



Third Quarter Consolidated Financial Report for the Nine Months Ended December 31, 2022 [Japanese GAAP]

February 6, 2023

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

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

Scheduled date for release of Annual Securities Report: February 13, 2023 Scheduled date for commencement of dividend payments -

Quarterly Financial Results: Preparation of Supplementary Explanations materials: None

Holding of quarterly financial results meeting: None

(Amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Third Quarter of Year ending March 31, 2023 (from April 1, 2022 December 31, 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	%
Year ending March 31, 2023 Third Quarter	95,081	△5.0	2,205	△61.1	1,179	△73.5	1,804	△42.0
Year ending March 31, 2022 Third Quarter	100,042	-	5,669	-	4,448	-	3,109	-

(NOTE) Comprehensive income: Year ending March 31, 2023 Third Quarter 1,175 Millions of yen (△62.1%) Year ending March 31, 2022 Third Quarter 3,099 Millions of yen (-%)

	Quarterly net income per share	Quarterly diluted net income per share
	Yen	Yen
Year ending March 31, 2023 Third Quarter	16.52	16.39
Year ending March 31, 2022 Third Quarter	28.58	28.37

(NOTE)1. The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, 2020 31-Mar), etc. has been applied from the beginning of the previous First Quarter Consolidated Accounting period, and the figures related to the third quarter of Year ending March 31, 2022 have been used after the application of this accounting standard, and the rate of change from the same quarter of the previous year is not stated.

2. At the end of Year ending March 31, 2022, the provisional accounting treatment for business combinations was finalized. The figures related to the third quarter of Year ending March 31, 2022 reflect Details of finalizing the provisional accounting treatment.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
Year ending March 31, 2023 Third Quarter	327,167	61,596	17.9
Year ending March 31, 2022	223,473	59,601	26.5

Reference: Shareholders' equity: Year ending March 31, 2023 Third Quarter 58,716 Millions of yen Year ending March 31, 2022 59,109 Millions of yen

2. Dividend Status

	Annual Cash Dividends per Share				
	End of first quarter	End of second quarter	End of 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. Forecast of Consolidated Financial Results of 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): Yes

New: 1 company (company name) Takara Leben Infrastructure Fund Inc., Excluded:-company (company name)-(NOTE)
For details, please refer to "2. Quarterly Consolidated Financial Statements and Major Notes (3) Notes to Quarterly Consolidated Financial Statements (Changes in significant subsidiaries during the period)" on page 8.

(2)Application 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 revision of accounting standards: None
- ② ①Changes in accounting policies other than the above: 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)

Third Quarter of Fiscal Year Ending March 2023	121,000,000Shares	Year ending March 31, 2022	121,000,000Shares
② Year-end treasury stock	Third Quarter of Fiscal Year Ending March 2023	Year ending March 31, 2022	11,948,807Shares
③ Average number of shares during the period (quarterly consolidated cumulative period)	Third Quarter of Fiscal Year Ending March 2023	Third Quarter of Fiscal Year Ending March 2023	108,801,838Shares

※ Quarterly financial results are not subject to quarterly reviews by Certified Public Accountant or Audit companies.

※ Explanation of the proper use of financial results forecasts and Other special notes

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and on certain assumptions deemed to be reasonable, and do not constitute guarantees by the Company of future performance. Actual results may differ materially from the forecast depending on a range of factors.

○Attachments Table of Contents

1. Qualitative Information Regarding Consolidated Financial Results for the Second Quarter of the Fiscal Year under Review	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements	3
2. Quarterly Consolidated Financial Statements and Major Notes	4
(1) Quarterly Consolidated Balance Sheets	4
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	6
Quarterly Consolidated Statements of Income	
Third Quarter Consolidated Cumulative Period	6
Quarterly Consolidated Statements of Comprehensive Income	
Third Quarter Consolidated Cumulative Period	7
(3) Notes to Quarterly Consolidated Financial Statements	8
(Notes on Going Concern)	8
(Notes on Significant Changes in the Amount of Shareholders' Equity)	8
(Changes in Significant Subsidiaries during the Quarterly Consolidated Cumulative period)	8

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

In the third quarter of the current consolidated Cumulative period, the Japanese economy showed signs of a moderate recovery due to the relaxation of action limits for preventing the new type of coronavirus infectious disease (COVID-19), as well as travel support by the government and local governments and the recovery of inbound tourism. On the other hand, attention should be paid to the prolonged geopolitical tensions caused by the situation in Russia and Ukraine, as well as the impact of global monetary tightening. In the real estate industry to which our group belongs, even though construction costs are on the rise due to the recent surge in energy and raw material costs, demand for housing remains steady, and investment by domestic and overseas investors, including mainstay condominiums, is robust, and the securitization business, etc. are also performing well. In addition to Real Estate Business and Asset Management Business, our policy is to expand Energy Business as a growth pillar, and we will continue to contribute to a sustainable society through real estate and renewable energy.

