

MIRARTH HOLDINGS, Inc.

# Integrated Report 2023

Fiscal year ended March 31, 2023



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<https://mirarth.co.jp/en/ir/>

- Financial Reports
- Medium-Term Management Plan Materials
- Annual Securities Reports
- Ordinary General Meeting of Shareholders Information
- Others

## Editorial Policy and Cautionary Statements Regarding Forward-Looking Statements

This report, which for the most part provides details of the MIRARTH HOLDINGS Group operations in fiscal 2022, the fiscal year ended March 31, 2023, has been designed to provide stakeholders with a deeper understanding of our business activities, management strategies, performance, and other non-financial information, including interaction with society and the environment.

This document was prepared to provide information regarding the Company's consolidated results in fiscal 2022 and should not be construed as a solicitation for investment in securities issued by MIRARTH HOLDINGS, Inc. The information provided in this report is fundamentally based on data available as of March 31, 2023. Any forward-looking statements including opinions and forecasts are based on the best judgments of management as of the time this report was prepared. Accordingly, MIRARTH HOLDINGS does not guarantee or promise that any forward-looking statements will be realized or achieved or provide any assurance as to the accuracy or integrity of information. Moreover, the content of this report is subject to change without prior notice.

## Our Purpose

To design sustainable environments for a happier future for both people and our planet.

## Our Values



# Our Purpose & Values

At the launch of the new organization in October 2022, we defined the Group's raison d'être as it moves toward the next stage of its existence, with the purpose "To design sustainable environments for a happier future for both people and our planet." This purpose includes the Group's intent to go beyond the framework of a general real estate business developer, and to evolve into a "future environment design company" that engages in co-creation with local communities and works toward the future of town planning.



**Passion & Inspiration**

To be passionate about creating vibrant environments and to inspire and be inspired by people who share our vision.

**Sustainability**

To create a sustainable world where people, nature, and society coexist in harmony.

**Value Creation**

To continue to evolve and keep up with the rapid change around us to create new value.

**Diversity & Co-creation**

To value each individual's ideas and co-create a diverse and equitable environment with the local communities.

**Integrity & Trust**

To generate a trusting relationship among people and society through protection of our safety and security.



## 50th Anniversary of the Group's Founding

# Evolving from a General Real Estate Business Development with an Eye to Further Growth

The Group celebrated its 50th anniversary on September 21, 2022, and then transitioned to a holding company structure while changing its name to MIRARTH HOLDINGS in October 2022. We have implemented a variety of initiatives to express our gratitude to all of the Group's stakeholders and to communicate our determination to evolve into a future environment design company.

### About Our New Name

# MIRARTH

## Mirai (Future) + Earth

This new moniker embodies our desire to evolve into a company that makes a happier future for the Earth and its people by contributing to all communities everywhere.



### Topic 1 Create 50th Anniversary Logo

#### Expressing our 50-year History of Remaining Close to People and the City

We designed the 50th Anniversary Logo using an image of the signature Company logo and a harmonic circle image combined with a street scene impression. The circle symbolizes the Company's gentle embracement of the city like the sun, while the five lines underneath express its achievements accumulated over the past 50 years that have led to further prosperity of the city and the Group.



### Topic 2 Celebrate 50th Anniversary Celebration Events

#### Declaration of a New Beginning to Business Partners and All Employees

We held celebrations for employees in September 2022 and for business partners in October 2022 to commemorate the 50th anniversary of the Group's founding. These celebrations were a great success, featuring a video conveying our utmost gratitude, the president's thoughts and initiatives, and the Group's history, followed by performances, raffles, and other events.



50th anniversary event

50th anniversary event website

<https://mirarth.co.jp/corporate/50th/>  
(Japanese only)

# Oper to a Future Environment Design Company

## Topic3 Build Properties Commemorating the Takara Leben Group's 50th Anniversary

### Properties Commemorating the Group's 50th Anniversary Sold in Yamate, Yokohama and Tenjin, Fukuoka

We sold two Takara Leben Group 50th anniversary properties that realize "Innovation for a New Lifestyle." The design symbolizes the main LEBEN brand, with equipment specifications that reflect new lifestyles and common facilities that meet diverse needs.



Leben Yokohama Yamate ONE WARD COURT



Leben Fukuoka Tenjin ONE TOWER



HOTEL THE LEBEN OSAKA

### Opening of HOTEL THE LEBEN OSAKA to Commemorate the Takara Leben Group's 50th Anniversary

We opened our first original brand hotel, HOTEL THE LEBEN OSAKA, in Minami-Semba, Osaka as a new concept in satisfying accommodations. We leverage the know-how we have cultivated in creating comfortable spaces for people to spend time to pursue accommodations that provide true happiness under the concept of "the happiness of relaxation is here too."



## Topic4 Communicate 50th Anniversary Promotional Campaigns

### 50th Anniversary Wrapped Trains & Community Buses

50th Anniversary wrapped Toden Arakawa Line (also known as Tokyo Sakura Tram) trains designed with the 50th Anniversary logo went into operation from April 1, 2021. In addition, 50th Anniversary wrapped Edo Bus community buses in Chuo Ward, Tokyo that connect Higashi-Ginza, Tsukiji, Nihonbashi, and the Yaesu North Exit of Tokyo Station were operated.



Toden Arakawa Line



Community bus in Chuo Ward

### Collaboration with Yumi Matsutoya for Radio Sponsorship & TV Commercial Music

We are the main sponsor of Commercial Radio Station 99's WE LOVE RADIO Listen to the Radio through Speakers Campaign with Yumi Matsutoya, a singer-songwriter who serves as ambassador and celebrated her 50th anniversary in 2022. In addition, we use her song Call Me Back for 50th anniversary television commercials that aired from September 21, 2022.



Commercial Radio Station 99's campaign poster

## Topic5 Support SDG Initiatives to Commemorate the 50th Anniversary of the Group's Founding

### Main Sponsor of Ehime SDGs Koshien Supporting High School Students in Their Efforts to Achieve the SDGs

As a commemorative project for the 50th anniversary of the Group's founding, we provided special support for Ehime SDGs Koshien - High School Students' SDGs Practice Project. We sponsored this project to raise awareness of the SDGs among high school students so they can acquire a correct understanding of and implement SDGs independently.

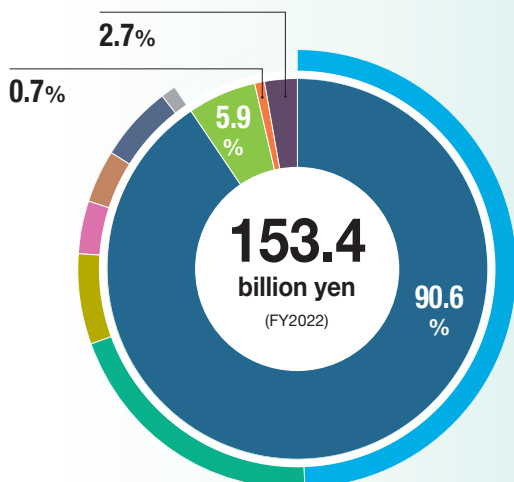


Ehime SDGs Koshien poster

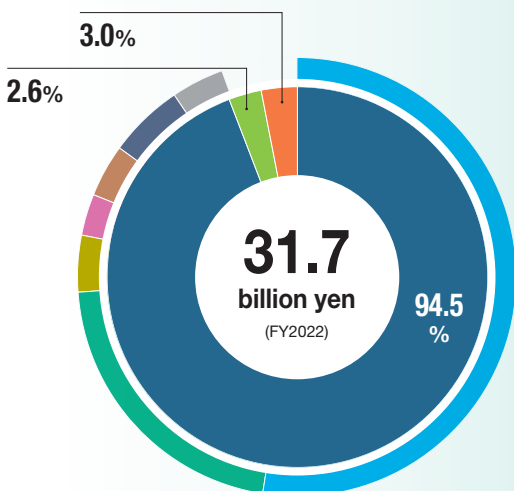
## At a Glance

Leveraging the knowledge built on its real estate business, the MIRARTH HOLDINGS Group is actively promoting business diversification and fusion. Going forward, we will work to build a well-balanced portfolio by expanding our energy and asset management businesses while maintaining our real estate business as a mainstay pillar of operations.

### Consolidated net sales



### Consolidated gross profit



## Real Estate Business

With the new built-for-sale condominium business serving as our core business, we are also engaged in the liquidation business, which undertakes sales of profit-generating real estate for both residences and offices, the sale of detached houses, the renewal and resale of condominiums as well as the real estate rental and management businesses.

### Sales by segment

	(Millions of yen)	
	Net sales	Gross profit
■ New built-for-sale condominium	76,110	16,724
■ Liquidation	30,631	6,707
■ New detached house	10,041	1,328
■ Renewal resale	6,159	990
■ Real estate rental	5,819	1,255
■ Real estate management	8,809	1,719
■ Real estate other	1,539	1,229



## Energy Business

Focusing on solar power, the MIRARTH HOLDINGS Group's energy business utilizes renewable energy and sells the electricity generated to electric power companies. The Group also works diligently to contribute to society by producing renewable energy. We are also advancing initiatives toward the building of a business model that does not rely on the feed-in tariff (FIT) system.



## Asset Management Business

Utilizing the Group's wealth of expertise, knowledge, and networks in real estate and renewable energy, MIRARTH HOLDINGS Group is entrusted with the management of infrastructure, J-REIT, private placement, and other funds. Through its asset management business, the Group provides excellent investment opportunities and solid asset management services.



## Other Businesses

Through its other businesses, the Group engages in a wide range of activities including construction subcontracting, hotel management, and the provision of rehabilitation-oriented day care facility services.

### Flow Businesses


The core of flow businesses is the new built-for-sale condominium business, which mainly targets families, dual-income and single-person households in metropolitan areas such as the Tokyo metropolitan area, and active seniors in regional city centers. In addition, the MIRARTH HOLDINGS Group is engaged in renovating and redeveloping buildings in partnership with government.

### Stock and Fee-Based Businesses

In the stock business, the MIRARTH HOLDINGS Group is building stable revenue from rent, and revenue generated from over 70,000 properties managed on consignment. In addition, in the fee-based business, at two listed investment corporations, investment management compensation was increased and thereby established a system that does not rely on flow businesses.


## MIRARTH HOLDINGS Group by the Numbers

**Founded**



**1972**

**Average age**



**37.7**  
(As of March 31, 2023)

**2022: Nationwide ranking of condominium units supplied sold by developer group**




**6th (2022)**  
\*1 Source: Real Estate Economic Institute Co., Ltd.

**Ranking: Top 10**

Ranking	2022 Ranking	(Units)
1	Open House Group	5,721
2	Nomura Real Estate Group	4,240
3	Mitsui Fudosan Group	3,420
4	Sumitomo Realty Group	3,109
5	Daiwa House Group	2,575
6	<b>MIRARTH HOLDINGS Group</b>	<b>2,387</b>
7	Mori Trust Group	2,214
8	Mitsubishi Estate Group	2,153
9	Iida Group	1,861
10	Nippon Steel Kowa Real Estate Group	1,850

**Condominium Brand Recognition Ranking\***



**3rd (2022)**  
\*2 Research contractor: Macromill, Inc.

**Ranking: Top 10**


Ranking	2022 Ranking
1	Lions
2	PROUD
3	<b>LEBEN</b>
4	The Parkhouse
5	GRANDE MAISON
6	Park Homes
7	GALA
8	SURPASS
9	Brillia
10	CLIO

**New built-for-sale condominium supply areas**


Nationwide areas expanded to **39** prefectures

The MIRARTH HOLDINGS Group aims to expand its supply area. To this end, the Group will strengthen its system for purchasing land throughout Japan by proactively establishing bases in areas where it does not currently have a presence. We newly expanded into Shimane and Yamaguchi prefectures in fiscal 2022.

**Cumulative number of new built-for-sale condominium units supplied nationwide**



**38,807 units**  
(As of March 31, 2023)




Legend:   
● Bases   
■ Supplied and purchased area

In terms of the number of condominium units supplied in the Tohoku area in 2022, we ranked first,\*<sup>3</sup> having supplied 501 units to a total of 20 buildings. Following 2015–2017 and 2019–2021, this was the seventh time for us to have been ranked first. We will continue to actively participate in local development projects to contribute to the revitalization of the regions and increase the number of cities in our supply area.


\*3 Researched by Kensetsu Shinbun Corporation

**Percentage of female managers\*<sup>4</sup>**




**11.0%**  
(As of March 31, 2023)

**Percentage of employees taking paid leave\*<sup>4</sup>**




**68.7%**  
(As of March 31, 2023)

**Assets under management**




**¥249.4 billion**  
(As of March 31, 2023)

**Number of managed housing units**




**72,603 units**  
(As of March 31, 2023)

**Rental revenues**



**¥5.8 billion**  
(FY2022)

**Current power generation capacity**



**320 MW**  
(As of March 31, 2023)  
\*5 Including wholesale portion

\*4 Scope of calculation: Takara Leben Co., Ltd.



# History of the MIRARTH HOLDINGS Group

Established as Takara Komuten Co., Ltd., in 1972, the Group has steadily expanded net sales by spreading into a broader range of business fields. These fields include the general real estate business centering on new built-for-sale condominiums and the energy business utilizing solar and other forms of renewable energy, as well as by forming a publicly offered REIT that was also ultimately listed on the REIT market. Having celebrated its 50th anniversary in September 2022, the Group will continue its evolution in order “To design sustainable environments for a happier future for both people and our planet.”

## Trends in Net Sales



## History

**1972** Established as Takara Komuten Co., Ltd. in Yamato-cho, Itabashi-ku



**1975** Purchased the Company's head office the Nakaitabashi Head Office Buildings (Dai-ichi Takara Building)

**1982** Launched the real estate rental business

**1986** Established Takara Jyuhan Co., Ltd. in an effort to expand sales and intermediary operations

**1988** Established Takara Management Co., Ltd. as a real estate management company

**1994** Commenced sales of the “Leben Heim” series of condominiums



**1996** Changed the name of Takara Management Co., Ltd. to Leben Community Co., Ltd.

**1999** Undertook the absorption-type merger of Takara Jyuhan Co., Ltd.

**2000** Changed the name of Takara Komuten Co., Ltd. to Takara Leben Co., Ltd.



**2001** Relocated the Company's head office to Ikebukuro following completion of the Takara Leben Head Office Building

Listed on the JASDAQ market



Established TAFUKO Co., Ltd. (currently Leben Zestock Co., Ltd.)

**2003** Listed on the Second Section of the Tokyo Stock Exchange

**2004** Listed on the First Section of the Tokyo Stock Exchange



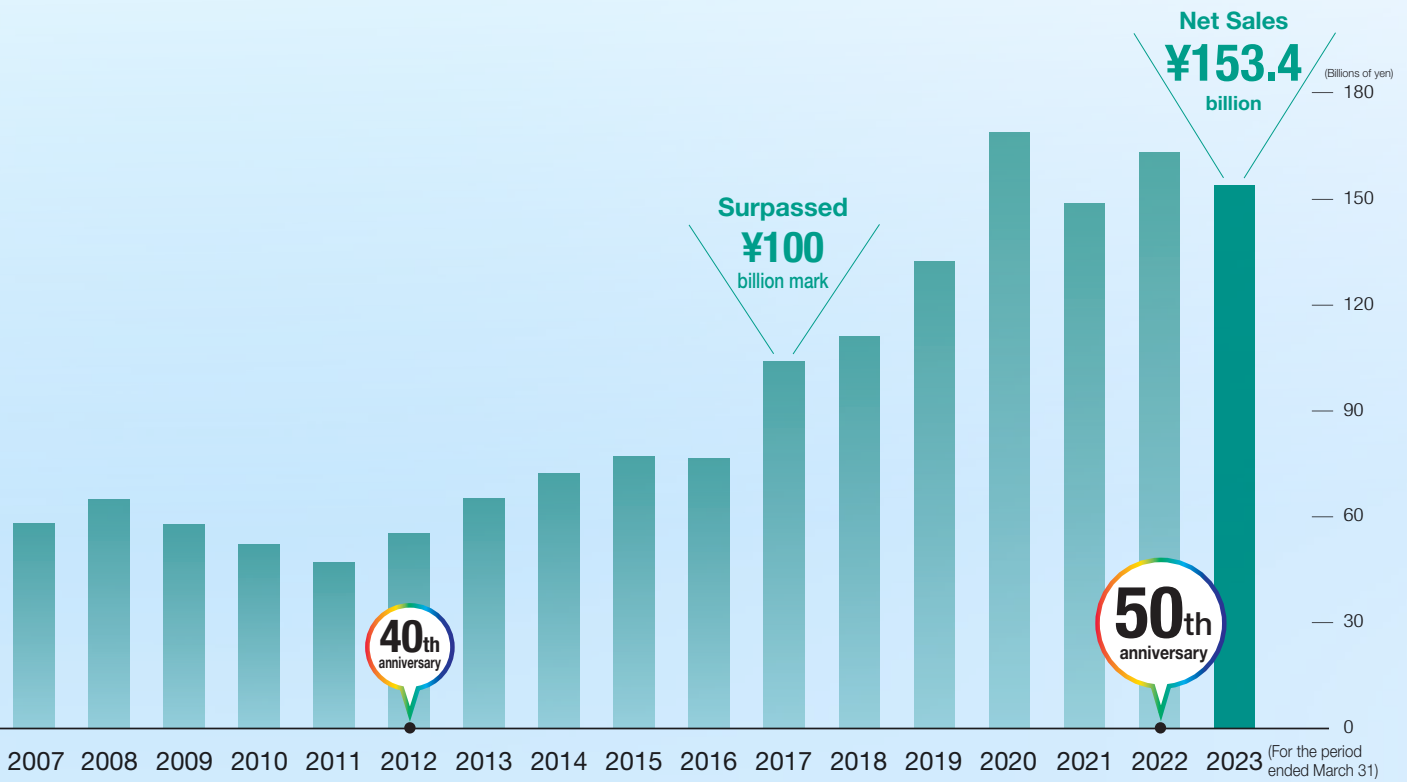
**2006** Relocated the Company's head office to the Shinjuku Sumitomo Building

**Origin of “Takara Leben”:** The “Takara” that we have used in our company name since the days of “Takara Komuten” refers to “treasure,” as in a home is the treasure of a lifetime. The word “leben” added following the change in our company name is German for “life, lifestyle and living,” which are keywords essential when discussing a home. This represents the concept of hoping to offer homes that are the treasure of a lifetime to as many people as possible.



**Harmonic Circle:** The Group's symbol is the representing customers, partners, and employees; expanding organically to create harmony while supporting out our corporate vision to “THINK HAPPINATING with one another. The gradation of striking sincerity pursued by everyone in the Group.





**2008 Launched the new Takara Leben brand**



**2010 Launched the detached house business with detached house built by the Company in its own right**

**2011 Commenced sales of custom-built houses; exhibited products at the Tachikawa Housing Exhibition Center**

**2012 Launched the new LEBEN condominium brand**



Made the real estate rental and management business Takara Housing Co., Ltd. (formerly Takara Property Co., Ltd.) into a subsidiary company

**2013 Entered the electric power generation business**



Established Takara Asset Management Co., Ltd. as an investment management business

**2014 Set up the Hokuriku Office**

Made Oasis Co., Ltd. (currently Takara Leben Realnet Co., Ltd.) into a subsidiary company

Made Nikko Kensetsu Co., Ltd. (currently Leben Home Build Co., Ltd.) into a subsidiary company

**2015 Made Live Net Home Co., Ltd. (formerly Takara Leben Tohoku Co., Ltd.) into a subsidiary company; relocated to Sendai City, Miyagi Prefecture**

Made Jyutakujiyuhoukan Co., Ltd. (formerly Takara Leben West Japan Co., Ltd.) into a subsidiary company

**2016 Made Nikko Property Co., Ltd. (currently Leben Trust Co., Ltd.) into a subsidiary company**

Completed steps for Takara Leben Infrastructure Fund to be the first to list on the Tokyo Stock Exchange Infrastructure Fund Market

**2017 Launched the new condominium brand "NEBEL"**



Set up the Osaka Branch and the Sapporo Office

Relocated the Company's head office to the TEKKO BUILDING in Marunouchi, Chiyoda-ku

**2018 Made PAG Investment Management Ltd. (currently Takara PAG Real Estate Advisory Ltd.) into a subsidiary company**

Established representative office of TAKARA LEBEN CO., LTD. in Hanoi City

Takara Leben Real Estate Investment Corporation was listed on the Tokyo Stock Exchange Real Estate Investment Trust Securities Market

**2019 Leben Trust Co., Ltd. merged (absorption-type) with Takara Property Co., Ltd.**

**2021 Established Leben Funding LLC.**

Made ACA Clean Energy Co., Ltd. (currently Leben Clean Energy Co., Ltd.) a subsidiary  
Set up the Nagoya Office

**2022 Established Takara Leben (Thailand) Co., Ltd.**

Transitioned to a holding company structure and changed its name to MIRARTH HOLDINGS, Inc.



Takara Leben West Japan Co., Ltd. changed its name to Takara Leben Co., Ltd., took over a portion of the business of the former Takara Leben, and completed the absorption-type merger of Takara Leben Tohoku Co., Ltd.

Included Takara Leben Infrastructure Fund in the Company's scope of consolidation as a subsidiary through a takeover bid

**2023 This Fund is delisted**

Harmonic Circle, which is comprised of three rings, expressing how they are linked to one another; ing each other. The three rings convey our hope of "NESS AND MAKE THE HAPPINESS" while resolute to deep navy expresses the intelligence and



**50th Anniversary logo:** As we celebrated the 50th anniversary of our founding in September 2022, we created a commemorative logo that incorporates a Harmonic Circle and the impression of a city skyline into the design. The circle symbolizes the MIRARTH HOLDINGS Group's gentle, sun-like embrace of the city, while the five lines underneath express its achievements, accumulated over the past 50 years, which have led to the further prosperity of cities and the Group.

## A Message from the CEO



**Kazuichi Shimada**  
Representative Director

# Promote the transformation of the business model based on Our Purpose, to evolve into a “company that designs the environment of the future.”

## Fulfilling a Greater Social Mission as We Celebrate Our 50th Anniversary

The MIRARTH HOLDINGS Group celebrated its 50th anniversary on September 21, 2022. Entering a new chapter in our ongoing development, we then transitioned to a holding company structure and changed the Company's name to MIRARTH HOLDINGS, Inc. on October 1, 2022.

MIRARTH is a combination of the words Mirai (future in Japanese) and Earth. The new company name embodies our determination to look beyond the boundaries of a general real estate business developer and evolve into a company that makes a happier future for the Earth and its people by contributing to all communities everywhere.

We have defined the purpose of the Group as it moves toward the next stage of its existence, as “To design sustainable environments for a happier future for both people and our planet.” Drawing on the traditional “THINK HAPPINESS AND MAKE THE HAPPINESS” vision and “Creating Together” mission of Takara Leben Co., Ltd., this purpose takes into consideration the future expansion of the Group's overall business. In fulfilling our purpose, we have initiated various steps toward transformation, including business segment reorganization with a view to creating a new business model.

## FY2022 Business Environment and Performance Review

With the easing of restrictions on people's movements geared toward preventing the spread of COVID-19, consumer spending and economic activities gradually recovered in fiscal 2022. However, uncertainty surrounding the future increased owing to the sharp rise in commodity prices on the back of fluctuations in raw material and energy costs as well as foreign currency exchange rate. In the real estate industry, the Group's mainstay new built-for-sale condominium business was supported by the continued strong willingness of customers to purchase condominiums amid the prolonged low interest rate environment and other factors. While this sustained increase in demand and nationwide decrease in the number of units supplied have resulted in a favorable supply and demand balance, soaring labor and construction costs have caused

the sales price of new condominiums to continuously rise each year. In the energy industry, many companies and public authorities are strengthening their efforts toward decarbonization in a bid to achieve carbon neutrality by 2050. As a result, the market is expected to expand. In light of these changes in business conditions, the tender offer (TOB) for Takara Leben Infrastructure Fund, Inc. (TIF), announced and implemented in September 2022, was executed as a necessary measure for the Group to achieve further sustainable growth. Although this TOB was a major factor in pushing down the Group's consolidated net sales and earnings in fiscal 2022, results in the core real estate business exceeded plans owing to robust sales underpinned by strong demand for new built-for-sale condominiums.

## Establishing a New Business Model to Enhance Long-Term Corporate Value

**Transforming the earnings structure of the energy business and making the energy and asset management businesses the second and third pillar of our business**

As I mentioned above, TIF's TOB and inclusion in the Company's scope of consolidation as a subsidiary was its most prominent initiative in fiscal 2022. In conducting this

TOB, the goal is to shift the earnings structure in the energy business to stable earnings model. To date, the energy business has adopted a flow-type business model that presupposes the sale of power generation facilities with profits concentrated in the period in which the sale is made. Moving forward, we will in effect refrain from selling

## A Message from the CEO

developed facilities, and shift to a stock-type business that generates stable earnings from revenue gained through the sale of electric power. We will nurture this business into a second pillar after the real estate business while expanding EBITDA by integrating facility ownership and power generation. In fiscal 2029, we are targeting a real estate business and energy business EBITDA ratio of 1:1.

As far as the scale of development facilities is concerned, we will shift from the development of mega solar power plants using the FIT system to the development of small- and medium-scale power plants based mainly on Power Purchase Agreements (PPAs), which are direct purchases by electric power users. At the same time, we have established an off-taker model linked to long-term power sales contracts with several partners, including Osaka Gas Co., Ltd. to stabilize PPA earnings and will work to put in place a de-FIT business model.

Moreover, we will expand assets handled by the asset management business by incorporating solar power generation facilities into the Group's assets. In the future, we will expand the scale of assets under management by leveraging the high level of asset management capabilities developed as the first listed infrastructure fund in Japan, and grow this business into the third pillar of our portfolio. Due to these changes in the earnings structure, we have revised the management indicators and performance goals

in our Medium-Term Management Plan (see page 22 for details). Our net income forecast for fiscal 2023 is in line with initial plans. Performance forecasts at each level of profit for fiscal 2024 are expected to exceed initial plans as the energy business enters a period of stable earnings. As far as net income is concerned, we are projecting stable income of more than 10 billion yen from fiscal 2024.

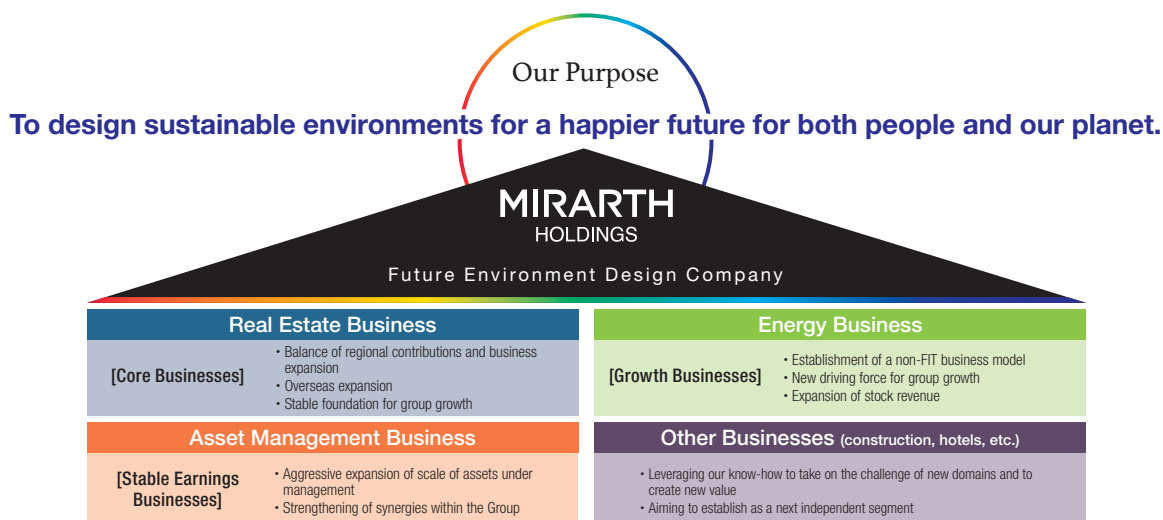
### Toward becoming a “company that designs the environment of the future”

As I mentioned at the beginning of this message, our newly formulated purpose cannot be achieved with a business model that for the most part revolves mainly around real estate. Real estate property development is merely a single point, so to speak. Starting from a developed property, we must create a line that connects that property to electric power (power generation facilities), map out an environment through the supply of renewable energy, and build a scheme to design a city that can revitalize the community. PPA and other models help give shape to the designs required to create these aspects.

We will help realize a sustainable society through the organic combination of each business as a future environment design company. While growing our energy business by leveraging the strengths we have developed in our core real estate business, we will create new value in other

### Promotion of Purpose Management

- After restructuring into 4 business segments, shift to a holding structure in October 2022.
- Promotion of sustainability management centered on new growth and Our Purpose through business structure innovation, and increase of the earning power of each business to become a future environmental design company.







businesses while securing stable earnings in the asset management business and enhancing our corporate value.

To build a long-term business foundation, we will further promote sustainability management within the Group. After expressing our support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in 2022, we set a target to reduce the greenhouse gas emissions associated with the Group's business activities by 50% by fiscal 2030 compared with the levels recorded in

fiscal 2020 and to achieve net zero emissions by fiscal 2050 in March 2023. In addition to conducting an employee happiness survey in October 2022, we are working to enhance our corporate culture and human resources system to enable a diverse array of employees to play an active role. Among a host of initiatives, we will implement an average 2.5% salary base increase in fiscal 2023.

## To Our Stakeholders

For the MIRARTH HOLDINGS Group, 2023 marks a new phase of sustainable growth over the next 50 to 100 years. As a holdings company, our role is to clarify the direction in which the Group should steer to fulfill its purpose. In addition to promoting transformation through the execution of business strategies, our goal is to ensure the overall growth of the Group as a whole.

From an operating perspective, further growth of the real estate business and establishment of a new energy business model are major themes going forward. As far as the energy business is concerned, we have already outlined a roadmap to 2030 and are promoting measures to achieve established goals. However, these ideas and images are yet to be fully shared throughout the Group. Serving as both Group CEO and COO, I am responsible for further instilling our purpose throughout the Group at this time of

business model transformation. I am therefore committed to ensuring that the entire Group looks beyond the boundaries of the real estate business and is fully committed to designing the environment in a broad sense thereby contributing to society. With this as a foundation, I will work with Group companies and stakeholders to enhance corporate value by clarifying responsibilities and authority, while maintaining the speed and agility of management decision-making that is one of the Group's inherent strengths.

As we work toward achieving our goals, we ask for the continued support and understanding of all stakeholders.

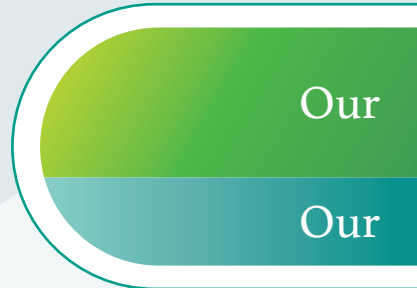
October 2023

**Kazuichi Shimada**

Representative Director, Group CEO, Group COO  
and President Executive Officer

# Value Creation Process

Our Group will leverage the three types of knowledge we have cultivated in our real estate business to our energy and asset management businesses. By demonstrating synergies that transcend business fields, each Group company will go beyond the boundaries of a general real estate developer, evolving into a company that makes the future of people and the Earth happier while aiming for sustainable growth.



