Annual Securities Report

For the 14th Fiscal Year
(from April 1, 2023 to March 31, 2024)

MIRAIT ONE Corporation

Annual Securities Report

1. This document is an English equivalent of the Annual Securities Report as set forth in Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan, and prepared for printing by adding a table of contents and pagination to the data filed via the Electronic Disclosure for Investors' NETwork (EDINET) pursuant to Article 27-30-2 of the same Act.
2. Attached at the end of this document are the Audit Reports attached to the Annual Securities Report submitted as described above, and the Internal Control Report and Confirmation Letter submitted along with the aforementioned Annual Securities Report.

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[Document Filed]	**Annual Securities Report**
[Applicable Law]	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed with]	Director-General, Kanto Local Finance Bureau
[Filing Date]	June 26, 2024
[Fiscal Year]	The 14th Fiscal Year (from April 1, 2023 to March 31, 2024)
[Company Name]	MIRAIT ONE Corporation
[Company Name in English]	MIRAIT ONE Corporation
[Title and Name of Representative]	Toshiki Nakayama, President and CEO
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[Contact Person]	Takaaki Mitsuya, Director and CFO
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[Contact Person]	Takaaki Mitsuya, 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

Fiscal year		10th	11th	12th	13th	14th
Year ended		March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
Net sales	(million yen)	441,166	463,744	470,385	483,987	518,384
Ordinary profit	(million yen)	23,207	31,739	34,152	22,384	18,690
Profit attributable to owners of parent	(million yen)	15,220	24,205	25,163	14,781	12,535
Comprehensive income	(million yen)	17,156	25,138	25,469	16,517	18,515
Net assets	(million yen)	218,710	231,323	249,237	254,305	260,088
Total assets	(million yen)	352,134	358,751	435,785	436,752	519,960
Net assets per share	(yen)	2,006.42	2,232.25	2,446.54	2,573.50	2,735.90
Net income per share	(yen)	149.93	229.59	250.84	151.20	133.34
Diluted net income per share	(yen)	–	–	–	–	–
Equity ratio	(%)	61.2	63.1	55.6	56.5	48.5
Return on equity	(%)	7.4	11.0	10.7	6.0	5.0
Price-earnings ratio	(times)	9.50	7.66	7.67	10.70	14.03
Net cash provided by (used in) operating activities	(million yen)	7,936	41,602	12,972	5,315	33,625
Net cash provided by (used in) investing activities	(million yen)	(9,176)	1,869	(46,204)	(12,314)	(55,545)
Net cash provided by (used in) financing activities	(million yen)	(2,814)	(32,200)	38,395	(12,571)	38,816
Cash and cash equivalents at end of period	(million yen)	31,632	42,851	48,901	30,399	48,017
Number of employees [Separately, average number of temporary employees]	(persons)	12,580 [2,624]	12,882 [2,439]	14,006 [2,291]	14,350 [2,384]	16,985 [2,725]

Notes:
1. The amount of diluted net income per share is 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 and subsequent fiscal years is presented after the application of such accounting standards.
4. The Company has finalized the provisional accounting treatment for business combinations in the 13th fiscal year. The figures, etc. for the 12th fiscal year reflect the finalized data of the provisional accounting treatment.

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

Fiscal year		10th	11th	12th	13th	14th
Year ended		March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
Net sales	(million yen)	8,545	13,928	16,652	182,449	223,378
Ordinary profit	(million yen)	6,871	12,307	14,425	12,975	3,898
Profit	(million yen)	8,091	12,278	14,402	67,978	4,580
Share capital	(million yen)	7,000	7,000	7,000	7,000	7,000
Total number of issued shares	(shares)	108,325,329	108,325,329	108,325,329	103,325,329	94,325,329
Net assets	(million yen)	113,727	111,920	116,565	175,891	167,877
Total assets	(million yen)	166,240	166,364	237,063	332,278	394,017
Net assets per share	(yen)	1,059.24	1,103.56	1,177.85	1,833.97	1,822.75
Dividend paid per share [Of which, interim dividends per share]	(yen)	40 [20]	45 [22]	55 [25]	60 [30]	65 [30]
Net income per share	(yen)	78.84	116.46	143.57	695.34	48.72
Diluted net income per share	(yen)	–	–	–	–	–
Equity ratio	(%)	68.4	67.3	49.2	52.9	42.6
Return on equity	(%)	7.2	10.9	12.6	46.5	2.7
Price-earnings ratio	(times)	17.87	15.09	13.39	2.33	38.41
Payout ratio	(%)	50.7	38.6	38.3	8.6	133.4
Number of employees [Separately, average number of temporary employees]	(persons)	100 [–]	106 [–]	110 [–]	3,635 [125]	3,622 [114]
Total shareholder return [Benchmark: TOPIX Total Return Index]	(%)	85.8 [90.5]	118.2 [128.6]	129.2 [131.2]	114.3 [138.8]	134.5 [196.2]
Highest share price	(yen)	1,779	1,913	2,403	2,009	2,058
Lowest share price	(yen)	1,129	1,173	1,719	1,399	1,628

Notes:
1. The amount of diluted net income per share is 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 before April 3, 2022, and on the Prime Market of the Tokyo Stock Exchange after April 4, 2022.
4. The Company conducted an absorption-type merger effective July 1, 2022, with the Company as the surviving company and its wholly owned subsidiaries MIRAIT Corporation and MIRAIT Technologies Corporation as the defunct companies, and transitioned from a pure holding company to an operating holding company. Consequently, the financial data, etc. for the 13th fiscal year is substantially different from those for the 12th fiscal year and earlier.

2. History

MIRAIT ONE 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”), Commuture Corporation (hereinafter “Commuture”), and TODENTSU Corporation (hereinafter “TODENTSU”), which were engaged in telecommunications facility work and other businesses.

In July 2022, the Company transitioned from a joint holding company to an operating holding company through a merger with its consolidated subsidiaries, MIRAIT Corporation and MIRAIT Technologies Corporation.

The history of the corporate group is as follows.

Month and year	Event
November 2009	Daimei, Commuture, 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. Commuture 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 31, 2020	Lantrovision (S) Ltd acquired shares of YL Integrated Pte Ltd and made it a consolidated subsidiary.

Month and year	Event
June 2020	Lantrovision (S) Ltd acquired shares of Shanghai Changling Communication Equipment Co., Ltd. and made it a consolidated subsidiary.
March 31, 2022	The Company acquired shares of SEIBU CONSTRUCTION Co., LTD. and made it a consolidated subsidiary.
April 2022	The Company moved from the First Section to the Prime Market due to the revision of the market division of the Tokyo Stock Exchange.
July 2022	The Company established MIRAIT ONE SYSTEMS Corporation. The Company merged with MIRAIT Corporation and MIRAIT Technologies Corporation, and changed its trade name to MIRAIT ONE Corporation.
December 2023	The Company acquired shares of Kokusai Kogyo Co., Ltd., and acquired Kokusai Kogyo and its ten consolidated subsidiaries as consolidated subsidiaries.

3. Description of Business

The “MIRAIT ONE Group” (hereinafter the “Group”) comprises the Company as the operating holding company, and 85 consolidated subsidiaries including MIRAIT ONE Corporation, Lantrovision (S) Ltd, TTK Co., Ltd., SOLCOM Co., Ltd, Shikokutsuken Co., Ltd., SEIBU CONSTRUCTION Co., LTD., MIRAIT ONE SYSTEMS Corporation, and Kokusai Kogyo Co., Ltd., and is mainly engaged in environmental and social innovation business, ICT solutions business, NTT business, and multi-carrier business.

The Group’s operational structure is as follows.

(As of March 31, 2024)

Clients

MIRAIT ONE Group

Main Businesses
- Environmental & social innovation business
- ICT solution business
- NTT business
- Multi-carrier business

MIRAIT ONE Corporation

[Consolidated subsidiaries]
AST-ENG Corp.
KATAKURA CONSTRUCTION Co., Ltd.
Comlead Co., Ltd.
TODENTSU Access Corporation
Nissetsu Co., Ltd.
MIRAIT Solutions Corporation
Meisei Correspondence Co., Ltd.
Libnet Co., Ltd.
A-Rise Co., Ltd
KINKIDENKI Co.,Ltd.
SHINKO ELECTRIC Co.,LTD
TODENTSU NETWORK Co.,Ltd
Fucom Corp.
MIRAIT Mobile East Co., ltd.
Line Connect Corporation
MIRAIT Technologies Australia Pty.Limited
M’s Frontier Corporation
Ground Create Co., Ltd.
DAIMEI TUSAN CO.,LTD.
Tohoken System Engineering Corp.
HOPE NET Co., Ltd.
MIRAIT Mobile West Co., Ltd.
Lapisnet Co., Ltd.
Okisokou.Co., Ltd.
COTONET ENGINEERING Co., Ltd.
Infraise Co.,Ltd
Nishinihondenko Corporation
MIRAIT-X Corporation
MiratecDrone Corp.
Ligare Co., Ltd.

[Affiliates accounted for using the equity method] 4 Companies

Lantrovision(S)Ltd

[Consolidated subsidiaries]
Lantro (S) Pte Ltd
Lantrovision Korea Co Ltd
Lantro Myanmar Co Ltd
PT. Lantro Technologies Indonesia
Shanghai Changling Communication Equipment Co.,Ltd.
Lantro (Malaysia) Sdn Bhd
Lantro (Shanghai) Co Ltd
Lantro Technologies India Private Limited
YL Integrated Pte Ltd
Lantro (HK) Limited
Appsilan Asia Pte Ltd
Nectric Engineering Pte Ltd
VRnet (S) Pte Ltd
Lantro Phils. Inc
Innovative Energy Systems & Technology Pte Ltd
Sun Power Electrical Pte Ltd
Lantro (Taiwan) Limited
Lantro (Penang) Sdn Bhd

[Affiliates accounted for using the equity method] 5 Companies

TTK Co., Ltd.

[Consolidated subsidiaries]
TTK ENG Miyagi Co.,Ltd
TTK ENG Akita Co.,Ltd
Futatsuyama Construction Co., Ltd
HOKUBU Co.,Ltd.
TTK ENG Yamagata Co.,Ltd
TTK ENG Iwate Co.,Ltd
TTK ENG Fukushima Co.,Ltd
TTK ENG Aomori Co.,Ltd
Tsukada Electrical Construction Co., Ltd

SOLCOM Co., Ltd.

[Consolidated subsidiaries]
SOLCOMMEISTER Co.,Ltd.
Seikenkogyo Co.,Ltd.
Yuwakogyo Corporation
Chugokutsushinshizai Corporation
Solcom Business Survice Corporation
Dentsushizai Corporation

[Affiliates accounted for using the equity method] 2 Companies

Shikokutsuken Co., Ltd.

[Consolidated subsidiaries]
Ochidenki Corporation
STK Techno Corporation

SEIBU CONSTRUCTION CO.,LTD.

MIRAIT ONE SYSTEMS Corporation

[Consolidated subsidiaries]
ACTIS Co., Ltd.
CREiST Inc.
TIMETEC Co., Ltd.
Trust System Corporation

Kokusai Kogyo Co., Ltd.

[Consolidated subsidiaries]
KKC Systems Co., Ltd.
Meiji consultant co.,ltd.
ThinkTron Limited
TDS Co., Ltd.
AiNest Co., Ltd.
Kokusai Data Production Center Co., Ltd.
Sango Himawari Energy Co., Ltd.
Ryukyu Kokusai Kogyo Co., Ltd.
Kokusai Taiwan Limited

[Affiliates accounted for using the equity method] 3 Companies

Changes in subsidiaries and affiliated companies are as follows:

1) DAIMEI TECHNO CO., LTD. was removed from the scope of consolidation from the first quarter of the fiscal year under review, following its dissolution as a result of an absorption-type merger by which Tokai-koei Inc. (trade name changed to Infraise Co., Ltd. on April 1, 2023) became a surviving company.
2) As a result of the acquisition of all outstanding shares of Kokusai Kogyo Co., Ltd., from the third quarter of the fiscal year under review, Kokusai Kogyo Co., Ltd. and its ten consolidated subsidiaries (Meiji consultant co., ltd. and nine other companies) were added to the scope of consolidation, and three affiliates of Kokusai Kogyo Co., Ltd. (RTi-cast Inc. and two other companies) were added to the scope of the equity method affiliates.
3) Associate Lease Co., Ltd., a consolidated subsidiary of Kokusai Kogyo Co., Ltd., was removed from the scope of consolidation from the fourth quarter of the fiscal year under review, following its dissolution.

4. Subsidiaries and Other Affiliated Entities

(As of March 31, 2024)

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)						
AST-ENG Corp.	Matsubara City, Osaka Pref.	70	Information and telecommunications engineering business	100.0	–	–
Infraise Co., Ltd.	Koto-ku, Tokyo	99	Water supply and drainage business and civil engineering business, etc.	100.0	–	–
Agility RISE Co., Ltd.	Hiki District, Saitama Pref.	10	Information and telecommunications engineering business	100.0	–	–
M's Frontier Corporation	Koto-ku, Tokyo	80	Information and telecommunications engineering business	100.0	–	–
Okisokou Co., Ltd. (Note) 3	Naha City, Okinawa Pref.	30	Information and telecommunications engineering business	45.1	–	–
KATAKURA CONSTRUCTION Co., Ltd.	Setagaya-ku, Tokyo	50	Information and telecommunications engineering business	98.9	–	Yes
Kinki Denki Corp. (Note) 3	Izumi City, Osaka Pref.	44	Information and telecommunications engineering business	45.7	–	–
Ground Create Co., Ltd.	Nishi-ku, Osaka City	30	Information and telecommunications engineering business	100.0	–	–
COTONET ENGINEERING Co., Ltd.	Minami-ku, Kyoto City	50	Information and telecommunications engineering business	100.0	–	–
Comlead Co., Ltd.	Naniwa-ku, Osaka City	60	Information and telecommunications engineering business	100.0	–	–
SINKO ELECTRIC CORP.	Toyonaka City, Osaka Pref.	42	Information and telecommunications engineering business	88.9	–	–
DAIMEI TUSAN CORP.	Koto-ku, Tokyo	100	Sale of materials and other items related to telecommunications facilities, and sale and lease of construction equipment	100.0	–	Yes
TODENTSU Access Corporation	Nagareyama City, Chiba Pref.	100	Information and telecommunications engineering business	100.0	–	–
TODENTSU NETWORK Co.,Ltd	Koto-ku, Tokyo	55	Information and telecommunications engineering business	100.0	–	–
Tohoken System Engineering Corp.	Sano City, Tochigi Pref.	100	Information and telecommunications engineering business	100.0	–	–
Nishinihondenko Corporation	Minami-ku, Kumamoto City	20	Information and telecommunications engineering business	99.1	–	–
Nissetsu Co., Ltd.	Minato-ku, Tokyo	100	Air conditioning /sanitary/electrical facility work business	100.0	–	–
Fucom Corp.	Nishi-ku, Osaka City	50	Information services business, etc.	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
HOPE NET Co., Ltd.	Chiyoda-ku, Tokyo	55	Staffing services	100.0	–	–
MIRAIT-X Corporation	Koto-ku, Tokyo	20	Installation and sale of solar power and storage battery systems	66.5	–	Yes
MIRAIT Solutions Corporation	Shinjuku-ku, Tokyo	50	Information and telecommunications engineering business	100.0	–	–
MIRAIT Mobile East Co., Ltd.	Koto-ku, Tokyo	35	Information and telecommunications engineering business	100.0	–	Yes
MIRAIT Mobile West Co., Ltd.	Naniwa-ku, Osaka City	60	Information and telecommunications engineering business	100.0	–	–
MiratecDrone Corp.	Shinagawa-ku, Tokyo	100	Drone services business	100.0	–	Yes
Meisei Correspondence Co., Ltd. (Note) 3	Chofu City, Tokyo	33	Information and telecommunications engineering business	40.0	–	–
Line Connect Corporation (Note) 2	Kashiwa City, Chiba Pref.	10	Information and telecommunications engineering business	100.0 [100.0]	–	–
Lapisnet Co., Ltd.	Higashinada-ku, Kobe City	50	Information and telecommunications engineering business	100.0	–	–
Ligare Co., Ltd.	Nishi-ku, Saitama City	41	Information and telecommunications engineering business	100.0	–	–
Libnet Corporation	Ise City, Mie Pref.	100	Contracted library operations, consulting, and system development	100.0	–	–
MIRAIT Technologies Australia Pty. Limited	New South Wales, Australia	0.1 mil. AUD	Information and telecommunications engineering business	58.6	–	Yes

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
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	100.0 [100.0]	–	–
Lantro (Penang) Sdn Bhd (Note) 2	Penang, Malaysia	0.25 mil. MYR	Information and telecommunications engineering business	100.0 [100.0]	–	–
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	100.0 [100.0]	–	–
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	20 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]	–	–
Lantro (S) Pte Ltd (Note) 2	Singapore	2.5 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	0.15 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. INR	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 (Notes) 2, 3	Singapore	0.1 mil. SGD	Design, construction, and management of general electrical work and electrical facility work	48.2 [48.2]	–	–
Sun Power Electrical Pte Ltd (Notes) 2, 3	Singapore	0.25 mil. SGD	Design, construction, and management of general electrical work and electrical facility work	47.2 [47.2]	–	–
Shanghai Changling Communication Equipment Co., Ltd. (Note) 2	Shanghai, China	60 mil. RMB	Construction of telecommunications towers and sharing services	50.1 [50.1]	–	–

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
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]	–	Yes
Futatsuyama Construction Co.,Ltd (Note) 2	Ishinomaki City, Miyagi Pref.	20	Civil 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]	–	–
Yuwakogyo Corporation (Note) 2	Nishi-ku, Hiroshima City	70	Information and telecommunications engineering business	100.0 [100.0]	–	Yes
Seikenkogyo 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]	–	–
Chugokutsushinshizai Corporation (Note) 2	Higashihiroshima City, Hiroshima Pref.	70	Procurement and sale of materials for information and telecommunications construction	86.0 [86.0]	–	–
Dentsushizai Corporation (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	1	–
Ochidenki Corporation (Note) 2	Imabari City, Ehime Pref.	50	Information and telecommunications engineering business	100.0 [100.0]	–	–
STK Techno Corporation (Note) 2	Imabari City, Ehime Pref.	30	Information and telecommunications engineering business	100.0 [100.0]	–	–
SEIBU CONSTRUCTION Co., LTD. (Notes) 1, 4	Tokorozawa City, Saitama Pref.	11,000	General construction business for civil engineering, building construction, and other construction work	95.0	–	–

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 ONE SYSTEMS Corporation	Minato-ku, Tokyo	100	Information services business, etc.	100.0	–	Yes
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]	–	–
TIMETEC Co., Ltd. (Note) 2	Suita City, Osaka Pref.	50	Contracted software development and system development/ operations	100.0 [100.0]	–	–
Trust System Inc. (Note) 2	Chiyoda-ku, Tokyo	100	General operations related to information system development	100.0 [100.0]	–	–
Kokusai Kogyo Co., Ltd. (Note) 1	Shinjuku-ku, Tokyo	6,794	Consulting business for spatial information	100.0	–	Yes
KKC Systems Co., Ltd. (Note) 2	Fuchu City, Tokyo	35	Consulting business for spatial information	100.0 [100.0]	–	–
TDS Co., Ltd. (Note) 2	Fuchu City, Tokyo	100	Consulting business for spatial information	100.0 [100.0]	–	–
Kokusai Data Production Center Co., Ltd. (Note) 2	Fuchu City, Tokyo	50	Consulting business for spatial information	100.0 [100.0]	–	–
Ryukyu Kokusai Kogyo Co., Ltd. (Note) 2	Naha City, Okinawa Pref.	40	Consulting business for spatial information	100.0 [100.0]	–	–
Meiji consultant co.,ltd. (Note) 2	Chuo-ku, Sapporo City	10	Consulting business for spatial information	100.0 [100.0]	–	–
AiNest Co., Ltd. (Note) 2	Miyagino-ku, Sendai City	30	Operation of a co-existence complex	100.0 [100.0]	–	–
Sango Himawari Energy Co., Ltd. (Note) 2	Sango Town, Ikoma District, Nara Pref.	30	Regional new power producer and supplier business	100.0 [100.0]	–	–
Kokusai Taiwan Limited (Note) 2	Taipei City, Taiwan	43 mil. TWD	Consulting business for spatial information	100.0 [100.0]	–	–
ThinkTron Limited (Note) 2	Taipei City, Taiwan	30 mil. TWD	Consulting business for spatial information	86.7 [86.7]	–	–

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
(Affiliates accounted for using the equity method) Sumiden Communication Engineering Co., Ltd.	Totsuka-ku, Yokohama City	150	Information and telecommunications engineering business	49.0	–	–
Nihon Sangyo Co., Ltd.	Iruma District, Saitama Pref.	72	Management of golf courses	50.0	–	–
MIRAIT PHILIPPINES INC.	Quezon, the Philippines	126 mil. PHP	Information and telecommunications engineering business	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]	–	–
LBS Digital Infrastructure Corp.	Taguig, the Philippines	12 mil. PHP	Construction and leasing of telecommunications towers for mobile phones	25.0	–	–
Mid Map Tokyo Corporation (Note) 2	Meguro-ku, Tokyo	15	Sale and management of map (1: 2,500 scale) database of Tokyo	40.0 [40.0]	–	–
RTi-cast Inc. (Note) 2	Aoba-ku, Sendai City	48	Real-time tsunami damage forecast system	41.7 [41.7]	–	–
Kesennuma Green Energy INC. (Note) 2	Kesennuma City, Miyagi Pref.	50	Regional new power producer and supplier business	25.0 [25.0]	–	–

Notes:
1. Falls under a specified subsidiary.
2. The figures in the square brackets 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 entity.
4. The following company accounts for more than 10% of consolidated net sales (excluding intra-group sales). Results of operations for the company are as follows:

(million yen)

Company name	Net sales	Ordinary profit	Profit	Net assets	Total assets
SEIBU CONSTRUCTION Co., LTD.	66,962	3,010	2,136	40,679	64,349

5. Employees

(1) Information about consolidated companies

(As of March 31, 2024)

Segment name	Number of employees (persons)
MIRAIT ONE	7,920 [1,147]
Lantrovision	1,436 [239]
TTK	1,167 [560]
SOLCOM	1,401 [250]
Shikokutsuken	703 [190]
SEIBU CONSTRUCTION	665 [22]
MIRAIT ONE SYSTEMS	1,294 [25]
Kokusai Kogyo	2,399 [292]
Total	16,985 [2,725]

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 current fiscal year.

3. The number of employees increased by 2,635 from the previous fiscal year, mainly because Kokusai Kogyo Co., Ltd. was made a subsidiary and included in the scope of consolidation as of December 20, 2023.

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

(As of March 31, 2024)

Number of employees (persons)	Average age	Average length of service (years)	Average annual salary (yen)
3,622	43.8	16.8	6,983,632

Note: Average annual salary includes bonuses and extra wages.

(3) Labor union

The labor unions of the Group include the Council of MIRAIT ONE & Allied Labor Union (3,617 members), the Tohoku Information Infrastructure Union-TTK Group Companies Branch (1,147 members), the Council of SOLCOM & Allied Labor Union (689 members), the Shikokutsuken Labor Union (73 members), and the Kokusai Kogyo Labor Union (259 members). Labor-management relations are favorable, and there are no special matters to be noted.

(4) Ratio of women in managerial positions, rate of parental leave taken by male employees, and gender wage gap

(i) Reporting company

<table>
<tr><th colspan="7">Fiscal year ended March 31, 2024</th></tr>
<tr><th rowspan="2">Name</th><th rowspan="2">Ratio of women in managerial positions (%) (Notes 1, 2)</th><th colspan="2">Rate of parental leave taken by male employees (%) (Note 2)</th><th colspan="3">Gender wage gap (%) (Notes 1, 2, 4, 5)</th></tr>
<tr><th>Rate of parental leave taken (%) (Note 1)</th><th>Rate of leave taken for childcare, child-nursing and other reasons (%) (Note 3)</th><th>All employees</th><th>Regular employees</th><th>Part-time and fixed-term employees</th></tr>
<tr><td>MIRAIT ONE Corporation</td><td>4.1</td><td>46.9</td><td>87.5</td><td>72.4</td><td>72.0</td><td>83.7</td></tr>
</table>

Notes: 1. Figures are calculated in accordance with the provisions of "Act on Promotion of Women's Participation and Advancement in the Workplace" (Act No. 64 of 2015).

2. The ratio of women in managerial positions is the percentage as of March 31, 2024, and the rate of parental leave taken by male employees and the gender wage gap are the percentages for the fiscal year ended March 31, 2024. The data includes individuals seconded from the Company to other companies, and excludes those seconded from other companies to the Company.
3. Figures represent the acquisition rate of leave for childcare, child-nursing and other reasons stipulated in Article 71-4, Item 2 of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ordinance of the Ministry of Labor No. 25 of 1991), based on the provisions of the "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991).
4. Wages are calculated inclusive of base salary, overtime compensation, bonuses, etc., and exclusive of retirement allowance, commuting allowance, etc.
   Part-time and fixed-term employees include fixed-term contract employees, temporary employees, and part-timers. Wages for part-timers are calculated based on actual wages paid, not converted to full-time equivalents.
5. The main factors contributing to the gender wage gap are as follows.
   For regular employees, the gap is due to an increased ratio of younger age groups among all female employees owing to the recent efforts to recruit more female new graduates to promote female advancement, as well as a low ratio of women in managerial positions.
   Note that the wage gap between male and female employees in their 20s at the Company is 92.2%. (Average age: Male: 44; Female: 37) For part-time or fixed-term employees, the gap is due to the higher number of men among the highly-paid skilled individuals, etc.

To achieve the goal of raising the ratio of women in managerial positions, the Company has been implementing the following initiatives to promote women's advancement. As a result of these measures, the number of female managers at March 31, 2024 increased by 12.5% over the previous fiscal year.

- Provide MIRAIT ONE pre-leaders training programs for female employees.
- Promote MIRAIT ONE style work lifestyle reforms, such as flextime systems, work-from-home and other arrangements to help balance career and personal life events.

(ii) Major consolidated subsidiaries

Fiscal year ended March 31, 2024						
Name	Ratio of women in managerial positions (%) (Notes 1, 2)	Rate of parental leave taken by male employees (%) (Note 2)		Gender wage gap (%) (Notes 1, 2, 4, 5)		
		Rate of parental leave taken (%) (Note 1)	Rate of leave taken for childcare, child-nursing and other reasons (%) (Note 3)	All employees	Regular employees	Part-time and fixed-term employees
TTK Co., Ltd.	5.4	100.0	100.0	55.6	56.2	77.1
SOLCOM Co., Ltd.	2.2	35.7	100.0	64.9	66.9	61.3
Shikokutsuken Co., Ltd.	0.0	75.0	87.5	52.9	64.8	67.2
SEIBU CONSTRUCTION Co., LTD.	1.7	77.8	100.0	69.5	66.7	52.4
MIRAIT ONE SYSTEMS Corporation	8.3	66.7	100.0	79.8	84.2	57.8
Kokusai Kogyo Co., Ltd.	8.7	56.3	100.0	68.4	73.9	64.0

Notes: 1. Figures are calculated in accordance with the provisions of "Act on Promotion of Women's Participation and Advancement in the Workplace" (Act No. 64 of 2015).
2. The ratio of women in managerial positions is the percentage as of March 31, 2024, and the rate of parental leave taken by male employees and the gender wage gap are the percentages for the fiscal year ended March 31, 2024. The data includes individuals seconded from the Company to other companies, and excludes those seconded from other companies to the Company.

3. Figures represent the acquisition rate of leave for childcare, child-nursing and other reasons stipulated in Article 71-4, Item 2 of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ordinance of the Ministry of Labor No. 25 of 1991), based on the provisions of the "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991).
4. Wages are calculated inclusive of base salary, overtime compensation, bonuses, etc., and exclusive of retirement allowance, commuting allowance, etc.
   Part-time and fixed-term employees include fixed-term contract employees, temporary employees, and part-timers. Wages for part-timers are calculated based on actual wages paid, not converted to full-time equivalents.
5. As for the gender wage gap, characteristic factors in the major consolidated subsidiaries are as follows.
   TTK: The figure for regular employees reflects a high ratio, which is approximately 41%, of contract employees converted to indefinite-term contracts among all female employees. Note that the wage gap between male and female employees in their 20s is 94.2%.
   Shikokutsuken: A large gap in all employees is due to the high ratio of part-time and fixed-term employees among all female employees. The gap in regular employees is attributable to a high ratio of general office workers among all female employees. Note that the wage gap between male and female employees in their 20s is 99.0%.
   MIRAIT ONE SYSTEMS: The main factor contributing to the gap is about 20% of part-timers with short working hours among female part-time and fixed-term employees.
   Each company has set specific numerical targets for the promotion of women's advancement and is implementing initiatives to achieve these targets.
6. Figures for consolidated subsidiaries other than the major consolidated subsidiaries are presented in "VII. Reference Information on Reporting Company, 2. Other Reference Information, (2) Ratio of women in managerial positions, rate of parental leave taken by male employees, and gender wage gap."

II. Overview of Business

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

Forward-looking statements contained herein are based on the Company's judgment as at the end of the fiscal year ended March 31, 2024.

(1) Basic Management Policy

The MIRAIT ONE Group has redefined its purpose and mission through the business integration of July 2022. While thoroughly nurturing existing businesses and services, we will further accelerate business expansion by identifying up and coming growth areas, the "MIRAI (future) Domains," and mobilizing group resources to expand urban and regional development/corporate DX and GX, green energy business, software business, and global business. By working to help customers and society solve problems and revitalize local communities, we are striving to increase corporate value and achieve sustainable growth.

Purpose

Co-creating an exciting future through challenges and technology.

Mission

- Meeting customer expectations and contributing to the realization of a prosperous society.
- Constantly refining our technology and business model to add more value.
- Building and maintaining future social infrastructure with our partners.
- Creating an attractive corporate culture with a diverse and dynamic workforce.
- Continuing to be a trusted company through improved sustainability and strict compliance.

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

In the business environment for the MIRAIT ONE Group, capital investment associated with telecommunications carriers' infrastructure is trending downward over the medium- to long- term, and going forward, the shift toward solutions-based investments is expected to continue.

On the other hand, efforts for digital transformation (DX) by local governments and communities are being made to develop digital infrastructure throughout the nation and promote regional DX. In addition, there is an expectation that the following will be attained: promotion of regional decarbonization to contribute to regional development, the use of renewable energy and hydrogen that fit well with regional characteristics and climates, and realization of green transformation (GX), toward achieving carbon-neutral society. There is also a need to improve resilience against natural disasters, which have been increasingly severe in recent years amid climate change.

Against this backdrop, aiming to evolve into a corporate group that can, more than ever, contribute to addressing social issues in a broad range of social infrastructure areas under its redefined purpose and mission, the Group formulated a business vision toward 2030, the "MIRAIT ONE Group Vision 2030." In addition, the Group established the Medium-term Management Plan for the five-year period started in the fiscal year ended March 31, 2023 or FY2022, and aims to achieve the targets in the plan.

[The 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 and Productivity Management" creating a friendly working environment and protecting the physical and mental health of employees
- MIRAIT ONE work style reforms supporting work-life balance

◇ Change 2: Acceleration of business growth

- Strategically addressing business growth through human resources growth and organically combining and mobilizing the Group's resources in the growth areas of "MIRAI (future) Domains" (promotion of business structure reform to a full-value model)
  - ◆ Urban development and regional development business, and acceleration of corporate DX and promotion of green transformation (GX)
  - ◆ Expansion of the green energy business contributing to decarbonization

- ◆ Strengthening of SI (system integration) business contributing to customers' DX
- ◆ 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
- Fundamental revision and improvement of efficiency of operations through the utilization of data insight and generative AI, etc.
- 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 (GHG) reduction targets (science-based targets)
- Creation of social value through the MIRAIT 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 (KPIs) of the fifth Medium-term Management Plan, Sales, Ratio of MIRAI Domains (*), OPM (Operating Profit Margin), ROE (Return on Equity) and EPS (Earnings per Share), and specified, as goals in FY2026, a Sales of at least 720 billion yen, a Ratio of MIRAI Domains of at least 40%, an OPM of at least 7.5%, an ROE of at least 10%, and an EPS-CAGR of at least 10%.

Our non-financial targets are as described in "II. Overview of Business, 2. Sustainability Approach and Initiatives."

(*) 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, ROE, and GHG emissions, a non-financial target, 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) The 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 needs to promote business operations responsive to changes in the business environment. As described in "(2) Business environment and mid- to long-term management strategies," we have developed the new business vision for 2030, the MIRAIT ONE Group Vision 2030, and is committed to work on five business transformations (5 Changes), aiming to evolve into a corporate group that continues to contribute to the resolution of social issues in a wider range of social infrastructure areas.

The major initiatives for FY2023 included the following:

1) Invest in human capital for business growth, including increasing the number of participants in the "MIRAI College," an in-house university, fostering multi-certified employees through the promotion of reskilling, reform of the personnel system, and promotion of health and productivity management
2) Accelerate the business growth under a full-value type business model including expansion of the urban and regional development, and the green energy businesses and generation of synergies with SEIBU CONSTRUCTION Co., LTD. and Kokusai Kogyo Co., Ltd.
3) Improve profitability through efficient business operations by standardizing and simplifying workflows and utilizing DX and generative AI, as well as value chain reforms
4) Strengthen foundation for ESG management, which includes GHG reduction toward achieving carbon neutrality

5) Promote growth strategies from the perspective of balance sheet, including the implementation of cash allocation plans to support the above initiatives and contribute to sustainable growth and medium- to long-term corporate value enhancement

In response to the 2024 Noto Peninsula Earthquake that occurred in January this year, the entire Group worked together to restore communication facilities in the affected areas as quickly as possible, and Kokusai Kogyo Co., Ltd., which became a subsidiary in December 2023, provided data such as aerial photographs to related organizations in order to quickly identify the damage situation of each area.

We will continue our endeavors to be a reliable corporate group that “builds and protects” the social infrastructure of the future.

In FY2023, the Group experienced several unprofitable projects as we took on the challenge of expanding growth areas. Going forward, we will focus our efforts also on preventing the recurrence by strengthening company-wide risk management.

2. Sustainability Approach and Initiatives

The Group’s approach to sustainability and its initiatives are as follows.

Forward-looking statements contained herein are based on the Group’s judgment as at the end of the fiscal year ended March 31, 2024.

