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FY21/2 H1 Earnings

October 14, 2020

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

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Submission of the Financial Report (*Shihanki Hokokusho*): October 15, 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. FY21/2 H1 Consolidated Financial Results (March 1, 2020 to August 31, 2020)

(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	
FY21/2 H1	32,026	-30.7%	5,452	-63.9%	4,252	-67.8%	2,778	-67.7%
FY20/2 H1	46,185	+77.1%	15,118	+57.8%	13,189	+59.0%	8,612	+53.6%

Note: Comprehensive Income FY21/2 H1: JPY 2,473 million (-73.8% YOY)
FY20/2 H1: JPY 9,445 million (+70.0% YOY)

	Net Income per Share (Basic, JPY)		Net Income per Share (Diluted, JPY)	
FY21/2 H1	5.77	-67.3%	—	—
FY20/2 H1	17.64	+56.0%	17.64	+56.2%

(2) Consolidated Financial Condition

	Total Assets (JPY million)	Net Assets (JPY million)	Shareholder Equity Ratio	Net Assets per Share (JPY)
FY21/2 H1	341,664	100,742	29.1%	206.62
FY20/2	333,726	101,607	30.1%	208.49

Note: Shareholders' Equity FY21/2 H1: JPY 99,536 million FY20/2: JPY 100,434 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)
FY21/2 H1	10,593	-13,608	8,266	45,840
FY20/2 H1	-7,169	-8,323	18,602	37,208

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

FY21/2 H1: JPY 4,654 million FY20/2 H1: JPY 12,279 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			
FY20/2	–	–	–	7	7	3,372	41.5%	3.4%
FY21/2 (Forecast)			–	7	7		42.2% ~ 96.4%	

3. FY21/2 Full-Year Consolidated Earnings Forecast (March 1, 2020 to February 28, 2021)

(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)	
FY21/2	7,400	-53.5%	5,000	-57.4%	3,500	-2.5%	7.26	-1.7%
	~ 12,900	~ -73.3%	~ 10,400	~ -79.5%	~ 8,000	~ -57.3%	~ 16.6	~ -57.0%

Note: Given Covid uncertainty, Ichigo is forecasting its FY21/2 earnings as a range. For details, please see “FY21/2 Full-Year Earnings Forecast (March 1, 2020 – February 28, 2021)” on page 4.

4. Other

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

None

(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

FY21/2 H1: 505,371,918

FY20/2: 505,368,918

(ii) Number of treasury shares at period-end

FY21/2 H1: 23,637,400

FY20/2: 23,637,400

(iii) Average number of outstanding shares (excluding treasury shares) during the period

FY21/2 H1: 481,734,388

FY20/2 H1: 488,234,390

Segment Information

Asset Management (AM) generates fee income via the management of Ichigo Office (8975), Ichigo Hotel (3463), Ichigo Green (9282), and private real estate funds.

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 Ichigo 2030 vision, Ichigo changed the segment name to Sustainable Real Estate in 2019 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.

5. FY21/2 Full-Year Earnings Forecast (March 1, 2020 – February 28, 2021)

Ichigo revised up its FY21/2 full-year forecast and announced its FY21/2 dividend forecast in the July 14, 2020 release “FY21/2 Full-Year Earnings Forecast Revision.”

Ichigo provides a full-year earnings forecast, but not a half-year forecast, because we believe 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.

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.

Reflecting Covid uncertainties, Ichigo is forecasting its FY21/2 earnings as a range.

In line with its Progressive Dividend Policy, Ichigo is forecasting its FY21/2 Dividend to be JPY 7 (unchanged from FY20/2).

While Covid is impacting hotel and retail asset rental income, Ichigo does not expect it to affect the carrying value of its Sustainable Real Estate assets.

