

## Second Quarter Consolidated Financial Report for the Six Months Ended September 30, 2022 [Japanese GAAP]

October 31, 2022

Listed company name MIRARTH HOLDINGS, Inc.

Stock Exchange Listings  
Prime market  
of the Tokyo Stock Exchange

Security code 8897 URL <https://mirarth.co.jp/en/>

Representative (Job title) Representative Director (Name) Kazuichi Shimada  
Director and Executive General

Contact person (Job title) Manager of Corporate Planning (Name) Masashi Yamamoto TEL +81-3-6551-2133  
Headquarters

Scheduled date for release of Annual Securities Report November 14, 2022  
Scheduled date for commencement of dividend payments December 6, 2022

Preparation of supplementary material on quarterly financial results: Yes

Quarterly results briefing: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

### 1. Consolidated Operating Results for the Six Months Ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

#### (1) Consolidated Operating Results (Cumulative)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Second Quarter of Fiscal Year Ending March 2023	73,471	46.7	4,328	635.4	3,810	-	2,875	-
Second Quarter of Fiscal Year Ending March 2022	50,098	-	588	-	△89	-	△226	-

(NOTE) Second Quarter of Fiscal Year Ending March 2023 2,901 Millions of yen (-%) Second Quarter of Fiscal Year Ending March 2022 △161 Millions of yen (-%)  
Comprehensive income

	Quarterly net income per share	Quarterly diluted net income per share
	Yen	Yen
Second Quarter of Fiscal Year Ending March 2023	26.35	26.16
Second Quarter of Fiscal Year Ending March 2022	△2.09	-

(NOTE) 1. As the Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the previous first quarter consolidated accounting period, the figures for the second quarter of the fiscal year ending March 31, 2022 are after the application of the said accounting standard, etc., and the percentage change from the same quarter of the previous year is not stated.

2. At the end of the fiscal year ending March 31, 2022, the Company finalized the provisional accounting treatment for the business combination, and each figure for the second quarter of the fiscal year ending March 31, 2022 reflects the details of the finalization of the provisional accounting treatment.

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity Ratio
	Millions of yen	Millions of yen	%
Second Quarter of Fiscal Year Ending March 2023	251,828	61,143	24.0
Year Ending March 31, 2022	223,473	59,601	26.5

Reference: Second Quarter of Fiscal Year Ending March 2023 60,530 Millions of yen Year Ending March 31, 2022 59,109 Millions of yen  
Shareholders' equity

## 2. Dividend Status

	Annual Cash Dividends per Share				
	End of first quarter	End of second quarter	End of the third quarter	Term end	Total
	Yen	Yen	Yen	Yen	Yen
Year ending March 31, 2022	-	4.00	-	14.00	18.00
Year ending March 31, 2023	-	4.00			
Year ending March 31, 2023 (Forecast)			-	16.00	20.00

(NOTE) Revisions to the most recently announced dividend forecasts: None

## 3. Consolidated Operating Results Forecast for the Fiscal Year Ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	173,500	6.6	11,900	0.2	10,300	0.4	7,000	12.6	64.19

(NOTE) Revisions to the most recently announced earnings forecasts: None

※ Notes

(1) Changes in significant subsidiaries in the current quarterly consolidated Cumulative period  
 (Changes in specified subsidiaries accompanied by changes in the scope of consolidation): None  
 New:-(Company name:-) Excluded:-(Company name:-)

(2) Adoption of special accounting methods for preparing quarterly consolidated financial statements: None

(3) Changes in accounting policies and changes or restatement of accounting estimates

① Changes in accounting policies due to revisions to accounting standards, etc.: None

② Changes in accounting policies other than: None

③ Changes in accounting estimates: None

④ Restatement of revisions: None

(4) Number of shares outstanding (Common stock)

① Number of shares outstanding at the end of the period (including treasury stock)	Second Quarter of Fiscal Year Ending March 2023	121,000,000Shares	Year Ending March 31, 2022	121,000,000Shares
② Year-end treasury stock	Second Quarter of Fiscal Year Ending March 2023	11,680,207Shares	Year Ending March 31, 2022	11,948,807Shares
③ Average number of shares during the period (quarterly consolidated cumulative period)	Second Quarter of Fiscal Year Ending March 2023	109,091,304Shares	Second Quarter of Fiscal Year Ending March 2022	108,738,512Shares

※ This quarterly financial report is not subject to quarterly review by Certified Public Accountant or an auditing firm.

※ Explanation regarding the appropriate use of financial forecasts and Others special notes

(Cautionary Statement with Respect to Forward-Looking Statements)

The earnings forecasts and other forward-looking statements herein are based on information currently available to us and certain assumptions that we believe to be reasonable, and are not intended to guarantee the achievement of the forecasts. Actual results may differ materially from the forecast depending on a range of factors.

(Method of Obtaining Supplementary Briefing Materials on Financial Results)

Supplementary materials for financial results are posted on our website and disclosed in TDnet.

(Financial Results Details Obtaining Methods)

We plan to distribute a video presentation of our financial results on our website.

