



Miraca Holdings Inc.
Business Results for
The First Half-year of FY2017
(April 1, 2017 – September 30, 2017)

October 31, 2017

Please be aware of the following:

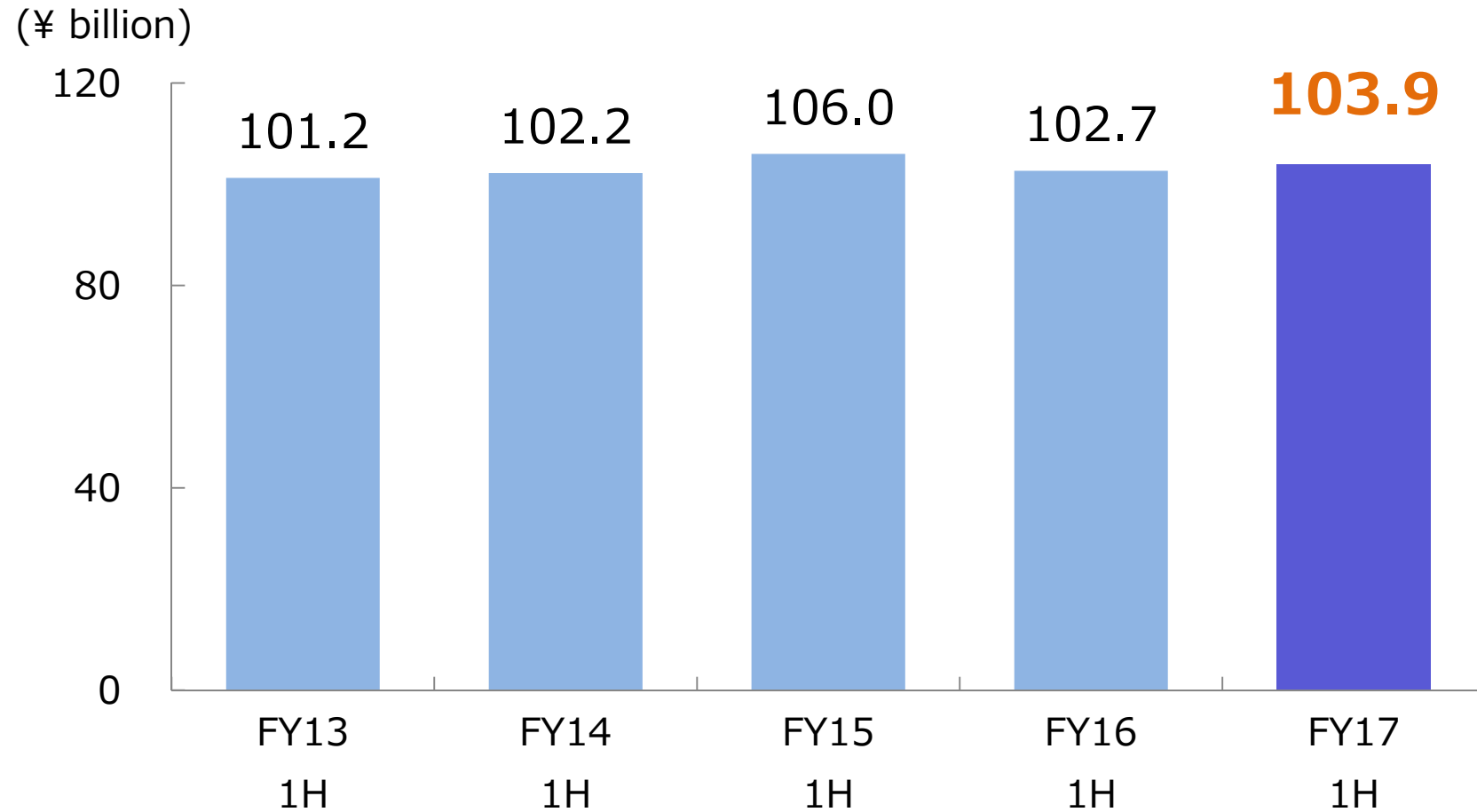
- * The financial information provided on this material has been prepared in accordance with Japanese GAAP in principle.
- * Figures and ratio in this material are rounded to the appropriate unit in principle, and the sums of the individual figures in each table do not always correspond to the total, because of rounding.
- * Abbreviations:
CLT: Clinical Laboratory Testing (business) IVD: In Vitro Diagnostics (business)
HR: Healthcare Related (business)
Op. income: Operating income Or. income: Ordinary income

※ Exchange rate : FY2016 1H:1USD = 105.34JPY 1EURO = 118.21JPY FY2017 1H:1USD = 111.08JPY 1EURO = 126.31JPY
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Summary of first half of FY2017

Transition of Consolidated Sales

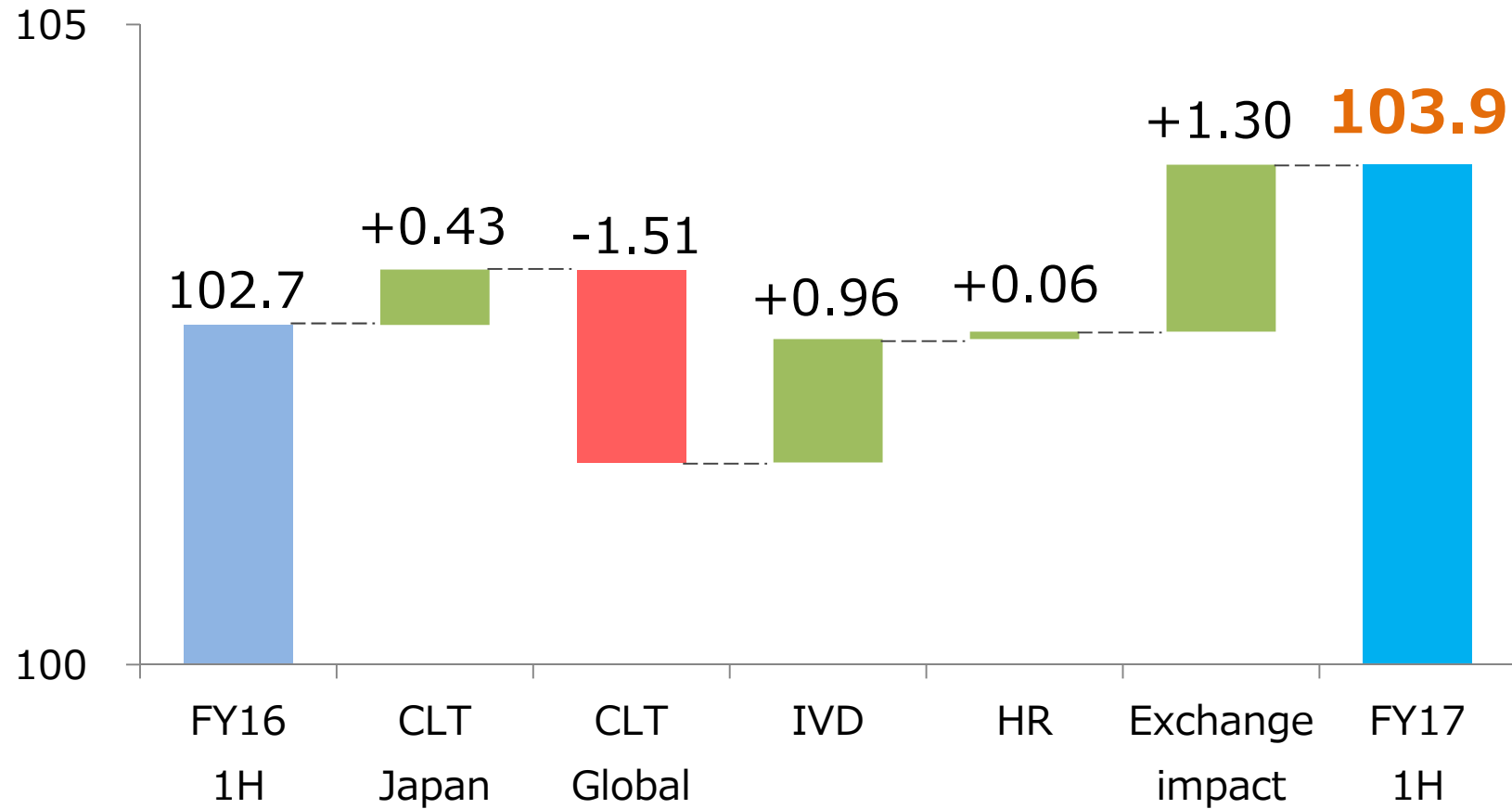


Consolidated Sales (vs. 1H/FY2016)



