

KYOWA EXEO GROUP

# CORPORATE REPORT 2017





## Building a better, brighter future together

Total ICT Solutions: Contributing to the Realization  
of a Brighter Future by Bringing People Together  
and Forming Connections with Society

\*ICT is an acronym for Information and Communications Technology.



### Editorial Policy

Period Covered  
by the Report:

From April 1, 2016, to March 31, 2017  
(However, in some cases, activities before  
and after the coverage period are also  
included in this report.)

Organizations  
Covered by the  
Report:

Companies subject to consolidation of the  
KYOWA EXEO Group  
(However, in some cases, KYOWA EXEO  
CORPORATION's non-consolidated data are  
used instead of consolidated data.)

Reference  
Guidelines:

GRI "Sustainability Reporting Guideline  
Version 4"  
Ministry of Environment "Environmental  
Reporting Guidelines (Fiscal 2012 Version)"  
ISO26000 "Guidance on social responsibility"

Issuance:  
Next Issuance  
Scheduled:

July 2017  
July 2018

KYOWA EXEO CORPORATION has been selected to be part of  
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\*1. MSCI Inc. ("MSCI") is a provider of an extensive range of financial services,  
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\*2. The selection of KYOWA EXEO CORPORATION to be part of the above-men-  
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## Notice on forward-looking statements:

This Corporate Report 2014 contains forward-looking statements such as the future business performance of KYOWA EXEO. As these statements are based on the information available at the time of the preparation of this report, the actual results might 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.

## KYOWA EXEO CORPORATION

<http://www.exeo.co.jp/overseas/index.html>  
 29-20, Shibuya 3-chome, Shibuya-ku, Tokyo  
 150-0002, Japan



## Corporate Philosophy:

### Cultivating Technological Capabilities, Seeking Affluence and Contributing to Society

The corporate philosophy of the KYOWA EXEO Group, which is the basic guideline for our corporate social responsibility, includes cultivating technological capabilities, seeking affluence and contributing to society. The corporate philosophy clearly answers the question: "Why does the KYOWA EXEO Group exist?" The utmost ground for existence is the Group's technological capabilities. Throughout its existence, the Group has aimed to be a corporate group that always anticipates and pursues better technologies at the forefront of leading-edge technologies. The technological capabilities cultivated through these efforts will help create more affluent living environments for people. The Group intends to be a valuable enterprise by contributing to society through activities in the pursuit of state-of-the-art technologies.

## Corporate Data

<b>Company Name</b>	KYOWA EXEO CORPORATION	<b>Head Office</b>	29-20, Shibuya 3-chome, Shibuya-ku, Tokyo TEL: +81-3-5778-1111 (switchboard) URL: <a href="http://www.exeo.co.jp">http://www.exeo.co.jp</a>
<b>Established</b>	May 17, 1954	<b>West Japan Head Office</b>	6-13, Kyomachibori 3-chome, Nishi-ku, Osaka TEL: +81-6-6459-1581
<b>Paid-in Capital</b>	¥6,888 million (as of April 1, 2017)	<b>Number of Business Offices</b>	Branch offices: 15 Sales offices: 17
<b>Stock Listing</b>	First Section of the Tokyo Stock Exchange	<b>Major Banks</b>	Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
<b>Representatives</b>	Fuminori Kozono, President Tsutomu Ota, Representative Director	<b>Independent Auditor</b>	Seiyo Audit Corporation
<b>Net Sales</b>	¥298.8 billion (consolidated) ¥243.5 billion (non-consolidated) (as of March 31, 2017)		
<b>Number of Employees</b>	8,074 (consolidated) 3,734 (non-consolidated) (as of March 31, 2017)		

## Business Bases (As of July 1, 2017)

Domestic bases: (■ Branches / ■ Offices)

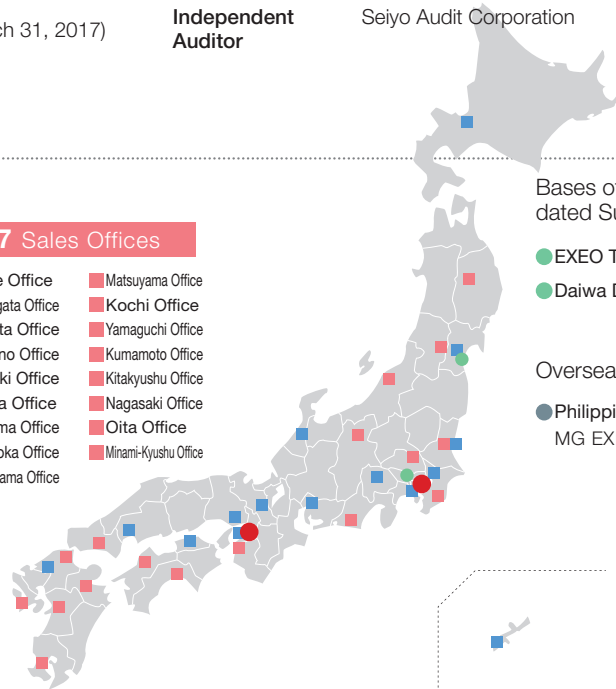
- Head Office
  - West Japan Head Office
- |  |  |
|--|--|
| <b>15 Branches</b>   | <b>17 Sales Offices</b>  |
| <ul style="list-style-type: none"> <li>■ Hokkaido Branch</li> <li>■ Tohoku Branch</li> <li>■ Ibaraki Branch</li> <li>■ Chiba Branch</li> <li>■ Minami Kanto Branch</li> <li>■ Koshin Branch</li> <li>■ Tokai Branch</li> <li>■ Kansai Branch</li> <li>■ Miyako Branch</li> <li>■ Hyogo Branch</li> <li>■ Hokuriku Branch</li> <li>■ Shikoku Branch</li> <li>■ Chugoku Branch</li> <li>■ Kyushu Branch</li> <li>■ Okinawa Branch</li> </ul> | <ul style="list-style-type: none"> <li>■ Iwate Office</li> <li>■ Yamagata Office</li> <li>■ Niigata Office</li> <li>■ Nagano Office</li> <li>■ Ibaraki Office</li> <li>■ Chiba Office</li> <li>■ Saitama Office</li> <li>■ Shizuoka Office</li> <li>■ Wakayama Office</li> <li>■ Matsuyama Office</li> <li>■ Kochi Office</li> <li>■ Yamaguchi Office</li> <li>■ Kumamoto Office</li> <li>■ Kitakyushu Office</li> <li>■ Nagasaki Office</li> <li>■ Oita Office</li> <li>■ Minami-Kyushu Office</li> </ul> |

Bases of Two Major Consolidated Subsidiaries

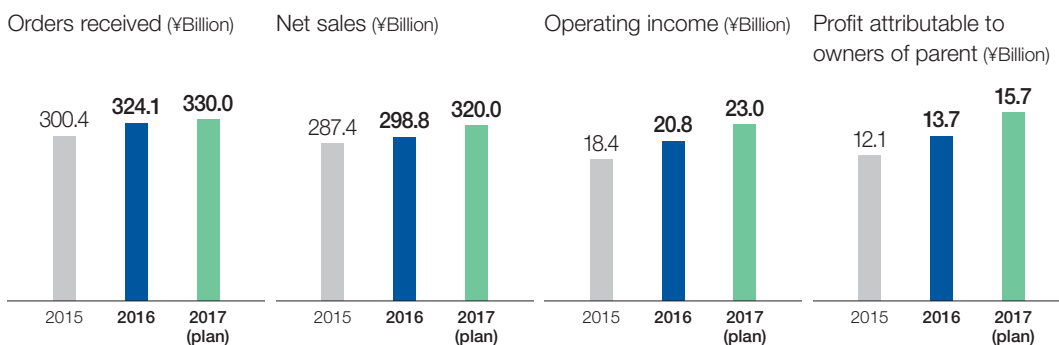
- EXEO TECH CORPORATION
- Daiwa Densetsu Corporation:

Overseas Bases

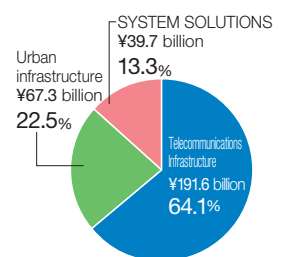
- Philippines
- MG EXEO NETWORK, INC.



## Consolidated Financial and Non-financial Highlights



Net Sales by Segment



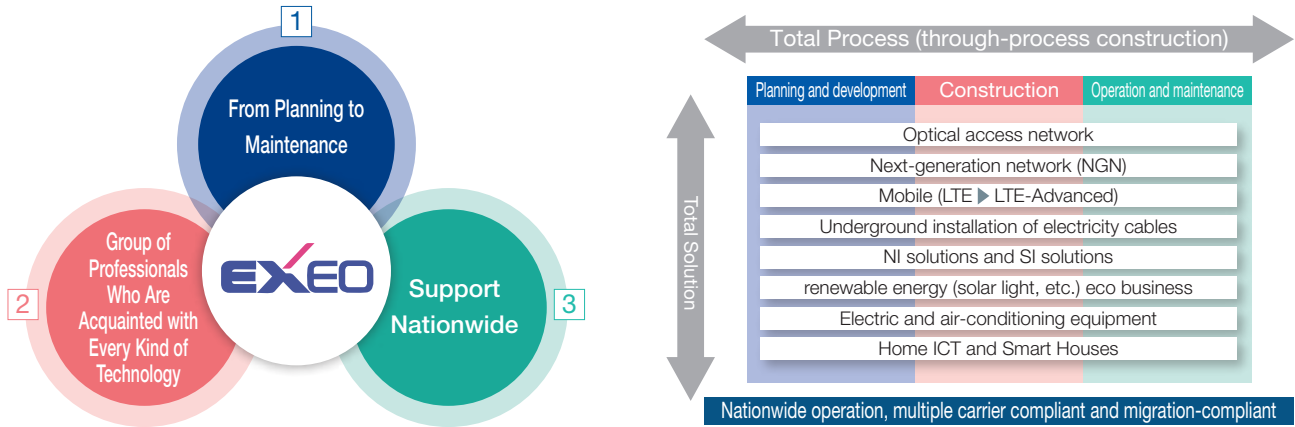
Note: The figures are rounded to the first decimal place.





## Strength of the KYOWA EXEO Group

Drawing on the Group's strengths of "Total Process," "Total Solution" and "Nationwide Expansion," we continue to provide high-quality services to meet diversifying customer needs through the concerted Group-wide power.



### 1 Total Process

We respond to customers' needs with one-stop services from planning and development to construction, operation and maintenance, which are sustained by high engineering and technological capabilities.

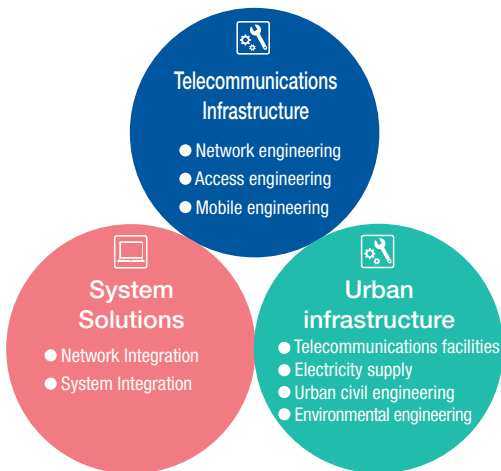
### 2 Total Solution

We meet diversified customers' needs by fully drawing on the latest technologies in a wide variety of fields such as telecommunications, civil engineering, electricity, network integration (NI) and system integration (SI).

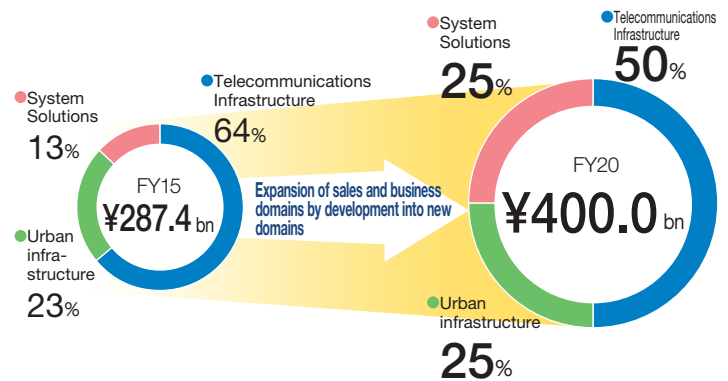
### 3 Nationwide Expansion

We are prepared to meet every kind of customer need, which can be covered by our operating bases and Group companies located throughout the nation.

## Business Fields



## Target portfolio (FY16–FY20 Medium-Term Management Plan)



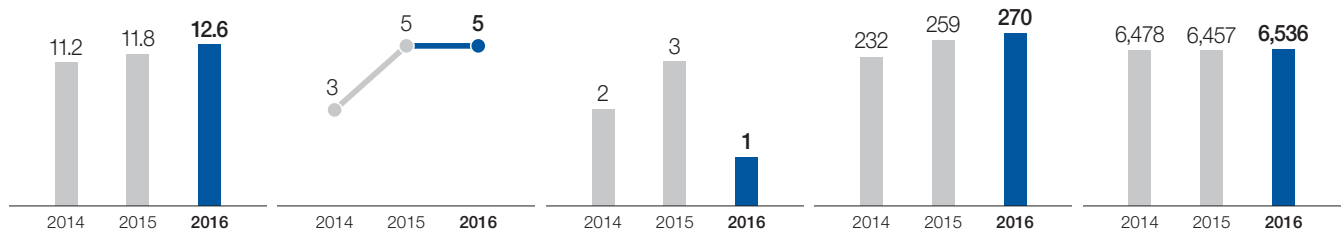
Number of days of paid leave taken per employee (Note 1)

Turnover rate for employees with up to three years of service (%) (Note 1)

Number of serious accidents (Notes 1 and 2)

Number of employees with IT-related expert qualifications (Note 1)

CO<sub>2</sub> emissions (t-CO<sub>2</sub>) (Note 1)



Notes: 1. On a non-consolidated basis.


2. This pertains to the number of serious accidents as defined by the Company.

# Milestones of the KYOWA EXEO Group

Since its foundation in May 1954 as Kyowa Densetsu Kaisha, Ltd., KYOWA EXEO has continued to create “Linkages” in society.

**1954**  
▼  
**1960**

**May 1954**  
Company established as Kyowa Densetsu Kaisha, Ltd.



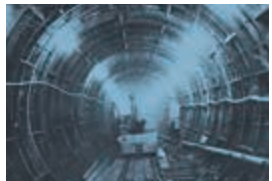
**1955**  
Started coaxial cabling work.

**1956**  
Started telex work.

**Feb. 1963**  
Listed on the Second Section of the Tokyo Stock Exchange

**1963**

- Started overseas work (Honduras)
- Started service tunnel (communications tunnel) work adopting the shield tunneling method.



**Feb. 1972**  
Listed on the First Section of the Tokyo Stock Exchange

**1982**  
Branched out into the software business

**1983**  
Started developing billing systems.

**1986**  
Entered the environment business (Water treatment)

**1988**  
Acquired a construction technology evaluation statement from the Minister of Construction for the development of a rainfall storage penetration system

**1992**  
Started establishing a railway communications network inside Tehran Province in Iran.

**1983**  
Started optical fiber work.

**1986**  
Started CATV work.


**1970**  
▼  
**1990**

**1974**  
Net Sales: **¥50 Billion**

**1988**  
Net Sales: **¥100 Billion**

**1997**  
Net Sales: **¥200 Billion**

**May 1991**  
Changed company name to KYOWA EXEO CORPORATION



**Feb. 1999**  
Acquired ISO9001 certification

**Mar. 1999**  
Completed construction of the new company building in Shibuya (head office)

**1994**  
Developed the Air Traffic Control System

**1998**  
Entered into the NI business.

**1999**

- Developed the Social Insurance System
- Developed SOA solutions.

**1990**  
Entered the food plant wastewater treatment business and river purification business

**1994**  
Acquired a construction technology evaluation statement from the Minister of Construction for the development of a high-efficiency river purification system

**1992**  
Started work on PDC (mova)

**1995**  
Started work on the C-C-Box.

**1996**  
Started Internet compliant system establishment work.

**May 2000**  
Acquired ISO14001 certification

**Apr. 2001**  
Merged with Showa Technos Corp.

**Nov. 2001**  
Instituted a compliance program

**Sep. 2003**  
Acquired OHSAS18001 certification

**2001**


- Started developing an Administrative Organ Accounting System.
- Started developing a “Work Management System.”

**2000**  
Started the dioxin-countermeasure-compliant incinerator business

**2001**  
Entered into the livestock excreta disposal business.

**2002**  
Acquired the ash fusion business from Niigata Engineering Co., Ltd.

**2001**  
Started IMT (FOMA) work.



Mobile phone base station

**2002**  
Shifted the B FLET'S work to full scale.

## Corporate History

May	1954	Company established as Kyowa Densetsu Kaisha, Ltd.
Jul.	1954	Qualified to participate in telecommunications facility tenders for Nippon Telegraph and Telephone (now NTT)
Feb.	1963	Listed on the Second Section of the Tokyo Stock Exchange
Sep.	1963	Began engaging in telecommunications and electric power construction outside that for NTT
Feb.	1972	Listed on the First Section of the Tokyo Stock Exchange
Apr.	1982	Branched out into the software business
Jun.	1986	Entered the environment business
May	1991	Changed company name to KYOWA EXEO CORPORATION
Apr.	1998	Entered into the NI business.
Mar.	1999	Relocated head office to current address in Shibuya-ku, Tokyo
Apr.	2004	Acquired Daiwa Densetsu Corp.
May	2004	Acquired WAKO ENGINEERING CORP.
Apr.	2005	Acquired KANAC Corp.
Sep.	2009	KANAC Corp. was converted into a wholly owned subsidiary
May	2010	Made Ikeno Tsuken Co., Ltd., a consolidated subsidiary
Aug.	2011	WAKO ENGINEERING CORP., Daiwa Densetsu Corporation and Ikeno Tsuken Co., Ltd., were converted into wholly owned subsidiaries
Nov.	2011	ICOMSYSTECH Co., Ltd., was converted into a wholly owned subsidiary
Dec.	2014	AID Holdings Inc. (the holding company of ADVANCED INFORMATION DESIGN Co., Ltd.) was converted into a wholly owned subsidiary
Dec.	2015	WHERE Inc. was converted into a wholly owned subsidiary



2000  
▼  
2010



2011  
▼  
2015



2016  
▼  
2017



Milestones of the KYOWA EXEO Group



**Apr. 2004**  
Acquired Daiwa Densetsu Corp.

**May 2004**  
Acquired WAKO ENGINEERING CORP.

**Apr. 2005**  
Acquired KANAC Corp.

**Jun. 2005**  
Won a gold medal at the 38th World Skills Competitions in Helsinki, Finland



**2002**  
Started customer services.

**2003**  
Sold an Internet video conference system



**2002**  
Entered into the installation of solar power generation facilities.

**2003**  
Completed the first bio plant (Iwate Prefecture)

**2005**  
Operated the thermite-style dual-side ash fusion furnace business in a full-scale



**2003**  
Started analog antenna exchange work compliant with ground digital broadcasting.

**2004**  
●Entered into the KDDI au base station construction business full scale.  
●Started to reestablish the railway communication network along with the quadruple track extension of private railway lines in Tokyo

**2006**  
●Started work on the next-generation network (NGN).  
●Shifted the MNP work to full scale.

2006

Net Sales: **¥300** Billion



**Jan. 2006**  
Acquired the ISMS certification

**Mar. 2006**  
Obtained the Privacy Mark.

**Nov. 2007**  
Won a gold medal at the 39th World Skills Competitions in Shizuoka, Japan (second consecutive championship).

**Sep. 2009**  
●KANAC Corp. was converted into a wholly owned subsidiary  
●Tokyo Integrated Engineering Center (TEC) started operation (Heiwajima).

**Oct. 2009**  
Won a gold medal at the 40th World Skills Competitions in Calgary, Canada (third consecutive championship).

**May 2010**  
Made Ikeno Tsuken Co., Ltd., a consolidated subsidiary



**2009**  
Entered into an SOA service agreement with the Tokyo Stock Exchange.



**2006**  
●Entered into the wood biomass boiler business.  
●Started long-term comprehensive business consignment services at general waste treatment sites (Tochigi Prefecture)

**2010**  
First general waste incinerator completed (Aomori Prefecture)



**2009**  
Started WiMAX work.

**2010**  
●Shifted the regional intranet establishment business to full scale.  
●Started LTE work.  
●Shifted the analog-analog antenna exchange work compliant with ground digital broadcasting to full scale.



**Aug. 2011**  
WAKO ENGINEERING CORP., Daiwa Densetsu Corporation and Ikeno Tsuken Co., Ltd., were converted into wholly owned subsidiaries

**Oct. 2011**  
Won a gold medal at the 41st World Skills Competition in London (fourth consecutive championship).

**Nov. 2011**  
ICOMSYSTECH Co., Ltd., was converted into a wholly owned subsidiary

**Nov. 2013**  
Won a gold medal at the 51st National Skills Competition in Chiba (for the fifth time).

**May 2014**  
Formed a capital and business alliance with Eponet, Inc. and WHERE, Inc.



**2011**  
●Received the IBM Excellent Partner Award Japan 2010  
●Authorized as a Core Business Partner of NTT DATA CORPORATION

**2012**  
Stated selling the Adaptive Biz Service.

**2013**  
Newly established the ICT Solution business headquarters.



**2012**  
●Shifted the installation of the mega solar power generation facilities to full scale.  
●Started selling electricity.



**2011**  
●Entered into the Softbank mobile project.  
●Engaged in the Great East Japan Earthquake recovery work.



●Started A-XGP work.



**May 2014**  
A ceremony was held to celebrate the Company's 60th anniversary.

**Dec. 2014**  
AID Holdings Inc. (the holding company of ADVANCED INFORMATION DESIGN Co., Ltd.) was converted into a wholly owned subsidiary.

**Feb. 2015**  
Started the introduction of electric vehicles.

**Dec. 2015**  
WHERE, Inc. was converted into a wholly owned subsidiary.



**2014**  
●Launched EXTravel, an integrated application for sightseeing and disaster prevention  
●Started collaboration with NIPPON SYSTEMWARE CO., LTD.  
●Launched EXRescue, a system for facilitating disaster responses

**2015**  
Began full-scale operation of the cloud integration engineering business.



**2013**  
Installation of wood biomass boiler equipment completed (Kaneyama-machi, Yamagata Prefecture)

**2014**  
●Large-scale recycling center completed (Higashimurayama City, Tokyo)  
●Commenced the work for installation of charging equipment for electric vehicles

**2015**  
Completed a large-scale cleaning plant in Wakayama.



Kinoumi Clean Center



**2012**  
Started the Platinum Band Project (900 MHz).

**2014**  
●Conducted construction work for the post-disaster restoration of Izu Oshima.  
●MG EXEO NETWORK INC., a local subsidiary in the Philippines, received an order for and commenced a large access-engineering work project.

**2015**  
●Began full-scale LTE-Advanced work.



**May 2016**  
●Formulated the Medium-Term Management Plan (FY2016–FY2020).  
●Acquired certification as an “Eruboshi” company (top class) based on the Act of Promotion of Women's Participation and Advancement in the Workplace.



**Oct. 2016**  
Won a gold medal at the 54th National Skills Competition.

**Nov. 2016**  
Announced the KYOWA EXEO Labor and Management Joint Declaration for Work Style Reforms.



**2016**  
●Began full-scale operations in the Geo Solution Field.  
●Began full-scale operations in the New Energy Field.

**Feb. 2017**  
Entered capital and business alliance with Nextgen, Inc.

**Mar. 2017**  
Acquired certification as a partner for Microsoft Japan's Skype Operations Framework.



**2016**  
Undergrounding of overhead power lines began in earnest.

**Mar. 2017**  
16 solar power generation facilities in operation nationwide



EXEO Matsue Solar Farm



**Apr. 2016**  
Participated in the restoration work after the 2016 Kumamoto Earthquake

**Jul. 2016**  
Launched the “EXEO Hikari” optical access service.



Business Topics



System Solutions



Urban Infrastructure



Communications Infrastructure



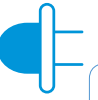
Since its establishment in 1954, the KYOWA EXEO Group has promoted business activities drawing on its expertise in the creation of information communications infrastructure as a core competence, and provided consistent and integrated services nationwide for the installation of various information communications facilities and equipment.

Currently, in addition to establishing the information communications infrastructure, the Group has produced many business results in the establishment and management of environmental and social infrastructure by harnessing our long-nurtured environmental, civil engineering and electrical facility technologies.

Furthermore, in the software development business we started in 1982, we have a track record of developing solutions and applications that combine ICT and software, thereby we will strive to offer a significant contribution to the advancement of the Internet of Things (IoT) technologies.

The EXEO of the KYOWA EXEO Group is the Latin “exeo,” which refers to breaking the mold and continually venturing out to address new challenges. Reaffirming the meaning of the company name, we will continue to make flexible responses to a changing business environment and provide total solutions in a wide range of business fields by gathering the strength of the entire Group, thereby contributing to society as a corporation creating an affluent living environment. With such an attitude as a pillar of our CSR management, we will aim to achieve the sustainable growth of the Group.





# The first year of the current medium-term management plan ended successfully by exceeding our income target; we will push for an even higher record income by expanding the spectrum of our businesses.

Fuminori Kozono  
President  
KYOWA EXEO CORPORATION

小園 文典

## Business Results for Fiscal 2016

For fiscal 2016, the first year of the medium-term management plan, we enjoyed an increase in net sales due to the favorable receipt of orders from telecommunications carriers, particularly the NTT Group. We also engaged in cost-cutting and other efforts to enhance productivity, enabling us to attain record-high operating income beyond the plan's target.

