



MIRAIT Holdings Corporation

PR Office

5-6-36, Toyosu, Koto-ku, Tokyo, Japan 135-8111

Phone: 81-3-6807-3120 Fax: 81-3-5546-2967

<https://www.mirait.co.jp/en/>

MIRAIT Group

# Integrated report 2021



## Company Overview

### Overview of MIRAIT Holdings Corporation

<b>Date of establishment</b> October 1, 2010	<b>Ratings</b> Rating and Investment Information, Inc. (R&I): A- Japan Credit Rating Agency, Ltd. (JCR): A
<b>Head office</b> 5-6-36, Toyosu, Koto-ku, Tokyo, Japan	<b>End of fiscal year</b> March 31
<b>Representative</b> NAKAYAMA Toshiki, President and Chief Executive Officer	<b>Number of employees (consolidated)</b> 12,882 (as of March 31, 2021)*
<b>Capital</b> 7 billion yen	<b>Number of consolidated subsidiaries</b> 79 (as of March 31, 2021)
<b>Stock Listing</b> 1st Section of Tokyo Stock Exchange (Security code: 1417)	*Simple tabulation of all companies
<b>Shares</b> Total outstanding shares 108,325,329	

### List of Group Companies

#### MIRAIT Corporation

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 CO.,LTD. / SINKO ELECTRIC CORP. / MIRAIT-X Corporation / TODENTSU Access Corporation / TODENTSU NETWORK Co.,Ltd / Nisetsu Co., Ltd. / Okisokou Co., Ltd. / Libnet CO., LTD. / TIMETEC Co., Ltd. / Trust System Corporation / HOPE NET Co., Ltd. / Line Connect Corporation / Tokaikoei Inc. / NIPPON Sangyo Corporation / DAIMEI SLK (PRIVATE) LIMITED (Sri Lanka)

#### MIRAIT Technologies Corporation

AST-ENG Corp. / Lapisnet Co., Ltd. / COTONET ENGINEERING Co., Ltd. / Ligare Co., Ltd. / Agility RISE Co., Ltd / Comlead Co., Ltd. / Nishinihondenko Corporation / MiratecDrone Corp. / Ground Create Co., Ltd. / KATAKURA CONSTRUCTION Co., Ltd. / MIRAIT Information Systems Co.,Ltd. / ACTIS Co.,Ltd. / CREIST Inc. / Fucom Corp. / Kinki Denki Corp. / MIRAIT Technologies Australia Pty. Limited (Australia) / MIRAIT PHILIPPINES INC. (Philippines)

#### TTK Co., Ltd.

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.

SOLCOMMEISTER Co.,Ltd. / Yuwakogyo Corporation / Seikenkogyo Co.,Ltd. / Solcom Business Service Corporation / Chugokutsushinshizai Corporation / Dentsushizai Corporation

#### Shikokutsuken Co., Ltd.

Ochidenki Corporation / STK Techno Corporation

#### Lantrovision (S) Ltd. (Singapore)

Lantro (S) Pte Ltd. / Lantro (Malaysia) Sdn Bhd. / Lantro (Penang) Sdn. Bhd. / Lantro (HK) Limited / Lantrovision Korea Co. Ltd. / Lantro (Shanghai) Co. Ltd. / Hangzhou Lantro Co. Ltd. / Lantro Phils. Inc. / Lantro (Taiwan) Ltd. / Lantro Technologies India Pvt Limited / Vrnet (S) Pte Ltd. / Appsilan Asia Pte Ltd. / Infilan Pte Ltd. / Adnos Soluitions Pte Ltd. / Innovative Energy Systems & Technology Pte Ltd. / Lantro Myanmar Co. Ltd. / PT Lantro Technologies Indonesia / YL Integrated Pte Ltd. / Sun Power Electrical Pte Ltd. / Nectric Engineering Pte Ltd. / Shanghai Changling Communication Equipment Co.,Ltd. / Altro Solutions Pte Ltd. / Lantro (Thailand) Co. Ltd. / Lantro (Vietnam) Co. Ltd. / Lantro (Cambodia) Co. Ltd. / Lantrovision Inc.

Including consolidated subsidiaries and overseas subsidiaries (as of July 1, 2021)

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#### Editorial Policy

This report outlines the policies, plans, activities, and achievements of the MIRAIT Group to create value in the short, medium and long term. The business and direction of the MIRAIT Group outlined at the beginning of this report explains initiatives to enhance the capital that supports our businesses. In the report, we then present key initiatives in the business in line with the outline of the Medium-term Management Plan, and also report on the status of strengthening the management foundation with a focus on ESG. We also work to provide a concise yet comprehensive report about information that includes overall governance as well as changes in the financial and non-financial performance.

#### Boundary

In this report, we report on the MIRAIT Group as a whole. Please note that numerical data and some of the information published in this report are of the boundary for which such data or information is available at the time of publishing this report, as indicated in the text or in supplementary notices.

#### Reporting Period

FY 2020 (April 1, 2020 to March 31, 2021)

Note: This report contains some data outside the above period so far as it complies with the editorial policy.

#### Guidelines Referenced

International Integrated Reporting Framework issued by the International Integrated Reporting Council

#### Date of Publication

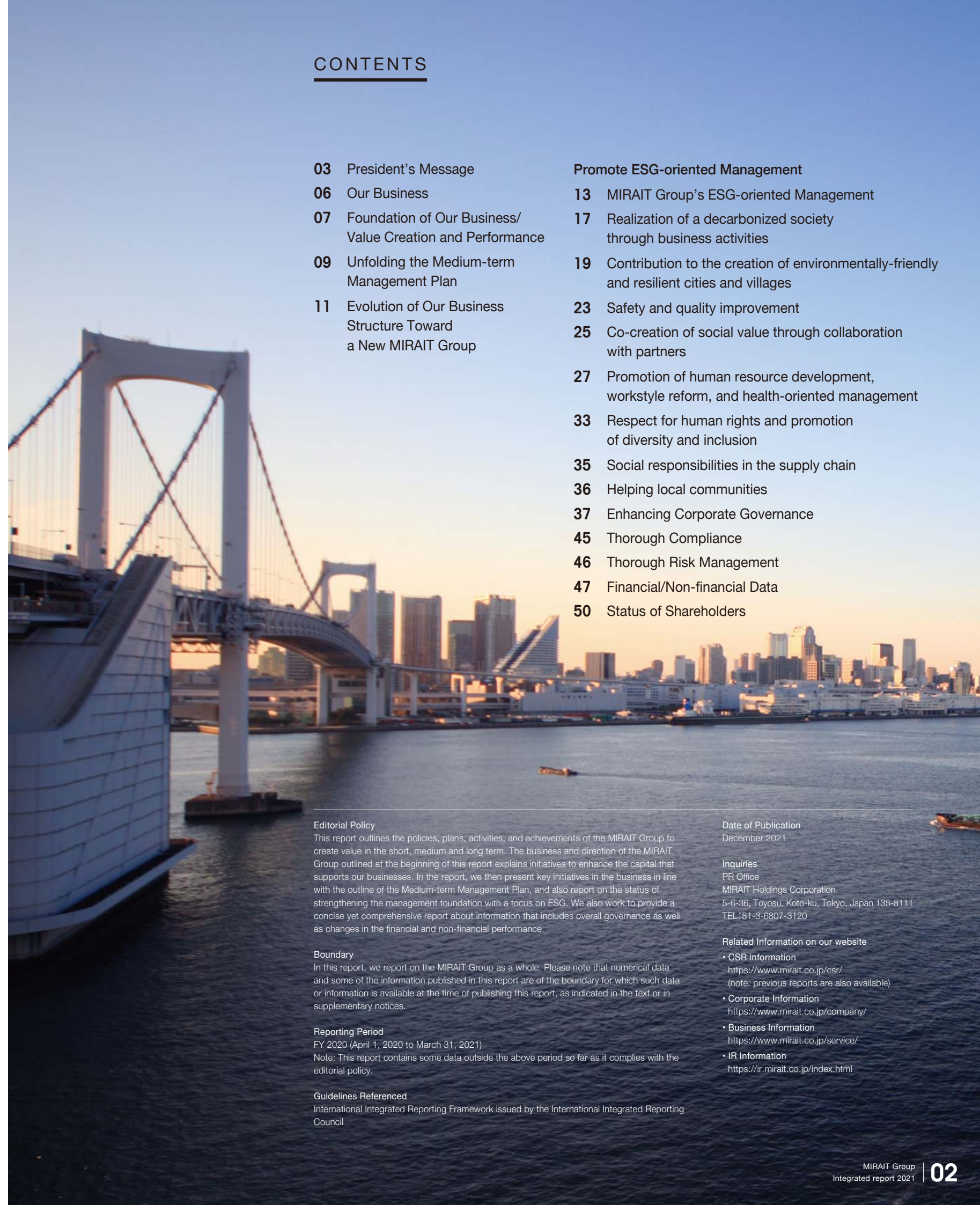
December 2021

#### Inquiries

PR Office  
MIRAIT Holdings Corporation  
5-6-36, Toyosu, Koto-ku, Tokyo, Japan 135-8111  
TEL:81-3-6807-3120

#### Related Information on our website

- CSR information  
<https://www.mirait.co.jp/esr/>  
(note: previous reports are also available)
- Corporate Information  
<https://www.mirait.co.jp/company/>
- Business Information  
<https://www.mirait.co.jp/service/>
- IR Information  
<https://ir.mirait.co.jp/index.html>







**NAKAYAMA Toshiki**  
President  
and Chief Executive Officer

With a focus on contributing to the resolution of social issues in Japan and overseas, we will further enhance our corporate value and achieve sustainable growth.

**Unchanging Responsibilities and Continuous Improvement**

We, at the MIRAIT Group, have been engaged in the social implementation of infrastructures throughout our history, including before we became the current MIRAIT Group. Through engineering, we support the development of people's lives and industries, and once a natural disaster such as a typhoon or earthquake strikes, we do our best to maintain and restore the infrastructures. Our social responsibilities of this kind remain unchanged today when information and communication networks have evolved, and will do so even with further development in the future.

While fulfilling these responsibilities, we will utilize the latest knowledge and technology and make every effort to improve ourselves in order to meet the expectations of our customers and society. This principle is also in line with Matsuo Basho's words we often refer to: Fuekiryuko, which expresses the idea of immutability.

**Achieving Targets Early and Establishing "True Strength"**

In our fourth Medium-term Management Plan for the three-year period starting in FY 2019, we, the MIRAIT Group, set targets for the final year (FY 2021): net sales of 450 billion yen, operating income of

27 billion yen (operating income ratio of 6%), and ROE of more than 8.0%. To achieve these targets, we set up three pillars: "strengthening of the profit structure of existing businesses," "strengthening of the growth potential of business in new fields," and "strengthening of the management base."

In FY 2020, we minimized the impact of the spread of the new coronavirus infection on the progress of construction and new orders by introducing new workstyles. We achieved all of our targets one year ahead of schedule, thanks to the concerted efforts of our employees to implement the three pillars as well as government measures (introduction of ICT in schools and depopulated areas) that provided a tailwind. To return these positive results to our shareholders, we increased the annual dividend (by 5 yen, to 45 yen per share) and bought back our own shares (6 million shares in total) during the fiscal year.

In the current fiscal year, we are working to establish this achievement as our "true strength," as well as to further strengthen shareholder returns.

**Business Strategy Towards 2030**

In November 2021, the MIRAIT Group announced the outline of its business strategy for the next stage. The business strategy was

	Results (FY 2019)	Results (FY 2020)	Planned Figures (FY 2021)*
Net sales	441.1 bil. yen	463.7 bil. yen	480.0 bil. yen
Operating income	21.9 bil. yen	30.1 bil. yen	32.0 bil. yen
Operating income ratio	5.0%	6.5%	6.6%

\*Revised upward based on financial results for the first half of FY 2021

formulated due to the establishment of the new MIRAIT Group as a result of the integration of three companies, namely, MIRAIT Holdings Corporation, MIRAIT Corporation, and MIRAIT Technologies Corporation (scheduled for July 2022), and projects a vision for the year 2030.

The business strategy is centered on contributing to the resolution of social issues in Japan and overseas. To that end, it has identified the key social issues that we need to address. In relation to the growing demand for environmental conservation, it focuses on "Realization of a decarbonized society through business activities" and "Contribution to the creation of environmentally-friendly and resilient cities and villages." We will be making more active proposals from this perspective to companies in various regions, as well as to national and local governments.

The MIRAIT Group's Purpose (raison d'être) and Mission (social mission) will also be redefined, and will be announced in May 2022.

**Pursuit of Human-Centered Management**

Under the new business strategy, we will promote five business reforms, namely "5 Changes."

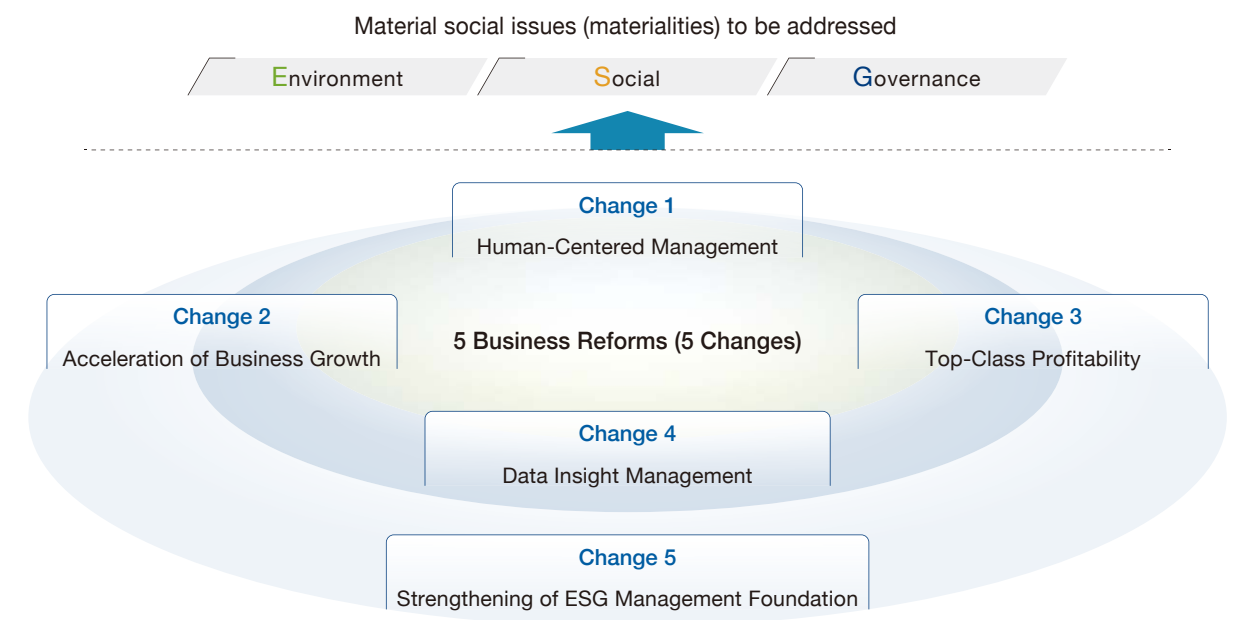
The first of these changes is expressed as "Human-Centered Management." With engineering as its main business, the MIRAIT Group is a company built on the daily on-site work of its employees and collaborators. The business growth of the MIRAIT Group will be realized through the change and growth of each individual in charge of the site. First, as a foundation to ensure that such processes are working actively, we are promoting "Safety-oriented Management" and "Health-oriented Management" that create a workplace environment where employees can work with peace of mind. Then, we will promote workstyle reforms to realize the MIRAIT Group's

version of "smart work" and build a "good company" for our employees. In addition, as an educational program that encourages people to change and grow, we will operate our "Future College" as an in-house university, expand our real campus where employees can practice their skills, and develop a digital learning environment that lets them learn anywhere in Japan. In order to create a group of human resources that can change society and change the future, we will invest heavily in our people.

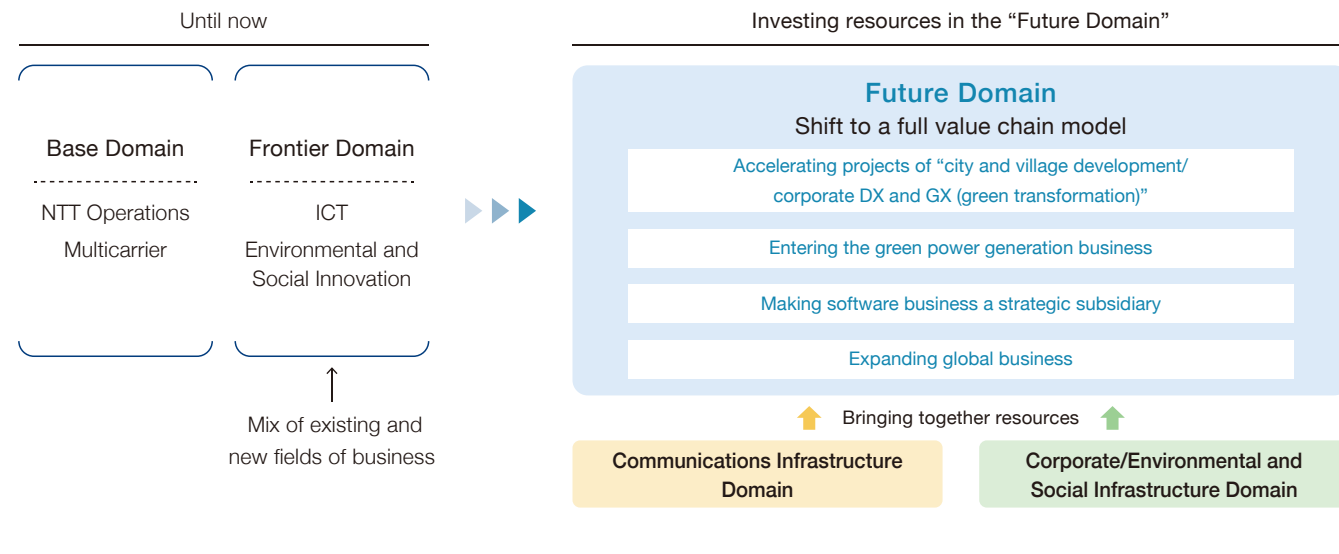
**Accelerating Business Growth and Strengthening Profit Structure**

Change 2 refers to "Acceleration of Business Growth." We will designate the fields in which we aim to achieve business growth as "Future Domain," and work on it by organically combining the management resources of the "Communications Infrastructure Domain," which is centered on the carrier business, and the "Corporate/Environmental and Social Domain," which is centered on the solutions business.

There are four key elements in the "Future Domain." The first is to accelerate city and village development projects and projects that meet corporate needs for DX and greening. We will respond to the needs of each region and company by combining our technical capabilities in communications, IoT, ICT, electricity, energy, civil engineering, and other fields with our greatest strength, on-site capabilities. The second is to make a foray into the green power generation business that will contribute to the era of decarbonization. In addition to the construction, operation and maintenance of power generation facilities, we will become a power generation company ourselves and supply renewable energy. The third is to strengthen



## Acceleration of Business Growth



our software business that supports customers' DX and infrastructure virtualization by making it a strategic subsidiary. Amid the growing use of software as part of the foundation for all infrastructure, the MIRAIT Group will integrate and strengthen its software business. Lastly, the fourth is to strengthen our global business catering to the demand for sharing data centers and infrastructures around the world. With our experience in Japan as a foundation, we will build high-quality infrastructures to contribute to the development of other countries.

In promoting the Future Domain, we will shift our business from the conventional construction-centered model to a full value chain model that encompasses all processes from planning and design to construction and operation.

Change 3 represents "Top-Class Profitability." We aim to strengthen our profit structure and reach the highest level of profitability in the industry by achieving efficient use of management resources through the three-way merger and the collaboration between the five companies, i.e., the new company resulting from the merger, TTK Co.,Ltd., SOLCOM Co.,Ltd., Shikokutsuken Co.,Ltd., and Lantvision (S) Ltd., as well as by thoroughly promoting the efficiency of operations partly through DX.

### The Possibilities of Data

Change 4 is "Data Insight Management." Engineering and data are now inseparable. By extracting and leveraging insights from data, we are opening up many new possibilities.

A prime example of this is digital twins in design and construction. In the past, the construction of communication base stations required frequent trips to the roof of the building, each time requiring permission from the building owner. However, using digital twins with 3D mapping technology can dramatically streamline the work by reducing the number of times you need to visit the site. This method is also valid for underground water pipes and telephone cables.

The power of data is astonishing in the operation and maintenance as well. Steel towers installed over a wide geographical area are exposed to the elements, and gradually become rusty and damaged, but this is not easy to check. Utilizing the data collected by

drones and other devices will greatly improve the efficiency of maintenance. AI-based diagnosis and prediction of water pipe deterioration is also promising.

I often encourage my employees to "improve safety scientifically." For example, we have installed drive recorders in all of our vehicles, analyzed the driving data and shared it with our field staff, which has significantly reduced the number of accidents. Data can also be very useful in preventing heatstroke and accidents at construction sites.

### Building an Organizational Foundation for ESG Management

Lastly, Change 5 is "Strengthening of ESG Management Foundation." On September 1, 2021, MIRAIT Holdings established the ESG Management Promotion Committee. It is placed directly under the Executive Committee, chaired by me and joined by officers and presidents of Group companies. The committee meets regularly to discuss material social issues that the MIRAIT Group should address, as well as Group-wide ESG strategies and policies, ESG-related initiatives, and information disclosure.

In October, we also endorsed the Task Force on Climate-related Financial Disclosures (TCFD). In addition to participating in the global movement toward carbon neutrality, we will identify and disclose the financial impact of climate change risks and opportunities.

