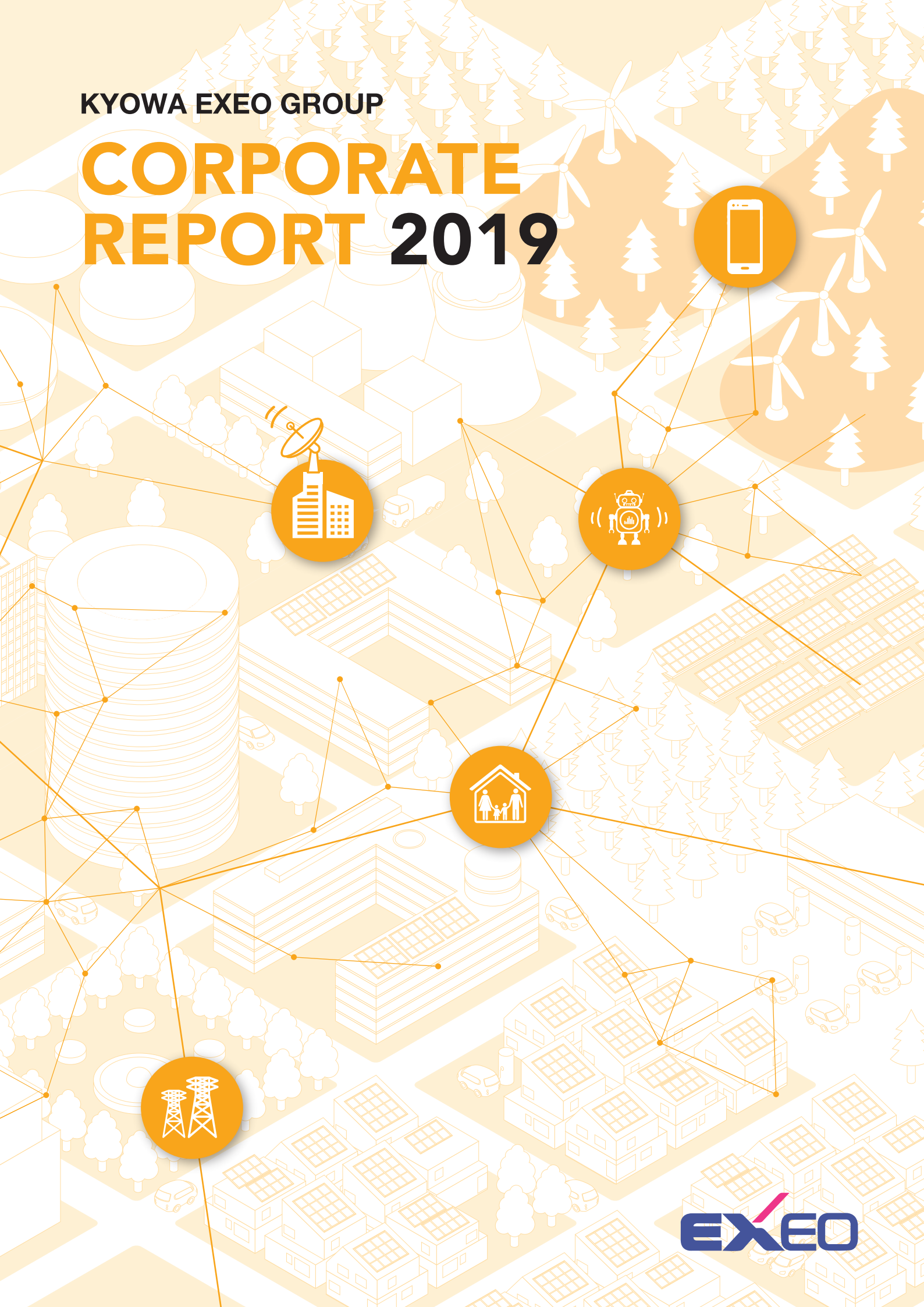


KYOWA EXEO GROUP

CORPORATE REPORT 2019



EXEO



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, 2018, to March 31, 2019
(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 2019

Next Issuance Scheduled:

July 2020



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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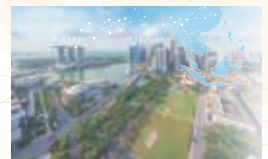
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Notice on forward-looking statements:

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	Head Office	29-20, Shibuya 3-chome, Shibuya-ku, Tokyo TEL: +81-3-5778-1111 (switchboard) URL: http://www.exeo.co.jp
Established	May 17, 1954	West Japan Head Office	2-10, Uchihonmachi 2-chome, Chuo-ku, Osaka TEL: +81-6-6350-4057
Paid-in Capital	¥6,888 million (as of April 1, 2019)	Number of Business Offices	Branch offices: 15 Sales offices: 21
Stock Listing	First Section of the Tokyo Stock Exchange	Major Banks	Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd.
Representatives	Fuminori Kozono, Chairman Tetsuya Funabashi, Vice President Tsutomu Ota, Representative Director	Independent Auditor	Seiyo Audit Corporation
Net Sales	¥423.7 billion (consolidated) ¥279.0 billion (non-consolidated) (as of March 31, 2019)		
Number of Employees	13,151 (consolidated) 3,804 (non-consolidated) (as of March 31, 2019)		

Business Bases (As of July 1, 2019)

Domestic bases: (■ Branches/■ Offices)

● Head Office
● West Japan Head Office

15 Branches

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

21 Sales Offices

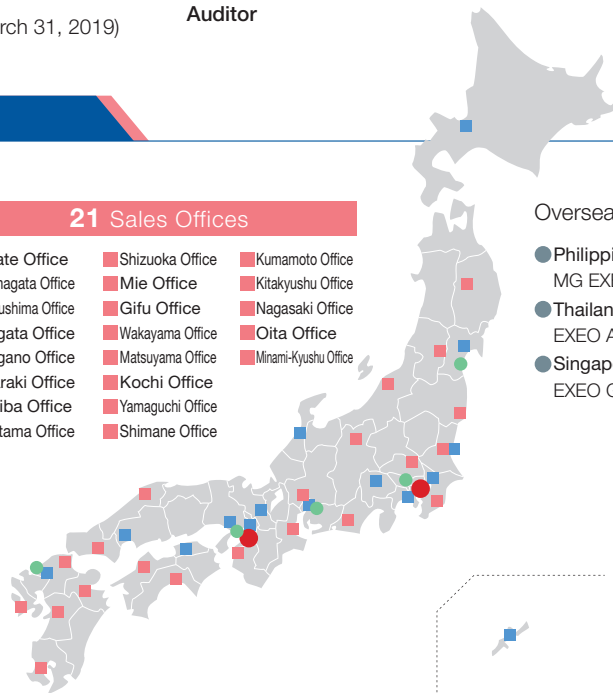
■ Iwate Office	■ Shizuoka Office	■ Kumamoto Office
■ Yamagata Office	■ Mie Office	■ Kitakyushu Office
■ Fukushima Office	■ Gifu Office	■ Nagasaki Office
■ Niigata Office	■ Wakayama Office	■ Oita Office
■ Nagano Office	■ Matsuyama Office	■ Minami-Kyushu Office
■ Ibaraki Office	■ Kochi Office	
■ Chiba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

Overseas Bases

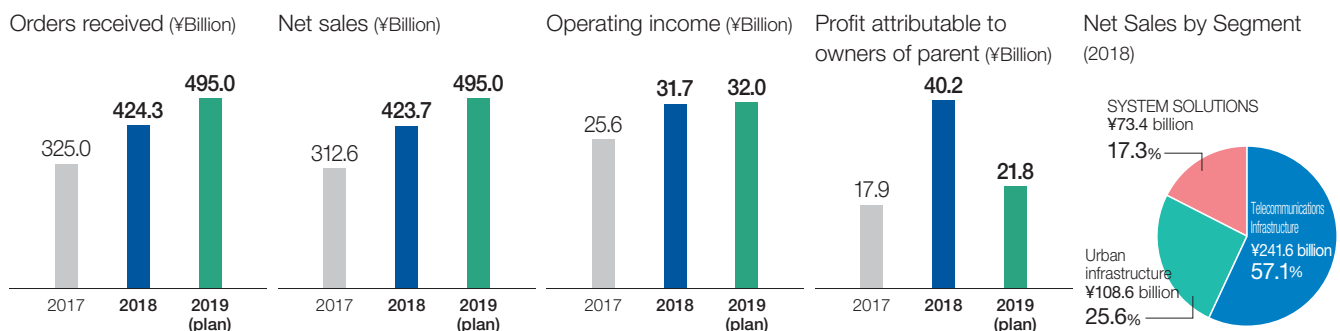
- Philippines
MG EXEO NETWORK, INC.
- Thailand
EXEO ASIA COMPANY LIMITED
- Singapore
EXEO GLOBAL Pre. Ltd.

Bases of Five Major Consolidated Subsidiaries

- EXEO TECH CORPORATION
- Daiwa Densetsu Corporation
- C-CUBE Corporation
- Seibu Electric Industry Co., Ltd.
- NIPPON DENTSU CO., LTD.

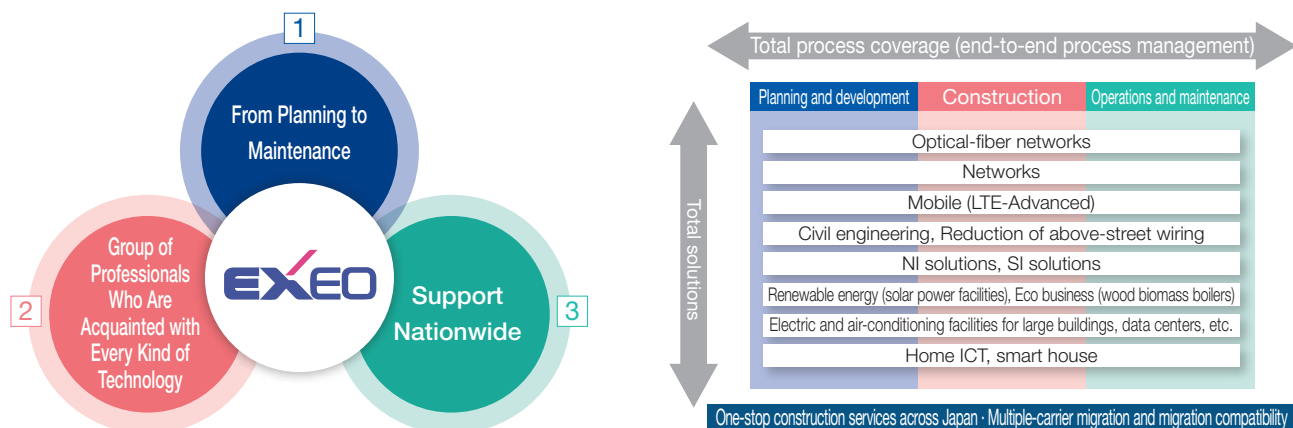


Consolidated Financial and Non-financial Highlights



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.

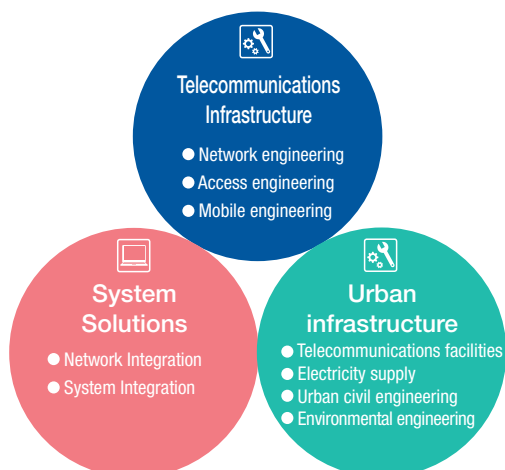
2 Total Solution

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

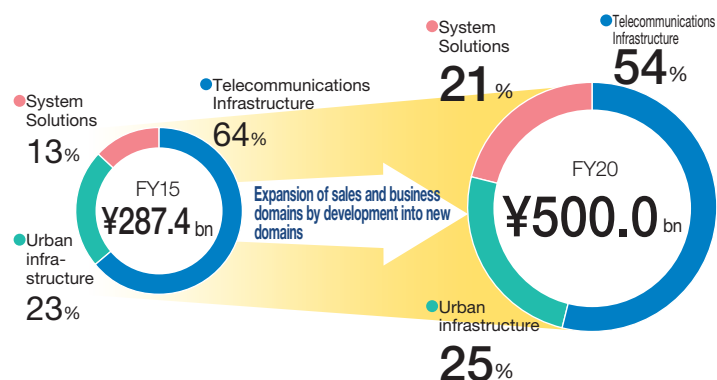
We are prepared to meet every kind of customer need, which can be covered by our operating bases and Group companies located throughout the nation.

Business Fields

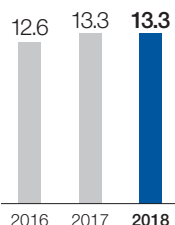


Target portfolio

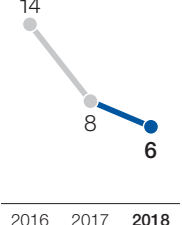
(FY16–FY20 Medium-Term Management Plan)



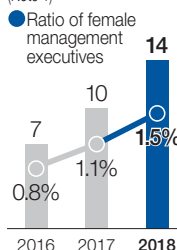
Number of days of paid leave taken per employee (Note 1)



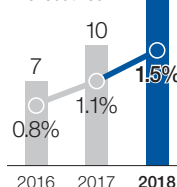
Turnover rate for employees with up to three years of service (%) (Note 1)



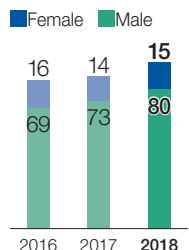
Number of female management executives (Note 1)



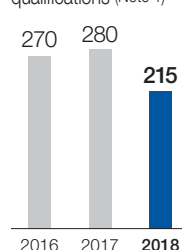
Ratio of female management executives



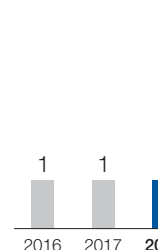
Number of new graduates employed (Note 1)



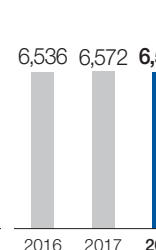
Number of employees with IT-related expert qualifications (Note 1)



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.	Aug. 2011	WAKO ENGINEERING CORP., Daiwa Densetsu Corporation and Ikeno Tsuken Co., Ltd., were converted into wholly owned subsidiaries
Jul. 1954	Qualified to participate in telecommunications facility tenders for Nippon Telegraph and Telephone (now NTT)	Nov. 2011	ICOMSYSTECH Co., Ltd., was converted into a wholly owned subsidiary
Feb. 1963	Listed on the Second Section of the Tokyo Stock Exchange	Dec. 2015	WHERE Inc. was converted into a wholly owned subsidiary
Sep. 1963	Began engaging in telecommunications and electric power construction outside that for NTT	Oct. 2018	C-CUBE Corporation, Seibu Electric Industry Co., Ltd. and NIPPON DENTSU CO., LTD. was converted into a wholly owned subsidiary
Feb. 1972	Listed on the First Section of the Tokyo Stock Exchange	May. 2019	DeClout in Singapore was converted into a wholly owned subsidiary
May 1991	Changed company name to KYOWA EXEO CORPORATION		
Mar. 1999	Relocated head office to current address in Shibuya-ku, Tokyo		

1954~

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



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

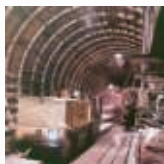


Telecommunications line works

- 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)



Publicized the change of the company name

1988

Net Sales:
¥100.0 Billion

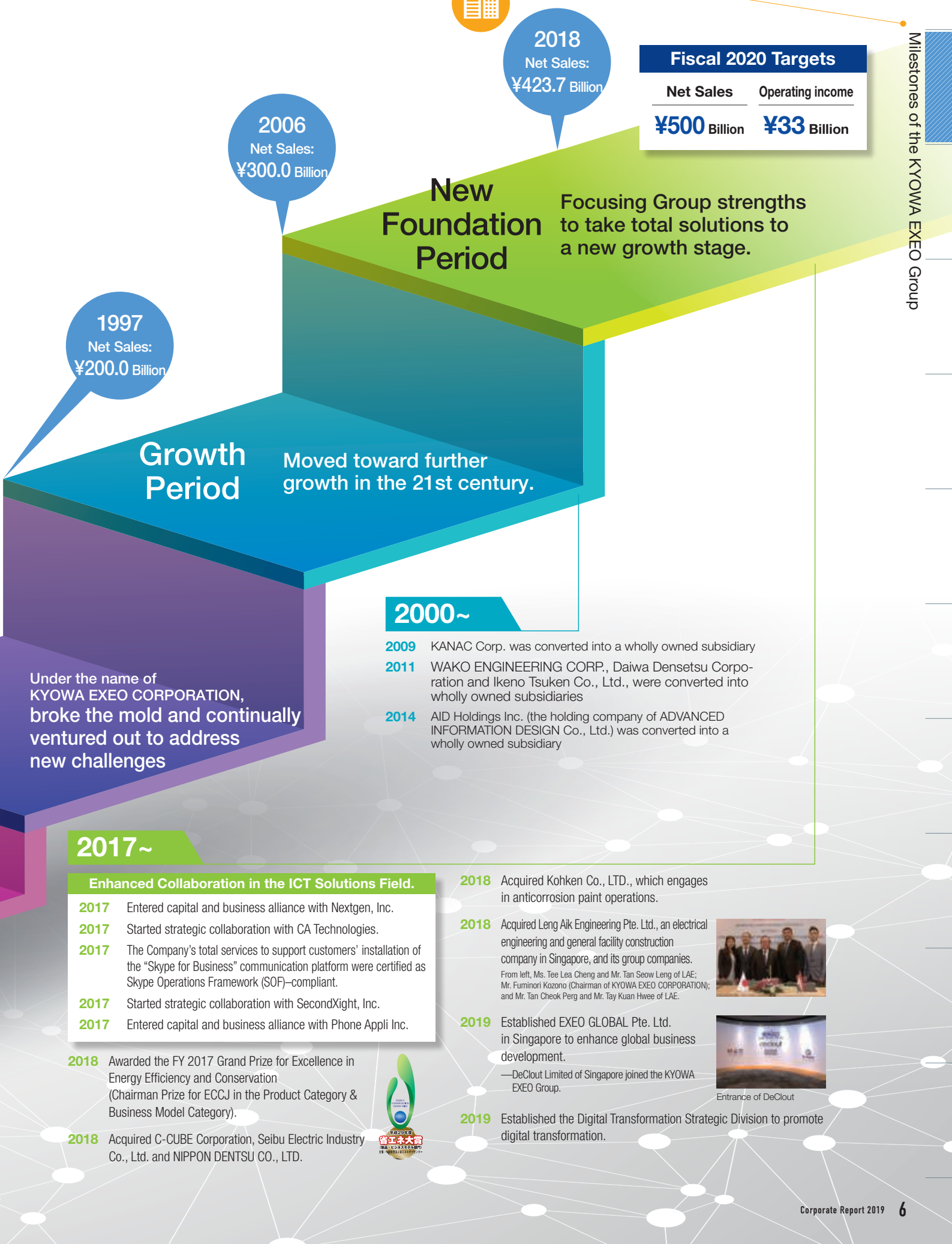
Leap
Period

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.





EXEO

株式会社
協和エクシオ



Thank you for your understanding and continuing support for the overall business operations of the KYOWA EXEO Group.

I assumed the post of President of KYOWA EXEO CORPORATION as of June 21, 2019. Following the management integration with three other companies in western Japan, which was completed on October 1, 2018, the Group further solidified its strengths—“Total Process,” “Total Solution” and “Nationwide Construction Services”—based on its long-accumulated technological capabilities. I intend to strive for Group-wide business development by leveraging my experience in the information communications business to achieve innovation-conscious operational reforms in response to the problems of our customers and society and to pursue design thinking through enhanced cooperation among different departments while adhering to the sound traditions of the Group.

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.



みんなを「つなぐ」は未来をもちろ明明るく楽しい

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

President & CEO
KYOWA EXEO CORPORATION

T. Funabashi

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 comply with the Charter of Corporate Behavior put forward by the Keidanren (Japan Business Federation) and perform corporate social responsibility (CSR) through our primary businesses.

Business Results, Initiatives and Achievements of Fiscal 2018

Our business environment in fiscal 2018 remained successful as in the previous fiscal year. Market competition regarding new services started in the

telecommunications sector, as represented by the entry of a telecom carrier into the financial business sector. Moreover, the reinforcement and improvement of information communications networks and the user environment were promoted in line with the increased data traffic due to the expanded use of smartphones and various smart devices. In the system solutions sector, artificial intelligence (AI) and cloud technologies started spreading in society in various business settings, thereby drastically expanding the markets leveraging big data. In the construction sector, ahead of the forthcoming Tokyo Olympic and Paralympic Games 2020, the redevelopment business prospered in the Tokyo metropolitan area and construction investment by municipalities throughout the country continued at high levels associated with diverse initiatives for regional revitalization, disaster prevention and mitigation projects.

Under such circumstances, the KYOWA EXEO Group conducted management integration on October 1, 2018, with three other companies in western Japan, that is, C-CUBE Corporation, Seibu Electric Industry Co., Ltd. and NIPPON DENTSU CO., LTD. Furthermore, in the Global sector, all group companies of Leng Aik Engineering Pte. Ltd., which engages in electrical engineering and general facility construction in Singapore, were converted into subsidiaries in November 2018, and EXEO GLOBAL



Pte. Ltd. was established in Singapore as a regional headquarters in Asia.

The Group achieved record-high profits thanks to the management integration with three companies in western Japan and overseas business development in the Global sector in addition to the business expansion due to the aforementioned activities.

In the telecommunications infrastructure business, we mainly strove to increase the construction efficiency mainly of fixed telecommunications-related optical line connection works, and focused on swiftly completing works to cope with the openings of wireless phone base stations by major customers. We also addressed aged facility restoration works and works to help facilities recover from typhoon disasters. Moreover, in mobile telecommunications-related works, we promoted works relating to the reinforcement and improvement of wireless phone base stations for the 4G frequency band countrywide.

In the urban infrastructure business, we received orders for several large-scale work projects such as countermeasures for 700-MHz reception difficulty in digital terrestrial televisions, electrical equipment installation for large buildings and the construction of waste treatment facilities. Meanwhile, the three acquired companies in western Japan addressed large-scale

orders for large public works; disaster prevention infrastructure works for municipalities and government agencies; telecommunications facilities works for railway companies; installation works for hydrogen supply stations utilizing solar power generation; and electrical equipment installation works in Okinawa.