Results for the urban infrastructure business slightly exceeded those of the previous year, as we received orders for the installation of electrical equipment, the undergrounding of overhead power lines in association with redevelopment projects in the Tokyo metropolitan area and urban civil engineering works, such as water supply and sewage systems, although we failed to receive an order for a large environment-related work. Results for the system solutions business also slightly exceeded those of the previous year, but some problems remain such as the increased cost for system development

and the sluggish growth of new businesses. Meanwhile, the telecommunications infrastructure business enjoyed significantly better results than the previous fiscal year. Contributing factors included the favorable progress of NTT-related works; an increase in fixed telecommunications-related works mainly due to greater demand for *hikari*-collaboration and the receipt of orders for the refurbishment of aging facilities; significantly increased order receipts for mobile telecommunications-related works due to the advanced placement of orders for negotiation and consulting works related to LTE-Advanced; and the rapid recovery of order receipts for NCC-related works during the second half of the year.

As a result, for fiscal 2016, the Group recorded orders received amounting to ¥324.1 billion (up 8% year over year) and achieved consolidated net sales of ¥298.8 billion (up 4% year over year) and operating income of ¥20.8 billion (up 13% year over year).



## Tasks Addressed and Achievements in Fiscal 2016

In fiscal 2016, despite our move to expand the range of businesses other than those related to the telecommunications carriers, we failed to receive an order for a large-scale project and had lower-than-planned growth in new businesses despite their steady development. Meanwhile, the telecommunications carrier business performed well, and continued measures such as those enhancing productivity led to record-high operating income.

Regarding the system solutions business on which we have focused for several years, we have promoted aggressive marketing efforts in four business fields: new energy, geo services, cloud security and global. In the new energy field, we commenced a service offering systems to calculate electricity charges and manage customers via the cloud for power producers and suppliers (“PPSs”) and launched “Energy Viewer,” an energy management system for air-conditioning equipment targeted at corporate power users and “survival power supply,” which can be divided to make it portable. In the geo service field, we received many inquiries regarding “EXBeacon,” or mesh network beacons that constitute a foundation for the Internet of Things (IoT), which we exhibited at trade fairs in Japan. The beacons were immediately adopted by several governments and companies. In the cloud security field, we have been certified as one of the six partners (vendors) in Japan that provide support for installing Microsoft Japan’s Skype for Business Online. In addition, we formed a capital and business alliance with Nextgen, Inc., which has highly advanced capabilities for technology development in the VoIP\* field, to expand our lineup of services and delivery channels. In the global field, MG EXEO Network Inc., a consolidated subsidiary of the KYOWA EXEO Group, received a high rating from Philippine Long Distance Telephone Company (“PLDT”), the largest telecommunications carrier in the Philippines, for its track record of various telecommunications works in the Philippines. As a result, MG EXEO Network received an order for works for comprehensive services in central Manila, in addition to the works it is currently in charge of in two of the country’s provinces.

At the 54th National Skills Competition held in October 2016, a Company employee, Yoshiaki Shimizu,

won a gold medal in the information network cabling category. **PICK UP** It was the Company’s sixth gold medal and the first in the last three competitions. We view this positive development as an example of our longstanding human resource development efforts to enhance the Company’s technical prowess in the construction of information and communication networks, which is one of KYOWA EXEO’s strengths since establishment. We will continue to develop engineers with high technical capabilities, with which we will contribute to society. Mr. Shimizu also will represent Japan in the 44th World Skills Competition to be held in October 2017 in Abu Dhabi in the United Arab Emirates. We anticipate his excellent performance in the competition toward winning a gold medal as a representative of both Japan and KYOWA EXEO.

## Outlook for Fiscal 2017

Fiscal 2017 is the second year of the current medium-term management plan. To achieve a further leap forward, we will improve the various measures we have taken so far, thereby promoting the establishment of firm foundations for future growth.

In the telecommunications infrastructure business, telecommunications carriers have tended to curtail their capital investments, but they are expected to continue steady investments to upgrade base station equipment to address the increasing volume of traffic in urban areas and the new frequency band, amid growing need for high-speed and large-volume communications. In the urban infrastructure business, demand growth is expected to continue for the installation of electrical equipment and the undergrounding of overhead power lines in association with redevelopment projects in the Tokyo metropolitan area. Active investments in preparation for the Tokyo Olympic and Paralympic Games and inbound tourists are also expected. In the system solutions business, services that could lead to revolutionary changes in the corporate world and society, such as the IoT, artificial intelligence (AI) and the cloud have been expanding steadily.

Under these business circumstances, we will increase the earning power of our existing businesses during the current fiscal year, while promoting active marketing efforts to grow the system solutions business into a new

\*VoIP (Voice over Internet Protocol) is a group of technologies for the delivery of voice communications over Internet Protocol (IP) networks, such as the Internet and intranets.



## PICK UP



## A gold medal was won in the information network cabling category at the 54th National Skills Competition.

At the 54th National Skills Competition held October 21–24, 2016, in Yamagata Prefecture, KYOWA EXEO employees Yoshiaki Shimizu, Takuya Ota and Naoyuki Makino participated in the information network cabling category, and won a gold medal, a silver medal and an Outstanding Effort Award, respectively.

In the information network cabling category, participants competed on the technical ability to build an information wiring system in settings simulating the inside of a building and its premises and the inside of a

house. For two days, participants competed in terms of speed in forming ends of metal cables and fusion splicing optical fibers, and worked on five tasks, including wiring work in simulated conditions, such as in a house and a building premises.

Mr. Shimizu, who won a gold medal, will compete as a representative of Japan in the information network cabling category of the 44th World Skills Competition to be held in Abu Dhabi, United Arab Emirates, in October 2017.



pillar of generating earnings. As part of the efforts in the system solutions business, we will strive to expand orders for “Energy Viewer” and the “survival power supply,” as well as offer various IoT solutions using “EXBeacon.” In the cloud security field for which growing need is expected, we will actively promote our cloud service building business by combining our proven network building and system development technologies to help companies enhance productivity and efficiency as well as promote work style reforms. In the global field, through MG EXEO Network Inc., a consolidated subsidiary based in the Philippines, we will push forward with the expansion of business in the telecommunications and ICT markets in Southeast Asia, which are expected to achieve rapid growth. In April 2017, we decided to invest in a company that constructs in-building base stations for mobile phones and leases them to telecommunications carriers. Although we will have to conduct due diligence on the company before concluding a formal contract, we will use this business opportunity we acquired in Vietnam, which is experiencing remarkable economic growth, to look into the possibility of business expansion in the market while also contributing to the development of the country’s telecommunications environment.

In our activities to raise productivity, onsite improvement efforts on a continuous basis have been producing effects steadily. We will also continue cross-sectional projects undertaken by our business divisions and system

departments to improve business operations via Business Process Re-engineering (BPR) and promote cost reductions through the sharing of system platforms. To ensure the provision of high-value-added services to customers, we will make continued efforts to improve the quality, cost and delivery time of our services.

To ensure the medium- and long-term growth of the Company, it is essential to not only promote the existing businesses but also expand into the peripheral business areas for which accumulated technological expertise can be utilized. To achieve that, we will actively consider M&A opportunities. While identifying business fields with significant growth potential and developing human resources to reinforce our technological and marketing capabilities, we will accumulate our strengths and aggressively invest managerial resources in growth business fields, thereby ensuring our sustainable growth and further strengthening our business foundations.

### **/ Distributing returns to shareholders**

The KYOWA EXEO Group regards profit distribution to shareholders as an important managerial issue and has a basic policy of stable dividends, while considering business results, the future business environment and investments for ensuring financial strength and business expansion.

Regarding dividends, we employ a dividend on equity (DOE) of 3% as an indicator of a stable dividend. Accordingly,





the annual dividend per share for fiscal 2016 was ¥46, and we plan to increase the annual dividend per share for fiscal 2017 by ¥4 to ¥50.

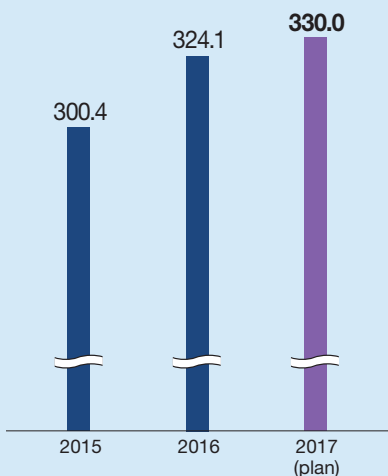
Regarding the purchase of treasury shares, we make it a policy to flexibly conduct purchases in view of cash flows and market conditions, and will consider them on a continuous basis.

In addition, we will maintain a stable high level of return on equity (ROE) by promoting the growth of income and enhancing capital efficiency, and continue to seek greater earnings per share (EPS).

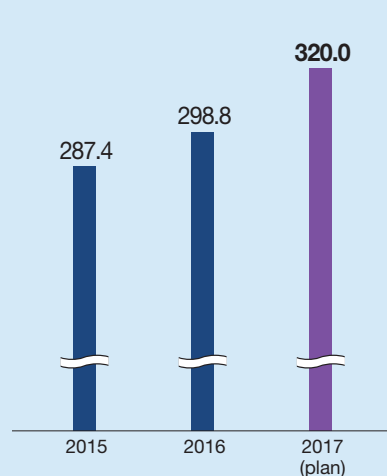
Establishing a continuous cycle that starts with raising awareness of employees, which activates the organization and leads to offering services appreciated by customers and better business performance, will result in the distribution of higher profits to shareholders. We will strive to enhance corporate value through raising business performance and aggressively distributing profits to shareholders.

## Operation highlight

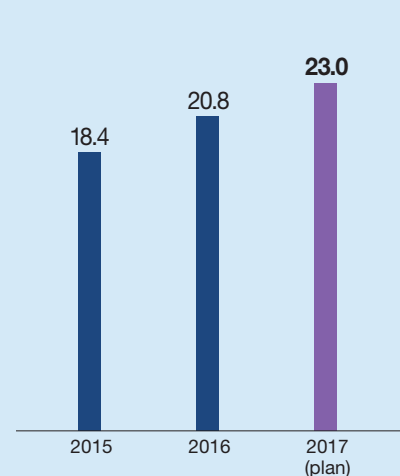
Orders received (¥billion)



Net sales (¥billion)



Operating income (¥billion)

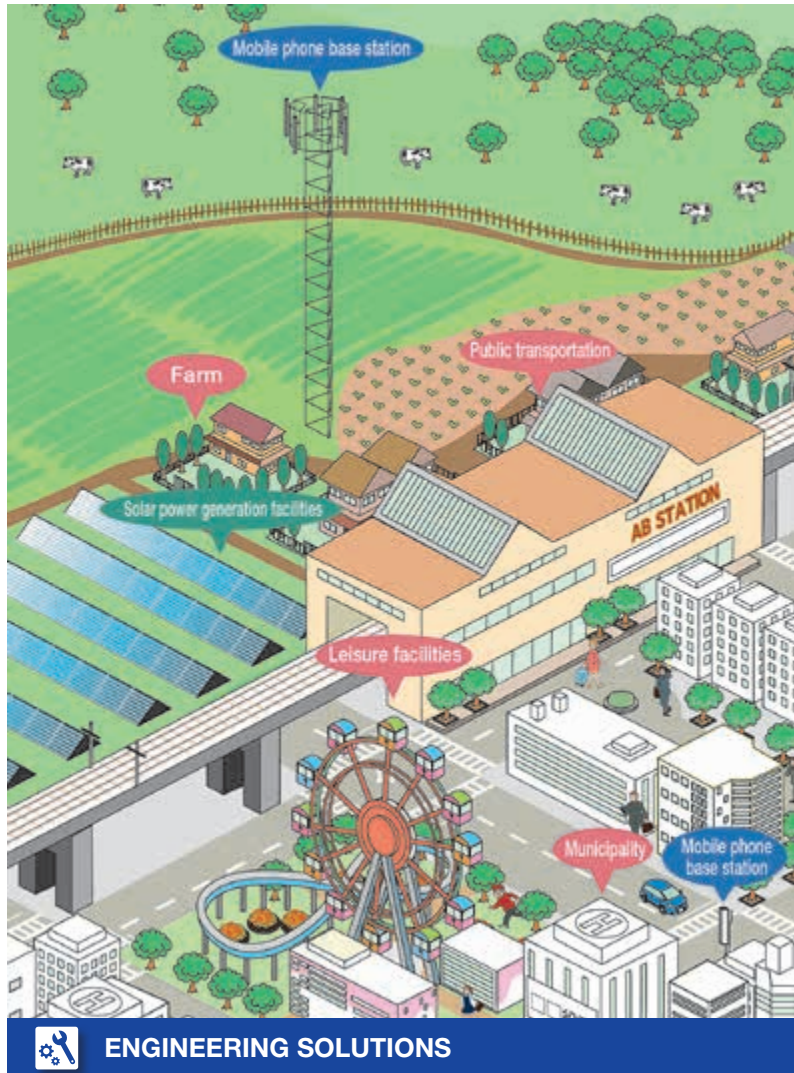






## Linking all Communications. We Contribute to Creating an Affluent Society with Two Types of Solutions.

The KYOWA EXEO Group works to contribute to the realization of an affluent society and perform its corporate social responsibility by providing high-value-added ENGINEERING SOLUTIONS and SYSTEM SOLUTIONS.



### Telecommunications Infrastructure

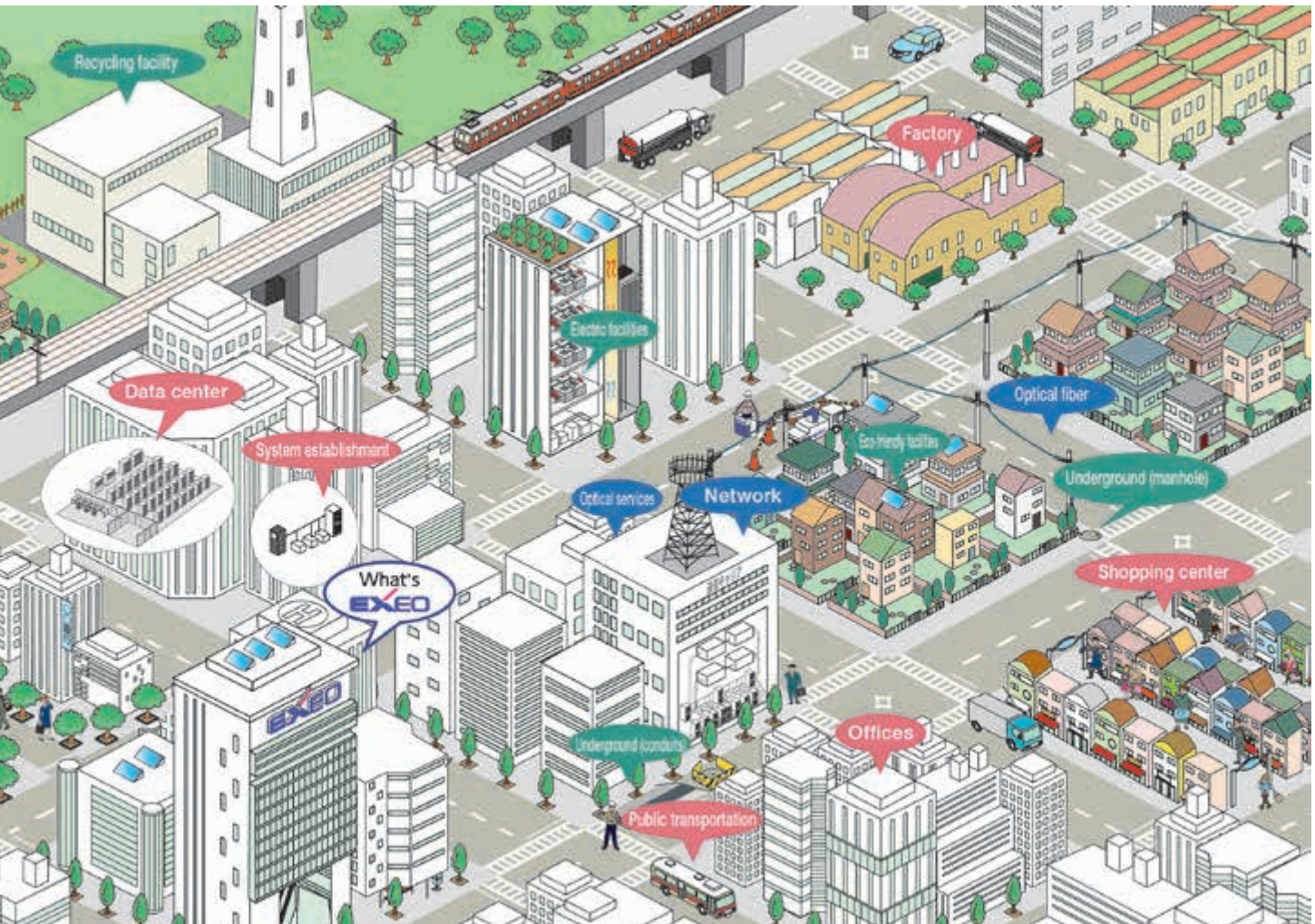
As broadband services are expanding toward the building of a safe and secure ICT society, the diversification and sophistication of various technologies are under way. We provide consistent quality services from planning and design to construction, operation and maintenance for all types of communications equipment and facilities throughout the country based on performance over the years and excellent technologies.



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 SYSTEM SOLUTIONS

## Urban infrastructure

We are engaged in works related to redevelopment projects toward 2020 in the Tokyo metropolitan area and public works in line with the government's initiatives for building national resilience, including the installation of telecommunications (except for telecommunications carrier-related), electrical and air-conditioning facilities and urban civil engineering works. We are also working to establish social infrastructure toward the realization of a recycling-oriented society by engaging in renewable energy (e.g., biomass) and other environment-related works and the construction of environmental plants.

Drawing on our ICT technologies, we are offering total solutions in both the network integration (NI) field, which is establishing LAN/WANs and Internet environments, and the system integration (SI) field, which is establishing systems for corporations such as communications carriers, financial institutions and manufacturers.



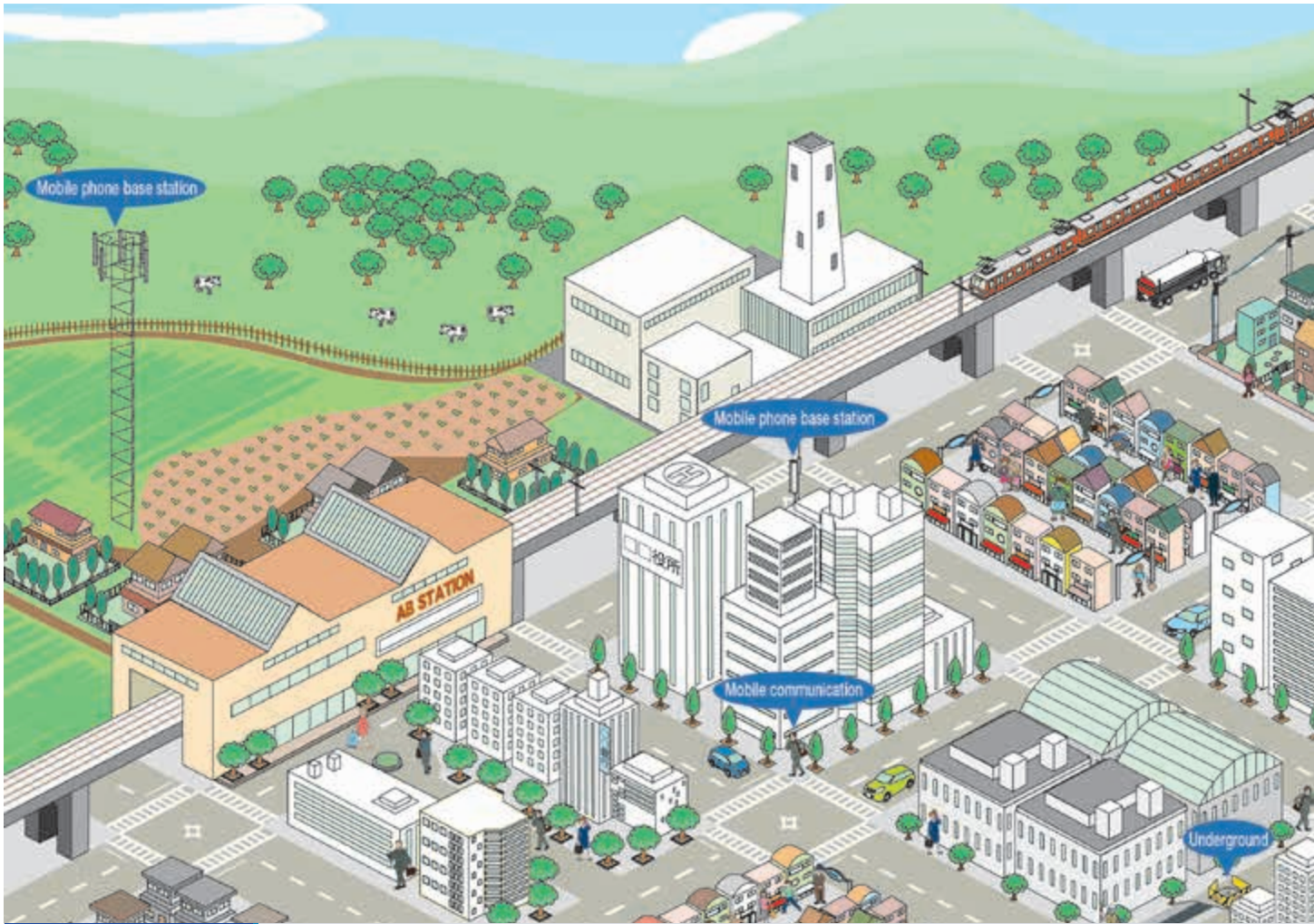
To page 17



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**Telecommunications Infrastructure**

**NTT Group**

We are working to establish various telecommunications facilities for the NTT Group companies.

**Access engineering:**

We lay optical fiber cable networks, which are indispensable for high-speed communications networking, and install the Fiber To The Home (FTTH) system to provide broadband services such as the Internet to corporations and households. EXEO's world-leading, high-quality construction technologies, which have won the gold medal at the World Skills Competition four consecutive years, are supporting the ever-evolving information communications age.



**Network engineering:**

We inspect, design, build, monitor and operate next-generation networks (NGNs) using leading-edge routers and servers. We also design, construct and maintain switchers, transmission equipment and power equipment at nationwide legacy facilities, all of which support today's communications networks.



**Mobile engineering:**

We provide total services to achieve comfortable mobile communications environments not only inside buildings where people gather but also inside station premises and tunnels. Our services include negotiations for installation, prior investigations and design of wireless phone base stations, and we establish mobile communications facilities in general, conduct quality surveys and provide various types of maintenance.







## NCC

We are also working to establish various telecommunications facilities for new common carriers (NCCs), or telecommunications carriers other than the NTT group.

### Telecommunications facilities

We construct telecommunications facilities for new common carriers (NCCs) such as the KDDI Group and the Softbank Group.



## Handing down the technology and contributing to society

### Supporting the core business for KYOWA EXEO

Michio Sagawa, an employee of the Company, was recognized in 2015 by the Ministry of Health, Labor and Welfare as an outstanding skilled worker (master craftsman), in appreciation of his years of involvement in the wiring and installation works for information and communications facilities, which contributed to raising the quality of telecommunications works, as well as in the training of the Company's employees and instructors, which produced many medalists at the National Skills Competition.

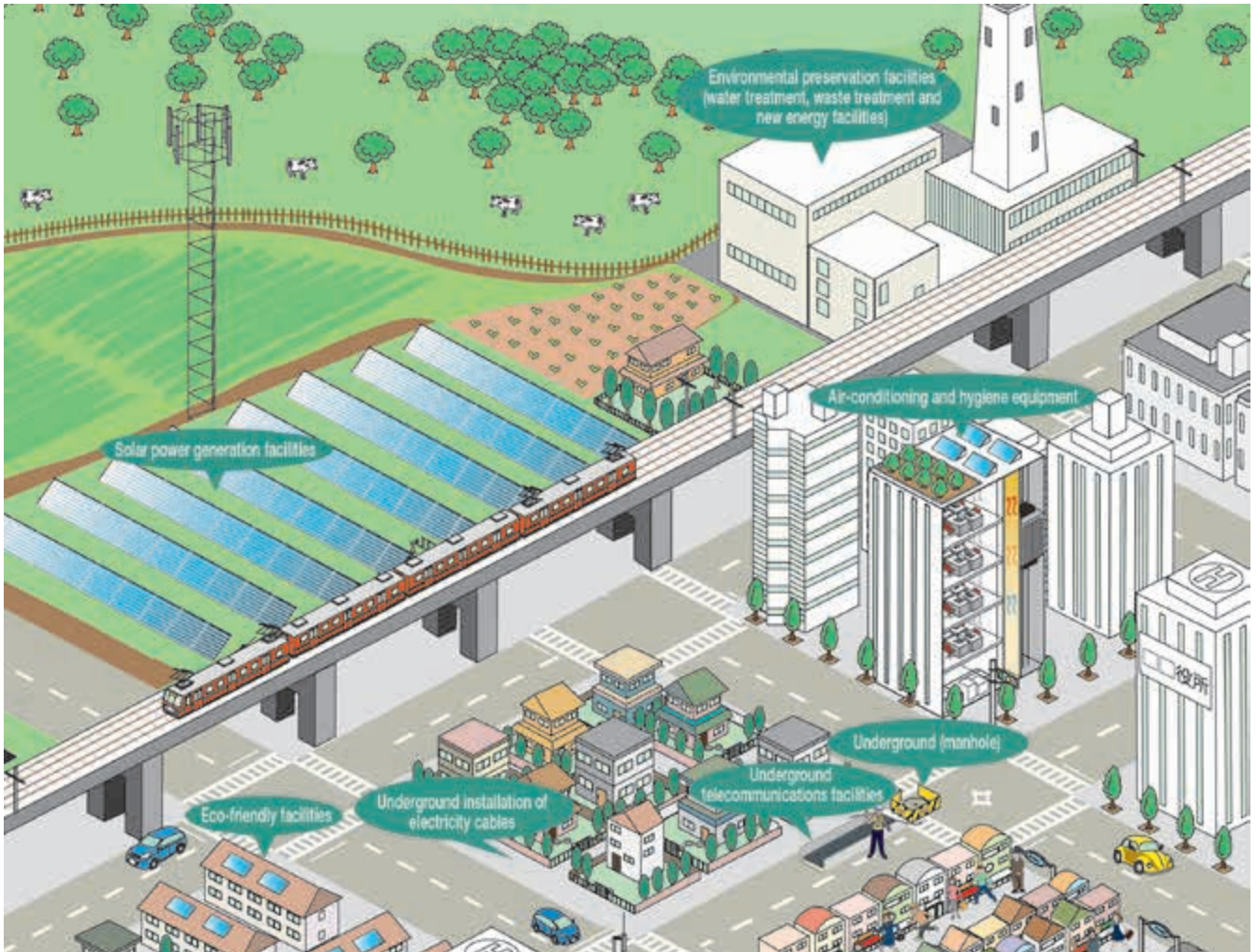


### Contributing to the development of the information and communications industries overseas

Since 1998, the Company has been providing foreign engineers with lectures and facility tours for fostering optical access installation engineers as part of the "BHN Human Resources Development Program" hosted by the BHN Association, a nonprofit organization. We will continue to be actively engaged in contributing to the strengthening and enhancement of technical capabilities and the development of human resources to promote the growth of information and communications industries at home and abroad.







