COMPANY RESEARCH AND ANALYSIS REPORT

MIRAIT ONE Corporation

1417

Tokyo Stock Exchange Prime Market

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Contents

Summary

Steadily expanding in growth areas to go “Beyond a Telecommunications Construction Company.” Orders received and net sales continued to reach record high levels

MIRAIT ONE Corporation <1417> (hereafter, also “the Company”) was established in July 2022 following the business integration of three communications infrastructure construction companies in October 2010. It is one of the leading companies in the communications construction industry. Taking into account that the communications construction market is gradually shrinking, the Company is proceeding with business restructuring to go “Beyond a Telecommunications Construction Company,” and it has been expanding its business in both size and scope, including through M&As. A particular focus is the growing customer needs associated with the increasingly complex and comprehensive social issues of urban and regional development, digital transformation (DX), and green transformation (GX). The Company is addressing these needs by realizing the Full-Value Model, which provides total solutions spanning from planning through to design, construction, and operation, not only in the communications field but also in a wide range of social infrastructure domains, including ICT, electricity, civil engineering, and construction, and by transforming its business portfolio. In May 2022, prior to the transition into its current group structure, the Company announced MIRAIT ONE Group Vision 2030 and a five-year medium-term management plan. Under the redefined purpose of “co-creating an exciting future through challenges and technology,” it plans to focus on practicing people-centric management and accelerating growth through the concentration of management resources in “MIRAI (future) Domains.” The Company defines these as four areas which have big potential in terms of growth and social contribution, namely “urban and regional development/corporate DX and GX,” “green energy business,” “software business,” and “global business.”

1. Overview of 1H FY3/26 results

In the 1H FY3/26 consolidated results, orders received increased 7.0% year on year (YoY) to ¥341.6bn, while net sales increased 3.6% to ¥258.8bn and operating profit increased 67.8% to ¥7.8bn, representing record high results (for 1H) for orders received and net sales. EBITDA also increased by a considerable 31.8% to ¥14.6bn. Net sales were largely firm in each business. In particular, the ICT Solution Business achieved strong sales supported by favorable conditions for receiving orders, and the growth of the NTT Business, which benefited from NTT’s continued investment in improving the quality of its mobile networks, contributed to the growth in sales. In addition, the Company secured sales in its focus MIRAI Domains to the level where they accounted for 41% of the sales mix. On the profit front, the Company realized a large increase in profit due to the growth in sales also boosting growth in profit, as well as the improvement in gross profit margin through the effects of the integration and organizational reforms, among others.

2. FY3/26 forecasts

For the FY3/26 consolidated results, the Company has maintained its initial forecasts, expecting growth in sales and profit, with net sales to increase 7.2% YoY to ¥620.0bn and operating profit to increase 21.5% to ¥34.0bn. It also forecasts EBITDA to grow 15.0% to ¥48.0bn. This would represent record high business results (the 10th consecutive fiscal year for net sales). For net sales, it expects steady growth in the Corporate/Environmental and Social Infrastructure Domain as plenty of projects started in previous fiscal years reach completion, as well as solid sales in the Telecommunications Infrastructure Domain. On the profit front, it plans to realize a significant increase in profit by growing business in the Corporate/Environmental and Social Infrastructure Domain while enhancing productivity in the Telecommunications Infrastructure Domain. The operating margin is expected to improve to 5.5%. The dividend per share for FY3/26 is forecast to increase ¥10.0 to ¥85.0. If achieved, it will be the sixth consecutive fiscal year in which the Company has raised its dividend.

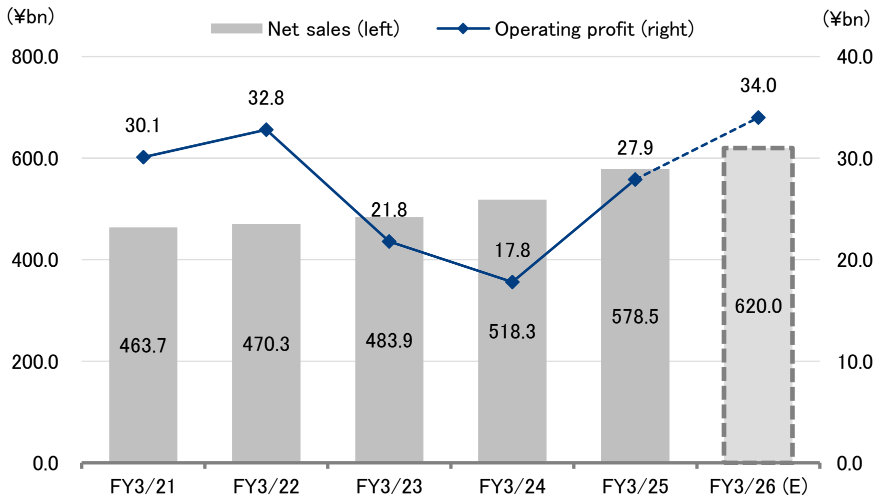
3. Medium- to long-term growth strategy

Three and a half years have passed since the Company launched its fifth medium-term management plan (five-year plan), which is underway. In order to realize the goal of going “Beyond a Telecommunications Construction Company” (evolving into a corporate group that continues to contribute to solving a variety of social issues in a wide range of social infrastructure fields) outlined in MIRAIT ONE Group Vision 2030, the Company is pursuing five business transformations (Five Changes). The Five Changes are 1) people-centric management, 2) acceleration of business growth, 3) top-class profitability, 4) management based on data insights, and 5) strong foundation for ESG management. In particular, it will aim to expand in MIRAI Domains through the Full-Value Model and to enhance productivity in the Telecommunications Infrastructure Domain. Targets for the final year of the plan (FY3/27) are net sales of ¥720.0bn, operating margin of 6.5% or higher, EBITDA margin of 8.5% or higher, and ROE of 10% or higher. To achieve these, it will actively invest in growth (including M&As) while providing shareholder returns through stable dividend increases and the flexible acquisition of treasury shares, with a target total payout ratio of 50–70%.

