



# Presentation on the Financial Results for the Six Months ended September 30, 2017

November 2, 2017



MIRAIT Holdings Corporation

## I Financial Results for the Six Months Ended September 30, 2017

- |   |       |
|---|-------|
| 1. Financial Overview for the Six Months Ended September 30, 2017 | 3 - 4 |
|---|-------|

## II Forecast for the Fiscal Year Ending March 31, 2018

- |                                   |   |
|-----------------------------------|---|
| 1. Revision of Full-year Forecast | 6 |
| 2. Shareholder Returns            | 7 |

## III Initiatives by Business Category

- |  |         |
|--|---------|
| 1. Initiatives in the NTT Business                               | 9 - 10  |
| 2. Initiatives in the Multi-carrier Business                     | 11 - 12 |
| 3. Initiatives in the Environmental & Social Innovation Business | 13 - 14 |
| 4. Initiatives in the ICT Solution Business                      | 15 - 16 |
| 5. Initiatives in New Solutions                                  | 17 - 18 |
| 6. Recent Initiatives for Business Expansion                     | 19      |
| 7. Initiatives to Build a Stronger Business Base                 | 20      |

## IV. Reference Materials

- |  |         |
|--|---------|
| 1. Overview of MIRAIT Holdings   | 22 - 23 |
| 2. The Company's Initiatives Since Establishment                         | 24      |
| 3. Transformation into a “Comprehensive Engineering and Service Company” | 25 - 26 |
| 4. Overview of New Mid-term Plan   | 27      |
| 5. Expansion of Business Areas Utilizing Technologies                    | 28      |
| 6. Changes in the Business Environment through 2020                      | 29 - 30 |
| 7. Changes in the Market Environment for the Mobile Business             | 31      |
| 8. Supplementary Financial Information                                   | 32 - 36 |

- 
- |                         |    |
|-------------------------|----|
| Precautionary Statement | 37 |
|-------------------------|----|



# I Financial Results for the Six Months Ended September 30, 2017

# 1. Financial Overview for the Six Months Ended September 30, 2017

Units: bil. yen	FYE March 2017 Q2	FYE March 2018 Q2	YoY Change	
			Amount	%
Orders received	148.2	156.9	+ 8.7	+ 5.9%
Net sales	106.8	132.2	+ 25.4	+ 23.8%
NTT	38.8	44.1	+ 5.3	+ 13.7%
Multi-carrier	28.7	35.8	+ 7.1	+ 24.7%
Environmental & Social Innovation	14.8	15.6	+ 0.8	+ 5.4%
ICT Solution	24.4	36.5	+ 12.1	+ 49.6%
Gross profit (Gross profit margin)	10.3 (9.6%)	16.2 (12.3%)	+ 5.9 (+ 2.7p)	+ 57.3%
SG&A (SG&A ratio)	11.2 (10.5%)	11.7 (8.9%)	+ 0.5 (- 1.6p)	+ 4.5%
Operating income (Operating income ratio)	- 0.9 (-)	4.5 (3.4%)	+ 5.4 (-)	-
Ordinary income (Ordinary income ratio)	- 1.1 (-)	5.1 (3.9%)	+ 6.2 (-)	-
Net income (Net income ratio)	- 1.4 (-)	2.7 (2.0%)	+ 4.1 (-)	-
Construction account carried forward	116.1	139.5	+ 23.4	-

Key Highlights for Q2																														
<b>Significant year-on-year growth in sales and profits</b>																														
<ul style="list-style-type: none"> <li>Orders received: Steady across all businesses, totaling 156.9 bil. yen (+8.7 bil. yen yoy), despite the cancellation of an order in the Environmental &amp; Social Innovation business.</li> </ul>																														
		<table border="1"> <thead> <tr> <th rowspan="2">Orders received (Unit: bil. yen)</th> <th>FYE March 2017</th> <th colspan="2">FYE March 2018</th> </tr> <tr> <th>Q2 Actual</th> <th>Q2 Actual</th> <th>YoY Change</th> </tr> </thead> <tbody> <tr> <td>NTT</td> <td>48.4</td> <td>46.5</td> <td>- 1.9</td> </tr> <tr> <td>Multi-carrier</td> <td>37.8</td> <td>47.3</td> <td>+ 9.5</td> </tr> <tr> <td>Environmental &amp; Social</td> <td>29.3</td> <td>20.5</td> <td>- 8.8</td> </tr> <tr> <td>ICT</td> <td>32.7</td> <td>42.4</td> <td>+ 9.7</td> </tr> <tr> <td><b>Total</b></td> <td><b>148.2</b></td> <td><b>156.9</b></td> <td><b>+ 8.7</b></td> </tr> </tbody> </table>		Orders received (Unit: bil. yen)	FYE March 2017	FYE March 2018		Q2 Actual	Q2 Actual	YoY Change	NTT	48.4	46.5	- 1.9	Multi-carrier	37.8	47.3	+ 9.5	Environmental & Social	29.3	20.5	- 8.8	ICT	32.7	42.4	+ 9.7	<b>Total</b>	<b>148.2</b>	<b>156.9</b>	<b>+ 8.7</b>
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<b>Total</b>	<b>148.2</b>	<b>156.9</b>	<b>+ 8.7</b>																											
<ul style="list-style-type: none"> <li>Net sales: Record high for Q2 of 132.2 bil. yen (+25.4 bil. yen yoy) thanks to the increase in optical-related work and smoothing of workload for mobile work.</li> <li>Gross profit: Up by 5.9 bil. yen yoy to 16.2 bil. yen, reflecting the increase in net sales, improved margins across all businesses, and the absence of unprofitable projects.</li> <li>SG&amp;A: Up by 0.5 bil. yen yoy to 11.7 bil. yen due to the increase in SG&amp;A for companies acquired in the previous year, but SG&amp;A ratio improved.</li> <li>Operating income: Significant increase to 4.5 bil. yen (+5.4 bil. yen yoy).</li> <li>Construction account carried forward: Remains high at 139.5 bil. yen (+23.4 bil. yen yoy).</li> </ul>																														

Note: In this presentation material, "quarterly net income" refers to "profit attributable to owners of parent for the quarter".

## Detailed Analysis of Net Sales [YoY Comparison]

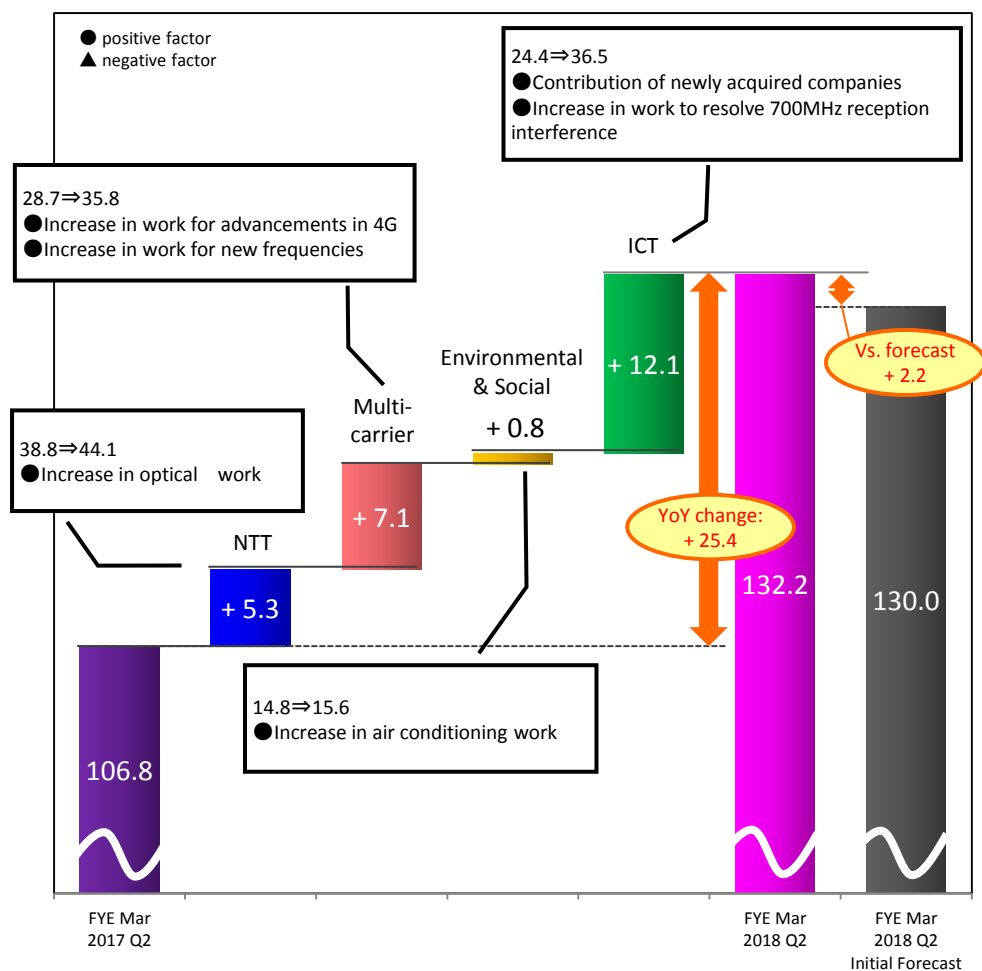
- NTT: increase in optical work
- Multi-carrier: increase in work for advancements in 4G and new frequencies
- Environmental & Social Innovation: increase in air conditioning work
- ICT Solutions: contribution of newly acquired companies and increase in work to resolve 700MHz reception interference

## Detailed Analysis of Operating Income [YoY Comparison]

- Impact of increase in net sales: +2.4 bil. yen
- Impact of improved margins across all businesses and absence of unprofitable projects: +3.5 bil. yen
- Impact of increase in SG&A due to M&A: -0.5 bil. yen

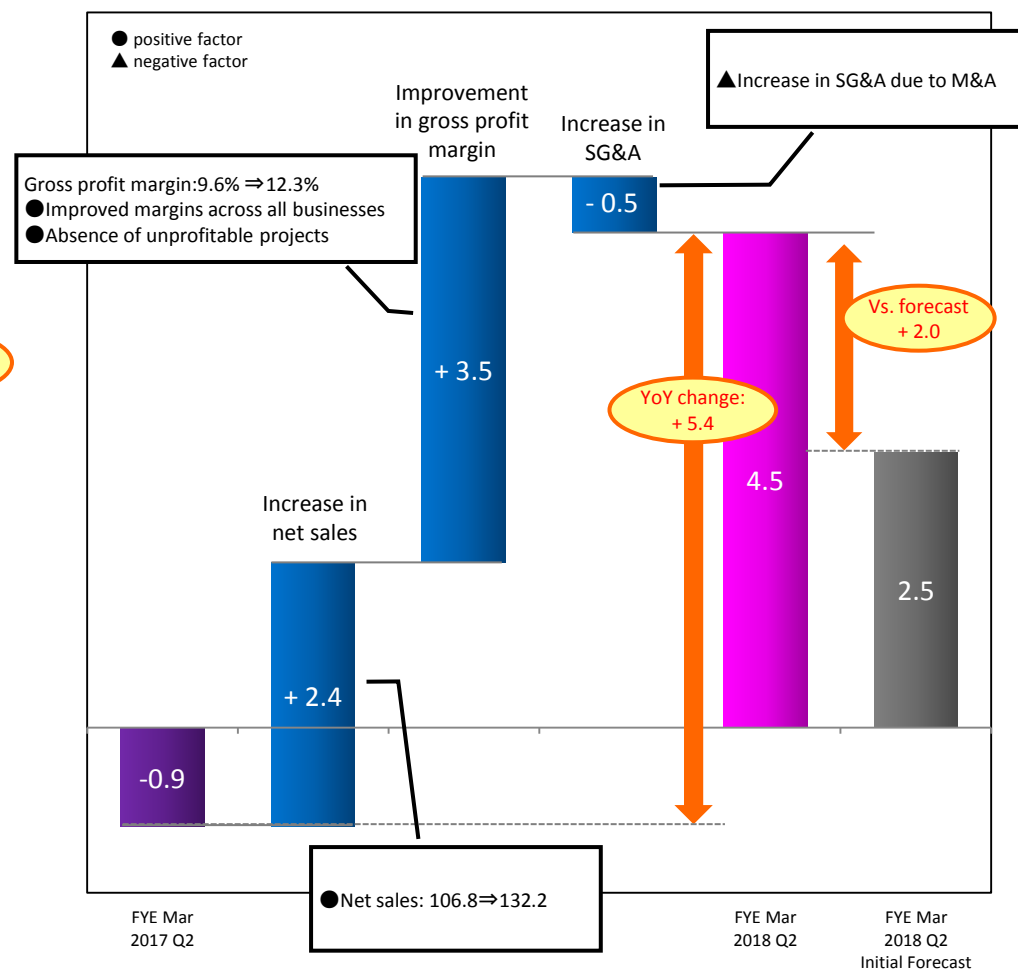
### Net sales

(Unit: bil. yen)



### Operating income

(Unit: bil. yen)





## II Forecast for the Fiscal Year Ending March 31, 2018

# 1. Revision of Full-year Forecast

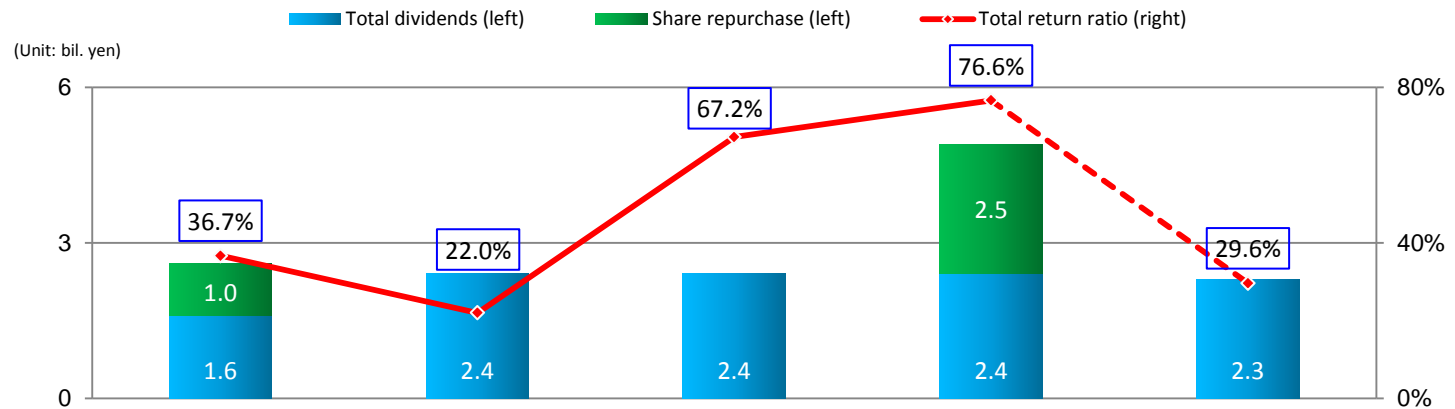
Unit: bil. yen	FYE March 2017 Actual	FYE March 2018			
		Initial Forecast	Revised Forecast	Change from Initial Forecast	YoY Change
		(a)	(b)	(c)	(c)-(a)
Orders received	323.3	310.0	310.0	—	- 13.3
Net sales	283.2 (100%)	310.0 (100%)	310.0 (100%)	—	+ 26.8
NTT	98.2	95.0	97.0	+ 2.0	- 1.2
Multi-carrier	76.9	79.0	84.0	+ 5.0	+ 7.1
Environmental & Social Innovation	42.0	59.0	49.0	- 10.0	+ 7.0
ICT Solutions	65.9	77.0	80.0	+ 3.0	+ 14.1
Gross profit (Gross profit margin)	33.5 (11.8%)	37.2 (12.0%)	37.2 (12.0%)	—	+ 3.7 (+ 0.2p)
SG&A (SG&A ratio)	23.4 (8.3%)	24.7 (8.0%)	24.7 (8.0%)	—	+ 1.3 (- 0.3p)
Operating income (Operating income ratio)	10.0 (3.5%)	12.5 (4.0%)	12.5 (4.0%)	—	+ 2.5 (+ 0.5p)
Ordinary income (Ordinary income ratio)	10.5 (3.7%)	13.0 (4.2%)	13.0 (4.2%)	—	+ 2.5 (+ 0.5p)
Net income (Net income ratio)	6.4 (2.3%)	8.0 (2.6%)	8.0 (2.6%)	—	+ 1.6 (+ 0.3p)

Key Highlights			
<ul style="list-style-type: none"> <li>Orders received: No change in initial forecast of 310.0 bil. yen.</li> </ul>			
Orders received (Unit: bil. yen)	FYE March 2018		
	Initial Forecast	Revised Forecast	Change
NTT	92.0	92.0	—
Multi-carrier	84.5	84.5	—
Environmental & Social	56.0	56.0	—
ICT	77.5	77.5	—
Total	310.0	310.0	—
<ul style="list-style-type: none"> <li>Net sales: No change in overall <b>initial forecast of 310.0 bil. yen</b>, but <b>forecasts for each business category adjusted</b> to reflect recent progress: <ul style="list-style-type: none"> <li>•NTT: increase in optical work</li> <li>•Multi-carrier: increase in work for advancements in 4G and new frequencies</li> <li>•Environmental &amp; Social Innovation: decrease in work for roof-top middle solar facilities</li> <li>•ICT Solutions: increase in work to resolve 700MHzTV reception interference</li> </ul> </li> <li>Gross profit: No change in initial forecast of 37.2 bil. yen.</li> <li>SG&amp;A: No change in initial forecast of 24.7 bil. yen.</li> <li>Operating income: <b>No change in initial forecast of 12.5 bil. yen.</b></li> <li>Net income: No change in initial forecast of 8.0 bil. yen.</li> </ul>			

## 2. Shareholder Returns

- Comprehensive decisions on shareholder returns will be made based on the Company's basic policy to pay dividends consistently and its total shareholder return target of more than 30%, while also taking into consideration the Company's business results and cash position, among other factors.
- The dividend forecast for FYE 3/2018 is flat over the previous year, at 30 yen (interim dividend: 15 yen, year-end dividend: 15 yen).

