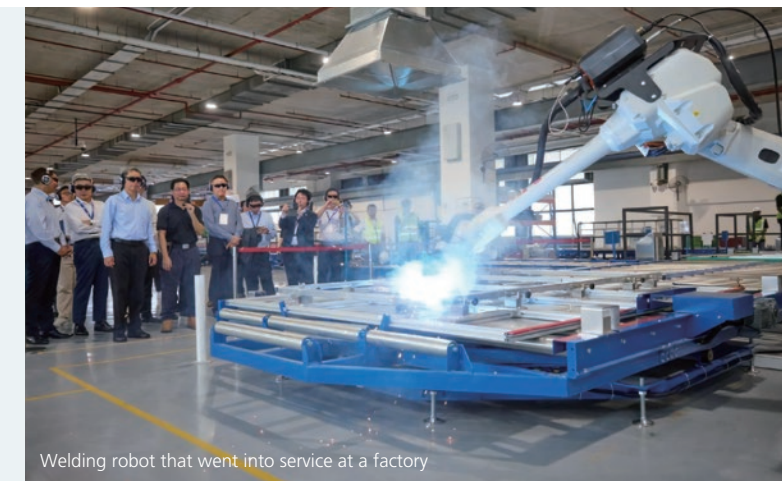
Dhost Global, which operates Indonesia's largest indoor infrastructure sharing business with over 1,500 sites, received investment funding from NTT Docomo Ventures, Inc. in August 2024 and signed a basic agreement with the NTT East Group to build a partnership in Southeast Asia. This is yet another example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

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

## Opening of Leng Aik Engineering's Advanced DfMA Factory

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

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



Welding robot that went into service at a factory



At a seminar in Indonesia

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

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

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



# 4

## Governance of value creation

Sound, highly transparent governance is an unshakable foundation for value creation. We are working to improve our corporate governance in every facet, such as strengthening the supervisory function of outside directors, ensuring sound risk management and compliance, and arranging the management structure to harness synergies in the Group.

- 69 | Board of Directors
- 71 | Corporate governance
  - Risk management
  - Respect for human rights
  - Dialogues with stakeholders

## Directors



**Tetsuya Funabashi**  
Chairman and Representative Director  
Born in 1956  
Director tenure: 7 years  
Number of the Company's shares held: 94,000



**Keigo Kajimura**  
President and Representative Director  
Born in 1965  
Director tenure: 1 year  
Number of the Company's shares held: 9,000



**Noriyuki Watabe**  
Director and Executive Operating Officer, General Manager of Electrical & Telecoms Engineering / Environmental Projects / Smart Energy Headquarters  
Born in 1958  
Director tenure: 3 years  
Number of the Company's shares held: 32,000



**Fumitoshi Imaizumi**  
Director and Managing Operating Officer, General Manager of Global Business Division, President and Representative Director, Exeo Global Pte. Ltd.  
Born in 1963  
Director tenure: 3 years  
Number of the Company's shares held: 29,000



**Shigeki Hayashi**  
Director and Managing Operating Officer, General Manager of Accounts & Finance Division and CFO  
Born in 1967  
Director tenure: 2 years  
Number of the Company's shares held: 9,000



**Koji Tanaka**  
Director and Managing Operating Officer, Representative of West Japan Head Office and Branch Manager of Kansai Branch  
Born in 1968  
Director tenure: 1 year  
Number of the Company's shares held: 8,000



**Koichi Maeda** Newly appointed  
Director and Managing Operating Officer, Head of System Solution Segment General Manager of Solution Business General Manager of Solutions Headquarters and Digital Consulting Division, Solutions Headquarters, President and Representative Director, EXEO Digital Solutions, Inc.  
Born in 1968  
Director tenure: Appointed in June 2025  
Number of the Company's shares held: 13,000



**Masaki Kobayashi** Newly appointed  
Director and Managing Operating Officer, General Manager of Civil Engineering Business Division  
Born in 1968  
Director tenure: Appointed in June 2025  
Number of the Company's shares held: 3,000

## Statutory auditors



**Yasushi Kohara** Outside Independent  
Director  
Born in 1953  
Director tenure: 7 years  
Number of the Company's shares held: 6,000




**Naoko Iwasaki** Outside Independent  
Director  
Born in 1975  
Director tenure: 6 years  
Number of the Company's shares held: 1,000




**Tatsushi Mochizuki** Outside Independent  
Director  
Born in 1956  
Director tenure: 5 years  
Number of the Company's shares held: 4,000



**Keiji Yoshida** Outside Independent  
Director  
Born in 1953  
Director tenure: 4 years  
Number of the Company's shares held: 7,000




**Tomoko Aramaki** Outside Independent  
Director  
Born in 1968  
Director tenure: 2 years  
Number of the Company's shares held: -




**Naruhiko Yamada**  
Standing Statutory Auditor  
Born in 1963  
Statutory Auditor tenure: 1 year  
Number of the Company's shares held: 16,000



**Yuichi Koyama** Newly appointed  
Standing Statutory Auditor  
Born in 1959  
Statutory Auditor tenure: Appointed in June 2025  
Number of the Company's shares held: 58,000



**Eiko Osawa** Outside Independent  
Statutory Auditor  
Born in 1963  
Statutory Auditor tenure: 2 years  
Number of the Company's shares held: -

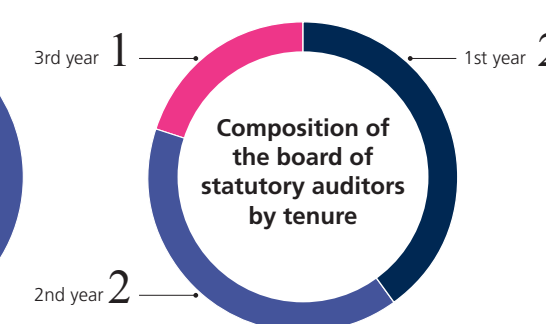
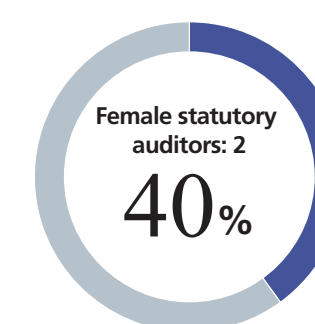
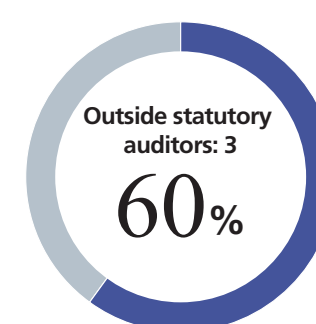
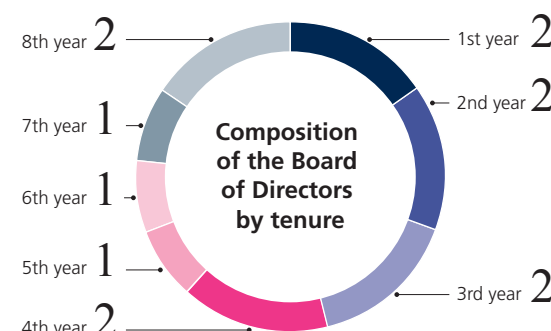
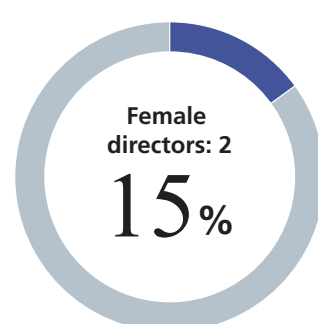
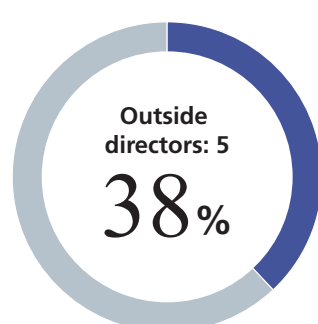


**Akira Harashima** Outside Independent  
Statutory Auditor  
Born in 1960  
Statutory Auditor tenure: 1 year  
Number of the Company's shares held: -



**Yukako Oshimi** Newly appointed Outside Independent  
Statutory Auditor  
Born in 1976  
Statutory Auditor tenure: Appointed in June 2025  
Number of the Company's shares held: -

Note: Number of the Company's shares held are rounded down to the nearest 1,000 shares. Officers who do not hold shares are listed as having "-" shares.





Corporate governance

Governance system and rationale for adopting this system

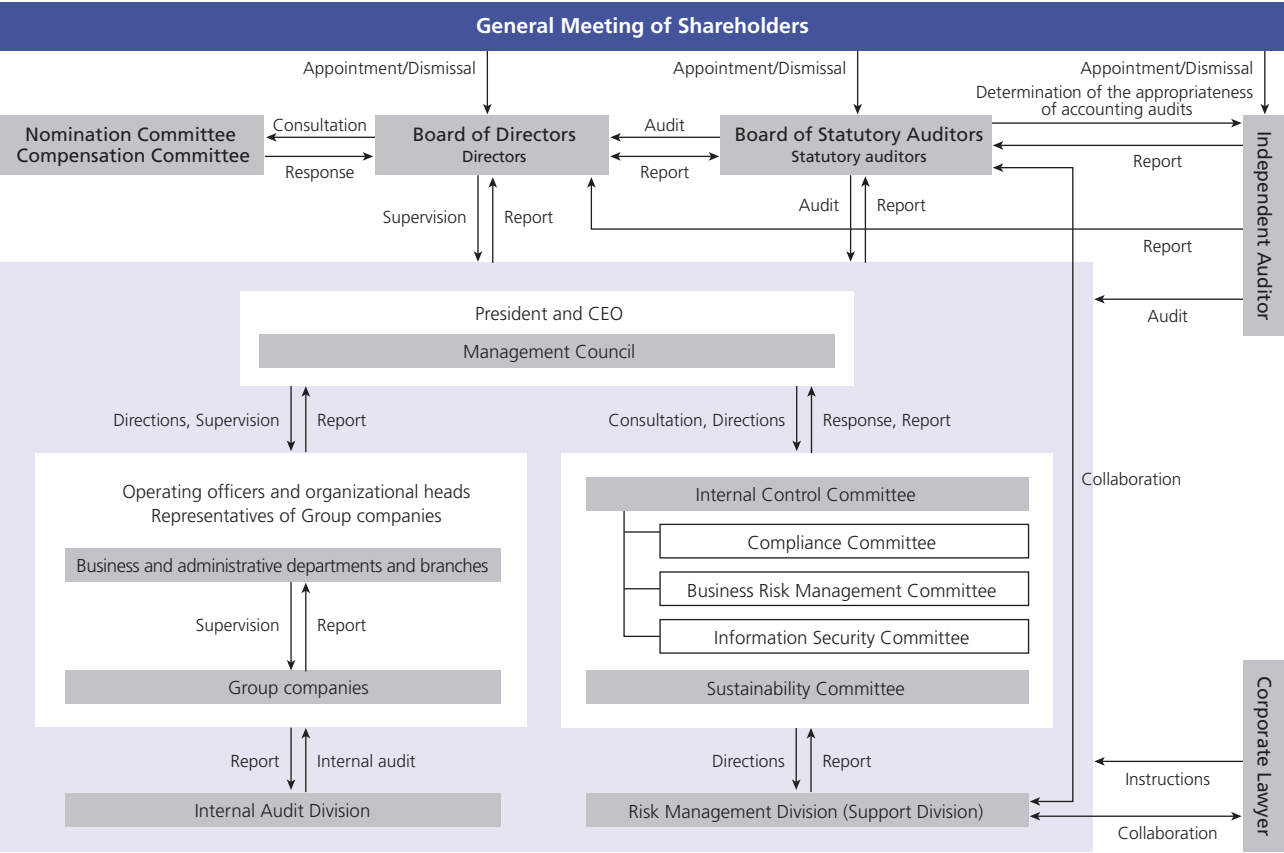
The Company has adopted a Company with an Audit and Supervisory Board format, having determined this system to be the most conducive to ensuring appropriate corporate governance. Members of the Board of Statutory Auditors attend meetings of the Board of Directors and other important meetings in accordance with the audit policy and audit plan. They observe, 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 Chairman and Representative Director, makes decisions on important matters and supervises business execution. Operating officers execute operations based on the Board of Directors’ decisions. Furthermore, in our Management Council we discuss important matters pertaining to business execution.

