

# Q1 (FY2023) Annual Securities Report

(First Quarter of the 51st Fiscal Year)

from April 1, 2022  
to June 30, 2022

Takara Leben Co., Ltd.

Tekko Building 16F 1-8-2, Marunouchi, Chiyoda-ku, Tokyo, Japan

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[Quarterly Review Report]

[Cover]

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[Submitted To]	Director-General of the Kanto Local Finance Bureau
[Date of submission]	August 10, 2022
[Quarterly Accounting Period]	First Quarter of the 51st Fiscal Year (from April 1, 2022 to June 30, 2022)
[Company name]	Takara Leben CO., LTD.
[Company Name in English]	Takara Leben CO., LTD.
[Representative]	Kazuichi Shimada, Representative Director, CEO and President Executive Officer
[Address of head office]	Tekko Building 16F 1-8-2, Marunouchi, Chiyoda-ku, Tokyo, Japan
[Telephone]	+81-3-6551-2130
[Contact]	Masashi Yamamoto, Director, CFO, Managing Executive Officer and Executive General Manager of Administration Headquarters
[Contact address]	Tekko Building 16F 1-8-2, Marunouchi, Chiyoda-ku, Tokyo, Japan
[Telephone]	+81-3-6551-2130
[Contact]	Masashi Yamamoto, Director, CFO, Managing Executive Officer and Executive General Manager of Administration Headquarters
[Place for public inspection]	Kitakanto branch of Takara Leben Co., Ltd. (4-4-1 Takasago, Urawa-ku, Saitama-shi, Saitama) Takara Leben Osaka Branch (4-2-16, Koraibashi, Chuo-ku, Osaka-shi, Osaka) Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

## Part I. [Company Information]

### I. [Company Overview]

#### 1. [Trends in Major Management Indicators, Etc.]

Fiscal term		50th fiscal year First Quarter Consolidated Cumulative period	51st fiscal period First Quarter Consolidated Cumulative period	50th fiscal year
Accounting period		from April 1, 2021 to June 30, 2021	from April 1, 2022 to June 30, 2022	from April 1, 2021 to March 31, 2022
Net sales	(Millions of yen)	18,337	28,325	162,744
Ordinary income (loss) ( $\Delta$ )	(Millions of yen)	$\Delta$ 1,271	398	10,258
Quarterly net loss ( $\Delta$ ) attributable to owners of parent or quarterly net income attributable to owners of parent	(Millions of yen)	$\Delta$ 1,080	206	6,215
Quarterly comprehensive income (loss)	(Millions of yen)	$\Delta$ 888	134	6,293
Net assets	(Millions of yen)	52,700	58,069	59,601
Total assets	(Millions of yen)	229,499	243,519	223,473
Quarterly Net Loss ( $\Delta$ ) per Share or Quarterly Net Income per Share	(Yen)	$\Delta$ 9.94	1.89	57.10
Quarterly (current term) net income per share (fully diluted)	(Yen)	-	1.88	56.69
Equity Ratio	(%)	22.8	23.7	26.5

(NOTE)1. We have prepared the quarterly consolidated financial statements, and accordingly, we have not provided a description of trends in major management indicators, etc. of the Company submitting the financial statements.

2. Diluted net income per share for the first quarter of the 50th fiscal year is not presented because the Company posted a loss per share, although there were dilutive shares.

3. The provisional accounting treatment for business combinations conducted in the first quarter of the previous fiscal year was finalized at the end of the previous fiscal year. The relevant major management indicators for the first quarter of the previous fiscal year are the amounts after reflecting a material revision to the initial allocation of the acquisition cost due to the finalization of the provisional accounting treatment.

#### 2. [Businesses]

There have been no material changes in the nature of the businesses operated by our group (we and our affiliates) during the first quarter of the fiscal year under review. There have also been no changes in major affiliated companies.

The Company has changed the classification of reportable segments from the first quarter of the fiscal year under review. The details are described in "IV Financial Information, 1. Quarterly Consolidated Financial Statements, Notes (Segment Information, etc.)."

## II. [Business Overview]

### 1. [Business Risks]

There have been no significant changes in the occurrence of new business or other risks or in the business and other risks described in the annual securities report for the previous fiscal year during the first quarter of the current fiscal year.

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

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

As the provisional accounting treatment for business combinations conducted in the first quarter of the previous fiscal year was finalized at the end of the previous fiscal year, comparisons and analyses with the same quarter of the previous fiscal year are based on amounts after reflecting significant revisions to the initial allocation of acquisition costs due to the finalization of the provisional accounting treatment.

#### (1) Management's discussion

In the first quarter of the current fiscal year, the outbreak of the new coronaviral contagious disease (COVID-19) was on a brisk trend, but continued to warrant vigilance due to its renewed expansion. The outlook for the global economy as a whole continues to be uncertain due to the effects of rapidly advancing financial market fluctuations and heightened geopolitical tensions caused by Russia's invasion of Ukraine, among other factors, on material prices.

In accordance with the "Notice of Changes in Business Segments" announced on March 14, 2022, the Group changed the classification of segments from the previous 5 business segments to 4 business segments from the first quarter of the current fiscal year. In addition, the results for the first quarter of the previous fiscal year in the discussion of each segment below have been reclassified in the new segments.

