



August 7, 2019

Consolidated Financial Results for the Three Months Ended June 30, 2019 (IFRS)

Company name: MIURA CO.,LTD.
 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 6005
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 Scheduled date for filing of quarterly securities report: August 9, 2019
 Scheduled date of commencement of dividend payment: —
 Supplementary documents for quarterly financial results: None
 Quarterly financial results briefing: None

(Units of less than 1 million yen have been omitted)

1. Consolidated Financial Results for the Three Months Ended June 30, 2019 (April 1, 2019 – June 30, 2019)

(1) Consolidated Operating Results (cumulative) (Percentages show year-on-year changes)

	Revenue		Operating profit		Profit before income taxes		Profit	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2019	27,264	(5.2)	2,561	(17.4)	2,646	(19.8)	1,916	(20.6)
June 30, 2018	28,755	38.2	3,103	45.0	3,299	44.4	2,414	56.9

	Profit attributable to owners of parent		Comprehensive income (loss)		Basic earnings per share	Diluted earnings per share
Three months ended	Million yen	%	Million yen	%	Yen	Yen
June 30, 2019	1,927	(19.3)	656	(67.3)	17.12	17.08
June 30, 2018	2,389	57.4	2,005	14.4	21.23	21.18

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
As of	Million yen	Million yen	Million yen	%
June 30, 2019	175,243	123,819	123,794	70.6
March 31, 2019	174,161	125,298	125,262	71.9

2. Dividends

	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
Fiscal year ended March 31, 2019	Yen —	Yen 14.00	Yen —	Yen 19.00	Yen 33.00
Fiscal year ending March 31, 2020	—				
Fiscal year ending March 31, 2020 (Forecasts)		16.00	—	19.00	35.00

(Note) Revisions to the dividend forecasts most recently announced: None

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(Percentages show the rate of increase or decrease from the previous corresponding period)

	Revenue		Operating profit		Profit before income taxes		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	68,000	3.6	8,300	3.5	8,400	1.1	6,100	2.8	54.19
Full-year	144,000	3.7	17,500	4.9	17,800	3.9	12,800	4.2	113.71

(Note) Revisions to the consolidated forecasts most recently announced: None

* Notes

(1) Changes of significant subsidiaries during the period (changes of specific subsidiaries in accordance with changes in the scope of consolidation): No

(2) Changes in Accounting Policies and Accounting Estimates

- (i) Changes in accounting policies required by IFRS: Yes
- (ii) Changes in accounting policies other than (i): None
- (iii) Changes in accounting estimates: None

(3) Numbers of Outstanding Shares (Common Shares)

- (i) Number of shares outstanding at the end of the period (including treasury shares)
 - As of June 30, 2019: 125,291,112 shares
 - As of March 31, 2019: 125,291,112 shares
- (ii) Number of treasury shares at the end of the period
 - As of June 30, 2019: 12,717,464 shares
 - As of March 31, 2019: 12,717,425 shares
- (iii) Weighted-average number of common shares outstanding for the period
 - Three months ended June 30, 2019: 112,573,648 shares
 - Three months ended June 30, 2018: 112,541,642 shares

* Financial summaries are not required to be audited.

* Explanation of the Proper Use of Financial Results Forecast and Other Notes

(Notes on forward-looking statements)

The forward-looking statements herein are based on the information currently available to the Company and certain assumptions which are regarded as legitimate. The Company makes no warranty as to the achievability of what is described in the statements. Actual results may differ significantly from these forecasts due to various factors. For the assumptions underlying the forecasts and precautions when using the forecasts, please refer to “1. Qualitative Information Regarding Results for the Three Months Ended June 30, 2019, (2) Explanation of Consolidated Forecasts and Other Forward-Looking Statements” on page 3 of the attached materials.

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1. Qualitative Information Regarding Results for the Three Months Ended June 30, 2019

(1) Explanation of Operating Results

During the first three months ended June 30, 2019, although the Japanese economy showed signs of deterioration in business confidence, capital investment remained steady. Overseas, although the US economy remained strong, with the escalating trade friction between the U.S. and China, and the intensifying situation in the Middle East, uncertainty over the future is still increasing.

Under these circumstances, based on its core principle “We will contribute to creating a society that is environmentally friendly and ways of living that are clean and comfortable through our work in the field of the Energy, Water, and Environment,” the Group has been working on expanding various products and services in Japan and overseas, as well as on proposal-type activities for “Total Solutions,” including the latest technology that can further meet our customer’s trust.

Regarding the consolidated results for the three months ended June 30, 2019, although the Maintenance business was solid in Japan, the boiler business was sluggish as in usual years, due to seasonal fluctuations in demand. While the Laundry business was sluggish compared to the previous fiscal year, capital investment continues to be strong. The Maintenance business was solid overseas as well, but boiler sales were sluggish due to the slowdown in the Chinese economy. Profits declined due to sluggish sales and an increase in personnel expenses.

