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## [Cover]

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[Fiscal Year]	The 12th Fiscal Year (from April 1, 2021 to March 31, 2022)
[Company Name]	Kabushiki Kaisha MIRAIT Holdings
[Company Name in English]	MIRAIT Holdings Corporation
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[Contact Person]	Masakazu Tsukamoto, Director and CFO
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

## Part 1 Information on the Company

### I. Overview of the Company

#### 1. Key Financial Data

(1) Consolidated financial data, etc.

Fiscal year		8th	9th	10th	11th	12th
Year ended		March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022
Net sales	(million yen)	312,967	375,911	441,166	463,744	470,385
Ordinary profit	(million yen)	17,838	21,992	23,207	31,739	34,152
Profit attributable to owners of parent	(million yen)	11,504	25,711	15,220	24,205	25,163
Comprehensive income	(million yen)	14,241	23,118	17,156	25,138	25,469
Net assets	(million yen)	140,744	199,559	218,710	231,323	249,237
Total assets	(million yen)	234,489	331,462	352,134	358,751	432,683
Net assets per share	(yen)	1,733.14	1,933.82	2,006.42	2,232.25	2,446.54
Net income per share	(yen)	145.41	295.34	149.93	229.59	250.84
Diluted net income per share	(yen)	126.05	259.19	–	–	–
Equity ratio	(%)	58.5	59.3	61.2	63.1	56.0
Return on equity	(%)	8.8	15.4	7.4	11.0	10.7
Price-earnings ratio	(times)	11.66	6.39	9.50	7.66	7.67
Net cash provided by (used in) operating activities	(million yen)	12,562	6,491	7,936	41,602	12,972
Net cash provided by (used in) investing activities	(million yen)	(10,021)	(13,523)	(9,176)	1,869	(46,204)
Net cash provided by (used in) financing activities	(million yen)	(3,686)	(1,928)	(2,814)	(32,200)	38,395
Cash and cash equivalents at end of period	(million yen)	32,218	35,657	31,632	42,851	48,901
Number of employees [separately, average number of temporary employees]	(persons)	9,010 [1,540]	12,361 [2,586]	12,580 [2,624]	12,882 [2,439]	14,006 [2,291]

Notes: 1 The amounts of diluted net income per share for the 10th, 11th, and 12th fiscal years are not stated because there are no dilutive shares outstanding.

2 The Company has introduced the “Board Benefit Trust” performance-linked stock-based remuneration system since the 7th fiscal year for directors and executive officers of the Company and its subsidiaries (excluding outside directors and non-executive directors; hereinafter collectively referred to as the “Group’s Officers”). The Company’s shares held by the Board Benefit Trust are recorded as treasury shares in the consolidated financial statements. In calculating net assets per share, the number of shares held by the Board Benefit Trust is deducted from the total number of shares issued at the end of the fiscal year. Additionally, the number of shares held by the Board Benefit Trust is deducted from the average number of shares of common stock outstanding during the period used in calculating net income per share and diluted net income per share.

3 The Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29 dated March 31, 2020) and other relevant standards from the beginning of the 12th fiscal year. Key financial data, etc. for the 12th fiscal year is presented after the application of such accounting standards.

## (2) Financial data, etc. of reporting company (Non-consolidated)

Fiscal year		8th	9th	10th	11th	12th
Year ended		March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022
Net sales	(million yen)	4,198	6,118	8,545	13,928	16,652
Ordinary profit	(million yen)	2,627	4,515	6,871	12,307	14,425
Profit	(million yen)	2,587	4,461	8,091	12,278	14,402
Share capital	(million yen)	7,000	7,000	7,000	7,000	7,000
Total number of issued shares	(shares)	85,381,866	108,325,329	108,325,329	108,325,329	108,325,329
Net assets	(million yen)	63,043	111,522	113,727	111,920	116,565
Total assets	(million yen)	106,886	163,362	166,240	166,364	237,063
Net assets per share	(yen)	796.05	1,048.49	1,059.24	1,103.56	1,177.85
Dividends per share [Of which, interim dividends per share]	(yen)	35 [15]	40 [20]	40 [20]	45 [22]	55 [25]
Net income per share	(yen)	32.71	50.43	78.84	116.46	143.57
Diluted net income per share	(yen)	28.26	44.25	–	–	–
Equity ratio	(%)	59.0	68.3	68.4	67.3	49.2
Return on equity	(%)	4.1	5.1	7.2	10.9	12.6
Price-earnings ratio	(times)	51.84	38.55	17.87	15.09	13.39
Payout ratio	(%)	107.0	79.3	50.7	38.6	38.3
Number of employees	(persons)	102	102	100	106	110
Total shareholder return [Benchmark: TOPIX Total Return Index]	(%)	158.2 [115.9]	154.8 [110.0]	133.8 [99.6]	181.8 [141.5]	198.0 [144.3]
Highest share price	(yen)	1,760	1,988	1,779	1,913	2,403
Lowest share price	(yen)	1,040	1,475	1,129	1,173	1,719

- Notes: 1 The amounts of diluted net income per share for the 10th, 11th, and 12th fiscal years are not stated because there are no dilutive shares outstanding.
- 2 The Company has introduced the “Board Benefit Trust” performance-linked stock-based remuneration system since the 7th fiscal year for the Group’s Officers. The Company’s shares held by the Board Benefit Trust are recorded as treasury shares in the financial statements. In calculating net assets per share, the number of shares held by the Board Benefit Trust is deducted from the total number of shares issued at the end of the fiscal year. Additionally, the number of shares held by the Board Benefit Trust is deducted from the average number of shares of common stock outstanding during the period used in calculating net income per share and diluted net income per share.
- 3 The highest and lowest share prices are quoted prices on the First Section of the Tokyo Stock Exchange.

## 2. History

MIRAIT Holdings Corporation (hereinafter the “Company”) was established in October 2010 as a joint holding company through a share transfer among Daimei Telecom Engineering Corporation (hereinafter “Daimei”), Commutere Corporation (hereinafter “Commutere”), and TODENTSU Corporation (hereinafter “TODENTSU”), which were engaged in telecommunications facility work and other businesses.

The history of the corporate group is as follows.

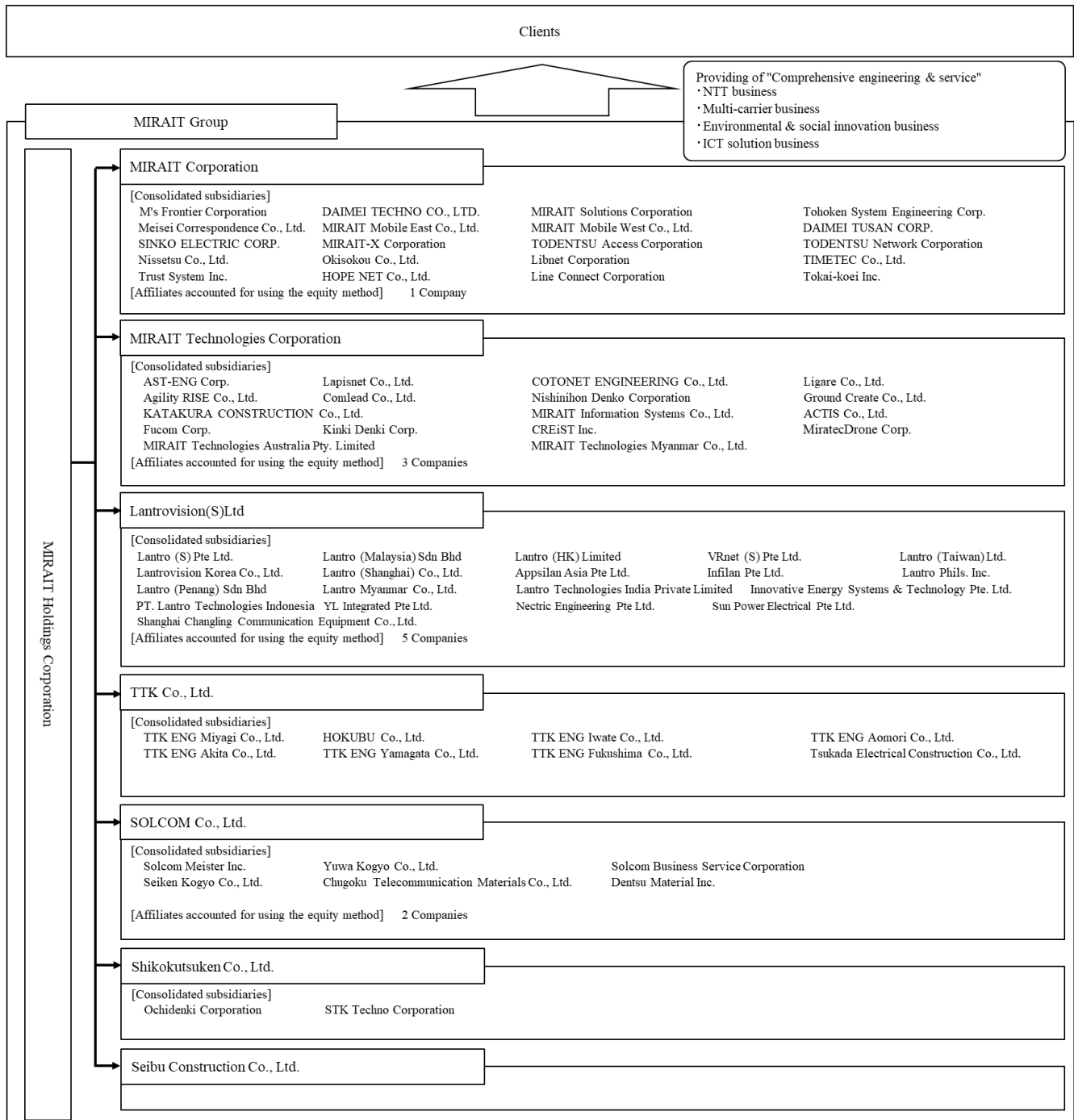
Month and year	Event
November 2009	Daimei, Commutere, and TODENTSU (hereinafter collectively the “Three Companies”) executed a memorandum of understanding on business integration through the establishment of a joint holding company (share transfer).
May 2010	The Three Companies agreed to jointly establish a holding company through a share transfer, subject to approval at their respective ordinary general meetings of shareholders and other conditions. A share transfer plan was prepared and a business integration agreement was executed.
June 2010	At the Three Companies’ respective ordinary general meetings of shareholders, it was approved and resolved that the Three Companies would jointly establish the Company by means of a share transfer and that the Three Companies would become wholly owned subsidiaries of the Company.
October 2010	The Three Companies established the Company by means of a share transfer.  The Company’s common shares were listed on the First Section of Tokyo Stock Exchange, Inc. and Osaka Securities Exchange, Inc.
January 2012	TODENTSU acquired shares of Nissetsu Co., Ltd. and made it a consolidated subsidiary.
October 2012	Daimei merged with TODENTSU and changed its trade name to MIRAIT Corporation. Commutere changed its trade name to MIRAIT Technologies Corporation.
October 2013	Daimei Next Co., Ltd., Todentsu Technos Corp., and Renat Tokyo Corp. were merged, which subsequently changed its trade name to M’s Frontier Co., Ltd.  Renat Kansai Co., Ltd., Daimei Engineering Corp., and Todentsu Engineering West Japan Corp. were merged, which subsequently changed its trade name to AST_ENG CORP.
July 2014	MIRAIT Technologies Corporation acquired shares of CCTS Telecommunications Construction Pty. Limited (currently MIRAIT Technologies Australia Pty. Limited) in Australia and made it a consolidated subsidiary.
October 2015	IP TECHNO SERVICE CORP. changed its trade name to MIRAIT-X Corporation due to the contribution of capital by ORIX Corporation.
June 2016	Mirait Singapore Pte. Ltd. acquired shares of Lantrovision(S)Ltd, a Singapore-based company, and made it a consolidated subsidiary.
December 2016	The Company issued yen-denominated convertible bond-type bonds with share acquisition rights subject to call due 2021 (totaling 16.5 billion yen).
June 2017	Lantrovision(S)Ltd merged by absorption with Mirait Singapore Pte. Ltd.
October 2018	The Company conducted business integration with TTK Co., Ltd. through a share exchange and acquired TTK Co., Ltd. and its eight consolidated subsidiaries as consolidated subsidiaries.
January 2019	The Company conducted business integration with SOLCOM Co., Ltd. through a share exchange and acquired SOLCOM Co., Ltd. and its seven consolidated subsidiaries as consolidated subsidiaries.  The Company conducted business integration with Shikokutsuken Co., Ltd. through a share exchange and acquired Shikokutsuken Co., Ltd. and its consolidated subsidiary as consolidated subsidiaries.
December 2019	The Company redeemed in advance all the yen-denominated convertible bond-type bonds with share acquisition rights subject to call due 2021 issued in December 2016.
March 2020	Lantrovision(S)Ltd acquired shares of YL Integrated Pte Ltd and made it a consolidated subsidiary.
June 2020	Lantrovision(S)Ltd acquired shares of Shanghai Changling Communication Equipment Co., Ltd. and made it a consolidated subsidiary.
March 2022	The Company acquired shares of Seibu Construction Co., Ltd. and made it a consolidated subsidiary.

### 3. Description of Business

The MIRAIT Group (hereinafter the “Group”) comprises the Company as the holding company, and 79 consolidated subsidiaries including MIRAIT Corporation, MIRAIT Technologies Corporation, Lantrovision(S)Ltd, TTK Co., Ltd., SOLCOM Co., Ltd, Shikokutsuken Co., Ltd., and Seibu Construction Co., Ltd. Under the guidance of the Company as the holding company, each group of reportable segments aims to be a trusted “Comprehensive Engineering and Services Company,” and is mainly engaged in telecommunications engineering work, such as NTT business, multi-carrier business, environmental and social innovation business, and ICT solutions business. The Company falls under the category of specified listed company, etc. under the insider trading regulations. Thus, the criteria for determining the insignificance of material facts relative to the size of the Company with respect to insider trading regulations are decided based on the figures on a consolidated basis.

The Group’s operational structure is as follows.

(As of March 31, 2022)



Changes in affiliated companies are as follows:

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

#### 4. Subsidiaries and Other Affiliated Entities

(As of March 31, 2022)

Company name	Address	Share capital (million yen)	Main line of business	Ratio of voting rights holding (held) (%)	Description of relationship	
					Concurrent appointments of Officers (persons)	Financial assistance
(Consolidated subsidiaries) MIRAIT Corporation (Note) 1, 4	Koto-ku, Tokyo	5,610	Information and telecommunications engineering business	100.0	4	—
DAIMEI TECHNO CO., LTD. (Note) 2	Shinagawa-ku, Tokyo	26	Information and telecommunications engineering business, security and traffic control services, and sale and lease of construction equipment	100.0 [100.0]	—	—
M's Frontier Corporation (Note) 2	Koto-ku, Tokyo	80	Information and telecommunications engineering business	100.0 [100.0]	—	—
DAIMEI TUSAN CORP. (Note) 2	Koto-ku, Tokyo	100	Sale of materials and other items related to telecommunications facilities, and sale and lease of construction equipment	100.0 [100.0]	—	—
MIRAIT Solutions Corporation (Note) 2	Shinjuku-ku, Tokyo	50	Information and telecommunications engineering business	100.0 [100.0]	—	—
Tohoken System Engineering Corp. (Note) 2	Sano City, Tochigi Pref.	100	Information and telecommunications engineering business	100.0 [100.0]	—	—
MIRAIT Mobile West Co., Ltd. (Note) 2	Nishi-ku, Osaka City	60	Information and telecommunications engineering business	100.0 [100.0]	—	—
Meisei Correspondence Co., Ltd. (Note) 2, 3	Chofu City, Tokyo	33	Information and telecommunications engineering business	40.0 [40.0]	—	—
MIRAIT Mobile East Co., Ltd. (Note) 2	Higashi-ku, Sapporo City	35	Information and telecommunications engineering business	100.0 [100.0]	—	Yes
SINKO ELECTRIC CORP. (Note) 2	Toyonaka City, Osaka Pref.	42	Information and telecommunications engineering business	88.9 [88.9]	—	—
HOPE NET Co., Ltd. (Note) 2	Chiyoda-ku, Tokyo	55	Staffing services	100.0 [100.0]	—	—
MIRAIT-X Corporation (Note) 2	Koto-ku, Tokyo	20	Installation and sale of solar power and storage battery systems	66.5 [66.5]	—	Yes
TODENTSU Access Corporation (Note) 2	Nagareyama City, Chiba Pref.	100	Information and telecommunications engineering business	100.0 [100.0]	—	—
TODENTSU Network Corporation (Note) 2	Koto-ku, Tokyo	55	Information and telecommunications engineering business	100.0 [100.0]	—	—
Nissetsu Co., Ltd. (Note) 2	Minato-ku, Tokyo	100	Air conditioning /sanitary/electrical facility work business	100.0 [100.0]	—	—
Okisokou Co., Ltd. (Note) 2, 3	Naha City, Okinawa Pref.	30	Information and telecommunications engineering business	45.1 [45.1]	—	—
Libnet Corporation (Note) 2	Ise City, Mie Pref.	100	Contracted library operations, consulting, and system development	99.8 [99.8]	—	—

Company name	Address	Share capital (million yen)	Main line of business	Ratio of voting rights holding (held) (%)	Description of relationship	
					Concurrent appointments of Officers (persons)	Financial assistance
TIMETEC Co., Ltd. (Note) 2	Chuo-ku, Osaka City	50	Contracted software development and system development/operatio ns	100.0 [100.0]	–	–
Trust System Inc. (Note) 2	Chiyoda-ku, Tokyo	100	General operations related to information system development	100.0 [100.0]	–	–
Line Connect Corporation (Note) 2	Kashiwa City, Chiba Pref.	10	Information and telecommunications engineering business	100.0 [100.0]	–	–
Tokai-koei Inc. (Note) 2	Koto-ku, Tokyo	99	Water supply and drainage business	100.0 [100.0]	–	Yes
MIRAIT Technologies Corporation (Note) 1, 4	Nishi-ku, Osaka City	3,804	Information and telecommunications engineering business	100.0	2	Yes
AST-ENG Corp. (Note) 2	Joto-ku, Osaka City	70	Information and telecommunications engineering business	100.0 [100.0]	–	–
Lapisnet Co., Ltd. (Note) 2	Higashinada- ku, Kobe City	50	Information and telecommunications engineering business	100.0 [100.0]	–	–
COTONET ENGINEERING Co., Ltd. (Note) 2	Minami-ku, Kyoto City	50	Information and telecommunications engineering business	100.0 [100.0]	–	–
Fucom Corp. (Note) 2	Nishi-ku, Osaka City	50	Information services business, etc.	100.0 [100.0]	–	–
Ground Create Co., Ltd. (Note) 2	Joto-ku, Osaka City	30	Information and telecommunications engineering business	100.0 [100.0]	–	–
Comlead Co., Ltd. (Note) 2	Nishi-ku, Osaka City	60	Information and telecommunications engineering business	100.0 [100.0]	–	–
MIRAIT Information Systems Co., Ltd. (Note) 2	Shinagawa-ku, Tokyo	98	Information services business, etc.	100.0 [100.0]	–	–
Ligare Co., Ltd. (Note) 2	Nishi-ku, Saitama City	41	Information and telecommunications engineering business	100.0 [100.0]	–	–
Kinki Denki Corp. (Note) 2, 3	Izumi City, Osaka Pref.	44	Information and telecommunications engineering business	45.7 [45.7]	–	–
Agility RISE Co., Ltd. (Note) 2	Hiki District, Saitama Pref.	10	Information and telecommunications engineering business	100.0 [100.0]	–	–
KATAKURA CONSTRUCTION Co., Ltd. (Note) 2	Setagaya-ku, Tokyo	50	Information and telecommunications engineering business	98.9 [98.9]	–	–
ACTIS Co., Ltd. (Note) 2	Chiyoda-ku, Tokyo	100	Information services business, etc.	54.9 [54.9]	–	–
CREiST Inc. (Note) 2	Shinagawa-ku, Tokyo	35	Information services business, etc.	71.4 [71.4]	–	Yes
Nishinohon Denko Corporation (Note) 2	Minami-ku, Kumamoto City	20	Information and telecommunications engineering business	99.1 [99.1]	–	–
MiratecDrone Corp. (Note) 2	Shinagawa-ku, Tokyo	100	Drone services business	100.0 [100.0]	–	–



Company name	Address	Share capital (million yen)	Main line of business	Ratio of voting rights holding (held) (%)	Description of relationship	
					Concurrent appointments of Officers (persons)	Financial assistance
MIRAIT Technologies Australia Pty. Limited (Note) 2	New South Wales, Australia	0.1 mil. AUD	Information and telecommunications engineering business	58.6 [58.6]	–	–
MIRAIT Technologies Myanmar Co., Ltd. (Note) 2	Yangon, Myanmar	1,000 mil. MMK	Information and telecommunications engineering business	100.0 [100.0]	–	–
Lantrovision(S)Ltd (Note) 1	Singapore	59 mil. SGD	Design, construction, maintenance, consulting of LAN wiring, etc. and sale of equipment	100.0	–	–
Lantro (Malaysia) Sdn Bhd (Note) 2	Kuala Lumpur, Malaysia	1 mil. MYR	Information and telecommunications engineering business	51.0 [51.0]	–	–
Lantro (Penang) Sdn Bhd (Note) 2	Penang, Malaysia	0.25 mil. MYR	Information and telecommunications engineering business	51.0 [51.0]	–	–
Lantro (HK) Limited (Note) 2	Kowloon, Hong Kong	5 mil. HKD	Information and telecommunications engineering business	100.0 [100.0]	–	–
Lantrovision Korea Co., Ltd. (Note) 2	Seoul Special City, Republic of Korea	196 mil. KRW	Information and telecommunications engineering business	85.0 [85.0]	–	–
Lantro (Shanghai) Co., Ltd. (Note) 2	Shanghai, China	10 mil. RMB	Information and telecommunications engineering business	70.0 [70.0]	–	–
Lantro (Taiwan) Ltd. (Note) 2	Taipei, Republic of China	10 mil. TWD	Information and telecommunications engineering business	85.0 [85.0]	–	–
Lantro Technologies India Private Limited (Note) 2	Bangalore, India	30 mil. INR	Information and telecommunications engineering business	100.0 [100.0]	–	–
VRnet (S) Pte Ltd. (Note) 2	Singapore	0.2 mil. SGD	Information and telecommunications engineering business	100.0 [100.0]	–	–
Appsilan Asia Pte Ltd. (Note) 2	Singapore	0.15 mil. SGD	Management services for data centers	100.0 [100.0]	–	–
Infilan Pte Ltd. (Note) 2	Singapore	0.2 mil. SGD	Information services business, etc.	100.0 [100.0]	–	–
Lantro (S) Pte Ltd. (Note) 2	Singapore	0.5 mil. SGD	Information and telecommunications engineering business	100.0 [100.0]	–	–
Lantro Phils. Inc. (Note) 2	Pasig, the Philippines	17 mil. PHP	Information services business, etc.	100.0 [100.0]	–	–
Innovative Energy Systems & Technology Pte. Ltd. (Note) 2	Singapore	0.1 mil. SGD	Information services business, etc.	60.0 [60.0]	–	–
Lantro Myanmar Co., Ltd. (Note) 2	Yangon, Myanmar	48 mil. MMK	Information and telecommunications engineering business	60.0 [60.0]	–	–
PT. Lantro Technologies Indonesia (Note) 2	Jakarta, Indonesia	14,478 mil. IDR	Information and telecommunications engineering business	60.0 [60.0]	–	–
YL Integrated Pte Ltd. (Note) 2	Singapore	1 mil. SGD	Design, construction, and management of general electrical work and electrical facility work	85.0 [85.0]	–	–
Nectric Engineering Pte Ltd. (Note) 2, 3	Singapore	0.1 mil. SGD	Design, construction, and management of general electrical work and electrical facility work	56.7 [56.7]	–	–

Company name	Address	Share capital (million yen)	Main line of business	Ratio of voting rights holding (held) (%)	Description of relationship	
					Concurrent appointments of Officers (persons)	Financial assistance
Sun Power Electrical Pte Ltd. (Note) 2, 3	Singapore	0.25 mil. SGD	Design, construction, and management of general electrical work and electrical facility work	55.5 [55.5]	–	–
Shanghai Changling Communication Equipment Co., Ltd. (Note) 2	Shanghai, China	60 mil. RMB	Construction of telecommunications towers and sharing services	50.1 [50.1]	–	–
TTK Co., Ltd. (Note) 1	Wakabayashi-ku, Sendai City	2,847	Information and telecommunications engineering business	100.0	1	–
TTK ENG Miyagi Co., Ltd. (Note) 2	Wakabayashi-ku, Sendai City	30	Information and telecommunications engineering business	100.0 [100.0]	–	–
HOKUBU Co., Ltd. (Note) 2	Wakabayashi-ku, Sendai City	20	Information and telecommunications engineering business	100.0 [100.0]	–	–
TTK ENG Iwate Co., Ltd. (Note) 2	Yahaba Town, Iwate Pref.	30	Information and telecommunications engineering business	100.0 [100.0]	–	–
TTK ENG Aomori Co., Ltd. (Note) 2	Aomori City, Aomori Pref.	30	Information and telecommunications engineering business	100.0 [100.0]	–	–
TTK ENG Akita Co., Ltd. (Note) 2	Akita City, Akita Pref.	30	Information and telecommunications engineering business	100.0 [100.0]	–	–
TTK ENG Yamagata Co., Ltd. (Note) 2	Yamagata City, Yamagata Pref.	30	Information and telecommunications engineering business	100.0 [100.0]	–	–
TTK ENG Fukushima Co., Ltd. (Note) 2	Fukushima City, Fukushima Pref.	30	Information and telecommunications engineering business	100.0 [100.0]	–	–
Tsukada Electrical Construction Co., Ltd. (Note) 2	Aoba-ku, Sendai City	50	Information and telecommunications engineering business	100.0 [100.0]	–	–
SOLCOM Co., Ltd. (Note) 1	Naka-ku, Hiroshima City	2,324	Information and telecommunications engineering business	100.0	1	–
Solcom Meister Inc. (Note) 2	Aki District, Hiroshima Pref.	100	Information and telecommunications engineering business	100.0 [100.0]	–	–
Yuwa Kogyo Co., Ltd. (Note) 2	Nishi-ku, Hiroshima City	70	Information and telecommunications engineering business	100.0 [100.0]	–	–
Seiken Kogyo Co., Ltd. (Note) 2	Ube City, Yamaguchi Pref.	50	Information and telecommunications engineering business	100.0 [100.0]	–	–
Solcom Business Service Corporation (Note) 2	Minami-ku, Hiroshima City	30	Sale, maintenance, and lease of information processing equipment	100.0 [100.0]	–	–
Chugoku Telecommunication Materials Co., Ltd. (Note) 2	Higashihiroshima City, Hiroshima Pref.	70	Procurement and sale of materials for information and telecommunications construction	86.0 [86.0]	–	–
Dentsu Material Inc. (Note) 2	Aki District, Hiroshima Pref.	50	Vehicle delivery of telecommunications cargo	63.1 [63.1]	–	–
Shikokutsuken Co., Ltd.	Imabari City, Ehime Pref.	450	Information and telecommunications engineering business	100.0	–	–
Ochidenki Corporation (Note) 2	Imabari City, Ehime Pref.	50	Information and telecommunications engineering business	90.0 [90.0]	–	–

Company name	Address	Share capital (million yen)	Main line of business	Ratio of voting rights holding (held) (%)	Description of relationship	
					Concurrent appointments of Officers (persons)	Financial assistance
STK Techno Corporation (Note) 2	Imabari City, Ehime Pref.	30	Information and telecommunications engineering business	100.0 [100.0]	—	—
Seibu Construction Co., Ltd.	Tokorozawa City, Saitama Pref.	11,000	General construction business for civil engineering, building construction, and other construction work	95.0	—	—
(Affiliates accounted for using the equity method)						
Nishinihon Shizai DX Co., Ltd. (Note) 2	Suita City, Osaka Pref.	100	Information and telecommunications engineering business	46.6 [46.6]	—	—
Sumiden Communication Engineering Co., Ltd. (Note) 2	Totsuka-ku, Yokohama City	150	Information and telecommunications engineering business	49.0 [49.0]	—	—
Nihon Sangyo Co., Ltd. (Note) 2	Iruma District, Saitama Pref.	72	Management of golf courses	50.0 [50.0]	—	—
MIRAIT PHILIPPINES INC. (Note) 2	Quezon, the Philippines	126 mil. PHP	Information and telecommunications engineering business	100.0 [100.0]	—	—
Altro Solutions Pte Ltd. (Note) 2	Singapore	0.2 mil. SGD	Information and telecommunications engineering business	50.0 [50.0]	—	—
Lantrovision Inc. (Note) 2	Pasig, the Philippines	5 mil. PHP	Information and telecommunications engineering business	40.0 [40.0]	—	—
Lantro (Thailand) Co., Ltd. (Note) 2	Bangkok, Thailand	38 mil. THB	Information and telecommunications engineering business	49.0 [49.0]	—	—
Lantro (Vietnam) Co., Ltd. (Note) 2	Ho Chi Minh, Vietnam	2,393 mil. VND	Information and telecommunications engineering business	41.7 [41.7]	—	—
Lantro (Cambodia) Co., Ltd. (Note) 2	Phnom Penh, Cambodia	0.05 mil. USD	Information and telecommunications engineering business	49.0 [49.0]	—	—
NEO SEC Inc. (Note) 2	Shimonoseki City, Yamaguchi Pref.	10	Information and telecommunications engineering business	20.0 [20.0]	—	—
Hi-Elecom Co., Ltd. (Note) 2	Nishi-ku, Hiroshima City	90	Information services business, etc.	27.8 [27.8]	—	—

- Notes: 1 Falls under a specified subsidiary.  
2 The figures in the parenthesis in “Ratio of voting rights holding (held)” indicate the indirect ownership ratio included in the total.  
3 Although the ratio of voting rights the Company holds is 50% or less, it is classified as a subsidiary because it substantially controls the entities.  
4 The following companies each account for more than 10% of consolidated net sales (excluding intra-group sales). Results of operations for these companies are as follows:

Company name	Net sales (million yen)	Ordinary profit (million yen)	Profit (million yen)	Net assets (million yen)	Total assets (million yen)
MIRAIT Corporation	159,625	10,200	9,860	88,517	128,907
MIRAIT Technologies Corporation	87,431	4,072	3,009	41,375	88,554

## 5. Employees

### (1) Information about consolidated companies

As of March 31, 2022

Segment name	Number of employees (persons)
MIRAIT Holdings Corporation	110
MIRAIT	5,480 [618]
MIRAIT Technologies	3,125 [574]
Lantrovision	1,266 [170]
TTK	1,101 [516]
SOLCOM	1,538 [174]
Shikokutsuken	692 [225]
Seibu Construction	694 [14]
Total	14,006 [2,291]

- Notes: 1 The number of employees represents the number of regular employees (including individuals seconded from outside the Group to the Group, and excluding individuals seconded from the Group to outside the Group).
- 2 The number of temporary employees (including contract employees and part-time employees) is shown in [ ] as the average number of employees during the fiscal year under review.

### (2) Information about reporting company (non-consolidated)

As of March 31, 2022

Number of employees (persons)	Average age	Average length of service (years)	Average annual salary (yen)
110	42.7	16.6	7,067,641

- Notes: 1 The number of employees represents the number of regular employees, mainly consisting of individuals seconded from consolidated subsidiaries of the Company. In calculating the average length of service, the total number of years of service at such companies is used.
- 2 Average annual salary includes bonuses and extra wages.

### (3) Labor union

The labor unions of the Group include the MIRAIT Group Labor Union—consisting of the MIRAIT Corporate Headquarters (1,984 members) and the MIRAIT Technologies Corporate Headquarters (737 members), the Tohoku Information Infrastructure Union (1,034 members), the SOLCOM Labor Union (582 members), and the Shikokutsuken Labor Union (86 members), which are all members of the Federation of Information and Communication Technology Service Workers of Japan.

Labor-management relations are favorable, and there are no special matters to be noted.

