



# Presentation on the Financial Results for the Six Months ended September 30, 2018

November 6, 2018



MIRAIT Holdings Corporation

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# I Financial Results for the Six Months Ended September 30, 2018

# 1. Financial Overview for the Six Months Ended September 30, 2018

Units: bil. yen	FYE March 2018 Q2	FYE March 2019 Q2	YoY Change	
			Amount	%
Orders received	156.9	159.7	+ 2.8	+ 1.8%
Net sales	132.2	140.3	+ 8.1	+ 6.1%
NTT	44.1	45.1	+ 1.0	+ 2.3%
Multi-carrier	35.8	36.7	+ 0.9	+ 2.5%
Environmental & Social Innovation	15.6	18.5	+ 2.9	+ 18.6%
ICT Solution	36.5	39.8	+ 3.3	+ 9.0%
Gross profit (Gross profit margin)	16.2 (12.3%)	16.7 (11.9%)	+ 0.5 (- 0.4p)	+ 3.1%
SG&A (SG&A ratio)	11.7 (8.9%)	11.7 (8.3%)	- 0.0 (- 0.6p)	- 0.0%
Operating income (Operating income ratio)	4.5 (3.4%)	5.0 (3.6%)	+ 0.5 (+ 0.2p)	+ 11.1%
Ordinary income (Ordinary income ratio)	5.1 (3.9%)	5.6 (4.0%)	+ 0.5 (+ 0.1p)	+ 9.8%
Net income (Net income ratio)	2.7 (2.0%)	3.6 (2.6%)	+ 0.9 (+ 0.6p)	+ 33.3%
Construction account carried forward	139.5	147.6	+ 8.1	—

## Key Highlights for Q2

### Increase in sales and profits/ record-high sales in Q2

- Orders received: 159.7 bil. yen (+2.8 bil. yen yoy), due to the increase in orders in ICT Solutions, which more than offset the weakness in Multi-carrier (mobile work).

Orders received (Unit: bil. yen)	FYE March 2018	FYE March 2019	
	Q2 Actual	Q2 Actual	YoY Change
NTT	46.5	47.2	+ 0.7
Multi-carrier	47.3	44.8	- 2.5
Environmental & Social	20.5	19.3	- 1.2
ICT	42.4	48.3	+ 5.9
Total	156.9	159.7	+ 2.8

- Net sales: 140.3 bil. yen (+8.1 bil. yen yoy) due to increase in all business categories reflecting the record-high construction account carried forward.
- Gross profit: 16.7 bil. yen (+0.5 bil. yoy) due to increase in sales, but gross profit margin dropped due to delays in mobile work.
- SG&A: 11.7 bil. yen (flat yoy) despite costs for management integration with TTK, etc.; an effective decrease in SG&A
- Operating income: 5.0 bil. yen (+0.5 bil. yen yoy)
- Construction account carried forward: Remains high at 147.6 bil. yen (+8.1 bil. yen yoy)

## Detailed Analysis of Net Sales [YoY Comparison]

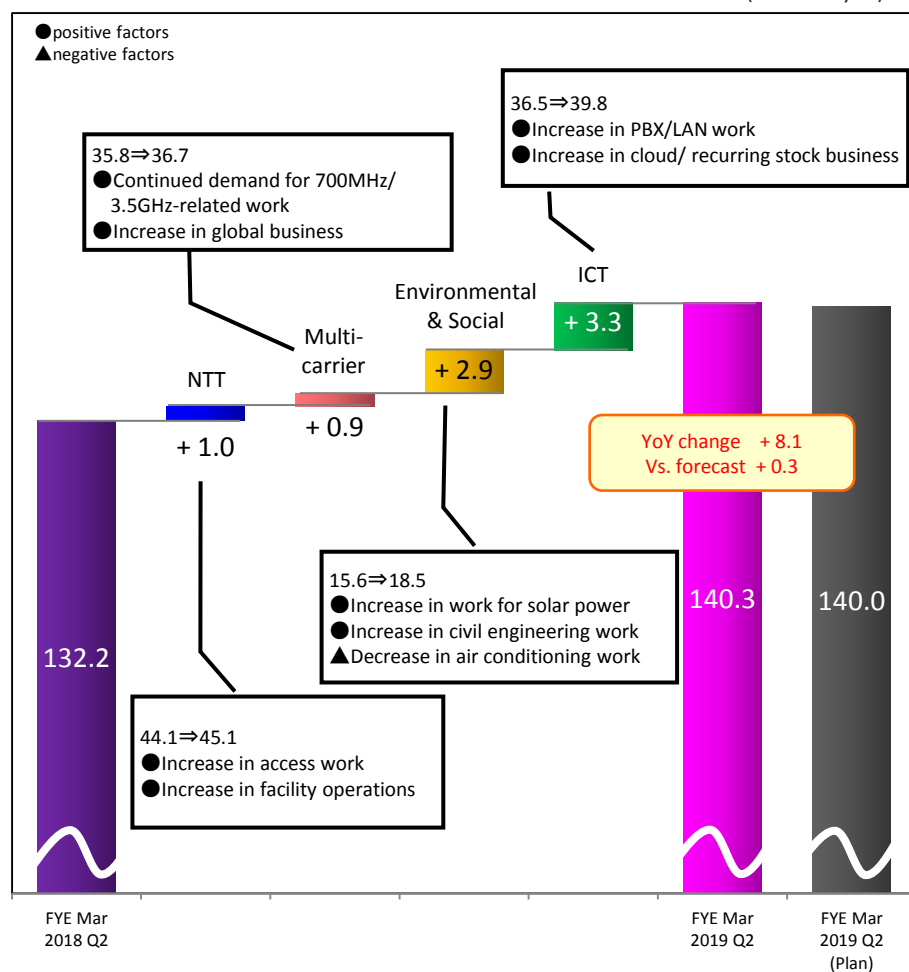
- NTT: Increase in access work and facility operations.
- Multi-carrier: Increase due to continued demand for 700MHz/3.5GHz-related work.
- Environmental & Social Innovation: Increase in work for solar power.
- ICT Solutions: Increase driven by PBX/LAN work.

## Detailed Analysis of Operating Income [YoY Comparison]

- Impact of increase in net sales increase in Environmental & Social Innovation and ICT Solutions: +1.0bil. yen
- Drop in gross profit margin due to delays in mobile work: -0.5 bil. yen
- SG&A flat despite costs for management integration of TTK, etc.

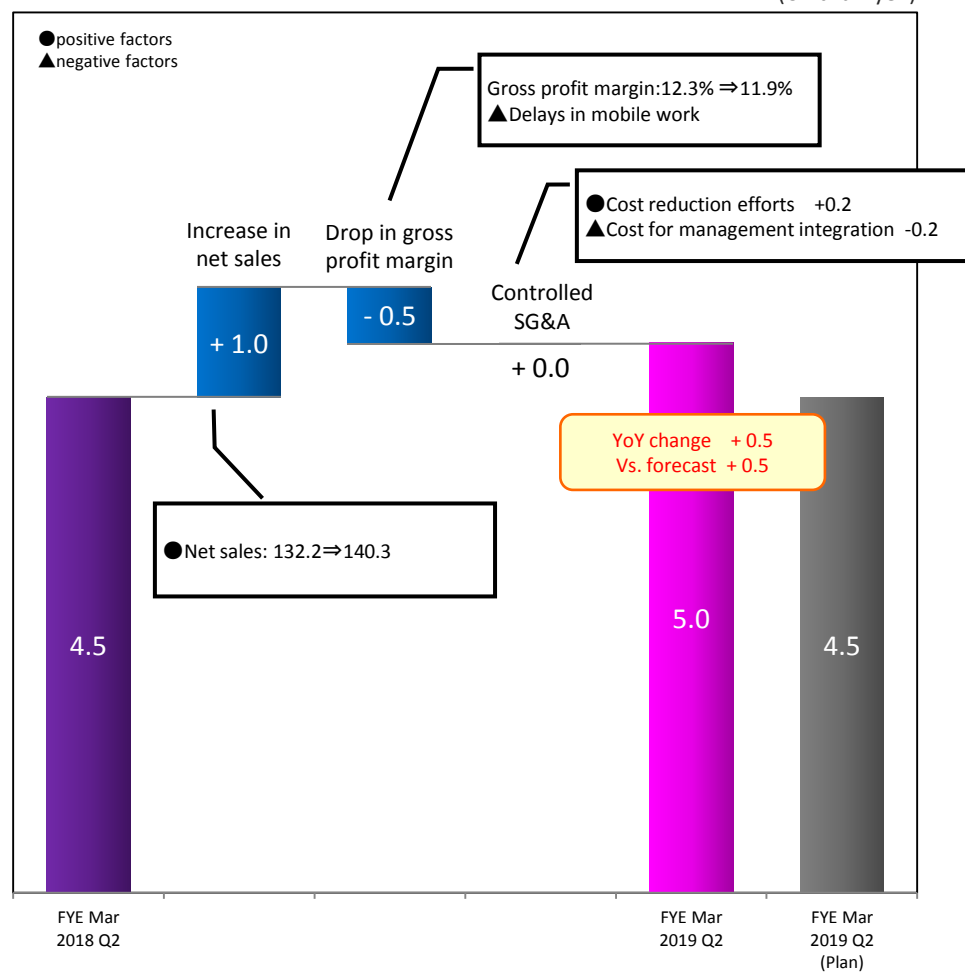
### Net sales

(Unit: bil. yen)



### Operating income

(Unit: bil. yen)





## II Revised Full-year Forecast and Management Integration

# 1. Revised Full-year Forecast

※Current Group reflects FYE3/2018 forecast for Mirait, Mirait Technologies and Lantrovision

※Merged Companies reflect FYE3/2018 impact due to management integration with TTK, Solcom and Shikoku Tsuken.

Unit: bil. yen	FYE March 2018 Actual	FYE March 2019				
		Initial Forecast	Revised Forecast			YoY Change
			Current Group	Merged Companies	Total	
(a)	(b)	(c)	(d)	(c)+(d)=(e)	(e)-(a)	
Orders received	326.3	315.0	+5.0 320.0	(Note 1) 65.0	385.0	+ 58.7
Net sales	312.9	320.0	+4.0 324.0	41.0	365.0	+ 52.1
NTT	100.5	96.0	97.0	—	97.0	—
Multi-carrier	84.1	84.0	86.0	—	86.0	—
Environmental & Social Innovation	43.6	54.0	55.0	—	55.0	—
ICT Solutions	84.6	86.0	86.0	—	86.0	—
Merged Companies	—	—	—	41.0	41.0	—
Gross profit (Gross profit margin)	39.7 (12.7%)	39.2 (12.3%)	39.6 (12.2%)	4.8 (11.7%)	44.4 (12.2%)	+ 4.7 (- 0.5p)
SG&A (SG&A ratio)	23.0 (7.4%)	23.2 (7.3%)	23.1 (7.1%)	2.8 (6.8%)	25.9 (7.1%)	+ 2.9 (- 0.3p)
Operating income (Operating income ratio)	16.7 (5.3%)	16.0 (5.0%)	+0.5 16.5 (5.1%)	2.0 (4.9%)	18.5 (5.1%)	+ 1.8 (- 0.2p)
Ordinary income (Ordinary income ratio)	17.8 (5.7%)	16.8 (5.3%)	17.6 (5.4%)	2.1 (5.1%)	19.7 (5.4%)	+ 1.9 (- 0.3p)
Net income (Net income ratio)	11.5 (3.7%)	11.0 (3.4%)	+0.8 11.8 (3.6%)	1.4 (3.4%)	(Note 2) 13.2 (3.6%)	+ 1.7 (- 0.1p)

## Key Highlights of Revised Full-year Forecast (Current Group)

**Upward revision of sales and profits to reflect steady progress**

- Orders received: Revised upward to 320.0 bil. yen (+5.0 bil. yen)

Orders received (Unit: bil. yen)	FYE March 2019		
	Initial Forecast	Revised Forecast	Change
NTT	93.0	94.0	+ 1.0
Multi-carrier	80.0	82.0	+ 2.0
Environmental & Social	52.0	52.0	0.0
ICT	90.0	92.0	+ 2.0
<b>Total</b>	<b>315.0</b>	<b>320.0</b>	<b>+ 5.0</b>

- Net sales: Revised upward to 324.0 bil. yen(+4.0 bil. yen)

- Gross profit: Revised upward to 39.6 bil. yen (+0.4 bil. yen) due to strong performance in NTT business and Lantrovision.

- SG&A: Revised downward to 23.1 bil. yen (-0.1bil. yen) due to reduction in systems cost.

- Operating income: Revised upward to 16.5 bil. yen (+0.5 bil. yen)

- Net income: Revised upward to 11.8 bil. yen (+0.8 bil. yen)

(Note 1) Orders received for merged companies includes construction account carried over as of the date of management integration.

(Note 2) Negative goodwill is expected from the merger, but the market value of the assets is currently being calculated and therefore the revised forecast does not take into account negative goodwill.

## 2. Management Integration with TTK, Solcom and Shikokutsuken

- Management integration with TTK took place in 10/2018; management integration with Solcom and Shikokutsuken scheduled for 1/2019.

### Business Environment

#### Changes in Social Structure

- Labor shortage
- Reconstruction of social infrastructure
- Environmental/ energy issues etc.

#### Changes in The Communications Environment

- Decrease in capex at NTT East and West
- Evolution to 5G
- Penetration of ICT/IoT, globalization etc.



Management integration to further promote the transformation into a "Comprehensive Engineering and Services Company"

### Scale of Business

[3/2018]

MIRAIT Holdings Corporation	(Net sales)	312.9 bil. yen
	(Operating income)	16.7 bil. yen
	(No. of employees)	9,269
	(No. of subsidiaries)	55

[10/2018]

MIRAIT Holdings Corporation	(Net sales)	345.3 bil. yen
	(Operating income)	18.1 bil. yen
	(No. of employees)	10,307
	(No. of subsidiaries)	64

[1/2019 E]

MIRAIT Holdings Corporation	(Net sales)	410.5 bil. yen
	(Operating income)	21.0 bil. yen
	(No. of employees)	12,531
	(No. of subsidiaries)	74

MIRAIT Corporation	(Net sales)	197.9 bil. yen
	(Operating income)	13.6 bil. yen
	(No of employees)	5,068
MIRAIT Technologies Corporation	(Net sales)	107.3 bil. yen
	(Operating income)	2.2 bil. yen
	(No of employees)	3,099
Lantrovision(S)Ltd	(Net sales)	15.9 bil. yen
	(Operating income)	0.5 bil yen
	(No. of employees)	1,001

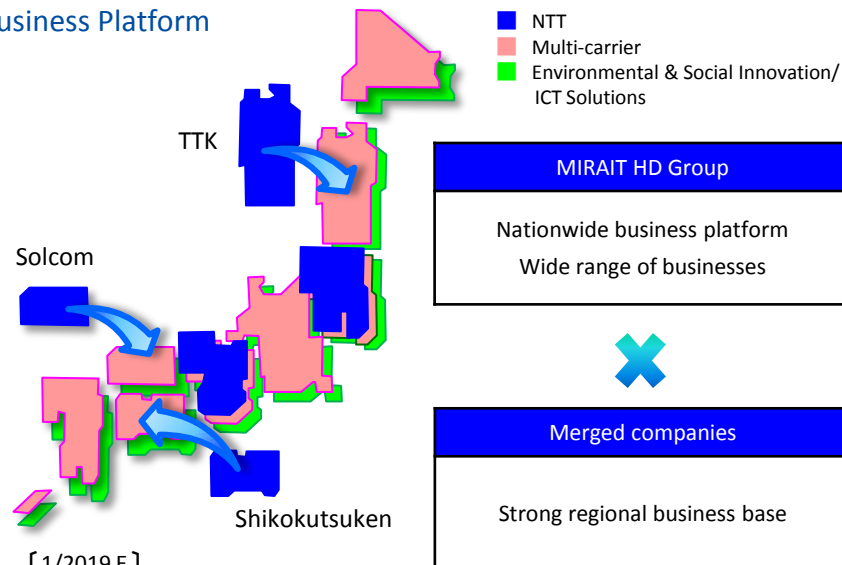
MIRAIT Corporation	
MIRAIT Technologies Corporation	
Lantrovision(S) Ltd	
TTK Co., Ltd.	(Net sales) 32.4 bil yen (Operating income) 1.4 bil. yen (No. of employees) 1,038

MIRAIT Corporation	
MIRAIT Technologies Corporation	
Lantrovision(S) Ltd	
TTK Co., Ltd.	
SOLCOM Co., Ltd.	(Net sales) 42.5 bil. yen (Operating income) 1.8 bil. yen (No. of employees) 1,577
Shikokutsuken Co., Ltd.	(Net sales) 22.7 bil. yen (Operating income) 1.1 bil. yen (No. of employees) 647

Management integration

※Earnings figures are a simple aggregate of FY2017 results.