As a result, revenue was ¥27,264 million, down 5.2% from the same period of the previous fiscal year, operating profit was ¥2,561 million, down 17.4%, profit before income taxes amounted to ¥2,646 million, down 19.8% and profit attributable to owners of parent stood at ¥1,927 million, down 19.3% respectively.

Operating results for each business segment is as follows.

(i) Domestic Manufacturing and Sales of Products

In the Domestic Manufacturing and Sales of Products business, sales were sluggish, as in every first quarters due to a drop in capital investment in small once-through boilers and related equipment. In medical equipment, sales of high-pressure steam sterilizers were firm, but other medical equipment was sluggish. However, in small once-through boilers and related equipment, and medical equipment, demand for capital investment continues to be solid. As a result, revenue in this business was ¥10,472 million, down 3.7% from the same period of the previous fiscal year (¥10,871 million). In terms of segment profit, the segment saw an increase in personnel expenses, attributable to a rise in pay-scale as well as higher numbers of employees. Nevertheless, the segment managed a profit of ¥202 million, up 0.9% from the same period of the previous fiscal year (¥200 million), thanks to a decrease in trial costs for obtaining USCG (United States Coast Guard) compliance certification for our ballast water management systems,

(ii) Domestic Maintenance

In the Domestic Maintenance business, sales grew due to aggressive activity to secure paid maintenance contracts. Furthermore, sales of parts increased as a result of strengthening proposals through coordination with our maintenance bases. Consequently, revenue in this business was ¥7,690 million, up 3.7% from the same period of the previous fiscal year (¥7,418 million). Segment profit was ¥1,992 million, down 7.6% from the same period of the previous fiscal year (¥2,155 million).

(iii) Domestic Laundry

The Domestic Laundry business was sluggish due to impact from the previous fiscal year, however the demand for equipment associated with labor-saving and manpower-saving as a countermeasure for rising personnel expenses and logistics costs remains solid. As a result, revenue in this business was ¥4,594 million, down 20.8% from the same period of the previous fiscal year (¥5,799 million). Segment profit was ¥335 million, down 39.7% respectively (¥555 million) after the amortization of intangible assets.

(iv) Overseas Manufacturing and Sales of Products

In the Overseas Manufacturing and Sales of Products business, boiler sales were sluggish in China and the Americas. As a result, revenue in this business was ¥3,202 million, down 5.1% from the same period of the previous fiscal year (¥3,373 million). Segment loss was ¥66 million compared to a segment loss of ¥6 million in the same period of the previous fiscal year, affected by higher personnel expenses partly due to an increase in employees.

(v) Overseas Maintenance

The Overseas Maintenance business made aggressive efforts in all target countries to obtain secure paid maintenance contracts, resulting in the higher number of contracts. As a result, revenue in this business was ¥1,292 million, up 1.2% from the same period of the previous fiscal year (¥1,276 million). In terms of segment profit, expenses increased due to the increase in the number of personnel, resulting in profit of ¥61 million, down 55.0% from the same period of the previous fiscal year (¥135 million).

(2) Explanation of Consolidated Forecasts and Other Forward-Looking Statements

The first-half and full-year consolidated forecast for the fiscal year ending March 31, 2020 that the Company announced on May 15, 2019 remain unchanged.

2. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statements of Financial Position

(Million yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and cash equivalents	34,258	29,280
Trade and other receivables	41,474	35,271
Other financial assets	8,146	9,532
Inventories	19,179	23,009
Other current assets	735	769
Total current assets	103,793	97,864
Non-current assets		
Property, plant and equipment	40,499	40,579
Right-of-use assets	—	7,580
Goodwill and intangible assets	13,838	13,754
Other financial assets	10,607	10,166
Net defined benefit asset	2,041	2,042
Deferred tax assets	2,990	3,200
Other non-current assets	390	55
Total non-current assets	70,367	77,379
Total assets	174,161	175,243

(Million yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities and equity		
Liabilities		
Current liabilities		
Lease liabilities	—	2,469
Trade and other payables	15,406	14,821
Other financial liabilities	1,812	1,667
Income taxes payable	3,314	1,023
Provisions	1,093	1,003
Contract liabilities	9,982	11,527
Other current liabilities	12,601	9,784
Total current liabilities	44,212	42,297
Non-current liabilities		
Lease liabilities	—	4,947
Other financial liabilities	2,003	1,625
Net defined benefit liability	370	350
Provisions	1	1
Deferred tax liabilities	1,966	1,922
Other non-current liabilities	309	279
Total non-current liabilities	4,651	9,126
Total liabilities	48,863	51,423
Equity		
Capital stock	9,544	9,544
Capital surplus	10,772	10,793
Retained earnings	111,144	110,917
Treasury shares	(7,000)	(7,000)
Other components of equity	801	(458)
Total equity attributable to owners of parent	125,262	123,794
Non-controlling interests	35	25
Total equity	125,298	123,819
Total liabilities and equity	174,161	175,243

