



# Presentation Materials

February, 2017



MIRAIT Holdings Corporation

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# I. Profile of the MIRAIT Group

# 1. Message from the President

In Japan today, new growing markets have been created along with the **social innovation** which has been accelerated by promoting a growth strategy with the government and the private sector working together and by developing and utilizing ICT technology.

At the same time, Japan is now facing the task of **rebuilding social infrastructure**, including communication networks, due to reconstruction after the Great East Japan Earthquake, measures to address aging infrastructure, environmental and energy issues, as well as the 2020 Olympics in Tokyo.

In such a period of transition, as its name "**MIRAI (Future) + IT**" suggests, the MIRAIT Group will actively face the challenge of expanding its business domains to resolve new issues for a new era with customers based on the reliable technology it has established in its ICT/Civil Engineering Business.

MIRAIT would also like to maximize shareholder value by contributing to the society of tomorrow as a "**Comprehensive Engineering and Service Company**" that lives up to customers' expectations.

## Origin of the Company Name

Combining the words MIRAI, which means **future in Japanese, and IT (information technology)**, this corporate name is a simple expression of the resolve to become a comprehensive engineering & services company that continues growing with our customers.

<Two keywords>

"MIRAIT" ..... "Future"

"MIRAIT" ..... "Information Technology"

## Logo

**Three ideas** are represented by the three thick lines. These are joined by a golden arc depicting high quality businesses spanning the globe to create an overall M image. It represents our aspiration to move into the future.



## Three Ideas

1. Expand the **"breadth" of our business domains**

→ Expansion from upstream to downstream processes  
(planning & designing, construction, maintenance & operation, etc.)

2. Increase the **"height" of our business domains**

→ Total solutions incorporating NI + upper layer + lower layer

3. Work to **expand into new business domains**

→ Contribute to the creation of integrated social infrastructure for the future in the fields of electric power, the environment and energy



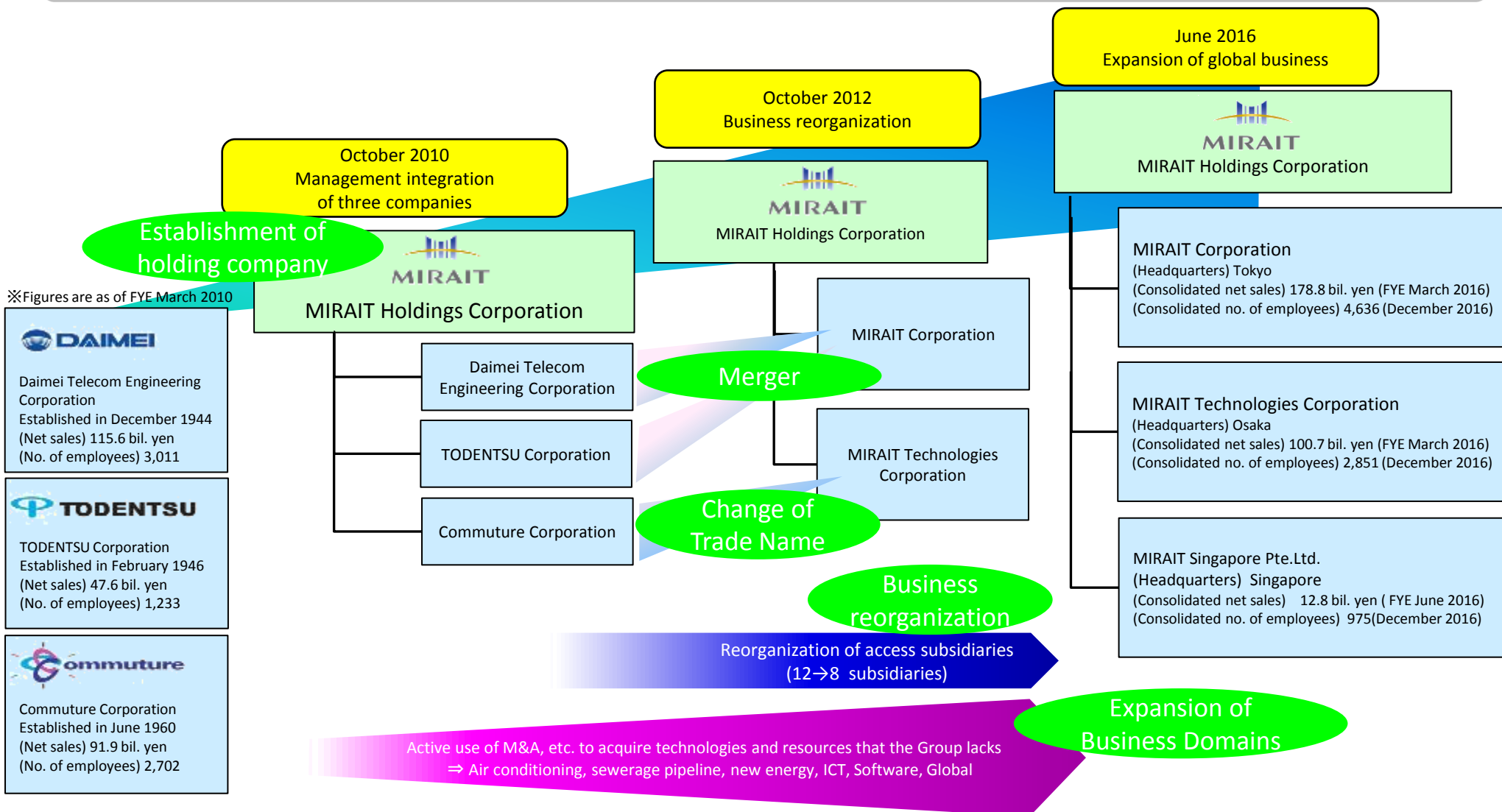
President and Chief Executive Officer  
Masatoshi Suzuki

## 2. Overview of MIRAIT Holdings (As of December 31, 2016)

|   |  |
|---|--|
| Established   | October 1, 2010  |
| Paid-in capital   | 7 bil. yen   |
| President (CEO)   | Masatoshi Suzuki   |
| Shares  | 【Total outstanding shares】 85,381,866 shares   |
| Stock listing   | 1 <sup>st</sup> Section of the Tokyo Stock Exchange (Code: 1417)   |
| Credit ratings  | Rating & Investment Information, Inc. (R&I): A-<br>Japan Credit Rating Agency, Ltd. (JCR): A   |
| Location  | 5-6-36 Toyosu, Koto-ku, Tokyo  |
| Office network  | 【Domestic】 26 locations *Total of MIRAIT and MIRAIT Technologies<br>【Overseas】 32 locations (Singapore, Sri Lanka, Australia, Philippines, Myanmar ,etc.)  |
| Number of consolidated subsidiaries<br>( as of December 31, 2016) | 51   |
| Number of employees<br>( as of December 31, 2016)                 | 【Consolidated】 8,566 (MIRAIT Holdings: 104)<br>(MIRAIT: Consolidated 4,636)<br>(MIRAIT Technologies: Consolidated 2,851)<br>(MIRAIT Singapore: Consolidated 975)   |
| Fiscal year-end   | March 31 <sup>st</sup> of each year  |
| Business description  | Telecommunications engineering work, electrical work, civil engineering work and building construction work; management of subsidiaries and Group companies engaged in the aforementioned businesses; other ancillary businesses |

### 3. Establishment of the MIRAIT Group

- MIRAIT Holdings Corporation was established in October 2010 through the management integration of Daimei, Commutere and TODENTSU, each of which had a history of more than half a century centered on building communication infrastructure in partnership with telecommunications carriers.
- On October 1, 2012, the three operating companies were reorganized into two entities (MIRAIT and MIRAIT Technologies).
- Since the management integration, the MIRAIT Group has pressed forward with the structural shift to become a “Comprehensive Engineering and Service Company” through M&A and other efforts.

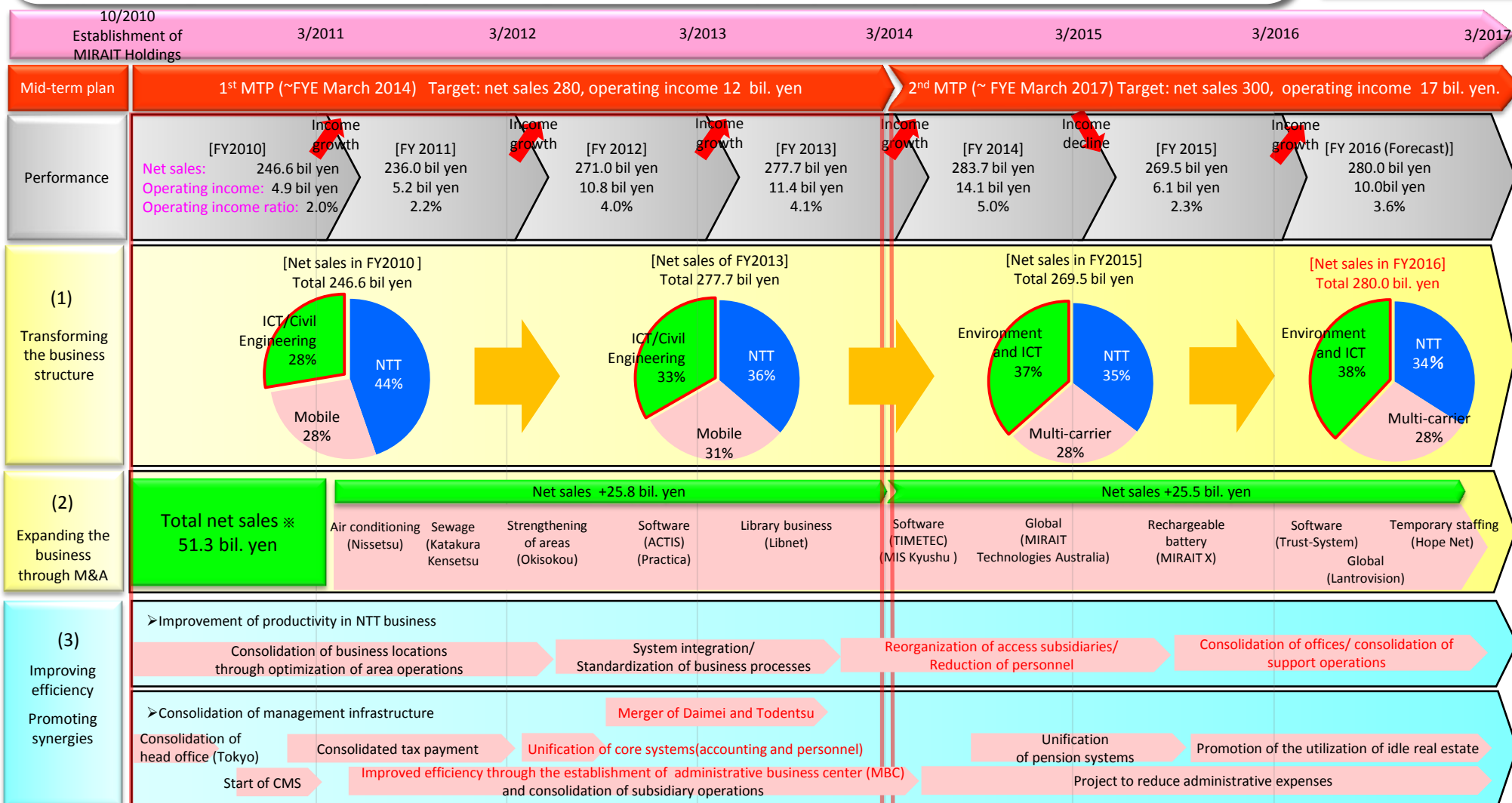


## 4. The Company's Initiatives Since Establishment

- The management integration aims to strengthen the Group's competitiveness and to create a robust management base by leveraging synergies. The following efforts have been implemented to date:

- Strengthening of the environmental & social and ICT businesses to transform the business structure**, raising the sales ratio from 1/4 to 1/3 or more.
- Active use of M&A, etc. to **acquire technology and resources that the Group lacks** in order to expand business domains.
- Maximizing the use of the three companies' management resources to **improve productivity in the NTT business**.

May 2017  
3<sup>rd</sup> Mid-term Plan

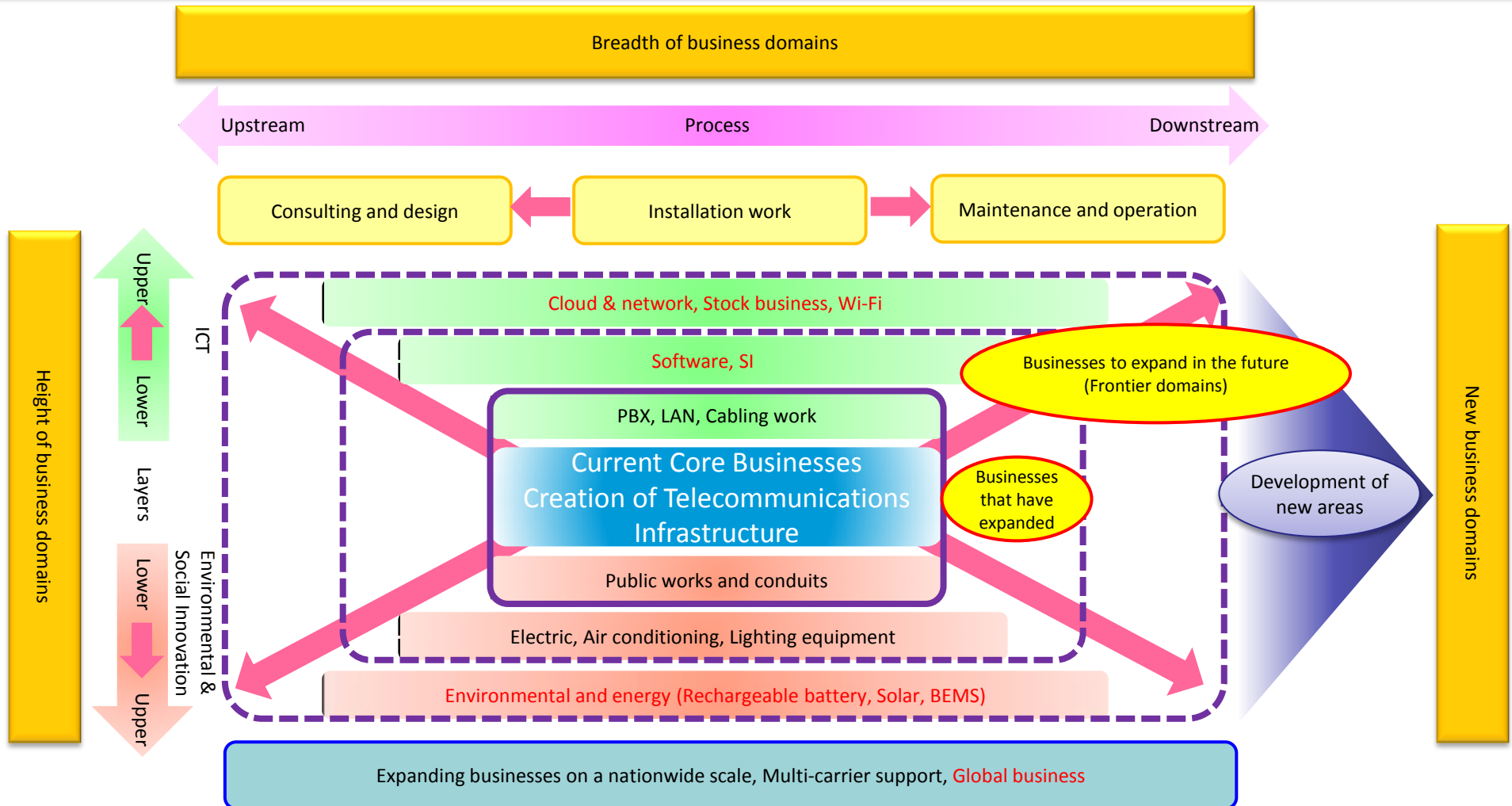


※ Total of net sales reported for the most recent fiscal year by each of the acquired companies.

# 5. Transformation into a "Comprehensive Engineering and Service Company"

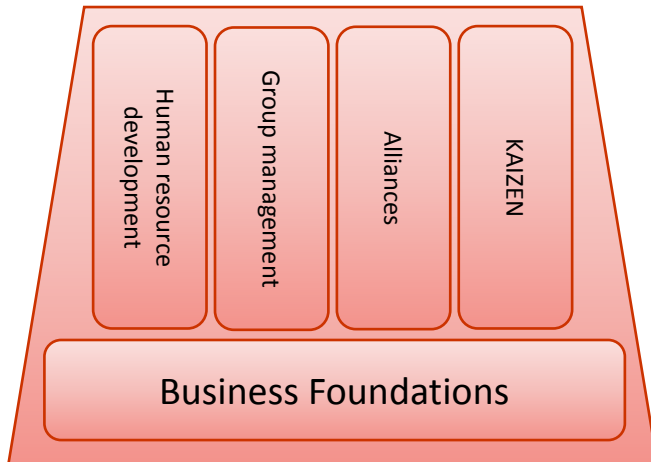
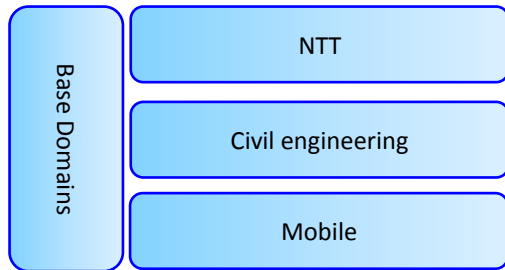
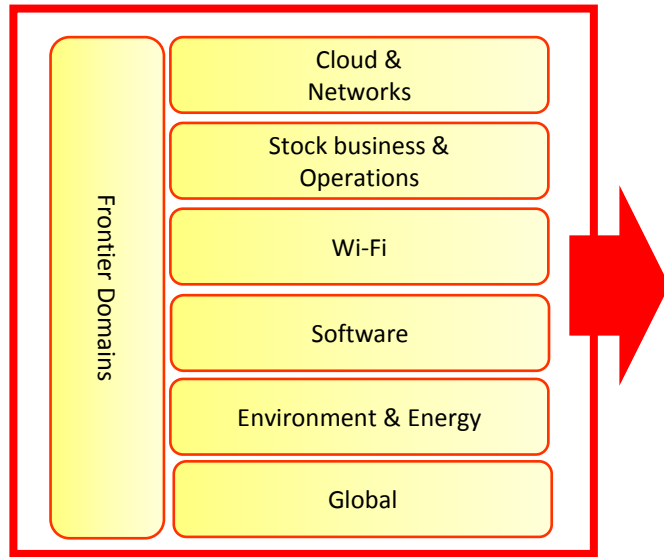
## (1) Expansion of Business Domains (Overview)

- Expand the "breadth" of our business domains → Expansion from upstream to downstream processes (planning, design, construction, maintenance, operation, etc.)
- Increase the "height" of our business domains → Total solutions incorporating upper layer + lower layer
- Strive to expand into new business domains  
→ Contribute to the creation of social infrastructure such as **cloud & network, stock business, Wi-Fi, software, environment & energy, and global business**
- Leverage the Group's comprehensive technology to contribute to the "creation of social infrastructure and social innovation" as a "Comprehensive Engineering and Service Company"





## (2) Future Focus Areas (Frontier Domains)



| Zone / Domain               | Smart Office  | Smart Town   | Smart House  |
|-----------------------------|---|--|--|
| Cloud & Networks            | <ul style="list-style-type: none"> <li>• Security (Surveillance cameras, network monitoring)</li> <li>• PBX (Cloud)</li> <li>• LAN, Servers, Networks</li> </ul>  | <ul style="list-style-type: none"> <li>• Disaster prevention networks</li> <li>• Sensor networks</li> <li>• IoT (water supply smart meters)</li> <li>• ITS (self-driving)</li> </ul> |  |
| Stock business & Operations | <ul style="list-style-type: none"> <li>• Operation centers (Network maintenance, help desks)</li> </ul>   | <ul style="list-style-type: none"> <li>• Data centers</li> <li>• Solar power facility operation and maintenance</li> </ul>   | <ul style="list-style-type: none"> <li>• Batteries + solar power maintenance</li> </ul>  |
| Wi-Fi                       | <ul style="list-style-type: none"> <li>• Office and educational Wi-Fi</li> <li>• Hotel Wi-Fi (Guest room tablets (ee-TaB Plus))</li> </ul>  | <ul style="list-style-type: none"> <li>• Stadium Wi-Fi</li> <li>• Local government Wi-Fi</li> <li>• Subway Wi-Fi</li> <li>• Convenience store Wi-Fi</li> </ul>                       | <ul style="list-style-type: none"> <li>• Home Wi-Fi</li> </ul>   |
| Software                    | <ul style="list-style-type: none"> <li>• Aiming to be the best partner for major Slers (finance, insurance, public sector)</li> <li>• Unique app development (WFM, libraries, Wi-Fi solutions)</li> </ul> |  |  |
| Environment & Energy        | <ul style="list-style-type: none"> <li>• Comprehensive building equipment (Solar power, EV chargers, LED, BEMS, access control systems)</li> <li>• Outdoor air conditioning (eco shower)</li> </ul>       | <ul style="list-style-type: none"> <li>• Disaster prevention measures (Batteries, EV chargers, LED street lights)</li> <li>• Building solar power plants</li> </ul>                  | <ul style="list-style-type: none"> <li>• Batteries + solar power</li> <li>• Intake of electrical power for entire apartment buildings</li> <li>• HEMS</li> </ul> |
| Global                      | <ul style="list-style-type: none"> <li>• Carrier business (4 countries)</li> <li>• LAN cabling work (13 countries)</li> </ul>   | <ul style="list-style-type: none"> <li>• Pursuit of synergies (Domestic customers, overseas customers, building solutions)</li> </ul>  |  |



