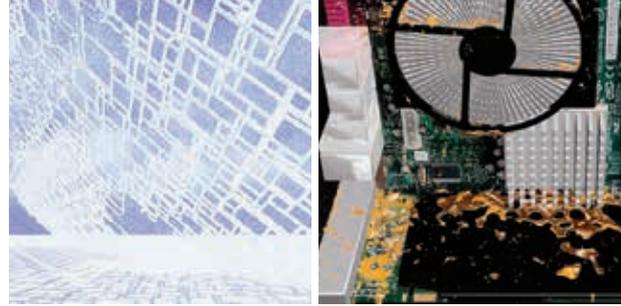
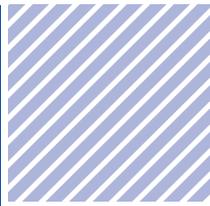


Creating systems that advance society by integrating human, physical, and intangible resources.



# Annual Shareholders Newsletter for FY2017

From July 1, 2017 to June 30, 2018



*Innovating for a Wise Future*

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# To Our Shareholders

Enhancing our total added value as a company by steadily promoting our growth strategies.



I would like to extend my heartfelt gratitude to our shareholders for their continued support and understanding for our business.

In presenting the business report for FY2017 of the Company, I would like to offer a few words.

As we strive to solve various issues and challenges that face society, our founding spirit—"Create a future society full of wisdom, together with our stakeholders, by utilizing our technologies based on engineering knowledge and by disseminating them throughout society"—is at the heart of our Thought (philosophy), "Innovating for a Wise Future."

Founded in 1959, since the days of its incorporation the Company has worked on advanced technologies and business challenges, making the best of its engineering knowledge which integrates academic and empirical knowledge. While maintaining a solid foundation of expertise in the structural design of buildings, we are expanding our businesses into diversified areas such as ground analysis and environmental analysis of the surroundings, support for utilizing IT in architectural and manufacturing industries, as well as simulation and decision making support for the development of social systems. In each business domain, we focus on leveraging the experience curve effects and have thus far accumulated engineering expertise and steadily enhanced the value we add to our solutions.

These efforts have contributed to the robust financial results for FY2017 of the Company, with its net income of ¥860 million, an increase of ¥244 million or growth of 39.6% over the previous fiscal year.

The Engineering Consulting business recorded an increase in profit, driven by repeated orders from blue-chip enterprises in the residential/construction industries with their strong motivation for investment to expand business and enhance competitiveness, orders for structural design services and analytical consulting services that contribute to building a safe and secure society, as well as orders for simulation and decision making support for the development of social systems.

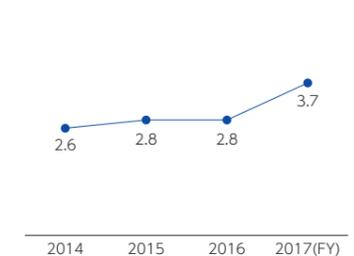
## Shareholder Returns

### Trends in Dividends (Unit: ¥)



(Note) The Company has implemented a quarterly dividend system from the fiscal year ended June 30, 2017 (FY2016).

### Dividend Yield (shown in %)



### Retirement of Treasury Stock

To enhance shareholder returns and to relieve concerns regarding dilution of share value in the future, by a resolution at the Board of Directors' Meeting held on August 6, 2018, the Company conducted a retirement of treasury stock.

1. Type of shares to be retired Ordinary shares of the Company
2. Number of shares to be retired 606,000 shares
3. Effective date of retirement August 27, 2018
4. Total number of outstanding shares after retirement 5,500,000 shares

Profit from the Product Service business has been contributed by the sales of CAE software for designers which realizes period shortening and cost reduction in product development, and sales of package software products such as radio propagation analysis software, as well as the robust revenue from cloud-based email delivery services.

While maintaining steady growth of our core business as mentioned above, we have made continued investments with a view to future growth. Regarding investments to enable collaboration with partner companies both in Japan and overseas, for domestic investments, Prometech Software, Inc., shares of which we acquired in 2012, is steadily expanding its business. As for overseas investments, we have made an additional investment of approximately 1.5 million U.S. dollars this year to LockState, Inc., a U.S. company with which we have had capital and business alliances since 2008. This investment is part of a joint investment that was put by four firms and amounts to approximately 5.8 million U.S. dollars. The joint investment was organized by Iron Gate Capital LLC (head office: Colorado, USA) as a lead investor. Through the investment, we support development and business expansion of this promising company. Utilizing the IoT technologies in our operations of designing, analyzing, and system development to realize safety and security, we will continue to improve the usability, comfortability, and efficiency for building managers and residents.

