



3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022  
(April 1, 2021 to March 31, 2022)

(% 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	%	
Full year ending March 31, 2022	470,000	1.3	30,500	1.2	32,000	0.8	21,000	(13.2)	Yen 208.92

(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: Yes
  - 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, 2021	108,325,329 shares	March 31, 2021	108,325,329 shares
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- 2) Total number of treasury stock at the end of the period

June 30, 2021	7,482,117 shares	March 31, 2021	6,907,718 shares
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- 3) Average number of shares outstanding during the period

June 30, 2021	101,250,306 shares	June 30, 2020	107,366,385 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. 3
(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
(Changes in accounting principles)	P. 8

## 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 fiscal period (from April 1, 2021 to June 30, 2021), the Japanese economy suffered from the prolonged impact of the novel coronavirus disease (COVID-19). Progress has been made on the roll-out of the vaccine, which should lead to the normalization of economic activity. However, the state of emergency has been redeclared and measures to prevent the spread of the virus has been restated in certain regions such as the Tokyo Metropolitan area, in response to the spread of the new variant. It is unclear as to when COVID-19 will be contained, and the outlook on the economy remains uncertain.

As for the business environment for the MIRAITS Group (“the Group”), some projects have been delayed due to voluntary restraints and disruptions in the delivery of construction materials in the short-term. However, in the medium- to long-term, fifth-generation mobile telecommunication (5G) services are expected to expand, and the demand for new ICT solutions should be boosted due to the penetration of online classrooms/ teleworking and digital transformation (DX). Meanwhile, the government’s “green growth strategy”, including initiatives such as the use of renewable energy to achieve a carbon-free society, should require the building of more robust digital infrastructure.

Against this backdrop, the MIRAITS Group has continued business operations as a trusted “Comprehensive Engineering and Services Company” that builds and protects social infrastructure that is essential to communities, while taking appropriate measures to prevent the spread of COVID-19. At the same time, the Group is endeavoring to enhance corporate value and to achieve sustainable growth through initiatives to elevate the efficiency of business operations, including those to promote workstyle reforms and DX.

During the first three months of the current consolidated fiscal period, the NTT business witnessed an increase in optical fiber work on the back of government-supported projects to expand advanced wireless telecommunication networks. In the Multi-carrier business, mobile-related work increased as plans to build 5G base stations were brought forward with the penetration of 5G-related services. The Group also strived to win large-scale electrical construction projects in the Environmental and Social Innovation business, and to increase orders and sales primarily through sales of goods such as construction materials and wins in LAN/ PBX work in the ICT Solutions business.

Moreover, the group companies under MIRAITS Corporation were reorganized effective July 1, 2021, in an effort to accelerate the transformation of the business structure in response to changes in the business environment.

As for the consolidated financial results for the first three months ended June 2021, orders received increased by 22.1% year-on-year to 133,242 million yen, net sales increased by 12.3% year-on-year to 100,546 million yen, operating income increased by 170.5% year-on-year to 4,707 million yen, ordinary income increased by 100.6% year-on-year to 5,136 million yen, and net income attributable to owners of parent increased by 114.4% year-on-year to 2,744 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 334,099 million yen, a decrease of 24,652 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.

Total liabilities decreased by 24,872 million yen to 102,555 million yen, mainly due to the decrease in accounts payable for construction contracts.

Net assets increased by 220 million yen to 231,543 million yen due to 2,744 million yen in net income attributable to owners of parent recorded during the quarter, which more than offset the dividend payment of 2,291 million yen and the share repurchase of 1,104 million yen.

As a result of the above, the equity ratio at the end of the first quarter stood at 67.8% (compared with 63.1% at the end of the previous fiscal year).

## (3) Future Outlook

The consolidated financial results forecast for the fiscal year ending March 31, 2022, as announced on May 14, 2021, remains unchanged.