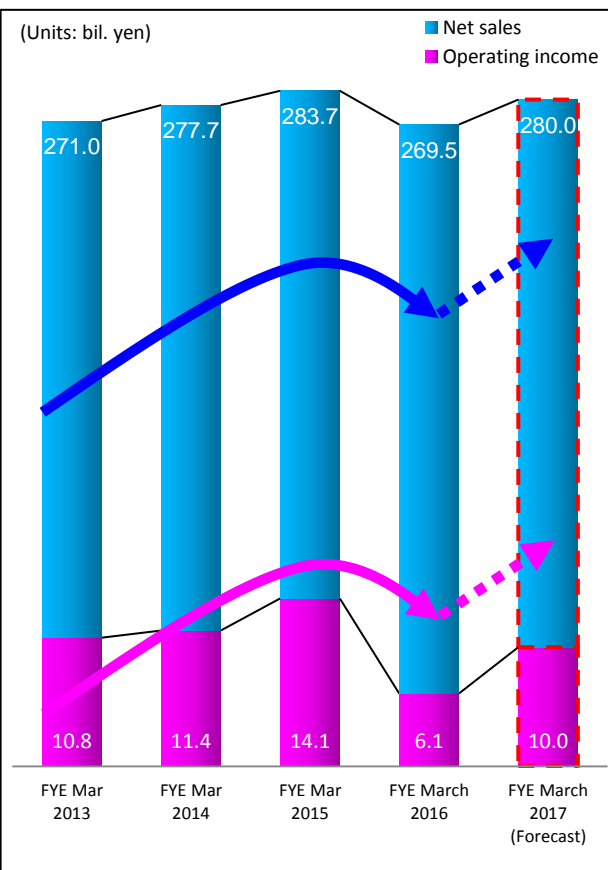
## II. Performance and Financial Overview

# 1. Historical Performance

- Until FY2014, synergies through management integration and transformation of business structure led to increased revenue and income for three consecutive years
- In FY2015, there was a substantial decrease in revenue and income due to decreased in the multi-carrier business (20 bil. yen decrease in sales) and the impact of unprofitable software projects (2.7bil. yen in provision for loss on construction contracts)
- In the FY 2016, the Company aims to achieve a “v-shaped turnaround” on the back of the recovery in mobile-related work and through M&A.

| Unit: bil. yen                    | FYE March 2013 | FYE March 2014 | FYE March 2015 | FYE March 2016 | FYE March 2017 (Plan) |
|-----------------------------------|----------------|----------------|----------------|----------------|-----------------------|
| <b>Net sales</b>                  | 271.0          | 277.7          | 283.7          | 269.5          | 280.0                 |
| NTT                               | 109.1          | 99.9           | 95.6           | 95.1           | 95.0                  |
| Multi-carrier                     | 81.3           | 98.4           | 96.1           | 76.1           | 78.5                  |
| Environmental & Social Innovation | 45.8           | 28.5           | 45.8           | 53.6           | 48.5                  |
| ICT Solutions                     | 34.6           | 50.8           | 46.1           | 44.5           | 58.0                  |
| Gross profit                      | 29.3           | 29.9           | 33.1           | 25.8           | 33.5                  |
| Gross profit margin               | 10.8%          | 10.8%          | 11.7%          | 9.6%           | 12.0%                 |
| SG&A                              | 18.4           | 18.5           | 18.9           | 19.7           | 23.5                  |
| SG&A ratio                        | 6.8%           | 6.7%           | 6.7%           | 7.3%           | 8.4%                  |
| <b>Operating income</b>           | 10.8           | 11.4           | 14.1           | 6.1            | 10.0                  |
| Operating income ratio            | 4.0%           | 4.1%           | 5.0%           | 2.3%           | 3.6%                  |

## Net Sales and Operating Income



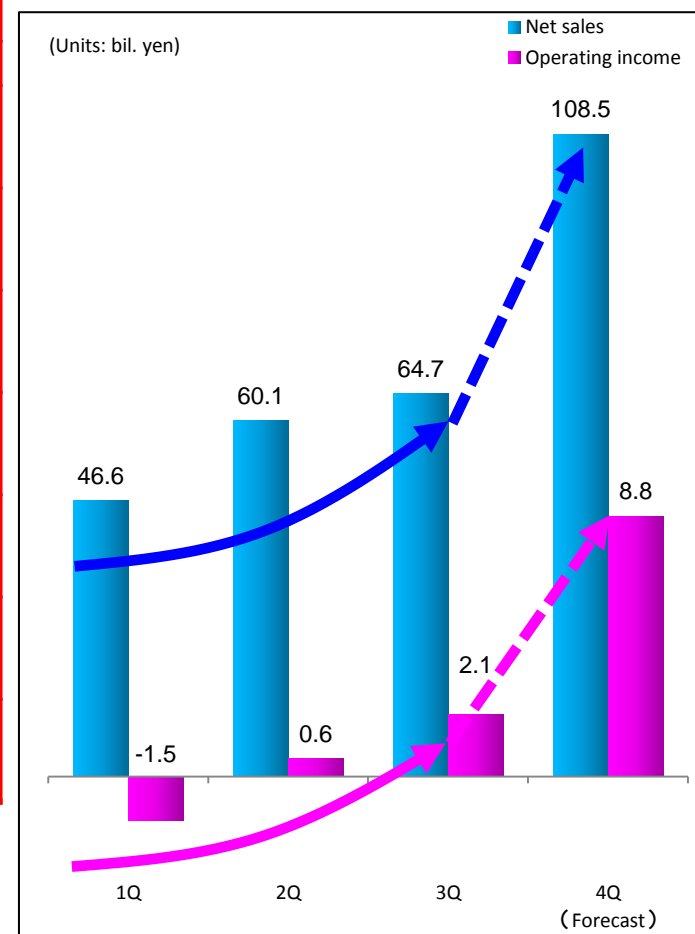
## 2. Financial Overview for the Nine Months Ended December 31, 2016

- Orders received achieved steady growth thanks to M&A and other efforts, **reaching a record high of 231.8 bil. yen**(up by 44.3 bil. yen yoy).
- Net sales came in at 171.5 bil. yen (down by 1.3 bil. yen yoy), due to delays in work in the Multi-carrier and Environmental & Social Innovation businesses.
- Operating income reached 1.2 bil. yen (up by 1.2 bil. yen yoy) on the back of the decrease in software project-related losses and the contribution of acquired companies.
- Construction account carried forward reached **a historically high level of 135.0 bil. yen**; the Company will focus on completing work for such projects.

| Units: bil. yen                               | FYE March 2016               | FYE March 2017               | YoY Change<br>(Percentage change) | FYE March 2017                |                     |
|---|------------------------------|------------------------------|-----------------------------------|-------------------------------|---------------------|
|   | 3Q actual results<br>(Ratio) | 3Q actual results<br>(Ratio) |                                   | Full-year Forecast<br>(Ratio) | 3Q<br>progress rate |
|   | (a)                          | (b)                          |                                   | (d)                           | (b)/(d)             |
| Orders received                               | 187.5                        | 231.8                        | + 44.3<br>(+ 23.6%)               | 310.0                         | 74.8%               |
| Net sales                                     | 172.8<br>(100%)              | 171.5<br>(100%)              | - 1.3<br>(- 0.8%)                 | 280.0<br>(100%)               | 61.3%               |
| Gross profit                                  | 14.5<br>(8.4%)               | 18.4<br>(10.7%)              | + 3.9<br>(+ 26.9%)                | 33.5<br>(12.0%)               | 54.9%               |
| SG&A  | 14.6<br>(8.5%)               | 17.1<br>(10.0%)              | + 2.5<br>(+ 17.1%)                | 23.5<br>(8.4%)                | 72.8%               |
| Operating income                              | - 0.0<br>(-)                 | 1.2<br>(0.7%)                | + 1.2<br>(-)                      | 10.0<br>(3.6%)                | 12.0%               |
| Ordinary income                               | 0.5<br>(0.3%)                | 1.4<br>(0.8%)                | + 0.9<br>(+ 180.0%)               | 10.5<br>(3.8%)                | 13.3%               |
| Profit attributable<br>to owners of<br>parent | - 0.1<br>(-)                 | 0.2<br>(0.1%)                | + 0.3<br>(-)                      | 6.8<br>(2.4%)                 | 2.9%                |
| Construction<br>account carried<br>forward    | 98.2                         | 135.0                        | + 36.8                            | -                             | -                   |

FYE March 2017

Net Sales and Operating Income by Quarter



## Detailed Analysis of Net Sales [YoY Comparison]

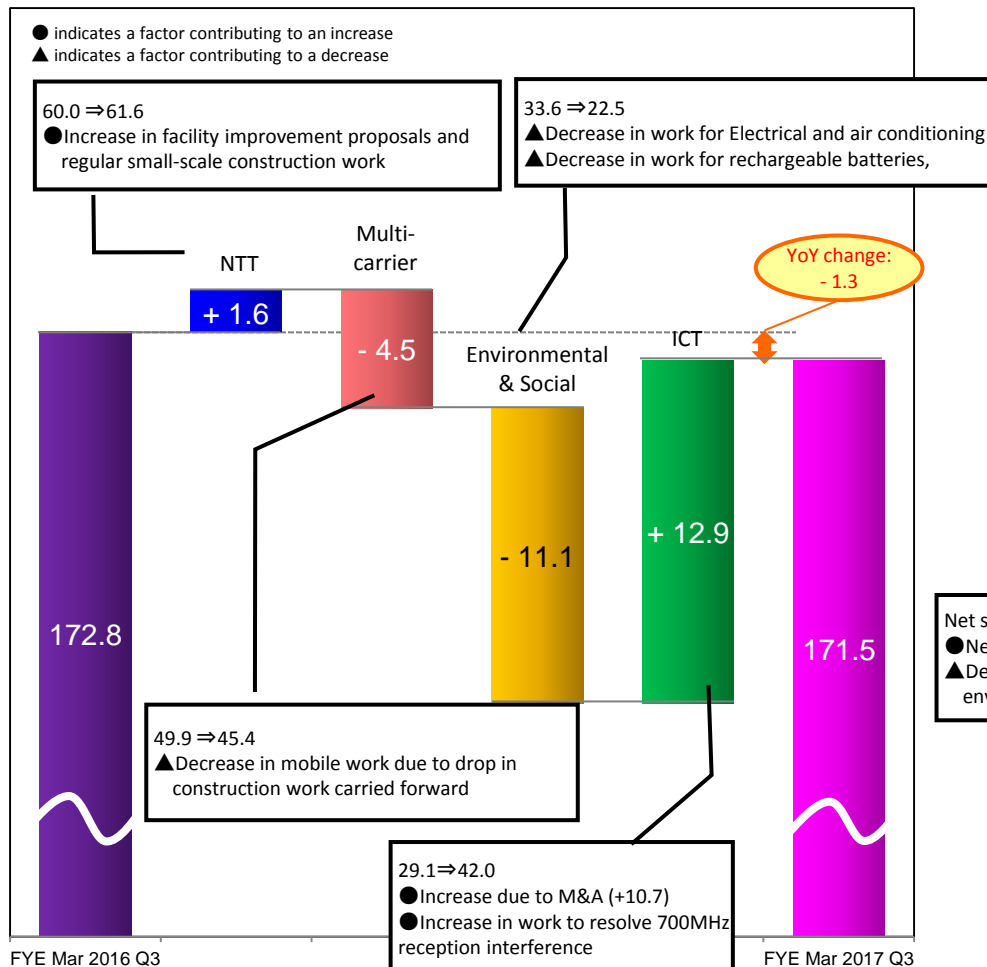
- NTT Business: Up given the increase in facility improvement proposals and regular small-scale construction work.
- Multi-carrier Business: Mobile-related work decreased reflecting the drop in construction work carried forward.
- Environment & Social Innovation Business: Decrease in work for Electrical ,air conditioning and rechargeable batteries, etc.
- ICT Solutions Business: **Up due to the contribution of acquired companies and increase in work to resolve 700 MHz reception interference.**

## Detailed Analysis of Operating Income[YoY Comparison]

- Improved margins due to contribution of acquired companies: positive impact of 1.5 bil. yen
- Smaller software project-related losses: positive impact of 2.5 bil. yen
- Increase in SG&A costs through M&A: negative impact of 2.5 bil. yen

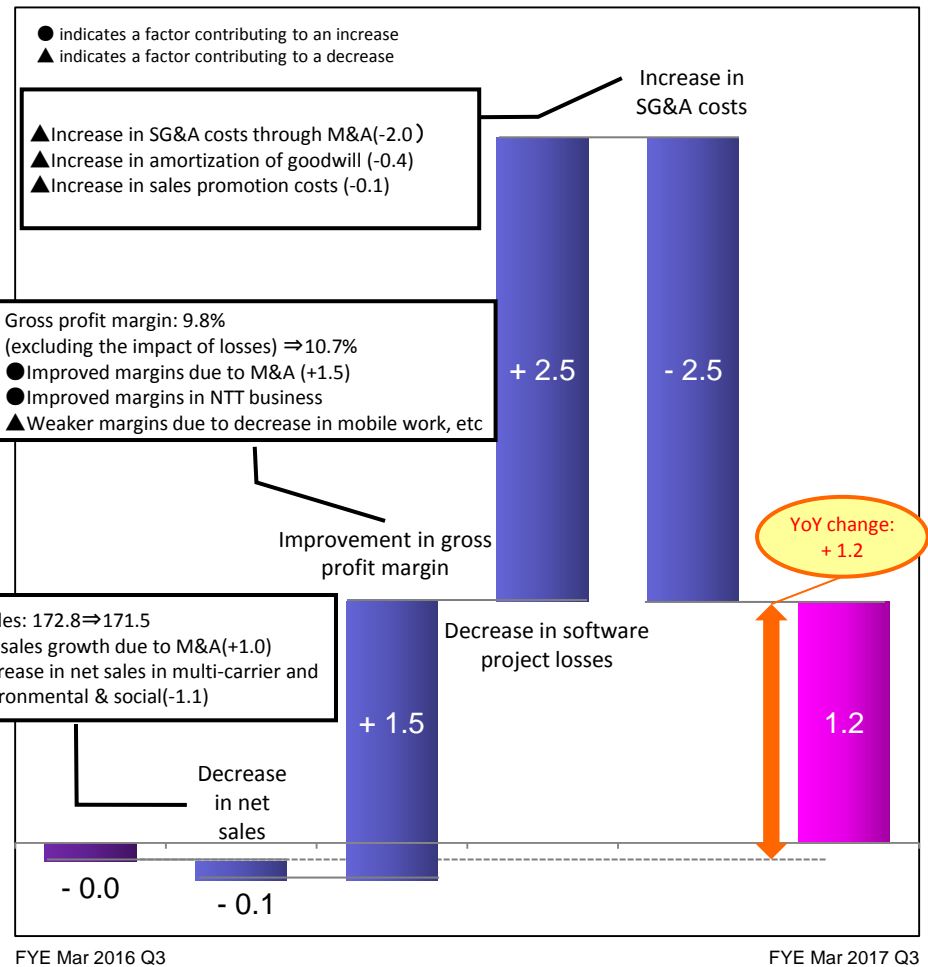
### Net sales

(Unit: bil. yen)



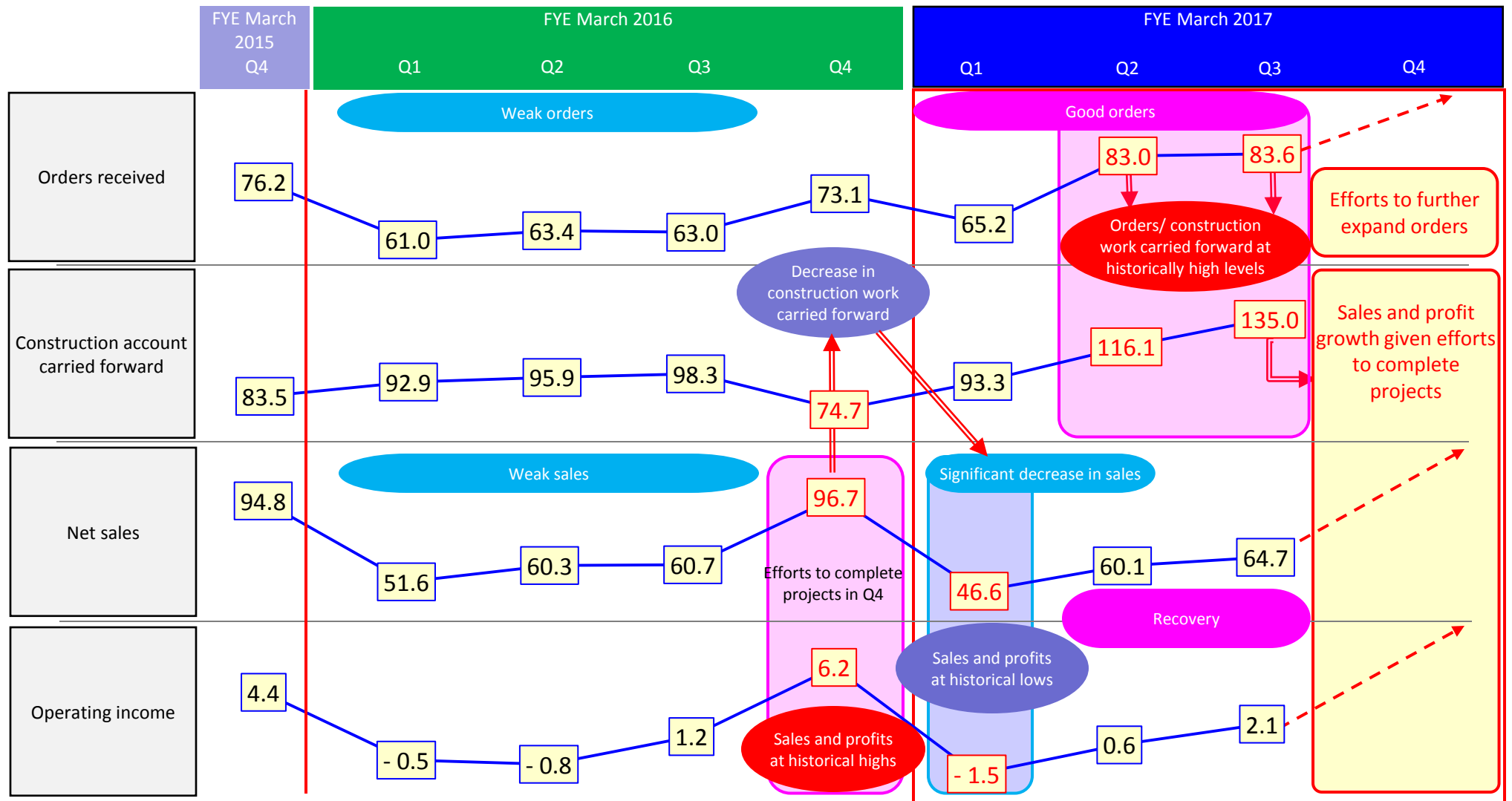
### Operating income

(Unit: bil. yen)



