Consolidated Financial Results
for the Fiscal Year Ended March 31, 2022
[Japanese GAAP]

May 13, 2022

Company name: MIRAIT Holdings Corporation
Stock exchange listing: TSE
Code number: 1417
URL: https://www.mirait.co.jp/
Representative: Toshiki Nakayama, President and CEO
Contact: Masakazu Tsukamoto, Director and CFO
Phone: +81-3-6807-3124
Scheduled date of Ordinary General Meeting of Shareholders: June 14, 2022
Scheduled date of commencing dividend payments: June 15, 2022
Scheduled date of filing annual securities report: June 15, 2022
Availability of supplementary briefing material on annual results: available
Schedule of quarterly results briefing session: scheduled (for analysts and institutional investors)

(Amounts of less than one million yen are rounded down.)

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

(1) Consolidated Operating Results (% indicates changes from the previous period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended March 31, 2022	470,385	1.4	32,804	8.9	34,152	7.6	25,163	4.0
Fiscal year ended March 31, 2021	463,744	5.1	30,129	37.0	31,739	36.8	24,205	59.0

(Note) Comprehensive income: Fiscal year ended March 31, 2022: 25,469 million yen (1.3%)
Fiscal year ended March 31, 2021: 25,138 million yen (46.5%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	yen	yen	%	%	%
Fiscal year ended March 31, 2022	250.84	–	10.7	8.6	7.0
Fiscal year ended March 31, 2021	229.59	–	11.0	8.9	6.5

(Reference)
Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2022: 206 million yen
Fiscal year ended March 31, 2021: (164) million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
Fiscal Year Ended March 31, 2022	432,683	249,237	56.0	2,446.54
Fiscal Year Ended March 31, 2021	358,751	231,323	63.1	2,232.25

(Reference)
Equity: Fiscal year ended March 31, 2022: 242,120 million yen
Fiscal year ended March 31, 2021: 226,389 million yen

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Fiscal year ended March 31, 2022	12,972	(46,204)	38,395	48,901
Fiscal year ended March 31, 2021	41,602	1,869	(32,200)	42,851

2. Dividends

	Annual dividends per share					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
Fiscal year ended March 31, 2021	—	22.50	—	22.50	45.00	4,717	19.6	2.1
Fiscal year ended March 31, 2022	—	25.00	—	30.00	55.00	5,490	21.9	2.4
Fiscal year ending March 31, 2023 (Forecast)	—	30.00	—	30.00	60.00		29.5	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding period.)

	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	540,000	14.8	30,000	(8.5)	31,000	(9.2)	20,000	(20.5)	203.48

* Notes:

(1) Changes in significant subsidiaries during the period under review: Yes

(Changes in specified subsidiaries associated with changes in the scope of consolidation)

Addition: 1 company (Name) Seibu Construction Co. Ltd

(2) Changes in accounting policies, changes in accounting estimates and corrections of errors

1) Changes in accounting policies due to the revision of accounting standards, etc.: Yes

2) Any changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Corrections of errors: None

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

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

March 31, 2022	108,325,329 shares	March 31, 2021	108,325,329 shares

2) Total number of treasury stock at the end of the period:

March 31, 2022	9,360,821 shares	March 31, 2021	6,907,718 shares

3) Average number of shares outstanding during the period:

March 31, 2022	100,316,351 shares	March 31, 2021	105,429,897 shares

(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.

* Status of execution of the audit of financial statements

- This consolidated financial report is not subject to the audit of the financial statements under the Financial Instruments and Exchange Act.

*Explanation for the appropriate use of financial forecasts and other special notes

- While descriptions in this report regarding financial prospects and other future events are based on the information available at the time this report was prepared, and based on certain assumptions considered to be reasonable. Accordingly our actual business performance may differ significantly from the prospects due to a number of factors.

○ Table of Contents: Supplementary Materials

1. Overview of Operating Results and Financial Position

(1) Overview of Operating Results for the Fiscal Year Ended March 31, 2022

During the fiscal year ended March 31, 2022, Japan witnessed signs of a gradual recovery and normalization of economic activity although difficult conditions persisted due to the novel coronavirus disease (COVID-19). On the other hand, the Ukraine situation has been increasing economic uncertainty. Continuous caution is warranted regarding downside risks from the COVID-19 situation as well as from concerns related to the Ukraine situation such as semiconductor shortage, rise in raw materials and energy costs, and the impact through the supply chain.

As for the business environment for the MIRAIT Group ("the Group"), certain projects remain behind schedule due to voluntary restraints and delays in the delivery of construction materials. However, the Group is benefitting from the increase in 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 new ICT solutions is rising in line with the promotion of digital transformation (DX), such as expanding the use of online services and shifting company systems to cloud computing. 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, while also driving growth in projects to achieve regional revitalization through the creation of decarbonized communities.

Against this backdrop, the MIRAIT 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 continuing to take 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 of the Group itself.

The Company has endorsed the Task Force on Climate-related Financial Disclosures (TCFD) and joined the TCFD Consortium to contribute to society as a whole and the resolution of environmental issues through its business activities. The Company will make appropriate disclosure of non-financial indicators and implement initiatives toward a decarbonized society while reflecting the Group's risks and opportunities that may arise from climate change to its management strategies.

In the NTT business, optical fiber work increased on the back of the government's initiative to expand advanced wireless telecommunication networks, increasing the sales of the business. The Group also made efforts to improve profitability by increasing the efficiency of facility management operations.

In the Multi-carrier business, the Group strove to expand sales by increasing 5G-related, Rakuten Mobile, and CATV projects. At the same time, the Group strengthened technological and human resources by developing multi-skilled engineers that are able to handle both fixed and mobile construction and maintenance work.

In the Environmental and Social Innovation business, the Group focused on achieving orders for electrical/lighting work and air conditioning work to expand sales, although there was a decrease in large-scale solar power projects.

In the ICT Solutions business, the Group expanded sales thanks to an increase in data center/cloud computing work and growth of the Lantrovision's global business. Furthermore, with the aim of growing the global business in the medium- to long-term, the Group decided to invest in LBS Digital Infrastructure Corp., which is engaged in telecommunications tower business in the Philippines.

Meanwhile, during the period under review, the Company repurchased its own shares (2.48 million shares, 5,000 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 fiscal year ended March 31, 2022, orders received increased by 9.8% year-on-year to 521,310 million yen including the amount of construction account carried forward of Seibu Construction Co. Ltd., which joined the Group on March 31, 2022. Net sales increased by

1.4% year-on-year to 470,385 million yen, operating income increased by 8.9% year-on-year to 32,804 million yen, and ordinary income increased by 7.6% year-on-year to 34,152 million yen. Net income attributable to owners of parent increased by 4.0% year-on-year to 25,163 million yen, partly due to the sale of policy shareholdings. Operating income ratio came in at 7.0%, and ROE at 10.7%.

