

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021
(April 1, 2020 to March 31, 2021)

(% indicates change from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	Yen
Full year ending March 31, 2021	435,000	(1.4)	22,000	0.0	23,300	0.4	15,500	1.8	144.36

(Note) Revision of financial results forecasts from recently announced figures: None

* Notes:

- (1) Significant changes in subsidiaries during the period under review: None
- (2) Application of specific accounting practices for preparing consolidated quarterly financial statements: Yes
- (3) Changes in accounting principles and changes or restatements of accounting estimates:
- 1) Changes in accounting principles due to revision of accounting standards: None
 - 2) Changes in accounting principles other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Restatements: None

(4) Total number of issued shares (common stock)

- 1) Total number of issued shares at the end of the period (including treasury stock):

June 30, 2020	108,325,329 shares	March 31, 2020	108,325,329 shares
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- 2) Total number of treasury stock at the end of the period

June 30, 2020	959,393 shares	March 31, 2020	958,390 shares
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- 3) Average number of shares outstanding during the period

June 30, 2020	107,366,385 shares	June 30, 2019	101,326,371 shares
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(Note) Total number of treasury stock includes the Company's stock held by the Board Incentive Plan trust under the Company's performance-linked stock remuneration program for directors and executive officers.

* Implementation status of quarterly review processes

- This quarterly summary of consolidated financial results is not subject to the quarterly review procedures stipulated under the Financial Instruments and Exchange Act.

* Explanation regarding the appropriate use of performance forecasts, and other items warranting special mention

- The performance forecasts and other forward-looking statements in this report are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Accordingly, actual performance may differ materially depending on various factors.

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1. Overview of Operating Results and Financial Position

(1) Overview of Operating Results for the Period under Review

During the first three months of the current consolidated period (from April 1, 2020 to June 30, 2020), the Japanese economy came under significant stress following the government's declaration of the state of emergency and call for voluntary shutdown to contain the spread of the novel coronavirus disease (COVID-19), as well as the various restrictions imposed by other countries.

In the information and telecommunications engineering business, which is the MIRAIT Group's mainstay business, some projects have been delayed due to voluntary restraints and disruptions in the delivery of construction materials. New orders have also been impacted by the COVID-19 outbreak. However, the overall business environment for the Group has remained firm.

Against this backdrop, the MIRAIT Group is committed to continue business operations as a "Comprehensive Engineering and Services Company" engaged in the building of social infrastructure that are essential to communities, cooperating with telecommunications carriers and other business partners in taking proactive measures to prevent the spread of COVID-19. At the same time, the Group continues to execute initiatives for workstyle reform and to improve operational efficiency.

During the first three months, the Group strived to secure sales by growing facility management operations in the NTT business and air conditioning work in the Environmental and Social Innovation business. In the ICT Solutions business, the Group completed a software development project for a major consumer electronics retailer, and increased sales of mobile-related construction materials and PC/ servers for educational facilities.

Meanwhile, with the aim to grow the global business in the medium- to long-term, the MIRAIT Group added YL Integrated Pte Ltd, a Singaporean company engaged in electrical construction work, and its two subsidiaries, as consolidated subsidiaries. The Group also made the decision to make Shanghai Changling Communication Equipment Co.,Ltd, a company based in Shanghai, China engaged in telecommunications tower construction work and sharing services, a new subsidiary.

As for the consolidated financial results for the first three months ended June 2020, orders received decreased by 3.5% year-on-year to 109,104 million yen, net sales increased by 7.4% year-on-year to 89,546 million yen, operating income increased by 48.4% year-on-year to 1,740 million yen, ordinary income increased by 49.8% year-on-year to 2,560 million yen, and net income attributable to owners of parent increased by 40.5% year-on-year to 1,279 million yen.

(2) Overview of Financial Position for the Period under Review

Total assets at the end of the first quarter of the current consolidated fiscal period amounted to 316,000 million yen, a decrease of 36,133 million yen from the end of the previous fiscal year. This was mainly due to the decrease in accounts receivables including those from completed construction contracts and other, which more than offset the increase in costs on uncompleted construction contracts and other.

Total liabilities decreased by 34,021 million yen from the end of the previous fiscal year, to 99,402 million yen. This was mainly due to the decrease in short-term loans payable and accounts payable for construction contracts.

Net assets decreased by 2,112 million yen to 216,597 million yen despite the net income attributable to owners of parent of 1,279 million yen recorded for the first quarter, due to the dividend payout of 2,156 million yen.

As a result of the above, the equity ratio at the end of the first quarter stood at 67.5% (compared with 61.2% at the end of the previous fiscal year).

(3) Future Outlook

As for the outlook, the service coverage area for fifth-generation mobile telecommunication (5G), for which commercial services commenced in March 2020, is expected to expand further. In addition, under the “new normal” following the lifting of the state of emergency, demand for new IT solutions is expected to increase in line with the penetration of online classes at schools and teleworking/ working from home. However, there is no visibility as to when COVID-19 will be contained, and the sense of uncertainty is likely to persist for some time.

The Company’s forecast for the consolidated financial results for the fiscal year ending March 31, 2021 remains unchanged from that announced on May 8, 2020, given that there were no events during the first quarter that may have a material impact on the financial performance of the MIRAIT Group.

The Company will disclose as appropriate, any deviations from the forecast that may become evident.