Simplified chart of corporate governance system

Format	Company with Audit and Supervisory Board
Directors	13 (including 5 outside directors)
Statutory auditors	5 (including 3 outside statutory 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
Operating officers	30
Internal units of the Board of Directors	Nomination Committee and Compensation Committee
Number of Nomination Committee meetings held this fiscal year	4
Number of Compensation Committee meetings held this fiscal year	4

Our corporate governance system (As of June 25, 2025)



Officers’ activities in FY2024 ★ Independent officers ◎ Chair or committee chair

	Name	Board of Directors	Nomination Committee	Compensation Committee	Board of Statutory Auditors
Directors	Tetsuya Funabashi ◎	100% (15/15)	—	—	—
	Keigo Kajimura	100% (11/11)	—	—	—
	Koichi Mino	100% (15/15)	100% (4/4)	—	—
	Noriyuki Watabe	100% (15/15)	—	100% (4/4)	—
	Yuichi Koyoma	100% (15/15)	—	100% (4/4)	—
	Fumitoshi Imaizumi	100% (15/15)	—	—	—
	Shigeki Hayashi	100% (15/15)	100% (4/4)	—	—
	Kouji Tanaka	100% (11/11)	—	—	—
	Takafumi Sakaguchi	100% (4/4)	—	—	—
	Yasushi Kohara ★◎	100% (15/15)	100% (4/4)	100% (4/4)	—
	Naoko Iwasaki ★	100% (15/15)	100% (4/4)	—	—
Statutory auditors	Tatsushi Mochizuki ★◎	100% (15/15)	100% (4/4)	—	—
	Keiji Yoshida ★	100% (15/15)	—	100% (4/4)	—
	Tomoko Aramaki ★	100% (15/15)	—	100% (4/4)	—
	Yasuo Otsubo	100% (4/4)	—	—	100% (5/5)
	Shinji Kojima ◎	100% (15/15)	—	—	100% (16/16)
	Naruhiko Yamada	100% (11/11)	—	—	100% (11/11)
	Shinnosuke Yamada ★	100% (4/4)	—	—	100% (5/5)
	Kimiko Takahashi ★	100% (15/15)	—	—	100% (16/16)
	Eiko Osawa ★	100% (15/15)	—	—	100% (16/16)
	Akira Harashima ★	100% (11/11)	—	—	100% (11/11)

Note: Numbers in parentheses are times attended/number of meetings held during term as director. Discrepancies in number of meetings held are results of differences in time of appointment and/or leaving the position.

Transition to a stronger governance system

	Measure	Composition of the Board of Directors	Female directors
FY2024	Strengthened initiatives to improve the effectiveness of the Board of Directors (e.g. site visits)	8 inside 5 outside	13 in total 2
FY2023	Increased the number of outside directors (from 4 to 5) Outside officers now chair both the Nomination Committee and Compensation Committee	7 inside 5 outside	12 in total 2
FY2021	Increased proportion of outside directors	7 inside 4 outside	11 in total 1
FY2020	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
FY2018	Increased the number of outside directors (from 2 to 3)	12 inside 3 outside	15 in total 1
FY2015	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
FY2014	Appointed an outside director	11 inside 1 outside	12 in total 1
FY2009	Adopted an operating officers system	8 inside	8 in total 0
FY2003	Established Nomination Committee and Compensation Committee	18 inside	18 in total 0

Evaluating the effectiveness of the Board of Directors

To enhance the function of the Board of Directors and business 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. Based on the results of the analysis and discussion among the Board of Directors, it was 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. As part of our efforts to strengthen our governance, we are working to increase our ratio of female officers. Since June 2023, we have one additional female independent outside director. Now with two independent outside female directors and two independent outside female statutory auditors for a total of four, women hold 22% of our officer roles.

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 fiscal 2024 we also conducted “Vector Meetings” for 26 projects, in which all business units get together at earlier stages to discuss business strategies and build common ground. The Sustainability Committee also holds sufficient discussions on initiatives to improve sustainability such as ESG and the SDGs, and reports to the Board of Directors on a regular basis. Outside directors and outside statutory auditors actively make valid remarks from an independent standpoint grounded on 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.

Board of Directors effectiveness evaluation process



Efforts in FY2025 to further improve effectiveness

Topic	Description	Actions in FY2025
Composition of the Board of Directors	Ratio of female officers Need for non-Japanese officers Developing and promoting officers from cultivated talent	<ul style="list-style-type: none"><li>Although the composition of the Board of Directors including the number of directors and ratio of independent officers has been deemed appropriate, continue considerations on ratio of female officers, the need for non-Japanese officers, and developing and promoting officers from cultivated talent.</li></ul>
Operation of the Board of Directors and discussions therein	Securing time for discussion and deliberation	<ul style="list-style-type: none"><li>Consider narrowing and raising standards for bringing up matters in Board of Directors ⇒Real estate investments, share acquisitions, transfers, and equity investments, framework of cash management system (CMS), etc.</li><li>Make effective use of the afternoons after Board of Directors meetings and schedule dates other than those of Board of Directors meetings to improve the content of Vector Meetings and free discussions</li><li>Schedule Vector Meetings on dates other than those of Board of Directors meetings from fiscal 2026 onward</li></ul>
Other	Assistance for making appropriate decisions	<ul style="list-style-type: none"><li>Conduct orientations to explain business details to outside statutory auditors after meeting with newly appointed outside officers to hear their requests</li><li>Monitor business plans on a quarterly basis to ascertain the state of executive operations (continued from fiscal 2024)</li><li>Conduct worksite observations and exchanges of opinions by outside directors and outside statutory auditors (continued from fiscal 2022)</li></ul>

State of enhanced monitoring based on effectiveness evaluations

Topic	Main discussions in Board of Directors meetings
Real estate investment plan	Reports regarding execution status of acquisition and sale transactions and refurbishment plans are provided. As the progress against plans are verified, concerns about individual cases are also shared. Regarding sales transactions, bundling harder-to-sell properties with highly marketable ones were considered.
System investment plans	In addition to sharing the status of IT budget use, progress reports regarding the following initiatives were provided: System renewals and rollouts to Group companies, building communication platforms for Group utilization, security monitoring and operations service offerings, improvements on the quality of the Group network, and the construction of the Iwatsuki Data Center.
M&A investment plans	The progress of high-probability transactions in the Group’s M&A investment plan is monitored. Concurrently, the progress of post-merger integration (PMI) for completed M&A transactions is also shared, and the Board engages in discussions regarding the full M&A process from a broader perspective.
R&D investment plans	Implementation status of corporate initiatives and support initiatives selected as subjects for R&D is reported. Discussions also include R&D management improvements focusing on group collaboration, appropriate accounting practices, and intellectual property monetization.
Workforce plan	The progress of hiring plans for Group companies and the Exeo Group is analyzed by segment and by company. Discussions also cover the effectiveness of various hiring methods, such as strengthening referral hiring, non-citizen hiring, converting temporary employees to permanent positions, and direct recruiting.
Training plan	Progress on various key initiatives such as the Transformation Leader Development Program, and 1-on-1 meeting training for managers, aimed at promoting higher employee engagement and ensuring psychological safety.

Message from an outside director



Keiji Yoshida  
Director

Observing tunnel and data center worksites to understand the business in greater depth

Our worksite observations by outside directors conducted multiple times per year are valuable opportunities to understand our business in greater depth. As such, I try to participate as often as possible.

Sites we observed in fiscal 2024 included cable tunnels that wind like labyrinths underneath large cities, and massive server clusters that are tucked away in data centers. Visiting the actual sites and hearing directly from the people working there reminded me of the importance as well as the difficulty of business that supports social infrastructure. In the biomass power generation business using timber from forest thinning, the sight of those working dedicatedly toward building a sustainable future left a lasting impression.

As outside directors, we participate in the company’s management through Board of Directors meetings and explanatory materials, but through those alone we do not resonate as much with the executive side on individual matters. I think there are two abilities that one needs as an outside director. One is the ability to give insight from an outsider’s perspective in a level-headed manner, and the other is to sufficiently understand the nature of the business and empathize with those conducting it.



Tomoko Aramaki  
Director

Vector Meetings to improve the effectiveness of Board of Directors meetings

We have Vector Meetings in which all business units get together to discuss and align business strategies at an early stage. In these meetings, there are always lively discussions about topics such as M&A, organizational reforms, overseas business, and new businesses. The number of topics has grown from 16 in fiscal 2021 to 26 in fiscal 2024, spanning a broader range of content.

In recent years, topics mentioned in Board of Directors meetings have subsequently been brought up in Vector Meetings one or two months later. In this era of uncertainty, these meetings are a great opportunity to build awareness of the issues through proactive exchanges of opinions. Vector Meetings are clearly meaningful from the perspective of improving the effectiveness of the Board of Directors.

The Vector Meetings are characterized by flexibility. Sometimes, we might have younger team members from the company even give presentations on the issues they see in their daily work and how to improve them. I think that always having new perspectives makes the vector meetings even more beneficial.



Appointing directors and statutory auditors

Composition of the Nomination Committee for FY2025

Committee chairman	Committee members				
					
Tatsushi Mochizuki Outside director	Shigeki Hayashi Director	Masaki Kobayashi Director	Yasushi Kohara Outside director	Naoko Iwasaki Outside director	

Nomination Committee

The Nomination Committee engages in activities with the objective of strengthening corporate governance by ensuring the objectivity, timeliness, and transparency of officer personnel-related matters.

Desired qualities and appointment process

Our method for choosing candidates for directors is to hold deliberations in the Nomination Committee, an internal unit of the Board, on those with excellent character and insight, strong moral character, the energy to drive transformation, leadership skills, and the ability to make accurate decisions. The representative director then gives recommendations, suitability of the candidates is deliberated by the Board of Directors, after which offers are made and motions sent to the General Meeting of Shareholders. Appointments and dismissals of representative directors and executive directors are decided by the Board of Directors.