(Millions of yen)

Segment name	First quarter of the previous fiscal year		First quarter of the current fiscal year		Comparison	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Real Estate Business	14,930	△1,000	24,835	809	9,905	1,809
Energy Business	2,646	22	2,643	△163	△3	△186
Asset Management Business	200	52	250	73	50	21
Other Businesses	560	24	595	△122	35	△147
Total	18,337	△900	28,325	597	9,988	1,497

#### ① Operating Results by Segment

In the Real Estate Business, net sales in this business were 24,835 million yen (up 66.3% from the same period of the previous year) due to new built-for-sale condominiums, new detached house, renewal resale, liquidation, real estate rental, real estate management and real estate other etc.

In the Energy Business, net sales of the business were 2,643 million yen (0.1% down from the same quarter of the previous year) due to revenue from the sale of electricity generated by power generation facilities.

In the Asset Management Business, due to management fees and other factors, net sales in this business were 250 million yen (up 25.3% from the same quarter of the previous year).

Net sales of the other businesses were 595 million yen (6.3% up from the same quarter of the previous year) mainly due to construction subcontracting.

As a result, the business results for the first quarter of the fiscal year under review were net sales of 28,325 million yen (up 54.5% from the same quarter of the previous year), operating income of 597 million yen (operating loss of 900 million yen in the same quarter of the previous year), ordinary income of 398 million yen (ordinary loss of 1,271 million yen in the same quarter of the previous year), and net income attributable to owners of parent of 206 million yen (net loss attributable to owners of parent of 1,080 million yen in the same quarter of the previous year).

## ②Progress of contracts

Regarding the sales results for the first quarter of the current fiscal year, the contract was concluded for 1,433 units compared to the 1,780 units scheduled to be delivered for the full fiscal year, and the progress ratio was 80.5%.

### (Contract Status Table for New Built-for-Sale Condominiums)

	Scheduled number of units to be delivered in the current term	Number of units under contract to be scheduled delivery for the current term	Contract progress ratio (%)	Units under contract from April to June
Previous term	1,800	1,268	70.4	514
Current term	1,780	1,433	80.5	635

## (2)Qualitative Information on Consolidated Financial Position

### Financial position

The Group's assets, liabilities and net assets at the end of the first quarter of the fiscal year under review increased by 20,046 million yen from the end of the previous fiscal year to 243,519 million yen, mainly due to an increase in inventories associated with new purchases.

### (Current assets)

Current assets were 165,909 million yen, an increase of 23,284 million yen from the end of the previous fiscal year, mainly due to an increase in inventories associated with new purchases.

### (Fixed assets)

Fixed assets decreased by 3,230 million yen from the end of the previous fiscal year to 77,561 million yen, mainly due to the transfer of business assets to real estate for sale and power generation facilities for sale, despite the steady purchase of business assets.

### (Current liabilities)

Current liabilities increased by 8,862 million yen from the end of the previous fiscal year to 83,873 million yen due to an increase in short-term borrowings and a transfer of short-and long-term borrowings.

### (Fixed liabilities)

Fixed liabilities increased by 12,715 million yen from the end of the previous fiscal year to 101,576 million yen mainly due to an increase in borrowings associated with new purchases.

### (Net assets)

Total net assets decreased by 1,532 million yen from the end of the previous fiscal year to 58,069 million yen, mainly due to dividends of retained earnings exceeding the amount of quarterly net income attributable to owners of the parent.

## (3)Business and financial issues to be addressed with priority

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

## (4)Research & Development Activities

Not applicable.

## (5)Major factors affecting performance

Our Group's mainstay real estate sales business tends to be influenced by buyer sentiment and supplier supply trends. Purchaser confidence is affected by economic trends, interest rate trends, housing taxes, consumption taxes, land price trends, and other factors. Supplier supply trends are also susceptible to fluctuations in land purchase prices, prices of general contractors and other outsourcing contractors, the collapse of subcontractors, and financial trends. As a result, fluctuations in these trends could materially affect operating results.

### 3. [Important Contracts Etc. Related to Management]

(Company Split in Accordance with Transition to a Holding Company Structure)

At a meeting of the Board of Directors held on May 30, 2022, we resolved to conclude an absorption-type company split agreement with our 100% subsidiary, Takara Leben West Japan Co., Ltd. (the corporate name will be changed to Takara Leben Co., Ltd. on October 1, 2022).

As a result of the transition to a holding company structure, on October 1, 2022 (planned), we changed corporate name to "MIRARTH HOLDINGS, Inc." and resolved to change its business objective to conform to the post-holding company structure business. The related proposal was approved at our 50th Ordinary General Meeting of Shareholders held on June 24, 2022.

### III. [Information on the Reporting Company]

#### 1. [Stock Information]

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

①[Total number of shares]

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

②[Issued shares]

Type	Number of shares issued at the end of the current first quarter (shares) (As of June 30, 2022)	Number of shares issued as of the filing date (shares) (August 10, 2022)	Stock exchange on which the company is listed	Details
Common stock	121,000,000	121,000,000	Tokyo Stock Exchange Prime market	The number of shares constituting 1 unit is 100 shares, which is the standard for us with no limitation on the content of rights.
Total	121,000,000	121,000,000	-	-

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

①[Details of the Stock Option Plan]

Not applicable.

②[Other Subscription Rights]

Not applicable.

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

Not applicable.

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

Date	Change in the total number of issued shares (shares)	Total number of shares outstanding (shares)	Change in capital stock (Millions of yen)	Balance of capital stock (Millions of yen)	Change in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
from April 1, 2022 to June 30, 2022	-	121,000,000	-	4,819	-	4,817

(5)[Status of Major Shareholders]

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



(6)[Information on Voting Rights]

The status of voting rights as of the end of the first quarter of the current fiscal year is based on the shareholder register as of the immediately preceding record date (March 31, 2022) because the details of the list of shareholders cannot be confirmed.