### Moving forward by uniting the power of Group officers and employees

In order to keep us all in step towards the year 2030, this fall we conducted a survey of all 14,000 officers and employees of the MIRAIT Group. Our shift to a business strategy focused on resolving social issues reflects the thoughts shared by many of us. We are also working on redefining our Purpose and Mission based on the results of this survey. We are determined to make a dynamic progress by uniting the power of employees in various positions who will drive the new MIRAIT Group forward.

Your further expectations and cooperation to the MIRAIT Group will be greatly appreciated.

## Our Business

# Building and Maintaining

Starting with telecommunications infrastructure, we build a broad range of systems offering greater convenience in daily life and society as a whole and ensuring greater safety and security (comprehensive engineering: configuration), and maintain them (servicing: maintenance and operation) both in Japan and overseas.

### FY 2020 MIRAIT Group Sales

# 463.7 bil. yen

#### NTT Operations

157.0 bil. yen

34%

The MIRAIT Group builds, maintains and operates the NTT Group's fixed-line communication facilities and provides support to make optical fiber networks even more prevalent. Although initially focused on building those facilities, in recent years we have expanded into facility maintenance and operation as well. When disaster strikes, our emergency repairs and reconstruction safeguard these communication networks.

#### Multicarrier

98.2 bil. yen

21%

The MIRAIT Group builds, maintains and operates mobile communications facilities to support the increasing speed and capacity of mobile networks. We are currently conducting constructions for the expansion of 5G service area. Our Group also builds and maintains fixed-line communications facilities for communication carriers, conducts CATV, and builds and maintains fixed-line and mobile communications facilities overseas (Australia, Philippines, and Sri Lanka).

#### Environmental and Social Innovation

58.1 bil. yen

13%

The MIRAIT Group builds, maintains and operates solar power generation systems, EV charging stations and storage battery systems to make new energy infrastructures more accessible. In addition, we will contribute to the construction of next-generation environmental and social infrastructures through the elimination of utility poles (undergrounding of electric wires), electrical and air conditioning work, including LED installation, water and sewage work as well as road infrastructure work, such as bridge construction.

#### ICT Solutions

150.3 bil. yen

32%

With our ICT technology, we provide high-quality solutions that respond to a wide range of social and business issues, including introducing LAN/PBX and Wi-Fi, ensuring security, building management advancement, and promotion of operational efficiency. We have begun building and operating data centers and using drones to further expand the breadth of these solutions.

### A Step Forward

As one of the themes for building the next social infrastructure, the MIRAIT Group places great importance on water. Shikokutsuken Co., Ltd. is involved in the construction of distribution reservoirs in projects to relocate and upgrade filtration plants. As well, SOLCOM Co.,Ltd. has developed "nano gate," a self-cleaning system for building water supply and drainage pipes, which enables low-cost, low-labor maintenance of water supply and drainage pipes and other water-related facilities.





The MIRAIT Group continuously enhances a wide range of non-financial capital supporting businesses to heighten medium- to long-term financial performance.

### Engineering Capital

We keep both the hardware and software directly used for engineering in good shape while regularly adopting the latest versions.

#### Major Capitals

- Construction equipment (aerial work platform vehicles, etc.)
- Network/cloud service infrastructure
- Various tools used for solutions
- Internal information systems

#### Development Initiatives

- Systematic renewal of construction equipment
- SD-WAN (software-defined networking)
- Construction and operation of our own data center
- Configuration of networked DC\*1
- Enhancement of core systems (for i-Construction)
- Operational improvements through active adoption of RPA\*2

\*1 System to link with leased data centers through underground cables

\*2 Operational automation through robotics

### Human Capital

The size and quality of human capital is crucial in engineering. With this recognition in mind, the MIRAIT Group works to cultivate its human capital that supports the growth of business in multifaceted ways.

#### Major Capitals

- Engineers/skilled workers with a high level of problem-solving skills
- Trusted worksite supervisors
- Sales staff who nurture good relationships with customers

#### Development Initiatives

- Systematic training through a personnel training system
- Bounty system for obtaining professional qualifications
- Support for career advancement through an interview program
- Personnel rotation that encourages experience in diverse businesses and organizational cultures
- Securing and promoting active participation of diverse talents
- Enhancement of engineering personnel (mid-career employment)

### Intellectual Capital

The technical capabilities of the MIRAIT Group are a factor affecting its market competitiveness that often remains unseen. We place importance on turning tacit knowledge into explicit knowledge, sharing and developing it. We are also expanding our new knowledge through M&A, cooperation with various entities, and joint research.

#### Major Capitals

- Telecommunications construction and other engineering expertise
- Knowledge in specialized relevant fields
- Technical knowledge to be used in new solutions
- Processes and techniques of value engineering
- Quality control, occupational safety and health, environmental conservation and other expertise

#### Development Initiatives

- Operation of various management systems
- Strengthening of construction management capabilities (Use and ongoing revisions of the Worksite Supervisor Handbook)
- KAIZEN Suggestion Activity (reforms and development of articles and methods via suggested improvements)
- Adoption of the latest technology
- Open innovation

### Organizational Capital

The business operation system of the MIRAIT Group and partner companies is the foundation for our business growth in Japan and abroad.

#### Major Capitals

- Presence in each region and country
- Business sites (sales, construction, and services)
- Partner companies (smooth collaboration)
- Networks with organizations and people related to business

#### Development Initiatives

- Expansion and deepening of regional coverage
- Strengthening of Group operation systems
- Collaboration meetings and regional cooperation meetings with business partners
- ESG sourcing

### Social and Relationship Capital

The trusted relationships with our stakeholders are an "unseen foundation" of the MIRAIT Group's businesses.

#### Major Capitals

- The brand based on confidence and trust from customers
- Long lasting relationships with telecommunications carriers
- Relationships with customers, other than telecommunication carriers, in various fields
- Collaboration with municipalities and government agencies
- Support from local communities

#### Development Initiatives

- A long and proven track record
- Clarification of quality standards as well as confirmation and validation of quality in each operation
- Disaster recovery response
- Local contribution efforts/activities to promote communication with local communities



MiratecDrone's JUIDA-Certified Course Wins Top Prize, "President's Award," at "JUIDA SCHOOL AWARDS 2021"

MiratecDrone Corp. won the President's Award, the highest award, at the JUIDA SCHOOL AWARDS 2021 held by the Japan UAS Industrial Development Association (JUIDA). MIRAIT Technologies Corporation's Drone Business Division, the predecessor of MiratecDrone, was once awarded the "JUIDA SCHOOL AWARDS 2019 Gold," the highest recognition for "an accredited school that has contributed to producing a large number of personnel with safety-related knowledge and high piloting skills." This year's "President's Award" recognizes the best drone education activities among schools that, in addition to implementing JUIDA-designated curriculums, conducted their own drone education activities during the year from April 2020 to March 2021 to improve students' knowledge of drone-related laws and rules, their piloting skills, and their understanding of the importance of operating drones safely.

Number of employees

12,882

Personnel with qualifications

Approx. 9,350

Approx. 17,650

Number of KAIZEN suggestions

24,489

KAIZEN Fellows

68

Number of Group Companies

57 in Japan 28 Overseas

Number of partner companies with Ongoing Business

Over 1,000

Sales Sites Lantrovision is Expanding Throughout Asia

13 Countries and Regions 28 Cities

Number of Users of Information and Communication Facilities Supported by the MIRAIT Group (Japan)

Approx. 41 million

Track Record of Building Communications Facilities Worldwide by the MIRAIT Group

Over 100 Countries

Number of Pilots Produced Through Our Drone School Which We Have Been Running for Three Years

Approx. 1,000

Number of Sites Using "Casting Table 3.0" Contact Center Solutions

83 Sites of 308 Companies

EV Charging Stations

Approx. 1,600 Stations

Cumulative total of ee-TaB® Hotel Room Information Service Terminals Introduced at Hotels

Over 1,000 Terminals at 69 Facilities

The data is for FY 2020 (as of March 31, 2021)

## Unfolding the Medium-term Management Plan

Based on rapid changes in the business environment, the MIRAIT Group is implementing a three-year medium-term management plan that began in fiscal 2019 to bring about sustainable growth.

### Outline of Current Medium-term Management Plan

The business environment surrounding us at the MIRAIT Group is expected to continue to change significantly in the future due to expectations for the expansion of 5G-related services, growing needs for new ICT solutions created under the “new lifestyle” promoted by the spread of the new coronavirus infection, and the promotion of renewable energy policies to realize a decarbonized society. We believe that we must strive to improve management efficiency and productivity of existing businesses, while expanding into and strengthening the competitiveness in new fields (“frontier business”) in the medium- to long-term, in order to enhance our corporate value and to achieve sustainable growth as a “Comprehensive Engineering and Service Company” amid such changes in the external environment. To this end, we have formulated our fourth Medium-term Management Plan for the three-year period starting from FY 2019.

### Business Activities and Results in FY 2020

In FY 2020, the spread of the new coronavirus infection caused delays in the progress of some construction projects and also affected the volume of new orders obtained by the Group. The Group continued its business activities while taking measures to prevent the spread of the infection in cooperation with customers, including telecommunications companies. The Group also introduced new way styles, such as staggered work hours, teleworking, and office decentralization, and worked to improve the efficiency of business operations.

The status of each business segment is as follows:

#### ■ NTT Business

In the NTT business, the Group worked to increase access construction work related to the increase in facility operation work and the expansion of teleworking, and to win orders for the Project to Promote the Development of an Advanced Wireless Environment, as well as to improve profit margins through the benchmarking method and to streamline operations by integrating offices.

#### ■ Multicarrier Business

In the multicarrier business, the Group achieved higher sales than the previous year thanks to the nationwide expansion of construction work for Rakuten Mobile and an increase in CATV work, although delays in the delivery of parts and materials and restrictions on entry caused some construction work to slip behind schedule. The Group also worked to strengthen technical capabilities and its human resource base by training multi-skilled engineers who are capable of performing construction and maintenance of wireless base stations and fixed lines in a combined manner.

#### ■ Environmental and Social Innovation Business

Although there was an increase in air-conditioning work and expansion of water supply and sewerage work, sales in the environmental and social innovation business fell below the previous year’s level due to a decrease in large-scale solar power projects and electrical work.

As a future growth driver, the Group also worked on the construction of smart communities that use EV chargers, storage batteries, and self-consumption solar power generation.

In order to strengthen our cost competitiveness in water and sewage works and civil engineering works, the Group has decided to merge Tokaikoei Inc. and Miyakokensetsu Corporation (effective April 1, 2021).

#### ■ ICT Solution Business

In the ICT solution business, sales exceeded the previous year’s results by nearly 30 billion yen thanks to an increase in LAN/PBX-related domestic business and increased sales of goods for schools (PCs, servers, etc.).

The Group also worked to strengthen its technical capabilities by launching digital transformation (DX)-related services such as an “electronic shelf label” system and participating in verification tests for the practical application of new technologies.

In addition, with the aim of expanding the global business over the medium to long term, the Group added YL Integrated Pte Ltd., which is engaged in electrical construction in Singapore, and two of its subsidiaries as well as Shanghai Changling Communication Equipment Co.,Ltd., which constructs communication towers and provides sharing services mainly in China (Shanghai) as consolidated subsidiaries of the Group.

As for the consolidated financial results, net sales increased by 22.6 billion yen year-on-year to 463.7 billion yen and operating income increased by 8.2 billion yen year-on-year to 30.1 billion yen, marking the fifth consecutive year of increased sales and profits, and a new record high. As well, ROE was 11.0%.

\*The impact of the spread of the new coronavirus (COVID-19) epidemic has been judged to be insignificant, as there have been no events that could have a significant impact on the Group’s business performance and other conditions.

### Activities in FY 2021

The actual results for FY 2020 exceeded the target for FY 2021, and we consider these good results to indicate our “true strength,” so we have revised our targets.

In FY 2021, we are giving priority to the following challenges:

#### 1. Expanding business domains in new fields (frontier business)

Accelerating the transformation of the business structure by strengthening inter-group collaboration, etc.  
Carefully selecting targets in response to changes in the market environment  
Strengthening the management base by improving operating efficiency

#### 2. Improving productivity of existing businesses

Continuously improving business efficiency through the benchmarking method, and maximizing integration synergies  
Promoting multi-skilling across different businesses to improve operational efficiency  
Strengthening of profit structure through various measures including business process review

### Key Initiatives of the Fourth Medium-term Management Plan

1. Generate new business opportunities	<ul style="list-style-type: none"> <li>Development of solution business by leveraging the expanded regional coverage achieved through management integration</li> <li>Facing the challenge of new business opportunities transcending the conventional framework of business domains and technologies</li> </ul>
2. Acceleration of transformation of business structure	<ul style="list-style-type: none"> <li>Acceleration of transformation from carrier business to solution business</li> <li>Promotion of transformation of quality in solution business (emphasis on profit)</li> </ul>
3. Enhance productivity and reduce costs through efficient operations	<ul style="list-style-type: none"> <li>Ensuring operation of construction work through stronger ties with partner companies</li> <li>Sharing of systems and consolidation of common operations</li> </ul>
4. Strengthen human resources	<ul style="list-style-type: none"> <li>Improvement of productivity and securing of human resources through work style reforms</li> <li>Strengthening and utilization of human resources supporting expansion into new business domains and transformation of business</li> </ul>
5. Promote ESG-oriented management and improvement of safety and quality	<ul style="list-style-type: none"> <li>Accurately perceiving business in terms of both risk and opportunity from the perspective of strengthening ESG</li> <li>Establishment of the MIRAIT Group brand responding to customers’ needs for peace of mind and reliability in “improvement of safety and quality”</li> </ul>
6. Capital policy	<ul style="list-style-type: none"> <li>Maintaining a sound financial standing</li> <li>Management conscious of capital cost</li> <li>Consideration of providing shareholder returns aimed at realization of ROE of 8% or more</li> </ul>

### Targets and Results (Group Consolidated)

	FY 2021 Targets (Medium-term Management Plan)	FY 2020 Results	FY 2021 Planned Figures
Net sales	450 bil. yen	463.7 bil. yen	480.0 bil. yen
Operating income	27.0 bil. yen	30.1 bil. yen	32.0 bil. yen
ROE	More than 8.0%	11.0%	-

### Results by Segment

	FY 2020 (YoY Change)
NTT Operations	157.0 bil. yen (+0.7 bil. yen)
Multicarrier	98.2 bil. yen (+1 bil. yen)
Environmental and Social Innovation	58.1 bil. yen (-8.6 bil. yen)
ICT Solutions	150.3 bil. yen (+29.5 bil. yen)

### MIRAIT Group Key Performance Indicators

The Group uses sales, operating income, operating income ratio, and ROE (return on equity) as objective indicators (KPI) for determining the status of management goals. We recognize that these indicators will be useful for all stakeholders, including shareholders, to evaluate the effectiveness, feasibility, progress, etc. of the Group’s management policies and strategies. Operating income and ROE are also used as calculation indicators in the performance-linked stock-based compensation plan.

## Evolution of Our Business Structure Toward a New MIRAIT Group

The MIRAIT Group is reorganizing its business structure in order to continue to be a growing company in the midst of rapid changes in the business environment.

### Merger of Three Companies to Accelerate Business Structure Transformation

In October 2020, the Group announced that its Board of Directors had approved a policy to begin deliberations and preparations for a three-way merger between the holding company, MIRAIT Holdings Corporation, and its two wholly-owned consolidated subsidiaries (MIRAIT Corporation and MIRAIT Technologies Corporation).

MIRAIT Corporation and MIRAIT Technologies Corporation, the core operating companies of the Group, have expanded their respective businesses, mainly in the information and telecommunications engineering business and the solution business for telecommunications carriers, and have greatly contributed to the enhancement of the Group's corporate value. However, due to the rapid changes in the business environment facing the Group, in order to achieve further corporate growth in the future, it is urgent to change the business structure, i.e., to make growth fields (solutions business, new fields, etc.) into core businesses, and at the same time, to strengthen the profit structure of the information and telecommunications engineering business (carrier business) that we have been developing, and to reinforce the management foundation.

In light of these circumstances, by accelerating the transformation of our business structure through this merger, we aim to remain a reliable group that builds and maintains the social

infrastructure (telecommunications and energy) of the future by further speeding up decision-making among the Group companies, improving the efficiency of our management structure, reducing costs through the concentration of management resources, and further strengthening our profitability.

We aim to realize the merger early in FY 2022. We have already reorganized our operations into teams according to individual growth fields such as the solution field (April 2021), the global field (July 2021), and the frontier field (October 2021).

### Outline of the Three-Way Merger

#### Method of merger

It is assumed that the merger will be an absorption-type merger, with MIRAIT Holdings Corporation as the surviving company.

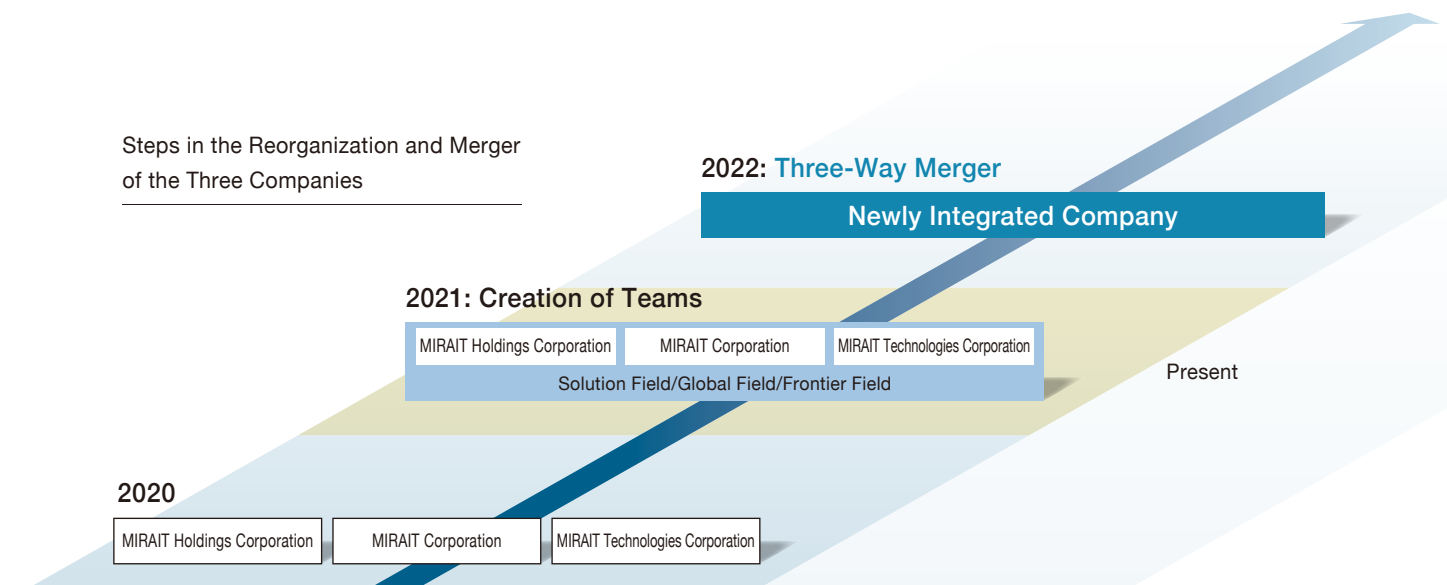
#### Issuance of new shares, etc.

(1) This is a merger between MIRAIT Holdings Corporation and its two wholly-owned consolidated subsidiaries, MIRAIT Corporation and MIRAIT Technologies Corporation, and there will be no issuance of new shares or delivery of monetary or other consideration.

#### Trade name and business description

As for the trade name and business activities of the company resulting from this merger, the articles of incorporation will be amended and a resolution will be adopted at the general meeting of shareholders.

### Steps in the Reorganization and Merger of the Three Companies



### Reorganization of MIRAIT Corporation Group Companies

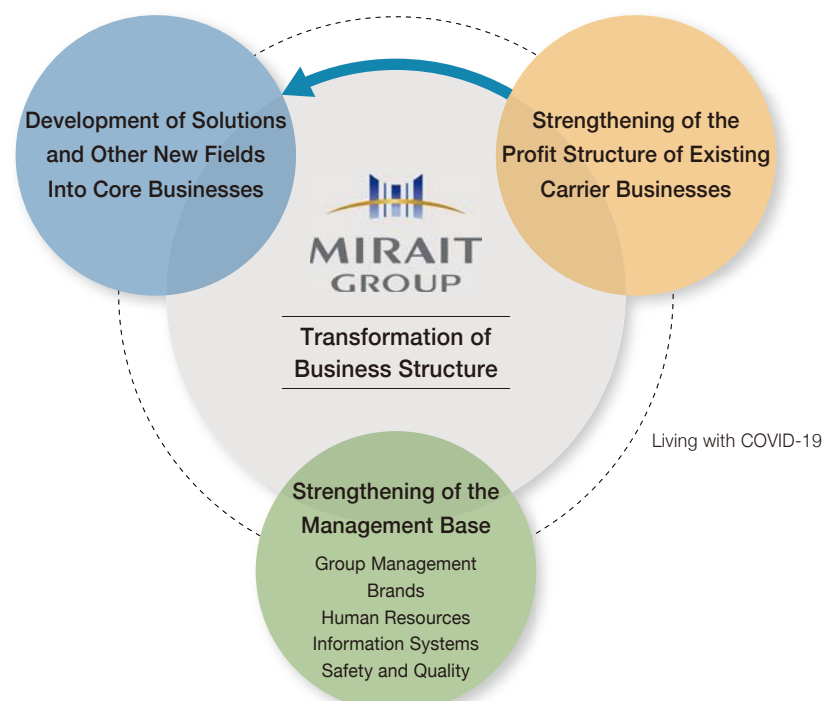
The Board of Directors of MIRAIT Corporation resolved to start deliberations and preparations for the reorganization of its group companies at a meeting held in January 2021.

