



**Consolidated Financial Results**  
**for the Third Quarter of the Fiscal Year Ending December 31, 2023**  
**(Nine Months Ended September 30, 2023)**

[Japanese GAAP]

November 13, 2023

Company name: Mercuria Holdings Co., Ltd.

Listing: Tokyo Stock Exchange

Stock code: 7347

URL: <https://www.mercuria.jp/en/>

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Scheduled date of filing of Quarterly Report:

November 13, 2023

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 off to the nearest million yen)

**1. Consolidated Financial Results for the First Nine Months of 2023 (January 1 to September 30, 2023)**

**(1) Consolidated results of operations**

(Percentages represent year-on-year changes)

	Operating revenue		Operating gross profit		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Sep. 30, 2023	4,959	33.7	2,788	(21.1)	848	(53.9)	1,051	(49.8)	719	(50.1)
Nine months ended Sep. 30, 2022	3,709	31.6	3,533	31.7	1,839	26.0	2,095	39.7	1,441	39.6

Note: Comprehensive income (millions of yen)

Nine months ended Sep. 30, 2023: 942 (down 68.1%)

Nine months ended Sep. 30, 2022: 2,957 (up 75.6%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Sep. 30, 2023	36.65	36.53
Nine months ended Sep. 30, 2022	70.26	70.03

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Sep. 30, 2023	19,117	17,424	85.6
As of Dec. 31, 2022	19,983	17,542	83.2

Reference: Shareholders' equity (millions of yen)

As of Sep. 30, 2023: 16,367

As of Dec. 31, 2022: 16,628

**2. Dividends**

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2022	-	0.00	-	20.00	20.00
2023	-	0.00	-	-	-
2023 (forecast)	-	-	-	21.00	21.00

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

**3. Consolidated Forecast for 2023 (January 1 to December 31, 2023)**

(Percentages represent year-on-year changes)

	Operating revenue		Operating gross profit		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	6,700	45.7	5,100	16.0	2,450	19.2	2,450	11.0	1,700	8.8	86.68

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

\* Notes

(1) Changes in significant subsidiaries during the period (change in scope of consolidation): Yes

Newly added: - Excluded: 1 (SR Target, L.P.)

Note: Please refer to “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Changes in Consolidated Subsidiaries during the Period” on page 8 of the attachments for details.

(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, 2023:	21,482,700 shares	As of Dec. 31, 2022:	21,482,700 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2023:	2,153,977 shares	As of Dec. 31, 2022:	1,429,177 shares
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3) Average number of shares during the period

Nine months ended Sep. 30, 2023:	19,611,850 shares	Nine months ended Sep. 30, 2022:	20,514,341 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

In the first nine months of 2023 (January 1, 2023 to September 30, 2023), the Japanese economy is recovering as more economic and social activities in Japan returned to normal since pandemic restrictions ended and demand created by foreign tourists in Japan recovered. These adjustments followed the reclassification of the Corona pandemic to Category 5 under the Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Diseases. The outlook for the economy is still uncertain due to reasons such as the rising cost of resources and weakening yen caused by the prolonged Ukraine conflict, failures of U.S. banks and worldwide monetary tightening, primarily interest rate hikes by central banks in Europe and the United States, to combat inflation.

Under such an economic environment, the Mercuria Group aims to achieve medium to long-term growth and during the first nine months, it earned a performance fee by recovering an investment through the sale of stock held by Asuka DBJ Investment Partnership, a fund managed by subsidiary Mercuria Investment Co., Ltd. In 2022, we launched the Mercuria Japan Industrial Growth Support Fund II (Buyout Fund II), which we manage and makes business succession investments mainly for middle-market companies in Japan seeking new owners. This fund has reached its final closing with more funds than the original target due to new investments from a variety of investors that include life and non-life insurers, pension funds, major and regional banks in Japan, overseas institutions, and other investors. A second aircraft fund, established for investing mainly in small aircraft, has acquired its first aircraft.

As one part of our investment strategy involving infrastructure, which is vital for the sustained growth of the Japanese economy, we made an investment in Japan Extensive Infrastructure, Limited to be involved with its business operations. This company is an investment adviser for Japan Infrastructure I, Limited Partnership, which was established by Sumitomo Mitsui Trust Bank, Limited.

In the principal investment business, as part of restructuring measures associated with refinancing, Spring REIT investment units were sold. This sale resulted in the recognition of a loss involving operational investment securities held by the Mercuria Group.

In the first nine months of 2023, operating revenue was 4,959 million yen (up 33.7% year-on-year), and there was an ordinary profit of 1,051 million yen (down 49.8% year-on-year), and profit attributable to owners of parent of 718 million yen (down 50.1% year-on-year). Operating revenue increased mainly because of the substantial revenue in the principal investment business resulting from the sale of Spring REIT investment units as part of ongoing restructuring measures. The decline in ordinary profit and profit attributable to owners of parent resulted from the loss incurred due to the sale of Spring REIT investment units. Additionally, in the first nine months, there was no gain on equity from fund investments, which had arisen from the sale of shares held by Mercuria Japan Industrial Growth Support Investment Limited Partnership (Buyout No. 1 Fund) during the first nine months of the previous fiscal year, as well as a performance fee for completion of the acquisition of a facility by Spring REIT.

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 19,116 million yen at the end of the third quarter of 2023, a decrease of 866 million yen from the end of 2022. This was mainly the result of a 428 million yen increase in cash and deposits and a decrease of 1,284 million yen in operational investment securities due to the sale of Spring REIT investment units and changes in the market values of securities.

