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Consolidated Financial Results for the Three Months Ended June 30, 2024 [Japanese GAAP]

August 9, 2024

Company name: MIRAIT ONE Corporation
 Stock exchange listing: TSE
 Code number: 1417
 URL: <https://www.mirait-one.com/english/>
 Representative: Toshiki Nakayama, President and CEO
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 Scheduled date of commencing dividend payments: —
 Availability of supplementary briefing material on annual results: Available
 Schedule of annual results briefing session: Not scheduled

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2024 (April 1, 2024 to June 30, 2024)

(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	%
Three months ended June 30, 2024	117,338	16.7	1,493	67.9	2,490	64.8	744	—
Three months ended June 30, 2023	100,524	5.4	889	—	1,511	—	(580)	—

(Note) Comprehensive income: Three months ended June 30, 2024: 1,732 million yen [188.0%]
 Three months ended June 30, 2023: 601 million yen [607.5%]

	Net income per share	Diluted net income per share
	yen	yen
Three months ended June 30, 2024	8.13	—
Three months ended June 30, 2023	(6.09)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of June 30, 2024	465,572	256,845	53.4
As of March 31, 2024	519,960	260,088	48.5

(Reference)

Equity: As of June 30, 2024: 248,581 million yen
 As of March 31, 2024: 251,978 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, 2024	—	30.00	—	35.00	65.00
Fiscal year ending March 31, 2025	—				
Fiscal year ending March 31, 2025 (Forecast)		35.00	—	40.00	75.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% 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	570,000	10.0	27,000	51.4	28,000	49.8	18,000	43.6	198.12

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

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

(2) Application of specific accounting practices for preparing consolidated quarterly financial statements: Yes

(Note) For details, see Attached Materials 8 page "Application of Specific Accounting Practices for Preparing Consolidated Quarterly Financial Statements."

(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.: Yes

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

3) Changes in accounting estimates: None

4) Corrections of errors: None

(Note) For details, see Attached Materials 8 page "Changes in accounting policies."

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

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

June 30, 2024	94,325,329 shares	March 31, 2024	94,325,329 shares
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2) Total number of treasury stock at the end of the period:

June 30, 2024	3,139,719 shares	March 31, 2024	2,224,417 shares
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3) Average number of shares outstanding during the period:

June 30, 2024	91,521,919 shares	June 30, 2023	95,335,701 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.

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

*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 three months of the current consolidated period (from April 1, 2024 to June 30, 2024), the Japanese economy continued on the path of moderate recovery amid an improved employment and income environment. However, the outlook remains uncertain due to the impact of such issues as the prolonged situations in Ukraine and the Middle East, rises in prices, and persistently high interest rate levels in Europe and the United States.

With regard to the business environment surrounding the MIRAIT ONE Group (“the Group”), in addition to the promotion of nationwide digital transformation (DX) efforts by local governments and communities, in recent years, progress has been made at disaster prevention, disaster mitigation, and national land resilience in the face of increasingly severe natural disasters, as well as with the government’s regional infrastructure redevelopment strategy management initiative that treats multiple and various types of infrastructure, such as roads, water and sewage systems in a wide area as a group. Moreover, there is an expectation that the following will be attained: promotion of regional decarbonization, the use of renewable energy and hydrogen that fit well with regional characteristics and climates, and realization of green transformation (GX), toward achieving carbon neutrality in 2050.

Against this backdrop, the Group aims to evolve into a corporate group that continues to 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.

In FY 2024, the Business Risk Management, newly established in April, will strive to prevent the recurrence of unprofitable projects through thorough risk checks on individual projects and optimal risk management in tackling challenges in new business areas. In addition, we will further accelerate our business shift to the “MIRAI (future) Domains” by seizing upon business synergies gained from SEIBU CONSTRUCTION CO., LTD., as well as Kokusai Kogyo Co., Ltd., which became a subsidiary in December 2023. Also, as our growth strategy for human resources, we will promote a flexible system for human resources that supports strategic personnel development and challenges while advancing MIRAIT ONE Smart Work/Life reforms. Moreover, we will work to improve productivity through the promotion of DX in existing businesses and other measures, and will start local management reform in which the carrier business assets of three companies, located in the Tohoku, Chugoku and Shikoku regions, and MIRAIT ONE branches will be shared and consolidated to secure profit, and the ICT business will be consolidated and strengthened to achieve a top-line expansion.