## External Environment Awareness

Details P.16-17

### Market environment

- Changes in the direction of economic policy
- Changes in lifestyles
- Segmentation of housing needs
- Political instability, economic recession
- Higher interest rates
- Low birthrate coupled with an aging and declining population
- Requests by power companies to control output

### Business activities

- Surge in land prices as well as raw material and construction (labor) costs
- Difficulty in recruiting human resources, shortage of labor, and decline in employee quality

### Climate change, natural disasters, etc.

- Increasingly serious global environmental issues
- Incidence of natural disasters, accidents, etc.
- Acts of terrorism, riots, and war
- Spread of infectious diseases

### Governance, etc.

- Incidence of unauthorized access and cyberattacks
- Insufficient internal control functions

## Materiality

P.18-19

Support for diversifying lifestyles and globalization

Responses to changes to business models brought by an aging society and depopulation

Urban development and creating towns

Construction and maintenance of a corporate governance system

Promoting compliance

Employee health management

Encouraging employment of diverse human resources

Providing safe, secure products and services

Improving customer satisfaction

Improving value of buildings

Providing buildings and spaces that consider the environment and culture

Responses to global warming

Initiatives for renewable energy

Effective use of resources

Responses to disasters

## Input

### Financial Capital

Ability to generate stable cash flow

- Shareholders' equity ¥61.4 billion
  - Interest-bearing debt ¥227.3 billion
- (As of March 31, 2023)

### Human Capital

Diverse human resources that possess expertise

- No. of employees 484
  - Real estate notaries 275
  - First-class registered architects 20
  - Redevelopment planners 4
  - Training hours per employee 28.3
- \* Scope of calculation: Takara Leben
- No. of employees (consolidated) 1,293
- (As of March 31, 2023)

### Intellectual Capital

Technologies and expertise that respond to customer requests

- No. of trademark registrations 45
- (As of March 31, 2023)
- Proprietarily branded condominiums LEBEN and NEBEL

### Social and Relationship Capital

Trust, reliability and a collaborative framework

- Major Group companies 10
  - Business locations 9
- (Including head office and overseas locations)
- (As of March 31, 2023)

### Natural Capital

Effective use of resources

- Land and the global environment
- Nationwide power generation facilities

## Business Development

### Three Business Pillars



### Real Estate Business

Knowledge about real estate that underpins sustainable growth

### 7 Elements of the Medium-Term

1.

Further growth of core businesses

3.

Optimized business portfolio

2.

Maximized group synergies

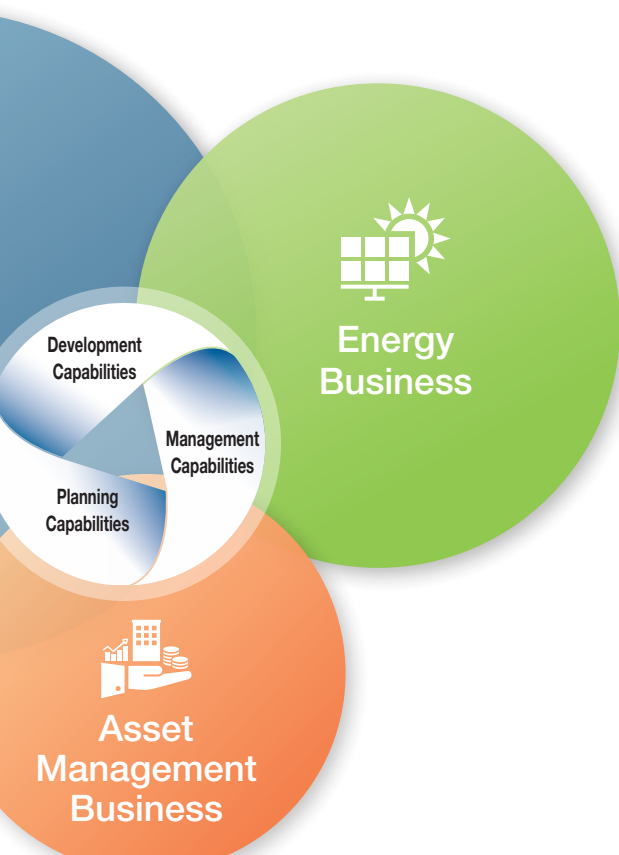
Foundation supporting value creation

Human resources P.44-47

Purpose ▶ P.1

Values ▶ P.1

Leveraging Real Estate-related Knowledge



Management Plan

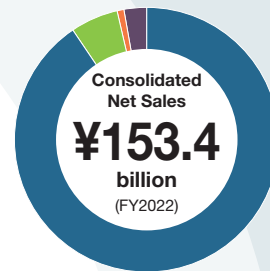
- 4. Establishment of a stable financial ground
- 5. Improvement of productivity and creation of new services through promotion of DX
- 6. Proactive ESG considerations
- 7. Personnel development and establishment of the rewarding workplace environment

Partners (customers and local communities)  
P.48-50

Corporate governance  
P.52-56

Compliance and risk management  
P.62-63

Output



- Real Estate Business  
¥139.1 billion
- Energy Business  
¥9.0 billion
- Asset Management Business  
¥1.0 billion
- Other Businesses  
¥4.2 billion  
Details P.28-37

KPI

- Number of units sold**
  - New built-for-sale condominiums  
**1,861 units**  
(FY2022)
  - New built-for-sale detached houses  
**189 units**  
(FY2022)
- Cumulative number of units supplied**  
**38,807 units**  
\* New built-for-sale condominiums  
(As of March 31, 2023)
- Number of managed housing units**  
**72,603 units**  
(As of March 31, 2023)
- Rental revenues**  
**5.8 billion**  
(FY2022)
- Current power generation capacity**  
**320MW**  
\* Including wholesale portion  
(As of March 31, 2023)

Outcome

Financial Capital

- A sound financial foundation that enables further investments for growth
- TSR over the past 10 years 125.9%
  - Dividend per share ¥22 annually  
(FY2022)

Human Capital

- Encouraging the strong roles of diverse employees
- Acquisitions by type of qualification
    - Real estate notaries 275
    - First-class registered architects 20
    - Redevelopment planners 4
  - Percentage of women in management 11.0%
  - Percentage of persons with disabilities employed 2.0%  
\* Scope of calculation: Takara Leben  
(As of March 31, 2023)

Intellectual Capital

- Advanced technologies and services that respond to diversifying lifestyles
- Housing performance evaluation report acquisition rate 100%
  - Energy-saving rank certification rate (Flat 35 for detached houses) 100% of detached houses  
(FY2022)

Social and Relationship Capital

- Building regional revitalization and relationships of trust for the long term with all stakeholders
- No. of new built-for-sale condominium contracts 2,242
  - Increase in the number of units under management 3,268 units  
(FY2022)

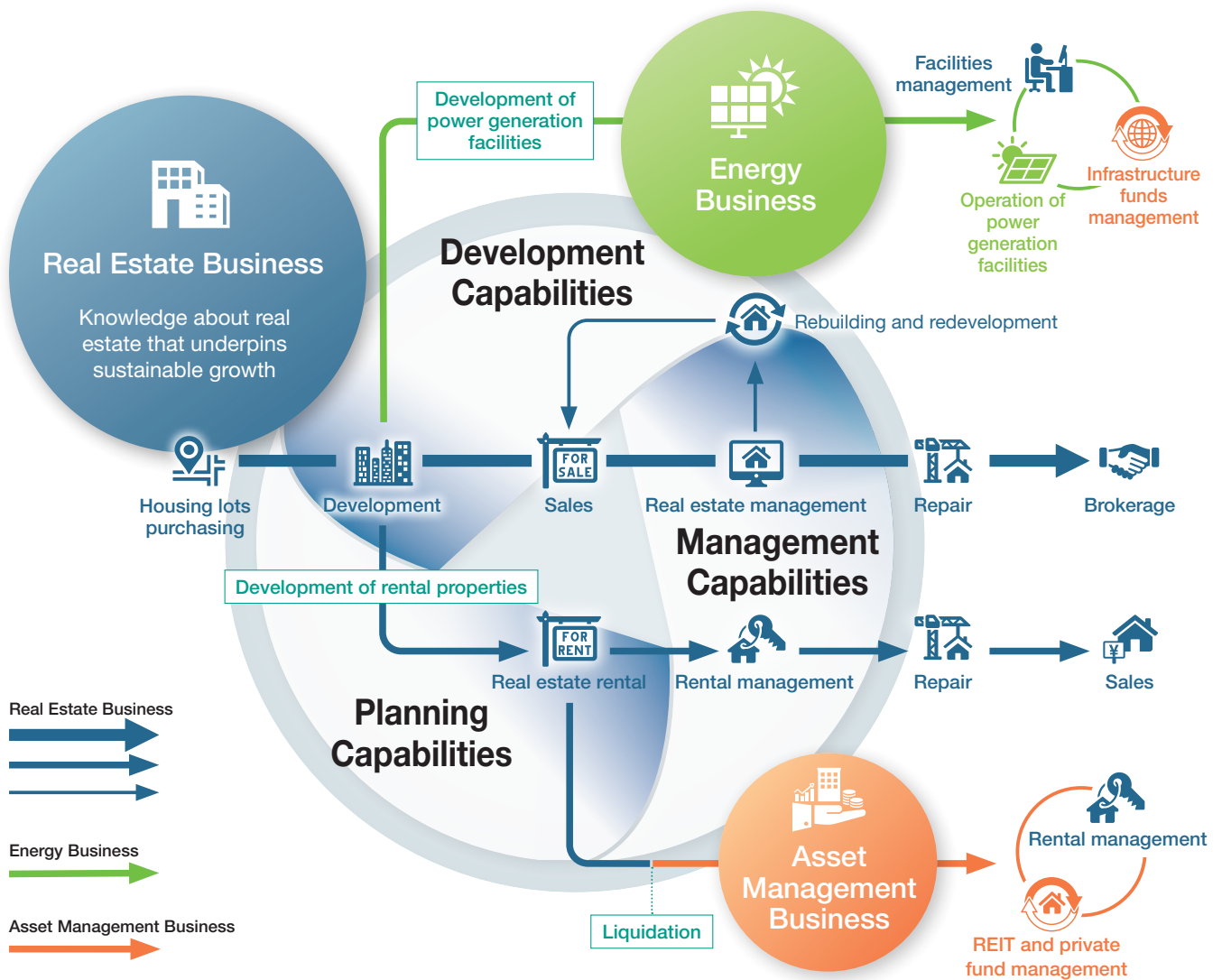
Natural Capital

- Effective use of resources and initiatives for renewable energy to reduce environmental impact
- Increase in renewable energy generation capacity 10MW
  - Greenhouse gas emissions 3,781t-CO<sub>2</sub>
  - Energy consumption 2,040.5 kL  
(crude oil equivalent)  
(FY2022)

# Explanation of the Value Creation Process

Over the 50 years since its founding, the Group has moved with the changing times and focused on the new built-for-sale condominium business while actively promoting business diversification and fusion, such as the energy and asset management businesses. Continuing to draw on that knowledge of real estate in the years to come, we aim to create new businesses that contribute to the solution of social issues by strengthening collaboration within and outside the Group.

## Business Process Mapping



Our Group primarily focuses on the new built-for-sale condominium business. In 2010, we leveraged our residential real estate planning and development know-how to expand into the single-family home sales business through in-house construction. Based on our planning and development capabilities for housing-related real estate, we are gradually expanding our business areas, including the liquidation business of developing income-generating real estate and selling it to real estate funds, and the used condominium purchase and resale business. Each of the businesses in our mainstay real estate business segment functions organically by leveraging their respective areas of expertise.

Following the introduction by the government of the feed-in tariff (FIT) system for electricity generated from renewable energy in July 2012, we also entered the mega-solar business in 2013. Leveraging our knowledge from having developed condominiums in the Tokyo metropolitan area that generate electricity from solar energy, we are actively working to utilize natural energy while also giving consideration to any contributions we can make to society. While our mainstay new built-for-sale condominium business is susceptible to the effects of population decline, we are developing the energy business not only by diversifying risks with the real estate business but also by viewing energy as a new growth area.



The liquidation business operated in the real estate business segment is a business in which developed rental properties are sold individually to real estate funds. A listed real estate investment trust (REIT) managed by Takara PAG Real Estate Advisory Ltd. brings a certain level of stability to our

## Real Estate-related Knowledge

**Development Capabilities:** Leveraging the real estate network built by the Group over the past 50 years, we possess “housing lot purchasing capabilities” and “development capabilities” that address a wide range of assets, including new built-for-sale condominiums, profit-generating real estate, and solar power generation facilities, in a way that initiates from our value chain.

**Planning Capabilities:** In the development of our new built-for-sale condominiums and profit-generating real estate, the Group accurately ascertains regional characteristics and demand through a consistent approach, from purchase to

## Inputs

**Financial Capital:** To support sustainable growth, the MIRARTH HOLDINGS Group is putting in place a robust financial foundation. At the same time, to respond in a timely manner to the risks and opportunities that will arise from future changes in the environment, the Group is focusing on ensuring balanced, stable financial capacity. The Group is also bringing about the diversification of its financing methods, strengthening its collaborations with local financial institutions and utilizing sustainability loans.

**Human Capital:** The MIRARTH HOLDINGS Group positions human capital as one of its most important management resources. To address rapid changes in the industry, we are hiring and training talented human resources from within and outside the Group and, while respecting diversity, striving to unite our organization around common goals and values.

**Intellectual Capital:** The technologies and know-how accumulated throughout the Group serve as the source for creating business value. Owning multiple original condominium brands, the Group is succeeding in setting itself apart from competitors

## Output/Outcome

In the fields of real estate, energy, and asset management, our focus is on businesses that underpin the lifestyles of people and local communities. In our mainstay real estate business, we are aiming to effectively utilize management resources, and Takara Leben, which plays its part in the Group, continues to play a central role in management. The

business as a buyer of properties. Through our consolidated subsidiary Takara Asset Management Co., Ltd., we also invest in office buildings, retail properties and other properties in an effort to diversify our assets under management.

product planning and sales. We possess the capability to rapidly plan products with high added-value that offer both a superior level of design characteristics and living comfort.

**Management Capabilities:** Having installed “SQMS®,” its proprietary service quality management system based on the ISO 9001 international standard, the Group delivers a high level of management quality (See p. 49). We are increasing the number of units targeted for management by leveraging our accumulated management know-how and through the acquisition of replacement properties.

by means of its superior design capabilities and high-quality management system. At the same time, the Group is working to enhance its brand value through aggressive advertising.

**Social and Relationship Capital:** The major subsidiaries that operate under the MIRARTH HOLDINGS Group umbrella leverage their respective strengths while cooperating with each other and enhancing collaboration. Demonstrating the synergies that exist within the Group, they work together with partners, including customers, partner companies, and local communities, and contribute to finding solutions for society’s challenges through their business activities.

**Natural Capital:** In addition to deploying a mega-solar power plant project by utilizing the knowledge gained through its condominiums that generate electricity from solar energy, the Group is actively developing renewable energy businesses, such as non-FIT solar power generation that does not depend on FIT as its new business model, and promoting development of biomass and wind power plants, and thereby contributing to a carbon neutral society.

Group combines its real estate, energy, asset management and other businesses to meet diversifying housing needs and to contribute to finding solutions to social challenges. We aim to achieve perpetual growth by working toward the cities of the future through co-creation with our various stakeholders.

# Risk & Opportunity

In light of changes in the external environment, the Group has identified major social issues with the potential to impact value creation over the medium to long term, and derived the risks and opportunities related to these. Then, the Group has identified the materiality with which it must engage by clearly defining these risks and opportunities. By appropriately addressing risks and leveraging opportunities, the Group will enable solutions to social problems and create value.



















	Social issues and external environment	Risks	Opportunities
Market environment	<ul style="list-style-type: none"> <li>Changes in the direction of economic policy (Stricter laws and regulations, changes in legal interpretation and management policy)</li> </ul>	<ul style="list-style-type: none"> <li>Decreased number of commercialization projects due to subsidy system revisions</li> <li>Lost business opportunities due to changes in FIT</li> <li>Stricter regulations for energy conservation</li> <li>Strengthening of regulations on building standards</li> </ul>	<ul style="list-style-type: none"> <li>Increase in commercialization projects due to utilization of subsidy system</li> <li>Ongoing low-interest housing loans, eased tax reduction requirements</li> <li>Introduction of new systems to replace FIT</li> </ul>
	<ul style="list-style-type: none"> <li>Changes in lifestyles (Growth in DINKs, dual-income households, seniors relocating to condominiums, development of telework)</li> <li>Diversification of housing needs</li> <li>Political instability, economic recession</li> <li>Rising interest rates</li> </ul>	<ul style="list-style-type: none"> <li>Obsolescence of products and/or services</li> <li>Deteriorating supplier operating conditions</li> <li>Decline in buyer sentiment due to increasing housing loan interest rates</li> <li>Increased funding costs due to changes in financial institution lending attitudes and financing market conditions</li> <li>Intensified competition including new entrants, and rapid environmental changes</li> </ul>	<ul style="list-style-type: none"> <li>Capture demand generation/growth opportunities via new products and services</li> <li>Expansion in demand for compact condominiums</li> <li>Expansion of business areas</li> <li>Increase in opportunities to acquire land and properties</li> <li>Increase in M&amp;A opportunities</li> </ul>
	<ul style="list-style-type: none"> <li>Low birthrate coupled with an aging and declining population</li> </ul>	<ul style="list-style-type: none"> <li>Decreasing demand for housing</li> </ul>	<ul style="list-style-type: none"> <li>Increase in demand for condominiums among seniors</li> <li>Increase in opportunities for proposing solutions to vacant house issues and aging buildings</li> <li>Development of compact cities</li> </ul>
	<ul style="list-style-type: none"> <li>Requests by power companies to control output</li> </ul>	<ul style="list-style-type: none"> <li>Decline in electricity sales revenue</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of Corporate PPA</li> </ul>
Business activities	<ul style="list-style-type: none"> <li>Surge in land prices as well as raw material and construction (labor) costs</li> </ul>	<ul style="list-style-type: none"> <li>Soaring procurement prices</li> <li>Decrease in profit</li> <li>Slower sales due to higher selling prices</li> </ul>	
	<ul style="list-style-type: none"> <li>Difficulty in recruiting human resources, shortage of labor, and decline in employee quality</li> </ul>	<ul style="list-style-type: none"> <li>Lower product and service quality</li> <li>Incurring of compensation costs, brand image deterioration</li> <li>Occurrence of occupational accidents</li> </ul>	
Climate change, natural disasters, etc.	<ul style="list-style-type: none"> <li>Increasingly serious global environmental issues</li> </ul>	<ul style="list-style-type: none"> <li>Stricter regulations for greenhouse gas usage/emissions and energy conservation</li> <li>More stringent building standards due to stricter laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Invigoration of renewable energy market due to growing interest in environmental issues</li> </ul>
	<ul style="list-style-type: none"> <li>Incidence of natural disasters and accidents</li> </ul>	<ul style="list-style-type: none"> <li>Raw materials/component supply shortages</li> <li>Asset damage</li> <li>Disruption to Group business facilities, supply chains, and customers</li> </ul>	<ul style="list-style-type: none"> <li>Increased properties needing large-scale renovation</li> <li>Increased interest in disaster-resistant buildings</li> </ul>
	<ul style="list-style-type: none"> <li>Acts of terrorism, riots, and war</li> </ul>	<ul style="list-style-type: none"> <li>Disruption to Group business facilities, supply chains, and customers</li> <li>Geopolitical risk</li> <li>Supply chain fragmentation</li> </ul>	
	<ul style="list-style-type: none"> <li>Spread of infectious diseases</li> </ul>	<ul style="list-style-type: none"> <li>Disruption to Group business facilities, supply chains, and customers</li> <li>Disruption to business operations</li> <li>Decline in hotel and tenant occupancy rates</li> </ul>	<ul style="list-style-type: none"> <li>Creating demand for new products and services to meet changing lifestyles</li> </ul>
Governance, etc.	<ul style="list-style-type: none"> <li>Incidence of unauthorized access and cyberattacks</li> </ul>	<ul style="list-style-type: none"> <li>Leakage of confidential information and stoppages of production lines and logistics systems</li> <li>Payment of damages and fines, incurring countermeasures expenses</li> </ul>	
	<ul style="list-style-type: none"> <li>Insufficient internal control function</li> </ul>	<ul style="list-style-type: none"> <li>Improper conduct, leakage of confidential information</li> <li>Payment of damages and fines, incurring countermeasures expenses</li> <li>Delay in response to global environmental problems</li> </ul>	

- Creating Lifestyles with Value
- Forming Communities
- Providing Comfortable Spaces of High Quality
- Developing Environments and Cultures

Response	Relevant materiality	Related medium-term management plan strategies
<ul style="list-style-type: none"> <li>Pursue new businesses such as PPA</li> <li>Strengthening of information-gathering activities</li> </ul>	<ul style="list-style-type: none"> <li><span style="color: #0070C0;">●</span> Responses to changes to business models brought by an ageing society and depopulation</li> <li><span style="color: #C00000;">●</span> Urban development and creating towns</li> <li><span style="color: #008000;">●</span> Providing buildings and spaces that consider the environment and culture</li> <li><span style="color: #008000;">●</span> Initiatives for renewable energy</li> </ul>	<ol style="list-style-type: none"> <li>1. Further growth of core businesses</li> <li>2. Maximized group synergies</li> </ol>
<ul style="list-style-type: none"> <li>Reflection of purchaser needs</li> <li>Diverse product offerings</li> <li>Supply compact condominiums</li> </ul>	<ul style="list-style-type: none"> <li><span style="color: #0070C0;">●</span> Support for diversifying lifestyles and globalization</li> <li><span style="color: #C00000;">●</span> Urban development and creating towns</li> <li><span style="color: #FFA500;">●</span> Improving customer satisfaction</li> <li><span style="color: #FFA500;">●</span> Improving value of buildings</li> </ul>	<ol style="list-style-type: none"> <li>1. Further growth of core businesses</li> <li>2. Maximized group synergies</li> <li>5. Improvement of productivity and creation of new services through promotion of DX</li> </ol>
<ul style="list-style-type: none"> <li>Redouble efforts to diversify financing methods</li> <li>Implement ongoing performance monitoring, countermeasures</li> <li>Strengthening of financial management</li> <li>Strengthening of overseas business</li> </ul>	<ul style="list-style-type: none"> <li><span style="color: #0070C0;">●</span> Support for diversifying lifestyles and globalization</li> <li><span style="color: #FFA500;">●</span> Providing safe, secure products and services</li> <li><span style="color: #FFA500;">●</span> Improving customer satisfaction</li> <li><span style="color: #FFA500;">●</span> Improving value of buildings</li> </ul>	<ol style="list-style-type: none"> <li>3. Optimized business portfolio</li> <li>4. Establishment of a stable financial ground</li> </ol>
<ul style="list-style-type: none"> <li>Supply condominiums in the center of regional cities</li> <li>Supply compact condominiums</li> <li>Strengthening of overseas business</li> </ul>	<ul style="list-style-type: none"> <li><span style="color: #0070C0;">●</span> Support for diversifying lifestyles and globalization</li> <li><span style="color: #0070C0;">●</span> Responses to changes to business models brought by an ageing society and depopulation</li> <li><span style="color: #C00000;">●</span> Urban development and creating towns</li> </ul>	<ol style="list-style-type: none"> <li>1. Further growth of core businesses</li> <li>3. Optimized business portfolio</li> </ol>
<ul style="list-style-type: none"> <li>Implementation of area strategies in energy business</li> </ul>	<ul style="list-style-type: none"> <li><span style="color: #008000;">●</span> Initiatives for renewable energy</li> <li><span style="color: #008000;">●</span> Effective use of resources</li> </ul>	<ol style="list-style-type: none"> <li>1. Further growth of core businesses</li> <li>2. Maximized group synergies</li> </ol>
<ul style="list-style-type: none"> <li>Stabilize procurement prices mainly by diversifying suppliers, decentralizing on a regional basis, and using long-term contracts</li> </ul>	<ul style="list-style-type: none"> <li><span style="color: #FFA500;">●</span> Improving customer satisfaction</li> <li><span style="color: #FFA500;">●</span> Improving value of buildings</li> </ul>	<ol style="list-style-type: none"> <li>1. Further growth of core businesses</li> <li>2. Maximized group synergies</li> </ol>
<ul style="list-style-type: none"> <li>Implementation of activities designed to improve employee loyalty</li> <li>Personnel system reform, enhancement and upgrading of various training systems</li> <li>Implementation of branding penetration measures</li> <li>Housing performance evaluation report acquisition</li> <li>Holding Safety Conferences, building safe implementation management systems</li> </ul>	<ul style="list-style-type: none"> <li><span style="color: #C00000;">●</span> Promoting compliance</li> <li><span style="color: #C00000;">●</span> Employee health management</li> <li><span style="color: #C00000;">●</span> Encouraging employment of diverse human resources</li> <li><span style="color: #FFA500;">●</span> Providing safe, secure products and services</li> <li><span style="color: #FFA500;">●</span> Improving value of buildings</li> </ul>	<ol style="list-style-type: none"> <li>6. Proactive ESG considerations</li> <li>7. Personnel development and establishment of the rewarding workplace environment</li> </ol>
<ul style="list-style-type: none"> <li>Development of renewable energy generation facilities</li> <li>Reduction of carbon dioxide emissions</li> <li>Formulation of climate change policy</li> <li>Building of internal system in compliance with external evaluation organization standards</li> <li>Acquisition of green certifications</li> </ul>	<ul style="list-style-type: none"> <li><span style="color: #FFA500;">●</span> Improving value of buildings</li> <li><span style="color: #008000;">●</span> Providing buildings and spaces that consider the environment and culture</li> <li><span style="color: #008000;">●</span> Responses to global warming</li> <li><span style="color: #008000;">●</span> Initiatives for renewable energy</li> <li><span style="color: #008000;">●</span> Effective use of resources</li> <li><span style="color: #008000;">●</span> Responses to disasters</li> </ul>	<ol style="list-style-type: none"> <li>6. Proactive ESG considerations</li> </ol>
<ul style="list-style-type: none"> <li>Promote earthquake-proofing of buildings and facilities, implement countermeasures for tsunamis, torrential rain, and floods</li> <li>Stockpile emergency supplies necessary for disasters</li> <li>Conduct disaster preparation drills</li> <li>Introduction of safety confirmation system</li> </ul>	<ul style="list-style-type: none"> <li><span style="color: #C00000;">●</span> Employee health management</li> <li><span style="color: #FFA500;">●</span> Improving value of buildings</li> <li><span style="color: #008000;">●</span> Responses to global warming</li> <li><span style="color: #008000;">●</span> Initiatives for renewable energy</li> <li><span style="color: #008000;">●</span> Effective use of resources</li> <li><span style="color: #008000;">●</span> Responses to disasters</li> </ul>	<ol style="list-style-type: none"> <li>6. Proactive ESG considerations</li> </ol>
<ul style="list-style-type: none"> <li>Conducting of credit checks on business partners</li> <li>Verification of geopolitical risk</li> <li>Stabilize procurement prices mainly by use of diversifying suppliers, decentralizing on a regional basis, and using long-term contracts</li> </ul>	<ul style="list-style-type: none"> <li><span style="color: #C00000;">●</span> Urban development and creating towns</li> <li><span style="color: #FFA500;">●</span> Providing safe, secure products and services</li> <li><span style="color: #008000;">●</span> Responses to disasters</li> </ul>	
<ul style="list-style-type: none"> <li>Promote teleworking and enhance workplace health management</li> <li>Differentiation of products and services (equipment, meeting of specifications, installation of telework spaces through renovation)</li> </ul>	<ul style="list-style-type: none"> <li><span style="color: #C00000;">●</span> Employee health management</li> <li><span style="color: #FFA500;">●</span> Providing safe, secure products and services</li> <li><span style="color: #FFA500;">●</span> Improving value of buildings</li> <li><span style="color: #008000;">●</span> Responses to disasters</li> </ul>	<ol style="list-style-type: none"> <li>5. Improvement of productivity and creation of new services through promotion of DX</li> <li>7. Personnel development and establishment of the rewarding workplace environment</li> </ol>
<ul style="list-style-type: none"> <li>Strengthening of insurance contracts and information security systems</li> <li>Ensuring of confidentiality</li> <li>Restrictions on external access</li> <li>Establishment of internal regulations, conducting of training</li> <li>Identify issues and promote resolutions via Compliance Committee and Risk Management Committee</li> <li>Enhancement of in-house checking system</li> <li>Conducting thorough compliance education</li> </ul>	<ul style="list-style-type: none"> <li><span style="color: #C00000;">●</span> Construction and maintenance of a corporate governance system</li> <li><span style="color: #C00000;">●</span> Promote compliance</li> </ul>	<ol style="list-style-type: none"> <li>5. Improvement of productivity and creation of new services through promotion of DX</li> <li>6. Proactive ESG considerations</li> </ol>

# Materiality

The Group has outlined the long-term social changes and issues of importance, and identified materiality in consideration of the interests of its stakeholders and the impact on its business. By engaging in sustainability activities through its business, the Group will help to resolve social issues and to achieve the Sustainable Development Goals (SDGs) with the aim of earning the trust of stakeholders and society, and of attaining lasting development.