Key Points

- Each business largely performed well in 1H FY3/26, achieving growth in sales and profit
- Steady growth in orders received thanks to synergies from the Trinity Approach and firm progress made on the improvement in gross profit margin in the Telecommunications Infrastructure Domain and other initiatives
- Forecasts for FY3/26 maintained, expecting record high results for orders received, net sales, operating profit, and EBITDA (the 10th consecutive fiscal year for net sales)
- In its medium-term management plan, it is aiming to strengthen its business portfolio through the Full-Value Model and to enhance profitability by pursuing the Five Changes to go “Beyond a Telecommunications Construction Company”

Results trends



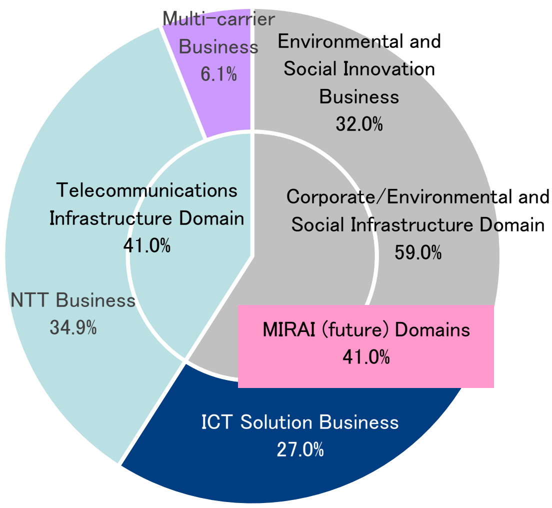
Source: Prepared by FISCO from the Company's financial results

Business overview

In addition to its original business in the Telecommunications Infrastructure Domain, the Company is also expanding its business area into the Corporate/Environmental and Social Infrastructure Domain

The Company's business is largely divided into two domains. These are the Telecommunications Infrastructure Domain, which is centered on its original business of constructing telecommunications infrastructure in Japan, and the Corporate/Environmental and Social Infrastructure Domain, where it has been strengthening efforts to expand its business area with a view to going "Beyond a Telecommunications Construction Company." It has four main business categories. The Corporate/Environmental and Social Infrastructure Domain comprises the 1) Environmental and Social Innovation Business and 2) ICT Solution Business, while the Telecommunications Infrastructure Domain comprises the 3) NTT Business and 4) Multi-carrier Business.

Composition of sales by business domain and business



Source: Prepared by FISCO from the Company's supplementary results briefing materials

Within the Corporate/Environmental and Social Infrastructure Domain, the Company has also defined the four growth area of "urban and regional development/corporate DX and GX," "green energy business," "software business," and "global business" as MIRAI Domains and its strategy is to accelerate growth by concentrating management resources in these areas, including the resources of SEIBU CONSTRUCTION CO.,LTD. and Kokusai Kogyo Co., Ltd., new additions to the Group.

The Group comprises the Company and 82 consolidated subsidiaries (61 in Japan and 21 overseas), including Lantrovision (S) Ltd (Singapore), TTK Co., Ltd., SOLCOM CO., Ltd., Shikokutsuken Co., Ltd., SEIBU CONSTRUCTION, MIRAIT ONE SYSTEMS Corporation, and Kokusai Kogyo. (current as of September 30, 2025).

An overview of each business is as follows.

1) Environmental and Social Innovation Business

This business provides customers, mainly local governments and private sector companies, with a comprehensive set of solutions. These comprise construction work related to renewable energy, electrical and air conditioning construction, and social infrastructure construction (civil engineering and water supply), as well as building construction and renovation work by SEIBU CONSTRUCTION and planning and consultation services by Kokusai Kogyo.

2) ICT Solution Business

This business provides customers, mainly local governments and private sector companies, with construction of ICT infrastructure such as data center (DC) and cloud infrastructure, and office solutions (installation of LAN and Wi-Fi, security-related, etc.), as well as software services (call center solutions, etc.), global services (including DC-related business in 12 Asian countries and regions and communications tower business), and sales of physical goods.

3) NTT Business

This business services the NTT Group through the construction, maintenance, and operation of fixed and mobile communication facilities and support for the expansion of its optical fiber network and mobile network. It also plays a role in helping to maintain communications networks during disasters through emergency repair and restoration work. Although investment in communications construction by the NTT Group is on a downward trend, this business has become a stable revenue base for the Company by maintaining a steady share of the market. Over many years of operating the NTT Business, the Company has developed onsite capabilities and carrier-grade technical abilities as core strengths and it is using these to develop business in growth areas.

4) Multi-carrier Business

This business provides the construction, maintenance, and operation of communication facilities, mainly mobile facilities, and support for making mobile networks high-speed and high-capacity to customers other than the NTT Group. At present, projects for expanding the service area of 5G networks are coming to an end.

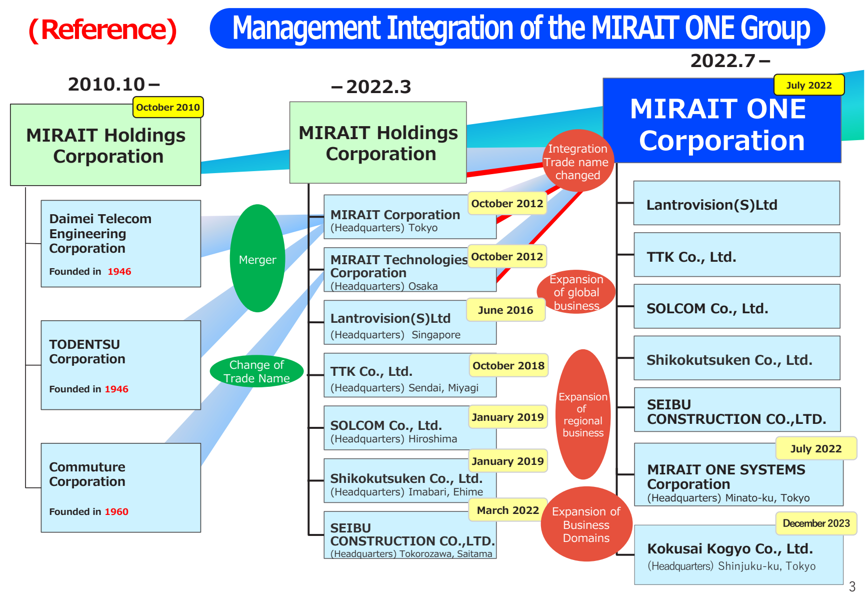
History

Established through the business integration of three communications construction companies. Expanding its business area, including through M&As

