

Second Quarter Consolidated Financial Report for the Six Months Ended September 30, 2020 (Japan GAAP)

October 30, 2020

Takara Leben CO., LTD.

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

Scheduled date for release of Quarterly Report: November 6, 2020

Scheduled date for commencement of dividend payments: December 7, 2020

Has the Company prepared supplementary briefing materials for the Quarter: Yes

Has the Company held briefings concerning its quarterly financial results: Yes (To prevent the spread of the COVID-19 coronavirus, the Company will distribute Representative Director's financial results presentation by video.)

1. Consolidated Operating Results for the Six Months Ended September 30, 2020 (April 1-September 30, 2020)

(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 Attributable to Owners of Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2020	51,581	(11.1)	1,853	(52.2)	1,620	(52.5)	893	(60.5)
Six months ended September 30, 2019	57,998	16.8	3,879	56.0	3,414	77.3	2,260	86.9

(Note) Comprehensive income: Six months ended September 30, 2020: ¥1,148million ((59.1%)) / Six months ended September 30, 2019: 2,808million (119.8%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Six months ended September 30, 2020	8.23	8.18
Six months ended September 30, 2019	20.85	20.71

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of September 30, 2020	207,947	50,886	24.3
As of March 31, 2020	195,448	51,139	25.9

<Reference> Shareholders' equity at end of period: September 30, 2020: ¥50,451 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	-	4.00			
Year Ending March 31, 2021(Forecast)			-	8.00	12.00

(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, 2021 (April 1, 2020-March 31, 2021)

(Percentage figures represent year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full year	136,800	(18.8)	6,000	(49.6)	5,000	(55.4)	3,400	(36.6)	31.36

(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.	Six months ended September 30, 2020:	121,000,000 shares	As of March 31, 2020:	121,000,000 shares
b.	Six months ended September 30, 2020:	12,344,907 shares	As of March 31, 2020:	12,587,307 shares
c.	Six months ended September 30, 2020:	108,530,136 shares	Six months ended September 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.

To obtain the supplementary materials on financial results:

Supplementary materials on financial results have been posted on the Company's website. The materials are also accessible through TDnet.

To access the details of briefing for financial results:

The briefing for financial results will be distributed by video on the Company's website.

○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 Second-Quarter Year-to-Date Period	7
Quarterly Consolidated Statements of Comprehensive Income Second-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

In the second-quarter of the fiscal year ending March 31, 2021 of the Group, there was a time when corporate activities were restricted due to the effects of the new corona virus. However, since June, we have been working hard to normalize corporate activities as soon as possible, while taking thorough measures to prevent infection. In our core business, the new built-for-sale condominium business, the number of visitors to our model rooms has been at the same level as the previous year since June, showing a marked recovery trend.

a. Performance by business segment

In the real estate sales business, sales of this business amounted to ¥40,190 million, down 12.8% 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 of this business amounted to ¥2,815 million, down 2.5% on a year-on-year basis. This reflected sales from the rental of condominium units and offices.

In the real estate management business, sales from the management of 62,860 units of residential condominiums were ¥2,720 million, up 10.2% on a year-on-year basis.

In the electric power generation business, sales of this business amounted to ¥2,903 million, down 12.3% on a year-on-year basis, mainly due to revenues from the sale of electricity generated by electric power generation facilities.

In the other businesses, sales of this business amounted to ¥2,951 million, down 8.6% 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 second-quarter year-to-date period of the current consolidated fiscal year amounted to ¥51,581 million, down 11.1% on a year-on-year basis. Operating income amounted to ¥1,853 million, down 52.2% on a year-on-year basis. Ordinary income amounted to ¥1,620 million, down 52.5% on a year-on-year basis. Net income attributable to owners of parent amounted to ¥893 million, down 60.5% on a year-on-year basis.

b. Contracted ratio status

With regard to sales performance in the second-quarter year-to-date period of the current consolidated fiscal year, contracts were concluded for 1,772 units, compared with a full-year target of 1,980 units scheduled for delivery. The contract ratio was at 89.5% 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-September 30, 2020 (units)
Six months ended September 30, 2019	1,950	1,539	78.9	1,102
Six months ended September 30, 2020	1,980	1,772	89.5	825

(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 second-quarter consolidated accounting period under review, total assets were ¥207,947 million, an increase of ¥12,498 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 ¥15,169 million compared with the end of the previous consolidated fiscal year to ¥130,484 million, mainly due to an increase in inventories associated with new purchases and transferring business assets to inventories.

(Fixed Assets)

Fixed assets decreased ¥2,620 million compared with the end of the previous consolidated fiscal year to ¥77,254 million, mainly due to transferring business assets to real estate for sale and power generation facilities for sale although business assets were purchased smoothly.