In addition, as part of our investment for the future, we will continue to invest in venture capital funds and promote discovery of the seeds that sprout new business. As part of our commitment to academia-industry cooperation, we participated in the Social Cooperation Programs of the Institute of Industrial Science, the University of Tokyo. Efforts have been jointly made to conduct basic research in mathematical engineering to serve as a foundation when solving the challenges of complex social systems in the future, as well as to explore the themes of applied research from a

medium- to long-term perspective. In addition, we are also actively engaged in new business development in-house, and growing new breeds of business through continuous reiteration of hypothesizing, practicing, and verifying. Each project is being led by junior staff members who will become next-generation leaders, which is promising in terms of our future growth.

To sustain these activities, it is crucial to recruit and develop human resources, the source of value creation. The recruitment of human resource is supported by proactive recruitment activities continued both in Japan and overseas. We are focusing, among others, on overseas recruitment activities that started in Singapore in 2014. As of the end of FY2017, there are 38 foreign nationals working with us, accounting for about 6% of all colleagues. In light of recent changes in the social situation, from FY2017 we implemented a revised personnel system with a focus on abolition of the mandatory retirement age and introduction of a special-term work system (for colleagues with location- or time-related restrictions), in view of the coming era of the 100-year life. For human resources development, we are actively supporting our colleagues' growth through dispatching researchers and staff members to external organizations including Stanford University in the U.S., and our overseas partner enterprises. Although the outcome of these measures is not directly reflected in the financial statements, it is our belief that this strategy contributes to future organizational growth.

Looking ahead, we are committed to enhancing our corporate value by providing customers with solutions that benefit the society.

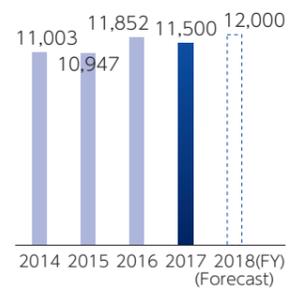
Therefore, we ask our shareholders for their continued support going forward.

Shota Hattori President

## Financial Highlights

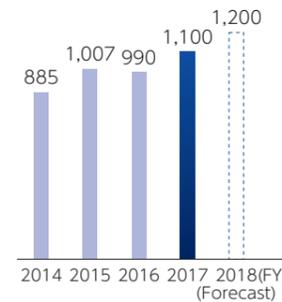
### Net Sales

**11,500** million yen  
(Down 3.0% year on year)



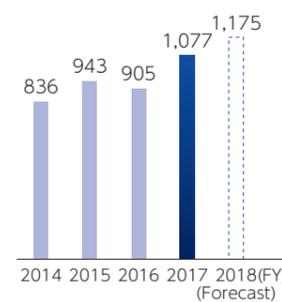
### Operating Income

**1,100** million yen  
(Up 11.1% year on year)



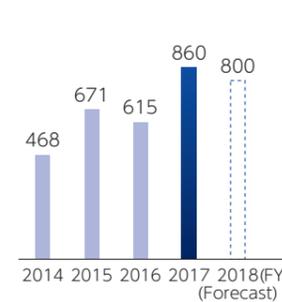
### Ordinary Income

**1,077** million yen  
(Up 19.0% year on year)



### Net Income

**860** million yen  
(Up 39.6% year on year)



## Segment Review

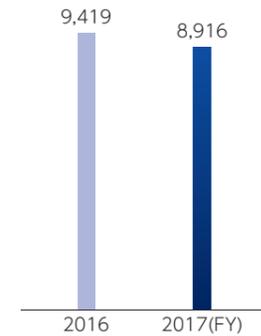
### Engineering Consulting

Net Sales **8,916** million yen (Down 5.3% year on year)

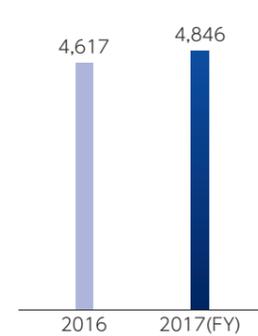
Gross Profit **4,846** million yen (Up 5.0% year on year)

Business performance was driven by, among others, repeated orders from blue-chip enterprises in the residential/construction industries with their strong motivation for investment to expand business and enhance competitiveness, and orders for structural design services and analytical consulting services that contribute to building a safe and secure society. As a result, net sales for the fiscal year amounted to ¥8,916 million (compared to ¥9,419 million for the previous fiscal year), and gross profit was ¥4,846 million (compared to ¥4,617 million for the previous fiscal year).