## II. Overview of Business

### 1. Management Policy, Business Environment, and Issues to Be Addressed

Forward-looking statements contained herein are based on the Group's judgment as at the end of the fiscal year ended March 31, 2022. The impact of the novel coronavirus disease (COVID-19), the Ukraine situation and other factors is considered to be insignificant as no events have occurred that may have a material impact on the operating results of the Group.

#### (1) Basic management policy

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

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

#### (2) Business environment and mid- to long-term management strategies

The business environment for the Group is expected to continue to change dramatically on the back of the expansion of 5G services, rise of the use of online services, and the boost in demand for new ICT solutions in line with the promotion of DX including the shift of company systems to cloud computing. Furthermore, the government's "green growth strategy," including initiatives to promote the shift to renewable energy to achieve a carbon-free society, is expected to boost demand to build more robust digital infrastructure, while also driving growth in projects to achieve regional revitalization through the creation of decarbonized communities.

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

#### [MIRAIT ONE Group Vision 2030 and New Medium-term Management Plan]

##### Outline of management strategy in the MIRAIT ONE Group Vision 2030

The MIRAIT ONE Group Vision 2030 is centered on five changes as a new growth strategy based on the key word that we will change and the future will change.

##### ◇ Change 1: People-centric management

- MIRAI College: "Driving force of business structure reform" providing learning and connection
- "Health management" creating a friendly working environment and protecting the physical and mental health of employees
- MIRAIT ONE work style reforms living with COVID-19

##### ◇ Change 2: Acceleration of business growth

- Clearly redefining growth areas as "MIRAI Domains" and injecting resources (promotion of business structure reform to a full-value model)
  - ◆ Urban development and regional development business (regional redevelopment business), and acceleration of corporate DX and promotion of green operations
  - ◆ Entry into the green power generation business contributing to decarbonization
  - ◆ Strengthening of SI business contributing to customers' DX (strategic consolidation)
  - ◆ Strengthening of global business promoting overseas data center related business and infrastructure sharing
- Strengthening of customer base of existing business (responding to expansion of customers and growth of customers)

- ◇ Change 3: Top-class profitability
  - Strengthening of management foundation through concentration and improvement of efficiency by integrating the three companies
  - Improvement of efficiency through the fundamental revision of operations and utilization of data insight
  - Review of existing operations and costs through promotion of group coordination
- ◇ Change 4: Management based on data insights
  - Establishment of knowledge-based data environment and optimization of sales approach (aggressive DX)
  - Value chain reform, smart construction, utilization of BPO/RPA/robotics (defensive DX)
  - Development of experts and core personnel, improvement of companywide literacy (development of DX personnel)
- ◇ Change 5: Strong foundation for ESG management
  - Initiatives aimed at the achievement of greenhouse gas reduction targets (science-based targets)
  - Creation of social value through the MIRAITS ONE Partner Association
  - Enhancement of audit system and strengthening of audit functions through third line of defense
  - Strengthening of corporate governance through new Group management system

### (3) Objective indicators for measuring the attainment status of management goals

The Group has adopted, as objective indicators used to determine the attainment status of management goals called Key Performance Indicators (hereinafter referred to as KPIs) of the Fifth Medium-term Management Plan, Sales, Ratio of Mirai Domains (\*), Operating Profit (Rate), ROE (Return on Equity) and EPS (Earnings per Share), and specified, as goals in fiscal 2026, a Sales of at least 720 billion yen, a Ratio of Mirai Domains of at least 40%, an Operating Profit (Rate) of at least 7.5%, an ROE of at least 10%, and an EPS-CAGR of at least 10%.

(\* ) Ratio of sales of Mirai Domains (areas aiming at business growth) in Total Sales

The reason these KPIs have been adopted is because of the recognition that they are important indicators for all stakeholders including shareholders to understand the Group's management policies and management strategies, in addition to enabling the evaluation of their progress and feasibility.

Operating profit and ROE have also been adopted as indicators for the calculation of points granted in the "Board Benefit Trust" performance-linked stock compensation scheme it has implemented to raise awareness of the contributions to performance of Group companies and enhancement of corporate value.

(Note) These figures for these KPIs are based on reasonable judgments according to circumstances, etc. that can be forecast as of the date of the submission of this report, and do not constitute a guarantee of their achievement.

### (4) Priority business and financial issues to be addressed

The Group concluded an agreement on a tri-party merger among the Company and the Company's consolidated subsidiaries, MIRAITS Corporation and MIRAITS Technologies Corporation. The integrated company, MIRAITS ONE Corporation, will make a fresh start on July 1, 2022, to respond to the external environment as described in "(2) Business environment and medium- to long-term management strategies." Moreover, the Group will accelerate its business structure transformation in response to changes in the business environment. Specifically, the Group will reorganize its organizations of the system integration (SI) business including the group companies' SI business organizations and five SI companies under the Group. In addition, the Group is promoting collaboration in the civil engineering and construction business with Seibu Construction Co., Ltd., which joined the Group on March 31, 2022.

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

## 2. Business Risks

Of the matters related to Overview of Business and Financial Information stated in this Annual Securities Report, items listed below may have a material impact on decisions by investors.

The likelihood and timing that such risks may materialize and the degree of impact they may have on operating results of the Group are not stated as it is difficult to reasonably foresee them.

Forward-looking statements contained herein are based on the Group's judgment as at the end of the fiscal year ended March 31, 2022.

### 1) Risks associated with excessive dependence on particular clients

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

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

### 2) Risks associated with safety and quality issues

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

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

### 3) Risks associated with the management of critical information

The Group may access critical information, such as technical data and personal information provided by clients. In the event of unforeseen information leakage or malicious use of such information, the Group may suffer liability for damages and others with potential impact on its financial results. Such event may also result in the loss of client's confidence, affecting the Group's business results.

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

### 4) Risks associated with uncertainties regarding clients' credit quality

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

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

### 5) Risks associated with assets held by the Group

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

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

### 6) Risks associated with natural disasters, infectious diseases, etc.

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

The Group has adopted countermeasures against events such as natural disasters including earthquakes and the spread of epidemic

diseases, including the formulation of a business continuity plan (BCP), establishment of a system to confirm the safety of employees, conducting of evacuation drills, adopting of new workstyles, and consolidation of procurement and inventory management for some materials and equipment.

#### 7) Risks associated with overseas businesses

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

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

#### 8) Risks associated with climate changes

As problems caused by global climate change are becoming more apparent, companies are required to give consideration to the environment mainly by reducing greenhouse gas emissions and industrial waste. Such consideration is often required of not only individual companies but also all companies in the supply chain. If the Group companies and partner companies fail to take appropriate measures, our business with suppliers may be restricted and the Group's business performance may be affected.

To respond to this, the Group clarified its commitment to "creating and preserving an environmentally friendly society" in reviewing material issues. The Group also endorsed the Task Force on Climate-related Financial Disclosures (TCFD) to analyze risks and opportunities in the Group's business in line with its framework. Furthermore, we are working to identify greenhouse gas (GHG) emitted through our business activities and are committed to initiatives and other measures to reduce it and to further reduce industrial waste.

#### 9) Risks associated with M&A

The Group strives to expand its business domains and transform business models through M&A with which synergy effects are expected, with the aim of increasing corporate value of the Group. However, if outcomes such as the profit growth and synergy effects expected from an M&A target company are not realized, the Group's business performance may be affected.

To avoid this, before conducting an M&A, the Group carefully examines whether the M&A is in line with the Group's growth strategy. We also consider the outlook for future market trends, business plans, and synergies with the Group. In the post-acquisition integration process, the Group identifies by when what should be completed to strengthen monitoring and work to maximize synergy effects.



### 3. Management's Analysis of Financial Position, Operating Results and Cash Flows

The overview of the Group's financial position, operating results, and cash flows (hereinafter "operating results, etc.") for the fiscal year ended March 31, 2022, and views and issues analyzed/discussed with regard to the status of operating results, etc. from the management's perspective, are as follows.

Forward-looking statements contained herein are based on the Company's judgment as at the end of the fiscal year ended March 31, 2022.

The impact of COVID-19, the Ukraine situation and other factors is considered to be insignificant as no events have occurred that may have a material impact on the operating results of the Group.

#### (1) Operating results

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

As for the business environment for the Group, certain projects remain behind schedule due to voluntary restraints and delays in the delivery of construction materials. However, the Group is benefitting from the increase in mobile work due to base station installment plans brought forward on the back of the proliferation of fifth-generation mobile telecommunication (5G) services. In addition, demand for new ICT solutions is rising in line with the promotion of digital transformation (DX), such as expanding the use of online services and shifting company systems to cloud computing. Furthermore, the government's "green growth strategy," including initiatives to promote the shift to renewable energy to achieve a carbon-free society, is expected to boost demand to build more robust digital infrastructure, while also driving growth in projects to achieve regional revitalization through the creation of decarbonized communities.

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

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

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

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

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

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

Meanwhile, during the period under review, the Company repurchased its own shares (2.48 million shares, 5,000 million yen) to enhance shareholder returns and based on its flexible capital policy to respond to changes in the management environment.

As for the consolidated financial results for the fiscal year ended March 31, 2022, orders received increased by 9.8% year-on-year to 521,310 million yen. Net sales increased by 1.4% year-on-year to 470,385 million yen, operating profit increased by 8.9% year-

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

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

Business results by reporting segment are as mentioned below.

[Business Results of MIRAIT]

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

[Business Results of MIRAIT Technologies]

MIRAIT Technologies benefited from the growth in optical fiber work for government-supported projects to expand advanced wireless telecommunication networks, efforts to facilitate rapid completion of CATV facility construction work, and increased projects such as mobile base station work and next-generation core system projects, coupled with initiatives to expand projects including data center construction-related work. In the fiscal year ended March 31, 2022, orders received increased by 7.1% year-on-year to 125,814 million yen and net sales increased by 3.4% year-on-year to 123,400 million yen. Operating profit increased by 38.4% year-on-year to 6,830 million yen, which is the highest since its establishment.

[Business Results of Lantrovision]

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

[Business Results of TTK]

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

[Business Results of SOLCOM]

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

[Business Results of Shikokutsuken]

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

[Business Results of the Company]

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

Results of production, orders received, and sales are as follows.

The results of production are omitted because the Group is mainly involved in the information and telecommunications engineering business, and it is difficult to identify actual amounts of production for the business.

“Actual amounts of orders received” and “Actual amounts of sales” show consolidated performance of the Company for each segment.

a. Actual amounts of orders received

The following table shows actual amounts of orders received by segment for the fiscal year ended March 31, 2022.

Segment name	Orders received (million yen)	Year on year (%)
MIRAIT	231,958	1.5
MIRAIT Technologies	116,586	7.1
Lantrovision	21,973	14.6
TTK	35,017	(9.1)
SOLCOM	35,339	(23.6)
Shikokutsuken	22,404	(33.6)
Seibu Construction	58,034	—
Other	—	—
Total	521,310	9.8

Notes: 1 Inter-segment transactions are eliminated by offset.

2 Orders received by Seibu Construction started to be recorded from March 2022. The orders received include the amount of construction account carried forward of Seibu Construction as of the time it became a subsidiary.

b. Actual amounts of sales

The following table shows actual amounts of sales by segment for the fiscal year ended March 31, 2022.

Segment name	Net sales (million yen)	Year on year (%)
MIRAIT	231,425	3.0
MIRAIT Technologies	113,880	2.4
Lantrovision	20,497	35.4
TTK	36,228	(2.8)
SOLCOM	43,365	5.2
Shikokutsuken	24,987	(26.9)
Other	0	(75.0)
Total	470,385	1.4

- Notes: 1 Inter-segment transactions are eliminated by offset.  
 2 The following table shows sales to customers that accounted for ten hundredths (10/100) or more of total sales and the percentage of such sales to total sales.

Customer	Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022	
	Net sales (million yen)	Percentage (%)	Net sales (million yen)	Percentage (%)
Nippon Telegraph and Telephone East Corporation	86,828	18.7	90,257	19.2
Nippon Telegraph and Telephone West Corporation	62,108	13.4	63,066	13.4

(2) Financial position

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

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

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

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

(3) Cash flows

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

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

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

Net cash inflow from financing activities was 38,395 million yen (outflow of 32,200 million yen in the previous year). This was

mainly attributable to an increase in funds due to a net increase of 49,920 million yen in short-term borrowings, which more than offset the outflow for purchase of treasury shares of 5,003 million yen and dividends paid of 4,794 million yen.

#### (4) Capital resources and liquidity of funds

##### 1) Financial policy

The Group's basic financial policy is to maintain both a stable financial base and capital efficiency. The Group will strive to enhance corporate value by creating new business opportunities and accelerating the transformation of its business structure. To this end, the Group will strategically allocate management resources with an awareness of the cost of capital while maintaining a sound financial position. We will make a comprehensive decision on shareholder returns, considering our capital policy, business performance, financial conditions, and other factors, with a target total return ratio of 50%.

##### 2) Capital requirements

Capital requirements of the Group include ordinary working capital—such as materials, subcontracting, and labor costs for construction, and expenditures related to investment activities—such as capital investment funds for the acquisition of business assets and investment and loan funds for M&A for future growth.

With a target total return ratio of 50%, the Group will also allocate its cash flow to shareholder returns, mainly by purchasing treasury shares to pursue stable and continuous dividend growth and implement flexible capital policies.

##### 3) Method and status of financing

The Group basically finances its operations with internal funds and uses a cash management system (CMS) to effectively use the Group funds. In case the Group needs a capital temporarily, it procures short-term funds from financial institutions. To prepare for capital requirements for emergencies and growth investments such as M&A, the Group ensures to hold appropriate amounts of cash and deposits on hand. In addition, the Group works to build a fund-raising structure such as by maintaining and strengthening relationships with financial institutions to establish commitment lines for short-term borrowings and obtaining external credit ratings.

#### (5) Significant accounting estimates and underlying assumptions

The Group's consolidated financial statements are prepared based on accounting principles generally accepted in Japan. In preparing these consolidated financial statements, estimates and decisions affecting assets and profit and loss were made by taking into account various factors that were considered to be reasonable based on past results and information available at that time.

Significant accounting estimates and underlying assumptions used in preparing consolidated financial statements are as follows.

##### *Recognition of net sales of completed construction contracts recognized over time and provision for loss on construction contracts*

The information is stated in “V. Financial Information 1. Consolidated Financial Statements, etc. (1) Consolidated financial statements, Notes to Consolidated Financial Statements, *Significant accounting estimates.*”

##### *Accounting estimates related to the impact of COVID-19, the Ukraine situation and other factors*

Although uncertainties due to COVID-19, the Ukraine situation and other factors may persist, we believe that the impact on the environment for promoting the Group's Medium-term Management Plan in the next fiscal year will be insignificant at this point. With consideration of this, the Company has made accounting estimates primarily for the recoverability of deferred tax assets and the impairment of goodwill.

#### 4. Material Contracts, etc.

At the Board of Directors meeting held on January 27, 2022, the Company resolved to make Seibu Construction Co., Ltd. its subsidiary by acquiring 95% of its shares held by SEIBU RAILWAY Co., Ltd., a consolidated subsidiary of Seibu Holdings Inc. On that day, the Company entered into a share transfer agreement with Seibu Railway Co., Ltd.

The details are stated in “V. Financial Information, Notes to Consolidated Financial Statements, *Business combination*, Acquisition of shares of Seibu Construction Co., Ltd.”

#### 5. Research and Development Activities

Research and development (R&D) activities of the Group were mainly conducted by the business companies for the fiscal year ended March 31, 2022. R&D expenses of the Group for the fiscal year ended March 31, 2022 totaled 140 million yen. R&D activities for each segment are as follows.

##### [MIRAIT]

The Technology Development Headquarters of MIRAIT supports its R&D activities. The Headquarters conducts (1) technological development to improve efficiency, safety, and quality of construction, (2) technological development for new business opportunities, and (3) management of intellectual property across the company in cooperation with business headquarters and branch offices.

R&D expenses amounted to 86 million yen.

##### (1) Technological development in construction

- MIRAIT started selling in April 2017, DOREMI<sup>®</sup>, a digital Doppler radar system that raises the alarm for construction workers, which was developed to reduce the number of accidents resulting in injury or death caused by vehicles jumping into restricted construction areas on the road. This product was used to ensure safety during the construction of the marathon guidelines (lines on the road surface indicating the running path) for the TOKYO 2020 Paralympic Games.
- With the aim of improving the efficiency of civil engineering work, MIRAIT continued joint research with the National Institute of Technology, Sendai College on the ground-penetrating radar to clarify radar images using AI and to identify buried objects. Some of the results were presented at academic conferences and in papers.
- MIRAIT conducted joint research with external research institutions on the use of physical therapy to objectively evaluate workers' health conditions with numerical values before work. The results were presented at exhibits.

##### (2) New business development

- To expand maintenance business for solar power generation systems, the Technology Development Headquarters supported branch offices in their new service, cleaning for solar power panels, using SolMaster<sup>®</sup> the Headquarter developed, a degradation diagnosis device for solar cell modules.
- To expand the green power business, MIRAIT established design methods that use commercially-available equipment to optimize solar panel output and the technology to simulate the amount of power generated. These methods and technology are useful for repowering of solar power plants for which a certain number of years have passed since the construction.
- MIRAIT received orders for work related to optical fiber sensor cables by using its long-cultivated know-how on communications cable work. We aim to expand optical fiber related work as a new business area.

##### (3) Management of intellectual property (April 1, 2021 through March 31, 2022)

- Two patents were filed and three patents were registered. Two trademarks were filed and two trademarks were registered.

[MIRAIT Technologies]

The Hyper Technoport Center of MIRAIT Technologies supports its R&D activities. The Center focuses on developing infrastructure technologies that contribute to improving efficiency, safety, and quality of construction in cooperation with technical centers in the NTT Business Unit.

R&D expenses amounted to 37 million yen.

Network engineering business

*R&D activities related to communication lines*

- (1) A VE suggestion was judged to be accepted without condition by telecommunications carriers. MIRAIT Technologies aims to expand this VE suggestion to telecommunications construction companies nationwide by issuing technical documents based on the suggestion.
  - Development of protective covers against electromagnetic induction (Covers that protect against electromagnetic induction used where the support is fixed to the overhead line)
  - Expansion of application of the TM lining method (A trenchless method for repairing defective conduits with significant leakage)
- (2) Two VE suggestions were judged to be accepted by telecommunications carriers under the condition that introduction is determined at telecommunications construction companies' discretion. MIRAIT Technologies aims to expand the initiatives to telecommunications construction companies.
  - Improvement of identification of steel-pipe column nameplates (Suggested together with other telecommunications construction companies)
  - Robot traffic controllers. A suggestion of using robot traffic controllers to reduce the number of traffic control staff. (Suggested together with other four telecommunications construction companies in the Kansai region)

Reference

VE stands for Value Engineering. The VE suggestion system is for customers and seeks to improve service productivity in telecommunications facility work through proactive initiatives such as improvement of efficiency of work and reduction of cost.

[Lantrovision]

Not applicable.

[TTK]

The Expert Center of TTK supports its R&D activities. The center works with the Business Headquarters and branch offices to develop various machines, tools, measuring instruments, and other equipment necessary for work to improve productivity, quality, and safety of telecommunications construction projects.

R&D expenses amounted to 4 million yen.

(1) Expansion of application of insulation hardware for terminal poles to two-line clamping hardware

In telecommunications work, when implementing insulation measures for lines where two-line clamping hardware was used, there was a problem that insulation hardware for terminal poles could not be used because the size did not fit.

TTK replaced the attached bolts of two-line clamping hardware and added dedicated spacers to the band fixing part so that insulation hardware could be attached. This enables us to implement insulation measures while maintaining the existing overhead line structure. In addition, material costs related to replacement bands and poles as well as design and construction operations can be reduced.

(2) Equipment to open, close, rotate iron manhole covers for minor repairs

In minor repair work of manholes (to fix defective iron covers), it was difficult to completely remove deposits and rust tubercles on the back of the cover because such work was done without turning the iron cover over as it is too heavy to do so.

To resolve this, TTK developed equipment that allows workers to open, close, and rotate iron covers easily and safely. This

equipment ensures that deposits and rust tubercles on the back of the iron cover can be removed and is expected to lengthen the period of time before manholes become defective again due to age-related deterioration.

[SOLCOM]

The E&S Business Transformation Project Team is responsible for R&D activities. Especially in recent years, the team is focusing on increasing operational efficiency with DX through means such as developing their own digital tools, with the aim of ensuring the quality of construction and improving the efficiency of work on the site.

R&D expenses amounted to 13 million yen.

*R&D activities for engineering business*

- Improvement of the design support system and development of tools to increase efficiency of indirect operations  
SOLCOM developed its own design support system that automatically extracts processes from the design drawings prepared in the design work, which is the upstream process of telecommunications work. In the fiscal year ended March 31, 2022, we improved the design support system and developed tools to further increase the efficiency of design work by using tablets at work sites, with the aim of changing order environment and improving convenience of users.

[Shikokutsuken]

Not applicable.



### III. Information about Facilities

#### 1. Overview of Capital Expenditures, etc.

During the fiscal year ended March 31, 2022, the Company made capital expenditures of 16,042 million yen in total. The major components of the capital expenditures were construction costs for Nishinohon Branch Office and development expenses for the next-generation mission-critical system incurred by MIRAIT Corporation.

#### 2. Major Facilities

(1) Reporting company

- MIRAIT Holdings Corporation

(As of March 31, 2022)

Office (location)	Segment	Description of facilities	Carrying amount (million yen)						Number of employees (persons)	
			Buildings and structures	Machinery, equipment and vehicles	Land		Leased assets	Other		Total
					Area (m <sup>2</sup> )	Amount				
Head Office (Koto-ku, Tokyo)	Other	Head office	27	–	–	–	–	3	31	110

(2) Consolidated subsidiaries

- MIRAIT Corporation

(As of March 31, 2022)

Office (location)	Segment	Description of facilities	Carrying amount (million yen)						Number of employees (persons)	
			Buildings and structures	Machinery, equipment and vehicles	Land		Leased assets	Other		Total
					Area (m <sup>2</sup> )	Amount				
Head Office (Koto-ku, Tokyo)	MIRAIT	Corporate controls Head office	93	0	–	–	41	118	252	1,203
Kanto region branch offices/ construction offices (Koto-ku, Tokyo and 9 other locations)		Branch office/ construction base	5,554	20	53,501	6,725	320	102	12,723	440
Nishinohon Branch Office and others/ Kansai region construction offices (Osaka City, Osaka Pref. and 4 other locations)		Branch office/ construction base	3,759	11	3,987	254	19	77	4,121	251
Tohoku Branch Office and others/ Tohoku region construction offices (Sendai City, Miyagi Pref. and 2 other locations)		Branch office/ construction base	122	–	10,093	494	75	5	697	105
Training Center (Ichikawa City, Chiba Pref.)		Training center	430	–	3,498	251	–	5	688	2
Company dormitories (Adachi-ku, Tokyo and 1 other location)		Company dormitory	1,603	6	2,787	258	–	6	1,875	0

• MIRAIT Technologies Corporation

(As of March 31, 2022)

Office (location)	Segment	Description of facilities	Carrying amount (million yen)							Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Land		Leased assets	Other	Total	
					Area (m <sup>2</sup> )	Amount				
Head Office/ Osaka Branch Office (Nishi-ku, Osaka City and 10 other locations)	MIRAIT Technologies	Corporate controlling head office, branch office, construction base, data center	18,963	1,883	25,298	4,177	915	404	26,344	455
Tokyo Branch Office (Koto-ku, Tokyo and 6 other locations)		Branch office/ construction base	1,578	0	4,431	1,954	44	137	3,713	327
Gunma Branch Office (Takasaki City, Gunma Pref. and 7 other locations)		Branch office/ construction base	298	6	9,036	430	–	2	738	30
Saitama Branch Office (Nishi-ku, Saitama City and 11 other locations)		Branch office/ construction base	965	8	20,157	597	–	7	1,579	71
Hyogo Branch Office (Higashinada-ku, Kobe City and 6 other locations)		Branch office/ construction base	559	5	27,184	1,019	–	17	1,602	49
Kyoto Branch Office (Minami-ku, Kyoto City and 3 other locations)		Branch office/ construction base	149	0	9,703	1,352	–	1	1,504	15
Nara Branch Office (Kashihara City, Nara Pref.)		Branch office/ construction base	63	–	6,270	367	–	0	431	10
Wakayama Branch Office (Iwade City, Wakayama Pref. and 2 other locations)		Branch office/ construction base	149	4	24,935	141	–	0	296	20
Nagoya Branch Office (Kita-ku, Nagoya City)		Branch office	17	–	287	89	–	0	108	5

• TTK Co., Ltd.

(As of March 31, 2022)

Office (location)	Segment	Description of facilities	Carrying amount (million yen)							Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Land		Leased assets	Other	Total	
					Area (m <sup>2</sup> )	Amount				
Head Office (Wakabayashi-ku, Sendai City)	TTK	Head office	819	136	9,632	308	6	67	1,338	471
Miyagi Branch Office (Wakabayashi-ku, Sendai City)		Branch office/ construction base	331	0	20,551	383	437	16	1,168	54
Iwate Branch Office (Yahaba Town, Iwate Pref.)		Branch office/ construction base	134	0	28,284	296	156	14	602	36
Aomori Branch Office (Aomori City, Aomori Pref.)		Branch office/ construction base	322	0	10,924	65	119	13	521	20
Akita Branch Office (Akita City, Akita Pref.)		Branch office/ construction base	45	0	11,396	213	167	6	432	25
Yamagata Branch Office (Yamagata City, Yamagata Pref.)		Branch office/ construction base	31	0	6,188	80	193	10	315	20
Fukushima Branch Office (Fukushima City, Fukushima Pref.)		Branch office/ construction base	550	29	13,660	108	118	10	817	29
Tokyo Branch Office (Chiyoda-ku, Tokyo)		Branch office/ construction base	–	–	–	–	–	0	0	3

Office (location)	Segment	Description of facilities	Carrying amount (million yen)							Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Land		Leased assets	Other	Total	
					Area (m <sup>2</sup> )	Amount				
Matsumori Dormitory (Izumi-ku, Sendai City)	TTK	Company dormitory	–	–	9,457	141	–	–	141	–

• SOLCOM Co., Ltd.

(As of March 31, 2022)

Office (location)	Segment	Description of facilities	Carrying amount (million yen)							Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Land		Leased assets	Other	Total	
					Area (m <sup>2</sup> )	Amount				
Head Office/ Business Headquarters (Naka-ku, Hiroshima City and 1 other location)	SOLCOM	Head office	685	0	9,389	417	224	26	1,354	424
Hiroshima Branch Office (Naka-ku, Hiroshima City and 1 other location)		Branch office	570	0	55,454	2,417	48	1	3,038	82
Okayama Branch Office (Kita-ku, Okayama City and 1 other location)		Branch office	638	0	29,124	926	68	7	1,641	158
Yamaguchi Branch Office (Yamaguchi City, Yamaguchi Pref.)		Branch office	436	31	66,675	689	133	11	1,302	109
Shimane Branch Office (Matsue City, Shimane Pref.)		Branch office	454	0	18,725	159	88	10	713	98
Tokyo Branch Office (Ota-ku, Tokyo)		Branch office	4	–	292	410	–	1	416	13

• Shikokutsuken Co., Ltd.

(As of March 31, 2022)

Office (location)	Segment	Description of facilities	Carrying amount (million yen)							Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Land		Leased assets	Other	Total	
					Area (m <sup>2</sup> )	Amount				
Head Office (Imabari City, Ehime Pref.)	Shikokutsuken	Head office	1,050	11	22,002	612	–	40	1,714	256
Matsuyama Branch Office (Matsuyama City, Ehime Pref.)		Branch office	85	22	8,657	500	–	5	614	82
Takamatsu Branch Office (Takamatsu City, Kagawa Pref.)		Branch office	64	–	4,512	356	–	0	421	32
Kochi Branch Office (Kochi City, Kochi Pref.)		Branch office	55	20	5,172	301	–	4	382	71
Tokushima Branch Office (Tokushima City, Tokushima Pref.)		Branch office	74	–	2,302	24	–	0	98	18
Niihama Sales Office (Niihama City, Ehime Pref.)		Sales office	44	–	643	111	–	0	156	17
Saijo Sales Office (Saijo City, Ehime Pref.)		Sales office	61	13	3,075	234	–	1	311	40
Uwajima Sales Office (Uwajima City, Ehime Pref.)		Sales office	10	7	3,301	75	–	1	94	25

• Seibu Construction Co., Ltd.

(As of March 31, 2022)

Office (location)	Segment	Description of facilities	Carrying amount (million yen)							Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Land		Leased assets	Other	Total	
					Area (m <sup>2</sup> )	Amount				
Kume Dormitory (Tokorozawa City, Saitama Pref.)	Seibu Construction	Company dormitory, etc.	1	36	1,672	204	–	24	267	–
Shonan Office (Kamakura City, Kanagawa Pref.)		Office	2	–	1,105	211	–	0	213	1
Tokorozawa Head Office (Tokorozawa City, Saitama Pref.)		Office	18	–	–	–	–	139	157	265

• Other domestic subsidiaries

(As of March 31, 2022)

Company name	Office (location)	Segment	Description of facilities	Carrying amount (million yen)							Number of employees (persons)
				Buildings and structures	Machinery, equipment and vehicles	Land		Leased assets	Other	Total	
						Area (m <sup>2</sup> )	Amount				
Tohoken System Engineering Corp.	Sano City, Tochigi Pref.	MIRAIT	Head office	93	163	10,492	536	50	10	854	98
	Makabe District, Ibaraki Pref. (1 other location)		Branch office	44	–	9,369	140	–	0	184	15
	Sano City, Tochigi Pref. (4 other locations)		Construction base	61	0	81,373	1,081	–	0	1,143	71
MIRAIT Mobile East Co., Ltd.	Higashi-ku, Sapporo City	MIRAIT	Head office	36	–	1,974	184	–	14	235	62
	Miyagino-ku, Sendai City		Branch office	275	–	3,675	196	–	0	472	75
COTONET ENGINEERING Co., Ltd.	Shimogyo -ku, Kyoto City (5 other locations)	MIRAIT Technologies	Head office	157	1	5,612	375	35	11	582	153
Dentsu Material Inc.	Aki District, Hiroshima Pref.	SOLCOM	Head office	41	160	10,764	607	–	4	813	16

• Foreign subsidiaries

(As of December 31, 2021)

Company name	Office (location)	Segment	Description of facilities	Carrying amount (million yen)							Number of employees (persons)
				Buildings and structures	Machinery, equipment and vehicles	Land		Leased assets	Other	Total	
						Area (m <sup>2</sup> )	Amount				
Shanghai Changling Communication Equipment Co., Ltd.	Shanghai, China	Lantrovision	Tele-communications tower	572	1	–	–	–	3	577	20

- Notes:
- 1 The above amounts do not include consumption and other taxes and construction in progress.
  - 2 “Other” in the carrying amount shows the total amount of tools, furniture and fixtures.
  - 3 Certain land and buildings are leased from entities other than consolidated subsidiaries, and the annual rents amounted to 3,171 million yen.
  - 4 The balance sheet date of Shanghai Changling Communication Equipment Co., Ltd. was December 31, 2021. As the company’s financial statements as of that date were used to prepare the consolidated financial statements, the figures presented in the consolidated financial statements were as of December 31, 2021.

### 3. Planned Additions, Retirements and Other Changes of Facilities

(1) Additions of major facilities, etc.

Company name	Office (location)	Segment	Description of facilities	Planned investment		Financing method	Start date	Expected completion date	Increased capacity after completion
				Total (million yen)	Paid (million yen)				
MIRAIT Corporation	Kanagawa Construction Office (Kanazawa-ku, Yokohama City)	MIRAIT	Buildings, structures	2,945	1,845	Own funds	March 2021	December 2023	–
SOLCOM Co., Ltd.	Shin Minamimachi Building (Hiroshima City)	SOLCOM	Buildings, structures	1,863	–	Own funds	August 2023	September 2024	–

Note: The above amounts do not include consumption and other taxes.

(2) Retirements of major facilities, etc.

There were no planned retirements of major facilities, except for the retirements of facilities for regular upgrading.