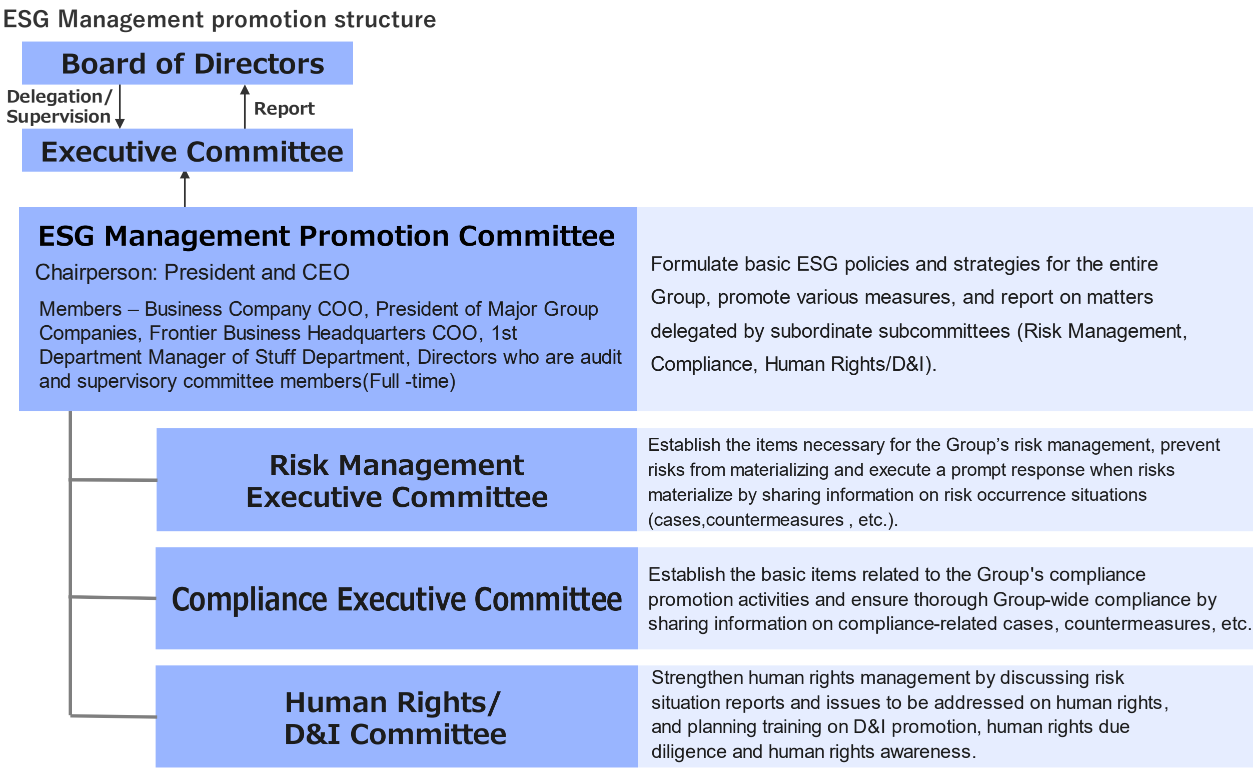
(1) Governance and risk management of sustainability in general

At the Group, the ESG Management Promotion Committee, chaired by the President and CEO, formulates basic policies and strategies on ESG management in general, identifies material issues, and responds to various environmental initiatives.

Also, starting in July 2022, the Risk Management Executive Committee, Compliance Executive Committee, and Human Rights/D&I (Diversity and Inclusion) Committee, chaired by the compliance officer, are administered under the ESG Management Promotion Committee.

The Risk Management Executive Committee deliberates and decides on policies and systems for effective and efficient risk management, while the Compliance Executive Committee reports and corrects cases of compliance incidents in the Group and examines measures to raise compliance awareness. The Human Rights/D&I Committee reports on human rights risk situations, and discusses and examines issues to be addressed, diversity & inclusion promotion and other items.

ESG Management promotion structure



(2) Identification of materiality themes

To realize sustainable growth and corporate value enhancement over the medium- to long- term, it is necessary to capture abundant business opportunities such as the accelerated global efforts toward decarbonized society, while taking measures against various risks related to human capital and climate changes. With the recognition of these opportunities and risks, the nine materiality themes identified in 2021 have clarified social problems that the Group should tackle, and are pursued as key initiatives of the Medium-term Management Plan.

In identifying the materiality themes, the ESG Management Promotion Committee holds discussions based on customer and employee surveys, stakeholder opinions, key social issues extracted from international guidelines on social responsibility, and expectations placed on the Group, which are then deliberated by the Executive Committee and the Board of Directors before finalized.

Process for identifying materiality themes

■ Step 1: Extraction and categorization of social issues

Comprehensively extract issues to be considered by referring to GRI standards, ISO 26000 and other representative international guidelines on social responsibility of organizations, SDGs, evaluation items of ESG evaluation organizations, etc.

■ Step 2: Prioritization

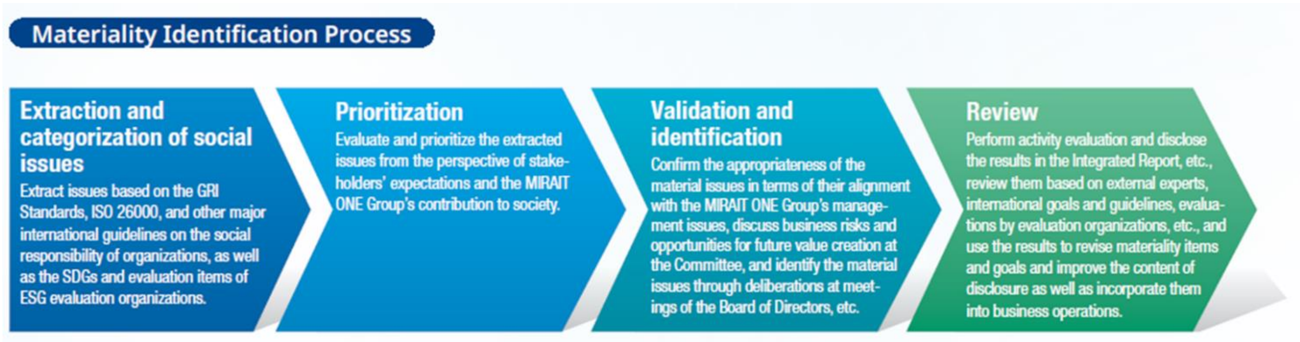
Evaluate and prioritize the extracted issues in terms of whether the Group should contribute to solving the issues and whether this will lead to value creation from the perspective of the stakeholders' expectations and the Group's purpose and mission. The ESG Management Promotion Committee discusses and selects priority material issues to be addressed by the Group.

■ Step 3: Validation and identification

Confirm the appropriateness of the material issues selected in terms of their alignment with the Group's management issues. The ESG Management Promotion Committee discusses risks to current business and opportunities for the future, and identifies them as material issues through deliberations by the Management Committee and the Board of Directors. The Committee determines initiatives and targets for the materiality themes identified in consultation with the relevant departments.

■ Step 4: Review

Evaluate activities for the materiality themes based on the targets and achievements, and disclose the results in the Integrated Report. Perform reviews based on surveys of internal and external stakeholders, opinions from external experts, SDGs and other international goals and guidelines, and evaluations by ESG evaluation organizations. The results are used to revise materiality themes and targets, incorporate them in the business operations, and improve the disclosures.



(3) Material sustainability items

The material sustainability items in the Group, which are identified through governance and risk management as described above, are 1) initiatives on climate change and 2) initiatives related to human capital.

1) Initiatives on climate change

■ Governance

In FY2021, after the establishment of the ESG Management Promotion Committee (see ESG Management promotion structure) in September, the Committee adopted the materiality theme, “Building and Maintaining an Environmentally Friendly Society” following deliberations by the Executive Committee and Board of Directors. To step up its contribution to realizing a decarbonized society, the Group set the “GHG emissions reduction target (FY2030)” as one of the KPIs in its Medium-term Management Plan and established a system to monitor its progress.

The GHG emission reduction targets for 2030 were approved as Science Based Targets (SBT) in February 2023.

In FY2023, the Committee was held four times, discussed the specific status and measures of GHG emissions reduction of the entire Group, responded to evaluation from various ESG rating agencies, analyzed the results, formulated strategies, and promoted various initiatives.

■ Risk management

We have established a basic policy and promotion system for risk management as a corporate group in the form of “Risk Management Rules,” as we take appropriate steps to deal with various risks based on our risk management plan.

The ESG Management Promotion Committee also takes the initiative on climate-related risks and opportunities, monitoring changes in the external and internal environment associated with climate change and identifying climate risks and opportunities that affect our business. The identified risks and opportunities are evaluated and analyzed to determine their impact on the Group with a focus on risks and opportunities that have a high degree of impact. Following deliberations by the Board of Directors and the Executive Committee, these are incorporated as company-wide risks and opportunities.

■ Strategies

The Group has analyzed the potential climate-related risks and opportunities in the future by referring to the scenarios based on the average temperature rise of less than 2°C (e.g. 1.5°C) and 4°C. Consequently, it was assessed that the transition to a decarbonized society (policy/legislation/market/reputation) would be subjected to the impacts that manifest as a result of anticipated future events and physical (acute/chronic) impacts from climate change.

We reviewed our medium-term management strategy with respect to these risks and reaffirmed the “realization of a decarbonized society through business activities” as a material issue. In terms of our business engagement, we have also identified the growing demand for smart infrastructure/energy solutions as a prospective opportunity.

Future where the target of less than 2°C (such as 1.5°C) is achieved: A scenario for the rapid materialization of a decarbonizing society

<table>
<tr><th rowspan="2">Envisioned scenario</th><th colspan="3">Identified risks</th><th colspan="3">Opportunity examination</th><th>Initiatives</th></tr>
<tr><th></th><th>Type</th><th>Description</th><th></th><th>Type</th><th>Description</th><th>Description</th></tr>
<tr><td rowspan="2">Tighter carbon emission regulations</td><td>Medium- and long-term</td><td>Policy/ regulation</td><td>• Increase in material and fuel procurement costs due to carbon taxation
• Increased business burden due to insufficient compliance with regulations such as carbon pricing
• Risk of cost increase due to the purchase of credits for emissions in case of failure to achieve reduction targets</td><td>Medium- and long-term</td><td>Product/ service/ energy</td><td>• Increase in demand for renewable energy and energy-saving projects (solar power generation, EV charging, LED lighting, etc.)</td><td rowspan="2">• Promotion of power-saving through DX and work-style reform
• Improvement in fuel efficiency through the use of fuel additives for vehicles, and promotion of EV adoption
• Sourcing electricity from renewable energy</td></tr>
<tr><td>Short-, medium- and long-term</td><td>Policy/ regulation</td><td>• Increase in electricity costs due to a shift to renewable energy sources</td><td>Short-, medium- and long-term</td><td>Product/ service/ energy</td><td>• Increase in demand for shift to energy-saving equipment
• Promotion of the efficient electricity use with the use of IoT</td></tr>
<tr><td>Increasing awareness toward decarbonization</td><td>Short-term</td><td>Market/ reputation</td><td>• When environmental measures turn out to be inadequate
• Decrease in orders for new construction projects
• Termination of existing maintenance contracts
• Loss of customers due to higher reputation risks</td><td>Short-, medium- and long-term</td><td>Market</td><td>• Increase in demand for renovation work
• Increase in demand for ZEB and smart city-related projects</td><td>• Identifying and promoting the procurement of low-carbon products
• Proper disclosure of information to stakeholders</td></tr>
</table>

Future where average temperatures rise by 4°C: A scenario characterized by the manifestation of physical impact

Envisioned scenario	Identified risks			Opportunity examination			Initiatives
		Type	Description		Type	Description	Description
Increase in the frequency and severity of natural disasters	Short-, medium- and long-term	Acute	• Damage to telecommunication equipment and base stations caused by heavy rains and typhoons, and increase in restoration costs	Short-, medium- and long-term	Market/ resilience	• Increase in demand for pole-free electricity to deal with abnormal weather conditions	• Increase in demand for facility enhancements such as battery storage systems and emergency power supply • Development of multi-skilled human resources • Enhancement of collaboration with MIRAIT ONE Partner Association
	Short-, medium- and long-term	Acute	• Discontinuation of products and services due to disruption of the value chain	Medium- and long-term	Market	• Growing demand for disaster prevention and mitigation work for telecommunication equipment and base stations due to the increase in the frequency and severity of natural disasters	• Water supply solution business
Rise in average temperatures	Long-term	Chronic	• Increase in air conditioning costs incurred by data centers, etc.	Long-term	Market	• Replacement of air conditioning equipment with high-efficiency equipment • Improvement of the operation of HVAC equipment	• Strengthening of air conditioning business
	Medium- and long-term	Chronic	• Increase in heat stroke and other health hazards among construction workers of telecommunications facilities	Medium- and long-term	Resilience	• Further promotion of DX and remote working style	• Streamlining construction through DX and strengthening worker health management

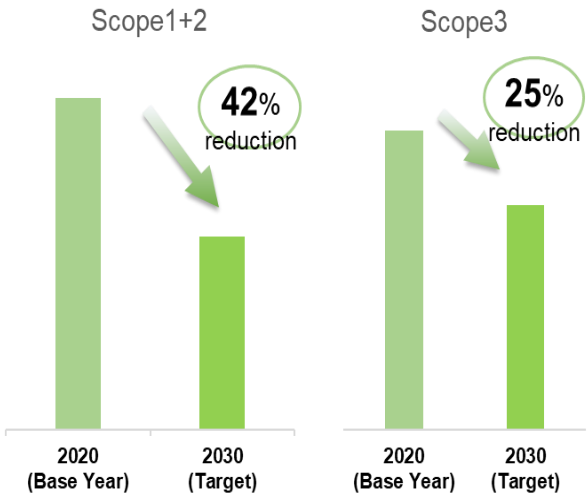
We also revised the remuneration system for board members to raise the awareness of management on ESG initiatives. In FY2022, a non-financial target of “GHG emissions” was introduced as a new indicator in addition to the conventional indicators for performance-linked compensation: “consolidated operating profit” and “consolidated ROE.”

■ Target

In FY2021, we have set the GHG emission reduction targets for the Group (excluding Kokusai Kogyo) toward FY2030. The targets were certified by the SBTi (Science Based Targets initiative) in February 2023 as a science-based target. These are also included as non-financial targets in our Medium-term Management Plan, in order to steadily capture growth opportunities for our business in relation to decarbonization.

Kokusai Kogyo set its reduction targets in September 2021, before joining the Group in December 2023, which were certified as SBT.

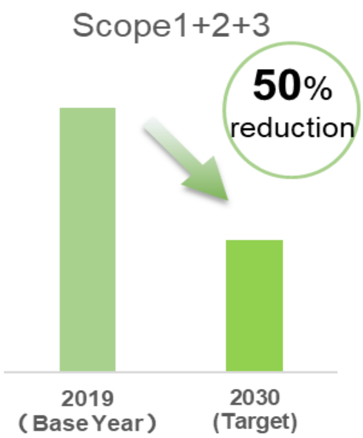
Target		SBT
Scope 1+2	Reduce the Group's GHG emissions by 42% from the FY2020 (base year) level by FY2030.	Certified in February 2023
Scope 3	Reduce the Group's GHG emissions by 25% from the FY2020 (base year) level by FY2030.	Certified in February 2023



Kokusai Kogyo

Target		SBT
Scope 1+2+3	Reduce the GHG emissions by 50% from the FY2019 (base year) level by FY2030.	Certified in September 2021

Scope 3 emissions include GHG emissions from categories 6, 7, and 11.



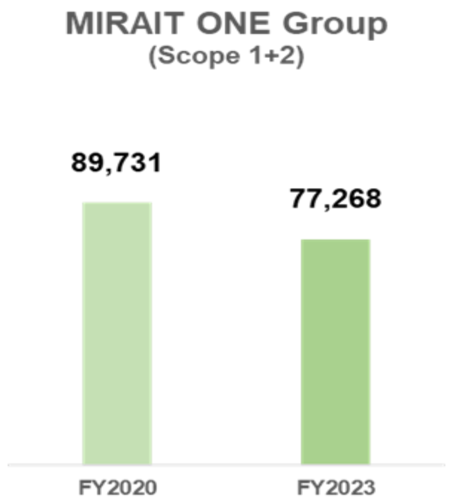
■ Actual results

The results of Scope 1+2 GHG emissions for the entire Group in FY2020 and FY2023 are as follows. For this emissions results, we have received an independent assurance statement from Sustainability Accounting Co., Ltd.

The results of Scope 3 GHG emissions in FY2023 are in the process of calculation, and will be disclosed on the Company's website "Information disclosure based on TCFD proposal" (https://www.mirait-one.com/english/esg/environment/) around September 2024.

Group-wide Scope 1+2 emissions (t-CO_2)	
FY2020	89,731
FY2023	77,268

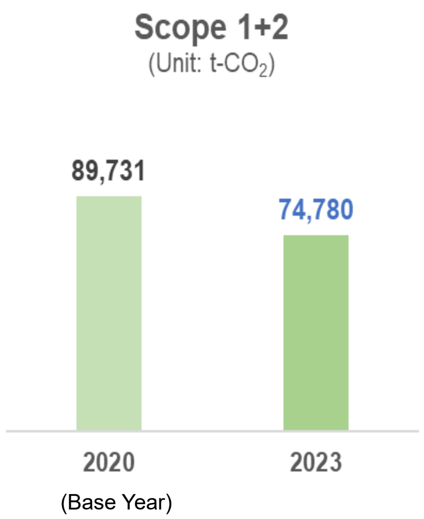
* The result of GHG emissions for the Group in FY2023 includes the FY2023 result for Kokusai Kogyo.



Breakdown

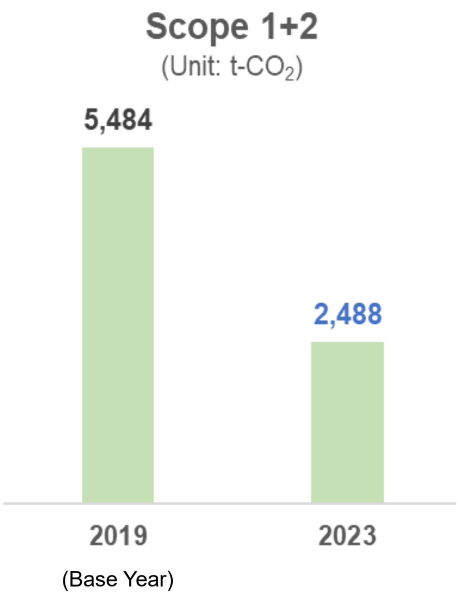
The MIRAIT ONE Group (excl. Kokusai Kogyo)

Category		Emissions (t-CO_2)	
		FY2020 (Base year)	FY2023
Scope 1	Direct emissions	66,890	61,811
Scope 2	Indirect emissions	22,841	12,969



Kokusai Kogyo

Category		Emissions ($t\text{-}CO_2$)	
		FY2019 (Base year)	FY2023
Scope 1	Direct emissions	1,523	1,202
Scope 2	Indirect emissions	3,961	1,285



2) Initiatives related to human capital

Human resources development policy

Of the five business transformation in the new business strategy (5 Changes), with a focus on Change 1 "People-centric management," the Group has expanded investment in human capital, the source of value creation.

In particular, with a view to Change 2 "Acceleration of business growth," we will roll out "strategic human resource development" through reskilling and other means on the platform of MIRAI College to "accelerate business shift to growth areas" and "promote DX reform of existing businesses" as business growth strategies, and facilitate mobility of human resources to growth areas. In addition, through a dialogue-based process that matches macro CDP (business strategy) with micro CDP (each employee), we have been promoting the policy of helping employees grow so that they can take on the challenges of new business fields with a sense of security and excitement.

To support human resources development, we promote MIRAIT ONE style smart work lifestyle reforms so as to allow employees to spend more time in reskilling. At the same time, we press ahead with diversity & inclusion measures to promote working styles allowing participation by diverse employees.

Policy on developing internal environment

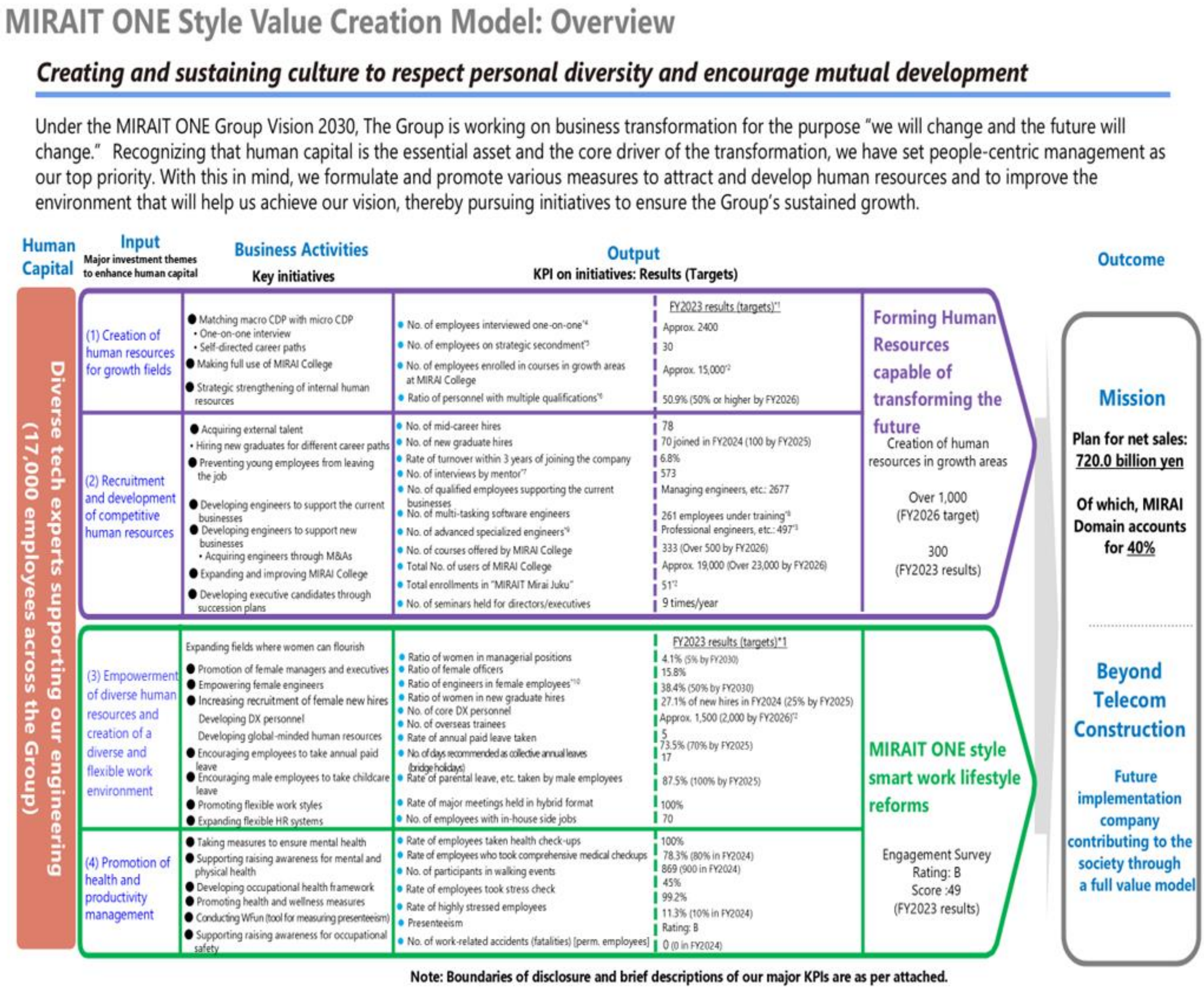
As part of efforts to improve the internal environment based on Change 1 "People-centric management," we promote the MIRAIT ONE style smart work lifestyle reforms, expand and enhance the "MIRAI College" that we opened as a means of reskilling in July 2022: (expansion of areas: accelerated expansion to partner companies, expansion of courses in line with the business strategy, enhancement of strategic learning, development to support the creation of growth areas (MIRAI Domains), enhancement of real campuses' facilities, etc.). In addition, we prepare new HR systems such as a job-based system, an in-house side-job system, strategic secondment to other companies and a global trainee system. We have formulated and carried out our policy to prepare an internal environment that implements from "self-directed learning" to "strategic learning."

Initiatives for human resource development

■ Emphasis on human resource training to transform the future

For the initiatives related to human capital, we will formulate and carry out the "MIRAIT ONE Style Value Creation Model" as a value creation story that links our management strategy and the human resource growth strategy. Specifically, we have divided our measures into four major categories: 1) creation of human resources for growth fields, 2) recruitment and development of competitive human resources, 3) empowerment of diverse human resources and creation of a diverse and flexible work environment, and 4) promotion of health and productivity management. In addition, we aim to realize the MIRAIT ONE Group Vision 2030 and the Medium-term Management Plan by setting "creation of human resources (over 1,000 persons) in growth areas (by FY2026)" and "improvement of engagement" as representative indicators (KPIs) starting in FY2024.

■ MIRAIT ONE Style Value Creation Model



(*1) Disclosure range : MIRAIT ONE Corporation (non-consolidated), except for items marked *2 and *3
(*2) Disclosure range : MIRAIT ONE Group
(*3) Disclosure range : MIRAIT ONE Corporation (non-consolidated) and Kokusai Kogyo Co., Ltd. (non-consolidated)
(*4) Description of KPI: Number of personnel development interviews conducted for micro CDP (each employee)
(*5) Description of KPI: Number of employees who have worked or experienced growth areas outside of the Company on secondment or other contractual basis
(*6) Description of KPI: Number of employees with certifications in two or more fields
(*7) Description of KPI: Follow-up interviews with young employees to prevent early turnover
(*8) Description of KPI: Of those, 28 employees completed the Basic Course in FY2023
(*9) Description of KPI: Professional Engineer, First-Class Certified Architect, First-Class Chief Electricity Engineer, etc.
(*10) Description of KPI: Percentage of engineers in all female employees

In particular, business structure reform is essential to strengthen and expand the MIRAI Domains (urban and regional development, corporate DX and GX business, green power business, software business and global business) and the full-value model, which are positioned as future growth areas in Change 2 "Acceleration of business growth." We have been building on the "strategic strengthening of internal human resources" and "active recruitment of external human resources" to create a human resource group capable of carrying out such reforms.
For the strategic strengthening of internal human resources, we have been encouraging individual employee to "gain multiple skills," involving "mobile," "cloud," "renewable energy," "plan suggestion" and "project management," and strengthening diverse skills including "data insight utilization skills" and "DX skills."
For the active recruitment of external human resources, we have introduced new HR systems such as a job-based system and acquire human resources through M&A and other means to expand mid-career hiring to strengthen growth areas such as the MIRAI Domains and the full-value model.

■ Excerpt 1) MIRAIT ONE Style Value Creation Model (From input to output)

Input	Business Activities	Output KPI on initiatives: Results (Targets)	FY2023 results (targets)*1	
(1) Creation of human resources for growth fields	● Matching macro CDP with micro CDP • One-on-one interview • Self-directed career paths ● Making full use of MIRAI College ● Strategic strengthening of internal human resources	• No. of employees interviewed one-on-one*4 • No. of employees on strategic secondment*5 • No. of employees enrolled in courses in growth areas at MIRAI College • Ratio of personnel with multiple qualifications*6	Approx. 2400 30 Approx. 15,000*2 50.9% (50% or higher by FY2026)	Forming Human Resources capable of transforming the future Creation of human resources in growth areas Over 1,000 (FY2026 target) 300 (FY2023 results)
(2) Recruitment and development of competitive human resources	● Acquiring external talent • Hiring new graduates for different career paths ● Preventing young employees from leaving the job ● Developing engineers to support the current businesses ● Developing engineers to support new businesses • Acquiring engineers through M&As ● Expanding and improving MIRAI College ● Developing executive candidates through succession plans	• No. of mid-career hires • No. of new graduate hires • Rate of turnover within 3 years of joining the company • No. of interviews by mentor*7 • No. of qualified employees supporting the current businesses • No. of multi-tasking software engineers • No. of advanced specialized engineers*9 • No. of courses offered by MIRAI College • Total No. of users of MIRAI College • Total enrollments in "MIRAIT Mirai Juku" • No. of seminars held for directors/executives	78 70 joined in FY2024 (100 by FY2025) 6.8% 573 Managing engineers, etc.: 2677 261 employees under training*8 Professional engineers, etc.: 497*3 333 (Over 500 by FY2026) Approx. 19,000 (Over 23,000 by FY2026) 51*2 9 times/year	

■ Excerpt 2) MIRAIT ONE Style Value Creation Model (From input to output)

Input	Business Activities	Output KPI on initiatives: Results (Targets)	FY2023 results (targets)*1	
(3) Empowerment of diverse human resources and creation of a diverse and flexible work environment	Expanding fields where women can flourish ● Promotion of female managers and executives ● Empowering female engineers ● Increasing recruitment of female new hires Developing DX personnel Developing global-minded human resources ● Encouraging employees to take annual paid leave ● Encouraging male employees to take childcare leave ● Promoting flexible work styles ● Expanding flexible HR systems	• Ratio of women in managerial positions • Ratio of female officers • Ratio of engineers in female employees*10 • Ratio of women in new graduate hires • No. of core DX personnel • No. of overseas trainees • Rate of annual paid leave taken • No. of days recommended as collective annual leaves (bridge holidays) • Rate of parental leave, etc. taken by male employees • Rate of major meetings held in hybrid format • No. of employees with in-house side jobs	4.1% (5% by FY2030) 15.8% 38.4% (50% by FY2030) 27.1% of new hires in FY2024 (25% by FY2025) Approx. 1,500 (2,000 by FY2026)*2 5 73.5% (70% by FY2025) 17 87.5% (100% by FY2025) 100% 70	MIRAIT ONE style smart work lifestyle reforms Engagement Survey Rating: B Score :49 (FY2023 results)
(4) Promotion of health and productivity management	● Taking measures to ensure mental health ● Supporting raising awareness for mental and physical health ● Developing occupational health framework ● Promoting health and wellness measures ● Conducting WFun (tool for measuring presenteeism) ● Supporting raising awareness for occupational safety	• Rate of employees taken health check-ups • Rate of employees who took comprehensive medical checkups • No. of participants in walking events • Rate of employees took stress check • Rate of highly stressed employees • Presenteeism • No. of work-related accidents (fatalities) [perm. employees]	100% 78.3% (80% in FY2024) 869 (900 in FY2024) 45% 99.2% 11.3% (10% in FY2024) Rating: B 0 (0 in FY2024)	

■ Human resource development by utilizing the in-house university "MIRAI College"

We opened our in-house university "MIRAI College" in July 2022. Also, The MIRAI College, consisting of real campuses (Chiba, Saitama, and Hyogo) and digital campuses, offers 333 courses in the three fields of "Technical Faculty (technical skills)," "Management Faculty (management skills)," and "Social Faculty (social skills)" as of March 31, 2024. The total enrollment is 19,000 including those from the Group and partner companies. The College offers learning management and support through its Learning Management System (LMS) to ensure that each individual acquires the skills. The program also expands community functions through information exchange using business chat functions and video postings to promote interaction beyond the company boundary, thereby providing an environment for encouraging "self-directed learning" to "strategic learning."

■ Personnel training system

The personnel training system of the Group, including those described above, comprises the “sectorial model system,” designed to enhance specialized professional capabilities for business operations, and “stratified training system,” aimed at promoting mastery of universal know-how required at each professional level. Together, the system supports the growth of each employee and systematically reinforces human capital that backs up future business growth.

From introductory training for workers who have just joined the company to training for senior managers, our program is designed to enable each employee to acquire the skills and knowledge required to fulfill the roles expected at the respective level, as well as skills and knowledge they need to learn in each career stage. In particular, we offer extensive education and training programs for new employees, which are designed to enable them to succeed in their careers regardless of whether they have a scientific or liberal arts background. Our interview program, a process designed to match macro CDP (business strategy) with micro CDP (each employee) through dialogues, encourages employees to take on the challenge of obtaining various certifications. In addition, we have established a reward system based on the degree of difficulty to meet the growth aspirations of individual employees and promote the shift of human resources to growth areas.

■ Mentoring program

We have a mentoring program in place for new employees. Under this program, a senior employee is appointed as the mentor for each new employee, aside from his or her supervisor at the assigned section, to provide guidance and counseling. The program is designed to encourage new employees (mentees) to grow spontaneously and autonomously through awareness and advice based on dialogue. The feedback on regular reporting and monthly interviews in this program support the growth of new employees as well as that of senior employees who serve as mentors.

■ “MIRAIT Mirai Juku” to nurture management minds of the next generation

In July 2020, we established the “MIRAIT Mirai Juku” to systematically train the next generation of management executives. In this “MIRAIT Mirai Juku,” the participants will broaden their perspectives on corporate management through workshop and discussion-based training programs, and enhance their abilities to respond appropriately as management through examination of specific solutions to the company’s management issues. In addition, the discussions and examination within and among training teams also help to cultivate a mentality of assuming responsibility for the future management of MIRAIT ONE. Starting from FY2023, employees of major Group companies also participate in the program.

■ Training programs at overseas operations

The Group conducts various training programs for employees hired at its overseas locations. For instance, the Lantrovision Group assigns a full-time staff in charge of human resource development and training. The group provides a wide range of programs from basic training on on-site cable design, construction, testing, etc. to practical training involving bidding, quoting, and contracts to raise employees’ skills and motivation.

In addition, the group encourages its employees to obtain cable vendor certifications to strengthen quality control, enhance customer satisfaction and bolster business competitiveness.

Promotion of health and productivity management and work style reforms

■ Promotion of health and productivity management under the leadership of top management

The Group emphasizes the promotion of health and productivity management as one of the material issues, as shown by the positioning of health and productivity management as a fundamental element in Change 1 “People-centric management” in its Medium-term Management Plan. In July 2022, the Group issued the “MIRAIT ONE Group’s Health and Productivity Management Declaration” to further enhance the effectiveness of these efforts. We will pursue health and productivity management under the leadership of President and CEO based on the structure shown in the diagram below.

Organizational structure for Health and Productivity Management

■ Support of health management

The Group performs regular health check-ups for all employees, as well as comprehensive medical examinations for those who have reached a certain age and specified health guidance to support employees’ health management. Our health support programs also include recreation facilities in several locations in Japan that employees can use to refresh themselves as well as walking and other events organized constantly by the Health Insurance Association.

■ Subsidies for comprehensive medical examinations

In addition to subsidies from the Health Insurance Association, employees also receive subsidies from the company, which are useful for improving their health management.

■ Regular distribution of “Health News” and “Mimamori (Watching over) Mail”

“Health News” is published basically every month to inform health-related information, etc. Health information relevant to the occasions is shared and utilized within the Group. “Mimamori Mail” is health information sent to field workers on their mobile phones, and is designed so that the contents can be easily understood at a glance.

■ Mental health

The “stress check program,” mandated by the Ministry of Health, Labour and Welfare, aims at primary prevention of mental health issues by helping employees become aware of their own stress and improving their workplace environment. Even before the program became mandatory, the Group introduced a mental health follow-up system (consultation service, etc.). Based on group analysis following the stress check, mental health training is conducted for each department to improve the worksite environment, thereby preventing mental health issues before they occur.

