

[Translation]

August 1, 2018

To whom it may concern:

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**Announcement of Business Integration and Execution of Share Exchange Agreement
between MIRAIT Holdings Corporation and Shikokutsuken Co., Ltd.**

Tokyo, August 1, 2018 --- MIRAIT Holdings Corporation (the “Company”) announces that the Company and Shikokutsuken Co., Ltd. (“Shikokutsuken”) resolved at their respective board of directors meetings held today to implement a business integration of the two companies in the spirit of equality (the “Business Integration”) through a share exchange (the “Share Exchange”). In the Share Exchange, Shikokutsuken will be made a wholly-owned subsidiary of the Company. Today, the Company and Shikokutsuken have executed a share exchange agreement (the “Share Exchange Agreement”) as described below.

With respect to the Company, the Share Exchange is scheduled to be implemented through simplified share exchange procedures pursuant to Article 796, Paragraph 2 of the Companies Act of Japan (the “Companies Act”). With respect to Shikokutsuken, the Share Exchange is scheduled to be implemented subject to the approval of the Share Exchange Agreement by a special resolution of the extraordinary shareholders’ meeting of Shikokutsuken, which will be held on September 25, 2018.

1. Background and Purpose of the Business Integration, etc.

(1) Background and Purpose of the Business Integration

The business environment surrounding communications construction services has entered a period of transition. In the information and telecommunications sector, the Hikari Collaboration Model, which provides a combination of fiber-optic lines and various services, has spread in fixed communications. Additionally, the fourth generation (4G) mobile communication systems have grown increasingly sophisticated and the services for new frequency bands in the mobile communications area have been launched. Furthermore, the business environment is changing significantly with the rise in demand for new solutions using big data and other new technologies in advance of a full-fledged IoT era, along with the active rebuilding of the social infrastructure before the year 2020.

The Company is the holding company of MIRAIT group which is a corporate group (the “MIRAIT Group”). The MIRAIT Group developed into its current form after a business integration in 2010, which involved DAIMEI TELECOM ENGINEERING CORP., Commuture Corp. and TODENTSU Corporation establishing a joint holding company.

During this period, the MIRAIT Group aims to ensure its continued growth and development as a “comprehensive engineering and services company” in response to the movements of telecommunications carriers and changes in the business environment. Given this objective, the MIRAIT Group has developed its third medium-term management plan (for fiscal years 2017 to 2020; announced on April 28, 2017), and has been actively engaged in expanding its developing business areas (the

frontier domain), including its cloud, stock, Wi-Fi, software, environment and energy and global businesses.

At the same time, the MIRAIT Group has continuously focused on the expansion of its business bases. It has also promoted profit-oriented business operations through the improvement of operational efficiency and the resulting increase in orders, the establishment of a productive work system and the comprehensive strengthening of on-site capabilities.

Shikokutsuken was established in 1945. For more than half a century after its establishment, Shikokutsuken has performed telecommunications equipment work and offered other services in the entire Shikoku area along with the expansion of the telephone network. It has played a leading role in constructing telecommunications infrastructure networks for the NTT Group and other telecommunications carriers. In so doing, it has significantly contributed to local communities. Furthermore, Shikokutsuken has reinforced its business bases as a general contractor. It has built a stable track record not only in telecommunications equipment work, but also, in public infrastructure development work under the authority of public offices and local governments, such as civil engineering and construction work, electrical equipment work and fire protection facilities work.

At the same time, Shikokutsuken had the foresight to focus on IT utilization in the field of education. Together with IT equipment manufacturers, Shikokutsuken urged educational and other similar institutions in the Shikoku area to introduce IT, and enabled them to get ahead of competitors. As a result of having established a relationship of trust with educational and other similar institutions, Shikokutsuken has expanded sales of personal computers and peripheral equipment and devices to educational facilities in the Shikoku area. This has led to high profitability of its ICT business division.