### Business Platform



Achieve sustainable growth as a "Comprehensive Engineering and Services Company" by deploying various businesses with wide regional coverage

Growth in scale  
 Net sales 410.0 bil. yen  
 Operating income 21.0 bil. yen  
 No. of employees 12,500



**Aim to maximize synergies** between the nationwide network of the MIRAIT HD Group (MIRAIT, MIRAIT Technologies) and the strong regional business base of TTK, Solcom and Shikokutsuken for further enhancement of the corporate value

**MIRAIT HD Group** (MIRAIT, MIRAIT Technologies)

**Merged Companies** (TTK, Solcom, Shikokutsuken)

Net sales 312.9 bil. yen  
Op. income 16.7 bil. yen  
Op. income ratio 5.3%

**【Features】**

- Client base centered in the Tokyo and Osaka regions
- Cultivating “frontier domains”
- Promoting use of IT systems

Net sales 97.6 bil. yen  
Op. income 4.3 bil. yen  
Op. income ratio 4.4%

**【Features】**

- Highly reliant on NTT business
- Potential to expand “frontier domains”
- Strong business base in regional areas

**Issues**

**Synergy 1: Expanding of ICT business, etc.**

**Issues**

Environmental and Social/ ICT  
% sales: 41%

- Lack of projects in regional areas
- Securing capacity during busy periods (Olympics, etc.)

- Sharing of know-how and products
- Expanding market by leveraging regional client base
- Sharing of capacity across the nationwide network
- Providing capacity support in Tokyo and Osaka
- Collaboration in new businesses

- Lack of products and know-how

Environmental & Social / ICT  
% sales: approx. 20%

Multi-carrier (mobile)  
% sales: 27%

**Synergy 2: Efficient operation of NTT business**

**Synergy 2: Efficient operation of NTT business**

**Issues**

NTT (fixed communication)  
% sales: 32%

- Sharing of workers between locations to adjust for capacity usage
- Efficient replacement of faulty equipment by adopting “area-round method”
- Flexible handling of work to rebuild infrastructure in case of disasters and other emergency situations
- Mutual exchange of ideas and initiatives
- Reduction of back-office work by combining systems and using IT

- Sharing of workers between locations to adjust for capacity usage
- Efficient replacement of faulty equipment by adopting “area-round method”
- Flexible handling of work to rebuild infrastructure in case of disasters and other emergency situations
- Mutual exchange of ideas and initiatives
- Reduction of back-office work by combining systems and using IT

- Low efficiency and profitability due to the wide coverage area
- Lack of capacity to handle temporary increases in workload

Multi-carrier (mobile)  
% sales: approx. 10%

NTT (fixed communication)  
% sales: approx. 70%

**Synergy 3: Strengthening management base and reducing costs**

Administrative operations

- integration of core systems (accounting, materials procurement, HR, project management)
- Standardization of work flow and reduction of back-office operations
- Cost reduction through joint procurement and contracts
- Joint use of resources such as cash and real estate

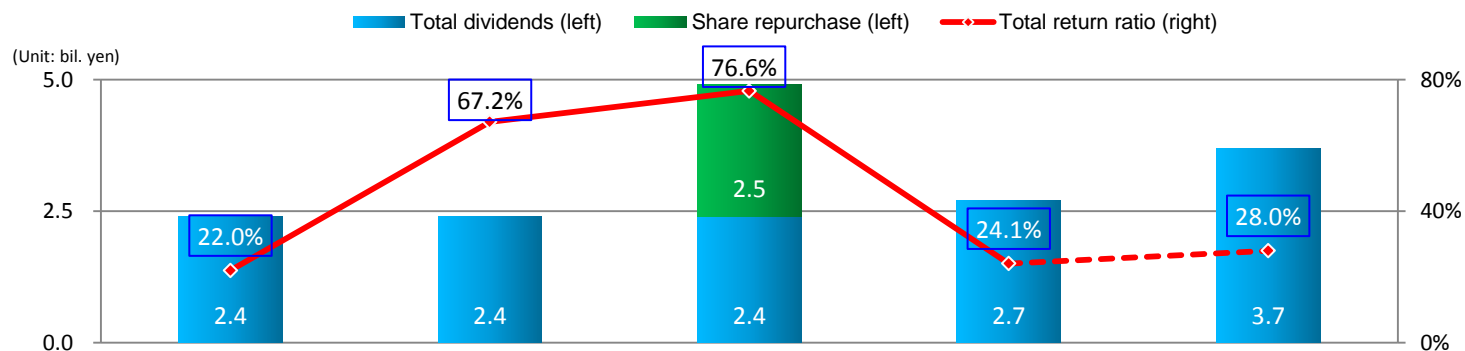
- integration of core systems (accounting, materials procurement, HR, project management)
- Standardization of work flow and reduction of back-office operations
- Cost reduction through joint procurement and contracts
- Joint use of resources such as cash and real estate

Administrative operations

### 3. 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.
- FYE 3/2019: Annual dividend forecast of 40 yen per share (interim : 20 yen, year-end: 20 yen).
- Number of shares outstanding increased to 108,325,000 from 85,381,000 due to management integration (share exchange using treasury shares of 4,000,000)

#### Shareholder Returns



		FYE March 2015	FYE March 2016	FYE March 2017	FYE March 2018	FYE March 2019 (forecast)
Total dividends		2.4 bil. yen	2.4 bil. yen	2.4 bil. yen	2.7 bil. yen	3.7 bil. yen
Net income		11.1 bil. yen	3.6 bil. yen	6.4 bil. yen	11.5 bil. yen	13.2 bil. yen
Annual dividends per share	Interim	15 yen	15 yen	15 yen	15 yen	20 yen
	Year-end	15 yen	15 yen	15 yen	20 yen	20 yen
	Total	30 yen	30 yen	30 yen	35 yen	40 yen
No. of shares outstanding (thousands)		85,381	85,381	85,381	85,381	108,325
No. of treasury shares (thousands)		4,047	4,050	5,985	5,840	(Note1) 6,415
Share repurchase		—	—	2.5 bil .yen	—	—
Consolidated dividend payout ratio		22.0%	67.2%	37.6%	24.1%	(Note2) 28.0%
Consolidated total return ratio		22.0%	67.2%	76.6%	24.1%	(Note2) 28.0%
ROE		9.5%	3.0%	5.2%	8.8%	—

(Note 1) Number of treasury shares includes shares in Mirait Holdings owned by the merged companies.

(Note 2) Consolidated dividend payout ratio and total return ratio forecast for FYE 3/2019 excludes the impact of negative goodwill from the merger.

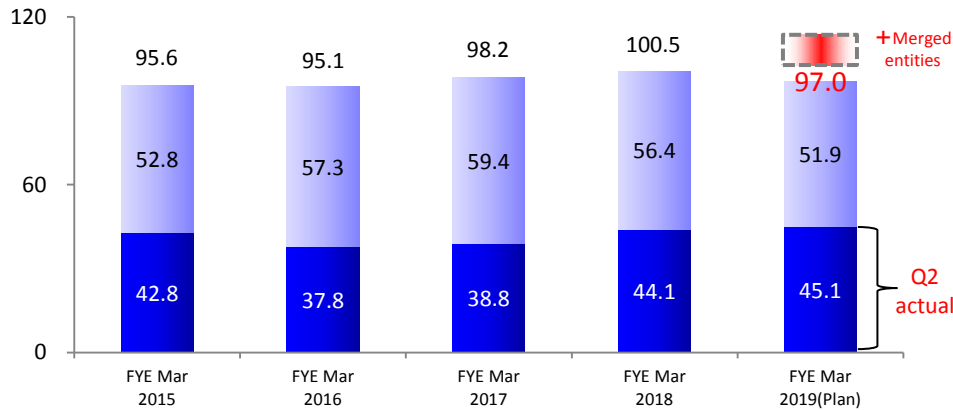
## III Trends in Each Business

# 1. Trends in the NTT Business

- NTT's investment activities continue to slow down, but non-capex work (accounted for by NTT as operating expense), such as those to remove lead-in wires, remain abundant.
- Access work such as utility pole renewals will decrease, but the decline in sales will be offset through active facility management proposals and the expansion of facility management operations.
- Improving margins through efforts to promote operational efficiency and to smooth construction workload.

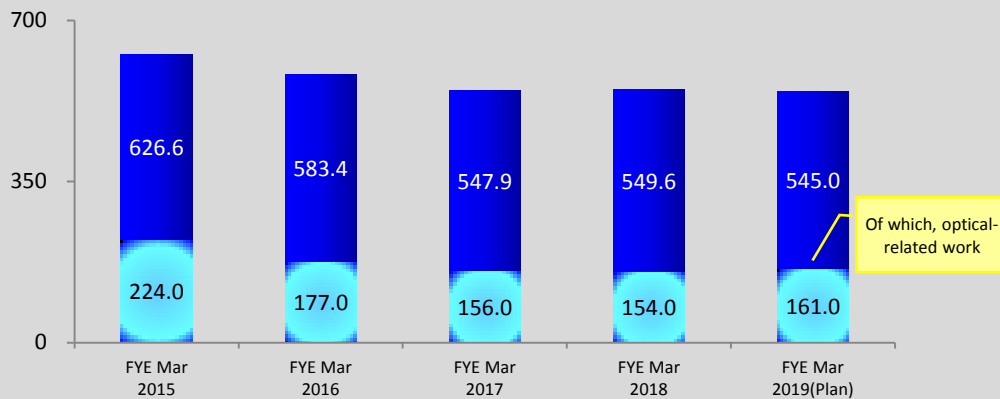
## Net sales

(Unit: bil. yen)



## Capital investments by NTT East and NTT West

(Unit: bil. yen)



(Notes) NTT figures based on IFRS from FYE 3/2018 (Regional communications business)

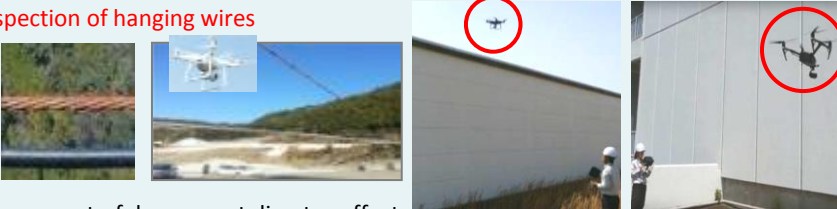

Source: MIRAIT from company information

## Key initiatives

	Initiatives	
Sales growth	Facility improvement proposals	<ul style="list-style-type: none"> <li>Continued efforts to sell proposals                             <ul style="list-style-type: none"> <li>⇒ Inspection and assessment using drones</li> <li>⇒ Efficient and regular replacement of faulty equipment</li> </ul> </li> <li>Efficient replacement of faulty equipment using area-round method</li> </ul>
	Facility management	<ul style="list-style-type: none"> <li>Expanding on-premises building maintenance in Kansai area                             <ul style="list-style-type: none"> <li>⇒ +119 buildings from previous fiscal year (222→341)</li> <li>⇒ Repairs and facility management</li> </ul> </li> </ul>
Profit growth	Consolidation of branch offices	<ul style="list-style-type: none"> <li>Consolidation of branch offices to improve productivity                             <ul style="list-style-type: none"> <li>⇒ Target to reduce branch offices by around 30% (70 locations → roughly 50 locations nationwide)</li> </ul> </li> </ul>
	Promoting efficiency through use of IT	<ul style="list-style-type: none"> <li>Achieve efficiency by adopting IT                             <ul style="list-style-type: none"> <li>⇒ Managing workers/ tools using QR codes</li> <li>⇒ Use of smartphones (image inspection/ management using GPS, etc.)</li> </ul> </li> </ul>
	Enhancing work capabilities	<ul style="list-style-type: none"> <li>Maintain use of capacity at subcontractors                             <ul style="list-style-type: none"> <li>⇒ Train workers at major subcontractors to handle in-house work</li> <li>⇒ Expand capabilities at subcontractors (develop "multi-skilled" subcontractors)</li> </ul> </li> </ul>
	Strengthening group-oriented operations	<ul style="list-style-type: none"> <li>Strengthen group-oriented operations at JV level                             <ul style="list-style-type: none"> <li>⇒ Visualization of capacity utilization and development of system for dynamic management of capacity usage</li> </ul> </li> </ul>

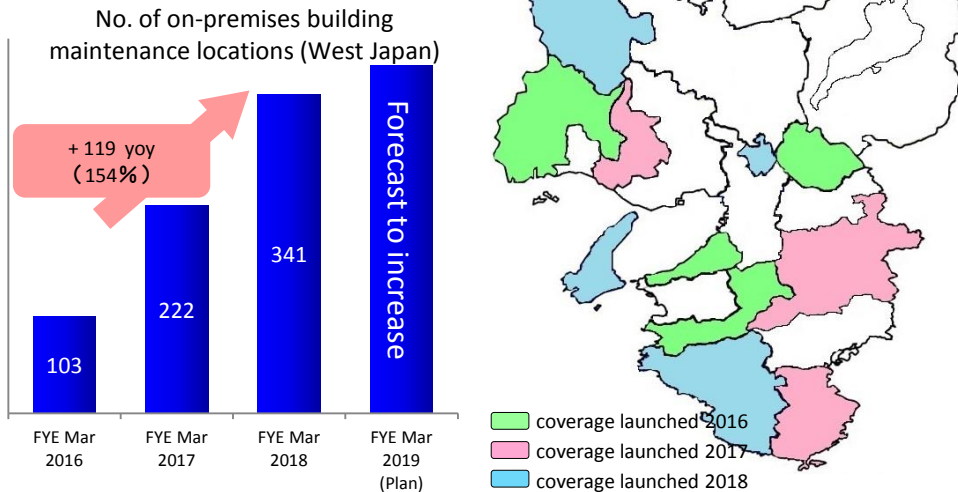
## Sales growth through facility improvement proposals

- Mainly proposing replacement of faulty facilities

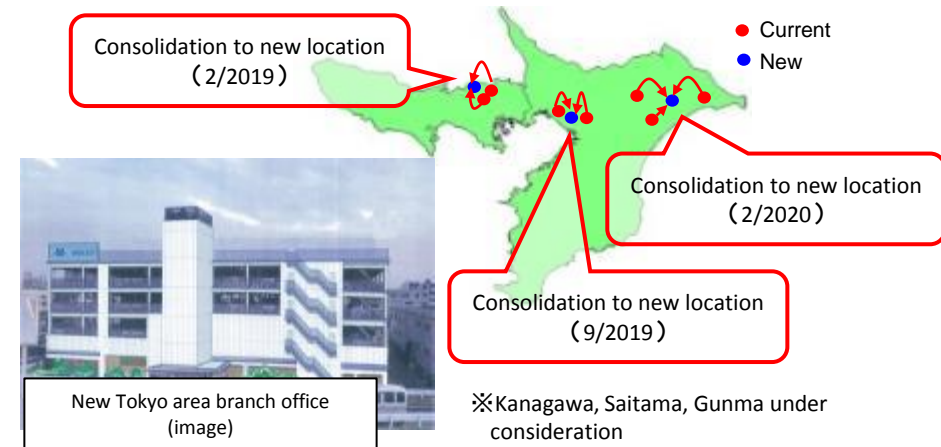
No	Initiatives
1	<p>Inspection/ assessment using drones</p> <ul style="list-style-type: none"> <li>•NTT station building inspection</li> <li>•Inspection of hanging wires</li> <li>•Assessment of damages at disaster-affected sites</li> </ul> 
2	<p>Proposals to replace faulty facilities identified through regular inspections</p> <ul style="list-style-type: none"> <li>•Basic facilities (Maintenance hatches, etc.)</li> </ul> 

## Growth in facility management operations

- On-premises building maintenance service in Kansai area (repairs/ facility management)


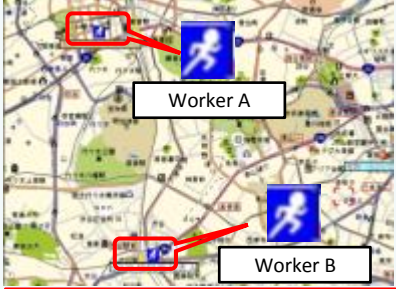


## Consolidation of branch offices



## Efforts to enhance efficiency through use of IT

- Streamlining of workflow using IT equipment

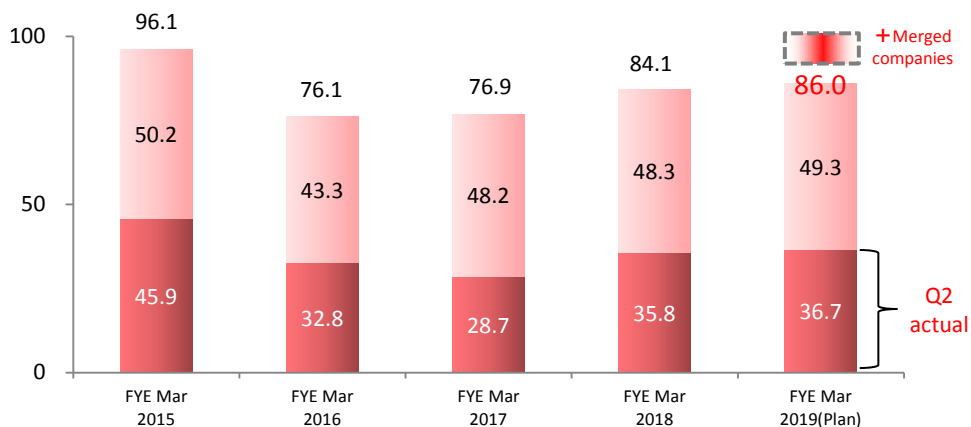
No	Initiatives
1	<p>Use of QR codes</p> <ul style="list-style-type: none"> <li>•QR codes used to mark expiry dates on tools ⇒ Efficient daily and monthly inspections</li> <li>•QR codes used to manage worker attendance ⇒ Management of daily attendance of workers</li> </ul> 
2	<p>Use of smartphones to streamline on-site workflow</p> <ul style="list-style-type: none"> <li>•Locate workers (Enhance patrolling, capacity support)</li> <li>•Inspection using images (MEITS-PHOTO) Images sent directly from site to assessment department.</li> </ul>  <p>Real-time location of workers</p>

## 2. Trends in the Multi-carrier Business

- Investment activities of mobile carriers remain strong on the back of continued demand in work for advancements in 700MHz/3.5GHz-related work.
- 1.7GHz and 3.4GHz bands allocated to mobile carriers to resolve issue of shortage of frequencies. Work to pick up from next fiscal year.
- Sales and profits to grow thanks to continued efforts to smooth workload and to enhance profitability from Q3.

