

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	18,000	18.3	170.72

(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):

December 31, 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

December 31, 2020	6,907,140 shares	March 31, 2020	958,390 shares
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- 3) Average number of shares outstanding during the period

December 31, 2020	106,742,903 shares	December 31, 2019	99,581,911 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.

Table of Contents: Supplementary Materials

1. Overview of Operating Results and Financial Position	P. 2
(1) Overview of Operating Results for the Period under Review	P. 2
(2) Overview of Financial Position for the Period under Review	P. 2
(3) Future Outlook	P. 3
2. Notes to Summary Information (Explanatory Notes)	P. 3
(1) Changes in Important Subsidiaries during the Period under Review	P. 3
(2) Application of Specific Accounting Practices for Preparing Consolidated Quarterly Financial Statements	P. 3
3. Consolidated Quarterly Financial Statements and Notes	P. 4
(1) Consolidated Quarterly Balance Sheets	P. 4
(2) Consolidated Quarterly Statements of Income and Comprehensive Income	P. 6
(3) Notes to Consolidated Financial Statements	P. 8
(Notes on going concern assumption)	P. 8
(Notes on significant changes to shareholders' equity)	P. 8

1. Overview of Operating Results and Financial Position

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

During the first nine months of the current consolidated period (from April 1, 2020 to December 31, 2020), the Japanese economy faced difficult conditions given the prolonged impact of the novel coronavirus disease (COVID-19). More recently in January 2021, an emergency state was declared for the second time in response to the resurgence of new cases of infection. There is still no visibility as to when COVID-19 will be contained, and there remain concerns that the uncertainties may persist for some time.

As for the business environment for the MIRAIT Group, some projects were delayed due to voluntary restraints and disruptions in the delivery of construction materials during the first half of the fiscal year, but the situation has begun to normalize. In the short-term, there may be some business impact from the resurge in COVID-19 cases. 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 and the penetration of online classrooms and teleworking. In addition, the Group expects to benefit from the government policies to promote the use of renewable energy with the aim to realize a carbon-free society.

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 nine months, the Group strived to increase sales by growing facility management operations and access work to facilitate teleworking 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 PCs/ servicers for educational facilities and mobile-related construction materials. The Group also promoted initiatives to enhance operational efficiency to maintain/ improve profitability.

Meanwhile, the MIRAIT Group is accelerating efforts to transform its business structure in response to the changes in the business environment. Specifically, the Group is preparing to merge MIRAIT Holdings Corporation and its consolidated subsidiaries, MIRAIT Corporation and MIRAIT Technologies Corporation, targeting the early part of the fiscal year ending March 31, 2023.

Moreover, during the period under review, MIRAIT Holdings Corporation repurchased its own shares (6 million shares/ 9,570 million yen) to enhance shareholder returns and based on its flexible capital policy to respond to changes in the management environment.

As for the consolidated financial results for the first nine months ended December 2020, orders received increased by 5.0% year-on-year to 351,265 million yen, net sales increased by 5.5% year-on-year to 304,459 million yen, operating income increased by 70.3% year-on-year to 15,434 million yen, and ordinary income increased by 64.0% year-on-year to 16,998 million yen. Net income attributable to owners of parent increased by 121.0% year-on-year to 13,934 million yen, partly due to the sale of policy shareholdings.

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

Total assets at the end of the third quarter of the current consolidated fiscal period amounted to 323,756 million yen, a decrease of 28,377 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 27,672 million yen from the end of the previous fiscal year, to 105,751 million yen. This was mainly due to the decrease in short-term loans payable and accounts payable for construction contracts.

Net assets decreased by 705 million yen to 218,005 million yen. Although the Company recorded net income attributable to owners of parent of 13,934 million yen during the quarter, this was more than offset by the dividend payout of 4,582 million yen and the repurchase of own shares of 9,570 million yen.

As a result of the above, the equity ratio at the end of the third quarter stood at 66.0% (compared with 61.2% at the end of the previous fiscal year).

(3) Future Outlook

As for the forecast for the consolidated financial results for the fiscal year ending March 31, 2021, the forecast for net income attributable to owners of parent has been revised upward from the previous forecast announced on November 12, 2020, to 18.0 billion yen (up 18.3% year-on-year) to reflect the gain on sale of investment securities recorded as a result of sales of policy shareholdings during the period under review.

There are no changes to the forecast for net sales, operating income and ordinary income from the previous forecast.

