



Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending December 31, 2022
(Nine Months Ended September 30, 2022)

[Japanese GAAP]

November 11, 2022

Company name: Mercuria Holdings Co., Ltd. Listing: Tokyo Stock Exchange
 Stock code: 7347 URL: <https://mercuria-hd.jp/en/>
 Representative: Toshihiro Toyoshima, CEO
 Contact: Yusuke Takigawa, Executive Officer, Head of Finance & Control Department
 Tel: +81-3-3500-9870
 Scheduled date of filing of Quarterly Report: November 11, 2022
 Scheduled date of payment of dividend: -
 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 2022 (January 1 to September 30, 2022)

(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, 2022	3,709	31.6	1,839	26.0	2,095	39.7	1,441	39.6
Nine months ended Sep. 30, 2021	2,819	-	1,460	-	1,499	-	1,032	-

Note: Comprehensive income (millions of yen) Nine months ended Sep. 30, 2022: 2,957 (up 75.6%)

Nine months ended Sep. 30, 2021: 1,684 (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Jun. 30, 2022	70.26	70.03
Nine months ended Jun. 30, 2021	61.43	60.88

Note: The results of operations and year-on-year changes for the nine months ended September 30, 2021 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, 2022	20,757	18,173	82.9
As of Dec. 31, 2021	18,010	15,821	83.9

Reference: Shareholders' equity (millions of yen) As of Sep. 30, 2022: 17,218 As of Dec. 31, 2021: 15,108

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2021	-	-	-	20.00	20.00
2022	-	0.00	-	-	-
2022 (forecast)	-	-	-	20.00	20.00

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

Note: Dividends 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 2022 (January 1 to December 31, 2022)

(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	4,400	5.5	1,900	7.7	2,100	15.6	1,450	11.2	70.68

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

* 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: Yes

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, 2022:	21,443,100 shares	As of Dec. 31, 2021:	21,443,100 shares
----------------------	-------------------	----------------------	-------------------

2) Number of treasury shares at the end of the period

As of Sep. 30, 2022:	1,157,977 shares	As of Dec. 31, 2021:	857,121 shares
----------------------	------------------	----------------------	----------------

3) Average number of shares during the period

Nine months ended Sep. 30, 2022:	20,514,341 shares	Nine months ended Sep. 30, 2021:	16,804,266 shares
----------------------------------	-------------------	----------------------------------	-------------------

* 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 2 for forecast assumptions and notes of caution for usage.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	2
(3) Explanation of Consolidated Forecast and Other Forward-looking Statements	2
2. Quarterly Consolidated Financial Statements and Notes	3
(1) Quarterly Consolidated Balance Sheet	3
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	5
Quarterly Consolidated Statement of Income	
For the Nine-month Period	5
Quarterly Consolidated Statement of Comprehensive Income	
For the Nine-month Period	6
(3) Notes to Quarterly Consolidated Financial Statements	7
Going Concern Assumption	7
Significant Changes in Shareholders' Equity	7
Changes in Consolidated Subsidiaries during the Period	7
Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements	7
Changes in Accounting Policies	7
Segment and Other Information	7
Subsequent Events	7

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first nine months of 2022 (January 1, 2022 to September 30, 2022), the outlook for the Japanese economy remained uncertain due to the prolonged impact of the COVID-19 pandemic, Russia's invasion of Ukraine, rising resource prices, depreciation of the yen, among others.

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, a performance fee was received due to the completion of the acquisition by Spring REIT of a large, upscale commercial facility in China. Spring REIT is a real estate investment trust listed on the Hong Kong Stock Exchange and managed by our subsidiaries Spring Asset Management Limited and MIBJ Consulting (Beijing) Co., Ltd.

There were activities involving new funds based on an investment strategy that reflects the current macroeconomic environment. One example is the participation of a fund in the Taiwan Mega-solar Development Project, which is expected to grow significantly, by making an investment of approximately one billion yen in a Taiwan mega-solar development company that is operated by business partner Maiora Asset Management Pte Ltd. In addition, subsidiary Mercuria Investment Co., Ltd. has established the Mercuria Japan Industrial Growth Fund II (Buyout Fund II), which is focused on investments involving business succession at middle-market companies in Japan. This new fund has completed its initial closing of 26.9 billion yen and started making investments in operating companies. In the aircraft investment business, Mercuria Investment established the first new aircraft fund in Japan since the pandemic started.

In the first nine months of 2022, operating revenue was 3,709 million yen (up 31.6% year-on-year), ordinary profit was 2,094 million yen (up 39.7%), and profit attributable to owners of parent was 1,441 million yen (up 39.6%).

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 20,757 million yen at the end of the third quarter of 2022, an increase of 2,747 million yen over the end of 2021. The main reason was increases of 3,282 million yen in operational investment securities mainly due to investments in a Taiwan mega-solar development company, the payment of a capital commitment to Buyout Fund II, and changes in the market values of securities, and 310 million yen in trade accounts receivable due to the receipt of the Spring REIT acquisition performance fee, while there were decreases of 1,020 million yen in cash and deposits and 359 million yen in deferred tax assets.

Total liabilities amounted to 2,584 million yen, an increase of 395 million yen over the end of 2021. The main reasons were decreases of 306 million yen in accounts payable-other and 177 million yen in accrued expenses, while there were increases of 200 million yen in short-term borrowings, 274 million yen in income taxes payable, 227 million yen in unearned revenue and 233 million yen in provision for bonuses.

Net assets totaled 18,173 million yen, an increase of 2,351 million yen over the end of 2021. The main reasons were increases of 1,023 million yen in retained earnings and 942 million yen in valuation difference on available-for-sale securities.

