

# CORPORATE REPORT 2020

*Engineering for Fusion*

Connecting the societies with engineering





# *Engineering for Fusion*

## 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.





## About the EXEO Group

- 3 Consolidated Financial and Non-financial Highlights
- 5 Milestones of the KYOWA EXEO Group
- 9 Greetings/Message from the President

## Business Activities

- 13 The KYOWA EXEO Group's Medium-Term Management Plan
- 15 Business Overview
- 21 Special Feature

## The KYOWA EXEO Group's ESG Initiatives

- 27 The KYOWA EXEO Group's Corporate Value Creation
  - Corporate Value Creation Process
  - SDG Initiatives
- 31 CSR Concept
- 33 Environmental Initiatives
- 39 Social Initiatives
  - Quality Assurance and Customer Satisfaction Improvement
  - Organizational Enhancement
  - Shareholder and Stakeholder Relations
  - Human Resources Development
  - Promotion of Diversity and Inclusion
- 55 Management Systems
  - Corporate Governance
  - Compliance
  - Risk Management
- 62 Board of Directors

## Corporate Data

- 63 Financial Section
- 69 Company Overview and Stock Information
- 71 Overview of Group Companies

### Editorial Policy

Period Covered by the Report:	From April 1, 2019 to March 31, 2020 (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:	September 2020
Next Issuance Scheduled:	August 2021

KYOWA EXEO CORPORATION has been selected for inclusion in the MSCI Japan ESG Select Leaders Index published by MSCI.



\*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 inclusion of KYOWA EXEO CORPORATION in the MSCI Index and the use of MSCI's logo, trademark, service mark and index name do not constitute MSCI's or its affiliates' support, guarantee and/or promotion of KYOWA EXEO CORPORATION. MSCI indices are MSCI's exclusive properties. MSCI's and MSCI Indices' names and logos are trademarks and/or service marks of MSCI or its affiliates.

### Notice on forward-looking statements

This Corporate Report 2020 contains forward-looking statements such as future business performance outlook of KYOWA EXEO. As these statements are based on the information available at the time of the preparation of this report, the actual results may differ materially from the content described or suggested therein due to various factors. As this corporate report is not intended for the purpose of soliciting investment, all users of this report are advised to undertake decisions concerning investment at their own discretion.

The figures stated in units of ¥100 million and ¥1 million are rounded down.

## ● KYOWA EXEO CORPORATION

<https://www.exeo.co.jp/en/>  
29-20, Shibuya 3-chome, Shibuya-ku, Tokyo  
150-0002, Japan

# Consolidated Financial and Non-financial Highlights

## Financial Information (as of March 31, 2020)

Orders Received



¥556.3 billion

Net Sales



¥524.5 billion

Operating Income / Income Margin



¥31.1 billion / 5.9 %

Profit Attributable to Owners of Parent



¥15.6 billion

Earnings per Share



¥139.75

ROE / ROA



5.9 % / 3.6 %

Capital Stock



¥6.8 billion

Shareholders' Equities / Shareholders' Equity to Total Assets



¥266.4 billion / 59.9 %

Cash Flows



Operating activities / Investing activities / Financing activities  
¥17.2 billion / ¥(17.0) billion / ¥4.2 billion

Dividend / Payout Ratio



¥80.0 / 57.2 %

Years Since Foundation



66 years

Number of Consolidated Group Companies



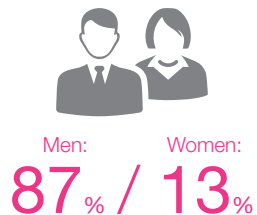
88

## Non-financial Information (as of March 31, 2020) \*Non-consolidated

Number of Employees



Hiring Ratio Between Men and Women



Average Years of Continuous Employment



Ratio of Women in Managerial Positions

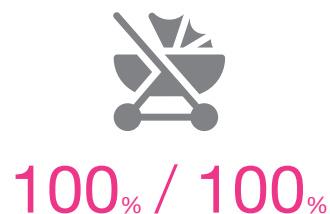


Percentage of Annual Paid Leaves Taken



Percentage of  
Childcare Leaves  
Taken

Percentage of Employees  
Who Returned to Work  
after Childcare Leaves



Percentage of Employees with Disabilities



Turnover Ratio in Three Years after Joining  
the Company



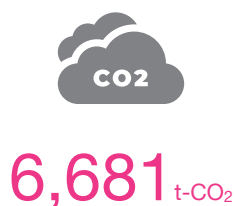
Number of Employees with IT-related  
Expert Qualifications



Percentage of Independent Directors  
to All Directors



CO<sub>2</sub> Emission



Electricity Generated from the Solar Power  
Generation Facility Owned by KYOWA EXEO



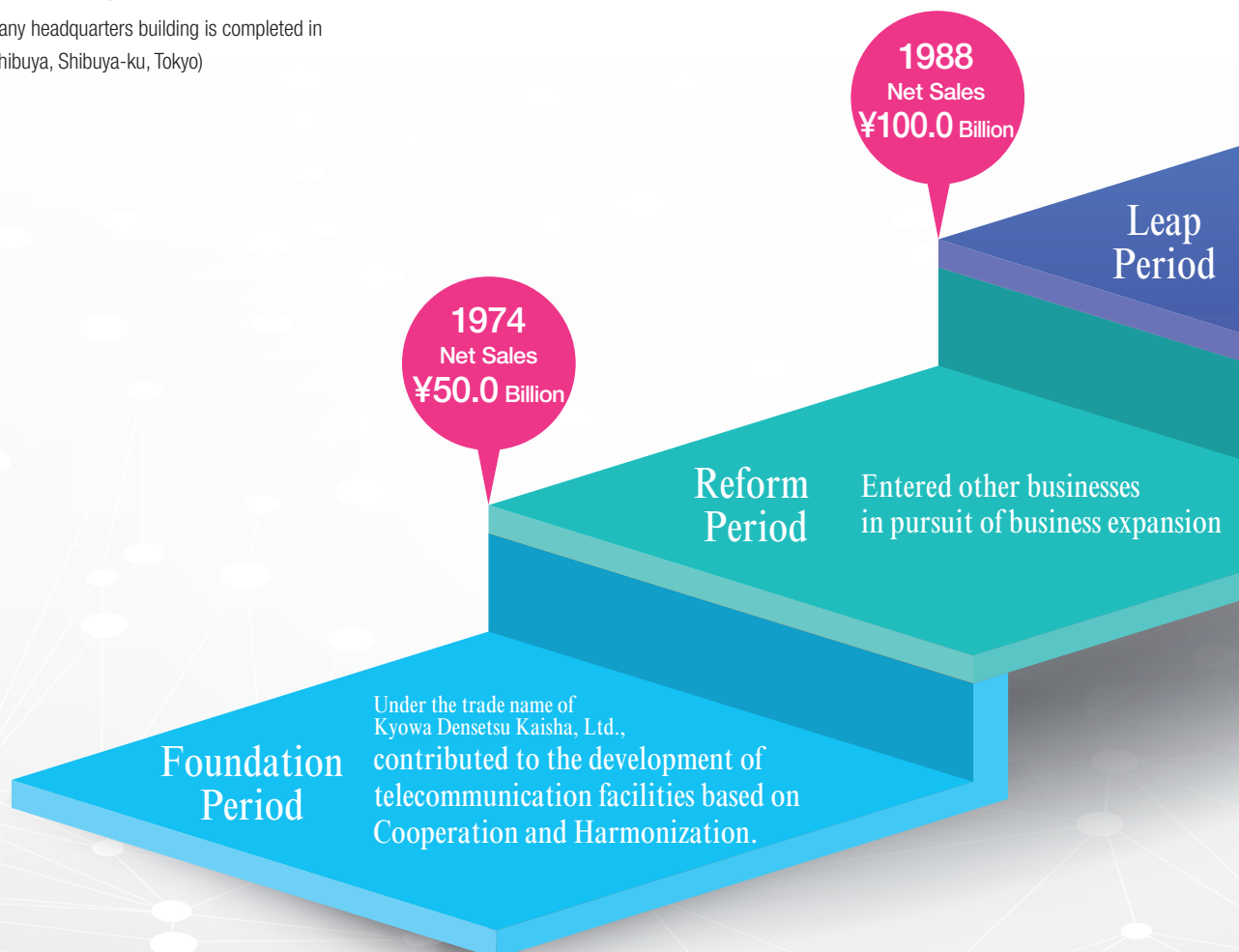


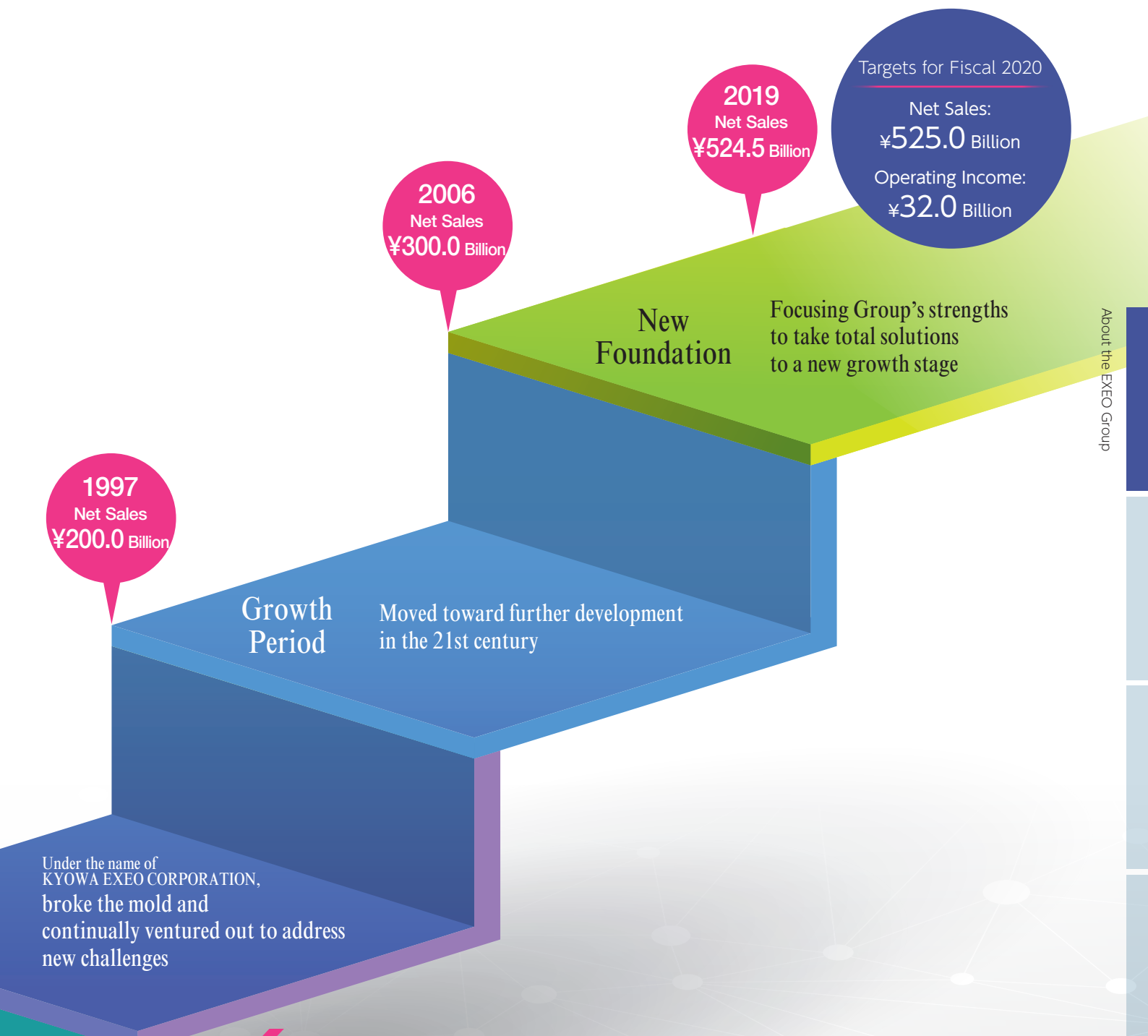
# Milestones of the KYOWA EXEO Group

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

## Corporate History

- 1954 Established Kyowa Densetsu Kaisha, Ltd. (headquartered in Shiba-Hamamatsu-cho, Minato-ku, Tokyo)
- 1954 Accredited by Nippon Telegraph and Telephone Public Corp. (now NTT) in relation to communications lines, communications machinery and radio transmissions for telecommunications facilities
- 1963 Listed on the Second Section of the Tokyo Stock Exchange
- 1963 Expanded overseas and began work on line laying and civil engineering projects in Honduras, in Central America.
- 1963 Expanded into communications and electric power construction projects beyond Nippon Telegraph and Telephone Public Corp.
- 1972 Listed on the First Section of the Tokyo Stock Exchange
- 1982 Entered the system integration business
- 1986 Entered the environment business
- 1991 Changed the company name to Kyowa Exeo Corporation
- 1998 Entered the network integration business
- 1999 New company headquarters building is completed in Shibuya (Shibuya, Shibuya-ku, Tokyo)
- 2001 Merged with Showa Technos
- 2004 Daiwa Densetsu made a Group company
- 2004 Wako Engineering made a Group company
- 2010 Ikeno Tsuiken made a Group company
- 2015 Wako Engineering and Ikeno Tsuiken merged, Exeo Tech Corporation established
- 2018 C-Cube, Seibu Electric Industry and Nippon Dentsu made Group companies
- 2018 Exeo Global Pte. Ltd. established in Singapore





## Events

<b>July 2019</b>	<b>November 2019</b>	<b>January 2020</b>	<b>March 2020</b>	<b>March 2020</b>	<b>March 2020</b>
Takumi Nemoto, Minister of Health, Labour and Welfare visited our Central Technical Training Center.	Toru Ebihara, an employee of KYOWA EXEO, won a gold medal at the 57th National Skills Competition.	Completed the construction of a biomass plant for Japan Racing Association's Ritto Training Center.	Completed the replacement of conventional lighting facilities with LED for the main roof of Saitama Super Arena.	Selected as a Nadeshiko Brand for the first time, in recognition of KYOWA EXEO's successful efforts in encouraging women's active participation in the workplace.	Renewed our corporate website
<b>July 2019</b>	<b>August 2019</b>	<b>October 2019</b>	<b>April 2020</b>	<b>April 2020</b>	
Acquired Kita Daihyaku Tsushin Denki, a company engaged in telecommunication infrastructure business mainly in Hokkaido.	Acquired Sun Planning Systems, a company with strengths in BPM, RPA and health checkup systems.	Acquired Hikari Progress, a company specializing in wiring of optical telecommunication cables mainly in Okinawa Prefecture.	Set up Crisis Management Office, a new organizational unit to strengthen crisis contingency management.	Set up IOWN Promotion Office, a new organizational unit to promote the development of business and technologies related to realizing IOWN, a next generation communication infrastructure.	
<b>July 2019</b>	<b>October 2019</b>	<b>November 2019</b>	<b>November 2019</b>	<b>January 2020</b>	<b>April 2020</b>
Acquired Eiwa Bultech, a company specializing in air-conditioning and sanitary facility works mainly in Fukuoka Prefecture.	Acquired Winner Engineering Pte. Ltd., a Singapore company specializing in air-conditioning facility work.	Acquired CPU, a company specializing in development and sale of software, such as for 3D architectural CAD and civil engineering cost estimation systems.	<b>Social contribution activities</b>		
			Provided support for Shuri-jo Castle in Okinawa Prefecture that had suffered damage from a fire.	Provided financial support for regions affected by Typhoons Nos. 15 and 19 of 2019.	Provided relief supplies in response to the COVID-19 pandemic.

Events

July 2019	November 2019	January 2020
Takumi Nemoto, Minister of Health, Labour and Welfare visited our Central Technical Training Center.	Toru Ebihara, an employee of KYOWA EXEO, won a gold medal at the 57th National Skills Competition.	Completed the construction of a biomass plant for Japan Racing Association's Ritto Training Center.



On July 5, Takumi Nemoto, Minister of Health, Labour and Welfare, visited our Central Technical Training Center located in Wako, Saitama Prefecture to see its facilities and actual training sessions. He also met Yoshiaki Shimizu, an employee of KYOWA EXEO who had won a gold medal in the information network cabling category at the 44th World Skills Competition held in Abu Dhabi, UAE in 2017.



Toru Ebihara, an employee of KYOWA EXEO, representing Saitama Prefecture, won a gold medal in the information network cabling category at the 57th National Skills Competition held between November 15 and 18 in commemoration of the enthronement of the emperor.  
This is the first gold medal our employees have won in the past three competitions, and 7th in total.



Completed the construction of a biomass plant for Japan Racing Association's Ritto Training Center in Ritto, Shiga Prefecture, and delivered it to Japan Racing Association after implementing a test run and other necessary procedures.

July 2019	August 2019	October 2019
Acquired Kita Daihyaku Tsushin Denki, a company engaged in telecommunication infrastructure business mainly in Hokkaido.	Acquired Sun Planning Systems, a company with strengths in BPM, RPA and health checkup systems.	Acquired Hikari Progress, a company specializing in wiring of optical telecommunication cables mainly in Okinawa Prefecture.



July 2019	October 2019	November 2019
Acquired Eiwa Bultech, a company specializing in air-conditioning and sanitary facility works mainly in Fukuoka Prefecture.	Acquired Winner Engineering Pte. Ltd., a Singapore company specializing in air-conditioning facility work.	Acquired CPU, a company specializing in development and sale of software, such as for 3D architectural CAD and civil engineering cost estimation systems.





March 2020

Completed the replacement of conventional lighting facilities with LED for the main roof of Saitama Super Arena.



Completed the replacement of conventional lighting facilities with LED for the main roof of Saitama Super Arena.

The state-of-the-art full-color LED lights can provide a range of lighting modes, such as colorful lighting expressions and white-color illumination.

March 2020

Selected as a Nadeshiko Brand for the first time, in recognition of KYOWA EXEO's successful efforts in encouraging women's active participation in the workplace.

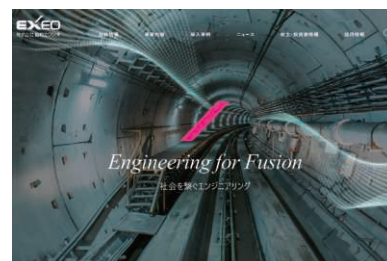


Selected as the Fiscal 2019 Nadeshiko Brand under a program jointly run by Ministry of Economy, Trade and Infrastructure and Tokyo Stock Exchange to recognize listed companies that have successfully encouraged women's active participation in the workplace.

This was our first time to be selected as a Nadeshiko Brand.

March 2020

Renewed our corporate website



Renewed both design and contents of our website to make it easier for users to read and understand. It has also been designed to enable easy access from smartphones, tablets and other devices.

April 2020

Set up Crisis Management Office, a new organizational unit to strengthen crisis contingency management.

Set up a new organizational unit, Crisis Management Office, in the aim of further strengthening our capability of maintaining facilities, such as for providing our services, and responding to reputation risks arising from cyber-attacks or pandemics.

April 2020

Set up IOWN Promotion Office, a new organizational unit to promote the development of business and technologies related to realizing IOWN, a next generation communication infrastructure.

To help realize by 2030 the Innovative Optical and Wireless Network (IOWN), an initiative led by Nippon Telegraph and Telephone Corporation, set up a new organizational unit IOWN Promotion Office in the ICT Solutions Headquarters, which focuses on initiatives for developing a smart society following the modern society by creating innovations beyond conventional ideas together with partnering organizations.

November 2019

January 2020

April 2020

Social contribution activities

**Provided support for Shuri-jo Castle in Okinawa Prefecture that had suffered damage from a fire.**

Offered donation to Okinawa Prefecture to support recovery and reconstruction of Shuri-jo Castle, a World Heritage and the Prefecture's historical and cultural icon that had been damaged by a fire.

**Provided financial support for regions affected by Typhoons Nos. 15 and 19 of 2019.**

Provided Chiba Prefecture with a relief donation to support the people affected by Typhoons Nos. 15 and 19 of 2019 and to help the recovery of affected areas.

**Provided relief supplies in response to the COVID-19 pandemic.**

Donated N95 facemasks to the Prefectures of Tokyo, Osaka and Fukuoka in response to the shortage of infection prevention supplies at medical institutions coping with COVID-19.

## Greetings



President & CEO  
KYOWA EXEO CORPORATION

*T. Funabashi*

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

I extend my deepest sympathies to those individuals who have passed away due to the COVID-19 pandemic that began in early 2020. I am also praying for prompt recovery of those infected with COVID-19. I would like to pay tribute to healthcare workers throughout the world who are coping and struggling with the ever-changing situations while wishing to see the crisis end as soon as possible.



Since its foundation in 1954, the Group has consistently continued its business activities leveraging its specialized technologies for information and communication infrastructure services as its core competency. It has provided end-to-end centralized services relating to the development of information and communication facilities throughout Japan. Following the management integration with three companies in western Japan, which was completed on October 1, 2018, the Group further solidified its strengths—total process, total solutions, and nationwide construction services.

The “exeo” of KYOWA EXEO Group is a Latin word that 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.

In April 2020, we renewed our website based on the concept “Engineering for Fusion— connecting the societies with engineering.” The new website elaborates the three domains of our business—telecommunication infrastructure, urban infrastructure, and system solutions—from various perspectives. It emphasizes our intension to become a “bridge” to connect these three domains with cities, people and products using our engineering and technological capabilities. We are a group of companies that pursue and acquire even better and more advanced technologies in the ever-changing times. Leveraging such technological capabilities, we will seek to achieve sustainable growth based on CSR-focused management, making social contributions that are appropriate for new norms in the post-COVID society and thereby becoming a company that is recognized as valuable for society.

## Contributing to the Sustainable Growth of 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 for growth, the Group has grown to be the way it is today. Against the backdrop of the COVID-19 pandemic worldwide, as solutions are being sought in and outside Japan, I believe our capabilities will contribute significantly to help resolve new social issues.

The Group will continue to fulfill its social responsibilities through its businesses, thereby addressing Sustainable Development Goals (SDGs) adopted by the United Nations in 2015.

## Business Results, Initiatives and Achievements of Fiscal 2019

In regards to the business environment in fiscal 2019, the first half saw strong growth continuing from fiscal 2018. In the second half, however, the consumption tax hike that impacted the economy was coupled with the COVID-19 pandemic during the end of the fiscal year that brought the global economy to a halt. The economy thus entered a period of significant decline, faced with uncertainties as to whether the pandemic will be contained and when the economy will recover.

Under this drastically changing business environment, however, a range of new initiatives have been launched. In the telecommunications sector, telecommunication carriers began providing commercial 5G service, announcing that they will bring forward the planned installation of base stations. IoT, AI and other cutting-edge technologies have been disseminated further, various information has been

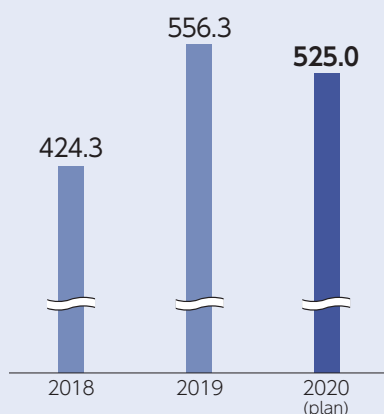
digitalized, and digital transformation, including data circulation and utilization, has been accelerated. Furthermore, the diffusion of cashless payments has progressed in full scale, stimulated by the reward point programs introduced in conjunction with the consumption tax hike. In the construction sector, on the other hand, though infrastructure and urban development projects for Tokyo Olympic and Paralympic Games had reached their peak, since the Olympic and Paralympic Games had been postponed due to COVID-19 and also to prevent infection, some of them, especially in metropolitan areas, had been decided to be terminated.

Under these circumstances, the KYOWA EXEO Group grew significantly in sales, reflecting its organic growth as well as the strong growth of its three subsidiaries in western Japan following their management integration in October 2018. The Group's telecommunication carrier business worked to increase orders and sales by focusing on the installation of fixed-line and mobile telecommunication networks as well as the redevelopment of the Group formation with its subsidiaries in western Japan and its existing subsidiaries. Its urban infrastructure and system solutions businesses, which are positioned as growth businesses, conducted proactive sales activities to win large-scale projects, strengthened its SI business base through M&As, and worked to expand its global business, especially in the APAC region.

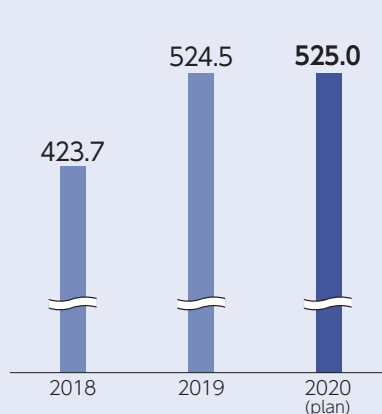
The cooperative initiatives with the three subsidiaries in western Japan have been steadily implemented as well, creating a synergy effect of ¥500 million in consolidated operating income through acquisition of new orders, improved efficiency of construction with mutual support for optimal utilization, and reduction of subcontracting costs. However, the resulting profit was slightly below the

### Operation highlight

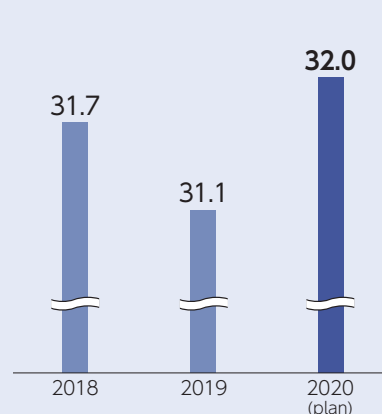
#### Orders received (¥Billion)



#### Net sales (¥Billion)



#### Operating income (¥Billion)





planned figure due to increases in selling, general and administrative expenses, non-operating expenses, etc.