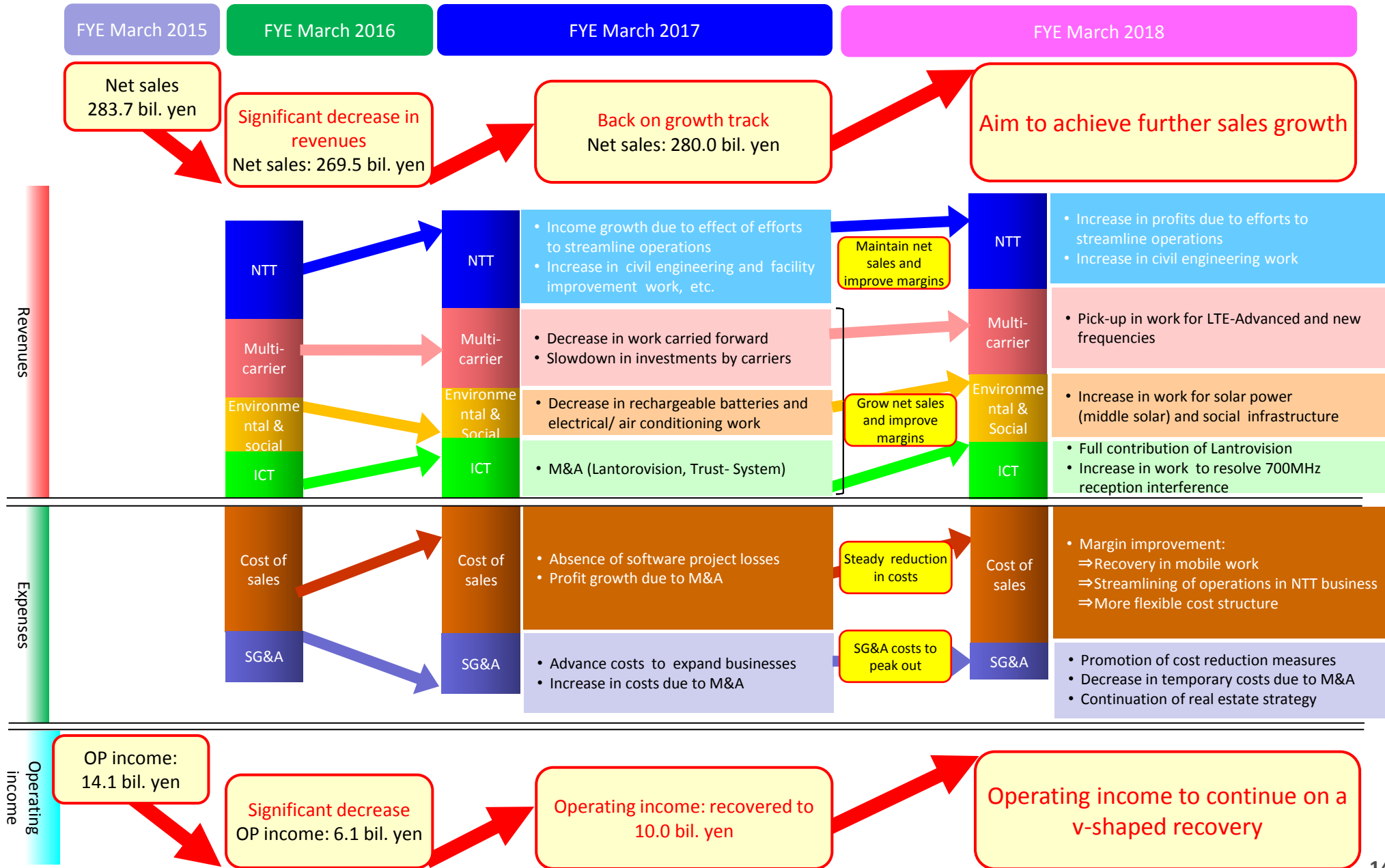
### 3. Quarterly Financial Results

- Net sales and operating income are recovering as the end of the fiscal year approaches.
- Orders received recorded historically high levels in 2Q and 3Q of FYE March 2017.  
 ⇒ Construction account carried forward reached historically high levels; both sales and profits are expected to grow going forward given efforts to complete projects.



# 4. Forecast for FYE March 2018

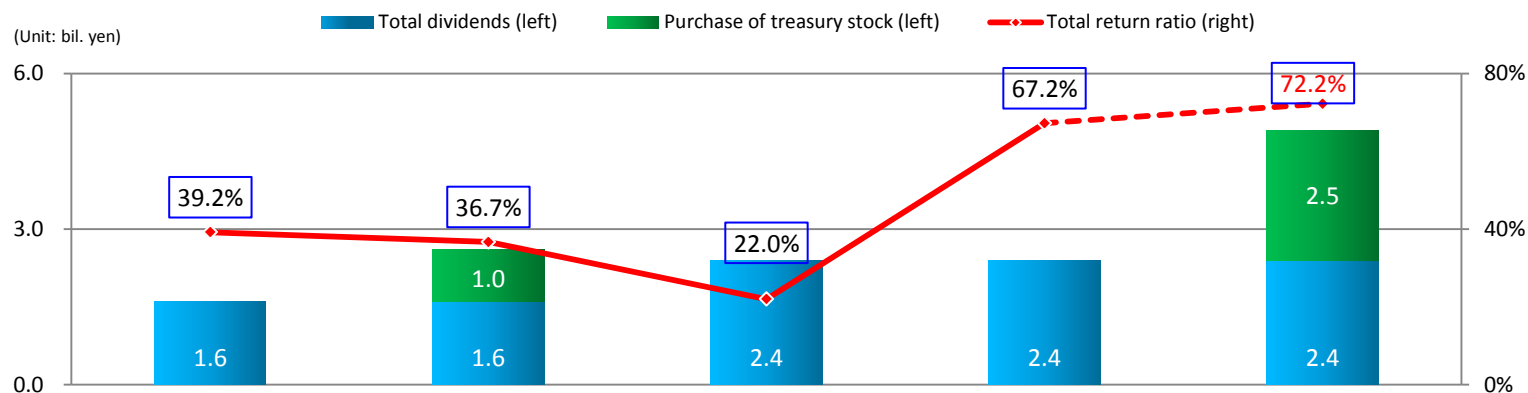
## Trends in net sales and operating income



## 5. Shareholder Returns and Corporate Governance

- Our basic policy is to **pay dividends consistently**, while taking the business performance, the dividend payout ratio, etc. into consideration.
- Dividends for the current fiscal year is planned at **30 yen per share (interim and year-end dividends of 15 yen each)** in line with the previous year.
- The Company repurchased 2.5 bil. yen of stock** in FYE March 2017 to enhance shareholder returns and to deliver on its flexible capital policy.
- A performance-linked stock remuneration system will apply** to directors and executive officers of MIRAIT Holdings, MIRAIT Corporation and MIRAIT Technologies from this fiscal year.

### Shareholder Returns



|                                    |          | FYE March 2013 | FYE March 2014 | FYE March 2015 | FYE March 2016 | FYE March 2017 (forecast) |
|------------------------------------|----------|----------------|----------------|----------------|----------------|---------------------------|
| Total dividends                    |          | 1.6 bil. yen   | 1.6 bil. yen   | 2.4 bil. yen   | 2.4 bil. yen   | 2.4 bil. yen              |
| Net income                         |          | 4.2 bil. yen   | 7.1 bil. yen   | 11.1 bil. yen  | 3.6 bil. yen   | 6.8 bil. yen              |
| Annual dividends per share         | Interim  | 10 yen         | 10 yen         | 15 yen         | 15 yen         | 15 yen                    |
|                                    | Year-end | 10 yen         | 10 yen         | 15 yen         | 15 yen         | 15 yen                    |
|                                    | Total    | 20 yen         | 20 yen         | 30 yen         | 30 yen         | 30 yen                    |
| Purchase of treasury stocks        |          | —              | 1.0 bil. yen   | —              | —              | 2.5 bil. yen              |
| Consolidated dividend payout ratio |          | 39.2%          | 22.9%          | 22.0%          | 67.2%          | 35.9%                     |
| Consolidated total return ratio    |          | 39.2%          | 36.7%          | 22.0%          | 67.2%          | 72.2%                     |
| ROE                                |          | 4.1%           | 6.7%           | 9.5%           | 3.0%           | 5.5%                      |





## III. Trends in Each Business

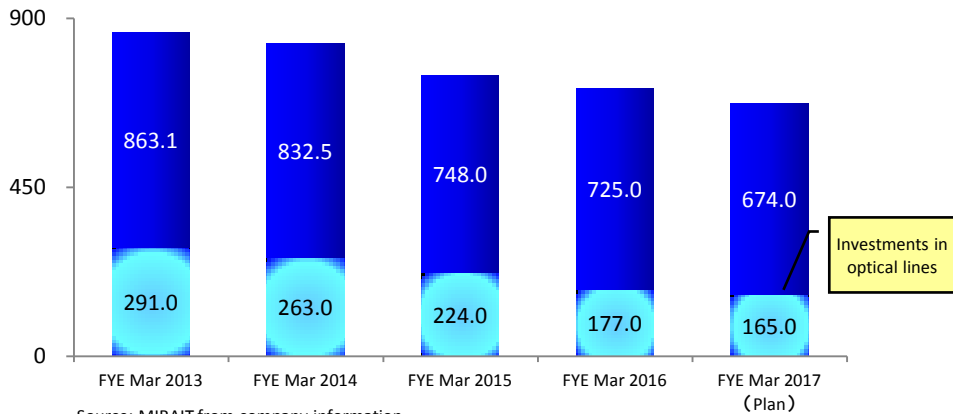
# 1. Trends in the NTT Business

## Business environment

- NTT's investment activities remain on a downward trend, but **work for optical lines has increased given the spread of Hikari Collaboration**.
- Changes in the business environment, **such as the expansion of facility management business and civil engineering work.**

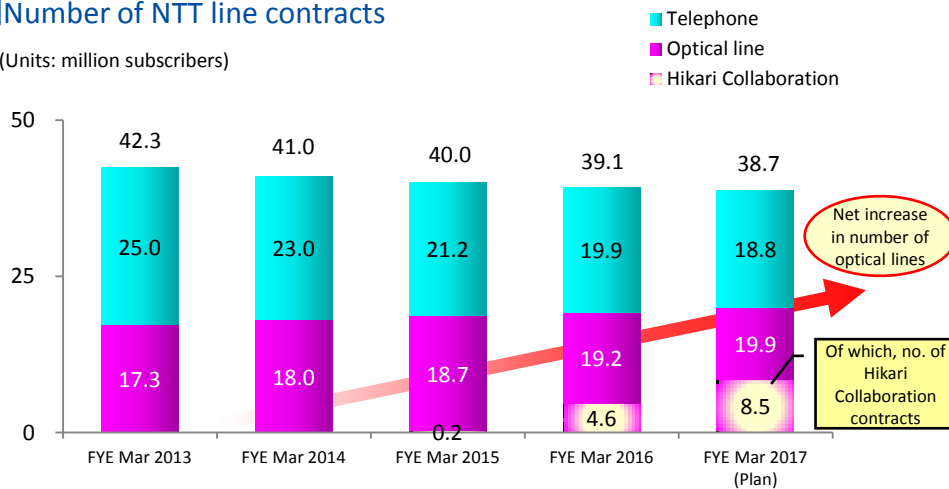
## Capital investments by NTT East, NTT West and NTT Communications

(Unit: bil. yen)



## Number of NTT line contracts

(Units: million subscribers)



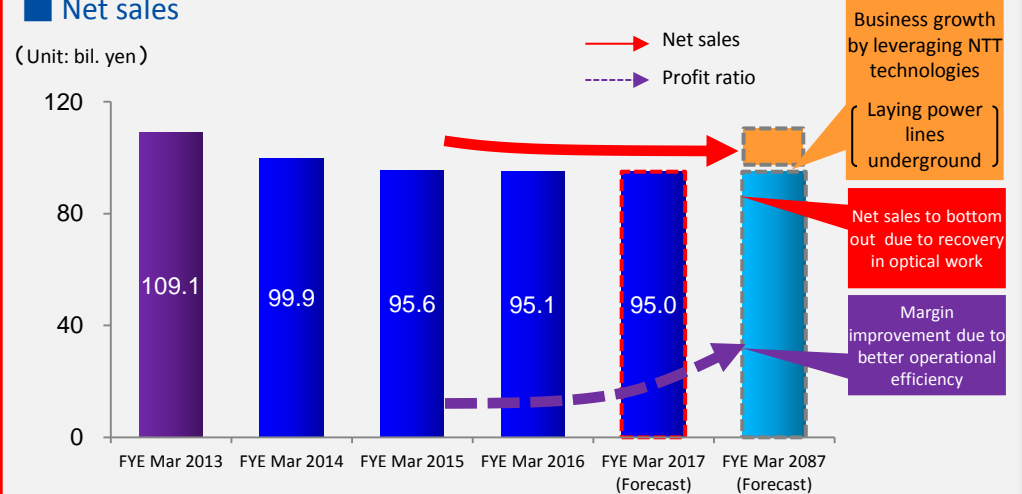
※Under the Hikari Collaboration model, a company borrows NTT's optical lines and offers its own service as a package.

## MIRAIT Group's initiatives

- Net sales recovery** through expansion of facility improvement proposals and civil engineering work.
- Further margin improvement** by promoting measures to improve operational efficiency such as the consolidation of offices.

## Net sales

(Unit: bil. yen)

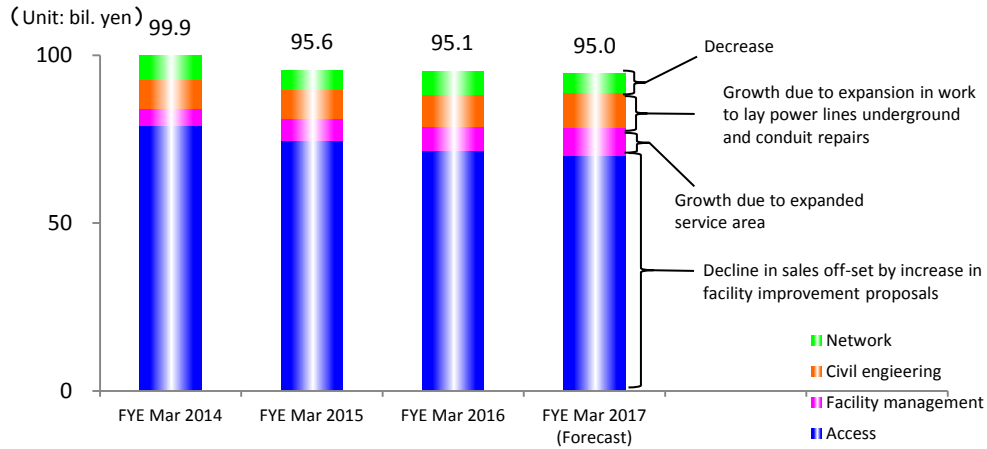


## Update on key initiatives

|                           | Initiatives  |
|---------------------------|--|
| Improvement of efficiency | <ul style="list-style-type: none"> <li>Consolidation of offices in Tochigi, Ibaraki, Gunma and Saitama ⇒ Cost reduction: 0.2 bil. yen/ year</li> <li>Consolidation of support operations to achieve a more efficient operational structure (Chiba, Tochigi)</li> <li>Enhancement of business operation structure by strengthening human resources at core companies</li> </ul> |
| Sales growth              | <ul style="list-style-type: none"> <li>Facility improvement proposals for NTT (replacement of suspension wires, cables, etc.)</li> <li>Large scale conduit repair work ⇒ Received new orders during the current fiscal period</li> <li>Work to lay power lines underground (net sales doubled from the previous fiscal period)</li> </ul>                                      |

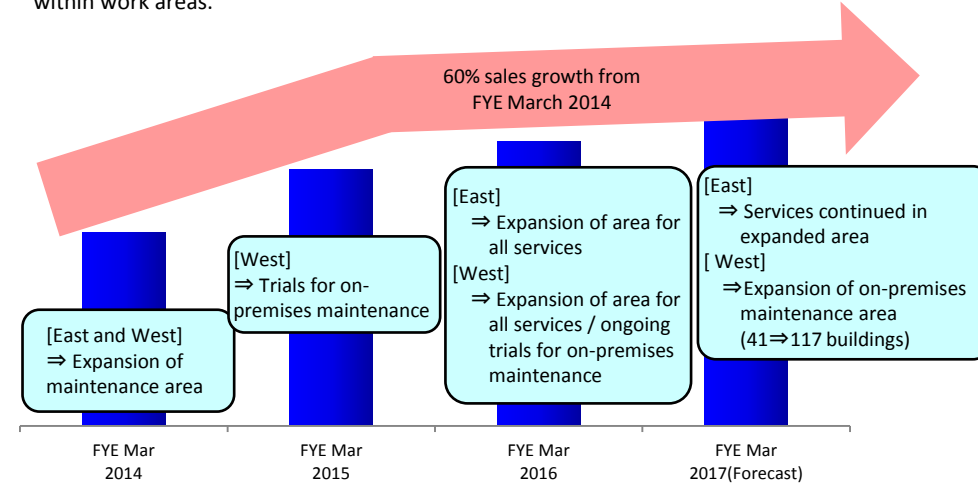
## Net sales growth in NTT business

### Breakdown of net sales



### Facility management services

- Repairs and management of facilities in certain work areas are now fully outsourced from NTT to MIRAIT.
- MIRAIT will proactively approach NTT with proposals, including those to improve facilities within work areas.

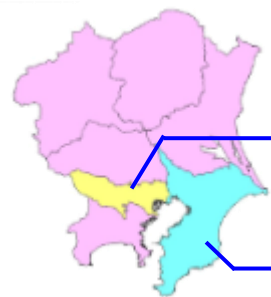


### Promoting efficiency through consolidation of offices

- The total number of offices locations will be reduced by around 30% (approx. 70 → 50), including those that have already been closed in the Kansai region
- Reduction of administrative personnel and work vehicles, etc.



#### ◆ Kanto region



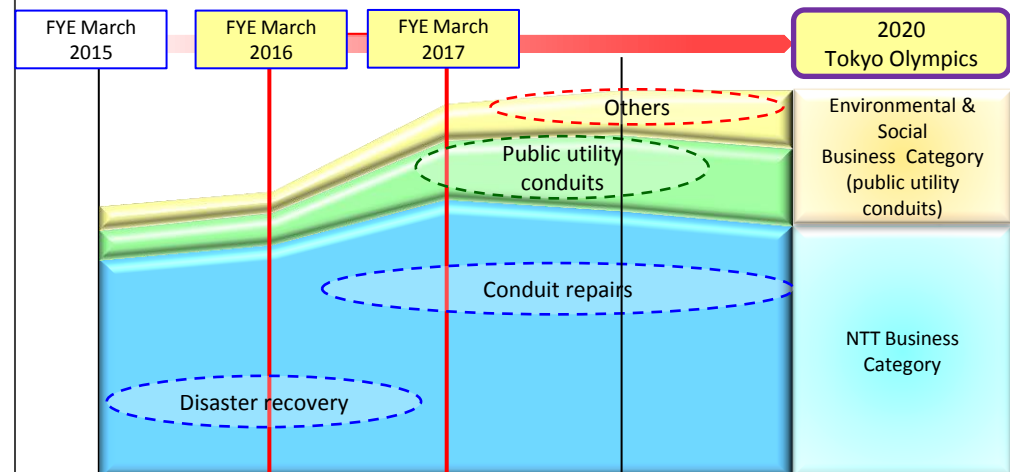
Completed by FY2015  
(Saitama, Ibaraki, Tochigi, Gunma,)  
29 ⇒ 19 locations  
(Cost reductions -0.2 bil. yen/ year)

Consolidation being considered  
(Tokyo)  
4 ⇒ 3 locations

Consolidation underway  
(Chiba)  
8 ⇒ 6 locations

### Civil engineering business

- Work for public utility conduits is expected to increase in major cities such as Tokyo. In the NTT business, increase in conduit repair work is expected.