As one of the top three operators in the Japanese information and communications engineering work industry, the MIRAIT Group has operating bases nationwide. The MIRAIT Group is also aggressively expanding into fields other than information and communications engineering work, including construction work and the business (such as the operation and maintenance) of photovoltaic solar power generation facilities, software development, the expansion of its global businesses focused on Asia, and the drone business. Meanwhile, Shikokutsuken enjoys brand recognition and competitive strength in the Shikoku area. Given such circumstances, the parties considered the necessity for a structure which allows them to ensure flexible decision-making and operational efficiency as a corporate group. These considerations have led the two parties to determine that it would be best to carry out the business integration through the Share Exchange in order for them to operate diverse businesses in wider areas, combine necessary management resources and thus maximize the synergy effect by taking advantage of their respective strengths, including their respective business areas, business fields and human resources.

After the Business Integration, the MIRAIT Group and Shikokutsuken will further expand their businesses as an integrated group and seek to enhance their corporate value by making the best use of their respective brand names, competitive edge and other advantages.

(2) Fundamental Policy of the Business Integration

The purpose of the Business Integration is to seek sustained growth and development and create medium and long term corporate value in the MIRAIT Group and Shikokutsuken as a single corporate group under the following fundamental policy:

- (i) The Company will respect Shikokutsuken's own brand, regionality and initiatives to the fullest extent possible under a unified governance structure for a single corporate group given Shikokutsuken's long history of operating and developing in the Shikoku area, as well as its significant contributions to the communities in the Shikoku area through its close contacts with the region which principally arise from its businesses related to information and communications equipment-related engineering work.
- (ii) The Company will position Shikokutsuken as its directly-controlled business company. Based on the above-mentioned fundamental policy and the spirit of equality, the Company and Shikokutsuken will share the technology, know-how and information related to their respective business operations as well as other necessary personnel, assets and other resources to the maximum extent possible so as to generate the synergistic effect of the Business Integration.

2. Outline of the Share Exchange

(1) Schedule for the Share Exchange

| | |
|---|--------------------------------|
| Date of the board of directors meetings for the execution of the Share Exchange Agreement (the Company and Shikokutsuken, respectively) | August 1, 2018 (today) |
| Date of execution of the Share Exchange Agreement (the Company and Shikokutsuken) | August 1, 2018 (today) |
| Date of the extraordinary shareholders' meeting for the approval of the Share Exchange Agreement (Shikokutsuken) | September 25, 2018 (scheduled) |
| Scheduled date of the Share Exchange (effective date) | January 1, 2019 (scheduled) |

(Note 1) The Company is expected to implement the Share Exchange without obtaining approval at a shareholders' meeting through the simplified share exchange procedures pursuant to Article 796, Paragraph 2 of the Companies Act.

(Note 2) The above schedule may be changed as necessary by consultation and agreement between the companies in view of the necessary procedures to obtain the approval and permission of, register with or notify the relevant authorities in and outside Japan, which are required for the Share Exchange and their situations and other circumstances.

(2) Method of the Share Exchange

In the Share Exchange, the Company will be the wholly-owning parent company and Shikokutsuken will be the wholly-owned subsidiary.

The Share Exchange shall be conducted (i) by the Company in accordance with simplified share exchange procedures without obtaining approval at a shareholders' meeting pursuant to Article 796, Paragraph 2 of the Companies Act, and (ii) by Shikokutsuken subject to the approval of the Share Exchange Agreement by the extraordinary shareholders' meeting to be held on September 25, 2018. Upon the Share Exchange, shares of the common stock of the Company will be allotted to the shareholders of Shikokutsuken as consideration for the Share Exchange.

(3) Allotment in the Share Exchange

| | The Company (wholly-owning parent company in the share exchange) | Shikokutsuken (wholly-owned subsidiary in the share exchange) |
|---------------------------------------|--|---|
| Allotment ratio in the Share Exchange | 1 | 0.64 |

(Note 1) Allotment ratio of shares

For each share of the common stock of Shikokutsuken, 0.64 shares of the common stock of the Company will be allotted and delivered.

