



Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending December 31, 2024
(Six Months Ended June 30, 2024)

[Japanese GAAP]

August 13, 2024

Company name: Mercuria Holdings Co., Ltd.

Listing: Tokyo Stock Exchange

Stock code: 7347

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

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Scheduled date of filing of Semi-annual Report:

August 13, 2024

Scheduled date of payment of dividend:

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Preparation of supplementary materials for financial results:

Yes

Holding of financial results meeting:

Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the First Six Months of 2024 (January 1 to June 30, 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	%
Six months ended Jun. 30, 2024	2,266	(33.3)	1,942	24.2	323	0.3	506	5.9	310	(3.8)
Six months ended Jun. 30, 2023	3,395	48.0	1,564	(30.2)	323	(73.2)	478	(65.7)	322	(66.6)

Note: Comprehensive income (millions of yen)

Six months ended Jun. 30, 2024: 1,396 (up 54.2%)

Six months ended Jun. 30, 2023: 906 (down 61.9%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Jun. 30, 2024	16.01	15.97
Six months ended Jun. 30, 2023	16.31	16.26

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2024	20,691	19,249	86.4
As of Dec. 31, 2023	19,655	18,241	87.0

Reference: Shareholders' equity (millions of yen)

As of Jun. 30, 2024: 17,875

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	-	0.00	-	-	-
2024 (forecast)	-	-	-	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) Significant changes in the scope of consolidation during the period: None

Newly added: - Excluded: -

Note: Mercuria Holdings has invested in and newly established Cross-border Investment & Consulting Holding in the second quarter of 2024, and this company has been included in the scope of consolidation. This change does not apply to significant changes in consolidated subsidiaries.

(2) Application of special accounting methods for presenting consolidated interim 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 Jun. 30, 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 Jun. 30, 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

Six months ended Jun. 30, 2024:	19,346,123 shares	Six months ended Jun. 30, 2023:	19,737,297 shares
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* The current financial report is not subject to quarterly (semi-annual) 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 Consolidated Interim 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 financial results will be disclosed today on the Timely Disclosure network (TDnet), and will be available on the Mercuria Holdings' website immediately thereafter.

Mercuria Holdings plans to hold a financial results meeting for institutional investors and securities analysts on Thursday, August 29, 2024. Materials to be distributed at this meeting will be available on the Mercuria Holdings' website immediately thereafter.

Contents of Attachments

1. Qualitative Information on Consolidated Interim 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. Consolidated Interim Financial Statements and Notes	3
(1) Consolidated Interim Balance Sheet	3
(2) Consolidated Interim Statements of Income and Comprehensive Income	5
Consolidated Interim Statement of Income	
For the Six-month Period	5
Consolidated Interim Statement of Comprehensive Income	
For the Six-month Period	6
(3) Consolidated Interim Statement of Cash Flows	7
(4) Notes to Consolidated Interim Financial Statements	8
Going Concern Assumption	8
Significant Changes in Shareholders' Equity	8
Significant Changes in Consolidated Subsidiaries during the Period	8
Application of Special Accounting Methods for Presenting Consolidated Interim Financial Statements	8
Subsequent Events	8

1. Qualitative Information on Consolidated Interim Financial Performance

(1) Explanation of Results of Operations

In the first six months of 2024 (January 1, 2024 to June 30, 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 aimed to achieve growth on a medium- to long-term basis. In existing funds, efforts were continued to be made to enhance the Group's support for portfolio companies, including the monitoring thereof, to maximize performance fees by improving investment returns. In doing so, new investments were made in operating companies by Mercuria Japan Industrial Growth Fund II, which is a Buyout fund II managed and operated by subsidiary Mercuria Investment Co., Ltd., with a focus on the theme of business succession in Japanese medium-market companies seeking new owners.

In new funds, Mercuria Supply Chain Investment Limited Partnership was formed with the aim of providing support to start-up companies that seek to solve issues in the logistics and supply chain field in Japan. Through such efforts, the Group facilitated business planning based on investment strategies that match the macro business environment.