Net sales increased excluding CLT Global segment

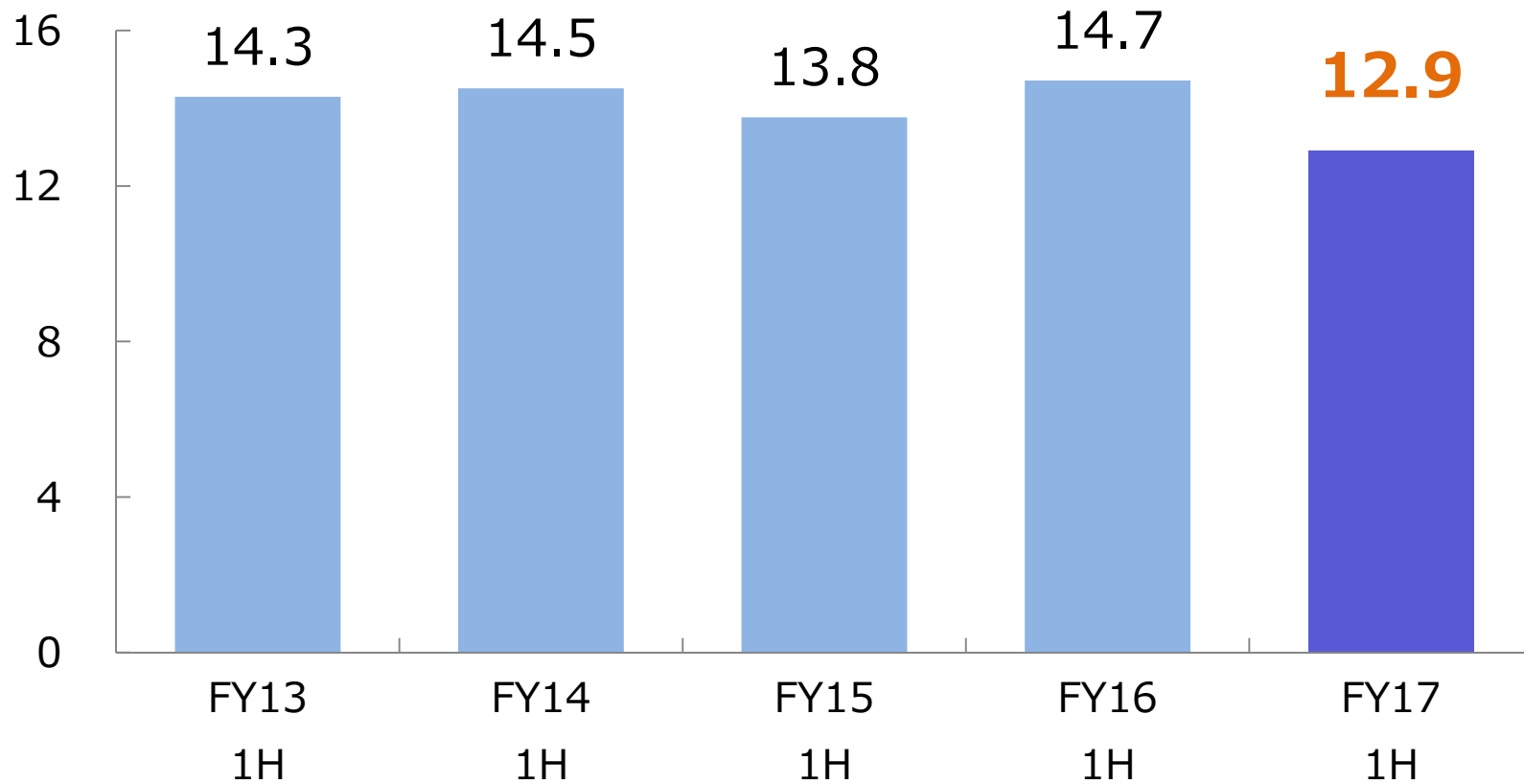
(¥ billion)



Transition of Consolidated Op. Income



(¥ billion)

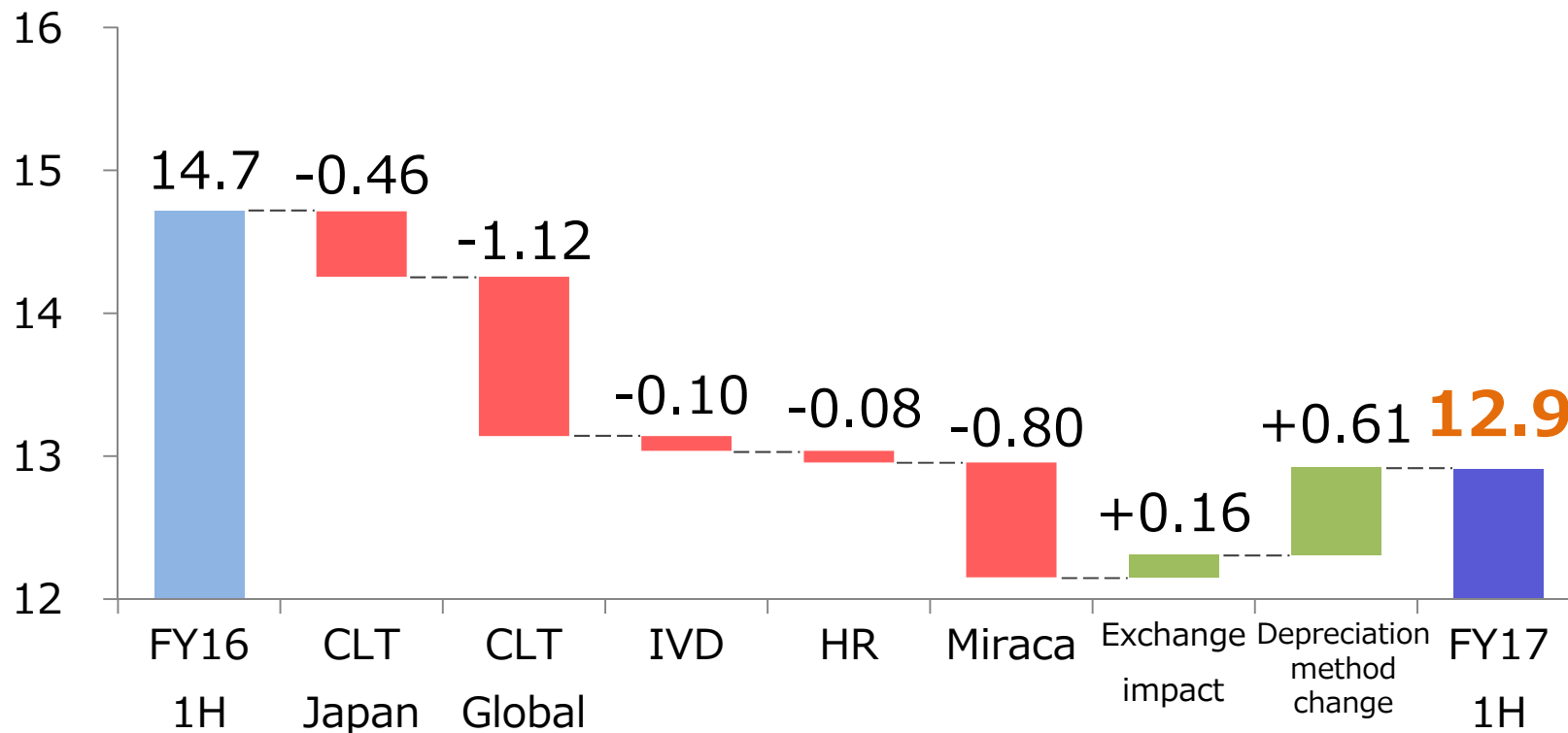


Consolidated Op. Income (vs. 1H/FY2016)



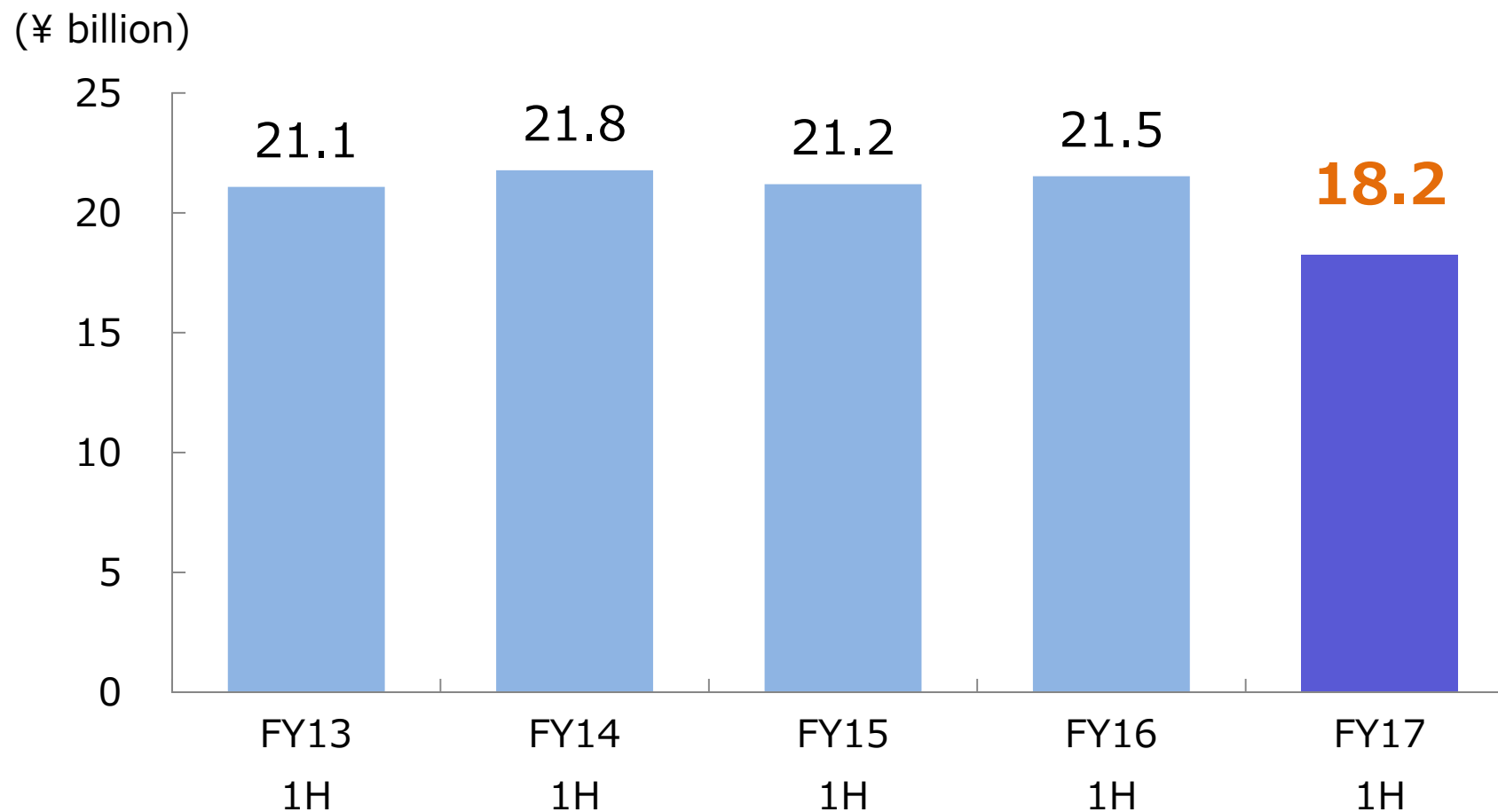
Op. income decreased by sales decline in CLT global and expenditure increase in MHD

