



Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending December 31, 2022
(Three Months Ended March 31, 2022)

[Japanese GAAP]

May 12, 2022

Company name: Mercuria Holdings Co., Ltd. Listing: Tokyo Stock Exchange
 Stock code: 7347 URL: <https://mercuria-hd.jp/en/>
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 Scheduled date of filing of Quarterly Report: May 12, 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 Three Months of 2022 (January 1 to March 31, 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	%
Three months ended Mar. 31, 2022	661	-	124	-	203	-	145	-
Three months ended Mar. 31, 2021	-	-	-	-	-	-	-	-

Note: Comprehensive income (millions of yen) Three months ended Mar. 31, 2022: 865 (-%)

Three months ended Mar. 31, 2021: - (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Mar. 31, 2022	7.02	7.00
Three months ended Mar. 31, 2021	-	-

Note: The results of operations and year-on-year changes for the three months ended March 31, 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 Mar. 31, 2022	18,329	16,275	84.4
As of Dec. 31, 2021	18,010	15,821	83.9

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2022: 15,476 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	-	-	-	-	-
2022 (forecast)	-	0.00	-	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	4,000	(4.1)	1,900	7.7	1,900	4.6	1,300	(0.3)	63.13

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

(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 Mar. 31, 2022:	21,443,100 shares	As of Dec. 31, 2021:	21,443,100 shares
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2) Number of treasury shares at the end of the period

As of Mar. 31, 2022:	848,677 shares	As of Dec. 31, 2021:	857,121 shares
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3) Average number of shares during the period

Three months ended Mar. 31, 2022:	20,593,203 shares	Three months ended Mar. 31, 2021:	- shares
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Note: Average number of shares during the three months ended March 31, 2021 are not presented as Mercuria Holdings was established on July 1, 2021 through a transfer of stock.

* 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.

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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 quarter of 2021 are comparisons with the first quarter of 2021 of Mercuria Investment.

During the first quarter of 2022 (January 1, 2022 to March 31, 2022), the outlook for the Japanese economy remained uncertain due to the prolonged impact of the COVID-19 pandemic, Russia's invasion of Ukraine and rising resource prices, among others.

To ensure medium to long-term growth in this environment, the Group will continue to strengthen the support and monitoring of investee companies to increase investment returns of existing funds and thus maximize performance fees.

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 Support 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 26.4 billion yen.

In the first quarter of 2022, operating revenue was 661 million yen (down 16.7% year-on-year), ordinary profit was 203 million yen (down 45.1%), and profit attributable to owners of parent was 144 million yen (down 43.3%). Although operating revenue was lower than in the same period of 2021, the main reason is the substantial revenue in the first quarter of the previous year in the principal investing business due to the transfer of solar power facilities to Enex Infrastructure Investment Corporation.

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 18,329 million yen at the end of the first quarter of 2022, an increase of 319 million yen over the end of 2021. The main reason was an increase of 1,986 million yen in operational investment securities mainly due to investments in a Taiwan mega-solar development company and changes in the market values of securities, while there were decreases of 1,318 million yen in cash and deposits and 193 million yen in deferred tax assets.

Total liabilities amounted to 2,054 million yen, a decrease of 134 million yen over the end of 2021. The main reasons were decreases of 215 million yen in accounts payable-other and 171 million yen in accrued expenses, while there was an increase of 259 million yen in unearned revenue.

Net assets totaled 16,274 million yen, an increase of 453 million yen over the end of 2021. The main reason was an increase of 519 million yen in valuation difference on available-for-sale securities, while there was a decrease of 273 million yen in retained earnings due to dividend payments.

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

At this point, there are no revisions to the consolidated earnings forecast for 2022, which was disclosed on February 10, 2022.

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

(Thousands of yen)

	2021 (As of Dec. 31, 2021)	First quarter of 2022 (As of Mar. 31, 2022)
Assets		
Current assets		
Cash and deposits	4,674,764	3,356,181
Trade accounts receivable	541,075	393,206
Operational investment securities	10,606,504	12,593,179
Operating loans	536,581	572,823
Advances paid	29,340	50,580
Other	411,802	357,511
Total current assets	16,800,068	17,323,480
Non-current assets		
Property, plant and equipment		
Buildings, net	72,951	63,840
Tools, furniture and fixtures, net	12,256	13,442
Total property, plant and equipment	85,206	77,282
Intangible assets		
Software	282	226
Total intangible assets	282	226
Investments and other assets		
Investment securities	280,965	280,965
Leasehold and guarantee deposits	75,247	73,827
Deferred tax assets	753,651	559,896
Other	14,706	13,567
Total investments and other assets	1,124,569	928,256
Total non-current assets	1,210,058	1,005,764
Total assets	18,010,126	18,329,244
Liabilities		
Current liabilities		
Current portion of long-term borrowings	130,000	130,000
Accounts payable-other	369,198	154,079
Accrued expenses	239,642	67,648
Accrued consumption taxes	-	4,934
Income taxes payable	144,956	73,771
Unearned revenue	-	259,018
Provision for bonuses	-	38,633
Other	52,373	84,048
Total current liabilities	936,169	812,132
Non-current liabilities		
Long-term borrowings	743,500	711,000
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	167,169
Provision for share-based remuneration for employees	12,500	14,375
Retirement benefit liability	127,810	157,814
Long-term accounts payable-other	84,483	70,483
Long-term deposits received	19,337	19,407
Other	86	37
Total non-current liabilities	1,252,511	1,242,286
Total liabilities	2,188,680	2,054,418

	(Thousands of yen)	
	2021 (As of Dec. 31, 2021)	First quarter of 2022 (As of Mar. 31, 2022)
Net assets		
Shareholders' equity		
Share capital	4,057,656	4,057,656
Capital surplus	4,510,925	4,510,905
Retained earnings	7,718,834	7,445,237
Treasury shares	(712,893)	(706,569)
Total shareholders' equity	15,574,522	15,307,229
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(417,793)	101,860
Foreign currency translation adjustment	(48,367)	66,529
Total accumulated other comprehensive income	(466,160)	168,389
Share acquisition rights	83	83
Non-controlling interests	713,001	799,125
Total net assets	15,821,445	16,274,827
Total liabilities and net assets	18,010,126	18,329,244

(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 2022 (Jan. 1 – Mar. 31, 2022)
Operating revenue	661,180
Operating costs	36,073
Operating gross profit	625,108
Selling, general and administrative expenses	501,079
Operating profit	124,029
Non-operating income	
Interest income	315
Foreign exchange gains	81,900
Rent revenue	148
Other	366
Total non-operating income	82,729
Non-operating expenses	
Interest expenses	1,844
Financing fees	1,500
Other	85
Total non-operating expenses	3,429
Ordinary profit	203,330
Profit before income taxes	203,330
Income taxes	15,523
Profit	187,807
Profit attributable to non-controlling interests	43,173
Profit attributable to owners of parent	144,634

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

	(Thousands of yen)
	First three months of 2022 (Jan. 1 – Mar. 31, 2022)
Profit	187,807
Other comprehensive income	
Valuation difference on available-for-sale securities	519,654
Foreign currency translation adjustment	162,918
Share of other comprehensive income of entities accounted for using equity method	(5,070)
Total other comprehensive income	<u>677,502</u>
Comprehensive income	<u>865,309</u>
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	779,184
Comprehensive income attributable to non-controlling interests	86,125

(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 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.