

Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 <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
 Contact: Naoki Kitamura, CFO
 TEL: +81-3-5909-3337

Scheduled date of ordinary general meeting of shareholders: June 23, 2020
 Scheduled date to commence dividend payments: June 2, 2020
 Scheduled date to submit Securities Report: June 24, 2020
 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, 2020

(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, 2020	188,712	4.0	9,939	(32.1)	6,468	(43.9)	(516)	—
March 31, 2019	181,415	(7.2)	14,648	(17.0)	11,524	(30.4)	6,386	—

Note: Comprehensive income

Fiscal year ended March 31, 2020: ¥(2,455) million [—%]
 Fiscal year ended March 31, 2019: ¥7,505 million [—%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Return on assets	Operating margin
	Yen	Yen	%	%	%
March 31, 2020	(9.06)	—	(0.5)	3.1	5.3
March 31, 2019	111.94	111.91	5.7	6.1	8.1

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

Fiscal year ended March 31, 2020: ¥(3,473) million
 Fiscal year ended March 31, 2019: ¥(3,471) 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, 2020	219,403	103,228	47.0	1,809.18
March 31, 2019	201,234	112,973	56.0	1,980.27

Reference: Equity

As of March 31, 2020: ¥103,086 million As of March 31, 2019: ¥112,790 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, 2020	15,229	(21,761)	8,234	36,226
March 31, 2019	16,244	(34,902)	31,973	33,688

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, 2019	–	65.00	–	65.00	130.00	7,423	116.1	6.6
Fiscal year ended March 31, 2020	–	65.00	–	65.00	130.00	7,426	–	6.9
Fiscal year ending March 31, 2021 (Forecast)	–	–	–	–	–		–	

Note: The cash dividends for the fiscal year ending March 31, 2021, will be disclosed promptly once it is possible to estimate the earnings forecasts.

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

The global spread of COVID-19 pandemic has significantly influenced medical and healthcare domain, where the Company's main business are deployed at, and currently there are many uncertain factors that could have an impact on business performance. For this reason, it is extremely difficult to calculate appropriate and rational forecasts of business results at this time. As a result, consolidated earnings forecasts for the fiscal year ending March 31, 2021 are "undetermined." The Company will promptly disclose its consolidated earnings forecasts for the fiscal year ending March 31, 2021, when it has further confirmed the extent of the impact of the spread of COVID-19 on the business activities of the Company and its subsidiaries and is thus able to calculate appropriate and rational forecasts of its consolidated business results.

* 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) 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

(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, 2020	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 March 31, 2020	408,064 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)

Fiscal year ended March 31, 2020	56,972,738 shares
Fiscal year ended March 31, 2019	57,048,847 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.

Reference: Summary of non-consolidated results

Non-consolidated financial results for the fiscal year ended March 31, 2020

(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, 2020	40,077	331.3	32,713	–	32,696	–	27,662	–
March 31, 2019	9,292	(29.2)	2,688	(57.6)	2,955	(54.3)	1,631	–

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended March 31, 2020	485.53	485.42
March 31, 2019	28.61	28.60

(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, 2020	161,349	66,877	41.4	1,171.23
March 31, 2019	117,070	47,017	40.0	822.27

Reference: Equity

As of March 31, 2020: ¥66,736 million As of March 31, 2019: ¥46,834 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 consolidated earnings forecasts for the fiscal year ending March 31, 2021, have not yet been determined as it is difficult at this stage to appropriately and rationally estimate it.

(How to access supplementary materials on financial results presentation meeting and the details of financial results presentation meeting)

The Company is scheduled to hold a financial results presentation meeting for institutional investors and analysts via online distribution on Wednesday, May 13, 2020, 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, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	33,699	36,357
Notes and accounts receivable - trade	34,145	32,737
Investments in leases	737	750
Merchandise and finished goods	5,302	6,796
Work in process	5,429	5,325
Raw materials and supplies	5,212	5,829
Other	5,250	16,193
Allowance for doubtful accounts	(128)	(90)
Total current assets	89,649	103,899
Non-current assets		
Property, plant and equipment		
Buildings and structures	53,146	55,102
Accumulated depreciation	(36,432)	(37,729)
Buildings and structures, net	16,714	17,372
Machinery, equipment and vehicles	14,875	15,544
Accumulated depreciation	(11,716)	(12,284)
Machinery, equipment and vehicles, net	3,159	3,259
Tools, furniture and fixtures	46,711	47,882
Accumulated depreciation	(27,364)	(29,309)
Tools, furniture and fixtures, net	19,346	18,572
Land	11,008	11,670
Leased assets	7,194	10,007
Accumulated depreciation	(4,776)	(5,241)
Leased assets, net	2,417	4,765
Construction in progress	2,107	2,689
Total property, plant and equipment	54,753	58,330
Intangible assets		
Goodwill	2,029	1,514
Customer-related intangible assets	1,105	970
Software	5,445	5,904
Leased assets	431	930
Other	6,086	11,706
Total intangible assets	15,098	21,027
Investments and other assets		
Investment securities	14,598	11,394
Long-term loans receivable	1,117	3,935
Deferred tax assets	14,251	8,565
Other	11,707	12,107
Allowance for doubtful accounts	(22)	(27)
Total investments and other assets	41,653	35,975
Total non-current assets	111,505	115,332
Deferred assets		
Bond issuance costs	80	171
Total deferred assets	80	171
Total assets	201,234	219,403