(JPY million)

	Operating Profit	Recurring Profit	Net Income	EPS (JPY)
Initial Forecast (A)	<u>6,200</u> ~12,900	<u>3,400</u> ~10,400	<u>2,000</u> ~8,000	<u>4.15</u> ~16.60
Revised Forecast (B)	<u>7,400</u> ~12,900	<u>5,000</u> ~10,400	<u>3,500</u> ~8,000	<u>7.26</u> ~16.60
Change (B) – (A)	+1,200	+1,600	+1,500	+3.11
% Change	+19.4%	+47.1%	+75.0%	+74.9%
Reference: FY20/2 Actual	27,721	24,395	8,201	16.89

Consolidated Balance Sheet (FY21/2 H1)

(JPY million)

	FY20/2 (Feb 29, 2020)	FY21/2 H1 (Aug 31, 2020)
Assets		
Current Assets		
Cash and cash equivalents	41,067	46,083
Trade notes and accounts receivable	2,308	1,366
Operational loan investments	1,324	1,324
Operational securities investments	902	617
Real estate for sale	68,290	62,357
Other	3,721	3,625
Less: allowance for doubtful accounts	-6	-23
Total Current Assets	117,608	115,352
Fixed Assets		
Property, Plant, and Equipment		
Buildings and structures	60,131	67,351
Depreciation	-5,080	-6,359
Buildings and structures (net)	55,050	60,992
Solar power plant equipment	26,713	28,100
Depreciation	-3,287	-3,986
Solar power plant equipment (net)	23,425	24,114
Land	122,114	125,012
Buildings under construction	2,432	2,927
Solar power plants under construction	2,058	1,442
Other	1,844	2,325
Depreciation	-727	-877
Other (net)	1,116	1,447
Total Property, Plant, and Equipment	206,198	215,936
Intangible Assets		
Goodwill	1,090	1,022
Leasehold rights	687	1,269
Other	705	842
Total Intangible Assets	2,482	3,134
Investments and Other Assets		
Securities investments	4,321	4,423
Long-term loans receivable	510	10
Deferred tax assets	568	616

(JPY million)

	FY20/2 (Feb 29, 2020)	FY21/2 H1 (Aug 31, 2020)
Other	2,128	2,282
Less: allowance for doubtful accounts	-91	-91
Total Investments and Other Assets	7,436	7,240
Total Fixed Assets	216,118	226,311
Total Assets	333,726	341,664

(JPY million)

	FY20/2 (Feb 29, 2020)	FY21/2 H1 (Aug 31, 2020)
Liabilities		
Current Liabilities		
Short-term loans	3,086	5,713
Bonds (due within one year)	274	274
Long-term loans (due within one year)	12,277	6,547
Long-term non-recourse loans (due within one year)	1,178	1,350
Income taxes payable	2,416	1,038
Accrued bonuses	33	217
Other current liabilities	5,013	3,836
Total Current Liabilities	24,280	18,978
Long-Term Liabilities		
Bonds	6,082	6,015
Long-term loans	151,483	163,466
Long-term non-recourse loans	39,156	41,737
Deferred tax liabilities	1,890	1,853
Long-term security deposits received	8,118	7,955
Other long-term liabilities	1,107	914
Total Long-Term Liabilities	207,838	221,942
Total Liabilities	232,119	240,921
Net Assets		
Shareholders' Equity		
Capital	26,885	26,886
Capital reserve	11,272	11,272
Retained earnings	71,505	70,911
Treasury shares	-8,988	-8,988
Total Shareholders' Equity	100,674	100,081
Accumulated Other Comprehensive Income		
Valuation gains (losses) on other securities	158	-128
Deferred gains (losses) on long-term interest rate hedges	-397	-416
Total Accumulated Other Comprehensive Income	-239	-545
Stock Options	988	1,023
Minority Interests	184	183
Total Net Assets	101,607	100,742
Total Liabilities and Net Assets	333,726	341,664

Consolidated Income Statement (FY21/2 H1)

(JPY million)

