

Consolidated Financial Results
for the Nine Months Ended December 31, 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: February 13, 2020
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, 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	%
Nine months ended								
December 31, 2019	141,846	4.9	8,349	(26.6)	6,068	(38.5)	3,127	(53.9)
December 31, 2018	135,247	(11.1)	11,382	(27.5)	9,868	(33.4)	6,780	10.2

Note: Comprehensive income

Nine months ended December 31, 2019: ¥2,846 million [(62.9)%]

Nine months ended December 31, 2018: ¥7,680 million [—%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2019	54.91	54.89
December 31, 2018	118.79	118.74

(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, 2019	213,007	108,527	50.9	1,902.24
March 31, 2019	201,234	112,973	56.0	1,980.27

Reference: Equity

As of December 31, 2019: ¥108,389 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	11,800	(19.4)	8,800	(23.6)	5,300	(17.0)	93.03

Note: Revisions to the earnings forecasts most recently announced: Yes

For details, please refer to “Announcement of Revision of the Consolidated Fiscal Year Earnings Forecast” announced today, February 10, 2020.

* 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 December 31, 2019	57,387,861 shares
As of March 31, 2019	57,361,385 shares

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

As of December 31, 2019	407,904 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)

Nine months ended December 31, 2019	56,970,381 shares
Nine months ended December 31, 2018	57,078,786 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 Monday, February 10, 2020.

Quarterly consolidated financial statements

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	33,699	30,429
Notes and accounts receivable - trade	34,145	34,836
Merchandise and finished goods	5,302	6,672
Work in process	5,429	5,351
Raw materials and supplies	5,212	5,900
Other	5,988	11,705
Allowance for doubtful accounts	(128)	(104)
Total current assets	89,649	94,790
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,714	17,585
Tools, furniture and fixtures, net	19,346	19,173
Land	11,008	11,675
Other, net	7,684	9,670
Total property, plant and equipment	54,753	58,105
Intangible assets		
Goodwill	2,029	1,701
Customer-related intangible assets	1,105	1,016
Software	5,445	5,736
Other	6,517	10,568
Total intangible assets	15,098	19,022
Investments and other assets		
Investment securities	14,598	13,412
Other	27,077	27,521
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	41,653	40,911
Total non-current assets	111,505	118,039
Deferred assets	80	177
Total assets	201,234	213,007

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,396	10,188
Electronically recorded obligations - operating	1,278	1,537
Short-term borrowings	10,000	10,000
Current portion of long-term borrowings	6,477	5,470
Accounts payable - other	7,880	6,962
Income taxes payable	1,066	484
Provision for bonuses	6,054	3,864
Other	8,089	10,888
Total current liabilities	51,242	49,397
Non-current liabilities		
Bonds payable	15,000	35,000
Long-term borrowings	15,398	11,491
Retirement benefit liability	2,284	2,544
Asset retirement obligations	649	706
Provision for share-based remuneration	52	51
Provision for compensation loss	481	461
Other	3,151	4,825
Total non-current liabilities	37,018	55,082
Total liabilities	88,261	104,479
Net assets		
Shareholders' equity		
Share capital	9,113	9,147
Capital surplus	24,835	24,869
Retained earnings	80,601	76,416
Treasury shares	(1,631)	(1,632)
Total shareholders' equity	112,920	108,801
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	345	584
Foreign currency translation adjustment	(81)	(653)
Remeasurements of defined benefit plans	(393)	(342)
Total accumulated other comprehensive income	(129)	(411)
Share acquisition rights	182	138
Total net assets	112,973	108,527
Total liabilities and net assets	201,234	213,007

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

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net sales	135,247	141,846
Cost of sales	88,169	97,559
Gross profit	47,077	44,287
Selling, general and administrative expenses	35,695	35,937
Operating profit	11,382	8,349
Non-operating income		
Interest income	67	79
Dividend income	24	38
Other	656	252
Total non-operating income	748	370
Non-operating expenses		
Interest expenses	138	171
Share of loss of entities accounted for using equity method	1,923	2,261
Other	200	218
Total non-operating expenses	2,262	2,651
Ordinary profit	9,868	6,068
Extraordinary income		
Gain on sales of non-current assets	1	2
Gain on sales of investment securities	227	99
Gain on step acquisitions	–	283
Other	850	43
Total extraordinary income	1,079	428
Extraordinary losses		
Loss on retirement of non-current assets	69	58
Loss on cancellation of leases	–	246
Loss on termination of contracts	–	321
Other	1,197	101
Total extraordinary losses	1,267	728
Profit before income taxes	9,680	5,768
Income taxes - current	1,326	875
Income taxes - deferred	1,573	1,764
Total income taxes	2,900	2,640
Profit	6,780	3,127
Profit attributable to owners of parent	6,780	3,127

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit	6,780	3,127
Other comprehensive income		
Valuation difference on available-for-sale securities	(24)	238
Foreign currency translation adjustment	870	(571)
Remeasurements of defined benefit plans, net of tax	54	51
Total other comprehensive income	900	(281)
Comprehensive income	7,680	2,846
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	7,680	2,846

(3) Consolidated statement of cash flows

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Cash flows from operating activities		
Profit before income taxes	9,680	5,768
Depreciation	6,282	7,652
Amortization of goodwill	759	719
Loss (gain) on step acquisitions	–	(283)
Loss on cancellation of leases	–	246
Loss on termination of contracts	–	321
Loss (gain) on valuation of investment securities	312	–
Increase (decrease) in provision for bonuses	(1,586)	(2,190)
Increase (decrease) in retirement benefit liability	(122)	303
Interest and dividend income	(92)	(117)
Interest expenses	138	171
Share of loss (profit) of entities accounted for using equity method	1,923	2,261
Decrease (increase) in trade receivables	(1,133)	(1,239)
Decrease (increase) in inventories	(1,869)	(2,830)
Increase (decrease) in accrued consumption taxes	569	795
Decrease (increase) in other current assets	(781)	(1,139)
Increase (decrease) in other current liabilities	832	1,723
Other, net	(7,593)	615
Subtotal	7,320	12,777
Interest and dividends received	165	119
Interest paid	(110)	(194)
Income taxes (paid) refund	901	(4,746)
Net cash provided by (used in) operating activities	8,276	7,955
Cash flows from investing activities		
Purchase of property, plant and equipment	(19,337)	(6,471)
Purchase of intangible assets	(4,077)	(5,906)
Purchase of investment securities	(2,978)	(585)
Loan advances	(1,002)	(2,632)
Collection of loans receivable	1,890	427
Payments for acquisition of businesses	(517)	–
Purchase of shares of subsidiaries	(599)	(2,054)
Other, net	771	(190)
Net cash provided by (used in) investing activities	(25,850)	(17,413)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	9,981	–
Proceeds from long-term borrowings	21,662	–
Repayments of long-term borrowings	(2,827)	(6,322)
Proceeds from issuance of bonds	15,000	20,000
Repayments of finance lease obligations	(1,049)	(875)
Dividends paid	(7,402)	(7,408)
Other, net	(475)	(229)
Net cash provided by (used in) financing activities	34,889	5,163
Effect of exchange rate change on cash and cash equivalents	62	(106)
Net increase (decrease) in cash and cash equivalents	17,378	(4,401)
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	37,823	30,418