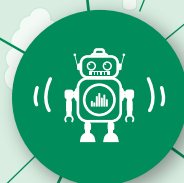


KYOWA EXEO GROUP

CORPORATE REPORT 2018



EXEO

Introduction



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, 2017, to March 31, 2018
(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 Standards"
ISO26000 "Guidance on social responsibility"

Issuance:

July 2018

Next Issuance Scheduled:

July 2019



KYOWA EXEO CORPORATION has been selected to be part of
the MSCI Japan ESG Select Leaders Index and the MSCI
Japan Empowering Women Index (WIN), both of which are
offered by MSCI Inc.



*1. MSCI Inc. ("MSCI") is a provider of an extensive range of financial services,
including the calculation of stock indexes and portfolio analysis.

*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 2018 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



About KYOWA EXEO



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

Company Name	KYOWA EXEO CORPORATION
Established	May 17, 1954
Paid-in Capital	¥6,888 million (as of April 1, 2018)
Stock Listing	First Section of the Tokyo Stock Exchange
Representatives	Fuminori Kozono, President Tetsuya Funabashi, Vice President Tsutomu Ota, Representative Director
Net Sales	¥312.6 billion (consolidated) ¥256.8 billion (non-consolidated) (as of March 31, 2018)
Number of Employees	8,311 (consolidated) 3,749 (non-consolidated) (as of March 31, 2018)

Head Office	29-20, Shibuya 3-chome, Shibuya-ku, Tokyo TEL: +81-3-5778-1111 (switchboard) URL: http://www.exeo.co.jp
West Japan Head Office	2-10, Uchihonmachi 2-chome, Chuo-ku, Osaka TEL: +81-6-6350-4057
Number of Business Offices	Branch offices: 15 Sales offices: 17
Major Banks	Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd.
Independent Auditor	Seiyo Audit Corporation

Business Bases (As of July 1, 2018)

Domestic bases: (■ Branches/■ Offices)

- Head Office
- West Japan Head Office

15 Branches

- Hokkaido Branch
- Tohoku Branch
- Ibaraki Branch
- Chiba Branch
- Minami Kanto Branch
- Koshin Branch
- Tokai Branch
- Kansai Branch
- Miyako Branch
- Hyogo Branch
- Hokuriku Branch
- Shikoku Branch
- Chugoku Branch
- Kyushu Branch
- Okinawa Branch

17 Sales Offices

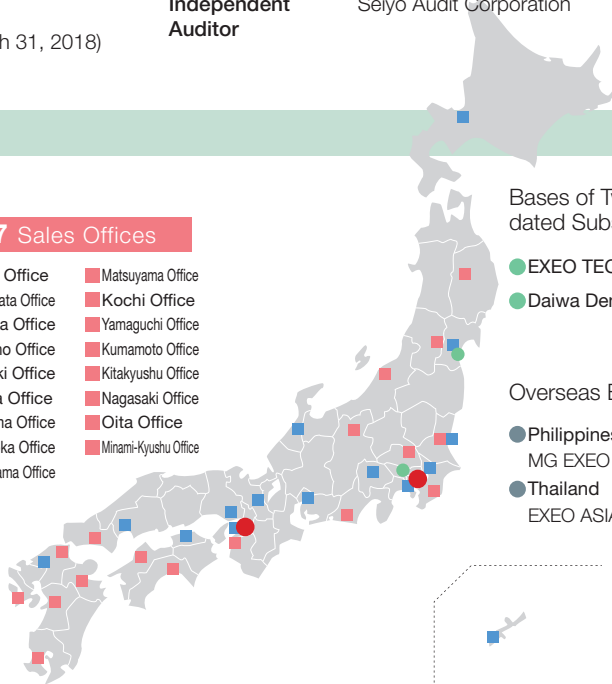
- Iwate Office
- Yamagata Office
- Niigata Office
- Nagano Office
- Ibaraki Office
- Chiba Office
- Saitama Office
- Shizuoka Office
- Wakayama Office
- Matsuyama Office
- Kochi Office
- Yamaguchi Office
- Kumamoto Office
- Kitakyushu Office
- Nagasaki Office
- Oita Office
- Minami-Kyushu Office

Bases of Two Major Consolidated Subsidiaries

- EXEO TECH CORPORATION
- Daiwa Densetsu Corporation:

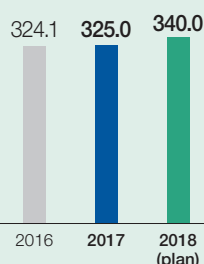
Overseas Bases

- Philippines
MG EXEO NETWORK, INC.
- Thailand
EXEO ASIA COMPANY LIMITED

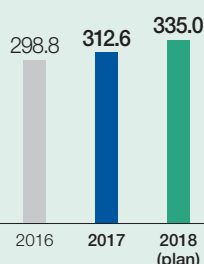


Consolidated Financial and Non-financial Highlights

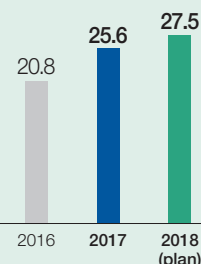
Orders received (¥Billion)



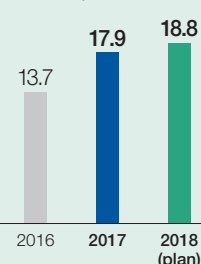
Net sales (¥Billion)



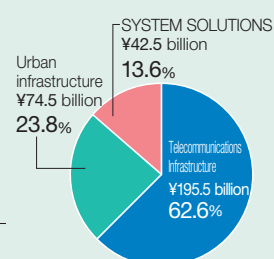
Operating income (¥Billion)



Profit attributable to owners of parent (¥Billion)



Net Sales by Segment (2017)

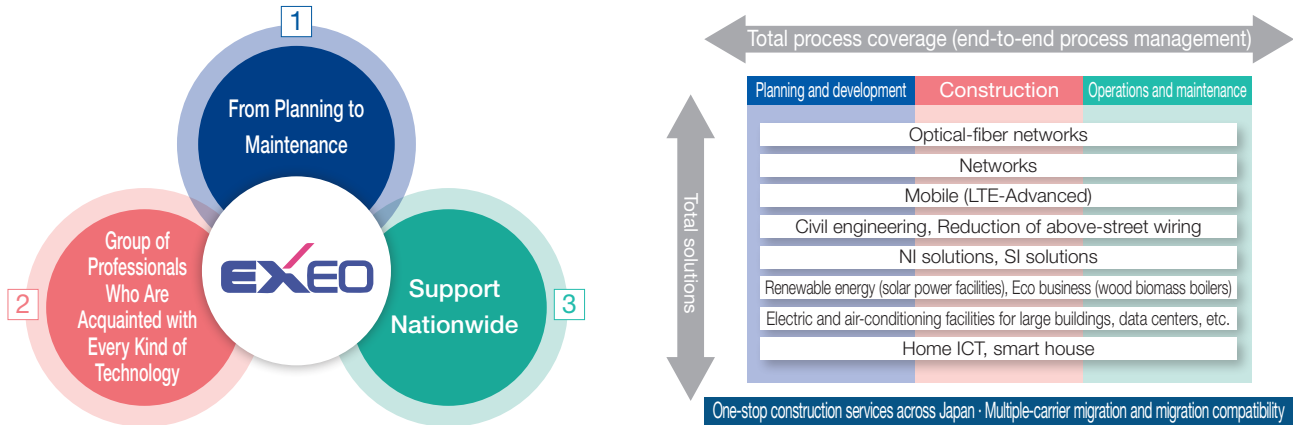


Note: Regarding the "2018 (plan)," the effects of the Company's management integration with C-CUBE Corporation, Seibu Electric Industry Co., Ltd. and NIPPON DENTSU CO., LTD., which is scheduled to be conducted as of October 1, 2018, on the relevant figures are not taken into consideration.

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.

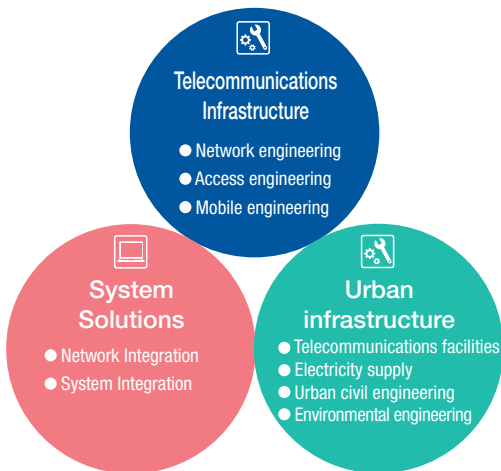
2 Total Solution

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).

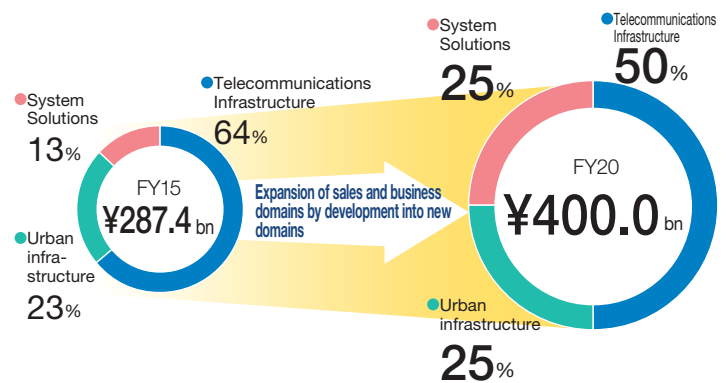
3 Nationwide Expansion

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.

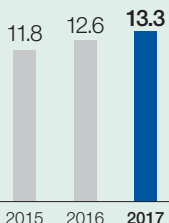
Business Fields



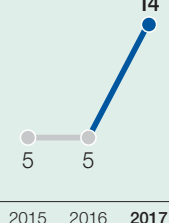
Target portfolio (FY16–FY20 Medium-Term Management Plan)



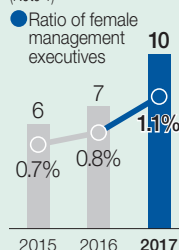
Number of days of paid leave taken per employee (Note 1)



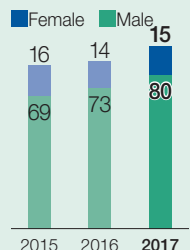
Turnover rate for employees with up to three years of service (%) (Note 1)



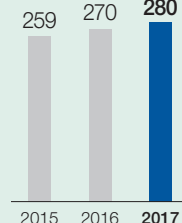
Number of female management executives (Note 1)



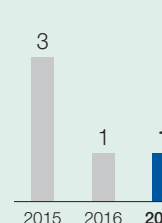
Number of new graduates employed (Note 1)



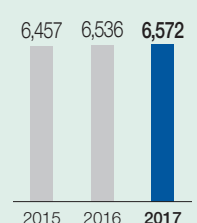
Number of employees with IT-related expert qualifications (Note 1)



Number of serious accidents (Notes 1 and 2)



CO₂ emissions (t-CO₂) (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.

Corporate History

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



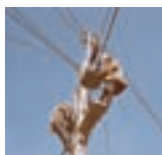
Publicized the change of the company name

1954~

1954 Company established as Kyowa Densetsu Kaisha, Ltd.



Head Office of the Company then located in Minato-ku, Tokyo



Telecommunications line works

1963 Listed on the Second Section of the Tokyo Stock Exchange

1963 Started overseas operations (Honduras)

1972 Listed on the First Section of the Tokyo Stock Exchange



Engineering works adopting shield method

1980~

1982 Entered the SI business

1986 Entered the environment business (Water treatment)



Sewage treatment facilities using a bio-module system

1990~

1991 Changed company name to KYOWA EXEO CORPORATION

1998 Entered into the NI business.

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

1988

Net Sales:
¥100.0 Billion

1974

Net Sales:
¥50.0 Billion

Leap Period

Reform Period

Entered other businesses in the pursuit of business expansion.

Foundation Period

Under the trade name of Kyowa Densetsu Kaisha, Ltd., contributed to the development of telecommunication facilities in line with Cooperation and Harmonization.



2017
Net Sales:
¥312.6 Billion

Fiscal 2020 Targets

Net Sales	Operating income
¥400 Billion	¥30 Billion

Milestones of the KYOWA EXEO Group

New Foundation Period

Focusing Group strengths to take total solutions to a new growth stage.

2006
Net Sales:
¥300.0 Billion

Growth Period

Moved toward further growth in the 21st century.

Under the name of KYOWA EXEO CORPORATION, broke the mold and continually ventured out to address new challenges

2000~

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

2016~

- 2016** Announced the Medium-Term Management Plan (FY2016–FY2020).
- 2016** Began full-scale operations in the Geo Solution Field (e.g., mesh network beacons).
- 2016** Began full-scale operations in the New Energy Field (e.g., “Energy Viewer”).
- 2017** Opened the MX Center for Excellence, a training center of MG EXEO Network Inc. in the Philippines.

Enhanced Collaboration in the ICT Solutions Field.

- 2017** Entered capital and business alliance with Nextgen, Inc.
- 2017** Started strategic collaboration with CA Technologies.
- 2017** The Company's total services to support customers' installation of the “Skype for Business” communication platform were certified as Skype Operations Framework (SOF)–compliant.
- 2017** Started strategic collaboration with SecondXight, Inc.
- 2017** Entered capital and business alliance with Phone Appli Inc.

- 2018** Started a joint venture business in Thailand. Established EXEO ASIA COMPANY LIMITED.
- 2018** Awarded the FY 2017 Grand Prize for Excellence in Energy Efficiency and Conservation (Chairman Prize for ECCJ in the Product Category & Business Model Category).
- 2018** Announced a management integration with C-CUBE Corporation, Seibu Electric Industry Co., Ltd. and NIPPON DENTSU CO., LTD.

Appearance of the training center opened in the Philippines



Kick-Off Ceremony of EXEO ASIA COMPANY LIMITED
From left, Mr. Otsubo (Director and Managing Operating Officer of KYOWA EXEO CORPORATION), Mr. Kusumoto (President and CEO of Net Chart Japan Inc.), Mr. Pitak Numsapanan (President of Millennium Plus One Co., Ltd.), Mr. Miyazawa (Chief Operating Officer of KDTS Co., Ltd.) and Mr. Nobutani (Managing Director of S.E.C.T. COMPANY LIMITED)



Announcement of management integration
From left, Mr. Hashimoto (President of C-CUBE Corporation), Mr. Kozono (President of KYOWA EXEO CORPORATION), Mr. Kumamoto (President of Seibu Electric Industry Co., Ltd.) and Mr. Ue (President of NIPPON DENTSU CO., LTD.)





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.



Building a better, brighter future together

KYOWA EXEO aims to be a true “ICT Innovation & Engineering Company.”

Fuminori Kozono
President
KYOWA EXEO CORPORATION

小園 文典

Contributing to the Sustainable Growth of Society

In recent years, the roles to be undertaken by companies for international issues such as the preservation of the global environment and respect for human rights have become increasingly important.

Taking such social trends into consideration, we aim to create value jointly with society and achieve sustainable growth by identifying and accommodating important issues for our stakeholders and the KYOWA EXEO Group in terms of the environment, society and governance (ESG).

Moreover, bearing in mind the Sustainable Development Goals (SDGs), which were adopted by the United Nations in 2015, we will perform its corporate social responsibility (CSR) through its primary businesses.

Business Results for Fiscal 2017

For fiscal 2017, we enjoyed an increase in net sales due to considerable growth in the receipt of orders from the urban infrastructure business and the accelerated completion of abundant works that had been carried forward

from the previous fiscal year in the respective segments. We also engaged in cost-cutting and other efficiency improvement efforts, enabling us to attain record-high operating income for the second consecutive year.

In the telecommunications infrastructure business, we mainly strove to expand facility management operations despite the downward tendency seen in the growth of fixed telecommunications-related optical line connection works. Moreover, in mobile telecommunications-related works, we promoted the reinforcement and improvement of wireless phone base stations centering on major urban areas for the new 4G frequency band to address the increasing volume of traffic.

In the urban infrastructure business, given various investments by the government and municipalities, as well as redevelopment projects in the Tokyo metropolitan area, which were actively executed throughout the year, we addressed large-scale projects including construction works for solar power generation facilities, the electrical equipment installation works for large-scale buildings and the installation works for highway telecommunications facilities.

In the system solutions business, we worked to expand new businesses such as Business Process Man-



agement (BPM) solutions against a background of vigorous ICT-related investments along with the arrival of a full-fledged IoT era.

As a result, for fiscal 2017, the Group recorded orders received amounting to ¥325.0 billion (flat year over year) and achieved consolidated net sales of ¥312.6 billion (up 5% year over year) and operating income of ¥25.6 billion (up 23% year over year).

Tasks Addressed and Achievements in Fiscal 2017

Under the Group's vision of the medium-term management plan (fiscal 2016 to 2020), "Focus Group strengths to take total solutions to a new growth stage," we endeavored to increase the earning power of the core telecommunications infrastructure business through the complete execution of efficiency improvement efforts. We also made efforts to restructure our business portfolio by expanding the urban infrastructure and system solutions businesses, both of which are growth engines, through the combined use of existing technologies and services in a unified manner across the Group.

Regarding the system solutions business on which we have focused for several years, we promoted aggressive marketing efforts in the solution fields of New Energy, Geo Solution, Cloud Security and Global. In the New Energy field, the "Energy Viewer," of which services are

provided in cooperation with Tepco Customer Service Corporation Limited, was awarded the FY 2017 Grand Prize for Excellence in Energy Efficiency and Conservation (Chairman Prize for ECCJ in the Product Category & Business Model Category), which is supported by the Ministry of Economy, Trade and Industry. In the Geo Solution field, we exhibited several advanced cases of indoor positioning sensor network applications utilizing the "EXBeacon" at trade fairs in Japan such as "CEATEC JAPAN 2017." In the Cloud Security field, we have been certified as a partner (vendor) in Japan that provides support for installing Microsoft Japan's "Skype for Business" communication platform for corporations. In the Global field, we established EXEO ASIA COMPANY LIMITED, a joint venture, in January 2018 in Thailand, which will start the ICT solution business in this country. Favorable effects of these activities in the respective solution fields have been emerging gradually.

Moreover, we proactively addressed diverse measures to enhance productivity as well as promote work style reforms. We also implemented the sharing of in-house system platforms via the modularization and/or digitization of business processes, as well as telework using ICT.

By the way, we have fantastic news. At the 44th World Skills Competition held in October 2017 in Abu Dhabi in the United Arab Emirates, Mr. Yoshiaki Shimizu, our employee, won a gold medal as a representative from Japan in the information network cabling category.



He was the fifth gold medalist of the Company at this international competition, showing excellent performance that proved our high technological capabilities to the world. KYOWA EXEO will continue to develop talented engineers and contribute to society with its high-quality construction technologies.

Outlook for Fiscal 2018

We plan to achieve record-high profits in fiscal 2018 for the third consecutive year.

In the telecommunications infrastructure business, telecommunications carriers are expected to continue to curtail their capital investments. In such an adverse business climate, as for fixed telecommunications-related investments, we will further address enhancing our cost competitiveness by radically reviewing the Group formation and other measures. As for mobile telecommunications-related works, we will strive to ensure stable profits by efficiently completing abundant works that have been carried forward relative to the reinforcement and improvement of wireless phone base stations for the 4G frequency band mainly in urban areas.

In the urban infrastructure business, active investments are expected to continue in preparation for the Tokyo Olympic and Paralympic Games to be held in 2020, including several redevelopment projects in the Tokyo metropolitan area and various investments by municipalities and other entities. Under such circumstances, demand growth is expected for such works as large electrical equipment installation; countermeasures for 700-MHz reception difficulty in digital terrestrial television; maintenance of disaster prevention and adminis-

trative radio systems; and the undergrounding of power cables. We will therefore focus on receiving orders in our areas of expertise.

In the system solutions business, considering that ICT-related investments are expected to become increasingly active in line with expansion of IoT, we will develop advanced ICT engineers. We will also promote aggressive marketing activities in the SI business such as BPM and other respective solution fields (New Energy, Geo Solution, Cloud Security and Global) to ensure the provision of high-value-added services to customers.

Furthermore, we will continue to positively address the enhancement of productivity and work style reforms, as well as improve the efficiency of business operations utilizing Robotic Process Automation (RPA) and implementing new work styles.

Meanwhile, we announced a management integration with three other companies in the same trade in western Japan when the annual financial results for fiscal 2017 were announced in May 2018. To ensure the medium- and long-term growth of the Group, it is essential to not only promote the existing businesses but also expand into the peripheral business areas for which our accumulated technological expertise can be utilized. To achieve that, we will actively consider M&A opportunities where synergies can be anticipated in the respective businesses.

While identifying business fields with future 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.



Management Integration with Three Other Companies in the Same Trade in Western Japan.

As of October 1, 2018, the Company intends to conduct a management integration with C-CUBE Corporation, Seibu Electric Industry Co., Ltd., and NIPPON DENTSU CO., LTD.

Cooperation with the three business partners started in 2016 for telecommunication facilities works ordered by the NTT Group in western Japan for order-receiving activities in the form of a joint venture. Given the declining amount of capital investments relative to the NTT Group's fixed telecommunications business, we reached a common understanding that, to utilize the strengths of the four companies while flexibly responding to changes in the business environment, it is necessary for the parties to promote the sharing of management resources and establish a construction system with higher productivity adaptable to diversifying customer needs. The four companies thus determined to execute the management integration.

In the telecommunications infrastructure business, expected synergies include works for fixed- and mobile-composite 5G-compliant communications, which are requested by customers, that can be deployed nationwide and the development of a more effective construction system to cope with the decline in future work volume and a shrinking workforce by consolidating the management resources of the four companies.


