COMPANY RESEARCH AND ANALYSIS REPORT

MIRAIT ONE Corporation

1417

Tokyo Stock Exchange Prime Market

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Summary

FY3/26 results reached record highs for orders received, net sales, and operating profit

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” (evolving into a corporate group that continues to contribute to solving a variety of social issues in a wide range of social infrastructure fields), 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, its long-term vision for the period up to 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 FY3/26 results

In the FY3/26 consolidated results, orders received increased 4.7% year on year (YoY) to ¥658.7bn, while net sales increased 4.1% to ¥602.3bn and operating profit increased 22.4% to ¥34.2bn, representing record high results for orders received, net sales, and operating profit (the 10th consecutive fiscal year for net sales). EBITDA, which is a focus for the Company, also increased by a considerable 16.3% to ¥48.5bn. Net sales were largely firm in each business. Although the Environmental and Social Innovation Business was affected by prolonged construction periods accompanying the increasing scale of projects, 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. 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.

2. FY3/27 forecasts

For the FY3/27 consolidated results, the Company expects continued growth in sales and profit, with net sales to increase 9.6% YoY to ¥660.0bn and operating profit to increase 16.7% to ¥40.0bn. It also forecasts EBITDA to grow 13.4% to ¥55.0bn. For net sales, it expects steady growth in the MIRAI Domains, particularly in the Corporate/Environmental and Social Infrastructure Domain, as plenty of projects started in previous fiscal years reach completion, while the Telecommunications Infrastructure Domain is also expected to be driven by the strong NTT Business. 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 6.1% (5.7% in FY3/26). The dividend per share for FY3/27 is forecast to increase ¥10.0 to ¥95.0. If achieved, it will be the seventh consecutive fiscal year in which the Company has raised its dividend.

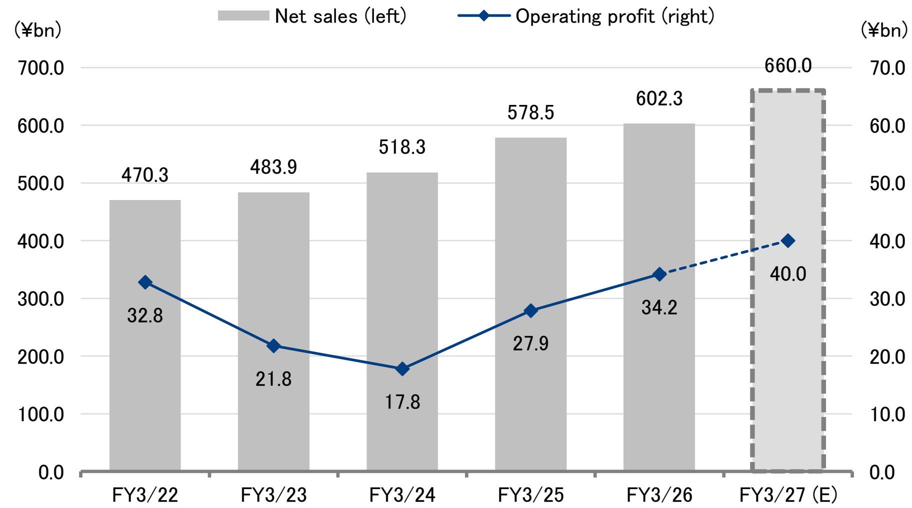
3. Medium- to long-term growth strategy

The Company's fifth medium-term management plan, which is underway, has finally entered its final year. In order to realize the goal of going "Beyond a Telecommunications Construction Company" 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. As the M&A strategy (inorganic growth) depends on timing, net sales for the final year of the plan (FY3/27) are not expected to reach the initial target, but the Company has produced solid results in expanding in MIRAI Domains through the Full-Value Model and enhancing productivity in the Telecommunications Infrastructure Domain. In the final year, it will work on concentrating resources in strong-performing areas and laying the foundation for 2030.