In the system solutions business, apart from various system development projects that comprise the base of the business, we worked to extend new solution fields, including enterprise application integration (EAI) solutions. In addition, we received orders for various solutions targeting municipalities and educational institutions, as well as for such works as education-related and IP private branch exchange (PBX) renewal works. The NIPPON DENTSU group made group-wide efforts in order-receiving activities such as the development of mission-critical and information systems, the provision of security network-related implementation services and the building of IT infrastructure systems. Consequently, the group received orders for projects such as large-scale SI projects, office computer replacement projects, works for high-speed broadband services.

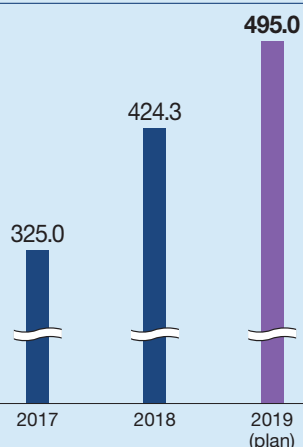
Furthermore, in the agri-business field, which the Group entered as a new pillar of profits, the C-CUBE group started sales of SWEET CUBE tomatoes with



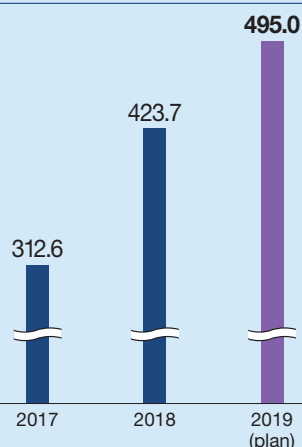


Operation highlight

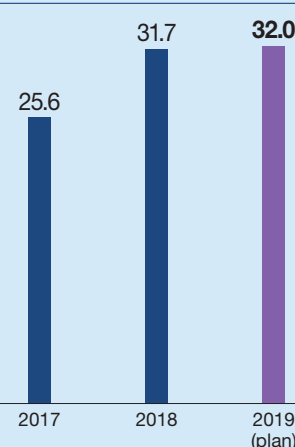
Orders received (¥billion)



Net sales (¥billion)



Operating income (¥billion)



high sugar content, which were produced by next-generation farms that leverage the latest ICT.

As a result, for fiscal 2018, the KYOWA EXEO Group recorded orders received amounting to ¥424.3 billion (up 31% year over year) and achieved consolidated net sales of ¥423.7 billion (up 36% year over year) and operating income of ¥31.7 billion (up 24% year over year).

Following the management integration, the three acquired companies in western Japan promoted the reform of their business structure, work style reforms and the enhancement of their earning power.

In the system solutions business, the C-CUBE group moved ahead with structural reform initiatives that focused on the provision of various solutions for municipalities and educational institutions, thereby enabling a base for sustainable growth by attaining record-high segment profit in the second half of fiscal 2018.

Furthermore, as part of the work style reforms aimed at promoting more flexible ways of working, the Seibu Electric Industry group engaged in trials toward the implementation of a telework scheme mainly for those employees who assume the task of raising children and taking care of the elderly while working.

The NIPPON DENTSU group continued to address its four priority measures: Expansion of Orders Received, Promotion of Group-wide Collaboration, Human Resource Development and Enhanced Utilization of IT. The group thus made efforts to reinforce its business base and profit-earning capability through its commitment to these policies.

Outlook for Fiscal 2019

Following the management integration with three companies in western Japan, the KYOWA EXEO Group reviewed the numerical targets in the current Medium-Term Management Plan for the remaining two years through fiscal 2020 and changed fiscal 2020 targets as follows: net sales of ¥500.0 billion, operating income of ¥33.0 billion, return on equity (ROE) of 8.5% and earnings per share (EPS) of ¥210. In the future, we will endeavor to flexibly respond to changes in the business environment and establish a solid management foundation by generating group synergies in cooperation with the respective companies in western Japan.

In the information communications sector, expansion is expected in the development of information communications networks such as the works for fixed- and mobile-composite 5G-compliant communications, which are requested by customers, and the reinforcement of wireless phone base stations as a countermeasure against a surge in data traffic, although telecom carriers will continue to curtail their capital investments over the medium to long term. In addition, our new one-stop coverage system nationwide will enable us to establish an efficient construction system by reviewing the Group formation so that management resources can be consolidated into areas where disaster recovery and related works for Expo 2025 Osaka, Kansai, Japan are anticipated. Furthermore, we expect ICT-related investments to continue rising in line with the expansion of new IoT services that utilize AI, the cloud and big data.



In spite of concerns over labor shortage in the construction sector, in view of the forthcoming Tokyo Olympic and Paralympic Games 2020, various related works for athletic arenas and in surrounding areas are reaching a peak in the Tokyo metropolitan area, and investments by municipalities throughout the country is expected to continue steadily in line with various initiatives for regional revitalization, disaster prevention and mitigation projects.

In addition, we will strive for further business expansion by focusing on the establishment of the global business and new key businesses.

In fiscal 2019, we will strive to generate group synergies in cooperation with the three companies in western Japan and other subsidiaries in the telecommunications carriers business. Moreover, we intend to strengthen marketing activities in the urban infrastructure and system solutions businesses, both of which are positioned as growth businesses, to expand our business and establish a solid management base.

On April 1, 2019, the Company established the Digital Transformation Strategic Division, a new organization aimed at promoting digital transformation (hereinafter, "DX"). DX refers to the pursuit of optimal solutions in terms of products and services, as well as of the relevant business models and IT technology that supports such models, through operational reforms that

leverage data and digital technology. The trend toward DX has been expanding rapidly in almost all industries, and DX has therefore attracted attention as a new growth domain in the system solutions sector.

The Digital Transformation Strategic Division will pursue ideal business operations within the KYOWA EXEO Group in cooperation with the respective departments/sections. The Division will also drive work style reforms aimed at improving productivity by thoroughly reviewing business processes and promoting digitalization. Subsequently, the Division will feed back the knowledge and know-how obtained during DX-related activities to the respective departments in the form of case studies and best practices as reference for when customers implement DX. The Division thus assumes the central position in expanding the new DX-based solution business.

We have already launched several operational reforms on previously noted issues, including slip processing work to settle expenses; reporting from construction worksites to KYOWA EXEO's Head Office; and the implementation of video communication tools. We will continue to promote these work style reforms and focus on converting knowledge obtained therefrom into value that can be provided to customers.

SDGs initiatives through business activities (KYOWA EXEO Group)

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1 Achievement of a safe and secure society through the infrastructure business

Achieve urban development that is safe and secure for everybody, as well as contributing to building infrastructure that is resilient to natural disasters



2 Achievement of an affluent society through the solution business

Resolution of social issues and achievement of an affluent society through IoT technology



3 Global environment conservation and achievement of a recycling-oriented society

Promotion of recycling and effective utilization of resources; achievement of a society for the prevention of global warming



4 Achievement of favorable communication with stakeholders

To meet the expectations of stakeholders, favorable communication will be strengthened to resolve issues





ESG and SDGs Initiatives

The KYOWA EXEO Group's corporate philosophy includes cultivating technological capabilities, seeking affluence and contributing to society. Under this philosophy and with its technological capabilities as a driver of growth, the Group has grown to be the way it is now, while reflecting the needs of the times. The Group's technological capabilities now contribute significantly to the resolution of social issues at home and abroad. The KYOWA EXEO Group will continue to address social issues and help solve them through its businesses, thereby achieving sustainable growth with society. While we will continue to address the CSR and ESG activities that we have been tackling, by categorizing these activities in each item under the SDGs, we came to realize the diversity of value that the KYOWA EXEO Group can provide to customers and society.

You will understand that the CSR and ESG activities in which the Group has engaged have solved many social issues. I personally have recognized anew that our embodiment of the Group's corporate philosophy in everyday business has helped to solve a variety of social issues.

Consequently, we have decided to disclose the "EXEO Group and SDGs" newsletter to students wanting to join the Company, customers and our in-house departments and periodically add news sources and content. I am confident that we can earn new orders if employees at the respective departments learn about the attractive, diversified business activities within the Group and take up such topics when visiting customers.

Distributing Returns to Shareholders

The KYOWA EXEO Group regards profit distribution to shareholders as an important managerial issue and has 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 3.5% as the benchmark percentage. Accordingly, the annual dividend per share for fiscal 2018 was ¥70.

For fiscal 2019, also applying a DOE of 3.5% as the benchmark percentage, we plan to set the annual dividend per share at ¥80 (an interim dividend per share of ¥40 and a year-end dividend per share of ¥40).

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 ¥5.0 billion during the first half of fiscal 2019.

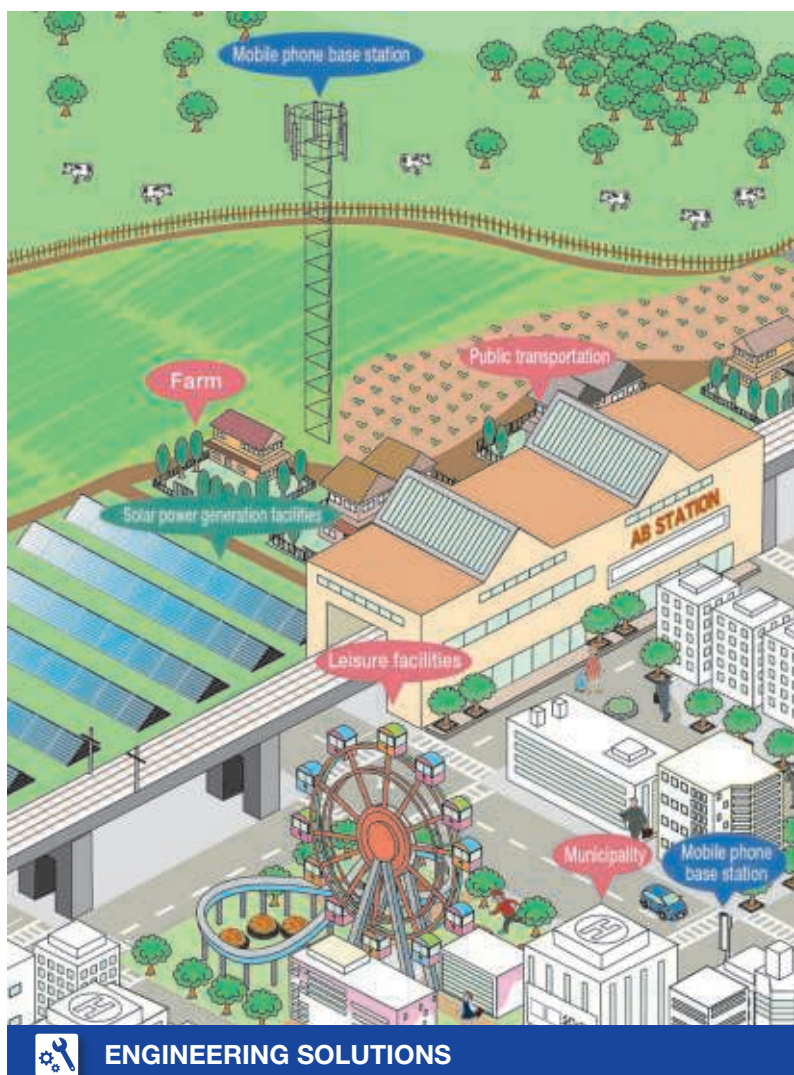
In addition, we will maintain a stable high level of ROE by promoting the growth of income and enhancing capital efficiency and continue to seek greater EPS.

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.



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 through its business activities by providing high value-added **ENGINEERING SOLUTIONS** and **SYSTEM SOLUTIONS**.



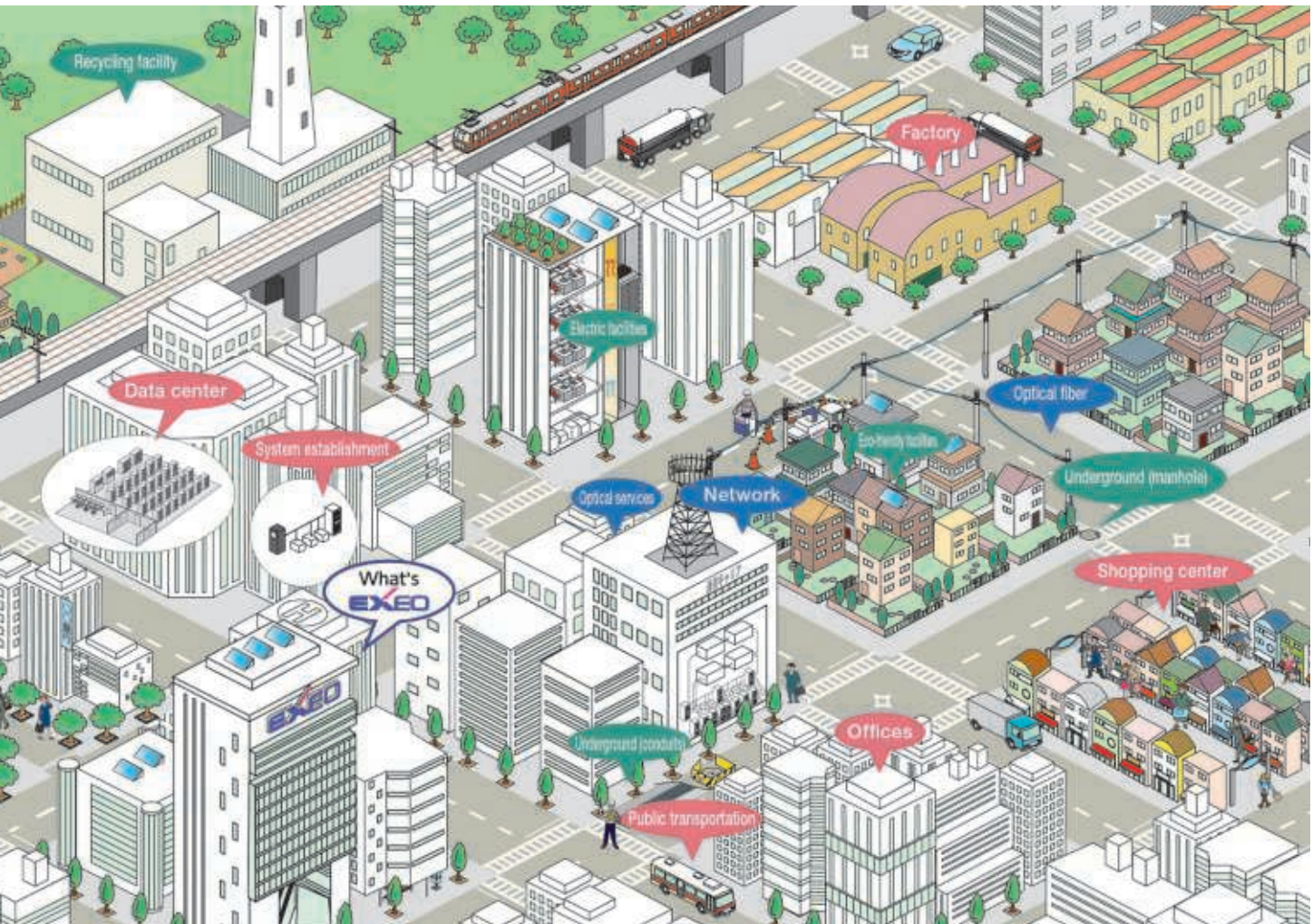
Telecommunications Infrastructure

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.



To page 15





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.

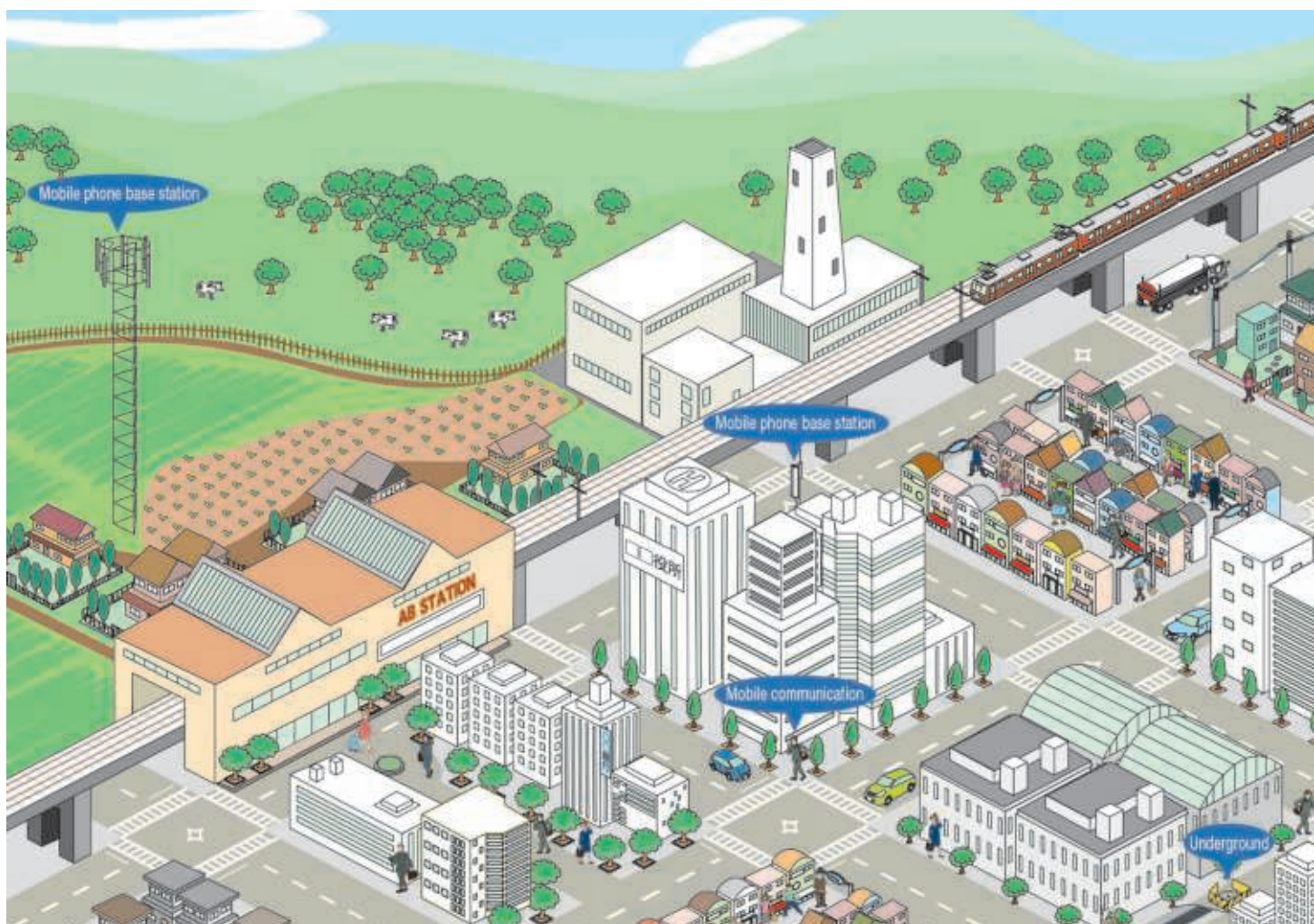


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Telecommunications Infrastructure

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, the Softbank Group and the Rakuten Group.



