

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	445,000	0.9	23,000	4.6	24,300	4.7	16,000	5.1	148,97

(Note) Revision of financial results forecasts from recently announced figures: Yes

* 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):

September 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

September 30, 2020	906,345 shares	March 31, 2020	958,390 shares
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- 3) Average number of shares outstanding during the period

September 30, 2020	107,386,848 shares	September 30, 2019	100,248,168 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 six months of the current consolidated period (from April 1, 2020 to September 30, 2020), the Japanese economy faced difficult conditions given the prolonged impact of the novel coronavirus disease (COVID-19). At present, there is no visibility as to when COVID-19 will be contained, and there are concerns that the uncertainties may persist for some time.

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. However, in the medium- to long-term, demand for new ICT solutions is expected to emerge with the expansion of fifth-generation mobile telecommunication (5G) services launched in March 2020, and the penetration of online classrooms and teleworking/ work-from-home under the "new normal" amid the COVID-19 pandemic.

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 telecommunication 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 six months, the Group strived to increase sales by growing facility management operations in the NTT business, work for Rakuten Mobile in the multi-carrier business, and air conditioning work in the Environmental and Social Innovation business. In the ICT Solutions business, the Group increased sales for mobile-related construction materials and PCs/ servers for educational facilities supported by the GIGA School Concept. The Group also promoted initiatives to enhance operational efficiency with the aim of maintaining/ improving profitability.

As for the consolidated financial results for the first six months ended September 2020, orders received increased by 2.9% year-on-year to 229,157 million yen, net sales increased by 4.8% year-on-year to 191,788 million yen, operating income increased by 36.0% year-on-year to 6,744 million yen, ordinary income increased by 38.7% year-on-year to 7,748 million yen, and net income attributable to owners of parent increased by 43.2% year-on-year to 4,799 million yen.

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

Total assets at the end of the second quarter of the current consolidated fiscal period amounted to 319,721 million yen, a decrease of 32,413 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 34,987 million yen from the end of the previous fiscal year, to 98,437 million yen. This was mainly due to the decrease in short-term loans payable and accounts payable for construction contracts.

Net assets increased by 2,574 million yen to 221,284 million yen due to net income attributable to owners of parent of 4,799 million yen, despite the dividend payout of 2,156 million yen.

As a result of the above, the equity ratio at the end of the second quarter stood at 67.9% (compared with 61.2% at the end of the previous fiscal year).

(3) Future Outlook

The forecast for the consolidated financial results for the fiscal year ending March 31, 2021, has been revised upward from the previous forecast announced on May 8, 2020, to reflect the steady performance in the first half of the year and the anticipated expansion of 5G services and increase in demand for upgrading telecommunication facilities with the penetration of teleworking/ work-from-home. The revised forecast for orders received is 450.0 billion yen (up by 0.8% year-on-year), net sales is 445.0 billion yen (up by 0.9% year-on-year), operating income is 23.0 billion yen (up by 4.6% year-on-year), ordinary income is 24.3 billion yen (up by 4.7% year-on-year) and net income attributable to owners of parent is 16.0 billion yen (up by 5.1% year-on-year).

Revision of Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021

(April 1, 2020 - March 31, 2021)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
Previously announced forecast (A)	(million yen) 435,000	(million yen) 22,000	(million yen) 23,300	(million yen) 15,500	(yen) 144.36
Revised forecast (B)	445,000	23,000	24,300	16,000	148.97
Change (B-A)	10,000	1,000	1,000	500	—
Percentage change	2.3	4.5	4.3	3.2	—
(Reference) Previous year's results (FYE March 2020)	441,166	21,993	23,207	15,220	149.93

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 second quarter ended September 30, 2020, and then multiplying income before income taxes for the six 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	Six Months Ended September 30, 2020
Assets		
Current assets		
Cash and deposits	33,543	40,448
Notes receivable, accounts receivable from completed construction contracts and other	147,584	102,069
Costs on construction contracts in progress	32,758	42,422
Investments in leases	6,123	5,881
Other	5,798	4,458
Allowance for doubtful accounts	(96)	(73)
Total current assets	225,712	195,206
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	38,948	38,574
Land	32,806	32,785
Construction in progress	1,383	2,584
Other, net	9,457	9,551
Total property, plant and equipment	82,596	83,496
Intangible assets		
Customer related assets	1,943	1,796
Goodwill	2,921	3,754
Software	1,729	1,630
Other	118	117
Total intangible assets	6,711	7,298
Investments and other assets		
Investment securities	30,139	26,871
Retirement benefit asset	1,967	2,074
Deferred tax assets	2,081	1,833
Leasehold and guarantee deposits	1,385	1,430
Other	1,687	1,650
Allowance for doubtful accounts	(147)	(140)
Total investments and other assets	37,114	33,719
Total non-current assets	126,422	124,514
Total assets	352,134	319,721