In conjunction with the "Notice of Business Segment Changes" announced on March 14, 2022, Category of the segment has been changed from the previous 5 business segments to 4 business segments by First Quarter Consolidated Accounting period. For the results for the previous third quarter in the explanations of each segment below, the figures have been reclassified under the new segment.

(Millions of yen)

Segment name	Previous Third quarter		Current Third quarter		Comparison	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Real Estate Business	66,812	1,050	85,218	2,953	18,405	1,903
Energy Business	30,329	4,188	6,770	△788	△23,558	△4,976
Asset Management Business	1,053	581	813	293	△239	△287
Other Businesses	1,846	△149	2,277	△253	431	△103
Total	100,042	5,669	95,081	2,205	△4,960	△3,464

① Operating Results by Segment

Real Estate Business Net sales was 85,218 Millions of yen (up 27.5% from the same quarter of the previous year) due to new condominiums, liquidation, new detached house sales, renewal resale, real estate rental, real estate management, and real estate Other.

In Energy Business, although sales of large-scale power generation facilities were recorded in the same quarter of the previous fiscal year, Net sales for this business was 6,770 Millions of yen (down 77.7% from the same quarter of the previous fiscal year) due solely to revenues from electricity sale of power generation facilities in the third quarter of the fiscal year under review.

In Asset Management Business, there were acquisition fees associated with the acquisition of Takara Leben Infrastructure Fund Inc.'s power generation facilities in the same quarter of the previous fiscal year, but there were no acquisition fees associated with Takara Leben Infrastructure Fund Inc. in the third quarter of the fiscal year under review. As a result, the business Net sales was 813 Millions of yen, down 22.7% from the same quarter of the previous fiscal year.

In Other Businesses, Net sales of this business was 2,277 Millions of yen (up 23.4% from the same quarter of the previous year) due to construction contracting and other factors.

Consequently, the operating results of Cumulative period for the third quarter of the fiscal year under review were as follows: Net sales 95,081 Millions of yen (down 5.0% from the same quarter of the previous year), Operating income 2,205 Millions of yen (down 61.1% from the same quarter of the previous year), Ordinary income 1,179 Millions of yen (down 73.5% from the same quarter of the previous year), and Net income attributable to owners of parent 1,804 Millions of yen (down 42.0% from the same quarter of the previous year).

For details, please refer to the Fact Book posted on our website.

② Progress of Contracts

Regarding the sales results of Cumulative period for the third quarter of the current fiscal year, contracts were concluded for 1,777 units against 1,780 units scheduled to be delivered to Full year, and the progress rate was 99.8%.

(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 April to December
Previous period	1,800	1,701	94.5	1,593
Current period	1,780	1,777	99.8	1,747

(2) Explanation of Financial Position

Assets, Liabilities and Net Assets

Our Total assets at the end of the third quarter of the current consolidated Accounting period was 327,167 Millions of yen, up 103,694 Millions of yen from the end of End of Previous Consolidated Accounting Period. This was mainly due to a change in the scope of consolidation as a result of a tender offer for Takara Leben Infrastructure Fund Inc.. Amounts are calculated using the provisional accounting treatment for business combinations at the end of the third quarter consolidated Accounting period of this fiscal year.

(Current assets)

Current assets increased 39,732 million yen from the end of the previous fiscal year to 182,357 million yen due to the steady purchase of business assets.(including 6,491 million yen from the acquisition of Takara Leben Infrastructure Investment Corp.)

(Fixed Assets)

Fixed assets increased 63,953 million yen from the end of the previous fiscal year to 144,746 million yen, mainly due to an increase in business assets resulting from changes in the scope of consolidation. (including 60,888 million yen from the acquisition of Takara Leben Infrastructure Investment Corp.)

(Current Liabilities)

Current liabilities increased 45,847 million yen from the end of the previous fiscal year to 120,858 million yen, mainly due to an increase in loans payable resulting from a change in the scope of consolidation. (including an increase of 3,657 million yen due to the acquisition of Takara Leben Infrastructure Investment Corp.)

(Fixed Liabilities)

Long-term liabilities increased 55,852 million yen from the end of the previous fiscal year to 144,713 million yen, mainly due to an increase in loans payable resulting from a change in the scope of consolidation. (Including an increase of 33,183 million yen due to the acquisition of Takara Leben Infrastructure Investment Corp.)

(Net Assets)

Total net assets increased 1,995 million yen from the end of the previous fiscal year to 61,596 million yen, mainly due to an increase in non controlling interests resulting from changes in the scope of consolidation.