In the urban infrastructure business, coverage of the Chubu and Kyushu regions, where the Company's business foundation was weak, will allow us to establish substantially one-stop construction and maintenance systems throughout the country. We believe this initiative will enable us to pursue further business expansion through the combination of the delivery channels of our respective partners and the construction systems at all the Group companies.

In the system solutions business, in addition to collaboration in the IBM-related business, which is a common strength of NIPPON DENTSU and the Business Solutions Headquarters of the Company, we believe the management integration could bring about a big opportunity to develop the system solutions business as the second pillar of the KYOWA EXEO Group, including the cross-selling of solution materials specific to the respective companies within the Group.

Furthermore, we recognize that it will be necessary to improve productivity, reduce indirect costs and structure a leaner management system with measures such as the unification of business flows, the integration of indirect operations and the commonization of information systems.

Distributing returns to shareholders

The KYOWA EXEO Group regards profit distribution to shareholders as an important managerial issue and has

			
Company name	C-CUBE Corporation	Seibu Electric Industry Co., Ltd.	NIPPON DENTSU CO., LTD.
Established	14 May, 1954	3 Jul, 1947	22 Oct, 1947
Paid-in capital	¥4,100 million	¥1,600 million	¥1,493.93 million
Representatives	President: Wataru Hashimoto	President: Toshihiko Kumamoto	Chairman and President: Toshiro Ue
Head Office	1-51, Monzen-cho, Naka-ku, Nagoya-shi, Aichi	7-1, Hakataekihigashi 3-chome, Hakata-ku, Fukuoka-shi, Fukuoka	21-1, Isoji 2-chome, Minato-ku, Osaka-shi, Osaka
Business details	<ul style="list-style-type: none"> Telecommunications construction business Information service business 	<ul style="list-style-type: none"> Telecommunications engineering business Solution business Others 	<ul style="list-style-type: none"> Telecommunications facilities engineering business ICT solution business
Net sales (FY17)	¥59.8 billion	¥54.1 billion	¥37.8 billion
Number of employees (as of March 31, 2018)	1,916	1,268	909



a basic policy of ensuring 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 2017 was ¥50.

We have also decided to increase the annual dividend per share effective from fiscal 2018, with 3.5% of the DOE as the benchmark percentage. Consequently, we plan to set the annual dividend per share for fiscal 2018 at ¥64 (an interim dividend per share of ¥32 and a year-end dividend per share of ¥32). As the management integration is scheduled to be conducted as of October 1, 2018, the year-end dividend will be distributed based on the total of the Company's shareholders' equity and that of the other three companies in the management integration. We will inform you of this issue as soon as the amount thereof is determined.

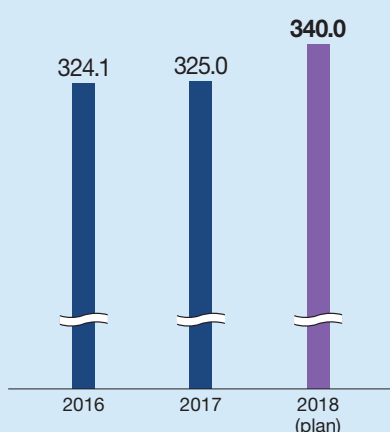
Regarding the purchase of treasury shares, we make it a policy to flexibly conduct purchases in view of cash flows and market conditions and plan to purchase ¥3.0 billion during the first half of fiscal 2018.

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).

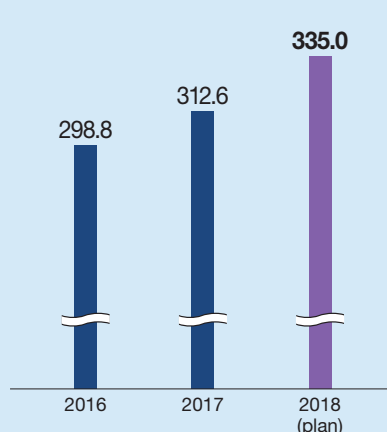
Establishing a continuous cycle that starts with raising the awareness of employees, which activates the organization and leads to offering services appreciated by customers and better business performance, will result in the distribution of higher profits to shareholders. We will strive to enhance corporate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

Operation highlight

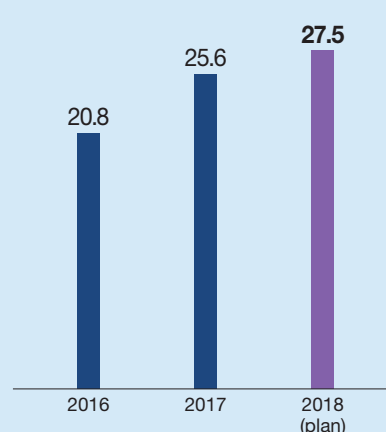
Orders received (¥billion)



Net sales (¥billion)



Operating income (¥billion)

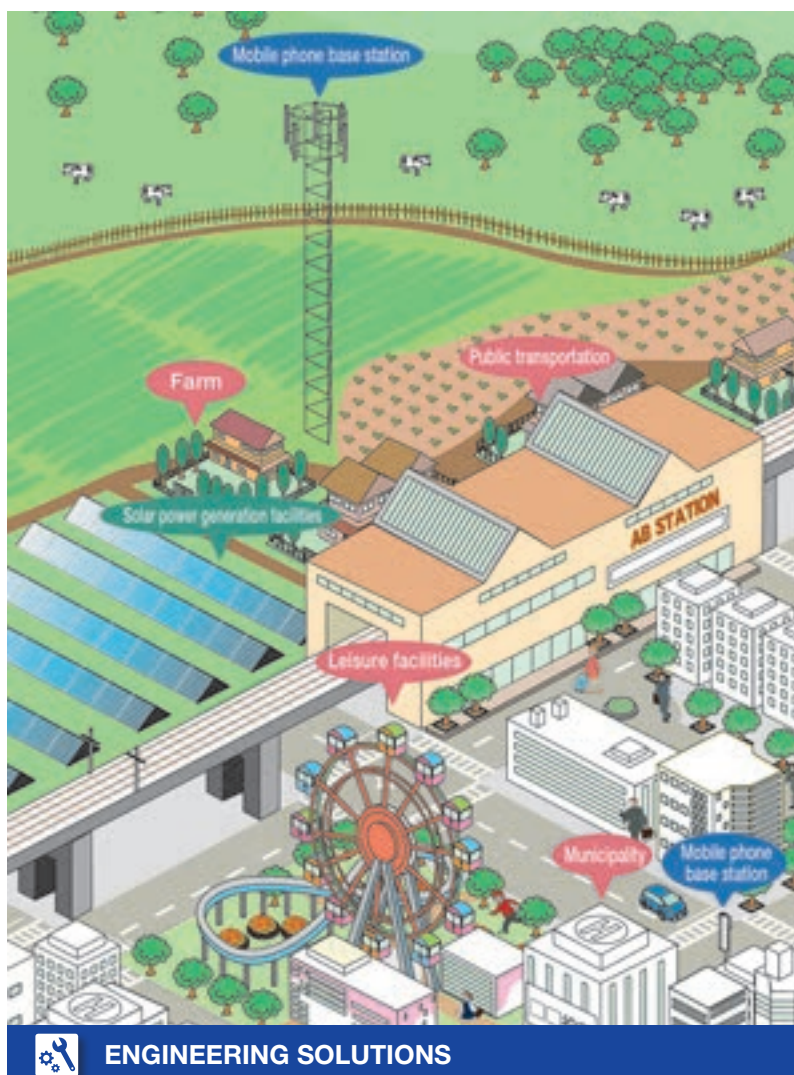


Note: Regarding the "2018 (plan)," the effects of the Company's management integration with C-CUBE Corporation, Seibu Electric Industry Co., Ltd. and NIPPON DENTSU CO., LTD., which is scheduled to be conducted as of October 1, 2018, on the relevant figures are not taken into consideration.



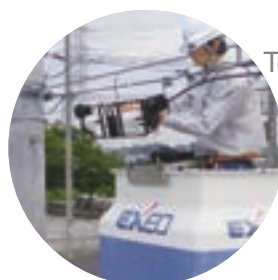
Linking all Communications. We Contribute to Creating an Affluent Society with Two Types of Solutions.

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 provides the establishment, operation and maintenance of telecommunication network systems for corporations from establishing LAN/WANs to cloud services, and the system integration (SI) field, which is establishing systems for corporations such as telecommunications carriers, financial institutions and manufacturers.

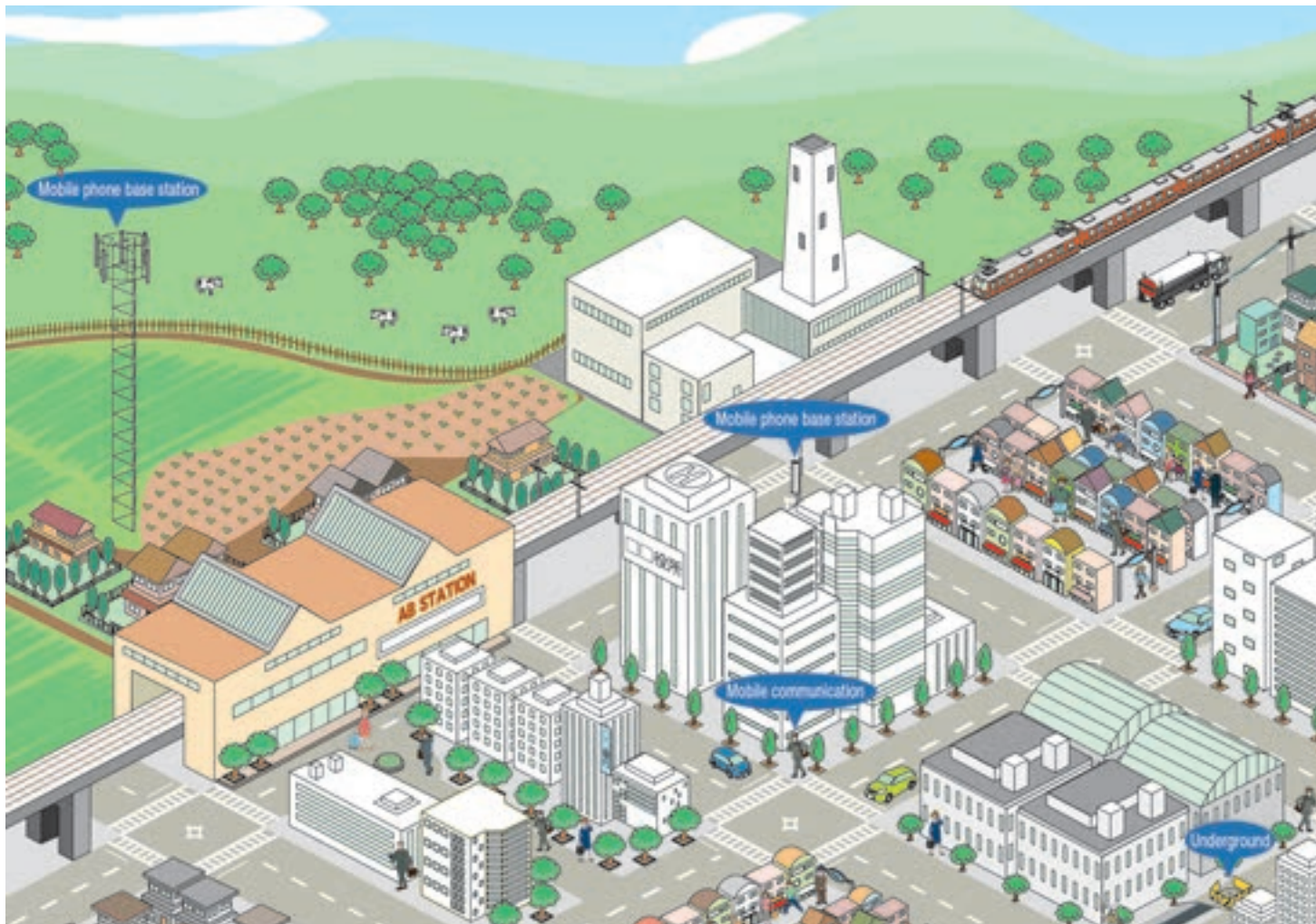


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ENGINEERING
SOLUTION

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 five gold medals at the World Skills Competition, are supporting the ever-evolving information communications age.

**Network engineering:**

We inspect, design, build, monitor and operate networks 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

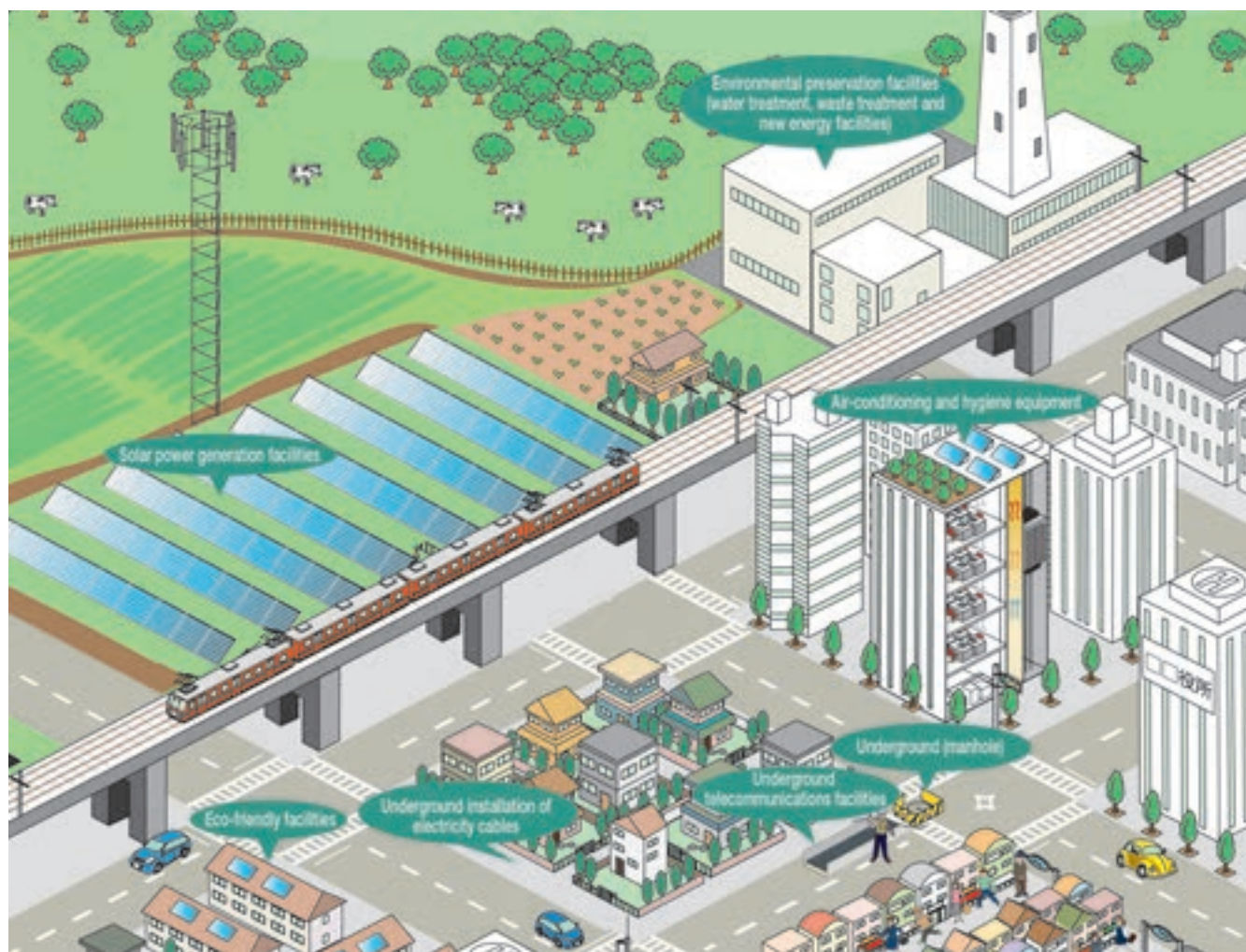
Michio Sagawa, an employee of the Company, was recognized in 2015 by the Ministry of Health, Labor and Welfare as an outstanding skilled worker (master craftsman), in appreciation of his years of involvement in the wiring and installation works for information and communications facilities, which contributed 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.



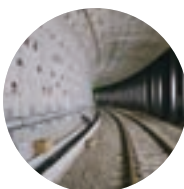
Contributing to the development of the information and communications industries overseas

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 solutions drawing on ICT technologies, including network system engineering collaborated with cloud technology and services, as well as wireless LAN solutions, video solutions and IoT solutions utilizing mesh network beacons.



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, through the combination of optimal solutions.



Global

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 established in 1991. In addition, EXEO ASIA COMPANY LIMITED, a Thai-based consolidated subsidiary of the Company, was established in January 2018 to provide local Japanese-affiliated corporations with ICT solutions.



(Major solutions) ● Integrated cloud engineering ● Unified telephone communication systems ● Network and server solutions
 ● Security solutions ● Wireless LAN solutions ● Monitoring camera and video solutions ● EXBeacon solutions
 ● IoT and sensing solutions ● Energy conservation and smart energy solutions ● Disaster prevention/mitigation and disaster response solutions
 ● Home network solutions ● Operation, monitoring and maintenance services ● Business improvement solutions process analysis, BPM and RPM
 ● System Of Engagement (SoE) solutions ESB, ETL and API ● Development and operation efficiency improvement solutions DevOps
 ● Monitoring solutions NW, servers and applications ● Business support solutions MS-D365, MS-O365, AI ● Cloud PBX solutions



KYOWA EXEO Group Structure

(As of July 1, 2018)

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.

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 an 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 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

Under its management philosophy of “Link Technologies, Advances Together with Communities and Create the Future,” Daiwa Densetsu Corporation endeavors to link people and society with its advanced technologies cultivated with confidence over long years and engages in business operations together with local communities as a Tohoku-based company. Its scope of business ranges from the installation of various facilities to system design and operation, including the construction of social infrastructure in the fields of telecommunications works, civil engineering, electricity and mobile; the development of the NUTRIMATE food service management system, which boasts a high market share among hospitals nationwide; and proposals for ICT solutions. We will create value for the future in all fields, such as disaster prevention, welfare, medical care, health, education, agriculture and energy, as a total solutions provider that contributes to society.

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





Installation of a monitoring camera



NUTRIMATE food service management system

26 Other Consolidated Subsidiaries

	Access engineering	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., Sigma Co., Ltd.
	Civil engineering	Exeo Infra Corporation, Infratechno Corporation
	Networks	Exeo Network Corporation
	Mobile telecommunications	Exeo Mobile Corporation, Toho Communications Co., Ltd., Yuaituken Corporation, Kyoei Densetsu Kogyo Corporation, Densetsu Co., Ltd.
	IT	ACCRESO CO., LTD., ICOMSYSTECH CO., Ltd., ADVANCED INFORMATION DESIGN Co., Ltd.)
	Other	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: 10 nonconsolidated subsidiaries and 11 affiliates



Overview of Group Companies



Access engineering

Suncrex Corporation

Suncrex Corporation was founded in 1964, but the current company was established through a merger of three companies in July 2003. Bearing in mind the creation and growth concepts inscribed in the company name, all our employees attend to their business with diligence. Under the KYOWA EXEO Group's vision of the medium-term management plan, "Focus Group strengths to take total solutions to a new growth stage," we will strive to be "a company that can accommodate any and every customer request." Such initiatives include works for access engineering communication lines and works inside of houses, which comprise our core business; the construction work of information communications facilities and equipment relative to NCC-related works, railway telecommunications, LAN wiring and/or system development; the solar power generation facilities-related business; and participation in the 5G-compliant mobile telecommunications-related business.



Access engineering

MG EXEO Network Inc.

MG EXEO Network Inc. was established as a local joint venture of the KYOWA EXEO Group in May 1991. It has engaged consistently in the telecommunications infrastructure construction business in the Philippines and celebrates its 27th anniversary this year. We opened its training center in May 2017 to address training for design/construction technologies and safety so that local employees can improve their technological capabilities. Furthermore, twice every year, several Philippine employees are dispatched to Japan for the training of promising employees and railway telecommunications training. The selected participants learn about the Group's high technological capabilities in Japan and continue to take on challenges in new business fields, thereby contributing to development in the Philippines.



IT

ACCRESO CO., LTD.

ACCRESO CO., LTD. offers consistent services ranging from development to installation, operation and maintenance in all domains from network to applications in the ICT solution field. Our around-the-clock operation and maintenance services support customers seamlessly every day. Our network services support the operation, monitoring and maintenance of customer networks ranging from their information communications infrastructure to PBXs and terminals. As for applications, we totally support customer requirement definitions, design, development and maintenance in a wide range of fields. "ACCRESO" derives from a Latin term meaning "increase" and "getting big or grow." We will strive for continuous business growth by newly taking on challenges in the ICT field.



Mobile telecommunications

Exeo Mobile Corporation

Exeo Mobile Corporation's primary objective is to provide customers with the safe and high-quality design, construction and maintenance of mobile telecommunications facilities and equipment at all times. To this end, we are developing and reinforcing employees with multiple skills and management capabilities. In addition, as a Group company that has several branches and technology centers in all corners of the country, we have established a nationwide one-stop construction management system in collaboration with the mobile-related departments/sections of KYOWA EXEO's Head Office and branch offices. We will also develop a flexible operating system relative to the number of our works under way and promote business improvement reforms to steadily achieve our business plans through enhanced productivity.



Mobile telecommunications

Denseisha Co., Ltd.