## IV. Information about Reporting Company

### 1. Company's Shares, etc.

(1) Total number of shares

1) Authorized shares

Type	Total number of shares authorized to be issued (shares)
Common stock	330,000,000
Total	330,000,000

2) Issued shares

Type	Number of issued shares as of fiscal year end (March 31, 2022) (shares)	Number of issued shares as of filing date (June 15, 2022) (shares)	Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered	Description
Common stock	108,325,329	108,325,329	First Section (as of fiscal year end), Prime Market (as of filing date) of the Tokyo Stock Exchange	The number of shares constituting one unit is 100 shares.
Total	108,325,329	108,325,329	—	—

(2) Share acquisition rights

1) Stock option plans

Not applicable.

2) Rights plans

Not applicable.

3) Share acquisition rights for other uses

Not applicable.

(3) Exercises of moving strike convertible bonds, etc.

Not applicable.

(4) Changes in number of issued shares, share capital and legal capital surplus

Date	Increase (decrease) in total number of issued shares (shares)	Balance of total number of issued shares (shares)	Increase (decrease) in share capital (million yen)	Balance of share capital (million yen)	Increase (decrease) in legal capital surplus (million yen)	Balance of legal capital surplus (million yen)
October 1, 2018 (Note 1)	7,789,978	93,171,844	—	7,000	—	2,000
January 1, 2019 (Note 2)	15,153,485	108,325,329	—	7,000	—	2,000

Notes: 1 The increase was attributable to a share exchange with TTK Co., Ltd. (exchange ratio: 1 : 0.47/ appropriation of treasury stock: 2,000,000 shares).

2 The increase was attributable to an increase of 9,393,485 shares resulting from a share exchange with SOLCOM Co., Ltd. (exchange ratio: 1 : 2.05/ appropriation of treasury stock: 2,000,000 shares) and an increase of 5,760,000 shares resulting from a share exchange with Shikokutsuken Co., Ltd. (exchange ratio: 1 : 0.64).

## (5) Shareholding by shareholder category

As of March 31, 2022

Category	Shareholding status (Number of shares constituting one unit: 100 shares)								Shares less than one unit (shares)
	National and local governments	Financial institutions	Financial service providers	Other corporations	Foreign investors, etc.		Individuals and others	Total	
					Non-individuals	Individuals			
Number of shareholders (persons)	–	51	36	310	236	24	23,998	24,655	–
Number of shares held (units)	–	372,857	11,955	115,106	265,180	20	315,044	1,080,162	309,129
Percentage of shareholdings (%)	–	34.51	1.11	10.66	24.55	0.00	29.17	100.00	–

- Notes: 1 Out of 8,971,121 treasury shares, 89,711 units are included in “Individuals and others,” and 21 shares are included in “Shares less than one unit.”
- 2 389,700 shares (3,897 units) held by Custody Bank of Japan, Ltd. (trust account E) as trust property of the “Board Benefit Trust” are included in “Financial institutions.”
- 3 47 units and 35 shares held in the name of Japan Securities Depository Center are included in “Other corporations” and “Shares less than one unit,” respectively.

## (6) Major shareholders

As of March 31, 2022

Name	Address	Number of shares held (thousand shares)	Shareholding ratio (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (trust account)	2-11-3, Hamamatsucho, Minato-ku	14,665	14.76
Custody Bank of Japan, Ltd. (trust account)	1-8-12, Harumi, Chuo-ku	10,515	10.58
Sumitomo Electric Industries, Ltd.	4-5-33, Kitahama, Chuo-ku, Osaka City	3,668	3.69
Sumitomo Densetsu Co., Ltd.	2-1-4, Awaza, Nishi-ku, Osaka City	2,488	2.50
GOVERNMENT OF NORWAY (Standing proxy: Citibank)	Bankplassen 2, 0107 Oslo 1 Oslo 0107 Norway (6-27-30, Shinjuku, Shinjuku-ku)	2,110	2.12
MIRAIT Holdings Employee Stockholding Association	5-6-36, Toyosu, Koto-ku	1,958	1.97
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd.)	P.O. Box 351 Boston, MA 02101, U.S.A. (2-15-1, Konan, Minato-ku)	1,608	1.62
Mizuho Bank, Ltd.	1-5-5, Otemachi, Chiyoda-ku	1,300	1.31
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Mizuho Bank, Ltd.)	1776 Heritage Drive, North Quincy, MA 02171, U.S.A. (2-15-1, Konan, Minato-ku)	1,277	1.29
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT (Standing proxy: MUFG Bank, Ltd.)	Avenue des Arts, 35 Kunstlaan, 1040 Brussels, Belgium (2-7-1, Marunouchi, Chiyoda-ku)	1,270	1.28
Total	—	40,863	41.13

- Notes: 1 The number of shares held through trusts are as follows:  
The Master Trust Bank of Japan, Ltd. (Trust Account): 14,665 thousand shares  
Custody Bank of Japan, Ltd. (Trust Account): 10,515 thousand shares
- 2 The percentage of shareholdings to the total issued shares was calculated after deducting 8,971 treasury shares.

## (7) Voting rights

## 1) Issued shares

As of March 31, 2022

Category	Number of shares (shares)	Number of voting rights (units)	Description
Shares with no voting rights	–	–	–
Shares with restricted voting rights (treasury shares, etc.)	–	–	–
Shares with restricted voting rights (other)	–	–	–
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Common stock 8,971,100	–	–
Shares with full voting rights (other)	Common stock 99,045,100	990,451	–
Share less than one unit	Common stock 309,129	–	–
Total number of issued shares	108,325,329	–	–
Voting rights held by all shareholders	–	990,451	–

- Notes: 1 The number of shares of common stock in “Shares with full voting rights (other)” includes 4,735 shares (47 units of voting rights) held in the name of Japan Securities Depository Center and 389,700 shares (3,897 units of voting rights) held by Custody Bank of Japan, Ltd. (Trust Account E) as trust property of the Board Benefit Trust” system. The 3,897 units of voting rights are not to be exercised.
- 2 The number of shares of common stock in “Share less than one unit” includes 21 treasury shares held by the Company and 35 shares held in the name of Japan Securities Depository Center.

## 2) Treasury shares, etc.

As of March 31, 2022

Name of shareholder	Address of shareholder	Number of shares held in own name (shares)	Number of shares held in others' names (shares)	Total number of shares held (shares)	Shareholding ratio (%)
(Treasury shares) MIRAIT Holdings Corporation	5-6-36, Toyosu, Koto-ku	8,971,100	–	8,971,100	8.28
Total	–	8,971,100	–	8,971,100	8.28

- Notes: 1 In addition to the above, 1,540 shares (15 units of voting rights) are recorded in the name of MIRAIT Technologies Corporation in the shareholder register but are not substantially held by the company. Out of these shares, 1,500 shares and 40 shares are included in “Shares with full voting rights (other)” and “Share less than one unit,” respectively, in “1) Issued shares” above.
- 2 389,700 shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) set up for introducing the “Board Benefit Trust” system are not included in the above number of treasury shares.



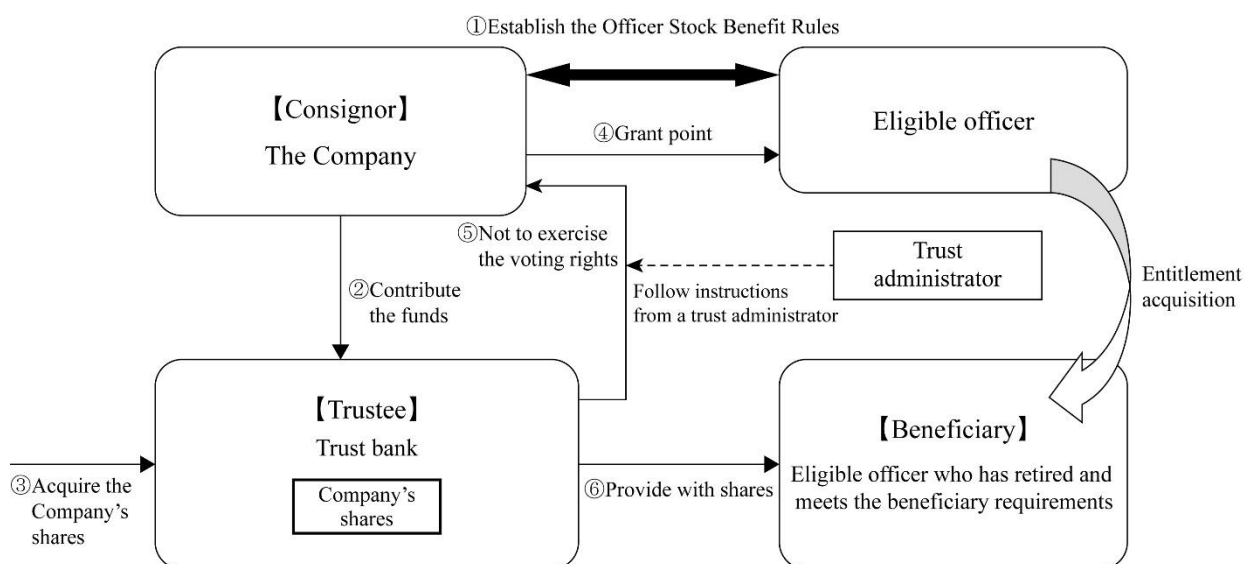
(8) Share ownership plan for directors, other officers and employees

Based on the resolution at the 6th Ordinary General Meeting of Shareholders held on June 28, 2016, the Company introduced a performance-linked stock-based remuneration system of a “Board Benefit Trust” (hereinafter referred to as the “System”) for the directors and executive officers (excluding outside directors and non-executive directors; hereinafter referred to as “Group officers”) of the Company and its subsidiaries MIRAIT Corporation and MIRAIT Technologies Corporation from September 30, 2016 and for those of TKK Co., Ltd., SOLCOM Co., Ltd., and Shikokutsuken Co., Ltd. from July 1, 2019. The introduction was for the purpose of clarifying the connection between their remuneration with the Company’s performance and share price to raise awareness of contributions to the improvement of medium- to long-term performance and corporate value.

1. Overview of the System

The System is a performance-linked stock-based remuneration system in which shares of the Company are acquired using funds contributed by the Company, and provided to “Group officers” in principle through a trust in accordance with the Officer Stock Benefit Rules stipulated by the Boards of Directors of the Company and the Company’s subsidiaries MIRAIT Corporation, MIRAIT Technologies Corporation, TKK Co., Ltd., SOLCOM Co., Ltd., and Shikokutsuken Co., Ltd. In principle, the timing of receipt of the shares by the “Group officers” shall be when retiring from the position of officer of the “Group.”

<Mechanism of the System>



- 1) The Group officers’ remuneration paid under the System was resolved at the 6th Ordinary General Meeting of Shareholders. Subsequently, the Company established the Officer Stock Benefit Rules within the scope of the framework approved at the general meeting of shareholders.
- 2) The Company will contribute the funds within the range approved at the general meeting of shareholders specified in 1).
- 3) The trust will acquire the Company’s shares through the stock market or by receiving disposal of the Company’s treasury stock using the funds entrusted under 2).
- 4) The Company will grant points to eligible officers based on the Officer Stock Benefit Rules.
- 5) The trust shall follow instructions from a trust administrator independent from the Company not to exercise the voting rights of the Company’s shares in the trust account.
- 6) The trust will provide an eligible officer who has retired and meets the beneficiary requirements stipulated in the Officer Stock Benefit Rules with the number of shares corresponding to the number of points granted to the beneficiary.

2. Total number of shares to be contributed to the Board Benefit Trust

The Company has contributed 358,100 treasury shares (388,896,600 yen) and 195,900 treasury shares (341,845,500 yen) as of September 30, 2016 and November 18, 2019, respectively, to Custody Bank of Japan, Ltd. (Trust Account E). Future contributions have not yet been decided.

3. Persons eligible to receive beneficiary rights and other rights under the Board Benefit Trust

“Group officers” who have retired and meet the beneficiary requirements stipulated in the Officer Stock Benefit Rules

## 2. Acquisition and Disposal of Treasury Shares

Class of shares, etc.: Acquisition of common stock under Article 155, Items 3 and 7 of the Companies Act

### (1) Acquisition by resolution of General Meeting of Shareholders

Not applicable.

### (2) Acquisition by resolution of Board of Directors' meeting

Acquisition under Article 156 of the Companies Act, as applied mutatis mutandis pursuant to Article 165, Paragraph 3 of the Act

Category	Number of shares (shares)	Total amount (yen)
Status of resolution at the Board of Directors (held on May 14, 2021) (Purchase period: May 17, 2021 through September 30, 2021)	1,800,000	3,000,000,000
Treasury shares acquired before the fiscal year ended March 31, 2022	–	–
Treasury shares acquired during the fiscal year ended March 31, 2022	1,457,800	2,999,892,100
Total number and amount of remaining shares resolved	342,200	107,900
Unexercised percentage as of March 31, 2022 (%)	19.01	0.00
Treasury shares acquired during the period from April 1, 2022 to June 15, 2022	–	–
Unexercised percentage as of the filing date (%)	19.01	0.00

Category	Number of shares (shares)	Total amount (yen)
Status of resolution at the Board of Directors (held on February 10, 2022) (Purchase period: February 14, 2022 through March 31, 2022)	1,200,000	2,000,000,000
Treasury shares acquired before the fiscal year ended March 31, 2022	–	–
Treasury shares acquired during the fiscal year ended March 31, 2022	1,028,700	1,999,927,200
Total number and amount of remaining shares resolved	171,300	72,800
Unexercised percentage as of March 31, 2022 (%)	14.28	0.00
Treasury shares acquired during the period from April 1, 2022 to June 15, 2022	–	–
Unexercised percentage as of the filing date (%)	14.28	0.00

Category	Number of shares (shares)	Total amount (yen)
Status of resolution at the Board of Directors (held on May 13, 2022) (Purchase period: May 16, 2022 through September 30, 2022)	1,350,000	2,000,000,000
Treasury shares acquired before the fiscal year ended March 31, 2022	–	–
Treasury shares acquired during the fiscal year ended March 31, 2022	–	–
Total number and amount of remaining shares resolved	–	–
Unexercised percentage as of March 31, 2022 (%)	–	–
Treasury shares acquired during the period from April 1, 2022 to June 15, 2022	279,900	459,663,400
Unexercised percentage as of the filing date (%)	79.27	77.02

Note: The number of treasury shares acquired during the period from April 1, 2022 to June 15, 2022 does not include shares acquired during the period from June 1, 2022 to June 15, 2022.

## (3) Acquisition not based on resolution of General Meeting of Shareholders or Board of Directors' meeting

Category	Number of shares (shares)	Total amount (yen)
Treasury shares acquired during the fiscal year ended March 31, 2022	1,988	4,067,408
Treasury shares acquired during the period from April 1, 2022 to June 15, 2022	144	267,600

- Notes: 1 Treasury shares acquired during the fiscal year ended March 31, 2022 represent 1,988 shares (total amount of 4,067,408 yen) acquired in response to the demand for purchase of shares less than one unit as stipulated under Article 155, Item 7 of the Companies Act.
- 2 Treasury shares acquired during the period from April 1, 2022 to June 15, 2022 represent shares acquired in response to the demand for purchase of shares less than one unit as stipulated under Article 155, Item 7 of the Companies Act.
- 3 The number of treasury shares acquired during the period from April 1, 2022 to June 15, 2022 does not include shares less than one unit purchased during the period from June 1, 2022 to June 15, 2022.

## (4) Disposal of acquired treasury shares and number of treasury shares held

Category	Fiscal year under review		From April 1, 2022 until the filing date of this Annual Securities Report	
	Number of shares (shares)	Total amount of disposal (yen)	Number of shares (shares)	Total amount of disposal (yen)
Acquired treasury shares for which subscribers were solicited	—	—	—	—
Acquired treasury shares that were disposed of	—	—	—	—
Acquired treasury shares that were transferred for merger, share exchange, share issuance and company split	—	—	—	—
Other (sale of shares to meet demands to buy additional share of less than one unit)	85	168,185	—	—
Treasury shares held	8,971,121	—	9,251,165	—

- Notes: 1 The number of treasury shares held during the period from April 1, 2022 to June 15, 2022 does not include shares less than one unit purchased or sold to meet demands to buy additional share of less than one unit during the period from June 1, 2022 to June 15, 2022.
- 2 Shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) set up for introducing the "Board Benefit Trust" system are not included in the above number of treasury shares held.

### 3. Dividend Policy

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

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

Based on the above, the Company has decided to pay an annual dividend of 55 yen per share (interim dividend of 25.00 yen and year-end dividend of 30.00 yen per share) for the 12th fiscal year.

The Company also repurchased shares (total of 2.48 million shares, 5,000 million yen) to enhance shareholder returns and based on its capital policy to respond flexibly to changes in the business environment. As a result, the total shareholder return ratio was 41.7%. As for shareholder returns for the fiscal year ending March 31, 2023, the Company plans to pay an annual dividend of 60 yen per share (interim dividend of 30 yen and year-end dividend of 30 yen per share), which is an increase of 5 yen per share. In addition, on May 13, 2022, the Company resolved to repurchase its own shares of up to 1.35 million shares, 2,000 million yen.

Note: Dividends of surplus whose record date falls within the fiscal year under review are as follows:

Resolution date	Total amount of dividends (million yen)	Dividend paid per share (yen)
Board of Directors' meeting held on November 12, 2021	2,509	25.00
Ordinary General Meeting of Shareholders held on June 14, 2022	2,980	30.00

### 4. Corporate Governance

#### (1) Overview of corporate governance

##### 1) Basic approach to corporate governance

The Company recognizes 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. The Company recognizes building relationships founded in trust with all of our stakeholders as indispensable to the realization of effective corporate governance. Therefore, the Company is 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

##### 2) Corporate governance system and reasons for selecting the system

###### 1. Corporate governance system

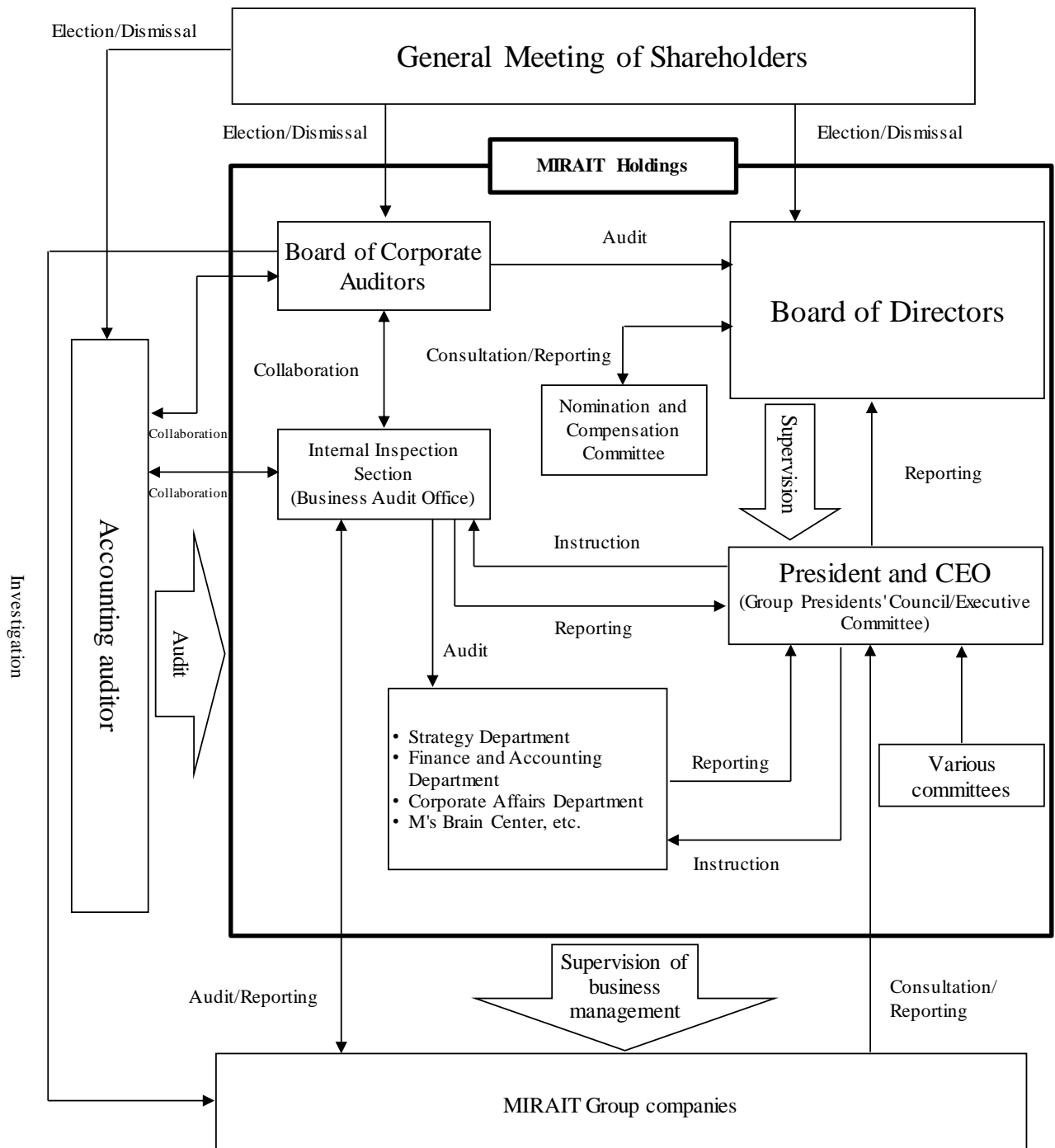
The Company is one with corporate auditors and has a board of directors, a board of corporate auditors, and an accounting auditor.

As for directors, the Company has appointed independent outside directors.

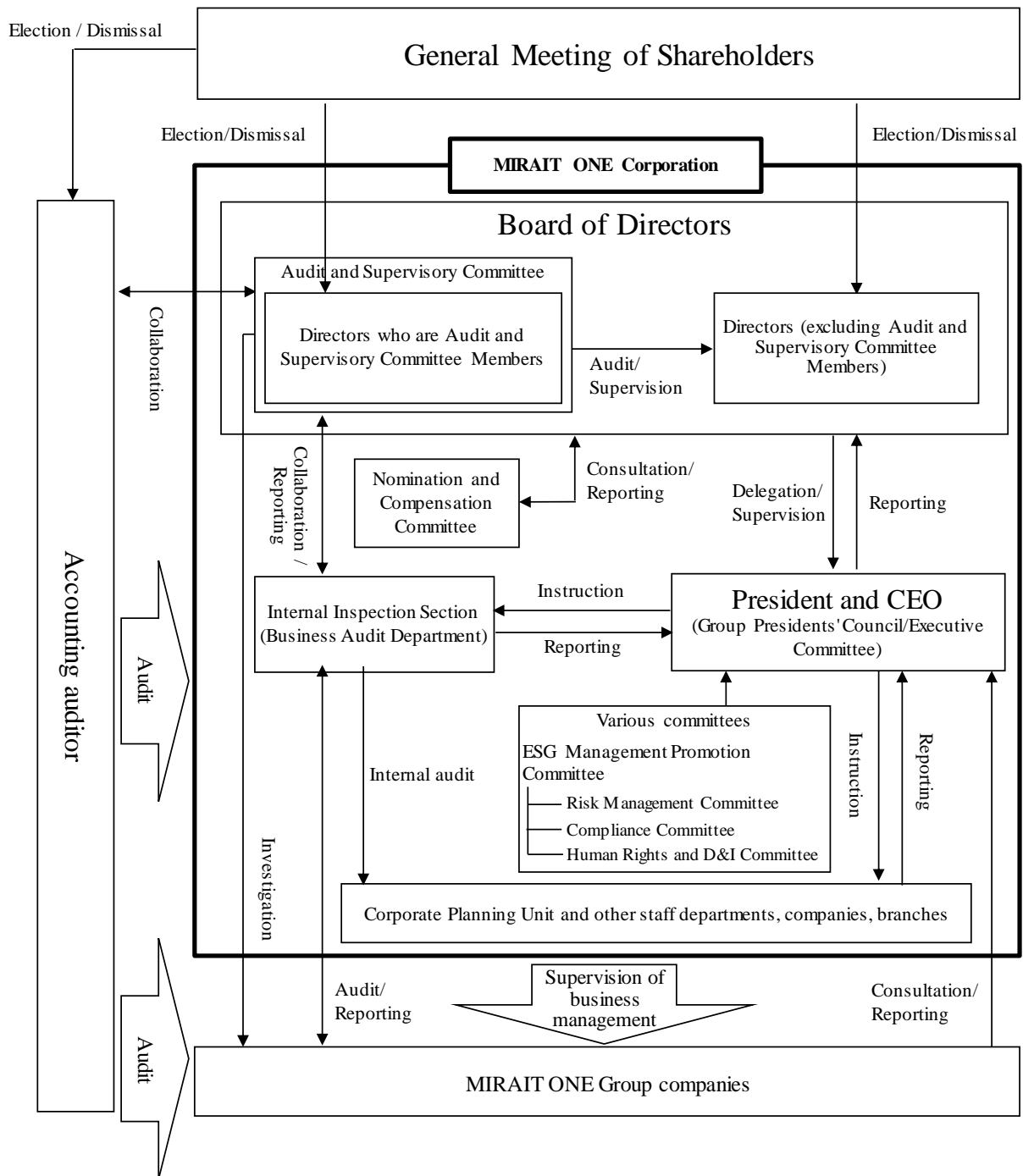
As of the date of submission of this report (June 15, 2022), there are 9 directors, 3 of whom are outside directors. This is a more effective and efficient framework by enabling sufficient functionality for a holding company and having certain officers concurrently serve on the boards of major subsidiaries.

In addition, a system has been established in which the Board of Corporate Auditors, the internal audit unit, as well as the accounting auditor conduct independent audits and they cooperate with one another.

Diagram of corporate bodies, internal control, etc. is as follows:



Reference: The Company will make the transition to a company with an audit and supervisory committee on July 1, 2022 since necessary amendments to its Articles of Incorporation have been resolved at the 12th Ordinary General Meeting of Shareholders held on June 14, 2022. The diagram of corporate bodies, internal control, etc. after the transition is as follows:



Reference: The lists below show the Company's officers after the transition to a company with an audit and supervisory committee on July 1, 2022 since necessary proposals for the election of officers have been resolved at the 12th Ordinary General Meeting of Shareholders held on June 14, 2022.

1. Directors (excluding Directors who are Audit and Supervisory Committee Members)

Name	Position
Toshiki Nakayama	Representative Director, President and Chief Executive Officer
Yasushi Totake	Representative Director, Senior Managing Executive Officer
Masayuki Takahashi	Director, Senior Managing Executive Officer
Tatsumi Miyazaki	Director, Senior Managing Executive Officer
Masakazu Tsukamoto	Director, Managing Executive Officer
Yoichiro Takaya	Director, Managing Executive Officer
Hiroshi Wakimoto	Director, Managing Executive Officer
Katsuhiko Igarashi	Director
Hiroki Ohashi	Director
Yasuhiro Takagi	Director
Chiharu Baba	Outside Director
Mayumi Yamamoto	Outside Director
Shinichi Kawatani	Outside Director
Yuko Tsukasaki	Outside Director

2. Directors who are Audit and Supervisory Committee Members

Name	Position
Yasuhiro Yamamoto	Director, Audit and Supervisory Committee Member
Koji Aoyama	Director, Audit and Supervisory Committee Member
Hiroshi Seki	Outside Director, Audit and Supervisory Committee Member
Chiaki Katsumaru (Chiaki Ishikawa)	Outside Director, Audit and Supervisory Committee Member
Shigeru Suemori	Outside Director, Audit and Supervisory Committee Member

3. Substitute Director who is an Audit and Supervisory Committee Member

Name	Position
Hideyuki Konno	Substitute Audit and Supervisory Committee Member (Outside)

The overview of established corporate bodies is as follows:

Name	Objective and authority	Representative	Members	
Board of Directors	Body to determine fundamental management policy for the Group in accordance with laws and regulations as well as the Articles of Incorporation	President and CEO Toshiki Nakayama	Directors	Yasuhiro Yamamoto, Yasushi Totake, Masakazu Tsukamoto, Koji Aoyama, Katsuhiko Igarashi, Chiharu Baba, Mayumi Yamamoto, Shinichi Kawaratani
			Corporate Auditors	Manabu Kiriya, Hiroshi Seki, Masayoshi Hosokawa, Chiaki Katsumaru (Chiaki Ishikawa)
Nomination and Compensation Committee	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	Outside Director Chiharu Baba	Directors	Mayumi Yamamoto, Shinichi Kawaratani, Toshiki Nakayama
Board of Corporate Auditors	Body to receive reports as well as discuss and approve important auditing matters	Full-time Corporate Auditor Manabu Kiriya	Corporate Auditors	Hiroshi Seki, Masayoshi Hosokawa, Chiaki Katsumaru (Chiaki Ishikawa)
Group Presidents' Council	Body to receive reports and deliberate on vital policies about important matters related to management policies (mainly concerning business)	President and CEO Toshiki Nakayama	Directors	Yasuhiro Yamamoto, Yasushi Totake, Masakazu Tsukamoto, Koji Aoyama, Katsuhiko Igarashi
			Executive Officers	Hiroki Ohashi, Takaaki Mitsuya, Tomoho Katsukura, Yoshihiro Saito, Makoto Fukuda, Yasuhiro Mitake, Jiro Otomo
			Operating Companies	Yasuhiro Takagi, Masayuki Takahashi, Fuminori Ito, Noriyuki Nagamatsu, Yoichiro Takaya, Tatsumi Miyazaki, Takao Sasaki, Akio Kaji, Yoshibumi Takeda, Yasuo Tsurumi, Yasuyuki Ochi, Yoshiaki Minowa, Makoto Sato, Norihiko Sekiguchi
Executive Committee	Body to receive reports and deliberate on vital policies about important matters related to management policies	President and CEO Toshiki Nakayama	Directors	Yasuhiro Yamamoto, Yasushi Totake, Masakazu Tsukamoto, Koji Aoyama, Katsuhiko Igarashi
			Executive Officers	Hiroki Ohashi, Takaaki Mitsuya, Tomoho Katsukura, Yoshihiro Saito, Makoto Fukuda, Yasuhiro Mitake, Jiro Otomo
			Operating Companies	Yasuhiro Takagi, Makoto Sato
Compliance Committee	Body to report and correct compliance issues of the Group Examine measures, such as raising awareness about compliance	President and CEO Toshiki Nakayama	Directors	Yasuhiro Yamamoto, Yasushi Totake, Masakazu Tsukamoto, Koji Aoyama, Katsuhiko Igarashi
			Corporate Auditors	Manabu Kiriya, Hiroshi Seki
			Operating Companies	Takao Sasaki, Makoto Kobayashi, Nobuya Oishi, Yasuyuki Ochi, Yoshihiko Kasuya
Risk Management Committee	Body to deliberate and determine policies, structure and other matters to drive the effectiveness and efficiency of risk management	President and CEO Toshiki Nakayama	Directors	Yasuhiro Yamamoto, Yasushi Totake, Masakazu Tsukamoto, Koji Aoyama, Katsuhiko Igarashi
			Corporate Auditors	Manabu Kiriya, Hiroshi Seki
			Operating Companies	Takao Sasaki, Makoto Kobayashi, Nobuya Oishi, Yasuyuki Ochi, Yoshihiko Kasuya
ESG Management Promotion Committee	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 Toshiki Nakayama	Directors	Yasuhiro Yamamoto, Yasushi Totake, Masakazu Tsukamoto, Koji Aoyama, Katsuhiko Igarashi
			Operating Companies	Masayuki Takahashi, Fuminori Ito, Tatsumi Miyazaki, Takao Sasaki, Yoshibumi Takeda, Hiroki Ohashi, Yasuo Tsurumi, Yasuhiro Takagi, Yasuyuki Ochi, Makoto Sato, Yoshiaki Minowa, Akio Kaji, Noriyuki Nagamatsu, Yoichiro Takaya

Notes: 1 Directors Chiharu Baba, Mayumi Yamamoto and Shinichi Kawaratani are Outside Directors.

2 Corporate Auditors Hiroshi Seki and Chiaki Katsumaru (Chiaki Ishikawa) are Outside Corporate Auditors.



## 2. Reasons for selecting the system

The Company has selected the current system based on the following recognition: ensuring, as a holding company, the transparency and efficiency of management through necessary advice, arrangement and other guidance to each Group company will support achievement of effective corporate governance, and contribute to establishing a good relationship of trust with all of the stakeholders including stockholders.