(Note 2) Number of shares to be delivered under the Share Exchange

Upon the Share Exchange, the Company will allot and deliver 5,760,000 shares (scheduled) of the common stock of the Company to shareholders of Shikokutsuken as of the time immediately before the acquisition by the Company of all of the issued and outstanding shares in Shikokutsuken through the Share Exchange. All of the shares to be delivered by the Company are scheduled to be newly issued.

(Note 3) Treatment of shares constituting less than one unit

The shareholders of Shikokutsuken who will hold shares constituting less than one unit (less than 100 shares) of the stock of the Company upon the Share Exchange will be entitled to use either of the following systems. Shares constituting less than one unit cannot be sold on any financial instruments exchange market.

(i) System of purchase by the Company for shares constituting less than one unit (sale of less than 100 shares)

In accordance with Article 192, Paragraph 1 of the Companies Act, a system pursuant to which a holder of shares constituting less than one unit of the stock of the Company may request that the Company purchase the shares constituting less than one unit held by the holder.

(ii) System of additional purchase by Shikokutsuken shareholders holding shares of the Company stock constituting less than one unit (additional purchase to own 100 shares)

In accordance with Article 194, Paragraph 1 of the Companies Act and the articles of incorporation of the Company, the system pursuant to which a holder of shares constituting less than one unit of the stock of the Company may demand that the Company sell, and the holder may purchase, such number of shares of the common stock of the Company which, together with the number of shares constituting less than one unit held by the holder, will constitute one unit (100 shares).

(Note 4) Treatment of fractions less than one share

If the number of shares allotted to a shareholder of Shikokutsuken upon the Share Exchange includes a

fraction of less than one share of the stock of the Company, the Company will pay cash to each such shareholder in an amount proportional to the value of such fraction pursuant to Article 234 of the Companies Act and other relevant laws and regulations.

(4) Handling of stock acquisition rights and bonds with stock acquisition rights under the Share Exchange

Shikokutsuken has not issued any stock acquisition rights or bonds with stock acquisition rights.

(5) Handling of dividends of surplus

The Company and Shikokutsuken have agreed that the Company may pay dividends of surplus up to a total of JPY 1.8 billion to the shareholders or registered pledgees of shares listed or recorded on the latest register of shareholders as of September 30, 2018. Apart from these dividends, the Company and Shikokutsuken have agreed that neither party shall, on or after today, resolve to pay any dividends of surplus with a record date on or prior to the effective date of the Share Exchange, or to acquire its treasury shares with an acquisition date on or prior to the effective date of the Share Exchange (unless either party is required to acquire its treasury shares upon the exercise by shareholders of their rights under the applicable laws or ordinances).

3. Basis of the Calculation of the Allotment related to the Share Exchange

(1) Basis and reason for the calculation of the allotment concerning the Share Exchange

For the purpose of ensuring the fairness and appropriateness of the calculation of the allotment ratio that applies to the Share Exchange (the “Share Exchange Ratio”) as described in 2(3) “Allotment in the Share Exchange” above, the Company has decided to request a third-party valuation institution, independent of the Company and Shikokutsuken, to calculate the share exchange ratio for the Share Exchange. The Company appointed Mizuho Securities Co., Ltd. (“Mizuho”) as its third-party valuation institution.

The Company has carefully considered the results of the due diligence review of Shikokutsuken and other aspects by reference to the calculation results of the share exchange ratio submitted by its third-party valuation institution. In addition, the Company and Shikokutsuken have repeatedly conducted mutual negotiations and consultations with comprehensive consideration given to, among other factors, their respective financial conditions, asset status and future prospects. As a result, they have come to the conclusion that the Share Exchange Ratio is appropriate and will not be detrimental to their respective shareholders’ benefits. Therefore, the Company and Shikokutsuken have resolved, at their respective board of directors meetings held today, to implement the Share Exchange at the Share Exchange Ratio.

Upon the occurrence of any material change to any of the conditions used as the basis of the calculation, the Share Exchange Ratio may be subject to change by consultation between the parties.

(2) Matters concerning the calculation

With the objective of ensuring the fairness and appropriateness of the allotment ratio in the Share Exchange, the Company appointed Mizuho, a third-party valuation institution which is independent of the Company and Shikokutsuken. Mizuho is not related to either the Company or Shikokutsuken and has no material interest in either the Company or Shikokutsuken.

