

# Third Quarter Consolidated Financial Report

## for the Nine Months Ended December 31, 2021 (Japan GAAP)

January 28, 2022

### Takara Leben CO., LTD.

Shares listed on: Tokyo Stock Exchange, First Section  
 Security code: 8897  
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Scheduled date for release of Quarterly Report: February 10, 2022  
 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, 2021 (April 1- December 31, 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	%
Nine months ended December 31, 2021	100,042	—	6,403	—	5,182	—	3,603	—
Nine months ended December 31, 2020	88,271	(8.9)	5,337	(13.6)	4,823	(14.9)	3,137	(18.6)

(Note) Comprehensive income: Nine months ended December 31, 2021: ¥3,593 million (—%) / Nine months ended December 31, 2020: ¥3,393 million ((24.3%))

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Nine months ended December 31, 2021	33.12	32.88
Nine months ended December 31, 2020	28.89	28.70

(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 third 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 December 31, 2021	227,158	56,598	24.7
As of March 31, 2021	204,315	54,632	26.5

<Reference> Shareholders' equity at end of period: December 31, 2021: ¥56,073 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 third 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 Ended 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 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.	Nine months ended December 31, 2021:	121,000,000 shares	As of March 31, 2021:	121,000,000 shares
b.	Nine months ended December 31, 2021:	12,020,507 shares	As of March 31, 2021:	12,344,907 shares
c.	Nine months ended December 31, 2021:	108,801,838 shares	Nine months ended December 31, 2020:	108,571,940 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, 2022 of the Takara Leben Group, the Japanese economy continued to face an uncertain outlook, although the spread of vaccinations against new coronavirus infections has led to a gradual resumption of economic activity, the outlook for the overall economy remains uncertain due to the outbreak of new mutant strains and other factors. In the real estate industry, to which our Group belongs, demand for condominiums has been firm due to choices in work styles such as teleworking and growing interest in housing in new lifestyles.

#### 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 of this business amounted to 55,673 million yen (65,422 million yen in the same period of the previous fiscal year). 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 4,466 million yen (4,278 million yen in the same period of the previous fiscal year). This reflected sales from the rental of condominium units and offices.

In the real estate management business, sales from the management of 67,563 units of residential condominiums were 4,363 million yen (4,087 million yen in the same period of the previous fiscal year).

In the energy business, sales totaled 30,329 million yen (10,025 million yen in the same period of the previous fiscal year), mainly due to revenues from the sale of 59 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 5,209 million yen (4,457 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 third-quarter year-to-date period of the current consolidated fiscal year amounted to 100,042 million yen (88,271 million yen in the same period of the previous fiscal year). Operating income amounted to 6,403 million yen (5,337 million yen in the same period of the previous fiscal year). Ordinary income of 5,182 million yen (4,823 million yen in the same period of the previous fiscal year). And net income attributable to owners of parent of amounted to 3,603 million yen (3,137 million yen in the same period of the previous fiscal 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 third quarter of the current fiscal year are provided without stating the amount of increase or decrease compared to the third 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 third-quarter year-to-date period of the current consolidated fiscal year, contracts were concluded for 1,701 units, compared with a full-year target of 1,800 units scheduled for delivery. The contract ratio was at 94.5%, 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-December 31, 2021 (units)
Nine months ended December 31, 2020	1,980	2,039	103.0	1,376
Nine months ended December 31, 2021	1,800	1,701	94.5	1,593

## (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 ¥227,158 million, an increase of ¥22,843 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 ¥28,878 million compared with the end of the previous consolidated fiscal year to ¥154,565 million, mainly due to an increase in inventories associated with new purchases the transfer of business assets to real estate for sale.

## (Fixed Assets)

Fixed assets decreased ¥6,000 million compared with the end of the previous consolidated fiscal year to ¥72,530 million, although business assets increased due to the change in the scope of consolidation, the decrease was mainly due to the reclassification to real estate for sale and power generation facilities for sale.

## (Current Liabilities)

Current liabilities increased ¥19,154 million compared with the end of the previous consolidated fiscal year to ¥74,804 million, mainly due to increase in short-term loans payable and the reclassification from long-term loans payable to short-term loans payable.