## 3) Other matters concerning corporate governance

### 1. System to ensure that the execution of duties of directors and employees complies with laws and regulations and the Articles of Incorporation, and other systems to ensure the appropriateness of the business of the Company and the business of the corporate group consisting of the Company and its subsidiaries

Details of the resolution of the Board of Directors as a system to ensure the appropriateness of business by the Company are as follows, and the Company is continuously making efforts to improve and enhance the operation of the Company.

#### (1) System to ensure that the execution of duties of directors and employees of a corporate group consisting of the Company and its subsidiaries complies with laws and regulations and the Articles of Incorporation

- (A) The Company has established action guidelines as a code of conduct that regulates the officers and employees of the entire corporate group consisting of the Company and its subsidiaries (hereinafter referred to as the “corporate group”), disseminates the action guidelines to all officers and employees of the corporate group and regulates their conduct.

Regarding directors, the Rules on the Board of Directors ensure proper management of the Board of Directors, smooth communications, and monitor mutual business execution. Concerning important matters, it is intended to prevent a possible violation of laws and regulations and the Articles of Incorporation and enhance supervision of management functions by receiving opinions or advice from external experts (such as corporate lawyers).

When a director has found a fact of conduct by another director that is suspected to constitute a violation of laws and regulations and the Articles of Incorporation, he/she shall promptly report it to the Board of Corporate Auditors and the Board of Directors to prevent or correct a possible violation.

- (B) In the Corporate Ethics Charter, etc., the Company shall strive to eliminate any relationship with antisocial forces by decidedly confronting antisocial forces and behaving with a resolute attitude.
- (C) The Compliance Committee chaired by the president and CEO shall be set up, and each company in the corporate group shall assign promoters or the like to permeate, maintain, and establish compliance awareness.
- (D) For the purpose of ensuring the reliability of financial reports, the Company shall build an appropriate internal control system by observing the Financial Instruments and Exchange Act and related laws and regulations to maintain, evaluate and correct the financial reports.
- (E) Each company in the corporate group shall establish a corporate helpline (declaration/consultation contact) and make efforts to maintain and operate appropriate information transmission, in order to foster a more open corporate culture.
- (F) With an intent to enhance the monitoring of effectiveness evaluation related to the establishment and operation status of the legal compliance system, the internal audit department shall be expanded and appropriate audit work shall be in practice. The evaluation results shall be reported to the president and corporate auditors, etc.

#### (2) System to store and manage information related to the execution of duties of directors

- (A) Storage and management of information related to the execution of duties of directors shall primarily contribute to proper and efficient business operations, and the following measures shall be taken.
- (a) Establishing Document Handling Rules, Information Security Management Rules, and the like, which stipulate necessary matters regarding storage and management of documents (including electromagnetic records; hereinafter referred to as “documents”) and other information.
- (b) The storage (retention) period of documents shall be specified for each type of document in the Document Handling Rules unless otherwise specified by laws and regulations.

- (B) When a director or corporate auditor has requested browsing of a document or the like, the document or the like shall be submitted without delay.
- (3) Rules and other systems related to management of a risk of loss
- (A) Basic risk management items shall be specified, and Risk Management Rules shall be established for proper and efficient business operations.
- (B) The Risk Management Committee chaired by the president and CEO shall be established to ensure the effectiveness of the risk management system.
- (C) The Business Audit Office shall perform monitoring or the like of the effectiveness evaluation of the maintenance and operation status of the risk management system. The evaluation results shall be reported to the president and corporate auditors, etc.
- (4) System to ensure efficient execution of duties of directors
- (A) As a basis for ensuring the efficient execution of duties of directors, the Board of Director is held regularly once a month in principle. On top of the matters stipulated by laws and regulations or the Articles of Incorporation, deliberation of importance matters related to management shall be determined and reported in accordance with relevant laws and regulations, principle of management decisions, and duty of care of a good manager.
- (B) For commissioning of business to directors, thorough organizational management by appropriate responsibility sharing, and efficient business operations are being targeted based on internal rules such as the Organization/Business Allocation Rules that define the organizational structure and scope of business and the Responsibility Rules that define responsibilities and authorities.
- (C) The duties of outside directors who are independent, and the like, are arranged to be executed efficiently at the Board of Directors, and the monitoring function for the execution of duties of other directors is enhanced.
- (5) System to ensure the appropriateness of business in the corporate group
- The Company carries out transactions between companies of the corporate group in accordance with laws and regulations, and further takes the following measures in order for the corporate group to properly operate the business and contribute to its growth and development:
- (a) Establishing a system to report, to the Company, matters related to the execution of duties of directors of subsidiaries or the like.
- (b) Establishing a system to manage the risk of loss of a subsidiary and a system to contact the Company in the event of a risk.
- (c) Establishing a system to ensure efficient execution of duties of directors of subsidiaries or the like.
- (d) Establishing a system to ensure that the execution of duties of directors or the like and employees of subsidiaries complies with laws and regulations and the Articles of Incorporation.
- (6) Matters concerning the employee when a corporate auditor has requested that an employee to assist their duties should be assigned
- Upon request from a corporate auditor, an assistant to a corporate auditor shall be assigned.
- (7) Matters concerning the independence of employees in the previous item from directors
- When an assistant to a corporate auditor is to be assigned, rules regarding personnel-related matters such as appointment, dismissal, and personnel reshuffle of assistants shall be established to ensure their independence.
- (8) Matters concerning ensuring the effectiveness of the instructions given to the employees in item (6)
- An assistant to a corporate auditor is assigned, the assistant to the corporate auditor shall be placed under the command and order of the corporate auditor.
- (9) System for the directors and employees of the Company to report to corporate auditors
- (A) The directors and employees of the Company shall promptly report to corporate auditors each time they have

grasped a fact regarding important matters that may influence the business or business performance of the corporate group and matters stipulated by laws and regulations.

- (B) Regardless of (A) above, a corporate auditor may request reports from directors or the like at any time as appropriate.
- (10) System with which any person who has received a report from a director, a corporate auditor or an employee of a subsidiary reports to the corporate auditors of the Company
- (A) A director, a corporate auditor or an employee of a subsidiary or those who have received a report from any of these persons shall promptly report to the corporate auditors of the Company each time they have grasped the fact regarding important matters that may influence the business or business performance of each company and matters stipulated by laws and regulations.
  - (B) Regardless of (A) above, a corporate auditor of the Company may request a report from the directors of a subsidiary at any time as appropriate.
- (11) System to ensure that the person who has submitted a report described in item (9) or (10) is not treated unfairly because of the report
- Ensure that the person who has submitted a report described in item (9) or (10) is not be treated unfairly because of the report.
- (12) Procedures for prepayment or redemption of expenses incurred in the execution of duties by a corporate auditor and other matters related to policies regarding the processing of expenses or debts incurred in the execution of such duties
- The Company will properly process payments for expenses and debts incurred in the execution of duties by a corporate auditor.
- (13) Other systems to ensure that an audit by a corporate auditor is conducted effectively
- (A) A corporate auditor browses major approval documents and other important documents related to business execution, and as appropriate, a director or the like responds promptly when requested to give explanations.
  - (B) A corporate auditor attends major meetings in order to understand the important decision-making process of the company and the status of business execution.
  - (C) A corporate auditor exchanges opinions and information with the President and CEO, the Accounting Auditor, and the Internal Audit Department on a regular or on-demand basis to communicate with each other.

## 2. Operational status of the system to ensure the business appropriateness

The Company operates in accordance with the above systems, and the major efforts made in the fiscal year under review are as follows:

- (1) Status of efforts to ensure that the execution of duties complies with laws and regulations and the Articles of Incorporation
- The Corporate Ethics Charter that summarizes the basic policy and concrete action guidelines regarding corporate ethics, together with the Basic Management Philosophy and Action Guidelines that are the basis for nurturing the corporate culture, has been systemized as “MIRAIT WAY” and is disseminated among all officers and employees of the corporate group.
- The Compliance Rules stipulate basic matters related to the Company’s compliance promotion activities, and the Company also conducts compliance training for all officers and employees to raise awareness of compliance.
- The Compliance Committee deliberates on individual issues in the corporate group and manages the progress of compliance promotion activities. The Compliance Committee is held twice in the fiscal year under review.
- In addition, the internal audit department carries out monitoring to confirm the effectiveness of compliance promotion activities.

- (2) Status of efforts related to management of risk of loss
- The Company has established, by way of the Risk Management Rules, the basic policy and promotion system regarding risk management as a corporate group, and based on the risk management plan, responds appropriately to various risks. The Risk Management Committee deliberates on the status of risk management and individual issues in the corporate group. The Risk Management Committee is held twice in the fiscal year under review.
- Additionally, the effectiveness of risk management is confirmed by carrying out monitoring by the internal audit department.
- (3) Status of efforts to ensure efficient execution of duties of directors
- The Board of Directors is held once a month and as required based on the Rules on the Board of Directors. The Board of Directors was held 20 times in the fiscal year under review.
- The Board of Directors deliberates on all matters to be submitted to the same based on the internal rules, actively exchanges opinions on each concern, and reports on the status of execution of duties of directors on a quarterly basis. Further, the Company also conducts an effectiveness evaluation of the Board of Directors to improve its functions. In addition, based on the Corporate Governance Code, the Company has established a voluntary advisory committee, the Nomination and Compensation Committee, under the Board of Directors in order to improve the objectivity regarding nomination and remuneration. In the fiscal year under review, the Committee was held seven times. Independent outside directors hold regular meetings with the CEO to enhance the monitoring function for the execution of duties of directors.
- (4) Status of efforts to ensure the appropriateness of operations in the corporate group
- According to the Subsidiary Management Rules and the like, the Company strives to establish a system to ensure the appropriateness of the business of the corporate group, and receives reports on its operational status. The Company conducts monitoring by the internal audit department.
- The Company manages important projects that have a significant impact on the entire corporate group upon receipt of reports from a subsidiary and subsequent discussions. At the same time, necessary measures are taken as a corporate group.
- Moreover, a whistleblowing system has been set up in the corporate group to directly grasp and take early action when any problem has occurred, and report the result to the Compliance Committee.
- (5) Status of internal audit efforts
- Based on the internal audit plan, the internal audit department performs internal audits of all organizations and subsidiaries of the corporate group and monitors the appropriateness of operations. The results are reported to the Board of Directors and the like.
- (6) Status of efforts to ensure effective audits by corporate auditors
- Corporate auditors constantly browse the approval documents and the like, and attend the Board of Directors and various committees and the like to understand the important decision-making process and business execution status of the company. The corporate auditors, the President and CEO, the accounting auditor and the like exchange opinions to communicate with each other thus ensuring that the audits by the corporate auditors are conducted effectively.

### 3. Outline of the details of the liability limitation contract

Based on Article 427, Paragraph 1 of the Companies Act, the Company has entered a contract that limits liability for damage under Article 423, Paragraph 1 of the Companies Act between the Company and a director (excluding one who is an executive director, etc.) or a corporate auditor. The maximum amount of liability for damage that is based on the contract is the amount stipulated by laws and regulations. The limitation of liability is permitted only when the director or the corporate auditor is in good faith and without gross negligence in performing the duties that have caused the liability.

#### 4. Number of directors

The Company stipulates in the Articles of Incorporation that the number of directors of the Company shall be 11 or less.

#### 5. Requirements for resolution to appoint directors

The Company stipulates in the Articles of Incorporation that the resolution to appoint directors shall be made with attendance of shareholders accounting for at least one-third of the voting rights of shareholders entitled to exercise voting rights and shall require a majority of such votes cast in favor, and that the resolution shall never be via cumulative voting.

#### 6. Matters to be resolved at the General Meeting of Shareholders that can be resolved by the Board of Directors

The Company stipulates in the Articles of Incorporation that the following matters can be resolved by the Board of Directors among the matters to be resolved at the General Meeting of Shareholders:

- Based on the provisions of Article 165, Paragraph 2 of the Companies Act, regarding the acquisition of treasury stock, it is possible to acquire treasury stock through market transactions, etc. by a resolution of the Board of Directors. This aims to enable agile capital policy implementation in response to changing economic conditions.
- For the purpose of increasing opportunities for profit distribution to shareholders, an interim dividend can be paid every year with September 30 as record date by a resolution of the Board of Directors pursuant to the provisions of Article 454, Paragraph 5 of the Companies Act.
- In accordance with the provisions of Article 426, Paragraph 1 of the Companies Act, the Company shall exempt compensation responsibilities of directors (including those who were directors) and corporate auditors (including those who were corporate auditors) for damages due to neglect of duties to the extent of laws and regulations.

#### 7. Special resolution requirements of the General Meeting of Shareholders

Regarding the special resolution requirements of the General Meeting of Shareholders stipulated in Article 309, Paragraph 2 of the Companies Act, the Company stipulates in the Articles of Incorporation that a special resolution of the General Meeting of Shareholders can be made with attendance of shareholders accounting for at least one-third of the voting rights of the shareholders entitled to exercise voting rights, and with at least two-thirds of such votes cast in favor. This is intended to provide smooth operation of the General Meeting of Shareholders by relaxing the quorum of special resolutions at the General Meeting of Shareholders.

#### 8. Related party transactions

The Company requires that competing transactions and transactions in conflict of interest by directors are deliberated and resolved by the Board of Directors, and reports on the status of transactions are periodically made to the Board of Directors. Board members are required to submit a Confirmation of Related Parties to ascertain whether there are any transactions with related parties such as the board members themselves, their close relatives, organizations they represent and organizations in which they hold a majority of voting rights.

Pursuant to the internal rules, approvers confirm whether transactions with major shareholders are appropriate so as to ensure the common interests of the company and shareholders are not harmed, and report transactions of particular importance to the Board of Directors.

## (2) Directors and other officers

## 1) List of directors and other officers

Male: 11, Female: 2 (Ratio of female officers: 15%)

Position	Name	Date of birth	Career summary		Term of office	Number of shares held (Hundred shares)
President and Chief Executive Officer, General Manager of The Group Formation Preparation Office, General Manager of The Organization Formation Preparation Office	Toshiki Nakayama	January 29, 1958	June 2012 July 2013 June 2014 June 2015 June 2016 June 2018 June 2020 June 2021 Apr. 2022	Senior Vice President, General Manager of Frontier Services Department, NTT DOCOMO, INC. Senior Vice President, General Manager of Smart-life Solutions Department, NTT DOCOMO, INC. Executive Vice President, Executive General Manager of Smart-life Business Division, General Manager of Smart-life Solutions Department, NTT DOCOMO, INC. Executive Vice President, Executive General Manager of Smart-life Business Division, NTT DOCOMO, INC. Senior Executive Vice President, NTT DOCOMO, INC. President and Chief Executive Officer, MIRAIT Corporation (to present) Senior Executive Vice President, MIRAIT Holdings Corporation President, MIRAIT Holdings Corporation President, General Manager of The Group Formation Preparation Office, MIRAIT Holdings Corporation President, General Manager of The Group Formation Preparation Office, General Manager of The Organization Formation Preparation Office, MIRAIT Holdings Corporation (to present)	Note 3	147
Director, General Manager of Corporate Affairs Department, General Manager of M's Brain Center General Affairs Division, The Organization Formation Preparation Office	Yasuhiro Yamamoto	January 9, 1959	June 2011 June 2012 July 2013 June 2016 June 2020 Apr. 2022	General Manager of Private Sector Sales Division, Corporate Business Promotion Headquarters, Nippon Telegraph and Telephone East Corporation Director, Assistant General Manager of Corporate Business Promotion Headquarters and General Manager of Private Sector Sales Division, Nippon Telegraph and Telephone East Corporation Director, Assistant General Manager of Corporate Sales Promotion Headquarters and General Manager of Private Sector Sales Division, Nippon Telegraph and Telephone East Corporation Director, Managing Executive Officer, General Manager of Corporate Affairs Department, General Manager of M's Brain Center General Affairs Division, MIRAIT Holdings Corporation (to present) Director, Managing Executive Officer, General Manager of Compliance Promotion Department, MIRAIT Corporation (to present) Director, Managing Executive Officer, General Manager of Corporate Affairs Department, General Manager of M's Brain Center General Affairs Division, The Organization Formation Preparation Office, MIRAIT Holdings Corporation (to present)	Note 3	96
Director, Assistant Manager of The Group Formation Preparation Office, Manager of Carrier West Company Establishment Preparation Group, The Organization Formation Preparation Office	Yasushi Totake	June 29, 1961	June 2014 June 2017 June 2018 June 2019 June 2020 June 2021 Apr. 2022	Senior Vice President, General Manager of the Service Management Department, Plant Headquarters, Nippon Telegraph and Telephone West Corporation Senior Vice President and General Manager of the Network Department, Plant Headquarters, Nippon Telegraph and Telephone West Corporation Executive Vice President and General Manager of the Network Department, Plant Headquarters, Nippon Telegraph and Telephone West Corporation Director, MIRAIT Corporation Director, MIRAIT Technologies Corporation Director, Managing Executive Officer, General Manager of Emerging Business Office, MIRAIT Holdings Corporation President, MIRAIT Technologies Corporation (to present) Director, MIRAIT Holdings Corporation Director, Assistant Manager of The Group Formation Preparation Office, MIRAIT Holdings Corporation Director, Assistant Manager of The Group Formation Preparation Office, Manager of Carrier West Company Establishment Preparation Group, The Organization Formation Preparation Office, MIRAIT Holdings Corporation (to present)	Note 3	67

Position	Name	Date of birth	Career summary		Term of office	Number of shares held (Hundred shares)
Director, General Manager of Finance and Accounting Department, General Manager of M's Brain Center and General Manager of Finance and Accounting Division, Manager of Staff Organization Establishment Preparation Group, The Organization Formation Preparation Office	Masakazu Tsukamoto	January 6, 1960	June 2008 July 2010 June 2013 June 2017 June 2019 Apr. 2022	General Manager of Accounting & Finance Department, NTT Urban Development Corporation General Manager of Auditor's Office, Nippon Telegraph and Telephone Corporation Senior Vice President and General Manager of Kansai Branch Office, NTT FINANCE CORPORATION Senior Vice President and Senior Executive Manager of Sales and Marketing Department, Leasing Business Headquarters, NTT FINANCE CORPORATION Director, Managing Executive Officer, General Manager of Finance and Accounting Department, General Manager of M's Brain Center and General Manager of Finance and Accounting Division, MIRAIT Holdings Corporation Director, Managing Executive Officer, General Manager of Finance and Accounting Department, General Manager of M's Brain Center and General Manager of Finance and Accounting Division, Manager of Staff Organization Establishment Preparation Group, The Organization Formation Preparation Office, MIRAIT Holdings Corporation (to present)	Note 3	50
Director, General Manager of Corporate Strategy Division, Manager of Secretariat of The Group Formation Preparation Office, The Organization Formation Preparation Office	Koji Aoyama	January 10, 1959	June 2011 June 2013 June 2016 June 2017 June 2020 July 2020 June 2021 Apr. 2022	Senior Vice President and General Manager of Corporate Sales and Marketing Department II, NTT DOCOMO, INC. Senior Vice President and General Manager of Tohoku Branch, NTT DOCOMO, INC. Managing Executive Officer and Assistant General Manager of Solution Business Headquarters, MIRAIT Corporation Director, Managing Executive Officer, General Manager of Solution Business Headquarters and General Manager of Tohoku Reconstruction Management Department, MIRAIT Corporation Director, Managing Executive Officer, General Manager of Corporate Strategy Division, MIRAIT Holdings Corporation Director, Managing Executive Officer, General Manager of Solutions Business Promotion Department, MIRAIT Corporation (to present) Director, Managing Executive Officer, General Manager of Corporate Strategy Division, Manager of Secretariat of The Group Formation Preparation Office, MIRAIT Holdings Corporation Director, Managing Executive Officer, General Manager of Corporate Strategy Division, Manager of Secretariat of The Group Formation Preparation Office, The Organization Formation Preparation Office, MIRAIT Holdings Corporation (to present)	Note 3	73
Director	Katsuhiko Igarashi	May 1, 1959	June 2012 July 2014 Oct. 2014 June 2015 June 2017 June 2020	General Manager of Miyagi Branch and General Manager of Tohoku Reconstruction Office, Nippon Telegraph and Telephone East Corporation Executive Officer and General Manager of NTT Business Unit, MIRAIT Corporation Executive Officer, General Manager of NTT Business Unit and General Manager of Tohoku Reconstruction Support Office, MIRAIT Corporation Director, M's Frontier Corporation Director, Managing Executive Officer, General Manager of NTT Business Headquarters and General Manager of Tohoku Reconstruction Management Department, MIRAIT Corporation President, TTK Co., Ltd. (to present) Director, MIRAIT Holdings Corporation (to present)	Note 3	149

Position	Name	Date of birth	Career summary		Term of office	Number of shares held (Hundred shares)
Outside Director	Chiharu Baba	November 15, 1950	Apr. 2005 June 2007 June 2012 June 2015 June 2017 June 2018 June 2020 Jan. 2022	Deputy President (Representative Director), Mizuho Trust & Banking Co., Ltd. Full-time Corporate Auditor, Japan Energy Corporation (currently ENEOS Corporation) Full-time Corporate Auditor, JX Nippon Mining & Metals Corporation Outside Director, Saitama Resona Bank, Limited Outside Corporate Auditor, Tohoku Electric Power Co., Inc. Outside Director, Member of Audit Committee, Resona Holdings, Inc. Director, MIRAIT Holdings Corporation (to present) Outside Director, Member of Audit and Supervisory Committee, Tohoku Electric Power Co., Inc. Outside Director, Chairman of Audit Committee, Resona Holdings, Inc. Outside Director, Chairperson of Audit Committee, Member of Compensation Committee, Resona Holdings, Inc. (to present)	Note 3	—
Outside Director	Mayumi Yamamoto	February 11, 1956	Apr. 1984 Dec. 2010 Jan. 2019 June 2019 June 2020 June 2021	Registered as attorney at law Public Interest Member of the Central Labour Relations Commission Member of the Financial System Council, Financial Services Agency (to present) External Audit & Supervisory Board Member, Morinaga Milk Industry Co., Ltd. (to present) Director, MIRAIT Holdings Corporation (to present) Outside Director, JCU Corporation (to present)	Note 3	—
Outside Director	Shinichi Kawaratani	June 26, 1955	Nov. 1988 Oct. 1997 Nov. 1999 Apr. 2007 Apr. 2011 Jan. 2014 June 2021	President, Atlux Corporation (currently NOC Outsourcing & Consulting Inc.) General Manager of Information and Communications Division, New York Office, Nissho Iwai American Corporation CEO, Entrepia Ventures, Inc. Assistant General Manager of Industrial Information Group, Sojitz Corporation Representative Director and President, Nissho Electronics Corporation Representative Director, VistaNet, Inc. (to present) Director, MIRAIT Holdings Corporation (to present)	Note 3	—
Full-time Corporate Auditor	Manabu Kiriya	November 26, 1956	June 2007 July 2009 June 2010 Oct. 2010 Oct. 2011 June 2012 Oct. 2012 June 2019	General Manager of Accounts and Finance Department, Nippon Telegraph and Telephone East Corporation General Manager of Corporate Management Headquarters Corporate Planning Department and General Manager of Risk Management Headquarters Compliance Promotion Office, Daimei Telecom Engineering Corporation (currently MIRAIT Corporation) Vice President, General Manager of Corporate Management Headquarters Corporate Planning Department and General Manager of Risk Management Headquarters Compliance Promotion Office, Daimei Telecom Engineering Corporation General Manager of Finance Division, MIRAIT Holdings Corporation Vice President, General Manager of Finance Division and General Manager of M's Brain Center Finance and Accounting Division, MIRAIT Holdings Corporation Managing Executive Officer, General Manager of Finance Division and General Manager of M's Brain Center Finance and Accounting Division, MIRAIT Holdings Corporation Director, Managing Executive Officer, General Manager of Finance and Accounting Department, General Manager of M's Brain Center and General Manager of Finance and Accounting Division, MIRAIT Holdings Corporation Full-time Corporate Auditor, MIRAIT Holdings Corporation (to present)	Note 5	311



Job title	Name	Date of birth	Career summary		Term of office	Number of shares held (Hundreds of shares)
Outside Full-time Corporate Auditor	Hiroshi Seki	September 24, 1957	June 2007 July 2010 July 2011 June 2014 June 2015 June 2017 June 2018	General Manager of Tochigi Branch, Nippon Telegraph and Telephone East Corporation Senior Vice President and General Manager of Sales Department, NTT Number Information Co., Ltd. (currently NTT TownPage Corporation) Senior Vice President and General Manager of Directory Management Department, NTT Number Information Co., Ltd. (currently NTT TownPage Corporation) Senior Vice President, General Manager of Directory Management Department and General Manager of Service Development Department, NTT TownPage Corporation Executive Vice President, General Manager of Directory Management Department and General Manager of Service Development Department, NTT TownPage Corporation Executive Vice President, General Manager of Marketing Headquarters, NTT TownPage Corporation Full-time Corporate Auditor, MIRAIT Holdings Corporation (to present)	Note 4	—
Corporate Auditor	Masayoshi Hosokawa	June 16, 1958	Aug. 2011 June 2015 July 2016 June 2017 June 2018 June 2019	Senior Vice President and General Manager of Third Sales Division, NTT Communications Corporation Director, Managing Executive Officer and Assistant General Manager of Solution Business Headquarters, MIRAIT Technologies Corporation Director, Managing Executive Officer, General Manager of Tokyo Branch and Assistant General Manager of Solution Business Headquarters, MIRAIT Technologies Corporation Director, Managing Executive Officer, General Manager of Solution Business Headquarters and General Manager of East Japan Business Unit, MIRAIT Technologies Corporation Director, Managing Executive Officer, General Manager of Emerging Business Office, MIRAIT Holdings Corporation Director, Senior Managing Executive Officer and General Manager of Solution Business Headquarters, MIRAIT Technologies Corporation Full-time Corporate Auditor, MIRAIT Technologies Corporation (to present) Corporate Auditor, MIRAIT Holdings Corporation (to present)	Note 5	80
Outside Corporate Auditor	Chiaki Katsumaru (Chiaki Ishikawa)	August 4, 1960	Mar. 1986 Nov. 2002 Feb. 2006 June 2018	Registered as Certified Public Accountant Outside Corporate Auditor, Anabuki Kosan Inc. (to present) Joined Certified Tax Accountant Firm Ishikawa Office Accounting (to present) Corporate Auditor, MIRAIT Holdings Corporation (to present)	Note 4	3
Total						979

- Notes:
- 1 Directors Chiharu Baba, Mayumi Yamamoto and Shinichi Kawaratani are Outside Directors.
  - 2 Full-time Corporate Auditor Hiroshi Seki and Corporate Auditor Chiaki Katsumaru (Chiaki Ishikawa) are Outside Corporate Auditors.
  - 3 The term of office of Directors is from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2022 to June 30, 2022.
  - 4 The term of office of Corporate Auditors is from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2022 to June 30, 2022.
  - 5 Since the Company will make the transition to a company with an audit and supervisory committee on July 1, 2022, the term of office of corporate auditors is from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2020 to June 30, 2022.
  - 6 The Company adopts an executive officer system for the purpose of speeding up decision-making and business execution.

- 7 The Company has elected one substitute Corporate Auditor as prescribed in Article 329, Paragraph 3 of the Companies Act in preparation for the possibility of the number of Corporate Auditors falling below the number prescribed in laws and regulations. The career summary of the substitute Corporate Auditor is as follows:

Name	Date of birth	Career summary		Number of shares held (Hundreds of shares)
Hideyuki Konno	August 2, 1954	July 2012 Sept. 2013  Aug. 2016 June 2018	Deputy Director of Bureau of Environment Senior Managing Director, Tokyotoshokuin Credit Cooperative President, TOKYO AID CENTER Co., Ltd. Corporate Auditor, MIRAIT Corporation	—

Note: The term of office of Corporate Auditors elected as substitutes of Corporate Auditors who retired before the expiration of the term of their office is until the expiration of the term of office of the retired Corporate Auditors.

## 2) Outside directors and outside corporate auditors

Outside directors are nominated based on their ability to fulfill their roles and responsibilities from an expert and objective perspective, such as having abundant experience and knowledge in their respective fields, and providing advice and supervision from the perspective of medium- to long-term enhancement of corporate value. Moreover, outside corporate auditors are nominated based on their ability to increase transparency of the Board of Directors and enhance corporate value by appropriately monitoring the state of compliance with laws, regulations and the Articles of Incorporation regarding management decisions and execution of duties by directors from an independent and objective standpoint with abundant experience and knowledge in their respective fields.

The Company has stipulated the following standard for determining independence of Outside Directors and Outside Corporate Auditors (hereinafter referred to as “Outside Officers”) in the Company, and an Outside Officer (including candidates therefor; the same applies below) is deemed to lack adequate independence if any of the following items apply.

### <Standard for Determining Independence>

1. A person originally from the Company or a consolidated subsidiary of the Company (hereinafter referred to as “the Group”) (Note 1)
2. A major shareholder of the Company (Note 2)
3. A person who executes the business of a company, etc. that falls under any of the following items.
  - (1) A major business partner of the Group (Note 3)
  - (2) A major lender to the Group (Note 4)
  - (3) A company, etc. in which the Group holds 10% or more of shares on a voting basis
4. A Certified Public Accountant who belongs to the auditing firm serving as the Group’s Independent Auditor.
5. A consultant, accountant, tax accountant, attorney, judicial scrivener, patent attorney or other expert receiving a substantial amount (Note 5) of money or other property from the Group
6. A person who has received substantial donations from the Group (Note 6)
7. An executive of a company in a relationship mutually providing Outside Officers (Note 7)
8. A person whose close relative (Note 8) falls under any of items 1 through 7 above (limited to key personnel (Note 9) with the exception of items 4 and 5)
9. A person to whom any of items 2 through 8 have applied in the past three years
10. Notwithstanding the provisions of the preceding items, a person who is deemed to have another conflict of interest with the Company

- Notes:
- 1 A currently serving executive director, executive officer or other similar employee (hereinafter referred to as “executive”) or an executive who has served in the Group at any time in the past.
  - 2 A major shareholder is a shareholder who, as of the end of the Company’s fiscal year, holds 10% or more of shares on a voting basis in his/her own name or the name of another person. If the major shareholder is an organization such as a corporation or a partnership, this refers to an executive of such organization.
  - 3 A major business partner is a purchaser or supplier of the Group whose annual transactions with the Group exceed 3% of the Company’s consolidated sales or the supplier’s consolidated sales.

- 4 A major lender is a financial institution from whom the Group borrows, and the balance of the borrowing exceeds 2% of the consolidated total assets of the Company or the consolidated total assets of the financial institution as of the end of the Company's fiscal year.
- 5 A substantial amount is defined as follows according to the relationship with the provision of services by the expert.
  - (1) If the expert provides services to the Group as an individual, the consideration received from the Group is a substantial amount if it exceeds 10 million yen per year.
  - (2) If the organization such as a corporation or a partnership to which the expert belongs provides services to the Group, the consideration received from the Group is a substantial amount if it exceeds 2% of the organization's annual sales or total revenue. However, even if 2% is not exceeded, the amount is deemed to be a substantial amount if the amount received by the organization as consideration for services provided with the direct involvement of the expert exceeds 10 million yen per year.
- 6 A person who has received donations from the Group exceeding 10 million yen per year. If the party receiving the donations is an organization such as a corporation or a partnership, this refers to a person who is directly involved in the research, education or other activities related to the donations.
- 7 A relationship in which an executive of the Group is an outside director of another company, and an executive of the other company is an outside director of the Company.
- 8 A close relative is a spouse or a relative within two degrees of relationship.
- 9 Key personnel are directors and executive officers.

<Reason for election as Outside Officers and their activities>

#### 1. Outside Director Chiharu Baba

He has abundant corporate management experience and extensive knowledge of financial accounting, risk management and management in general, and has fulfilled his role as an outside director. His insight and knowledge are suitable for the supervision of management, and he has been nominated for re-election as outside director to improve transparency of the Board of Directors and strengthen its supervisory functions.

