



February 3, 2020

Consolidated Financial Results for the Nine Months Ended December 31, 2019 (IFRS)

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 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 6005
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 Scheduled date for filing of quarterly securities report: February 14, 2020
 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 Nine Months Ended December 31, 2019 (April 1, 2019 – December 31, 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	%
Nine months ended December 31, 2019	101,062	3.7	13,385	9.2	13,643	8.0	9,865	8.6
December 31, 2018	97,488	13.0	12,257	14.6	12,627	14.3	9,082	17.0

	Profit attributable to owners of parent		Comprehensive income (loss)		Basic earnings per share	Diluted earnings per share
	Million yen	%	Million yen	%	Yen	Yen
Nine months ended December 31, 2019	9,864	9.0	9,644	31.2	87.56	87.37
December 31, 2018	9,049	17.0	7,351	(18.7)	80.39	80.18

(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
	Million yen	Million yen	Million yen	%
As of December 31, 2019	183,669	131,079	131,041	71.3
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	—	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 December 31, 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 December 31, 2019: 12,594,826 shares
 - As of March 31, 2019: 12,717,425 shares
- (iii) Weighted-average number of common shares outstanding for the period
 - Nine months ended December 31, 2019: 112,655,732 shares
 - Nine months ended December 31, 2018: 112,563,344 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 Nine Months Ended December 31, 2019, (2) Explanation of Consolidated Forecasts and Other Forward-Looking Statements” on page 3 of the attached materials.

Index

1. Qualitative Information Regarding Results for the Nine Months Ended December 31, 2019	2
(1) Explanation of Operating Results	2
(2) Explanation of Consolidated Forecasts and Other Forward-Looking Statements	3
2. Condensed Consolidated Financial Statements	4
(1) Condensed Consolidated Statements of Financial Position	4
(2) Condensed Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	6
(3) Condensed Consolidated Statements of Changes in Equity	8
3. Notes on Condensed Consolidated Financial Statements	12
Segment Information	12

1. Qualitative Information Regarding Results for the Nine Months Ended December 31, 2019

(1) Explanation of Operating Results

In the nine months ended December 31, 2019, for the Japanese economy, although there were signs of slowdown in the global economy due to the consumption tax hike and trade friction between the U.S. and China, capital investments were solid. Overseas, due to such factors as the increasingly instable situation in the Middle East, a novel coronavirus (2019-nCoV) spread, and other factors, uncertainty over the future is still growing.

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,” in order to further deepen the relationship of trust built in the maintenance business, which is Miura's strength, the Group has been working on proposals for “Total Solutions,” to solve various issues that our customers face and on promoting the “One-Stop Service.”

For the nine months ended December 31, 2019, sales of small once-through boilers—a major product—and marine 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 demand continues to be strong. Overseas, boiler sales and the Maintenance business was solid. 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 ¥101,062 million, up 3.7% from the same period of the previous fiscal year, operating profit increased to ¥13,385 million, up 9.2% from the same period of the previous fiscal year, profit before income taxes amounted to ¥13,643 million, up 8.0% from the same period of the previous fiscal year, and profit attributable to owners of parent stood at ¥9,864 million, up 9.0% 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, in marine equipment, sales of ballast water management systems and marine auxiliary boilers were strong. As a result, revenue in this business was ¥44,163 million, up 6.2% from the same period of the previous fiscal year (¥41,589 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 ¥3,389 million, up 14.0% from the same period of the previous fiscal year (¥2,974 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. As a result, revenue in this business was ¥24,345 million, up 4.2% from the same period of the previous fiscal year (¥23,361 million). Segment profit was ¥7,372 million, up 13.0% from the same period of the previous fiscal year (¥6,526 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 ¥12,934 million, down 9.9% from the same period of the previous fiscal year (¥14,355 million). Segment profit was ¥529 million, down 45.7% (¥975 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 strong in Korea and the Americas. As a result, revenue in this business was ¥14,730 million, up 4.5% from the same period of the previous fiscal year (¥14,090 million). segment profit was ¥1,554 million, up 13.3% from the same period of the previous fiscal year (¥1,372 million).