	FY20/2 H1 (Mar 1, 2019 to Aug 31, 2019)	FY21/2 H1 (Mar 1, 2020 to Aug 31, 2020)
Revenue	46,185	32,026
Cost of Goods Sold	27,560	23,342
Gross Profit	18,624	8,683
SG&A	3,505	3,231
Operating Profit	15,118	5,452
Non-Operating Income		
Interest income	2	8
Dividend income	39	58
Mark-to-market gain on long-term interest rate hedges	–	186
Other	17	35
Total Non-Operating Income	60	288
Non-Operating Expenses		
Interest expense	1,149	1,161
Foreign currency valuation losses	55	20
Mark-to-market loss on long-term interest rate hedges	237	20
Debt financing-related fees	431	155
Other	115	132
Total Non-Operating Expenses	1,989	1,489
Recurring Profit	13,189	4,252
Extraordinary Gains		
Gains on sale of securities investments	11	–
Gains on sale of subsidiary shares	169	–
Other	35	–
Total Extraordinary Gains	215	–
Extraordinary Losses		
Loss on disposal of fixed assets	27	–
Valuation losses on securities investments	–	114
Other	–	1
Total Extraordinary Losses	27	116
Pre-Tax Income	13,378	4,136
Income Taxes	3,831	1,355
Pre-Minority Interest Net Income	9,546	2,780
Income Attributable to Minority Interests	933	1
Net Income	8,612	2,778

Consolidated Income Statement (FY21/2 Q2 Stand-Alone)

(JPY million)

	FY20/2 Q2 (Jun 1, 2019 to Aug 31, 2019)	FY21/2 Q2 (Jun 1, 2020 to Aug 31, 2020)
Revenue	19,895	9,296
Cost of Goods Sold	11,566	5,902
Gross Profit	8,329	3,394
SG&A	1,747	1,592
Operating Profit	6,581	1,802
Non-Operating Income		
Interest income	1	4
Dividend income	4	4
Other	2	18
Total Non-Operating Income	7	27
Non-Operating Expenses		
Interest expense	591	587
Foreign currency valuation losses	15	10
Mark-to-market loss on long-term interest rate hedges	138	62
Debt financing-related fees	194	147
Other	66	72
Total Non-Operating Expenses	1,007	881
Recurring Profit	5,582	948
Extraordinary Losses		
Loss on disposal of fixed assets	-	-
Other	-	1
Total Extraordinary Losses	-	1
Pre-Tax Income	5,581	947
Income Taxes	1,737	332
Pre-Minority Interest Net Income	3,844	614
Income Attributable to Minority Interests	-	-
Net Income	3,843	613

Consolidated Statement of Comprehensive Income (FY21/2 H1)

(JPY million)

	FY20/2 H1 (Mar 1, 2019 to Aug 31, 2019)	FY21/2 H1 (Mar 1, 2020 to Aug 31, 2020)
Pre-Minority Interest Net Income	9,546	2,780
Other Comprehensive Income		
Valuation gains (losses) on other securities	-72	-286
Deferred gains (losses) on long-term interest rate hedges	-28	-19
Total Other Comprehensive Income	-101	-306
Comprehensive Income	9,445	2,473
Comprehensive income attributable to common shareholders	8,511	2,471
Comprehensive income attributable to minority interests	933	1

Consolidated Statement of Comprehensive Income (FY21/2 Q2 Stand-Alone)

(JPY million)

	FY20/2 Q2 (Jun 1, 2019 to Aug 31, 2019)	FY21/2 Q2 (Jun 1, 2020 to Aug 31, 2020)
Pre-Minority Interest Net Income	3,844	614
Other Comprehensive Income		
Valuation gains (losses) on other securities	-34	-64
Deferred gains (losses) on long-term interest rate hedges	-16	-10
Total Other Comprehensive Income	-51	-74
Comprehensive Income	3,793	539
Comprehensive income attributable to common shareholders	3,792	538
Comprehensive income attributable to minority interests	-	-

Consolidated Cash Flow Statement (FY21/2 H1)

(JPY million)