### Shareholder Returns



		FYE March 2014	FYE March 2015	FYE March 2016	FYE March 2017	FYE March 2018 (forecast)
Total dividends		1.6 bil. yen	2.4 bil. yen	2.4 bil. yen	2.4 bil. yen	2.3 bil. yen
Net income		7.1 bil. yen	11.1 bil. yen	3.6 bil. yen	6.4 bil. yen	8.0 bil. yen
Annual dividends per share	Interim	10 yen	15 yen	15 yen	15 yen	15 yen
	Year-end	10 yen	15 yen	15 yen	15 yen	15 yen
	Total	20 yen	30 yen	30 yen	30 yen	30 yen
Share repurchase		1.0 bil. yen	—	—	2.5 bil. yen	—
Consolidated dividend payout ratio		22.9%	22.0%	67.2%	37.6%	29.6%
Consolidated total return ratio		36.7%	22.0%	67.2%	76.6%	29.6%
ROE		6.7%	9.5%	3.0%	5.2%	6.3%

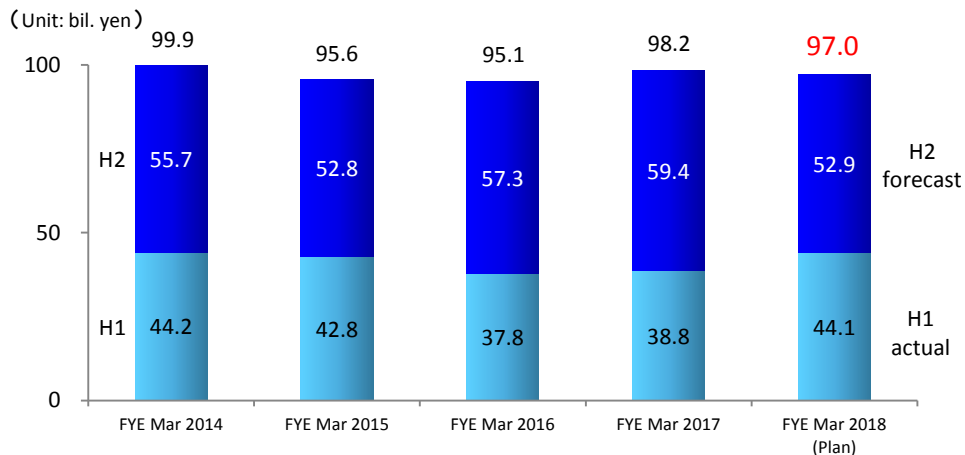


## III Initiatives by Business Category

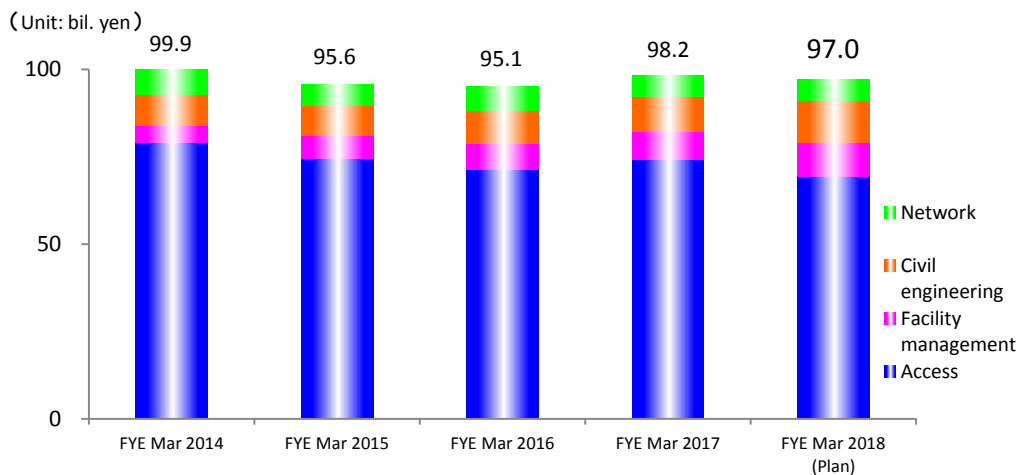
# 1. Initiatives in the NTT Business

- Optical work is increasing in line with the penetration of Hikari Collaboration※, despite the continued downward trend in NTT's investment activities.
- Civil engineering work and facility management operations are increasing, but work for scheduled utility pole renewals are decreasing.
- Continue efforts to improve operational efficiency, including the consolidation of office locations.

## Net sales



## Breakdown of net sales



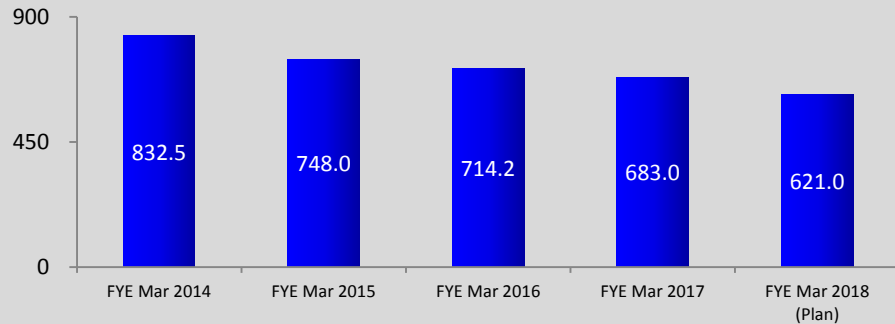
※Under the Hikari Collaboration model, a company borrows NTT's optical lines and offers its own service as a package.

## Update on key initiatives

Initiatives	
Sales growth	Optical work <ul style="list-style-type: none"> <li>Increase optical work in line with the penetration of Hikari Collaboration (net sales: +7% yoy)</li> </ul>
	Civil engineering <ul style="list-style-type: none"> <li>Expand civil engineering business ⇒work to lay power lines underground and to repair conduits (net sales: +0.8 bil. yen yoy)</li> </ul>
	Facility management <ul style="list-style-type: none"> <li>Expand contracted work in West Japan ⇒119 buildings in FYE 3/2017 → 222 buildings in FYE 3/2018</li> </ul>
Enhancing efficiency/capabilities	Establishing an efficient operation system <ul style="list-style-type: none"> <li>Consolidate office locations to reduce back office operations and improve efficiency ⇒Chiba east area: planning started in 4/2017 (Scheduled to be completed in 6/2019) ⇒consolidation of offices in Tokyo and Kanagawa being considered</li> </ul>
	Promoting use of IT <ul style="list-style-type: none"> <li>Improve efficiency of operational processes ⇒real-time photo inspection using smartphones and tablet devices (from 10/2017) ⇒use of GPS data</li> </ul>
	Enhancing work capabilities <ul style="list-style-type: none"> <li>Enhance in-house capabilities at subsidiaries</li> <li>Support subcontractors to expand their capabilities (develop "multi-skilled" subcontractors)</li> </ul>

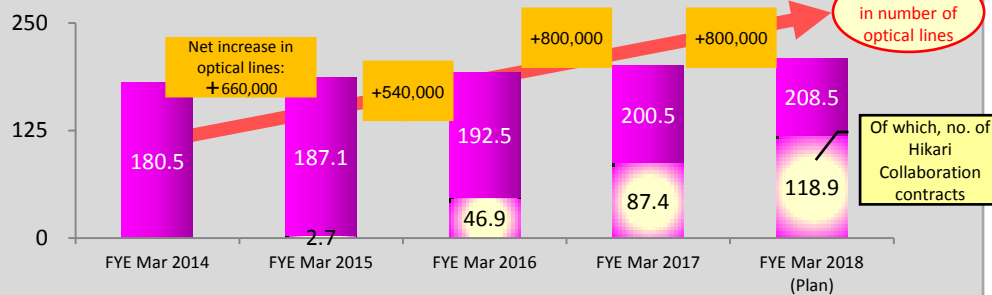
## Capital investments by NTT East, NTT West and NTT Communications

(Unit: bil. yen)



(Reference) No. of NTT optical line contracts

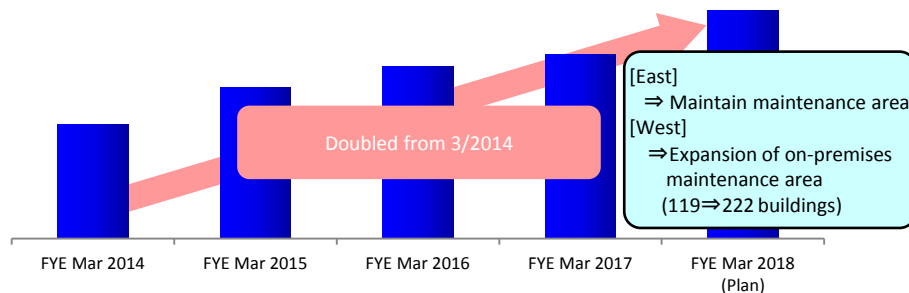
(Units: million subscribers)



Source: MIRAIT from company information

## Growth in facility management operations

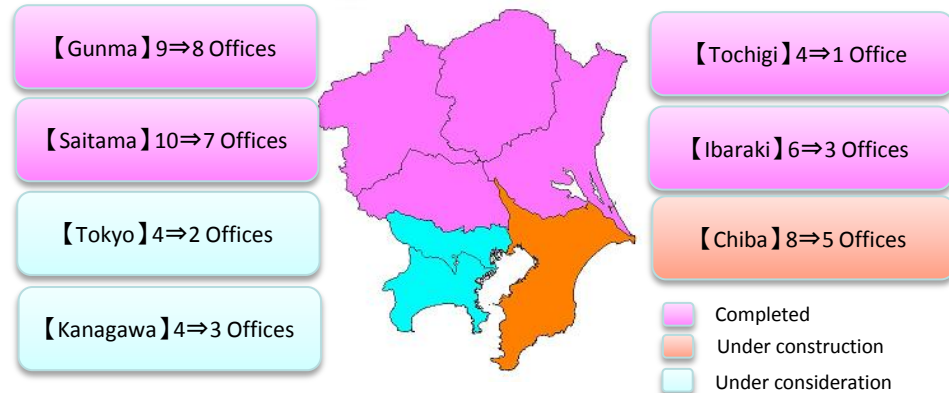
- Repairs and management of facilities in certain work areas are now fully outsourced from NTT to MIRAIT.



## Initiatives to improve productivity

### Consolidation of offices

- Progress in efforts to reduce the number of offices by roughly 30% (approx. 70 ⇒ 50 locations), including those already completed in the Kansai area.
  - ⇒ Planning started for the construction work office in Chiba east area (Scheduled to be completed in 6/2019).
  - ⇒ Consolidation of offices in Tokyo and Kanagawa being considered.



## Initiatives to improve skills

The “Competition on Optical Work Skills ” is held every year with 17 participating telecommunications construction companies, for the purpose of improving engineers’ skills in the area of telecommunications work. **Mirait group companies** came in 1<sup>st</sup> place twice and 2<sup>nd</sup> place twice in the past 5 years.

The 2017 competition was held at Kyoto Pulse Plaza on 7/28, and Mirait took 1<sup>st</sup> place.

<Results>

Year	Result	Company
2013	2 <sup>nd</sup> place	Mirait Technologies
2014	1 <sup>st</sup> place	Mirait Technologies
2016	2 <sup>nd</sup> place	Mirait Technologies
2017	1 <sup>st</sup> place	Mirait

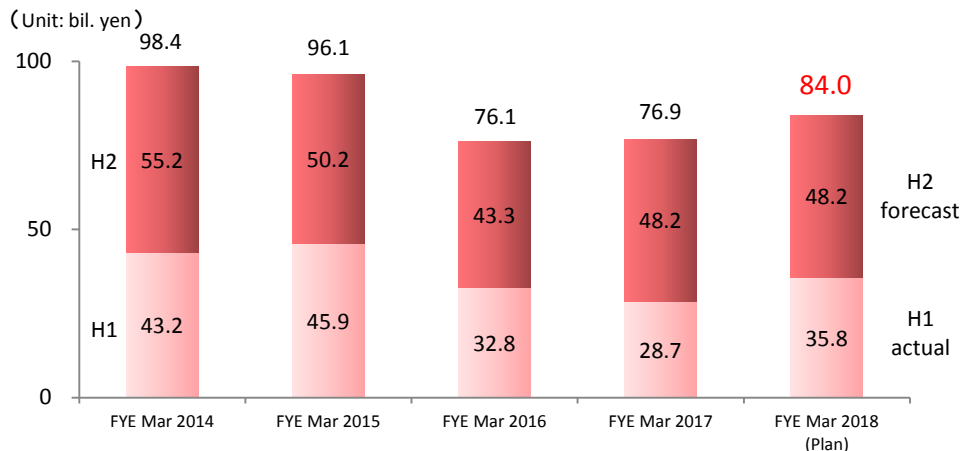
<Awards ceremony in 2017>



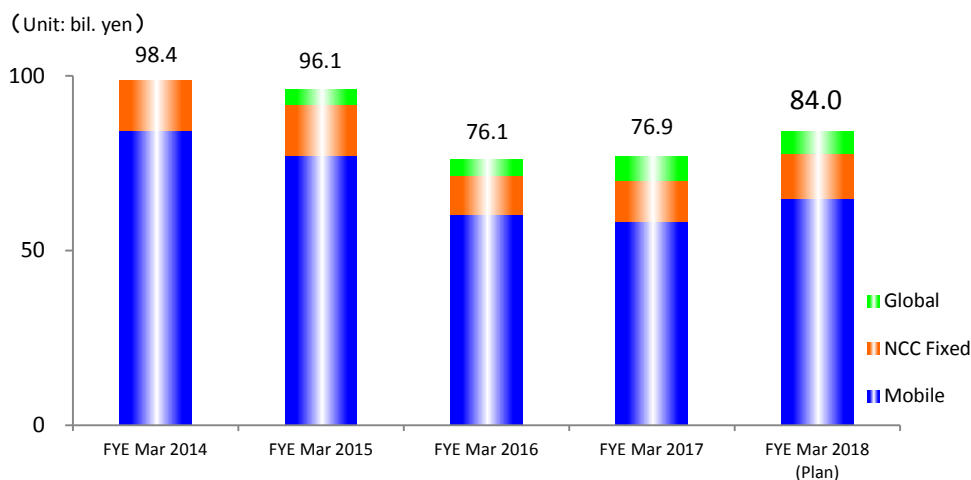
## 2. Initiatives in the Multi-carrier Business

- Pick-up in mobile carriers 's investment activities in work for advancements in 4G and new frequencies (700MHz, 3.5GHz).
- Achieve sales and profit growth through efforts to complete projects and improve margins in the mobile business.
- Improve gross margins and stabilize operations at subsidiaries in the global business.