The purpose of the reorganization is fourfold: (1) to improve efficiency and clarify missions by integrating and consolidating a large number of small group companies into a few core companies by business field; (2) to improve efficiency by consolidating inefficient overhead functions dispersed among the companies; (3) to strengthen the recruitment and brand power of each company; and (4) to strengthen the governance of the Group companies of MIRAIT Holdings Corporation.

We have been working toward implementation in early FY 2021, and have first started to reorganize the mobile business.

We have consolidated the mobile business-related operations that MIRAIT Corporation orders from its group companies into two group companies, one in the East Japan area and the other in the West Japan area. In addition, some of the operations conducted by MIRAIT Corporation were also transferred to the same two companies. Then, these two companies have changed their trade names as of July 1, 2021, in order to clarify their positionings as companies that conduct mobile business-related operations. Nissin Tsuukou Co.,Ltd. is now called "MIRAIT Mobile East Co.,Ltd." and DAIMEI NETWORK CO.,LTD. "MIRAIT Mobile West Co.,Ltd."

### Purpose of the Reorganization and Merger of the Three Companies



### Overview of the Reorganization

Business	Details of the reorganization	Companies concerned
Mobile business	Consolidation of mobile-related operations into two core companies in the east and west	Nissin Tsuukou Co.,Ltd., DAIMEI NETWORK CO.,LTD.
Solution business	Integration of two subsidiaries related to ICT/environment and energy	MIRAIT-X Corporation, KOKKO SYSTEMS CO., LTD.
Outsourcing business	Integration of two subsidiaries to which common operations are outsourced	HOPE NET Co., Ltd., NIPPON TOYOCOM Co.,Ltd

# MIRAIT Group's ESG-oriented Management

In recent years, companies are expected to respond to social and environmental issues, as typified by the Sustainable Development Goals (SDGs), and there is a growing trend of evaluating corporate involvement in society from an ESG (Environmental, Social and Governance) perspective.

The MIRAIT Group is building communication and electric infrastructure, including the development of 5G facilities, the construction of EV stations, and conducting renewable energy projects, by leveraging the strengths

in field and technical capabilities that we have cultivated over the years, and we feel that we are expected to resolve issues of our customers, society, and the environment through the MIRAIT Group's business.

With growing expectations for contributing to the SDGs and resolving ESG-related issues, we will strive to contribute to the sustainable development of our customers and society and enhance our corporate value by promoting various measures.

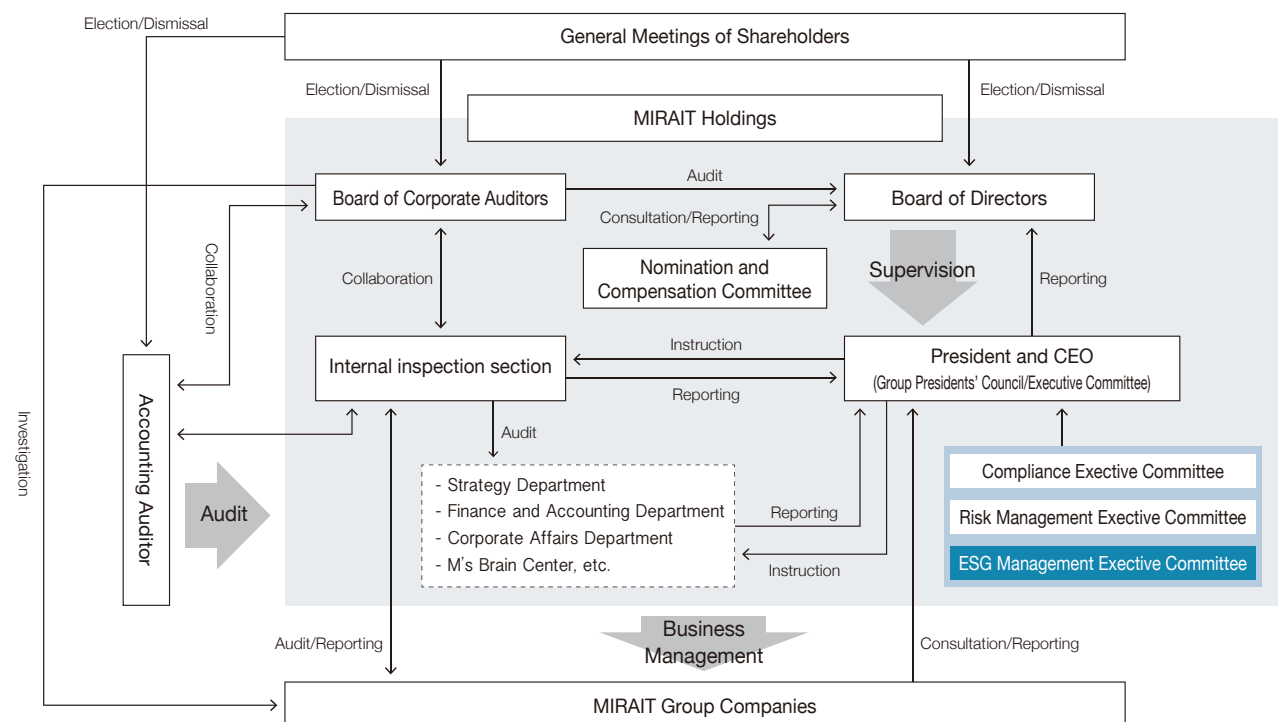
## ESG Management Promotion Structure

The MIRAIT Group has established a management system to promote ESG-oriented management with the aim of contributing to the SDGs and enhancing corporate value for sustainable growth.

The ESG Management Promotion Committee, chaired by the President, will be established to formulate strategies and resolve issues related to overall ESG management in the MIRAIT Group.

### ESG Management Promotion Committee Members

Chair	President and Chief Executive Officer of MIRAIT Holdings NAKAYAMA Toshiki
Committee Members	Directors YAMAMOTO Yasuhiro, TOTAKE Yasushi, TSUKAMOTO Masakazu, AOYAMA Koji, HIRABARA Toshiyuki, IGARASHI Katsuhiko Operating Companies AKAHASHI Masayuki, ITO Fuminori, MIYAZAKI Tatsumi, SASAKI Takao, TAKEDA Yoshitomi, TSURUMI Yasuo, TAKAGI Yasuhiro, OCHI Yasuyuki, MINOWA Yoshiro, KAJI Akio, NAGAMATSU Noriyuki, TAKAYA Yoichiro
Secretariat	ESG Management Promotion Office, Strategy Department, MIRAIT Holdings Managing Executive Officers in Charge of PR Managing Executive Officers in Charge of IR

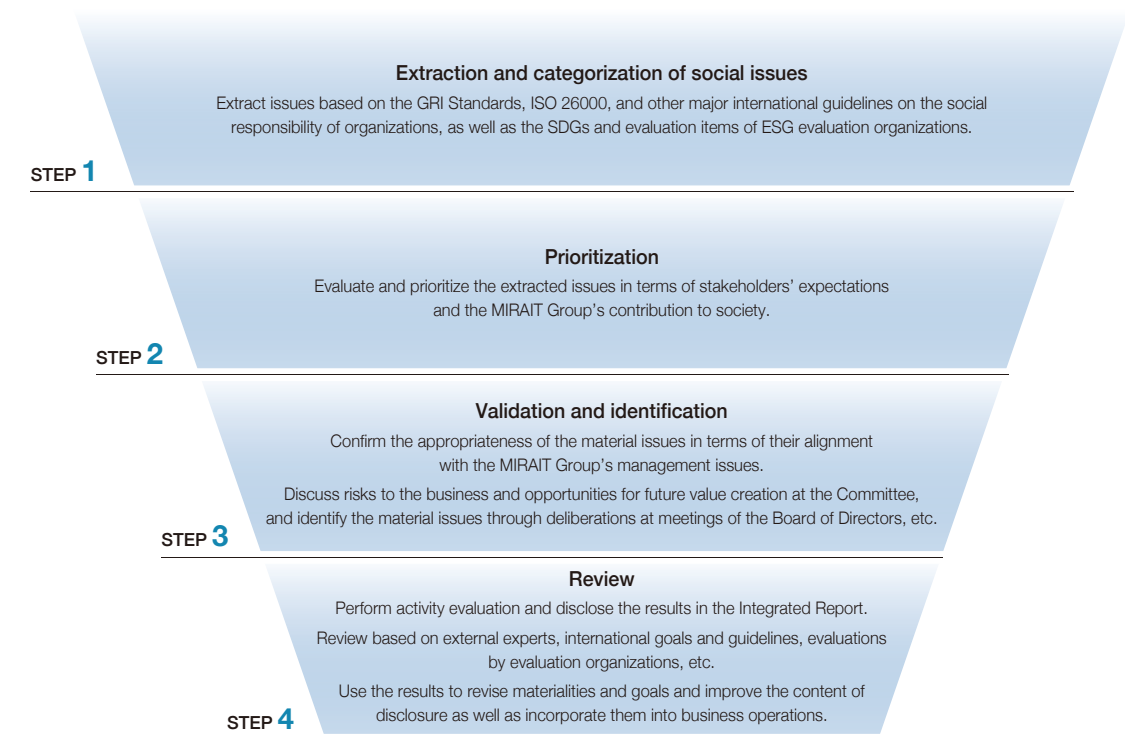


## Materiality Identification Process

We, at the MIRAIT Group, had previously identified material issues (materialities) when formulating the third Medium-term Management Plan in May 2017, but in light of recent changes in society and the environment, we have identified nine new materialities.

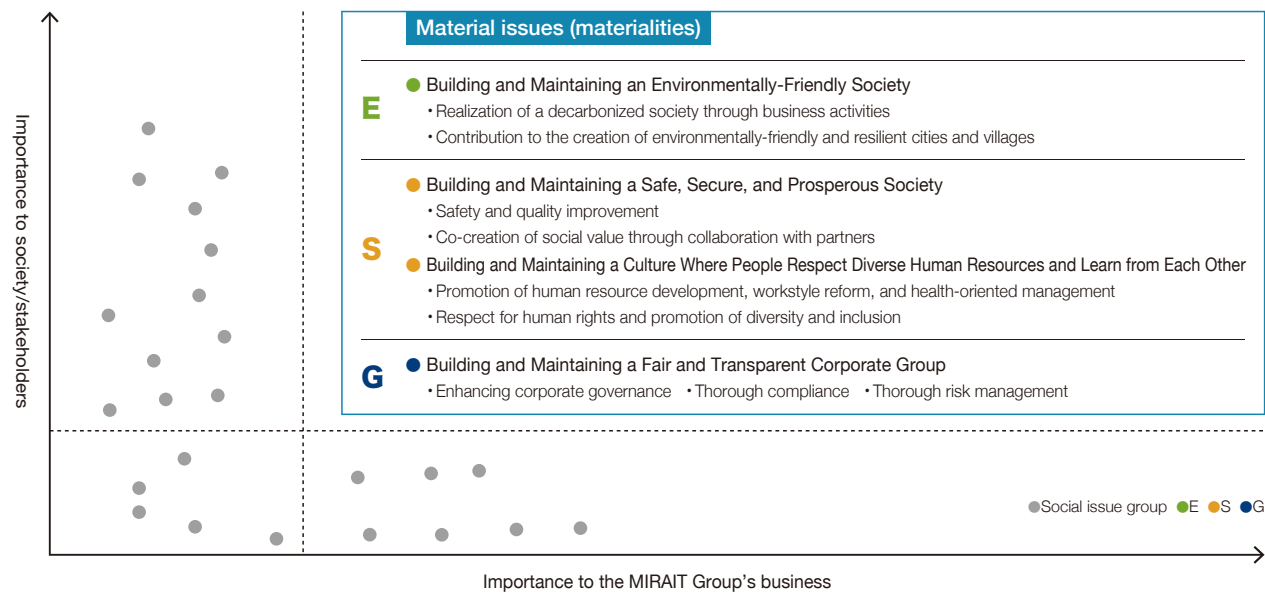
To identify and decide on these issues, the ESG Management Promotion Committee held a series of discussions based on customer and employee surveys, opinions from stakeholders, important social issues extracted from international guidelines on social responsibility, and expectations of the MIRAIT Group, followed by deliberations by the Executive Committee and Board of Directors.

- **STEP1 Extraction and categorization of social issues**  
 Comprehensively extract issues to be considered by referring to the GRI Standards, ISO 26000, and other major international guidelines on the social responsibility of organizations, as well as the SDGs and evaluation items of ESG evaluation organizations.
- **STEP2 Prioritization**  
 Evaluate and prioritize the extracted issues in terms of whether we should contribute to solving them, or whether they will lead to value creation, based on stakeholders' expectations and the raison d'être and missions of the MIRAIT Group.  
 Discuss and select material issues that the MIRAIT Group should address on a priority basis at the ESG Management Promotion Committee.
- **STEP3 Validation and identification**  
 Confirm the appropriateness of the selected material issues in terms of their alignment with the MIRAIT Group's management issues. Discuss the risks to the current business and future opportunities at the ESG Management Promotion Committee, and after deliberations by the Executive Committee and Board of Directors, identify material issues (materialities).  
 Consult with relevant departments to determine measures and targets for the identified materialities.
- **STEP4 Review**  
 Evaluate activities against materialities based on targets and results, and disclose the evaluation results in the Integrated Report.  
 Do a review based on questionnaires conducted inside and outside the MIRAIT Group, opinions received from external experts, international goals and guidelines such as the SDGs, and evaluations by ESG evaluation organizations. Use the results to revise materialities and goals and improve the content of disclosure as well as incorporate them into business operations.





Materiality Review



Relationship Between Materialities and SDGs

As shown in the diagram below, the MIRAIT Group has organized its material issues (materialities) and the impact on the SDGs through

the promotion of initiatives linked to these issues. We will contribute to the realization of each goal through our business activities.

Material issues (materialities)	SDGs
<b>E Building and Maintaining an Environmentally-Friendly Society</b>	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17
Realization of a decarbonized society through business activities	7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17
Contribution to the creation of environmentally-friendly and resilient cities and villages	6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17
<b>S Building and Maintaining a Safe, Secure, and Prosperous Society</b>	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17
Safety and quality improvement	3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17
Co-creation of social value through collaboration with partners	5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17
<b>S Building and Maintaining a Culture Where People Respect Diverse Human Resources and Learn from Each Other</b>	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17
Promotion of human resource development, workstyle reform, and health-oriented management	3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17
Respect for human rights and promotion of diversity and inclusion	5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17
<b>G Building and Maintaining a Fair and Transparent Corporate Group</b>	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17
Enhancing corporate governance	8, 9, 10, 11, 12, 13, 14, 15, 16, 17
Thorough compliance	5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17
Thorough risk management	3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17

Endorsement of the TCFD

We consider climate change as one of the issues that is highly relevant to the MIRAIT Group's business activities.

In October 2021, the MIRAIT Group endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)\*, which aims to proactively disclose the financial impact of climate-related "risks" and "opportunities." In addition to incorporating the risks and opportunities that climate



\*The Task Force on Climate-related Financial Disclosures (TCFD) was established to formulate recommendations for more effective climate-related disclosures that will facilitate more informed decision making on investments, credit, and insurance underwriting and help stakeholders better understand the concentration of carbon-related assets in finance. The recommended disclosure items are structured around four thematic areas that represent core elements of how organizations operate: governance, strategy, risk management, and metrics and targets.

change presents to the MIRAIT Group's business into our business strategies, we will disclose appropriate non-financial indicators, work toward decarbonization, and through our business aim to contribute to society as a whole, including addressing overall environmental issues.

Also, we have joined the "TCFD Consortium."



**TCFD Consortium**  
The TCFD Consortium is an organization established as a forum for companies, financial institutions, etc. that endorse the TCFD to work together to discuss effective information disclosure by companies and initiatives to help financial institutions make appropriate investment decisions based on disclosed information.

Operation of Integrated Management System

The MIRAIT Group has acquired and is operating in compliance with international standards in four areas: quality management systems (ISO 9001), occupational health and safety management systems (ISO 45001), environmental management systems (ISO 14001), and information security management systems (ISMS) (ISO/IEC 27001).

Since 2012, we have been operating the Integrated Management System that deals with the management systems of

international standards in the four areas in an integrated manner.

The Management System Policy we operate provides the basis of the Integrated Management System, requires all people involved in MIRAIT Group business activities to be aware of ESG, and clearly states that each company and department of the MIRAIT Group cooperate together to conduct PDCA management.



# Realization of a decarbonized society through business activities

We aim to realize a decarbonized society by constructing, operating, and maintaining more efficient social infrastructures and advanced energy-related systems, as well as supplying renewable energy as our own business.

## Businesses to Serve Environmental Protection

### Direct and Indirect Contributions

We contribute directly to creating energy infrastructure needed for a low-carbon society through design, construction, operation and maintenance of power generators that utilize renewable energy (especially solar power), installation and maintenance of LED lighting, installation and maintenance of EV charging stations, and provision of energy management systems and battery systems.

We are also taking an active part in initiatives toward realizing high-efficiency smart energy systems and smart cities, by such approaches as developing broadband wireless sensor network systems and next-generation mobility.

### Stable Supply of Renewable Energy

One of the social infrastructures that the MIRAIT Group is building is equipment and systems for widely spreading renewable energy.

Local governments have been implementing projects to support the joint purchase of solar power and storage battery systems since fiscal 2019 in order to further expand the use of renewable energy in general households. In Kyoto City, which aims to achieve net zero CO<sub>2</sub> emissions by 2050, our group company COTONET ENGINEERING Co., Ltd. has been selected as the sales and installation company to provide solar power and storage battery systems to the city's residents. Also in Osaka Prefecture, MIRAIT Technologies Corporation has been selected as a sales and installation company for storage battery systems. As well, MIRAIT Corporation, together with ENNET Corporation and CCD Co., Ltd., conducted a verification test for the interchange of surplus electric power to users in the local community by utilizing solar power generation and electric vehicles (EV) over a one-year period starting at the end of March 2020.

We installed solar power generation equipment and an EV power conditioner at a conventional energy-saving residence in Karuizawa-machi, Kitasaku-gun, Nagano. Electricity from solar power generation was used at home, and the surplus was charged in EVs, which then supplied electricity to the docomo Shop Karuizawa during designated evening hours.

We will also contribute to ensuring the stable supply of renewable energy, a challenge to be addressed, so that it can be readily used in more situations.



## Environmental Management

Companies in the MIRAIT Group operate in compliance with environmental management system standards (ISO 14001) (MIRAIT Corporation and MIRAIT Technologies Corporation are certified at all of their business locations).

At each business location, environmental aspects of our operations are identified and impacts are assessed. We then design steps to manage material environmental aspects, formulate action plans for each fiscal year, review progress to find the results and challenges, informing continuous improvement.

We conduct regular audits. One internal and one external audit are held once a year at our business base with ISO 14001 certification.

Over the seven years from 2014 to 2020, the number of our violation of environmental laws, accidents or pollution that would cause environmental problems, and environmental complaints were all zero (at the domestic group companies).

### Sharing Results

We aggregate actual values of our main performance indicators for environmental protection activities (CO<sub>2</sub> emission, electricity consumption, consumption of fuels such as gasoline and kerosene, emission of paper waste, household waste and industrial waste, and green purchasing payments) and monitor and analyze them to promote our activities.

In summer and winter when electricity consumption increases, each workplace sets its own targets and works to reduce electricity use.

## Mitigating Climate Change

### Saving and Creating Energy at Construction Centers

At local construction centers, we have been installing LED lighting, demand monitoring systems for power consumption, and rooftop solar power generators, promoting energy conservation.

### Annual electrical power output of solar power generators at 5 offices of MIRAIT Corporation

FY 2017	FY 2018	FY 2019	FY 2020
124	138	132	137

(thousand kWh)

### Promoting Power Saving

Most of the energy consumed in offices is electricity. The MIRAIT Group is making unified efforts to promote power saving through multifaceted approaches: more efficient use and reduction of printers

and copy machines; power-saving settings of PCs; proper indoor temperature control; switching off unnecessary lighting; and education for controlling elevator use.

### Improving Fuel-efficiency of Vehicles

We work to raise company-wide awareness and energy efficiency by introducing low-emission, fuel-efficient vehicles, and by encouraging eco-driving for less environmental impacts and fewer traffic accidents.



Company car with an Eco-Drive Sticker

## Contributing to Circular Society

### Recycling of Construction By-products

We continuously work to minimize the volume of construction by-products that occur at each construction site and to discover ways to recycle by-products that do occur. As part of that effort, we switched from wooden drums on which steel stranded wire is wound and disposed of after one use to a reusable ECO drum – part of a telecommunications construction industry program – starting in 2008 and, except for a few sizes, use only ECO drums.



ECO drums

### Promoting Recycling Construction Spent Products

We promote recycling by collecting uniforms and helmets after they have been used and using a thermal processing (used as heat) by contracting a specialized company.

### Reducing Paper Use

We are promoting paperless meetings and standardizing procedures for using multifunction devices that eliminate wastefulness.

## Comprehensive Environmental Protection Measures

### Green Development Guidelines

Since FY 2016, the MIRAIT Group has established Green Product Development Guidelines compiling the points that should be considered from the product design and development stage with the preservation of the global environment in mind. During development, while both observing related laws and ordinances, we also consider environmental effects over the life cycle of the construction method, product, or service.

### Environmental Standards for Evaluating and Selecting Business Partners

In evaluating and selecting business partners, the MIRAIT Group considers their approaches to ESG. We ask about environmental considerations (promotion systems, chemical substance management, CO<sub>2</sub> emission reduction, and industrial waste reduction) as a basis for our decision (see p. 35).

### Green Purchasing

We purchase office supplies and paper based on the recommendations of GPN\* green purchasing guidelines as much as practicable. The green purchasing ratios for MIRAIT Corporation and MIRAIT Technologies Corporation were 82.9% and 81.1% respectively in FY 2020.