If there is a director who should be dismissed, the Board of Directors raises a motion for dismissal of the director in the General Meeting of Shareholders.

To choose candidates for statutory auditors, the Representative Director recommends those with business management experience, expertise in finance and accounting, and the high-level insight needed to fulfill the role of a statutory auditor. Motions are then sent to the General Meeting of Shareholders after approval by the Board of Statutory Auditors.

Composition of the Board of Directors

We are committed to improving the activity level and governance of our Board of Directors by ensuring balance and diversity among their backgrounds and areas of expertise. Based on the belief that the number of directors we appoint enables us to swiftly and accurately accommodate drastically changing business environments, we adopt an operating officers system in order to further accelerate our decision-making.

Successor planning

In addition to internal promotions, we promote and attract management personnel from outside the organization. From among these personnel, our representative director identifies individuals who deeply understand our Group philosophy and management vision, have high ethical standards, leadership qualities, and the capability to drive the ongoing growth of the Group, and selects them as successors. Decisions on these successors are then made after deliberation in the Nomination Committee and Board of Directors.

Message from the chair of the Nomination Committee



Tatsushi Mochizuki  
Director

We had lively discussions on the appointment of the new president and CEO

The most debated issue in the Board of Directors leading up to the General Meetings of Shareholders this fiscal year was the nomination of the president and CEO. From the rising costs of material procurement and capital, to the increasing difficulty of securing personnel and global affairs characterized by turbulent political and economic developments—the surrounding business environment is undergoing great change and becoming increasingly harder to navigate. Under these circumstances, fiscal 2025 is the final year of the current Medium-Term Management Plan. At the same time, it is an important year for discussing future management policy more deeply. The new president and CEO will need a wide-range of experience, extensive knowledge, and powerful leadership. As a result of lively discussions that took place in the Nomination Committee, the committee reached a unanimous agreement that Executive Vice President and Representative Director Keigo Kajimura is suited to become the next president and CEO. This was then reported to the Board of Directors.

For future operations of the Nomination Committee, I will make even more effort to create an environment for open and honest discussions. I will fulfill my duties so the Board of Directors can be a forum for exchanging wide-ranging and in-depth opinions in the pursuit of greater business value, equipped with a good balance in terms of gender, professional background, age, specialization, and other factors.

Skills matrix of directors and statutory auditors

	Name	Corporate management and ESG	Innovation and DX	Engineering	Marketing and global business	Finance and accounting	Legal, human resources and labor relations
Directors	Tetsuya Funabashi	●	●	●	●		●
	Keigo Kajimura	●	●	●	●		●
	Noriyuki Watabe	●			●		
	Fumitoshi Imaizumi	●	●	●	●		
	Shigeki Hayashi	●			●	●	
	Kouji Tanaka	●	●	●	●		
	Koichi Maeda	●	●		●		
	Masaki Kobayashi	●	●	●			●
	Yasushi Kohara	●			●		
	Naoko Iwasaki	●	●		●		
	Tatsushi Mochizuki	●					●
	Keiji Yoshida	●		●	●		●
	Tomoko Aramaki	●			●	●	
Statutory auditors	Naruhiko Yamada	●			●		●
	Yuichi Koyama	●			●		●
	Eiko Osawa				●	●	
	Akira Harashima	●			●		●
	Yukako Oshimi	●					●

Note: These are the skills that each director and statutory auditor is particularly expected to have, and this table does not comprehensively indicate their entire skillsets

Reasons for choosing the skills required of directors and other officers

Corporate management and ESG	In the Board of Directors, it is important to engage in objective deliberations on the appropriateness and risks of business activities from multiple perspectives based on extensive experience in managing a company and wide-ranging knowledge based on that experience. We therefore consider knowledge in governance based on experience in the management of a company to be a prerequisite skill. Since we define the issues to be resolved through our business activities as our materiality and aim to achieve a sustainable society, we have also identified experience, knowledge, and expertise in ESG as required skills.
Innovation and DX	In our 2030 Vision, we have defined “Innovation to solve issues” as one of our three challenges. We will aim to establish more in-depth cycles of value creation and achieve even greater long-term business value through the use of digital technology. In order to monitor new value creation through innovation and efforts to leverage data and digital technologies owned by the Group, we have identified experience, knowledge, and expertise related to these areas as required skills.
Engineering	Our Group’s mission is to leverage the technological capabilities we have attained since the time of our founding in order to deliver solutions to social issues. Deep understanding of the engineering field and experience grounded in problem-solving are important foundations to create new value by integrating technologies and expertise in various areas of business. Thus, we have defined experience, knowledge, and expertise in the corresponding areas as required skills.
Marketing and global business	Accurately gauging the business environments and desires of our customers and providing services beneficial to them is fundamental to our business activities and is the source of our value creation. Since we are also operating business globally, it is important to reflect geopolitical, economic, and government policy trends into our business strategies, and build management and governance structures in a timely manner. Therefore, we consider experience, knowledge, and expertise in the corresponding areas to be necessary skills.
Finance and accounting	Understanding the cost of capital and having a management mindset with consciousness of share price is key to ensuring growth, efficiency, and soundness of our financial base that can deliver appropriate cash allocations and shareholder returns over the medium to long term. We also consider experience, knowledge, and expertise related to the corresponding areas to be required skills for ensuring the proper supervisory function of the Board of Directors.
Legal, human resources and labor relations	Similar to finance and accounting, these are basic functions that support business management. In addition to being necessary skills for ensuring proper supervisory functions, they are necessary from the standpoint of strengthening and reforming governance. Boosting human capital and improving engagement are particularly crucial to our continued growth. We therefore consider experience, knowledge, and expertise related to the corresponding areas to be necessary skills.

Use of outside directors and statutory auditors

The Company has five 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 should fulfill the function of supervising and monitoring the management of the Company from an independent and neutral standpoint, providing comments based on their abundant experience and wide-ranging knowledge. Outside statutory auditors should 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 statutory 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.”).

To facilitate better Board of Directors meetings, the Company distributes Board of Directors’ meeting materials to outside directors early on, and provides them advance explanations on the backgrounds, objectives, and details of proposals for Board of Directors agenda items.

Reasons for selection of outside directors and statutory auditors

Job title	Name	Year appointed	Reasons for selection
Directors	Yasushi Kohara	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	2019	Ms. Iwasaki is a leading international researcher and expert on digitalization 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	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	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.
	Tomoko Aramaki	2023	Possessing a wealth of experience and expertise in finance and accounting as a CPA and tax accountant and insight in business management, Ms. Aramaki has provided appropriate advice and recommendations in important management decisions of the Company. She is appropriately fulfilling her role as an outside director.
Statutory auditors	Eiko Osawa	2023	Possessing a wealth of global experience and expertise in finance and accounting as a CPA at a major auditing firm, Ms. Osawa has been auditing the business execution of directors from an independent standpoint while also appropriately fulfilling her role as an outside statutory auditor.
	Akira Harashima	2024	Possessing a wealth of experience and outstanding knowledge in business management, including in global business as an officer at Tokio Marine Holdings, Inc., Mr. Harashima has been auditing the business execution of directors from an independent standpoint while also appropriately fulfilling his role as an outside statutory auditor.
	Yukako Oshimi	2025	Ms. Oshimi has abundant experience and expertise in law as an attorney at law, has served as a Director and Audit & Supervisory Board Member at listed companies, and the Company believes that she will appropriately perform her duties as Audit & Supervisory Board Member. The Company has therefore nominated her as candidate for Outside Audit & Supervisory Board Member.

Board of Statutory Auditors

The Board of Statutory Auditors considers auditing policies, audit plans, and business management from the sustainability perspective, the development and operational status of internal control systems, the appropriateness of accounting audits, and agreements on the evaluations and compensation of accounting auditors. Additionally, this board receives detailed explanations from the Finance Department and independent auditors hold lively discussions, and express opinions about key audit matters (KAMs). For statutory auditor audits, they conduct audits according to the auditing policy and audit plan in compliance with the statutory auditor audit standards determined by the Board of Statutory Auditors. Specifically, they attend important meetings such as the Board of Directors, audit the proceedings and resolutions, and express opinions when necessary. Aside from that, they conducted 70 interviews (hybrid of face-to-face and web conferences) and field visits with the representative director, Head Office executives, main business locations, and subsidiaries. In the interviews and field visits, aside from auditing business operations and financial conditions they also exchanged opinions about matters such as DX implementation initiatives, operational structures according to area characteristics, unified R&D efforts as a Group, securing and developing personnel from the perspective

of human capital, and employee health and safety.

Standing statutory auditors report to the Board of Statutory Auditors on the results of their active communication and information sharing with related departments on important decision-related documents viewed, deliberations in the Management Council, and on the various issues. In everyday auditing activities, they gather information internally to comprehend the issues in our business groups and share information and opinions with outside statutory auditors in a timely manner. Outside statutory auditors express opinions from broad perspectives in the Board of Directors and Board of Statutory Auditors based on their extensive range of work experience and high-level expertise. Exchanging opinions also with the President and CEO, they receive explanations of management policies and leverage their expertise and experience to express their opinions from an outside perspective.

In fiscal 2024, outside directors and outside statutory auditors observed worksites, visited business locations, and exchanged opinions with general managers and younger executive-class personnel to gain a deeper understanding of the business. Three outside statutory auditors participated in these activities.

