

Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 <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 of ordinary general meeting of shareholders: June 22, 2018
 Scheduled date to commence dividend payments: June 1, 2018
 Scheduled date to submit Securities Report: June 22, 2018
 Preparation of supplementary materials on financial results: Yes
 Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts rounded down)

1. Consolidated financial results for the fiscal year ended March 31, 2018

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2018	195,400	(4.3)	17,648	(37.1)	16,567	(37.2)	257	(22.8)
March 31, 2017	204,245	(3.5)	28,057	7.7	26,385	10.9	333	—

Note: Comprehensive income

Fiscal year ended March 31, 2018: ¥(28,068) million [-%]

Fiscal year ended March 31, 2017: ¥(1,418) million [-%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Return on assets	Operating margin
	Yen	Yen	%	%	%
March 31, 2018	4.51	4.51	0.2	8.5	9.0
March 31, 2017	5.84	5.84	0.2	11.7	13.7

Reference: Share of profit (loss) of entities accounted for using equity method:

Fiscal year ended March 31, 2018: ¥(1,091) million

Fiscal year ended March 31, 2017: ¥(1,346) million

(2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2018	176,068	113,225	64.2	1,979.78
March 31, 2017	213,926	148,087	69.1	2,592.04

Reference: Equity

As of March 31, 2018: ¥113,008 million As of March 31, 2017: ¥147,839 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2018	15,767	(21,552)	(9,635)	20,444
March 31, 2017	36,436	(8,599)	(23,138)	35,547

2. Cash dividends

	Annual dividends					Total dividend payments (Total)	Dividend payout ratio (Consolidated)	Dividend on equity (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2017	–	57.00	–	57.00	114.00	6,500	1,952.1	4.3
Fiscal year ended March 31, 2018	–	65.00	–	65.00	130.00	7,420	2,882.5	5.7
Fiscal year ending March 31, 2019 (Forecast)	–	65.00	–	65.00	130.00		70.7	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

(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
Six months ending September 30, 2018	93,800	(9.7)	8,700	(32.6)	7,000	(42.5)	5,200	–	91.10
Fiscal year ending March 31, 2019	190,000	(2.8)	19,000	7.7	16,000	(3.4)	10,500	–	183.95

* 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) 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

(3) Number of shares issued (common shares)

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

As of March 31, 2018	57,334,183 shares
As of March 31, 2017	57,287,166 shares

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

As of March 31, 2018	253,080 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)

Fiscal year ended March 31, 2018	57,066,343 shares
Fiscal year ended March 31, 2017	57,012,805 shares

Reference: Summary of non-consolidated results**Non-consolidated financial results for the fiscal year ended March 31, 2018****(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2018	13,133	33.5	6,341	(15.9)	6,465	(11.3)	(35,919)	–
March 31, 2017	9,840	(41.1)	7,540	(49.6)	7,288	(49.6)	7,340	(49.6)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
March 31, 2018	(629.43)	–
March 31, 2017	128.75	128.64

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
March 31, 2018	101,952	52,229	51.0	911.20
March 31, 2017	140,913	94,913	67.2	1,659.76

Reference: Equity

As of March 31, 2018: ¥52,012 million As of March 31, 2017: ¥94,665 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* 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 financial results and the details of financial results presentation meeting)

The Company is scheduled to hold a financial results presentation meeting for institutional investors and analysts on Thursday, May 10, 2018, and to post the materials used in the meeting, on the Company's website immediately after the meeting.