The Company was originally established as MIRAIT Holdings Corporation in October 2010 through the business integration of Daimei Telecom Engineering Corporation, Commuture Corporation, and TODENTSU Corporation, three companies that had been engaged in business centered on constructing communications infrastructure for over half a century. Amid growing demand for telephones after the second world war and during Japan's period of rapid economic growth, the Group's three founding companies each realized growth primarily through transactions with Nippon Telegraph and Telephone Public Corporation (now NTT <9432>), thereby expanding their management resources and business base. The aim behind the integration was to accelerate a shift to business structural reforms in anticipation of the gradual shrinking of the Japanese communications construction market. The Company was listed on the First Section of the Tokyo Stock Exchange (TSE) and the Osaka Stock Exchange (it recently transferred to the TSE Prime Market).

Since the business integration, the Company has added to and expanded its business area through M&As and other means, as it advanced a structural transformation into a comprehensive engineering and services company. In October 2012, the three-operating-company organization was restructured into a two-company structure as Daimei and TODENTSU were merged to form MIRAIT Corporation and Commuture changed its name to MIRAIT Technologies Corporation. In June 2016, it grew its global business by making Singapore-based Lantrovision (S) Ltd into a subsidiary. It then further expanded its business base through business integrations with TTK in October 2018 and SOLCOM and Shikokutsuken in January 2019. Furthermore, in March 2022, it made a significant leap forward in its shift to the Full-Value Model by making SEIBU CONSTRUCTION into a subsidiary. The current MIRAIT ONE Corporation was formed in July 2022 through the three-way merger of MIRAIT Holdings, MIRAIT, and MIRAIT Technologies, with MIRAIT Holdings as the surviving company. At the same time, it established MIRAIT ONE SYSTEMS through the reorganization of the systems integration (SI) organizations of its Group companies as well as five SI business subsidiaries. In December 2023, it acquired Kokusai Kogyo and its 10 consolidated subsidiaries with the aim of demonstrating business synergies that can realize vertical integration to accelerate its Full-Value Model.

History of the Group (history of mergers and reorganization)



Source: The Company's results briefing materials (appendix)

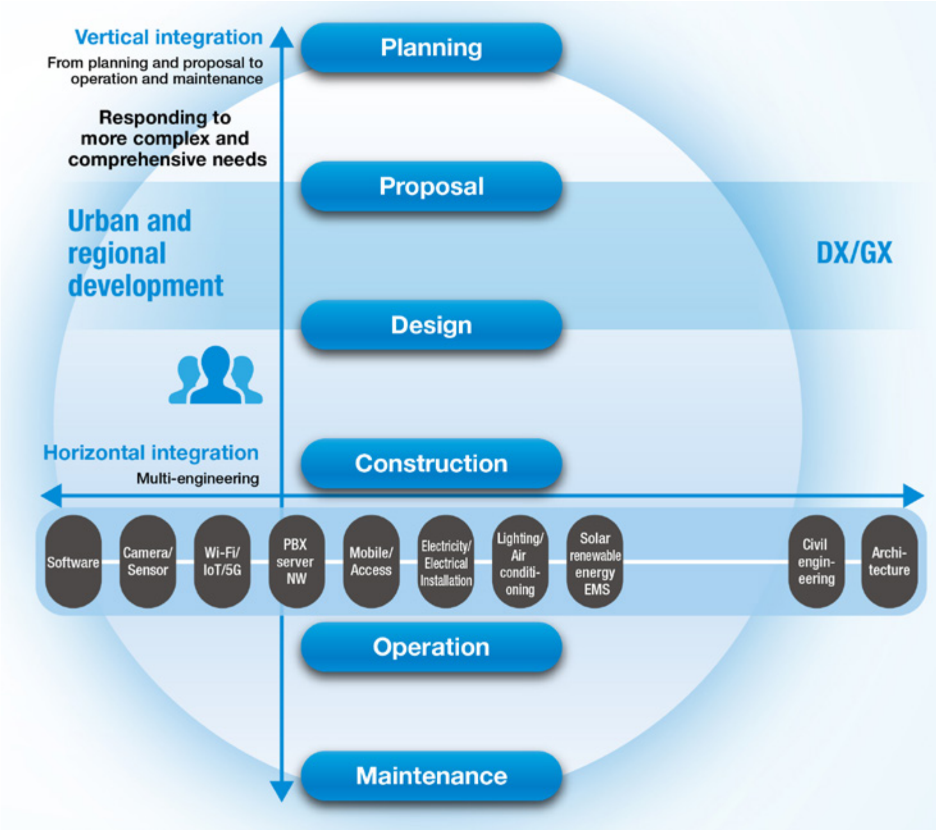
Company characteristics

Characterized by the Full-Value Model realized through the Trinity Approach

1. Business model

The Company has developed a business model in which it is expanding its business area and transforming its business portfolio through a succession of integrations and reorganizations with the aim of going "Beyond a Telecommunications Construction Company." It is a Full-Value Model that is characterized by its simultaneous promotion of horizontal integration, which combines various technical fields such as telecommunications, electricity, ICT, civil engineering, and construction, and vertical integration, which is a comprehensive process from planning and proposal to maintenance and operation. By establishing this model, the Company wants to evolve beyond its previous telecommunications focus (handling individual orders) into a corporate group that continuously contributes to solving social problems in a broad area of social infrastructure.

Diagram of the Full-Value Model



Source: The Company's Integrated Report 2024

2. Strengths

(1) Enhancing added value through the Trinity Approach

The Company is working to further enhance the value provided by its Full-Value Model through the Trinity Approach following the integration of SEIBU CONSTRUCTION and Kokusai Kogyo. Merging with SEIBU CONSTRUCTION considerably strengthened its capabilities in the civil engineering and construction fields and boosted horizontal integration by enabling the deployment of full package solutions. As a major construction company, SEIBU CONSTRUCTION's combined capabilities and onsite leadership abilities are particularly useful for winning large projects. The merger with Kokusai Kogyo is helping to strengthen vertical integration. It is providing new value in terms of information by combining spatial information from every kind of geographical space, from outer space to the ocean floor, acquired using a variety of measuring technologies, with a wide range of other data. As an expert organization containing a large number of professional engineers, it also provides local governments and private sector companies with planning and consulting services for national and regional development. This customer base covers national and prefectural governments, as well as more than two thirds of the 1,700 local governments in Japan. The Trinity Approach is creating added value unique to the Group by taking the Company's businesses in a wide range of engineering fields, including telecommunications, IoT, electricity, and energy, and combining them through horizontal integration by SEIBU CONSTRUCTION and vertical integration by Kokusai Kogyo.