Handing down the technology and contributing to society

Supporting the core business for KYOWA EXEO

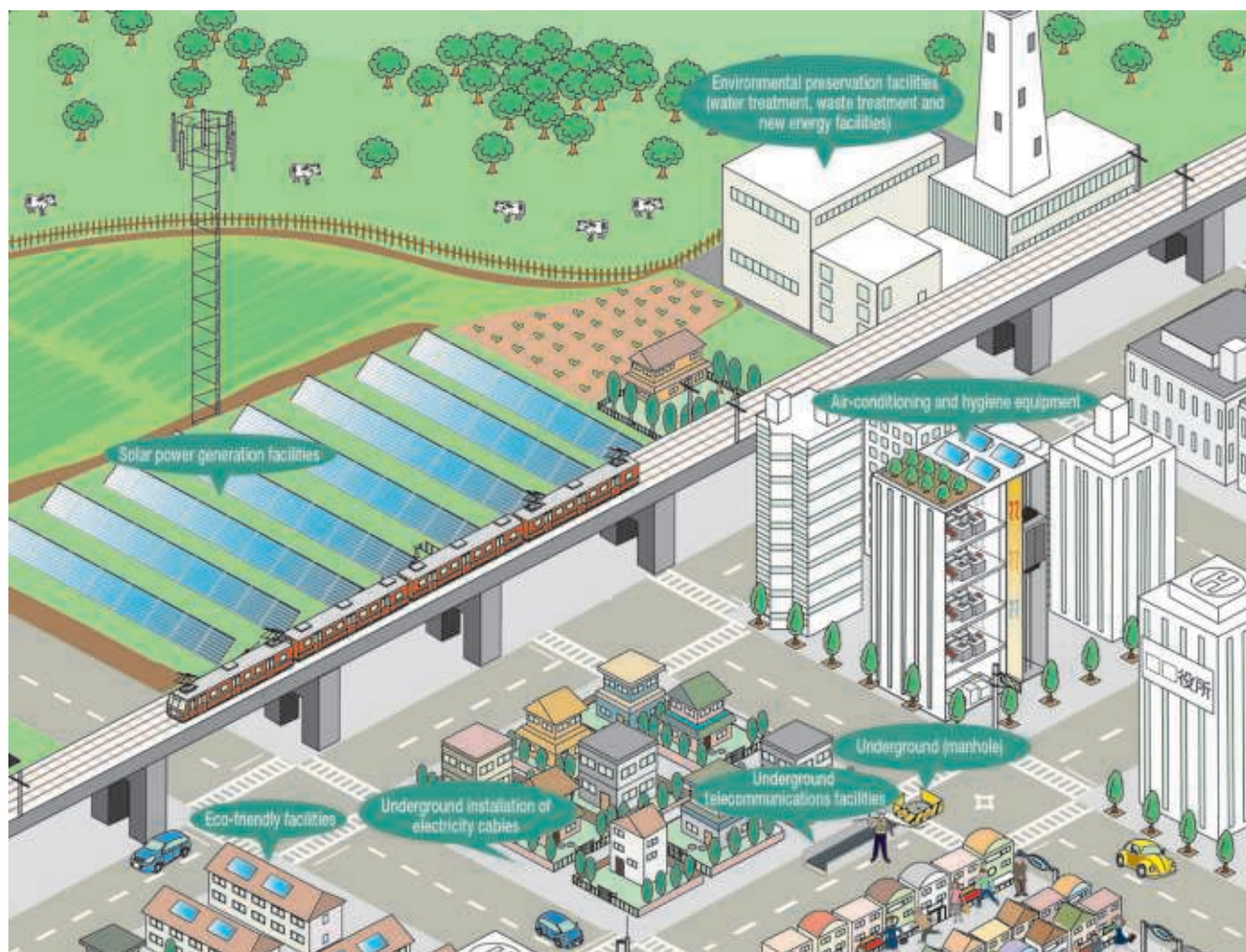
Michio Sagawa, an employee of the Company, was recognized in 2015 by the Ministry of Health, Labor and Welfare as an outstanding skilled worker (master craftsman), in appreciation of his years of involvement in the wiring and installation works for information and communications facilities, which contributed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

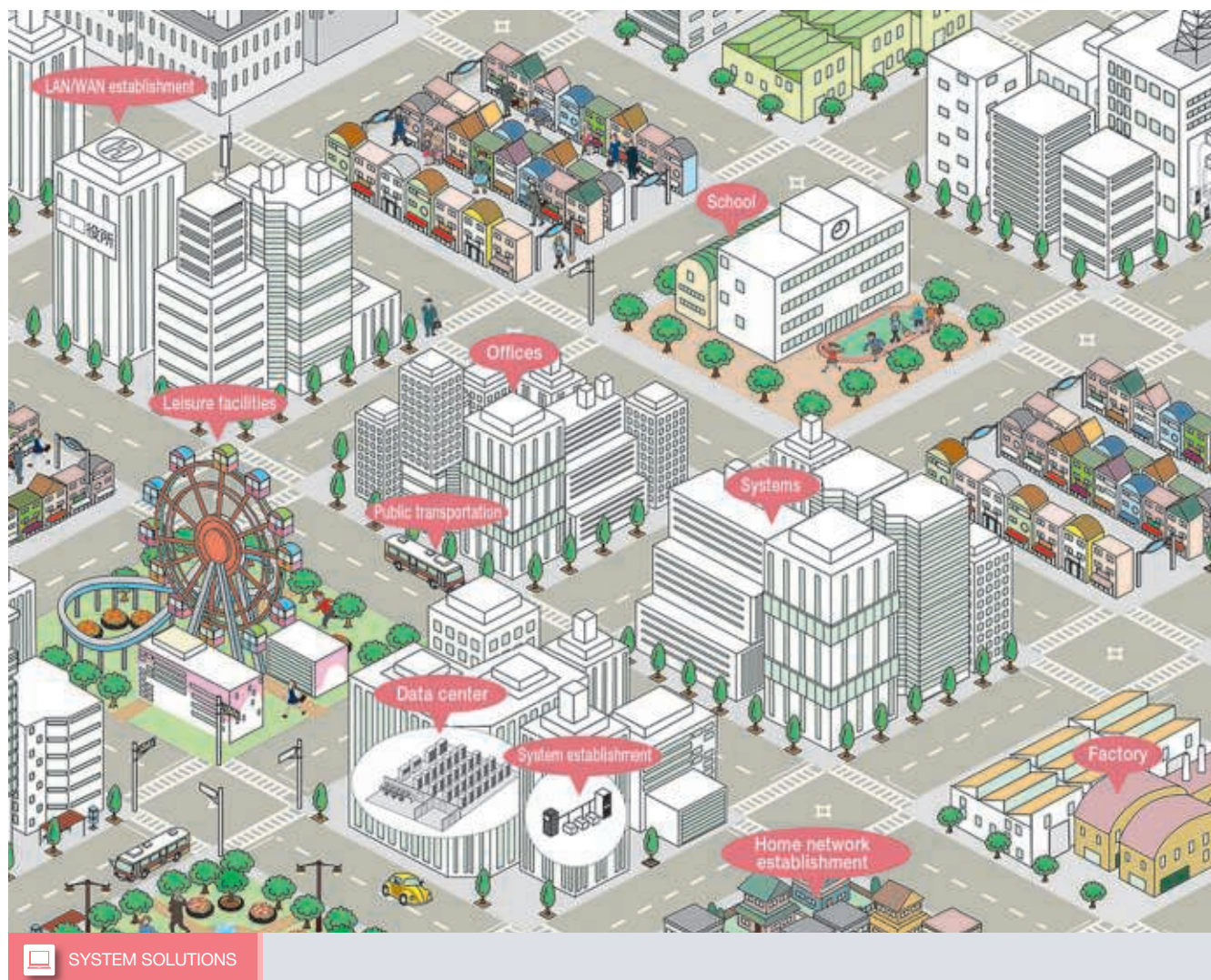
**Electricity supply**

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.





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

KYOWA EXEO CORPORATION

(As of July 1, 2019)

Five Major Consolidated Subsidiaries

C-CUBE Corporation

Insightful company that employs the best people to deliver advanced technology and exciting communications offerings

Since its foundation, C-CUBE Corporation has taken advantage of the latest technology to engage in a broad range of businesses including telecommunications facilities works, general equipment works and information services.

Given the current transformation among industries toward collaboration between various fields utilizing ICT infrastructure, the entire C-CUBE group will continue to take on challenges across the board to be an insightful company that can employ the best people to deliver advanced technology and exciting communications offerings by addressing business structure reforms.

Company Name	C-CUBE Corporation
Establishment	May 14, 1954
Head Office	1-51, Monzen-cho, Naka-ku, Nagoya-shi, Aichi
Representative	Representative Director and President: Hiroaki Kubozono
Paid-in Capital	¥4,100 million
Business Outline	Telecommunications construction business, information service business, etc.

Seibu Electric Industry Co., Ltd.

Aiming to further develop business via the dreams, wishes and pride of our employees

With the Kyushu region as its home turf, Seibu Electric Industry Co., Ltd., engages in various businesses such as the mainstay information and communications, ICT solution and social infrastructure businesses.

Seibu Electric Industry affiliated with the KYOWA EXEO Group in October 2018. We will endeavor to establish a construction system adaptable to diversified customer needs with enhanced productivity. We will also take on the challenge of business growth and development and proactively maximize synergies from the business integration.

With the beginning of a new era, Reiwa, as a turning point, we will strive to contribute to society by better leveraging our strengths. Moreover, we will aspire for further growth and development of our business while building on the dreams, wishes and pride of every employee.

Company Name	Seibu Electric Industry Co., Ltd.
Establishment	July 3, 1947
Head Office	7-1, Hakataekihigashi 3-chome, Hakata-ku, Fukuoka-shi, Fukuoka
Representative	Representative Director and President: Toshihiko Kumamoto
Paid-in Capital	¥1,600 million
Business Outline	Telecommunications engineering business, ICT solution business, etc.

NIPPON DENTSU CO., LTD.

Becoming a company that contributes to a society where people can live safely

Since its foundation, NIPPON DENTSU CO., LTD., has contributed to creating a society where people can live safely through the construction of a telecommunications infrastructure and the development of its peripheral equipment. NIPPON DENTSU put its management resources into product development at an early stage. Representative products that have enjoyed popularity include the inspection system for a leading manufacturer, the PIANO PHONE; vibration analysis systems; fee management systems; and the Oresse reception system. Moreover, in our history of growth, we have always emphasized customer satisfaction, as represented by the provision of information system maintenance and operational services nationwide.

In recent years, as part of our CSR efforts, we created an endowment system to support creative activities from the Kansai area in the media art domain (artistic expression using digital technology) to support the fusion of art and ICT. In addition, we have started the AI solution service business to provide diverse services related to AI, IoT and the cloud. Our challenging inaugural spirit has led to business process reforms of customers by putting to use our own experience of installing Robotic Process Automation (RPA) tools, the CB Series and the BPA Series. In the future, we intend to extend business with the concerted efforts of the NDK Group and continuously pursue sustainable growth as a company trusted by customers.

Company Name	NIPPON DENTSU CO., LTD.
Establishment	October 22, 1947
Head Office	21-1, Isoji 2-chome, Minato-ku, Osaka-shi, Osaka
Representative	Representative Director and Chairman: Toshiro Ue
Paid-in Capital	¥1,493.93 million
Business Outline	Telecommunications facilities engineering business and ICT solution business

EXEO TECH CORPORATION

Addressing challenges for new growth as a newly established company

As a major subsidiary dedicated to private-sector demand, EXEO TECH CORPORATION renewed its corporate structure through management integration with Exeo Network Corporation and FUJI DENSETSU CO., LTD. as of July 1, 2019.

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 with efforts to diversify business fields and expand business operations by fully optimizing the engineers and various product offerings of the three companies.

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

Daiwa Densetsu Corporation

Aiming for a future full of dreams as a company that develops with local communities





















Daiwa Densetsu Corporation intends to address business improvement through its desire to change itself, courage and determination by anticipating changes in the operating environment.

Daiwa Densetsu has constructed and maintained communications infrastructure facilities for 70 years as a Tohoku-based company. The market share of the NUTRIMATE food service management system for university hospitals nationwide is approaching 50%. We will further enhance Daiwa's brand appeal by transmitting the Daiwa group's activities internally and externally, and endeavor to create our future as a company that works with local communities primarily in the Tohoku region.

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



All 72 Consolidated Subsidiaries

KYOWA EXEO Group	C-CUBE Group	Seibu Electric Industry Group	NIPPON DENTSU Group
All 40 consolidated subsidiaries Major business outline of the subsidiaries	All 17 consolidated subsidiaries Major business outline of the subsidiaries	All 5 consolidated subsidiaries Major business outline of the subsidiaries	All 10 consolidated subsidiaries Major business outline of the subsidiaries
 8 access engineering subsidiaries  5 mobile telecommunications subsidiaries  2 civil engineering subsidiaries  17 IT subsidiaries  1 electricity subsidiary  7 other subsidiaries	 6 access engineering subsidiaries  2 networks subsidiaries  5 civil engineering subsidiaries  2 IT subsidiaries  1 electricity subsidiary  1 other subsidiary	 1 access engineering subsidiary  1 civil engineering subsidiary  1 electricity subsidiary  2 other subsidiaries	 1 access engineering subsidiary  1 networks subsidiary  7 IT subsidiaries  1 electricity subsidiary

17 nonconsolidated subsidiaries and 16 affiliates

Overview of Group Companies



Access engineering

KANAC Corporation

KANAC Corporation has grown along with the development of postwar Japan since its foundation in September 1946. We are an integrated engineering company dedicated to telecommunications facilities works, electrical equipment installation works, civil engineering works, sales of materials, manufacturing of equipment, etc.

We aim to realize our corporate philosophy of “becoming a caring company that provides comfortable lifestyles” via forward-looking management that expands business areas, enhances technological capabilities, increases the types of business and ensures safety and security, while adhering to our motto: the K3—“*Kizuki* (recognition),” “*Kikubari* (delicate attention)” and *Kizukai* (solicitude)—and *Omoiyari* (Compassion). To this end, we will promote innovation through concerted company-wide efforts as a “vigorous corporation” and a “community-based corporation” that contributes to the development of the Group and society.



Mobile telecommunications

Denseisha Co., Ltd.

Denseisha Co., Ltd., has three business fields that are positioned as mainstay pillars and will accelerate efforts to promote them. Regarding electrical works, the oldest pillar, we started the maintenance and operation management services of waste treatment facilities in fiscal 2018. We are also participating in the reconstruction works of the Haneda Airport.

As for telecommunications infrastructure works for telecom carriers, we will ensure a construction system to accommodate the entry of new telecom carriers and 5G-related capital investments.

In the SI business, we intend to further extend our business with existing semiconductor manufacturers. In June 2018, we opened a new liaison office in Meguro-ku, Tokyo, through which we intend to increase orders received in the Tokyo area and enhance regional manufacturing and development. In terms of human resources, we will promote midcareer employment to ensure the necessary number of engineers.

Among the three mainstay pillars, we will endeavor to deploy cross-sectional human resources and mutual assistance. We will also take on the challenge of tapping into new fields. We therefore aim to be a choice company under the management philosophy of “Ingenuity, Sincerity and Enthusiasm.”



IT

DeClout Limited

DeClout Limited was converted into a wholly owned subsidiary in April 2019 due to the completion of a TOB conducted by EXEO GLOBAL Pte. Ltd., a regional headquarter company.

DeClout, with its head office in Singapore, sells IT infrastructure featuring next-generation information communications technologies and provides related services with a goal of becoming a global market leader. DeClout also provides a variety of businesses, including neutral hosting and digital trade facilitation platform services through its subordinate group companies on a global basis.

We will strive to contribute to further business growth of the KYOWA EXEO Group by maximally leveraging our broad business network.



IT

ADVANCED INFORMATION DESIGN Co., Ltd.

Since its foundation in 1980, ADVANCED INFORMATION DESIGN Co., Ltd. (AID), has engaged in system development mainly for financial institutions, as well as for diverse industries such as insurance, manufacturing, distribution, the public sector, telecommunications and medicine. AID also has proposed a broad range of application, network, security and mobile-related solutions, achieving good performance.

In the future, as a member of the KYOWA EXEO Group, we will aim for further growth and development as a company that can realize the IT solutions that customers truly desire by utilizing advanced IT technology and abundant know-how.

From Asia to the World Established EXEO GLOBAL

The OECD Development Centre announced in its “Economic Outlook for Southeast Asia, China and India 2019” that ASEAN countries are poised to maintain steady growth momentum, averaging 5.2% per year from 2019 to 2023.

The KYOWA EXEO Group has advanced its overseas strategy of covering the ASEAN countries by establishing MG EXEO NETWORK, INC. (“MG EXEO”) and EXEO ASIA COMPANY LIMITED (“EXEO ASIA”), both of which are local joint ventures. In November 2018, the Group established EXEO GLOBAL Pte. Ltd. (“EXEO GLOBAL”) as a regional headquarters, in the global hub city of Singapore. Moreover, the Group successively converted two leading local corporations into subsidiaries via an M&A and a TOB. The Group will reinforce its structure to exert full-fledged global deployment to provide better urban infrastructure and system solutions not only in Japan but also overseas.



Fumitoshi Imaizumi

Operating Officer; Department Chief, Global Business
Department, ICT Solutions Headquarters;
and Managing Director, President, EXEO GLOBAL Pte. Ltd.

Established EXEO GLOBAL, a regional headquarters, in Singapore, a global hub city

During fiscal 2018, the KYOWA EXEO Group's global strategy entered a new stage. We reached the milestone of establishing a presence in the global hub city of Singapore. We selected Singapore because of the easy access to the capitals of the respective ASEAN countries via short flights of approximately two hours, a low corporate tax rate and a desirable business environment in which to diversify investment. Moreover, the legal system has no restriction against foreign capital, allowing 100% foreign investments. To advance the Group's global strategy, our presence in Singapore is essential.

In October 2018, the Group acquired all the shares of the Leng Aik Engineering Pte. Ltd. (“LAE”) group, which engages in electrical engineering and general facility construction, converting it into a wholly owned subsidiary. The decisive

rationale for this acquisition was that the LAE group firmly believes in “quality-first” corporate DNA and an immediate-response corporate culture that enhances customer satisfaction. The KYOWA EXEO Group is also particular about these features. Having the LAE group as a Group member enables us to enter the urban infrastructure market, which is rapidly expanding in the ASEAN countries.

Subsequently, toward the full-fledged deployment of its global business, the KYOWA EXEO Group established EXEO GLOBAL in Singapore in November 2018. EXEO GLOBAL is a regional headquarters that facilitates the operational and strategic management of overseas subsidiaries. Through enhanced marketing activities including sales promotion by top management and synergies among the respective subsidiaries, we have improved the Group-wide structure to identify business problems faced by growth markets and turn them into good business opportunities.



Moving toward true global deployment by making DeClout a subsidiary

In March 2019, EXEO GLOBAL converted DeClout Limited into a wholly owned subsidiary through a takeover bid. DeClout has three operating companies under its control: Beacon Pte. Ltd., which provides ICT solution, data center and neutral hosting services; vCargo Cloud Pte. Ltd., which engages in the digital trade facilitation platform business; and DeClout Investments Pte. Ltd., which is a corporate venture capital. The DeClout group's global operations include not only the ASEAN region but also Africa and Central Asia. In particular, EXEO GLOBAL has obtained the venture capital function of DeClout Investments, thereby allowing the KYOWA EXEO Group to have a business structure that addresses the complete growth cycle discovering and cultivating promising start-up corporations and developing them as subsidiaries within the Group. In the future, we will accelerate the cycle of discovering and fostering promising corporations to realize our vision of B2B networking for true global development.

Pursuing Group synergies to aim for business models such as those in Japan

Although not much time has passed since the acquisition was completed, it has already generated Group synergies.

In booming Singapore, many projects for data center works have emerged in recent years. In view of such a situation, seasoned employees have been dispatched on

loan from the Head Office in Tokyo to coach LAE staff on processes from design to construction so that they can take on the challenge of various construction work projects including those of data centers. For example, regarding the competition for a data center extension project, our LAE team, consisting of staff from the LAE group and Beacon who received guidance from the Tokyo Head Office, made a comprehensive presentation ranging from electrical equipment installation to system solutions. Although we are awaiting a debrief report on the selection, this presentation was a product of Group-wide synergies and is a model for future global deployment.

In several emerging countries, as in Japan, the number of urban infrastructure and system solutions projects has been increasing at an accelerating pace. To meet such market needs, we must promote human resource development for local employees through technology exchanges with the Head Office in Tokyo, which has accumulated substantial expertise, as well as collaborations with local corporate groups, which can supplement the technologies that existing overseas subsidiaries lack or be converted into subsidiaries. In so doing, we need to develop business models as in Japan to enable mutual synergies within a short period.

EXEO GLOBAL intends to contribute to the business growth of the KYOWA EXEO Group and the creation of a better society globally by continuously enhancing its global development.

Launched New System that Addresses Digital Transformation (DX) Across the Company

Digital transformation for corporations refers to the profound transformation of business performance and the targeted scope by leveraging digital technologies. In the 2018 WHITE PAPER Information and Communications in Japan, the Ministry of Internal Affairs and Communications pointed out that AI, IoT and other ICT are changing existing social and economic systems including infrastructure, institutions, organizations and production methods, resulting in a major trend to create new systems. The likely future entails a variety of fundamental changes in industry, including the deployment of new services that leverage the data collected from products (physical goods); cross-industrial collaboration utilizing automation technology and entries in different business sectors; and the transition of society from “owning” to “as-needed utilization” resulting from the popularization of sharing services.

The KYOWA EXEO Group set forth “Improvement of productivity through the digitalization of operations and the fostering of highly-skilled IT human resources” as one of the basic policies of its new Medium-Term Management Plan, which was released in May 2019. We have initiated the Digital Transformation Strategic Conference and assigned DX Promoting Leaders, who are hub-forming leaders in their respective organizations in conjunction with the Digital Transformation Strategic Division, the core entity that was established in April 2019. The Company has begun initiatives on various themes by establishing a structure to promote digital transformation via concerted company-wide efforts.

Digital transformation addressed by the KYOWA EXEO Group

Masahiro Kikuchi

Operating Officer and Division Chief,
Digital Transformation Strategic Division



KYOWA EXEO's DX has two objectives. One is to carry out radical innovation concerning employees' work styles and business processes by thoroughly leveraging digital technology. In this context, the utilization of digital technology includes reviewing relevant systems and modifying information systems from medium- and long-term perspectives. The other is to cultivate our technological capabilities through these activities and obtain valuable experience and knowledge. Contributing to the development of the human resources who will be the next generation of the Group is an important mission of the Division.

To early complete works, the number of which has increased given the steady business environment, stably and with a high level of quality, and to cope with the labor

shortage that has affected all industries, radical business innovation using digital technology is a pressing management task. The setup of a new, DX-focused structure has inspired the awareness of diverse problems and reform-oriented ideas from diverse departments. We will strive to conduct the aforementioned DX-related tasks as company-wide activities not limited only to the Division.

We are confident the methods that helped us overcome our issues or obstacles in advancing DX internally can be leveraged as added value in the solution business of the Business Solutions Headquarters and ICT Solutions Headquarters of the Company to help corporate customers address operational and business reforms using digital technology.

Helping realize true work style reforms with design thinking

We are using Office 365 throughout the Company as a tool that radically changes the modality of communications. To facilitate the introduction of the tool, we explain it in an easy-to-understand manner concretely presenting actual scenes of usage to ensure communications between work-sites and the Head Office via the daily use of video calls, improve accessory tools and confirm usage conditions. We intend to address these tasks in a multi-faceted manner, ranging from the physical environment to reviewing systems, including the perspective of the social movement theory such as the Telework Day to promote remote working.

A customer who has introduced our EXBeacon platform can digitalize conventional analog data using the indoor positioning function to measure the position of targeted persons and things and then create a digital twin of the office in combination with Office 365 digital information. We look forward to designing more efficient and easy-to-use floor layouts and executing measures that inspire communication based on the digital twin data.

Shinjiro Mizuno (right)

Manager, Digital Transformation Strategic Division

Tsubasa Onodera (left)

Digital Transformation Strategic Division



The so-called design thinking concept, which allows us to consider usability and ideal working conditions through the eyes of each employee as a user, could be useful in conducting work style and operational reforms using DX. We already started an initiative to popularize this technique within the Company from the viewpoint that DX could be useful in developing businesses, including the processes of creating prototypes via exchanged ideas and developing high-precision products and services via repeated steps of verification and improvement. Internal recognition and the level of employees' understanding have been improving little by little, through such activities as the attendance of our management executives, for example, at a Design Thinking workshop held at the site of a former restaurant.

Improving operational efficiency and quality by optimizing information systems and utilizing new technologies such as AI and IoT



Shun Kanai (left)

Assistant Manager, Digital Transformation Strategic Division

Yukari Tanioka (right)

Digital Transformation Strategic Division

We will address the optimization and restructuring of IT system infrastructure, which supports the Group's business, by incorporating the DX approach, not limited to the revision of the conventional approach.

To provide customers with various services such as work-related services, system integration, ICT solutions, quickly at high levels of quality, IT infrastructure has an important role in supporting not only inter-department or inter-company cooperation within the Group but also broad collaboration with corporate customers as service recipients and collaborators. In addition to the swift and efficient provision of services, we intend to develop an IT infrastructure as a base, on which workers can comfortably work, by optimizing and restructuring the IT infrastructure with new technologies and innovative ideas.

The utilization of AI and IoT technologies at construction- and work-related departments is an important theme for the safety improvement of various operations and the efficiency improvement of construction inspections. We believe that safe and secure working conditions for all related parties will

ensure quality work-related services to our customers.

Meanwhile, our review of basic design is underway to accommodate flexible and quick additions of functions to shared administrative operations such as attendance management and settlement of expenses. In addition, we will need to respond to the diversifying work styles of Group employees, including those at work-related departments who spend most of their day working outdoors. The Division continues to hear from employees at the respective departments to identify optimal, cross-sectional systems based on company-wide users' viewpoint.