(Current Liabilities)

Current liabilities decreased ¥603 million compared with the end of the previous consolidated fiscal year to ¥65,013 million, mainly due to decrease in notes payable.

(Fixed Liabilities)

Fixed liabilities increased ¥13,354 million compared with the end of the previous consolidated fiscal year to ¥92,047 million, mainly due to the increase loans payable with new purchase.

(Net Assets)

Total net assets decreased ¥252 million compared with the end of the previous consolidated fiscal year to ¥50,886 million, mainly due to dividends of surplus exceeded amount of net income attributable to owners of parent.

(3) Qualitative Information Pertaining to Forecasted Consolidated Operating Results

There is no change from the projected consolidated operating results released on September 14, 2020.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
ASSETS		
Current assets:		
Cash and deposits	35,311	27,879
Notes and accounts payable - trade	1,952	2,061
Real estate for sale	23,861	32,353
Power generation facilities for sale	—	5,334
Real estate for sale in progress	46,102	52,954
Costs incurred on uncompleted contracts	397	507
Other	7,689	9,396
Allowance for doubtful accounts	(2)	(1)
Total current assets	115,314	130,484
Fixed assets:		
Property, plant and equipment		
Buildings and structures ,net	13,266	13,227
Land	33,903	32,038
Other ,net	20,050	18,844
Total Property, plant and equipment	67,220	64,110
Intangible assets		
Goodwill	1,145	1,030
Other	645	610
Total intangible assets	1,790	1,641
Investments and other assets		
Other	10,869	11,512
Allowance for doubtful accounts	(6)	(10)
Total investments and other assets	10,863	11,502
Total fixed assets	79,874	77,254
Deferred assets	259	209
Total assets	195,448	207,947
LIABILITIES		
Current liabilities:		
Notes and accounts payable - trade	11,858	10,066
Short-term loans payable	17,148	18,521
Current portion of bonds	296	296
Current portion of long-term loans payable	22,119	24,795
Income taxes payable	2,972	657
Reserve	980	1,013
Other	10,240	9,663
Total current liabilities	65,616	65,013
Fixed liabilities		
Long-term loan payable	69,656	82,343
Bonds payable	4,804	5,506

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Reserve	97	96
Net defined benefit liability	653	703
Other	3,481	3,397
Total fixed liabilities	78,692	92,047
Total liabilities	144,309	157,060

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
NET ASSETS		
Shareholders' equity		
Capital stock	4,819	4,819
Capital surplus	4,817	4,800
Retained earnings	45,817	45,301
Treasury stock	(4,695)	(4,604)
Total shareholders' equity	50,759	50,317
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(97)	159
Foreign currency translation adjustment	(0)	(0)
Remeasurements of defined benefit plans	(27)	(24)
Total accumulated other comprehensive income	(124)	134
Share acquisition rights	241	199
Non-controlling interest	263	235
Total net assets	51,139	50,886
Total liabilities and net assets	195,448	207,947

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Income
Second-Quarter Year-to-Date Period

(Millions of yen)

	Six Months Ended September 30, 2019	Six Months Ended September 30, 2020
Net sales	57,998	51,581
Cost of sales	45,507	41,200
Gross profit	12,490	10,380
Selling, general and administrative expenses	8,611	8,527
Operating income	3,879	1,853
Non-Operating income:		
Interest income	0	0
Dividend income	164	163
Commission fee	40	40
Profit from equity method investment	—	95
Miscellaneous income	22	138
Total Non-Operating income	227	437
Non-Operating expenses:		
Interest expenses	580	543
Losses from equity method investment	65	—
Miscellaneous losses	45	127
Total Non-Operating expenses	691	670
Ordinary income	3,414	1,620
Extraordinary income		
Gain on sales of investment securities	72	—
Penalty income	214	—
Total Extraordinary income	286	—
Net income before income taxes	3,701	1,620
Income taxes - current	1,373	652
Income taxes - deferred	(0)	79
Total income taxes	1,372	731
Net income	2,328	888
Net income attributable to non-controlling shareholders (loss)	68	(4)
Net income attributable to owners of parent	2,260	893

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

(Millions of yen)

	Six Months Ended September 30, 2019	Six Months Ended September 30, 2020
Net income	2,328	888
Other comprehensive income:		
Valuation difference on available-for-sale securities	478	256
Foreign currency translation adjustment	—	(0)
Remeasurements of defined benefit plans, net of tax	1	2
Total other comprehensive income	480	259
Comprehensive income	2,808	1,148
Net income attributable to		
Comprehensive income attributable to parent	2,740	1,153
Comprehensive income attributable to non-controlling interest	68	(4)

(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.