①[Issued shares]

As of June 30, 2022

Category	Number of shares (shares)	Number of voting rights (units)	Details
Shares without voting rights	-	-	-
Shares with limited voting rights (including treasury shares)	-	-	-
Shares with restricted voting rights (other than the above)	-	-	-
Shares with full voting rights (including treasury shares)	Common stock 11,948,800	-	The number of shares constituting 1 unit is 100 shares, which is the standard for us with no limitation on the content of rights.
Shares with full voting rights (other than the above)	Common stock 109,003,900	1,090,039	Same as above
Shares less than 1 unit	Common stock 47,300	-	Shares less than 1 unit (100 shares)
Number of issued shares	121,000,000	-	-
Voting rights of all shareholders	-	1,090,039	-

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

②[Treasury stock, etc.]

As of 30 June, 2022

Name of shareholder	Address of shareholder	Number of shares held under the shareholder's name (shares)	Number of shares held under other shareholders' names (shares)	Total number of shares held (shares)	Ratio of shares held to total number of shares issued (%)
Takara Leben Co., Ltd.	1-8-2, Marunouchi, Chiyoda-ku, Tokyo	11,948,800	-	11,948,800	9.88
Total	-	11,948,800	-	11,948,800	9.88

(NOTE) As of the end of the first quarter of this fiscal year, we were able to confirm the actual ownership of 11,948,807 treasury stocks.

2. [Officers]

Not applicable.

#### IV. [Financial Information]

##### 1. Method of Preparing Quarterly Consolidated Financial Statements

The quarterly consolidated financial statements of the Company are prepared in compliance with the Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements (Ordinance of the Cabinet Office No. 64 of 2007).

##### 2. Audit Certification

Pursuant to Article 193-2-1 of the Financial Instruments and Exchange Act, we have been subject to quarterly reviews by Grant Thornton Taiyo LLC. of our consolidated financial statements for the first quarter of the current fiscal year (from April 1, 2022 to June 30, 2022) and the first quarter of the current fiscal year (from April 1, 2022 to June 30, 2022).

# 1. [Quarterly Consolidated Financial Statements]

## (1)[Quarterly Consolidated Balance Sheets]

(Millions of yen)

	End of previous fiscal year (As of March 31, 2022)	End of 1st quarter of the fiscal year under review (As of June 30, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	33,428	31,560
Notes, accounts receivable-trade and contract assets	2,886	6,023
Real estate for sale	※1 32,616	※1 48,550
Power generation facilities for sale	※1 1,001	※1 3,596
Real estate for sale in progress	※1 58,036	63,599
Costs incurred on uncompleted contracts	12	63
Other	※1 14,919	12,790
Allowance for doubtful accounts	△275	△275
<b>Total current assets</b>	<b>142,625</b>	<b>165,909</b>
Fixed assets		
Property, plant and equipment		
Buildings and structures (net)	※1 9,553	※1 7,754
Land	※1 36,948	※1 37,394
Other (net)	※1 17,237	※1 15,695
<b>Total property, plant and equipment</b>	<b>63,739</b>	<b>60,843</b>
Intangible assets		
Goodwill	1,561	1,479
Other	※1 948	954
<b>Total intangible assets</b>	<b>2,510</b>	<b>2,433</b>
Investments and other assets		
Other	※1 14,554	※1 14,297
Allowance for doubtful accounts	△12	△12
<b>Total investments and other assets</b>	<b>14,542</b>	<b>14,284</b>
<b>Total fixed assets</b>	<b>80,792</b>	<b>77,561</b>
Deferred assets	55	47
<b>Total assets</b>	<b>223,473</b>	<b>243,519</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	15,411	12,489
Short-term borrowings	14,189	27,083
Current portion of bonds payable	2,168	2,120
Current portion of long-term loans payable	25,298	25,400
Income taxes payable	2,089	277
Allowance	1,115	928
Other	14,738	15,573
<b>Total current liabilities</b>	<b>75,010</b>	<b>83,873</b>
Fixed liabilities		
Long-term loans payable	81,923	94,620
Bonds payable	4,070	4,060
Allowance	160	159
Liabilities related to retirement benefits	984	1,019
Other	1,722	1,716
<b>Total Fixed liabilities</b>	<b>88,860</b>	<b>101,576</b>
<b>Total liabilities</b>	<b>163,871</b>	<b>185,450</b>

(Millions of yen)

	End of previous fiscal year (As of March 31, 2022)	End of 1st quarter of the fiscal year under review (As of June 30, 2022)
Net assets		
Shareholders' equity		
Capital stock	4,819	4,819
Capital surplus	4,817	4,817
Retained earnings	53,395	52,074
Treasury stock	△4,456	△4,456
Total shareholders' equity	58,575	57,254
Accumulated other comprehensive income		
Valuation difference on other securities	548	464
Foreign currency translation adjustment	0	3
Remeasurements of defined benefit plans	△14	△13
Total accumulated other comprehensive income	534	454
Subscription rights to shares	197	197
Non-controlling interest	294	162
Total net assets	59,601	58,069
Total liabilities and net assets	223,473	243,519

(2)[Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income]  
[Quarterly Consolidated Statements of Income]  
[First Quarter Consolidated Cumulative Period]

(Millions of yen)

