

First Quarter Consolidated Financial Report

for the Three Months Ended June 30, 2020 (Japan GAAP)

July 31, 2020

Takara Leben CO., LTD.

Shares listed on: First Section of the Tokyo Stock Exchange
 Security code: 8897
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Scheduled date for release of Quarterly Report: August 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 Three Months Ended June 30, 2020 (April 1-June 30, 2020)

(Amounts are rounded down to the nearest million)

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

(Percentage figures represent year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2020	15,717	28.9	(194)	—	(273)	—	(296)	—
Three months ended June 30, 2019	12,192	(44.5)	(1,753)	—	(2,036)	—	(1,556)	—

(Note) Comprehensive income: Three months ended June 30, 2020 (¥112) million (—%) / Three months ended June 30, 2019 (¥1,381) million (—%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Three months ended June 30, 2020	(2.74)	—
Three months ended June 30, 2019	(14.35)	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of June 30, 2020	200,868	49,605	24.5
As of March 31, 2020	195,448	51,139	25.9

<Reference> Shareholders' equity at end of period: June 30, 2020: ¥49,145 million / March 31, 2020: ¥50,634 million

2. Cash Dividends

	Annual Cash Dividends per Share				
	1Q	2Q	3Q	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
Year Ending March 31, 2020	-	6.00	-	13.00	19.00
Year Ending March 31, 2021	-				
Year Ending March 31,2020 (Forecast)		-	-	-	-

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

Given the uncertainty regarding the impact of the globally spreading COVID-19 coronavirus, it is difficult for the Company to reasonably determine dividend forecasts for the fiscal year ending March 31, 2021. It therefore will not yet determine the interim and year-end dividend forecasts.

3. Consolidated Operating Results Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020-March 31, 2021)

Given the uncertainty regarding the impact of the globally spreading COVID-19 coronavirus, it is difficult for the Company to properly and reasonably determine results forecasts. Therefore, it will not yet determine forecasts regarding the consolidated financial results for the fiscal year ending March 31, 2021. Going forward, when the Company is ready to make reasonable forecasts, it will make announcements accordingly.

*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.	Three months ended June 30, 2020:	121,000,000 shares	As of March 31, 2020:	121,000,000 shares
b.	Three months ended June 30, 2020:	12,587,307 shares	As of March 31, 2020:	12,587,307 shares
c.	Three months ended June 30, 2020:	108,412,693 shares	Three months ended June 30, 2019 :	108,412,693 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.

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

(1) Qualitative Information Pertaining to Consolidated Operating Performance

In the first-quarter of the fiscal year ending March 31, 2021 of the Group, in response to the emergency declaration issued on April 7 to prevent the spread of new coronavirus infection, each sales base nationwide Although it was discontinued, after that, the emergency declaration was lifted, and after taking thorough measures to prevent infection, we have been operating normally.

a. Performance by business segment

In the real estate sales business, sales of this business amounted to ¥10,496 million, up 70.4% on a year-on-year basis. This reflected sales in the new built-for-sale condominium business, sales of profitable real estate, new detached house sales and sales of used condominiums.

In the real estate rental business, sales totaled ¥1,391 million, down 5.3% 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 60,400 units of residential condominiums were ¥1,355 million, up 10.6% on a year-on-year basis.

In the electric power generation business, sales totaled ¥1,514 million, down 6.4% on a year-on-year basis, mainly due to revenues from the sale of electricity generated by electric power generation facilities.

Sales from other businesses amounted to ¥958 million, down 44.2% 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 first-quarter year-to-date period of the current consolidated fiscal year amounted to ¥15,717 million, up 28.9% on a year-on-year basis. Operating loss amounted to ¥194 million; compared to operating loss for the same period of the previous year was ¥1,753 million. Ordinary loss of ¥273 million; compared to ordinary loss for the same period of the previous year was 2,036 million. And net loss attributable to owners of parent of amounted to ¥296 million; compared to quarter net loss attributable to owners of parent for the same period of the previous year was 1,556 million.

b. Contracted ratio status

The number of units that have already been contracted and can be delivered for the full year is 1,335 units (1,176 units in the same quarter of the previous year).

(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 first-quarter consolidated accounting period under review, total assets were ¥200,868 million, an increase of ¥5,419 million compared with the end of the previous consolidated fiscal year. The increase mainly reflected an increase in inventories associated with new purchases.

(Current Assets)

Current assets increased ¥2,916 million compared with the end of the previous consolidated fiscal year to ¥118,231 million. This mainly reflected an increase in inventory in conjunction with new purchase.

(Fixed Assets)

Fixed assets increased ¥2,529 million compared with the end of the previous consolidated fiscal year to ¥82,404 million, mainly reflected by purchasing business assets and paying for construction of power generation facilities.

