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FY23/2 Q3 Earnings

January 12, 2023

Ichigo Inc. (Tokyo Stock Exchange Prime, 2337)

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Submission of the Financial Report (*Shihanki Hokokusho*): January 13, 2023 (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. FY23/2 Q3 Consolidated Financial Results (March 1, 2022 to November 30, 2022)

(1) Consolidated Financial Results

(YOY = year-on-year % change)

	Revenue (JPY million) YOY	Operating Profit (JPY million) YOY	All-In Operating Profit (JPY million) YOY	Recurring Profit (JPY million) YOY
FY23/2 Q3	52,797 +79.7%	9,111 +80.9%	13,527 +167.1%	8,000 +164.0%
FY22/2 Q3	29,386 -46.8%	5,036 -41.1%	5,065 -40.8%	3,030 -53.6%

Note: Comprehensive Income FY23/2 Q3: JPY 9,083 million (+321.5% YOY)

FY22/2 Q3: JPY 2,154 million (-46.4% YOY)

All-In Operating Profit = Operating Profit + Gains on Sale of Sustainable Real Estate Assets
Recorded as Extraordinary Gains

	Net Income (JPY million) YOY	Net Income per Share (Basic, JPY)	Net Income per Share (Diluted, JPY)
FY23/2 Q3	8,470 +330.1%	18.32 +336.1%	—
FY22/2 Q3	1,969 -53.8%	4.20 -52.6%	—

(2) Consolidated Financial Condition

	Total Assets (JPY million)	Net Assets (JPY million)	Shareholders' Equity Ratio	Net Assets per Share (JPY)
FY23/2 Q3	336,055	113,534	30.3%	224.90
FY22/2	337,887	112,191	29.8%	215.46

Note: Shareholders' Equity FY23/2 Q3: JPY 101,966 million FY22/2: JPY 100,815 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)
FY23/2 Q3	5,041	5,601	-8,146	46,751
FY22/2 Q3	-10,993	-3,217	1,068	35,961

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

FY23/2 Q3: JPY 8,321 million FY22/2 Q3: JPY 5,659 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			
FY22/2	–	–	–	7	7	3,275	50.7%	3.3%
FY23/2 (Forecast)	–	–	–	7	7		35.8%	

3. FY23/2 Full-Year Consolidated Earnings Forecast (March 1, 2022 to February 28, 2023)

(YOY = year-on-year % change)

	Revenue (JPY million) YOY		Operating Profit (JPY million) YOY		All-In Operating Profit (JPY million) YOY		Recurring Profit (JPY million) YOY		Net Income (JPY million) YOY	
FY23/2	67,200	18.0%	11,900	18.8%	16,300	22.9%	10,000	33.9%	9,000	39.0%

	Net Income per Share (JPY) YOY	
FY23/2	19.56	41.6%

Note: Ichigo revised its FY23/2 earnings today. For details, please refer to “FY23/2 Full-Year Earnings Forecast Revision” 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: Yes
 - (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

FY23/2 Q3: 505,381,018

FY22/2: 505,381,018

(ii) Number of treasury shares at period-end

FY23/2 Q3: 51,992,200

FY22/2: 37,466,500

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

FY23/2 Q3: 462,456,628

FY22/2 Q3: 469,016,646

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.

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. FY23/2 Full-Year Earnings Forecast Revision

Ichigo revised its FY23/2 consolidated full-year earnings forecast announced in a range on April 19, 2022.

(JPY million)

	Revenue	Operating Profit		All-In Operating Profit ¹	
		Bottom of Range	Top of Range	Bottom of Range	Top of Range
Previous Forecast (A)	–	9,700	10,600	12,700	15,600
Revised Forecast (B)	67,200	11,900		16,300	
Change (B) – (A)	+10,266	+2,200	+1,300	+3,600	+700
% Change	+18.0%	+22.7%	+12.3%	+28.3%	+4.5%
Reference: FY22/2 Actual	56,934	10,018		13,266	

