

**Consolidated Financial Results
for the Six Months Ended September 30, 2023
[Japanese GAAP]**

November 10, 2023

Company name: MIRAIT ONE Corporation

Stock exchange listing: TSE

Code number: 1417

URL: <https://www.mirait-one.com/english/>

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Scheduled date of filing quarterly report: November 10, 2023

Scheduled date of commencing dividend payments: November 30, 2023

Availability of supplementary briefing material on quarterly results: Available

Schedule of quarterly results briefing session: Scheduled (for analysts and institutional investors)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 to September 30, 2023)

(1) Consolidated Operating Results (% indicates changes from the same period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended September 30, 2023	216,640	7.2	2,364	162.9	3,158	118.7	191	(54.1)
Six months ended September 30, 2022	202,085	(4.6)	899	(91.9)	1,444	(87.7)	416	(94.7)

(Note) Comprehensive income: Six months ended September 30, 2023: 3,370 million yen [25.0%]
Six months ended September 30, 2022: 2,697 million yen [(68.1)%]

	Net income per share	Diluted net income per share
	yen	yen
Six months ended September 30, 2023	2.01	—
Six months ended September 30, 2022	4.24	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of September 30, 2023	396,356	251,678	61.6
As of March 31, 2023	436,752	254,305	56.5

(Reference)

Equity: As of September 30, 2023: 244,016 million yen
As of March 31, 2023: 246,818 million yen

2. Dividends

	Annual dividends per share				
	1 st quarter-end	2 nd quarter-end	3 rd quarter-end	Year-end	Total
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2023	—	30.00	—	30.00	60.00
Fiscal year ending March 31, 2024	—	30.00			
Fiscal year ending March 31, 2024 (Forecast)			—	35.00	65.00

(Note) Revision of dividend forecasts from recently announced figures: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	520,000	7.4	26,000	19.2	26,500	18.4	18,000	21.8	190.79

(Note) Revision of financial results forecasts from recently announced figures: None

* Notes:

- (1) Changes in significant subsidiaries during the period during under review: None
- (2) Application of specific accounting practices for preparing consolidated quarterly financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates and corrections of errors
 - 1) Changes in accounting policies due to the revision of accounting standards, etc.: None
 - 2) Any changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Corrections of errors: None
- (4) Total number of issued shares (common stock)

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

September 30, 2023	103,325,329 shares	March 31, 2023	103,325,329 shares
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- 2) Total number of treasury stock at the end of the period:

September 30, 2023	9,182,865 shares	March 31, 2023	7,417,752 shares
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- 3) Average number of shares outstanding during the period:

September 30, 2023	94,928,247 shares	September 30, 2022	98,339,335 shares
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(Note) Total number of treasury stock includes the Company's stock held by the Board Incentive Plan trust under the Company's performance-linked stock remuneration program for directors who are not Audit and Supervisory Committee members and executive officers.

* Implementation status of quarterly review processes

- This quarterly summary of consolidated financial results is not subject to the quarterly review procedures stipulated under the Financial Instruments and Exchange Act.

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

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

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1. Overview of Operating Results and Financial Position

(1) Overview of Operating Results for the Period under Review

During the first six months of the current consolidated period (from April 1, 2023 to September 30, 2023), the Japanese economy continued to show a moderate recovery as social and economic activities moved toward normalization and with signs of a pickup in capital expenditure and improvement in employment conditions. However, attention still needs to be paid to such issues as the prolonged situation in Ukraine, increasing raw materials and energy costs, rises in prices, exchange rate fluctuations, and global monetary tightening.

With regard to the business environment surrounding the MIRAIT ONE Group (“the Group”), there is an expectation that the following will be attained: promotion of regional decarbonization to contribute to regional development, the use of renewable energy, electric vehicles, and other components that fit well with regional characteristics and climates, and realization of green transformation (GX), toward achieving carbon neutrality. There is also a need to improve resilience against natural disasters, which have been increasingly severe in recent years amid climate change. In addition, digital transformation (DX) efforts by local governments and communities are being made to develop digital infrastructure throughout the nation and promote regional DX.

Against this backdrop, the Group aims to evolve into a corporate group that can contribute more than ever before to the resolution of social issues across a wide range of social infrastructure areas under its purpose and mission redefined in the previous year. The Group has formulated the MIRAIT ONE Group Vision 2030 as its business vision toward 2030 and the fifth Medium-term Management Plan for the five-year period started in the fiscal year ended March 31, 2023 or FY 2022. The Group has identified its growth areas, which are urban and regional development, corporate DX and GX, green energy business, software business, and global business as the “MIRAI (future) Domains” that it will focus on in the future.