**Net Sales**  
(Unit: Million yen)



**Gross Profit**  
(Unit: Million yen)



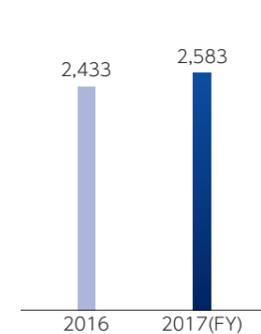
### Product Service

Net Sales **2,583** million yen (Up 6.2% year on year)

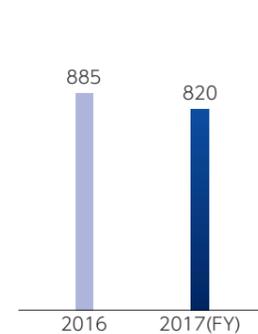
Gross Profit **820** million yen (Down 7.3% year on year)

Sales was robust for products including CAE software for designers which realizes period shortening and cost reduction in product development. Looking forward to our future growth, we also actively invested continuously in new technology themes and engaged in the development of new business. As a result, net sales for the fiscal year amounted to ¥2,583 million (compared to ¥2,433 million for the previous fiscal year), and gross profit was ¥820 million (compared to ¥885 million for the previous fiscal year).

**Net Sales**  
(Unit: Million yen)



**Gross Profit**  
(Unit: Million yen)



## Financial Data

### Balance Sheet (Summary)

(Unit: Thousand yen)

	FY2016 (As of June 30, 2017)	FY2017 (As of June 30, 2018)
<b>(Assets)</b>		
Current assets	3,177,091	4,711,960
Cash and deposits	411,227	1,059,897
Notes receivable-trade	78,885	62,199
Accounts receivable-trade	1,309,294	1,592,257
Work in process	549,430	542,528
Other	828,253	1,455,076
Fixed assets	7,305,067	7,545,806
Tangible assets	5,156,473	5,116,826
Intangible assets	455,651	476,028
Investments and other assets	1,692,941	1,952,950
<b>Total assets</b>	<b>10,482,158</b>	<b>12,257,766</b>
<b>(Liabilities)</b>		
Current liabilities	3,763,177	3,571,342
Accounts payable-trade	249,018	242,199
Short-term borrowings	320,000	—
Long-term borrowings due within one year	725,659	396,232
Other	2,468,499	2,932,911
Long-term liabilities	3,056,381	3,995,549
Long-term borrowings	1,095,235	1,893,443
Lease obligations	63,023	53,958
Provision for retirement benefits	1,816,712	1,924,684
Provision for directors' retirement benefits	40,000	40,000
Provision for share-based compensation	—	31,140
Asset retirement obligations	41,411	52,323
<b>Total liabilities</b>	<b>6,819,558</b>	<b>7,566,892</b>
<b>(Net Assets)</b>		
Shareholders' equity	3,640,268	4,673,211
Capital stock	1,010,200	1,010,200
Capital surplus	1,279,603	1,897,032
Retained earnings	3,371,213	3,943,161
Treasury stock	(2,020,748)	(2,177,182)
Valuation and translation adjustments	22,331	17,662
<b>Total net assets</b>	<b>3,662,600</b>	<b>4,690,874</b>
<b>Total liabilities and net assets</b>	<b>10,482,158</b>	<b>12,257,766</b>

### Income Statement (Summary)

(Unit: Thousand yen)

	FY2016 (From July 1, 2016 to June 30, 2017)	FY2017 (From July 1, 2017 to June 30, 2018)
Net sales	11,852,597	11,500,270
Cost of sales	6,349,862	5,832,836
Gross profit	5,502,734	5,667,433
SGA expenses	4,512,055	4,566,640
Operating income	990,679	1,100,793
Non-operating income	8,850	15,590
Non-operating expenses	94,478	39,369
Ordinary income	905,051	1,077,015
Extraordinary losses	12,766	22,056
Net income before taxes	892,285	1,054,958
Income taxes-current	262,933	301,979
Income taxes-deferred	13,392	(107,098)
<b>Net income</b>	<b>615,959</b>	<b>860,077</b>