	1st quarter of previous fiscal year (from April 1, 2021 to June 30, 2021)	1st quarter of fiscal year under review (from April 1, 2022 to June 30, 2022)
Net sales	18,337	28,325
Cost of sales	14,570	22,485
Gross profit	3,766	5,839
Selling, general and administrative expenses	4,667	5,242
Operating income (loss) (△)	△900	597
Non-operating income		
Interest income	21	5
Dividend income	76	71
Commission received	9	19
Gain from equity method investment	-	67
Miscellaneous income	49	52
Total non-operating income	155	216
Non-operating expenses		
Interest expenses	436	360
Losses from equity method investment	65	-
Miscellaneous expenses	25	53
Total non-operating expenses	526	414
Ordinary income (loss) (△)	△1,271	398
Quarterly net income (loss) (△) before income taxes and minority interests	△1,271	398
Income taxes	158	143
Income tax adjustments	△352	40
Total income and other taxes	△194	184
Quarterly net income (loss) (△)	△1,077	214
Quarterly net income attributable to non-controlling interests	3	8
Quarterly net income (loss) (△) attributable to owners of the parent	△1,080	206

[Quarterly Consolidated Statements of Comprehensive Income]

[First Quarter Consolidated Cumulative Period]

(Millions of yen)

	1st quarter of previous fiscal year (from April 1, 2021 to June 30, 2021)	1st quarter of fiscal year under review (from April 1, 2022 to June 30, 2022)
Quarterly net income (loss) ( $\Delta$ )	$\Delta$ 1,077	214
Other comprehensive income		
Net unrealized gains on available-for-sale securities	187	$\Delta$ 84
Foreign currency translation adjustments	0	3
Remeasurements of defined benefit plans	0	1
Total other comprehensive income	188	$\Delta$ 80
Quarterly comprehensive income	$\Delta$ 888	134
(Comprising)		
Quarterly comprehensive income attributable to owners of the parent	$\Delta$ 891	125
Quarterly comprehensive income attributable to non-controlling interests	3	8

[Notes]

(Additional Information)

(Impact on accounting estimates due to the impact of the new Corona Virus infectious disease)

There were no material changes in the impact on the accounting estimates of the impact of the new Corona Virus infectious disease described in the annual securities report for the previous fiscal year during the first quarter of the fiscal year under review.

(Notes to Quarterly Consolidated Balance Sheets)

※1 Change in the purpose of holding assets

Previous fiscal year (As of March 31, 2022)

Due to a change in the purpose of holding a portion of real estate owned from resale to leasing, real estate for sale in progress of 95 million yen and real estate for sale of 581 million yen were transferred to buildings and structures of 449 million yen and land of 227 million yen in the fiscal year under review.

In addition, due to a change in the purpose of holding some of the real estate owned from development and leasing to resale, during the fiscal year under review, 4,181 million yen for buildings and structures, 31 million yen for furniture and fixtures ("Other (net)" for property, plant and equipment), 5,168 million yen for land, 1,117 million yen for construction in progress ("Other (net)" for property, plant and equipment), and 0 million yen for software ("Other" for intangible assets) were transferred to real estate for sale and real estate for sale in progress. Certain of these assets were sold in the fiscal year under review, and of the 10,500 million yen transferred to real estate for sale, 8,800 million yen was recorded as cost of sales.

In addition, due to a change in the purpose of holding some mega-solar power generation facilities for resale, prepaid expenses of 69 million yen ("Other" in current assets), buildings and structures of 598 million yen, machinery, equipment and vehicles of 10,502 million yen ("Other (net)" in property, plant and equipment), land of 4,219 million yen, construction in progress of 1,000 million yen ("Other (net)" in property, plant and equipment), leasehold interests of 172 million yen ("Other" in intangible assets), and long-term prepaid expenses of 932 million yen ("Other" in investments and other assets) were transferred to power generation facilities for sale in the fiscal year under review. Some of these assets were sold in the fiscal year under review. Of the 17,497 million yen transferred to power generation facilities for sale, 16,495 million yen was recorded in cost of sales.

Current First Quarter (As of June 30, 2022)

Due to a change in the purpose of holding some of the real estate owned from development and leasing to resale, buildings and structures of 2,807 million yen, tools, furniture and fixtures of 32 million yen ("Other, net" of property, plant and equipment), and land of 2,232 million yen were transferred to real estate for sale in the first quarter of the current fiscal year. Some of these assets were sold in the first quarter of the current fiscal year. Of the 5,072 million yen transferred to real estate for sale, 9 million yen was recorded in cost of sales.

In addition, due to a change in the purpose of holding some of the mega-solar power generation facilities for resale, machinery, equipment and vehicles of 1,946 million yen ("other, net" in property, plant and equipment), construction in progress of 421 million yen ("other, net" in property, plant and equipment), and long-term prepaid expenses of 214 million yen ("other" in investments and other assets) were transferred to power generation facilities for sale in the first quarter of the current fiscal year.

