Results for the Six Months Ended September 30, 2016

November 4, 2016

KYOWA EXEO CORPORATION

URL http://www.exeo.co.jp

1. Consolidated Figures

(1) Overview

(¥bn)

	FY 2015		FY2016						
	Interim	Full year	Interim					Full year	
			Plan	Actual	YOY	Plan accuracy	Progress rate	Plan	YOY
	A	B	C	D	D/A	D/C	D/E	E	E/B
Orders received	140.8	300.4	140.0	154.6	110%	110%	51%	305.0	102%
Net sales	107.7	287.4	118.0	116.2	108%	98%	39%	300.0	104%
Gross profit	(12.4%) 13.3	(12.5%) 35.7	(12.3%) 14.5	(12.3%) 14.3	107%	99%	38%	(12.5%) 37.6	105%
SG&A expenses	(7.9%) 8.5	(6.0%) 17.3	(7.6%) 9.0	(7.2%) 8.3	98%	93%	47%	(5.9%) 17.6	101%
Operating income	(4.5%) 4.8	(6.4%) 18.4	(4.7%) 5.5	(5.2%) 5.9	124%	109%	30%	(6.7%) 20.0	109%
Ordinary income	(4.4%) 4.7	(6.4%) 18.5	(4.7%) 5.6	(5.0%) 5.7	121%	103%	29%	(6.7%) 20.2	109%
Net income attributable to owners of parent	(2.7%) 2.9	(4.2%) 12.1	(3.0%) 3.5	(2.1%) 2.4	83%	69%	18%	(4.4%) 13.3	109%

Notes: 1. All amounts less than ¥100m are disregarded.
2. Figures in parentheses are ratio to net sales.

1. Consolidated Figures

(2) Orders Received, Net Sales and Amount Carried Forward

(¥bn)

			FY 2015		FY 2016						
			Interim	Full year	Interim					Full year	
					Plan	Actual	YOY	Plan accuracy	Progress rate	Plan	YOY
			A	B	C	D	D/A	D/C	D/E	E	E/B
Orders Received	ENGINEERING-SOLUTIONS	NTT Group engineering	80.0	167.9	71.0	88.4	110%	125%	60%	148.0	88%
		NCCs	10.1	20.2	12.0	11.2	110%	93%	47%	24.0	119%
		Urban infrastructure	32.2	72.3	36.0	35.6	110%	99%	41%	87.0	120%
		Sub-total	122.5	260.5	119.0	135.3	110%	114%	52%	259.0	99%
	SYSTEM-SOLUTIONS		18.3	39.9	21.0	19.2	105%	92%	42%	46.0	115%
	TOTAL		140.8	300.4	140.0	154.6	110%	110%	51%	305.0	102%
Net Sales	ENGINEERING-SOLUTIONS	NTT Group engineering	64.6	160.5	66.0	66.7	103%	101%	43%	155.0	97%
		NCCs	10.2	23.2	9.0	8.6	84%	96%	36%	24.0	103%
		Urban infrastructure	17.1	65.7	27.0	23.9	140%	89%	30%	79.0	120%
		Sub-total	92.0	249.5	102.0	99.3	108%	97%	38%	258.0	103%
	SYSTEM-SOLUTIONS		15.7	37.8	16.0	16.9	108%	106%	40%	42.0	111%
	TOTAL		107.7	287.4	118.0	116.2	108%	98%	39%	300.0	104%
Amount Carried Forward	ENGINEERING-SOLUTIONS	NTT Group engineering	60.0	51.9	—	73.6	123%	—	—	—	—
		NCCs	8.2	5.2	—	7.8	96%	—	—	—	—
		Urban infrastructure	63.2	54.7	—	66.4	105%	—	—	—	—
		Sub-total	131.5	111.9	—	147.9	112%	—	—	—	—
	SYSTEM-SOLUTIONS		7.0	6.4	—	8.6	123%	—	—	—	—
	TOTAL		138.6	118.3	—	156.6	113%	—	—	—	—

Note: All amounts less than ¥100m are disregarded.

1. Consolidated Figures

(3) Balance Figures

(¥bn)

		FY 2015 Interim		FY 2015 Year-end A		FY 2016 Interim B		B-A
Current assets		114.2	(55.8%)	137.9	(57.9%)	106.2	(52.5%)	-31.6
Fixed assets		90.2	(44.2%)	100.3	(42.1%)	95.9	(47.5%)	-4.3
Total assets		204.5	(100%)	238.3	(100%)	202.2	(100%)	-36.0
Liabilities	Current	41.9	(20.5%)	72.2	(30.3%)	40.8	(20.2%)	-31.3
	Long-term	19.5	(9.5%)	14.8	(6.2%)	13.7	(6.8%)	-1.1
Total liabilities		61.5	(30.1%)	87.0	(36.5%)	54.5	(27.0%)	-32.4
Shareholder's equity		142.5	(69.7%)	150.7	(63.3%)	147.1	(72.8%)	-3.5
Minority interests and stock acquisition rights		0.4	(0.2%)	0.4	(0.2%)	0.5	(0.3%)	0.0
Total liabilities and net assets		204.5	(100%)	238.3	(100%)	202.2	(100%)	-36.0

Note: All amounts less than ¥100m are disregarded.