	Recurring Profit		Net Income		EPS	
	Bottom of Range	Top of Range	Bottom of Range	Top of Range	Bottom of Range	Top of Range
Previous Forecast (A)	6,700	7,600	6,500	8,500	JPY 14.04	JPY 18.36
Revised Forecast (B)	10,000		9,000		JPY 19.56	
Change (B) – (A)	+3,300	+2,400	+2,500	+500	+ JPY 5.52	+ JPY 1.20
% Change	+49.3%	+31.6%	+38.5%	+5.9%	+39.3%	+6.5%
Reference: FY22/2 Actual	7,471		6,473		JPY 13.81	

¹ All-In Operating Profit = Operating Profit + Gains on Sale of Sustainable Real Estate Assets Recorded as Extraordinary Gains

FY23/2 Full-Year Earnings Forecast Revision Rationale

Ichigo is revising up its earnings forecast to reflect earnings growth in its Sustainable Real Estate and Asset Management businesses. In Sustainable Real Estate, Ichigo's value-add activity is driving earnings growth across-the-board in a strong real estate market, while its hotel business is benefiting from a rapid recovery in domestic travel demand.

In Asset Management, Ichigo is the only J-REIT sponsor that has adopted a no fixed fee, performance-fee only asset management fee structure to maximize asset manager alignment with positive shareholder outcomes. Ichigo will thus receive a higher asset management fee as a result of earnings growth at Ichigo Office (8975).

As a sustainable infrastructure company committed to contributing to a sustainable society, Ichigo is working to drive long-term value growth for Ichigo shareholders and all stakeholders.

Consolidated Balance Sheet (FY23/2 Q3)

(JPY million)

	FY22/2 (Feb 28, 2022)	FY23/2 Q3 (November 30, 2022)
Assets		
Current Assets		
Cash and deposits	46,458	46,974
Trade notes and accounts receivable	1,819	1,980
Operational loan investments	1,324	1,324
Operational securities investments	2,547	69
Real estate for sale	68,666	72,134
Other	2,613	3,074
Less: allowance for doubtful accounts	-633	-49
Total Current Assets	122,798	125,508
Fixed Assets		
Property, Plant, and Equipment		
Buildings and structures	66,501	66,093
Depreciation	-10,292	-12,017
Buildings and structures (net)	56,208	54,075
Solar and wind power plants	34,298	34,925
Depreciation	-6,345	-7,656
Solar and wind power plants (net)	27,953	27,268
Land	116,079	113,859
Buildings and structures under construction	435	354
Solar and wind power plants under construction	2,095	2,090
Other	2,884	3,052
Depreciation	-1,618	-1,895
Other (net)	1,265	1,156
Total Property, Plant, and Equipment	204,038	198,805
Intangible Assets		
Goodwill	1,580	1,447
Leasehold rights	1,365	1,365
Other	605	383
Total Intangible Assets	3,551	3,197
Investments and Other Assets		
Securities investments	3,463	3,972
Long-term loans receivable	270	247
Deferred tax assets	883	746

(JPY million)

	FY22/2 (Feb 28, 2022)	FY23/2 Q3 (November 30, 2022)
Other	3,013	3,593
Less: allowance for doubtful accounts	-131	-16
Total Investments and Other Assets	7,498	8,543
Total Fixed Assets	215,089	210,546
Total Assets	337,887	336,055

(JPY million)

	FY22/2 (Feb 28, 2022)	FY23/2 Q3 (November 30, 2022)
Liabilities		
Current Liabilities		
Short-term loans	2,382	1,925
Bonds (due within one year)	274	360
Long-term loans (due within one year)	9,888	9,079
Long-term non-recourse loans (due within one year)	1,375	4,238
Income taxes payable	1,888	1,449
Accrued bonuses	39	327
Other current liabilities	5,012	3,198
Total Current Liabilities	20,861	20,578
Long-Term Liabilities		
Bonds	5,603	5,339
Long-term loans	150,389	148,737
Long-term non-recourse loans	39,489	38,716
Deferred tax liabilities	1,795	1,639
Long-term security deposits received	6,749	6,974
Other long-term liabilities	805	536
Total Long-Term Liabilities	204,833	201,942
Total Liabilities	225,695	222,521
Net Assets		
Shareholders' Equity		
Capital	26,888	26,888
Capital reserve	11,268	11,266
Retained earnings	76,310	81,507
Treasury shares	-13,423	-17,914
Total Shareholders' Equity	101,043	101,747
Accumulated Other Comprehensive Income		
Valuation gains (losses) on other securities	25	329
Deferred gains (losses) on long-term interest rate hedges	-254	-109
Total Accumulated Other Comprehensive Income	-228	219
Stock Options	961	993
Minority Interests	10,415	10,574
Total Net Assets	112,191	113,534
Total Liabilities and Net Assets	337,887	336,055