\*A list of items (per product category) to consider from environmental viewpoints upon making purchasing decisions, prepared by the GPN (Green Purchasing Network).

## Biodiversity Conservation

### Rural Area and Neighborhood (Satoyama) Conservation Activities

Since 2003, we have participated in satoyama conservation activities organized by the Osaka Green Trust, recruiting volunteers both internally and from partner companies. In FY 2019, we joined pruning and thinning in the Kurumatsukuri Forest of Ibaraki City in metropolitan Osaka as in the previous year to restore and maintain its favorable conditions. We worked to conserve nature and biodiversity and create green and pleasant environments.



Work in the Kurumatsukuri Forest



## Contribution to the creation of environmentally-friendly and resilient cities and villages

We will contribute to the creation of sustainable cities and villages through the construction of environmentally-friendly and resilient social infrastructure that makes full use of the MIRAIT Group's technologies in a wide range of areas, including IoT, 5G, ICT, and energy systems.

### Minimizing the Impact of Disasters and Accidents

Recovery response in the event of a disaster or accident is an important role of the MIRAIT Group as a safeguard for the communications and network environment.

We conducted recovery activities for communication infrastructures in various regions damaged by Typhoon No. 10 in July 2020 and Typhoons No. 15 and No. 19 in September and October 2019.

### Creating Information and Communication Infrastructures That Can Withstand Natural Disasters

The proper functioning of information and communication networks is essential for the daily lives of the people and for industrial and economic activities. The MIRAIT Group has consistently been committed to the construction and operation of information and communication infrastructures that can withstand natural disasters, including wind, flood, and earthquakes.

In recent years, we have also worked to prevent the collapse of utility poles due to earthquakes and typhoons by undergrounding electric cables. We excavate the road and bury conduits to accommodate electric cables, while paying attention to water, sewage, and gas pipes. The MIRAIT Corporation carried out a project to eliminate utility poles in Ponto-cho, a representative scenic area of Kyoto. Considering the narrow alley, the company used a new construction method (small box method) for the first time in Japan. This new method can be implemented at a lower cost and in a shorter period of time than conventional methods, and many local governments, including the Tokyo Metropolitan Government, have visited the site.

In the construction of a volcanic eruption monitoring system for Mt. Zao, a quasi-national park located on the border of Miyagi and Yamagata prefectures, TTK Co., Ltd. laid underground conduits to accommodate the cables in accordance with the specifications of the customer, the Ministry of Land, Infrastructure, Transport and Tourism, because the overhead communication and power cables supported by utility poles could be cut in the event of a volcanic eruption. TTK



Construction to eliminate utility poles in Ponto-cho

faced a lot of difficulties due to considerations for tourists and sudden changes in weather, typical to mountainous areas, but was able to complete the project with high quality and without any accidents. The company is contributing to the construction of infrastructure for mitigating disasters caused by volcanic eruptions.

### Disaster Response Using Drone Technology

On July 1, 2020, we concluded an "Agreement on Cooperation for Assistance Using Unmanned Aircraft in Times of Disaster" with Koto Ward, Tokyo. Upon request from Koto Ward in the event of a disaster, MIRAIT Technologies Corporation and MiratecDrone Corp. will be dispatched to inspect civil engineering facilities in the ward.

In addition, after the mudslide disaster that occurred in Atami City, Shizuoka Prefecture in July 2021, MiratecDrone Corp. provided technical guidance on drone photography to members of TEC-FORCE, the Ministry of Land, Infrastructure, Transport and Tourism. After the mudslide disaster, MiratecDrone created orthoimages using burst shots taken by a drone from the headwaters of the Aizome River to the midstream erosion control dam, and provided them to TEC-FORCE, the Ministry of Land, Infrastructure, Transport and Tourism.

With MiratecDrone taking the lead, the MIRAIT Group will work on faster, more sophisticated and safer survey techniques.



### Supporting a New Lifestyle in the "With Corona" Era

The pandemic of the new coronavirus has forced every company to adopt unprecedented practices in hygiene and personnel management. The MIRAIT Group has been making efforts to deliver solutions that enable the group to respond quickly and smoothly to these social demands.

In April 2021, MiratecDrone Corp. began providing drone-based antibacterial and antiviral coating services for large-scale event venues. The purpose of this is to prevent the spread of the new coronavirus through contact within the facilities. This reduces the workload and cost, for example, by greatly reducing the daily sterilization work. Needs are expected in large-scale event venues such as theaters and halls. As a result of repeated verification tests conducted with our partners, SUNCREST Co.,Ltd. and Toko Tekko Co.,LTD., we confirmed monovalent copper compound nanoparticles on the surface of test venues as a result of the spraying of antibacterial and antiviral agents from drones. In addition, the MIRAIT Corporation is supporting hotels that are struggling with the new coronavirus disaster with its "ee-TaB\*" tablets for hotel rooms, providing a safer environment for guests. The ee-TaB\* unifies the operation of in-room equipment and, in cooperation with Toppan Inc., enables guests to check how crowded a restaurant is from their rooms. In addition to increasing the sense of security for guests, the ee-TaB\* also makes it easier for hotel managers to ensure safety through enabling more efficient cleaning and disinfection work.

The "Conrepo (Condition Report)" developed by the MIRAIT Corporation is a web system that facilitates management by enabling the use of data on physical condition and work location that employees enter with simple operations from a terminal at hand (smartphone or PC). Supervisors can check an employee's physical condition and work location at any time by accessing "Conrepo" and viewing the data. Reports of physical disorders can also be automatically sent to the direct supervisor. After three months of preliminary implementation within the company and receiving extensive feedback, the MIRAIT Corporation launched this new service in September 2020.

### "Working Space in Nature" Enabled by Outdoor Wi-Fi System

The MIRAIT Corporation's Chiba Branch, which has been working on proposals from the perspective of infectious disease prevention measures, took overall charge of the consulting, design, and construction of the outdoor Wi-Fi (i wireless LAN) environment at the Narita Yume Farm Family Auto Camping Ground (Narita City, Chiba Prefecture), contributing to the realization of a "working space in nature."

For the outdoor Wi-Fi relay device, the company selected a model that supports up to 1Gbps, which is equivalent to optical fiber, and for the access point communicating with client terminals, a model that supports high-speed communication, and confirmed a downstream speed of over 100Mbps on weekdays when there are few users. The environment enables stress-free exchange of large files and online meetings. The company also handled the power source installation work at the site. Named "Office Makiba," this place provides an environment where people can work face-to-face while maintaining a distance from each other in an open space.

Users can expect a sense of togetherness through shared space, new ideas stimulated by unusual surroundings, and the healing effects from being in nature. Through this, the company also aims to promote "workation," which is attracting attention as a new way of working and living.



# Contribution to the creation of environmentally-friendly and resilient cities and villages

## Building and Using 5G

The MIRAIT Group is contributing to the smooth transition to the 5G communications environment, and developing and providing solutions that make the most of its features.

### Supporting the Transition of Mobile Communication Systems to 5G

The provision of commercial services based on the 5th generation mobile communications systems (5G) began in Japan in April 2020. With its features of high speed, high capacity, low latency, and multiple simultaneous connections, 5G is a core industrial and social infrastructure for today's wide use of IoT (technology that connects all things to the Internet). Mobile communication systems have been evolving around every 10 years since 1G started in 1979, and now, 10 years after the introduction of 4G, we are facing a major transition period. And one of the questions to be addressed is how to make the transition as smooth as possible.

Expectations are high for local 5G as a technology that allows local governments and companies that want to use 5G to build their own 5G communication environment locally according to their needs, but the introduction of the technology is technically challenging. Since June 2021, the MIRAIT Group has been providing the "Local 5G All-in-One Package," a one-stop solution that provides comprehensive support for companies considering the introduction of local 5G, including

consulting, wireless area design, system design, equipment procurement, proxy license application, installation work, and operation and maintenance. We are working on efficient and careful area formation in a wide range of settings, including factories, construction sites, distribution and warehouses, stadiums, hotels, and office buildings.

In addition to the use of low-cost devices based on open-source software models, we will leverage the know-how we have gained as one of the first telecommunications construction companies to build a local 5G area, and lower the hurdle to local 5G introduction by lowering the cost.

There is a technical issue that it may be difficult for radio waves to reach behind objects, depending on the frequency of the radio waves. Our group has collaborated with Metawave, a US company that solves this problem by using special reflectors, and has established a technology to build a wireless area efficiently, economically, and in an unobtrusive manner. In November 2020, the MIRAIT Corporation released "KLONE," a reflector developed by Metawave.

**KLONE™  
REFLECTOR**

## Building and Operating Smart Cities

The MIRAIT Group is implementing the construction and operation of smart cities on a daily basis at various sites by examining a wide range of technological possibilities and devising new ways of doing things.

### Promotion of Smart Social Infrastructure Management

Water utilities across the country are faced with the need to replace facilities built during the period of rapid economic growth, especially aging pipelines, and make them more earthquake-resistant despite the difficulties in securing water rate revenues due to the decline in water demand. There are, however, other big challenges such as securing engineers and passing on technology as well as improving productivity and operational efficiency.

In order to overcome these challenges, MIRAIT Technologies Corporation, together with Kurimoto, Ltd. and Photoruction, Inc., and in collaboration with the Kobe City Waterworks Bureau, conducted a one-year joint research project from July 2019 to June 2020 on streamlining and automating water pipe construction management operations using knowledge of water infrastructure development and ICT. The system developed as a result of this project, "photoruction water," is a construction management application that streamlines the preparation of forms based on records of field operations in water pipe

construction. Since the work records entered in the field are linked to the forms, the paperwork that used to be done at night after field work or on holidays can be eliminated, which greatly improves work efficiency. MIRAIT Technologies Corporation began offering photoruction water in late April 2021.

In addition, MIRAIT Technologies Corporation is also working on predicting leakage from water pipe deterioration using AI technology. The company has collaborated with Fracta (headquartered in California, the US), which has strengths in AI technology in this area, and conducted a joint research project with Kumamoto City. From May 2020 to March 2021, the project team conducted a trial of a system to enable prediction of the risk of damage to water pipes in a short period of time using an environmental database and algorithms based on pipe data (pipe material type, pipe length, pipe diameter, water pressure, location information, etc.) and leakage history held by water utilities, and was able to identify leakage points with a higher probability than conventional aging models. This technology will enable optimization of replacement plans and reduction of maintenance costs.

**photoruction  
water**

## Proposing AI-Based Vermin Control Solutions

In September 2020, MIRAIT Corporation competed in the "AI Edge Conference & Solution Contest" hosted by Oki Electric Industry Co., Ltd. and won first place.

The MIRAIT Corporation's proposal was a solution to prevent vermin damage, which has been widely reported in recent years. Conventional systems that emit ultrasonic waves or light, controlled by timers or object detection sensors, have problems such as reducing their effectiveness as vermin become accustomed to them, and causing discomfort to people. To address this issue, MIRAIT Corporation has developed an "AI-adaptive" system that utilizes image recognition AI to prevent vermin from becoming used to the system through self-learning of effect patterns, and works only on the target vermin. The MIRAIT Corporation's proposal was highly evaluated for the wide range of applications of the technology and addressing the serious issue against the backdrop of increasing vermin damage in urban areas.

This contest is a competition to solve problems in six fields (transportation, construction/infrastructure, disaster prevention, finance/distribution, manufacturing, and marine) using the AI edge computer announced by Oki Electric Industry Co., Ltd. as the first AI appliance in Japan, and 19 organizations including companies and universities participated.



## For Realizing Digital Twins

The MIRAIT Corporation has launched a digital twin business that reproduces the real world in cyber space based on spatial and location information of the real world, and has been verifying 3D technology in various environments such as construction sites and leisure facilities. Based on this experience and know-how, the company has developed a service that allows users to acquire accurate 3D coordinates of various buildings and natural environments as point cloud data. By reproducing structures on a computer using this point cloud data, customers can view and measure them from any viewpoint, use them in various simulations, and utilize them as the basis for a digital twin. The service has been launched since late February 2021.

In addition, the company is building a cloud service that visualizes point cloud data in a simple way and allows multiple parties to work together. The company will continue to provide various services to realize digital twins.





## Safety and quality improvement

We continuously improve our business processes that are designed to place the highest priority on safety, as well as constantly refine the systems that support services and solutions that meet the expectations and trust of our customers.

### Occupational Safety and Health Management

Companies in the MIRAIT Group operate occupational health and safety management systems in compliance with ISO 45001 (MIRAIT Corporation and MIRAIT Technologies Corporation are certified at all of their business locations). We work in concert to comply with laws and regulations as well as occupational safety and health requirements, reduce and eliminate occupational safety risks through risk assessment and activities to anticipate danger, and promote activities to establish safety and security through educational exchanges, in accordance with the Policy on Occupational Safety and Health, which clearly names safety as the highest priority in operations. We continuously improve our performance by setting all actions that lead to accidents resulting in injury or death, traffic accidents and other seriously unsafe incidents as supervision check-points.

#### Striving Toward the Eradication of Accidents and Improvement of Safety Quality

Getting the basics right in our daily actions is essential to achieve the goal of eradicating accidents and improving safety awareness of our operations.

For on-site workers to better understand safety, we prepare materials such as operational safety handbooks, conduct safety trainings and review results, and make videos of accident scenes and visual presentations of relevant laws and regulations. Fostering safety communication with them, senior managers including the president diligently visit workplaces to raise each worker's awareness of safety.

#### MIRAIT Group Safety Convention

In July 2020, we held annual "MIRAIT Group Safety Convention" online in two sessions, one for East Japan and the other for West Japan, with not only group companies but also partner companies taking part, to reconfirm safety awareness and share knowledge on safety measures (1,200 participants in East Japan and 500 in West Japan). We held presentations from each Group company about examples of safety measures as well as lectures by third-party instructors to raise safety awareness even further.

### Danger Simulation Training

Aiming to eradicate falling and slipping accidents which account for approximately 40% of all fatal accidents in construction industry, the MIRAIT Group holds danger simulation training for employees (including those of partner companies) at a facility where trainees can experience simulated accidents. Experience helps trainees better understand the importance of basic actions and safety appliances.



VR-based danger simulation training

### Ensuring Safety During Emergencies

In response to social needs, we have distributed a Pocket Manual for Major Earthquakes and other Disasters to employees in case of major contingencies. It contains a collection of information regarding principles of action to be taken and safety confirmation methods when a disaster occurs. While protecting employees from the spread of COVID-19 and taking measures to prevent the spread of the virus in the workplace, we also practice using a safety confirmation system and confirm its effectiveness in the practice of flexible workstyles including working from home and remote-based work.

### Quality Management

The MIRAIT Group has configured and operates a quality management system certified under the ISO 9001, which is an important element of the integrated management system.

Our Quality Policy, the foundation of our quality management system, has three pillars: rapid responses to legal regulations and customer demands; raising customer satisfaction by improving the quality of products and services as well as construction (while making operations efficient); and maintaining and improving QCD through reducing quality risks. Our internal regulations clarify concrete processes, procedures and criterion. We have also clarified the quality standards to be complied with for both internal operations and for procurement from our partner companies.

We confirm and verify the quality of each of our works every time. We are also pursuing more accurate and efficient verification processes by using such tools as mobile terminals.

Every fiscal year, each group company sets targets (number of facility accidents, number of detected issues in inspection, customer satisfaction score, etc.) depending on its operations. Results of the progress review inform planning for subsequent fiscal years.

#### Sharing Safety Awareness

##### •Authorization of workers for high elevation work safety

For engineers to work at high elevations safely and securely, the "Authorization of workers for high elevation work safety" has been in place for both access and network systems.

Number of new candidates for authorization of workers for high elevation work safety (FY 2020)

Access system **81** Network system **30**

### Improving Technical and On-site Capabilities

The MIRAIT Group implements training and technical certifications to steadily improve the technical strengths that support service quality.

#### Strengthening Construction Management Capabilities

To strengthen management capabilities of the worksite supervisors\*, the core expert in business operations, "Worksite Supervisor Training" is carried out for newly appointed worksite supervisors and deputy worksite supervisors.

In recent years, with the increase in the number of construction sites and with the diversification and increased complexity of construction works, worksite supervisors who are in charge of construction works are expected to have capabilities of dealing with a wide range of tasks and situations. The "Worksite Supervisor Handbook" that is a culmination of the MIRAIT Group's experience and know-how is used during this training. In addition to learning the basics of construction management such as budgeting and cost control, it fosters pragmatic learning and problem-solving by adopting discussions and role-playing.

#### Training Specialized Technicians

Varied training programs are organized to develop specialized technicians at the technician development working group which involves partner companies.

At the mobile skill training, basic knowledge and know-how as well as keys to safe construction are learned according to the skill and operational duties of each trainee, in 4 groups according to competencies. Trainees can join across the boundaries of business departments. Since 2010 when the training began, a total of 1,515 people have participated and improved their skills.

\*Worksite supervisor is one of the supervisory positions to oversee individual works appointed by the MIRAIT Group.

### MIRAIT Technologies Corporation Employee Receives The Minister of Land, Infrastructure and Transport's Award for Outstanding Engineering

In October 2020, an employee of MIRAIT Corporation, KITAZOE Tsukasa, received the Minister of Land, Infrastructure, Transport and Tourism's Award for Outstanding Engineering. This award is given to construction engineers who are directly engaged in manufacturing on the front lines, possess particularly excellent skills, and make a great contribution to the guidance and training of young employees. In fiscal 2020, the award was given by the Minister of Land, Infrastructure, Transport and Tourism to 455 construction engineers from all over Japan.

# Co-creation of social value through collaboration with partners

The MIRAIT Group will promote the co-creation of new social values while deepening mutual understanding with its partner companies and other business partners to make better and stronger partnerships.

## Pursuit of Open Innovation

To create the next-generation technologies and solutions, our group company, MIRAIT Corporation, is promoting open innovation with a focus on collaboration with start-up companies.

- The company invested in “B Dash Fund No. 4 Investment Limited Partnership,” a venture capital fund for Internet-related companies managed by B Dash Ventures Inc. This investment is aimed at strengthening relationships and creating synergies with promising start-up companies in anticipation of the future expansion of 5G and the smartification of society as a whole that will be driven by technologies such as IoT, AI, VR/AR, blockchain, and robotics.
- MIRAIT Corporation invested in Morgenrot Inc., a provider of a distributed solution for computing power, and established a partnership with the company. The objective is to jointly develop services that take advantage of the high-speed, high-capacity features of 5G, and to apply them to future green energy utilization solutions. The two companies are also collaborating on the construction of Morgenrot’s data center.
- MIRAIT Corporation invested in and formed a business alliance with Museum Management & Design, Inc. (“MMD”), which has strengths in planning, design, construction and operation of facilities such as aquariums and museums as well as urban development. In response to the growing need for aquariums as a place for “consumption of experiences” and also as “community facilities” in urban redevelopment and commercial facilities in Japan and overseas, MIRAIT Corporation will contribute to the provision of new value in community development by working together with MMD.
- MIRAIT Corporation is also working on the future verification and social implementation of next-generation long-distance power line communications that will support the smart connected society of the coming years. The company is collaborating with MMD and NURI Telecom Co., Ltd. as well as Socionext Inc., which is developing LSIs for High Definition Power Line Communication\*.

High Definition Power Line Communication (HD-PLC) is a technology that conforms to the international standards (IEEE 1901-2020) for placing communication signals on power lines, making it possible to eliminate dedicated communication networks and consolidate communications on power lines by utilizing the power cords required for information equipment.

## Establishment of Local 5G “Solution Co-creation Lab”

MIRAIT Corporation launched the “Solution Co-creation Lab,” a local 5G verification environment, in the MIRAIT Shin-Kiba Building (Koto-ku, Tokyo) in coordination with NTT DOCOMO, INC on April 1, 2021. The lab provides a 5G verification environment using a millimeter band (28GHz). The company is also preparing a 5G verification environment using a sub-6 band (4.8GHz to 4.9GHz) in the MIRAIT Toyosu Building (Koto-ku, Tokyo) in order to support 5G verification of our partners’ products. In addition, through collaboration, the company will help create new 5G solutions that will solve social issues and realize more affluent lifestyles.



Verification Room of the Solution Co-creation Lab

## Unlocking the Potential of 5G

The communication environment enabled by 5G will bring opportunities for innovation to a wide range of social situations.

Drone-based solutions are a prime example of this. This is because the stable communication environment that 5G creates is useful for safe drone operations. One of the applications of drones that is expanding rapidly is the management of social infrastructure. In FY 2019, TTK Co., Ltd., which is responsible for the development of the MIRAIT Group’s services in the Tohoku area, participated in “DOCOMO 5G Open Partner Program” held by NTT DOCOMO, INC. and conducted a verification test consisting of a remote building exterior wall inspection using 5G, a drone, and AR smart glasses. Currently, the company provides a drone facility inspection service that mainly targets not only buildings but also steel towers and solar panels.

As one way to demonstrate the potential of 5G, the MIRAIT Group proposes a new way of enjoying golf. The MIRAIT Corporation participated in the “5G Utilization Idea Contest” held by the Ministry of Internal Affairs and Communications, and pitched a “5G-based golf solution.” After conducting verification tests through this project, the company, in collaboration with 5G-related companies, is working to develop solutions that are valuable to players and golf course operators from the perspective of video analysis using high-speed, large-capacity communications, robot operation based on low-latency communications, and the use of sensor data. At the “5G x IoT Golf Solution Exhibition” held in November 2020, the company

demonstrated high-definition video distribution, prediction of where a flying ball would fall, swing diagnosis, VR viewing of course shapes, drone delivery of drinking water, and IoT green management.