(¥ billion)



Depreciation method was changed from fixed percentage to straight-line
 : +0.61 bn yen (CLT: +0.42, IVD: +0.18)

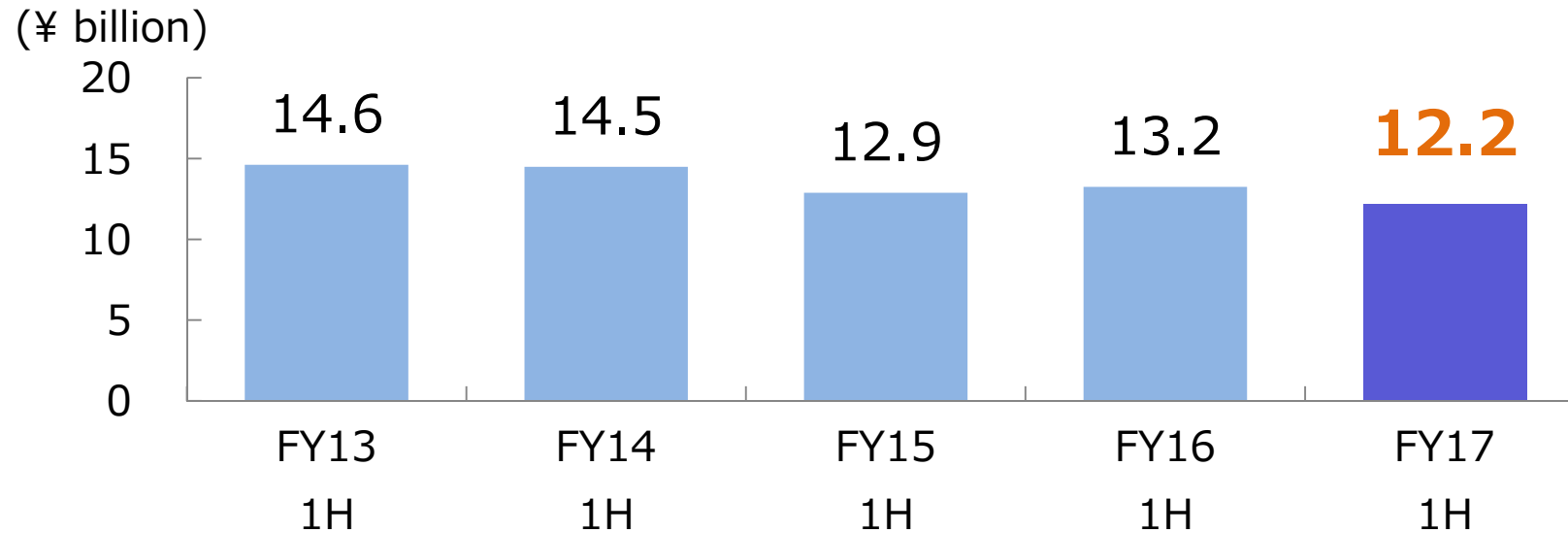
Transition of Consolidated EBITDA



※ EBITDA=Operating income + Depreciation + Amortization of goodwill

Transition of Consolidated Ord. Income

Ord. Income decreased due to Op. Income decline



Major item of non-operating losses

【FY2016 1H】

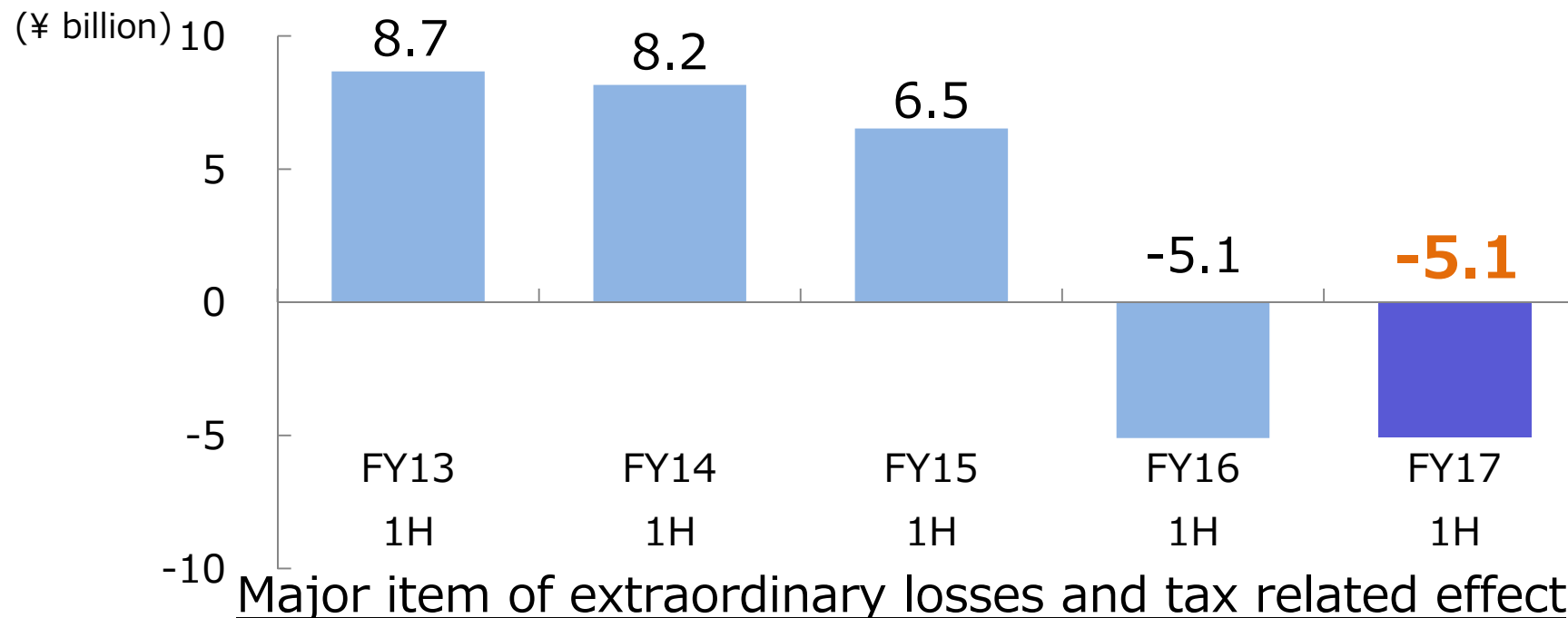
- Share of loss of entities accounted for using equity method -¥0.7bn
- Foreign exchange losses -¥0.8bn

【FY2017 1H】

- Share of loss of entities accounted for using equity method -¥0.5bn
- Foreign exchange losses -¥0.1bn

Transition of Consolidated Net Profit

Net profit was negative due to impairment loss regarding divestment of CDxHD



【FY2016 1H】		【FY2017 1H】	
● Provision for loss on litigation	-¥2.9bn	● Impairment loss regarding divestment of CDxHD	-¥27.9bn
● Loss on liquidation of project	-¥14.7bn	● Income taxes ※	+¥10.7bn
● Income taxes※	-¥0.2bn		

※ Income taxes +: positive impact, -: negative impact

1H/FY2017 Results by Business Segment



(¥ billion)

	1H/FY2016	1H/FY2017	Y/Y Variation	
Net Sales	102.7	103.9	+ 1.25	1.2%
CLT	67.3	66.9	- 0.38	-0.6%
IVD	21.2	22.8	+ 1.57	7.4%
HR	14.1	14.2	+ 0.06	0.4%
Op. Income	※1 14.7 14.3%	※1 12.9 12.4% ※3	- 1.80	-12.3%
CLT	7.0 10.4%	5.8 8.7%	- 1.17	-16.7%
IVD	6.0 28.2%	6.2 27.3%	+ 0.25	4.1%
HR	1.6 11.4%	1.5 10.8%	- 0.07	-4.6%
Ord. Income	13.2 12.9%	12.2 11.7%	- 1.07	-8.1%
Profit/loss attributable to owners of parent	-5.1 -5.0%	-5.1 -4.9%	+ 0.03	-
EBITDA ※2	21.5 21.0%	18.2 17.5%	- 3.29	-15.3%

