



November 5, 2019

Consolidated Financial Results for the Six Months Ended September 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: November 14, 2019
 Scheduled date of commencement of dividend payment: December 2, 2019
 Supplementary documents for quarterly financial results: Yes
 Quarterly financial results briefing: Yes (for analysts and institutional investors)

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

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

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

	Revenue		Operating profit		Profit before income taxes		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended								
September 30, 2019	67,714	3.2	8,726	8.8	8,848	6.5	6,383	6.9
September 30, 2018	65,632	19.0	8,022	21.4	8,310	21.7	5,972	25.9

	Profit attributable to owners of parent		Comprehensive income (loss)		Basic earnings per share	Diluted earnings per share
	Million yen	%	Million yen	%	Yen	Yen
Six months ended						
September 30, 2019	6,392	7.7	4,745	(20.8)	56.75	56.62
September 30, 2018	5,933	25.9	5,995	11.6	52.72	52.58

(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
	Million yen	Million yen	Million yen	%
As of				
September 30, 2019	180,254	127,984	127,957	71.0
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
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2019	—	14.00	—	19.00	33.00
Fiscal year ending March 31, 2020	—	16.00			
Fiscal year ending March 31, 2020 (Forecasts)			—	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
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): None

(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 September 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 September 30, 2019: 12,594,766 shares
 - As of March 31, 2019: 12,717,425 shares
- (iii) Weighted-average number of common shares outstanding for the period
 - Six months ended September 30, 2019: 112,635,332 shares
 - Six months ended September 30, 2018: 112,557,719 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 Six Months Ended September 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 Six Months Ended September 30, 2019

(1) Explanation of Operating Results

In the six months ended September 30, 2019, for the Japanese economy there were signs of caution regarding capital investment demand in the manufacturing industry due to the trade friction between the U.S. and China and the slowdown in the Chinese economy. Overseas, due to such factors as the prolonged trade friction between the U.S. and China, uncertainty over the future is still growing.

In these circumstances, we have been providing total solutions to various problems that customers are facing through the one-stop service that leverages the consolidated capabilities of engineering, sales, and maintenance.

For the six months ended September 30, 2019, sales of small once-through boilers—a major product— and medical equipment grew in Japan, and the Maintenance business also experienced strong growth. While the Laundry business was sluggish compared to the previous fiscal year, capital investment continues to be strong. Overseas, the Maintenance business was solid, but boiler sales were sluggish due to the slowdown in the Chinese economy. In terms of profits, although expenses rose following expenses for the 60 Year Commemorative Fair and higher personnel expenses, the increase in sales resulted in increased profit. As a result, revenue increased to ¥67,714 million, up 3.2% from the same period of the previous fiscal year, operating profit increased to ¥8,726 million, up 8.8% from the same period of the previous fiscal year, profit before income taxes amounted to ¥8,848 million, up 6.5% from the same period of the previous fiscal year, and profit attributable to owners of parent stood at ¥6,392 million, up 7.7% from the same period of the previous fiscal year, reaching a record high 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 of small once-through boilers and related equipment were strong, supported by the demand for renewal of existing facilities. Moreover, sales of marine equipment and high-pressure steam sterilizers for medical equipment were strong. As a result, revenue in this business was ¥29,977 million, up 9.1% from the same period of the previous fiscal year (¥27,466 million). In terms of segment profit, the segment saw an increase in personnel expenses attributable to a rise in pay-scale and higher numbers of employees, but a decrease in research costs related to trials for obtaining the USCG (United States Coast Guard) compliance certification for our ballast water management systems, as well as the increase in sales resulted in profit of ¥2,417 million, up 50.7% from the same period of the previous fiscal year (¥1,604 million).

(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 ¥16,197 million, up 5.7% from the same period of the previous fiscal year (¥15,320 million). Segment profit was ¥4,757 million, up 9.5% from the same period of the previous fiscal year (¥4,343 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 ¥9,243 million, down 11.5% from the same period of the previous fiscal year (¥10,446 million). Segment profit was ¥528 million, down 37.2% (¥840 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. As a result, revenue in this business was ¥9,332 million, down 4.4% from the same period of the previous fiscal year (¥9,763 million). In addition, due to an increase in personnel expenses, segment profit was ¥773 million, down 12.4% from the same period of the previous fiscal year (¥883million).