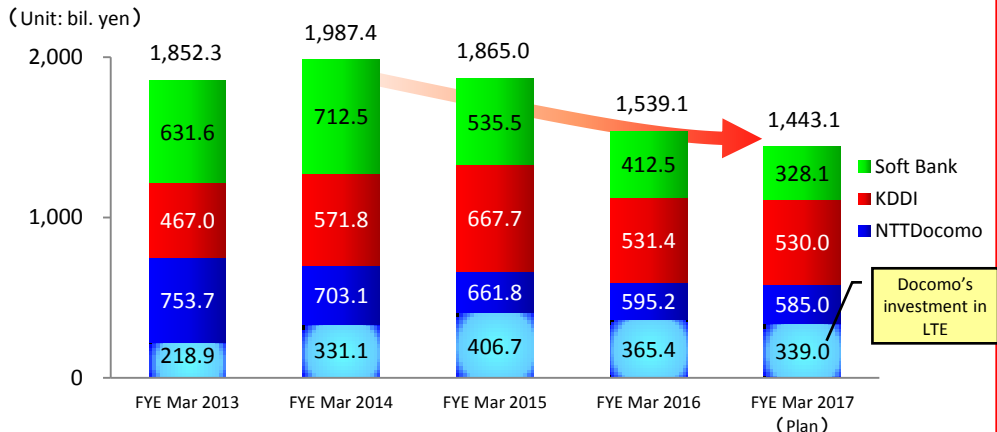


## 2. Trends in the Multi-carrier Business

### Business environment

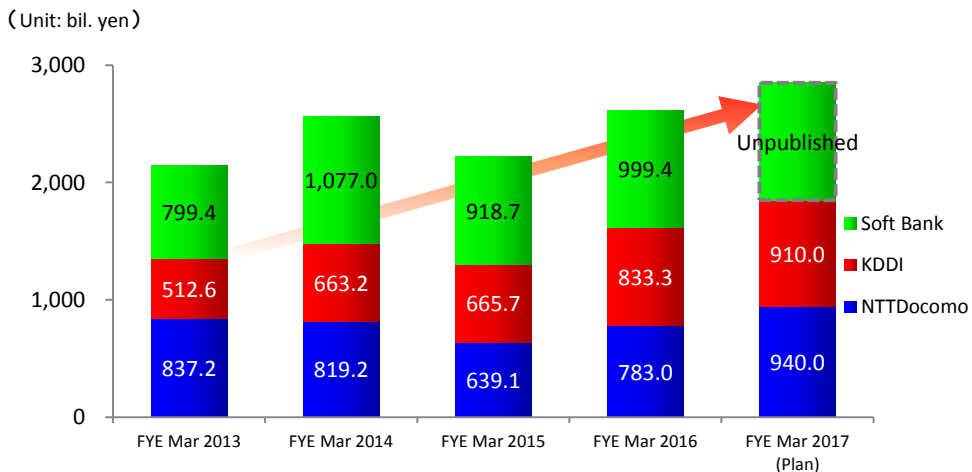
- Mobile carriers' investment activities remain on a downward trend, but **work for LTE-Advanced and new frequencies has gained momentum.**

### Capital investments by the three major mobile carriers



Source: MIRATI from company information (Notes) 1. The amount shown for Softbank is for domestic telecommunications business only.  
2. The amount shown for KDDI is the FYE 3/2015 consolidated amount including UQ.

### Operating income by the three major mobile carriers

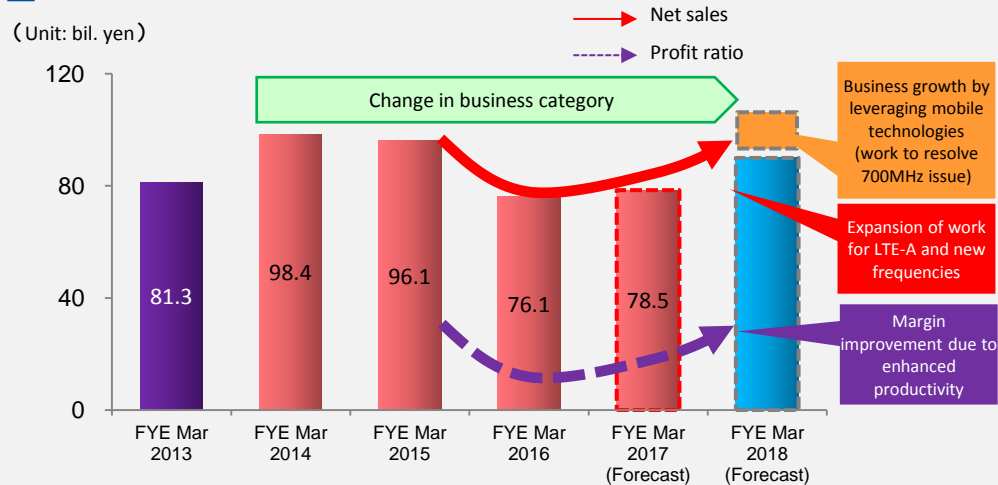


Source: MIRATI from company information (Note) The amount shown for KDDI from FYE 3/2015 is based on IFRS.

### MIRAIT Group's initiatives

- Net sales growth due to pick up in work for LTE-Advanced and new frequencies.
- Strengthen management efforts including core companies to handle large volumes of small scale work.

### Net sales

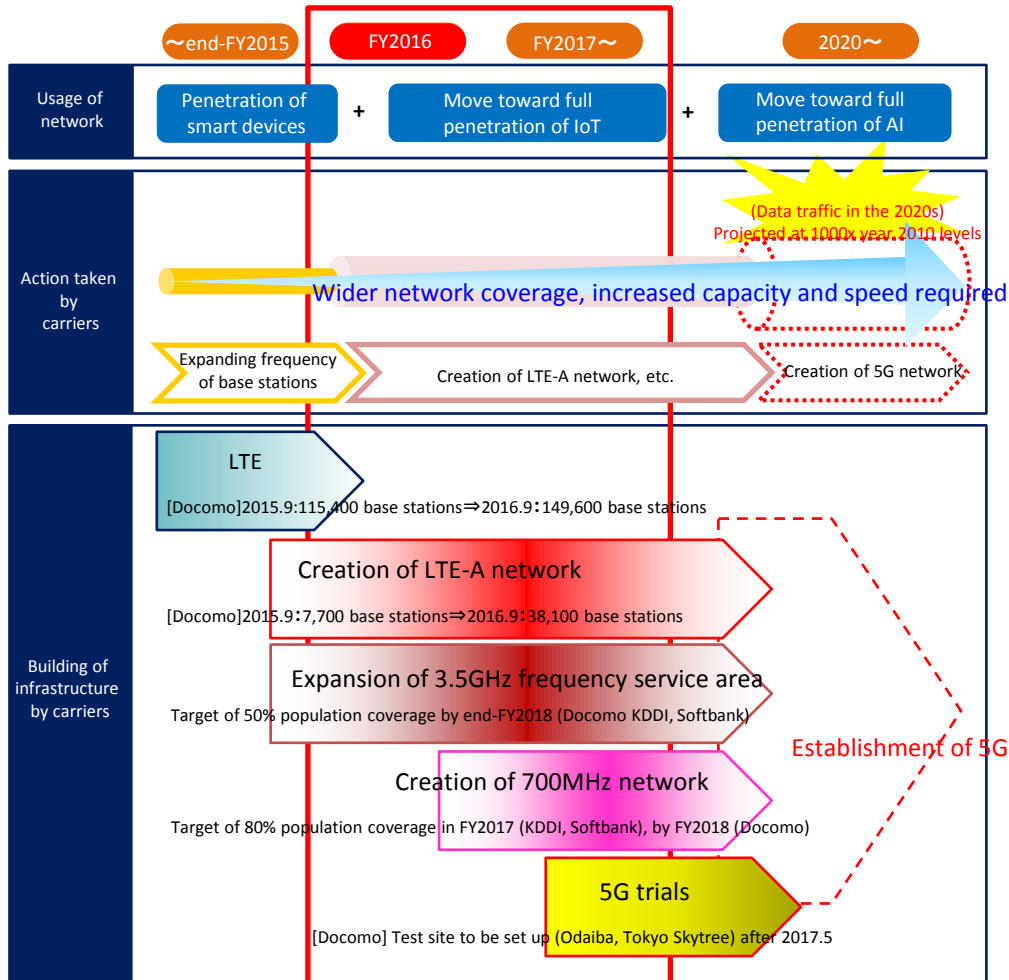


### Update on key initiatives

|                           | Initiatives   |
|---------------------------|---|
| Improvement of efficiency | <ul style="list-style-type: none"> <li>Handle concentration of work and resolve bottlenecks in upstream processes</li> <li>⇒ Flexible use of resources across offices</li> <li>⇒ Strengthening network of subcontractors, etc.</li> </ul>                                 |
| Sales growth              | <ul style="list-style-type: none"> <li>Expanding the scope of LTE-A work</li> <li>⇒ Add-on cells, installation of 3.5GHz antennas</li> <li>Growth expected in 700MHz-related work</li> <li>Efforts in indoor work for office buildings, shopping centers, etc.</li> </ul> |

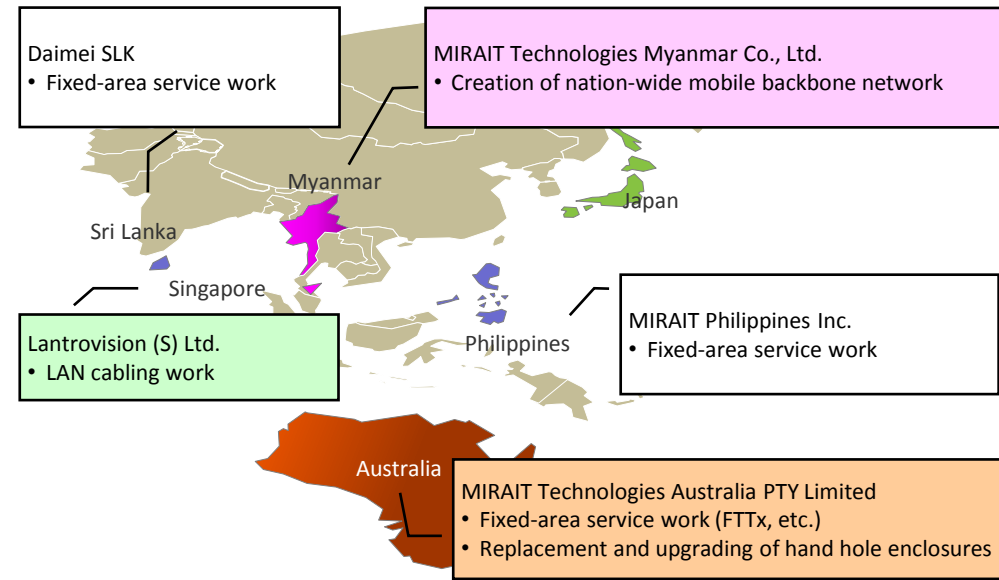
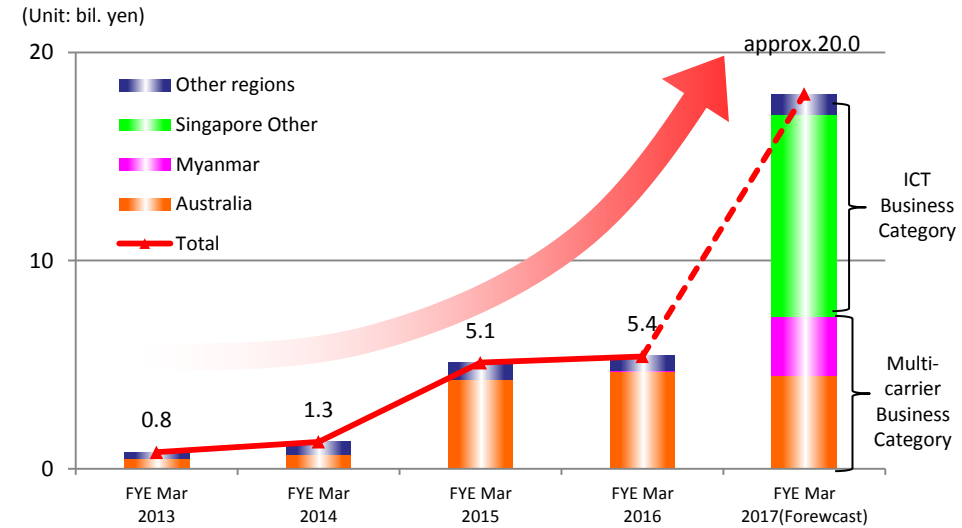
## Trends in the mobile business

- LTE-A (add-on cells, carrier aggregation, 3.5GHz, etc.) gaining momentum
- 700MHz-related work is expected to commence from the end of the current FY.
- 5<sup>th</sup> generation (5G) services expected to be launched in 2020.



Source: MIRAIT from materials disclosed by the Telecommunications Bureau (MIAC) and NTT Docomo

## Net sales growth in the global business



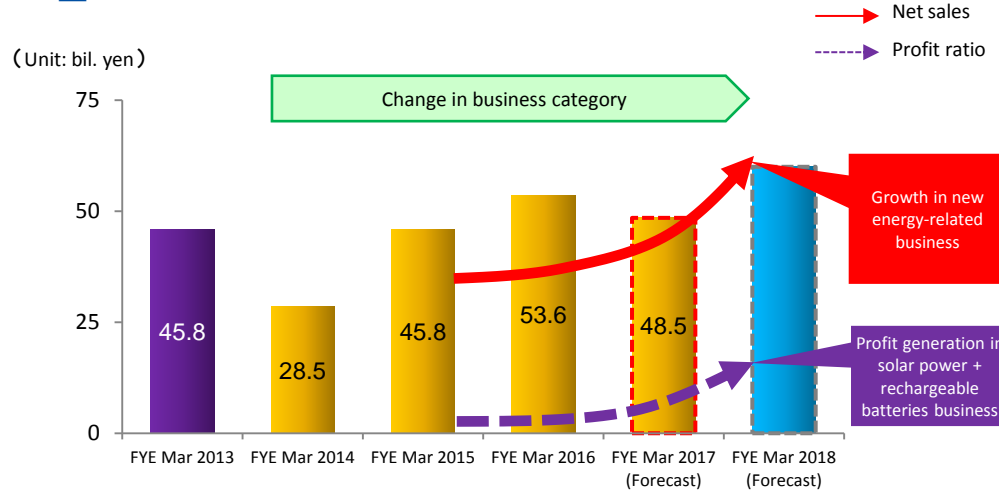
\* The entity in the Philippines is an equity-method affiliate.

\* The entity in Sri Lanka is not consolidated.

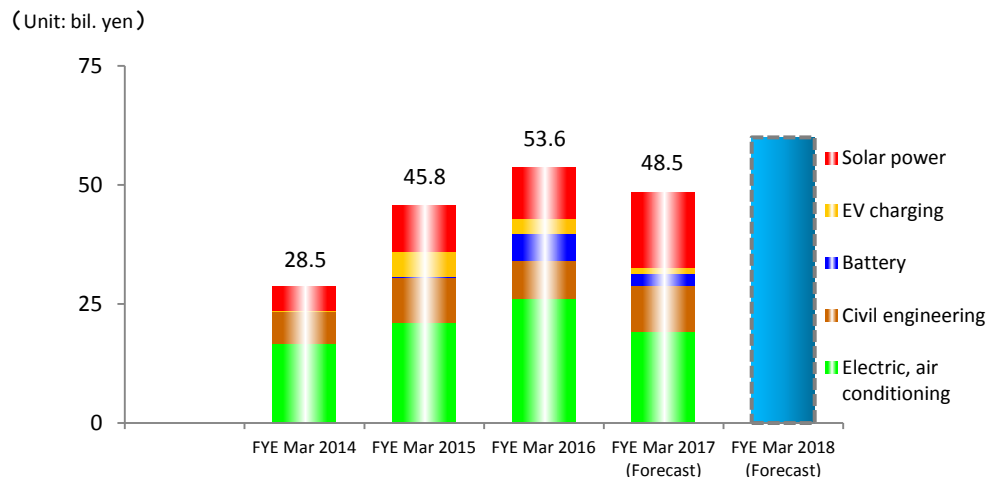
### 3. Trends in the Environmental & Social Innovation Business

- Achieve sales growth in new-energy related businesses, specifically in the area of “solar power + rechargeable batteries”.
- Expand O&M business in solar power + rechargeable batteries.
- Focus on expanding the infrastructure and redevelopment businesses (air conditioning, laying of power lines underground, road lighting, etc.) up to 2020.





#### Net sales



#### Breakdown of net sales



#### Update on key initiatives

| Initiatives                  |  |
|------------------------------|--|
| New energy                   | <p>[Solar power]</p> <ul style="list-style-type: none"> <li>• Increase in projects for roof-top facilities at transportation companies, home centers, etc.</li> <li>• Growth in O&amp;M business                             <ul style="list-style-type: none"> <li>⇒ Currently engaged in 12 projects (0.3 bil. yen/ year)</li> <li>⇒ Expecting to receive order for maintenance of roof-top middle solar power facility</li> </ul> </li> </ul>  <p>Solar power work</p> |
|                              | <p>[Rechargeable batteries]</p> <ul style="list-style-type: none"> <li>• Establishment of contact center and smart system to accept orders from customers and to schedule work to be handled by subcontractors, etc.</li> </ul>  <p>Rechargeable batteries</p>  |
| Civil engineering, etc.      | <ul style="list-style-type: none"> <li>• Increase in CCTBOX work for Tokyo, including work to lay power lines underground</li> <li>• Maintenance work for U.S. military facilities</li> <li>• Sewerage pipeline work for Tokyo</li> </ul>  <p>Laying of power lines underground</p>  |
| Electrical/ air conditioning | <ul style="list-style-type: none"> <li>• Work for lighting and emergency alarms in tunnels</li> <li>• LED installation work (roads, safety lights) for municipalities</li> <li>• Air conditioning work for Japan Post-related facilities</li> </ul>  <p>Basement air conditioning facilities</p>  |

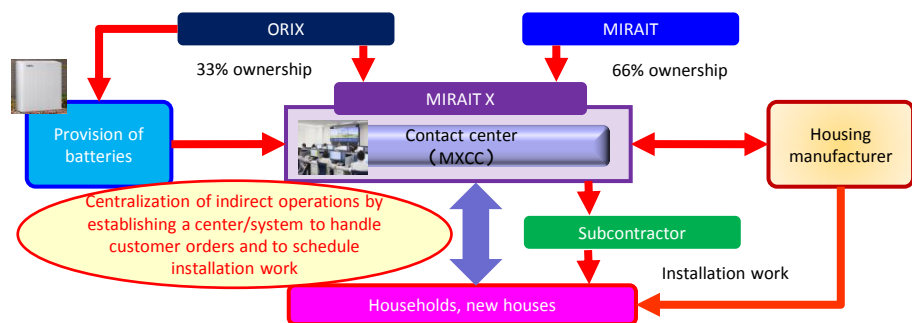
## Initiatives in solar power + rechargeable batteries business

### Expansion of solar power EPC and O&M businesses

- Expand range of target facilities, so as to cover mega solar power plants as well as small- and mid-sized facilities such as roof-top facilities.
- Expand O&M business for solar power

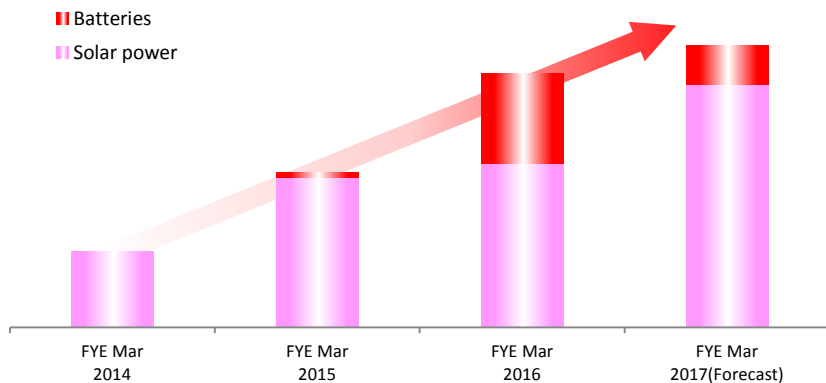
### Rechargeable batteries work

- Established MIRAIT X jointly with Orix Corporation.
- Expand the market for household captive power generation by offering services for residential solar power, rechargeable batteries and HEMS as a package, in light of the Year 2019 Problem\*.
- Optimize the delivery of services through the launch of a contact center.



\* End of the feed-in-tariff scheme for household solar power.