### Net sales

(Unit: bil. yen)

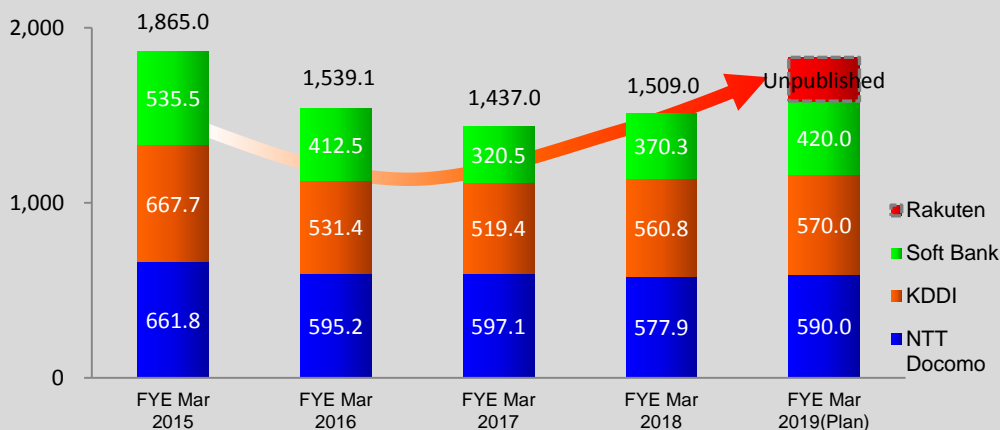


### Key initiatives

	Initiatives	
Sales growth	Growth in work for advancements in 4G/ new frequencies	<ul style="list-style-type: none"> <li>Promote 3.5GHz/700MHz-related work                             <ul style="list-style-type: none"> <li>⇒ Group-wide support to boost resources</li> <li>⇒ Enhance administrative processes and progress management</li> </ul> </li> <li>Measures in light of launch of 1.7GHz/3.4GHz services</li> </ul>
	Work to improve reception quality	<ul style="list-style-type: none"> <li>Railway tunnels(private rail/ metro in Tokyo area)</li> <li>Redevelopment projects such as buildings (Tokyo)</li> <li>Olympics areas</li> </ul>
	Expanding business domains	<ul style="list-style-type: none"> <li>5G-related work                             <ul style="list-style-type: none"> <li>⇒ Participation in preparatory work, verification tests</li> </ul> </li> <li>Disaster recovery measures, etc. using drone photography</li> </ul>
Profit growth	Promoting efficiency	<ul style="list-style-type: none"> <li>Improve back-office operations using systems                             <ul style="list-style-type: none"> <li>⇒ Outsourcing contracts, project management</li> <li>⇒ Tools to support on-site operations</li> </ul> </li> <li>Initiatives to promote responsible management of construction projects</li> </ul>
	Enhancing work capabilities	<ul style="list-style-type: none"> <li>Cooperation with subsidiaries to enhance work capabilities                             <ul style="list-style-type: none"> <li>⇒ Acquiring full ownership in subsidiaries</li> <li>⇒ Seconding of employees</li> </ul> </li> </ul>
	Global	<ul style="list-style-type: none"> <li>Sales growth to improve profits (Australia)</li> <li>Take measures to stabilize operations following the decline in sales (Myanmar)</li> </ul>

### Capital investments by the three major mobile carriers

(Unit: bil. yen)



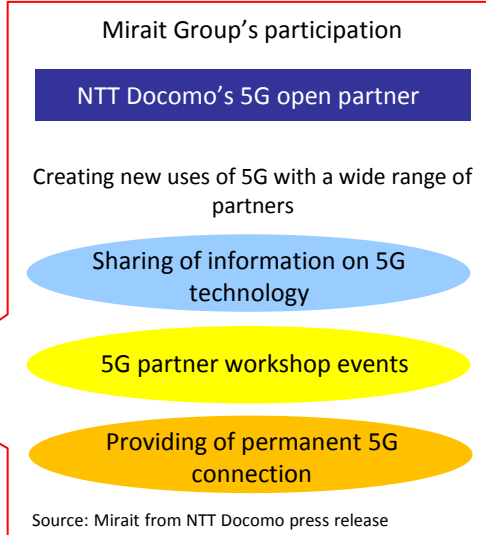
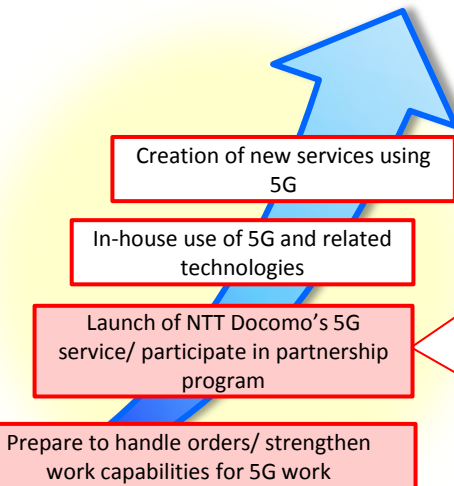
(Notes) 1. NTT figures based on IFRS from FYE 3/2018

2. The amount shown for Softbank is for domestic telecommunications business only.

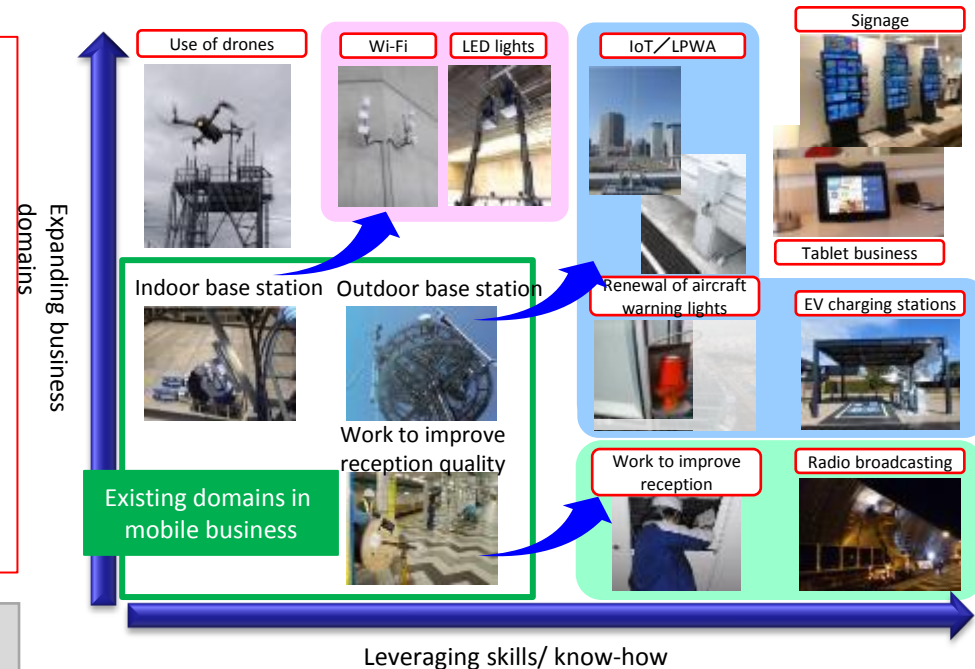
Source: MIRATI from company information

## Initiatives in 5G-related business

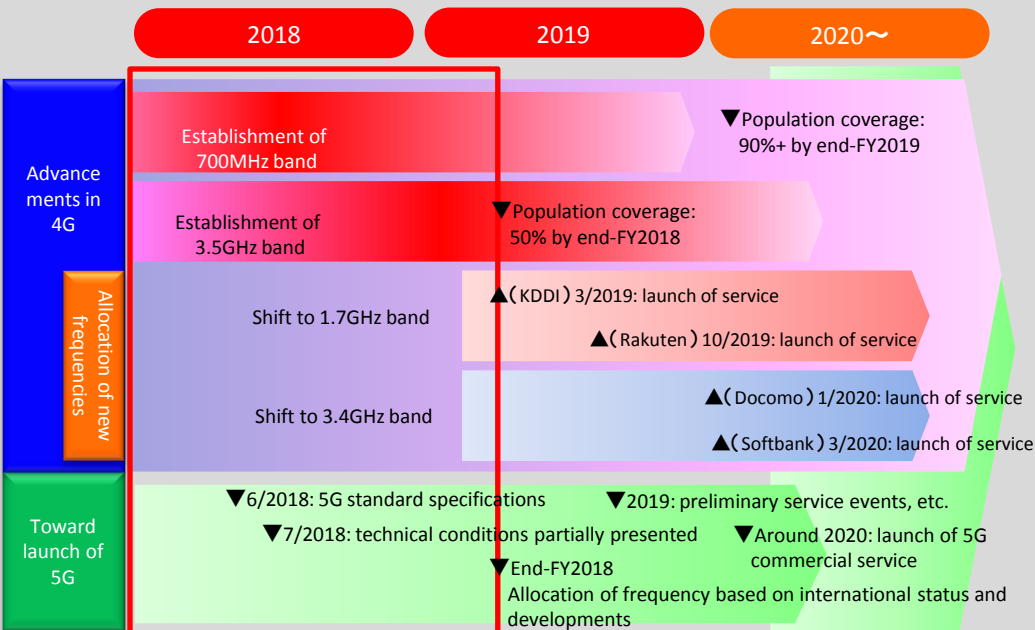
### Illustration of 5G business expansion



## Expanding domains in mobile business

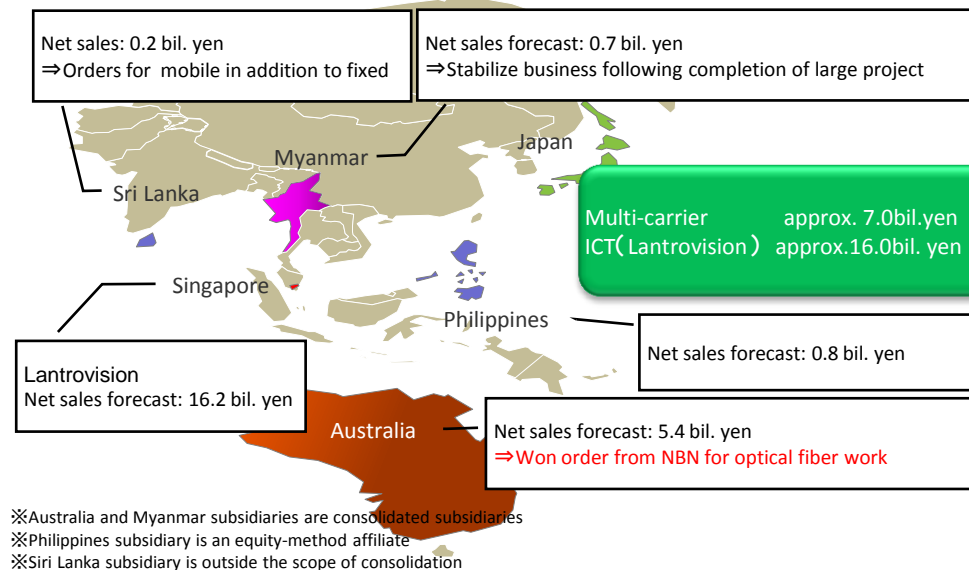


## Trends in the mobile business



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

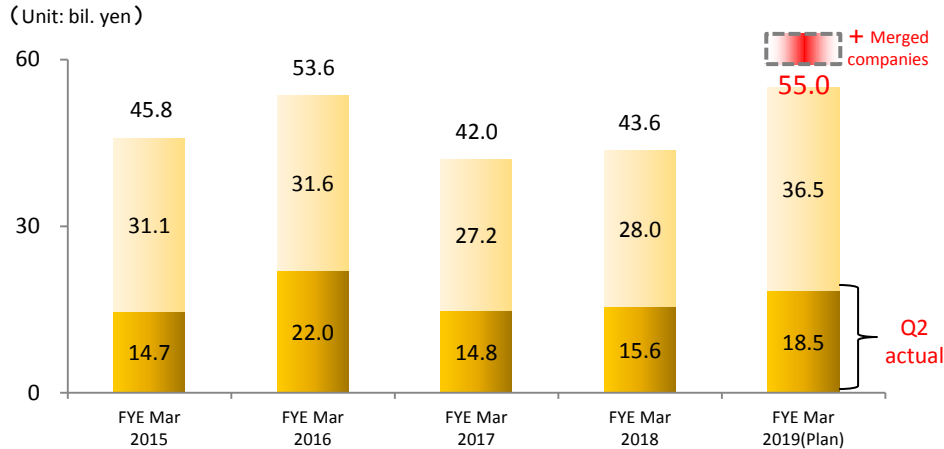
## Initiatives in global business



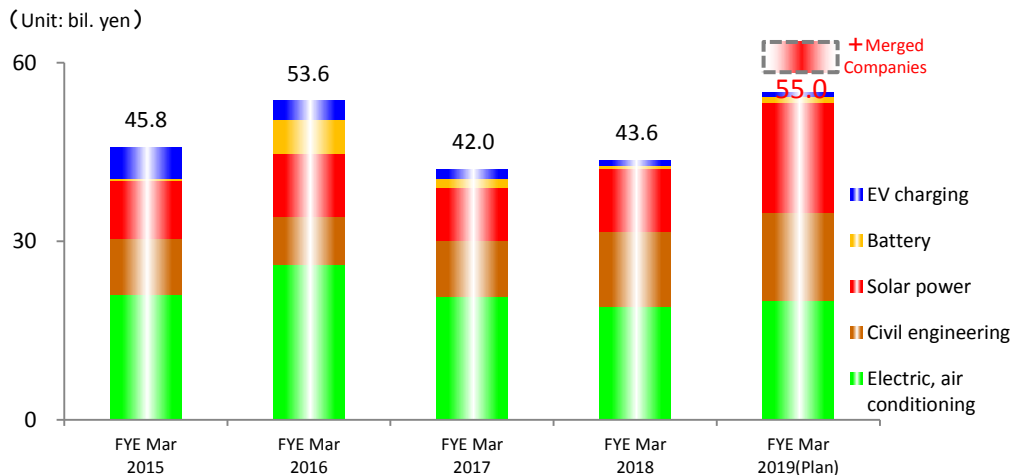
### 3. Trends in the Environmental & Social Innovation Business

- Solar power: **Expand captive-use (multi-store roof-top) solar power and O&M business** in addition to mega-solar.
- New energy-related: **Strengthen new energy-related initiatives beyond solar power (EV chargers, rechargeable batteries, small-scale wind power, etc. )**.
- 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