Consolidated Income Statement (FY23/2 Q3)

(JPY million)

	FY22/2 Q3 (Mar 1, 2021 to Nov 30, 2021)	FY23/2 Q3 (Mar 1, 2022 to Nov 30, 2022)
Revenue	29,386	52,797
Cost of Goods Sold	19,773	38,847
(Depreciation)	3,951	3,856
Gross Profit	9,613	13,950
SG&A	4,576	4,839
Operating Profit	5,036	9,111
Non-Operating Income		
Interest income	17	34
Dividend income	27	36
Foreign exchange gains	38	16
Mark-to-market gains on long-term interest rate hedges	51	642
Other	83	66
Total Non-Operating Income	218	796
Non-Operating Expenses		
Interest expense	1,772	1,629
Mark-to-market losses on long-term interest rate hedges	192	-
Debt financing-related fees	40	97
Other	218	180
Total Non-Operating Expenses	2,224	1,907
Recurring Profit	3,030	8,000
Extraordinary Gains		
Gains on sale of fixed assets	33	4,416
Total Extraordinary Gains	33	4,416
Extraordinary Losses		
Loss on disposal of fixed assets	4	-
Other	3	-
Total Extraordinary Losses	7	-
Pre-Tax Income	3,055	12,416
Total Income Taxes	920	3,781
Pre-Minority Interest Net Income	2,135	8,634
Net Income Attributable to Minority Interests	166	164
Net Income	1,969	8,470

Consolidated Income Statement (FY23/2 Q3 Stand-Alone)

(JPY million)

	FY22/2 Q3 (Sep 1, 2021 to Nov 30, 2021)	FY23/2 Q3 (Sep 1, 2022 to Nov 30, 2022)
Revenue	6,083	27,322
Cost of Goods Sold	3,838	21,671
(Depreciation)	1,291	1,295
Gross Profit	2,244	5,651
SG&A	1,451	1,623
Operating Profit	793	4,028
Non-Operating Income		
Interest income	6	11
Dividend income	17	22
Foreign exchange gains	19	3
Mark-to-market gains on long-term interest rate hedges	151	388
Other	29	14
Total Non-Operating Income	225	440
Non-Operating Expenses		
Interest expense	567	546
Debt financing-related fees	5	5
Other	81	83
Total Non-Operating Expenses	654	635
Recurring Profit	364	3,834
Extraordinary Gains		
Gains on sale of fixed assets	29	3,321
Total Extraordinary Gains	29	3,321
Extraordinary Losses		
Loss on disposal of fixed assets	3	-
Other	2	-
Total Extraordinary Losses	5	-
Pre-Tax Income	387	7,155
Total Income Taxes	94	2,057
Pre-Minority Interest Net Income	293	5,097
Net Income Attributable to Minority Interests	54	56
Net Income	238	5,041

Consolidated Statement of Comprehensive Income (FY23/2 Q3)

(JPY million)

	FY22/2 Q3 (Mar 1, 2021 to Nov 30, 2021)	FY23/2 Q3 (Mar 1, 2022 to Nov 30, 2022)
Pre-Minority Interest Net Income	2,135	8,634
Other Comprehensive Income		
Valuation gains (losses) on other securities	-42	303
Deferred gains (losses) on long-term interest rate hedges	62	144
Total Other Comprehensive Income	19	448
Comprehensive Income	2,154	9,083
Comprehensive income attributable to common shareholders	1,988	8,919
Comprehensive income attributable to minority interests	166	164

Consolidated Statement of Comprehensive Income (FY23/2 Q3 Stand-Alone)

(JPY million)