In performing its analysis, Mizuho reviewed the financial information of the Company and Shikokutsuken, in addition to reviewing the terms and conditions of the Share Exchange. With respect to the Company, Mizuho used a market stock price analysis, since the common stock of the Company is listed on a financial instruments exchange and its market price is publicly available. In addition, the discounted cash flow analysis (the “DCF Analysis”) was used by Mizuho to account for the future business operations of the Company in the valuation. Meanwhile, with respect to Shikokutsuken, because there are multiple transactions comparable to the Share Exchange, an analogical inference of the share value of Shikokutsuken based on comparable transactions is possible. Mizuho, thus, used the comparable transaction analysis. Further, DCF Analysis was used by Mizuho to account for the future business operations of Shikokutsuken in the valuation.

The table below shows the range in the number of shares of the Company common stock to be allotted for each share of Shikokutsuken common stock derived from each of the analysis methods.

| Analysis method (The Company) | Analysis method (Shikokutsuken) | Calculation results of share exchange ratio |
|----------------------------------|------------------------------------|--|
| Market stock price analysis | Comparable transaction analysis | 0.43 – 1.03 |
| DCF Analysis | DCF Analysis | 0.53 – 0.80 |

In performing the market stock price analysis, Mizuho set July 31, 2018, as the calculation reference date (the “Reference Date”). Mizuho then reviewed the price of the stock on the Reference Date and the simple average of the closing prices of the stock for the most recent one-week, one-month, three-month and six- month periods, each ending on the Reference Date.

The profit plans of both companies that Mizuho used as the basis for the DCF Analysis do not include any fiscal periods in which significant changes in profits were projected.

In calculating the share exchange ratio, Mizuho relied upon and assumed the accuracy and completeness of all of the financial or other information relating to both companies that was publicly available or was furnished to or discussed with Mizuho by both companies and upon which the calculation of the share exchange ratio is substantially based. Mizuho did not independently verify (nor assume responsibility or liability for independently verifying) the accuracy or completeness of such information. The contents of Mizuho’s valuation report on the share exchange ratio (the “Mizuho Valuation Report”) could potentially differ if there are matters that would make the information provided to Mizuho or discussed among Mizuho and the companies materially incorrect, or if there is a fact or circumstance that was not disclosed at the time of delivery of the Mizuho Valuation Report, or which occurs subsequent to the delivery of the Mizuho Valuation Report (including facts which potentially existed at the time of delivery of the Mizuho Valuation Report and which are clarified subsequently). Mizuho assumed that the management of each company was unaware of any fact that would make the information provided to or discussed with Mizuho incomplete or misleading. In addition, Mizuho did not conduct an independent valuation or appraisal of any assets or liabilities (including derivatives, off-balance sheet assets and liabilities and other contingent liabilities), or the reserves of either company or its affiliates, and Mizuho was not independently provided with any such valuation or appraisal by a third party, nor did Mizuho make a request to a third party for any such valuation or appraisal. Mizuho does not assume any obligation to conduct any inspection of the properties or facilities of either company or its affiliates, nor has Mizuho evaluated the capitalization, solvency or fair value of either company or its affiliates under any law relating to bankruptcy, insolvency or similar matters.

In lieu of any information which Mizuho requested in connection with the calculation of the share exchange ratio, but which was not provided or disclosed to Mizuho by the companies; which was provided or disclosed to Mizuho, but whose impact on the share value of each company is undetermined at present; or which could not otherwise be used by Mizuho as a basis of Mizuho’s evaluation, Mizuho used assumptions it believed to be reasonable and appropriate. Mizuho did not verify the effect of such assumptions on either company’s future financial condition in the event that such assumptions prove to be materially inaccurate.