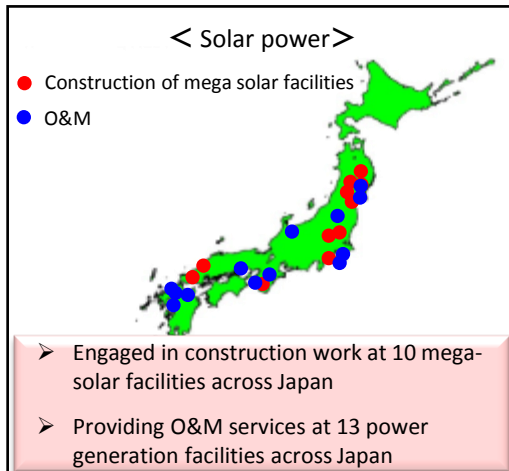
#### Key initiatives

Initiatives	
New Energy	<p><b>【Solar power】</b></p> <ul style="list-style-type: none"> <li>• <b>Mega-solar construction projects</b> ⇒ 10 locations/ 137MW as of end-9/2018 ⇒ Completed 4 locations/ 6.7MW in Q2 FYE 3/2019</li> <li>• <b>Roof-top middle solar facilities</b> (home centers, transport co., drug stores, etc.)</li> <li>• <b>O&amp;M</b> (as of end-9/2018) ⇒ 13 power generation facilities across Japan (Net sales target for FYE3/2019: 0.5 bil. yen)</li> </ul> <p><b>【Post-solar power】</b></p> <ul style="list-style-type: none"> <li>• <b>EV chargers</b> ⇒ Collaboration with manufacturers (net sales target: 0.7 bil. yen)</li> <li>• Install rechargeable batteries for both home and industrial use</li> <li>• Efforts to win orders form <b>small-scale wind power/ hydropower, etc.</b></li> </ul>
	 <p>EV charging</p>  <p>Battery</p>
Civil engineering, etc.	<ul style="list-style-type: none"> <li>• <b>Expand work to lay power lines underground (in Tokyo), CCBOX work, etc.</b> (Net sales target for FYE3/2019: 2.3 bil. yen)</li> <li>• Sewage pipeline work for Tokyo (net sales: +20% yoy)</li> </ul>
	 <p>Laying of power lines underground</p>
Electrical/ air conditioning	<ul style="list-style-type: none"> <li>• <b>LED installment work for municipalities</b> (net sales target: 1.7 bil. yen)</li> <li>• Instalment of lighting facilities in highways</li> <li>• Full-year contribution of Nishinohon Denko ⇒ Net sales target for FYE3/2019: 1.4 bil. yen</li> </ul>
	 <p>Lighting facilities in highways</p>



## Initiatives in solar power-related business

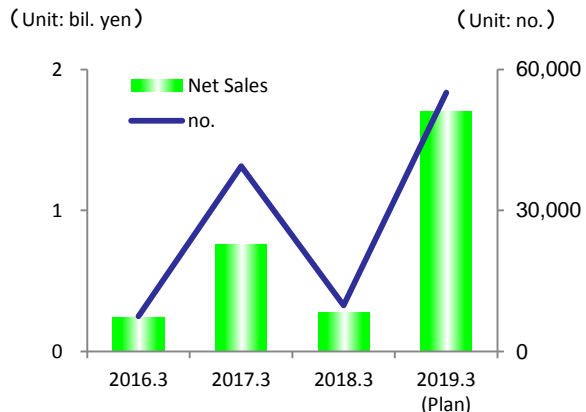
- Installing mega-solar facilities in **10 locations (Total :137MW)** across Japan
- Stabilizing solar power business by expanding O&M business
  - ⇒ O&M at 13 locations/ total of 198MW
  - ⇒ O&M sales have doubled from FYE 3/2016



## Initiatives for road facilities-related work

- Increase in work to install LED street lights for municipalities to reduce power consumption and to prevent crime.
- Increase in work to install lights and ETC equipment in highways to upgrade facilities and to prevent accidents.

### <Installation of LED street lights>



## Initiatives in civil engineering

- Project in Ponto-cho, Kyoto to lay power lines underground: **Adopted various new construction methods for work in narrow roads.**

### 【Key features】

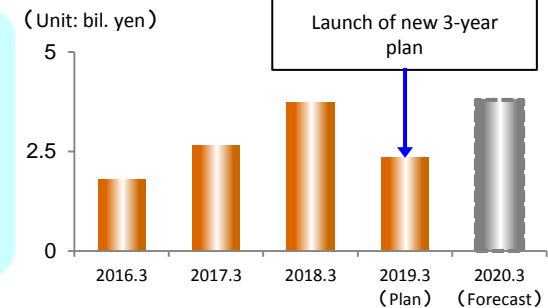
- Use of large construction machinery difficult due to requirement to preserve landscape
- New methods adopted to shorten the construction period.



### <Market trends>

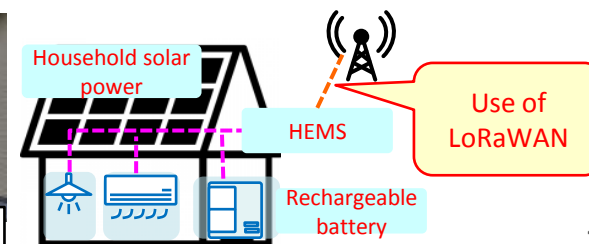
- 1,400km targeted for the 3 years from FY2018 (MLIT)
- Draft to expand target area for the next 10 years (Tokyo Metropolitan)

### <Net Sales>



## Initiatives in new energy

- Create smart community in Tohoku area
  - ⇒ Management system for local generation/ consumption of power using IoT.

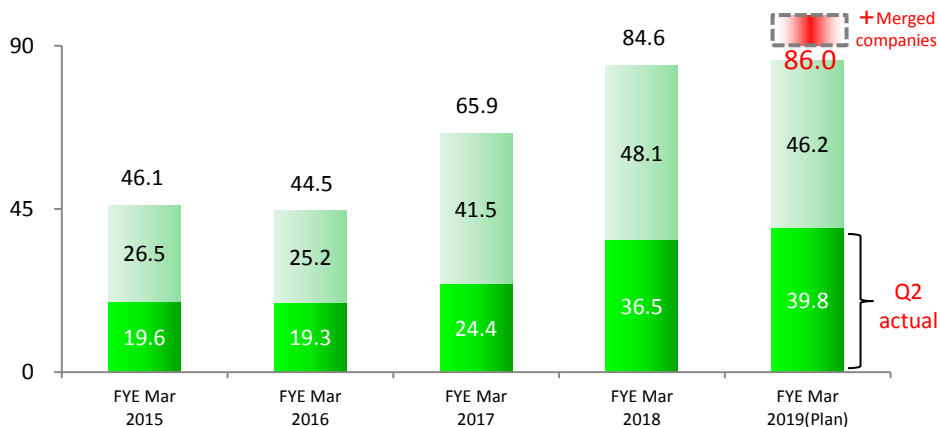


## 4. Trends in the ICT Solution Business

- Lantrovision: Profits have recovered given that the issue of the unprofitable project from the previous year has been resolved.
- Work to resolve 700MHzTV reception interference: Number of project sites in coverage area will decrease, but profitability will be maintained through appropriate allocation of staff and streamlining administrative processes.
- Actively cultivate Olympics-related business opportunities (LAN, Wi-Fi, security-related, etc.)

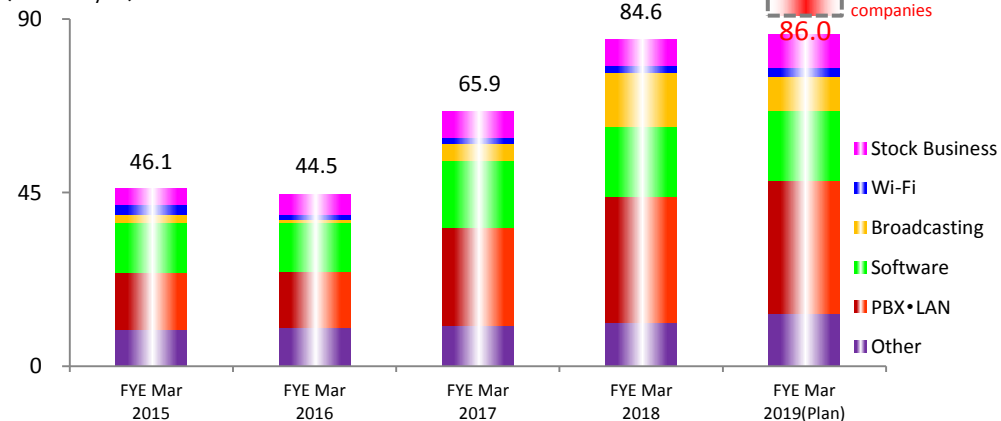
### Net sales

(Unit: bil. yen)






### Breakdown of net sales

(Unit: bil. yen)

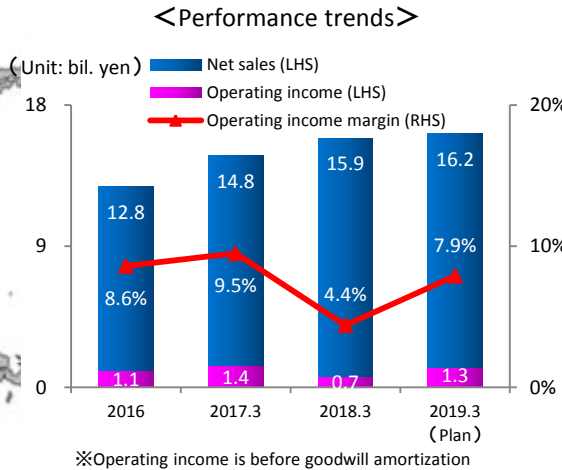
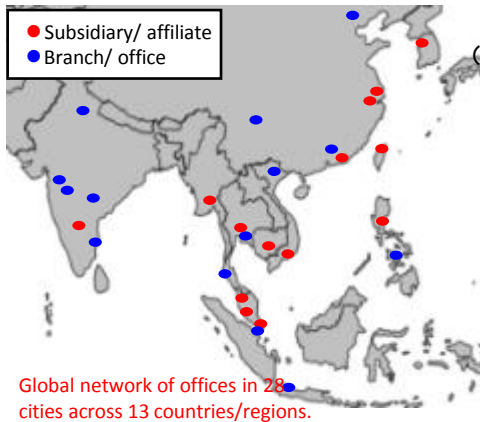


### Key initiatives

Initiatives	
LAN/PBX/telecommunications equipment	<ul style="list-style-type: none"> <li>• Strengthen collaborative sales efforts with Lantrovision (domestic/ overseas)</li> <li>• ICT work for Olympics/ Paralympics facilities</li> <li>• Large-scale redevelopment projects, rebuilding of networks for corporates, etc.</li> </ul>  <p>LAN cabling work</p>
Stock Business/Data Center	<ul style="list-style-type: none"> <li>• Datacenter commenced operations in June ⇒ Full occupancy from next fiscal year ⇒ Build know-how to expand business in the future</li> <li>• Expand work to build servers and networks for corporates</li> </ul>  <p>Osaka No.1 Data Center</p>
Wi-Fi	<ul style="list-style-type: none"> <li>• Promote Wi-Fi installation ( Net sales: +40%/yoy) ⇒ Hotel, retail facilities, stadiums, multi-store users, etc. ⇒ Propose package with NW equipment and surveillance cameras</li> </ul>  <p>Stadium Wi-Fi</p>
700MHz-related work	<ul style="list-style-type: none"> <li>• Work to resolve TV reception interference ⇒ Handling 1/3 of all projects nationwide ⇒ Maintain profitability through appropriate allocation of staff and streamlining administrative processes.</li> </ul>  <p>TV reception-related work</p>
Software	<ul style="list-style-type: none"> <li>• Steady growth as Large Sler's best partner</li> <li>• Business growth by strengthening collaboration among group companies ⇒ Trust System (financial sector), etc.</li> </ul>

## Lantrovision's overseas business strategy

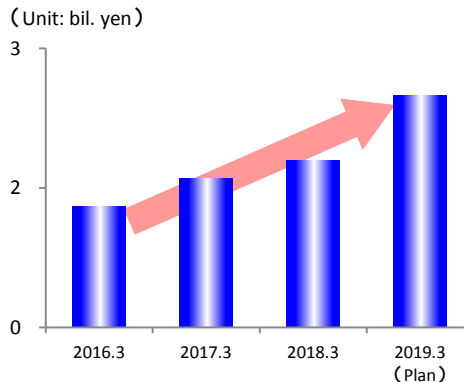
- Stable business and market environment across Asia; rising business opportunities in line with growth in demand for cloud computing.
- Profits to improve given that the unprofitable project from the previous fiscal year has been resolved.



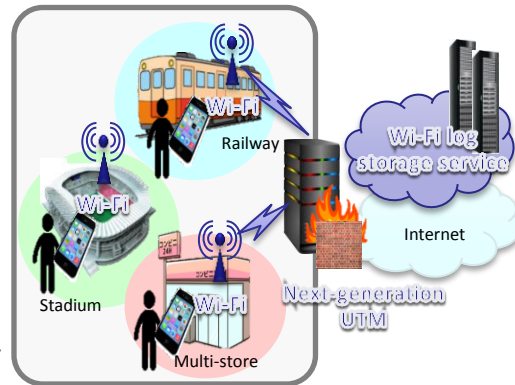
## Initiatives in Wi-Fi

- Strong track record in work to install Wi-Fi equipment primarily in subways, convenience stores, and educational/ public facilities.
- Handling strong demand to establish Wi-Fi networks in public facilities, etc. toward 2020; actively promoting security solutions.

### <Net sales from Wi-Fi work>



### <Wi-Fi + High-security service>



## Initiatives in datacenter business

### 1<sup>st</sup> Step

### Development and operation of own datacenter

- Floor rental service
- Line connection service
- Floor management service

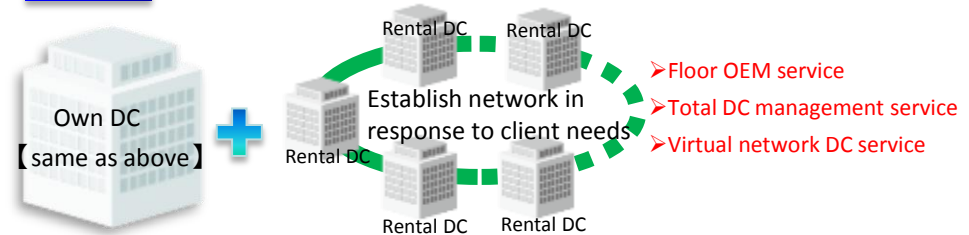


### <Features>

- One of the largest DCs in Osaka City
- Located adjacent to communications hub
- Strong structure/ highly-reliable building

### 2<sup>nd</sup> Step

### Deployment of rental datacenter operations

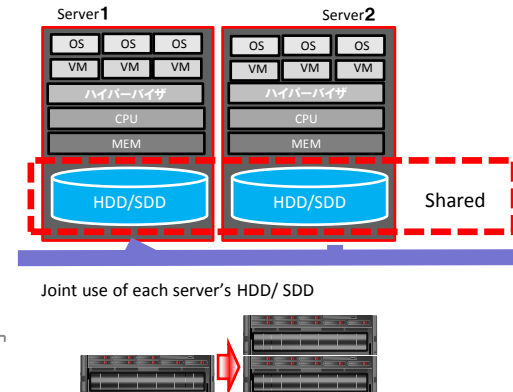
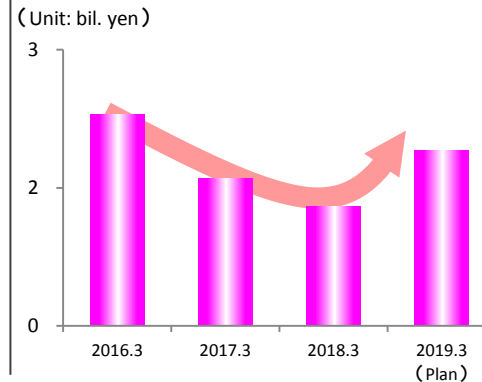


## Expanding server and network-related work for corporates

- Expanding server-related work for corporate clients, in addition to existing educational/ public facilities clients.
- Enhancing capabilities to respond to corporate clients' needs for advanced technologies such as HCI※ virtual platform technology

※Hyper Converged Infrastructure.  
Reduces operational burden by adopting simple infrastructure that combines server, storage and virtual functions.

