



Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending December 31, 2021
(Nine Months Ended September 30, 2021)

[Japanese GAAP]

November 11, 2021

Company name: Mercuria Holdings Co., Ltd.

Listing: Tokyo Stock Exchange, First Section

Stock code: 7347

URL: <https://mercuria-hd.jp/en/>

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Scheduled date of filing of Quarterly Report:

November 11, 2021

Scheduled date of payment of dividend:

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Preparation of supplementary materials for quarterly financial results: None

Holding of quarterly financial results meeting:

None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Nine Months of 2021 (January 1 to September 30, 2021)

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Sep. 30, 2021	2,819	-	1,460	-	1,499	-	1,032	-
Nine months ended Sep. 30, 2020	-	-	-	-	-	-	-	-

Note: Comprehensive income (millions of yen) Nine months ended Sep. 30, 2021: 1,684 (-%)

Nine months ended Sep. 30, 2020: - (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Sep. 30, 2021	61.43	60.88
Nine months ended Sep. 30, 2020	-	-

Note: The results of operations and year-on-year changes for the nine months ended September 30, 2020 are not shown above as Mercuria Holdings was established on July 1, 2021 through a transfer of stock.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Sep. 30, 2021	16,008	13,819	82.1
As of Dec. 31, 2020	-	-	-

Reference: Shareholders' equity (millions of yen) As of Sep. 30, 2021: 13,137 A of Dec. 31, 2020: -

Note: The financial position as of December 31, 2020 is not presented as Mercuria Holdings was established on July 1, 2021 through a transfer of stock.

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2020	-	-	-	-	-
2021	-	-	-	-	-
2021 (forecast)	-	-	-	20.00	20.00

Note: Revisions to the most recently announced dividend forecast: None

Note: Dividends for 2020 and for the ends of 1Q and 2Q of 2021 are not presented as Mercuria Holdings was established on July 1, 2021 through a transfer of stock.

3. Consolidated Forecast for 2021 (January 1 to December 31, 2021)

(Percentages represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	3,800	-	1,800	-	1,800	-	1,200	-	71.41

Note: Revisions to the most recently announced consolidated forecast: Yes

Note: The year-on-year changes are not presented as Mercuria Holdings was established on July 1, 2021 through a transfer of stock.

*** Notes**

(1) Changes in significant subsidiaries during the period (change in scope of consolidation): None

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: Yes

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None,

4) Restatements: None

(4) Number of shares issued (common stock)

1) Number of shares issued at the end of the period (including treasury shares)

As of Sep. 30, 2021:	17,670,100 shares	As of Dec. 31, 2020:	- shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2021:	857,111 shares	As of Dec. 31, 2020:	- shares
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3) Average number of shares during the period

Nine months ended Sep. 30, 2021:	16,804,266 shares	Nine months ended Sep. 30, 2020:	- shares
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* The current financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Cautionary statement with respect to forward-looking statements, and other special items

Forecasts of future performance in this document are based on assumption judged to be valid and information currently available to Mercuria Holdings' management, but are not promises by Mercuria Holdings regarding future performance. Actual results may differ materially from the forecasts for a number of reasons. Please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 3 for forecast assumptions and notes of caution for usage.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

On July 1, 2021, Mercuria Holdings Co., Ltd. was established as the parent company and sole shareholder of Mercuria Investment Co., Ltd. by transferring all shares of Mercuria Investment to the new holding company. As there is no effective change in the scope of consolidation, comparisons with the first nine months of 2020 are comparisons of the first nine months of 2020 of Mercuria Investment and comparisons with the end of 2020 are comparisons with the end of 2020 for Mercuria Investment.

The quarterly consolidated financial statements for the first nine months of 2021 succeed those of Mercuria Investment, which became a wholly owned subsidiary through a transfer of stock.

During the first nine months of 2021, the pandemic continued to restrict economic activity in Japan. Although there are signs of an upturn in some sectors, the outlook for the Japanese economy remains uncertain.

