

# Second Quarter Consolidated Financial Report for the Six Months Ended September 30, 2021 (Japan GAAP)

October 29, 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: November 12, 2021  
 Scheduled date for commencement of dividend payments: December 6, 2021  
 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, 2021 (April 1-September 30, 2021)

(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, 2021	50,098	—	566	—	(112)	—	(252)	—
Six months ended September 30, 2020	51,581	(11.1)	1,853	(52.2)	1,620	(52.5)	893	(60.5)

(Note) Comprehensive income: Six months ended September 30, 2021: (¥186)million (—%) / Six months ended September 30, 2020: ¥1,148million ((59.1%))

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Six months ended September 30, 2021	(2.32)	—
Six months ended September 30, 2020	8.23	8.18

(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 second 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 September 30, 2021	231,817	53,524	22.8
As of March 31, 2021	204,315	54,632	26.5

<Reference> Shareholders' equity at end of period: September 30, 2021: ¥52,949 million / March 31, 2021: ¥59,194 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 second 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	-	4.00			
Year Ending March 31, 2022(Forecast)			-	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 9 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 9 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.	Six months ended September 30, 2021:	121,000,000 shares	As of March 31, 2021:	121,000,000 shares
b.	Six months ended September 30, 2021:	12,147,207 shares	As of March 31, 2021:	12,344,907 shares
c.	Six months ended September 30, 2021:	108,738,512 shares	Six months ended September 30, 2020:	108,530,136 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.

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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 second-quarter of the fiscal year ending March 31, 2022 of the Group, the Japanese economy continued to face an uncertain outlook, although vaccination against the new coronavirus infection has gradually progressed and there are signs of a pickup both in Japan and overseas. In such a business environment, the Group continued to promote business activities while taking thorough measures to prevent infection. In the future, we will continue to strengthen our core business of New Built-for-Sale Condominium through product development with an eye on changing lifestyles, and at the same time, we will continue to build a business model for de-FIT to make Energy Business our next element.

#### 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 35,578 million yen (40,190 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 2,979 million yen (2,815 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 66,313 units of residential condominiums were 2,911 million yen (2,720 million yen in the same period of the previous fiscal year).

In the energy business, sales totaled 5,034 million yen (2,903 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 3,594 million yen (2,951 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 second-quarter year-to-date period of the current consolidated fiscal year amounted to 50,098 million yen (51,581 million yen in the same period of the previous year). Operating income amounted to 566 million yen (1,853 million yen operating income in the same period of the previous year). Ordinary loss of 112 million yen (1,620 million yen ordinary income in the same period of the previous year). And net loss attributable to owners of parent of amounted to 252 million yen (893 million yen net income 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 second quarter of the current fiscal year are provided without stating the amount of increase or decrease compared to the second 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 second-quarter year-to-date period of the current consolidated fiscal year, contracts were concluded for 1,506 units, compared with a full-year target of 1,800 units scheduled for delivery. The contract ratio was at 83.7% 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 (units)
Six months ended September 30, 2020	1,980	1,772	89.5	825
Six months ended September 30, 2021	1,800	1,506	83.7	987

## (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 ¥231,817 million, an increase of ¥27,502 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 ¥35,978 million compared with the end of the previous consolidated fiscal year to ¥161,665 million, mainly due to an increase in inventories associated with new purchases and transferring business assets to inventories.

#### (Fixed Assets)

Fixed assets decreased ¥8,461 million compared with the end of the previous consolidated fiscal year to ¥70,069 million, mainly due to transferring business assets to real estate for sale and power generation facilities for sale despite an increase in business assets due to the change in the scope of consolidation.

#### (Current Liabilities)

Current liabilities increased ¥13,045 million compared with the end of the previous consolidated fiscal year to ¥68,695 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 ¥15,564 million compared with the end of the previous consolidated fiscal year to ¥109,598 million, mainly due to the increase loans payable with new purchase due to the change in the scope of consolidation.

