



# Consolidated Financial Results

## for the First Quarter of the Fiscal Year Ending December 31, 2024

### (Three Months Ended March 31, 2024)

[Japanese GAAP]

May 14, 2024

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Stock code: 7347

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Listing: Tokyo Stock Exchange

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

Scheduled date of filing of Quarterly Report:

May 14, 2024

Scheduled date of payment of dividend:

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Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting:

None

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

### 1. Consolidated Financial Results for the First Three Months of 2024 (January 1 to March 31, 2024)

#### (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	%
Three months ended Mar. 31, 2024	1,007	(54.7)	574	39.8	(170)	-	(82)	-	(101)	-
Three months ended Mar. 31, 2023	2,222	236.1	411	(34.3)	(218)	-	(223)	-	(157)	-

Note: Comprehensive income (millions of yen)

Three months ended Mar. 31, 2024: (97) (-%)

Three months ended Mar. 31, 2023: 154 (down 82.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Mar. 31, 2024	(5.24)	-
Three months ended Mar. 31, 2023	(7.92)	-

Note: Diluted net income per share is not presented since the Company had outstanding dilutive securities, though posted a net loss per share.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Mar. 31, 2024	19,119	17,756	86.5
As of Dec. 31, 2023	19,655	18,241	87.0

Reference: Shareholders' equity (millions of yen)

As of Mar. 31, 2024: 16,537

As of Dec. 31, 2023: 17,093

### 2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2023	-	0.00	-	21.00	21.00
2024	-				
2024 (forecast)		0.00	-	22.00	22.00

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

### 3. Consolidated Forecast for 2024 (January 1 to December 31, 2024)

(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	6,800	16.4	6,700	66.1	3,000	123.2	3,000	97.3	2,000	89.6	103.38

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

\* Notes

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

Newly added: - Excluded: -

(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 Mar. 31, 2024:	21,500,100 shares	As of Dec. 31, 2023:	21,500,100 shares
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2) Number of treasury shares at the end of the period

As of Mar. 31, 2024:	2,153,977 shares	As of Dec. 31, 2023:	2,153,977 shares
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3) Average number of shares during the period

Three months ended Mar. 31, 2024:	19,346,123 shares	Three months ended Mar. 31, 2023:	19,832,864 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 2 for forecast assumptions and notes of caution for usage.

Supplementary materials for quarterly financial results will be disclosed today on the Timely Disclosure network (TDnet), and will be available on the Company's website immediately thereafter.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In the first three months of 2024 (January 1, 2024 to March 31, 2024), the Japanese economy continued to show a moderate recovery trend, reflecting the normalization of economic and social activities and the recovery of consumer spending and inbound demand. Nonetheless, the outlook remains uncertain, given concerns about economic trends caused by soaring resource prices driven by the increasingly tense situation in the Middle East, in addition to the protracted conflict in Ukraine, the depreciation of the yen and rising prices, as well as continued monetary tightening in Western countries and the ending of negative interest rates by the Bank of Japan.

Under this economic environment, the Mercuria Group has continued to step up support for, and monitoring of, portfolio companies in existing funds in order to maximize performance fees by improving investment returns, aiming for medium- to long-term growth. The Group has also entered into a business alliance with Manies Group Co., Ltd. regarding a mega solar joint development project in Taiwan.

However, in the principal investment business, the impact of the deterioration of the Chinese real estate market has spread to the Hong Kong REIT market as a whole, and the investment unit price of Spring REIT has fallen as a consequence, resulting in market price fluctuations being recorded in operating costs.

As a result, in the first three months of 2024, the Group posted operating revenue of 1,007 million yen (down 54.7% year on year), an ordinary loss of 82 million yen (ordinary loss of 223 million yen in the same period of 2023), and a loss attributable to owners of parent of 101 million yen (loss attributable to owners of parent of 157 million yen in the same period of 2023). In a year-on-year comparison, operating revenue declined significantly, but this was mainly due to the posting of a large amount of operating revenue in the previous first quarter as a result of the transfer of Spring REIT investment units in the restructuring process associated with refinancing in the principal investment business.

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 at the end of the first three months of 2024 decreased by 535 million yen from the end of 2023 to 19,119 million yen. This was primarily due to a 393 million yen decline in cash and deposits and a 361 million yen decrease in operational investment securities.

Total liabilities decreased by 51 million yen from the end of 2023 to 1,363 million yen. This was largely due to an increase of 332 million yen in unearned revenue and a decrease of 382 million yen in accrued expenses.