### Net sales



### Breakdown of net sales

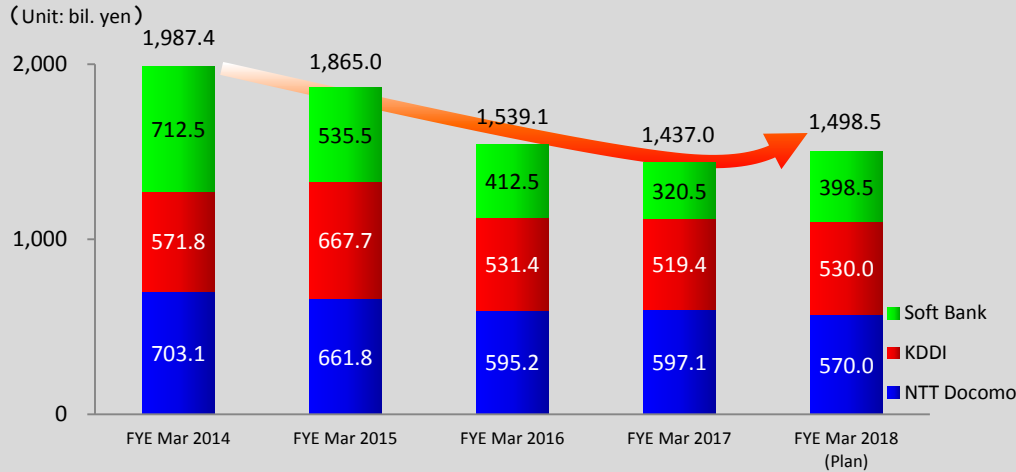


### Update on key initiatives

	Initiatives	
Sales growth	Growth in work for advancements in 4G/ new frequencies	<ul style="list-style-type: none"> <li>• Net sales increase in mobile work: +27% yoy</li> <li>⇒ expand work for advancements in 4G (carrier aggregation, MIMO, etc.)</li> <li>⇒ expand work for new frequencies</li> </ul>
	Work to improve reception quality	<ul style="list-style-type: none"> <li>• Work for railway facilities (subway, private rail) in major metropolitan areas, work to improve reception quality in large facilities</li> <li>⇒ railway-related work: orders received for 7 projects (2.6 bil. yen) in H1</li> </ul>
	Related businesses	<ul style="list-style-type: none"> <li>• Expand contracted design/ order placement services</li> <li>• Expand contracted maintenance/ repair work</li> </ul>
Enhancing efficiency/ capabilities	Promoting integrated operations	<ul style="list-style-type: none"> <li>• Strengthen operations at subsidiaries</li> <li>⇒ eliminate overlaps</li> <li>⇒ enhance in-house capabilities at subsidiaries</li> <li>⇒ expand operations at subsidiaries, provide human resources</li> <li>(addition of Nisshin Tsuko as wholly-owned subsidiary)</li> </ul>
	Improving operational tools	<ul style="list-style-type: none"> <li>• Adopt mobile tools for on-site operations (processing photos, compiling completion drawings, remote desktops, etc.)</li> <li>• Improve operational systems (outsourcing procedures)</li> <li>• Adopt cloud-based management tools for sales</li> </ul>
	Global	<ul style="list-style-type: none"> <li>• Improve gross margins, reduce fixed costs (Australia)</li> <li>• Take measures to stabilize operations following the decline in sales (Myanmar)</li> </ul>

## Capital investments by the three major mobile carriers

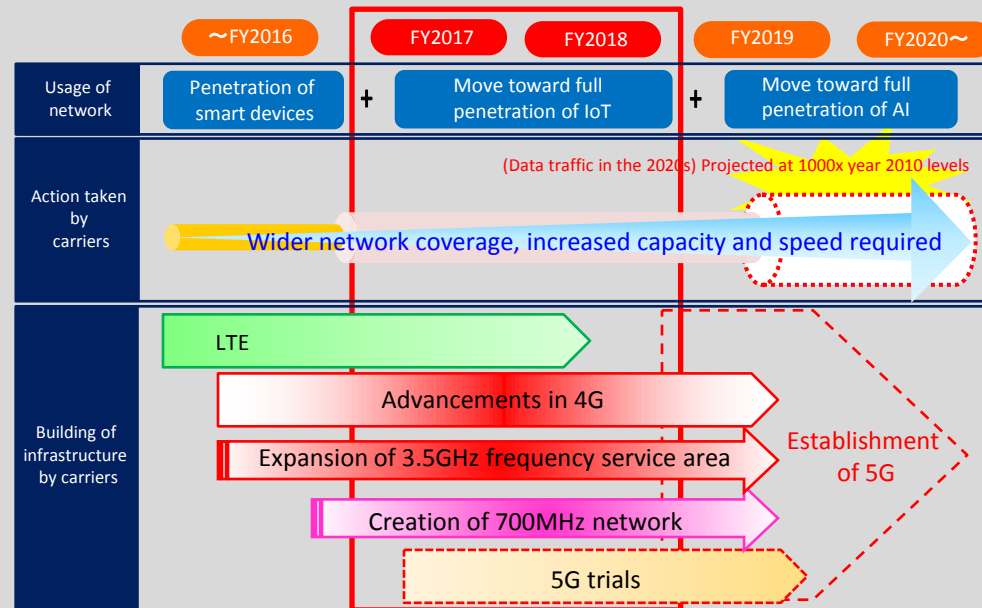
- Increase in capital investments with the pick up in work for advancements in 4G and new frequencies



Source: MIRATI from company information

(Notes) The amount shown for Softbank is for domestic telecommunications business only.

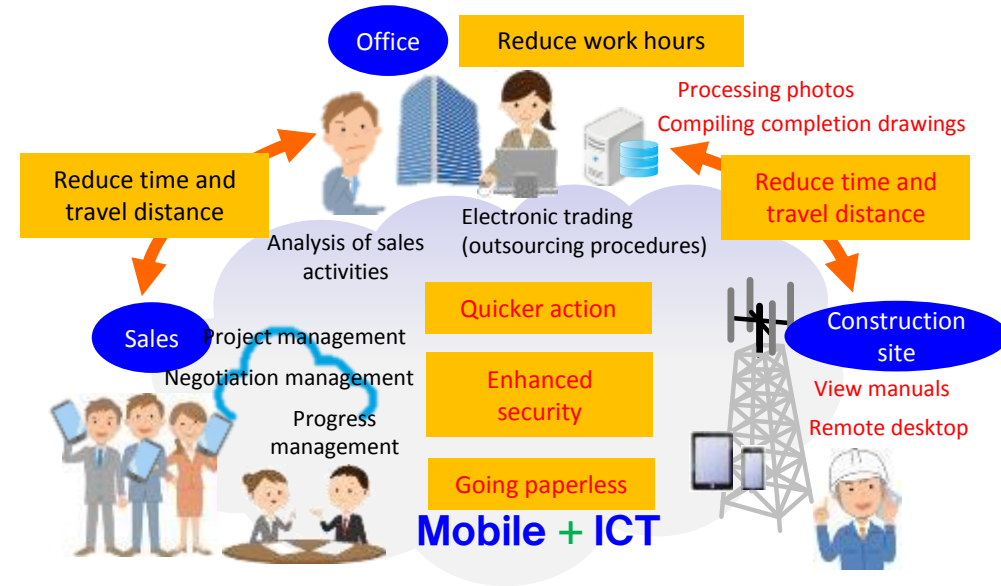
## Trends in the mobile business



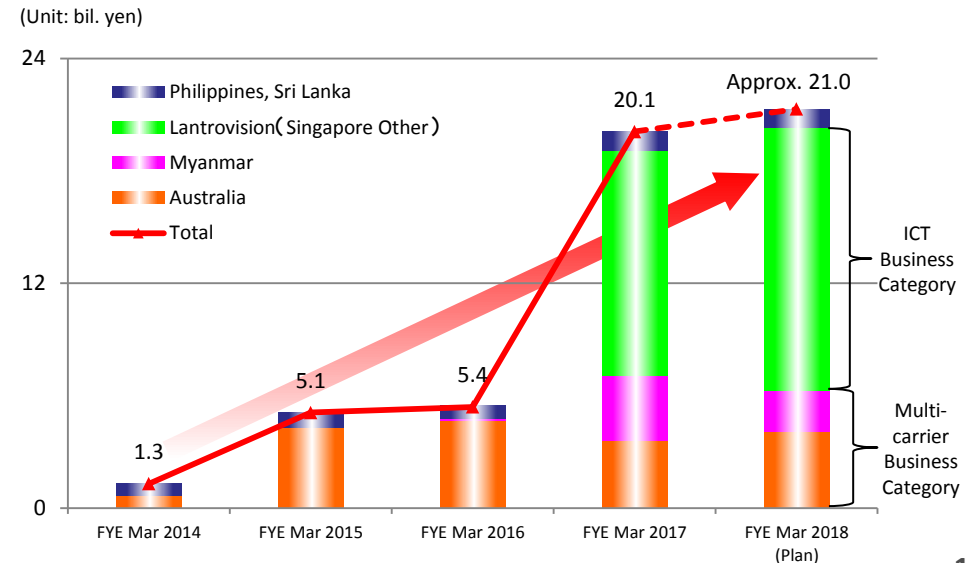
Source: MIRAIT from materials disclosed by the Telecommunications Bureau (MIAC), etc.

## Enhancing efficiency using advanced operational tools

- Promoting efficiency by adopting mobile and cloud-based management tools



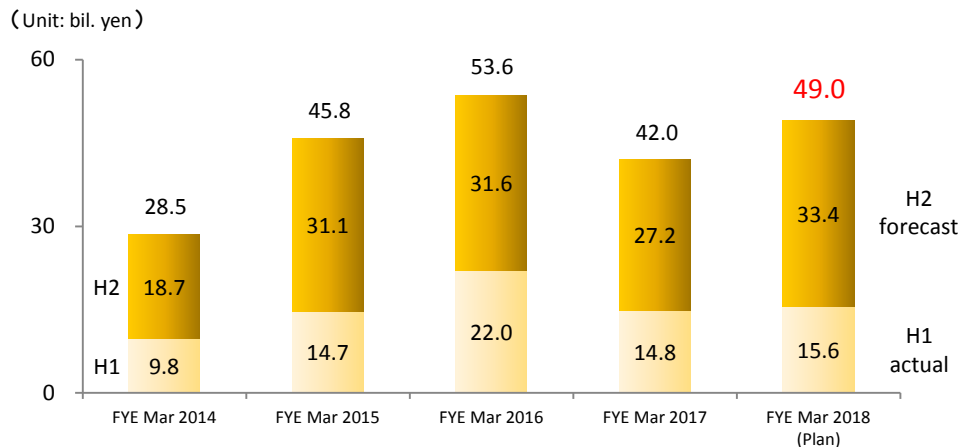
## Net sales growth in the global business



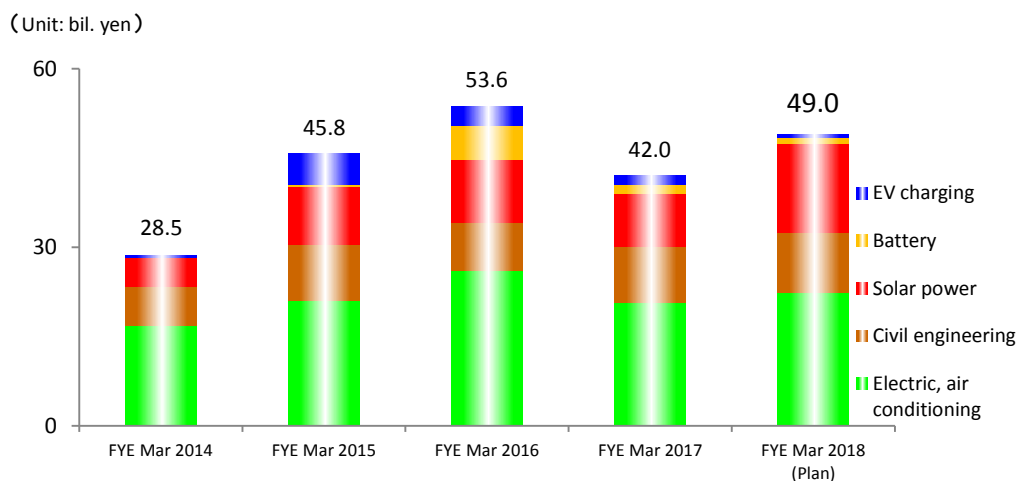
### 3. Initiatives in the Environmental & Social Innovation Business

- Strengthen initiatives to generate future business in new energy, such as work for EV chargers and rechargeable batteries, etc., in addition to solar power.
- Growth in air conditioning work in the current fiscal year, thanks to the increase in construction work carried forward from the previous year.
- Focus on growing orders for infrastructure-related work (laying power lines underground, installing LEDs and road lighting, etc.) toward 2020.





#### Net sales



#### Breakdown of net sales



#### Update on key initiatives

Initiatives	
New Energy	<p><b>【Solar power】</b></p> <ul style="list-style-type: none"> <li>• Mega-solar construction projects ⇒8 projects/ 79.2 MW nationwide (end-9/2017)</li> <li>• Roof-top middle solar facilities (home centers, transport co., drug stores, etc.) ⇒plan to install facilities at 300 locations</li> <li>• Cultivate new businesses outside of solar power (small-scale wind power, biomass, etc.)</li> </ul>  <p>Solar power work</p> <p><b>【EV chargers】</b></p> <ul style="list-style-type: none"> <li>• Expand business through alliance with EV automakers and charger manufacturers (total of 1,300 facilities to be installed nationwide) ⇒plan to install facilities in 100 locations during the current fiscal year</li> </ul>  <p>EV charging</p> <p><b>【Rechargeable batteries】</b></p> <ul style="list-style-type: none"> <li>• Expand work to install rechargeable batteries for both home and industrial use</li> </ul>
Civil engineering, etc.	<ul style="list-style-type: none"> <li>• Increase in CCBOX work for Tokyo, including work to lay power lines underground (net sales: +0.5 bil. yen over H1 last year)</li> <li>• Sewage pipeline work for Tokyo</li> </ul>  <p>Laying of power lines underground</p>
Electrical/ air conditioning	<ul style="list-style-type: none"> <li>• Grow air conditioning work by expanding Nissetsu's services nationwide ⇒net sales target for FYE 3/2018: 12.5 bil. yen</li> <li>• LED installation work (road and safety lights) for municipalities ⇒orders for 5 projects/ 0.5 bil. yen in FYE 3/2018</li> <li>• Increase in electrical work with the acquisition of Nishinihon Denko ⇒net sales target for FYE 3/2018: 0.9 bil. yen (9-month contribution)</li> </ul>  <p>Basement air conditioning facilities</p>

## New energy-related initiatives

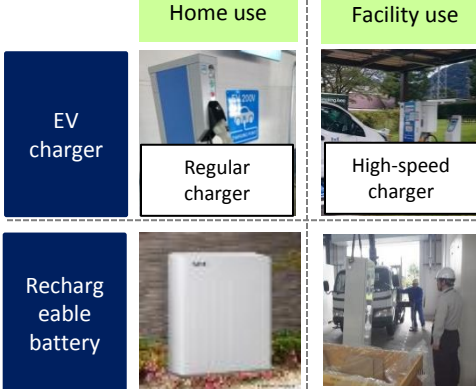
- Installing mega-solar facilities in **8 locations** (Total :79.2MW) across Japan.
- Strengthening efforts to expand work for EV chargers and rechargeable batteries.

