

Consolidated Financial Results
for the Six Months Ended September 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: November 13, 2019
Scheduled date to commence dividend payments: December 3, 2019
Preparation of supplementary materials on quarterly financial results: Yes
Holding of quarterly financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts rounded down)

1. Consolidated financial results for the six months ended September 30, 2019

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

Six months 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	%
September 30, 2019	93,480	4.3	5,758	(18.0)	4,526	(22.4)	2,544	(43.1)
September 30, 2018	89,664	(13.7)	7,023	(45.6)	5,832	(52.1)	4,473	—

Note: Comprehensive income
Six months ended September 30, 2019: ¥1,261 million [(80.8)%]
Six months ended September 30, 2018: ¥6,582 million [—%]

Six months ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
September 30, 2019	44.67	44.66
September 30, 2018	78.35	78.32

(2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
September 30, 2019	195,223	110,656	56.6	1,939.48
March 31, 2019	201,234	112,973	56.0	1,980.27

Reference: Equity
As of September 30, 2019: ¥110,516 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	–	65.00			
Fiscal year ending March 31, 2020 (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, 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
Fiscal year ending March 31, 2020	191,000	5.3	14,500	(1.0)	11,700	1.5	7,600	19.0	133.39

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
Excluded: 1 company GENimmune N.V.
- (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 September 30, 2019	57,387,406 shares
As of March 31, 2019	57,361,385 shares

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

As of September 30, 2019	404,738 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)

Six months ended September 30, 2019	56,965,588 shares
Six months ended September 30, 2018	57,091,736 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)

The Company is scheduled to hold a quarterly financial results presentation meeting for institutional investors and analysts on Monday, November 11, 2019, and to post the materials used in the meeting, on the Company's website immediately after the meeting.

Quarterly consolidated financial statements

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	33,699	17,597
Notes and accounts receivable - trade	34,145	32,636
Merchandise and finished goods	5,302	5,781
Work in process	5,429	5,171
Raw materials and supplies	5,212	5,496
Other	5,988	10,752
Allowance for doubtful accounts	(128)	(105)
Total current assets	89,649	77,330
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,714	17,506
Tools, furniture and fixtures, net	19,346	19,598
Land	11,008	11,663
Other, net	7,684	9,185
Total property, plant and equipment	54,753	57,954
Intangible assets		
Goodwill	2,029	1,572
Customer-related intangible assets	1,105	1,004
Software	5,445	5,855
Other	6,517	9,451
Total intangible assets	15,098	17,882
Investments and other assets		
Investment securities	14,598	13,965
Other	27,077	28,036
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	41,653	41,979
Total non-current assets	111,505	117,816
Deferred assets	80	75
Total assets	201,234	195,223

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,396	9,237
Electronically recorded obligations - operating	1,278	1,337
Short-term borrowings	10,000	10,000
Current portion of long-term borrowings	6,477	5,462
Accounts payable - other	7,880	6,663
Income taxes payable	1,066	992
Provision for bonuses	6,054	4,974
Other	8,089	9,405
Total current liabilities	51,242	48,073
Non-current liabilities		
Bonds payable	15,000	15,000
Long-term borrowings	15,398	13,295
Retirement benefit liability	2,284	2,501
Asset retirement obligations	649	662
Provision for share-based remuneration	52	55
Provision for compensation loss	481	454
Other	3,151	4,524
Total non-current liabilities	37,018	36,493
Total liabilities	88,261	84,566
Net assets		
Shareholders' equity		
Share capital	9,113	9,146
Capital surplus	24,835	24,868
Retained earnings	80,601	79,546
Treasury shares	(1,631)	(1,631)
Total shareholders' equity	112,920	111,930
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	345	449
Foreign currency translation adjustment	(81)	(1,499)
Remeasurements of defined benefit plans	(393)	(363)
Total accumulated other comprehensive income	(129)	(1,413)
Share acquisition rights	182	139
Total net assets	112,973	110,656
Total liabilities and net assets	201,234	195,223

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

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	89,664	93,480
Cost of sales	58,277	63,967
Gross profit	31,387	29,512
Selling, general and administrative expenses	24,363	23,753
Operating profit	7,023	5,758
Non-operating income		
Interest income	47	41
Dividend income	20	23
Foreign exchange gains	–	64
Other	179	176
Total non-operating income	246	305
Non-operating expenses		
Interest expenses	92	110
Share of loss of entities accounted for using equity method	1,172	1,298
Other	172	128
Total non-operating expenses	1,437	1,537
Ordinary profit	5,832	4,526
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on reversal of share acquisition rights	22	43
Other	887	0
Total extraordinary income	910	43
Extraordinary losses		
Loss on retirement of non-current assets	32	32
Loss on cancellation of leases	–	156
Loss on termination of contracts	–	321
Other	943	94
Total extraordinary losses	976	604
Profit before income taxes	5,767	3,965
Income taxes - current	1,140	868
Income taxes - deferred	153	551
Total income taxes	1,294	1,420
Profit	4,473	2,544
Profit attributable to owners of parent	4,473	2,544

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	4,473	2,544
Other comprehensive income		
Valuation difference on available-for-sale securities	65	104
Foreign currency translation adjustment	1,983	(1,417)
Remeasurements of defined benefit plans, net of tax	60	30
Total other comprehensive income	2,109	(1,283)
Comprehensive income	6,582	1,261
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	6,582	1,261

(3) Consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	5,767	3,965
Depreciation	4,023	4,979
Amortization of goodwill	503	505
Loss on cancellation of leases	–	156
Loss on termination of contracts	–	321
Increase (decrease) in provision for bonuses	(352)	(1,062)
Increase (decrease) in retirement benefit liability	(76)	225
Interest and dividend income	(67)	(64)
Interest expenses	92	110
Share of loss (profit) of entities accounted for using equity method	1,172	1,298
Decrease (increase) in trade receivables	(624)	1,016
Decrease (increase) in inventories	(786)	(1,404)
Increase (decrease) in trade payables	(52)	(1,072)
Increase (decrease) in accrued consumption taxes	490	372
Decrease (increase) in other current assets	(803)	(705)
Increase (decrease) in other current liabilities	(509)	(394)
Other, net	225	635
Subtotal	9,000	8,883
Interest and dividends received	142	67
Interest paid	(69)	(118)
Income taxes (paid) refund	1,744	(3,956)
Net cash provided by (used in) operating activities	10,818	4,875
Cash flows from investing activities		
Purchase of property, plant and equipment	(15,811)	(4,450)
Purchase of intangible assets	(2,595)	(3,706)
Purchase of investment securities	(99)	(585)
Loan advances	(773)	(1,744)
Payments for acquisition of businesses	(517)	–
Purchase of shares of subsidiaries	(218)	(1,945)
Other, net	905	(171)
Net cash provided by (used in) investing activities	(19,111)	(12,603)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	10,000	–
Proceeds from long-term borrowings	21,662	–
Repayments of long-term borrowings	(999)	(4,511)
Repayments of finance lease obligations	(876)	(550)
Dividends paid	(3,706)	(3,707)
Other, net	0	(1)
Net cash provided by (used in) financing activities	26,080	(8,771)
Effect of exchange rate change on cash and cash equivalents	259	(734)
Net increase (decrease) in cash and cash equivalents	18,047	(17,232)
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	38,492	17,586