Net assets totaled 17,756 million yen, a decrease of 484 million yen from the end of 2023. This was mainly due to a decrease of 517 million yen in retained earnings for the payment of dividends.

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

At this point, there are no revisions to the consolidated forecast for 2024, which was disclosed on February 13, 2024.

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

	(Thousands of yen)	
	2023 (As of Dec. 31, 2023)	First quarter of 2024 (As of Mar. 31, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	3,003,153	2,610,110
Trade accounts receivable	713,190	682,809
Operational investment securities	13,699,185	13,337,242
Operating loans	680,134	779,329
Advances paid	262,058	258,526
Other	393,547	445,113
Total current assets	18,751,265	18,113,130
Non-current assets		
Property, plant and equipment		
Buildings, net	168,939	160,422
Tools, furniture and fixtures, net	20,986	20,390
Total property, plant and equipment	189,926	180,813
Intangible assets		
Software	1,607	1,431
Total intangible assets	1,607	1,431
Investments and other assets		
Investment securities	243,084	247,226
Leasehold and guarantee deposits	98,831	98,077
Deferred tax assets	357,751	466,129
Other	12,887	12,642
Total investments and other assets	712,553	824,074
Total non-current assets	904,085	1,006,318
Total assets	19,655,351	19,119,448
<b>Liabilities</b>		
Current liabilities		
Accounts payable-other	50,754	15,289
Accrued expenses	478,985	96,232
Accrued consumption taxes	61,986	18,697
Income taxes payable	94,352	26,080
Unearned revenue	-	332,618
Provision for bonuses	-	69,220
Other	68,603	109,516
Total current liabilities	754,680	667,654
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	102,000	102,000
Provision for share-based remuneration for directors (and other officers)	197,794	202,169
Provision for share-based remuneration for employees	27,500	29,375
Retirement benefit liability	174,761	213,068
Long-term accounts payable-other	70,000	70,000
Long-term deposits received	25,050	25,050
Other	62,735	54,021
Total non-current liabilities	659,841	695,684
Total liabilities	1,414,522	1,363,338

	(Thousands of yen)	
	2023 (As of Dec. 31, 2023)	First quarter of 2024 (As of Mar. 31, 2024)
Net assets		
Shareholders' equity		
Share capital	4,066,183	4,066,183
Capital surplus	4,519,452	4,519,452
Retained earnings	9,384,455	8,867,391
Treasury shares	(1,591,901)	(1,591,901)
Total shareholders' equity	16,378,188	15,861,124
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	426,288	182,449
Foreign currency translation adjustment	288,959	493,579
Total accumulated other comprehensive income	715,247	676,028
Share acquisition rights	72	72
Non-controlling interests	1,147,322	1,218,885
Total net assets	18,240,829	17,756,110
Total liabilities and net assets	19,655,351	19,119,448

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

	(Thousands of yen)	
	First three months of 2023 (Jan. 1 - Mar. 31, 2023)	First three months of 2024 (Jan. 1 - Mar. 31, 2024)
Operating revenue	2,222,071	1,007,311
Operating costs	1,811,346	433,295
Operating gross profit	410,725	574,016
Selling, general and administrative expenses	628,329	743,652
Operating loss	(217,603)	(169,636)
Non-operating income		
Interest income	5,628	3,836
Foreign exchange gains	5,686	80,940
Rent revenue	121	231
Share of profit of entities accounted for using equity method	-	4,142
Other	202	251
Total non-operating income	11,637	89,400
Non-operating expenses		
Interest expenses	2,464	1,805
Financing fees	13,500	-
Other	1,246	-
Total non-operating expenses	17,210	1,805
Ordinary loss	(223,176)	(82,042)
Loss before income taxes	(223,176)	(82,042)
Income taxes	(98,714)	36,952
Loss	(124,463)	(118,993)
Profit (loss) attributable to non-controlling interests	32,635	(17,595)
Loss attributable to owners of parent	(157,098)	(101,399)

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

	(Thousands of yen)	
	First three months of 2023 (Jan. 1 - Mar. 31, 2023)	First three months of 2024 (Jan. 1 - Mar. 31, 2024)
Loss	(124,463)	(118,993)
Other comprehensive income		
Valuation difference on available-for-sale securities	243,650	(243,839)
Foreign currency translation adjustment	35,926	264,070
Share of other comprehensive income of entities accounted for using equity method	(1,050)	2,109
Total other comprehensive income	278,527	22,340
Comprehensive income	154,064	(96,654)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	111,520	(140,617)
Comprehensive income attributable to non-controlling interests	42,544	43,964



### **(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 first quarter of 2024. Quarterly profit (loss) 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.*