	Key Themes	Policies	Stakeholders	Key Issues
Creating Lifestyles with Value	<p>We contribute to improving the richness of people's lifestyles by creating new value.</p> 	<ul style="list-style-type: none"> <li>Provide products and services that respond to changing social issues and needs.</li> <li>Provide lifestyles that harmonize residents and surrounding environments, such as the LEBEN or NEBEL brands.</li> </ul>	 Customers  Local communities, NPOs, and NGOs	<ul style="list-style-type: none"> <li>Support for diversifying lifestyles and globalization →P.33, 48</li> <li>Responses to changes to business models brought by an ageing society and depopulation →P.48</li> </ul>
Forming Communities	<p>We form communities with stakeholders—such as local communities, trading partners, and employees—and aim for growth together.</p> 	<ul style="list-style-type: none"> <li>Contributing to the revitalization of regional areas through our regional city revitalization business, which connects urban and regional areas.</li> <li>Improve our ability to respond to risk through thorough risk assessment and management.</li> <li>Provide opportunities and environments where a diverse range of people can work energetically.</li> <li>Corporate activities that can respond to social needs with an emphasis on dialogues with our stakeholders.</li> </ul>	 Customers  Shareholders and investors  Local communities, NPOs, and NGOs  Executives and employees  Trading partners  Governments	<ul style="list-style-type: none"> <li>Urban development and creating towns →P.50</li> <li>Construction and maintenance of a corporate governance system →P.52</li> <li>Promoting compliance →P.62</li> <li>Employee health management →P.47</li> <li>Encouraging employment of diverse human resources →P.46</li> </ul>
Providing Comfortable Spaces of High Quality	<p>We support the comfortable and safe living of our customers by providing products bringing great satisfaction to our customers.</p> 	<ul style="list-style-type: none"> <li>Improve customer satisfaction levels through the use of our proprietary Service Quality Management System (SQMS®).</li> <li>Create housing that combines both design and habitability, pursuing the performance of housing.</li> <li>Improve building value through regular repairs and renovations to improve building comfort, functionality, and safety.</li> </ul>	 Customers  Executives and employees  Trading partners	<ul style="list-style-type: none"> <li>Providing safe, secure products and services →P.49</li> <li>Improving customer satisfaction →<a href="https://mirarth.co.jp/en/sustainability/social/customer/satisfaction/">https://mirarth.co.jp/en/sustainability/social/customer/satisfaction/</a></li> <li>Improving value of buildings →P.49</li> </ul>
Developing Environments and Cultures	<p>We contribute to a sustainable society by actively working on environmental issues, and at the same time, contribute to improving quality of life by providing opportunities for mental activities such as learning and practicing the arts.</p> 	<ul style="list-style-type: none"> <li>Reduce greenhouse gas emissions through supplying housing with high environmental performance and our renewable energy power generation business.</li> <li>Provide seismic-resistant and fire-resistant housing that can withstand natural disasters.</li> <li>Provide opportunities for cultural activities to our stakeholders.</li> </ul>	 Customers  Local communities, NPOs, and NGOs  Governments	<ul style="list-style-type: none"> <li>Providing buildings and spaces that consider the environment and culture →P.43</li> <li>Responses to global warming →P.41</li> <li>Initiatives for renewable energy →P.43</li> <li>Effective use of resources →<a href="https://mirarth.co.jp/en/sustainability/environment/renewableenergy/">https://mirarth.co.jp/en/sustainability/environment/renewableenergy/</a></li> <li>Responses to disasters →P.49</li> </ul>

\*1 Set as a mid-term target for FY March 31, 2025.

\*2 Number of new projects participated in. In addition, eight projects are under construction or being promoted. (Including the Excellent Building Maintenance Project, etc.)

\*3 Conducted anonymous survey assessments and interviews targeting all directors and auditors, including external directors, utilizing external consulting firms.

\*4 In addition to establishing a separate Compliance Committee and Risk Management Committee, and appointing a Group Chief Risk Officer (CRO), the Group implemented measures to strengthen governance within the holding company structure.

\*5 Conducted and continued study on review of the executive compensation system by the Compensation Committee.



KPIs	FY2022		FY2023
	Targets	Results	Targets
Propose new lifestyle services	5 projects	13 projects	5 projects
Supply of new condominiums for sale overseas	3 projects*1	3 projects	3 projects*1
Supply of NEBEL series condominiums	3 condos	3 condos	3 condos
Redevelopment projects undertaken	2 projects	2 projects*2	2 projects
Community sponsorships	10	16	10
Conduct the board effectiveness assessments	–	○*3	
Enhancement and strengthening of corporate governance system	–	○*4	
Consideration of introducing the clawback provisions	–	△*5	
Implement anti-corruption education and training	–	△*6	
Promote understanding of human rights issues among officers and employees	–	○*7	
Number of cases of adverse treatment	0	0	0
Survey to confirm the recognition rate of the whistle-blowing system	–	○	
Percentage of employees receiving health checkups	100%	99.1%	100%
Stress check examination rate	100%	87.9%	100%
Percentage of employees taking paid leave	70%	68.7%	70%
Percentage of employees with disabilities	2.3%	2.0%	2.3%
Percentage of female managers	9.5%*1	11.0%	9.5%*1
Percentage of employees returning to work after maternity or parental leave	100%	88.9%	100%
Training hours per employee	24 hours	28.3 hours	24 hours
Satisfaction rate of sales staff survey	90%	89.3%	90%
Number of nonconformities related to business processes and quality standards	10 or less	1 project	10 or less
Implementation of preventive action sharing meetings	5 or more times	7 times	5 or more times
Training of SQMS® masters	2 or more persons	0*8	2 or more persons
Acquisition rate of housing performance evaluation certificates	100%	100%	100%
Rate of accidents and lost time injuries (*covered: employees)	0%	0%	0%
Number of lost workday injuries (*covered: employees)	0	0	0
Safety meetings	once a year	once	once a year
Special patrols (safety checks)	4 times a year	3 times	4 times a year
Number of safety and health training sessions (*training targets: employees)	twice a year	once	twice a year
Results of supplier surveys	No plan to implement in FY2022	–	A-rank acquisition rate 90%
Rate of accidents and lost time (*target: suppliers)	1.83% or less	0%	1.83% or less
Acquisition and disclosure of CO2 emissions	–	○*9	
Setting CO2 emission reduction targets	–	○*9	
Percentage of houses certified for energy efficiency rating (Flat 35)	100% of detached houses	100% of detached houses	100% of detached houses
Sponsorship for culture fostering events	5	8	5
Acquisition of ZEH condominium certification	1	1	1
Acquisition of CASBEE certification with A rank or higher	1	1	1
New operating generation capacity of power generation facilities from renewable energy sources	20MW	10MW	20MW
Total power generation capacity	360MW*1	360MW	360MW*1
Obtaining quantitative data on resources and water and setting reduction targets	–	△*10	
Formulation of manuals for BCP measures	–	△*11	

\*6 Partially implemented through compliance training.

\*7 Formulate a group human rights policy and strengthen internal and external dissemination of the policy.

\*8 No new recruitment due to promotion of measures by existing members.

\*9 Target scope: Scope 1 and Scope 2.

\*10 An internal system is being developed to establish data collection and aggregation.

\*11 It is being reformulated in line with the holding structure.

# Review of Previous Medium-Term Management Plans

	Next Stage 2019 (FY2015–FY2018)			Medium-Term Management Plan (FY2018–FY2020)		
Themes	<b>“Beginning of a new era for Takara Leben”</b> — Diversifying flow businesses and expanding stock and fee-based businesses —			<b>Evolution through Sustainable Change</b> — Innovation for a New Lifestyle. —		
Management Indicators	FY2018	Net Sales Gross Profit	132,005 million yen 26,886 million yen	FY2020	Net Sales Gross Profit	148,397 million yen 29,928 million yen
		Equity Ratio LTV D/E Ratio ROE	25.6% 60.5% 2.3 times 14.3%		Equity Ratio LTV D/E Ratio ROE	26.5% 58.0% 2.2 times 9.0%
Plan Framework and Results	Plan Framework	Results		Strategies by Segment		Performance Results
	<ul style="list-style-type: none"> <li>Profit ratio Aim for 35% for stock and fee-based businesses</li> </ul>	Stock and fee-based businesses profit ratio: <b>13.9%</b> > <b>33.7%</b> <small>(FY2014)</small> <small>(FY2017)</small>		<b>Real Estate Sales Business</b> [New Built-for-Sale Condominiums] <ul style="list-style-type: none"> <li>Targets include families, dual-income families, single-person households, seniors</li> <li>Supply of compact condominiums that meet changes in the times</li> </ul> [New Detached Houses] <ul style="list-style-type: none"> <li>Outskirts of Tokyo metropolitan area, within 10 minutes walk of station</li> <li>Thorough implementation of short-term return cycle</li> </ul> [Renewal Resale] <ul style="list-style-type: none"> <li>Uptake of expanding used condominium needs</li> <li>Increase number of owned units, develop a business cycle</li> </ul> [Liquidation] <ul style="list-style-type: none"> <li>Diversification of exit points</li> <li>Optimization of the balance sheet</li> </ul>		Strong demand to purchase condominiums for actual availability is observed; we have built a system with capacity of supplying 2,000 units annually
		<ul style="list-style-type: none"> <li>Diversifying flow businesses Strengthening businesses other than new built-for-sale condominium business in the Tokyo metropolitan area</li> </ul>	Percentage of new built-for-sale condominium units sold in local city centers: <b>24.2%</b> > <b>51.3%</b> <small>(FY2014)</small> <small>(FY2017)</small>			
	<ul style="list-style-type: none"> <li>Expanding stock and fee-based businesses Asset management business, real estate rental business, real estate management business, real estate distribution business, etc.</li> </ul>	Current power generation capacity: <b>16 MW</b> > <b>103 MW</b> <small>(As of the end of FY2014)</small> <small>(As of the end of FY2017)</small>		<b>Real Estate Rental Business</b> <ul style="list-style-type: none"> <li>Securing of stable revenue</li> </ul>		Declined due to expansion of liquidation sales
		Number of units under management: <b>38,700 units</b> > <b>49,650 units</b> <small>(As of the end of FY2014)</small> <small>(As of the end of FY2017)</small>		<b>Real Estate Management Business</b> <ul style="list-style-type: none"> <li>Replace other companies in management with competitive services</li> <li>Spin-off into other businesses, such as large-scale repair works</li> </ul>		Achieved the plan through replacements from other company properties
Net sales of real estate rental business: <b>2,898 million yen</b> > <b>5,472 million yen</b> <small>(FY2014)</small> <small>(FY2017)</small>		<b>Electric Power Generation (Currently Energy) Business</b> <ul style="list-style-type: none"> <li>Development of environment-friendly renewable energy</li> <li>Incorporation of post facility-sale commission income</li> </ul>		Facility sale timing was delayed due to the postponed construction schedule Electricity sale profits declined due to early depreciation following completion of large-scale projects		
				<b>Other Businesses</b> <ul style="list-style-type: none"> <li>Expansion of revenue derived from each segment</li> </ul>		Increase in management compensation due to expansion of scale of infrastructure fund and REIT
Issues	<ul style="list-style-type: none"> <li>Schedules for completion of construction postponed due to lengthened project schedules</li> <li>Increase in assets and debt due to expanded areas of investment</li> <li>Completion of construction concentrated in the fourth quarter for a large number of projects</li> <li>Rising personnel expenses due to an increase in personnel and workstyle reforms</li> </ul>			<ul style="list-style-type: none"> <li>Operating income and ordinary income fell short of goals due to increased sales and personnel expenses following nationwide expansion</li> <li>Booked valuation write-downs of some hotel project inventories as the impact of COVID-19 began to emerge</li> <li>Facility sales schedule postponed in the electric power generation business due to the careful selection of projects and delayed construction</li> </ul>		

# Progress under the Medium-Term Management Plan (FY2021 to FY2024)

## Medium-Term Management Plan 7 Elements FY2022 Progress

### 1. Further growth of core businesses

Business	Main Measures / Goals	Progress in FY2022	
Real Estate Business	New built-for-sale condominium	<ul style="list-style-type: none"> <li>Restructure the stable, nationwide supply system. Aim to record 2,200 units in sales in FY2024</li> <li>Nationwide sales with a metropolitan area ratio target of 50% in FY2024 ss an indicator</li> <li>Promote active penetration in redevelopment projects such as station-front redevelopment and renewal project for aging condominiums</li> </ul>	<ul style="list-style-type: none"> <li>Number of new built-for-sale condominium sold: 1,861 units</li> <li>Metropolitan area ratio: 48.8%</li> <li>Promoted the Takaoka Ekimae East Area Excellent Building Improvement Project</li> </ul>
	Liquidation	<ul style="list-style-type: none"> <li>Maintain the investment pace of 30 to 50 billion yen per year</li> <li>Actively promote rental residence development</li> </ul>	<ul style="list-style-type: none"> <li>Investment amount: 24.4 billion yen</li> <li>Sales amount: 30.6 billion yen</li> </ul>
	New detached house	<ul style="list-style-type: none"> <li>Strengthen selection of purchasing areas</li> <li>Develop primarily in the Tokyo metropolitan area</li> </ul>	<ul style="list-style-type: none"> <li>Net sales: 10 billion yen</li> <li>Number of units sold: 189 units</li> </ul>
	Renewal resale	<ul style="list-style-type: none"> <li>Aim for 800 to 1,000 owned units by establishing a stable renewal business cycle</li> </ul>	<ul style="list-style-type: none"> <li>Number of owned units as of the period-end: 570 units</li> </ul>
	Real estate rental	<ul style="list-style-type: none"> <li>Aim to steadily accumulate rental income stock as stock-type fees through long-term ownership</li> </ul>	<ul style="list-style-type: none"> <li>Net sales: 5.8 billion yen</li> <li>Gross profit margin: 21.6%</li> </ul>
	Real estate management	<ul style="list-style-type: none"> <li>Continue to increase the managed units as a stock business mainstay; aim for a total of over 80,000 managed unit in FY2024</li> </ul>	<ul style="list-style-type: none"> <li>Number of managed units: 72,603 units</li> <li>Percentage of non-Group units managed: 51.9%</li> </ul>

### 2. Maximized group synergies

- Reorganized Group companies and reviewed business segments through the transition to a holding company structure
- Takara Leben, an intermediate holding company, oversees six real estate business companies, including overseas bases, in order to streamline management

### 3. Optimized business portfolio

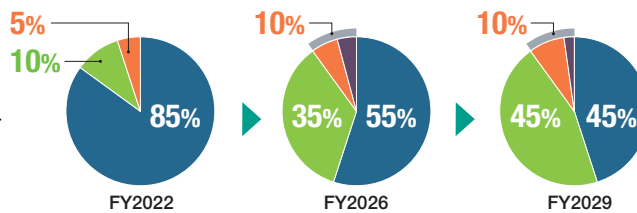
- Conducted a TOB to strengthen the foundations for the energy business to grow
- Formulated a medium- to long-term growth strategy in the energy business

#### EBITDA percentage

Aim for the real estate business: Energy business = 1:1 on EBITDA\* basis in the fiscal year ending March 31, 2030

- Real Estate Business
- Energy Business
- Asset Management Business
- Other Businesses

Segment Composition



\* EBITDA= Operating income + Depreciation and amortization

### 4. Establishment of a stable financial ground

- Despite a temporary rise in borrowings due to the TOB in Takara Leben Infrastructure Fund Inc., the Company has established a scheme to secure stable recurring revenue.

### 5. Improvement of productivity and creation of new services through promotion of DX

- The Company achieved paperless payment operations and various application operations such as approval requests. Aiming to upgrade sales and customer contact points, began unifying customer information and digitizing customer behavior analysis

### 6. Proactive ESG considerations

- Formulated CO<sub>2</sub> emission reduction targets to achieve carbon neutrality
- As a measure to strengthen governance, we conducted third-party evaluations after questionnaires and interviews on the effectiveness of Board of Directors in cooperation with external consulting organizations

### 7. Personnel development and establishment of the rewarding workplace environment

- Base pay increases for employees and initial salaries for new graduates were increased
- Conducted selective training to foster younger employees' thinking to solve problems from the perspective of managements

## Performance Goals

(Millions of yen)

	FY2021 Results	FY2022 Results	FY2023 Initial Plan	FY2023 Revised Plan	FY2024 Initial Plan	FY2024 Revised Plan
Net Sales	162,744	153,472	187,100	188,710	203,700	200,000
Gross Profit	33,117	31,708	35,200	39,000	38,700	42,300
Operating Income	11,877	7,030	13,200	13,700	15,700	17,000
Ordinary Income	10,258	5,033	12,500	12,700	15,000	16,000
Net Income Attributable to Owners of Parent	6,215	4,584	8,500	8,500	10,000	10,700

The real estate business, a core business of the Company, has progressed according to initial plans. However, in the energy business, the impact of making Takara Leben Infrastructure Fund a consolidated subsidiary through a tender offer represented a significant change in the

earnings structure due to the discontinuation of the planned sale of power generation facilities and the initial costs associated with the tender offer. For that reason, the Company amended its performance goals set forth in the Medium-Term Management Plan announced in May 2021.

## A Message from the CFO



**By means of our three main pillar businesses—real estate, energy, and asset management—we will aim for further growth while realizing stable returns to shareholders.**

### **Masashi Yamamoto**

Director,  
Group CFO and Managing Executive Officer

## Review of FY2022 and Revision of the Medium-Term Management Plan

From the perspectives of profitability, the clarification of business responsibilities, and the effective utilization of management resources, the MIRARTH HOLDINGS Group reorganized its businesses into four segments in April 2022. In October 2022, we transitioned to a holdings structure and are aiming for new growth by innovating our business structure. Looking at business results for fiscal 2022, the fiscal year ended March 31, 2023 on a consolidated, year-on-year basis, net sales decreased 5.7%, to 153,472 million yen; operating income declined 40.8%, to 7,030 million yen; ordinary income dropped 50.9%, to 5,033 million yen; and net income attributable to owners of parent fell 26.2%, to 4,584 million yen. Although gross profit in our real estate business exceeded plans due to the strong progress in sales, revenue and earnings decreased in the energy and

asset management businesses due to the impact of the TOB for Takara Leben Infrastructure Fund, Inc.

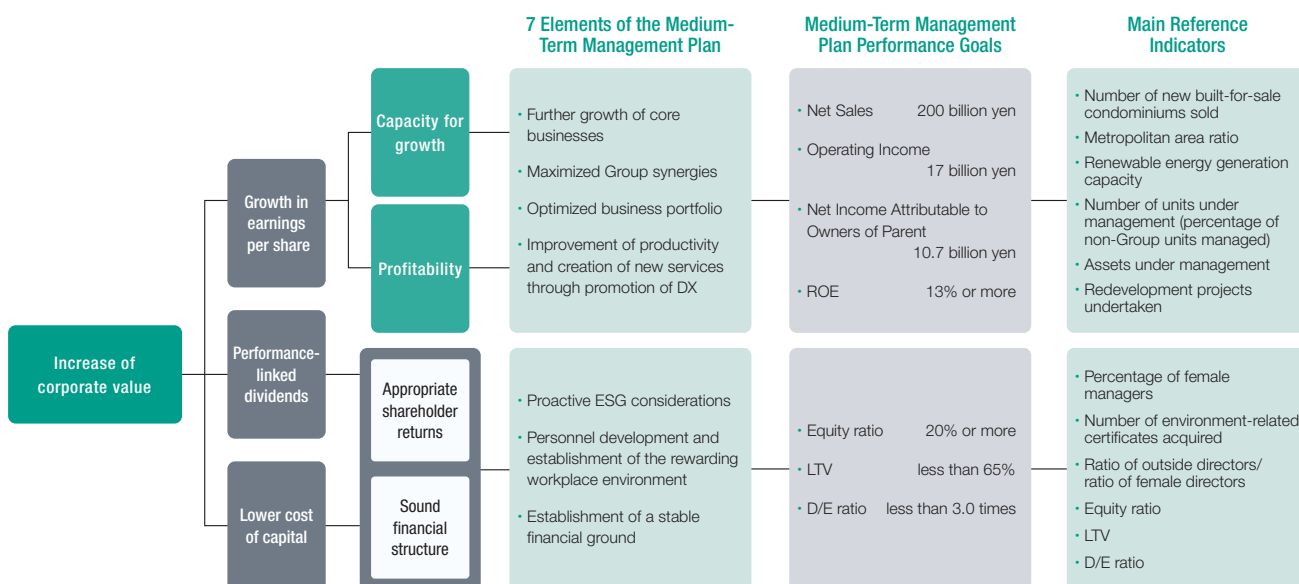
As there was a major change in the earnings structure in the energy business following the implementation of the TOB due to the postponement of a planned sale of power generation facilities and the initial costs incurred by the TOB, we changed the quantitative goals of the Medium-Term Management Plan in May 2023. As far as key management indicators are concerned, the revised equity ratio is 20% or more (for fiscal 2024), the interest-bearing debt ratio (LTV) is less than 65%, and the D/E ratio is less than 3.0 times. ROE remains unchanged at 13% or more. Due to the effects of the TOB, the equity ratio was 18% and ROE was 7.6% this term, but I believe that we can achieve our goals by growing our energy business and increasing profits. Excluding the

### Financial Position

	2019.3	2020.3	2021.3	2022.3	2023.3
Total assets (Millions of yen)	184,893	195,448	204,315	223,473	341,669
Shareholders' equity (Millions of yen)	47,341	50,634	54,194	59,109	61,377
Cash and cash equivalents (Millions of yen)	21,165	35,311	39,169	33,428	47,872
Interest-bearing debt (Millions of yen)	111,821	114,036	118,570	127,969	227,385
Equity ratio (%)	25.6	25.9	26.5	26.5	18.0
LTV (loan to value) (%)	60.5	58.3	58.0	57.3	66.6
D/E ratio (times)	2.3	2.2	2.2	2.1	3.5
ROE (%)	14.3	10.9	9.0	11.0	7.6



Logic Tree



amount from the TOB's impact, ROE would be 10.1%.

Turning to the performance forecast for fiscal 2023, the real estate business is progressing well despite the TOB's impact, and thus net income is expected to be in line with

the original plan. In contrast, in the case of the performance forecast for fiscal 2024, each level of profit is expected to exceed the initial plan, as the energy business will by then have moved into a phase of stable earnings.

## Promotion of Strategies toward Achievement of Medium-Term Management Plan Targets

### Promoting investment in the energy business

Originally, the real estate business of the MIRARTH HOLDINGS Group accounted for 90% of its operating income. To escape from a situation of high exposure to the real estate market, we will proceed with investments in the energy business as our second pillar while making the real estate business our core business.

Amid calls for efforts to mitigate the effects of global warming, many listed companies have adopted CO2 reduction targets and are aiming to become carbon neutral. With regard to the Company's energy business to date, as we have been generating revenue by developing and selling power plants, high volatility has remained an issue. From now on, aiming for stable profits with the increasing demand for renewable energy providing added impetus, we will move forward with the transition from being a flow business centered on facility sales to a stock business based on electricity sales revenue by owning power plants

as assets. In fiscal 2029, we aim to have the energy business account for 30% of our operating income, with an EBITDA ratio of 1:1 between the real estate business and the energy business.

Not relying on the feed-in tariff (FIT) system, the solar power generation business in the MIRARTH HOLDINGS Group is promoting off-site corporate power purchase agreements (PPAs). Based on conditions as they currently stand, the Company has already entered into business partnership agreements with Sumitomo Mitsui Banking Corporation, Osaka Gas Co., Ltd., SMFL MIRAI Partners Co., Ltd., and TEPCO Energy Partner, Inc. and received business partnership offers from many other companies. The already burgeoning demand for renewable energy is increasing, but we are conducting simulations on the assumption that electricity sales prices will fall due to factors such as the restart of nuclear power plants.

## A Message from the CFO

### Aiming for stable growth in real estate business

The MIRARTH HOLDINGS Group regards improving its asset turnover and creating a leaner balance sheet as its most important issue. Working to further expand, with the aim of stable growth particularly in its core real estate business, the Company is expanding urban redevelopment projects and quality building maintenance projects throughout Japan. Additionally, we have established a local subsidiary in Bangkok, Thailand, and are actively promoting the condominium business in that country.

In the new built-for-sale condominium business, sales prices are on the rise, but so are construction costs, and thus we are basically forming plans for a gross profit margin of 20-22%. As far as the liquidation business is concerned, while monitoring rising costs, the Investment Development Business Headquarters conducts purchases that take into consideration the internal rate of return (IRR) and cap rate.

In addition to J-REITs, for which we are the main sponsor, we will continue to expand the scale of private fund asset management.

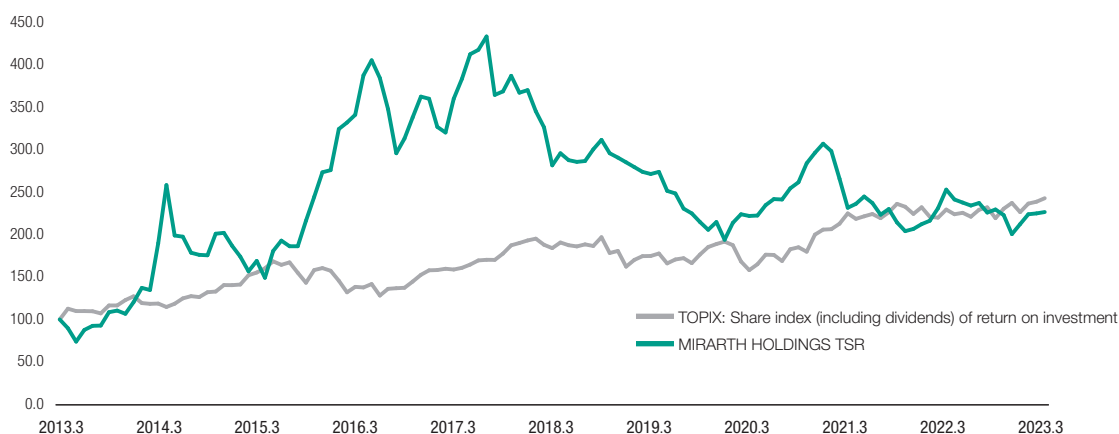
## Measures to Improve Corporate Value

### Use of sustainability finance

The MIRARTH HOLDINGS Group engaged in the procurement of funds and utilizes green loans through sustainability finance, which evaluates ESG initiatives, information disclosure, contributions to achieving the SDGs, and other factors. With the aim of expanding the positive impact and mitigating the negative impact of its corporate activities, the

Company raised funds by means of positive impact finance. To express our intention to contribute to the achievement of sustainability strategies through our business activities, Leben Clean Energy, which is responsible for the energy business division of our Group, obtained a second opinion from Rating and Investment Information, Inc. (R&I) while also concluding a financing agreement for a

### Stock Price Performance (TSR)



### March 31, 2013 as the basis for TSR

	1 year	3 years		5 years		10 years	
		Cumulative	Annual rate	Cumulative	Annual rate	Cumulative	Annual rate
MIRARTH HOLDINGS	-13.9%	+2.6%	+0.9%	-21.8%	-4.8%	+125.9%	+8.5%
TOPIX	+5.8%	+53.4%	+15.3%	+31.8%	+5.7%	+142.1%	+9.2%

#### Notes:

\* Total shareholder return (TSR): Total rate of return on investment that combines capital gains with dividends

\* TSR for MIRARTH HOLDINGS is calculated based on cumulative dividends and stock price fluctuations. TSR for TOPIX is calculated with a stock price index including dividends. (Created by MIRARTH HOLDINGS using Bloomberg data and other sources.)

\* TSR values in the graph are indexed to market prices as of March 31, 2013 as 100 (assuming the stock was held until March 31, 2023).

sustainability-linked loan in December 2022 as part of its fund procurement activities. The funds raised will be used as business funds for renewable energy development and other initiatives.

### Investment in human capital

Having established a new human resources system at Takara Leben, our main subsidiary, in 2019, we are promoting a system that will consistently create the human resources necessary to achieve our management plans. In addition to increasing salaries by an average of 7%, we have adopted measures that include shortening working hours in an effort to retain human resources. As expertise in development and purchasing leads to the accumulation of intellectual capital, human resources development and retention is an ongoing challenge in all three businesses of the MIRARTH HOLDINGS Group. At the same time, we are actively recruiting mid-career personnel who possess new areas of knowledge and are working to diversify our workforce. Currently, the percentage of female managers stands at 11.0%. We would like to increase this to 20% by working to create workplace environments in which employees can continue working for a long time.

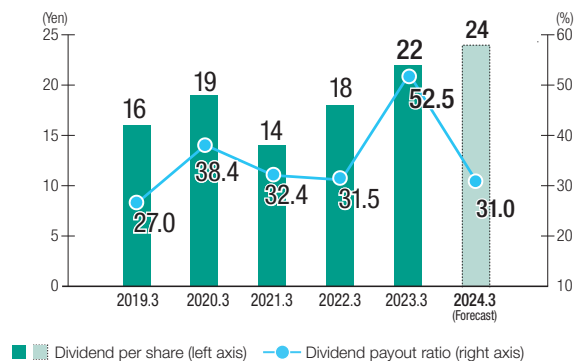


### Shareholder Returns Policy

Considering the return of profits to shareholders to be one of its most important management priorities, the MIRARTH HOLDINGS Group maintains a policy of providing stable dividend returns and has set a target dividend payout ratio of 30%-35% during the current Medium-Term Management Plan. In addition to an interim dividend of 4 yen per share and a year-end dividend of 16 yen per share, in fiscal 2022 we paid a 50th anniversary commemorative dividend of 2 yen, for a total annual dividend of 22 yen per share and a dividend payout ratio of 52.5%. For fiscal 2023, we are planning to pay an annual dividend of 24 yen per share, translating to a dividend payout ratio of 31.0%, in line with our performance forecast. Although on an upward trend, TSR has not kept up with the TOPIX rate of increase. Going forward, we will realize improvements in our profitability by means of stable growth in the real estate business, dramatic EBITDA growth in the energy business, which is the engine for future growth, and stable earnings expansion in

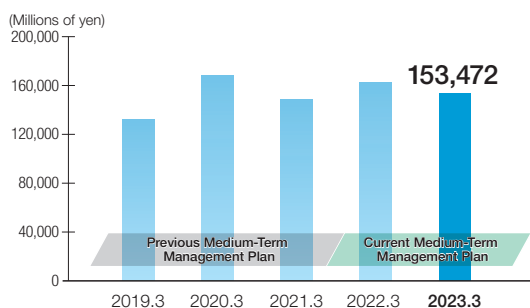
the asset management business. I would like to actively promote dialogue with all our stakeholders so that shareholders and investors can better understand our strategies, which are designed to improve financial soundness. In grateful anticipation of your ongoing support for the MIRARTH HOLDINGS Group in the years to come.

Dividend per Share/Dividend Payout Ratio



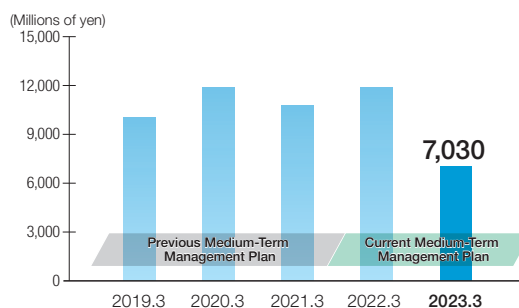
# Financial/Non-Financial Highlights

## Net Sales



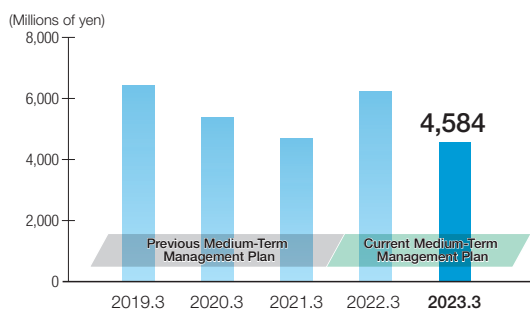
Although sales in the real estate business increased 11.9% year on year, sales in the energy business decreased by 73.6% from the previous fiscal year, thus sales for the fiscal year ended March 31, 2023, totaled 153,472 million yen, down 5.7% year on year. The decrease in revenue in the energy business was the result of a change in policy to secure profits by owning power generation facilities to achieve stable growth going forward. The main reason for this was the absence of originally anticipated sales of power generation facilities, due to having implemented the TOB for Takara Leben Infrastructure Fund Inc. and other factors.

