



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	%	Yen
Full year ending March 31, 2022	480,000	3.5	32,000	6.2	33,500	5.5	22,500	(7.0)	224.09

(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: 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):

September 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

September 30, 2021	8,331,246 shares	March 31, 2021	6,907,718 shares
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- 3) Average number of shares outstanding during the period

September 30, 2021	100,812,462 shares	September 30, 2020	107,386,848 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, 2021 to September 30, 2021), the Japanese economy continued to suffer from the impact of the novel coronavirus disease (COVID-19). Potential underperformance of the economy due to the COVID-19 situation and supply chain disruptions such as the shortage of semiconductors continues to warrant caution. However, there are increased expectations for economic activity to normalize given the various policies and measures implemented to prevent the spread of the virus and progress on the vaccine rollout.

As for the business environment for the MIRAITS Group (“the Group”), some projects remain behind schedule due to voluntary restraints and delays in the delivery of construction materials. However, the Group is benefitting from increased mobile work due to base station installment plans brought forward on the back of the proliferation of fifth-generation mobile telecommunication (5G) services. In addition, demand for ICT solutions is increasing with the penetration of online classrooms/ teleworking and digital transformation (DX). Furthermore, the government’s “green growth strategy”, including initiatives to promote the shift to renewable energy to achieve a carbon-free society, is expected to boost demand to build 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 six months of the current consolidated period, the MIRAITS Group strived to grow orders and sales. 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 spread of 5G-related services, and so did CATV work. In the Environmental and Social Innovation business, water utility work increased and the Group made efforts to win large-scale electrical construction projects. Lastly, the ICT Solutions business enjoyed increases in LAN/ PBX work and datacenter work, as well as sales of mobile-related construction materials. Meanwhile, the Group continued to promote operational efficiency to maintain and achieve higher profitability.

Furthermore, the Group is accelerating efforts to transform its business structure. Specifically, in preparation for the tri-party merger with MIRAITS Co., Ltd. and MIRAITS Technologies Co., Ltd. scheduled for early-FY2022, the Group launched the “One-Team” initiative in the frontier domain in October 2021, following those launched in the solutions domain in April 2021 and the global domain in July 2021.

As for the consolidated financial results for the first six months ended September 2021, orders received increased by 9.0% year-on-year to 249,699 million yen, net sales increased by 10.5% year-on-year to 211,851 million yen, operating income increased by 64.2% year-on-year to 11,071 million yen, ordinary income increased by 51.0% year-on-year to 11,700 million yen, and net income attributable to owners of parent increased by 62.7% year-on-year to 7,810 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 period amounted to 336,023 million yen, a decrease of 22,728 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 and the decrease in investment securities reflecting the sale of policy shareholdings, which more than offset the increase in costs on construction contracts in progress and other.

Total liabilities decreased by 26,167 million yen to 101,260 million yen, mainly due to the decrease in accounts payable for construction contracts and other, and income taxes payable.

Net assets increased by 3,439 million yen to 234,762 million yen due to 7,810 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 2,999 million yen.

As a result of the above, the equity ratio at the end of the second quarter stood at 68.4% (compared with 63.1% 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, 2022 has been revised upward from the previous forecast announced on May 14, 2021, to reflect the steady performance in the first half of the fiscal year, the anticipated expansion of 5G services, increase in demand for upgrading telecommunication facilities with the penetration of online classrooms/ teleworking and the increase in demand for new ICT solutions for digital transformation. The revised forecast for orders received is 490.0 billion yen (up by 3.2% year-on-year), net sales is 480.0 billion yen (up by 3.5% year-on-year), operating income is 32.0 billion yen (up by 6.2% year-on-year), ordinary income is 33.5 billion yen (up by 5.5% year-on-year) and net income attributable to owners of parent is 22.5 billion yen (down by 7.0% year-on-year) .

#### Revision of Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022

(April 1, 2021 - March 31, 2022)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
Previously announced forecast (A)	(million yen) 470,000	(million yen) 30,500	(million yen) 32,000	(million yen) 21,000	(yen) 208.92
Revised forecast (B)	480,000	32,000	33,500	22,500	224.09
Change (B-A)	10,000	1,500	1,500	1,500	—
Percentage change	2.1	4.9	4.7	7.1	—
(Reference) Previous year's results (FYE March 2021)	463,744	30,129	31,739	24,205	229.59

## 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, 2021, 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, 2021	Six Months Ended September 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	44,764	48,187
Notes receivable, accounts receivable from completed construction contracts and other	147,605	112,740
Costs on construction contracts in progress	30,789	35,393
Investments in leases	5,460	4,873
Other	4,902	7,800
Allowance for doubtful accounts	(26)	(11)
Total current assets	233,494	208,983
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	38,546	41,385
Land	32,891	33,392
Construction in progress	5,602	4,537
Other, net	9,614	9,582
Total property, plant and equipment	86,655	88,897
Intangible assets		
Customer related assets	2,523	2,554
Goodwill	3,094	2,972
Software	1,620	2,254
Other	311	289
Total intangible assets	7,549	8,071
Investments and other assets		
Investment securities	22,562	20,426
Retirement benefit asset	2,988	3,960
Deferred tax assets	2,504	2,680
Leasehold and guarantee deposits	1,425	1,437
Other	1,798	1,778
Allowance for doubtful accounts	(227)	(213)
Total investments and other assets	31,052	30,069
Total non-current asset	125,256	127,039
Total assets	358,751	336,023