As announced on February 10, 2022, the Company concluded an agreement on a tri-party merger among the Company and the Company's consolidated subsidiaries, MIRAIT Corporation and MIRAIT Technologies Corporation. On July 1, 2022, the integrated company will be reorganized and renamed MIRAIT ONE Corporation for a fresh start. The Group will strive to further enhance the profitability by speeding up decision making across the Group, streamlining the management structure, and reducing costs mainly through concentration of management resources, so that it can improve corporate value.

Business results by reporting segment are as mentioned below.

[Business Results of MIRAIT]
MIRAIT Corporation ("MIRAIT") enjoyed an increase in optical fiber work supported by government projects to expand advanced wireless telecommunication networks, 5G-related work, and electrical/lighting work in the environmental business. Sales of mobile-related goods and construction materials also increased. At the same time, it continuously took measures to prevent the spread of COVID-19 and promoted workstyle reforms (the best mix of work in the office and work from home). In the fiscal year ended March 31, 2022, orders received increased by 1.8% year-on-year to 233,735 million yen, net sales increased by 3.3% year-on-year to 233,150 million yen, and operating income increased by 6.3% year-on-year to 17,506 million yen.

[Business Results of MIRAIT Technologies]
MIRAIT Technologies Corporation ("MIRAIT Technologies") benefited from the growth in optical fiber work for government-supported projects to expand advanced wireless telecommunication networks. Meanwhile, the company facilitated rapid completion of CATV facility construction work and expanded other projects such as mobile base station work, next-generation core system projects, and data center construction-related work. In the fiscal year ended March 31, 2022, orders received increased by 7.1% year-on-year to 125,814 million yen and net sales increased by 3.4% year-on-year to 123,400 million yen. Operating income increased by 38.4% year-on-year to 6,830 million yen, which is the highest since its establishment.

[Business Results of Lantrovision]
Although its business was unstable throughout the year as economic activities were limited due to COVID-19, Lantrovision(S)Ltd Group ("Lantrovision") strove to facilitate business continuity through measures including those to prevent the spread of infection (which was started before and continued) as well as reduce costs for such prevention measures. As a result, orders received increased by 18.2% year-on-year to 22,663 million yen and net sales increased by 39.9% year-on-year to 21,186 million. Operating income increased by 103.5% year-on-year to 1,336 million yen.

[Business Results of TTK]
TTK Co., Ltd. ("TTK") worked to increase NCC carrier facility work while enjoying an increase in optical fiber work for government-supported projects to expand advanced wireless telecommunication networks. However, mainly due to delays in the delivery of construction materials including semiconductors in electric-related business and the ICT Solutions business, in the fiscal year ended March 31, 2022, orders received decreased by 9.2% year-on-year to 35,099 million yen. Net sales decreased by 3.3% year-on-year to 36,341 million yen and operating income decreased by 8.8% year-on-year to 2,276 million yen.

[Business Results of SOLCOM]

SOLCOM Co., Ltd. (“SOLCOM”) enjoyed an increase in optical fiber work for government-led projects to build advanced wireless telecommunication networks and in mobile work due to base station installment plans brought forward on the back of the proliferation of 5G services. SOLCOM also strove to increase the efficiency of facility management operations. In the fiscal year ended March 31, 2022, orders received decreased 23.5% year-on-year to 35,413 million yen, net sales increased by 5.1% year-on-year to 43,428 million yen, and operating income increased by 29.4% year-on-year to 2,682 million yen.

[Business Results of Shikokutsuken]

Shikokutsuken Co., Ltd. (“Shikokutsuken”) enjoyed an increase in 5G-related work, large-scale infrastructure work, and optical fiber work for government-supported projects to expand advanced wireless telecommunication networks. However, mainly due to a decrease in large projects in the ICT Solutions business including the GIGA school project and delays in the delivery of construction materials including semiconductors, orders received decreased by 33.3% year-on-year to 22,562 million yen in the fiscal year ended March 31, 2022. Net sales decreased by 26.7% year-on-year to 25,145 million yen and operating income decreased by 29.3% year-on-year to 2,441 million yen.

[Business Results of MIRAIT Holdings Corporation]

MIRAIT Holdings Corporation (“the Company”), as a holding company, handles the Group’s planning functions including management strategy, and administrative functions such as finance, IR and general affairs. The Company engages in business management and the promotion of business strategies, among other operations, for the entire MIRAIT Group, and in return receives management fees and dividends from the Group’s business companies. The Company's operating revenue for the fiscal year ended March 31, 2022 increased by 19.6% year-on-year to 16,652 million yen and operating income increased by 18.6% year-on-year to 14,435 million yen.

(2) Overview of Financial Position for the Fiscal Year Ended March 31, 2022

Total assets at the end of the fiscal year ended March 31, 2022 amounted to 432,683 million yen, an increase of 73,931 million yen from the end of the previous fiscal year. This consisted of an increase in current assets of 42,640 million yen and an increase in non-current assets of 31,291 million yen. Within current assets, accounts receivable from completed construction contracts increased due to an increase in net sales of completed construction contracts. Non-current assets increased because goodwill was recorded as a result of acquiring shares of Seibu Construction Co. Ltd. Current assets 47,956 million yen and Non-current assets 5,571 million yen increased as a result of acquiring shares of Seibu Construction Co. Ltd.

Total liabilities increased by 56,018 million yen to 183,446 million yen. The consisted of an increase in current liabilities of 55,664 million yen and an increase in non-current liabilities of 353 million yen. This was mainly due to an increase in accounts payable for construction contracts and short-term borrowings. Current liabilities 15,211 million yen and Non-current liabilities 53 million yen increased as a result of acquiring shares of Seibu Construction Co. Ltd.

Net assets increased by 17,913 million yen to 249,237 million yen. Although the Company paid dividends and repurchased its own shares, retained earnings increased by 20,575 million yen due to net income attributable to owners of parent of 25,163 million yen recorded during the fiscal year under review.

As a result of the above, the equity ratio at the end of the fiscal year ended March 31, 2022 was 56.0% (compared to 63.1% at the end of the previous fiscal year), and net assets per share was 2,446.54 yen.

(3) Overview of Cash Flows for the Fiscal Year Ended March 31, 2022

In the fiscal year ended March 31, 2022, cash and cash equivalents (hereinafter referred to as “funds”) increased by 6,049 million yen from the previous fiscal year to 48,901 million yen.

Cash flows by business activity and the underlying factors are described below.

1) Cash flow from operating activities

Net cash inflow from operating activities was 12,972 million yen (inflow of 41,602 million yen in the previous fiscal year). This was mainly attributable to income before income taxes of 37,504 million yen, which more than offset the decrease in funds from income taxes paid of an amount of 14,429 million yen.

2) Cash flow from investment activities

Net cash outflow from investment activities was 46,204 million yen (inflow of 1,869 million yen in the previous fiscal year). This was mainly attributable to the payment of 43,410 million yen for the acquisition of shares of Seibu Construction Co. Ltd.