■ Support for returning to work for employees on sick leave due to mental health issues
We provide full support to employees on sick leave or medical leave due to mental health issues, including support by our mental health promotion staff, from the start of the leave to follow-up after the employee returns to work. The employee on leave can take advantage of a work rehabilitation program that utilizes relevant facilities. When the employee expresses his/her intention to return to work, a reinstatement decision will be made by the Return to Work Review Committee based on the diagnosis made by the attending physician in cooperation with the industrial physician and the company. Shorter hours, limited overtime, and other employment considerations are accorded to employees after returning to work.

■ Development of a comfortable working environment
The Group has in place a compensation system that outperforms labor-related laws and regulations, beyond compliance with the Labor Standards Act and other labor-related laws and regulations, to enhance employees' job satisfaction even further. In addition, in respect of the idea of equal pay for equal work, we ensure that non-regular employees are treated fairly and equitably with regular employees. For instance, non-regular employees are compensated at the same extra rate as regular employees for special work and overtime allowances, etc., and granted special leave and offered opportunities for promotion to regular employees.

■ Promotion of MIRAIT ONE style smart work lifestyle reforms
The Group has established the MIRAIT ONE Smart Work/Life Declaration to ensure sustainable growth while responding to changes in the labor market and business environment in recent years. Based on the declaration, we have been promoting work/lifestyle reforms consistently and comprehensively, encompassing 1) promotion of work styles not restricted by time and place to accommodate diverse lifestyles, 2) development of systems for reskilling, 3) acquisition of external talent and securing of diverse human resources, and 4) promotion of health and productivity management.

■ Recognized as a 2024 Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category)
In March 2024, the Company was recognized as a 2024 Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category).
The Certified Health & Productivity Management Outstanding Organization recognition program is a part of the measures taken by the Ministry of Economy, Trade and Industry to develop an environment in which certified corporations are able to gain enhanced recognition. The program allows corporations that strategically carry out efforts with regard to their employees' health from a management perspective to receive social recognition, and awards those that practice particularly outstanding health and productivity management.

<u>Respect for human rights and promotion of diversity and inclusion</u>
■ Respect for human rights
The MIRAIT ONE Group has launched group-wide efforts to earn the utmost satisfaction and trust of its customers based on its primary mission of creating a better environment where people and society can coexist in harmony. The Group believes that its sustainable growth and corporate value enhancement in the future can only be achieved through understanding the human rights of all stakeholders involved in the corporate activities and by fulfilling its group-wide responsibility to respect human rights.

■ MIRAIT ONE Group established Basic Policy on Human Rights
Based on the concept described above, the Group has emphasized "Respect for Human Rights and Promotion of Diversity and Inclusion" as one of its material themes. In July 2022, the Group established the "MIRAIT ONE Group Basic Policy on Human Rights" as its top policy on human rights to send out a strong message of its commitment on the respect for human rights and clearly identify its awareness within the Group. The Group is dedicated to promoting actions on the respect for human rights in all its corporate activities in collaboration with various stakeholders. Based on this policy, all employees of the Group will act with an awareness of respect for human rights as the foundation of all its business activities, as we aim to build a company that is widely trusted by all members of society and contributes to the realization of a sustainable society.

■ Promotion system

To ensure that all officers and employees understand and respect human rights issues involving all corporate activities, the "Human Rights and D&I Committee" has been established under the ESG Management Promotion Committee, chaired by the President and CEO. The Committee reports on risk situations related to human rights and diversity, discusses issues to be addressed and measures, and works to strengthen human rights management and promote diversity and inclusion measures.

■ Examples of actions taken

The Group takes the protection of workers' rights seriously by never using child labor or forced labor, and paying wages above the minimum wage level mandated by law. Even in extremely adverse business situations, the Group has made every effort to maintain the employment of its employees and has never dismissed any employee by nomination or liquidation.

In addition, we strive to prohibit harassment and other such acts through stratified training and compliance promotion activities to raise awareness of human rights. Three types of hotlines, the "Compliance Meyasubako," "Nandemo Sodanshitsu (consultation window for anything)," and "External Reporting Line," are on standby for problem-solving while giving due consideration to whistleblower protection.

Furthermore, through the efforts to establish the human rights due diligence processes, we are working to identify human rights issues in the Group, assess risks, and develop measures to mitigate the risks.

■ Labor-management relations

The Group strives to build stable labor-management relations by establishing opportunities for regular labor-management consultations, in order to develop the company and maintain and improve the working conditions of its employees based on mutual trust between labor and management. In order to conduct proactive business operations and ensure the sound development of the company, we regularly hold liaison meetings as well as meetings of the Working Hours Optimization Committee for labor and management to exchange opinions on business plans and other important issues.

■ To continue to be an "attractive company group" with diverse employees working actively

The Group respects individual personality and seeks to build workplaces where its employees perform to their full potentials, regardless of age, gender, educational background, nationality, disability, sexual orientation, gender identity, etc.

We have established the Diversity & Inclusion Office, a specialized organization to promote diversity and inclusion, in the General Affairs and Human Resources Division to leverage diverse perspectives and values in corporate management. Our focus is on building a workplace environment to maximize the characteristics and potential of each individual employee and developing management-level personnel.

Diversity & Inclusion, one of the Group's materiality themes, is positioned as a key initiative. Our mission, which defines our approach to individual stakeholders, declares our commitment to "continue to be an attractive corporate group where diverse employees work with passion and vitality."

In addition, as part of Change 1 "People-centric management" in our Medium-term Management Plan, we are dedicated to developing a pool of diverse human resources including non-Japanese engineers.

To further advance these series of diversity and inclusion initiatives, we have formulated "Diversity & Inclusion Declaration" in December 2022. We will move forward with diversity and inclusion with an eye toward realization of a corporate culture that respects individuality and is the strength of the organization.

■ Empowering female employees

We devise action plans for the purpose of enabling female employees to reach their full potential and pursue their careers in a wide range of arenas. In addition, we have set specific numerical targets for the ratio of women in new graduate hires and in managerial positions, and been working to achieve the targets. It is difficult to present these figures on a consolidated group basis because not all companies in the consolidated group have set numerical targets.

For this reason, the target and actual figures below are for the Company on a non-consolidated basis.

■ Targets and actual figures (empowering female employees)

Indicators	Target	Actual
Number of women in managerial positions	Increase by 20% by March 2026 (from the July 2022 level)	63 (+12.5%) (As of March 31, 2024)
Ratio of women in new graduate hires	25% by March 2026	27.1% (New hires of April 2024)
Rate of annual paid leave taken	70% by March 2026	73.5% (as of March 31, 2024)

* The actual figures for the ratio of women in managerial positions are disclosed in "I. Overview of the Company, 5. Employees, (4) Ratio of women in managerial positions, rate of parental leave taken by male employees, and gender wage gap."

■ Support system for balancing career with childcare and nursing care

We actively promote work-life balance by developing a working environment that enables employees to balance childcare and nursing care responsibilities with professional career. Specifically, we have instituted programs that employees can use during important life events such as childbirth, childcare, and nursing care beyond the standards stipulated by law, so that employees can continue working with a sense of security for a long time. They include the parental leave, which is available until the child reaches three years of age, and shorter working hour arrangement that can be used until the child completes the third year of elementary school.

As of the end of FY2023, the childcare leave acquisition rate among female employees is 100% with the leave acquisition rate for childcare and other reasons among male employees at 87%. We have promoted efforts to maintain the childcare leave acquisition rate and raise it even further. Also, we implement support measures to ensure employees on childcare leave can return to work smoothly and play an active role in the company. The measures include providing information on developments in the company during their absence and conducting interviews prior to their return.

■ Support for elderly employees

In response to the declining birthrate and aging population in Japan, we have created an environment where willing senior workers can continue to play active roles. This was done by establishing a reemployment system after retirement to support the active participation of senior human resources who hold qualifications in advanced technologies required for the telecommunications construction industry.

We also hold life plan seminars for employees who have reached a certain age and support them with work designing and financial planning after employment extension.

Status of reemployment after retirement (as of the end of FY2023)

Number of employees subject to mandatory retirement	166 persons
Number of rehired employees	132 persons
Reemployment rate	80%

* Average of seven companies: MIRAIT ONE Corporation, TTK Co., Ltd., SOLCOM Co., Ltd., Shikokutsuken Co., Ltd., SEIBU CONSTRUCTION Co., LTD., MIRAIT ONE SYSTEMS Corporation, and Kokusai Kogyo Co., Ltd.

3. 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 Company's judgment as at the end of the fiscal year ended March 31, 2024.

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 expediting the transition of its business structure from the telecommunications carrier business to the solutions business and shifting to "MIRAI Domains," which is positioned as new growth areas, as well as creating new business opportunities beyond its traditional business domains and technologies.

2) Risks associated with initiatives in new domains
Unexpected and significant risks arising from challenges in new domains may affect the Group's business results.
Thus, the Group has established the Business Risk Management Office to ensure optimal risk management by thoroughly screening risks related to individual projects, smoothly facilitating risk management, and sharing case studies and know-how for managing risks.

3) 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.

4) Risks associated with the management of critical information
The Group may access critical information, such as technical data and personal information provided by clients and business partners. 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 and business partner'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).

5) Risks associated with uncertainties regarding clients' credit quality
If uncertainties arise regarding the credit quality of a client or a business partner, 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.

6) Risks associated with material procurement and price hikes
In the event of difficulty in the material supply or delays in delivery due to natural disasters, war, terrorism, or epidemics of novel infectious diseases, or in the event of rising construction costs due to soaring prices of raw materials, equipment and materials, and energy, construction projects may be suspended or delayed. Furthermore, the Group's business performance may be affected if clients hold back on investments or postpone investment decisions.
The Group therefore meticulously manages the process to minimize the extension of the construction period by, for example, prioritizing the processes that are not experiencing shortages of supplies. In addition, measures are taken to mitigate the risk of rising construction costs by incorporating into contract clauses the terms and conditions for raw material price increases, and by passing the higher costs on to construction prices.

7) 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.

8) Risks associated with natural disasters, 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 outage of lifeline utility and fuel shortage. 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, and adopting of new workstyles.

9) 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, or rapid rises in material prices and labor costs in these countries 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.

10) 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 "building and maintaining an environmentally-friendly society" as its 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.

11) 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-merger acquisition integration process, the Group identifies the items to be implemented and the timeframe for their achievement, strengthens monitoring, and works to maximize synergy effects.

12) Risks associated with legal compliance

The Group is authorized and licensed under laws and regulations including the Construction Business Act, Telecommunications Business Act, and Radio Act, and conducts its business activities in accordance with relevant laws and regulations in business operations. In the event of a violation of any of these laws, the Group's business performance and credibility may be affected.

The Group therefore closely monitors legal revisions and other developments in the relevant internal departments and promptly shares such information within the Group, reviewing internal regulations as necessary. In addition, efforts are continuously made to ensure compliance with laws and regulations by conducting awareness-raising activities for employees of the Group and partner companies, and by establishing an effective internal audit and consultation system.

4. 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, 2024, 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, 2024.

(1) Operating results

During the fiscal year ended March 31, 2024, the Japanese economy was expected to continue its moderate recovery as economic and social activities moved toward normalization and the employment and income environment improved. However, the outlook remains uncertain owing to the effects of such issues as the prolonged situation in Ukraine, rises in prices, and global monetary tightening.

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

In response to the 2024 Noto Peninsula Earthquake that occurred in January this year, the entire Group worked together to restore communication facilities in the affected areas as quickly as possible, and Kokusai Kogyo Co., Ltd., which became a subsidiary in December 2023, provided data such as aerial photographs to related organizations in order to quickly identify the damage situation of each area.

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 FY2022. 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 FY2022. 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 FY2023 being the year we start to achieve business expansion driven by the growth of our human resources, we have accelerated the shift of business to "MIRAI Domains" and put in place a flexible system for human resources that supports strategic personnel development and challenges, as our growth strategy for human resources, while pushing forward MIRAIT ONE Smart Work/Life reforms.

In the Environmental and Social Innovation business, we strived to expand net sales by increasing green energy-related work and civil engineering/construction works. In the fourth quarter, the addition of Kokusai Kogyo Co., Ltd. also contributed to an increase in net sales. Furthermore, we made efforts to increase orders through joint sales with SEIBU CONSTRUCTION Co., LTD.

In the ICT Solutions business, while there was a considerably unprofitable project, we strived to expand net sales through an increase in completed work related to global orders and LAN-related work along with an increase in the software business.

In the NTT business, we began discussion on the restructuring of a fixed-line access subsidiary with the aim of making further improvements in productivity, expanding into new business domains, and strengthening governance, while improving profit margins by increasing operational efficiency of the facility operation business.

In the Multi-carrier business, we consolidated operations and optimized the division of operations, despite a decrease in CATV work and some 5G infrastructure development work.

In addition, the Company flexibly repurchased its own shares (3.84 million shares, 7,000 million yen) to enhance shareholder returns, based on its flexible capital policy to respond to changes in the market environment. Meanwhile, treasury shares not intended for use were partially cancelled (9 million shares).

As for the consolidated financial results for the fiscal year ended March 31, 2024, orders received increased by 10.2% year-on-year to 549,057 million yen. Net sales increased by 7.1% year-on-year to 518,384 million yen. On the profit front, due to the impact of considerably unprofitable projects that materialized in the Environmental and Social Innovation business and the ICT Solutions business, operating profit decreased by 18.2% year-on-year to 17,830 million yen, and ordinary profit decreased by 16.5% year-on-year to 18,690 million yen. Profit attributable to owners of parent decreased by 15.2% year-on-year to 12,535 million yen. Operating profit ratio came in at 3.4%, and ROE at 5.0%.

Business results by reporting segment are as mentioned below.

[Business Results of MIRAIT ONE]
The Company has been working to address the five business transformation (5 Changes) to realize the "MIRAIT ONE Group Vision 2030" and the fifth Medium-term Management Plan. However, the Company faced a decline in the telecommunications business (NTT, Multi-carrier) due to telecommunications carriers curbing investment. In addition, there was a fallback from large orders won in the previous fiscal year in the ICT Solutions business, and the impact of unprofitable projects among large-scale projects that the Company took on as a new challenge. Consequently, orders received declined by 2.2% year-on-year to 299,254 million yen, net sales increased by 2.5% year-on-year to 297,481 million yen and operating profit decreased by 47.8% year-on-year to 6,676 million yen.

[Business Results of Lantrovision]
Although the post-COVID market recovery has been slower than anticipated mainly due to the impact of restrictions on the construction of new data centers in Singapore, and the competition environment in Singapore has also intensified due to higher labor costs caused by rising prices and a labor shortage, Lantrovision (S) Ltd Group ("Lantrovision") experienced demand growth in neighboring countries such as India and the Philippines and a weaker yen. As a result, orders received increased by 19.7% year-on-year to 30,288 million yen, net sales increased by 8.0% year-on-year to 27,542 million yen, and operating profit decreased by 5.4% year-on-year to 1,517 million yen.

[Business Results of TTK]
TTK Co., Ltd. ("TTK") saw an increase in orders received mainly due to induction countermeasure works in the telecommunications business and quality improvement processes of mobile lines. Although TTK experienced a decrease in net sales as a result of fewer fiber optic connection works and a large increase in the balance brought forward due to some work orders concentrated in the second half of the fiscal year, there were also various efficiency improvement initiatives, such as revamping operation processes in the telecommunications business and bringing the mobile business in-house within the Group. As a result, orders received increased by 7.1% year-on-year to 41,951 million yen. Net sales decreased by 2.0% year-on-year to 37,650 million yen and operating profit decreased by 2.5% year-on-year to 2,745 million yen.

[Business Results of SOLCOM]
SOLCOM Co., Ltd. ("SOLCOM") received increased orders for solar power generation work and projects to develop road information infrastructure, despite a decrease in the telecommunications business due to telecommunications carriers curbing investment. SOLCOM also implemented measures to improve the efficiency of existing businesses and company-wide efforts to reduce costs. As a result, orders received increased by 3.1% year-on-year to 35,179 million yen, net sales decreased by 1.1% year-on-year to 33,547 million yen, and operating profit increased by 27.0% year-on-year to 1,399 million yen.

[Business Results of Shikokutsuken]
Shikokutsuken Co., Ltd. ("Shikokutsuken") faced a decrease in the balance brought forward from the previous fiscal year and a decrease in the telecommunications business due to telecommunications carriers curbing investment. However, Shikokutsuken expanded opportunities to receive orders through relationship building, took on projects in new areas, aggressively pursued additional processes, and carried out thorough cost control and other efforts to improve profits. As a result, orders received increased by 13.3% year-on-year to 25,168 million yen. Net sales decreased by 4.6% year-on-year to 23,107 million yen and operating profit increased by 5.7% year-on-year to 2,471 million yen.

[Business Results of SEIBU CONSTRUCTION]
Amid a more favorable order environment than the previous fiscal year, SEIBU CONSTRUCTION Co., Ltd. ("SEIBU CONSTRUCTION") particularly focused its efforts on obtaining orders for private sector works, including those of the Seibu Group, and private sector works progressed smoothly as well. As a result, orders received increased by 19.7% year-on-year to 64,718 million yen, net sales increased by 29.7% year-on-year to 66,962 million yen and operating profit increased by 164.8% year-on-year to 1,493 million yen.

[Business Results of MIRAIT ONE SYSTEMS]

MIRAIT ONE SYSTEMS Corporation ("MIRAIT ONE SYSTEMS") focused its efforts on expanding business by strengthening the software business, developing software, and building and maintaining system infrastructure. In particular, MIRAIT ONE SYSTEMS sought to receive orders for new large projects and large renewal projects, while reducing costs through productivity improvement. Consequently, orders received increased by 16.7% year-on-year to 28,547 million yen, net sales increased by 6.3% year-on-year to 26,970 million yen, and operating profit increased by 60.4% year-on-year to 1,894 million yen.

[Business Results of Kokusai Kogyo]

Kokusai Kogyo Co., Ltd. ("Kokusai Kogyo") mainly engages in surveying, research, planning, and designing and will be responsible for upstream processes to realize "vertical integration" aimed at accelerating the Group's full-value model. Kokusai Kogyo focused its efforts on fields related to DX and GX as well as urban and regional development based on its spatial information technology. The company also improved productivity and proactively embraced innovative technology as demand from national resilience measures and 3D urban model expanded. Consequently, orders received were 33,110 million yen including balance brought forward, net sales were 13,037 million yen, and operating profit amounted to 604 million yen.

(Note) The financial results figures for Kokusai Kogyo reflect consolidated operating results for three months based on the business combination accounting as a result of Kokusai Kogyo becoming a subsidiary.

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, 2024.

Segment name	Orders received (million yen)	Year on year (%)
MIRAIT ONE	295,089	(3.2)
Lantrovision	30,288	20.9
TTK	41,605	6.3
SOLCOM	35,179	3.2
Shikokutsuken	25,077	13.6
SEIBU CONSTRUCTION	62,687	22.3
MIRAIT ONE SYSTEMS	26,019	19.7
Kokusai Kogyo	33,110	–
Total	549,057	10.2

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

2 Orders received by Kokusai Kogyo started to be recorded from December 2023. The orders received include the amount of construction account carried forward of Kokusai Kogyo 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, 2024.

Segment name	Net sales (million yen)	Year on year (%)
MIRAIT ONE	295,861	2.1
Lantrovision	27,512	9.0
TTK	37,306	(2.6)
SOLCOM	33,327	(1.6)
Shikokutsuken	23,044	(4.4)
SEIBU CONSTRUCTION	65,283	27.7
MIRAIT ONE SYSTEMS	23,011	5.9
Kokusai Kogyo	13,037	–
Total	518,384	7.1

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, 2023		Fiscal year ended March 31, 2024	
	Net sales (million yen)	Percentage (%)	Net sales (million yen)	Percentage (%)
Nippon Telegraph and Telephone East Corporation	89,497	18.5	86,791	16.7
Nippon Telegraph and Telephone West Corporation	59,668	12.3	58,685	11.3

(2) Financial position

Total assets at the end of the fiscal year ended March 31, 2024 amounted to 519,960 million yen, an increase of 83,208 million yen from the end of the previous fiscal year. This consisted of an increase in current assets of 32,144 million yen and an increase in non-current assets of 51,063 million yen. This was mainly due to increases in cash and deposits as well as notes receivable, accounts receivable from completed construction contracts and other, etc. in current assets, and increases in customer related assets and goodwill in non-current assets, caused by the acquisition of shares of Kokusai Kogyo Co., Ltd. and inclusion of the company in the scope of consolidation.

Total liabilities increased by 77,426 million yen to 259,872 million yen. This consisted of an increase in current liabilities of 67,606 million yen and an increase in non-current liabilities of 9,819 million yen. This was mainly due to an increase in short-term borrowings in current liabilities following the acquisition of shares of Kokusai Kogyo Co., Ltd. and an increase of retirement benefit liability in non-current liabilities.

Net assets increased by 5,782 million yen to 260,088 million yen. Although the Company paid dividends and repurchased its own shares, retained earnings increased by 6,807 million yen due to profit attributable to owners of parent of 12,535 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, 2024 was 48.5% (compared to 56.5% at the end of the previous fiscal year), and net assets per share was 2,735.90 yen.

(3) Cash flows

In the fiscal year ended March 31, 2024, cash and cash equivalents (hereinafter referred to as “funds”) increased by 17,617 million yen from the previous fiscal year to 48,017 million yen.

Net cash inflow from operating activities was 33,625 million yen (inflow of 5,315 million yen in the previous fiscal year). This was mainly attributable to income before income taxes of 20,488 million yen.

Net cash outflow from investment activities was 55,545 million yen (outflow of 12,314 million yen in the previous fiscal year). This was mainly attributable to the payment of 49,863 million yen for the acquisition of subsidiaries shares with changes in the scope of consolidation.

Net cash inflow from financing activities was 38,816 million yen (outflow of 12,571 million yen in the previous year). This was mainly attributable to an increase of 53,496 million yen in short-term borrowings, which more than offset the outflow for share repurchases of 7,537 million yen and dividend payments of 5,725 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 range for total return ratio of 50% to 70%.

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 range for total return ratio of 50% to 70%, 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. For funding large-scale M&As and capital investments, the Group procures funds through the most appropriate means, such as bond issuance and syndicated loans, taking into account the maintenance of financial discipline and the market environment. 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 assumptions used in the preparation of the consolidated financial statements are disclosed in "V. Financial Information 1. Consolidated Financial Statements, etc. (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements, *Significant accounting estimates*."

5. Material Contracts

At a meeting of the Board of Directors held on November 10, 2023, the Company resolved to acquire all shares in Kokusai Kogyo Co., Ltd. to make it a subsidiary, and entered into a share purchase agreement with Geo Holdings, L.P., the major shareholder of Kokusai Kogyo dated the same. The Company acquired all shares in Kokusai Kogyo on December 20, 2023.

In addition, at the Board of Directors' meeting held on March 26, 2024, the Company resolved to purchase shares of Koyo Holdings Co., Ltd. to make it a subsidiary, and entered into a share purchase agreement dated the same.

Details are disclosed in "V. Financial Information 1. Consolidated Financial Statements, etc. (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements, *Business combination*."

6. 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, 2024. R&D expenses of the Group for the fiscal year ended March 31, 2024 totaled 304 million yen. Major R&D activities for each segment are as follows.

[MIRAIT ONE]

The Frontier Business Division and NTT Business Division's DX Promotion Department support the R&D activities of MIRAIT ONE. The Frontier Business Division conducts (1) technological development to contribute to efficiency of construction and improvement of safety and quality, (2) technological development for new business opportunities, (3) activities related to the introduction of new technologies, and (4) management of intellectual property across the company in cooperation with business headquarters and branch offices. The NTT Business Division's DX Promotion Department primarily focuses on (5) developing infrastructure technologies that contribute to efficiency of construction and improvement of safety and quality in the network engineering business in cooperation with technical centers in the NTT Business Division.

R&D expenses amounted to 152 million yen.

(1) Technological development in construction

- MIRAIT ONE compiled research results on the initiatives of the ground-penetrating radar aimed at improving the efficiency of civil engineering work, and presented them at academic conferences and in papers.

(2) New business development

- MIRAIT ONE established a technology to detect irregularities in solar panel power generation through software-based analysis of images taken by drones at solar power plants for which a certain number of years have passed since the construction, and has started applying the technology to the repowering business for used power plants.
- Utilizing our know-how on communication optical cable works, in collaboration with other companies, we have been working on the practical application of technology to monitor the distortion in structures of social infrastructures. Having established a standard construction method for installing optical fiber sensor cables, the Company received orders for multiple projects. We aim to further expand optical fiber related work as a new business area.

(3) Activities related to the introduction of new technologies

- We launched an internal study project framework with the aim of applying generative AI technologies as early as possible to improve operational efficiency. The project assessed the actual value of generative AI and formulated guidelines to ensure reliable use by employees, and developed an environment allowing all employees and group companies to use the technology. We will promote the utilization to improve operational efficiency.
- We have been studying on an ongoing basis the application of generative AI to the area of image analysis and its utilization in engineering works.

(4) Management of intellectual property (April 1, 2023 through March 31, 2024)

- Two patents were filed and one patent was registered. One trademark was filed and four trademarks were registered.

(5) Network engineering business

R&D activities related to communication lines

- Two VE suggestions by telecommunications carriers were judged to be acceptable by customers. Operational instructions were provided to telecommunications construction companies nationwide by issuing technical documents based on these suggestions.
    1. Improvement of methods for securing strand grounding in self-supporting cable sections
    2. Improvement of installation method of connection terminal box rods in the insulated sections against electromagnetic induction

- Five VE suggestions by telecommunications carriers were judged to be discretionally acceptable by customers. The telecommunications construction companies nationwide were notified that they may adopt the operation at their own discretion.
    1. Voice alert function to prevent unintentional movements of bucket trucks
    2. Freestanding long pole for facility inspection (“Taoren-bo” (anti-toppling pole) DX8)
    3. More efficient restoration methods for broken utility poles
    4. Standardizing the stripping method of steel sheaths, etc. for underground cables
    5. Angle meter with level guide

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, and improve installation methods to improve productivity, quality, and safety of telecommunications construction projects.
R&D expenses amounted to 3 million yen.

R&D activities related to communication lines

•Two VE suggestions by telecommunications carriers were judged to be acceptable or discretionally acceptable by customers.

1. Expansion of application of insulation hardware for terminal poles to two-line clamping hardware (acceptable)
2. Proposal to develop a support tool for repairing and opening metal line failures (discretionally acceptable)

[SOLCOM]

The E&S Business Transformation Project Team is responsible for R&D activities. In the current fiscal year, we have worked to improve direct business processes through “visualization” and to internally develop applications to improve the efficiency of indirect business operations through DX of design/construction management/facility maintenance.
R&D expenses amounted to 12 million yen.

[Shikokutsuken]

Not applicable.

[SEIBU CONSTRUCTION]

Not applicable.

[MIRAIT ONE SYSTEMS]

Not applicable.

[Kokusai Kogyo]

In the consulting business for spatial information, the Advanced Technology Development Department of the Business Technology Development Division plays a central role in R&D activities related to new technologies and new products, in cooperation with business divisions.
The Advanced Technology Development Department takes the lead in conducting advanced and basic research, while project teams are organized for individual R&D projects to develop applied technologies and new products, and enhance the functions of existing products. R&D expenses for the fiscal year ended March 31, 2024 amounted to 252 million yen (135 million yen for the period from January to March 2024), including expenditures for basic research, development of applied technologies and new products, and functional enhancements of existing products.

(1) Basic research

Conventional systems for searching rules and regulations of general affairs, legal affairs, human resources, etc. available in the company required time to retrieve the necessary information. We have started development of a system to retrieve necessary information in a short period of time using generative and interactive AI. We are considering utilizing the system not only for internal information retrieval, but also as a system for searching information on affected areas, evacuation sites, etc. in the event of a disaster.
In recent years, 3D point cloud data has been widely acquired by aerial laser mapping for the maintenance and management of roads and rivers, and to prevent landslide disasters. 3D point cloud data can also be created from drone-captured images. However, there had been no viewer system that can easily process 3D point cloud data due to its large amount of data volume. We have developed Fusion Space, a 3D viewer capable of high-speed display of 3D point cloud data, CAD data, original image data, etc., on the website, creating cross-sectional views, calculating areas and volumes, etc., and started using it in the fields of infrastructure maintenance management and river management.

(2) Development of applied technologies and new products

Development related to applied technologies and new products is conducted in cooperation among four business divisions and the Advanced Technology Development Department. In FY2023, we have conducted 27 technological developments related to each of the businesses. The developments mostly involve technologies related to national resilience and DX promotion, such as those for surveys and diagnosis of deterioration of infrastructure facilities and monitoring of slopes, and also include technologies related to GX promotion, such as the J-credit scheme and biodiversity assessment.

(3) Others

Mainly aiming to improve technologies and facilitate interaction in the spatial information consulting business in general, the Advanced Technology Development Department of Kokusai Kogyo Co., Ltd. and four business divisions of the Company play a central role in 1) holding technical symposiums, 2) dispatching employees to relevant national research institutions, and 3) hosting study groups led by academics and other experts in specialized fields on an ongoing basis.

III. Information about Facilities

1. Overview of Capital Expenditures, etc.

During the fiscal year ended March 31, 2024, the Company made capital expenditures of 10,459 million yen in total. The major components of the capital expenditures were the construction cost of the MIRAIT ONE Yokohama-Kanazawa Building and development expenses for the next-generation mission-critical system incurred by the Company.

2. Major Facilities

(1) Reporting company

• MIRAIT ONE Corporation

(As of March 31, 2024)

Office (location)	Segment name	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^2)	Amount				
Head Office (Koto-ku, Tokyo)	MIRAIT ONE	Head office	90	50	–	–	23	58	224	415
Kanto region branch offices/ construction offices (Koto-ku, Tokyo and 11 other locations)		Branch office/construction base	8,587	536	76,045	10,706	91	289	20,212	964
Kansai region branch offices/ construction offices (Osaka City, Osaka Pref. and 6 other locations)		Branch office/construction base	20,426	849	33,303	5,348	199	228	27,052	768
Tohoku region construction offices (Koriyama City, Fukushima Pref.)		Construction base	39	0	8,732	469	3	1	512	27
Training Center (Ichikawa City, Chiba Pref.)		Training center	384	11	3,497	251	4	2	654	17
Company dormitories (Adachi-ku, Tokyo and 1 other location)		Company dormitory	1,450	5	2,786	258	0	2	1,718	–

(2) Consolidated subsidiaries

• TTK Co., Ltd.

(As of March 31, 2024)

Office (location)	Segment name	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^2)	Amount				
Head Office (Wakabayashi-ku, Sendai City)	TTK	Head office	798	129	14,747	923	3	77	1,932	479
Miyagi Branch Office (Wakabayashi-ku, Sendai City)		Branch office/construction base	295	0	33,315	404	265	6	972	56
Iwate Branch Office (Yahaba Town, Iwate Pref.)		Branch office/construction base	117	0	31,925	296	131	6	552	32
Aomori Branch Office (Aomori City, Aomori Pref.)		Branch office/construction base	313	0	19,815	73	65	7	459	21
Akita Branch Office (Akita City, Akita Pref.)		Branch office/construction base	496	0	11,396	196	69	23	785	23
Yamagata Branch Office (Yamagata City, Yamagata Pref.)		Branch office/construction base	24	0	6,188	80	168	4	277	22
Fukushima Branch Office (Fukushima City, Fukushima Pref.)		Branch office/construction base	487	19	13,660	108	80	4	700	28

• SOLCOM Co., Ltd.

(As of March 31, 2024)

Office (location)	Segment name	Description of facilities	Carrying amount (million yen)							Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Land		Leased assets	Other	Total	
					Area (m²)	Amount				
Head Office/ Business Headquarters (Naka-ku, Hiroshima City and 1 other location)	SOLCOM	Head office	608	0	9,389	417	78	26	1,131	341
Hiroshima Branch Office (Naka-ku, Hiroshima City and 1 other location)		Branch office	526	0	55,454	2,417	2	0	2,947	131
Okayama Branch Office (Kita-ku, Okayama City and 1 other location)		Branch office	555	0	29,124	926	9	10	1,501	118
Yamaguchi Branch Office (Yamaguchi City, Yamaguchi Pref.)		Branch office	397	23	62,180	614	6	6	1,049	82
Shimane Branch Office (Matsue City, Shimane Pref.)		Branch office	414	0	18,725	159	4	8	586	75
Tokyo Branch Office (Ota-ku, Tokyo)		Branch office	4	–	292	410	–	0	414	11

• Shikokutsuken Co., Ltd.

(As of March 31, 2024)

Office (location)	Segment name	Description of facilities	Carrying amount (million yen)							Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Land		Leased assets	Other	Total	
					Area (m²)	Amount				
Head Office (Imabari City, Ehime Pref.)	Shikokutsuken	Head office	1,069	6	22,002	612	–	18	1,706	232
Matsuyama Branch Office (Matsuyama City, Ehime Pref.)		Branch office	82	46	8,657	500	–	3	633	79
Takamatsu Branch Office (Takamatsu City, Kagawa Pref.)		Branch office	57	–	4,512	356	–	0	414	28
Kochi Branch Office (Kochi City, Kochi Pref.)		Branch office	49	31	5,172	301	–	3	385	76
Tokushima Branch Office (Tokushima City, Tokushima Pref.)		Branch office	67	–	2,302	24	–	0	91	18
Niihama Sales Office (Niihama City, Ehime Pref.)		Sales office	40	–	643	111	–	1	152	32
Saijo Sales Office (Saijo City, Ehime Pref.)		Sales office	53	38	3,075	234	–	1	327	39
Uwajima Sales Office (Uwajima City, Ehime Pref.)		Sales office	9	12	3,301	75	–	0	97	33

• SEIBU CONSTRUCTION Co., LTD.

(As of March 31, 2024)

Office (location)	Segment name	Description of facilities	Carrying amount (million yen)							Number of employees (persons)
			Buildings and structures	Machinery, equipment and vehicles	Land		Leased assets	Other	Total	
					Area (m²)	Amount				
Kume Dormitory (Tokorozawa City, Saitama Pref.)	SEIBU CONSTRUCTION	Company dormitory, etc.	0	–	1,672	204	–	–	205	–
Shonan Office (Kamakura City, Kanagawa Pref.)		Office	2	–	1,105	211	–	–	213	2
Tokorozawa Head Office (Tokorozawa City, Saitama Pref.)		Office	14	17	–	–	–	86	117	281

• MIRAIT ONE SYSTEMS Corporation

(As of March 31, 2024)

Office (location)	Segment name	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^2)	Amount				
Head Office (Minato-ku, Tokyo)	MIRAIT ONE SYSTEMS	Head office	35	–	–	–	–	12	48	95

• Kokusai Kogyo Co., Ltd.