We have noticed that there are some unexpectedly dangerous areas at our worksites. The ultimate work quality of "Zero Accident" begins with our preparations to predict and avoid any such danger. We therefore intend to address these issues via operational reforms based on design thinking while maintaining an awareness of the viewpoint of employees who actually work in those areas.

We would like to aggressively absorb and apply the advanced technologies necessary to exert work style or operational reforms while considering, executing and confirming the realization of DX.

KYOWA EXEO Group's Corporate Value Creation Process

KYOWA EXEO will contribute to the resolution of social issues through its businesses (technologies) and strive for sustainable growth with society.

The KYOWA EXEO Group's corporate philosophy includes cultivating technological capabilities, seeking affluence and contributing to society. Under this philosophy and with its technological capabilities as a driver of growth, the Group has grown to be the way it is now, while reflecting the needs of the times. The Group's technological capabilities now contribute significantly to the resolution of social issues at home and abroad. The KYOWA EXEO Group will continue to address social issues and help solve them through its 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
- Cyber attacks, 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.



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

Sustainable Corporate Value Creation

SUSTAINABLE DEVELOPMENT GOALS
17 GOALS TO TRANSFORM OUR WORLD



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

Globally Extending
the EXEO Quality

Go to P.21

Special
Feature
2

Opening the Way to the Future
by Utilizing Digital Technology

Go to P.23

KYOWA EXEO Group and SDGs

KYOWA EXEO will contribute to the resolution of social issues through its businesses and strive for sustainable growth with 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 consider them to be important issues for 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 corporate social responsibility (CSR) through our primary businesses and aim to create value jointly with society and achieve sustainable growth.

1. Achievement of a safe and secure society through the infrastructure business



Achieve urban development that is safe and secure for everybody, as well as contributing to building infrastructure that is resilient to natural disasters

Contributing to the improvement of various kinds of infrastructure

● Improving information communications infrastructure

We provide consistent quality services from planning and design to construction, operation and maintenance for all types of communications equipment and facilities of telecom carriers, throughout the country based on our performance over the years and excellent technologies.



Construction of an outdoor mobile phone base station



Access engineering-related work

Promoting “barrier-free”

(Closer to communities and people by leveraging our technological capabilities)

We aim to create and help realize an environment where anybody can live safely by accommodating barrier-free conditions, the norm of the times. To help create welfare-based communities, we provide support from plan proposal and design to manufacturing of equipment, construction and maintenance in aspects of both software and hardware.



Braille guide board with voice guidance in foreign languages



Station guidance chime

Establishing a variety of infrastructure facilities and equipment mainly in Southeast Asia

We engage in the infrastructure facilities business mainly in Southeast Asia. We contribute to creating affluent communities by taking advantage of our sophisticated, Japanese-quality technologies.



Optical access works (The Philippines)
<MG EXEO NETWORK, INC.>

2. Achievement of an affluent society through the solution business



Resolution of social issues and achievement of an affluent society through IoT technology

Providing the environment for work style reforms and productivity improvement

Japan now faces various difficult situations such as a reduction in the productive-age population resulting from the declining birthrate and aging population, the simultaneous pursuit of raising children or taking care of the elderly and work style diversification. To address such difficult circumstances, we provide an environment that helps the interested parties to mitigate long working hours and improve operational efficiency.



Office 365 implementation service

Responding to food safety and food loss issues

We help hospitals to take risk countermeasures, including notification on contraindications and allergies, and improve efficiency in handling food materials and cooking/catering operations by providing tailored menu management focusing on individual hospitalized patients. As for school lunches, we provide relevant systems that excel in improving the efficiency of office processing, safety and cost performance.



Food service management system

Providing an ICT environment for high-quality education

Realizing an ICT environment in the field of education has become an urgent task because the Ministry of Education, Culture, Sports, Science and Technology will introduce computer programming as a compulsory subject effective from 2020. We provide an environment for everyone to receive affordable, quality ICT education regardless of gender.



Provision of educational solutions, lesson assistance for teachers, lecture on operation of ICT equipment, etc.



Sustainable Development Goals (SDGs)

The SDGs listed in the 2030 Agenda for Sustainable Development are a set of international development goals from 2016 to 2030. The SDGs consist of 17 goals to realize a sustainable world.

3. Global environment conservation and achievement of a recycling-oriented society



Promotion of recycling and effective utilization of resources; achievement of a society for the prevention of global warming

Increasing the ratio of renewable energy in the energy mix

● Biomass business

We conduct field investigations, design and construction of wood biomass boilers to enhance the utilization of wood biomass energy, which has drawn attention as a renewable source of energy.



Biomass boiler in Hachimantai City



Biomass boiler in Kaneyama Town

Reducing hazardous chemical substances, as well as mitigating air, water and soil pollution

Focusing attention on “water,” an essential element for our lives, and the “waste” produced from our lives, we engage in the construction and operation of water treatment facilities for domestic and industrial wastewater and waste treatment facilities. Through the business, we strive to reduce the discharge of hazardous chemical substances, as well as the pollution of air, water and soil.



Water treatment plant

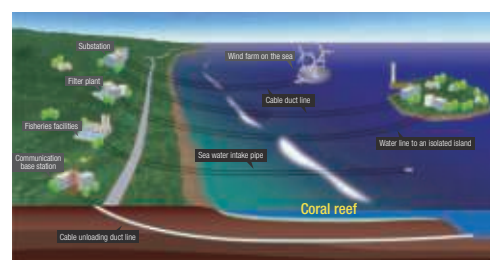


Waste treatment facilities operated by Kinoumi Area Treatment Facilities Association

Avoiding adverse effects on marine and coastal ecosystems

We have contributed considerably to constructing a social infrastructure of a new era utilizing our long-cultivated underground civil engineering technology.

An example in this area is the horizontal directional drilling of submarine telecommunications/power cables, which can bypass a long distance of seabed at places such as fishing grounds and coral reef sanctuaries, preventing damage caused by pipes or cables.



Horizontal Directional Drilling (Earth Shuttle)

4. Achievement of favorable communication with stakeholders



To meet the expectations of stakeholders, favorable communication will be strengthened to resolve issues

With employees

● Promoting diversity and work style reforms

The KYOWA EXEO Group aims to nurture a corporate culture that recognizes diverse values regardless of gender, nationality, or other features, in order to swiftly and flexibly respond to diversifying customer needs and committing to business development and improved performance. Accordingly, it promotes Group-wide diversity as part of its innovation and work style reforms. The Group's initiatives along these lines have been recognized or selected by the Ministry of Health, Labour and Welfare and other organizations.



Obtained the *Kurumin* mark for excellent childraising support



Certified as an *Eruhashi* company (highest grade) for advanced women's participation in the workplace



Included in the Top Hundred Telework Pioneers by the Ministry of Internal Affairs and Communications

With society

● Providing places for technical training

We provide affordable, quality technical training for everybody regardless of gender or nationality.



Training center opened in the Philippines and scene of training



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.

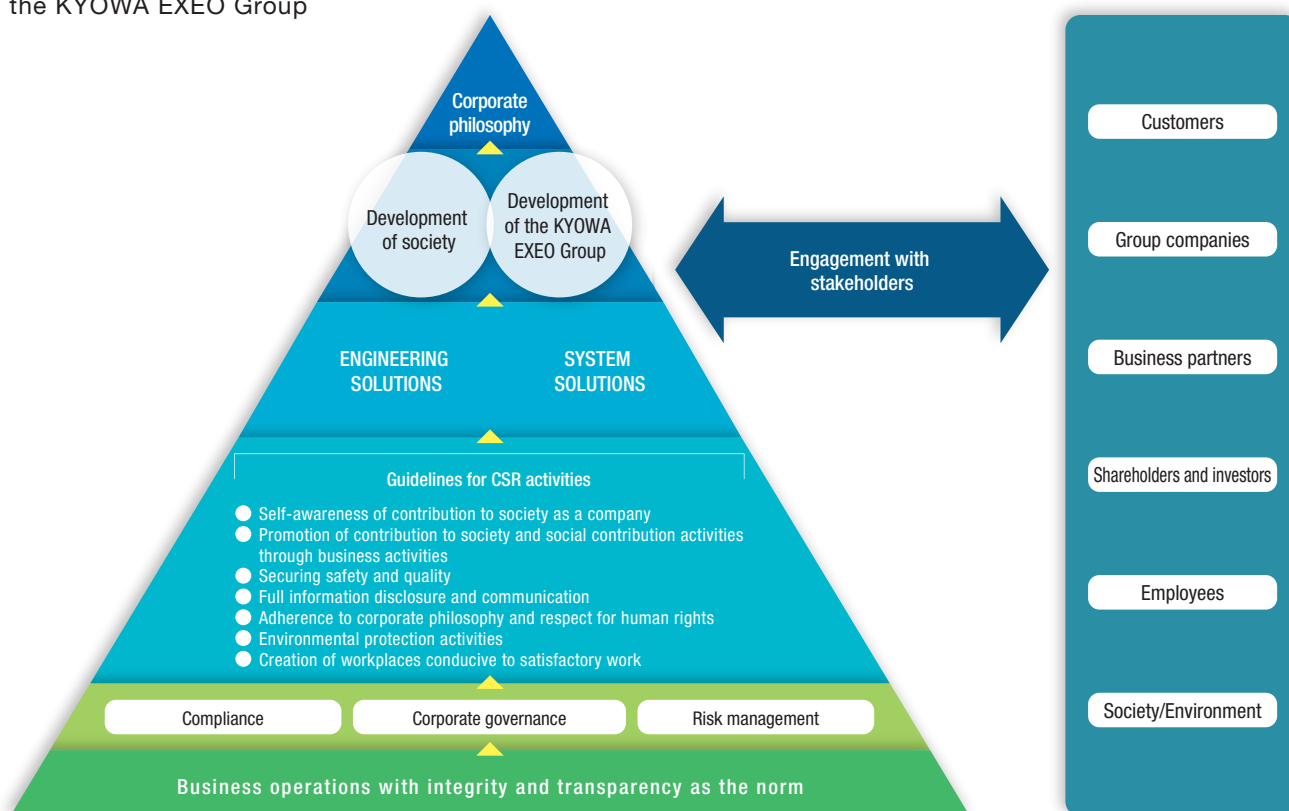
Basic CSR Policy / CSR Promotion Systems

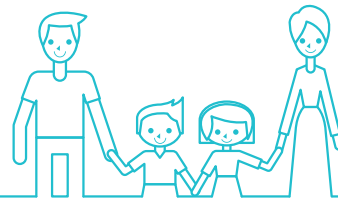
The corporate philosophy of the KYOWA EXEO Group, which is the basic guideline for our corporate social responsibility, includes cultivating technological capabilities, seeking affluence and contributing to society, and we work to make integrity and transparency the fundamental norms of our management.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

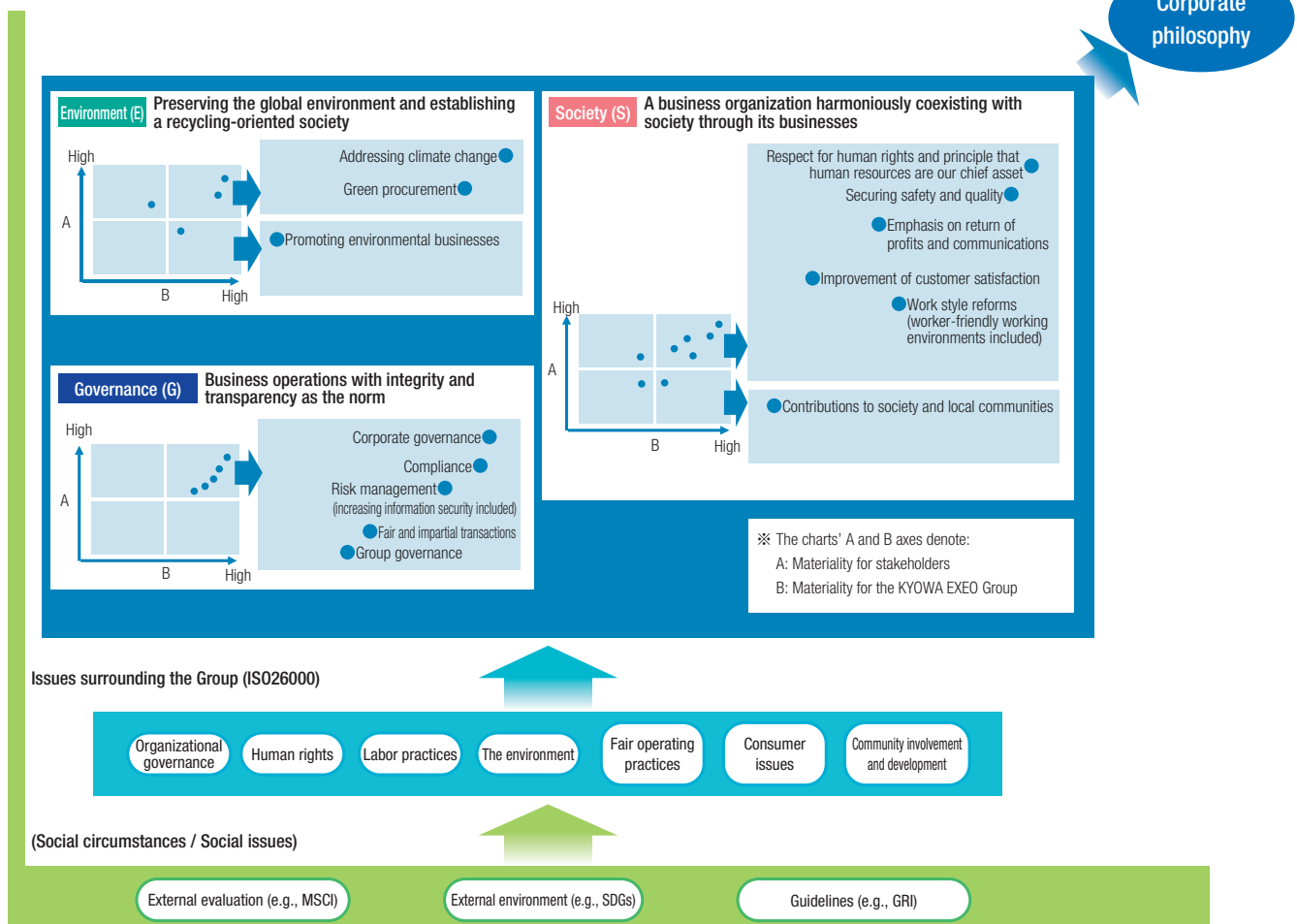
While actively striving to ensure information disclosure, the KYOWA EXEO Group will engage in proactive communication with all our stakeholders to fulfill our corporate social responsibility and create a better society together.

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
				Educating on and improving the awareness of laws and regulations and the Basic Ethics of the KYOWA EXEO Group through compliance-promoting activities
		Appropriate risk management		Ensuring information security
				Reduction of management risk
				Reinforcement of business continuity planning (BCP)
				Enhancement of the internal controls of the Group 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 Improvement of customer satisfaction		Elimination of serious accidents (personnel and facility)
				Ensure high awareness of quality and continue education
	Shareholders and investors	Emphasis on return of profits and communications		Thorough management of customer satisfaction and utilization of the feedback
Environment	All	Preserving the global environment and establishing a recycling-oriented society	Reduction of CO ₂ emissions	Impartial, timely and appropriate information disclosure
				Promotion of social contribution activities
				Promotion of local community contribution activities
			Energy-saving activities at offices	Effective provision of news releases and issuance of integrated reports
				Reduction of power consumption
				Reduction of gasoline consumption
Environment	All	Preserving the global environment and establishing a recycling-oriented society	Energy-saving activities at offices	Utilization of green energy and forest preservation
				Reduction of paper consumption
				Promotion of rooftop greenery
			Promotion of greenery at buildings	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 2018	Rating (self)	Efforts to be made in fiscal 2019
<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 	○	● 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 	○	● Continue current efforts
● Held various meetings at different levels	○	● Continue current efforts
● Held meetings of the Procurement Council to verify transparency and fair pricing	○	● Continue current efforts
<ul style="list-style-type: none"> ● Achieved a ratio of new female graduates employed of 15.8% ● Achieved a ratio of handicapped people employed of 2.38% ● Encouraged employees to take paid leave: Annual paid leave taken: 13.3 days per person/year ● Reduced total working hours ● Included in the Top Hundred Telework Pioneers by the Ministry of Internal Affairs and Communications in November 2018 ● Two KYOWA EXEO employees won a silver medal at the 56th National Skills Competition of Japan in the information network cabling category in November 2018 ● Carried out various trainings, such as new employee, technical and overseas trainings 	△	<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
<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 ● Continue current efforts
● Conducted business results presentations and IR meetings (230 meetings)	○	● 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 2018, EXEO Reports and other documents ● Provided updates on the Group through news releases and the TOPICS pages 	○	● Continue current efforts
<ul style="list-style-type: none"> ● Power consumption: 7.72 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 ● Gasoline consumption: average 99.5 liters per car/month <ul style="list-style-type: none"> · Monitored the use of gasoline cards monthly · Switched to more fuel-efficient cars ● 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) ● Maintenance of EXEO's forests (national forests) at five locations (15.37 ha) nationwide ● Number of sheets of paper purchased: 46.53 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 ● Securing greenery spaces, installing rooftop solar power equipment, etc. ● Cultivation of plants on a rooftop area shaded by solar panels ● 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: 62.6% 	◎	<ul style="list-style-type: none"> ● Reduce power consumption by 1% year over year (to 7.64 kWh/m² or less) ● Reduce gasoline consumption by 1% year over year (to average 98.5 liters per car/month) ● Continue current efforts ● Reduce paper purchases by 1% year over year (to 46.06 million sheets or less) ● Continue current efforts ● Continue current efforts ● Target ratio of purchasing eco-friendly products: 63% or more

Corporate Governance

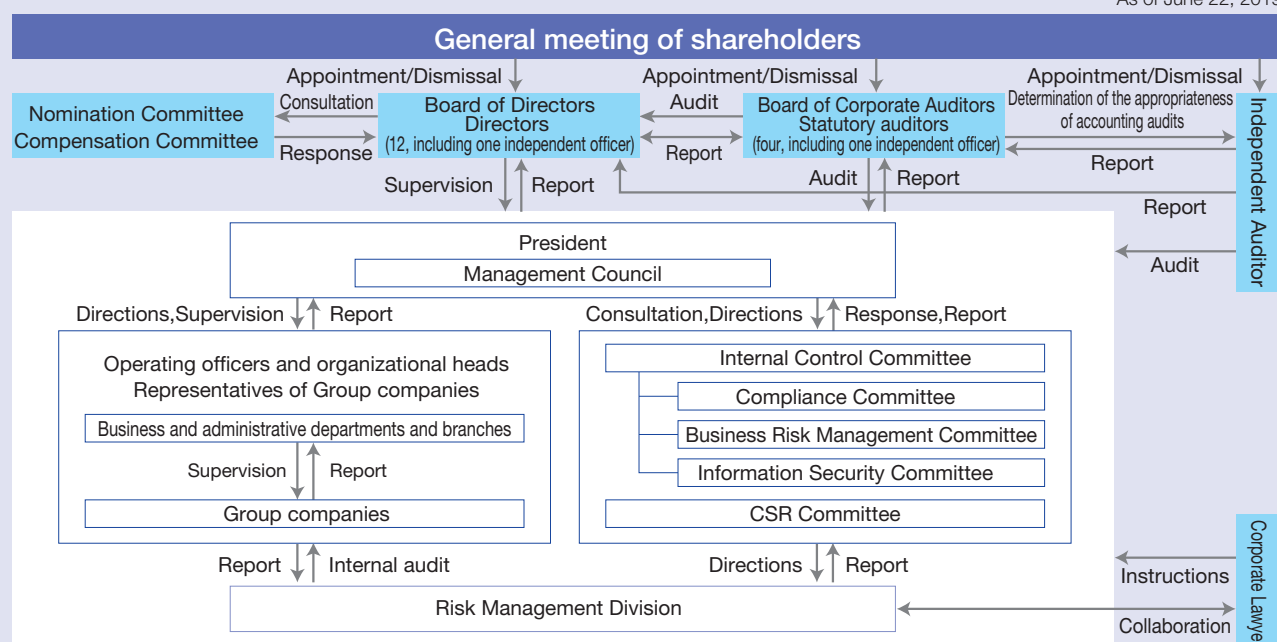
The KYOWA EXEO Group aims to maintain the full trust of shareholders and all other stakeholders by operating with integrity and a high standard of transparency. To this end, we are confident that it is one of the significant management issues to establish and maintain an organizational structure and 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.

We have enhanced our risk management systems by establishing the Risk Control Division in June 2014 to integrate compliance-related duties that had been distributed among more than one department and setting up the Business Risk Management Committee in January 2019.

● To view the Basic Guideline for Establishing Internal Control Systems, visit www.frc.go.jp/english/ir/ir_01.htm

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

As of June 22, 2019





An Interview with the Outside Statutory Auditors (Independent Officers)

Two Outside Statutory Auditors (Independent Officers) exchanged views on the Company's corporate governance and auditing systems that could contribute to the enhancement of corporate value.



Mr. Kozo Meguro

As a Certified Public Accountant, Mr. Meguro held important positions in audit corporations and has served as Outside Statutory Auditor (Independent Officer) of the Company since June 2014.



Ms. Tomoko Aramaki

As a Certified Public Accountant and a Certified Public Tax Accountant, Ms. Aramaki held managerial positions in PARIS MIKI HOLDINGS Inc. and other companies and has served as Outside Statutory Auditor (Independent Officer) of the Company since June 2018.

A listed company with thorough risk control

Meguro: I am in my fifth year of service as a Part-Time Statutory Auditor of KYOWA EXEO. KYOWA EXEO has actively strengthened its corporate governance. With Ms. Aramaki as a new female outside officer, the Company is also engaged in the diversification of human resources.

Aramaki: A full year has passed since I took office. My impression about KYOWA EXEO, a listed company, is that risk control is in effect throughout the Company. I think the Company also pays good attention to the opinions and advice of outside officers.

Meguro: Since I took office, the composition of the officers has changed significantly. KYOWA EXEO has been active in recruiting outside officers, encouraging professionals with a broader range of knowledge to take part in the management of the Company. As a result, a diverse range of questions are being answered, not only about the basic meanings of technical terms in IT and construction often heard at Board of Directors' and other meetings but also on industrial trends, the Company's position in the industry, the advantages of its strategies and expected risks. The culture of actively explaining internal issues has gradually taken root in the Company.