### <Construction of mega solar facilities>

- Top projects by capacity
- 1.Shimane Suimei: 43.9MW
  - 2.Iwate ichinoseki: 12.0MW
  - 3.Wakayama Iwade: 8.8MW

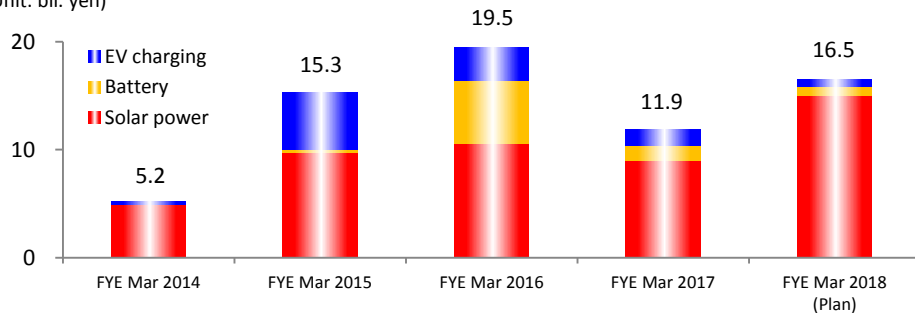
Construction in progress in 8 locations across Japan (Total: 79.2MW)

### <Work for EV and rechargeable batteries>



## Net sales in new energy (solar power, rechargeable batteries, EV chargers)

(Unit: bil. yen)



## Initiatives in LED installment work

- Orders from municipalities for LED lighting installment work is increasing for purposes of energy-saving and crime-prevention.
  - ⇒ track record in 15 cities (130,000 units/ 2.58 bil. yen)
- Orders for 5 projects/ 0.5 bil. yen to be received in FYE 3/2018

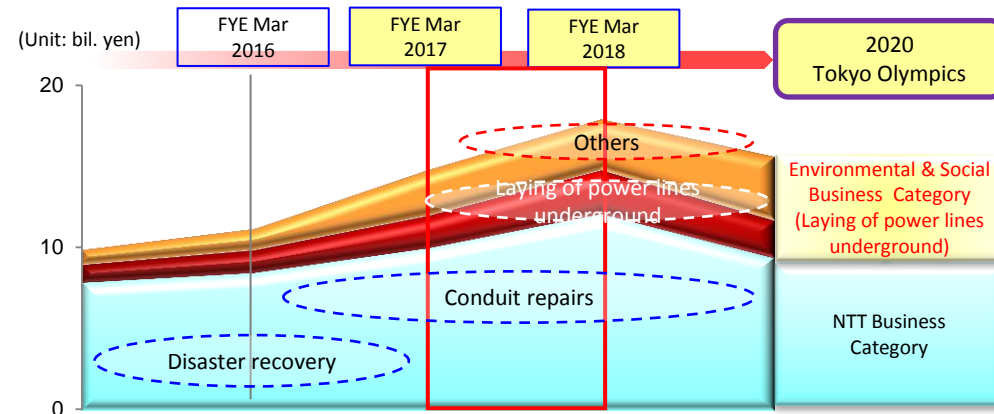
LED installment work



## Initiatives in civil engineering

- Expanding work to lay power lines underground toward 2020, primarily in the metropolitan areas.

### Trends in civil engineering work

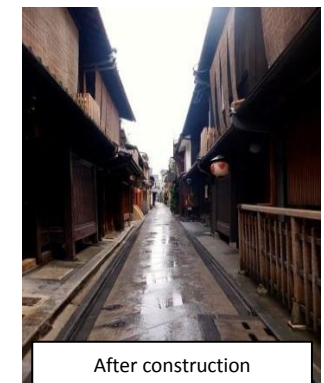


### 【Example of project to lay power lines underground】

#### ◆Project in Ponto-cho, Kyoto (Construction period: 5/2017-10/2018)

- ⇒ special construction method applied to lay power lines under narrow streets and locations with existing underground facilities **with local support**
- ⇒no space for heavy construction machinery (street width 2-3m, no vehicle traffic); construction work to be done by hand
- ⇒**first project in Japan to apply low-cost method using small BOX utility conduits (MLIT model project)**

### <Image of project site after construction>



※Photos: Kyoto City Office

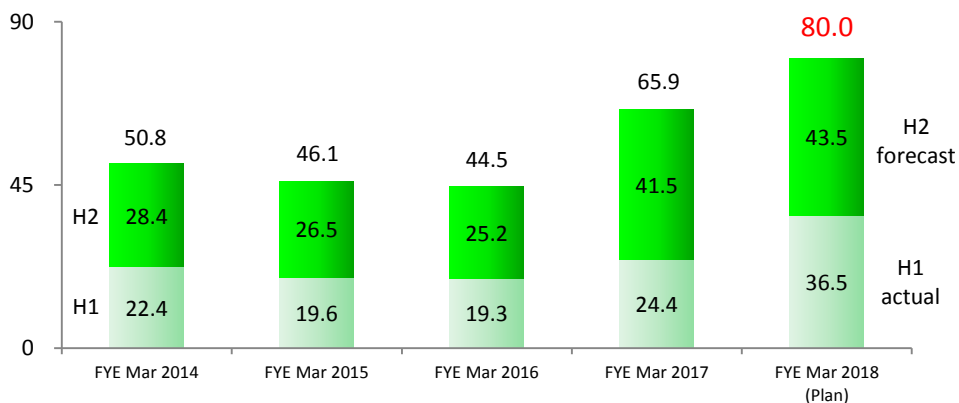


## 4. Initiatives in the ICT Solution Business

- Lantrovision to **fully contribute to Group earnings**, and should continue to grow on the back of collaborative efforts across the Group, but profits is expected to drop due to impact of unprofitable projects.
- **Increase in sales and profits in the software business** given the absence of unprofitable projects and new large-scale orders.
- **Significant increase in work to resolve TV reception interference** with the commencement of services in the 700MHz band.

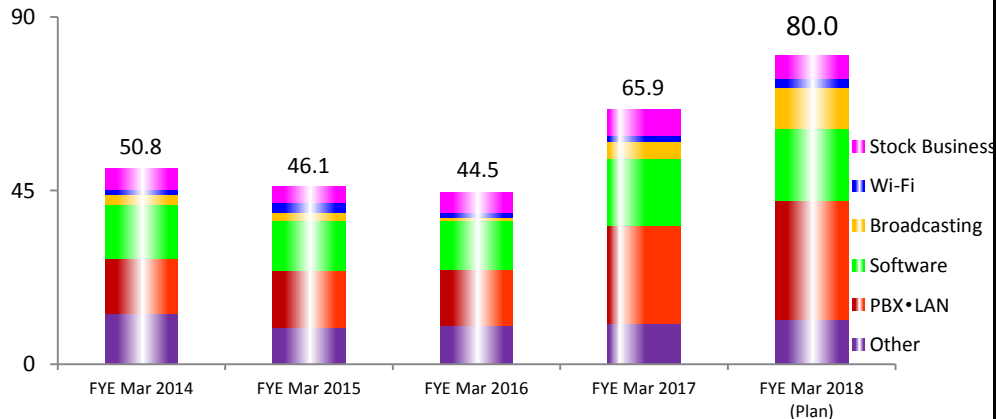
### Net sales

(Unit: bil. yen)







### Breakdown of net sales

(Unit: bil. yen)



### Update on key initiatives

Initiatives	
LAN/PBX/telecommunications equipment	<ul style="list-style-type: none"> <li>● <b>Strengthen collaborative sales efforts with Lantrovision</b> (domestic/ overseas)</li> <li>● Expand work to enhance security for municipalities, etc.</li> <li>● Expand work to establish medical-related server networks</li> <li>● Proposals for ICT work for Olympics/ Paralympics facilities</li> </ul>  <p>LAN cabling work</p>
Software	<ul style="list-style-type: none"> <li>● <b>Grow business as the best partner to Slers</b> ⇒ orders for large systems projects</li> <li>● Enhance cooperation among the Group's software companies to win business in the financial, securities and ERP areas</li> </ul>
700MHz-related work	<ul style="list-style-type: none"> <li>● <b>Work to resolve TV reception interference</b> ⇒ Handling 1/3 of all projects nationwide ⇒ Targeting 300,000 sites for TV reception-related work (5 times more than the previous year)</li> </ul>  <p>TV reception-related work</p>
Wi-Fi/ wireless	<ul style="list-style-type: none"> <li>● <b>Promote Wi-Fi installation targeting multiple-store operators and schools</b></li> <li>● Promote Wi-Fi installation in hotels ⇒ propose package with NW equipment and surveillance cameras</li> <li>● Expand work for local disaster radio facilities</li> </ul>  <p>Disaster radio facilities</p>
IoT, etc.	<ul style="list-style-type: none"> <li>● <b>Use drones as "moving sensors" to generate new business</b> ⇒ training and dispatching of pilots, etc.</li> <li>● Install surveillance cameras along school routes and in factories, etc.</li> </ul>  <p>Drone</p>

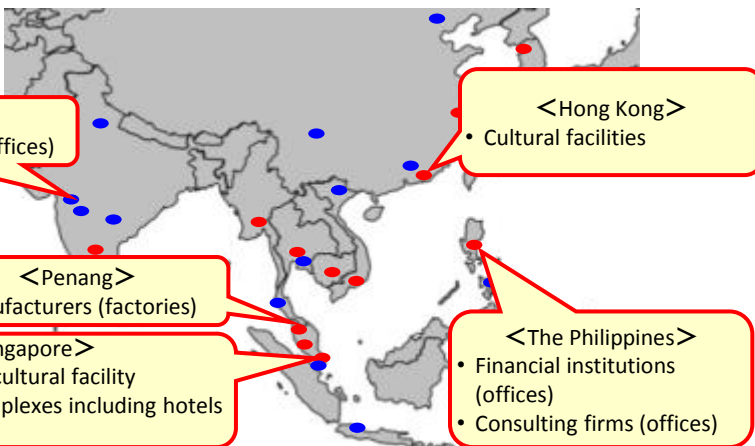


## Lantrovision's overseas business strategy

- Asia's largest company engaged in **design, construction and maintenance of LAN cabling, etc.**, based in Singapore.  
⇒ **Global network of offices in 28 cities across 13 countries/regions.**
- Strengthening cooperation between Mirait and Lantrovision to expand businesses in Japan and overseas and to improve operational efficiency.

### Lantrovision's activities in H1

- Subsidiary/ affiliate
- Branch/ office



### Cooperation between Mirait and Lantrovision

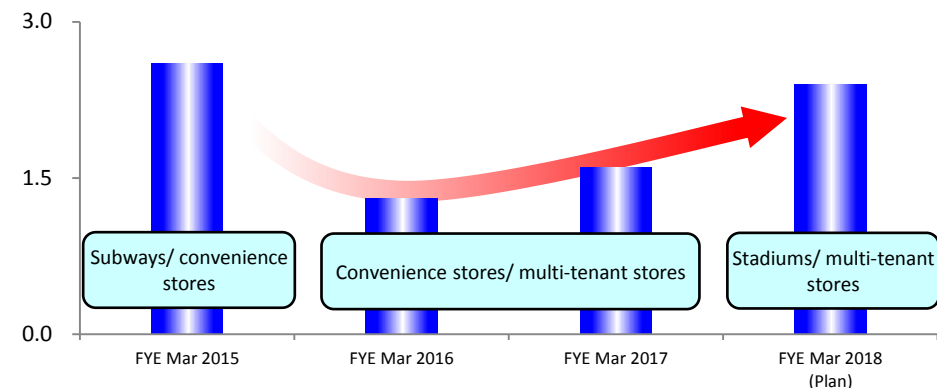
Inbound	<ul style="list-style-type: none"> <li>• Collaborative sales efforts targeting Japanese offices of multinational companies.</li> <li>⇒ orders received: 0.8 bil. yen (as of end 9/2017)</li> </ul>
Outbound	<ul style="list-style-type: none"> <li>• Cooperation in sales efforts targeting Japanese companies entering Asian markets.</li> </ul>
Efficiency	<ul style="list-style-type: none"> <li>• Merged <b>Mirait Singapore</b> to improve operational efficiency</li> <li>⇒ annual cost reduction: approx. 0.1 bil. yen</li> </ul>



## Net sales in Wi-Fi work

- Strong track record in work to install Wi-Fi equipment primarily in subways, convenience stores, and educational/ public facilities.
- Plan to take advantage of the growth in demand to establish Wi-Fi in public facilities, etc. toward 2020.

(Unit: bil. yen)



## Work to resolve 700MHz TV reception interference

- On-going demand for work to resolve TV reception problems on the back of the launch of mobile services in the 700MHz band.
- Handled approx. 60,000 sites in FYE 3/2017. Target for FYE 3/2018 is 300,000 sites.

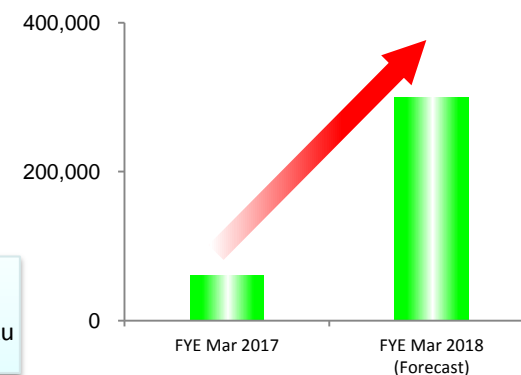
<Work site area>



Mirait is responsible for work in Hokkaido, Tohoku, Tokai, and Hokuriku

<Growth in no. of work sites>

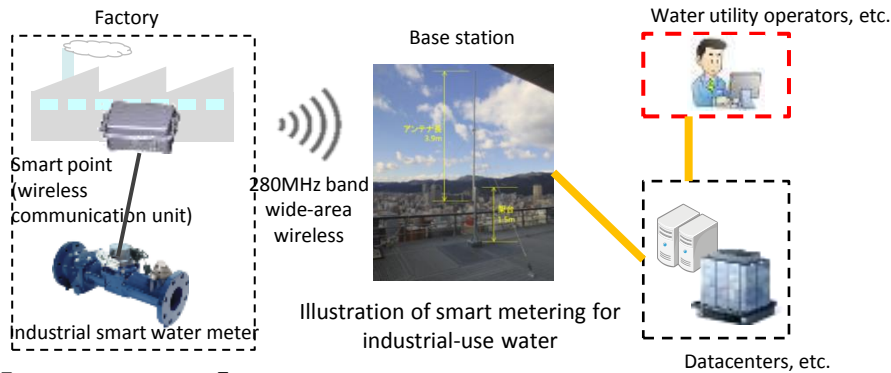
(Unit: no. of sites)



## 5. Initiatives in New Solutions (Initiatives in IoT = Sensors + Network + AI/DC)

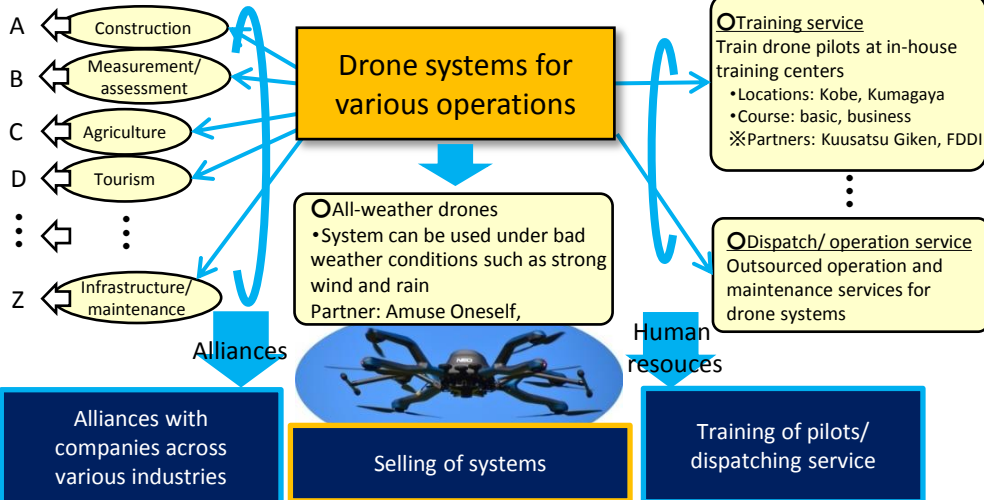
### 【Fixed sensors】Initiatives in smart water meters and sensor networks