(Current Liabilities)

Current liabilities increased ¥3,453 million compared with the end of the previous consolidated fiscal year to ¥69,070 million, mainly due to increase in short-term borrowings and the reclassification of short term and long term borrowings payable.

(Fixed Liabilities)

Fixed liabilities increased ¥3,499 million compared with the end of the previous consolidated fiscal year, to ¥82,192 million, mainly due to an increase in borrowings due to new purchases, etc.

(Net Assets)

Total net assets amounted to ¥49,605 million, down ¥1,533 million from the end of the previous consolidated fiscal year, mainly due to the recording of a net loss attributable to owners of the parent company and the distribution of surplus.

(3) Qualitative Information Pertaining to Forecasted Consolidated Operating Results

Given the uncertainty regarding the impact of the globally spreading COVID-19 coronavirus, it is difficult for the business forecasts for the fiscal year ending March 31, 2021. It therefore will not yet determine the forecasts.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
ASSETS		
Current assets:		
Cash and deposits	35,311	27,383
Notes and accounts receivable, trade	1,952	1,803
Real estate held for sale	23,861	24,615
Real estate held for sale in progress	46,102	55,422
Costs incurred on uncompleted contracts	397	687
Other	7,689	8,321
Allowance for doubtful accounts	(2)	(3)
Total current assets	115,314	118,231
Fixed assets:		
Property, plant and equipment		
Buildings and structures (net)	13,266	13,109
Land	33,903	34,257
Other (net)	20,050	22,126
Total property, plant and equipment	67,220	69,494
Intangible assets		
Goodwill	1,145	1,088
Other	645	635
Total intangible assets	1,790	1,723
Investments and other assets		
Other	10,869	11,192
Allowance for doubtful accounts	(6)	(6)
Total investments and other assets	10,863	11,186
Total fixed assets	79,874	82,404
Deferred assets	259	233
Total assets	195,448	200,868
LIABILITIES		
Current liabilities:		
Notes and accounts payable - trade	11,858	5,845
Short-term loans payable	17,148	26,126
Current portion of bonds payable	296	296
Current portion of long-term loans payable	22,119	26,080
Income taxes payable	2,972	145
Allowance	980	806
Other	10,240	9,769
Total current liabilities	65,616	69,070
Fixed liabilities		
Long-term loans payable	69,656	72,859
Bonds payable	4,804	5,106
Allowance	97	94

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities related to retirement benefits	653	673
Other	3,481	3,458
Total fixed liabilities	78,692	82,192
Total liabilities	144,309	151,262

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
NET ASSETS		
Shareholders' equity		
Capital stock	4,819	4,819
Capital surplus	4,817	4,817
Retained earnings	45,817	44,127
Treasury stock	(4,695)	(4,695)
Total shareholders' equity	50,759	49,069
Accumulated other comprehensive income		
Valuation difference on other securities	(97)	102
Foreign currency translation adjustment	(0)	(0)
Remeasurements of defined benefit plans	(27)	(25)
Total accumulated other comprehensive income	(124)	75
Subscription rights to shares	241	237
Non-controlling interest	263	223
Total net assets	51,139	49,605
Total liabilities and net assets	195,448	200,868

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

(Millions of yen)

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2020
Net sales	12,192	15,717
Cost of sales	10,066	12,044
Gross profit	2,125	3,672
Selling, general and administrative expenses	3,879	3,867
Operating income (loss)	(1,753)	(194)
Non-Operating income:		
Interest income	0	0
Dividend income	85	86
Commissions received	5	6
Gain from equity method investment	-	98
Miscellaneous income	10	50
Total Non-Operating income	101	241
Non-Operating expenses:		
Interest expense	277	261
Losses from equity method investment	72	-
Miscellaneous losses	34	58
Total Non-Operating expenses	384	320
Ordinary income(loss)	(2,036)	(273)
Net income before income taxes (loss)	(2,036)	(273)
Income taxes, inhabitant taxes and business taxes	123	124
Income tax adjustments	(601)	(84)
Total income and other taxes	(478)	39
Net income (loss)	(1,558)	(313)
Net income attributable to non-controlling shareholders (loss)	(1)	(16)
Net income attributable to owners of parent (loss)	(1,556)	(296)

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

(Millions of yen)

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2020
Net income (loss)	(1,558)	(313)
Other comprehensive income:		
Foreign currency translation adjustment	-	(0)
Net unrealized gains on available-for-sale securities	175	199
Remeasurements of defined benefit plans	0	1
Total other comprehensive income	176	201
Comprehensive income	(1,381)	(112)
(Comprising)		
Comprehensive income attributable to owners of parent	(1,524)	(95)
Comprehensive income attributable to non-controlling shareholders	143	(16)

(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.