## Strengthening Cooperation with Partner Companies

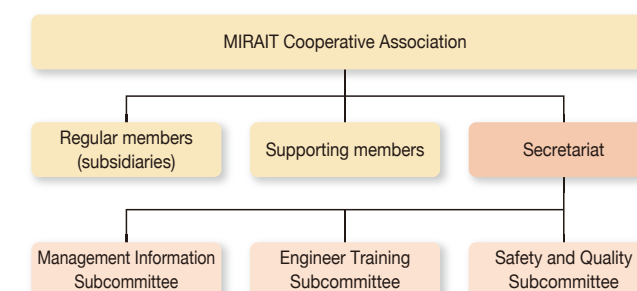
In order to promote and expand its regional business, the MIRAIT Group holds annual regional exchange meetings in each region of the country with the aim of strengthening cooperation with partner companies and the business structure foundation. In FY 2020, approximately 500 partner companies, which play a central role in each of our businesses, participated.

In addition, the MIRAIT Corporation operates the MIRAIT Cooperative Association, whose members are our partner companies. By cooperating with each other, members work to improve safety, quality, information security, and compliance, reduce costs, and respond to new technologies, while deepening mutual understanding and communication. In FY 2020, the number of members reached approximately 200 companies.



Building exterior wall inspection using drones and AR smart glasses

## Organizational Chart of MIRAIT Cooperative Association





# Promotion of human resource development, workstyle reform, and health-oriented management

We support the growth of every employee from a wide range of perspectives, while creating a work environment where they are motivated and able to demonstrate their abilities to the fullest, and can continue to work actively in good physical and mental health.

## Personnel Training System

The MIRAIT Group considers human resource development as one of the crucial management priorities. We have designed a personnel training system made up of a “sectorial model system” to enhance specialized professional capabilities for business operations and “stratified model systems” to promote mastery of common knowledge required at each professional level (see page 28). Supporting each employee’s growth, we are reinforcing our human base which, in turn, will sustain our prospective businesses.

Our human resource development system has been designed for employees to learn skills and knowledge tailored to the role expected of them at each level and stage of their career, from trainings for those who just joined us to those for senior managers. Especially rich programs have been developed for new employees so that they can perform well irrespective of their academic background. Our interview program encourages employees to make daring challenges for professional qualifications as they put in practice goals and career ambitions through discussions with their supervisor. A bonus system that rewards different degree of employees’ challenges also accommodates their positive attitude.



## “Mirai Juku” to Nurture Management Minds of the Next Generation

In order to systematically train the next generation of management executives, we established the “Mirai Juku,” a training program to broaden their perspectives on corporate management and develop their response capabilities appropriate for managers. It serves as a place where they can promote their own growth as future managers and develop the mindset to take charge of management, and also contributes to the sustainability of management from a medium- to long-term perspective.

## Internship Program

An internship for students is held with the aim of supporting the professional lives of Japan’s future generation that will be responsible for the country’s future. Through first-hand work experiences such as connecting communication cables, operating drones, riding in boom buckets of bucket trucks, and visiting construction sites, we provide opportunities for students to deepen their vocational awareness and become aware of the type of work they are suited for.



Students standing in the boom bucket of a bucket truck

## Job Training Environment

At such places as Ichikawa Training Center (Ichikawa City, Chiba Prefecture), Kansai Hyper Techno Port (Kobe City, Hyogo Prefecture), the Expert Center (Sendai City, Miyagi Prefecture), and the Technical Center (Hiroshima City, Hiroshima Prefecture), various equipment has been installed for full-blown skills training and technology development. In addition, we are thoroughly implementing measures to prevent the spread of COVID-19 and are actively conducting online training. From new to veteran employees, we will continue to improve our technical capability and ability to propose solutions on a daily basis to meet the needs of our customers and contribute to the realization of the needs of society and the times.

## Improving Technical Capabilities and Promoting Multi-Skilling

We make every effort to improve technical capabilities of each employee to build high-quality and stable communication facilities and systems in addition to responding more quickly to the ever-changing requirements of society in order to bring satisfaction to customers.

### Technical and Skill Training

- Broad technical training for multiple skills

### Support for Qualification

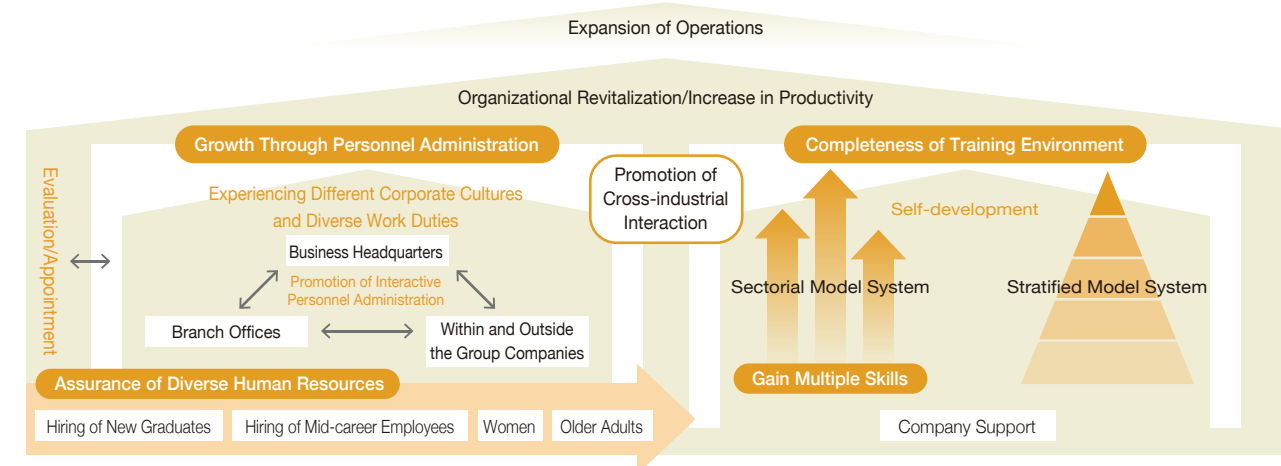
- Goals for professional qualifications set every year at interviews with the supervisor
- Monetary incentives for acquiring designated qualifications

The MIRAIT Group encourages and supports acquisition of professional qualifications in a wide range of fields as proof of the technical strength of the employees.

We actively develop capabilities in the telecommunications, electrical engineering, and ICT fields. We also seek to train drone pilots for the expansion of drone-related businesses. We have become a qualified training body that provides skill certification, with our name listed on the website of the Ministry of Land, Infrastructure, Transport and Tourism.

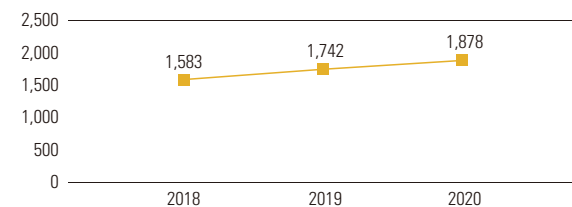
As our group business environment changes, we are working to create human resources that can play an active role in a variety of businesses by promoting multi-skilling of our employees through encouraging them to acquire qualifications in multiple fields, in order to be prepared for future business developments and technologies and to maximize the use of our human resources. This will allow us to, while maintaining job mobility, respond to new customer needs as well as improve our cost competitiveness and corporate value by improving productivity and creating new value.

## Enhancing & Revitalizing the Human Resource Foundation to Support Expansion into New Business Domains and Operational Innovation

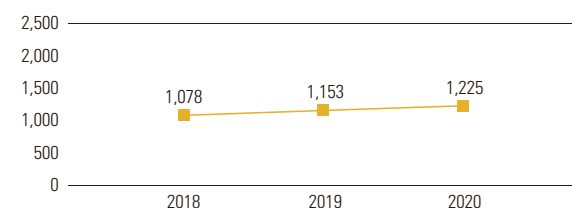


# Promotion of human resource development, workstyle reform, and health-oriented management

Electrical Workers (Type 1/Type 2)



Technical Radio Operators for On-The-Ground Services (First Class) On-The-Ground Special Radio Operator (I-Category)



■ Total of MRT, MTC, TTK, SOLCOM, and Shikokutsuken Corporation

Changes in the number of qualified employees (of five operating companies) over the past three years

Main qualifications	FY 2018 (as of the end of March 2019)	FY 2019 (as of the end of March 2020)	FY 2020 (as of the end of March 2021)
Installation Technician (AI DD)	624	677	714
Type 1 Electrical Worker	363	368	366
Construction Managing Engineer	362	359	349
First-Class Construction Managing Engineer	362	359	349
First-Class Certified Architect	16	16	16
Qualified Managing Engineer	2,123	2,095	2,108
First-Type Electrical Worker	405	399	418
First-Class Technical Radio Operator for On-The-Ground Services	92	96	130
On-The-Ground I-Category Special Radio Operator	1,061	1,129	1,202
First-Class CATV Engineer	41	41	37
Cisco Certified Internetwork Expert (CCIE)	55	52	51
Information Technology Engineer	1,465	1,485	1,535
JUIDA Pilot	72	80	95

## Training Programs at Overseas Operations

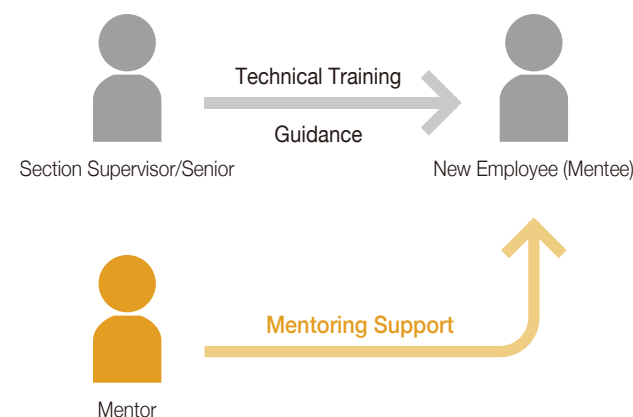
The MIRAIT Group conducts various training programs for employees hired at their overseas bases. Operating primarily in Singapore, the Lantrovision Group provides cabling design and construction services for data centers and offices at 27 bases in 13 countries and regions. Lantrovision has a full-time staff in charge of human resource development and training and prepares a wide range of programs from basic training on on-site cable design, construction, and testing to practical training such as bidding, quoting, and contracts. Through these efforts, the company is working to improve its employees' skills and motivation. In addition, the company is working to improve customer satisfaction and strengthen its business competitiveness by actively promoting the acquisition of certifications for each cable vendor and strengthening quality control.



## Mentoring Program

A senior employee is appointed as the mentor for each new employee, separate from his or her supervisor at the assigned section, for guidance and counseling. With self-awareness and advice gained through dialog, the program helps new employee (mentee) to grow in spontaneous and autonomous ways. With feedback after periodic reports and monthly interviews, both new employees and senior employees serving as the mentor will have chances to grow.

Idea behind the Mentoring Program



## Support of Health Management

In addition to regular health check-ups for all employees, comprehensive medical examinations (for those who have reached a certain age) and specified health guidance are conducted for the benefit of health management by our employees. We also provide recreation facilities in several locations in Japan as opportunities to be refreshed, and we organize activities that promote health such as the walking events rallies held by the Health Insurance Association.

## Mental Health

The "stress check system," made mandatory under law from December 2015, aims to provide primary precaution through raising employees' awareness of stress and promoting workplace reform. Before the law was enacted, the MIRAIT Group prepared a Mental Follow-up System (such as consultation desk) based on group analysis after conducting stress check. Each department conducted mental stress training through workplace reform. Efforts are being made toward prevention of mental disorder.

## Support for the Return of Employees on Sick Leave Due to Mental Health Problems

Employees who take medical leave or sick leave due to mental health problems receive full support from the mental health promotion staff, from the start of the leave to follow-up after their return to work. During the leave, we implement a return to work program using our rehabilitation facilities, and if employees express the desire to return to work, the Return to Work Review Committee makes a decision based on their doctor's diagnosis, in cooperation with the industrial physician and the company, and after their return to work, we provide consideration for working conditions such as shorter working hours and overtime restrictions.



# Promotion of human resource development, workstyle reform, and health-oriented management

## Development of a Comfortable Working Environment

In addition to complying with the Labor Standards Act and other labor-related laws and regulations, the MIRAIT Group has established a treatment system that exceeds such laws and regulations in order to contribute to the job satisfaction of its employees.

We also respect the idea of equal pay for equal work, and to ensure that non-regular employees receive the same treatment as regular employees, we pay special work allowances and overtime allowances at the same premium rates as regular employees, grant special leave, and promote them to regular employees.

### System that exceeds labor-related laws and regulations

- Regular working hours (per week, per day)
- Breaks, days off
- Number of days of annual paid leave granted by the year of employment
- Extra pay for overtime, holidays, and late nights, etc.

## Advancing Efforts Towards Workstyle Reforms

The MIRAIT Group announced its "Workstyle Reform Declaration" by the President to reform workstyles throughout the Group to cultivate sustainable growth as a "comprehensive engineering and services firm" that responds to future changes in the labor market and business environment.

We will push forward effective workstyle reforms through the following coherent and integrated approaches: (1) realization of diverse and alternative workstyles, (2) optimization of overtime work and promotion for employees to take leave, and (3) effective empowerment of diverse employees through flexible workstyles.

## Initiatives

### Realizing Diverse and Alternative Workstyles

Utilizing various ICT tools to serve as COVID-19 countermeasures, major meetings such as the Board of Directors and management meetings as well as events that were conventionally held together can be held remotely to promote working styles that can be implemented at virtually any location. We are also working to improve the efficiency of operations using RPA and other means to improve the environment for productivity improvement.

### Optimizing Overtime Work and Promoting Employees to Take Leave

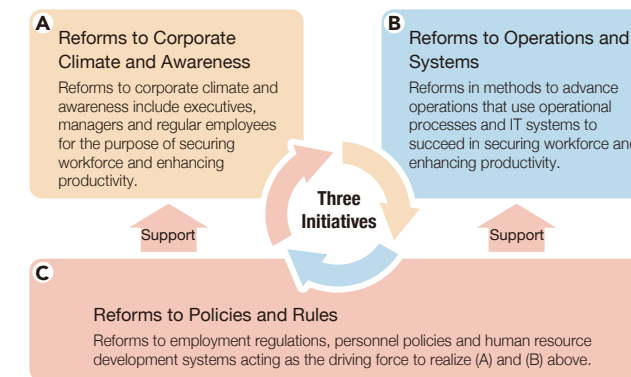
We strive to create workplaces that facilitate better employee health and work-life balance by setting no-overtime days, encouraging employees to leave work on time, and promoting employees to take paid leave in conjunction with the spring and summer breaks as well as new year holidays.

We pursue the reduction of total working hours by heightening operational efficiency through promoting KAIZEN (improvement) activities and ICT use at each workplace, and by monitoring whether working hours are suitable with a PC log system.

### Empowering Diverse People Through Flexible Workstyles

We are building workplaces where all the diverse people can achieve work-life balance and efficiently produce results, by promoting flexible and modified working hours as well as telecommuting (working from home, on business trips, or at satellite offices) using ICT.

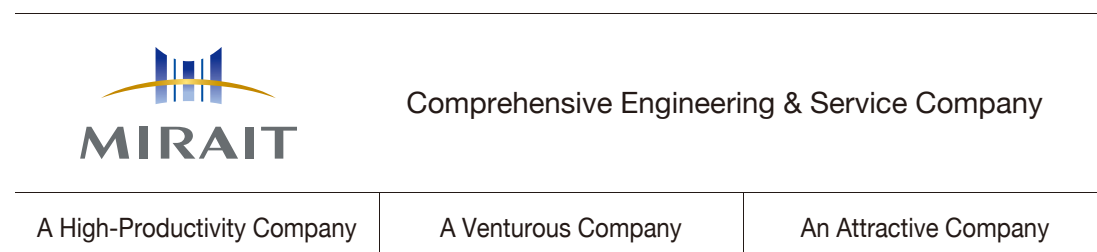
In addition, we have introduced a telecommuting system, and MIRAIT Holdings Corporation, MIRAIT Corporation, and MIRAIT Technologies Corporation have been providing telecommuting employees with a 200 yen per day allowance for the number of days they work from home to help reduce their costs since July 2021.



## Awarded Three Stars in the "4th Nikkei Smart Work Management Survey"

We were recognized as a three-star company in the 4th Nikkei Smart Work Management Survey, which selects leading companies that are taking on the challenge of revolutionizing productivity through workstyle reforms.

The survey, which has been conducted by Nikkei Inc. since 2017, targets listed companies and leading non-listed companies nationwide, and defines "smart work management" as efforts to maximize organizational performance through three elements: the realization of diverse and flexible workstyles, a system for creating new businesses, and the ability to develop markets. Companies are evaluated on a five-star scale, based on the three elements and management infrastructure, including corporate governance.



# Respect for human rights and promotion of diversity and inclusion

We respect individual personality and seek to build workplaces where our employees perform to their full potentials, regardless of age, gender, educational background, nationality, disability, sexual orientation, gender identity, etc.

## Respect for Human Rights

In promoting its corporate activities, the MIRAII Group respects fundamental human rights and complies with laws and regulations concerning workers' rights in order to provide a working environment in which every employee can work with enthusiasm. Needless to say, there is no room for child labor or forced labor, and we pay attention to the protection of workers' rights and pay our employees at least the minimum wage stipulated by law. Even when we faced extremely harsh business conditions in the past, we made every effort to maintain the employment, and to date, there have been no designated dismissals or layoffs.

In addition, we are committed to the prohibition of harassment, etc., through stratified training to raise awareness of human rights and compliance promotion activities, as well as addressing problems by setting up the "Compliance Meyasubako (complaint box)" and the "Nandemo Sodanshitsu (ask anything consultation)" while taking into consideration the protection of whistleblowers.

## Labor-Management Relations

The MIRAII Group strives to build stable labor-management relations by establishing opportunities for regular labor-management consultations in order to develop the company and maintain and improve the working conditions of its employees based on mutual trust between labor and management. In order to conduct proactive business operations and ensure the sound development of the company, we regularly hold liaison meetings as well as meetings of the Working Hours Optimization Committee to exchange opinions between labor and management on business plans and other important issues.

### Support system for balancing career with childcare and nursing care (MIRAII Corporation)

Related items	MIRAII Corporation's support systems for work life balance	Legal requirements
Maternity leave	Paid for 6 weeks before and after childbirth, unpaid for the portion exceeding 6 weeks after childbirth	Unpaid
Leave for childbirth of spouse	2 days (paid)	-
Leave by accumulating expired annual leave	Nursing care for family members, maternity checkups, infertility treatment, childcare associated with the childbirth by a spouse	-
Childcare leave	Under 3 years old (until turning 3 years old)	Under 1 year old (within 1 year up to 14 months old with Dad and Mom Parental Leave Plus)
Shorter working hours for childcare	Up to 3rd grade	Under 3 years old
Child nursing leave	Up to 4th grade (Paid leave can be taken by the hour.)	Before entering elementary school (unpaid)
Restrictions on overtime and late-night work	Up to 3rd grade	Before entering elementary school
Nursing care leave (short-term)	Paid leave taken by the hour	Unpaid
Nursing care leave (long-term)	Up to 1 year per person	Up to 93 days per person (may be divided)

## Empowering Female Employees

We devise action plans for the purpose of enabling female employees to reach their full potential and pursue their careers in a wide range of arenas and analyze challenges for each group company. We also set targets mainly to increase the ratio of women in new graduate hires and in managerial positions and to expand occupational fields for women.

In doing so, we are actively promoting work-life balance and supporting those who work as they raise children or nurse family members.

### General Employer Action Plans based on The Act on Promotion of Women's Participation and Advancement in the Workplace (2 Major Companies)

	Target
MIRAII Corporation	(1) Ratio of women in new graduate hires: 30% (2) Rate of annual leave taken: 80%
MIRAII Technologies Corporation	(1) Increasing women in managerial positions by 30% (2) Increasing the rate of use of the system that contributes to flexible workstyles (working from home, annual leave by the hour, etc.) to 30%

### Supporting Those Who Work and Nurse Family

So that employees can continue working with a sense of security for a long time, parental leave (available until the child reaches three years of age) and reduced working hours system (available until the child finishes the third year of elementary school), and other plans are available corresponding to major life events such as childbirth, infant care or nursing, and these programs exceed minimum standards stipulated by law. The childcare leave acquisition rate among female employees is 100% with the leave acquisition rate for childcare and other reasons among male employees at over 70%. To ensure employees on

childcare leave can return to work smoothly and play an active role in the company, we are working to maintain/improve the childcare leave acquisition rate and are implementing support measures, such as providing information on the developments in the company during their absence and conducting interviews with them before their return.

### Received a "Kurumin" Certification

MIRAII Technologies Corporation was awarded the "Kurumin" certification mark by the Minister of Health, Labor and Welfare for being supportive of those who raise children.



### Certified as an "Eruboshi" company

"Eruboshi" is a certification program which awards companies superior in empowering female workers. Companies who formulate and report an action plan to promote women's performance in the workplace and implement it outstandingly are authorized by the Minister of Health, Labor, and Welfare to use the logo mark. MIRAII Technologies Corporation met the criteria of all five categories (recruitment, employment continuity, workstyle, ratio of female managers, and variety of career choices) and received the third level of certification, the highest one.

MIRAII Corporation also satisfies all the criteria for certification.



### Presented the 2018 Excellence Award of the Mayor's Prize to a Leading Company Promoting the Active Participation of Women in Osaka City

MIRAII Technologies Corporation received recognition for its consistent activities as an excellent company working to promote the active participation of women from Osaka City in addition to receiving the Ikumen Award as a company supporting men to help raise their children.



## Support for Elderly Employees

In response to the declining birthrate and aging population in Japan, we have established a reemployment system after retirement with the aim of supporting the active participation of senior human resources who hold qualifications in advanced technologies required for the telecommunications construction industry and have created an environment where applicants can continue to play active roles.

We also hold life plan seminars for employees who have reached a certain age and support them with work designing and financial planning after employment extension.

