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Consolidated Financial Results for the Nine Months Ended December 31, 2024 [Japanese GAAP]

February 14, 2025

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 Nine Months Ended December 31, 2024 (April 1, 2024 to December 31, 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	%
Nine months ended December 31, 2024	396,845	15.4	12,122	144.0	12,399	113.0	5,691	501.7
Nine months ended December 31, 2023	343,862	7.2	4,967	(18.7)	5,822	(11.4)	945	(71.4)

(Note) Comprehensive income: Nine months ended December 31, 2024: 7,005 million yen [60.0%]
 Nine months ended December 31, 2023: 4,379 million yen [(33.4)%]

	Net income per share	Diluted net income per share
	yen	yen
Nine months ended December 31, 2024	62.58	—
Nine months ended December 31, 2023	10.01	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of December 31, 2024	501,033	256,645	49.6
As of March 31, 2024	519,960	260,088	48.5

(Reference)

Equity: As of December 31, 2024: 248,294 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	—	35.00	—		
Fiscal year ending March 31, 2025 (Forecast)				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 quarterly consolidated financial statements: Yes

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

December 31, 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:

December 31, 2024	4,078,995 shares	March 31, 2024	2,224,417 shares
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3) Average number of shares outstanding during the period:

December 31, 2024	90,952,712 shares	December 31, 2023	94,473,681 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.

Table of Contents: Supplementary Materials

1. Overview of Operating Results and Financial Position	2
(1) Overview of Operating Results for the Period under Review	2
(2) Overview of Financial Position for the Period under Review	3
(3) Future Outlook	3
2. Quarterly Consolidated Financial Statements and Notes	4
(1) Quarterly Consolidated Balance Sheets	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	6
(3) Notes to the Quarterly Consolidated Financial Statements	8
(Changes in accounting policies)	8
(Application of Specific Accounting Practices for Preparing Quarterly Consolidated Financial Statements)	8
(Notes on segment information)	9
(Notes on significant changes to shareholders' equity)	11
(Notes on going concern assumption)	11
(Notes to Statement of Cash Flows)	11
(Significant subsequent events)	11

1. Overview of Operating Results and Financial Position

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

During the first nine months of the current consolidated period (from April 1, 2024 to December 31, 2024), the Japanese economy continued on the path of moderate recovery due mainly to an improved employment and income environment. On the other hand, the outlook remains uncertain due to the impact of such issues as rises in prices, future trends in policies of the new U.S. administration, and the prolonged situations in Ukraine and the Middle East.

The business environment surrounding the MIRAIT ONE Group (“the Group”) has seen an increase in demand for cloud services and data centers due to the spread of digital transformation (DX) and AI, and in recent years, progress in disaster prevention, disaster mitigation, and national land resilience in the face of increasingly severe natural disasters, as well as progress in 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. 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, began efforts 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. We will fully engage as a group in expanding our business in Japan and in carrying out full value type projects, in addition to cabling business in Asia and the provision of self-managed services in response to the increased demand for data centers in Japan and overseas. Furthermore, we will accelerate the promotion of business synergies in the fields of “Zero Carbon City Business” and “Public Utility Infrastructure Management Business” through the trinity approach with SEIBU CONSTRUCTION CO., LTD., and Kokusai Kogyo Co., Ltd. Also, as our growth strategy for human resources, we will continue to 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 Corporation branches will be shared and consolidated to secure profit, and the ICT business will be consolidated and strengthened to achieve a top-line expansion.

In addition, we aim to improve productivity and expand new business areas through the merger of five access-related Group companies (new company name: MIRAIT ONE NEXT Corporation) in the NTT business effective from January 1, 2025.

As for the consolidated financial results for the first nine months ended December 31, 2024, although CATV work and some 5G infrastructure development work in the Multi-carrier business continued to decrease, access and mobile construction work in the NTT business turned to increase. In addition to increases in EV and storage battery work, electrical and air conditioning work, and construction and renovation work by SEIBU CONSTRUCTION CO., LTD. in the Environmental and Social Innovation

business, planning and consultation by Kokusai Kogyo Co., Ltd., which became a subsidiary in December 2023, also contributed to an increase in net sales, etc. The reactionary decline in large-scale projects for LAN and other work in the previous fiscal year and the decrease in sales of goods in the ICT Solutions business were offset by increases in DC and cloud work, global business, and software business. Based on these efforts, the consolidated financial results for the first nine months ended December 31, 2024, amounted to the following:

- Orders received of 462,007 million yen (+11.7 % year-on-year);
- Net sales of 396,845 million yen (+15.4% year-on-year);
- Operating profit of 12,122 million yen (+144.0% year-on-year);
- Ordinary profit of 12,399 million yen (+113.0% year-on-year); and
- Profit attributable to owners of parent of 5,691 million yen (+501.7% year-on-year).