## Operating Income



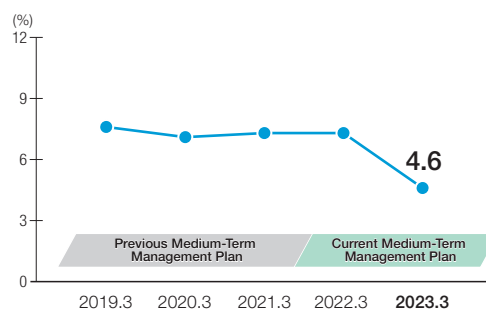
In the fiscal year under review, operating income decreased 40.8% year on year, to 7,030 million yen. This was mainly due to an increase in selling, general and administrative expenses, as well as a decrease in profit in the energy business due to the recording of initial costs associated with the TOB for Takara Leben Infrastructure Fund and the cancellation of the sale of facilities.

## Net Income Attributable to Owners of Parent



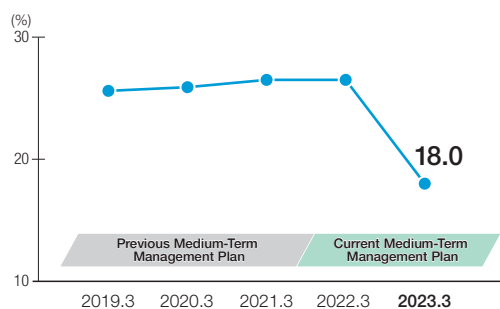
In the fiscal year under review, net income attributable to owners of parent totaled 4,584 million yen, down 26.2% compared with the previous fiscal year. This was mainly due to a decrease in each level of profit due to the impact of the TOB.

## Operating Income Margin



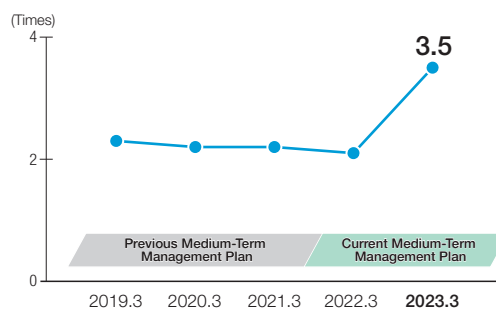
In the fiscal year under review, the operating income margin came in at 4.6%, a decrease of 2.7 percentage points from the previous fiscal year.

## Equity Ratio



MIRARTH HOLDINGS' equity ratio came in at 18.0% in the fiscal year ended March 31, 2023, a decrease of 8.5 percentage points from the previous fiscal year. The main contributory factor in this was the increase in debt due to the impact of the TOB. In a bid to achieve its fiscal 2024 target of more than 20%, the Company is working to secure a more stable equity ratio while diversifying its fund procurement methods.

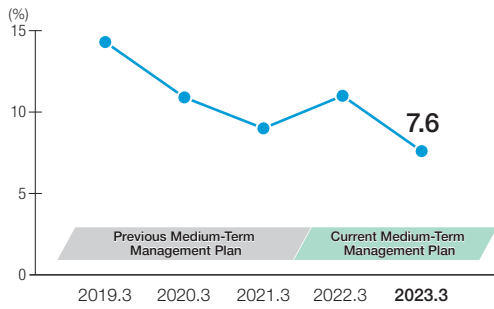
## D/E Ratio



The D/E ratio for fiscal 2022 was 3.5 times due to a temporary increase in short-term borrowings due to TOB settlement funds. With the aim of achieving less than 3.0 times in the fiscal year ending March 31, 2025, we will strive to maintain financial soundness.

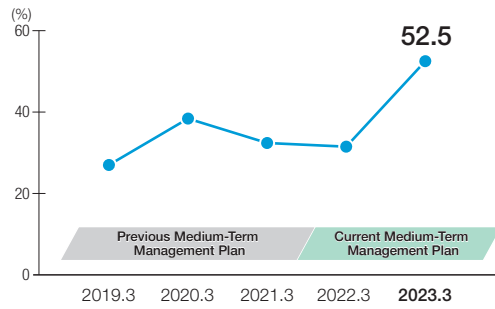


ROE



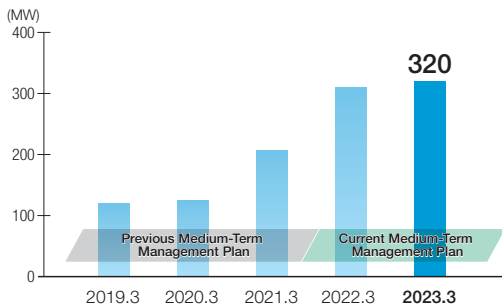
ROE decreased by 3.4 percentage points from the previous fiscal year, to 7.6% (10.1% excluding the impact of the TOB). Looking ahead, we will aim to achieve ROE of 13% or higher in the fiscal year ending March 31, 2024, by strengthening the financial management of Group companies, reducing selling, general and administrative expenses, and improving profit margins.

Dividend Payout Ratio



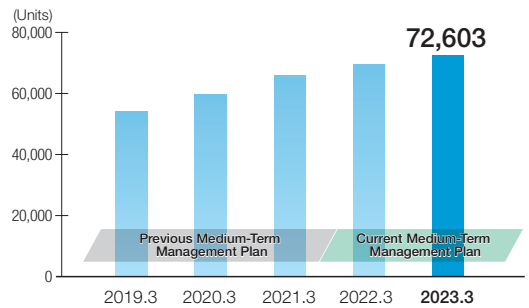
The dividend payout ratio for fiscal 2022 was 52.5%, an increase of 21.0 percentage points compared with the previous fiscal year. This was because our performance was lower than projected mainly due to the impact of the TOB, but we decided to pay the dividend as planned in addition to paying a 50th anniversary commemorative dividend of 2 yen. Having positioned shareholder returns as one of the most important management issues under its Medium-Term Management Plan, the Group will continue to provide appropriate returns.

Current Power Generation Capacity



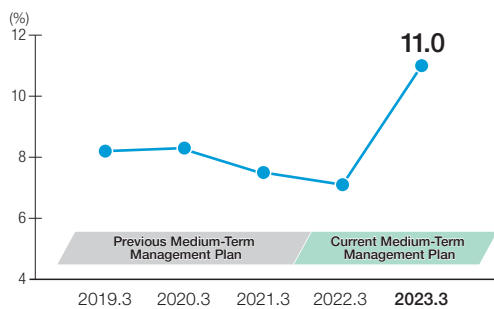
The MIRARTH HOLDINGS Group's current power generation capacity, including the portion sold, increased 10 MW compared with the previous fiscal year, to 320 MW in the fiscal year under review. As a growth field, we will increase the scale of power generation capacity.

Number of Managed Housing Units



In the real estate management business, the number of units under management is steadily increasing, amounting to 72,603 as of March 31, 2023, an increase of 3,268 units compared with the previous fiscal year. We will continue to actively acquire properties for management, including those managed by other companies, to realize stable revenue as a stock business.

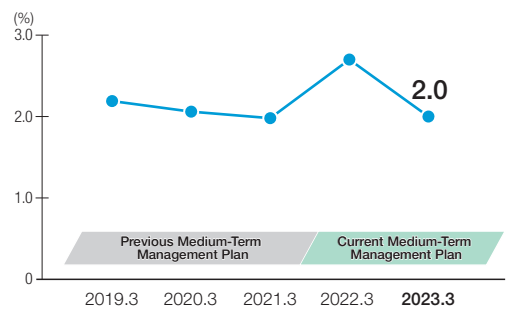
Percentage of Female Managers



The percentage of female managers was 11.0% in the fiscal year ended March 31, 2023, an increase of 3.9 percentage points compared with the previous fiscal year, achieving the target of 9.5% for the fiscal year ending March 31, 2025 ahead of schedule. Considering the promotion of women's empowerment as one of its most important measures, the Group has implemented measures such as the launch of the Women's Activity Promotion Project Team and the introduction of a babysitter subsidy system.

\* Scope of calculation: Takara Leben Co., Ltd.

Percentage of Employees with Disabilities



The MIRARTH HOLDINGS Group is promoting diversity and inclusion initiatives with the aim of remaining a corporate group where diverse human resources can excel. In the fiscal year ended March 31, 2023, the percentage of employees with disabilities was 2.0%, down 0.7 percentage points compared with the previous fiscal year. This was mainly due to an increase in the number of employees headcount due to the transition to a holding company structure.

\* Scope of calculation: Takara Leben Co., Ltd.

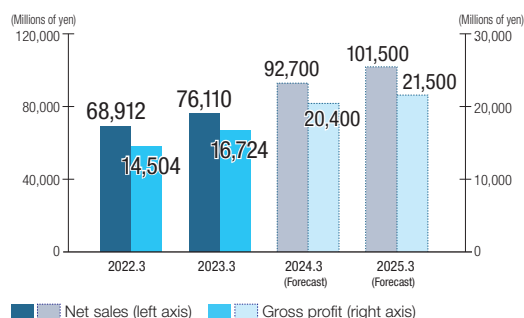


### New built-for-sale condominium

#### Business Overview

The new built-for-sale condominium business is a core category that accounts for around 50% of total sales. The Group engages in the planning, development, and sale of the LEBEN and THE LEBEN proprietary branded series of condominiums and the NEBEL brand of compact urban-type condominiums throughout Japan. Based on the concept of ideal, affordable housing that anyone can buy with confidence and peace of mind, the MIRARTH HOLDINGS Group provides condominiums to a wide range of generations, focusing mainly on first-time home buyers.

Trends in Net Sales and Gross Profit



#### Yoshitaka Tejima

Takara Leben Co., Ltd.  
Director, Senior Managing  
Executive Officer,  
General Manager of  
Condominium Business  
Headquarters, and Division  
Manager of Special Building  
Countermeasures Office

#### Co-Creation Efforts with Local Communities to Develop Better Cities for the Future

##### Promoting a Strategy to Cope with Major Market Changes

The Group's new built-for-sale condominium business began to expand into regional cities in 2014 with the opening of its Hokuriku and Tohoku offices, and by 2022 had grown its presence nationwide, from Hokkaido to Okinawa Prefecture. Up until now, the Group's strength has been in suburban areas where, despite there being a need, large companies did not provide support. This largely reflects such cost management considerations as keeping the cost of land, which accounts for a large portion of the cost of the sales price, including construction and land costs, low, and providing reasonably priced and well-designed properties. However, in tandem with surging construction costs, the costs for land have fallen to a comparatively smaller portion, and disparities between regions have decreased. We expect that this will not be a transitory trend, but more likely a turning point, where the market shifts away from the deflation that has persisted for more than 30 years.

In light of such changes in the business environment, in addition to our strategy to broaden areas of support, we will focus on selecting properties in each region, particularly on value-added development projects going forward. More specifically, we will promote strategies that look to expand the ratio of metropolitan areas, including government-designated cities nationwide.

##### Becoming a Future Environment Design Company, Starting with Condominiums

The Group's strength lies in its integration of manufacturing, sales, and administration, and the quick and comprehensive development within the Group. For example, the sales team, being engaged from the planning stage, swiftly reflects customer comments and needs into products. Given our belief that the center of gravity of these strengths is our human resources, we are committed to improving efficiency and strengthening our sales force through DX. In addition, we intend to increase local hiring to turn differences in regional characteristics within Japan into strengths.

Moreover, we will also develop a wide range of peripheral real estate businesses within the Group through the Investment Development Business Headquarters. Based on our real estate development capabilities, we will collaborate with other businesses, such as the Regional Strategic Promotion Department, to comprehensively develop real estate across all regions, and revitalizing local economies in pursuit of the happiness anyone can attain through their homes.

## Review of FY2022 and Progress of the Medium-Term Management Plan

This business is the mainstay of the real estate business, accounting for 49.6% of Group-wide net sales and 52.7% of gross profit for the fiscal year ended March 31, 2023, achieving year-on-year increases in both sales and profit.

Under our Medium-Term Management Plan, among the seven pillars that form our key strategies is the “further growth of core businesses,” in which we develop business with our sights set on the sustainable growth of the real estate business. In this business we conduct activities that are based primarily on the following three goals within the real estate business, each of which achieved a certain degree of results in fiscal 2022.

The first goal was to restructure the stable, nationwide supply system in which we aim to post sales of 2,200 units in fiscal 2024. In fiscal 2022 we achieved 1,861 units sold, surpassing the previous fiscal year by 31 units. The favorable progress made with contracts helped to control the amount of discounts. As a result, we achieved a high gross profit margin of 22.0%.

Our second goal was to achieve a metropolitan area ratio of 50% in fiscal 2024. Having attained a metropolitan area ratio of 48.8%, we have essentially achieved our goal of 50%.

The third goal was to promote active penetration in redevelopment projects such as the reconstruction of station-front condominiums or renewal of decrepit condominiums. We are working to expand urban redevelopment projects and quality building maintenance projects throughout Japan, starting with the redevelopment project in Toyama City, which received the first approval of the Basic Plan for Revitalization of Central City Areas.



LEBEN YOKOHAMA YAMATE ONE WARD COURT (total number of units: 228 units)



LEBEN AOI HITOYADOCHO CROSS COURT (total number of units: 82 units)

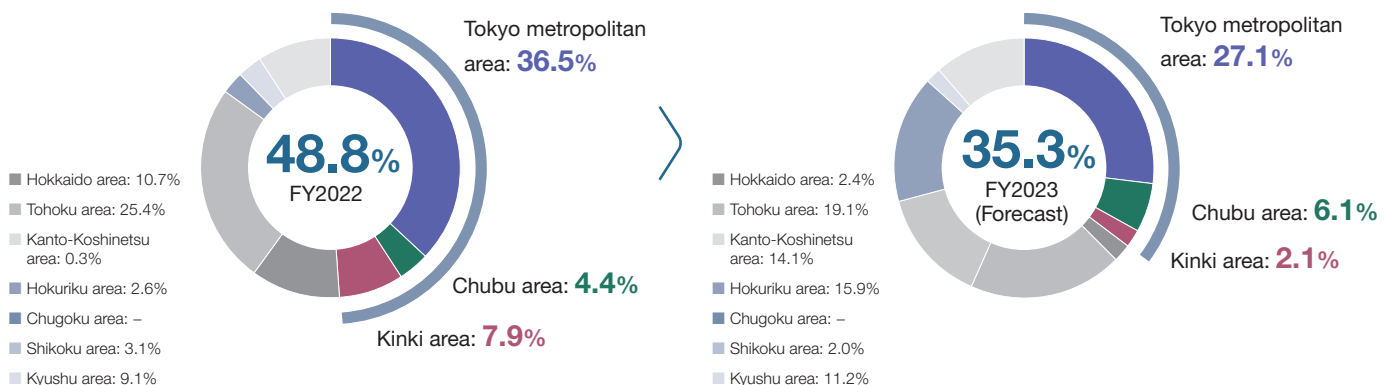
## Future Initiatives

Performance results for fiscal 2023 are forecast to reach 2,200 delivered units, with expectations for increases to both sales and profit. Although the ideal ratio between metropolitan areas and regional cities is 50/50, the ratio of regional cities to metropolitan areas is expected to increase to approximately 65/35, in part due to the lineup.

The progress made with contracts for new built-for-sale condominiums as of the start of the fiscal year was 1,423 units, compared with plans for 2,200 delivered units, with approximately 65% of contracts already completed. Sales have been strong, with 277 units under contract as of the beginning of the fiscal year for delivery in fiscal 2024. While the impact of rising construction costs on sales prices is unavoidable, we believe that the challenge will be how to control construction costs and to balance the cost increases with sales prices.

To further expand our core business, in addition to our existing new built-for-sale condominium business, we will continue to work toward designing sustainable environments in local cities and regions, including redevelopment and rebuilding projects that revitalize local communities. This initiative is gaining traction in various quarters, and consultations with local governments are increasing. Without limiting the fields or businesses in which we can operate, we will make efforts to create new value with our customers and partners.

### Metropolitan Area Ratio



## Liquidation

### Business Overview

In its liquidation business, the MIRARTH HOLDINGS Group engages in the development of properties such as rental residences and offices as well as their sale including entire buildings to real estate funds. In real estate sales, the liquidation business follows the new built-for-sale condominium business as the second principal pillar. Roughly 70 to 80% of the properties developed in this business are sold to Takara Leben Real Estate Investment Corporation. As such, the Group plays an important role in supporting the growth of the investment corporation.

### Review of FY2022

Investments amounted to 24,464 million yen, a decrease of 19.0% compared with the previous fiscal year and short of the 30.0 billion yen target. This is due to having carefully selected purchases, partly because of intensifying competition with other companies, and also because the share of new development has increased compared to existing real estate. New development projects contribute to higher profit margins relative to revenue targets as they provide more added value than sales and purchases of existing properties.

On the other hand, both net sales and gross profit increased, and the gross profit margin rose compared with the previous fiscal year as well as the performance target. In addition to the promising market maintaining its progress, new developments and other projects contributed greatly to profit margins. In terms of the breakdown of investments, residential properties accounted for more than 60% of the total investments, and similarly for the breakdown of sales, residential properties accounted for more than half of the total at 67%.

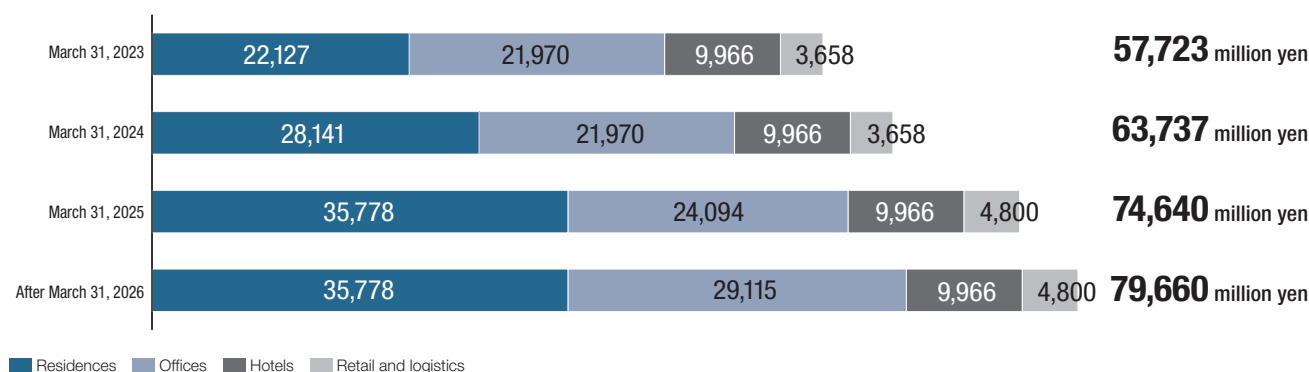
### Future Initiatives

As of March 31, 2023, the Company held 38,868 million yen in completed assets, and the 18,855 million yen book value of assets under development will reach 40,792 million yen upon completion in the future, which together will bring the Company's holdings to 79,660 million yen after March 31, 2026. More than 70% of the portfolio comprises residential and office properties, which is the ideal portfolio composition.

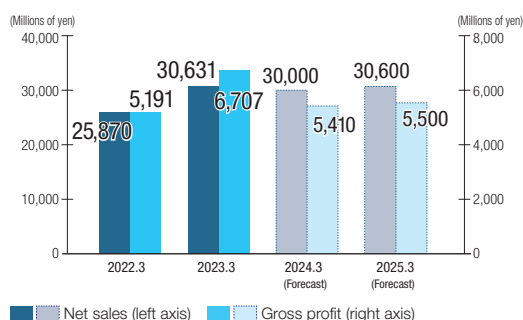
For fiscal 2023, we anticipate net sales to remain essentially unchanged from the previous fiscal year, with a gross profit margin of 18.0%. We will continue to accelerate the development of new residential properties, which is one of our strengths, while carefully selecting investments and continuing our policy of selling them to Takara Leben Real Estate Investment Corporation and other investors. By promoting development and disposition schemes that take advantage of Group synergies in this way, we will seek mutual growth with the asset management business.

### Assumed Asset Value after Completion

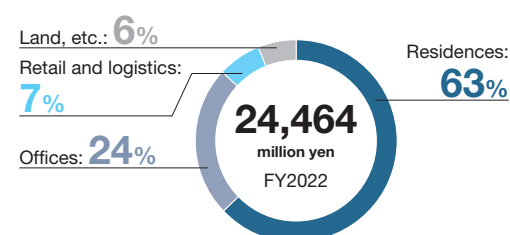
(Millions of yen)



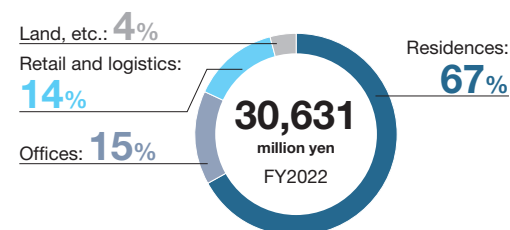
### Trends in Net Sales and Gross Profit



### Investment Amount



### Sales Results



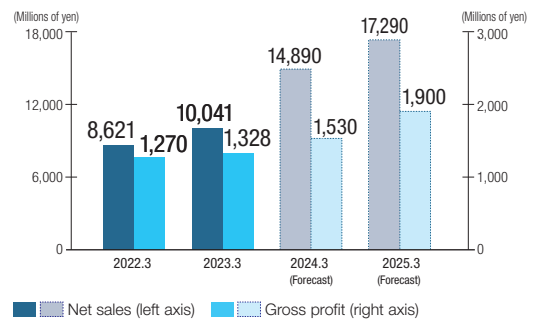


## New detached house

### Business Overview

The MIRARTH HOLDINGS Group engages in the development, planning, and sale of detached houses under the LEBEN PLATZ brand name. Leveraging the condominium planning and development capabilities that it has cultivated over many years, the Group will continue to generate business synergies by engaging in business activities involving ready-built houses in the same residential real estate field. The new detached house business is spearheaded by the subsidiary Leben Home Build Co., Ltd., which focuses on constructing high-quality, comfortable spaces with an emphasis on light, water, and air, a unique feature of the houses built by the Company.

#### Trends in Net Sales and Gross Profit



### Review of FY2022

Due to strong demand for detached houses, sales progressed steadily, resulting in 189 units sold in fiscal 2022, an increase of nine units compared with the previous fiscal year, and both net sales and gross profit increased year on year. However, the gross profit margin declined to 13.2%, down 1.5 percentage points compared with the previous fiscal year, in which we conducted highly profitable large-scale projects. The number of units sold has also fallen short of the original plan by about 30 units compared with the plan for 220 units sold. With this in mind, an issue for the Company going forward will be to make efforts to strengthen its sales force.



LEBEN PLATZ MIZUE V

### Future Initiatives

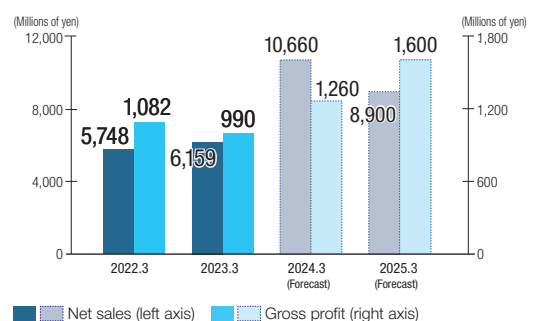
The sales target is 240 units, a planned increase of 51 units compared with fiscal 2022. Both net sales and gross profit are expected to increase, however, the gross profit margin for the fiscal year ending March 31, 2024 is anticipated to come in at 10.3%, down 2.9 percentage points from fiscal 2022 due to the impact of increased costs associated with procurement and other factors. Since the profit margin tends to be structurally low, we aim to improve the profit margin by reducing costs, including SG&A expenses. Going forward, our basic policy is to play a complementary role to the new built-for-sale condominium business as a short-term return business, and we will rebuild our procurement and supply system by strengthening area marketing, while ensuring the establishment of a short-term return cycle.

## Renewal resale

### Business Overview

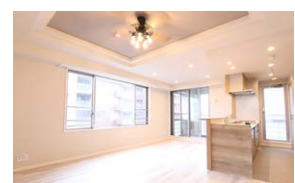
Led by Group company Leben Zestock Co., Ltd., the MIRARTH HOLDINGS Group primarily engages in the purchase and resale of pre-owned condominiums under lease. In order to capitalize on the demand for pre-owned condominiums in areas with high land value, which have been rapidly increasing in recent years, we are aggressively purchasing pre-owned condominiums under lease, undertaking renovations after tenants vacate, and actively promoting resale, maximizing use of the real estate network within the MIRARTH HOLDINGS Group.

#### Trends in Net Sales and Gross Profit



### Review of FY2022

In the fiscal year ended March 31, 2023, both sales and purchases of units progressed steadily, with 179 units sold, up eight units compared with the previous fiscal year, and 274 units purchased, up 25 units year on year. As far as new built-for-sale condominiums are concerned, the used market is trending toward vitalization, and accordingly, profit margins have exceeded projections.



Pre-owned condominium after renovation

### Future Initiatives

The number of units held in stock is steadily increasing, and the number of units sold is also trending upward. Aiming to establish a stable renewal business cycle, the Group will continue to secure appropriate inventories while leveraging the Group network.

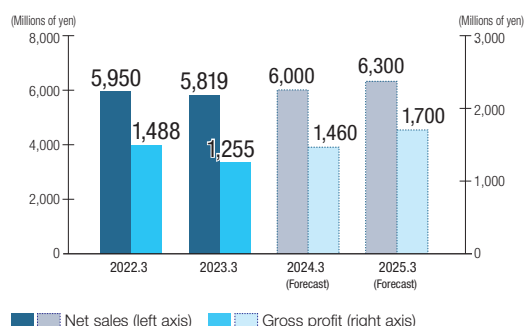
## Real estate rental

### Business Overview

As a lender, the MIRARTH HOLDINGS Group engages in the rental of real estate including condominiums and offices. We work to secure stable income by actively acquiring rental properties nationwide. The subsidiary Leben Trust Co., Ltd. plays a leading role in securing rental property tenants.

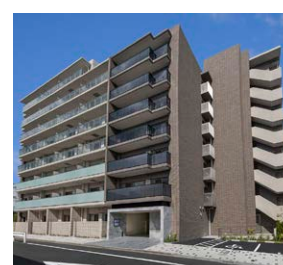
Real estate rental income generated while temporarily holding properties acquired and developed in the liquidation and renewal resale businesses until they are sold is also included in real estate rental revenues.

Trends in Net Sales and Gross Profit



### Review of FY2022

Net sales amounted to 5,819 million yen, down 2.2% year on year, and gross profit was 1,255 million yen, down 15.6% year on year. Although there were year-on-year decreases to both sales and profit, they were generally on par with the previous fiscal year. Among the properties we handle in the liquidation business and the renewal resale business, because there is also rental income generated from the property before it is sold, these two businesses do exert an impact on this business. A decrease in the number of properties purchased and completed in the liquidation business led to a decrease in rental income.



LUXENA TOYOCHO

### Future Initiatives

Real estate rental generates stable revenue as a stock and fee business. We will continue our endeavors to build a portfolio centered on residential and office properties.

## Real estate management

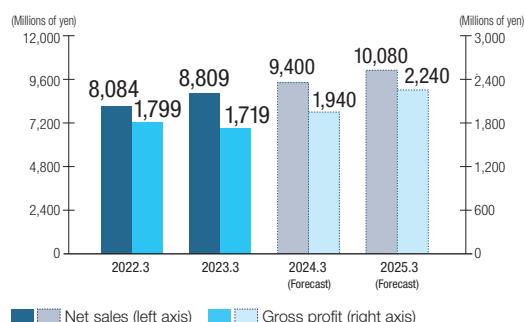
### Business Overview

In addition to the management of new built-for-sale condominium of the MIRARTH HOLDINGS Group, Group company Leben Community Co., Ltd. actively manages properties handled by other companies. Through these activities, Leben Community is steadily expanding the number of managed units. In our real estate management business, we also manage rental properties on behalf of property owners.

### Review of FY2022

Net sales increased 9.0% compared with the previous fiscal year, while gross profit declined 4.4%. While the number of managed properties increased year on year, to 72,603, this was short of the target of 73,800.

Trends in Net Sales and Gross Profit



### Future Initiatives

Rising labor costs and other factors caused profit margins to trend slightly lower, and as administrative costs continue to climb, we are working to improve profitability. In addition, we will further increase the number of properties under management, capture business derived from management activities, and aim to expand profit-earning opportunities.

## Real estate other

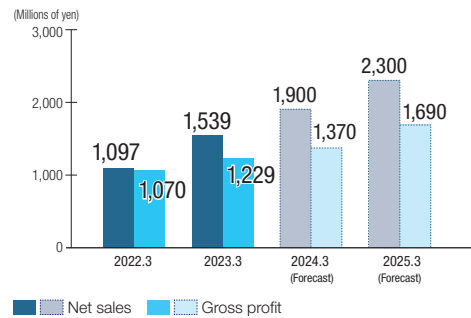
### Business Overview

Through its real estate other business, the MIRARTH HOLDINGS Group acts as an intermediary in the purchase and sale of properties between customers. Leveraging wide-ranging resources such as the properties for sale supplied by MIRARTH HOLDINGS Group, managed properties, and rental properties, we are strengthening the real estate distribution business.

### Review of FY2022

Net sales amounted to 1,539 million yen, up 40.3% compared with the previous fiscal year, and gross profit was 1,229 million yen, up 14.9% year on year.

Trends in Net Sales and Gross Profit



### Future Initiatives

Utilizing internal Group resources, we will leverage synergies among each Group company, and plan for increases in both sales and profit for the fiscal year ending March 31, 2024.

### Development of the Overseas Business

As part of our efforts to spur further growth of core businesses, which is an element of our Medium-Term Management Plan, the Group is endeavoring to build its overseas business. To realize happiness throughout our planet, our purpose moving forward, we will work to discover new businesses, including in the real estate business, and to grow our business in overseas markets.

#### Vietnam THE MINATO RESIDENCE Project

THE MINATO RESIDENCE is a large-scale condominium complex developed by an all-Japanese consortium in the port city of Hai Phong, Vietnam's third most populous city. In March 2023, Takara Leben began selling units in its second building, the north tower. The Group will continue to contribute to urban development in Vietnam by meeting the housing needs of Hai Phong, which is expected to develop significantly as an international port city.



THE MINATO RESIDENCE

#### Thailand ATMOZ BANGNA, Kave Seed Kaset, and Atmoz Flow Minburi Condominium Projects

From January 2022, Takara Leben has been participating in the ATMOZ BANGNA condominium project in Bangkok, Thailand, in collaboration with the local developer AssetWise Public Company Limited. Including this project, three condominium projects are underway, namely with the participation in Kave Seed Kaset in November 2022 and Atmoz Flow Minburi in March 2023. The housing market in the Bangkok metropolitan area of Thailand is experiencing stable growth in line with a rising population and incomes, and demand for housing is expected to continue to increase. We will continue to strengthen our partnership with AssetWise, bolstering our ability to supply high-quality housing in Bangkok, Thailand.