We are also moving forward on the merger of five access-related Group companies in the NTT business (scheduled for completion in January 2025), which was announced on July 30, 2024.

As for the consolidated financial results for the first three months ended June 30, 2024, although CATV work and some 5G infrastructure development work in the Multi-carrier business decreased, access and mobile construction work in the NTT business increased, electrical and air conditioning work and construction work in the Environmental and Social Innovation business rose, and work related to global orders and DC and cloud construction work in the ICT Solutions business increased. In addition, there was also the contribution to the net sales of Kokusai Kogyo Co., Ltd., which became a subsidiary in December 2023. Based on these efforts, the consolidated financial results for the first three months ended June 30, 2024 amounted to the following:

- orders received of 157,951 million yen (+11.4% year-on-year);

- net sales of 117,338 million yen (+16.7% year-on-year);
- operating profit of 1,493 million yen (+67.9% year-on-year);
- ordinary profit of 2,490 million yen (+64.8% year-on-year); and
- profit attributable to owners of parent of 744 million yen (loss attributable to owners of parent of 580 million yen in the same period of the previous fiscal year).

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

Total assets at the end of the first quarter of the current consolidated period amounted to 465,572 million yen, a decrease of 54,388 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 51,145 million yen from the end of the previous fiscal year to 208,727 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 3,243 million yen from the end of the previous fiscal year to 256,845 million yen, mainly due to dividends paid of 3,243 million yen and a share repurchase of 1,758 million yen, despite having posted 744 million yen in profit attributable to owners of parent.

As a result of the above, the equity ratio at the end of first quarter stood at 53.4% (compared with 48.5% at the end of the previous fiscal year).

(3) Future Outlook

The consolidated financial results forecast for the fiscal year ending March 31, 2025, as announced on May 13, 2024, remains unchanged.

2. Consolidated Quarterly Financial Statements and Notes

(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	50,036	65,042
Notes receivable, accounts receivable from completed construction contracts and other	205,212	131,452
Investments in leases	5,416	5,138
Costs on construction contracts in progress	31,097	37,545
Other	13,126	12,694
Allowance for doubtful accounts	(237)	(260)
Total current assets	304,651	251,611
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	45,049	44,477
Land	36,114	35,687
Construction in progress	1,620	1,656
Other, net	17,325	18,497
Total property, plant and equipment	100,110	100,318
Intangible assets		
Customer related assets	29,900	29,573
Goodwill	38,570	38,061
Software	1,412	1,598
Software in progress	5,612	5,703
Other	169	175
Total intangible assets	75,666	75,112
Investments and other assets		
Investment securities	19,454	19,615
Retirement benefit asset	11,241	11,873
Deferred tax assets	3,396	1,436
Leasehold and guarantee deposits	2,655	2,780
Other	3,142	3,178
Allowance for doubtful accounts	(357)	(355)
Total investments and other assets	39,532	38,528
Total non-current assets	215,309	213,960
Total assets	519,960	465,572

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	64,011	48,626
Short-term borrowings	75,148	45,689
Lease obligations	3,539	3,760
Income taxes payable	5,347	3,223
Advances received on construction contracts in progress	11,261	10,503
Provision for loss on construction contracts	1,490	1,989
Provision for loss on orders received	125	185
Provision for bonuses	10,920	5,349
Provision for bonuses for directors (and other officers)	152	51
Provision for warranties for completed construction	1,074	220
Other	19,600	23,226
Total current liabilities	192,672	142,828
Non-current liabilities		
Long-term borrowings	31,003	31,037
Lease obligations	7,402	8,433
Deferred tax liabilities	7,593	5,011
Deferred tax liabilities for land revaluation	28	28
Provision for retirement benefits for directors (and other officers)	97	59
Provision for share-based payments	437	460
Retirement benefit liability	18,686	18,944
Asset retirement obligations	1,450	1,453
Other	500	470
Total non-current liabilities	67,199	65,899
Total liabilities	259,872	208,727
Net assets		
Shareholders' equity		
Share capital	7,000	7,000
Capital surplus	45,775	45,775
Retained earnings	190,849	188,350
Treasury shares	(3,793)	(5,551)
Total shareholders' equity	239,832	235,574
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,674	3,684
Revaluation reserve for land	(85)	(85)
Foreign currency translation adjustment	4,256	4,886
Remeasurements of defined benefit plans	4,301	4,521
Total accumulated other comprehensive income	12,146	13,006
Non-controlling interests	8,109	8,263
Total net assets	260,088	256,845
Total liabilities and net assets	519,960	465,572