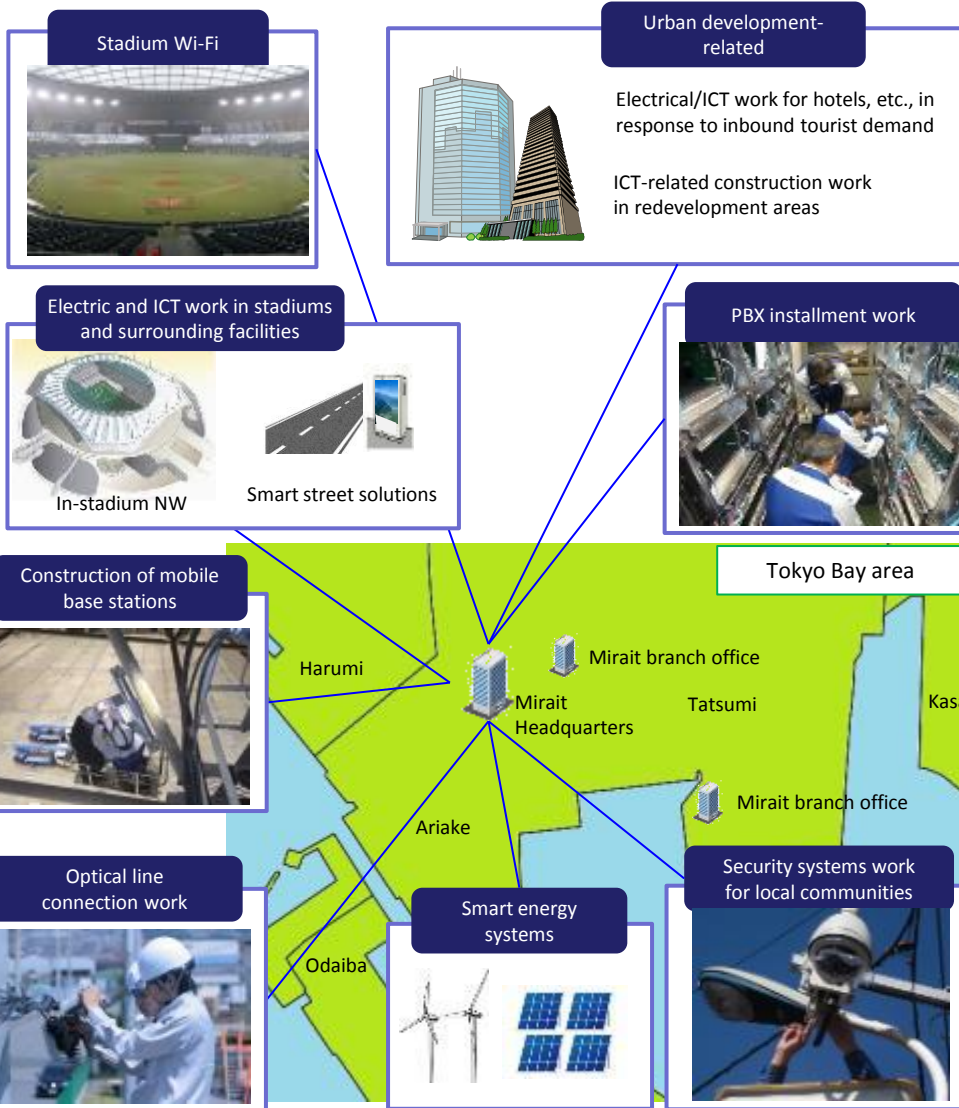
### <Net sales from cloud/ server-related work>



## 5. Initiatives in New Solutions

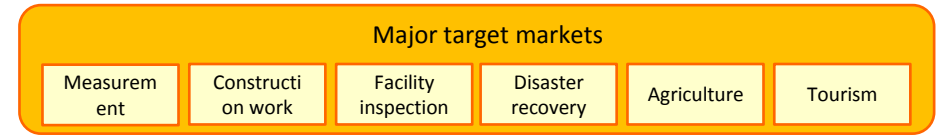
### Cultivating business opportunities in light of the Olympics

- Expanding business by cultivating new business areas in collaboration with telecom companies and major construction companies, in light of the upcoming 2020 Tokyo Olympic Games.



### (Mobile sensors) Initiatives in drone business

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



#### ① Personnel/ locations (as of 9/2018)

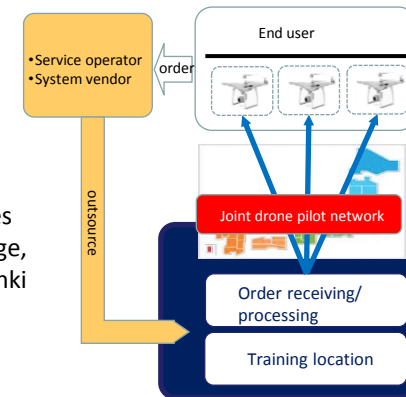
- Training course for staff at telecommunication construction companies and group companies, etc. ⇒ 301 JUIDA certified drone operators  
⇒ **101 pilots in 35 locations in partnership with 9 telecommunication construction companies**

#### ② Drone system

- Maintenance, management and delivery of drones ⇒ Streamlined management (maintenance, storage, delivery, etc.) of drones in collaboration with Kinki Denki Co.

#### ③ Alliances

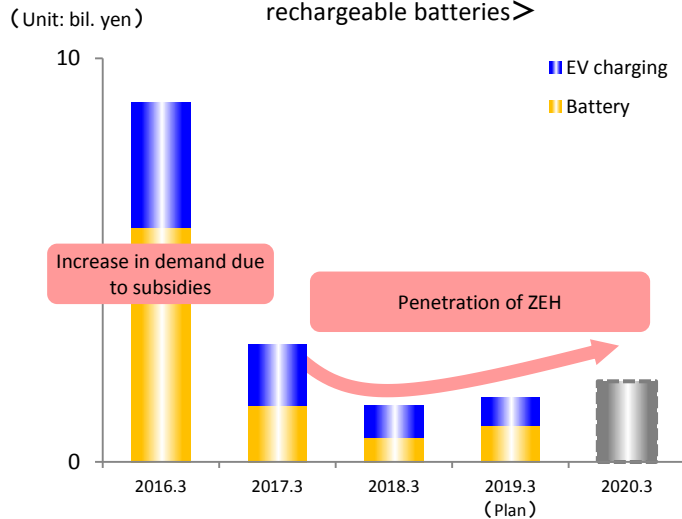
- “Everyday Drone” operation for Komatsu (5/2018-)  
⇒ User training, operations, equipment maintenance  
⇒ **Investigation of runoff soil in disaster-affected areas (Hiroshima)**
- “Surveying of rice field growing conditions” for Farm Eye (JV between Yanmar and Konica Minolta)  
⇒ Covering 2,000ha in Tohoku and Kanto areas  
⇒ Training pilots and operating drones nationwide



## Initiatives in new energy

- Strong track record in **EV charger installation work** in highways, shopping malls, convenience stores, etc.
- Expanding **rechargeable battery installation work** in light of the penetration of ZEH and the upcoming 2019 issue.

<Sales from installation work for EV chargers and rechargeable batteries>



Roof-top solar panel



EV charger



Rechargeable battery system



Battery-powered vessel

【Verification test for stability of power system through diversified power source】

- Participation in verification test **for stability of power system through diversified power source (virtual power generation plant) led by Mitsui & Co. (9/2018-)**
- ⇒ Testing effectiveness of peak reduction/ energy management and potential to adjust supply in response to electric power companies' needs.

【Co-development of infrastructure for battery-powered vessels】

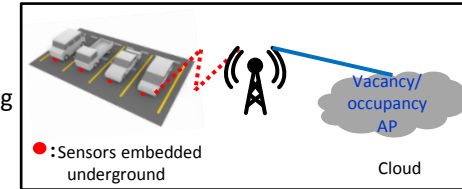
- Co-development of **infrastructure for charging water transport vessels, with Tokyo Univ. of Marine Science and Technology (8/2018-)**
- ⇒ Investigating geographic/ meteorological conditions for installing/ operating equipment in waterfront areas

## Initiatives in IoT

【IoT verification tests, etc., in anticipation of the use of IoT by companies】

- Established LPWA wireless (LoRaWAN) base station at Mirait-related building (testing of location information tracking, etc.)

- Verification test for parking sensors  
⇒ Plan to deploy system to parking lots in condos and commercial facilities following in-house verification tests.



- Applying LPWA wireless to smart energy systems  
⇒ Application of LPWA for wide-area system to visualize use of power/ smart metering in residential buildings.

- **Verification tests for wide-area wireless sensor networks** that connect smart water meters using 280MHz band wireless.  
⇒ Providing technical support for verification test being conducted by Kanagawa Enterprise Bureau (remote smart water metering).  
⇒ **Conducting verification test for practical application of industrial smart water metering** with Kobe City and NTT West (**first in Japan**).  
⇒ Planning to launch business when regulatory framework is established for sensor networks in the 280MHz band.

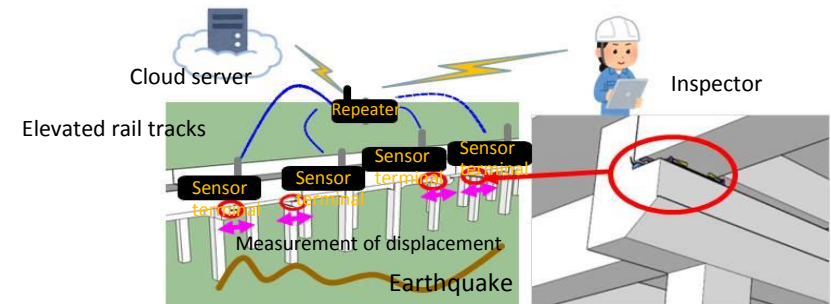


280MHz band

【Facility monitoring sensors】

Quick and automated monitoring/ inspection of infrastructure.

- Co-development of system using IoT for inspecting piers that support elevated rail tracks with Railway Technical Research Institute (RTRI).  
⇒ Developing algorithm and inspection system using displacement sensors for remote measuring, for early recovery of railway service following earthquakes.



- ⇒ FY 2018: Field testing by RTRI and railway companies
- ⇒ FY 2019: Commercialization of product

## 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.



※ Net sales for acquired companies are based on forecasts for FY2018.

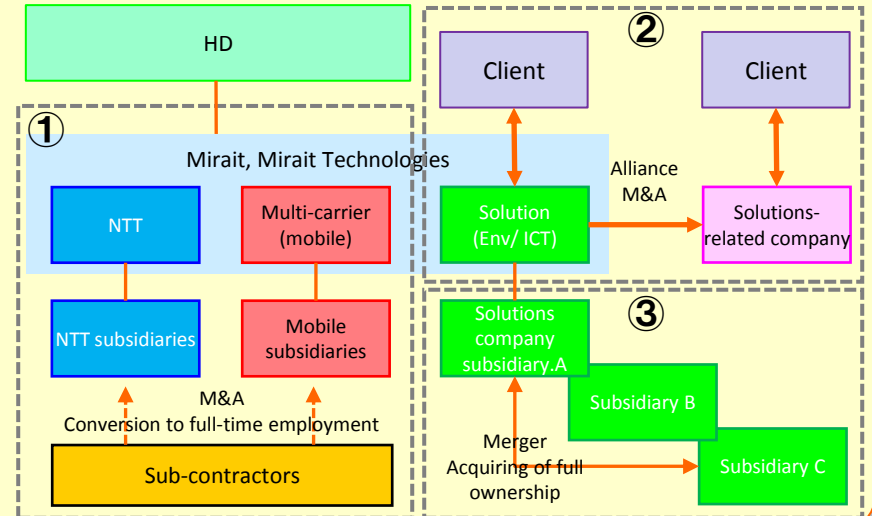
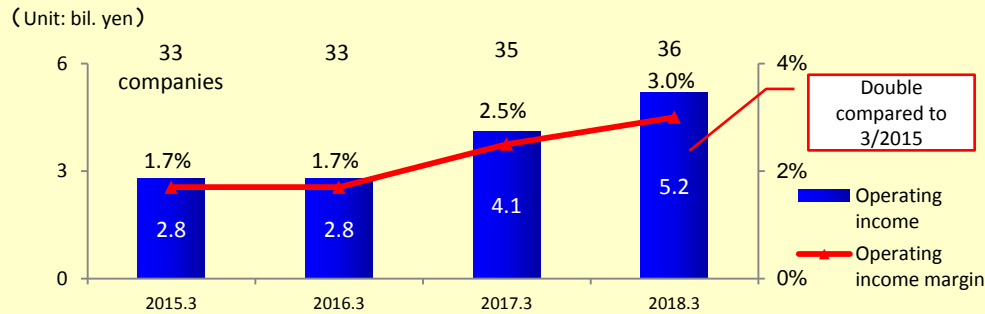
# 7. Initiatives to Build a Stronger Business Base

## Strengthening the group's business operations

➤ Strengthen group-oriented management to enhance work capabilities, client base and profit structure.

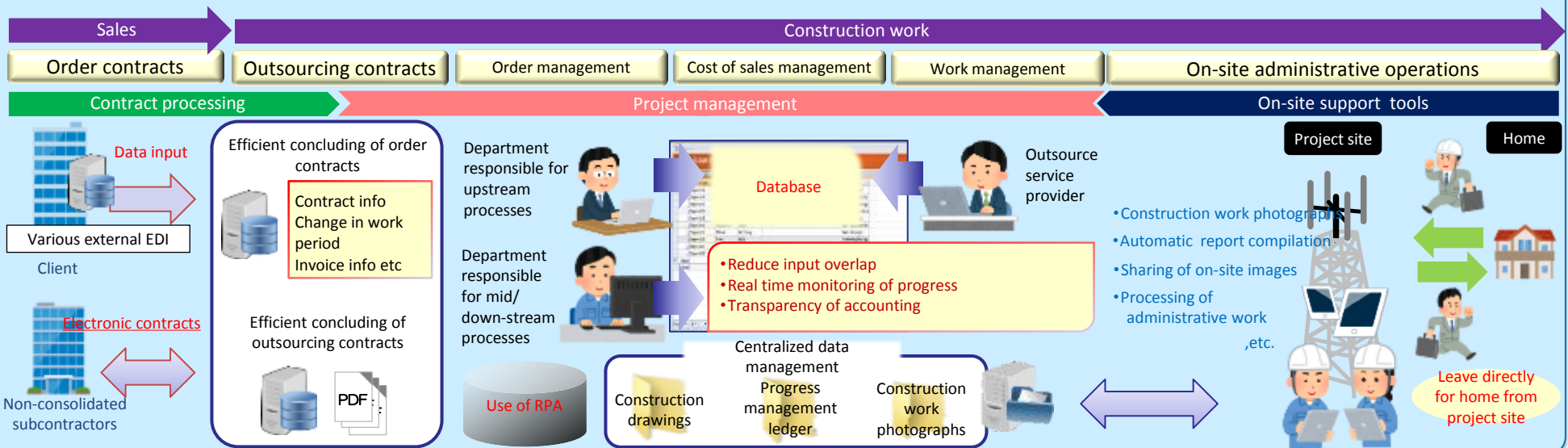
- ① **Strengthening NTT and Multi-carrier businesses**  
 ⇒ Acquiring subcontractors/ converting employees to full-time employees
- ② **Expanding the client base for solutions-related businesses**  
 Alliances/ acquisition of competitive companies and those with upstream operations.
- ③ **Strengthening subsidiary network**  
 ⇒ Reorganization of small operations acquisition of full ownership in subsidiaries

### <Operating income of subsidiaries of Mirait and Mirait Technologies>



## Streamlining back office operations and on-site administrative work

➤ Enhancing productivity by reviewing operational processes and promoting the use of systems in response to the increase in number and changes in types of projects

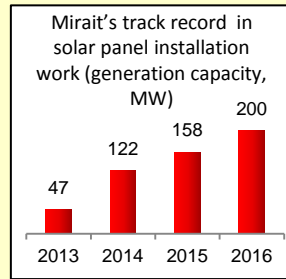


# Initiatives to Build a Stronger Business Base

## ESG Initiatives

### ① Environment (E)

- Reduce environmental burden of business activities
  - ⇒ Promote renewable energy (Solar power, EV chargers, rechargeable battery installation, etc.)
  - ⇒ Protecting the environment by going paperless (ee-TaB\*, etc.)
- ISO 14001 certification (since 1999)



### ② Society (S)

- Increase participation of women in the workplace (promote the hiring and promotion of women in managerial positions)
- Support for working mothers and fathers



“Eruboshi”

### ③ Governance (G)

- Establish and operate internal control system
- Measures to resolve issues identified by Compliance Committee and Risk Management Committee
- Measures in response to the Corporate Governance Code
  - ⇒ Management with focus on capital cost
  - ⇒ Enhance constructive dialogue with stakeholders



“Kurumin”

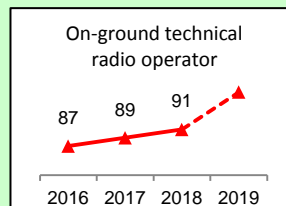
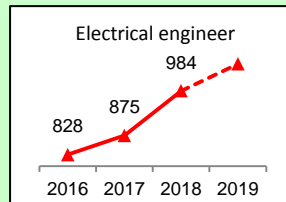
## Strengthening human resources

### ① Grow the number of qualified staff

- Plan for the candidates to build hands-on experience
- Identify qualifications of priority

### ② Achieve more diversity

- Hiring and training of engineers to respond to clients' needs
- Strengthen human resources at subsidiaries
  - ⇒ Promote personnel exchanges, provide support for employees taking qualification exams



※Total for Mirait and Mirait Technologies for electrical engineer and on-ground technical radio operator

## Changing the safety/ work environment and workstyles

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

- Addition of 217 mid-sized and 16 small bucket work cars to fleet for safety
- Patrolling for safety (26,605 times in H1)
  - Top management and managers responsible to safety on patrol to promote safety