Key Points

- In FY3/26, the Company achieved increases in both sales and profit. Orders received, net sales, and operating profit reached record high levels
- Firm progress made on the improvement in gross profit margin in the Telecommunications Infrastructure Domain through the effects of the integration and organizational reforms, and other initiatives
- Expecting continued growth in sales and profit, and dividend to increase ¥10.0 YoY for FY3/27
- 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

Results trends



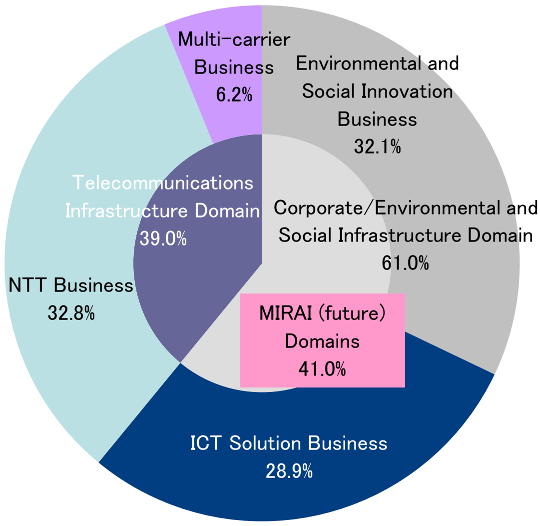
Source: Prepared by FISCO from the Company's financial results

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 areas 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 83 consolidated subsidiaries (62 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 March 31, 2026).

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 <9432> 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.

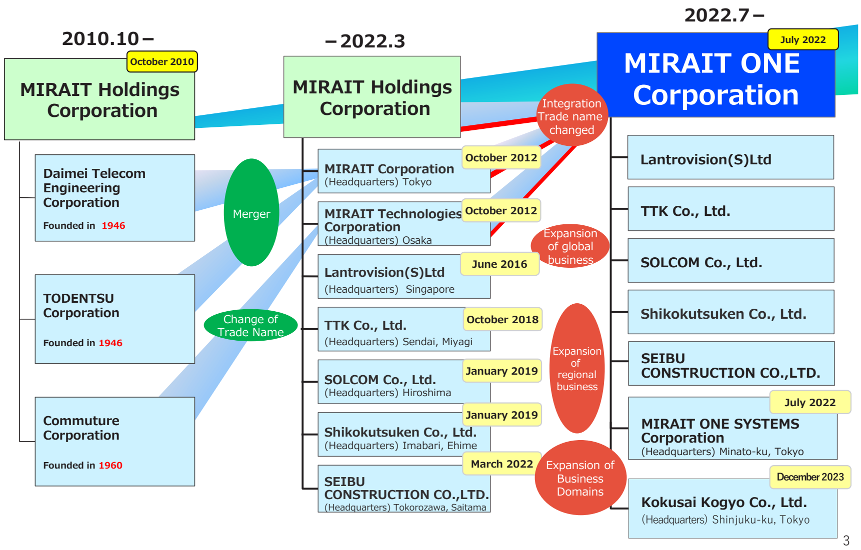
History

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), 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 is now listed on 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 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)