Denseisha Co., Ltd. was founded in 1920 for the electrical works business. After joining the KYOWA EXEO Group through subsequent changes, we early entered the software development business based on our electricity and telecommunications engineering services. Positioning the three fields of electrical works, telecommunications infrastructure works and software development as mainstay pillars, we have become a powerful ICT-related corporation. We will continue to take on the challenge of being a choice company by creating an optimal relationship between people and technology and contributing to society under the management philosophy of "Ingenuity, Sincerity and Enthusiasm."



Other

Exeo Butsuryuu Service Corporation

Exeo Butsuryuu Service Corporation's basic principles are "Change toward an active organization" and "Challenge to new initiatives." According to these principles, we pursue a variety of initiatives such as

- 1) realizing simplified operations via automatic office processing utilizing RPA
- 2) pushing forward with the expansion of trial businesses such as the operation for work-related goods at the NTT DOCOMO Operations Headquarters of KYOWA EXEO
- 3) exploring a new business utilizing the Shin-kiba Logistics Center effectively,

By implementing these measures in the pursuit of cost reduction for the Group's procurement of materials, we will continue to take on the challenges as a member of Team EXEO.

KYOWA EXEO will contribute to the resolution of social issues through its

The KYOWA EXEO Group's corporate philosophy includes cultivating technological capabilities, to society. Under this philosophy and with its technological capabilities as a driver of growth, the now, while reflecting the needs of the times. The Group's technological capabilities now contribute social issues at home and abroad. The KYOWA EXEO Group will continue to address social issues businesses, thereby achieving sustainable growth with society.

Major social issues:

- Global warming
- Labor shortage due to the decline in domestic population
- 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.

Telecommunications Infrastructure

Help realize a highly advanced ICT society through our telecommunications infrastructure business

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



Urban infrastructure

Help realize a society where safety and security are ensured through our urban infrastructure business

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



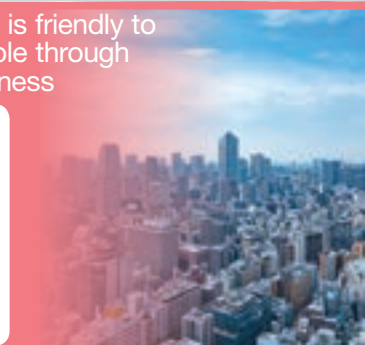
System Solutions

Help realize a society that is friendly to the environment and people through our system solutions business

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



Human Resources Are Our Chief Asset

KYOWA EXEO contributes to society through its high technological capabilities, which are underpinned by its excellent human resources.

Therefore, we regard human resources as a chief asset, and set as a principle that excellent human resources should be acquired and developed along with a conducive working environment for our employees.



businesses (technologies) and strive for sustainable growth with society.

seeking affluence and contributing
Group has grown to be the way it is
significantly to the resolution of
and help solve them through its

Value offered for society:

- Convenient and affluent life
- Safe and secure society
- Green-rich Earth
- Contribution to technological development
- Creation of highly productive employment opportunities
- Support for restoration of disaster-afflicted areas
- More disaster-resilient infrastructure
- Enhancement of energy efficiency

Provision of value to various stakeholders

Society

Shareholders and investors

Customers

Employees

Important issues for the KYOWA EXEO Group to achieve sustainable growth

Developing human resources / developing and handing down technologies

KYOWA EXEO Group's
Technological Capabilities

Human resources
as a chief asset

Special Feature 1

Extending Japanese Technologies to the World

[Go to P.23](#)

Special Feature 2

Resolving Social Issues by Gathering Various Technologies Together

[Go to P.25](#)

Special Feature 3

Respect of Diversity and Promoting Equal Opportunities

[Go to P.27](#)

KYOWA EXEO's global sustainable contribution activities

According to the OECD's "Economic Outlook for Southeast Asia, China and India 2018," ASEAN countries are poised to maintain its growth momentum, averaging 5.2% per year from 2018 to 2022, backed by robust domestic consumption and investment, as well as a strong trade rebound. Meanwhile, the 2018 report focuses on fostering economic growth through digitalization and suggests that increasing the number of Internet users and improving infrastructure in every member country are important prerequisites for ASEAN's sustainable growth.

The KYOWA EXEO Group has developed its global business to contribute to ensuring the comfortable lives of people worldwide by making sophisticated "Japan Quality" technologies rooted in local communities. Pivoting around our overseas base in the Philippines, where high growth rate among ASEAN countries has continued to be seen, and celebrating its 27th anniversary this year, we are nurturing ICT-related engineers in that country and developing globally prepared human resources who can safely install and manage safe, secure and high-quality telecommunications infrastructure not only in the Philippines but also in other Southeast Asian countries that urgently need such infrastructure. Leveraging our technological capabilities and human resources nurtured in Japan, we will further contribute to creating a better society worldwide by developing telecommunications infrastructure that can fully demonstrates the performance of Japanese information and communications products and excellent human resources capable of independently installing and managing such infrastructure.

Contribution to the international community through MG EXEO's business activities



Masayuki Tomita

Operational Manager, Global Business Promotion Section,
Solutions Promotion Department, ICT Solutions Headquarters

MG EXEO contributing to the improvement of the livelihood of the Philippine people

MG EXEO was established in 1991 as a local joint venture of the KYOWA EXEO Group, which undertakes telecommunications facilities works in the Philippines by drawing on sophisticated, Japan Quality facilities technologies. Becoming a consolidated subsidiary of the Company in 2012, it mainly undertakes facilities works for leading telecommunications carriers in the Philippines. In May 2014, MG EXEO received an order for works for comprehensive services including new installation and renovation of indoor wiring for households and offices, as well as maintenance and management of relevant outdoor wiring and facilities, reinforcement and/or repair works from PLDT Inc., a leading telecommunications carrier in that country. As described above, MG EXEO's business operations have expanded successfully. At present, MG EXEO has seven Japanese employees and more than 900 Philippine employees. MG EXEO continuously intends to contribute to improving the livelihood of people through its commitment to the telecommunications infrastructure construction business.

Making Japan Quality, which EXEO boasts of, rooted in Southeast Asia

MG EXEO has focused on the development of Philippine engineers, human resources as a chief asset. For example, KYOWA EXEO has dispatched Japanese engineers whose skill level is among the world's top-rated to MG EXEO to upgrade the skill level of its engineers. In May 2017, its training center was completed, providing a working environment to hand down Japan Quality technologies to local engineers through consistent, comprehensive education on safety knowledge and operational ethics and the mastery of practical skills, all of which are necessary for the onsite operations of telecommunications works. We have been highly acclaimed from an executive of a local partner company, an investor in MG EXEO. He commented that promoting the "Technology" and "Safety and Security" concepts, which represent the essence of Japan Quality, should inevitably contribute to Philippine industrial development. In the future, Philippine engineers as trainers will be able to develop useful human resources who have the potential to independently install and manage high-quality telecommunications infrastructure.



Improving technology levels to become the world's best

Michio Sagawa (right)

Facility Manager, Central Engineering Training Center and Master Craftsman, Engineering Planning Section, Cable Engineering Department

Takashi Tamiya (left)

Section Manager, Engineering Planning Section, Cable Engineering Department, Section Manager, Business Promotion Section and in Charge of Human Resources Development, Human Resources Division



Won a gold medal at the World Skills Competition for the first time in three events.

KYOWA EXEO has made efforts to strengthen and improve its technological capabilities and human resources development to provide high-quality works for the installation of information and communications networks including the laying of optical fiber cable networks. In October 2017, at the 44th World Skills Competition held in Abu Dhabi in the United Arab Emirates, Mr. Yoshiaki Shimizu, who participated as a representative from Japan in the information network cabling category, won a gold medal.

The World Skills Competition is held biennially to encourage representative youth from different countries or regions to compete using their technical skills to promote occupational training and skill enhancement in the participating countries/regions, as well as to encourage international exchange and goodwill among young skilled workers. The National Skills Competition of Japan, which is the domestic competition, is held each year in preparation for the biennial World Skills Competition. As the national competition is limited to youth participation with an age limitation on entry qualification, Mr. Shimizu competed at his last opportunity given that he will age out. Participants have only one chance to enter the World Skills Competition. Our employee's entry

in the World Skills Competition was our first entrant following a five-year absence. During the period from the 38th World Skills Competition when the information network cabling category was newly established, through the 41st, our employees won gold medals in this category for four consecutive events. Although Mr. Shimizu must have been stressed by the heavy peer pressure psychologically, he demonstrated his self-confidence having won the intense national competition, exhibiting fantastic skills accumulated via routine operations and the effects of harsh, repeated training, accomplishing impressive feat of winning a gold medal. He was also awarded the Prime Minister's Prize in the Monozukuri Nippon Grand Awards.

Medalists getting involved in technological contributions in Japan and abroad

Like other senior employee medalists, Mr. Shimizu is committed to improving the technical skills of young employees serving as a trainer who helps develop entrants for the Skills Competitions, as well as Philippine engineers of MG EXEO. The training for nurturing competition entrants is done at a corner of the Central Engineering Training Center where new employees receive the initial technical training after joining the Company. Easy access to the entrants and medalists of the Skills Competition has helped to stimulate and motivate new employees. Moreover, the medalists lecture and appear on talk shows at their alma mater and/or vocational technical schools, during which a major theme is the circumstances under which they won the gold medal and creating interest among young people to become engineers. In addition, they sometimes go abroad as trainers when requested for technical guidance and/or training, thereby enhancing the Company's international technological contribution. Some of the former medalists, after serving as trainers, help to raise the technological capabilities of younger engineers at construction sites by demonstrating their excellent onsite capabilities.

KYOWA EXEO will continue to strengthen its technological capabilities and develop excellent young engineers through their entry in the World Skills Competition, as part of its social contribution.



Mr. Yoshiaki Shimizu

Resolving Social Issues through IoT Technologies

At the Davos Forum 2017, an annual assembly of the World Economic Forum, a primary agenda item was the “4th Industrial Revolution,” in which all things are connected to Internet via “IoT,” and a variety of enormous data accumulated via this mechanism are analyzed using AI systems for the development of new products and services. The Forum confirmed that the Internet, or a globally common infrastructure, is an engine that has changed the existence of all social infrastructure and discussed the necessity of cutting-edge technologies that allow the coexistence of sustainability and an industrial revolution, given such concerns as the huge consumption of electric power to operate the Internet.

The KYOWA EXEO Group has started the provision of the “EXBeacon Platform” (an IoT platform)-based solutions to collect positioning data on people and things and a variety of sensor data using “EXBeacon” (mesh network beacons), which employ Bluetooth Mesh specifications. In addition, we have implemented a full-scale operation of the “EnergyViewer,” to enable smart and complete energy management utilizing IT separate from the previous patience-type energy conservation. We will continue to take on the challenge of resolving various social issues through our accumulated technologies, toward a society where people can live comfortably in an affluent manner.



Shingo Fujishima (right)

Assistant Manager, Geo Solution Promotion
Section, Solutions Promotion Department,
ICT Solutions Headquarters

Takahiro Aoki (center)

WHERE, Inc.
General Manager of administration section

Mr. Yasuhiro Shinozaki (left)

Qualcomm CDMA Technologies
Senior Manager, Marketing

“EXBeacon Platform,” of which future possibilities are expected as an IoT network

Developed “EXBeacon” (mesh network beacons)

In cooperation with WHERE, Inc., a subsidiary of the Group, and Qualcomm, Inc., KYOWA EXEO originally developed “EXBeacon,” or a mesh network beacon (terminal) that adopted CSRMESH, the so-called prototype of BluetoothMesh being Bluetooth’s new specifications. “EXBeacon” allows beacon terminals, which are small-power transmitters of identifying signals, to be equipped with transmitting and receiving functions. With this unique feature, “EXBeacon” is expected to be broadly recognized as an indoor positioning infrastructure to measure the positions of people and things, or as a sensor network to concentrate a variety of sensor data, and further as a “EXBeacon Platform” being a basic unit of the IoT network to enable centralized management of the failures and/or the remaining battery level of each beacon.

Demonstration experiment at FARET TACHIKAWA ART that extends an area of 5.9 hectares

FARET TACHIKAWA ART is a public art exhibition space established in a business zone near the Tachikawa-Kita Station of the Tama Monorail with the cooperation of 92 artists from 36 countries. Tachikawa City, KYOWA EXEO and WHERE conducted Japan’s first demonstration experiments to verify the practical utility of remote control and centralized management with regard to the production of guide applications utilizing beacons and the addition of the intercommunicative function on beacons (mesh network beacons) of which separate management had been previously necessary.

“EnergyViewer,” a next-generation energy conservation system, that opened the door to smart energy management

EnergyViewer was awarded the FY 2017 Grand Prize for Excellence in Energy Efficiency and Conservation



Takanori Akutsu

Manager, New Energy
Promotion Department,
ICT Solutions Headquarters

Awarded the Grand Prize for Excellence in Energy Efficiency and Conservation (Chairman Prize for ECCJ in the Product Category & Business Model Category).

TCS's Energy Management Service (EMS), a unique energy conservation service utilizing IoT, which was produced from the collaboration with Tepco Customer Service Corporation Limited, was awarded the FY 2017 Grand Prize for Excellence in Energy Efficiency and Conservation (Chairman Prize for ECCJ in the Product Category & Business Model Category). KYOWA EXEO's “EnergyViewer” technology is employed for this service.

The power consumption of air-conditioning equipment is said to account for 30%–40% of electricity usage. The EnergyViewer is an energy conservation system that enables energy conservation for air-conditioning equipment through remote control from a cloud-type platform by connecting IoT devices such as temperature sensors. The system was originally developed by KYOWA EXEO, and was first implemented at the Head Office of KYOWA EXEO in January 2018 followed by other Group companies.

In the future, we will extend our business from simple energy conservation to raising special value by promoting the introduction of the IoT system capable of monitoring/controlling indoor environmental factors other than temperature, with the EnergyViewer's application as a platform, as well as by enhancing control automation drawing on AI and/or the deep learning method.

EnergyViewer helps create affluent environments with small amounts of energy



Ms. Momoko Nagasaki

President of Tepco Customer Service
Corporation Limited

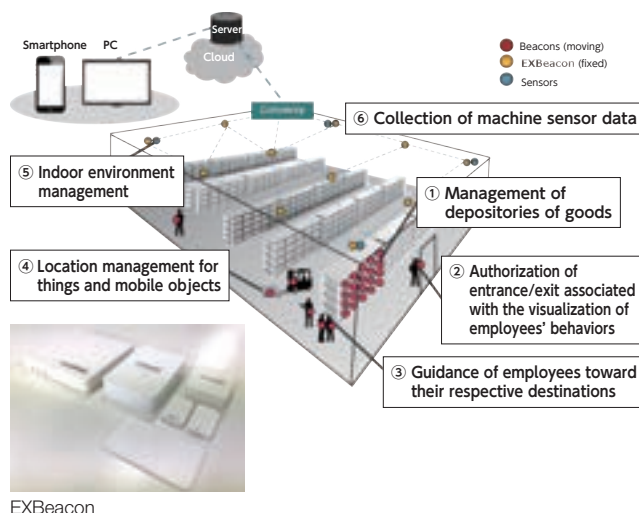
Tepco Customer Service Corporation Limited (TCS), a power retail business company, is committed to its mission of resolving social issues under the slogan of “Create affluent environments with small amounts of energy.” As a promising means to address this mission, the provision of energy conservation service is necessary. Moreover, as our major customers are small- to medium-sized business proprietors, “low cost,” “hassle-free easiness without requiring customer's engagement” and “ensuring comfort” are important conditions.

Although these requirements were difficult barriers to clear, the adoption of “EnergyViewer” enabled us to meet the requirements. Accordingly, we could complete the vital energy conservation service that satisfies and pleases many societal constituent members. At the same time, this service has become a promising added value for customers who use electricity provided by us.

I believe the effects and continuity are important relative to the energy conservation service. We intend to continue to maintain our sound partnership with KYOWA EXEO so that TCS's EMS can grow sufficiently as regards its content as a socially useful service for customers and citizens on an ongoing basis.

Contributing to the visualization of offices, factories, warehouses, construction sites and so on.

To realize work style reforms and changes of the way of working, the availability and/or usage scenes are extending, centering on the application of “visualization of the way of working” such as the recognition of each employee's presence in offices with free-address layouts; management of meeting rooms; room entrance/exit management; and management of diverse things such as keys and USBs. Moreover, the needs for visualization are expanding, encompassing the management of depositories of goods at plants and/or warehouses; the visualization of employees' behaviors; the “visualization of circumstances” such as indoor environment management and the collection of machine sensor data; gate entrance/exit management at building/construction sites; and the “visualization of fields” such as the management of the location/transfer of things. We will endeavor to create integrated services that contribute to the visualization of all things by operating simultaneously diverse applications on the “EXBeacon Platform.”



Promoting diversity with intent to create innovation and revitalize the organization

Diversity is drawing attention as the core source of executing a management strategy to raise profit-gaining capability by creating innovation and revitalizing the organization. In particular, the practice of diversity management has been required in Japan as a pillar of innovating the previous homogeneous human resources strategy, as well as of employing and retaining excellent human resources in view of shrinking workforce resulting from the declining birthrate and aging population. Against this background, the Ministry of Economy, Trade and Industry (METI) report, which was released in March 2017, presented the Action Guidelines to be followed by corporations in implementing the “Diversity 2.0” diversity management initiatives.

The KYOWA EXEO Group established the Diversity Promotion Office within the Human Resources Department in October 2016. In October 2017, we enhanced the status of the Office to the Diversity Promotion Unit and it now focuses on promoting and developing our diversity management.

As a consequence, we have carried out initiatives linked with Diversity 2.0. Such initiatives include the nurturing of a corporate culture associated with the raising of awareness of management executives and female employees; work style reforms that allow every employee including female employee to work with high levels of job satisfaction; and active participation of human resources to ensure equal opportunities.

Foreign national engineers actively participating in MG EXEO

Masayuki Tomita

Operational Manager, Global Business Promotion Section,
Solutions Promotion Department, ICT Solutions Headquarters

Touching the “EXEO Spirit” through educational training tours to Japan

KYOWA EXEO offers one-week educational training tours with MG EXEO's excellent engineers twice every year. The invited engineers are expected to address diverse matters by directly experiencing a variety of fields of KYOWA EXEO. This project started in 2014, and almost 50 employees have participated to date.

This training project intends to help the participants understand the thorough adherence of related parties of the KYO-

WA EXEO Group to Japan Quality, which involves the precise, safe and secure progress of any work, and to fully understand the EXEO Spirit, which means the respect of every employee's personality. Such educational training tours introduce routine actions or common practices in Japan, such as a variety of preparatory activities for safe work, for example, everyday morning assembly, dress check, radio gymnastic exercise and an individual group meeting, all of which are put in practice before the start of daily operations at the training center.

With these measures in place, the participants come to understand that the engineers themselves can be protected from injury or accidents by adhering to this discipline, thereby ensuring their stable earnings and livelihood. Furthermore, their acceptance and handing down of Japan Quality and the EXEO Spirit to local employees lead to enhancing loyalty to the Group and increasing the retention rate of MG EXEO's employees.

Meanwhile, there is a clear trend toward highly talented and/or motivated people gaining appointment to leadership positions regardless of gender in the Philippines. This also applies in MG EXEO. As a result, many female employees are highly motivated in a broad range of business fields not only as field execution managers or field operators but also in administrative departments such as design, general affairs and accounting, which are back-end offices to support engineers.





Diversity Promotion Unit established to further strengthen diversity management

Strengthening diversity management by assigning representatives to promote women's participation

KYOWA EXEO established the Diversity Promotion Office within the Human Resources Department in October 2016. To strengthen our diversity management, we extensively established the Diversity Promotion Unit, a new organization to reinforce our initiatives in October 2017. Since April 2018, an employee in charge of promoting the employment of persons with disabilities has been assigned as staff, forming a three-person system.

The Diversity Promotion Unit will promote its activities in line with the catchphrases of “Nurturing of the corporate culture,” “Work style reforms” and “Active participation of human resources.” As for nurturing of the corporate culture, we offer top-down awareness-raising training sessions under the direction of top management and management executives. We will thus create workplaces and a corporate culture where every employee will develop himself or herself by understanding the managerial effects and necessity that would result from the enhanced diversity and the corporate management that draws on diversified human resources.

As for “Work style reforms” and “Active participation of human resources,” led by female employees standing at the forefront, we discussed measures to promote women's participation and sharing necessary information through representatives assigned at every department and branch in February 2017 at brainstorming sessions over lunch to dialogue with top management and through company-wide support. An activity report meeting was held later in March 2018.

We will review and pick out key issues entailing some work style reforms and active participation of human resources from the viewpoint of how female employees can perform their work with enthusiasm and energy and make use of the results for future activities in subsequent years. In addition, we proceeded with some reforms toward strengthening our system to support early resumption of office of female employees at explanatory meetings on the simultaneous pursuit of raising children and taking care of the elderly while working.

Furthermore, as part of the work style reforms, we have promoted the telework scheme aimed at providing a step forward to realize more flexible ways of working and at-



Eiko Sakai (right)

Unit Leader, Diversity Promotion Unit, Human Resources Division

Takako Hamasaki (left)

Diversity Promotion Unit, Human Resources Division

tempted trials by considerably increasing the number of telework terminals. The effects of reduced working hours have emerged at fields and at several sales departments/sections, and we have modified the relevant scheme toward its full-scale implementation in the near future.