## 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, 2021, 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, 2021	Three Months Ended June 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	44,764	54,608
Notes receivable, accounts receivable from completed construction contracts and other	147,605	103,388
Costs on construction contracts in progress	30,789	32,744
Investments in leases	5,460	5,198
Other	4,902	9,787
Allowance for doubtful accounts	(26)	(0)
<b>Total current assets</b>	<b>233,494</b>	<b>205,726</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	38,546	41,740
Land	32,891	33,384
Construction in progress	5,602	4,123
Other, net	9,614	9,424
<b>Total property, plant and equipment</b>	<b>86,655</b>	<b>88,673</b>
Intangible assets		
Customer related assets	2,523	2,609
Goodwill	3,094	3,106
Software	1,620	1,911
Other	311	305
<b>Total intangible assets</b>	<b>7,549</b>	<b>7,932</b>
Investments and other assets		
Investment securities	22,562	22,300
Retirement benefit asset	2,988	3,910
Deferred tax assets	2,504	2,620
Leasehold and guarantee deposits	1,425	1,401
Other	1,798	1,770
Allowance for doubtful accounts	(227)	(235)
<b>Total investments and other assets</b>	<b>31,052</b>	<b>31,766</b>
<b>Total non-current assets</b>	<b>125,256</b>	<b>128,372</b>
<b>Total assets</b>	<b>358,751</b>	<b>334,099</b>

(Millions of yen)

	Fiscal Year Ended March 31, 2021	Three Months Ended June 30, 2021
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	63,213	47,649
Short-term borrowings	186	186
Income taxes payable	8,086	1,040
Lease obligations	3,347	3,369
Advances received on construction contracts in progress	3,150	3,871
Provision for loss on construction contracts	1,299	1,112
Provision for bonuses	8,023	4,266
Provision for bonuses for directors (and other officers)	101	40
Provision for warranties for completed construction	10	11
Other	15,599	16,029
Total current liabilities	103,018	77,579
Non-current liabilities		
Long-term accounts payable – other	1,324	1,323
Lease obligations	6,592	6,250
Deferred tax liabilities	1,139	1,137
Deferred tax liabilities for land revaluation	41	41
Provision for retirement benefits for directors (and other officers)	122	93
Provision for share-based compensation	310	348
Retirement benefit liability	13,974	14,927
Asset retirement obligations	189	190
Other	714	663
Total non-current liabilities	24,409	24,976
Total liabilities	127,428	102,555
Net assets		
Shareholders' equity		
Share capital	7,000	7,000
Capital surplus	69,571	69,571
Retained earnings	155,239	155,812
Treasury shares	(10,888)	(11,993)
Total shareholders' equity	220,922	220,389
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,660	4,472
Revaluation reserve for land	(98)	(98)
Foreign currency translation adjustment	(1,126)	(196)
Remeasurements of defined benefit plans	2,031	2,020
Total accumulated other comprehensive income	5,466	6,197
Non-controlling interests	4,934	4,956
Total net assets	231,323	231,543
Total liabilities and net assets	358,751	334,099

## (2) Consolidated Quarterly Statements of Income and Comprehensive Income

Three Months Ended June 30, 2021

(Millions of yen)

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2021
Net sales of completed construction contracts	89,546	100,546
Cost of sales of completed construction contracts	80,260	87,485
Gross profit on completed construction contracts	9,286	13,061
Selling, general and administrative expenses	7,546	8,353
Operating profit	1,740	4,707
Non-operating income		
Interest income	21	13
Dividend income	556	366
Foreign exchange gains	198	—
Surrender value of insurance policies	16	14
Share of profit of entities accounted for using equity method	—	6
Other	125	113
Total non-operating income	917	514
Non-operating expenses		
Interest expenses	11	10
Share of loss of entities accounted for using equity method	60	—
Foreign exchange losses	—	36
Other	25	37
Total non-operating expenses	97	85
Ordinary profit	2,560	5,136
Extraordinary income		
Gain on sales of non-current assets	2	7
Gain on sales of investment securities	473	19
Total extraordinary income	476	26
Extraordinary losses		
Loss on revision of retirement benefit plan	—	34
Loss on sale of non-current assets	0	22
Loss on retirement of non-current assets	54	1
Loss on sales of investment securities	5	—
Other	17	33
Total extraordinary losses	77	91
Profit before income taxes	2,959	5,071
Income taxes	1,622	2,305
Profit	1,337	2,765
Profit attributable to		
Profit attributable to owners of parent	1,279	2,744
Profit attributable to non-controlling interests	57	21