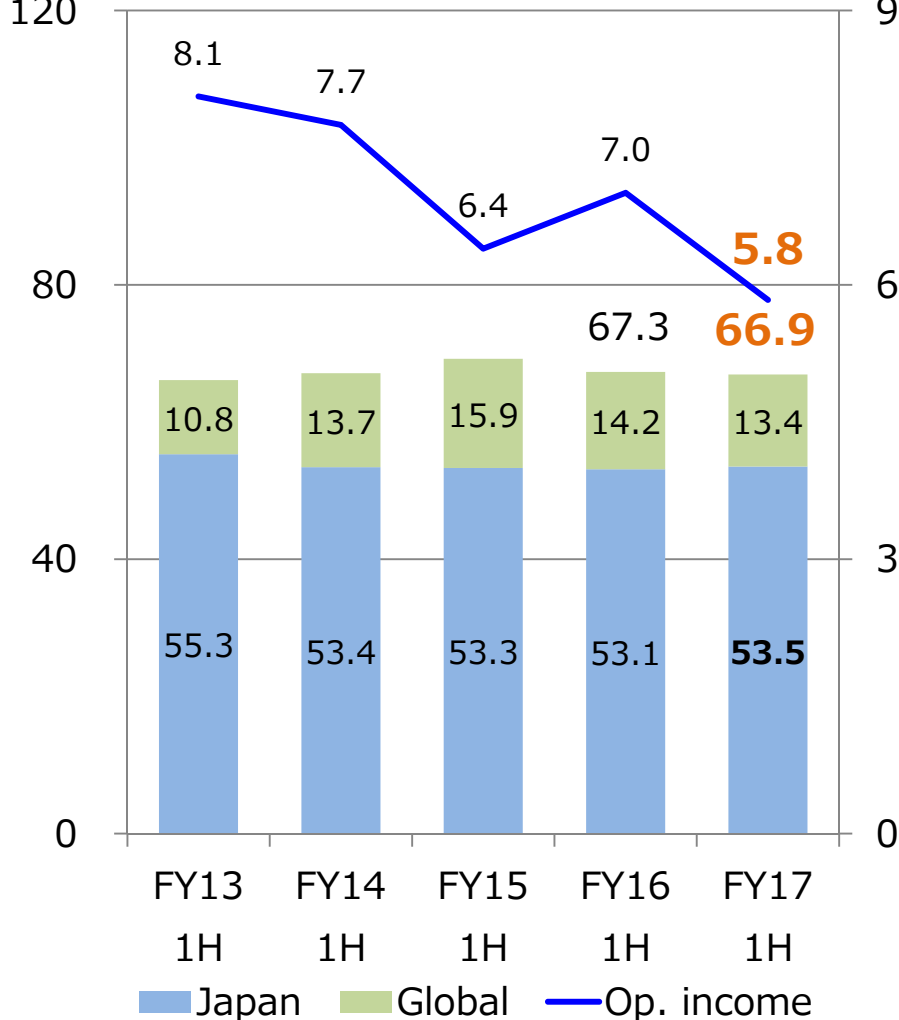
※1 Op. income includes Miraca Corporate and segmentation adjustment (FY16 : +0.12、FY17 : -0.69)

※2 EBITDA = Operating income + Depreciation + Amortization of goodwill

※3 Figures shown in the upper right corner in blue are each profit margin

CLT Business

Net sales (¥ billion) Op. income (¥ billion)



Net sales : - 0.4 (¥ billion)
Op. income : - 1.2

◆ Japan

Net sales : +0.43, Op. income : -0.04

- Sales increase by FMS/Branch lab business
- Decrease in depreciation
 - Navi-Lab project termination (+0.74)
 - Depreciation method change (+0.42)

◆ Global

Net sales : -0.81, Op. income : -1.13

- Results in local currency (before goodwill amortization, J-GAAP)
 - Net sales : -\$14.3M
 - Op. income : -\$10.0M
- Price cut resulted in sales decrease

※Currency exchange impact on sales:

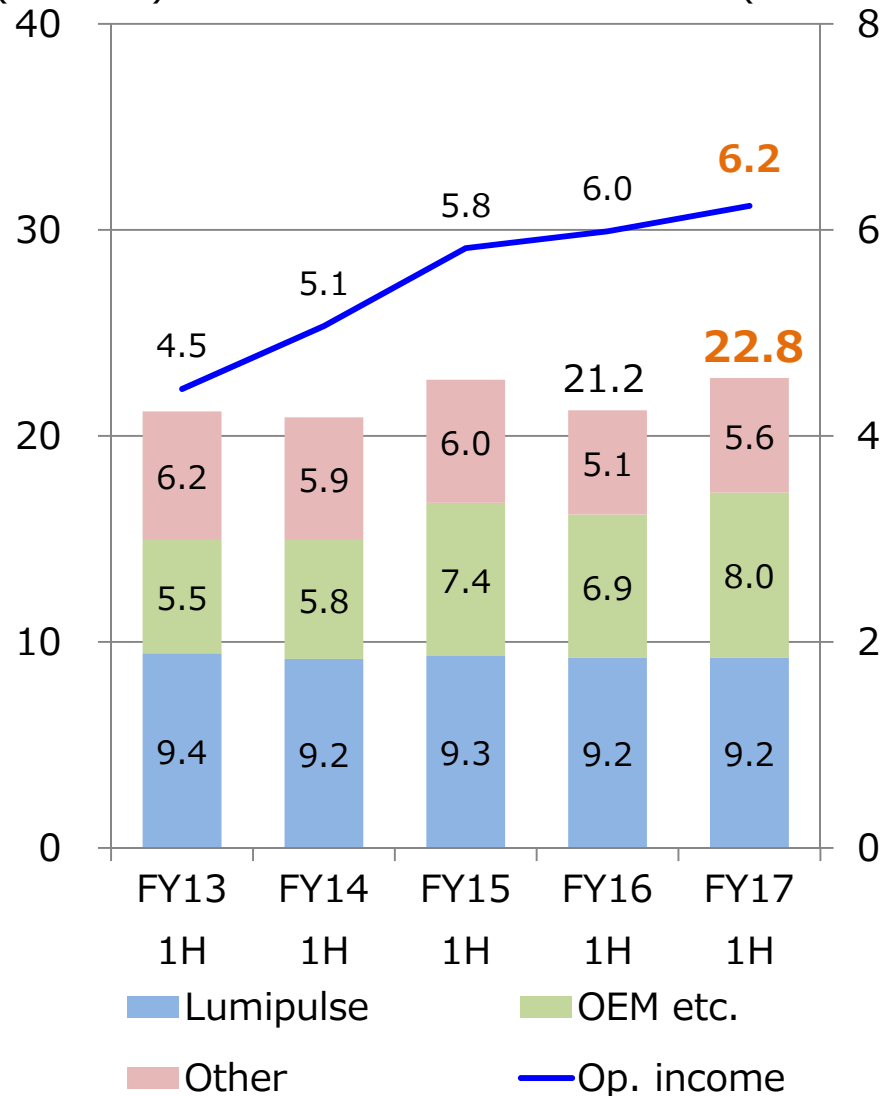
+0.70 11

IVD Business

Net sales
(¥ billion)

Op. income
(¥ billion)

Net sales : + 1.6 (¥ billion)
Op. income : + 0.2



Net sales

- ◆ Lumipulse
 - Same level as previous year
- ◆ OEM & Raw Material Supply
 - Stable growth
 - Sales increase by one-time sales in USA business (+ 0.29)
- ◆ Other
 - Contribution by sales of Stago products

※ Currency exchange impact: +0.61

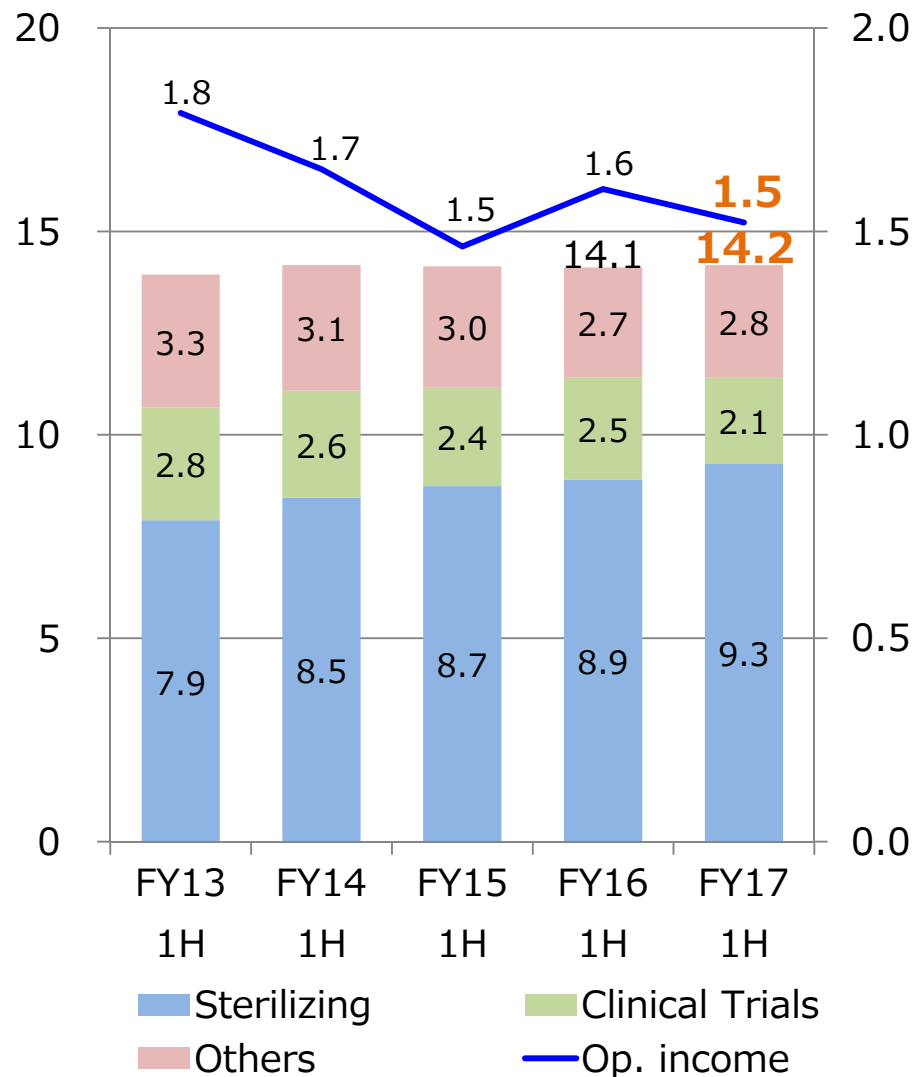
Op. income

- ◆ Increase with sales growth
- ◆ Depreciation method change (+0.18)