**ENGINEERING SOLUTIONS**

**Urban infrastructure**

**Telecommunications facilities**

We construct telecommunications facilities for municipalities and government agencies, cable television companies, railway companies and other customers based on performance over the years and excellent technologies.



**Urban civil engineering**

We establish telecommunications facilities such as manholes and underground conduits, rehabilitate building structures and install electricity cables underground. We are establishing a social infrastructure with a consistent operational structure from design and construction to maintenance.



**Electricity supply**

We are providing a broad range of consistent services from design and construction to maintenance for office buildings and commercial buildings, as well as telecommunications, power generation, air-conditioning and hygiene facilities nationwide. We can handle various projects from general electrical work to intricate electric power construction that requires highly advanced technologies. We are also contributing to society in energy-saving fields such as mega solar power generation and LED lighting projects.



**Environmental engineering**

We utilize our waste treatment technologies for incineration and recycling facilities and our wood biomass boilers and other such renewable energy technologies and water treatment technologies for industrial wastewater treatment facilities and sewage treatment facilities. We offer such comprehensive ecotechnologies with low environmental burden from planning, proposal and construction to operation.







**SYSTEM SOLUTIONS**

**Network Integration (NI)**

The Group offers various types of services such as designing, constructing and operating servers and LANs for corporations, and improves server/Internet environments and security.



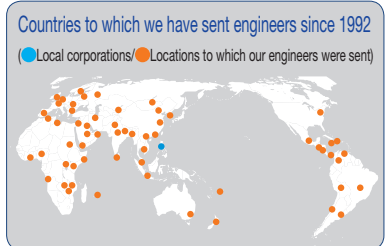
**System Integration (SI)**

To help customers solve their management issues, we provide system solution services tailored to a variety of customer needs, which encompass everything from consulting to development, construction, maintenance and operation, by drawing on the latest technologies such as service-oriented architecture (SOA) and our powerful solutions.



**Global**

Since 1963, the Company has been involved in overseas works in nearly 100 nations. Currently, we are conducting business mainly in Southeast Asia, including works for communications facilities in the Philippines led by MG EXEO Network Inc., a Philippines-based consolidated subsidiary of the Company.



- (Major solutions)
- Network and server solutions
  - Wireless LAN solutions
  - Security solutions
  - Cloud solutions
  - Sound (e.g., IP-PBX) solutions
  - Video solutions
  - Smart sensing solutions
  - Energy management solutions
  - Disaster prevention/mitigation and disaster response solutions
  - Home network solutions
  - Operation, monitoring and maintenance services
  - SOA solutions EAI/ESB, BPM, BRMS, ETL/BI, etc.
  - Business support solutions Adaptive Biz Service (ABS)
  - Customer-specific billing solutions
  - Facility and equipment management solutions
  - Financial solutions





# KYOWA EXEO Group Structure

(As of July 1, 2017)

## KYOWA EXEO CORPORATION

### Two Major Consolidated Subsidiaries

#### EXEO TECH CORPORATION

Taking on the challenges for new growth with the integrated ICT engineering capability that can address a diverse range of needs

EXEO TECH CORPORATION was established on July 1, 2015, through the management integration of WAKO ENGINEERING Co., Ltd., and Ikeno Tsuken Co., Ltd., and is now in its third year.

Under its management philosophy of “While making swift responses to environmental changes based on the spirit of customer first, we provide support for information and communications services through our advanced technical abilities and quality and optimal services, thereby contributing to the realization of affluent society,” we will continue to take on the challenges for new growth as a member of the KYOWA EXEO Group by seeking the expansion of business operations in such fields as the environmental energy and welfare solutions, etc.

Company Name	EXEO TECH CORPORATION
Establishment	May 20, 1948
Head Office	1-23, Heiwajima 4-chome, Ota-ku, Tokyo
Representatives	Representative Director and President: Yuki Sakuyama
Paid-in Capital	¥450 million
Business Outline	Communications infrastructure, ICT solutions, environmental and social innovations, etc.

● Examples of expanding solution business



Installation of a smart meter



A Braille guide board with a multilingual voice guidance

#### Daiwa Densetsu Corporation

Developed with local communities based on the construction of communications infrastructure regarding new fields as new pillars of growth

Daiwa Densetsu Corporation Group will make continued efforts to raise the efficiency of its core business in the construction of information and communications infrastructure, while continuing to promote work style reforms to create a better working environment where every employee can showcase his or her talents with high levels of job satisfaction and creativity.

As a member of the KYOWA EXEO Group, we will continue to strengthen our alliance with the Group and enhance our marketing systems. With excellent technological capabilities and quality standards cultivated over long years in the fields of electrical facilities, civil engineering, mobile, ICT and solutions, we will create value as a total solutions provider to contribute to the local communities.

Company Name	Daiwa Densetsu Corporation
Establishment	August 1, 1949
Head Office	5-1, Omachi 2-chome, Aoba-ku, Sendai-shi
Representatives	Representative Director and President: Hideki Tohara
Paid-in Capital	¥450 million
Business Outline	Communications infrastructure, ICT solutions, environmental and social innovations, etc.

● Examples of expanding solution business



NUTRIMATE food service management system

### 26 Other Consolidated Subsidiaries

	<b>Access engineering</b>	Shinyei Tsushin Co., Ltd., Suncrex Corporation, FUJI DENSETSU CO., LTD., Ecos Hokuei Corporation, Sankyo-Techno Co., Ltd., KANAC Corporation, K. Technos Co., Ltd., MG EXEO NETWORK, INC., Sigmmax Co., Ltd.
	<b>Civil engineering</b>	Exeo Infra Corporation, Infratechno Corporation
	<b>Networks</b>	Exeo Network Corporation
	<b>Mobile telecommunications</b>	Exeo Mobile Corporation, Toho Communications Co., Ltd., Yuaituken Corporation, Kyoei Densetsu Kogyo Corporation, Densetsuya Corporation
	<b>IT</b>	ACCRESO CO., LTD., ICOMSYSTECH CO., Ltd., ADVANCED INFORMATION DESIGN Co., Ltd.)
	<b>Other</b>	KYOWA SECURITY SYSTEM CORPORATION, Kyokuyoh Corporation, Shinwa Seisakusyo Corporation, Exeo Butsuryuu Service Corporation, Exeo Business Corporation, ASAHI DENWA KOGYO CORPORATION

The Group companies other than the above: 9 nonconsolidated subsidiaries and 10 affiliates



## Overview of Group Companies



Access engineering

**Shinyei Tsushin Co., Ltd.**

Since its establishment in 1985, Shinyei Tsushin Co., Ltd., has engaged in the creation of information communications infrastructure as an access engineering member of the KYOWA EXEO Group with the installation of fixed telecommunications equipment, such as fiber optic cables, as a core business. Through our high-quality standards and reliable techniques and knowledge accumulated for years, we not only construct and maintain information and communications equipment for railway communications, CATV, LAN, WiFi and others but also conduct works to install surveillance cameras and countermeasures for the 700-MHz reception difficulty in digital terrestrial televisions. Toward the IoT age where all things are connected to the Internet, we will make full use of our highly reliable technological capabilities to contribute to innovations in the ICT society.



Access engineering

**Sankyo-Techno Co., Ltd.**

Sankyo-Techno Co., Ltd., has conducted pioneering efforts in the construction of optic fiber communication facilities and optical communication user facilities with a number of digital communication engineers and strives to be the “true ICT engineering company” that is highly evaluated by customers for its highly reliable engineering technologies. For further business expansion in fiscal 2017, we will focus on realizing 1) the highest net sales; 2) the lowest expenditures and 3) zero accidents involving personnel or equipment. As a member of Team EXEO, we will take on the challenge toward the realization of the Group’s vision: “Focus Group strengths to take total solutions to a new growth stage.”



IT

**ICOMSYSTECH CO., Ltd.**

From its establishment in 1973 until today, ICOMSYSTECH CO., Ltd., has developed various kinds of systems in conjunction with its philosophy: “A Fusion of Wisdom and Computers.” With all kinds of things connected to the Internet, the age of IoT has arrived, enabling people to benefit from comfortable and high-speed communications services. However, even in this age, our focus remains on the realization of a people-friendly computer society. We must not only enhance convenience but also contribute to the creation of a safe and secure society. To this end, we are continually stepping up our knowledge and technical capabilities to incorporate the latest technologies. We will make continued endeavors to become a company that “contributes to society and is loved by society.”



Mobile telecommunications

**Kyoei Densetsu Kogyo Corporation**

Kyoei Densetsu Kogyo Corporation conducts the engineering business mainly for communications systems and facilities for mobile phones, wireless systems and equipment for governmental administration offices, and electrical equipment installation works for general customers mainly in the Kansai and Hokuriku areas. With “customer first” and “safety first” as a motto, we offer one-stop services from negotiations for installing base stations to the design, construction and maintenance thereof as an integrated engineering company for wireless communications. From the viewpoint that human resources are our assets, we emphasize the development of human resources and seek continued business development by securing stable business income and exploring collaborative business opportunities in all areas of wire communications services.



Mobile telecommunications

**Toho Communications Co., Ltd.**

Established in 1959, Toho Communications Co., Ltd., is based in Hokkaido where it has a long history and tradition as a wireless facility construction company. While inheriting the trust relationship with customers and accumulated expertise, we are tapping into new business fields and developing engineers with multiple skills. Our strength lies in offering one-stop services from negotiations for construction to the designing, building and maintenance of facilities. Centering on mobile communications, we operate nationwide, offering adjustment, construction and maintenance services in relation to various wireless facilities for governmental administration offices. As a member of Team EXEO, we will continue to contribute to society by aggressively promoting our engineering solution business.



Other

**Exeo Business Corporation**

Exeo Business Corporation started operations in July 2003 as a provider of shared services for the KYOWA EXEO Group. Currently, the company provides 31 companies, mainly the KYOWA EXEO Group members, with common operational tasks, such as accounting, salary and welfare, trainings and assistance in applying for a qualification to bid. As the business environment is becoming increasingly severe, we will contribute to the further development of the KYOWA EXEO Group by capitalizing on our accumulated expertise in shared services, achieving further cost reductions and enhancement of business quality, and nurturing specialists in shared services.

# KYOWA EXEO will contribute to the resolution of social issues

The KYOWA EXEO Group's corporate philosophy includes cultivating technological capabilities, seeking of growth, the Group has grown to be the way it is now, while reflecting the needs of the times. The Group's The KYOWA EXEO Group will continue to address social issues and help solve them through its businesses,

## KYOWA EXEO Group's

### Major social issues:

- Global warming
- Water risk
- Energy problems
- Urban concentration
- Japan's falling birthrate, super aging population, etc.



### Medium- to long-term business environment:

- Declining fixed-line phones
- Labor shortage in the construction industry
- Social needs toward the Tokyo Olympics and Paralympics
- Transition to the next-generation wireless technology (5G)
- Reinforcement of disaster management, etc.



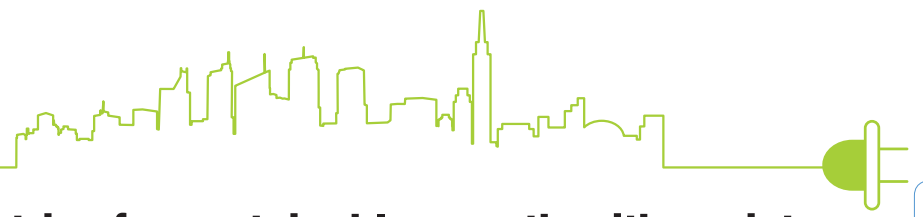
Ensuring safety and security in people's daily lives and in times of disaster



### Human Resources

KYOWA EXEO contributes capabilities, which are Therefore, we regard principle that excellent developed along with a



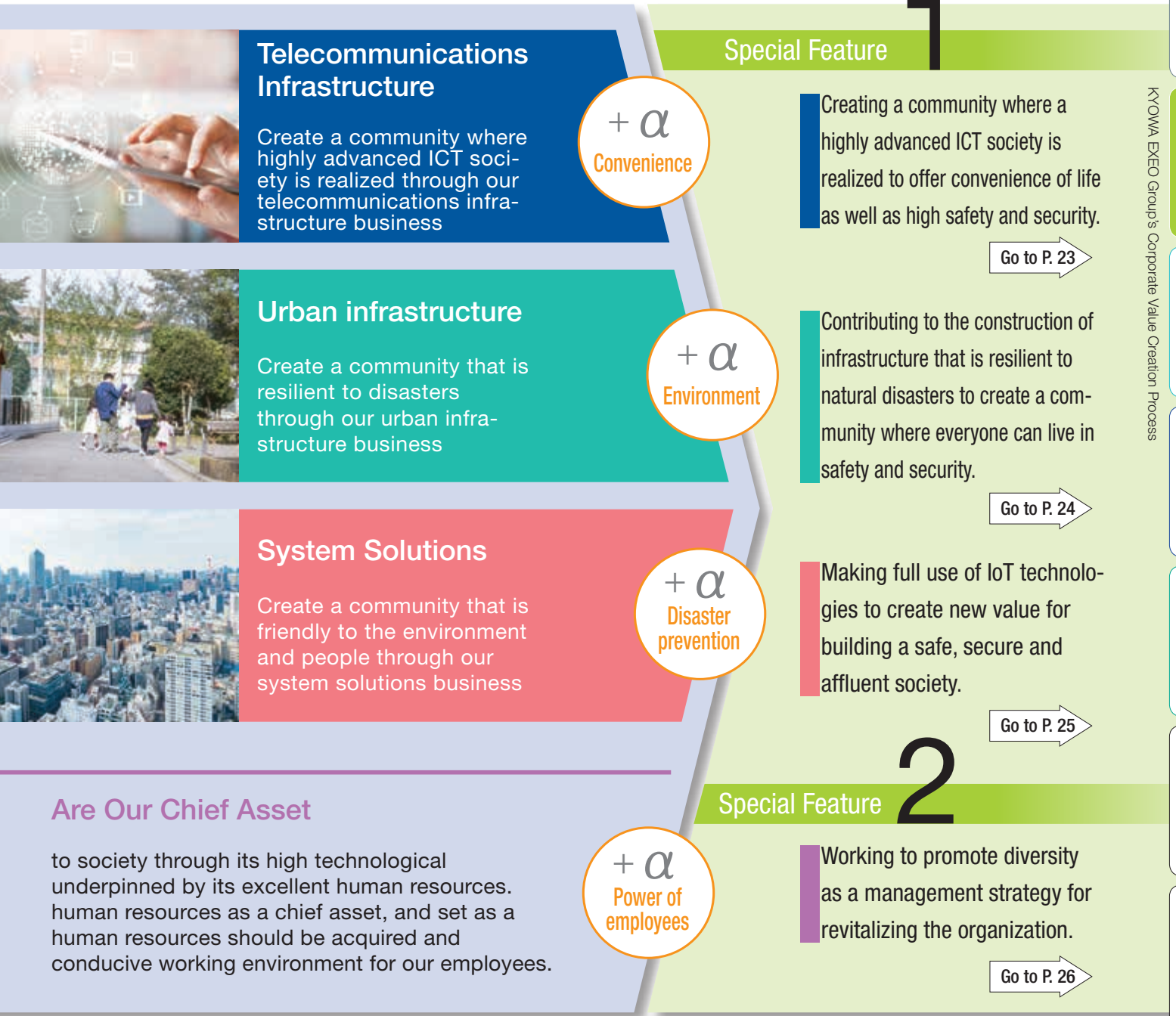


# through its businesses and strive for sustainable growth with society.

affluence and contributing to society. Under this philosophy and with its technological capabilities as a driver technological capabilities now contribute significantly to the resolution of social issues at home and abroad. thereby achieving sustainable growth with society.

## Technological Capabilities

Important issues for the KYOWA EXEO Group to achieve sustainable growth  
 Developing human resources / developing and handing down technologies



KYOWA EXEO Group's Corporate Value Creation Process



## Creating a community where a highly advanced ICT society is realized to offer convenience of life as well as high safety and security.

**Telecommunications Infrastructure Business**  
 Social issues to be solved through the telecommunications infrastructure business:

- Continued upgrading of broadband telecommunications (LTE → LTE-Advanced → 5G)
- Facilitates the operations that address the reception difficulty for the 700-MHz band
- Expanding the demand for optical fiber access services through 4K and 8K UHD (ultra-high definition) displays and the Hikari Collaboration



### Makoto Tamura

Facility Construction Section, Mobile Infrastructure Engineering Department, NTT DOCOMO Operations Headquarters

#### The “connecting” quality that only Team EXEO can offer

Now that LTE-Advanced works are nearing an end in Tokyo, transition to 5G is about to start in anticipation of the Tokyo Olympic and Paralympic Games. The 5G works often are complicated because they require the addition of new equipment at existing base stations.

To accomplish the complicated 5G works, not only technological excellence but also teamwork becomes important. How can we conduct the works without affecting the frequencies used by customers, while ensuring safety at work? This mission is shared by all the members of Team EXEO who participate in the works to ensure the quality that can earn customer satisfaction. To achieve that, we must create a workplace where there is a free exchange of ideas between employees and partner companies and no gender differences among jobs at the worksite.

“Being connected” is taken for granted in today’s society. While ensuring that, we believe our mission is to offer a better telecommunications environment to realize a highly advanced ICT society. Through our advanced technologies, we will continue to take part in “creating a future society” where a high level of convenience and affluence is attained.

#### Enhancing the telecommunications environment with the Group’s “connecting” technologies, thereby contributing to the realization of a highly advanced ICT society

With Japan’s declining birthrate and aging population becoming an increasingly serious issue like no other in the world, many social problems, such as a labor shortage, growing medical costs and an increasing nursing care burden, are getting recognized. To address these issues, the use of highly advanced information and communication technology (ICT) has attracted attention. New ICTs, such as the Internet of Things (IoT), big data and artificial intelligence (AI), are being used in distributing data to create new value and solve problems. By making full use of the “connecting” technologies of the KYOWA EXEO Group, we contribute to realizing a society supported by advanced ICTs.





Telecommunications  
Infrastructure  
Business



System  
Solutions  
Business



Urban  
infrastructure  
business

## Contributing to the construction of infrastructure that is resilient to natural disasters to create a community where everyone can live in safety and security.

### Urban infrastructure business

Social issues to be solved through the urban infrastructure business:

- Ensures a globally comparable level of landscape by promoting the undergrounding of overhead power lines
- Expanding public investments for building national resilience (e.g., installation of monitoring cameras, refurbishment of highways)
- Renewal of aging waste disposal plants
- Renewable energy sources, including biomass

Motoo Nonogaki (right)

Kenji Watanabe (left)

Civil Engineering Section, Civil Engineering Headquarters

### Combining accumulated expertise with new technologies to enhance infrastructure with a focus on safety and security

A large proportion of Japan's social infrastructure, including roads, tunnels and bridges, will be 50 years or older over the next 20 years, as many of them were constructed during the period of high economic growth. The Japanese government has taken measures to prepare for the deterioration of such social infrastructure. In addition, measures to minimize damage from disasters and ensure the safety and security of people are under way, such as the undergrounding of power cables. The KYOWA EXEO Group combines its traditionally accumulated expertise in civil engineering works with the more recent "connecting" technologies to contribute to the enhancement of the social infrastructure.

### Joining forces under the EXEO brand to promote the undergrounding of power poles and cables

Tokyo Prefecture is promoting a project to underground power poles and cables in Tokyo as part of its efforts to enhance the social infrastructure. The project is intended not only to enhance the appearance of the streets but also to minimize obstructions to emergency vehicles, and it is also important in terms of preventing disasters and minimizing their impact. However, works for the undergrounding of power poles and lines are not easy. In the ground, there are lifeline utilities, such as



KYOWA EXEO Group's Corporate Value Creation Process

gas and water supply pipes. And since these pipes were laid long ago, sometimes the pipes are found at different positions than those indicated on the old schematics. In addition, as these works are usually conducted late at night, we care about having good communication with the people in the neighborhood.

What enables us to continually undertake these new works is a fusion of our traditional knowledge in civil engineering works and our latest technologies. Completing a work is not the end goal; we extract anything good from the experience and hand it down to the future generations. That attitude is the EXEO brand. This has led us to make proposals that include positive outcomes beyond the works themselves, which has been received favorably by customers. Our mission is to complete every work problem-free to ensure a safe and secure society and to continue to be a backseat player that underpins society. Under the EXEO brand, we will continue to contribute to the enhancement of the social infrastructure based on safety and security.





## Making full use of IoT technologies to create new value for building a safe, secure and affluent society.

### System Solutions Business

Social issues to be solved through the system solutions business:

- Reform of industrial structures through the cloud, IoT, big data, etc.
- Promotes the deepening of communication
- Solutions for advanced security
- ODA (Official Development Assistance)-related efforts to address the economic growth of Southeast Asia



### Hiroyuki Watabe

New Energy Promotion Department  
ICT Solutions Headquarters

**Creating new value with the most advanced “connecting” technologies, thereby contributing to building a safe, secure and affluent society**

Statistics from the Japan Meteorological Agency show that each year, about one-tenth of the earthquakes throughout world occur in Japan. Moreover, there are many other societal problems to address such as the global issue of climate change and the issue of a declining population distinct to Japan for which work style reforms have been encouraged. To help solve these problems, the KYOWA EXEO Group has created new solutions, such as the combined use of “connecting” technologies and geospatial information, thereby contributing to building a safe, secure and affluent society.

**Providing society with unlimited possibilities of new value**

Our mission is to create the kind of value that has not appeared yet in society to help solve social issues, and, by doing so, to expand the businesses of the KYOWA

EXEO Group. Among such value we have created, “EXBeacon,” or next-generation beacons for mesh networking, has attracted particular attention. These beacons are Bluetooth-compliant and can exchange information with each other to form a mesh network. For example, these beacons can save labor by enabling one to easily locate a single parcel in a huge warehouse. We also offer a smartphone application called “EXTravel,” which is not only convenient in that it provides foreign tourists visiting Japan with sightseeing information but also useful for disaster prevention by navigating such tourists promptly to evacuation areas in the event of emergencies.

New solutions we have offered also include the “Energy Viewer,” an energy management system that enables the visualization of energy consumption, thereby contributing to reducing the environmental burden, and the “survival power supplies,” which are not only portable and environment-friendly but also have communication functions. These solutions surfaced through the united and persistent efforts of our development and Sales Section to create new value. We will continue to seek ways to utilize our “connecting technologies so that we can offer new value leading to the resolution of social issues.



## Working to promote diversity as a management strategy for revitalizing the organization.

Eiko Sakai (right)  
Takako Izumi (left)

Diversity Promotion Section  
Human Resources Division



KYOWA EXEO Group's Corporate Value Creation Process

### Initiating efforts to promote women's participation as an introduction to diversity management

The KYOWA EXEO Group has long been active in promoting diversity. To do so more efficiently and systematically, we established the Diversity Promotion Office within the Human Resources Department in October 2016.

To accommodate increasingly diverse customer needs in a speedy and flexible fashion, promote the growth of the Group's businesses and enhance the performance thereof, we, as Team EXEO, will promote diversity as part of the efforts to achieve innovations and work style reforms aimed at establishing a corporate culture where a diverse set of values is accepted regardless of gender, nationality and other demographics.

As the first step, we will focus on deepening the understanding of diversity

promotion. Why do we need diversity management now? What are the benefits to our business? So that each employee can develop an understanding of diversity, we will carry out seminars and educational trainings at all offices.

We also have been working to promote women's participation,

which is a key element for promoting the utilization of diverse human resources. Although our female employees account for only 7% of the total workforce, we are discussing measures to promote women's participation and sharing necessary information through representatives assigned at every department and branch in February 2017. Promoting women's participation is not intended to provide preferential treatment for female employees but rather is a step forward to realize more flexible ways of working. By tackling issues to be addressed, such as raising children and/or taking care of the elderly while working, having a deeper understanding of LGBT (lesbian, gay, bisexual and transgender) and utilizing employees with foreign nationalities, we are taking a forward-looking approach to diversity promotion for a better future of the KYOWA EXEO Group.

