

Q1 (FY2024) Annual Securities Report

(First Quarter of the 52nd Fiscal Year)

From April 1, 2023 to June 30, 2023

MIRARTH HOLDINGS, Inc.

1-8-2, Marunouchi, Chiyoda-Ku, Tokyo

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[Filing]	Q1 (FY2024) Annual Securities Report
[Applicable provision]	Article 24-4-7(1) of the Financial Instruments and Exchange Act
[Submitted To]	Director-General of the Kanto Local Finance Bureau
[Date of submission]	August 10, 2023
[Quarterly Accounting Period]	1st quarter for the 52nd Fiscal Period (From April 1, 2023 to June 30, 2023)
[Company name]	MIRARTH HOLDINGS, Inc.
[Company Name in English]	MIRARTH HOLDINGS, Inc.
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[Place for public inspection]	Kita-Kanto Branch of MIRARTH HOLDINGS, Inc. (1-20-1, Takahanacho, Omiya-ku, Saitama-shi, Saitama) Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

Part I. [Company Information]

I. [Company Overview]

1[Trends in Major Management Indicators, Etc.]

Fiscal term		51st fiscal year First Quarter Consolidated Cumulative period	52nd fiscal year First Quarter Consolidated Cumulative period	51st fiscal year
Accounting period		From April 1, 2022 to June 30, 2022	From April 1, 2023 to June 30, 2023	From April 1, 2022 to March 31, 2023
Net sales	(Millions of yen)	28,325	28,137	153,472
Ordinary income	(Millions of yen)	398	245	5,033
Quarterly (current term) net income (loss) (Δ) attributable to owners of the parent	(Millions of yen)	206	Δ218	4,584
Quarterly comprehensive income	(Millions of yen)	134	Δ50	3,852
Net assets	(Millions of yen)	58,069	59,824	65,142
Total assets	(Millions of yen)	243,519	349,262	341,669
Quarterly (current term) net income (loss) (Δ) per share	(Yen)	1.89	Δ1.99	41.90
Quarterly (current term) net income per share (fully diluted)	(Yen)	1.88	-	41.58
Equity ratio	(%)	23.7	16.9	18.0

(NOTE)1. We have prepared our quarterly consolidated financial statements. Therefore, we have not provided any information on the major financial indicators of Submitting Company.

2. Quarterly diluted net income per share of First Quarter Consolidated Cumulative period for the 52nd fiscal period is not stated because there is a potential Equity securities but it is a 1 Shares Per share quarterly net loss.

2[Businesses]

There have been no material changes to Details of the business conducted by our group (us and our affiliated companies) in 1st quarter of fiscal year under review. There have also been no changes in major affiliated companies.

II. [Business Overview]

1[Business Risks]

There have been no significant changes in 1st quarter of fiscal year under review to the risks of new businesses or the risks of businesses described in Prior taxable year's Securities Report Statement.

2[Management's Analysis of Financial Position, Operating Results and Cash Flows]

Forward-looking statements in the text are based on judgments made as of the end of the current quarterly consolidated accounting period.

(1)Management's discussion

①Results of Operations by Segment

In Real Estate Business, Net sales for this segment was 23,908 Millions of yen (down 3.7% from the same quarter of the previous fiscal year) due to factors such as new condominiums, liquidation, new detached house, renewal and resale, real estate rental, real estate management, and real estate Other.

In Energy Business, Net sales of this business was 2,798 Millions of yen (up 5.9% from the same quarter of the previous fiscal year) due to the revenue from electricity sale of power generation facilities.

In Asset Management Business, Net sales was 79 Millions of yen (68.5% decrease from the same quarter of the previous fiscal year) due to management fees and other factors.

In Other Businesses, Net sales of this business was 1,351 Millions of yen (up 126.9% from the same quarter of the previous fiscal year) due to construction contracting and other factors.

Consequently, 1st quarter of fiscal year under review's results of operations are as follows : Net sales 28,137 Millions of yen (down 0.7% from the same quarter of the previous fiscal year), Operating income 621 Millions of yen (up 4.1% from the same quarter of the previous fiscal year), Ordinary income 245 Millions of yen (down 38.5% from the same quarter of the previous fiscal year), and net loss attributable to owners of the parent of 218 Millions of yen (compared to Net income attributable to owners of parent of 206 Millions of yen in the same quarter of the previous fiscal year).

②Progress of contract execution

Regarding 1st quarter of fiscal year under review sales Actual, 1,788 units were contracted for Units 2,200 units scheduled to be delivered to Full year, and the progress rate is 81.3%.

(Contract status for new built-for-sale condominiums)

	Units scheduled for delivery	Number of contracted units scheduled for delivery	Contract progress ratio (%)	Units under contract From April to June
Previous period	1,780	1,433	80.5	635
Current period	2,200	1,788	81.3	535

(2)Explanation of Financial Position

Assets, Liabilities and Net Assets

At the end of our End of 1st quarter of the fiscal year under review, Assets, Liabilities and Net Assets of Total assets increased by 7,593 Millions of yen from 349,262 Millions of yen to End of Previous Consolidated Accounting Period as a result of steady purchases of Assets for business use and other factors.