Furthermore, he is expected to fulfill the role of improving governance of the Board of Directors and enhancing its supervisory functions, and has appropriately fulfilled this role by providing comments on topics such as the governance systems and internal control of the Group as a whole in meetings of the Board of Directors and the Nomination and Compensation Committee which he chairs.

He has been designated and registered as an independent officer with Tokyo Stock Exchange, Inc. because he satisfies the independence standard specified by the exchange and the Company's standard for determining independence.

He attended all the 20 meetings of the Board of Directors held during the fiscal year under review, and asked appropriate questions and, as necessary, expressed opinions on management in general from an external position based on his experience and insight as an officer of the other companies.

#### 2. Outside Director Mayumi Yamamoto

She has advanced specialized knowledge and abundant experience concerning corporate legal affairs as an attorney at law, has served as a member of government councils such as the Central Labour Relations Commission, and has been nominated for re-election as outside director to improve transparency of the Board of Directors and strengthen its supervisory functions because she is suitable for executing monitoring of the Company's management from an objective and specialized perspective.

Furthermore, she is expected to have a role in risk management, etc. related to business from a legal perspective, and has appropriately fulfilled this role through actions such as actively providing advice from this perspective in meetings of the Board of Directors and the Nomination and Compensation Committee.

She has been designated and registered as an independent officer with Tokyo Stock Exchange, Inc. because she satisfies the independence standard specified by the exchange and the Company's standard for determining independence.

She attended all the 20 meetings of the Board of Directors held during the fiscal year under review, and asked appropriate questions and, as necessary, expressed opinions on management in general from an external position based on her experience and insight as an officer of the other companies.

### 3. Outside Director Shinichi Kawaratani

He has been involved in business investment and the development of new businesses in the area of information and communications for many years, and has insight into the management of an information and communications company based on his experience as representative director and president of a company providing IT solutions. Furthermore, he has worked on the creation of a variety of new businesses in Japan and abroad as the CEO of his own venture capital company, and has extensive business experience overseas such as in the United States. His insight and knowledge of creating and developing new business in Japan and abroad, in addition to corporate management of a global business, make him suitable for the supervision of management of the Group, and because he can be expected to fulfill this role, he has been nominated for re-election as outside director to improve transparency of the Board of Directors and strengthen its supervisory functions.

He has been designated and registered as an independent officer with Tokyo Stock Exchange, Inc. because he satisfies the independence standard specified by the exchange and the Company's standard for determining independence.

He attended all the sixteen meetings of the Board of Directors held after he took office during the fiscal year under review, and asked appropriate questions and, as necessary, expressed opinions on management in general from an external position based on his experience and insight as an officer of the other companies.

### 4. Outside Corporate Auditor Hiroshi Seki

He has abundant experience in various areas in the telecommunications industry including corporate sales in the business operations of Nippon Telegraph and Telephone East Corporation and its group companies, and he has been nominated for re-election as outside corporate auditor because he is a suitable choice for supervising the execution of the duties of directors from a neutral and objective perspective.

He has been designated and registered as an independent officer with Tokyo Stock Exchange, Inc. because he satisfies the independence standard specified by the exchange and the Company's standard for determining independence.

He attended all the 20 meetings of the Board of Directors held during the fiscal year under review, and asked appropriate questions and, as necessary, expressed opinions on management in general from an external position based on his experience and insight as an officer of the other company.

He also attended all the 11 meetings of the Board of Corporate Auditors, reported on audits that he conducted according to the allocation of duties, asked appropriate questions about audits conducted by other corporate auditors, and provided comments from an external position as necessary.

### 5. Outside Corporate Auditor Chiaki Katsumaru (Chiaki Ishikawa)

She has served as a certified public accountant for many years, and has rich career and a high level of expert knowledge concerning corporate finance and accounting in major audit firms and accounting companies, and she has been nominated for re-election as outside corporate auditor because she is a suitable choice for supervising the execution of the duties of directors from a neutral and objective perspective.

She has been designated and registered as an independent officer with Tokyo Stock Exchange, Inc. because she satisfies the independence standard specified by the exchange and the Company's standard for determining independence.

She attended all the 20 meetings of the Board of Directors held during the fiscal year under review, and asked appropriate questions and, as necessary, expressed opinions on management in general from an external position based on her experience and insight as a certified public accountant.

She also attended all the 11 meetings of the Board of Corporate Auditors, reported on audits that she conducted according to the allocation of duties, asked appropriate questions about audits conducted by other corporate auditors, and provided comments from an external position as necessary.

### 3) Mutual cooperation between outside directors and outside corporate auditors in supervision or audits and internal audits, audits by corporate auditors and accounting audits, and relationship with the internal control department

Outside directors and outside corporate auditors understand the Group's management issues and other matters by, for example, attending meetings of the Board of Directors, the Board of Corporate Auditors and other committees, and receive reports on

audits by corporate auditors.

Outside directors and outside corporate auditors also express appropriate opinions as necessary from an objective and specialized perspective in their respective fields, and seek to ensure the transparency and efficiency of management by exchanging opinions with each other.

### (3) Audits

#### 1) Audits by corporate auditors

As of the date of submission of this report (June 15, 2022), the Board of Corporate Auditors comprised four members including two outside corporate auditors, and there were two full-time corporate auditors including one outside corporate auditor. No dedicated staff members are assigned to corporate auditors, but various organizations provide support as needed.

The Board of Corporate Auditors holds meetings monthly in principle, and also hold meetings as necessary. Eleven meetings were held in the year under review. Each of the corporate auditors attended all 11 meetings (100% attendance), conducting resolutions, reports, deliberations, etc. throughout the year.

The Board of Corporate Auditors considered the formulation of audit plans, preparation of audit reports, selection of the accounting auditor, consenting to the compensation for the accounting auditor, and auditing of the content of proposals submitted to the Ordinary General Meeting of Shareholders.

Corporate auditors attended meetings of the Board of Directors, audited the operation of proceedings and the content of resolutions, and provided opinions as needed. The attendance rate of corporate auditors at meetings of the Board of Directors was 100%. Furthermore, they periodically met and exchanged opinions with the representative director.

Full-time corporate auditors attended other important meetings, coordinated with the internal audit unit, viewed important approval documents, conducted hearings of directors, communicated with the directors, corporate auditors, etc. of subsidiaries, and shared information on the status of audits with part-time corporate auditors in meetings of the Board of Corporate Auditors. The Group's Corporate Auditor Liaison Committee meetings were held twice per year to share information with full-time corporate auditors of five major domestic Group companies.

These activities were carried out with the appropriate use of a conference call service, an online meeting platform and other tools so that the effectiveness of audits is not compromised when COVID-19 spread. Auditing of the state of execution of duties by directors was carried out through these activities.

Corporate auditors periodically exchanged information with the accounting auditor on audit plans, quarterly review results, audit results and quality management systems, and closely worked with the accounting auditor to perform monitoring and review activities for determining the suitability of accounting audit methods and results. Corporate auditors discussed key audit matters with the accounting auditor, received reports on the audit status of such matters, and requested explanations as needed.

#### 2) Internal audit status

As of the submission date of this report (June 15, 2022), the Group has established an internal audit department in each operating company and carries out an audit such as a business audit on the Company and the subsidiaries of the Group, based on evaluation of the corporate-wide internal control. The Group strives to strengthen the internal control function, for example, thorough checkup of the status of improvement/fulfillment of matters indicated or proposals made in the audit as well as sharing of information on the audit status and the indicated matters between internal audit departments of the operating companies.

Corporate auditors and the internal audit unit coordinate with each other by meeting when necessary to exchange information on audit plans, the state of implementation of audits and problems identified as a result of auditing.

#### 3) Accounting audit status

##### A. Name of audit corporation

KPMG AZSA LLC

##### B. Continuous audit period

8 years

C. Certified accountant who executed the business

Designated limited liability partner, business execution partner, certified public accountant, Yasuyuki Nagasaki

Designated limited liability partner, business execution partner, certified public accountant, Naoki Haruyama

Designated limited liability partner, business execution partner, certified public accountant, Kohei Nakamura

D. Composition of assistants involved in accounting audit work

Certified public accountant 6 people

Accountant exam passers, etc. 7 people

Other 14 people

E. Policy and reason for selecting an audit corporation

At the Company, the Board of Corporate Auditors examines the appropriateness, independence and quality control system, etc. of accounting auditors, and selects an accounting auditors by comprehensively determining the audit achievements and the degree of understanding of the business.

In the event that the Board of Corporate Auditors determines that dismissal or non-reappointment of an accounting auditor is necessary, such as the case where the accounting auditor has trouble in executing his or her duties, the Board of Corporate Auditors determines details of a proposal regarding the dismissal or non-reappointment of the accounting auditor, and the Board of Directors submits the proposal to the General Meeting of Shareholders. When the accounting auditor falls under any of the items set forth in Article 340, Paragraph 1 of the Companies Act, the accounting auditor will be dismissed by the agreement of all the corporate auditors at the Board of Corporate Auditors, and the fact of dismissal and its reason will be reported at the first General Meeting of Shareholders convened after the dismissal.

F. Evaluation of the audit corporation by corporate auditors and the Board of Corporate Auditors

The Board of Corporate Auditors has collected information on the appropriateness and independence of accounting auditors, as well as the audit system, and audit implementation status and audit quality, etc., and based on examination using the evaluation criteria established by the Board of Corporate auditors, has acknowledged the method and results of an accounting auditor described above and has determined that reappointment is appropriate.

4) Details of audit fees, etc.

A. Audit fees paid to auditing certified public accountants, etc.

(million yen)

Category	Previous fiscal year		Fiscal year under review	
	Fees for audit certification services	Fees for non-audit services	Fees for audit certification services	Fees for non-audit services
Reporting company	41	1	45	—
Consolidated subsidiaries	118	—	117	—
Total	159	1	163	—

Previous fiscal year:

Non-audit services provided to the Company for the previous fiscal year were supporting services for the application of the Accounting Standard for Revenue Recognition.

B. Audit fees paid to the same network (the KPMG Group) to which auditing certified public accountants, etc. belong (excluding fees specified in A above.)

(million yen)

Category	Previous fiscal year		Fiscal year under review	
	Fees for audit certification services	Fees for non-audit services	Fees for audit certification services	Fees for non-audit services
Reporting company	–	–	–	–
Consolidated subsidiaries	16	2	17	4
Total	16	2	17	4

Previous fiscal year:

Non-audit services provided to the consolidated subsidiaries for the previous fiscal year were supporting services for filing tax returns and agreed-upon procedures engagements.

Fiscal year under review:

Non-audit services provided to the consolidated subsidiaries for the fiscal year under review were supporting services for filing tax returns.

C. Details of fees for other significant audit certification services

Not applicable.

D. Policy for determining audit fees

The Company determines audit fees for the auditing certified public accountants, taking into account the number of audit days and the details of audit services among others. The Company determines audit fees with consent of the Board of Corporate Auditors as prescribed in Article 399 of the Companies Act.

E. Reasons for the Board of Corporate Auditors' consent to fees for the accounting auditor

The Board of Corporate Auditors determined the suitability of the audit schedule and the allocation of personnel specified in the accounting audit plan for the fiscal year under review that the accounting auditor explained to the Board of Corporate Auditors and the suitability of the status of execution of audits by the accounting auditor. The Board of Corporate Auditors also examined and evaluated the accounting auditor's audit achievements for the previous fiscal year, and verified the validity of estimates to be used for calculating fees for the accounting auditor. As a result, the Board of Corporate Auditors consented to the amount of fees for the accounting auditor.

(4) Remuneration of directors and other officers

1) Basic policy

The total amount (limit) of remuneration of directors and corporate auditors is specified in the General Meeting of Shareholders after being approved by the Board of Directors. The specific allocation of remuneration of directors is determined using a remuneration system based on the roles and responsibilities of each position. Remuneration of corporate auditors is determined through discussions at the Board of Corporate Auditors. Furthermore, the policy on determination of the content of remuneration of individual directors is deliberated upon by the Nomination and Compensation Committee (chaired by an independent outside director) comprising three independent outside directors and the President and CEO as an advisory body to the Board of Directors to improve objectivity and transparency and the results are reported to the Board of Directors, which determines the policy based on the report.

Outside directors and corporate auditors who provide supervisory functions are only paid monthly base remuneration considering their duties.

2) Policy on determination of the amount of individual remuneration for base remuneration (monetary remuneration) (including the policy on determination of the timing or conditions of granting remuneration, etc.)

The total amount (limit) of directors' remuneration is specified in the General Meeting of Shareholders after provisions being approved by the Board of Directors, and the base remuneration of individual directors (excluding outside directors) is fixed monthly remuneration of which the amount is obtained by dividing the annual salary based on the roles and responsibilities of each position by 15.

An amount equivalent to three months of fixed remuneration is the standard bonus (however, this is the amount remaining after deduction of 30% allocated to the Board Benefit Trust performance-linked stock compensation scheme mentioned in 3), and the number of months is variable based on comprehensive consideration of the Company's performance in the previous fiscal year, the performance outlook for the fiscal year under review and the state of payment of special allowances to employees, and is determined by the President and CEO on the assumption that the Nomination and Compensation Committee is consulted.

The standard bonus is paid once annually in summer.

The percentages of fixed remuneration and variable remuneration are generally around 80% (12/15) for the former and 20% (3/15) for the latter.

- 3) Policy on determination of the content of performance-linked remuneration and non-monetary remuneration, and the method of calculation of the amount or number thereof (including the policy on determination of the timing or conditions of granting remuneration, etc.)

With regard to performance-linked remuneration and non-monetary remuneration, a Board Benefit Trust performance-linked stock compensation scheme has been introduced in order to clarify the connection between the remuneration of directors (excluding outside directors) and the Company's performance and share price, and to raise awareness of contributions to the improvement of medium- to long-term performance and corporate value. Up to 74 million yen for the Company's directors is contributed to the trust as funds for the trust to acquire the shares required for each period of three fiscal years in advance, and the maximum number of shares granted per fiscal year is equivalent to 28,000 shares (resolution of the 6th Ordinary General Meeting of Shareholders held on June 28, 2016).

- 4) Policy on determination of the percentages of the amount of monetary remuneration and the amount of performance-linked remuneration, etc. or the amount of non-monetary remuneration in relation to the amount of individual directors' remuneration. Of the annual salary specified according to the roles and responsibilities of each position of directors (excluding outside directors), the percentages of the amount of monetary remuneration and the amount of performance-linked remuneration, etc. are around 80% fixed remuneration and 20% variable remuneration, and 30% of the variable remuneration is allocated to the Board Benefit Trust performance-linked stock compensation scheme, which is a form of non-monetary remuneration.

Note: In consideration of insider trading regulations, etc., all directors (excluding outside directors) are required to contribute 10% or more of their monthly remuneration to the officers' shareholding association in order to increase awareness as management and awareness of the common goal of enhancing shareholder value. Therefore, these percentages are effectively 72% fixed remuneration, 28% variable remuneration and 14% non-monetary remuneration (share-based remuneration).

- 5) Matters related to determination of the content of remuneration, etc. of individual directors

The determination of remuneration of individual directors is left to the discretion of Toshiki Nakayama, President and CEO, based on the assumption of consultation with the Nomination and Compensation Committee, to the extent of the total amount resolved by the General Meeting of Shareholders based on a resolution of the Board of Directors.

The President and CEO entrusted with the decision prepares proposals for individual remuneration based on the content of the policy on determination of the content of remuneration of individual directors resolved by the Board of Directors, consults with the Nomination and Compensation Committee, and determines the content with the consent of the Committee.

- 6) Matters related to performance-linked remuneration and non-monetary remuneration

The Board Benefit Trust performance-linked stock compensation scheme has been introduced in order to clarify the connection between the remuneration of directors (excluding outside directors) and the Company's performance and share price, and to raise awareness of contributions to the improvement of medium- to long-term performance and corporate value.

The Company's consolidated operating profit and ROE have been chosen as indicators for performance-linked remuneration that can easily be used to raise awareness of the performance of Group companies and contributions to the enhancement of corporate



value, and the number of points granted is calculated by multiplying the base points set to allocate 30% of three months of monthly remuneration by the performance-linked coefficient based on the Company's consolidated operating profit and ROE, and one share is granted for each point at the time of retirement.

The consolidated operating profit target in the initial business plan for the fiscal year under review was 30.5 billion yen. The actual result was 32.8 billion yen with ROE of 10.7%.

For more details of the scheme, please refer to "IV. Information about Reporting Company, 1. (8) Share ownership plan for directors and other officers and employees."

7) Matters related to resolutions at the General Meeting of Shareholders for remuneration of directors and corporate auditors

The total amounts of monetary remuneration of directors and corporate auditors were resolved to be no more than 300 million yen per year (including no more than 30 million yen per year for outside directors) and no more than 70 million yen per year, respectively, at the 1st Ordinary General Meeting of Shareholders held on June 28, 2011. The numbers of directors and corporate auditors at the conclusion of the meeting were eight (two of whom were outside directors) and four (two of whom were outside corporate auditors), respectively.

Apart from the total amount of monetary remuneration of directors above, the maximum amount of performance-linked stock compensation for three fiscal years was resolved to be 74 million yen for the Company's directors (excluding outside directors) and the maximum number of shares to be granted per fiscal year was resolved to be equivalent to 28,000 shares at the 6th Ordinary General Meeting of Shareholders held on June 28, 2016. The number of directors (excluding outside directors) at the conclusion of the meeting was six.

8) Policy on determination of the content of remuneration of individual directors

(A) Method of determining the policy on determination of the content of remuneration of individual directors

The Nomination and Compensation Committee was consulted about the policy on determination of the content of remuneration of individual directors (hereinafter referred to as the "Policy") and gave the opinion that the Policy is appropriate. The Board of Directors then resolved the Policy at its meeting held on March 1, 2021.

(B) The details of the Policy

The details of the Policy is as stated in "IV. Information about Reporting Company, 1. (4) Remuneration of directors and other officers."

(C) Reasons for the Board of Directors' decision that the content of remuneration of individual directors for the fiscal year under review is in line with the Policy

In determining remuneration of individual directors, the Nomination and Compensation Committee, comprising three independent outside directors and the President and CEO as an advisory body to the Board of Directors, was consulted about the proposals for individual remuneration prepared based on the Policy resolved by the Board of Directors, and gave consent to the proposals. The Board of Directors thus determined that the content of remuneration is in line with the Policy.

9) Matters related to delegation of determination of remuneration of individual directors

The Board of Directors resolved at its meeting held on June 24, 2021 that the President and CEO Toshiki Nakayama is entrusted to decide on the amount of base remuneration and the amount of bonus based on performance of each fiscal year for individual directors for the fiscal year under review to the extent of the total amount resolved by the General Meeting of Shareholders based on the assumption of consultation with the Nomination and Compensation Committee. The reason for leaving the President and CEO to the decision is that he is the most suitable choice for evaluating the execution of operations of individual directors while taking a comprehensive view of the Company's entire business.

10) Total amount of remuneration by position, total amount for each class of remuneration, and number of recipients

Position	Total amount of remuneration (million yen)	Total amount for each class of remuneration (million yen)		Number of recipients (Persons)
		Fixed remuneration	Performance-linked remuneration	
Directors (excluding outside directors)	108	84	24	8
Corporate auditors (excluding outside corporate auditors)	24	24	–	2
Outside officers	45	45	–	5

11) Total amount of consolidated remuneration per officer

This information is not provided because there are no persons whose total amount of consolidated remuneration is 100 million yen or more.

(5) Shareholdings

1) Standard of and approach to classification of investment shares

If the purpose of investment falls under any of the following, the Group classifies such investments as investment shares for purposes other than pure investment. Investments made for other purposes are classified as pure investment.

- A. Maintaining or strengthening business relationships with the company in which shares are held;
- B. Maintaining or strengthening cooperative relationships for the promotion of alliance operations; or
- C. Coordination for efficient construction work, etc.

2) Method of examining the policy on investment shares for purposes other than pure investment and the rationality of shareholdings, and details of examination on whether the holding of specific shares is appropriate by the Board of Directors, etc.

A. Policy on holding shares

The Group holds shares when it is thought that holding the shares of a business partner will lead to the improvement of the Group's corporate value or the interests of shareholders. The Company checks the objectives of shareholding and the state of trading, and gradually reduces shares for which the meaning of shareholding is found to have diminished through quantitative and qualitative verification, by their sale, etc.

B. Method of examining the rationality of shareholdings

The Group performs quantitative and qualitative examination of the medium- to long-term economic rationality and future outlook of investment shares for purposes other than pure investment based on factors such as the risks and returns.

C. Details of examination on whether the holding of specific shares is appropriate by the Board of Directors, etc.

The investment shares for purposes other than pure investment held by the Group are subject to investigation of the purpose of holding the shares and the status of transactions. Once every year, the Board of Directors performs quantitative and qualitative examination of each stock regarding whether the risks and returns are commensurate with the capital cost, the purpose of holding the shares and future business trends, etc. to determine whether holding the shares is appropriate. Shares which are thought to have "little meaning to be held" as a result of a review are sold as needed while considering factors such as the share price. Furthermore, the investment shares of the Group as a whole for purposes other than pure investment and the condition of the reduction thereof are managed through annual reviews. In the fiscal year under review, 9 stocks were sold in accordance with the above policy.

3) Shareholdings by MIRAIT Corporation

Below shows shareholdings by MIRAIT Corporation that has the largest amount of investment shares on balance sheets (carrying amounts of investment shares) among the Company and its consolidated subsidiaries (i.e., MIRAIT Corporation is the largest shareholder).

A. Investment shares held for purposes other than pure investment

a. Number of stocks and carrying amounts on balance sheets

	Number of stocks	Total carrying amount on balance sheets (million yen)
Unlisted shares	28	776
Shares other than unlisted shares	23	5,428

Stocks whose number of shares increased during the fiscal year under review

	Number of stocks	Total purchase amount relating to the increase in the number of shares (million yen)	Reasons for the increase in the number of shares
Unlisted shares	2	156	to build and strengthen business alliance relationships
Shares other than unlisted shares	–	–	–

Stocks whose number of shares decreased during the fiscal year under review

	Number of stocks	Total sale amount relating to the decrease in the number of shares (million yen)
Unlisted shares	1	2
Shares other than unlisted shares	3	8,207

b. Number and book value on balance sheets of specified investment shares and deemed holdings of investment shares by stock

Specified investment shares

Stock	Fiscal year under review		Previous fiscal year		Purpose of holding, quantitative effects of holding, and reasons for the increase in the number of shares (Note 3)	Whether the investee holds the Company's shares
	Number of shares (Shares)	Carrying amount on balance sheets (million yen)	Number of shares (Shares)	Carrying amount on balance sheets (million yen)		
KDDI Corporation	697,700	2,604,600			The Company holds the entity's shares for the purpose of maintaining or strengthening the business relationship with the entity.	No
	2,794	8,842				
Nippon Telegraph and Telephone Corporation	200,000	480,400			The Company holds the entity's shares for the purpose of maintaining or strengthening the business relationship with the entity.	No
	709	1,365				
Nippon Densetsu Kogyo Co., Ltd.	225,000	225,000			The Company holds the entity's shares for the purpose of strengthening the business alliance relationship with the entity.	Yes
	356	435				
SoftBank Group Corp.	61,554	61,554			The Company holds the entity's shares for the purpose of maintaining or strengthening the business relationship with the entity.	No
	342	574				
Mizuho Financial Group, Inc.	148,951	148,951			The Company holds the entity's shares for the purpose of maintaining or strengthening the financial business relationship with the entity.	No
	233	238				
Fuji Kyuko Co., Ltd.	50,000	50,000			The Company holds the entity's shares for the purpose of maintaining or strengthening the business relationship with the entity.	Yes
	195	294				
Mitsubishi UFJ Financial Group, Inc.	173,197	173,917			The Company holds the entity's shares for the purpose of maintaining or strengthening the financial business relationship with the entity.	No
	131	102				
Sumitomo Electric Industries, Ltd.	84,000	84,000			The Company holds the entity's shares for the purpose of maintaining or strengthening the business relationship with the entity.	Yes
	122	139				
Pilot Corporation	23,000	23,000			The Company holds the entity's shares for the purpose of maintaining or strengthening the business relationship with the entity.	No
	120	81				

Stock	Fiscal year under review	Previous fiscal year	Purpose of holding, quantitative effects of holding, and reasons for the increase in the number of shares (Note 3)	Whether the investee holds the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount on balance sheets (million yen)	Carrying amount on balance sheets (million yen)		
Techfirm Holdings Inc.	200,000	200,000	The Company holds the entity's shares for the purpose of strengthening the business alliance relationship with the entity.	No
	101	148		
Mitsubishi Electric Corporation	50,000	50,000	The Company holds the entity's shares for the purpose of maintaining or strengthening the business relationship with the entity.	No
	70	84		
The Keiyo Bank, Ltd. (Note 1)	100,000	100,000	The Company holds the entity's shares for the purpose of maintaining or strengthening the business relationship with the entity.	No
	49	45		
Inaba Denki Sangyo Co., Ltd. (Note 1)	15,730	15,730	The Company holds the entity's shares for the purpose of maintaining or strengthening the business relationship with the entity.	No
	39	41		
Sakura Rubber Co., Ltd. (Note 1)	12,000	12,000	The Company holds the entity's shares for the purpose of maintaining or strengthening the business relationship with the entity.	Yes
	36	49		
Kobe Electric Railway Co., Ltd. (Note 1)	10,000	10,000	The Company holds the entity's shares for the purpose of maintaining or strengthening the business relationship with the entity.	No
	32	36		
Fujikura Ltd. (Note 1)	51,000	51,000	The Company holds the entity's shares for the purpose of maintaining or strengthening the business relationship with the entity.	Yes
	31	27		
Odakyu Electric Railway Co., Ltd. (Note 1)	7,000	7,000	The Company holds the entity's shares for the purpose of maintaining or strengthening the business relationship with the entity.	No
	14	21		
Comsys Holdings Corporation (Note 1)	4,800	4,800	The Company holds the entity's shares for the purpose of coordination for efficient construction work, etc.	No
	12	16		
Sumitomo Mitsui Trust Holdings, Inc. (Note 1)	3,033	3,033	The Company holds the entity's shares for the purpose of maintaining or strengthening the financial business relationship with the entity.	No
	12	11		
Okinawa Cellular Telephone Company (Note 1)	2,000	2,000	The Company holds the entity's shares for the purpose of maintaining or strengthening the business relationship with the entity.	No
	9	10		
Exeo Group, Inc. (Note 1)	4,068	4,068	The Company holds the entity's shares for the purpose of coordination for efficient construction work, etc.	No
	9	11		
Aeon Co., Ltd. (Note 1)	612	612	The Company holds the entity's shares for the purpose of maintaining or strengthening the business relationship with the entity.	No
	1	2		
Nissan Tokyo Sales Holdings Co., Ltd. (Note 1)	1,000	1,000	The Company holds the entity's shares for the purpose of maintaining or strengthening the business relationship with the entity.	No
	0	0		
Nakayo, Inc.	–	302,000	The Company held the entity's shares for the purpose of maintaining or strengthening the business relationship with the entity.	Yes
	–	464		

Notes: 1 These companies are stated as the number of stocks of specified investment shares is 60 or less although the carrying amount on balance sheets is 1% or less of the amount of share capital of the reporting company.

2 “–” means that the Company does not hold the stock.

3 Quantitative effects of holding are examined as stated in “2), B. Method of examining the rationality of shareholdings,” but information about such effects is not provided from the perspective of confidentiality, etc. with each of the business partners.

#### B. Investment shares held for pure investment

Not applicable.

#### 4) Shareholdings by MIRAIT Technologies Corporation

Below shows shareholdings by MIRAIT Technologies Corporation that has the second largest amount of investment shares on balance sheets (carrying amount of investment shares) after the largest shareholder among the Company and its consolidated subsidiaries.

A. Investment shares held for purposes other than pure investment

a. Number of stocks and carrying amount on balance sheets

	Number of stocks	Total carrying amounts on balance sheets (million yen)
Unlisted shares	18	165
Shares other than unlisted shares	8	1,503

Stocks whose number of shares increased during the fiscal year under review

There was no stock whose number of shares increased for reasons other than consolidation of shares, share split, share transfer, share swap, merger, etc.

Stocks whose number of shares decreased during the fiscal year under review

	Number of stocks	Total sale amount relating to the decrease in the number of shares (million yen)
Unlisted shares	–	–
Shares other than unlisted shares	1	96

Specified investment shares

Stock	Fiscal year under review	Previous fiscal year	Purpose of holding, quantitative effects of holding, and reasons for the increase in the number of shares (Note 2)	Whether the investee holds the Company's shares
	Number of shares (shares)	Number of shares (shares)		
	Book value on balance sheet (million yen)	Book value on balance sheet (million yen)		
SoftBank Corp.	112,102	112,102	The Company holds the entity's shares for the purpose of maintaining or strengthening the business relationship with the entity.	No
	623	1,045		
Nippon Telegraph and Telephone Corporation	142,400	142,400	The Company holds the entity's shares for the purpose of maintaining or strengthening the business relationship with the entity.	No
	504	404		
Hibiya Engineering, Ltd.	61,000	61,000	The Company holds the entity's shares for the purpose of coordination for efficient construction work, etc.	Yes
	111	118		
KDDI Corporation	24,600	24,600	The Company holds the entity's shares for the purpose of coordination for efficient construction work, etc.	No
	98	83		
NTT Data Corporation	35,000	35,000	The Company holds the entity's shares for the purpose of maintaining or strengthening the financial business relationship with the entity.	No
	84	59		
Sumitomo Densetsu Co., Ltd.	32,300	32,300	The Company holds the entity's shares for the purpose of maintaining or strengthening the business relationship with the entity.	Yes
	71	77		
Business Breakthrough, Inc.	20,000	20,000	The Company holds the entity's shares for the purpose of maintaining or strengthening the financial business relationship with the entity.	No
	8	8		
Mizuho Financial Group, Inc.	400	400	The Company holds the entity's shares for the purpose of maintaining or strengthening the business relationship with the entity.	No
	0	0		
Nakayo, Inc.	–	73,200	The Company held the entity's shares for the purpose of maintaining or strengthening the business relationship with the entity.	Yes
	–	112		

Notes: 1 Top 10 stocks of specified investment shares are stated although the carrying amount on balance sheets is 1% or less of the amount of share capital of the reporting company.

2 Quantitative effects of holding are examined as stated in “2), B. Method of examining the rationality of shareholdings,” but information about such effects is not provided from the perspective of confidentiality, etc. with each of the business partners.

B. Investment shares held for pure investment

Not applicable.

5) Shareholdings by the reporting company

The reporting company does not hold any investment shares.

## V. Financial Information

### 1. Basis for Preparation of Consolidated Financial Statements and Financial Statements

(1) The consolidated financial statements of MIRAIT Holdings Corporation (the “Company”) are prepared in accordance with the “Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ordinance of the Ministry of Finance No. 28 of 1976; hereinafter the “Ordinance on Consolidated Financial Statements”), and are presented in accordance with the Ordinance for Enforcement of the Construction Business Act (Ordinance of the Ministry of Construction No. 14 of 1949).

(2) The financial statements of the Company are prepared in accordance with the “Ordinance on the Terminology, Forms, and Preparation Methods of Financial Statements, etc.” (Ordinance of the Ministry of Finance No. 59 of 1963; hereinafter the “Ordinance on Financial Statements, etc.”).

The Company falls under the company allowed to file specified financial statements and prepares its financial statements pursuant to the provision of Article 127 of the Ordinance on Financial Statements, etc.

### 2. Audit Certificate

The Company’s consolidated financial statements and financial statements for the fiscal year from April 1, 2021 to March 31, 2022 were audited by KPMG AZSA LLC, in accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

### 3. Special Measures to Ensure the Appropriateness of Consolidated Financial Statements, etc.

As special measures to ensure the appropriateness of consolidated statements, etc., the Company has established a system that allows the Company to understand accounting standards properly and adapt to changes in accounting standards appropriately. Specifically, the Company has joined the Financial Accounting Standards Foundation, participates in seminars, and subscribes to accounting journals to provide education to ensure compliance with accounting standards, laws and regulations.