(As of March 31, 2024)

Office (location)	Segment name	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^2)	Amount				
Head Office (Shinjuku-ku, Tokyo)	Kokusai Kogyo	Head office	89	13	–	–	–	41	144	316
Tokyo Office (Fuchu City, Tokyo)		Tokyo office	5	4	–	–	–	804	813	714
Kansai Office (Yodogawa-ku, Osaka City)		Kansai office	189	0	–	–	–	56	245	343
Kyushu Office (Hakata-ku, Fukuoka City)		Kyushu office	11	0	–	–	–	23	34	134
Chubu Office (Nishi-ku, Nagoya City)		Chubu office	9	–	–	–	–	6	16	80
Tohoku Office (Wakabayashi-ku, Sendai City)		Tohoku office	8	–	–	–	–	15	24	122
Sendai TAGONISHI (Miyagino-ku, Sendai City)		Symbiotic complex	266	0	5,523	468	–	1	736	–
22 solar power generation facilities (Iwanuma City, Miyagi Pref., etc.)		22 solar power generation facilities	166	3,382	–	–	–	15	3,563	–
Other offices (Shinjuku-ku, Tokyo, etc.)		Sales and other offices	145	0	–	–	–	183	329	282

• Other domestic subsidiaries

(As of March 31, 2024)

Company name	Office (location)	Segment name	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^2)	Amount				
Tohoken System Engineering Corp.	Sano City, Tochigi Pref.	MIRAIT ONE	Head office	86	191	10,492	536	6	5	826	36
	Makabe District, Ibaraki Pref. (1 other location)		Branch office	31	–	4,311	38	–	0	69	12
	Sano City, Tochigi Pref. (4 other locations)		Constructio n base	58	0	86,431	1,183	–	0	1,242	86
MIRAIT Mobile East Co., Ltd.	Higashi-ku, Sapporo City		Head office	30	–	1,974	184	–	8	223	63
	Miyagino-ku, Sendai City		Branch office	249	–	3,675	196	–	0	445	73
COTONET ENGINEERING Co., Ltd.	Shimogyo-ku, Kyoto City (5 other locations)		Head office	144	24	4,961	550	162	13	896	166
Dentsushizai Corporation	Aki District, Hiroshima Pref.	SOLCOM	Head office	38	247	10,764	431	–	4	722	17

• Foreign subsidiaries

(As of December 31, 2023)

Company name	Office (location)	Segment name	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^2)	Amount				
Shanghai Changling Communication Equipment Co.,Ltd.	Shanghai, China	Lantrovision	Tele-communications tower	1,369	0	–	–	–	11	1,382	22

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 4,525 million yen.
4. The balance sheet date of Shanghai Changling Communication Equipment Co., Ltd. was December 31, 2023. 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, 2023.

3. Planned Additions, Retirements and Other Changes of Facilities

(1) Additions of major facilities, etc.

Company name	Office (location)	Segment name	Description of facilities	Planned investment		Financing method	Start date	Expected completion date	Increased capacity after completion
				Total (million yen)	Paid (million yen)				
SOLCOM Co., Ltd.	Shin Minamimachi Building (Hiroshima City)	SOLCOM	Buildings, structures	2,166	647	Own funds	August 2023	July 2025	–

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, 2024) (shares)	Number of issued shares as of filing date (June 26, 2024) (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	94,325,329	94,325,329	Prime Market of the Tokyo Stock Exchange	The number of shares constituting one unit is 100 shares.
Total	94,325,329	94,325,329	–	–

(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)
February 28, 2023 (Note) 1	(5,000,000)	103,325,329	–	7,000	–	2,000
February 29, 2024 (Note) 2	(9,000,000)	94,325,329	–	7,000	–	2,000

Notes 1 and 2: The decrease was attributable to the cancellation of treasury shares.

(5) Shareholding by shareholder category

(As of March 31, 2024)

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)	–	50	35	345	218	39	30,020	30,707	–
Number of shares held (units)	–	333,486	16,764	100,412	232,668	43	256,862	940,235	301,829
Percentage of shareholdings (%)	–	35.47	1.78	10.68	24.75	0.00	27.32	100.00	–

Notes:
1. Out of 1,652,217 treasury shares, 16,522 units are included in "Individuals and others," and 17 shares are included in "Shares less than one unit."
2. 572,200 shares (5,722 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, 2024)

Name	Address	Number of shares held (thousand shares)	Shareholding ratio (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (trust account)	1-8-1 Akasaka, Minato-ku	14,566	15.72
Custody Bank of Japan, Ltd. (trust account)	1-8-12, Harumi, Chuo-ku	7,020	7.58
Sumitomo Electric Industries, Ltd.	4-5-33, Kitahama, Chuo-ku, Osaka City	3,668	3.96
MIRAIT ONE Employee Stockholding Association	5-6-36, Toyosu, Koto-ku	2,119	2.29
Sumitomo Densetsu Co., Ltd.	2-1-4, Awaza, Nishi-ku, Osaka City	1,991	2.15
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)	1,985	2.14
Mizuho Bank, Ltd. (Standing proxy: Custody Bank of Japan, Ltd.)	1-5-5, Otemachi, Chiyoda-ku (1-8-12, Harumi, Chuo-ku)	1,300	1.40
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)	1,264	1.36
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)	1,227	1.32
JP MORGAN CHASE BANK 385781 (Standing proxy: Mizuho Bank, Ltd.)	25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom (2-15-1, Konan, Minato-ku)	1,167	1.26
Total	–	36,312	39.18

Notes:

1. The number of shares held through trusts are as follows:
   The Master Trust Bank of Japan, Ltd. (Trust Account): 14,566 thousand shares
   Custody Bank of Japan, Ltd. (Trust Account): 7,020 thousand shares
2. The percentage of shareholdings to the total issued shares was calculated after deducting 1,652 thousand treasury shares.
3. According to the statement of large-volume holdings (change report), which was made available for public inspection on November 8, 2023, the shares of the Company were held by Mizuho Bank, Ltd., and its joint holders as of October 31, 2023 with the detail shown below. However, the Company did not include such information in the table above because it could not confirm the number of shares effectively held by these companies as of March 31, 2024. The detail of the statement of large-volume holdings (change report) is as follows:

Name	Address	Number of share certificates held (shares)	Shareholding ratio
Mizuho Bank, Ltd.	1-5-5, Otemachi, Chiyoda-ku	1,300	1.26
Mizuho Securities Co., Ltd.	1-5-1, Otemachi, Chiyoda-ku	170	0.16
Mizuho Trust & Banking Co., Ltd.	1-3-3, Marunouchi, Chiyoda-ku	1,109	1.07
Asset Management One Co., Ltd.	1-8-2, Marunouchi, Chiyoda-ku	5,262	5.09
Asset Management One International Ltd.	30 Old Bailey, London, EC4M 7AU, UK	450	0.44

(7) Voting rights

1) Issued shares

(As of March 31, 2024)

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 1,652,200	–	–
Shares with full voting rights (other)	Common stock 92,371,300	923,713	–
Share less than one unit	Common stock 301,829	–	–
Total number of issued shares	94,325,329	–	–
Voting rights held by all shareholders	–	923,713	–

Notes: 1. The number of shares of common stock in "Shares with full voting rights (other)" includes 4,700 shares (47 units of voting rights) held in the name of Japan Securities Depository Center and 572,200 shares (5,722 units of voting rights) held by Custody Bank of Japan, Ltd. (Trust Account E) as trust property of the Board Benefit Trust" system. The 5,722 units of voting rights are not to be exercised.

2. The number of shares of common stock in "Share less than one unit" includes 17 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, 2024)

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 ONE Corporation	5-6-36, Toyosu, Koto-ku	1,652,200	–	1,652,200	1.75
Total	–	1,652,200	–	1,652,200	1.75

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. 572,200 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.

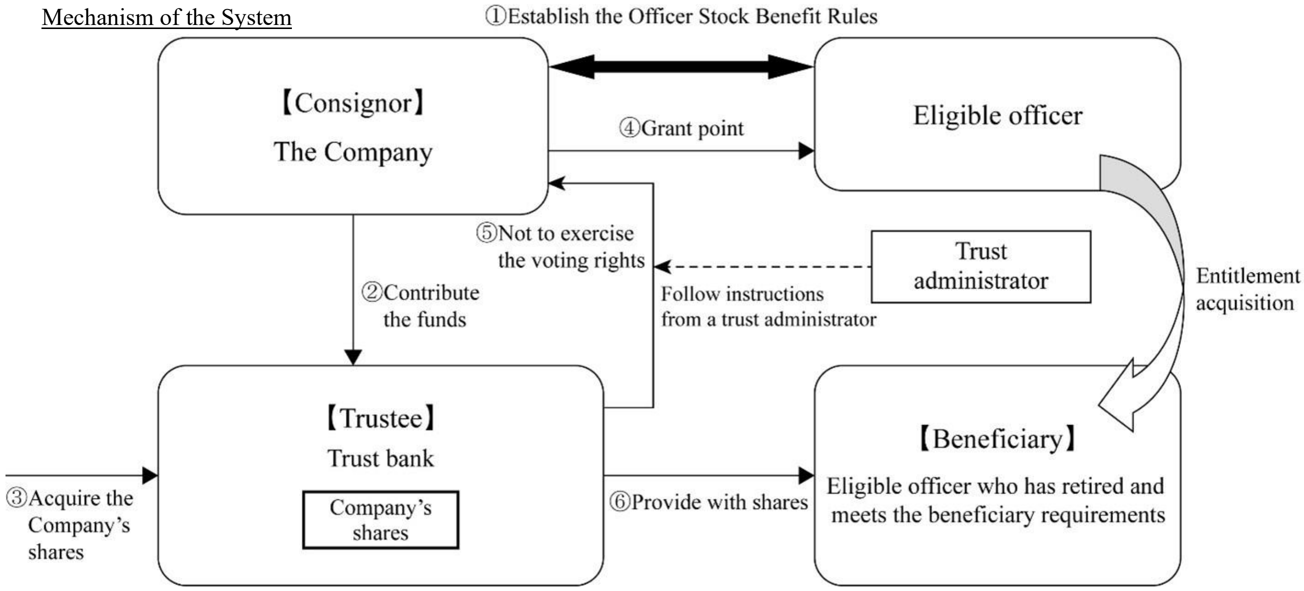
(8) Share ownership plan for Directors, other officers and employees

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") from September 30, 2016. The introduction was for the purpose of clarifying the connection between remuneration of officers and the Company's performance and share price to raise awareness of contributions to the improvement of medium- to long-term performance and corporate value. This is the System to grant the Company's shares to the Company's Directors who are not Audit and Supervisory Committee members or executive officers as well as Directors and Executive Officers of the Company's subsidiaries (excluding Outside Directors and Non-executive Directors; hereinafter referred to as "Group officers"): TTK Co., Ltd., SOLCOM Co., Ltd., Shikokutsuken Co., Ltd., SEIBU CONSTRUCTION Co., LTD., and MIRAIT ONE SYSTEMS Corporation, who have met certain requirements.

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 Group companies: TKK Co., Ltd., SOLCOM Co., Ltd., Shikokutsuken Co., Ltd, SEIBU CONSTRUCTION Co., LTD., and MIRAIT ONE SYSTEMS Corporation. 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 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

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 meeting (held on March 1, 2023) (Note) (Purchase period: November 14, 2022 through April 28, 2023)	3,600,000	4,000,000,000
Treasury shares acquired before the fiscal year ended March 31, 2024	1,913,800	2,996,294,200
Treasury shares acquired during the fiscal year ended March 31, 2024	603,500	1,003,571,700
Total number and amount of remaining shares resolved	1,082,700	134,100
Unexercised percentage as of March 31, 2024 (%)	30.08	0.00
Treasury shares acquired during the period from April 1, 2024 to June 26, 2024	–	–
Unexercised percentage as of the filing date (%)	30.08	0.00

Note: Expansion of limit for purchase of treasury shares mentioned above and extension of purchase period were resolved as follows at the Board of Directors meeting held on March 1, 2023.

Resolution	Purchase period	Number of shares (shares)	Total amount (yen)
Board of Directors meeting held on November 11, 2022	November 14, 2022 through March 31, 2023	1,800,000	2,000,000,000
Board of Directors meeting held on March 1, 2023	November 14, 2022 through April 28, 2023	3,600,000	4,000,000,000

Category	Number of shares (shares)	Total amount (yen)
Status of resolution at the Board of Directors meeting (held on May 15, 2023) (Purchase period: June 5, 2023 through March 31, 2024)	4,500,000	5,000,000,000
Treasury shares acquired before the fiscal year ended March 31, 2024	–	–
Treasury shares acquired during the fiscal year ended March 31, 2024	2,694,100	4,999,966,900
Total number and amount of remaining shares resolved	1,805,900	33,100
Unexercised percentage as of March 31, 2024 (%)	40.13	0.00
Treasury shares acquired during the period from April 1, 2024 to June 26, 2024	–	–
Unexercised percentage as of the filing date (%)	40.13	0.00

Category	Number of shares (shares)	Total amount (yen)
Status of resolution at the Board of Directors meeting (held on February 27, 2024) (Purchase period: February 28, 2024 through April 30, 2024)	1,800,000	2,000,000,000
Treasury shares acquired before the fiscal year ended March 31, 2024	–	–
Treasury shares acquired during the fiscal year ended March 31, 2024	542,900	1,014,205,750
Total number and amount of remaining shares resolved	1,257,100	985,794,250
Unexercised percentage as of March 31, 2024 (%)	69.84	49.29
Treasury shares acquired during the period from April 1, 2024 to June 26, 2024	514,600	985,747,350
Unexercised percentage as of the filing date (%)	41.25	0.00

Category	Number of shares (shares)	Total amount (yen)
Status of resolution at the Board of Directors meeting (held on May 13, 2024) (Purchase period: May 14, 2024 through September 30, 2024)	1,500,000	2,000,000,000
Treasury shares acquired before the fiscal year ended March 31, 2024	–	–
Treasury shares acquired during the fiscal year ended March 31, 2024	–	–
Total number and amount of remaining shares resolved	–	–
Unexercised percentage as of March 31, 2024 (%)	100.00	100.00
Treasury shares acquired during the period from April 1, 2024 to June 26, 2024	234,500	440,295,250
Unexercised percentage as of the filing date (%)	84.37	77.99

Note: The number of treasury shares acquired during the period from April 1, 2024 to June 26, 2024 does not include shares acquired during the period from June 1, 2024 to June 26, 2024.

(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, 2024	755	1,425,276
Treasury shares acquired during the period from April 1, 2024 to June 26, 2024	67	128,674

Notes:
1. Treasury shares acquired during the fiscal year ended March 31, 2024 represent 755 shares (total amount of 1,425,276 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, 2024 to June 26, 2024 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, 2024 to June 26, 2024 does not include shares less than one unit purchased during the period from June 1, 2024 to June 26, 2024.

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

Category	Current fiscal year		From April 1 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	9,000,000	15,512,400,000	–	–
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)	90	170,775	–	–
Other (disposal of treasury shares)	303,500	518,074,500	–	–
Treasury shares held	1,652,217	–	2,401,384	–

Notes:
1. Other (disposal of treasury shares) during the fiscal year ended March 31, 2024 is a disposal of treasury shares of 303,500 shares (total amount of disposal of 518,074,500 yen) conducted for Custody Bank of Japan, Ltd. (Trust Account E) as a result of the additional contribution to the Board Benefit Trust by the Company.
2. The number of treasury shares held during the period from April 1, 2024 to June 26, 2024 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, 2024 to June 26, 2024.
3. 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 has enhanced its existing policy on shareholder returns with the management strategy from a balance sheet perspective announced in November 2023. Our policy is to return profits to shareholders with the target total shareholder return range of 50% to 70% through stable dividend growth and flexible share repurchases.

On the other hand, we will proactively cancel treasury stock that has no purpose of use.

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 65 yen per share (interim dividend of 30 yen and year-end dividend of 35 yen per share) for the 14th fiscal year.

The Company also repurchased shares (total of 3.84 million shares/ 7,000 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 for the current fiscal year was 104.5%.

As for shareholder returns for the fiscal year ending March 31, 2025, the Company plans to pay an annual dividend of 75 yen per share (interim dividend of 35 yen and year-end dividend of 40 yen per share), which is an increase of 10 yen per share from the previous year. In addition, on May 13, 2024, the Company resolved to repurchase its own shares of up to 1.50 million shares/ 2,000 million yen.

Also, in April 2024, of the share buybacks decided on February 27, 2024, 510,000 shares/ 1,000 million yen have been implemented.

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

Resolution date	Total amount of dividends (million yen)	Dividend paid per share (yen)
Board of Directors meeting held on November 10, 2023	2,841	30.00
Ordinary General Meeting of Shareholders held on June 25, 2024	3,243	35.00

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

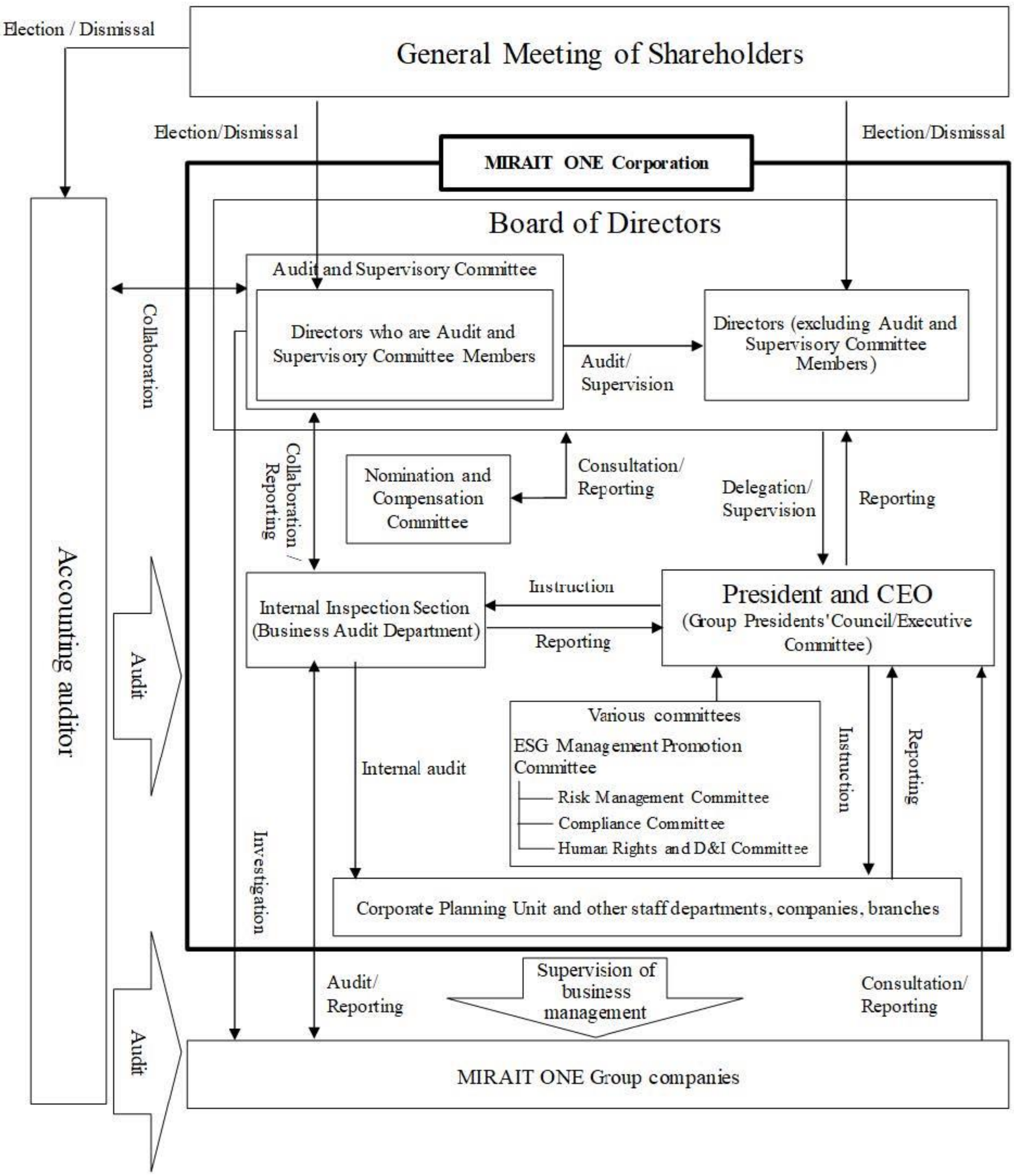
The Company is one with an Audit and Supervisory Committee and has the Board of Directors, Audit and Supervisory Committee, and an accounting auditor.

As for Directors, the Company has appointed independent Outside Directors.

As of the filing date of this report (June 26, 2024), there are 13 Directors, five of whom are Outside Directors.

In addition, a system has been established in which the Audit and Supervisory Committee, 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:



The overview of established corporate bodies is as follows:

Name	Objective and authority	Representative	Members	
Board of Directors	Body to resolve legal matters related to management of the company, determine fundamental management policy and important matters concerning the execution of business, in addition to oversee the execution of duties of Directors	President and CEO Toshiki Nakayama	Directors who are not Audit and Supervisory Committee members	Hidemune Sugahara, Yasushi Totake, Tatsumi Miyazaki, Yoichiro Takaya, Hiroshi Wakimoto, Takaaki Mitsuya, Mayumi Yamamoto, Shinichi Kawaratani, Yuko Tsukasaki
			Directors who are Audit and Supervisory Committee members	Shinji Seo, Chiaki Katsumaru (Chiaki Ishikawa), Osamu Hayakawa
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 Mayumi Yamamoto	Directors	Shinichi Kawaratani, Yuko Tsukasaki, Toshiki Nakayama
Audit and Supervisory Committee	Reports on audits of Directors' execution of duties, etc., and resolutions on important matters related to audits	Director, Audit and Supervisory Committee member (Full-time) Shinji Seo	Audit and Supervisory Committee Members	Chiaki Katsumaru (Chiaki Ishikawa), Osamu Hayakawa
Group Presidents' Council	Body to receive reports and deliberate on vital policies about important matters related to management policies (mainly concerning business)	Toshiki Nakayama, President and CEO	Members	Business Company COO, Strategy Headquarters Manager of Business Company, President of Major Group Companies, Strategy Headquarters Manager of Major Group Companies, General Manager of Frontier Business Division, 1st Department Manager of Stuff Department, Directors who are Audit and Supervisory Committee members (Full-time)
Executive Committee	Body to receive reports and deliberate on vital policies about important matters related to management policies	Toshiki Nakayama, President and CEO	Members	Business Company COO, President of Major Group Companies, General Manager of Frontier Business Division, 1st Department Manager of Stuff Department, Directors who are Audit and Supervisory Committee members (Full-time)
ESG Management Promotion Committee	Formulate basic ESG policies and strategies for the entire Group, promote various measures, and receive reports on matters delegated by subordinate subcommittees (Risk Management, Compliance, Human Rights/D&I)	Toshiki Nakayama, President and CEO	Members	Business Company COO, President of Major Group Companies, General Manager of Frontier Business Division, 1st Department Manager of Stuff Department, Directors who are Audit and Supervisory Committee members (Full-time)

Notes: 1. Directors who are not Audit and Supervisory Committee members Mayumi Yamamoto, Shinichi Kawaratani, and Yuko Tsukasaki are Outside Directors.
2. Directors who are Audit and Supervisory Committee members Chiaki Katsumaru (Chiaki Ishikawa) and Osamu Hayakawa are Outside Directors.

2. Reasons for selecting the system

For the reasons stated below, by resolution of the 12th Ordinary General Meeting of Shareholders held on June 14, 2022, the Company has just transitioned from a company with a Board of Corporate Auditors to a company with an Audit and Supervisory Committee on July 1, 2022, aiming to further enhance corporate value by improving management soundness and transparency as well as prompting decision making.

(1) The "Audit and Supervisory Committee" composed of "Directors who are Audit and Supervisory Committee members" having voting rights of the Board of Directors, is in charge of the audit of business execution by Directors, strives to enhance the governance system and internal audit system that are based on the philosophy of three lines of defense, and strengthen the cooperation between the Audit and Supervisory Committee and the Internal Audit Department thus enhancing the corporate governance.

(2) The "Directors who are Audit and Supervisory Committee members" are members, as Directors, having voting rights of the Board of Directors. This thus improves supervision function across the management.

(3) The "Directors who are Audit and Supervisory Committee members" are granted the right to express opinions concerning selection/dismissal and remuneration of Directors in the General Meeting of Shareholders, in accordance with Article 342-2, paragraph (4) and Article 361, paragraph (6) of the Companies Act. This means that the supervisory function is more enhanced also in terms of the Companies Act compared with a company with a Board of Corporate Auditors.

(4) As per Article 399-13, paragraph (6) of the Companies Act, Articles of Incorporation may specify that it is possible to delegate determination of important business execution to a director based on a resolution of the Board of Directors meeting. Keeping firmly in mind the status of business operation and governance functioning of the new consolidated company after the merger of the three companies, flexible operation will be made available in accordance with a resolution of the Board of Directors meeting.

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 meeting 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 system.

(1) System to ensure that the execution of duties by Directors and employees of a corporate group consisting of the Company and its subsidiaries (hereinafter referred to as the "corporate group") 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, 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 monitoring of 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 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 Directors and the Audit and Supervisory Committee to prevent or correct a possible violation.

(B) In the MIRAIT ONE Group: Charter on Safety and Compliance, etc., the Company stipulates that it shall strive to eliminate any relationship with antisocial forces by decidedly confronting antisocial forces and behaving with a resolute attitude.

(C) Under the ESG Management Promotion Committee chaired by the President and CEO, the Compliance Executive Committee chaired by the officer of the Company responsible for compliance is established. Each company of the corporate group arranges promotion staff in an effort 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 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 Board of Directors and the Audit and Supervisory Committee.

(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", 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 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) Under the ESG Management Promotion Committee chaired by the President and CEO, the Risk Management Executive Committee chaired by the officer of the Company responsible for compliance is established to ensure the effectiveness of the risk management system.

(C) The Audit Department conducts monitoring of validity evaluation of the maintenance and operation of the risk management system and the like. The evaluation results shall be reported to the Board of Directors and the Audit and Supervisory Committee.

(4) System to ensure efficient execution of duties of Directors

(A) The Board of Directors meeting 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 important 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 related to employees who are responsible for assisting the duties of the Audit and Supervisory Committee
As an organization to assist the duties of the Audit and Supervisory Committee, the Audit and Supervisory Committee Office with dedicated staff is established and employees are arranged.

(7) Matters related to the independence of employees stipulated in the preceding item from the Directors (excluding Directors who are Audit and Supervisory Committee members)
Personnel appraisal and transfer, etc., of the employees stipulated in the preceding item are conducted by asking for the opinion of the Audit and Supervisory Committee in advance and based on the consent of the committee.

(8) Matters related to securement of effectiveness of instructions to the employees stipulated in the preceding item (6)
The employees who belong to the Audit and Supervisory Committee Office shall be under command and instructions of the Audit and Supervisory Committee.

(9) System for the Directors and employees of the Company to report to Audit and Supervisory Committee
(A) The Directors and employees of the Company shall promptly report to the Audit and Supervisory Committee 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, Audit and Supervisory Committee 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 Audit and Supervisory Committee 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 Audit and Supervisory Committee 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, Audit and Supervisory Committee 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 an Audit and Supervisory Committee member 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 an Audit and Supervisory Committee member.

(13) Other systems to ensure that an audit by the Audit and Supervisory Committee is conducted effectively
(A) The Audit and Supervisory Committee members selected by the Audit and Supervisory Committee browse 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) The Audit and Supervisory Committee members selected by the Audit and Supervisory Committee attend major conferences except for the Board of Directors meeting in order to grasp important decision-making processes and business execution status of the Company.

(C) The Audit and Supervisory Committee members selected by the Audit and Supervisory Committee exchanges opinions and information with the Representative Directors, 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 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 Group established the “MIRAIT ONE Group: Charter on Safety and Compliance” and is working to raise compliance awareness through compliance training and various activities conducted by compliance promotion staff.
The “Compliance Executive Committee” deliberates on individual issues in the corporate group and manages the progress of compliance promotion activities. The “Compliance Executive Committee” is held twice in FY2023.
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 Executive Committee” deliberates on the status of risk management and individual issues in the corporate group. The “Risk Management Executive Committee” is held twice in FY2023.
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 meeting is held once a month and as required based on the “Rules on the Board of Directors.” The Board of Directors meeting was held 21 times in FY2023.
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. Furthermore, 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 FY2023, the Committee was held 10 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, receives reports on its operational status, and monitors the system by its Internal Audit Department.
The Company also 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.
To identify compliance-related issues at an early stage and take appropriate action accordingly, the Company has established and operates a whistleblowing system where reports are made to the “Compliance Executive Committee.”

(5) Status of internal audit efforts

The Audit Department (Internal Audit Department) conducts internal audits of all organizations and subsidiaries of the corporate group and monitors the appropriateness of their operations in accordance with the internal audit plan approved by the Board of Directors meeting. The results are reported to the Board of Directors, etc.

The Group established the Audit Department as an organization independent from the first and second lines, which dual-reports to the Board of Directors and Audit and Supervisory Committee and conducts internal audit operations based on the concept of third line defense.

(6) Status of efforts to ensure effective audits by the Audit and Supervisory Committee

In addition to inspecting important approval documents, etc., Audit and Supervisory Committee members attend the Group Presidents' Council, the Executive Committee and other important meetings to understand the important decision-making process and the status of business execution at the Company. In addition, the Audit and Supervisory Committee members communicate with Representative Directors, and accounting auditors through exchanges of opinions, thereby ensuring that the audits of the Audit and Supervisory Committee members are conducted effectively.

The Audit and Supervisory Committee Office, which has full-time staff, has been established as an organization to assist the duties of the Audit and Supervisory Committee, and three employees have been assigned to this office.

3. Outline of the details of the liability limitation contract

Based on Article 427, paragraph (1) of the Companies Act, the Company has entered into a contract that limits liability for damage between the Company and a director of the Company (excluding one who is an executive director, etc.).

The maximum amount of liability for damage that is based on the contract is the minimum liability limit stipulated in Article 425, paragraph (1) of the Companies Act.

The limitation of liability is permitted only when the director 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 (including one who is an Audit and Supervisory Committee member) shall be 15 or less, and that the number of Directors of the Company who are Audit and Supervisory Committee members shall be 5 or less.

5. Requirements for resolution to appoint Directors

The Company stipulates in the Articles of Incorporation that the appointment of Directors shall be made by the resolution of the General Meeting of Shareholders, differentiating between Directors who are Audit and Supervisory Board Members and other Directors, that 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 meeting

The Company stipulates in the Articles of Incorporation that the following matters can be resolved by the Board of Directors meeting 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 meeting. 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 meeting 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) for damages due to neglect of duties to the extent of laws and regulations.

- The Company may determine matters specified in the items of Article 459, paragraph (1) of the Companies Act such as timely payment of dividends of surplus by resolution of the Board of Directors meeting.
- In accordance with the Act for Partially Amending the Industrial Competitiveness Enhancement Act and Other Related Acts (Law No. 70 of 2021), the Board of Directors may hold the General Meeting of Shareholders at a location not specified if the Board of Directors determines that it is not appropriate to hold the meeting at a specified location in light of the interests of shareholders due to the spread of infectious diseases or the occurrence of a natural disaster.

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 meeting, and reports on the status of transactions are periodically made to the Board of Directors.

The 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.

4) Status of activities of the Board of Directors

The Board of Directors meeting is held once a month and as required based on the "Rules on the Board of Directors." 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. Furthermore, the Company also constantly conducts an effectiveness evaluation of the Board of Directors to improve its functions.

Status of major activities in the fiscal year ended March 31, 2024 is as follows:

(1) Composition of Officers of the Board of Directors

Position	Name	Attendance at meetings
Representative Director, President and CEO	Toshiki Nakayama	100% (21/21)
Representative Director	Yasushi Totake	100% (21/21)
Director	Masayuki Takahashi	100% (21/21)
Director	Tatsumi Miyazaki	100% (21/21)
Director	Yoichiro Takaya	100% (21/21)
Director	Hiroshi Wakimoto	100% (21/21)
Director	Takaaki Mitsuya	100% (15/15) (Note 4)
Director	Katsuhiko Igarashi	100% (21/21)
Director	Hiroki Ohashi	100% (21/21)
Director	Yasuhiro Takagi	100% (21/21)
Director	Chiharu Baba	95% (20/21)
Director	Mayumi Yamamoto	95% (20/21)
Director	Shinichi Kawaratani	100% (21/21)
Director	Yuko Tsukasaki	95% (20/21)
Director (Audit and Supervisory Committee Member)	Yasuhiro Yamamoto	95% (20/21)
Director (Audit and Supervisory Committee Member)	Koji Aoyama	100% (21/21)
Director (Audit and Supervisory Committee Member)	Chiaki Katsumaru (Chiaki Ishikawa)	100% (21/21)
Director (Audit and Supervisory Committee Member)	Shigeru Suemori	71% (15/21)
Director (Audit and Supervisory Committee Member)	Osamu Hayakawa	93% (14/15) (Note 5)
Director	Masakazu Tsukamoto	100% (6/6) (Note 2)
Director (Audit and Supervisory Committee Member)	Hiroshi Seki	100% (6/6) (Note 3)

Notes:
1. The Company transitioned to a company with an Audit and Supervisory Committee as of July 1, 2022.
2. As term of office for Director Masakazu Tsukamoto expired upon the conclusion of the 13th Ordinary General Meeting of Shareholders held on June 27, 2023, the above describes the status of attendance at meetings of the Board of Directors held during his term of office.
3. Since Director who is an Audit and Supervisory Committee member Hiroshi Seki resigned at the conclusion of the 13th Ordinary General Meeting of Shareholders held on June 27, 2023, the above describes the status of attendance at meetings of the Board of Directors held during his term of office.
4. As Director Takaaki Mitsuya was newly appointed as Director at the 13th Ordinary General Meeting of Shareholders held on June 27, 2023, the above describes the status of attendance at meetings of the Board of Directors held after his appointment as Director.
5. As Director Osamu Hayakawa who is an Audit and Supervisory Committee member was newly appointed as Director at the 13th Ordinary General Meeting of Shareholders held on June 27, 2023, the above describes the status of attendance at meetings of the Board of Directors held after his appointment as Director.

(2) Status of implementation and details of major deliberations for the fiscal year ended March 31, 2024

The number of meetings of the Board of Directors held during the fiscal year ended March 31, 2024 was 21. Matters discussed include important matters such as sales strategies, etc., matters regarding business growth strategies and medium- to long-term strategies of the Company and the Group, matters regarding reconstruction and effective management policies of risk management structure of entire group such as internal control and internal audit, etc., status of IR activities, and shareholder return (repurchase of treasury shares and dividend), etc.

5) Status of activities of Nomination and Compensation Committee

The Company has established the Nomination and Compensation Committee as a voluntary advisory committee under the Board of Directors, aiming to improve the independent objective perspective and the transparency in order to improve the objectivity regarding nomination and remuneration of Directors.

As of the filing date of this report (June 26, 2024), it consists of four members: three independent Outside Directors and Representative Director, President and CEO. The majority of the Committee members are independent Outside Directors and chairperson has been elected from independent Outside Directors through mutual election, so the committee is fully independent.