Statutory auditors’ activities in FY2024

Item	Overview	Number of times	Method used	Standing statutory auditor	Outside statutory auditor
Auditing the execution of duties and tasks by directors, etc.	Meetings with the president	2	Face-to-face	●	●
	Meetings with head office executives	21	Face-to-face	●	●
	Meetings with main business locations	8	Face-to-face and web conference	●	●
Monitoring Board of Directors meetings	Monitoring actions in decision-making and supervisory duties	15	Face-to-face and web conference	●	●
Monitoring important meetings other than the Board of Directors	Monitoring actions in decision-making and supervisory duties (details of discussions reported to outside statutory auditors in Board of Statutory Auditors meetings)	61	Web conference	●	—
Auditing related to internal control systems	Checking internal controls in the Companies Act by auditing the execution of duties by directors and through monitoring and reports at important meetings	6 <sup>*1</sup>	Web conference	●	—
	Verifying reports from independent auditors and the Internal Audit Division on internal controls for financial reporting in the Financial Instruments and Exchange Act	3 <sup>*2</sup>	Web conference	●	●
Accounting audits	Verifying the independence of the independent auditor and determining the adequacy of methods and results of audits related to financial reports (reports from independent auditors)	7	Web conference	●	●
Auditing corporate groups	Attending board of directors meetings of major domestic subsidiaries	41	Face-to-face and web conference	●	—
	Attending statutory auditors committee meetings and conferences of major domestic subsidiaries	35	Face-to-face and web conference	●	—
	Exchanging opinions with standing statutory auditors of major domestic subsidiaries	1	Web conference	●	●
	Exchanging opinions with statutory auditors of domestic subsidiaries	1	Web conference	●	●
	Meetings with major domestic subsidiaries and other subsidiaries	35	Face-to-face and web conference	●	●
	Meetings with overseas subsidiaries	6	Face-to-face and web conference	●	●
Worksite observations for deeper understanding of business, etc.	Worksite observations by outside statutory auditors, visits to business locations, exchange of opinions with general managers and younger executive-class personnel (joint participation with outside directors)	5	Face-to-face	—	●







<sup>\*1</sup> 2 for Internal Control Committee reports, 4 for Compliance Committee    <sup>\*2</sup> 1 for Independent Auditors, 2 for the Internal Audit Division



Remuneration of officers

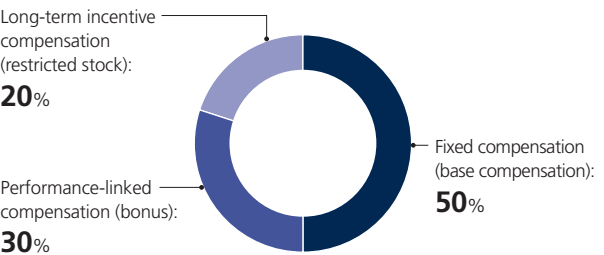
The Compensation Committee engages in activities with the objective of strengthening corporate governance by ensuring the objectivity and fairness of the compensation and other conditions of officers. The Compensation Committee for fiscal 2024 referred to research materials from outside institutions and trends at other companies to review officer remuneration and proportions of remuneration, and held discussions

Composition of the Compensation Committee for FY2025

Committee chairman	Committee members				
					
Yasushi Kohara Outside director	Noriyuki Watabe Director	Koichi Maeda Director	Keiji Yoshida Outside director	Tomoko Aramaki Outside director	

accordingly. They also proceeded with considerations for awarding stock-based compensation to Group companies and provided a report in a Board of Directors meeting.

Composition of director compensation (excluding outside directors)



Note: Ratios include employee salaries and bonuses in the case of directors who also serve as employees.

Matters in determining remuneration for directors (and other officers)

Basic policy	<ul style="list-style-type: none"><li>Effectively-functioning incentives to drive medium- to long-term growth in business value</li><li>Setting levels that enable us to secure and retain outstanding talent</li><li>Decision-making processes that are transparent and fair</li></ul>
Decision methodology	<ul style="list-style-type: none"><li>Deliberate in the Compensation Committee (chaired by an independent outside director) and approved by resolution of the Board of Directors</li></ul>
Compensation structure	<ul style="list-style-type: none"><li><b>Directors (excluding outside directors):</b> Consists of base compensation, bonuses, and restricted stock</li><li><b>Outside directors and statutory auditors:</b> Remuneration is limited to base compensation since they are independent from the execution of business</li></ul>
Delegation of authority	<ul style="list-style-type: none"><li><b>Scope of delegation:</b> The president and CEO determines the specific breakdown of compensation (base compensation and bonus amount for each director) for each individual director based on authority delegated by resolution of the Board of Directors</li><li><b>Reason for delegation:</b> Because the president and CEO is most suited to evaluating the businesses headed by the directors while taking an overall view of the company as a whole</li><li><b>Condition of delegation:</b> The Compensation Committee verifies the appropriateness of base compensation for each director</li></ul>

Message from the chair of the Compensation Committee



Yasushi Kohara  
Outside director

Ensuring transparent, fair compensation and timely revisions to systems

The Compensation Committee consists of three outside directors and two inside directors. Its primary mission is to ensure the transparency and fairness of compensation, and to make timely revisions to systems to improve our performance and increase our business value over the short term and medium to long term.

To ensure fairness and transparency, the committee verifies whether the calculations for compensation of directors and operating officers are appropriate according to the rules and whether the levels are appropriate for the job, then reported the findings to the Board of Directors. In terms of systems, the committee verified the effectiveness of evaluation metrics that were newly added last year, and recommended expanding restricted stock compensation and adjusting proportions of compensation to achieve greater shared value with shareholders and to strengthen the incentivization function. The committee also recommended adjusting the compensation of statutory auditors whose roles and responsibilities grow each year. We believe that the time was right for these actions.

The committee will continue leveraging the insights and knowledge of each committee member to consistently maintain a high level of governance in the Group while designing and operating compensation systems that support further growth and form the foundation for business value creation.

Performance-linked compensation (bonus)

Bonuses are paid to directors (excluding outside directors) as performance-linked compensation. Amounts paid are determined based on a comprehensive consideration of the business environment and other factors, with the basic principle of linking bonuses to business performance during the fiscal year under review.

Metrics used for calculating bonuses are as shown in the table on the right. The reasoning behind the use of these metrics is that directors have responsibility as managers for the overall consolidated performance. For calculation, we multiply base compensation by an index that accounts for achievement level of the business plan and a qualitative evaluation.

Performance-linked compensation calculation metrics, targets, and results

Metric	Target	FY2024 actual
Consolidated net sales	¥630.0 billion	¥670.8 billion
Consolidated operating profit	¥36.0 billion	¥42.4 billion
Profit attributable to owners of parent	¥22.3 billion	¥26.8 billion
ROE	7.1%	8.5%

Long-term incentive compensation (restricted stock)

Restricted stock consists of performance-linked restricted stock and continuous service-linked restricted stock. In fiscal 2024, 36,100 shares of restricted stock were issued to seven directors (excluding outside directors).

Type	Performance-linked metrics	Overview and rationale for selection as metrics
Performance-linked restricted stock	Consolidated operating profit CDP	This 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, for the purpose of providing medium- to long-term incentives for continued increases in our business value and promoting the sharing of value with shareholders. For performance-linked metrics (number of transfer-restricted shares to cancel decided according to level of achievement), we use consolidated operating profit since it is directly linked to the achievement of performance targets and sharing of value with shareholders, and the CDP as a metric linked to the practical application of ESG management to increased business value.
Continuous service-linked restricted stock	—	The condition for waiving the restriction on transfer is that the employee continuously serves as one of our directors or in a certain other position for a certain period of time.

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

Classification of officers	Total amount of remuneration, etc. (¥Million)	Total amount of remuneration, etc. by type (¥Million)			Number of eligible officers
		Monetary remuneration		Long-term incentive compensation	
		Base compensation	Bonus	Restricted stock	
Directors (excluding outside directors)	300	135	107	57	9
Statutory auditors (excluding outside statutory auditors)	42	42	—	—	3
Outside officers	Outside directors	62	—	—	5
	Outside statutory auditor	29	—	—	4

Notes: 1. Amounts are rounded down to the nearest million yen.  
2. The above figures include one director and two statutory auditors who retired at the conclusion of the 70th Ordinary General Meeting of Shareholders held on June 26, 2024.

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

Classification	Type of compensation	Maximum compensation amount	Resolutions at the General Meeting of Shareholders
Directors	Monetary remuneration	Up to ¥350 million/year*1	June 23, 2009 55th Ordinary General Meeting of Shareholders
	Remuneration for performance-linked restricted stock*2	Up to ¥80 million/year, up to 100,000 shares/year*3	June 25, 2025 Discussed in the 71st Ordinary General Meeting of Shareholders
	Remuneration for continuous service-linked restricted stock*2	Up to ¥50 million/year, up to 100,000 shares/year*3	June 21, 2019 65th Ordinary General Meeting of Shareholders
Statutory auditors	Monetary remuneration	Up to ¥100 million/year	June 25, 2025 Discussed in the 71st Ordinary General Meeting of Shareholders

\*1 Not including employee salaries in the case of directors who also serve as employees \*2 Outside directors are not eligible  
\*3 We conducted a 2-for-1 share split of our common stock with an effective date of April 1, 2024. Accordingly, our upper limit for restricted stock remuneration per year is now 100,000 shares.

Internal Control Committee

Based on our Basic Guideline for Establishing Internal Control Systems, we established an Internal Control Committee (Committee chair: President and CEO) tasked with establishing organizational systems to ensure observance of laws and regulations, operational effectiveness and efficiency, and the reliability of our financial reports, in addition to comprehending and evaluating the overall operational status of the applicable internal control systems. Related committees have been established under the Internal Control Committee. These are the Compliance Committee, Business Risk Management Committee, and Information Security Committee.

Meetings in FY2024

Internal Control Committee	4 meetings
Information Security Committee	4 meetings
Business Risk Management Committee	13 meetings
Compliance Committee	6 meetings

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.

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 (CISO), 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.

To strengthen governance related to information security, we also established the Cybersecurity Department in January 2025.

Composition of the Information Security Committee

Chair	CISO: Kazuhiko Okubo
Committee members	Comprised of 16 members, heads of the following organizations: Crisis Management Office, Safety and Quality Management Headquarters, General Affairs Department, Human Resources Department, Human Resources Development Department, Accounts & Finance Division, Procurement Division, Corporate Planning Division, Strategic Alliances Division, Risk Management Division, Internal Audit Division, Group Business Promotion Division, Digital Transformation Strategic Division, Innovation Development Unit, Cybersecurity Division, Global Business Department

Organizational system for sustainability

We have established the Sustainability Committee, chaired by the President and CEO and positioned as an advisory body to

Organizational system for sustainability



the Management Council. Its stated purpose is "deliberating on our direction, important issues, goal setting, and information disclosure in terms of sustainability and monitoring the status of initiatives as part of the Group's business strategy," in the overall scheme of our operations. In principle, this committee meets twice per year to deliberate and report to the Management Council and Board of Directors on policies and the results of initiatives.

We also established the Sustainability Promotion Office within the General Affairs Department as an organization dedicated to sustainability. This office serves as the administrative center for the Sustainability Committee, and also coordinates with the group companies to set goals and manage progress on various sustainability measures such as climate change, human rights, and natural capital.

Group governance

We ensure the reliability and appropriateness of our Group companies' sales results, financial status, and other key management information by enforcing a reporting and/or approval process by the Company according to our stipulated rules for subsidiaries. The Company's Internal Audit Division audits the effectiveness and appropriateness of each Group company's work operations.

We formulate a medium-term business plan for the business execution of directors at Group companies and find ways to ensure their efficiency. We also install divisions in the Company to manage Group business and strive to operate business smoothly through Group company president meetings and other arrangements.

For risk management, we formulated the Risk Management Rules for the Group as a whole, and we manage risks throughout the Group in an all-inclusive and comprehensive manner.

For compliance, we established our Group compliance risk control standards. Based on unified rules that meet the standards expected by society, we are establishing the structures and operations processes that will be the foundation for compliance-related activities by each Group company while implementing compliance programs without exceptions.

Supply chain management

In April 2024, we established and published the Basic Procurement Policy to promote responsible procurement activities together with partner companies who do business with our Group. Then in September of the same year, we enacted and published our respective Procurement Guidelines which specify what we expect our business partners to observe regarding the Basic Procurement Policy.

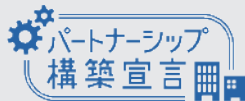
In January 2025, we also established the Sustainability Procurement Office, which will approach partner companies to verify their observance of our procurement guidelines. Eight different observance parameters will be verified, including human rights, safety and health, and the environment.