(2) Consolidated Quarterly Statements of Income and Comprehensive Income
Three Months Ended June 30

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	100,524	117,338
Cost of sales	89,873	102,145
Gross profit	10,651	15,192
Selling, general and administrative expenses	9,761	13,698
Operating profit	889	1,493
Non-operating income		
Interest income	59	95
Dividend income	201	227
Foreign exchange gains	257	574
Other	286	305
Total non-operating income	805	1,201
Non-operating expenses		
Interest expenses	35	119
Share of loss of entities accounted for using equity method	83	29
Other	64	55
Total non-operating expenses	182	204
Ordinary profit	1,511	2,490
Extraordinary income		
Gain on sale of non-current assets	3	105
Gain on bargain purchase	–	18
Gain on sale of investment securities	13	7
Gain on sale of shares of subsidiaries and associates	–	46
Other	0	–
Total extraordinary income	17	178
Extraordinary losses		
Loss on sale of non-current assets	0	16
Loss on retirement of non-current assets	67	–
Other	0	–
Total extraordinary losses	69	16
Profit before income taxes	1,460	2,652
Income taxes	1,999	1,791
Profit (loss)	(539)	861
Profit attributable to		
Profit (loss) attributable to owners of parent	(580)	744
Profit attributable to non-controlling interests	41	116

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Other comprehensive income		
Valuation difference on available-for-sale securities	959	9
Foreign currency translation adjustment	133	408
Remeasurements of defined benefit plans, net of tax	(78)	238
Share of other comprehensive income of entities accounted for using equity method	125	213
Total other comprehensive income	1,140	871
Comprehensive income	601	1,732
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	547	1,603
Comprehensive income attributable to non-controlling interests	54	128

(3) Notes to Consolidated Financial Statements

(Changes in accounting policies)

(Application of Accounting Standard for Current Income Taxes, etc.)

The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27; October 28, 2022; hereinafter, “2022 Revised Accounting Standard”), etc. from the beginning of the consolidated current fiscal year.

Revisions concerning the recognition classification of income taxes (imposed on other comprehensive income) follow the transitional treatment set forth in the proviso of paragraph 20-3 of the 2022 Revised Accounting Standard and in the proviso of paragraph 65-2 (2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28; October 28, 2022; hereinafter, “2022 Revised Guidance”).

Regarding the revisions related to the review of treatment in consolidated financial statements when conducting a tax deferral of gains or losses on sales arising from the sale of subsidiary shares, etc. between consolidated companies, the Company has applied 2022 Revised Guidance from the beginning of the consolidated current fiscal year.

This change in accounting policy has no impact on the consolidated quarterly financial statements.

(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 first quarter ended June 30, 2024, and then multiplying income before income taxes for the three 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.

(Notes on segment information)

【Segment information】

I First quarter of the previous consolidated period (from April 1, 2023 to June 30, 2023)

1. Sales and income(loss) by reportable segment

(million yen)

	Reportable segment						
	MIRAIT ONE	Lantrovision	TTK	SOLCOM	Shikoku tsuken	SEIBU CONSTRUCTION	MIRAIT ONE SYSTEMS
Net sales							
Net sales to external customers	59,123	5,429	7,176	6,262	3,273	14,112	5,145
Inter-segment sales or transfers	118	—	49	7	11	260	584
Total	59,242	5,429	7,225	6,270	3,285	14,372	5,730
Segment income (loss)	829	282	100	(179)	(181)	(33)	249

	Total	Adjustments (Note 1)	Amount in Consolidated Financial Statements (Note 2)
Net sales			
Net sales to external customers	100,524	—	100,524
Inter-segment sales or transfers	1,031	(1,031)	—
Total	101,556	(1,031)	100,524
Segment income (loss)	1,067	(178)	889

(Notes) 1. Adjustments for segment income (loss) in the amount of (178) million yen include adjustments for retirement benefits in the amount of (110) million yen, etc.