#### (Net Assets)

Total net assets decreased ¥1,108 million compared with the end of the previous consolidated fiscal year to ¥53,524 million, mainly due to the recording of net loss attributable to shareholders of the parent company and dividends from 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 September 30, 2021
<b>ASSETS</b>		
Current assets:		
Cash and deposits	39,169	34,959
Notes and accounts payable - trade	2,193	—
Notes, accounts receivable-trade and contract assets	—	3,005
Real estate for sale	28,682	30,904
Power generation facilities for sale	—	18,366
Real estate for sale in progress	43,766	61,302
Costs incurred on uncompleted contracts	596	23
Other	11,418	13,244
Allowance for doubtful accounts	(141)	(140)
Total current assets	125,686	161,665
Fixed assets:		
Property, plant and equipment		
Buildings and structures ,net	12,102	7,858
Land	33,739	33,099
Other, net	18,228	12,813
Total Property, plant and equipment	64,070	53,771
Intangible assets		
Goodwill	960	2,349
Other	638	703
Total intangible assets	1,599	3,052
Investments and other assets		
Other	12,874	13,259
Allowance for doubtful accounts	(13)	(14)
Total investments and other assets	12,861	13,245
Total fixed assets	78,531	70,069
Deferred assets	97	82
Total assets	204,315	231,817
<b>LIABILITIES</b>		
Current liabilities:		
Notes and accounts payable - trade	13,318	7,211
Short-term loans payable	9,208	19,353
Current portion of bonds	116	616
Current portion of long-term loans payable	17,524	26,645
Income taxes payable	2,264	521
Reserve	1,034	1,087
Other	12,184	13,260
Total current liabilities	55,649	68,695
Fixed liabilities		
Long-term loan payable	85,721	100,970
Bonds payable	5,988	5,980
Reserve	119	124
Net defined benefit liability	863	925

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Other	1,339	1,597
Total fixed liabilities	94,033	109,598
Total liabilities	149,683	178,293



(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	4,819	4,819
Capital surplus	4,817	4,804
Retained earnings	48,649	47,350
Treasury stock	(4,604)	(4,530)
Total shareholders' equity	53,682	52,443
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	521	516
Foreign currency translation adjustment	(1)	(2)
Remeasurements of defined benefit plans	(8)	(7)
Total accumulated other comprehensive income	512	505
Share acquisition rights	199	265
Non-controlling interest	237	309
Total net assets	54,632	53,524
Total liabilities and net assets	204,315	231,817

## (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, 2020	Six Months Ended September 30, 2021
Net sales	51,581	50,098
Cost of sales	41,200	39,690
Gross profit	10,380	10,408
Selling, general and administrative expenses	8,527	9,841
Operating income	1,853	566
Non-Operating income:		
Interest income	0	41
Dividend income	163	147
Commission fee	40	33
Profit from equity method investment	95	9
Miscellaneous income	138	75
Total Non-Operating income	437	308
Non-Operating expenses:		
Interest expenses	576	903
Miscellaneous losses	93	83
Total Non-Operating expenses	670	986
Ordinary income (loss)	1,620	(112)
Net income before income taxes (loss)	1,620	(112)
Income taxes – current	652	475
Income taxes – deferred	79	(407)
Total income taxes	731	68
Net income (loss)	888	(180)
Net income attributable to non-controlling shareholders (loss)	(4)	72
Net income attributable to owners of parent (loss)	893	(252)

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

(Millions of yen)

	Six Months Ended September 30, 2020	Six Months Ended September 30, 2021
Net income (loss)	888	(180)
Other comprehensive income:		
Valuation difference on available-for-sale securities	256	(5)
Foreign currency translation adjustment	(0)	(1)
Remeasurements of defined benefit plans, net of tax	2	0
Total other comprehensive income	259	(6)
Comprehensive income	1,148	(186)
Net income attributable to		
Comprehensive income attributable to parent	1,153	(259)
Comprehensive income attributable to non-controlling interest	(4)	72

(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.

(Changes 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 second 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.