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 six months of 2024, the Group posted operating revenue of 2,265 million yen (down 33.3% year on year), an ordinary profit of 506 million yen (up 5.9% year on year), and a profit attributable to owners of parent of 309 million yen (down 3.8% year on year). 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 six months 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 second quarter of 2024 increased by 1,035 million yen from the end of 2023 to 20,691 million yen. This chiefly reflected an increase in operational investment securities of 1,904 million yen due to the effects of market value evaluation related to securities held, despite a decline of 690 million yen in cash and deposits.

Total liabilities increased by 27 million yen from the end of 2023 to 1,441 million yen. This was mainly due to increases of 30 million yen in unearned revenue, 139 million yen in provision for bonuses, 38 million yen in retirement benefit liabilities, and 225 million yen in deferred tax liabilities, which were partially offset by a decrease of 390 million yen in accrued expenses.

Net assets totaled 19,249 million yen, an increase of 1,008 million yen from the end of 2023. This was largely due to increases of 447 million yen in valuation difference on available-for-sale securities, 439 million yen in foreign currency translation adjustments, and 226 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 forecast for 2024, which was disclosed on February 13, 2024.

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

(Thousands of yen)

	2023 (As of Dec. 31, 2023)	Second quarter of 2024 (As of Jun. 30, 2024)
Assets		
Current assets		
Cash and deposits	3,003,153	2,312,684
Trade accounts receivable	713,190	798,282
Operational investment securities	13,699,185	15,603,284
Operating loans	680,134	841,308
Advances paid	262,058	89,885
Other	393,547	145,845
Total current assets	18,751,265	19,791,289
Non-current assets		
Property, plant and equipment		
Buildings, net	168,939	150,769
Tools, furniture and fixtures, net	20,986	19,943
Total property, plant and equipment	189,926	170,712
Intangible assets		
Software	1,607	1,258
Total intangible assets	1,607	1,258
Investments and other assets		
Investment securities	243,084	254,056
Leasehold and guarantee deposits	98,831	97,786
Deferred tax assets	357,751	362,929
Other	12,887	12,982
Total investments and other assets	712,553	727,752
Total non-current assets	904,085	899,722
Total assets	19,655,351	20,691,011
Liabilities		
Current liabilities		
Accounts payable-other	50,754	63,568
Accrued expenses	478,985	88,135
Accrued consumption taxes	61,986	4,180
Income taxes payable	94,352	119,195
Unearned revenue	-	30,164
Provision for bonuses	-	139,734
Other	68,603	79,875
Total current liabilities	754,680	524,851
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	206,544
Provision for share-based remuneration for employees	27,500	31,250
Retirement benefit liability	174,761	212,762
Long-term accounts payable-other	70,000	70,000
Long-term deposits received	25,050	25,050
Deferred tax liabilities	-	225,630
Other	62,735	43,870
Total non-current liabilities	659,841	917,107
Total liabilities	1,414,522	1,441,958

	(Thousands of yen)	
	2023 (As of Dec. 31, 2023)	Second quarter of 2024 (As of Jun. 30, 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	9,278,616
Treasury shares	(1,591,901)	(1,591,901)
Total shareholders' equity	16,378,188	16,272,350
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	426,288	873,727
Foreign currency translation adjustment	288,959	728,748
Total accumulated other comprehensive income	715,247	1,602,475
Share acquisition rights	72	72
Non-controlling interests	1,147,322	1,374,156
Total net assets	18,240,829	19,249,053
Total liabilities and net assets	19,655,351	20,691,011

(2) Consolidated Interim Statements of Income and Comprehensive Income
(Consolidated Interim Statement of Income)
(For the Six-month Period)

	(Thousands of yen)	
	First six months of 2023 (Jan. 1 - Jun. 30, 2023)	First six months of 2024 (Jan. 1 - Jun. 30, 2024)
Operating revenue	3,394,894	2,265,688
Operating costs	1,830,413	323,276
Operating gross profit	1,564,481	1,942,412
Selling, general and administrative expenses	1,241,878	1,618,919
Operating profit	322,602	323,494
Non-operating income		
Interest income	20,511	7,576
Foreign exchange gains	102,926	166,001
Rent revenue	263	447
Share of profit of entities accounted for using equity method	51,014	10,972
Other	2,097	1,817
Total non-operating income	176,812	186,813
Non-operating expenses		
Interest expenses	4,202	3,097
Financing fees	13,500	-
Other	3,682	1,206
Total non-operating expenses	21,384	4,303
Ordinary profit	478,031	506,004
Profit before income taxes	478,031	506,004
Income taxes	103,229	131,392
profit	374,802	374,612
Profit attributable to non-controlling interests	52,900	64,785
Profit attributable to owners of parent	321,902	309,827