(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 ¥4,850 million, up 19.8% from the same period of the previous fiscal year (¥4,048 million). Segment profit was ¥613 million, up 127.9% from the same period of the previous fiscal year (¥269 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 December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	34,258	32,356
Trade and other receivables	41,474	40,104
Other financial assets	8,146	7,241
Inventories	19,179	24,732
Other current assets	735	919
Total current assets	<u>103,793</u>	<u>105,353</u>
Non-current assets		
Property, plant and equipment	40,499	40,834
Right-of-use assets	—	7,330
Goodwill and intangible assets	13,838	13,452
Other financial assets	10,607	11,868
Net defined benefit asset	2,041	2,067
Deferred tax assets	2,990	2,701
Other non-current assets	390	59
Total non-current assets	<u>70,367</u>	<u>78,315</u>
Total assets	<u><u>174,161</u></u>	<u><u>183,669</u></u>

(Million yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities and equity		
Liabilities		
Current liabilities		
Lease liabilities	—	2,412
Trade and other payables	15,406	14,701
Other financial liabilities	1,812	1,543
Income taxes payable	3,314	1,209
Provisions	1,093	942
Contract liabilities	9,982	12,919
Other current liabilities	12,601	10,177
Total current liabilities	44,212	43,907
Non-current liabilities		
Lease liabilities	—	4,738
Other financial liabilities	2,003	1,500
Net defined benefit liability	370	330
Provisions	1	1
Deferred tax liabilities	1,966	1,835
Other non-current liabilities	309	276
Total non-current liabilities	4,651	8,682
Total liabilities	48,863	52,589
Equity		
Capital stock	9,544	9,544
Capital surplus	10,772	10,800
Retained earnings	111,144	117,052
Treasury shares	(7,000)	(6,933)
Other components of equity	801	578
Total equity attributable to owners of parent	125,262	131,041
Non-controlling interests	35	38
Total equity	125,298	131,079
Total liabilities and equity	174,161	183,669

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

(Million yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Revenue	97,488	101,062
Cost of revenue	58,324	59,572
Gross profit	39,163	41,489
Selling, general and administrative expenses	27,457	28,448
Other income	644	418
Other expenses	93	73
Operating profit	12,257	13,385
Finance income	403	334
Finance costs	34	77
Profit before income taxes	12,627	13,643
Income tax expenses	3,544	3,777
Profit	9,082	9,865
Profit attributable to:		
Owners of parent	9,049	9,864
Non-controlling interests	33	1
Profit	9,082	9,865
Earnings per share		
Basic (Yen)	80.39	87.56
Diluted (Yen)	80.18	87.37

(Consolidated Statements of Comprehensive Income)

(Million yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit	9,082	9,865
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(1,412)	408
Total items that will not be reclassified to profit or loss	(1,412)	408
Items that will be reclassified to profit or loss		
Translation adjustments of foreign operations	(318)	(629)
Total items that will be reclassified to profit or loss	(318)	(629)
Other comprehensive income (loss), net of taxes	(1,730)	(221)
Comprehensive income (loss)	7,351	9,644
Comprehensive income (loss) attributable to		
Owners of parent	7,318	9,641
Non-controlling interests	33	2
Comprehensive income (loss)	7,351	9,644

(3) Condensed Consolidated Statements of Changes in Equity

For the Nine Months Ended December 31, 2018 (April 1, 2018 – December 31, 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	—	—	9,049	—	—
Other comprehensive income (loss)	—	—	—	—	(1,412)
Comprehensive income (loss)	—	—	9,049	—	(1,412)
Compensation costs related to stock options	—	61	—	—	—
Sales of treasury shares upon exercise of stock options	—	(15)	—	15	—
Restricted share-based remuneration	—	—	—	—	—
Dividends	—	—	(3,489)	—	—
Changes in the ownership interest in subsidiaries without loss of control	—	207	—	—	—
Acquisition of treasury shares	—	—	—	(0)	—
Disposal of treasury shares	—	9	—	5	—
Transfer from other components of equity to retained earnings	—	—	—	—	—
Total transactions with the owners	—	262	(3,489)	20	—
As of December 31, 2018	9,544	10,752	107,465	(6,998)	1,494