3) Cash flow from financing activities

Net cash inflow from financing activities was 38,395 million yen (outflow of 32,200 million yen in the previous year). This was mainly attributable to an increase in funds due to a net increase of 49,920 million yen in short-term borrowings, which more than offset the outflow for share repurchases of 5,003 million yen and dividend payments of 4,794 million yen.

(Reference) Trends in the Group’s cash flow indicators

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Equity ratio	58.5	59.3	61.2	63.1	56.0
Marked-to-market equity ratio	57.2	49.6	41.1	51.6	44.5
Ratio of cash flow to interest-bearing debt	19.5	208.6	350.7	24.5	462.4
Interest coverage ratio	342.2	371.0	146.1	844.3	321.6

(Notes) 1. Calculation methods for each indicator are as follows:

Equity ratio: Equity / Total assets

Marked-to-market equity ratio: Total market capitalization / Total assets

Ratio of cash flow to interest-bearing debt: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows / Interest payment

2. All indicators are calculated based on consolidated financial data.
3. Total market capitalization is calculated by multiplying the closing share price as at the end of the fiscal year by the number of shares outstanding as at the end of the fiscal year (after deducting treasury stock).
4. Cash flow used for the purposes of the calculation is the cash flow from operating activities as reported in the Consolidated Statement of Cash Flows.
5. Interest-bearing debt includes all liabilities reported in the Consolidated Balance Sheets for which interest is paid. Interest payment is the amount of interest paid as reported in the Consolidated Statement of Cash Flows.

(4) Future Outlook

At present, it is unclear when the economy will be fully recovered from the COVID-19 pandemic. There are also other concerns including how the Ukraine situation develops. Therefore, uncertainties may persist for some time during the fiscal year ending March 31, 2023. Against this backdrop, however, the MIRAIT Group will endeavor to expand new solution business areas including the renewable energy business (solar power, for example) to achieve a carbon-free society as well as data center/cloud computing work while promoting initiatives to transform its business structure by strengthening collaboration among the Group companies. In addition, the Group expects a full-year contribution from Seibu Construction Co. Ltd., which the Company made a subsidiary in March 2022. As for the consolidated financial performance in the fiscal year ending March 31, 2023, the forecast for orders received is 540.0 billion yen (+3.6% year-on-year) and net sales is 540.0 million yen (+14.8% year-on-year). Meanwhile, mainly due to changes in the profit structure, the forecast for operating income is 30.0 million yen (-8.5% year-on-year), ordinary income is 31.0 million yen (-8.5% year-on-year) and net income attributable to owners of parent is 20.0 million yen (-20.5% year-on-year).

(5) Basic Policy for Earnings Distribution and Dividend Payment for the Fiscal Year Ended March 31, 2022 and the Fiscal Year Ending March 31, 2023

The Company's basic policy is to pay dividends consistently based on its total shareholder return target of more than 30%, while taking into consideration the Company's business results and cash position. It is the Company's policy to use internal reserves to reinforce its financial position and to invest in businesses that will enhance the corporate value of the Company.

Dividends from retained earnings are basically paid twice a year, in the form of an interim dividend and a year-end dividend. The Board of Directors is the decision-making body for interim dividends, and the General Meeting of Shareholders is that for year-end dividends. Payment of interim dividends as stipulated under Article 454, Paragraph 5 of the Companies Act has been specified by the Articles of Incorporation of the Company.

Based on the above, the Company has decided to pay a year-end dividend of 30 yen per share for the fiscal year ended March 31, 2022. Accordingly, the annual dividend including the interim dividend of 25 yen per share is 55 yen per share.

The Company also repurchased shares (total of 2.48 million shares/ 5,000 million yen) to enhance shareholder returns and based on its capital policy to respond flexibly to changes in the business environment. As a result, the total shareholder return ratio was 41.7%.

As for shareholder returns for the fiscal year ending March 31, 2023, the Company plans to pay an annual dividend of 60 yen per share (interim dividend of 30 yen and year-end dividend of 30 yen per share), which is an increase of 5 yen per share from the previous year. In addition, on May 13, 2022, the Company resolved to repurchase its own shares of up to 1.35 million shares/ 2,000 million yen.

(6) Business Risks

The MIRAIT Group is exposed to the following risks that could affect its operating results and financial position. Forward-looking statements contained herein are based on the Group's judgment as at the end of the fiscal year ended March 31, 2022.

1) Risks associated with excessive dependence on particular clients

The main clients of the MIRAIT Group are telecommunications carriers such as the NTT Group. Owing to the fact that they account for a large portion of net sales, their capital expenditures or technological breakthroughs and other factors could affect the Group's business results.

Against this backdrop, the Group is accelerating its efforts in transitioning the business structure by shifting from the telecommunications carrier business to the solutions business and creating new business opportunities beyond its traditional business domains and technologies.

2) Risks associated with safety and quality issues

In the event of serious accidents, quality issues or other contingencies, there may be severe consequences which may result in the loss of clients' confidence and restrictions on the Group's operating activities, affecting its business results.

The MIRAIT Group is therefore wholly committed to ensuring safety and quality controls needed to deliver quality engineering and services that deserve customers' trust and appreciation, by leveraging the integrated safety and quality management system adopted by its business companies.

3) Risks associated with the management of critical information

The MIRAIT Group may access critical information, such as technical data and personal information provided by clients.

In the event of unforeseen information leakage or malicious use of such information, the Group may suffer liability for damages with potential impact on its financial results. Such event may also result in the loss of client's confidence, affecting the Group's business results.

The MIRAIT Group is therefore wholly committed to the prevention of leakage of classified information through the use of ISMS (information security management system) adopted by its business companies.

4) Risks associated with uncertainties regarding clients' credit quality

If uncertainties arise regarding the credit quality of a client, the MIRAIT Group may not be able to receive payments for construction work or may be forced to delay projects, which could affect the Group's business results.

The MIRAIT Group therefore adopts measures to avoid credit risks, such as the use of external credit agencies for client credit risk management, and contract document reviews by the legal section.

5) Risks associated with assets held by the Group

The MIRAIT Group holds assets such as securities that are necessary for its business operations. Significant fluctuation in market prices thereof could affect the Group's business results.

The MIRAIT Group therefore adopts measures to avoid risks associated with fluctuations in value of such assets, such as by assessing its securities holdings both quantitatively and qualitatively and gradually reducing those that have less significance for the Group's business.

6) Risks associated with natural disasters

The occurrence of contingencies such as severe natural disasters and the spread of epidemic diseases could cause direct damage on the MIRAIT Group's employees, subcontractors and facilities, or cause supply chain disruptions delaying the procurement of materials and equipment, which may affect the Group's business results.