(2) Technical abilities and a stable revenue base cultivated through the carrier businesses

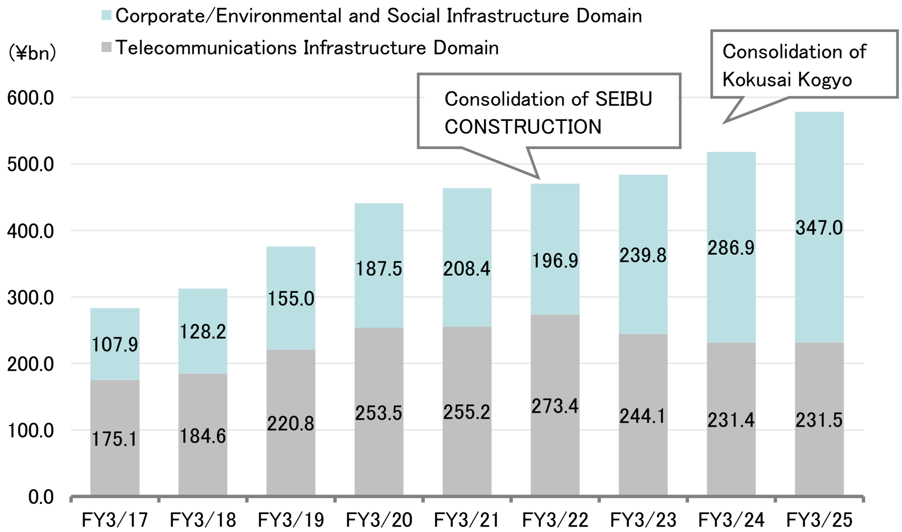
As the Company evolves toward the Full-Value Model, the technical abilities and quality it has cultivated over many years of engaging in infrastructure construction for telecommunications carriers remain important strengths. The Company's carrier-grade technical abilities and quality are used to develop business in growth areas. Also, while the communications construction business itself is gradually shrinking, as long as it remains at a certain size, then the market share established by the three companies as a business characteristic provides a stable revenue base.

Results trends

Profitability, which had temporarily dropped due to extraordinary factors, on a recovery trend due to business area expansion and sustained sales growth

Looking back over results for the last eight years, sales have largely followed a steady growth trajectory and in FY3/25, the Company achieved record high net sales for an eighth consecutive fiscal year. Since FY3/23, the increase in sales in the Corporate/Environmental and Social Infrastructure Domain (non-telecommunications) has been particularly notable, and two large M&A projects (SEIBU CONSTRUCTION and Kokusai Kogyo) have helped to boost top-line growth. On the other hand, sales in the Telecommunications Infrastructure Domain have levelled off, but it is fair to say that the stability that this business characterizes is the foundation that supports the Company's results.

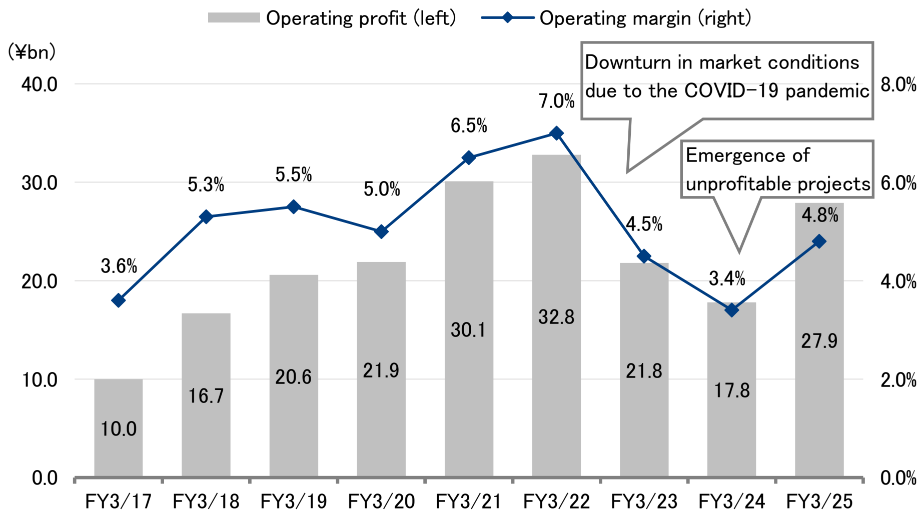
Trends in net sales (by business domain)



Source: Prepared by FISCO from the Company's supplementary results briefing materials

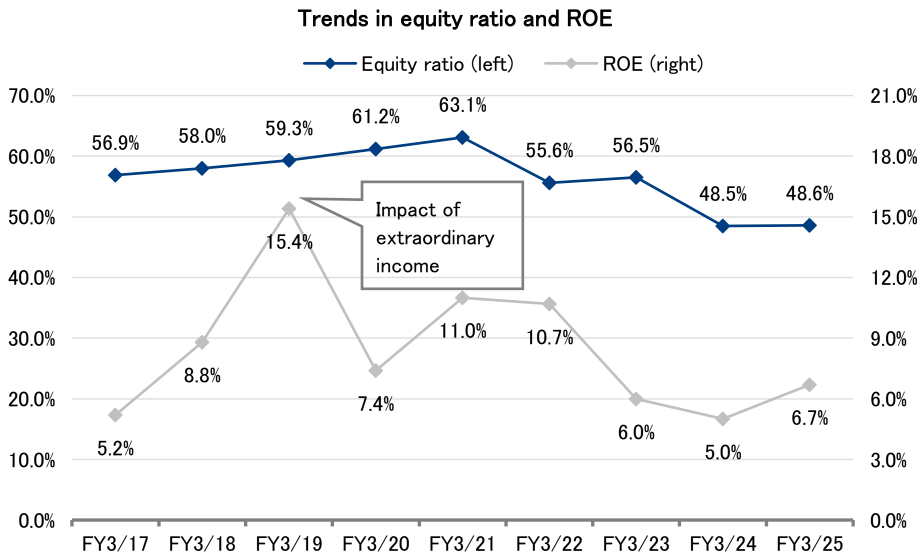
Looking at profit, up to FY3/22, profit was on an upward trend in conjunction with the growth in sales. In FY3/22, the Company achieved record high operating profit and the operating margin peaked at 7.0%. However, profit declined over the next two fiscal years, mainly due to a downturn in market conditions caused by the COVID-19 pandemic (including the impact of semiconductor shortages) and the emergence of unprofitable projects. However, profitability returned to its original levels in FY3/25 due to factors including the reduction of unprofitable projects and improvements to the sales mix. EBITDA, which indicates cash generation capabilities, also reached a record high level.