	FY22/2 Q3 (Sep 1, 2021 to Nov 30, 2021)	FY23/2 Q3 (Sep 1, 2022 to Nov 30, 2022)
Pre-Minority Interest Net Income	293	5,097
Other Comprehensive Income		
Valuation gains (losses) on other securities	-91	50
Deferred gains (losses) on long-term interest rate hedges	58	87
Total Other Comprehensive Income	-32	137
Comprehensive Income	260	5,235
Comprehensive income attributable to common shareholders	205	5,178
Comprehensive income attributable to minority interests	54	56

Consolidated Cash Flow Statement (FY23/2 Q3)

(JPY million)

	FY22/2 Q3 (Mar 1, 2021 to Nov 30, 2021)	FY23/2 Q3 (Mar 1, 2022 to Nov 30, 2022)
Cash Flows from Operations:		
Pre-tax income	3,055	12,416
Depreciation	4,212	4,002
Amortization of goodwill	123	133
Increase (decrease) in accrued bonuses	307	288
Increase (decrease) in allowance for doubtful accounts	-	-
Interest and dividend income	-44	-71
Interest expense	1,772	1,629
Loss on disposal of fixed assets	4	-
Gains on sale of fixed assets	-33	-4,416
Decrease (increase) in trading notes and receivables	-576	-160
Decrease (increase) in operational securities investments	1,097	3,155
Decrease (increase) in real estate for sale	-16,616	-3,468
Valuation losses on SPC capital contributions	1	-
Decrease (increase) in advances paid	11	-35
Decrease (increase) in prepaid expenses	-49	-188
Decrease (increase) in accounts receivable	108	-33
Decrease (increase) in consumption taxes receivable	-146	231
Increase (decrease) in accounts payable	-545	-546
Increase (decrease) in accrued expenses	4	-42
Increase (decrease) in advances received	164	-969
Increase (decrease) in deposits received	-158	63
Increase (decrease) in security deposits received	-626	224
Increase (decrease) in accrued consumption taxes	-670	-561
Other	239	471
Sub-Total	-8,363	12,123
Interest and dividends received	44	71
Interest expense paid	-1,589	-1,500
Income taxes paid	-1,283	-5,679
Income taxes refunded	198	27
Net Cash from (Used for) Operations	-10,993	5,041

(JPY million)

	FY22/2 Q3 (Mar 1, 2021 to Nov 30, 2021)	FY23/2 Q3 (Mar 1, 2022 to Nov 30, 2022)
Cash Flows from Investments:		
Payments into time deposits	-6	-1
Redemptions of time deposits	–	23
Payments for securities investments	-604	-256
Proceeds from sale of securities investments	568	–
Acquisition of property, plant, and equipment	-3,462	-8,158
Proceeds from sale of property, plant, and equipment	744	14,065
Acquisition of intangible assets	-185	-21
Payments of SPC capital contributions	-4	-6
Payments of security deposits	-16	–
Loans made	-290	-75
Payments received on loans made	26	22
Other	13	10
Net Cash from (Used for) Investments	-3,217	5,601

(JPY million)

	FY22/2 Q3 (Mar 1, 2021 to Nov 30, 2021)	FY23/2 Q3 (Mar 1, 2022 to Nov 30, 2022)
Cash Flows from Financing:		
Net increase (decrease) in short-term loans	-1,584	-457
Repayment of maturing bond principal to bondholders	-177	-177
Proceeds from long-term loans	19,649	32,888
Repayment of long-term loans	-11,242	-34,787
Proceeds from long-term non-recourse loans	–	3,000
Repayment of long-term non-recourse loans	-844	-910
Share buyback	-1,499	-4,499
Dividends paid	-3,229	-3,197
Dividends paid to minority interests	-1	-4
Net Cash from (Used for) Financing	1,068	-8,146
Effect of Exchange Rate Change on Cash and Cash Equivalents	–	–
Increase (Decrease) in Cash and Cash Equivalents	-13,142	2,496
Cash and Cash Equivalents at Beginning of Period	50,590	46,214
Change in Cash and Cash Equivalents Resulting from Exclusion from Consolidation	-1,485	-1,959
Cash and Cash Equivalents at End of Period	35,961	46,751

Consolidated Cash Flow Statement (FY23/2 Q3 Stand-Alone)

(JPY million)