(v) Overseas Maintenance

In the Overseas Maintenance business, the number of contracts increased due to low NOx compliance in China and our proactively securing paid maintenance contracts in all target countries. As a result, revenue in this business was ¥2,939 million, up 12.8% from the same period of the previous fiscal year (¥2,605 million). Segment profit was ¥293 million, up 67.8% from the same period of the previous fiscal year (¥174 million).

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

The 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 September 30, 2019
Assets		
Current assets		
Cash and cash equivalents	34,258	34,373
Trade and other receivables	41,474	40,288
Other financial assets	8,146	6,716
Inventories	19,179	20,867
Other current assets	735	843
Total current assets	<u>103,793</u>	<u>103,089</u>
Non-current assets		
Property, plant and equipment	40,499	40,577
Right-of-use assets	—	7,418
Goodwill and intangible assets	13,838	13,617
Other financial assets	10,607	10,404
Net defined benefit asset	2,041	2,051
Deferred tax assets	2,990	3,024
Other non-current assets	390	69
Total non-current assets	<u>70,367</u>	<u>77,164</u>
Total assets	<u><u>174,161</u></u>	<u><u>180,254</u></u>

(Million yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities and equity		
Liabilities		
Current liabilities		
Lease liabilities	—	2,431
Trade and other payables	15,406	14,583
Other financial liabilities	1,812	1,541
Income taxes payable	3,314	2,546
Provisions	1,093	982
Contract liabilities	9,982	11,835
Other current liabilities	12,601	9,553
Total current liabilities	44,212	43,474
Non-current liabilities		
Lease liabilities	—	4,828
Other financial liabilities	2,003	1,500
Net defined benefit liability	370	311
Provisions	1	1
Deferred tax liabilities	1,966	1,878
Other non-current liabilities	309	275
Total non-current liabilities	4,651	8,795
Total liabilities	48,863	52,270
Equity		
Capital stock	9,544	9,544
Capital surplus	10,772	10,800
Retained earnings	111,144	115,382
Treasury shares	(7,000)	(6,933)
Other components of equity	801	(836)
Total equity attributable to owners of parent	125,262	127,957
Non-controlling interests	35	27
Total equity	125,298	127,984
Total liabilities and equity	174,161	180,254

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

(Million yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Revenue	65,632	67,714
Cost of revenue	39,913	40,471
Gross profit	25,718	27,243
Selling, general and administrative expenses	18,146	18,762
Other income	489	322
Other expenses	38	76
Operating profit	8,022	8,726
Finance income	304	201
Finance costs	16	79
Profit before income taxes	8,310	8,848
Income tax expenses	2,337	2,465
Profit	5,972	6,383
Profit attributable to:		
Owners of parent	5,933	6,392
Non-controlling interests	39	(9)
Profit	5,972	6,383
Earnings per share		
Basic (Yen)	52.72	56.75
Diluted (Yen)	52.58	56.62

(Consolidated Statements of Comprehensive Income)

(Million yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	5,972	6,383
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(94)	(202)
Total items that will not be reclassified to profit or loss	(94)	(202)
Items that will be reclassified to profit or loss		
Translation adjustments of foreign operations	117	(1,434)
Total items that will be reclassified to profit or loss	117	(1,434)
Other comprehensive income (loss), net of taxes	22	(1,637)
Comprehensive income (loss)	5,995	4,745
Comprehensive income (loss) attributable to		
Owners of parent	5,955	4,754
Non-controlling interests	39	(8)
Comprehensive income (loss)	5,995	4,745

(3) Condensed Consolidated Statements of Changes in Equity

For the Six Months Ended September 30, 2018 (April 1, 2018 – September 30, 2018)

(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, 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	—	—	5,933	—	—
Other comprehensive income (loss)	—	—	—	—	(94)
Comprehensive income (loss)	—	—	5,933	—	(94)
Compensation costs related to stock options	—	41	—	—	—
Sales of treasury shares upon exercise of stock options	—	(15)	—	15	—
Restricted share-based remuneration	—	—	—	—	—
Dividends	—	—	(1,913)	—	—
Changes in the ownership interest in subsidiaries without loss of control	—	207	—	—	—
Acquisition of treasury shares	—	—	—	(0)	—
Disposal of treasury shares	—	9	—	5	—
Total transactions with the owners	—	242	(1,913)	21	—
As of September 30, 2018	9,544	10,731	105,926	(6,998)	2,811