(Current Assets)

Thanks to steady purchases of business Assets and other factors, Current assets increased by 12,975 Millions of yen to 201,704 Millions of yen compared to End of Previous Consolidated Accounting Period.

(Fixed Assets)

Despite the steady purchase of Assets for business use, Fixed assets decreased by 5,377 Millions of yen compared to 147,507 Millions of yen and End of Previous Consolidated Accounting Period mainly due to the transfer to Real estate for sale.

(Current Liabilities)

Due to the increase in Short-term borrowings and the transfer of short-and long-term Category, Current liabilities increased by 11,304 Millions of yen compared to 173,462 Millions of yen and End of Previous Consolidated Accounting Period.

(Fixed Liabilities)

Due to an increase in borrowings associated with new purchases and other factors, Fixed liabilities increased by 1,606 Millions of yen compared to 115,975 Millions of yen and End of Previous Consolidated Accounting Period.

(Net Assets)

Due to the recording of quarterly net loss attributable to owners of the parent and Dividend of surplus, Total of Net assets decreased by 5,317 Millions of yen compared to 59,824 Millions of yen and End of Previous Consolidated Accounting Period.

(3)Prioritized business and financial challenges

There have been no material changes in the business and financial issues that our Group should prioritize during the first quarter of the current fiscal year.

(4)Research & Development Activities

Not applicable.

(5)Major factors affecting performance

Our Group's mainstay real estate sales business tends to be influenced by buyer sentiment and supplier supply trends. Purchaser sentiment is affected by, among other things, economic trends, interest rate trends, housing taxation, consumption tax, and land price trends. Suppliers' supply trends are also susceptible to changes in Land purchasing costs, subcontractors' outsourcing prices, the failure of subcontractors, and financial trends. Therefore, fluctuations in these trends could have a material impact on operating results.

3[Important Contracts Etc. Related to Management]

End of 1st quarter of the fiscal year under review has no significant management contracts, etc. to be determined or concluded.

III. [Information on the Reporting Company]

1[Stock Information]

(1)[Total Number of Shares, Etc.]

①[Total Number of Shares]

Type	Number of authorized shares (shares)
Common stock	248,000,000
Total	248,000,000

②[Issued shares]

Type	Number of shares issued at the end of the current first quarter (shares) (As of June 30, 2023)	Number of shares issued as of the filing date (shares) (As of August 10, 2023)	Stock exchange on which the company is listed	Details
Common stock	121,000,000	121,000,000	Tokyo Stock Exchange Prime market	The number of shares constituting 1 unit is 100 shares, which is the standard for us with no limitation on the content of rights.
Total	121,000,000	121,000,000	-	-

(2)[Information on the Share Acquisition Rights, Etc.]

①[Details of the Stock Option Plan]

Not applicable.

②[Other Subscription Rights]

Not applicable.

(3)[Exercise of Moving Strike Convertible Bonds, Etc.]

Not applicable.

(4)[Changes in Number of Shares Issued and Capital, Etc.]

Date	Number of issued shares Change (Shares)	Number of issued shares Balance (Shares)	Change in capital stock (Millions of yen)	Balance of capital stock (Millions of yen)	Change in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
From April 1, 2023 to June 30, 2023	-	121,000,000	-	4,819	-	4,817

(5)[Status of Major Shareholders]

There are no items to be stated because the current quarterly accounting period is the first quarter accounting period.

(6)[Information on Voting Rights]

"Status of voting rights" as of the end of First quarter of the current fiscal year Accounting period cannot be stated because Details of the shareholder register cannot be confirmed. Accordingly, the shareholder register based on the previous Record Date (March 31, 2023) is presented.

①[Issued shares]

As of June 30, 2023

Category	Number of shares (shares)	Number of voting rights (units)	Details
Shares without voting rights	-	-	-
Shares with limited voting rights (including treasury shares)	-	-	-
Shares with restricted voting rights (other than the above)	-	-	-
Shares with full voting rights (including treasury shares)	Common stock 11,192,600	-	The number of shares constituting 1 unit is 100 shares, which is the standard for us with no limitation on the content of rights.
Shares with full voting rights (other than the above)	Common stock 109,740,700	1,097,407	Same as above
Shares less than 1 unit	Common stock 66,700	-	Shares less than 1 unit (100 shares)
Number of issued shares	121,000,000	-	-
Voting rights of all shareholders	-	1,097,407	-

(NOTE) The column "Shares with full voting rights (other than the above)" includes 1,600 Shares of Equity securities in the name of the JASDEC. In addition, the "Number of voting rights" column includes 16 voting rights of shares with full voting rights held under the name of Japan Securities Depository Center, Inc.

②[Treasury stock, etc.]

As of June 30, 2023

Name of shareholder	Address of shareholder	Number of shares held under the shareholder's name (shares)	Number of shares held under other shareholders' names (shares)	Total number of shares held (shares)	Ratio of shares held to total number of shares issued (%)
MIRARTH HOLDINGS, Inc.	1-8-2, Marunouchi, Chiyoda-Ku, Tokyo	11,192,600	-	11,192,600	9.25
Total	-	11,192,600	-	11,192,600	9.25

(NOTE) We are able to confirm the real ownership status as of the end of First quarter of the current fiscal year Accounting period, and the number of Treasury stock is 11,192,607 Shares.