As a result, for fiscal 2019, the KYOWA EXEO Group recorded orders received of ¥556.3 billion (up 31% year over year), net sales of ¥524.5 billion (up 24% year over year), operating income of ¥31.1 billion (down 2% year over year). Cash flow, which is an indicator of the amount of cash on hand at the end of the fiscal year, continued to increase steadily and reached ¥46.0 billion at the end of fiscal 2019 when compared to ¥15.2 billion at the end of fiscal 2016.

The KYOWA EXEO Group's telecommunication carrier business began receiving orders for 5G-related projects including mobile facilities installation for the pre-service to be provided at the venue for Rugby World Cup. Its urban infrastructure business completed large-scale projects including for solar power generation facilities and data centers and telecommunication works for airports and highways in various regions of Japan. Its system solutions business worked to expand new solutions domains towards the full-scale dissemination of IoT services, in addition to large-scale projects for system maintenance and operation as well as telecommunication facility works for international airports in the global business domain.

In regards to our subsidiaries, the C-CUBE group's telecommunication carrier business worked to increase maintenance work, implementing measures to improve productivity, such as by reviewing its work structure for the access area. Its urban infrastructure business received orders for large-scale projects, including those for electric utility conduit works and works for conduit lines for electricity generated from solar power as well as a power-supply facility project for a plant required to renew its equipment. Its system solutions business completed various projects for companies and government agencies, including the transition to Windows 10 and installation of computers and other devices and system modifications in conjunction with the consumption tax hike.

The Seibu Electric Industry group's telecommunication carrier business worked to grow optical network cabling and facility maintenance works, having received orders for transmission line construction works and works to prevent electromagnetic induction as part of the development of the high-speed wireless communication environment. Its urban infrastructure business received orders for electric and mechanical equipment works for new buildings as well as large-scale solar power generation facility works. Its system solutions business conducted intelligent transport systems-related works and communication network installation works for schools and other educational institutions.

The NIPPON DENTSU group's telecommunication business made steady progress in constructing 4G wireless base stations in the NCC sector. Its system solutions business focused on enterprise systems development,

replacement of servers and other devices, installation of computers for educational use, integrating its new solutions business including AI products it developed in-house with digital marketing activities. Its urban infrastructure business received large-scale orders, including communication equipment works for highways and national roads and installation of POS systems and other sales devices for highway service areas.

## Outlook for Fiscal 2020

We anticipate that, due to the COVID-19 pandemic, the relative importance of telecommunication infrastructure for teleworking and online conferencing will further increase in fiscal 2020 and that the market in relation to solutions for diversified workstyles and lifestyles will expand, leading to expectations that capital investment in the information and communication sector will be solid. The KYOWA EXEO Group will continue to increase sales through organic growth as it did in fiscal 2019 and concurrently will seek to improve its productivity while coping with restrictions placed on its operations, thereby aiming to mark another record high.

Concerning our targeted performance for fiscal 2020, we aim to achieve orders received of ¥525.0 billion (down 6% year over year), net sales of ¥525.0 billion (unchanged year over year), and operating income of ¥32.0 billion (up 3% year over year).

In the telecommunication carrier business, we will continue to work together with our group companies to increase and secure orders so as to strengthen our earning capability through creation of synergy effects, while paying attention to major telecommunication carriers' capital investment trends.

In the urban infrastructure business, we seek to increase sales and earning capability by acquiring large-scale projects, including 700 MHz television transmission-related works and electrical engineering works for datacenters and other facilities.

In the system solutions business, we will take on challenges in new technologies and domains. Specifically, we will work on the GIGA school program, a program led by the Ministry of Education, Culture, Sports, Science and Technology that provide every child receiving mandatory education with a computer and develop a high-speed network environment for them; Service Now ITSM



Development Support Service, which supports the adoption and development of platforms that help change workstyles through digitalization and increase productivity; and local 5G, which is expected to be adopted in Japan. We will provide engineering, solution, maintenance and other services for new technologies and domains as represented above. In particular, for Service Now that is expected to be rolled out globally, we are fostering the development of over a hundred engineers. In October 2019, we established Digital Consulting Headquarters, an organization in charge of sale of system solutions for these new technologies and domains. We intend to also share our knowledge and expertise in workplace innovation, such as a shift to paperless operations, which was led by Digital Transformation Strategic Division which promotes digital transformation of the KYOWA EXEO Group. In the global business, we will focus on fostering the development of local personnel while expanding business domains especially in the APAC region, thereby developing a foundation for growth.

For M&As, as it has been the case in the past, when we identify a deal from which we can anticipate synergy effects to be generated, such as solidification and enhancement of the three business segments of the Group, we will, without hesitation, discuss and adequately evaluate it among the Group.

## ESG and SDGs Initiatives

The largest foundation of the KYOWA EXEO Group's existence is its technological capabilities. We have consistently pursued and acquired more advanced technologies throughout the every-changing times. Helping solve social issues with the technological capabilities we have thus accumulated drives us to create value for and with society and achieve sustainable growth of the Group. The businesses and CSR/ESG activities the Group conducts resonate with Sustainable Development Goals (SDGs) adopted by the United Nations in 2015 and help solve many social issues.



<https://www.exeo.co.jp/company/sustainability/>

Our corporate website introduces the KYOWA EXEO Group's initiatives for SDGs and sustainability-oriented activities. It introduces our diverse and attractive business activities that prioritize CSR, environmental protection, a culture of safety and quality, our policy of regarding employees as the Group's primary properties, governance, disaster recovery and SDGs.

These activities have attracted attention, and KYOWA EXEO has been selected as the Fiscal 2019 Nadeshiko Brand under a program that recognizes listed companies that have successfully encouraged women's active participation in the workplace. In addition, an employee of KYOWA EXEO won a gold medal in the information network cabling category at the 57th National Skills Competition held in commemoration of the enthronement of the emperor. On top of encouragement of women's active participation in the workplace, we will continue to focus on sustainability management, including diversity and inclusion and human resources development, to realize an environment where diverse values are respected and achieve sustainable growth.

## 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 2019 was ¥80.

For fiscal 2020, based on the 3.5% DOE ratio, we plan to increase the annual dividend per share by ¥2 and accordingly pay ¥82 (an interim dividend per share of ¥41 and a year-end dividend per share of ¥41).

Our policy concerning share buy-back is to conduct buy-back flexibly, considering our cash flows and market situations. For fiscal 2020, we will positively consider possible buy-back while paying attention to the impact of the COVID-19 pandemic on our business, stock price and cash flows.

With respect to return on equity (ROE) ratio and earning per share (EPS), we seek to improve them after their fall in fiscal 2019 so as to increase profits and capital efficiency.

The COVID-19 pandemic has caused unprecedented economic stagnation and setback. Facing up to this crisis, we will enforce infection prevention and safety measures for the employees of the Group and its subcontracting companies. The KYOWA EXEO Group will work in unity and make its utmost efforts to provide added value to its shareholders and to steadily improve its performance for fiscal 2020. Continuous guidance and advice from shareholders would be appreciated.

## Medium-Term Management Plan

### Focus Group strengths to take total solutions to a new growth stage.

The Group developed a new Medium-Term Management Plan from FY2016.

In consideration of the progress of the plan through FY2018 and the integration of three companies on October 1, 2018 (C-Cube, Seibu Electric Industry and Nippon Dentsu), the current Medium-Term Management Plan was partially revised.

To achieve this revised plan, the Group will continue to make full, group-wide efforts to make progress on its business, establishing a management base that is resilient to changes in the operating environment.

Under this vision, we will push forward our various endeavors based on the following six basic strategies

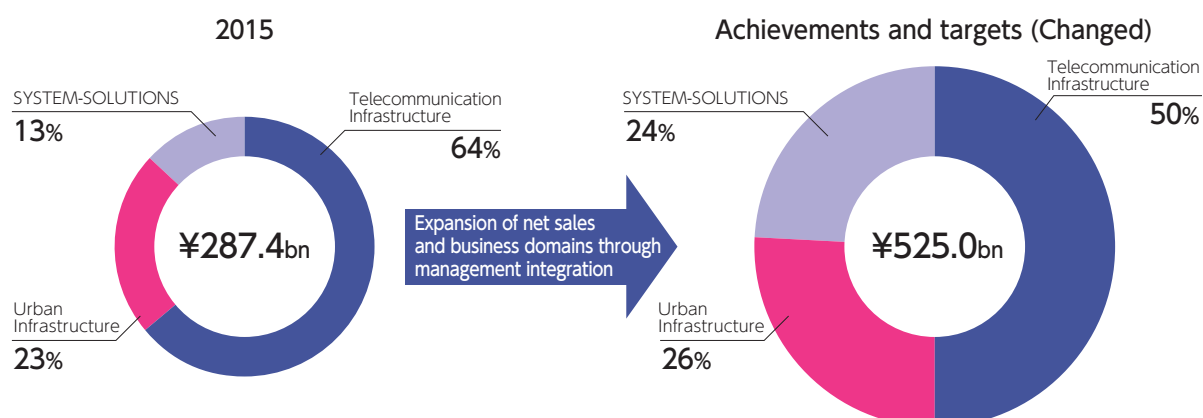
#### Basic Policies (Changed)

1. Creation of group synergy with the three integrated companies
2. Acceleration of solution business and expansion of stock business
3. Building of construction formation for the full-scale launch of 5G
4. Development of overseas business with EXEO GLOBAL as a starting point
5. Improvement of productivity through the digitalization of operations and the fostering of highly-skilled IT human resources
6. Increase in shareholder value due to the improvement of capital efficiency

#### Performance Targets (consolidated)

	Achievements and targets (Changed)
Net sales	¥525.0 bn
Operating income	¥32.0 bn (Operating income margin 6.6%)
ROE	7.8%
EPS	¥189








#### Business Portfolio





## Initiatives for Medium to Long-term Growth

Further enhance initiatives for expanding the solutions business and provide our own products bundled with partners' products to support customers' digital transformation.

	Challenge	Solution	
IT-related	Improved efficiency of IT operations	Automatize operations with the adoption of Service Now	
	Implementation of COVID-19 measures	Realize teleworking using Microsoft Teams	
	Expand the use of cloud services	Optimize IT infrastructure and strengthen security	
Operation-related	2025 digital cliff Renewal of enterprise systems	Visualize and reform operation process with iGrafx	
	Transition to smart plants	Develop an optimal network with local 5G, EXBeacon, etc.	
	Energy saving in buildings, and environment	Improve power supply efficiency with DC power supply and take environmental measures	
	Urgent need of disaster prevention measures	Adopt disaster prevention IoT, including for water level monitoring, and install mobile storage batteries	

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

## Initiatives for New Technologies and Domains

GIGA school	Service Now	Local 5G
The GIGA school program is a five-year program led by the Ministry of Education, Culture, Sports, Science and Technology that provide every child receiving mandatory education with a computer and develop a high-speed network environment for them.	Service Now is a U.S. cloud service company providing an operational platform that helps increase companies' productivity in the aim of changing people's workstyles.	Local 5G is a wireless communication system in which a company or a local government develops and utilizes its own network in its premises based on 5G technology.

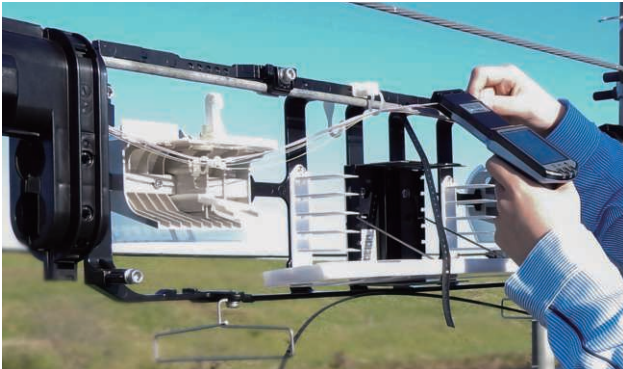
## Initiatives for Improved Productivity through Digitalization of Operational Processes

Promotion of workplace innovation	Promotion of system innovation
<ul style="list-style-type: none"> <li>● Improve on-site and desktop work processes</li> <li>● Shift from analogue to digital operations</li> <li>● Improve workplace environment, etc.</li> </ul>	<ul style="list-style-type: none"> <li>● Review common and business systems, and share the systems among the Group</li> <li>● Utilize AI, IoT and other new technologies</li> <li>● Develop a foundation for data analysis, etc.</li> </ul>

# Telecommunication Carrier

## Core business covering all of Japan

To build a safe and secure ICT-based society, broadband services have expanded while technology has become increasingly diverse and sophisticated. Using its long track record and standout technologies in the development of telecommunications networks, Kyowa Exeo provides consistently high quality services on a nationwide scale for all types of telecommunications equipment of telecom carriers, from planning and design to installation, operation and maintenance.

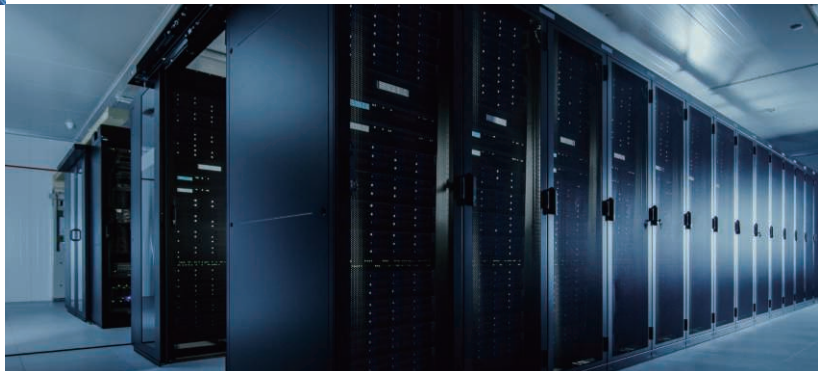


### Access Networks fiber optic cabling installation service

Fiber optic access construction work is carried out to build fiber optic networks that link regular homes and businesses with data centers and social infrastructure such as mobile phone base stations. We contribute to the IoT era with a track record cultivated since our founding and world-class installation technologies that have earned gold medals in five competitions.

### Construction of network facilities

Kyowa Exeo designs, installs and maintains the infrastructure required for the networks operated mainly by telecom carrier customers, including servers, routers, switches, optical transmission equipment and switching equipment. Beyond just physically building facilities, our comprehensive services extend to setting up the software these networks need to run.



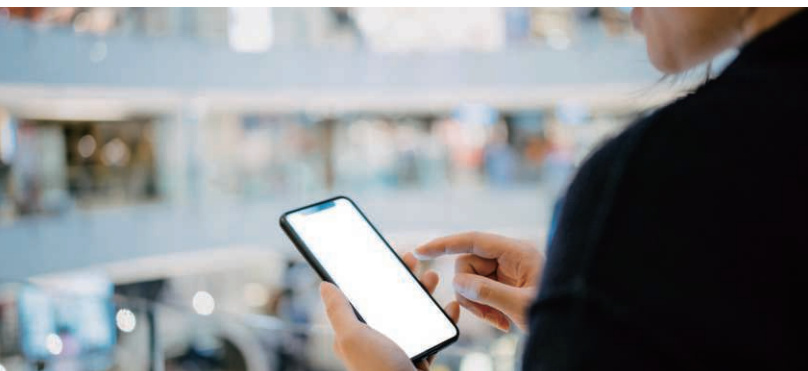
### Electric Power Equipment installation engineering service

We design and install facilities to supply electric power to network equipment, primarily for telecom carriers. We also boast a track record of leveraging our expertise in this area to build electric power equipment for other customers including data centers, televisions and newspapers, and critical lifelines such as hospitals.

### Construction of outdoor Mobile Communication Base Station

Using highly specialized technologies related to base station construction, Kyowa Exeo provides a suite of services from negotiation and consulting over construction sites such as land and buildings, to design and installation. We support the infrastructure development of mobile phone carriers by successfully completing safe and high-quality work.





## Construction of indoor Mobile Communication Base Station

Kyowa Exeo also provides mobile solutions for large-scale redevelopment projects in urban areas. From high-rise office buildings to large commercial facilities, subway lines and tunnels, we build environments that enable comfortable mobile usage even in indoor facilities where it is difficult to receive radio signals from the outside.

## Base station equipment maintenance

We provide stable maintenance services for base stations to maintain comfortable mobile network environments. In addition to providing regular base station maintenance, in the event of a disaster we quickly dispatch personnel to sites to restore base stations, working day or night to prevent disruptions to the lives of local residents.



## Philippines

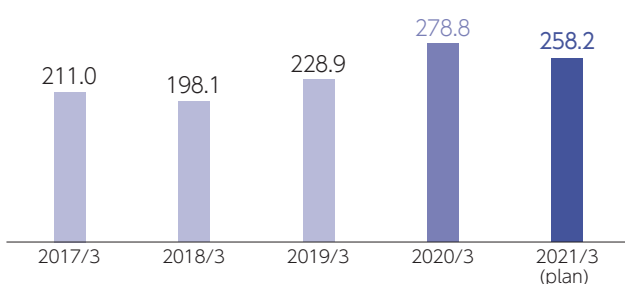
MG Exeo Network is involved in the construction and maintenance of fixed telephone and mobile telephone networks, the construction of mobile phone base stations and radar antennas and the construction of incidental facilities for urban infrastructure (railroads, roads). The company contributes to the local community primarily through the development of mobile and access-oriented telecommunications infrastructure for major telecom carriers in the Philippines.

## Singapore

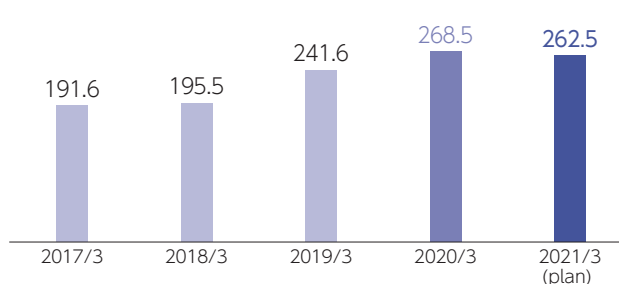
In Singapore we contribute to the local community through a wide array of business activities from the installation of electrical and general-purpose equipment for public, residential, commercial and industrial facilities, to work on air conditioning and integrated facilities for data centers, buildings and other locations.



Orders received (¥Billion)



Net sales (¥Billion)





## Urban Infrastructure

### Urban infrastructure business for realizing a society comfortable to live in

We provide an integrated service from constructing and maintaining a range of telecommunication infrastructures and electric air-conditioning facilities to civil engineering designing and construction. Also, we provide renewable energy-related and other eco-technologies with reduced environmental loads in a comprehensive manner, from planning and proposal to construction and operations.

#### CATV cabling installation service

Kyowa Exeo utilizes telecommunications construction technologies developed over many years to offer one-stop service for the various types of construction that relate to cable television. More specifically, we offer design, installation, maintenance and sales support for everything from transmission line equipment to installing cabling in homes for joint reception facilities and cable TV operators. We also perform construction work to upgrade facilities to coincide with the launch of new 4K and 8K broadcasts.



#### Railroad Communication Network cabling installation service

We build and offer technical support for railroad communications facilities. Specifically, we build facilities related to railroad communication networks, train radio systems and platform monitoring systems, and provide sales and technical support.

#### Construction work to eliminate utility poles

We contribute to disaster resilient urban development through the introduction of social infrastructure such as common cable ducts for communications and electrical cabling to eliminate above-ground utility poles. In addition to proficiency with telecommunications equipment, we leverage our many years of experience, proven track record and knowledge to provide proposals and carry out construction work to eliminate utility poles.

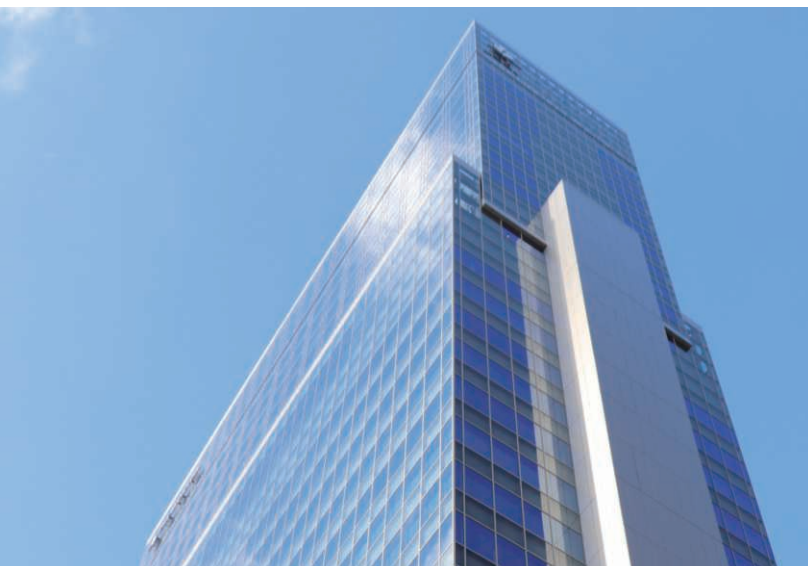


#### Installation, replacement or renewal of underground utilities with Trenchless Techniques

Using underground excavation technologies developed over many years, we contribute to the improvement of lifeline facilities such as water supply and sewerage systems. Even for locations where roadway excavation is not possible, we build pipes and drains while developing proposals to significantly reduce environmental impact such as noise, vibrations and traffic restrictions.

#### Maintenance work on underground facilities

We apply special construction techniques to existing underground structures and other aging facilities, upgrading them into sound structures and contributing to updated social infrastructure. Specific activities include everything from tunnel repair and reinforcement work to small work on manholes and other equipment. The use of W-RCS and other construction techniques shortens work times and provides eco-friendly construction.



## Electrical facilities

Kyowa Exeo has been working in this field for more than a half-century. From energy-saving solutions to business continuity planning (BCP), we provide highly reliable facilities to meet our customers' every need.

## Data centers

We provide total engineering solutions for general electrical, electric power and communications construction work related to data centers. Specifically, our worldwide operations include high quality and stable power supply facilities, advanced security to protect information systems with strict facility access control and surveillance inside and outside facilities, and backbone network facilities securing communications environments for carriers.

## Photovoltaic plants

Kyowa Exeo provides EPC (engineering, procurement and construction) services for solar power plants, and also proposes and supplies enterprise solar power generating facilities for internal use in companies. Specific services include support for the introduction of large-scale solar power generation (mega-solar) utilizing the feed-in tariff scheme, and support for the rooftop or proximity installation of in-house solar power generating equipment for industrial facilities and other buildings with electric power supply needs. We offer comprehensive solutions that incorporate storage battery utilization and other elements.



## Wastes treatment facilities

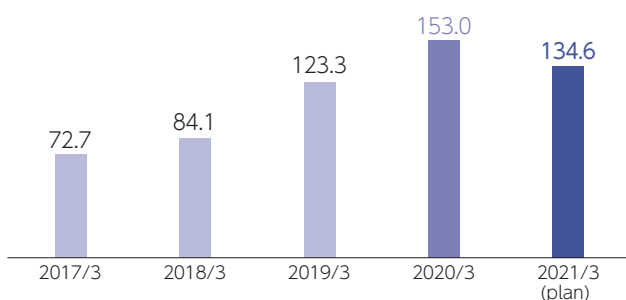
Leveraging proprietary technologies, we offer the design and construction of waste treatment facilities such as incinerators and recycling sites. Our incineration facilities are known for the priority they place on controlling the generation of harmful substances (soot and dust, hydrogen chloride, dioxins, etc.) through stable combustion. Our recycling facilities crush, sort and compact large or noncombustible waste and recyclable waste to recover valuable materials.

## Biomass boilers

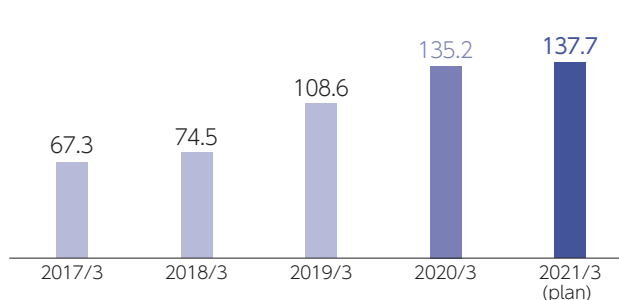
We provide construction and maintenance services for various biomass boilers that play a part in recycling systems. Specifically, we take materials such as bark that have a high moisture content and have been traditionally regarded as waste products and enable their utilization as biomass resources. These resources are used to produce steam, supply heated water, perform drying, supply heated water for air conditioning, and to operate high-efficiency power generation systems.



Orders received (¥Billion)



Net sales (¥Billion)





## System Solutions

### System solution businesses utilizing ICT

We offer total solutions utilizing ICT in the development, maintenance and operation cloud-based enterprise communications network systems and various enterprise systems for telecom carriers and companies in the finance and manufacturing sectors.



#### Digital transformation (DX)

We provide solutions to transform business processes, achieve optimization and boost productivity to support continually changing value chains and enable learning through analysis from the customer perspective based on highly current data.

#### Next-generation office solutions

Working from a base of cloud services, we provide office environments allowing employees to work in comfort anytime and anywhere.

#### IT infrastructure and operational optimization

We leverage the technologies and experience cultivated from designing, installing, operating and maintaining the telecommunications equipment of telecom carriers to provide high-quality services across Japan.

#### Operational automation

We promote the automation and streamlining of operations in a wide range of scenarios including IT operation, help desk services and administrative desk work at companies, as well as reporting during on-site work. These advancements enhance the quality of services and optimize costs.



#### Managed services (available 24/7)

We employ reliable technologies to watch over the IT equipment and information of customers around the clock.

#### Cyber-security measures

We provide round-the-clock monitoring of customer assets, lives and information with the use of reliable technology.