Total liabilities amounted to 1,692 million yen, a decrease of 748 million yen from the end of 2022. There were decreases of 100 million yen in short-term borrowings, 313 million yen in accrued expenses and, due to refinancing activity in the principal investment business, 130 million yen in current portion of long-term borrowings and 613 million yen in long-term borrowings. There were increases of 290 million yen in unearned revenue and 165 million yen in provision for bonuses.

Net assets totaled 17,423 million yen, a decrease of 118 million yen from the end of 2022. The main reasons are an increase of 526 million yen in treasury shares (decrease in net assets) and a decrease of 190 million yen in valuation difference on available-for-sale securities, while there were increases of 184 million yen in retained earnings, 272 million yen in foreign currency translation adjustment, and 142 million yen in non-controlling interests.

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

At this point, there are no revisions to the consolidated earnings forecast for 2023, which was disclosed on May 12, 2023.

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

	(Thousands of yen)	
	2022 (As of Dec. 31, 2022)	Third quarter of 2023 (As of Sep. 30, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	3,013,477	3,441,857
Trade accounts receivable	603,901	808,913
Operational investment securities	13,423,443	12,139,039
Operating loans	594,850	740,452
Short-term loans receivable from subsidiaries and associates	520,000	-
Advances paid	113,452	259,180
Other	574,351	526,191
Total current assets	18,843,472	17,915,632
Non-current assets		
Property, plant and equipment		
Buildings, net	175,775	188,948
Tools, furniture and fixtures, net	17,179	20,534
Total property, plant and equipment	192,954	209,482
Intangible assets		
Software	1,388	1,887
Total intangible assets	1,388	1,887
Investments and other assets		
Investment securities	307,454	245,632
Leasehold and guarantee deposits	83,031	101,670
Deferred tax assets	538,432	629,323
Other	16,337	12,998
Total investments and other assets	945,253	989,622
Total non-current assets	1,139,595	1,200,991
Total assets	19,983,067	19,116,623
<b>Liabilities</b>		
Current liabilities		
Short-term borrowings	100,000	-
Current portion of long-term borrowings	130,000	-
Accounts payable-other	38,201	7,436
Accrued expenses	401,479	88,009
Accrued consumption taxes	30,527	50,508
Income taxes payable	388,734	304,872
Unearned revenue	-	290,017
Provision for bonuses	33,641	198,685
Other	58,256	72,245
Total current liabilities	1,180,839	1,011,772
Non-current liabilities		
Long-term borrowings	613,500	-
Provision for retirement benefits for directors (and other officers)	102,000	102,000
Provision for share-based remuneration for directors (and other officers)	180,294	193,419
Provision for share-based remuneration for employees	20,000	25,625
Retirement benefit liability	160,053	186,642
Long-term accounts payable-other	70,000	70,000
Long-term deposits received	19,407	25,050
Other	94,888	78,327
Total non-current liabilities	1,260,143	681,064
Total liabilities	2,440,981	1,692,836

	(Thousands of yen)	
	2022 (As of Dec. 31, 2022)	Third quarter of 2023 (As of Sep. 30, 2023)
Net assets		
Shareholders' equity		
Share capital	4,063,577	4,063,577
Capital surplus	4,516,845	4,516,845
Retained earnings	8,863,183	9,048,106
Treasury shares	(1,065,271)	(1,591,901)
Total shareholders' equity	16,378,334	16,036,626
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	111,274	(79,635)
Foreign currency translation adjustment	138,065	410,263
Total accumulated other comprehensive income	249,340	330,627
Share acquisition rights	83	83
Non-controlling interests	914,330	1,056,451
Total net assets	17,542,086	17,423,787
Total liabilities and net assets	19,983,067	19,116,623

**(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 2022 (Jan. 1 – Sep. 30, 2022)	First nine months of 2023 (Jan. 1 – Sep. 30, 2023)
Operating revenue	3,709,211	4,959,436
Operating costs	176,675	2,171,566
Operating gross profit	3,532,536	2,787,870
Selling, general and administrative expenses	1,693,394	1,940,022
Operating profit	1,839,142	847,848
Non-operating income		
Interest income	2,150	25,132
Foreign exchange gains	259,877	140,821
Rent revenue	457	437
Share of profit of entities accounted for using equity method	-	58,486
Other	4,854	2,190
Total non-operating income	267,338	227,066
Non-operating expenses		
Interest expenses	6,030	5,804
Financing fees	5,069	13,500
Other	643	4,269
Total non-operating expenses	11,742	23,573
Ordinary profit	2,094,739	1,051,341
Profit before income taxes	2,094,739	1,051,341
Income taxes	524,510	277,709
Profit	1,570,229	773,632
Profit attributable to non-controlling interests	128,862	54,950
Profit attributable to owners of parent	1,441,367	718,682



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

	(Thousands of yen)	
	First nine months of 2022 (Jan. 1 – Sep. 30, 2022)	First nine months of 2023 (Jan. 1 – Sep. 30, 2023)
Profit	1,570,229	773,632
Other comprehensive income		
Valuation difference on available-for-sale securities	942,600	(190,909)
Foreign currency translation adjustment	464,645	383,255
Share of other comprehensive income of entities accounted for using equity method	(20,415)	(23,887)
Total other comprehensive income	1,386,830	168,458
Comprehensive income	2,957,059	942,091
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,715,188	799,970
Comprehensive income attributable to non-controlling interests	241,872	142,121

### **(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**

SR Target, L.P. was excluded from the consolidation in the second quarter of 2023.

#### **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 are 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.

#### **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 "Kessan Tanshin" (in Japanese, including attachments) provided for information purposes only. The original Japanese version was released through our website (<https://www.mercuria.jp>). If any discrepancy is identified between this translation and the Japanese original, the Japanese original shall prevail.*