# 1. Consolidated Financial Statements, etc.

## (1) Consolidated Financial Statements

### 1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	*1 44,764	*1 50,929
Notes receivable - trade	1,458	1,273
Accounts receivable from completed construction contracts	126,862	*6 179,275
Accounts receivable - trade	19,283	-
Costs on construction contracts in progress	*2, *3 30,789	*2, *3 30,916
Prepaid expenses	1,166	1,224
Accounts receivable - other	2,307	3,902
Investments in leases	5,460	4,376
Other	1,428	4,252
Allowance for doubtful accounts	(26)	(15)
<b>Total current assets</b>	<b>233,494</b>	<b>276,135</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	58,190	66,344
Machinery, vehicles, tools, furniture and fixtures	17,946	19,531
Land	*4 32,891	*4 35,445
Leased assets	7,466	9,373
Construction in progress	5,602	629
Accumulated depreciation	(35,442)	(39,772)
<b>Total property, plant and equipment</b>	<b>86,655</b>	<b>91,552</b>
Intangible assets		
Customer related assets	2,523	2,539
Goodwill	3,094	27,658
Software	1,491	1,502
Software in progress	129	1,850
Other	311	258
<b>Total intangible assets</b>	<b>7,549</b>	<b>33,810</b>
Investments and other assets		
Investment securities	*5 22,562	*5 16,224
Retirement benefit asset	2,988	7,708
Deferred tax assets	2,504	3,651
Leasehold and guarantee deposits	1,425	1,813
Other	1,798	2,119
Allowance for doubtful accounts	(227)	(331)
<b>Total investments and other assets</b>	<b>31,052</b>	<b>31,186</b>
<b>Total non-current assets</b>	<b>125,256</b>	<b>156,548</b>
<b>Total assets</b>	<b>358,751</b>	<b>432,683</b>



(Millions of yen)

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

## 2) Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales of completed construction contracts	463,744	*1 470,385
Cost of sales of completed construction contracts	*2, *4 402,953	*2, *4 404,169
Gross profit on completed construction contracts	60,790	66,216
Selling, general and administrative expenses	*3, *4 30,661	*3, *4 33,411
Operating profit	30,129	32,804
Non-operating income		
Interest income	50	49
Dividend income	971	623
Rental income from real estate	197	240
Surrender value of insurance policies	132	99
Share of profit of entities accounted for using equity method	–	206
Foreign exchange gains	344	176
Other	303	281
Total non-operating income	2,001	1,677
Non-operating expenses		
Infectious disease control costs	–	59
Interest expenses	48	40
Commission expenses	–	121
Share of loss of entities accounted for using equity method	164	–
Provision of allowance for doubtful accounts	45	–
Other	132	107
Total non-operating expenses	390	329
Ordinary profit	31,739	34,152
Extraordinary income		
Gain on sale of non-current assets	*5 20	*5 647
Gain on sale of investment securities	4,642	3,256
Gain on revision of retirement benefit plan	271	–
Other	4	45
Total extraordinary income	4,938	3,949
Extraordinary losses		
Loss on revision of retirement benefit plan	–	34
Loss on sale of non-current assets	*6 2	*6 28
Loss on retirement of non-current assets	*7 185	*7 111
Impairment losses	*8 117	*8 154
Loss on sale of investment securities	5	–
Loss on valuation of investment securities	55	0
Business restructuring expenses	*9 4	*9 165
Other	64	102
Total extraordinary losses	436	597
Profit before income taxes	36,242	37,504

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Income taxes - current	13,479	13,153
Income taxes - deferred	(1,765)	(1,083)
Total income taxes	11,713	12,070
Profit	24,528	25,433
Profit attributable to		
Profit attributable to non-controlling interests	322	270
Profit attributable to owners of parent	24,205	25,163
Other comprehensive income		
Valuation difference on available-for-sale securities	(304)	(1,649)
Foreign currency translation adjustment	(821)	1,361
Remeasurements of defined benefit plans, net of tax	1,755	315
Share of other comprehensive income of entities accounted for using equity method	(19)	8
Total other comprehensive income	*10 610	*10 35
Comprehensive income	25,138	25,469
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	24,808	25,193
Comprehensive income attributable to non-controlling interests	329	275

3) Consolidated Statement of Changes in Net Assets

Fiscal year ended March 31, 2021

(Millions of yen)

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

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

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

(Millions of yen)

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

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

## 4) Consolidated Statement of Cash Flows

(Millions of yen)

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

(Millions of yen)

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

## Notes to Consolidated Financial Statements

### *Significant accounting policies for preparation of consolidated financial statements*

#### 1. Disclosure of scope of consolidation

##### A. Number of consolidated subsidiaries: 79

Name of major consolidated subsidiaries

The information is stated in “I. Overview of Company, 4. Subsidiaries and Other Affiliated Entities.”

The scope of consolidation changed during the fiscal year under review as follows.

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

##### B. Number of non-consolidated subsidiaries: 5

Name of major non-consolidated subsidiaries

MIRAIT PHILIPPINES INC.

Reason for exclusion from the scope of consolidation

They are excluded from the scope of consolidation because they are insignificant in size, and have no material impact on consolidated financial statements in terms of the total amount of items including total assets, net sales, profit (loss) (amount proportionate to the Company’s equity interests), and retained earnings (amount proportionate to the Company’s equity interests).

#### 2. Disclosure about application of equity method

##### A. Number of non-consolidated subsidiaries accounted for using equity method: 1

Name of major companies, etc.

MIRAIT PHILIPPINES INC.

##### B. Number of affiliates accounted for using equity method: 10

Name of major companies, etc.

Nishinohon Shizai DX Co., Ltd.

##### C. Name of non-consolidated subsidiaries and affiliates not accounted for using equity method

Name of major companies, etc.

(non-consolidated subsidiary) DAIMEI SLK (PRIVATE) LIMITED

(Affiliate) NTEC Co., Ltd.

Reason for non-application of equity method

The non-consolidated subsidiaries and affiliates not accounted for using equity method were excluded from the scope of equity method because such exclusion have minor impact on the consolidated financial statements in terms of the total amount of items including profit (loss) (amount proportionate to the Company’s equity interests) and retained earnings (amount proportionate to the Company’s equity interests), and have no materiality as a whole.

#### 3. Disclosure about fiscal years, etc. of consolidated subsidiaries

Some consolidated subsidiaries including MIRAIT Technologies Australia Pty. Limited and Lantrovision (S) Ltd. have a balance sheet date of December 31. As the difference with the consolidated balance sheet date does not exceed three months, the financial statements of these subsidiaries with such fiscal year end are used. However, adjustments necessary in consolidation are made for material transactions that have occurred between the balance sheet date of these subsidiaries and the consolidated balance sheet date. The balance sheet date of other consolidated subsidiaries is the same as the consolidated balance sheet date.

#### 4. Disclosure of accounting policies

##### (1) Accounting policy for measuring significant assets

###### A. Securities



Available-for-sale securities

- a. Securities other than shares, etc. that do not have a market price

Stated at fair value using the market-to-market method based primarily on the market price as of the consolidated balance sheet date (with any unrealized gain or loss being recognized directly in net assets and the cost of securities sold being determined using the moving-average method).

- b. Shares, etc. that do not have a market price

Stated at cost using the moving-average method.

B. Inventories

- a. Costs on construction contracts in progress

Stated at cost using the specific identification method.

- b. Merchandise

Stated at cost using the moving average method (a method in which book value is written down based on any decline in profitability).

- c. Raw materials and supplies

Primarily stated at cost using the moving average method (a method in which book value is written down based on any decline in profitability).

(2) Accounting policy for depreciation/amortization of significant depreciable assets

A. Property, plant and equipment (excluding leased assets)

Depreciated primarily by using the declining-balance method. However, buildings (except for facilities attached to buildings) acquired by the Company on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated on a straight-line basis. Minor depreciable assets with an acquisition cost of 100,000 yen or more but less than 200,000 yen are depreciated on a straight-line basis over three years.

The principal useful lives are as follows:

Building: 5 to 65 years

Others: 2 to 50 years

Assets acquired on or before March 31, 2007 are depreciated on a straight-line basis over five years from the fiscal year following the completion of depreciation to the depreciable limit, and such depreciation is recorded in Depreciation.

Assets used for Datacenter Business are depreciated on a straight-line basis.

B. Intangible assets (excluding leased assets and goodwill)

Amortized on a straight-line basis.

Software for internal use is amortized on a straight-line basis based on the usable period within the Company (five years).

Customer related assets are amortized on a straight-line basis over 10 or 20 years.

C. Leased assets (leased assets in finance lease transactions that do not transfer ownership)

Depreciated on a straight-line basis using the lease term as the useful life and with zero residual value.

Overseas consolidated subsidiaries prepare financial statements in accordance with International Financial Reporting Standards (IFRS), and have applied IFRS 16 “Leases” (hereinafter referred to as “IFRS 16”). Under IFRS 16, as a general rule, lessees recognize all leases as assets and liabilities on the balance sheet, and the capitalized right-of-use assets are depreciated on a straight-line basis.

(3) Accounting policy for significant provisions

A. Allowance for doubtful accounts

To provide for potential credit losses on receivables, allowance for doubtful accounts is recorded at an amount of estimated uncollectible receivables calculated based on the historical rate of credit loss for general receivables and determined in consideration of collectability of individual receivables for doubtful accounts and certain other receivables.

B. Provision for loss on construction contracts

To provide for future losses on construction contracts, provision is recorded in the amount of estimated losses for uncompleted construction contracts at the end of the fiscal year under review that are likely to incur losses and for which the amount of losses can be reasonably estimated.

C. Provision for bonuses

To provide for the payment of bonuses to employees, provision for bonuses is recorded based on the estimated amount to be paid for the fiscal year under review.

D. Provision for bonuses for directors (and other officers)

At certain consolidated subsidiaries, to provide for the payment of bonuses to officers, provision for bonuses for directors (and other officers) is recorded based on the estimated amount to be paid for the fiscal year under review.

E. Provision for warranties for completed construction

To provide for costs of warranty against defects in completed construction, provision is recorded at an amount calculated based on the warranty loss rate for a certain period of time in the past.

F. Provision for retirement benefits for directors (and other officers)

At certain consolidated subsidiaries, to provide for the payment of retirement benefit to officers, provision is recorded based on the estimated retirement benefits payable at the end of the fiscal year under review in accordance with their internal rules.

G. Provision for share-based compensation

To provide for delivery of shares of the Company by the Board Benefit Trust, provision is recorded at an estimated amount of share compensation based on the number of points allotted to officers in accordance with the Officer Stock Benefit Rules.

(4) Accounting policy for retirement benefits

To provide for the payment of retirement benefits to employees, the amount of retirement benefit obligations minus plan assets is recorded as retirement benefit liability or retirement benefit asset, based on the estimated amounts at the end of the fiscal year under review.

A. Method of attributing estimated retirement benefits to accounting periods

In calculating retirement benefit obligations, the benefit formula basis is used to attribute the estimated amount of retirement benefits to periods up to the fiscal year under review.

B. Method of accounting for actuarial gains and losses and past service cost

Actuarial gains and losses are amortized on a straight-line basis over a certain number of years (10 to 15 years) within the average remaining service period of employees at the time of recognition, from the fiscal year following the respective fiscal year of recognition.

Past service cost is amortized on a straight-line basis over a certain number of years (10 to 15 years) within the average remaining service period of employees at the time of recognition.

C. Application of the simplified method for small businesses

In calculating their retirement benefit liability and retirement benefit expenses, some consolidated subsidiaries apply a simplified method in which the necessary retirement benefit provisions for voluntary resignations at the end of the fiscal year are recognized as retirement benefit obligations.

(5) Accounting policy for recognition of significant revenues and expenses

The details of the main performance obligations in the major businesses related to revenue from contracts with the Group's customers and the timing at which the Group typically satisfies these performance obligations (when it typically recognizes revenue) are as follows:

A. Construction contracts

Contract construction work includes telecommunications work, etc., for which construction contracts are concluded.

Performance obligations for these contracts are deemed to be satisfied over time, and revenue is recognized based on the progress toward complete satisfaction of the performance obligation.

The progress of the construction activity is measured for each contract based on the proportion of construction costs incurred to fulfill performance obligations by the end of the period to the total expected construction costs. In some circumstances, the Group may not be able to reasonably measure the progress of a performance obligation, but expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the Group recognizes revenue only to the extent of the costs incurred until such time that it can reasonably measure the progress of the performance obligation.

For construction contracts with a very short period of time between the transaction commencement date and the time when the performance obligation is expected to be fully satisfied, an alternative treatment is applied. Revenue of such contracts is not recognized over a certain period of time; but is recognized when the performance obligation is fully satisfied.

Consideration for transactions involving construction contracts is generally received within approximately two months after the customer's acceptance. Such transactions do not contain a significant financing component, or a significant amount of variable consideration.

#### B. Sale of goods

Revenue from sale of goods such as information and telecommunications equipment is recognized when they are delivered to the customer, whereby the Group transfers control over the goods to the customer and satisfies the performance obligations.

Other parties are engaged in the sale of certain information and telecommunications equipment and office supplies. The entire process of manufacturing, shipping and delivery of such goods is performed by other parties, and the Group does not have any inventory risk or discretion in establishing prices. The performance obligations of the Group are to arrange for the goods to be provided by such other parties and, therefore, the Group considers that it is acting as an agent in the transactions, and recognizes revenue at the net amount after deducting the amount that is paid to the supplier of such goods from the amount received from customers.

Consideration for transactions involving the sale of goods is generally received within approximately three months after the delivery of the goods. Such transactions do not contain a significant financing component, or a significant amount of variable consideration.

#### C. Contracted services

Revenue from contracted services, such as maintenance and inspection of telecommunications facilities, is recognized at the time of completion of service provision, whereby the Group transfers control over services to customers and satisfies its performance obligations.

Consideration for transactions involving contracted services is generally received within approximately two months after the completion of the services. Such transactions do not contain a significant financing component, or a significant amount of variable consideration.

#### (6) Accounting policy for goodwill

Goodwill is amortized on a straight-line basis over five or 20 years.

#### (7) Scope of cash and cash equivalents in consolidated statement of cash flows

Cash and cash equivalents in the consolidated statement of cash flows consist of cash on hand, demand deposits, and short-term investments with a maturity of three months or less from the date of acquisition, which are readily convertible into cash and exposed to only an insignificant risk of fluctuation in value.

#### (8) Other significant accounting policies for preparation of consolidated financial statements

##### A. Application of consolidated taxation system

The consolidated taxation system is applied.

##### B. Application of tax effect accounting relating to the transition from the consolidated taxation system to the group tax sharing system

The Company and some of its consolidated subsidiaries in Japan will shift from the consolidated taxation system to the group tax sharing system from the fiscal year ending March 31, 2023. However, as for items subject to transition to the group tax sharing system introduced in the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 8, 2020) and items revised on non-consolidated tax payment system in connection with the transition to the group tax sharing system, the provisions of Paragraph 44 of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28 dated February 16, 2018) will not be applied, as allowed by the provisions of Paragraph 3 of the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (PITF No. 39 dated March 31, 2020). Accordingly, amounts of deferred tax assets and deferred tax liabilities will be determined in accordance with the provisions of the Income Tax Act before the amendment.

Effective from the beginning of the fiscal year ending March 31, 2023, the Company plans to apply the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No. 42 dated August 12, 2021), which provides for the accounting and disclosure treatment of corporate and local income taxes and tax effect accounting in the case of applying the group tax sharing system.

### *Significant accounting estimates*

#### 1. Net sales of completed construction contracts recognized over time

##### (1) Amount recorded in the consolidated financial statements for the fiscal year under review

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales of completed construction contracts	71,563	98,922

\*The Company applied the percentage-of-completion method for construction contracts in the previous fiscal year.

##### (2) Other information that helps users of the consolidated financial statements better understand the details of the accounting estimates

###### 1) Calculation method for the amount recorded in the consolidated financial statements for the fiscal year under review

Revenue is recognized based on the progress toward complete satisfaction of a performance obligation. The progress of the construction activity is measured for each contract based on the proportion of construction costs incurred to fulfill performance obligations by the end of the period to the total expected construction costs. Net sales of completed construction contracts are calculated by multiplying the total revenue from construction contracts by such degree of progress.

###### 2) Major assumptions used in the calculation of the amount recorded in the consolidated financial statements for the fiscal year under review

- Total construction cost

The total cost is estimated based on the budget for each construction contract. A budget is formed by compiling information about unit prices and quantities of materials and subcontracting services according to construction methods, specifications, and work processes. Even after construction starts, the Company revises the estimate of total cost in a timely and appropriate manner by continuously comparing the preliminary estimate based on the budget with actual results.

- Total revenue from construction contracts

The total revenue is estimated based on the amount of consideration promised with the customer, considering a change to the transaction price due to a change in the scope of contract.

###### 3) Impact on the consolidated financial statements for the next fiscal year

Estimates of total construction costs and revenues may vary due to various factors, including changes in construction specifications, fluctuations in material prices, construction interruptions due to natural disasters or outbreaks of pandemics, material shortages, supply chain disruptions, and events that were not apparent at the time of budget formulation. These factors may have a significant impact on net sales of completed construction contracts that are recognized over a certain period in the consolidated financial statements for the next fiscal year.

## 2. Provision for loss on construction contracts

### (1) Amount recorded in the consolidated financial statements for the fiscal year under review

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Provision for loss on construction contracts	1,299	1,406

### (2) Other information that helps users of the consolidated financial statements better understand the details of the accounting estimates

#### 1) Calculation method for the amount recorded in the consolidated financial statements for the fiscal year under review

For construction contracts that are likely to incur losses and for which the amount of losses can be reasonably estimated, the Company estimates the total construction costs and total construction revenues and records the estimated future losses in provision for loss.

#### 2) Major assumptions used in the calculation of the amount recorded in the consolidated financial statements for the fiscal year under review

- Total construction cost

The total construction cost is estimated based on the budget for each construction contract. A budget is formed by compiling information about unit prices and quantities of materials and subcontracting services according to construction methods, specifications, and work processes. Even after construction starts, the Company revises the estimate of total construction cost in a timely and appropriate manner by continuously comparing the preliminary estimate based on the budget with actual results.

- Total construction revenue

The total construction revenue is estimated based on the amount of consideration promised with the customer, considering a change to the transaction price due to a change in the scope of contract.

#### 3) Impact on the consolidated financial statements for the next fiscal year

Estimates of total construction costs and revenues may vary due to various factors, including changes in construction specifications, fluctuations in material prices, construction interruptions due to natural disasters or outbreaks of pandemics, material shortages, supply chain disruptions, and events that were not apparent at the time of budget formulation. These factors may have a significant impact on provision for loss on construction contracts in the consolidated financial statements for the next fiscal year.

## **Changes in accounting policies**

### *Application of Accounting Standard for Revenue Recognition*

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

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

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

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

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

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

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

In accordance with the transitional treatment stipulated in the proviso of Article 84 of the “Accounting Standard for Revenue Recognition”, retained earnings as of the beginning of the consolidated fiscal year under review has been adjusted to reflect the cumulative effects of retrospectively applying the new accounting policy to periods prior to the beginning of the consolidated fiscal year under review, and the new accounting policy is applied from the said balance.

As a result of the application of the new accounting policy, net sales for the twelve months increased by 919 million yen, cost of sales by 784 million yen, and operating profit, ordinary profit and profit before income taxes by 134 million yen. Retained earnings at the beginning of the period under review increased by 63 million yen. The effect of this change in accounting policy on net assets per share and net income per share for the fiscal year under review is immaterial.

In accordance with the transitional treatment stipulated in Article 89-2 of the “Accounting Standard for Revenue Recognition,” the Company has not reclassified the statements for the previous consolidated fiscal year to conform to the new accounting policy.

### *Application of Accounting Standard for Fair Value Measurement*

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

## **Changes in methods of presentation**

### *Consolidated balance sheets*

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

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

#### *Consolidated statements of income and comprehensive income*

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

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

#### *Consolidated statement of cash flows*

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

Consequently, “Cash flows from investing activities – Other, net” of (307) million yen in the consolidated statement of cash flows of the previous fiscal year has been reclassified as “Net decrease (increase) in short-term loans receivable” of 2 million yen and “Other, net” of (309) million yen.

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

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

### ***Additional information***

#### *Board Benefit Trust for directors and executive officers of the Company and certain subsidiaries of the Company*

The Company has introduced the “Board Benefit Trust” performance-linked stock-based remuneration system for directors and executive officers of the Company and its subsidiaries (excluding outside directors and non-executive directors; hereinafter collectively referred to as the “Group’s Officers”).

#### 1. Overview of transaction

Through the system, shares of the Company are acquired through a trust using funds contributed by the Company, and in principle, provided to the Group’s Officers in accordance with the Officer Stock Benefit Rules stipulated by the Boards of Directors of each Group company.

As a general rule, the Group’s Officers receive benefits when they retire from their positions as Group’s Officers.

#### 2. The Company’s shares remaining in the trust

The Company’s shares remaining in the trust are recorded as treasury shares under net assets at the book value in the trust (excluding the amount of incidental expenses). The book value and the number of such treasury shares as of April 1, 2021 and March 31, 2022 were 576 million yen and 425,000 shares, and 528 million yen and 389,000 shares, respectively.



### Consolidated balance sheets

#### \*1 Assets pledged as collateral and secured liabilities

	(Millions of yen)	
	As of March 31, 2021	As of March 31, 2022
Cash and deposits (Note)	27	45
Note:	Cash and deposits are pledged as collateral to guarantee business transactions.	

#### \*2 Details of costs on construction contracts in progress, etc.

	(Millions of yen)	
	As of March 31, 2021	As of March 31, 2022
Costs on construction contracts in progress	26,040	25,843
Merchandise	1,345	1,450
Raw materials and supplies	3,403	3,621

#### \*3 Presentation of costs on construction contracts in progress and provision for loss on construction contracts

Costs on construction contracts in progress and provision for loss on construction contracts related to construction contracts with anticipated losses are separately presented without being set off. Of the costs on construction contracts in progress with anticipated losses, the amount corresponding to the provision for loss on construction contract is as follows.

	(Millions of yen)	
	As of March 31, 2021	As of March 31, 2022
Costs on construction contracts in progress	271	139

#### \*4 Land revaluation

In accordance with the Act on Revaluation of Land (Act No. 34 promulgated on March 31, 1998), certain consolidated subsidiaries revaluated their land for business use. The revaluation reserve for land, net of deferred tax liabilities for land revaluation, is recognized as a component of net assets after making adjustments necessary for consolidation.

##### (1) Revaluation method

The fair value of land is determined based on official notice prices that are calculated by the method assessed and published by the Commissioner of the National Tax Agency. The method is intended for calculating land value that forms the basis for calculating property tax amounts prescribed in Article 16 of the Land Value Tax Act (Act No. 69 of 1991), as stipulated in Article 2, item 4 of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119 promulgated on March 31, 1998). Reasonable adjustments are made to the official notice prices.

##### (2) Date of revaluation:

March 31, 2002

	(Millions of yen)	
	As of March 31, 2021	As of March 31, 2022
Difference between the fair value of the revalued land at the end of fiscal year and the revalued book value after the revaluation:	729	736

#### \*5 Items related to non-consolidated subsidiaries and affiliates are as follows.

	(Millions of yen)	
	As of March 31, 2021	As of March 31, 2022
Investment securities (equity securities)	4,022	4,100

#### \*6 Receivable and contract asset balances for contracts with customers

Receivable and contract asset balances for contracts with customers are shown in “Revenue recognition 2. (1) Contract asset and contract liability balances.”

## 7. Contingent liabilities

### *Guarantee obligations*

The Company guarantees borrowings from financial institutions by a non-consolidated subsidiary and housing loans of employees as follows.

(Millions of yen)			
As of March 31, 2021		As of March 31, 2022	
MIRAIT PHILIPPINES INC.	628	MIRAIT PHILIPPINES INC.	–
	(PHP 273 million)		(PHP – million)
Employees	82	Employees	73
Total	711	Total	73

**Consolidated statements of income and comprehensive income**

\*1 Revenue from contracts with customers

The Company does not disaggregate revenues from contracts with customers and other sources of revenue for completed construction contracts. The amount of revenue from contracts with customers is presented in “Notes to Consolidated Financial Statements *Revenue recognition* 1. Disaggregation of revenue from contracts with customers.”

\*2 Provision for loss on construction contracts included in cost of sales of completed construction contracts is as follows.

(Millions of yen)

Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
1,049	70

\*3 Major items and amounts of selling, general and administrative expenses are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Employees' salaries and allowances	13,963	15,054
Depreciation	1,640	1,915
Retirement benefit expenses	655	655

\*4 Research and development expenses included in general and administrative expenses and cost of sales of completed construction contracts are as follows.

(Millions of yen)

Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
265	140

\*5 Details of gain on sale of non-current assets are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Land	0	629
Machinery, vehicles, tools, furniture and fixtures	20	17
Total	20	647

\*6 Details of loss on sale of non-current assets are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Land	1	21
Other	1	6
Total	2	28

\*7 Details of loss on retirement of non-current assets are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Buildings and structures	139	39
Machinery, vehicles, tools, furniture and fixtures	45	72
Total	185	111

\*8. Impairment loss

Fiscal year ended March 31, 2021

The Group recorded impairment losses on the following asset groups.

Location	Purpose of use	Class	Impairment loss (million yen)
Miura District, Kanagawa Pref.	Assets for lease	Land	21
Izu City, Shizuoka Pref.	Idle assets	Land	0
Osaki City, Miyagi Pref.	Idle assets	Land	3
Sendai City, Miyagi Pref.	Other	Goodwill	80
Onomichi City, Hiroshima Pref.	Business assets	Buildings, etc.	11
Total			117

The Group reduced the carrying amount of the assets for lease and idle assets to their recoverable amounts because it no longer expects to recover its investment due to a decline in market value.

The Group reduced the carrying amount of the goodwill to its recoverable amount because the expected earnings at the time of acquisition of shares are no longer expected.

The Group reduced the carrying amount of the business assets to their recoverable amounts because it no longer expects to recover its investment due to a change in use.

*Asset grouping method*

The Group groups its assets by business segment, based on management accounting categories, while grouping assets for lease and idle assets by individual properties. Goodwill is grouped on a per company basis.

*Method for calculating recoverable amount*

For the assets for lease and idle assets, the recoverable amount is measured by net selling price, which is calculated by making reasonable adjustments to the appraisal value based on the Real Estate Appraisal Standards or assessed value for property tax purposes.

The recoverable amount of the goodwill is measured at value in use, calculated by discounting future cash flows by 8.9%.

The recoverable amount of the business assets is also measured at value in use, which is considered to be zero since it has no prospect of future use.

Fiscal year ended March 31, 2022

The Group recorded impairment loss on the following asset group.

Location	Purpose of use	Class	Impairment loss (million yen)
Matsumori, Izumi-ku, Sendai City	Idle assets	Land and buildings, etc.	154
Total			154

The Group reduced the carrying amount of the idle assets to their recoverable amounts because it no longer expects to recover its investment due to a decline in market value.

*Asset grouping method*

The Group groups its assets by business segment, based on the management accounting segmentation, while grouping idle assets by individual properties.

*Method for calculating recoverable amount*

The recoverable amount of the idle assets is measured by net selling price, which is calculated by making reasonable adjustments to the appraisal value based on the Real Estate Appraisal Standards or assessed value for property tax purposes.

\*9 Details of business restructuring expenses are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Office relocation expenses due to business restructuring	4	165
Total	4	165

\*10 Notes regarding reclassification adjustments and tax effects relating to other comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Valuation difference on available-for-sale securities		
Amount arising during period	3,947	627
Reclassification adjustments	(4,497)	(2,904)
Before tax effect adjustment	(550)	(2,276)
Tax effect	246	627
Valuation difference on available-for-sale securities	(304)	(1,649)
Foreign currency translation adjustment		
Amount arising during period	(821)	1,361
Reclassification adjustments	—	(0)
Foreign currency translation adjustment	(821)	1,361
Remeasurements of defined benefit plans, net of tax		
Amount arising during period	2,566	561
Reclassification adjustments	(80)	(105)
Before tax effect adjustment	2,486	455
Tax effect	(730)	(139)
Remeasurements of defined benefit plans, net of tax	1,755	315
Share of other comprehensive income of entities accounted for using equity method		
Amount arising during period	(19)	8
Total other comprehensive income	610	35

**Consolidated statement of changes in net assets**

Fiscal year ended March 31, 2021

1. Class and total number of issued shares and class and number of treasury shares

	Number of shares at beginning of period (Thousands of shares)	Increase during the period (Thousands of shares)	Decrease during the period (Thousands of shares)	Number of shares at end of period (Thousands of shares)
Issued shares				
Common stock	108,325	–	–	108,325
Total	108,325	–	–	108,325
Treasury shares				
Common stock	958	6,003	53	6,907
Total	958	6,003	53	6,907

Notes: 1 The above number of treasury shares includes the number of the Company's shares (425 thousand shares as of March 31, 2021) held by Custody Bank of Japan, Ltd. (Trust Account E) related to the Board Benefit Trust system.

2 The increase of 6,003 thousand shares in the number of treasury shares is due to the following reasons:

Repurchase of treasury shares through ToSTNeT-3: 6,000 thousand shares

Increase due to purchase of shares less than one unit in response to such request: 3 thousand shares

3 The decrease of 53 thousand shares in the number of treasury shares is due to the following reasons:

Decrease due to payment of stock benefits to retired officers: 53 thousand shares

Decrease due to sale of shares to meet top-up demands for shares of less than one unit: 0 thousand shares

2. Dividends

(1) Amount of dividends paid

Resolution	Class of shares	Total amount of dividends (million yen)	Dividend paid per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 24, 2020	Common stock	2,156	20.00	March 31, 2020	June 25, 2020
Board of Directors' meeting held on November 12, 2020	Common stock	2,426	22.50	September 30, 2020	November 30, 2020

Notes: 1 The total amount of dividends paid based on the resolution at the Ordinary General Meeting of Shareholders held on June 24, 2020 includes dividends of 9 million yen paid on the Company's shares held by trusts.

2 The total amount of dividends paid based on the resolution at the Board of Directors' meeting held on November 12, 2020 includes dividends of 9 million yen paid on the Company's shares held by trusts.

(2) Dividends with a record date in the fiscal year under review, but an effective date in the following fiscal year

Resolution	Class of shares	Source of dividends	Total amount of dividends (million yen)	Dividend paid per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 24, 2021	Common stock	Retained earnings	2,291	22.50	March 31, 2021	June 25, 2021

Note: The total amount of dividends paid based on the resolution at the Ordinary General Meeting of Shareholders held on June 24, 2021 includes dividends of 9 million yen paid on the Company's shares held by trusts.

Fiscal year ended March 31, 2022

1. Class and total number of issued shares and class and number of treasury shares

	Number of shares at beginning of period (Thousands of shares)	Increase during the period (Thousands of shares)	Decrease during the period (Thousands of shares)	Number of shares at end of period (Thousands of shares)
Issued shares				
Common stock	108,325	–	–	108,325
Total	108,325	–	–	108,325
Treasury shares				
Common stock	6,907	2,488	35	9,360
Total	6,907	2,488	35	9,360

Notes: 1 The above number of treasury shares includes the number of the Company's shares (389 thousand shares as of March 31, 2022) held by Custody Bank of Japan, Ltd. (Trust Account E) related to the Board Benefit Trust system.

2 The increase of 2,488 thousand shares in the number of treasury shares is due to the following:

Repurchase of treasury shares through market purchases: 2,486 thousand shares

Increase due to purchase of shares less than one unit in response to such request: 1 thousand shares

3 The decrease of 35 thousand shares in the number of treasury shares is due to the following:

Decrease due to payment of stock benefits to retired officers: 35 thousand shares

Decrease due to sale of shares to meet top-up demands for shares of less than one unit: 0 thousand shares

2. Dividends

(1) Amount of dividends paid

Resolution	Class of shares	Total amount of dividends (million yen)	Dividend paid per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 24, 2021	Common stock	2,291	22.50	March 31, 2021	June 25, 2021
Board of Directors' meeting held on November 12, 2021	Common stock	2,509	25.00	September 30, 2021	November 30, 2021

Notes: 1 The total amount of dividends paid based on the resolution at the Ordinary General Meeting of Shareholders held on June 24, 2021 includes dividends of 9 million yen paid on the Company's shares held by trusts.