## 2 Contingent liabilities

Guarantees for loans from financial institutions

	End of previous fiscal year (As of March 31, 2022)	End of 1st quarter of the fiscal year under review (As of June 30, 2022)
Joint and several guarantee obligations to financial institutions, etc. until the completion of the registration of the establishment of mortgages on our group customer housing loans	9,846 million yen	3,960 million yen
Minato Vietnam Co., Ltd.	917	1,003
WISE ESTATE 3 Co., Ltd.	564	593
Total	11,327	5,557

3 In order to efficiently procure working capital, the Group has entered into overdraft agreements and loan commitment agreements with 67 financial institutions (64 in the previous fiscal year). The balance of undrawn lines of credit under these agreements is as follows:

	End of previous fiscal year (As of March 31, 2022)	End of 1st quarter of the fiscal year under review (As of June 30, 2022)
Maximum Overdraft Amount and Total Loan Commitments	77,471 million yen	83,899 million yen
Loan balance	41,634	50,699
Net amount	35,837	33,199

(Notes to Quarterly Consolidated Statements of Cash Flows)

Quarterly consolidated statements of cash flows for the first quarter of the current fiscal year have not been prepared. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill related to the first quarter of the current fiscal year are as follows:

	1st quarter of previous fiscal year (from April 1, 2021 to June 30, 2021)	1st quarter of fiscal year under review (from April 1, 2022 to June 30, 2022)
Depreciation and amortization	823 million yen	496 million yen
Amortization of goodwill	82	82

(Shareholders' Equity)

I Previous 1st Quarter (from April 1, 2021 to June 30, 2021)

1. Matters concerning dividends

Dividends paid

(Resolution)	Class of shares	Total dividends (Millions of yen)	Per share dividends (yen)	Record Date	Effective date	Source of dividends
June 25, 2021 Annual Shareholders' Meeting	Common stock	1,086	10	March 31, 2021	June 28, 2021	Retained earnings

2. Significant changes in the amount of shareholders' equity

Not applicable.

II First Quarter Under Review (from April 1, 2022 to June 30, 2022)

1. Matters concerning dividends

Dividends paid

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

2. Significant changes in the amount of shareholders' equity

Not applicable.



(Segment information, etc.)

[Segment Information]

I Previous 1st Quarter (from April 1, 2021 to June 30, 2021)

1. Information on net sales and income (loss) by reportable segment and revenue decomposition information

(Millions of yen)

	Reportable segments				Others (NOTE)1	Total
	Real Estate Business	Energy Business	Asset Management Business	Total		
Net sales						
Revenue arising from contracts with customers	13,488	2,646	200	16,335	560	16,896
Other revenue	1,441	-	-	1,441	-	1,441
Net sales to customers	14,930	2,646	200	17,777	560	18,337
Intersegment net sales or transfers	-	6	-	6	-	6
Total	14,930	2,653	200	17,783	560	18,343
Segment income (loss) ( $\Delta$ )	$\Delta$ 1,000	22	52	$\Delta$ 925	24	$\Delta$ 900

(NOTE)1. "Others" is a business segment that is not included in reportable segments and includes rehabilitation-focused day service business, construction subcontracting business, hotel business, etc.

2. Segment information for the first quarter of the consolidated fiscal year under review is disclosed based on the amount after reflecting a significant revision to the initial allocation of the acquisition cost due to the finalization of the provisional accounting treatment described in "Notes (Business Combinations, etc.)."

2. Information on impairment loss on noncurrent assets and goodwill by reportable segment

(Significant changes in the amount of goodwill)

In the first quarter of the fiscal year under review, all of the issued shares of ACA Clean Energy Co., Ltd. (renamed Leben Clean Energy Co., Ltd. on June 22, 2021) were newly acquired and made a consolidated subsidiary. As a result, the amount of goodwill increased by 907 million yen in the Energy Business segment.

The amount of goodwill is after reflecting the allocation of the acquisition cost due to finalization of the provisional accounting treatment.

II First Quarter Under Review (from April 1, 2022 to June 30, 2022)

1. Information on net sales and income (loss) by reportable segment and revenue decomposition information

(Millions of yen)

	Reportable segments				Others (Note)	Total
	Real Estate Business	Energy Business	Asset Management Business	Total		
Net sales						
Revenue arising from contracts with customers	23,372	2,643	250	26,266	595	26,862
Other revenue	1,463	-	-	1,463	-	1,463
Net sales to customers	24,835	2,643	250	27,730	595	28,325
Intersegment net sales or transfers	-	-	-	-	-	-
Total	24,835	2,643	250	27,730	595	28,325
Segment income (loss) (Δ)	809	Δ163	73	719	Δ122	597

(NOTE)"Others" is a business segment that is not included in reportable segments and includes rehabilitation-focused day service business, construction subcontracting business, hotel business, etc.

2. Changes in reportable segments

(Changes in reportable segments)

With the aim of further enhancing our corporate value, we plan to shift to a holding company structure on October 1, 2022, with a view to clarifying profitability and business responsibilities for each segment by transitioning to a pure holding company structure and to effectively utilizing management resources.

Accordingly, in the first quarter of the current fiscal year, the 5 segments of the Real Estate Sales Business, Real Estate Rental Business, Real Estate Management Business, Energy Business, and Other Businesses, which were previously disclosed as reportable segments, have been changed to 4 segments: Real Estate Business, Energy Business, Asset Management Business, and Other Businesses. In addition, the allocation method of company-wide expenses has been reviewed.

Segment information for the first quarter of the previous fiscal year has been prepared and disclosed based on the revised reportable segment classification.

(Business Combinations, etc.)

Significant revision of the initial allocation of the acquisition cost in comparative information

The business combination with ACA Clean Energy Co., Ltd. (which changed its name to Leben Clean Energy Co., Ltd. on June 22, 2021) that took place on April 13, 2021 was accounted for on a provisional basis in the first quarter of the previous fiscal year, but was finalized at the end of the previous fiscal year.