## Disaster countermeasures

Utilizing the technologies and experience we have cultivated in telecommunications equipment restoration work in conjunction with telecom carriers in the wake of disasters, we have developed and provide a range of ICT solutions for emergencies.

## Urban infrastructure, environment

Through system solutions, we create a society that is considerable of people and the environment.

## Energy conservation, energy optimization

From facility upgrade work based on energy conservation diagnoses to support for the use of subsidies, we help to reduce costs by saving on energy consumption.



## Supporting the operations of public facilities and local governments

With disaster countermeasures, emergency alert and monitoring systems and the utilization of systems in normal times, we cover all of Japan with ICT solutions.

## Facility solutions

We provide peace of mind, safety and convenience to hotels, plants and elderly care facilities.



## Thailand

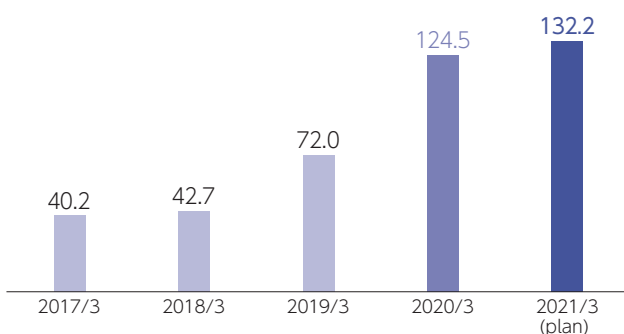
In Thailand and Myanmar, we have developed businesses offering ICT solutions, telecommunications equipment as well as planning, sales, design, installation, development, retail and maintenance related to IP and the Internet.

## Singapore

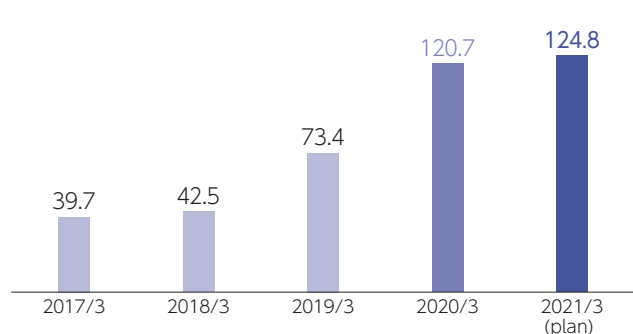
DeClout Group operating companies provide services including planning, sales, installation, development and maintenance for IT infrastructure using next-generation telecommunications technologies. Working from the Singapore base, coverage extends to various countries including Indonesia, Vietnam, Malaysia and Cambodia.



Orders received (¥Billion)



Net sales (¥Billion)



## Selected as a Nadeshiko Brand for the first time, in recognition of KYOWA EXEO's successful efforts in encouraging women's active participation in the workplace

KYOWA EXEO was, on March 3, 2020, selected as the Fiscal 2019 Nadeshiko Brand from among all companies listed on the Tokyo Stock Exchange, in recognition of its successful efforts in encouraging women's active participation in the workplace.

This demonstrates the recognition of a range of initiatives we have taken in line with Diversity & Inclusion Declaration the top management have committed themselves to.

We, however, do not get comfortable with this result of having been selected as a Nadeshiko Brand; we will continue to develop a corporate culture of respect for diverse values and seek to realize true diversity and inclusion, aiming to create new value and realize sustainable growth.



We will develop from this achievement of having been selected as a Nadeshiko Brand and pursue true diversity and inclusion.

### Selected as a Nadeshiko Brand based on multifaceted criteria

KYOWA EXEO was selected as the Fiscal 2019 Nadeshiko Brand under a program to recognize listed companies that have successfully encouraged women's active participation in the workplace. Nadeshiko Brands are selected by the Ministry of Economy, Infrastructure and Trade and the Tokyo Stock Exchange based on multifaceted criteria, which include a Survey on Enterprises Encouraging Women's Success in the Workplace, a questionnaire survey targeting all listed companies, improvement of ROE and other financial indicators, institutional reforms towards flexible workstyles, status of initiatives to encourage women's active participation in the workplace, such as training for promotion of diversity, and status of promotion of women to managerial and executive positions.



Led by the Ministry of Economy, Infrastructure and Trade and the Tokyo Stock Exchange, the Nadeshiko Brand program began in 2012 to introduce listed companies that are outstanding in encouraging women's active participation in the workplace to investors who emphasize medium to long-term improvement of corporate value, thereby encouraging investments in those companies and accelerating companies' efforts to encourage women's success in the workplace. In fiscal 2019, a total of 46 companies were selected from different sectors.



### 2015: Kurumin mark granted

The Kurumin mark program is a program where certification is granted by Minister of Health, Labour and Welfare to companies that support employees in balancing work and child care. Companies that formulate a General Employers Action Plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children, achieve the goals set in the plan, and meet certain standards are certified as companies providing support to child care.



### 2016: Certified as an Eruboshi company

Based on the Act on Promotion of Women's Participation and Advancement in the Workplace, the Eruboshi certification is granted by Minister of Health, Labour and Welfare to companies that are outstanding in terms of encouraging women's participation in the workplace. Companies are selected from the perspective of whether they have in place working environments that encourage women to fully unleash their capabilities, on the basis of the following five criteria: hiring, continuous employment, workstyle including work hours, the ratio of women in managerial positions, and diverse career paths.



### 2018: Selected as one of the Top 100 Teleshop Pioneers by the Ministry of Internal Affairs and Communications

The Ministry of Internal Affairs and Communications select companies and organizations adopting and utilizing teleworking as Teleshop Pioneers and, from among them, name companies and organizations with adequate track records as Top 100 Teleshop Pioneers. The program's certification and evaluation criteria include explicit inclusion of teleworking in work rules and regulations, guidelines and other internal rules, fulfillment of the standards concerning the scope of teleworking employees and employees that are teleworking and frequency of teleworking, and systems and rules for preventing over work due to teleworking.



## Steadily developing a corporate culture towards becoming an advanced company in promoting diversity

We have promoted diversity and inclusion as part of our management strategy that aims to invigorate the organization. The encouragement of women's active participation in the workplace is a major initiative under this strategy. Initially, we focused on fulfillment of social standards concerning encouragement of women's active participation in the workplace and workstyle reforms. As early initiatives in this endeavor, we started to improve work environments to help employees, both men and women, balance work and child care and were granted the Kurumin mark in June 2015 by Minister of Health, Labour and Welfare as a company providing support for child care, and were also granted in April 2016 the highest grade in the Eruboshi program that certifies companies deemed exceptional in encouraging women's active participation in the workplace.

In October 2016, we established within Human Resources Department a person in charge of promoting diversity, which in 2017 was reorganized and developed into Diversity Promotion Office, strengthening our organization for promoting diversity and inclusion in full scale.

Furthermore, in July 2018, we significantly upgraded the teleworking system we had adopted following the occurrence of the Great East Japan Earthquake, defining three working styles advocated by Japan Telework Association —“working

from home,” “working from satellite offices,” and “mobile working”—and relevant labor management methods and relaxing the restrictions on working from home for employees raising children, providing nursing care, and needing medical treatment. We have also proactively participated in the Telework Days program led by the government, thereby encouraging our employees to telework. These initiatives have led to KYOWA EXEO having been selected in November 2018 as one of the Top 100 Telework Pioneers of 2018 by the Ministry of Internal Affairs and Communications.

The declaration of a state of emergency due to COVID-19 has forced many companies to rush to design teleworking and working from home systems. We have been able to fully address this situation only by relaxing the restrictions on working from home under the existing teleworking system.

Thus having met the social standards of companies encouraging women's active participation in the workplace, we are now focusing on initiatives towards becoming among the advanced companies in promoting diversity. The top-down institutional reforms and proactive activities for encouraging women's active participation in the workplace and steady development of an adequate corporate culture have led to us having been selected as a Nadeshiko Brand.

## Diversity & Inclusion Declaration for having diverse individuals unleash their capabilities to the fullest

The Diversity & Inclusion Declaration, which represents the top management's commitment, has three themes of initiatives: cultivating a corporate culture that promotes diversity; implementing workstyle reforms; and creating and supporting opportunities geared toward the success of a diverse range of human resources.

Under the theme of cultivating a corporate culture that promotes diversity, training to promote diversity has been given since 2017 to executives and managers to raise their awareness on the need to promote diversity as part of management strategies. Virtually all of the executives and managers have received the training.

Under the theme of implementing workstyle reforms, initiatives are being implemented under the lead of Digital Transformation Strategic Division, including adopting paperless

applications and developing an attendance management system for teleworking, in the aim of improving the work-life balance and increasing productivity through digital transformation, in addition to promoting teleworking.

In terms of creating and supporting opportunities geared toward the success of a diverse range of human resources, in addition to encouraging women's active participation in the workplace, from 2019, we have been strengthening programs for encouraging diverse individuals' involvement including by setting up a regional key position system that allows employees raising children or providing nursing care to work in an area of his/her choice, reviewing the treatment of employees re-employed after retirement, and improving the system to rehire former employees having left the company for such reasons as childcare and nursing care.

## Working Women's Forum having received high commendation from students

Job-seeking students are also paying attention to our diversity and inclusion initiatives. In particular, women students have expressed their high interest in diverse workstyles available at KYOWA EXEO. They are interested in knowing whether the company allows them to work for many years, return to work after childbirth and childcare, get promoted to managerial positions, and pursue specialist positions. KYOWA EXEO is a company attractive to them, enabling them to select from diverse workstyles. A Working Women's Forum, a section in our recruitment webpage, was launched with a wish to highlight these characteristics of KYOWA EXEO and have students hear the voices of women employees attending the Forum from various positions and generations.

Comments received from the students who have visited the webpage are positive: “Diverse workstyles are available,” “I find the company friendly to women,” “I think I can demonstrate my ability,” “The company's employees sound at home to each other.” We believe that we were able to receive high

commendation from students for our friendly culture and established systems.

Having been selected as a Nadeshiko Brand was a pleasant achievement but is not an end goal. We will continue to implement initiatives towards realizing true diversity and inclusion that leads to creation of innovation within our organization and make our utmost efforts to become a company equivalent to the recognition as a Nadeshiko Brand and lead the industry in this regard.



# Innovations towards sustainable growth beyond conventional concepts

## IOWN Promotion Office established towards realizing a smart society by 2030

Innovative Optical and Wireless Network (IOWN) is a future telecommunication infrastructure that is expected to help realize a smarter world based on cutting-edge technologies. It mainly comprises three elements: All-Photonics Network where optical signals are used end-to-end in communications, not only on the network but in terminal-level processing; Digital Twin Computing that enables sophisticated and real-time cyber interaction between individuals as well as between things; and Cognitive Foundation that efficiently allocate a range of ICT resources. IOWN Promotion Office, a new organizational unit set up in April 2020, will work on demonstration experiments and research concerning advanced technologies needed for realizing IOWN by 2030 with a high level of awareness, while cooperating with the NTT Group in its pre-IOWN project, etc.

### Participating in IOWN Global Forum towards realizing the IOWN concept

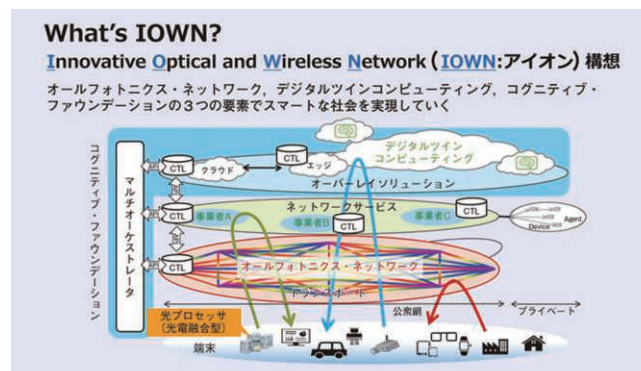
Kazuhiko Okubo, General Manager,  
IOWN Promotion Office, ICT Solutions Headquarters



The internet, smartphones, and other latest technological innovations have drastically changed society. Society is increasingly being informatized and digital transformation is accelerated. Adoption of artificial intelligence (AI), the internet of things (IoT) and other technologies in day-to-day lives is expected to cause our lives to further change and to create diverse values.

In such society, a huge volume of information will have to be processed, which is anticipated to exceed the capacity limit of the existing information and telecommunication systems in terms of both transmission and processing. Furthermore, an expected explosive increase of devices connected to the network with the advancement of IoT will not only cause the burden on network to increase but also lead to a drastic increase in electricity consumption, a major energy issue on a global scale.

In response, the Innovative Optical and Wireless Network (IOWN) initiative has been proposed. This initiative seeks to develop an end-to-end network and information processing infrastructure that enable high-speed and large-capacity optical communications and provision of a large volume of computing resources mainly utilizing innovative optical technologies. It thus utilizes cutting-edge technologies to push beyond the limit of conventional infrastructures and pursue optimized relations between individuals and the whole based on all available information towards an affluent society that can accept diversity.



IOWN structure envisioned by NTT



For the IOWN initiative, IOWN Global Forum (IOWN GF), an organization promoting IOWN worldwide, has been established. IOWN GF is addressing a range of issues society is facing—such as ever-increasing electricity consumption and data transmission, storage, and processing needs—in terms of both technologies and use cases, in cooperation with best-in-class partners from various industries. IOWN GF's Vision 2030 aims to remove obstacles to realizing a smarter world by developing a new communication infrastructure that enables provision of new services leveraging innovative technologies and fosters sustainability.

Against this background, KYOWA EXEO set up IOWN Promotion Office in April 2020 in the aim of developing a smart world following the modern society through unconventional innovations together with partners towards realizing IOWN by 2030. Major missions of IOWN Promotion Office are, in a short term, to advance collaboration with the NTT Group in its

pre-IOWN project and, in a medium to long term, conduct demonstration experiments and research concerning advanced technologies needed for the development of a future communication infrastructure, while participating in and making contributions to IOWN GF.

With respect to members of IOWN Promotion Office, we are assigning selected young employees from a range of organizational units, expecting them to function as key persons towards 2030 who will lead the creation of innovative future based on sustainable growth of the company. In regards to the management structure, we pursue a flatter organization emphasizing respect to individuals' independence, smooth information sharing, and prompt decision-making.

IOWN Promotion Office, as part of its *raison d'être*, seeks to provide a noble cause for KYOWA EXEO to work extensively on IOWN across its businesses in cooperation with its partners.



## Towards becoming an ICT innovation and engineering company that is capable of competing globally by 2030

### [ Top management ]

Kazuhiko Okubo, General Manager  
Hiroshi Sono, General Manager  
Takashi Shimosato, General Manager

### [ Future leaders ]

Keito Nishimiya, Manager  
Atsushi Yamaguchi, Assistant Manager  
Tsubasa Onodera

KYOWA EXEO has been involved in consideration of new technologies and use cases from its early stage towards realizing the IOWN concept. We are addressing IOWN's elements—All-Photonics Network; Digital Twin Computing; and Cognitive Foundation—based on advanced technological capabilities and expertise we have accumulated over many years.

There is a concern about the existing optical fibers reaching its capacity limit by the late 2020s. Research and development of a new optical fiber are underway towards overcoming the capacity limit issue by adopting space division multiplexing in addition to conventional wavelength division multiplexing. The development of the new optical fiber will entail multiplication of cores and modes (types of optical signals). Therefore, commercial adoption of IOWN is anticipated to necessitate sophisticated installation, operation, and maintenance skills.

Our technological capabilities including for trouble shooting, fusion splicing of optical fibers, and cabling are expected to be useful in these regards, which have been demonstrated, as an example, in the World Skills Competition where our employees won five gold medals in the information network cabling category.

The NTT Group is also accelerating its initiatives. The Smart City Project it started with Las Vegas, the United States, in September 2018 is expanding in area beyond the Innovation District that has been the project's initial scope. The solutions adopted in Las Vegas have been developed based on NTT's epoch-making cognitive foundation systems and enable ICT resources—from devices, networks to clouds—to be created, managed, and operated remotely.

KYOWA EXEO is strengthening its cooperation with the NTT Group based on its track record in development of network controllers and automation of operations and hopes to participate in the development of cognitive foundations and other elements.

Going forward, we will build cooperative relations with companies from different industries through the IOWN GF initiative and make positive contributions to society and the world as an ICT innovation and engineering company, flying high in the future.

### [ Initiatives for realizing the IOWN concept ]

[https://www.ntt.co.jp/journal/2001/JN20200134\\_h.html](https://www.ntt.co.jp/journal/2001/JN20200134_h.html)

## Advancing and strengthening innovation



**Yasuo Otsubo**, General Manager,  
Innovation Promotion Office Director and Managing Operating Officer

### To serve as a driver for sustainable growth

The business environment surrounding us is changing, including the slowdown of economic growth along with the declining population, shrinkage of core businesses, and the need to flexibly respond to the ever-changing times. Thus it is imperative for us to address these changes strategically. Against this backdrop, we have set up Innovation Promotion Office, a new organizational unit, in the aim of establishing a new organizational operation base for continually creating innovations, fostering the development of human resources to boldly take on new challenges, and changing our corporate culture. Under this new organizational structure, we will further strengthen our initiatives for promoting innovations to benefit all stakeholders.

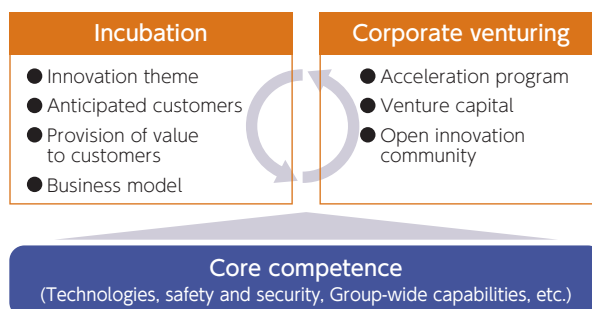
### Key points of innovations

To promote innovations, we will concurrently focus on incubation and corporate venturing (strategic collection and identification of information).

Incubation necessitates self-started initiatives. We set up a project around the theme proposed and with members provided by an operating division to formulate strategy and evaluate the business.

For successful corporate venturing, it is imperative to increase venture presence in the community and strengthen human networks. We are building relationships with major players including in Silicon Valley to expand our activities.

In selecting and implementing a theme, we seek to strengthen innovation while leveraging and further enhancing our core competence.



### Towards establishing a new organizational operating base

We are implementing the following four approaches to establishing a new organizational operating base to continue activities for creating innovations:

#### (1) A system to continue searching themes

Establish a channel to collect ideas and seeds for new businesses as well as a process and a decision-making body for raising and deciding on themes.

#### (2) A system to foster the development of human resources

Design an innovation talent pool, clearly positioning it in members' career paths and establishing a process for selection, development, production, and evaluation.

#### (3) Institutionalization of promotion of innovations

Build explicit knowledge in the EXEO way by documenting the essence of actual themes being considered, using it as training contents as well.

#### (4) Designing and establishment of organizational infrastructure

Improve KPIs/KGIs being set for innovation activities; financial management; and cooperation between corporate functions and operating divisions.

### Vision concerning creation of innovations

Conventionally, our business model has been essentially order-driven. However, given the increasing uncertainties, it is now important to continuously consider new business models. The key to our future growth is to re-acknowledge and dynamically combine the Group's strengths to build businesses in a timely manner.

For creating innovations, we wish to realize a situation where for example many employees including young ones proactively raise their hands to get involved in new project promotion or where new business ideas are proposed from within the Group one after another. Furthermore, we seek to develop a corporate culture that tolerate tries and errors towards setting a mindset for taking new challenges without fearing failure.

## Crisis Management Office

### Establishment of Crisis Management Office

In response to the increasing new threats—including frequent occurrences of severe typhoons, natural disasters associated with concentrated heavy rainfalls and COVID-19—and to many international events including major sport events being held in Tokyo, it is now more imperative than ever to strengthen the KYOWA EXEO Group's crisis management capabilities for sustaining its business. To this end, we set up a new organizational unit, Crisis Management Office, in April 2020 in the aim of strengthening our services and maintenance of facilities as well as our responses to reputation risks associated with possible cyber-attacks and pandemics.

In the event of a natural disaster or contingency, it is imperative to prioritize the safety of employees and their families and to flexibly and promptly respond to customers' requests from their perspectives, with each employee proactively acting and grasping the status of damages.

It is the KYOWA EXEO Group's responsibility to establish Group-wide readiness for future actions and formulate a business continuity plan in preparation for contingencies, including large-scale natural disasters.



Strengthening our crisis management capabilities for sustaining our business and seeking to be a company that supports social infrastructure

Kunimasa Yamaguchi, General Manager  
Hisao Hosoi, Deputy General Manager  
Hisako Tsukada, Assistant Manager

### To be a company resilient to disasters

Disaster prevention measures are evolving along with the progress of technologies and diversification of types of natural disasters. Yet, recent typhoons and heavy rains have caused devastating damages in many regions.

We are reviewing our contingency operations and information exchange methods and clarifying response organizations and functions by type of natural disasters to enable Group-wide responses and recovery activities and thereby to fulfill our mission as a company that supports social infrastructure.

In regards to the business continuation program, formulating an action plan is not an end goal. It is important to establish readiness for implementing the action plan in normal times, including by verifying its effectiveness and identifying needed improvements through drills.

It is imperative to have manuals in place and conduct drills to ensure every team's contingency readiness including for taking specific actions and measures and thereby to enable them to take prompt initial responses immediately following the occurrence of a disaster. Awareness and lessons gained from drills coupled with disaster prevention measures based on advanced technologies will help boost our agile response capabilities.

With a sense of mission to serve as a company building and maintaining social infrastructure, we will continue to launch full-scale Group-wide effort as One EXEO Team.



# The KYOWA EXEO Group's Corporate Value Creation

## 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.

## Telecom Carriers

Help realize a highly advanced ICT society through our Telecom Carriers business

Telecom Carriers Business

**Social issues to be solved through the Telecom Carriers 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.





Provision of value to various stakeholders

- Society
- Shareholders and investors
- Customers
- 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



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	Selected as a Nadeshiko Brand for the first time	Go to P.21
Special Feature 2	IOWN Promotion Office established	Go to P.23
Special Feature 3	Advancing and strengthening innovation	Go to P.25
Special Feature 4	Crisis Management Office	Go to P.26

# SDGs Initiatives

**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.>

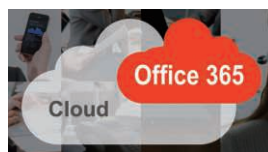
## 2 / Achievement of an affluent society through the solution business

**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.



NUTRIMATE

### 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



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 Ritto City

#### 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

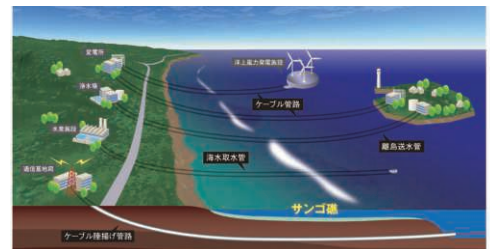


Waste treatment facilities operated by Kinoumi Area Treatment Facilities Association

#### 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 Eruboshi 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.