The MIRAIT Group has adopted countermeasures against events such as natural disasters including earthquakes and the spread of epidemic diseases, including the formulation of a business continuity plan (BCP), establishment of a system to confirm the safety of employees, conducting of evacuation drills and adopting of new workstyles.

7) Risks associated with overseas businesses

The MIRAIT Group operates businesses in countries outside of Japan, primarily in Asia and Oceania. Significant changes in the political and economic climate, currency exchange rate and the legal and regulatory framework, or the spread of epidemic diseases in these countries could cause rapid rises in material prices and labor costs, which may affect the Group's business results.

The MIRAIT Group is striving to prevent and mitigate such risks by gathering information within the Group and by appropriately diversifying the countries in which the Group operates.

2. Overview of Corporate Group

The MIRAIT Group comprises MIRAIT Holdings Corporation as the holding company, and 79 consolidated subsidiaries including MIRAIT Corporation, MIRAIT Technologies Corporation, Lantrovision(S)Ltd, TTK Co., Ltd, SOLCOM Co., Ltd, Shikokutsuken Co., Ltd., and Seibu Construction Co. Ltd. The main businesses operated by the Group are NTT business, Multi-carrier business, Environmental & Social Innovation business, and ICT Solutions business.

The Group’s operational structure is as follows.

(As of March 31, 2022)

Clients

Providing of "Comprehensive engineering & service"
・NTT business
・Multi-carrier business
・Environmental & social innovation business
・ICT solution business

MIRAIT Group

MIRAIT Holdings Corporation

MIRAIT Corporation

[Consolidated subsidiaries]
M's Frontier Corporation, DAIMEI TECHNO CO., LTD., MIRAIT Solutions Corporation, Tohoken System Engineering Corp.
Meisei Correspondence Co., Ltd., MIRAIT Mobile East Co.,ltd., MIRAIT Mobile West Co.,ltd., DAIMEI TUSAN CORP.
SINKO ELECTRIC CORP., MIRAIT-X Corporation, TODENTSU Access Corporation, TODENTSU Network Corporation
Nissetsu Co., Ltd., Okisokou Co., Ltd., Libnet Corporation, TIMETEC Co.,Ltd.
Trust System Inc., HOPE NET Co.,Ltd., Line Connect Corporation, Tokai-koei Inc.
[Affiliates accounted for using the equity method] 1 Company

MIRAIT Technologies Corporation

[Consolidated subsidiaries]
AST-ENG Corp., Lapisnet Co.,Ltd., COTONET ENGINEERING Co., Ltd., Ligare Co., Ltd.
Agility RISE Co.,Ltd, Comlead Co., Ltd., Nishinihon Denko Corporation, Ground Create Co., Ltd.
KATAKURA CONSTRUCTION Co.,Ltd., MIRAIT Information Systems Co., Ltd., ACTIS Co.,Ltd.
Fucom Corp., Kinki Denki Corp., CREiST Inc., MiratecDrone Corp.
MIRAIT Technologies Australia Pty.Limited, MIRAIT Technologies Myanmar Co.,Ltd.
[Affiliates accounted for using the equity method] 3 Companies

Lantrovision(S)Ltd

[Consolidated subsidiaries]
Lantro (S) Pte Ltd, Lantro (Malaysia) Sdn Bhd, Lantro (HK) Limited, VRnet (S) Pte Ltd, Lantro (Taiwan) Ltd
Lantrovision Korea Co.Ltd, Lantro (Shanghai) Co.Ltd, Appsilan Asia Pte Ltd, Infilan Pte Ltd, Lantro Phils. Inc.
Lantro (Penang) Sdn Bhd, Lantro Myanmar Co. Ltd, Lantro Technologies India Private Limited, Innovative Energy Systems & Technology Pte. Ltd.
PT. Lantro Technologies Indonesia, YL Integrated Pte Ltd, Nectric Engineering Pte Ltd, Sun Power Electrical Pte Ltd
Shanghai Changling Communication Equipment Co.,Ltd
[Affiliates accounted for using the equity method] 5 Companies

TTK Co., Ltd

[Consolidated subsidiaries]
TTK ENG Miyagi Co.,Ltd, HOKUBU Co.,Ltd, TTK ENG Iwate Co.,Ltd, TTK ENG Aomori Co.,Ltd
TTK ENG Akita Co.,Ltd, TTK ENG Yamagata Co.,Ltd, TTK ENG Fukushima Co.,Ltd, Tsukada Electrical Construction Co., Ltd.

SOLCOM Co., Ltd

[Consolidated subsidiaries]
Solcom Meister Inc., Yuwa Kogyo Co., Ltd., Solcom Business Service Inc.
Seiken Kogyo Co., Ltd., Chugoku Telecommunication Materials Co., Ltd., Dentsu Material Inc.
[Affiliates accounted for using the equity method] 2 Companies

Shikokutsuken Co., Ltd.

[Consolidated subsidiaries]
Ochidenki Corporation, STK Techno Corporation

SEIBU CONSTRUCTION CO.,LTD.

Changes in affiliated companies are as follows:

1) STK Techno Corporation, newly established by Shikokutsuken Co., Ltd., was added to the scope of consolidation.
2) Hangzhou Lantro Co., Ltd was removed from the scope of consolidation following its dissolution. ADNOS SOLUTIEN Pte Ltd was removed from the scope of consolidation, as Lantrovision(S)Ltd, a consolidated subsidiary of the Company, sold all shares of ADNOS SOLUTIEN Pte Ltd.
3) Seibu Construction Co. Ltd. was added to the scope of consolidation as the Company acquired 95% of shares issued by Seibu Construction Co. Ltd.

3. Management Policy

(1) Basic Management Policy

The MIRAIT Group aims to enhance its corporate value and to achieve sustained growth by:

1) Striving to be a leading Japanese corporation that realizes the highest levels of customer satisfaction and trust as a "Comprehensive Engineering and Services Company" that continually creates new value centered on the field of information and telecommunications.
2) Contributing to the realization of an enriched and comfortable society by placing value on safety and quality and offering the highest level of services.
3) Continuing to be an enterprise that coexists and mutually prospers with people and society, fulfilling its corporate social responsibility and respecting humanity.

(2) Medium-term Management Strategy and Targeted Management Benchmarks

The MIRAIT Group will be redefined its purpose and mission that embody the thoughts of 14,000 people of its officers and employees and formulated a business vision toward 2030, MIRAIT ONE Group Vision 2030. With the vision, the Group aims to evolve into a corporate group that can, more than ever, contribute to addressing social issues in a broad range of social infrastructure areas. In addition, the Group will be established the Medium-term Management Plan for the years starting in the fiscal year ending March 31, 2023, aiming to achieve the targets in the plan.

(3) Issues to be Addressed

The business environment for the MIRAIT Group is expected to continue to change dramatically on the back of the expansion of fifth-generation mobile telecommunication (5G) services, rise of the use of online services, and the boost in demand for new ICT solutions in line with the promotion of DX including the shift of company systems to cloud computing. 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, while also driving growth in projects to achieve regional revitalization through the creation of decarbonized communities.