Small bucket work cars added to fleet



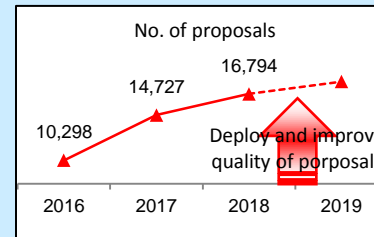
President on patrol



Morning meeting

### ② KAIZEN Activities

- Shift from raising KAIZEN awareness (quantitative) to deploying awareness across the Mirait Group (qualitative)
  - ⇒ KAIZEN fellow activities (61 fellows)



Development alert system to detect entering vehicles



Development of rack adjustment units

### ③ Workstyle reforms

- Proper calculation of overtime work
- Establish framework for flexible and irregular work hours and telework
- Enhance welfare benefit system
  - ⇒ Construction of corporate housing for single employees
- Improve administrative tools for further efficiency
  - ⇒ Go paper-less and reduce business travel through use of video conferencing system
  - ⇒ Use of mobile and cloud management tools



Corporate housing for single employees



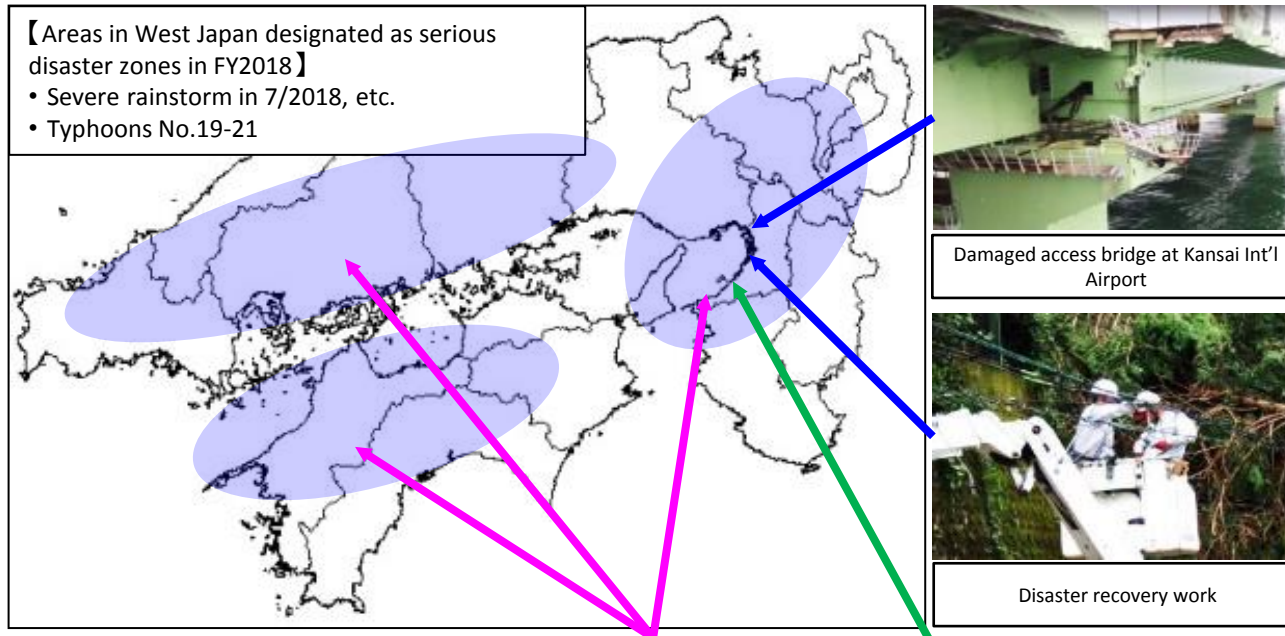
Corporate housing for single employees



## 8. Initiatives for Disaster Recovery

- Many local communities are suffering from damages due to natural disasters such as the severe rainstorm in July 2018, typhoons and earthquakes.
- The Mirait Group has made it a priority to handle work for expeditious reconstruction of telecommunication facilities and other infrastructure.

### (Example) Disaster recovery in West Japan



Damaged access bridge at Kansai Int'l Airport



Disaster recovery work



Damaged solar panels



Supplying power to base stations

### Multi-carrier

- Inspected and supplied power to 3,000 base stations in Kansai, Chugoku and Shikoku areas with the cooperation and support from branches nationwide.
- Inspection of base stations continued to end-October in certain areas.

### NTT

- Immediate reconstruction of NTT cables at the damaged Kansai International Airport access bridge (Sept.6, 2018)
  - Group-wide effort to reconstruct NTT's optical and analog lines that were damaged in the Kansai area.
- ⇒ Period: occurrence of disaster to today
- ⇒ Number of workers: 530 group man-days in Kansai area

### Environmental and Social Innovation ICT Solutions

- Replaced damaged solar panels (Izumisano-shi and Izumiotsu-shi in Osaka, etc.)
- Cleaned, repaired and installed temporary power source at flooded basement of Kansai International Airport.
- Repaired surveillance equipment at parking areas (Isonoura, Wakayama-shi).
- Repaired JA Wakayama facilities.

## IV Reference Materials

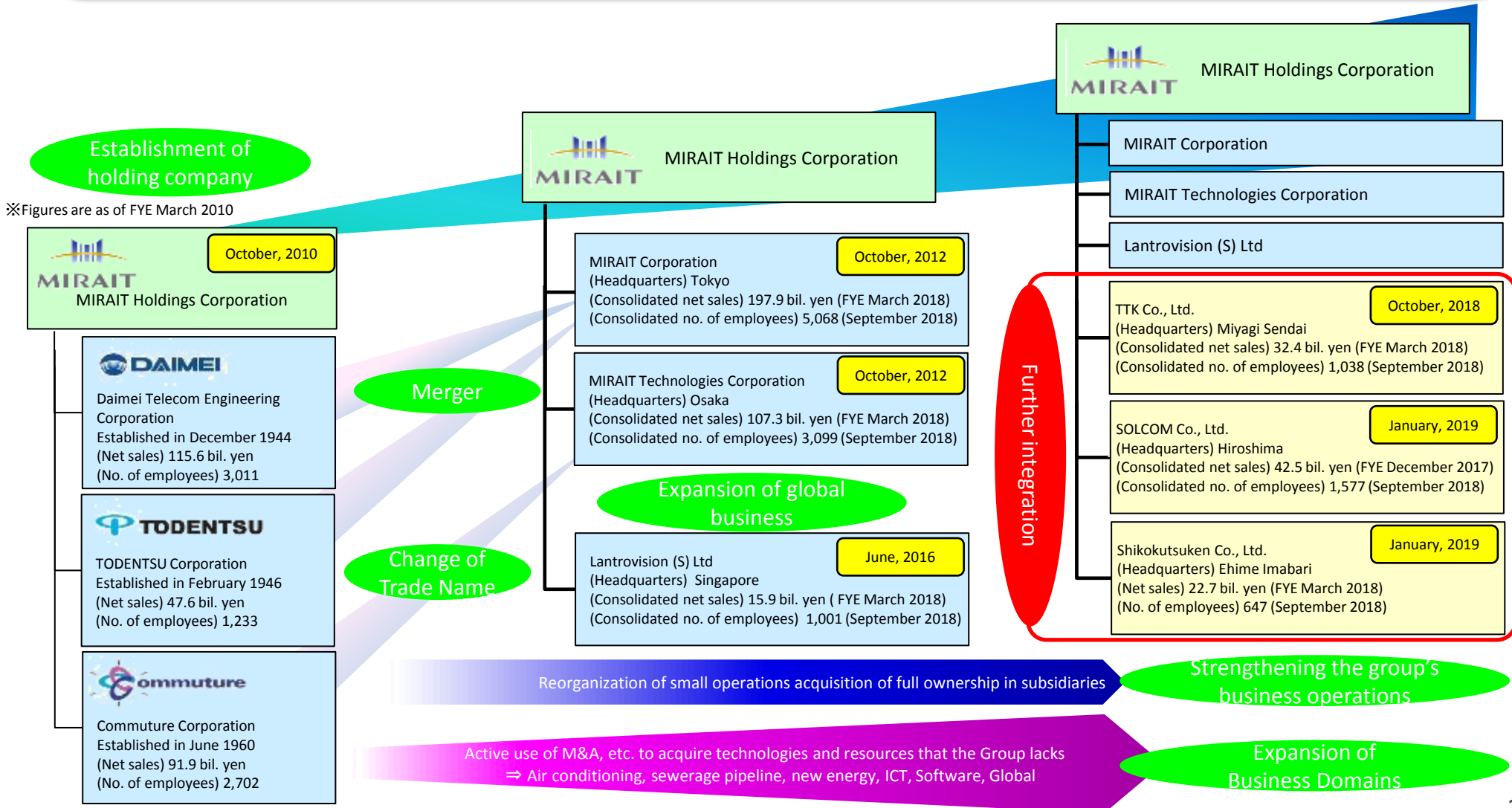
# 1. Overview of MIRAIT Holdings (As of October 1, 2018)

## (1) Company Overview

Established	October 1, 2010
Paid-in capital	7 billion yen
President (CEO)	Masatoshi Suzuki
Shares	【Total outstanding shares】 93,171,844 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】 34 locations *Total of MIRAIT, MIRAIT Technologies and TTK 【Overseas】 32 locations (Singapore, Sri Lanka, Australia, Philippines, Myanmar ,etc.)
Number of consolidated subsidiaries	64
Number of employees	【Consolidated】 9,269(MIRAIT Holdings: 101, MIRAIT: Consolidated 5,068, MIRAIT Technologies: Consolidated 3,099, TTK: Consolidated 1,038, Lantrovision: Consolidated 1,001)
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

## (2) Management Integration of the Mirait Group

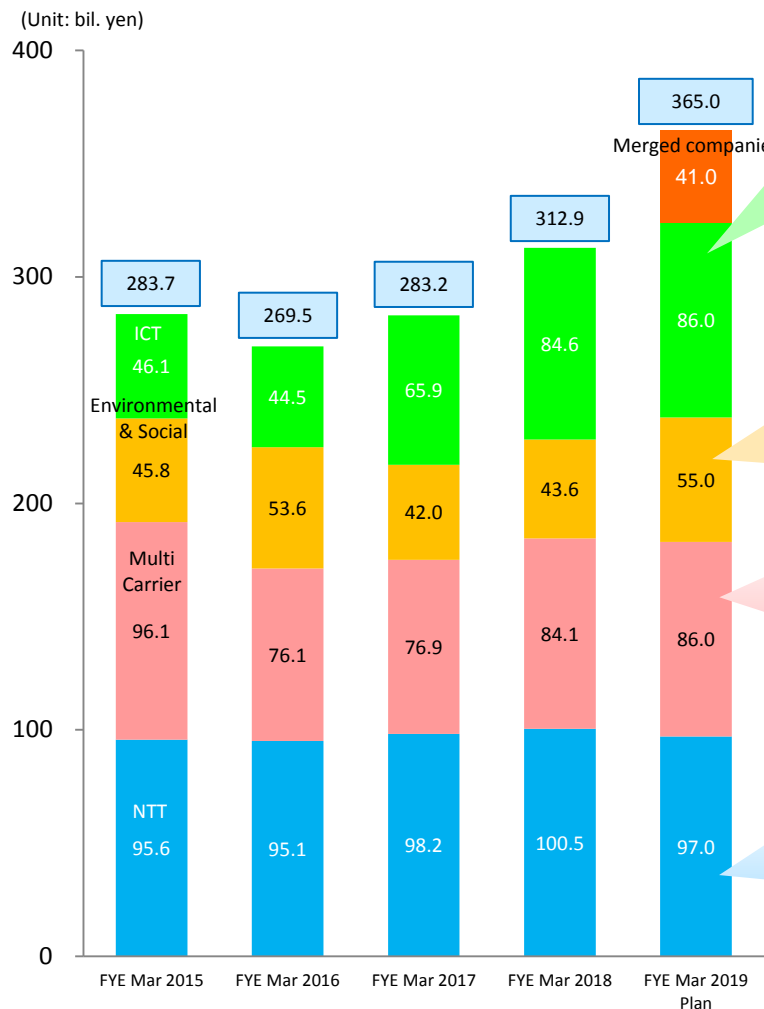
- Established in 10/2010 with the management integration of Daimeai, Commuture and TODENTSU, each with a history of more than half a century centered on building communication infrastructure .
- Promoted the structural shift to become a "Comprehensive Engineering and Services Company" through M&A and other efforts following the management integration.
- Three operating companies were reorganized into two entities (MIRAIT and MIRAIT Technologies) on October 1, 2012.
- Acquired Lantrovion(S)Ltd in Singapore in 6/2016 to expand global business.
- Management integration with TTK in 10/2018, and Solcom and Shikokutsuken in 1/2019, to further enhance the Group's business base and corporate value



### (3) Business Overview

- 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



- Cloud computing, office solutions, Wi-Fi, software, Broadcasting, etc.
- Construction, maintenance and operation of telecommunication systems of general companies, etc.

- Environmental/ new energy, building of social infrastructure, construction and maintenance of electrical and air conditioning facilities

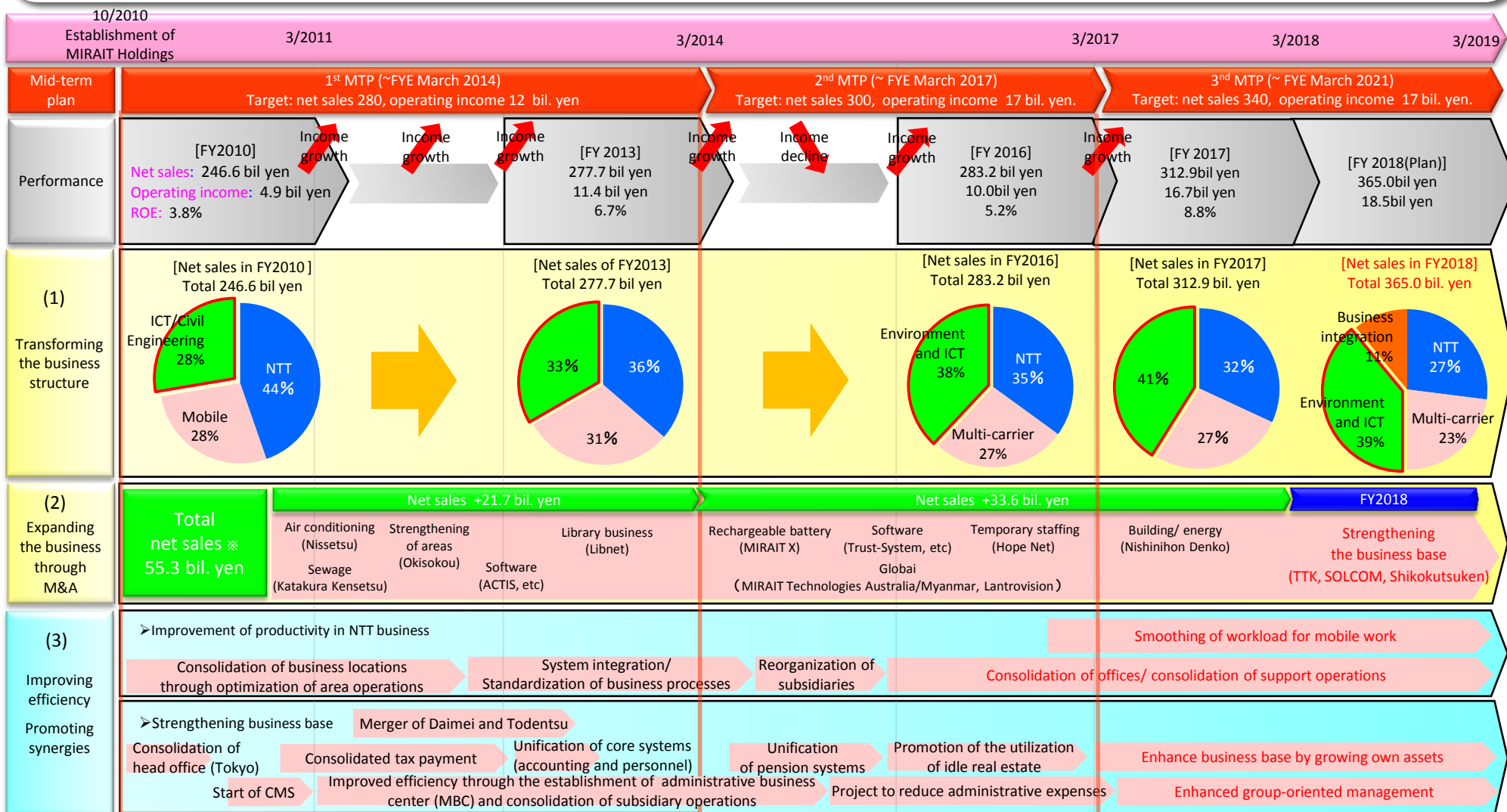
- Construction, maintenance and operation of mobile communication facilities
- NCC fixed communication equipment, CATV work, Global etc.