(2) Condensed Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Condensed Consolidated Statements of Income)

(Million yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Revenue	28,755	27,264
Cost of revenue	17,405	15,995
Gross profit	11,349	11,269
Selling, general and administrative expenses	8,536	8,966
Other income	335	289
Other expenses	45	30
Operating profit	3,103	2,561
Finance income	206	146
Finance costs	10	61
Profit before income taxes	3,299	2,646
Income tax expenses	884	729
Profit	2,414	1,916
Profit attributable to:		
Owners of parent	2,389	1,927
Non-controlling interests	24	(10)
Profit	2,414	1,916
Earnings per share		
Basic (Yen)	21.23	17.12
Diluted (Yen)	21.18	17.08

(Consolidated Statements of Comprehensive Income)

(Million yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Profit	2,414	1,916
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(258)	(363)
Total items that will not be reclassified to profit or loss	(258)	(363)
Items that will be reclassified to profit or loss		
Translation adjustments of foreign operations	(150)	(897)
Total items that will be reclassified to profit or loss	(150)	(897)
Other comprehensive income (loss), net of taxes	(408)	(1,260)
Comprehensive income (loss)	2,005	656
Comprehensive income (loss) attributable to		
Owners of parent	1,981	667
Non-controlling interests	24	(10)
Comprehensive income (loss)	2,005	656

(3) Condensed Consolidated Statements of Changes in Equity

For the Three Months Ended June 30, 2018 (April 1, 2018 – June 30, 2018)

	Equity attributable to owners of parent				(Million yen)
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other components of equity Financial assets measured at FVTOCI
As of April 1, 2018	9,544	10,489	101,905	(7,019)	2,906
Cumulative effect of accounting change	—	—	—	—	—
Restated balance	9,544	10,489	101,905	(7,019)	2,906
Profit	—	—	2,389	—	—
Other comprehensive income (loss)	—	—	—	—	(258)
Comprehensive income (loss)	—	—	2,389	—	(258)
Compensation costs related to stock options	—	21	—	—	—
Dividends	—	—	(1,913)	—	—
Acquisition of treasury shares	—	—	—	(0)	—
Disposal of treasury shares	—	7	—	5	—
Total transactions with the owners	—	28	(1,913)	5	—
As of June 30, 2018	9,544	10,517	102,382	(7,014)	2,647

For the Three Months Ended June 30, 2018 (April 1, 2018 – June 30, 2018)

(Million yen)

(million yen)

	Equity attributable to owners of parent			Non-controlling interests	Total equity
	Other components of equity		Total		
	Translation adjustments of foreign operations	Total			
As of April 1, 2018	(343)	2,562	117,482	241	117,723
Cumulative effect of accounting change	—	—	—	—	—
Restated balance	(343)	2,562	117,482	241	117,723
Profit	—	—	2,389	24	2,414
Other comprehensive income (loss)	(150)	(408)	(408)	(0)	(408)
Comprehensive income (loss)	(150)	(408)	1,981	24	2,005
Compensation costs related to stock options	—	—	21	—	21
Dividends	—	—	(1,913)	(3)	(1,916)
Acquisition of treasury shares	—	—	(0)	—	(0)
Disposal of treasury shares	—	—	12	6	19
Total transactions with the owners	—	—	(1,879)	3	(1,876)
As of June 30, 2018	(494)	2,153	117,583	269	117,852

For the Three Months Ended June 30, 2019 (April 1, 2019 – June 30, 2019)

(Million yen)

	Equity attributable to owners of parent				Other components of equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Financial assets measured at FVTOCI
As of April 1, 2019	9,544	10,772	111,144	(7,000)	1,386
Cumulative effect of accounting change	—	—	(15)	—	—
Restated balance	9,544	10,772	111,128	(7,000)	1,386
Profit	—	—	1,927	—	—
Other comprehensive income (loss)	—	—	—	—	(363)
Comprehensive income (loss)	—	—	1,927	—	(363)
Compensation costs related to stock options	—	20	—	—	—
Dividends	—	—	(2,138)	—	—
Acquisition of treasury shares	—	—	—	(0)	—
Disposal of treasury shares	—	—	—	—	—
Total transactions with the owners	—	20	(2,138)	(0)	—
As of June 30, 2019	9,544	10,793	110,917	(7,000)	1,023

For the Three Months Ended June 30, 2019 (April 1, 2019 – June 30, 2019)

(Million yen)