In conjunction with the finalization of this provisional accounting treatment, the comparative information included in the quarterly consolidated financial statements for the first quarter of the current fiscal year reflects significant revisions to the initial allocation of acquisition costs. As a result, goodwill decreased by 655 million yen, and power generation facilities for sale increased by 767 million yen, machinery and equipment increased by 176 million yen ("other" in property, plant and equipment) and deferred tax liabilities increased by 289 million yen ("other" in non-current liabilities).

As a result, in the consolidated statements of income for the first quarter of the previous fiscal year, cost of sales increased by 5 million yen, selling, general and administrative expenses decreased by 16 million yen, and operating loss, ordinary loss and loss before income taxes decreased by 11 million yen each.

(Revenue Recognition)

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

(Per Share Information)

Quarterly net income per share or quarterly net loss per share and the basis for calculation, diluted quarterly net income per share and the basis for calculation are as follows.

	1st quarter of previous fiscal year (from April 1, 2021 to June 30, 2021)	1st quarter of fiscal year under review (from April 1, 2022 to June 30, 2022)
(1) Quarterly net income per share or quarterly net loss (Δ) per share	Δ 9.94 yen	1.89 yen
(Basis of calculation)		
Quarterly net income attributable to owners of the parent or quarterly net loss attributable to owners of the parent (Δ) (Millions of yen)	Δ1,080	206
Amounts not attributable to common shareholders (Millions of yen)	-	-
Quarterly net income attributable to owners of the parent or quarterly net loss attributable to owners of the parent (Δ) related to common stock (Millions of yen)	Δ1,080	206
Average number of shares of common stock outstanding during the period (Thousands of shares)	108,655	109,051
(2) Quarterly diluted net income per share	-	1.88 yen
(Basis of calculation)		
Quarterly adjustments to net income attributable to owners of parent (Millions of yen)	-	-
Increase in common stock (thousands)	-	726
Summary of dilutive shares that were not included in the calculation of diluted net income per share because they had no dilutive effect, and which had a significant change from the end of the previous fiscal year	-	-

(NOTE)1. Diluted net income per share for the first quarter of the previous fiscal year is not presented because the Company posted a net loss per share, although there were dilutive shares.

2. Quarterly net loss per share for the first quarter of the previous fiscal year is calculated based on the amount after reflecting the significant revision of the initial allocation of the acquisition cost due to the finalization of the provisional accounting treatment described in "Notes (Business Combinations, etc.)."

(Significant Subsequent Events)

(Issuance of Stock Compensation-type Stock Options)

At a meeting of the Board of Directors held on July 29, 2022, the Company resolved to issue stock acquisition rights as stock-based compensation-type stock options to our directors and our executive officers in accordance with Article 236, 238 and 240 of the Companies Act.

1. Reasons for granting stock acquisition rights as stock compensation-type stock options

The purpose of this report is to further clarify the linkage between our business performance and stock value and executive compensation and salaries, and to further increase our willingness to contribute to improving medium-to long-term business performance and corporate value.

2. Summary of the stock acquisition rights

I. Class A Stock Acquisition Rights

(1) Allotment date of stock acquisition rights

August 23, 2022

(2) Number of new share acquisition rights

7,562 units (100 shares per unit)

(3) Persons entitled to the Stock Acquisition Rights and the number of such persons

7 of our directors and 7 of our executive officers

(4) Amount to be paid for stock acquisition right

The amount to be paid for the stock acquisition rights shall be the fair value calculated by the Black-Scholes Model on the date of allotment of the stock acquisition rights. In addition, the Company shall pay to the Subject Persons to whom Share Options have been allotted (hereinafter referred to as "Holders of Share Options") a monetary remuneration equivalent to the total amount of such Amount To Be Paid In, and shall cause such Share Options to be acquired by offsetting such Remuneration Claims with the payment obligation for the Amount To Be Paid In for the Share Options.

(5) Kinds and numbers of shares which provide for granting options

756,200 shares of our common stock

In the event that we split our common stock or reverse share split after the date of allotment of the stock acquisition rights stipulated in (1) above, the number of granted shares shall be adjusted according to the following formula, and any fraction less than 1 share resulting from the adjustment shall be discarded.

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

In addition, in the event we carry out a merger, company split, share split, or share consolidation, in the event free allotment of shares is made, or in the event it is necessary to adjust the number of granted shares in accordance with the foregoing, the number of granted shares shall be appropriately adjusted within a reasonable limit.

Provided, however, that the adjustment in this item shall be made only with respect to the number of the Share Options which are the subject of the Share Options not exercised at such time out of the Share Options.

(6) Assets to be contributed at the time of exercise of the rights

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

(7) Period for exercising subscription rights

From August 24, 2022 to August 23, 2062. Provided, however, that in the event the last day of the Exercise Period falls on a holiday, the next business day shall be the last day of such Exercise Period.

(8) Conditions of execution of subscription rights

① Holders of Share Options may exercise all Share Options allotted to such holders of Share Options on or after the Issue Date.

② Notwithstanding ① above, in the event the Subject Person to whom the Share Options have been allotted falls under any of the following items, such Subject Person shall not be entitled to exercise his/her rights:

1. Failure to Exercise Rights during the Exercise Period
2. In the event of disciplinary punishment not less than suspension from work
3. The Company loses the position of either of its directors or executive officers due to voluntary retirement, etc. (excluding retirement due to expiration of term of office, resignation due to our convenience, or retirement) within 1 year from the date of allotment of the Stock Acquisition Rights.