The greatest feature of the KYOWA EXEO Group's diversity promotion is that the leadership of and support by top management, as well as the development of managers and the formation of career ownership, for which the diversity of employees can be leveraged, are steadily in progress. All the objectives of our diversity promotion are just set forth in the Diversity 2.0 Action Guidelines. Diversity promotion therefore means establishing an environment that can create a new growth driver, in which innovative ideas reflecting diverse characters and values will revitalize the organization.

Our team including a female engineer was the runner-up at a skills competition

Female engineers actively involved in field operations

KYOWA EXEO's Cable Engineering Department dispatches entrants to enter various skills competitions to improve the skill levels of the respective entrants. At the skills competition sponsored by the Tokyo Division of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION, three entrants (Mses. Arimura, Matsuda and Takahashi) of Shinyei Tsushin Co., Ltd., participated and placed as the overall runners-up in the installation and maintenance field in the access engineering category. Our female engineers affiliated with the Cable Engineering Department actively participate in these skills competitions and work actively in the field. They will endeavor to meet customers' expectations by utilizing high technological capabilities in future field operations.





Performing Corporate Social Responsibility (CSR) through Its Business Activities

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.

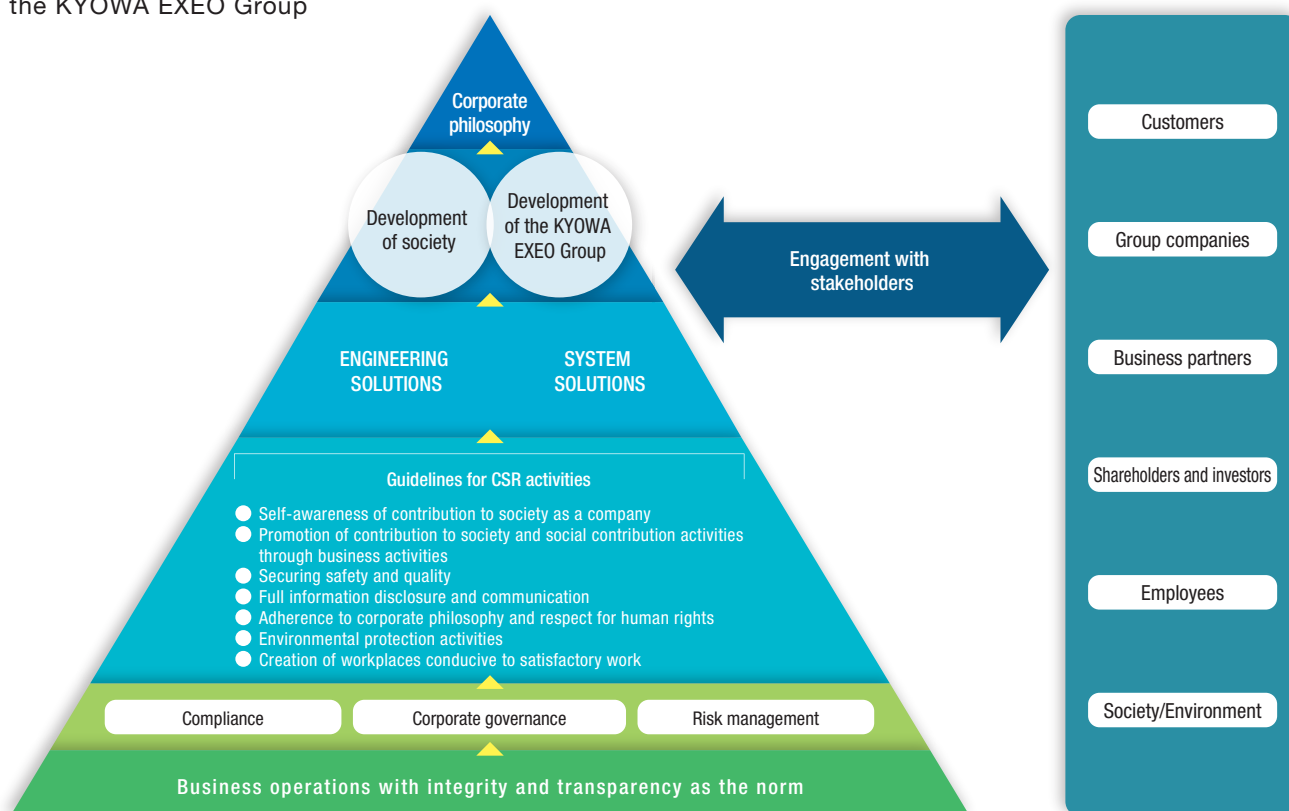
Basic CSR Policy / CSR Promotion Systems

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. To achieve this corporate philosophy, we need to have engagement* with the stakeholders of the KYOWA EXEO Group, thereby extracting issues to be solved to create a better society together. We recognize that such efforts to achieve our corporate philosophy are indeed efforts toward CSR.

We also think that CSR is something that every member of the staff should put into practice throughout the business process, rather than having a specific division responsible for CSR activities. Therefore, we launched the CSR Committee chaired by the President and, under the Committee, assigned a person in charge of CSR to every department or office and to every Group company to promote CSR activities on a Group-wide basis.

*Engagement: to discuss stakeholders' concerns, the effects of corporate activities on local communities and other various issues through opportunities created by the company's involvement with its stakeholders

CSR Structure of the KYOWA EXEO Group





Building a better, brighter future together

Continuing to be a Company Trusted by All Stakeholders

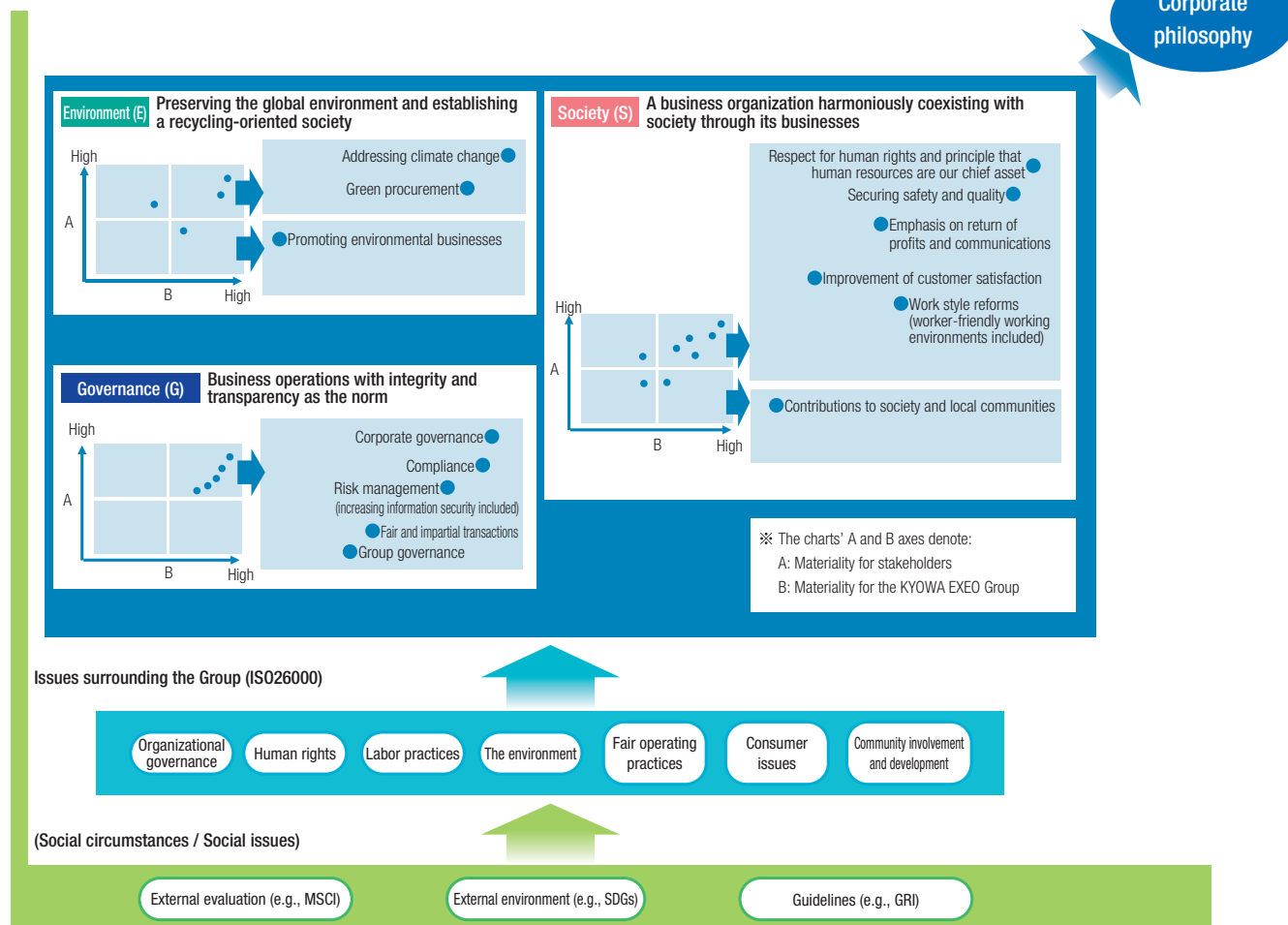
While actively striving to ensure information disclosure, the KYOWA EXEO Group will engage in proactive communication with all our stakeholders to fulfill our corporate social responsibility and create a better society together.

◆ Materiality Identification Process

The KYOWA EXEO Group has engaged in CSR activities centering on the seven core subjects set forth in the ISO26000 guidance on social responsibility. Based on these activities, to achieve further creation of value in cooperation with society and the sustainable growth of the KYOWA EXEO Group, we identified important ESG (environment, society and governance) subjects and their materiality to the Group and its stakeholders through the process described below. We will continue to promote CSR activities according to the materiality identified by implementing the PDCA (Plan-Do-Check-Act) cycle.

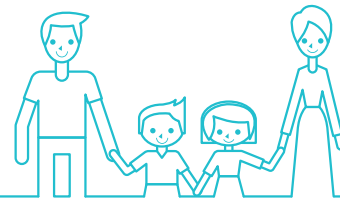


● Identification of important subjects and their materiality





ESG	Relevant stakeholders	Materiality (important subjects)		Measures to be taken
Governance	All	Reinforcement of corporate governance Promotion of compliance		Analyzing and evaluating the effectiveness of the Board of Directors
				Reviewing the corporate governance guidelines
				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
				Thorough adherence to social norms
		Appropriate risk management		Educating on and improving the awareness of laws and regulations and the Basic Ethics of the KYOWA EXEO Group through compliance-promoting activities
				Ensuring information security
				Reduction of management risk
Reinforcement of business continuity planning (BCP)				
		Enhancement of the internal controls of the Group companies		
Group companies	Reinforcement of group governance	Sharing issues with the Group companies' top executives		
Business partners	Fair and impartial transactions	Ensuring compliance with the procurement policy		
Society	Employees	Respect for human rights and principle that human resources are our chief asset Work style reforms		Respect for human rights and utilization of diversified human resources (Reinforcement of efforts to promote diversity)
				Creation of ideal working conditions (Promotion and reinforcement of work-life balance)
				Development and cultivation of human resources
	Customers	Securing safety and quality		Elimination of serious accidents (personnel and facility)
				Ensure high awareness of quality and continue education
		Improvement of customer satisfaction	Thorough management of customer satisfaction and utilization of the feedback	
	Shareholders and investors	Emphasis on return of profits and communications		Impartial, timely and appropriate information disclosure
	Society	Contribution to society and local communities Engagement in proactive information disclosure		Promotion of social contribution activities
Promotion of local community contribution activities				
Environment	All	Preserving the global environment and establishing a recycling-oriented society	Reduction of CO ₂ emissions	Reduction of power consumption
				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 green procurement	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 2017	Rating (self)	Efforts to be made in fiscal 2018	Related SDGs
<ul style="list-style-type: none"> Disclosed evaluation results on the effectiveness of the Board of Directors Updated the corporate governance guidelines Disclosed the corporate governance report Reconfirmed the basic policy of the internal control system Provided education reflecting the latest laws and regulations and the recent problems and complaints Designated a month to promote compliance and promoted the use of the whistleblowing system Conducted compliance trainings (including those for executives) Held two meetings of the Internal Control Committee Held four meetings of the Compliance Committee 	○	<ul style="list-style-type: none"> Continue current efforts 	
<ul style="list-style-type: none"> Provided trainings on information security reflecting on examples of accidents at other companies and countermeasures against cyberattacks Implemented the PDCA cycle on risks regarding the management environment and business strategies by identifying and monitoring those risks Implemented the PDCA cycle on business process risks by identifying and monitoring those risks Identified disaster risks and provided trainings, such as large-scale disaster drills Conducted internal audits of the Group companies Held four meetings of the Information Security Committee Held two meetings of the CSR Committee 	○	<ul style="list-style-type: none"> Continue current efforts 	
<ul style="list-style-type: none"> Held various meetings at different levels 	○	<ul style="list-style-type: none"> Share issues to be solved and hold meetings with three companies with which management integration is planned 	
<ul style="list-style-type: none"> Held meetings of the Procurement Council to verify transparency and fair pricing 	○	<ul style="list-style-type: none"> Continue current efforts 	
<ul style="list-style-type: none"> Established the Diversity Promotion Unit in October 2017 Achieved a ratio of new female graduates employed of 15.8% Achieved a ratio of handicapped people employed of 2.0% Encouraged employees to take paid leave: Annual paid leave taken: 13.3 days per person/year Reduced total working hours 	△	<ul style="list-style-type: none"> Target percentage of new female graduates employed: 25% or more Target percentage of handicapped people employed: 2.2% or more Target number of days of paid leave taken: 14 days or more per person/year Reduce total working hours Establish an area-specific jobs system 	
<ul style="list-style-type: none"> Opened a training center to develop local engineers in the Philippines in May 2017 As a representative of Japan, a Company employee won a gold medal at the 44th World Skills Competition in the information network cabling category in October 2017 Carried out various trainings, such as new employee, technical and overseas trainings 	◎	<ul style="list-style-type: none"> Continue current efforts 	
<ul style="list-style-type: none"> Number of serious accidents occurred: one Conducted safety- and quality-related measures (Continuation of the five-year slogan: Return to the basics of a safety and quality-oriented culture) Held monthly Group safety meetings to educate and promote efforts on accident prevention across the board Analyzed the results of surveys on customer satisfaction and provided feedback (PDCA) 	△	<ul style="list-style-type: none"> Target number of serious accidents occurred: zero Fiscal 2018 slogan: Absolute Safety Continue current efforts 	
<ul style="list-style-type: none"> Conducted business results presentations and IR meetings (197 meetings) 	◎	<ul style="list-style-type: none"> Continue current efforts 	
<ul style="list-style-type: none"> Responded to natural disasters by offering recovery and restoration efforts Cleanup activities for regional communities, forest preservation efforts and hands-on learning opportunities, etc. Issued the Corporate Report 2017, EXEO Reports and other documents Provided updates on the Group through news releases and the TOPICS pages 	○	<ul style="list-style-type: none"> Continue current efforts 	
<ul style="list-style-type: none"> Power consumption: 8.03 kWh/m² <ul style="list-style-type: none"> Internally installed the Energy Viewer (our own energy-saving product) Proactively purchased eco-friendly products Conducted energy-saving campaigns, including Cool Biz, Warm Biz and switching off lights during lunch breaks 	○	<ul style="list-style-type: none"> Reduce power consumption by 1% year over year (to 7.95 kWh/m² or less) 	
<ul style="list-style-type: none"> Gasoline consumption: average 105 liters per car/month <ul style="list-style-type: none"> Monitored the use of gasoline cards monthly Switched to more fuel-efficient cars 	○	<ul style="list-style-type: none"> Reduce gasoline consumption by 1% year over year (to average 104 liters per car/month) 	
<ul style="list-style-type: none"> Won the FY2017 Grand Prize for Excellence in Energy Efficiency and Conservation <ul style="list-style-type: none"> Awarded the Chairman Prize for ECCJ in the Product Category & Business Model Category, jointly with Tepco Customer Service Corporation 	○	<ul style="list-style-type: none"> Continue current efforts 	
<ul style="list-style-type: none"> Deployed environmental businesses: <ul style="list-style-type: none"> Solar power generation business (constructed and operated facilities for the Company and other companies) Wood biomass business (constructed facilities for other companies) 	○	<ul style="list-style-type: none"> Continue current efforts 	
<ul style="list-style-type: none"> Maintenance of EXEO's forests (national forests) at five locations (15.37 ha) nationwide 	○	<ul style="list-style-type: none"> Continue current efforts 	
<ul style="list-style-type: none"> Number of sheets of paper purchased: 49.06 million sheets <ul style="list-style-type: none"> Promoted WiFi availability Monitored and periodically reported the number of sheets of paper purchased at all-office meetings 	○	<ul style="list-style-type: none"> Reduce paper purchases by 1% year over year (to 48.57 million sheets or less) 	
<ul style="list-style-type: none"> Opened the Shonan Technology Center in October 2017, which was constructed with attention to the environment (a habitat for goshawks) <ul style="list-style-type: none"> Securing greenery spaces, installing rooftop solar power equipment, etc. 	○	<ul style="list-style-type: none"> Continue current efforts 	
<ul style="list-style-type: none"> Cultivation of plants on a rooftop area shaded by solar panels 	○	<ul style="list-style-type: none"> Continue current efforts 	
<ul style="list-style-type: none"> Introduced and promoted the purchase of eco-friendly products (office supplies and PCs) Monitored and periodically reported the purchase of eco-friendly products at all-office meetings <ul style="list-style-type: none"> Ratio of purchasing eco-friendly products: 69.9% 	◎	<ul style="list-style-type: none"> Target ratio of purchasing eco-friendly products: 70% or more 	



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.

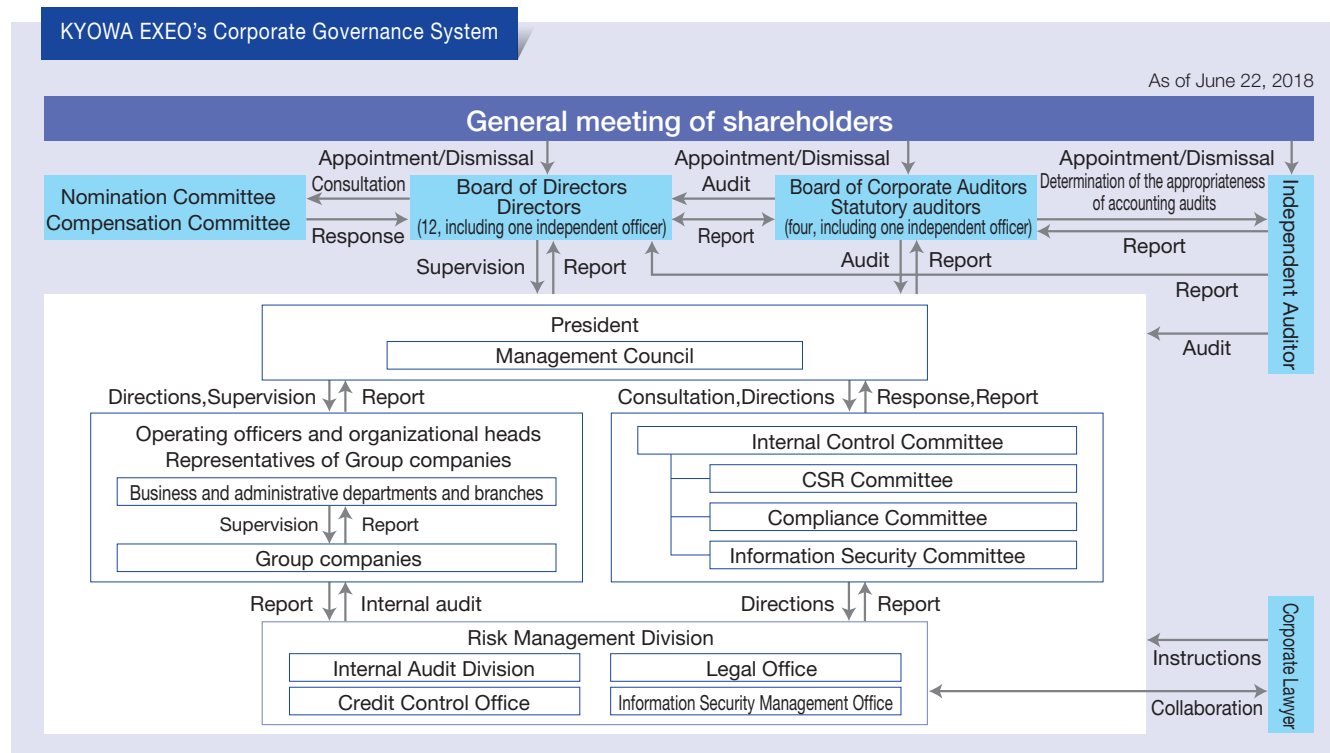
The Internal Control Committee, which was established in April 2003, reviews the execution of duties by the directors to further promote reinforcing internal control systems.

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/company/cg.html>





An Interview with the Outside Directors (Independent Officers)

Ms. Kitai and Mr. Kanazawa, who have served as Outside Director (Independent Director) for four and three years, respectively, talked about the Company's corporate governance and evolution regarding improvement of corporate value.



Ms. Kumiko Kitai

Having had important positions with the central government, she has served as Outside Director (independent officer) of the Company since June 2014. She also acts as a lawyer.



Mr. Kazuteru Kanazawa

Having held managerial positions in JFE Holdings, Inc. and other companies, he has served as Outside Director (independent officer) of the Company since June 2015.

An evaluation of the effectiveness of the Board of Directors led to the creation of the vector meeting system.