(Consolidated Interim Statement of Comprehensive Income)
(For the Six-month Period)

	(Thousands of yen)	
	First six months of 2023 (Jan. 1 - Jun. 30, 2023)	First six months of 2024 (Jan. 1 - Jun. 30, 2024)
Profit	374,802	374,612
Other comprehensive income		
Valuation difference on available-for-sale securities	280,290	447,440
Foreign currency translation adjustment	265,940	587,856
Share of other comprehensive income of entities accounted for using equity method	(15,530)	(13,618)
Total other comprehensive income	530,700	1,021,678
Comprehensive income	905,502	1,396,289
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	793,597	1,197,055
Comprehensive income attributable to non-controlling interests	111,905	199,234

(3) Consolidated Interim Statement of Cash Flows

(Thousands of yen)

	First six months of 2023 (Jan. 1 – Jun. 30, 2023)	First six months of 2024 (Jan. 1 – Jun. 30, 2024)
Cash flows from operating activities		
Profit before income taxes	478,031	506,004
Depreciation	34,557	40,160
Borrowing related expenses	13,500	-
Increase (decrease) in provision for bonuses	97,117	135,992
Increase (decrease) in retirement benefit liability	26,082	36,890
Increase (decrease) in provision for share-based remuneration for directors (and other officers)	8,750	8,750
Increase (decrease) in provision for share-based remuneration for employees	3,750	3,750
Interest income	(20,511)	(7,576)
Interest expenses	4,202	3,097
Commission expenses	1,756	-
Foreign exchange losses (gains)	(12,315)	(19,314)
Share of loss (profit) of entities accounted for using equity method	(51,014)	(10,972)
Loss on retirement of non-current assets	1,462	-
Decrease (increase) in trade receivables	(31,190)	(34,761)
Decrease (increase) in operational investment securities	2,167,174	(810,847)
Decrease (increase) in operating loans receivable	(143,598)	(168,450)
Decrease (increase) in other current assets	69,394	145,886
Increase (decrease) in other current liabilities	(362,363)	(406,141)
Increase (decrease) in other non-current liabilities	(9,734)	(27,323)
Subtotal	2,275,047	(604,855)
Interest received	12,851	8,015
Interest paid	(4,536)	(3,097)
Income taxes refund (paid)	(329,044)	177,085
Net cash provided by (used in) operating activities	1,954,318	(422,852)
Cash flows from investing activities		
Proceeds from withdrawal of restricted deposits	70,000	-
Purchase of property, plant and equipment	(24,580)	(2,038)
Purchase of intangible assets	(827)	-
Payments of leasehold deposits	(21,365)	(3)
Loan advances to subsidiaries and associates	(4,060)	-
Net cash provided by (used in) investing activities	19,168	(2,042)
Cash flows from financing activities		
Repayments of short-term borrowings	(100,000)	-
Repayments of long-term borrowings	(743,500)	-
Dividends paid	(410,020)	(415,665)
Purchase of treasury shares	(410,269)	-
Proceeds from share issuance to non-controlling shareholders	-	27,600
Net cash provided by (used in) financing activities	(1,663,788)	(388,065)
Effect of exchange rate change on cash and cash equivalents	71,303	122,490
Net increase (decrease) in cash and cash equivalents	381,000	(690,469)
Cash and cash equivalents at beginning of period	2,943,477	3,003,153
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(1,414)	-
Cash and cash equivalents at end of period	3,323,063	2,312,684

(4) Notes to Consolidated Interim Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Significant Changes in Consolidated Subsidiaries during the Period

Not applicable.

While not applicable to significant changes in consolidated subsidiaries, Cross-border Investment & Consulting Holding has been included in the scope of consolidation because Mercuria Holdings has invested in and newly established this company in the second quarter of 2024.

Application of Special Accounting Methods for Presenting Consolidated Interim 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 six months of 2024. 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.

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.