While posting extraordinary income from the sale of strategic-shareholdings and idle real estate carried out for the purpose of promoting the growth strategy from the balance sheet perspective and strengthening of the business portfolio, the Group also posted extraordinary losses from liquidation of global-related companies and will steadily reform its business structure toward “Beyond a Telecommunications Construction Company.”

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

Total assets at the end of the third quarter of the current consolidated period amounted to 501,033 million yen, a decrease of 18,926 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 15,483 million yen from the end of the previous fiscal year to 244,388 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 3,443 million yen from the end of the previous fiscal year to 256,645 million yen, mainly due to dividends paid of 6,433 million yen and a share repurchase of 3,785 million yen, despite having posted 5,691 million yen in profit attributable to owners of parent.

As a result of the above, the equity ratio at the end of the third quarter stood at 49.6% (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. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	50,036	57,426
Notes receivable, accounts receivable from completed construction contracts and other	205,212	162,797
Investments in leases	5,416	5,811
Costs on construction contracts in progress	31,097	45,166
Other	13,126	11,770
Allowance for doubtful accounts	(237)	(275)
Total current assets	304,651	282,697
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	45,049	43,866
Land	36,114	36,702
Construction in progress	1,620	2,414
Other, net	17,325	18,674
Total property, plant and equipment	100,110	101,659
Intangible assets		
Customer related assets	29,900	32,496
Goodwill	38,570	38,124
Software	1,412	5,240
Software in progress	5,612	1,157
Other	169	200
Total intangible assets	75,666	77,219
Investments and other assets		
Investment securities	19,454	18,873
Retirement benefit asset	11,241	11,706
Deferred tax assets	3,396	1,042
Leasehold and guarantee deposits	2,655	3,259
Other	3,142	5,009
Allowance for doubtful accounts	(357)	(432)
Total investments and other assets	39,532	39,458
Total non-current assets	215,309	218,336
Total assets	519,960	501,033

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	64,011	57,507
Short-term borrowings	75,148	37,596
Lease obligations	3,539	3,898
Income taxes payable	5,347	3,477
Advances received on construction contracts in progress	11,261	8,289
Provision for loss on construction contracts	1,490	1,993
Provision for loss on orders received	125	190
Provision for bonuses	10,920	5,453
Provision for bonuses for directors (and other officers)	152	96
Provision for warranties for completed construction	1,074	136
Provision for loss on closing subsidiaries and affiliates	–	1,314
Other	19,600	17,077
Total current liabilities	192,672	137,031
Non-current liabilities		
Bonds payable	–	30,000
Long-term borrowings	31,003	40,519
Lease obligations	7,402	8,899
Deferred tax liabilities	7,593	5,797
Deferred tax liabilities for land revaluation	28	28
Provision for retirement benefits for directors (and other officers)	97	62
Provision for share-based payments	437	501
Retirement benefit liability	18,686	18,985
Asset retirement obligations	1,450	1,678
Other	500	885
Total non-current liabilities	67,199	107,356
Total liabilities	259,872	244,388
Net assets		
Shareholders' equity		
Share capital	7,000	7,000
Capital surplus	45,775	45,803
Retained earnings	190,849	190,024
Treasury shares	(3,793)	(7,528)
Total shareholders' equity	239,832	235,299
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,674	3,544
Revaluation reserve for land	(85)	(85)
Foreign currency translation adjustment	4,256	5,131
Remeasurements of defined benefit plans	4,301	4,404
Total accumulated other comprehensive income	12,146	12,994
Non-controlling interests	8,109	8,350
Total net assets	260,088	256,645
Total liabilities and net assets	519,960	501,033

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
 Nine Months Ended December 31

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	343,862	396,845
Cost of sales	309,111	342,415
Gross profit	34,751	54,429
Selling, general and administrative expenses	29,783	42,307
Operating profit	4,967	12,122
Non-operating income		
Interest income	238	229
Dividend income	375	414
Foreign exchange gains	286	–
Other	510	689
Total non-operating income	1,410	1,333
Non-operating expenses		
Interest expenses	158	433
Share of loss of entities accounted for using equity method	157	102
Foreign exchange losses	–	183
Other	240	336
Total non-operating expenses	556	1,055
Ordinary profit	5,822	12,399
Extraordinary income		
Gain on sale of non-current assets	148	627
Gain on sale of investment securities	155	878
Subsidy income	107	–
Other	0	65
Total extraordinary income	412	1,570
Extraordinary losses		
Loss on sale of non-current assets	11	18
Loss on retirement of non-current assets	158	125
Loss on liquidation of subsidiaries and associates	–	1,449
Other	266	145
Total extraordinary losses	436	1,738
Profit before income taxes	5,797	12,231
Income taxes	4,642	6,076
Profit	1,155	6,155
Profit attributable to		
Profit attributable to owners of parent	945	5,691
Profit attributable to non-controlling interests	209	463