Through efforts such as these, the Group will continue engaging in sustainable, highly transparent, and responsible procurement activities together with our business partners.

Initiative for mutual benefits in supply chains

Declaration of Intention to Build Partnerships

Starting September 2024, Group companies have been announcing their Declaration of Intention to Build Partnerships, intended to facilitate alliances with partner companies in our supply chains and those who seek joint value creation. We are aiming to build new partnerships through this initiative.



Multi-stakeholder Policy

In addition to shareholders, it is becoming important to engage with various stakeholders such as partner companies, employees, customers, creditors, and the community to facilitate co-creation. Recognizing this, starting in September 2024 we have been announcing our Multi-stakeholder Policy in phases at our Group companies.



Declaration of intention to build partnerships, multi-stakeholder policy, and procurement policies

<https://www.exeo.co.jp/en/sustainability/society/>



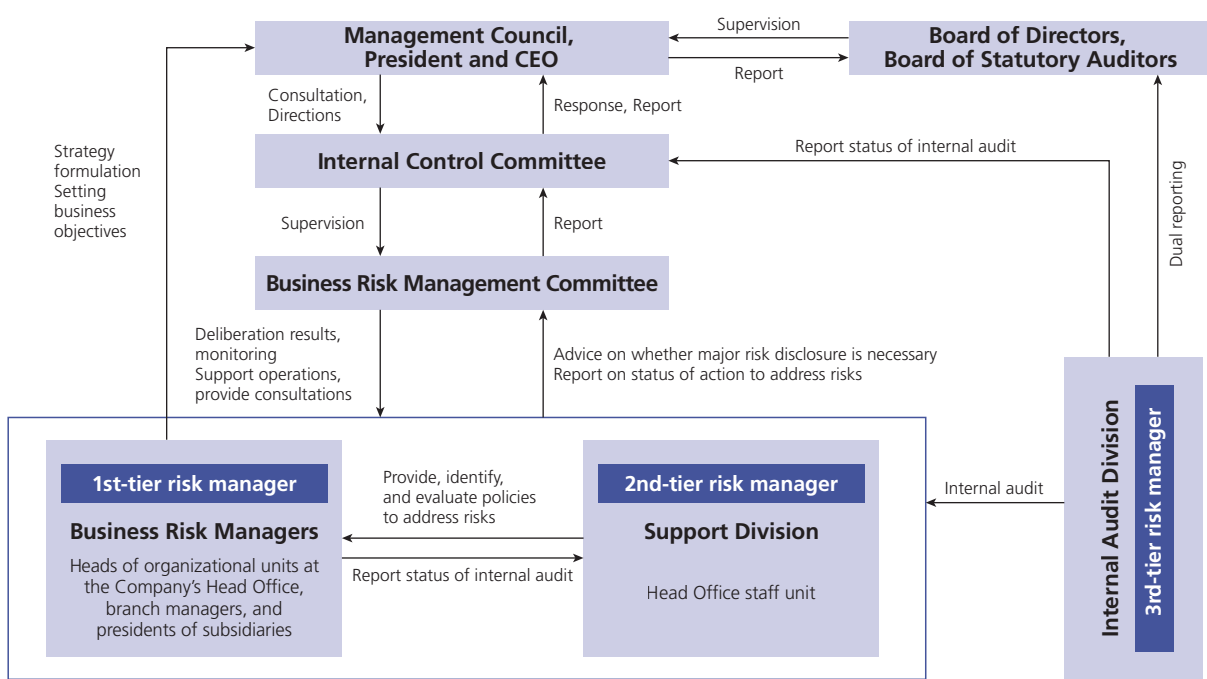
Risk management

Risk management system

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. Thus, we have the systems in place to identify and evaluate risks on a Group-wide level and are formulating

business continuity plans (BCPs) that can keep business functioning.  
Additionally, we have established a crisis management system to minimize loss when risks that are larger than anticipated materialize. This includes the task of establishing crisis management committees whenever a crisis arises that could severely impact our business.

Risk management system

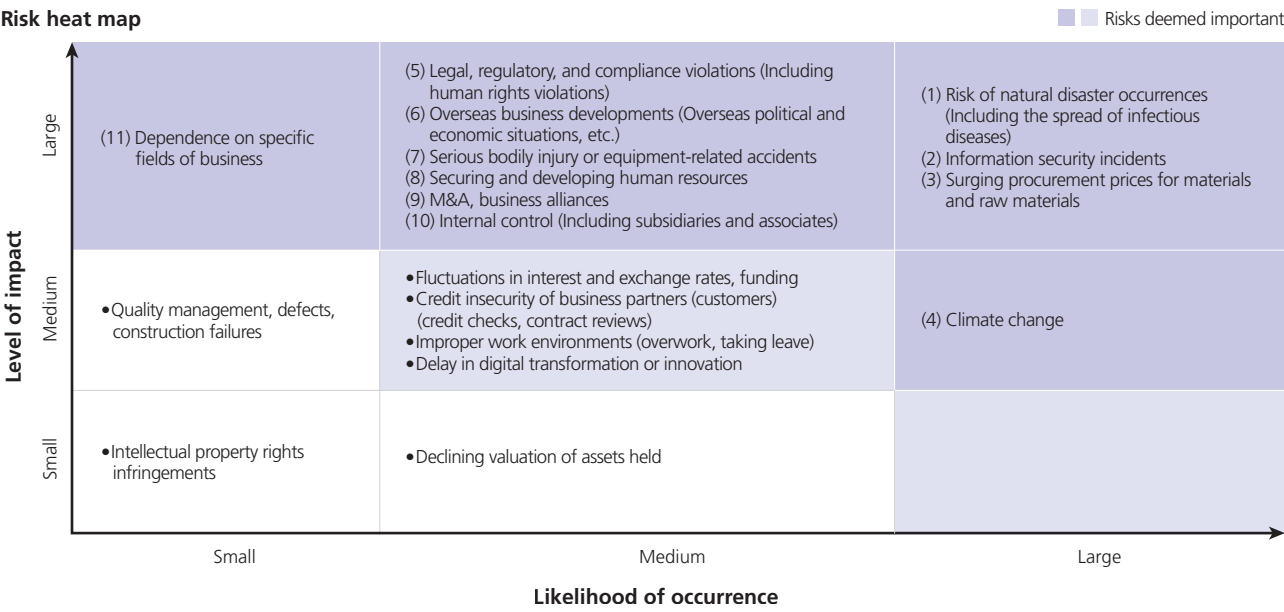


Internal Control Committee	Based on our Basic Guidelines for Establishing Internal Control Systems, we are establishing organizational systems to ensure observance of laws and regulations, operational effectiveness and efficiency, and the reliability of our financial reports while comprehending and evaluating the overall operational status of the applicable internal control systems.
Business Risk Management Committee	This committee verifies whether the first-line risk manager is formulating strategies and business objectives and evaluating their practical application and performance aligned with our Group's mission, vision, and core values. Concurrently, it manages the Group-wide impact of the risk resulting from having chosen those strategies and business objectives.
Business Risk Manager (1st-tier risk manager)	This manager formulates strategies in accordance with our Group's mission, vision, and core values. The manager also formulates action plans as specific measures tailored to each organizational environment in accordance with the policies indicated by each support division, and manages the progress of measures implemented.
Support Division (2nd-tier risk manager)	This manager provides the guidelines for addressing risk in the Group for the applicable risk category, and monitors the appropriateness, effectiveness, and status of corrective actions.
Internal Audit Division (3rd-tier risk manager)	From an independent standpoint, this manager evaluates the appropriateness and effectiveness of the first and second tier managers' performance, implementation processes, and the risk management and compliance structures they have established. It provides information when needed while also requesting improvements.

Assessment, management, and monitoring process

For risk assessments in the Group, we not only assess risks regarding our business activities and business plans, but we also regularly identify, assess, and revise our risks linked to our materiality (key issues for corporate groups to prioritize). We create risk heat maps, graphically indicating priority risks along two dimensions: level of impact and likelihood of occurrence.

The Support Division corresponding to each risk handles the related risk management and monitoring. Circumstances assessed as serious risks are reported to the Business Risk Management Committee. Concrete actions are taken to mitigate the risks and make improvements based on the Group's organizational structure for risk management.



Status of addressing important risks

Risk	Details of risks	Measures, etc. to address risks
(1) Risk of natural disaster occurrences (Including the spread of infectious diseases)	<ul style="list-style-type: none"><li>• Shutdowns to lifelines, construction stoppages or delays due to shortages of fuel, materials, or personnel, damage to the buildings or equipment of business offices</li></ul>	<ul style="list-style-type: none"><li>• Conduct training and prepare rules and manuals</li><li>• Implement staggered work hours and teleworking systems</li><li>• Administer flu vaccines in the workplace, etc.</li></ul>
(2) Information security incidents	<ul style="list-style-type: none"><li>• Data leakage such as technical or customer information (lost computers or smartphones, theft or mishandling, unauthorized access, computer virus infections, cyberattacks originating externally, etc.)</li><li>• Lost trust from customers and obligation to compensate damages caused by system inoperability</li></ul>	<ul style="list-style-type: none"><li>• Designate a chief information security officer, and establish an Information Security Committee and Cybersecurity Department</li><li>• Acquire certification and PrivacyMark for information security management systems</li><li>• Detect and protect against cyberattacks through centralized monitoring and operations, support actions against viruses and data leaks</li><li>• Conduct e-learning, training for spear phishing email attacks, and study sessions to raise security awareness for all employees</li></ul>
(3) Surging procurement prices for materials and raw materials	<ul style="list-style-type: none"><li>• Construction stoppages and impact on contracted construction periods when procurement from suppliers is threatened due to natural disasters, social unrest, or slumping performance</li><li>• Rising costs of fuel, distribution, labor or outsourcing</li><li>• Prolonged lead times in procuring materials for telecom base stations due to semiconductor shortages, and corresponding extensions of construction periods</li></ul>	<ul style="list-style-type: none"><li>• Take measures such as placing materials orders early, securing diverse suppliers, passing on cost increases into construction prices, and incorporating conditions for price spikes into contracts</li><li>• Prioritizing areas with abundant supplies to minimize the effects of semiconductor shortages</li></ul>
(4) Climate change	<p>(1) Transition risks</p> <ul style="list-style-type: none"><li>• Negative perceptions and ratings by customers and investors resulting from an inability to transition to a decarbonized society or meet customers’ needs in addressing climate change, and the resulting loss of business value or chances to receive orders</li><li>• Increased costs from implementation of carbon pricing systems, etc.</li></ul> <p>(2) Physical risks</p> <ul style="list-style-type: none"><li>• Water damage to buildings anticipated as climate becomes increasingly turbulent</li><li>• Risk of disasters damaging construction sites &amp; facilities</li><li>• Greater health risks (heatstroke, etc.), lower work efficiency, delays in handovers of ordered work, and increased costs of measures taken at outdoor construction sites due to rising temperatures</li></ul>	<p>(1) Transition risks</p> <ul style="list-style-type: none"><li>• Actively pursue net renewable energy for electric power used in business activities</li><li>• Expand business along with increasing demand for construction of woody biomass power plants and renewable energies such as offshore wind power generation</li></ul> <p>(2) Physical risks</p> <ul style="list-style-type: none"><li>• Strengthen BCP capabilities</li><li>• Use ICT for safety management and improve work efficiency at construction sites</li></ul>
(5) Legal, regulatory, and compliance violations (Including human rights violations)	<ul style="list-style-type: none"><li>• Revision and abolition of legal restrictions such as the Construction Business Act, Subcontract Act, Anti-monopoly Act, Industrial Safety and Health Act, and environmental laws, or changes to applicability of new related rules</li><li>• Behavior that violates human rights such as misconduct or harassment by employees across the supply chain</li><li>• Compliance violations such as leaked personal information or trade secrets</li></ul>	<ul style="list-style-type: none"><li>• Swiftly deploy Group-wide methods for dealing with changes to laws</li><li>• Conduct annual “Legal Compliance Inspection” voluntary self-inspections</li><li>• Verify the state of compliance through internal audits and implement corrective measures</li><li>• Conduct e-learning training for all employees, level-based training for officers, leader level personnel, and younger employees</li><li>• Promote awareness of the internal reporting (whistleblowing) system</li><li>• Engage in awareness-raising activities such as making posters</li><li>• Formulate the Exeo Group Human Rights Policy and instill understanding of it within the Group</li><li>• Develop a culture where diverse values are respected</li></ul>