	FY20/2 H1 (Mar 1, 2019 to Aug 31, 2019)	FY21/2 H1 (Mar 1, 2020 to Aug 31, 2020)
Cash Flows from Operations:		
Pre-tax income	13,378	4,136
Depreciation	1,241	2,193
Share-based compensation expenses	124	35
Amortization of goodwill	87	67
Increase (decrease) in accrued bonuses	248	184
Increase (decrease) in allowance for doubtful accounts	1	16
Interest and dividend income	-42	-66
Interest expenses	1,149	1,161
Losses (gains) on sale of subsidiary shares	-169	-
Losses (gains) on sale of securities investments	-11	-
Valuation losses on securities investments	-	114
Decrease (increase) in trading notes and receivables	-178	941
Decrease (increase) in operational securities investments	3,636	316
Decrease (increase) in real estate for sale	-19,308	5,928
Valuation losses on SPC capital contributions	-	3
Decrease (increase) in advances paid	-104	172
Decrease (increase) in prepaid expenses	-235	-437
Decrease (increase) in accounts receivable	97	-
Decrease (increase) in consumption taxes receivable	-844	793
Increase (decrease) in accounts payable	-764	-875
Increase (decrease) in accrued expenses	55	37
Increase (decrease) in deposits received	633	123
Increase (decrease) in security deposits received	-36	-161
Other	251	-570
Sub-Total	-792	14,116
Interest and dividends received	42	66
Interest expense paid	-1,029	-1,054
Income taxes paid	-5,389	-2,619
Income taxes refunded	-	83
Net Cash from (Used for) Operations	-7,169	10,593

(JPY million)

	FY20/2 H1 (Mar 1, 2019 to Aug 31, 2019)	FY21/2 H1 (Mar 1, 2020 to Aug 31, 2020)
Cash Flows from Investments:		
Payments into time deposits	-108	-3
Proceeds from withdrawal of time deposits	2,062	–
Payments for securities investments	-1,832	-47
Proceeds from sale of securities investments	111	–
Acquisition of property, plant, and equipment	-7,951	-12,473
Acquisition of intangible assets	-315	-716
Payments of SPC capital contributions	-2	-3
Redemptions of SPC capital contributions	–	15
Payments of security deposits	-20	–
Acquisition of consolidated subsidiary	-187	–
Payments of loans receivable	-92	-368
Other	12	-11
Net Cash from (Used for) Investments	-8,323	-13,608

(JPY million)

	FY20/2 H1 (Mar 1, 2019 to Aug 31, 2019)	FY21/2 H1 (Mar 1, 2020 to Aug 31, 2020)
Cash Flows from Financing:		
Net increase (decrease) in short-term loans	1,840	2,627
Proceeds from bond issuance	2,858	70
Repayment of maturing bond principal to bondholders	-56	-137
Proceeds from long-term loans	40,248	40,983
Repayment of long-term loans	-17,862	-34,729
Proceeds from long-term non-recourse loans	5,300	3,300
Repayment of long term non-recourse loans	-8,269	-546
Proceeds from employee exercise of stock options	2	1
Share buyback	-767	—
Payments to minority interests	-1,276	—
Dividends paid	-3,415	-3,297
Dividends paid to minority interests	—	-3
Net Cash from (Used for) Financing	18,602	8,266
Effect of Exchange Rate Change on Cash and Cash Equivalents	—	—
Increase (Decrease) in Cash and Cash Equivalents	3,110	5,251
Cash and Cash Equivalents at Beginning of Period	45,029	40,826
Cash and Cash Equivalents Resulting from Exclusion from Consolidation	-10,930	-237
Cash and Cash Equivalents at End of Period	37,208	45,840

Consolidated Cash Flow Statement (FY20/2 Q2 Stand-Alone)

(JPY million)