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

At this point, we have revised the consolidated earnings forecast for 2022, which was disclosed on February 10, 2022. For more details, please refer to the "Notice of Revisions to Consolidated Earnings Forecast" released today (November 11, 2022).

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

	(Thousands of yen)	
	2021 (As of Dec. 31, 2021)	Third quarter of 2022 (As of Sep. 30, 2022)
Assets		
Current assets		
Cash and deposits	4,674,764	3,654,143
Trade accounts receivable	541,075	851,148
Operational investment securities	10,606,504	13,889,297
Operating loans	536,581	643,037
Short-term loans receivable from subsidiaries and associates	-	118,000
Advances paid	29,340	144,893
Other	411,802	607,102
Total current assets	16,800,068	19,907,620
Non-current assets		
Property, plant and equipment		
Buildings, net	72,951	54,334
Tools, furniture and fixtures, net	12,256	16,584
Total property, plant and equipment	85,206	70,918
Intangible assets		
Software	282	1,800
Total intangible assets	282	1,800
Investments and other assets		
Investment securities	280,965	280,965
Leasehold and guarantee deposits	75,247	83,987
Deferred tax assets	753,651	393,899
Other	14,706	18,171
Total investments and other assets	1,124,569	777,023
Total non-current assets	1,210,058	849,740
Total assets	18,010,126	20,757,360
Liabilities		
Current liabilities		
Short-term borrowings	-	200,000
Current portion of long-term borrowings	130,000	130,000
Accounts payable-other	369,198	62,747
Accrued expenses	239,642	62,201
Accrued consumption taxes	-	16,509
Income taxes payable	144,956	419,418
Unearned revenue	-	227,646
Provision for bonuses	-	233,873
Other	52,373	35,024
Total current liabilities	936,169	1,387,419
Non-current liabilities		
Long-term borrowings	743,500	646,000
Provision for retirement benefits for directors (and other officers)	102,000	102,000
Provision for share-based remuneration for directors (and other officers)	162,794	175,919
Provision for share-based remuneration for employees	12,500	18,125
Retirement benefit liability	127,810	163,032
Long-term accounts payable-other	84,483	70,483
Long-term deposits received	19,337	19,407
Other	86	1,969
Total non-current liabilities	1,252,511	1,196,936
Total liabilities	2,188,680	2,584,355

	(Thousands of yen)	
	2021 (As of Dec. 31, 2021)	Third quarter of 2022 (As of Sep. 30, 2022)
Net assets		
Shareholders' equity		
Share capital	4,057,656	4,057,656
Capital surplus	4,510,925	4,510,925
Retained earnings	7,718,834	8,741,969
Treasury shares	(712,893)	(900,161)
Total shareholders' equity	15,574,522	16,410,389
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(417,793)	524,807
Foreign currency translation adjustment	(48,367)	282,854
Total accumulated other comprehensive income	(466,160)	807,661
Share acquisition rights	83	83
Non-controlling interests	713,001	954,872
Total net assets	15,821,445	18,173,005
Total liabilities and net assets	18,010,126	20,757,360

(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)	First nine months of 2022 (Jan. 1 – Sep. 30, 2022)
Operating revenue	2,818,825	3,709,211
Operating costs	137,206	176,675
Operating gross profit	2,681,619	3,532,536
Selling, general and administrative expenses	1,221,622	1,693,394
Operating profit	1,459,997	1,839,142
Non-operating income		
Interest income	4,595	2,150
Foreign exchange gains	51,519	259,877
Rent revenue	431	457
Other	1,872	4,854
Total non-operating income	58,418	267,338
Non-operating expenses		
Interest expenses	14,491	6,030
Financing fees	4,500	5,069
Other	-	643
Total non-operating expenses	18,991	11,742
Ordinary profit	1,499,424	2,094,739
Profit before income taxes	1,499,424	2,094,739
Income taxes	389,591	524,510
Profit	1,109,833	1,570,229
Profit attributable to non-controlling interests	77,578	128,862
Profit attributable to owners of parent	1,032,255	1,441,367

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

	(Thousands of yen)	
	First nine months of 2021 (Jan. 1 – Sep. 30, 2021)	First nine months of 2022 (Jan. 1 – Sep. 30, 2022)
Profit	1,109,833	1,570,229
Other comprehensive income		
Valuation difference on available-for-sale securities	430,883	942,600
Foreign currency translation adjustment	143,902	464,645
Share of other comprehensive income of entities accounted for using equity method	(212)	(20,415)
Total other comprehensive income	574,573	1,386,830
Comprehensive income	1,684,407	2,957,059
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,580,455	2,715,188
Comprehensive income attributable to non-controlling interests	103,951	241,872

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Changes in Consolidated Subsidiaries during the Period

Not applicable.

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.

Changes in Accounting Policies

Application of the Accounting Standard for Revenue Recognition

Mercuria Holdings has applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) and other standards from the beginning of the first quarter of the current fiscal year. Based on these standards, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the goods and services is transferred to customers. There is no effect of the application of these standards on the quarterly consolidated financial statements.

Application of the Accounting Standards for Calculation of Fair Value

Mercuria Holdings has applied the Accounting Standard for Measurement of Fair Value, etc. (ASBJ Statement No. 30, July 4, 2019) from the beginning of the first quarter of the current fiscal year, and has applied the new accounting policies set forth by the Accounting Standard for Measurement of Fair Value, etc. prospectively in accordance with the transitional measures in Paragraph 19 of the Accounting Standard for Measurement of Fair Value and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no effect of the application of these standards on the quarterly consolidated financial statements.

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 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.