The Committee receives inquiries as to matters related to proposals of the general meeting of shareholders for the appointment and dismissal of Directors, matters related to the executive compensation system, and the like. The Committee deliberates on the appropriateness of the content and submits a report for discussions of the proposal at the Board of Directors, which resolves the above matters based on the report.

Status of activities, etc., in the fiscal year ended March 31, 2024 is as follows:

(1) Composition of Nomination and Compensation Committee

Position		Name	Attendance at meetings
Chairperson	Outside Director	Chiharu Baba	100% (10/10)
Member	Outside Director	Mayumi Yamamoto	100% (10/10)
Member	Outside Director	Shinichi Kawaratani	100% (10/10)
Member	Outside Director	Yuko Tsukasaki	100% (10/10)
Member	Representative Director, President and CEO	Toshiki Nakayama	100% (10/10)

(2) Status of implementation in the fiscal year ended March 31, 2024

The number of meetings of Nomination and Compensation Committee held during the fiscal year ended March 31, 2024 was ten. Each committee member has a high level of expertise and experience, and the Company had secured and implemented a system for strengthening the supervisory function and advice, such as opinions based on their carriers, from the viewpoint of improving the medium-to-long-term corporate value.

(3) Major details of deliberation

In the fiscal year ended March 31, 2024, the Committee discussed the criteria for selecting Directors and the composition of the Board of Directors, as well as the formulation of succession plans. It also deliberated on the appointment of candidates for Directors while enhancing the review process by providing opportunities for each committee member to interact with the candidates for the review regarding the nomination of new Director candidates. And also, with respect to remuneration, the Committee deliberates on issues related to the revision of officer remuneration system and level that further encourage Director’s incentives.

(2) Directors and other officers

1) List of Directors and other officers

Male: 10, Female: 3 (Ratio of female officers: 23%)

Position	Name	Date of birth	Career summary		Term of office	Number of shares held (Hundred shares)
Representative Director, President and Chief Executive Officer	Toshiki Nakayama	January 29, 1958	June 2012	Senior Vice President, General Manager of Frontier Services Department, NTT DOCOMO, INC.	(Note) 2	205
			July 2013	Senior Vice President, General Manager of Smart-life Solutions Department, NTT DOCOMO, INC.		
			June 2014	Executive Vice President, Executive General Manager of Smart-life Business Division, General Manager of Smart-life Solutions Department, NTT DOCOMO, INC.		
			June 2015	Executive Vice President, Executive General Manager of Smart-life Business Division, NTT DOCOMO, INC.		
			June 2016	Senior Executive Vice President, NTT DOCOMO, INC.		
			June 2018	President and Chief Executive Officer, MIRAIT Corporation (presently the Company) Senior Executive Vice President, MIRAIT Holdings Corporation (presently the Company)		
			June 2020	President, MIRAIT Holdings Corporation (presently the Company)		
			June 2021	President, General Manager of The Group Formation Preparation Office, MIRAIT Holdings Corporation (presently the Company)		
			July 2022	Representative Director, President and Chief Executive Officer, MIRAIT ONE Corporation (to present)		
Representative Director, Executive Vice President	Hidemune Sugahara	July 2, 1962	Aug. 2006	Executive Manager of the Planning Department, NTT Resonant Incorporated	(Note) 2	60
			July 2010	Head of IP Service, Net Business Division, NTT Communications Corporation		
			Aug. 2011	Head of Applications and Content, NTT Communications Corporation		
			June 2016	Senior Vice President, Head of Second Sales Division, NTT Communications Corporation		
			June 2018	President & CEO, NTT Com Solutions Corporation		
			June 2019	Executive Vice President, Representative Member of the Board, NTT Communications Corporation		
			June 2020	Senior Executive Vice President, Representative Member of the Board, NTT Communications Corporation		
			June 2021	Representative Member of the Board, Senior Executive Vice President, NTT Communications Corporation		
			June 2024	Representative Director, Executive Vice President, COO of Carrier Business East Company, the Company (to present)		

Position	Name	Date of birth	Career summary		Term of office	Number of shares held (Hundred shares)
Representative Director, Senior Managing Executive Officer	Yasushi Totake	June 29, 1961	June 2014	Senior Vice President, General Manager of the Service Management Department, Plant Headquarters, Nippon Telegraph and Telephone West Corporation	(Note) 2	114
			June 2017	Senior Vice President and General Manager of the Network Department, Plant Headquarters, Nippon Telegraph and Telephone West Corporation		
			June 2018	Executive Vice President and General Manager of the Network Department, Plant Headquarters, Nippon Telegraph and Telephone West Corporation		
			June 2019	Director, MIRAIT Corporation (presently the Company) Director, MIRAIT Technologies Corporation (presently the Company) Director, Managing Executive Officer, General Manager of Emerging Business Office, MIRAIT Holdings Corporation (presently the Company)		
			June 2020	President, MIRAIT Technologies Corporation (presently the Company) Director, MIRAIT Holdings Corporation (presently the Company)		
			June 2021	Director, Assistant Manager of The Group Formation Preparation Office, MIRAIT Holdings Corporation (presently the Company)		
			April 2022	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 (presently the Company)		
			July 2022	Representative Director, Senior Managing Executive Officer, General Manager and Chief of Business Structure Reform Promotion Office of Carrier Business West Company, MIRAIT ONE Corporation		
			June 2023	Representative Director, Senior Managing Executive Officer, General Manager of Carrier Business West Company, MIRAIT ONE Corporation		
			June 2024	Representative Director−, Senior Managing Executive Officer, COO of Carrier Business West Company, MIRAIT ONE Corporation (to present)		
Director, Senior Managing Executive Officer	Tatsumi Miyazaki	January 12, 1962	July 2006	Executive Officer and General Manager of Solution Promotion Department, Solution Business Headquarters, Nippon Telegraph and Telephone West Corporation	(Note) 2	86
			July 2017	Executive Officer, General Manager of Tokyo Branch and Assistant General Manager of Solution Business Headquarters, MIRAIT Technologies Corporation (presently the Company)		
			June 2018	Managing Executive Officer, General Manager of Tokyo Branch, Assistant General Manager of Solution Business Headquarters and General Manager of East Japan Business Unit, MIRAIT Technologies Corporation (presently the Company)		
			June 2019	Director, Managing Executive Officer, General Manager of Tokyo Branch, Assistant General Manager of Solution Business Headquarters and General Manager of East Japan Business Unit, MIRAIT Technologies Corporation (presently the Company)		
			June 2020	Director, Senior Managing Executive Officer, General Manager of Solutions Business Promotion Headquarters, MIRAIT Technologies Corporation (presently the Company)		
			April 2022	Senior Managing Executive Officer, Manager of Solution Company Establishment Preparation Group, The Organization Formation Preparation Office and Manager of Future Business Promotion Headquarters Establishment Preparation Group, MIRAIT Holdings Corporation (presently the Company)		
			July 2022	Director, Senior Managing Executive Officer, Co-Head of Solutions Business Company, MIRAIT ONE Corporation		
			Jan. 2023	Director, Senior Managing Executive Officer, Co-Head of Solutions Business Company, General Manager of Frontier Business Division, MIRAIT ONE Corporation		
			June 2024	Director, Senior Managing Executive Officer, General Manager of Frontier Business Division, MIRAIT ONE Corporation (to present)		

Position	Name	Date of birth	Career summary		Term of office	Number of shares held (Hundred shares)
Director, Senior Managing Executive Officer	Yoichiro Takaya	November 11, 1964	June 2012 June 2015 June 2017 June 2019 June 2020 April 2022 July 2022 June 2024	Vice President, Strategic Business Development Division, Nippon Telegraph and Telephone Corporation General Manager of Fifth Sales Division, NTT Communications Corporation Senior Vice President and General Manager of Fifth Sales Division, NTT Communications Corporation Senior Vice President and General Manager of Third Sales Division, NTT Communications Corporation Director, Managing Executive Officer, General Manager of Solution Business Unit and General Manager of Tohoku Reconstruction Support Office, MIRAIT Corporation (presently the Company) Managing Executive Officer, Manager of Solution Company Establishment Preparation Group, The Organization Formation Preparation Office, MIRAIT Holdings Corporation (presently the Company) Director, Managing Executive Officer, Co-Head of Solutions Business Company, MIRAIT ONE Corporation Director, Senior Managing Executive Officer, Head of Solutions Business Company, MIRAIT ONE Corporation (to present)	(Note) 2	42
Director, Managing Executive Officer	Hiroshi Wakimoto	March 18, 1964	June 2012 July 2015 Feb. 2016 July 2016 June 2020 June 2021 April 2022 July 2022	General Manager of Planning and Coordination Office, NTT DOCOMO, INC. Director, mmbi, Inc. (currently NTT DOCOMO, INC.) President, mmbi, Inc. General Manager of Platform Business Promotion Department, NTT DOCOMO, INC. Executive Officer, General Manager of Corporate Planning Department and Strategy Department, MIRAIT Corporation (presently the Company) Executive Officer, General Manager of West Japan Branch, MIRAIT Corporation (presently the Company) Managing Executive Officer, General Manager of Kansai Branch, MIRAIT Corporation (presently the Company) Managing Executive Officer, Manager of Staff Organization Establishment Preparation Group, The Organization Formation Preparation Office, MIRAIT Holdings Corporation (presently the Company) Director, Managing Executive Officer, General Manager of General Affairs and Human Resources, MIRAIT ONE Corporation (to present)	(Note) 2	72
Director, Managing Executive Officer	Takaaki Mitsuya	November 15, 1964	July 2012 July 2015 July 2017 June 2019 July 2022 May 2023 June 2023	General Manager of Accounting & Finance Department, Nippon Telegraph and Telephone West Corporation General Manager of Shikoku Regional Headquarters and General Manager of Ehime Branch, Nippon Telegraph and Telephone West Corporation Executive Officer, Accounting Manager of Corporate Planning Department, MIRAIT Corporation (presently the Company) Executive Officer, Accounting Manager of Corporate Planning Department, MIRAIT Corporation (presently the Company); Executive Officer, General Manager responsible for Accounting & Finance Department, MIRAIT Holdings Corporation (presently the Company); Director, Shikokutsuken Co., Ltd. Executive Officer, Vice General Manager of Finance and Accounting Division, MIRAIT ONE Corporation Director, Lantrovision (S) Ltd (to present) Director, Managing Executive Officer, CFO, MIRAIT ONE Corporation (to present)	(Note) 2	57

Position	Name	Date of birth	Career summary		Term of office	Number of shares held (Hundred shares)
Outside Director	Mayumi Yamamoto	February 11, 1956	Apr. 1984 Dec. 2010 Jan. 2019 June 2019 June 2020 Apr. 2021 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 (presently the Company)(to present) Member of the Labor Policy Council, Ministry of Health, Labour and Welfare (to present) Outside Director, JCU Corporation (to present)	(Note) 2	6
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 Fuyo Outsourcing & Consulting Inc.) General Manager of Information and Communications Division, New York Office, Nissho Iwai American Corporation (currently Sojitz Corporation of America) 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 (presently the Company)(to present)	(Note) 2	25
Outside Director	Yuko Tsukasaki	April 17, 1961	Aug. 2007 Aug. 2009 July 2010 July 2011 Apr. 2012 Apr. 2015 Apr. 2016 Sept. 2018 Apr. 2020 July 2022 Apr. 2024	Director, Gender Equality Promotion Division, Gender Equality Bureau, Cabinet Office Counselor for Policy Evaluation, Ministry of Health, Labour and Welfare Manager of Family Balance Department, Equal Employment, Children and Families Bureau, Ministry of Health, Labour and Welfare Counselor, National Public Service Ethics Board, National Personnel Authority Director, Life Planning Division, Remuneration Bureau, National Personnel Authority Director, General Affairs Division, Secretariat of the National Personnel Authority Professor, Chiiki Koso Kenkyujo, Taisho University (to present) Professor, Department of Regional Development, Taisho University Professor, Department of Public Policy, Faculty of Social Coexistence, Taisho University Director, MIRAIT ONE Corporation (to present) Professor, Department of Public Policy, Faculty of Regional Development, Taisho University (to present)	(Note) 2	12

Position	Name	Date of birth	Career summary		Term of office	Number of shares held (Hundred shares)
Director (Audit and Supervisory Committee Member)	Shinji Seo	October 14, 1961	Apr. 1980 June 2010 July 2014 June 2017 June 2019 July 2019 July 2022 Apr. 2024 June 2024	Joined Daimei Denwa Kogyo Corporation (presently the Company) General Manager of Construction Coordination Department, Procurement Division, Daimei Corporation (presently the Company) General Manager of Engineering Oversight Department, Solution Business Unit and Engineering and Service Unit, MIRAIT Corporation (presently the Company) Executive Officer, Assistant General Manager of Solution Business Unit and Engineering and Service Unit, General Manager of Engineering Oversight Department, MIRAIT Corporation (presently the Company) Director, Managing Executive Officer, Assistant General Manager of Second Solution Business Unit, General Manager of Engineering Oversight Department, MIRAIT Corporation (presently the Company) Director, Managing Executive Officer, General Manager of Safety and Quality Management Division, General Manager of General Coordination Department, MIRAIT Corporation (presently the Company) Managing Executive Officer, General Manager of Safety and Quality Control Division, MIRAIT ONE Corporation Managing Executive Officer, General Manager of Safety and Quality Control Division, General Manager of Business Risk Management Office, MIRAIT ONE Corporation Director, Audit and Supervisory Committee Member, MIRAIT ONE Corporation (to present)	(Note) 3	72
Outside Director, Audit and Supervisory Committee Member	Chiaki Katsumaru (Chiaki Ishikawa)	August 4, 1960	Mar. 1986 Nov. 2002 Feb. 2006 June 2018 July 2022 Apr. 2023	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 (presently the Company) Director, Audit and Supervisory Committee Member, MIRAIT ONE Corporation (to present) The Information Disclosure and Personal Information Protection Review Board member (to present)	(Note) 3	41
Outside Director, Audit and Supervisory Committee Member	Osamu Hayakawa	December 24, 1963	Apr. 1987 Jan. 1999 Aug. 2000 Apr. 2005 Apr. 2008 Aug. 2011 Nov. 2011 Aug. 2012 Aug. 2014 Aug. 2016 July 2018 Aug. 2020 Feb. 2021 May 2021 June 2023	Employed by Metropolitan Police Department Chief of Meguro Police Station, Metropolitan Police Department Director of Police Administration of Saga Prefectural Police Director of Transportation General Affairs Division, Transportation Department of Metropolitan Police Department Counselor of Cabinet Intelligence and Research Office, Cabinet Secretariat Chief of Aomori Prefectural Police Headquarters Director of Community Education of National Police Academy Counselor, Secretariat of Government Revitalization Unit, Cabinet Office Director of Traffic Planning Division, Traffic Bureau of Metropolitan Police Department Deputy Director-General, Road Transport Bureau, Ministry of Land, Infrastructure, Transport and Tourism Chief of Chiba Prefectural Police Headquarters Chief of Kanto Regional Police Bureau Resigned from Metropolitan Police Department Advisor of Lawson, Inc. (to present) Director, Audit and Supervisory Committee Member, MIRAIT ONE Corporation (to present)	(Note) 3	–
Total						797

Notes: 1. Directors Mayumi Yamamoto, Shinichi Kawaratani, Yuko Tsukasaki, Chiaki Katsumaru (Chiaki Ishikawa), and Osamu Hayakawa are Outside Directors.

2. The term of office of Directors is from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2024 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2025.
3. The term of office of Directors who are Audit and Supervisory Committee members is from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2024 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2026.
4. The Company adopts an executive officer system for the purpose of speeding up decision-making and business execution.
5. The Company has elected Director who is Audit and Supervisory Committee member Shinji Seo as full-time Audit and Supervisory Committee member in order to enhance the effectiveness of the monitoring and supervisory functions by regularly conducting the followings: the attendance at the important meetings such as Group Presidents' Council and Executive Committee, hearings on the status of business execution from business execution divisions, close cooperation with the Audit Department which is the Internal Audit Department, onsite audits to business offices within the Company and its subsidiaries, and inspection of important approval documents, etc.
6. The Company has elected one substitute Director who is an Audit and Supervisory Committee member as prescribed in Article 329, paragraph (3) of the Companies Act in preparation for the possibility of the number of Directors who are Audit and Supervisory Committee members falling below the number prescribed in laws and regulations. The career summary of the substitute Director who is an Audit and Supervisory Committee member is as follows:

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

Note: The term of office of Directors elected as substitutes of Directors who are Audit and Supervisory Committee members who retired before the expiration of the term of their office is until the expiration of the term of office of the retired Directors who are Audit and Supervisory Committee members.

2) Outside Directors

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 Directors who are Audit and Supervisory Committee members 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 in the Company, and an Outside Director (including candidates therefor; the same applies below) is deemed to lack adequate independence if any of the following items apply.

<u>Standard for Determining Independence</u>

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 Accounting 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 among those who belong to the organization.
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 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 remained appointed as Outside Director who is not an Audit and Supervisory Committee member 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, which she chairs.

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 20 meetings out of 21 meetings of the Board of Directors held during the current fiscal year, 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 attorney at law.

2. 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 remained appointed as Outside Director who is not an Audit and Supervisory Committee member 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 21 meetings of the Board of Directors held during the current fiscal year, 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.

3. Outside Director Tsukasaki Yuko

She has served in key positions in the Ministry of Health, Labour and Welfare for many years and also served as the Director of the Gender Equality Promotion Division of the Gender Equality Bureau in the Cabinet Office, and has advanced insight and extensive experience on topics such as promotion of participation by women and diversity. Furthermore, after retiring from office, she has taught as a professor of Taisho University, and has extensive experience and advanced insight and expertise in the areas of regional development and public policy.

Although she has not been involved in management of a company, she has been appointed as Outside Director who is not Audit and Supervisory Committee member because the Company believes that she would be suitable as an Outside Director of the Company and can be expected to fulfill the role for further strengthening management supervision functions by utilizing her knowledge of a wide range of specialized areas obtained through drafting policy in government and utilizing her knowledge of regional development to promote ESG management in the Company, which builds and operates industrial and social infrastructure facilities.

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 20 meetings out of 21 meetings of the Board of Directors held during the current fiscal year, 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 expert on public policy.

4. Outside Director (Audit and Supervisory Committee member) 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 appointed as Outside Director who is an Audit and Supervisory Committee member 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 21 meetings of the Board of Directors held during the current fiscal year, 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 14 meetings of the Audit and Supervisory Committee, reported on audits that she conducted according to the allocation of duties, asked appropriate questions about audits conducted by other Audit and Supervisory Committee members, and provided comments from an external position as necessary.

5. Outside Director (Audit and Supervisory Committee member) Osamu Hayakawa

He has excellent knowledge and expertise and abundant experience concerning police administration, etc. The Company believes that he can provide appropriate supervision and advice in order to further strengthen the corporate governance, in particular compliance and risk management as an Outside Director and Audit and Supervisory Committee member of the Company. He is a suitable choice for ensuring the transparency and fairness of business execution of the Company and increasing its effectiveness, and because he can be expected to fulfill this role, he has been appointed as Outside Director who is an Audit and Supervisory Committee member.

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 14 meetings out of 15 meetings of the Board of Directors held after he took office during the current fiscal year, and asked appropriate questions and, as necessary, expressed opinions on management in general from an external position based on his experience and knowledge concerning police administration, etc.

He also attended all the 11 meetings of the Audit and Supervisory Committee held after he took office, reported on audits that he conducted according to the allocation of duties, asked appropriate questions about audits conducted by other Audit and Supervisory Committee members, and provided comments from an external position as necessary.

3) Mutual cooperation between Outside Directors and outside Audit and Supervisory Committee members, in supervision or audits and internal audits, audits by Audit and Supervisory Committee members, and accounting audits, and relationship with the internal control department

Outside Directors and Outside Audit and Supervisory Committee members understand the Group’s management issues and other matters by, for example, attending meetings of the Board of Directors, Audit and Supervisory Committee and other committees, and receive reports on audits by Audit and Supervisory Committee members.

Outside Directors and Outside Audit and Supervisory Committee members 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 director and each Audit and Supervisory Committee member.

(3) Audits

1) Audits by the Audit and Supervisory Committee

A. Organization and personnel

In accordance with the resolution of the 12th Ordinary General Meeting of Shareholders held on June 14, 2022, the Company transitioned from a company with a Board of Corporate Auditors to a company with an Audit and Supervisory Committee on July 1, 2022.

The number of members of the Audit and Supervisory Committee has also decreased due to the resolution of the 14th Annual General Meeting of Shareholders held on June 25, 2024, which changed the maximum number of Directors from 21 to 15 and decreased the number of Directors to 13.

As of the filing date of this report (June 26, 2024), the Audit and Supervisory Committee of the Company consists of three members, including two independent Outside Directors (Audit and Supervisory Committee members), and one full-time Audit and Supervisory Committee member is selected to enhance the effectiveness of the monitoring and supervisory functions. Director and Audit and Supervisory Committee member Chiaki Katsumaru (Chiaki Ishikawa) is a certified public accountant.

The Audit and Supervisory Committee Office has been established to assist the Audit and Supervisory Committee in its duties. The Company ensures the effectiveness of the Audit and Supervisory Committee's instructions by placing three full-time staff under the direction and orders of the said committee. And for personal evaluations, transfers, and other actions, the Company enhances independence from operational departments by seeking the opinions of full-time Audit and Supervisory Committee members and obtaining their consent in advance. Furthermore, in response to the aforementioned decrease in the number of Audit and Supervisory Committee members, one special counselor in charge of the Audit and Supervisory Committee Office has been assigned as a necessary measure to strengthen the support system for the Audit and Supervisory Committee.

For the six major domestic group companies, dedicated corporate auditors and Internal Audit Departments are assigned to conduct audits. For other domestic subsidiaries, 12 members of the Audit and Supervisory Committee Office of the Company are in charge of one to three companies each as corporate auditors. And corporate auditors concurrently serving in the other operational divisions of the Company such as Finance and Accounting Division or assigned exclusively to each company are assigned. In addition, the internal audit function is concentrated in the Audit Department, the Internal Audit Department of the Company, to strengthen group governance by having the Audit Department conduct internal audits of subsidiaries, excluding major group companies, while accumulating audit knowledge.

B. Activities of the Audit and Supervisory Committee

In principle, the Audit and Supervisory Committee meets monthly and whenever necessary. During the fiscal year under review, the Committee met 14 times, and the average time required per meeting, excluding extraordinary meetings, was 1 hour and 36 minutes. The attendance of individual Director who is Audit and Supervisory Committee member is as follows:

Status of attendance at meetings of the Audit and Supervisory Committee

Position	Name	Attendance at meetings
Director, Audit and Supervisory Committee member (Full-time)	Yasuhiro Yamamoto	100% (14/14)
Director, Audit and Supervisory Committee member (Full-time)	Koji Aoyama	93% (13/14)
Director, Audit and Supervisory Committee member (Part-time / independent outside)	Hiroshi Seki	100% (3/3) (Note 1)
Director, Audit and Supervisory Committee member (Part-time / independent outside)	Chiaki Katsumaru (Chiaki Ishikawa)	100% (14/14)
Director, Audit and Supervisory Committee member (Part-time / independent outside)	Shigeru Suemori	93% (13/14)
Director, Audit and Supervisory Committee member (Part-time / independent outside)	Osamu Hayakawa	100% (11/11) (Note 2)

Notes: 1. Hiroshi Seki's attendance status covers the period until his resignation on June 27, 2023.

2. Osamu Hayakawa's attendance status covers the period after he took office on June 27, 2023.

Specifically, the following resolutions, discussions, and reports were made.

Matters to be resolved (17 items): audit policy and plan of the Audit and Supervisory Committee, division of duties, audit report, opinion of the Audit and Supervisory Committee on the appointment of Directors who are not Audit and Supervisory Committee members, reappointment of the accounting auditor, agreement on audit fees of the accounting auditor, policy on dismissal or non-reappointment of the accounting auditor, the Audit and Supervisory Committee's opinions on the proposed revision of the Board of Directors structure, the Audit and Supervisory Committee's opinions on the election/dismissal of Directors and the successor plan for Directors (including Representative Directors), etc.

Matters to be discussed (1 item): remuneration for Directors who are Audit and Supervisory Committee members

Matters to be reported (71 items): audit status by the Audit and Supervisory Committee members, exchange of opinions with the Representative Directors, hearings with Directors, etc., audit plan and results by the accounting auditor, audit plan and results of internal audit, audit results of disclosure documents, inspection of authorized documents, reports from staff divisions, etc.

In particular, during the current fiscal year, discussions and deliberations were held on the proposed revision of the Board of Directors structure, and necessary measures, such as enhancement of the support system for Audit Committee members, should be taken so as not to cause a decline in the level of monitoring and supervisory functions.

C. Activities of the Audit and Supervisory Committee members

The Audit and Supervisory Committee examined risks and issues in five areas of (1) Directors, (2) business execution, (3) subsidiaries, (4) internal audits, and (5) accounting audits. A summary of audit activities for each of these areas is as follows. The Committee made suggestions and proposals to Directors and executive departments on matters recognized through these audit activities.

These audit activities are mainly carried out by the full-time Audit and Supervisory Committee members, and the details of these activities are reported and shared at the Audit and Supervisory Committee meetings. Outside Audit and Supervisory Committee members provide necessary opinions from the standpoint of independent officers at Audit and Supervisory Committee meetings based on their respective expertise and knowledge.

Summary of Audit Activities

Subject	Occasions	Frequency and main activities	Full-time	Outside	Audit and Supervisory Committee
(1) Directors	Board of Directors	- Attendance at Board of Directors meetings (monthly) - Reporting on audit policy and audit plan - Reporting on audit status (quarterly)	●	●	– Resolution Reporting
		- Preliminary explanation hearing on proposals to be submitted to the Board of Directors meeting	–	●	–
	Individual interviews	- Exchange of views with Representative Directors (quarterly)	●	●	Reporting
		- Hearings with Directors (biannually)	●		Reporting

(2) Business execution	Meetings and committees	- Group Presidents' Council / Executive Committee (weekly) - ESG Management Promotion Committee, Risk Management Executive Committee, Compliance Executive Committee, Human Rights/D&I Committee (held as needed) - Business Companies' Executive Meeting, etc.(weekly)	●		– Reporting *as needed –
	Individual interviews	- Information exchange with Directors and Executive Officers, etc. (biannually) *Held concurrently with the interviews listed in (1) above. - Information exchange with General Managers of branch offices (as needed)	●		Reporting Reporting
	Important documents inspection	- Authorized documents, business reports, or other documents that may have a material effect on the Company's assets	●		Reporting
(3) Subsidiaries	Cooperation with the Group's auditors	- Group's auditors' liaison meeting (biannually) - Information sharing with auditors of subsidiaries	●		– –
	Individual interviews	- Hearings with presidents of major group companies (annually) - Hearings with presidents of other group companies (as needed)	●		Reporting Reporting
(4) Internal audits	Regular meetings with Internal Audit Department	- Audit plan (annually) - Status of implementation of audits (weekly) - Auditing results (quarterly)	●		Reporting Reporting Reporting
(5) Accounting audits	Regular meetings with finance and accounting division	- Financial statements / quarterly securities report (quarterly) - Accounting auditor evaluation and audit fees (as appropriate)	●		Reporting Resolution
	Cooperation with accounting auditor	- Briefing by the accounting auditor on auditing plan - Briefing on quarterly review and audit results - Briefing on other disclosure matters (KAM, internal control results, securities report, etc.) - Briefing on quality control system - Preliminary briefing on the provision of non-assurance services	●	●	Reporting Reporting Reporting Reporting Reporting

With regard to major audit considerations (KAMs), the Audit and Supervisory Committee held discussions with the accounting auditors, received reports on the status of their audits, and requested explanations as necessary.

D. Dual reporting line with the Internal Audit Department

The Audit and Supervisory Committee has established a dual reporting line with the Internal Audit Department, as described below, and works in organic collaboration with the Internal Audit Department, sharing the status of implementation of audits in line with actual practices conducted by the Internal Audit Department, such as issues in the workflow, including construction implementation, and issues in the application of regulations detected in audits conducted by the Internal Audit Department. Based on the above, the Audit and Supervisory Committee conducts audits focusing on the management's recognition of medium- and long-term issues, business prospects, risk recognition, and compliance issues, etc., through the afore-mentioned exchange of opinions with the Representative Directors, hearings with Directors, and other means.

2) Internal audit status

A. Organization, personnel, and outline of activities

The Company established the Audit Department as a third-line organization independent from the first-line (current business divisions such as business companies and branches) and second-line (administrative divisions such as staff organizations) of the three lines of defense to conduct internal audit. As of March 31, 2024, the Audit Department had 20 employees.

In accordance with the Internal Audit Regulations and the audit plan approved by the Board of Directors, the Audit Department conducts internal audits of each organization of MIRAIT ONE and its subsidiaries (excluding major group companies) from an independent and objective standpoint. Specifically, the Audit Department evaluates compliance with laws, regulations, and internal rules, etc., related to construction-related business processes and execution of various operations as well as the effectiveness of the control procedures, and makes recommendations for improvement.

In addition, the Internal Audit Departments of major group companies conduct internal audits of each major group company and its subsidiaries, and the group's Internal Audit Departments share information and collaborate on audit policies and audit implementation status to strengthen group governance.

The Audit Department also conducts the evaluation of internal control over financial reporting (J-SOX) based on the Financial Instruments and Exchange Act.

B. Dual reporting line to the Board of Directors and Audit and Supervisory Committee

The Audit Department conducts internal audits after receiving the Board of Directors' resolution on the internal audit plan. After the internal audit is conducted, the department submits a report on the results of the operational audit to the audited organization and reports the results to the Board of Directors on a quarterly basis.

In addition to the formulation of the audit plan and the reporting of the results of operational audits, the Audit Department has established a dual reporting line to the Board of Directors and the Audit and Supervisory Committee for J-SOX evaluations, as described below, and reports to the full-time Audit and Supervisory Committee members in a timely manner and performs its duties with their advice and coordination.

i) Internal audit plan formulation phase

The internal audit plan of the Audit Department, which is a matter to be resolved by the Board of Directors, shall be reviewed with the full-time Audit and Supervisory Committee members in advance and necessary advice shall be received before the plan is submitted to the Board of Directors.

ii) J-SOX assessment scope selection phase

The selection of the scope of assessment for J-SOX, which is a matter to be resolved by the Board of Directors, shall be discussed with a full-time Audit and Supervisory Committee member and necessary advice shall be received before the plan is submitted to the Board of Directors.

iii) Internal audit result reporting phase

The reporting of internal audit results is a matter to be reported to the Board of Directors on a quarterly basis. Before reporting the results, the report shall be reviewed with the full-time Audit and Supervisory Committee members and necessary advice shall be received.

iv) Individual internal audit result reporting phase

Before submitting reports to the President and CEO and the heads of the organizations audited on the results of each organization's internal audits conducted in accordance with the internal audit plan, the Audit Department shall report them to the full-time Audit and Supervisory Committee members, receive advice and instructions on identified issues and about the organizations with which the reports are shared, and report to the executive side accordingly, making recommendations for improvement, etc.

3) Accounting audit status

A. Name of audit corporation

KPMG AZSA LLC

B. Continuous audit period

10 years

C. Certified accountants who executed the independent audit

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

Designated limited liability partner, business execution partner, certified public accountant, Keiji Kobayashi

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

D. Composition of assistants involved in accounting audit work

Certified public accountant	12 persons
Accountant exam passers, etc.	3 persons
Other	23 persons

E. Policy and reason for appointing an audit corporation

At the Company, the Audit and Supervisory Committee selected the accounting auditor by examining the appropriateness, independence, and quality control system, etc., as well as comprehensively judging the audit achievements and the degree of understanding of the business.

The Audit and Supervisory Committee will dismiss the accounting auditor by unanimous consent of all Audit Committee members if it determines that the accounting auditor falls under any of the dismissal events stipulated in the items of Article 340, paragraph (1) of the Companies Act.

In addition to the above cases, the Committee may decide the content of a proposal to the General Meeting of Shareholders for dismissal or non-reappointment of the accounting auditor if it determines that the auditor is not appropriate as such based on a comprehensive consideration of the auditor's quality of audit, independence, and expertise.

In the event of the accounting auditor's dismissal, an Audit and Supervisory Committee member selected by the Committee will report the dismissal and its reasons at the first General Meeting of Shareholders convened after the dismissal.

F. Evaluation of the audit corporation by the Audit and Supervisory Committee

The Audit and Supervisory Committee has collected information on the appropriateness and independence of the accounting auditor, as well as the audit system, audit implementation status, and audit quality, etc., and based on examination using the evaluation criteria established by the Audit and Supervisory Committee, has acknowledged the method and results of the audit by the accounting auditor 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	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024	
	Fees for audit certification services	Fees for non-audit services	Fees for audit certification services	Fees for non-audit services
Reporting company	126	4	108	3
Consolidated subsidiaries	70	–	69	–
Total	197	4	177	3

Previous fiscal year:

Non-audit services provided to the Company for the previous fiscal year were agreed-upon procedures engagements to the materials for the business evaluation on merger.

Current fiscal year:

Non-audit services provided to the Company for the current fiscal year were agreed-upon procedures engagements to the materials for the business evaluation on merger.

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	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024	
	Fees for audit certification services	Fees for non-audit services	Fees for audit certification services	Fees for non-audit services
Reporting company	–	2	–	3
Consolidated subsidiaries	9	–	10	0
Total	9	2	10	3

Previous fiscal year:

Non-audit services provided to the Company for the previous fiscal year were supporting services for filing tax returns.

Current fiscal year:

Non-audit services provided to the Company for the current fiscal year were commissioned work to address Base Erosion and Profit Shifting (BEPS).

Non-audit services provided to the consolidated subsidiaries for the current fiscal year were agreed-upon procedures services.

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 Audit and Supervisory Committee as prescribed in Article 399 of the Companies Act.

E. Reasons for the Audit and Supervisory Committee’s consent to fees for the accounting auditor

The Audit and Supervisory Committee determined the suitability of the audit schedule and the allocation of personnel specified in the accounting audit plan for the current fiscal year that the accounting auditor explained to the Audit and Supervisory Committee and the suitability of the status of execution of audits by the accounting auditor. The Audit and Supervisory Committee 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 Audit and Supervisory Committee 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 Directors' remuneration (excluding Directors who are Audit and Supervisory Committee members. The same shall apply hereinafter.) is specified in the General Meeting of Shareholders after being approved by the Board of Directors, and the remuneration of individual Directors is determined using a remuneration system based on the roles and responsibilities of each position.

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 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 at the General Meeting of Shareholders after being approved by the Board of Directors. 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.

The standard bonus is equal to three months of fixed monthly remuneration (the amount remaining after deducting 30% to be allocated to the Board Benefit Trust performance-linked stock compensation scheme (hereinafter referred to as "Board Benefit Trust") as described in section 3). The number of months of payment may vary based on comprehensive consideration of the Company's performance in the previous fiscal year and the outlook for performance in the current fiscal year, the payment of employee special allowances, and individual performance evaluation of each director. The standard bonus is determined by the President and CEO and paid once a year in the summer, subject to reporting to the Nomination and Compensation Committee. 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, "Board Benefit Trust" has been introduced in order to clarify the connection between the remuneration of officers 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 150 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 33,000 shares (resolution of the 12th Ordinary General Meeting of Shareholders held on June 14, 2022).