### Net sales growth in solar power + rechargeable batteries business



## Initiatives in work to lay power lines underground

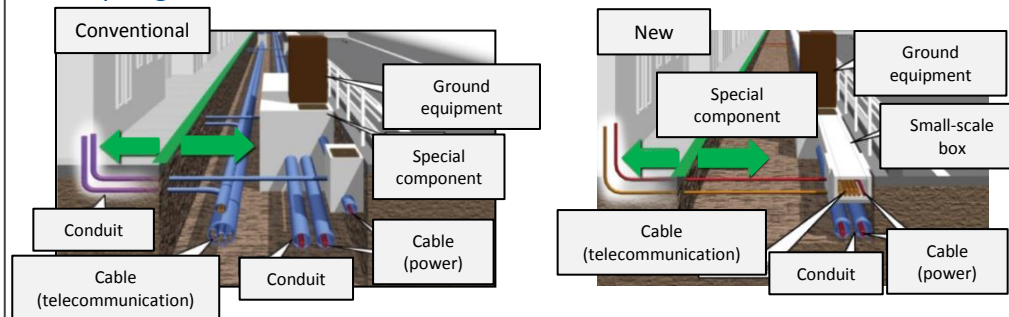
- Tokyo is behind other major cities in the world in laying power lines underground  
⇒ London/ Paris/ Hong Kong : 100%, Singapore: 93%, Tokyo 23 wards: 7%
- Efforts to lay power lines underground is expected to progress toward 2020

### Tokyo Metropolitan's initiatives in removing utility poles

#### 【Prefectural roads】

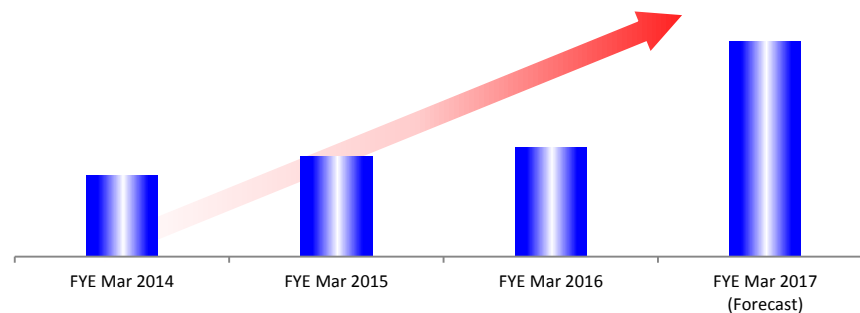
<Total road length: approx. 2,400km/ ratio of underground power lines: 35%>  
 ⇒ Initiatives for the Tokyo Olympic/ Paralympic Games  
 (ratio of underground power lines in the center core area: 100% by 2019 from 85%)  
 ⇒ 50% of emergency transport roads by end of FY2024

### Adopting small-sized boxes



(Note) Ministry of Land, Infrastructure and Transportation

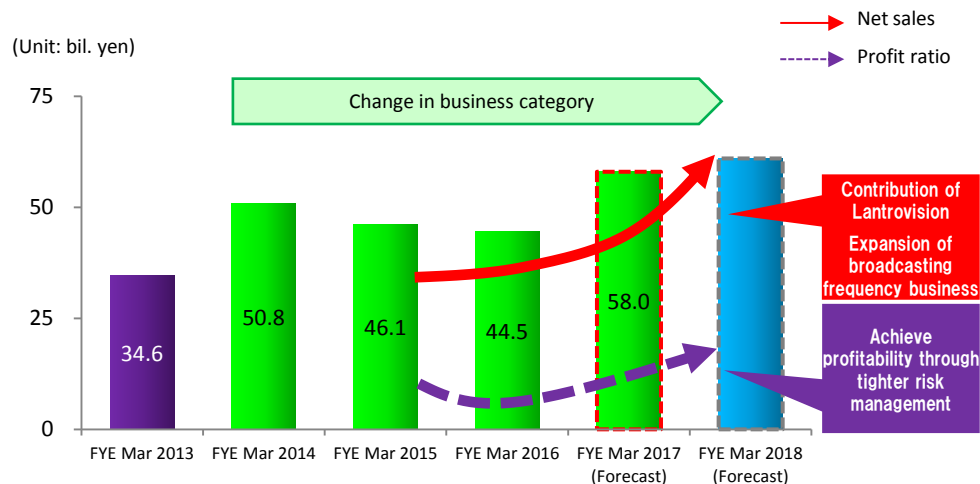
### Net sales of work to lay power lines underground



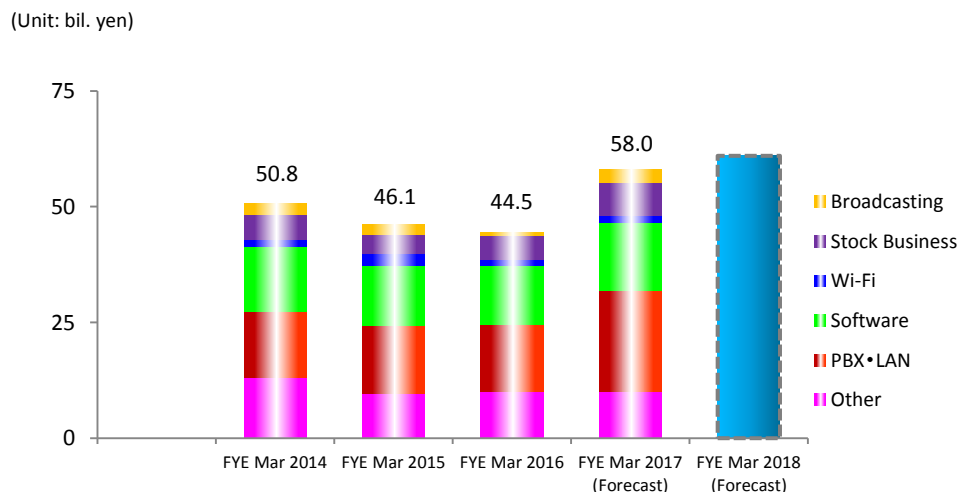
## 4. Trends in the ICT Solution Business

- Strengthen channel sales to win for work related to PBX, servers, LAN, etc.
- Acquired a LAN cabling company in Singapore (Lantrovision) to expand the business in the Asia region.
- Launch the data center business in an effort to enhance the stock business (Operations to start in FY 2018 Q1).



### Net sales



### Breakdown of net sales



### Update on key initiatives

| Initiatives                 |   |
|-----------------------------|---|
| Wi-Fi/ Wireless             | <ul style="list-style-type: none"> <li>Expanding Wi-Fi work in stadiums ⇒ J-League soccer stadiums, baseball stadiums</li> <li>Targeting multiple-store owners and schools</li> <li>Expanding work for local government disaster radio facilities</li> </ul>                   |
| LAN/PBX/ Telecommunications | <ul style="list-style-type: none"> <li>Expanding work to upgrade networks at educational facilities, etc.</li> <li>Datacenter LAN cabling work (domestic and overseas)</li> </ul>    |
| 700MHz                      | <ul style="list-style-type: none"> <li>Work to resolve TV reception problems ⇒ Handling of 1/3 of all projects nationwide</li> <li>⇒ Net sales in FYE March 2017: approx. 2.0 bil. yen</li> <li>⇒ Further net sales growth expected for FYE March 2018</li> </ul>              |
| Software                    | <ul style="list-style-type: none"> <li>Expanding contracted development projects (human resources/ compensation, telecommunications systems)</li> <li>Expanding contact center solutions ⇒ Promotion of WFM systems (currently adopted in 239 locations at 66 companies)</li> <li>Expanding work for bank/ securities through M&amp;A of Trust-Systems</li> </ul> |
| Stock business, etc.        | <ul style="list-style-type: none"> <li>Construction of datacenter (Operations to start in FY 2018)</li> <li>Expanding engineer staffing business by making Hopenet a subsidiary</li> </ul>  |



## Leveraging Lantrovision to expand overseas business

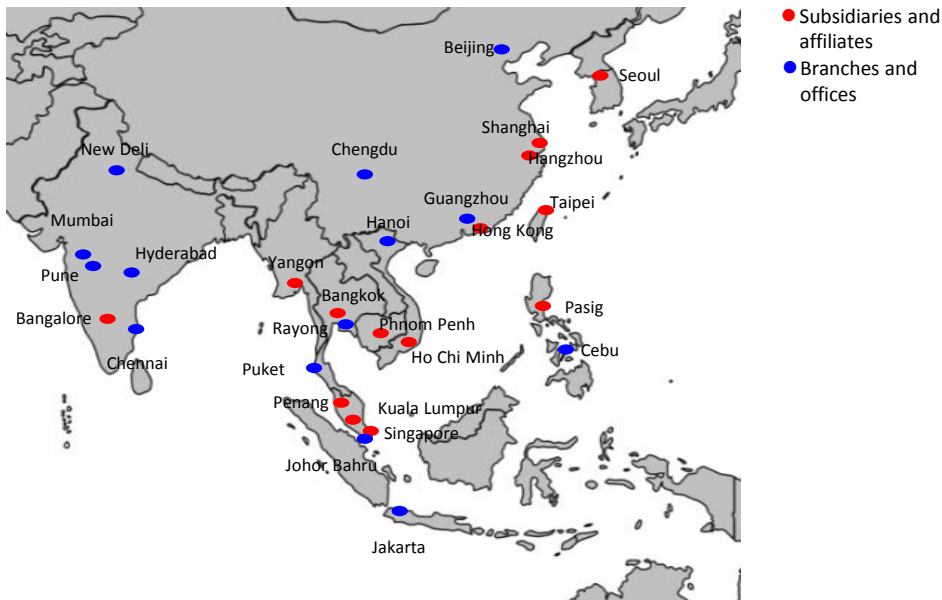
(Became a consolidated subsidiary in June 2016)

- Asia's largest company engaged in **design, construction and maintenance of LAN cabling, etc.**, and listed in Singapore.
- Customer base mainly comprises multinationals ranked in the Fortune 500 and banks that rank high in global rankings.
- FYE 6/2016 results: net sales 12.8bil. yen, operating income 1.1 bil. yen
- **FYE 3/2017 will be a 9-month reporting period. Contribution to MIRAIT's consolidated operating income is forecasted at 0.5 bil. yen (including goodwill amortization).**
- **Full contribution from FYE 3/2018; further contribution expected given decrease in M&A costs.**

### Future strategies

|                            |  |
|----------------------------|--|
| Synergies in sales efforts | <ul style="list-style-type: none"> <li>• Cooperation in sales efforts targeting Japanese companies entering Asian markets.</li> <li>• Cooperation in sales efforts targeting Japanese offices of multinational companies.</li> </ul> |
| Area                       | <ul style="list-style-type: none"> <li>• Expanding the business bases in Asia and the Middle East.</li> </ul>  |
| Business expansion         | <ul style="list-style-type: none"> <li>• Expanding businesses in the public sector, including subways and electric power companies.</li> </ul>   |

### Major office locations ⇒ Global network with offices in 28 cities across 13 countries



## Initiatives in the data center business

- MIRAIT Technologies is building the Osaka No1 Data Center **in response to the growing demand for data centers in the Kansai area.**  
⇒ Investment amount: 18.0 bil. yen
- The aim is to accumulate know-how to **expand the operations business.**

### Overview of Osaka No. 1 Data Center

|                  |   |
|------------------|---|
| Number of floors | 8 floors above ground (server rooms on 5 floors)                                      |
| Area             | Total floor space: 15,000m <sup>2</sup><br>Server floors: 1,628m <sup>2</sup> / floor |
| Floor load       | All server floors: 1,500kg/m <sup>2</sup>   |
| Number of racks  | 2,500 racks   |
| Incoming power   | 25,000 kw (2 systems)   |
| Air conditioning | Water-cooled air conditioning system  |

### Location

- Located in Osaka City  
(central location and maximum-scale capacity)

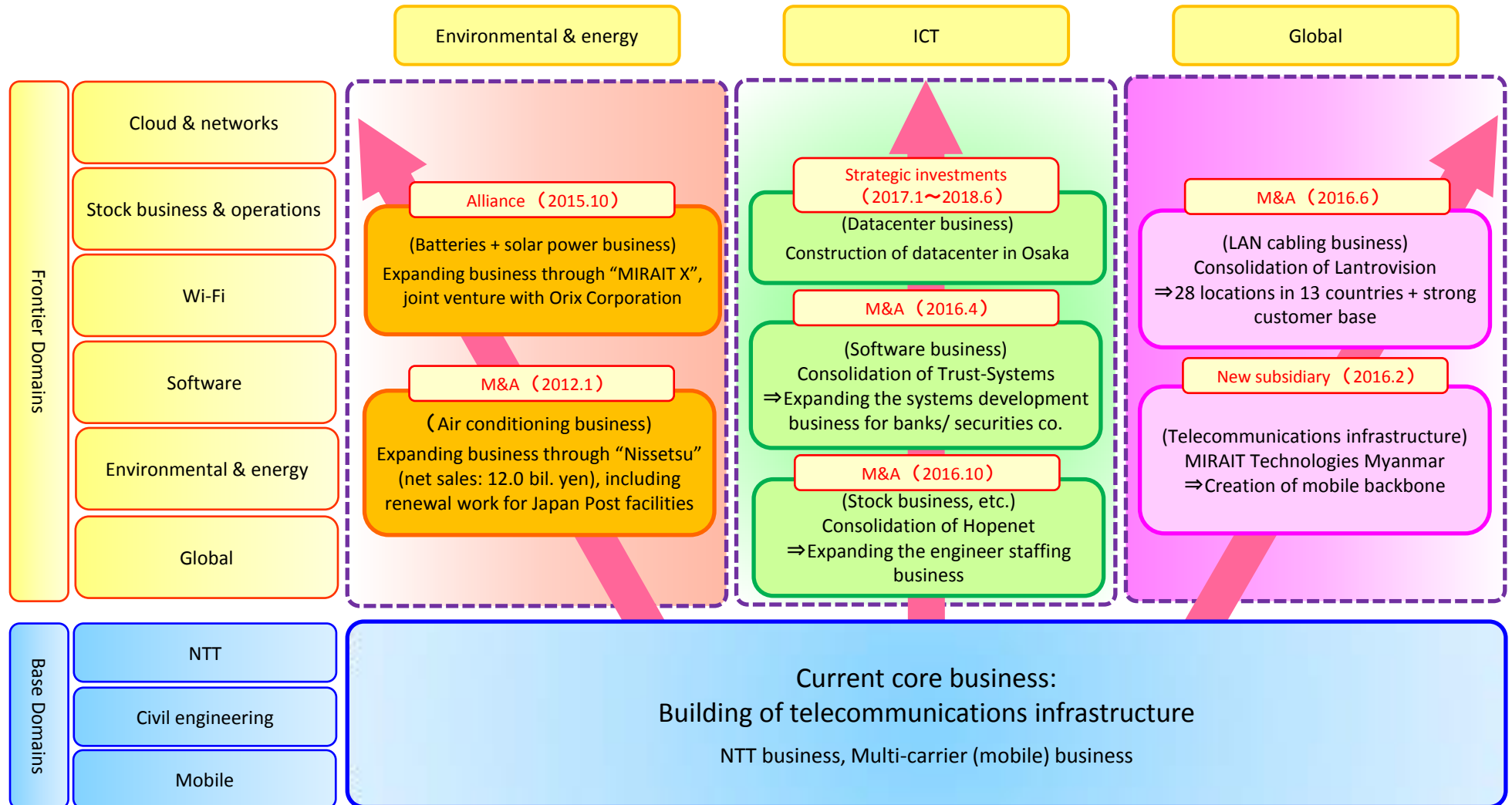
### Planned schedule

- Construction to begin in January 2017
- Operations to commence in FY2018 Q1



## 5. Recent Initiatives for Business Expansion

- Expanding the “frontier domains” by actively engaging in strategic investments that leverage the technologies accumulated through the building of telecommunications infrastructure, which is MIRAIT’s core business at present.
- Actively engaging in alliances and M&A to expand businesses.



## 6. Initiatives in New Solutions

### Initiatives in Wi-Fi solutions

- **Creating new business opportunities by offering Wi-Fi-related services**
  - ⇒ "ee-TAB\*" tablet service for hotels
  - ⇒ "PONTANA" digital information stand with public Wi-Fi

#### ee-TaB\*

- Delivery of multilingual content through tablets installed in hotel rooms
  - ⇒ Hotel guide, weather, tourist information, e-book, etc.
  - ⇒ Other functions, such as TV, lighting, and air conditioning remote control can also be added
- 2,254 units installed in 14 domestic hotels, including Keio Plaza Hotel
  - ⇒ Expected to reach **13,000 units/ 17 hotels** by March, 2017



ee-TaB\*

#### PONTANA

- Service that allows users to download digital content displayed on a large screen to their smart devices
  - ⇒ Catalogs at exhibitions, tourist information, etc., can be provided in multiple languages
- **Digital stickers and cloud to be added**
- 4 units sold as of January 2017
  - ⇒ **Target to achieve 400 units in sales** in FYE March 2018

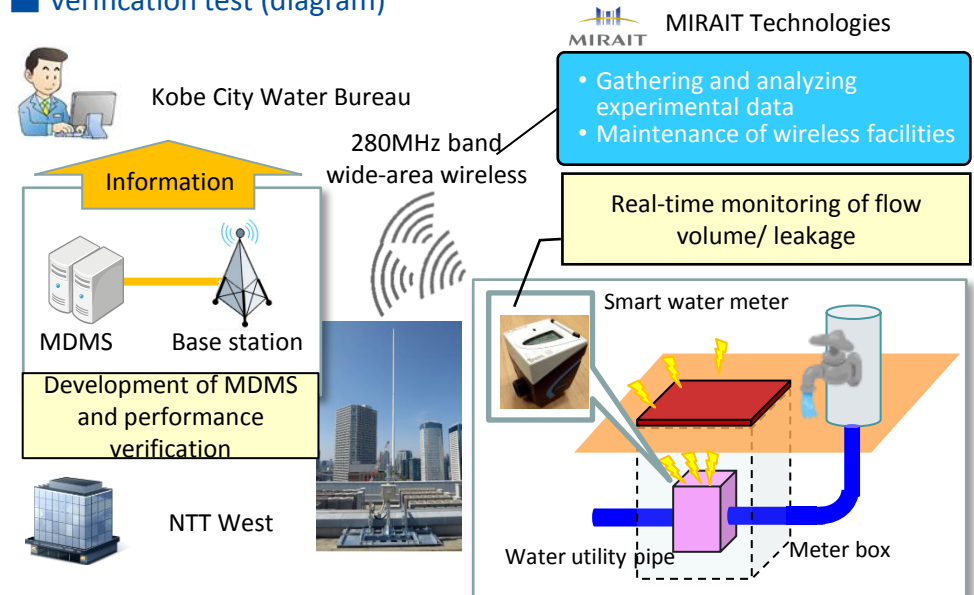


PONTANA

### Initiatives in IoT and M2M business

- **Verification test for wide-area wireless sensor network** that connects smart water meters using 280MHz band wireless, **together with Kobe City, NTT West, and Sensus Japan**

#### Verification test (diagram)



※MDMS (Meter Data Management System)= data management system for data collected through smart meters

#### Future direction of business (schedule)

- A verification test is also being conducted with Kanawaga Prefecture Bureau and JFE Engineering. (Planned test period: 10/2016~3/2018)
- Above tests are being considered by other municipalities and water utility operators.
- **Business will commence when the Ministry of Internal Affairs and Communications establishes a framework of the 280MHz band sensor network.**

## 7. Efforts to Reduce Administrative Costs and to Strengthen the Business Base

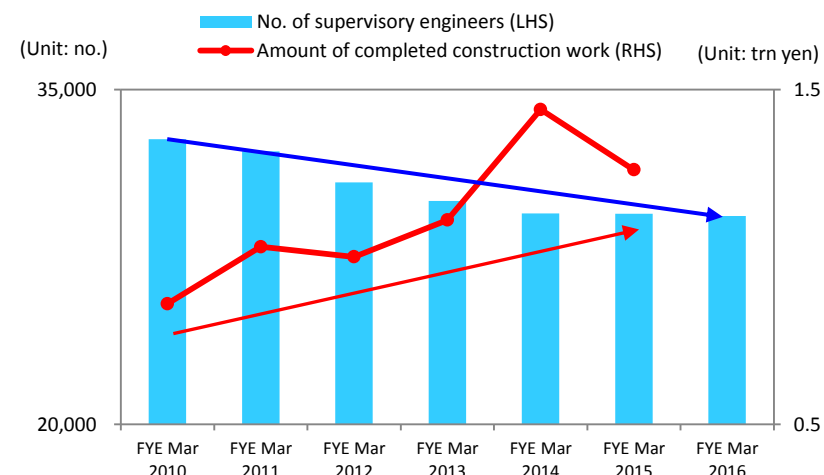
|   | Initiatives in FYE March 2017  | Initiatives for FYE March 2018  |
|---|--|---|
| Reduction of administrative expenses<br><small>(Actual cost reduction, excluding increases in SG&amp;A due to acquisitions)</small> | <ul style="list-style-type: none"> <li>Cost reduction efforts (copying, telecommunication fees, office supplies, etc.)</li> <li>Reducing rental expenses by expanding own assets<br/>⇒ Offices established for NTT business (Tochigi, Ibaraki, Gunma, Kanagawa)</li> <li>Expanding efforts to reduce unit costs across the Group</li> </ul> <p style="text-align: right;"><b>Cost reduction: total of -0.3 bil. yen</b></p>    | <ul style="list-style-type: none"> <li>Cost reduction efforts (switch to Hikari collaboration telecommunication line, reduce administrative costs for in-house systems)</li> <li>Reduce rental expenses by expanding own assets<br/>⇒ build apartments for unmarried employees (2 locations in Tokyo)</li> <li>Issue bonds to reduce interest payments</li> <li>Reduction in one-off acquisition costs</li> </ul> <p style="text-align: right;"><b>Cost reduction: total of -1.0 bil. yen</b></p> |
| KAIZEN  | <ul style="list-style-type: none"> <li>Boosting the KAIZEN effect through “quality improvements” and “roll-out”<br/>⇒ <b>Approx. 8,500 KAIZEN proposals per year</b><br/>⇒ Reduction of inventory of cables, better efficiency in handling operations around completed construction work, etc.</li> <li>Promoting awareness toward KAIZEN across the Group through events, etc., sponsored by <b>KAIZEN Fellows</b></li> </ul> | <ul style="list-style-type: none"> <li>Promote further awareness toward KAIZEN, to ensure that efforts are expanded and rooted across the Group</li> </ul>  |

|                                  | Key qualifications  |     | No. of certified workers |        |
|----------------------------------|---|-----|--------------------------|--------|
|                                  |   |     | 2015.3                   | 2017.2 |
| Telecommunications               | Supervisory engineers   | 903 | 904                      |        |
|                                  | Installation technicians (A1/ DD general)   | 247 | 271                      |        |
| Electrical work                  | Supervisory engineers   | 186 | 197                      |        |
|                                  | Electrical workers (Type 1 and 2)   | 652 | 751                      |        |
| Civil engineering                | Supervisory engineers   | 188 | 180                      |        |
| ICT                              | Linux Professional Institute Certification LPIC (LEVEL3)  | 30  | 66                       |        |
|                                  | Cisco-certified CCIE  | 45  | 52                       |        |
| Strengthening of human resources | <p><b>Maximizing business opportunities by expanding qualified employees</b><br/>           ⇒ Identifying employees that plan to take examinations<br/>           ⇒ Offering candidates the opportunity to gain hands-on experience<br/>           ⇒ Expanding the number of mid-career hires</p> |     |                          |        |