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,396	12,318
Electronically recorded obligations - operating	1,278	1,290
Short-term borrowings	10,000	10,000
Current portion of long-term borrowings	6,477	4,166
Lease obligations	816	1,471
Accounts payable - other	7,880	7,107
Income taxes payable	1,066	1,050
Provision for bonuses	6,054	6,235
Other	7,272	11,659
Total current liabilities	51,242	55,299
Non-current liabilities		
Bonds payable	15,000	35,000
Long-term borrowings	15,398	16,216
Lease obligations	2,225	4,671
Deferred tax liabilities	85	69
Retirement benefit liability	2,284	3,167
Asset retirement obligations	649	709
Provision for share-based remuneration	52	51
Provision for compensation loss	481	458
Other	840	531
Total non-current liabilities	37,018	60,875
Total liabilities	88,261	116,175
Net assets		
Shareholders' equity		
Share capital	9,113	9,147
Capital surplus	24,835	24,869
Retained earnings	80,601	72,772
Treasury shares	(1,631)	(1,633)
Total shareholders' equity	112,920	105,156
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	345	(117)
Foreign currency translation adjustment	(81)	(1,204)
Remeasurements of defined benefit plans	(393)	(747)
Total accumulated other comprehensive income	(129)	(2,069)
Share acquisition rights	182	141
Total net assets	112,973	103,228
Total liabilities and net assets	201,234	219,403

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

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	181,415	188,712
Cost of sales	119,462	131,135
Gross profit	61,952	57,577
Selling, general and administrative expenses	47,303	47,637
Operating profit	14,648	9,939
Non-operating income		
Interest income	88	109
Dividend income	25	38
Dividend income of insurance	38	35
Rental income	59	108
Outsourcing service income	51	28
Foreign exchange gains	16	78
Other	541	159
Total non-operating income	820	558
Non-operating expenses		
Interest expenses	195	230
Rental expenses	39	43
Share of loss of entities accounted for using equity method	3,471	3,473
Other	239	282
Total non-operating expenses	3,945	4,029
Ordinary profit	11,524	6,468
Extraordinary income		
Gain on sales of non-current assets	1	2
Gain on sales of investment securities	237	869
Gain on sales of shares of subsidiaries and associates	166	–
Gain on reversal of share acquisition rights	24	43
Gain on step acquisitions	–	283
Reversal of provision for compensation loss	656	–
Gain on revision of retirement benefit plan	211	–
Other	4	9
Total extraordinary income	1,302	1,207
Extraordinary losses		
Loss on retirement of non-current assets	157	98
Loss on valuation of investment securities	273	–
Loss on valuation of shares of subsidiaries and associates	–	475
Impairment loss	–	209
Loss on cancellation of leases	–	335
Loss on termination of contracts	–	321
Provision for compensation loss	855	–
Other	164	121
Total extraordinary losses	1,451	1,562
Profit before income taxes	11,375	6,113
Income taxes - current	1,590	829
Income taxes - deferred	3,398	5,800
Total income taxes	4,989	6,629
Profit (loss)	6,386	(516)
Profit (loss) attributable to owners of parent	6,386	(516)

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit (loss)	6,386	(516)
Other comprehensive income		
Valuation difference on available-for-sale securities	34	(463)
Foreign currency translation adjustment	674	(1,122)
Remeasurements of defined benefit plans, net of tax	410	(353)
Total other comprehensive income	1,118	(1,939)
Comprehensive income	7,505	(2,455)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	7,505	(2,455)

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,066	24,788	81,637	(1,235)	114,257
Changes during period					
Issuance of new shares - exercise of share acquisition rights	17	17			34
Issuance of new shares- Restricted Stock	30	30			60
Dividends of surplus			(7,422)		(7,422)
Profit (loss) attributable to owners of parent			6,386		6,386
Purchase of treasury shares				(395)	(395)
Net changes in items other than shareholders' equity					
Total changes during period	47	47	(1,035)	(395)	(1,336)
Balance at end of period	9,113	24,835	80,601	(1,631)	112,920