Kanazawa: KYOWA EXEO's management team has engaged consistently in efforts for corporate governance. Because the Company already has achieved a high level of governance, I find no recent evolutionary progress in terms of governance.

Kitai: I agree. KYOWA EXEO has made advanced efforts for governance compared to other average companies, so there is no sudden change.

Kanazawa: Still, I recently have seen some changes. Companies must keep adapting to be in sync with changes in society and people's way of thinking. To promote the use of female workers, the Company established the Diversity Promotion Unit under the Human Resources Division, and it is headed by a female employee. Moreover, it added advanced measures to reform work practices, such as ensuring the same wage for the same labor and restricting long hours of work.

Kitai: What I value highly is the "Directors' Vector Meeting." Separately from the Board of Directors' meetings, members of the Board gather at this

meeting to exchange frank opinions about important strategies for each business division, the direction of new businesses and other matters of concern. This meeting came about after an evaluation of the effectiveness of the Board of Directors reflected the need for an opportunity to have a freer discussion between officers, whether they are internal or external.

Kanazawa: I think these new attempts occurred because of KYOWA EXEO's corporate culture of addressing issues in a sincere and serious manner. The vector meeting system has greatly increased the effectiveness of deliberations at meetings of the Board of Directors.

The "Zerohou" reporting system immediately delivers accident reports straight to the top-level management.

Kitai: I think Kyowa Exeo's whistleblowing system, which is intended for the early solution of harassment and overwork issues, is solid and basically operates well. Meanwhile, I take every opportunity to stress the importance of the prompt reporting of concerns regarding compliance and risk management.



Kanazawa: The Company refers to the start of the accident reporting system as “Zerohou,” or the zeroth report, instead of the first report. The “Zerohou” system enables all accidents to be reported immediately from the place of occurrence straight to the top-level management. The Company engages in hundreds of construction works every day, which poses the continuing danger of accidents. Indeed, accidents do occur. In that case, if there is no report from the site for some reason, problems could arise later, which sometimes can be critical. Therefore, the “Zerohou” system is very important.

Kitai: Immediate reporting without hiding anything. Everything starts there.

We will continue to actively provide suggestions from the viewpoint of shareholders

Kitai: With a big management integration planned for the fall, KYOWA EXEO now has even larger growth potential. As mentioned in the previous report, the move to break the mold and address new challenges will be accelerated.

Kanazawa: It is essential to promote technological innovation. For example, construction companies should consider using more robots and artificial intelligence (AI), which are attracting growing attention in the industrial society. In the future, a robot might climb a utility pole to do work via remote control from the Head Office in Shibuya. I would like the company to study, develop and test those possibilities.

Kitai: In terms of securing human resources, we suggested not only complying with the revised Labor Contracts Act by converting a fixed-term labor contract to a labor contract without a fixed term but also considering systems to ensure the employment of talented human resources. The area-specific jobs system has been established as one such system. I will continue to provide various advice and suggestions to help the growth of the Company.

Kanazawa: As an Independent Director, I will continue to provide comments from the standpoint of shareholders and enhancing corporate value.

Major Activities of Outside Directors and Statutory Auditors in Fiscal 2017

Kumiko Kitai (Independent Director)

Ms. Kitai attended 14 out of 15 meetings of the Board of Directors held in fiscal 2017, 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 2017, 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 2017, 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

Mr. Yamada 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 2017, 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.

◆ Effectiveness Evaluation

To enhance the function of the Board of Directors and corporate value, KYOWA EXEO carries out self-evaluation and analysis of the effectiveness of its Board of Directors, with advice from an external organization.

Based on the results of a questionnaire completed by all Directors and Corporate Auditors, which was collected and analyzed by an external organization to ensure objectivity, as well as discussions at meetings of the Board of Directors, it was confirmed that the Company's Board of Directors has sufficient scale and structure and is appropriately operated to ensure proper decision making on important managerial issues and supervision of the execution of duties.

Meanwhile, ideas and opinions were shared on the future configuration of the Board of Directors to promote new business fields, globalization and governance reinforcement, as well as the need to enhance the Directors' Vector Meeting, which started in fiscal 2017 to discuss business strategies and direction and issues to be addressed at each division.

The Company's Board of Directors will make continued efforts to enhance its function by holding adequate discussions based on the effectiveness evaluation and related opinions to improve its effectiveness.

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.

◆ 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.

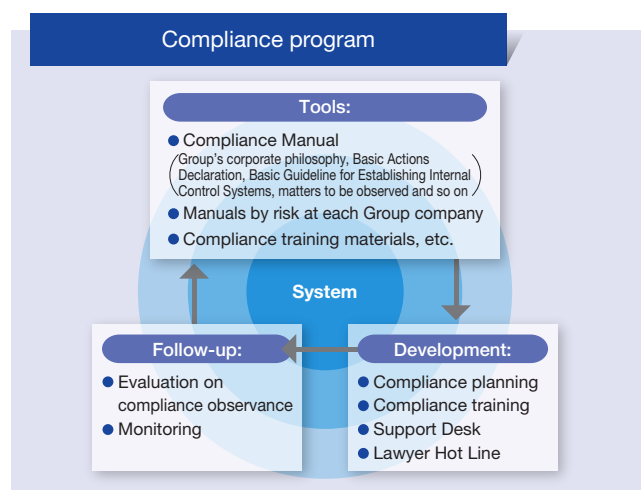


Compliance training for management executives

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

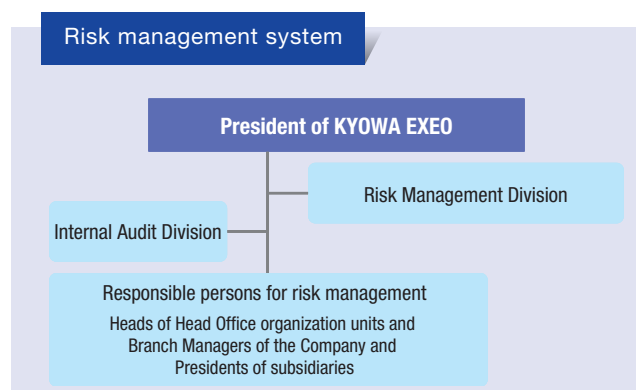
Each responsible person for risk management formulates an action plan for executing specific measures according to the workplace circumstances in accordance with the policy of risk management determined by the respective risk management divisions and manages the progress of the measures being taken.

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. Taking the opportunity of the ISO quality and environment management system updates with the 2015 revisions, we reviewed the management system certification system which focuses on the internal rules in effect to streamline the process.

◆ 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.

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 in-

ISO Management Systems of which certification has been acquired

Category	Applicable Standards	Date of Registration
Quality Management System	JIS Q 9001:2015	February 22, 1999
Environment Management System	JIS Q 14001:2015	May 12, 2000
Occupational Health and Safety Management System	BS-OHSAS 18001:2007	September 19, 2003
Information Security Management System	JIS Q 27001:2014	November 10, 2004

formation 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 and simulation exercises to repel targeted e-mail attacks, 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

Participated in the “Mt. Fuji Beautification Latter-Term Cleanup Campaign”

In September 15, 2017, we participated in the “Mt. Fuji Beautification Latter-Term Cleanup Campaign” held by the Mt. Fuji Beautification Foundation. From the Koshin Branch Office, 21 employees of the Company and Group companies joined the campaign (of about 400 participants overall), conducting a cleanup activity centering on the rotary area on the fifth station on Mt. Fuji.

About 110 kilograms of combustible and non-combustible garbage were collected. The mountain climbing trail might look free of garbage, but if you step out of it, you see a lot of garbage. To increase the awareness of tourists, we distributed packages of pocket tissue with a printed message to encourage climbers or tourists to bring back their garbage. Hoping for better manners from the climbers and tourists visiting Mt. Fuji and to keep the mountain worthy of pride at a global level for coming generations, we would like to continue this cleanup activity.





◆ Environmental business

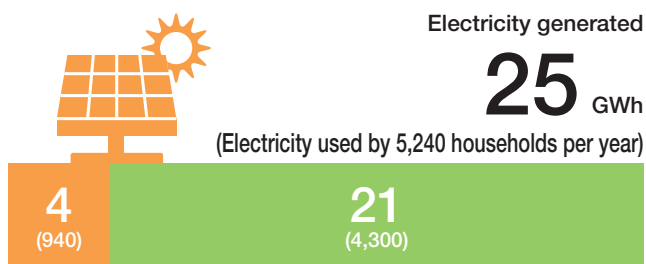
The Company contributes to promoting a recycling-oriented society through involvement in the design, construction and maintenance of renewable energy facilities, including solar power generation facilities and biomass boilers.

By effectively recycling waste or appropriately disposing of waste if it is not recyclable, we will continue to contribute to preserving the global environment and a society where we can live in security.

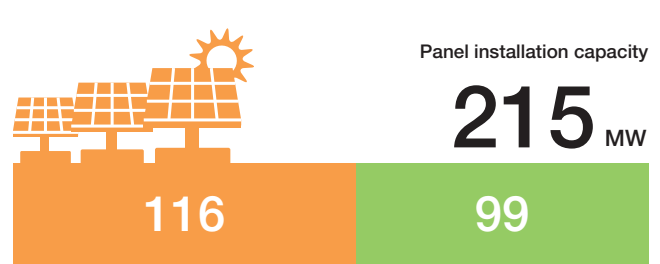
Western Japan Area Eastern Japan Area

● Solar power generation business

Solar power facilities of our own

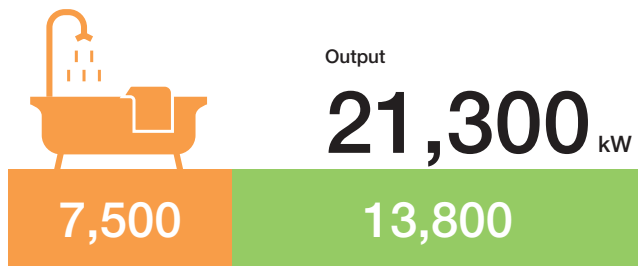


Solar power facilities of other companies

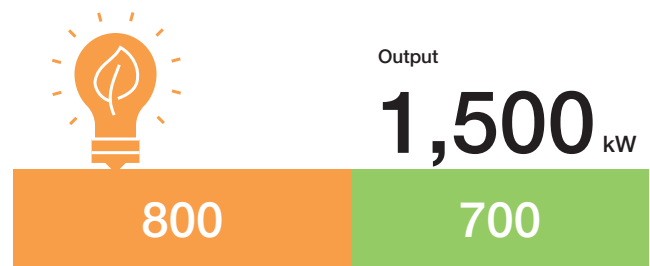


● Wood biomass business

Thermal output (kW)

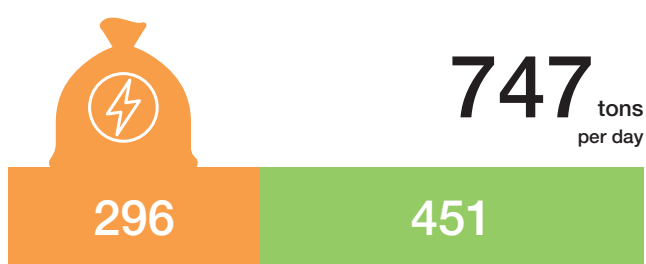


Power generating output (kW)



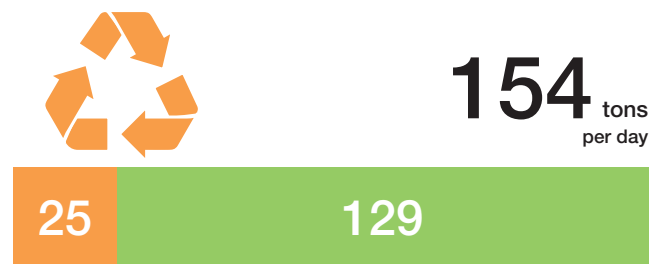
● Energy recovery business

Throughput (ton/day)



● Recycling business

Throughput (ton/day)



FY 2017 Grand Prize for Excellence in Energy Efficiency and Conservation

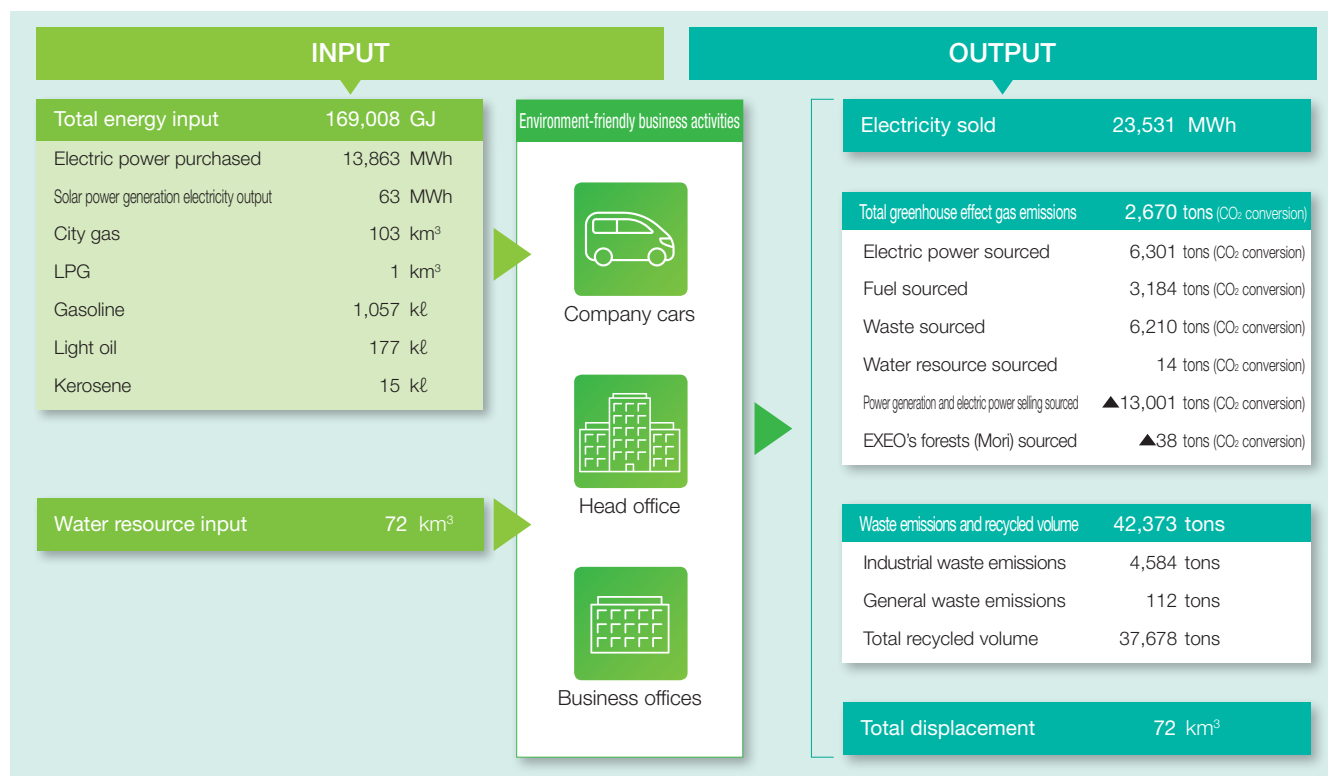
KYOWA EXEO was awarded FY 2017 Grand Prize for Excellence in Energy Efficiency and Conservation (Chairman Prize for ECCJ in the Product Category & Business Model Category), jointly with Tepco Customer Service Corporation Limited for the energy-saving service using IoT provided by electricity retailers.





◆ Fiscal 2017 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.



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.

► 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.



Chugoku Branch

Area	Absorbed and fixed CO ₂ volume (in terms of CO ₂ emitted by a person in a year)
3.29ha	6.5t (20 persons)

Kyushu Branch

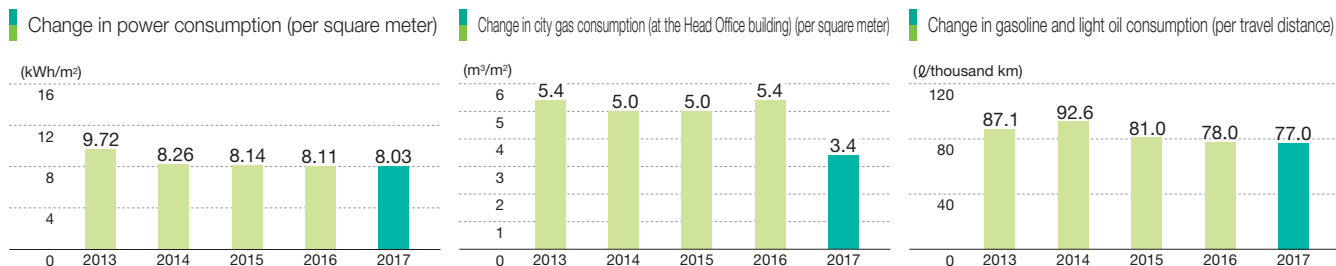
Area	Absorbed and fixed CO ₂ volume (in terms of CO ₂ emitted by a person in a year)
5.36ha	15.4t (48 persons)



◆ Fiscal 2017 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

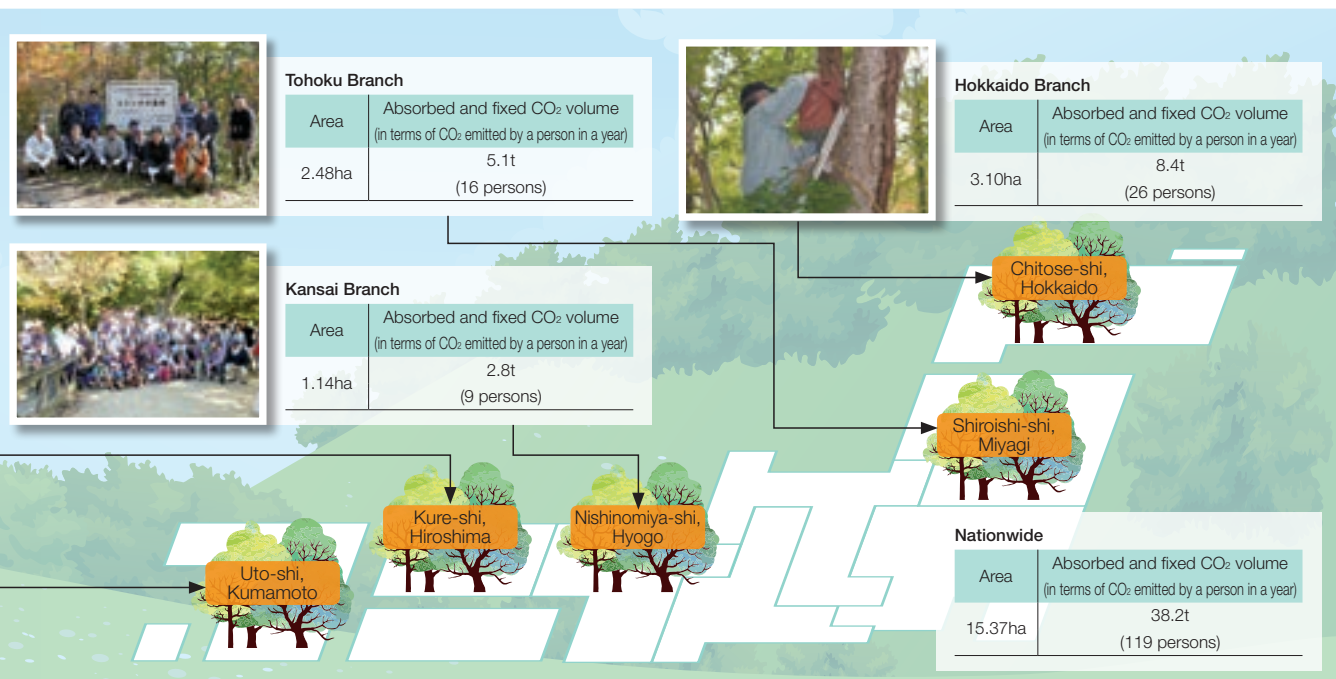
include setting the energy-saving mode for PCs, removing unnecessary lighting devices, turning off lights during lunchtime hours and setting appropriate temperatures for air conditioners. Moreover, every employee aggressively promotes electricity-saving activity in his/her daily actions.

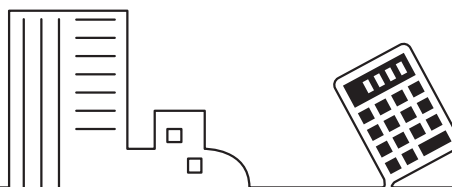


◆ Promotion of Recycling and Effective Utilization of Resources

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.

