

[Provisional Translation Only]

This English translation of the original Japanese document is provided solely for information purposes.

Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.

FY23/2 Earnings

April 19, 2023

Ichigo Inc. (Tokyo Stock Exchange Prime, 2337)

Representative: Takuma Hasegawa, President

Inquiries: Takanori Sakamatsu, Senior Statutory Executive Officer

Telephone: +81-3-3502-4818 www.ichigo.gr.jp/en

Annual Shareholders Meeting: May 28, 2023 (expected)

Submission of the Financial Report (*Yuka Shoken Hokokusho*): May 29, 2023 (expected)

Dividend Payment: May 29, 2023 (expected)

Supplemental Materials to Financial and Business Results: Yes

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

1. FY23/2 Consolidated Financial Results (March 1, 2022 to February 28, 2023)

(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	68,093	+19.6%	12,492	+24.7%	16,908	+27.4%	10,848	+45.2%
FY22/2	56,934	-7.2%	10,018	+3.6%	13,266	+27.7%	7,471	+4.1%

Note: Comprehensive Income FY23/2: JPY 10,232 million (+51.6% YOY)

FY22/2: JPY 6,750 million (+35.0% 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	9,409	+45.4%	20.45	+48.0%	—	—
FY22/2	6,473	+28.8%	13.81	+31.8%	—	—

	Return on Equity	Return on Assets (Recurring Profit)	Operating Profit Margin
FY23/2	9.2%	3.2%	18.3%
FY22/2	6.5%	2.2%	17.6%

(2) Consolidated Financial Condition

	Total Assets (JPY million)	Net Assets (JPY million)	Shareholders' Equity Ratio	Net Assets per Share (JPY)
FY23/2	338,619	114,393	30.4%	227.24
FY22/2	337,887	112,191	29.8%	215.46

Note: Shareholders' Equity FY23/2: JPY 103,026 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	254	2,635	-6,582	40,313
FY22/2	7,939	6,502	-15,360	46,214

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

FY23/2: JPY 9,962 million FY22/2: JPY 12,397 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	–	–	–	8	8	3,627	39.1%	3.6%
FY24/2 (Forecast)	–	–	–	8	8		36.3%	

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

(YOY = year-on-year % change)

	Operating Profit (JPY million) YOY	All-In Operating Profit (JPY million) YOY	Recurring Profit (JPY million) YOY	Net Income (JPY million) YOY	Net Income per Share (JPY) YOY
FY24/2	9,500 -24.0%	18,000 6.5%	6,000 -44.7%	10,000 +6.3%	22.06 +7.9%

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: 505,381,018

FY22/2: 505,381,018

(ii) Number of treasury shares at period-end

FY23/2: 51,992,200

FY22/2: 37,466,500

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

FY23/2: 460,220,730

FY22/2: 468,744,889

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.

Consolidated Balance Sheet (FY23/2)

(JPY million)

	FY22/2 (Feb 28, 2022)	FY23/2 (Feb 28, 2023)
Assets		
Current Assets		
Cash and deposits	46,458	40,536
Trade notes and accounts receivable	1,819	3,866
Operational loan investments	1,324	1,324
Operational securities investments	2,547	47
Real estate for sale	68,666	79,151
Other	2,613	3,197
Less: allowance for doubtful accounts	-633	-66
Total Current Assets	122,798	128,057
Fixed Assets		
Property, Plant, and Equipment		
Buildings and structures	66,501	66,790
Depreciation	-10,292	-12,751
Buildings and structures (net)	56,208	54,039
Solar and wind power plants	34,298	34,956
Depreciation	-6,345	-8,094
Solar and wind power plants (net)	27,953	26,862
Land	116,079	114,431
Buildings and structures under construction	435	679
Solar and wind power plants under construction	2,095	2,250
Other	2,884	3,040
Depreciation	-1,618	-1,980
Other (net)	1,265	1,060
Total Property, Plant, and Equipment	204,038	199,323
Intangible Assets		
Goodwill	1,580	717
Leasehold rights	1,365	1,397
Other	605	283
Total Intangible Assets	3,551	2,398
Investments and Other Assets		
Securities investments	3,463	4,455
Long-term loans receivable	270	240
Deferred tax assets	883	341

	(JPY million)	
	FY22/2 (Feb 28, 2022)	FY23/2 (Feb 28, 2023)
Other	3,013	3,937
Less: allowance for doubtful accounts	-131	-133
Total Investments and Other Assets	7,498	8,840
Total Fixed Assets	215,089	210,562
Total Assets	337,887	338,619

(JPY million)