Risk	Details of risks	Measures, etc. to address risks
(6) Overseas business developments (Overseas political and economic situations, etc.)	<ul style="list-style-type: none"><li>• Rapid changes in the political or economic climate in regions where we operate, large fluctuations in exchange rates, unexpected changes to laws or regulations, natural disasters such as earthquakes, typhoons, infectious diseases, and pandemics</li><li>• Rising material prices and supply chain breakdowns caused by changes in world affairs (tariffs initiated by the US government, prolonged struggle between Russia and Ukraine, conflict in the Middle East, etc.)</li></ul>	<ul style="list-style-type: none"><li>• Strengthen governance and risk management by assigning directors to serve concurrently as directors of subsidiaries</li><li>• Improve internal reporting systems for employees of overseas Group companies</li><li>• Mitigate exchange risk by holding forward exchange contracts and assets and liabilities denominated in the same currency</li><li>• Conduct reviews by outside experts for business investments where we lack knowledge or experience</li></ul>
(7) Serious bodily injury or equipment-related accidents	<ul style="list-style-type: none"><li>• Lost trust from customers, obligation to compensate damages, or fewer chances to receive orders due to incidents or accidents</li></ul>	<ul style="list-style-type: none"><li>• Introduce safety-minded vehicles, tools, and equipment</li><li>• Introduce protective verifications using network cameras and functions to check safety features using AI and DX</li><li>• Conduct hazard prediction training, human resources development for worksite supervisors, etc.</li><li>• Deploy dialogue-oriented patrols and recognitions of excellence or praise-worthy cases internally Enhance resilience through learning from best practice case examples</li><li>• Obtain certifications for occupational safety and health management and quality management systems</li></ul>
(8) Securing and developing human resources	<ul style="list-style-type: none"><li>• Inability to sufficiently secure and train human resources lowers competitiveness of the Group and employee morale</li></ul>	<ul style="list-style-type: none"><li>• Hire new graduates and experienced personnel year-round in addition to hiring season</li><li>• Hire global human resources</li><li>• Improve employee engagement by revising conditions offered, creating comfortable work environments, enhancing employee training, and supporting growth on the job</li><li>• Implement engagement-oriented measures that emphasize employee autonomy and independence such as the Transformation Leader Development Program</li><li>• Provide training programs including OJT</li><li>• Offer reskilling programs to shift human resources between business functions</li><li>• Encourage acquisition of qualifications and skills needed for specific work</li><li>• Build a Group-wide personnel database</li></ul>
(9) M&A, business alliances	<ul style="list-style-type: none"><li>• Inability to identify effective investment opportunities or earn the initially expected returns on investment</li><li>• New risks added particularly to those businesses and markets when entering a new business domain</li><li>• Goodwill-related impairment losses due to changes in the business environment or state of the competition after acquisition</li></ul>	<ul style="list-style-type: none"><li>• Identify future market trends, synergies within our Group, and potential risks of companies targeted for acquisition</li><li>• Have outside attorneys and financial advisors conduct investigations</li><li>• Use WACC as the hurdle rate</li><li>• Revise investment criteria as needed</li><li>• PMI and monitoring (progress vs. business plan in acquisition phase, rate of achieving synergies, etc.) after conducting M&amp;A</li></ul>
(10) Internal control (Including subsidiaries and associates)	<ul style="list-style-type: none"><li>• Internal controls fail to function effectively and proper operations cannot be ensured</li></ul>	<ul style="list-style-type: none"><li>• Establish systems to ensure observance of laws and regulations, effectiveness and efficiency of operations, and reliability of financial reporting according to our Basic Guideline for Establishing Internal Control Systems</li><li>• Establish an Internal Control Committee (chaired by the president and CEO) to comprehend and evaluate the overall operating state of internal controls</li></ul>
(11) Dependence on specific fields of business	<ul style="list-style-type: none"><li>• Capital expenditure behaviors and structures of companies in Telecom Carriers change due to market trends or technological innovations in the telecom industry</li></ul>	<ul style="list-style-type: none"><li>• Implement the respective growth strategies of our three business segments according to the Medium-Term Management Plan (FY2021–2025)</li></ul>



# Respect for human rights

The Group recognizes that respect for human rights is an important corporate social responsibility for a company in all settings of business activities. We will contribute to the realization of a sustainable society by fulfilling this responsibility. In order to engage in efforts geared toward respect for human rights in this manner, in January 2024, we have established the Exeo Group Human Rights Policy based on the Guiding Principles on Business and Human Rights adopted by the United Nations Human Rights Council.

Based on this policy, we will make efforts to prevent and mitigate risks of human rights violations by conducting human rights due diligence and using remediation mechanisms according to international standards as we manage business with a commitment to respect for human rights.

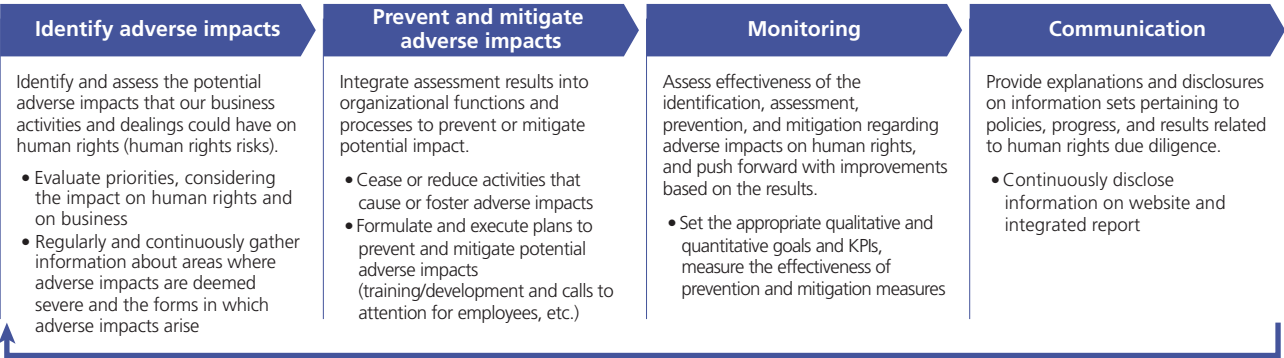
### Respecting human rights

Governance	See “Organizational system for sustainability” on page 84
Strategy	Build a human rights due diligence mechanism and implement it regularly and continuously throughout the Group
Risk management	Identify the priority issues to address from the human rights risk map, and strive to eliminate and mitigate negative impacts on human rights
Metric	Completion rate of e-learning regarding respect for human rights

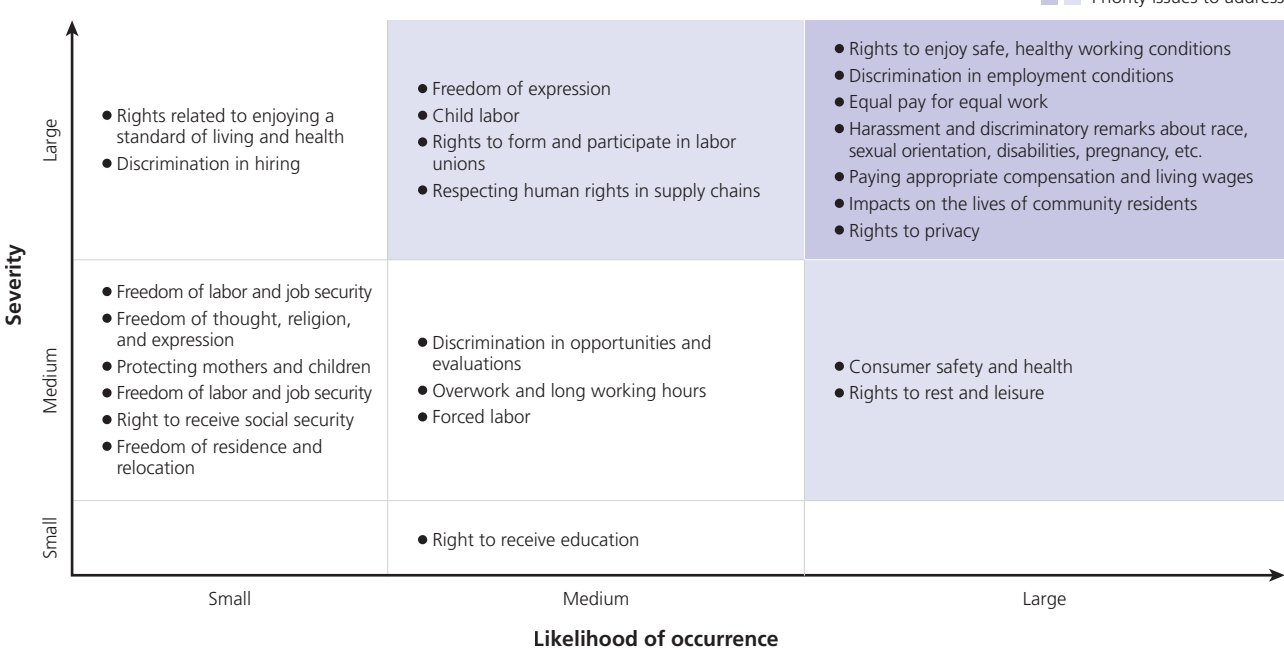
### Human rights issues to address with priority