### Cash Flow Statement (Summary)

(Unit: Thousand yen)

	FY2016 (From July 1, 2016 to June 30, 2017)	FY2017 (From July 1, 2017 to June 30, 2018)
Cash flows from operations	1,359,861	598,664
Cash flows from investments	(515,470)	(530,636)
Cash flows from financing	(819,220)	580,873
Effect of exchange rate change on cash and cash equivalents	310	(231)
Net increase (decrease) in cash and cash equivalents	25,480	648,670
Cash and cash equivalents at the beginning of FY	385,747	411,227
<b>Cash and cash equivalents at the end of FY</b>	<b>411,227</b>	<b>1,059,897</b>

### Balance Sheet Highlights

- Total assets increased 16.9% year on year to ¥12,257 million.
- Total liabilities increased 11.0% year on year to ¥7,566 million.
- Total net assets increased 28.1% year on year to ¥4,690 million. This was due to an increase of ¥617 million in capital surplus and an increase of ¥573 million in retained earnings brought forward.

### Income Statement Highlights

- Net sales were ¥11,500 million; operating income came to ¥1,100 million; ordinary income came to ¥1,077 million and net income amounted to ¥860 million. While net sales decreased compared to the previous fiscal year, net income increased by ¥244 million, or 39.6%, mainly attributable to a decrease in corporate income tax, residential tax and business tax, due to allotment of dividends from the employee stock ownership trust set up in March, 2016.

### Cash Flow Statement Highlights

- Net cash provided by operating activities amounted to ¥598 million, due mainly to net income before taxes of ¥1,054 million and depreciation & amortization of ¥267 million.
- Net cash used in investing activities amounted to ¥530 million, due mainly to the purchase of tangible assets of ¥112 million.
- Net cash provided by financing activities amounted to ¥580 million, due mainly to the proceeds from the disposition of treasury shares of ¥2,059 million.

### Capital Ratio/Return on Equity (ROE)

Capital Ratio Return on Equity (ROE) (Unit: %)



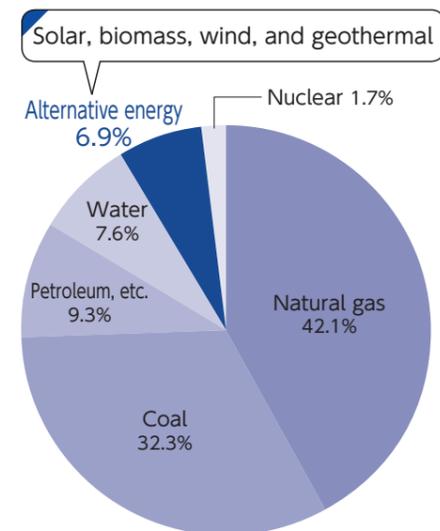
## > Engineering Consulting Business

The Company has accumulated expertise in the field of engineering such as structural design technology, since the days of its incorporation.

In recent years, we have focused on leveraging the experience curve effects of the accumulated expertise and have been providing comprehensive engineering services adapted to the current needs.

Here we would like to introduce our initiatives in the field of wind power generation, which integrates our accumulated engineering expertise and efforts.

### [ Status of wind power generation in Japan ]



"Breakdown of power generation in Japan"  
Source: Ministry of Economy, Trade and Industry  
General Energy Statistics of Japan (FY2016)



**Effect of wind power generation**

- Reduce greenhouse gas emissions
- Large generation capacity through mass introduction
- Broad industrial base: machinery, materials, etc.

### [ Government policies and our effort ]

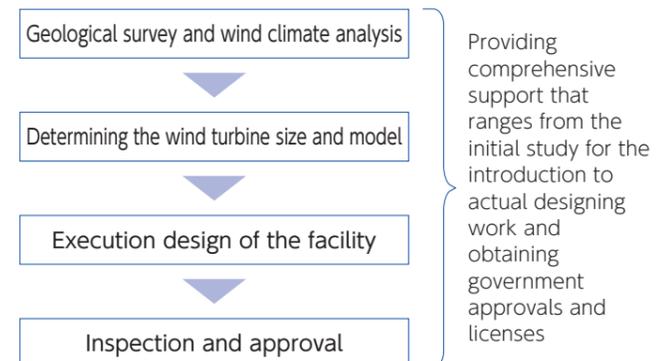
2007 Amendments to the Building Standards Act (Ministerial approval became mandatory for new wind turbine towers)

2014 Amendments to the Electricity Business Act (Centralization of safety examinations)

Leveraging our structural design technology and wind climate analysis technology accumulated over the years, we provide comprehensive technical consulting through industry-academia-government collaboration, such as exchanging with the academic community and providing know-how on safety review.