4. In the event any of our directors and executive officers is lost due to dismissal or disciplinary action by a resolution of the general meeting of shareholders or a resolution of the board of directors, or in the event it is reasonably recognized that it is inappropriate to have the Board of Directors exercise the Stock Acquisition Rights.
5. When the Subject Person requests to waive his/her rights
  - ③ In the event of the death of a holder of a new stock reservation right, only if the new stock reservation right belongs to only 1 of the legal heirs of the holder of the new stock reservation right (hereinafter referred to as the "heirs"), the heirs may exercise the new stock reservation right in accordance with this contract under the conditions of the following items. Provided, however, that a person who is deemed to have committed a serious crime among penal code offenses may not be an heir.
    1. If an heir dies, his/her heir may not inherit the rights to subscribe for new shares.
    2. Successors must complete our prescribed inheritance procedure within 10 months of the commencement of inheritance and no later than the last day of the exercise period.
    3. Successors may exercise their share warrants only within 2 months of the completion of our prescribed inheritance procedure.
- (9) Matters concerning the increase in capital and capital legal reserve when stock is issued upon the exercise of stock option
  - ① The amount of capital to be increased in the event shares are issued upon the exercise of share warrants shall be 1 half of the upper limit of capital increase calculated in accordance with Paragraph 1 of Article 17 of the Rules for Corporate Accounting, and any fraction less than 1 (1) yen as a result of the calculation shall be rounded up to the nearest 1 (1) yen.
  - ② The amount of capital reserve to be increased in the event of the issuance of shares upon the exercise of share warrants shall be the amount obtained by subtracting the amount of capital to be increased as set forth in ① above from the maximum amount of capital increase, etc. as set forth in ① above.

## II. Class B Stock Acquisition Rights

- (1) Allotment date of stock acquisition rights
 

August 23, 2022
- (2) Number of new share acquisition rights
 

1,880 units (100 shares per unit)
- (3) Persons entitled to the Stock Acquisition Rights and the number of such persons
 

7 of our directors and 7 of our executive officers
- (4) Amount to be paid for stock acquisition right
 

The amount to be paid for the stock acquisition rights shall be the fair value calculated by the Black-Scholes Model on the date of allotment of the stock acquisition rights. In addition, the Company shall pay to the Subject Persons to whom Share Options have been allotted (hereinafter referred to as "Holders of Share Options") a monetary remuneration equivalent to the total amount of such Amount To Be Paid In, and shall cause such Share Options to be acquired by offsetting such Remuneration Claims with the payment obligation for the Amount To Be Paid In for the Share Options.
- (5) Kinds and numbers of shares which provide for granting options
 

188,000 shares of our common stock

In the event that we split our common stock or reverse share split after the date of allotment of the stock acquisition rights stipulated in (1) above, the number of granted shares shall be adjusted according to the following formula, and any fraction less than 1 share resulting from the adjustment shall be discarded.

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

In addition, in the event we carry out a merger, company split, share split, or share consolidation, in the event free allotment of shares is made, or in the event it is necessary to adjust the number of granted shares in accordance with the foregoing, the number of granted shares shall be appropriately adjusted within a reasonable limit.

Provided, however, that the adjustment in this item shall be made only with respect to the number of the Share Options which are the subject of the Share Options not exercised at such time out of the Share Options.
- (6) Assets to be contributed at the time of exercise of the rights
 

The amount shall be 1 yen per share that can be delivered upon exercise of the Stock Acquisition Rights and multiplied by the total number of Granted Shares.
- (7) Period for exercising subscription rights
 

From August 24, 2022 to August 23, 2062. Provided, however, that in the event the Subject Person to whom Share Options have been allotted loses any of our directors and executive officers' positions due to any reason other than death, such Subject Person

shall be required to exercise such rights within 10 days from the day following the date of such loss. If the last day of the Exercise Period falls on a holiday, the next business day shall be the last day of the Exercise Period.

(8) Conditions of execution of subscription rights

- ① The owner of the stock reservation right may exercise the stock reservation right allocated to the stock reservation right from the day following the day when the new stock reservation right holder loses both the position of our director and the execution officer.
- ② Notwithstanding ① above, in the event the Subject Person to whom the Share Options have been allotted falls under any of the following items, such Subject Person shall not be entitled to exercise his/her rights:
  1. Failure to Exercise Rights during the Exercise Period
  2. In the event of disciplinary punishment not less than suspension from work
  3. The Company loses the position of either of its directors or executive officers due to voluntary retirement, etc. (excluding retirement due to expiration of term of office, resignation due to our convenience, or retirement) within 1 year from the date of allotment of the Stock Acquisition Rights.
  4. In the event any of our directors and executive officers is lost due to dismissal or disciplinary action by a resolution of the general meeting of shareholders or a resolution of the board of directors, or in the event it is reasonably recognized that it is inappropriate to have the Board of Directors exercise the Stock Acquisition Rights.
  5. When the Subject Person requests to waive his/her rights
- ③ In the event of the death of a holder of a new stock reservation right, only if the new stock reservation right belongs to only 1 of the legal heirs of the holder of the new stock reservation right (hereinafter referred to as the "heirs"), the heirs may exercise the new stock reservation right in accordance with this contract under the conditions of the following items. Provided, however, that a person who is deemed to have committed a serious crime among penal code offenses may not be an heir.
  1. If an heir dies, his/her heir may not inherit the rights to subscribe for new shares.
  2. Successors must complete our prescribed inheritance procedure within 10 months of the commencement of inheritance and no later than the last day of the exercise period.
  3. Successors may exercise their share warrants only within 2 months of the completion of our prescribed inheritance procedure.