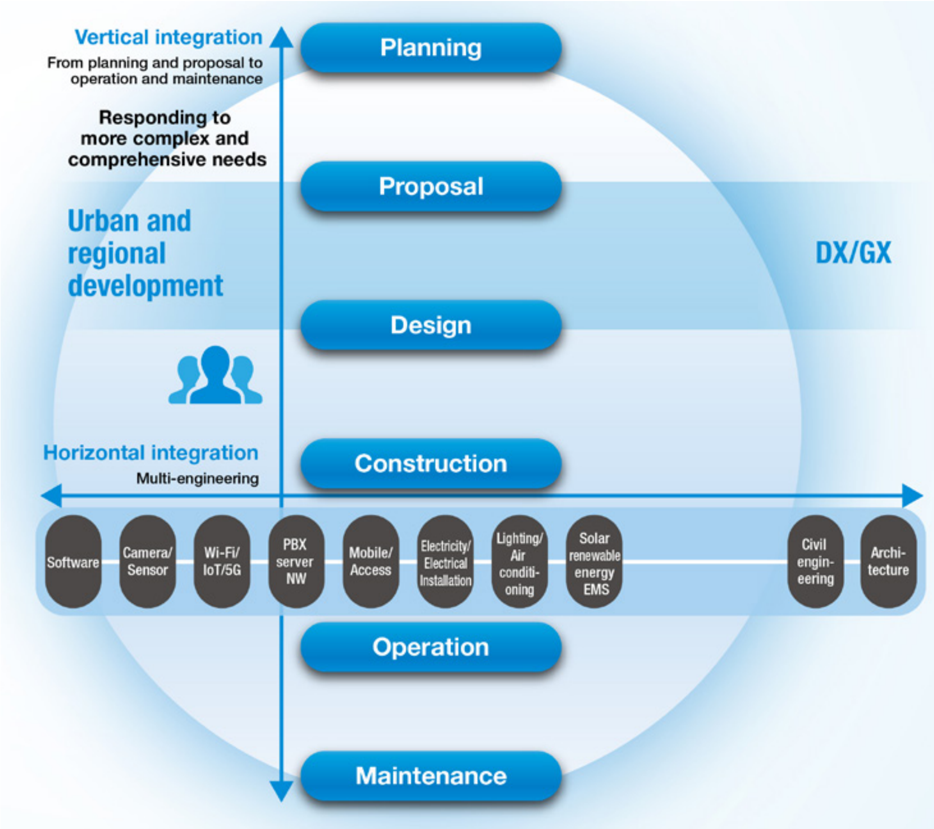
Company characteristics

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 2025

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

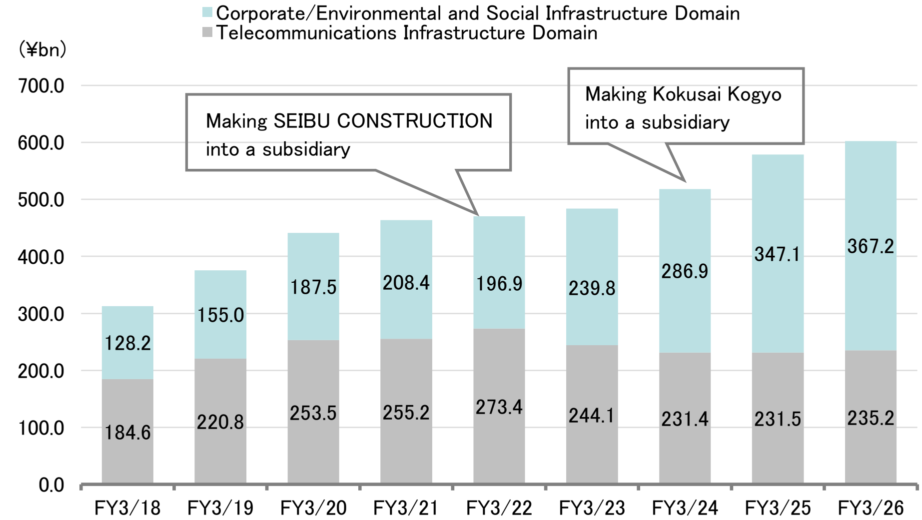
As the Company evolves toward the Full-Value Model, the technical abilities and quality it has cultivated over many years of engaging in infrastructure construction for telecommunications carriers remain important strengths. The Company's carrier-grade technical abilities and quality are used to develop 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 ten years, sales have largely followed a steady growth trajectory and in FY3/26, the Company achieved record high net sales for a tenth 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 somewhat levelled off, but it is fair to say that the stability that this business characterizes is the foundation that supports the Company's results.