We provide comprehensive engineering consulting services, from the initial study in the planning phase of wind power generation facilities to obtaining ministerial approval. Leveraging the expertise, we are actively working toward practical application of offshore wind power generation, which is expected to be the next-generation of wind power generation.

### [ Outlook of wind power generation business ]



## > Product Service Business

We are striving to provide unparalleled value in the field of product service as well.

Previously, our main line of business was to provide package software products for specialized technical fields. However, in recent years we have been developing services in various forms such as B-to-B-to-C model and cloud-based services.

Here we would like to present two services developed by U.S. companies; as example.



Company's name: SendGrid, Inc.

Location: Colorado, USA

◆Became listed on NYSE in November 2017.

Net worth: around 1,200 million U.S. dollars\*1

Net sales: around 110 million U.S. dollars\*2 (increase of 40% over previous year)

◆Business grew steadily as Uber, Airbnb, and others adopted its services.

\*1. As of June 30, 2018 \*2. As of December 2017 (fiscal year-end)

SendGrid is a cloud-based email delivery service provided by a SendGrid, Inc. (USA) Even though chat and social networking services have become widely used, email still serves as an indispensable tool for communication. In recent years, however, it is difficult to ensure that all emails are delivered to intended recipients; there is even a survey showing that 20% of all emails are not delivered as such. The SendGrid delivery system, realizing reliable email delivery, is adopted by notable online services such as Uber, Airbnb, etc. worldwide, including Japanese services such as ChatWork, CrowdWorks, which make the best use of SendGrid for their services.



Active communication with the developers community (Sponsoring a booth at JJUG CCC hosted by the Japan Java User Group)



Organizing events inviting experts from the developer as a guest speaker. (Send With Confidence Tour)



Company's name: LockState, Inc.

Location: Colorado, USA

◆Sales of RemoteLOCK and other products amounted to around 5.7 million U.S. dollars\* (increase of 60% over previous year)

◆In the U.S., LockState provides services to the truck stop chain operator Love's Travel Stops & Country Stores and the retail giant Target Corporation, as well as partnering with Airbnb, Inc., the leading company in vacation sublet solutions.

\* As of December 2017 (fiscal year-end)



For sublet lodgings and private residences



For offices

For years, KOZO KEIKAKU ENGINEERING Inc. has been ensuring safety and security of buildings. Going forward, it will also offer safety, security and comfort inside the building, utilizing the IoT technology. RemoteLOCK is a cloud-based access control service provided by LockState, Inc. (USA), which provides solutions that centrally manage access to lodgings for vacation sublets, shared offices, and various other places. LockState is among a select few in the world chosen by Airbnb, Inc. as their Gold Partner. More and more rented conference rooms, nursery schools, and other facilities in Japan are adopting the solution.

## Development of New Business *Innovating for a Wise Future*

With an aim to build the society with more wisdom, the Company actively engages in the development of new business through academia-industry cooperation.

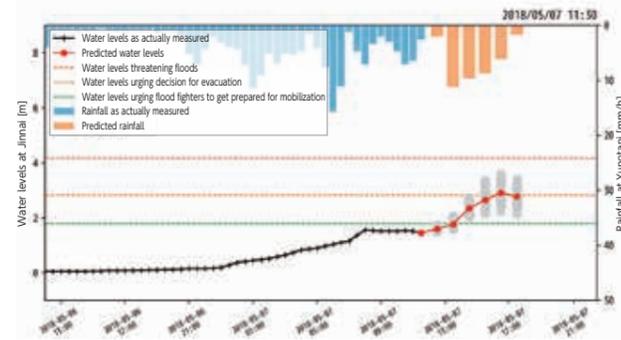
This issue of the Shareholders Newsletter highlights our efforts on “preventive engineering against natural disasters” and “cyber security.”

We can solve this!