2. Notes to Summary Information (Explanatory Notes)

(1) Changes in Important Subsidiaries during the Period under Review

Not applicable.

(2) Application of Specific Accounting Practices for Preparing Consolidated Quarterly Financial Statements

Calculation of tax expense

Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting against income before income taxes for the current fiscal year, including the first quarter ended June 30, 2020, and then multiplying income before income taxes for the three months with the said estimated effective tax rate.

The statutory tax rate is applied if the tax expense calculated using the estimated effective tax rate lacks rationality to a significant degree.

3. Consolidated Quarterly Financial Statements and Notes

(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	Fiscal Year Ended March 31, 2020	Three Months Ended June 30, 2020
Assets		
Current assets		
Cash and deposits	33,543	44,978
Notes receivable, accounts receivable from completed construction contracts and other	147,584	95,161
Costs on construction contracts in progress	32,758	40,610
Investments in leases	6,123	5,783
Other	5,798	5,276
Allowance for doubtful accounts	(96)	(77)
Total current assets	225,712	191,733
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	38,948	38,795
Land	32,806	32,807
Construction in progress	1,383	2,295
Other, net	9,457	9,383
Total property, plant and equipment	82,596	83,282
Intangible assets		
Customer related assets	1,943	1,802
Goodwill	2,921	2,776
Software	1,729	1,692
Other	118	117
Total intangible assets	6,711	6,389
Investments and other assets		
Investment securities	30,139	27,482
Retirement benefit asset	1,967	2,016
Deferred tax assets	2,081	2,070
Leasehold and guarantee deposits	1,385	1,418
Other	1,687	1,753
Allowance for doubtful accounts	(147)	(144)
Total investments and other assets	37,114	34,596
Total non-current assets	126,422	124,267
Total assets	352,134	316,000

(Millions of yen)

	Fiscal Year Ended March 31, 2020	Three Months Ended June 30, 2020
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	58,738	43,721
Short-term borrowings	16,789	217
Income taxes payable	3,281	900
Lease obligations	3,371	3,338
Advances received on construction contracts in progress	4,670	5,813
Provision for loss on construction contracts	959	890
Provision for bonuses	7,515	4,106
Provision for bonuses for directors (and other officers)	120	53
Provision for warranties for completed construction	7	7
Other	9,284	12,508
Total current liabilities	104,738	71,558
Non-current liabilities		
Long-term accounts payable - other	213	170
Lease obligations	7,607	7,171
Deferred tax liabilities	1,650	1,318
Deferred tax liabilities for land revaluation	41	41
Provision for retirement benefits for directors (and other officers)	128	131
Provision for share-based compensation	282	312
Retirement benefit liability	17,635	17,638
Asset retirement obligations	172	172
Other	953	885
Total non-current liabilities	28,685	27,844
Total liabilities	133,424	99,402
Net assets		
Shareholders' equity		
Share capital	7,000	7,000
Capital surplus	69,399	69,399
Retained earnings	135,546	134,740
Treasury shares	(1,386)	(1,387)
Total shareholders' equity	210,559	209,752
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,967	4,768
Revaluation reserve for land	(98)	(98)
Foreign currency translation adjustment	(281)	(1,450)
Remeasurements of defined benefit plans	276	252
Total accumulated other comprehensive income	4,863	3,471
Non-controlling interests	3,287	3,373
Total net assets	218,710	216,597
Total liabilities and net assets	352,134	316,000

(2) Consolidated Quarterly Statements of Income and Comprehensive Income

Three Months Ended June 30, 2020

(Millions of yen)

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2020
Net sales of completed construction contracts	83,344	89,546
Cost of sales of completed construction contracts	74,690	80,260
Gross profit on completed construction contracts	8,654	9,286
Selling, general and administrative expenses	7,481	7,546
Operating profit	1,173	1,740
Non-operating income		
Interest income	29	21
Dividend income	466	556
Foreign exchange gains	—	198
Surrender value of insurance policies	7	16
Share of profit of entities accounted for using equity method	14	—
Other	103	125
Total non-operating income	621	917
Non-operating expenses		
Interest expenses	9	11
Share of loss of entities accounted for using equity method	—	60
Foreign exchange losses	54	—
Other	20	25
Total non-operating expenses	84	97
Ordinary profit	1,709	2,560
Extraordinary income		
Gain on sales of non-current assets	394	2
Gain on sales of investment securities	—	473
Total extraordinary income	394	476
Extraordinary losses		
Loss on retirement of non-current assets	21	54
Loss on sales of investment securities	31	5
Other	4	17
Total extraordinary losses	57	77
Profit before income taxes	2,046	2,959
Income taxes	1,133	1,622
Profit	913	1,337
Profit attributable to		
Profit attributable to owners of parent	910	1,279
Profit attributable to non-controlling interests	2	57

(Millions of yen)

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2020
Other comprehensive income		
Valuation difference on available-for-sale securities	610	(197)
Foreign currency translation adjustment	223	(1,183)
Remeasurements of defined benefit plans, net of tax	(29)	(23)
Share of other comprehensive income of entities accounted for using equity method	(1)	(0)
Total other comprehensive income	802	(1,405)
Comprehensive income	1,715	(67)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,711	(111)
Comprehensive income attributable to non-controlling interests	3	43

(3) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes on significant changes to shareholders' equity)

Not applicable.