(9) Matters concerning the increase in capital and capital legal reserve when stock is issued upon the exercise of stock option

- ① The amount of capital to be increased in the event shares are issued upon the exercise of share warrants shall be 1 half of the upper limit of capital increase calculated in accordance with Paragraph 1 of Article 17 of the Rules for Corporate Accounting, and any fraction less than 1 (1) yen as a result of the calculation shall be rounded up to the nearest 1 (1) yen.
- ② The amount of capital reserve to be increased in the event of the issuance of shares upon the exercise of share warrants shall be the amount obtained by subtracting the amount of capital to be increased as set forth in ① above from the maximum amount of capital increase, etc. as set forth in ① above.

2. [Other]

Not applicable.

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

Not applicable.

## Independent Auditors' Quarterly Review Report

August 8, 2022

Takara Leben Co., Ltd.

To the Board of Directors

Grant Thornton Taiyo LLC.

Tokyo Office

Designated Limited Liability Partners Managing Partner	Certified Public Accountant	Tooru Yurue
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Designated Limited Liability Partners Managing Partner	Certified Public Accountant	Takafumi Shimokawa
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### Auditor's conclusion

Based on the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we have reviewed the quarterly consolidated financial statements for the first quarter of the consolidated fiscal year from April 1, 2022 to March 31, 2023 (from April 1, 2022 to June 30, 2022) and the first quarter of the consolidated cumulative period (from April 1, 2022 to June 30, 2022), that is, the quarterly consolidated balance sheet, the quarterly consolidated statements of income, the quarterly consolidated statements of comprehensive income, and the notes of Takara Leben Co., Ltd., which are listed in the "Financial Information" section.

In our quarterly review, we were not permitted in all material respects to present fairly the financial position of Takara Leben Co., Ltd. and consolidated subsidiaries as of June 30, 2022, and the results of their operations for the first quarter then ended, in conformity with the standards for preparation of the quarterly consolidated financial statements generally accepted in Japan.

### Rationale for the auditor's conclusion

We conducted our quarterly reviews in accordance with quarterly review standards generally accepted in Japan. Our responsibilities under the quarterly review criteria are described under the caption "Auditor's Responsibility for Quarterly Reviews of the Quarterly Consolidated Financial Statements." We are independent from the Company and its consolidated subsidiaries and fulfill our other ethical responsibilities as auditors in accordance with the Code on Professional Ethics in Japan. We believe that the evidence supporting the statements is available.

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

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

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

The responsibility of the corporate auditors and the Board of Corporate Auditors is to oversee the execution of the directors' duties in the development and operation of the financial reporting process.



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

The auditor's responsibility is to independently express a conclusion on the quarterly consolidated financial statements in the Company's quarterly review reports based on the auditor's quarterly review.

The auditors shall make judgments as professional experts and maintain professional skepticism through the quarterly review process in accordance with the standards of the quarterly review generally accepted in Japan and carry out the following:

- Conduct questions, analytical procedures, and other quarterly review procedures primarily for management, those responsible for financial and accounting matters. The quarterly review procedure is a limited procedure compared with the audit of the financial statements for the year performed in accordance with auditing standards generally accepted in Japan.
- In cases where the Company determines that material uncertainties with respect to events or circumstances that raise substantial doubt with respect to matters relating to the going concern assumption, the Company will conclude whether, based on the evidence obtained, matters that it believes are not fairly presented in the quarterly consolidated financial statements in accordance with the standards for preparing the quarterly consolidated financial statements generally accepted in Japan are disallowed. In addition, when significant uncertainties regarding the Company's ability to continue as a going concern are identified, the Company is required to alert the reader to the notes to the quarterly consolidated financial statements in its quarterly review reports or express a limited conclusion or negative conclusion on the quarterly consolidated financial statements if the notes to the quarterly consolidated financial statements regarding material uncertainties are not appropriate. The auditor's conclusion is based on evidence obtained through the date of the quarterly review report, but future events and circumstances may prevent the entity from continuing as a going concern.
- Evaluate whether the presentation of the quarterly consolidated financial statements and the notes to the consolidated financial statements do not permit matters that we believe are not in accordance with the standards for preparing the quarterly consolidated financial statements generally accepted in Japan, as well as whether the presentation, composition and content of the quarterly consolidated financial statements, including related notes, and any matters that cause us to believe that the quarterly consolidated financial statements do not fairly present the underlying transactions and accounting events.
- Obtain evidence on the financial information of the Company and its consolidated subsidiaries in order to express a conclusion on the quarterly consolidated financial statements. The auditor is responsible for directing, supervising and implementing the quarterly review of the quarterly consolidated financial statements. The auditor is solely responsible for the auditor's conclusion.

The auditor shall report to the auditor and the Board of Corporate Auditors on the scope of the planned quarterly review and the timing of its implementation, as well as important findings in the quarterly review.

The auditors shall report to the auditors and the board of auditors on compliance with the provisions on professional ethics in Japan regarding independence, matters that are reasonably likely to affect the independence of the auditor, and where safeguards are in place to eliminate or mitigate impediments.

#### Interests

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

Above

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(NOTE) 1. The original copy of the above quarterly review report is kept separately by our (quarterly annual securities report filing company).

2. XBRL are not included in the scope of quarterly reviews.