	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 period	310	(756)	(803)	(1,248)	217	113,225
Changes during period						
Issuance of new shares - exercise of share acquisition rights						34
Issuance of new shares- Restricted Stock						60
Dividends of surplus						(7,422)
Profit (loss) attributable to owners of parent						6,386
Purchase of treasury shares						(395)
Net changes in items other than shareholders' equity	34	674	410	1,118	(34)	1,084
Total changes during period	34	674	410	1,118	(34)	(252)
Balance at end of period	345	(81)	(393)	(129)	182	112,973

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,113	24,835	80,601	(1,631)	112,920
Cumulative effects of changes in accounting policies			628		628
Restated balance	9,113	24,835	81,230	(1,631)	113,549
Changes during period					
Issuance of new shares - exercise of share acquisition rights	2	2			4
Issuance of new shares- Restricted Stock	31	31			63
Dividends of surplus			(7,425)		(7,425)
Profit (loss) attributable to owners of parent			(516)		(516)
Purchase of treasury shares				(2)	(2)
Change in scope of consolidation			(199)		(199)
Change in scope of equity method			(317)		(317)
Net changes in items other than shareholders' equity					
Total changes during period	34	34	(8,458)	(2)	(8,392)
Balance at end of period	9,147	24,869	72,772	(1,633)	105,156

	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 period	345	(81)	(393)	(129)	182	112,973
Cumulative effects of changes in accounting policies						628
Restated balance	345	(81)	(393)	(129)	182	113,602
Changes during period						
Issuance of new shares - exercise of share acquisition rights						4
Issuance of new shares- Restricted Stock						63
Dividends of surplus						(7,425)
Profit (loss) attributable to owners of parent						(516)
Purchase of treasury shares						(2)
Change in scope of consolidation						(199)
Change in scope of equity method						(317)
Net changes in items other than shareholders' equity	(463)	(1,122)	(353)	(1,939)	(41)	(1,981)
Total changes during period	(463)	(1,122)	(353)	(1,939)	(41)	(10,374)
Balance at end of period	(117)	(1,204)	(747)	(2,069)	141	103,228

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	11,375	6,113
Depreciation	8,692	10,432
Impairment loss	–	209
Loss (gain) on step acquisitions	–	(283)
Loss on cancellation of leases	–	335
Loss on termination of contracts	–	321
Loss (gain) on sales of investment securities	(237)	(869)
Loss on valuation of shares of subsidiaries and associates	–	475
Amortization of goodwill	1,012	898
Increase (decrease) in retirement benefit liability	(408)	399
Interest and dividend income	(113)	(148)
Interest expenses	195	230
Share of loss (profit) of entities accounted for using equity method	3,471	3,473
Decrease (increase) in trade receivables	(2,460)	881
Decrease (increase) in inventories	(1,349)	(2,908)
Increase (decrease) in trade payables	995	1,909
Increase (decrease) in accrued consumption taxes	538	1,095
Decrease (increase) in other current assets	159	(1,616)
Increase (decrease) in other current liabilities	(94)	2,424
Other, net	(6,383)	929
Subtotal	15,393	24,305
Interest and dividends received	184	147
Interest paid	(150)	(223)
Income taxes (paid) refund	817	(8,999)
Net cash provided by (used in) operating activities	16,244	15,229
Cash flows from investing activities		
Purchase of property, plant and equipment	(21,361)	(8,095)
Purchase of intangible assets	(5,348)	(7,470)
Purchase of investment securities	(3,656)	(1,632)
Proceeds from sales of investment securities	970	1,053
Loan advances	(1,000)	(3,286)
Collection of loans receivable	1,888	427
Payments for acquisition of businesses	(517)	–
Payments of guarantee deposits	(7,701)	(323)
Purchase of shares of subsidiaries	(633)	(2,065)
Income from settlement	2,361	–
Other, net	97	(369)
Net cash provided by (used in) investing activities	(34,902)	(21,761)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	8,538	–
Proceeds from long-term borrowings	21,662	5,000
Repayments of long-term borrowings	(4,104)	(7,896)
Proceeds from issuance of bonds	15,000	20,000
Repayments of finance lease obligations	(1,221)	(1,223)
Dividends paid	(7,413)	(7,417)
Other, net	(487)	(228)
Net cash provided by (used in) financing activities	31,973	8,234
Effect of exchange rate change on cash and cash equivalents	(72)	(295)
Net increase (decrease) in cash and cash equivalents	13,243	1,406
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	33,688	36,226