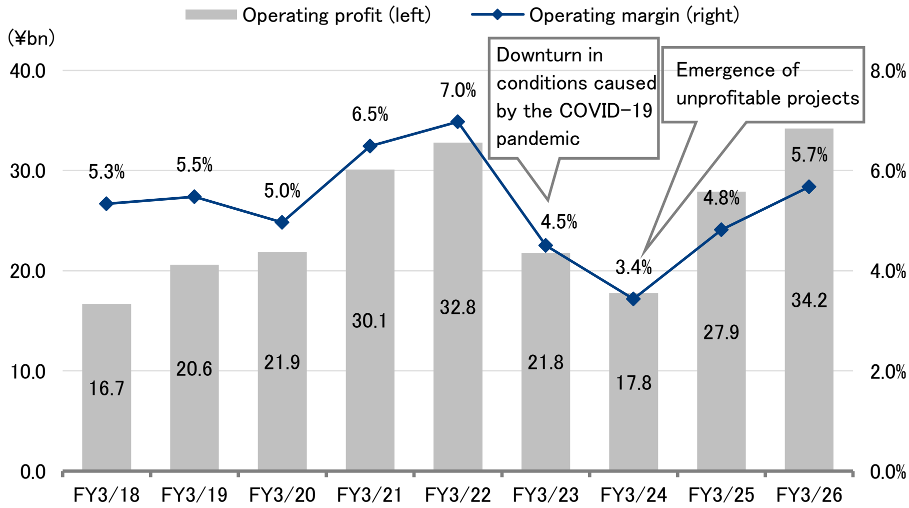
Trends in net sales (by business domain)



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 from FY3/25 onwards due to factors including the reduction of unprofitable projects, improvements to the sales mix, and the improvement in gross profit margin in the Telecommunications Infrastructure Domain (effects of the integration). EBITDA, which indicates cash generation capabilities, has also reached a record high level.

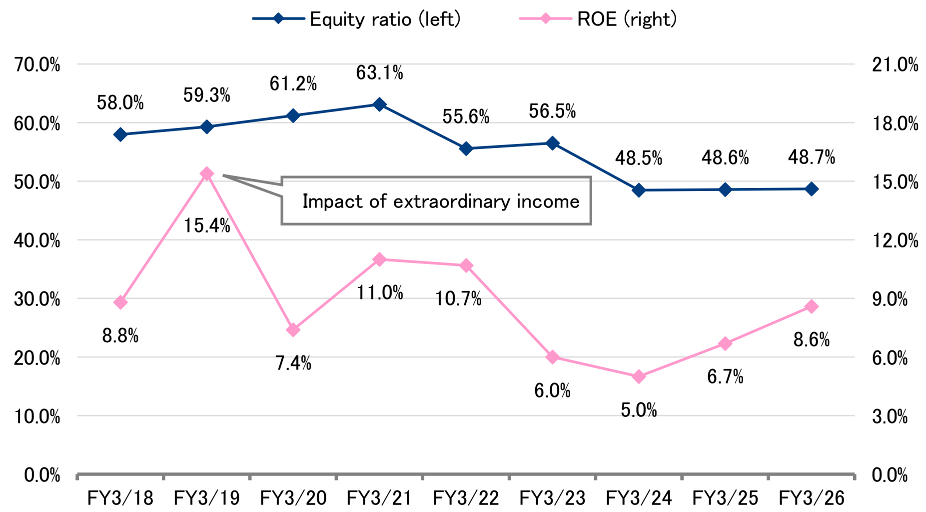
Trends in operating profit and operating margin



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 has been on a recovery trend since FY3/25.

Trends in equity ratio and ROE



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

Financial summary

In FY3/26, the Company achieved increases in both sales and profit, representing record high results for orders received, net sales, and operating profit

1. Overview of FY3/26 results

In the FY3/26 consolidated results, the Company achieved increases in both sales and profit. Orders received increased 4.7% YoY to ¥658.7bn, net sales increased 4.1% to ¥602.3bn, operating profit increased 22.4% to ¥34.2bn, ordinary profit increased 32.9% to ¥36.5bn, and profit attributable to owners of parent increased 35.5% to ¥23.2bn, representing record high results for orders received, net sales, and operating profit (the 10th consecutive fiscal year for net sales). EBITDA, which is a focus for the Company, also increased by a considerable 16.3% to ¥48.5bn.