Aramaki: The full-time officers of the Company are willing to be fully accountable, not just working with outside officers to satisfy the legal requirement. This struck me as excellent awareness and the Company's determination to maintain the corporate governance it has established.

Meguro: The Company's businesses, compared to five years ago, have changed to include more international operations that involve

both risks and opportunities. To address these changes, the Full-Time Statutory Auditors have actively collected information to ensure the appropriate audits of operations.

Aramaki: It is great that the Company provides Outside Statutory Auditors with various opportunities to exchange opinions, including the Vector Meetings. I would like to further my understanding of the Company so that I can engage in deeper discussions.

After the integration, the auditing system needs to achieve synergies

Meguro: Domestically, the three companies based in the western part of Japan have been integrated into the KYOWA EXEO Group to pursue synergies. Overseas, too, the same vector must be shared among the Group members while ensuring compliance. Relentless discussions to achieve that are important.

Aramaki: The addition of the three companies' presidents as Directors has invigorated the Board of Directors. Of course, I realize that this integration has come after a long period of discussions and adjustments. Such effort enabled the smooth integration to allow us to be ready to proceed to the next step.

Meguro: I met the statutory auditors of the three companies in the second half of 2018. They all have well-organized auditing systems, and some of the statutory auditors have professional backgrounds like ours. After the integration, we will see increasing opportunities for the four companies to unite forces to execute duties. For the auditing system, the three companies and us at KYOWA EXEO will be required to achieve synergies by sharing information in a functional and appropriate manner and reflecting our judgments and opinions in discussions by the Board of Directors.



Aramaki: The number of subsidiaries of the KYOWA EXEO Group has increased significantly. We now face the new challenge of establishing an auditing system that can ensure Group governance. That is a difficult but challenging task.

The KYOWA EXEO Group is to seek global recognition

Aramaki: Recently, the Company has actively engaged in the international expansion of businesses and large-scale M&As. This trend is expected to continue. In this perspective, it is urgently required to develop human resources who have a global mindset and can pursue those duties.

Meguro: I think the Statutory Auditors should be required to ensure transparency domestically and internationally and to show the Group's commitment to abiding by the rules. I believe fulfilling

such a role will help develop a strong team that can survive any difficulties and that, in turn, will protect stakeholders, including shareholders.

Aramaki: For the KYOWA EXEO Group to win global recognition, what should we be mindful of? Although we are in the position of executing audits, not business operations, I will continue to offer advice and suggestions based on my own experience of having been involved in some international businesses and M&As.

Meguro: The KYOWA EXEO Group has solid domestic achievements and a stable financial structure. Building on these advantages, for the Group to achieve further growth, the Statutory Auditors are expected to promote innovation from inside.

To this end, I will continue to offer advice and suggestions as an Outside Statutory Auditor and Independent Officer.

Major Activities of Outside Directors and Statutory Auditors in Fiscal 2018

Kumiko Kitai (Independent Director)

Ms. Kitai attended 14 out of 15 meetings of the Board of Directors held in fiscal 2018, 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.

Kazuteru Kanazawa (Independent Director)

Mr. Kanazawa attended 15 out of 15 meetings of the Board of Directors held in fiscal 2018, 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.

Yasushi Kohara (Independent Director)

Mr. Kohara attended 11* out of 11 meetings of the Board of Directors held in fiscal 2018, 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.

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 2018, 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.

Tomoko Aramaki (Independent Auditor)

Ms. Aramaki attended 10 out of 11 meetings of the Board of Directors and 10* out of 11 meetings of the Board of Corporate Auditors held in fiscal 2018, 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.

*Because she was appointed at the 64th Ordinary General Meeting of Shareholders on June 22, 2018, her attendance at the meetings of the Board of Directors and the Board of Statutory Auditors started thereafter.

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.

Through a previous effectiveness evaluation, we shared an awareness of the necessity of the Directors' Vector Meeting to discuss each division's business strategies at an earlier stage and coordinate the directions thereof, thereby promoting efforts to enhance the functions of the Board of Directors. We see that those efforts have been taking steady effect.

In addition, the Company increased the capacity of its Outside Directors by one so that Directors with a wider range of experience and knowledge now constitute the Board of Directors.

Based on the results of the most recent effectiveness evaluation, ideas and opinions were shared on the need to optimize the configuration of the Board of Directors and how to better operate the Board of Directors for more active discussions to further reinforce corporate governance.

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.

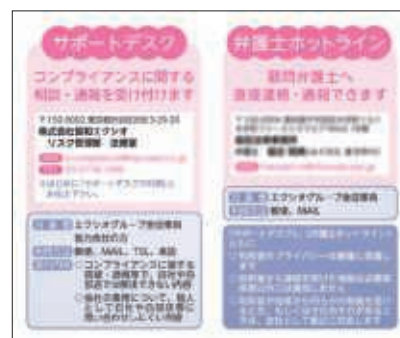
■ Initiatives to Promote

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

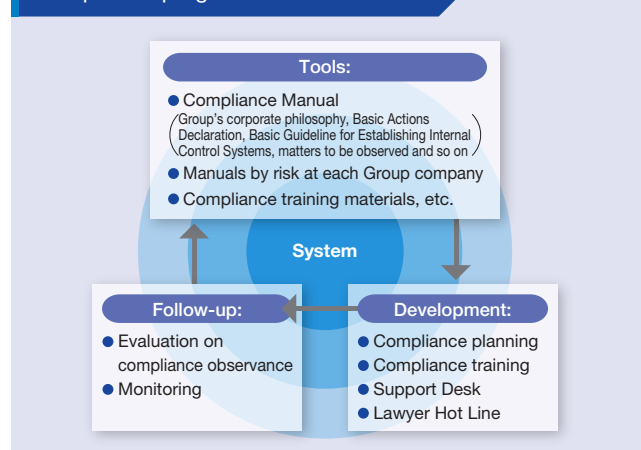
More than once a year, we provide compliance training by inviting lecturers for management executives, including the Chairman, President, General Managers of the Head Office, Branch Managers and Presidents of the Group companies.

Compliance promotion and enhancement month

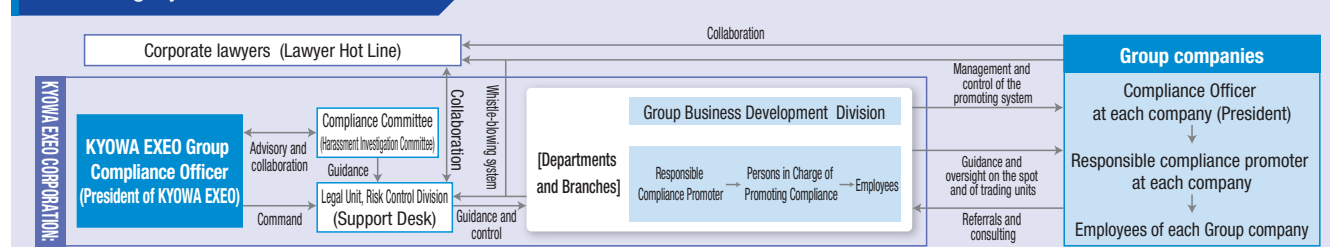
With October designated as the annual Compliance Promotion and Enhancement Month, various campaign measures such as signage and meetings are conducted to raise awareness and encourage an in-depth understanding of compliance.



Compliance program



Promoting System





Risk Management

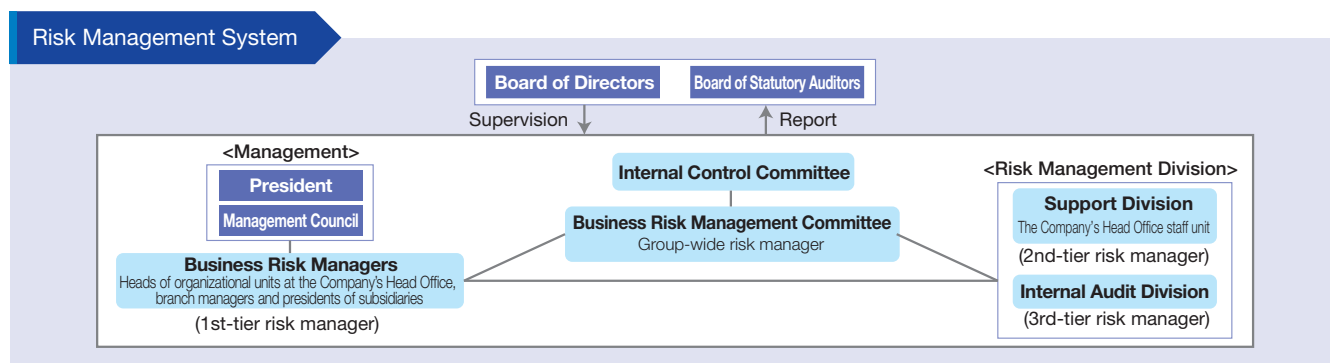
Basic Policy

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

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

Risk Management System

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



Business Risk Management Committee

As the Group-wide risk manager, the committee was established to provide the risk management systems required to accomplish strategies and business performance targets in the process of creating, maintaining and realizing value and to steadily provide the Group's stakeholders with reasonable expectations that risks can be controlled to a tolerable amount.

Business Risk Manager (1st-tier Risk Manager)

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

Support Division (2nd-tier Risk Manager)

As the 2nd-tier risk managers, the Support Division teams provide guidelines for addressing the category of risks they

attend to and monitor the appropriateness and effectiveness of measures taken to address risks and the status of correction.

Risk Management Category

Risk Management Category			Description of the Risk	Committee
Business risk	Management risk	Business environment risk	Risk relating to changes in the management and business environments	Business Risk Management Committee
		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	—

Internal Audit Division (3rd-tier Risk Manager)

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



■ Utilization of the ISO-Compliant Management Systems

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.

In addition, the KYOWA EXEO Group was awarded the JMAQA AWARDS 2019 by the Japan Management Association (JMA)—an ISO certification body for KYOWA EXEO—for the visualization of the effects of ISO certification by operating multiple management systems and taking the Group's unique approach.

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



JMAQA AWARDS 2019 Trophy



Left: Masami Nakamura, Chairman of JMA
Right: Takao Nonaka, MS Promotion Unit Leader, KYOWA EXEO CORPORATION

■ 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 information security accidents,

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

Furthermore, the Group also provides all of its employees with information security training 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 (the seventh update this year), for which the Company received a letter of appreciation from the JIPDEC.



► 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.

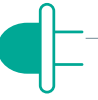


PICK UP

Hirose River “Ichimannin” Cleanup Project

On September 29, 2018, some employees of the Company participated in a cleanup activity in the Hirose River basin in Sendai City, Miyagi Prefecture. With the tagline of “Ichimannin,” meaning 10,000 people, which equals one percent of Sendai’s population of one million, the cleanup project enjoyed the participation of nearly 2,000 people. Blessed with fine weather without being influenced by a typhoon, we conducted a cleanup of the river basin. The amount of garbage collected in this annual cleanup project, which reached its 26th year, has been declining each year. Why not visit the Hirose River basin to see how clean it has become?





Environmental business

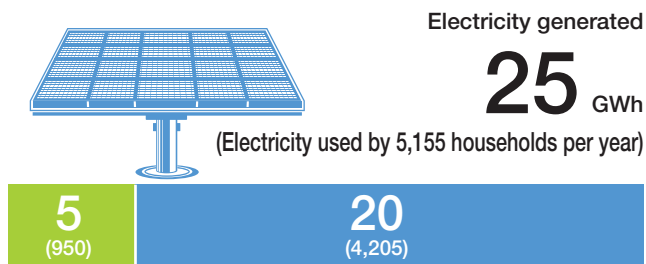
The Company contributes to promoting a recycling-oriented society through involvement in the design, construction and maintenance of renewable energy facilities, including solar power generation facilities and biomass boilers.

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.

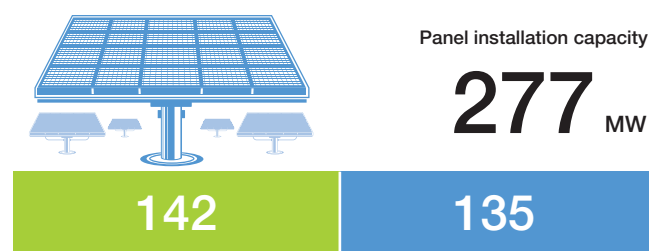
Solar power generation business

■ Western Japan Area ■ Eastern Japan Area

Solar power facilities of our own

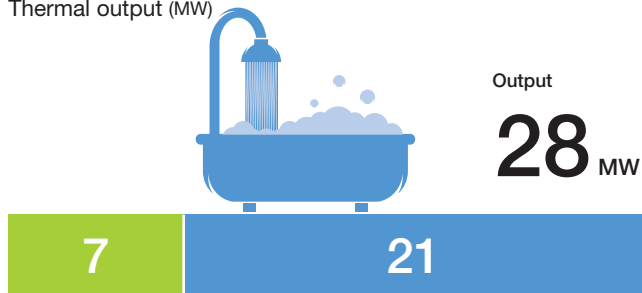


Solar power facilities of other companies



Wood biomass business

Thermal output (MW)

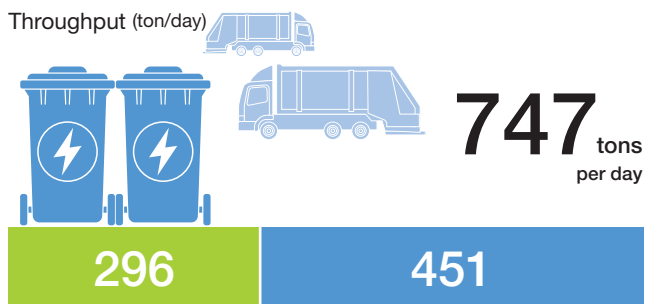


Power generating output (MW)



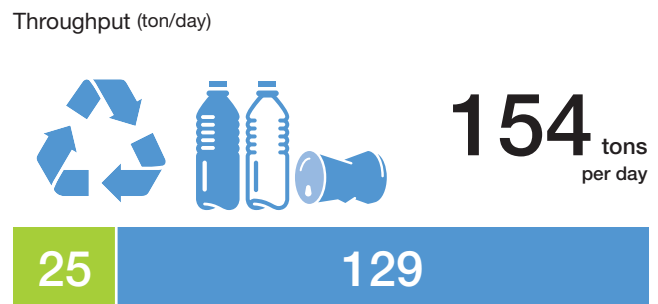
Energy recovery business

Throughput (ton/day)



Recycling business

Throughput (ton/day)



FY2017 Grand Prize for Excellence in Energy Efficiency and Conservation

Offering modern energy service that's affordable and reliable

The Company and Tepco Customer Service Corporation Limited were awarded the FY2017 Grand Prize for Excellence in Energy Efficiency and Conservation—Chairman Prize for The Energy Conservation Center, Japan (ECCJ) in the Product Category & Business Model Category—for the energy-saving service using IoT provided by electricity retailers.

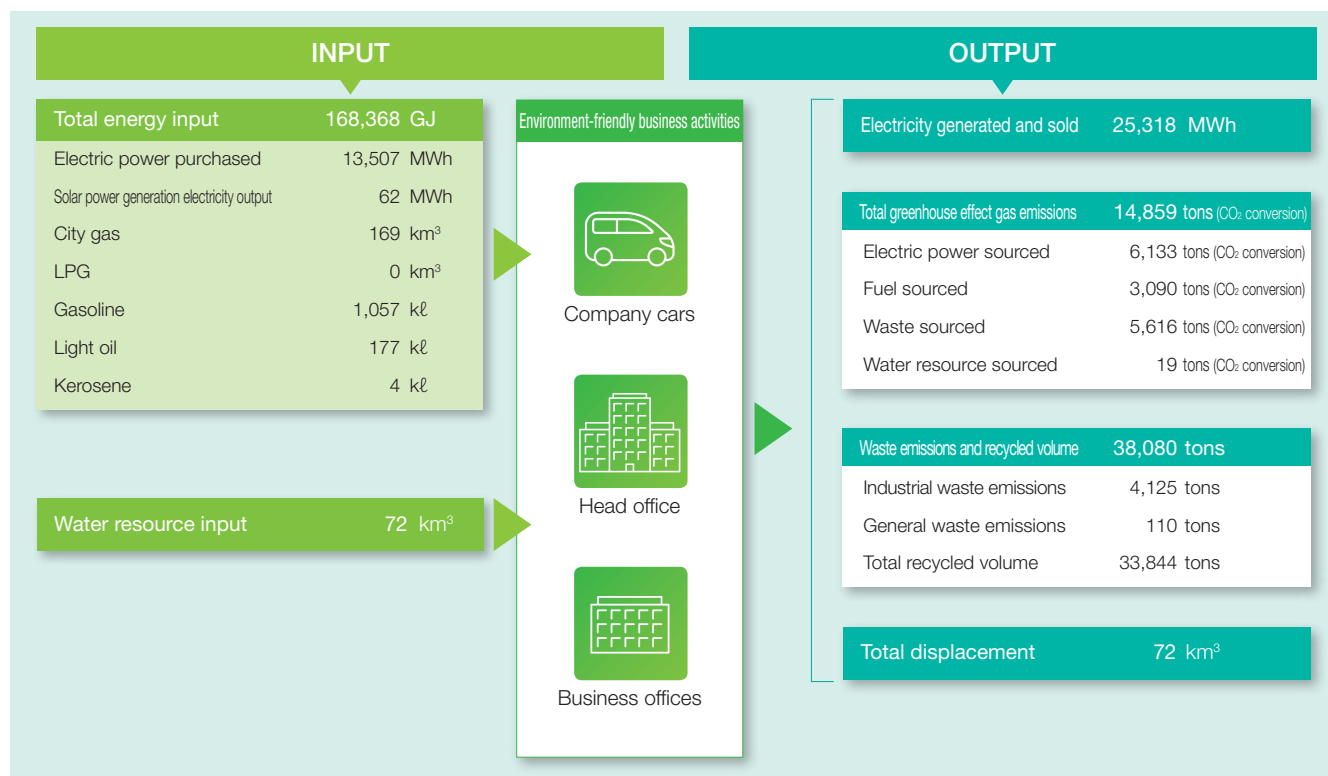
This prize recognized the TCS's Energy Management Service, an energy conservation service via control of air-conditioning equipment, which helps solve common issues when small- to medium-sized business proprietors introduce energy conservation measures—maintaining comfort, easy on-site operation and less barriers for introduction, as well as the Company's cloud-type platform technology for energy control, which enabled the TCS's Energy Management Service.





Fiscal 2018 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)

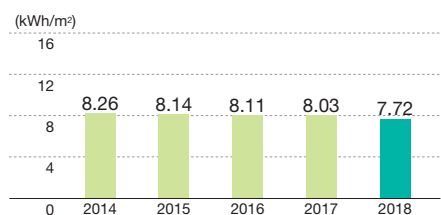


Fiscal 2018 Initiatives Regarding the Prevention of Global Warming

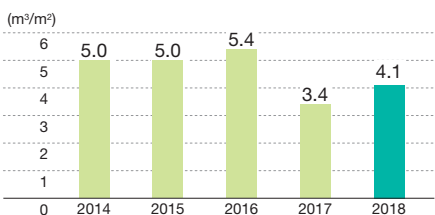
As for the reduction of power consumption, power-saving measures for equipment are taken including the conversion of electric appliances to energy-saving type ones and the enhanced use of inverters for diverse equipment. In addition, companywide initiatives mainly taken by the responsible person on each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

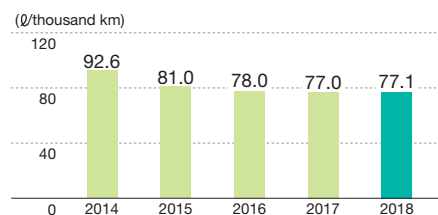
Change in power consumption (per square meter)



Change in city gas consumption (at the Head Office building) (per square meter)



Change in gasoline and light oil consumption (per travel distance)

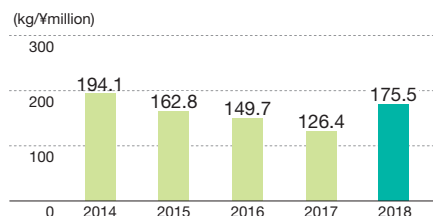


Promotion of Recycling and Effective Utilization of Resources

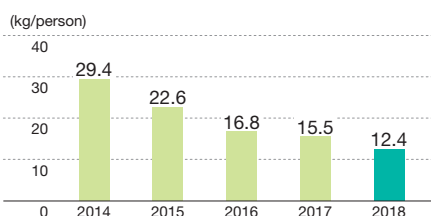
The KYOWA EXEO Group proactively addresses abating volumes and the appropriate treatment of waste, as well as promoting its reuse as recycled resources in the pursuit of reduced waste volume and complete recycling. The waste category covered by this initiative is industrial waste produced from the construction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

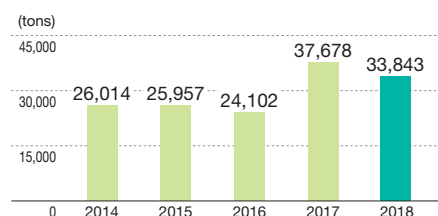
Change in industrial waste emissions (per value of finished work)



Change in general waste emissions (per person)



Change in total recycled volume



Tohoku Branch

Area	Absorbed and fixed CO ₂ volume (in terms of CO ₂ emitted by a person in a year)
2.48ha	5.1t (16 persons)



Hokkaido Branch

Area	Absorbed and fixed CO ₂ volume (in terms of CO ₂ emitted by a person in a year)
3.10ha	8.4t (26 persons)



Kansai Branch

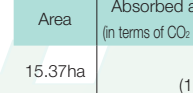
Area	Absorbed and fixed CO ₂ volume (in terms of CO ₂ emitted by a person in a year)
1.14ha	2.8t (9 persons)



Chitose-shi, Hokkaido



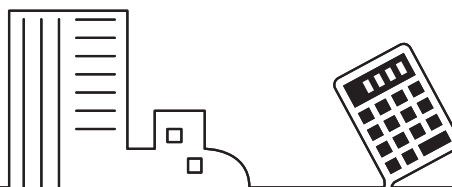
Shiroishi-shi, Miyagi



Nationwide

Area	Absorbed and fixed CO ₂ volume (in terms of CO ₂ emitted by a person in a year)
15.37ha	38.2t (119 persons)