- **Conducting verification test with Sensus Japan for wide-area wireless sensor network** that connects smart water meters using 280 MHz band wireless.
  - ⇒ providing technical support (remote smart metering) for verification test by JFE Engineering
  - ⇒ **conducting verification test for industrial smart water metering (first to be conducted in Japan)** with Kobe City and NTT West
- **Planning to launch business when the regulatory framework is established for sensor networks in the 280MHz band.**



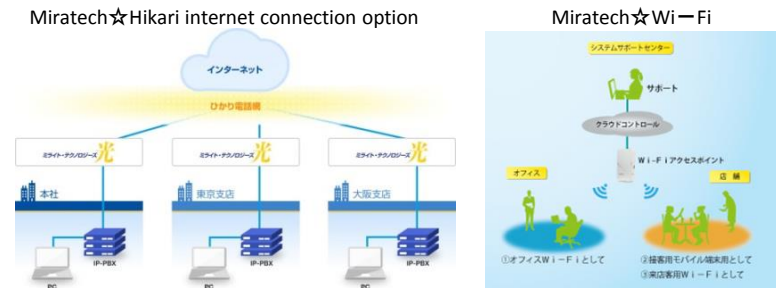
### 【Mobile sensors】Initiatives in drone business

- **Significant business opportunities created by combining sensors and drones**
- **Widen service offerings through alliances**



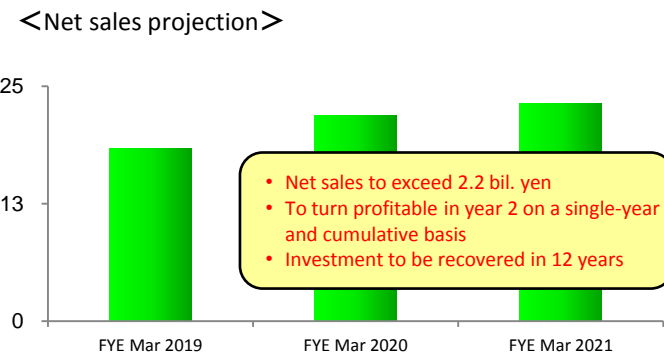
### 【Network】Initiatives in Hikari Collaboration

- “Mirait Technologies Hikari” services launched in 10/2016 based on the “Hikari Collaboration Model” by NTT East/ West.
  - ⇒ 10/2017
    - launched “Miratech★Hikari Internet Connection Option” (internet connection service for corporates)
    - launched “Miratech★Wi-Fi” (managed Wi-Fi service for corporates)
  - ⇒ 11/2017
    - launched “Miratech★Mobile” (SIM for specialized data telecommunication operators)



### 【AI/DC】Initiatives in data center business

- Osaka No. 1 Data Center under construction in response to the increase in demand for data centers in the Kansai region.
  - ⇒ operations to commence in 6/2018 (investment amount: 18.0 bil. yen)
- Located in urban area near Dojima, a telecommunications hub
- Aim to accumulate know-how and to expand operations business
- Redundancy by unique power source/ telecommunication line, substation, exchange and multi-carrier.



(Drawing of datacenter)

# Initiatives in New Solutions

## ee-TaB\* (Wi-Fi Solution)

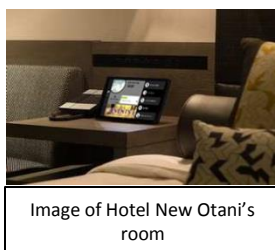
- Delivery of multilingual content using tablets installed in hotel rooms
- **3,057 units installed in 20 hotels in Japan** (as of 9/2017)  
⇒ **Hotel New Otani adopted 238 units in 10/2017**
- Expanding use by providing customized services for each hotel  
⇒ management of room cleaning services and in-room orders, settlement (Amazon Pay, LINE Pay), viewing of VR content, etc.

### 【Example: Hotel New Otani (Tokyo)】

- Installed in “New-Edo” single rooms and exclusive member floors from Oct. 14, 2017
- Also installed in “Executive House Zen”, a super-luxury suite based on the concept of “hotel-in-hotel”

#### ◆ Functions offered

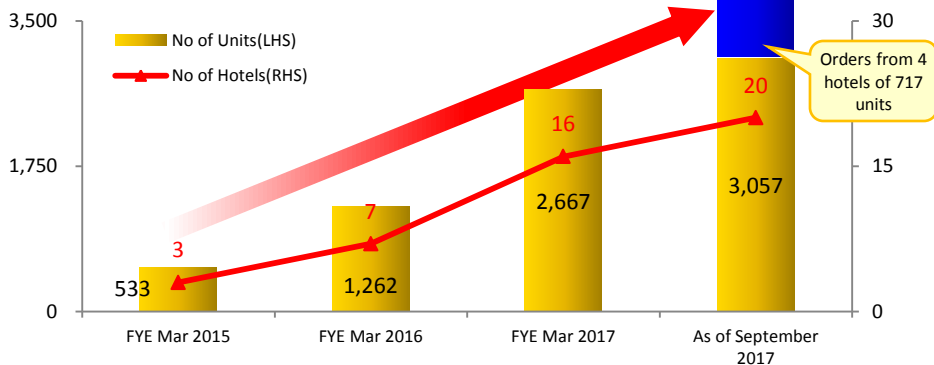
- View of hotel facility information
- View/ search of information on the 38 hotel restaurants
- Introduction to the hotel’s Japanese garden
- View of hotel magazine
- Remote control of 4K television



### <No. of units installed and hotels (cumulative)>

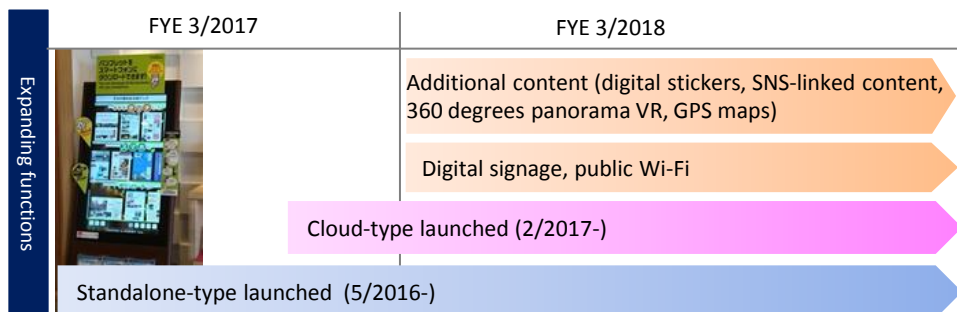
(Unit: no. of units)

(Unit: no. of hotels)



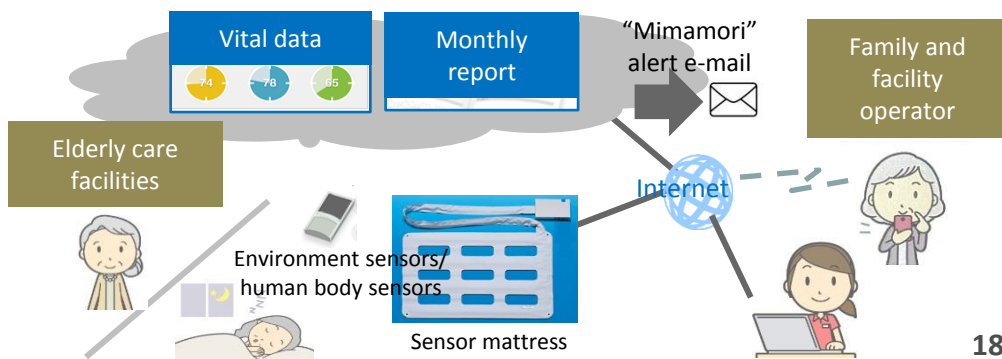
## PONTANA (Wi-Fi Solution)

- Service that allows users to select and download digital content displayed on a large touch panel screen to their smart devices, as they would do for e-books.  
Expanding the scope of use by adding functions such as SNS-linked digital signage, digital stickers, etc.
  - Cloud-type service added to respond to diverse user needs and applications.
  - Collaborating with a wide range of business partners in various business domains.
- <Expanding functions of PONTANA>



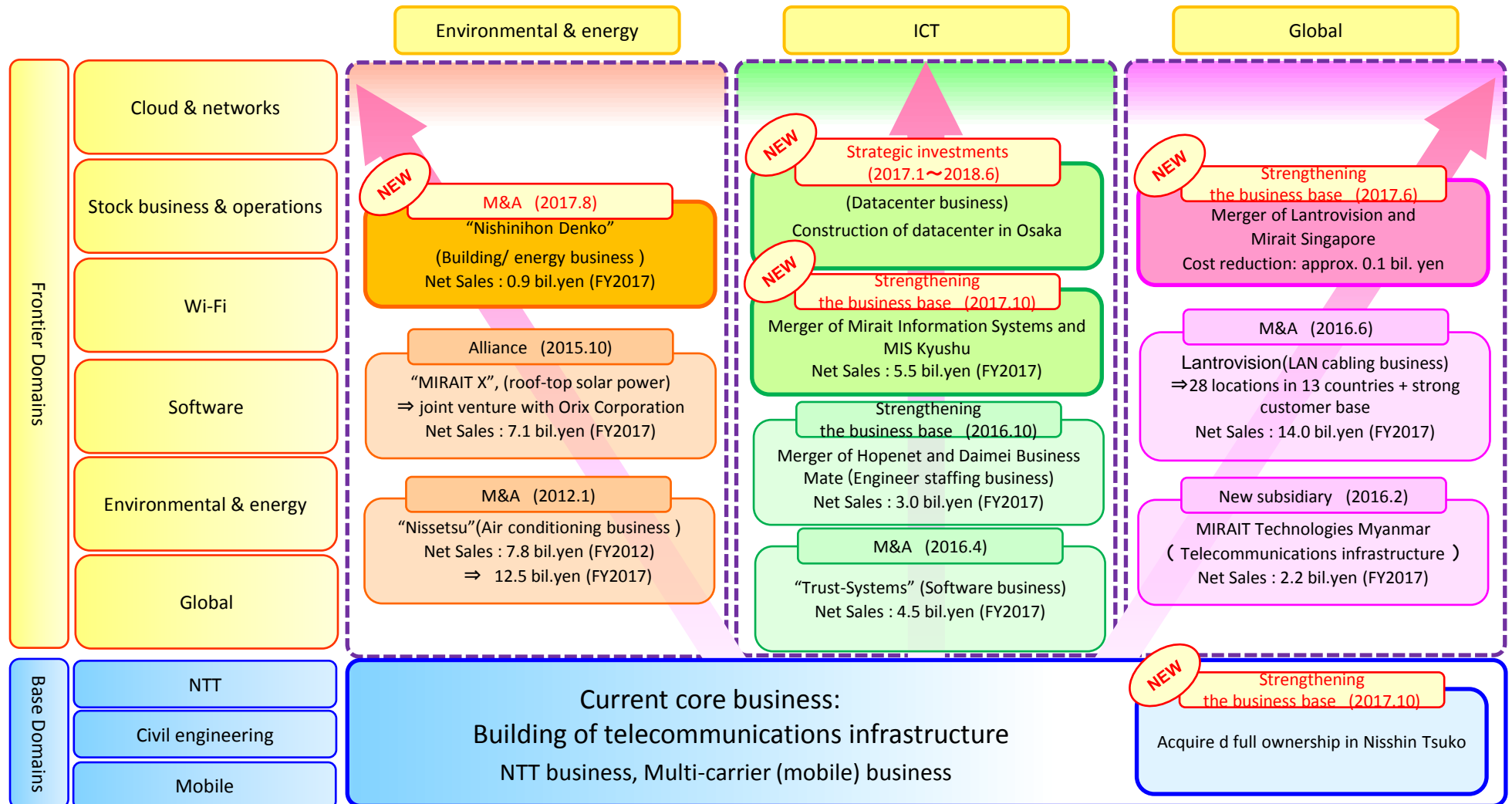
## Eco Navista (Healthcare Solution)

- **Installing of mattresses with sensors and room environment sensors in senior housing/elderly care facilities, etc.**
- Sensors measure the person’s daily activities (wake time, sleep hours, etc.) and vital information (pulse, quality of sleep, etc.) based on fatigue medicine. Information will be used to identify early warning signs of heart attack and heatstroke, to improve the room environment, and for health checks.
- Feedback/ advice to be provided by doctors specializing in fatigue medicine.
- **Mirait will sell Eco Navista products and provide peripheral construction work.**



## 6. 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.
- Promoting initiatives to enhance the business base in the base domains.



## 7. Initiatives to Build a Stronger Business Base

### Strengthening the group's business operations

#### ① Enhance sales/ work capabilities in the regions

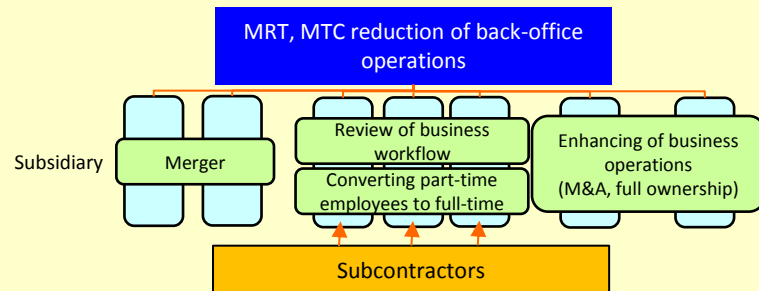
- Acquisition of **Nishinihon Denko**  
(to strengthen electrical work capabilities in Kyushu)
- Acquired full ownership in **Nisshin Tsuko**  
(to strengthen mobile work capabilities in Hokkaido, Tohoku regions)

#### ② Strengthen subsidiaries for the NTT and Multi-carrier businesses

- Human resources and operational support  
⇒ reduce back-office operations by revisiting business workflow  
⇒ enhance in-house capabilities at subsidiaries

#### ③ Enhance business base through the merger of subsidiaries

- Lantrovision and Mirait Singapore (global business)
- Mirait Information Systems and MIS Kyushu (software business)



### Initiatives to achieve profit growth

#### ① SG&A cost reduction (target of -1.3 bil. yen in FYE3/2018, flat from previous year)

- Consolidation of offices (in NTT business)
- Reduction of rental expenses by growing own assets  
⇒ new housing for unmarried employees (2 locations in Tokyo)



Chiba East Office

#### ② Focus on improving profitability

- Tighter control on profitability and provision for construction losses for individual projects



Housing for unmarried employees

#### ③ Promoting awareness toward reforms through KAIZEN activities

- KAIZEN fellow activities (59 fellows appointed)  
5,953 proposals in H1  
⇒ Safety panel for work using heavy machinery  
⇒ Color cone adapters with flashing LED lights, etc.