HR Business

Net sales
(¥ billion)

Op. income
(¥ billion)



Net sales : + 0.1 (¥ billion)

Op. income : - 0.1

◆ Sterilizing

Net sales: +0.40, Op. income : -0.21

- Sales growth achieved through development of new accounts and equipment sales

◆ Clinical Trials

Net sales: -0.41, Op. income : flat

- Sales decrease due to delay of some parts of expected PJ's sales contribution

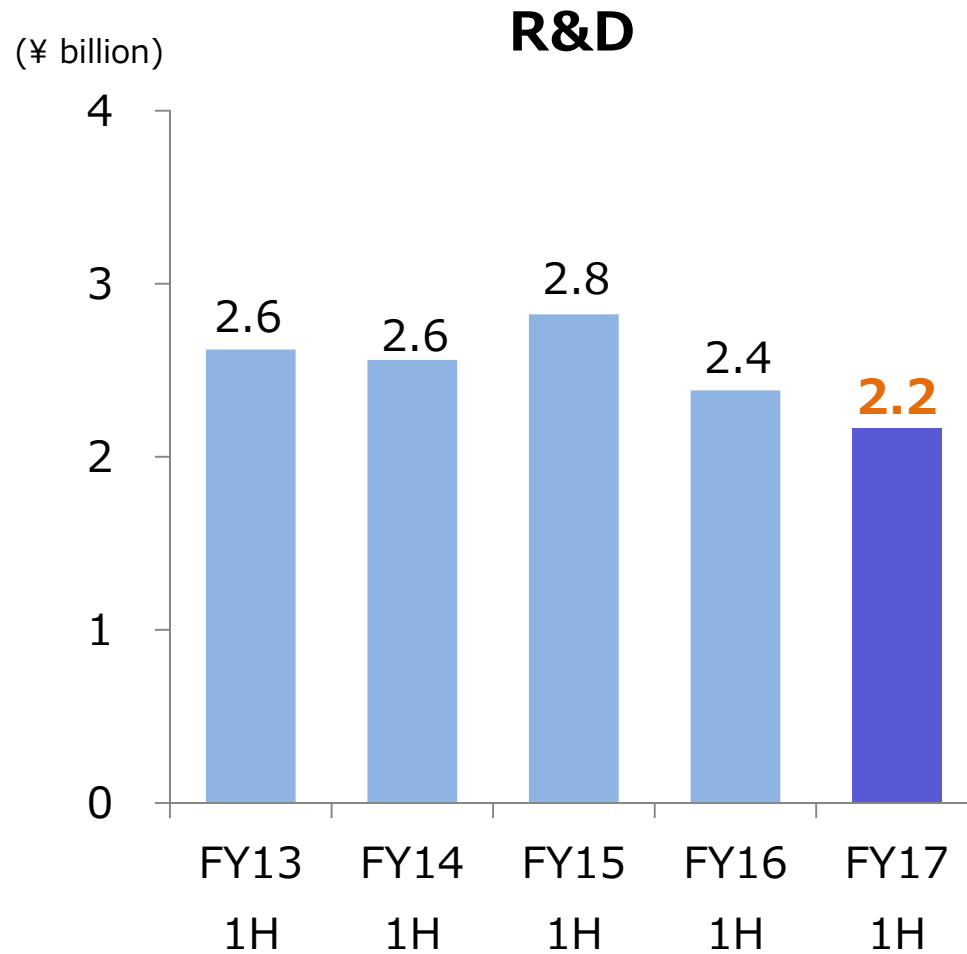
◆ Others

Net sales: +0.06, Op. income : +0.13

- OP increase by disposal of some parts of provision

* Pharmaceutical and Cosmetics Analysis business has been transferred to CLT segment. The past results are adjusted accordingly.

Transition of R&D Expenses



- Delay of implementation
- Annual forecast remains the same with initial budget

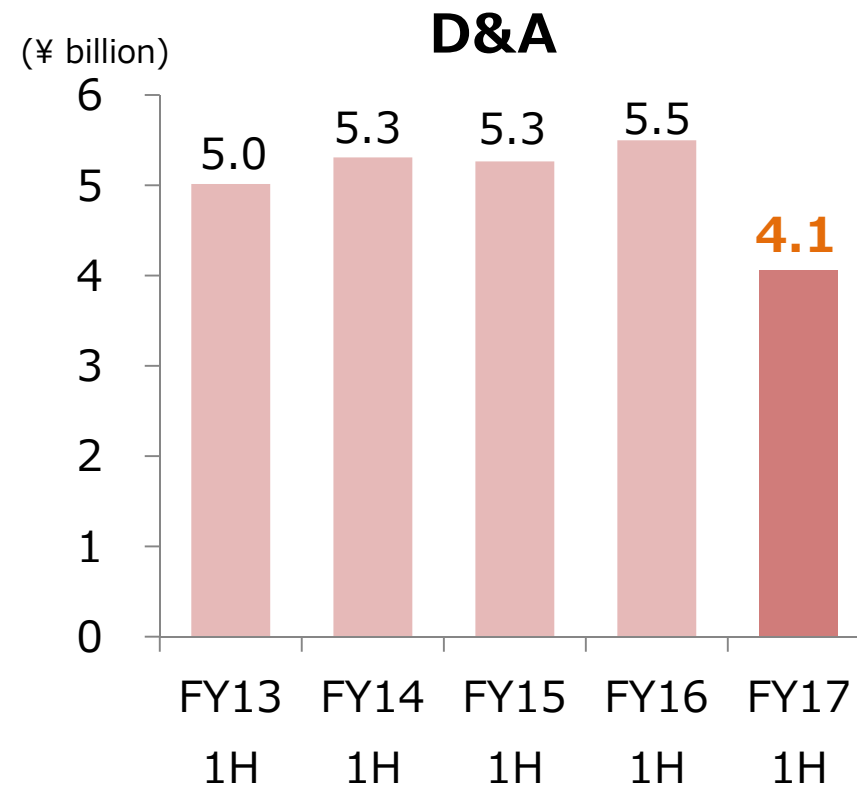
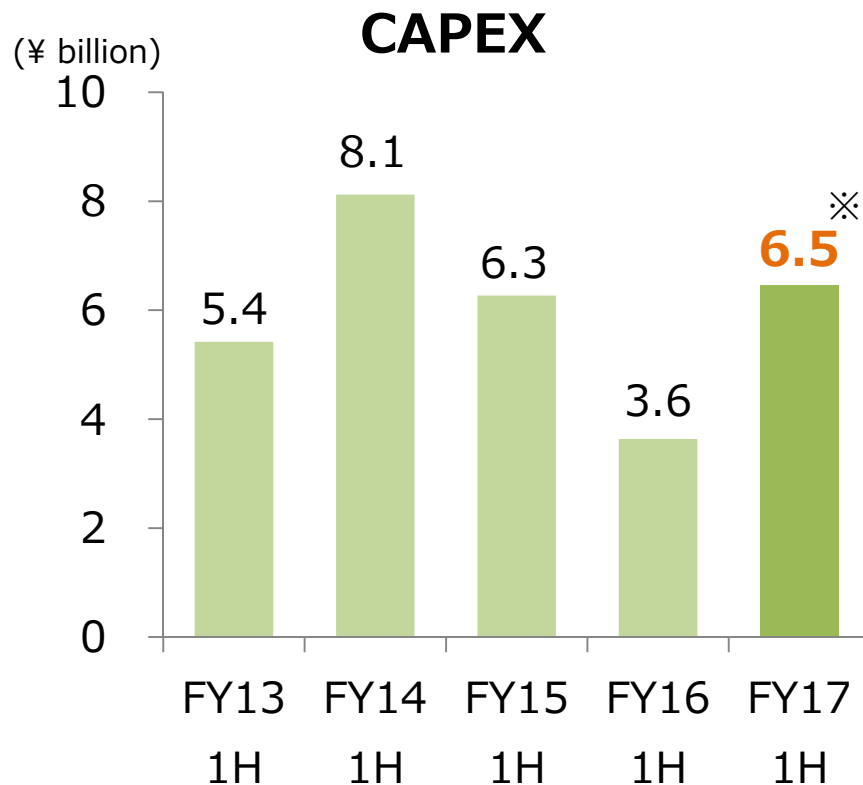
Transition of CAPEX and D&A