	FY22/2 Q3 (Sep 1, 2021 to Nov 30, 2021)	FY23/2 Q3 (Sep 1, 2022 to Nov 30, 2022)
Cash Flows from Operations:		
Pre-tax income	387	7,155
Depreciation	1,395	1,352
Amortization of goodwill	25	44
Increase (decrease) in accrued bonuses	159	160
Increase (decrease) in allowance for doubtful accounts	-	-
Interest and dividend income	-24	-34
Interest expense	567	546
Loss on disposal of fixed assets	3	-
Gains on sale of fixed assets	-29	-3,321
Decrease (increase) in trading notes and receivables	-375	-321
Decrease (increase) in operational securities investments	1,109	1,242
Decrease (increase) in real estate for sale	-12,852	3,776
Valuation losses on SPC capital Contributions	1	-
Decrease (increase) in advances paid	-65	165
Decrease (increase) in prepaid expenses	-9	-14
Decrease (increase) in accounts receivable	-25	25
Decrease (increase) in consumption taxes receivable	-170	-359
Increase (decrease) in accounts payable	85	2
Increase (decrease) in accrued expenses	1	-5
Increase (decrease) in advances received	255	14
Increase (decrease) in deposits received	84	28
Increase (decrease) in security deposits received	93	185
Increase (decrease) in accrued consumption taxes	-4	76
Other	-547	529
Sub-Total	-9,933	11,250
Interest and dividends received	24	34
Interest expense paid	-485	-476
Income taxes paid	-624	-2,523
Income taxes refunded	32	-
Net Cash from (Used for) Operations	-10,987	8,285

(JPY million)

	FY22/2 Q3 (Sep 1, 2021 to Nov 30, 2021)	FY23/2 Q3 (Sep 1, 2022 to Nov 30, 2022)
Cash Flows from Investments:		
Payments into time deposits	-2	–
Proceeds from withdrawal of time deposits	–	3
Payments for securities investments	-376	–
Proceeds from sale of securities investments	566	–
Acquisition of property, plant, and equipment	-1,274	-3,657
Proceeds from sale of property, plant, and equipment	740	12,265
Acquisition of intangible assets	-111	-8
Payments of SPC capital contributions	-1	–
Payments of security deposits	–	–
Loans made	–	-23
Payments received on loans made	8	7
Other	13	5
Net Cash from (Used for) Investments	-437	8,591

(JPY million)

	FY22/2 Q3 (Sep 1, 2021 to Nov 30, 2021)	FY23/2 Q3 (Sep 1, 2022 to Nov 30, 2022)
Cash Flows from Financing:		
Net increase (decrease) in short-term loans	-1,163	-962
Repayment of maturing bond principal to bondholders	-40	-40
Proceeds from long-term loans	5,195	12,117
Repayment of long-term loans	-1,609	-19,725
Repayment of long-term non-recourse loans	-133	-121
Share buyback	–	-2,832
Dividends paid	–	–
Dividends paid to minority interests	–	-2
Net Cash from (Used for) Financing	2,247	-11,569
Effect of Exchange Rate Change on Cash and Cash Equivalents	–	–
Increase (Decrease) in Cash and Cash Equivalents	-9,176	5,307
Cash and Cash Equivalents at Beginning of Period	45,138	41,555
Change in Cash and Cash Equivalents Resulting from Exclusion from Consolidation	–	–
Cash and Cash Equivalents at End of Period	35,961	46,751

Changes in Accounting Policies

1. Application of Revenue Recognition Accounting Standard

The “Accounting Standard for Revenue Recognition” (Accounting Standard Board of Japan (“ASBJ”) Statement No. 29, March 31, 2020; hereinafter the “Revenue Recognition Accounting Standard”) has been applied from the beginning of FY23/2 Q1. Under this accounting standard, revenue is recognized in an amount expected to be received in exchange for goods or services when control of promised goods or services is transferred to a customer.

Ichigo applies the transitional treatment provided in the notes to Clause 84, and there is no impact from this change on retained earnings as of the beginning of FY23/2.

Accordingly, the impact from the change in Revenue Recognition Accounting Standard on FY23/2 Q3 earnings is minimal.

Pursuant to the transitional treatment provided in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Statements” (ASBJ Statement No. 12, March 31, 2020), details of earnings from contracts made with clients during the previous period (FY22/2 Q3) is not provided.