### Preventive engineering against natural disasters

As was the case with the Heavy Rain Event of July 2018 in western Japan, in recent years, record heavy rain causing sudden rise in water levels and have led to last-minute evacuations and trapped residents. On the other hand, evacuation advisories issued too soon and too frequently

can lead to less residents actually evacuating, as experts point out. We are working with Professor Kazuyuki Aihara at Social Cooperation Programs, the University of Tokyo, and have jointly developed a technology that predicts the water level of rivers by using chaos theory. Utilizing this technology, we aim to prevent damage by assisting the decision making process to cope with water disasters from a technical aspect and the issuance of appropriate and effective evacuation advisories and orders.



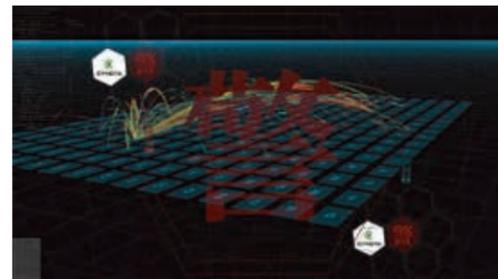
Calculating a predicted water level from observation data and rainfall forecasts

We can solve this!

### Cyber security

Cyber-attacks grow more and more diversified and sophisticated, and there is an increasing number of “targeted attacks” where attackers target specific organizations, causing widespread damage. We are working on the security software technology obtained through a joint development project with the National Institute of Information and Communications Technology (NICT), a national research and development agency of Japan, and are in charge of the development and sales of products utilizing the technology, as well as enhancing and improving its usability. Nowadays there is an acute shortage of security engineers in organizations. Utilizing our network monitoring technology and large-scale data analysis technology cultivated over many years, we are working to promote this product that will make the work

of the engineers more efficient, thereby contributing to the realization of a society where everyone can use communication networks safely and securely.



Detection and visualization of abnormal traffic

In addition to the initiatives highlighted here, we are working on the development of new business in various fields. We are committed to contributing to society as a whole by utilizing our intellectual property with the aim of building a safe and secure society in the future.

## Enhancing Corporate Value through Growth of Our Staff Members

As a knowledge-intensive company, our important asset is the “intellectual capital,” namely, our staff members.

Although it is an asset not reflected in the financial statements, we aim to enhance our corporate value by incorporating measures that will strengthen our staff members’ intellectual strength day by day.

### Establishing the corporate library

The Company established “Tsumugi,” a library for our staff members. This library will serve as a place of work, study, and self-improvement, helping to bring forth creative value. The library’s nickname “Tsumugi” (spinning) reflects our desire to deepen our thoughts in the library, a forest of knowledge, learn from the wisdom of many pioneers, and to spin thread (achievements) out of such knowledge and wisdom.



### In-house lectures

We regularly hold “in-house lectures,” inviting lecturers who will stimulate the intellectual curiosity of our staff members. Thought-provoking and inspiring ideas will tone up each staff member’s intellectual strength.

The lecturers include:  
Professors from the University of Tokyo, Tokyo Institute of Technology, Kyoto University, and Osaka University, entrepreneurs, traditional Japanese *rakugo* storytellers, etc.



### KKE Diversity Week



May 21 is the World Day for Cultural Diversity for Dialogue and Development designated by the United Nations. In the weeks before and after this day, which promotes understanding and dialogue between different cultures, the Company held a series of events as the “KKE Diversity Week” for introducing cultures of the countries our staff members come from. Currently, our staff members come from as many as 14 different countries. *Strength lies in differences, not in similarity*—we are committed to finding new themes and creating new value through promoting diversity in our organization, not only in nationalities but also in many other aspects.

2017

July



## In-house forum 2017

This year, the in-house forum, a gathering of all KKE members, opened with a lecture given by Professor Naohiro Matsumura of Osaka University, widely known for his *Shikakeology* (study on triggers for behavior change), followed by workshops and socializing events, promoting knowledge exchange and sharing experiences.

## Bring Your Child to Work Day

We held our first Bring Your Child to Work Day, for elementary school-aged children of our colleagues to experience our workplace environment and try some tasks themselves. The children could see their parent at work, what they are not used to in daily lives, discovering a different side of their parent and learning about their job as well as various initiatives of the Company. The KKE members, in turn, were inspired by their children's behavior, to think about the future in a much more real sense as their children's—the wise future.