Kave Seed Kaset



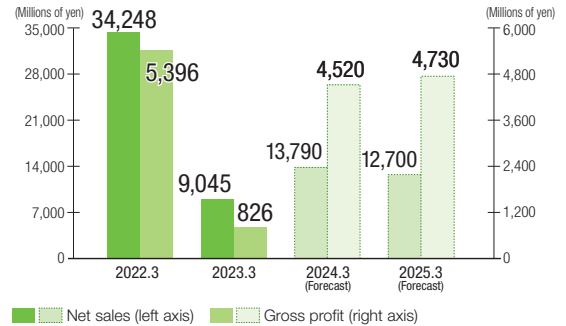
Atmoz Flow Minburi

# Energy Business

## Business Overview

The MIRARTH HOLDINGS Group carries out its power generation business based on the use of renewable energy, with Leben Clean Energy Co., Ltd. (LCE) playing a central role. Being actively engaged in the acquisition and development of solar power plants on idle land and other places throughout Japan, we are involved in operations at over 250 power generation plants around the country. Moreover, we aim to stabilize power supplies, and to promote development of renewable energy facilities other than solar power generation, such as wind power generation and biomass power generation. In 2022, Takara Leben Infrastructure Fund, Inc., which had until then been a purchaser of power generation facilities, was included in the Company's scope of consolidation as a subsidiary. Moving forward, we are working to build a new business model.

Trends in Net Sales and Gross Profit



**Kentaro Taniguchi**  
President and Representative Director  
Leben Clean Energy Co., Ltd.

### Aiming for Sustainable Growth by Focusing On the Non-FIT Business

#### Realizing a second pillar of growth

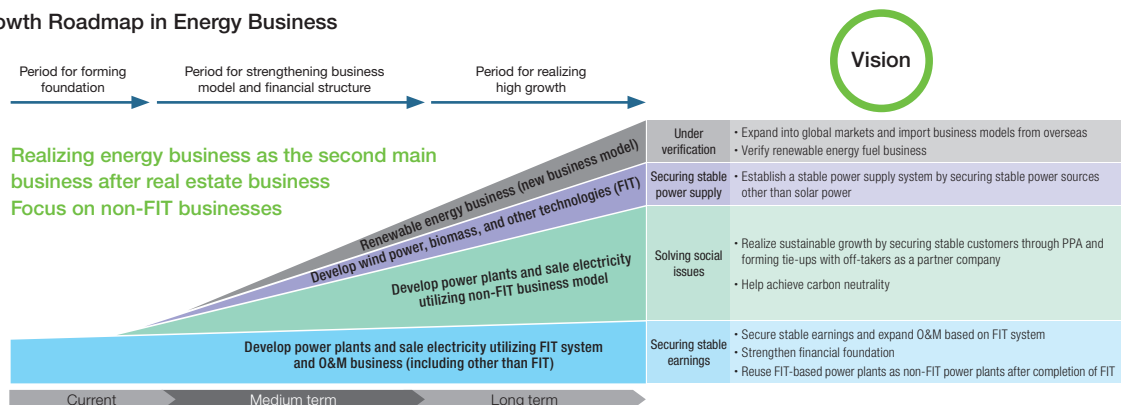
In order to achieve what will become a second pillar of sustainable business growth, and since assuming the office of representative director at LCE in June 2022, I have been working to bring about organizational transformation and to create a new business model.

In terms of transforming the organization, we have led the Group in improving productivity through DX, and this fiscal year 100% of our offices have the flexibility of free addressing, and have also become paperless. At the same time, we tackled business visualization issues by adopting a system that allows users to view business progress and profitability in real time using a cloud-based app or their smartphones. In the future, we intend to share and develop with the Group such DX initiatives, and enhance efficiencies across the Group.

#### Promoting a new business model

This business is at a major turning point regarding its business model. I have long professed that I want to spread happiness to those around me, and have done my best to that end. The purpose of the MIRARTH HOLDINGS Group is "to design sustainable environments for a happier future for both people and our planet." In fulfilling this purpose, we believe that it will be necessary to have people who can design and arrange business. Moving forward, we will strive to acquire and train such human talent, and in collaboration with our partners, we will explore new business possibilities, such as renewable energy fuels, both in and outside of Japan, with the aim of creating a new business ecosystem throughout the entire value chain.

### Growth Roadmap in Energy Business





## The Group's Strengths and Business Model Strategy for the Energy Business

To date, the business model in the energy business has been mainly based on flow revenues from the sale of power generation facilities to TIF. On the other hand, since the inclusion of this investment fund in the Company's scope of consolidation as a subsidiary through a TOB in November 2022, the Company has basically shifted its revenue structure from a flow revenue to a stock revenue-generating entity by focusing on revenue gained from the sale of electric power and the operation of the facilities, rather than selling the power generation facilities themselves.

One of the strengths of our business lies in its power generation capacity. The scale of solar power generation facilities is divided into three categories according to system capacity: low voltage, high voltage, and special high voltage. Low voltage is for small-scale power generation such as residential solar panels, special high voltage is for so-called mega-solar projects of 2,000 kW or more, and high voltage is somewhere in between. Low voltage and special high voltage are often fields that compete with one another, given the low capital investment hurdles of the former, and economies of scale with the latter. The high-voltage field, however, has steep barriers to entry and a limited number of players due to the difficulties in obtaining economies of scale and burdensome issues of land acquisition and capital investment.

The Group's 2021 acquisition of LCE, which boasts capabilities in small- and medium-scale solar power plants, has empowered the Group in the high-voltage area, which is the scale of power generation capacity suitable for the PPAs that will be a focus in the future. In terms of costs, the Group will be able to swiftly realize development by leveraging its network and expertise in acquiring and purchasing land cultivated in its real estate business, and will be able to significantly lower procurement costs by undertaking multiple projects simultaneously. In addition, in the electricity sales business, we secure revenue through alliances with partner companies that are power consumers and off-takers.

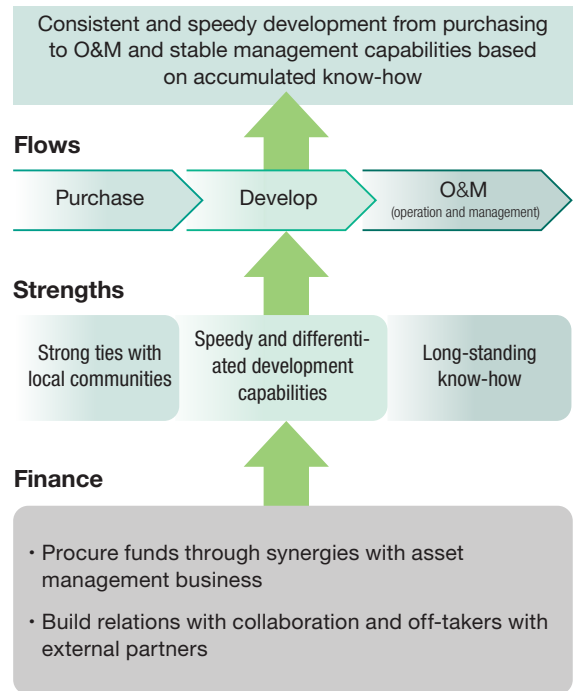
As many companies and municipalities are stepping up their efforts to decarbonize and shift to a low-carbon society, we believe that this business can be a powerful pillar to support our mainstay real estate business. We aim to achieve sustainable growth through stable earnings by building a business model that does not depend on the FIT scheme, and to grow to a level where the real estate business and energy business account for 1:1 of EBITDA by fiscal 2029.

## Review of FY2022 and Progress of the Medium-Term Management Plan

In fiscal 2022, sales from facilities sales operations were zero due to the decision to forego the initially planned sale of power generation facilities as a result of the TOB for TIF, and its inclusion in the Company's scope of consolidation as a subsidiary. The Company also posted an operating loss of 956 million yen due to initial costs incurred in connection with the TOB. On the other hand, regarding revenue gained from the sale of electric power, net sales reached a record high of 9.0 billion yen, and gross profit increased 37.7% from the previous fiscal year. In addition, the Fujisan Asagiri Biomass Power Plant has commenced generating electricity, and we are also starting to produce results from renewable energy projects other than from solar power generation.

The Company has already achieved its goal for cumulative power generation capacity of 360 MW set under its Medium-Term Management Plan, and has established a target of expanding the operating income composition ratio of the energy business to 25% in fiscal 2026, and to 30% in fiscal 2029. This fiscal year is a major turning point for achieving that goal. Going forward, in addition to building out businesses that do not rely on the FIT scheme, we intend to broadly realize regional revitalization and contribute to society through the stable supply of energy, and we will make further efforts to develop renewable energy facilities beyond solar power and to expand the PPA model.

### Business Model Diagram

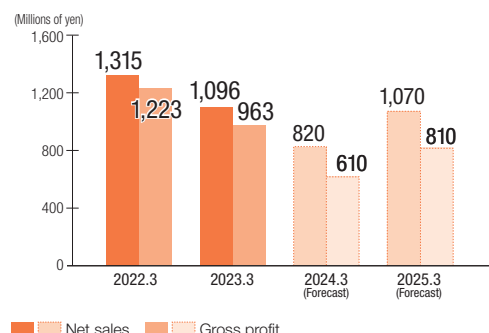


## Asset Management Business

### Business Overview

Due to the change in business segments which took place in fiscal 2022, the management compensation portion of the other business segment was separated as a stand-alone business and renamed the asset management business. Utilizing the Group's wealth of expertise, knowledge, and networks in real estate and renewable energy, the MIRARTH HOLDINGS Group works through its asset management company to manage J-REITs, private placement, and other funds.

Trends in Net Sales and Gross Profit



**Mamoru Takahashi**  
President and Representative  
Director  
Takara Asset Management  
Co., Ltd.

#### Aiming to Maximize the Value of Infrastructure Assets and Real Estate, the Group Works as One to Provide High-Quality Services.

Since its establishment, the Company has focused on the significant role that renewable energy projects play in Japan's energy policy, and has managed the assets of Japan's first listed infrastructure investment corporation. In addition to a real estate asset management department, we are engaging in efforts to expand the asset management business that establishes and manages funds that encompass such real estate as infrastructure assets, including as solar power plants, as well as office buildings, retail properties, and rental housing. One of our strengths is the ability to provide high-quality asset management services, including management and operations, as a group working in unison, and to secure future profit-earning opportunities for the Group as a whole. We have identified the vision of "cultivating new financial asset opportunities" and are pursuing the potential of renewable energy and real estate.

We have been managing listed investment corporations for six and a half years and have acquired a high level of asset management experience. Based on this experience, we will strive to maximize the value of the assets under management and sincerely and faithfully conduct asset management operations to become the third pillar of the MIRARTH HOLDINGS Group.



**Tetsuo Saida**  
President and Representative  
Director  
Takara PAG Real Estate  
Advisory Limited Ltd.

#### By Expanding the Scale of Our Assets, We Aim to Be a Real Estate Investment Trust that Remains the Preferred Choice of Investors.

We primarily manage Takara Leben Real Estate Investment Corporation, a publicly traded REIT. In contrast to real estate with low liquidity, the amount and number of acquisitions of securitized real estate by REITs and other real estate funds are increasing due to the peace of mind they offer when making trades through the listed market. While major real estate companies may have conflicts of interest with REITs because they own buildings, the MIRARTH HOLDINGS Group does not own its own buildings and is able to concentrate on investment management, which is where we excel. Since becoming a member of the MIRARTH HOLDINGS Group in 2018, the company has been shifting toward residential projects and diversifying its tenants and properties to mitigate the impact of major disasters and other events.

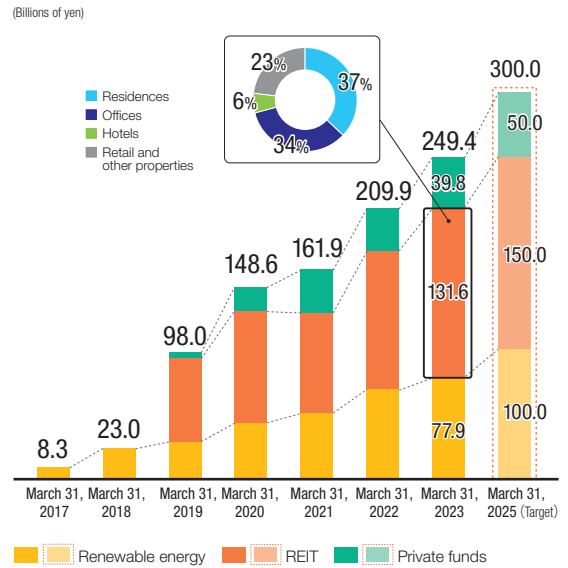
On the other hand, our REIT has yet to rival the major players in terms of history and asset size, and the percentage of institutional investors is low. We intend to expand the scale of our assets to increase liquidity, which in turn will lead to stable and continuous revenues, mainly from the rental business generated by the REIT.

## Review of FY2022 and Progress of the Medium-Term Management Plan

Net sales in the asset management business declined 16.6% compared to the previous fiscal year, to 1,096 million yen, while operating income fell 45.7% year on year, to 322 million yen. These declines were attributable to the loss of planned acquisition fees due to the TOB for TIF. The operating income composition ratio for this business in fiscal 2022 was 4.6%.

In its Medium-Term Management Plan, the Company has set the target of expanding the operating income composition ratio of the asset management business to 9% in fiscal 2026, and to 15% in fiscal 2029. The earnings structure of this business will grow in line with increases in assets under management of the various funds managed by the MIRARTH HOLDINGS Group. Our goal is to achieve an asset scale of 300 billion yen from each of our various funds by March 31, 2025. As a result of steady accumulation, the asset scale was approximately 250 billion yen on an acquisition price basis as of the end of March 31, 2023.

### Assets under Management



## Future Strategy

For fiscal 2023, we project net sales to decrease by 25.2%, to 820 million yen, and operating income to decline 96.9%, to 10 million yen. We plan to offset management fees on a consolidated basis by making Green Energy LLC a consolidated subsidiary.

Since the type of expertise required in the asset management business differs from that of the Group companies, we will develop and strengthen human resources capable of providing services that satisfy investors, while also utilizing outside personnel.

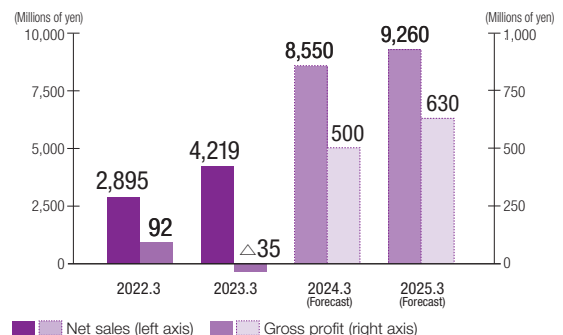


## Other Businesses

### Business Overview

The MIRARTH HOLDINGS Group is actively engaged in a wide range of business activities related to people's housing needs, which continue to evolve in a myriad of ways. The other businesses segment includes the construction subcontracting business carried out by Leben Home Build Co., Ltd., the rehabilitation services business handled by Leben Community Co., Ltd., and the direct management of hotels by Leben Hotels Co., Ltd.

### Trends in Net Sales and Gross Profit



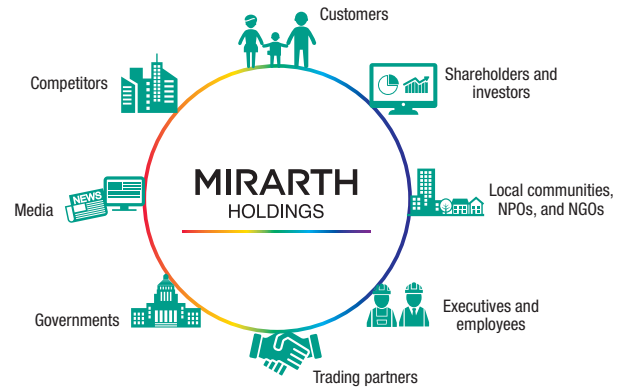
### Review of FY2022 and Future Strategy

In fiscal 2022, net sales from the other businesses segment were up 45.7% from the previous fiscal year, amounting to 4,219 million yen, mainly owing to contracts for construction work and hotel management. Net sales for fiscal 2023 are projected to increase due to a steady accumulation of construction orders in the construction business. In addition, the Company plans for hotel management to pivot to profitability from fiscal 2023, and projects operating income to turn positive. In the future, the MIRARTH HOLDINGS Group will work to definitively capture earnings opportunities derived from other segments and expand peripheral businesses while strengthening synergies across the Group.

# Sustainability in the MIRARTH HOLDINGS Group

## Sustainability Basic Policy

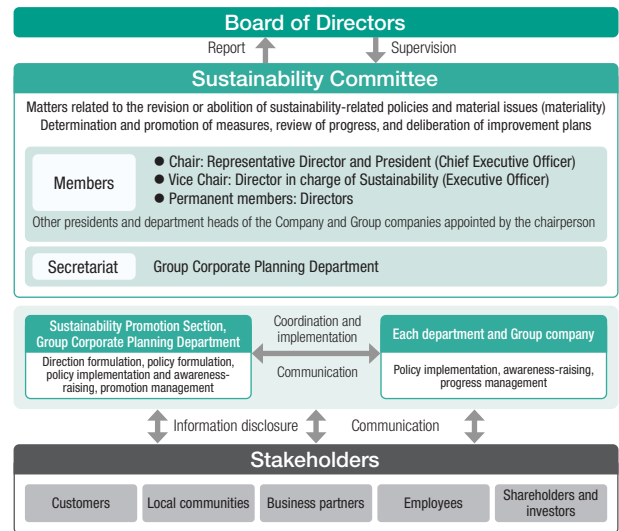
The MIRARTH HOLDINGS Group holds as its purpose: “To design sustainable environment for a happier future for both people and our planet.” Contributing to solving social issues and achieving the SDGs by engaging in sustainability activities through its businesses, such as the supply of housing and the introduction of natural energy, the Group aims to gain the trust of its various stakeholders and society and achieve lasting development.



## Sustainability Promotion System

The Group has established a sustainability promotion system based on the recognition that “addressing issues surrounding sustainability, including consideration of climate change and other global environmental issues, respect for human rights, consideration of employee health and the working environment and fair and appropriate treatment of employees, fair and appropriate transactions with business partners, and risk management in the event of natural disasters are important management issues.”

The Sustainability Committee, chaired by the Representative Director and composed of directors, presidents and division heads of Group companies, is responsible for promoting ESG strategies, determining policies and measures concerning sustainability, examining and promoting key issues (materialities), reviewing progress, and deliberating on improvement plans.



## Key Themes and Key Issues Identification Process

The Group has identified key themes and key issues (see page 18) through the following steps.

### STEP 1 Grasp and organize social issues

We identified 31 issues relating to the business environment based on GRI, SDGs, SASB, and other international guidelines, as well as our Group philosophy and Medium-Term Management Plan and requests from our customers, shareholders and investors, local communities, employees, and other stakeholders.

### STEP 2 Evaluate the significance from the MIRARTH HOLDINGS Group’s perspective

We set priorities by sorting out the results of questionnaires completed by all employees, including the management and officers, and each issue’s relation with our business and Group philosophy.

### STEP 3 Evaluate the importance of our stakeholders’ perspectives

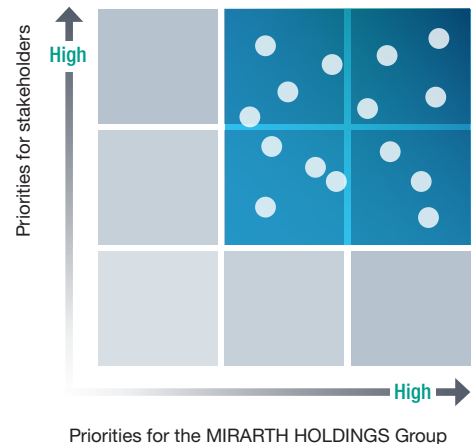
We set priorities by sorting out the results of questionnaires completed by customers, shareholders and investors, and business partners and the requirements based on international guidelines such as the GRI and the SDGs.

### STEP 4 Identify key issues

The key issues were identified after the priorities were reconsidered from the perspectives of the MIRARTH HOLDINGS Group and our stakeholders, and reviewed by the management.

### STEP 5 Policy setting for key themes

Policies were set for the four key themes.





Please see the following site for details of our sustainability activities

<https://mirarth.co.jp/en/sustainability/>

## Relationships with Stakeholders

In line with our overarching purpose “to design sustainable environments for a happier future for both people and our planet,” we believe it important to engage in dialogue with our stakeholders and to co-create value.

Main Stakeholders	Expectations and Requests	Major Responses of the Group
<b>Customers (corporations and individuals)</b> P.48-49 <b>Definition</b> <ul style="list-style-type: none"> <li>Contracting parties and tenants of condominiums and detached houses</li> <li>Users of tenant buildings</li> <li>Users and others of various services</li> </ul>	<ul style="list-style-type: none"> <li>Supply of valuable products and services</li> <li>Improvement of customer satisfaction in all areas, including quality and cost</li> <li>Supply of environmentally friendly products</li> <li>Provision of accurate and appropriate information concerning products and services</li> </ul>	<ul style="list-style-type: none"> <li>Provision of properties with ZEH-M Oriented certification</li> <li>Administration of sales staff questionnaire</li> <li>Publication of “Smilax” quarterly</li> <li>Operation of online customer service</li> </ul>
<b>Local communities</b> P.50 <b>Definition</b> <ul style="list-style-type: none"> <li>Local communities, residents, local governments, etc. related to MIRARTH HOLDINGS Group business</li> </ul>	<ul style="list-style-type: none"> <li>Prevention of accidents and disasters</li> <li>Collaboration and coordination in solving social issues</li> <li>Securing of employment</li> <li>Participation in social contribution activities</li> </ul>	<ul style="list-style-type: none"> <li>Participation in and sponsorship of local events</li> <li>Holding of community events at managed properties</li> <li>Implementation of social contribution activities</li> <li>Regional revitalization through rebuilding and redevelopment business</li> </ul>
<b>Trading partners</b> <b>Definition</b> <ul style="list-style-type: none"> <li>Construction contractors</li> <li>Business operators and others related to the provision of various services</li> </ul>	<ul style="list-style-type: none"> <li>Fair and even-handed transactions</li> <li>Information sharing and collaboration with the aim of ensuring customer satisfaction and CSR procurement</li> </ul>	<ul style="list-style-type: none"> <li>Fair and even-handed transactions</li> <li>Collaboration and coordination in operations</li> </ul>
<b>Employees</b> P.44-47 <b>Definition</b> <ul style="list-style-type: none"> <li>MIRARTH HOLDINGS employees and their families</li> </ul>	<ul style="list-style-type: none"> <li>Creation of prosperous lives for employees and their families</li> <li>Human resource utilization and development</li> <li>Appropriate evaluation and compensation</li> <li>Respect for human rights, personality, and individuality</li> <li>Creation of workplaces in which diverse personnel can thrive</li> <li>Attention to occupational health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of training programs</li> <li>Implementation of human resource and evaluation interviews</li> <li>Operation of helpline desks</li> <li>Introduction of a Telework System</li> <li>Promotion of staggered commuting times and reduced working hours</li> <li>Establishment of a Health Committee</li> </ul>
<b>Shareholders and investors</b> <b>Definition</b> <ul style="list-style-type: none"> <li>Individual and institutional investors</li> </ul>	<ul style="list-style-type: none"> <li>Maintenance and improvement of corporate value</li> <li>Securing of stable profits and appropriate return of profits</li> <li>Enhancement of corporate governance system</li> <li>Creation of risk management systems</li> <li>Appropriate disclosure of corporate information at appropriate time</li> </ul>	<ul style="list-style-type: none"> <li>Holding general meetings of shareholders, company-introductory sessions and financial results briefings</li> <li>Conducting individual meetings with domestic and overseas institutional investors</li> <li>Conducting shareholder surveys</li> <li>Disclosing IR information on the website</li> <li>Obtaining external certification</li> </ul>

## Support for External Certifications and Initiatives

### MIRARTH HOLDINGS Signs UN Global Compact

In 2020, MIRARTH HOLDINGS signed the United Nations Global Compact\* promoted by the UN and registered as a participating company. We will continue our efforts to achieve the Ten Principles of the UN Global Compact in four areas: human rights, labor, environment, and anti-corruption.



\* The United Nations Global Compact was proposed by then UN Secretary-General Kofi Annan in 1999 at the World Economic Forum in Davos and was launched in 2000.

### Received High Evaluation from GRESB

MIRARTH HOLDINGS participated in the fiscal 2022 GRESB\* Infrastructure Asset Evaluation for the fourth consecutive year. Takara Leben Infrastructure Investment Corporation’s solar power generation facilities and the Company’s policies and performance in addressing ESG issues were evaluated, and as a result, the Company received a higher overall score than last year and was

awarded a 3-star rating in the GRESB Rating, a 5-level rating system based on global relative rankings.

Furthermore, Takara Leben Infrastructure Investment Corporation received a 4-star rating (the highest being 5-star) in the GRESB Rating and was selected as an Asia Sector Leader.

In addition, Takara Leben REIT received a Green Star rating in the fiscal 2022 GRESB Real Estate Assessment for the fourth consecutive year, which indicates that the company received high marks for both management and performance with respect to ESG.

\* The name of an annual benchmark assessment to measure the ESG considerations of companies and funds that own and manage real assets (real estate and infrastructure) and the organization that administers the assessment, created in 2009 by a group of major European pension funds that spearheaded the Principles for Responsible Investment (PRI).



## Sustainability in the MIRARTH HOLDINGS Group

### Signing the Principles for Financial Action for the 21st Century

Takara PAG Real Estate Advisory Limited endorses the concept of the Principles for Financial Action Toward a Sustainable Society (the Principles for Financial Action for the 21st Century) and signed on to them in March 2022. The Principles for Financial Action for the 21st Century were formulated in October 2011 by the Japanese Environmental Financial Action Principles Drafting Committee, a broad range of financial institutions, based on the recommendations of the Central Environmental Council of the Ministry of the Environment, as action guidelines for financial institutions to fulfill their responsibilities and roles necessary for the creation of a sustainable society. The company aims to implement initiatives based on the seven



principles set forth by the Principles for Financial Action for the 21st Century to help create a sustainable society.

### Participation in the Japan Climate Initiative (JCI)

In March 2022, Takara PAG Real Estate Advisory Limited Management joined the Japan Climate Initiative (JCI) to endorse its declaration, “Japan’s participation at the forefront of the global effort to decarbonize.” The JCI was established in July 2018 as a network of Japanese companies, local governments, organizations, and NGOs that are actively working to combat climate change to achieve the decarbonized society envisioned by the Paris Agreement. The company is committed to working with JCI’s stakeholders to strengthen the efforts to achieve a decarbonized society.



## Sustainability Finance

### Green Loan

MIRARTH HOLDINGS has conducted fund raising through the syndication-style Green Loan provided by Sumitomo Mitsui Trust Bank. In addition, a JCR Green Loan Evaluation by Japan Credit Rating Agency, Ltd. awarded us with its highest Green1 rating for this transaction. The funds raised through this Green Loan have been allocated to the acquisition of the Leben Solar Iwate Hachimantai Power Generation Facility (Hachimantai City, Iwate Prefecture).

### Sustainability-Linked Loan

Leben Clean Energy obtained a second opinion from Rating and Investment Information, Inc. (R&I) to express its

intention to contribute to the achievement of its sustainability strategy through its business activities, concluded a sustainability-linked loan (SLL) financing agreement with Towa Bank, and raised funds. SLLs are designed to promote environmentally and socially sustainable economic activities and economic growth by setting Sustainability Performance Targets (SPTs)\* and linking loan terms to the achievement of SPTs, thereby motivating the achievement of the targets. The funds raised by the company will be used to finance projects related to renewable energy development, etc.

\* SPTs (Sustainable Performance Targets): Ambitious targets that allow businesses to measure their level of achievement with respect to the SDGs.

### Promoting the Creation of a System to Accelerate Group-wide Sustainability Initiatives

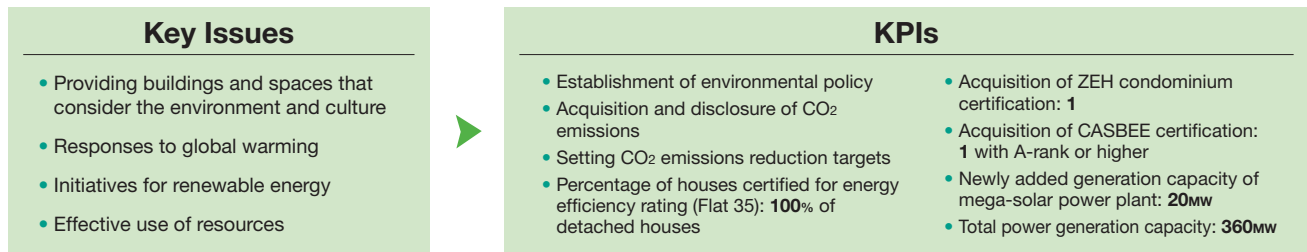


**Masashi Yamamoto**  
Director in charge of Sustainability  
Group CFO and Managing Executive Officer

In recent years, the world has been faced with major challenges that must be addressed by the world as a whole, including environmental issues such as climate change, the impact of new coronavirus infections, and rising conflicts and tensions in the international community. We therefore feel that the importance of sustainability initiatives being taken by companies is increasing year by year. Our Group has been promoting sustainability initiatives not only by contributing to urban development and community building through the supply and management of housing, but also by developing businesses in the clean energy field, including the development and operation of renewable energy power plants. In addition to deciding on various sustainability-related policies and measures and setting targets for reducing greenhouse gas (GHG) emissions, the Sustainability Committee discusses the various social issues surrounding the Group. Going forward, in conjunction with the implementation of a raft of measures to reduce GHG emissions, we plan to re-identify key issues (materialities) linked to management strategies and review KPIs in line with the Holdings structure. We will accelerate our Company-wide, cross-sectional sustainability efforts in our Group’s business activities.

# Contributing to the Reduction of Environmental Impact

Having set a target of net zero CO<sub>2</sub> emissions by 2050, the MIRARTH HOLDINGS Group is strengthening its efforts toward that achievement. By providing products and services that help its customers reduce their CO<sub>2</sub> emissions while promoting its own efforts to reduce emissions, the Group contributes to the realization of a sustainable society.



## Environmental Policy

Thinking more positively about the future happiness of people and our planet than anyone else, the Group has established an environmental policy to work to create a sustainable, Earth-friendly environment. Formulating policies from the perspectives of our business activities, environmental protection, management and other factors, we give due consideration to the environment on a Group-wide basis.

**Environmental Policy (excerpt)**

1. Providing environmentally friendly buildings and spaces
2. Addressing climate change
3. Maintenance and conservation of biodiversity
4. Promotion of resource recycling
5. Compliance with environmental laws and regulations and environmental education
6. Establishment of environmental management

### Environmental Policy

<https://mirarth.co.jp/en/sustainability/environment/policy/>

## Endorsement of TCFD Recommendations

In June 2022, the MIRARTH HOLDINGS Group expressed its endorsement of the TCFD (Task Force on Climate-related Financial Disclosure) recommendations and joined the TCFD Consortium. Going forward, we will strive to foster relationships of trust with our stakeholders and contribute to the realization of a sustainable society by expanding and upgrading our disclosure of information on climate change in line with the TCFD recommendations.

### Governance

The Chief Executive Officer for climate-related issues is the Representative Director, and the President Executive Officer is the Director in charge of sustainability. Discussing matters relating to climate change response, including the identification and assessment of climate change impacts, the management of risks and opportunities, progress of adaptation and mitigation efforts, and the establishment of indicators and targets at Sustainability Committee meetings, the Executive Officer makes regular reports to the Chief Executive Officer. After due deliberation and consideration of each agenda item by the attendees of Sustainability Committee meetings, decisions are made by the Chief Executive Officer.