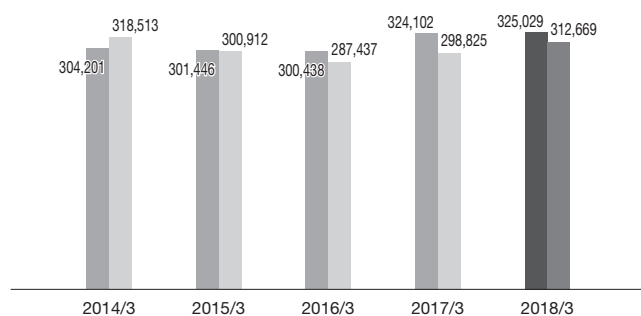




Financial Highlights (Consolidated)

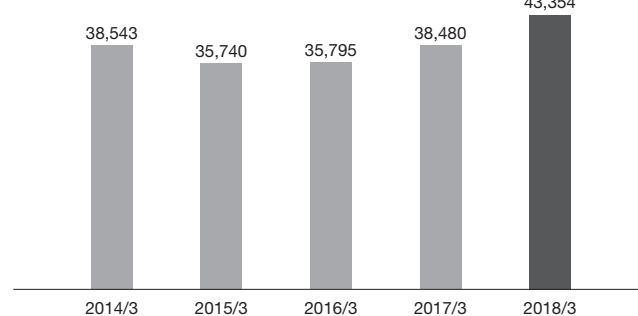
Orders Received ■ Net Sales

(¥Millions)



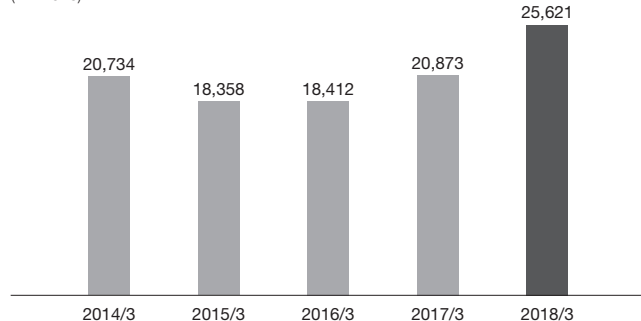
Gross Profit

(¥Millions)



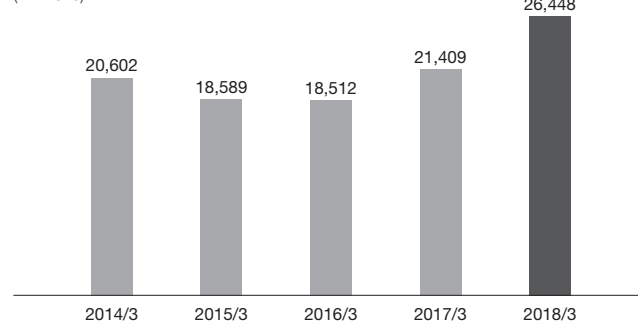
Operating Income

(¥Millions)



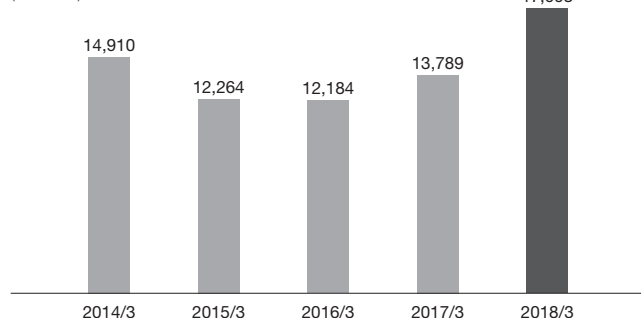
Ordinary Income

(¥Millions)



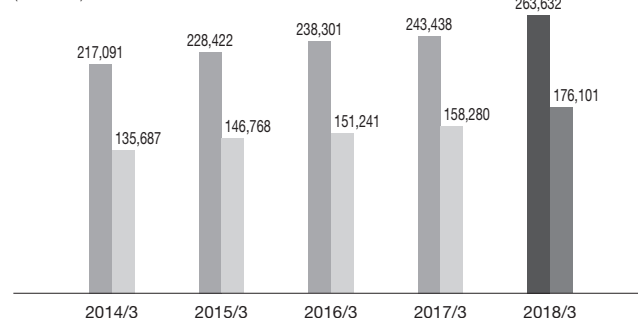
Profit attributable to owners of parent

(¥Millions)



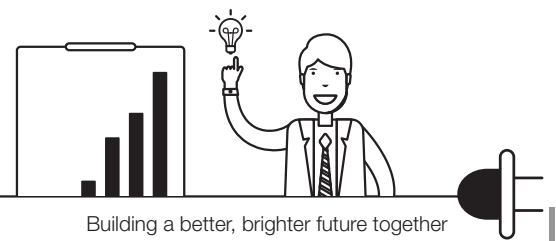
Total Assets ■ Net Assets

(¥Millions)



(¥Millions)

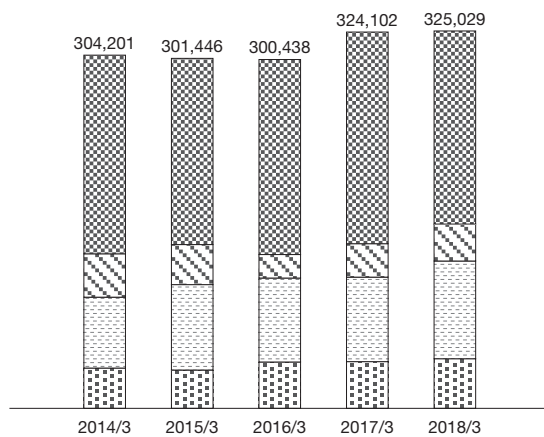
	2014/3	2015/3	2016/3	2017/3	2018/3
Orders Received	304,201	301,446	300,438	324,102	325,029
Net Sales	318,513	300,912	287,437	298,825	312,669
Gross Profit	38,543	35,740	35,795	38,480	43,354
Operating Income	20,734	18,358	18,412	20,873	25,621
Ordinary Income	20,602	18,589	18,512	21,409	26,448
Profit attributable to owners of parent	14,910	12,264	12,184	13,789	17,993
Total Assets	217,091	228,422	238,301	243,438	263,632
Net Assets	135,687	146,768	151,241	158,280	176,101



Trends by Segment (Consolidated)

Orders Received by Business Segment (Consolidated)

(¥Millions)

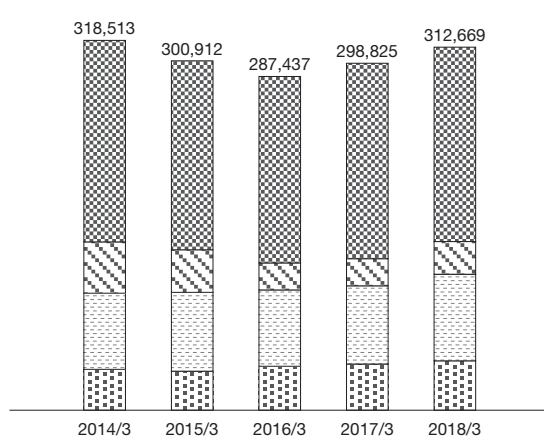


NTT group engineering NCCs Urban infrastructure SYSTEM-SOLUTIONS

	2014/3	2015/3	2016/3	2017/3	2018/3
NTT group engineering	171,084	160,375	167,963	182,281	166,294
NCCs	37,357	34,492	20,233	28,795	31,836
Urban infrastructure	61,041	73,573	72,315	72,774	84,145
SYSTEM-SOLUTIONS	34,717	33,004	39,926	40,251	42,751
Total	304,201	301,446	300,438	324,102	325,029

Net Sales by Business Segment (Consolidated)

(¥Millions)

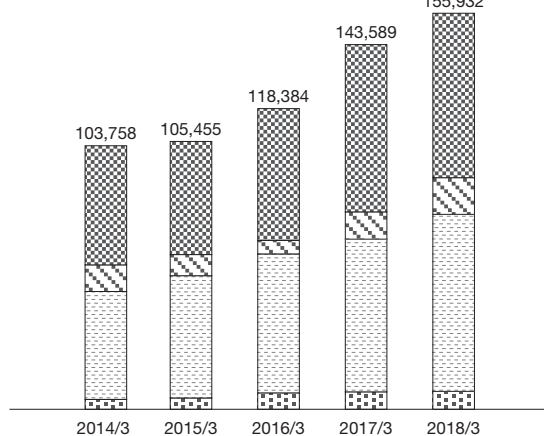


NTT group engineering NCCs Urban infrastructure SYSTEM-SOLUTIONS

	2014/3	2015/3	2016/3	2017/3	2018/3
NTT group engineering	173,544	162,729	160,587	168,336	167,418
NCCs	44,196	36,669	23,249	23,345	28,138
Urban infrastructure	65,560	67,905	65,749	67,365	74,571
SYSTEM-SOLUTIONS	35,213	33,608	37,851	39,778	42,541
Total	318,513	300,912	287,437	298,825	312,669

Outstanding Orders by Business Segment (Consolidated)

(¥Millions)



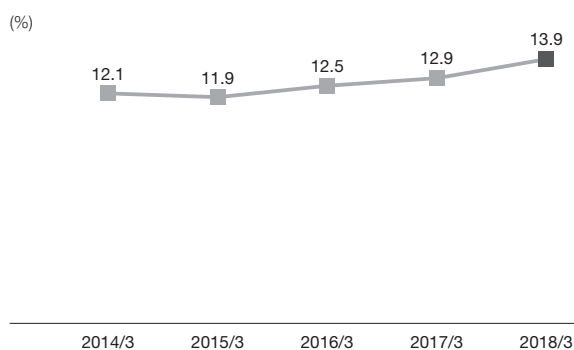
NTT group engineering NCCs Urban infrastructure SYSTEM-SOLUTIONS

	2014/3	2015/3	2016/3	2017/3	2018/3
NTT group engineering	46,893	44,539	51,915	65,860	64,737
NCCs	10,489	8,313	5,296	10,745	14,444
Urban infrastructure	42,472	48,141	54,707	60,115	69,690
SYSTEM-SOLUTIONS	3,902	4,461	6,465	6,867	7,060
Total	103,758	105,455	118,384	143,589	155,932

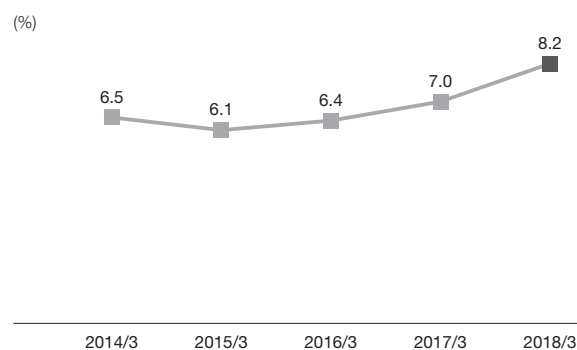


Profitability Indices (Consolidated)

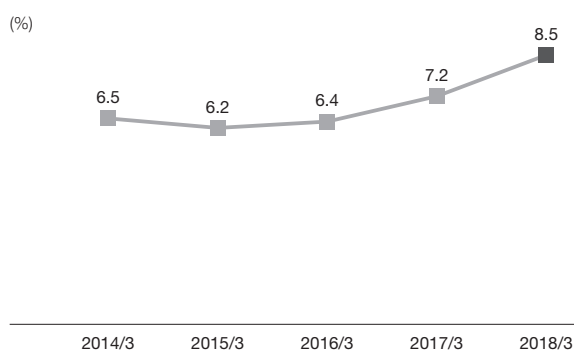
■ Gross Profit to Net Sales



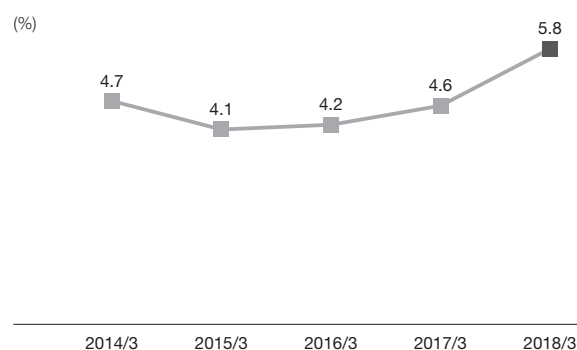
■ Operating Income to Net Sales



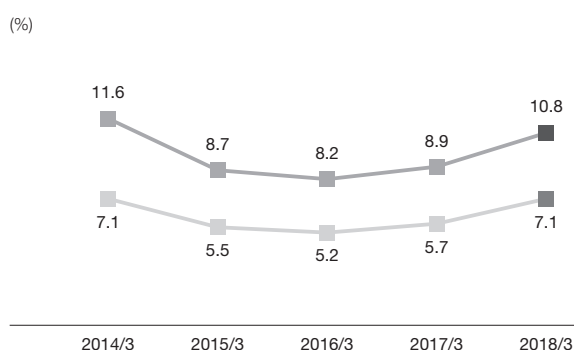
■ Ordinary Income to Net Sales



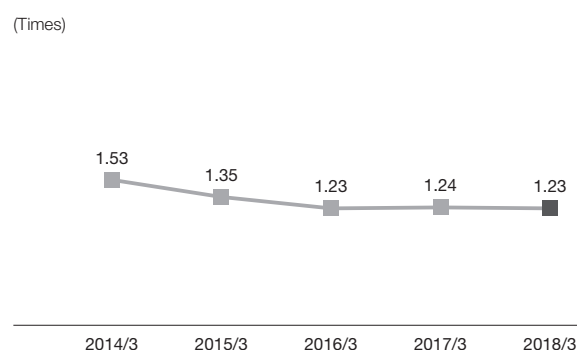
■ Profit Attributable to Owners of Parent to Net Sales



■ Return on Equity ■ Return on Assets



■ Total Assets Turnover

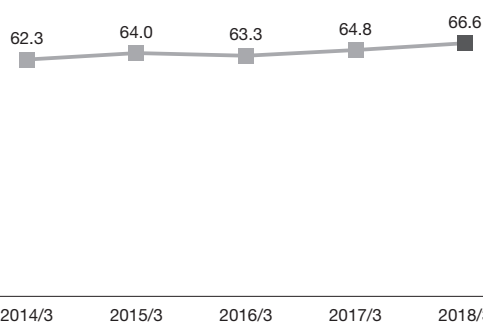


	2014/3	2015/3	2016/3	2017/3	2018/3
Gross Profit to Net Sales (%)	12.1	11.9	12.5	12.9	13.9
Operating Income to Net Sales (%)	6.5	6.1	6.4	7.0	8.2
Ordinary Income to Net Sales (%)	6.5	6.2	6.4	7.2	8.5
Profit Attributable to Owners of Parent to Net Sales (%)	4.7	4.1	4.2	4.6	5.8
Return on Equity (%)	11.6	8.7	8.2	8.9	10.8
Return on Assets (%)	7.1	5.5	5.2	5.7	7.1
Total Assets Turnover (Times)	1.53	1.35	1.23	1.24	1.23

Stability Indices (Consolidated)

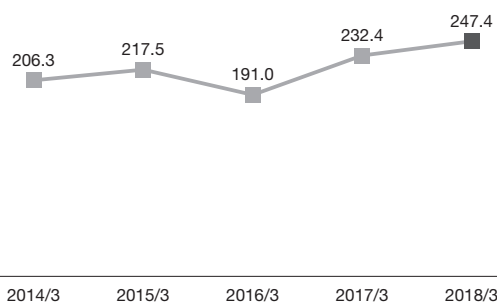
■ Shareholders' Equity to Total Assets

(%)



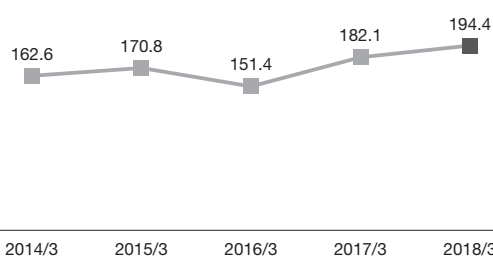
■ Current Ratio

(%)



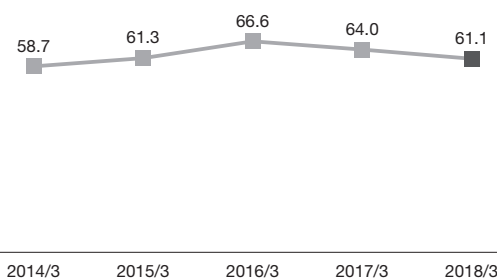
■ Quick Assets to Current Liabilities

(%)



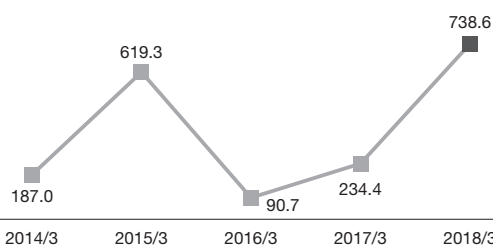
■ Fixed Assets Ratio

(%)



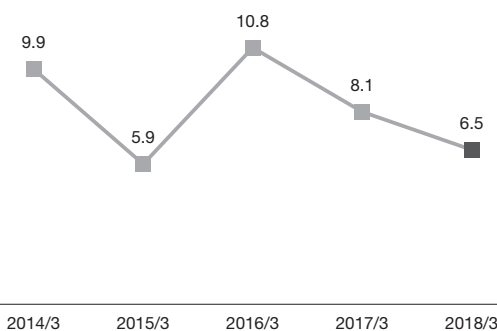
■ Interest Coverage Ratio

(Times)

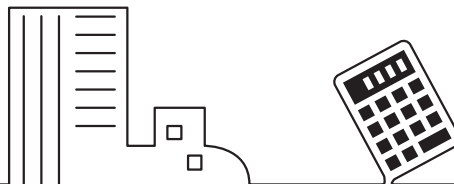


■ Debt Equity Ratio

(%)



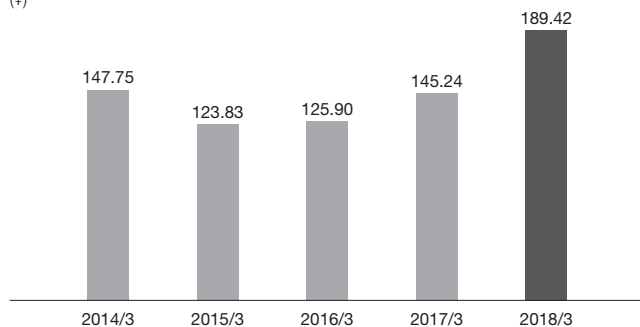
	2014/3	2015/3	2016/3	2017/3	2018/3
Shareholders' Equity to Total Assets (%)	62.3	64.0	63.3	64.8	66.6
Current Ratio (%)	206.3	217.5	191.0	232.4	247.4
Quick Assets to Current Liabilities (%)	162.6	170.8	151.4	182.1	194.4
Fixed Assets Ratio (%)	58.7	61.3	66.6	64.0	61.1
Interest Coverage Ratio (Times)	187.0	619.3	90.7	234.4	738.6
Debt Equity Ratio (%)	9.9	5.9	10.8	8.1	6.5



Stock Price Indices (Consolidated)

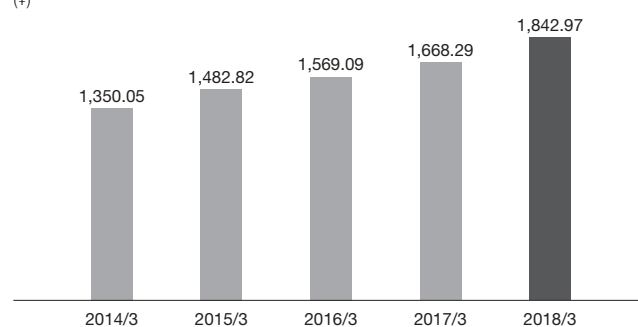
■ Earnings Per Share

(¥)



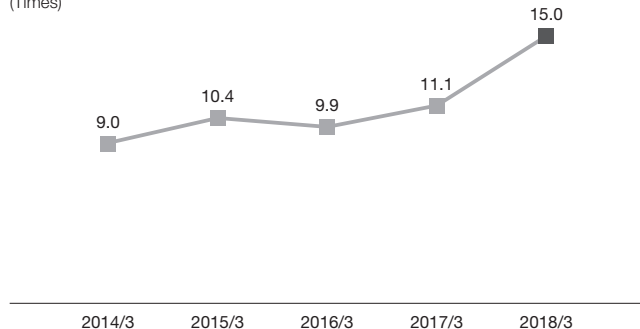
■ Book-value Per Share

(¥)



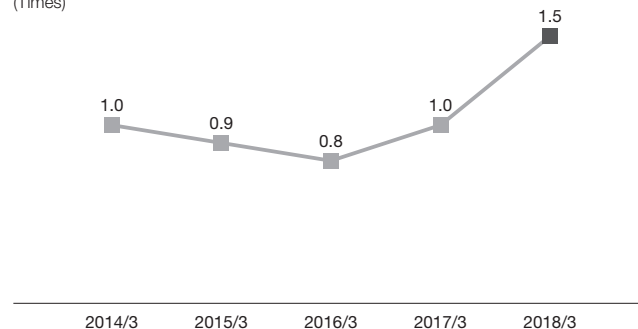
■ Price Earnings Ratio

(Times)



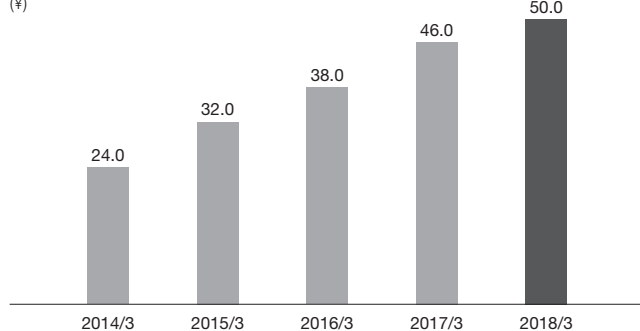
■ Price Book-value Ratio

(Times)



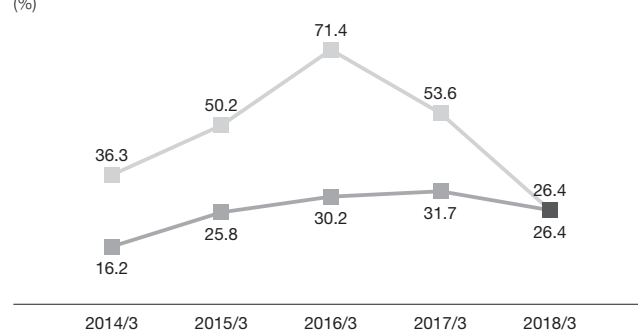
■ Cash Dividends Per Share

(¥)