2 The total amount of dividends paid based on the resolution at the Board of Directors' meeting held on November 12, 2021 includes dividends of 9 million yen paid on the Company's shares held by trusts.

(2) Dividends with a record date in the fiscal year under review, but an effective date in the following fiscal year

Resolution	Class of shares	Source of dividends	Total amount of dividends (million yen)	Dividend paid per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 14, 2022	Common stock	Retained earnings	2,980	30.00	March 31, 2022	June 15, 2022

Note: The total amount of dividends paid based on the resolution at the Ordinary General Meeting of Shareholders held on June 14, 2022 includes dividends of 11 million yen paid on the Company's shares held by trusts.



### Consolidated statement of cash flows

\*1 Reconciliation of ending balance of cash and cash equivalents with account balances per consolidated balance sheets

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash and deposits	44,764	50,929
Time deposits, etc. with maturity over three months	(1,913)	(2,028)
Cash and cash equivalents	42,851	48,901

\*2 Principal assets and liabilities of companies that became consolidated subsidiaries due to share acquisitions

Fiscal year ended March 31, 2021

The following are principal assets and liabilities of YL Integrated Pte Ltd. at the time when it was newly included in the scope of consolidation due to the acquisition of its shares, as well as the reconciliation between the acquisition cost and the payment for the acquisition (net).

(Millions of yen)

Current assets	950
Non-current assets	288
Goodwill	510
Current liabilities	(404)
Non-current liabilities	(64)
Non-controlling interests	(155)
Acquisition cost of shares	1,124
Accounts payable	(570)
Cash and cash equivalents	(77)
Net: Payment for acquisition	475

The following are principal assets and liabilities of Shanghai Changling Communication Equipment Co., Ltd, at the time when it was newly included in the scope of consolidation due to the acquisition of its shares, as well as the reconciliation between the acquisition cost and proceeds from the acquisition (net).

(Millions of yen)

Current assets	816
Non-current assets	2,370
Goodwill	466
Current liabilities	(6)
Non-current liabilities	(393)
Non-controlling interests	(1,390)
Acquisition cost of shares	1,863
Share acquisition of a newly consolidated subsidiary through a third-party allotment	(1,863)
Cash and cash equivalents	(204)
Net: Proceeds from acquisition	(204)

Fiscal year ended March 31, 2022

The following are principal assets and liabilities of Seibu Construction Co., Ltd., at the time when it was newly included in the scope of consolidation due to the acquisition of its shares, as well as the reconciliation between the acquisition cost and the payment for the acquisition (net).

	(Millions of yen)
Current assets	47,956
Non-current assets	5,571
Goodwill	24,852
Current liabilities	(15,211)
Non-current liabilities	(53)
Non-controlling interests	(1,913)
Acquisition cost of shares	61,202
Cash and cash equivalents	(17,792)
Net: Payment for acquisition	43,410

### 3. Significant non-monetary transactions

The amounts of assets and obligations related to finance lease transactions are as follows.

	(Millions of yen)	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Amounts of assets and obligations related to finance lease transactions that were newly recorded	717	2,072

## ***Leases***

### 1. Finance lease transactions

#### *As lessee*

Finance lease transactions that do not transfer ownership

#### (1) Description of leased assets

##### 1) Property, plant and equipment

Mainly machinery, vehicles, tools, furniture and fixtures

##### 2) Intangible assets

Software

#### (2) Accounting policy for depreciation of leased assets

Depreciated on a straight-line basis using the lease term as the useful life and with zero residual value.

Overseas consolidated subsidiaries prepare financial statements in accordance with International Financial Reporting Standards (IFRS), and have applied IFRS 16 “Leases” (hereinafter referred to as “IFRS 16”). Under IFRS 16, as a general rule, lessees recognize all leases as assets and liabilities on the balance sheet, and the capitalized right-of-use assets are depreciated on a straight-line basis.

### 2. Lease receivables and investments in leases, and lease obligations under sublease transactions recorded in the consolidated balance sheet at the amount before deducting interest equivalents

#### (1) Lease receivables and investments in leases

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Current assets	5,361	4,283

#### (2) Lease obligations

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Current liabilities	1,798	1,646
Non-current liabilities	3,701	2,768

### **Financial instruments**

#### 1. Status of financial instruments

##### (1) Policies on financial instruments

The Group's policy is to invest surplus funds in highly safe, short-term financial assets and not to engage in speculative transactions.

##### (2) Nature and risks of financial instruments and our risk management structure

Accounts receivable from completed construction contracts are exposed to customers' credit risk. With regard to this risk, the Group properly assesses the creditworthiness of the counterparty based on credit research materials and other information in accordance with its internal rules before making a decision on entering into the transaction.

Investment securities are exposed to the risk of market price fluctuations. They are mainly stocks of companies with which the Company has business relationships and are managed by periodically monitoring their market values.

#### 2. Fair value of financial instruments

The consolidated balance sheet amounts and fair value of financial instruments and their differences are as follows. Shares, etc. that do not have a market price are not included in the financial instruments.

As of March 31, 2021

(Millions of yen)

Account	Consolidated balance sheet amount	Fair value	Difference
(1) Accounts receivable from completed construction contracts	126,862	126,864	1
(2) Accounts receivable - trade	19,283	19,283	—
(3) Investment securities			
Available-for-sale securities	17,359	17,359	—
Total assets	163,505	163,507	1

Note 1. "Cash and deposits" and "accounts payable for construction contracts" are omitted, because they comprise cash and short-term instruments whose carrying amount approximates their fair value.

Note 2. Consolidated balance sheet amounts of financial instruments for which fair value is deemed extremely difficult to determine

Classification	As of March 31, 2021 (million yen)
Unlisted shares	5,203

Unlisted shares are not included in "(3) Investment securities" because they have no market prices and their fair value is deemed extremely difficult to determine.

As of March 31, 2022

(Millions of yen)

Account	Consolidated balance sheet amount	Fair value	Difference
(1) Accounts receivable from completed construction contracts	134,354	134,354	(0)
(2) Investment securities			
Available-for-sale securities	10,502	10,502	—
Total assets	144,856	144,856	(0)

Note 1. “Cash and deposits” and “accounts payable for construction contracts” are omitted, because they comprise cash and short-term instruments whose carrying amount approximates their fair value.

Note 2. Shares, etc. that do not have a market price

Classification	As of March 31, 2022 (million yen)
Unlisted shares	5,722

Unlisted shares are not included in “(2) Investment securities.”

Note 3. Redemption schedule of monetary receivables after the consolidated balance sheet date

As of March 31, 2021

(Millions of yen)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Accounts receivable from completed construction contracts	126,403	459	—	—
Accounts receivable - trade	19,283	—	—	—
Total	145,686	459	—	—

As of March 31, 2022

(Millions of yen)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Accounts receivable from completed construction contracts	134,101	252	—	—
Total	134,101	252	—	—

### 3. Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

#### (1) Financial instruments measured at fair value

As of March 31, 2022

Classification	Fair value (million yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Equity securities	10,502	–	–	10,502
Total assets	10,502	–	–	10,502

#### (2) Financial instruments other than those measured at fair value

As of March 31, 2022

Classification	Fair value (million yen)			
	Level 1	Level 2	Level 3	Total
Accounts receivable from completed construction contracts	–	134,354	–	134,354
Total assets	–	134,354	–	134,354

Note: Description of valuation techniques and inputs used in the fair value measurement

Accounts receivable from completed construction contracts

The fair value of the above receivable is categorized by a specified period and measured using the present value of the future cash flows discounted at the risk-free rate. It is classified as Level 2.

Investment securities

Equity securities are valued using exchange quoted market prices. As listed shares and government bonds are traded in active markets, their fair value is classified as Level 1.

## Securities

Fiscal year ended March 31, 2021

### 1. Available-for-sale securities (as of March 31, 2021)

(Millions of yen)

Classification	Consolidated balance sheet amount	Cost	Difference
Securities whose consolidated balance sheet amount exceeds the cost			
Equity securities	16,694	9,770	6,923
Subtotal	16,694	9,770	6,923
Securities whose consolidated balance sheet amount does not exceed the cost			
Equity securities	665	996	(330)
Subtotal	665	996	(330)
Total	17,359	10,766	6,592

Notes: Unlisted shares (consolidated balance sheet amount: 1,180 million yen) are not included in the above table of “Available-for-sale securities” because they have no market prices and their fair value is deemed extremely difficult to determine.

### 2. Available-for-sale securities sold during the fiscal year ended March 31, 2021

(Millions of yen)

Classification	Proceeds from sale	Gain on sale in total	Loss on sale in total
Equity securities	11,369	4,642	(5)
Total	11,369	4,642	(5)

Fiscal year ended March 31, 2022

1. Available-for-sale securities (as of March 31, 2022)

(Millions of yen)

Classification	Consolidated balance sheet amount	Cost	Difference
Securities whose consolidated balance sheet amount exceeds the cost			
Equity securities	8,883	4,255	4,628
Subtotal	8,883	4,255	4,628
Securities whose consolidated balance sheet amount does not exceed the cost			
Equity securities	1,618	1,930	(312)
Subtotal	1,618	1,930	(312)
Total	10,502	6,185	4,316

Notes: Unlisted shares (consolidated balance sheet amount: 1,622 million yen) are not included in the above table of “Available-for-sale securities” because they have no market prices.

2. Available-for-sale securities sold during the fiscal year ended March 31, 2022

(Millions of yen)

Classification	Proceeds from sale	Gain on sale in total	Loss on sale in total
Equity securities	8,617	3,256	—
Total	8,617	3,256	—



## ***Retirement benefits***

### 1. Overview of retirement benefit plans adopted

The Group has adopted retirement benefit plans consisting of defined benefit plans and defined contribution plans. The defined benefit plans mainly include a multi-employer employees' pension fund, a cash balance plan, and a lump-sum payment plan. In addition, certain consolidated subsidiaries have participated in a retirement allowance mutual aid plan as a defined contribution plan.

Certain consolidated subsidiaries have joined Osaka Electric Equipment Industry Corporate Pension Fund, a multi-employer pension plan. The plans where it is not possible to reasonably calculate the amount of pension assets corresponding to their contribution are accounted for in the same manner as defined contribution plans.

In April 2021, certain consolidated subsidiaries in Japan shifted from defined benefit pension plans to defined contribution plans.

### 2. Defined benefit plan

#### (1) Reconciliation of opening and ending balances of retirement benefit obligations

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Retirement benefit obligations at beginning of period	34,882	32,739
Service cost	2,372	2,385
Interest cost	137	141
Actuarial gains and losses incurred	(267)	(185)
Retirement benefits paid	(1,644)	(1,583)
Increase due to increase in consolidated subsidiaries	–	6,088
Decrease due to transfer to defined contribution plan	(2,740)	(193)
Retirement benefit obligations at end of period	32,739	39,391

Note: The table above includes the plans under the simplified method.

#### (2) Reconciliation of opening and ending balances of plan assets

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Plan assets at beginning of period	19,214	21,753
Expected return on plan assets	449	535
Actuarial gains and losses incurred	2,298	375
Contributions from employer	980	875
Retirement benefits paid	(793)	(715)
Increase due to increase in consolidated subsidiaries	–	9,147
Decrease due to transfer to defined contribution plan	(396)	(227)
Plan assets at end of period	21,753	31,743

Note: The table above includes the plans under the simplified method.

(3) Reconciliation of ending balances of retirement benefit obligations and plan assets, net defined benefit liability and net defined benefit asset recorded in consolidated balance sheet

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Funded retirement benefit obligations	19,290	23,570
Plan assets	(21,753)	(31,743)
	(2,462)	(8,173)
Unfunded retirement benefit obligations	13,448	15,821
Net amount of liability and asset recorded in consolidated balance sheet	10,986	7,647
Retirement benefit liability	13,974	15,356
Retirement benefit asset	(2,988)	(7,708)
Net amount of liability and asset recorded in consolidated balance sheet	10,986	7,647

Note: The table above includes the plans under the simplified method.

(4) Components of retirement benefit expenses

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Service cost	2,372	2,385
Interest cost	137	141
Expected return on plan assets	(449)	(535)
Amortization of actuarial gains and losses	21	(77)
Amortization of past service cost	(106)	(27)
Other	(26)	123
Retirement benefit expenses for defined benefit plans	1,948	2,010
Gain (loss) on transfer to defined contribution plan (Note 2)	(271)	34

Notes: 1 The table above includes the plans under the simplified method.

2 The gain (loss) is recorded in extraordinary income or extraordinary losses.

(5) Remeasurements of defined benefit plans, net of tax

Components of items (before tax effect) recorded in remeasurements of defined benefit plans, net of tax are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Past service cost	106	27
Actuarial gains and losses incurred	(2,592)	(483)
Total	(2,486)	(455)

(6) Remeasurements of defined benefit plans

Components of items (before tax effect) recorded in remeasurements of defined benefit plans are as follows:

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Unrecognized past service cost	(207)	(182)
Unrecognized actuarial gains and losses	(2,726)	(3,208)
Total	(2,934)	(3,390)

(7) Plan assets

1) Major components of plan assets

Plan assets by major category as a percentage of total plan assets are as follows:

	As of March 31, 2021	As of March 31, 2022
Debt securities	22%	36%
Equity securities	41%	25%
Cash and deposits	10%	8%
Other	27%	31%
Total	100%	100%

Note: Retirement benefit trusts set up for lump-sum payment plans and corporate pension plans accounted for 21% of total plan assets as of March 31, 2022.

2) Determination procedure of long-term expected rate of return on plan assets

In determining the long-term expected rate of return on plan assets, the Company considers the current and projected asset allocations as well as the current and future expected long-term rates of return on various assets that constitute the plan assets.

(8) Actuarial assumptions

Major actuarial assumptions

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Discount rate	Mainly 0.6%	Mainly 0.6%
Long-term expected return on plan assets	Mainly 2.5%	Mainly 2.5%
Expected rate of salary increase	Mainly 6.2%	Mainly 6.2%

3. Defined contribution plan

The amounts of required contributions to the defined contribution plans of the Group (including Osaka Electric Equipment Industry Corporate Pension Fund, a multi-employer pension plan, which is accounted for in the same manner as defined contribution plans) for the fiscal years ended March 31, 2021 and 2022 were 1,151 million yen and 1,184 million yen, respectively.

Information related to the multi-employer pension plan under which the amount of required contributions is accounted for as retirement benefit expenses is as follows.

(1) Funding status of the entire plan

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Amount of plan assets	8,895	9,465
Total amount of actuarial obligations for pension financing calculation purposes and minimum actuarial reserve	9,235	8,986
Net amount	(340)	479

(2) Percentage of contributions of the Group to total contributions under the entire plan

Fiscal year ended March 31, 2021:26.3%

Fiscal year ended March 31, 2022:27.0%

4. Other matters

The amount of assets to be transferred from the lump-sum payment plan and defined benefit corporate pension plans to defined contribution plans is 2,464 million yen, which will be transferred over four years. The remaining transfer amount (accounts payable) of 239 million yen as of the end of the fiscal year under review is included in "Other" under Current liabilities and in "Long-term accounts payable - other."

## Tax effect accounting

### 1. Significant components of deferred tax assets and liabilities

	(Millions of yen)	
	As of March 31, 2021	As of March 31, 2022
Deferred tax assets		
Retirement benefit liability	4,200	6,142
Provision for bonuses	2,620	2,729
Accrued enterprise taxes	643	553
Loss on valuation of investment securities	598	595
Accounts payable for transfer to defined contribution plan	472	311
Provision for loss on construction contracts	401	436
Accrued social insurance premiums	366	420
Impairment losses	222	287
Golf membership	209	188
Tax loss carryforwards	137	254
Other	1,668	1,973
Subtotal of deferred tax assets	11,542	13,894
Less valuation allowance	(1,710)	(3,091)
Total deferred tax assets	9,831	10,803
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(1,979)	(1,282)
Gain on contribution of securities to or cancellation of retirement benefit trust	(1,836)	(493)
Valuation difference on business combination	(1,432)	(2,299)
Valuation difference on non-current assets	(1,101)	(1,078)
Retirement benefit asset	(835)	(1,211)
Reserve for tax purpose reduction entry of replacement assets	(639)	(638)
Reserve for tax purpose reduction entry of non-current assets	(229)	(376)
Other	(410)	(408)
Total deferred tax liabilities	(8,465)	(7,787)
Deferred tax assets (liabilities), net	1,365	3,015

Note: Valuation allowance increased by 1,380 million yen mainly due to the recognition of an additional valuation allowance related to the newly consolidated subsidiary Seibu Construction Co., Ltd.

In addition to the above, deferred tax liabilities for land revaluation are as follows.

	(Millions of yen)	
	As of March 31, 2021	As of March 31, 2022
Non-current liabilities - Deferred tax liabilities for land revaluation	(41)	(41)

2. Reconciliation of significant difference between the normal effective statutory tax rate and the actual effective tax rate after applying tax effect accounting

	As of March 31, 2021	As of March 31, 2022
Normal effective statutory tax rate	30.6 %	30.6 %
Adjustments:		
Expenses not deductible for income tax purposes (e.g. entertainment expenses)	0.4	0.4
Income not taxable for income tax purposes (e.g. dividend income)	(0.3)	(0.2)
Inhabitant tax on per capita basis	0.6	0.5
Change in valuation allowance	(0.7)	0.2
Amortization of goodwill	0.5	0.3
Other	1.2	0.3
Actual effective tax rate after applying tax effect accounting	32.3	32.2

## **Business combination**

### *Business combination through acquisition*

Acquisition of shares of Seibu Construction Co., Ltd.

(1) Outline of the business combination

1) Name of the acquired company and description of its business

Acquired company: Seibu Construction Co., Ltd.

Business description: General construction business for civil engineering, building construction, and other construction work

2) Main reasons for the business combination

The business combination aimed to accelerate proactive business development in “Future Domains,” which will provide total solutions, from consulting proposals to design, construction and operation, for the community creation business and business related to green energy, combining communications, construction, civil engineering, electricity, data control, EMS, etc. by mutually supporting, sharing and utilizing management resources held by the Company and Seibu Construction Co., Ltd.

3) Date of the business combination

March 31, 2022 (Share acquisition date)

4) Legal form of the business combination

Acquisition of shares for cash

5) Name of the company after the business combination

No change.

6) Percentage of voting rights acquired

95%

7) Main grounds for determining the acquiring company

Due to the Company’s acquisition of shares for cash.

(2) Period of financial results of the acquired company included in the consolidated financial statements

Financial results of the acquired company are not included as only its balance sheets are consolidated for the fiscal year under review.

(3) Acquisition cost of the acquired company and breakdown of consideration by type

Consideration for the acquisition: Cash	61,202 million yen
Acquisition cost	61,202 million yen

(4) Description and amount of major acquisition-related costs

Advisory fees, etc.	473 million yen
---------------------	-----------------

(5) Amount of goodwill incurred, reasons for the goodwill incurred, and the method and period of amortization

1) Amount of goodwill incurred 24,852 million yen

The allocation of the acquisition cost was not completed as of the end of the fiscal year under review since the specification of identifiable assets and liabilities as well as the measurement of the fair value as of the date of business combination were unfinished due to the short period from the date of business combination to the balance sheet date. Therefore, the above amount is provisional.

2) Reasons for the goodwill incurred

Goodwill was incurred from expected excess earnings power in the future arising from further business development.

3) Method and period of amortization

Goodwill will be amortized on a straight-line basis over 20 years.

(6) Assets received and liabilities assumed on the date of business combination and their breakdown

	(Millions of yen)
Current assets	47,956
Non-current assets	5,571
Total assets	53,528
Current liabilities	15,211
Non-current liabilities	53
Total liabilities	15,265

(7) Estimated amount of the impact of the business combination on the consolidated statements of income and comprehensive income for the fiscal year under review assuming that it had been completed at the beginning of the fiscal year under review, and its calculation method

Net sales 61,380 million yen

Operating profit 1,880 million yen

*Method of calculating estimated amount*

The estimated amount of the impact is the difference between the net sales and profit and loss information calculated assuming the business combination had been completed at the beginning of the fiscal year under review and the net sales and profit and loss information in the consolidated statements of income and comprehensive income of the acquiring company. This note has not been audited.

***Asset retirement obligations***

This information is omitted due to its immateriality.

The Company and some of its consolidated subsidiaries have obligations to restore the Toyosu Building and Osaka No. 1 Datacenter to their original condition at the time of vacating them based on real estate lease agreements. However, as the periods of use of the rental properties pertaining to the obligations are uncertain, and no relocation is scheduled at this time, asset retirement obligations cannot be reasonably estimated. Therefore, asset retirement obligations corresponding to these obligations have not been recorded.

**Revenue recognition**

1. Disaggregation of revenue from contracts with customers

Fiscal year ended March 31, 2022

(1) By market

(Millions of yen)

	Reportable segment						
	MIRAIT	MIRAIT Technologies	Lantrovision	TTK	SOLCOM	Shikokutsuken	Total
Communication infrastructure business	118,527	72,179	–	30,812	35,280	12,832	269,634
Environmental & social innovation business	31,339	14,545	–	1,656	2,540	5,566	55,649
ICT solutions business	81,558	27,155	20,497	3,758	5,544	6,587	145,102
Other	–	–	–	–	–	–	–
Net sales to external customers	231,425	113,880	20,497	36,228	43,365	24,987	470,385

	Other (Note)	Total
Communication infrastructure business	–	269,634
Environmental & social innovation business	–	55,649
ICT solutions business	–	145,102
Other	0	0
Net sales to external customers	0	470,385



## (2) By timing of revenue recognition

(Millions of yen)

	Reportable segment						
	MIRAIT	MIRAIT Technologies	Lantrovision	TTK	SOLCOM	Shikokutsuken	Total
Goods or services transferred at a point in time	192,424	90,458	1,789	28,688	30,987	18,195	362,545
Goods or services transferred over time	39,000	23,422	18,707	7,539	12,377	6,791	107,839
Net sales to external customers	231,425	113,880	20,497	36,228	43,365	24,987	470,385

	Other (Note)	Total
Goods or services transferred at a point in time	0	362,545
Goods or services transferred over time	–	107,839
Net sales to external customers	0	470,385

Note: The “Other” segment refers to the Company (pure holding company) which does not belong to any business segment.

Revenue from the leasing business that is subject to the “Accounting Standard for Lease Transactions” (ASBJ Statement No.13) is included in “Other” in the above table without being disaggregated due to its immateriality.

2. Balance of contract assets and contract liabilities, and the transaction price allocated to the remaining performance obligations

(1) Contract asset and contract liability balances

(Millions of yen)

	Fiscal year ended March 31, 2022
Receivables from contracts with customers (beginning balance)	123,373
Receivables from contracts with customers (ending balance)	135,627
Contract assets (beginning balance)	24,231
Contract assets (ending balance)	44,921
Contract liabilities (beginning balance)	3,150
Contract liabilities (ending balance)	7,341

- Contract assets relate to the right of the Group, primarily based on construction contracts, to consideration in exchange for the satisfied portion of performance obligations, which is measured based on the progress of such obligations at the end of the reporting period, excluding receivables arising from contracts with customers. Once the Group's right to consideration becomes unconditional where only the passage of time is required before payment of that consideration is due, it is reclassified to receivables from contracts with customers.  
Contract liabilities are recognized primarily for the portion of construction contracts for which consideration has been received from the customer but the performance obligation has not been satisfied. Contract liabilities increase when the Group receives consideration from the customer before transferring the goods or services to the customer and decrease when performance obligations are satisfied. Contract assets are included in "Accounts receivable from completed construction contracts" and contract liabilities are included in "Advances received on construction contracts in progress."
- The amount of revenue recognized in the fiscal year under review from performance obligations that were satisfied (or partially satisfied) in the previous periods is immaterial.
- The amount of revenue recognized in the fiscal year under review that was included in contract liabilities at the beginning of the period was 2,826 million yen.
- In the fiscal year under review, "receivables arising from contracts with customers," "contract assets," and "contract liabilities" increased by 10,811 million yen, 20,597 million yen, and 3,436 million yen, respectively, as a result of making Seibu Construction Co. Ltd. a consolidated subsidiary.

(2) Transaction price allocated to remaining performance obligations

The total transaction price allocated to the remaining performance obligations was 208,428 million yen at the end of the fiscal year under review, which was mainly due to transactions related to construction contracts. The Group expects to recognize the amount as revenue over approximately one year, in accordance with the performance of the contracts.

## ***Segment information***

### Segment information

#### 1. Description of reportable segments

##### (1) Method of determining reportable segments

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

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

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

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

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

"MIRAIT," "MIRAIT Technologies," "Lantrovision," "TTK," "SOLCOM" and "Shikokutsuken" mainly engage in telecommunication engineering work/electrical facility work and air conditioning/ sanitary construction work. "Seibu Construction" engages in general construction business.

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

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

Segment income reflects the operating profit for each reportable segment.

Internal revenue and transfers between segments are based on actual market prices.

3. Net sales, income, assets and other items by reportable segment

Fiscal year ended March 31, 2021

(Millions of yen)

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

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

- Notes: 1. The “Other” segment refers to the Company (pure holding company) which does not belong to any business segment.
2. The amounts adjusted are as follows:
- (1) Adjustments for segment income in the amount of (12,124) million yen include adjustments for dividends in the amount of (12,298) million yen and adjustments for retirement benefits in the amount of 191 million yen, respectively.
- (2) Adjustments for segment assets in the amount of (205,239) million yen include the netting of investments and capital in the amount of (129,669) million yen and the netting of receivables and payables in the amount of (76,968) million yen.
3. Segment income is adjusted to the operating profit reported in the consolidated statements of income and comprehensive income.

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

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

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

2. The amounts adjusted are as follows:

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

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

3. Segment income is adjusted to the operating profit reported in the consolidated statements of income and comprehensive income.

As described in changes in accounting policies, the Company changed the accounting treatment for revenue recognition to adopt the Accounting Standard for Revenue Recognition, etc. from the consolidated financial statements for the fiscal year ended March 31, 2022. Consequently, the method of calculating profit of business segments was also changed.

The effects on each reportable segment as follows.

Net sales of MIRAIT increased by 975 million yen. Segment income increased by 18 million yen.

Net sales of MIRAIT Technologies increased by 172 million yen. Segment income increased by 33 million yen.

Net sales of TTK decreased by 409 million yen. Segment income increased by 66 million yen.

Net sales of SOLCOM decreased by 243 million yen. Segment income increased by 10 million yen.

Net sales of Shikokutsuken increased by 329 million yen. Segment income increased by 5 million yen.

Associated information

Fiscal year ended March 31, 2021

1. Information for individual products and services

Information for individual products and services is omitted given that telecommunication engineering and electrical facility work account for more than 90% of net sales reported in the consolidated statements of income and comprehensive income.

2. Information for individual regions

(1) Net sales

Information on net sales for individual regions is omitted given that net sales to domestic external customers account for more than 90% of net sales reported in the consolidated statements of income and comprehensive income.

(2) Property, plant and equipment

Information on property, plant and equipment for individual regions is omitted given that domestic assets represent more than 90% of property, plant and equipment reported in the consolidated balance sheets.

3. Information regarding major customers

(Millions of yen)

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

Fiscal year ended March 31, 2022

1. Information for individual products and services

Information for individual products and services is omitted given that telecommunication engineering and electrical facility work account for more than 90% of net sales reported in the consolidated statements of income and comprehensive income.

2. Information for individual regions

(1) Net sales

Information on net sales for individual regions is omitted given that net sales to domestic external customers account for more than 90% of net sales reported in the consolidated statements of income and comprehensive income.

(2) Property, plant and equipment

Information on property, plant and equipment for individual regions is omitted given that domestic assets represent more than 90% of property, plant and equipment reported in the consolidated balance sheets.

3. Information regarding major customers

(Millions of yen)

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



Segment information for impairment of non-current assets

Fiscal year ended March 31, 2021

(Millions of yen)

	Reportable segment						
	MIRAIT	MIRAIT Technologies	Lantrovision	TTK	SOLCOM	Shikokutsuken	Total
Impairment losses	21	–	–	83	11	–	117

	Others	Corporate and elimination	Total
Impairment losses	–	–	117

Fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segment						
	MIRAIT	MIRAIT Technologies	Lantrovision	TTK	SOLCOM	Shikokutsuken	Seibu Construction
Impairment losses	–	–	–	154	–	–	–

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

Segment information for amortized and outstanding amounts of goodwill

Fiscal year ended March 31, 2021

(Millions of yen)

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

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

Note: The Company has recognized an impairment loss of 80 million yen on goodwill pertaining to TTK.

Fiscal year ended March 31, 2022

(Millions of yen)

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

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

Related parties

Fiscal year ended March 31, 2021

1. Related party transactions

(1) Transactions between the company submitting the consolidated financial statements and related parties

Not applicable.

(2) Transactions between consolidated subsidiaries of the company submitting the consolidated financial statements and related parties

Not applicable.

2. Notes concerning the parent company or significant affiliates

Not applicable.

Fiscal year ended March 31, 2022

1. Related party transactions

(1) Transactions between the company submitting the consolidated financial statements and related parties

Not applicable.

(2) Transactions between consolidated subsidiaries of the company submitting the consolidated financial statements and related parties

Not applicable.

2. Notes concerning the parent company or significant affiliates

Not applicable.

*Per share information*

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

Note: The basis for calculating net income per share is as follows:

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

- Notes: 1. The amount of diluted net income per share is not stated because there are no dilutive shares outstanding.
2. In calculating net income per share, treasury shares held in trust accounted for in shareholder's equity are included in the number of own shares which is deducted from the average number of outstanding shares of common stock for the fiscal year. For the fiscal year ended March 31, 2022, the average number of own shares outstanding deducted for the purposes of calculating net income per share was 400,435. The average number of own shares at the end of the fiscal year ended March 31, 2021 was 441,508.
3. As described in "Changes in accounting policies," the Company has adopted the "Accounting Standard for Revenue Recognition" and other relevant standards. The effect of this change in accounting policies on net assets per share and net income per share for the fiscal year ended March 31, 2022 is immaterial.

***Significant subsequent events***

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

1. Reasons for share repurchase

To enhance shareholder return and to facilitate flexible implementation of capital policy in response to changes in the business environment

2. Type of shares to be repurchased

Common stock

3. Total number of shares to be repurchased

Up to 1,350 thousand shares (1.36% of outstanding shares excluding treasury stock)

4. Total repurchase amount

Up to 2.0 billion yen

5. Repurchase period

May 16, 2022 to September 30, 2022

6. Repurchase method

Market purchases on the Tokyo Stock Exchange

5) Consolidated supplementary schedules

Detailed schedule of borrowings

Category	Balance at beginning of period (million yen)	Balance at end of period (million yen)	Average interest rate (%)	Payment due
Short-term borrowings	3,596	62,977	0.366	—
Current portion of long-term borrowings	1,996	1,996	0.800	—
Current portion of lease obligations	3,357	3,547	—	—
Long-term borrowings (excluding current portion)	10,566	8,543	0.786	2023 to 2025
Lease obligations (excluding current portion)	6,599	6,307	—	2023 to 2028
Subtotal	26,117	83,373	—	—
Elimination of intercompany transactions	(15,928)	(23,390)	—	—
Total	10,188	59,982	—	—

- Notes:
1. Average interest rates represent the weighted-average rates applicable to the balances of borrowings at end of period
  2. The average interest rates of lease obligations are not stated because the amount of lease obligations reported in the consolidated balance sheets is before deducting interest equivalents included in the total lease payments.
  3. The repayment schedule within five years after the consolidated balance sheet date of long-term borrowings and lease obligations (excluding current portion) is as follows:

(Millions of yen)

Category	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years
Long-term borrowings	34	1	—	—
Lease obligations	2,561	1,748	1,091	584

Detailed schedule of asset retirement obligations

This information is omitted as the balances of asset retirement obligations at the beginning and end of the fiscal year ended March 31, 2022 were 1% or less of the total balances of liabilities and net assets at the beginning and end of the fiscal year ended March 31, 2022.