(Millions of yen)

	Fiscal Year Ended March 31, 2021	Six Months Ended September 30, 2021
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	63,213	49,436
Short-term borrowings	186	186
Income taxes payable	8,086	2,031
Lease obligations	3,347	3,412
Advances received on construction contracts in progress	3,150	4,538
Provision for loss on construction contracts	1,299	1,013
Provision for bonuses	8,023	7,572
Provision for bonuses for directors (and other officers)	101	55
Provision for warranties for completed construction	10	11
Other	15,599	8,201
<b>Total current liabilities</b>	<b>103,018</b>	<b>76,459</b>
Non-current liabilities		
Long-term accounts payable - other	1,324	1,304
Lease obligations	6,592	6,098
Deferred tax liabilities	1,139	1,120
Deferred tax liabilities for land revaluation	41	41
Provision for retirement benefits for directors (and other officers)	122	74
Provision for share-based compensation	310	325
Retirement benefit liability	13,974	15,035
Asset retirement obligations	189	190
Other	714	609
<b>Total non-current liabilities</b>	<b>24,409</b>	<b>24,800</b>
<b>Total liabilities</b>	<b>127,428</b>	<b>101,260</b>
Net assets		
Shareholders' equity		
Share capital	7,000	7,000
Capital surplus	69,571	69,601
Retained earnings	155,239	160,971
Treasury shares	(10,888)	(13,842)
<b>Total shareholders' equity</b>	<b>220,922</b>	<b>223,731</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,660	4,292
Revaluation reserve for land	(98)	(98)
Foreign currency translation adjustment	(1,126)	(191)
Remeasurements of defined benefit plans	2,031	2,002
<b>Total accumulated other comprehensive income</b>	<b>5,466</b>	<b>6,004</b>
Non-controlling interests	4,934	5,026
<b>Total net assets</b>	<b>231,323</b>	<b>234,762</b>
<b>Total liabilities and net assets</b>	<b>358,751</b>	<b>336,023</b>

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

Six Months Ended September 30, 2021

(Millions of yen)

	Six Months Ended September 30, 2020	Six Months Ended September 30, 2021
Net sales of completed construction contracts	191,788	211,851
Cost of sales of completed construction contracts	170,377	184,244
Gross profit on completed construction contracts	21,411	27,606
Selling, general and administrative expenses	14,666	16,535
Operating profit	6,744	11,071
Non-operating income		
Interest income	37	24
Dividend income	577	384
Foreign exchange gains	217	—
Surrender value of insurance policies	87	49
Share of profit of entities accounted for using equity method	—	112
Other	230	252
Total non-operating income	1,151	823
Non-operating expenses		
Interest expenses	21	24
Share of loss of entities accounted for using equity method	78	—
Foreign exchange losses	—	101
Other	46	68
Total non-operating expenses	146	194
Ordinary profit	7,748	11,700
Extraordinary income		
Gain on sales of non-current assets	9	12
Gain on sales of investment securities	485	1,172
Gain on revision of retirement benefit plan	275	—
Other	—	34
Total extraordinary income	770	1,219
Extraordinary losses		
Loss on revision of retirement benefit plan	—	34
Loss on sale of non-current assets	0	27
Loss on retirement of non-current assets	71	59
Loss on sales of investment securities	5	—
Loss on valuation of investment securities	58	0
Business restructuring expenses	—	55
Other	38	66
Total extraordinary losses	174	244
Profit before income taxes	8,344	12,675
Income taxes	3,381	4,752
Profit	4,963	7,923
Profit attributable to		
Profit attributable to owners of parent	4,799	7,810
Profit attributable to non-controlling interests	164	112

(Millions of yen)

	Six Months Ended September 30, 2020	Six Months Ended September 30, 2021
Other comprehensive income		
Valuation difference on available-for-sale securities	(264)	(368)
Foreign currency translation adjustment	(912)	929
Remeasurements of defined benefit plans, net of tax	1	(29)
Share of other comprehensive income of entities accounted for using equity method	(0)	12
Total other comprehensive income	(1,175)	544
Comprehensive income	3,788	8,467
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,624	8,349
Comprehensive income attributable to non-controlling interests	163	118

### (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 1,457,800 shares of its common stock of an amount of 2,999 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 second quarter of the current consolidated fiscal period was 13,842 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 six months increased by 6,434 million yen, cost of sales by 6,150 million yen, and operating income, ordinary income and profit before income taxes by 283 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 second 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.