Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 [Japanese GAAP]

May 8, 2020

Company name: MIRAIT Holdings Corporation
Stock exchange listing: TSE
Code number: 1417
URL: https://www.mirait.co.jp/
Representative: Masatoshi Suzuki, President and CEO
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Scheduled date of Ordinary General Meeting of Shareholders: June 24, 2020
Scheduled date of commencing dividend payments: June 25, 2020
Scheduled date of filing annual securities report: June 25, 2020
Availability of supplementary briefing material on annual results: available
Schedule of quarterly results briefing session: scheduled (for analysts and institutional investors)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended March 31, 2020	441,166	17.4	21,993	6.3	23,207	5.5	15,220	(40.8)
Fiscal year ended March 31, 2019	375,911	20.1	20,699	23.8	21,992	23.3	25,711	123.5

(Note) Comprehensive income: Fiscal year ended March 31, 2020: 17,156 million yen (-25.8%)
Fiscal year ended March 31, 2019: 23,118 million yen (62.3%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	yen	yen	%	%	%
Fiscal year ended March 31, 2020	149.93	—	7.4	6.8	5.0
Fiscal year ended March 31, 2019	295.34	259.19	15.4	7.8	5.5

(Reference)
Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2020: 47 million yen
Fiscal year ended March 31, 2019: 272 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
Fiscal Year Ended March 31, 2020	352,134	218,710	61.2	2,006.42
Fiscal Year Ended March 31, 2019	331,462	199,559	59.3	1,933.82

(Reference)
Equity: Fiscal year ended March 31, 2020: 215,423 million yen
Fiscal year ended March 31, 2019: 196,435 million yen

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Fiscal year ended March 31, 2020	7,936	(9,176)	(2,814)	31,632
Fiscal year ended March 31, 2019	6,491	(13,523)	(1,928)	35,657

2. Dividends

	Annual dividends per share					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
Fiscal year ended March 31, 2019	—	20.00	—	20.00	40.00	3,728	13.5	2.2
Fiscal year ended March 31, 2020	—	20.00	—	20.00	40.00	4,081	26.7	2.0
Fiscal year ending March 31, 2021 (Forecast)	—	20.00	—	20.00	40.00		27.7	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	435,000	(1.4)	22,000	0.0	23,300	0.4	15,500	1.8	144.36

* Notes:

(1) Changes in significant subsidiaries during the period under review : None
(Changes in specified subsidiaries associated with changes in the scope of consolidation)

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

1) Changes in accounting policies due to the revision of accounting standards, etc.: None
2) Any changes in accounting policies other than 1) above: None
3) Changes in accounting estimates: None
4) Corrections of errors: None

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

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

March 31, 2020	108,325,329 shares	March 31, 2019	108,325,329 shares

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

March 31, 2020	958,390 shares	March 31, 2019	6,746,565 shares

3) Average number of shares outstanding during the period:

March 31, 2020	101,517,965 shares	March 31, 2019	87,057,294 shares

(Note) Total number of treasury stock includes the Company's stock held by the Board Incentive Plan trust under the Company's performance-linked stock remuneration program for directors and executive officers.

* Status of execution of the audit of financial statements

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

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

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

（1）Consolidated Balance Sheets

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Assets		
Current assets		
Cash and deposits	38,206	33,543
Notes receivable - trade	1,462	1,412
Accounts receivable from completed construction contracts	126,666	137,914
Accounts receivable - trade	5,235	8,257
Costs on uncompleted construction contracts and other	28,400	32,758
Prepaid expenses	1,018	1,230
Accounts receivable - other	1,284	1,776
Lease investment assets	4,983	6,123
Other	3,886	2,791
Allowance for doubtful accounts	(58)	(96)
Total current assets	211,085	225,712
Non-current assets		
Property, plant and equipment		
Buildings and structures	53,517	56,618
Machinery, vehicles, tools, furniture and fixtures	15,129	16,997
Land	31,707	32,806
Leased assets	6,281	7,064
Construction in progress	699	1,383
Accumulated depreciation	(28,495)	(32,274)
Total property, plant and equipment	78,840	82,596
Intangible assets		
Customer related assets	2,060	1,943
Goodwill	3,220	2,921
Software	1,656	1,729
Other	121	118
Total intangible assets	7,058	6,711
Investments and other assets		
Investment securities	27,123	30,139
Retirement benefit asset	2,433	1,967
Deferred tax assets	1,835	2,081
Leasehold and guarantee deposits	1,337	1,385
Other	1,890	1,687
Allowance for doubtful accounts	(144)	(147)
Total investments and other assets	34,476	37,114
Total non-current assets	120,376	126,422
Total assets	331,462	352,134