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 remuneration of individual Directors

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, which is a form of non-monetary remuneration.

In consideration of insider trading regulations, etc., 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 (stock-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 preparation of proposals for individual remuneration and making a report to 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 policy on determination of the content of remuneration of individual Directors resolved by the Board of Directors, makes a report to the Nomination and Compensation Committee, and determines the content.

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

The Board Benefit Trust 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, ROE, and ESG indicator achievement have been chosen as indicators for performance-linked remuneration that can easily be used to raise awareness of the contributions to performance of Group companies and enhancement of corporate value. And, in accordance with the "Officer Stock Benefit Rules," 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, ROE, and ESG indicator achievement 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 current fiscal year was 26 billion yen. The actual result was 17.8 billion yen with ROE of 5.0%.

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

7) Matters related to resolutions at the General Meeting of Shareholders for remuneration of Directors

The total amounts of monetary remuneration of Directors who are not Audit and Supervisory Committee members and Directors who are Audit and Supervisory Committee members were resolved to be 400 million yen or less per year (including 50 million yen or less per year for Outside Directors) and 100 million yen or less per year, respectively, at the 12th Ordinary General Meeting of Shareholders held on June 14, 2022. The numbers of Directors who are not Audit and Supervisory Committee members and Directors who are Audit and Supervisory Committee members on the day this resolution comes into effect are 14 (four of whom were Outside Directors) and five (three of whom were Outside Directors), 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 150 million yen for the Company's Directors who are not Audit and Supervisory Committee members (excluding Outside Directors) and the maximum number of shares to be granted per fiscal year was resolved to be equivalent to 33,000 shares at the 12th Ordinary General Meeting of Shareholders held on June 14, 2022. The number of Directors who are not Audit and Supervisory Committee members at the time this resolution comes into effect is 10 (excluding Outside Directors).

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 November 1, 2022.

(B) The details of the Policy

The details of the Policy is as stated in "IV. Information about Reporting Company, 4. (4) Remuneration of Directors and other officers 1) to 5)."

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

In determining remuneration of individual Directors, the proposals for remuneration of individual Directors prepared based on the Policy resolved by the Board of Directors meeting were reported to and consented to by the Nomination and Compensation Committee, comprising four independent Outside Directors and the President and CEO as an advisory body to the Board of Directors. 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 27, 2023 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 current fiscal year to the extent of the total amount resolved by the General Meeting of Shareholders based on the assumption of reporting to 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 Audit and Supervisory Committee members and Outside Directors)	232	179	52	11
Audit and Supervisory Committee members (excluding Outside Directors)	42	42	–	2
Outside officers	75	75	–	8

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) Investment shares held for purposes other than pure investment

a. Policy on holding shares, method of examining 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 current fiscal year, six stocks were sold in accordance with the above policy.

b. Number of stocks and carrying amounts on balance sheets

	Number of stocks	Total carrying amount on balance sheets (million yen)
Unlisted shares	32	593
Shares other than unlisted shares	27	4,884

Stocks whose number of shares increased during the current fiscal year

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 current fiscal year

	Number of stocks	Total sale amount relating to the decrease in the number of shares (million yen)
Unlisted shares	2	8
Shares other than unlisted shares	2	1,702

Note: Stock whose number of shares increased or decreased does not include changes due to the consolidation of shares, share split, share transfer, share swap, merger, etc.

c. Number and carrying amount on balance sheets of specified investment shares and deemed holdings of investment shares by stock

Specified investment shares

Stock	Fiscal year ended March 31, 2024 Number of shares (shares) Carrying amount on balance sheets (million yen)	Previous fiscal year Number of shares (shares) Carrying amount on balance sheets (million yen)	Purpose of holding, overview of business alliance, quantitative effects of holding, and reasons for the increase in the number of shares (Note 2)	Whether the investee holds the Company's shares
Nippon Telegraph and Telephone Corporation	4,560,000 819	342,400 1,356	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the communication infrastructure domain in the medium term, etc. The number of shares increased due to a 25-for-1 stock split of common stock on July 1, 2023. Some shares were sold during the current fiscal year.	No
KDDI Corporation	174,600 782	174,600 714	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the communication infrastructure domain in the medium term, etc.	No
SoftBank Group Corp.	61,554 551	173,656 899	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the communication infrastructure domain in the medium term, etc. Some shares were sold during the current fiscal year.	No
Nippon Densetsu Kogyo Co., Ltd.	225,000 479	225,000 356	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the enterprise/environmental social infrastructure domain in the medium term, etc.	Yes
Mizuho Financial Group, Inc.	149,351 454	149,351 280	The Company holds the entity's shares because the investee is one of our main banks and it can contribute to the facilitation of financial transactions, etc., by strengthening the relationship with the entity.	No
Mitsubishi UFJ Financial Group, Inc.	173,197 269	173,197 146	The Company holds the entity's shares because the investee is one of our main banks and it can contribute to the facilitation of financial transactions, etc., by strengthening the relationship with the entity.	No
Fuji Kyuko Co., Ltd.	50,000 197	50,000 219	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the enterprise/environmental social infrastructure domain in the medium term, etc.	Yes
Sumitomo Electric Industries, Ltd.	84,000 197	84,000 142	The Company holds the entity's shares because the investee is one of the important customers engaged in procurement transactions with the Company, aiming to strengthen the relationship with the entity.	Yes
Hibiya Engineering, Ltd.	61,000 181	61,000 131	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the enterprise/environmental social infrastructure domain in the medium term, etc.	Yes

Stock	Fiscal year ended March 31, 2024 Number of shares (shares) Carrying amount on balance sheets (million yen)	Previous fiscal year Number of shares (shares) Carrying amount on balance sheets (million yen)	Purpose of holding, overview of business alliance, quantitative effects of holding, and reasons for the increase in the number of shares (Note 2)	Whether the investee holds the Company's shares
Mitsubishi Electric Corporation	50,000	50,000	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the communication infrastructure domain in the medium term, etc.	No
	125	78		
Techfirm Holdings Inc.	200,000	200,000	The Company holds the entity's shares because the investee is one of the business partners with whom it has a business alliance for ICT solutions business, etc., aiming to strengthen the relationship with the entity.	No
	117	114		
Fujikura Ltd.	51,000	51,000	The Company holds the entity's shares because the investee is one of the important customers engaged in procurement transactions with the Company, aiming to strengthen the relationship with the entity.	Yes
	116	47		
Sumitomo Densetsu Co., Ltd.	32,300	32,300	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the enterprise/environmental social infrastructure domain in the medium term, etc.	Yes
	108	82		
Pilot Corporation	23,000	23,000	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the enterprise/environmental social infrastructure domain in the medium term, etc.	No
	91	98		
NTT Data Corporation	35,000	35,000	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the enterprise/environmental social infrastructure domain in the medium term, etc.	No
	84	60		
The Keiyo Bank, Ltd.	100,000	100,000	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the enterprise/environmental social infrastructure domain in the medium term, etc.	No
	76	56		
Sakura Rubber Co., Ltd.	24,000	12,000	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the enterprise/environmental social infrastructure domain in the medium term, etc. The number of shares increased due to a 2-for-1 stock split of common stock on October 1, 2023.	Yes
	56	63		
Inaba Denki Sangyo Co., Ltd.	15,730	15,730	The Company holds the entity's shares because the investee is one of the important customers engaged in procurement transactions with the Company, aiming to strengthen the relationship with the entity.	No
	55	45		
Kobe Electric Railway Co., Ltd.	10,000	10,000	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the enterprise/environmental social infrastructure domain in the medium term, etc.	No
	27	31		

Stock	Fiscal year ended March 31, 2024 Number of shares (shares) Carrying amount on balance sheets (million yen)	Previous fiscal year Number of shares (shares) Carrying amount on balance sheets (million yen)	Purpose of holding, overview of business alliance, quantitative effects of holding, and reasons for the increase in the number of shares (Note 2)	Whether the investee holds the Company's shares
Sumitomo Mitsui Trust Holdings, Inc.	6,066	3,033	The Company holds the entity's shares because the investee is one of our main banks and it can contribute to the facilitation of financial transactions, etc., by strengthening the relationship with the entity. The number of shares increased due to a 2-for-1 stock split of common stock on January 1, 2024.	No
	20	13		
Comsys Holdings Corporation	4,800	4,800	The Company holds the entity's shares for the purpose of coordination for efficient construction work, etc., in the communication infrastructure domain.	No
	17	11		
Odakyu Electric Railway Co., Ltd.	7,000	7,000	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the enterprise/environmental social infrastructure domain in the medium term, etc.	No
	14	12		
Okinawa Cellular Telephone Company	4,000	4,000	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the communication infrastructure domain in the medium term, etc.	No
	14	12		
Exeo Group, Inc.	4,068	4,068	The Company holds the entity's shares for the purpose of coordination for efficient construction work, etc., in the communication infrastructure domain.	No
	13	9		
Aoba-BBT Corporation (Aoba-BBT, Inc.)	20,000	20,000	The Company holds the entity's shares because the investee is one of the important customers, aiming to strengthen the medium-term relationship with the entity in the enterprise/environmental social infrastructure domain.	No
	7	9		
Aeon Co., Ltd.	612	612	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the enterprise/environmental social infrastructure domain in the medium term, etc.	No
	2	1		
Nissan Tokyo Sales Holdings Co., Ltd.	1,000	1,000	The Company holds the entity's shares because the investee is one of the important customers contracting with the Company for construction works and it can contribute to securing the construction orders received in the enterprise/environmental social infrastructure domain in the medium term, etc.	No
	0	0		

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. 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.

Deemed holdings of shares

Not applicable.

3) Investment shares held for pure investment

Not applicable.

V. Financial Information

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

(1) The consolidated financial statements of MIRAIT ONE 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) Based on the provision of Article 2 of the “Ordinance on the Terminology, Forms, and Preparation Methods of Financial Statements, etc.” (Ordinance of the Ministry of Finance No. 59 of 1963), the financial statements of the Company are prepared in accordance with the said Ordinance and the “Ordinance for Enforcement of the Construction Business Act” (Ordinance of the Ministry of Construction No. 14 of 1949).

2. Audit Certificate

The Company’s consolidated financial statements and financial statements for the fiscal year from April 1, 2023 to March 31, 2024 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, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	*4 32,482	*4 50,036
Notes receivable, accounts receivable from completed construction contracts and other	*2 190,131	*2, *4 205,212
Investments in leases	4,803	5,416
Costs on construction contracts in progress	*1, *5 31,717	*1, *5 31,097
Prepaid expenses	1,163	1,626
Accounts receivable - other	5,127	3,803
Other	7,091	*4 7,696
Allowance for doubtful accounts	(12)	(237)
Total current assets	272,506	304,651
Non-current assets		
Property, plant and equipment		
Buildings and structures	67,585	*4 72,412
Machinery, vehicles, tools, furniture and fixtures	22,691	*4 27,538
Land	*7 35,862	*7 36,114
Leased assets	9,975	11,592
Construction in progress	1,788	1,620
Accumulated depreciation	(44,432)	(49,168)
Total property, plant and equipment	93,470	100,110
Intangible assets		
Customer related assets	12,315	29,900
Goodwill	20,687	38,570
Software	1,490	1,412
Software in progress	4,031	5,612
Other	197	169
Total intangible assets	38,723	75,666
Investments and other assets		
Investment securities	*4, *6 17,833	*4, *6 19,454
Retirement benefit asset	7,097	11,241
Deferred tax assets	4,004	3,396
Leasehold and guarantee deposits	1,592	2,655
Other	1,869	*4 3,142
Allowance for doubtful accounts	(346)	(357)
Total investments and other assets	32,051	39,532
Total non-current assets	164,246	215,309
Total assets	436,752	519,960

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	67,708	64,011
Short-term borrowings	21,505	*4 75,148
Lease obligations	3,305	3,539
Accounts payable - other	5,404	6,110
Income taxes payable	3,595	5,347
Advances received on construction contracts in progress	*3 5,247	*3 11,261
Provision for loss on construction contracts	*5 733	*5 1,490
Provision for loss on orders received	76	125
Provision for bonuses	8,532	10,920
Provision for bonuses for directors (and other officers)	120	152
Provision for warranties for completed construction	94	1,074
Other	*3 8,742	*3 13,490
Total current liabilities	125,066	192,672
Non-current liabilities		
Long-term borrowings	30,011	*4 31,003
Lease obligations	6,290	7,402
Deferred tax liabilities	3,486	7,593
Deferred tax liabilities for land revaluation	*7 41	*7 28
Provision for retirement benefits for Directors (and other officers)	89	97
Provision for share-based payments	355	437
Retirement benefit liability	15,782	18,686
Asset retirement obligations	887	1,450
Other	434	500
Total non-current liabilities	57,380	67,199
Total liabilities	182,446	259,872
Net assets		
Shareholders‘ equity		
Share capital	7,000	7,000
Capital surplus	61,280	45,775
Retained earnings	184,041	190,849
Treasury shares	(12,329)	(3,793)
Total shareholders‘ equity	239,993	239,832
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,729	3,674
Revaluation reserve for land	*7 (98)	*7 (85)
Foreign currency translation adjustment	2,555	4,256
Remeasurements of defined benefit plans	1,638	4,301
Total accumulated other comprehensive income	6,824	12,146
Non-controlling interests	7,487	8,109
Total net assets	254,305	260,088
Total liabilities and net assets	436,752	519,960

2) Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	*1 483,987	*1 518,384
Cost of sales	*2, *4 423,491	*2, *4 456,601
Gross profit	60,495	61,782
Selling, general and administrative expenses	*3, *4 38,692	*3, *4 43,952
Operating profit	21,803	17,830
Non-operating income		
Interest income	122	328
Dividend income	419	377
Foreign exchange gains	–	379
Rental income from real estate	287	174
Surrender value of insurance policies	280	138
Other	318	334
Total non-operating income	1,427	1,734
Non-operating expenses		
Interest expenses	179	208
Share of loss of entities accounted for using the equity method	67	169
Foreign exchange losses	126	–
Commission expenses	173	119
Fair value adjustment of contingent consideration	–	181
Infectious disease control costs	12	–
Other	287	194
Total non-operating expenses	846	874
Ordinary profit	22,384	18,690
Extraordinary income		
Gain on sale of non-current assets	*5 124	*5 190
Gain on sale of investment securities	1,104	1,957
Other	240	108
Total extraordinary income	1,469	2,255
Extraordinary losses		
Loss on sale of non-current assets	*6 14	*6 11
Loss on retirement of non-current assets	*7 70	*7 166
Loss on sale of investment securities	25	–
Loss on valuation of investment securities	–	202
Business restructuring expenses	*8 317	–
Other	183	77
Total extraordinary losses	610	457
Profit before income taxes	23,243	20,488

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Income taxes - current	8,272	7,749
Income taxes - deferred	(231)	(402)
Total income taxes	8,041	7,347
Profit	15,201	13,141
Profit attributable to:		
Profit attributable to non-controlling interests	420	606
Profit attributable to owners of parent	14,781	12,535
Other comprehensive income		
Valuation difference on available-for-sale securities	(281)	969
Revaluation reserve for land	–	13
Foreign currency translation adjustment	2,370	1,357
Remeasurements of defined benefit plans, net of tax	(723)	2,714
Share of other comprehensive income of entities accounted for using the equity method	(49)	318
Total other comprehensive income	*9 1,315	*9 5,374
Comprehensive income	16,517	18,515
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,108	17,857
Comprehensive income attributable to non-controlling interests	408	658

3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,000	69,652	175,815	(15,844)	236,623
Changes during period					
Dividends of surplus			(5,924)		(5,924)
Profit attributable to owners of parent			14,781		14,781
Purchase of treasury shares				(4,998)	(4,998)
Disposal of treasury shares		(0)		118	118
Cancellation of treasury shares		(8,394)		8,394	–
Change in ownership interest of parent due to transactions with non-controlling interests		23			23
Changes resulting from exclusion of the equity method affiliates			(630)		(630)
Net changes in items other than shareholders' equity					
Total changes during period	–	(8,371)	8,226	3,514	3,369
Balance at end of period	7,000	61,280	184,041	(12,329)	239,993

	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	3,011	(98)	236	2,347	5,497	7,116	249,237
Changes during period							
Dividends of surplus							(5,924)
Profit attributable to owners of parent							14,781
Purchase of treasury shares							(4,998)
Disposal of treasury shares							118
Cancellation of treasury shares							–
Change in ownership interest of parent due to transactions with non-controlling interests							23
Changes resulting from exclusion of the equity method affiliates							(630)
Net changes in items other than shareholders' equity	(281)	–	2,318	(709)	1,327	371	1,698
Total changes during period	(281)	–	2,318	(709)	1,327	371	5,068
Balance at end of period	2,729	(98)	2,555	1,638	6,824	7,487	254,305

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,000	61,280	184,041	(12,329)	239,993
Changes during period					
Dividends of surplus			(5,727)		(5,727)
Profit attributable to owners of parent			12,535		12,535
Purchase of treasury shares				(7,537)	(7,537)
Disposal of treasury shares		9		561	571
Cancellation of treasury shares		(15,512)		15,512	–
Change in ownership interest of parent due to transactions with non-controlling interests		(2)			(2)
Changes resulting from exclusion of the equity method affiliates					–
Net changes in items other than shareholders' equity					
Total changes during period	–	(15,505)	6,807	8,536	(161)
Balance at end of period	7,000	45,775	190,849	(3,793)	239,832

	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	2,729	(98)	2,555	1,638	6,824	7,487	254,305
Changes during period							
Dividends of surplus							(5,727)
Profit attributable to owners of parent							12,535
Purchase of treasury shares							(7,537)
Disposal of treasury shares							571
Cancellation of treasury shares							–
Change in ownership interest of parent due to transactions with non-controlling interests							(2)
Changes resulting from exclusion of the equity method affiliates							–
Net changes in items other than shareholders' equity	944	13	1,700	2,662	5,322	621	5,944
Total changes during period	944	13	1,700	2,662	5,322	621	5,782
Balance at end of period	3,674	(85)	4,256	4,301	12,146	8,109	260,088

4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	23,243	20,488
Depreciation	8,030	8,511
Amortization of goodwill	1,426	1,750
Share of loss (profit) of entities accounted for using the equity method	67	169
Increase (decrease) in allowance for doubtful accounts	11	220
Increase (decrease) in provision for bonuses	196	1,401
Increase (decrease) in provision for loss on construction contracts	(521)	757
Increase (decrease) in other provisions	(183)	998
Increase (decrease) in remeasurements of defined benefit plans	(709)	2,662
Increase (decrease) in net defined benefit asset and liability	1,037	(3,850)
Interest and dividend income	(541)	(706)
Interest expenses	179	208
Foreign exchange losses (gains)	126	(349)
Loss (gain) on sale of investment securities	(1,078)	(1,957)
Loss (gain) on sale and retirement of non-current assets	(40)	(12)
Decrease (increase) in trade receivables	(7,982)	5,789
Decrease (increase) in costs on construction contracts in progress	(984)	799
Increase (decrease) in trade payables	(147)	(7,141)
Increase (decrease) in advances received on construction contracts in progress	(2,385)	5,950
Increase (decrease) in accrued consumption taxes	(323)	(7)
Decrease (increase) in consumption taxes refund receivable	(309)	134
Increase/decrease in other assets/liabilities	(4,383)	2,912
Other, net	273	754
Subtotal	15,001	39,485
Interest and dividends received	594	730
Interest paid	(179)	(211)
Income taxes paid	(10,100)	(6,379)
Net cash provided by (used in) operating activities	5,315	33,625
Cash flows from investing activities		
Payments into time deposits	(1,276)	(994)
Proceeds from withdrawal of time deposits	1,269	1,294
Purchase of property, plant and equipment	(5,595)	(6,009)
Proceeds from sale of property, plant and equipment	363	386
Purchase of intangible assets	(2,241)	(2,484)
Purchase of investment securities	(4,704)	(58)
Proceeds from sale of investment securities	3,001	2,592
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	*2 (49,863)
Net decrease (increase) in short-term loans receivable	(103)	(261)
Payments for acquisition of businesses	(3,266)	–
Proceeds from cancellation of insurance funds	231	161
Other, net	9	(307)
Net cash provided by (used in) investing activities	(12,314)	(55,545)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(28,602)	53,496
Proceeds from long-term borrowings	29,826	–
Repayments of long-term borrowings	(24)	(50)
Purchase of treasury shares	(4,998)	(7,537)
Decrease (increase) in deposits for purchase of treasury shares	(1,005)	17
Dividends paid	(5,924)	(5,725)
Dividends paid to non-controlling interests	(115)	(155)
Repayments of finance lease obligations	(1,659)	(1,747)
Other, net	(67)	518
Net cash provided by (used in) financing activities	(12,571)	38,816
Effect of exchange rate change on cash and cash equivalents	1,068	720
Net increase (decrease) in cash and cash equivalents	(18,501)	17,617
Cash and cash equivalents at beginning of period	48,901	30,399
Cash and cash equivalents at end of period	*1 30,399	*1 48,017

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: 85

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 current fiscal year as follows.

・DAIMEI TECHNO CO., LTD. was removed from the scope of consolidation from the first quarter of the current fiscal year, since it was dissolved due to an absorption-type merger in which Tokai-koei Inc. (whose name was changed to Infraise Co., Ltd. on April 1, 2023) was the surviving company.

・Since the Company acquired all of the outstanding shares of Kokusai Kogyo Co., Ltd., Kokusai Kogyo Co., Ltd. and its ten consolidated subsidiaries (Meiji Consultant Co., Ltd. and nine other companies) were included in the scope of consolidation from the third quarter of the current fiscal year.

・Associate Lease Co., Ltd., a consolidated subsidiary of Kokusai Kogyo Co., Ltd., was dissolved and excluded from the scope of consolidation from the fourth quarter of the current fiscal year.

B. Number of non-consolidated subsidiaries: 6

Name of major non-consolidated subsidiaries

MIRAIT PHILIPPINES INC.

Reason for exclusion from the scope of consolidation

The company is excluded from the scope of consolidation because it is 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 the equity method

A. Number of non-consolidated subsidiaries accounted for using the equity method: 2

Name of major companies, etc.

MIRAIT PHILIPPINES INC.

B. Number of affiliates accounted for using the equity method: 12

Name of major companies, etc.

LBS Digital Infrastructure Corp.

The scope of the application of the equity method changed during the current fiscal year as follows.

・Since the Company acquired all of the outstanding shares of Kokusai Kogyo Co., Ltd., three affiliates of Kokusai Kogyo Co., Ltd. (RTi-cast Inc. and two other companies) were included in the scope of the equity method affiliates from the third quarter of the current fiscal year.

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

Name of major companies, etc.

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

(Affiliate) Shizai Linkcom Co., Ltd.

Reason for non-application of the equity method

The non-consolidated subsidiaries and affiliates not accounted for using the equity method were excluded from the scope of the 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 mark-to-market method (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

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

C. Derivatives

Stated at fair value using the mark-to-market method.

(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, facilities attached to buildings and structures acquired on or after April 1, 2016, and assets and solar power generation facilities for data center business 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.

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 over the estimated useful life of 5 years.

Customer related assets are amortized on a straight-line basis over a period for which it is expected to bring benefit (10 to 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 and allowance

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 individually for other receivables such as doubtful receivables, by considering each of their collectability.

B. Provision for loss on construction contracts

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

C. Provision for loss on orders received

To provide for future losses on projects based on orders received, provision for loss on orders received is recorded in the amount of estimated losses for uncompleted projects at the end of the current fiscal year that are likely to incur losses and for which the amount of losses can be reasonably estimated.

D. 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 current fiscal year.

E. 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 current fiscal year.

F. Provision for warranties for completed construction

To provide for costs of warranty against defects in completed construction, provision for warranties for completed construction is recorded at an amount calculated based on historical rate of warranty claims over a certain period of time in the past and at an amount determined individually for specific constructions.

G. Provision for retirement benefits for Directors (and other officers)

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

H. Provision for share-based compensation

To provide for delivery of shares of the Company by the Board Benefit Trust to the Directors and executive officers of the Company and certain consolidated subsidiaries, 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 current fiscal year.

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 current fiscal year.

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 (5 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. Contracted work

Contracted work mainly includes telecommunications work (communication infrastructure business), construction work and spatial information consulting business (environmental and social innovation business), and telecommunications equipment installation work and software development (ICT solutions business), for which we conclude a contract.

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

The progress of the work is measured for each contract based on the proportion of costs incurred to fulfill performance obligations by the end of the period to the total expected 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 recovered until such time that it can reasonably measure the progress of the performance obligation.

For construction contracts and custom software development 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 in contracted work is generally received within approximately two months after the customer’s acceptance. Such transactions do not contain a significant financing component. If the consideration of the contract with the customer includes a variable consideration, it is included in the transaction price only to the extent that it is highly unlikely to cause significant reduction in the accumulated amount of revenues recognized when the uncertainty related to variable consideration is subsequently resolved.

B. Sale of goods

Sale of goods mainly includes sale of information and telecommunications equipment (ICT solutions business). Revenue is recognized when the goods are delivered to the customer, whereby the Group transfers control over the goods to the customer and satisfies the performance obligations.

There are some information and telecommunications equipment and office supplies in which the entire process of manufacturing, shipping and delivery is performed by other parties, and the Group does not have any inventory risk or discretion in establishing prices. Since performance obligations of the Group for such goods 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

Contracted services mainly include maintenance and inspection of telecommunications facilities (communication infrastructure business). Revenue is recognized at a specific point in time, i.e., upon 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) Significant hedge accounting methods

A. Hedge accounting methods

Interest rate swap transactions are accounted for using the exceptional accounting treatment as they satisfy the requirements for the exceptional treatment.

B. Hedging instruments and hedged items

Hedging instruments and hedged items to which hedge accounting has been applied are as follows:

Hedging instrument

Interest rate swaps

Hedged items

Interest on borrowings

C. Hedging policy

The purpose of hedging is to avoid the risk of market interest rate fluctuation. The Group will not engage in speculative transactions.

D. Method of assessing hedge effectiveness

Given that the interest rate swaps satisfy the requirements for the exceptional accounting treatment, the assessment of hedge effectiveness is omitted.

(7) Accounting policy for goodwill

Goodwill is amortized on a straight-line basis over 5 to 20 years.

(8) 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.

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

Adoption of the Group Tax Sharing System

The Company and some of its Japanese consolidated subsidiaries have adopted the Group Tax Sharing System.

Significant accounting estimates

1. Net sales recognized over time

(1) Amount recorded in the consolidated financial statements for the current fiscal year

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	128,742	169,821

(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 current fiscal year

Revenue is recognized based on the progress toward satisfaction of a performance obligation.

The progress of the contracted work is measured for each contract based on the proportion of costs incurred to fulfill performance obligations by the end of the period to the total expected costs. Net sales are calculated by multiplying the total revenue by such degree of progress.

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

・Total cost

The total cost is estimated based on the budget for each contracted work. 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. After the project begins, we revise 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

The contracted amount equals the total revenue, provided, however, that if the contract is revised due to new agreements made between the Company and the customer during the ongoing contracted work and the revised amount is yet to be determined, the Company takes into consideration the business environment, the status of the work, and discussions with the customer, among others, and makes reasonable estimates only to the extent that it is highly unlikely to cause a significant reduction in the accumulated amount of revenues recognized when the uncertainty related to variable consideration is subsequently resolved.

3) Impact on the consolidated financial statements for the following fiscal year

Estimates of total costs and revenues may vary due to various factors, including changes in specifications, fluctuations in material prices, interruptions of contracted work 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 that are recognized over a certain period in the consolidated financial statements for the following fiscal year.

2. Provision for loss on construction contracts

(1) Amount recorded in the consolidated financial statements for the current fiscal year

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Provision for loss on construction contracts	733	1,490

(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 current fiscal year

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 current fiscal year

・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 contracted amount equals the total revenue, provided, however, that if the contract is revised due to new agreements made between the Company and the customer during the ongoing contracted work and the revised amount is yet to be determined, the Company takes into consideration the business environment, the status of the work, and discussions with the customer, among others, and makes reasonable estimates only to the extent that is is highly unlikely to cause a significant reduction in the accumulated amount of revenues recognized when the uncertainty related to variable consideration is subsequently resolved.

3) Impact on the consolidated financial statements for the following 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 the amount of provision for loss on construction contracts in the consolidated financial statements for the following fiscal year.

3. Provision for warranties for completed construction

(1) Amount recorded in the consolidated financial statements for the current fiscal year

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Provision for warranties for completed construction	94	1,074

(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 current fiscal year

To provide for costs of warranty against defects in completed construction, provision for warranties for completed construction is recorded at an amount calculated based on historical rate of warranty claims over a certain period of time in the past and at an amount determined individually for specific constructions.

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

In the calculation based on historical rate of warranty claims, the Company assumes that expenses equivalent to the ratio of net sales to the cost incurred in repairing defects over the past three years will incur in the future.

In the calculation based on individual estimates, the Company recognizes the estimated cost to repair defects in construction units for special constructions for which future defect repair is expected to occur and the relevant amount can be reasonably estimated.

3) Impact on the consolidated financial statements for the following fiscal year

The Company makes best estimate for provisions based on every information available at present. However, changes in underlying assumptions such as fluctuations in material cost or price of subcontracting services may have a significant impact on the amount of provision for warranties for completed construction in the consolidated financial statements for the following fiscal year.

Accounting standards, etc. yet to be adopted

・“Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022)

・“Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, October 28, 2022)

・“Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022)

(1) Outline

The standards set forth guidance on which line to recognize corporate income tax, etc., when items in other comprehensive income are taxed, and the tax effect accounting for the sale of subsidiaries’ shares under the group taxation regime.

(2) Scheduled date of adoption

Scheduled to be adopted from the beginning of the fiscal year ending March 31, 2025.

(3) Impact of the adoption of the accounting standards, etc.

The Group is currently evaluating the impact of the adoption of these accounting standards, etc.

Changes in presentation of financial statements

Consolidated balance sheets

In order to enhance at-a-glance understandability and clarity, from the current fiscal year, “Notes receivable - trade” and “Accounts receivable from completed construction contracts” under “Current assets” and “Notes payable - trade” and “Accounts payable for construction contracts” under “Current liabilities,” all of which had been presented as separate items in the previous fiscal years, are integrated into new accounts, “Notes receivable, accounts receivable from completed construction contracts and other” under “Current assets” and “Notes payable, accounts payable for construction contracts and other” under “Current liabilities.” Additionally, “Provision for loss on orders received,” which had previously been included in “Provision for loss on construction contracts” under “Current liabilities” is presented as a separate item from the current fiscal year to increase clarity in line with the Group’s business expansion. Furthermore, “Long-term accounts payable - other,” which had previously been presented separately under “Non-current liabilities,” is included in “Other” under “Non-current liabilities” from the current fiscal year, given that its materiality on a quantitative basis has decreased. The consolidated financial statements for the previous fiscal year have been restated in order to reflect these changes in presentation of financial statements.

Consequently, the previous fiscal year’s amounts of “Notes receivable - trade” of 1,979 million yen and “Accounts receivable from completed construction contracts” of 188,152 million yen under “Current assets” have been reclassified as “Notes receivable, accounts receivable from completed construction contracts and other” of 190,131 million yen under “Current assets;” “Notes payable - trade” of 1,079 million yen and “Accounts payable for construction contracts” of 66,628 million yen under “Current liabilities” have been reclassified as “Notes payable, accounts payable for construction contracts and other” of 67,708 million yen under “Current liabilities;” “Provision for loss on construction contracts” of 809 million yen under “Current liabilities” has been reclassified as “Provision for loss on construction contracts” of 733 million yen and “Provision for loss on orders received” of 76 million yen under “Current liabilities;” and “Long-term accounts payable - other” of 105 million yen and “Other” of 329 million yen under “ Non-current liabilities” have been reclassified as “Other” of 434 million yen.

Consolidated statements of income and comprehensive income

The titles of “Net sales of completed construction contracts,” “Cost of sales of completed construction contracts,” and “Gross profit on completed construction contracts” presented in the previous fiscal year have been changed to “Net sales,” “Cost of sales,” and “Gross profit,” respectively, from the current fiscal year in line with the Group’s business expansion.

Consolidated statements of cash flows

The title of “Payments for deposit to purchase treasury shares” presented under “Cash flows from financing activities” in the previous fiscal year has been changed to “Decrease (increase) in deposits for purchase of treasury shares” from the current fiscal year to better reflect the actual state.

The amounts of “Increase (decrease) in provision for loss on construction contracts” of (597) million yen and “Increase (decrease) in other provisions” of (107) million yen presented under “Cash flows from operating activities” in previous fiscal year has been reclassified as “Increase (decrease) in provision for loss on construction contracts” of (521) million yen and “Increase (decrease) in other provisions” of (183) million yen to accommodate the reclassification of “Provision for loss on construction contracts” and “Provision for loss on orders received” in the consolidated balance sheets.

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 the 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, 2023 and March 31, 2024 were 410 million yen and 303,000 shares, and 876 million yen and 572,000 shares, respectively.

Consolidated balance sheets

*1 Details of costs on construction contracts in progress, etc.

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Costs on construction contracts in progress	25,230	25,550
Merchandise	2,333	1,056
Raw materials and supplies	4,153	4,490

*2 Receivable and contract asset from contracts with customers included in notes receivable, accounts receivable from completed construction contracts and other are as follows.

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Notes receivable – trade	1,979	1,309
Accounts receivable - trade	13,619	32,742
Accounts receivable from completed construction contracts	138,999	99,462
Contract asset	35,533	71,697

*3 Contract liabilities included in advances received on construction contracts in progress and other under current liabilities are as follows.

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Advances received on construction contracts in progress	5,247	11,261
Other (current liabilities)	54	2,810

*4 Assets pledged as collateral and secured liabilities

Assets pledged as collateral and secured liabilities are as follows.

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Cash and deposits (Note 1)	43	245
Notes receivable, accounts receivable from completed construction contracts and other	–	9
Other (current liabilities) (Note 2)	–	93
Buildings and structures	–	82
Machinery, vehicles, tools, furniture and fixtures	–	665
Other (investments and other assets) (Note 2)	–	760
Investment securities (Note 1)	3	3
Total	46	1,861

Note 1: These are pledged as collateral to guarantee business transactions.

Note 2: These are lease receivables.

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Short-term borrowings	—	117
Long-term borrowings	–	933
Total	–	1,051

*5 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 related to construction contracts with anticipated losses, the amount corresponding to the provision for loss on construction contract is as follows.

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Costs on construction contracts in progress	375	379

*6 Items related to non-consolidated subsidiaries and affiliates are as follows.

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Investment securities (equity securities)	7,517	7,742

*7 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 set 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, 2023	As of March 31, 2024
Difference between the fair value of the revalued land at the end of fiscal year and the revaluated book value after the revaluation:	739	783

*8 Contingent liabilities

Guarantee obligations

The Company guarantees housing loans of employees as follows.