For the Six Months Ended September 30, 2018 (April 1, 2018 – September 30, 2018)

(Million yen)

	Equity attributable to owners of parent				Total equity
	Other components of equity		Total	Non-controlling interests	
	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	—	—	5,933	39	5,972
Other comprehensive income (loss)	116	21	21	0	22
Comprehensive income (loss)	116	21	5,955	39	5,995
Compensation costs related to stock options	—	—	41	—	41
Sales of treasury shares upon exercise of stock options	—	—	0	—	0
Restricted share-based remuneration	—	—	—	—	—
Dividends	—	—	(1,913)	(3)	(1,916)
Changes in the ownership interest in subsidiaries without loss of control	—	—	207	(253)	(46)
Acquisition of treasury shares	—	—	(0)	—	(0)
Disposal of treasury shares	—	—	15	7	22
Total transactions with the owners	—	—	(1,649)	(248)	(1,898)
As of September 30, 2018	(227)	2,584	121,787	32	121,820

For the Six Months Ended September 30, 2019 (April 1, 2019 – September 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	—	—	6,392	—	—
Other comprehensive income (loss)	—	—	—	—	(202)
Comprehensive income (loss)	—	—	6,392	—	(202)
Compensation costs related to stock options	—	20	—	—	—
Sales of treasury shares upon exercise of stock options	—	(54)	—	55	—
Restricted share-based remuneration	—	62	—	12	—
Dividends	—	—	(2,138)	—	—
Changes in the ownership interest in subsidiaries without loss of control	—	—	—	—	—
Acquisition of treasury shares	—	—	—	(0)	—
Disposal of treasury shares	—	—	—	—	—
Total transactions with the owners	—	27	(2,138)	67	—
As of September 30, 2019	9,544	10,800	115,382	(6,933)	1,183

For the Six Months Ended September 30, 2019 (April 1, 2019 – September 30, 2019)

(Million yen)

	Equity attributable to owners of parent				Non-controlling interests	Total equity
	Other components of equity		Total	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	—	—	6,392	(9)	6,383	
Other comprehensive income (loss)	(1,435)	(1,638)	(1,638)	0	(1,637)	
Comprehensive income (loss)	(1,435)	(1,638)	4,754	(8)	4,745	
Compensation costs related to stock options	—	—	20	—	20	
Sales of treasury shares upon exercise of stock options	—	—	0	—	0	
Restricted share-based remuneration	—	—	74	—	74	
Dividends	—	—	(2,138)	—	(2,138)	
Changes in the ownership interest in subsidiaries without loss of control	—	—	—	—	—	
Acquisition of treasury shares	—	—	(0)	—	(0)	
Disposal of treasury shares	—	—	—	—	—	
Total transactions with the owners	—	—	(2,043)	—	(2,043)	
As of September 30, 2019	(2,019)	(836)	127,957	27	127,984	

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 Six Months Ended September 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	27,466	15,320	10,446	9,763	2,605	65,602	29	65,632	—	65,632
Intersegment revenue and transfers	1,629	87	6	131	24	1,878	233	2,112	(2,112)	—
Total	29,096	15,408	10,452	9,894	2,629	67,481	263	67,744	(2,112)	65,632
Segment Profit	1,604	4,343	840	883	174	7,846	35	7,881	140	8,022
Finance income	—	—	—	—	—	—	—	—	—	304
Finance costs	—	—	—	—	—	—	—	—	—	16
Profit before income taxes	—	—	—	—	—	—	—	—	—	8,310

(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 includes the elimination of internal transactions among segments.

For the Six Months Ended September 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	29,977	16,197	9,243	9,332	2,939	67,689	25	67,714	—	67,714
Intersegment revenue and transfers	1,821	86	2	115	54	2,081	243	2,324	(2,324)	—
Total	31,798	16,283	9,245	9,448	2,994	69,770	268	70,038	(2,324)	67,714
Segment profit	2,417	4,757	528	773	293	8,769	7	8,776	(50)	8,726
Finance income	—	—	—	—	—	—	—	—	—	201
Finance costs	—	—	—	—	—	—	—	—	—	79
Profit before income taxes	—	—	—	—	—	—	—	—	—	8,848

(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 include the elimination of internal transactions among segments.