	FY20/2 Q2 (Jun 1, 2019 to Aug 31, 2019)	FY21/2 Q2 (Jun 1, 2020 to Aug 31, 2020)
Cash Flows from Operations:		
Pre-tax income	5,581	947
Depreciation	630	1,147
Share-based compensation expenses	61	27
Amortization of goodwill	43	40
Increase (decrease) in accrued bonuses	-2	12
Increase (decrease) in allowance for doubtful accounts	-	15
Interest and dividend income	-5	-8
Interest expense	591	587
Decrease (increase) in trading notes and receivables	148	319
Decrease (increase) in operational securities investments	3,024	10
Decrease (increase) in real estate for sale	-15,928	-4,185
Decrease (increase) in advances paid	-227	-118
Decrease (increase) in prepaid expenses	-116	-208
Decrease (increase) in accounts receivable	45	21
Decrease (increase) in consumption taxes receivable	-812	893
Increase (decrease) in accounts payable	60	203
Increase (decrease) in accrued expenses	-49	-60
Increase (decrease) in deposits received	37	124
Increase (decrease) in security deposits received	261	-94
Other	442	-269
Sub-Total	-6,211	-593
Interest and dividends received	5	8
Interest expense paid	-565	-559
Income taxes paid	-1,030	-464
Income taxes refunded	-	83
Net Cash from (Used for) Operations	-7,802	-1,524

(JPY million)

	FY20/2 Q2 (Jun 1, 2019 to Aug 31, 2019)	FY21/2 Q2 (Jun 1, 2020 to Aug 31, 2020)
Cash Flows from Investments:		
Payments into time deposits	-105	–
Proceeds from withdrawal of time deposits	53	–
Payments for securities investments	-1,739	–
Acquisition of property, plant, and equipment	-2,950	-2,860
Acquisition of intangible assets	-245	-105
Payments of SPC capital contributions	–	–
Payments of security deposits	–	–
Acquisition of consolidated subsidiary	-187	–
Payments of loans receivable	-52	–
Other	13	–
Net Cash from (Used for) Investments	-5,212	-2,968

(JPY million)

	FY20/2 Q2 (Jun 1, 2019 to Aug 31, 2019)	FY21/2 Q2 (Jun 1, 2020 to Aug 31, 2020)
Cash Flows from Financing:		
Net increase (decrease) in short-term loans	-1,351	1,347
Proceeds from bond issuance	2,858	–
Repayment of maturing bond principal to bondholders	-56	-96
Proceeds from long-term loans	25,443	27,468
Repayment of long-term loans	-5,698	-24,871
Proceeds from long-term non-recourse loans	5,300	3,300
Repayment of long term non-recourse loans	-6,542	-434
Proceeds from employee exercise of stock options	2	–
Share buyback	-767	–
Dividends paid	-72	-62
Dividends paid to minority interests	–	-1
Net Cash from (Used for) Financing	19,117	6,649
Effect of Exchange Rate Change on Cash and Cash Equivalents	–	–
Increase (Decrease) in Cash and Cash Equivalents	6,101	2,156
Cash and Cash Equivalents at Beginning of Period	35,522	43,922
Cash and Cash Equivalents Resulting from Exclusion from Consolidation	-4,415	-237
Cash and Cash Equivalents at End of Period	37,208	45,840

Revenue, P&L, and Assets by Segment (Current FY21/2 H1)

(Mar 1, 2020 to Aug 31, 2020)

(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	948	28,509	2,568	32,026	-	32,026
Inter-Segment Activities or Reclassifications	283	-	-	284	-284	-
Total	1,231	28,510	2,568	32,310	-284	32,026
Segment P&L ¹	606	3,729	1,171	5,508	-55	5,452
Segment P&L Details ¹						
Stock Earnings (Rental Income, Base AM Fees, FIT Solar Power Earnings, etc.)	568	1,789	1,171	3,530	-	-
Flow Earnings (Gains on Sustainable Real Estate Sales, Gains on Solar Power Plant Sales, Spot AM Fees, etc.)	38	1,939	-	1,978	-	-
Segment Assets	1,496	276,152	35,842	313,491	28,172	341,664
Other						
Depreciation	-	1,471	701	2,173	20	2,193
Increase in Property, Plant, and Equipment and Intangible Assets	-	10,307	2,283	12,591	21	12,612

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

² The Adjustment to Segment P&L (-JPY 55 million) reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 28,172 million) reflects corporate assets, such as cash and deposits, that were not allocated to the segments. The Adjustment to Depreciation (JPY 20 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 21 million) reflects corporate assets that were not allocated to the segments.

