

Third Quarter Consolidated Financial Report

for the Nine Months Ended December 31, 2019 (Japan GAAP)

January 27, 2020

Takara Leben CO., LTD.

Shares listed on: Tokyo Stock Exchange, First Section
 Security code: 8897
 URL: <https://www.leben.co.jp>
 Representative: Kazuichi Shimada, Representative Director, CEO, President Executive Officer
 Masashi Yamamoto, Director, CFO, Executive officer and General Planning Division
 Contacts: Tel: +81-3-6551-2130

Scheduled date for release of Quarterly Report: February 7, 2020
 Scheduled date for commencement of dividend payments: --
 Has the Company prepared supplementary briefing materials for the Quarter: No
 Has the Company held briefings concerning its quarterly financial results: No

1. Consolidated Operating Results for the Nine Months Ended December 31, 2019 (April 1- December 31, 2019)

(Amounts are rounded down to the nearest million)

(1) Consolidated Operating Results (Year-to-Date)

(Percentage figures represent year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2019	96,843	30.4	6,176	132.0	5,667	216.7	3,855	224.0
Nine months ended December 31, 2018	74,293	63.3	2,662	15.5	1,789	7.4	1,190	27.8

(Note) Comprehensive income: Nine months ended December 31, 2019: ¥4,480 million (362.2%) / Nine months ended December 31, 2018: ¥969 million ((8.7)%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Nine months ended December 31, 2019	35.56	35.32
Nine months ended December 31, 2018	10.99	10.93

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of December 31, 2019	198,746	50,416	25.1
As of March 31, 2019	184,893	47,734	25.6

<Reference> Shareholders' equity at end of period: December 31, 2019: ¥49,909 million / March 31, 2019: ¥47,341 million

2. Cash Dividends

	Annual Cash Dividends per Share				
	1Q	2Q	3Q	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
Year Ending March 31, 2019	-	5.00	-	11.00	16.00
Year Ending March 31, 2020	-	6.00	-		
Year Ending March 31, 2020(Forecast)				13.00	19.00

(Note) Has the Company changed its dividend forecast for the current quarter: No

3. Consolidated Operating Results Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019-March 31, 2020)

(Percentage figures represent year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full year	160,000	21.2	13,000	29.4	11,800	30.7	8,000	24.5	73.79

(Note) Has the Company changed its consolidated forecast during this quarter: No

*Notes

(1) Changes in significant subsidiaries during the current fiscal year

(Changes in specified subsidiaries resulting in changes in scope of consolidation): No

Newly consolidated companies (--) Newly excluded companies (--)

(2) Application of Special Accounting Treatment Made in Preparation of the Quarterly Consolidated Financial Statements: No

(3) Changes in Accounting Policies, Changes in Accounting Estimates or Restatement

A. Changes in accounting policies accompanying revision of accounting standards: No

B. Changes in accounting policies other than those in (A): No

C. Changes in accounting estimates: No

D. Restatement: No

(4) Number of shares issued (common stock)

a. Number of shares outstanding at the end of the period (including treasury stock)

b. Number of shares of treasury stock at the end of the period

c. Average number of shares during the period (quarter year-to-date)

a.	Nine months ended December 31, 2019:	121,000,000 shares	As of March 31, 2019:	121,000,000 shares
b.	Nine months ended December 31, 2019:	12,587,307 shares	As of March 31, 2019:	12,587,307 shares
c.	Nine months ended December 31, 2019:	108,412,693 shares	Nine months ended December 31, 2018:	108,298,155 shares

*This quarterly earnings report is exempt from the quarterly review based on the Financial Instruments and Exchange Act.

*Explanation concerning appropriate use of the projected operating results and other items to note

The forward-looking statements, including business results forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business results may differ substantially due to a number of factors.