2[Officers]

Not applicable.

IV. [Financial Information]

1. Preparation of Quarterly Consolidated Financial Statements

Our quarterly consolidated financial statements have been prepared in accordance with "Regulations Concerning Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements" (Cabinet Office No. 64, 2007).

2. About Audit Certification

Pursuant to Article 193-2 1 of the Financial Instruments and Exchange Law, the quarterly consolidated financial statements of First Quarter Consolidated Accounting period (from April 1, 2023 to June 30, 2023) and First Quarter Consolidated Cumulative period (from April 1, 2023 to June 30, 2023) were reviewed by Grant Thornton Taiyo LLC. on a quarterly basis.

1[Quarterly Consolidated Financial Statements]

(1)[Quarterly Consolidated Balance Sheets]

(Millions of yen)

	End of Previous Consolidated Accounting Period (As of March 31, 2023)	End of 1st quarter of the fiscal year under review (As of June 30, 2023)
Assets		
Current assets		
Cash and deposits	47,872	47,044
Notes, accounts receivable-trade and contract assets	3,477	3,458
Real estate for sale	※1 34,147	※1 35,165
Power generation facilities for sale	※1 3,375	※1 3,039
Real estate for sale in progress	※1 82,713	※1 93,982
Costs incurred on uncompleted contracts	0	10
Other	※1 17,415	19,277
Allowance for doubtful accounts	△275	△275
Total current assets	188,728	201,704
Fixed assets		
Property, plant and equipment		
Buildings and structures (net)	※1 28,879	※1 26,613
Machinery, equipment and vehicles, net	※1 48,705	※1 49,915
Land	※1 41,394	※1 37,155
Other (net)	※1 6,382	※1 6,114
Total property, plant and equipment	125,362	119,799
Intangible assets		
Goodwill	3,918	3,790
Other	※1 4,457	5,632
Total intangible assets	8,376	9,422
Investments and other assets		
Other	※1 19,148	※1 18,287
Allowance for doubtful accounts	△2	△2
Total investments and other assets	19,145	18,285
Total fixed assets	152,884	147,507
Deferred assets	56	51
Total assets	341,669	349,262
Liabilities		
Current liabilities		
Notes and accounts payable-trade	16,342	12,391
Short-term borrowings	92,069	99,802
Current portion of bonds payable	190	190
Current portion of long-term loans payable	25,997	32,089
Income taxes payable	4,318	2,867
Allowance	1,250	976
Other	21,987	25,146
Total current liabilities	162,157	173,462
Fixed liabilities		
Long-term loans payable	104,828	106,699
Bonds payable	4,015	4,005
Allowance	135	80
Liabilities related to retirement benefits	1,100	1,130
Other	4,290	4,060
Total Fixed liabilities	114,369	115,975
Total liabilities	276,527	289,438

(Millions of yen)

	End of Previous Consolidated Accounting Period (As of March 31, 2023)	End of 1st quarter of the fiscal year under review (As of June 30, 2023)
Net assets		
Shareholders' equity		
Capital stock	4,819	4,819
Capital surplus	4,820	4,677
Retained earnings	55,971	53,776
Treasury stock	△4,174	△4,174
Total shareholders' equity	61,436	59,099
Accumulated other comprehensive income		
Net unrealized gains on available-for-sale securities	△71	23
Foreign currency translation adjustments	3	1
Remeasurements of defined benefit plans	8	8
Total accumulated other comprehensive income	△59	33
Subscription rights to shares	220	220
Non-controlling interest	3,544	470
Total net assets	65,142	59,824
Total liabilities and net assets	341,669	349,262

(2)[Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income]

[Quarterly Consolidated Statements of Income]

[First Quarter Consolidated Cumulative Period]

(Millions of yen)

	1st quarter of previous fiscal year (From April 1, 2022 to June 30, 2022)	1st quarter of fiscal year under review (From April 1, 2023 to June 30, 2023)
Net sales	28,325	28,137
Cost of sales	22,485	21,941
Gross profit	5,839	6,195
Selling, general and administrative expenses	5,242	5,574
Operating income	597	621
Non-operating income		
Interest income	5	11
Dividend income	71	47
Commission received	19	18
Gain from equity method investment	67	161
Miscellaneous income	52	150
Total non-operating income	216	389
Non-operating expenses		
Interest expenses	360	698
Miscellaneous expenses	53	66
Total non-operating expenses	414	765
Ordinary income	398	245
Current net income for the quarter before income taxes and minority interests prior to distribution of gain/loss on silent partnership	398	245
Distribution of loss in partnership	-	146
Current net income for the quarter before income taxes and minority interests	398	98
Income taxes, inhabitant taxes and business taxes	143	52
Income tax adjustments	40	188
Total income and other taxes	184	241
Quarterly net income (loss) (Δ)	214	Δ 143
Quarterly net income attributable to non-controlling interests	8	75
Quarterly net income attributable to owners of the parent or quarterly net loss attributable to owners of the parent (Δ)	206	Δ 218

[Quarterly Consolidated Statements of Comprehensive Income]

[First Quarter Consolidated Cumulative Period]

(Millions of yen)