Against this backdrop, the MIRAIT Group concluded an agreement on a tri-party merger among the Company and the Company’s consolidated subsidiaries, MIRAIT Corporation and MIRAIT Technologies Corporation. The integrated company, MIRAIT ONE Corporation, will make a fresh start on July 1, 2022. Moreover, the Group will accelerate its business structure transformation in response to changes in the business environment. Specifically, the Group will reorganize its organizations of the system integration (SI) business including the group companies’ SI business organizations and five SI companies under the Group. In addition, the Group is promoting collaboration in the civil engineering and construction business with Seibu Construction Co. Ltd., which joined the Group on March 31, 2022.

Uncertainties may persist as it is unclear when the economy will be fully recovered from the COVID-19 pandemic, and there are other concerns related to the Ukraine situation such as semiconductor shortage, rise in raw materials and energy costs, and the impact through the supply chain. However, the MIRAIT Group will endeavor to realize its business vision toward 2030, MIRAIT ONE Group Vision 2030, aiming to enhance its corporate value and achieve sustainable growth while embracing new workstyles to realize an energetic and vibrant corporate group.

4. Basic Approach Concerning the Selection of Accounting Policies

The MIRAIT Group operates its businesses primarily in Japan. Hence, the policy of the Company is to prepare its consolidated financial statements based on Japanese accounting standards for the time being. The Company will respond appropriately based on developments of its overseas businesses and the situation with other Japanese companies in applying IFRS (International Financial Reporting Standards).

(Notes)

This document contains forward-looking statements based on the plans, outlooks, management strategies and policies of the Group at the time of its issuance. Such forward-looking statements describe management judgments and assumptions based on information available at this time.

As such, actual business results could be significantly different from those stated in this document due to changes in the various underlying conditions. Thus, please be advised that the Company cannot guarantee the accuracy of the forward-looking statements in this document into the future.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Assets		
Current assets		
Cash and deposits	44,764	50,929
Notes receivable - trade	1,458	1,273
Accounts receivable from completed construction contracts	126,862	179,275
Accounts receivable - trade	19,283	–
Costs on construction contracts in progress	30,789	30,916
Prepaid expenses	1,166	1,224
Accounts receivable - other	2,307	3,902
Investments in leases	5,460	4,376
Other	1,428	4,252
Allowance for doubtful accounts	(26)	(15)
Total current assets	233,494	276,135
Non-current assets		
Property, plant and equipment		
Buildings and structures	58,190	66,344
Machinery, vehicles, tools, furniture and fixtures	17,946	19,531
Land	32,891	35,445
Leased assets	7,466	9,373
Construction in progress	5,602	629
Accumulated depreciation	(35,442)	(39,772)
Total property, plant and equipment	86,655	91,552
Intangible assets		
Customer related assets	2,523	2,539
Goodwill	3,094	27,658
Software	1,491	1,502
Software in progress	129	1,850
Other	311	258
Total intangible assets	7,549	33,810
Investments and other assets		
Investment securities	22,562	16,224
Retirement benefit asset	2,988	7,708
Deferred tax assets	2,504	3,651
Leasehold and guarantee deposits	1,425	1,813
Other	1,798	2,119
Allowance for doubtful accounts	(227)	(331)
Total investments and other assets	31,052	31,186
Total non-current assets	125,256	156,548
Total assets	358,751	432,683

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Liabilities		
Current liabilities		
Notes payable - trade	2,507	2,096
Accounts payable for construction contracts	60,705	65,693
Short-term borrowings	186	50,107
Accounts payable - other	4,076	5,552
Income taxes payable	8,086	5,077
Advances received on construction contracts in progress	3,150	7,341
Lease obligations	3,347	3,537
Provision for loss on construction contracts	1,299	1,406
Provision for bonuses	8,023	8,336
Provision for bonuses for directors (and other officers)	101	93
Provision for warranties for completed construction	10	204
Other	11,523	9,235
Total current liabilities	103,018	158,683
Non-current liabilities		
Long-term accounts payable - other	1,324	798
Lease obligations	6,592	6,302
Deferred tax liabilities	1,139	636
Deferred tax liabilities for land revaluation	41	41
Provision for retirement benefits for directors (and other officers)	122	79
Provision for share-based compensation	310	390
Retirement benefit liability	13,974	15,356
Asset retirement obligations	189	617
Other	714	538
Total non-current liabilities	24,409	24,763
Total liabilities	127,428	183,446
Net assets		
Shareholders' equity		
Share capital	7,000	7,000
Capital surplus	69,571	69,652
Retained earnings	155,239	175,815
Treasury shares	(10,888)	(15,844)
Total shareholders' equity	220,922	236,623
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,660	3,011
Revaluation reserve for land	(98)	(98)
Foreign currency translation adjustment	(1,126)	236
Remeasurements of defined benefit plans	2,031	2,347
Total accumulated other comprehensive income	5,466	5,497
Non-controlling interests	4,934	7,116
Total net assets	231,323	249,237
Total liabilities and net assets	358,751	432,683

(2) Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales of completed construction contracts	463,744	470,385
Cost of sales of completed construction contracts	402,953	404,169
Gross profit on completed construction contracts	60,790	66,216
Selling, general and administrative expenses	30,661	33,411
Operating profit	30,129	32,804
Non-operating income		
Interest income	50	49
Dividend income	971	623
Rental income from real estate	197	240
Surrender value of insurance policies	132	99
Share of profit of entities accounted for using equity method	-	206
Foreign exchange gains	344	176
Other	303	281
Total non-operating income	2,001	1,677
Non-operating expenses		
Infectious disease control costs	–	59
Interest expenses	48	40
Commission expenses	–	121
Share of loss of entities accounted for using equity method	164	–
Provision of allowance for doubtful accounts	45	–
Other	132	107
Total non-operating expenses	390	329
Ordinary profit	31,739	34,152
Extraordinary income		
Gain on sale of non-current assets	20	647
Gain on sale of investment securities	4,642	3,256
Gain on revision of retirement benefit plan	271	-
Other	4	45
Total extraordinary income	4,938	3,949
Extraordinary losses		
Loss on revision of retirement benefit plan	–	34
Loss on sale of non-current assets	2	28
Loss on retirement of non-current assets	185	111
Impairment losses	117	154
Loss on sale of investment securities	5	–
Loss on valuation of investment securities	55	0
Business restructuring expenses	4	165
Other	64	102
Total extraordinary losses	436	597
Profit before income taxes	36,242	37,504