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## 1. Qualitative Information Regarding Consolidated Financial Results for the Second Quarter of the Fiscal Year under Review

As the provisional accounting treatment for business combinations conducted in the previous first quarter consolidated accounting period was finalized at the end of previous fiscal year, comparison and analyses with the same quarter of the previous year are based on amounts after reflecting a material revision to the initial allocation of the acquisition cost due to the finalization of the provisional accounting treatment.

### (1) Explanation of Operating Results

Consolidated cumulative period for the second quarter of the current fiscal year In the current fiscal year, the impact on the domestic economy of the new Corona Virus infectious disease (COVID-19) continues, and the economic outlook remains uncertain and challenging due to the prolonged geopolitical tension caused by Russia's invasion of Ukraine and the impact of the sharp depreciation of the yen against the U.S. dollar in the foreign exchange market. Despite a challenging external environment, we shifted to a holding company structure on October 1, 2022 and changed our name to MIRARTH HOLDINGS, Inc. We aim to promote sustainable growth by building a system that enables swift and flexible management decisions and working to improve productivity through DX promotion and other measures.

In accordance with the "Notice of Changes in Business Segments" announced on March 14, 2022, the Group changed the segment category from the previous 5 business segments to 4 business segments from first quarter consolidated accounting period. In addition, the results for the previous second quarter in the explanation of each segment below have been reclassified in the new segments.

(Millions of yen)

Segment name	Previous second quarter		Current second quarter		Comparison	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Real Estate Business	43,168	524	66,394	4,726	23,225	4,202
Energy Business	5,034	△175	5,026	△484	△8	△308
Asset Management Business	688	372	638	292	△50	△80
Other Businesses	1,206	△132	1,411	△206	205	△73
Total	50,098	588	73,471	4,328	23,372	3,739

#### ① Operating Results by Segment

With regard to real estate business, due to factors such as new built-for-sale condominium, liquidation, new detached house, renewal resale, real estate rental, real estate management, and real estate other, this business net sales was 66,394 million yen (up 53.8% from the same quarter of the previous year).

Energy business net sales was 5,026 million yen (down 0.2% from the same quarter of the previous year) due to revenue from electricity sales at power generation facilities.

For asset management business, due to management fees, etc., this business net sales was 638 million yen (down 7.3% from the same quarter of the previous year).

For other businesses, due to construction contracts, etc., this business net sales is 1,411 million yen (up 17.0% from the same quarter of the previous year).

Consequently, the consolidated results of operations of cumulative period for the second quarter under review were as follows: net sales 73,471 million yen (up 46.7% from the same quarter of the previous year), operating income 4,328 million yen (up 635.4% from the same quarter of the previous year), ordinary income 3,810 million yen (ordinary loss of 89 million yen for the same quarter of the previous year), and income attributable to owners of parent 2,875 million yen (loss attributable to owners of parent of 226 million yen for the same quarter of the previous year).

#### ② Progress of Contracts

Regarding the sales results of the consolidated cumulative period for the second quarter of the current fiscal year, 1,676 units were contracted against the 1,780 units scheduled to be delivered for the full fiscal year, and the progress rate is 94.2%.

(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 September
Previous period	1,800	1,506	83.7	987
Current period	1,780	1,676	94.2	1,166

## (2) Explanation of Financial Position

## Assets, Liabilities and Net Assets

With regard to the assets, liabilities, and net assets of the Group at the end of the second quarter of the consolidated fiscal year under review, total assets of 251,828 million yen, up 28,355 million yen from the end previous fiscal year, mainly due to an increase in inventories resulting from new purchases.

## (Current Assets)

Current assets increased by 29,933 million yen from the end of previous fiscal year to 172,558 million yen mainly due to an increase in inventories resulting from new purchases.

## (Fixed Assets)

Fixed assets decreased by 1,567 million yen from the end of previous fiscal year to 79,224 million yen mainly due to the transfer to real estate for sale and power generation facilities for sale despite the steady purchase of business assets.

## (Current Liabilities)

Current liabilities increased by 9,053 million yen from the end of previous fiscal year to 84,064 million yen mainly due to an increase in short-term borrowings and a transfer of short-and long-term category of borrowings.

## (Fixed Liabilities)

Fixed liabilities increased by 17,760 million yen from the end of previous fiscal year to 106,621 million yen mainly due to an increase in borrowings associated with new purchases.

## (Net Assets)

Total net assets increased by 1,541 million yen from the end of previous fiscal year to 61,143 million yen, mainly because the amount of quarterly net income attributable to owners of the parent exceeded the dividends of retained earnings.

## (3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements

The forecast of consolidated financial results remains unchanged from the full-year forecast announced on May 13, 2022.