【CAPEX expenditure】

- Significantly increased
- Initial budget will be achieved in full year

【Depreciation and Amortization】

- Remain flat by excluding Navi-Lab impact (-0.74) and depreciation method change (-0.61)



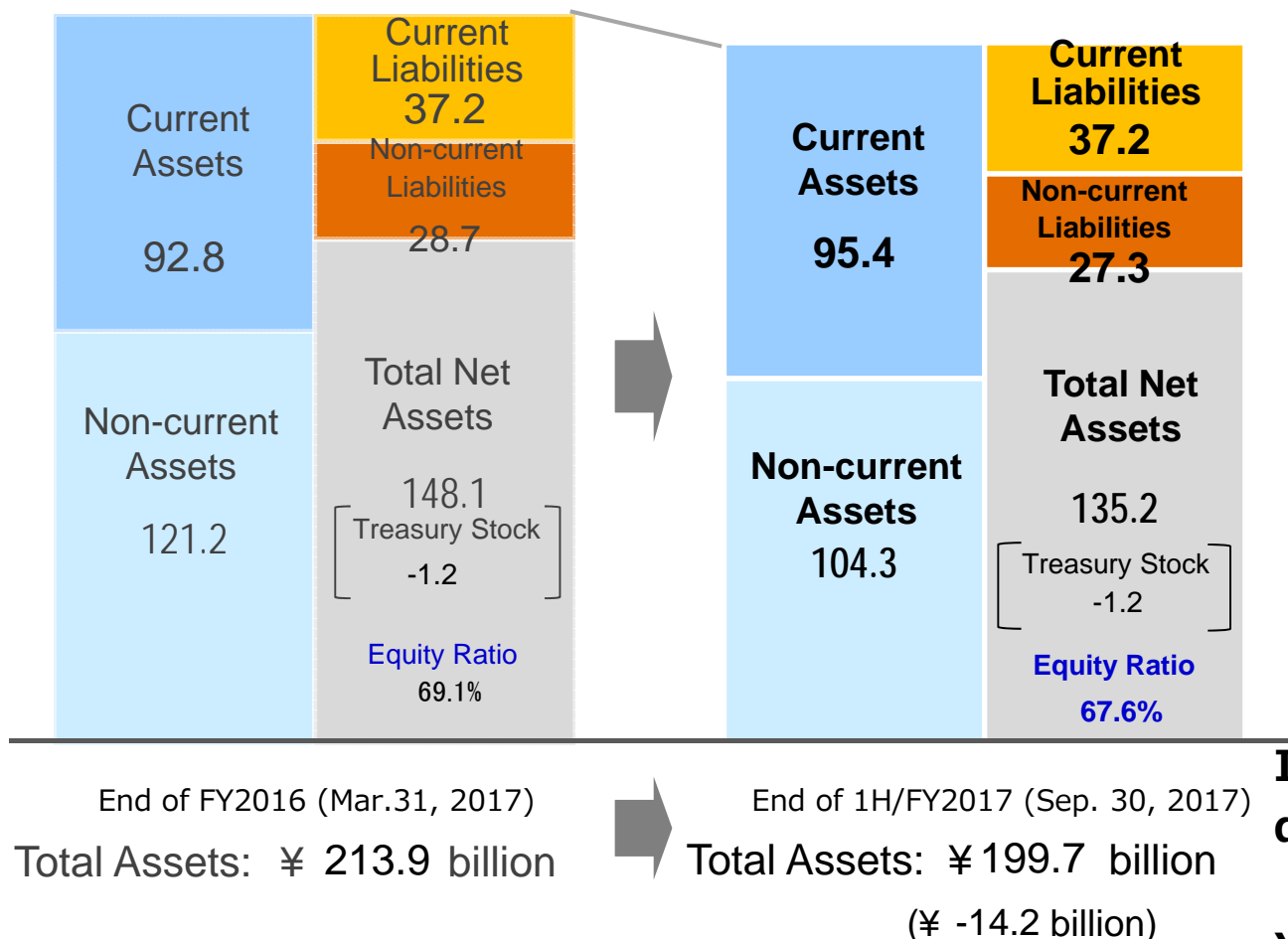
* Excluding expenditure related to land acquisition for new CLT lab (approx. 1.5)

Consolidated Balance Sheet

(¥ billion)

Major factors

- Non-current assets
- Goodwill -22.6
 - Customer-related intangible assets -6.0



Interest-bearing liabilities decreased by ¥1.0 billion
 ⇒ **Net cash improved by ¥0.6 billion to ¥29.9 billion**

【Exchange rate】 End of FY2016 : 1USD = 112.20 JPY, End of 1H/FY2017 : 1USD = 112.74 JPY

Consolidated Cash Flows

(¥ billion)

	1H/FY2016	1H/FY2017
Loss before income taxes	-4.9	-15.7
Depreciation	5.5	4.1
Impairment losses	-	27.9
Loss on liquidation of project	14.7	-
Amortization of goodwill	1.3	1.3
Increase (decrease) in provision for loss on litigation	3.2	-
Decrease (increase) in notes and accounts receivables	-0.1	-2.8
Income taxes paid	-0.2	-3.8
Other	0.3	-0.6
Net cash provided by operating activities	19.7	10.4
Purchase of property, plant and equipment and intangible assets	-3.7	-6.3
Other	-0.1	-0.8
Net cash used in investment activities	-3.8	-7.1
Free cash flow	15.9	3.3
Net cash used in financing activities	-6.6	-4.6
Effect of exchange rate change on cash and cash equivalents	-1.9	0.9
Net increase (decrease) in cash and cash equivalents	7.5	-0.4
Cash and cash equivalents at the end of financial period	39.2	35.2

Major factors

Net cash provided by operating activities

: Decreased 9.4

- Increase in income taxes payable
- Increase in notes and account receivable

Net cash used in investment activities

: Increased 3.2

▶ **FCF decreased : 12.6**

Net cash used in financing activities

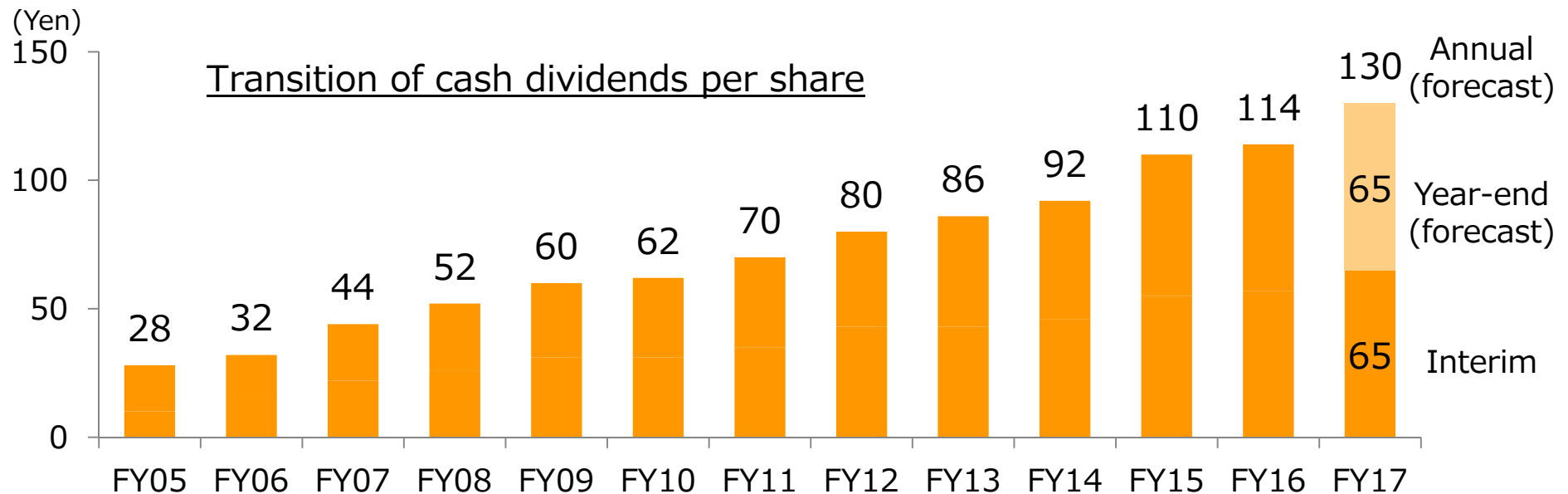
- Payment of dividends
- Repayment of long-term debt

▶ **Cash and cash equivalents decreased by ¥4.1 billion comparing with 1H/FY2016**

Policy on Return to Shareholders

Basic policy

- ◆ Payout ratio : over 50%
 - ※ Payout ratio based on net profit excluding exceptional factors (e.g. extraordinary income/losses)
- ◆ No change in dividend forecast
 - Interim : 65 yen
 - Year-end : 65 yen (forecast)