For the Nine Months Ended December 31, 2018 (April 1, 2018 – December 31, 2018)

(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	—	—	9,049	33	9,082	
Other comprehensive income (loss)	(318)	(1,730)	(1,730)	0	(1,730)	
Comprehensive income (loss)	(318)	(1,730)	7,318	33	7,351	
Compensation costs related to stock options	—	—	61	—	61	
Sales of treasury shares upon exercise of stock options	—	—	0	—	0	
Restricted share-based remuneration	—	—	—	—	—	
Dividends	—	—	(3,489)	(3)	(3,492)	
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	
Transfer from other components of equity to retained earnings	—	—	—	—	—	
Total transactions with the owners	—	—	(3,205)	(248)	(3,454)	
As of December 31, 2018	(662)	831	121,594	25	121,620	

For the Nine Months Ended December 31, 2019 (April 1, 2019 – December 31, 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	—	—	9,864	—	—
Other comprehensive income (loss)	—	—	—	—	408
Comprehensive income (loss)	—	—	9,864	—	408
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	—	—	(3,942)	—	—
Changes in the ownership interest in subsidiaries without loss of control	—	—	—	—	—
Acquisition of treasury shares	—	—	—	(0)	—
Disposal of treasury shares	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	0	—	(0)
Total transactions with the owners	—	27	(3,941)	67	(0)
As of December 31, 2019	9,544	10,800	117,052	(6,933)	1,793

For the Nine Months Ended December 31, 2019 (April 1, 2019 – December 31, 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	—	—	9,864	1	9,865	
Other comprehensive income (loss)	(630)	(222)	(222)	1	(221)	
Comprehensive income (loss)	(630)	(222)	9,641	2	9,644	
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	—	—	(3,942)	—	(3,942)	
Changes in the ownership interest in subsidiaries without loss of control	—	—	—	—	—	
Acquisition of treasury shares	—	—	(0)	—	(0)	
Disposal of treasury shares	—	—	—	—	—	
Transfer from other components of equity to retained earnings	—	(0)	—	—	—	
Total transactions with the owners	—	(0)	(3,847)	—	(3,847)	
As of December 31, 2019	(1,215)	578	131,041	38	131,079	

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 Nine Months Ended December 31, 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	41,589	23,361	14,355	14,090	4,048	97,445	42	97,488	—	97,488
Intersegment revenue and transfers	2,594	131	7	207	36	2,976	353	3,330	(3,330)	—
Total	44,183	23,493	14,363	14,297	4,084	100,422	396	100,818	(3,330)	97,488
Segment Profit	2,974	6,526	975	1,372	269	12,117	45	12,162	94	12,257
Finance income	—	—	—	—	—	—	—	—	—	403
Finance costs	—	—	—	—	—	—	—	—	—	34
Profit before income taxes	—	—	—	—	—	—	—	—	—	12,627

(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 Nine Months Ended December 31, 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	44,163	24,345	12,934	14,730	4,850	101,024	38	101,062	—	101,062
Intersegment revenue and transfers	2,921	158	8	196	75	3,360	373	3,734	(3,734)	—
Total	47,084	24,504	12,943	14,927	4,925	104,385	411	104,796	(3,734)	101,062
Segment profit	3,389	7,372	529	1,554	613	13,459	21	13,481	(95)	13,385
Finance income	—	—	—	—	—	—	—	—	—	334
Finance costs	—	—	—	—	—	—	—	—	—	77
Profit before income taxes	—	—	—	—	—	—	—	—	—	13,643

(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.