Consolidated financial statements

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	26,558	20,455
Notes and accounts receivable - trade	36,565	31,896
Lease investment assets	486	574
Securities	9,000	–
Merchandise and finished goods	4,764	4,881
Work in process	4,875	4,573
Raw materials and supplies	4,638	5,087
Deferred tax assets	2,268	2,427
Other	5,383	8,025
Allowance for doubtful accounts	(1,776)	(160)
Total current assets	92,763	77,761
Non-current assets		
Property, plant and equipment		
Buildings and structures	52,023	48,794
Accumulated depreciation	(36,238)	(35,468)
Buildings and structures, net	15,785	13,326
Machinery, equipment and vehicles	14,491	14,663
Accumulated depreciation	(11,827)	(11,824)
Machinery, equipment and vehicles, net	2,663	2,838
Tools, furniture and fixtures	40,362	41,933
Accumulated depreciation	(35,979)	(29,353)
Tools, furniture and fixtures, net	4,383	12,579
Land	9,065	9,710
Leased assets	8,677	8,744
Accumulated depreciation	(5,150)	(5,501)
Leased assets, net	3,527	3,243
Construction in progress	2,630	7,108
Total property, plant and equipment	38,055	48,807
Intangible assets		
Goodwill	25,347	2,192
Customer-related intangible assets	25,203	1,249
Software	1,693	2,641
Leased assets	116	183
Other	4,354	5,100
Total intangible assets	56,716	11,368
Investments and other assets		
Investment securities	13,118	14,274
Deferred tax assets	6,500	15,339
Other	6,787	8,540
Allowance for doubtful accounts	(15)	(22)
Total investments and other assets	26,391	38,130
Total non-current assets	121,163	98,306
Total assets	213,926	176,068

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,273	9,368
Electronically recorded obligations - operating	1,086	1,194
Current portion of long-term loans payable	1,999	1,999
Lease obligations	641	644
Accounts payable - other	7,410	14,834
Income taxes payable	2,821	1,122
Deferred tax liabilities	40	78
Provision for bonuses	5,128	5,237
Other	8,775	7,037
Total current liabilities	37,179	41,517
Non-current liabilities		
Long-term loans payable	4,299	2,299
Lease obligations	3,311	3,160
Deferred tax liabilities	7,962	46
Net defined benefit liability	2,555	3,117
Asset retirement obligations	615	618
Provision for compensation loss	–	10,395
Other	9,914	1,686
Total non-current liabilities	28,659	21,324
Total liabilities	65,839	62,842
Net assets		
Shareholders' equity		
Capital stock	8,962	9,066
Capital surplus	24,684	24,788
Retained earnings	88,341	81,637
Treasury shares	(1,226)	(1,235)
Total shareholders' equity	120,761	114,257
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	278	310
Foreign currency translation adjustment	27,138	(756)
Remeasurements of defined benefit plans	(339)	(803)
Total accumulated other comprehensive income	27,077	(1,248)
Share acquisition rights	248	217
Total net assets	148,087	113,225
Total liabilities and net assets	213,926	176,068

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

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	204,245	195,400
Cost of sales	124,561	122,948
Gross profit	79,683	72,452
Selling, general and administrative expenses	51,625	54,804
Operating profit	28,057	17,648
Non-operating income		
Interest income	45	62
Dividend income	27	16
Dividend income of insurance	144	157
Rent income	44	43
Fiduciary obligation fee	131	82
Other	203	222
Total non-operating income	596	584
Non-operating expenses		
Interest expenses	484	334
Rent expenses	46	63
Share of loss of entities accounted for using equity method	1,346	1,091
Other	390	175
Total non-operating expenses	2,267	1,665
Ordinary profit	26,385	16,567
Extraordinary income		
Gain on sales of non-current assets	36	13
Gain on reversal of share acquisition rights	10	7
Reversal of foreign currency translation adjustment	–	27,467
Other	250	77
Total extraordinary income	296	27,565
Extraordinary losses		
Loss on retirement of non-current assets	1,311	148
Impairment loss	3,332	28,076
Loss on liquidation of project	14,587	–
Loss on sales of shares of subsidiaries and associates	–	12,875
Business structure improvement expenses	696	2,556
Provision for compensation loss	–	6,748
Other	2,316	811
Total extraordinary losses	22,244	51,216
Profit (loss) before income taxes	4,438	(7,083)
Income taxes - current	6,236	1,639
Income taxes - deferred	(2,131)	(8,980)
Total income taxes	4,105	(7,341)
Profit	333	257
Profit attributable to owners of parent	333	257

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	333	257
Other comprehensive income		
Valuation difference on available-for-sale securities	(119)	32
Foreign currency translation adjustment	(1,782)	(27,894)
Remeasurements of defined benefit plans, net of tax	150	(464)
Total other comprehensive income	(1,751)	(28,326)
Comprehensive income	(1,418)	(28,068)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	(1,418)	(28,068)

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,877	24,599	94,392	(1,221)	126,646
Changes of items during period					
Issuance of new shares - exercise of share acquisition rights	85	85			171
Issuance of new shares - restricted stock					-
Dividends of surplus			(6,384)		(6,384)
Profit attributable to owners of parent			333		333
Purchase of treasury shares				(4)	(4)
Net changes of items other than shareholders' equity					
Total changes of items during period	85	85	(6,051)	(4)	(5,884)
Balance at end of current period	8,962	24,684	88,341	(1,226)	120,761