	1st quarter of previous fiscal year (From April 1, 2022 to June 30, 2022)	1st quarter of fiscal year under review (From April 1, 2023 to June 30, 2023)
Quarterly net income (loss) (△)	214	△143
Other comprehensive income		
Net unrealized gains on available-for-sale securities	△84	95
Foreign currency translation adjustments	3	△2
Remeasurements of defined benefit plans	1	0
Total other comprehensive income	△80	92
Quarterly comprehensive income	134	△50
(Comprising)		
Quarterly comprehensive income attributable to owners of the parent	125	△125
Quarterly comprehensive income attributable to non-controlling interests	8	75

[Notes]

(Notes to Quarterly Consolidated Balance Sheets)

※1 Change in holding purpose of Assets

End of Previous Consolidated Accounting Period (As of March 31, 2023)

Power generation facilities for sale 1,024 Millions of yen was transferred to Machinery and equipment 1,024 Millions of yen in Current Consolidated Fiscal Year due to a change in the holding purpose from resale to Assets for business use.

In addition, as a result of the change in the holding purpose from development and lease to resale in Current Consolidated Fiscal Year, a portion of the real estate owned was transferred to Buildings and structures 5,107 Millions of yen, Tools, furniture and fixtures 32 Millions of yen ("Other (net)" by Property, plant and equipment), 8,274 Millions of yen and 2,254 Millions of yen ("Other (net)" by Property, plant and equipment), Land Lease Right 14 Millions of yen ("Land" by Intangible assets), and Software 0 Millions of yen ("Other" by Construction in progress) to Real estate for sale and Real estate for sale in progress. Certain of Assets were sold in Current Consolidated Fiscal Year and 6,765 Millions of yen of the 15,308 Millions of yen transferred to Real estate for sale were recorded in Cost of sales.

In addition, as a result of changing the holding purpose of a part of Mega solar generation Facilities to resale, Current Consolidated Fiscal Year transferred Prepaid expenses 7 Millions of yen ("Other" of Current assets), Machinery and equipment 2,579 Millions of yen, Land 60 Millions of yen, Construction in progress 525 Millions of yen ("Other (net)" of Property, plant and equipment), and long-term Prepaid expenses 235 Millions of yen ("Other" of Investments and other assets") to Power generation facilities for sale. Certain of Assets were sold in Current Consolidated Fiscal Year and 2,505 Millions of yen of the 3,408 Millions of yen transferred to Power generation facilities for sale were recorded in Cost of sales.

End of 1st quarter of the fiscal year under review (As of June 30, 2023)

As a result of the change in the holding objective from resale to Assets for business purposes, a portion of the real estate owned was transferred to 1st quarter of fiscal year under review for Power generation facilities for sale 85 Millions of yen to Machinery and equipment 83 Millions of yen and long-term Prepaid expenses 2 Millions of yen ("Other" in Investments and other assets).

In addition, in conjunction with the change in the holding purpose from development and leasing to resale of a portion of real estate owned, the Company transferred 1st quarter of fiscal year under review's Buildings and structures 2,766 Millions of yen and Tools, furniture and fixtures 10 Millions of yen ("Other (net)" of Property, plant and equipment), Land 3,923 Millions of yen and Construction in progress 529 Millions of yen ("Other (net)" of Property, plant and equipment") to Real estate for sale and Real estate for sale in progress.

In addition, a portion of Mega solar generation Facilities was transferred to Power generation facilities for sale in 1st quarter of fiscal year under review for Machinery and equipment 29 Millions of yen and long-term Prepaid expenses 11 Millions of yen ("Other" in Investments and other assets).

2 Contingent liabilities

Guarantees for loans from financial institutions

	End of Previous Consolidated Accounting Period (As of March 31, 2023)	End of 1st quarter of the fiscal year under review (As of June 30, 2023)
Joint and several guarantee obligations to financial institutions, etc. until the completion of the registration of the establishment of mortgages on our group customer housing loans	15,420 Millions of yen	2,125 Millions of yen
Minato Vietnam Co., Ltd.	112	120
WISE ESTATE 3 Co., Ltd.	1,615	1,067
WISE ESTATE 8 Co., Ltd.	246	255
WISE ESTATE 10 Co., Ltd.	237	246
Total	17,632	3,816

3 In order to raise working capital efficiently, we have entered into overdraft and loan commitment agreements with 66 Financial institutions companies (End of Previous Consolidated Accounting Period 68 companies). The balance of undrawn lines of credit under these agreements is as follows:

	End of Previous Consolidated Accounting Period (As of March 31, 2023)	End of 1st quarter of the fiscal year under review (As of June 30, 2023)
Maximum Overdraft Amount and Total Loan Commitments	85,033 Millions of yen	90,643 Millions of yen
Loan balance	51,105	56,503
Net amount	33,928	34,139

(Notes to Quarterly Consolidated Statements of Cash Flows)

Quarterly consolidated statements of cash flows for the first quarter of the current fiscal year have not been prepared. Depreciation and amortization (including depreciation related to Intangible assets excluding Goodwill) and Amortization of goodwill related to First Quarter Consolidated Cumulative period are as follows.