○Attachments Table of Contents

1. Qualitative Information Pertaining to Consolidated Operating Results for the Quarter	2
(1) Qualitative Information Pertaining to Consolidated Operating Performance	2
(2) Qualitative Information Pertaining to Consolidated Financial Position	2
(3) Qualitative Information Pertaining to Forecasted Consolidated Operating Results	3
2. Quarterly Consolidated Financial Statements	4
(1) Quarterly Consolidated Balance Sheets	4
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	7
Quarterly Consolidated Statements of Income Third-Quarter Year-to-Date Period	7
Quarterly Consolidated Statements of Comprehensive Income Third-Quarter Year-to-Date Period	8
(3) Notes on Quarterly Consolidated Financial Statements	9
(Notes on Assumption of Going Concern)	9
(Notes on A Significant Change in Shareholders' Equity)	9

1. Qualitative Information Pertaining to Consolidated Operating Results for the Quarter

(1) Qualitative Information Pertaining to Consolidated Operating Performance

a. Performance by business segment

In the third-quarter year-to-date period of the Takara Leben Group's fiscal year ending in March 2020, sales from the real estate sales business amounted to ¥64,638 million, up 21.0% on a year-on-year basis. This reflected sales in the new built-for-sale condominium business, as well as sales in the newly-built detached housing business.

In the real estate rental business, sales totaled ¥4,340 million, down 0.5% on a year-on-year basis. This reflected sales from the rental of apartments, condominium units, and offices.

In the real estate management business, sales from the management of 57,534 units of residential condominiums were ¥3,733 million, up 11.7% on a year-on-year basis.

In the electric power generation business, sales totaled ¥19,834 million, up 122.8% on a year-on-year basis, mainly due to revenues from the sale of 9 facilities that were already operating and revenues from the sale of electricity generated by other electric power generation facilities.

Sales from other businesses amounted to ¥4,296 million, up 0.8% on a year-on-year basis, mainly revenues from construction work, large-scale repair work, and commission income, etc.

As a result, Net sales for the third-quarter year-to-date period of the current consolidated fiscal year amounted to ¥96,843 million, up 30.4% on a year-on-year basis; Operating income amounted to ¥6,176 million, up 132.0% on a year-on-year basis; Ordinary income amounted to ¥5,667 million, up 216.7% on a year-on-year basis; and net income amounted to ¥3,855 million, up 224.0% on a year-on-year basis.

b. Contracted ratio status

With regard to sales performance in the third-quarter year-to-date period of the current consolidated fiscal year, contracts were concluded for 1,791 units, compared with a full-year target of 1,950 units scheduled for delivery. The contract ratio was at 91.8%, showing a steady growth in the business.

(Contracts signed versus number of units forecast for New built-for-sale condominium delivery)

	Units scheduled for delivery (units)	Number of contracts signed (units)	Contracted ratio (%)	Number of contracts signed from April 1- December 31, 2019 (units)
Nine months ended December 31, 2018	1,700	1,435	84.4	1,411
Nine months ended December 31, 2019	1,950	1,791	91.8	1,613

(2) Qualitative Information Pertaining to Consolidated Financial Position

Assets, Liabilities and Net Assets

With regard to the assets, liabilities, and net assets of the Group at the end of the third-quarter consolidated accounting period under review, total assets were ¥198,746 million, an increase of ¥13,852 million compared with the end of the previous consolidated fiscal year, mainly due to an increase in inventories associated with new purchases.

(Current Assets)

Current assets increased ¥28,409 million compared with the end of the previous consolidated fiscal year to ¥126,922 million, mainly due to an increase in inventories associated with new purchases.

(Fixed Assets)

Fixed assets decreased ¥14,535 million compared with the end of the previous consolidated fiscal year to ¥71,750 million, mainly reflected they were transferred to real estate for sale although the business assets were purchased smoothly.

(Current Liabilities)

Current liabilities increased ¥12,219 million compared with the end of the previous consolidated fiscal year to ¥70,758 million, mainly due to increase in short-term loans payable and the reclassification from long-term loans payable to short-term loan payable.

(Fixed Liabilities)

Fixed liabilities decreased ¥1,048 million compared with the end of the previous consolidated fiscal year, to ¥77,570 million, mainly due to the reclassification from long-term loans payable to short-term loan payable.

(Net Assets)

Total net assets increased ¥2,681 million compared with the end of the previous consolidated fiscal year, to ¥50,416 million, mainly due to the recorded amount of net income attributable to owners of parent exceeded amounts such as dividends of surplus.