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. On the other hand, in the Environmental and Social Innovation Business, the timing of posting sales was somewhat delayed due to prolonged construction periods accompanying the increasing scale of projects. Impacted by this, sales in its focus MIRAI Domains also somewhat slowed down, but the Company secured sales to the level where they accounted for 41.0% 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 5.7% (4.8% in FY3/25).

With respect to the Company's financial position, total assets increased 6.6% from the end of the previous fiscal year to ¥573.3bn, impacted by an increase in costs on construction contracts in progress and an increase in accounts receivable from completed construction contracts due to prolonged construction periods accompanying the increasing scale of projects. On the other hand, shareholders' equity also increased 6.9% to ¥279.4bn due to the accumulation of retained earnings, and the equity ratio remained flat at 48.7% (48.6% at the end of the previous fiscal year).

Overview of FY3/26 results

(¥bn)

	FY3/25		FY3/26		YoY	
	Results	% of net sales	Results	% of net sales	Change amount	% change
Net sales	578.5	-	602.3	-	23.8	4.1%
Environmental and Social Innovation Business	203.7	35.2%	193.3	32.1%	-10.5	-5.2%
ICT Solution Business	143.2	24.8%	173.9	28.9%	30.6	21.4%
NTT Business	190.5	32.9%	197.9	32.8%	7.4	3.9%
Multi-carrier Business	41.0	7.1%	37.3	6.2%	-3.7	-9.0%
Cost of sales	493.7	85.3%	509.3	84.6%	15.6	3.2%
Gross profit	84.8	14.7%	93.0	15.4%	8.2	9.7%
SG&A expenses	56.8	9.8%	58.7	9.8%	1.9	3.3%
Operating profit	27.9	4.8%	34.2	5.7%	6.3	22.4%
EBITDA	41.7	7.2%	48.5	8.1%	6.8	16.3%
Ordinary profit	27.4	4.7%	36.5	6.1%	9.1	32.9%
Profit attributable to owners of parent	17.1	3.0%	23.2	3.9%	6.1	35.5%

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

FY3/26 financial condition (simplified)

(¥bn)

	End of FY3/25 Results	End of FY3/26	
		Results	Change amount
Current assets	321.1	347.0	25.8
Cash and deposits	53.4	59.8	6.3
Trade receivables	222.8	234.6	11.7
Non-current assets	216.5	226.3	9.7
Property, plant and equipment	101.1	104.3	3.2
Intangible assets	76.5	74.2	-2.3
Investments and other assets	38.8	47.6	8.8
Total assets	537.7	573.3	35.6
Current liabilities	160.9	176.2	15.2
Trade payable	66.4	65.4	-0.9
Interest-bearing debt	47.0	54.0	6.9
Non-current liabilities	106.8	108.6	1.7
Interest-bearing debt	80.4	80.8	0.4
Net assets	269.8	288.4	18.5
Shareholders' equity	261.5	279.4	17.9
Total liabilities and net assets	537.7	573.3	35.6

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 5.2% YoY to ¥193.3bn. Despite strong sales in the electrical and air conditioning field, sales in the civil engineering and water supply, and construction and renovation fields slowed down. However, this is because the timing of posting sales tends to be delayed due to prolonged construction periods accompanying the increasing scale of projects as a result of the progress made on synergies through its Trinity Approach with SEIBU CONSTRUCTION and Kokusai Kogyo and other initiatives. Accordingly, the Company has properly secured a backlog of orders*.

* The backlog of orders (projects carried over) at the end of the fiscal year increased 16.8% from the end of the previous fiscal year to ¥192.3bn.