## (Fixed Liabilities)

Fixed liabilities increased ¥1,721 million compared with the end of the previous consolidated fiscal year, to ¥95,754 million, mainly due to an increase in borrowings resulting from a change in the scope of consolidation and an increase in borrowings resulting from new purchases.

## (Net Assets)

Total net assets increased ¥1,966 million compared with the end of the previous consolidated fiscal year, to ¥56,598 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

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 December 31, 2021
<b>ASSETS</b>		
Current assets:		
Cash and deposits	39,169	36,935
Notes and accounts receivable-trade	2,193	—
Notes, accounts receivable-trade and contract assets	—	2,447
Real estate for sale	28,682	33,245
Power generation facilities for sale	—	2,014
Real estate for sale in progress	43,766	65,235
Costs incurred on uncompleted contracts	596	39
Other	11,418	14,788
Allowance for doubtful accounts	(141)	(140)
Total current assets	125,686	154,565
Fixed assets:		
Property, plant and equipment		
Buildings and structures, net	12,102	8,055
Land	33,739	35,510
Other, net	18,228	14,008
Total Property, plant and equipment	64,070	57,574
Intangible assets		
Goodwill	960	2,250
Other	638	684
Total intangible assets	1,599	2,935
Investments and other assets		
Other	12,874	12,034
Allowance for doubtful accounts	(13)	(13)
Total investments and other assets	12,861	12,020
Total fixed assets	78,531	72,530
Deferred assets	97	62
Total assets	204,315	227,158
<b>LIABILITIES</b>		
Current liabilities:		
Notes and accounts payable-trade	13,318	9,447
Short-term loans payable	9,208	20,690
Current portion of bonds	116	148
Current portion of long-term loans payable	17,524	25,602
Income taxes payable	2,264	707
Reserve	1,034	770
Other	12,184	17,437
Total current liabilities	55,649	74,804
Fixed liabilities		
Long-term loans payable	85,721	86,834

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Bonds payable	5,998	6,000
Reserve	119	141
Net defined benefit liability	863	932
Other	1,339	1,846
Total fixed liabilities	94,033	95,754
Total liabilities	149,683	170,559

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	4,819	4,819
Capital surplus	4,817	4,800
Retained earnings	48,649	50,500
Treasury stock	(4,604)	(4,483)
Total shareholders' equity	53,682	55,636
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	521	433
Foreign currency translation adjustment	(1)	(1)
Remeasurements of defined benefit plans	(8)	(5)
Total accumulated other comprehensive income	512	436
Share acquisition rights	199	222
Non-controlling interest	237	303
Total net assets	54,632	56,598
Total liabilities and net assets	204,315	227,158

(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, 2020	Nine Months Ended December 31, 2021
Net sales	88,271	100,042
Cost of sales	69,632	78,669
Gross profit	18,639	21,372
Selling, general and administrative expenses	13,301	14,968
Operating income	5,337	6,403
Non-Operating income:		
Interest income	0	51
Dividend income	233	237
Commissions received	57	54
Profit from equity method investment	37	—
Miscellaneous income	215	175
Total Non-Operating income	543	519
Non-Operating expenses:		
Interest expense	879	1,413
Losses from equity method investment	—	18
Miscellaneous losses	178	307
Total Non-Operating expenses	1,058	1,740
Ordinary income	4,823	5,182
Extraordinary income		
Gain on sales of shares of subsidiaries and affiliates	—	45
Gain on negative goodwill	—	37
Total Extraordinary income	—	83
Net income before income taxes	4,823	5,266
Income taxes, inhabitant taxes and business taxes	1,590	1,288
Income tax adjustments	113	309
Total income and other taxes	1,704	1,597
Net income	3,118	3,668
Net income attributable to non-controlling interests (loss)	(18)	65
Net income attributable to owners of parent	3,137	3,603

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

(Millions of yen)

	Nine Months Ended December 31, 2020	Nine Months Ended December 31, 2021
Net income	3,118	3,668
Other comprehensive income:		
Net unrealized gains on available-for-sale securities	270	(78)
Foreign currency translation adjustment	(0)	0
Remeasurements of defined benefit plans, net of tax	3	2
Total other comprehensive income	274	(75)
Comprehensive income	3,393	3,593
(Comprising)		
Comprehensive income attributable to parent	3,411	3,527
Comprehensive income attributable to non-controlling interests	(18)	65

(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 third 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 third quarter is immaterial.