Human rights issue	Initiatives
(1) Rights to enjoy safe, healthy working conditions	<ul style="list-style-type: none"><li>Specify “practice workplace safety while maintaining and promoting mental and physical health” in occupational safety and health management policy</li><li>Conduct safety patrols where management personnel visit worksites to inspect safety</li><li>Conduct occupational safety and health training based on responsibility level</li></ul>
(2) Discrimination in employment conditions	<ul style="list-style-type: none"><li>Specify, “We respect the human rights of all individuals. We do not tolerate working conditions or interpersonal language and behavior that discriminate on the basis of gender, age, nationality, race, ethnicity, beliefs, religion, social status, disability, pregnancy, childbirth, or the taking of leave for childcare or nursing care, nor do we tolerate any kind of harassment that may cause discomfort or disadvantage to a person or harm their dignity.” in our Human Rights Policy.</li><li>Enter checklists for “inappropriate treatment or discrimination” and “harassment” in our Human Rights Handbook.</li><li>Ask about matters related to discrimination (whether the respondent has experienced human rights violations due to race, nationality, origin, ethnicity, beliefs, gender, etc., or discrimination involving work conditions, equal pay for equal work, evaluations, or treatment) and harassment in compliance surveys.</li><li>Conduct “work attitude surveys” to investigate attitudes toward work and overall job satisfaction, analyze the impacting factors, and utilize what is learned for future measures.</li><li>Conduct e-learning training to deepen understanding of the Exeo Group Human Rights Policy and measure the effects.</li><li>Establish an internal reporting (whistle-blowing) contact center.</li></ul>
(3) Equal pay for equal work	
(4) Harassment and discriminatory remarks about race, sexual orientation, disabilities, pregnancy, etc.	
(5) Paying appropriate compensation and living wages	<ul style="list-style-type: none"><li>Specify, “when doing construction work, we sufficiently investigate impacts of the noise, vibration, and other disturbances on the living environment of the local residents, and when impacts are identified, we must obtain the approval of the local residents before starting construction,” “we do not allow our construction or security work to infringe on the rights of others or interfere with the legitimate activities of individuals or organizations,” and “we protect the safety of people and vehicles passing by a work site and prevent accidents from happening.” in our Human Rights Policy.</li><li>Enter checklists for “harmony with local community” in our Human Rights Handbook</li><li>Form EXEO-SIRT to gather information about security vulnerabilities, monitor for cyberattacks and problems, and formulate responses and procedures for those responses based on the analysis results for the information obtained.</li><li>Conduct information security training and personal information protection training.</li><li>Run simulations for dealing with spear phishing email attacks and conduct various types of security inspections.</li></ul>
(6) Impacts on the lives of community residents	
(7) Rights to privacy	

### Strategy Human rights due diligence mechanism



### Managing risks Human rights risk map



### Metrics Rate of undergoing e-learning training (scope: domestic consolidated Group companies)

Goal	FY2024 actual
100%	100%

# Dialogues with stakeholders

## Basic policy

We disclose information about our Group in a fair, timely, and appropriate manner with the aim of promoting understanding of our Group among shareholders, investors, and all other stakeholders, and earning fair evaluations and trust. We also actively engage in clear and accessible IR activities.

## Organizational system for IR activities

Three dedicated personnel for IR are assigned to the Corporate Communications Office of the Corporate Planning Division, where they engage in daily IR activities. Also, executives including the President and CEO and General Manager of the Corporate Planning Division in addition to related employees such as organization heads and heads of construction attend financial results briefings and various other events to engage in dialogues, depending on the attributes of those present at the event.

We also facilitate dialogues with the Corporate Planning Division, Accounts & Finance Division, General Affairs Department, Risk Management Division, and other related divisions, business divisions, and subsidiaries of the Group to ensure the effectiveness of our IR activities.

## State of IR activities

In our everyday IR activities, we actively engage in individual interviews with both sell-side and buy-side analysts. For overseas shareholders and investors with whom we cannot easily communicate on a daily basis, we participate in conferences hosted by securities companies and make individual visits.

We also actively organize events such as financial results briefings. Descriptions of our main activities are as shown in the table below

### IR activities statistics

Meeting	Speaker	FY2022	FY2023	FY2024
Financial results briefings	President and CEO	2	2	2
Small meetings	President and CEO	7	7	6
Individual meetings	General Manager of Corporate Planning Division	25	24	24
	Outside directors	–	1	–
	IR representative	106	136	104
ESG meetings	Head of relevant division or organization	3	3	2
Attend conferences hosted by securities companies	President and CEO	1 (3 sessions)	1 (6 sessions)	–
Visit overseas investors (including online)	President and CEO	2 (15 sessions)	2 (15 sessions)	2 (17 sessions)
	General Manager of Corporate Planning Division	1 (7 sessions)	1 (7 sessions)	1 (12 sessions)
Individual investor briefings	IR representative	2	2	2
Briefings at sites	IR representative	1	1	2

## Providing feedback internally

Results of dialogues in IR activities and various reports written by outside analysts are provided as feedback to relevant organizational heads and others on a regular basis. We are also continuously working to provide reports to the Board of Directors, particularly on what transpired in financial results briefings and overseas investor visits, and utilize the information for discussions in the Board of Directors by also sharing it with outside directors.

We have also launched an IR feedback page as an internal website for management and employees. There, we post the same level of information provided as feedback to management as part of our efforts to create an environment where all employees can access external information. We are also working on getting comments and messages heard externally to all Group employees by actively sharing the state of our IR activities in meetings that convene the presidents of Group companies.

## Approach to information disclosures

### Fair disclosures: English disclosures

From the perspective of fair disclosures, we are continuously disclosing not only legally mandated disclosures such as financial results summaries on our website, but also various other types of IR material including financial results briefing materials, supplemental financial results materials, monthly order status tables, etc.

For overseas shareholders and investors, we have created an English language site which displays virtually the same information as shown on the Japanese site. We are also committed to accommodating requests from the Tokyo Stock Exchange for simultaneous Japanese and English disclosures

of information on financial statements and timely disclosures while actively engaging with voluntary disclosure information as well.

## Designation of a quiet period

We have designated the four weeks leading up to the day of our financial results announcement as a quiet period in order to prevent information leaks that could impact our stock price and to ensure fairness. During this period, we refrain from responding to comments and questions pertaining to our financial results.

However, if we find during the quiet period that the difference between our most recent earnings forecast and the forecast previously announced meets the criteria for differentials as specified in the Timely Disclosure Rules, we will swiftly disclose that information.

## General Meetings of Shareholders

The Company views the meeting as an important forum for communicating with shareholders, and engages in various initiatives accordingly.

- Avoiding days with high concentrations of other shareholders' meetings
- Early dispatch of the convocation notice
- Disclosure of the convocation notice prior to dispatch
- Exercise of voting rights online
- Participation in the voting rights exercise platform
- Introduction of a smartphone-based voting right exercise service
- Accepting questions in advance
- Holding hybrid interactive and virtual General Meetings of Shareholders
- Disclosure of an English-language convocation notice

## Dialogues with institutional investors

In dialogues with institutional investors, we get many questions and opinions about business trends, performance, and our medium-term plans. Recently, dialogues have mainly covered the following.

We are continuing our efforts to utilize the opinions heard through discussions with institutional investors in our business operations. Particularly regarding capital policy, we have held discussions referencing opinions shared by stakeholders and customers in the Board of Directors and other meetings, and we have reflected these in actions such as cancellations of treasury shares that began in fiscal 2021.

## Main questions from institutional investors

- NTT East and NTT West's investment trends regarding telecom infrastructure
- Information on orders received from mobile communications carriers
- Background behind profit increases in the Telecom Carriers segment
- Data center project trends
- Overview and future impact of unprofitable projects
- Factors driving profit increases in the System Solutions segment
- Progress of improvements in global business
- Basic policy on shareholder returns (dividends, treasury share buybacks)
- Current view on fiscal 2025 forecast
- Progress on the current medium-term plan and initiatives toward the next Medium-Term Plan

## Major initiatives originating from institutional investors' opinions

- Began cancellation of treasury shares (FY2021 to present)
- Disclosed profit by segment (FY2021 to present)
- Held one-on-one meetings with outside directors (FY2023)
- Held information sessions at worksites (FY2024)

## Implementing management conscious of cost of capital and stock price

We have held a series of discussions in our Board of Directors meetings regarding the request made by the Tokyo Stock Exchange (TSE) in March 2023, that all listed companies on the Prime and Standard Markets take “action to implement management that is conscious of cost of capital and stock price.” Currently, we understand our capital cost to be around 8%, and we will focus on achieving an ROE level that consistently exceeds cost of capital from a medium- to long-term perspective.

To that end, we are seeking to maximize profit while simultaneously pursuing capital efficiency that does not accumulate more equity than necessary. We have increased our dividends in line with our dividend policy targeting dividend on equity of 4% while continuing to purchase treasury shares.

Concurrently with these efforts, we intend to foster stronger relationships with external parties by strengthening our IR activities and work to sustain and improve our price-to-book (P/B) ratio.