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) 445,000	(million yen) 23,000	(million yen) 24,300	(million yen) 16,000	(yen) 148.97
Revised forecast (B)	445,000	23,000	24,300	18,000	170.72
Change (B-A)	—	—	—	2,000	—
Percentage change	—	—	—	12.5	—
(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 third quarter ended December 31, 2020, and then multiplying income before income taxes for the nine 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	Nine Months Ended December 31, 2020
Assets		
Current assets		
Cash and deposits	33,543	38,530
Notes receivable, accounts receivable from completed construction contracts and other	147,584	106,391
Costs on construction contracts in progress	32,758	47,983
Investments in leases	6,123	5,493
Other	5,798	5,325
Allowance for doubtful accounts	(96)	(46)
Total current assets	225,712	203,678
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	38,948	38,216
Land	32,806	32,785
Construction in progress	1,383	4,180
Other, net	9,457	9,333
Total property, plant and equipment	82,596	84,516
Intangible assets		
Customer related assets	1,943	1,767
Goodwill	2,921	3,547
Software	1,729	1,579
Other	118	117
Total intangible assets	6,711	7,012
Investments and other assets		
Investment securities	30,139	22,115
Retirement benefit asset	1,967	1,168
Deferred tax assets	2,081	2,272
Leasehold and guarantee deposits	1,385	1,432
Other	1,687	1,725
Allowance for doubtful accounts	(147)	(165)
Total investments and other assets	37,114	28,549
Total non-current assets	126,422	120,078
Total assets	352,134	323,756

(Millions of yen)

	Fiscal Year Ended March 31, 2020	Nine Months Ended December 31, 2020
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	58,738	50,608
Short-term borrowings	16,789	2,200
Income taxes payable	3,281	2,838
Lease obligations	3,371	3,335
Advances received on construction contracts in progress	4,670	4,601
Provision for loss on construction contracts	959	1,306
Provision for bonuses	7,515	3,603
Provision for bonuses for directors (and other officers)	120	70
Provision for warranties for completed construction	7	6
Other	9,284	12,891
Total current liabilities	104,738	81,464
Non-current liabilities		
Long-term accounts payable - other	213	1,431
Lease obligations	7,607	6,733
Deferred tax liabilities	1,650	418
Deferred tax liabilities for land revaluation	41	41
Provision for retirement benefits for directors (and other officers)	128	120
Provision for share based compensation	282	285
Retirement benefit liability	17,635	14,311
Asset retirement obligations	172	173
Other	953	771
Total non-current liabilities	28,685	24,287
Total liabilities	133,424	105,751
Net assets		
Shareholders' equity		
Share capital	7,000	7,000
Capital surplus	69,399	69,471
Retained earnings	135,546	144,968
Treasury shares	(1,386)	(10,887)
Total shareholders' equity	210,559	210,553
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,967	3,775
Revaluation reserve for land	(98)	(98)
Foreign currency translation adjustment	(281)	(1,203)
Remeasurements of defined benefit plans	276	493
Total accumulated other comprehensive income	4,863	2,967
Non-controlling interests	3,287	4,484
Total net assets	218,710	218,005
Total liabilities and net assets	352,134	323,756

(2) Consolidated Quarterly Statements of Income and Comprehensive Income
 Nine Months Ended December 31, 2020

(Millions of yen)

	Nine Months Ended December 31, 2019	Nine Months Ended December 31, 2020
Net sales of completed construction contracts	288,507	304,459
Cost of sales of completed construction contracts	257,268	266,916
Gross profit on completed construction contracts	31,239	37,542
Selling, general and administrative expenses	22,175	22,107
Operating profit	9,064	15,434
Non-operating income		
Interest income	81	42
Dividend income	905	970
Foreign exchange gains	—	284
Surrender value of insurance policies	87	102
Share of profit of entities accounted for using equity method	69	—
Other	358	329
Total non-operating income	1,501	1,729
Non-operating expenses		
Interest expenses	36	32
Share of loss of entities accounted for using equity method	—	59
Foreign exchange losses	30	—
Other	137	73
Total non-operating expenses	204	165
Ordinary profit	10,362	16,998
Extraordinary income		
Gain on sales of non-current assets	402	16
Gain on sales of investment securities	26	4,277
Gain on revision of retirement benefit plan	—	271
Other	—	3
Total extraordinary income	429	4,569
Extraordinary losses		
Loss on retirement of non-current assets	28	105
Loss on sales of investment securities	57	5
Loss on valuation of investment securities	3	59
Other	72	74
Total extraordinary losses	162	244
Profit before income taxes	10,629	21,323
Income taxes	4,153	7,161
Profit	6,476	14,161
Profit attributable to		
Profit attributable to owners of parent	6,304	13,934
Profit attributable to non-controlling interests	171	227

(Millions of yen)

	Nine Months Ended December 31, 2019	Nine Months Ended December 31, 2020
Other comprehensive income		
Valuation difference on available-for-sale securities	2,832	(1,190)
Foreign currency translation adjustment	(618)	(921)
Remeasurements of defined benefit plans, net of tax	(88)	216
Share of other comprehensive income of entities accounted for using equity method	(3)	0
Total other comprehensive income	2,120	(1,894)
Comprehensive income	8,597	12,267
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,431	12,038
Comprehensive income attributable to non-controlling interests	165	229

(3) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes on significant changes to shareholders' equity)

On December 1, 2020, the Board of Directors of the Company resolved to repurchase its own shares through the off-hours trading system (ToSTNet-3) pursuant to Article 156 of the Companies Act of Japan, applied pursuant to Paragraph 3, Article 165 of the Companies Act, following which the Company purchased 6,000,000 shares of its common stock of a total amount of 9,570 million yen. As a result, the Company's treasury stock increased by the same amount.