

# First Quarter Consolidated Financial Report

## for the Three Months Ended June 30, 2021 (Japan GAAP)

July 30, 2021

### 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 6, 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 Three Months Ended June 30, 2021 (April 1-June 30, 2021)

(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, 2021	18,337	—	(911)	—	(1,282)	—	(1,093)	—
Three months ended June 30, 2020	15,717	28.9	(194)	—	(273)	—	(296)	—

(Note) Comprehensive income: Three months ended June 30, 2021 (¥901) million (—%) / Three months ended June 30, 2020 (¥112) million (—%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Three months ended June 30, 2021	(10.06)	—
Three months ended June 30, 2020	(2.74)	—

(Note) As the Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current fiscal year, the figures for the first quarter of the fiscal year ending March 31, 2022 are after the application of the said accounting standard, etc., and the percentage change from the same quarter of the previous year is not stated.

## (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of June 30, 2021	229,199	52,688	22.8
As of March 31, 2021	204,315	54,632	26.5

(Reference) Shareholders' equity at end of period: June 30, 2021: ¥52,247 million / March 31, 2021: ¥54,194 million

(Note) As the Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current fiscal year, the figures for the first quarter of the fiscal year ending March 31, 2022 are after the application of the said accounting standard, etc., and the percentage change from the same quarter of the previous year is not stated.

## 2. Cash Dividends

	Annual Cash Dividends per Share				
	1Q	2Q	3Q	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
Year Ending March 31, 2021	—	4.00	—	10.00	14.00
Year Ending March 31, 2022	—				
Year Ending March 31, 2022 (Forecast)		4.00	—	10.00	14.00

(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, 2022 (April 1, 2021-March 31, 2022)

(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	158,600	—	7,900	—	7,100	—	4,800	—	44.18

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

As the Company will apply the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ending March 31, 2022, the consolidated financial forecast above is the amount after the application of the said accounting standard, etc., and the percentage change from the previous fiscal year is not stated.

\*Notes

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

(Changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

Newly consolidated companies 1 company (Leben Clean Energy Co.,Ltd.)

Newly excluded companies (--)

(Note) For details, please refer to "2. Quarterly Consolidated Financial Statements (3) Notes to Quarterly Consolidated Financial Statements (Changes in Significant Subsidiaries during the Period under Review)" on page 10 of the attached materials.

(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: Yes

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

C. Changes in accounting estimates: No

D. Restatement: No

(Note) For details, please refer to "2. Quarterly Consolidated Financial Statements (3) Notes to Quarterly Consolidated Financial Statements (Change in Accounting Policy)" on page 10 of the attached materials.

(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, 2021:	121,000,000 shares	As of March 31, 2021:	121,000,000 shares
b.	Three months ended June 30, 2021:	12,344,907 shares	As of March 31, 2021:	12,344,907 shares
c.	Three months ended June 30, 2021:	108,655,093 shares	Three months ended June 30, 2020 :	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, 2022, the Group continued to take thorough measures to prevent infection and engage in various businesses, despite the gradual progress of vaccinations against the new coronavirus, as the outlook for the new coronavirus infection remains uncertain due to the lack of prospects for its containment. As a result, we have continued to implement various businesses with thorough measures to prevent infection.

#### a. Performance by business segment

Effective from the first quarter of the current fiscal year, the Company has changed the name of its reportable segment from "Electric Power Generation Business" to "Energy Business. This change is a change in the name of the segment and has no impact on the segment information.

In the real estate sales business, sales in this segment totaled 11,302 million yen (10,496 million yen in the same period of the previous fiscal year), due to new the built-for-sale condominiums business, sales of profitable real estate, new detached house sales and sales of used condominiums.

In the real estate rental business, sales in this segment amounted to 1,441 million yen (1,391 million yen in the same period of the previous fiscal year) due to rental income from condominiums, and offices.

In the real estate management business, sales from the management of 67,064 units of residential condominiums were 1,438 million yen (1,355 million yen in the same period of the previous fiscal year).

In the energy business, sales totaled 2,646 million yen (1,514 million yen in the same period of the previous fiscal year), mainly due to revenues from the sale of electricity generated by electric power generation facilities.

Sales from other businesses amounted to 1,508 million yen (958 million yen in the same period of the previous fiscal year), 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 18,337 million yen (15,717 million yen in the same period of the previous year). Operating loss amounted to 911 million yen (194 million yen operating loss in the same period of the previous year). Ordinary loss of 1,282 million yen (273 million yen ordinary loss in the same period of the previous year). And net loss attributable to owners of parent of amounted to 1,093 million yen (296 million yen net loss attributable to owners of the parent in the same period of the previous year).