Trends in operating profit and operating margin



Source: Prepared by FISCO from the Company's financial results

In regard to finances, total assets have increased considerably following large-scale M&A projects, while the equity ratio, which indicates financial stability, has remained generally stable within the 50–60% range. In addition to this, ROE, which indicates profitability in relation to equity, has moved largely in accordance with operating profit except in FY3/19, when it increased considerably due to extraordinary factors (extraordinary income associated with business integration). In FY3/21 and FY3/22, ROE exceeded 10%, but then dipped in the following fiscal years. It is now on a recovery trend.



Source: Prepared by FISCO from the Company's financial results

Financial summary

Each business continued to perform well in 1H FY3/26

1. Overview of 1H FY3/26 results

In the 1H FY3/26 consolidated results, the Company achieved increases in both sales and profit. Orders received increased 7.0% YoY to ¥341.6bn, net sales increased 3.6% to ¥258.8bn, operating profit increased 67.8% to ¥7.8bn, ordinary profit increased 74.4% to ¥8.5bn, and profit attributable to owners of parent increased 226.1% to ¥4.6bn, representing record high results (for 1H) for orders received and net sales. EBITDA, which is a focus for the Company, also increased by a considerable 31.8% to ¥14.6bn.

Net sales were largely firm in each business. In particular, the ICT Solution Business achieved strong sales supported by favorable conditions for receiving orders, and the growth of the NTT Business, which benefited from NTT's continued investment in improving the quality of its mobile networks, contributed to the growth in sales. In addition, the Company secured sales in its focus MIRAI Domains to the level where they accounted for 41% of the sales mix.

On the profit front, the Company realized a large increase in profit due to the growth in sales also boosting growth in profit, as well as the improvement in gross profit margin in the Telecommunications Infrastructure Domain through the effects of the integration and organizational reforms, among others. The operating margin also improved to 3.0% (1.9% in 1H FY3/25).

With respect to the Company's financial position, total assets decreased 7.7% from the end of the previous fiscal year to ¥496.4bn, impacted by an increase in costs on construction contracts in progress and a decrease in accounts receivable from completed construction contracts.

Overview of 1H FY3/26 results

(¥bn)

	1H FY3/25		1H FY3/26		YoY	
	Results	% of net sales	Results	% of net sales	Change amount	% change
Net sales	249.9		258.8		8.9	3.6%
Environmental and Social Innovation Business	85.1	34.1%	82.9	32.0%	-2.2	-2.6%
ICT Solution Business	62.2	24.9%	69.9	27.0%	7.7	12.4%
NTT Business	85.4	34.2%	90.3	34.9%	4.9	5.7%
Multi-carrier Business	17.2	6.9%	15.7	6.1%	-1.5	-8.7%
Cost of sales	217.3	87.0%	222.1	85.8%	4.8	2.2%
Gross profit	32.6	13.0%	36.7	14.2%	4.1	12.6%
SG&A expenses	27.9	11.2%	28.8	11.2%	0.9	3.4%
Operating profit	4.6	1.9%	7.8	3.0%	3.1	67.8%
EBITDA	11.1	4.5%	14.6	5.7%	3.5	31.8%
Ordinary profit	4.8	2.0%	8.5	3.3%	3.6	74.4%
Profit attributable to owners of parent	1.4	0.6%	4.6	1.8%	3.2	226.1%

Source: Prepared by FISCO from the Company's financial results and supplementary results briefing materials

1H FY3/26 financial condition (simplified)

(¥bn)

	End of FY3/25	End of 1H FY3/26	Change amount
Current assets	321.1	278.0	-43.1
Cash and deposits	53.4	54.0	0.5
Trade receivables	222.8	165.2	-57.5
Non-current asset	216.5	218.3	1.8
Property, plant and equipment	101.1	101.7	0.6
Intangible assets	76.5	75.0	-1.5
Investments and other assets	38.8	41.5	2.7
Total assets	537.7	496.4	-41.3
Current liabilities	160.9	121.4	-39.5
Trade payable	66.4	57.6	-8.8
Interest-bearing debt	47.0	21.6	-25.4
Non-current liabilities	106.8	107.2	0.3
Interest-bearing debt	80.4	80.1	-0.2
Net assets	269.8	267.7	-2.1
Shareholders' equity	261.5	259.4	-2.0
Total liabilities and net assets	537.7	496.4	-41.3

Source: Prepared by FISCO from the Company's financial results

An overview of the results in each business is as follows.

(1) Environmental and Social Innovation Business

Net sales decreased slightly by 2.6% YoY to ¥82.9bn. Despite strong sales in the electrical and air conditioning field, sales in the civil engineering and water supply, and construction and renovation fields lagged to some extent. However, this is because the timing of posting sales increasingly tends to concentrate in the second half of a fiscal year as a result of the progress made on synergies through its Trinity Approach with SEIBU CONSTRUCTION and Kokusai Kogyo and other initiatives, resulting in the expanded scale of projects. Accordingly, the Company has properly secured a backlog of orders.