There is no end to diversity promotion. At Team EXEO, we will continue united efforts to promote diversity so that innovative ideas reflecting diverse characters and values will revitalize the organization and develop a culture oriented toward acting for change.





## Performing Corporate Social Responsibility (CSR) through Its Primary Businesses

The KYOWA EXEO Group's basic CSR policy is to materialize its corporate philosophy and perform its social responsibility through its daily business activities. The Group seriously addresses promoting corporate governance, compliance and risk management and works to ensure sincere and highly transparent business operations to contribute to the sustainable growth of society.

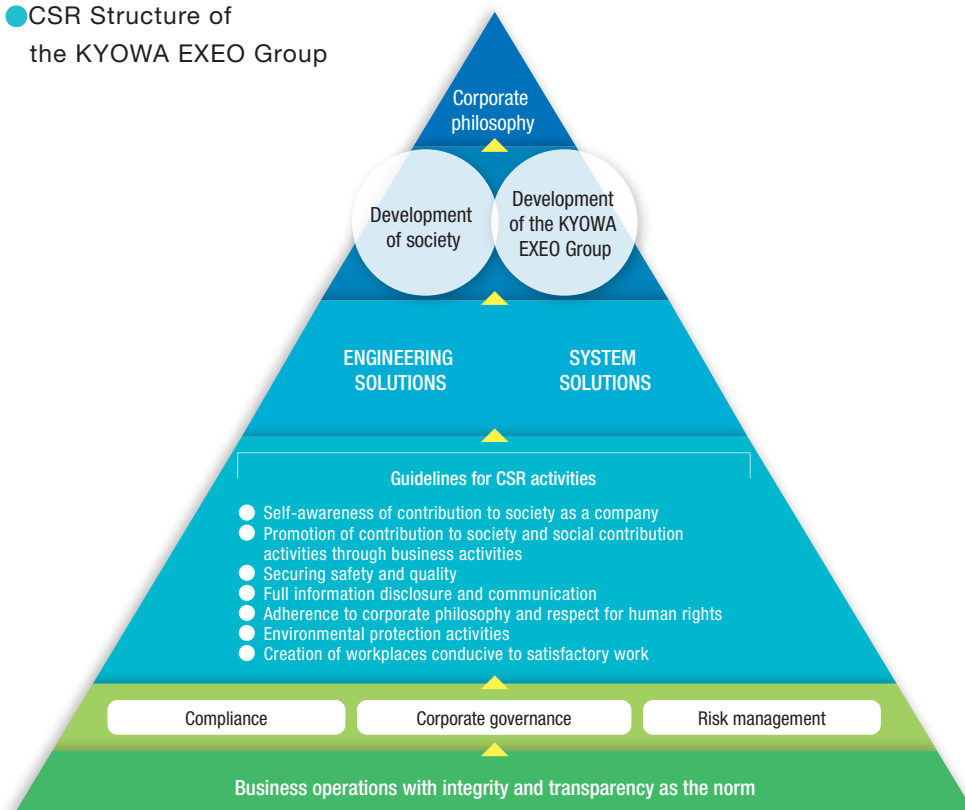
### Basic CSR Policy

**The KYOWA EXEO Group will, through its business activities, conduct environment-friendly management and contribute to the preservation of environment and sustainable growth of society in order to realize the corporate philosophy.**

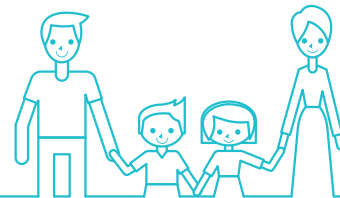
The corporate philosophy of the KYOWA EXEO Group, which is the basic guideline for our corporate social responsibility, includes cultivating technological capabilities, seeking affluence and contributing to society, and we work to make integrity and transparency the fundamental norms of our management.

We recognize that efforts to achieve our corporate philosophy are indeed efforts toward CSR, and we are working to promote CSR.

● CSR Structure of the KYOWA EXEO Group







## CSR Promotion Systems (Relationships with All Stakeholders)

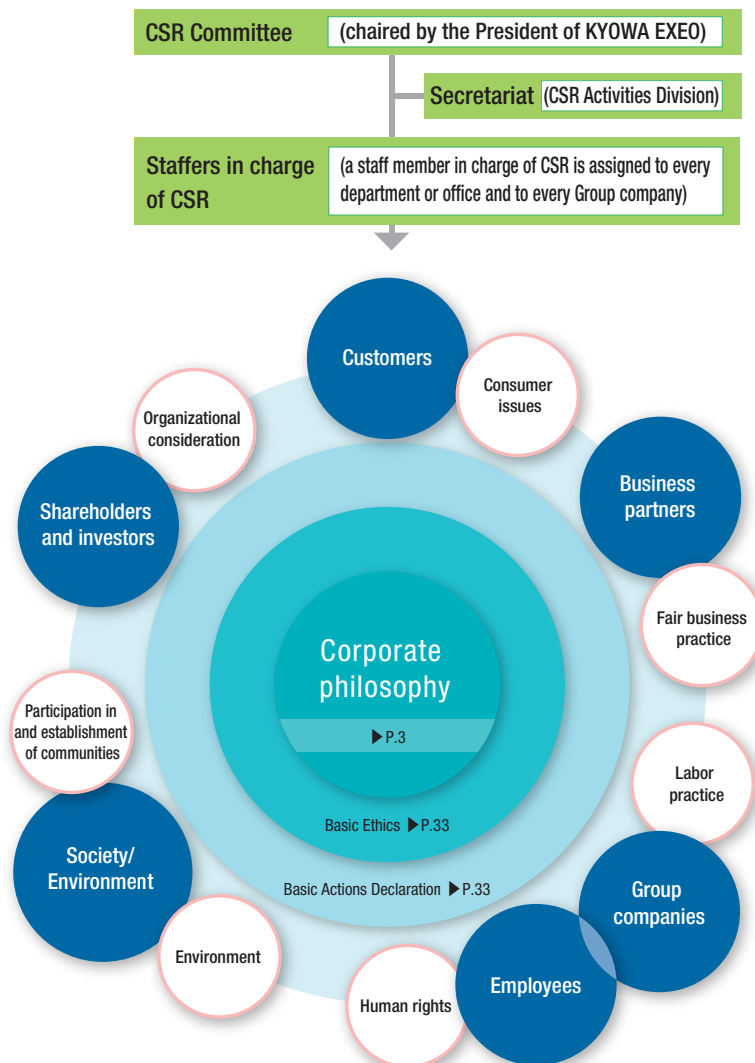
Rather than having a specific division responsible for CSR activities, at the KYOWA EXEO Group, we recognize that CSR is something that every member of the staff should put into practice throughout the business process. In 2009, we reorganized the CSR Promotion Division that until then had been tasked with promoting CSR, and we established the new CSR Activities Division as the department responsible for disseminating information about activities.

In 2010, we launched the CSR Committee, chaired by the President, with meetings held whenever necessary. Moreover, as an organization under the CSR Activities Division, a staff member in charge of CSR is assigned to every department or office and to every Group company so that there is a group-wide system of CSR promotion.

### Continuing to be a Company Trusted by All Stakeholders

In addition to striving to ensure ever-greater information disclosure, the KYOWA EXEO Group will engage in proactive communication with all our stakeholders in order to fulfill our corporate social responsibility. Effective from fiscal 2011, the Group's relationships with various stakeholders are classified based on the seven core themes set forth in the ISO26000\* standard.

\*The ISO26000 standard provides organizations including companies with the best international guidance on socially responsible behavior and possible actions.





Core themes in the ISO26000	Major stakeholders	Our objectives (goals)		Measures to be taken
Organizational governance	All (Corporate Philosophy) (Basic Ethics) (Action Guidelines)	Reinforcement of corporate governance		Analyzing the causes of recent conflicts and the measures taken to address them and spreading the results across the board to prevent the recurrence of such problems
		Promotion of compliance		Thorough adherence to social norms
				Educating on and improving the awareness of laws and regulations and the Basic Ethics of the KYOWA EXEO Group through compliance-promoting activities
		Appropriate risk management		Ensuring information security
				Reduction of management risk
				Reinforcement of business continuity planning (BCP)
			Enhancement of the internal controls of the Group subsidiaries	
Human rights	Employees	Principle that human resources are our chief asset		Respect for human rights and utilization of diversified human resources (Reinforcement of efforts to promote diversity)
Labor practice		Work style reforms		Creation of ideal working conditions (Promotion and reinforcement of work-life balance)
				Development and cultivation of human resources
	Group companies	Maximization of Group value		Development of group businesses and improvement of consolidated operating results
Fair business practice	Business partners	Ensuring transparency and the fair competition principle		Thoroughly impartial transactions in accordance with the "Procurement Policy including Green Procurement"
Consumer issues	Customers	Return to the basics of a safety and quality-oriented culture		Elimination of serious accidents
		Improvement of customer satisfaction		Ensure high awareness of quality and continue education
	Shareholders and investors	Emphasis on return of profits and communications		Thorough management of customer satisfaction and utilization of the feedback
				Promotion of IR activity for impartial and fair information disclosure
Participation in and development of communities	Society	Contribution to society and local communities		Promotion of social contribution activities
		Improvement of social evaluation		Promotion of local community contribution activities
				Effective provision of news releases and issuance of integrated reports
Environment	All	Promotion of environment-friendly management		Reduction of power consumption
			Reduction of CO <sub>2</sub> emissions	Reduction of gasoline consumption
				Utilization of green energy and forest preservation
			Energy-saving activities at offices	Reduction of paper consumption
			Promotion of greenery at buildings	Promotion of rooftop greenery
			Promotion of greenery on the premises	
			Enhancement of the green purchasing rate	



Building a better, brighter future together



[Rating (self)] ○ Plan accomplished ○ Plan almost accomplished △ Plan unaccomplished

Results of efforts in fiscal 2016	Rating (self)	Efforts to be made in fiscal 2017
<ul style="list-style-type: none"> <li>Reconfirmed the basic policy of the internal control system and disclosed the corporate governance report</li> <li>Provided education reflecting the latest laws and regulations and the recent problems and complaints</li> <li>Designated a month to promote compliance and promoted the use of the whistleblowing system</li> <li>Held two meetings of the Internal Control Committee</li> <li>Held four meetings of the Compliance Committee</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue current efforts</li> </ul>
<ul style="list-style-type: none"> <li>Provided trainings on information security reflecting on examples of accidents at other companies and countermeasures against cyberattacks</li> <li>Implemented the PDCA cycle on risks regarding the management environment and business strategies by identifying and monitoring those risks</li> <li>Implemented the PDCA cycle on business process risks by identifying and monitoring those risks</li> <li>Identified disaster risks and provided trainings, such as large-scale disaster drills</li> <li>Held four meetings of the Information Security Committee</li> <li>Held two meetings of the CSR Committee.</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue current efforts</li> </ul>
<ul style="list-style-type: none"> <li>Acquired the certification as an "Eruboshi" company (top class) based on the Act of Promotion of Women's Participation and Advancement in the Workplace</li> <li>Achieved a ratio of new female graduates employed of 16.1%</li> <li>Achieved a ratio of handicapped people employed of 2.03%</li> <li>Recognized under the 2017 Certified Health and Productivity Management Organization Recognition Program for the large enterprise category (White 500)</li> <li>Encouraged employees to take paid leave: Annual paid leave taken: 12.6 days per person/year</li> <li>Won a gold medal at the 54th National Skills Competition in the information network cabling category (Qualified to participate as a representative of Japan in the 44th World Skills Competition in the same category)</li> <li>Carried out various trainings, such as new employee, technical and overseas trainings</li> <li>Reorganized the Group companies</li> <li>Unified our business systems and provided support for enhancing financial strength</li> <li>Exchanged human resources among the Group companies</li> </ul>	△	<ul style="list-style-type: none"> <li>Target percentage of new female graduates employed: 25% or more</li> <li>Target percentage of handicapped people employed: 2.4% or more</li> <li>Target number of days of paid leave taken: 13 days or more per person/year</li> <li>Participation as a representative of Japan in the 44th World Skills Competition to be held in Abu Dhabi, United Arab Emirates in the information network cabling category</li> </ul>
<ul style="list-style-type: none"> <li>Ensured compliance with the procurement policy</li> <li>Held meetings of the Procurement Council to verify transparency and fair pricing</li> </ul>	◎	<ul style="list-style-type: none"> <li>Continue current efforts</li> </ul>
<ul style="list-style-type: none"> <li>Number of serious accidents occurred: one</li> <li>Set a five-year slogan: Return to the basics of a safety and quality-oriented culture</li> <li>Held monthly Group safety meetings to educate and promote efforts on accident prevention across the board</li> <li>Analyzed the results of surveys on customer satisfaction and provided feedback (PDCA)</li> <li>Conducted business results presentations and IR meetings (158 meetings)</li> </ul>	○	<ul style="list-style-type: none"> <li>Target number of serious accidents occurred: zero</li> </ul>
<ul style="list-style-type: none"> <li>Conducted cleanup activities for welfare facilities and regional communities, provided opportunities for hands-on learning and made donations through secondhand books</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue current efforts</li> </ul>
<ul style="list-style-type: none"> <li>Issued the Corporate Report 2016, EXEO Reports and other documents</li> <li>Provided updates on the Group through news releases and the TOPICS pages</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue current efforts</li> </ul>
<ul style="list-style-type: none"> <li>Power consumption: 8.11 kWh/m<sup>2</sup></li> <li>- Introduced the Energy Viewer (our own product) and other energy-saving devices.</li> <li>- Conducted energy-saving campaigns, including Cool Biz, Warm Biz and switching off lights during lunch breaks.</li> </ul>	○	<ul style="list-style-type: none"> <li>Reduce power consumption by 1% year over year (to 8.03 kWh/m<sup>2</sup> or less)</li> </ul>
<ul style="list-style-type: none"> <li>Gasoline consumption: 1,286,000 liters</li> <li>- Monitored gasoline consumption</li> <li>- Introduced eco-cars</li> </ul>	○	<ul style="list-style-type: none"> <li>Reduce gasoline consumption by 1% year over year (to 109 liters or less per car/month)</li> </ul>
<ul style="list-style-type: none"> <li>Continued operations of and facility management for the solar power generation business (Five new plants added, increasing the total number to 16)</li> <li>Maintenance of EXEO's forests at five locations (15.37 ha) nationwide</li> </ul>	◎	<ul style="list-style-type: none"> <li>Continue current efforts</li> </ul>
<ul style="list-style-type: none"> <li>Number of sheets of paper purchased: 51.18 million sheets</li> <li>- Promoted the paperless office</li> <li>- Promoted WiFi availability</li> </ul>	○	<ul style="list-style-type: none"> <li>Reduce paper purchases by 1% year over year (to 50.67 million or less)</li> </ul>
<ul style="list-style-type: none"> <li>Hydroponic cultivation of leaf vegetables using LEDs</li> <li>Cultivation of plants on a rooftop area shaded by solar panels</li> <li>Greening of the space on the inside of the outer walls at the Hyogo Technology Center</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue current efforts</li> <li>Continue current efforts</li> </ul>
<ul style="list-style-type: none"> <li>Ratio of eco-friendly office supplies purchased: 55.8%</li> </ul>	△	<ul style="list-style-type: none"> <li>Target ratio of purchasing eco-friendly office supplies: 60% or more</li> </ul>

Results and Plans of Major CSR Initiatives





## Establishing Various Mechanisms to Promote Globally the Overall Group

### Corporate Governance

Endeavoring to ensure transparent management by establishing sound management systems and strengthening internal controls

The KYOWA EXEO Group aims to maintain the full trust of shareholders and all other stakeholders by operating with integrity and a high standard of transparency. To this end, we are confident that it is one of the significant management issues to establish and maintain an organizational structure and management systems through which corporate governance can effectively function. Moreover, it is our basic CSR policy to make ongoing improvements to strengthen corporate governance mechanisms that are suitably tailored to the Group's circumstances, including the assessment of structures for monitoring management in light of changes in social conditions, laws and other developments.

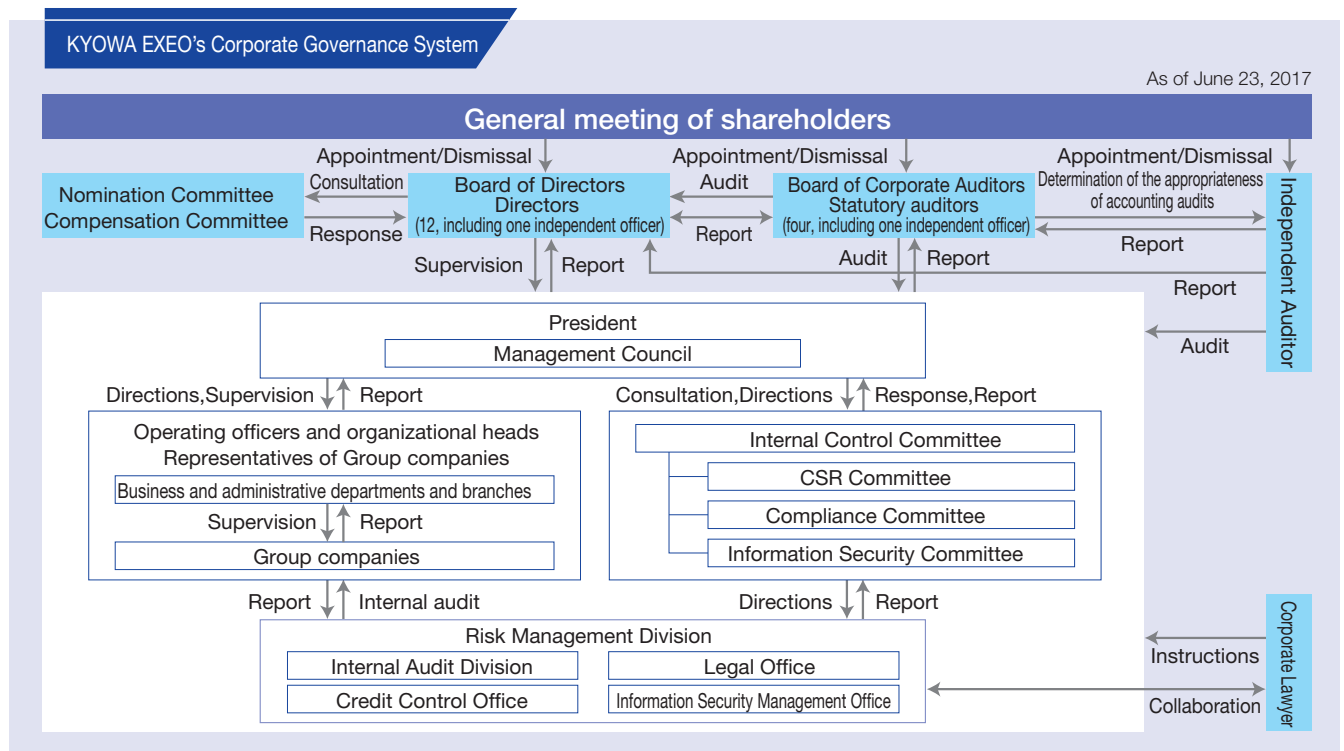
#### Promotion of internal control

The KYOWA EXEO Group works to thoroughly adhere to compliance, manage various risks and properly and efficiently execute business operations. At the same time, to ensure the reliability of financial reporting, the Group has stipulated the Basic Guideline for Establishing Internal Control Systems in accordance with the relevant provisions of the Companies Act and addresses its appropriate and efficient operation.

The Internal Control Committee, which was established in April 2003, reviews the execution of duties by the directors to further promote reinforcing internal control systems.

In June 2014, the Risk Control Division was established to integrate compliance-related duties, which had been distributed among more than one department, thereby enabling the centralized management and treatment of compound risks.

● To view the Basic Guideline for Establishing Internal Control Systems, visit <http://www.exeo.co.jp/overseas/management/cg.html>





## Major Activities of Outside Directors and Statutory Auditors in Fiscal 2016

### Kumiko Kitai (Independent Director)

Ms. Kitai attended 14 out of 15 meetings of the Board of Directors held in fiscal 2016, where she actively provided advice and recommendations to ensure the reasonability and appropriateness of the Board of Directors' decisions based on her extensive experience and knowledge accumulated as a lawyer and from holding important positions with the central government.

### Kozo Meguro (Independent Auditor)

Mr. Meguro attended 15 out of 15 meetings of the Board of Directors and 16 out of 16 meetings of the Board of Corporate Auditors held in fiscal 2016, and collected information on the status of business operations at the Company's departments and its subsidiaries. On those occasions, he provided comments based on his extensive experience and professional knowledge as a Certified Public Accountant.

### Kazuteru Kanazawa (Independent Director)

Mr. Kanazawa attended 15 out of 15 meetings of the Board of Directors held in fiscal 2016, where he actively provided advice and recommendations to ensure the reasonability and appropriateness of the Board of Directors' decisions based on his extensive experience and knowledge accumulated through management of companies in the industry other than that of KYOWA EXEO.

### Haruhiko Yamada

After assuming the office of Statutory Auditor of the Company, Mr. Yamada attended 11 out of 11 meetings of the Board of Directors and 11 out of 11 meetings of the Board of Corporate Auditors held in fiscal 2016, and collected information on the status of business operations at the Company's departments and its subsidiaries. On those occasions, he provided comments based on his experience in corporate management and professional knowledge in financial and accounting matters.

## Messages from the Outside Auditors



Outside Auditor (Independent Auditor)

### Kozo Meguro

#### ● Profile

Mr. Meguro has extensive expertise in financial and accounting matters accumulated as a Certified Public Accountant and through his experience as a representative partner at PricewaterhouseCoopers Aarata.

## Seeking further growth under the spirit of EXEO: breaking the mold and continually venturing out to address new challenges

I think that the Company is making solid and steady progress toward the targets set forth in the 2020 Medium-Term Management Plan. Partly due to the implementation of the revised Companies Act and Japan's Corporate Governance Code, the overall corporate governance of the Company has been reinforced. The discussions at the meetings of the Board of Directors

have been increasingly active, often with an exchange of ideas to confirm or solve problems from strategic viewpoints and covering a broad range of topics, including compliance and risk management. At the meetings of the Board of Corporate Auditors, the active exchange of opinions with management takes place based on information previously collected. The reinforcement of corporate governance is the basis for the continual growth and enhanced corporate value of the Group, which will never be automatically achieved and requires an active mindset and efforts to take on business challenges.

I believe that its atmosphere for encouraging diverse activities and exploring new business possibilities, along with the Company's solid corporate culture, play a key role in achieving further growth of the Company based on highly advanced technological capabilities.



Outside Auditor

### Haruhiko Yamada

#### ● Profile

Mr. Yamada has extensive experience in managing companies in the telecommunications and travel industries, as well as professional knowledge in financial and accounting matters, accumulated through his experience of holding managerial positions, including serving as an officer at an NTT Group company and President & CEO of NTT Travel Service Co., Ltd.

## On the status and future of the Company's corporate governance

In addition to attending various meetings, I have exchanged ideas with the managerial staff at the Company and the Group companies and visited many business sites in the field. Through this research, I have the impression that every employee engages seriously and steadily in his/her duties with a recognition of and pride in the value of the Company's contribution to society, which is to help enhance people's living environment by offering total solutions including the IoT in the construction of information

and communications infrastructure, and I strongly feel that a sound corporate culture has been nurtured.

Regarding corporate governance, efforts to enhance the management structure and systems and internal controls have been progressing steadily toward the realization of highly transparent and sound management based on compliance with respect for the rights and positions of all stakeholders, including shareholders. In particular, the Board of Directors, at meetings also attended by Outside Directors and Auditors, is working effectively to make appropriate decisions to ensure the sustainable growth and enhance the corporate value of the Company. In addition, efforts to strengthen risk management have resulted in the appropriate disclosure of not only the financial information but also the management and disclosure of non-financial information, including risks regarding management, which is reflected in management actions.

To make decisions and manage projects as the Company taps into new business fields, I think it is necessary to step up efforts to improve governance, and I would like to provide constructive ideas for that purpose from the standpoint of an Outside Auditor.



## Compliance

In the KYOWA EXEO Group, everybody on the management team maintains a high standard of ethics—integrity—when conducting business. Furthermore, individual directors and employees make 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 practice activities with high social value, thereby contributing to society.

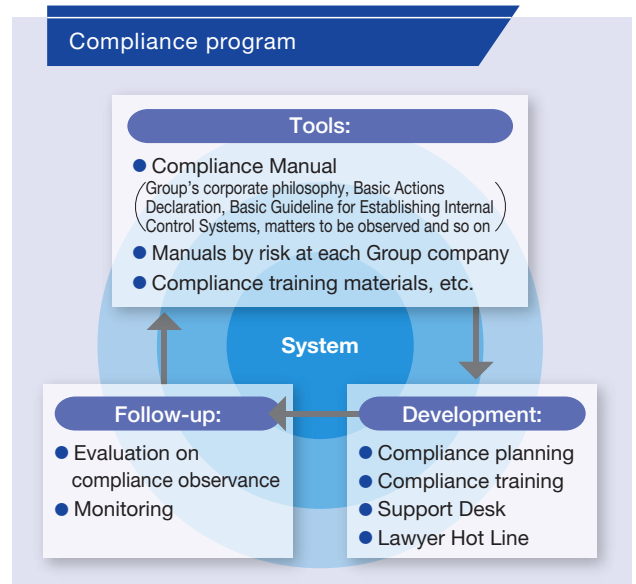
Given that a company is part of society, it is a prerequisite for all stakeholders in a company, irrespective of whether officers or employees of the company, to comply with laws and corporate ethics when carrying out the company’s business operations. Such compliance is also a matter of course for us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

In addition, ensuring such compliance is indispensable for the company to maintain the trust of society and the realization of the Group’s corporate philosophy of “Contributing to Society.”