	1st quarter of previous fiscal year (From April 1, 2022 to June 30, 2022)	1st quarter of fiscal year under review (From April 1, 2023 to June 30, 2023)
Depreciation and amortization	496 million yen	1, 173 Millions of yen
Amortization of goodwill	82	128

(Shareholders' Equity)

I 1st quarter of previous fiscal year (From April 1, 2022 to June 30, 2022)

1. Matters concerning dividends

Dividends paid

(Resolution)	Class of shares	Total dividends (Millions of yen)	Per share dividends (yen)	Record Date	Effective date	Source of dividends
June 24, 2022 Annual Shareholders' Meeting	Common stock	1,526	14	March 31, 2022	June 27, 2022	Retained earnings

2. Significant changes in the amount of Shareholders' equity

Not applicable.

II 1st quarter of fiscal year under review (From April 1, 2023 to June 30, 2023)

1. Matters concerning dividends

Dividends paid

(Resolution)	Class of shares	Total dividends (Millions of yen)	Per share dividends (yen)	Record Date	Effective date	Source of dividends
June 23, 2023 Annual Shareholders' Meeting	Common stock	1,976	18	March 31, 2023	June 26, 2023	Retained earnings

2. Significant changes in the amount of Shareholders' equity

Not applicable.

(Segment information, etc.)

[Segment Information]

I 1st quarter of previous fiscal year (From April 1, 2022 to June 30, 2022)

Information on the amount of Net sales and Profit or loss for each Reportable segments and breakdown information on revenue

(Millions of yen)

	Reportable segments				Others (Note)	Total
	Real Estate Business	Energy Business	Asset Management Business	Total		
Net sales						
Revenue arising from contracts with customers	23,372	2,643	250	26,266	595	26,862
Other revenue	1,463	-	-	1,463	-	1,463
Net sales to customers	24,835	2,643	250	27,730	595	28,325
Intersegment net sales or transfers	-	-	-	-	-	-
Total	24,835	2,643	250	27,730	595	28,325
Segment income (loss) (Δ)	809	Δ 163	73	719	Δ 122	597

(NOTE)"Other" Category is a business Segment not included in Reportable segments and includes rehabilitation-oriented day services, construction subcontracting, and Hotel businesses.

II 1st quarter of fiscal year under review (From April 1, 2023 to June 30, 2023)

Information on the amount of Net sales and Profit or loss for each Reportable segments and breakdown information on revenue

(Millions of yen)

	Reportable segments				Others (Note)	Total
	Real Estate Business	Energy Business	Asset Management Business	Total		
Net sales						
Revenue arising from contracts with customers	22,485	2,798	79	25,362	1,351	26,713
Other revenue	1,423	-	-	1,423	-	1,423
Net sales to customers	23,908	2,798	79	26,786	1,351	28,137
Intersegment net sales or transfers	-	-	-	-	-	-
Total	23,908	2,798	79	26,786	1,351	28,137
Segment income (loss) (Δ)	73	676	Δ 87	661	Δ 40	621

(NOTE)"Other" Category is a business Segment not included in Reportable segments and includes businesses such as construction and Hotel operations.

(Revenue Recognition)

Information disaggregating revenue from contracts with customers is presented in "Notes (Segment Information, etc.)."

(Per Share Information)

Quarterly net income per share or 1 Shares Per share quarterly net loss and calculation basis, Quarterly diluted net income per share and calculation basis are as follows.

	1st quarter of previous fiscal year (From April 1, 2022 to June 30, 2022)	1st quarter of fiscal year under review (From April 1, 2023 to June 30, 2023)
(1) Quarterly net income per share or 1 Shares Quarterly net loss (△)	1.89 yen	△1.99 yen
(Basis of calculation)		
Quarterly net income attributable to owners of the parent or quarterly net loss attributable to owners of the parent (△) (Millions of yen)	206	△218
Amounts not attributable to common shareholders (Millions of yen)	-	-
Quarterly net income attributable to owners of the parent or quarterly net loss attributable to owners of the parent (△) related to common stock (Millions of yen)	206	△218
Average number of shares of common stock outstanding during the period (Thousands of shares)	109,051	109,807
(2) Quarterly diluted net income per share	1.88 yen	-
(Basis of calculation)		
Quarterly adjustments to net income attributable to owners of parent (Millions of yen)	-	-
Increase in common stock (thousands)	726	-
Summary of potential Equity securities that were not included in the calculation of Quarterly diluted net income per share because the effect of dilution was not Yes and there were significant changes from End of End of Previous Consolidated Accounting Period	-	-

(NOTE) Quarterly diluted net income per share of 1st quarter of fiscal year under review is not disclosed because the potential Equity securities exists but it is 1 Shares Per share quarterly net loss.

(Significant Subsequent Events)

(Issuance of Stock Compensation-type Stock Options)

At Board of Directors held on July 3, 2023, we resolved to issue Subscription rights to shares as a Equity securities compensation Stock options to Director and Executive Officers of us and our subsidiaries in accordance with Article 236, 238 and 240 of the Companies Act.

1. Reasons for Grant Subscription rights to shares as a Equity securities compensation-type Stock options

Our aim is to further clarify the linkage between our business performance and Equity securities value, and executive compensation and salaries, and to further enhance our motivation to contribute to improving medium-to long-term performance and corporate value.