(2) ICT Solution Business

Net sales increased significantly by 21.4% YoY to ¥173.9bn. In addition to strong sales of goods related to NEXT GIGA* (particularly replacement demand for PCs and tablets mainly for school corporations in the provinces), sales of DC and cloud services, as well as global business (DC cabling, etc.), increased amid growing demand. LAN services and software also performed steadily. 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).

* The next phase of the GIGA School Program promoted by the Ministry of Education, Culture, Sports, Science and Technology. Through the GIGA School Program, the development of high-speed, high-capacity communications networks and the provision of one PC or tablet device per student at elementary, junior high, and high schools nationwide have been advanced, but NEXT GIGA aims to further develop this program and update and evolve the ICT environment.

(3) NTT Business

Net sales increased 3.9% YoY to ¥197.9bn. 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 9.0% YoY to ¥37.3bn. 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.

2. Summary of FY3/26 results

In summary of FY3/26, the Company achieved commendable business results, including orders received, net sales, operating profit, and EBITDA, all of which reached record high levels. It is also a commendable point that, in terms of content, 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 showed a certain degree of success 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

Expecting continued growth in sales and profit for FY3/27, particularly in MIRAI Domains

1. FY3/27 forecasts

For the FY3/27 consolidated results, the Company expects growth in sales and profit, with net sales to increase 9.6% YoY to ¥660.0bn, operating profit to increase 16.7% to ¥40.0bn, ordinary profit to increase 9.5% to ¥40.0bn, and profit attributable to owners of parent to increase 9.5% to ¥25.5bn. EBITDA is also expected to grow 13.4% to ¥55.0bn.

Net sales are forecast to grow smoothly in the MIRAI Domains, particularly in the Corporate/Environmental and Social Infrastructure Domain, as plenty of projects started in previous fiscal years* reach completion, while the Telecommunications Infrastructure Domain is also expected to be driven by the strong NTT Business. As for the ratio of MIRAI Domains, it aims to achieve the medium-term management plan target of 45%.

* The backlog of orders (projects carried over) for FY3/26 (company-wide) secured an increase of 18.6% from the end of the previous fiscal year to ¥360.4bn.

On the profit front, the operating margin is forecast to improve to 6.1% (5.7% in FY3/26) and EBITDA margin to improve to 8.3% (8.1%) 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.

FY3/27 forecast

(¥bn)

	FY3/26		FY3/27		Change	
	Results	% of net sales	Forecast	% of net sales	Change amount	% change
Net sales	602.3	-	660.0	-	57.6	9.6%
Environmental and Social Innovation Business	193.3	32.1%	234.0	35.5%	40.7	21.1%
ICT Solution Business	173.8	28.9%	181.0	27.4%	7.1	4.1%
NTT Business	197.9	32.9%	210.0	31.8%	12.1	6.1%
Multi-carrier Business	37.3	6.2%	35.0	5.3%	-2.3	-6.2%
Gross profit	93.0	15.4%	103.0	15.6%	10.0	10.8%
Operating profit	34.2	5.7%	40.0	6.1%	5.7	16.7%
EBITDA	48.5	8.1%	55.0	8.3%	6.5	13.4%
Ordinary profit	36.5	6.1%	40.0	6.1%	3.5	9.5%
Profit attributable to owners of parent	23.2	3.9%	25.5	3.9%	2.2	9.5%

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

2. FISCO's view

Although continued attention must be paid to the highly uncertain business environment, such as soaring material prices and labor shortages, we at FISCO think that it is highly possible for the Company to achieve its forecasts when taking into consideration various factors, such as that it has secured a sufficient backlog of orders (projects carried over), is capturing demand in various growth areas, and is receiving orders for large projects as the creation of synergies through the Trinity Approach and the Full-Value Model gains momentum. Although the initial targets of the medium-term management plan are not expected to be reached as the M&A strategy depends on timing, attention should be paid to how the Company will finalize its efforts toward 2030. The Company plans to concentrate resources in growth areas, promote "multiplicative consolidated management," and respond to technological innovations such as AI and increasingly sophisticated needs, and we will need to follow its specific progress and the generation of results.

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," "green energy business," "software business," and "global business." It plans to accelerate growth through the concentration of management resources in these domains. In the previous fiscal year, 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 900), 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: ¥55.0bn). 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 DC 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 such as implementing regular benchmark comparisons, and also worked on reducing costs by promoting the utilization of its BPO subsidiary*2. In regard to 2) value chain reform, it improved gross profit margin (improved by 3.1 percentage points (pp) from FY3/23) in the Telecommunications Infrastructure Domain through measures including increasing efficiency in fixed-line related operations, reducing labor by introducing construction systems across all areas, and increasing efficiency by standardizing base station-related operations. For 3) increasing efficiency through organizational reform, it worked to realize integration synergies at MIRAIT ONE NEXT Corporation*3 and optimize the area management system through regional management reform.

*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 (consolidated subsidiaries responsible for fixed-line metal and optical fiber telecommunications equipment construction, as well as maintenance and operation) 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 around 2,000 people ahead of schedule. On the other hand, it is struggling with developing DX leader human capital as it has only a cumulative total of around 120 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 Results	FY3/27 Targets	Progress
People-centric management				
Personnel shifted to growth areas	700+ people	900+ people	1,000+ people	○
Number of courses offered in Mirai College	432	606	650 or more	○
Partner company utilization ratio	56.3%	65.2%	70% or more	○
Promotion of work-lifestyle reform				
Engagement survey score	50.4	52.4	52 or more	○
Certified as KENKO Investment for Health Outstanding Organization	2025	-	White 500	○
Acceleration of business growth				
MIRAI Domains initiatives				
Promotion of urban and regional development/ corporate DX and GX (net sales)	¥10.0bn	¥12.9bn	¥30.0bn	△
Green energy business expansion (net sales)	¥19.0bn	¥17.0bn	¥30.0bn	△
Global business expansion (net sales)	¥45.0bn	¥54.5bn	¥55.0bn	○
Trinity synergies (order amount)	¥9.07bn	¥25.9bn	¥30.0bn	○
Data center business strategy (order amount)	¥46.0bn	¥57.0bn	¥100.0bn	○
Improvement in profitability				
Effects of the three-company integration (cost reduction)	¥1.9bn	Cumulative total of ¥2.6bn	¥4.0bn	△
Increase in value chain efficiency	+1.2pp	+3.1pp	Profit margin of the carrier businesses	○
Increase in efficiency through organizational reform			+3.0pp or more	
(Improvement in gross profit margin in the Telecommunications Infrastructure Domain)			(compared to FY3/23)	
Management based on data insights				
Core DX human capital development	2,500 people	Achieved	2,000 people	○
DX leader human capital	50 people	120 people	250 people	△

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 FY3/26, it had invested a total of ¥34.4bn. On the other hand, the Company has 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, but it has not been able to utilize the remaining allocation.

4. Numerical target

The aim of the plan has been 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 and the like 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. However, as the M&A strategy (inorganic growth) depends on timing, the aforementioned FY3/27 forecasts are not expected to reach the numerical targets.

5. Initiatives for the final year

(1) Concentration of resources in areas with strong demand

In order to respond to expanding DC-related demand such as large-scale DCs, indoor cabling, and containerized DCs, the Company established the Data Center Business Division, and will lead this to an expansion in orders received by strengthening sales and products (providing one-stop solutions and expanding product lineups), further concentrating resources (consolidating specialized human resources, technologies, and know-how), and enhancing collaborative structures (strengthening collaboration with Group companies and hardware/software partners).