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Other comprehensive income		
Valuation difference on available-for-sale securities	1,070	(129)
Foreign currency translation adjustment	1,896	890
Remeasurements of defined benefit plans, net of tax	(178)	111
Share of other comprehensive income of entities accounted for using equity method	436	(22)
Total other comprehensive income	3,224	850
Comprehensive income	4,379	7,005
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,169	6,539
Comprehensive income attributable to non-controlling interests	209	466

(3) Notes to Quarterly Consolidated Financial Statements

(Changes in accounting policies)

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 first quarter ended June 30, 2024.

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 first quarter ended June 30, 2024.

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

(Application of Specific Accounting Practices for Preparing Quarterly Consolidated 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 third quarter ended December 31, 2024, and then multiplying profit before income taxes for the nine 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 Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

1. Sales and income 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	200,377	19,221	24,953	22,311	13,756	47,005	16,236	–
Inter-segment sales or transfers	871	–	299	148	60	1,232	2,767	–
Total	201,248	19,221	25,252	22,460	13,817	48,237	19,003	–
Segment income	82	864	1,505	325	860	815	1,217	–

	Total	Adjustments (Note 1)	Amount in Consolidated Financial Statements (Note 2)
Net sales			
Net sales to external customers	343,862	–	343,862
Inter-segment sales or transfers	5,379	(5,379)	–
Total	349,242	(5,379)	343,862
Segment income	5,671	(703)	4,967

(Notes) 1. Adjustments for segment income in the amount of (703) million yen include adjustments for retirement benefits in the amount of (360) million yen, etc.

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

II Nine months ended December 31, 2024 (from April 1, 2024 to December 31, 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	205,998	24,545	25,010	21,483	16,009	49,142	18,665	35,990
Inter-segment sales or transfers	1,937	–	173	21	8	118	3,513	–
Total	207,936	24,545	25,184	21,505	16,018	49,260	22,179	35,990
Segment income (loss)	6,913	898	1,192	86	1,354	(120)	1,401	796

	Total	Adjustments (Note 1)	Amount in Consolidated Financial Statements (Note 2)
Net sales			
Net sales to external customers	396,845	–	396,845
Inter-segment sales or transfers	5,773	(5,773)	–
Total	402,619	(5,773)	396,845
Segment income (loss)	12,520	(398)	12,122

(Notes) 1. Adjustments for segment income (loss) in the amount of (398) million yen include adjustments for retirement benefits in the amount of (343) million yen, etc.

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

2. Segment information for impairment of non-current assets, goodwill, etc.

(Significant change in amount of goodwill)

During the second quarter and third quarter of the current consolidated period, goodwill of 1,331 million yen was recognized in the MIRAIT ONE segment due to the phased acquisition of shares of Koyo Holdings Co., Ltd and its inclusion in the scope of consolidation.

(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 1,009,600 shares of its common stock of an amount of 1,999 million yen. As a result, the Company's treasury stock increased by the same amount.

Furthermore, the Board of Directors of the Company resolved on November 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 362,600 shares of its common stock of an amount of 799 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 third quarter of the current consolidated fiscal period was 7,528 million yen.

(Notes on going concern assumption)

Not applicable.

(Notes to Statement of Cash Flows)

Quarterly consolidated statement of cash flows for the first nine months ended December 31, 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 nine months ended December 31, 2023 and 2024 are as follows.

	Three months ended December 31, 2023	Three months ended December 31, 2024
Depreciation	5,950 million	8,042 million
Amortization of goodwill	1,087 million	1,867 million
Amortization of negative goodwill	—	(18) million

(Significant subsequent events)

(Share cancellation)

On February 14, 2025, the Board of Directors of the Company decided to cancel treasury stock pursuant to Article 178 of the Companies Act of Japan.

1. Class of shares to be cancelled: the Company's common stock
2. Total number of shares to be cancelled: 3,000,000 shares (3.2% of outstanding shares before cancellation (including treasury stock))
3. Scheduled date of cancellation: February 28, 2025