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

From time to time, we will improve the EXEO Group Compliance Program in accordance with or in anticipation of social circumstances, thereby fostering a spirit of compliance with laws and corporate ethics.

We set out the matters described below as the basic ethics of the KYOWA EXEO Group and reconfirm that it is our eternal and unchanging responsibility to ensure that our actions toward our stakeholders, including customers, business partners and shareholders, are based on these ethics, thereby endeavoring to realize the Group’s corporate philosophy.



### Basic Ethics of the KYOWA EXEO Group

**1** Matters to be observed in business activities

(1) Relationships with customers

Elimination of accidents; assurance of quality; improvement of and respect for technologies; transparent transactions; appropriate inducement; confidentiality

(2) Relationships with industries and business partners

Fair competition; compliance with industry-specific laws and regulations; impartial transactions; fair transactions

**2** Matters to be observed regarding society

Management with responsibility; information disclosure; control of insider information; protection of the environment; ensuring the security of society; resolute attitude against antisocial forces

**3** Matters to be observed internally at the company

Respect for human rights; ensuring the physical safety of employees; conservation of company assets; appropriate accounting procedures; observance of authority; maintenance of discipline





## ► Promotion Systems and Activities

The Company instituted a compliance program in November 2001 and extensively applied the program to Group companies in March 2003. Consequently, the group-wide EXEO GROUP Compliance System was established.

To promote compliance, the formulation of the EXEO Group Compliance Manual and the establishment of a dedicated promotional department followed. Compliance training is given to employees of the Group companies on an ongoing basis.

Employees must take compliance training two or more times a year. The training includes basic training for new employees and brush-up training on specific matters to comply with when conducting business activities.

## ► Initiatives to Promote

### Measures taken and Description

#### Whistle-blowing system

Regarding compliance-related concerns, the “Support Desk” is the contact point for whistleblowers, and the “Lawyer Hot Line” is provided to enable direct consulting or communication with corporate lawyers.

All employees of the KYOWA EXEO Group are provided with “Compliance Cards” to raise their awareness of the contact point for whistleblowers and guidelines for use.



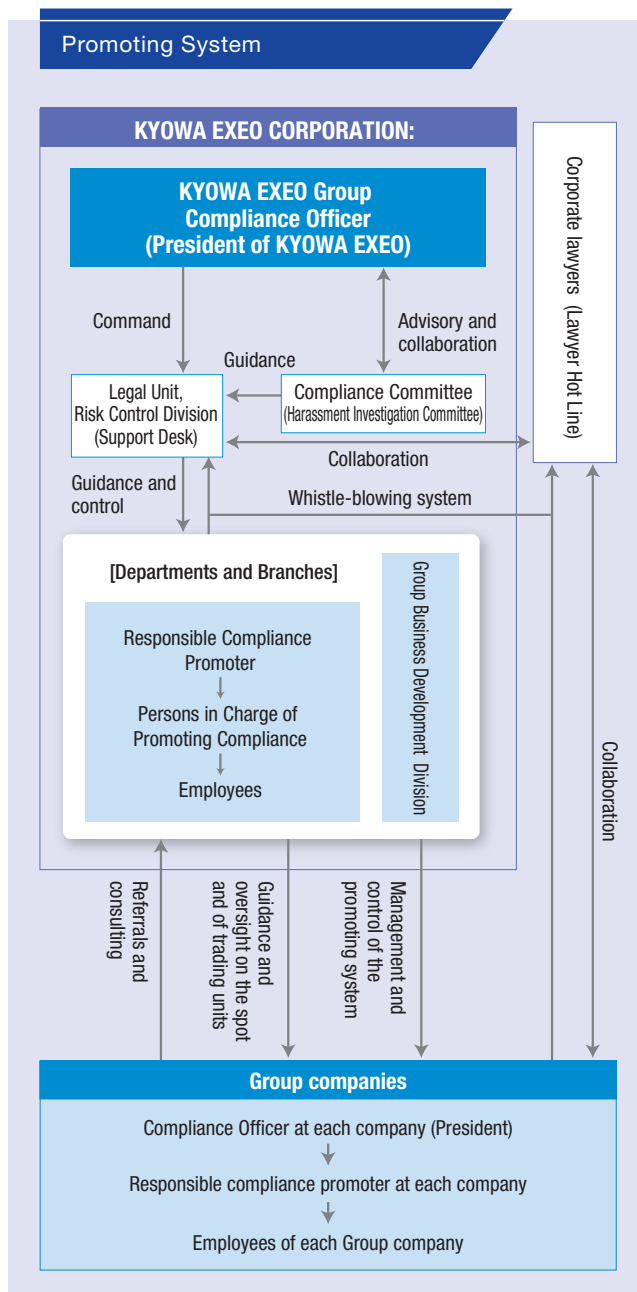
#### Compliance training for management executives

More than once a year, we provide compliance training by inviting lecturers for management executives, including the Chairman, President, General Managers of the Head Office, Branch Managers and Presidents of the Group companies.



#### Compliance promotion and enhancement month

October was designated as the annual Compliance Promotion and Enhancement Month in 2010. Various campaign measures such as signage and meetings encourage in-depth understanding of and raise awareness among employees.





## Risk Management

Establishing the promoting system, the KYOWA EXEO Group actively addresses risk management in all its business fields.

### ► Basic Policy

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

- (1) We eliminate any factors that could impede the realization of the Group's corporate philosophy or accomplishment of its business performance targets wherever possible so that the Group can continue to grow in a sound manner.
- (2) In case of emergencies, we make the utmost effort to minimize any effect on the Group's stakeholders and put forth measures to prevent a recurrence and endeavor to restore trust in the Group.

### ► Risk Management System

The KYOWA EXEO Group sets forth its basic rules on risk management in the "Risk Management Rules" and conducts risk management as detailed below.

#### Risk Management Division

Each Risk Management Division identifies, analyzes and assesses any risks for which it is responsible at the Group level and determines the policy of handling any risk that is recognized as serious, which will be known to each person responsible for risk management.

#### Responsible persons for risk management

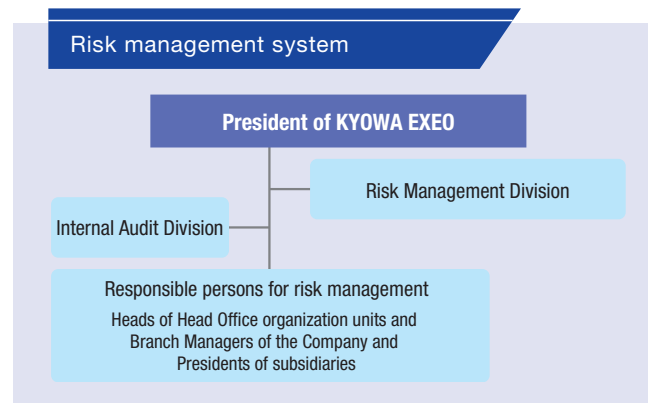
Each responsible person for risk management formulates an action plan for executing specific measures according to the workplace circumstances in accordance with the policy of risk management determined by the respective risk management divisions and manages the progress of the measures being taken.

#### Internal Audit Division

Each Internal Audit Division performs internal audits to monitor the status of measures being taken to address business process risks at the respective divisions. If the measures do not work effectively, the relevant division provides instructions for improvement in collaboration with the related risk management division.

### ► System for Managing Business Process Risks

Business process risks can be classified into the seven categories listed in the table to the right. The risk management divisions responsible for the respective business process risks provide instruction and training in accordance with the relevant manuals by risk category and using other means.



### Risk Management Category

Risk Management Category		Description of the Risk
Business risk	Management risk	Business environment risk Risk relating to changes in the management and business environments
		Management strategy risk Risk relating to the decision making concerning management and business strategies, etc.
	Business process risk	Risk relating to daily business operations
Disaster risk		Risk relating to the occurrence of natural disasters

### Business Process Risk Categories

Business Process Risk Categories	
Compliance risk	Compliance with authority, Act of injustice
Employment risk	Employment and service, Equal treatment
Financial risk	Financial reporting, Credit agreement
Information risk	Information disclosure, Information leakage
Safety and hygiene risk	Occupational safety, Hygiene and health
Quality assurance risk	Equipment accidents, Occurrence of defects
Environmental preservation risk	Environmental pollution, Resource conservation



## ► Utilization of the ISO-Compliant Management Systems

From among the business process risks, the Company utilizes the ISO-compliant management systems to manage the risks relating to quality assurance, environmental conservation, occupational health and safety and information security. We formulate policies for managing these risks by using the relevant risk assessment methods given in the ISO management systems and implement the policies while making ongoing improvements in the effectiveness and appropriateness of business operations.

The Company and major subsidiaries acquired a group-based ISO certification and are committed to standardize the management procedures by implementing ISO-compliant management systems in a unified manner across the Group.

## ► Efforts to Ensure Information Security, etc.

As a necessary part of operating its business, the KYOWA EXEO Group handles important information, including data on technologies and customers held by its customers and other parties. With the expansion of networking, as represented by the spread of the cloud service and social networking service (SNS), it is increasingly important to ensure the appropriate management of information. Accordingly, we are strengthening our efforts regarding information security and the protection of personal information.

ISO Management Systems of which certification has been acquired

Category	Applicable Standards	Date of Registration
Quality Management System	JIS Q 9001:2008	February 22, 1999
Environment Management System	JIS Q 14001:2004	May 12, 2000
Occupational Health and Safety Management System	BS-OHSAS 18001:2007	September 19, 2003
Information Security Management System	JIS Q 27001:2014	November 10, 2004

### Efforts to ensure information security

The KYOWA EXEO Group has established a system for managing information security by designating an officer who assumes the overall responsibility for information security, as well as providing a manager with the chief responsibility and people working on information management at each business division. The Information Security Committee decides policies on group security, discusses measures to prevent

the recurrence of any information security accidents, and monitors and evaluates the status of any improvements in overall security matters to enhance the Group's information security on a continuous basis.

Furthermore, the Group also provides all of its employees with information security training, while conducting various kinds of security checkups every year.

### Efforts to protect personal information

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

In response to the implementation of the Amended Act on the Protection of Personal Information in May 2017, we

reviewed and enhanced our privacy management measures by taking an inventory of personal information held and reviewing the management of records concerning the provision and receipt of personal information.

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

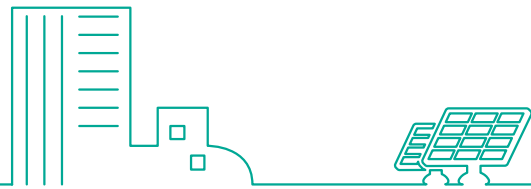


► For the details of the KYOWA EXEO Privacy Policy, visit:

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







## While Promoting Resources Recycling and Effective Utilization of Resources, Developing Environment Preservation Activities Toward the Prevention of Global Warming and Other Concerns

### Environmental Management

The Group works to reduce the environmental impact accompanying business activities, and every employee acts with “what he/she can and he/she should do” in mind.

#### ▶ Basic Stance on Environment Preservation Activities

Coexistence with the global environment is a social responsibility of corporations and is a significant element in creating a sustainable society.

The KYOWA EXEO Group engages in business activities as a company that offers customer-satisfying solutions based on its core IC networking technologies. The Group therefore pays careful attention to coordination with the environment in its business activities and endeavors to reduce the environmental impact that inevitably accompanies such activities.

#### ▶ Utilization of the Environment Management System

In promoting the environmental management system (ISO14001), of which certification has been continuously obtained since May 2000, the Company works to reduce the environmental impact on an ongoing basis through companywide environment preservation activities according to the PDCA cycle. The Company identifies predictable environmental risks, which are determined depending on onsite working environments, the location conditions of the building and other factors, sets up specific environment-related targets and extensively applies them to all the departments at the Head Office and branches.

#### ▶ Efforts towards Environment Preservation Activities

Environment preservation activities cannot be continued without a strong awareness regarding the improvement of environmental issues and persistent efforts. Meanwhile, every employee of the Group is committed to environment preservation activities with “what he/she can and he/she should do” in mind—always taking into account the effects of business activities on global environment.



#### PICK UP!

### Fukuyama Technology Center of Chugoku Branch Participated in the Volunteer Road Campaign

Since July 2013, the gardening club members working at the Fukuyama Technology Center, including those who serve associated companies, have cleaned the streets around the center and grown roses planted in the street gardens. In addition, all the people working at the center participate in the street cleanups after a morning meeting twice a month. As a result, we were given a signboard showing our participation in the Ministry of Land, Infrastructure, Transport and Tourism's Volunteer Support Program, dubbed as “Volunteer Road.”

The Volunteer Road is the ministry's scheme to seek the active participation of citizens in road maintenance by offering support to street greening, cleaning and beautification activities conducted by civic or other groups.

We will continue to emphasize these activities and continue them as part of our involvement in environmental preservation and contributions to the local communities.





## Initiatives toward Prevention of Global Warming and Preservation of Biodiversity

EXEO's forests (Mori), which extending nationwide, are groomed by employees' hands

Embracing the opportunity of the Company's 50th anniversary of its foundation, forest preservation activity started and the Company continues to maintain government-owned forests for up to 60 years.

Seizing the opportunity of the 50th anniversary of its foundation, the Company became strongly conscious of the prevention of global warming and contributing to local communities. Giving its approval to the maintenance enhancement campaign of forest resources, which was then promoted by the Forestry Agency, the Company entered into a profit-sharing afforestation contract\* with the Hokkaido, Tohoku, Kansai, Kyushu, Chugoku and Kyushu regional forest offices regarding so-called corporate forests. The Company named the forests "EXEO's forests" and continues their maintenance activity, which also serves as an occasion for social assembly and recreation among employees and their families.

\*Profit-sharing afforestation contract: Agreement on the maintenance activities of government-owned forests (natural forests), which are premised on there being no logging.

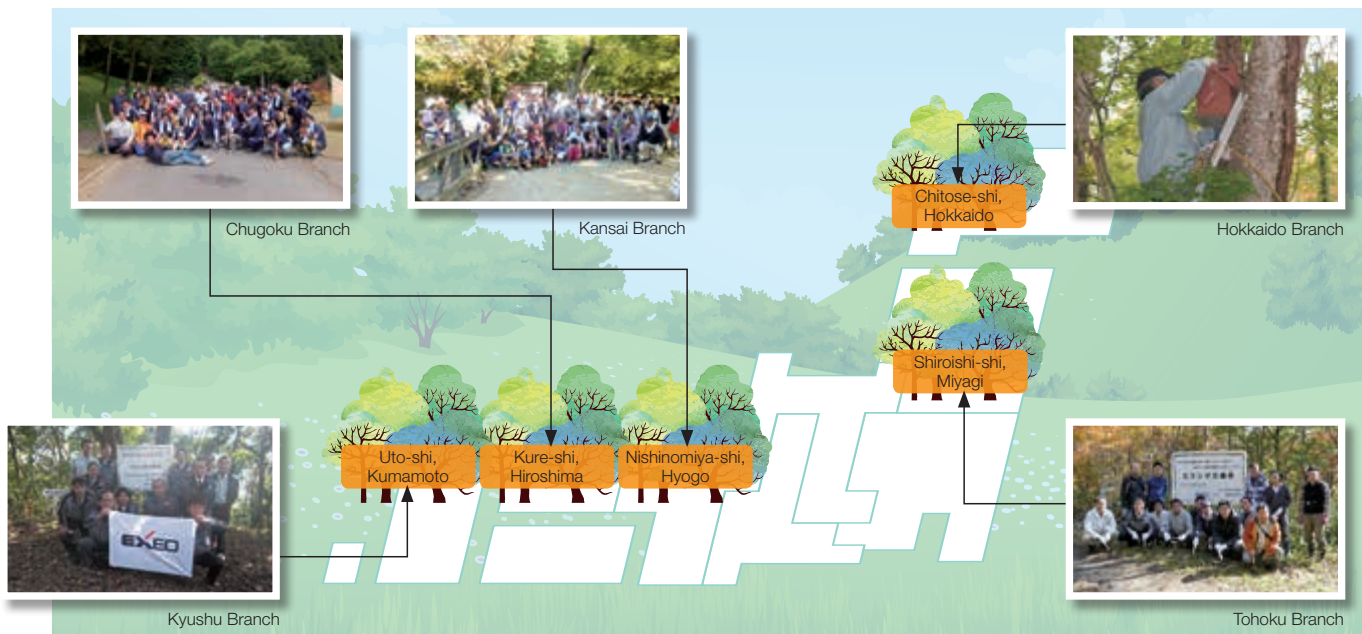
### Degree of environmental contribution of EXEO's forests (Mori), achievement in fiscal 2016 (According to the Forestry Agency Report)

Term of contract	Region	Location	Area (ha)	Degree of environmental contribution: One year (effects for the period of April 2016–March 2017 converted in the respective units shown below)		
				Watershed pondage or water quality purification volume (in terms of 2-L PET bottles)	Sediment runoff prevention volume (in terms of a 10-ton truck loading 5.5 m <sup>3</sup> )	Absorbed and fixed CO <sub>2</sub> volume (in terms of CO <sub>2</sub> emitted by a person in a year)
60 years (1/2005–3/2065)	Kyushu	Karimawashi-yama government-owned forest, Uto-shi, Kumamoto Prefecture	5.36	3,711 m <sup>3</sup> (1,855,283 bottles)	70 m <sup>3</sup> (13 trucks)	15.4 t (48 persons)
21 years (2/2005–3/2026)	Kansai	Kitayama government-owned forest, Nishinomiya-shi, Hyogo Prefecture	1.14	465 m <sup>3</sup> (232,646 bottles)	14 m <sup>3</sup> (3 trucks)	2.8 t (9 persons)
60 years (8/2006–3/2066)	Hokkaido	Chitose government-owned forest, Chitose-shi, Hokkaido Prefecture	3.10	1,181 m <sup>3</sup> (590,623 bottles)	40 m <sup>3</sup> (7 trucks)	8.4 t (26 persons)
22 years (10/2006–3/2028)	Tohoku	Fubosan government-owned forest, Shiroishi-shi, Miyagi Prefecture	2.48	656 m <sup>3</sup> (328,134 bottles)	20 m <sup>3</sup> (4 trucks)	5.1 t (16 persons)
20 years (3/2007–3/2027)	Chugoku	Noroyama government-owned forest, Kure-shi, Hiroshima Prefecture	3.29	1,664 m <sup>3</sup> (831,819 bottles)	40 m <sup>3</sup> (7 trucks)	6.5 t (20 persons)
Total			15.37	7,677 m <sup>3</sup> (3,838,505 bottles)	184 m <sup>3</sup> (34 trucks)	38.2 t (119 persons)

### Content of Activities

Five branches, of which the business area is located near EXEO's forests (Mori), regularly conduct forest preservation and cleaning activities such as maintenance of walking trails, mowing of bottom weeds, cutting ivy and putting up bird houses.

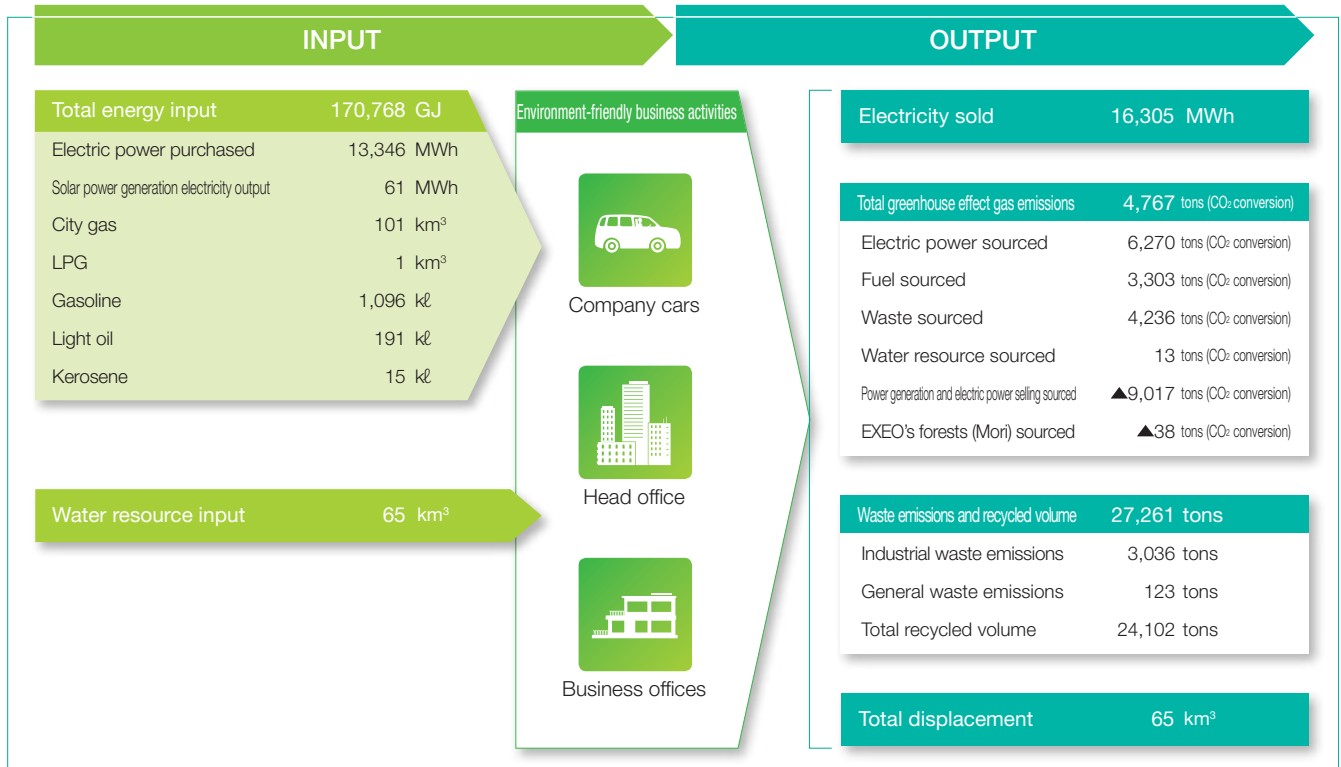
Forest exploration is also conducted as part of the recreation activities for employees and their families. Such events are also used for enlightening activities to explain the importance of preventing global warming and biodiversity preservation.





### ► Fiscal 2016 Material Balance of the Company (Non-consolidated)

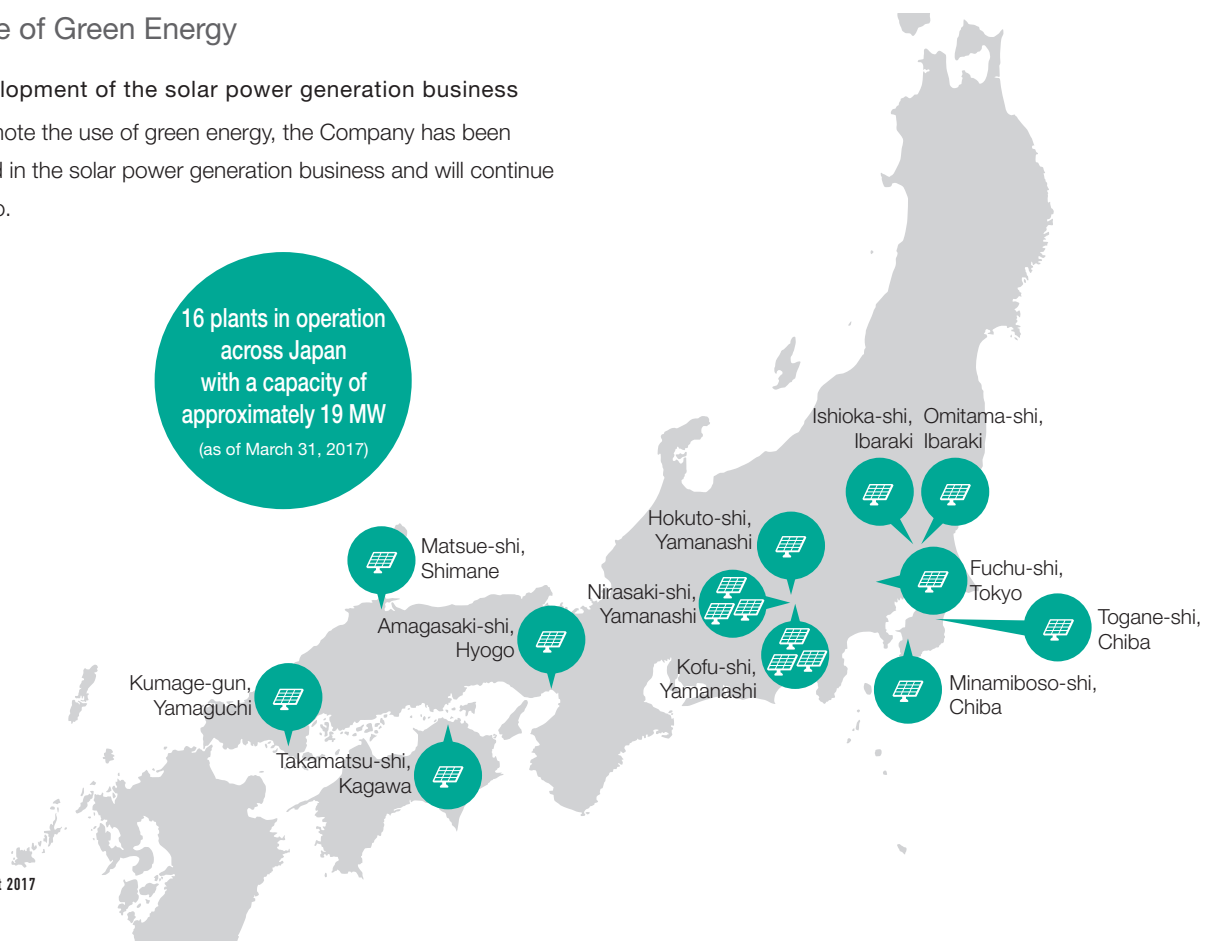
To make environment-friendly business activities effective and reduce the accompanying environmental load as much as possible, we strive to understand and analyze the kinds of resources and energy sources that are used and the environmental load that has been produced.