- Construction, maintenance and operation of fixed communication facilities for NTT

## (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 business, raising the sales ratio from 28% to 41%.**  
(In FYE Mar 2021, expand the Environmental & Social and ICT businesses to more than 50% of total sales.)
- Active use of M&A, etc. to **acquire technology and resources needed** to expand business domains.
- Maximizing the use of the three companies' management resources to **improve productivity in the NTT business.**



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

# (5) Overview of Mid-term Plan

※New mid-term plan reflecting the impact of management integration and other factors will be announced when finalized.

## 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

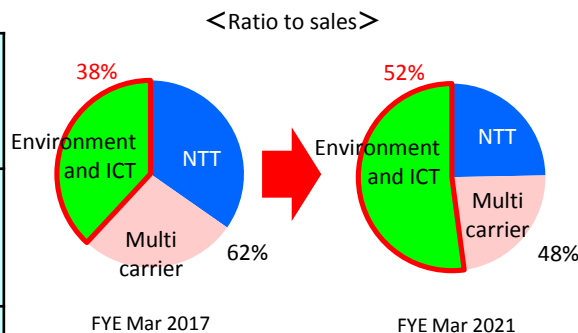
Tailwind for the MIRAIT Group

## Key Initiatives

- Expanding the business domains and transforming the business model ⇒ Expand into “frontier domains”. (Environmental and energy, Stock business and global business) ⇒ Enhance sales capabilities through partnerships. ⇒ Broaden the line-up of services by quality and price.
- Profit-oriented business operations ⇒ Smooth construction workload and promote initiatives to improve productivity ⇒ Achieve better efficiency by generating synergies within the Group. ⇒ Strengthen income / expense management of individual projects.
- Strengthening human resources / changing the corporate culture ⇒ Enhance comprehensive engineering capabilities. ⇒ Promote CSR (enhance governance and environmental initiatives) ⇒ Promote workstyle reforms.

## Numerical Targets for FYE March 2021

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

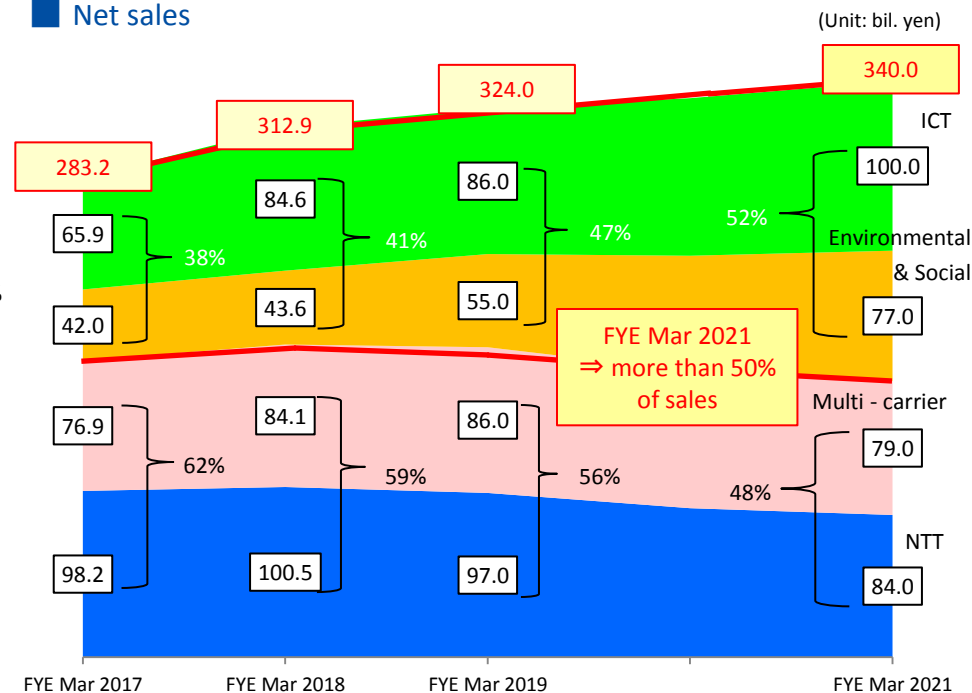


Expand the Environmental & Social and ICT business to more than 50% of total sales.

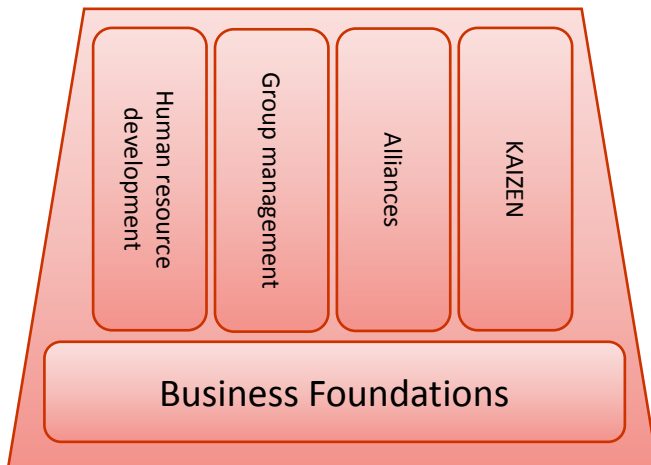
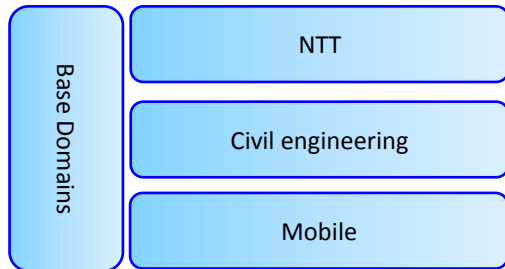
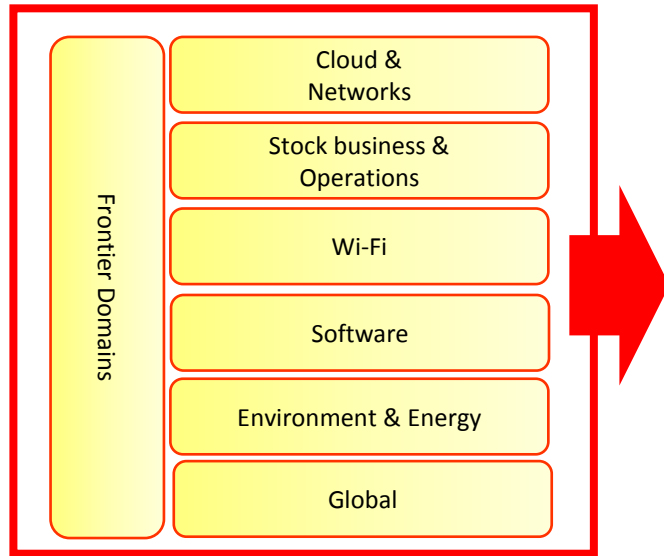
### Shareholder return policy

- 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%.

## Net sales



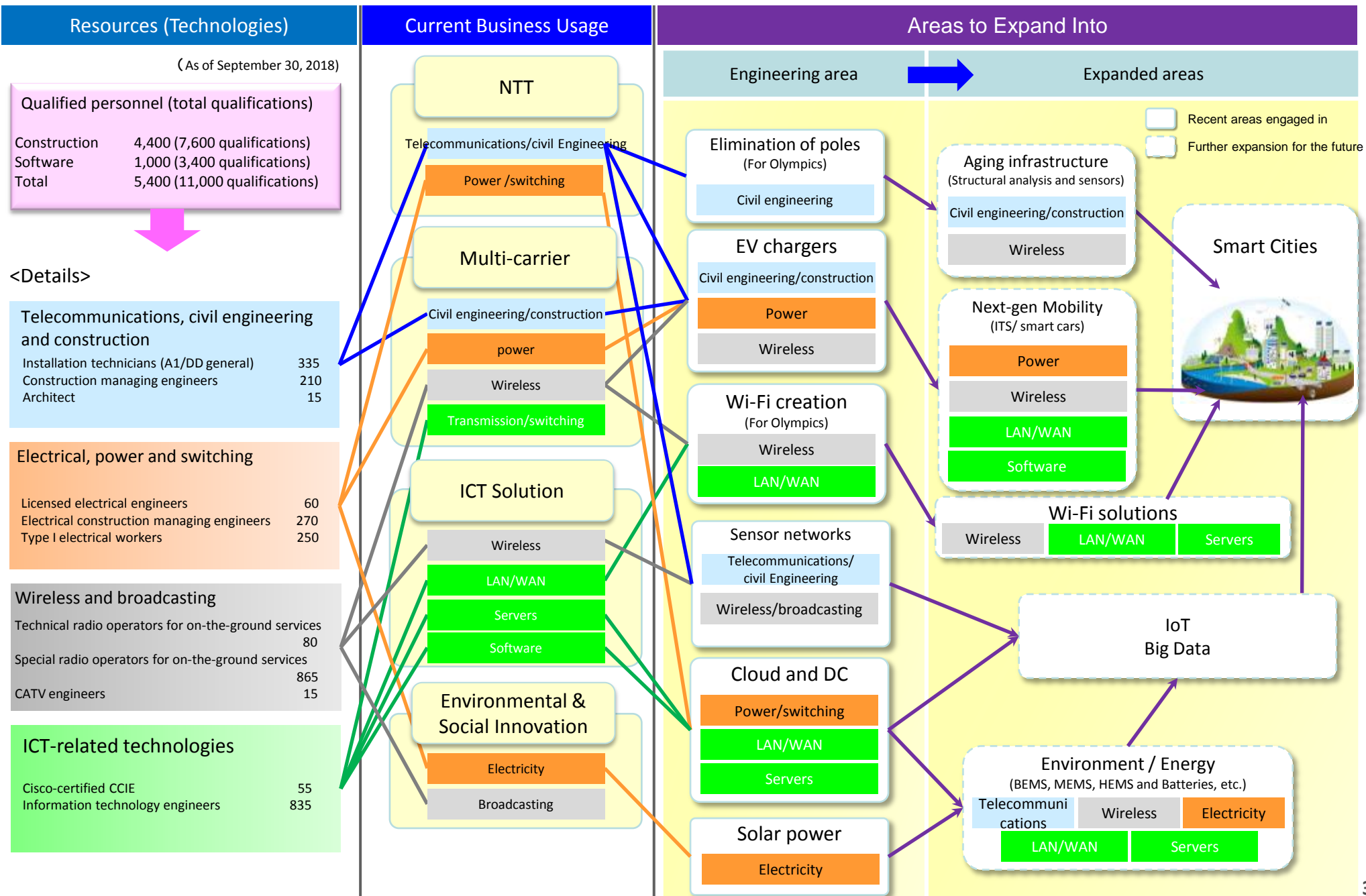
## 2. Future Focus Areas (Frontier Domains)



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, LAN</li> <li>• Cloud (Servers, Network)</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>• Wi-Fi + digital signage (Digital information stands "PONTANA")</li> <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>• Building related equipment (Solar power, EV chargers, LED, BEMS, access control systems)</li> <li>• Air conditioning</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>	



### 3. Expansion of Business Areas Utilizing Technologies



# 4. 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

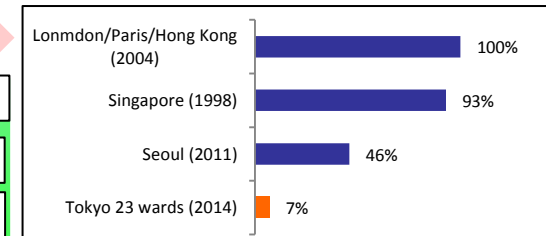
Tailwind for the MIRAIT Group

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

## Changes in Social Structure

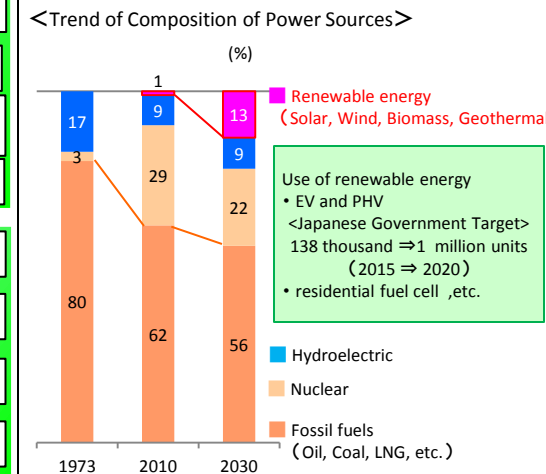
		- 2017	2018	2019 -
Social Infrastructure	Tokyo Olympics	Inbound business (Free Wi-Fi/Digital signage/Security(Surveillance cameras, etc.))		
		Expand work to lay power lines underground (MLIT/Tokyo)	NEW	Olympic-related facilities
	Redevelopment business	Redevelopment within Tokyo (Shinjuku, Shibuya, Otemachi, Toyosu)		Establishment of transportation network (subway, BRT, new roads, etc.)
	Aging infrastructure	Reconstruction and recreation of the Tohoku area		
	Transportation system	Measures to address the aging of expressways, bridges and sewage		
Environment and energy		EV and PHV/EV charging stations/ITS		Self-driving
	Deregulation of power retail	Revised FIT Act(effective)		Separation of generation and transmission
	Solar power(Mega-solar, Middle-solar)/O&M		Batteries	NEW Year 2019 issue(note)
	4K/8K broadcasting			
ICT-related technology	ICT	Cloud	Big Data	NEW IoT
	Security	Cyber security/Sensor networks		
	Government	My Number system		

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

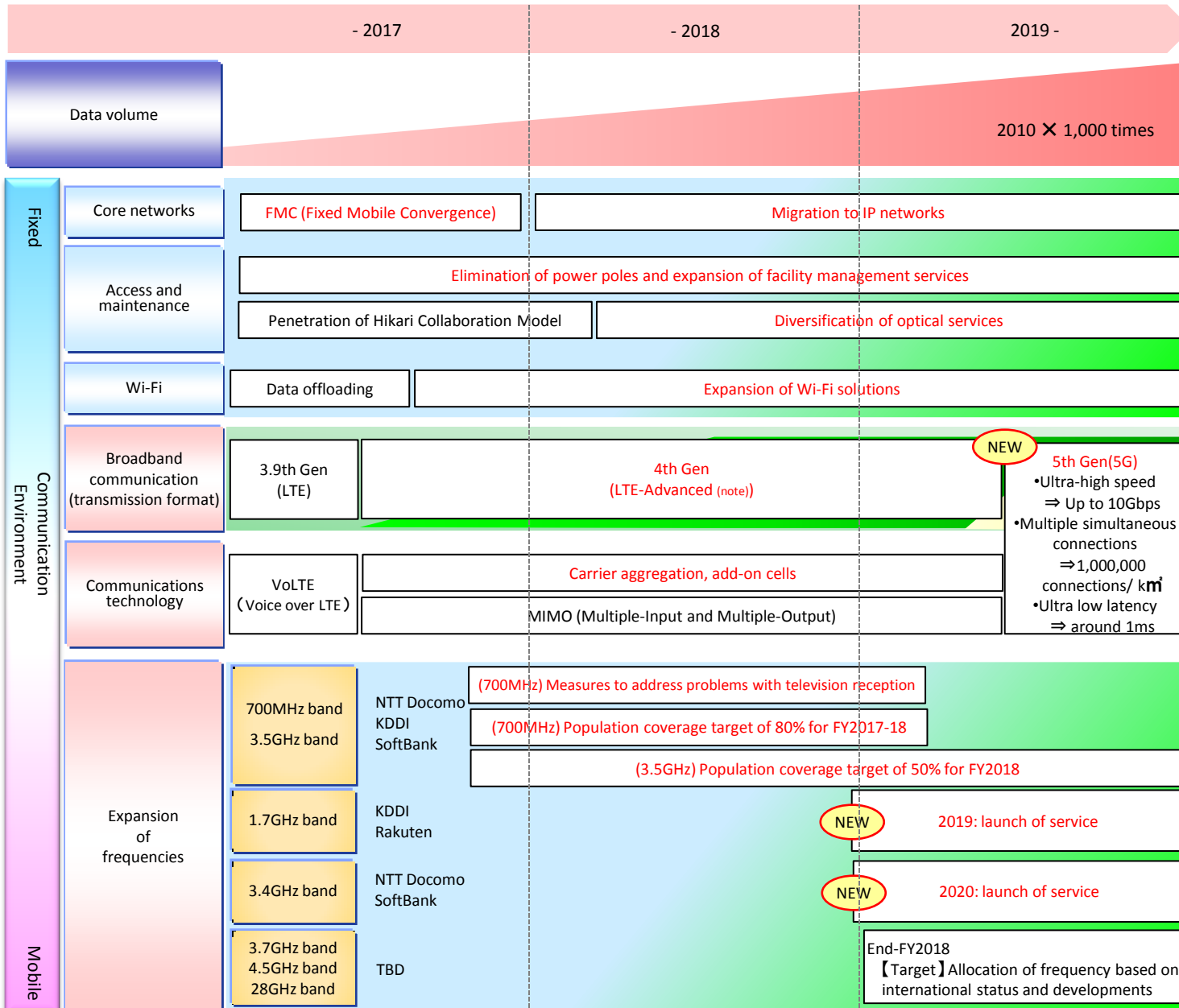
Conversion of Japan's energy policy



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

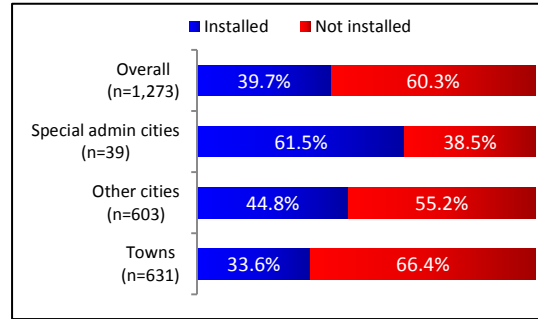
Source: MIRAIT from publicly available information

# Changes in the Communications Environment



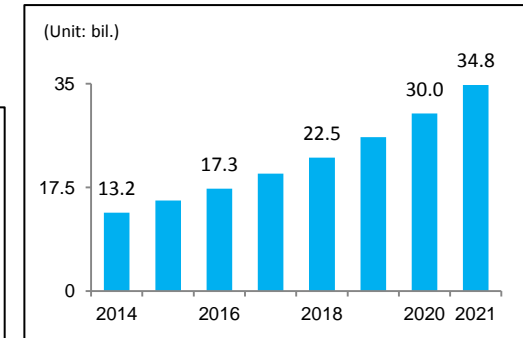
(Note) LTE-Advanced is a mobile phone standard positioned as being 4th generation (4G). It enables high capacity and high speed communication by combining technologies such as carrier aggregation.