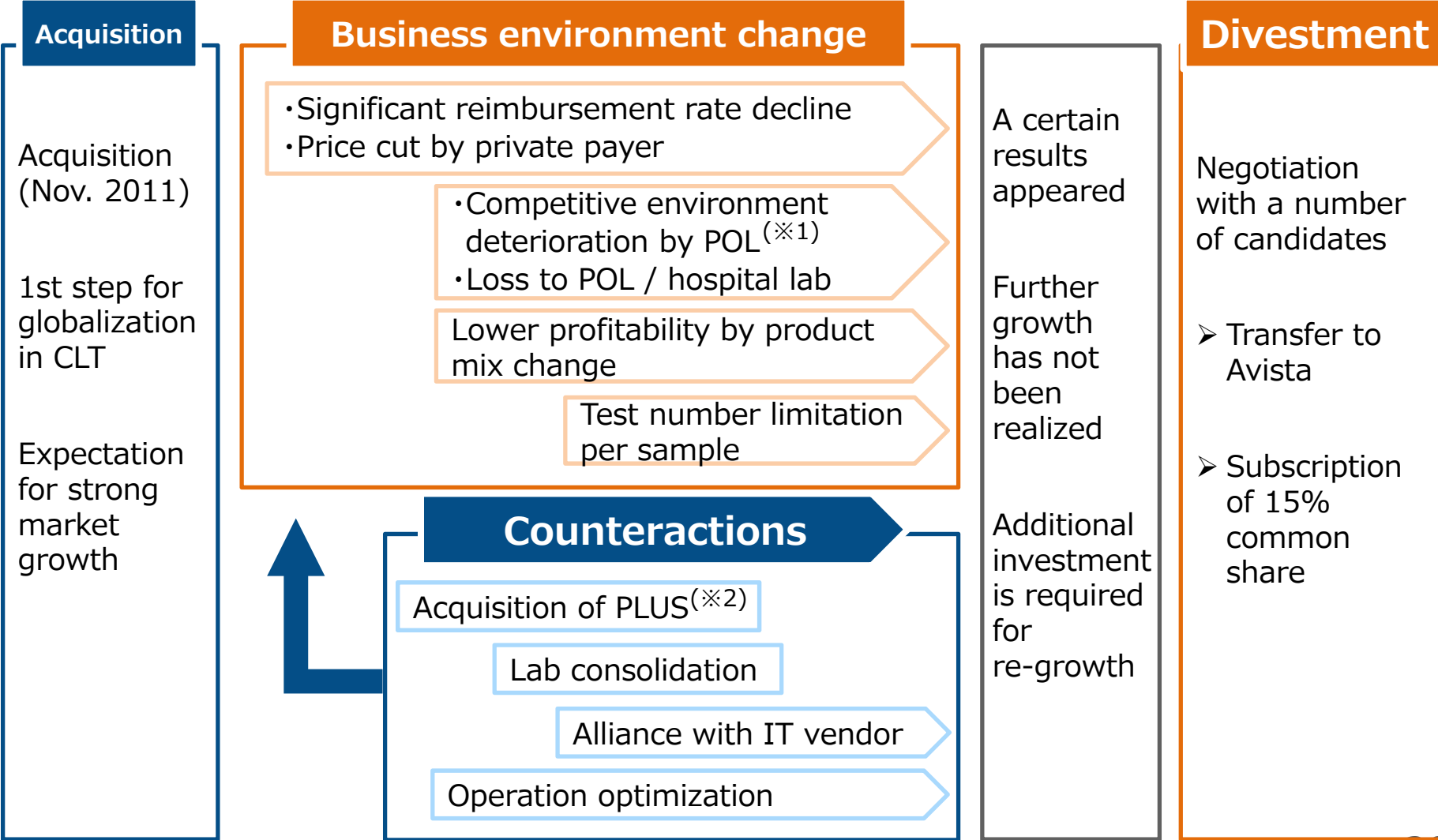




Divestment of CDxHD (MLS)

Circumstances

FY2011/3Q FY2012 FY2013 FY2014 FY2015 FY2016 FY2017/2Q

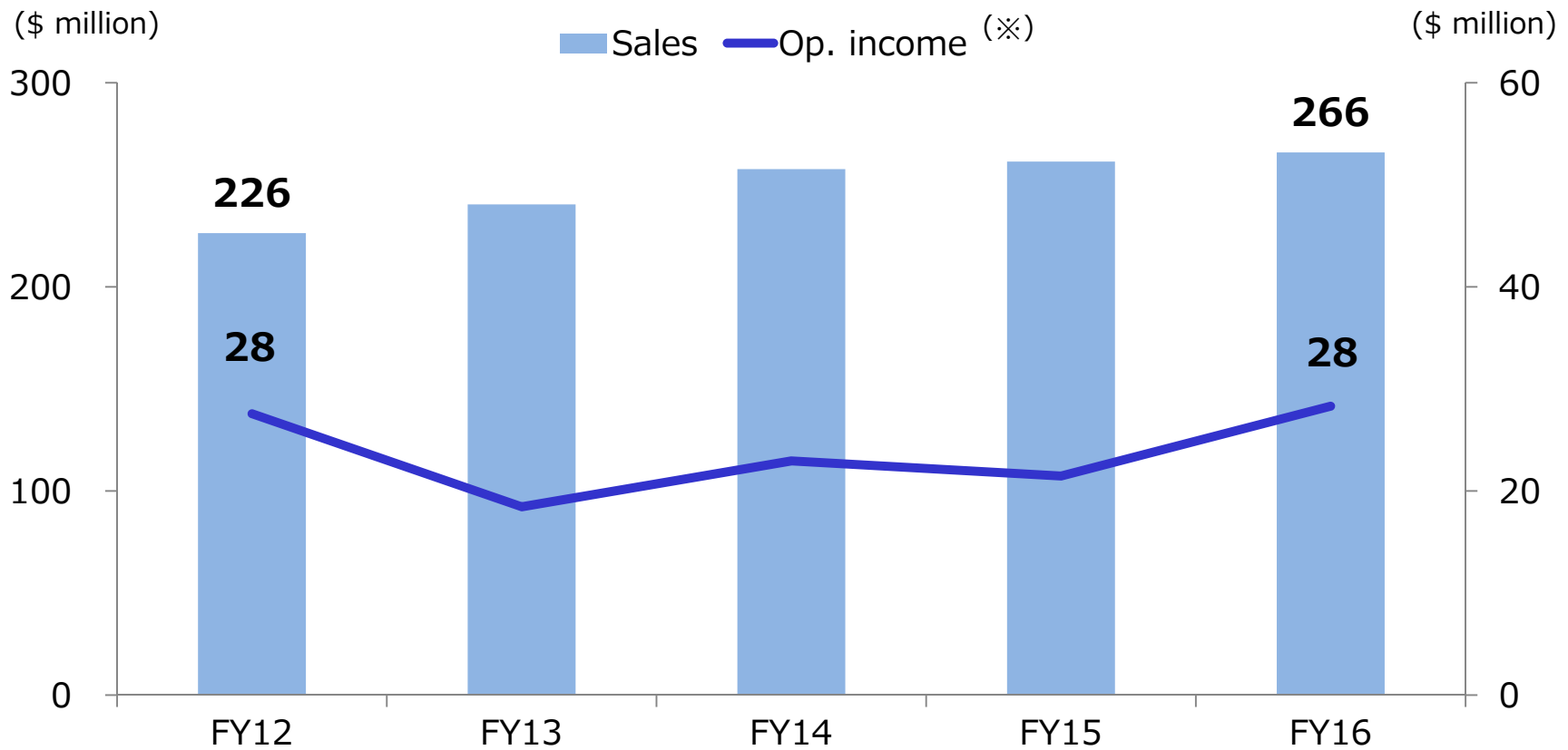


※1 Physician Office Laboratory

※2 Acquired by MLS in 2013

Transition of Sales and Op. income

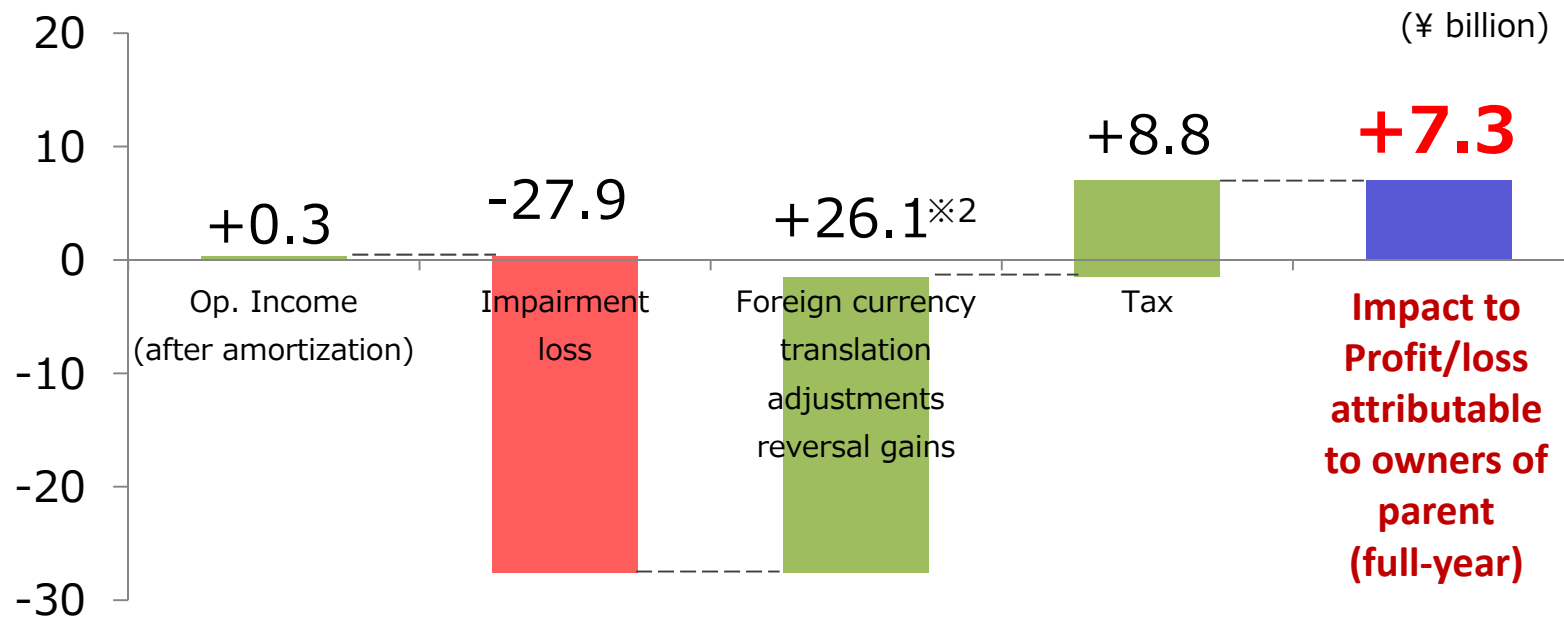
- Managed environmental change
- Sales/profit growth have not been achieved