With respect to the financial forecasts and other forward-looking information provided to Mizuho, Mizuho assumed that such information was reasonably prepared by the management of each company on a basis reflecting the best currently available estimates and judgments of the management as to the expected future results of the operations and financial conditions of the companies. Mizuho relied on the above-mentioned assumptions, financial projections and business forecasts without independent verification of the feasibility of such assumptions, financial projections and business forecasts. Mizuho expressed no view as to any analyses or forecasts referred to in the Mizuho Valuation Report or the assumptions on which they are based. Mizuho is not a legal, regulatory or tax expert and therefore, it relied on the assessments made by advisors to the companies with respect to such issues. Mizuho further assumed that the Share Exchange will qualify as a tax-free reorganization for Japanese corporate tax purposes.

Mizuho has provided its financial analysis results to the Company in response to the request of the Company for the sole purpose of assisting the board of directors of the Company to determine the Share

Exchange Ratio. Such financial analysis results are not for the purpose of expressing Mizuho's opinion as to the fairness of the Share Exchange Ratio.

(3) Prospects and reasons for delisting

Not applicable because in the Share Exchange, the Company will be a wholly-owning parent company in the share exchange and Shikokutsuken, which will be a wholly-owned subsidiary in the share exchange, is an unlisted company.

(4) Measures to ensure fairness

The Company has obtained a report on the Share Exchange from Mizuho, a third-party valuation institution which is independent of the Company and Shikokutsuken, to ensure the fairness of the share exchange ratio in the Share Exchange. For an overview of the report, please see 3(2) "Matters concerning calculation" above.

The Company has not obtained from Mizuho an opinion to the effect that the Share Exchange Ratio is fair to the shareholders of the Company from a financial viewpoint (a fairness opinion).

(5) Measures to avoid conflicts of interest

No special measure has been taken because no particular relationship involving a conflict of interest arises between the Company and Shikokutsuken.

4. Outline of the Parties to the Share Exchange

| | Wholly-owning parent company in the share exchange | Wholly-owned subsidiary in the share exchange |
|--|---|--|
| (1) Trade Name | MIRAIT Holdings Corporation | Shikokutsuken Co., Ltd. |
| (2) Address of head office | 6-36, Toyosu 5-chome, Koto-ku, Tokyo | 1-15, Minamidaimon-cho 1-chome, Imabari-shi, Ehime |
| (3) Name and title of representative | Masatoshi Suzuki President and Chief Executive Officer | Takeshi Abe President |
| (4) Description of business | Management control of subsidiaries and group companies engaged in telecommunications engineering work, electrical work, civil engineering work and construction work-related businesses, and businesses incidental to the foregoing | Businesses related to telecommunications engineering work, civil engineering work, construction work, electrical work and sales of ICT products |
| (5) Amount of share capital | JPY 7,000 million | JPY 450 million |
| (6) Date of incorporation | October 1, 2010 | March 14, 1949 |
| (7) Number of issued shares | 85,381,866 shares | 9,000,000 shares |
| (8) Fiscal year end | March 31 | March 31 |
| (9) Number of employees | 9,010 (consolidated) | 655 |
| (10) Principal clients | Not applicable as it is a pure holding company. | NTT West Japan; NTT DOCOMO; Ministry of Land, Infrastructure, Transport and Tourism; Ehime, Kagawa, Tokushima and Kochi Prefectures and local governments within these prefectures |
| (11) Principal banks | Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, and MUFG Bank, Ltd. | The Iyo Bank, Ltd., and The Shikoku Bank, Ltd. |
| (12) Major shareholders and shareholding ratio | Sumitomo Electric Industries, 19.01% Ltd. Japan Trustee Services Bank, 5.58% Ltd. (Trust Account) | GKS Co., Ltd. 11.5% Takeshi Abe 4.2% |