## A virtual showroom using NavVis released

A commercial website utilizing our indoor digitizing platform NavVis was launched on August 10, for the first time in Japan, as a virtual showroom for Otsuka Kagu, Ltd. Having access to the virtual showroom via the Internet allows you to have a simulated experience as if freely walking around the actual store where furniture is beautifully displayed, without being bound by time and distance.



NavVis M3 trolley (a mobile 3D scanning device)

August

September



## 59th Annual Shareholders' Meeting

### KKE Best Project FY2016

Each year KKE holds an annual project award ceremony to commend and raise awareness of excellent projects, and to share in their achievements with the entire company.

October

## KKE Vision2017

KKE Vision is an annual event that has been held continuously since 2002 serving as an interface between multiple parties to share information from diverse fields and to realize a better society. This year, the event was held at Hyatt Regency Tokyo and provided plenty of occasions that showcased the vision of the future the Company aims to achieve, together with the society, with a keynote lecture in a dialogue form given by journalist Soichiro Tahara and freelance television broadcaster Rie Uozumi, lectures and presentations about the latest trends in technology given by various experts, hands-on exhibits of technologies, and more.



December

## Relocation of Nagoya Branch Office

Our Nagoya Branch Office, which has received plenty of patronage from numerous customers in the Chubu area including manufacturing and construction companies, has moved to a building adjacent to Nagoya station.

## Company-wide Year-end Party 2017 in Tokyo

The annual company-wide year-end party in Tokyo for 2017 opened with an enlightening lecture titled "New way of making things pioneered by entomology" by Professor Ryohei Kanzaki, Director of the Research Center for Advanced Science and Technology, the University of Tokyo, followed by a get-together party where all staff members were appreciated for their efforts throughout the past year.

2018

January



## 35th Hattori Award

The award was established to commend colleagues who have contributed to cooperation with government, academia and industry, and social contribution activities. The 35th award was presented to Teruhiko Yoneyama for his outstanding achievements in contribution to society through the collaboration among government, industry and academia.

March

## Held the 18th MAS Competition for cutting-edge research in social simulation

More than 60 people participated in this year's MAS (Multi Agent Simulation) Competition, marking its 18th year. It provided a meaningful opportunity to active exchanges of information and discussions through special lectures, research presentations, exhibitions, and social gatherings, enabling the participants to have a more concrete idea about the possibility of social simulation and promoting future development.



April



## Initiation ceremony and length-of-service award ceremony

A total of 29 new members from both Japan and overseas joined the Company in 2018. In addition, 10 colleagues were awarded for their 20 years of service at the Company, and 14 colleagues for 30 years of service.

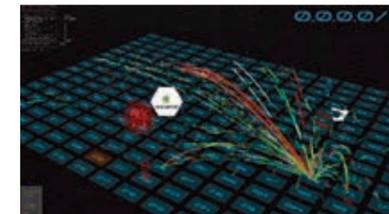
May

## KKE Diversity Week

We held the "KKE Diversity Week" for the first time, a series of events introducing the cultures of the 14 countries our colleagues come from. We are committed to finding new themes and creating new value through promoting diversity in our organization, not only in nationalities but also in many other aspects.



June



## Commenced sales of software for strengthening cyber security

We launched "CyNote," a product developed using a technology obtained through function development in joint project with the National Institute of Information and Communications Technology (NICT), a national research and development agency. Through the promotion of this product, we aim to realize a society where everyone can use communication networks in a safe and secure manner.

## Hot Topics

### Kumamoto Resona-kai

Kumamoto Resona-kai (The Kumamoto Resona Club), a regular meeting organized by Kumamoto Branch of Resona Bank, Limited and its corporate customers, hosts lectures focusing on various topics about the economy and other issues, followed by social gatherings where the participants can mingle.

Resona Bank, being our main bank, kindly offered us the opportunity to give a lecture at the February 2018 meeting, in which we introduced some examples of international efforts of our Kumamoto Office, as well as our efforts to solve issues caused by the Kumamoto Earthquake in 2016.

Being able to present the strong relationship between Kumamoto Prefecture and the Company led us to new connections for the future.