2. Subscription rights to shares procedure

I. A class Subscription rights to shares

(1) Allocation Date of Subscription rights to shares

August 1, 2023

(2) Total number of Subscription rights to shares

2,899 (100 Shares per unit)

(3) Grant of Subscription rights to shares and the number of such persons

2 in our Director and 6 in Director and 9 in Executive Officers of subsidiaries

(4) Amount to be paid by Subscription rights to shares

48.2 thousand yen per Subscription rights to shares (1 Shares Per share 482 yen)

The above amounts are based on the Black-Scholes pricing of each Subscription rights to shares on the date of allocation. In addition, monetary remuneration equivalent to the total amount of said payment shall be paid to the subject person to whom Subscription rights to shares has been allotted (hereinafter referred to as the "Subscription rights to shares Person"), and such Subscription rights to shares shall be acquired by offsetting the payment obligation of the payment amount of this remuneration claim and the payment obligation of Subscription rights to shares.

(5) Class of shares that is the object of Subscription rights to shares and numbers

Our Common stock 289.9 thousand Shares

In addition, in the event we conduct a Equity securities split or Equity securities consolidation of our Common stock after the allocation date of Subscription rights to shares as set forth in (1) above, Grant Equity securities count shall be adjusted according to the following formula, and fractions less than 1 Shares resulting from the adjustment shall be discarded.

$$\text{Number of shares granted after adjustment} = \text{Number of shares granted before adjustment} \times \text{Ratio of stock split or reverse stock split}$$

In addition, in the event of a merger, company split, Equity securities split, or Equity securities reverse split, or Other free allotment, or in the event Grant Equity securities count needs to be adjusted accordingly, Grant Equity securities count shall be appropriately adjusted to the extent reasonable.

Provided, however, that adjustments in this paragraph shall be made only for Subscription rights to shares that are not Exercise of rights at that point in time and that are the target Equity securities numbers.

(6) Value of Property Contributed upon Exercise of Subscription rights to shares

The amount shall be 1 yen per share that can be delivered upon exercise of the Stock Acquisition Rights and multiplied by the total number of Granted Shares.

(7) Exercise term of Subscription rights to shares

From August 2, 2023 to August 1, 2063. Provided, however, that in the event the last day of the Exercise Period falls on a holiday, the next business day shall be the last day of such Exercise Period.

(8) Terms of Exercise of Subscription rights to shares

① Subscription rights to shares holder shall be entitled to exercise all Subscription rights to shares allocated to such Subscription rights to shares holder after the date of issuance of Subscription rights to shares.

② Notwithstanding the provisions of paragraph ① above, in the event the Subject Person to whom Subscription rights to shares has been allocated falls under any of the following items, the Subject Person shall not be entitled to exercise his/her rights:

1. Failure to Exercise Rights during the Exercise Period
2. In the event of disciplinary punishment not less than suspension from work
3. In the event any of Director and Executive Officers status of our Group is lost due to resignation or retirement voluntarily (excluding retirement due to expiration of Term of Office, resignation or retirement due to the convenience of our Group (and our Subsidiaries and associates; the same shall apply hereinafter) to Within 1 year from the date of Subscription rights to shares allotment;
4. In the event that any of Director and Executive Officers status of our group is lost due to Ordinary General Meeting of Shareholders resolution or dismissal or disciplinary action by Board of Directors resolution of our group, or that it is reasonably accepted that it is not appropriate to have our Board of Directors exercise Subscription rights to shares
5. When the Subject Person requests to waive his/her rights

③ In the event of the death of Subscription rights to shares, only 1 of the heirs to Subscription rights to shares (hereinafter referred to as the "heir") shall be entitled to exercise Subscription rights to shares in accordance with the terms set forth below. Provided, however, that a person who is deemed to have committed a serious crime among penal code offenses may not be an heir.

1. If an heir dies, his/her heir may not inherit the rights to subscribe for new shares.
2. Successors must complete our prescribed inheritance procedure within 10 months of the commencement of inheritance and no later than the last day of the exercise period.
3. Successors may exercise their share warrants only within 2 months of the completion of our prescribed inheritance procedure.

(9)Matters relating to the increasing Capital stock and Legal capital surplus in cases where Equity securities is issued upon the exercise of Subscription rights to shares

- ①The amount of Capital stock to be increased when issuing Equity securities upon the exercise of Subscription rights to shares shall be 1-half of the amount of the limit of increase in Capital stock, etc. calculated in accordance with Article 17 I of the Company Accounting Rules, and any fraction less than 1 (1) yen resulting from the calculation shall be rounded up.
- ②The amount of Legal capital surplus to be increased when issuing Equity securities upon the exercise of Subscription rights to shares shall be the amount obtained by subtracting the amount of Capital stock to be increased as set forth in ①above from the maximum amount of Capital stock to be increased as set forth in ①above.