### ► Use of Green Energy

#### ● Development of the solar power generation business

To promote the use of green energy, the Company has been involved in the solar power generation business and will continue to do so.



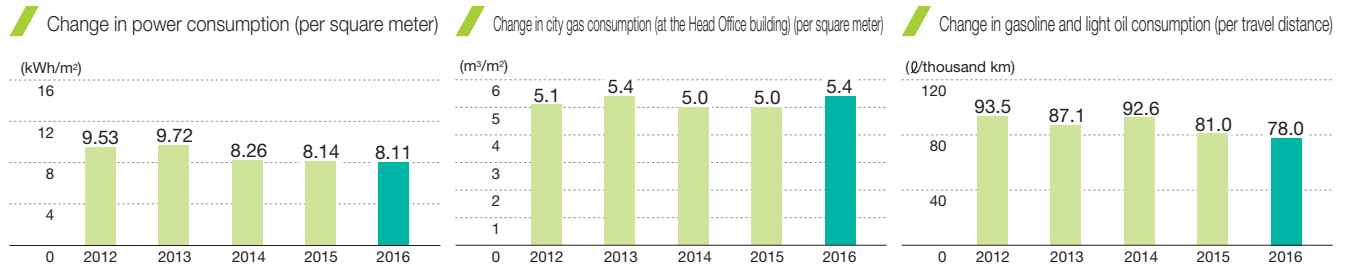




## ► Fiscal 2016 Initiatives Regarding the Prevention of Global Warming

As for the reduction of power consumption, power-saving measures for equipment are taken including the conversion of electric appliances to energy-saving type ones and the enhanced use of inverters for diverse equipment. In addition, companywide initiatives mainly taken by the responsible person on each floor

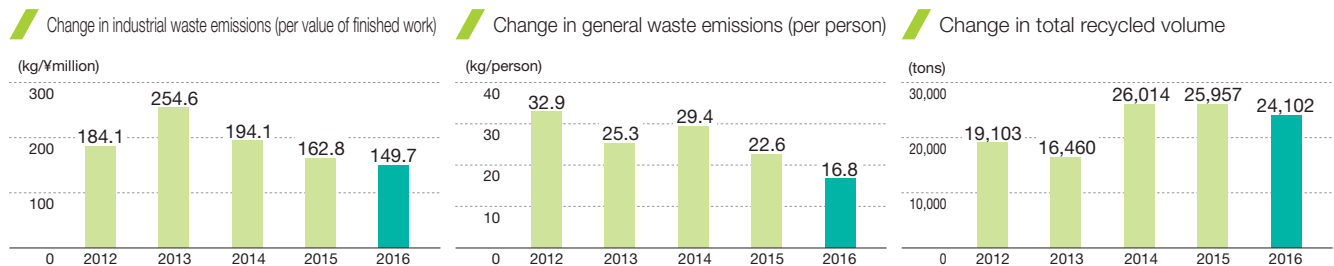
include setting the energy-saving mode for PCs, removing unnecessary lighting devices, turning off lights during lunchtime hours and setting appropriate temperatures for air conditioners. Moreover, every employee aggressively promotes electricity-saving activity in his/her daily actions.



## ► Promotion of Recycling and Effective Utilization of Resources

The KYOWA EXEO Group proactively addresses abating volumes and the appropriate treatment of waste, as well as promoting its reuse as recycled resources in the pursuit of reduced waste volume and complete recycling. The waste category covered by this initiative is industrial waste produced from the construction work of information and communication facilities and general waste discharged from offices.

Asphalt, concrete debris, electric wire trash, etc., are properly treated via a sorting control for further reuse or recycling. Moreover, ongoing initiatives include the enhanced use of proper amounts for work materials, requests for collection of packaging materials to suppliers and guidance on the necessary steps to workers for recycling via onsite patrols.



### PICK UP!

#### From construction to operation and management of the Kinoumi Clean Center, regional waste treatment facilities with waste power generation capability for the prevention of global warming

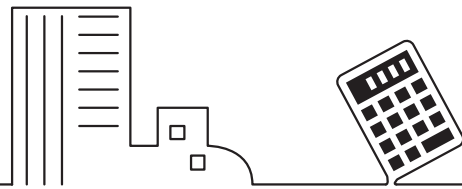


Kinoumi Clean Center completed in February 2016

The Company received a design-build, performance-based order for the construction of a facility that incinerates burnable waste, from among the general waste discharged from Kinokawa-shi, Kainan-shi and Kimino-cho of Wakayama Prefecture, and utilizes the resulting thermal energy to generate power and a facility that collects, shreds and sorts the recyclable waste from Kinokawa-shi and Kimino-cho to generate resources. The construction was completed in February 2016, and in March the facilities commenced operations, after which we concluded a long-term comprehensive contract with a regional facility management association to operate and manage the facilities for 15 years. Currently, we are contributing to the regional waste treatment business through the stable operation of the facilities.

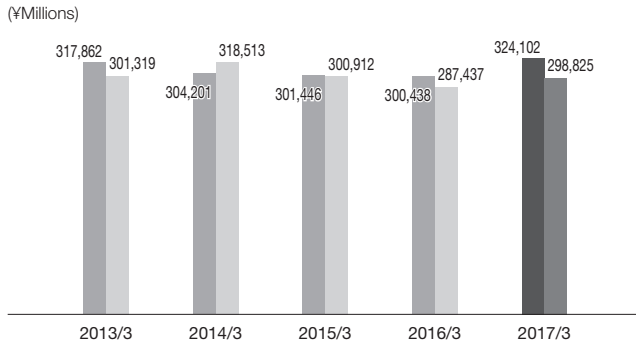
The Kinoumi Clean Center consists of a facility for promoting energy collection from waste incineration with an incineration capacity of 135 tons per day and a power generating capacity of 1,950 kilowatts and a facility for promoting materials recycling by collecting, shredding and sorting recyclable waste with a sorting capacity of 17 tons per day.

We will continue to contribute to promoting a recycling-oriented society with a focus on the waste treatment business.

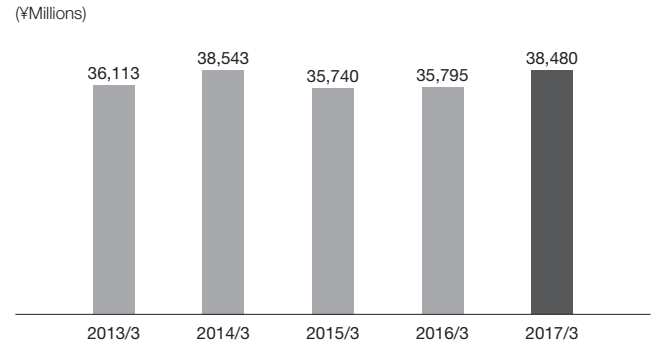


## Financial Highlights (Consolidated)

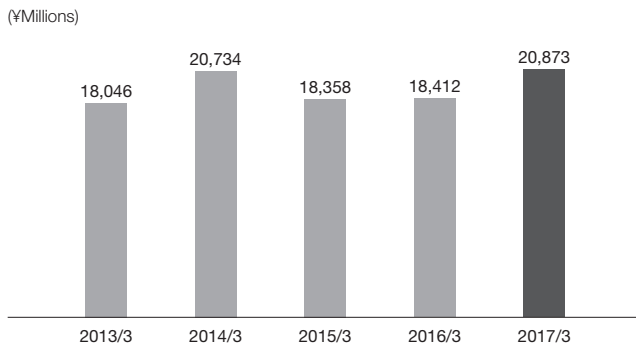
### Orders Received ■ Net Sales



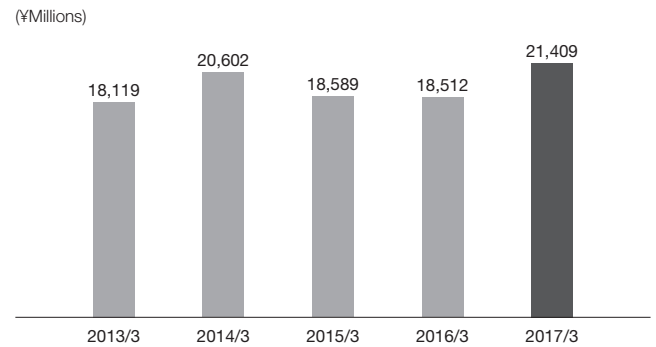
### Gross Profit



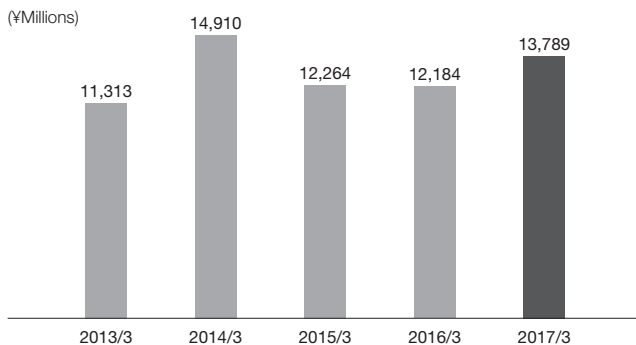
### Operating Income



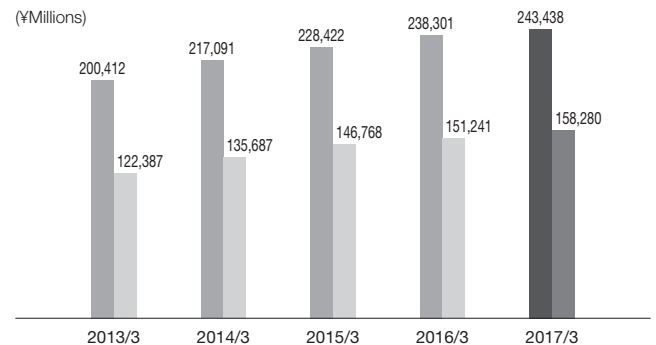
### Ordinary Income



### Profit attributable to owners of parent

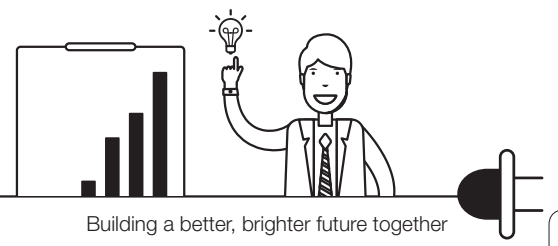


### Total Assets ■ Net Assets



(¥Millions)

	2013/3	2014/3	2015/3	2016/3	2017/3
Orders Received	317,862	304,201	301,446	300,438	324,102
Net Sales	301,319	318,513	300,912	287,437	298,825
Gross Profit	36,113	38,543	35,740	35,795	38,480
Operating Income	18,046	20,734	18,358	18,412	20,873
Ordinary Income	18,119	20,602	18,589	18,512	21,409
Profit attributable to owners of parent	11,313	14,910	12,264	12,184	13,789
Total Assets	200,412	217,091	228,422	238,301	243,438
Net Assets	122,387	135,687	146,768	151,241	158,280

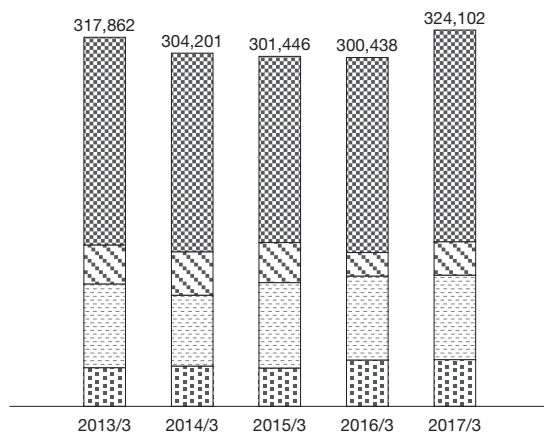


Building a better, brighter future together

## Trends by Segment (Consolidated)

### Orders Received by Business Segment (Consolidated)

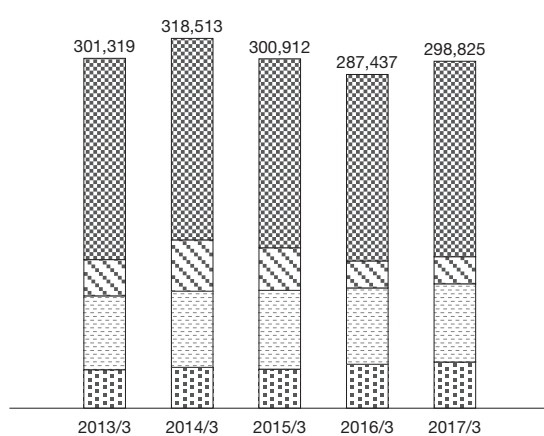
(¥Millions)



	2013/3	2014/3	2015/3	2016/3	2017/3
NTT group engineering	178,869	171,084	160,375	167,963	<b>182,281</b>
NCCs	33,543	37,357	34,492	20,233	<b>28,795</b>
Urban infrastructure	72,131	61,041	73,573	72,315	<b>72,774</b>
SYSTEM-SOLUTIONS	33,318	34,717	33,004	39,926	<b>40,251</b>
<b>Total</b>	<b>317,862</b>	<b>304,201</b>	<b>301,446</b>	<b>300,438</b>	<b>324,102</b>

### Net Sales by Business Segment (Consolidated)

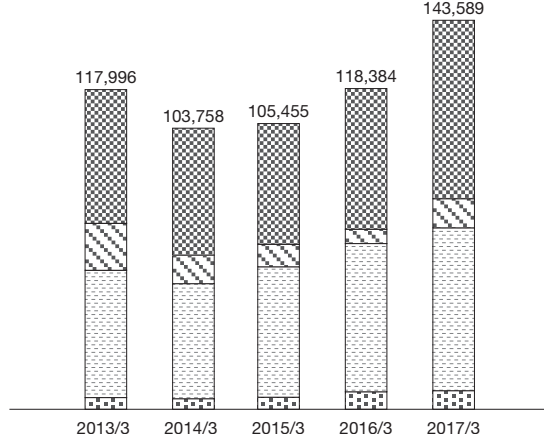
(¥Millions)



	2013/3	2014/3	2015/3	2016/3	2017/3
NTT group engineering	173,321	173,544	162,729	160,587	<b>168,336</b>
NCCs	31,228	44,196	36,669	23,249	<b>23,345</b>
Urban infrastructure	63,618	65,560	67,905	65,749	<b>67,365</b>
SYSTEM-SOLUTIONS	33,150	35,213	33,608	37,851	<b>39,778</b>
<b>Total</b>	<b>301,319</b>	<b>318,513</b>	<b>300,912</b>	<b>287,437</b>	<b>298,825</b>

### Outstanding Orders by Business Segment (Consolidated)

(¥Millions)



	2013/3	2014/3	2015/3	2016/3	2017/3
NTT group engineering	49,352	46,893	44,539	51,915	<b>65,860</b>
NCCs	17,328	10,489	8,313	5,296	<b>10,745</b>
Urban infrastructure	46,991	42,472	48,141	54,707	<b>60,115</b>
SYSTEM-SOLUTIONS	4,324	3,902	4,461	6,465	<b>6,867</b>
<b>Total</b>	<b>117,996</b>	<b>103,758</b>	<b>105,455</b>	<b>118,384</b>	<b>143,589</b>





## Profitability Indices (Consolidated)

### ■ Gross Profit to Net Sales

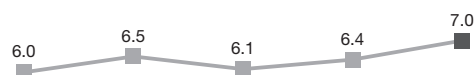
(%)



2013/3 2014/3 2015/3 2016/3 2017/3

### ■ Operating Income to Net Sales

(%)



2013/3 2014/3 2015/3 2016/3 2017/3

### ■ Ordinary Income to Net Sales

(%)



2013/3 2014/3 2015/3 2016/3 2017/3

### ■ Profit Attributable to Owners of Parent to Net Sales

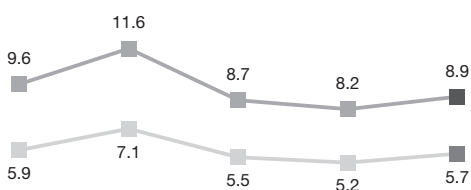
(%)



2013/3 2014/3 2015/3 2016/3 2017/3

### ■ Return on Equity ■ Return on Assets

(%)



2013/3 2014/3 2015/3 2016/3 2017/3

### ■ Total Assets Turnover

(Times)



2013/3 2014/3 2015/3 2016/3 2017/3

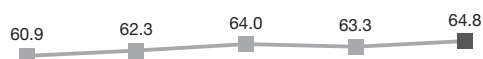
	2013/3	2014/3	2015/3	2016/3	2017/3
Gross Profit to Net Sales (%)	12.0	12.1	11.9	12.5	<b>12.9</b>
Operating Income to Net Sales (%)	6.0	6.5	6.1	6.4	<b>7.0</b>
Ordinary Income to Net Sales (%)	6.0	6.5	6.2	6.4	<b>7.2</b>
Profit Attributable to Owners of Parent to Net Sales (%)	3.8	4.7	4.1	4.2	<b>4.6</b>
Return on Equity (%)	9.6	11.6	8.7	8.2	<b>8.9</b>
Return on Assets (%)	5.9	7.1	5.5	5.2	<b>5.7</b>
Total Assets Turnover (Times)	1.58	1.53	1.35	1.23	<b>1.24</b>



## Stability Indices (Consolidated)

### ■ Shareholders' Equity to Total Assets

(%)



2013/3 2014/3 2015/3 2016/3 2017/3

### ■ Current Ratio

(%)



2013/3 2014/3 2015/3 2016/3 2017/3

### ■ Quick Assets to Current Liabilities

(%)



2013/3 2014/3 2015/3 2016/3 2017/3

### ■ Fixed Assets Ratio

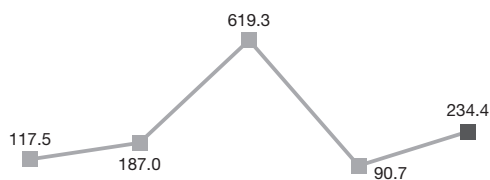
(%)



2013/3 2014/3 2015/3 2016/3 2017/3

### ■ Interest Coverage Ratio

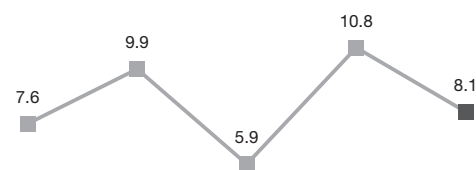
(Times)



2013/3 2014/3 2015/3 2016/3 2017/3

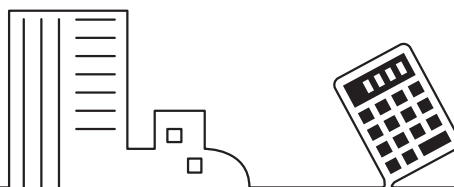
### ■ Debt Equity Ratio

(%)



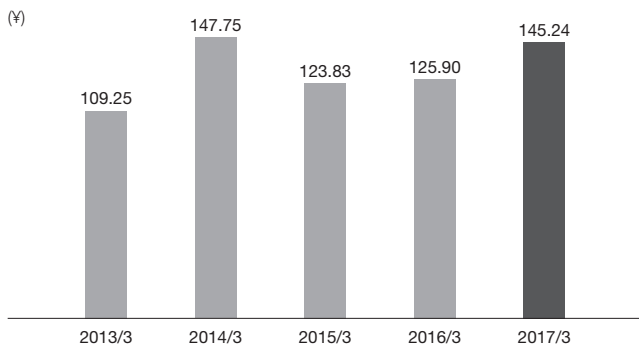
2013/3 2014/3 2015/3 2016/3 2017/3

	2013/3	2014/3	2015/3	2016/3	2017/3
Shareholders' Equity to Total Assets (%)	60.9	62.3	64.0	63.3	<b>64.8</b>
Current Ratio (%)	206.4	206.3	217.5	191.0	<b>232.4</b>
Quick Assets to Current Liabilities (%)	157.8	162.6	170.8	151.4	<b>182.1</b>
Fixed Assets Ratio (%)	56.2	58.7	61.3	66.6	<b>64.0</b>
Interest Coverage Ratio (Times)	117.5	187.0	619.3	90.7	<b>234.4</b>
Debt Equity Ratio (%)	7.6	9.9	5.9	10.8	<b>8.1</b>

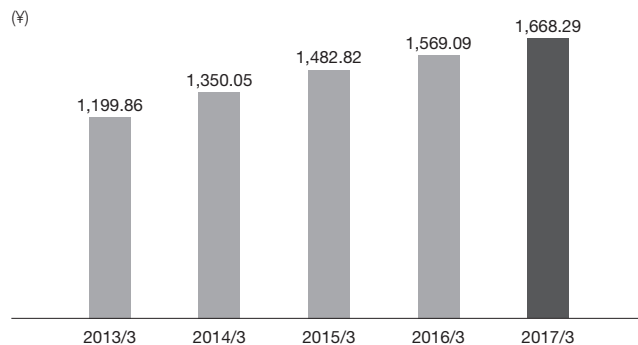


## Stock Price Indices (Consolidated)

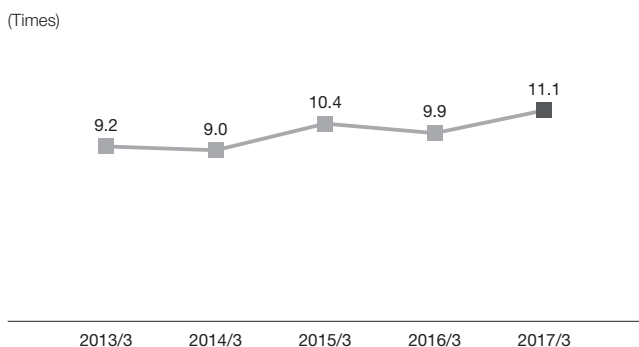
### ■ Earnings Per Share



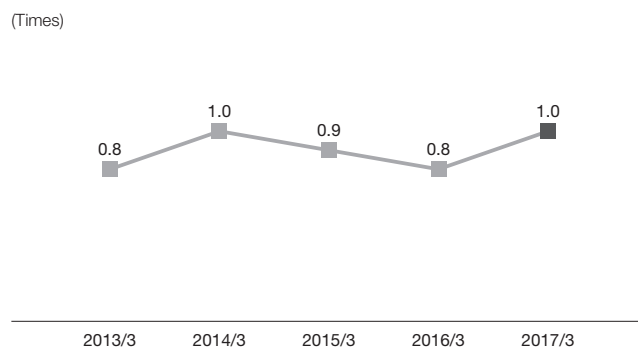
### ■ Book-value Per Share



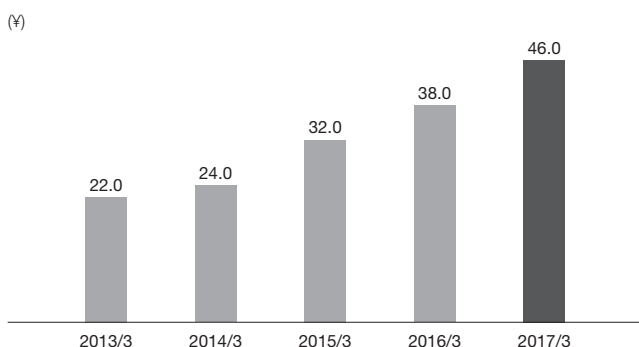
### ■ Price Earnings Ratio



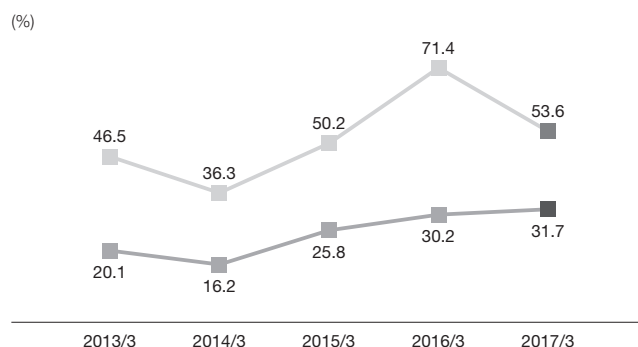
### ■ Price Book-value Ratio



### ■ Cash Dividends Per Share

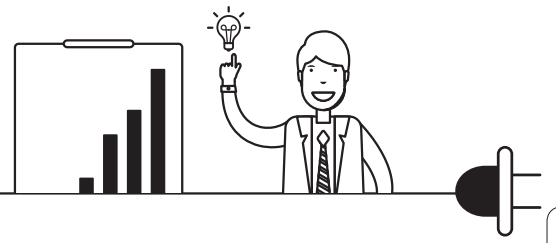


### ■ Payout Ratio ■ Total Shareholder Return Ratio



	2013/3	2014/3	2015/3	2016/3	2017/3
Earnings Per Share (yen)	109.25	147.75	123.83	125.90	<b>145.24</b>
Book-value Per Share (yen)	1,199.86	1,350.05	1,482.82	1,569.09	<b>1,668.29</b>
Price Earnings Ratio (Times)	9.2	9.0	10.4	9.9	<b>11.1</b>
Price Book-value Ratio (Times)	0.8	1.0	0.9	0.8	<b>1.0</b>
Cash Dividends Per Share (yen)	22.0	24.0	32.0	38.0	<b>46.0</b>
Payout Ratio (%)	20.1	16.2	25.8	30.2	<b>31.7</b>
Total Shareholder Return Ratio (%)	46.5	36.3	50.2	71.4	<b>53.6</b>