1. Consolidated Figures

(4) Cash Flows

(¥bn)

	FY 2013	FY 2014	FY 2015		FY 2016
			Interim	Full year	Interim
Net cash provided by (used in) operating activities	9.8	23.1	9.9	5.3	17.9
Net cash provided by (used in) investing activities	-7.4	-2.8	-3.3	-13.9	-2.0
Net cash provided by (used in) financial activities	-0.9	-12.3	-5.0	0.3	-12.5
Free cash flow (Note 2)	2.4	20.3	6.6	-8.5	15.9
Cash and cash equivalents at end of period	16.2	24.2	25.8	16.0	19.3

Notes 1. All amounts less than ¥100m are disregarded.
2. Free cash flow = Net cash provided by (used in) operating activities + Net cash provided by (used in) investing activities

(5) Interest-bearing Debt

(¥bn)

	FY 2013	FY 2014	FY 2015		FY 2016
			Interim	Full year	Interim
Short-term	7.7	2.3	1.2	13.5	6.1
Long-term	5.6	6.3	8.4	2.7	2.2
Total	13.3	8.6	9.6	16.2	8.4

Note: All amounts less than ¥100m are disregarded.

1. Consolidated Figures

(6) Capital Expenditures

(¥bn)

	FY 2013	FY 2014	FY 2015		FY 2016
			Interim	Full year	Interim
Tangible fixed assets	5.8	3.2	1.7	11.0	0.8
Intangible fixed assets	1.4	1.0	0.5	2.1	1.5
Total	7.3	4.2	2.2	13.2	2.4

Note: All amounts less than ¥100m are disregarded.

(7) Depreciation and Amortization

(¥bn)

	FY 2013	FY 2014	FY 2015		FY 2016
			Interim	Full year	Interim
Depreciation and amortization	2.2	2.6	1.3	2.8	1.5

Note: All amounts less than ¥100m are disregarded.

1. Consolidated Figures

(8) Business Overview of Main Subsidiaries

(¥bn)

	EXEO TECH				Daiwa Densetsu			
	FY 2015		FY 2016		FY 2015		FY 2016	
	Interim A	Full year B	Interim C	YOY C/A	Interim D	Full year E	Interim F	YOY F/D
Orders received	15.6	25.4	9.8	63%	6.5	11.6	7.8	120%
Net sales	11.8	26.3	6.6	56%	4.3	12.0	4.6	108%
Gross profit	(6.5%) 0.7	(7.4%) 1.9	(5.8%) 0.3	50%	(8.7%) 0.3	(10.1%) 1.2	(6.9%) 0.3	86%
SG&A expenses	(7.5%) 0.8	(6.0%) 1.5	(9.4%) 0.6	70%	(8.3%) 0.3	(5.7%) 0.6	(7.1%) 0.3	93%
Operating income	(-1.0%) -0.11	(1.4%) 0.37	(-3.6%) -0.24	-	(0.5%) 0.01	(4.4%) 0.52	(-0.2%) -0.01	-
Ordinary income	(-1.0%) -0.11	(2.0%) 0.53	(-5.6%) -0.36	-	(0.7%) 0.03	(4.6%) 0.55	(0.2%) 0.00	29%
Net income	(-1.1%) -0.13	(1.4%) 0.36	(-5.3%) -0.34	-	(0.4%) 0.01	(3.0%) 0.36	(3.8%) 0.17	942%

Notes: 1. All amounts less than ¥100m are disregarded.
2. Figures in parentheses are ratio to net sales.
3. Wako Engineering and Ikeno Tsuken merged on 1 July 2015 to form Exeo Tech. The figures for the 1st quarter of FY 2015 are the simple combined totals for the two premerger companies.
An adjustment of the construction areas handled by each company within the Kyowa Exeo Group on August 26, 2015, resulted in the east Kanto region (Ibaraki and Chiba Prefectures) switching from Exeo Tech to Kyowa Exeo Corp.