(2) ICT Solution Business

Net sales increased significantly by 12.4% YoY to ¥69.9bn. Sales of DC and cloud services, as well as global business (DC cabling, etc.), increased amid growing demand and LAN services and software also performed steadily. In particular, sales of goods also increased as the Company captured demand for replacement PCs and tablets mainly sold to school corporations in the provinces. In terms of activities, it made efforts for its growth in the cloud managed service field to expand its ICT solution Operation & Management (O&M) business by making Y2S Co., Ltd., which has cloud technology and operation and monitoring skills, into a consolidated subsidiary (on October 1, 2025).

(3) NTT Business

Net sales increased 5.7% YoY to ¥90.3bn. Sales to NTT group grew in both the fixed and mobile sectors. Notably, continued investment by NTT DOCOMO in improving the quality of its mobile networks drove the Company's successful results.

(4) Multi-carrier Business

Net sales declined 8.7% YoY to ¥15.7bn. While sales in the mobile sector decreased as the construction of 5G base station facilities came to an end, sales in the fixed and CATV sectors largely remained unchanged from the previous fiscal year. These results are within the expectation and the Company is making firm progress in accordance with the full-year plan.

2. Summary of 1H FY3/26 results

In summary of 1H FY3/26, the Company achieved commendable business results, including orders received and net sales, both of which reached record high levels, and a considerable increase in profit, and also demonstrated that it properly captured demand mainly in growth areas, leading to its strong results. Moreover, in connection with its initiatives for business transformations, it made steady progress on each of the MIRAI Domains, and succeeded in creating synergies through the Trinity Approach, increasing orders received for data center business (notably initiatives involving container-type DC, etc.), and improving gross profit margin through the effects of the integration and organizational reforms, among others. These results would provide positive factors for the Company's future performance.

Outlook

Full-year forecasts maintained, expecting continued growth in sales and profit, particularly in MIRAI Domains

1. FY3/26 forecasts

For the FY3/26 consolidated results, the Company has maintained its initial forecasts, expecting growth in sales and profit, with net sales to increase 7.2% YoY to ¥620.0bn, operating profit to increase 21.5% to ¥34.0bn, ordinary profit to increase 23.8% to ¥34.0bn, and profit attributable to owners of parent to increase 22.2% to ¥21.0bn. EBITDA is also expected to grow 15.0% to ¥48.0bn. If the Company manages to achieve these forecasts, it would represent record high results for net sales, operating profit, and EBITDA (the 10th consecutive fiscal year for net sales).

Net sales are forecast to grow smoothly in the Corporate/Environmental and Social Infrastructure Domain, particularly in MIRAI Domains, while remaining steady in the Telecommunications Infrastructure Domain.

On the profit front, the operating margin is forecast to improve to 5.5% (4.8% in FY3/25) and EBITDA margin to improve to 7.7% (7.2%) as the Company expects to realize a considerable increase in profit due to sales growth in the Corporate/Environmental and Social Infrastructure Domain driven by business expansion, as well as improved productivity in the Telecommunications Infrastructure Domain.

FY3/26 forecast

(¥bn)

	FY3/25		FY3/26		YoY	
	Results	% of net sales	Forecast	% of net sales	Change amount	% change
Net sales	578.5		620.0		41.4	7.2%
Environmental and Social Innovation Business	203.8	35.2%	221.0	35.6%	17.2	8.4%
ICT Solution Business	143.3	24.8%	164.5	26.5%	21.2	14.8%
NTT Business	190.5	32.9%	194.5	31.4%	4.0	2.1%
Multi-carrier Business	41.0	7.1%	40.0	6.5%	-1.0	-2.4%
Gross profit	84.8	14.7%	93.0	15.0%	8.1	9.6%
Operating profit	27.9	4.8%	34.0	5.5%	6.0	21.5%
EBITDA	41.7	7.2%	48.0	7.7%	6.2	15.0%
Ordinary profit	27.4	4.7%	34.0	5.5%	6.5	23.8%
Profit attributable to owners of parent	17.1	3.0%	21.0	3.4%	3.8	22.2%

Source: Prepared by FISCO from the Company's financial results and supplementary results briefing materials

2. FISCO's view

In order to achieve its full-year forecasts, the Company needs to post net sales of ¥361.1bn and operating profit of ¥26.1bn in the second half. The second half of a fiscal year is increasingly more important due to the expanding scale of projects and the Company has secured a sufficient backlog of orders. Therefore, we at FISCO think that it is highly possible for the Company to achieve its forecasts unless any unexpected event, such as delay in construction schedule resulting from delayed delivery of parts or materials or other similar troubles, occurs. Attention should be paid to how the Company will accumulate a backlog of orders and further set a course for its business transformations toward FY3/27, the final year of its medium-term management plan. In particular, we will need to follow the progress of synergies generated from the highly potential Trinity Approach and its initiatives on the improvement in gross profit margin (especially in the Telecommunications Infrastructure Domain) as there is still room for improvement.

Medium- to long-term growth strategy

Advancing structural reforms with the aim of being a company that contributes to the solution of social problems in a broad area of social infrastructure

1. MIRAIT ONE Group Vision 2030 and direction of the fifth medium-term management plan

In May 2022, the Company announced MIRAIT ONE Group Vision 2030, its long-term vision for the period up to 2030. This redefined the Company's purpose and mission, and drew a roadmap for realizing the Full-Value Model. This model provides total solutions spanning from planning through to design, construction, and operation, not only in the communications field but also in a wide range of social infrastructure domains, including ICT, electricity, civil engineering, and construction, and for fully transforming its business portfolio to go "Beyond a Telecommunications Construction Company." At the same time, the Company launched its fifth medium-term management plan (five-year plan) focused on five business transformations ("Five Changes"). The Five Changes are 1) people-centric management, 2) acceleration of business growth, 3) top-class profitability, 4) management based on data insights, and 5) strong foundation for ESG management. The Company has also defined the areas it is particularly focusing on with a view to the future as MIRAI Domains. These are "urban and regional development/corporate DX and GX," "software business," "green energy business," and "global business." It plans to accelerate growth through the concentration of management resources in these domains. Entering the fourth year of the plan, the Company newly appointed the Chief Marketing Officer (CMO) in order to enable the entire Group to provide value from the viewpoint of customers, suggesting that it is finally becoming ready to fully accelerate growth.