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Income taxes - current	13,479	13,153
Income taxes - deferred	(1,765)	(1,083)
Total income taxes	11,713	12,070
Profit	24,528	25,433
Profit attributable to		
Profit attributable to non-controlling interests	322	270
Profit attributable to owners of parent	24,205	25,163
Other comprehensive income		
Valuation difference on available-for-sale securities	(304)	(1,649)
Foreign currency translation adjustment	(821)	1,361
Remeasurements of defined benefit plans, net of tax	1,755	315
Share of other comprehensive income of entities accounted for using equity method	(19)	8
Total other comprehensive income	610	35
Comprehensive income	25,138	25,469
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	24,808	25,193
Comprehensive income attributable to non-controlling interests	329	275

(3) Consolidated Statement of Changes in Net Assets

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,000	69,399	135,546	(1,386)	210,559
Cumulative effects of changes in accounting policies					-
Restated balance	7,000	69,399	135,546	(1,386)	210,559
Changes during period					
Dividends of surplus			(4,583)		(4,583)
Profit attributable to owners of parent			24,205		24,205
Purchase of treasury shares				(9,574)	(9,574)
Disposal of treasury shares		(0)		72	72
Increase by merger					71
Change in scope of consolidation					-
Change in ownership interest of parent due to transactions with non-controlling interests		171			171
Net changes in items other than shareholders' equity					
Total changes during period	-	171	19,693	(9,501)	10,362
Balance at end of period	7,000	69,571	155,239	(10,888)	220,922

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,967	(98)	(281)	276	4,863	3,287	218,710
Cumulative effects of changes in accounting policies							-
Restated balance	4,967	(98)	(281)	276	4,863	3,287	218,710
Changes during period							
Dividends of surplus							(4,583)
Profit attributable to owners of parent							24,205
Purchase of treasury shares							(9,574)
Disposal of treasury shares							72
Increase by merger							71
Change in scope of consolidation							–
Change in ownership interest of parent due to transactions with non-controlling interests							171
Net changes in items other than shareholders' equity	(307)	–	(844)	1,755	603	1,646	2,250
Total changes during period	(307)	–	(844)	1,755	603	1,646	12,613
Balance at end of period	4,660	(98)	(1,126)	2,031	5,466	4,934	231,323

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,000	69,571	155,239	(10,888)	220,922
Cumulative effects of changes in accounting policies			63		63
Restated balance	7,000	69,571	155,303	(10,888)	220,986
Changes during period					
Dividends of surplus			(4,801)		(4,801)
Profit attributable to owners of parent			25,163		25,163
Purchase of treasury shares				(5,003)	(5,003)
Disposal of treasury shares		0		47	47
Increase by merger			62		62
Change in scope of consolidation			87		87
Change in ownership interest of parent due to transactions with non-controlling interests		81			81
Net changes in items other than shareholders' equity					
Total changes during period	–	81	20,512	(4,955)	15,637
Balance at end of period	7,000	69,652	175,815	(15,844)	236,623

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,660	(98)	(1,126)	2,031	5,466	4,934	231,323
Cumulative effects of changes in accounting policies							63
Restated balance	4,660	(98)	(1,126)	2,031	5,466	4,934	231,387
Changes during period							
Dividends of surplus							(4,801)
Profit attributable to owners of parent							25,163
Purchase of treasury shares							(5,003)
Disposal of treasury shares							47
Increase by merger							62
Change in scope of consolidation							87
Change in ownership interest of parent due to transactions with non-controlling interests							81
Net changes in items other than shareholders' equity	(1,648)	–	1,363	315	30	2,182	2,212
Total changes during period	(1,648)	–	1,363	315	30	2,182	17,850
Balance at end of period	3,011	(98)	236	2,347	5,497	7,116	249,237

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	36,242	37,504
Depreciation	6,298	6,865
Impairment losses	117	154
Amortization of goodwill	648	514
Share of loss (profit) of entities accounted for using equity method	164	(206)
Increase (decrease) in allowance for doubtful accounts	10	(60)
Increase (decrease) in provision for bonuses	507	309
Increase (decrease) in provision for loss on construction contracts	339	(559)
Increase (decrease) in other provisions	5	32
Remeasurements of defined benefit plans	1,755	315
Increase (decrease) in net defined benefit asset and liability	(4,681)	(281)
Interest and dividend income	(1,022)	(672)
Interest expenses	48	40
Foreign exchange losses (gains)	(373)	(176)
Loss (gain) on sale of investment securities	(4,636)	(3,256)
Loss (gain) on sale and retirement of non-current assets	168	(507)
Decrease (increase) in trade receivables	331	(4,303)
Decrease (increase) in costs on construction contracts in progress	1,950	486
Increase (decrease) in trade payables	4,362	(3,142)
Increase (decrease) in advances received on construction contracts in progress	(1,481)	345
Increase (decrease) in accrued consumption taxes	4,541	(4,666)
Decrease (increase) in consumption taxes refund receivable	1,279	(1,533)
Increase/decrease in other assets/liabilities	2,964	(827)
Other, net	87	351
Subtotal	49,627	26,727
Interest and dividends received	1,090	715
Interest paid	(49)	(40)
Income taxes paid	(9,066)	(14,429)
Net cash provided by (used in) operating activities	41,602	12,972

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from investing activities		
Payments into time deposits	(1,370)	(1,377)
Proceeds from withdrawal of time deposits	1,309	1,296
Purchase of property, plant and equipment	(8,383)	(8,592)
Proceeds from sale of property, plant and equipment	72	785
Purchase of intangible assets	(534)	(2,346)
Purchase of investment securities	(133)	(259)
Proceeds from sale of investment securities	11,369	8,617
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(271)	(43,410)
Net decrease (increase) in short-term loans receivable	2	(734)
Proceeds from cancellation of insurance funds	118	101
Other, net	(309)	(284)
Net cash provided by (used in) investing activities	1,869	(46,204)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(16,611)	49,920
Repayments of long-term borrowings	(19)	(26)
Purchase of treasury shares	(9,574)	(5,003)
Dividends paid	(4,579)	(4,794)
Dividends paid to non-controlling interests	(84)	(112)
Repayments of finance lease obligations	(1,324)	(1,470)
Other, net	(5)	(117)
Net cash provided by (used in) financing activities	(32,200)	(38,395)
Effect of exchange rate change on cash and cash equivalents	(202)	810
Net increase (decrease) in cash and cash equivalents	11,068	5,973
Cash and cash equivalents at beginning of period	31,632	42,851
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	150	75
Cash and cash equivalents at end of period	42,851	48,901

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(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 consolidated fiscal year under review. 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 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 consolidated fiscal year under review has been adjusted to reflect the cumulative effects of retrospectively applying the new accounting policy to periods prior to the beginning of the consolidated fiscal year under review, 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 twelve months increased by 919 million yen, cost of sales by 784 million yen, and operating income, ordinary income and profit before income taxes by 134 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.

(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 consolidated fiscal year under review. 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.