### Strategies

Having established processes for identifying, evaluating, and managing the impact of climate-related risks and opportunities on its business activities, strategies, and financial plans, MIRARTH HOLDINGS operates these processes in an appropriate manner. In identifying and

assessing climate-related risks and opportunities, we aim to do so systematically and objectively, utilizing scientific and academic knowledge.

As part of our efforts to reduce CO<sub>2</sub> emissions, we entered the energy business in 2013 and have developed a number of mega solar power plants across Japan, promoting solar power generation and other renewable energy projects. Through the development and operation of solar power generation facilities, we will continue to contribute to regional revitalization, including environmental improvement, energy self-sufficiency, and the utilization of idle land, as well as further renewable energy supply to achieve carbon neutrality through initiatives such as wind power and biomass power generation projects.

### Managing Risks and Opportunities

By managing identified climate-related risks/opportunities and promoting resilience initiatives, MIRARTH HOLDINGS aims to reduce business risks and realize value creation opportunities to ensure sustainable and stable earnings over the long term.

## Contributing to the Reduction of Environmental Impact

### Environmental Data

The Group's Scope 1 and Scope 2 GHG (CO<sub>2</sub>) emissions and energy consumption are shown below:

#### Greenhouse Gas (CO<sub>2</sub>) Emissions

	(t-CO <sub>2</sub> )			
	FY2020	FY2021	FY2022	Remarks
Scope 1	374	380	610	Combustion of city gas, kerosene, gasoline
Scope 2	1,585	1,696	3,171	Use of electricity and cold water
<b>Total</b>	<b>1,959</b>	<b>2,076</b>	<b>3,781</b>	

\* The scope of environmental data calculation covers the MIRARTH HOLDINGS Group (nine consolidated companies).

\* The period covered is FY2020 to FY2022 (April 1, 2020 to March 31, 2023).

\* The figures for FY2022 are provisional and subject to change.

In addition, from FY2022, with the expansion of the boundary of electricity use, etc., the scope of aggregation of business activities is additionally aggregated.

\* Excluding GHGs other than CO<sub>2</sub> (chlorofluorocarbons, etc.) on account of their extremely small amounts, the Group only calculates and reports CO<sub>2</sub> emissions.

#### Energy Consumption

	(kL of crude oil equivalent)		
	FY2020	FY2021	FY2022
Electricity	915.2	1,020.8	1,782.5
City gas	3.2	0.5	61.8
LP gas	0.0	0.4	56.1
Gasoline	140.8	145.2	136.7
Kerosene	0.7	0.3	0.1
Light oil	0.0	0.0	3.0
Cold water	1.2	0.4	0.5
<b>Total</b>	<b>1,061.1</b>	<b>1,167.6</b>	<b>2,040.5</b>

\* The scope and period covered by the energy data are the same as for CO<sub>2</sub>.

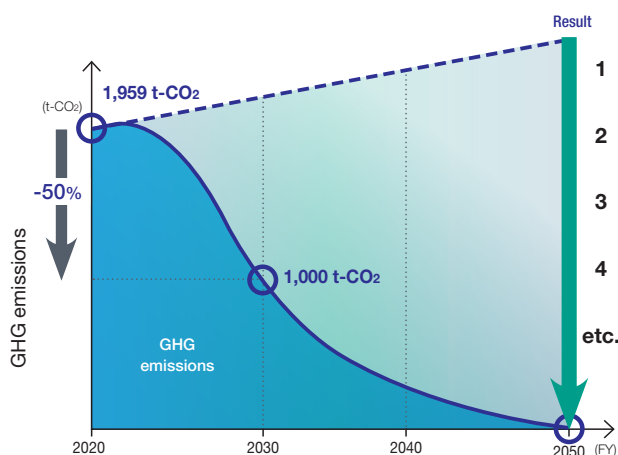
\* The values for FY2022 are provisional and subject to change.

\* Crude oil conversion is a measure to compare the size of different energy sources, such as electricity and gas.

#### Indicators and Targets

To achieve carbon neutrality by 2050, we have set a target to reduce GHG emissions (Scope 1 and 2) due to the business activities of the MIRARTH HOLDINGS Group by 50% (compared with FY2020) by FY2030 and to net zero by FY2050. For Scope 3, we are currently working on energy data aggregation and plan to disclose our GHG emissions in this category in FY2023.

#### Greenhouse Gas Emissions Reduction Image



#### Roadmap for GHG Reduction

To achieve the aforementioned GHG emission reduction targets, our Group is primarily promoting the following four initiatives:

- Promoting Green Power:** We are promoting contracts for electricity with low CO<sub>2</sub> emissions and will switch to carbon-free or renewable energy-derived green power at all our offices, Company-owned recreation facilities, and other large-scale sites nationwide by fiscal 2030.
- Implementation of Energy-saving Measures:** In addition to measures such as the Japanese government-initiated Cool Biz and Warm Biz campaigns, we will promote reductions in the amount of electricity used by establishing the implementation of energy-saving measures. These measures will include the appropriate use of air conditioning loads in summer and winter and the setting of operational standards for lighting areas and time zones by FY2025.
- Electrification of Company-owned Vehicles:** While currently promoting the introduction of hybrid vehicles for company use, our Group will follow government policy—the target of which is that “electrified vehicles will account for 100% of new vehicle sales by 2035”—and continue to switch to more environmentally friendly electric vehicles (EVs) as we work to electrify our fleet of company-owned vehicles.
- Offsetting:** We are engaged in the development and operation of renewable energy generation facilities and their utilization. To achieve virtually net carbon-free status by fiscal 2050, we will implement carbon offset measures such as using specified wholesale supply and non-fossil certificates.



## Efforts to Promote PPA

Leben Clean Energy is responsible for the energy business division of our Group. Regarded as having a promising business model after the FIT scheme comes to an end, the company is developing Power Purchase Agreements (PPAs), which are direct contracts with electricity consumers.

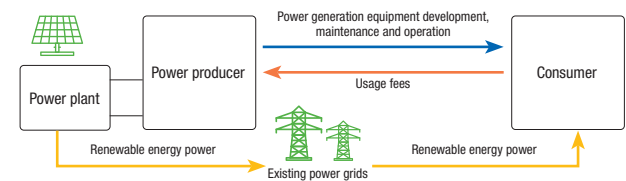
To further promote PPAs, in January 2023 the company signed a memorandum of understanding with Mitsui & Co. Plant Systems, Ltd. covering the joint development of an off-site corporate PPA.\* Leveraging the project development capabilities of Leben Clean Energy, the project management capabilities of Mitsui & Co. Plant Systems, and the extensive network of the Mitsui & Co. Group, we will provide solutions for many consumers by establishing PPA development systems and bringing about their commercialization at an early stage.

In July 2023, Leben Clean Energy also concluded a similar memorandum with TEPCO Energy Partner, Inc. Providing

renewable energy electricity to TEPCO Energy Partner in a planned manner, the company expects to supply a large number of consumers by responding to their various needs.

Our Group will continue to respond flexibly to various off-site corporate PPA schemes while striving to make proposals to consumers as we aim to achieve carbon neutral status in 2050.

### PPA Scheme



\* A system by which solar power generation facilities will be installed on idle land and other locations in remote areas outside the consumer demand areas throughout Japan, supplying electricity or environmental value by using existing power grids owned by general power transmission and distribution companies.

## Providing Environmentally Conscious Buildings and Spaces

### L.Biz Nihonbashi Acquired CASBEE Certification “A rank”

At L.Biz Nihonbashi (Chuo-ku, Tokyo), an office building developed by the MIRARTH HOLDINGS Group, we addressed controlling the heat load on the building envelope to achieve environmental performance toward the realization of a decarbonized society and worked to improve the indoor environment by controlling room temperature and lighting. In addition, to encourage the use of natural energy such as sunlight, the building has a high floor height and curtain walls.\*<sup>1</sup> To conserve water resources, we also worked to reduce water consumption through water-saving devices.

These examples of consideration for environmental performance were highly evaluated, and the property was the first in our series of office buildings to receive the “A” rank in CASBEE\*<sup>2</sup>-Building (New Construction), a comprehensive assessment system for building environmental performance.

\*<sup>1</sup> A lightweight exterior wall that is installed to reduce the loads imposed on the building's structure by offering protection from wind pressure from the outside and ensuring watertightness.

\*<sup>2</sup> A system for evaluating and rating the environmental performance of buildings. The system comprehensively evaluates the quality of buildings, including environmental considerations such as energy conservation and the use of materials and equipment with low environmental impact, as well as indoor comfort and consideration for the landscape.



L.Biz Nihonbashi

### ZEH Condominiums

Takara Leben is committed to supplying ZEH (Net Zero Energy House)\*<sup>1</sup> condominiums, which are environmentally friendly and display excellent energy-saving performance.

At Leben Toyama Jinzuhonmachi ONE TOWER (Toyama City, Toyama Prefecture), we achieved high heat insulation performance by undertaking special construction on, for example, the exterior walls and openings. As a result, in terms of its energy-saving measure grade,\*<sup>2</sup> the property obtained a Grade 4 in the heat insulation performance grade category, whereas standard condominiums are awarded Grade 3, and a Grade 5 for primary energy consumption. In addition, this property received the highest five-star rating under BELS, an energy efficiency rating system that calculates the primary energy consumption of a house on a scale of one to five stars.

Leben Toyama Nishicho RESONACIA, the first ZEH condominium in Toyama Prefecture, also obtained the highest 5-star rating under BELS.

\*<sup>1</sup> ZEH (Net Zero Energy House): A house that simultaneously achieves a “comfortable indoor environment” and a “net annual residential energy consumption of approximately zero or less.”

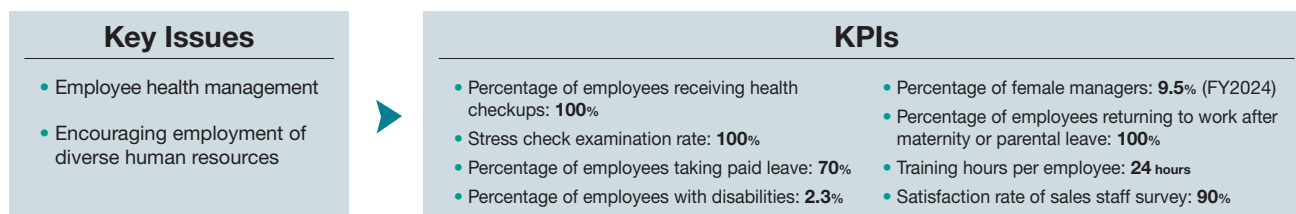
\*<sup>2</sup> Energy-saving measure grade: Established by the Ministry of Land, Infrastructure, Transport and Tourism as a grade that expresses energy-saving performance.



Leben Toyama Nishicho RESONACIA

# Human Resources Strategy for Supporting Sustainable Growth

The MIRARTH HOLDINGS Group promotes “personnel development and the establishment of a rewarding workplace environment,” which is one of seven elements of the Medium-Term Management Plan. Strengthening human capital through a unified Group effort is similarly important for the Group’s sustainable growth. We are therefore striving to enhance our corporate culture and human resources system to enable a diverse array of employees to play an active role in their respective fields.



## Personnel Management

### HR System

The Group believes that each of its employees is a co-creator of lasting growth for the future. And based on this belief, Takara Leben has been promoting an HR system that will consistently produce the human resources needed to achieve its management plan. As part of this system, the Evaluation Committee aligned evaluation criteria for behavioral evaluations, in order to

achieve highly appropriate, fair, and transparent evaluations and treatment based on the “Promise”: specific daily actions that employees should take. Through these efforts, we aim to improve evaluation skills by promoting an understanding of the significance of the evaluation system and of the evaluation criteria among those in management positions, and to provide more acceptable feedback to employees.

### Basic Policy for Personnel System

#### Personnel system which consistently nurtures talent required to achieve management plan

- Clearly state the type of people required by the Company to build a framework where employees can set out their career visions
- Review distribution of labor costs to secure and keep talented people as well as improve motivation
- Conduct training and selection to generate talented people for management positions
- Carry out evaluation and treatment that are highly fair and transparent to nurture employees’ sense of acceptance and increase their desire to grow

### 360-Degree Diagnosis

Takara Leben conducts a 360-degree diagnosis for the purpose of training managers and above and improving the organization. The 360-degree diagnosis is an effective opportunity to learn how one’s daily activities are perceived by those around them, to learn about gaps in perception between oneself and others, and to gain an objective view of oneself. The purpose of the 360-degree diagnosis is to provide employees with multifaceted feedback from those around them so that they can understand the strengths and weaknesses that they would not have recognized otherwise, and to improve their ability to demonstrate these strengths by learning about their own behavioral tendencies. In fiscal 2022, a questionnaire was sent to 85 persons at the rank of deputy manager and above, surveying the individual, his/her supervisor, co-workers, and subordinates. Based on the results of the responses, feedback was provided to the individual.

### Implementation of a Talent Management System

As the Group has expanded in size, it has become increasingly difficult for us to keep track of information regarding individual employees. This has also led to an issue with personnel information and data being managed separately by and scattered among each Group company. In order to resolve this problem and in order to make the best of our human resources by managing personnel information effectively and from multiple perspectives, Takara Leben became a frontrunner among the Group companies in implementing a talent management system.

A talent management system is a tool that converts various information on each employee’s skills, abilities, transfers, and evaluations into data and centrally manages it. Bringing together this disparate information in a single location enables multifaceted analyses and visualization of human resource information. Along with leveraging this information within the personnel strategy, we will gradually roll out the system to our Group companies.

## Training Systems

The Group has worked to enhance our entry-level employee training programs, support for acquisition of Real Estate Transaction Qualification, and other education and training systems in order to enable career design building among each employee and to improve our overall strength as an organization. Under the Basic Policy for Personnel System, we also provide educational programs that correspond to the capabilities required of each job rank.

Training Structure Chart

Grade	Definition	Scope	Company-wide education	Rank-based	Workplace	Selective	Others															
Officers	<ul style="list-style-type: none"> <li>Management strategy formulation and decision-making</li> <li>Corporate management</li> </ul>	Company	Vision, Mission, and Promise Compliance and Harassment	<ul style="list-style-type: none"> <li>Management strategies</li> <li>Company operations</li> </ul>	360-degree evaluation	Evaluation																
M3	<ul style="list-style-type: none"> <li>Strategy implementation and management in one's organization</li> <li>Achieving Group targets</li> <li>Effective organizational operation</li> <li>Department manager development</li> </ul>	Organization		<ul style="list-style-type: none"> <li>Management strategies</li> <li>Business development</li> </ul>			On-the-job training Practical knowledge training	Feedback interview on evaluation of results and conduct	Improving organizations													
M2	<ul style="list-style-type: none"> <li>Strategy implementation and management in one's organization</li> <li>Achieving department targets</li> <li>Effective organizational operation</li> <li>Section manager development</li> </ul>			<ul style="list-style-type: none"> <li>Organizational management</li> </ul>						Improving operations	Real estate notary qualification acquisition support	e-learning										
M1	<ul style="list-style-type: none"> <li>Strategy implementation and management in one's organization</li> <li>Achieving section targets</li> <li>Effective organizational operation</li> <li>Developing subordinates</li> </ul>	Team		<ul style="list-style-type: none"> <li>Fundamental management skills</li> </ul>									Improving operations	Real estate notary qualification acquisition support	e-learning							
G3	<ul style="list-style-type: none"> <li>Directing and guiding subordinates</li> <li>Central roles in business execution, improvement, and problem-solving</li> </ul>			<ul style="list-style-type: none"> <li>Leadership</li> <li>Problem-solving</li> </ul>												Improving operations	Real estate notary qualification acquisition support	e-learning				
G2	<ul style="list-style-type: none"> <li>Performing one's work duties under the general direction of supervisors</li> <li>Business execution, improvement, and problem-solving</li> </ul>			<ul style="list-style-type: none"> <li>Logical thinking abilities</li> <li>Followership</li> </ul>															Improving operations	Real estate notary qualification acquisition support	e-learning	
G1	<ul style="list-style-type: none"> <li>Performing one's work duties under the detailed direction of supervisors</li> <li>Acquiring business experience and knowledge</li> </ul>	Individual		<ul style="list-style-type: none"> <li>Business stances</li> <li>Business etiquette</li> <li>Fundamental practical skills</li> <li>Listening ability</li> <li>Identifying problems</li> <li>Setting and managing targets</li> </ul>																		Improving operations

### DX Internship

Takara Leben considers the fostering of digital human resources to be an essential part of promoting DX over the medium to long term, and therefore offers long-term internships. In fiscal 2022, two students from an educational institution that trains engineers were invited for approximately four months to receive work experience.

### Support for Acquisition of Real Estate Transaction Agent Qualifications

Takara Leben is promoting initiatives to encourage its employees to obtain the Real Estate Transaction Qualification (hereafter referred to as Takken), requiring them to submit a study plan, providing guidance on study materials, and conducting mock tests. Takara Leben Realnet also provides support for obtaining the Takken qualification by conducting in-house tests twice a week, using exercise books.

## Pursuit of Well-being

Having raised the “future happiness of people and our planet” as one facet of our Purpose, we believe that pursuing the happiness of our employees is also part of our Purpose, as well as a central element of increasing corporate value. We therefore implement various initiatives for realizing the well-being\* of our employees.

\* A state in which one is physically, mentally, and socially fulfilled

### Employee Happiness Survey

In October 2022, Takara Leben conducted a happiness survey of our employees, and set KPIs along with examining future measures. The survey investigated “the level of happiness” and “which items are sufficient or insufficient.” We will continue to conduct this survey in an effort to enhance our measures.

### Strengthen Communication with Employees

In order to create workplace environments that encourage employees to remain with the Company over the long run, Takara Leben conducts personnel interviews with all employees, as well as “1 on 1” meetings where supervisors and subordinates discuss topics of their choosing. Takara Leben Realnet is used to conduct the personnel interviews with all employees, which serve to create positive workplace environments by reflecting employee opinions within the training systems, for example.

## Human Resources Strategy for Supporting Sustainable Growth

### Expansion of MIRARTH NOTE

We operate an intra-group website called MIRARTH NOTE for the purpose of sharing information and strengthening collaboration among the Group. Moreover, we regularly distribute videos of interviews with the management team in an effort to instill the corporate philosophy and management policies.



MIRARTH NOTE

### Social Baseball Tournament

Leben Home Build held a baseball tournament jointly organized by sales and in-house departments to promote employee ties and communication across departments. After the game, a social gathering was held for all participants. While nourishing their spirits, the participants deepened the friendship between internal and external employees and fostered a sense of unity throughout the organization.



Social Baseball Tournament

## Human Rights Policy

We have established a human rights policy in order to clarify the Group's approach to human rights in the course of our business activities. The Group expects all stakeholders involved in our business to understand and practice respect for human rights in line with the Policy, and we will work together to promote respect for human rights.

### Human Rights Policy

1. Respect for International Human Rights Standards
2. Scope of Application
3. Key Issues Related to Human Rights
4. Human Rights Due Diligence and Remedy/Correction
5. Dialogue and Discussion with Stakeholders
6. Information Disclosure

### Respect for Human Rights

The Group acts with respect for the fundamental human rights of all stakeholders, including employees, while

observing laws and regulations, social ethical norms, and matters specified in ethical rules.

### Human Rights Policy

<https://mirarth.co.jp/en/sustainability/social/humanrights/>

## Promoting Diversity

As a means of ensuring that a diverse array of human resources can play an active role regardless of gender, age, nationality, or disability, the Group promotes diversity, and engages in efforts to enhance the well-being of our employees along with our corporate value.

### Promoting the Empowerment of Women

In order to create workplace environments in which women find it comfortable to work and that allow them to demonstrate their potential, we have prepared various systems that correspond to different life stages. Along with promoting the Women's Activity Promotion Project, in May 2022 Takara Leben introduced a discount system for babysitters to enable employees to balance work and child rearing. In October of the same year, we introduced the Middle Career Track System as a new work style for women in sales positions who have returned to work after maternity or childcare leave. Leben Clean Energy has also established a similar project team, and is working to create a workplace environment where women can continue to work for a long time.

### Introduction of Limited Area Employee System

In response to the urgent need to secure a workforce against the backdrop of a declining workforce due to the falling birth-rate and aging population, the urgent need to secure

personnel in rural areas due to the expansion of business areas, and the growing needs of job seekers, Takara Leben introduced the limited area employee system in fiscal 2022. We aim to facilitate recruitment in local areas and to secure and retain human resources by diversifying work styles.

### Employment of Persons with Disabilities

Leben Village, a farm in Chiba City, Chiba Prefecture, employs three people with disabilities and a farm manager to grow a variety of vegetables. In June 2022, the disabled members who grew the vegetables visited the Takara Leben headquarters and directly sold Leben Village vegetables, the proceeds of which were donated to the NPO TABLE FOR TWO.

Please see the following site for details.

<https://mirarth.co.jp/en/sustainability/social/diversity/>



Employees Working at Leben Village



## Creation of Comfortable Workplace Environments

In order to achieve the well-being of our employees and improve productivity, the Group endeavors to create workplace environments that provide employees with room to breathe and work in health.

### Health Committee

Takara Leben considers “traffic accidents,” “occupational accidents,” and “overtime work” as important risks that threaten the safety and health of employees in the workplace, where the regularly held Health Committee conducts investigations and reports on the actual situation and discusses ways to solve problems. At Health Committee meetings, specific problems related to working hours and other issues are raised, measures for improvement are discussed with management, and the determined measures are implemented sequentially.

### Efforts to Reduce Working Hours

In fiscal 2021, Takara Leben introduced an “application system for extended PC use” linked to the turning on and off of PCs. The system is expected to reduce overtime hours because if an employee continues to use a PC without requesting extended PC use (overtime work) from the manager, a warning will appear on the screen and the PC will be shut down. On the other hand, it is expected that managers will be able to visualize the details of their subordinates’ overtime work, thereby increasing their awareness of the need to manage the organization in a well-balanced manner.

Moreover, Leben Trust is implementing a no-overtime day twice a month in each section, encouraging staggered work hours and paid holidays, promoting telework, supplementing personnel as needed, and promoting the introduction of DX.

### Promoting Office Reforms

Leben Clean Energy moved its headquarters to Iidabashi, Tokyo, in November 2022. The new office incorporates a free-address office layout that incorporates ABW (Activity Based Working), a work style strategy for autonomously optimizing the workplace environment and work style. In this way, the new office is designed to activate communication among employees that transcends departmental barriers and hierarchies, maximize productivity and efficiency, and conserve resources by eliminating paper.

In addition, a café space has been set up to create a space for communication and work while relaxing, and a library with books recommended by employees has been established to promote the sharing of information.



Leben Clean Energy Headquarters

## Driving our transformation into an organization with diverse values based on the Purpose in aims of achieving sustainable growth for the entire Group



### Go Yamaji

Group CRO, Executive Officer,  
General Manager of Group Human Resources Strategy Department and Office  
Manager of President's Office

The Group's human capital possesses a mindset of undertaking challenges regardless of age or experience, which is why I have assessed the organization as having an extremely high ability to execute our mission. Moreover, I see the organization as having an egalitarian culture in which diversity has emerged by actively hiring mid-career individuals in step with the expansion in our business scope, even as the Group has increased the number of new graduate recruits each year.

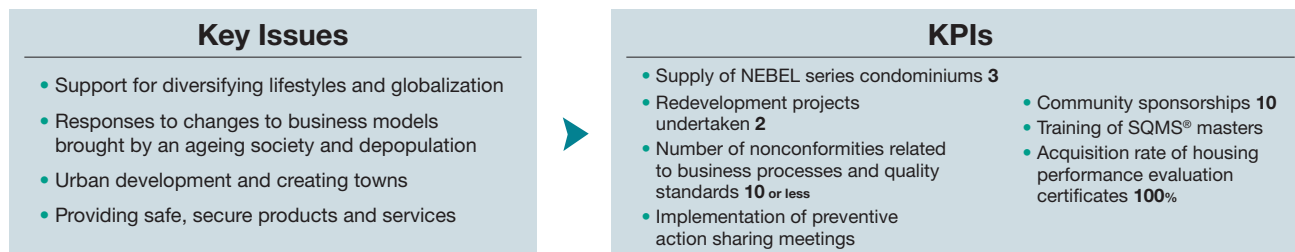
Under the Purpose that we formulated upon transitioning to a holding company structure, we must evolve into a new type of corporate entity that transcends the framework of a general real estate business developer. While maintaining the culture and strengths we have built since our founding, going forward I believe we will require personnel that can manage a growing organization from a broader perspective. And as the major premise underlying this move, we at the Group Human Resources Strategy Department have raised well-being as a theme to ensure employees can work with happiness.

Under this way of thinking, we are advancing personnel system reforms in regard to securing human resources, as well as a means of creating workplace environments that prioritize diversity and enable job satisfaction. Similarly, we are undertaking efforts to improve productivity, creativity, and the retention rate. In regard to personnel development, we provide training according to job rank, organizational transformation awareness training with an awareness of management participation by those selected from among our younger employees, and vitalization of job rotations.

In order to achieve sustainable growth, I believe it is vital for each employee to take ownership of the Purpose and for us to fulfill our social responsibilities through business. At the same time, I feel we must construct scenarios that connect to earnings. We will therefore work to build a structure that drives the Group forward as a unified entity and to realize Purpose Management by strengthening communications from and opportunities for interaction with management, all in aims of generating greater Group synergy.

# Creating Value Together with Customers and Local Communities

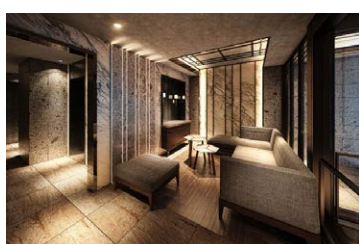
The MIRARTH HOLDINGS Group aims to be a “future environment design company that makes the future of people and the Earth happier,” and therefore actively engages in business that considers the “happiness” of people and lifestyles and creates “happiness” for communities and society. By offering new value that addresses today’s diversifying lifestyles, we contribute to the solutions for society’s challenges.



## Proposals for Diverse Lifestyle Needs

### Urban-type Compact Condominiums “NEBEL”

The demand for housing has changed with the increase in the number of dual-earner households and single-person households, and there is a growing need for properties that are more convenient, such as those in the city center or close to train stations, rather than larger in size. The “NEBEL” series of urban compact condominiums that Takara Leben provides for singles and DINKs (double income no kids) maximizes use of the manufacturing know-how we have cultivated through our new condominium business to date, and is primarily available in areas like Tokyo, Saitama, and Osaka. We will continue to support enriching, fulfilling lifestyles by supplying services that align with modern lifestyles.



NEBEL SENDAI Plaisir

### Establishment of Takara Leben Owner’s Club “DLPS”

Takara Leben established Takara Leben Owner’s Club “DLPS” for owners of our own condominium brand properties. Specifically, this program strives to improve customer loyalty for the Takara Leben brand through an exclusive mobile app for owners that provides them with services that benefit their lifestyles, including one that allows them to request repairs for exclusive areas.



### Idea Competition “Personal Innovation Challenge Pic”

Conceived to incorporate diversifying values at the earliest possible time and to connect to business expansion, the “Personal Innovation Challenge Pic” idea competition is a new business proposal system. This system aims to foster entrepreneurship and the building of a corporate structure that creates new common sense under the slogan “A New Common Sense Begins.” If the profitability and marketability of the idea are recognized and commercialization is decided, the originator can choose to “go independent as a business company,” “be appointed as the head of a new department,” or “transfer the idea to a company.” The number of entries in fiscal 2022 exceeded 350, of which five passed the final screening round.

### LUIC Project, a unique water system

The LUIC project is the Group’s original water system for contributing to greater QOL for all manner of lifestyles through a commitment to water as an essential part of living. The system provides access to purified water for all aspects of life, and is available for all series of our own brands of condominiums.

### Non-touch Keys and Non-contact Elevators

Completed in February 2023, LEBEN YOKOHAMA YAMATE ONE WARD COURT (Kanagawa Prefecture) is a property that takes into consideration the lifestyle of the New Normal. Using a dimple key (with built-in IC chip), residents can open the common entrance without touching it, while the elevators are also equipped with a function that allows users to operate the floor buttons simply by holding their hands over them.

## Pursuit of Safety and Security

In order to deliver environments that allow for safe, secure living, the Group engages in thorough process inspections and efforts to improve the quality of management services at the properties we provide. Moreover, we contribute to the safety and security of local communities in a way that transcends the framework of a real estate business developer by providing emergency electric power in the event of disasters, for example.

### Initiative to Improve Quality through Obtaining ISO 9001 Certification

With the aim of improving quality to comprehensively support the creation of comfortable living environments for customers, Leben Home Build and Leben Community have established a quality management system in accordance with ISO 9001, the international standard for quality management systems established by the International Organization for Standardization, and have obtained certification. We regularly monitor and improve our management processes and revise our policies and goals as necessary to continue to provide even higher quality services.

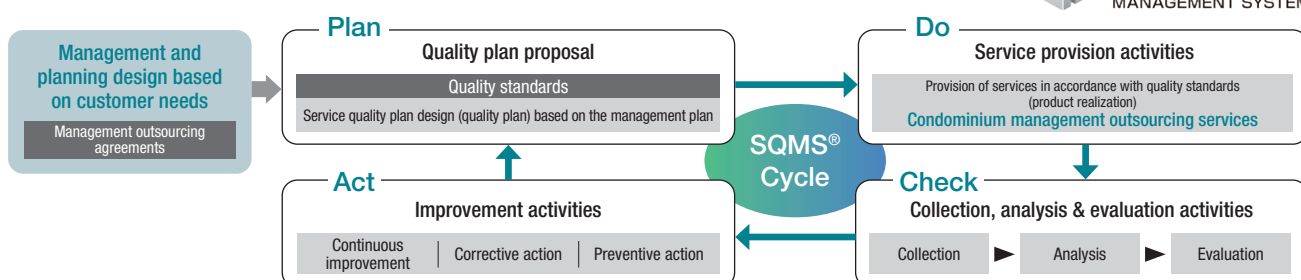


ISO 9001 certification of registration (Leben Home Build)

### Service Quality Management System (SQMS®)

In general, condominium management operations are problematic in that the level and content of service tend to vary depending on the people providing it. Leben Community therefore operates our proprietary Service Quality Management System (SQMS®), which applies ISO 9001, an international standard for quality management systems, to condominium management, and promotes quality management systems that stabilize the quality of our services. SQMS® classifies condominium management into four support services (site management, financial management, asset management, and operations management), and applies a PDCA cycle to continuously improve quality.

#### SQMS® Process Chart (Service Quality Management)



### Disaster Preparedness Initiatives

The Group strives to eliminate labor accidents at workplaces and construction sites. In addition to daily inspections, Leben Home Build—which mainly engages in condominium construction—is working to achieve safer construction sites by conducting health and safety patrols at least once a month. Moreover, top management also conducts joint special patrols with partners once a quarter. In July 2022, we visited four actual construction sites with representatives from eight partner companies to check working conditions from the perspectives of daily management, on-site maintenance, accident prevention, fall prevention, and machine accident prevention and to encourage the implementation of measures.