(Millions of yen)

	Fiscal Year Ended March 31, 2020	Six Months Ended September 30, 2020
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	58,738	44,731
Short-term borrowings	16,789	205
Income taxes payable	3,281	1,645
Lease obligations	3,371	3,382
Advances received on construction contracts in progress	4,670	4,798
Provision for loss on construction contracts	959	1,263
Provision for bonuses	7,515	7,115
Provision for bonuses for directors (and other officers)	120	52
Provision for warranties for completed construction	7	6
Other	9,284	8,178
Total current liabilities	104,738	71,379
Non-current liabilities		
Long-term accounts payable - other	213	1,945
Lease obligations	7,607	7,265
Deferred tax liabilities	1,650	1,046
Deferred tax liabilities for land revaluation	41	41
Provision for retirement benefits for directors (and other officers)	128	115
Provision for share based compensation	282	258
Retirement benefit liability	17,635	15,384
Asset retirement obligations	172	173
Other	953	826
Total non-current liabilities	28,685	27,057
Total liabilities	133,424	98,437
Net assets		
Shareholders' equity		
Share capital	7,000	7,000
Capital surplus	69,399	69,402
Retained earnings	135,546	138,260
Treasury shares	(1,386)	(1,315)
Total shareholders' equity	210,559	213,346
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,967	4,701
Revaluation reserve for land	(98)	(98)
Foreign currency translation adjustment	(281)	(1,192)
Remeasurements of defined benefit plans	276	277
Total accumulated other comprehensive income	4,863	3,688
Non-controlling interests	3,287	4,249
Total net assets	218,710	221,284
Total liabilities and net assets	352,134	319,721

(2) Consolidated Quarterly Statements of Income and Comprehensive Income
Six Months Ended September 30, 2020

(Millions of yen)

	Six Months Ended September 30, 2019	Six Months Ended September 30, 2020
Net sales of completed construction contracts	182,973	191,788
Cost of sales of completed construction contracts	163,376	170,377
Gross profit on completed construction contracts	19,597	21,411
Selling, general and administrative expenses	14,638	14,666
Operating profit	4,958	6,744
Non-operating income		
Interest income	57	37
Dividend income	484	577
Foreign exchange gains	—	217
Surrender value of insurance policies	58	87
Share of profit of entities accounted for using equity method	55	—
Other	203	230
Total non-operating income	859	1,151
Non-operating expenses		
Interest expenses	22	21
Share of loss of entities accounted for using equity method	—	78
Foreign exchange losses	113	—
Other	94	46
Total non-operating expenses	230	146
Ordinary profit	5,587	7,748
Extraordinary income		
Gain on sales of non-current assets	398	9
Gain on sales of investment securities	38	485
Gain on revision of retirement benefit plan	—	275
Total extraordinary income	436	770
Extraordinary losses		
Loss on retirement of non-current assets	23	71
Loss on sales of investment securities	31	5
Loss on valuation of investment securities	3	58
Other	18	39
Total extraordinary losses	76	174
Profit before income taxes	5,948	8,344
Income taxes	2,504	3,381
Profit	3,443	4,963
Profit attributable to		
Profit attributable to owners of parent	3,352	4,799
Profit attributable to non-controlling interests	90	164

(Millions of yen)

	Six Months Ended September 30, 2019	Six Months Ended September 30, 2020
Other comprehensive income		
Valuation difference on available-for-sale securities	1,096	(264)
Foreign currency translation adjustment	(235)	(912)
Remeasurements of defined benefit plans, net of tax	(59)	1
Share of other comprehensive income of entities accounted for using equity method	(1)	(0)
Total other comprehensive income	800	(1,175)
Comprehensive income	4,244	3,788
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,156	3,624
Comprehensive income attributable to non-controlling interests	88	163

(3) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes on significant changes to shareholders' equity)

Not applicable.