(2) Laying the foundation for 2030

1) Promoting “Consolidated Management through Multiplying Value”

It will further promote “Consolidated Management through Multiplying Value” across the customer-front (establishment of CMO, promotion of cross-selling, and expansion of O&M business), technology-front (promoting the use of AI, and strengthening of new technology and business development), and institutional-front (securing specialized talent, and promoting business collaboration across the group). Regarding the technology axis in particular, it will establish the Innovation Center in July 2026, and work on creating next-generation businesses, strengthening onsite capabilities, and enhancing productivity.

2) Responding to technological innovations such as AI and increasingly sophisticated demand

Maximizing onsite capabilities and strengthening solution capabilities through the fusion of physical (onsite) and digital (IT and AI) is an urgent task, and by absorbing and merging the grown MIRAIT ONE SYSTEMS (scheduled for October 1, 2026), it aims to integrate businesses, human resources, and know-how, and maximize synergies.

6. 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 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. As the M&A strategy depends on timing, the medium-term management plan (initial plan) is not expected to be reached, but apart from that, it is a commendable point that a clear axis for business expansion has become visible, such as the expanded scale of projects through the Trinity Approach, the expansion of transactions with local governments through collaboration with Kokusai Kogyo, and the capture of DC projects (including containerized DCs) as demand grows in both Japan and overseas. Another important factor to be considered for predicting the Company’s future would be how the newly established CMO, the Data Center Business Division, and the Innovation Center, among others, will function and lead to the strengthening of group management. On the other hand, one cause for concern is whether its risk management capabilities, including its response to soaring material prices and labor shortages, are keeping pace with the growing size of projects (such as prolonged construction periods). We will also watch closely the effectiveness of the prevention of unprofitable projects and oversight functions centered on the Business Risk Management Office, which was established in April 2024.

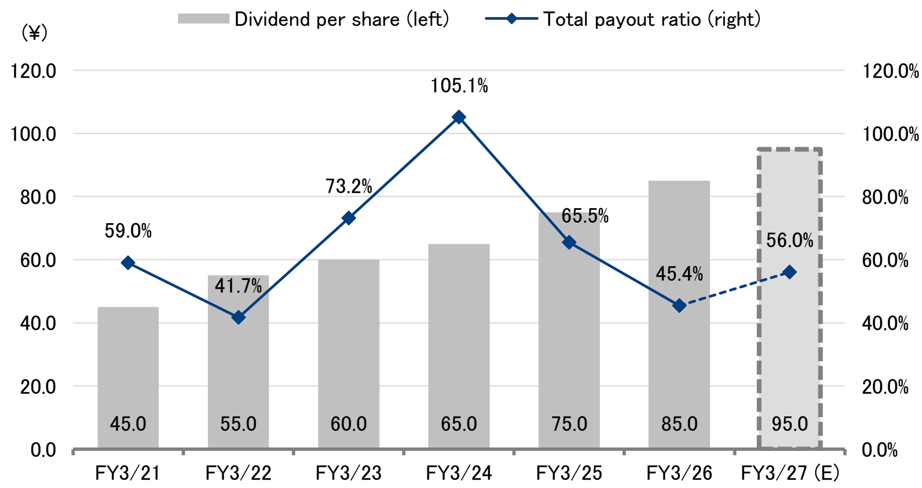
Shareholder return policy

Based on a total payout ratio of 50–70%, the dividend is forecast to increase ¥10.0 YoY and the acquisition of treasury shares is planned

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%.

For FY3/26, the annual dividend increased ¥10.0 YoY to ¥85.0 per share (¥40.0 interim and ¥45.0 year-end), and the Company acquired approximately ¥3.0bn of treasury shares. For the dividend for FY3/27 as well, it forecasts an increase of ¥10.0 to ¥95.0 per share (¥45.0 interim and ¥50.0 year-end), and plans to acquire approximately ¥6.0bn of treasury shares (forecast total payout ratio of 56.0%). If achieved, it will be the seventh consecutive fiscal year in which the Company has raised its dividend.

Dividend per share and total payout ratio



Source: Prepared by FISCO from the Company's financial results and financial results (appendix)

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