(Changes in methods of presentation)

(Consolidated balance sheets)

The Company has decided to present “Software in progress,” previously included in “Software”, as a separate item from the consolidated fiscal year under review, given that its quantitative materiality has increased. The consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

Consequently, “Software” of 1,620 million yen in the consolidated statement of balance sheets of the previous fiscal year has been reclassified as “Software in progress” of 129 million yen and “Software” of 1,491 million yen.

(Consolidated statements of income and comprehensive income)

The Company has decided to present “Rental income from real estate”, previously included in “Non-operating income – Other”, as a separate item from the consolidated fiscal year under review, given that it represents more than ten one-hundredths of total non-operating income. The consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

Consequently, “Non-operating income – Other” of 501 million yen in the consolidated statements of income and comprehensive income of the previous fiscal year has been reclassified as “Rental income from real estate” of 197 million yen and “Other” of 303 million yen.

(Consolidated cash flow statement)

The Company has decided to present “Net decrease (increase) in short-term loans receivable,” previously included in “Cash flows from investing activities – Other, net”, as a separate item from the consolidated fiscal year under review, given that its quantitative materiality has increased. The consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

Consequently, “Cash flows from investing activities – Other, net” of (307) million yen in the consolidated statement of cash flows of the previous fiscal year has been reclassified as “Impairment losses” of 2 million yen and “Other, net” of (309) million yen.

In addition, “Purchase of shares of subsidiaries not resulting in change in scope of consolidation” and “Proceeds from disposal of treasury shares” under “Cash flows from financing activities”, which were previously presented separately, have been included in “Other, net” from the consolidated fiscal year under review because of insignificance. The consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

Consequently, “Purchase of shares of subsidiaries not resulting in change in scope of consolidation” of (5) million yen and “Proceeds from disposal of treasury shares” of 0 million yen under “Cash flows from financing activities” in the consolidated statement of cash flows of the previous fiscal year have been reclassified as “Other, net” of (5) million yen.

(Changes in accounting estimates)

Not applicable.

(Segment information)

[Segment information]

1. Description of reportable segments

(1) Method of determining reportable segments

The reportable segments of the Company are individual units for which separate financial information is available, and that are subject to a periodic review by the Board of Directors for the purposes of determining the allocation of management resources and evaluating performance.

Under the guidance of the Company as the holding company of the MIRAIT Group, the business groups, which are centered on the business companies, form comprehensive strategies and engage in activities for their respective businesses.

The Company acquired shares of Seibu Construction Co. Ltd. and added it to the scope of consolidation. Accordingly, “Seibu Construction” is added to the Company’s reportable segments. For the Seibu Construction segment, only the amount of segment assets is disclosed because only its balance sheet is consolidated.

Hence, the seven reportable segments of the Company are “MIRAIT”, “MIRAIT Technologies”, “Lantrovision”, “TTK”, “SOLCOM,” “Shikokutsuken” and “Seibu Construction.”

(2) Types of products and services attributable to each reportable segment

“MIRAIT”, “MIRAIT Technologies”, “Lantrovision”, “TTK”, “SOLCOM,” “Shikokutsuken” and “Seibu Construction” mainly engage in telecommunications engineering work/ electrical work and air conditioning/ sanitary construction work/ General construction work.

2. Method of calculating sales, income, assets and other items for each reportable segment

Accounting methods applied to the reportable business segments are generally in line with those applied to the consolidated financial statements.

Segment income reflects the operating income for each reportable segment. Internal revenue and transfers between segments are based on actual market prices.

3. Sales and income, assets and other items by reportable segment

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(million yen)

	Reportable segment						
	MIRAIT	MIRAIT Technologies	Lantrovision	TTK	SOLCOM	Shikoku tsuken	Total
Net sales							
Net sales to external customers	224,644	111,262	15,140	37,288	41,239	34,167	463,742
Inter-segment sales or transfers	1,130	8,115	-	302	62	118	9,729
Total	225,774	119,377	15,140	37,590	41,301	34,286	473,471
Segment income	16,468	4,937	656	2,497	2,073	3,453	30,086
Segment assets	170,241	103,643	23,322	32,319	41,510	26,590	397,627
Other items							
Depreciation and amortization	1,971	2,308	415	787	678	127	6,288
Increase in property, plant and equipment and intangible assets	4,571	3,107	843	848	752	425	10,550

	Other (Note 1)	Total	Adjustments (Note 2)	Amount in Consolidated Financial Statements (Note 3)
Net sales				
Net sales to external customers	2	463,744	-	463,744
Inter-segment sales or transfers	13,926	23,655	(23,655)	-
Total	13,928	487,399	(23,655)	463,744
Segment income	12,167	42,253	(12,124)	30,129
Segment assets	166,364	563,991	(205,239)	358,751
Other items				
Depreciation and amortization	10	6,298	-	6,298
Increase in property, plant and equipment and intangible assets	20	10,571	-	10,571

(Notes) 1. The "Other" segment refers to the Company (pure holding company) which does not belong to any business segment.

2. The amounts adjusted are as follows:

(1) Adjustments for segment income in the amount of (12,124) million yen include adjustments for dividends in the amount of (12,298) million yen and adjustments for retirement benefits in the amount of 191 million yen, respectively.

(2) Adjustments for segment assets in the amount of (205,239) million yen include the netting of investments and capital in the amount of (129,669) million yen and the netting of receivables in the amount of (76,968) million yen.

3. Segment income is adjusted to the operating income reported in the Consolidated Statement of Income and Comprehensive Income.

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(million yen)

	Reportable segment						
	MIRAIT	MIRAIT Technologies	Lantrovision	TTK	SOLCOM	Shikoku tsuken	Seibu Construction
Net sales							
Net sales to external customers	231,425	113,880	20,497	36,228	43,365	24,987	-
Inter-segment sales or transfers	1,724	9,519	689	113	62	157	-
Total	233,150	123,400	21,186	36,341	43,428	25,145	-
Segment income	17,506	6,830	1,336	2,276	2,682	2,441	-
Segment assets	175,897	112,386	27,118	31,469	42,938	20,543	80,718
Other items							-
Depreciation and amortization	2,130	2,541	564	773	696	147	-
Increase in property, plant and equipment and intangible assets	10,308	3,792	525	598	641	155	-

	Total	Other (Note 1)	Total	Adjustments (Note 2)	Amount in Consolidated Financial Statements (Note 3)
Net sales					
Net sales to external customers	470,385	0	470,385	-	470,385
Inter-segment sales or transfers	12,267	16,652	28,919	(28,919)	-
Total	482,652	16,652	499,305	(28,919)	470,385
Segment income	33,073	14,435	47,508	(14,704)	32,804
Segment assets	491,072	237,063	728,135	(295,452)	432,683
Other items					
Depreciation and amortization	6,855	9	6,865	-	6,865
Increase in property, plant and equipment and intangible assets	16,022	20	16,042	-	16,042

(Notes) 1. The "Other" segment refers to the Company (pure holding company) which does not belong to any business segment.