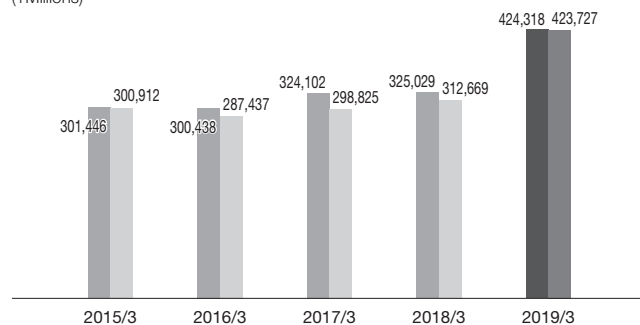
Area	Absorbed and fixed CO ₂ volume (in terms of CO ₂ emitted by a person in a year)
15.37ha	38.2t (119 persons)



Financial Highlights (Consolidated)

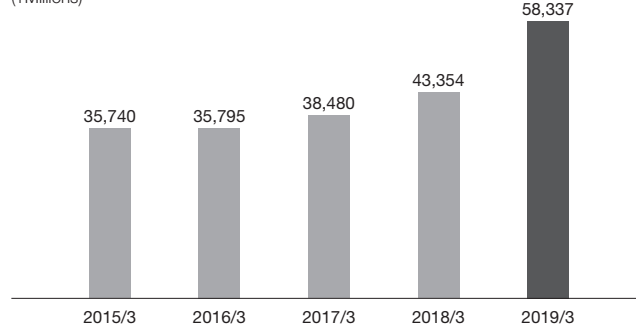
Orders Received ■ Net Sales

(¥Millions)



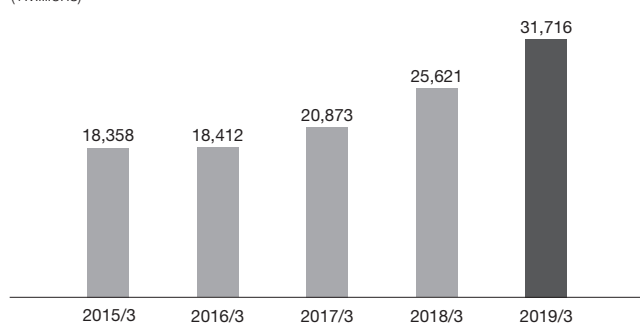
Gross Profit

(¥Millions)



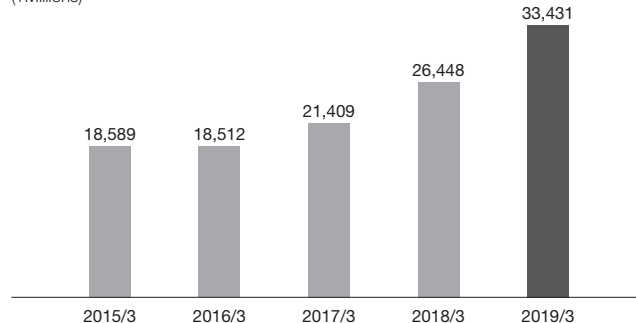
Operating Income

(¥Millions)



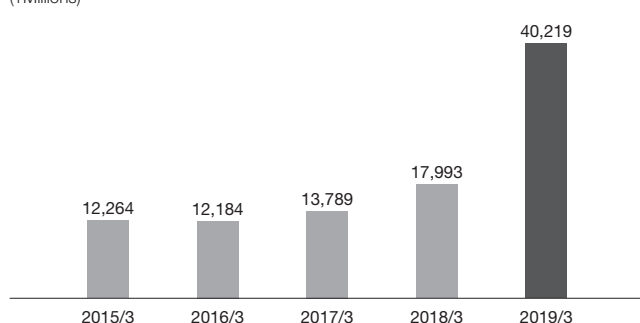
Ordinary Income

(¥Millions)



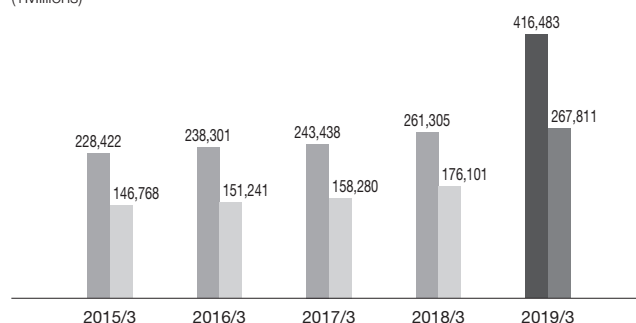
Profit attributable to owners of parent

(¥Millions)



Total Assets ■ Net Assets

(¥Millions)



(¥Millions)

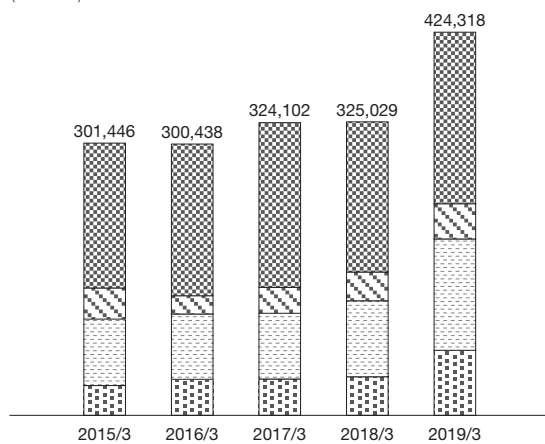
	2015/3	2016/3	2017/3	2018/3	2019/3
Orders Received	301,446	300,438	324,102	325,029	424,318
Net Sales	300,912	287,437	298,825	312,669	423,727
Gross Profit	35,740	35,795	38,480	43,354	58,337
Operating Income	18,358	18,412	20,873	25,621	31,716
Ordinary Income	18,589	18,512	21,409	26,448	33,431
Profit attributable to owners of parent	12,264	12,184	13,789	17,993	40,219
Total Assets	228,422	238,301	243,438	261,305	416,483
Net Assets	146,768	151,241	158,280	176,101	267,811



Trends by Segment (Consolidated)

Orders Received by Business Segment (Consolidated)

(¥Millions)

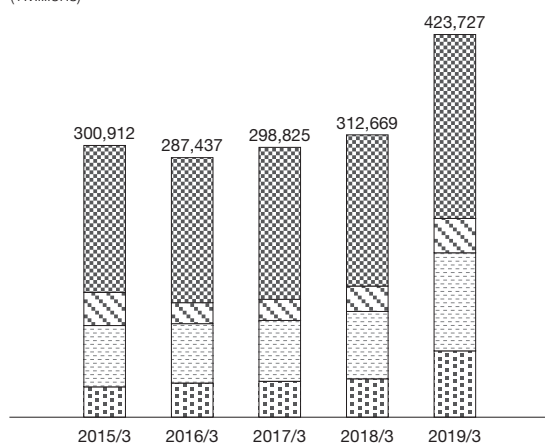


NTT group engineering NCCs Urban infrastructure SYSTEM-SOLUTIONS

	2015/3	2016/3	2017/3	2018/3	2019/3
NTT group engineering	160,375	167,963	182,281	166,294	189,937
NCCs	34,492	20,233	28,795	31,836	39,009
Urban infrastructure	73,573	72,315	72,774	84,145	123,303
SYSTEM-SOLUTIONS	33,004	39,926	40,251	42,751	72,067
Total	301,446	300,438	324,102	325,029	424,318

Net Sales by Business Segment (Consolidated)

(¥Millions)

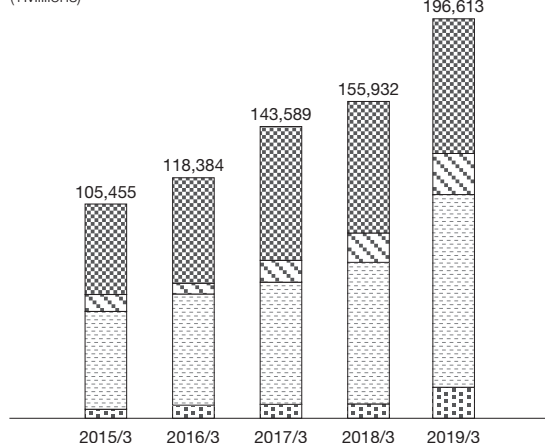


NTT group engineering NCCs Urban infrastructure SYSTEM-SOLUTIONS

	2015/3	2016/3	2017/3	2018/3	2019/3
NTT group engineering	162,729	160,587	168,336	167,418	203,634
NCCs	36,669	23,249	23,345	28,138	38,026
Urban infrastructure	67,905	65,749	67,365	74,571	108,618
SYSTEM-SOLUTIONS	33,608	37,851	39,778	42,541	73,477
Total	300,912	287,437	298,825	312,669	423,727

Outstanding Orders by Business Segment (Consolidated)

(¥Millions)



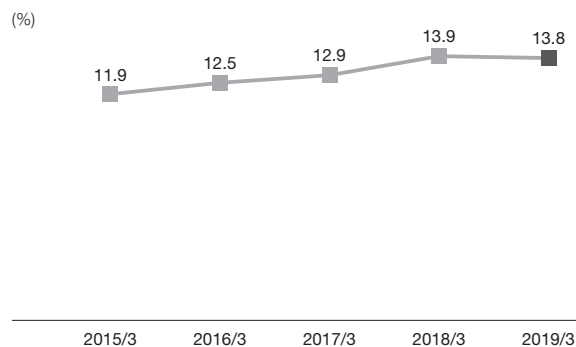
NTT group engineering NCCs Urban infrastructure SYSTEM-SOLUTIONS

	2015/3	2016/3	2017/3	2018/3	2019/3
NTT group engineering	44,539	51,915	65,860	64,737	66,293
NCCs	8,313	5,296	10,745	14,444	20,200
Urban infrastructure	48,141	54,707	60,115	69,690	94,841
SYSTEM-SOLUTIONS	4,461	6,465	6,867	7,060	15,278
Total	105,455	118,384	143,589	155,932	196,613

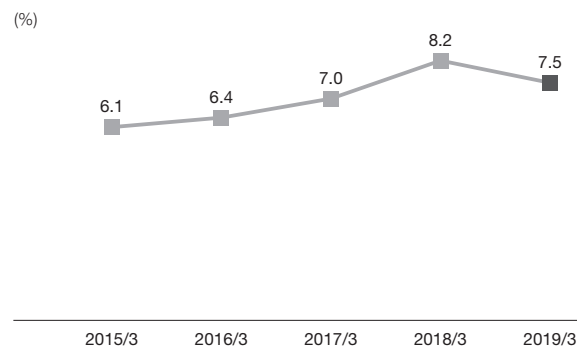


Profitability Indices (Consolidated)

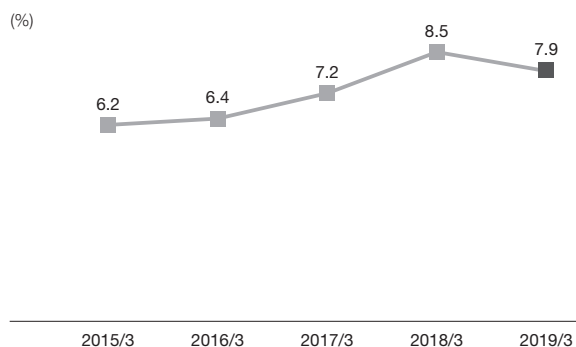
■ Gross Profit to Net Sales



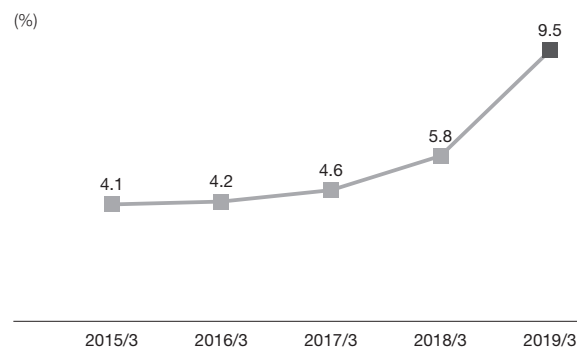
■ Operating Income to Net Sales



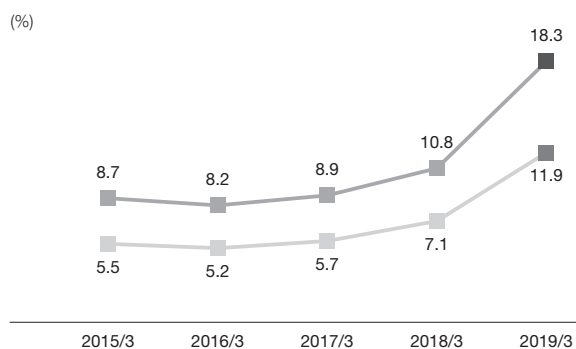
■ Ordinary Income to Net Sales



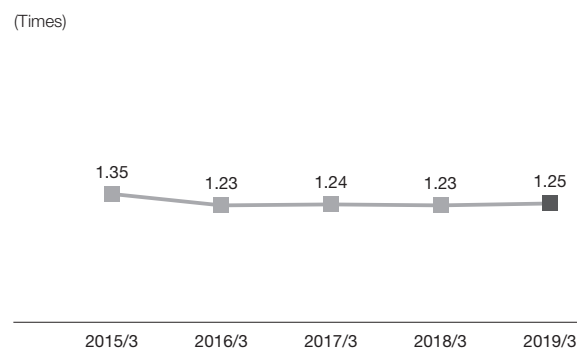
■ Profit Attributable to Owners of Parent to Net Sales



■ Return on Equity ■ Return on Assets



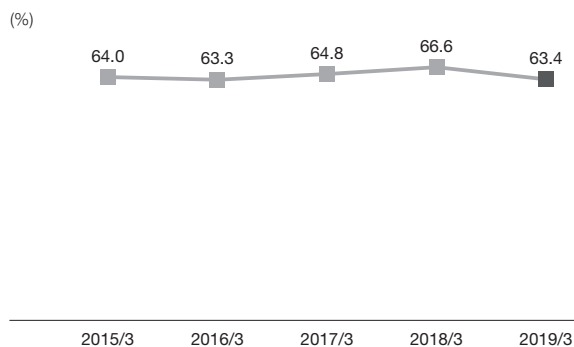
■ Total Assets Turnover



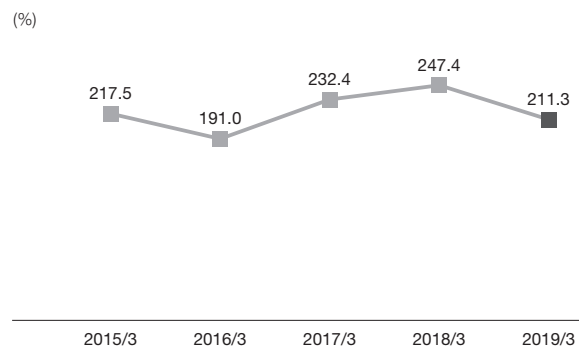
	2015/3	2016/3	2017/3	2018/3	2019/3
Gross Profit to Net Sales (%)	11.9	12.5	12.9	13.9	13.8
Operating Income to Net Sales (%)	6.1	6.4	7.0	8.2	7.5
Ordinary Income to Net Sales (%)	6.2	6.4	7.2	8.5	7.9
Profit Attributable to Owners of Parent to Net Sales (%)	4.1	4.2	4.6	5.8	9.5
Return on Equity (%)	8.7	8.2	8.9	10.8	18.3
Return on Assets (%)	5.5	5.2	5.7	7.1	11.9
Total Assets Turnover (Times)	1.35	1.23	1.24	1.23	1.25

Stability Indices (Consolidated)

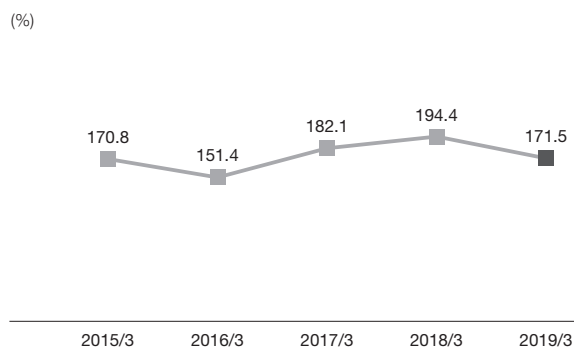
■ Shareholders' Equity to Total Assets



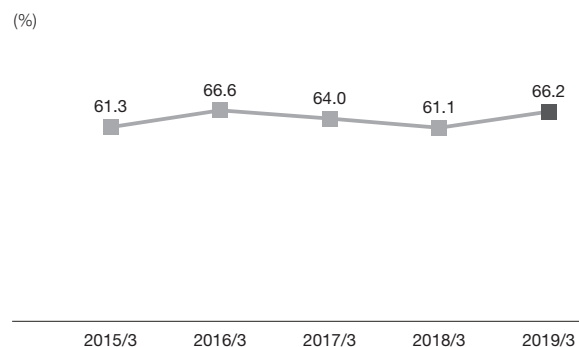
■ Current Ratio



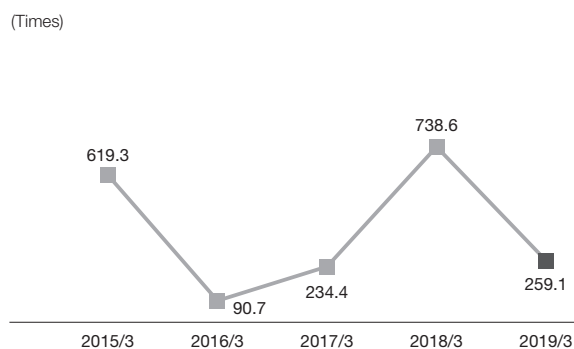
■ Quick Assets to Current Liabilities



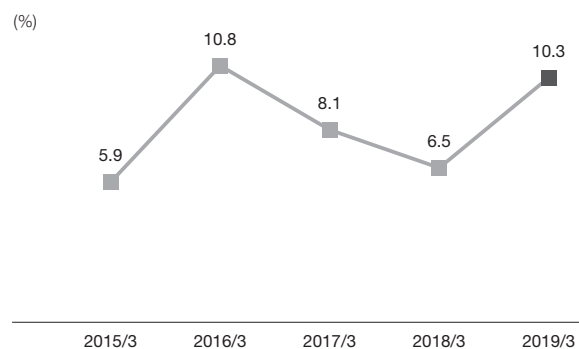
■ Fixed Assets Ratio



■ Interest Coverage Ratio



■ Debt Equity Ratio



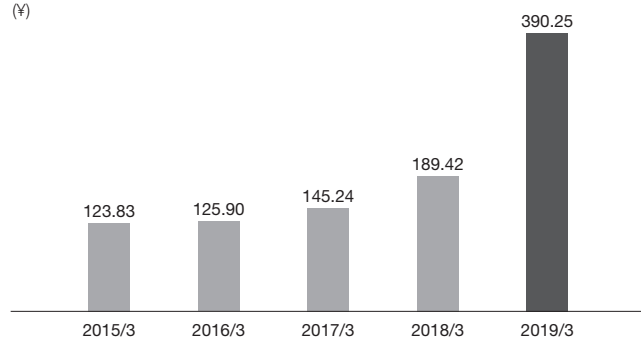
	2015/3	2016/3	2017/3	2018/3	2019/3
Shareholders' Equity to Total Assets (%)	64.0	63.3	64.8	66.6	63.4
Current Ratio (%)	217.5	191.0	232.4	247.4	211.3
Quick Assets to Current Liabilities (%)	170.8	151.4	182.1	194.4	171.5
Fixed Assets Ratio (%)	61.3	66.6	64.0	61.1	66.2
Interest Coverage Ratio (Times)	619.3	90.7	234.4	738.6	259.1
Debt Equity Ratio (%)	5.9	10.8	8.1	6.5	10.3



Stock Price Indices (Consolidated)

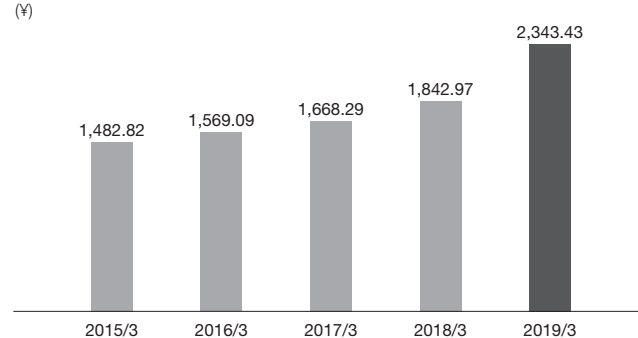
■ Earnings Per Share

(¥)



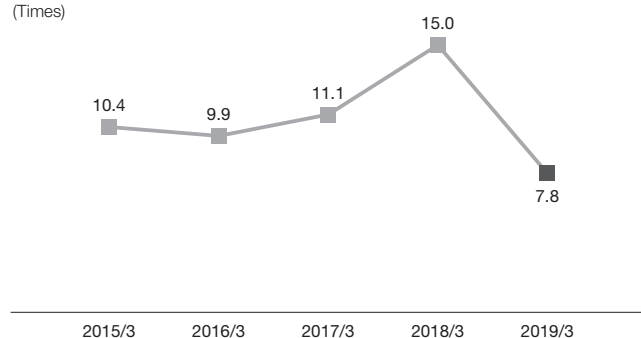
■ Book-value Per Share

(¥)



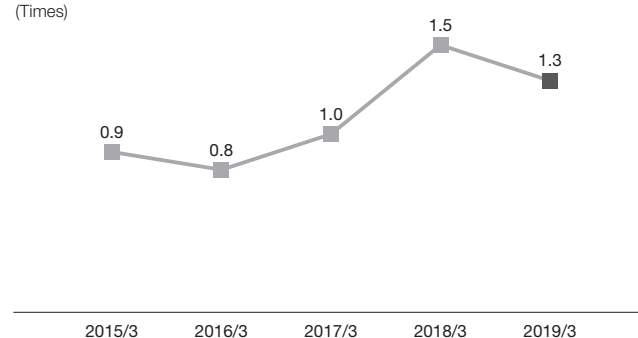
■ Price Earnings Ratio

(Times)



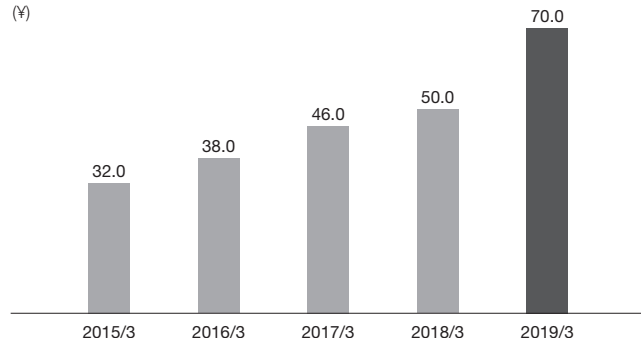
■ Price Book-value Ratio

(Times)