### Strengthening human resources

#### ① Growing the number of qualified staff

- Identify candidates for qualification exams  
⇒ Plan for the candidates to build hands-on experience
- Expand the number of mid-career hires

#### ② Develop and utilize a large variety of talents

- Strengthen the base of engineers  
⇒ Enhance the collective capabilities of the Group to better understand and respond to customers' needs
- Promote the participation of women in the workplace  
⇒ Mirait and Mirait Technologies received the **highest "Eruboshi" certification (3<sup>rd</sup> level)** in recognition of the companies' excellent efforts in response to the Act of Promotion of Women's Participation and Advancement in the Workplace.  
⇒ Promote the hiring and promotion of women in managerial positions



### Changing the safety/ work environment and workstyles

#### ① Establish "hard" and "soft" frameworks to ensure safety of workers

- Enhance safety work procedures, safety equipment (addition of 200 to the bucket work car fleet, safety equipment)
- Clarify the cost burden for safety measures
- Ensure execution of work cycle for safety  
⇒ morning meeting/ pre-work inspection, site patrol, wrap-up meeting

#### ② Collaborative efforts with subcontractors to improve the work environment

- Mandatory social insurance coverage (fully implemented as of end 3/2017)
- Indicate (visualize) social insurance costs in standard quote sheet

#### ③ Workstyle reforms

- Proper calculation of overtime work
- Introduction of flexible/ irregular work hours
- Considering possibility of introducing mobile-based workstyle



Morning meeting

## IV Reference Materials



# 1. Overview of MIRAIT Holdings

## (1) Company Overview

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- 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 【Overseas】 32 locations (Singapore, Sri Lanka, Australia, Philippines, Myanmar ,etc.)
Number of consolidated subsidiaries ( as of September 30, 2017)	53
Number of employees ( as of September 30, 2017)	【Consolidated】9,128 (MIRAIT Holdings: 105) (MIRAIT: Consolidated 4,953) (MIRAIT Technologies: Consolidated 3,091) (Lantrovision: Consolidated 979)
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

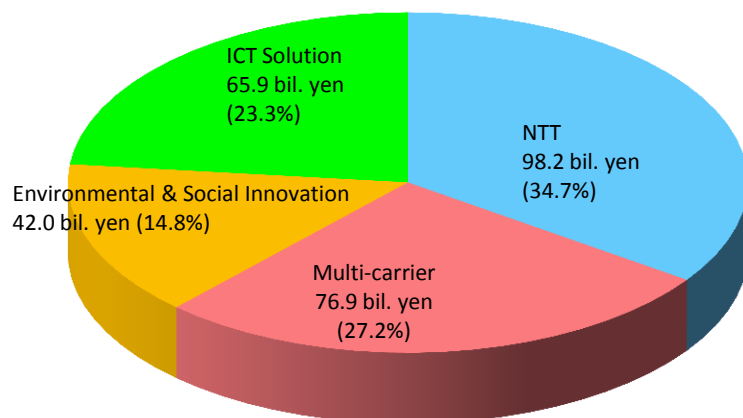
## (2) Business Categories

- 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

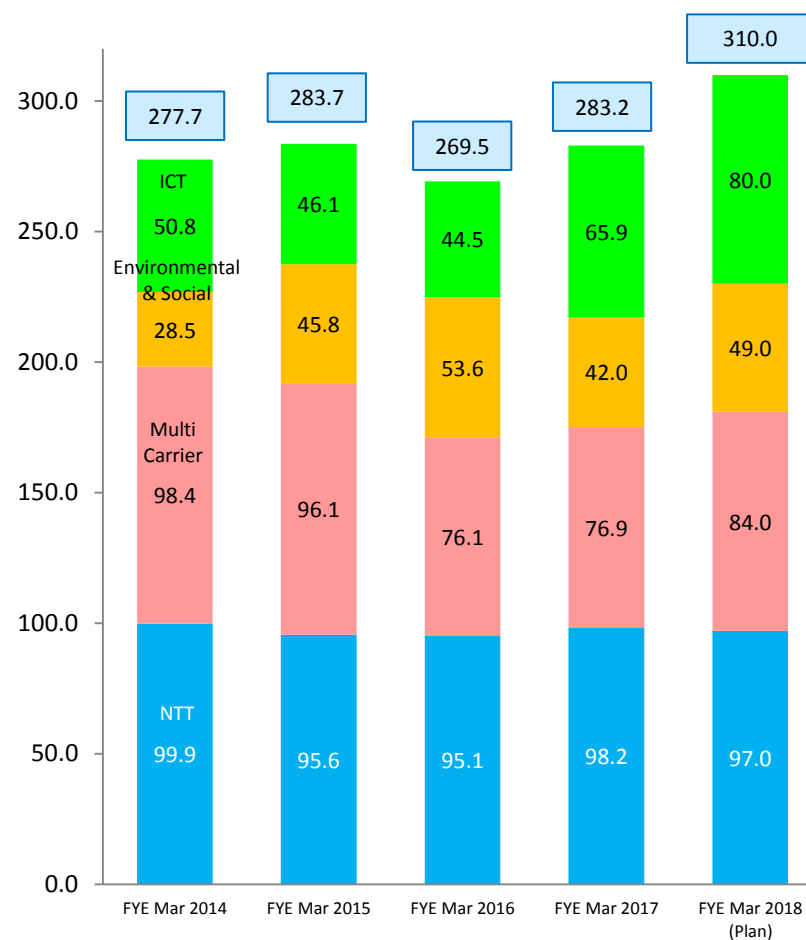
Business Category	
(1) NTT Business	<ul style="list-style-type: none"> <li>■ Construction, maintenance and operation of fixed communication facilities for NTT</li> </ul>
(2) Multi-carrier Business	<ul style="list-style-type: none"> <li>■ Construction, maintenance and operation of mobile communication 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, Broadcasting, 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, 2017)



### Net sales by business category

(Unit: bil. yen)



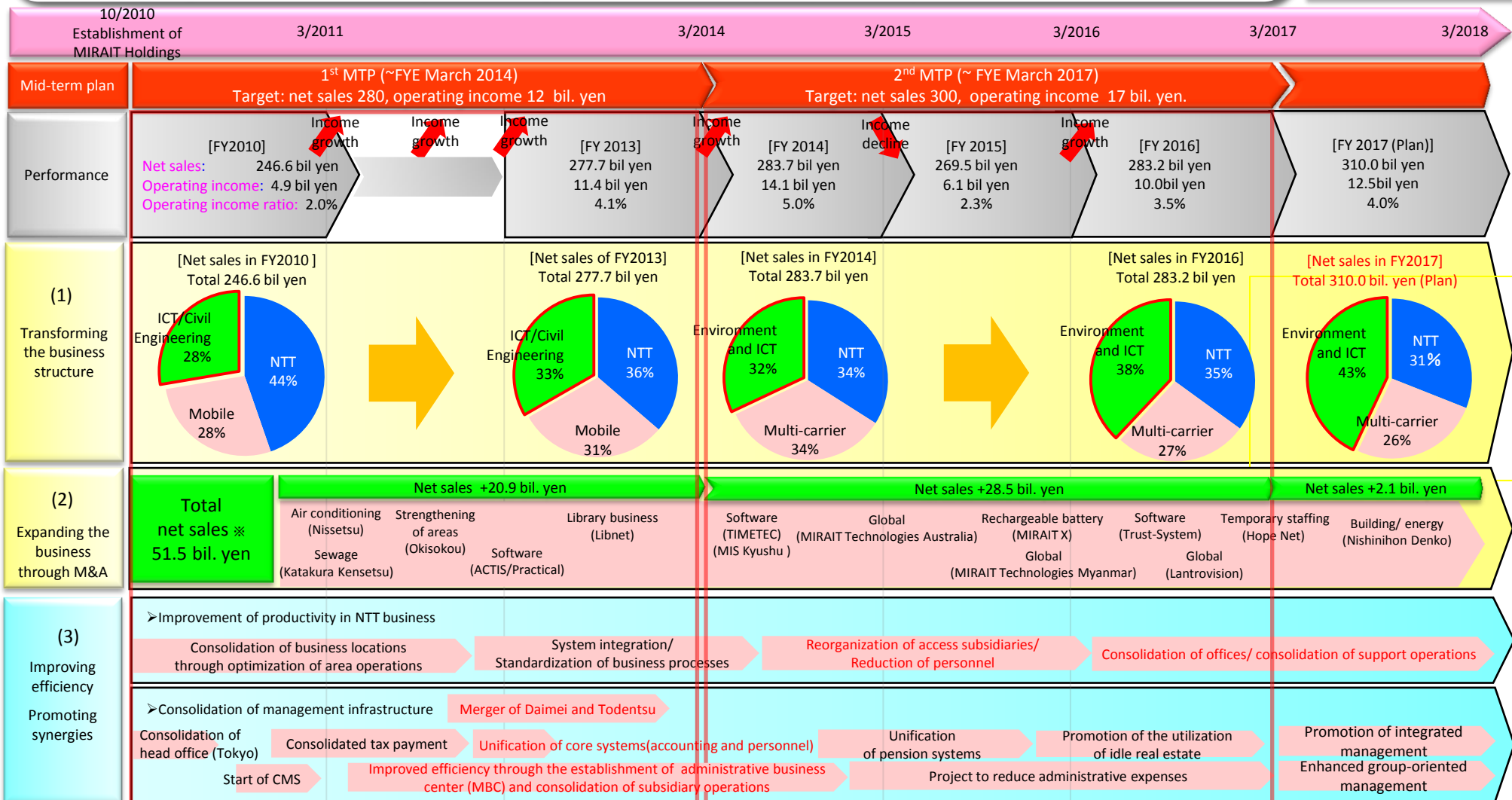


## 2. The Company's Initiatives Since Establishment

- 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**.

5/2017  
 Launch of 3<sup>rd</sup> Mid-term Plan  
 Target for FYE 3/2021  
 Net sales: 340.0 bil. yen  
 Op. income: 17.0 bil. yen  
 ROE More than 8.0%

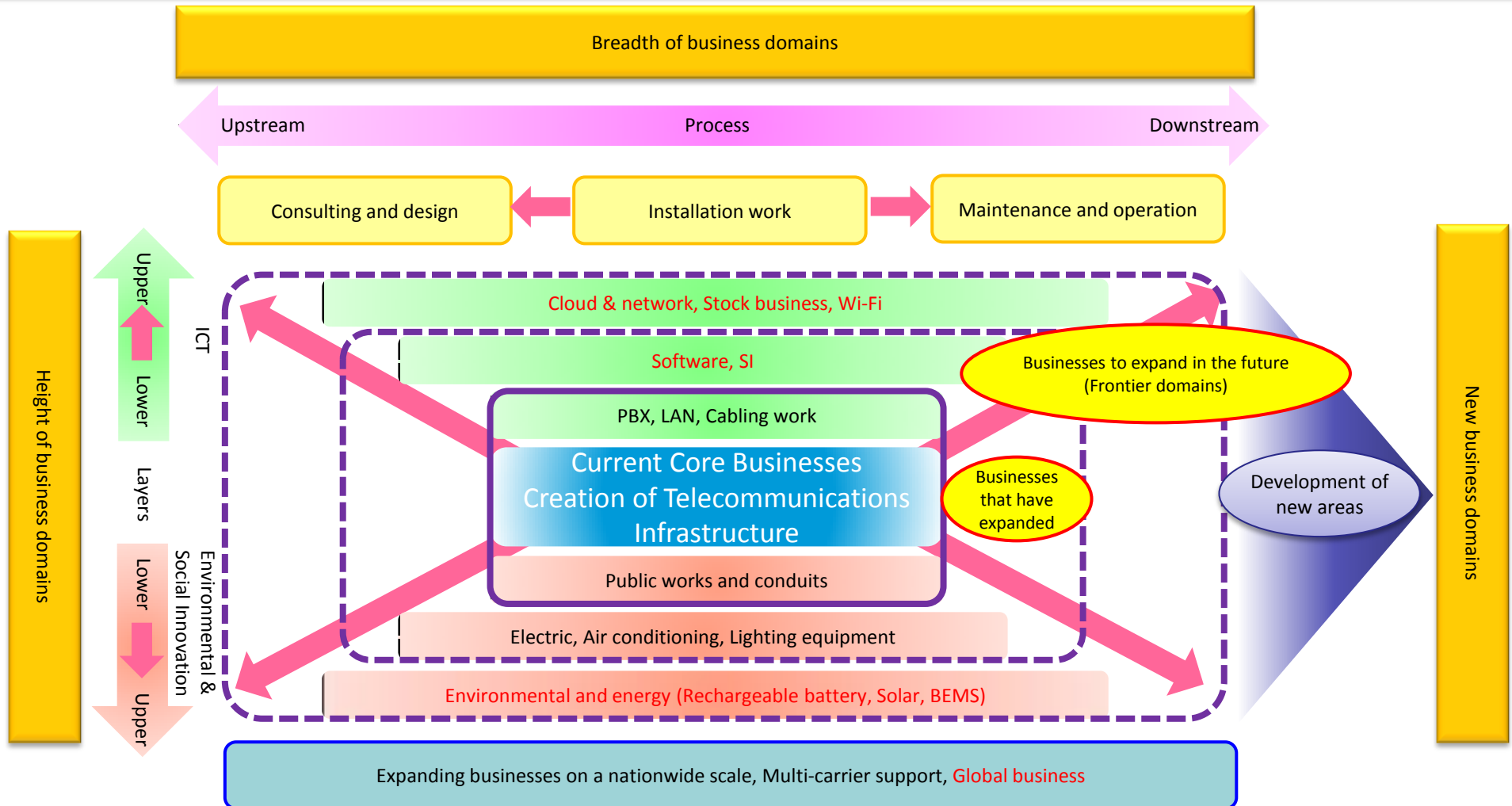


※ Total of net sales reported for the most recent fiscal year by each of the acquired companies.

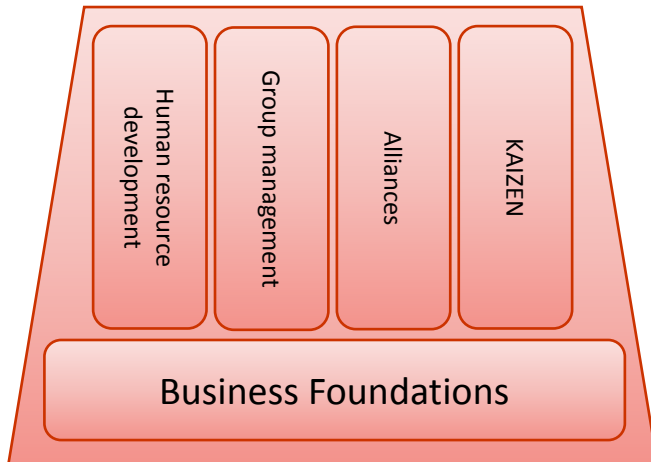
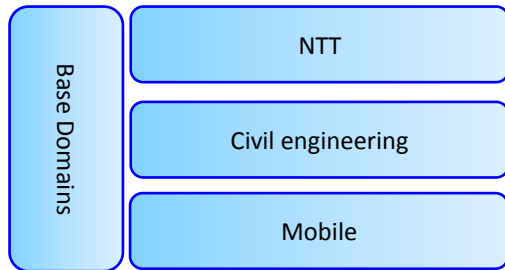
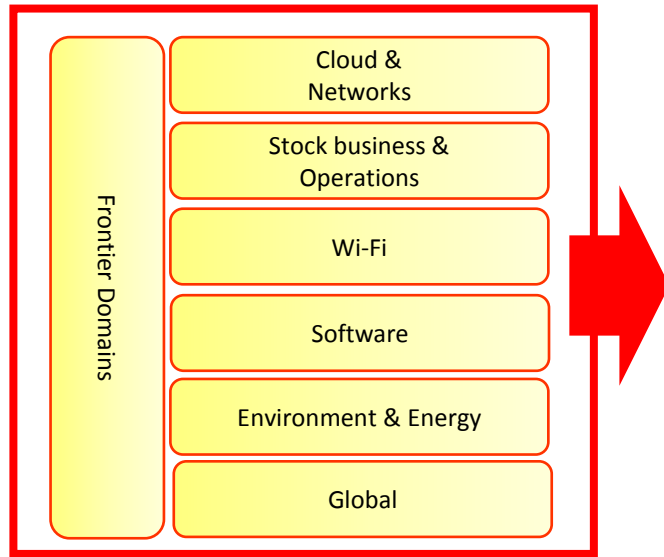
### 3. Transformation into a "Comprehensive Engineering and Service Company"

#### (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>• Air conditioning</li> </ul>	<ul style="list-style-type: none"> <li>• Comprehensive building equipment (Solar power, EV chargers, LED, BEMS, access control systems)</li> <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>	

## 4. Overview of New Mid-term Plan

### Business Environment

#### Changes in Social Structure

- Growth strategies of the Japanese Government (departure from deflation, low birthrate and aging society, revitalization of regional economies, etc.)
- Reconstruction of social infrastructure (aging infrastructure, disaster prevention measures)
- Environmental & energy issues
- 2020 Tokyo Olympics and Paralympics



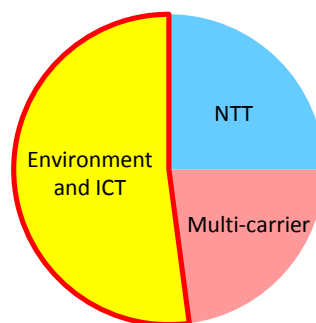
#### Changes in the Communication Environment

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

Tailwind for the MIRAIT Group

### Numerical Targets for FYE March 2021

Net sales	340.0 bil. yen
Operating income	17.0 bil. yen (Operating income margin: 5.0%)
ROE	More than 8%



#### Shareholder return policy

- Stable and consistent payment of dividends.
- Decisions to be made by taking into consideration the Company's business results and cash position, based on a rough total return ratio target of more than 30%.