2. Application of Accounting Standard for Fair Value Measurement

The “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter the “Fair Value Measurement Accounting Standard”) has been applied from the beginning of FY23/2 Q1. In accordance with the transitional treatment provided for in Paragraph 19 of the “Accounting Standard for Fair Value Measurement” and Paragraph 44–2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), the Fair Value Measurement Accounting Standard will henceforth be applied on an ongoing basis.

Financial instruments such as corporate bonds and other bonds that are recognized as being difficult to obtain a market value for were previously recorded on the quarterly balance sheet based on acquisition price. Under the Fair Value Measurement Accounting Standard, these financial instruments will be recorded on the quarterly balance sheet using a market value derived from unobservable inputs based on best available information.

Revenue, P&L, and Assets by Segment (Current FY23/2 Q3)

(Mar 1, 2022 to Nov 30, 2022)

(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	1,493	46,783	4,520	52,797	-	52,797
Inter-Segment Activities or Reclassifications	382	1	-	384	-384	-
Total	1,876	46,785	4,520	53,182	-384	52,797
Operating Profit	1,055	6,313	1,772	9,140	-29	9,111
Gains on Sale of Sustainable Real Estate Assets Recorded as Extraordinary Gains	-	4,416	-	4,416	-	4,416
Segment P&L (All-In Operating Profit) ¹	1,055	10,729	1,772	13,557	-29	13,527
Segment P&L Details						
Stock Earnings (Rental Income, Base AM Fees, FIT Solar & Wind Power Earnings, etc.)	1,022	2,470	1,772	5,265	-	-
Flow Earnings (Gains on Sale of Sustainable Real Estate, Spot AM Fees, etc.)	32	8,258	-	8,291	-	-
Segment Assets	1,768	269,263	35,907	306,939	29,116	336,055
Other						
Depreciation	-	2,640	1,315	3,955	47	4,002
Increase in Property, Plant, and Equipment and Intangible Assets	-	7,563	621	8,185	65	8,250

¹ Segment P&L (All-In Operating Profit) = Operating Profit + Gains on Sale of Sustainable Real Estate Assets Recorded as Extraordinary Gains

² The Adjustment to Segment P&L of -JPY 29 million reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 29,116 million) reflects corporate assets, such as cash and deposits, that were not allocated to the segments. The Adjustment to Depreciation (JPY 47 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 65 million) reflects corporate assets that were not allocated to the segments.

³ From FY23/2 Q1, Ichigo has adjusted the allocation of general corporate expenses to certain subsidiaries to more accurately reflect their use of corporate resources.

Revenue, P&L, and Assets by Segment (Previous FY22/2 Q3)

(Mar 1, 2021 to Nov 30, 2021)

(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	1,548	23,601	4,236	29,386	-	29,386
Inter-Segment Activities or Reclassifications	369	1	-	370	-370	-
Total	1,917	23,603	4,236	29,757	-370	29,386
Operating Profit	1,124	2,091	1,814	5,030	5	5,036
Gains on Sale of Sustainable Real Estate Assets Recorded as Extraordinary Gains	-	29	-	29	-	29
Segment P&L (All-In Operating Profit) ^{1, 3}	1,124	2,120	1,814	5,059	5	5,065
Segment P&L (All-In) Details						
Stock Earnings (Rental Income, Base AM Fees, FIT Solar & Wind Power Earnings, etc.)	1,115	1,226	1,814	4,156	-	-
Flow Earnings (Gains on Sale of Sustainable Real Estate, Spot AM Fees, etc.)	9	893	-	903	-	-
Segment Assets	1,938	288,472	36,407	326,818	21,085	347,903
Other						
Depreciation	-	2,941	1,226	4,167	44	4,212
Increase in Property, Plant, and Equipment and Intangible Assets	-	951	1,763	2,714	16	2,731

¹ Segment P&L (All-In Operating Profit) = Operating Profit + Gains on Sale of Sustainable Real Estate Assets Recorded as Extraordinary Gains

- ² The Adjustment to Segment P&L of JPY 5 million reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 21,085 million) reflects corporate assets, such as cash and deposits, that were not allocated to the segments. The Adjustment to Depreciation (JPY 44 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 16 million) reflects corporate assets that were not allocated to the segments.
- ³ From FY23/2 Q1, Ichigo has adjusted the allocation of general corporate expenses to certain subsidiaries to more accurately reflect their use of corporate resources. If the new allocation methodology is applied to the previous FY22/2 Q3 period, Segment P&L would have been JPY 1,190 million for Asset Management, JPY 2,153 million for Sustainable Real Estate, and JPY 1,744 million for Clean Energy.