| | | | | | | |
|---|---|--|-------------------|----------------------------------|------------|------------|
| | The Master Trust Bank of Japan, Ltd. (Trust Account) | 4.38% | Takashi Ochi | 3.6% | | |
| | | | Kazue Manabe | 3.2% | | |
| | SUMITOMO DENSETSU CO., LTD. | 2.91% | Misako Tanouchi | 3.0% | | |
| | | | Yasuko Ochi | 2.6% | | |
| | STATE STREET BANK AND TRUST COMPANY 505001 | 2.75% | Yasuhiro Sawamura | 2.6% | | |
| | (standing proxy: Mizuho Bank, Ltd.) | | Isashi Ochi | 2.4% | | |
| (13) | Relationships between the parties | | | | | |
| | Capital relationship | Not applicable. | | | | |
| | Personal relationship | Not applicable. | | | | |
| | Transaction relationship | MIRAIT Corporation and MIRAIT Technologies Corporation, each a wholly-owned subsidiary of the Company, and their respective group companies have transaction relationships with Shikokutsuken and Shikokutsuken's group companies. However, the amount of such transactions is immaterial. | | | | |
| | Status as a related party | Not applicable. | | | | |
| (14) | Business results and financial position for the most recent three years | | | | | |
| Fiscal year ended | The Company (consolidated) | | | Shikokutsuken (non-consolidated) | | |
| | March 2016 | March 2017 | March 2018 | March 2016 | March 2017 | March 2018 |
| Net assets | 126,599 | 128,837 | 140,744 | 6,966 | 7,362 | 8,151 |
| Total assets | 194,978 | 218,053 | 236,480 | 14,868 | 15,388 | 16,196 |
| Net assets per share (JPY) | 1,511.74 | 1,570.53 | 1,733.14 | 1064.77 | 1125.37 | 1245.90 |
| Net sales | 269,537 | 283,236 | 312,967 | 24,459 | 21,665 | 22,747 |
| Operating income | 6,127 | 10,061 | 16,715 | 609 | 606 | 1,132 |
| Ordinary income | 6,735 | 10,590 | 17,838 | 647 | 668 | 1,192 |
| Profit attributable to owners of parent | 3,631 | 6,437 | 11,504 | 309 | 429 | 821 |
| Net income per share (JPY) | 44.65 | 79.81 | 145.41 | 47.32 | 65.60 | 125.52 |
| Dividends per share (JPY) | 30.00 | 30.00 | 35.00 | 5.00 | 5.00 | 5.00 |

(Note 1) As of March 31, 2018.

(Note 2) In JPY millions, except as indicated otherwise.

5. Status after the Share Exchange

| | Wholly-owning parent company in share exchange |
|--------------------------------------|--|
| (1) Trade Name | MIRAIT Holdings Corporation |
| (2) Address of head office | 6-36, Toyosu 5-chome, Koto-ku, Tokyo |
| (3) Name and title of representative | Masatoshi Suzuki President and Chief Executive Officer |
| (4) Description of businesses | Management control of subsidiaries and group companies engaged in telecommunications engineering work, electrical work, civil engineering work and construction work-related businesses, and businesses incidental to the foregoing. |
| (5) Amount of share capital | JPY 7,000 million |
| (6) Fiscal year end | March 31 |
| (7) Net assets | Not determined at present. |
| (8) Total assets | Not determined at present. |

6. Outline of Accounting Treatment

The Share Exchange is expected to constitute an acquisition according to the Accounting Standards for Business Combinations. While the Share Exchange will generate positive (or negative) goodwill in the consolidated financial statements of the Company under the current Accounting Standards for Business

Combinations, the amount of such goodwill is not determined at present.

7. Future Outlook

The impact of the Share Exchange on the consolidated business results of the Company is under review and will be announced once it has been determined.

(For reference) MIRAIT Holdings Corporation's financial forecast for the current fiscal year (as announced on August 1, 2018) and financial results for the previous fiscal year:

(In JPY millions, except as indicated otherwise)

| | Net sales | Operating income | Ordinary income | Profit attributable to owners of parent | Net income per share |
|--|-----------|------------------|-----------------|---|----------------------|
| Financial forecast for current year (Fiscal year ending March 2019) | 320,000 | 16,000 | 16,800 | 11,000 | JPY 138.29 |
| Financial results for previous year (Fiscal year ended March 2018) | 312,967 | 16,715 | 17,838 | 11,504 | JPY 145.41 |

* The impact of the Share Exchange on the Company's consolidated financial results for the current fiscal year is under review and has not been factored into the above full year financial forecast (for the fiscal year ending March 2019).

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