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Employees	60	51

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 net sales. Please see "Notes to Consolidated Financial Statements, *Revenue recognition*, 1. Disaggregation of revenue from contracts with customers" for details.

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

(Millions of yen)

Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
180	902

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

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Employees' salaries and allowances	16,857	18,506
Depreciation	2,499	2,654
Retirement benefit expenses	693	732

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

(Millions of yen)

Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
116	304

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

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Land	73	160
Buildings and structures	22	2
Machinery, vehicles, tools, furniture and fixtures	28	27
Total	124	190

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

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Land	13	10
Machinery, vehicles, tools, furniture and fixtures	0	0
Total	14	11

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

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Buildings and structures	51	86
Machinery, vehicles, tools, furniture and fixtures	18	19
Other	–	60
Total	70	166

*8 Details of business restructuring expenses are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Office relocation expenses and restoration cost due to business restructuring	317	–
Total	317	–

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

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Valuation difference on available-for-sale securities		
Amount arising during period	606	3,098
Reclassification adjustments	(1,009)	(1,819)
Before tax effect adjustment	(402)	1,278
Tax effect	120	(308)
Valuation difference on available-for-sale securities	(281)	969
Revaluation reserve for land		
Tax effect	–	13
Foreign currency translation adjustment		
Amount arising during period	2,370	1,357
Remeasurements of defined benefit plans, net of tax		
Amount arising during period	(949)	3,953
Reclassification adjustments	(77)	(61)
Before tax effect adjustment	(1,027)	3,892
Tax effect	303	(1,178)
Remeasurements of defined benefit plans, net of tax	(723)	2,714
Share of other comprehensive income of entities accounted for using the equity method		
Amount arising during period	(49)	318
Total other comprehensive income	1,315	5,374

Consolidated statements of changes in net assets

Fiscal year ended March 31, 2023

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

(Thousands of shares)

	Number of shares at beginning of period	Increase during the period	Decrease during the period	Number of shares at end of period
Issued shares				
Common stock	108,325	–	5,000	103,325
Total	108,325	–	5,000	103,325
Treasury shares				
Common stock	9,360	3,143	5,086	7,417
Total	9,360	3,143	5,086	7,417

Notes: 1 The decrease of 5,000 thousand shares in the number of issued shares is due to the cancellation of treasury shares.

2 The number of treasury shares includes the number of the Company’s shares (303 thousand shares as of March 31, 2023) held by Custody Bank of Japan, Ltd. (Trust Account E) related to the Board Benefit Trust system.

3 The increase of 3,143 thousand shares in the number of treasury shares is due to the following:

Repurchase of treasury shares through market purchases: 3,142 thousand shares

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

4 decrease of 5,086 thousand shares in the number of treasury shares is due to the following:

Decrease due to the cancellation of treasury shares: 5,000 thousand shares

Decrease due to payment of stock benefits to retired officers: 86 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 14, 2022	Common stock	2,980	30.00	March 31, 2022	June 15, 2022
Board of Directors’ meeting held on November 11, 2022	Common stock	2,943	30.00	September 30, 2022	November 30, 2022

Notes: 1 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.

2 The total amount of dividends paid based on the resolution at the Board of Directors’ meeting held on November 11, 2022 includes dividends of 9 million yen paid on the Company’s shares held by trusts.

(2) Dividends with a record date in the current fiscal year, 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 27, 2023	Common stock	Retained earnings	2,886	30.00	March 31, 2023	June 28, 2023

Note: The total amount of dividends paid based on the resolution at the Ordinary General Meeting of Shareholders held on June 27, 2023 includes dividends of 9 million yen paid on the Company’s shares held by trusts.

Fiscal year ended March 31, 2024

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

(Thousands of shares)

	Number of shares at beginning of period	Increase during the period	Decrease during the period	Number of shares at end of period
Issued shares				
Common stock	103,325	–	9,000	94,325
Total	103,325	–	9,000	94,325
Treasury shares				
Common stock	7,417	4,144	9,338	2,224
Total	7,417	4,144	9,338	2,224

Notes: 1 The decrease of 9,000 thousand shares in the number of issued shares is due to the cancellation of treasury shares.

2 The number of treasury shares includes the number of the Company's shares (572 thousand shares as of March 31, 2024) held by Custody Bank of Japan, Ltd. (Trust Account E) related to the Board Benefit Trust system.

3 The increase of 4,144 thousand shares in the number of treasury shares is due to the following:

Repurchase of treasury shares through market purchases:	3,840 thousand shares
Purchase of shares through the Board Benefit Trust system:	303 thousand shares
Increase due to purchase of shares less than one unit in response to such request:	0 thousand shares

4 The decrease of 9,338 thousand shares in the number of treasury shares is due to the following:

Decrease due to the cancellation of treasury shares:	9,000 thousand shares
Contribution of shares to the Board Benefit Trust system:	303 thousand shares
Decrease due to payment of stock benefits to retired officers:	34 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 27, 2023	Common stock	2,886	30.00	March 31, 2023	June 28, 2023
Board of Directors' meeting held on November 10, 2023	Common stock	2,841	30.00	September 30, 2023	November 30, 2023

Notes: 1 The total amount of dividends paid based on the resolution at the Ordinary General Meeting of Shareholders held on June 27, 2023 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 10, 2023 includes dividends of 17 million yen paid on the Company's shares held by trusts.

(2) Dividends with a record date in the current fiscal year, 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 25, 2024	Common stock	Retained earnings	3,243	35.00	March 31, 2024	June 26, 2024

Note: The total amount of dividends paid based on the resolution at the Ordinary General Meeting of Shareholders held on June 25, 2024 includes dividends of 20 million yen paid on the Company's shares held by trusts.

Consolidated statements 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, 2023	Fiscal year ended March 31, 2024
Cash and deposits	32,482	50,036
Time deposits, etc. with maturity over three months	(2,082)	(2,018)
Cash and cash equivalents	30,399	48,017

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

Fiscal year ended March 31, 2023

Not applicable.

Fiscal year ended March 31, 2024

The following are principal assets and liabilities of Kokusai Kogyo 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	28,864
Non-current assets	11,837
Goodwill	19,421
Customer related assets	18,413
Current liabilities	(22,307)
Non-current liabilities	(5,051)
Deferred tax liabilities	(5,638)
Non-controlling interests	(27)
Acquisition cost of shares	45,511
Loans to newly consolidated subsidiaries	12,500
Cash and cash equivalents	(8,147)
Net: Payment for acquisition	49,863

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, 2023	Fiscal year ended March 31, 2024
Amounts of assets and obligations related to finance lease transactions that were newly recorded	1,129	771

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 adopted IFRS 16 “Leases” (hereinafter referred to as “IFRS 16”). In accordance with IFRS 16, as a general rule, all leases are recognized as assets and liabilities on the balance sheets, 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 sheets at the amount before deducting interest equivalents

(1) Lease receivables and investments in leases

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Current assets	4,803	5,727

(2) Lease obligations

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Current liabilities	1,822	1,942
Non-current liabilities	3,371	4,023

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

Notes receivable, accounts receivable from completed construction contracts and other 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.

Short-term borrowings mainly consists of working capital and funds with limited time frame (no longer than one year) to be used for business acquisition, and long-term borrowings mainly consists of funds for business acquisition and capital investments. Long-term borrowings made under syndicated loan agreement contains financial covenant which may impact the Company and the Group’s future growth, performance, and financial conditions due to tightened cash flow, if the lender requests for acceleration in the event of breach of such covenant. Floating interest rate borrowings are exposed to the risk of interest rate fluctuations. Market interest rate trends are reported to the Board of Directors periodically and properly managed. Furthermore, the Group policy allows derivative transactions only for the purpose of mitigating the risks involved in actual demand, and restricts any speculative transactions.

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, 2023

(Millions of yen)

Account	Consolidated balance sheet amount	Fair value	Difference
(1) Notes receivable, accounts receivable from completed construction contracts and other	152,618	152,618	(0)
(2) Investment securities (*2)			
Available-for-sale securities	8,856	8,856	–
Total assets	161,475	161,475	(0)
(1) Long-term borrowings	30,011	30,011	–
Total liabilities	30,011	30,011	–

(*1) Because “Cash and deposits” comprise cash and “Notes payable, accounts payable for construction contracts and other” and “Short-term borrowings” are short-term instruments whose carrying amount approximates their fair value, they are omitted.

(*2) Shares, etc. that do not have a market price

(million yen)

Category	As of March 31, 2023
Unlisted shares	8,976

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

As of March 31, 2024

(Millions of yen)

Account	Consolidated balance sheet amount	Fair value	Difference
(1) Notes receivable, accounts receivable from completed construction contracts and other	133,514	133,512	(1)
(2) Investment securities (*2)			
Available-for-sale securities	10,311	10,311	–
Total assets	143,826	143,824	(1)
(1) Long-term borrowings (including current portion)	31,149	31,139	(9)
Total liabilities	31,149	31,139	(9)
Derivative transactions (*3)	0	0	–

(*1) Because “Cash and deposits” comprise cash and “Notes payable, accounts payable for construction contracts and other” and “Short-term borrowings” are short-term instruments whose carrying amount approximates their fair value, they are omitted.

(*2) Shares, etc. that do not have a market price

(million yen)

Category	As of March 31, 2024
Unlisted shares	9,142

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

(*3) Net receivables and payables arising from derivative transactions are presented on a net basis. The amount of transactions that result in net payables in aggregate is presented in parentheses. Derivative transactions are included in “Other” under current assets in the consolidated balance sheets.

Note 1. Redemption schedule of monetary receivables after the consolidated balance sheet date.

As of March 31, 2023

(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
Cash and deposits	32,482	–	–	–
Notes receivable, accounts receivable from completed construction contracts and other	152,298	320	–	–
Total	184,780	320	–	–

As of March 31, 2024

(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
Cash and deposits	50,036	–	–	–
Notes receivable, accounts receivable from completed construction contracts and other	133,325	189	–	–
Total	183,361	189	–	–

Note 2. Repayment schedule of monetary obligations after the consolidated balance sheet date.

As of March 31, 2023

	Due within 1 year	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	Due after 5 years
Short-term borrowings	21,505	–	–	–	–	–
Long-term borrowings	–	–	–	–	30,011	–
Total	21,505	–	–	–	30,011	–

As of March 31, 2024

	Due within 1 year	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	Due after 5 years
Short-term borrowings	75,001	–	–	–	–	–
Long-term borrowings	146	145	145	30,145	143	424
Total	75,148	145	145	30,145	143	424

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 significance of inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs that are quoted prices of identical assets or liabilities in active markets.

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 in measurement of fair value from among the levels those inputs belong.

(1) Financial instruments measured at fair value

As of March 31, 2023

(million yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Equity securities	8,856	–	–	8,856
Total assets	8,856	–	–	8,856

As of March 31, 2024

(million yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Equity securities	10,311	–	–	10,311
Derivatives	–	0	–	0
Total assets	10,311	0	–	10,312

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

As of March 31, 2023

(million yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Notes receivable, accounts receivable from completed construction contracts and other	–	152,618	–	152,618
Total assets	–	152,618	–	152,618
Long-term borrowings	–	30,011	–	30,011
Total liabilities	–	30,011	–	30,011

As of March 31, 2024

(million yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Notes receivable, accounts receivable from completed construction contracts and other	–	133,512	–	133,512
Total assets	–	133,512	–	133,512
Long-term borrowings	–	31,139	–	31,139
Total liabilities	–	31,139	–	31,139

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

Notes receivable, accounts receivable from completed construction contracts and other

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 are traded in active markets, their fair value is classified as Level 1.

Derivatives

The fair value of interest rate currency swaps is measured using observable inputs such as interest rates and currency exchange rates. It is classified as Level 2.

Long-term borrowings

For long-term borrowings with variable interest rates, the carrying amounts are considered to represent the fair value as the carrying amounts are deemed to approximate their fair value since such rates reflect the market interest rate in a short-term, and that the Group’s creditworthiness has not significantly changed since the borrowings. For the fair value measurement of long-term borrowings with fixed interest rates and interest rate swaps accounted for using the exceptional accounting treatment, the total amount of principal and interest is discounted using the interest rate assumed in the case of new similar borrowings. Accordingly, it is classified as Level 2.

Securities

Fiscal year ended March 31, 2023

1. Available-for-sale securities (as of March 31, 2023)

(Millions of yen)

Category	Consolidated balance sheet amount	Cost	Difference
Securities whose consolidated balance sheet amount exceeds the cost Equity securities	7,167	3,062	4,105
Subtotal	7,167	3,062	4,105
Securities whose consolidated balance sheet amount does not exceed the cost Equity securities	1,688	1,880	(192)
Subtotal	1,688	1,880	(192)
Total	8,856	4,942	3,913

Note: Unlisted shares (consolidated balance sheet amount: 1,513 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, 2023

(Millions of yen)

Category	Proceeds from sale	Gain on sale in total	Loss on sale in total
Equity securities	2,727	866	25
Total	2,727	866	25

Fiscal year ended March 31, 2024

1. Available-for-sale securities (as of March 31, 2024)

(Millions of yen)

Category	Consolidated balance sheet amount	Cost	Difference
Securities whose consolidated balance sheet amount exceeds the cost Equity securities	10,056	4,694	5,361
Subtotal	10,056	4,694	5,361
Securities whose consolidated balance sheet amount does not exceed the cost Equity securities	254	307	(52)
Subtotal	254	307	(52)
Total	10,311	5,001	5,309

Note: Unlisted shares (consolidated balance sheet amount: 1,400 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, 2024

(Millions of yen)

Category	Proceeds from sale	Gain on sale in total	Loss on sale in total
Equity securities	2,592	1,957	–
Total	2,592	1,957	–

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 Corporate Pension Plan, 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.

2. Defined benefit plan

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

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Retirement benefit obligations at beginning of period	39,391	39,629
Service cost	2,637	2,500
Interest cost	154	177
Actuarial gains and losses incurred	(333)	(862)
Retirement benefits paid	(2,360)	(2,077)
Past service cost incurred during the period	139	–
Increase due to increase in consolidated subsidiaries	–	2,609
Retirement benefit obligations at end of period	39,629	41,978

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, 2023	Fiscal year ended March 31, 2024
Plan assets at beginning of period	31,743	30,944
Expected return on plan assets	747	730
Actuarial gains and losses incurred	(1,143)	3,091
Contributions from employer	894	871
Retirement benefits paid	(1,373)	(1,104)
Gain (loss) on transfer of plan assets	77	–
Plan assets at end of period	30,944	34,533

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

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

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Funded retirement benefit obligations	22,173	21,874
Plan assets	(30,944)	(34,533)
	(8,771)	(12,658)
Unfunded retirement benefit obligations	17,456	20,104
Net amount of liability and asset recorded in consolidated balance sheet	8,685	7,445
Retirement benefit liability	15,782	18,686
Retirement benefit asset	(7,097)	(11,241)
Net amount of liability and asset recorded in consolidated balance sheet	8,685	7,445

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, 2023	Fiscal year ended March 31, 2024
Service cost	2,637	2,500
Interest cost	154	177
Expected return on plan assets	(747)	(730)
Amortization of actuarial gains and losses	(59)	(168)
Amortization of past service cost	(18)	107
Retirement benefit expenses for defined benefit plans	1,967	1,886
Gain (loss) on transfer of plan assets (Note 2)	(77)	–

Note 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

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

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Past service cost	157	(102)
Actuarial gains and losses incurred	869	(3,790)
Total	1,027	(3,892)

(6) Accumulated remeasurements of defined benefit plans

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

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Unrecognized past service cost	(34)	(136)
Unrecognized actuarial gains and losses	(2,329)	(6,119)
Total	(2,363)	(6,256)

(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, 2023	As of March 31, 2024
Debt securities	23	22
Equity securities	28	29
Cash and deposits	16	7
Other	33	42
Total	100	100

Note: Retirement benefit trusts set up for lump-sum payment plans and corporate pension plans accounted for 16% and 15% of total plan assets as of March 31, 2023 and 2024, respectively.

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, 2023	Fiscal year ended March 31, 2024
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 multi-employer pension plan, which is accounted for in the same manner as defined contribution plans) for the fiscal years ended March 31, 2023 and 2024 were 1,130 million yen and 1,211 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

Osaka Electric Equipment Industry Corporate Pension Fund

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Amount of plan assets	9,280	8,192
Total amount of actuarial obligations for pension financing calculation purposes and minimum actuarial reserve	8,722	7,784
Net amount	557	407

Surveying & Design Enterprises Multi Employers Pension Fund

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Amount of plan assets	–	61,550
Total amount of actuarial obligations for pension financing calculation purposes and minimum actuarial reserve	–	47,139
Net amount	–	14,411

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

(%)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Osaka Electric Equipment Industry Corporate Pension Fund	11.9	14.4
Surveying & Design Enterprises Multi Employers Pension Fund	–	5.8

Tax effect accounting

1. Significant components of deferred tax assets and liabilities

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Deferred tax assets		
Retirement benefit liability	6,081	6,574
Provision for bonuses	2,858	3,618
Accrued enterprise taxes	368	496
Loss on valuation of investment securities	622	418
Accounts payable for transfer to defined contribution plan	124	–
Provision for loss on construction contracts	214	456
Accrued social insurance premiums	417	568
Asset retirement obligations	266	461
Impairment losses	257	246
Golf membership	177	179
Tax loss carryforwards	510	520
Other	1,750	2,928
Subtotal of deferred tax assets	13,648	16,467
Less valuation allowance	(2,651)	(3,123)
Total deferred tax assets	10,996	13,343
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(1,169)	(2,035)
Gain on contribution of securities to or cancellation of retirement benefit trust	(108)	(108)
Valuation difference on business combination	(2,296)	(1,965)
Valuation difference on non-current assets	(3,952)	(9,340)
Retirement benefit asset	(1,364)	(2,307)
Reserve for tax purpose reduction entry of replacement assets	(421)	(417)
Reserve for tax purpose reduction entry of non-current assets	(577)	(591)
Other	(589)	(775)
Total deferred tax liabilities	(10,478)	(17,541)
Deferred tax assets (liabilities), net	518	(4,197)

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

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Non-current liabilities - Deferred tax liabilities for land revaluation	(41)	(28)

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, 2023	As of March 31, 2024
Normal effective statutory tax rate	30.6	30.6
Adjustments:		
Expenses not deductible for income tax purposes (e.g. entertainment expenses)	0.9	0.9
Income not taxable for income tax purposes (e.g. dividend income)	(0.3)	(0.3)
Inhabitant tax on per capita basis	1.0	1.2
Change in valuation allowance	(0.9)	2.3
Amortization of goodwill	1.8	2.2
Other	1.5	(1.1)
Actual effective tax rate after applying tax effect accounting	34.6	35.9

3. Accounting treatment of national and local income taxes or tax effect accounting related thereto

The Company and some of its consolidated subsidiaries have adopted the Group Tax Sharing System. The accounting treatment and disclosure of national and local income taxes or tax effect accounting related thereto are in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Solution No. 42, August 12, 2021).

Business combination

Business combination through acquisition

(1) Outline of the business combination

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

Name of the acquired company:	Kokusai Kogyo Co., Ltd.
Business description:	Public projects consulting, infrastructure management, disaster prevention and environmental conservation, remote sensing, and other businesses

2) Main reasons for the business combination

Through mutually complementing, sharing, and leveraging management resources of the Company and Kokusai Kogyo Co., Ltd., to accelerate active business development of full-value "MIRAI Domains" by promoting high-value added businesses that utilize data in all phases from making proposals, design, implementation, and operation in consulting business mainly in urban and regional development as well as digital transformation and green transformation and by demonstrating synergy in businesses such as offering solutions for social challenges to a wide range of customer base.

3) Date of the business combination

December 20, 2023 (Share acquisition date)

December 31, 2023 (Deemed acquisition date)

4) Legal form of the business combination

Acquisition of shares in cash

5) Name of the company after the business combination

No change.

6) Percentage of voting rights acquired

100.0%

7) Main grounds for determining the acquiring company

Due to the Company's acquisition of shares in exchange for cash.

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

Period from January 1, 2024 to March 31, 2024 is included.

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

(Millions of yen)

Consideration for the acquisition:	Cash	45,511
Cost		45,511

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

(Millions of yen)

Advisory fees, etc.	498

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

(Millions of yen)

1) Amount of goodwill incurred	19,421

2) Reasons for the goodwill incurred

Goodwill was incurred from expected excess earnings power arising from future 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

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, *Consolidated statement of cash flows*."

(7) Amount allocated to intangible assets other than goodwill and the breakdown of major items thereof, and weighted-

average amortization period by major items and their total

Type	Amount	Weighted-average amortization period
Customer related assets	18,413 million yen	20 years

(8) 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

	(Millions of yen)
Net sales	34,315
Operating profit	791

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 that 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.

Additional information

Business combination through acquisition

At the Board of Directors' meeting held on March 26, 2024, the Company has resolved to acquire shares of Koyo Holdings Co., Ltd. to make it a subsidiary, and entered into a share transfer agreement dated the same.

1. Outline of the business combination

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

Name of the acquired company:	Koyo Holdings Co., Ltd.
Business description:	Electric power construction, electric facility construction, building construction, telecommunications construction, etc.

(2) Main reasons for the business combination

To strengthen engineering businesses, such as electric power, green transformation, telecommunications, electricity, civil engineering, and construction, and accelerate active business expansion of full-value "MIRAI Domains" through human resources of Koyo Holdings Co., Ltd. who possess advanced electric power and electrical engineering technology working together with the resources of the MIRAIT ONE Group to promote businesses with high added value.

(3) Date of the business combination

Scheduled on July 1, 2024

(4) Legal form of the business combination

Acquisition of shares in cash

(5) Name of the company after the business combination

No change.

(6) Percentage of voting rights to be acquired

70.0%

The shares will be acquired in two steps, whereas 70.0% of issued shares will be acquired in the first step (July 1, 2024) and the remaining 30.0% in the second step (July 1, 2026).

(7) Main grounds for determining the acquiring company

Due to the Company's acquisition of shares in exchange for cash.

2. Acquisition cost of the acquired company and breakdown of consideration by type

		(Millions of yen)
Consideration for the acquisition:	Cash	Expected to be 9,000
Cost		Expected to be 9,000

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, 2023

(1) By market

(Millions of yen)

	Reportable segment							
	MIRAIT ONE	Lantrovision	TTK	SOLCOM	Shikokutsuken	SEIBU CONSTRUCTION	MIRAIT ONE SYSTEMS	Total
Environmental & social innovation business	49,467	–	3,301	2,487	5,659	51,126	–	112,041
ICT solutions business	64,612	25,233	5,170	4,132	6,897	–	21,722	127,768
Communication infrastructure business	175,557	–	29,818	27,264	11,536	–	–	244,177
Net sales to external customers	289,637	25,233	38,290	33,884	24,093	51,126	21,722	483,987

(2) By timing of revenue recognition

(Millions of yen)

	Reportable segment							
	MIRAIT ONE	Lantrovision	TTK	SOLCOM	Shikokutsuken	SEIBU CONSTRUCTION	MIRAIT ONE SYSTEMS	Total
Goods or services transferred at a point in time	232,302	3,040	30,902	29,136	18,541	4,818	20,847	339,591
Goods or services transferred over time	57,334	22,192	7,387	4,747	5,552	46,307	874	144,396
Net sales to external customers	289,637	25,233	38,290	33,884	24,093	51,126	21,722	483,987

Note: Revenue from the leasing business that is subject to the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13) is included in the above table without being disaggregated due to its immateriality.
For construction contracts and software orders 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 included in the amount of goods or services transferred at a point in time.

Fiscal year ended March 31, 2024

(1) By market

(Millions of yen)

	Reportable segment								
	MIRAIT ONE	Lantrovision	TTK	SOLCOM	Shikoku-tsuken	SEIBU CONSTRUCTION	MIRAIT ONE SYSTEMS	Kokusai Kogyo	Total
Environmental & social innovation business	54,921	–	3,420	3,075	4,068	65,283	–	13,037	143,806
ICT solutions business	75,830	27,512	4,114	4,107	8,555	–	23,011	–	143,133
Communication infrastructure business	165,109	–	29,771	26,144	10,419	–	–	–	231,445
Net sales to external customers	295,861	27,512	37,306	33,327	23,044	65,283	23,011	13,037	518,384

(2) By timing of revenue recognition

(Millions of yen)

	Reportable segment								
	MIRAIT ONE	Lantrovision	TTK	SOLCOM	Shikoku-tsuken	SEIBU CONSTRUCTION	MIRAIT ONE SYSTEMS	Kokusai Kogyo	Total
Goods or services transferred at a point in time	237,809	4,175	30,296	29,045	19,521	5,390	22,047	276	348,563
Goods or services transferred over time	58,051	23,336	7,009	4,282	3,523	59,892	964	12,761	169,821
Net sales to external customers	295,861	27,512	37,306	33,327	23,044	65,283	23,011	13,037	518,384

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

For construction contracts and software orders 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 included in the amount of goods or services transferred at a point in time.

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

Fiscal year ended March 31, 2023

(1) Contract asset and contract liability balances

(Millions of yen)

	Fiscal year ended March 31, 2023
Receivables from contracts with customers (beginning balance)	135,627
Receivables from contracts with customers (ending balance)	154,598
Contract assets (beginning balance)	44,921
Contract assets (ending balance)	35,533
Contract liabilities (beginning balance)	7,341
Contract liabilities (ending balance)	5,302

1. Contract assets relate to the right of the Group for consideration in exchange for the satisfied portion of performance obligations of contracted work, which is measured based on the progress of such obligations at the end of the reporting period, and excluding receivables 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 contracted work 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 "Notes receivable, accounts receivable from completed construction contracts and other" and contract liabilities that are based on construction contracts are included in "Advances received on construction contracts in progress" while advances received relating to sale of merchandise, etc. and contracted work other than construction contracts are included in "Other" under current liabilities.
2. The amount of revenue recognized for the fiscal year ended March 31, 2023 from performance obligations that were satisfied (or partially satisfied) in the previous periods is immaterial.
3. The amount of revenue recognized for the fiscal year ended March 31, 2023 that was included in contract liabilities at the beginning of the period was 5,715 million yen.

(2) Transaction price allocated to remaining performance obligations

The total transaction price allocated to the remaining performance obligations was 212,710 million yen at the end of the fiscal year ended March 31, 2023, which was mainly due to transactions related to contracted work. The Group expects to recognize the amount as revenue over approximately one year, in accordance with the performance of the contracts.

Fiscal year ended March 31, 2024

(1) Contract asset and contract liability balances

(Millions of yen)

	Fiscal year ended March 31, 2024
Receivables from contracts with customers (beginning balance)	154,598
Receivables from contracts with customers (ending balance)	133,514
Contract assets (beginning balance)	35,533
Contract assets (ending balance)	71,697
Contract liabilities (beginning balance)	5,302
Contract liabilities (ending balance)	14,072

1. Contract assets relate to the right of the Group for consideration in exchange for the satisfied portion of performance obligations of contracted work, which is measured based on the progress of such obligations at the end of the reporting period, and excluding receivables 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 contracted work 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 "Notes receivable, accounts receivable from completed construction contracts and other" and contract liabilities that are based on construction contracts are included in "Advances received on construction contracts in progress" while advances received relating to sale of merchandise, etc. and contracted work other than construction contracts are included in "Other" under current liabilities.

2. The amount of revenue recognized for the fiscal year ended March 31, 2024 from performance obligations that were satisfied (or partially satisfied) in the previous periods is immaterial.
3. The amount of revenue recognized for the fiscal year ended March 31, 2024 that was included in contract liabilities at the beginning of the period was 5,156 million yen.
4. For the fiscal year ended March 31, 2024, “receivables from contracts with customers,” “contract assets,” and “contract liabilities” increased by 9,512 million yen, 14,602 million yen, and 2,533 million yen, respectively, as a result of making Kokusai Kogyo Co., Ltd. a consolidated subsidiary.

(2) Transaction price allocated to remaining performance obligations

The total transaction price allocated to the remaining performance obligations was 246,344 million yen at the end of the fiscal year ended March 31, 2024, which was mainly due to transactions related to contracted work. 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.

In the MIRAIT ONE Group, each business group, which is centered on the business company, forms comprehensive strategies and engages in activities for its respective businesses.

The Company acquired shares of Kokusai Kogyo Co., Ltd. and added it to the scope of consolidation. Accordingly, “Kokusai Kogyo” is added to the Company’s reportable segments.

Hence, the eight reportable segments of the Company are “MIRAIT ONE,” “Lantrovision,” “TTK,” “SOLCOM,” “Shikokutsuken,” “SEIBU CONSTRUCTION,” “MIRAIT ONE SYSTEMS,” and “Kokusai Kogyo.”

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

“MIRAIT ONE,” “TTK,” “SOLCOM” and “Shikokutsuken” engage in environmental and social innovation business, ICT solutions business and communication infrastructure business. “Lantrovision” and “MIRAIT ONE SYSTEMS” engage in ICT solutions business. “SEIBU CONSTRUCTION” and “Kokusai Kogyo” engage in environmental and social innovation 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, 2023

(Millions of yen)

	Reportable segment						
	MIRAIT ONE	Lantrovision	TTK	SOLCOM	Shikokutsuken	SEIBU CONSTRUCTION	MIRAIT ONE SYSTEMS
Net sales							
Net sales to external customers	289,637	25,233	38,290	33,884	24,093	51,126	21,722
Inter-segment sales or transfers	692	259	148	49	129	498	3,643
Total	290,329	25,492	38,438	33,933	24,222	51,624	25,365
Segment income	12,778	1,603	2,816	1,101	2,339	563	1,181
Segment assets	251,156	29,710	34,968	40,245	23,571	83,599	9,670
Other items							
Depreciation	4,894	711	772	685	167	708	91
Increase in property, plant and equipment and intangible assets	6,419	854	1,054	528	210	193	308

	Total	Adjustments (Note) 1	Amount in the consolidated financial statements (Note 2)
Net sales			
Net sales to external customers	483,987	–	483,987
Inter-segment sales or transfers	5,419	(5,419)	–
Total	489,406	(5,419)	483,987
Segment income	22,384	(581)	21,803
Segment assets	472,923	(36,171)	436,752
Other items			
Depreciation	8,030	–	8,030
Increase in property, plant and equipment and intangible assets	9,570	–	9,570

Notes: 1. The amounts adjusted are as follows:

(1) Adjustments for segment income in the amount of (581) million yen include adjustments for retirement benefits in the amount of (399) million yen.

(2) Adjustments for segment assets in the amount of (36,171) million yen include the netting of receivables and payables in the amount of (29,722) million yen.

2. Segment income is reconciled to the operating profit reported in the consolidated statements of income and comprehensive income.

Fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segment							
	MIRAIT ONE	Lantrovision	TTK	SOLCOM	Shikoku-tsuken	SEIBU CONSTRUCTION	MIRAIT ONE SYSTEMS	Kokusai Kogyo
Net sales								
Net sales to external customers	295,861	27,512	37,306	33,327	23,044	65,283	23,011	13,037
Inter-segment sales or transfers	1,619	30	344	219	62	1,679	3,958	–
Total	297,481	27,542	37,650	33,547	23,107	66,962	26,970	13,037
Segment income	6,676	1,517	2,745	1,399	2,471	1,493	1,894	604
Segment assets	266,040	33,656	34,698	41,812	24,201	89,395	11,013	78,160
Other items								
Depreciation	4,732	865	738	645	181	712	135	500
Increase in property, plant and equipment and intangible assets	6,211	1,065	1,298	1,077	186	141	102	375

	Total	Adjustments (Note) 1	Amount in the consolidated financial statements (Note) 2
Net sales			
Net sales to external customers	518,384	–	518,384
Inter-segment sales or transfers	7,915	(7,915)	–
Total	526,300	(7,915)	518,384
Segment income	18,801	(970)	17,830
Segment assets	578,979	(59,018)	519,960
Other items			
Depreciation	8,511	–	8,511
Increase in property, plant and equipment and intangible assets	10,459	–	10,459

Notes: 1. The amounts adjusted are as follows:

(1) Adjustments for segment income in the amount of (970) million yen include adjustments for retirement benefits in the amount of (484) million yen.

(2) Adjustments for segment assets in the amount of (59,018) million yen include the netting of receivables and payables in the amount of (51,035) million yen.

2. Segment income is reconciled to the operating profit reported in the consolidated statements of income and comprehensive income.

Related information

Fiscal year ended March 31, 2023

1. Information about products and services

(Millions of yen)

	Environmental & social innovation business	ICT solutions business	Communication infrastructure business	Total
Net sales to external customers	112,041	127,768	244,177	483,987

2. Information about geographic areas

(1) Net sales

Information on net sales for individual regions is omitted given that net sales to external customers in Japan 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 about major customers

(Millions of yen)

Name of customer	Net sales	Associated business segments
Nippon Telegraph and Telephone East Corporation	89,497	MIRAIT ONE TTK MIRAIT ONE SYSTEMS
Nippon Telegraph and Telephone West Corporation	59,668	MIRAIT ONE SOLCOM Shikokutsuken MIRAIT ONE SYSTEMS
NTT DOCOMO, INC.	28,403	MIRAIT ONE TTK SOLCOM Shikokutsuken MIRAIT ONE SYSTEMS

Fiscal year ended March 31, 2024

1. Information about products and services

(Millions of yen)

	Environmental & social innovation business	ICT solutions business	Communication infrastructure business	Total
Net sales to external customers	143,806	143,133	231,445	518,384

2. Information about geographic areas

(1) Net sales

Information on net sales for individual regions is omitted given that net sales to external customers in Japan 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 about major customers

(Millions of yen)

Name of customer	Net sales	Associated business segments
Nippon Telegraph and Telephone East Corporation	86,791	MIRAIT ONE TTK
Nippon Telegraph and Telephone West Corporation	58,685	MIRAIT ONE SOLCOM Shikokutsuken MIRAIT ONE SYSTEMS
NTT DOCOMO, INC.	25,976	MIRAIT ONE TTK SOLCOM Shikokutsuken MIRAIT ONE SYSTEMS

Information about impairment losses on non-current assets by reportable segment

Fiscal year ended March 31, 2023

Not applicable.

Fiscal year ended March 31, 2024

This information is omitted due to its immateriality.