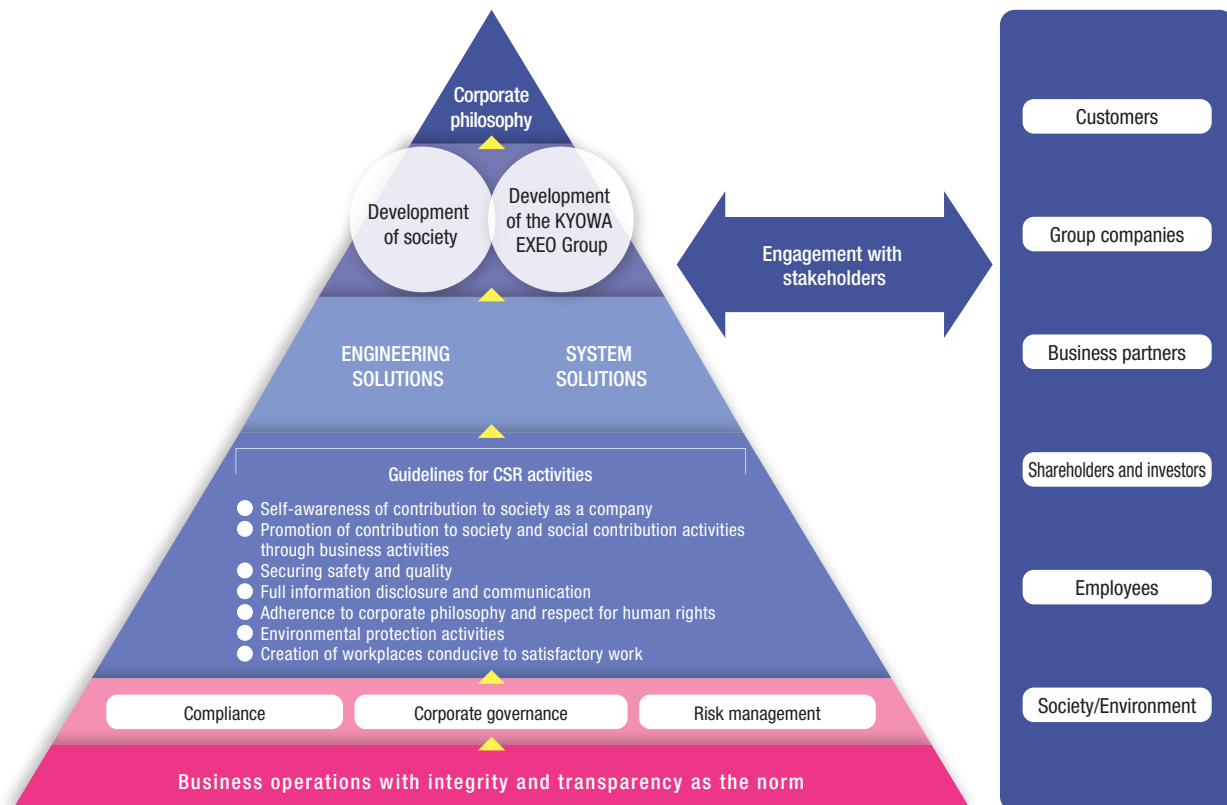
### Basic CSR Policy / CSR Promotion Systems

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



## 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.



### CSR initiatives and issues

	重要課題 (マテリアリティ)	主な取り組み	対応する SDGs目標
<b>Environment (E)</b> Preserving the global environment and establishing a recycling-oriented society	Addressing climate change	Reduce CO <sub>2</sub> emissions (by 1% year over year) Reduce electricity and gasoline consumption Improve the adoption rate of environmentally friendly vehicles Maintenance of EXEO's forests (national forests)	  
	Green procurement	Target ratio of purchasing green (eco-friendly) products: 65% or more	
	Promoting environmental businesses	Utilization of green energy and forest preservation Construction and operation of solar power generation and wood biomass facilities	
<b>Society (S)</b> A business organization harmoniously coexisting with society through its businesses	Respect for human rights and principle that human resources are our chief asset	Respect for human rights and utilization of diversified human resources (Reinforcement of efforts to promote diversity) Achievement of action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace: 424 or more female employees 25% increase in female workers Active hiring of women: university graduate female hiring ratio of 25% or more Active hiring of handicapped people, supporting steady employment and ensuring that the statutory employment rate is 2.3% or more	    
	Securing safety and quality	Elimination of serious accidents (personal injury and facility accidents) towards achieving zero accidents Ensure high awareness of quality and continue education	
	Emphasis on return of profits and communications	IR activities for fair and impartial information disclosure Conducted business results presentations and IR meetings (230 meetings during the year)	
	Work style reforms (worker-friendly working environments included)	Encouraged employees to take paid leave: Annual paid leave taken: Average of 15.0 days of paid leave taken per person per year Reduction of working hours based on cross-departmental structure, total annual working hours of 2,050 hours per person on average	
	Contributions to society and local communities	Promotion of social and community contribution activities Responded to natural disasters by offering recovery and restoration efforts Cleanup activities for regional communities, forest preservation efforts, and hands-on learning opportunities for students and foreigners, etc.	
<b>Governance (G)</b> Business operations with integrity and transparency as the norm	Corporate governance	Analyzing and evaluating the effectiveness of the Board of Directors Compliance and updates in response to the Corporate Governance Code	
	Compliance	Education on and improving the awareness of laws and regulations and the Basic Ethics of the KYOWA EXEO Group through compliance-promoting activities Analyzing complaints, feedback, and whistleblowing reports 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	  
	Risk management (increasing information security included)	Fostering information security literacy to eliminate information leaks Ensuring information security and strengthening BCP Enhancement of the internal controls of the Group companies	
	Fair and impartial transactions	Ensuring compliance with the procurement policy Held meetings of the Procurement Council	
	Group governance	Sharing issues with the Group companies' top executives and establishing opportunities for dialogue	

## 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

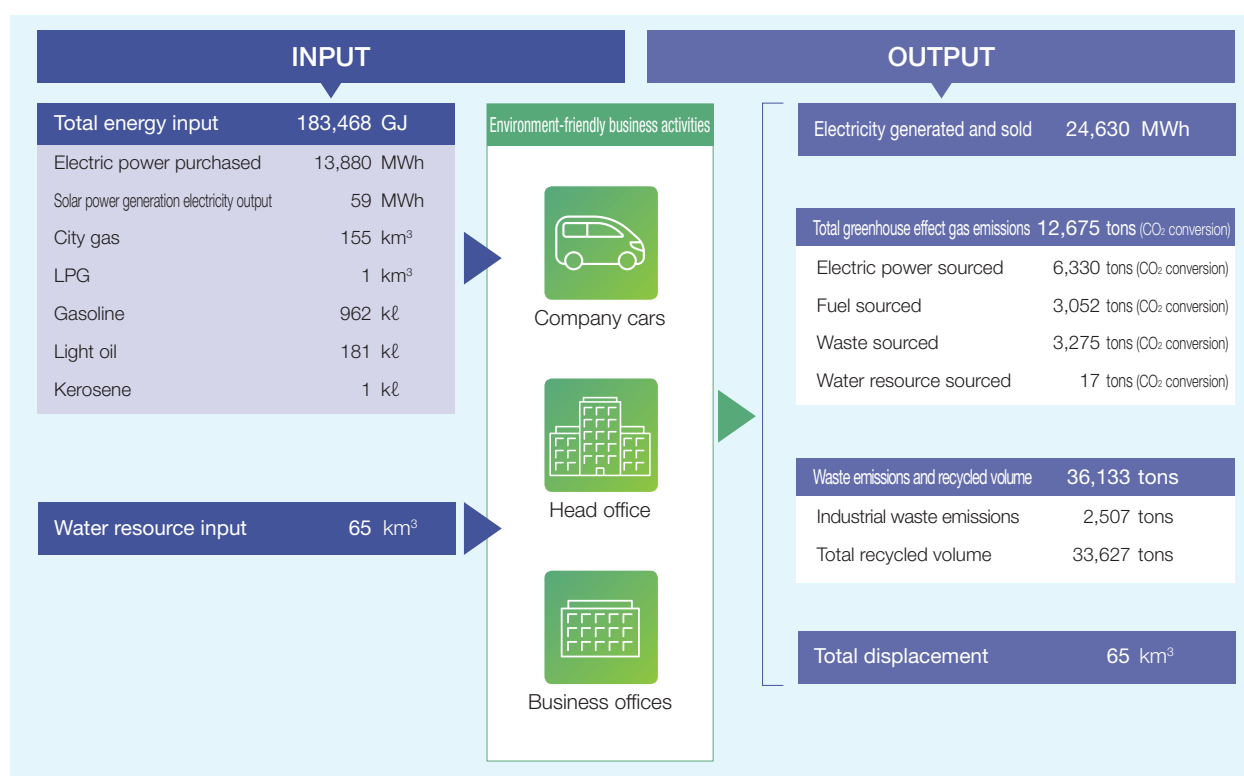
companywide environment preservation activities according to the PDCA cycle. The Company identifies predictable environmental risks, which are determined depending on onsite working environments, the location conditions of the building and other factors, sets up specific environment-related targets and 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.

#### Fiscal 2019 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.





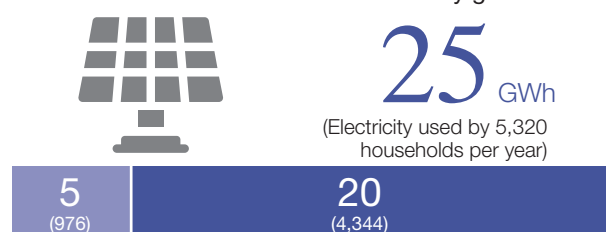
### Environmental business

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.

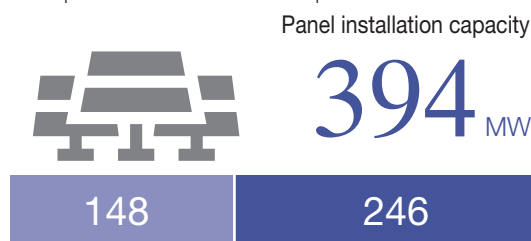
### Solar power generation business

Solar power facilities of our own



Electricity generated

Solar power facilities of other companies



Panel installation capacity

Western Japan Area Eastern Japan Area

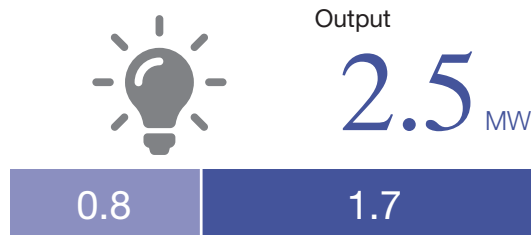
### Wood biomass business

Thermal output (MW)



Output

Power generating output (MW)



Output

### Energy recovery business

Throughput (ton/day)



747 tons per day

### Recycling business

Throughput (ton/day)



154 tons per 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.



**Initiatives Regarding the Prevention of Global Warming**  
As for the reduction of power consumption, power-saving measures for equipment are taken including the conversion of electric appliances to energy-saving type ones and the enhanced use of inverters for diverse equipment. In addition, companywide initiatives mainly taken by the responsible person on each floor include setting the energy-saving mode for PCs, removing unnecessary lighting devices, turning off lights during lunchtime hours and setting appropriate temperatures for air conditioners. Moreover, every employee aggressively promotes electricity-saving activity in his/her daily actions.

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

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

### 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.

#### Kansai Branch

##### EXEO's forests (Mori)

Carried out cleanup activities

— Deepening friendship under the autumn leaves —



On November 16, 47 employees and their family members participated in a cleanup of the EXEO's forests in Nishinomiya City, Hyogo Prefecture.

They picked up trash and removed weeds along the mountain roads, and then enjoyed a lunch while deepening friendship. The day was blessed with fine weather and the participants had enjoyable time while taking in the autumn leaves.

We will continue to carry out these forest cleanup activities to contribute to the local community and to promote friendship among employees.

#### Kyusyu Branch

##### EXEO's forests (Mori)

Carried out environmental conservation activities

— Protecting our beautiful forests —



On October 16, a total of 10 people took part in environmental conservation activities in the EXEO's forests on Mt. Gankai, which is located in Uto City, Kumamoto Prefecture.

As in past years, we carried out activities such as cutting vines and cleaning up the mountain trails, and we were blessed with good, crisp autumn weather. Everyone who participated worked very efficiently.

We will continue to proactively engage in environmental conservation activities going forward.

#### Tohoku Branch

##### Fiscal 2019 EXEO's forests (Mori)

Carried out conservation activities

— Lustrous trees showing signs of winter —



We carried out our annual EXEO's forests conservation activities on November 2, just as the trees were losing their leaves to the autumn breeze and you could feel the richness of autumn in the beautifully colored Shiroishi Zao area.

A total of 18 participants from EXEO worked tirelessly until the end of the day, led by a leader for the area to which they had been assigned to weed out the underbrush, clean up walking trails, and reconfirm the boundaries.

Initiatives in response to disasters

Restoration work in Chiba Prefecture following Typhoon No. 15

Access Engineering Department

# Established a new relief route for communication infrastructure disrupted by landslides and achieved early restoration



Typhoon No. 15 hit the Boso Peninsula in Chiba Prefecture on September 9, 2019 and caused many landslides in the mountainous areas. The extensive damage to houses and other parts of the lifeline such as electricity and water supply caused by landslides and fallen trees is still fresh in people's minds.

Inspections after the disaster revealed that roads were cut off in many places by landslides and fallen trees, which also caused extensive damage to communication equipment. While the Japanese Self-Defense Forces were working hard to first open the roads and then restore power, Futtso City requested that communications be restored in isolated villages, and KYOWA EXEO was assigned to the task.

The Ministry of Land, Infrastructure, Transport and Tourism explained that it would take a long time to restore a road that had been damaged by landslides, and it was decided that a new relief route were to be constructed in order to achieve early restoration.

However, because there were small-scale landslides along the new relief route as well, the restoration work began with the city collecting the soil and restoring the road, followed by restoration by Tepco and then NTT. Thanks to the efforts of the Group companies involved in the construction work as "Team EXEO," the restoration work proceeded smoothly, and it was possible to quickly restore communication infrastructure in the isolated villages.



Downed utility poles and hanging cables due to landslide



Road blockage due to fallen trees



Cable cut by a fallen tree

A comment from Construction Manager Iwabuchi



**Studying the new relief route in advance, we were able to respond to the request for early restoration.**

The affected area was on high ground with a mobile phone base station, so we had to restore the communication lines as soon as possible. Although the relief route which we newly considered was also in poor condition due to damage at several locations and we had difficulty in logging work as the route passed through the mountain forests, we were able to respond quickly to requests from the government and mobile phone companies for help.

While we worked on the restoration of damaged areas including landslides caused by Typhoon No. 15 at this time, some areas were damaged again by the subsequent Typhoon No. 19. This experience taught us that in consideration of the risk of natural disasters, which have been increasing in recent years, it is necessary to achieve early restoration by flexibly making adjustments such as establishing a different route rather than using the same single route to prevent repeated damage.



## Social Contribution Activities

### Chugoku Branch

#### Protecting our beautiful river environment

### Participation in the Clean Ota River simultaneous cleanup project

On July 28, the Chugoku Branch participated in a cleanup of the Ota River, a river that represents Hiroshima Prefecture.

With the aim of creating a beautiful river environment, residents of all cities and towns in the Ota River basin participate in this annual cleanup every July, which is sponsored by Hiroshima City.

The Chugoku Branch, located near the Ota River, participates in this event every year, together with people from partner companies. This year, a total of 55 people joined local residents in picking up empty cans and other trash from the river.



Group photo after collecting the trash

### Kyoei Densetsu Kogyo Corp.

#### Litter around the park picked up by 41 people

### Participated in the Osaka Marathon Cleanup Campaign

On November 28, a total of 41 employees from Kyoei Densetsu Kogyo participated in a cleanup activity in nearby Nakaoe Park as part of the Osaka Marathon Cleanup Campaign.

Empty cans and cigarette butts littered around the park were picked up to welcome the many people from Japan and abroad who will be participating in the Osaka Marathon with a clean city.

This year was the eighth time we have participated in this event, and we will continue to take an active role in making Osaka a cleaner city going forward.



Making a small contribution to a clean city

### Daiwa Densetsu Corporation

#### Giving back to the areas affected by Typhoon No. 19

### Dispatching volunteers to Marumori-machi, Miyagi Prefecture, where employees live

Typhoon No. 19 that occurred on October 12 affected many areas, particularly on the Pacific side of the Tohoku region.

Because many telecommunication facilities including those of NTT East were damaged, Daiwa and Sigmoid cooperated together in restoration work, including temporary measures.

During the weekdays between November 7 and 29, when volunteers were scarce, employees of Daiwa, Sigmoid, and EXEO Tohoku Branch were dispatched to Marumori-machi and other disaster-struck areas in Miyagi Prefecture, where our employees live and receive constant support. We pray for the earliest possible recovery of the affected areas.



Removing rice straw washed ashore by a flood in front of the volunteer center

## Shikoku Branch

Beautifully arranging the huge Zenigata Sunae (coin-shaped sand drawing)

Participation in sand arrangement for Kanei Tsuho (old time coin)

On November 17, Shikoku Branch and Exeo Mobile participated in a sand arrangement event for the Kanei Tsuho sand coin drawing, Zenigata Sunae, which is a sightseeing spot in Kan-onji City, Kagawa Prefecture.

The sand drawing measures 122 meters from east to west, 90 meters from north to south and 345 meters in circumference, and it is said to help people live long and healthy lives with no shortage of money.

Participants including many volunteers from the local community enjoyed the fine weather on the day of the event to enter the area of Kanei Tsuho sand drawing, which is usually closed to the public, and arranged the sand drawing beautifully using shovels and rakes.



Sand arrangement using shovels

## Tohoku Branch

Working against littering

River basin cleanup in Sendai City

On September 28, under clear and warm autumn skies before the cold weather of Tohoku region sets in, 15 participants cleaned up the basin of the Hirose River that runs through the city of Sendai. This time, we changed from our familiar location to a bush zone, and pushed through the bushes to find a lot of plastic bottles and other beverage waste in hidden corners. The Tohoku Branch will continue to clean up the river basin until there is no more trash to pick up, and we will also raise awareness in the community about not littering on the road.



## Kyushu Branch

Cleaning up a pine forest in the clear autumn weather

Participated in Itoshima Pine Forest Restoration and Conservation Activity sponsored by the Seibu Electric Industry group for the first time

On November 9, we participated in the Itoshima Pine Forest Restoration and Conservation Activity sponsored by Seibu Electric Industry in Itoshima City, Fukuoka Prefecture, together with Group companies in the Kyushu area.

A total of about 400 people participated in this event and cleaned up the pine forest in the clear autumn weather. Everyone who participated worked very efficiently.

We will continue to actively engage in environmental protection activities and deepen our friendships within the Group through such activities in the future.





Aiming to be a company that can contribute to society and is trusted by many of its stakeholders, we will contribute to the realization of a sustainable society by interacting with our stakeholders through a variety of activities.

Re-examining the Basics of a Safety and Quality-Oriented Culture



Koji Suzuki  
General Manager, Safety and Quality Headquarters

To provide our customers with high-quality products swiftly and safely, it is important that the entire KYOWA EXEO Group understands the importance of ensuring safety and quality, and that we carry out construction in a functional manner. We have been working since 2001 to develop construction services that take safety and quality into account. In 2016, to once again return to the essence of the Group's safety and quality-oriented culture, we set our commitment to "return to the basics of a safety and quality-oriented culture" and are working to create a system that will enable each and every employee to practice basic actions while understanding the importance of safety and quality for the future.

Initiatives for a Safety and Quality-Oriented Culture

Because safety and quality assurance in the construction of information and telecommunications facilities – the KYOWA EXEO Group's core competency – is of the utmost importance, we have been working to shift from establishing a safety and quality-oriented culture to penetrating a safety and quality-oriented culture, so that each and every employee fully understands its importance, and that this becomes a natural part of their actions. Since 2016, we have been promoting the five-year slogan "return to the basics of a safety and quality-oriented culture," and this fiscal year marks the final year of this initiative.



Safety and quality-oriented culture promotion poster

Initiatives





## 1 Human Error Countermeasures (Aruaru-kun)

In 2003, we introduced an information-gathering system called "Aruaru-kun" with the aim of predicting and taking countermeasures for disasters that may occur in the future, as well as raising safety awareness among front-line workers, by collecting near-miss experiences and analyzing them to obtain further universalized hazard information. Workers share information about their own experiences by reporting near-miss incidents during work to all employees, reminding each other to prevent the same human errors from occurring.

In addition, the system was updated in 2017 to make it more convenient, which has led to active registrations.

## 2 Introduction of the EXEO Solution Proposal (ESP) System

We have introduced the EXEO Solution Proposal (ESP) system with the goal of helping to propel EXEO solutions forward. We actively seek out proposals that do not rely on current work practices, but that change our perspective and ideas, as well as proposals based on new ideas that go beyond the scope of our current work, and receive more than 10,000 proposals a year regarding improvements, efficiency, safety and quality enhancements, and more.

In addition, we widely internally publicize excellent proposals out of the ESP proposals, which are internal improvement proposal activities, and the VE proposals, which are customer improvement proposal activities. While sharing such proposals within the Company, we hold an annual "ESP/VE proposal presentation meeting" to further invigorate our improvement proposal activities.

## 3 "Ironclad Safety Rules" Formulated

In 2008, in order to eliminate accidents such as personal and equipment accidents, we formulated the "Ironclad Safety Rules" mainly based on lessons learned from past incidents. We are sharing and raising awareness of the 20 articles, bearing in mind that "everyone must comply without exception."

In this fiscal year, the industry as a whole will begin preparation for revising the cardinal rules. The revised rules will incorporate the new obligation to have high-place workers put on personal fall-arrest systems (full harness) as well as changes in construction methods and safety measures. We will revise the rules so that it will be more useful for providing worksite safety guidance.

## 4 Stopping at the First Sign of Danger

An accident in which a worker was injured when he slipped and fell off a four meter high wet roof while working led to a proposal for a system of "stopping at the first sign of danger" during construction at customer premises as an "Ironclad Safety Rule," which was implemented in 2009 as a joint effort with our customers and the telecommunications construction industry. At present, we are implementing the "Kicchiri KY / Big Relief" campaign to ensure safety by implementing hazard prediction (kiken yochi (KY) in Japanese) activities at each work site in advance, and the "Stop & Look" campaign to stop in between jobs and resolve any questions before proceeding.

## 5 From Post-Measures to Pre-Measures

In order to prevent accidents and improve the safety and quality of construction work, in 2012, we introduced an exit rule that requires a work team to stop work if a safety deficiency is identified during construction. In 2016, placing a further emphasis on educating employees to prevent the recurrence of safety deficiencies, a curriculum was formulated and revised as a retraining rule. These initiatives have increased the alertness of management and construction workers, and are steadily proving effective in preventing accidents from occurring.

## 6 "Thorough" is the Keyword to Prevent Accidents

As we work to instill the existing measures by steadily implementing them, in fiscal 2020 we will narrow down the list of accidents based on the characteristic trends of accidents that occurred in the previous fiscal year and implement thorough accident prevention measures for those accidents that have been narrowed down. Specifically, we will focus efforts on prevention of personal injury accidents in the areas of crashes and falls, tumbles, heavy machinery, coming in contact with buried objects, and third parties involvement, as well as equipment accidents in the areas of faulty connections, faulty disconnections or withdrawal, faulty removals, dropped parts, and cable damage. Furthermore, we will work on preventing information accidents by focusing on the loss of paper information. To establish and promote accident-prevention measures, it is necessary to raise the awareness of each and every one of our construction workers through a dialogue of questions to ask whether safety really is sufficient and why safety measures are needed, as well as praise. By doing so, we will work on practicing a culture of safety and quality, in which individuals voluntarily care for the safety of themselves and others, while also following up with those who have weak or low safety literacy (awareness and behavior).

### 2020 ESP/VE Proposal Presentation Meeting Held

The ESP/VE proposal presentation meeting was held on June 11, 2020. Twelve excellent proposals recommended by departments and offices out of the fiscal 2019 proposals were presented and judged by committee members on the basis of their "ideas," "effectiveness" and "development," and selected for awards of excellence and outstanding performance.

The contents of the proposals ranged from improvements in construction processes, quality assurance, and systems, to sales, designs/estimating, and common office systems, which not only improved operational efficiency and reduced costs, but also resulted in tools and systems that were beneficial to customers and reduced accident risks, among other effects.



Note: Photo shows the 2019 presentation meeting

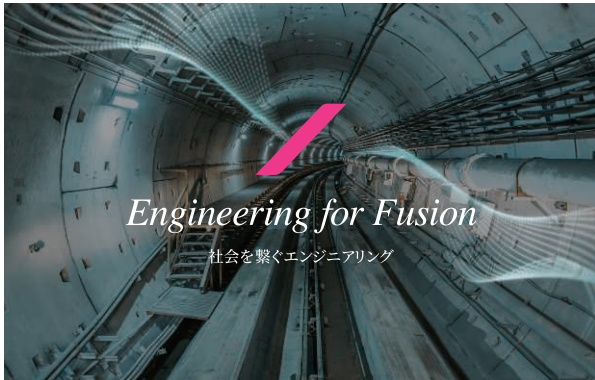
## Proactive information disclosure

### Corporate website renewed

In March 2020, we renewed our corporate website, making it easier for users to view and understand. We refurbished its design and contents and it is now designed to be comfortably viewed from smartphones and tablets.

The website's top page shows our motto, Engineering for Fusion-connecting the societies with engineering-, conveying the message that our engineering supports connections of cities, people and products through our three business domains: telecommunication carriers, urban infrastructure, and system solutions.

Moreover, as part of our sustainability-related activities, we proactively disclose our initiatives for realizing sustainable business, CSR ideas, environment, social and governance (ESG) initiatives, disaster mitigation measures, and our policy for promoting SDGs and diversity on our corporate website and in the Exeo Report (integrated report). We also seek to timely provide information for shareholders and investors.



## Events and seminars

Attended the 24th Disaster Management Expo as an exhibitor. At the Disaster Management Expo held on February 6 and 7, 2020 at Pacifico Yokohama, our ICT Solutions Headquarters and Business Solutions Headquarters jointly presented our products, Survival Power Source, Multi Charger, Disaster and Community Information Distribution System for Municipalities, and Disaster Management Support System for Municipalities.

### ■ Survival Power Source (portable lithium ion battery)

Medium-capacity lithium ion battery that can supply sufficient electricity in emergency (Maximum capacity: 4.4 kWh; maximum power output: 1 kW).

### ■ Multi Charger (battery charger used in disaster management)

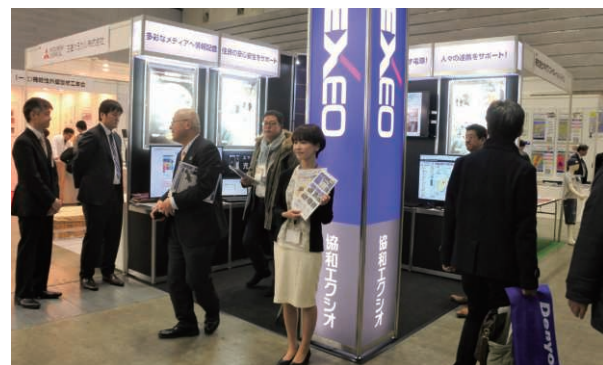
Able to charge ten smartphones simultaneously at, for example, disaster evacuation centers, enabling provision of charging service when the degree of people concentration is high immediately following the occurrence of a disaster.

### ■ Information Distribution System for Municipalities

Enables communication of disaster information via a range of media such as the municipal government's disaster management wireless radio communication, smartphone apps and emails. At ordinary times, it can be used for providing information on the municipal government's activities and community information such as garbage collection schedule.

### ■ Disaster Management Support System for Municipalities (EXRescue)

A one-stop information sharing tool that supports a wide range of disaster management operations by aggregating necessary information on a map and helping organizations expedite information exchange.



Attended the 8th International Wind Expo as an exhibitor  
Our Civil Engineering Headquarters attended the International Wind Expo held between February 26 and 28, 2020 at Tokyo Big Site and presented its arc propulsion method, Earth Shuttle Method, showing employees' handmade models and part of equipment used for the Earth Shuttle Method.