### State of Reemployment After Retirement

Number of employees subject to mandatory retirement	101
Number of rehired employees	72
Reemployment rate	71%

\*Average of five operating companies in FY 2020

## Promoting the Active Role of Local Personnel in Foreign Countries

The MIRAII Group currently runs overseas bases in 15 countries and regions mainly in Asia-Pacific area where locally hired personnel takes on important roles. Through mutual support such as dispatch of personnel between overseas bases, we seek to enhance overall technical skills of local employees so that each employee can demonstrate his or her full capabilities.

MIRAII PHILIPPINES INC. conducts activities to deepen its connection and build trust with local communities such as hosting a Christmas party with children who have disabilities.





## Social responsibilities in the supply chain

We work to promote social responsibilities in the supply chain by considering business partners' commitment to ESG when evaluating and selecting them.

### ESG as Evaluation Criteria for Business Partners

As part of the integrated management system, the MIRAIT Group has internal rules for the purpose of evaluating and selecting business partners. The rules allow us to judge the ability of business partners to supply products and services following our requirements, and to ensure procured products conform to the requirements. Both suppliers of materials, semi-finished products, and measurement instruments and service providers are subject to the rules.

The MIRAIT Technologies Corporation uses common items in evaluating and selecting domestic business partners. Items directly relevant to customer satisfaction and those for assessing commitment

to ESG are included. We give an overall score on commitment to ESG after interviewing each business partner about their environmental considerations (promotion systems, chemical substance management, reduction of CO<sub>2</sub> emission and industrial waste emission) as well as their contributions to local communities (citizenship activities and dialogue with the communities, NPOs and NGOs).

Evaluations are conducted once a year for partners in business relations with us, and as necessary when discussing a new partner. We support corrective actions by partners who were given low scores as a result of evaluation.

The MIRAIT Corporation uses a similar system to conduct comprehensive evaluations of business partners.

### Evaluation Items of Business Partners: MIRAIT Technologies Corporation

Item	Overview
Manufacturing certifications	Either the acquisition of the ISO 9001 certification, JIS certification, or establishment of a quality assurance system
Quality (1)	Conformity of products for purchase to company plans
Quality (2)	Any inconsistencies found in receiving inspections
Level of cooperation	Approach in cooperating with requests for product information
Supply capabilities	Availability of manufacturing facilities and inventory
Delivery	No major impact on construction projects due to delayed delivery
Price	Level of compliance with company expectations
ESG	Active introduction of ESG efforts *Comprehensive evaluation through the questions in the table below



### Area and Questions to Ask Partner Companies about ESG Activities

Area	Question
1. Environmental considerations	a. Has your company put in place an environmental management system (ISO 14001) that it is continually improving?
	b. Does your company properly manage chemical substances in product and manufacturing processes?
	c. Has your company set targets to reduce CO <sub>2</sub> emissions and does it work to establish manufacturing, fabrication, distribution and other processes with a low environmental burden?
	d. Has your company set targets to reduce industrial waste, and does it process that waste appropriately?
2. Contributions to Local Communities	a. Does your company conduct social contribution activities that contribute to the development of the local community?
	b. Does your company have a system to engage in a regular dialogue with the local residents, NPOs and NGOs?

### Concepts of ESG Procurement

The MIRAIT Group has put in place its own procurement guidelines to incorporate considerations about social challenges and the environment into the supply chain. We seek cooperation from our

suppliers in operations related to building social infrastructure, particularly telecommunications engineering, our main business.

The guidelines in use have focuses on six areas related to ESG: quality, delivery, improvement activities, management stability, environmental protection, and informational resource management.

## Helping local communities

As a member of local communities, we actively and consistently plan and carry out programs to make communities more livable and lively.

### Support Problem-solving in Local Communities and Society as a Whole

#### Support for the Tohoku Disaster Area

We participated in the community service activities being carried out in Iwanuma City, Miyagi Prefecture by the Miyagi Dengyo Association (disaster volunteers). The MIRAIT Group continues to be part of these activities that began in 2011, and has built flower beds near the temporary housing, removed debris from farmlands, and planted trees for restoring tsunami control forests.

#### Shareholder Benefit Option to Donate to the Special Olympics Nippon

The MIRAIT Group endorses the purpose of the Special Olympics Nippon. From FY 2018, we included donations to the organization in the menu for shareholder benefits. This fiscal year, the fourth time, we received the support of 372 shareholders and donated a total of 696,000 yen. We will keep on contributing to the creation of a society where diverse people can live together.

#### Utilization of Abandoned Fields and Rice Paddies

In many parts of Japan, abandonment of once cultivated fields and rice paddies is increasing, causing damages by weeds, pests, birds and animals to neighboring farmlands. Murayama Doken Co., Ltd., one of partner companies of the MIRAIT Group, grows rice in formerly abandoned land in Tokamachi City, Niigata Prefecture, to help the local community. The MIRAIT Group supports this activity and internally recruits volunteers for rice planting and reaping.

### Communication with Local Communities

#### Joining Festivals and Clean-up Activities

Traditional festivals around Japan are becoming increasingly difficult to survive as social structures change. The MIRAIT Group companies encourage employees to join local festivals, sometimes as bearers of mikoshi shrines.

We also continuously take part in local clean-up activities.

#### Participation in Local Events

The MIRAIT Group has participated in the Toyosu Festa held by Koto Ward, Tokyo, every year since our head office moved to Toyosu in 2010. In FY 2019, a total of roughly 65 volunteers from Group companies provided handmade air gun games, balloon art performances and freshly-made popcorn.

MiratecDrone Corp. participated in a Halloween party held by an English conversation school in the neighborhood of the company's office in October 2020, offering children a chance to experience flying toy drones and playing games with drones.



Harvesting "MIRAITOMAI premium rice"



Volunteer clean-up activities on the banks of the Hirose River in Miyagi Prefecture



Goryo Shrine Summer Festival



Toyosu Festa



Halloween party at an English conversation school

# Enhancing corporate governance

## Basic approach

We, at the MIRAIT Holdings Corporation (“the Company”), recognize the importance of management as a socially-responsible company and have put in place organizational structures and systems to ensure transparency and fairness in decision-making. Building relationships founded in trust with all of our stakeholders including shareholders is positioned as the most important aspect of management.

We recognize building relationships founded in trust with all of our stakeholders as indispensable to the realization of effective corporate governance. Therefore, we are enhancing the following to raise effectiveness of our corporate governance:

- Protect shareholder rights and equality among shareholders;
- Collaborate with stakeholders other than shareholders in appropriate ways;
- Disclose information in appropriate ways and secure transparency;
- Deliver on responsibilities, especially that of the board of directors;
- Engage with shareholders

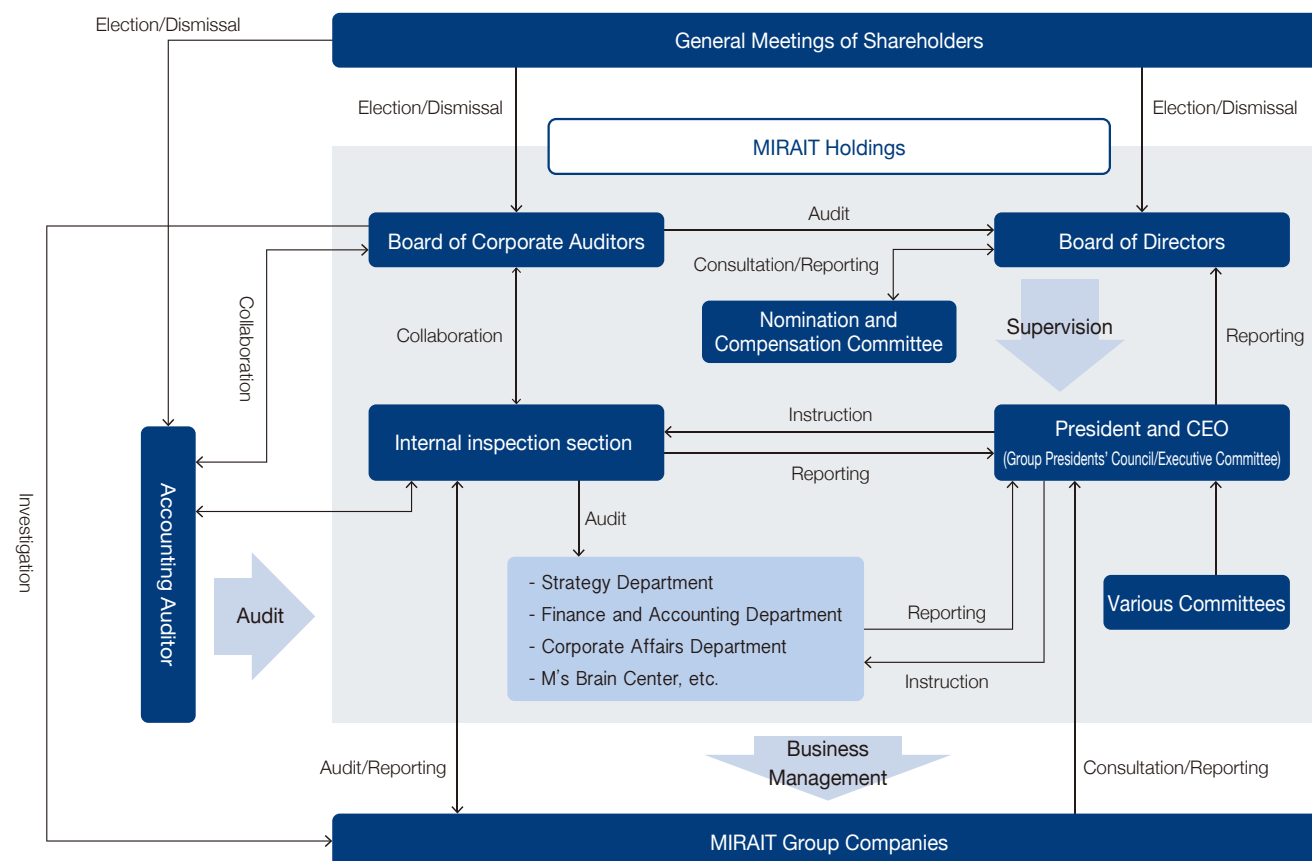
## Governance Structure

We are a company with auditors, overseen by a board of directors, board of corporate auditors, and accounting auditors.

We have set up a system for reciprocal cooperation where the board of corporate auditors together with an internal audit section and accounting auditors each perform independent inspections.

The Company has chosen the current system based on the recognition that, as a holding company, ensuring the transparency and efficiency of management through necessary advice, mediation and other guidance to the MIRAIT Group companies will ensure the realization of effective corporate governance and contribute to building a relationship of trust with all stakeholders, including shareholders.

## Governance Structure



## Overview of Established Corporate Bodies

Name (No. of meetings held in FY 2020)	Purpose/Authority	Representative	Members
<b>Board of Directors</b> (17)	Body to determine fundamental management policy for the MIRAIT Group in accordance with laws and regulations as well as the Articles of Incorporation	President and CEO NAKAYAMA Toshiki	Directors YAMAMOTO Yasuhiro, TOTAKE Yasushi, TSUKAMOTO Masakazu, AOYAMA Koji, HIRABARA Toshiyuki, IGARASHI Katsuhiko, BABA Chiharu, YAMAMOTO Mayumi, KAWARATANI Shinichi, SUZUKI Masatoshi  Auditors KIRIYAMA Manabu, SEKI Hiroshi, HOSOKAWA Masayoshi, KATSUMARU Chiaki (ISHIKAWA Chiaki)
<b>Nomination and Compensation Committee</b> (6)	Body established as an advisory committee for the board of directors for the purpose of heightening the objectivity in matters related to the nomination and compensation of directors	Director (Outside) BABA Chiharu	Directors YAMAMOTO Mayumi, KAWARATANI Shinichi, NAKAYAMA Toshiki
<b>Board of Corporate Auditors</b> (11)	Body to receive reports as well as discuss and approve important auditing matters	Corporate Auditor KIRIYAMA Manabu	Auditors SEKI Hiroshi, HOSOKAWA Masayoshi, KATSUMARU Chiaki (ISHIKAWA Chiaki)
<b>Group Presidents' Council</b> (11) <small>*Established in July 2020</small>	Body to receive reports and deliberate on vital policies about important matters related to management policies (mainly concerning business)	President and CEO NAKAYAMA Toshiki	Directors YAMAMOTO Yasuhiro, TOTAKE Yasushi, TSUKAMOTO Masakazu, AOYAMA Koji, HIRABARA Toshiyuki, IGARASHI Katsuhiko  Managing Executive Officers OHASHI Daiki, MITSUYA Takaaki, KATSUKURA Tomoho, SAITO Yoshihiro, FUKUDA Makoto, MITAKE Yasuhiro, OTOMO Jiro  Operating Companies TAKAGI Yasuhiro, TAKAHASHI Masayuki, ITO Fuminori, NAGAMATSU Noriyuki, TAKAYA Yoichiro, MIYAZAKI Tatsumi, SASAKI Takao, KAJI Akio, TAKEDA Yoshitomi, TSURUMI Yasuo, OCHI Yasuyuki, MINOWA Yoshiaki
<b>Executive Committee</b> (22)	Body to receive reports and deliberate on vital policies about important matters related to management policies	President and CEO NAKAYAMA Toshiki	Directors YAMAMOTO Yasuhiro, TOTAKE Yasushi, TSUKAMOTO Masakazu, AOYAMA Koji, HIRABARA Toshiyuki, IGARASHI Katsuhiko  Managing Executive Officers OHASHI Daiki, MITSUYA Takaaki, KATSUKURA Tomoho, SAITO Yoshihiro, FUKUDA Makoto, MITAKE Yasuhiro, OTOMO Jiro  Operating Companies TAKAGI Yasuhiro
<b>Compliance Executive Committee</b> (2)	Body to report and advise on compliance issues of the MIRAIT Group and examine measures, such as raising awareness about compliance.	President and CEO NAKAYAMA Toshiki	Directors YAMAMOTO Yasuhiro, TOTAKE Yasushi, TSUKAMOTO Masakazu, AOYAMA Koji, HIRABARA Toshiyuki, IGARASHI Katsuhiko  Auditors KIRIYAMA Manabu, SEKI Hiroshi  Operating Companies SASAKI Takao, WATANABE Yuji, OISHI Nobuya, OCHI Yasuyuki
<b>Risk Management Executive Committee</b> (2)	Body to deliberate and determine policies, structure and other matters to drive the effectiveness and efficiency of risk management	President and CEO NAKAYAMA Toshiki	Directors YAMAMOTO Yasuhiro, TOTAKE Yasushi, TSUKAMOTO Masakazu, AOYAMA Koji, HIRABARA Toshiyuki, IGARASHI Katsuhiko  Auditors KIRIYAMA Manabu, SEKI Hiroshi  Operating Companies SASAKI Takao, WATANABE Yuji, OISHI Nobuya, OCHI Yasuyuki
<b>ESG Management Promotion Committee</b> <small>*Established in September 2021</small>	Body to formulate basic policies and strategies related to the promotion of ESG-oriented management, as well as set key issues and implement various environmental initiatives in order to strengthen our response to the SDGs and ESG and enhance corporate value for sustainable growth	President and CEO NAKAYAMA Toshiki	Directors YAMAMOTO Yasuhiro, TOTAKE Yasushi, TSUKAMOTO Masakazu, AOYAMA Koji, HIRABARA Toshiyuki, IGARASHI Katsuhiko  Operating Companies TAKAHASHI Masayuki, ITO Fuminori, MIYAZAKI Tatsumi, SASAKI Takao, TAKEDA Yoshitomi, TSURUMI Yasuo, TAKAGI Yasuhiro, OCHI Yasuyuki, MINOWA Yoshiaki, KAJI Akio, NAGAMATSU Noriyuki, TAKAYA Yoichiro

Note: 1 Mr. BABA Chiharu, Ms. YAMAMOTO Mayumi, and Mr. KAWARATANI Shinichi are outside directors. 2 Mr. SEKI Hiroshi and Ms. KATSUMARU Chiaki (ISHIKAWA Chiaki) are outside auditors.

## Status of Accounting Auditor















(1) Name of the audit corporation KPMG AZSA LLC	(3) Certified public accountants who performed audit operations Designated partner, engagement partner, certified public accountant NAGASAKI Yasuyuki Designated partner, engagement partner, certified public accountant HARUYAMA Naoki	(4) Composition of assistants concerning accounting audit operations Certified public accountants: 8 people Those who passed CPA exam, etc.: 4 people Others: 16 people
(2) Continuous auditing period 7 years	Designated partner, engagement partner, certified public accountant NAKAMURA Kohei	



**Directors and Auditors**

**i. Current Directors and Auditors (as of June 25, 2021)**

13 men and 2 women

 <p>President and CEO <b>NAKAYAMA Toshiki</b> FY 2020 No. of Board of Directors meetings attended 17/17</p>	 <p>Director <b>YAMAMOTO Yasuhiro</b> FY 2020 No. of Board of Directors meetings attended 17/17</p>	 <p>Director <b>TOTAKE Yasushi</b> FY 2020 No. of Board of Directors meetings attended 17/17</p>
 <p>Director and CFO <b>TSUKAMOTO Masakazu</b> FY 2020 No. of Board of Directors meetings attended 17/17</p>	 <p>Director <b>AOYAMA Koji</b> FY 2020 No. of Board of Directors meetings attended 17/17</p>	 <p>Director <b>HIRABARA Toshiyuki</b> FY 2020 No. of Board of Directors meetings attended 17/17</p>
 <p>Director <b>IGARASHI Katsuhiko</b> FY 2020 No. of Board of Directors meetings attended 17/17</p>	 <p>Director (Outside) <b>BABA Chiharu</b> FY 2020 No. of Board of Directors meetings attended 17/17</p>	 <p>Director (Outside) <b>YAMAMOTO Mayumi</b> FY 2020 No. of Board of Directors meetings attended 17/17</p>
 <p>Director (Outside) <b>KAWARATANI Shinichi</b> FY 2020 No. of Board of Directors meetings attended - (Newly appointed)</p>	 <p>Director and Advisor <b>SUZUKI Masatoshi</b> FY 2020 No. of Board of Directors meetings attended 17/17</p>	 <p>Corporate Auditor <b>KIRIYAMA Manabu</b> FY 2020 No. of Board of Directors meetings attended 17/17 No. of Board of Corporate Auditors meetings attended 11/11</p>
 <p>Corporate Auditor (Outside) <b>SEKI Hiroshi</b> FY 2020 No. of Board of Directors meetings attended 17/17 No. of Board of Corporate Auditors meetings attended 11/11</p>	 <p>Auditor <b>HOSOKAWA Masayoshi</b> FY 2020 No. of Board of Directors meetings attended 17/17 No. of Board of Corporate Auditors meetings attended 11/11</p>	 <p>Auditor (Outside) <b>KATSUMARU Chiaki (ISHIKAWA Chiaki)</b> FY 2020 No. of Board of Directors meetings attended 17/17 No. of Board of Corporate Auditors meetings attended 11/11</p>

\* For brief biographies of directors and auditors, please refer to the Annual Securities Report.

**ii. Policy and Procedures for the Nomination of Candidates for the Board of Directors and Auditors**

In the nomination process of candidates for the board of directors and auditors, the MIRAIT Holdings Corporation selects a wide variety of candidates from both inside and outside of the company, consults with the Nomination and Compensation Committee chaired by an outside director, and determines the candidates who have excellent personalities, superior insights and high managerial capabilities, at the board of directors meetings based on the replies from the Committee.

\* The rationale for selection of each director and auditor is outlined in the notice of general meeting of shareholders.

**iii. Effective Use of Outside Directors and Outside Auditors**

For outside directors, we appoint individuals who have abundant experience and knowledge across different fields and can carry out their roles and duties with a specialized and objective viewpoint by providing guidance and managerial supervision from

the perspective of enhancing the medium- to long-term corporate value of the company. For outside auditors, we appoint those who have abundant experience and knowledge across different fields, and can with independent and objective views properly monitor the board of directors' managerial decisions, execution of duties, and their observance of laws and ordinances, enhancing transparency of the board and serving greater corporate value.

Outside directors and outside auditors attend meetings of the Board of Directors and the Board of Corporate Auditors to understand the management issues of the Group and receive audit reports from auditors.

In addition, they offer their opinions as necessary from their respective professional and objective viewpoints, and strive to ensure the transparency and efficiency of management by exchanging opinions with other directors and auditors.

\* The criteria for determining the independence of outside directors and outside auditors of the Company and the status of their activities are provided in the "Annual Securities Report" and other documents.

**Skills Matrix for Directors and Auditors**

	Corporate Management/ Business Strategies	Sales/ Marketing	Construction/ Operation of Communication Facilities, etc.	Technology/ Innovation/ DX	Global Business	New Business Development	Personnel/ Labor/ HR Development	Financial Accounting/ Finance	Legal/ Risk Management/ Compliance/ Governance
<b>Directors</b>	NAKAYAMA Toshiki	●	●		●	●	●		
	YAMAMOTO Yasuhiro	●	●				●		●
	TOTAKE Yasushi	●		●	●		●		
	TSUKAMOTO Masakazu	●	●			●		●	●
	AOYAMA Koji	●	●	●	●	●			
	HIRABARA Toshiyuki	●	●	●	●				
	IGARASHI Katsuhiko	●		●	●				
	BABA Chiharu	●				●		●	●
	YAMAMOTO Mayumi								●
	KAWARATANI Shinichi	●	●			●	●		
SUZUKI Masatoshi	●	●			●	●	●		
<b>Auditors</b>	KIRIYAMA Manabu	●						●	●
	SEKI Hiroshi	●	●				●		●
	HOSOKAWA Masayoshi	●	●	●	●		●		
	KATSUMARU Chiaki (ISHIKAWA Chiaki)							●	●

\* The above does not represent all the knowledge and experience of directors and auditors.