(Reference)

[Construction work completed and number of supervisory engineers] (Domestic)

- The number of supervisory engineers is declining, but construction work is increasing in electrical telecommunication work  
⇒ work per supervisory engineer is increasing  
⇒ a new qualification is being considered by the government



Source: MIRAIT, based on information published by the Ministry of Land, Infrastructure and Transport



## IV. Reference Materials

# 1. Business Overview

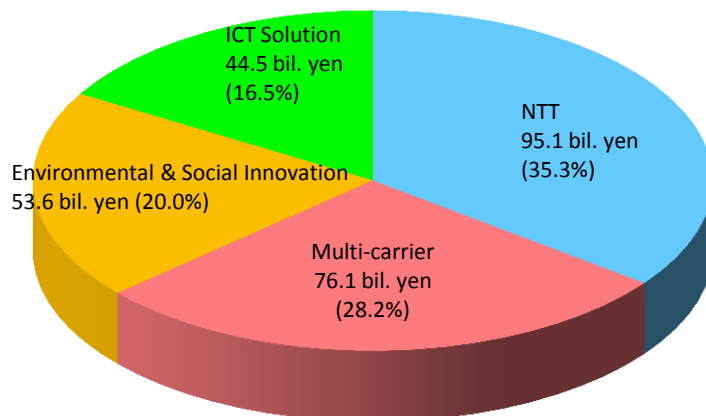
## (1) Business Categories

- The MIRAIT Group's business is centered on the construction of communication infrastructure (for fixed and mobile communication), but the Group is also engaged in various other businesses in areas such as ICT, the environment, and energy.

### Overview of business categories

| Business Category                              |   |
|--|---|
| (1) NTT Business                               | <ul style="list-style-type: none"> <li>Construction, maintenance and operation of fixed communication facilities for NTT</li> </ul>   |
| (2) Multi-carrier Business                     | <ul style="list-style-type: none"> <li>Construction, maintenance and operation of mobile communication facilities</li> <li>NCC fixed communication equipment, CATV work, Global etc.</li> </ul>   |
| (3) Environmental & Social Innovation Business | <ul style="list-style-type: none"> <li>Environment and new energy</li> <li>Creation of social infrastructure</li> <li>Construction, maintenance and operation of electrical and air conditioning facilities of general companies, etc.</li> </ul> |
| (4) ICT Solution Business                      | <ul style="list-style-type: none"> <li>Cloud computing, office solutions, Wi-Fi, software, etc.</li> <li>Construction, maintenance and operation of telecommunication systems f general companies, etc.</li> </ul>                                |

### Sales breakdown by business category (fiscal year ended March 31, 2016)



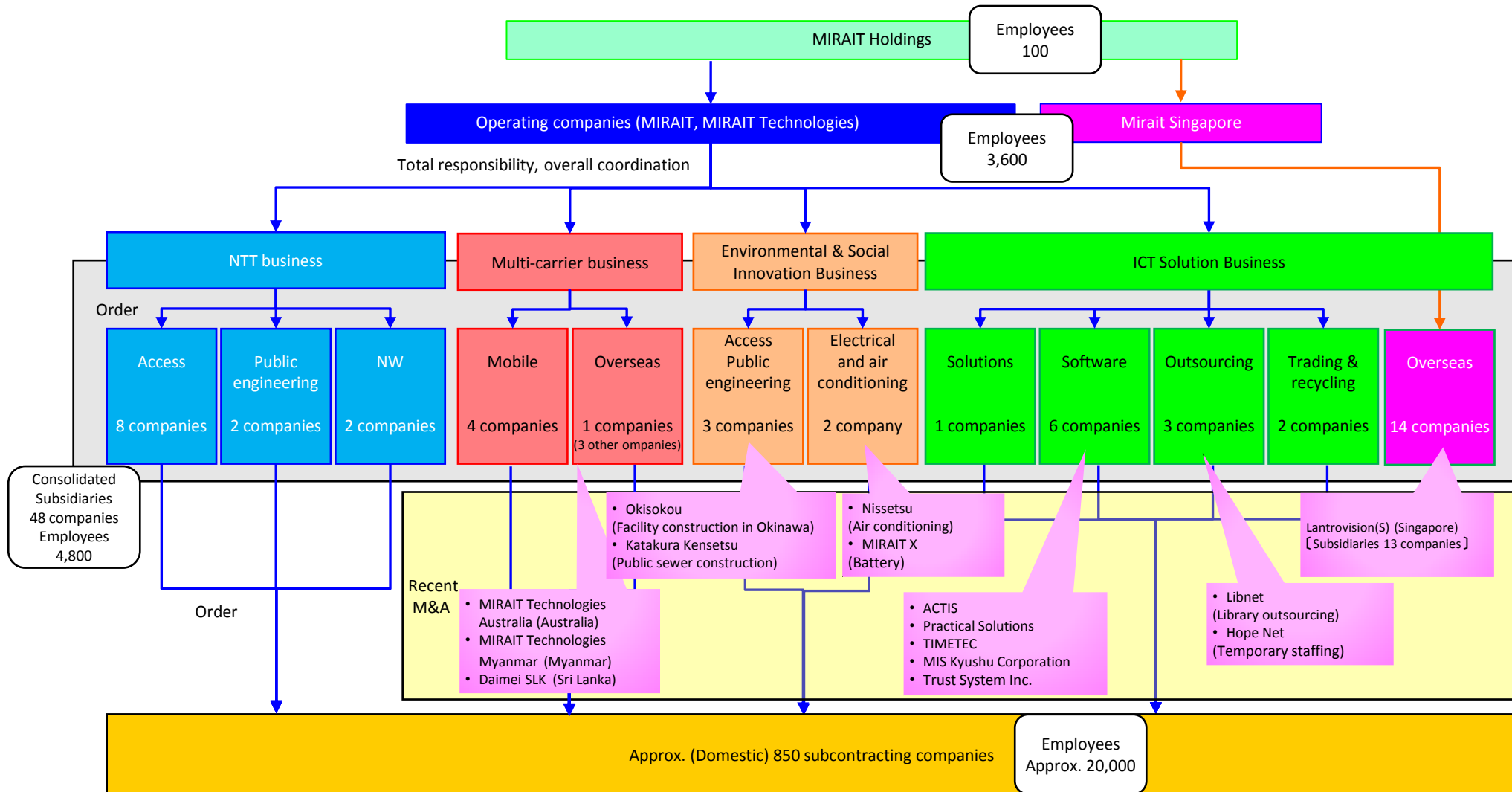
### Net sales by business category

(Unit: bil. yen)



## (2) Group Formation

- In NTT and (Mobile), MIRAIT and MIRAIT Technologies bear total responsibility including designing, quantity survey, operational management, while subsidiaries and subcontracting companies undertake the construction works.
- MIRAIT group is building a nationwide work organization with 20,000 people in 850 subcontracting companies.
- In Environmental & Social Innovation and ICT Solution Business, the group deploys various programs (solution, software, outsourcing, trading company). Further expansion of business areas through active M&A.





### (3) Business Overview

#### (1) NTT and Multi-carrier Business

- **NTT** : Construction, maintenance and operation of fixed communication facilities of NTT. Centered on the Greater Tokyo and Kansai regions.  
This accounts for 35.3% of net sales.
- **Multi-carrier** : Nationwide works on construction, maintenance and operation of communications facilities of all mobile carriers.  
Fixed communication equipment for NCCs, CATV work, global business. This accounts for 28.2% of net sales.



Pole renewal



Laying optical fiber



Construction of underground facilities

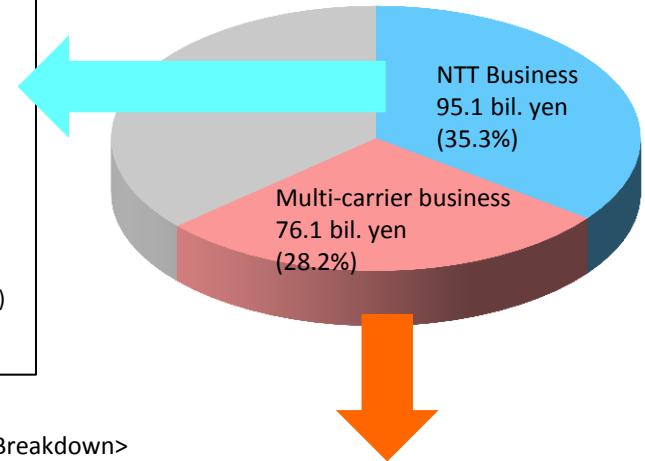


Work to lay underground conduits

#### <Breakdown>

- Home and outdoor work
- Large scale outdoor work (Pole renewal , Other)
- Public engineering works  
(manholes, conduit facilities, public utility facilities)
- Network line work
- Facility management services (repairs, cable maintenance)

#### Net sales and composition (FY2015)



#### <Breakdown>

- Construction of outdoor base stations (LTE, etc.)
- Construction of indoor base station  
(inside buildings, subways, etc.)
- Carrier networking  
(fixed facilities of telecommunications carriers, etc.)
- Global  
(work on facilities of overseas telecommunications carriers)



Co-installation of wireless base stations



LTE work



Carrier networks



Global

## (2) Environmental & Social Innovation and ICT Solution Business

The growing business which serves as an engine to become a "Comprehensive Engineering and Service Company".

- Environmental & Social Innovation : Offers the comprehensive solutions to create environmental / social infrastructure. This accounts for 20.0% of net sales.
- ICT Solution : Supports our clients to create the ICT infrastructure. This accounts for 16.5% of net sales.

### ■ Environmental & Social Innovation Business



Solar power work



EV charging



Laying power lines underground



Repairing lighting equipment of highways

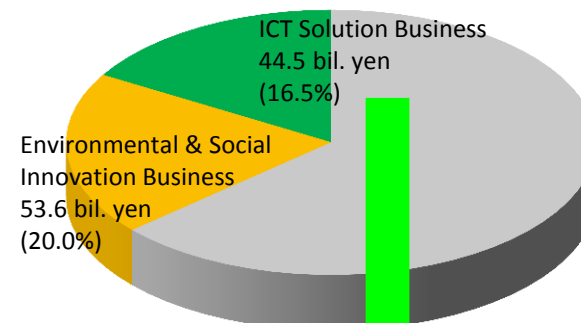
<Breakdown>

Environment and energy  
(Battery, solar power, EV charging, etc.)

Electrical and air conditioning  
(building electrical facilities, air conditioning, sanitation, etc.)

Social infrastructure  
(public engineering works, communication engineering works, public sewer works, etc.)

Net sales and composition  
(FY2015)



### ■ ICT Solution Business



Setting up Wi-Fi environments



ee-TaB\*



Data center maintenance



Creating LAN-WAN

<Breakdown>

Cloud computing, office solutions, Wi-Fi & solutions

IP networking and communications  
(Creation of LAN, WAN, wireless LAN)

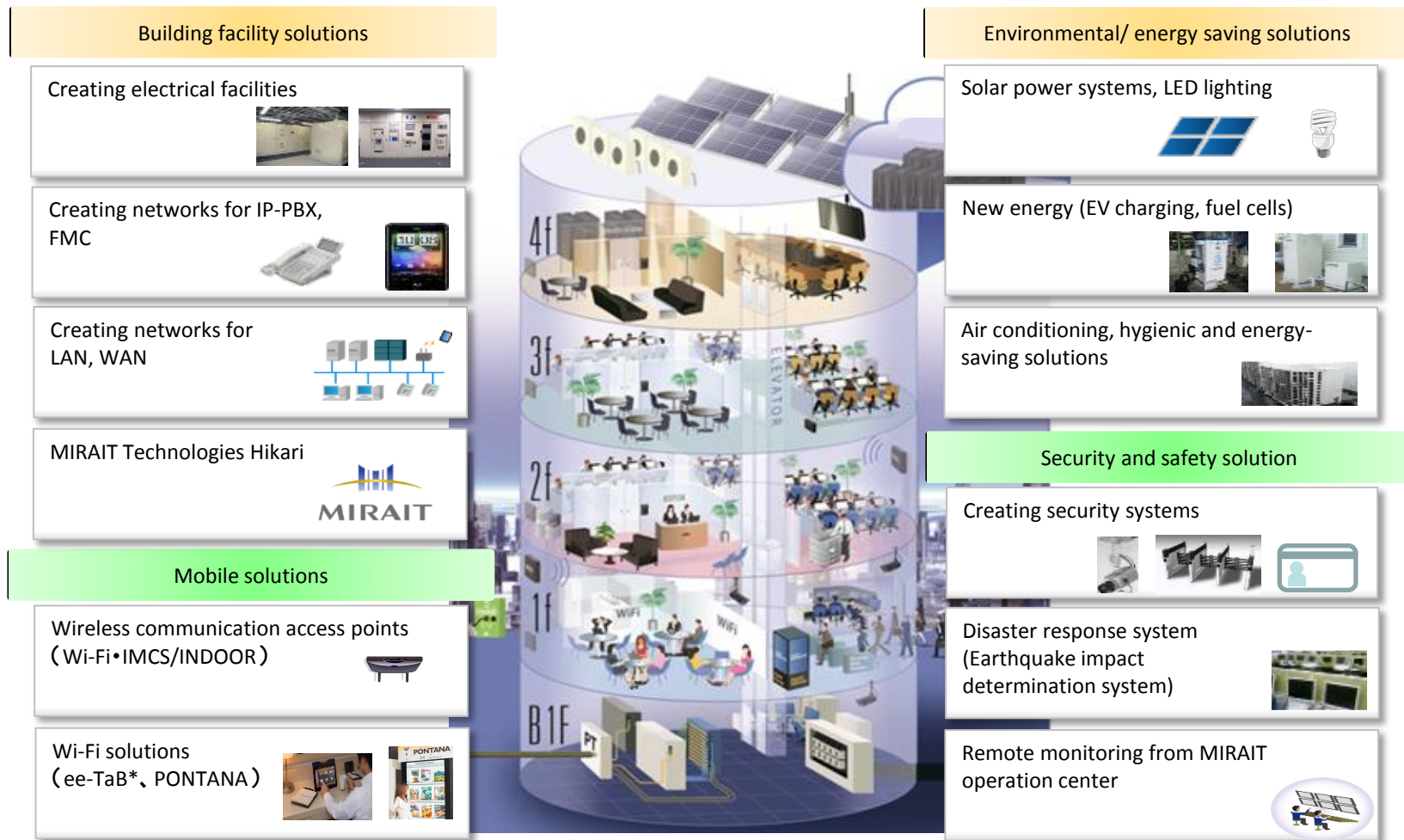
Software development  
(System design, application development, etc.)

Operation and maintenance  
(On-site maintenance services, remote monitoring services, etc.)

Voice systems (Installation of PBX / IP-PBX systems, etc.)

## Initiatives in building solutions

- Target market
  - ⇒ Promising market targeting renovation of existing buildings
- Offering solutions
  - ⇒ Comprehensive support from planning to building design, construction and operations, through the offering of a full line-up of solutions including those to optimize the quality and costs of operations.
- Strengthening alliances
  - ⇒ Enhance the line-up of services by adopting technologies held by partner companies (collaboration with IoT technologies).



## 2. Changes in the Business Environment through 2020

### Japan's Structural Problems

- Abenomics (departure from deflation, low birthrate and aging society, revitalization of regional economies, etc.)
- Reconstruction of social infrastructure (aging infrastructure, disaster prevention measures)
- Deregulation of power and gas retail, environmental & energy issues
- 2020 Tokyo Olympics and Paralympics

Changes in Social Structure

Changes in the Communication Environment

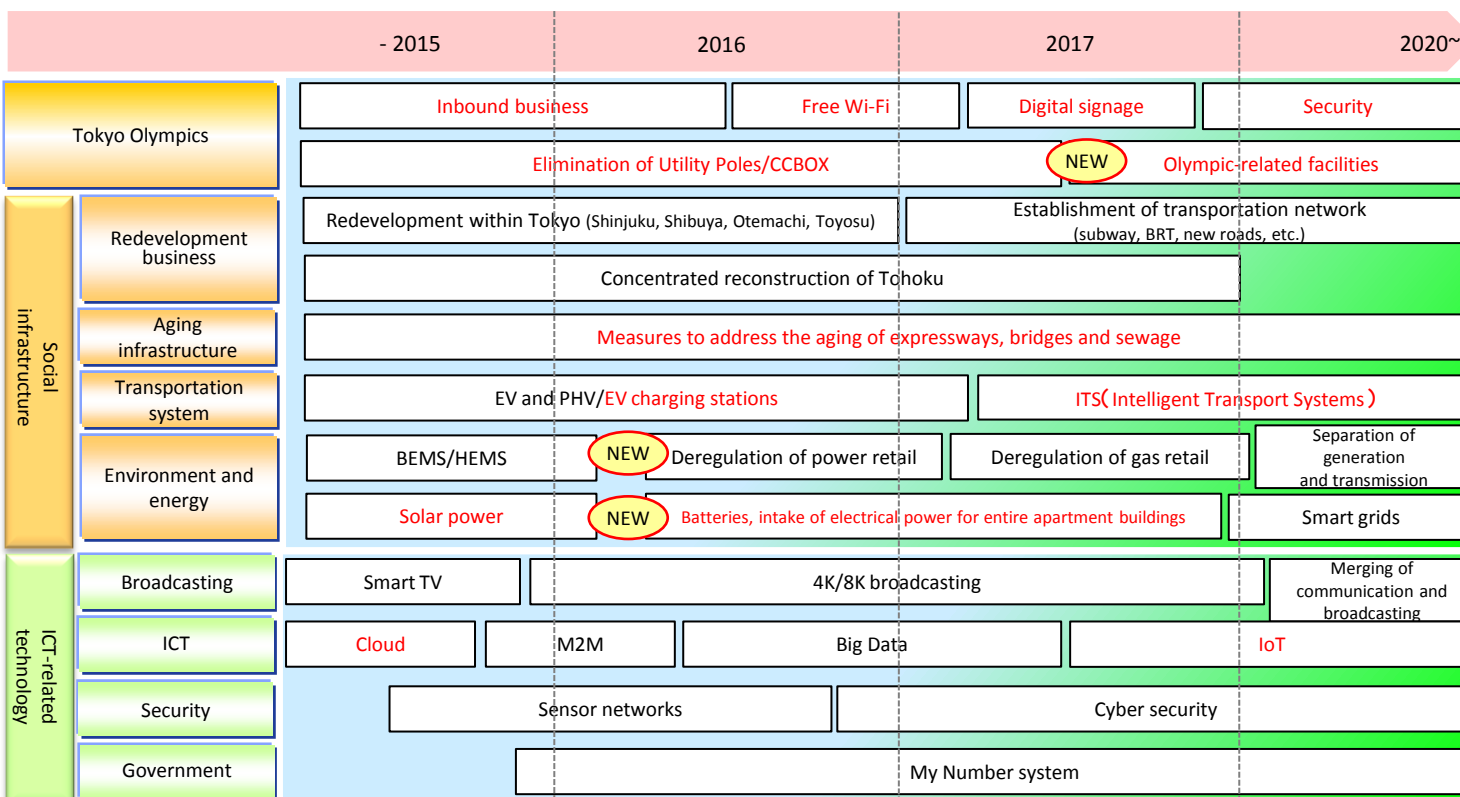
### Evolution of communications technology