2. The Five Changes business strategy and current progress

(1) People-centric management

The aim of this change is to realize the following beneficial cycle: Invest in human capital → MIRAIT ONE work-lifestyles → Enhance employee engagement and satisfaction → Realize growth for the Company → Invest in human capital. In particular, the Company is working to achieve business growth through human capital investment by transferring 1,000 employees from the Telecommunications Infrastructure Domain to the Corporate/Environmental and Social Infrastructure Domain. To achieve this, it is advancing measures including strategic human resource development (such as Mirai College, an inhouse educational institute), flexible human resources systems (such as expanding job-based employment and internal side jobs, and promoting diversification), and health-oriented management (such as enhancing employee engagement). Looking at the progress made to date, the Company has produced steady results in each of its KPIs, including the number of personnel transferred (just over 800), the number of courses offered by Mirai College and course uptake, employee engagement scores, and health and productivity management indicators.

(2) Acceleration of business growth

This change involves accelerating business growth by 1) implementing initiatives in the MIRAI Domains, 2) creating synergies through a Trinity Approach with SEIBU CONSTRUCTION and Kokusai Kogyo, and 3) expanding data center business in line with growing demand. For 1) implementing initiatives in the MIRAI Domains, the Company has made steady progress towards meeting sales targets in regard to urban and regional development/ corporate DX and GX businesses (target: ¥30.0bn), expanding the green energy business (target: ¥30.0bn), and expanding global business (target: ¥50.0bn). In urban and regional development/corporate DX and GX businesses in particular, the Company has made progress in forward-looking initiatives, including energy management connecting municipal government buildings, etc., pursuing hydrogen-related business, and expansion of charging-station projects. In regard to 2) creating synergies through a Trinity Approach, the Company has made progress in construction of large resort facilities, projects related to construction and management of public utility infrastructure, and zero carbon city projects (energy-saving projects for university campuses, etc.), among others. In regard to 3) data center business, it strengthened its Full-Value Model structure spanning from communication equipment, electricity, air conditioning, container-type DC, and O&M* through to buildings by developing business (such as DC cabling projects) in 12 Asian countries and regions, primarily through the Singapore subsidiary, and transferring personnel in Japan. Moreover, the Company is responding to growing AI demand with fast, one-stop, and flexible deployment of container-type DC, which are rapidly increasing.

* The Company also operates its own data center in the Kansai region.

(3) Top-class profitability

This change involves 1) pursuing the effects of the three-company integration*1, 2) reforming the value chain, and 3) increasing efficiency through organizational reform. In regard to 1) pursuing the effects of the three-company integration, the Company continued to promote cost-cutting measures, including reducing communication costs, reviewing insurance contracts, and bringing training in-house, and also started to consolidate operations by establishing a subsidiary centered on BPO functions*2. In regard to 2) value chain reform, it improved gross profit margin (improved by 1.4 percentage points (pp) from FY2022) in the Telecommunications Infrastructure Domain through measures including removing area limits on indirect operations, introducing and embedding construction-support systems, and promoting the development of multi-skilled workers for both fixed and mobile sectors. For 3) increasing efficiency through organizational reform, it worked to realize integration synergies at MIRAIT ONE NEXT*3 (target: ¥0.3bn annually) and optimize area management system through regional management reform. Furthermore, it is reviewing possible integration of subsidiaries engaged in mobile, etc. in Western Japan (target completion: July 2026).

*1 Streamlining and other effects of the three-way merger of MIRAIT Holdings, MIRAIT, and MIRAIT Technologies
*2 The Company established MIRAIT ONE BUSINESS PARTNERS Corporation on October 1, 2025.
*3 Established in January 2025 through the merger of five access-related subsidiaries in east Japan.

(4) Management based on data insights

This change involves 1) DX human resource development, 2) the utilization of generative AI, and 3) data insight initiatives, and the Company has made smooth progress in each area. In regard to 1) DX human resource development in particular, it has cultivated around 2,500 people as DX core human capital, fulfilling the plan’s medium target of 2,000 people ahead of schedule. On the other hand, it is somewhat struggling with developing DX leader human capital as it has only around 70 people (interim target: around 250 people).

(5) Strong foundation for ESG management

Under the leadership of the Sustainability Committee, the Company is advancing initiatives that link materiality, growth strategy, and sustainability. In regard to 1) environment, it produced steady results in efforts such as reducing greenhouse gas (GHG) emissions. In regard to 2) safety and quality, it continued to aim for zero serious facility accidents and zero accidents resulting in injury or death (permanent targets).

Progress on the main KPIs for business changes

	FY3/25 Results	FY3/26		FY3/27 Targets
		1H Results	Plan	
People-centric management				
Personnel shifted to growth areas	700 people +	800 people +	900 people +	1,000 people +
Number of courses offered in Mirai College				
Number of courses	432	558	450	600 or more
Partner company utilization ratio	56.3%	64.1%	60.0%	65% or more
Promotion of work-lifestyle reform				
Engagement survey score	50.4	52.4	51 or more	52 or more
Certified as KENKO Investment for Health Outstanding Organization	2025	-	-	White 500
Acceleration of business growth				
MIRAI Domain initiatives				
Promotion of urban and regional development/corporate DX and GX (net sales)	¥10.0bn	¥3.3bn	¥7.5bn	¥30.0bn
Green energy business expansion (net sales)	¥19.0bn	¥5.8bn	¥29.0bn	¥30.0bn
Global business expansion (net sales)	¥45.0bn	¥23.0bn	¥46.0bn	¥50.0bn
Trinity synergies (order amount)	¥9.1bn	¥12.4bn	¥20.0bn	¥30.0bn
Data center business strategy (order amount)	¥46.0bn	¥31.0bn	¥50.0bn	¥65.0bn
Top-class profitability				
Effects of the three-company integration (cost reduction)	¥1.9bn	-	¥2.6bn	¥4.0bn
Increase in value chain efficiency Increase in efficiency through organizational reform (improvement in gross profit margin in the Telecommunications Infrastructure Domain)	+1.6p	+1.4p	-	Profit margin of the carrier businesses Improvement by 3.0pp or higher (compared to FY2022)
Management based on data insights				
Core DX human capital development	2,500 people	Achieved	Achieved	2,000 people
DX leader human capital	50 people	70 people	140 people	250 people
Strong foundation for ESG management				
Environment				
Renewable energy electricity adoption at Company-owned buildings	82%	-	100%	
Replacement of general-purpose vehicles	33%	-	40% or higher	
GHG cumulative reduction rate (Scope 1 and 2) / compared to FY2020	-16.7%	-25.3%		-42%
GHG cumulative reduction rate (Scope 3) / compared to FY2020	-30.7%	-20.2%		-25%
Safety and quality				
Number of serious facility accidents	0	0	0	0
Number of accidents resulting in injury or death	1	0	0	0