**Arc propulsion method: Earth Shuttle Method**

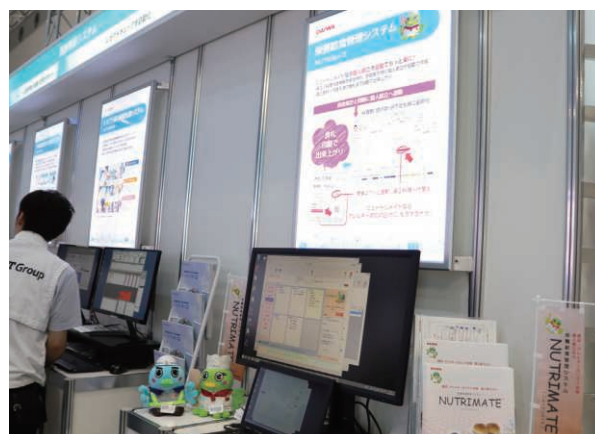
Earth Shuttle Method is a propulsion method that secures pipe diameters necessary for telecommunication and electricity landing pipes, pipes for high-tension cables for offshore wind power facilities, running water supply pipes, and seawater intake pipes while preserving submarine nature. It is the most optimal method to be applied in fishing grounds, nature conservation areas of coral reefs, and areas where ocean waves could damage pipes and cables.



Attended the International Modern Hospital Show as an exhibitor  
Our group company Daiwa Densetsu Corporation attended the International Modern Hospital Show held at Tokyo Big Site between July 17 and 19, 2019 as an exhibitor and presented its food and nutrition service management system NUTRIMATE.

**Food and nutrition service management system: NUTRIMATE**

NUTRIMATE, a management system that provides comprehensive support for food and nutrition service operations at hospitals and nursing care facilities, including recipe management, menu preparation, ingredient order placement and acceptance, cooking, serving, and various reporting operations.



**Toru Ebihara, an employee of KYOWA EXEO, wins a gold medal in the information network cabling category at the 57th National Skills Competition held in commemoration of the enthronement of the emperor**

Toru Ebihara, an employee of KYOWA EXEO, won a gold medal in the information network cabling category at the 57th National Skills Competition held between November 15 and 18, 2019 in Aichi Prefecture. The competition was jointly hosted by the Ministry of Health, Labour and Welfare, Japan Vocational Ability Development Association, and Aichi Prefecture.

In the information network cabling category, the participants spend approx. eight hours in two days to compete in various cabling tasks—including trouble shooting, competition on the speed of optical fiber fusion splicing, cabling inside a hypothetical building—where they must complete each task within a designated timeframe.

Mr. Ebihara fully demonstrated his proficient skills polished through everyday work and the results of rigorous training he had gone through towards this competition despite pressure from competition and other participants' skills improving every year.





# Group Company Relations

## Aiming for a Functionally Effective Team EXEO



**Yuichi Koyama**  
Director and Managing Operating Officer, General Manager, Group Business Development Division

In order to maximize the value of the KYOWA EXEO Group, we consider it a top priority issue to spread the Group's corporate philosophy, ensure that Group companies function efficiently together, and build a Team EXEO that allows the employees of each company to do their jobs with a sense of fulfillment, and are working on a variety of measures to that end. As part of our efforts, we are responding to the expansion of new businesses while promoting the reorganization of Group companies to improve quality and efficiency, as well as ensuring financial strength. Going forward, we will continue to promote a variety of measures for the entire Group.

### For the Evolving Team EXEO

Our top priority issue is to build a new Team EXEO where all employees of the KYOWA EXEO Group companies, who contribute to improving the value of the Group on a daily basis, can perform their jobs with a sense of fulfillment.

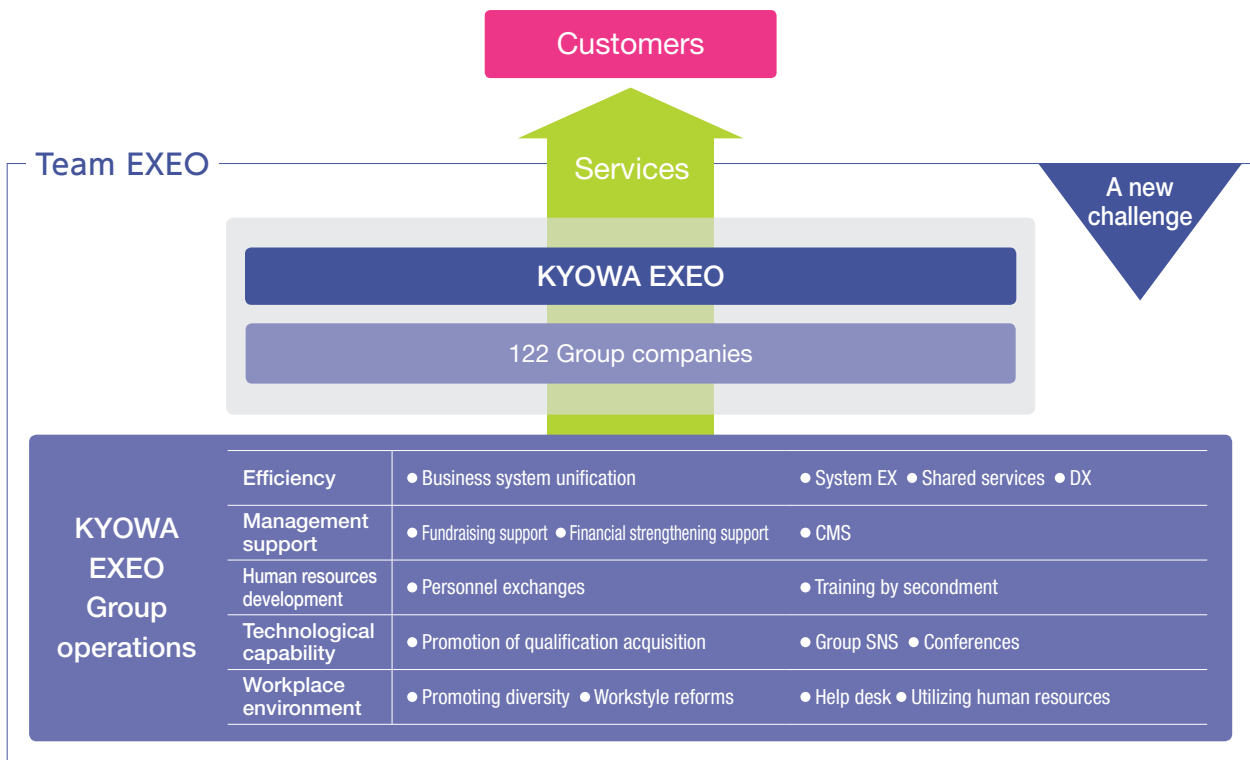
In addition to taking on new business challenges and responding to changes in business conditions, we will also work on new Group issues, such as workstyle reforms and diversity promotion, as well as promoting the development of human resources for the future of Team EXEO.

### The Role of Group Companies within Team EXEO

We have a high level of expertise in our 122 Group companies (88 consolidated subsidiaries, 15 non-consolidated subsidiaries and 19 affiliates), including overseas companies, and we strive to respond to the various needs of our customers with the capabilities of the entire Group while enhancing the strengths of each company.

### Building a Strong Team EXEO

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



# Business Partner Relations

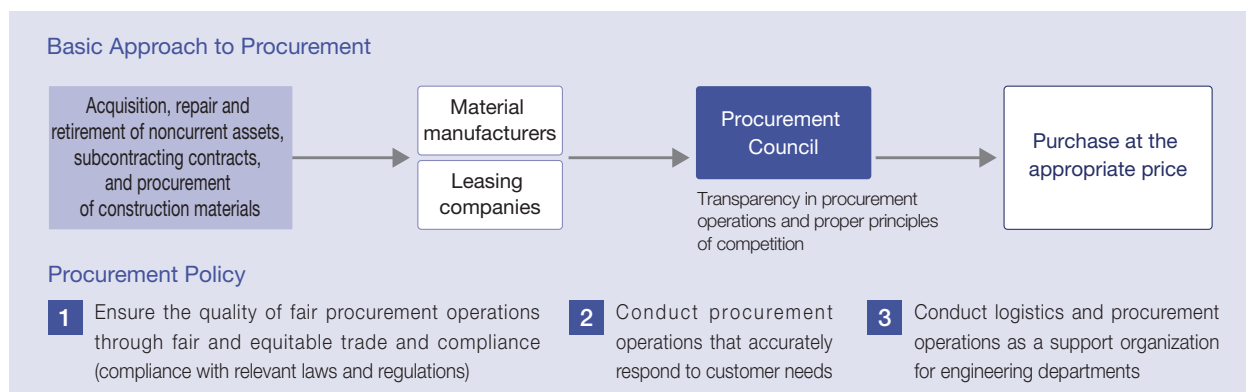
## Aiming for Further Win-Win Relationships with Our Business Partners



**Yoshinori Fujiwara**  
Operating Officer and General Manager, Procurement Division

In order for the KYOWA EXEO Group to provide its customers with high quality deliverables (products) without delay, it is essential to work with both construction companies and material procurement companies that deliver materials in a timely manner. In order to maintain a relationship of trust with contact persons at our business partner companies and to facilitate smooth business operations, we will provide a forum for delivering information and business proposals, as well as exchanging opinions, with the aim of achieving creative mutual prosperity.

## Policy Regarding Procurement



## Green Procurement Initiatives

We have been promoting the introduction of eco-friendly vehicles. Since the Great East Japan Earthquake, we have been selecting manufacturers with environmental conservation in mind, such as in response to fuel shortages during emergencies and in reducing CO<sub>2</sub> emissions.

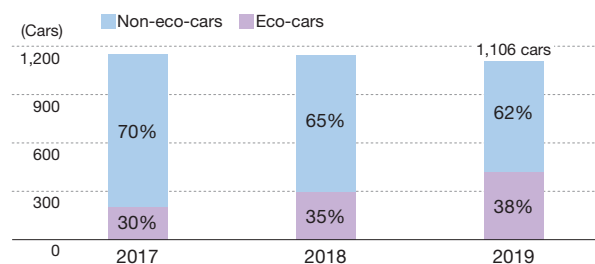
We will also add eco-friendly vehicles to our lineup of construction vehicles to further increase the introduction rate of eco-friendly vehicles.

The KYOWA EXEO Group has been working on green procurement since 2007 in accordance with the Green Procurement Guidelines, and is striving to purchase environmentally friendly products that have acquired the Eco Mark, GPN listing, the Act on Promoting Green Procurement and other such marks.

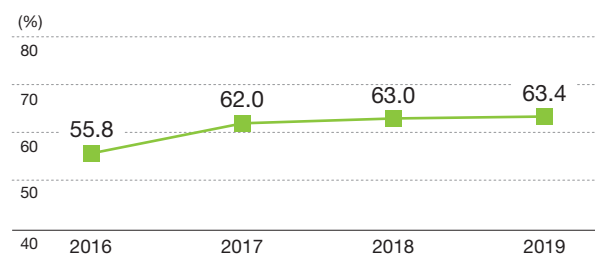
In addition, due to the large number of PCs ordered, we have been recommending the use of environmentally friendly PCs since fiscal 2017, and in fiscal 2018, almost all of our internal PCs became eco-certified models.

Going forward, in addition to PCs, the entire Group will continue to actively pursue the purchase of eco-friendly products.

### ▶ Eco-Cars Introduced



### ▶ Eco-Products (Office Supplies) Purchased



\*Figures do not include PCs.

# Shareholder and Stakeholder Relations

## Aiming to Enhance Corporate Value



**Koichi Mino**  
Director and Managing Operating Officer and General Manager, Corporate Planning Division

The KYOWA EXEO Group considers profit distribution to shareholders as an important managerial issue. To this end, we place a high priority on communication with our shareholders and investors. We strive on a daily basis to deepen their understanding of the Group, so that we gain their trust and be evaluated properly, through events such as open meetings of shareholders and proactive, easy-to-understand IR activities. Going forward, we will continue to strive for fair, timely and appropriate disclosure of information and engage in honest and highly transparent business operations to further enhance our corporate value.

## Shareholders' Meeting

On June 24, 2020, the Company held its 66th Annual Shareholders' Meeting. While this year's meeting was held on a smaller scale than in previous years, due in part to the prevalence of COVID-19, the Company views the meeting as an important forum for communicating with its shareholders. Accordingly, we are taking the following initiatives.

### Initiatives

- Holding of meetings while avoiding days on which there is a high concentration of shareholders' meetings
- Early dispatch of the convocation notice
- Disclosure of the convocation notice prior to dispatch
- Exercise of voting rights by electromagnetic means
- Participation in the voting rights exercise platform
- Disclosure of an English-language convocation notice
- Introduction of a smartphone-based voting right exercise service

## Shareholder Benefits

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

<b>Shareholder Benefits</b> (for shareholders of 1,000 shares or more)	<b>QUO CARD</b> ● Holding period of less than three years: ¥1,000 equivalent ● Holding period of three years or more: ¥2,000 equivalent
---	---

\*Sent once a year in late June after the close of the Company's shareholders' meeting.

## Earnings Announcement

In accordance with the Securities Listing Regulations, we prepare full-year and quarterly summaries of financial results at the Tokyo Stock Exchange, and disclose them fairly, promptly and extensively through TDnet and other media.

## IR Activities

The Company holds biannual financial results briefings for institutional investors and securities analysts, as well as business briefings, on-site briefings, briefings for individual investors and other such meetings to deepen their understanding of the Company's business operations and the level of technology and on-site capabilities.

On April 1, 2020, we completely renewed our corporate website. We have also further enhanced the contents of the "Investor Relations" page, which contains a large amount of IR information such as presentation materials and monthly orders received. In addition, we have established a contact point for inquiries via our web form, and e-mail IR information to those who wish to receive it.



A meeting with institutional investors from overseas



Web streaming of a financial results briefing



▶ Please see our corporate website for IR information.

<https://www.exeo.co.jp/en/ir/>



# Employee Relations

## “Policy of Regarding Employees as the Group’s Primary Properties” and “Workstyle Reforms” for Sustainable Growth



**Kazunori Yuasa**  
Operating Officer and General Manager, Human Resources Department

Employees are an invaluable asset. The KYOWA EXEO Group has adopted the “policy of regarding employees as the Group’s primary properties” as its basic philosophy on human resources, and pursues affluence for both its employees and the company through respect for human rights, fair evaluations and treatment, and being thorough in its human resource development and professionalism.

We believe that a workplace environment in which we can secure and develop excellent human resources and in which everyone can work with enthusiasm to demonstrate their full potential is essential for sustainable growth in the future. Accordingly, we are working on “workstyle reforms,” including changing our attitudes toward workstyles, reforming rules, and promoting diversity.

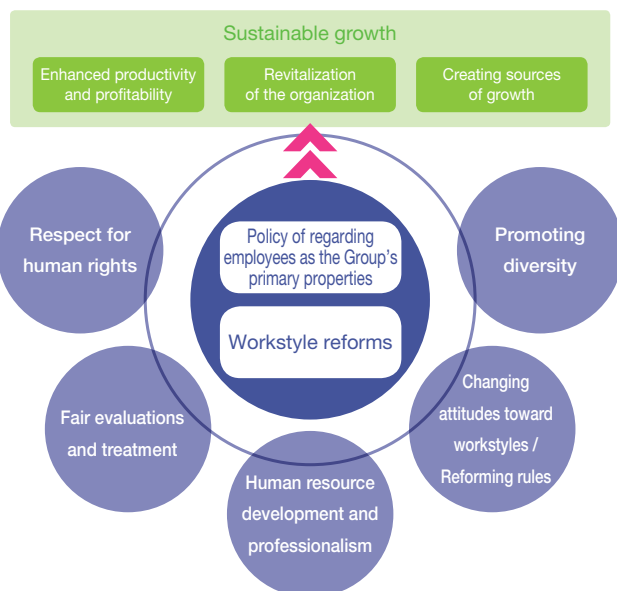
### Respect for Human Rights

In promoting corporate activities, the KYOWA EXEO Group places great importance on respect for human rights and conducts training to raise and improve human rights awareness in order to provide a workplace environment in which each and every employee can work with vitality. In addition, through training and other activities to promote compliance, we show that we do not tolerate any kind of discriminatory treatment on gender, beliefs, nationality, status of disability, sexual orientation or other basic human rights, and we strongly urge respect for the dignity and individuality of individuals.

childbirth, and nursing care, and these systems provide opportunities for diverse work styles. These efforts are helping to secure our technological capabilities for the future and ensure that we are able to pass on our skills.

#### Hiring Foreign Nationals

In order to promote global business, especially in the Asian region, and to internationalize and invigorate the company, we are actively hiring foreign students who are expected to be active both in Japan and abroad.



### Changing Attitudes toward Workstyles / Reforming Rules

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

#### Reemployment System

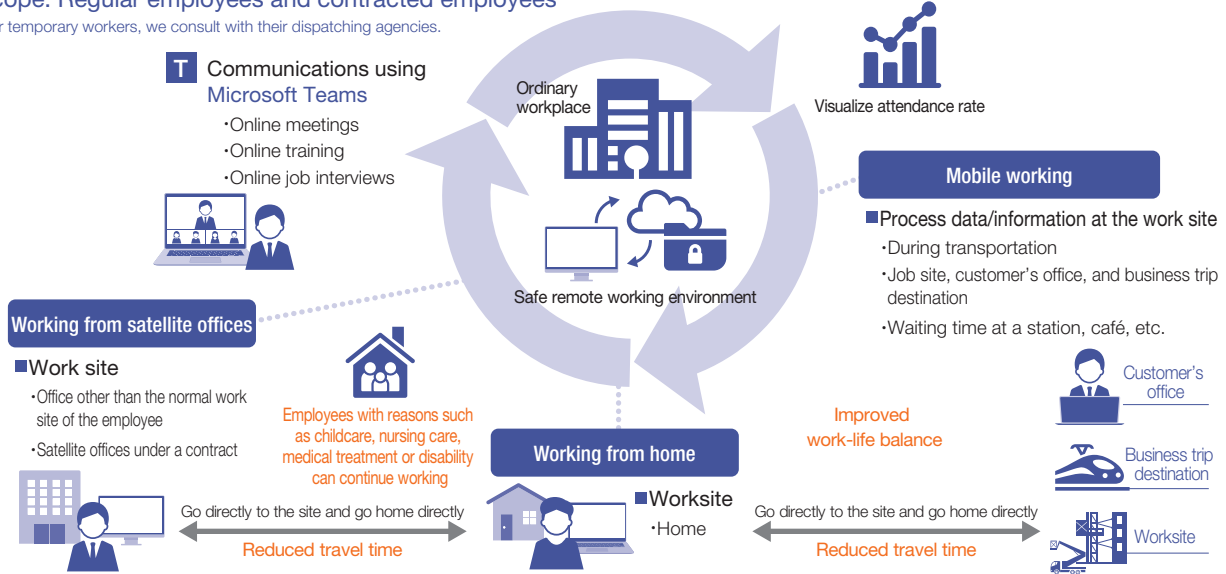
In order to make use of the skills and experience gained over the years by employees who are motivated to work after retirement, we have a system to rehire retirement-age employees, a registered employee system to hire retired employees on a temporary basis, and a system to rehire former employees who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

Furthermore, we are developing and promoting novel ways of working that incorporate the new lifestyles and new working styles recommended by the Japanese government. Along with the promotion of workstyle reforms through digital transformation (DX), we are taking the following measures to help teleworking take root: (1) review of operations (business inventory, business evaluation, etc.), (2) improvement of the environment (PC, work environment, etc.), and (3) enhancement of systems (review of commuting styles, safety considerations for employees at high risk of contracting COVID-19, etc.). Through these efforts, we are striving to create a work environment where everyone can work with a peace of mind and enthusiasm.

## Characteristics of EXEO's teleworking system

Scope: Regular employees and contracted employees

\*For temporary workers, we consult with their dispatching agencies.



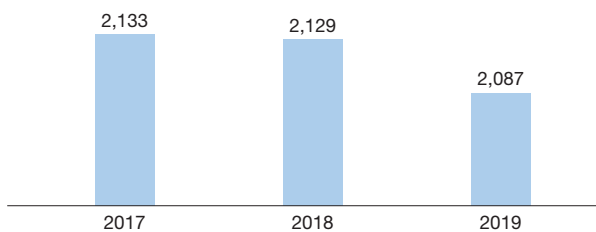
\*Microsoft, Office 365 and Microsoft Teams are registered trademarks or trademarks of Microsoft Corporation in the U.S. and other countries.

### Measures for reducing total work hours

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

Also, we proactively seek to reduce overtime work by setting a medium-term target for reducing total work hours.

▶ Total annual working hours



### Helping employees maintain and improve physical and mental health

In cooperation with KYOWA EXEO's health insurance association, we seek to help our employees and their family members manage and improve their health, including by conducting regular health checkups and comprehensive medical examinations of our employees and campaigns to promote walking among employees and their family members. In regards to mental health, we have a stress check program in place for employees' self-care. In addition, our corporate doctors provide training for line care based on results of organizational diagnosis.

Furthermore, for employees with many overtime work hours, our corporate doctors and public health nurses meet them twice a month each to provide them with physical and mental care.

### Life plan seminars

We hold seminars throughout Japan for employees at the ages of 53 and 54 to help them design their post-retirement life with a deeper understanding and awareness so that they could lead materially, physically, and mentally healthy life.

We also hold seminars for employees at the age of 58 and 59 to help them deepen their understanding of post-retirement social security and pension fund systems.



### Maintaining good labor-management relations

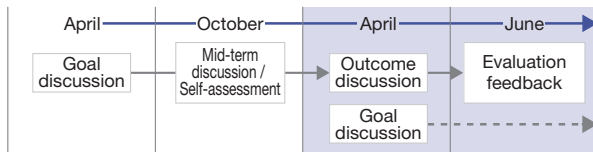
Mutual trust between labor and management is fundamental to KYOWA EXEO's business. In the view of pursuing the company's growth and maintaining and improving employees' work conditions, we seek to build stable labor-management relations through regular discussions between labor and management. We hold regular labor-management meetings to exchange opinions between labor and management on the business plan and other important issues as well as meetings of a committee for improved work hours and conditions to execute proactive business operations and achieve healthy growth of the company.

## Fair Evaluations and Treatment

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

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

### ► Discussion schedule



## Human Resource Development and Professionalism

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

### New Employee Training

The first year of employment is designated as a training period in which we offer a multifaceted curriculum that includes basic training, job-specific technical training, and training for acquiring IT qualifications, so that employees can strive to acquire common sense as members of society, as well as a wide range of knowledge and basic

technical skills as a member of the company. In addition, each new employee is assigned a tutor, who promotes growth and motivation through training and follow-ups, as well as advice on mental health and lifestyle issues. We also provide step-up training in the second year to review the training and secure its results. In fiscal 2020, we introduced online training at home using an in-house web conference system as a new initiative that also serves as a measure to prevent the spread of COVID-19.

### Technical Training

The Company's technical capabilities are the very essence of our corporate brand. For this reason, we conduct technical training across the country, including at Group companies, and focus on developing IT personnel and engineers with advanced and up-to-date technical skills. Technical training includes both in-house and external lectures. At in-house lectures, we provide safety and quality training, professional engineer training, and training sessions on actual equipment in a dedicated IT training room. Meanwhile, at external lectures, employees strive to acquire advanced, specialized skills in various engineering disciplines and the latest technological skills in the IT field, such as network servers and programming.

### Overseas Training

We have been continuously sending employees to the Philippines since 2015 with a view to developing our global business for new business expansion. In addition to a training program of approximately a year designed to strengthen communication skills with local partner companies and local employees and to learn how to do business overseas, we also offer other trainings including short-term English conversation training in the Philippines to acquire business conversation skills, with a focus on developing global human resources.

By gaining experience based on the experience, human network, and know-how acquired through these trainings, we aim to contribute to the development of ICT in Asia.

### Overview of Training Facilities

#### Heiwajima Training Center

We offer a wide range of internal trainings, including new employee training, position-based training, and sales training. Training can be conducted in a variety of layouts, including school-type training for large groups or group training for small groups. We also use the latest actual equipment such as routers, switches, servers and PCs to develop advanced IT engineers.



#### Central Technical Training Center / West Japan Technical Training Center

These training centers focus on the acquiring of those practical skills required in the field, such as lectures on specialized knowledge and training in techniques and skills related to telecommunications infrastructure construction, accident prevention, and safety assurance. The centers are equipped with simulated outdoor facilities such as utility poles, manholes, and wireless towers, as well as various devices for optical connection training and simulated indoor facilities for in-home construction, to provide a comprehensive program for learning the construction techniques and safety assurance measures required for access works and mobile telecommunication works. We also provide technical training in improving technology for legacy equipment and adapting to new technologies, such as home ICT.

#### MX Center for Excellence (Philippine Training Center)



In May 2017, we opened a training center on the outskirts of Manila for the purpose of improving the skills of the local technicians of our local subsidiary, MG EXEO NETWORK, INC.

In order to learn technological skills related to FTTH, Wi-Fi, IP networks, data centers and others, the center is equipped with classroom facilities, mock poles, mock handholes, mock in-home booths, and other such items, and is designed for newly hired engineers to learn basic operations, as well as for those with practical experience to acquire advanced maintenance skills, in addition to safety knowledge, work ethics and more. Based on the advanced technology and know-how that the KYOWA EXEO Group has cultivated in Japan, programs are implemented for the acquisition of all the knowledge and skills necessary for the field of telecommunication works.





## Diversity & Inclusion



### Diversity & Inclusion Declaration

“Promoting diversity in an organization means a strategy of utilizing the abilities of a diverse range of human resources to the fullest extent.




With the aim of swiftly and flexibly responding to increasingly diverse customer needs, developing our business and improving operating results, Team EXEO fosters a culture of mutual acceptance of a wide range of values regardless of characteristics such as gender, beliefs, nationality, disabilities or sexual orientation, leads to new value creation unbound by conventional thinking or stereotypes, and achieves the sustainable growth of individuals and the organization.”