With the goal of achieving medium to long-term growth, the Mercuria Group logged gains on the sale of shares held by Mercuria Japan Industrial Growth Fund (Buyout Fund I). This fund was established by Mercuria Investment together with Development Bank of Japan Inc. and Sumitomo Mitsui Trust Bank, Limited. Due to the above strategic exit made by Buyout Fund I, a gain on a fund investment through a “same-boat” investment was recognized. In addition, Buyout Fund I successfully made new investments in domestic operating companies.

There was also progress with business plans involving new funds based on Mercuria Group’s investment strategy that reflects current market conditions with the aim of increasing income from fund management fees. One example is the establishment of Infrastructure Warehousing fund (Warehousing Fund) which has a basic strategy of selling solar power facilities to Enex Infrastructure Investment Corporation (Enex Infrastructure) and completed its formation with a total amount of investor commitments that exceeded initial expectations. Enex Infrastructure was formed by Mercuria Investment together with partners Itochu Enex Co., Ltd., Sumitomo Mitsui Trust Bank and others.

In the first nine months of 2021, operating revenue was 2,818 million yen. In the principal investing business, there was operating revenue from a gain on fund investment resulting both from the sale of stock held by Buyout Fund I and from the transfer of solar power facilities to Enex Infrastructure. In the first nine months of 2020, the sale of a Spring REIT unit held by the Mercuria Group generated substantial operating revenue. Operating revenue in this period of 2020 also includes a performance fee resulting from the sale of stock held by Asuka DBJ Investment Limited Partnership, which is a fund managed by Mercuria Holdings. As a result, operating revenue was 18.5% lower than in the same period of 2020.

Ordinary profit includes earnings from the sale of stock held by Buyout Fund I and transfer of solar power facilities. In addition, earnings in the same period of 2020 were held down by a loss on the sale of the Spring REIT unit. As a result, ordinary profit increased 43.6% to 1,499 million yen.

Profit attributable to owners of parent increased 63.3% to 1,032 million yen.

There is no segment information because the Mercuria Group operates only in the investment operations business segment.

(2) Explanation of Financial Position

Assets, Liabilities and Net Assets

Total assets amounted to 16,007 million yen at the end of the third quarter of 2021, an increase of 955 million yen over the end of 2020. The main reason was an increase of 2,692 million yen in operational investment securities mainly due to the acquisition of a vehicle owning solar power facilities for the purpose of transferring this asset to the Enex Infrastructure and the effects of the market values of securities, while there were decreases of 1,439 million yen in cash and deposits and 293 million yen in short-term loans receivable from subsidiaries and associates.

Total liabilities amounted to 2,188 million yen, a decrease of 394 million yen over the end of 2020. The main

reason was a decrease of 293 million yen in short-term borrowings through repayment.

Net assets totaled 13,819 million yen, an increase of 1,350 million yen. The main reasons were increases of 430 million yen in valuation difference on available-for-sale securities and 689 million yen in retained earnings.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

At this point, we have revised the consolidated earnings forecast for 2021, which was disclosed in the press release titled “Establishment of Mercuria Holdings and Notice of Revisions to Consolidated Earnings Forecast and Dividend Forecast for 2021” (Japanese version only) on July 1, 2021. For more details, please refer to the “Notice of Revisions to Consolidated Earnings Forecast” released today (November 11, 2021).

2. Matters Related to Summary Information (Notes)

(1) Changes in Consolidated Subsidiaries during the Period

Not applicable.

(2) Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements

Tax expenses are calculated by first determining a reasonable estimate of the effective tax rate after the application of tax effect accounting for profit before income taxes for the fiscal year that includes the third quarter of the current fiscal year. Quarterly profit before income taxes then multiplied by the estimated effective tax rate. However, statutory effective tax rate is used instead when the method using an estimated effective tax rate results in tax expenses that differ significantly from a reasonable amount.

Income taxes-deferred were included and displayed with income taxes.

3. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

	(Thousands of yen)
	Third quarter of 2021 (As of Sep. 30, 2021)
Assets	
Current assets	
Cash and deposits	1,440,372
Trade accounts receivable	372,561
Operational investment securities	12,315,405
Operating loans	699,760
Advances paid	49,290
Other	252,837
Total current assets	<u>15,130,224</u>
Non-current assets	
Property, plant and equipment	
Buildings, net	53,209
Tools, furniture and fixtures, net	5,747
Total property, plant and equipment	<u>58,956</u>
Intangible assets	
Software	392
Total intangible assets	<u>392</u>
Investments and other assets	
Investment securities	315,185
Leasehold and guarantee deposits	83,075
Deferred tax assets	405,053
Other	15,076
Total investments and other assets	<u>818,389</u>
Total non-current assets	<u>877,738</u>
Total assets	<u>16,007,961</u>
Liabilities	
Current liabilities	
Current portion of long-term borrowings	130,000
Accounts payable-other	67,224
Accrued expenses	85,790
Income taxes payable	161,227
Unearned revenue	156,842
Provision for bonuses	79,920
Other	50,577
Total current liabilities	<u>731,579</u>
Non-current liabilities	
Long-term borrowings	776,000
Provision for retirement benefits for directors (and other officers)	102,000
Provision for share-based remuneration for directors (and other officers)	158,419
Provision for share-based remuneration for employees	16,875
Retirement benefit liability	135,430
Long-term accounts payable-other	233,755
Long-term deposits received	19,337
Other	15,307
Total non-current liabilities	<u>1,457,124</u>
Total liabilities	<u>2,188,703</u>

	(Thousands of yen)
	Third quarter of 2021
	(As of Sep. 30, 2021)
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Net assets	
Shareholders' equity	
Share capital	3,000,000
Capital surplus	3,453,269
Retained earnings	7,449,749
Treasury shares	(712,885)
Total shareholders' equity	<u>13,190,132</u>
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	47,967
Foreign currency translation adjustment	(100,610)
Total accumulated other comprehensive income	<u>(52,643)</u>
Share acquisition rights	320
Non-controlling interests	<u>681,449</u>
Total net assets	<u>13,819,259</u>
Total liabilities and net assets	<u>16,007,961</u>

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(Quarterly Consolidated Statement of Income)
(For the Nine-month Period)

	(Thousands of yen)
	First nine months of 2021 (Jan. 1 – Sep. 30, 2021)
Operating revenue	2,818,825
Operating costs	137,206
Operating gross profit	2,681,619
Selling, general and administrative expenses	1,221,622
Operating profit	1,459,997
Non-operating income	
Interest income	4,595
Foreign exchange gains	51,519
Rent revenue	431
Other	1,872
Total non-operating income	58,418
Non-operating expenses	
Interest expenses	14,491
Borrowing related expenses	4,500
Total non-operating expenses	18,991
Ordinary profit	1,499,424
Profit before income taxes	1,499,424
Income taxes	389,591
Profit	1,109,833
Profit attributable to non-controlling interests	77,578
Profit attributable to owners of parent	1,032,255

(Quarterly Consolidated Statement of Comprehensive Income)
(For the Nine-month Period)

	(Thousands of yen)
	First nine months of 2021 (Jan. 1 – Sep. 30, 2021)
Profit	1,109,833
Other comprehensive income	
Valuation difference on available-for-sale securities	430,883
Foreign currency translation adjustment	143,902
Share of other comprehensive income of entities accounted for using equity method	(212)
Total other comprehensive income	<u>574,573</u>
Comprehensive income	<u>1,684,407</u>
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	1,580,455
Comprehensive income attributable to non-controlling interests	103,951

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

Segment Information

There is no segment information because the Mercuria Group operates only in the investment operations business segment.

Subsequent Events

Not applicable.

The above is an English translation of the Japanese version provided for information purpose only. The original Japanese version was released through our website (<https://mercuria-hd.jp>). If any discrepancy is identified between this translation and the Japanese original, the Japanese original shall prevail.