- Spread of smartphones and tablets
- Increased capacity and speed of communications
- Diversification of services
- Globalization
- Implementation of IoT

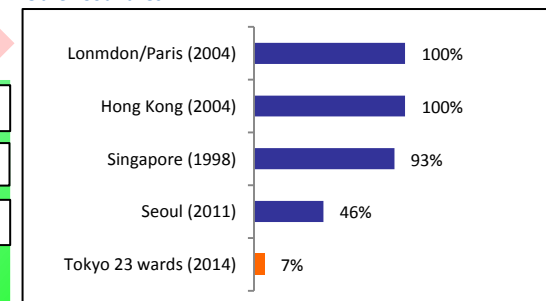
Tailwind for the MIRAIT Group

Transforming our business model while expanding business domains in response to changing times

### Changes in Social Structure

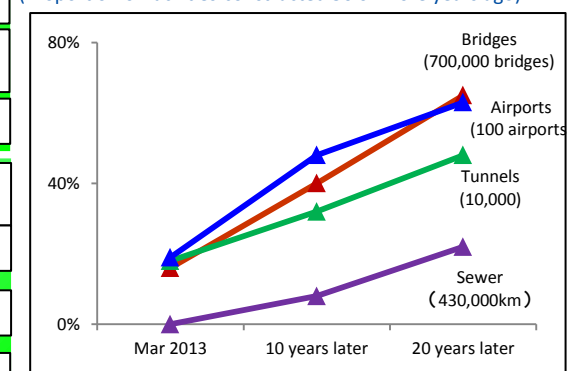


Comparison of Rate of Elimination of Power Poles with Other Countries



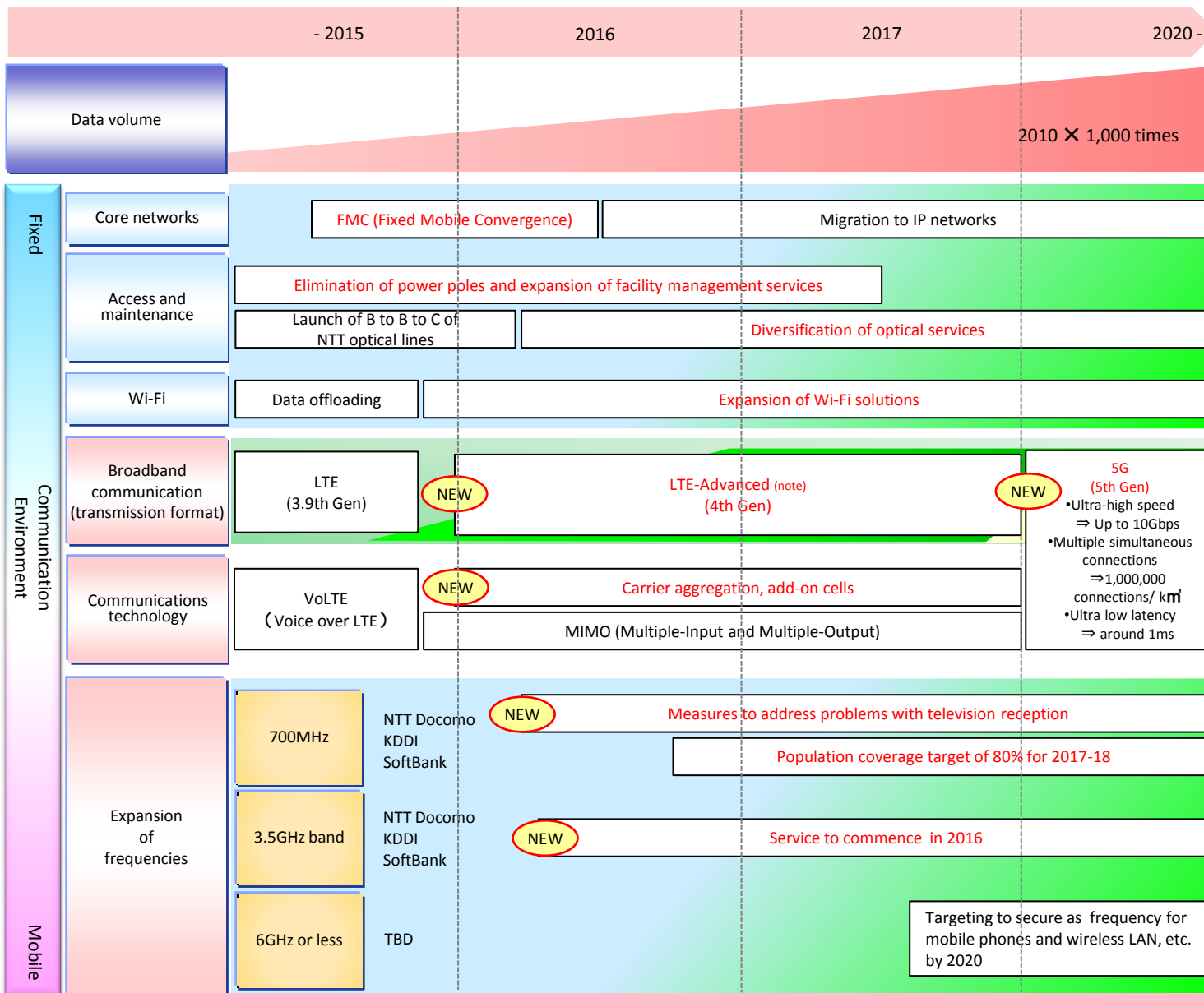
Source: Created by MIRAIT based on materials published by the Ministry of Land, Infrastructure, Transport and Tourism

(Domestic) Ratio and number of obsolete facilities (Proportion of facilities constructed 50 or more years ago)



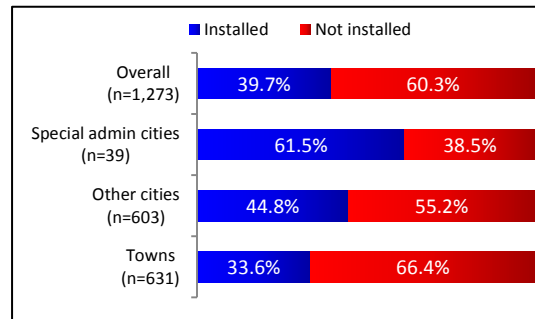
Source: Created by MIRAIT based on materials published by the Ministry of Land, Infrastructure, Transport and Tourism

# Changes in the Communications Environment



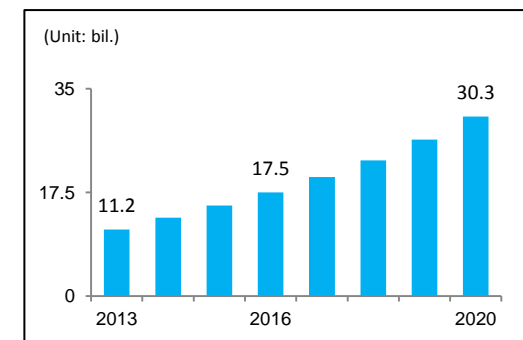
(Note) LTE-Advanced is a mobile phone standard positioned as being 4th generation (4G). It enables high capacity and high speed communication by combining technologies such as carrier aggregation.

(Domestic) State of establishment of local government Wi-Fi



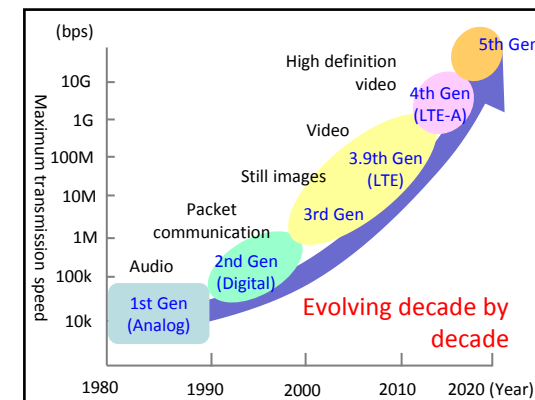
Source: MIRAIT, based on materials published by the Association for Promotion of Public Local Information and Communication

(Global) Trends and forecast for number of IoT devices



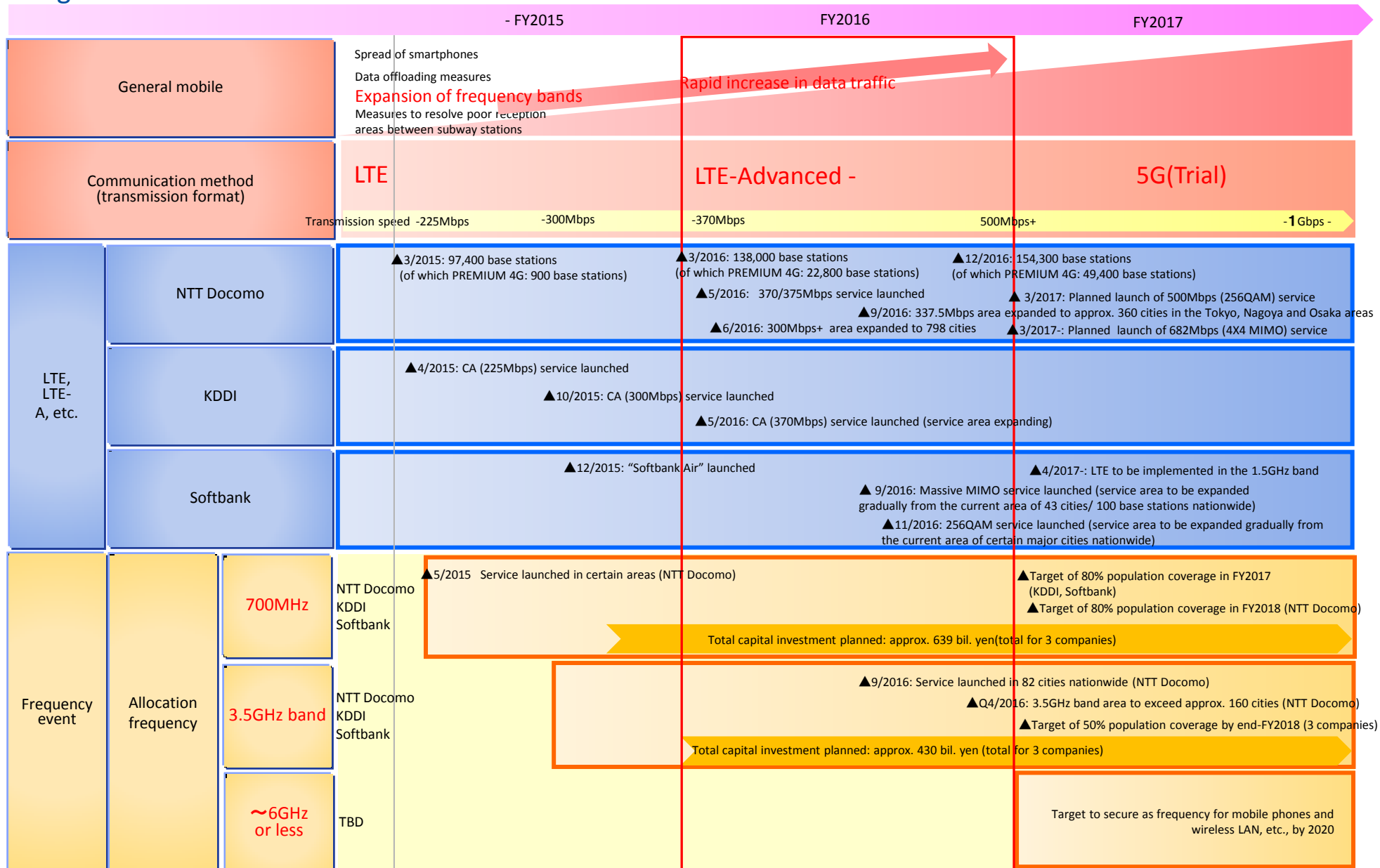
Source: MIRAIT, based on materials published by the Ministry of Internal Affairs and Communications

(Domestic) Changes in mobile systems (1G - 5G)



Source: MIRAIT, based on materials published by the Ministry of Internal Affairs and Communications

### 3. Changes in the Market Environment for the Mobile Business



(Note)1. PREMIUM 4G is a communication service using carrier aggregation technology provided by NTT Docomo.

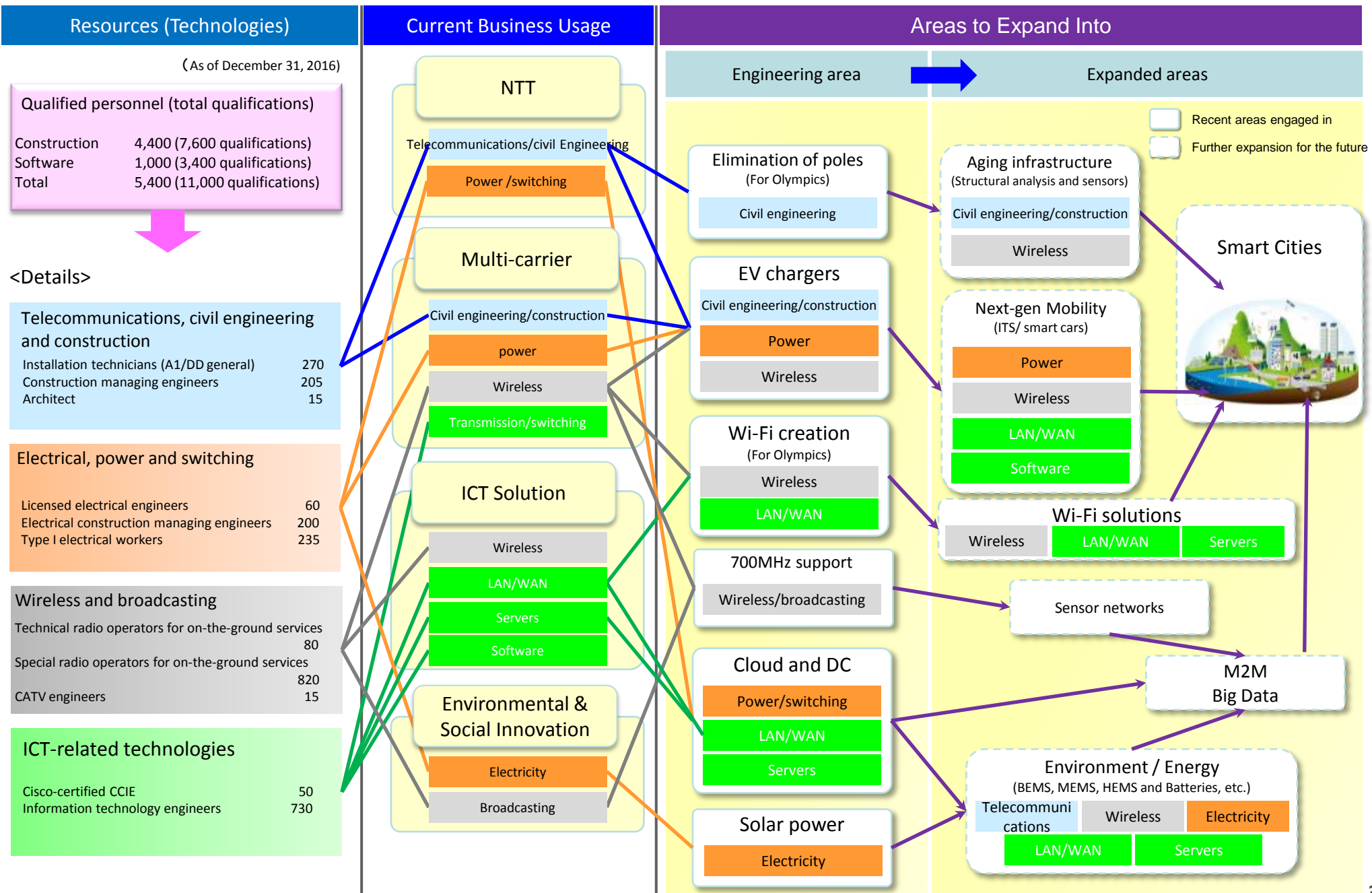
2. 256QAM is a technology that increases the density of information to increase the volume of data that can be transmitted at once.

3. 4X4 MIMO is a technology that increases data volume and transmission speed by using four antennas embedded in each of the terminals as well as base stations.

4. Massive MIMO is a technology that increases the capacity at the base stations to enhance the volume of data that can be transmitted at once and transmission speed.

Source: MIRAIT from publicly available information

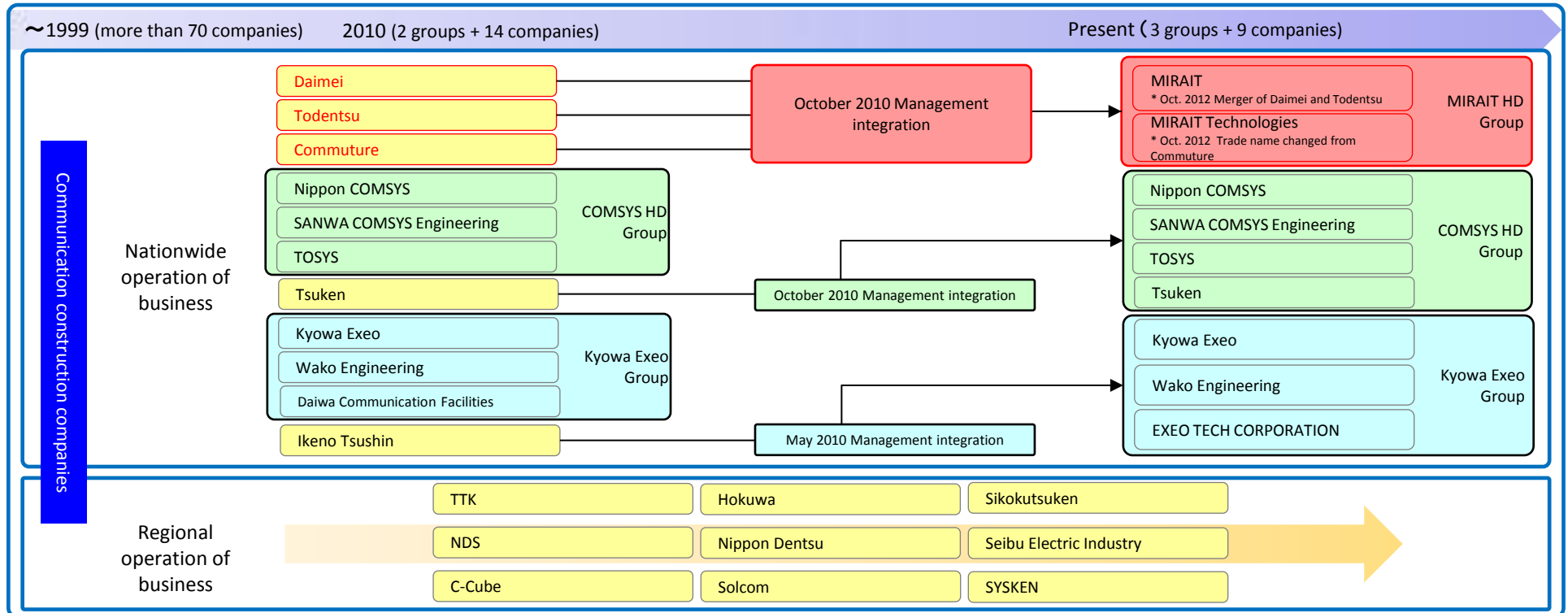
# 4. Expansion of Business Areas Utilizing Technologies



## 5. Current Industry Conditions

### (1) Current State of the Industry (As of January 2017)

- Communications construction companies are made up of three nationwide groups (MIRAIT, COMSYS, Kyowa Exeo), and nine regional companies. In recent years, a realignment of the industry has been carried out by these companies.
- Electrical construction companies and railway construction companies are also operating businesses in the area of communications construction, and some are becoming competitors.



#### Electrical construction companies

Kinden  
Kandenko

etc.

#### IT construction companies

NEC Networks & System Integration  
Net One Systems  
ITOCHU Techno Solutions

etc.

