

Consolidated Financial Results
for the Nine Months Ended December 31, 2017
<under Japanese GAAP>

Name of the Listed Company: **Miraca Holdings Inc.**
 Listed Stock Exchanges: Tokyo Stock Exchange
 Securities Code: 4544
 URL: <https://www.miraca.com/>
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Scheduled date to submit Quarterly Securities Report: February 13, 2018
 Scheduled date to commence dividend payments: —
 Preparation of supplementary materials on quarterly financial results: Yes
 Holding of quarterly financial results presentation meeting: None

(Millions of yen with fractional amounts rounded down)

1. Consolidated financial results for the nine months ended December 31, 2017

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2017	152,174	(1.1)	15,701	(29.9)	14,806	(29.8)	6,151	—
December 31, 2016	153,856	(3.5)	22,407	8.7	21,091	8.9	212	—

Note: Comprehensive income
 Nine months ended December 31, 2017: ¥(19,311) million [—%]
 Nine months ended December 31, 2016: ¥1,609 million [—%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2017	107.80	107.73
December 31, 2016	3.72	3.72

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2017	175,144	121,965	69.5	2,132.98
March 31, 2017	213,926	148,087	69.1	2,592.04

Reference: Equity
 As of December 31, 2017: ¥121,740 million As of March 31, 2017: ¥147,839 million

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2017	–	57.00	–	57.00	114.00
Fiscal year ending March 31, 2018	–	65.00	–		
Fiscal year ending March 31, 2018 (Forecast)				65.00	130.00

Note: Revisions to the cash dividend forecasts most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2018	199,500	(2.3)	22,600	(19.5)	21,500	(18.5)	8,000	–	140.19

Note: Revisions to the earnings forecasts most recently announced: None

* Notes

- (1) Changes in significant subsidiaries during the current period under review (changes in specified subsidiaries resulting in change in scope of consolidation): Yes
 New: 1 company Fujirebio Holdings, Inc.
 Excluded: 3 companies Miraca USA, Inc., CDx Holdings, Inc., Miraca Life Sciences, Inc.
- (2) Application of special accounting for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - a. Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - b. Changes in accounting policies due to other reasons: Yes
 - c. Changes in accounting estimates: Yes
 - d. Restatement: None

- (4) Number of shares issued (common shares)

- a. Total number of shares issued at the end of the period (including treasury shares)

As of December 31, 2017	57,328,011 shares
As of March 31, 2017	57,287,166 shares

- b. Number of treasury shares at the end of the period

As of December 31, 2017	252,817 shares
As of March 31, 2017	251,376 shares

- c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2017	57,062,355 shares
Nine months ended December 31, 2016	57,007,915 shares

* Quarterly financial results reports are not required to be subjected to quarterly reviews.

* Proper use of earnings forecasts, and other special matters

(Note regarding the forecast figures)

The forecasts stated above are based on information available to the Company as of the date of announcement of this report and assumptions as of the same date on many uncertain factors that could affect the future performance of the Company. Actual results may differ substantially from the forecasts due to various factors in the future.

(How to access supplementary materials on quarterly financial results)

Supplementary materials on quarterly financial results will be posted on the Company's website on Friday, February 2, 2018.

Quarterly consolidated financial statements

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	26,558	27,767
Notes and accounts receivable - trade	36,565	33,379
Securities	9,000	-
Merchandise and finished goods	4,764	4,935
Work in process	4,875	4,751
Raw materials and supplies	4,638	5,127
Other	8,137	12,102
Allowance for doubtful accounts	(1,776)	(169)
Total current assets	92,763	87,895
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,785	12,667
Tools, furniture and fixtures, net	4,383	7,787
Land	9,065	9,063
Other, net	8,821	10,314
Total property, plant and equipment	38,055	39,833
Intangible assets		
Goodwill	25,347	2,503
Customer-related intangible assets	25,203	1,320
Software	1,693	1,702
Other	4,471	4,902
Total intangible assets	56,716	10,428
Investments and other assets		
Investment securities	13,118	14,136
Other	13,288	22,872
Allowance for doubtful accounts	(15)	(23)
Total investments and other assets	26,391	36,986
Total non-current assets	121,163	87,248
Total assets	213,926	175,144

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,273	9,122
Electronically recorded obligations - operating	1,086	1,869
Current portion of long-term loans payable	1,999	1,999
Accounts payable - other	7,410	10,665
Income taxes payable	2,821	661
Provision for bonuses	5,128	3,062
Other	9,458	10,308
Total current liabilities	37,179	37,690
Non-current liabilities		
Long-term loans payable	4,299	3,299
Net defined benefit liability	2,555	2,346
Asset retirement obligations	615	616
Other	21,188	9,225
Total non-current liabilities	28,659	15,488
Total liabilities	65,839	53,178
Net assets		
Shareholders' equity		
Capital stock	8,962	9,053
Capital surplus	24,684	24,775
Retained earnings	88,341	87,531
Treasury shares	(1,226)	(1,233)
Total shareholders' equity	120,761	120,126
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	278	275
Foreign currency translation adjustment	27,138	1,563
Remeasurements of defined benefit plans	(339)	(225)
Total accumulated other comprehensive income	27,077	1,614
Subscription rights to shares	248	225
Total net assets	148,087	121,965
Total liabilities and net assets	213,926	175,144