Item	Unit	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Operating results												
Orders received	¥Million	301,446	300,438	324,102	325,029	424,318	556,321	631,088	595,373	625,689	656,533	712,415
Net sales of completed construction contracts	¥Million	300,912	287,437	298,825	312,669	423,727	524,574	573,339	594,840	627,607	614,095	670,822
Gross profit on completed construction contracts	¥Million	35,740	35,795	38,480	43,354	58,337	68,327	75,865	84,323	81,837	89,158	100,481
Selling, general and administrative expenses	¥Million	17,382	17,382	17,607	17,732	26,620	37,226	39,241	41,942	49,285	55,037	58,016
Operating profit	¥Million	18,358	18,412	20,873	25,621	31,716	31,100	36,623	42,380	32,552	34,121	42,465
Ordinary profit	¥Million	18,589	18,512	21,409	26,448	33,431	30,669	38,186	45,217	33,771	36,922	43,508
Profit attributable to owners of parent	¥Million	12,264	12,184	13,789	17,993	40,219	15,603	24,192	27,766	22,391	20,058	26,855
Capital expenditures	¥Million	4,219	13,215	7,139	4,256	3,945	15,855	12,239	20,802	15,263	20,710	21,328
Depreciation	¥Million	2,660	3,001	3,251	3,272	4,725	6,473	6,789	7,414	8,700	10,142	11,439
Financial status												
Total assets	¥Million	228,422	238,301	243,438	261,305	416,483	444,905	491,574	535,617	577,941	591,637	642,505
Property, plant and equipment	¥Million	52,005	59,830	62,002	62,664	97,955	107,677	113,375	126,900	135,635	145,954	155,716
Net assets	¥Million	146,768	151,241	158,280	176,101	267,811	270,109	288,884	307,053	308,100	319,217	326,783
Balance of interest-bearing debt (balance of loans payable, bonds payable, etc.)	¥Million	8,679	16,299	12,825	11,435	18,049	47,167	57,520	80,619	115,716	106,431	133,843
Cash flow status												
Cash flows from operating activities	¥Million	23,167	5,389	15,504	24,800	12,770	17,299	6,301	26,406	5,483	41,902	6,842
Cash flows from investing activities	¥Million	(2,828)	(13,907)	(6,027)	(4,538)	(17,609)	(17,085)	(9,249)	(20,388)	(13,332)	(13,591)	(18,432)
Free cash flow	¥Million	20,338	(8,518)	9,477	20,262	(4,839)	213	(2,947)	6,018	(7,849)	28,311	(11,589)
Cash flows from financing activities	¥Million	(12,343)	313	(10,230)	(5,137)	(4,924)	4,227	(1,750)	5,023	3,298	(30,555)	2,887
Cash and cash equivalents at end of period	¥Million	24,291	16,037	15,241	30,343	41,469	46,012	41,246	53,727	50,204	47,430	39,413
Per share data <sup>*1</sup>												
Earnings per share	¥	61.92	62.95	72.62	94.71	195.12	69.87	108.67	125.32	103.22	94.76	128.97
Net assets	¥	741.41	784.54	834.15	921.48	1,171.71	1,197.58	1,288.39	1,374.11	1,416.85	1,490.44	1,551.71
Cash dividend	¥	16	19	23	25	35	40	41	48	51	60	63
Payout ratio	%	25.8	30.2	31.7	26.4	17.9	57.2	37.7	38.3	49.4	63.3	48.8
Financial indices												
Operating profit margin	%	6.1	6.4	7.0	8.2	7.5	5.9	6.4	7.1	5.2	5.6	6.3
Profit attributable to owners of parent to net sales	%	4.1	4.2	4.6	5.8	9.5	3.0	4.2	4.7	3.6	3.3	4
Return on equity (ROE)	%	8.7	8.2	8.9	10.8	18.3	5.9	8.8	9.4	7.4	6.5	8.5
Return on assets (ROA)	%	5.5	5.2	5.7	7.1	11.9	3.6	5.2	5.3	4.0	3.4	4.4
Equity ratio	%	64.0	63.3	64.8	66.6	63.4	59.9	58.1	56.6	52.5	52.9	50
Stock price												
Highest stock price	¥	1,494	1,543	1,744	3,075	3,410	3,135	3,030	3,065	2,482	3,370	1,859.5
Lowest stock price	¥	1,141	1,096	1,142	1,559	2,309	1,906	2,182	2,261	2,034	2,368	1,350.5
Non-financial metrics												
CO <sub>2</sub> emissions (Scope 1 and 2) (Consolidated)	Thousand t-CO <sub>2</sub>	—	—	—	—	—	—	86.3	79.9	76.9	71.7	66.9
Green procurement <sup>*2</sup>	%	—	—	—	—	—	—	64.8	71.4	78.0	82.1	88.0
Number of consolidated employees	People	7,988	7,903	8,074	8,331	13,151	13,882	14,374	15,847	16,772	17,056	17,260
Ratio of mid-career hires <sup>*2</sup>	%	—	—	—	—	—	—	—	25	26	24	38
Ratio of women in managerial positions (Consolidated)	%	—	—	—	—	—	—	1.4	1.6	1.7	2.3	2.60
Percentage of annual paid leave taken <sup>*3</sup>	%	—	—	—	—	—	—	61.3	62.1	71.5	74.1	66.9
Number of consolidated subsidiaries	Companies	33	30	28	28	82	88	103	107	135	142	139

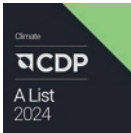
<sup>\*1</sup> We conducted a two-for-one stock split for common stock effective April 1, 2024. Numerical values shown for past years are recalculated figures taking this stock split into consideration

<sup>\*2</sup> Scope of data: Exeo Group, Inc. only. Calculated using total new graduate hires, mid-career hires, and hires accepted through other companies as the denominator.

<sup>\*3</sup> The scope of data until fiscal 2023 comprised Exeo Group, Inc. and its five major subsidiaries (C-Cube Corporation, Seibu Electric Industry Co., Ltd., Nippon Dentsu Co., Ltd., Daiwa Densetsu Corporation, and Exeo Tech Corporation)

Measures to combat climate change

CDP is a London-based global non-profit organization that collects, analyzes, and evaluates information about the environmental activities of major companies around the world. For the first time, the Group was selected as an “A List” company, the highest rating in the field of climate change, in fiscal 2024.



SBT

In July 2024, our greenhouse gas reduction targets for 2030 received SBT Validation from the international Science Based Targets (SBT) initiative organization as being based on scientific evidence.



Outstanding Organization of KENKO Investment for Health

In March 2025, we were certified by the Ministry of Economy, Trade and Industry (METI) as a “2025 Outstanding Organization of KENKO Investment for Health (large enterprise category)” as an organization with outstanding practices in health management.



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 to create and support opportunities for women’s career advancement in the workplace. As a result, the Ministry of Health, Labour and Welfare has recognized Exeo Group, Inc. with its Eruboshi certification, which is awarded to companies for outstanding efforts to support women’s career development. We have also been recognized by the METI and the Tokyo Stock Exchange for three consecutive years, being selected as a Nadeshiko Brand in 2019 and as a Semi-Nadeshiko Brand in 2020 and 2021.



Work-life balance

We formulated an action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children, developing an environment that makes it easy for both men and women to balance work and childcare responsibilities. As a result, in 2015, we earned the Kurumin Mark, an accreditation from the Ministry of Health, Labour and Welfare recognizing companies providing support for childcare.



Respecting diversity

Since 2021, we have received silver certification in the PRIDE Index for four consecutive years. The PRIDE Index was created by the organization “work with Pride,” which supports the promotion and establishment of diversity management related to sexual minorities. Also, for four consecutive years starting in 2021, we have been awarded the highest possible rank “Best Workplace for Diversity & Inclusion” by the D&I Award presented by JobRainbow Co., Ltd., recognizing companies making admirable efforts toward diversity and inclusion.



Work style reform

Exeo Group, Inc. received a 4 star rating in the 8th Nikkei Smart Work Management Survey conducted by Nikkei Inc. The survey defines “smart work management” as efforts to maximize organizational performance through three elements: realization of diverse and flexible work styles, systems for creating new businesses, and capabilities in developing markets. Corporate governance and other foundations for management are also included in the five-level evaluation.



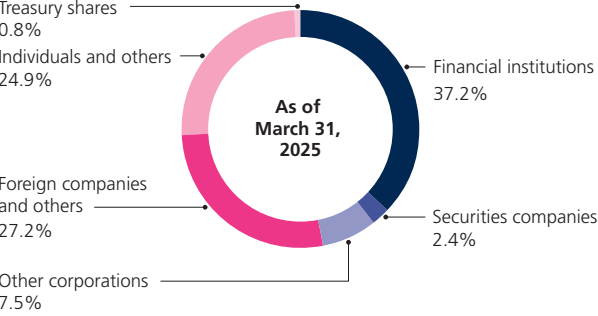
DX certification

Based on the DX (digital transformation) Certification System of the Ministry of Economy, Trade and Industry. Exeo Group was recognized as a certified DX operator in March 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
Common stock authorized	300,000,000 shares
Issued	208,624,838 shares
Total number of shareholders	56,806
Representative	Tetsuya Funabashi Chairman and Representative Director Keigo Kajimura President and CEO (As of June 25, 2025)
Net sales	¥670.8 billion (consolidated) (fiscal year ended March 31, 2025)
Number of employees	17,260 (consolidated) (as of March 31, 2025)
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: 14, Sales offices: 22
Consolidated subsidiaries	139 companies (excludes non-consolidated subsidiaries (15 companies) and affiliated companies (17 companies))
Correspondent banks	Mizuho Bank / Sumitomo Mitsui Banking Corporation / MUFG Bank

Shareholding structure

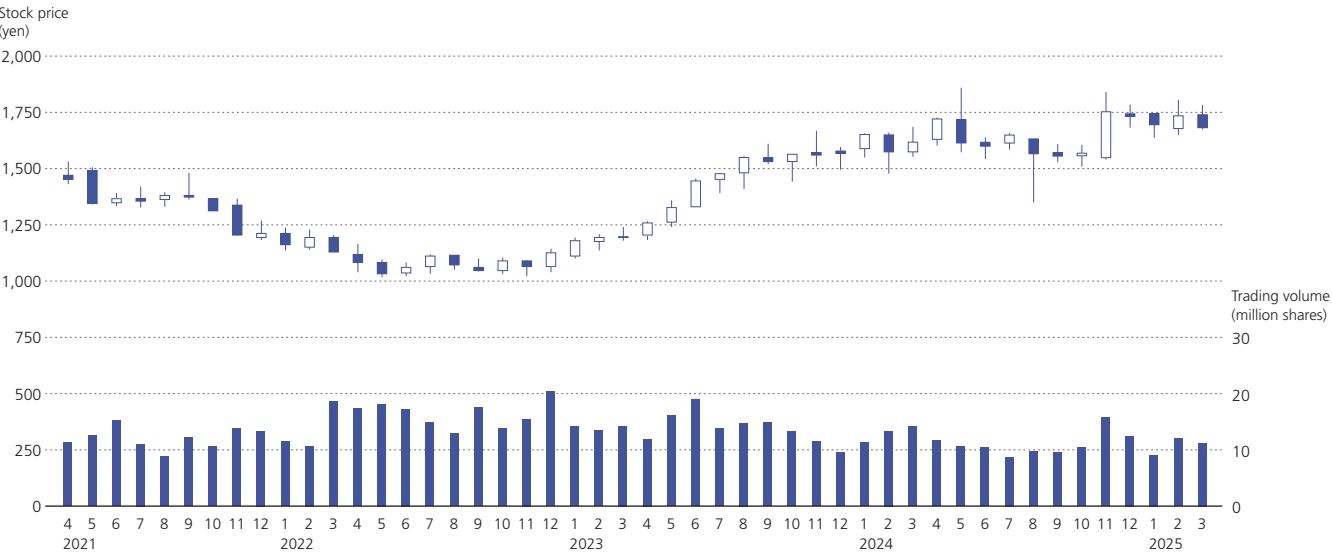


Major shareholders

	Number of shares held (thousand)	Percentage of total (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	33,501	16.19
Custody Bank of Japan, Ltd. (Trust Account)	20,223	9.77
Exeo Group, Inc. Employee Shareholding Association	9,852	4.76
NORTHERN TRUST CO.(AVFC)RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	6,969	3.37
STATE STREET BANK AND TRUST COMPANY 505001	5,708	2.76
Sumitomo Life Insurance Company	4,593	2.22
Sumitomo Realty & Development Co., Ltd.	4,163	2.01
Custody Bank of Japan, Ltd. (Mitsui Sumitomo Trust & Banking Co., Ltd. Retirement Benefit Trust Account)	3,668	1.77
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	3,666	1.77
Custody Bank of Japan, Ltd. (portion managed as sub-custodian of Sumitomo Mitsui Trust Bank & retirement benefit trust account for Sumitomo Electric Industries, Ltd.)	3,000	1.45

Note: The Company holds 1,728 thousand shares of treasury stock although those shares are not included in the above table.  
Treasury shares are also excluded from calculation of equity stake.

Stock price range and trading volume



Note: We conducted a two-for-one stock split for common stock effective April 1, 2024. Numerical values shown for past years are recalculated figures taking this stock split into consideration.