(3) Qualitative Information Pertaining to Forecasted Consolidated Operating Results

There is no change from the projected consolidated operating results released on May 16, 2019.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
ASSETS		
Current assets:		
Cash and deposits	21,165	26,742
Notes and accounts receivable, trade	2,071	1,610
Real estate held for sale	18,821	31,693
Real estate held for sale in progress	49,860	57,991
Costs incurred on uncompleted contracts	519	1,080
Other	6,192	7,806
Allowance for doubtful accounts	(118)	(2)
Total current assets	98,512	126,922
Fixed assets:		
Property, plant and equipment		
Buildings and structures (net)	18,061	11,266
Land	35,602	31,536
Other (net)	21,561	16,576
Total property, plant and equipment	75,224	59,379
Intangible assets		
Goodwill	1,375	1,209
Other	465	481
Total intangible assets	1,840	1,690
Investments and other assets		
Other	9,230	10,685
Allowance for doubtful accounts	(9)	(6)
Total investments and other assets	9,220	10,679
Total fixed assets	86,286	71,750
Deferred assets	94	73
Total assets	184,893	198,746
LIABILITIES		
Current liabilities:		
Notes and accounts payable, trade	7,790	9,672
Short-term borrowings	17,831	19,060
Current portion of long-term borrowings	19,743	29,108
Income taxes payable	2,760	735
Reserve	901	713
Other	9,510	11,467
Total current liabilities	58,539	70,758
Fixed liabilities		
Long-term borrowings	73,882	72,582

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Bonds payable	200	500
Reserve	99	102
Liabilities related to retirement benefits	543	614
Other	3,894	3,771
Total fixed liabilities	78,619	77,570
Total liabilities	137,158	148,329

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
NET ASSETS		
Shareholders' equity		
Capital stock	4,819	4,819
Capital surplus	4,817	4,817
Retained earnings	42,299	44,310
Treasury stock	(4,695)	(4,695)
Total shareholders' equity	47,241	49,252
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	121	675
Remeasurements of defined benefit plans	(21)	(18)
Total accumulated other comprehensive income	100	657
Share acquisition rights	196	241
Non-controlling interest	197	265
Total net assets	47,734	50,416
Total liabilities and net assets	184,893	198,746

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
Quarterly Consolidated Statements of Income
Third -Quarter Year-to-Date Period

(Millions of yen)

	Nine Months Ended December 31, 2018	Nine Months Ended December 31, 2019
Net sales	74,293	96,843
Cost of sales	60,231	77,747
Gross profit	14,061	19,096
Selling, general and administrative expenses	11,399	12,919
Operating income	2,662	6,176
Non-Operating income:		
Interest income	0	0
Dividend income	76	286
Commissions received	44	54
Profit from equity method investment	—	54
Miscellaneous income	49	48
Total Non-Operating income	170	444
Non-Operating expenses:		
Interest expense	826	873
Losses from equity method investment	77	—
Miscellaneous losses	138	80
Total Non-Operating expenses	1,043	953
Ordinary income	1,789	5,667
Extraordinary income		
Compensation damages received	121	—
Gain on sales of investment securities	191	72
Penalty income	—	214
Total Extraordinary income	312	286
Extraordinary losses		
Office transfer expenses	14	—
Total extraordinary losses	14	—
Net income before income taxes	2,087	5,954
Income taxes, inhabitant taxes and business taxes	452	1,832
Income tax adjustments	263	197
Total income and other taxes	716	2,030
Net income	1,371	3,923
Net income attributable to non-controlling interests	181	68
Net income attributable to owners of parent	1,190	3,855

Quarterly Consolidated Statements of Comprehensive Income
Third -Quarter Year-to-Date Period

(Millions of yen)

	Nine Months Ended December 31, 2018	Nine Months Ended December 31, 2019
Net income	1,371	3,923
Other comprehensive income:		
Net unrealized gains on available-for-sale securities	(402)	554
Remeasurements of defined benefit plans, net of tax	—	2
Total other comprehensive income	(402)	557
Comprehensive income	969	4,480
(Comprising)		
Comprehensive income attributable to parent	787	4,412
Comprehensive income attributable to non-controlling interests	181	68

(3) Notes on Quarterly Consolidated Financial Statements
(Notes on Assumption of Going Concern)

The Company had no pertinent matters to report.

(Notes on a Significant Change in Shareholders' Equity)

The Company had no pertinent matters to report.