2. Non-consolidated Figures

(1) Overview

(¥bn)

	FY 2015		FY 2016						
			Interim					Full year	
	Interim	Full year	Plan	Actual	YOY	Plan accuracy	Progress rate	Plan	YOY
	A	B	C	D	D/A	D/C	D/E	E	E/B
Orders received	108.3	241.8	113.0	126.0	116%	112%	51%	249.0	103%
Net sales	82.6	227.5	96.5	95.7	116%	99%	39%	243.0	107%
Gross profit	(9.4%) 7.7	(9.5%) 21.5	(9.8%) 9.5	(8.6%) 8.2	106%	87%	35%	(9.8%) 23.8	110%
SG&A expenses	(6.6%) 5.4	(5.1%) 11.5	(6.2%) 6.0	(5.7%) 5.4	99%	91%	45%	(4.9%) 12.0	104%
Operating income	(2.8%) 2.2	(4.4%) 10.0	(3.6%) 3.5	(2.9%) 2.8	123%	80%	24%	(4.9%) 11.8	117%
Ordinary income	(5.7%) 4.6	(5.6%) 12.7	(4.2%) 4.1	(3.1%) 2.9	63%	72%	24%	(5.2%) 12.6	99%
Net income	(4.7%) 3.8	(4.1%) 9.3	(13.0%) 12.5	(10.8%) 10.3	266%	83%	57%	(7.5%) 18.3	195%

Notes: 1. All amounts less than ¥100m are disregarded.
2. Figures in parentheses are ratio to net sales.

2. Non-consolidated Figures

(2) Orders Received, Net Sales and Amount Carried Forward

(¥bn)

				FY 2015		FY 2016						
						Interim					Full year	
				Interim A	Full year B	Plan C	Actual D	YOY D/A	Plan accuracy D/C	Progress rate D/E	Plan E	YOY E/B
Orders Received	ENGINEERING-SOLUTIONS	NTT Group engineering	Access engineering	27.8	65.7	32.0	36.5	131%	114%	56%	65.0	99%
			Network engineering	10.7	23.2	8.5	9.2	86%	109%	51%	18.0	77%
			Mobile engineering	25.0	52.5	20.0	30.4	121%	152%	68%	45.0	86%
			Sub-total	63.6	141.6	60.5	76.1	120%	126%	59%	128.0	90%
		NCCs		10.0	19.7	12.0	10.7	107%	90%	47%	23.0	116%
		Urban infrastructure		24.7	57.4	28.5	28.5	115%	100%	41%	69.0	120%
		Sub-total		98.3	218.8	101.0	115.4	117%	114%	52%	220.0	101%
	SYSTEM-SOLUTIONS			9.9	23.0	12.0	10.6	106%	88%	37%	29.0	126%
	TOTAL			108.3	241.8	113.0	126.0	116%	112%	51%	249.0	103%
Net Sales	ENGINEERING-SOLUTIONS	NTT Group engineering	Access engineering	24.4	63.1	29.0	30.7	126%	106%	46%	67.0	106%
			Network engineering	7.7	20.8	9.5	7.1	93%	76%	33%	22.0	106%
			Mobile engineering	19.7	48.7	20.0	21.1	107%	106%	46%	46.0	94%
			Sub-total	51.9	132.7	58.5	59.0	114%	101%	44%	135.0	102%
		NCCs		9.9	22.5	9.0	8.3	84%	93%	35%	24.0	106%
		Urban infrastructure		12.5	51.3	20.0	19.0	152%	95%	32%	59.0	115%
		Sub-total		74.5	206.6	87.5	86.5	116%	99%	40%	218.0	105%
	SYSTEM-SOLUTIONS			8.0	20.8	9.0	9.1	113%	102%	37%	25.0	120%
	TOTAL			82.6	227.5	96.5	95.7	116%	99%	39%	243.0	107%
Amount Carried Forward	ENGINEERING-SOLUTIONS	NTT Group engineering	Access engineering	17.3	16.4	—	22.2	128%	—	—	—	—
			Network engineering	8.8	8.3	—	10.3	117%	—	—	—	—
			Mobile engineering	24.4	23.0	—	32.3	132%	—	—	—	—
			Sub-total	50.5	47.8	—	64.8	128%	—	—	—	—
		NCCs		8.1	5.3	—	7.7	95%	—	—	—	—
		Urban infrastructure		53.5	47.4	—	56.9	106%	—	—	—	—
		Sub-total		112.3	100.6	—	129.5	115%	—	—	—	—
	SYSTEM-SOLUTIONS			4.9	5.2	—	6.7	135%	—	—	—	—
	TOTAL			117.2	105.9	—	136.3	116%	—	—	—	—

Note: All amounts less than ¥100m are disregarded.

Disclaimer Regarding Forward-Looking Statements

Management of the Company has made estimates and assumptions relating to financial forecasts based on information available as of the reporting date. Actual results could differ from those estimates.

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