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



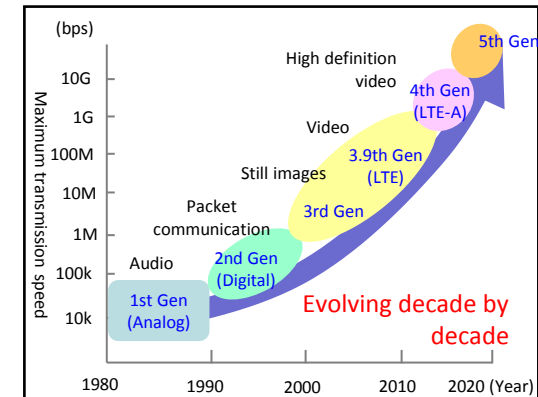
Source: MIRAIT, based on materials published by the Association for Promotion of Public Local Information and Communication

(Global) Trends and forecast for number of IoT devices



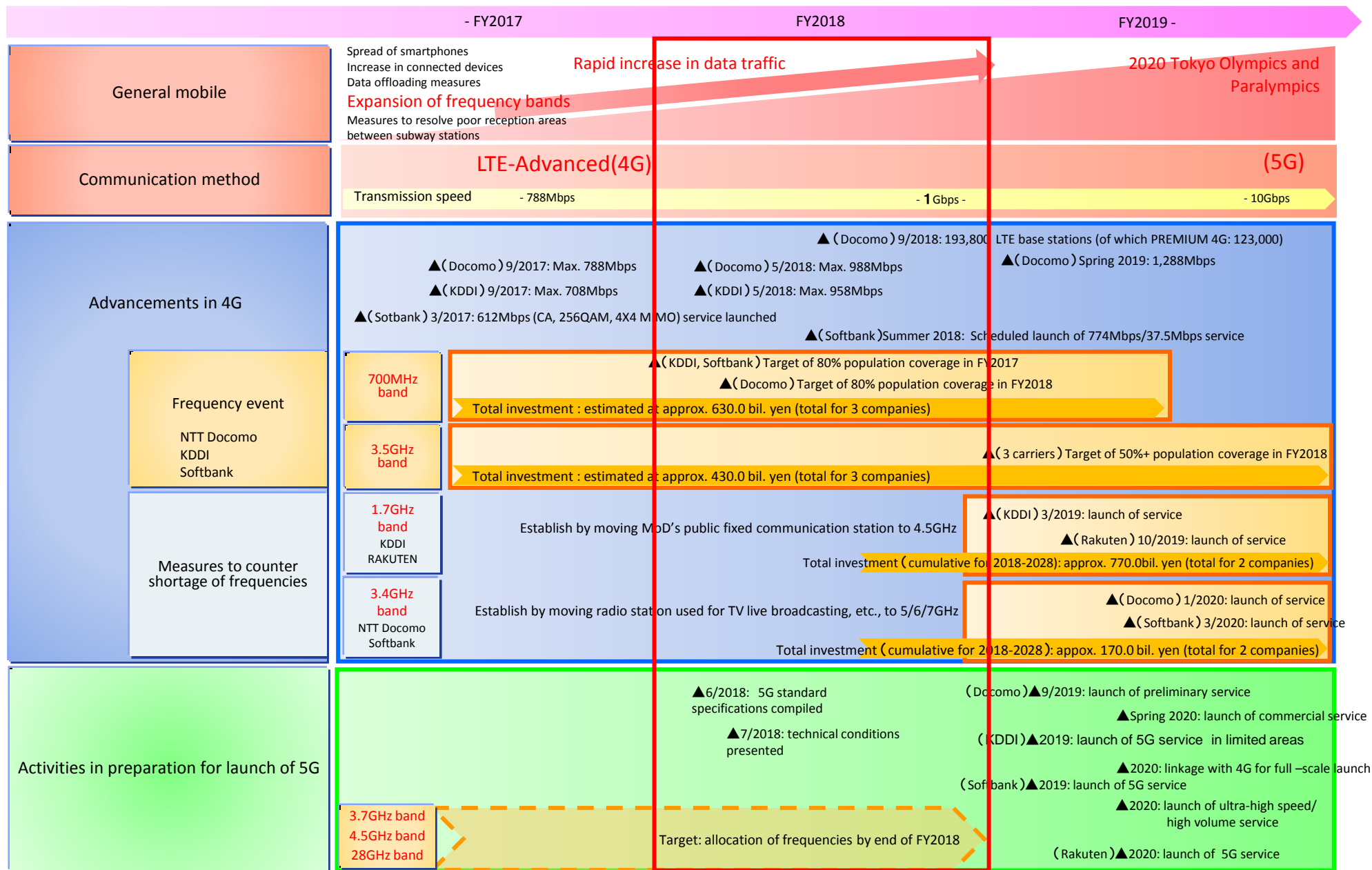
Source: MIRAIT, based on materials published by the Ministry of Internal Affairs and Communications

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



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

# 5. 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.

Source: MIRAIT from publicly available information

## 6. Supplementary Financial Information

### (1) Historical Performance

Unit: bil. yen	FYE March 2015	FYE March 2016	FYE March 2017	FYE March 2018	FYE March 2019 (Plan)
Orders received	293.6	260.7	323.3	326.3	385.0
Net sales	283.7	269.5	283.2	312.9	365.0
Gross profit	33.1	25.8	33.5	39.7	44.4
Gross profit margin	11.7%	9.6%	11.8%	12.7%	12.2%
SG&A	18.9	19.7	23.4	23.0	25.9
SG&A ratio	6.7%	7.3%	8.3%	7.4%	7.1%
Operating income	14.1	6.1	10.0	16.7	18.5
Operating income ratio	5.0%	2.3%	3.5%	5.3%	5.1%
Ordinary income	14.8	6.7	10.5	17.8	19.7
Ordinary income ratio	5.2%	2.5%	3.7%	5.7%	5.4%
Net income	11.1	3.6	6.4	11.5	13.2
Net income ratio	3.9%	1.3%	2.3%	3.7%	3.6%

\* Figures are rounded down to one decimal place.

## (2) Orders Received and Net Sales by Business Category (Excluding 3 new integrated companies)

Orders received Units: bil. Yen	FYE March 2018 Q2 actual results	FYE March 2019 Q2 actual results	YoY Change (Percentage change)	FYE March 2018 Full-year Results	Progress	FYE March 2019 Full-year Plan	Progress
	(a)	(b)	(b) - (a)	(c)	(a) / (c)	(d)	(b) / (d)
NTT Business	46.5	47.2	+ 0.7 (+ 1.5%)	97.5	47.7%	94.0	50.2%
Multi-carrier business	47.3	44.8	- 2.5 (- 5.3%)	88.3	53.6%	82.0	54.6%
Environmental & social innovation business	20.5	19.3	- 1.2 (- 5.9%)	54.3	37.8%	52.0	37.1%
ICT solution business	42.4	48.3	+ 5.9 (+ 13.9%)	86.0	49.3%	92.0	52.5%
<b>Total</b>	<b>156.9</b>	<b>159.7</b>	<b>+ 2.8 (+ 1.8%)</b>	<b>326.3</b>	<b>48.1%</b>	<b>320.0</b>	<b>49.9%</b>

Net sales Units: bil. Yen	FYE March 2018 Q2 actual results	FYE March 2019 Q2 actual results	YoY Change (Percentage change)	FYE March 2018 Full-year Results	Progress	FYE March 2019 Full-year Plan	Progress
	(a)	(b)	(b) - (a)	(c)	(a) / (c)	(d)	(b) / (d)
NTT Business	44.1	45.1	+ 1.0 (+ 2.3%)	100.5	43.9%	97.0	46.5%
Multi-carrier business	35.8	36.7	+ 0.9 (+ 2.5%)	84.1	42.6%	86.0	42.7%
Environmental & social innovation business	15.6	18.5	+ 2.9 (+ 18.6%)	43.6	35.8%	55.0	33.6%
ICT solution business	36.5	39.8	+ 3.3 (+ 9.0%)	84.6	43.1%	86.0	46.3%
<b>Total</b>	<b>132.2</b>	<b>140.3</b>	<b>+ 8.1 (+ 6.1%)</b>	<b>312.9</b>	<b>42.2%</b>	<b>324.0</b>	<b>43.3%</b>

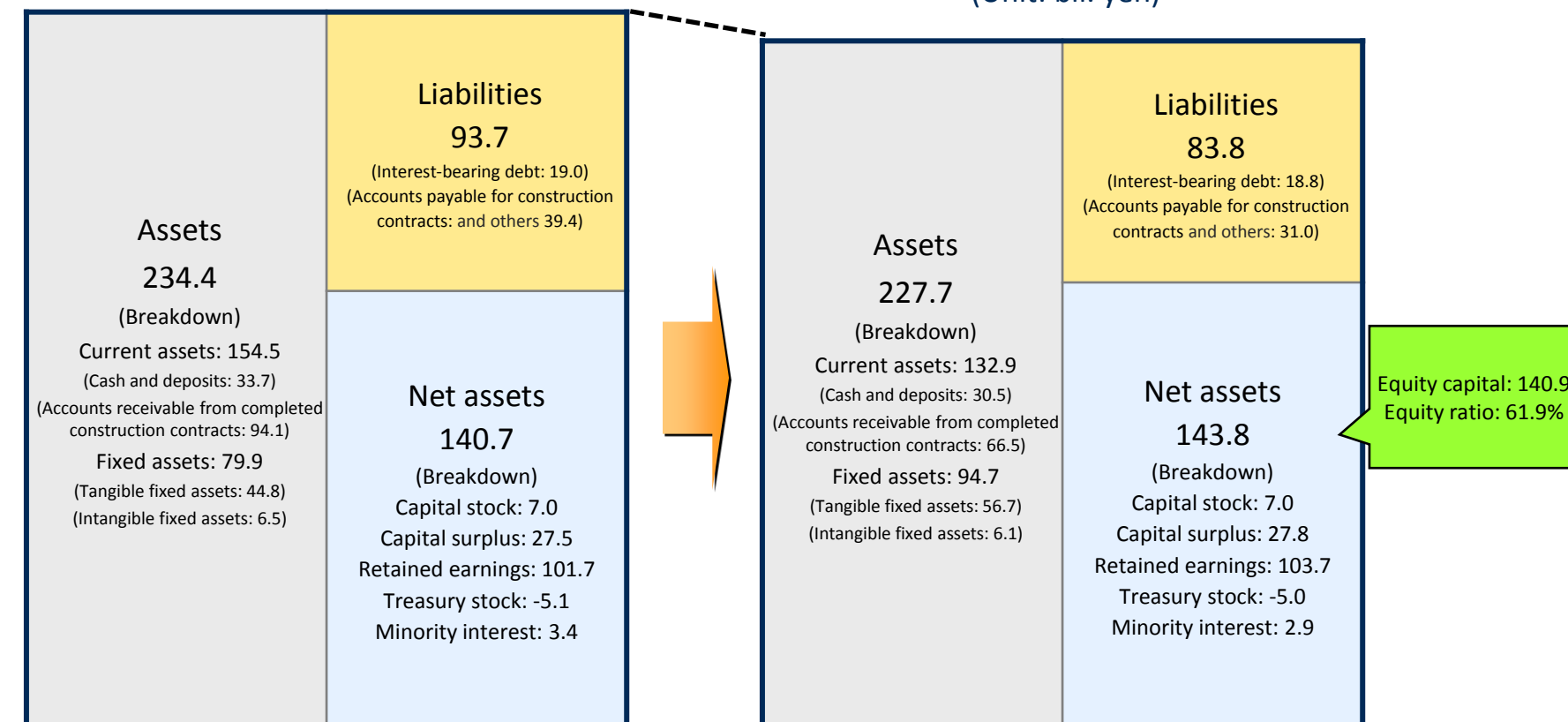
\* Figures are rounded down to one decimal place (bil. yen).

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

- Total assets: Down from 234.4 bil. yen to 227.7 bil. yen due to the decrease in accounts receivables including those from completed construction contracts.
- Liabilities: Down from 93.7 bil. yen to 83.8 bil. yen due to the decrease in accounts payable for construction contracts.
- Net assets: Up from 140.7 bil. yen to 143.8 bil. yen due to the increase in retained earnings (equity ratio is 58.5% ⇒ 61.9%)

Balance Sheet as of March 31, 2018  
(Unit: bil. yen)

Balance Sheet as of September 30, 2018  
(Unit: bil. yen)



## (4) Key Performance Indicators

### Capital-related Indicators

	FYE March 2015	FYE March 2016	FYE March 2017	FYE March 2018	FYE March 2019 (Forecast)
Equity ratio	63.8%	63.1%	56.9%	58.5%	61.3%
Return on equity (ROE)	9.5%	3.0%	5.2%	8.8%	—

(Note) The FYE3/2019 equity ratio forecast does not reflect the impact of negative goodwill from the management integration.

### Shareholder Return Indicators

	FYE March 2015	FYE March 2016	FYE March 2017	FYE March 2018	FYE March 2019 (Forecast)
Dividend payout ratio	22.0%	67.2%	37.6%	24.1%	28.0%
Total return ratio	22.0%	67.2%	76.6%	24.1%	28.0%

(Note) The FYE3/2019 forecast figures do not reflect the impact of negative goodwill from the management integration.

### Capital Expenditure / Depreciation and Amortization

Unit: bil. yen	FYE March 2015	FYE March 2016	FYE March 2017	FYE March 2018	FYE March 2018 Q2 actual results	FYE March 2019 Q2 actual results
Capital expenditure	3.2	3.7	4.6	12.6	1.4	12.9
Depreciation and mortization	2.4	2.4	2.8	3.0	1.4	1.6

\* Figures are rounded down to one decimal place.



## Cash Flows

Units: bil. yen	FYE March 2015	FYE March 2016	FYE March 2017	FYE March 2018	FYE March 2018 Q2 actual results	FYE March 2019 Q2 actual results
Operating cash flow	18.6	6.2	4.7	12.5	13.5	11.3
Investment cash flow	- 3.8	- 3.6	- 11.1	- 10.0	- 1.4	- 12.1
Financial cash flow	- 2.2	- 2.6	10.4	-3.6	- 2.1	- 2.1
Free cash flow	14.8	2.6	- 6.4	2.5	12.1	- 0.8

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

## Cash and Deposits/ Interest-bearing Debt

Units: bil. yen	FYE March 2015	FYE March 2016	FYE March 2017	FYE March 2018	FYE March 2018 Q2 actual results	FYE March 2019 Q2 actual results
Cash and cash equivalents	29.2	29.1	33.1	32.2	43.0	28.9
Interest-bearing debt	- 0.3	- 0.4	- 18.1	- 19.0	- 17.6	- 18.8
Net cash	28.9	28.7	15.0	13.2	25.4	10.1

(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.

\* Figures are rounded down to one decimal place.

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