	FY22/2 (Feb 28, 2022)	FY23/2 (Feb 28, 2023)
Liabilities		
Current Liabilities		
Short-term loans	2,382	962
Bonds (due within one year)	274	364
Long-term loans (due within one year)	9,888	8,539
Long-term non-recourse loans (due within one year)	1,375	4,218
Income taxes payable	1,888	949
Accrued bonuses	39	112
Other current liabilities	5,012	4,053
Total Current Liabilities	20,861	19,200
Long-Term Liabilities		
Bonds	5,603	5,239
Long-term loans	150,389	152,624
Long-term non-recourse loans	39,489	38,012
Deferred tax liabilities	1,795	1,589
Long-term security deposits received	6,749	7,163
Other long-term liabilities	805	396
Total Long-Term Liabilities	204,833	205,026
Total Liabilities	225,695	224,226
Net Assets		
Shareholders' Equity		
Capital	26,888	26,888
Capital reserve	11,268	11,266
Retained earnings	76,310	82,438
Treasury shares	-13,423	-17,914
Total Shareholders' Equity	101,043	102,678
Accumulated Other Comprehensive Income		
Valuation gains (losses) on other securities	25	296
Deferred gains (losses) on long-term interest rate hedges	-254	51
Total Accumulated Other Comprehensive Income	-228	347
Stock Options	961	814
Minority Interests	10,415	10,552
Total Net Assets	112,191	114,393
Total Liabilities and Net Assets	337,887	338,619

Consolidated Income Statement (FY23/2)

(JPY million)

	FY22/2 (Mar 1, 2021 to Feb 28, 2022)	FY23/2 (Mar 1, 2022 to Feb 28, 2023)
Revenue	56,934	68,093
Cost of Goods Sold	40,757	48,674
(Depreciation)	5,278	5,135
Gross Profit	16,177	19,418
SG&A	6,159	6,926
Operating Profit	10,018	12,492
Non-Operating Income		
Interest income	29	46
Dividend income	30	38
Foreign exchange gains	38	10
Mark-to-market gains on long-term interest rate hedges	98	790
Other	164	92
Total Non-Operating Income	361	979
Non-Operating Expenses		
Interest expense	2,341	2,165
Mark-to-market losses on long-term interest rate hedges	53	–
Debt financing-related fees	157	171
Other	355	285
Total Non-Operating Expenses	2,908	2,622
Recurring Profit	7,471	10,848
Extraordinary Gains		
Gains on sale of fixed assets	3,248	4,416
Gains on sale of securities investments	15	–
Other	120	205
Total Extraordinary Gains	3,383	4,621
Extraordinary Losses		
Loss on disposal of fixed assets	5	23
Valuation losses on securities investments	43	261
Allowance for doubtful accounts	493	127
Impairment loss	716	803
Other	–	18
Total Extraordinary Losses	1,259	1,235
Pre-Tax Income	9,595	14,234
Income Taxes – Current	3,304	4,425
Income Taxes – Deferred	-403	152

(JPY million)

	FY22/2 (Mar 1, 2021 to Feb 28, 2022)	FY23/2 (Mar 1, 2022 to Feb 28, 2023)
Total Income Taxes	2,901	4,578
Pre-Minority Interest Net Income	6,694	9,656
Net Income Attributable to Minority Interests	220	246
Net Income	6,473	9,409

Consolidated Statement of Comprehensive Income (FY23/2)

(JPY million)

	FY22/2 (Mar 1, 2021 to Feb 28, 2022)	FY23/2 (Mar 1, 2022 to Feb 28, 2023)
Pre-Minority Interest Net Income	6,694	9,656
Other Comprehensive Income		
Valuation gains (losses) on other securities	-65	270
Deferred gains (losses) on long-term interest rate hedges	121	305
Total Other Comprehensive Income	56	576
Comprehensive Income	6,750	10,232
Comprehensive income attributable to common shareholders	6,529	9,985
Comprehensive income attributable to minority interests	220	246

Consolidated Statement of Changes in Shareholders' Equity

(FY23/2 – Current Period)

(JPY million)

	Shareholders' Equity				
	Capital	Capital Reserve	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance as of Mar 1, 2022	26,888	11,268	76,310	-13,423	101,043
Changes in the Current Period					
Dividend Payment			-3,275		-3,275
Net Income			9,409		9,409
Change in Consolidated Subsidiaries			-6		-6
Share Buyback				-4,499	-4,499
Sale of Treasury Shares		-2		9	7
Changes in Items other than Shareholders' Equity					
Total Changes	-	-2	6,127	-4,490	1,634
Balance as of Feb 28, 2023	26,888	11,266	82,438	-17,914	102,678