A Health and Safety Patrol

### Conclusion of an Agreement on the Supply of Electric Power in the Event of a Disaster

Leben Clean Energy is developing renewable energy power sources, mainly small- and medium-scale solar power plants, and is also working with each community to ensure safety in the event of a disaster and strengthen disaster preparedness. In order to further strengthen cooperation with the local community and further enhance our disaster response capabilities, we concluded agreements with Mori-machi, Kayabe-gun, Hokkaido in October 2021 and with Akkeshi-cho, Akkeshi-gun, Hokkaido in April 2022 regarding the supply of electricity in the event of a disaster. By further improving our disaster response capabilities, we will continue our efforts to quickly stabilize people's lives in the event of a disaster, as well as to ensure a stable supply of electric power and improve resilience.

## Regional Creation Initiatives

While maintaining a view to the solutions for social issues involved in residences and town planning, the Group is actively engaged in regional and community revitalization projects centered on high-quality, safe condominiums.

### Urban Redevelopment of Machikatamachi and Toriyokocho District 1, Numazu City, Shizuoka Prefecture

In November 2022, Takara Leben, together with Fujita Corporation, formed a joint venture with the Urban Redevelopment Association of Machikatamachi and Toriyokocho District 1, Numazu City, Shizuoka Prefecture, and signed a basic agreement with the association as a specified business agent. This project aims to redevelop a part of the arcade of famous stores, which was established in 1954 as Japan's first shopping arcade with fireproof and communal architectural style, and to redevelop the central city area through the redevelopment. The Group is working in partnership with land and building owners, rights holders, and the government in a three-party approach to urban renewal.

### Redevelopment Plan for the Former Okajima Department Store Site

Takara Leben will develop a complex consisting of tower residences and commercial facilities as our third development in Kofu City, Yamanashi Prefecture. This development will take place on the site of the former Okajima Department Store, a long-standing business that had operated continuously in the downtown area of Kofu City since 1843. The project aims to increase the number of downtown area residents, including those moving from the city center, and to attract visitors to the central city area, and to serve as a starting point for the circulation of residents and visitors, as well as to develop the central city area in a way that leads to the revitalization of its liveliness.



Redevelopment Concept Image for the Former Okajima Department Store Site

### Participation in the THREE Excellent Building Development Project in the Shinmachi 1-Chome District of Aomori City

As a new proposal for rejuvenating a department store in a regional city, Takara Leben participated in THREE, a project for the development of superior buildings in the Shinmachi 1-chome district of Aomori City (former site of the Aomori main store of the Nakasan Department Store) promoted by Shinmachi Machidukuri Corporation and Mik Corporation. Opened in April 2023, THREE is a 14-story property that includes commercial facilities on the first through fourth floors and a tower residence consisting of 85 residential units on the fifth floor and above, making it possible to live without the stress of snow even in an area with heavy snowfall. We will contribute to the revitalization of the central city area of Aomori City by taking on the residential subdivision business for THREE.

### Community-based Shopping Center "tonarie Hoshida"

MIRARTH HOLDINGS jointly developed the community-based shopping center "tonarie Hoshida" (Katano City, Osaka Prefecture) with ES-CON JAPAN Ltd. We will leverage the commercial facility development and management know-how that both companies have cultivated over the years in aims of creating a community-based commercial facility that will be loved by the local residents, and will thereby contribute to the formation and development of a local community.



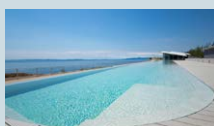
tonarie Hoshida

## Regional Revitalization Initiatives

### Aqua Ignis Awaji Island

Takara Leben and Takara Asset Management are participating in the Aqua Ignis Awaji Island (Awaji City, Hyogo Prefecture) project, a natural hot spring resort complex. This facility is the first national park Park-PFI\* project approved in Japan.

This project will help increase the value of the region as a new business scheme in cooperation with not only local governments but also other industries. We will continue to work hand in hand with national parks, as we did in this project, to find better ways of public-private partnerships, as we advance initiatives targeting the development of the local tourism industry.



Aqua Ignis Awaji Island

\* Park-PFI: Park-Private Finance Initiative. A new method of developing and managing urban parks that utilizes the funds and expertise of private companies through public solicitation.

### Akabane Noryo Festa 2022

Takara Leben has participated in the Akabane Noryo Festa since 2018 to contribute to the community development of Akabane. In 2022, the first time the festival was held in three years, 17 employees participated and sold foods. We will continue to contribute to the revitalization of the community by interacting with local residents through building on our track record of participating in community development in Akabane.



Akabane Noryo Festa



## Social Data

### MIRARTH HOLDINGS Group

		FY2018	FY2019	FY2020	FY2021	FY2022
Number of employees (persons)	Male	618	675	739	815	867
	Female	274	298	322	385	426
	Total	892	973	1,061	1,200	1,293
Average age (age)	Male	37.8	38.2	38.0	39.0	38.9
	Female	33.0	33.5	33.9	34.7	35.1
	Total	36.3	36.7	36.7	37.6	37.7
Average years of service (years)	Male	4.5	4.8	4.9	4.8	5.1
	Female	3.6	4.2	4.0	4.1	4.4
	Total	4.2	4.6	4.6	4.6	4.9

### Takara Leben

		FY2018	FY2019	FY2020	FY2021	FY2022*1	
Number of employees (persons)	Male	222	261	292	271	361	
	Female	74	73	73	72	123	
	Total	296	334	365	343	484	
Average age (age)	Male	35.4	36.0	35.9	36.5	35.9	
	Female	32.8	34.4	35.5	34.9	33.7	
	Total	34.7	35.6	35.8	36.1	35.3	
Average years of service (years)	Male	5.5	5.6	5.8	6.1	6.0	
	Female	5.1	6.4	6.9	7.2	6.1	
	Total	5.4	5.8	6.0	6.4	6.0	
Number of managers (persons)	Male	67	88	99	92	121	
	Female	6	8	8	7	15	
Management ratios (%)	Male	91.8	91.7	92.5	92.9	89.0	
	Female	8.2	8.3	7.5	7.1	11.0	
Percentage of employees with disabilities (%)		2.19	2.06	1.98	2.70	2.00	
Percentage of employees taking paid leave (%)	Male	41.4	52.4	52.4	57.8	65.7	
	Female	66.2	67.9	67.6	69.1	78.1	
	Total	46.7	55.6	55.4	60.1	68.7	
Childcare leave	Number of subjects (persons)	Male	5	12	13	12	15
		Female	3	4	3	3	-
	Number of recipients (persons)	Male	0	0	1	0	7
		Female	3	4	3	3	-
Acquisition rate (%)	Male	0	0	7	0	46	
	Female	100	100	100	100	-	
Stress check examination rate (%)		83.8	93.5	92.6	85.0	87.9	
Training hours per person (hours)		(*2)	(*2)	14.2	18.2	28.3	
Training cost per person (yen)		(*2)	(*2)	20,612	28,012	56,046	
Happiness survey		-	-	-	-	4.51/7.0	

\*1 On October 1, 2022, Takara Leben West Japan Co., Ltd. changed its company name to Takara Leben Co., Ltd. and merged with Takara Leben Tohoku Co., Ltd. Therefore, data aggregation is being conducted under the new organization.

\*2 Data was compiled and disclosed in time for the new personnel system to begin operating from FY2020.

# Corporate Governance

## Basic Approach

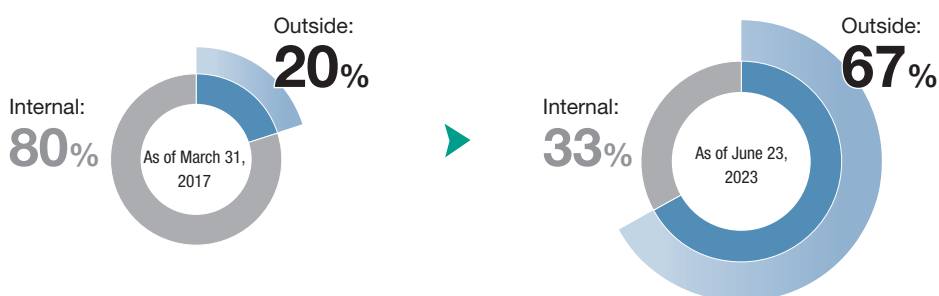
The MIRARTH HOLDINGS Group has set “Our Purpose” as “To design sustainable environments for a happier future for both people and our planet.” and recognizes that addressing issues related to sustainability is an important management issue. We will not only pursue profits, but also comply with laws, regulations, and corporate ethics, fulfill our social responsibilities as a member of the corporate community, and aim to sustainably enhance our corporate value.

To this end, our basic approach to corporate governance is to always consider the happiness of all stakeholders, including customers, employees, business partners, local communities, and shareholders, and to promote sound corporate activities by making decisions quickly and responding flexibly to changes in the business environment, as well as ensuring thorough compliance and transparency in decision making.

## Efforts to Strengthen Corporate Governance

Years	Details of Initiatives
2010	Introduction of executive officer system
2012	Introduction of stock option plan for stock-based compensation for directors (excluding outside directors) and executive officers
2016	Start of evaluation of the effectiveness of the Board of Directors
2017	Term of office for directors changed from two years to one year
2019	Establishment of Nomination Committee and Compensation Committee
2020	Appointment of outside directors as chairpersons of the Nomination Committee and Compensation Committee
2021	Appointment of female outside directors
	Ratio of outside directors increased to more than one-third (4 outside directors out of 12 directors)
	Revision of executive compensation system (introduction of non-financial indicators as evaluation items)
2022	Disclosure of the skills matrix
	Transition to a holding company structure
	Ratio of outside directors increased to more than two-third (4 outside directors out of 6 directors)

Ratio of outside directors on the Board of Directors



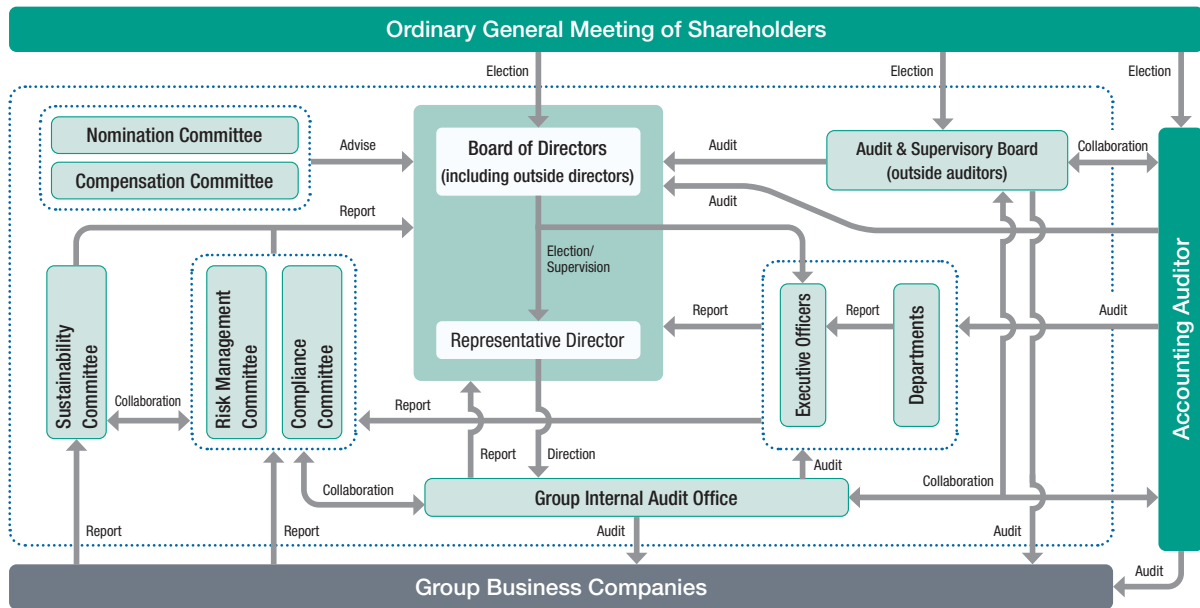
## Corporate Governance System

On October 1, 2022, the Group transitioned to a pure holding company structure with the intent of establishing a framework that will enable it to make quicker and more flexible management decisions, clarify profitability and business responsibilities for each segment, effectively utilize management resources, and further strengthen governance.

In addition to prudent and swift decision making by the Board

of Directors, the MIRARTH HOLDINGS Group has built a system to ensure management proprieties. This includes appropriate mutual supervision by directors over the state of business execution, and audit and supervision by auditors over directors’ state of business execution. We also introduced an executive officer system to clarify the management supervisory roles of directors and the business execution responsibilities of executive officers.

Corporate governance system (as of June 23, 2023)



**Board of Directors**

The Company has appointed six directors, four of whom are outside directors. All four outside directors have been designated as independent officers. In principle, the Board of Directors' meetings are held once a month, and also on an extraordinary basis as required to ensure that decisions are made prudently and promptly, and that directors mutually supervise the status of business execution.

Auditors are always in attendance at the Board of Directors' meetings and state their opinions as necessary. At the same time, auditors work closely with outside directors and, as necessary, audit and oversee the running of the Board of Directors' meetings

and the status of business execution. Also in attendance at the Board of Directors' meetings are executive officers, the head of the Group Internal Audit Office, and the heads of other departments, who have received requests from the Board of Directors based on internal regulations, and express their opinions on each issue or reporting matter.

The Company holds a Group Executive Committee once a month to enhance the accurate decision-making process by holding preliminary deliberations and discussions on important plans and implementation proposals related to Group management policies, management strategies, and Group management.

**Items discussed by the Board of Directors as key management issues**

- In formulating our management strategy, we undertook the election of managers in the HD system to clarify management responsibilities. We are also actively exchanging views on wage base pay increases as an investment in human resources.
- As part of the implementation of our management strategy, we made appropriate decisions on business execution, such as the sale of existing assets in preparation for the early transition to an HD structure, and executed investments and loans and debt guarantees, as appropriate, taking into account the financial condition of each Group company.
- As a result of the assessment of the effectiveness of the Board of Directors in the fiscal year ended March 2021, the committee discussed future initiatives such as enhancing discussions on the Group-wide crisis management system and management strategies, including investment in human capital, as well as reflecting the views of shareholders and other investors.

**Audit & Supervisory Board**

As a system for the check and balance of decision making, all three auditors of the Company are outside corporate auditors. Each auditor is equipped with adequate background, experience, and mettle to objectively carry out assessments and verifications. Besides audits for the Company, the auditors are also involved in audits for affiliated companies, such as attending their board meetings and interviewing their directors, maintaining firm relationships with these companies. Furthermore, the auditors and the accounting auditor work to further improve the effectiveness and efficiency of audits by understanding and adjusting each other's annual schedules; going together to events such as onsite inspections and checks on model rooms, and exchanging information as appropriate.

**Group Internal Audit Office**

The Company also established guidelines on internal audits and established a Group Internal Audit Office as an independent organization reporting directly to the representative director to enhance and strengthen internal audits. In the proposal and execution of the internal audit plan, the office coordinates the schedules of auditors and the Accounting Auditor and adjusts the scopes of audits to seek efficient operation of various functions. Auditors accompany and witness operation audits conducted by the Group Internal Audit Office, and work on building an effective and efficient audit system by verifying the scope of the audit and collecting opinions as appropriate.

## Corporate Governance

### Director's skills matrix (as of June 23, 2023)

Name	Position	Corporate Management	Finance/Accounting	Legal/Risk Management	Sales/Marketing	Personnel and Labor Management	IT	Global Business	Nomination Committee	Compensation Committee
Kazuichi Shimada	Representative Director, Group CEO, Group COO and President Executive Officer	●	●	●	●	●		●	●	●
Masashi Yamamoto	Director, Group CFO and Managing Executive Officer		●	●		●				
Kenji Kawada	Outside Director	●	●	●		●	●		Chairperson	●
Chiaki Tsuji	Outside Director			●				●	●	●
Keiko Yamahira	Outside Director	●	●	●	●	●			●	Chairperson
Naohito Yamagishi	Outside Director			●		●			●	●

\* Director is considered to have a particular "strength" are marked with "●"

### Nomination Committee and Compensation Committee

In order to increase the objectivity and transparency in decision-making processes relating to personnel appointments and compensation of directors and others, and to further enhance and reinforce corporate governance structures, the Company established the Nomination Committee and Compensation Committee as voluntary advisory bodies.

Both committees are comprised of three or more directors selected by resolution of the Board of Directors, of which a majority are independent outside directors, thereby providing appropriate opportunities for outside directors to participate and give advice. The committees deliberate and submit reports primarily on the matters listed on the right based on advice from directors.

The Nomination Committee's specific considerations for fiscal 2022 included the development and selection of successors for CEO and others, and made recommendations to the Board of Directors regarding the appointment and dismissal of executives.

The Compensation Committee's specific considerations for fiscal 2022 included the ongoing examination of the executive compensation system. We have decided on the compensation of our directors and executive officers based on a comprehensive consideration of factors such as business performance, potential risks, and the degree of progress in the Medium-Term Management Plan.

#### [Nomination Committee]

- (1) Matters relating to the composition and balance of the Board of Directors
- (2) Matters relating to the election and dismissal of directors
- (3) Matters concerning the election and dismissal of representative directors and executive officers
- (4) Matters concerning criteria for determining the independence of outside directors
- (5) Matters related to succession planning

#### [Compensation Committee]

- (1) Matters relating to compensation of directors and executive officers
- (2) Matters relating to basic policies and criteria on compensation of directors and others
- (3) Other matters referred to the Compensation Committee by the Board of Directors

## About Skills Required of Directors and Training

The Company believes that it is essential to have a structure that ensures diversity in an appropriate size by having a balanced system of knowledge/experience/ability for directors to effectively fulfill their roles/and responsibilities. Candidates for directors are those who are excellent in character and insight, have achieved a track record in their previously assigned duties, are familiar with

corporate management, or are highly specialized. Moreover, we conduct training for directors and Audit & Supervisory Board members on a regular basis. For Audit & Supervisory Board members, we continuously participate in external seminars and study meetings to acquire and update the knowledge required of directors.

### Reasons for nominations of outside directors and frequency of attendance at Board of Directors' meetings

Name	Position	Reason for Nomination	Attendance at Board of Directors' Meetings for FY2022
Kenji Kawada	Outside Director	Mr. Kawada was nominated for his involvement in the management of financial institutions and business firms, his wealth of experience and achievements regarding management, and his possession of extensive knowledge and insight.	19/19
Chiaki Tsuji	Outside Director	Ms. Tsuji was nominated for her international work as a lawyer in Japan and Germany, her high level of insight, extensive expertise, and wealth of experience and achievements.	19/19
Keiko Yamahira	Outside Director	Ms. Yamahira was nominated for her many years of involvement in management in the real estate industry, as well as for her wealth of experience and her extensive insight in management.	18/19
Naohito Yamagishi	Outside Director	Mr. Yamagishi was nominated for his expertise and extensive experience developed over many years in the National Police Agency as well as his occupational track record and experience at the Ministry of Construction (currently Ministry of Land, Infrastructure Transport and Tourism).	15/15

## Evaluating the Effectiveness of the Board of Directors

### Overview

In order to improve the functionality of the Board of Directors, the Company conducts an anonymous questionnaire of all directors and Audit & Supervisory Board members, including outside directors, with the help of outside consulting organizations, and analyzes and evaluates the effectiveness of the Board of Directors. Moreover, since the

fiscal period ended March 31, 2023, the Company has improved the evaluation method by conducting interviews of all directors and some of the Audit & Supervisory Board members based on the results of the questionnaire. The analysis and evaluation process and evaluation results for the fiscal year ended March 31, 2023, and the action plan for the fiscal year ending March 31, 2024, are as follows.

### Analysis and evaluation process



Evaluation Items (52 questions in total)
(1) Composition of the Board of Directors (size and diversity)
(2) Operation of the Board of Directors (deliberation items, frequency of meetings, agenda materials, free and active discussion, deliberation time, etc.)
(3) Discussion and monitoring functions of the Board of Directors (formulation of management strategies with an awareness of profitability, capital efficiency, etc., establishment of a system to realize DX promotion and appropriate supervision, human resource strategies, and initiatives to improve sustainability)
(4) Support system for directors and corporate auditors (personnel system and provision of training opportunities to support their activities)

### Evaluation results for the year ended March 31, 2023 and initiatives for the year ending March 31, 2024

<p><b>Evaluation results for the fiscal year ended March 31, 2022</b></p>	<p>The results of the questionnaire were generally positive, confirming that the effectiveness of the Board of Directors as a whole has been secured, in line with the initiatives implemented in the fiscal year ended March 31, 2022.</p> <ul style="list-style-type: none"> <li>As a result of earlier distribution of advance materials and advance explanations, the evaluation of this item improved significantly.</li> <li>While it was noted that the number of opinions from internal directors has increased, it was also pointed out that more free and vigorous discussion is needed.</li> <li>The Company was highly evaluated as appropriately overseeing efforts to implement the DX.</li> </ul>
<p><b>Initiatives for the fiscal year ended March 31, 2023</b></p>	<ul style="list-style-type: none"> <li>Broadly revised the composition of the Board of Directors so that outside directors now account for more than half of the Board, with two internal directors and four outside directors.</li> <li>As far as investments in human capital are concerned, considered a personnel system, training plans, and specialist position recruitment following the transition to a holding company structure, and proposed and advanced measures founded on "well-being."</li> <li>Formulated a succession plan framework.</li> </ul>
<p><b>Evaluation results for the fiscal year ended March 31, 2023</b></p>	<p>Although the evaluation is considered to lack continuity due to the transition to a holding company structure in October 2022, the results of the most recent questionnaire also confirm that the Board of Directors functions effectively.</p> <ul style="list-style-type: none"> <li>While recognizing that a framework to control and manage the entire Group as a holding company was in place, the point was made that control remained insufficient in real terms.</li> <li>Despite a positive evaluation of open discussions among each committee regarding risk management, sustainability, and other agenda items, further clarifying the points at issue for Board of Director agenda items has become an issue.</li> <li>In addition to receiving a fairly positive evaluation regarding succession plan formulation, there were calls to execute this plan at an early stage, as well as to implement plans for executives at Group companies.</li> </ul>
<p><b>Initiatives for the fiscal year ending March 31, 2024</b></p>	<p>Based on the results, the Board of Directors evaluated and analyzed the results, and exchanged opinions on issues and future initiatives to improve the effectiveness of the Board of Directors.</p> <p>As a result, it was recognized that future issues to be addressed include the format of the Board of Directors and Group governance following the transition to a holding company structure. Moreover, enhancing discussions on the Group's overall crisis management system and management strategy, including investment in human capital, was once again raised as an issue. In response to this issue, the Company will consider improving regulations so that operations of the Board come to focus on the supervisory function as initially intended.</p>



## Executive Compensation

### Basic policy

Directors' compensation is determined based on advice from the Compensation Committee, a voluntary advisory body, within the scope of the resolution passed at the General Meeting of Shareholders, following a comprehensive review of performance, underlying risks, degree of responsibility for Group management, and degree of progress under the Medium-Term Management Plan. For executive directors, a fixed ratio of compensation will be linked to performance and the degree of contribution made by each director, so that it will function as an incentive to achieve sustainable growth and serves the purpose of linking to sound, effective, and stable management as an ongoing concern.

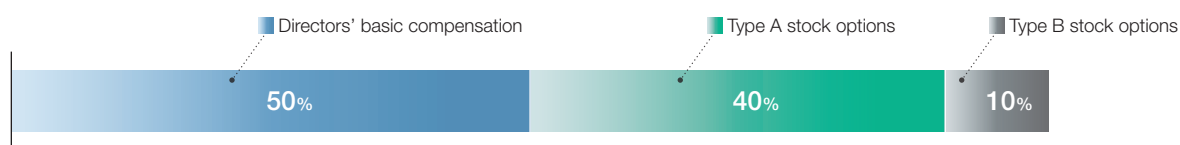
The specific basic policy regarding executive directors' compensation is as follows.

- Contributing to increasing the corporate value of the Company
- A level and a structure of compensation that enables the retention of high-quality human resources
- Designed to reflect the Company's medium- to long-term management strategies and motivating executive directors to achieve it
- Giving transparency, fairness and reasonableness to shareholders, employees, and other stakeholders and determined through an appropriate process to ensure transparency, fairness and reasonableness
- Determined based on a compensation structure that is designed to include base compensation, linkage with individual evaluation and results

### Policy and method of determining and calculating compensation

Types of compensation	Overview
Basic compensation (monetary compensation)	<p>The following five items "P.C.F.P.A." are evaluated on a five-point scale according to the degree of achievement for each fiscal year, taking into overall consideration the position, responsibilities, years in office, industry standards, and the standards of other companies.</p> <ul style="list-style-type: none"> <li>• Performance: results in the division for which each director is responsible</li> <li>• Compliance: legal compliance, morals, etc.</li> <li>• Foresight: the ability to assess and analyze the situation, the ability to prepare business plans</li> <li>• Physical: the ability to promote business</li> <li>• Affinity: the ability to build relationships</li> </ul>
Performance-based compensation (stock compensation-type stock options)	<ul style="list-style-type: none"> <li>• In principle, stock options are issued if the performance targets in a fiscal year are achieved.</li> <li>• Performance indicators are set each year and reviewed in response to changes in the environment as needed.</li> <li>• Type A stock options exercisable after a certain period of time and Type B stock options exercisable upon retirement are granted.</li> </ul>

### Composition of Directors' compensation



### Total amount of compensation of directors and corporate auditors (as of March 31, 2023)

Position	Total compensation (Millions of yen)	Total amount by compensation type (Millions of yen)				Number of recipients
		Basic compensation	Stock options	Bonuses	Retirement benefits	
Directors (of which, outside directors)	572 (40)	288 (40)	284 (—)	—	—	13 (5)
Auditors (of which, outside auditors)	25 (25)	25 (25)	—	—	—	3 (3)
Total (of which, outside directors and outside auditors)	597 (66)	313 (66)	284 (—)	—	—	16 (8)

(Notes) 1. The amount paid to directors does not include the employee salaries of directors concurrently serving as employees.

2. Stock options are the amount recorded as an expense in the fiscal year related to the allocated stock acquisition rights, and are received by seven directors.

# Board of Directors, Auditors and Executive Officers (As of June 2023)

## Directors



**Kazuichi Shimada**

Representative Director, Group CEO, Group COO and President Executive Officer

May 1987 Joined Takara Komuten Co., Ltd. (currently MIRARTH HOLDINGS, Inc.)  
 Jun. 2006 Representative Director, Executive Vice President, and General Manager of Development Division  
 Apr. 2014 Representative Director, President, Chief Executive Officer (CEO), Chief Operating Officer (COO), and Chief Financial Officer (CFO)  
 Jun. 2019 Representative Director, Chief Executive Officer (CEO), and President Executive Officer  
 Oct. 2022 Representative Director, Group CEO, Group COO and President Executive Officer (to present)



**Masashi Yamamoto**

Director, Group CFO and Managing Executive Officer  
 (in charge of Group Finance Department, Group Accounting Department and Group Corporate Planning Department)

May 2016 Joined Takara Leben Co., Ltd. (currently MIRARTH HOLDINGS, Inc.)  
 General Manager of General Affairs Department, General Planning Division  
 Jun. 2017 Director, Executive Officer, General Manager of General Planning Division, Senior General Manager of Corporate Planning Department, General Manager of Human Resources Department, and General Manager of Corporate Planning Department  
 Apr. 2021 Director, Chief Financial Officer (CFO), Managing Executive Officer, General Manager of Administration Headquarters  
 Oct. 2022 Director, Group CFO, Managing Executive Officer and Executive General Manager of Corporate Planning Headquarters  
 Apr. 2023 Director, Group CFO and Managing Executive Officer (in charge of Group Finance Department, Group Accounting Department and Group Corporate Planning Department) (to present)



**Kenji Kawada**

Director (Outside Director)

May 2003 Representative Director and President, Resona Holdings, Inc.  
 Jan. 2016 Representative, TMA KAWADA OFFICE (to present)  
 Jun. 2017 Outside Director, PE&HR Co., Ltd. (to present), Outside Director, Takara Leben Co., Ltd. (currently MIRARTH HOLDINGS, Inc.) (to present)  
 Jun. 2018 Outside Auditor, Konishi Co., Ltd.  
 Jun. 2021 Outside Director (Audit and Supervisory Committee Member), Konishi Co., Ltd. (to present)  
 Sep. 2022 Director, METRIKA Co., Ltd. (to present)



**Chiaki Tsuji**

Director (Outside Director)

Oct. 1976 Passed the bar examination  
 Apr. 1979 Registered as lawyer with the Tokyo Bar Association  
 Oct. 1990 Qualified as lawyer in Germany (Japanese law)  
 Apr. 1993 Lecturer, Bunka Women's University (currently Bunka Gakuen University)  
 Jul. 2001 Opened Yoshioka & Tsuji Law Office as partner lawyer  
 Apr. 2004 Professor, Department of Law, Graduate School, Yamanashi Gakuin University  
 Jun. 2017 Outside Director (Audit and Supervisory Committee Member), Yorozu Corporation (to present)  
 Jun. 2019 Outside Director, Keihin Corporation (currently Hitachi Astemo, Ltd.)  
 Jul. 2019 Partner Lawyer, Kinor Tokyo Law Office (to present)  
 Jun. 2021 Outside Director, Takara Leben Co., Ltd. (currently MIRARTH HOLDINGS, Inc.) (to present)  
 Jun. 2022 External Audit and Supervisory Board Member, Morioku Holdings Company, Ltd. (to present)



**Keiko Yamahira**

Director (Outside Director)

Apr. 1983 Joined Kubota House Co. Ltd. (currently Sanyo Homes Corporation)  
 Jun. 2011 Director and Managing Director/Executive Officer, Sanyo Homes Corporation  
 Jun. 2012 Director, Sanyo Reform Co., Ltd. (concurrent)  
 Jun. 2013 Director, Senior Managing Director, and Executive Officer, Sanyo Homes Corporation  
 Jun. 2015 Director, President, and Executive Officer, Sanyo Homes Corporation  
 Apr. 2017 Representative Director and Chairman, Sanyo Homes Community Corporation  
 Jun. 2019 Outside Director, Joshin Denki Co., Ltd. (to present), Outside Director, Fujitex Co., Ltd.  
 Jun. 2021 Outside Director, Takara Leben Co., Ltd. (currently MIRARTH HOLDINGS, Inc.) (to present)  
 Jun. 2022 Outside Director, Shinagawa Refractories Co., Ltd. (to present)



**Naohito Yamagishi**

Director (Outside Director)

Apr. 1986 Joined the National Police Agency  
 Aug. 1994 Assistant Director, Road Policy Division, Bureau of Public Roads, Ministry of Construction (currently Ministry of Land, Infrastructure, Transport and Tourism)  
 Aug. 2010 Chief, Wakayama Prefectural Police Headquarters  
 Aug. 2013 Director, Driver's License Division, Traffic Bureau, National Police Agency  
 Jun. 2014 Deputy Director of the Imperial Guard Headquarters  
 Feb. 2016 Chief, Niigata Prefectural Police Headquarters  
 Mar. 2018 Director, International Police Center, National Police Academy and Deputy Director-General, National Police Agency (in charge of care for victims of crimes)  
 Jan. 2019 Chief, Hokkaido Prefectural Police Headquarters  
 Aug. 2020 Resigned  
 Jan. 2021 Advisor, Mitsui Sumitomo Insurance Co., Ltd.  
 Jun. 2022 Outside Director, Takara Leben Co., Ltd. (currently MIRARTH HOLDINGS, Inc.) (to present)  
 May 2023 Senior Executive Director, Japan Contractors Association of Traffic Signs and Lane Markings (to present)  
 Jun. 2023 Auditor, UTMS Society of Japan (part-time) (to present)

## Auditors

**Makoto Endo**

Outside Full-time Auditor

**Yuko Miura**

Outside Full-time Auditor

**Asami Honma**

Outside Part-time Auditor

## Executive Officers

**Shoichi Akisawa**

**Yoshitaka Tejima**

**Masahiro Yoshida**

**Tadayuki Hara**

**Hiroshi Iwamoto**

**Mika Takaara**

**Kentaro Taniguchi**

**Norihiko Yoshimura**

**Go Yamaji**

Group CRO, General Manager of Group Human Resources Strategy Department and Office Manager of President's Office

**Noriyoshi Iseki**

General Manager of Group DX and VX Strategy Department



**Kazuichi Shimada**  
Representative Director, Group CEO,  
Group COO and President Executive Officer



**Kenji Kawada**  
Director (Outside Director)

## What is the current state of governance in the MIRARTH HOLDINGS Group and what is your assessment of its evolution to date?