2. The amounts adjusted are as follows:

(1) Adjustments for segment income in the amount of (14,704) million yen include adjustments for dividends in the amount of (14,444) million yen and adjustments for retirement benefits in the amount of 211 million yen, respectively.

(2) Adjustments for segment assets in the amount of (295,452) million yen include the netting of investments and capital in the amount of (190,969) million yen and the netting of receivables in the amount of (102,402) million yen.

3. Segment income is adjusted to the operating income reported in the Consolidated Statement of Income and Comprehensive Income.

As described in the changes in accounting principles, the Company changed the accounting treatment for revenue recognition to adopt the Accounting Standard for Revenue Recognition, etc. from consolidated financial statements for the current consolidated fiscal year. Consequently, the method of calculating profit of business segments was also changed.

The effects of each reportable segment as follows.

Net sales of MIRAIT increased by 975 million yen. Segment income increased by 18 million yen.
Net sales of MIRAIT Technologies increased by 172 million yen. Segment income increased by 33 million yen.
Net sales of TTK decreased by 409 million yen. Segment income increased by 66 million yen.
Net sales of SOLCOM decreased by 243 million yen. Segment income increased by 10 million yen.
Net sales of Shikokutsuken increased by 329 million yen. Segment income increased by 5 million yen.

(Associated information)

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

1. Information for individual products and services

Information for individual products and services is omitted given that telecommunication engineering and electrical facility work account for more than 90% of net sales reported in the Consolidated Statement of Income and Comprehensive Income.

2. Information for individual regions

(1) Net sales

Information on net sales for individual regions is omitted given that sales to domestic external customers account for more than 90% of net sales reported in the Consolidated Statement of Income and Comprehensive Income.

(2) Property, plant and equipment

Information on property, plant and equipment for individual regions is omitted given that domestic assets represent more than 90% of property, plant and equipment as reported in the Consolidated Balance Sheet.

3. Information regarding major customers

(million yen)

Name of customer	Net sales	Associated business segments
Nippon Telegraph and Telephone East Corporation	86,828	MIRAIT MIRAIT Technologies TTK
Nippon Telegraph and Telephone West Corporation	62,108	MIRAIT MIRAIT Technologies SOLCOM Shikokutsuken
NTT DOCOMO, INC.	40,379	MIRAIT MIRAIT Technologies TTK SOLCOM Shikokutsuken

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

1. Information for individual products and services

Information for individual products and services is omitted given that telecommunication engineering and electrical facility work account for more than 90% of net sales reported in the Consolidated Statement of Income and Comprehensive Income.

2. Information for individual regions

(1) Net sales

Information on net sales for individual regions is omitted given that sales to domestic external customers account for more than 90% of net sales reported in the Consolidated Statement of Income and Comprehensive Income.

(2) Property, plant and equipment

Information on property, plant and equipment for individual regions is omitted given that domestic assets represent more than 90% of property, plant and equipment as reported in the Consolidated Balance Sheet.

3. Information regarding major customers

(million yen)

Name of customer	Net sales	Associated business segments
Nippon Telegraph and Telephone East Corporation	90,257	MIRAIT MIRAIT Technologies TTK
Nippon Telegraph and Telephone West Corporation	63,066	MIRAIT MIRAIT Technologies SOLCOM Shikokutsuken
NTT DOCOMO, INC.	39,779	MIRAIT MIRAIT Technologies TTK SOLCOM Shikokutsuken

(Segment information for impairment of non-current assets)

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(million yen)

	Reportable segment						
	MIRAIT	MIRAIT Technologies	Lantrovision	TTK	SOLCOM	Shikoku tsuken	Total
Impairment losses	21	-	-	83	11	-	117

	Others	Corporate and elimination	Total
Impairment losses	-	-	117

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(million yen)

	Reportable segment						
	MIRAIT	MIRAIT Technologies	Lantrovision	TTK	SOLCOM	Shikoku tsuken	Seibu Construction
Impairment losses	-	-	-	154	-	-	-

	Total	Others	Corporate and elimination	Total
Impairment losses	154	-	-	154

(Segment information for amortized and outstanding amounts of goodwill)

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(million yen)

	Reportable segment						
	MIRAIT	MIRAIT Technologies	Lantrovision	TTK	SOLCOM	Shikoku tsuken	Total
(Goodwill) Amortized amount	239	42	236	33	-	96	648
Balance at end of current period	156	53	2,610	9	-	264	3,094

	Others	Corporate and elimination	Total
(Goodwill) Amortized amount	-	-	648
Balance at end of current period	-	-	3,094

(Note): The Company has accounted for a goodwill impairment loss of 80 million yen pertaining to TTK.

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(million yen)

	Reportable segment						
	MIRAIT	MIRAIT Technologies	Lantrovision	TTK	SOLCOM	Shikoku tsuken	Seibu Construction
(Goodwill) Amortized amount	46	42	325	3	-	96	-
Balance at end of current period	110	10	2,510	5	-	168	24,852

	Total	Others	Corporate and elimination	Total
(Goodwill) Amortized amount	514	-	-	514
Balance at end of current period	27,658	-	-	27,658

(Per share information)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Net assets per share	2,232.25 yen	2,446.54 yen
Net income per share	229.59 yen	250.84 yen

(Note) The basis for calculating net income per share and diluted net income per share is as follows:

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Net income per share		
Net income attributable to owners of parent (million yen)	24,205	25,163
Net income not attributable to common shareholders (million yen)	-	-
Net income attributable to owners of parent attributable to common stock (million yen)	24,205	25,163
Average number of outstanding shares of common stock during the fiscal year (thousand shares)	105,429	100,316

(Note) 1. The diluted net income per share for the consolidated fiscal year under review is not stated because there are no dilutive shares outstanding.
2. In calculating net income per share, treasury shares held in trust accounted for in shareholder's equity are included in the number of own shares which is deducted from the average number of outstanding shares of common stock for the fiscal year. For the fiscal year ended March 31, 2022, the average number of own shares outstanding deducted for the purposes of calculating net income per share was 400,435. The average number of own shares at the end of the fiscal year ended March 31, 2021 was 441,508.

(Significant subsequent events)

On May 13, 2022, the Board of Directors of the Company resolved to repurchase its own shares pursuant to Article 156 of the Companies Act of Japan, applied pursuant to Paragraph 3, Article 165 of the Companies Act.

1. Reasons for share repurchase
   To enhance shareholder return and to facilitate flexible implementation of capital policy in response to changes in the business environment.
2. Type of shares to be repurchased
   Common stock
3. Total number of shares to be repurchased
   Up to 1,350,000 shares (1.36% of outstanding shares excluding treasury stock)
4. Total repurchase amount
   Up to 2.0 billion yen
5. Repurchase period
   May 16, 2022 to September 30, 2022
6. Repurchase method
   Market purchases on the Tokyo Stock Exchange