(2) Other information

Quarterly results for the fiscal year ended March 31, 2022

	First three months	First six months	First nine months	Fiscal year under review
Net sales (million yen)	100,546	211,851	324,598	470,385
Profit before income taxes (million yen)	5,071	12,675	23,521	37,504
Profit attributable to owners of parent (million yen)	2,744	7,810	15,279	25,163
Net income per share (yen)	27.10	77.48	151.97	250.84

	First quarter	Second quarter	Third quarter	Fourth quarter
Net income per share (yen)	27.10	50.48	74.69	99.20

## 2. Financial Statements, etc.

### (1) Financial statements

#### 1) Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	19,481	21,726
Short-term loans receivable	*1 5,407	*1 14,867
Accounts receivable - other	*1 9,245	*1 8,562
Other	15	21
Total current assets	34,149	45,178
Non-current assets		
Property, plant and equipment		
Buildings	20	27
Tools, furniture and fixtures	5	3
Total property, plant and equipment	26	31
Intangible assets		
Software	8	5
Total intangible assets	8	5
Investments and other assets		
Shares of subsidiaries and associates	121,579	183,218
Long-term loans receivable	*1 10,505	*1 8,508
Deferred tax assets	42	66
Other	54	54
Total investments and other assets	132,180	191,848
Total non-current assets	132,214	191,884
Total assets	166,364	237,063



(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
Current liabilities		
Short-term borrowings	–	50,000
Accrued expenses	145	216
Accounts payable - other	*1 134	*1 538
Income taxes payable	4,914	2,305
Accrued consumption taxes	20	11
Deposits received	*1 49,141	*1 67,305
Other	55	73
Total current liabilities	54,411	120,451
Non-current liabilities		
Provision for share-based compensation	31	45
Total non-current liabilities	31	45
Total liabilities	54,443	120,497
<b>Net assets</b>		
Shareholders' equity		
Share capital	7,000	7,000
Capital surplus		
Legal capital surplus	2,000	2,000
Other capital surplus	96,963	96,963
Total capital surplus	98,963	98,963
Retained earnings		
Other retained earnings		
Retained earnings brought forward	16,845	26,446
Total retained earnings	16,845	26,446
Treasury shares	(10,888)	(15,844)
Total shareholders' equity	111,920	116,565
Total net assets	111,920	116,565
Total liabilities and net assets	166,364	237,063

## 2) Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
<b>Operating revenue</b>		
Management fees	1,630	2,208
Dividends from subsidiaries and associates	12,298	14,444
Total operating revenue	*1 13,928	*1 16,652
<b>Operating expenses</b>		
General and administrative expenses	*2 1,760	*2 2,217
Operating profit	12,167	14,435
<b>Non-operating income</b>		
Interest income	*1 137	*1 111
Gain on forfeiture of unclaimed dividends	5	8
Other	10	10
Total non-operating income	153	130
<b>Non-operating expenses</b>		
Interest expenses	*1 13	*1 11
Commission expenses	–	120
Other	0	8
Total non-operating expenses	14	140
Ordinary profit	12,307	14,425
<b>Extraordinary income</b>		
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	0	–
Total extraordinary losses	0	–
Profit before income taxes	12,306	14,425
Income taxes - current	25	48
Income taxes - deferred	3	(24)
Total income taxes	28	23
Profit	12,278	14,402

### 3) Statement of Changes in Net Assets

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity								Total net assets
	Share capital	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings			
Balance at beginning of period	7,000	2,000	96,963	98,963	9,150	9,150	(1,386)	113,727	113,727
Changes during period									
Dividends of surplus					(4,583)	(4,583)		(4,583)	(4,583)
Profit					12,278	12,278		12,278	12,278
Purchase of treasury shares							(9,574)	(9,574)	(9,574)
Disposal of treasury shares			(0)	(0)			72	72	72
Total changes during period	–	–	(0)	(0)	7,694	7,694	(9,501)	(1,807)	(1,807)
Balance at end of period	7,000	2,000	96,963	98,963	16,845	16,845	(10,888)	111,920	111,920

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity								Total net assets
	Share capital	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings			
Balance at beginning of period	7,000	2,000	96,963	98,963	16,845	16,845	(10,888)	111,920	111,920
Changes during period									
Dividends of surplus					(4,801)	(4,801)		(4,801)	(4,801)
Profit					14,402	14,402		14,402	14,402
Purchase of treasury shares							(5,003)	(5,003)	(5,003)
Disposal of treasury shares			0	0			47	47	47
Total changes during period	–	–	0	0	9,600	9,600	(4,955)	4,645	4,645
Balance at end of period	7,000	2,000	96,963	98,963	26,446	26,446	(15,844)	116,565	116,565

## Notes to Financial Statements

### *Significant accounting policies*

1. Accounting policy for measuring assets
  - Accounting policy for measuring securities
    - Shares of subsidiaries
      - Stated at cost using the moving-average method.
2. Accounting policy for depreciation of non-current assets
  - (1) Property, plant and equipment
    - Depreciated by using the declining-balance method; provided, however, that facilities attached to buildings acquired on or after April 1, 2016 are depreciated on a straight-line basis.
  - (2) Intangible assets
    - Amortized on a straight-line basis; provided, however, that software for internal use is amortized on a straight-line basis over the period available for internal use (5 years).
3. Accounting policy for significant provisions
  - Provision for share-based compensation
    - To provide for delivery of shares of the Company through the Board Benefit Trust, provision is recorded at an estimated amount of stock-based remuneration to be paid corresponding to the number of points assigned to officers based on the Officer Stock Benefit Rules.
4. Accounting policy for recognition of significant revenues and expenses
  - The Company's revenue consists of management commission fees, outsourcing fees and dividend income from its subsidiaries. As for management commission fees and outsourcing fees, the Company's performance obligation is to provide entrusted services to its subsidiaries based on contract details. As the Company's performance obligation is satisfied when the services are provided, revenue and expenses are recognized at that time. The Company recognizes revenue from dividend income on the effective date of dividend.
5. Other significant accounting policies for preparation of financial statements
  - (1) Application of consolidated taxation system
    - The consolidated taxation system is applied.
  - (2) Application of tax effect accounting relating to the transition from the consolidated taxation system to the group tax sharing system
    - As for items subject to transition to the group tax sharing system introduced in the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 8, 2020) and items revised on non-consolidated tax payment system in connection with the transition to the group tax sharing system, the Company has not applied the provisions of Paragraph 44 of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28 dated February 16, 2018), as allowed by the provisions of Paragraph 3 of the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (PITF No. 39 dated March 31, 2020). Accordingly, the amounts of deferred tax assets and deferred tax liabilities are determined in accordance with the provisions of the Income Tax Act before the amendment.
    - Effective from the beginning of the fiscal year ending March 31, 2023, the Company plans to apply the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No. 42 dated August 12, 2021), which provides for the accounting and disclosure treatment of corporate and local income taxes and tax effect accounting in the case of applying the group tax sharing system.

***Changes in accounting policies******Application of Accounting Standard for Revenue Recognition***

The Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29 dated March 31, 2020) and other relevant standards from the beginning of the fiscal year ended March 31, 2022. Under the new accounting policy, revenue is recognized at the amount expected to be received in exchange for promised goods or services when the control of such goods or services is transferred to the customer. This has no effect on the financial statements.

***Application of Accounting Standard for Fair Value Measurement***

The Company has adopted the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30 dated July 4, 2019) and other relevant standards from the beginning of the fiscal year ended March 31, 2022. In accordance with the transitional treatment stipulated in Article 19 of the “Accounting Standard for Fair Value Measurement” and Article 44-2 of the “Accounting Standard for Financial Instruments (ASBJ Statement No. 10 dated July 4, 2019), the new accounting policy set forth in the “Accounting Standard for Fair Value Measurement,” etc. is applied prospectively. This has no effect on the financial statements.

***Changes in methods of presentation***

Not applicable.

***Additional information******Board Benefit Trust for directors and executive officers of the Company and certain subsidiaries of the Company***

This information is omitted as the content is identical to that in “V. Financial Information 1. (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements, *Additional Information*.”

### ***Balance sheets***

\*1 Assets and liabilities relating to subsidiaries and associates

Items included in each account other than those presented separately are as follows.

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Short-term loans receivable	5,407	14,867
Accounts receivable - other	9,242	8,562
Long-term loans receivable	10,505	8,508
Accounts payable - other	44	40
Deposits received	49,133	67,297

### ***Statement of income***

\*1 Items relating to subsidiaries and associates included in each account are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Operating revenue	13,928	16,652
Interest income	137	111
Interest expenses	9	10

\*2 Major items and amounts of operating expenses are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Salaries and benefits	872	1,172
Officer remuneration	171	170
Legal welfare expense	134	173
Outsourcing expenses	133	213
Rents	98	103
Retirement benefit expenses	49	60
Advertising and promotion expenses	45	40
Depreciation and amortization	10	9

### ***Securities***

As of March 31, 2021

The fair value of shares of subsidiaries is not shown because their market prices are not available and thus their fair value is deemed extremely difficult to determine. The carrying amount of shares of subsidiaries in the balance sheets, for which fair value is deemed extremely difficult to determine, is as follows:

(Millions of yen)	
Category	March 31, 2021
Shares of subsidiaries	121,579
Total	121,579

As of March 31, 2022

The fair value of shares of subsidiaries is not shown because they are shares, etc. that do not have market prices. The carrying amount of shares, etc. of subsidiaries that do not have market prices in the balance sheets is as follows:

(Millions of yen)	
Category	March 31, 2022
Shares of subsidiaries	183,218
Total	183,218

### ***Tax effect accounting***

#### 1. Significant components of deferred tax assets and liabilities

	(Millions of yen)	
	As of March 31, 2021	As of March 31, 2022
Deferred tax assets		
Accrued bonuses	34	53
Board Benefit Trust	16	22
Provision for share-based compensation	9	14
Accrued social insurance premiums	5	7
Accrued enterprise taxes	1	4
Other	1	1
Subtotal of deferred tax assets	69	103
Less valuation allowance	(27)	(36)
Total deferred tax assets	42	66

#### 2. Reconciliation between the normal effective statutory tax rate and the actual effective tax rate after applying tax effect accounting

	As of March 31, 2021	As of March 31, 2022
Normal effective statutory tax rate	30.6 %	30.6 %
Adjustments:		
Expenses not deductible for income tax purposes (e.g. entertainment expenses)	0.1	0.1
Income not taxable for income tax purposes (e.g. dividend income)	(30.6)	(30.7)
Inhabitant tax on per capita basis	0.0	0.0
Other	0.1	0.1
Actual effective tax rate after applying tax effect accounting	0.2	0.2

### ***Revenue recognition***

This note is omitted as the content is identical to that in the Financial Statements, etc. “Notes to Financial Statements, *Significant accounting policies* 4. Accounting policy for recognition of significant revenues and expenses.”

### ***Significant subsequent events***

#### *Purchase of treasury shares*

This information is omitted as the content is identical to that in “V. Financial Information 1. (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements, *Significant subsequent events*.”



4) Supplementary schedules

Detailed schedule of property, plant and equipment, etc.

(Millions of yen)

Type of assets	Balance at beginning of period	Increase during period	Decrease during period	Balance at end of period	Accumulated depreciation or amortization at end of period	Depreciation or amortization during period	Net balance at end of period
Property, plant and equipment							
Buildings	119	11	—	131	103	4	27
Tools, furniture and fixtures	75	0	—	75	71	2	3
Total property, plant and equipment	194	12	—	206	175	7	31
Intangible assets							
Software	29	—	—	29	23	2	5
Other	2	—	—	2	2	—	—
Total intangible assets	31	—	—	31	26	2	5

Note: 1. The balances at beginning and end of period are stated at cost.

Detailed schedule of provisions

(Millions of yen)

Account	Balance at beginning of period	Increase during period	Decrease during period	Balance at end of period
Provision for share-based compensation	31	14	—	45

(2) Components of major assets and liabilities

This information is omitted because the MIRAIT Group has prepared the consolidated financial statements.

(3) Other information

Not applicable.

## VI. Outline of Share-related Administration of Reporting Company

Fiscal year	From April 1 to March 31 of the following year																	
Ordinary General Meeting of Shareholders	June																	
Record date	March 31																	
Record date for dividend of surplus	March 31 and September 30																	
Number of shares constituting one unit	100 shares																	
Purchase or additional purchase of shares of less than one unit																		
Handling office	(Special account) Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation 1-4-5, Marunouchi, Chiyoda-ku, Tokyo																	
Shareholder register administrator	(Special account) Mitsubishi UFJ Trust and Banking Corporation 1-4-5, Marunouchi, Chiyoda-ku, Tokyo																	
Forwarding office	—																	
Purchase or additional purchase fee	Separately specified amount equivalent to share trading brokerage fees																	
Method of public notice	The Company gives public notices in a digital format. However, if digital format is not possible due to accidents or other unavoidable circumstances, public notices will be published in The Nihon Keizai Shimbun. Digital public notices are posted on the Company's website at < <a href="https://www.mirait.co.jp/en/">https://www.mirait.co.jp/en/</a> >.																	
Special benefits for shareholders	<p>The Company offers shareholder benefits to all shareholders holding at least 100 shares of the Company's shares and are recorded under an identical shareholder number on the shareholder registry for 1 year or more as at the end of each fiscal year (March 31), based on the following criteria.</p> <table border="1"> <thead> <tr> <th>Duration of shareholding</th> <th>Number of shares held</th> <th>Benefits</th> </tr> </thead> <tbody> <tr> <td rowspan="3">1 year to less than 3 years</td> <td>100 shares or more</td> <td>A QUO Card worth 1,000 yen or a donation of comparable value to a social contribution organization</td> </tr> <tr> <td>500 shares or more</td> <td>A QUO Card worth 2,000 yen or a donation of comparable value to a social contribution organization</td> </tr> <tr> <td>1,000 shares or more</td> <td>A QUO Card worth 3,000 yen or a donation of comparable value to a social contribution organization</td> </tr> <tr> <td rowspan="3">3 years or more</td> <td>100 shares or more</td> <td>A QUO Card worth 1,000 yen or a donation of comparable value to a social contribution organization</td> </tr> <tr> <td>500 shares or more</td> <td>A QUO Card worth 2,000 yen or a donation of comparable value to a social contribution organization</td> </tr> <tr> <td>1,000 shares or more</td> <td>A QUO Card worth 4,000 yen or a donation of comparable value to a social contribution organization</td> </tr> </tbody> </table> <p>Notes:1. Duration of shareholding shall be determined as of March 31 of each year.  - Holding for 1 year or more refers to a recording of at least three consecutive times as holding at least 100 shares under an identical shareholder number on the shareholder registry as of September 30 and March 31 of each year.  - Holding for 3 years or more refers to a recording of at least seven consecutive times as holding at least 100 shares of the Company's shares under an identical shareholder number on the shareholder registry as of September 30 and March 31 of each year.  2. If the shareholder number changes due to inheritance or removal from the shareholder registry, the duration of shareholding will be determined on the basis of the shareholder number after the change.  3. Shareholder benefit information and application form will be enclosed with the notice of an ordinary general meeting of shareholders to be sent to shareholders.</p>	Duration of shareholding	Number of shares held	Benefits	1 year to less than 3 years	100 shares or more	A QUO Card worth 1,000 yen or a donation of comparable value to a social contribution organization	500 shares or more	A QUO Card worth 2,000 yen or a donation of comparable value to a social contribution organization	1,000 shares or more	A QUO Card worth 3,000 yen or a donation of comparable value to a social contribution organization	3 years or more	100 shares or more	A QUO Card worth 1,000 yen or a donation of comparable value to a social contribution organization	500 shares or more	A QUO Card worth 2,000 yen or a donation of comparable value to a social contribution organization	1,000 shares or more	A QUO Card worth 4,000 yen or a donation of comparable value to a social contribution organization
Duration of shareholding	Number of shares held	Benefits																
1 year to less than 3 years	100 shares or more	A QUO Card worth 1,000 yen or a donation of comparable value to a social contribution organization																
	500 shares or more	A QUO Card worth 2,000 yen or a donation of comparable value to a social contribution organization																
	1,000 shares or more	A QUO Card worth 3,000 yen or a donation of comparable value to a social contribution organization																
3 years or more	100 shares or more	A QUO Card worth 1,000 yen or a donation of comparable value to a social contribution organization																
	500 shares or more	A QUO Card worth 2,000 yen or a donation of comparable value to a social contribution organization																
	1,000 shares or more	A QUO Card worth 4,000 yen or a donation of comparable value to a social contribution organization																

Note: A shareholder of the Company may not exercise any rights other than those listed below with respect to shares of less than one unit held by such shareholder:

- Rights which cannot be restricted even by the Articles of Incorporation under laws and regulations
- Rights to receive allocation of shares for subscription and allocation of share acquisition rights for subscription in proportion to the number of shares held by the shareholder
- Rights to request the Company to sell the number of shares that will, together with the number of shares of less than one unit held by the shareholder, constitute one unit of shares

## VII. Reference Information of Reporting Company

### 1. Information on Parent Company, etc. of Reporting Company

The Company does not have a parent company, etc. as prescribed in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

### 2. Other Reference Information

From the beginning of this fiscal year until the filing date of this Annual Securities Report, the Company filed the following documents:

(1) Annual Securities Report, documents attached thereto and Confirmation Letter

Filed for the 11th fiscal year (from April 1, 2020 to March 31, 2021) with the Director-General of the Kanto Local Finance Bureau on June 25, 2021

(2) Internal Control Report and documents attached thereto

Filed for the 11th fiscal year (from April 1, 2020 to March 31, 2021) with the Director-General of the Kanto Local Finance Bureau on June 25, 2021

(3) Quarterly Securities Reports and Confirmation Letters

Filed for the first quarter of the 12th fiscal year (from April 1, 2021 to June 30, 2021) with the Director-General of the Kanto Local Finance Bureau on August 11, 2021

Filed for the second quarter of the 12th fiscal year (from July 1, 2021 to September 30, 2021) with the Director-General of the Kanto Local Finance Bureau on November 12, 2021

Filed for the third quarter of the 12th fiscal year (from October 1, 2021 to December 31, 2021) with the Director-General of the Kanto Local Finance Bureau on February 10, 2022

(4) Extraordinary Reports

Filed the Extraordinary Report pursuant to the provisions of Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Order on Disclosure of Corporate Affairs (results of exercise of voting rights at a general meeting of shareholders) with the Director-General of the Kanto Local Finance Bureau on June 30, 2021.

Filed the Extraordinary Report pursuant to the provisions of Article 19, Paragraph 2, Item 8-2 of the Cabinet Office Order on Disclosure of Corporate Affairs (acquisition of subsidiary company) and Article 19, Paragraph 2, Item 3 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs (change to specified subsidiary company) with the Director-General of Kanto Local Finance Bureau on January 27, 2022.

Filed the Extraordinary Report pursuant to the provisions of Article 19, Paragraph 2, Item 3 of the Cabinet Office Order on Disclosure of Corporate Affairs (change to specified subsidiary company) with the Director-General of Kanto Local Finance Bureau on February 15, 2022.

(5) Share Buyback Reports

Filed with the Director-General of Kanto Local Finance Bureau on July 5, 2021; August 4, 2021; September 3, 2021; October 5, 2021; March 3, 2022; April 5, 2022; and June 3, 2022.

(6) Shelf Registration Statement (Corporate Bonds) and documents attached thereto

Filed with the Director-General of Kanto Local Finance Bureau on April 11, 2022.

**Part 2 Information on Guarantor of Reporting Company**

Not applicable.

[Following is an English translation of the Independent Auditor’s Report filed under the Financial Instruments and Exchange Act in Japan, which is presented merely as supplemental information.]

## **Independent Auditor’s Report on the Financial Statements and Internal Control Over Financial Reporting**

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June 14, 2022

To the Board of Directors of MIRAIT Holdings Corporation

KPMG AZSA LLC

Tokyo Office, Japan

Designated Limited Liability Partner, Engagement Partner	Certified Public Accountant	Yasuyuki Nagasaki
Designated Limited Liability Partner, Engagement Partner	Certified Public Accountant	Naoki Haruyama
Designated Limited Liability Partner, Engagement Partner	Certified Public Accountant	Kohei Nakamura

### **Report on the Audit of the Consolidated Financial Statements**

#### **Opinion**

We have audited the accompanying consolidated financial statements of MIRAIT Holdings Corporation (the “Company”) and its consolidated subsidiaries (collectively referred to as “the Group”) provided in the “Financial Information” section in the Company’s Annual Securities Report, which comprise the consolidated balance sheet as at March 31, 2022, and the consolidated statement of income and comprehensive income, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies, other explanatory information and supplementary schedules, in accordance with Article 193-2(1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current period. Those matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of estimates of total construction costs for construction contracts with revenue recognized over time	
The key audit matter	How the matters were addressed in our audit
<p>As described in the “<i>Significant accounting estimates</i>, 1. Net sales of completed construction contracts recognized over time” in the Notes to Consolidated Financial Statements, the net sales of completed construction contracts recognized over time in the fiscal year ended March 31, 2022 amounted to 98,922 million yen, which accounted for 21.0% of total consolidated net sales.</p> <p>As described in the “<i>Significant accounting policies for preparation of consolidated financial statements</i>, 4. Disclosure of accounting policies, (5) Accounting policy for recognition of significant revenues and expenses” of the Notes to Consolidated Financial Statements, the Group recognizes revenue from construction contracts in which progress toward complete satisfaction of performance obligations can be reasonably estimated, deeming it as performance obligation to be satisfied over time, based on the progress toward satisfaction of such performance obligation; however, excluded is construction contract with a very short period between the transaction commencement date in contract and the time when the performance obligations are expected to be completely satisfied. The progress of the construction activity is measured for each contract based on the proportion of construction costs incurred to fulfill performance obligations by the end of the period to the total expected construction costs.</p> <p>Reliability of estimation on the total construction costs is necessary to reasonably estimate the progress. However, the details of construction contracts are highly customized, because the basic specifications and work details are determined on the basis of the customer’s instructions. As a result, expense items and amount of construction costs expected to incur in each construction contract vary. Therefore, in preparing the execution budget which is used as the basis for estimating the total construction costs, it is difficult to exercise judgment based on a uniform scale, with professional judgment required for each individual construction contract. In the end, such estimated total costs are subject to a high level of uncertainty. Specifically, management judgments significantly affect the estimation of the total construction costs as at the end of fiscal year on the following points:</p> <ul style="list-style-type: none"> <li>● In preparing an execution budget, all work details which meet construction conditions up to completion, including the location, period and method, are identified, with estimated costs factored into the budget.</li> <li>● The budget is updated timely and appropriately according to changes in work details due to changes in circumstances after the start of construction.</li> </ul>	<p>In order to assess the reasonableness of estimates of total construction costs for construction contract where revenue is recognized over time, we implemented the procedures including the following:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain of the Company’s internal controls relevant to the process of preparing an execution budget. In this assessment, we focused our testing on the following controls:</p> <ul style="list-style-type: none"> <li>● Controls to approve the execution budget based on the Rules of Responsibility and Authority</li> <li>● Controls to confirm that the changes in circumstances after the start of construction are timely and appropriately reflected in the execution budget.</li> </ul> <p>(2) Assessment of the reasonableness of the estimated total construction cost</p> <p>In order to assess the reasonableness of key assumptions adopted in preparing the execution budget, which was used as the basis for estimating total construction costs, we inquired of management about the basis. In addition, we:</p> <ul style="list-style-type: none"> <li>● made a trend analysis of annual profit ratio of construction contracts in which revenue is recognized over time and, for those construction contracts with significant profit ratio fluctuations, compared the relevant contractual documents and execution budgets to examine whether changes in work details agreed with the customer were factored into the budgets, and verified estimated costs of each work item described in the execution budget, which constitute total construction costs, by comparing them with documents from vendors, including estimates of material and outsourcing costs, which served as a basis for the estimated costs; and</li> <li>● made a comparative analysis of the construction progress rate, calculated based on the ratio of costs incurred until the end of the fiscal year ended March 31, 2022 to the total construction costs, and the progress rate of construction period, and, for construction works with significant deviation, assessed whether the execution budgets were updated timely and appropriately, by inquiring of project managers about any changes in work details needed to review the execution budget and verifying the consistency with the latest process chart.</li> </ul>

Based on the above, we determined that the reasonableness of the estimates of total construction costs in construction contracts with revenues recognized over time was of most significance in the audit of the consolidated financial statements for the fiscal year under review, and therefore is a key audit matter.	
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### **Other Information**

The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements, financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the director's performance of their duties with regard to the design, implementation and maintenance of the Group's reporting process for the other information. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing, implementing and maintaining such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the director's performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The audit procedures to be selected and applied depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on the Audit of the Internal Control Report**

### **Opinion**

We also have audited the accompanying internal control report of the Company as at March 31, 2022, in accordance with Article 193-2(2) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying internal control report, which states that internal control over financial reporting was effective as at March 31, 2022, presents fairly, in all material respects, the results of the assessments of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

### **Basis for Opinion**

We conducted our audit of the internal control report in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Internal Control Report" section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the internal control report in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter**

As described in the Internal Control Report, Seibu Construction Co., Ltd., one of the Company's consolidated subsidiaries, is excluded from the scope of assessment. Seibu Construction Co., Ltd. became our consolidated subsidiary as the result of share acquisition as of March 31, 2022. Accordingly, we determined it as a case in which sufficient assessment procedures could not be performed for a certain part of the internal control over financial reporting due to unavoidable circumstances, because we could not secure a reasonable period



required for the assessment of internal control.

### **Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Internal Control Report**

Management is responsible for the design and operation of internal control over financial reporting, and the preparation and fair presentation of the internal control report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing and examining the design and operation of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

### **Auditor's Responsibilities for the Audit of the Internal Control Report**

Our objectives are to obtain reasonable assurance about whether the internal control report is free from material misstatement based on our audit of the internal control report and to issue an auditor's report that includes our opinion.

As part of our audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. The procedures for the audit of the internal control report are selected and performed, depending on the auditor's judgment, based on significance of effect on the reliability of financial reporting.
- Evaluate the overall presentation of the internal control report, including the appropriateness of the scope, procedures and results of the assessments that management presents.
- Obtain sufficient appropriate audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. We are responsible for the direction, supervision and performance of the audit of the internal control report. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of our audit of the internal control report, the results thereof, material weakness in internal control identified during our audit of internal control report, and those that were remediated, and other matters required by auditing standards for internal control.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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\*1 The original copy of the above Independent Auditor's Report is in the custody of the Company—the submitter of this Annual Securities Report.

2 The XBRL data is not included in the scope of the audit.

[Following is an English translation of the Independent Auditor’s Report filed under the Financial Instruments and Exchange Act in Japan, which is presented merely as supplemental information.]

## Independent Auditor’s Report

June 14, 2022

To the Board of Directors of MIRAIT Holdings Corporation

KPMG AZSA LLC

Tokyo Office, Japan

Designated Limited Liability Partner, Engagement Partner	Certified Public Accountant	Yasuyuki Nagasaki
Designated Limited Liability Partner, Engagement Partner	Certified Public Accountant	Naoki Haruyama
Designated Limited Liability Partner, Engagement Partner	Certified Public Accountant	Kohei Nakamura

### **Opinion**

We have audited the accompanying financial statements of MIRAIT Holdings Corporation (the “Company”) provided in the “Financial Information” section in the Company’s Annual Securities Report, which comprise the balance sheet as at March 31, 2022, and the statement of income and statement of changes in net assets for the 12th fiscal year from April 1, 2021 to March 31, 2022, and a summary of significant accounting policies, other explanatory information and supplementary schedules, in accordance with Article 193-2(1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2022, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We believe that there are no key audit matters to communicate in our auditor’s report.

## **Other Information**

The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements, financial statements, and our auditor's report thereon. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the director's performance of their duties with regard to the design, implementation and maintenance of the Group's reporting process for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Responsibilities of Management, and Corporate Auditors and the Board of Corporate Auditors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in Japan, and for designing, implementing and maintaining such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the director's performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our responsibilities are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The selection and application of audit procedures depends on the auditor's judgment.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion on the financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the financial statements, including the disclosures, and whether

the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the financial statements of the current period and therefore are key audit matters. We describe these matters in our auditor's report unless law and regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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- \*1 The original copy of the above Independent Auditor's Report is in the custody of the Company—the submitter of this Annual Securities Report.
- 2 The XBRL data is not included in the scope of the audit.

**[Cover]**

[Document Filed]	Internal Control Report (“ <i>Naibu Tosei Hokokusho</i> ”)
[Applicable Law]	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed with]	Director-General, Kanto Local Finance Bureau
[Filing Date]	June 15, 2022
[Company Name]	Kabushiki Kaisha MIRAIT Holdings
[Company Name in English]	MIRAIT Holdings Corporation
[Title and Name of Representative]	Toshiki Nakayama, President and CEO
[Title and Name of CFO]	Masakazu Tsukamoto, Director and CFO
[Address of Head Office]	5-6-36 Toyosu, Koto-ku, Tokyo
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

### **1. Matters Related to the Basic Framework of Internal Control over Financial Reporting**

Toshiki Nakayama, President and CEO, and Masakazu Tsukamoto, CFO, are responsible for the design, implementation and maintenance of the Company's internal control over financial reporting, and design, implement and maintain internal control over financial reporting in accordance with the basic framework of internal control stated in "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by the Business Accounting Council.

Internal control aims at achieving its objectives to a reasonable extent with the organized and integrated function of individual components as a whole. Therefore, internal control over financial reporting may not fully prevent or detect misstatements in financial reporting.

### **2. Matters Related to the Scope of Assessment, Record Date, and Assessment Procedures**

Management assessed internal control over financial reporting at the end of the fiscal year ended March 31, 2022 as a record date in accordance with the generally accepted assessment standards for internal control over financial reporting.

In assessing such internal control, management first assessed internal control significantly affecting overall consolidated financial reporting (Company-level controls), and based on the results of such assessment, management selected business processes to be assessed. In assessing the business processes, management first analyzed the selected business processes, identified key controls significantly affecting the reliability of financial reporting, and assessed the development and operation of the key controls, thereby assessing the effectiveness of internal control.

Management determined the scope of assessment of internal control over financial reporting to the extent necessary from the viewpoint of the significance of effects on the reliability of financial reporting for the Company, its consolidated subsidiaries and entities accounted for using equity method.

Management determined the significance of effects on the reliability of financial reporting in consideration of the significance of quantitative and qualitative effects. Based on the results of the assessments of the Company-level controls covering the Company and its 25 consolidated subsidiaries, management reasonably determined the scope of assessment of internal control over business processes.

Management deemed that business locations other than the Company and its 25 consolidated subsidiaries do not have significant effects on financial reporting, and therefore excluded such business locations from the scope of assessment of the Company-level controls.

In the scope of assessment of internal control over business processes, management selected 12 business locations as significant business locations, whose net sales of completed construction contracts for the fiscal year ended March 31, 2021 account for appropriately two-thirds of consolidated net sales of completed construction contracts for the fiscal year ended March 31, 2021 when being added up in descending order of amount (after the elimination of transactions between consolidated companies). For the selected business locations, management included business processes in the scope of assessment, which impact the accounts that are closely associated with the Company's business objectives, that is, net sales of completed construction contracts, accounts receivable from completed construction contracts, and costs on construction contracts in progress.

For the selected business locations and any other business locations, management added business processes relating to significant accounts that have a high likelihood of material misstatements and involve estimates and forecasts as business processes with significant effects on financial reporting in the scope of assessment.

Seibu Construction Co., Ltd., one of the Company's consolidated subsidiaries, was excluded from the scope of assessment. Seibu Construction Co., Ltd. became the Company's consolidated subsidiary as the result of share acquisition as of March 31, 2022. Accordingly, management determined that it falls under a case in which sufficient assessment procedures could not be performed for a certain part of the internal control over financial reporting due to unavoidable circumstances, because management could not secure a reasonable period required for the assessment of internal control.

### **3. Matters Related to the Results of Assessments**

As a result of the assessments above, management concluded as of the end of the fiscal year ended March 31, 2022 that the Company's internal control over financial reporting is effective, although sufficient assessment procedures could not be performed for a certain part of the internal control over financial reporting due to unavoidable circumstances because Seibu Construction Co.,

Ltd. became the Company's consolidated subsidiary as the result of share acquisition as of March 31, 2022 and management could not secure a reasonable period required for the assessment of internal control.

**4. Supplementary Matters**

Not applicable.

**5. Special Notes**

Not applicable.