Revenue, P&L, and Assets by Segment (Current FY23/2 Q3 Stand-Alone)

(Sep 1, 2022 to Nov 30, 2022)

(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	494	25,512	1,315	27,322	-	27,322
Inter-Segment Activities or Reclassifications	151	-	-	152	-152	-
Total	646	25,513	1,315	27,475	-152	27,322
Operating Profit	374	3,272	392	4,038	-9	4,028
Gains on Sale of Sustainable Real Estate Assets Recorded as Extraordinary Gains	-	3,321	-	3,321	-	3,321
Segment P&L (All-In Operating Profit) ¹	374	6,593	392	7,359	-9	7,350
Segment P&L Details						
Stock Earnings (Rental Income, Base AM Fees, FIT Solar & Wind Power Earnings, etc.)	350	1,067	392	1,810	-	-
Flow Earnings (Gains on Sale of Sustainable Real Estate, Spot AM Fees, etc.)	23	5,525	-	5,549	-	-
Segment Assets	1,768	269,263	35,907	306,939	29,116	336,055
Other						
Depreciation	-	895	438	1,334	17	1,352
Increase in Property, Plant, and Equipment and Intangible Assets	-	3,552	136	3,688	11	3,700

¹ Segment P&L (All-In Operating Profit) = Operating Profit + Gains on Sale of Sustainable Real Estate Assets Recorded as Extraordinary Gains

² The Adjustment to Segment P&L of -JPY 9 million reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 29,116 million) reflects corporate assets, such as cash and deposits, that were not allocated to the segments. The Adjustment to Depreciation (JPY 17 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 11 million) reflects corporate assets that were not allocated to the segments.

³ From FY23/2 Q1, Ichigo has adjusted the allocation of general corporate expenses to certain subsidiaries to more accurately reflect their use of corporate resources.

Revenue, P&L, and Assets by Segment (Previous FY22/2 Q3 Stand-Alone)

(Sep 1, 2021 to Nov 30, 2021)

(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	507	4,331	1,244	6,083	-	6,083
Inter-Segment Activities or Reclassifications	114	-	-	114	-114	-
Total	621	4,331	1,244	6,197	-114	6,083
Operating Profit	353	16	420	790	2	793
Gains on Sale of Sustainable Real Estate Assets Recorded as Extraordinary Gains	-	29	-	29	-	29
Segment P&L (All-In Operating Profit) ^{1, 3}	353	45	420	819	2	822
Segment P&L (All-In) Details						
Stock Earnings (Rental Income, Base AM Fees, FIT Solar & Wind Power Earnings, etc.)	353	43	420	817	-	-
Flow Earnings (Gains on Sale of Sustainable Real Estate, Spot AM Fees, etc.)	-	2	-	2	-	-
Segment Assets	1,938	288,472	36,407	326,818	21,085	347,903
Other						
Depreciation	-	979	401	1,380	15	1,395
Increase in Property, Plant, and Equipment and Intangible Assets	-	369	544	913	1	914

¹ Segment P&L (All-In Operating Profit) = Operating Profit + Gains on Sale of Sustainable Real Estate Assets Recorded as Extraordinary Gains

- ² The Adjustment to Segment P&L of JPY 2 million reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 21,085 million) reflects corporate assets, such as cash and deposits, that were not allocated to the segments. The Adjustment to Depreciation (JPY 15 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 1 million) reflects corporate assets that were not allocated to the segments.
- ³ From FY23/2 Q1, Ichigo has adjusted the allocation of general corporate expenses to certain subsidiaries to more accurately reflect their use of corporate resources. If the new allocation methodology is applied to the previous FY22/2 Q3 stand-alone period, Segment P&L would have been JPY 375 million for Asset Management, JPY 53 million for Sustainable Real Estate, and JPY 398 million for Clean Energy.