II.B class Subscription rights to shares

(1)Allocation Date of Subscription rights to shares

August 1, 2023

(2)Total number of Subscription rights to shares

1,767 (100 Shares per unit)

(3)Grant of Subscription rights to shares and the number of such persons

2 in our Director and 6 in Director and 9 in Executive Officers of subsidiaries

(4)Amount to be paid by Subscription rights to shares

32.1 thousand yen per Subscription rights to shares (1 Shares Per share 321 yen)

The above amounts are based on the Black-Scholes pricing of each Subscription rights to shares on the date of allocation. In addition, monetary remuneration equivalent to the total amount of said payment shall be paid to the subject person to whom Subscription rights to shares has been allotted (hereinafter referred to as the "Subscription rights to shares Person"), and such Subscription rights to shares shall be acquired by offsetting the payment obligation of the payment amount of this remuneration claim and the payment obligation of Subscription rights to shares.

(5)Class of shares that is the object of Subscription rights to shares and numbers

Our Common stock 176.7 thousand Shares

In addition, in the event we conduct a Equity securities split or Equity securities consolidation of our Common stock after the allocation date of Subscription rights to shares as set forth in (1) above, Grant Equity securities count shall be adjusted according to the following formula, and fractions less than 1 Shares resulting from the adjustment shall be discarded.

Number of shares granted after adjustment = Number of shares granted before adjustment × Ratio of stock split or reverse stock split

In addition, in the event of a merger, company split, Equity securities split, or Equity securities reverse split, or Other free allotment, or in the event Grant Equity securities count needs to be adjusted accordingly, Grant Equity securities count shall be appropriately adjusted to the extent reasonable.

Provided, however, that adjustments in this paragraph shall be made only for Subscription rights to shares that are not Exercise of rights at that point in time and that are the target Equity securities numbers.

(6)Value of Property Contributed upon Exercise of Subscription rights to shares

The amount shall be 1 yen per share that can be delivered upon exercise of the Stock Acquisition Rights and multiplied by the total number of Granted Shares.

(7)Exercise term of Subscription rights to shares

From August 2, 2023 to August 1, 2063. Provided, however, that in the event that any of Director and Executive Officers positions of our group (which means us and our Subsidiaries and associates; the same shall apply hereinafter) are lost due to any reason other than death, the subject person allocated by Subscription rights to shares shall be exercised within 10 days from the day following the date of loss. If the last day of the Exercise Period falls on a holiday, the next business day shall be the last day of the Exercise Period.

(8)Terms of Exercise of Subscription rights to shares

- ①Subscription rights to shares Person may exercise Subscription rights to shares assigned to such Director Person on or after the day following the date on which such Subscription rights to shares Person has lost any of the positions of Director and Executive Officers in our grouping.
- ②Notwithstanding the provisions of paragraph ①above, in the event the Subject Person to whom Subscription rights to shares has been allocated falls under any of the following items, the Subject Person shall not be entitled to exercise his/her rights:
 1. Failure to Exercise Rights during the Exercise Period
 2. In the event of disciplinary punishment not less than suspension from work
 3. In the event of the loss of either Director or Executive Officers status of our group from the date of Subscription rights to shares allocation due to Within 1 year's resignation at its own discretion, etc. (excluding retirement due to the expiration of Term of Office and retirement or retirement due to the convenience of our group)
 4. In the event that any of Director and Executive Officers status of our group is lost due to Ordinary General Meeting of Shareholders resolution or

dismissal or disciplinary action by Board of Directors resolution of our group, or that it is reasonably accepted that it is not appropriate to have our Board of Directors exercise Subscription rights to shares

5. When the Subject Person requests to waive his/her rights

③ In the event of the death of Subscription rights to shares, only 1 of the heirs to Subscription rights to shares (hereinafter referred to as the "heir") shall be entitled to exercise Subscription rights to shares in accordance with the terms set forth below. Provided, however, that a person who is deemed to have committed a serious crime among penal code offenses may not be an heir.

1. If an heir dies, his/her heir may not inherit the rights to subscribe for new shares.

2. Successors must complete our prescribed inheritance procedure within 10 months of the commencement of inheritance and no later than the last day of the exercise period.

3. Successors may exercise their share warrants only within 2 months of the completion of our prescribed inheritance procedure.

(9) Matters relating to the increasing Capital stock and Legal capital surplus in cases where Equity securities is issued upon the exercise of Subscription rights to shares

① The amount of Capital stock to be increased when issuing Equity securities upon the exercise of Subscription rights to shares shall be 1-half of the amount of the limit of increase in Capital stock, etc. calculated in accordance with Article 17 I of the Company Accounting Rules, and any fraction less than 1 (1) yen resulting from the calculation shall be rounded up.

② The amount of Legal capital surplus to be increased when issuing Equity securities upon the exercise of Subscription rights to shares shall be the amount obtained by subtracting the amount of Capital stock to be increased as set forth in ① above from the maximum amount of Capital stock to be increased as set forth in ① above.

2[Other]

Not applicable.

Part II. [Information Concerning Guarantors of the Reporting Company]

Not applicable.

MIRARTH HOLDINGS, Inc.

To the Board of Directors

Grant Thornton Taiyo LLC.