There are no goals in diversity promotion

We aim to achieve diversity and inclusion in its truest sense, which means invigorating the organization with new ideas incorporating a wide range of sensibilities and values that enable innovation to be created within the organization.

Tetsuya Funabashi President

### Themes of initiatives

 <p><b>Cultivating a corporate culture that promotes diversity</b></p> <ul style="list-style-type: none"> <li>· Diversity promotion training</li> <li>· Disseminating information internally and externally</li> </ul>	 <p><b>Implementing workstyle reforms</b></p> <ul style="list-style-type: none"> <li>· Telework</li> <li>· Work life balance</li> <li>· Boosting productivity through digital transformation</li> </ul>	 <p><b>Creating and supporting opportunities geared toward the success of a diverse range of human resources</b></p> <ul style="list-style-type: none"> <li>· Promoting female empowerment</li> <li>· Striking a balance between work and home</li> <li>· Advancing the employment of people with disabilities</li> <li>· Systems supporting a diverse range of human resources</li> </ul>
---	--	---

Cultivating a corporate culture that promotes diversity

### Implementation of diversity promotion training

Training is conducted starting from upper levels of the company to foster an understanding of the importance of diversity promotion as a management strategy and to recognize issues the company faces in its promotion.

In training aimed at executives and managers, attendees learn about management techniques for diverse human resources and approaches for supporting career

development. This knowledge is then put into practice in the workplace.

Moving forward, we will expand the scope to include a wider range of employees and conduct training that fosters a culture that promotes the mutual acceptance and utilization of a diverse range of values.

#### Number of training sessions for managers conducted annually since 2017



#### Manager training attendance rate



Promoting the speedy company-wide spread through a top-down approach that starts with top management



A lively exchange of views at the site level took place at a manager training session





Implementing workstyle reforms

### Promoting telework

In July 2018 we made significant revisions to our telework work regulations, allowing employees to make use of work from home, work at satellite offices and mobile work in more flexible ways. We also relaxed restrictions on working from home for employees with a need to balance child rearing, nursing care, medical treatment and so on.

We also began actively taking part in designated telework days since 2018, and have worked to promote utilization on the part of employees. In recognition of these efforts, in November 2018 the company was selected as one of the 2018 Top Hundred Telework Pioneers by the Ministry of Internal Affairs and Communications.

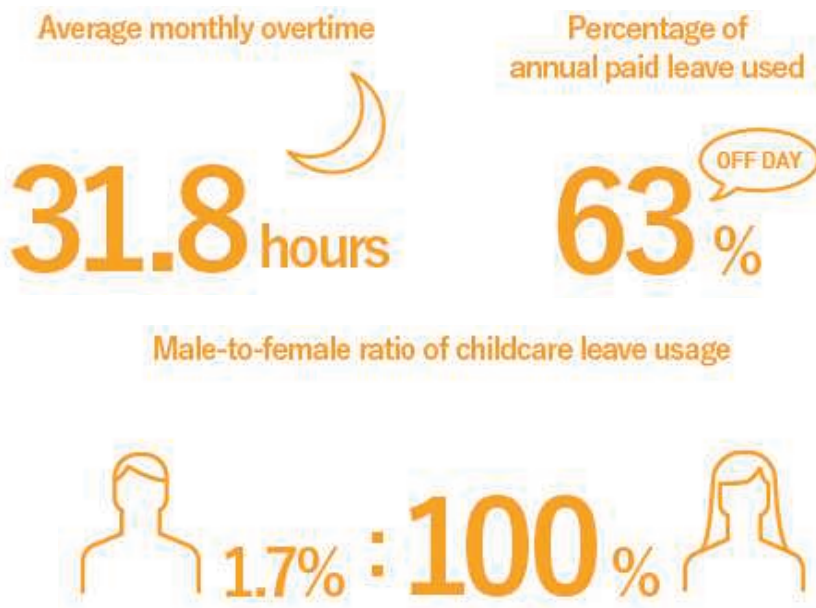
Selected for  
2018 Top Hundred Telework Pioneers



### Improving work-life balance

We undertake a range of activities designed to shorten total working hours and develop an efficient workplace environment that promotes both mental and physical health. In terms of daily work practices, we have worked to reduce nonessential and nonurgent overtime by ensuring that meetings are held at the start and end of the work

day and enforcing weekly no-overtime days. We also encourage employees to take consecutive days off, such as taking paid leave to coincide with holiday periods in spring, summer, the end of the year and the New Year period.



### Boosting productivity through digital transformation

Utilizing an IT infrastructure common across the Kyowa Exeo Group that includes teleconferencing and MS Teams, we are working to improve sales capabilities,

business efficiency, quality, safety and comfort while aiming to boost productivity in a noticeable way, not only for employees but for our partners as well.

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



Creating and supporting opportunities geared toward the success of a diverse range of human resources

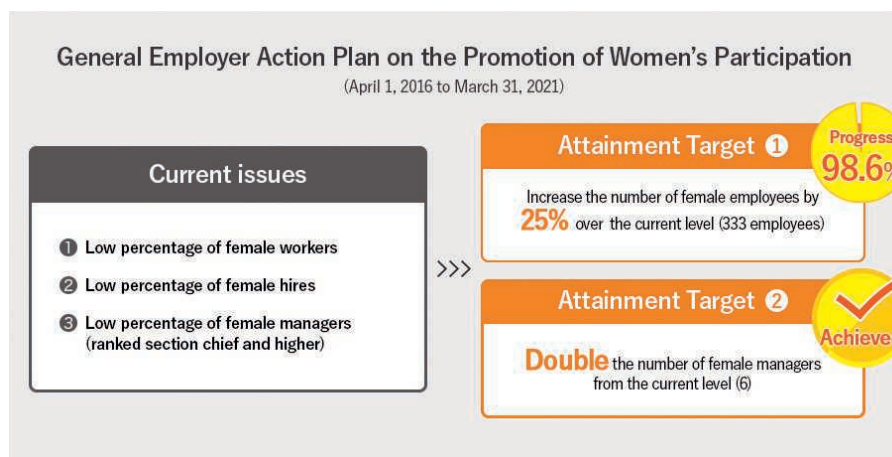
## Promoting female empowerment

### Action Plan

Kyowa Exeo has formulated an action plan in accordance with the Act on Promotion of Female Participation and Career Advancement in the Workplace, and publishes related information including numerical targets. We have implemented various initiatives and measures to meet these targets, created opportunities for female employees to succeed, and provided related support. In addition, in 2016 the company received the highest of three grades as an Eruboshi company, a certification that recognizes

companies demonstrating outstanding performance in the promotion of female participation.

The company was also selected as a 2019 Nadeshiko Brand. Jointly run by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange since 2012, this scheme aims to encourage investment in companies and speed up related initiatives by publicizing listed companies who make proactive efforts to promote women's participation to attract investors looking for medium-to-long-term growth potential.



The Eruboshi certification mark granted by the Minister of Health, Labour and Welfare to companies that are outstanding in terms of women's participation in the workplace



Fiscal 2019 Nadeshiko Brands jointly selected by the Ministry of Economy, Trade and Industry and Tokyo Stock Exchange among listed companies for their outstanding promotion of women's participation in the workplace

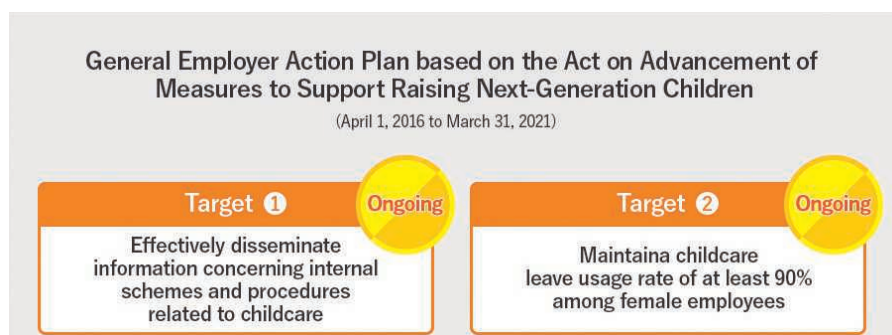
## Supporting the balance between work and home

### Action Plan

To ensure that employees can achieve a balance between work and child-rearing or work and family care regardless of gender and continue to work and achieve success with peace of mind for as long as possible, we have established balance support schemes that go beyond statutory requirements and periodically hold briefing sessions for employees. Kyowa Exeo has formulated an action plan pursuant to the Act on Advancement of Measures to Support Raising Next-Generation Children and has published

targets and other relevant information. We actively work to enhance systems and hold briefings to meet these targets and are committed to developing an environment that makes it easy for employees to strike a balance between their jobs and childcare responsibilities, regardless of gender.

In recognition of these efforts, in 2015 we earned the Kurumin Mark, an accreditation from the Minister of Health, Labour and Welfare recognizing companies providing support for child care.



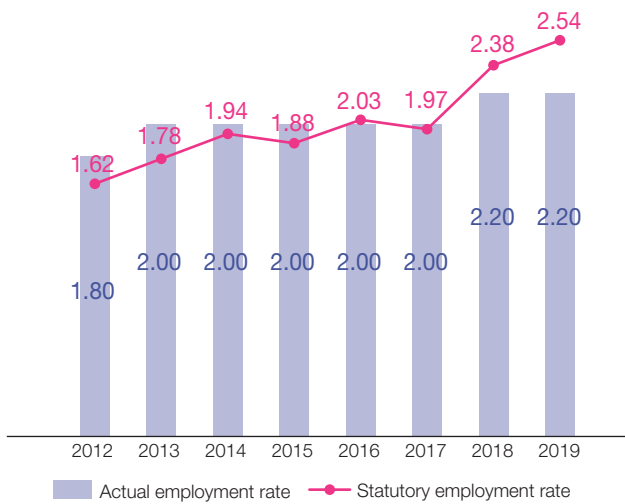
Kurumin mark certification by the Minister of Health, Labour and Welfare

## Promoting the employment of people with disabilities

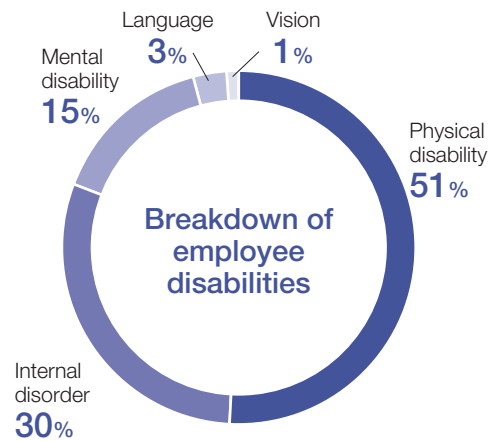
To ensure that all people can demonstrate their capabilities and aptitude to the fullest extent and lead active lives regardless of whether or not they have disabilities, Kyowa Exeo actively pursues the employment of people with disabilities. All employees of the Diversity Promotion Office have completed disabled person occupational and lifestyle counsellor certification courses, carefully gather information about desired workplace, occupation, skills and disability considerations when employees are hired, and strive

to match employees with the right organization. Even after an employee has joined the company we regularly follow up on the individual and their assigned department and make every effort to ensure they are able to succeed in a reassuring environment. Additionally, we work to create new occupational fields so that persons with all kinds of disabilities can flourish, and actively work to hire people with specialist skills.

► Change in the percentage of employees with disabilities



► Breakdown of employee disabilities (as of end of March 2020)



## Systems to support a diverse range of human resources

Main systems	Details
<b>Paid leave</b>	Leave can be taken in daily, half-daily or hourly increments
<b>Different start and finish time system</b>	System to change work allocation, monthly flexible working hours system, modified rest period system, modified weekly days off system
<b>Flexible working hours system</b>	Within the scope of total scheduled working hours, working hours that exceed the scheduled working hours in a single day can be set.
<b>Telework system</b>	Work from home, work from satellite offices and mobile work
<b>Area career path system</b>	Systems limited to regional employees (no out-of-area transfers)
<b>Senior employment system</b>	System for reemployment following mandatory retirement (until the end of the month in which an employee reaches 65 years of age) After 65 years of age, employees may be hired as contract employees A former employees reemployment system to hire former employees who have resigned due to personal reasons such as relocation of a family member due to job transfer, marriage, child-birth and nursing care.
<b>Maiden and regular name usage system</b>	With the exception of procedures requiring an employee to use their legal name, employees may use their maiden or regular name internally

Various awards and certifications



**Kurumin Mark certification**

(June, 2015)

On June 25, 2015, the company obtained Kurumin Mark certification. This was particularly in recognition of efforts including the introduction of a telework system and encouraging employees to take paid leave during the period from April 1, 2013 to March 31, 2015.



**Eruboshi company (highest grade) certification**

(April, 2016)

On April 28, 2016, the company received the highest of three grades as an Eruboshi company, a certification that recognizes companies demonstrating outstanding performance in the promotion of female participation.



**Selected for inclusion in ESG indices of companies using GPIF** (2017, 2018, 2019)

The Government Pension Investment Fund, Japan (GPIF), which possesses the largest pension assets in the world, began making ESG investments in July 2017. In connection with this development, the company was selected for inclusion in the MSCI Japan ESG Select Leaders Index and MSCI Japan Empowering Women Index (WIN), which were employed as ESG indices.



**Selected for Top Hundred Telework Pioneers by Ministry of Internal Affairs and Communications**

(November, 2018)

In recognition of initiatives to revise telework regulations and encourage the use of telework, in November 2018 the company was selected by the Ministry of Internal Affairs and Communications for the 2018 Top Hundred Telework Pioneers as a company promoting the introduction and utilization of telework.



**Rated 3.5 stars in the Nikkei Smart Work Management Survey**

(November, 2019)

In the third Nikkei Smart Work Management Survey, which selects companies leading advances in productivity improvements through workstyle reforms, the company was rated for 3.5 stars. The survey, conducted by Nikkei Inc. since 2017, covers listed companies and prominent non-listed companies across Japan, assessing them on a five-star scale. It defines smart work management as taking steps to maximize the organization's performance in three areas - diverse and flexible workstyles, new business creation and other innovation, and market development - and includes corporate governance and other management fundamentals in the evaluation.



**Selected as a 2019 Nadeshiko Brand**

(March, 2020)

On March 3, 2020, the company was selected as a Nadeshiko Brand for the first time. Jointly run by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, the scheme selects listed companies excelling the promotion of female participation.



# Establishing Various Mechanisms to Promote Globally the Overall Group

## Corporate Governance

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

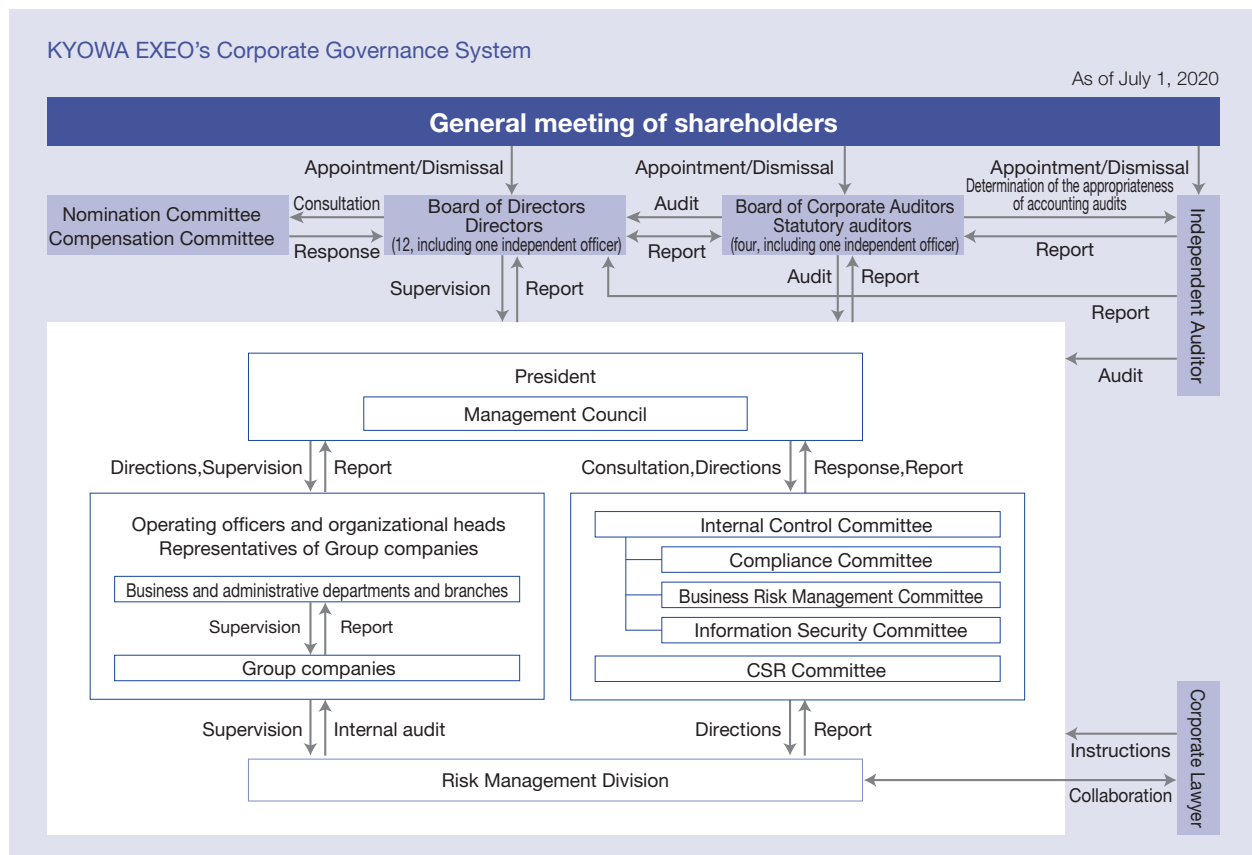
The KYOWA EXEO Group aims to maintain the full trust of shareholders and all other stakeholders by operating with integrity and a high standard of transparency. To this end, we are confident that it is one of the significant management issues to establish and maintain an organizational structure and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

Corporate governance system and rationale for adopting this system (overview of the corporate governance system)

We have adopted a board of statutory auditors system. We have fifteen Directors, including three Outside Directors, and four Statutory Auditors, including two Outside Statutory Auditors. In fiscal 2019, we held fifteen Board of Directors meetings and sixteen Board of Statutory Auditors meetings.

We have also adopted an operating officers system to separate between management decision-making and supervisory function and business execution function to achieve prompt and appropriate decision-making and business execution, while further strengthening our corporate governance.

The Board of Directors, chaired by the Representative Director and Chairman, makes decisions on important matters and supervises business execution. Operating officers execute operations based on the Board of Directors' decisions. Furthermore, we have a Management Council in place that discusses important business execution matters.



Furthermore, the Nomination Committee and the Compensation Committee have been set up as the Board of Directors' internal committees to further enhance our corporate governance. The Nomination Committee discusses the selection and appointment of candidates for Directors and the Compensation Committee discusses the compensation and bonuses for Directors and other matters. These committees report to the Board of Directors.

#### **Development of the internal control system and risk management system**

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

The Internal Control Committee, based on the Basic Guideline for Establishing Internal Control Systems, develops systems to ensure compliance with laws and regulations, effective and efficient operations and reliable financial reporting, and grasps the overall operation status of the internal control system while conducting its evaluation.

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.

#### **Policy concerning the decision-making about compensation for executives and its calculation**

Our basic policy concerning the decision-making about compensation for executives and its calculation is to effectively incentivize executives to contribute to increasing our corporate value and improving our short, medium and long-term performance and to maintain a level for securing outstanding talent who will drive the business of KYOWA EXEO as the leading information and communication network company.

Our specific policy concerning the decision-making about compensation and its calculation is deliberated by the Compensation Committee, which is comprised of Directors selected by the Board of Directors, and then determined by resolution of the Board of Directors to secure the transparency and fairness of the decision-making process. In fiscal 2019, three meetings of the Compensation Committee were held.

Compensation for Directors consists of base compensation, bonuses, and restricted shares. Specifically, they are determined as follows.

The base compensation is a fixed amount set for each position appropriately considering business environment and industry standards.

The bonuses are basically linked to the fiscal year's performance of consolidated income and determined by comprehensively taking into account the business environment and other elements. The bonus calculation approach intends to get Directors to be responsible for our consolidated performance in its entirety as management team members. The targeted consolidated operating income and consolidated net income for fiscal 2019 were 32.0 billion yen and 21.8 billion yen, respectively. The actual

consolidated operating income and consolidated net income were 31.1 billion yen and 15.6 billion yen, respectively.

Restricted shares are allotted to Directors to give them medium to long-term incentives towards achieving sustainable growth of our corporate value and to have them share the same value with our shareholders. The stock-based compensation is linked to the degree of achievement of medium and long-term performance targets of consolidated income and paid in accordance with the respective positions of Directors. The consolidated performance indicator for the stock-based compensation is consolidated operating income, which is directly linked to the achievement of targeted performance and common value shared with our shareholders.

Compensation for Outside Directors and Statutory Auditors, on the other hand, consists solely of fixed base compensation, reflecting their independence from the Company's business execution.

#### **Effectiveness Evaluation**

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

Based on the results of the board effectiveness evaluation conducted in fiscal 2018, we reviewed in fiscal 2019 the composition of the Board of Directors. Effective June 24, 2020, we decreased the number of Directors from fifteen to twelve and increased the number of Independent Outside Directors from three to four. Furthermore, we took measures to ensure that Independent Outside Directors and Independent Outside Statutory Auditors receive sufficient information to facilitate their discussions and judgment at the Board of Directors, including enhancing preliminary explanations for them, holding meetings to exchange opinions between Independent Outside Directors and Independent Outside Statutory Auditors, and having them conduct onsite inspections. The Vector Meeting, which is designed to discuss divisions' business strategies in early stages and to align their directions, discussed eleven topics in fiscal 2019, providing useful perspectives for considering our business' future direction.

At the same time, based on the results of the latest board evaluation, we have been sharing opinions towards further strengthening our corporate governance, including considering the necessity of reviewing the agenda items to be submitted to the Board of Directors, securing time for discussion by distributing meeting materials earlier, and following up the progress of business plans. Going forward, based on these results of board evaluation and opinions, the Company's Board of Directors will fully consider measures for improving its effectiveness and continue to implement initiatives for enhancing its functions.

## Messages from Outside Directors



I expect Exeo to pursue group synergy and become a company that attracts students from all over the world.

Naoko Iwasaki

Outside Director  
(Independent Director)

I have been building my career as a researcher/expert on ICT-related policies. I was appointed as an outside director of KYOWA EXEO in June 2019. Every time I attend its board meetings, I feel enthusiasm towards achieving the targets set in its medium-term business plan and towards the future stage of growth. Board meetings make very vibrant discussions and issues are shared promptly and equally among the members reflecting the expedited digital transformation.

In response to the outbreak of COVID-19 in 2020, the company quickly set up a risk management office to secure the safety of employees and customers. It proactively adopted teleworking and online board meetings, which has triggered workstyle reforms to take place throughout the company. The digital transformation implemented gradually since 2019 has helped provide a stable work-from-home environment and secure business continuation and improved efficiency of business operations. The company's risk management and digital transformation have been very timely and appropriate. What drove these initiatives were the president's strong leadership and the company's corporate governance that remained effective during the contingency situations.

Going forward, we must appropriately and promptly solve outstanding issues and create group-wide synergy, considering and securing integrity with and equal opportunities for the three companies in western Japan, with which we have completed management integration, companies we have capital and business partnerships with, and our overseas subsidiaries. Furthermore, strengthening SDGs and ESG-related activities that our group has proactively conducted and sharing awareness across the

group are important elements for increasing our corporate value.

I have been proactively working on initiatives towards achieving SDGs, including hosting seminars at the United Nations Headquarters in New York. The two major global issues the UN is particularly focusing on are aging population and environment issues. Corporate activities considering these issues will concurrently help us develop new businesses and contribute to the international society.

Among all, the social issue we should focus on is disaster mitigation given the frequent occurrence of severe natural disasters in recent years. Disaster mitigation-related service leveraging digital technologies, as part of our social infrastructure-related business, is one of the company's strengths. A possible approach is to utilize the world's three major cutting-edge technologies—5G, AI and 8K—as technologies core to our business strategy.

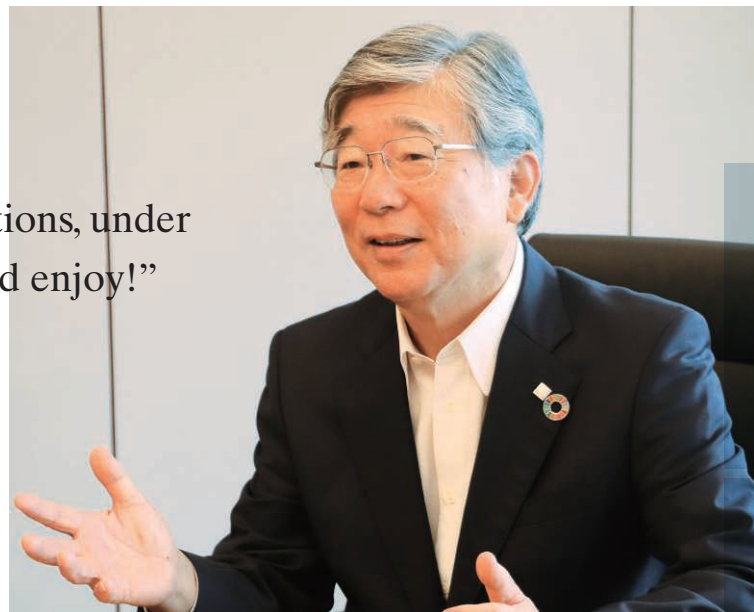
Our group's business is sound and we have a family-like culture. Based on the domestic businesses that have been established so far, we now must consider and develop new businesses as Japan is faced with a falling birthrate and aging and declining population. We are in a transition period and therefore we face an urgent need to speedily implement open innovation and strengthen technological capabilities, which are our strengths, and foster the development of people supporting them. My main job is teaching at a university as a professor. I hope KYOWA EXEO will become a company that students from all over the world want to join when they graduate. I will robustly fulfill my mission to help increase our group's corporate value.