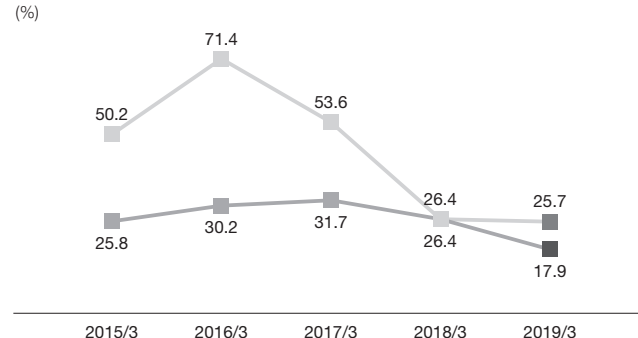
■ Cash Dividends Per Share

(¥)



■ Payout Ratio ■ Total Shareholder Return Ratio

(%)

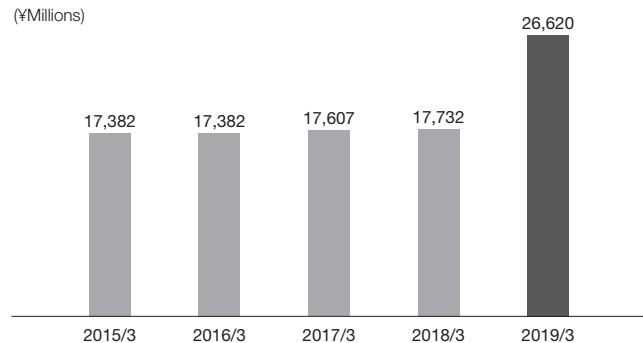


	2015/3	2016/3	2017/3	2018/3	2019/3
Earnings Per Share (yen)	123.83	125.90	145.24	189.42	390.25
Book-value Per Share (yen)	1,482.82	1,569.09	1,668.29	1,842.97	2,343.43
Price Earnings Ratio (Times)	10.4	9.9	11.1	15.0	7.8
Price Book-value Ratio (Times)	0.9	0.8	1.0	1.5	1.3
Cash Dividends Per Share (yen)	32.0	38.0	46.0	50.0	70.0
Payout Ratio (%)	25.8	30.2	31.7	26.4	17.9
Total Shareholder Return Ratio (%)	50.2	71.4	53.6	26.4	25.7

Other Indices (Consolidated)

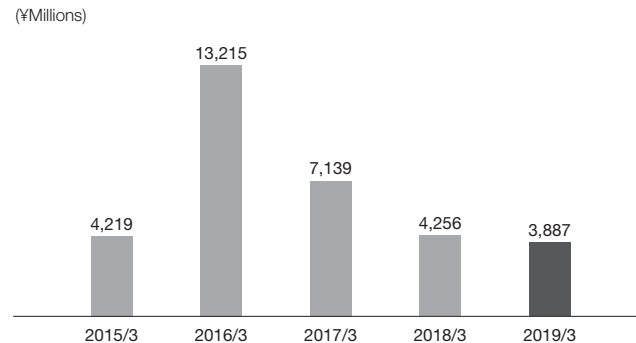
■ Selling, General and Administrative Expenses

(¥Millions)



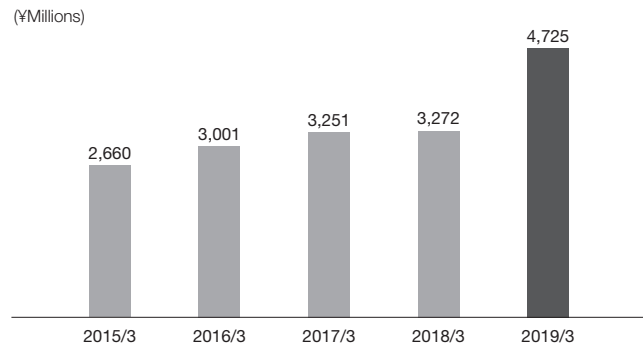
■ Capital Expenditures

(¥Millions)



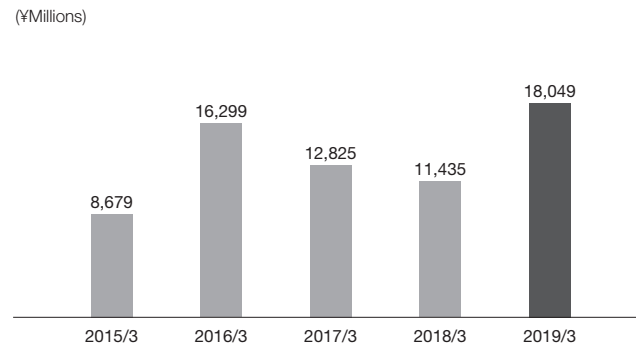
■ Depreciation Expenses

(¥Millions)



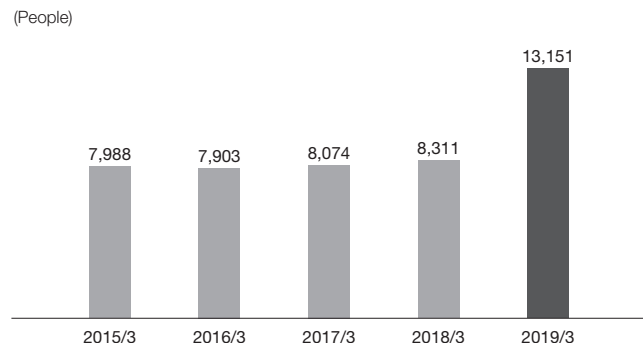
■ Interest-bearing Debt

(¥Millions)

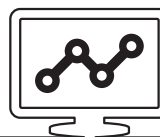


■ Number of employees

(People)



	2015/3	2016/3	2017/3	2018/3	2019/3
Selling, General and Administrative Expenses (¥Millions)	17,382	17,382	17,607	17,732	26,620
Capital Expenditures (¥Millions)	4,219	13,215	7,139	4,256	3,887
Depreciation Expenses (¥Millions)	2,660	3,001	3,251	3,272	4,725
Interest-bearing Debt (¥Millions)	8,679	16,299	12,825	11,435	18,049
Number of employees (People)	7,988	7,903	8,074	8,311	13,151



Consolidated Balance Sheets

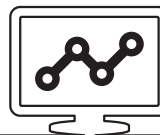
	2015/3	2016/3	2017/3	2018/3	2019/3
(¥Millions)					
ASSETS					
Current assets	138,813	137,950	142,395	152,365	241,708
Cash and deposits	12,526	16,244	15,431	26,095	41,805
Notes receivable, accounts receivable from completed construction contracts	84,691	93,055	96,080	92,185	156,361
Short-term investment securities	11,765	91	63	4,499	895
Costs on uncompleted construction contracts and other	22,010	21,515	24,159	27,617	38,401
Deferred tax assets	4,976	3,355	3,733	—	—
Other current assets	2,903	3,688	2,927	1,967	4,403
Allowance for doubtful accounts	(60)	(1)	(0)	(1)	(158)
Noncurrent Assets	89,609	100,350	101,042	108,940	174,774
Property, plant and equipment	52,005	59,830	62,002	62,664	97,955
Buildings and structures	17,732	20,615	20,074	21,003	31,603
Machinery, vehicles, tools, furniture and fixtures	2,408	4,043	4,710	4,542	8,738
Land	30,342	34,370	36,197	36,602	55,403
Other property and equipment	1,521	801	1,021	516	2,209
Intangible assets	6,278	6,477	4,414	3,909	14,762
goodwill	3,065	1,983	1,053	658	10,259
Other intangible assets	3,213	4,494	3,360	3,251	4,502
Investments and other assets	31,325	34,043	34,626	42,365	62,056
Investment securities	16,896	17,777	17,093	19,833	37,917
Net defined benefit asset	11,774	13,467	14,520	17,947	16,283
Other investments and other assets	4,474	4,161	4,228	4,819	8,341
Allowance for doubtful accounts	(1,819)	(1,363)	(1,216)	(235)	(485)
Total assets	228,422	238,301	243,438	261,305	416,483
LIABILITIES					
Current liabilities	63,819	72,241	61,283	63,161	114,406
Notes payable, accounts payable for construction contracts	35,193	37,629	36,606	34,802	59,265
Short-term loans payable	2,180	13,336	826	1,012	13,069
Income taxes payable	1,964	2,562	4,142	5,004	7,498
Advances received on uncompleted construction contracts	2,248	3,255	3,457	3,574	5,487
Provision for bonuses	1,049	1,124	1,242	1,421	3,744
Provision for directors' bonuses	173	138	129	126	420
Provision for warranties for completed construction	296	907	57	58	86
Provision for loss on construction contracts	5,456	258	507	290	344
Provision for Loss on dissolved welfare pension fund	123	76	—	—	—
Other current liabilities	15,134	12,952	14,314	16,870	24,489
Noncurrent liabilities	17,834	14,818	23,874	22,042	34,265
Bonds payable	—	—	10,000	10,000	10,000
Long-term loans payable	5,974	2,413	1,390	10	4,659
Deferred tax liabilities	5,732	5,557	5,244	4,966	6,965
Provision for directors' retirement benefits	262	244	257	272	604
Allowance for investment loss	17	95	206	42	—
Net defined benefit liability	4,682	4,809	4,925	5,070	9,283
Other noncurrent liabilities	1,163	1,697	1,851	1,680	2,753
Total liabilities	81,653	87,060	85,158	85,204	148,671
NET ASSETS					
Shareholders' Equity	134,696	139,922	147,333	161,682	252,870
Capital stock	6,888	6,888	6,888	6,888	6,888
Capital surplus	6,879	7,939	7,978	8,098	47,868
Retained earnings	137,957	147,004	156,477	169,883	204,647
Treasury stock	(17,029)	(21,910)	(24,011)	(23,187)	(6,534)
Accumulated other comprehensive income	11,579	10,821	10,470	13,891	11,026
Valuation difference on available-for-sale securities	5,157	4,121	3,566	5,198	4,603
Foreign currency translation adjustment	35	28	15	11	(65)
Remeasurements of defined benefit plans	6,386	6,671	6,888	8,681	6,488
Subscription rights to shares	263	241	288	285	355
Non-controlling interests	229	255	187	242	3,559
Total net assets	146,768	151,241	158,280	176,101	267,811
Total liabilities and net assets	228,422	238,301	243,438	261,305	416,483

Consolidated Statements of Income

	2015/3	2016/3	2017/3	2018/3	2019/3
(¥Millions)					
Net sales of completed construction contracts	300,912	287,437	298,825	312,669	423,727
Cost of sales of completed construction contracts	265,171	251,642	260,344	269,315	365,389
Gross profit on completed construction contracts	35,740	35,795	38,480	43,354	58,337
Selling, general and administrative expenses	17,382	17,382	17,607	17,732	26,620
Operating income	18,358	18,412	20,873	25,621	31,716
Non-operating income	1,254	1,438	1,936	1,398	2,468
Interest income	26	21	4	4	16
Dividends income	243	266	315	403	537
Foreign exchange gains	438	—	—	—	—
Reversal of allowance for doubtful accounts	—	441	111	—	—
Land and house rent received	146	157	572	401	295
Gain on sales of non-current assets	—	261	437	114	592
Reversal of allowance for investment loss	—	—	—	170	—
Gain on exchange of investment securities	—	—	203	—	—
Gain on step acquisitions	—	—	—	—	346
Other	399	289	290	303	679
Non-operating expenses	1,024	1,338	1,400	571	753
Interest expenses	52	57	49	33	48
Rent expenses	—	44	185	—	—
Loss on sales of noncurrent assets	313	138	516	57	4
Loss on retirement of noncurrent assets	—	—	45	68	118
Loss on valuation of investment securities	—	—	—	1	106
Foreign exchange losses	—	397	143	169	—
Impairment loss	208	—	—	—	135
Other	449	701	458	241	340
Ordinary income	18,589	18,512	21,409	26,448	33,431
Extraordinary income	1,180	—	1,471	—	18,313
Gain on sales of noncurrent assets	1,180	—	—	—	—
Gain on sales of investment securities	—	—	1,262	—	—
Gain on abolishment of retirement benefit plan	—	—	209	—	—
Gain on bargain purchase	—	—	—	—	18,313
Extraordinary loss	—	—	2,159	—	126
Impairment loss	—	—	2,159	—	—
Goodwill amortization	—	—	—	—	126
Income before income taxes and minority interests	19,769	18,512	20,721	26,448	51,617
Income taxes-current	6,823	4,203	7,719	8,018	11,943
Income taxes-deferred	669	2,086	(737)	375	(658)
Total income taxes	7,493	6,290	6,982	8,393	11,284
Net income	12,276	12,222	13,739	18,054	40,333
Profit (loss) attributable to non-controlling interests	11	37	(50)	61	113
Profit attributable to owners of parent	12,264	12,184	13,789	17,993	40,219

Consolidated Statements of Comprehensive Income

	2015/3	2016/3	2017/3	2018/3	2019/3
(¥Millions)					
Net income	12,276	12,222	13,739	18,054	40,333
Other comprehensive income					
Valuation difference on available-for-sale securities	1,526	(1,035)	(554)	1,631	(625)
Foreign currency translation adjustment	36	(18)	(30)	(10)	(92)
Remeasurements of defined benefit plans	4,592	285	216	1,793	(2,193)
Total accumulated other comprehensive income	6,154	(769)	(368)	3,414	(2,911)
Comprehensive income	18,430	11,452	13,370	21,469	37,421
Breakdown					
Comprehensive income attributable to owners of the parent	18,397	11,426	13,438	21,413	37,354
Comprehensive income attributable to non-controlling interests	33	26	(68)	55	67



Consolidated Statements of Changes in Net Assets

	2015/3	2016/3	2017/3	2018/3	2019/3
(¥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	6,645	6,879	7,939	7,978	8,098
Changes of items during the period					
Disposal of treasury stock	234	1,060	38	120	123
Changes in Stock exchange	—	—	—	—	39,639
Increase in treasury stock due to increase in consolidated subsidiaries	—	—	—	—	7
Total changes of items during the period	234	1,060	38	120	39,770
Balance at the end of current period	6,879	7,939	7,978	8,098	47,868
Retained earnings					
Balance at the beginning of current period	130,822	137,957	147,004	156,477	169,883
Cumulative effects of changes in accounting policies	(2,352)	—	22	—	—
Changes of items during the period					
Dividends from surplus	(2,776)	(3,137)	(4,338)	(4,588)	(5,433)
Profit attributable to owners of parent	12,264	12,184	13,789	17,993	40,219
Change of scope of consolidation	—	—	—	—	(21)
Total changes of items during the period	9,487	9,047	9,450	13,405	34,764
Balance at the end of current period	137,957	147,004	156,477	169,883	204,647
Treasury stock					
Balance at the beginning of current period	(14,487)	(17,029)	(21,910)	(24,011)	(23,187)
Changes of items during the period					
Purchase of treasury stock	(3,002)	(5,002)	(3,002)	(3)	(3,015)
Disposal of the treasury stock	460	2,057	167	311	277
Changes in Stock exchange	—	—	—	—	19,862
Increase in treasury stock due to increase in consolidated subsidiaries	—	—	—	—	(1,157)
Acquisition of own shares via trust	—	(2,600)	—	—	—
Transfer of own shares via trust	—	664	733	515	685
Total changes of items during the period	(2,542)	(4,880)	(2,101)	823	16,653
Balance at the end of current period	(17,029)	(21,910)	(24,011)	(23,187)	(6,534)
Total shareholders' equity					
Balance at the beginning of current period	129,868	134,696	139,922	147,333	161,682
Cumulative effects of changes in accounting policies	(2,352)	—	22	—	—
Changes of items during the period					
Dividends from surplus	(2,776)	(3,137)	(4,338)	(4,588)	(5,433)
Profit attributable to owners of parent	12,264	12,184	13,789	17,993	40,219
Purchase of treasury stock	(3,002)	(5,002)	(3,002)	(3)	(3,015)
Disposal of the treasury stock	694	3,117	206	431	400
Changes in Stock exchange	—	—	—	—	59,502
Increase in treasury stock due to increase in consolidated subsidiaries	—	—	—	—	(1,157)
Change of scope of consolidation	—	—	—	—	(21)
Change in equity due to additional acquisition of consolidated subsidiary stock	—	—	—	—	7
Acquisition of own shares via trust	—	(2,600)	—	—	—
Transfer of own shares via trust	—	664	733	515	685
Total changes of items during the period	7,179	5,226	7,388	14,349	91,187
Balance at the end of current period	134,696	139,922	147,333	161,682	252,870
Accumulated other comprehensive income					
Valuation difference on available-for-sale securities					
Balance at the beginning of current period	3,631	5,157	4,121	3,566	5,198
Changes of items during the period					
Net changes of items other than shareholders' equity	1,525	(1,036)	(554)	1,631	(594)
Total changes of items during the period	1,525	(1,036)	(554)	1,631	(594)
Balance at the end of current period	5,157	4,121	3,566	5,198	4,603
Foreign currency translation adjustment					
Balance at the beginning of current period	21	35	28	15	11
Changes of items during the period					
Net changes of items other than shareholders' equity	14	(7)	(12)	(4)	(76)
Total changes of items during the period	14	(7)	(12)	(4)	(76)
Balance at the end of current period	35	28	15	11	(65)
Remeasurements of defined benefit plans					
Balance at the beginning of current period	1,794	6,386	6,671	6,888	8,681
Changes of items during the period					
Net changes of items other than shareholders' equity	4,592	285	216	1,793	(2,193)
Total changes of items during the period	4,592	285	216	1,793	(2,193)
Balance at the end of current period	6,386	6,671	6,888	8,681	6,488
Total accumulated other comprehensive income					
Balance at the beginning of current period	5,446	11,579	10,821	10,470	13,891
Changes of items during the period					
Net changes of items other than shareholders' equity	6,132	(758)	(350)	3,420	(2,865)
Total changes of items during the period	6,132	(758)	(350)	3,420	(2,865)
Balance at the end of current period	11,579	10,821	10,470	13,891	11,026
Subscription rights to shares					
Balance at the beginning of current period	175	263	241	288	285
Changes of items during the period					
Net changes of items other than shareholders' equity	88	(22)	47	(3)	70
Total changes of items during the period	88	(22)	47	(3)	70
Balance at the end of current period	263	241	288	285	355
Minority interests					
Balance at the beginning of current period	195	229	255	187	242
Changes of items during the period					
Net changes of items other than shareholders' equity	33	26	(68)	55	3,317
Total changes of items during the period	33	26	(68)	55	3,317
Balance at the end of current period	229	255	187	242	3,559
Total net assets					
Balance at the beginning of current period	135,687	146,768	151,241	158,280	176,101
Cumulative effects of changes in accounting policies	(2,352)	—	22	—	—
Changes of items during the period					
Dividends from surplus	(2,776)	(3,137)	(4,338)	(4,588)	(5,433)
Profit attributable to owners of parent	12,264	12,184	13,789	17,993	40,219
Purchase of treasury stock	(3,002)	(5,002)	(3,002)	(3)	(3,015)
Disposal of treasury stock	694	3,117	206	431	400
Changes in Stock exchange	—	—	—	—	59,502
Increase in treasury stock due to increase in consolidated subsidiaries	—	—	—	—	(1,157)
Change of scope of consolidation	—	—	—	—	(21)
Change in equity due to additional acquisition of consolidated subsidiary stock	—	—	—	—	7
Acquisition of own shares via trust	—	(2,600)	—	—	—
Transfer of own shares via trust	—	664	733	515	685
Net changes of items other than shareholders' equity	6,254	(754)	(371)	3,471	522
Total changes of items during the period	13,434	4,472	7,016	17,820	91,710
Balance at the end of current period	146,768	151,241	158,280	176,101	267,811

Consolidated Statements of Cash Flows

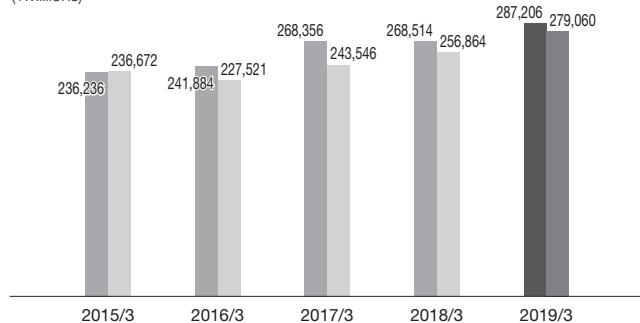
	2015/3	2016/3	2017/3	2018/3	2019/3
(¥Millions)					
Net cash provided by (used in) operating activities	23,167	5,389	15,504	24,800	12,770
Income before income taxes and minority interests	19,769	18,512	20,721	26,448	51,617
Depreciation and amortization	2,660	2,857	3,251	3,272	4,725
Impairment loss	208	71	2,159	0	135
Amortization of goodwill	849	1,082	929	395	1,201
Gain on bargain purchase	—	—	—	—	(18,313)
Increase (decrease) in allowance for doubtful accounts	(32)	(514)	(148)	(980)	50
Increase (decrease) in provision for bonuses	(347)	75	117	179	419
Increase (decrease) in provision for warranties for completed construction	—	611	(850)	0	28
Increase (decrease) in provision for loss on construction contracts	4,631	(5,197)	248	(216)	(106)
Increase (decrease) in net defined benefit asset (liability)	(2,004)	(1,339)	(399)	(694)	(1,231)
Interest and dividends income	(270)	(288)	(319)	(407)	(554)
Interest expenses	52	57	49	33	48
Loss (gain) on sales of noncurrent assets	(867)	(122)	79	(56)	(580)
Loss (gain) on sales of investment securities	—	—	—	0	(67)
Decrease (increase) in notes and accounts receivable-trade	8,095	(8,419)	(3,127)	3,892	(28,202)
Decrease (increase) in costs on uncompleted construction contracts and other	877	487	(2,659)	(3,447)	701
Decrease (increase) in other operating assets	(623)	(423)	965	2,175	(1,009)
Increase (decrease) in notes and accounts payable-trade	(454)	2,438	(1,014)	(1,802)	9,240
Increase (decrease) in advances received on uncompleted construction contracts	277	1,006	204	118	198
Increase (decrease) in other operating liabilities	189	(2,673)	2,671	2,327	4,528
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	44	483	390	285	356
Sub-total	33,055	8,705	21,595	31,523	23,187
Interest and dividends income received	270	288	318	408	552
Interest expenses paid	(37)	(59)	(66)	(33)	(49)
Income taxes paid	(10,121)	(3,545)	(6,343)	(7,098)	(10,920)
Net cash provided by (used in) investing activities	(2,828)	(13,907)	(6,027)	(4,538)	(17,609)
Purchase of property and equipment	(3,434)	(10,467)	(5,761)	(3,214)	(2,757)
Proceeds from sales of property, plant and equipment	1,990	1,533	901	352	698
Purchase of intangible assets	(612)	(2,137)	(2,416)	(1,010)	(1,079)
Purchase of investment securities	(738)	(2,570)	(443)	(429)	(484)
Proceeds from sales of investment securities	203	10	1,686	0	233
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(361)	—	—	—	(16,961)
Payments of loans receivable	—	(30)	(111)	(204)	(358)
Collection of loans receivable	109	4	1	1	3,098
Decrease (increase) in time deposits and other	—	(298)	44	1	20
Other, net	16	49	72	(35)	(20)
Net cash provided by (used in) financing activities	(12,343)	313	(10,230)	(5,137)	(4,924)
Net increase (decrease) in short-term loans payable	(6,799)	5,703	(12,306)	(100)	4,130
Proceeds from issuance of bonds	—	—	9,991	—	—
Repayment of long-term loans payable	(124)	(708)	(1,227)	(1,093)	(2,474)
Proceeds from long-term loans payable	—	2,600	—	—	1,260
Redemption of bonds	(110)	—	—	—	—
Purchase of treasury stock	(3,002)	(5,002)	(3,002)	(3)	(3,015)
Proceeds from sales of treasury stock	669	3,008	153	308	339
Acquisition of own shares via trust	—	(2,600)	—	—	—
Transfer of own shares via trust	—	664	733	515	685
Cash dividends paid	(2,777)	(3,133)	(4,329)	(4,581)	(5,425)
Other, net	(199)	(218)	(244)	(182)	(426)
Effect of exchange rate change on cash and cash equivalents	83	(49)	(42)	(23)	(113)
Net increase (decrease) in cash and cash equivalents	8,078	(8,254)	(796)	15,101	(9,877)
Cash and cash equivalents at beginning of period	16,213	24,291	16,037	15,241	30,343
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	—	—	—	—	55
Increase in cash and cash equivalents due to share exchange	—	—	—	—	20,948
Cash and cash equivalents at the end of period	24,291	16,037	15,241	30,343	41,469