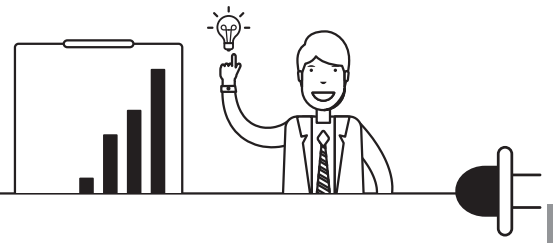


■ Payout Ratio ■ Total Shareholder Return Ratio

(%)



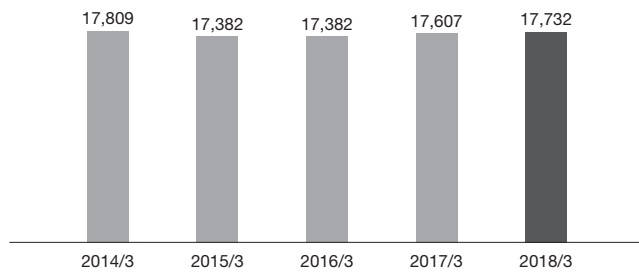
	2014/3	2015/3	2016/3	2017/3	2018/3
Earnings Per Share (yen)	147.75	123.83	125.90	145.24	189.42
Book-value Per Share (yen)	1,350.05	1,482.82	1,569.09	1,668.29	1,842.97
Price Earnings Ratio (Times)	9.0	10.4	9.9	11.1	15.0
Price Book-value Ratio (Times)	1.0	0.9	0.8	1.0	1.5
Cash Dividends Per Share (yen)	24.0	32.0	38.0	46.0	50.0
Payout Ratio (%)	16.2	25.8	30.2	31.7	26.4
Total Shareholder Return Ratio (%)	36.3	50.2	71.4	53.6	26.4



Other Indices (Consolidated)

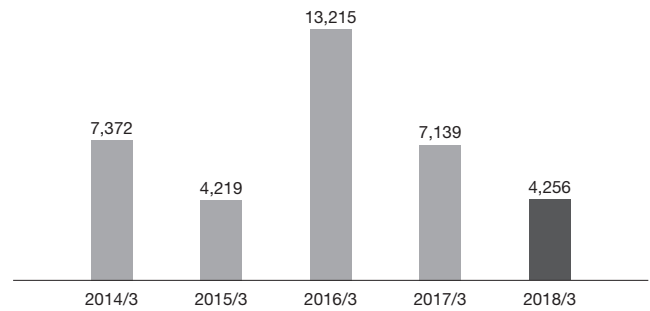
■ Selling, General and Administrative Expenses

(¥Millions)



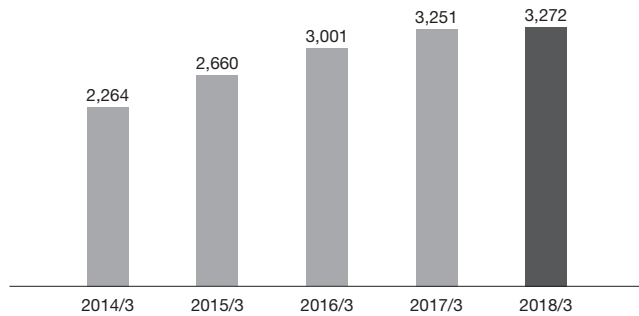
■ Capital Expenditures

(¥Millions)



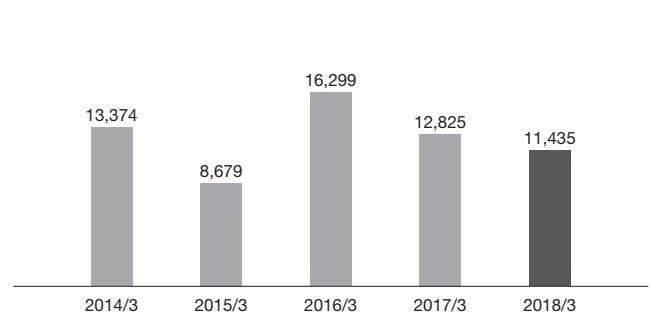
■ Depreciation Expenses

(¥Millions)



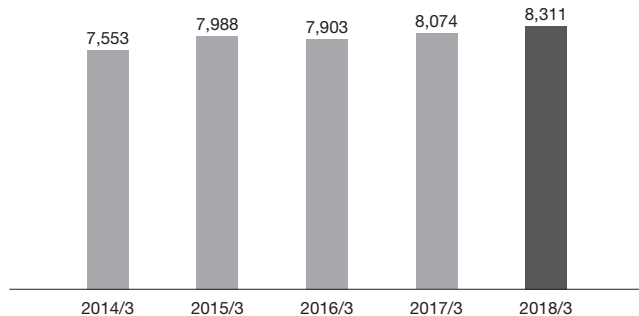
■ Interest-bearing Debt

(¥Millions)



■ Number of employees

(People)



	2014/3	2015/3	2016/3	2017/3	2018/3
Selling, General and Administrative Expenses (¥Millions)	17,809	17,382	17,382	17,607	17,732
Capital Expenditures (¥Millions)	7,372	4,219	13,215	7,139	4,256
Depreciation Expenses (¥Millions)	2,264	2,660	3,001	3,251	3,272
Interest-bearing Debt (¥Millions)	13,374	8,679	16,299	12,825	11,435
Number of employees (People)	7,553	7,988	7,903	8,074	8,311



Consolidated Balance Sheets

	2014/3	2015/3	2016/3	2017/3	2018/3
(¥Millions)					
ASSETS					
Current assets	137,656	138,813	137,950	142,395	156,280
Cash and deposits	10,293	12,526	16,244	15,431	26,095
Notes receivable, accounts receivable from completed construction contracts	92,307	84,691	93,055	96,080	92,185
Short-term investment securities	5,919	11,765	91	63	4,499
Costs on uncompleted construction contracts and other	22,521	22,010	21,515	24,159	27,617
Deferred tax assets	4,131	4,976	3,355	3,733	3,914
Other current assets	2,548	2,903	3,688	2,927	1,967
Allowance for doubtful accounts	(65)	(60)	(1)	(0)	(1)
Noncurrent Assets	79,434	89,609	100,350	101,042	107,351
Property, plant and equipment	50,767	52,005	59,830	62,002	62,664
Buildings and structures	17,541	17,732	20,615	20,074	21,003
Machinery, vehicles, tools, furniture and fixtures	1,700	2,408	4,043	4,710	4,542
Land	30,923	30,342	34,370	36,197	36,602
Other property and equipment	601	1,521	801	1,021	516
Intangible assets	4,894	6,278	6,477	4,414	3,909
goodwill	1,940	3,065	1,983	1,053	658
Other intangible assets	2,953	3,213	4,494	3,360	3,251
Investments and other assets	23,773	31,325	34,043	34,626	40,777
Investment securities	13,991	16,896	17,777	17,093	19,833
Net defined benefit asset	7,575	11,774	13,467	14,520	17,947
Other investments and other assets	4,053	4,474	4,161	4,228	3,231
Allowance for doubtful accounts	(1,846)	(1,819)	(1,363)	(1,216)	(235)
Total assets	217,091	228,422	238,301	243,438	263,632
LIABILITIES					
Current liabilities	66,720	63,819	72,241	61,283	63,161
Notes payable, accounts payable for construction contracts	35,089	35,193	37,629	36,606	34,802
Short-term loans payable	7,550	2,180	13,336	826	1,012
Income taxes payable	5,441	1,964	2,562	4,142	5,004
Advances received on uncompleted construction contracts	1,971	2,248	3,255	3,457	3,574
Provision for bonuses	1,039	1,049	1,124	1,242	1,421
Provision for directors' bonuses	142	173	138	129	126
Provision for warranties for completed construction	359	296	907	57	58
Provision for loss on construction contracts	824	5,456	258	507	290
Provision for Loss on dissolved welfare pension fund	123	123	76	—	—
Other current liabilities	14,178	15,134	12,952	14,314	16,870
Noncurrent liabilities	14,683	17,834	14,818	23,874	24,369
Bonds payable	—	—	—	10,000	10,000
Long-term loans payable	5,367	5,974	2,413	1,390	10
Deferred tax liabilities	3,532	5,732	5,557	5,244	7,293
Provision for directors' retirement benefits	397	262	244	257	272
Allowance for investment loss	48	17	95	206	42
Net defined benefit liability	4,456	4,682	4,809	4,925	5,070
Other noncurrent liabilities	881	1,163	1,697	1,851	1,680
Total liabilities	81,404	81,653	87,060	85,158	87,531
NET ASSETS					
Shareholders' Equity	129,868	134,696	139,922	147,333	161,682
Capital stock	6,888	6,888	6,888	6,888	6,888
Capital surplus	6,645	6,879	7,939	7,978	8,098
Retained earnings	130,822	137,957	147,004	156,477	169,883
Treasury stock	(14,487)	(17,029)	(21,910)	(24,011)	(23,187)
Accumulated other comprehensive income	5,446	11,579	10,821	10,470	13,891
Valuation difference on available-for-sale securities	3,631	5,157	4,121	3,566	5,198
Foreign currency translation adjustment	21	35	28	15	11
Remeasurements of defined benefit plans	1,794	6,386	6,671	6,888	8,681
Subscription rights to shares	175	263	241	288	285
Non-controlling interests	195	229	255	187	242
Total net assets	135,687	146,768	151,241	158,280	176,101
Total liabilities and net assets	217,091	228,422	238,301	243,438	263,632

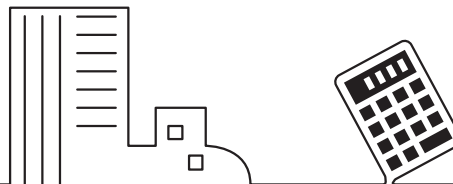


Consolidated Statements of Income

	2014/3	2015/3	2016/3	2017/3	2018/3
(¥Millions)					
Net sales of completed construction contracts	318,513	300,912	287,437	298,825	312,669
Cost of sales of completed construction contracts	279,969	265,171	251,642	260,344	269,315
Gross profit on completed construction contracts	38,543	35,740	35,795	38,480	43,354
Selling, general and administrative expenses	17,809	17,382	17,382	17,607	17,732
Operating income	20,734	18,358	18,412	20,873	25,621
Non-operating income	1,083	1,254	1,438	1,936	1,398
Interest income	20	26	21	4	4
Dividends income	173	243	266	315	403
Foreign exchange gains	73	438	—	—	—
Reversal of allowance for doubtful accounts	122	—	441	111	34
Land and house rent received	146	146	157	572	401
Gain on sales of non-current assets	—	—	261	437	114
Reversal of allowance for investment loss	—	—	—	—	170
Gain on exchange of investment securities	—	—	—	203	—
Other	547	399	289	290	269
Non-operating expenses	1,215	1,024	1,338	1,400	571
Interest expenses	51	52	57	49	33
Rent expenses	—	—	44	185	105
Loss on sales of noncurrent assets	163	313	138	516	57
Loss on retirement of noncurrent assets	—	—	—	45	68
Foreign exchange losses	—	—	397	143	169
Impairment loss	318	208	—	—	—
Provision of allowance for Loss on dissolved welfare pension fund	123	—	—	—	—
Other	558	449	701	458	137
Ordinary income	20,602	18,589	18,512	21,409	26,448
Extraordinary income	3,797	1,180	—	1,471	—
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	—
Extraordinary loss	571	—	—	2,159	—
Reversal of allowance for doubtful accounts	571	—	—	—	—
Impairment loss	—	—	—	2,159	—
Income before income taxes and minority interests	23,828	19,769	18,512	20,721	26,448
Income taxes-current	8,837	6,823	4,203	7,719	8,018
Income taxes-deferred	76	669	2,086	(737)	375
Total income taxes	8,914	7,493	6,290	6,982	8,393
Net income	14,914	12,276	12,222	13,739	18,054
Profit (loss) attributable to non-controlling interests	4	11	37	(50)	61
Profit attributable to owners of parent	14,910	12,264	12,184	13,789	17,993

Consolidated Statements of Comprehensive Income

	2014/3	2015/3	2016/3	2017/3	2018/3
(¥Millions)					
Net income	14,914	12,276	12,222	13,739	18,054
Other comprehensive income					
Valuation difference on available-for-sale securities	735	1,526	(1,035)	(554)	1,631
Foreign currency translation adjustment	29	36	(18)	(30)	(10)
Remeasurements of defined benefit plans	—	4,592	285	216	1,793
Total accumulated other comprehensive income	765	6,154	(769)	(368)	3,414
Comprehensive income	15,680	18,430	11,452	13,370	21,469
Breakdown					
Comprehensive income attributable to owners of the parent	15,658	18,397	11,426	13,438	21,413
Comprehensive income attributable to non-controlling interests	21	33	26	(68)	55



Consolidated Statements of Changes in Net Assets

	2014/3	2015/3	2016/3	2017/3	2018/3
(¥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	6,300	6,645	6,879	7,939	7,978
Changes of items during the period					
Disposal of treasury stock	324	234	1,060	38	120
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	344	234	1,060	38	120
Balance at the end of current period	6,645	6,879	7,939	7,978	8,098
Retained earnings					
Balance at the beginning of current period	118,296	130,822	137,957	147,004	156,477
Cumulative effects of changes in accounting policies	—	(2,352)	—	22	—
Changes of items during the period					
Dividends from surplus	(2,429)	(2,776)	(3,137)	(4,338)	(4,588)
Profit attributable to owners of parent	14,910	12,264	12,184	13,789	17,993
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	12,525	9,487	9,047	9,450	13,405
Balance at the end of current period	130,822	137,957	147,004	156,477	169,883
Treasury stock					
Balance at the beginning of current period	(12,408)	(14,487)	(17,029)	(21,910)	(24,011)
Changes of items during the period					
Purchase of treasury stock	(3,003)	(3,002)	(5,002)	(3,002)	(3)
Disposal of the treasury stock	924	460	2,057	167	311
Acquisition of own shares via trust	—	—	(2,600)	—	—
Transfer of own shares via trust	—	—	664	733	515
Total changes of items during the period	(2,079)	(2,542)	(4,880)	(2,101)	823
Balance at the end of current period	(14,487)	(17,029)	(21,910)	(24,011)	(23,187)
Total shareholders' equity					
Balance at the beginning of current period	119,077	129,868	134,696	139,922	147,333
Cumulative effects of changes in accounting policies	—	(2,352)	—	22	—
Changes of items during the period					
Dividends from surplus	(2,429)	(2,776)	(3,137)	(4,338)	(4,588)
Profit attributable to owners of parent	14,910	12,264	12,184	13,789	17,993
Purchase of treasury stock	(3,003)	(3,002)	(5,002)	(3,002)	(3)
Disposal of the treasury stock	1,249	694	3,117	206	431
Acquisition of own shares via trust	—	—	(2,600)	—	—
Transfer of own shares via trust	—	—	664	733	515
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	10,791	7,179	5,226	7,388	14,349
Balance at the end of current period	129,868	134,696	139,922	147,333	161,682
Accumulated other comprehensive income					
Valuation difference on available-for-sale securities					
Balance at the beginning of current period	2,895	3,631	5,157	4,121	3,566
Changes of items during the period					
Net changes of items other than shareholders' equity	736	1,525	(1,036)	(554)	1,631
Total changes of items during the period	736	1,525	(1,036)	(554)	1,631
Balance at the end of current period	3,631	5,157	4,121	3,566	5,198
Foreign currency translation adjustment					
Balance at the beginning of current period	9	21	35	28	15
Changes of items during the period					
Net changes of items other than shareholders' equity	11	14	(7)	(12)	(4)
Total changes of items during the period	11	14	(7)	(12)	(4)
Balance at the end of current period	21	35	28	15	11
Remeasurements of defined benefit plans					
Balance at the beginning of current period	—	1,794	6,386	6,671	6,888
Changes of items during the period					
Net changes of items other than shareholders' equity	1,794	4,592	285	216	1,793
Total changes of items during the period	1,794	4,592	285	216	1,793
Balance at the end of current period	1,794	6,386	6,671	6,888	8,681
Total accumulated other comprehensive income					
Balance at the beginning of current period	2,904	5,446	11,579	10,821	10,470
Change of items during the period					
Net changes of items other than shareholders' equity	2,542	6,132	(758)	(350)	3,420
Total changes of items during the period	2,542	6,132	(758)	(350)	3,420
Balance at the end of current period	5,446	11,579	10,821	10,470	13,891
Subscription rights to shares					
Balance at the beginning of current period	231	175	263	241	288
Changes of items during the period					
Net changes of items other than shareholders' equity	(56)	88	(22)	47	(3)
Total changes of items during the period	(56)	88	(22)	47	(3)
Balance at the end of current period	175	263	241	288	285
Minority interests					
Balance at the beginning of current period	174	195	229	255	187
Changes of items during the period					
Net changes of items other than shareholders' equity	21	33	26	(68)	55
Total changes of items during the period	21	33	26	(68)	55
Balance at the end of current period	195	229	255	187	242
Total net assets					
Balance at the beginning of current period	122,387	135,687	146,768	151,241	158,280
Cumulative effects of changes in accounting policies	—	(2,352)	—	22	—
Changes of items during the period					
Dividends from surplus	(2,429)	(2,776)	(3,137)	(4,338)	(4,588)
Profit attributable to owners of parent	14,910	12,264	12,184	13,789	17,993
Purchase of treasury stock	(3,003)	(3,002)	(5,002)	(3,002)	(3)
Disposal of treasury stock	1,249	694	3,117	206	431
Acquisition of own shares via trust	—	—	(2,600)	—	—
Transfer of own shares via trust	—	—	664	733	515
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	2,507	6,254	(754)	(371)	3,471
Total changes of items during the period	13,299	13,434	4,472	7,016	17,820
Balance at the end of current period	135,687	146,768	151,241	158,280	176,101



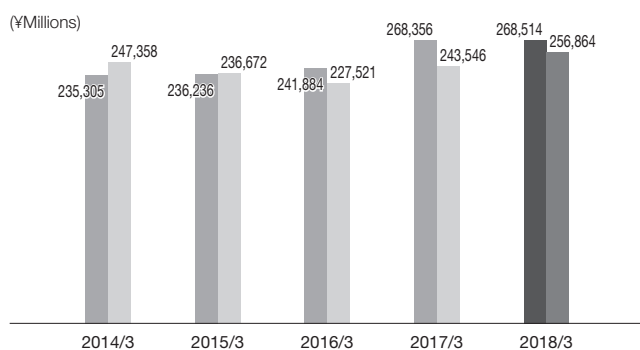
Consolidated Statements of Cash Flows

	2014/3	2015/3	2016/3	2017/3	2018/3
(¥Millions)					
Net cash provided by (used in) operating activities	9,888	23,167	5,389	15,504	24,800
Income before income taxes and minority interests	23,828	19,769	18,512	20,721	26,448
Depreciation and amortization	2,264	2,660	2,857	3,251	3,272
Impairment loss	318	208	71	2,159	0
Amortization of goodwill	688	849	1,082	929	395
Increase (decrease) in allowance for doubtful accounts	388	(32)	(514)	(148)	(980)
Increase (decrease) in provision for retirement benefits	(4,705)	—	—	—	—
Increase (decrease) in provision for bonuses	10	(347)	75	117	179
Increase (decrease) in provision for warranties for completed construction	—	—	611	(850)	0
Increase (decrease) in provision for loss on construction contracts	555	4,631	(5,197)	248	(216)
Increase (decrease) in net defined benefit asset (liability)	(470)	(2,004)	(1,339)	(399)	(694)
Interest and dividends income	(193)	(270)	(288)	(319)	(407)
Interest expenses	51	52	57	49	33
Loss (gain) on sales of noncurrent assets	(2,074)	(867)	(122)	79	(56)
Decrease (increase) in notes and accounts receivable-trade	(6,008)	8,095	(8,419)	(3,127)	3,892
Decrease (increase) in costs on uncompleted construction contracts and other	1,581	877	487	(2,659)	(3,447)
Decrease (increase) in other operating assets	4,343	(623)	(423)	965	2,175
Increase (decrease) in notes and accounts payable-trade	(473)	(454)	2,438	(1,014)	(1,802)
Increase (decrease) in advances received on uncompleted construction contracts	308	277	1,006	204	118
Increase (decrease) in other operating liabilities	(384)	189	(2,673)	2,671	2,327
Loss (gain) on sales of investment securities	—	—	(0)	(1,262)	0
Gain on exchange of investment securities	—	—	—	(203)	—
Gain on abolishment of retirement benefit plan	—	—	—	(209)	—
Other, net	(10)	44	483	390	285
Sub-total	20,015	33,055	8,705	21,595	31,523
Interest and dividends income received	195	270	288	318	408
Interest expenses paid	(52)	(37)	(59)	(66)	(33)
Income taxes paid	(10,269)	(10,121)	(3,545)	(6,343)	(7,098)
Net cash provided by (used in) investing activities	(7,477)	(2,828)	(13,907)	(6,027)	(4,538)
Purchase of property and equipment	(5,575)	(3,434)	(10,467)	(5,761)	(3,214)
Proceeds from sales of property, plant and equipment	2,890	1,990	1,533	901	352
Purchase of intangible assets	(2,002)	(612)	(2,137)	(2,416)	(1,010)
Purchase of investment securities	(3,233)	(738)	(2,570)	(443)	(429)
Proceeds from sales of investment securities	309	203	10	1,686	0
Purchase of investments in subsidiaries	—	(361)	—	—	—
resulting in change in scope of consolidation	—	—	—	—	—
Payments of loans receivable	(17)	—	(30)	(111)	(204)
Collection of loans receivable	119	109	4	1	1
Decrease (increase) in time deposits and other	—	—	(298)	44	1
Other, net	31	16	49	72	(35)
Net cash provided by (used in) financing activities	(905)	(12,343)	313	(10,230)	(5,137)
Net increase (decrease) in short-term loans payable	4,000	(6,799)	5,703	(12,306)	(100)
Proceeds from issuance of bonds	—	—	—	9,991	—
Repayment of long-term loans payable	(340)	(124)	(708)	(1,227)	(1,093)
Proceeds from long-term loans payable	—	—	2,600	—	—
Redemption of bonds	—	(110)	—	—	—
Purchase of treasury stock	(3,003)	(3,002)	(5,002)	(3,002)	(3)
Proceeds from sales of treasury stock	1,127	669	3,008	153	308
Acquisition of own shares via trust	—	—	(2,600)	—	—
Transfer of own shares via trust	—	—	664	733	515
Cash dividends paid	(2,429)	(2,777)	(3,133)	(4,329)	(4,581)
Other, net	(259)	(199)	(218)	(244)	(182)
Effect of exchange rate change on cash and cash equivalents	43	83	(49)	(42)	(23)
Net increase (decrease) in cash and cash equivalents	1,548	8,078	(8,254)	(796)	15,101
Cash and cash equivalents at beginning of period	14,611	16,213	24,291	16,037	15,241
Increase (decrease) in cash and cash equivalents resulting from merger and acquisition (consolidated subsidiary and nonconsolidated subsidiary)	53	—	—	—	—
Cash and cash equivalents at the end of period	16,213	24,291	16,037	15,241	30,343