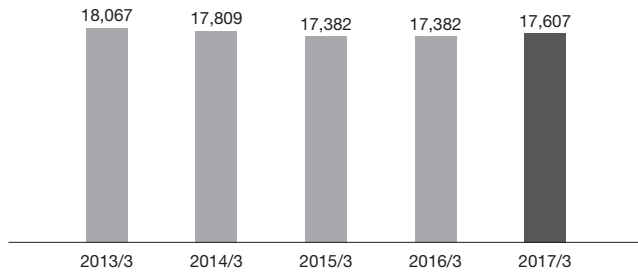




## Other Indices (Consolidated)

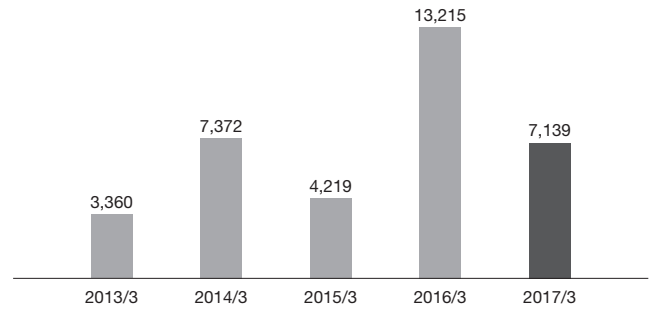
### ■ Selling, General and Administrative Expenses

(¥Millions)



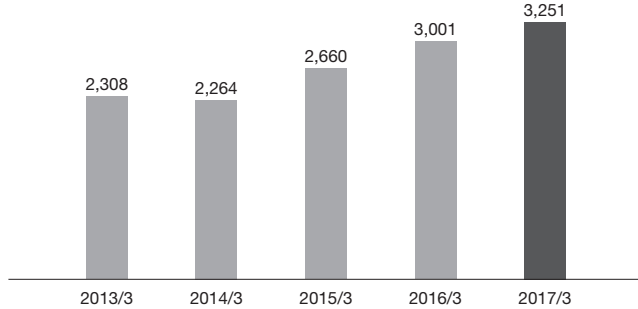
### ■ Capital Expenditures

(¥Millions)



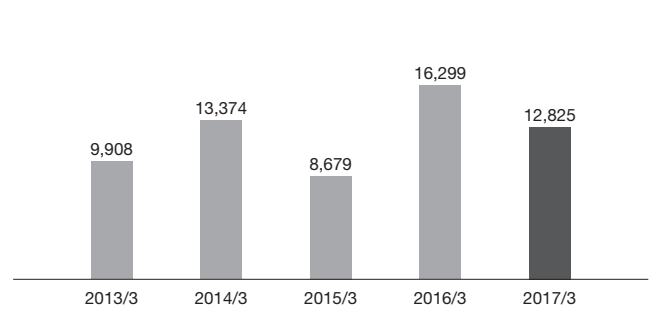
### ■ Depreciation Expenses

(¥Millions)



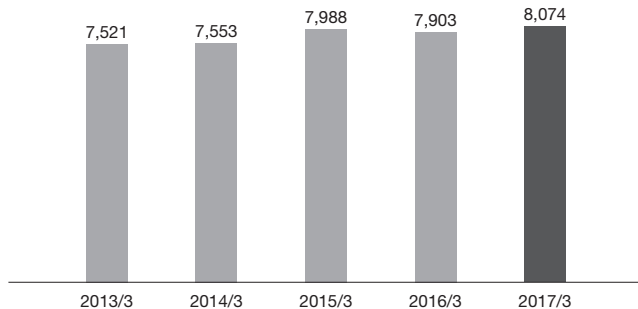
### ■ Interest-bearing Debt

(¥Millions)



### ■ Number of employees

(People)



	2013/3	2014/3	2015/3	2016/3	2017/3
Selling, General and Administrative Expenses (¥Millions)	18,067	17,809	17,382	17,382	17,607
Capital Expenditures (¥Millions)	3,360	7,372	4,219	13,215	7,139
Depreciation Expenses (¥Millions)	2,308	2,264	2,660	3,001	3,251
Interest-bearing Debt (¥Millions)	9,908	13,374	8,679	16,299	12,825
Number of employees (People)	7,521	7,553	7,988	7,903	8,074



## Consolidated Balance Sheets

	2013/3	2014/3	2015/3	2016/3	2017/3
	(¥Millions)				
<b>ASSETS</b>					
Current assets	131,906	137,656	138,813	137,950	142,395
Cash and deposits	8,306	10,293	12,526	16,244	15,431
Notes receivable, accounts receivable from completed construction contracts	86,245	92,307	84,691	93,055	96,080
Short-term investment securities	6,315	5,919	11,765	91	63
Costs on uncompleted construction contracts and other	24,082	22,521	22,010	21,515	24,159
Deferred tax assets	4,037	4,131	4,976	3,355	3,733
Other current assets	2,995	2,548	2,903	3,688	2,927
Allowance for doubtful accounts	(77)	(65)	(60)	(1)	(0)
Noncurrent Assets	68,505	79,434	89,609	100,350	101,042
Property, plant and equipment	47,707	50,767	52,005	59,830	62,002
Buildings and structures	16,528	17,541	17,732	20,615	20,074
Machinery, vehicles, tools, furniture and fixtures	727	1,700	2,408	4,043	4,710
Land	29,364	30,923	30,342	34,370	36,197
Other property and equipment	1,087	601	1,521	801	1,021
Intangible assets	4,658	4,894	6,278	6,477	4,414
goodwill	2,621	1,940	3,065	1,983	1,053
Other intangible assets	2,036	2,953	3,213	4,494	3,360
Investments and other assets	16,139	23,773	31,325	34,043	34,626
Investment securities	9,847	13,991	16,896	17,777	17,093
Net defined benefit asset	—	7,575	11,774	13,467	14,520
Deferred tax assets	916	—	—	—	—
Other investments and other assets	6,820	4,053	4,474	4,161	4,228
Allowance for doubtful accounts	(1,444)	(1,846)	(1,819)	(1,363)	(1,216)
<b>Total assets</b>	<b>200,412</b>	<b>217,091</b>	<b>228,422</b>	<b>238,301</b>	<b>243,438</b>
<b>LIABILITIES</b>					
Current liabilities	63,916	66,720	63,819	72,241	61,283
Notes payable, accounts payable for construction contracts	35,553	35,089	35,193	37,629	36,606
Short-term loans payable	3,563	7,550	2,180	13,336	826
Income taxes payable	6,663	5,441	1,964	2,562	4,142
Advances received on uncompleted construction contracts	1,662	1,971	2,248	3,255	3,457
Provision for bonuses	1,029	1,039	1,049	1,124	1,242
Provision for directors' bonuses	127	142	173	138	129
Provision for warranties for completed construction	405	359	296	907	57
Provision for loss on construction contracts	269	824	5,456	258	507
Provision for asset retirement	101	—	—	—	—
Provision for Loss on dissolved welfare pension fund	—	123	123	76	—
Other current liabilities	14,540	14,178	15,134	12,952	14,314
Noncurrent liabilities	14,107	14,683	17,834	14,818	23,874
Bonds payable	—	—	—	—	10,000
Long-term loans payable	5,694	5,367	5,974	2,413	1,390
Deferred tax liabilities	2,131	3,532	5,732	5,557	5,244
Provision for retirement benefits	4,705	—	—	—	—
Provision for directors' retirement benefits	392	397	262	244	257
Allowance for investment loss	93	48	17	95	206
Net defined benefit liability	—	4,456	4,682	4,809	4,925
Other noncurrent liabilities	1,090	881	1,163	1,697	1,851
<b>Total liabilities</b>	<b>78,024</b>	<b>81,404</b>	<b>81,653</b>	<b>87,060</b>	<b>85,158</b>
<b>NET ASSETS</b>					
Shareholders' Equity	119,077	129,868	134,696	139,922	147,333
Capital stock	6,888	6,888	6,888	6,888	6,888
Capital surplus	6,300	6,645	6,879	7,939	7,978
Retained earnings	118,296	130,822	137,957	147,004	156,477
Treasury stock	(12,408)	(14,487)	(17,029)	(21,910)	(24,011)
Accumulated other comprehensive income	2,904	5,446	11,579	10,821	10,470
Valuation difference on available-for-sale securities	2,895	3,631	5,157	4,121	3,566
Foreign currency translation adjustment	9	21	35	28	15
Remeasurements of defined benefit plans	—	1,794	6,386	6,671	6,888
Subscription rights to shares	231	175	263	241	288
Non-controlling interests	174	195	229	255	187
<b>Total net assets</b>	<b>122,387</b>	<b>135,687</b>	<b>146,768</b>	<b>151,241</b>	<b>158,280</b>
<b>Total liabilities and net assets</b>	<b>200,412</b>	<b>217,091</b>	<b>228,422</b>	<b>238,301</b>	<b>243,438</b>

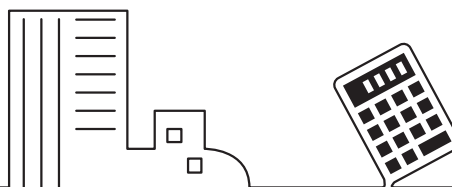
## Consolidated Statements of Income

	2013/3	2014/3	2015/3	2016/3	2017/3
	(¥Millions)				
<b>Net sales</b>	301,319	318,513	300,912	287,437	<b>298,825</b>
Cost of sales	265,205	279,969	265,171	251,642	<b>260,344</b>
<b>Gross profit</b>	36,113	38,543	35,740	35,795	<b>38,480</b>
Selling, general and administrative expenses	18,067	17,809	17,382	17,382	<b>17,607</b>
<b>Operating income</b>	18,046	20,734	18,358	18,412	<b>20,873</b>
<b>Non-operating income</b>	1,845	1,083	1,254	1,438	<b>1,936</b>
Interest income	39	20	26	21	4
Dividends income	170	173	243	266	315
Foreign exchange gains	364	73	438	—	—
Reversal of allowance for doubtful accounts	—	122	—	441	111
Land and house rent received	186	146	146	157	572
Gain on sales of non-current assets	—	—	—	261	437
Gain on exchange of investment securities	—	—	—	—	203
Other	1,084	547	399	289	290
<b>Non-operating expenses</b>	1,772	1,215	1,024	1,338	<b>1,400</b>
Interest expenses	59	51	52	57	49
Rent expenses	—	—	—	44	185
Loss on sales of noncurrent assets	—	163	313	138	516
Loss on retirement of noncurrent assets	224	—	—	—	—
Foreign exchange losses	—	—	—	397	143
Impairment loss	545	318	208	—	—
Provision for bonuses	265	—	—	—	—
Loss on liquidation of subsidiaries	231	—	—	—	—
Provision of allowance for Loss on dissolved welfare pension fund	—	123	—	—	—
Other	445	558	449	701	504
<b>Ordinary income</b>	18,119	20,602	18,589	18,512	<b>21,409</b>
<b>Extraordinary income</b>	—	3,797	1,180	—	<b>1,471</b>
Gain on sales of noncurrent assets	—	2,238	1,180	—	—
Gain on bad debts recovered	—	1,559	—	—	—
Gain on sales of investment securities	—	—	—	—	1,262
Gain on abolishment of retirement benefit plan	—	—	—	—	209
<b>Extraordinary loss</b>	—	571	—	—	<b>2,159</b>
Reversal of allowance for doubtful accounts	—	571	—	—	—
Impairment loss	—	—	—	—	2,159
<b>Income before income taxes and minority interests</b>	18,119	23,828	19,769	18,512	<b>20,721</b>
Income taxes-current	8,192	8,837	6,823	4,203	7,719
Income taxes-deferred	(1,405)	76	669	2,086	(737)
Total income taxes	6,786	8,914	7,493	6,290	6,982
<b>Net income</b>	11,332	14,914	12,276	12,222	<b>13,739</b>
Profit attributable to non-controlling interests	19	4	11	37	(50)
<b>Profit attributable to owners of parent</b>	11,313	14,910	12,264	12,184	<b>13,789</b>

## Consolidated Statements of Comprehensive Income

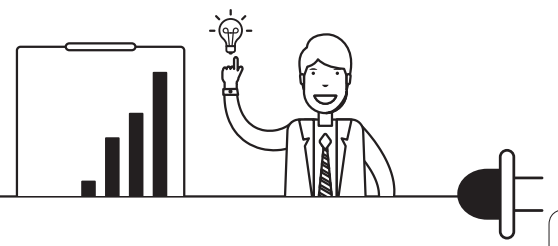
	2013/3	2014/3	2015/3	2016/3	2017/3
	(¥Millions)				
<b>Net income</b>	11,332	14,914	12,276	12,222	<b>13,739</b>
<b>Other comprehensive income</b>					
Valuation difference on available-for-sale securities	1,892	735	1,526	(1,035)	(554)
Foreign currency translation adjustment	22	29	36	(18)	(30)
Remeasurements of defined benefit plans	—	—	4,592	285	216
Total accumulated other comprehensive income	1,915	765	6,154	(769)	(368)
<b>Comprehensive income</b>	13,247	15,680	18,430	11,452	<b>13,370</b>
Breakdown					
Comprehensive income attributable to owners of the parent	13,214	15,658	18,397	11,426	13,438
Comprehensive income attributable to non-controlling interests	33	21	33	26	(68)





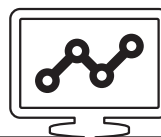
## Consolidated Statements of Changes in Net Assets

	2013/3	2014/3	2015/3	2016/3	2017/3
	(¥Millions)				
Shareholders' equity					
Capital stock					
Balance at the beginning of current period	6,888	6,888	6,888	6,888	6,888
Total changes of items during the period	—	—	—	—	—
Balance at the end of current period	6,888	6,888	6,888	6,888	6,888
Capital surplus					
Balance at the beginning of current period	6,230	6,300	6,645	6,879	7,939
Changes of items during the period					
Disposal of treasury stock	69	324	234	1,060	38
Increase (decrease) in cash and cash equivalents resulting from merger and acquisition (consolidated subsidiary and nonconsolidated subsidiary)	—	20	—	—	—
Total changes of items during the period	69	344	234	1,060	38
Balance at the end of current period	6,300	6,645	6,879	7,939	7,978
Retained earnings					
Balance at the beginning of current period	109,067	118,296	130,822	137,957	147,004
Cumulative effects of changes in accounting policies	—	—	(2,352)	—	22
Changes of items during the period					
Dividends from surplus	(2,084)	(2,429)	(2,776)	(3,137)	(4,338)
Profit attributable to owners of parent	11,313	14,910	12,264	12,184	13,789
Increase (decrease) in cash and cash equivalents resulting from merger and acquisition (consolidated subsidiary and nonconsolidated subsidiary)	—	44	—	—	—
Total changes of items during the period	9,228	12,525	9,487	9,047	9,450
Balance at the end of current period	118,296	130,822	137,957	147,004	156,477
Treasury stock					
Balance at the beginning of current period	(10,016)	(12,408)	(14,487)	(17,029)	(21,910)
Changes of items during the period					
Purchase of treasury stock	(3,000)	(3,003)	(3,002)	(5,002)	(3,002)
Disposal of the treasury stock	608	924	460	2,057	167
Acquisition of own shares via trust	—	—	—	(2,600)	—
Transfer of own shares via trust	—	—	—	664	733
Total changes of items during the period	(2,392)	(2,079)	(2,542)	(4,880)	(2,101)
Balance at the end of current period	(12,408)	(14,487)	(17,029)	(21,910)	(24,011)
Total shareholders' equity					
Balance at the beginning of current period	112,170	119,077	129,868	134,696	139,922
Cumulative effects of changes in accounting policies	—	—	(2,352)	—	22
Changes of items during the period					
Dividends from surplus	(2,084)	(2,429)	(2,776)	(3,137)	(4,338)
Profit attributable to owners of parent	11,313	14,910	12,264	12,184	13,789
Purchase of treasury stock	(3,000)	(3,003)	(3,002)	(5,002)	(3,002)
Disposal of the treasury stock	678	1,249	694	3,117	206
Acquisition of own shares via trust	—	—	—	(2,600)	—
Transfer of own shares via trust	—	—	—	664	733
Increase (decrease) in cash and cash equivalents resulting from merger and acquisition (consolidated subsidiary and nonconsolidated subsidiary)	—	64	—	—	—
Total changes of items during the period	6,906	10,791	7,179	5,226	7,388
Balance at the end of current period	119,077	129,868	134,696	139,922	147,333
Accumulated other comprehensive income					
Valuation difference on available-for-sale securities					
Balance at the beginning of current period	1,002	2,895	3,631	5,157	4,121
Changes of items during the period					
Net changes of items other than shareholders' equity	1,892	736	1,525	(1,036)	(554)
Total changes of items during the period	1,892	736	1,525	(1,036)	(554)
Balance at the end of current period	2,895	3,631	5,157	4,121	3,566
Foreign currency translation adjustment					
Balance at the beginning of current period	—	9	21	35	28
Changes of items during the period					
Net changes of items other than shareholders' equity	9	11	14	(7)	(12)
Total changes of items during the period	9	11	14	(7)	(12)
Balance at the end of current period	9	21	35	28	15
Remeasurements of defined benefit plans					
Balance at the beginning of current period	—	—	1,794	6,386	6,671
Changes of items during the period					
Net changes of items other than shareholders' equity	—	1,794	4,592	285	216
Total changes of items during the period	—	1,794	4,592	285	216
Balance at the end of current period	—	1,794	6,386	6,671	6,888
Total accumulated other comprehensive income					
Balance at the beginning of current period	1,002	2,904	5,446	11,579	10,821
Change of items during the period					
Net changes of items other than shareholders' equity	1,901	2,542	6,132	(758)	(350)
Total changes of items during the period	1,901	2,542	6,132	(758)	(350)
Balance at the end of current period	2,904	5,446	11,579	10,821	10,470
Subscription rights to shares					
Balance at the beginning of current period	217	231	175	263	241
Changes of items during the period					
Net changes of items other than shareholders' equity	13	(56)	88	(22)	47
Total changes of items during the period	13	(56)	88	(22)	47
Balance at the end of current period	231	175	263	241	288
Minority interests					
Balance at the beginning of current period	19	174	195	229	255
Changes of items during the period					
Net changes of items other than shareholders' equity	155	21	33	26	(68)
Total changes of items during the period	155	21	33	26	(68)
Balance at the end of current period	174	195	229	255	187
Total net assets					
Balance at the beginning of current period	113,411	122,387	135,687	146,768	151,241
Cumulative effects of changes in accounting policies	—	—	(2,352)	—	22
Changes of items during the period					
Dividends from surplus	(2,084)	(2,429)	(2,776)	(3,137)	(4,338)
Profit attributable to owners of parent	11,313	14,910	12,264	12,184	13,789
Purchase of treasury stock	(3,000)	(3,003)	(3,002)	(5,002)	(3,002)
Disposal of treasury stock	678	1,249	694	3,117	206
Acquisition of own shares via trust	—	—	—	(2,600)	—
Transfer of own shares via trust	—	—	—	664	733
Increase (decrease) in cash and cash equivalents resulting from merger and acquisition (consolidated subsidiary and nonconsolidated subsidiary)	—	64	—	—	—
Net changes of items other than shareholders' equity	2,070	2,507	6,254	(754)	(371)
Total changes of items during the period	8,976	13,299	13,434	4,472	7,016
Balance at the end of current period	122,387	135,687	146,768	151,241	158,280

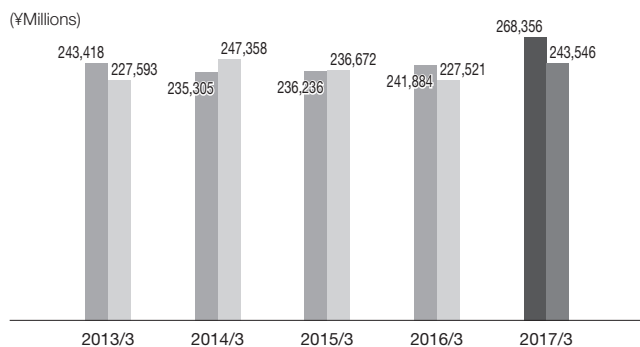
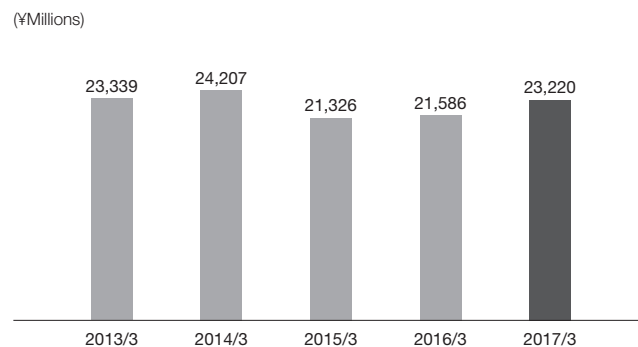
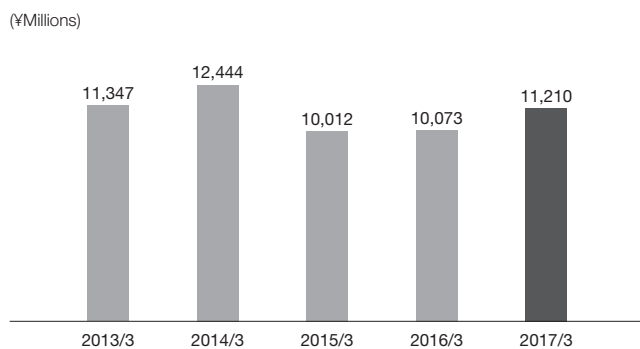
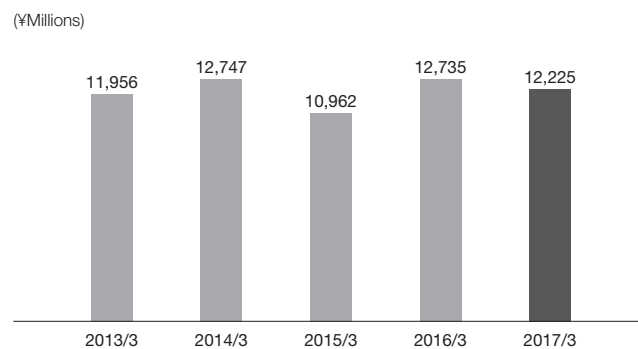
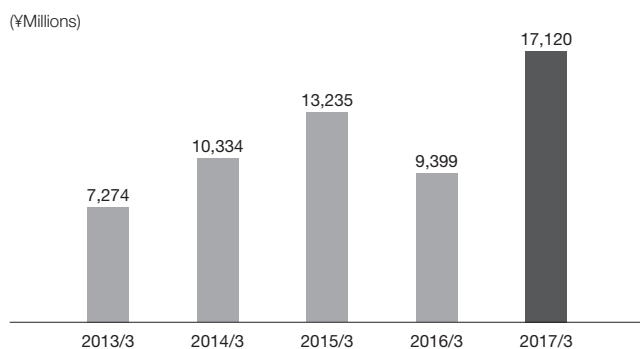
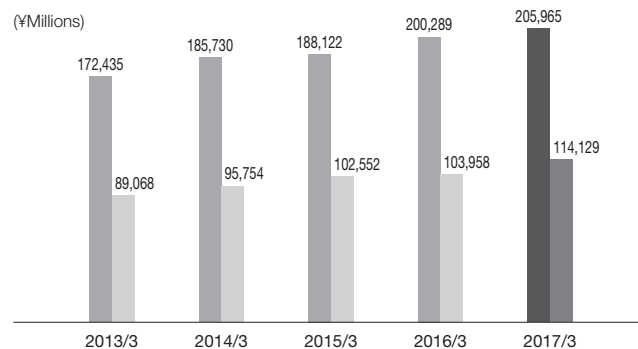