(※) J-GAAP basis (before goodwill amortization)

Impact to full-year results

Sales	- ¥12.0 Billion ^{※1}
Profit/loss attributable to owners of parent	+ ¥7.3 Billion ^{※1}



※1 Impact to initial forecast announced on May 11, 2017

※2 Calculated by exchange rate 1USD=105JPY

FY16 results and FY17 forecast

(¥ billion)

	FY2016	FY2017		
	Actual	Initial Budget	Revised Budget	Variance
Sales	28.8	29.9	17.9	-12.0
Op. income before amortization	3.1	1.3	0.9	-0.4
Amortization	1.6	1.5	0.7	-0.7
Op. income after amortization	1.5	-0.2	0.1	+0.3

Revision of full-year forecast

Revised forecast is planned to be achieved at the end of FY2017

(¥ billion)

	1H/FY2017 Actual	FY2017 Revised forecast	Progress to revised forecast
Sales	103.9	199.5	52.1%
CLT	66.9	124.8	53.6%
IVD	22.8	44.9	50.8%
HR	14.2	29.6	47.9%
Op. income	12.9	22.6	57.1%
CLT	5.8	10.7	54.6%
IVD	6.2	10.1	61.8%
HR	1.5	2.4	63.2%
Ord. income	12.2	21.5	56.6%
Profit/loss attributable to owners of parent	-5.1	16.5	-

Progress of actions during 1H/FY2017

Action for group unification

- ◆ Progress in system, rules and back-office integration
- ◆ Employees' mindset reform is ongoing

Reorganize business structure

- | | |
|----------------------------------|---|
| Unify system and rules | <ul style="list-style-type: none">• Enhancement of communication between top management and employees• Integration of rules related HR• Renewal of management philosophy and group logo |
| Consolidate back-office function | <ul style="list-style-type: none">• Entire integration of various function to Miraca |
| Deliver brand message | <ul style="list-style-type: none">• Company brochure renewal |

Build infra- structure

- | | |
|--------------------------------|--|
| Build IT system | <ul style="list-style-type: none">• Introduction of Office 365, domain integration• Renewal of infrastructure |
| Enhancement of human resources | <ul style="list-style-type: none">• Reinforcement of recruiting |

New CLT-Lab

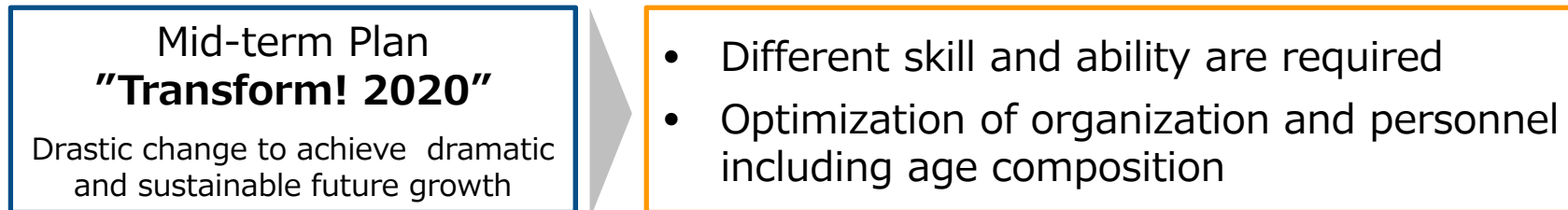
- ◆ Contract regarding land acquisition for new CLT-Lab was signed
 - Akiruno-shi, Tokyo
 - Expected price : approx. ¥13.0 billion
 - Area dimension : approx. 122,000m²
 - Construction costs : approx. 35.0 billion (rough assumption)
 - Depreciation forecast : 1.7 bn yen / year
 - Includes facilities attached to buildings

- ※ Details will be announced when the plan is fixed

Voluntary Retirement Program

◆ Reason for Voluntary Retirement Program

- Organization and personnel optimization to implement the mid-term plan



◆ Program outline

- Applied companies : Miraca Holdings, SRL, Fujirebio
- Eligible persons : Employees with over one year service and who are 50 years old or older (excluding managerial position)
- Number of applicants : approximately 350
- Application period : From November 20 to December 8, 2017 (plan)
- Date of retirement : January 31, 2018

◆ Preferential treatment

- A premium will be paid in addition to normal retirement benefit
- Support for reemployment will be provided to those who request it

Estimated impact to FY17 earnings has been included in the revised forecast, disclosed on September 22

Appendix

Segment information (CLT)

(¥ billion)

	1H/FY2016	1H/FY2017	Y/Y variation	
CLT net sales by business category	67.2	66.9	-0.31	-0.5%
Japan	53.0	53.5	+0.50	+1.0%
FMS/Branch Lab	9.4	9.6	+0.20	+2.1%
Off-site Testing	43.6	43.9	+0.31	+0.7%
Overseas (USA)	14.2	13.4	-0.81	-5.7%

Segment information (IVD)

(¥ billion)

	1H/FY2016	1H/FY2017	Y/Y variation	
IVD net sales by product category	21.2	22.8	+ 1.57	+7.4%
Products	14.3	14.8	+ 0.52	+3.6%
Automated immunoassay (Lumipulse)	9.2	9.2	+ 0.01	+0.1%
Non-automated immunoassay (HA·PA, EIA, etc.)	3.2	3.6	+ 0.33	+10.3%
Rapid assay kits (EL, POCT)	0.6	0.5	- 0.16	-25.8%
Other products	1.2	1.5	+ 0.34	+28.3%
OEM, raw materials, partly-finished products, license, and etc.	6.9	8.0	+ 1.06	+15.2%

(¥ billion)

	1H/FY2016	1H/FY2017	Y/Y variation	
IVD net sales by sales destination	21.2	22.8	+ 1.57	+7.4%
Overseas	10.6	12.3	+ 1.68	+15.9%
Americas	5.0	6.1	+ 1.19	+23.9%
Europe	4.5	4.7	+ 0.22	+4.9%
Asia/Pacific	1.1	1.4	+ 0.28	+24.5%
Japan	10.7	10.6	- 0.11	-1.0%

R&D, CAPEX, Depreciation

(¥ million)

	1H/FY2016	1H/FY2017	Y/Y variation		Progress to full-year forecast
R&D expenses	2,383	2,161	-223	-9.3%	36.6%
CLT	150	129	-21	-13.8%	
IVD	2,233	1,965	-268	-12.0%	
HR	0	0	-	-	
MHD	0	66	+66	-	
Capital Expenditure	3,634	6,457 ※	+2,823	+77.7%	34.2%
CLT	2,368	3,260	+892	+37.7%	
IVD	647	2,129	+1,482	+229.1%	
HR	512	596	+84	+16.3%	
MHD	106	471	+365	+342.2%	
Depreciation and Amortization	5,497	4,060	-1,437	-26.1%	34.1%
CLT	3,582	2,394	-1,188	-33.2%	
IVD	1,280	1,061	-218	-17.0%	
HR	574	534	-40	-7.0%	
MHD	60	70	+10	+16.0%	

※ Excluding expenditure related to land acquisition for new CLT lab (approx. 1,516)

Number of Employees at the end of term

	End of Mar. 2017		End of Sep. 2017		Variation	
	Permanent	Contractor	Permanent	Contractor	Permanent	Contractor
Total	6,116	6,786	6,571	6,661	+ 455	- 125
CLT	3,619	3,337	3,779	3,182	※1 + 160	- 155
IVD	1,008	142	1,019	142	+ 11	+ 0
HR	1,363	3,270	1,447	3,300	+ 84	+ 30
Sterilizing	1,031	3,162	1,099	3,203	+ 68	+ 41
Clinical Trials	179	8	187	5	+ 8	- 3
Others	153	100	161	92	+ 8	- 8
MHD	126	37	326	37	※2 + 200	+ 0

※1 Including employees promoted from contractor to permanent in CLT

※2 Including employees seconded from subsidiaries to MHD

【Contact information】

Miraca Holdings Inc.

Investor and Public Relations Department

Email : mhd.ir@miraca.com

Disclaimer regarding forward-looking statement:

The performance forecast provided in this document is prepared by the management based on currently available information and various hypotheses and ideas including significant risks or uncertainties. Please be aware that the actual performance may turn out to be different from the forecast as a result of various contributing factors.

Factors affecting the performance include, among others, aggravation of the economic situation, fluctuation of the exchange rate, change of regulatory, statutory, and administrative requirements, delayed launch of new products, pressures from the product strategies of competitive companies, and decline of the sales potential of existing products.