#### Railway construction companies

Nippon Densetsu Kogyo

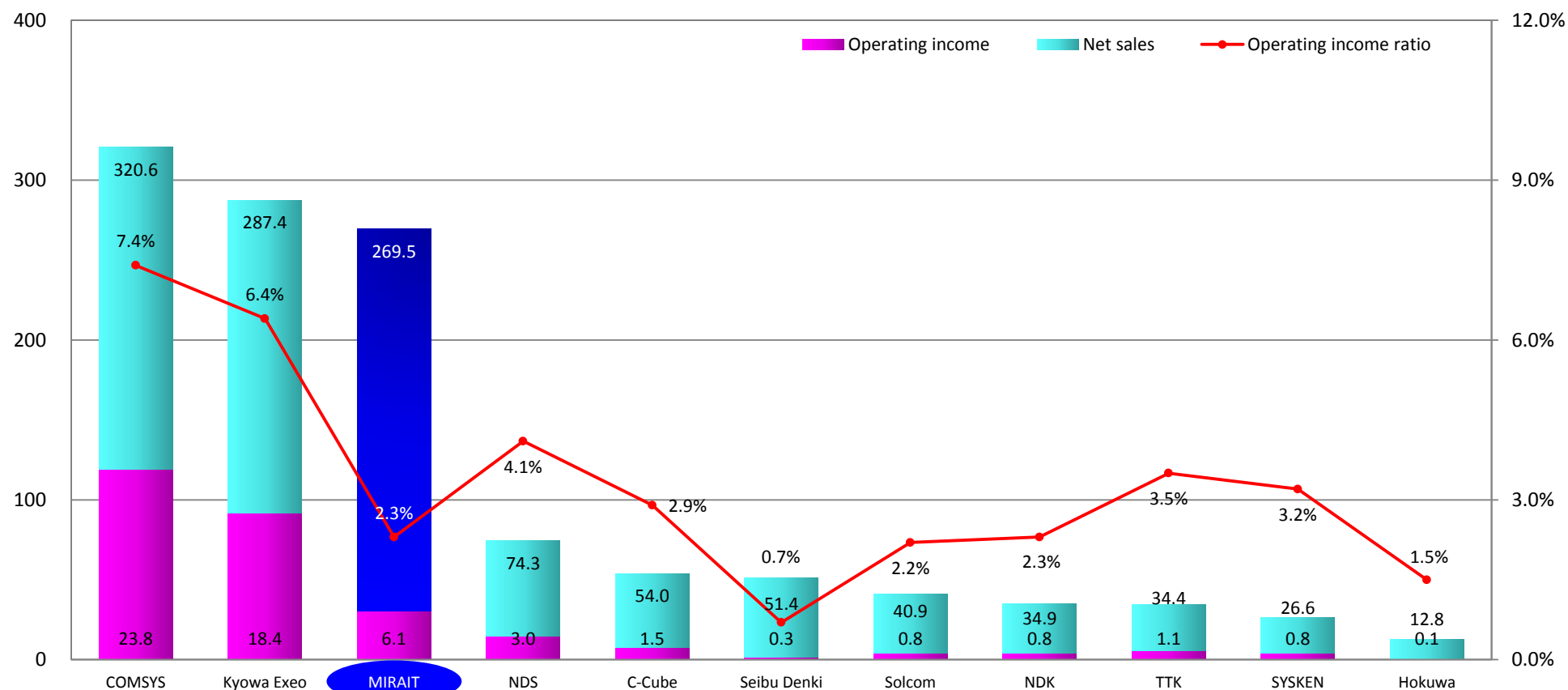
etc.



## (2) Net Sales and Operating Income of MIRAIT and Peer Companies

- MIRAIT Holdings established with the management integration of the three companies had net sales of 269.5 bil. yen in the year ended March 2016, approaching the scale of the two largest companies (COMSYS and Kyowa Exeo). Growing into one of the industry's leading groups.

(Units: bil. yen)



\* Prepared by MIRAIT based on the figures announced by each company. (Solcom's fiscal year closes in December and Sikokutsuken is not disclosed because it was not listed)



## IV. Supplementary Financial Information

## 1. Historical Performance

| Unit: bil. yen         | FYE March 2013 | FYE March 2014 | FYE March 2015 | FYE March 2016 | FYE March 2017<br>(Plan) |
|------------------------|----------------|----------------|----------------|----------------|--------------------------|
| Orders received        | 278.0          | 282.0          | 293.6          | 260.7          | 310.0                    |
| Net sales              | 271.0          | 277.7          | 283.7          | 269.5          | 280.0                    |
| Gross profit           | 29.3           | 29.9           | 33.1           | 25.8           | 33.5                     |
| Gross profit margin    | 10.8%          | 10.8%          | 11.7%          | 9.6%           | 12.0%                    |
| SG&A                   | 18.4           | 18.5           | 18.9           | 19.7           | 23.5                     |
| SG&A ratio             | 6.8%           | 6.7%           | 6.7%           | 7.3%           | 8.4%                     |
| Operating income       | 10.8           | 11.4           | 14.1           | 6.1            | 10.0                     |
| Operating income ratio | 4.0%           | 4.1%           | 5.0%           | 2.3%           | 3.6%                     |
| Ordinary income        | 11.7           | 12.2           | 14.8           | 6.7            | 10.5                     |
| Ordinary income ratio  | 4.3%           | 4.4%           | 5.2%           | 2.5%           | 3.8%                     |
| Net income             | 4.2            | 7.1            | 11.1           | 3.6            | 6.8                      |
| Net income ratio       | 1.5%           | 2.6%           | 3.9%           | 1.3%           | 2.4%                     |

\* Figures are rounded down to one decimal place.

## 2. Orders Received and Net Sales by Business Category

| Orders received<br>Units: bil. Yen            | FYE March 2016<br>3Q actual results | FYE March 2017<br>3Q actual results | YoY Change<br>(Percentage change) | FYE March 2016<br>Full-year Results | Progress     | FYE March 2017<br>Full-year Plan | Progress     |
|---|-------------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|--------------|----------------------------------|--------------|
|   | (a)                                 | (b)                                 | (b) - (a)                         | (c)                                 | (a) / (c)    | (d)                              | (b) / (d)    |
| NTT Business                                  | 66.1                                | 72.9                                | + 6.8<br>(+ 10.3%)                | 95.7                                | 69.1%        | 93.5                             | 78.0%        |
| Multi-carrier business                        | 54.1                                | 63.4                                | + 9.3<br>(+ 17.2%)                | 73.1                                | 74.0%        | 83.0                             | 76.4%        |
| Environmental & social<br>innovation business | 33.8                                | 45.1                                | + 11.3<br>(+ 33.4%)               | 46.2                                | 73.2%        | 65.0                             | 69.4%        |
| ICT solution business                         | 33.3                                | 50.2                                | + 16.9<br>(+ 50.8%)               | 45.5                                | 73.2%        | 68.5                             | 73.3%        |
| <b>Total</b>                                  | <b>187.5</b>                        | <b>231.8</b>                        | <b>+ 44.3<br/>(+ 23.6%)</b>       | <b>260.7</b>                        | <b>71.9%</b> | <b>310.0</b>                     | <b>74.8%</b> |

| Net sales<br>Units: bil. Yen                  | FYE March 2016<br>3Q actual results | FYE March 2017<br>3Q actual results | YoY Change<br>(Percentage change) | FYE March 2016<br>Full-year Results | Progress     | FYE March 2017<br>Full-year Plan | Progress     |
|---|-------------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|--------------|----------------------------------|--------------|
|   | (a)                                 | (b)                                 | (b) - (a)                         | (c)                                 | (a) / (c)    | (d)                              | (b) / (d)    |
| NTT Business                                  | 60.0                                | 61.6                                | + 1.6<br>(+ 2.7%)                 | 95.1                                | 63.1%        | 95.0                             | 64.8%        |
| Multi-carrier business                        | 49.9                                | 45.4                                | - 4.5<br>(- 9.0%)                 | 76.1                                | 65.6%        | 78.5                             | 57.8%        |
| Environmental & social<br>innovation business | 33.6                                | 22.5                                | - 11.1<br>(- 33.0%)               | 53.6                                | 62.7%        | 48.5                             | 46.4%        |
| ICT solution business                         | 29.1                                | 42.0                                | + 12.9<br>(+ 44.3%)               | 44.5                                | 65.4%        | 58.0                             | 72.4%        |
| <b>Total</b>                                  | <b>172.8</b>                        | <b>171.5</b>                        | <b>- 1.3<br/>(- 0.8%)</b>         | <b>269.5</b>                        | <b>64.1%</b> | <b>280.0</b>                     | <b>61.3%</b> |

\* Figures are rounded down to one decimal place.

### 3. Assets, Liabilities and Net Assets

- The Company's equity ratio stood at 60.4% as of December 31, 2016 (63.1% as of March 31, 2016).
- 65% of assets are current assets, which are primarily cash and deposits, accounts receivable from completed construction contracts, and costs on uncompleted construction contracts.
- The Company issued convertible bonds (issuance amount: 16.5 bil. yen) in order to make active growth investments, to strengthen the capital base, and to maintain a healthy financial position.

(Unit: bil. yen)

| Item   | Amount       | Item   | Amount       |
|--|--------------|--|--------------|
| <b>Assets</b>  |              | <b>Liabilities</b>                                     |              |
| Current assets   | 126.7        | Current liabilities                                    | 42.4         |
| Cash and deposits  | 30.2         | Accounts payable for construction contracts and others | 28.1         |
| Accounts receivable from completed construction contracts and others | 52.7         | Short-term loans payable and others                    | 0.1          |
| Costs on uncompleted construction contracts and others               | 32.6         | Others   | 14.1         |
| Others   | 11.1         | Non-current liabilities                                | 29.9         |
| Non-current assets   | 66.8         | Convertible bonds                                      | 16.5         |
| Property, plant and equipment  | 34.3         | Others   | 13.3         |
| Intangible assets  | 6.7          | <b>Total liabilities</b>                               | <b>72.3</b>  |
| Investments and other assets   | 25.6         | <b>Net assets</b>                                      |              |
| <b>Total assets</b>  | <b>193.6</b> | Shareholders' equity                                   | 114.2        |
|  |              | Capital stock  | 7.0          |
|  |              | Capital surplus  | 26.0         |
|  |              | Retained earnings                                      | 86.5         |
|  |              | Treasury stock   | ▲ 5.2        |
|  |              | Total accumulated other comprehensive income           | 2.6          |
|  |              | Minority interests                                     | 4.3          |
|  |              | <b>Total net assets</b>                                | <b>121.2</b> |
|  |              | <b>Total liabilities and net assets</b>                | <b>193.6</b> |

Ratio of current assets  
65.4%

convertible bonds  
16.5 bil. yen

Equity  
116.8 bil. yen  
Equity ratio  
60.4%

Total assets  
193.6 bil. yen

Stock Repurchases  
2.5 bil. yen  
(2016.12)

## 4. Key Performance Indicators

### Capital-related Indicators

|                        | FYE March 2013 | FYE March 2014 | FYE March 2015 | FYE March 2016 | FYE March 2017<br>(Forecast) |
|------------------------|----------------|----------------|----------------|----------------|------------------------------|
| Equity ratio           | 60.0%          | 63.0%          | 63.8%          | 63.1%          | 63.2%                        |
| Return on equity (ROE) | 4.1%           | 6.7%           | 9.5%           | 3.0%           | 5.5%                         |

### Shareholder Return Indicators

|                       | FYE March 2013 | FYE March 2014 | FYE March 2015 | FYE March 2016 | FYE March 2017<br>(Forecast) |
|-----------------------|----------------|----------------|----------------|----------------|------------------------------|
| Dividend payout ratio | 39.2%          | 22.9%          | 22.0%          | 67.2%          | 35.9%                        |
| Total return ratio    | 39.2%          | 36.7%          | 22.0%          | 67.2%          | 72.2%                        |

### Capital Expenditure / Depreciation and Amortization

| Unit: bil. yen                | FYE March 2013 | FYE March 2014 | FYE March 2015 | FYE March 2016 | FYE March 2017<br>(Forecast) |
|-------------------------------|----------------|----------------|----------------|----------------|------------------------------|
| Capital expenditure           | 2.9            | 3.2            | 3.2            | 3.7            | 8.3                          |
| Depreciation and amortization | 2.5            | 2.2            | 2.4            | 2.4            | 2.4                          |

\* Figures are rounded down to one decimal place.

## Cash Flows

| Units: bil. yen      | FYE March 2013 | FYE March 2014 | FYE March 2015 | FYE March 2016 | FYE March 2016<br>3Q actual results | FYE March 2017<br>3Q actual results |
|----------------------|----------------|----------------|----------------|----------------|-------------------------------------|-------------------------------------|
| Operating cash flow  | - 1.6          | 9.0            | 18.6           | 6.2            | 1.2                                 | 3.3                                 |
| Investment cash flow | - 1.5          | - 2.7          | - 3.8          | - 3.6          | - 2.9                               | - 10.7                              |
| Financial cash flow  | - 2.4          | - 3.5          | - 2.2          | - 2.6          | - 2.5                               | 10.0                                |
| Free cash flow       | - 3.1          | 6.3            | 14.8           | 2.6            | - 1.7                               | - 7.4                               |

## Cash and Deposits/ Interest-bearing Debt

| Units: bil. yen           | FYE March 2013 | FYE March 2014 | FYE March 2015 | FYE March 2016 | FYE March 2016<br>3Q actual results | FYE March 2017<br>3Q actual results |
|---------------------------|----------------|----------------|----------------|----------------|-------------------------------------|-------------------------------------|
| Cash and cash equivalents | 13.9           | 16.7           | 29.2           | 29.1           | 24.9                                | 30.8                                |
| Interest-bearing debt     | - 1.0          | - 0.5          | - 0.3          | - 0.4          | - 0.4                               | - 17.3                              |
| Net cash                  | 12.9           | 16.2           | 28.9           | 28.7           | 24.5                                | 13.5                                |

- (Notes)
1. Net cash is the amount obtained by deducting interest-bearing debt from cash and cash equivalents
  2. Cash and cash equivalents exclude deposits and securities not maturing within 3 months.

## 5. Major Shareholders (As of September 30, 2016)

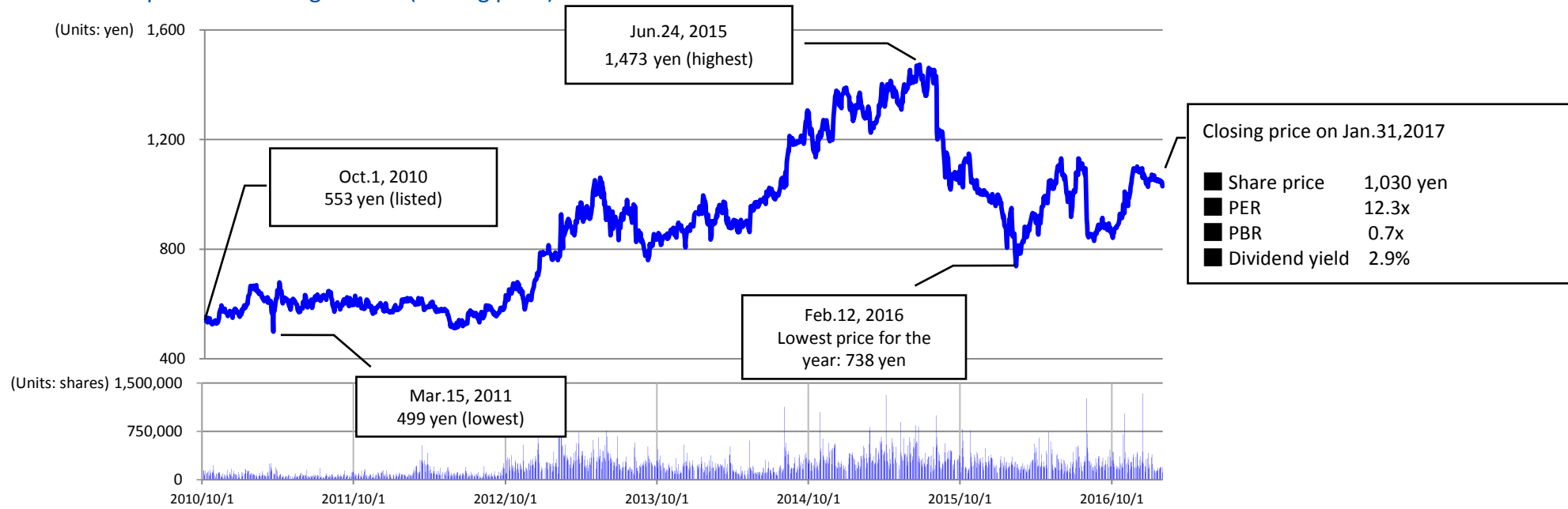
| Shareholder  | Number of Shares Held (thousands) | Shareholding Ratio (%) | Shareholder Composition   |
|--|-----------------------------------|------------------------|---|
| Sumitomo Electric Industries, Ltd.   | 16,236                            | 19.0%                  | <p>Treasury stock 4.3% (7.0%)</p> <p>Financial institutions 24.1%</p> <p>Foreign corporations 23.1%</p> <p>Individuals 18.9%</p> <p>Japanese corporations 29.6%</p> |
| MIRAIT Holdings Corporation (Treasury Stock)                               | * 3,694 (5,978)                   | * 4.3% (7.0%)          |   |
| The Master Trust Bank of Japan, Ltd. (Trust Account)                       | 3,303                             | 3.9%                   |   |
| Japan Trustee Services Bank, Ltd. (Trust Account)                          | 3,116                             | 3.7%                   |   |
| Sumitomo Densetsu Co., Ltd.  | 2,488                             | 2.9%                   |   |
| CBNY-Government of Norway  | 2,155                             | 2.5%                   |   |
| BBH For Fidelity Low-priced Stock Fund (Principal All Sector Subportfolio) | 1,664                             | 1.9%                   |   |
| BBH Boston For Nomura Japan Smaller Capitalization Fund 620065             | 1,500                             | 1.8%                   |   |
| State Street Bank and Trust Company 505001                                 | 1,370                             | 1.6%                   |   |
| The Bank of New York, Treaty JASDEC Account                                | 1,337                             | 1.6%                   |   |
| Japan Trustee Services Bank, Ltd. (Trust Account 9)                        | 1,247                             | 1.4%                   |   |
| Shares   | 85,381                            |                        |   |

(\*) Treasury stock accounts for 7.0% (5,978,322 shares) as of the end of December 2016, following the share repurchase in December 2016.

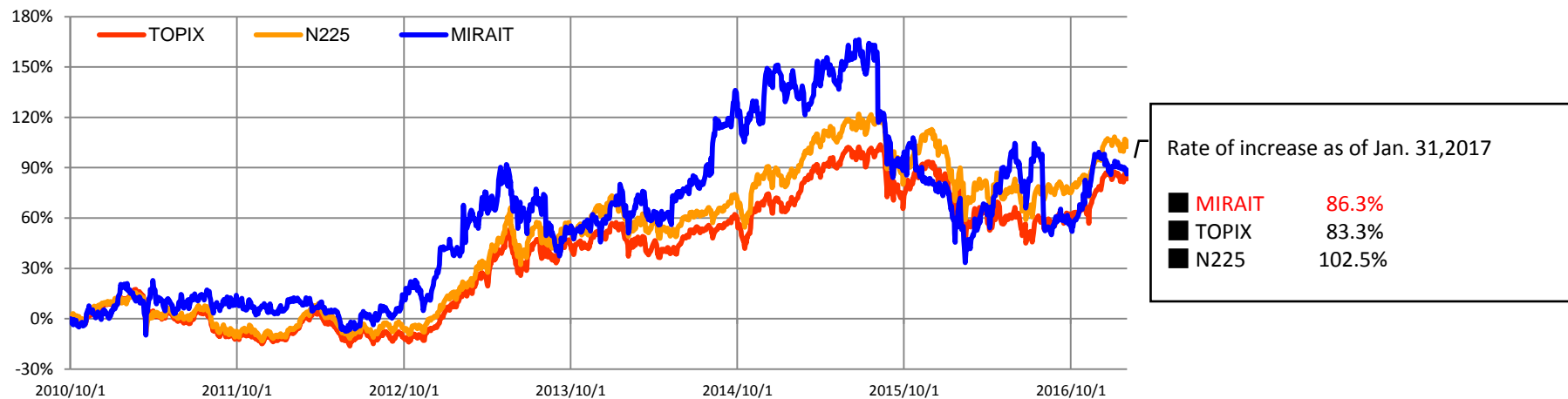


## 6. Share Price (Since establishment of MIRAIT Holdings on October 1, 2010)

### Share price and trading volume (Closing price)



### Performance of MIRAIT compared to major indices



Statements and quotes relevant to the forecasted values in this handout are the future prospects based on the plans and prospects of the Company at this point in time.

The actual business results could be significantly different from those stated in this handout due to changes in conditions.

As such, please be advised that we will not be able to guarantee the accuracy of the forecasted values, in this handout and the session, over the period of time to come in the future.

MIRAIT Holdings Corporation