

Consolidated Financial Results
for the Three Months Ended June 30, 2019
<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/>
Representative: Shigekazu Takeuchi, President and CEO
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Scheduled date to submit Quarterly Securities Report: August 13, 2019
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 three months ended June 30, 2019

(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	%
Three months ended								
June 30, 2019	46,284	2.9	3,100	(9.8)	2,368	(18.8)	1,155	(37.3)
June 30, 2018	44,972	(13.8)	3,439	(52.3)	2,916	(57.6)	1,844	(59.9)

Note: Comprehensive income
Three months ended June 30, 2019: ¥316 million [(87.4)%]
Three months ended June 30, 2018: ¥2,504 million [(54.4)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2019	20.29	20.29
June 30, 2018	32.31	32.30

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2019	197,600	109,964	55.6	1,928.21
March 31, 2019	201,234	112,973	56.0	1,980.27

Reference: Equity
As of June 30, 2019: ¥109,825 million As of March 31, 2019: ¥112,790 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, 2019	–	65.00	–	65.00	130.00
Fiscal year ending March 31, 2020	–				
Fiscal year ending March 31, 2020 (Forecast)		65.00	–	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, 2020 (from April 1, 2019 to March 31, 2020)

(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, 2019	93,400	4.2	5,900	(16.0)	5,000	(14.3)	3,000	(32.9)	52.67
Fiscal year ending March 31, 2020	191,000	5.3	14,500	(1.0)	11,700	1.5	7,600	19.0	133.43

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): None
- (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: Yes
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - 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 June 30, 2019	57,361,724 shares
As of March 31, 2019	57,361,385 shares

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

As of June 30, 2019	404,491 shares
As of March 31, 2019	404,381 shares

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

Three months ended June 30, 2019	56,957,005 shares
Three months ended June 30, 2018	57,084,095 shares

Note: The Company has introduced a Board Incentive Plan (BIP) trust as part of officer remuneration, and the number of shares of the Company held by the said trust is included in the number of treasury shares excluded from calculations of the number of treasury shares at the end of the period, and the average number of shares during the period.

* Quarterly financial results reports are exempt from quarterly review 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 quarterly financial results)

Supplementary materials on quarterly financial results will be posted on the Company's website on Thursday, August 8, 2019.

Quarterly consolidated financial statements

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	33,699	24,325
Notes and accounts receivable - trade	34,145	32,942
Merchandise and finished goods	5,302	5,640
Work in process	5,429	4,938
Raw materials and supplies	5,212	5,360
Other	5,988	11,440
Allowance for doubtful accounts	(128)	(118)
Total current assets	89,649	84,530
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,714	16,374
Tools, furniture and fixtures, net	19,346	19,472
Land	11,008	11,020
Other, net	7,684	8,487
Total property, plant and equipment	54,753	55,355
Intangible assets		
Goodwill	2,029	1,764
Customer-related intangible assets	1,105	1,061
Software	5,445	5,698
Other	6,517	7,676
Total intangible assets	15,098	16,201
Investments and other assets		
Investment securities	14,598	14,487
Other	27,077	26,969
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	41,653	41,435
Total non-current assets	111,505	112,991
Deferred assets	80	77
Total assets	201,234	197,600

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,396	9,078
Electronically recorded obligations - operating	1,278	1,538
Short-term borrowings	10,000	10,000
Current portion of long-term borrowings	6,477	6,461
Accounts payable - other	7,880	7,765
Income taxes payable	1,066	520
Provision for bonuses	6,054	2,523
Other	8,089	13,889
Total current liabilities	51,242	51,777
Non-current liabilities		
Bonds payable	15,000	15,000
Long-term borrowings	15,398	13,563
Retirement benefit liability	2,284	2,397
Asset retirement obligations	649	651
Provision for share-based remuneration	52	55
Provision for compensation loss	481	467
Other	3,151	3,722
Total non-current liabilities	37,018	35,858
Total liabilities	88,261	87,636
Net assets		
Shareholders' equity		
Share capital	9,113	9,114
Capital surplus	24,835	24,836
Retained earnings	80,601	78,474
Treasury shares	(1,631)	(1,631)
Total shareholders' equity	112,920	110,795
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	345	542
Foreign currency translation adjustment	(81)	(1,136)
Remeasurements of defined benefit plans	(393)	(376)
Total accumulated other comprehensive income	(129)	(969)
Share acquisition rights	182	138
Total net assets	112,973	109,964
Total liabilities and net assets	201,234	197,600