Tokyo Office

Designated Limited Liability Partners Managing Partner	Certified Public Accountant	Ohki Tomohiro
Designated Limited Liability Partners Managing Partner	Certified Public Accountant	Takafumi Shimokawa

Auditor's conclusion

Pursuant to the provisions of Article 193-2 1 of the Financial Instruments and Exchange Act, Audit Corporation reviewed the quarterly consolidated financial statements of Consolidated Balance Sheets, Quarterly Consolidated Statements of Income, MIRARTH HOLDINGS, Inc., and March 31 for the period from April 1, 2023 to Notes, 2024 for Quarterly Consolidated Statements of Comprehensive Income's consolidated First Quarter Consolidated Accounting period (April 1, 2023 to June 30, 2023) and First Quarter Consolidated Cumulative period (April 1, 2023 to June 30, 2023), all of which are listed in the section entitled "Accounting."

In the quarterly review conducted by Audit Corporation, the aforementioned quarterly consolidated financial statements were not deemed to present fairly the financial position of MIRARTH HOLDINGS, Inc. and Consolidated subsidiaries as of June 30, 2023 and the results of operations of First Quarter Consolidated Cumulative period for the period then ended in conformity with the standards for preparation of quarterly consolidated financial statements generally accepted in Japan in all material respects.

Rationale for the auditor's conclusion

We conducted our quarterly reviews in accordance with quarterly review standards generally accepted in Japan. Audit Corporation's liability under the standards for quarterly reviews is set forth under "Auditor's Responsibility for the Quarterly Review of the Quarterly Consolidated Financial Statements." Audit Corporation is independent of the Corporation and its Consolidated subsidiaries in accordance with the Code of Professional Ethics in Japan. As a Audit, the Corporation fulfills its For Other ethical responsibilities. We believe that the evidence supporting the statements is available.

Responsibilities of Management, Corporate Auditors and the Board of Corporate Auditors to the Quarterly Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the quarterly consolidated financial statements in accordance with the standards for the preparation of quarterly consolidated financial statements generally accepted in Japan. This includes establishing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of quarterly consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the quarterly consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the quarterly consolidated financial statements based on the going concern assumption, and disclosing matters related to a going concern in accordance with the standards for preparing quarterly consolidated financial statements generally accepted in Japan.

The responsibility of the corporate auditors and the board of corporate auditors is to monitor the execution of directors' duties in the development and operation of the financial reporting process.

Auditor's Responsibility for the Quarterly Review of the Quarterly Consolidated Financial Statements

The responsibility of Audit is to express an independent view on the quarterly consolidated financial statements in the quarterly review Report based on the quarterly review conducted by Audit.

In accordance with the standards of the quarterly review generally accepted in Japan, Audit shall, through the course of the quarterly review, make judgments as a professional expert and conduct the following with professional skepticism:

- Inquiries and analytical procedures mainly for management, persons responsible for financial and accounting matters, and For Other quarterly review procedures shall be implemented. Quarterly review procedures are limited compared to Audit of financial statements for the fiscal year in accordance with Audit standards generally accepted in Japan.
- In the event that the Company determines that there is significant uncertainty with respect to events or circumstances that raise substantial doubt about the Company's ability to continue as a going concern, the Company will conclude, based on the evidence obtained, whether or not there are any matters that cause the Company to believe that they are not fairly stated in the quarterly consolidated financial statements in accordance with the standards for preparing quarterly consolidated financial statements generally accepted in Japan. If there is a significant uncertainty regarding the Company's ability to continue as a going concern, the Company is required to draw attention to Notes matters in the quarterly consolidated financial statements in the quarterly review Report or, if Notes matters in the quarterly consolidated financial statements regarding a material uncertainty are not appropriate, to express a limited conclusion or a negative conclusion on the quarterly consolidated financial statements. Although Auditor's conclusion is based on evidence obtained through the date of the quarterly review Report, future events and circumstances may prevent an entity from continuing as a going concern.
- Evaluate whether or not the presentation of quarterly consolidated financial statements and Notes matters are deemed not to be in accordance with the standards for preparing quarterly consolidated financial statements generally accepted in Japan, as well as the presentation, composition and Details of quarterly consolidated financial statements, including Be related Notes matters, and whether or not matters are deemed not to fairly present the transactions and accounting events underlying the quarterly consolidated financial statements.
- Obtain evidence regarding the financial information of the Corporation and Consolidated subsidiaries to express a conclusion on the quarterly consolidated financial statements. The auditor is responsible for directing, supervising and implementing the quarterly review of the quarterly consolidated financial statements. The auditor is solely responsible for the auditor's conclusion.

Audit will Report Audit & Supervisory Board Members and Audit & Supervisory Board on the scope of the planned quarterly review and the timing of its implementation, as well as on significant findings during the quarterly review.

Audit will conduct Report of Audit & Supervisory Board Members and Audit & Supervisory Board with respect to compliance with the provisions of professional ethics in Japan regarding independence and Details for matters that are reasonably likely to affect human independence, and for cases where measures are taken to eliminate impediments or where safeguards are applied to reduce the impediments to an acceptable level.

Interests

The Company and Consolidated Subsidiaries have no interest in the Auditing Corporation or Operating Partners that should be stated pursuant to the provisions of the Certified Public Accountants Act.

Above

(NOTE) 1. The original of the above quarterly review Report document is stored separately by our company (Annual Securities Report Submitting Company).

2. XBRL data is not included in the scope of quarterly reviews.