Revenue, P&L, and Assets by Segment (Previous FY20/2 H1)

(Mar 1, 2019 to Aug 31, 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	1,164	42,918	2,102	46,185	-	46,185
Inter-Segment Activities or Reclassifications	517	-	-	517	-517	-
Total	1,681	42,919	2,102	46,703	-517	46,185
Segment P&L ¹	908	13,372	833	15,114	4	15,118
Segment P&L Details ¹						
Stock Earnings (Rental Income, Base AM Fees, FIT Solar Power Earnings, etc.)	766	5,049	833	6,649	-	-
Flow Earnings (Gains on Sustainable Real Estate Sales, Gains on Solar Power Plant Sales, Spot AM Fees, etc.)	141	8,323	-	8,465	-	-
Segment Assets	1,861	285,101	30,574	317,536	24,800	342,337
Other						
Depreciation	-	687	540	1,227	13	1,241
Increase in Property, Plant, and Equipment and Intangible Assets	-	5,745	2,222	7,967	114	8,081

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

² The Adjustment to Segment P&L (JPY 4 million) reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 24,800 million) reflects corporate assets, such as cash and deposits, that were not allocated to the segments. The Adjustment to Depreciation (JPY 13 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 114 million) reflects corporate assets that were not allocated to the segments.

Revenue, P&L, and Assets by Segment (Current FY21/2 Q2 Stand-Alone)

(Jun 1, 2020 to Aug 31, 2020)

(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	447	7,569	1,279	9,296	-	9,296
Inter-Segment Activities or Reclassifications	142	-	-	142	-142	-
Total	589	7,569	1,279	9,439	-142	9,296
Segment P&L ¹	272	981	577	1,831	-28	1,802
Segment P&L Details ¹						
Stock Earnings (Rental Income, Base AM Fees, FIT Solar Power Earnings, etc.)	265	546	577	1,389	-	-
Flow Earnings (Gains on Sustainable Real Estate Sales, Gains on Solar Power Plant Sales, Spot AM Fees, etc.)	7	434	-	441	-	-
Segment Assets	1,496	276,152	35,842	313,491	28,172	341,664
Other						
Depreciation	-	780	353	1,133	10	1,144
Increase in Property, Plant, and Equipment and Intangible Assets	-	1,280	1,776	3,056	-33	3,023

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

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 28,172 million) reflects corporate assets, such as cash and cash equivalents, that were not allocated to the segments. The Adjustment to Depreciation (JPY 10 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 33 million) reflects corporate assets that were not allocated to the segments.

Revenue, P&L, and Assets by Segment (Previous Q2 Stand-Alone)

(Jun 1, 2019 to Aug 31, 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	537	18,275	1,082	19,895	–	19,895
Inter-Segment Activities or Reclassifications	228	–	–	228	-228	–
Total	766	18,275	1,082	20,124	-228	19,895
Segment P&L ¹	388	5,727	456	6,572	9	6,581
Segment P&L Details ¹						
Stock Earnings (Rental Income, Base AM Fees, FIT Solar Power Earnings, etc.)	351	2,520	456	3,328	–	–
Flow Earnings (Gains on Sustainable Real Estate Sales, Gains on Solar Power Plant Sales, Spot AM Fees, etc.)	36	3,207	–	3,243	–	–
Segment Assets	1,861	285,101	30,574	317,536	24,800	342,337
Other						
Depreciation	–	351	271	623	7	630
Increase in Property, Plant, and Equipment and Intangible Assets	–	1,483	1,761	3,245	63	3,308

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

² The Adjustment to Segment P&L (JPY 9 million) reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 24,800 million) reflects corporate assets, such as cash and cash equivalents, that were not allocated to the segments. The Adjustment to Depreciation (JPY 7 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 63 million) reflects corporate assets that were not allocated to the segments.