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	397	28,921	(490)	28,828	225	155,700
Changes of items during period						
Issuance of new shares - exercise of share acquisition rights						171
Issuance of new shares - restricted stock						-
Dividends of surplus						(6,384)
Profit attributable to owners of parent						333
Purchase of treasury shares						(4)
Net changes of items other than shareholders' equity	(119)	(1,782)	150	(1,751)	22	(1,728)
Total changes of items during period	(119)	(1,782)	150	(1,751)	22	(7,613)
Balance at end of current period	278	27,138	(339)	27,077	248	148,087

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,962	24,684	88,341	(1,226)	120,761
Changes of items during period					
Issuance of new shares - exercise of share acquisition rights	77	77			154
Issuance of new shares - restricted stock	26	26			52
Dividends of surplus			(6,960)		(6,960)
Profit attributable to owners of parent			257		257
Purchase of treasury shares				(8)	(8)
Net changes of items other than shareholders' equity					
Total changes of items during period	103	103	(6,703)	(8)	(6,504)
Balance at end of current period	9,066	24,788	81,637	(1,235)	114,257

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	278	27,138	(339)	27,077	248	148,087
Changes of items during period						
Issuance of new shares - exercise of share acquisition rights						154
Issuance of new shares - restricted stock						52
Dividends of surplus						(6,960)
Profit attributable to owners of parent						257
Purchase of treasury shares						(8)
Net changes of items other than shareholders' equity	32	(27,894)	(464)	(28,326)	(30)	(28,356)
Total changes of items during period	32	(27,894)	(464)	(28,326)	(30)	(34,861)
Balance at end of current period	310	(756)	(803)	(1,248)	217	113,225

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit (loss) before income taxes	4,438	(7,083)
Depreciation	10,499	7,842
Impairment loss	3,332	28,076
Loss (gain) on sales of shares of subsidiaries and associates	–	12,875
Provision for compensation loss	–	6,748
Reversal of foreign currency translation adjustment	–	(27,467)
Loss on liquidation of project	14,587	–
Amortization of goodwill	2,623	1,796
Increase (decrease) in provision for bonuses	207	460
Increase (decrease) in net defined benefit liability	(1,482)	(114)
Increase (decrease) in allowance for doubtful accounts	376	377
Interest and dividend income	(73)	(78)
Share of loss (profit) of entities accounted for using equity method	1,346	1,091
Interest expenses	484	334
Foreign exchange losses (gains)	802	(374)
Decrease (increase) in notes and accounts receivable - trade	416	(1,706)
Decrease (increase) in inventories	66	(894)
Increase (decrease) in notes and accounts payable - trade	(775)	333
Increase (decrease) in accrued consumption taxes	704	(1,111)
Decrease (increase) in other current assets	1,916	(354)
Increase (decrease) in other current liabilities	(906)	1,022
Other, net	532	1,272
Subtotal	39,098	23,046
Interest and dividend income received	48	26
Interest expenses paid	(504)	(334)
Income taxes paid	(2,205)	(6,971)
Net cash provided by (used in) operating activities	36,436	15,767
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,384)	(14,757)
Purchase of intangible assets	(3,770)	(2,537)
Purchase of investment securities	–	(874)
Payments for guarantee deposits	(117)	(425)
Purchase of shares of subsidiaries	–	(1,035)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	–	(1,242)
Other, net	(326)	(678)
Net cash provided by (used in) investing activities	(8,599)	(21,552)

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from financing activities		
Repayments of long-term loans payable	(6,039)	(1,999)
Repayments of finance lease obligations	(775)	(750)
Cash dividends paid	(6,374)	(6,951)
Redemption of bonds	(10,000)	–
Proceeds from issuance of common shares	147	141
Other, net	(95)	(74)
Net cash provided by (used in) financing activities	(23,138)	(9,635)
Effect of exchange rate change on cash and cash equivalents	(896)	317
Net increase (decrease) in cash and cash equivalents	3,802	(15,102)
Cash and cash equivalents at beginning of period	31,745	35,547
Cash and cash equivalents at end of period	35,547	20,444