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

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Net sales	44,972	46,284
Cost of sales	28,997	31,520
Gross profit	15,975	14,763
Selling, general and administrative expenses	12,535	11,663
Operating profit	3,439	3,100
Non-operating income		
Interest income	22	18
Dividend income	14	21
Other	81	78
Total non-operating income	118	118
Non-operating expenses		
Interest expenses	48	57
Share of loss of entities accounted for using equity method	509	661
Other	83	131
Total non-operating expenses	640	850
Ordinary profit	2,916	2,368
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on reversal of share acquisition rights	16	43
Other	4	–
Total extraordinary income	22	43
Extraordinary losses		
Loss on retirement of non-current assets	23	7
Loss on cancellation of leases	–	87
Loss on termination of contracts	–	323
Other	271	0
Total extraordinary losses	294	418
Profit before income taxes	2,644	1,993
Income taxes - current	333	151
Income taxes - deferred	466	685
Total income taxes	799	837
Profit	1,844	1,155
Profit attributable to owners of parent	1,844	1,155

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Profit	1,844	1,155
Other comprehensive income		
Valuation difference on available-for-sale securities	(11)	197
Foreign currency translation adjustment	640	(1,054)
Remeasurements of defined benefit plans, net of tax	30	17
Total other comprehensive income	660	(839)
Comprehensive income	2,504	316
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	2,504	316

(3) Consolidated statement of cash flows

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Cash flows from operating activities		
Profit before income taxes	2,644	1,993
Depreciation	1,901	2,419
Amortization of goodwill	251	253
Loss on cancellation of leases	–	87
Loss on termination of contracts	–	323
Increase (decrease) in provision for bonuses	(2,795)	(3,520)
Increase (decrease) in retirement benefit liability	(31)	120
Interest and dividend income	(37)	(40)
Interest expenses	48	57
Share of loss (profit) of entities accounted for using equity method	509	661
Decrease (increase) in trade receivables	(1,248)	779
Decrease (increase) in inventories	(479)	(863)
Increase (decrease) in trade payables	(163)	(1,051)
Increase (decrease) in accrued consumption taxes	1,028	685
Decrease (increase) in other current assets	(1,299)	(970)
Increase (decrease) in other current liabilities	3,470	4,659
Other, net	492	437
Subtotal	4,291	6,034
Interest and dividends received	113	46
Interest paid	(45)	(77)
Income taxes paid	(1,477)	(4,475)
Net cash provided by (used in) operating activities	2,881	1,527
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,505)	(2,200)
Purchase of intangible assets	(1,575)	(1,914)
Loan advances	(545)	(939)
Payments for acquisition of businesses	(517)	–
Purchase of shares of subsidiaries	–	(1,000)
Other, net	(20)	(61)
Net cash provided by (used in) investing activities	(11,164)	(6,115)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	23,000	–
Repayments of finance lease obligations	(170)	(264)
Proceeds from long-term borrowings	20,000	–
Repayments of long-term borrowings	–	(1,811)
Dividends paid	(3,689)	(3,691)
Other, net	1	(0)
Net cash provided by (used in) financing activities	39,141	(5,768)
Effect of exchange rate change on cash and cash equivalents	(42)	(149)
Net increase (decrease) in cash and cash equivalents	30,815	(10,505)
Cash and cash equivalents at beginning of period	20,444	33,688
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	–	1,131
Cash and cash equivalents at end of period	51,260	24,314