**Shimada** I think there are many areas where the MIRARTH HOLDINGS Group's governance needs to be strengthened further. Previously, we had worked to enhance governance of Takara Leben as a single operating company, but with the transition to a holding company structure in October 2022, we clarified management responsibilities for each business portfolio. Through restructuring, we aim to improve the efficiency of Group management, set a direction for the development of each business, and raise the awareness of each director.



**Kawada** The recent restructuring was a landmark reorganization that lays out a vision for Group management going forward. Looking back at the changes that have taken place since I became an outside director in 2017, I have

seen considerable efforts to strengthen governance.

**Shimada** As the Group expands in the years to come, we intend to implement stronger forward-looking governance. From your vantage point as an outside director, how do you feel in particular about the changes in governance?

**Kawada** There has always been an atmosphere conducive to free and vigorous discussion, but I think that previously many of the topics discussed were about individual business promotion. Currently, outside directors are aware that they play a role in providing positive stimulus to the organization by using their respective expertise to weigh in on themes for solving social issues and pursuing the ideal form of corporate governance. From their own perspectives, outside directors freely express their opinions on social and environmental issues faced by the MIRARTH HOLDINGS Group and its responses to changing business conditions, while asking questions and making proposals about the establishment of internal control systems. I think it has been difficult for internal directors who have carried out the duties invested in them, as more things must be considered and discussions have become more in-depth. I get the sense that the stimulus that outside directors provide is enabling internal directors and the Board of Directors as whole to grow.

# ment Design Company

## What kind of discussions did the Board of Directors have before setting the vision of becoming a Future Environment Design Company?

**Kawada** The restructuring was a critical decision made by top management amid increasing Group earnings. As any company's business portfolio becomes more diversified, directors increasingly tend to focus on their own mandates. If this goes too far, discussions that examine the entire group are lacking, leading to a dysfunctional Board of Directors.

**Shimada** I agree. To avoid this, we decided to restructure the Group in an effort to advance beyond the Takara Leben brand—which we have expanded and disseminated to date—to become a company that can contribute to social issues in more creative ways. MIRARTH is a combination of the words Mirai (future in Japanese) and Earth. This new company name embodies the Company's will to evolve into a company that makes a happier future for the Earth and its people by contributing to all communities everywhere. In order to spread this management vision Group-wide, steps were taken to redefine the MIRARTH HOLDINGS Group's purpose (Our Purpose) and values (Our Values), while the Board of Directors spent time discussing how to incorporate these ideas into each department.

**Kawada** You are referring to MIRARTH HOLDINGS' purpose, to design sustainable environments for a happier future for both people and our planet. The decision to adopt a holding company structure clearly expresses this mission to each Group company. Presenting a grand design throughout the Company is a management priority, and in that sense, I am confident that you have the management sensitivity to accomplish this. Outside directors have provided advice and recommendations on how to crystalize and incorporate the MIRARTH HOLDINGS Group's purpose and values.

**Shimada** I think that the discussions during Board meetings led to everyone's satisfaction, as each director gained

an understanding of the issues that need to be resolved. These discussions also helped us to formulate a corporate vision for Group companies. From top management of each company down to employees, we want to instill the Group's purpose and values so that they can work freely and rewardingly.

**Kawada** It is worth noting that we have also clearly presented a vision for each Group company. In doing so, I believe that we have laid the foundation for strengthening and evolving the governance of each Group company and for the entire Group based on the newly defined purpose, values, and vision. It was the perfect time for each operating company to reaffirm its role and make a fresh start. Now, we are about to enter a crucial phase.

**Shimada** Exactly. In order to realize our vision, we are currently engaging in discussions with the Group Corporate Planning Department about a growth story that extends to financial areas. Corporate Planning presented the story to the Board of Directors, which has begun considering and discussing how the directors of each Group company can contribute to the overall growth story of the MIRARTH HOLDINGS Group.



## What skills do directors need and what challenges do you face toward realizing the vision?

**Shimada** Directors of the holding company and Group companies need to enhance both their practical skills honed in pursuing each company's operations and their

managerial skills to maximize performance. This is the most important means to enable growth of the Group. To this end, each director must also be strongly motivated to





achieve the set goals, with an emphasis on further self-improvement and training as an entrepreneur, as well as on compliance. This is what we expect of all directors. We also expect each director to maximize the strengths of employees as they carry out their duties and support their individual growth.

**Kawada** It is often said that a company never grows beyond its top management. This is a wise saying, and directors play an important role in encouraging

self-improvement and leading the organization. In terms of corporate culture, I believe that the formation of a learning organization is essential for corporate growth, and we should take the initiative and challenge ourselves. The most important duty of directors is to put the Company on a growth trajectory, and it is their mission as entrepreneurs to improve and implement what one has learned on the job.

**Shimada** Adopting a holding company structure has significantly changed the composition of MIRARTH Holdings' Board of Directors, with outside directors now accounting for 67% of the Board. As the Company's business domains expand, directors are required to have a wide range of skills and incorporate highly specialized opinions from third-party perspectives to strengthen governance. I intend to make further use of the knowledge that outside directors possess.

**Kawada** The Board of Directors has changed a lot with the current crop of outside directors. Outside directors play an active role in Board meetings since they read and fully grasp preliminary explanatory materials beforehand. I think the variety of opinions expressed has helped the Board's decision-making.

## What is your assessment of the MIRARTH HOLDINGS Group's human resources initiatives and what challenges do you see going forward?

**Shimada** At the MIRARTH HOLDINGS Group, we view employees as human assets. We provide training opportunities at all levels as well as on-the-job training of course. The entire management team is focused on improving themselves, and I feel that younger employees are highly motivated to study. In addition, I hope that providing employees with opportunities to challenge themselves in a variety of positions will enable them to take the initiative to develop and advance their careers within the Group to grow as employees.

**Kawada** On the other hand, I see issues with a lack of human resources capable of handling the energy and asset management businesses, which are poised to become the second and third pillars of the MIRARTH HOLDINGS Group, even with its focus on real estate. Just because one has worked at an electric utility company does not mean

one can operate an energy business, and there is a shortage of talent in the energy industry as a whole. We need people who have an overarching grasp of energy policy.

**Shimada** In particular, to seize business opportunities, we intend to actively secure personnel with knowledge of biomass power generation, not only through in-house training, but also through mid-career hires externally. We will also focus on operating human resources systems that reward those who work hard and achieve results.

In order for our employees to grow, we need a corporate culture that is upbeat and open to discussion. Behavioral economist Daniel Kahneman said people learn best when they recognize that they do not know what they do not know. We encourage employee growth by fostering a culture of openly telling people what they do not know and asking them to tell us what they do not know.



**Kawada** While it is a given that people acquire experience and knowledge on the job, the key to carrying out one's duties naturally is to look beyond logic and focus on one's emotional state as a means of becoming more satisfied. Athletes and sports teams are said to be in the zone when they are in a state of peak performance. Ideally, organizations should be in the zone. This requires all employees, starting with directors, to be mindful, while human resource development efforts must be further brushed up.

**Shimada** Another important thing is education that focuses on people's emotions. This is known as employee happiness (EH), and I think the challenge is to raise the level of emotional satisfaction of all employees including managers. Promoting women empowerment in the workforce must also be raised. The percentage of women in management is not that high, so we are still a long way from having an internal female director. Rather than forcing an increase, I would like to encourage women's participation with the hope that the number will



increase naturally over the long term.

**Kawada** There are many talented female managers out there getting things done, so having an internal female director may not be that far off.

## Finally, what should the MIRARTH HOLDINGS Group do to sustain growth for the next 50 to 100 years?

**Shimada** We must make efforts that all stakeholders agree with to build a sustainable corporate organization. To start, we must complete our Medium-Term Management Plan through fiscal 2024, but we will also take on the challenge of resolving practical issues through such measures as ESG initiatives and DX promotion rather than merely paying them lip service. Taking on the challenge of solving management and social issues will also generate new businesses. We will ceaselessly dare to enter new business fields and foster a corporate culture that embraces challenges but also tolerates failures along the way.

**Kawada** I consider you to be a perceptive manager. Such a manager makes and implements decisions in a deeply insightful manner that transcends knowledge of business management and corporate governance theory.

Mastery of these theories is essential, but it is not the only way to manage a business. Sensitivity is required. For the sustainable growth of the MIRARTH HOLDINGS Group, we share the management philosophy of raising the

expectations and satisfaction of all stakeholders as we move forward together.

**Shimada** Thank you very much for your reassuring words. Work should be fun, and I want to work with the diverse array of people in our organization to foster a sense of excitement when starting something new, which means creating a MIRARTH team.

Toward realizing the sustainable growth of the MIRARTH HOLDINGS Group, Team MIRARTH will continue its efforts to raise the expectations and satisfaction of all stakeholders based on the Group's purpose and values.

## Compliance Basic Policy

The basic policy stipulates that in order to fulfill our corporate social responsibility, all organizations, officers, and employees of the MIRARTH HOLDINGS Group shall comply with laws, regulations, and social norms, as well as separately established ethics rules and shall strive to serve as an example for society.

## Internal Whistle-Blowing System (Helpline)

The MIRARTH HOLDINGS Group has established an internal whistle-blowing system (helpline) to accept requests for consultations and receive reports relating to issues such as harassment and compliance violations. As an external point of contact for whistle-blowing, we outsource responses to inquiries to a law firm, with which the Group has not conducted business, and have established an independent internal consultation desk that directs inquiries to the corporate auditors; anonymous reporting is also possible. In addition to having introduced a mechanism whereby directors involved in the content of consultations and reports are not contacted, we are reinforcing the protection of

reporting individuals, the subjects of reports, persons who cooperate with investigations, and others by thoroughly implementing measures to prevent the parties concerned from suffering disadvantages due to having made a report. We are working to strengthen compliance management through the early detection and rectification of improper conduct and other issues.



Pocket-size card

## Raising Employee Awareness

The Company strives to create a corporate culture of legal and regulatory compliance and respect for human rights by administering compliance education on a variety of themes to its employees and preparing a range of manuals.

### Personal information protection

Considering the protection of personal information to be part of our CSR, we have established a management system to protect such information in an appropriate manner. In addition to having created a personal information protection manual so that all employees are able to handle personal information appropriately while carrying out their business duties, we distribute a personal information usage and protection handbook, and make all employees thoroughly aware of basic knowledge and rules. We also provide internal training led by instructors that are legal experts.

### Preventing unfair business dealings

We actively carry out specialized training to ensure that all transactions with customers are fair. The training, which addresses conflicts of interest, aims to ensure that basic

principles are thoroughly implemented and introduces numerous case examples to expand the knowledge of attendees. Furthermore, we strive to foster greater understanding of laws such as the Real Estate Brokerage Act, the Consumer Contract Act, and the Act against Unjustifiable Premiums and Misleading Representations.

### Harassment prevention

The Company conducts ongoing employee training to ensure that each and every employee is aware of harassment and to create a corporate culture that prevents harassment. In harassment training, which is mainly for managers, we aim to instill the basic concepts and specific actions needed to eliminate harassment. In addition, we are actively holding online training sessions, including managers of Group companies, and promoting the creation of a Group-wide culture that does not tolerate harassment.

## Dealing with Anti-Social Forces

The MIRARTH HOLDINGS Group's basic policy against anti-social forces is to adopt a firm stance in dealing with them. In addition to actively participating in activities to eliminate organized crime under the guidance of our legal advisor, we collaborate with external specialized agencies, such as local police stations and legal advisors, to establish

a system to deal with anti-social forces. With regard to our trading partners, we are also thoroughly implementing measures for the elimination of anti-social forces through steps such as exchanging memoranda on severing ties with such forces and including clauses on their elimination in our various contracts and agreements.

# Risk Management

## Risk Management Basic Policy

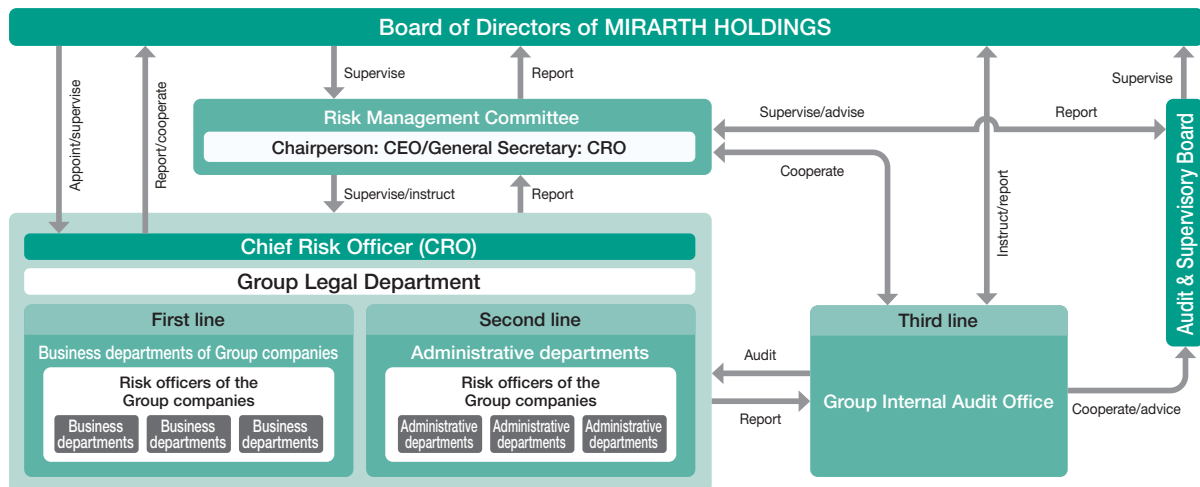
The fundamental risk management policies of the MIRARTH HOLDINGS Group are to ensure the safety of customers, business partners, officers, employees, and their family members, fulfill our social responsibilities, protect the global environment, maintain ongoing business activities, and raise corporate value. To this end, we identify and manage individual risks. We have established the Risk Management Committee to carry out these measures, and we have implemented comprehensive risk management throughout the Group.

## Risk Management System

The Company has set up the Risk Management Committee chaired by the President to examine and report on all risks related to overall management and to discuss or decide on measures and management to be implemented to avoid or reduce these risks. The Committee ensures that internal controls are strengthened and misconduct and lack of compliance in overall operations, including financial reporting, are prevented. In order for the Committee to develop and continuously improve the Group's risk management system, the Board of Directors appoints a Group CRO (Chief Risk Officer) from among the directors or executive

officers. Moreover, the Company has established a framework that allows the Committee to make proactive proposals in response to individual risk management by setting up Business Strategy, Finance, IT and Administration, and Compliance subcommittees as necessary. The contents of discussions at each subcommittee meeting are reported and verified by the Risk Management Committee as appropriate, and are reported to the Board of Directors according to the contents of the reports, thereby ensuring prompt decision making in the event of risk occurrence.

### Risk management system



## Preventive Approach to Risk

In order to respond promptly to the occurrence of emergency situations such as corporate scandals, accidents, natural disasters, administrative action, serious criminal conduct by employees, and so on, the MIRARTH HOLDINGS Group has established crisis management structures and adopted Crisis Management Rules and a Crisis Management Manual. The Crisis Management Rules define crises and specify procedures from initial responses to the formation and disbanding of response organizations. There are also two sets of detailed crisis control rules regarding crisis responses and disaster countermeasures. With regard to crisis responses, the Rules specify crisis management

levels, responsibilities and authority, and information-sharing lines, as well as responsive measures to be implemented as disaster countermeasures during a disaster.

Additionally, each division works with the division responsible for crisis management to formulate risk recovery and prevention plans and makes reports to the Risk Management Committee at its quarterly meetings. As a part of our business continuity planning (BCP), we adopt a preventive approach to risk management, including the preparation of manuals for the continuation and recovery of business operations in the event of an emergency situation.

# Eleven-Year Financial/Non-Financial Summary

## Financial Data

	2013.3	2014.3	2015.3	2016.3	2017.3
Net sales	¥64,907	¥71,963	¥76,956	¥76,268	¥103,599
Gross profit	14,378	18,199	18,311	17,835	21,869
Operating income	6,361	9,798	9,257	7,563	10,349
Ordinary income	5,792	9,181	8,540	6,708	9,496
Net income attributable to owners of parent	4,074	5,869	5,718	4,308	6,107
Cash flows from operating activities	875	22,996	(8,155)	2,428	22,644
Cash flows from investing activities	(1,590)	(4,567)	(7,998)	(19,816)	(27,540)
Cash flows from financing activities	1,229	(366)	6,314	19,663	6,129
Capital expenditure	1,658	4,163	8,095	22,756	20,814
Depreciation and amortization	356	437	717	1,192	2,397
Total assets	75,013	95,891	101,738	129,744	139,874
Current assets	55,932	72,524	67,319	75,753	86,585
Fixed assets	19,081	23,366	34,400	53,945	53,237
Net assets	24,147	27,138	31,189	33,677	36,792
Interest-bearing debt	35,096	37,765	48,812	70,396	79,864
<b>Per Share Information:</b>					
Net income per share (Yen)	33.61	50.64	50.61	38.99	56.14
Net assets per share (Yen)	201.90	237.53	279.11	304.71	339.29
Dividend per share (Yen)	15.0	5.0	6.0	13.0	15.0
<b>Operating Indices:</b>					
ROE (%)	18.0	22.9	19.7	13.3	17.4
ROA (%)	5.6	6.9	5.8	3.7	4.5
Operating income margin (%)	9.8	13.6	12.0	9.9	10.0
LTV (%)	46.8	39.4	48.0	54.3	57.1
D/E ratio (Times)	1.5	1.4	1.6	2.1	2.2
Debt ratio (Times)	2.1	2.5	2.3	2.9	2.8
Current ratio (%)	192.7	192.3	193.4	176.7	171.5
Inventory turnover (Times/Year)	2.0	2.1	2.2	2.0	2.3
Equity ratio (%)	32.2	28.2	30.6	25.8	26.2
Dividend payout ratio (%)	11.2	9.9	11.9	33.3	26.7

\* On July 1, 2013, the Company split its shares at a ratio of 1:4 for one common stock. Dividend per share for fiscal 2013 and fiscal 2014 are calculated, reflecting the effect of the stock split. Net income per share and net assets per share are also calculated based on figures after the stock split.

## Non-Financial Data

	2013.3	2014.3	2015.3	2016.3	2017.3
Number of employees	398	437	551	613	690
Male	323	348	426	455	496
Female	75	89	125	158	194
Percentage of female managers (%) <sup>*1</sup>	10.2	11.5	9.4	8.2	9.2
Percentage of employees with disabilities (%) <sup>*1</sup>	0.44	0.41	0.34	0.94	1.20

<sup>\*1</sup> Scope of calculation: Takara Leben

<sup>\*2</sup> On October 1, 2022, Takara Leben West Japan Co., Ltd. changed its company name to Takara Leben Co., Ltd. and merged with Takara Leben Tohoku Co., Ltd. Therefore, data aggregation is being conducted under the new organization.

(Millions of yen)

	2018.3	2019.3	2020.3	2021.3	2022.3	2023.3
	¥110,851	¥132,005	¥168,493	¥148,397	¥162,744	<b>¥153,472</b>
	25,779	26,886	30,516	29,928	33,117	<b>31,708</b>
	12,597	10,046	11,901	10,789	11,877	<b>7,030</b>
	11,792	9,027	11,201	9,933	10,258	<b>5,033</b>
	7,367	6,426	5,361	4,693	6,215	<b>4,584</b>
	9,869	22,428	47,708	26,330	23,189	<b>(722)</b>
	(34,463)	(34,347)	(32,136)	(25,090)	(27,871)	<b>(46,354)</b>
	24,012	3,427	(1,608)	2,654	(1,132)	<b>61,531</b>
	30,302	29,902	28,841	25,666	25,400	<b>20,837</b>
	1,943	2,447	2,031	1,803	2,838	<b>3,020</b>
	177,588	184,893	195,448	204,315	223,473	<b>341,669</b>
	102,931	98,512	115,314	125,686	142,625	<b>188,728</b>
	74,618	86,286	79,874	78,531	80,792	<b>152,884</b>
	42,907	47,734	51,139	54,632	59,601	<b>65,142</b>
	106,663	111,821	114,036	118,570	127,969	<b>227,385</b>
	68.12	59.33	49.45	43.22	57.10	<b>41.90</b>
	394.90	436.68	467.05	498.78	542.04	<b>558.95</b>
	16.0	16.0	19.0	14.0	18.0	<b>22.0</b>
	18.6	14.3	10.9	9.0	11.0	<b>7.6</b>
	4.6	3.5	2.8	2.3	2.9	<b>1.6</b>
	11.4	7.6	7.1	7.3	7.3	<b>4.6</b>
	60.1	60.5	58.3	58.0	57.3	<b>66.6</b>
	2.5	2.3	2.2	2.2	2.1	<b>3.5</b>
	3.1	2.9	2.8	2.7	2.7	<b>4.2</b>
	182.0	168.3	175.7	225.9	190.1	<b>116.4</b>
	1.9	1.9	2.4	2.1	2.0	<b>1.4</b>
	24.1	25.6	25.9	26.5	26.5	<b>18.0</b>
	23.5	27.0	38.4	32.4	31.5	<b>52.5</b>

	2018.3	2019.3	2020.3	2021.3	2022.3	2023.3*2
	789	892	973	1,061	1,200	<b>1,293</b>
	547	618	675	739	815	<b>867</b>
	242	274	298	322	385	<b>426</b>
	8.1	8.2	8.3	7.5	7.1	<b>11.0</b>
	1.09	2.19	2.06	1.98	2.70	<b>2.00</b>



# Corporate Data (As of March 31, 2023)

**Company name:** MIRARTH HOLDINGS, Inc.

\* Changed the company name from Takara Leben Co., Ltd. on October 1, 2022.

**Representative:** Kazuichi Shimada,  
Representative Director

**Established:** September 1972

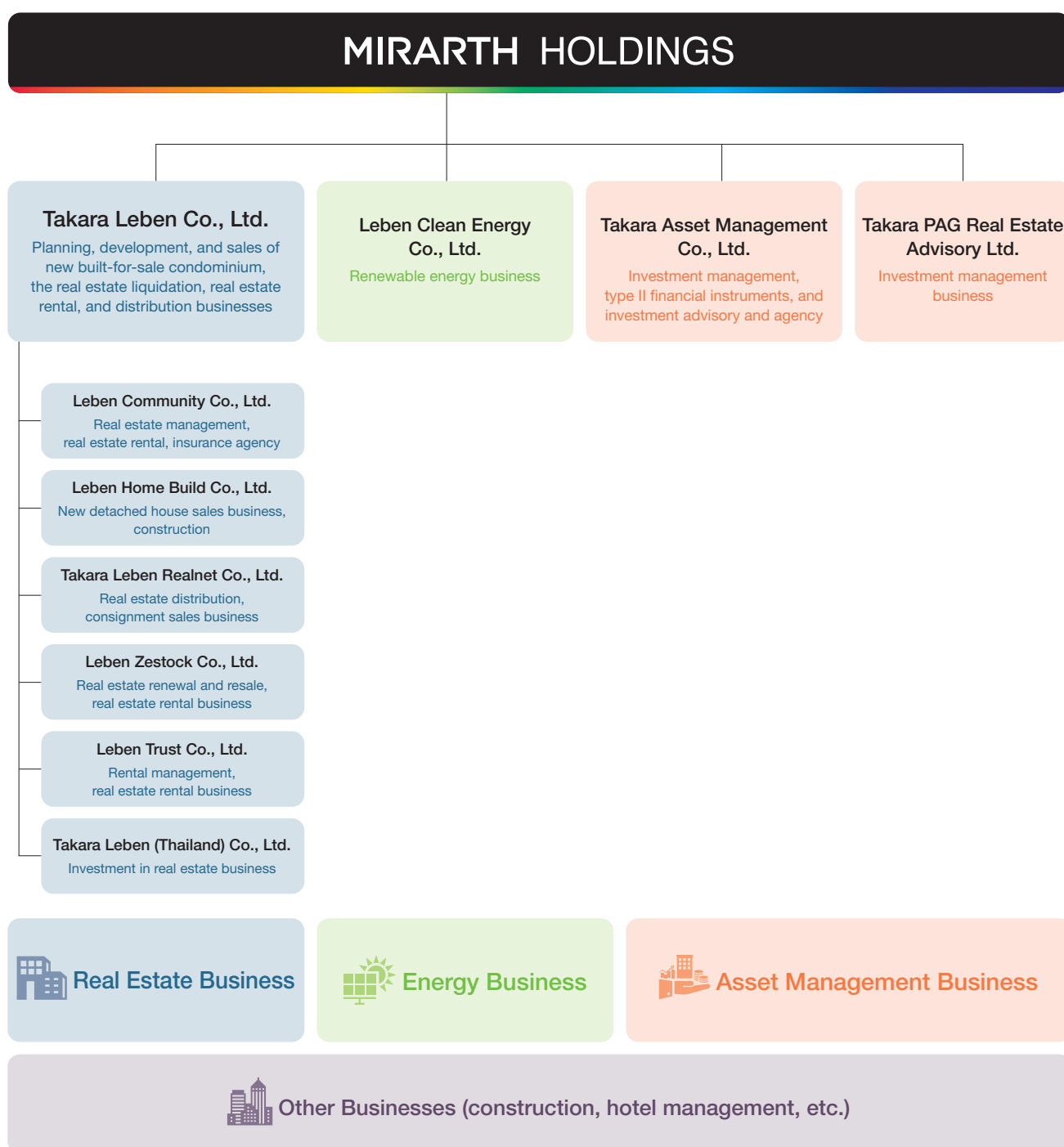
**Capital stock:** 4,819 million yen  
(As of March 31, 2023)

**Net sales:** 153,472 million yen  
(Fiscal year ended March 31, 2023,  
consolidated)

**No. of employees:** 1,293 (Male, 867; Female, 426)  
(As of March 31, 2023, consolidated)

**Head office:** TEKKO BUILDING 16F,  
1-8-2 Marunouchi, Chiyoda-ku,  
Tokyo, 100-0005, Japan  
TEL.: +81-3-6551-2125

## Main Operating Companies



# Stock Information

**Securities Code:** 8897

**Stock Exchange Listing:**

Prime Market, Tokyo Stock Exchange

**Shareholder Registry Administrator:**

Sumitomo Mitsui Trust Bank, Ltd. 1-4-1, Marunouchi, Chiyoda-ku, Tokyo

## Major Shareholders (Top 10)

(As of March 31, 2023)

Name of shareholder	Shares (Thousands)	Shareholding ratio (%)
General Incorporated Association Murayama Asset Management	22,133	18.29
The Master Trust Bank of Japan, Ltd. (Trust account)	12,128	10.02
MIRARTH HOLDINGS, Inc.	11,192	9.25
Yoshio Murayama	3,500	2.89
Custody Bank of Japan, Ltd. (Trust account)	3,288	2.72
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	2,039	1.69
Murayama Kikaku Co., Ltd.	2,000	1.65
RUDEN HOLDINGS Co., Ltd.	1,820	1.50
MSIP CLIENT SECURITIES	1,743	1.44
MIRARTH HOLDINGS Business Partner Shareholding Association	1,461	1.21

**Total Number of Shares Outstanding**

(As of March 31, 2023): 121,000,000 shares

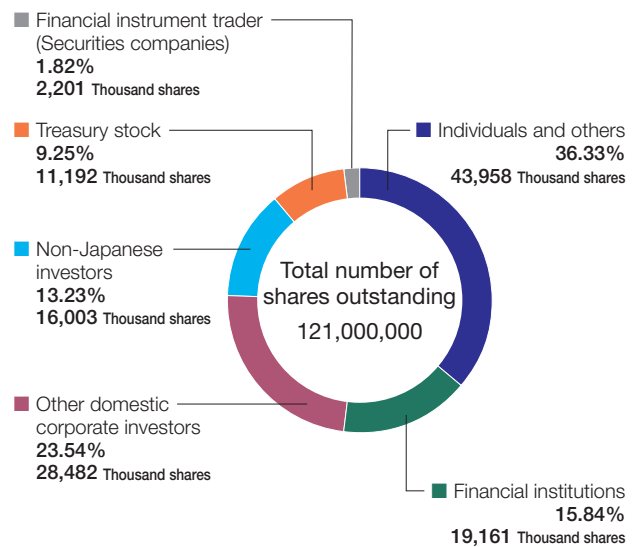
**Trading Unit of Shares:** 100 shares

**Number of Shareholders:**

(As of March 31, 2023): 57,978

## Number of Shares Held By Investor Segment

(As of March 31, 2023)



## Declaration of Authenticity

### Publication of the MIRARTH HOLDINGS, Inc. Integrated Report 2023



**Kensuke Suzuki**  
IR Officer

MIRARTH HOLDINGS, Inc. Integrated Report 2023 is the second integrated report issued by MIRARTH HOLDINGS, which is promoting transformation to realize its purpose and create lasting corporate value.

Providing an explanation of the revisions to the Medium-Term Management Plan announced in May 2023 and our medium- to long-term energy business strategy, the transformation of the Group's business model was also taken into consideration in the making of this report. To convey the vision of our Group as a "future environment design company" in an easy-to-understand manner, we have worked to further expand information from an integrated perspective, including non-financial information initiatives.

As the person with overall responsibility for producing this report, I hereby state that the processes used were appropriate and the information accurate.

We hope that this report will provide readers with a better understanding of the Group's value creation story and an opportunity to deepen dialogue in concert with our stakeholders. As we will be endeavoring to further expand and upgrade information disclosure in the years to come, we would like to convey our gratitude in anticipation of your ongoing support.

# MIRARTH

HOLDINGS, Inc.

## MIRARTH HOLDINGS, Inc.

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