

Third Quarter Consolidated Financial Report

for the Nine Months Ended December 31, 2020 (Japan GAAP)

January 29, 2021

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 12, 2021
 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, 2020 (April 1- December 31, 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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2020	88,271	(8.9)	5,337	(13.6)	4,823	(14.9)	3,137	(18.6)
Nine months ended December 31, 2019	96,843	30.4	6,176	132.0	5,667	216.7	3,855	224.0

(Note) Comprehensive income: Nine months ended December 31, 2020: ¥3,393 million ((24.3%)) / Nine months ended December 31, 2019: ¥4,480 million (362.2%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Nine months ended December 31, 2020	28.89	28.70
Nine months ended December 31, 2019	35.56	35.32

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of December 31, 2020	207,821	52,696	25.2
As of March 31, 2020	195,448	51,139	25.9

<Reference> Shareholders' equity at end of period: December 31, 2020: ¥52,275 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)				10.00	14.00

(Note) Has the Company changed its dividend forecast for the current quarter: Yes

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		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full year	141,900	(15.8)	7,300	(38.7)	6,200	(44.6)	4,100	(23.5)	37.76

(Note) Has the Company changed its consolidated forecast during this quarter: Yes

*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, 2020:	121,000,000 shares	As of March 31, 2020:	121,000,000 shares
b.	Nine months ended December 31, 2020:	12,344,907 shares	As of March 31, 2020:	12,587,307 shares
c.	Nine months ended December 31, 2020:	108,571,940 shares	Nine months ended December 31, 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 third-quarter of the fiscal year ending March 31, 2021 of the Takara Leben 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. We will continue to implement measures to prevent infection, such as the use of online business negotiations, as we carry out our corporate activities.

a. Performance by business segment

In the real estate sales business, sales of this business amounted to ¥65,422 million, up 1.2% 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 ¥4,278 million, down 1.4% 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 63,454 units of residential condominiums were ¥4,087 million, up 9.5% on a year-on-year basis.

In the electric power generation business, sales totaled ¥10,025 million, down 49.5% on a year-on-year basis, mainly due to revenues from the sale of 5 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 ¥4,457 million, up 3.8% 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 ¥88,271 million, down 8.9% on a year-on-year basis; Operating income amounted to ¥5,337 million, down 13.6% on a year-on-year basis; Ordinary income amounted to ¥4,823 million, down 14.9% on a year-on-year basis; and net income amounted to ¥3,137 million, down 18.6% 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 2,039 units, compared with a full-year target of 1,980 units scheduled for delivery. The contract ratio was at 103.0%, and the contract for the number of units scheduled to be delivered for the full year has already been secured.

(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, 2020 (units)
Nine months ended December 31, 2019	1,950	1,791	91.8	1,613
Nine months ended December 31, 2020	1,980	2,039	103.0	1,376

(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 ¥207,821 million, an increase of ¥12,372 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 ¥11,522 million compared with the end of the previous consolidated fiscal year to ¥126,837 million, mainly due to an increase in inventories associated with new purchases.

(Fixed Assets)

Fixed assets increased ¥1,007 million compared with the end of the previous consolidated fiscal year to ¥80,882 million, mainly due to the purchase of business assets.

(Current Liabilities)

Current liabilities increased ¥4,022 million compared with the end of the previous consolidated fiscal year to ¥69,639 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 increased ¥6,792 million compared with the end of the previous consolidated fiscal year, to ¥85,485 million, mainly due to an increase in borrowings due to new purchases.

(Net Assets)

Total net assets increased ¥1,557 million compared with the end of the previous consolidated fiscal year, to ¥52,696 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

Please refer to the "Notice Concerning Revision of Earnings Forecast and Revision of Dividend Forecast (Dividend Increase)" released on January 29, 2021 for the consolidated earnings forecast.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
ASSETS		
Current assets:		
Cash and deposits	35,311	32,185
Notes and accounts payable - trade	1,952	1,761
Real estate for sale	23,861	22,280
Power generation facilities for sale	—	1,461
Real estate for sale in progress	46,102	57,491
Costs incurred on uncompleted contracts	397	380
Other	7,689	11,276
Allowance for doubtful accounts	(2)	(1)
Total current assets	115,314	126,837
Fixed assets:		
Property, plant and equipment		
Buildings and structures, net	13,266	14,011
Land	33,903	37,560
Other, net	20,050	16,633
Total Property, plant and equipment	67,220	68,205
Intangible assets		
Goodwill	1,145	973
Other	645	608
Total intangible assets	1,790	1,582
Investments and other assets		
Other	10,869	11,105
Allowance for doubtful accounts	(6)	(9)
Total investments and other assets	10,863	11,095
Total fixed assets	79,874	80,882
Deferred assets	259	101
Total assets	195,448	207,821
LIABILITIES		
Current liabilities:		
Notes and accounts payable - trade	11,858	5,716
Short-term loans payable	17,148	20,767
Current portion of bonds	296	296
Current portion of long-term loans payable	22,119	24,129
Income taxes payable	2,972	976
Reserve	980	755
Other	10,240	16,998
Total current liabilities	65,616	69,639
Fixed liabilities		
Long-term loan payable	69,656	77,781

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Bonds payable	4,804	5,458
Reserve	97	106
Net defined benefit liability	653	741
Other	3,481	1,397
Total fixed liabilities	78,692	85,485
Total liabilities	144,309	155,124

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
NET ASSETS		
Shareholders' equity		
Capital stock	4,819	4,819
Capital surplus	4,817	4,800
Retained earnings	45,817	47,110
Treasury stock	(4,695)	(4,604)
Total shareholders' equity	50,759	52,126
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(97)	173
Foreign currency translation adjustment	(0)	(0)
Remeasurements of defined benefit plans	(27)	(23)
Total accumulated other comprehensive income	(124)	149
Share acquisition rights	241	199
Non-controlling interest	263	221
Total net assets	51,139	52,696
Total liabilities and net assets	195,448	207,821

(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, 2019	Nine Months Ended December 31, 2020
Net sales	96,843	88,271
Cost of sales	77,747	69,632
Gross profit	19,096	18,639
Selling, general and administrative expenses	12,919	13,301
Operating income	6,176	5,337
Non-Operating income:		
Interest income	0	0
Dividend income	286	233
Commissions received	54	57
Profit from equity method investment	54	37
Miscellaneous income	48	215
Total Non-Operating income	444	543
Non-Operating expenses:		
Interest expense	873	879
Miscellaneous losses	80	178
Total Non-Operating expenses	953	1,058
Ordinary income	5,667	4,823
Extraordinary income		
Gain on sales of investment securities	72	—
Penalty income	214	—
Total Extraordinary income	286	—
Net income before income taxes	5,954	4,823
Income taxes, inhabitant taxes and business taxes	1,832	1,590
Income tax adjustments	197	113
Total income and other taxes	2,030	1,704
Net income	3,923	3,118
Net income attributable to non-controlling interests (loss)	68	(18)
Net income attributable to owners of parent	3,855	3,137

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

(Millions of yen)

	Nine Months Ended December 31, 2019	Nine Months Ended December 31, 2020
Net income	3,923	3,118
Other comprehensive income:		
Net unrealized gains on available-for-sale securities	554	270
Foreign currency translation adjustment	—	(0)
Remeasurements of defined benefit plans, net of tax	2	3
Total other comprehensive income	557	274
Comprehensive income	4,480	3,393
(Comprising)		
Comprehensive income attributable to parent	4,412	3,411
Comprehensive income attributable to non-controlling interests	68	(18)

(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.