**iv. Board Structure that Balances Diversity in Gender, Internationality, etc. and Appropriate Size**

As a holding company that oversees various business fields, the Company makes sure that the composition of the Board of Directors is well-balanced by appointing individuals with a wealth of experience and superior knowledge in various specialized fields, such as business strategies, international strategies, finance, and personnel affairs.

In addition, the Company aims to ensure transparency and enhance corporate value by having individuals with many years of practical experience in corporate management, experts in corporate legal affairs and finance, and academic experts join the Board of Directors as outside directors and provide an outside perspective.

As for the size of the Board of Directors, we have achieved greater effectiveness and efficiency by, while sufficiently functioning as a holding company, having some board members serve core subsidiary companies as well.

We have appointed a total of two women executive officers, one director and one auditor.

The expertise and experience required of directors and auditors are shown in the “Skills Matrix for Directors and Auditors” on page 40.

**v. Efforts to Ensure the Efficient Execution of Duties by Directors**  
In accordance with the “Regulations of the Board of Directors,” Board of Directors meetings are held once a month and as needed, and 17 meetings were held during the fiscal year under review.

The Board of Directors meetings deliberate on all matters to be discussed at the Board of Directors meetings in accordance with the internal regulations, and actively exchange opinions on each matter, as well as receive quarterly reports on the status of execution of duties by each director.

In addition, the Board of Directors is evaluated for its effectiveness on an ongoing basis to improve its functioning.

Also, in light of the Corporate Governance Code, the “Nomination and Compensation Committee,” a voluntary advisory committee, has been established under the Board of Directors in order to improve objectivity in nomination and compensation. The Committee met six times during the fiscal year under review, and all members attended all of the meetings.

Independent outside directors hold regular meetings with representative directors to strengthen the monitoring function for the execution of duties by directors.

**vi. Efforts to Ensure the Effective Implementation of Audits by Auditors**

In addition to constantly inspecting approval requests and other documents, auditors attend meetings of the Board of Directors and various committees to gain an understanding of the company’s important decision-making process and the status of business execution. In addition, the auditors, the President and CEO, the Accounting Auditor, and others communicate with each other and exchange opinions to ensure that the auditors’ audits are conducted effectively.

**vii. Appraisal of the Effectiveness of the Board of Directors**

At the Board of Directors meetings, we check the execution of duties by directors, including the state of compliance with laws and regulations, the state of risk management and information sharing, and the speed with which issues are resolved, and we also strive to ensure the effectiveness of the Board of Directors as a whole by holding meetings between representative directors, outside directors, and auditors.

In addition, once a year, all directors and auditors are subject to a self-assessment of the effectiveness of the Board of Directors with the aim of improving the functioning of the Board of Directors as a whole and sharing awareness of the direction in which our corporate governance is headed.

More specifically, the self-assessment is conducted through an anonymous questionnaire to ensure that candid opinions are heard, and the questionnaire consists of major assessment items asking about the structure, operational status, responsibility and functions of the Board of Directors and the state of the Board of Directors as seen from outside directors and auditors. As for collecting responses, they are collected by an external law office with a duty of confidentiality, and they are analyzed by a third-party organization.

Based on the results of this analysis, our Board of Directors has verified and evaluated the current situation and obtained favorable results, and continues to discuss issues related to the Board of Directors.

**[Overview of the Effectiveness Assessment for FY 2020]**

**[Major opinions]**

Discussions should be deepened on matters related to the framework of the new company emerging after the business integration scheduled for early FY 2022, such as the vision and corporate philosophy of the new company, the long-term direction of the group as a whole, and the governance system to realize it, as well as the increase in the number of group companies and the further enhancement in the risk management system and operational aspects with the new company in mind.

**[Measures]**

Efforts are being made to maintain and improve the effectiveness of the Board of Directors on an ongoing basis by further deepening the Board of Directors’ discussions through “Deliberation Forum” (established in FY 2017) where members of the Board of Directors can freely exchange opinions on medium- to long-term business strategies and management issues.

**viii. Training of Directors and Auditors**

We provide an executive officers’ training program for directors and auditors to deepen their awareness of their roles and legal responsibilities on a regular basis. The training program covers basic matters such as the significance of corporate governance, insider trading, and the Construction Business Act, as well as case studies on corporate scandals and trouble.

In addition, outside directors, outside auditors, and others are provided with opportunities including inspections of business establishments of operating companies and construction sites, as appropriate, so that they can deepen their understanding of our business content and current conditions.

**ix. Planning and Development of Successors for the CEO, etc.**

We appropriately plan and develop successors for the CEO and other senior management based on our management philosophy and business strategies. When appointing a CEO, the Nomination and Compensation Committee, chaired by an independent outside director, is consulted, and based on its report, the Board of Directors votes on the appointment.

**x. Compensation, etc. of Executive Officers**

**(1) Basic Policy**

With regard to the compensation of directors, the total amount (limit) is set by the General Meetings of Shareholders after approval by the Board of Directors, and each director receives compensation in accordance with their roles and responsibilities.

As well, with regard to the policy for deciding the compensation for each director, for the purpose of enhancing objectivity and transparency, the “Nomination and Compensation Committee” (chaired by an independent outside director), which is an advisory body to the Board of Directors and consists of three independent outside directors and the President and CEO, reports the results of its deliberations to the Board of Directors, which then makes decisions based on the report.

Outside directors, who are responsible for supervisory functions, are paid only monthly basic compensation in light of their duties.

\* Details of compensation for executive officers are provided in the “Annual Securities Report.”

**(2) Introduction of Performance-linked Compensation System**

We have introduced the “Board Benefit Trust,” a performance-linked stock compensation system, for the purpose of clarifying the linkage between the compensation of executive officers and the Company’s business performance and stock value, and heightening awareness about contributions to the improvement in the business performance and corporate value over the medium to long term.

As the indicators for performance-linked compensation, we have chosen consolidated operating income and ROE, which should help heighten awareness about contributions to the improvement in business performance and corporate value of the group companies. The Company grants points calculated by multiplying the standard points set in accordance with the internal regulations on issuing shares to executives by the performance-linked coefficient corresponding to the Company’s consolidated operating income and ROE, and awards one share per point at the time of retirement.

**(3) Percentage of the Amount of Monetary Compensation and the Amount of Performance-linked Compensation, etc.**

Monthly Compensation (Fixed Compensation)	Variable Compensation	Performance-linked Compensation (Non-monetary Compensation)
80%	20%	6%

Note: In consideration of insider trading regulations, etc., and in order to heighten management awareness and common goal awareness of increasing shareholder value, all directors (excluding outside directors) are required to contribute at least 10% of their monthly compensation to the Executive Officers’ Stock Option Plan, which effectively changes the percentages: 72% for fixed compensation, 28% for variable compensation, and 14% for non-monetary compensation (stock-based compensation).

**(4) Matters Concerning Delegation of Authority for Determining Compensation, etc. of Individual Directors**

For FY 2020, it has been resolved that the decision on the amount of basic compensation for each director and the amount of bonuses based on the business performance of each fiscal year would be left to President and CEO NAKAYAMA Toshiki, assuming that the Nomination and Compensation Committee would be consulted within the range of the total amount approved at the General Meeting of Shareholders, based on the resolution of the Board of Directors on June 24, 2020. The reason for delegating these authorities is that the President and CEO is considered to be the most suitable person to evaluate the execution of duties by each director while having a bird’s eye view of the company’s overall business.

**(5) Total Amount of Compensation for Each Executive Class, Total Amount of Compensation by Type, and the Number of Eligible Executive Officers**

Executive Class	Total Amount of Compensation (Million Yen)	Total Amount of Compensation by Type (Million Yen)		Number of Eligible Executive Officers (People)
		Fixed Compensation	Performance-linked Compensation	
Directors (excluding outside directors)	115	90	24	11
Auditors (excluding outside auditors)	24	24	—	2
Outside executive officers	39	39	—	5

**(6) Total Amount of Consolidated Compensation, etc. for Each Executive Officer**

This information is not provided because no executive officer received a total of 100 million yen or more in consolidated compensation, etc.

**Transactions with Related Parties**

We require that competitive transactions and conflict-of-interest transactions conducted by directors be deliberated and approved by the Board of Directors, and that the status of such transactions be reported to the Board of Directors on a regular basis.

We require executive officers to submit a “Related Party Confirmation Statement” to ascertain whether there are any transactions with related parties, such as themselves, their close relatives, organizations they represent, and organizations in which they hold majority voting rights.

With regard to transactions with major shareholders, in accordance with internal regulations, the person with decision-making authority is required to confirm the appropriateness of such transactions to ensure that they do not harm the Company or the common interests of shareholders, and report particularly important transactions to the Board of Directors.



**Messages from Our Outside Directors**

It is indisputable that sound corporate governance is an indispensable cornerstone of a company's business activities. Based on this recognition, the Company has been working to improve its system through repeated discussions at the Board of Directors and its advisory body, the Nomination and Compensation Committee. As for outside directors, following the appointment of our first woman director last year, we have added one more director this year, bringing the total to three. In response to this welcome addition to our team, we have established a regular forum for outside directors to exchange opinions and share awareness of issues with each other. Also, with regard to ESG management, which has been attracting increasing attention recently, the Company has established the ESG Management Promotion Committee, chaired by the President, to establish a management-led promotion system. Therefore, we believe that the effort for system improvement has steadily borne fruit. Meanwhile, new challenges regarding corporate governance have also emerged, such as the revision of the Corporate Governance Code. In addition, in the coming year, the Company plans to integrate with its main subsidiaries, MIRAIT Corporation and MIRAIT Technologies Corporation, in order to make a further leap forward in its business, and we believe that it will be necessary to further improve our corporate governance system to suit these new circumstances. As an outside director, I would like to continue to make a solid contribution.

The term "corporate governance" refers to a system that enables a company to make decisions in a transparent, fair, prompt and decisive manner, taking into account the position of each stakeholder. The Company has been implementing such a system for some time now with full awareness of the principles (Corporate Governance Code) to ensure its effective implementation, and the system has proven to be effective. This fiscal year, the number of outside directors was increased again. In order to contribute to substantive discussions at the Board of Directors' meetings, the Company continues to actively provide outside directors with advance explanations and site visits, etc., which are even more comprehensive than in the past. The Nomination and Compensation Committee, chaired by an outside director, engages in lively discussions at every meeting. The Company is also working to comply with the revised Corporate Governance Code by disclosing the Skills Matrix for directors and endorsing the TCFD. In addition, system development is also underway with a view to further strengthening governance. The Company's stance, as seen in these efforts, is to be highly commended. Looking ahead to the integration of the three companies and the establishment of the new group in the next fiscal year, we need to be creative in our efforts, including system improvement, to ensure that the organizational changes do not result in a decline in group governance, and I believe that this is a challenge. The Company is doing a good job for the earth, and I would like to be of some help as an outside director so that the Company can develop and grow further.

I was appointed as Outside Director in June 2021. The Company is primarily engaged in "creating" and "preserving" information and telecommunications infrastructure, which is the most important foundation for life and business in modern society and will affect the future trend of economic development, and therefore, it recognizes that the establishment of corporate governance is one of its top priorities in order to carry out stable business operations and fulfill its social responsibilities. Focusing on effectively achieving the objectives of the Corporate Governance Code, the Board of Directors has not just established and operated the Nomination and Compensation Committee chaired by an outside director and appointed a woman outside director, but is also making various efforts aiming to ensure active and substantive discussions at the Board of Directors meetings. As the Company expands into new business fields for future development and aims to further expand overseas, I believe that one of the challenges will be to build a seamless corporate governance foundation for the MIRAIT Group by working more closely with consolidated companies in Japan and overseas. I will strive to contribute to the Company as an outside director by drawing on my past experience in overseas business and group company management.

- Apr. 2005 Deputy President (Representative Director), Mizuho Trust & Banking Co., Ltd.
- Jun. 2007 Corporate Auditor (Full-time), Japan Energy Corporation (currently JXTG Nippon Oil & Energy Corporation)
- Jun. 2012 Corporate Auditor (Full-time), JX Nippon Mining & Metals Corporation
- Jun. 2015 Outside Director, Saitama Resona Bank, Limited  
Outside Corporate Auditor, Tohoku Electric Power Co., Inc.
- Jun. 2017 Outside Director and Audit Committee Member, Resona Holdings, Inc.
- Jun. 2018 Outside Director of MIRAIT holdings (to present)  
Outside Director and Corporate Auditor, Tohoku Electric Power Co., Inc.
- Jun. 2020 Outside Director and Audit Committee Chair, Resona Holdings, Inc. (to present)



Outside Director  
**BABA Chiharu**

- Apr. 1984 Registered as an Attorney at law Joined Takeo Ishiguro law firm
- Sep. 1990 Established Ginza Sogo law firm
- Jan. 2005 Established Ginza Shiin Meiwa law firm
- Dec. 2010 Public Interest Member of the Central Labour Relations Commission
- Jan. 2019 Member of the Financial System Council, Financial Services Agency (to present)
- Jun. 2019 External Audit & Supervisory Board Member, Morinaga Milk Industry Co., Ltd. (to present)
- Jun. 2020 Outside Director of MIRAIT holdings (to present)
- Apr. 2021 Member of the Labour Policy Council (to present)
- Jun. 2021 Outside Director, JCU Corporation (to present)



Outside Director  
**YAMAMOTO Mayumi**

- Nov. 1988 President, Atlux Corporation (NOC Outsourcing & Consulting Inc.)
- Oct. 1997 General Manager, Information and Communications Division, New York Office, Nissho Iwai American Corporation
- Nov. 1999 CEO, Entrepia Ventures, Inc.
- Apr. 2007 Assistant General Manager, Industrial Information Group, Sojitz Corporation
- Apr. 2011 Representative Director and President, Nissho Electronics Corporation
- Jan. 2014 Representative Director, VistaNet, Inc. (to present)
- Jun. 2021 Outside Director of MIRAIT holdings (to present)



Outside Director  
**KAWARATANI Shinichi**

**Cross-Shareholdings**

**i. Criteria and Concepts for Classification of Investment Shares**  
Our group classifies shares that it holds for the following purposes as investment shares for non-pure investment purposes, and shares that it holds for other purposes as investment shares for pure investment purposes.

- A. Maintaining and strengthening business relationships with the investee company
- B. Maintaining and strengthening cooperative relationships to promote alliance business
- C. Cooperating for efficient construction, etc.

**ii. Methods of Verifying the Holding Policy and Rationality of Investment Shares Held for Non-Pure Investment Purposes, and Details of Verification by the Board of Directors, etc. as to Whether or Not to Hold Individual Issues**

**A. Holding policy**  
Our group holds shares of its business partners when it believes that holding such shares will enhance the Group's corporate value and benefit its shareholders. After reviewing the purpose of holding shares and the status of transactions, etc., if the holding of such shares is deemed to be of little significance through quantitative and qualitative verification, we will gradually reduce the holdings through divestment, etc.

**B. Methods of verifying the rationality of shareholding**  
We conduct quantitative and qualitative verifications of investment shares held for non-pure investment purposes in terms of medium- to long-term economic rationality and future prospects based on return and risk, etc.

**C. Details of verification by the Board of Directors, etc. as to whether or not to hold individual issues**  
With regard to investment shares held by the Group for non-pure investment purposes, we conduct a review of the purpose of holding such shares, the status of transactions, etc., and determine whether or not to continue holding such shares by verifying each individual issue quantitatively and qualitatively once a year at a meeting of the Board of Directors, in terms of whether the returns and risks associated with the holdings are commensurate with the cost of capital, the purpose of the holdings, future business trends, etc.

We are divesting shares for which, as a result of the verification, we believe there is little significance in holding, taking into consideration the share price and other factors. In addition, we will manage the status of holding and reduction of investment shares held in the entire Group for non-pure investment purposes through annual verification. Based on the above policy, etc., we divested 18 issues in FY 2020.

**Management of Insider Information as well as Timely and Fair Disclosure**

The MIRAIT Group discloses accurate information in a timely manner through TDnet and EDINET in accordance with the [Disclosure Policy](#) published on the website and in other corporate materials. We also make use of mediums such as our corporate website (<https://www.mirait.co.jp/en/>) and press

releases in an effort to further broaden our dissemination of information. Furthermore, the MIRAIT Group strives to provide beneficial information that is easy for shareholders and other investors to understand, such as materials used in its IR activities.

We fully and properly manage information according to insider trading regulations when in the possession of important information not yet released to the public domain when talking with all shareholders and other investors.

**Efforts to Enhance Communication**

The IR Office undertakes investor relations activities as the department in charge of investor relations under the supervision of the CFO, who is the manager responsible for the handling of information. The managers responsible for investor relations handle consultations with all of our shareholders and other investors as much as possible.

The MIRAIT Group holds financial results briefings twice a year for analysts and institutional investors and distributes the briefings on its website, etc. In addition to providing important information in English in a timely manner to overseas institutional investors, we also engage in overseas IR activities in the North American, European and Asian regions. Our representatives also work to explain matters fully at these financial results briefings and in our overseas IR activities to encourage constructive dialogue with all of our shareholders and other investors.

In addition, in order to help people deepen their understanding of our business, we participate in online company information sessions streamed live for individual investors, as well as individual investor information sessions held by securities companies as appropriate.

The opinions of shareholders and investors are provided as a feedback to management at meetings of the Board of Directors and the Group Presidents' Council.

Furthermore, the Group also sends MIRAIT Report booklets that include business performance and topics to all of the shareholders twice a year.

**Efforts to Vitalize the General Meetings of Shareholders**

With regard to the operation of the General Meetings of Shareholders, we aim to help shareholders understand better, for example, by printing the convocation notice in color and using video images to present business reports. The convocation notice, reference documents, and reports are also available on our website.

The 11th Ordinary General Meeting of Shareholders was held on June 24, 2021 on a reduced scale as a countermeasure against the spread of the new coronavirus. In order to deepen the understanding of shareholders and others who were unable to attend the meeting, the business report was posted in a video format on our website in advance, and the meeting was streamed live on the day of the meeting. For those shareholders who were unable to watch the live broadcast of the General Meeting, the video recording of the meeting is posted on our website for viewing afterwards.

# Thorough Compliance

## Thorough Compliance

We have formulated the "MIRAIT Way," which organizes the Charter of Corporate Ethics that summarizes basic policies and specific conduct guidelines concerning corporate ethics together with the Basic Management Philosophy and Code of Conduct, which are the basis for forming a corporate culture. The MIRAIT Way has been made known to all executive officers and employees of the corporate group.

In addition, we have established conduct guidelines concerning "prohibition of bribery, handling of entertainment and gifts," "insider trading regulations," "prohibition of acts of conflict of interest," and "confrontation with antisocial forces" based on the "Compliance Manual," and are making efforts to **thoroughly prevent corruption**.

The "Compliance Executive Committee" deliberates on individual problems within the corporate group and manages the progress of compliance promotion activities. The Committee met twice during the fiscal year under review.

The internal audit section conducts monitoring to verify the effectiveness of compliance promotion activities.

In addition, at MIRAIT Corporation, we not only conduct operational audits, but also appoint compliance promoters in each organization to conduct voluntary checks.

As well, we promote compliance by conducting an annual survey to find out to what extent employees understand and are aware of compliance and the risks involved in their daily work.

### (1) Training

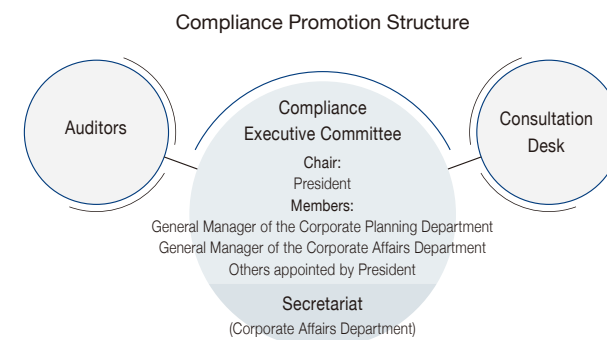
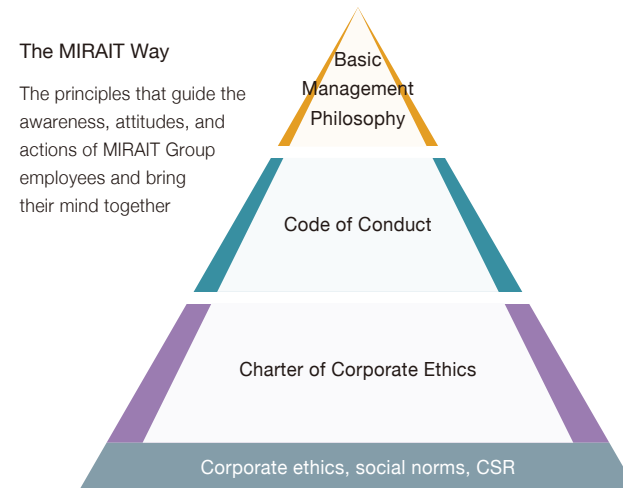
We have established basic matters related to our compliance promotion activities through our "Compliance Regulations," and are working to improve compliance awareness by providing compliance training for all executive officers and employees.

### (2) Development of Internal Reporting System

We have established the "Compliance Meyasubako (complaint box)" and the "Nandemo Sodanshitsu (ask anything consultation)" as the internal reporting system for the corporate group, and have a system in place that enables us to directly identify and take prompt action against any problems, e.g., compliance violations such as embezzlement, bribery, collusion, and corruption, as well as working environment and various discrimination issues related to human rights (including harassment). The received information is reported to the "Compliance Executive Committee."

## Due Payment of Taxes

The MIRAIT Group observes all laws and regulations concerning taxation practices in all countries and regions where it operates, consistently working to maintain and raise its standards of taxation compliance.