### Basic Policy

- Expand the Company's business domains to address changes in the social structure and the telecommunications environment.
- Transform the Company's business model to respond to more diverse client needs.
- Promote profit-oriented business operations to enhance the Company's enterprise value and to continue to grow as a "Comprehensive Engineering and Service Company".

### Key Initiatives

#### Expanding the business domains/ reforming the business model

- Expand into "frontier domains" such as environmental and energy, IoT and global business.
- Broaden the line-up of services by quality and price to address client needs.
- Expand businesses by leveraging the Company's strengths, such as diverse technologies, established client base, and nation-wide operational network.
- Enhance sales capabilities through partnerships.

#### Improving the business base and profitability

- Smooth construction workload and review group formations.
- Achieve better efficiency by generating synergies within the Group.
- Improve profitability by enforcing the account system and through better income/ expense management of individual projects.

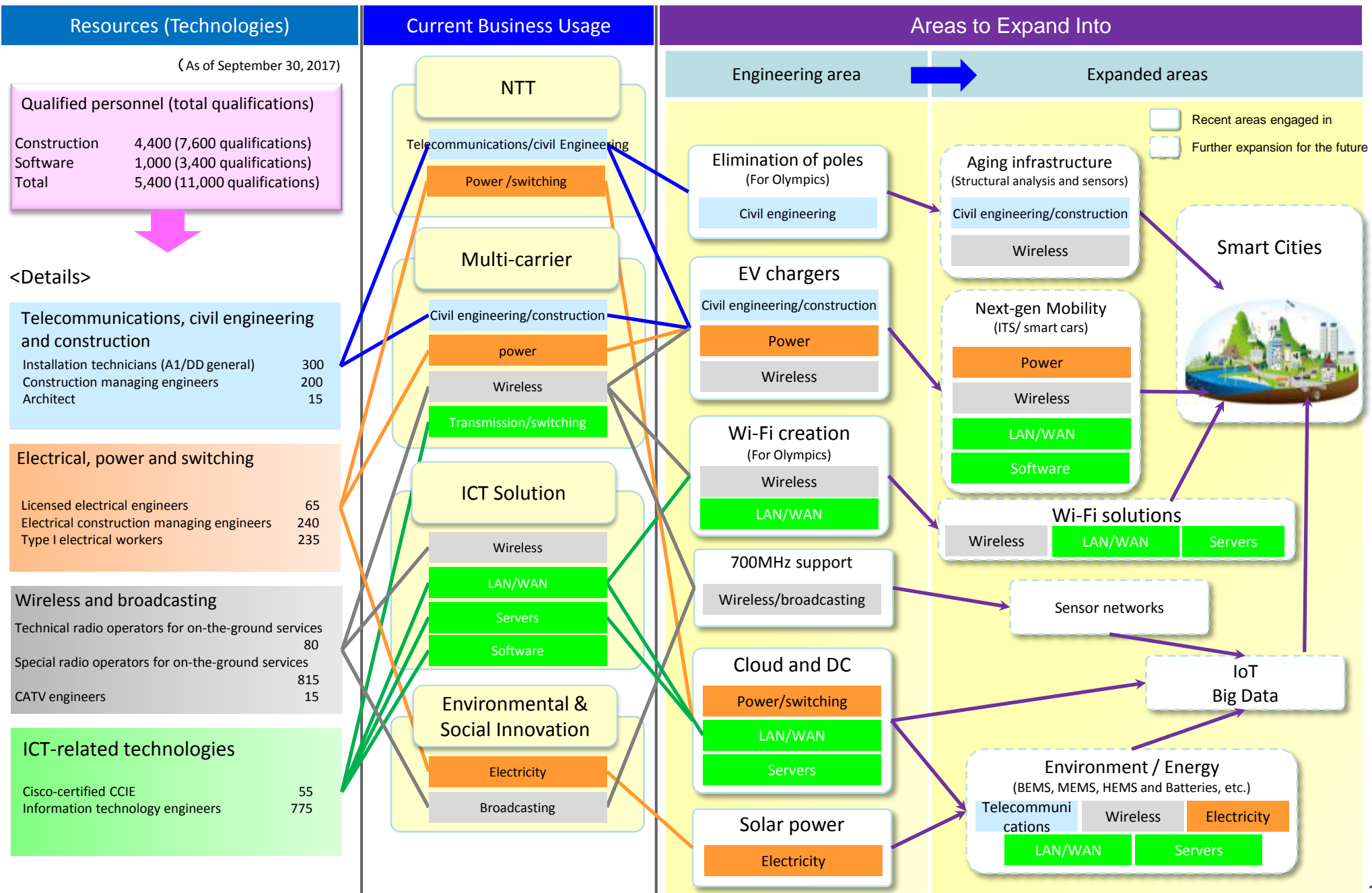
#### Strengthening human resources

- Enhance technological capabilities by promoting qualifications, etc.
- Enhance comprehensive engineering capabilities to respond to client expectations.
- Achieve a vibrant workplace by promoting workstyle reforms.

#### Changing the corporate culture

- Promote CSR through enhanced governance and environmental initiatives.

# 5. Expansion of Business Areas Utilizing Technologies



# 6. Changes in the Business Environment through 2020

## Japan's Structural Problems

- Growth strategies of the Japanese Government (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

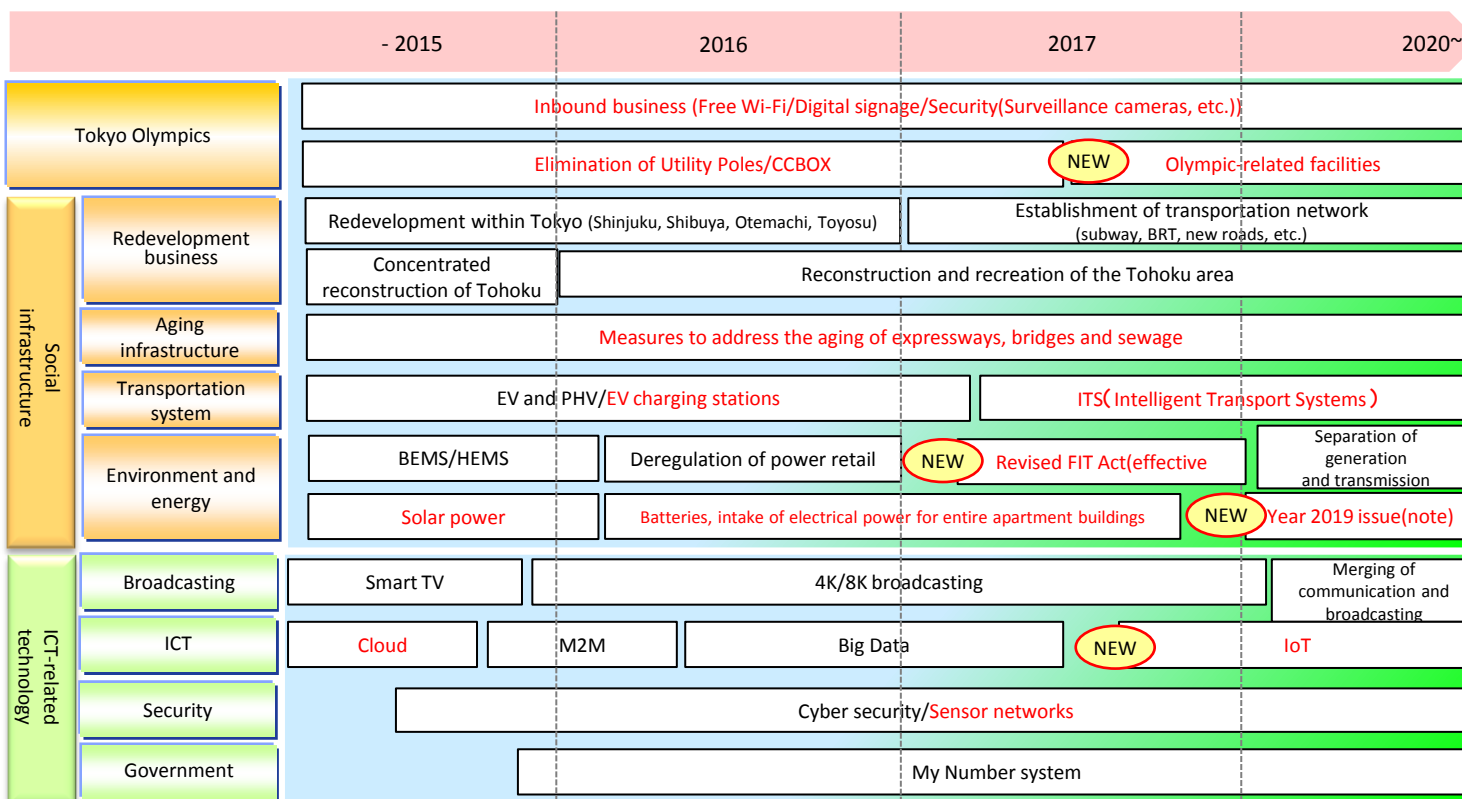
## Evolution of communications technology

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

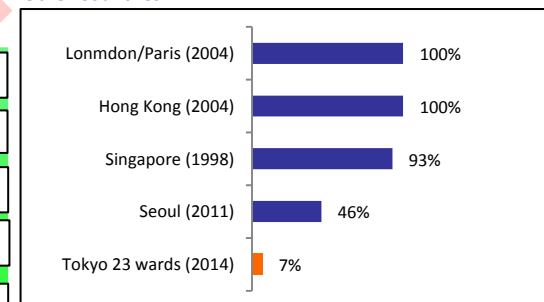
Tailwind for the MIRAIT Group

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

## Changes in Social Structure

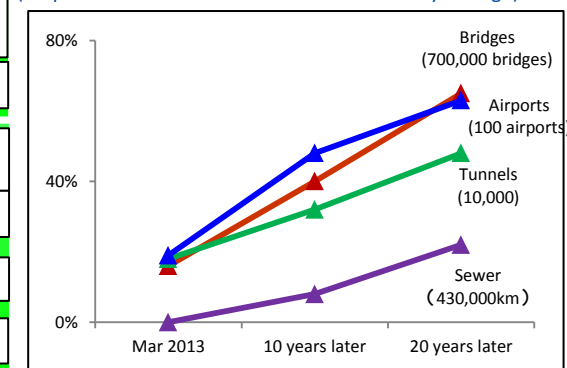


Comparison of Rate of Elimination of Power Poles with Other Countries



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

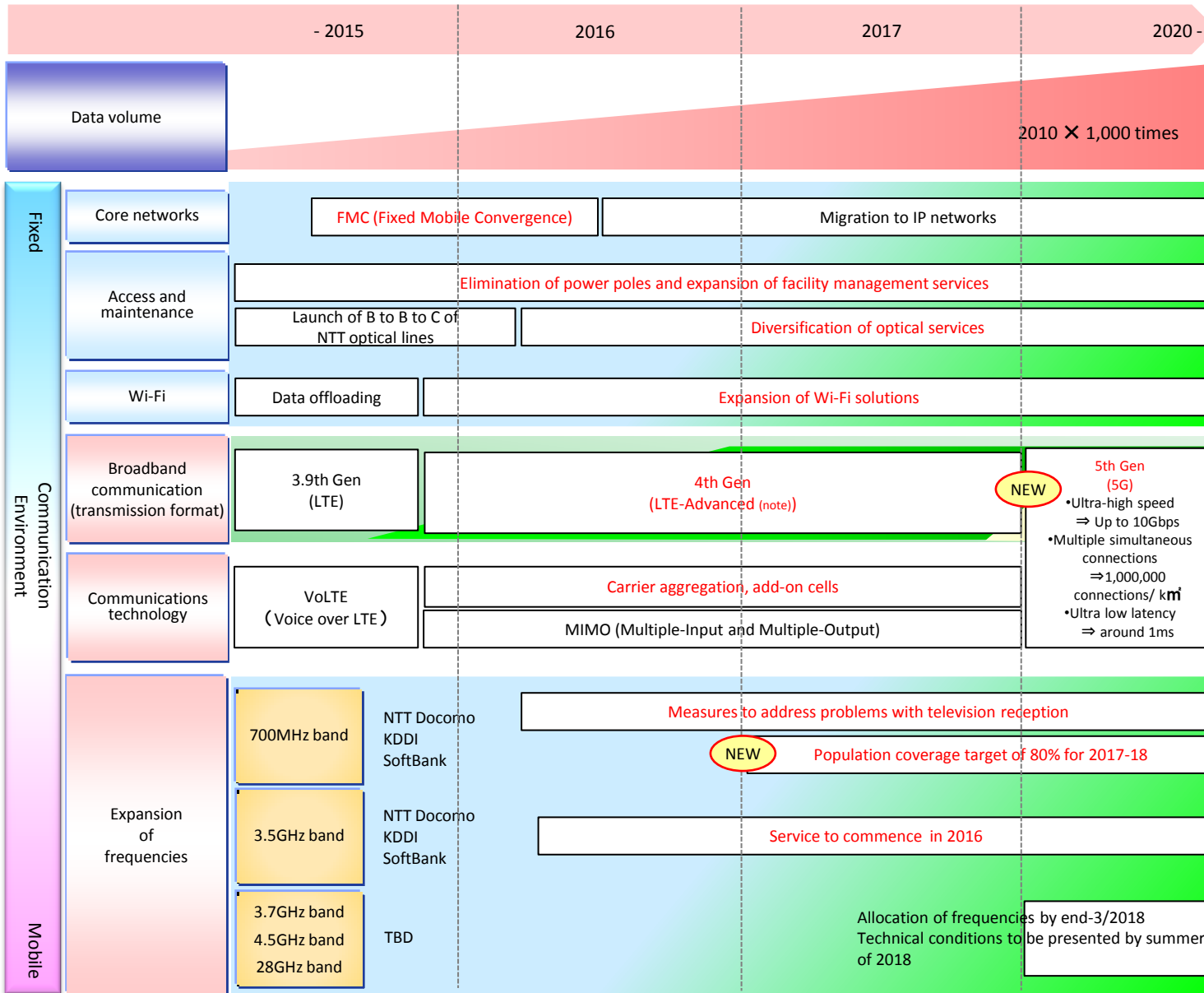
(Domestic) Ratio and number of obsolete facilities (Proportion of facilities constructed 50 or more years ago)



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

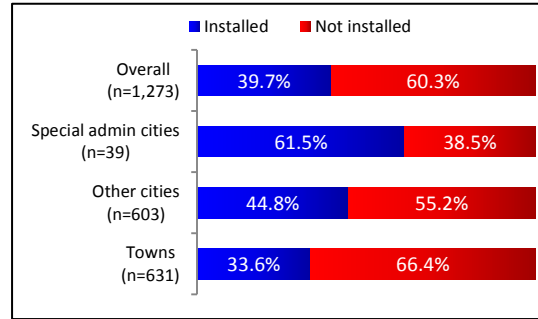
(Note)End of term of purchase contract for households selling solar power to electricity companies under the feed-in-tariff scheme.