(2) Consolidated statement of income and consolidated statement of comprehensive income
Consolidated statement of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net sales	153,856	152,174
Cost of sales	93,296	94,149
Gross profit	60,559	58,024
Selling, general and administrative expenses	38,152	42,323
Operating profit	22,407	15,701
Non-operating income		
Interest income	33	45
Dividend income	26	15
Dividend income of insurance	143	156
Other	300	238
Total non-operating income	504	455
Non-operating expenses		
Interest expenses	363	289
Share of loss of entities accounted for using equity method	1,117	798
Other	340	262
Total non-operating expenses	1,821	1,350
Ordinary profit	21,091	14,806
Extraordinary income		
Gain on sales of non-current assets	3	13
Gain on reversal of subscription rights to shares	10	7
Reversal of foreign currency translation adjustment	–	27,467
Other	95	82
Total extraordinary income	109	27,570
Extraordinary losses		
Loss on retirement of non-current assets	52	63
Impairment loss	0	28,071
Loss on sales of shares of subsidiaries and associates	–	12,367
Business structure improvement expenses	668	2,560
Provision for loss on litigation	2,950	–
Loss on liquidation of project	14,582	–
Other	599	205
Total extraordinary losses	18,854	43,268
Profit (loss) before income taxes	2,346	(891)
Income taxes - current	5,260	2,454
Income taxes - deferred	(3,126)	(9,497)
Total income taxes	2,134	(7,042)
Profit	212	6,151
Profit attributable to owners of parent	212	6,151

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Profit	212	6,151
Other comprehensive income		
Valuation difference on available-for-sale securities	(63)	(2)
Foreign currency translation adjustment	1,361	(25,575)
Remeasurements of defined benefit plans, net of tax	99	114
Total other comprehensive income	1,397	(25,463)
Comprehensive income	1,609	(19,311)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,609	(19,311)

(3) Consolidated statement of cash flows

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Cash flows from operating activities		
Profit (loss) before income taxes	2,346	(891)
Depreciation	7,962	6,018
Impairment loss	0	28,071
Loss (gain) on sales of shares of subsidiaries and associates	–	12,367
Reversal of foreign currency translation adjustment	–	(27,467)
Loss on liquidation of project	14,582	–
Amortization of goodwill	1,987	1,530
Increase (decrease) in provision for bonuses	(1,976)	(1,749)
Increase (decrease) in provision for loss on litigation	745	–
Increase (decrease) in net defined benefit liability	(197)	(49)
Increase (decrease) in allowance for doubtful accounts	790	382
Interest and dividend income	(60)	(60)
Interest expenses	363	289
Foreign exchange losses (gains)	491	(743)
Share of (profit) loss of entities accounted for using equity method	1,117	798
Decrease (increase) in notes and accounts receivable - trade	(1,399)	(2,538)
Decrease (increase) in inventories	(263)	(701)
Increase (decrease) in notes and accounts payable - trade	(1,085)	697
Increase (decrease) in accrued consumption taxes	1,026	(471)
Increase (decrease) in other current liabilities	1,581	3,989
Other, net	1,878	1,049
Subtotal	29,889	20,521
Interest and dividend income received	43	24
Interest expenses paid	(364)	(286)
Income taxes paid	(2,176)	(7,547)
Net cash provided by (used in) operating activities	27,392	12,711
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,808)	(8,662)
Purchase of intangible assets	(2,346)	(1,541)
Purchase of investment securities	–	(499)
Payments for guarantee deposits	(21)	(413)
Purchase of shares of subsidiaries	–	(474)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	–	(801)
Other, net	(53)	(649)
Net cash provided by (used in) investing activities	(5,230)	(13,041)
Cash flows from financing activities		
Repayments of long-term loans payable	(5,039)	(999)
Repayments of finance lease obligations	(590)	(560)
Proceeds from issuance of common shares	67	126
Cash dividends paid	(6,366)	(6,943)
Other, net	(68)	(73)
Net cash provided by (used in) financing activities	(11,997)	(8,450)
Effect of exchange rate change on cash and cash equivalents	(416)	988
Net increase (decrease) in cash and cash equivalents	9,748	(7,791)
Cash and cash equivalents at beginning of period	31,745	35,547
Cash and cash equivalents at end of period	41,493	27,756