(million yen)

	Equity attributable to owners of parent			Non-controlling interests	Total equity
	Other components of equity		Total		
	Translation adjustments of foreign operations	Total			
As of April 1, 2019	(584)	801	125,262	35	125,298
Cumulative effect of accounting change	—	—	(15)	—	(15)
Restated balance	(584)	801	125,246	35	125,282
Profit	—	—	1,927	(10)	1,916
Other comprehensive income (loss)	(897)	(1,260)	(1,260)	0	(1,260)
Comprehensive income (loss)	(897)	(1,260)	667	(10)	656
Compensation costs related to stock options	—	—	20	—	20
Dividends	—	—	(2,138)	—	(2,138)
Acquisition of treasury shares	—	—	(0)	—	(0)
Disposal of treasury shares	—	—	—	—	—
Total transactions with the owners	—	—	(2,118)	—	(2,118)
As of June 30, 2019	(1,482)	(458)	123,794	25	123,819

3. Notes on Condensed Consolidated Financial Statements

Segment Information

1. General Information on Reporting Segments

Financial information which is broken down within each component unit is available for the Miura Group's reporting segments. The information is subject to regular review by the Board of Directors in order to make decisions about resources to be allocated and to assess performance.

The Miura Group is engaged primarily in the manufacture, sales, and maintenance of boilers, laundry machines and related equipment. The Company and domestic affiliated companies undertake our domestic business, and our overseas affiliated companies undertake our overseas business. Each of our local subsidiaries is an independent management unit that proposes comprehensive strategy for the products it handles in each region and engages in business activities.

Accordingly, the Miura Group is composed of domestic and overseas segments founded upon a manufacturing, sales, and maintenance framework, with Domestic Manufacturing and Sales of Products, Domestic Maintenance, Domestic Laundry, Overseas Manufacturing and Sales of Products, and Overseas Maintenance as our reporting segments.

2. Segment revenue and performance

Revenue and performance of each reportable segment of the Miura Group are as follows.

Intersegment revenue and transfers are based on current market values.

For the Three Months Ended June 30, 2018

(Million yen)

	Reportable segments						Others (Note 2)	Total	Adjustment (Note 3)	Consolidated
	Domestic (Note 1)			Overseas (Note 1)		Subtotal				
	Manufacturing and sales of products	Maintenance	Laundry	Manufacturing and sales of products	Maintenance					
Revenue										
Revenue to external customers	10,871	7,418	5,799	3,373	1,276	28,738	16	28,755	—	28,755
Intersegment revenue and transfers	833	30	5	65	4	938	112	1,050	(1,050)	—
Total	11,704	7,448	5,804	3,438	1,280	29,677	128	29,805	(1,050)	28,755
Segment profit (loss)	200	2,155	555	(6)	135	3,041	24	3,066	36	3,103
Finance income	—	—	—	—	—	—	—	—	—	206
Finance costs	—	—	—	—	—	—	—	—	—	10
Profit before income taxes	—	—	—	—	—	—	—	—	—	3,299

(Notes)

1. The "Domestic" and "Overseas" categories among the reportable segments pertain to the business activities of domestic consolidated companies and overseas consolidated companies, respectively.
2. The "Others" category consists of business that is not included in reportable segments. It includes Real estate management business and Enterprise and personal non-life insurance and life insurance agent business and so on.
3. Adjustment of segment profit (loss) includes the elimination of internal transactions among segments.

For the Three Months Ended June 30, 2019

(Million yen)

	Reportable segments						Others (Note 2)	Total	Adjustment (Note 3)	Consolidated
	Domestic (Note 1)			Overseas (Note 1)		Subtotal				
	Manufacturing and sales of products	Maintenance	Laundry	Manufacturing and sales of products	Maintenance					
Revenue										
Revenue to external customers	10,472	7,690	4,594	3,202	1,292	27,251	13	27,264	—	27,264
Intersegment revenue and transfers	729	32	0	70	33	866	120	986	(986)	—
Total	11,202	7,722	4,595	3,272	1,325	28,117	133	28,251	(986)	27,264
Segment profit (loss)	202	1,992	335	(66)	61	2,525	9	2,534	26	2,561
Finance income	—	—	—	—	—	—	—	—	—	146
Finance costs	—	—	—	—	—	—	—	—	—	61
Profit before income taxes	—	—	—	—	—	—	—	—	—	2,646

(Notes)

1. The “Domestic” and “Overseas” categories among the reportable segments pertain to the business activities of domestic consolidated companies and overseas consolidated companies, respectively.
2. The “Others” category consists of business that is not included in reportable segments. It includes Real estate management business and Enterprise and personal non-life insurance and life insurance agent business and so on.
3. Adjustment of segment profit (loss) include the elimination of internal transactions among segments.