# Changes in the Communications Environment



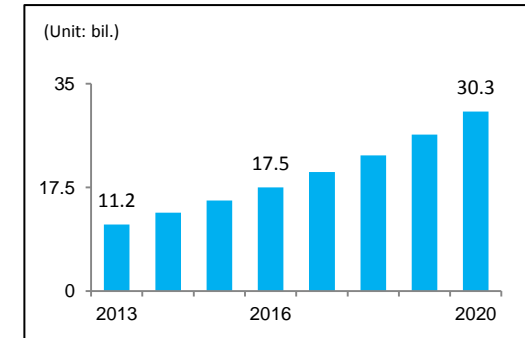
(Note) LTE-Advanced is a mobile phone standard positioned as being 4th generation (4G). It enables high capacity and high speed communication by combining technologies such as carrier aggregation.

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



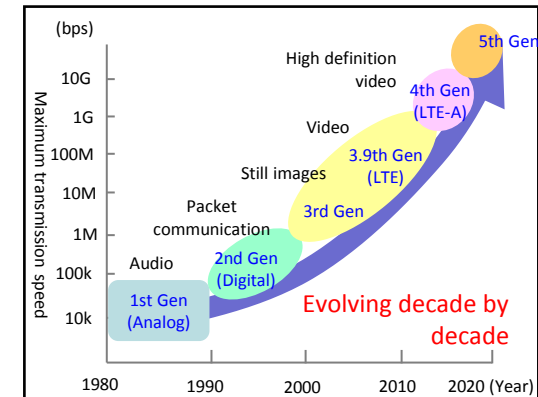
Source: MIRAIT, based on materials published by the Association for Promotion of Public Local Information and Communication

(Global) Trends and forecast for number of IoT devices



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

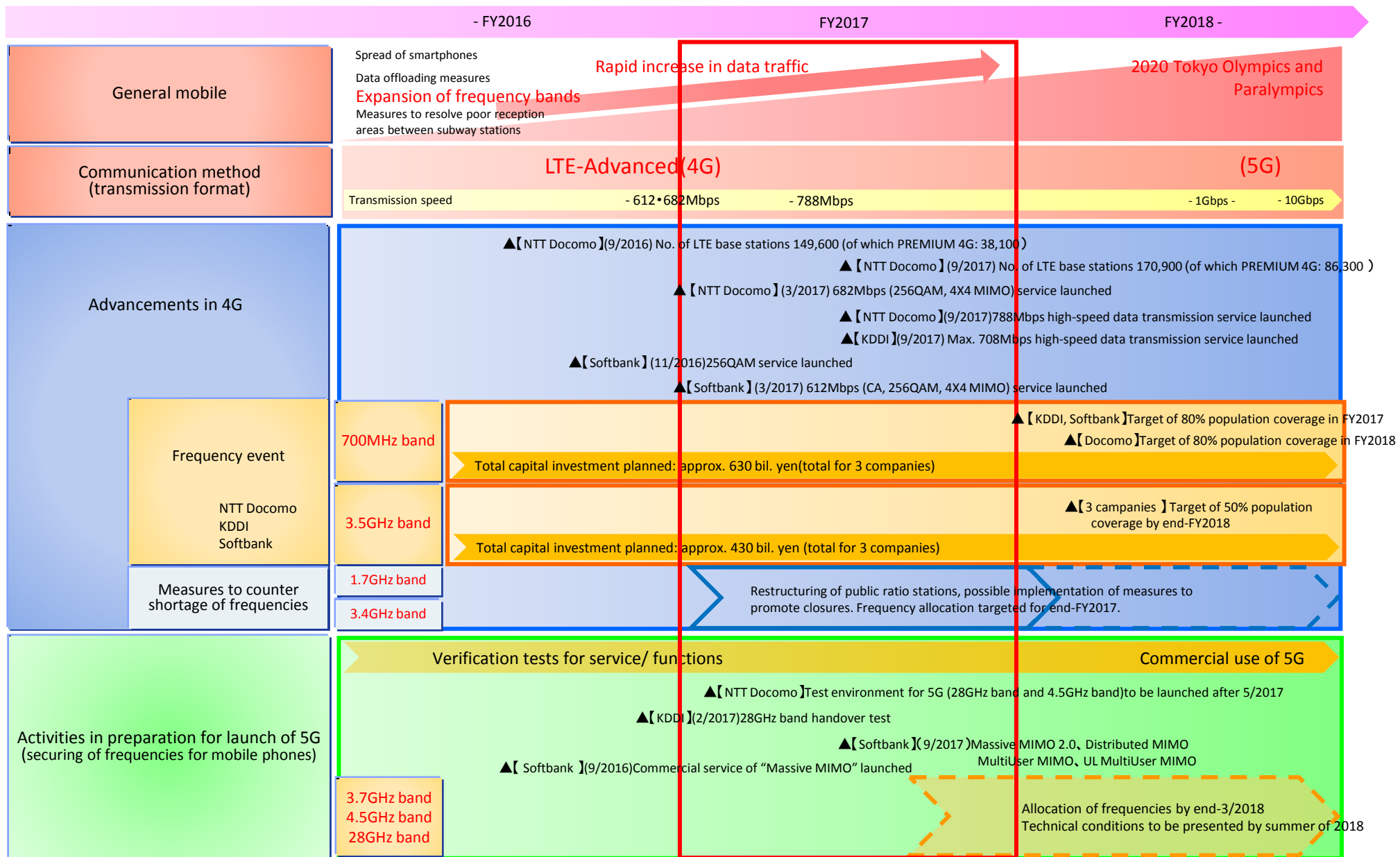
(Domestic) Changes in mobile systems (1G - 5G)



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



# 7. 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



## 8. Supplementary Financial Information

### (1) Historical Performance

Unit: bil. yen	FYE March 2014 Q2 actual results	FYE March 2015 Q2 actual results	FYE March 2016 Q2 actual results	FYE March 2017 Q2 actual results	FYE March 2018 Q2 actual results
Orders received	137.9	148.1	124.4	148.2	156.9
Net sales	119.7	123.1	112.0	106.8	132.2
Gross profit	12.0	15.4	8.4	10.3	16.2
Gross profit margin	10.1%	12.5%	7.5%	9.6%	12.3%
SG&A	9.2	9.4	9.8	11.2	11.7
SG&A ratio	7.8%	7.7%	8.8%	10.5%	8.9%
Operating income	2.7	5.9	- 1.3	- 0.9	4.5
Operating income ratio	2.3%	4.8%	—	—	3.4%
Ordinary income	3.1	6.2	- 1.1	- 1.1	5.1
Ordinary income ratio	2.6%	5.1%	—	—	3.9%
Net income	1.7	3.9	- 1.2	- 1.4	2.7
Net income ratio	1.5%	3.2%	—	—	2.0%

\* Figures are rounded down to one decimal place.

## (2) Orders Received and Net Sales by Business Category

Orders received Units: bil. Yen	FYE March 2017 Q2 actual results	FYE March 2018 Q2 actual results	YoY Change (Percentage change)	FYE March 2017 Full-year Results	Progress	FYE March 2018 Full-year Plan	Progress
	(a)	(b)	(b) - (a)	(c)	(a) / (c)	(d)	(b) / (d)
NTT Business	48.4	46.5	- 1.9 (- 3.9%)	104.2	46.4%	92.0	50.5%
Multi-carrier business	37.8	47.3	+ 9.5 (+ 25.1%)	88.6	42.7%	84.5	56.0%
Environmental & social innovation business	29.3	20.5	- 8.8 (- 30.0%)	59.0	49.7%	56.0	36.6%
ICT solution business	32.7	42.4	+ 9.7 (+ 29.7%)	71.4	45.8%	77.5	54.7%
<b>Total</b>	<b>148.2</b>	<b>156.9</b>	<b>+ 8.7 (+ 5.9%)</b>	<b>323.3</b>	<b>45.8%</b>	<b>310.0</b>	<b>50.6%</b>

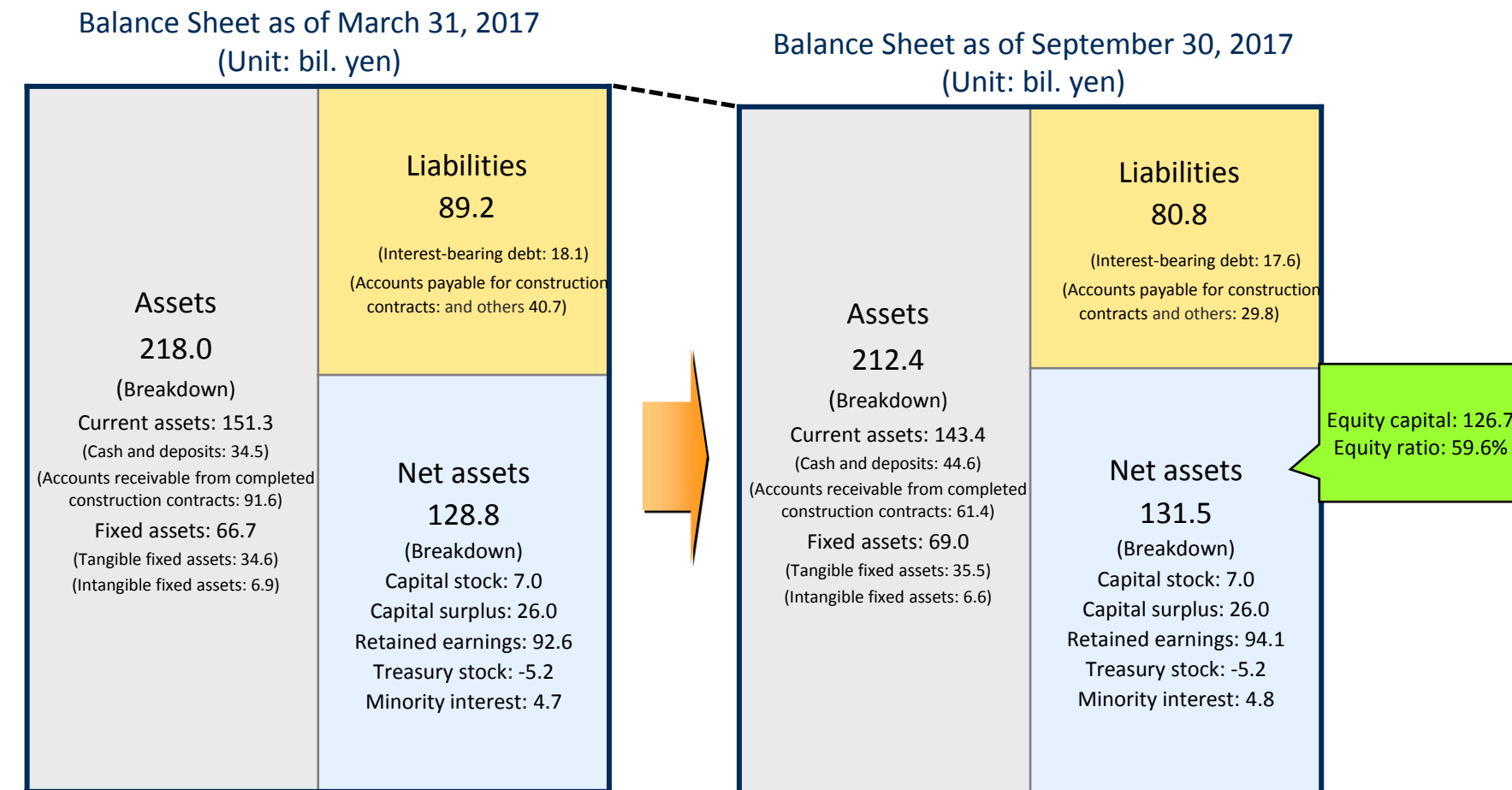
  

Net sales Units: bil. Yen	FYE March 2017 Q2 actual results	FYE March 2018 Q2 actual results	YoY Change (Percentage change)	FYE March 2017 Full-year Results	Progress	FYE March 2018 Full-year Plan	Progress
	(a)	(b)	(b) - (a)	(c)	(a) / (c)	(d)	(b) / (d)
NTT Business	38.8	44.1	+ 5.3 (+ 13.7%)	98.2	39.5%	97.0	45.5%
Multi-carrier business	28.7	35.8	+ 7.1 (+ 24.7%)	76.9	37.3%	84.0	42.6%
Environmental & social innovation business	14.8	15.6	+ 0.8 (+ 5.4%)	42.0	35.2%	49.0	31.8%
ICT solution business	24.4	36.5	+ 12.1 (+ 49.6%)	65.9	37.0%	80.0	45.6%
<b>Total</b>	<b>106.8</b>	<b>132.2</b>	<b>+ 25.4 (+ 23.8%)</b>	<b>283.2</b>	<b>37.7%</b>	<b>310.0</b>	<b>42.6%</b>

\* Figures are rounded down to one decimal place (bil. yen).

### (3) Assets, Liabilities and Net Assets

- Total assets: Down from 218.0 bil. yen to 212.4 bil. yen due to the decrease in accounts receivables including those from completed construction contracts.
- Liabilities: Down from 89.2 bil. yen to 80.8 bil. yen due to the decrease in accounts payable for construction contracts.
- Net assets: Up from 128.8 bil. yen to 131.5 bil. yen due to the increase in retained earnings (equity ratio is 56.9% ⇒ 59.6%)



\* Figures are rounded down to one decimal place (bil. yen).

## (4) Key Performance Indicators

### Capital-related Indicators

	FYE March 2014	FYE March 2015	FYE March 2016	FYE March 2017	FYE March 2018 (Forecast)
Equity ratio	63.0%	63.8%	63.1%	56.9%	58.0%
Return on equity (ROE)	6.7%	9.5%	3.0%	5.2%	6.3%

### Shareholder Return Indicators

	FYE March 2014	FYE March 2015	FYE March 2016	FYE March 2017	FYE March 2018 (Forecast)
Dividend payout ratio	22.9%	22.0%	67.2%	37.6%	29.6%
Total return ratio	36.7%	22.0%	67.2%	76.6%	29.6%

### Capital Expenditure / Depreciation and Amortization

Unit: bil. yen	FYE March 2014		FYE March 2015		FYE March 2016		FYE March 2017		FYE March 2018	
	2Q Results	Full-year Results	2Q Results	Full-year Results	2Q Results	Full-year Results	2Q Results	Full-year Results	2Q Results	Full-year Plan
Capital expenditure	1.0	3.2	1.0	3.2	2.2	3.7	2.5	4.6	1.4	12.0
Depreciation and amortization	1.0	2.2	1.2	2.4	1.1	2.4	1.3	2.8	1.4	2.7

\* Figures are rounded down to one decimal place (bil. yen).

## Cash Flows

Unit: bil. yen	FYE March 2014 2Q actual results	FYE March 2015 2Q actual results	FYE March 2016 2Q actual results	FYE March 2017 2Q actual results	FYE March 2018 2Q actual results
Operating cash flow	7.5	15.3	5.9	11.7	13.5
Investment cash flow	- 1.5	- 2.2	- 2.6	- 10.5	- 1.4
Financial cash flow	- 1.5	- 1.0	- 1.2	11.1	- 2.1
Free cash flow	5.9	13.1	3.3	1.2	12.1

(Note) Free cash flow = operating cash flow + investment cash flow

## Cash and Deposits/ Interest-bearing Debt

Unit: bil. yen	FYE March 2014 2Q actual results	FYE March 2015 2Q actual results	FYE March 2016 2Q actual results	FYE March 2017 2Q actual results	FYE March 2018 2Q actual results
Cash and cash equivalents	18.3	28.8	31.3	40.6	43.0
Interest-bearing debt	- 0.5	- 0.5	- 0.4	- 14.4	- 17.6
Net cash	17.8	28.3	30.9	26.2	25.4

(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 three months.

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