## 2. Quarterly Consolidated Financial Statements and Major Notes

## (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	End of Previous Consolidated Accounting Period (As of March 31, 2022)	Current 2nd Quarter Consolidated Accounting Period (As of September 30, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	33,428	42,316
Notes, accounts receivable-trade and contract assets	2,886	3,092
Real estate for sale	32,616	30,359
Power generation facilities for sale	1,001	5,638
Real estate for sale in progress	58,036	78,977
Costs incurred on uncompleted contracts	12	32
Others	14,919	12,416
Allowance for doubtful accounts	△275	△275
<b>Total current assets</b>	<b>142,625</b>	<b>172,558</b>
Fixed assets		
Property, plant and equipment		
Buildings and structures (net)	9,553	7,980
Land	36,948	38,416
Other (net)	17,237	16,079
<b>Total property, plant and equipment</b>	<b>63,739</b>	<b>62,476</b>
Intangible assets		
Goodwill	1,561	1,397
Others	948	1,031
<b>Total intangible assets</b>	<b>2,510</b>	<b>2,428</b>
Investments and other assets		
Others	14,554	14,331
Allowance for doubtful accounts	△12	△12
<b>Total investments and other assets</b>	<b>14,542</b>	<b>14,319</b>
<b>Total fixed assets</b>	<b>80,792</b>	<b>79,224</b>
Deferred assets	55	45
<b>Total assets</b>	<b>223,473</b>	<b>251,828</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	15,411	10,571
Short-term borrowings	14,189	24,720
Current portion of bonds payable	2,168	2,220
Current portion of long-term loans payable	25,298	27,478
Income taxes payable	2,089	858
Allowance	1,115	1,156
Others	14,738	17,058
<b>Total current liabilities</b>	<b>75,010</b>	<b>84,064</b>
Fixed liabilities		
Long-term loans payable	81,923	99,615
Bonds payable	4,070	4,090
Allowance	160	134
Liabilities related to retirement benefits	984	1,046
Others	1,722	1,734
<b>Total fixed liabilities</b>	<b>88,860</b>	<b>106,621</b>
<b>Total liabilities</b>	<b>163,871</b>	<b>190,685</b>

(Millions of yen)

	End of Previous Consolidated Accounting Period (As of March 31, 2022)	Current 2nd Quarter Consolidated Accounting Period (As of September 30, 2022)
Net assets		
Shareholders' equity		
Capital stock	4,819	4,819
Capital surplus	4,817	4,818
Retained earnings	53,395	54,743
Treasury stock	△4,456	△4,356
Total shareholders' equity	58,575	60,025
Accumulated other comprehensive income		
Net unrealized gains on available-for-sale securities	548	508
Foreign currency translation adjustments	0	9
Remeasurements of defined benefit plans	△14	△12
Total accumulated other comprehensive income	534	505
Subscription rights to shares	197	403
Non-controlling interest	294	208
Total net assets	59,601	61,143
Total liabilities and net assets	223,473	251,828



(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income  
 (Quarterly Consolidated Statements of Income)  
 (Second Quarter Consolidated Cumulative Period)

(Millions of yen)

	Previous 2nd Quarter Consolidated Cumulative period (from April 1, 2021 to September 30, 2021)	Current 2nd Quarter Consolidated Cumulative period (from April 1, 2022 to September 30, 2022)
Net sales	50,098	73,471
Cost of sales	39,701	58,328
Gross profit	10,397	15,143
Selling, general and administrative expenses	9,809	10,814
Operating income	588	4,328
Non-operating income		
Interest income	41	11
Dividend income	147	153
Commission received	33	37
Gain from equity method investment	9	43
Miscellaneous income	75	153
Total non-operating income	308	399
Non-operating expenses		
Interest expenses	903	751
Miscellaneous expenses	83	166
Total non-operating expenses	986	917
Ordinary income (loss) ( $\Delta$ )	$\Delta 89$	3,810
Quarterly net income (loss) ( $\Delta$ ) before income taxes and minority interests	$\Delta 89$	3,810
Income taxes, inhabitant taxes and business taxes	475	822
Income tax adjustments	$\Delta 410$	57
Total income and other taxes	65	880
Quarterly net income (loss) ( $\Delta$ )	$\Delta 154$	2,929
Quarterly net income attributable to non-controlling interests	72	54
Quarterly net income attributable to owners of the parent or quarterly net loss attributable to owners of the parent ( $\Delta$ )	$\Delta 226$	2,875

## (Quarterly Consolidated Statements of Comprehensive Income)

(Second Quarter Consolidated Cumulative Period)

(Millions of yen)

	Previous 2nd Quarter Consolidated Cumulative period (from April 1, 2021 to September 30, 2021)	Current 2nd Quarter Consolidated Cumulative period (from April 1, 2022 to September 30, 2022)
Quarterly net income (loss) ( $\Delta$ )	$\Delta$ 154	2,929
Other comprehensive income		
Net unrealized gains on available-for-sale securities	$\Delta$ 5	$\Delta$ 40
Foreign currency translation adjustments	$\Delta$ 1	9
Remeasurements of defined benefit plans	0	2
Total other comprehensive income	$\Delta$ 6	$\Delta$ 28
Quarterly comprehensive income	$\Delta$ 161	2,901
(Comprising)		
Quarterly comprehensive income attributable to owners of the parent	$\Delta$ 233	2,846
Quarterly comprehensive income attributable to non-controlling interests	72	54

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern)

Not applicable.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable.