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FY20/2 Q3 Earnings

January 10, 2020

Ichigo Inc. (Tokyo Stock Exchange First Section, 2337)

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Submission of the Financial Report (*Shihanki Hokokusho*): January 14, 2020 (expected)

Dividend Payment: N/A

Supplemental Materials to Financial and Business Results: Yes

Financial and Business Results Briefing: Yes (for institutional investors and analysts)

1. FY20/2 Q3 Consolidated Financial Results (March 1, 2019 to November 30, 2019)

(1) Consolidated Financial Results

(YOY = year-on-year % change)

	Revenue (JPY million) YOY		Operating Profit (JPY million) YOY		Recurring Profit (JPY million) YOY		Net Income (JPY million) YOY	
FY20/2 Q3	78,153	+34.1%	25,032	+21.8%	22,665	+24.1%	15,141	+24.3%
FY19/2 Q3	58,282	+30.2%	20,553	+24.3%	18,264	+26.3%	12,183	+11.3%

Note: Comprehensive Income FY20/2 Q3: JPY 16,072 million (+29.7% YOY)
FY19/2 Q3: JPY 12,393 million (+12.0% YOY)

	Net Income per Share (Basic, JPY) YOY		Net Income per Share (Diluted, JPY) YOY	
FY20/2 Q3	31.09	+26.4%	31.08	+26.5%
FY19/2 Q3	24.59	+12.2%	24.56	+12.1%

(2) Consolidated Financial Condition

	Total Assets (JPY million)	Net Assets (JPY million)	Shareholder Equity Ratio	Net Assets per Share (JPY)
FY20/2 Q3	340,045	108,690	31.6%	223.24
FY19/2	319,343	102,859	30.9%	202.14

Note: Shareholders' Equity FY20/2 Q3: JPY 107,500 million FY19/2: JPY 98,748 million

To facilitate comparison to FY20/2, FY19/2 Total Assets have been restated to reflect a minor change in Japanese accounting treatment of tax assets in FY20/2. The restatement is not material: pre-restated FY19/2 Total Assets were JPY 319,599 million.

(3) Consolidated Cash Flows

	Cash Flows from Operations (JPY million)	Cash Flows from Investments (JPY million)	Cash Flows from Financing (JPY million)	Cash and Cash Equivalents at Period-End (JPY million)
FY20/2 Q3	10,970	-9,015	8,598	40,213
FY19/2 Q3	3,469	-12,142	14,026	39,874

Note: Economic Operating Cash Flow (Cash Flows from Operations excluding net change in Real Estate and Power Plants for Sale)

FY20/2 Q3: JPY 20,979 million FY19/2 Q3: JPY16,034 million

2. Dividends

	Dividend per Share (JPY)					Total Dividend (JPY million)	Payout Ratio	Dividend on Equity (DOE)
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total			
FY19/2	–	–	–	7	7	3,419	22.5%	3.7%
FY20/2 (Forecast)	–	–	–	7	7		23.0%	

3. FY20/2 Full-Year Consolidated Earnings Forecast (March 1, 2019 to February 29, 2020)

(YOY = year-on-year % change)

	Operating Profit (JPY million) YOY		Recurring Profit (JPY million) YOY		Net Income (JPY million) YOY		Net Income per Share (JPY)	
FY20/2	26,500	+0.8%	22,800	-1.2%	15,000	-2.4%	30.39	-2.4%

Note: Ichigo provides a full-year earnings forecast, but not a half-year forecast, because Ichigo believes the longer full-year forecast is more consistent with global best practice and the focus of Japan's Corporate Governance Code on growing long-term sustainable corporate value. In addition, Ichigo is focused on earnings growth (not revenue growth), with a particular focus on growing long-term EPS, so does not issue a Revenue forecast.

4. Other

(1) Changes in significant consolidated subsidiaries (material changes in scope of consolidation):

	Yes
New subsidiaries:	None
Subsidiary removed from consolidation:	YK PIT PARTNERS

(2) Changes in accounting standards/principles, changes in accounting estimates, and revisions to previous financial statements

(i) Changes in accounting standards/principles:	None
(ii) Changes in accounting principles other than the above:	None
(iii) Changes in accounting estimates:	None
(iv) Revisions of previous financial statements:	None

(3) Number of outstanding common shares

(i) Number of outstanding shares including treasury shares at period-end

FY20/2 Q3: 505,191,802

FY19/2: 505,066,430

(ii) Number of treasury shares at period-end

FY20/2 Q3: 23,637,400

FY19/2: 16,556,200

(iii) Average number of outstanding shares during the period

FY20/2 Q3: 487,034,981

FY19/2 Q3: 495,435,833

Segment Information

Asset Management (AM) generates fee income via the management of Ichigo Office (8975), Ichigo Hotel (3463), Ichigo Green (9282), and providing real estate services related to real estate acquisition, operations, and disposition.

Sustainable Real Estate (SRE) preserves and improves real estate. Ichigo receives rental income during the period in which it carries out its value-add, along with earning gains on sales that reflect the real estate's higher value after the value-add is complete.

Note: The Sustainable Real Estate segment was formerly called Value-Add. In keeping with its recently announced Ichigo 2030 vision, Ichigo has changed the segment name to Sustainable Real Estate in order to put full focus on Ichigo's commitment to preserving and improving real estate as a sustainable infrastructure company.

Clean Energy (CE) is utility-scale solar and wind power production that supplies clean energy and brings productive use to idle land.

Note on Appropriate Use of Forecasts

Forward-looking statements contained in these materials are based on judgments regarding information that was available to Ichigo as of the announcement date. However, these statements involve risk and uncertainties, and actual earnings may differ significantly from the indicated forecasts.

Consolidated Balance Sheet (FY20/2 Q3)

(JPY million)

	FY19/2 (Feb 28, 2019)	FY20/2 Q3 (Nov 30, 2019)
Assets		
Current Assets		
Cash and cash equivalents	50,225	40,453
Trade notes and accounts receivable	1,344	1,924
Operational loan investments	1,324	1,324
Operational securities investments	1,218	8,743
Real estate for sale	161,322	172,001
Other	2,156	3,056
Less: allowance for doubtful accounts	-2	-5
Total Current Assets	217,590	227,499
Fixed Assets		
Property, Plant, and Equipment		
Buildings and structures	24,577	27,127
Depreciation	-4,238	-4,798
Buildings and structures (net)	20,338	22,329
Solar power plant equipment	21,229	22,199
Depreciation	-2,170	-2,987
Solar power plant equipment (net)	19,058	19,212
Land	49,924	52,871
Buildings under construction	956	1,135
Solar power plants under construction	3,656	5,705
Other	1,441	1,712
Depreciation	-399	-637
Other (net)	1,042	1,075
Total Property, Plant, and Equipment	94,976	102,330
Intangible Assets		
Goodwill	1,346	1,450
Leasehold rights	316	435
Other	331	634
Total Intangible Assets	1,993	2,519
Investments and Other Assets		
Securities investments	2,455	4,875
Long-term loans receivable	10	510
Deferred tax assets	177	152

(JPY million)

	FY19/2 (Feb 28, 2019)	FY20/2 Q3 (Nov 30, 2019)
Other	2,231	2,249
Less: allowance for doubtful accounts	-91	-91
Total Investments and Other Assets	4,782	7,695
Total Fixed Assets	101,752	112,545
Total Assets	319,343	340,045

(JPY million)

	FY19/2 (Feb 28, 2019)	FY20/2 Q3 (Nov 30, 2019)
Liabilities		
Current Liabilities		
Short-term loans	3,275	4,244
Bonds (due within one year)	112	274
Long-term loans (due within one year)	7,881	12,317
Long-term non-recourse loans (due within one year)	1,666	1,171
Income taxes payable	3,760	3,111
Accrued bonuses	31	504
Other current liabilities	5,178	3,921
Total Current Liabilities	21,905	25,545
Long-Term Liabilities		
Bonds	538	6,179
Long-term loans	131,569	148,798
Long-term non-recourse loans	51,068	39,674
Deferred tax liabilities	2,164	2,035
Long-term security deposits received	8,292	8,188
Other long-term liabilities	946	932
Total Long-Term Liabilities	194,579	205,809
Total Liabilities	216,484	231,355
Net Assets		
Shareholders' Equity		
Capital	26,820	26,841
Capital reserve	11,207	11,228
Retained earnings	66,730	78,445
Treasury shares	-5,988	-8,988
Total Shareholders' Equity	98,769	107,526
Accumulated Other Comprehensive Income		
Valuation gains (losses) on other securities	386	412
Deferred gains (losses) on long-term interest rate hedges	-408	-438
Total Accumulated Other Comprehensive Income	-21	-26
Stock Options	827	1,004
Minority Interests	3,283	185
Total Net Assets	102,859	108,690
Total Liabilities and Net Assets	319,343	340,045

Consolidated Income Statement (FY20/2 Q3)

(JPY million)

	FY19/2 Q3 (Mar 1, 2018 to Nov 30, 2018)	FY20/2 Q3 (Mar 1, 2019 to Nov 30, 2019)
Revenue	58,282	78,153
Cost of Goods Sold	33,332	47,823
Gross Profit	24,950	30,330
SG&A	4,396	5,298
Operating Profit	20,553	25,032
Non-Operating Income		
Interest income	2	4
Dividend income	62	74
Foreign exchange gain	49	–
Mark-to-market gains on long-term interest rate hedges	5	53
Other	31	29
Total Non-Operating Income	151	162
Non-Operating Expenses		
Interest expense	1,742	1,734
Foreign exchange losses	–	39
Mark-to-market losses on long-term interest rate hedges	220	55
Debt financing-related fees	295	522
Other	183	176
Total Non-Operating Expenses	2,441	2,529
Recurring Profit	18,264	22,665
Extraordinary Gains		
Gains on sales of securities investments	2	11
Gains on sales of subsidiary shares	–	169
Other	–	35
Total Extraordinary Gains	2	215
Extraordinary Losses		
Losses on disposal of fixed assets	–	27
Total Extraordinary Losses	–	27
Pre-Tax Net Income	18,266	22,853
Income Taxes	5,700	6,775
Pre-Minority Interest Net Income	12,566	16,077
Net Income Attributable to Minority Interests	383	936
Net Income	12,183	15,141

Consolidated Income Statement (FY20/2 Q3 Stand-Alone)

(JPY million)

	FY19/2 Q3 (Sep 1, 2018 to Nov 30, 2018)	FY20/2 Q3 (Sep 1, 2019 to Nov 30, 2019)
Revenue	32,198	31,968
Cost of Goods Sold	19,702	20,262
Gross Profit	12,495	11,705
SG&A	1,524	1,792
Operating Profit	10,971	9,913
Non-Operating Income		
Interest income	–	1
Dividend income	34	35
Foreign exchange gains	26	15
Mark-to-market gains on long-term interest rate hedges	–	236
Other	3	11
Total Non-Operating Income	64	300
Non-Operating Expenses		
Interest expense	602	585
Mark-to-market losses on long-term interest rate hedges	241	–
Debt financing-related fees	52	91
Other	168	61
Total Non-Operating Expenses	1,066	738
Recurring Profit	9,970	9,475
Extraordinary Losses		
Losses on disposal of fixed assets	–	–
Total Extraordinary Losses	–	–
Pre-Tax Net Income	9,970	9,475
Income Taxes	3,059	2,943
Pre-Minority Interest Net Income	6,911	6,531
Net Income Attributable to Minority Interests	336	2
Net Income	6,574	6,528

Consolidated Statement of Comprehensive Income (FY20/2 Q3)

(JPY million)

	FY19/2 Q3 (Mar 1, 2018 to Nov 30, 2018)	FY20/2 Q3 (Mar 1, 2019 to Nov 30, 2019)
Pre-Minority Interest Net Income	12,566	16,077
Other Comprehensive Income		
Valuation gains (losses) on other securities	-191	25
Deferred gains (losses) on long-term interest rate hedges	17	-30
Total Other Comprehensive Income	-173	-4
Comprehensive Income	12,393	16,072
Comprehensive income attributable to common shareholders	12,010	15,136
Comprehensive income attributable to minority interests	383	936

Consolidated Statement of Comprehensive Income (FY20/2 Q3 Stand-Alone)

(JPY million)

	FY19/2 Q3 (Sep 1, 2018 to Nov 30, 2018)	FY20/2 Q3 (Sep 1, 2019 to Nov 30, 2019)
Pre-Minority Interest Net Income	6,911	6,531
Other Comprehensive Income		
Valuation gains (losses) on other securities	-84	97
Deferred gains (losses) on long-term interest rate hedges	10	-1
Total Other Comprehensive Income	-73	96
Comprehensive Income	6,837	6,627
Comprehensive income attributable to common shareholders	6,501	6,625
Comprehensive income attributable to minority interests	336	2

Consolidated Cash Flow Statement (FY20/2 Q3)

(JPY million)

	FY19/2 Q3 (Mar 1, 2018 to Nov 30, 2018)	FY20/2 Q3 (Mar 1, 2019 to Nov 30, 2019)
Cash Flows from Operations:		
Pre-tax net income	18,266	22,853
Depreciation	1,217	1,888
Share-based compensation expenses	155	187
Amortization of goodwill	140	130
Increase (decrease) in accrued bonuses	461	473
Increase (decrease) in allowance for doubtful accounts	-25	2
Interest and dividend income	-65	-79
Interest expense	1,742	1,734
Losses (gains) on sales of subsidiary shares	-	-169
Losses (gains) on sales of securities investments	-2	-11
Decrease (increase) in trading notes and receivables	-343	-519
Decrease (increase) in operational securities investments	-437	3,842
Decrease (increase) in real estate for sale	-11,997	-10,046
Decrease (increase) in advances paid	-50	136
Decrease (increase) in prepaid expenses	-304	-259
Decrease (increase) in accounts receivable	-228	9
Decrease (increase) in consumption taxes receivable	1,024	-432
Increase (decrease) in accounts payable	-1,265	-675
Increase (decrease) in accrued expenses	56	83
Increase (decrease) in deposits received	178	434
Increase (decrease) in security deposits received	-518	-99
Other	442	481
Sub-Total	8,444	19,965
Interest and dividend income received	65	79
Interest expense paid	-1,545	-1,524
Income taxes paid	-3,530	-7,548
Income taxes refunded	35	-
Net Cash from (Used for) Operations	3,469	10,970

(JPY million)

	FY19/2 Q3 (Mar 1, 2018 to Nov 30, 2018)	FY20/2 Q3 (Mar 1, 2019 to Nov 30, 2019)
Cash Flows from Investments:		
Payments into time deposits	-63	-111
Proceeds from withdrawal from time deposits	1,010	2,063
Proceeds from cancellation of time deposits	–	2,970
Payments for securities investments	-466	-2,332
Proceeds from sales of securities investments	32	111
Acquisitions of property, plant, and equipment	-12,130	-10,306
Acquisitions of intangible assets	-374	-464
Payments of SPC capital contributions	–	-2
Redemptions of SPC capital contributions	32	–
Payments of security deposits	-15	-34
Redemptions of security deposits	–	–
Acquisition of consolidated subsidiary	–	-187
Payments of loans receivable	–	-737
Other	-168	17
Net Cash from (Used for) Investments	-12,142	-9,015

(JPY million)

	FY19/2 Q3 (Mar 1, 2018 to Nov 30, 2018)	FY20/2 Q3 (Mar 1, 2019 to Nov 30, 2019)
Cash Flows from Financing:		
Net increase (decrease) in short-term loans	5,053	969
Proceeds from bond issuance	69	5,828
Repayment of maturing bond principal to bondholders	-56	-96
Proceeds from long-term loans	40,153	44,898
Repayment of long-term loans	-13,606	-23,445
Proceeds from long-term non-recourse loans	3,500	5,300
Repayment of long-term non-recourse loans	-15,478	-17,188
Proceeds from employee exercise of stock options	122	31
Share buyback	-2,849	-2,999
Proceeds from minority interests	90	–
Payments to minority interests	–	-1,276
Dividends paid	-2,971	-3,415
Dividends paid to minority interests	–	-5
Net Cash from (Used for) Financing	14,026	8,598
Effect of Exchange Rate Change on Cash and Cash Equivalents	–	–
Increase (Decrease) in Cash and Cash Equivalents	5,352	10,553
Cash and Cash Equivalents at Beginning of Period	39,365	45,029
Cash and Cash Equivalents Resulting from Exclusion from Consolidation	-4,843	-15,369
Cash and Cash Equivalents at End of Period	39,874	40,213

Consolidated Cash Flow Statement (FY20/2 Q3 Stand-Alone)

(JPY million)

	FY19/2 Q3 (Sep 1, 2018 to Nov 30, 2018)	FY20/2 Q3 (Sep 1, 2019 to Nov 30, 2019)
Cash Flows from Operations:		
Pre-tax net income	9,970	9,475
Depreciation	422	647
Share-based compensation expenses	47	63
Amortization of goodwill	46	42
Increase (decrease) in accrued bonuses	212	225
Increase (decrease) in allowance for doubtful accounts	-	1
Interest and dividend income	-34	-36
Interest expense	602	585
Decrease (increase) in trading notes and receivables	109	-341
Decrease (increase) in operational securities investments	-12	205
Decrease (increase) in real estate for sale	4,135	9,262
Decrease (increase) in advances paid	19	241
Decrease (increase) in prepaid expenses	-206	-24
Decrease (increase) in accounts receivable	-171	-87
Decrease (increase) in consumption taxes receivable	75	412
Increase (decrease) in accounts payable	-672	89
Increase (decrease) in accrued expenses	28	28
Increase (decrease) in deposits received	-209	-198
Increase (decrease) in security deposits received	177	-63
Other	420	229
Sub-Total	14,961	20,758
Interest and dividend income received	34	36
Interest expenses paid	-504	-495
Income taxes paid	-722	-2,159
Income taxes refunded	33	-
Net Cash from (Used for) Operations	13,803	18,139

(JPY million)

	FY19/2 Q3 (Sep 1, 2018 to Nov 30, 2018)	FY20/2 Q3 (Sep 1, 2019 to Nov 30, 2019)
Cash Flows from Investments:		
Payments into time deposits	-5	-2
Proceeds from withdrawal from time deposits	1,000	-
Proceeds from cancellation of time deposits	-	2,970
Payments for securities investments	-440	-500
Acquisitions of property, plant, and equipment	-9,089	-2,355
Acquisitions of intangible assets	-15	-148
Payments of SPC capital contributions	-	-
Payments of security deposits	-	-13
Redemptions of security deposits	-	-
Payments of loans receivable	-	-645
Other	7	4
Net Cash from (Used for) Investments	-8,542	-691

(JPY million)

	FY19/2 Q3 (Sep 1, 2018 to Nov 30, 2018)	FY20/2 Q3 (Sep 1, 2019 to Nov 30, 2019)
Cash Flows from Financing:		
Net increase (decrease) in short-term loans	-889	-871
Proceeds from bond issuance	69	2,969
Repayment of maturing bond principal to bondholders	–	-40
Proceeds from long-term loans	15,297	4,650
Repayment of long-term loans	-8,941	-5,582
Repayment of long-term non-recourse loans	-4,628	-8,919
Proceeds from employee exercise of stock options	1	28
Share buyback	-2,849	-2,232
Proceeds from minority interests	90	–
Dividends paid	–	–
Dividends paid to minority interests	–	-4
Net Cash from (Used for) Financing	-1,850	-10,004
Effect of Exchange Rate Change on Cash and Cash Equivalents	–	–
Increase (Decrease) in Cash and Cash Equivalents	3,410	7,443
Cash and Cash Equivalents at Beginning of Period	40,487	37,208
Cash and Cash Equivalents Resulting from Exclusion from Consolidation	-4,023	-4,438
Cash and Cash Equivalents at End of Period	39,874	40,213

Revenue, P&L, and Assets by Segment (Current FY20/2 Q3)

(Mar 1, 2019 to Nov 30, 2019)

(JPY million)

	Segment				Adjustment ²	Amount Recorded in Financial Statements
	Asset Management (AM)	Sustainable Real Estate (SRE)	Clean Energy (CE)	Total		
Revenue						
Revenue from External Customers	2,109	72,995	3,048	78,153	-	78,153
Inter-Segment Activities or Reclassifications	755	1	-	756	-756	-
Total	2,865	72,996	3,048	78,910	-756	78,153
Segment P&L ¹	1,696	22,232	1,131	25,060	-28	25,032
Segment P&L Details ¹						
Stock Earnings (Rental Income, Base AM Fees, FIT Solar Power Earnings, etc.)	1,241	7,525	1,131	9,898	-	-
Flow Earnings (Profits on Sustainable Real Estate Sales, Profits on Solar Power Plant Sales, Spot AM Fees, etc.)	454	14,707	-	15,161	-	-
Segment Assets	2,114	282,146	31,353	315,614	24,430	340,045
Other						
Depreciation	-	1,047	818	1,865	22	1,888
Increase in Property, Plant, and Equipment and Intangible Assets	-	7,039	3,379	10,419	170	10,589

¹ Segment P&L is on an Operating Profit basis. For FY20/2 Q3, company-wide business expansion and new business entry costs have increased year-on-year and thus their allocation to the Segments has reduced Stock and Flow Earnings in each Segment.

² The Adjustment to Segment P&L (-JPY 28 million) reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 24,430 million) reflects corporate assets, such as cash and cash equivalents, that were not allocated to the segments. The Adjustment to Depreciation (JPY 22 million) reflects depreciation of corporate assets that were not allocated to the segments. The Adjustment to Increase in Property, Plant, and Equipment and Intangible Assets (JPY 170 million) reflects corporate assets that were not allocated to the segments.

Note: To facilitate comparison to FY20/2, FY19/2 Segment Assets have been restated to reflect a minor change in Japanese accounting treatment of tax assets in FY20/2. The restatement is not material.

Revenue, P&L, and Assets by Segment (Previous FY19/2 Q3)

(Mar 1, 2018 to Nov 30, 2018)

(JPY million)

	Segment				Adjustment ²	Amount Recorded in Financial Statements
	Asset Management (AM)	Sustainable Real Estate (SRE)	Clean Energy (CE)	Total		
Revenue						
Revenue from External Customers	1,773	53,508	2,999	58,282	-	58,282
Inter-Segment Activities or Reclassifications	800	1	-	801	-801	-
Total	2,574	53,509	2,999	59,083	-801	58,282
Segment P&L ¹	1,571	17,761	1,253	20,586	-32	20,553
Segment P&L Details ¹						
Stock Earnings (Rental Income, Base AM Fees, FIT Solar Power Earnings, etc.)	1,293	7,477	1,253	10,024	-	-
Flow Earnings (Profits on Sustainable Real Estate Sales, Profits on Solar Power Plant Sales, Spot AM Fees, etc.)	277	10,284	-	10,562	-	-
Segment Assets	1,923	267,906	27,733	297,563	26,608	324,172
Other						
Depreciation	-	413	787	1,200	16	1,217
Increase in Property, Plant, and Equipment and Intangible Assets	-	10,081	2,441	12,523	-175	12,347

¹ Segment P&L is on an Operating Profit basis.

² The Adjustment to Segment P&L (-JPY 32 million) reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY26,608 million) reflects corporate assets, such as cash and cash equivalents, that were not allocated to the segments. The Adjustment to Depreciation (JPY 16 million) reflects depreciation of corporate assets that were not allocated to the segments. The Adjustment to Increase in Property, Plant, and Equipment and Intangible Assets (-JPY 175 million) reflects corporate assets that were not allocated to the segments.

Revenue, P&L, and Assets by Segment (Current FY20/2 Q3 Stand-Alone)

(Sep 1, 2019 to Nov 30, 2019)

(JPY million)

	Segment				Adjustment ²	Amount Recorded in Financial Statements
	Asset Management (AM)	Sustainable Real Estate (SRE)	Clean Energy (CE)	Total		
Revenue						
Revenue from External Customers	945	30,076	945	31,968	-	31,968
Inter-Segment Activities or Reclassifications	238	-	-	238	-238	-
Total	1,184	30,077	945	32,207	-238	31,968
Segment P&L ¹	788	8,859	297	9,945	-32	9,913
Segment P&L Details ¹						
Stock Earnings (Rental Income, Base AM Fees, FIT Solar Power Earnings, etc.)	451	2,457	297	3,207	-	-
Flow Earnings (Profits on Sustainable Real Estate Sales, Profits on Solar Power Plant Sales, Spot AM Fees, etc.)	336	6,401	-	6,738	-	-
Segment Assets	2,114	282,146	31,353	315,614	24,430	340,045
Other						
Depreciation	-	359	278	638	9	647
Increase in Property, Plant, and Equipment and Intangible Assets	-	1,294	1,157	2,451	56	2,508

¹ Segment P&L is on an Operating Profit basis. For FY20/2 Q3, company-wide business expansion and new business entry costs have increased year-on-year and thus their allocation to the Segments has reduced Stock and Flow Earnings in each Segment.

² The Adjustment to Segment P&L (-JPY 32 million) reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 24,430 million) reflects corporate assets, such as cash and cash equivalents, that were not allocated to the segments. The Adjustment to Depreciation (JPY 9 million) reflects depreciation of corporate assets that were not allocated to the segments. The Adjustment to Increase in Property, Plant, and Equipment and Intangible Assets (JPY 56 million) reflects corporate assets that were not allocated to the segments.

Note: To facilitate comparison to FY20/2, FY19/2 Segment Assets have been restated to reflect a minor change in Japanese accounting treatment of tax assets in FY20/2. The restatement is not material.

Revenue, P&L, and Assets by Segment (Previous Q3 Stand-Alone)

(Sep 1, 2018 to Nov 30, 2018)

(JPY million)

	Segment				Adjustment ²	Amount Recorded in Financial Statements
	Asset Management (AM)	Sustainable Real Estate (SRE)	Clean Energy (CE)	Total		
Revenue						
Revenue from External Customers	570	30,755	872	32,198	-	32,198
Inter-Segment Activities or Reclassifications	331	-	-	331	-331	-
Total	901	30,756	872	32,529	-331	32,198
Segment P&L ¹	558	10,141	284	10,983	-12	10,971
Segment P&L Details ¹						
Stock Earnings (Rental Income, Base AM Fees, FIT Solar Power Earnings, etc.)	432	2,924	284	3,640	-	-
Flow Earnings (Profits on Sustainable Real Estate Sales, Profits on Solar Power Plant Sales, Spot AM Fees, etc.)	126	7,217	-	7,343	-	-
Segment Assets	1,923	267,906	27,733	297,563	26,608	324,172
Other						
Depreciation	-	153	262	415	6	422
Increase in Property, Plant, and Equipment and Intangible Assets	-	8,022	1,461	9,483	-220	9,262

¹ Segment P&L is on an Operating Profit basis.

² The Adjustment to Segment P&L (-JPY 12 million) reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 26,608 million) reflects corporate assets, such as cash and cash equivalents, that were not allocated to the segments. The Adjustment to Depreciation (JPY 6 million) reflects depreciation of corporate assets that were not allocated to the segments. The Adjustment to Increase in Property, Plant, and Equipment and Intangible Assets (-JPY 220 million) reflects corporate assets that were not allocated to the segments.