Source: Prepared by FISCO from the Company's results briefing materials

3. Investment plan

In regard to investment in growth over the five-year plan period, the Company has allocated more than ¥50.0bn for human capital investments, organic growth business investments, and DX investments. As of the end of FY3/25, it had invested a total of ¥20.8bn. The Company has also allocated just over ¥100.0bn for M&A projects that can accelerate growth in MIRAI Domains, about half of which was used to acquire Kokusai Kogyo. Going forward, it will continue to consider M&A projects in MIRAI Domains and it will aim to cover the goodwill costs by generating business synergies.

4. Numerical target

The aim of the plan is to realize top-line growth and improve profit margins by expanding business in the Corporate/Environmental and Social Infrastructure Domain, with a focus on MIRAI Domains, while enhancing productivity in the Telecommunications Infrastructure Domain. Targets for the final year (FY3/27) are net sales of ¥720.0bn or higher, operating margin of 6.5% or higher, EBITDA margin of 8.5% or higher, ROE of 10.0% or higher, and EPS growth rate of 10.0% or higher.

Fifth medium-term management plan (financial targets)

	1st year FY3/23 Results	2nd year FY3/24 Results	3rd year FY3/25 Results	4th year FY3/26 Forecast	Final year FY3/27 Plan
Net sales (¥bn)	483.9	518.3	578.5	620.0	720.0 or higher
EBITDA margin	6.4%	5.4%	7.2%	7.7%	8.5% or higher
Operating margin	4.5%	3.4%	4.8%	5.5%	6.5% or higher
ROE	6.0%	5.0%	6.7%	8.0%	10.0% or higher
EPS (¥, CAGR)	151.20	133.34	189.40	236.73	10.0% or higher

Source: Prepared by FISCO from the Company's results briefing materials

5. Medium- to long-term focus by FISCO

At FISCO, we judge the Company's strategy of launching business structural reforms as quickly as possible in anticipation of changes in the environment and accelerating growth by shifting management resources to growth areas to be extremely rational. More than anything, we are highly impressed by the results it has achieved by dynamically strengthening structures, such as purposefully realizing quality large-scale projects. Naturally, the full trajectory of the Full-Value Model, including the Trinity Approach, will only become apparent in the future, so we will need to closely follow how it develops in terms of growth potential and profitability going forward. With one and a half years of the medium-term management plan remaining, fulfilling its targets is certainly not an easy hurdle to clear. However, there is sufficient potential for achieving its top-line targets when taking into consideration various positive factors such as the progress the Company has made in expanding the scale of projects through the Trinity Approach, the anticipated growth of transactions with local governments realized through collaboration with Kokusai Kogyo, and the expectation that it will capture DC projects (including containerized DCs) as demand grows in both Japan and overseas. With respect to how the Company utilizes the amount allocated for M&A in the plan, half of which (approximately ¥50.0bn) is remaining, there is plenty of upside potential in terms of results if it can grow in scale and create synergies with a sense of speed. Another important factor to be considered for predicting the Company's future would be how the newly appointed CMO will function. In addition, we recognize that the key to whether it can achieve its operating margin (EBITDA margin) target will be realizing added value in projects and enhancing productivity in the Telecommunications Infrastructure Domain. On the other hand, one cause for concern is whether its risk management capabilities are keeping pace with the growing size of projects. We will watch closely to determine whether the Business Risk Management Office, which was established in April 2024, is able to prevent unprofitable projects and demonstrate oversight functions without hindering business growth.

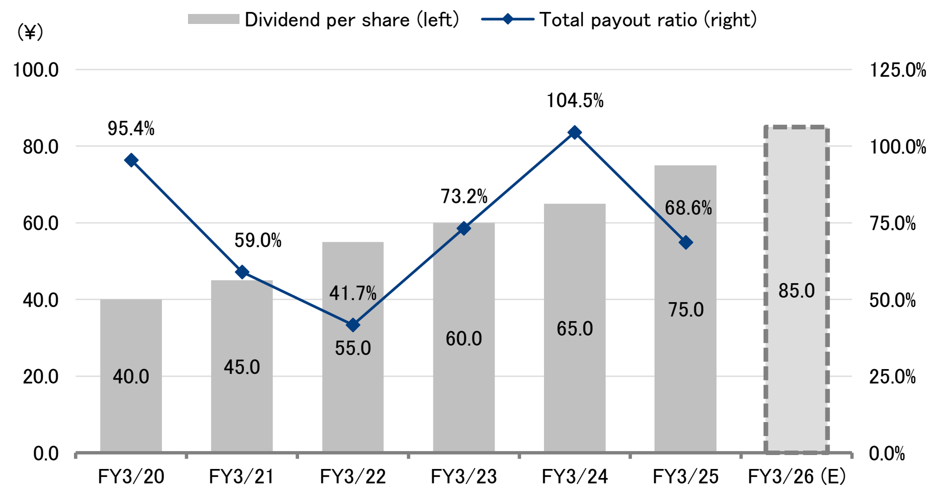
Shareholder return policy

Basic policy of a total payout ratio of 50–70%, with dividend forecast to increase ¥10.0 in FY3/26

The Company's basic shareholder return policy is to stably increase dividends and flexibly carry out acquisitions of treasury shares, with a target total payout ratio of 50–70%.

In FY3/26, the dividend is forecast to increase ¥10.0 YoY to ¥85.0 (¥40.0 interim (already paid) and ¥45.0 year-end). If achieved, it will be the sixth consecutive fiscal year in which the Company has raised its dividend. Moreover, the Company has already acquired treasury shares amounting to around ¥3.0bn, expecting to secure a total payout ratio of 50%.

Dividend per share and total payout ratio



Source: Prepared by FISCO from the Company's financial results and Fact Book

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