Effective from the first quarter of the current fiscal year, the Company has adopted "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. Therefore, explanations regarding operating results for the first quarter of the current fiscal year are provided without stating the amount of increase or decrease compared to the first quarter of the previous fiscal year or the percentage change from the same quarter of the previous fiscal year.

For details, please refer to "2. Quarterly Consolidated Financial Statements (3) Notes on Quarterly Consolidated Financial Statements (Change in Accounting Policy)".

## b. Contracted ratio status

With regard to sales performance in the first-quarter year-to-date period of the current consolidated fiscal year, contracts were concluded for 1,268 units, compared with a full-year target of 1,800 units scheduled for delivery. The contract ratio was at 70.4%.

(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-June 30, 2021 (units)
Three months ended June 30, 2020	—	—	—	299
Three months ended June 30, 2021	1,800	1,268	70.4	514

\*In the previous fiscal year, the full-year business plan had not yet been announced, so the information is not provided.

## (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 ¥229,199 million, an increase of ¥24,883 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 ¥16,197 million compared with the end of the previous consolidated fiscal year to ¥141,884 million. This mainly reflected an increase in inventory in conjunction with new purchase.

## (Fixed Assets)

Fixed assets increased ¥8,695 million compared with the end of the previous consolidated fiscal year to ¥87,227 million, mainly due to an increase in business assets resulting from changes in the scope of consolidation and purchases of business assets, etc.

## (Current Liabilities)

Current liabilities increased ¥19,897 million compared with the end of the previous consolidated fiscal year to ¥75,547 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 ¥6,930 million compared with the end of the previous consolidated fiscal year, to ¥100,964 million, mainly due to an increase in borrowings from a change in the scope of consolidation and an increase in borrowings resulting from new purchases, etc.

(Net Assets)

Total net assets amounted to ¥52,688 million, down ¥1,944 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 and the distribution of surplus.

(3) Qualitative Information Pertaining to Forecasted Consolidated Operating Results

There is no change from the projected consolidated operating results released on May 14, 2021.

## 2. Quarterly Consolidated Financial Statements

## (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
<b>ASSETS</b>		
Current assets:		
Cash and deposits	39,169	35,481
Notes and accounts receivable-trade	2,193	—
Notes, accounts receivable-trade and contract assets	—	2,780
Real estate held for sale	28,682	30,854
Power generation facilities for sale	—	3,702
Real estate held for sale in progress	43,766	54,915
Costs incurred on uncompleted contracts	596	81
Other	11,418	14,209
Allowance for doubtful accounts	(141)	(140)
Total current assets	125,686	141,884
Fixed assets:		
Property, plant and equipment		
Buildings and structures (net)	12,102	11,001
Land	33,739	38,035
Other (net)	18,228	21,085
Total property, plant and equipment	64,070	70,123
Intangible assets		
Goodwill	960	2,447
Other	638	665
Total intangible assets	1,599	3,113
Investments and other assets		
Other	12,874	14,004
Allowance for doubtful accounts	(13)	(14)
Total investments and other assets	12,861	13,990
Total fixed assets	78,531	87,227
Deferred assets	97	87
Total assets	204,315	229,199
<b>LIABILITIES</b>		
Current liabilities:		
Notes and accounts payable - trade	13,318	12,138
Short-term loans payable	9,208	22,954
Current portion of bonds payable	116	1,546
Current portion of long-term loans payable	17,524	24,633
Income taxes payable	2,264	144
Allowance	1,034	883
Other	12,184	13,247
Total current liabilities	55,649	75,547



(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Fixed liabilities		
Long-term loans payable	85,721	92,408
Bonds payable	5,988	5,940
Allowance	119	118
Liabilities related to retirement benefits	863	883
Other	1,339	1,613
Total fixed liabilities	94,033	100,964
Total liabilities	149,683	176,511

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	4,819	4,819
Capital surplus	4,817	4,817
Retained earnings	48,649	46,513
Treasury stock	(4,604)	(4,604)
Total shareholders' equity	53,682	51,545
Accumulated other comprehensive income		
Valuation difference on other securities	521	709
Foreign currency translation adjustment	(1)	(0)
Remeasurements of defined benefit plans	(8)	(7)
Total accumulated other comprehensive income	512	701
Subscription rights to shares	199	199
Non-controlling interest	237	240
Total net assets	54,632	52,688
Total liabilities and net assets	204,315	229,199