# Thorough Risk Management

## Thorough Risk Management

In accordance with the "Risk Management Regulations," we have established a basic policy and promotion system for risk management as a corporate group, and are responding appropriately to various risks based on our risk management plan. The "Risk Management Executive Committee" deliberates on the status of risk management and individual issues within the

corporate group, and met twice during the fiscal year under review.

In addition, the internal audit section conducts monitoring to verify the effectiveness of risk management.

As of the end of March 2021, the following are the main risks that we recognize as having the potential to affect our business performance and financial position.

Major risks	Overview	Measures
i. Dependence on specific business partners	Our group's main business partners are the NTT Group and other telecommunications companies, which account for a large percentage of our sales, and their capital investment trends and technological innovations may affect our group's business performance.	In addition to accelerating the shift in our business structure from the telecommunications carrier business to the solutions business, we are taking on the challenge of creating new business opportunities that go beyond the framework of conventional business fields and technologies.
ii. Safety and Quality	In the event of unforeseen circumstances due to serious accidents or serious quality problems, the Group's business performance may be affected by loss of trust from business partners, restrictions on sales activities, etc.	Utilizing an integrated management system for safety and quality introduced by operating companies, our group is united in its efforts to manage safety and quality so that we can deliver high quality engineering and services that are trusted and valued by our customers.
iii. Management of Important Information	Through our business activities, we may obtain technical data, personal information, and other important information from our business partners. In the event that information is leaked due to unforeseen circumstances or is misused, our group's business performance may be affected by loss of trust from business partners and liability for damages.	We are using the ISMS (Information Security Management System) introduced by our operating companies and working together as a group to thoroughly prevent information leaks.
iv. Credit Uncertainty of Business Partners	In the event of credit uncertainty in our business partners, we may not be able to collect construction payments or need to delay construction work, which may affect our group's business performance.	Our group is working to avoid credit uncertainty risk by managing the creditworthiness of our business partners through the use of external investigative agencies, etc., and by having our legal staff review contracts.
v. Holdings	While we hold securities and other assets due to the necessity of business operations, our group's business performance may be affected by significant fluctuations in their market value.	When we find little significance in holding any securities, etc. through quantitative and qualitative verification, we gradually reduce them to avoid market value fluctuation risk.
vi. Natural Disasters, etc.	Our group's business performance may be affected by unforeseen circumstances, such as direct damage to our employees, collaborators, or facilities caused by a large-scale disaster or an epidemic of infectious diseases, or delays in the delivery of materials and equipment due to a disruption in the supply chain.	In preparation for earthquakes and other natural disasters as well as infectious disease outbreaks, our group has taken various measures, including the formulation of a BCP (business continuity plan), the establishment of an employee safety confirmation system, disaster drills, and a shift to a new work style.
vii. Overseas Business	Our group operates in foreign countries, mainly in Asia and Oceania, and our business performance may be affected by significant changes in political and economic conditions, exchange rates, and legal regulations, as well as epidemics of infectious diseases, sharp rises in material prices, and significant increases in unit labor costs in the host countries.	We strive to prevent and avoid such risks by gathering information within the Group, and operating from moderately scattered countries.

## Development of Internal Control System

Our board of directors has adopted the Basic Policies for the Internal Control System to ensure the appropriateness of operations of the MIRAIT Group. We have also enacted Administrative Regulations for Subsidiary Companies and a Group-wide internal control system in our effort to appropriately manage the Group through specific internal controls at our

subsidiary companies.

In addition, we manage important matters that have a significant impact on the entire corporate group by receiving reports from and discussing with subsidiaries, and take necessary measures as a corporate group.

\* Details of the "Basic Policies for the Internal Control System" adopted by the Board of Directors are provided in the "Annual Securities Report" and other documents.

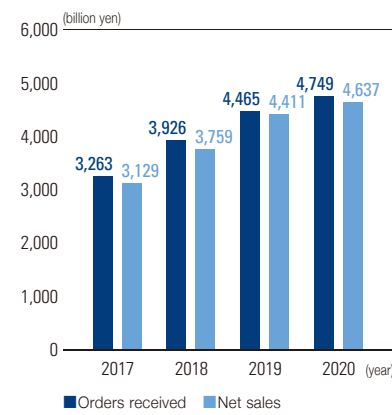


## Financial Data (Consolidated)

We strive to maintain a sound financial footing and make accurate financial information promptly available by various means including via our website and brochures. By doing so, we hope that our Group will continue to be a corporate organization that is supported and trusted by society.

\*The latest information can be found at our website (<https://www.mirait.co.jp/en/>)

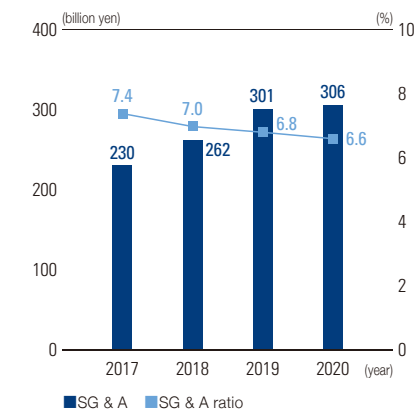
Orders received/Net sales



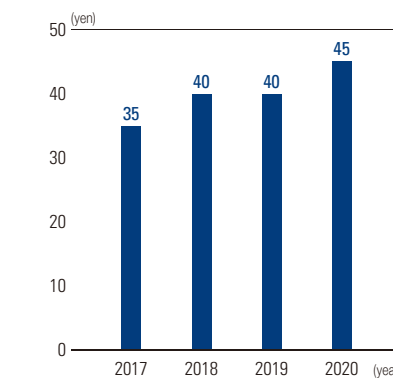
Gross profit/Gross profit margin



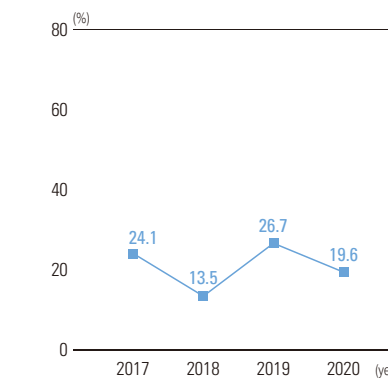
SG & A/SG & A ratio



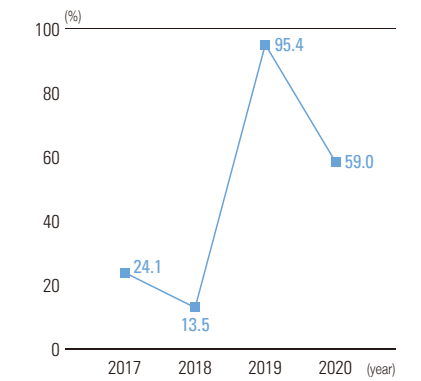
Dividend per share



Dividend payout ratio



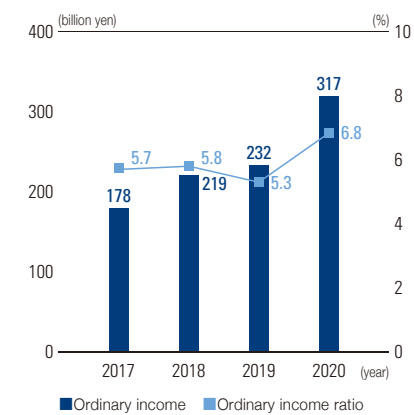
Total return ratio



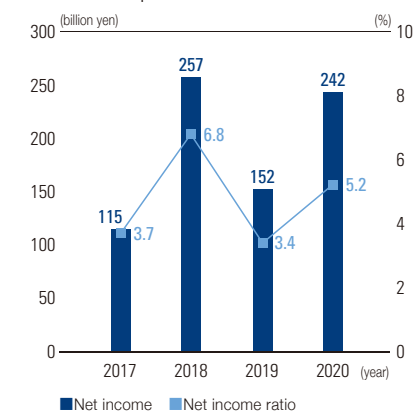
Operating income/Operating income ratio



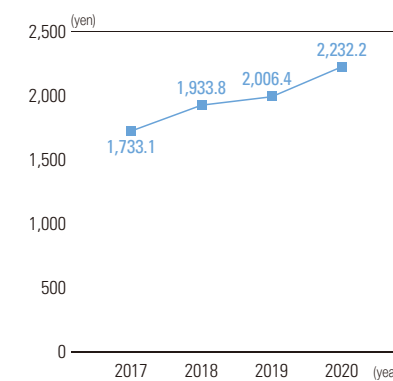
Ordinary income/Ordinary income ratio



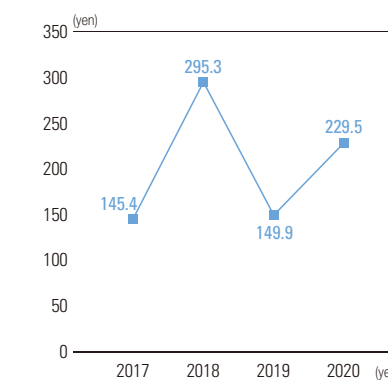
Net income/Net income ratio attributable to owners of parent



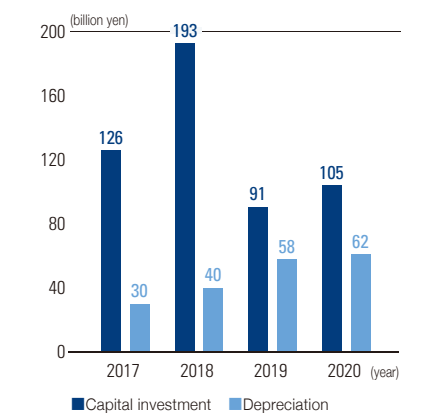
Net assets per share



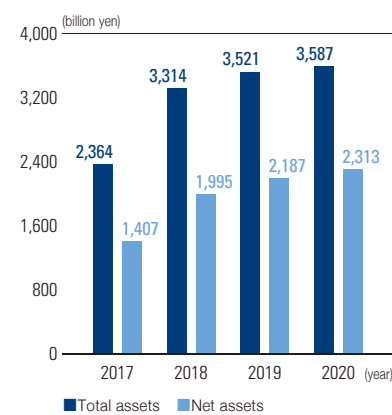
Net income per share



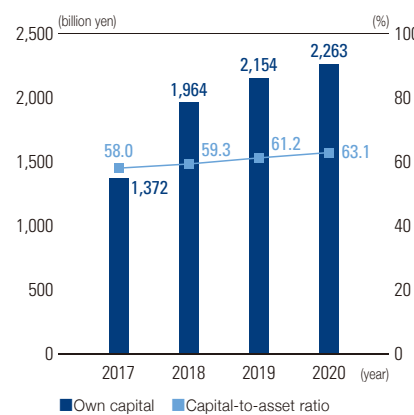
Capital investment/Depreciation



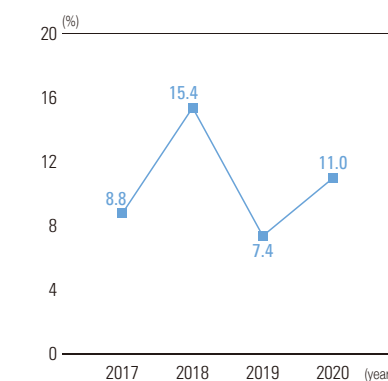
Total assets/Net assets



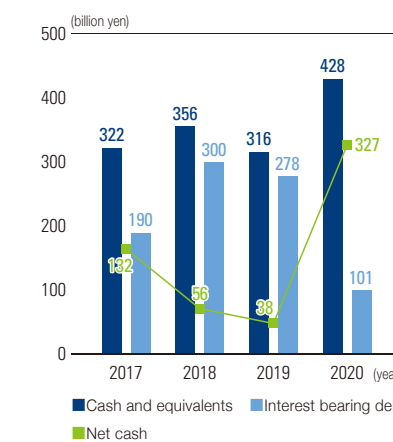
Own capital/Capital-to-asset ratio



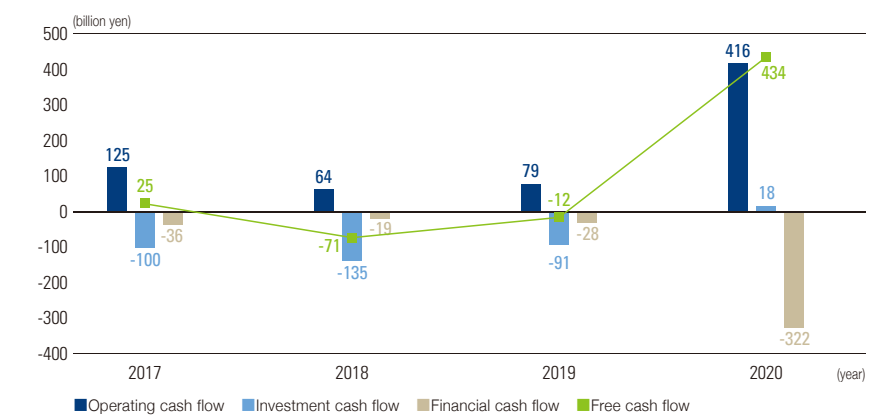
Return on equity (ROE)



Cash and equivalents/Interest bearing debt



Cash Flow



Net income attributable to owners of parent in FYE March 2019 includes extraordinary profit (10 billion yen) that accrues from the management integration

## Non-financial Data

The MIRAIT Group also prepares and discloses material non-financial data from its business activities, taking steps to widen its scope.

		2016	2017	2018	2019	2020
Environment	CO <sub>2</sub> emissions (t-CO <sub>2</sub> ) <sup>①</sup>	7,095t-CO <sub>2</sub> <sup>①②</sup>	8,359t-CO <sub>2</sub> <sup>①②</sup>	8,868t-CO <sub>2</sub> <sup>①②</sup>	14,856t-CO <sub>2</sub> <sup>①②</sup>	17,586t-CO <sub>2</sub> <sup>①②</sup>
	(Repeat: Emissions from providing data center services)	-	-	-	(3,057)	(8,017)
	Total annual amount of green energy generated by the Company (solar)	-	124 thousand kWh*	138 thousand kWh*	132 thousand kWh*	137 thousand kWh*
	Power generation capacity of other companies' renewable energy generation facilities constructed by the Group (cumulative total)	48,960kw <sup>③</sup> (212,118kw <sup>③④</sup> )	87,677kw <sup>③</sup> (299,795kw <sup>③④</sup> )	48,929kw <sup>③</sup> (348,724kw <sup>③④</sup> )	14,510kw <sup>③</sup> (363,234kw <sup>③④</sup> )	35,463kw <sup>③</sup> (398,697kw <sup>③④</sup> )
Ensuring Worker Safety	Occupational accident frequency rate	0.18*	0.19*	0.00*	0.18*	0.35*
Promoting Health-oriented Management	Number of work-related accidents (fatalities) among regular employees <sup>⑤</sup>	-	-	0*	0*	0*
	Number of work-related accidents (fatalities) among contract employees <sup>⑤</sup>	-	-	0*	0*	0*
	Stress check participation rate <sup>⑥</sup>	-	-	-	-	98.4%
	Percentage of highly stressed employees <sup>⑥</sup>	-	-	-	-	9.9%
Development of a Comfortable Working Environment	Turnover rate (past 3-year average for new graduates) <sup>⑦</sup>	-	-	-	-	6.8%
	Number of employees who took sick child leave <sup>⑧</sup>	-	-	-	-	41 people
	Average age <sup>⑨</sup>	-	-	-	-	41.9 years old*
	Ratio of managers <sup>⑩</sup>	-	-	-	-	30.9%
Advancing Efforts Towards Workstyle Reforms	Rate of annual paid leave	53.3% <sup>⑪</sup>	57.1% <sup>⑪</sup>	64.7%*	63.0%*	60.7%*
	Average overtime hours <sup>⑫</sup>	-	-	-	-	24.9 hours*
Promoting Diversity (Women's participation)	Ratio of women in new graduate hires	23.9% <sup>⑬</sup>	24.6% <sup>⑬</sup>	16.7%	23.1%	23.2%
	Ratio of women in managerial positions	2.7% <sup>⑬</sup>	2.9% <sup>⑬</sup>	2.7%	2.7%	3.3%
	Women directors (executives)	1 people <sup>⑭</sup>	1 people <sup>⑭</sup>	2 people	3 people	3 people
	Rate of parental leave taken by women employees	100%*	100%*	100%*	100%*	100%
	Number of women who worked shorter hours for childcare <sup>⑮</sup>	-	-	-	-	47 people
	Average age of women <sup>⑯</sup>	-	-	-	-	36 years old*
Promoting Diversity (Hiring of older, mid-career, or disabled persons)	No. of mid-career employees hired (incl. those with significant experience) <sup>⑰</sup>	-	-	-	-	134 people
	Non-regular employees (contract employees, dispatch employees) <sup>⑱</sup>	-	-	-	-	1,783 people
	Disabled persons employment rate <sup>⑲</sup>	-	-	-	-	2.15%
Helping Local Communities	Corporate citizenship spending	36 million yen <sup>⑳</sup>	30 million yen <sup>⑳</sup>	35 million yen <sup>⑳</sup>	36 million yen <sup>⑳</sup>	28.6 million yen <sup>⑳</sup>
Thorough Compliance	Serious violations of laws and regulations (number of cases) <sup>㉑</sup>	-	-	-	-	0 cases*
	Compliance training (participation rate) <sup>㉒</sup>	-	-	-	-	100%*
	Compliance questionnaire (response rate) <sup>㉓</sup>	-	-	-	-	81.2%*
	Internal reports (number of cases) <sup>㉔</sup>	-	-	-	-	62 cases*
Diversity	Total number of new recruits	66 people*	59 people*	56 people*	75 people*	128 people*
	Number of women recruits	15 people*	14 people*	14 people*	17 people*	29 people*
	Ratio of new women recruits	22.7%*	23.7%*	25.0%*	22.7%*	22.7%*
	Total number of managerial positions	697 people*	502 people*	761 people*	902 people*	938 people*
	Number of women in managerial positions	19 people*	17 people*	22 people*	26 people*	29 people*
	Ratio of women in managerial positions	2.7%*	3.4%*	2.9%*	2.9%*	3.1%*
	Total number of directors (executives)	12 people*	12 people*	14 people*	15 people*	13 people*
	Women directors (executives)	1 people*	1 people*	1 people*	1 people*	0 people*
	Ratio of women directors	8.3%*	8.3%*	7.1%*	6.7%*	0%*
	Total number of employees	2,597 people*	2,607 people*	2,655 people*	2,716 people*	2,882 people*
	Number of women employees	148 people*	166 people*	180 people*	193 people*	255 people*
	Ratio of women employees	5.7%*	6.4%*	6.8%*	7.1%*	8.8%*
	Average employment years	14.7 years*	14.7 years*	14.9 years*	14.8 years*	15.3 years*
	Average employment years for women	12.4 years*	11.8 years*	11.6 years*	11.8 years*	11.2 years*
Percentage difference in average employment years for women to men employees	15.6%*	19.7%*	22.1%*	20.3%*	26.8%*	

※ Disclosed from FY 2020  
 ※ ※ FY2019 - Revised due to improved compilation accuracy

About the Numerical Data  
 Not indicated: Value is the total for MIRAIT Holdings Corporation, MIRAIT Corporation, MIRAIT Technologies Corporation, TTK Co.,Ltd., SOLCOM Co.,Ltd. and Shikokutsuken Co.,Ltd. - the six companies  
 \*: Non-consolidated(MIRAIT Corporation only)  
 \*\*: Non-consolidated(MIRAIT Technologies Corporation only)  
 \*\*\*: Total for MIRAIT Corporation and MIRAIT Technologies Corporation- the two companies  
 \*\*\*\*: Total for MIRAIT Holdings Corporation, MIRAIT Corporation and MIRAIT Technologies Corporation- the three companies

## Status of Shareholders As of March 31, 2021

The latest information can be found at our website (<https://www.mirait.co.jp/en/>)

Total authorized shares : 330,000,000 shares

Total outstanding shares : 108,325,329 shares (including 6,482,718 treasury shares)

Number of shareholders : 24,955 (excluding treasury shares)

### Major shareholders (top 10)

Name	Number of shares held (in hundreds)	Ownership (%)
Custody Bank of Japan, Ltd. (trust account)	109,363	10.74
The Master Trust Bank of Japan, Ltd. (trust account)	95,573	9.38
Sumitomo Electric Industries, Ltd.	36,687	3.60
GOVERNMENT OF NORWAY	25,043	2.46
Sumitomo Densetsu Co., Ltd.	24,886	2.44
MIRAIT Holdings Employee's Stock Option Plan	19,303	1.90
Custody Bank of Japan, Ltd. (trust account 5)	14,439	1.42
Custody Bank of Japan, Ltd. (trust account 9)	13,851	1.36
STATE STREET BANK AND TRUST COMPANY 505001	13,177	1.29
Mizuho Bank, Ltd.	13,005	1.28

\*1 The ratio of shares held is calculated after subtracting the treasury shares (6,482,718).

\*2 The number of shares held shown is rounded down to the nearest 100 shares and the ownership is calculated by rounding off to two decimal places.

### Share distribution by owner type (excluding treasury shares)

Number of shares by owner type	(shares)	ratio	所有者別株主数	(shareholders)	ratio
National and local governments	100	0.0%	National and local governments	1	0.0%
Financial institutions	39,358,572	38.6%	Financial institutions	56	0.2%
Financial instruments business operators	1,939,201	1.9%	Financial instruments business operators	37	0.1%
Other corporations in Japan	12,473,583	12.3%	Other corporations in Japan	321	1.3%
Foreign corporations, etc.	24,402,569	24.0%	Foreign corporations, etc.	245	1.0%
Individuals/other	23,668,586	23.2%	Individuals/other	24,295	97.4%
<b>Total (excluding shares owned by the company)</b>	<b>101,842,611</b>	<b>100%</b>	<b>Total (excluding shares owned by the company)</b>	<b>24,955</b>	<b>100%</b>