(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)	Third-Quarter Consolidated Accounting period As of December 31, 2022
Assets		
Current assets		
Cash and deposits	33,428	39,616
Notes, accounts receivable-trade and contract assets	2,886	2,486
Real estate for sale	32,616	34,852
Power generation facilities for sale	1,001	3,575
Real estate for sale in progress	58,036	88,449
Costs incurred on uncompleted contracts	12	77
Other	14,919	13,574
Allowance for doubtful accounts	△275	△275
Total current assets	142,625	182,357
Fixed assets		
Property, plant and equipment		
Buildings and structures (net)	9,553	26,443
Land	36,948	43,430
Other (net)	17,237	47,143
Total property, plant and equipment	63,739	117,018
Intangible assets		
Goodwill	1,561	8,355
Other	948	4,340
Total intangible assets	2,510	12,696
Investments and other assets		
Other	14,554	15,044
Allowance for doubtful accounts	△12	△12
Total investments and other assets	14,542	15,031
Total fixed assets	80,792	144,746
Deferred assets	55	63
Total assets	223,473	327,167
Liabilities		
Current liabilities		
Notes and accounts payable-trade	15,411	7,553
Short-term borrowings	14,189	60,116
Current portion of bonds payable	2,168	2,160
Current portion of long-term loans payable	25,298	31,793
Income taxes payable	2,089	704
Allowance	1,115	842
Other	14,738	17,687
Total current liabilities	75,010	120,858
Fixed liabilities		
Long-term loans payable	81,923	137,458
Bonds payable	4,070	4,080
Allowance	160	131
Liabilities related to retirement benefits	984	1,093
Other	1,722	1,948
Total Fixed liabilities	88,860	144,713
Total liabilities	163,871	265,571

(Millions of yen)

	End of Previous Consolidated Accounting Period (As of March 31, 2022)	Third-Quarter Consolidated Accounting period As of December 31, 2022
Net assets		
Shareholders' equity		
Capital stock	4,819	4,819
Capital surplus	4,817	4,819
Retained earnings	53,395	53,236
Treasury stock	△4,456	△4,217
Total shareholders' equity	58,575	58,658
Accumulated other comprehensive income		
Net unrealized gains on available-for-sale securities	548	64
Foreign currency translation adjustments	0	5
Remeasurements of defined benefit plans	△14	△11
Total accumulated other comprehensive income	534	58
Subscription rights to shares	197	263
Non-controlling interest	294	2,616
Total net assets	59,601	61,596
Total liabilities and net assets	223,473	327,167

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
 (Quarterly Consolidated Statements of Income)
 (Third Quarter Consolidated Cumulative period)

(Millions of yen)

	Previous Third Quarter Consolidated Cumulative period (From April 1, 2021 To December 31, 2021)	Third-Quarter Consolidated Cumulative period (From April 1, 2022 To December 31, 2022)
Net sales	100,042	95,081
Cost of sales	79,452	75,708
Gross profit	20,589	19,373
Selling, general and administrative expenses	14,919	17,167
Operating income	5,669	2,205
Non-operating income		
Interest income	51	17
Dividend income	237	225
Commission received	54	56
Miscellaneous income	175	189
Total non-operating income	519	489
Non-operating expenses		
Interest expenses	1,413	1,221
Losses from equity method investment	18	39
Miscellaneous expenses	307	255
Total non-operating expenses	1,740	1,515
Ordinary income	4,448	1,179
Extraordinary income		
Gain on subsequent acquisitions	-	601
Gain on sales of Fixed assets	-	31
Gain on sales of stock of affiliates	45	-
Negative Goodwill gains	37	-
Total extraordinary income	83	632
Extraordinary loss		
Impairment loss	-	48
Office relocation expenses	-	26
Extraordinary losses Total	-	74
Current net income for the quarter before income taxes and minority interests	4,532	1,737
Income taxes, inhabitant taxes and business taxes	1,288	708
Income tax adjustments	69	△621
Total income and other taxes	1,357	86
Net profit	3,174	1,650
Quarterly net loss (△) attributable to Quarterly net income attributable to non-controlling interests or non-controlling interests	65	△154
Net income attributable to owners of parent	3,109	1,804

(Quarterly Consolidated Statements of Comprehensive Income)
 (Third Quarter Consolidated Cumulative period)

(Millions of yen)

	Previous Third Quarter Consolidated Cumulative period (From April 1, 2021 To December 31, 2021)	Third-Quarter Consolidated Cumulative period (From April 1, 2022 To December 31, 2022)
Quarterly net income	3,174	1,650
Other comprehensive income		
Net unrealized gains on available-for-sale securities	△78	△483
Foreign currency translation adjustments	0	5
Remeasurements of defined benefit plans	2	3
Total other comprehensive income	△75	△475
Quarterly comprehensive income	3,099	1,175
(Comprising)		
Quarterly comprehensive income attributable to owners of the parent	3,033	1,329
Quarterly comprehensive income attributable to non-controlling interests	65	△154

(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.

(Changes in Significant Subsidiaries during the Quarterly Consolidated Cumulative period)

(Changes in specified subsidiaries resulting in changes in the scope of consolidation)

During the third quarter of the current fiscal year, our consolidated subsidiary Green Energy LLC., conducted a tender offer for the shares of Takara Leben Infrastructure Investment Corporation and included the company in the scope of consolidation.