(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, 2020	Three Months Ended June 30, 2021
Net sales	15,717	18,337
Cost of sales	12,044	14,565
Gross profit	3,672	3,771
Selling, general and administrative expenses	3,867	4,683
Operating loss	(194)	(911)
Non-Operating income:		
Interest income	0	21
Dividend income	86	76
Commissions received	6	9
Gain from equity method investment	98	—
Miscellaneous income	50	49
Total Non-Operating income	241	155
Non-Operating expenses:		
Interest expense	261	436
Losses from equity method investment	—	65
Miscellaneous losses	58	25
Total Non-Operating expenses	320	526
Ordinary loss	(273)	(1,282)
Net loss before income taxes	(273)	(1,282)
Income taxes, inhabitant taxes and business taxes	124	158
Income tax adjustments	(84)	(351)
Total income and other taxes	39	(192)
Net loss	(313)	(1,090)
Net income attributable to non-controlling shareholders (loss)	(16)	3
Net loss attributable to owners of parent	(296)	(1,093)

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

(Millions of yen)

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2021
Net loss	(313)	(1,090)
Other comprehensive income:		
Net unrealized gains on available-for-sale securities	199	187
Foreign currency translation adjustment	(0)	0
Remeasurements of defined benefit plans	1	0
Total other comprehensive income	201	188
Comprehensive income	(112)	(901)
(Comprising)		
Comprehensive income attributable to owners of parent	(95)	(904)
Comprehensive income attributable to non-controlling shareholders	(16)	3

(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.

(Changes in Significant Subsidiaries during the Period under Review)

(Changes in specified subsidiaries resulting in changes in the scope of consolidation)

During the first quarter of the fiscal year ending March 31, 2022, the Company newly acquired all of the issued shares of ACA Clean Energy Co.,Ltd., and therefore included the company in the scope of consolidation.

ACA Clean Energy Co.,Ltd. changed its corporate name to Leben Clean Energy Co.,Ltd. as of June 22, 2021.

(Change in accounting policy)

(Application of the Accounting Standard for Revenue Recognition, etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" ("ASBJ Statement No. 29, March 31, 2020, Accounting Standards Board of Japan"), from the beginning of the current first quarter. It recognizes revenues for goods or services based on the amount estimated to be received in exchange for such goods or services at the point when control of the promised goods or services is conveyed to the customer.

Therefore, in goods and services to customers, which were previously recorded as selling, general and administrative expenses, the method of reducing the amount from the transaction price has been changed. Effective from the first quarter of the current fiscal year, the Company has changed its method of accounting for performance obligations that are to be fulfilled over a certain period of time by estimating the percentage of completion for the fulfillment of the obligations and recognizing revenue over a certain period of time based on the percentage of completion, except for construction projects of very short duration.

For the application of the revenue recognition accounting standard, etc the Company has followed the transitional treatment prescribed in the proviso of Article 84 of the revenue recognition accounting standard, and the cumulative effect of retroactively applying the new accounting policy prior to the beginning of the current first quarter has been added to or deducted from retained earnings at the beginning of the current first quarter, and the relevant opening balance. The new accounting policy has been applied from the beginning of the current fiscal year. However, the Company has not applied the new accounting policy retrospectively to contracts for which the method prescribed in Article 86 of the Revenue Recognition Accounting Standard was applied and almost all of the revenue amounts were recognized in accordance with the previous treatment prior to the beginning of the current first quarter. In addition, the Company has applied the method prescribed in Article 86, Subparagraph (1) of the Accounting Standard for Revenue Recognition to account for contract changes made prior to the beginning of the first quarter of the current fiscal year based on the contract terms after reflecting all contract changes, and has added or subtracted the cumulative effect of such changes to retained earnings at the beginning of the first quarter of the current fiscal year. The cumulative effect of this change was added to or deducted from retained earnings at the beginning of the first quarter of the current fiscal year.

As a result, the impact on the quarterly consolidated financial statements for the first quarter of the current fiscal year is minimal.

Due to the application of Accounting Standard for Revenue Recognition, "Notes and accounts receivable-trade," which were presented in "Current assets" in the consolidated balance sheet for the previous fiscal year, are now included in "Notes, accounts receivable-trade and contract assets" from the first quarter of the current fiscal year. In accordance with the transitional treatment stipulated in Article 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made for the previous fiscal year using the new presentation method.

(Application of the Accounting Standard for Fair Value Measurement)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019, Accounting Standards Board of Japan,”), from the beginning of the current first quarter, 2021. The company has prospectively decided to apply new accounting policies based on the Accounting Standard for Fair Value Measurement, in accordance with the transitional measurement in Article 19 of Accounting Standard for Fair Value Measurement and Article 44-2 of “Accounting Standard for Financial Instruments,” (“ASBJ Statement No.10, July 4, 2019).The impact of application of the Accounting Standard for Fair Value Measurement, on consolidated financial statements for the current first quarter is immaterial.