## Consolidated Statements of Cash Flows

	2013/3	2014/3	2015/3	2016/3	2017/3
	(¥Millions)				
<b>Net cash provided by (used in) operating activities</b>	<b>7,160</b>	<b>9,888</b>	<b>23,167</b>	<b>5,389</b>	<b>15,504</b>
Income before income taxes and minority interests	18,119	23,828	19,769	18,512	20,721
Depreciation and amortization	2,308	2,264	2,660	2,857	3,251
Impairment loss	545	318	208	71	2,159
Amortization of goodwill	678	688	849	1,082	929
Increase (decrease) in allowance for doubtful accounts	(796)	388	(32)	(514)	(148)
Increase (decrease) in provision for retirement benefits	(169)	(4,705)	—	—	—
Increase (decrease) in provision for bonuses	466	10	(347)	75	117
Increase (decrease) in provision for warranties for completed construction	—	—	—	611	(850)
Increase (decrease) in provision for loss on construction contracts	—	555	4,631	(5,197)	248
Increase (decrease) in net defined benefit asset (liability)	—	(470)	(2,004)	(1,339)	(399)
Interest and dividends income	(209)	(193)	(270)	(288)	(319)
Interest expenses	59	51	52	57	49
Loss (gain) on sales of noncurrent assets	—	(2,074)	(867)	(122)	79
Decrease (increase) in notes and accounts receivable-trade	(9,842)	(6,008)	8,095	(8,419)	(3,127)
Decrease (increase) in costs on uncompleted construction contracts and other	(2,214)	1,581	877	487	(2,659)
Decrease (increase) in other operating assets	(3)	4,343	(623)	(423)	965
Increase (decrease) in notes and accounts payable-trade	4,516	(473)	(454)	2,438	(1,014)
Increase (decrease) in advances received on uncompleted construction contracts	(2,738)	308	277	1,006	204
Increase (decrease) in other operating liabilities	1,810	(384)	189	(2,673)	2,671
Loss (gain) on sales of investment securities	—	—	—	(0)	(1,262)
Gain on exchange of investment securities	—	—	—	—	(203)
Gain on abolishment of retirement benefit plan	—	—	—	—	(209)
Other, net	(145)	(10)	44	483	390
Sub-total	12,385	20,015	33,055	8,705	21,595
Interest and dividends income received	208	195	270	288	318
Interest expenses paid	(60)	(52)	(37)	(59)	(66)
Income taxes paid	(5,373)	(10,269)	(10,121)	(3,545)	(6,343)
<b>Net cash provided by (used in) investing activities</b>	<b>(2,160)</b>	<b>(7,477)</b>	<b>(2,828)</b>	<b>(13,907)</b>	<b>(6,027)</b>
Purchase of property and equipment	(2,359)	(5,575)	(3,434)	(10,467)	(5,761)
Proceeds from sales of property, plant and equipment	426	2,890	1,990	1,533	901
Purchase of intangible assets	(430)	(2,002)	(612)	(2,137)	(2,416)
Purchase of investment securities	(565)	(3,233)	(738)	(2,570)	(443)
Proceeds from sales of investment securities	720	309	203	10	1,686
Purchase of investments in subsidiaries	—	—	(361)	—	—
resulting in change in scope of consolidation	—	—	—	—	—
Payments of loans receivable	(267)	(17)	—	(30)	(111)
Collection of loans receivable	125	119	109	4	1
Decrease (increase) in time deposits and other	—	—	—	(298)	44
Other, net	190	31	16	49	72
<b>Net cash provided by (used in) financing activities</b>	<b>(3,038)</b>	<b>(905)</b>	<b>(12,343)</b>	<b>313</b>	<b>(10,230)</b>
Net increase (decrease) in short-term loans payable	2,450	4,000	(6,799)	5,703	(12,306)
Proceeds from issuance of bonds	—	—	—	—	9,991
Repayment of long-term loans payable	(739)	(340)	(124)	(708)	(1,227)
Proceeds from long-term loans payable	—	—	—	2,600	—
Redemption of bonds	—	—	(110)	—	—
Purchase of treasury stock	(3,000)	(3,003)	(3,002)	(5,002)	(3,002)
Proceeds from sales of treasury stock	580	1,127	669	3,008	153
Acquisition of own shares via trust	—	—	—	(2,600)	—
Transfer of own shares via trust	—	—	—	664	733
Cash dividends paid	(2,083)	(2,429)	(2,777)	(3,133)	(4,329)
Other, net	(244)	(259)	(199)	(218)	(244)
Effect of exchange rate change on cash and cash equivalents	32	43	83	(49)	(42)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,993</b>	<b>1,548</b>	<b>8,078</b>	<b>(8,254)</b>	<b>(796)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>12,304</b>	<b>14,611</b>	<b>16,213</b>	<b>24,291</b>	<b>16,037</b>
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	313	—	—	—	—
Increase (decrease) in cash and cash equivalents resulting from merger and acquisition (consolidated subsidiary and nonconsolidated subsidiary)	—	53	—	—	—
<b>Cash and cash equivalents at the end of period</b>	<b>14,611</b>	<b>16,213</b>	<b>24,291</b>	<b>16,037</b>	<b>15,241</b>



## Financial Highlights (Non-consolidated)

**Orders Received** ■ **Net Sales**

**Gross Profit**

**Operating Income**

**Ordinary Income**

**Net Income**

**Total Assets** ■ **Net Assets**


(¥Millions)

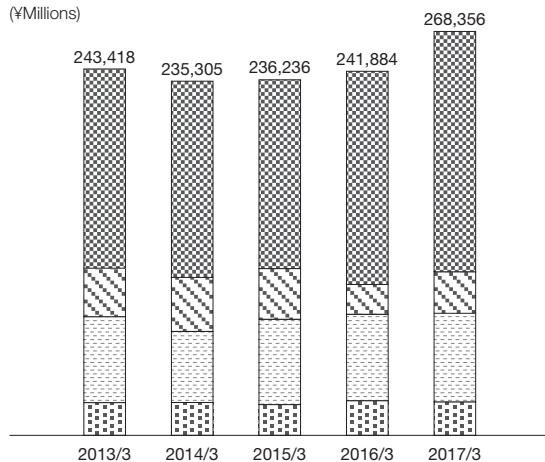
	2013/3	2014/3	2015/3	2016/3	2017/3
Orders Received	243,418	235,305	236,236	241,884	<b>268,356</b>
Net Sales	227,593	247,358	236,672	227,521	<b>243,546</b>
Gross Profit	23,339	24,207	21,326	21,586	<b>23,220</b>
Operating Income	11,347	12,444	10,012	10,073	<b>11,210</b>
Ordinary Income	11,956	12,747	10,962	12,735	<b>12,225</b>
Net Income	7,274	10,334	13,235	9,399	<b>17,120</b>
Total Assets	172,435	185,730	188,122	200,289	<b>205,965</b>
Net Assets	89,068	95,754	102,552	103,958	<b>114,129</b>



## Trends by Segment (Non-consolidated)

### Orders Received by Business Segment (Non-consolidated)

(¥Millions)

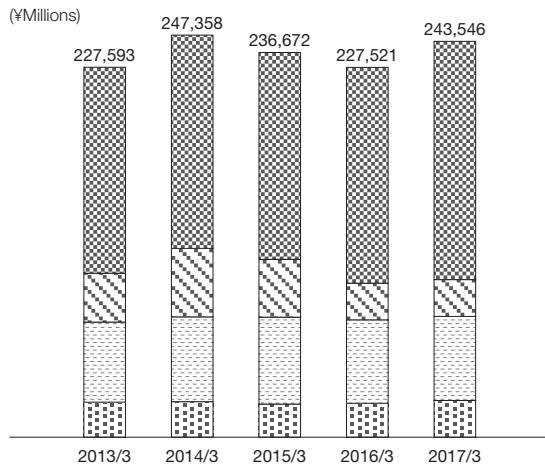


Legend: NTT group engineering NCCs Urban infrastructure SYSTEM-SOLUTIONS

	(¥Millions)				
	2013/3	2014/3	2015/3	2016/3	2017/3
NTT group engineering	132,355	130,375	125,428	141,628	<b>159,656</b>
NCCs	32,201	35,866	33,662	19,790	<b>27,597</b>
Urban infrastructure	57,091	47,235	56,687	57,408	<b>58,825</b>
SYSTEM-SOLUTIONS	21,769	21,827	20,458	23,056	<b>22,276</b>
<b>Total</b>	<b>243,418</b>	<b>235,305</b>	<b>236,236</b>	<b>241,884</b>	<b>268,356</b>

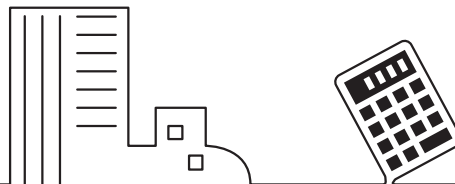
### Net Sales by Business Segment (Non-consolidated)

(¥Millions)



Legend: NTT group engineering NCCs Urban infrastructure SYSTEM-SOLUTIONS

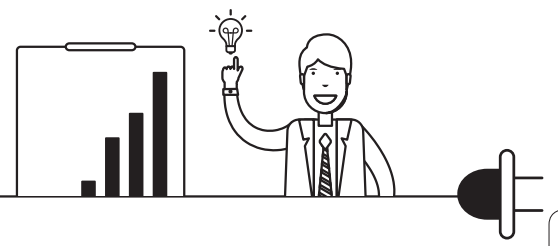
	(¥Millions)				
	2013/3	2014/3	2015/3	2016/3	2017/3
NTT group engineering	126,691	131,193	127,237	132,765	<b>146,591</b>
NCCs	30,064	42,134	35,582	22,536	<b>22,649</b>
Urban infrastructure	49,255	52,151	53,444	51,350	<b>51,714</b>
SYSTEM-SOLUTIONS	21,582	21,879	20,407	20,869	<b>22,590</b>
<b>Total</b>	<b>227,593</b>	<b>247,358</b>	<b>236,672</b>	<b>227,521</b>	<b>243,546</b>



## Non-consolidated Balance Sheets

(¥Millions)

	2013/3	2014/3	2015/3	2016/3	2017/3
<b>ASSETS</b>					
Current assets	106,015	109,286	108,185	109,519	113,459
Cash and deposits	5,662	8,489	9,074	12,990	12,452
Notes receivable-trade	231	106	1,147	772	1,374
Accounts receivable from completed construction contracts	67,312	72,095	63,863	74,487	75,397
Short-term investment securities	6,315	5,919	11,765	90	63
Costs on uncompleted construction contracts	16,212	15,213	14,365	12,963	14,571
Finished goods	—	—	—	—	405
Raw materials and supplies	314	47	79	540	737
Short-term loans receivable	6,032	3,434	2,500	2,617	3,722
Prepaid expenses	235	242	277	326	336
Deferred tax assets	2,511	2,595	3,332	1,794	1,956
Other current assets	1,252	1,201	1,823	2,935	2,442
Allowance for doubtful accounts	(63)	(59)	(46)	—	—
Noncurrent assets	66,419	76,444	79,936	90,769	92,505
Property, plant and equipment	35,059	38,966	39,372	47,541	50,779
Buildings	12,407	12,809	12,733	15,219	14,673
Structures	434	1,274	1,191	1,849	2,230
Machinery and equipment	94	829	1,169	2,547	3,421
Vehicles	0	0	0	0	0
Tools, furniture and fixtures	402	670	590	690	550
Land	20,795	22,973	22,459	26,671	29,263
Lease assets	416	266	223	253	205
Construction in progress	508	143	1,003	310	432
Intangible assets	1,823	2,771	3,003	4,315	3,207
Software	1,004	2,635	2,159	2,921	2,704
Other intangible assets	818	136	844	1,394	502
Investments and other assets	29,536	34,706	37,560	38,912	38,519
Investment securities	7,418	11,562	13,836	14,417	13,469
Stocks of subsidiaries and affiliates	17,144	17,173	19,653	19,891	19,987
Long-term loans receivable from subsidiaries and associates	1,599	488	642	—	—
Claims provable in bankruptcy, claimed provable in rehabilitation and other	58	56	56	56	55
Long-term prepaid expenses	108	83	65	186	118
Prepaid pension cost	3,941	4,918	2,506	3,611	4,095
Other investments and other assets	890	2,107	2,315	1,914	1,831
Allowance for doubtful accounts	(1,624)	(1,684)	(1,517)	(1,165)	(1,038)
<b>Total assets</b>	<b>172,435</b>	<b>185,730</b>	<b>188,122</b>	<b>200,289</b>	<b>205,965</b>
<b>LIABILITIES</b>					
Current liabilities	75,835	82,375	78,210	91,408	77,968
Accounts payable for construction contracts	34,511	34,663	35,085	41,292	40,413
Short-term loans payable	3,500	7,500	1,073	12,000	—
Lease obligations	160	113	96	103	95
Accounts payable-other	1,292	1,277	2,170	1,993	1,000
Accrued expenses	6,458	6,683	4,724	5,142	6,117
Income taxes payable	4,542	3,453	414	954	2,032
Advances received on uncompleted construction contracts	1,228	1,457	1,332	2,590	2,806
Deposits received	22,959	25,638	26,290	26,132	23,371
Provision for warranties for completed construction	62	98	76	774	21
Provision for loss on construction contracts	245	729	5,175	258	356
Provision for asset removal	101	—	—	—	—
Other current liabilities	775	758	1,771	166	1,751
Noncurrent liabilities	7,531	7,601	7,358	4,922	13,868
Bonds payable	—	—	—	—	10,000
Long-term loans payable	5,694	5,367	5,000	2,010	1,235
Lease obligations	287	177	153	179	141
Deferred tax liabilities	1,375	1,837	1,993	1,900	1,425
Allowance for investment loss	93	48	17	95	192
Asset retirement obligations	—	—	121	287	439
Other noncurrent liabilities	80	169	72	449	434
<b>Total liabilities</b>	<b>83,367</b>	<b>89,976</b>	<b>85,569</b>	<b>96,330</b>	<b>91,836</b>
<b>NET ASSETS</b>					
Shareholders' equity	86,141	92,291	97,745	100,186	110,915
Capital stock	6,888	6,888	6,888	6,888	6,888
Capital surplus	6,814	7,139	7,373	8,433	8,471
Legal retained earnings	1,547	1,547	1,547	1,547	1,547
Reserve for advanced depreciation of noncurrent assets	323	1,348	2,088	2,151	2,363
General reserve	74,600	74,600	74,600	74,600	74,600
Retained earnings brought forward	8,375	15,255	22,277	28,475	41,055
Treasury stock	(12,408)	(14,487)	(17,029)	(21,910)	(24,011)
Valuation and translation adjustments	2,695	3,287	4,544	3,530	2,924
Valuation difference on available-for-sale securities	2,695	3,287	4,544	3,530	2,924
Subscription rights to shares	231	175	263	241	288
<b>Total net assets</b>	<b>89,068</b>	<b>95,754</b>	<b>102,552</b>	<b>103,958</b>	<b>114,129</b>
<b>Total liabilities and net assets</b>	<b>172,435</b>	<b>185,730</b>	<b>188,122</b>	<b>200,289</b>	<b>205,965</b>



## Non-consolidated Statements of Income

	2013/3	2014/3	2015/3	2016/3	2017/3
	(¥Millions)				
<b>Net sales</b>	227,593	247,358	236,672	227,521	<b>243,546</b>
Cost of sales	204,254	223,150	215,346	205,934	<b>220,326</b>
<b>Gross profit</b>	23,339	24,207	21,326	21,586	<b>23,220</b>
Selling, general and administrative expenses	11,991	11,763	11,313	11,513	<b>12,010</b>
<b>Operating income</b>	11,347	12,444	10,012	10,073	<b>11,210</b>
<b>Non-operating income</b>	1,563	1,152	1,504	3,644	<b>1,749</b>
Interest income	41	33	33	43	<b>37</b>
Interest on securities	14	8	13	10	<b>0</b>
Dividends income	133	129	193	2,392	<b>259</b>
Land and house rent received	473	468	466	397	<b>783</b>
Foreign exchange gains	446	—	474	—	<b>—</b>
Reversal of allowance for doubtful accounts	—	305	168	—	<b>—</b>
Reversal of allowance for investment loss	171	—	—	—	<b>—</b>
Gain on sales of non-current assets	—	—	—	231	<b>402</b>
Other	284	208	155	569	<b>266</b>
<b>Non-operating expenses</b>	954	848	554	982	<b>734</b>
Interest expenses	72	66	57	48	<b>35</b>
Interest on bonds	—	—	—	—	<b>1</b>
Rent expenses	157	152	202	137	<b>260</b>
Foreign exchange losses	—	—	—	400	<b>150</b>
Provision of allowance for investment loss	—	—	—	78	<b>96</b>
Bad debts expenses	14	17	—	—	<b>—</b>
Loss on disposal of equipment and materials	118	—	—	—	<b>—</b>
Loss on disposal of fixed assets	177	—	—	—	<b>—</b>
Penalty for contract breach	—	86	—	—	<b>—</b>
Impairment loss	280	187	150	—	<b>—</b>
Other	133	339	144	318	<b>190</b>
<b>Ordinary income</b>	11,956	12,747	10,962	12,735	<b>12,225</b>
<b>Extraordinary income</b>	—	3,709	6,669	—	<b>10,750</b>
<b>Extraordinary loss</b>	—	571	—	—	<b>2,148</b>
<b>Income before income taxes</b>	11,956	15,885	17,632	12,735	<b>20,827</b>
<b>Income taxes-current</b>	5,297	5,499	3,837	1,276	<b>4,065</b>
<b>Income taxes-deferred</b>	(615)	51	558	2,059	<b>(358)</b>
<b>Total income taxes</b>	4,681	5,550	4,396	3,336	<b>3,707</b>
<b>Net income</b>	7,274	10,334	13,235	9,399	<b>17,120</b>





(as of March 31, 2017)

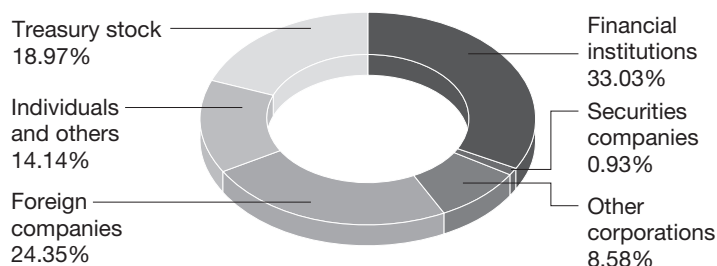
<b>Fiscal Year-End</b>	March 31
<b>Annual Shareholders' Meeting</b>	June 23, 2017
<b>Stock Listing</b>	Tokyo Stock Exchange (First Section)
<b>Ticker Code</b>	1951
<b>Common Stock</b>	Authorized: 300,000,000 shares Issued: 117,812,419 shares
<b>Total Number of Shareholders</b>	9,952
<b>Transfer Agent and Registrar</b>	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan

### Major Shareholders

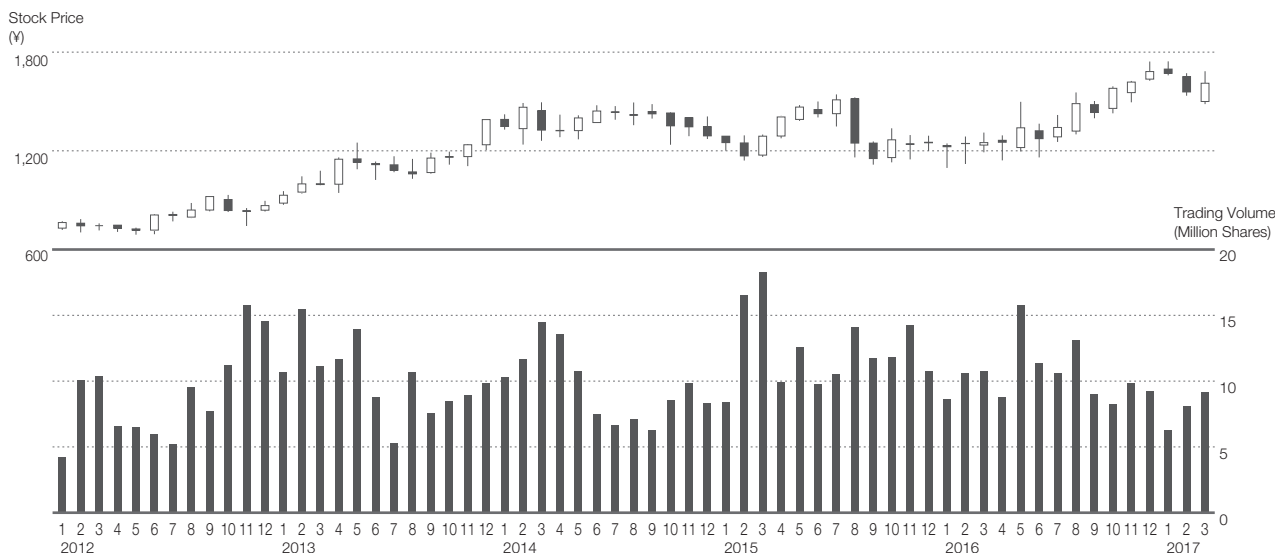
	Number of shares held (thousand)	Percentage of total shares issued (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	6,085	5.17
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,838	4.96
Japan Trustee Services Bank, Ltd. (Sumitomo Electric Industries, Ltd., Retirement Benefit Trust Account reentrusted by Sumitomo Mitsui Trust Bank, Limited)	5,766	4.89
ESOP Association of KYOWA EXEO CORPORATION	4,043	3.43
Japan Trustee Services Bank, Ltd. (Trust Account 9)	2,621	2.23
Sumitomo Realty & Development Co., Ltd.	2,081	1.77
SUMITOMO LIFE INSURANCE COMPANY	2,000	1.70
Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Trust Bank, Retirement Benefit Trust Account)	1,834	1.56
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,613	1.37
NORTHERN TRUST CO.(AVFC) RE NVI01	1,506	1.28

Note: In addition to the above, treasury stock of 22,353,000 shares (18.97%) is held by the Company.

### Composition of Shareholders



### Stock Price Range and Trading Volume on the Tokyo Stock Exchange





Building a better, brighter future together



President **Fuminori Kozono**



Representative Director and Executive Operating Officer **Tsutomu Ota**



Director and Executive Operating Officer **Yoshiaki Matsuzaka**



Director and Executive Operating Officer **Noritsugu Totani**



Director and Managing Operating Officer **Yasuo Otsubo**



Director and Managing Operating Officer **Tomohiro Kurosawa**



Director and Managing Operating Officer **Yuichi Koyama**



Director **Yuki Sakuyama**



Director (Independent Director) **Kumiko Kitai**



Director (Independent Director) **Kazuteru Kanazawa**



Standing Statutory Auditor **Haruhiko Watanabe**



Standing Statutory Auditor **Yoshiharu Takizawa**



Statutory Auditor (Independent Auditor) **Kozo Meguro**



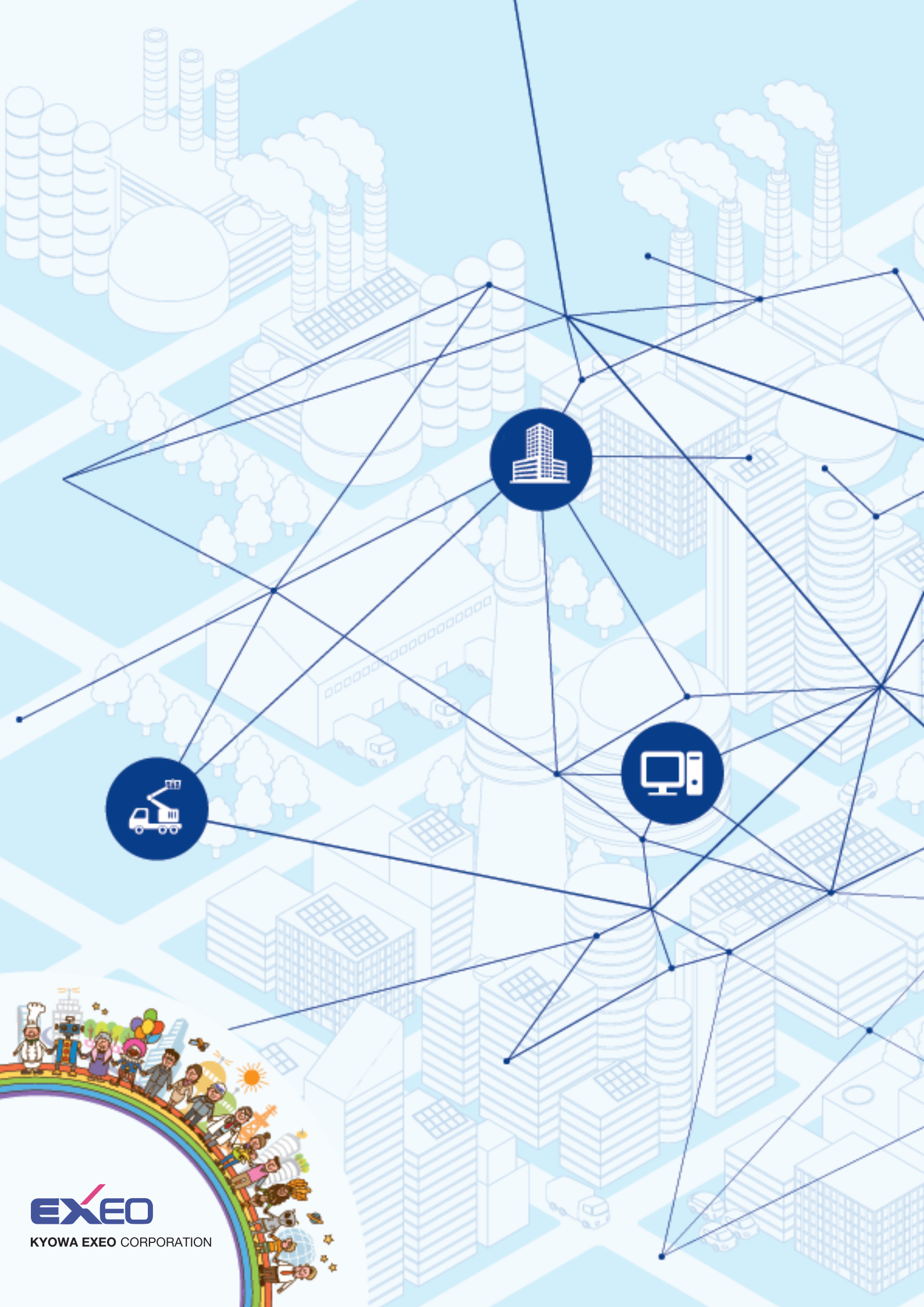
Statutory Auditor **Haruhiko Yamada**

Managing Operating Officers

**Genzaburo Oe**  
**Eiichi Matsuda**  
**Junichi Sato**  
**Hiroshi Yamashita**  
**Yuji Sato**  
**Hideki Obara**  
**Koichi Mino**  
**Hiroaki Kubozono**

Operating Officers

**Atsuo Yuhara** **Masato Suwabe**  
**Masafumi Yoshihara** **Kyoji Okabe**  
**Hideo Higuchi** **Takashi Itamiya**  
**Fumio Kumagai** **Noriyuki Watabe**  
**Kazuo Sato** **Makoto Shirakata**  
**Takayuki Yamada** **keijiro Shizukuishi**  
**Yutaka Motohashi** **kosei Nakashima**



**EXEO**

KYOWA EXEO CORPORATION