(Millions of yen)

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2021
Other comprehensive income		
Valuation difference on available-for-sale securities	(197)	(188)
Foreign currency translation adjustment	(1,183)	925
Remeasurements of defined benefit plans, net of tax	(23)	(11)
Share of other comprehensive income of entities accounted for using equity method	(0)	11
Total other comprehensive income	(1,405)	737
Comprehensive income	(67)	3,503
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(111)	3,475
Comprehensive income attributable to non-controlling interests	43	27

### (3) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes on significant changes to shareholders' equity)

On May 14, 2021, the Board of Directors of the Company resolved to repurchase its own shares in the market 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 573,800 shares of its common stock of an amount of 1,104 million yen. As a result, the Company's treasury stock increased by the same amount. The total amount of treasury stock at the end of the first quarter of the current consolidated fiscal period was 11,993 million yen.

(Changes in accounting principles)

(Application of Accounting Standard for Revenue Recognition)

The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29 dated March 31, 2020) and other relevant standards from the beginning of the first quarter of the current consolidated fiscal period. Under the new accounting policy, revenue is recognized as the amount expected to be received in exchange for promised goods or services when the control of such goods or services is transferred to the customer.

Major changes resulting from the application of the "Accounting Standard for Revenue Recognition", etc., are described below.

#### (1) Performance obligations satisfied over a certain period of time

The Company previously applied the percentage-of-completion method for construction contracts in which the outcome of the portion of the construction to be completed at the end of the consolidated fiscal year was deemed to be certain. The completed contract method was applied for other construction contracts.

Under the new accounting policy, revenue is recognized over a certain period in accordance with the progress on satisfaction of performance obligations, with the exception of small and short-term construction work. If the progress on satisfaction of performance obligations cannot be reasonably estimated, but costs incurred to satisfy such performance obligations is expected to be recovered, revenue is recognized within the scope of actual costs incurred.

#### (2) Transactions deemed to be agency transactions

The Company previously recognized the total amount received from customers in exchange for goods for certain sales transactions. Under the new accounting policy, revenue for sales transactions in which the Company acts as an agent is recognized as the net amount after deducting the amount that is paid to the supplier of such goods from the amount received from customers.

In accordance with the transitional treatment stipulated in the proviso of Article 84 of the "Accounting Standard for Revenue Recognition", retained earnings as of the beginning of the first quarter of the current consolidated fiscal period has been adjusted to reflect the cumulative effects of retrospectively applying the new accounting policy to periods prior to the beginning of the first quarter of the current consolidated fiscal period,

and the new accounting policy is applied from the said balance.

As a result of the application of the new accounting policy, net sales for the first three months increased by 4,417 million yen, cost of sales by 4,198 million yen, and operating income, ordinary income and profit before income taxes by 219 million yen. Retained earnings at the beginning of the period under review increased by 63 million yen.

In accordance with the transitional treatment stipulated in Article 89-2 of the “Accounting Standard for Revenue Recognition”, the Company has not reclassified the statements for the previous consolidated fiscal year to conform to the new accounting policy. Furthermore, in accordance with the transitional treatment stipulated in Article 28-15 of the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No.12 dated March 31, 2020), the Company has not presented the breakdown of revenue derived from contracts with customers for the first quarter of the previous consolidated fiscal period.

(Application of Accounting Standard for Fair Value Measurement)

The Company has adopted the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30 dated July 4, 2019) and other relevant standards, from the beginning of the first quarter of the current consolidated fiscal period. In accordance with the transitional treatment stipulated in Article 19 of the “Accounting Standard for Fair Value Measurement” and Article 44-2 of the “Accounting Standard for Financial Instruments (ASBJ Statement No. 10 dated July 4, 2019), the new accounting policy set forth in the “Accounting Standard for Fair Value Measurement”, etc., is applied into the future. This has no effect on the quarterly consolidated financial statements.