Information about amortization and unamortized balance of goodwill by reportable segment

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segment							
	MIRAIT ONE	Lantrovision	TTK	SOLCOM	Shikoku-tsuken	SEIBU CONSTRUCTION	MIRAIT ONE SYSTEMS	Total
(Goodwill) Amortization	50	379	12	–	96	888	–	1,426
Balance at end of period	1,186	2,518	28	–	72	16,882	–	20,687

Fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segment								
	MIRAIT ONE	Lantrovision	TTK	SOLCOM	Shikoku-tsuken	SEIBU CONSTRUCTION	MIRAIT ONE SYSTEMS	Kokusai Kogyo	Total
(Goodwill) Amortization	116	416	13	–	72	888	–	242	1,750
Balance at end of period	1,070	2,312	14	–	–	15,993	–	19,179	38,570

Related parties

Fiscal year ended March 31, 2023

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, 2024

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

(Yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net assets per share	2,573.50	2,735.90
Net income per share	151.20	133.34

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

(Millions of yen or thousand shares)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net income per share		
Net income attributable to owners of parent	14,781	12,535
Net income not attributable to common shareholders	–	–
Net income attributable to owners of parent attributable to common stock	14,781	12,535
Average number of outstanding shares of common stock during the fiscal year	97,762	94,012

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, own shares held in trust accounted for as treasury shares in shareholder's equity are included in the treasury shares which are deducted for calculating the average number of outstanding shares of common stock during the fiscal year. The average number of those treasury shares deducted for the purposes of calculating net income per share was 533,286 for the fiscal year ended March 31, 2024, and 330,453 for the fiscal year ended March 31, 2023.

Significant subsequent events

Purchase of treasury shares

On May 13, 2024, 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 Paragraph 3, Article 165 of the same 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 1,500,000 shares
   (1.63% of outstanding shares excluding treasury stock)
4. Total repurchase amount
   Up to 2.0 billion yen
5. Repurchase period
   May 14, 2024 to September 30, 2024
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	21,505	75,001	0.408	–
Current portion of long-term borrowings	–	146	1.159	–
Current portion of lease obligations	3,305	3,539	–	–
Long-term borrowings (excluding current portion)	30,011	31,003	0.303	2025 to 2036
Lease obligations (excluding current portion)	6,290	7,402	–	2025 to 2032
Total	61,112	117,093	–	–

Notes:
1. Average interest rates represent the weighted-average rates applicable to the balances of borrowings at the end of the fiscal year ended March 31, 2024.
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:

(million 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	145	145	30,145	143
Lease obligations	2,534	1,805	1,395	998

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, 2024 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, 2024.

(2) Other information

Quarterly results for the fiscal year ended March 31, 2024

Year-to-date period		First three months	First six months	First nine months	Fiscal year ended March 31, 2024
Net sales	(million yen)	100,524	216,640	343,862	518,384
Profit before income taxes	(million yen)	1,460	3,164	5,797	20,488
Profit (loss) attributable to owners of parent	(million yen)	(580)	191	945	12,535
Net income (loss) per share	(yen)	(6.09)	2.01	10.01	133.34

Three-month period		First three months	First six months	First nine months	Fourth quarter
Net income (loss) per share	(yen)	(6.09)	8.16	8.07	125.13

2. Financial Statements, etc.

(1) Financial statements

1) Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	6,172	17,316
Notes receivable - trade	732	523
Accounts receivable from completed construction contracts	*2 81,243	*2 78,097
Costs on construction contracts in progress	13,392	12,776
Short-term loans receivable	*2 7,318	*2 17,291
Accounts receivable - other	6,326	5,832
Income taxes receivable	770	988
Other	2,154	2,341
Allowance for doubtful accounts	(0)	(967)
Total current assets	118,109	134,200
Non-current assets		
Property, plant and equipment		
Buildings and structures	51,799	53,761
Machinery, vehicles, tools, furniture and fixtures	11,766	11,864
Land	21,184	21,079
Leased assets	2,521	1,630
Construction in progress	1,215	565
Accumulated depreciation	(26,492)	(28,476)
Total property, plant and equipment	61,995	60,424
Intangible assets		
Software	923	643
Software in progress	4,183	5,509
Other	1,119	1,042
Total intangible assets	6,225	7,195
Investments and other assets		
Investment securities	6,114	5,815
Shares of subsidiaries and associates	137,489	182,908
Prepaid pension costs	305	743
Deferred tax assets	737	1,250
Leasehold and guarantee deposits	852	859
Other	566	794
Allowance for doubtful accounts	(118)	(176)
Total investments and other assets	145,947	192,196
Total non-current assets	214,168	259,816
Total assets	332,278	394,017

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable for construction contracts	*2 37,154	*2 36,543
Short-term borrowings	21,500	75,000
Lease obligations	442	315
Accounts payable - other	1,892	1,594
Accrued expenses	1,254	1,394
Income taxes payable	–	332
Accrued consumption taxes	1,626	400
Advances received on construction contracts in progress	743	1,704
Deposits received	*2 49,954	*2 65,232
Provision for loss on construction contracts	251	1,182
Provision for bonuses	3,784	3,833
Provision for warranties for completed construction	5	1,011
Other	300	197
Total current liabilities	118,912	188,743
Non-current liabilities		
Long-term borrowings	30,000	30,000
Provision for share-based compensation	271	327
Provision for retirement benefits	5,306	5,485
Other	1,896	1,583
Total non-current liabilities	37,474	37,395
Total liabilities	156,386	226,139
Net assets		
Shareholders‘ equity		
Share capital	7,000	7,000
Capital surplus		
Legal capital surplus	2,000	2,000
Other capital surplus	88,568	73,066
Total capital surplus	90,568	75,066
Retained earnings		
Other retained earnings		
Retained earnings brought forward	88,499	87,352
Total retained earnings	88,499	87,352
Treasury shares	(12,329)	(3,793)
Total shareholders‘ equity	173,739	165,625
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,151	2,251
Total valuation and translation adjustments	2,151	2,251
Total net assets	175,891	167,877
Total liabilities and net assets	332,278	394,017

2) Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales		
Net sales of completed construction contracts	*1 173,812	*1 223,378
Management fees	*1 657	–
Dividends from subsidiaries and associates	*1 7,980	–
Total net sales	182,449	223,378
Cost of sales		
Cost of sales of completed construction contracts	*1 156,285	*1 208,623
Gross profit	26,164	14,755
Selling, general and administrative expenses	*2 13,332	*2 17,604
Operating profit (loss)	12,832	(2,849)
Non-operating income		
Interest income	*1 112	*1 273
Dividend income	132	*1 7,240
Foreign exchange gains	–	433
Other	417	131
Total non-operating income	662	8,079
Non-operating expenses		
Interest expenses	142	174
Foreign exchange losses	141	–
Provision of allowance for doubtful accounts	–	969
Commission expenses	173	119
Other	61	67
Total non-operating expenses	518	1,331
Ordinary profit	12,975	3,898
Extraordinary income		
Gain on extinguishment of tie-in shares	56,299	–
Gain on sale of investment securities	–	1,459
Other	6	116
Total extraordinary income	56,305	1,576
Extraordinary losses		
Loss on retirement of non-current assets	42	21
Business restructuring expenses	216	–
Loss on valuation of investment securities	–	202
Loss on valuation of shares of subsidiaries	–	691
Other	2	19
Total extraordinary losses	261	934
Profit before income taxes	69,019	4,540
Income taxes - current	1,208	509
Income taxes - deferred	(166)	(549)
Total income taxes	1,041	(40)
Profit	67,978	4,580

Detailed schedule of cost of sales

		Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024	
Category	Notes #	Amount (million yen)	Constituent ratio (%)	Amount (million yen)	Constituent ratio (%)
Materials cost		14,944	9.5	22,492	10.8
Labor cost		740	0.5	1,101	0.5
Outsourcing cost		100,929	64.6	128,487	61.6
Expenses		39,671	25.4	56,541	27.1
[personnel expenses included above]		[9,823]	[6.3]	[12,995]	[6.2]
Total		156,285	100	208,623	100

Note: Costs are calculated using job order costing method.

3) Statement of Changes in Net Assets

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders‘ equity								Valuation and translation adjustments		
		Capital surplus			Retained earnings						
	Share capital	Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings: Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders‘ equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	Total net assets
Balance at beginning of period	7,000	2,000	96,963	98,963	26,446	26,446	(15,844)	116,565	–	–	116,565
Changes during period											
Dividends of surplus					(5,924)	(5,924)		(5,924)			(5,924)
Profit					67,978	67,978		67,978			67,978
Purchase of treasury shares							(4,998)	(4,998)			(4,998)
Disposal of treasury shares			(0)	(0)			118	118			118
Cancellation of treasury shares			(8,394)	(8,394)			8,394	–			–
Net changes in items other than shareholders‘ equity									2,151	2,151	2,151
Total changes during period	–	–	(8,394)	(8,394)	62,053	62,053	3,514	57,173	2,151	2,151	59,325
Balance at end of period	7,000	2,000	88,568	90,568	88,499	88,499	(12,329)	173,739	2,151	2,151	175,891

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders‘ equity								Valuation and translation adjustments		
		Capital surplus			Retained earnings						
	Share capital	Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings: Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders‘ equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	Total net assets
Balance at beginning of period	7,000	2,000	88,568	90,568	88,499	88,499	(12,329)	173,739	2,151	2,151	175,891
Changes during period											
Dividends of surplus					(5,727)	(5,727)		(5,727)			(5,727)
Profit					4,580	4,580		4,580			4,580
Purchase of treasury shares							(7,537)	(7,537)			(7,537)
Disposal of treasury shares			9	9			561	571			571
Cancellation of treasury shares			(15,512)	(15,512)			15,512	–			–
Net changes in items other than shareholders‘ equity									99	99	99
Total changes during period	–	–	(15,502)	(15,502)	(1,147)	(1,147)	8,536	(8,113)	99	99	(8,014)
Balance at end of period	7,000	2,000	73,066	75,066	87,352	87,352	(3,793)	165,625	2,251	2,251	167,877

Notes to Financial Statements

Significant accounting policies

1. Accounting policy for measuring assets

(1) Accounting policy for measuring securities

1) Shares of subsidiaries and associates: stated at cost using the moving-average method.

2) Available-for-sale securities

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

stated at fair value using the mark-to-market method (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).

Shares, etc. that do not have a market price: stated at cost using the moving-average method.

(2) Accounting policy for measuring inventories

Costs on construction contracts in progress	stated at cost using the specific identification method
Merchandise	stated at cost using the moving-average method (a method in which book value is written down based on any decline in profitability)
Raw materials and supplies	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 of non-current assets

(1) 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, facilities attached to buildings and structures acquired on or after April 1, 2016, and assets and solar power generation facilities for data center business 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.

(2) Intangible assets (excluding leased assets)

Amortized on a straight-line basis.

Software for internal use is amortized on a straight-line basis over the estimated useful life of 5 years.

(3) Leased assets

Leased assets pertaining to finance lease transactions that do not transfer ownership are depreciated on a straight-line basis using the lease term as the useful life and with zero residual value.

3. Accounting policy for significant provisions and allowance

(1) 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 individually for certain receivables such as doubtful receivables, by considering each of their collectability.

(2) 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 current fiscal year that are likely to incur losses and for which the amount of losses can be reasonably estimated.

(3) 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 current fiscal year.

(4) 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 historical rate of warranty claims over a certain period of time in the past and at an amount determined individually for specific constructions.

(5) Provision for share-based compensation

To provide for delivery of shares 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.

(6) Provision for retirement benefits

To provide for the payment of retirement benefits to employees, provision is recorded at an amount deemed to have incurred as of the end of the current fiscal year based on the estimated amount of retirement benefit obligations and plan assets at the end of the current fiscal year.

1) 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 end of the current fiscal year.

2) 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 (14 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 (14 years) within the average remaining service period of employees at the time of recognition.

4. 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 Company’s customers and the timing at which the Company typically satisfies these performance obligations (when it typically recognizes revenue) are as follows:

1) Contracted construction

Contracted construction includes telecommunications work (communication infrastructure business), 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 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 recovered 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 in contracted construction is generally received within approximately two months after the customer’s acceptance. Such transactions do not contain a significant financing component. If the consideration of the contract with the customer includes a variable consideration, it is included in the transaction price only to the extent that it is extremely unlikely to cause a significant reduction in the accumulated amount of revenues recognized when the uncertainty related to variable consideration is subsequently resolved.

2) Sale of goods

Sale of goods mainly includes sale of information and telecommunications equipment (ICT solutions business). Revenue is recognized when the goods are delivered to the customer, whereby the Company transfers control over the goods to the customer and satisfies the performance obligations.

There are some information and telecommunications equipment and office supplies in which the entire process of manufacturing, shipping and delivery is performed by other parties, and the Group does not have any inventory risk or discretion in establishing prices. Since performance obligations of the Group for such goods 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 two months after the delivery of the goods. Such transactions do not contain a significant financing component, or a significant amount of variable consideration.

3) Contracted services

Contracted services mainly include maintenance and inspection of telecommunications facilities (communication infrastructure business). Revenue is recognized at a specific point in time, i.e., upon completion of service provision, whereby the Company 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.

Significant accounting estimates

1. Net sales of completed construction contracts recognized over time

(1) Amount recorded in the financial statements for the current fiscal year

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales of completed construction contracts	26,617	37,134

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

This information is omitted as the content is identical to that in significant accounting estimates of consolidated financial statements, 1. Net sales recognized over time.

2. Provision for loss on construction contracts

(1) Amount recorded in the financial statements for the current fiscal year

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Provision for loss on construction contracts	251	1,182

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

This information is omitted as the content is identical to that in significant accounting estimates of consolidated financial statements, 2. Provision for loss on construction contracts.

3. Provision for warranties for completed construction

(1) Amount recorded in the financial statements for the current fiscal year

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Provision for warranties for completed construction	5	1,011

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

This information is omitted as the content is identical to that in significant accounting estimates of consolidated financial statements, 3. Provision for warranties for completed construction.

Changes in presentation of financial statements

Statement of income

“Surrender value of insurance policies” and “Rental income” under “Non-operating income” which had been presented separately in the previous fiscal year is included in “Other” under “Non-operating income” from the current fiscal year, given that its quantitative materiality has decreased. The financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

Consequently, “Surrender value of insurance policies” of 159 million yen, “Rental income” of 141 million yen, and “Other” of 116 million yen presented under “Non-operating income” in the statement of income for the previous fiscal year has been reclassified as “Other” of 417 million yen under “Non-operating income.”

Additional information

Board Benefit Trust for Directors and executive officers

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*."

Change in presentation category due to transition to an operating holding company

The Company conducted an absorption-type merger effective July 1, 2022, with the Company as the surviving company and its wholly owned subsidiaries MIRAIT Corporation and MIRAIT Technologies Corporation as the defunct companies, and transitioned from a pure holding company to an operating holding company. Consequently, current year's financial position and operating results of the Company have changed significantly compared to the previous fiscal year.

For the period during which the Company functioned as a pure holding company, "Management fees" and "Dividends from subsidiaries and associates" were recognized in "Net sales" as they were revenue acquired from the principal business activity as a pure holding company. However, following the transition to an operating holding company, they are included in non-operating income, etc.

Balance sheets

* 1 Contingent liabilities

Debt guarantee

The Company provides debt guarantees as follows.

	As of March 31, 2023	As of March 31, 2024
Employees (housing loans)	60 million yen	51 million yen
Lantrovision (S) Ltd (derivative transactions (Note))	–	7 million Singapore dollars

Note: This transaction is to hedge foreign exchange risk and interest rate fluctuation risk related to collecting principal and receiving interest on loans receivable from consolidated subsidiary. The amount is a notional principal amount.

*2 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, 2023	As of March 31, 2024
Accounts receivable from completed construction contracts	52	742
Short-term loans receivable	6,453	16,167
Accounts payable for construction contracts	20,766	19,153
Deposits received	48,955	64,381

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, 2023	Fiscal year ended March 31, 2024
Net sales of completed construction contracts	2,443	1,185
Management fees	657	–
Dividends from subsidiaries and associates	7,980	–
Cost of sales of completed construction contracts	84,622	107,420
Interest income	50	188
Dividend income	–	6,978

*2 Major items of selling, general and administrative expenses, their amount and approximate percentage are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Salaries and benefits	6,369	8,095
Officer remuneration	295	326
Legal welfare expenses	1,011	1,330
Outsourcing expenses	871	900
Rents	386	331
Retirement benefit expenses	256	275
Advertising and promotion expenses	534	447
Depreciation	623	803
Approximate percentage		
Sales expenses	40	41
General and administrative expenses	60	59

Securities

As of March 31, 2023

The fair value of shares of subsidiaries and associates is not shown because they are shares, etc. that do not have market prices. The carrying amounts of shares, etc. of subsidiaries and associates that do not have market prices in the balance sheets are as follows.

(Millions of yen)

Category	March 31, 2023
Shares of subsidiaries	132,503
Shares of associates	4,985
Total	137,489

As of March 31, 2024

The fair value of shares of subsidiaries and associates is not shown because they are shares, etc. that do not have market prices. The carrying amounts of shares, etc. of subsidiaries and associates that do not have market prices in the balance sheets are as follows.

(Millions of yen)

Category	March 31, 2024
Shares of subsidiaries	177,922
Shares of associates	4,985
Total	182,908

Tax effect accounting

1. Significant components of deferred tax assets and liabilities

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Deferred tax assets		
Provision for retirement benefits	1,624	1,679
Provision for bonuses	1,158	1,173
Loss on valuation of shares of subsidiaries	103	526
Provision for loss on construction contracts	77	362
Provision for warranties for completed construction	1	309
Other	1,564	1,693
Subtotal of deferred tax assets	4,529	5,744
Less：valuation allowance	(1,051)	(1,668)
Total deferred tax assets	3,477	4,076
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(959)	(945)
Valuation difference on non-current assets	(502)	(485)
Reserve for tax purpose reduction entry of non-current assets	(358)	(355)
Reserve for tax purpose reduction entry of replacement assets	(274)	(274)
Prepaid pension costs	(93)	(220)
Other	(552)	(544)
Total deferred tax liabilities	(2,740)	(2,825)
Deferred tax assets (liabilities), net	737	1,250

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

(%)

	As of March 31, 2023	As of March 31, 2024
Normal effective statutory tax rate	30.6	30.6
Adjustments:		
Expenses not deductible for income tax purposes (e.g. entertainment expenses)	0.1	1.0
Income not taxable for income tax purposes (e.g. dividend income)	(3.6)	(47.8)
Gain on extinguishment of tie-in shares	(25.0)	–
Inhabitant tax on per capita basis	0.1	2.1
Change in valuation allowance	0.1	13.6
Other	(0.7)	(0.4)
Actual effective tax rate after applying tax effect accounting	1.5	(0.9)

3. Accounting treatment of national and local income taxes or tax effect accounting related thereto

The Company has adopted the Group Tax Sharing System. The accounting treatment and disclosure of national and local income taxes or tax effect accounting related thereto are in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (Practical Solution No. 42, August 12, 2021).

Business combination

Additional information

Business combination through acquisition

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, *Business combination*, *Additional information.*”

Revenue recognition

Information to provide basis for understanding revenue from contracts with customers 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 securities

Equity securities

Stock			Number of shares (shares)	Carrying amount on balance sheets (million yen)
Investment securities	Available-for-sale securities	Nippon Telegraph and Telephone Corporation	4,560,000	819
		KDDI Corporation	174,600	782
		SoftBank Group Corp.	61,554	551
		Nippon Densetsu Kogyo Co., Ltd.	225,000	479
		Mizuho Financial Group, Inc.	149,351	454
		Mitsubishi UFJ Financial Group, Inc.	173,197	269
		Fuji Kyuko Co., Ltd.	50,000	197
		Sumitomo Electric Industries, Ltd.	84,000	197
		Nihon Dengyo Kosaku Co., Ltd.	375,732	187
		Hibiya Engineering, Ltd.	61,000	181
		Mitsubishi Electric Corporation	50,000	125
		Techfirm Holdings Inc.	200,000	117
		Fujikura Ltd.	51,000	116
		Sumitomo Densetsu Co., Ltd.	32,300	108
		Mapry Corporation	7,000	101
		Pilot Corporation	23,000	91
		NTT Data Corporation	35,000	84
		The Keiyo Bank, Ltd.	100,000	76
		41 other stocks	727,700	532
Total			7,140,434	5,477

Other

Class and stock			Units, etc.	Carrying amount on balance sheets (million yen)
Investment securities	Available-for-sale securities	Contribution to investment limited partnership or similar association		
		B Dash Fund	60 units	199
		Translink Capital Call	–	139
Total			60 units	338

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/ Amortization	Net balance at end of period
Property, plant and equipment							
Buildings and structures	51,799	2,027	65	53,761	20,547	2,169	33,214
Machinery, vehicles, tools, furniture and fixtures	11,766	594	496	11,864	7,044	873	4,819
Land	21,184	4	109	21,079	–	–	21,079
Leased assets	2,521	75	967	1,630	884	431	745
Construction in progress	1,215	139	788	565	–	–	565
Total property, plant and equipment	88,487	2,841	2,427	88,901	28,476	3,474	60,424
Intangible assets							
Software	1,281	107	26	1,362	718	430	643
Software in progress	4,183	1,640	314	5,509	–	–	5,509
Other	1,147	228	–	1,376	333	77	1,042
Total intangible assets	6,613	1,976	341	8,248	1,052	507	7,195

Note
1. The balances at beginning and end of period are stated at cost.
2. Buildings and structures increased by 1,888 million yen due to the construction of MIRAIT ONE building in Kanazawa-ku, Yokohama.
3. Software in progress increased by 1,410 million yen due to the development of the next version of the core system.

Detailed schedule of provisions

(Millions of yen)

Account	Balance at beginning of period	Increase during period	Decrease during period	Balance at end of period
Allowance for doubtful accounts	118	1,039	14	1,143
Provision for loss on construction contracts	251	1,118	187	1,182
Provision for bonuses	3,784	3,833	3,784	3,833
Provision for warranties for completed construction	5	1,031	25	1,011
Provision for share-based compensation	271	96	40	327
Provision for retirement benefits	5,306	672	492	5,485

(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

<table>
<tr><td>Fiscal Year</td><td>From April 1 to March 31 of the following year</td></tr>
<tr><td>Ordinary General Meeting of Shareholders</td><td>June</td></tr>
<tr><td>Record date</td><td>March 31</td></tr>
<tr><td>Record date for dividend of surplus</td><td>March 31 and September 30</td></tr>
<tr><td>Number of shares constituting one unit</td><td>100 shares</td></tr>
<tr><td>Purchase or additional purchase of shares of less than one unit
Handling office

Shareholder register administrator
Forwarding office
Purchase or additional purchase fee</td><td>

(Special account)
Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation 1-4-5, Marunouchi, Chiyoda-ku, Tokyo
(Special account)
Mitsubishi UFJ Trust and Banking Corporation 1-4-5, Marunouchi, Chiyoda-ku, Tokyo
–
Separately specified amount equivalent to share trading brokerage fees</td></tr>
<tr><td>Method of public notice</td><td>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 <https://www.mirait-one.com/english/>.</td></tr>
<tr><td>Special benefits for shareholders</td><td>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.
<table>
<tr><th>Duration of shareholding</th><th>Number of shares held</th><th>Benefits</th></tr>
<tr><td rowspan="3">1 year to less than 3 years*</td><td>100 shares or more</td><td>An electronic money or 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>An electronic money or 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>An electronic money or 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>An electronic money or 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>An electronic money or 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>An electronic money or QUO Card worth 4,000 yen or 5 kg of MIRAIT ONE rice
(the first 150 shareholders who applied by electromagnetic means)
or
a donation of comparable value to a social contribution organization</td></tr>
</table>
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. Electronic money includes the following four types: Amazon, WAON, nanaco, and Apple.
4. Shareholder benefit information and application form will be enclosed with the notice of an ordinary general meeting of shareholders to be sent to shareholders.</td></tr>
</table>

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

(1) Documents filed by the Company from the beginning of this fiscal year until the filing date of this Annual Securities Report

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 13th fiscal year (from April 1, 2022 to March 31, 2023) with the Director-General of the Kanto Local Finance Bureau on June 28, 2023

2) Internal Control Report and documents attached thereto

Filed for the 13th fiscal year (from April 1, 2022 to March 31, 2023) with the Director-General of the Kanto Local Finance Bureau on June 28, 2023

3) Quarterly Securities Reports and Confirmation Letters

Filed for the first quarter of the 14th fiscal year (from April 1, 2023 to June 30, 2023) with the Director-General of the Kanto Local Finance Bureau on August 10, 2023

Filed for the second quarter of the 14th fiscal year (from July 1, 2023 to September 30, 2023) with the Director-General of the Kanto Local Finance Bureau on November 10, 2023

Filed for the third quarter of the 14th fiscal year (from October 1, 2023 to December 31, 2023) with the Director-General of the Kanto Local Finance Bureau on February 13, 2024

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, 2023.

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) and Article 19, Paragraph 2, Item 8-2 of the Cabinet Office Order on Disclosure of Corporate Affairs (acquisition of subsidiary company) with the Director-General of Kanto Local Finance Bureau on November 10, 2023.

5) Share Buyback Reports

Filed with the Director-General of Kanto Local Finance Bureau on July 5, 2023; August 3, 2023; September 5, 2023; October 4, 2023; November 6, 2023; December 5, 2023; January 9, 2024; February 5, 2024; March 5, 2024; April 3, 2024; May 7, 2024; and June 5, 2024.

6) Shelf Registration Statement (Corporate Bonds) and documents attached thereto

Filed with the Director-General of Kanto Local Finance Bureau on April 11, 2024.

(2) Ratio of women in managerial positions, rate of parental leave taken by male employees, and gender wage gap

Ratio of women in managerial positions, rate of parental leave taken by male employees, and gender wage gap in consolidated subsidiaries excluding major consolidated subsidiaries are as follows:

Fiscal year ended March 31, 2024					
Name	Ratio of women in managerial positions (%) (Notes 1, 2)	Rate of parental leave taken by male employees (%) (Notes 1, 2)	Gender wage gap (%) (Notes 1, 2, 3)		
			All employees	Regular employees	Part-time and fixed-term employees
AST-ENG Corp.	3.8	0.0	68.7	81.8	79.6
HOPE NET Co., Ltd.	12.5	0.0	83.5	71.7	92.0
MIRAIT Mobile East Co., Ltd.	0.7	42.9	61.2	66.4	57.5
Libnet Co., Ltd.	33.3	100.0	49.6	71.8	54.0
SOLCOMMEISTER Co.,Ltd.	0.0	11.1	81.4	73.0	93.0
ACTIS Co., Ltd.	10.0	50.0	81.2	82.3	66.0
M’s Frontier Corporation	2.7	0.0	–	–	–
Kinki Denki Corp.	0.0	0.0	–	–	–
COTONET ENGINEERING Co., Ltd.	11.5	0.0	–	–	–
Comlead Co., Ltd.	10.0	–	–	–	–
SINKO ELECTRIC CORP.	0.0	50.0	–	–	–
TODENTSU Access Corporation	0.0	0.0	–	–	–
Tohoken System Engineering Corp.	2.3	–	–	–	–
Nissetsu Co., Ltd.	2.5	100.0	–	–	–
MIRAIT Mobile West Co., Ltd.	4.8	66.7	–	–	–
Meisei Correspondence Co., Ltd.	0.0	0.0	–	–	–
Lapisnet Co., Ltd.	3.9	–	–	–	–
Ligare Co., Ltd.	11.8	0.0	–	–	–
TTK ENG Miyagi Co., Ltd.	0.0	50.0	–	–	–
TTK ENG Yamagata Co., Ltd.	10.0	100.0	–	–	–
TTK ENG Fukushima Co., Ltd.	10.0	50.0	–	–	–
Solcom Business Service Corporation	42.9	–	–	–	–
STK Techno Corporation	0.0	–	–	–	–
Trust System Corporation	2.9	33.3	–	–	–

Fiscal year ended March 31, 2024					
Name	Ratio of women in managerial positions (%) (Notes 1, 2)	Rate of parental leave taken by male employees (%) (Notes 1, 2)	Gender wage gap (%) (Notes 1, 2, 3)		
			All employees	Regular employees	Part-time and fixed-term employees
Meiji consultant co., Ltd.	5.8	100.0	–	–	–
Ryukyu Kokusai Kogyo Co., Ltd.	25.0	0.0	–	–	–
Kokusai Data Production Center Co., Ltd.	7.7	–	–	–	–

Notes: 1. Figures are calculated in accordance with the provisions of “Act on Promotion of Women’s Participation and Advancement in the Workplace” (Act No. 64 of 2015).

2. The ratio of women in managerial positions is as of March 31, 2024, and the rate of parental leave taken by male employees and the gender wage gap are the actual results for the fiscal year ended March 31, 2024. The data includes individuals seconded from the subject company to other companies, and excludes those seconded from other companies to the subject company.

3. Wages are calculated inclusive of base salary, overtime compensation, bonuses, etc., and exclusive of retirement allowance, commuting allowance, etc.
Part-time and fixed-term employees include fixed-term contract employees, temporary employees, and part-timers. Wages for part-timers are calculated based on actual wages paid, not converted to full-time equivalents.

Part 2 Information on Guarantor of Reporting Company

Not applicable.

Independent Auditor's Report on the Financial Statements and Internal Control Over Financial Reporting

June 25, 2024

To the Board of Directors of MIRAIT ONE 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	Keiji Kobayashi
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 ONE 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 sheets as at March 31, 2024, and the consolidated statements of income and comprehensive income, consolidated statements of changes in net assets and consolidated statements 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, 2024, 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 of the current period. These 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.

<table>
<tr><th colspan="2">Reasonableness of estimates of total construction costs for construction contracts with revenue recognized over a certain period of time</th></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>
As described in the “Significant accounting estimates, 1. Net sales recognized over a certain period of time” in the Notes to Consolidated Financial Statements, the net sales recognized over a certain period of time in the fiscal year ended March 31, 2024 amounted to 169,821 million yen, which accounted for 32.7% of total consolidated net sales. Of this amount, net sales related to construction contracts constitute a significant proportion.

As described in the “Significant accounting policies for preparation of consolidated financial statements, 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 contracted work in which progress toward complete satisfaction of performance obligations can be reasonably estimated, deeming it as performance obligation to be satisfied over a certain period of time, based on the progress toward satisfaction of such performance obligation; however, excluded is construction contract and custom software development 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 work is measured for each contract based on the proportion of costs incurred to fulfill performance obligations by the end of the period to the total construction costs.

Reliability of estimation on the total construction costs is necessary to reasonably estimate the progress of the construction contract. 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:

● 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.

● The budget is updated timely and appropriately according to changes in work details due to changes in circumstances after the start of construction.

Based on the above, we determined that the reasonableness of the estimates of total construction costs in construction contracts with revenues recognized over a certain period of time was of most significance in the audit of the consolidated financial statements for this fiscal year, and accordingly, a key audit matter.
</td><td>
In order to assess the reasonableness of estimates of total construction costs for construction contracts where revenue is recognized over a certain period of time, we implemented the following procedures:

(1) Internal control testing

We tested the design and operating effectiveness of certain of the Company’s internal controls relevant to the process of managing an execution budget. In this assessment, we focused our testing on the following controls:

● Controls to approve the execution budget based on the Rules of Responsibility and Authority

● Controls to confirm that the changes in circumstances after the start of construction are timely and appropriately reflected in the execution budget.

(2) Assessment of the reasonableness of the estimated total construction cost

In order to assess the appropriateness 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:

● made a trend analysis of annual profit ratio of construction contracts in which revenue is recognized over a certain period of 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

● 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, 2024 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.
</td></tr>
</table>

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. The audit and supervisory committee is 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 the Audit and Supervisory Committee 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.

The audit and supervisory committee is responsible for overseeing the directors' 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 objectives 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.

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 consolidated financial statements, whether due to fraud or error, and 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 the audit and supervisory committee regarding 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 the audit and supervisory committee 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, details of measures for eliminating obstruction factors or details of safeguards in place for reducing obstruction factors to an acceptable range.

From the matters communicated with the audit and supervisory committee, 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 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.

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, 2024, 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 the Company's internal control over financial reporting was effective as at March 31, 2024, 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.

Responsibilities of Management and the Audit and Supervisory Committee 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.

The audit and supervisory committee is 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 the audit and supervisory committee regarding 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 the audit and supervisory committee 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, details of measures for eliminating obstruction factors or details of safeguards in place for reducing obstruction factors to an acceptable range.

Information Regarding Fees

Fees for audit certification services and fees for non-audit services of the Company and its subsidiaries paid to person(s) who belong to KPMG AZSA LLC or the same network of KPMG AZSA LLC are stated in "IV. Information about Reporting Company, 4. Corporate Governance, (3) Audits."

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.

Notes:
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.

Independent Auditor's Report

June 25, 2024

To the Board of Directors of MIRAIT ONE 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	Keiji Kobayashi
Designated Limited Liability Partner, Engagement Partner	Certified public accountant	Kohei Nakamura

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of MIRAIT ONE 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, 2024, and the statement of income and statement of changes in net assets for the 14th fiscal year from April 1, 2023 to March 31, 2024, 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, 2024, 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.

Reasonableness of estimates of total construction costs for construction contracts with revenue recognized over a certain period of time
As described in the "*Significant accounting estimates*, 1. Net sales of completed construction contracts recognized over a certain period of time" in the Notes to Financial Statements, the net sales of completed construction contracts recognized over a certain period of time in the fiscal year ended March 31, 2024 amounted to 37,134 million yen, which accounted for 16.6% of total sales. We determined that the reasonableness of the estimates of total construction costs in construction contracts with revenues recognized over a certain period of time was of most significance in our audit of the financial statements for this fiscal year, and accordingly, a "key audit matter." However, we omit the descriptions of the key audit matter and how the matter was addressed in our audit to be provided in our auditor's report on the financial statements as they are substantially the same as those described for the key audit matter, "Reasonableness of estimates of total construction costs for construction contracts with revenue recognized over a certain period of time" in our auditor's report on the consolidated financial statements.

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. The audit and supervisory committee is responsible for overseeing the director's performance of their duties with regard to the design, implementation and maintenance of the Company'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 the Audit and Supervisory Committee 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.

The audit and supervisory committee is responsible for overseeing the directors' performance of their duties, including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives 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.

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 the audit and supervisory committee regarding 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 the audit and supervisory committee 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, details of measures for eliminating obstruction factors or details of safeguards in place for reducing obstruction factors to an acceptable range.

From the matters communicated with the audit and supervisory committee, we determine those matters that were of most significance in the audit of the 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 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.

Information Regarding Fees

Information regarding fees is stated in the audit report for the consolidated financial statements.

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.

Notes:
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
[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 26, 2024
[Company Name]	MIRAIT ONE Corporation
[Company Name in English]	MIRAIT ONE Corporation
[Title and Name of Representative]	Toshiki Nakayama, President and CEO
[Title and Name of CFO]	Takaaki Mitsuya, 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 Takaaki Mitsuya, 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, Base Date, and Assessment Procedures

Management assessed internal control over financial reporting at the end of the fiscal year ended March 31, 2024 as the base 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 design, implementation and maintenance 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 the 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 26 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 26 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 13 business locations as significant business locations, whose net sales for the fiscal year ended March 31, 2023 accounted for appropriately two-thirds of consolidated net sales for the fiscal year ended March 31, 2023 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, notes receivable, accounts receivable from completed construction contracts and other, 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.

3. Matters Related to the Results of Assessments

As a result of the assessments above, management concluded that as of March 31, 2024, the Company's internal control over financial reporting is effective.

4. Supplementary Matters

Not applicable.

5. Special Notes

Not applicable.