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Liabilities		
Current liabilities		
Notes payable - trade	1,528	1,538
Accounts payable for construction contracts	49,366	57,199
Short-term loans payable	3,602	16,789
Accounts payable - other	6,768	3,405
Income taxes payable	4,667	3,281
Advances received on uncompleted construction contracts	5,549	4,670
Lease obligations	2,958	3,371
Provision for loss on construction contracts	515	959
Provision for bonuses	7,035	7,515
Provision for bonuses for directors (and other officers)	148	120
Provision for warranties for completed construction	9	7
Other	6,757	5,878
Total current liabilities	88,908	104,738
Non-current liabilities		
Convertible bond-type bonds with share acquisition rights	16,544	—
Long-term accounts payable - other	159	213
Lease obligations	6,873	7,607
Deferred tax liabilities	1,285	1,650
Deferred tax liabilities for land revaluation	41	41
Provision for retirement benefits for directors (and other officers)	180	128
Provision for share-based compensation	194	282
Retirement benefit liability	17,213	17,635
Asset retirement obligations	114	172
Other	385	953
Total non-current liabilities	42,994	28,685
Total liabilities	131,903	133,424
Net assets		
Shareholders' equity		
Capital stock	7,000	7,000
Capital surplus	71,559	69,399
Retained earnings	124,287	135,546
Treasury shares	(9,684)	(1,386)
Total shareholders' equity	193,163	210,559
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,028	4,967
Revaluation reserve for land	(98)	(98)
Foreign currency translation adjustment	(493)	(281)
Remeasurements of defined benefit plans	836	276
Total accumulated other comprehensive income	3,272	4,863
Non-controlling interests	3,123	3,287
Total net assets	199,559	218,710
Total liabilities and net assets	331,462	352,134

（２）Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales of completed construction contracts	375,911	441,166
Cost of sales of completed construction contracts	328,923	388,991
Gross profit on completed construction contracts	46,988	52,174
Selling, general and administrative expenses	26,289	30,181
Operating profit	20,699	21,993
Non-operating income		
Interest income	108	158
Dividend income	629	906
Insurance premiums refunded cancellation	112	175
Share of profit of entities accounted for using equity method	272	47
Other	362	427
Total non-operating income	1,485	1,716
Non-operating expenses		
Interest expenses	17	54
Foreign exchange losses	59	262
Bad debts expenses	25	—
Other	89	183
Total non-operating expenses	192	501
Ordinary profit	21,992	23,207
Extraordinary income		
Gain on step acquisitions	1,058	—
Gain on sales of non-current assets	821	406
Gain on sales of investment securities	1,225	56
Gain on bargain purchase	8,958	—
Other	450	—
Total extraordinary income	12,514	463
Extraordinary losses		
Compensation for damage	24	14
Loss on sales of non-current assets	23	4
Loss on retirement of non-current assets	637	106
Loss on sales of investment securities	0	62
Loss on valuation of investment securities	2	40
Business restructuring expenses	60	41
Other	197	67
Total extraordinary losses	946	338
Profit before income taxes	33,560	23,332

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Income taxes - current	7,922	8,325
Income taxes - deferred	(321)	(574)
Total income taxes	7,600	7,751
Profit	25,959	15,581
Profit attributable to		
Profit attributable to non-controlling interests	248	360
Profit attributable to owners of parent	25,711	15,220
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,832)	1,925
Foreign currency translation adjustment	(810)	208
Remeasurements of defined benefit plans, net of tax	(172)	(560)
Share of other comprehensive income of entities accounted for using equity method	(25)	0
Total other comprehensive income	(2,840)	1,574
Comprehensive income	23,118	17,156
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	22,886	16,811
Comprehensive income attributable to non-controlling interests	232	344

（３）Consolidated Statement of Changes in Net Assets

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,000	27,563	101,789	(5,168)	131,184
Changes of items during period					
Dividends of surplus			(3,185)		(3,185)
Profit attributable to owners of parent			25,711		25,711
Purchase of treasury shares				(4)	(4)
Disposal of treasury shares		0		18	19
Increase by merger		7			7
Changes by share exchanges		43,562		(4,701)	38,861
Change in ownership interest of parent due to transactions with non-controlling interests		426	(27)	170	570
Net changes of items other than shareholders' equity					
Total changes of items during period	－	43,996	22,498	(4,515)	61,978
Balance at end of current period	7,000	71,559	124,287	(9,684)	193,163