	Other Comprehensive Income			Stock Options	Minority Interests	Total Net Assets
	Valuation Gain (Loss) on Other Securities	Deferred Gain (Loss) on Long-Term Interest Rate Hedges	Total Other Comprehensive Income			
Balance as of Mar 1, 2022	25	-254	-228	961	10,415	112,191
Changes in the Current Period						
Dividend Payment						-3,275
Net Income						9,409
Change in Consolidated Subsidiaries						-6
Share Buyback						-4,499
Sale of Treasury Shares						7
Changes in Items other than Shareholders' Equity	270	305	576	-146	136	566
Total Changes	270	305	576	-146	136	2,201
Balance as of Feb 28, 2023	296	51	347	814	10,552	114,393

Consolidated Statement of Changes in Shareholders' Equity

(FY22/2 – Previous Period)

(JPY million)

	Shareholders' Equity				
	Capital	Capital Reserve	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance as of Mar 1, 2021	26,888	11,275	73,160	-11,988	99,335
Changes in the Current Period					
Dividend Payment			-3,304		-3,304
Net Income			6,473		6,473
Change in Consolidated Subsidiaries			-18		-18
Share Buyback				-1,499	-1,499
Sale of Treasury Shares		-6		64	58
Changes in Items other than Shareholders' Equity					
Total Changes	–	-6	3,150	-1,435	1,708
Balance as of Feb 28, 2022	26,888	11,268	76,310	-13,423	101,043

	Other Comprehensive Income			Stock Options	Minority Interests	Total Net Assets
	Valuation Gain (Loss) on Other Securities	Deferred Gain (Loss) on Long-Term Interest Rate Hedges	Total Other Comprehensive Income			
Balance as of Mar 1, 2021	90	-375	-285	1,007	10,197	110,255
Changes in the Current Period						
Dividend Payment						-3,304
Net Income						6,473
Change in Consolidated Subsidiaries						-18
Share Buyback						-1,499
Sale of Treasury Shares						58
Changes in Items other than Shareholders' Equity	-65	121	56	-46	217	227
Total Changes	-65	121	56	-46	217	1,935
Balance as of Feb 28, 2022	25	-254	-228	961	10,415	112,191

Consolidated Cash Flow Statement (FY23/2)

(JPY million)

	FY22/2 (Mar 1, 2021 to Feb 28, 2022)	FY23/2 (Mar 1, 2022 to Feb 28, 2023)
Cash Flows from Operations:		
Pre-tax income	9,595	14,234
Depreciation	5,644	5,339
Amortization of goodwill	149	177
Increase (decrease) in accrued bonuses	29	73
Increase (decrease) in allowance for doubtful accounts	505	134
Interest and dividend income	-60	-85
Interest expense	2,341	2,165
Losses (gains) on sale of securities investments	-15	-
Loss on disposal of fixed assets	5	23
Losses (gains) on sales of fixed assets	-3,248	-4,416
Impairment loss	716	803
Valuation losses on securities investments	43	261
Gain on reversal of stock option	-120	-205
Decrease (increase) in trading notes and receivables	-437	-2,096
Decrease (increase) in operational securities investments	1,279	3,178
Decrease (increase) in real estate for sale	-3,873	-10,114
Valuation losses on SPC capital contributions	2	3
Decrease (increase) in advances paid	-60	-6
Decrease (increase) in prepaid expenses	-217	-383
Decrease (increase) in accounts receivable	-74	-62
Decrease (increase) in consumption taxes receivable	-110	-123
Increase (decrease) in accounts payable	-113	462
Increase (decrease) in accrued expenses	25	-38
Increase (decrease) in advances received	795	-908
Increase (decrease) in deposits received	-260	26
Increase (decrease) in security deposits received	-1,045	413
Increase (decrease) in accrued consumption taxes	-204	-402
Other	109	-771
Sub-Total	11,403	7,682

(JPY million)

	FY22/2 (Mar 1, 2021 to Feb 28, 2022)	FY23/2 (Mar 1, 2022 to Feb 28, 2023)
Interest and dividends received	60	85
Interest expense paid	-2,174	-2,051
Income taxes paid	-1,548	-5,490
Income taxes refunded	198	27
Net Cash from (Used for) Operations	7,939	254
Cash Flows from Investments:		
Payments into time deposits	-7	-2
Redemptions of time deposits	30	23
Payments for securities investments	-606	-968
Proceeds from sale of securities investments	569	–
Acquisition of property, plant, and equipment	-5,798	-10,516
Proceeds from sale of property, plant, and equipment	12,757	14,065
Acquisition of intangible assets	-195	-24
Payments of SPC capital contributions	-4	-6
Redemptions of SPC capital contributions	–	97
Payments of security deposits	-16	–
Payments of loans receivable	-290	-80
Payments received for loans receivable	33	30
Other	32	16
Net Cash from (Used for) Investments	6,502	2,635