With this year being the year we start to achieve business expansion driven by the growth of our human resources, we are accelerating the shift of business to “MIRAI Domains,” putting in place a flexible system for human resources that supports strategic personnel development and challenges, as our growth strategy for human talent, while pushing forward MIRAIT ONE Smart Work/Life reforms. In addition, we are working to develop core DX personnel to help promote DX in existing businesses, further enhance productivity, generate synergies with SEIBU CONSTRUCTION, strengthen sales capabilities and broaden our customer base in growth fields, and reinforce our management foundation.

As for the consolidated financial results for the first six months ended September 30, 2023, there were decreases in mobile-related work in the NTT business and in CATV work and some 5G infrastructure development work in the Multi-carrier business; however, there were increases in green-energy related work, building construction work, and civil engineering work in the Environmental and Social Innovation business, increases in LAN and other work and in sales of goods in the ICT Solutions business, and an increase in global orders. As a result, orders received increased by 9.1% year-on-year to 262,171 million yen and net sales increased by 7.2% year-on-year to 216,640 million yen. On the profit front, despite considerable unprofitable projects in the Environmental and Social Innovation business and ICT Solutions business, operating profit increased by 162.9% year-on-year to 2,364 million yen and ordinary profit increased by 118.7% year-on-year to 3,158 million yen. However, profit attributable to owners of parent decreased by 54.1% year-on-year to 191 million yen owing to the impact of the calculation of tax expense applying specific accounting practices for preparing consolidated quarterly financial statements.

As announced today, Kokusai Kogyo Co., Ltd. will be made a subsidiary of the MIRAIT ONE Group effective December 22, 2023.

Going forward, the Group will continue to actively accelerate business development of the full-value model in “MIRAI Domains,” while aiming to enhance corporate value.

Regarding action to implement management that is conscious of cost of capital and stock price, which has been requested by the Tokyo Stock Exchange, the details of discussions by the Board of Directors have been released on our website (<https://ir.mirait-one.com/en/realizing/index.html>).

(2) Overview of Financial Position for the Period under Review

Total assets at the end of the second quarter of the current consolidated period amounted to 396,356 million yen, a decrease of 40,395 million yen from the end of the previous fiscal year, mainly due to a decrease in accounts receivable from completed construction contracts and other.

Total liabilities decreased by 37,767 million yen to 144,678 million yen, mainly due to a decrease in accounts payable for construction contracts and other, and repayment of short-term borrowings.

Net assets decreased by 2,627 million yen to 251,678 million yen, mainly due to dividends paid of 2,886 million yen and share repurchase of 3,728 million yen.

As a result of the above, the equity ratio at the end of the second quarter stood at 61.6% (compared with 56.5% at the end of the previous fiscal year).

(3) Future Outlook

The consolidated financial results forecast for the fiscal year ending March 31, 2024, as announced on May 15, 2023, remains unchanged.

2. Notes to Summary Information (Explanatory Notes)

(1) Changes in Important Subsidiaries during the Period under Review

Not applicable.

(2) Application of Specific Accounting Practices for Preparing Consolidated Quarterly Financial Statements

Calculation of tax expense

Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting against income before income taxes for the current fiscal year, including the second quarter ended September 30, 2023, and then multiplying income before income taxes for the six months with the said estimated effective tax rate.

The statutory tax rate is applied if the tax expense calculated using the estimated effective tax rate lacks rationality to a significant degree.

3. Consolidated Quarterly Financial Statements and Notes

(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	32,482	41,774
Notes receivable, accounts receivable from completed construction contracts and other	190,131	124,898
Investments in leases	4,803	4,252
Costs on construction contracts in progress	31,717	43,984
Other	13,382	15,002
Allowance for doubtful accounts	(12)	(34)
Total current assets	272,506	229,877
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	43,006	42,587
Land	35,862	35,786
Construction in progress	1,788	2,893
Other, net	12,814	12,420
Total property, plant and equipment	93,470	93,687
Intangible assets		
Customer related assets	12,315	12,121
Goodwill	20,687	20,125
Software	1,490	1,315
Software in progress	4,031	4,764
Other	197	162
Total intangible assets	38,723	38,489
Investments and other assets		
Investment securities	17,833	19,842
Retirement benefit asset	7,097	7,130
Deferred tax assets	4,004	4,094
Leasehold and guarantee deposits	1,592	1,600
Other	1,869	2,078
Allowance for doubtful accounts	(346)	(444)
Total investments and other assets	32,051	34,302
Total non-current assets	164,246	166,478
Total assets	436,752	396,356