	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 current period	4,836	(98)	327	1,009	6,073	3,486	140,744
Changes of items during period							
Dividends of surplus							(3,185)
Profit attributable to owners of parent							25,711
Purchase of treasury shares							(4)
Disposal of treasury shares							19
Increase by merger							7
Changes by share exchanges							38,861
Change in ownership interest of parent due to transactions with non-controlling interests							570
Net changes of items other than shareholders' equity	(1,807)	－	(821)	(172)	(2,801)	(362)	(3,164)
Total changes of items during period	(1,807)	－	(821)	(172)	(2,801)	(362)	58,814
Balance at end of current period	3,028	(98)	(493)	836	3,272	3,123	199,559

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,000	71,559	124,287	(9,684)	193,163
Changes of items during period					
Dividends of surplus			(3,962)		(3,962)
Profit attributable to owners of parent			15,220		15,220
Purchase of treasury shares				(10,883)	(10,883)
Disposal of treasury shares		(2,221)		19,112	16,891
Increase by merger					—
Changes by share exchanges		53		69	122
Change in ownership interest of parent due to transactions with non-controlling interests		7			7
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(2,159)	11,258	8,298	17,396
Balance at end of current period	7,000	69,399	135,546	(1,386)	210,559

	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 current period	3,028	(98)	(493)	836	3,272	3,123	199,559
Changes of items during period							
Dividends of surplus							(3,962)
Profit attributable to owners of parent							15,220
Purchase of treasury shares							(10,883)
Disposal of treasury shares							16,891
Increase by merger							—
Changes by share exchanges							122
Change in ownership interest of parent due to transactions with non-controlling interests							7
Net changes of items other than shareholders' equity	1,939	—	212	(560)	1,590	163	1,754
Total changes of items during period	1,939	—	212	(560)	1,590	163	19,151
Balance at end of current period	4,967	(98)	(281)	276	4,863	3,287	218,710

（4）Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	33,560	23,332
Depreciation	4,085	5,897
Gain on bargain purchase	(8,958)	—
Amortization of goodwill	399	499
Share of loss (profit) of entities accounted for using equity method	(272)	(47)
Increase (decrease) in allowance for doubtful accounts	101	51
Increase (decrease) in provision for bonuses	879	479
Increase (decrease) in provision for loss on construction contracts	(20)	442
Increase (decrease) in other provision	90	5
Remeasurements of defined benefit plans	(182)	(560)
Increase (decrease) in net defined benefit asset and liability	218	888
Interest and dividend income	(738)	(1,065)
Interest expenses	17	54
Foreign exchange losses (gains)	61	225
Loss (gain) on step acquisitions	(1,058)	—
Loss (gain) on sales of investment securities	(1,218)	6
Loss (gain) on sales and retirement of non-current assets	(210)	(295)
Decrease (increase) in notes and accounts receivable - trade	(25,931)	(13,738)
Decrease (increase) in costs on uncompleted construction contracts and other	8,811	(4,300)
Increase (decrease) in notes and accounts payable - trade	3,975	7,361
Increase (decrease) in advances received on uncompleted construction contracts	(1,863)	(825)
Increase (decrease) in accrued consumption taxes	1,412	(775)
Decrease (increase) in consumption taxes refund receivable	(1,576)	381
Increase/decrease in other assets/liabilities	2,504	(1,433)
Other, net	(231)	(293)
Subtotal	13,856	16,290
Interest and dividend income received	783	1,141
Interest expenses paid	(17)	(54)
Income taxes paid	(8,130)	(9,440)
Net cash provided by (used in) operating activities	6,491	7,936

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from investing activities		
Payments into time deposits	(1,185)	(1,276)
Proceeds from withdrawal of time deposits	1,752	2,017
Purchase of property, plant and equipment	(16,153)	(9,729)
Proceeds from sales of property, plant and equipment	1,136	716
Purchase of intangible assets	(806)	(677)
Purchase of investment securities	(23)	(633)
Proceeds from sales of investment securities	1,660	479
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(398)	(15)
Proceeds from cancellation of insurance funds	309	208
Other, net	185	(264)
Net cash provided by (used in) investing activities	(13,523)	(9,176)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,890	13,154
Repayments of long-term loans payable	(248)	(108)
Purchase of treasury shares	(4)	(10,802)
Proceeds from disposal of treasury shares	—	340
Cash dividends paid	(3,182)	(3,953)
Dividends paid to non-controlling interests	(88)	(170)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(490)	(72)
Repayments of finance lease obligations	(910)	(1,203)
Other, net	106	1
Dividends paid to non-controlling interests	(1,928)	(2,814)
Effect of exchange rate change on cash and cash equivalents	(412)	4
Net increase (decrease) in cash and cash equivalents	(9,372)	(4,049)
Cash and cash equivalents at beginning of period	32,218	35,657
Increase in cash and cash equivalents from newly consolidated subsidiary	12,811	—
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	24
Cash and cash equivalents at end of period	35,657	31,632