Financial Highlights (Non-consolidated)

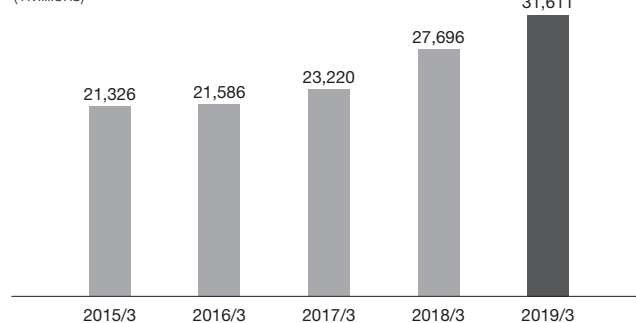
■ Orders Received ■ Net Sales

(¥Millions)



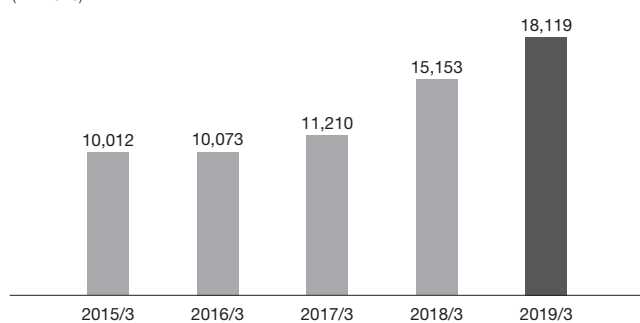
■ Gross Profit

(¥Millions)



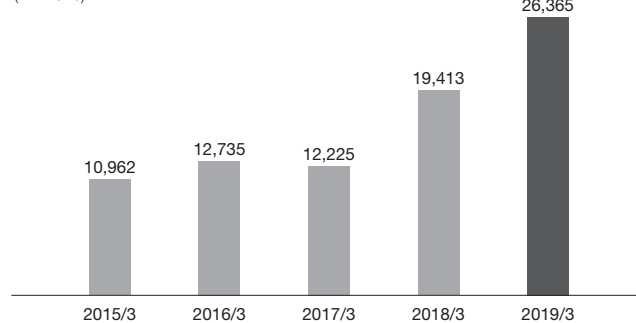
■ Operating Income

(¥Millions)



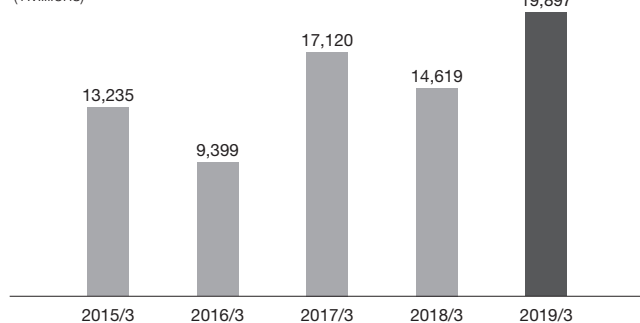
■ Ordinary Income

(¥Millions)



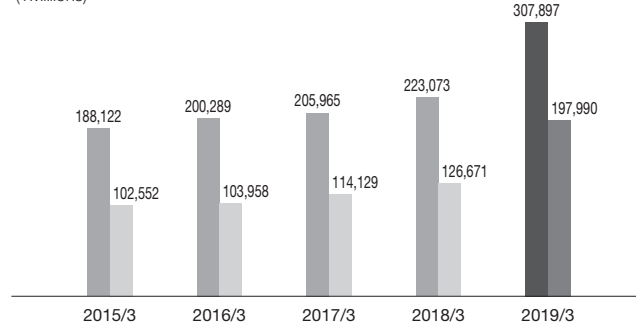
■ Net Income

(¥Millions)



■ Total Assets ■ Net Assets

(¥Millions)



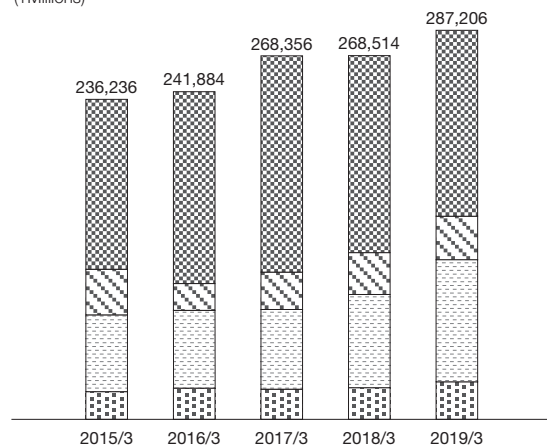
(¥Millions)

	2015/3	2016/3	2017/3	2018/3	2019/3
Orders Received	236,236	241,884	268,356	268,514	287,206
Net Sales	236,672	227,521	243,546	256,864	279,060
Gross Profit	21,326	21,586	23,220	27,696	31,611
Operating Income	10,012	10,073	11,210	15,153	18,119
Ordinary Income	10,962	12,735	12,225	19,413	26,365
Net Income	13,235	9,399	17,120	14,619	19,897
Total Assets	188,122	200,289	205,965	223,073	307,897
Net Assets	102,552	103,958	114,129	126,671	197,990

Trends by Segment (Non-consolidated)

Orders Received by Business Segment (Non-consolidated)

(¥Millions)

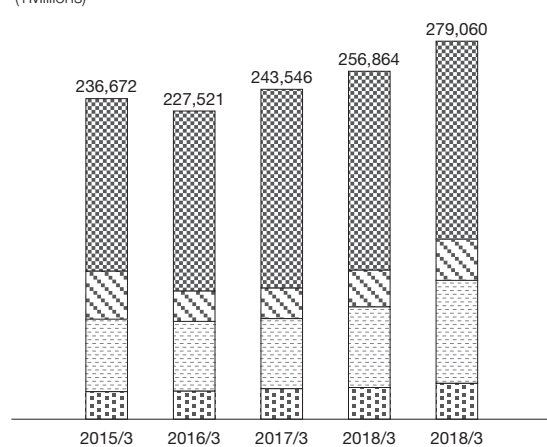


NTT group engineering NCCs Urban infrastructure SYSTEM-SOLUTIONS

	(¥Millions)				
	2015/3	2016/3	2017/3	2018/3	2019/3
NTT group engineering	125,428	141,628	159,656	145,425	137,235
NCCs	33,662	19,790	27,597	30,909	32,080
Urban infrastructure	56,687	57,408	58,825	68,802	90,161
SYSTEM-SOLUTIONS	20,458	23,056	22,276	23,376	27,729
Total	236,236	241,884	268,356	268,514	287,206

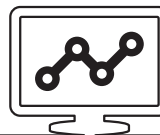
Net Sales by Business Segment (Non-consolidated)

(¥Millions)



NTT group engineering NCCs Urban infrastructure SYSTEM-SOLUTIONS

	(¥Millions)				
	2015/3	2016/3	2017/3	2018/3	2019/3
NTT group engineering	127,237	132,765	146,591	146,674	146,174
NCCs	35,582	22,536	22,649	27,164	30,381
Urban infrastructure	53,444	51,350	51,714	59,612	75,900
SYSTEM-SOLUTIONS	20,407	20,869	22,590	23,412	26,603
Total	236,672	227,521	243,546	256,864	279,060

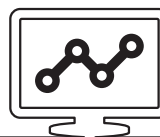


Non-consolidated Balance Sheets

	2015/3	2016/3	2017/3	2018/3	2019/3
(¥Millions)					
ASSETS					
Current assets	108,185	109,519	113,459	126,425	138,390
Cash and deposits	9,074	12,990	12,452	22,257	14,563
Notes receivable-trade	1,147	772	1,374	488	314
Accounts receivable from completed construction contracts	63,863	74,487	75,397	76,342	89,485
Short-term investment securities	11,765	90	63	4,499	—
Costs on uncompleted construction contracts	14,365	12,963	14,571	17,466	20,706
Finished goods	—	—	405	568	343
Raw materials and supplies	79	540	737	689	785
Short-term loans receivable	2,500	2,617	3,722	2,576	9,755
Prepaid expenses	277	326	336	392	516
Deferred tax assets	3,332	1,794	1,956	—	—
Other current assets	1,823	2,935	2,442	1,143	1,918
Allowance for doubtful accounts	(46)	—	—	—	—
Noncurrent assets	79,936	90,769	92,505	96,648	169,506
Property, plant and equipment	39,372	47,541	50,779	51,676	50,974
Buildings	12,733	15,219	14,673	15,358	14,758
Structures	1,191	1,849	2,230	2,289	2,207
Machinery and equipment	1,169	2,547	3,421	3,216	3,230
Vehicles	0	0	0	0	0
Tools, furniture and fixtures	590	690	550	540	773
Land	22,459	26,671	29,263	29,930	29,859
Lease assets	223	253	205	164	115
Construction in progress	1,003	310	432	175	28
Intangible assets	3,003	4,315	3,207	3,104	2,670
Software	2,159	2,921	2,704	3,007	2,565
Other intangible assets	844	1,394	502	96	105
Investments and other assets	37,560	38,912	38,519	41,867	115,861
Investment securities	13,836	14,417	13,469	16,091	16,199
Stocks of subsidiaries and affiliates	19,653	19,891	19,987	19,749	92,256
Long-term loans receivable from subsidiaries and associates	642	—	—	—	—
Claims provable in bankruptcy, claimed provable in rehabilitation and other	56	56	55	55	55
Long-term prepaid expenses	65	186	118	39	28
Prepaid pension cost	2,506	3,611	4,095	5,091	6,360
Other investments and other assets	2,315	1,914	1,831	900	1,016
Allowance for doubtful accounts	(1,517)	(1,165)	(1,038)	(61)	(55)
Total assets	188,122	200,289	205,965	223,073	307,897
LIABILITIES					
Current liabilities	78,210	91,408	77,968	84,555	98,260
Accounts payable for construction contracts	35,085	41,292	40,413	40,368	43,995
Short-term loans payable	1,073	12,000	—	389	4,000
Lease obligations	96	103	95	70	62
Accounts payable-other	2,170	1,993	1,000	1,652	1,471
Accrued expenses	4,724	5,142	6,117	6,806	8,094
Income taxes payable	414	954	2,032	2,932	3,305
Advances received on uncompleted construction contracts	1,332	2,590	2,806	2,831	3,359
Deposits received	26,290	26,132	23,371	27,645	32,011
Provision for warranties for completed construction	76	774	21	45	74
Provision for loss on construction contracts	5,175	258	356	275	264
Other current liabilities	1,771	166	1,751	1,538	1,621
Noncurrent liabilities	7,358	4,922	13,868	11,847	11,646
Bonds payable	—	—	10,000	10,000	10,000
Long-term loans payable	5,000	2,010	1,235	—	—
Lease obligations	153	179	141	119	69
Deferred tax liabilities	1,993	1,900	1,425	651	943
Allowance for investment loss	17	95	192	42	—
Asset retirement obligations	121	287	439	503	562
Other noncurrent liabilities	72	449	434	530	70
Total liabilities	85,569	96,330	91,836	96,402	109,906
NET ASSETS					
Shareholders' equity	97,745	100,186	110,915	121,890	192,771
Capital stock	6,888	6,888	6,888	6,888	6,888
Capital surplus	7,373	8,433	8,471	8,592	48,355
Legal retained earnings	1,547	1,547	1,547	1,547	1,547
Reserve for advanced depreciation of noncurrent assets	2,088	2,151	2,363	2,362	2,361
Reserve for special account for advanced depreciation of non-current assets	—	—	—	—	318
General reserve	74,600	74,600	74,600	74,600	74,600
Retained earnings brought forward	22,277	28,475	41,055	51,087	65,234
Treasury stock	(17,029)	(21,910)	(24,011)	(23,187)	(6,534)
Valuation and translation adjustments	4,544	3,530	2,924	4,495	4,863
Valuation difference on available-for-sale securities	4,544	3,530	2,924	4,495	4,863
Subscription rights to shares	263	241	288	285	355
Total net assets	102,552	103,958	114,129	126,671	197,990
Total liabilities and net assets	188,122	200,289	205,965	223,073	307,897

Non-consolidated Statements of Income

	2015/3	2016/3	2017/3	2018/3	2019/3
(¥Millions)					
Net sales of completed construction contracts	236,672	227,521	243,546	256,864	279,060
Cost of sales of completed construction contracts	215,346	205,934	220,326	229,167	247,449
Gross profit on completed construction contracts	21,326	21,586	23,220	27,696	31,611
Selling, general and administrative expenses	11,313	11,513	12,010	12,543	13,492
Operating income	10,012	10,073	11,210	15,153	18,119
Non-operating income	1,504	3,644	1,749	4,746	9,068
Interest income	33	43	37	40	105
Interest on securities	13	10	0	1	1
Dividends income	193	2,392	259	3,608	7,561
Land and house rent received	466	397	783	630	489
Foreign exchange gains	474	—	—	—	—
Reversal of allowance for doubtful accounts	168	—	—	—	—
Gain on sales of non-current assets	—	231	402	57	569
Other	155	569	266	407	341
Non-operating expenses	554	982	734	485	822
Interest expenses	57	48	35	6	7
Interest on bonds	—	—	1	15	15
Loss on valuation of investment securities	—	—	—	—	96
Loss on valuation of shares of subsidiaries and associates	—	—	—	—	290
Rent expenses	202	137	260	164	129
Loss on retirement of non-current assets	—	—	—	28	95
Foreign exchange losses	—	400	150	170	—
Provision of allowance for investment loss	—	78	96	20	—
Impairment loss	150	—	—	—	—
Other	144	318	190	79	188
Ordinary income	10,962	12,735	12,225	19,413	26,365
Extraordinary income	6,669	—	10,750	—	—
Extraordinary loss	—	—	2,148	—	363
Income before income taxes	17,632	12,735	20,827	19,413	26,002
Income taxes-current	3,837	1,276	4,065	4,305	5,974
Income taxes-deferred	558	2,059	(358)	488	129
Total income taxes	4,396	3,336	3,707	4,794	6,104
Net income	13,235	9,399	17,120	14,619	19,897



(as of March 31, 2019)

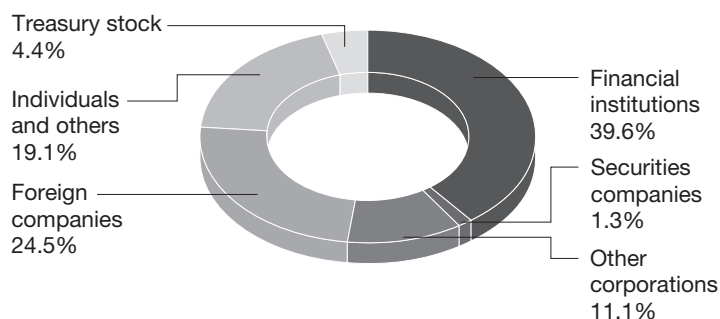
Fiscal Year-End	March 31
Annual Shareholders' Meeting	June 22, 2018
Stock Listing	Tokyo Stock Exchange (First Section)
Ticker Code	1951
Common Stock	Authorized: 300,000,000 shares Issued: 117,812,419 shares
Total Number of Shareholders	19,734
Transfer Agent and Registrar	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan

Major Shareholders

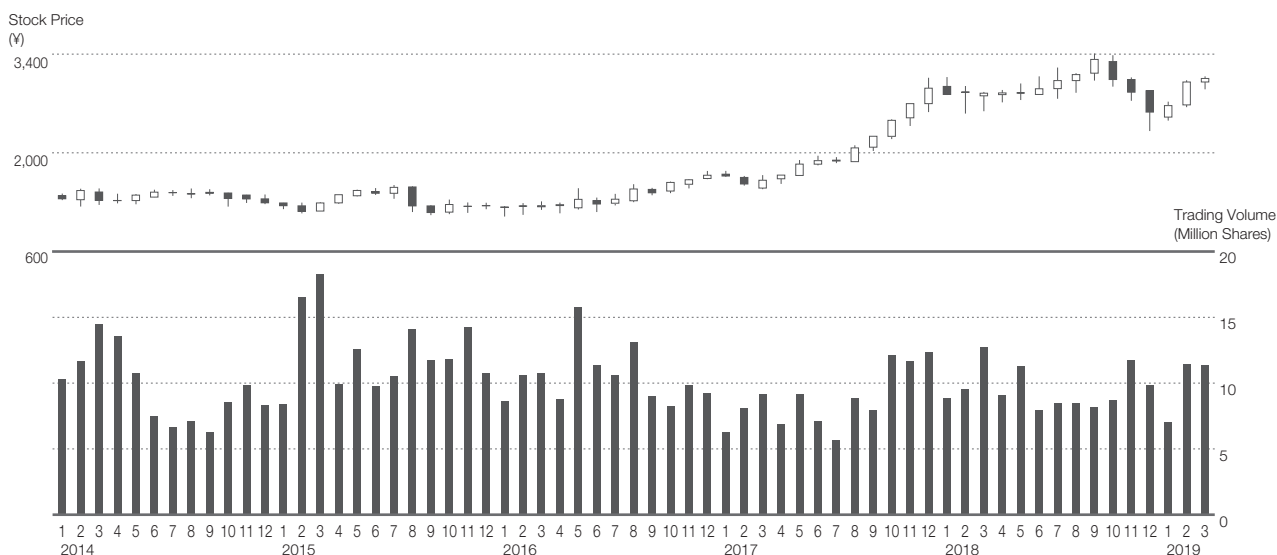
	Number of shares held (thousand)	Percentage of total shares issued (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	15,550	13.81
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,934	6.16
ESOP Association of KYOWA EXEO CORPORATION	4,037	3.59
BBH FOR MATTHEWS JAPAN FUND	3,606	3.20
SUMITOMO LIFE INSURANCE COMPANY	2,296	2.04
Sumitomo Realty & Development Co., Ltd.	2,081	1.85
Japan Trustee Services Bank, Ltd. (Sumitomo Electric Industries, Ltd., Retirement Benefit Trust Account reentrusted by Sumitomo Mitsui Trust Bank, Limited)	1,834	1.63
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,721	1.53
JP MORGAN CHASE BANK 385151	1,608	1.43
Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Trust Bank, Retirement Benefit Trust Account)	1,500	1.33

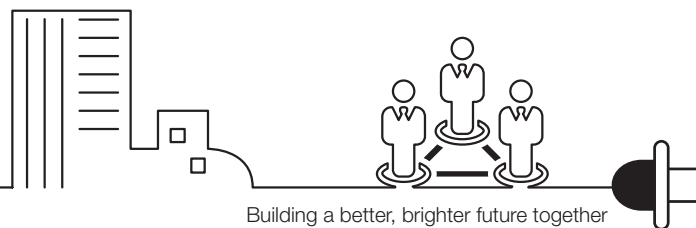
Note: The Company holds 5,201 thousand shares of treasury stock although those shares are not included in the above table.
The percentage of total shares issued is calculated by excluding treasury stock.

Composition of Shareholders



Stock Price Range and Trading Volume on the Tokyo Stock Exchange





Chairman
Fuminori Kozono



President & CEO
Tetsuya Funabashi



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 and Managing Operating Officer
Hideo Higuchi



Director
Yuki Sakuyama



Director
Hiroaki Kubozono



Director
Toshihiko Kumamoto



Director
Toshiro Ue



Director (Independent Director)
Kazuteru Kanazawa



Director (Independent Director)
Yasushi Kohara



Director (Independent Director)*
Naoko Iwasaki



Standing Statutory Auditor
Yoshiharu Takizawa



Standing Statutory Auditor
Kazuo Sato



Statutory Auditor (Independent Auditor)
Kozo Meguro



Statutory Auditor (Independent Auditor)
Tomoko Aramaki

Managing Operating Officers

Eiichi Matsuda	Koichi Mino	Masato Suwabe
Yuji Sato	Fumio Kumagai	Noriyuki Watabe
Hideki Obara	Kyoji Okabe	Keiji Shizukuishi

Operating Officers

Makoto Shirakata	Hachizo Sato	Masahiro Kikuchi	Yoshiaki Nanjyo	Mitsumasa Watanabe
kosei Nakashima	Eiji Fujimaki	Hiroshi Akiduki	Mitsuhisa Iwai	Fumiitoshi Imaizumi
Kazunori Yuasa	Masahito Oishibashi	Shinji Kojima	Shinji Kumataka	



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KYOWA EXEO CORPORATION