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	67,708	47,509
Short-term borrowings	21,505	3,004
Lease obligations	3,305	2,960
Income taxes payable	3,595	3,249
Advances received on construction contracts in progress	5,302	9,765
Provision for loss on construction contracts	809	1,887
Provision for bonuses	8,532	8,113
Provision for bonuses for directors (and other officers)	120	78
Provision for warranties for completed construction	94	45
Other	14,092	11,139
Total current liabilities	125,066	87,753
Non-current liabilities		
Long-term borrowings	30,011	30,000
Lease obligations	6,290	5,474
Deferred tax liabilities	3,486	3,430
Deferred tax liabilities for land revaluation	41	41
Provision for retirement benefits for directors (and other officers)	89	92
Provision for share-based compensation	355	357
Retirement benefit liability	15,782	16,230
Asset retirement obligations	887	891
Other	434	407
Total non-current liabilities	57,380	56,925
Total liabilities	182,446	144,678
Net assets		
Shareholders' equity		
Share capital	7,000	7,000
Capital surplus	61,280	61,291
Retained earnings	184,041	181,346
Treasury shares	(12,329)	(15,496)
Total shareholders' equity	239,993	234,141
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,729	3,986
Revaluation reserve for land	(98)	(98)
Foreign currency translation adjustment	2,555	4,486
Remeasurements of defined benefit plans	1,638	1,500
Total accumulated other comprehensive income	6,824	9,875
Non-controlling interests	7,487	7,661
Total net assets	254,305	251,678
Total liabilities and net assets	436,752	396,356

(2) Consolidated Quarterly Statements of Income and Comprehensive Income
Six Months Ended September 30

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales of completed construction contracts	202,085	216,640
Cost of sales of completed construction contracts	180,798	194,815
Gross profit on completed construction contracts	21,287	21,825
Selling, general and administrative expenses	20,387	19,461
Operating profit	899	2,364
Non-operating income		
Interest income	36	157
Dividend income	259	213
Foreign exchange gains	116	271
Share of profit of entities accounted for using equity method	30	–
Other	339	377
Total non-operating income	783	1,020
Non-operating expenses		
Interest expenses	86	59
Share of loss of entities accounted for using equity method	–	83
Rental expenses on real estate	84	7
Other	67	75
Total non-operating expenses	238	226
Ordinary profit	1,444	3,158
Extraordinary income		
Gain on sale of non-current assets	60	138
Gain on sale of investment securities	1,090	20
Subsidy income	–	107
Other	129	0
Total extraordinary income	1,280	268
Extraordinary losses		
Loss on sale of non-current assets	0	11
Loss on retirement of non-current assets	6	142
Loss on valuation of investment securities	–	74
Business restructuring expenses	261	–
Other	140	34
Total extraordinary losses	407	262
Profit before income taxes	2,317	3,164
Income taxes	1,880	2,846
Profit	436	317
Profit attributable to		
Profit attributable to owners of parent	416	191
Profit attributable to non-controlling interests	19	126

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Other comprehensive income		
Valuation difference on available-for-sale securities	(532)	1,275
Foreign currency translation adjustment	2,627	1,496
Remeasurements of defined benefit plans, net of tax	141	(138)
Share of other comprehensive income of entities accounted for using equity method	23	419
Total other comprehensive income	2,260	3,052
Comprehensive income	2,697	3,370
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,690	3,241
Comprehensive income attributable to non-controlling interests	6	128

(3) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes on significant changes to shareholders' equity)

On November 11, 2022 and March 1, 2023, the Board of Directors of the Company resolved to repurchase its own shares in the market pursuant to Article 156 of the Companies Act of Japan, applied pursuant to Paragraph 3, Article 165 of the Companies Act, following which the Company purchased 603,500 shares of its common stock of an amount of 1,003 million yen. As a result, the Company's treasury stock increased by the same amount. Also, the Board of Directors of the Company resolved on May 15, 2023 to repurchase its own shares in the market pursuant to Article 156 of the Companies Act of Japan, applied pursuant to Paragraph 3, Article 165 of the Companies Act, following which the Company purchased 1,195,800 shares of its common stock of an amount of 2,205 million yen. As a result, the Company's treasury stock increased by the same amount. The total amount of treasury stock at the end of the second quarter of the current consolidated fiscal period was 15,496 million yen.