2. Segment income (loss) is adjusted to the operating income reported in the consolidated quarterly statements of income and comprehensive income.

II First quarter of the current consolidated period (from April 1, 2024 to June 30, 2024)

1. Sales and income(loss) by reportable segment

(million yen)

	Reportable segment							
	MIRAIT ONE	Lantrovision	TTK	SOLCOM	Shikoku tsuken	SEIBU CONSTRUCTION	MIRAIT ONE SYSTEMS	Kokusai Kogyo
Net sales								
Net sales to external customers	60,239	7,205	7,308	6,569	3,715	16,212	5,722	10,363
Inter-segment sales or transfers	410	—	17	5	4	25	1,064	—
Total	60,650	7,205	7,325	6,575	3,719	16,238	6,787	10,363
Segment income (loss)	604	238	137	(155)	50	270	333	73

	Total	Adjustments (Note 1)	Amount in Consolidated Financial Statements (Note 2)
Net sales			
Net sales to external customers	117,338	—	117,338
Inter-segment sales or transfers	1,528	(1,528)	—
Total	118,866	(1,528)	117,338
Segment income (loss)	1,551	(58)	1,493

(Notes) 1. Adjustments for segment income (loss) in the amount of (58) million yen include adjustments for retirement benefits in the amount of (121) million yen, etc.

2. Segment income (loss) is adjusted to the operating income reported in the consolidated quarterly statements of income and comprehensive income.

2. Matters with regard to changes, etc., to reportable segments

“Kokusai Kogyo” has been added to the Company’s reportable segments as Kokusai Kogyo Co., Ltd. became a consolidated subsidiary from the first nine months ended December 31, 2023.

(Notes on significant changes to shareholders’ equity)

On February 27, 2024, 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 514,600 shares of its common stock of an amount of 985 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 13, 2024 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 400,600 shares of its common stock of an amount of 772 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 first quarter of the current consolidated fiscal period was 5,551 million yen.

(Notes on going concern assumption)

Not applicable.

(Notes to Statement of Cash Flows)

Consolidated quarterly statement of cash flows for the first three months ended June 30, 2024 has not been prepared. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill and amortization of negative goodwill for the first three months ended June 30, 2023 and 2024 are as follows.

	Three months ended June 30, 2023	Three months ended June 30, 2024
Depreciation	1,988 million	2,452 million
Amortization of goodwill	358 million	607 million
Amortization of negative goodwill	—	(18) million

(Significant subsequent events)

(Issuance of straight bonds)

At a meeting of the Board of Directors held on July 30, 2024, the Company passed a comprehensive resolution to issue domestic unsecured straight bonds as follows.

1. Type of bond	Domestic unsecured straight bonds
2. Aggregate amount of issue	Maximum of 30.0 billion yen (however, issuance may be in multiple installments)
3. Period of issue	From July 30, 2024 to December 13, 2024
4. Use of proceeds	Loan repayment funds
5. Maturity date	Within seven years
6. Interest rate	Yield on government bonds of the same maturity as the bonds to be issued +1.0% or less
7. Issue price	100% of the denomination per bond
8. Redemption method	The bonds will be redeemed in full upon maturity.
9. Collateral/Guarantee	There is no collateral/guarantee.
10. Application of transfer method	The “Act on Book-Entry Transfer of Corporate Bonds, Shares” shall apply to all bonds issued pursuant to this resolution.
11. Other	Decisions regarding matters listed in each item covered in Article 676 of the Companies Act and all other matters necessary for the issuance of bonds shall be left to the Director and CFO within the scope described above.