## Seek to maintain earnest communications, under the motto, “Don’t run away, forget, and enjoy!”

Yasushi Kohara

Outside Director  
(Independent Director)



I was appointed as an outside director of KYOWA EXEO in June 2018 after working for Toyota Group. In these two years, our group has grown to have the capability of providing nationwide construction services through the management integration with the three companies in western Japan.

At the general meeting of shareholders held in June 2020, the total number of outside directors and outside statutory auditors was increased to six, enabling the board to conduct vibrant discussions from broader perspectives than ever. For the board meetings, adequate preliminary explanations about the agenda are given and we can request additional homework and reports. For important topics, we can conduct even more in-depth deliberations including at Vector Meetings that are held separately from board meetings. I feel the PDCA cycle is properly implemented. If I am allowed to wish more, I might suggest that we consider various meeting formats for exchanging opinions with more people, such as a camp.

We have been working on many overseas investment projects since last fiscal year. For further growth of EXEO Group, it is imperative to develop businesses internationally based on capabilities we have accumulated in Japan. We are still in the planting phase. We must mobilize our company-wide resources to establish a support system including fostering the development of talent for overseas businesses, supporting the local onsite work, and strengthening risk control.

With respect to issues we must continuously address—including establishing safe and secure work environment, securing and fostering the development of talent, succes-

sion of skills, and development of technologies and tools for improved productivity—I think we can always find solutions in onsite workplaces. Our emphasis on onsite work has been reinforced through active participation in the National Skills Competition, safety meetings held at every workplace, and other initiatives and efforts, which are important activities for supporting our corporate culture. I find these initiatives very encouraging. I will continue to make proposals from various perspectives including corporate governance and risk management.

The COVID-19 pandemic has caused the operations of the society to change drastically. Dissemination of teleworking and online conferencing is anticipated to lead to a rapid increase in demand for the development and enhancement of communication infrastructures. Responding to the needs of the society and addressing SDGs and ESG-related issues, which are becoming important indicators of corporate value evaluation, are our tasks of pressing urgency that we must work on together on a group-wide basis. I will get these points discussed robustly at board meetings so that they will be fully incorporated into the company’s future business strategy.

Our business environment and mindset are expected to change drastically. While constantly maintaining earnest communications with stakeholders, I will fulfill my responsibility to contribute to increasing our corporate value and driving further growth. When facing challenging situations, I will summon up my spirit under the motto, “Don’t run away, forget, and enjoy.”

## 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.

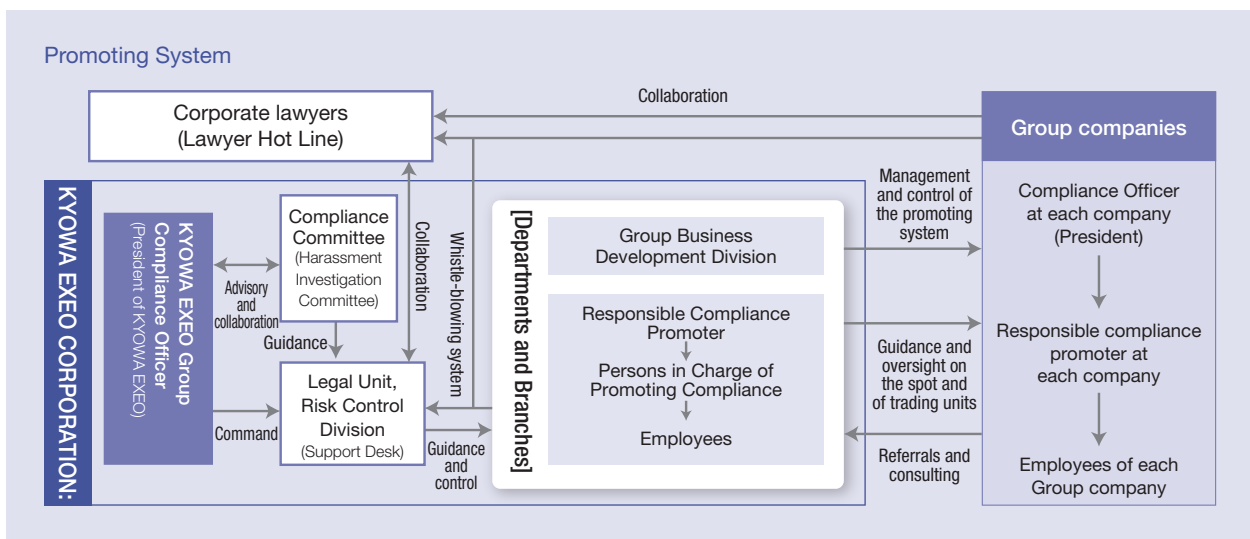
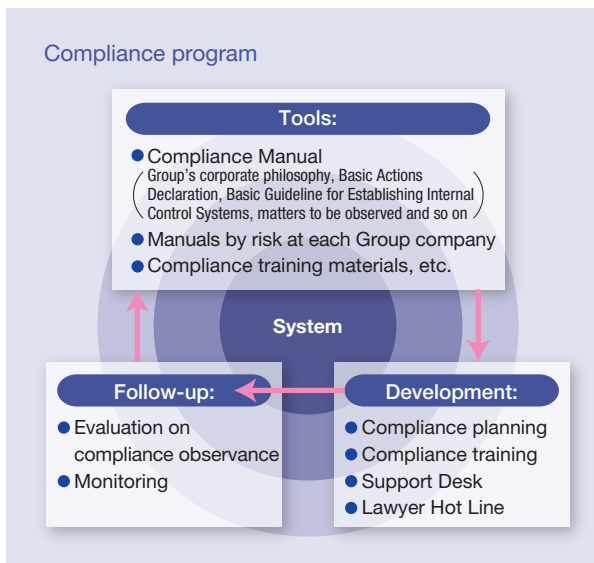
All employees of the KYOWA EXEO Group are provided with "Compliance Cards" to raise their awareness of the contact point for whistleblowers and guidelines for use.

##### 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

We designate October as the annual Compliance Promotion and Enhancement Month, and carry out various campaign measures, such as displaying posters and holding meetings, to further establish compliance within the Group.



# Risk Management

## Basic Policy

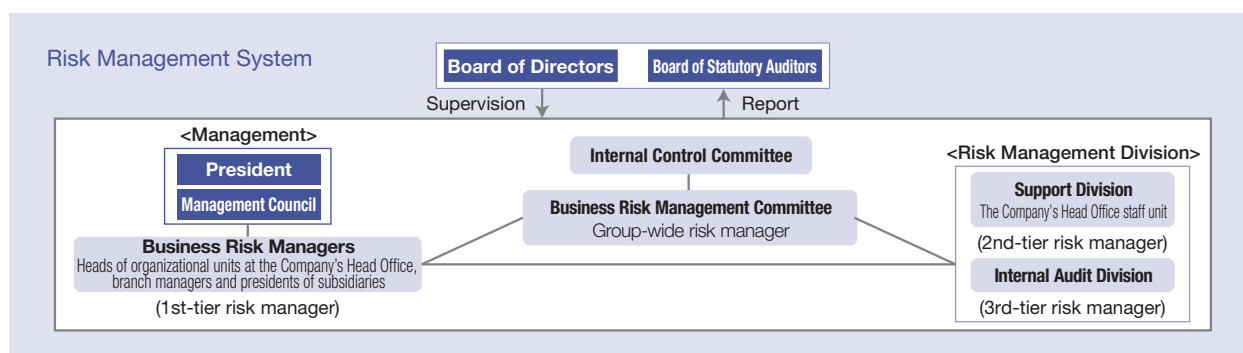
The KYOWA EXEO Group's basic policy for risk management is as follows:

- (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
Business risk	Management risk	<p><b>Business environment risk</b> Risk relating to changes in the management and business environments</p> <p><b>Management strategy risk</b> Risk relating to the decision making concerning management and business strategies, etc.</p>
	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.

**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

**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.



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

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



## Board of Directors (as of June 24, 2020)



Chairman  
**Fuminori Kozono**



President & CEO  
**Tetsuya Funabashi**



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 and Managing Operating Officer  
**Koichi Mino**



Director and Managing Operating Officer  
**Kenji Asano**



Director (Independent Director)  
**Kazuteru Kanazawa**



Director (Independent Director)  
**Yasushi Kohara**



Director (Independent Director)\*  
**Naoko Iwasaki**



Director (Independent Director)  
**Tatsushi Mochizuki**



Standing Statutory Auditor  
**Kazuo Sato**



Standing Statutory Auditor  
**Yuki Sakuyama**



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



Statutory Auditor (Independent Auditor)  
**Shinnosuke Yamada**

## 11-Year Major Financial Data

### Financial Items

Item	Unit	2010/3	2011/3	2012/3	2013/3
<b>Business performance</b>					
Orders received	¥Millions	276,289	273,788	288,532	317,862
Net sales	¥Millions	271,230	282,264	273,134	301,319
Gross profit	¥Millions	31,295	30,299	26,806	36,113
Operating income	¥Millions	13,867	12,390	8,919	18,046
Selling, general and administrative expenses	¥Millions	17,428	17,908	17,886	18,067
Ordinary income	¥Millions	14,425	13,246	9,178	18,119
Profit attributable to owners of parent	¥Millions	—	—	7,856	11,313
Capital expenditures	¥Millions	9,635	4,045	1,964	3,360
Depreciation expenses	¥Millions	2,992	3,039	2,947	2,308
<b>Financial status</b>					
Total assets	¥Millions	180,128	196,918	181,291	200,412
Property, plant and equipment	¥Millions	45,228	48,447	47,736	47,707
Net assets	¥Millions	105,307	112,232	113,411	122,387
Balance of interest-bearing debt (balance of loans payable, bonds payable, etc.)	¥Millions	18,095	21,326	8,178	9,908
<b>Cash flow status</b>					
Net cash provided by (used in) operating activities	¥Millions	10,989	614	16,435	7,160
Net cash provided by (used in) investing activities	¥Millions	(10,600)	(1,535)	(4,523)	(2,160)
Free cash flow	¥Millions	389	(921)	11,912	4,999
Net cash provided by (used in) financing activities	¥Millions	(4,095)	(3,650)	(17,533)	(3,038)
Cash and cash equivalents at the end of period	¥Millions	22,229	17,634	12,304	14,611
<b>Per share data</b>					
Earnings per share	¥	79.75	75.58	74.96	109.25
Net assets	¥	973.13	1,027.98	1,084.44	1,199.86
Cash dividend	¥	20	20	20	22
Payout ratio	%	25.1	26.5	26.7	20.1
<b>Financial indices</b>					
Operating income to net sales	%	5.1	4.4	3.3	6.0
Profit attributable to owners of parent to net sales	%	—	—	2.9	3.8
Return on equity (ROE)	%	8.6	7.6	7.2	9.6
Return on assets (ROA)	%	4.7	4.1	4.2	5.9
Shareholders' equity to total assets	%	55.4	53.9	62.4	60.9
<b>Stock price</b>					
Highest stock price	¥	976	854	863	1,079
Lowest stock price	¥	722	605	675	690
<b>Other</b>					
Number of employees (EXEO Group consolidated)	People	7,132	7,729	7,872	7,521



2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3
304,201	301,446	300,438	324,102	325,029	424,318	<b>556,321</b>
318,513	300,912	287,437	298,825	312,669	423,727	<b>524,574</b>
38,543	35,740	35,795	38,480	43,354	58,337	<b>68,327</b>
20,734	18,358	18,412	20,873	25,621	31,716	<b>31,100</b>
17,809	17,382	17,382	17,607	17,732	26,620	<b>37,226</b>
20,602	18,589	18,512	21,409	26,448	33,431	<b>30,669</b>
14,910	12,264	12,184	13,789	17,993	40,219	<b>15,603</b>
7,372	4,219	13,215	7,139	4,256	3,887	<b>15,855</b>
2,264	2,660	3,001	3,251	3,272	4,725	<b>6,473</b>
217,091	228,422	238,301	243,438	261,305	416,483	<b>444,905</b>
50,767	52,005	59,830	62,002	62,664	97,955	<b>107,677</b>
135,687	146,768	151,241	158,280	176,101	267,811	<b>270,109</b>
13,374	8,679	16,299	12,825	11,435	18,049	<b>47,167</b>
9,888	23,167	5,389	15,504	24,800	12,770	<b>17,299</b>
(7,477)	(2,828)	(13,907)	(6,027)	(4,538)	(17,609)	<b>(17,085)</b>
2,411	20,338	(8,518)	9,477	20,262	(4,839)	<b>213</b>
(905)	(12,343)	313	(10,230)	(5,137)	(4,924)	<b>4,227</b>
16,213	24,291	16,037	15,241	30,343	41,469	<b>46,012</b>
147.75	123.83	125.90	145.24	189.42	390.25	<b>139.75</b>
1,350.05	1,482.82	1,569.09	1,668.29	1,842.97	2,343.43	<b>2,395.16</b>
24	32	38	46	50	70	<b>80</b>
16.2	25.8	30.2	31.7	26.4	17.9	<b>57.2</b>
6.5	6.1	6.4	7.0	8.2	7.5	<b>5.9</b>
4.7	4.1	4.2	4.6	5.8	9.5	<b>3.0</b>
11.6	8.7	8.2	8.9	10.8	18.3	<b>5.9</b>
7.1	5.5	5.2	5.7	7.1	11.9	<b>3.6</b>
62.3	64.0	63.3	64.8	66.6	63.4	<b>59.9</b>
1,495	1,494	1,543	1,744	3,075	3,410	<b>3,135</b>
944	1,141	1,096	1,142	1,559	2,309	<b>1,906</b>
7,553	7,988	7,903	8,074	8,331	13,151	<b>13,882</b>

## Consolidated Balance Sheets

(¥Millions)

	2016/3	2017/3	2018/3	2019/3	2020/3
<b>ASSETS</b>					
Current assets	137,950	142,395	152,365	241,708	264,009
Cash and deposits	16,244	15,431	26,095	41,805	47,550
Notes receivable, accounts receivable from completed construction contracts	93,055	96,080	92,185	156,361	166,098
Short-term investment securities	91	63	4,499	895	898
Costs on uncompleted construction contracts and other	21,515	24,159	27,617	38,401	42,542
Deferred tax assets	3,355	3,733	—	—	—
Other current assets	3,688	2,927	1,967	4,403	7,013
Allowance for doubtful accounts	(1)	(0)	(1)	(158)	(94)
Noncurrent Assets	100,350	101,042	108,940	174,774	180,895
Property, plant and equipment	59,830	62,002	62,664	97,955	107,677
Buildings and structures	20,615	20,074	21,003	31,603	34,447
Machinery, vehicles, tools, furniture and fixtures	4,043	4,710	4,542	8,738	11,818
Land	34,370	36,197	36,602	55,403	58,654
Other property and equipment	801	1,021	516	2,209	2,757
Intangible assets	6,477	4,414	3,909	14,762	12,777
goodwill	1,983	1,053	658	10,259	7,640
Other intangible assets	4,494	3,360	3,251	4,502	5,136
Investments and other assets	34,043	34,626	42,365	62,056	60,440
Investment securities	17,777	17,093	19,833	37,917	34,721
Net defined benefit asset	13,467	14,520	17,947	16,283	17,059
Other investments and other assets	4,161	4,228	4,819	8,341	9,096
Allowance for doubtful accounts	(1,363)	(1,216)	(235)	(485)	(436)
<b>Total assets</b>	<b>238,301</b>	<b>243,438</b>	<b>261,305</b>	<b>416,483</b>	<b>444,905</b>
<b>LIABILITIES</b>					
Current liabilities	72,241	61,283	63,161	114,406	118,132
Notes payable, accounts payable for construction contracts	37,629	36,606	34,802	59,265	60,037
Short-term loans payable	13,336	826	1,012	13,069	6,817
Income taxes payable	2,562	4,142	5,004	7,498	7,863
Advances received on uncompleted construction contracts	3,255	3,457	3,574	5,487	9,762
Provision for bonuses	1,124	1,242	1,421	3,744	4,559
Provision for directors' bonuses	138	129	126	420	478
Provision for warranties for completed construction	907	57	58	86	130
Provision for loss on construction contracts	258	507	290	344	2,610
Provision for Loss on dissolved welfare pension fund	76	—	—	—	—
Other current liabilities	12,952	14,314	16,870	24,489	25,872
Noncurrent liabilities	14,818	23,874	22,042	34,265	56,662
Bonds payable	—	10,000	10,000	10,000	30,000
Long-term loans payable	2,413	1,390	10	4,659	8,965
Deferred tax liabilities	5,557	5,244	4,966	6,965	5,681
Provision for directors' retirement benefits	244	257	272	604	750
Allowance for investment loss	95	206	42	—	—
Net defined benefit liability	4,809	4,925	5,070	9,283	8,436
Other noncurrent liabilities	1,697	1,851	1,680	2,753	2,828
<b>Total liabilities</b>	<b>87,060</b>	<b>85,158</b>	<b>85,204</b>	<b>148,671</b>	<b>174,795</b>
<b>NET ASSETS</b>					
Shareholders' Equity	139,922	147,333	161,682	252,870	255,893
Capital stock	6,888	6,888	6,888	6,888	6,888
Capital surplus	7,939	7,978	8,098	47,868	49,604
Retained earnings	147,004	156,477	169,883	204,647	211,195
Treasury stock	(21,910)	(24,011)	(23,187)	(6,534)	(11,795)
Accumulated other comprehensive income	10,821	10,470	13,891	11,026	10,559
Valuation difference on available-for-sale securities	4,121	3,566	5,198	4,603	4,210
Foreign currency translation adjustment	28	15	11	(65)	193
Remeasurements of defined benefit plans	6,671	6,888	8,681	6,488	6,156
Subscription rights to shares	241	288	285	355	318
Non-controlling interests	255	187	242	3,559	3,337
<b>Total net assets</b>	<b>151,241</b>	<b>158,280</b>	<b>176,101</b>	<b>267,811</b>	<b>270,109</b>
<b>Total liabilities and net assets</b>	<b>238,301</b>	<b>243,438</b>	<b>261,305</b>	<b>416,483</b>	<b>444,905</b>

## Consolidated Statements of Income

	2016/3	2017/3	2018/3	2019/3	2020/3
	(¥Millions)				
<b>Net sales of completed construction contracts</b>	287,437	298,825	312,669	423,727	<b>524,574</b>
Cost of sales of completed construction contracts	251,642	260,344	269,315	365,389	<b>456,247</b>
<b>Gross profit on completed construction contracts</b>	35,795	38,480	43,354	58,337	<b>68,327</b>
Selling, general and administrative expenses	17,382	17,607	17,732	26,620	<b>37,226</b>
<b>Operating income</b>	18,412	20,873	25,621	31,716	<b>31,100</b>
<b>Non-operating income</b>	1,438	1,936	1,398	2,468	<b>2,076</b>
Interest income	21	4	4	16	<b>36</b>
Dividends income	266	315	403	537	<b>749</b>
Reversal of allowance for doubtful accounts	441	111	—	—	<b>—</b>
Land and house rent received	157	572	401	295	<b>415</b>
Gain on sales of non-current assets	261	437	114	—	<b>—</b>
Reversal of allowance for investment loss	—	—	170	—	<b>—</b>
Gain on exchange of investment securities	—	203	—	—	<b>—</b>
Gain on step acquisitions	—	—	—	—	<b>—</b>
Other	289	290	303	1,618	<b>875</b>
<b>Non-operating expenses</b>	1,338	1,400	571	753	<b>2,507</b>
Interest expenses	57	49	33	48	<b>208</b>
Rent expenses	44	185	—	—	<b>—</b>
Loss on sales of noncurrent assets	138	516	57	—	<b>—</b>
Loss on retirement of noncurrent assets	—	45	68	—	<b>—</b>
Loss on valuation of investment securities	—	—	1	106	<b>425</b>
Foreign exchange losses	397	143	169	—	<b>522</b>
Impairment loss	—	—	—	135	<b>411</b>
Other	701	458	241	463	<b>938</b>
<b>Ordinary income</b>	18,512	21,409	26,448	33,431	<b>30,669</b>
<b>Extraordinary income</b>	—	1,471	—	18,313	<b>658</b>
Gain on sales of investment securities	—	1,262	—	—	<b>658</b>
Gain on abolishment of retirement benefit plan	—	209	—	—	<b>—</b>
Gain on bargain purchase	—	—	—	18,313	<b>—</b>
<b>Extraordinary loss</b>	—	2,159	—	126	<b>4,473</b>
Impairment loss	—	2,159	—	—	<b>—</b>
Goodwill amortization	—	—	—	126	<b>—</b>
Goodwill impairment loss	—	—	—	—	<b>4,473</b>
<b>Income before income taxes and minority interests</b>	18,512	20,721	26,448	51,617	<b>26,854</b>
Income taxes-current	4,203	7,719	8,018	11,943	<b>11,438</b>
Income taxes-deferred	2,086	(737)	375	(658)	<b>(240)</b>
Total income taxes	6,290	6,982	8,393	11,284	<b>11,198</b>
<b>Net income</b>	12,222	13,739	18,054	40,333	<b>15,656</b>
<b>Profit (loss) attributable to non-controlling interests</b>	37	(50)	61	113	<b>53</b>
<b>Profit attributable to owners of parent</b>	12,184	13,789	17,993	40,219	<b>15,603</b>

## Consolidated Statements of Comprehensive Income

	2016/3	2017/3	2018/3	2019/3	2020/3
	(¥Millions)				
<b>Net income</b>	12,222	13,739	18,054	40,333	<b>15,656</b>
<b>Other comprehensive income</b>					
Valuation difference on available-for-sale securities	(1,035)	(554)	1,631	(625)	<b>(394)</b>
Foreign currency translation adjustment	(18)	(30)	(10)	(92)	<b>265</b>
Remeasurements of defined benefit plans	285	216	1,793	(2,193)	<b>(332)</b>
Total accumulated other comprehensive income	(769)	(368)	3,414	(2,911)	<b>(461)</b>
<b>Comprehensive income</b>	11,452	13,370	21,469	37,421	<b>15,195</b>
Breakdown					
Comprehensive income attributable to owners of the parent	11,426	13,438	21,413	37,354	<b>15,137</b>
Comprehensive income attributable to non-controlling interests	26	(68)	55	67	<b>58</b>



## Consolidated Statements of Changes in Net Assets

	2016/3	2017/3	2018/3	2019/3	2020/3
(¥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	6,879	7,939	7,978	8,098	47,868
Changes of items during the period					
Disposal of treasury stock	1,060	38	120	123	1,563
Changes in Stock exchange	—	—	—	39,639	—
Increase in treasury stock due to increase in consolidated subsidiaries	—	—	—	7	(2)
Sales of shares of consolidated subsidiaries	—	—	—	—	174
Total changes of items during the period	1,060	38	120	39,770	1,735
Balance at the end of current period	7,939	7,978	8,098	47,868	49,604
Retained earnings					
Balance at the beginning of current period	137,957	147,004	156,477	169,883	204,647
Cumulative effects of changes in accounting policies	—	22	—	—	—
Changes of items during the period					
Dividends from surplus	(3,137)	(4,338)	(4,588)	(5,433)	(8,764)
Profit attributable to owners of parent	12,184	13,789	17,993	40,219	15,603
Change of scope of consolidation	—	—	—	(21)	11
Merger of a consolidated subsidiary and a non-consolidated subsidiary	—	—	—	—	(302)
Total changes of items during the period	9,047	9,450	13,405	34,764	6,547
Balance at the end of current period	147,004	156,477	169,883	204,647	211,195
Treasury stock					
Balance at the beginning of current period	(17,029)	(21,910)	(24,011)	(23,187)	(6,534)
Changes of items during the period					
Purchase of treasury stock	(5,002)	(3,002)	(3)	(3,015)	(5,009)
Disposal of the treasury stock	2,057	167	311	277	2,167
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)	—	—	—	(3,079)
Transfer of own shares via trust	664	733	515	685	659
Total changes of items during the period	(4,880)	(2,101)	823	16,653	(5,261)
Balance at the end of current period	(21,910)	(24,011)	(23,187)	(6,534)	(11,795)
Total shareholders' equity					
Balance at the beginning of current period	134,696	139,922	147,333	161,682	252,870
Cumulative effects of changes in accounting policies	—	22	—	—	—
Changes of items during the period					
Dividends from surplus	(3,137)	(4,338)	(4,588)	(5,433)	(8,764)
Profit attributable to owners of parent	12,184	13,789	17,993	40,219	15,603
Purchase of treasury stock	(5,002)	(3,002)	(3)	(3,015)	(5,009)
Disposal of the treasury stock	3,117	206	431	400	3,731
Changes in Stock exchange	—	—	—	59,502	—
Increase in treasury stock due to increase in consolidated subsidiaries	—	—	—	(1,157)	—
Change of scope of consolidation	—	—	—	(21)	11
Change in equity due to additional acquisition of consolidated subsidiary stock	—	—	—	7	(2)
Sales of shares of consolidated subsidiaries	—	—	—	—	174
Merger of a consolidated subsidiary and a non-consolidated subsidiary	—	—	—	—	(302)
Acquisition of own shares via trust	(2,600)	—	—	—	(3,079)
Transfer of own shares via trust	664	733	515	685	659
Total changes of items during the period	5,226	7,388	14,349	91,187	3,022
Balance at the end of current period	139,922	147,333	161,682	252,870	255,893
Accumulated other comprehensive income					
Valuation difference on available-for-sale securities					
Balance at the beginning of current period	5,157	4,121	3,566	5,198	4,603
Changes of items during the period					
Net changes of items other than shareholders' equity	(1,036)	(554)	1,631	(594)	(392)
Total changes of items during the period	(1,036)	(554)	1,631	(594)	(392)
Balance at the end of current period	4,121	3,566	5,198	4,603	4,211
Foreign currency translation adjustment					
Balance at the beginning of current period	35	28	15	11	(65)
Changes of items during the period					
Net changes of items other than shareholders' equity	(7)	(12)	(4)	(76)	258
Total changes of items during the period	(7)	(12)	(4)	(76)	258
Balance at the end of current period	28	15	11	(65)	193
Re measurements of defined benefit plans					
Balance at the beginning of current period	6,386	6,671	6,888	8,681	6,488
Changes of items during the period					
Net changes of items other than shareholders' equity	285	216	1,793	(2,193)	(331)
Total changes of items during the period	285	216	1,793	(2,193)	(331)
Balance at the end of current period	6,671	6,888	8,681	6,488	6,156
Total accumulated other comprehensive income					
Balance at the beginning of current period	11,579	10,821	10,470	13,891	11,026
Change of items during the period					
Net changes of items other than shareholders' equity	(758)	(350)	3,420	(2,865)	(466)
Total changes of items during the period	(758)	(350)	3,420	(2,865)	(466)
Balance at the end of current period	10,821	10,470	13,891	11,026	10,559
Subscription rights to shares					
Balance at the beginning of current period	263	241	288	285	355
Changes of items during the period					
Net changes of items other than shareholders' equity	(22)	47	(3)	70	(36)
Total changes of items during the period	(22)	47	(3)	70	(36)
Balance at the end of current period	241	288	285	355	318
Minority interests					
Balance at the beginning of current period	229	255	187	242	3,559
Changes of items during the period					
Net changes of items other than shareholders' equity	26	(69)	55	3,317	(221)
Total changes of items during the period	26	(69)	55	3,317	(221)
Balance at the end of current period	255	187	242	3,559	3,337
Total net assets					
Balance at the beginning of current period	146,768	151,241	158,280	176,101	267,811
Cumulative effects of changes in accounting policies	—	22	—	—	—
Changes of items during the period					
Dividends from surplus	(3,137)	(4,338)	(4,588)	(5,433)	(8,764)
Profit attributable to owners of parent	12,184	13,789	17,993	40,219	15,603
Purchase of treasury stock	(5,002)	(3,002)	(3)	(3,015)	(5,009)
Disposal of treasury stock	3,117	206	431	400	3,731
Changes in Stock exchange	—	—	—	59,502	—
Increase in treasury stock due to increase in consolidated subsidiaries	—	—	—	(1,157)	—
Change of scope of consolidation	—	—	—	(21)	11
Change in equity due to additional acquisition of consolidated subsidiary stock	—	—	—	7	(2)
Sales of shares of consolidated subsidiaries	—	—	—	—	174
Merger of a consolidated subsidiary and a non-consolidated subsidiary	—	—	—	—	(302)
Acquisition of own shares via trust	(2,600)	—	—	—	(3,079)
Transfer of own shares via trust	664	733	515	685	659
Net changes of items other than shareholders' equity	(754)	(371)	3,471	522	(724)
Total changes of items during the period	4,472	7,016	17,820	91,710	2,298
Balance at the end of current period	151,241	158,280	176,101	267,811	270,109