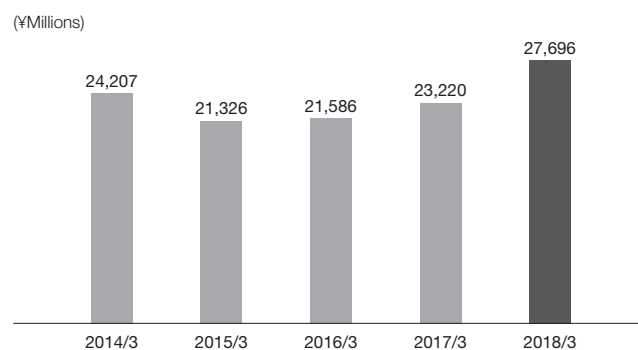


Financial Highlights (Non-consolidated)

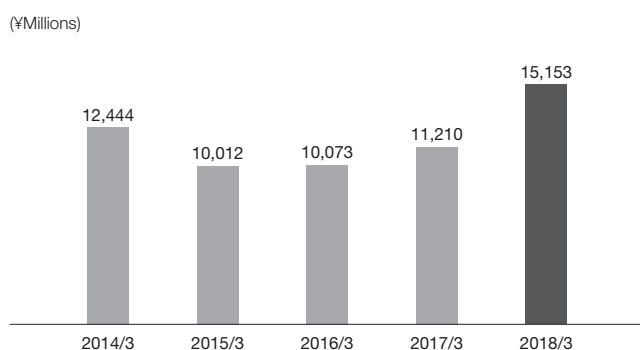
■ Orders Received ■ Net Sales



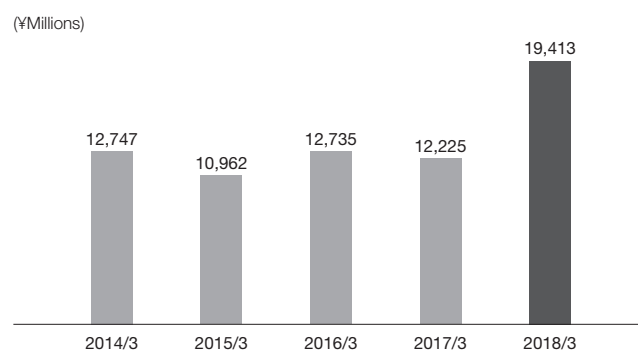
■ Gross Profit



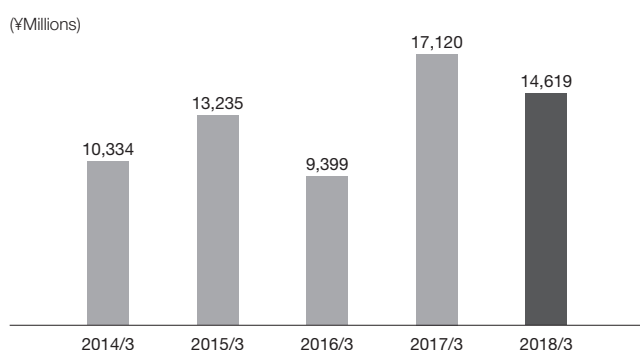
■ Operating Income



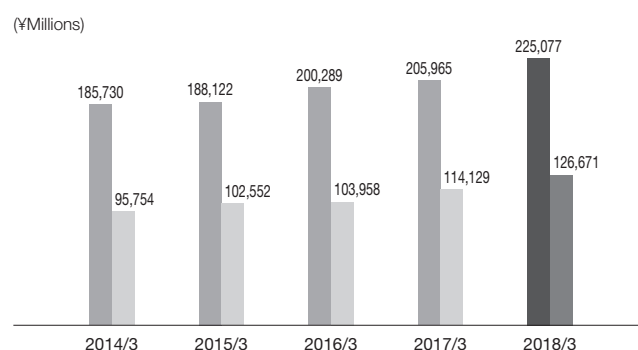
■ Ordinary Income



■ Net Income



■ Total Assets ■ Net Assets

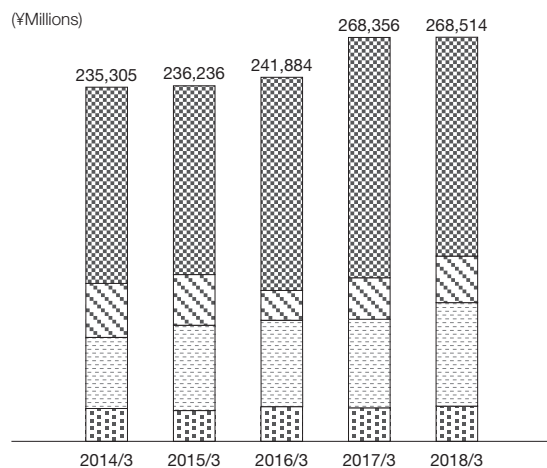


(¥Millions)

	2014/3	2015/3	2016/3	2017/3	2018/3
Orders Received	235,305	236,236	241,884	268,356	268,514
Net Sales	247,358	236,672	227,521	243,546	256,864
Gross Profit	24,207	21,326	21,586	23,220	27,696
Operating Income	12,444	10,012	10,073	11,210	15,153
Ordinary Income	12,747	10,962	12,735	12,225	19,413
Net Income	10,334	13,235	9,399	17,120	14,619
Total Assets	185,730	188,122	200,289	205,965	225,077
Net Assets	95,754	102,552	103,958	114,129	126,671

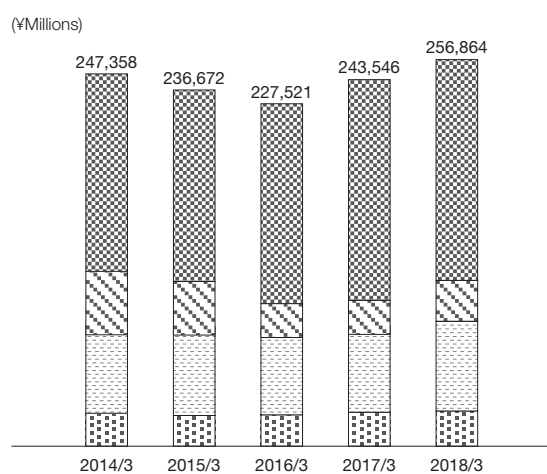
Trends by Segment (Non-consolidated)

Orders Received by Business Segment (Non-consolidated)

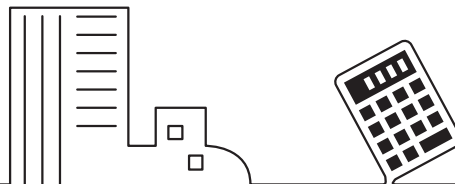


	2014/3	2015/3	2016/3	2017/3	2018/3
NTT group engineering	130,375	125,428	141,628	159,656	145,425
NCCs	35,866	33,662	19,790	27,597	30,909
Urban infrastructure	47,235	56,687	57,408	58,825	68,802
SYSTEM-SOLUTIONS	21,827	20,458	23,056	22,276	23,376
Total	235,305	236,236	241,884	268,356	268,514

Net Sales by Business Segment (Non-consolidated)



	2014/3	2015/3	2016/3	2017/3	2018/3
NTT group engineering	131,193	127,237	132,765	146,591	146,674
NCCs	42,134	35,582	22,536	22,649	27,164
Urban infrastructure	52,151	53,444	51,350	51,714	59,612
SYSTEM-SOLUTIONS	21,879	20,407	20,869	22,590	23,412
Total	247,358	236,672	227,521	243,546	256,864



Non-consolidated Balance Sheets

	2014/3	2015/3	2016/3	2017/3	2018/3
(¥Millions)					
ASSETS					
Current assets	109,286	108,185	109,519	113,459	128,428
Cash and deposits	8,489	9,074	12,990	12,452	22,257
Notes receivable-trade	106	1,147	772	1,374	488
Accounts receivable from completed construction contracts	72,095	63,863	74,487	75,397	76,342
Short-term investment securities	5,919	11,765	90	63	4,499
Costs on uncompleted construction contracts	15,213	14,365	12,963	14,571	17,466
Finished goods	—	—	—	405	568
Raw materials and supplies	47	79	540	737	689
Short-term loans receivable	3,434	2,500	2,617	3,722	2,576
Prepaid expenses	242	277	326	336	392
Deferred tax assets	2,595	3,332	1,794	1,956	2,003
Other current assets	1,201	1,823	2,935	2,442	1,143
Allowance for doubtful accounts	(59)	(46)	—	—	—
Noncurrent assets	76,444	79,936	90,769	92,505	96,648
Property, plant and equipment	38,966	39,372	47,541	50,779	51,676
Buildings	12,809	12,733	15,219	14,673	15,358
Structures	1,274	1,191	1,849	2,230	2,289
Machinery and equipment	829	1,169	2,547	3,421	3,216
Vehicles	0	0	0	0	0
Tools, furniture and fixtures	670	590	690	550	540
Land	22,973	22,459	26,671	29,263	29,930
Lease assets	266	223	253	205	164
Construction in progress	143	1,003	310	432	175
Intangible assets	2,771	3,003	4,315	3,207	3,104
Software	2,635	2,159	2,921	2,704	3,007
Other intangible assets	136	844	1,394	502	96
Investments and other assets	34,706	37,560	38,912	38,519	41,867
Investment securities	11,562	13,836	14,417	13,469	16,091
Stocks of subsidiaries and affiliates	17,173	19,653	19,891	19,987	19,749
Long-term loans receivable from subsidiaries and associates	488	642	—	—	—
Claims provable in bankruptcy, claimed provable in rehabilitation and other	56	56	56	55	55
Long-term prepaid expenses	83	65	186	118	39
Prepaid pension cost	4,918	2,506	3,611	4,095	5,091
Other investments and other assets	2,107	2,315	1,914	1,831	900
Allowance for doubtful accounts	(1,684)	(1,517)	(1,165)	(1,038)	(61)
Total assets	185,730	188,122	200,289	205,965	225,077
LIABILITIES					
Current liabilities	82,375	78,210	91,408	77,968	84,555
Accounts payable for construction contracts	34,663	35,085	41,292	40,413	40,368
Short-term loans payable	7,500	1,073	12,000	—	389
Lease obligations	113	96	103	95	70
Accounts payable-other	1,277	2,170	1,993	1,000	1,652
Accrued expenses	6,683	4,724	5,142	6,117	6,806
Income taxes payable	3,453	414	954	2,032	2,932
Advances received on uncompleted construction contracts	1,457	1,332	2,590	2,806	2,831
Deposits received	25,638	26,290	26,132	23,371	27,645
Provision for warranties for completed construction	98	76	774	21	45
Provision for loss on construction contracts	729	5,175	258	356	275
Other current liabilities	758	1,771	166	1,751	1,538
Noncurrent liabilities	7,601	7,358	4,922	13,868	13,850
Bonds payable	—	—	—	10,000	10,000
Long-term loans payable	5,367	5,000	2,010	1,235	—
Lease obligations	177	153	179	141	119
Deferred tax liabilities	1,837	1,993	1,900	1,425	2,654
Allowance for investment loss	48	17	95	192	42
Asset retirement obligations	—	121	287	439	503
Other noncurrent liabilities	169	72	449	434	530
Total liabilities	89,976	85,569	96,330	91,836	98,405
NET ASSETS					
Shareholders' equity	92,291	97,745	100,186	110,915	121,890
Capital stock	6,888	6,888	6,888	6,888	6,888
Capital surplus	7,139	7,373	8,433	8,471	8,592
Legal retained earnings	1,547	1,547	1,547	1,547	1,547
Reserve for advanced depreciation of noncurrent assets	1,348	2,088	2,151	2,363	2,362
General reserve	74,600	74,600	74,600	74,600	74,600
Retained earnings brought forward	15,255	22,277	28,475	41,055	51,087
Treasury stock	(14,487)	(17,029)	(21,910)	(24,011)	(23,187)
Valuation and translation adjustments	3,287	4,544	3,530	2,924	4,495
Valuation difference on available-for-sale securities	3,287	4,544	3,530	2,924	4,495
Subscription rights to shares	175	263	241	288	285
Total net assets	95,754	102,552	103,958	114,129	126,671
Total liabilities and net assets	185,730	188,122	200,289	205,965	225,077



Non-consolidated Statements of Income

	2014/3	2015/3	2016/3	2017/3	2018/3
(¥Millions)					
Net sales of completed construction contracts	247,358	236,672	227,521	243,546	256,864
Cost of sales of completed construction contracts	223,150	215,346	205,934	220,326	229,167
Gross profit on completed construction contracts	24,207	21,326	21,586	23,220	27,696
Selling, general and administrative expenses	11,763	11,313	11,513	12,010	12,543
Operating income	12,444	10,012	10,073	11,210	15,153
Non-operating income	1,152	1,504	3,644	1,749	4,746
Interest income	33	33	43	37	40
Interest on securities	8	13	10	0	1
Dividends income	129	193	2,392	259	3,608
Land and house rent received	468	466	397	783	630
Foreign exchange gains	—	474	—	—	—
Reversal of allowance for doubtful accounts	305	168	—	—	—
Gain on sales of non-current assets	—	—	231	402	57
Other	208	155	569	266	407
Non-operating expenses	848	554	982	734	485
Interest expenses	66	57	48	35	6
Interest on bonds	—	—	—	1	15
Rent expenses	152	202	137	260	164
Foreign exchange losses	—	—	400	150	170
Provision of allowance for investment loss	—	—	78	96	20
Bad debts expenses	17	—	—	—	—
Penalty for contract breach	86	—	—	—	—
Impairment loss	187	150	—	—	—
Other	339	144	318	190	107
Ordinary income	12,747	10,962	12,735	12,225	19,413
Extraordinary income	3,709	6,669	—	10,750	—
Extraordinary loss	571	—	—	2,148	—
Income before income taxes	15,885	17,632	12,735	20,827	19,413
Income taxes-current	5,499	3,837	1,276	4,065	4,305
Income taxes-deferred	51	558	2,059	(358)	488
Total income taxes	5,550	4,396	3,336	3,707	4,794
Net income	10,334	13,235	9,399	17,120	14,619



(as of March 31, 2018)

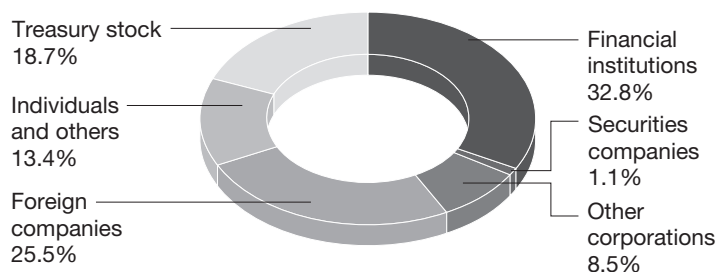
Fiscal Year-End	March 31
Annual Shareholders' Meeting	June 22, 2018
Stock Listing	Tokyo Stock Exchange (First Section)
Ticker Code	1951
Common Stock	Authorized: 300,000,000 shares Issued: 117,812,419 shares
Total Number of Shareholders	10,476
Transfer Agent and Registrar	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan

Major Shareholders

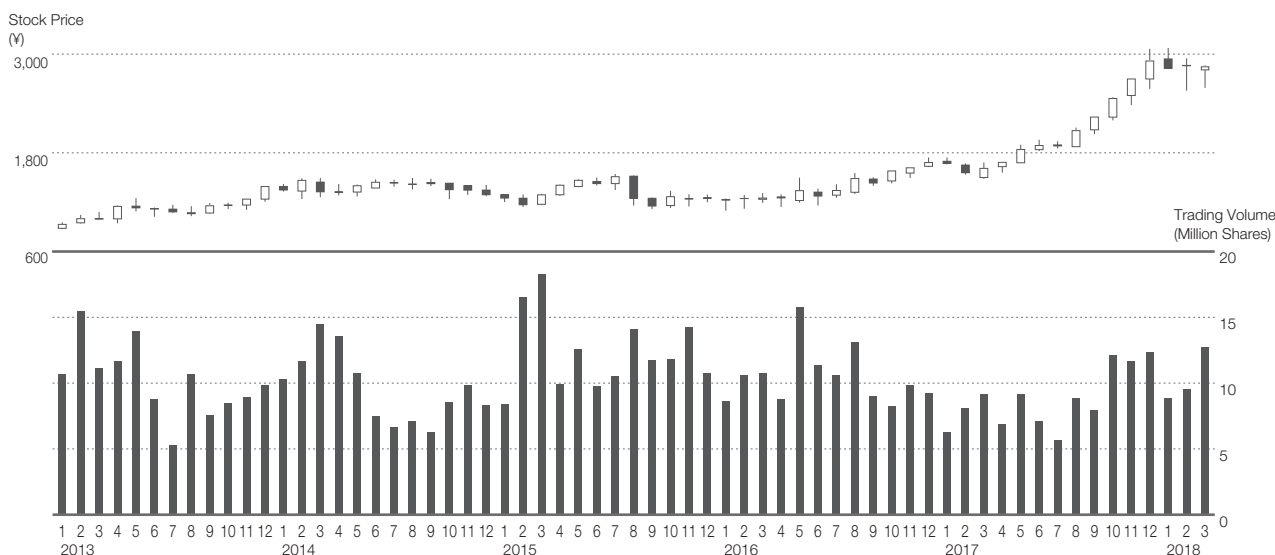
	Number of shares held (thousand)	Percentage of total shares issued (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	11,020	11.51
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,055	5.28
ESOP Association of KYOWA EXEO CORPORATION	3,988	4.16
Japan Trustee Services Bank, Ltd. (Sumitomo Electric Industries, Ltd., Retirement Benefit Trust Account reentrusted by Sumitomo Mitsui Trust Bank, Limited)	3,766	3.93
BBH FOR MATTHEWS JAPAN FUND	2,875	3.00
Sumitomo Realty & Development Co., Ltd.	2,081	2.17
SUMITOMO LIFE INSURANCE COMPANY	2,000	2.09
Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Trust Bank, Retirement Benefit Trust Account)	1,834	1.92
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,537	1.61
STATE STREET BANK AND TRUST COMPANY 505103	1,503	1.57

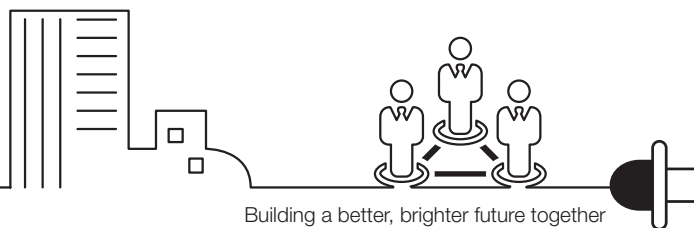
Note: The Company holds 22,049 thousand shares of treasury stock although those shares are not included in the above table.
The percentage of total shares issued is calculated by excluding treasury stock.

Composition of Shareholders



Stock Price Range and Trading Volume on the Tokyo Stock Exchange





President **Fuminori Kozono**



Vice President **Tetsuya Funabashi**



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**



Director (Independent Director) **Yasushi Kohara**



Standing Statutory Auditor **Haruhiko Watanabe**



Standing Statutory Auditor **Yoshiharu Takizawa**



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



Statutory Auditor (Independent Auditor) **Tomoko Aramaki**

Managing Operating Officers

Genzaburo Oe
Eiichi Matsuda
Junichi Sato
Hiroshi Yamashita
Yuji Sato
Hideki Obara
Koichi Mino
Hideo Higuchi
Takashi Itamiya
Fumio Kumagai

Operating Officers

Masato Suwabe
Kyoji Okabe
Noriyuki Watabe
Makoto Shirakata
Keijiro Shizukuishi
Kosei Nakashima
Kazunori Yuasa
Hachizo Sato
Eiji Fujimaki
Masahito Oshibashi
Masahiro Kikuchi
Hiroshi Akiduki



EXEO

KYOWA EXEO CORPORATION