# Corporate Profile / Stock Information

## ■ Corporate Data (As of June 30, 2018)

Name: KOZO KEIKAKU ENGINEERING Inc.  
 Date of Establishment: May 6, 1959  
 Accounting Term: June  
 Listed on: Tokyo Stock Exchange (JASDAQ Standard)  
 Line of Business: Engineering Consulting Product Service

## ■ Locations:

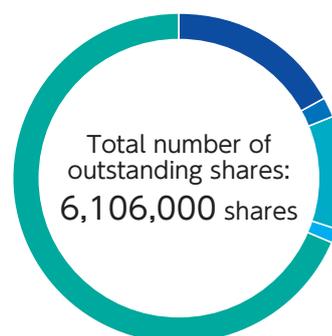
Head Office: 4-38-13 Hon-cho, Nakano-ku, Tokyo 164-0012, Japan  
 Central Office: 4-5-3 Chuo, Nakano-ku, Tokyo 164-0011  
 Corporate Library Office: A.S Bldg, 4-5FL, 6-16-11 Hon-cho Nakano-ku, Tokyo 164-0012  
 Nakano Innovation Office: Nakano Central Park South 2FL, 4-10-2 Nakano, Nakano-ku Tokyo 164-0001  
 Nagoya Branch Office: JP TOWER NAGOYA 25FL, 1-1-1 Meieki Nakamura-ku, Nagoya, Aichi 450-6325  
 Osaka Branch Office: Midosuji MTR Bldg, 5FL, 3-6-3 Awaji-cho Chuo-ku, Osaka 541-0047  
 Fukuoka Branch Office: JRJP Hakata Bldg, 8FL, 8-1 Hakataekichuogai, Hakata-ku Fukuoka-shi, Fukuoka 812-0012  
 Kumamoto Office: 1315 Muro, Ozu-machi, Kikuchi-gun Kumamoto 869-1235  
 Shanghai Rep. Office: Shanghai World Financial Center, 15FL, No. 100 Century Avenue, Pudong New Area, Shanghai, 200120, China  
 KKE SINGAPORE PTE. LTD.: Level 11, Marina Bay Financial Centre Tower 1 8 Marina Blvd, Singapore 018981

## ■ Share Status (As of June 30, 2018)

Total number of authorized shares: 21,624,000 shares  
 Total number of outstanding shares: 6,106,000 shares  
 Number of shareholders: 3,248

(Note) At the Board of Directors' Meeting held on August 6, 2018, the Company resolved to retire 606,000 shares of treasury stock, effective August 27, 2018. Subsequent to the retirement, the total number of outstanding shares stands at 5,500,000.

## ■ Composition of Shareholders (As of June 30, 2018)



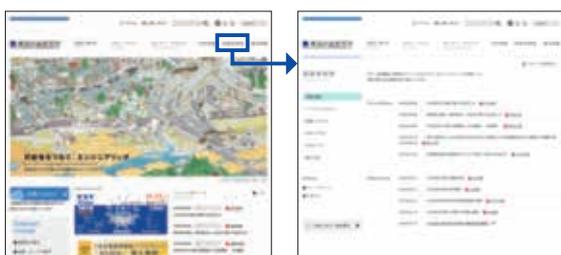
■ Financial institutions: 17.22%	■ Foreign corporations, etc.: 1.54%
4 shareholders / 1,051,700 shares	34 shareholders / 93,900 shares
■ Securities companies: 1.73%	■ Individuals and others: 68.43%
21 shareholders / 105,837 shares	3,159 shareholders / 4,178,557 shares
■ Other corporations: 11.07%	
30 shareholders / 676,006 shares	

(Note) The figure in the "Individuals and others" includes 752,528 shares of treasury stock.

## ■ Additional Information

Fiscal year: from July 1 to June 30 of the following year  
 Annual meeting of shareholders: Every September  
 Record dates for dividends: March 31, June 30, September 30 and December 31  
 Record date: June 30  
 Administrator of shareholder registry & Special account management institution: Mitsubishi UFJ Trust and Banking Corporation  
 Contact information for the above: Stock Transfer Agency Division Mitsubishi UFJ Trust and Banking Corporation  
 1-1 Nikkocho, Fuchu-shi, Tokyo (Mailing address)  
 Stock Transfer Agency Division, Mitsubishi UFJ Trust and Banking Corporation  
 P.O. Box No. 29 Shin-Tokyo Post Office, 137-8081  
 TEL: 0120-232-711 (Toll free)  
 Method of public notice: By electronic public notice  
 URL where public notice is posted: <https://www.kke.co.jp/en/>  
 (However, public notice is posted on the Nihon Keizai Shimbun in the event that electronic public notice is unavailable due to accident or other unavoidable reasons.)

## IR Information



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