## Consolidated Statements of Cash Flows

	2016/3	2017/3	2018/3	2019/3	2020/3
	(¥Millions)				
<b>Net cash provided by (used in) operating activities</b>	5,389	15,504	24,800	12,770	17,299
Income before income taxes and minority interests	18,512	20,721	26,448	51,617	26,854
Depreciation and amortization	2,857	3,251	3,272	4,725	6,473
Impairment loss	71	2,159	0	135	411
Goodwill impairment loss	—	—	—	—	4,473
Amortization of goodwill	1,082	929	395	1,201	1,987
Gain on bargain purchase	—	—	—	(18,313)	(65)
Increase (decrease) in allowance for doubtful accounts	(514)	(148)	(980)	50	(117)
Increase (decrease) in provision for bonuses	75	117	179	419	715
Increase (decrease) in provision for warranties for completed construction	611	(850)	0	28	44
Increase (decrease) in provision for loss on construction contracts	(5,197)	248	(216)	(106)	2,266
Increase (decrease) in net defined benefit asset (liability)	(1,339)	(399)	(694)	(1,231)	(2,233)
Interest and dividends income	(288)	(319)	(407)	(554)	(785)
Interest expenses	57	49	33	48	208
Loss (gain) on sales of noncurrent assets	(122)	79	(56)	(588)	(19)
Loss (gain) on sales of investment securities	—	—	0	(67)	(480)
Decrease (increase) in notes and accounts receivable-trade	(8,419)	(3,127)	3,892	(28,202)	(8,581)
Decrease (increase) in costs on uncompleted construction contracts and other	487	(2,659)	(3,447)	701	(3,517)
Decrease (increase) in other operating assets	(423)	965	2,175	(1,009)	(2,916)
Increase (decrease) in notes and accounts payable-trade	2,438	(1,014)	(1,802)	9,240	408
Increase (decrease) in advances received on uncompleted construction contracts	1,006	204	118	198	4,099
Increase (decrease) in other operating liabilities	(2,673)	2,671	2,327	4,528	(1,474)
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	483	390	285	364	436
Sub-total	8,705	21,595	31,523	23,187	28,188
Interest and dividends income received	288	318	408	552	786
Interest expenses paid	(59)	(66)	(33)	(49)	(170)
Income taxes paid	(3,545)	(6,343)	(7,098)	(10,920)	(11,505)
<b>Net cash provided by (used in) investing activities</b>	(13,907)	(6,027)	(4,538)	(17,609)	(17,085)
Purchase of property and equipment	(10,467)	(5,761)	(3,214)	(2,757)	(12,693)
Proceeds from sales of property, plant and equipment	1,533	901	352	698	810
Purchase of intangible assets	(2,137)	(2,416)	(1,010)	(1,079)	(1,827)
Purchase of investment securities	(2,570)	(443)	(429)	(484)	(1,587)
Proceeds from sales of investment securities	10	1,686	0	233	4,038
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	—	—	(16,961)	(5,083)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	—	—	—	—	(128)
Payments of loans receivable	(30)	(111)	(204)	(358)	(125)
Collection of loans receivable	4	1	1	3,098	45
Decrease (increase) in time deposits and other	(298)	44	1	20	(184)
Other, net	49	72	(35)	(20)	(350)
<b>Net cash provided by (used in) financing activities</b>	313	(10,230)	(5,137)	(4,924)	4,227
Net increase (decrease) in short-term loans payable	5,703	(12,306)	(100)	4,130	(6,821)
Proceeds from issuance of bonds	—	9,991	—	—	19,904
Repayment of long-term loans payable	(708)	(1,227)	(1,093)	(2,474)	(2,609)
Proceeds from long-term loans payable	2,600	—	—	1,260	7,474
Purchase of treasury stock	(5,002)	(3,002)	(3)	(3,015)	(5,009)
Proceeds from sales of treasury stock	3,008	153	308	339	3,620
Acquisition of own shares via trust	(2,600)	—	—	—	(3,079)
Transfer of own shares via trust	664	733	515	685	659
Cash dividends paid	(3,133)	(4,329)	(4,581)	(5,425)	(8,749)
Dividends paid to non-controlling interests	—	—	—	—	(36)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	—	—	(96)	(655)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	—	—	—	287
Other, net	(218)	(244)	(182)	(329)	(758)
<b>Effect of exchange rate change on cash and cash equivalents</b>	(49)	(42)	(23)	(113)	(18)
<b>Net increase (decrease) in cash and cash equivalents</b>	(8,254)	(796)	15,101	(9,877)	4,422
<b>Cash and cash equivalents at beginning of period</b>	24,291	16,037	15,241	30,343	41,469
<b>Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation</b>	—	—	—	55	5
<b>Increase in cash and cash equivalents resulting from merger of a consolidated subsidiary and a non-consolidated subsidiary</b>	—	—	—	—	114
<b>Increase in cash and cash equivalents due to share exchange</b>	—	—	—	20,948	—
<b>Cash and cash equivalents at the end of period</b>	16,037	15,241	30,343	41,469	46,012

## Corporate Data

<b>Company Name</b>	KYOWA EXEO CORPORATION
<b>Established</b>	May 17, 1954
<b>Paid-in Capital</b>	¥6,888 million (as of April 1, 2019)
<b>Stock Listing</b>	First Section of the Tokyo Stock Exchange
<b>Representatives</b>	Fuminori Kozono, Chairman Tetsuya Funabashi, Vice President Tsutomu Ota, Representative Director
<b>Net Sales</b>	¥423.7 billion (consolidated) ¥279.0 billion (non-consolidated) (as of March 31, 2019)
<b>Number of Employees</b>	13,151 (consolidated) 3,804 (non-consolidated) (as of March 31, 2019)



## Business Bases

**Domestic bases** (■ Branches/■ Offices)

- **Head Office** 29-20, Shibuya 3-chome, Shibuya-ku, Tokyo
- **West Japan Head Office** 2-10, Uchihonmachi 2-chome, Chuo-ku, Osaka

- **Hokkaido Branch** 7-2-20 Minami 21-jo Nishi, Chuo-ku, Sapporo-shi
- **Tohoku Branch** 2-5-1 Omachi, Aoba-ku, Sendai-shi
- **Minami Kanto Branch** 12-1 Kanagawahoncho, Kanagawa-ku, Yokohama-shi
- **Koshin Branch** 602-2 Ochiaicho, Kofu-shi
- **Tokai Branch** Nishiki SIS Building, 3-10-33 Nishiki, Naka-ku, Nagoya-shi
- **Kansai Branch** 2-2-10 Uchihonmachi, Chuo-ku, Osaka-shi
- **Kyoto Branch** 539-20 Monzencho, Okedori Omiya Nishiiru, Nakagyo-Ku, Kyoto-shi
- **Hyogo Branch** 2-1-13 Ekiminamidori, Hyogo-ku, Kobe-shi
- **Hokuriku Branch** Kanazawa Fit Building, 53-1 Futakuchimachi-2, Kanazawa-shi
- **Shikoku Branch** 148-20 Hayashicho, Takamatsu-shi
- **Chugoku Branch** 2-7-11 Ogawachimachi, Nishi-ku, Hiroshima-shi
- **Kyushu Branch** 7-8 Tamagawamachi, Minami-ku, Fukuoka-shi
- **Okinawa Branch** 683-1 Onaga, Nishiharacho, Nakagami-gun

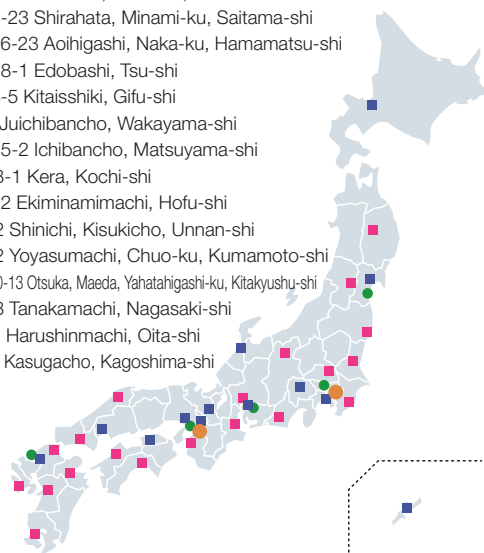
- **Iwate Office** 1-4-16 Ryusentaminami, Yahabacho, Shiwa-gun
- **Yamagata Office** 9-10 Minami 4-bancho, Yamagata-shi
- **Fukushima Office** 3-2 Donemachi, Taira, Iwaki-shi
- **Nagano Office** 1-1-12 Kirihara, Nagano-shi
- **Ibaraki Office** 1486 Kasaharacho, Mito-shi
- **Chiba Office** 24-9 Shinmachi, Chuo-ku, Chiba-shi
- **Saitama Office** 5-1-23 Shirahata, Minami-ku, Saitama-shi
- **Shizuoka Office** 2-26-23 Aoihigashi, Naka-ku, Hamamatsu-shi
- **Mie Office** 1-18-1 Edobashi, Tsu-shi
- **Gifu Office** 4-3-5 Kitaishshiki, Gifu-shi
- **Wakayama Office** 54 Juichibancho, Wakayama-shi
- **Matsuyama Office** 1-15-2 Ichibancho, Matsuyama-shi
- **Kochi Office** 993-1 Kera, Kochi-shi
- **Yamaguchi Office** 19-2 Ekiminamimachi, Hofu-shi
- **Shimane Office** 382 Shinichi, Kisukicho, Unnan-shi
- **Kumamoto Office** 332 Yoyasumachi, Chuo-ku, Kumamoto-shi
- **Kitakyushu Office** 1320-13 Otsuka, Maeda, Yahatahigashi-ku, Kitakyushu-shi
- **Nagasaki Office** 823 Tanakamachi, Nagasaki-shi
- **Oita Office** 5-1 Harushinmachi, Oita-shi
- **Minami-Kyushu Office** 4-6 Kasugacho, Kagoshima-shi

### Bases of Five Major Consolidated Subsidiaries

- **EXEO TECH CORPORATION** 4-1-23 Heiwajima, Ota-ku, Tokyo
- **C-CUBE Corporation** 1-5-1 Monzencho, Naka-ku, Nagoya-shi
- **Daiwa Densetsu Corporation** 2-5-1 Omachi, Aoba-ku, Sendai-shi
- **Seibu Electric Industry Co., Ltd.** 3-7-1 Hakataeki-higashi, Hakata-ku, Fukuoka-shi
- **NIPPON DENTSU CO., LTD.** 2-21-1 Isoji, Minato-ku, Osaka-shi

### Overseas Bases

- **Philippines**  
MG EXEO NETWORK, INC.  
12th Floor, DPC Place Bldg.  
2322 Pasong Tamo Extension,  
1231 Makati City,  
PHILIPPINES
- **Thailand**  
EXEO ASIA COMPANY LIMITED  
246 Times Square Building 15-01, 15-03, Shukumvit Road,  
Kloengtoey, Bangkok 10110, Thailand
- **Singapore**  
EXEO GLOBAL Pre. Ltd.  
80 Robinson Road #02-00 Singapore 068898





# Stock Information

(as of March 31, 2020)

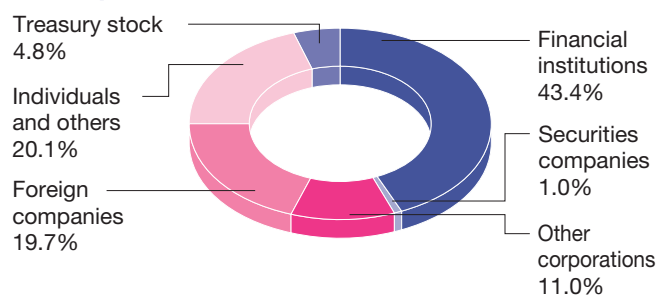
<b>Fiscal Year-End</b>	March 31
<b>Annual Shareholders' Meeting</b>	June 22, 2018
<b>Stock Listing</b>	Tokyo Stock Exchange (First Section)
<b>Ticker Code</b>	1951
<b>Common Stock</b>	Authorized: 300,000,000 shares Issued: 117,812,419 shares
<b>Total Number of Shareholders</b>	22,524
<b>Transfer Agent and Registrar</b>	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan

## Major Shareholders

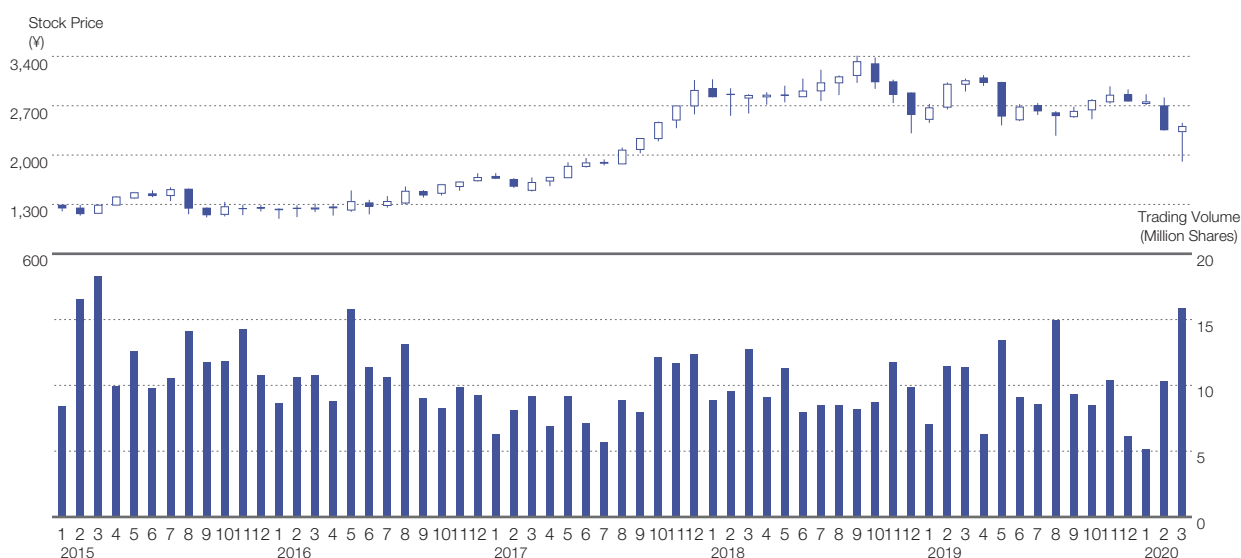
	Number of shares held (thousand)	Percentage of total shares issued (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	15,227	13.57
The Master Trust Bank of Japan, Ltd. (Trust Account)	9,254	8.25
ESOP Association of KYOWA EXEO CORPORATION	3,989	3.56
SUMITOMO LIFE INSURANCE COMPANY	2,296	2.05
Sumitomo Realty & Development Co., Ltd.	2,081	1.86
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,934	1.72
BBH FOR MATTHEWS JAPAN FUND	1,889	1.68
JP MORGAN CHASE BANK 385151	1,855	1.65
Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Trust Bank, Retirement Benefit Trust Account)	1,834	1.63
Japan Trustee Services Bank, Ltd. (Trust Account 7)	1,552	1.38

Note: The Company holds 5,623 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



## KYOWA EXEO Group Structure

### KYOWA EXEO CORPORATION

#### Five Major Consolidated Subsidiaries

##### C-CUBE Corporation

**Insightful company that employs best people to deliver advanced technology and exciting communication 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.



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

**Contribute to the society and aspire for further development and growth of our business**

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.

In addition to improving efficiency and productivity, we will make Group-wide efforts to create unprecedented values as well as propose and offer our customers safe services and products. We will also proactively take on the challenge of cultivating and expanding business opportunities by performing analysis from various angles.

Furthermore, we will promote Group-wide cooperation to enhance our structure to ensure solid response even under emergencies such as the large-scale disasters beyond expectation experienced in recent years.

As a company engaged in all forms of public infrastructure, we will aspire for further growth and development of our business while building on the dreams, wishes and pride of every employee and contributing to society by leveraging our strength.



##### 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 increasing customer satisfaction and creating a society where people can live safely through the construction of a telecommunications infrastructure and the development of IT solutions.

We are currently operating under a three-group structure, i.e., NTT Business Group, Advanced Technology Group, and IT Solutions Group, to provide services and solutions to a wide range of customers.

In response to the COVID-19 crisis this year, we have shifted gears to prepare for the new normal by providing and accelerating solutions incorporating advanced technologies including AI and chatbot to the work style reforms and DX solutions we had been promoting.

We hope to offer solutions that support growth in the prospective post-COVID and with-COVID era by taking advantage of ICT.



##### EXEO TECH CORPORATION

**We will aspire to become a core company dedicated to private sector demand, and aim for further growth**

EXEO TECH CORPORATION merged with Exeo Network Corporation and FUJI DENSETSU CO., LTD. in July 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 safely and steadily execute works for KYOWA EXEO and make further efforts to increase works received externally. We integrated the human resource system last year, and also reviewed the organization in April 2020, as part of our efforts to achieve better collaboration and synergy effects. We will aim for further growth by taking on the challenges of new businesses such as development of products and businesses utilizing AI and IoT technologies and by maximizing our engineering capacity that will achieve development of communication infrastructure including 5G.



##### Daiwa Densetsu Corporation

**Creating a future full of dreams**

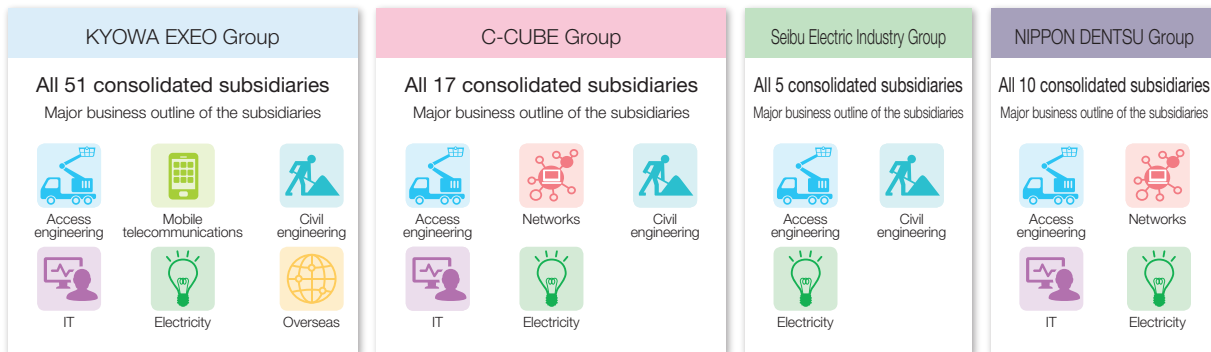
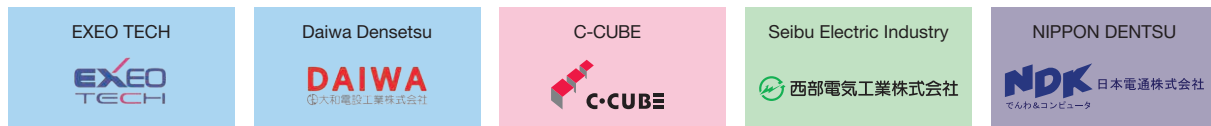
Daiwa Densetsu Corporation has worked in the Tohoku region under the management philosophy of "connecting technologies," "developing hand-in-hand with the region," and "creating a future," based on the business foundation of safety, quality, and trust.

We have celebrated the 70th anniversary in 2019, and will flexibly respond to the changes of the times and environment under the theme of "3S (Speed, Smart, Safety)" for the next hundred years.

The NUTRIMATE hospital food nutrition service management system we developed has about 50% market share among university hospitals nationwide. We will endeavor towards further development and growth with the region as a company that makes contribution to the aging society through extending healthy life expectancy with "food."



Five Major Consolidated Subsidiaries



15 non-consolidated subsidiaries and 19 affiliates

## Overview of Group Companies

### Kita Daihaku Tsushin Denki K.K.

Kita Daihaku Tsushin Denki K.K., was founded in the year of 1964 Tokyo Olympic Games as a telephone facility works and maintenance company. Building on its history and trust, the company has responded to various needs of its customers taking advantage of ICT such as audio systems and information systems.

In recent years, waves of new ICT innovations including 5G and IoT, described as so-called the fourth industrial revolution, are rapidly emerging. The company sees this as a significant business opportunity, and is making daily efforts to create unique solutions that support its customers.

It aspires to contribute to the society through its business, and become a vibrant, shining company where everyone involved, including its customers, management and employees, is fulfilled.



### SUN PLANNING SYSTEMS Co., Ltd.

Since its foundation in 1980, SUN PLANNING SYSTEMS Co., Ltd. has been committed to being a prime vendor, and engaged in client support business offering one-stop system development service that covers from requirement definition to systems development and operation. It also offers business solution services leveraging on the know-how obtained through on-going support of its customers, listening to their problems and proposing new solutions. BPM/RPA and diagnostic systems solution have become the growth engine that supports its strong corporate growth.

Based on its management philosophy of "sincerity," "challenge," and "learning," the company promotes and devotes itself in becoming the best partner of its customers to contribute to the creation of benefits to the society, customers, employees and shareholders.



### CPU Inc.

CPU Inc., was the first in Japan to develop CAD software for construction planning to be used on personal computers (NEC PC-9801) in 1983. Since then, it has become a software development and sales company creating many software that improve business efficiency, with CAD construction software and civil engineering surveying systems for construction and civil engineering industries as the mainstay products.

More recently, it has been providing regional ICT platform services to local organizations and various institutions such as municipalities and neighborhood associations, offering ICT service proposals, installation and operational support to resolve social issues.

As a member of the EXEO Group and with its pioneering spirit, CPU Inc. will take on the challenge of creating products with ICT to resolve issues of our customers and the society and providing total solutions.



### Winner Engineering Pte. Ltd.

Winner Engineering Pte. Ltd. became a member of the EXEO Group in October 2019 through stock acquisition by EXEO GLOBAL Pte. Ltd., our headquarters for overseas business.

Since its foundation in 1975, it has been engaged in many air conditioning and hygiene facilities works and electrical works in Singapore. It was an early adopter of BIM for design and surveying as well as new construction methods such as the Prefabricated Prefinished Volumetric Construction (PPVC). Its growth was achieved by the business operation that flexibly responded to the changes in the domestic construction industry and focused on leading-edge trends.

By integrating the company's air conditioning and hygiene works technologies with the business network and ICT/electrical works technologies of other Group companies in Singapore (DeClout Group and Leng Aik Engineering), Winner Engineering Pte. Ltd. will contribute to the development and growth of the overseas business and further business growth of the EXEO Group.







KYOWA EXEO CORPORATION