(JPY million)

	FY22/2 (Mar 1, 2021 to Feb 28, 2022)	FY23/2 (Mar 1, 2022 to Feb 28, 2023)
Cash Flows from Financing:		
Net increase (decrease) in short-term loans	-2,497	-1,419
Repayment of maturing bond principal to bondholders	-274	-274
Proceeds from long-term loans	26,552	41,834
Repayment of long-term loans	-32,940	-40,385
Proceeds from long-term non-recourse loans	–	3,000
Repayment of long-term non-recourse loans	-1,467	-1,633
Share buyback	-1,499	-4,499
Dividends paid	-3,230	-3,197
Dividends paid to minority interests	-2	-6
Net Cash from (Used for) Financing	-15,360	-6,582
Effect of Exchange Rate Change on Cash and Cash Equivalents	–	–
Increase (Decrease) in Cash and Cash Equivalents	-918	-3,692
Cash and Cash Equivalents at Beginning of Period	50,590	46,214
Change in Cash and Cash Equivalents Resulting from Exclusion from Consolidation	-3,457	-2,208
Cash and Cash Equivalents at End of Period	46,214	40,313

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. 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 earnings is minimal.

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. In accordance with the transitional treatment provided for in Clause 19 of the “Accounting Standard for Fair Value Measurement” and Clause 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 balance sheet based on acquisition price. Under the Fair Value Measurement Accounting Standard, these financial instruments will be recorded on the balance sheet using a market value derived from unobservable inputs based on best available information.

Notes to Consolidated Income Statement

1. Writedown of Intangible Asset

FY22/2 (March 1, 2021 to February 28, 2022)

Ichigo wrote down the below asset in FY22/2.

(1) Asset and Writedown Amount

Asset	Type	Location	Impairment Loss
Operating Asset	Intangible Asset	Chiyoda-ku, Tokyo	JPY 716 million

(2) Writedown Rationale

Ichigo impaired the asset to its recoverable amount based on the current business environment. An equivalent amount was recorded as a loss under Extraordinary Losses.

When applying impairment accounting, Ichigo classifies assets into discrete groups using the minimum asset unit that generate independent cash flow. This asset grouping method was applied in this intangible asset impairment.

Ichigo calculates the recoverable amount based on value-in-use. For assets that are not expected to generate future cash flows, the recoverable amount is set to zero.

FY23/2 (March 1, 2022 to February 28, 2023)

Ichigo wrote down the below assets in FY23/2.

(1) Assets and Writedown Amounts

Asset	Type	Location	Impairment Loss
Other	Goodwill	Chiyoda-ku, Tokyo	JPY 712 million
Clean Energy Plant	Plant Under Construction	Isumi County, Chiba	JPY 91 million

(2) Writedown Rationale

Ichigo impaired the goodwill and the plant under construction to their respective recoverable amounts based on the current business environment and the cancellation of plant construction. The equivalent amounts were recorded as losses under Extraordinary Losses.

When applying impairment accounting, Ichigo classifies assets into discrete groups using the minimum asset unit that generate independent cash flow. For goodwill, the grouping method is applied individually. For plants under construction, the grouping method uses each plant as the minimum asset unit.

Ichigo calculates the recoverable amount of goodwill based on value-in-use, and the recoverable amount is set to zero because there is no possibility of conversion or sale. For the plant under construction, the recoverable amount is based on net sale price.

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

(Mar 1, 2022 to Feb 28, 2023)

(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	3,755	58,637	5,699	68,093	-	68,093
Inter-Segment Activities or Reclassifications	485	1	-	487	-487	-
Total	4,241	58,639	5,699	68,580	-487	68,093
Operating Profit ¹	3,026	7,477	2,016	12,520	-27	12,492
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	3,026	11,893	2,016	16,936	-27	16,908
Segment P&L Details						
Stock Earnings (Rental Income, Base AM Fees, FIT Solar Power Earnings, etc.)	1,780	3,664	2,016	7,460	-	-
Flow Earnings (Gains on Sustainable Real Estate Sales, Gains on Solar Power Plant Sales, Spot AM Fees, etc.)	1,246	8,229	-	9,475	-	-
Segment Assets	3,249	271,699	36,344	311,293	27,326	338,619
Other						
Depreciation	-	3,507	1,754	5,262	60	5,322
Impairment	-	712	91	803	-	803
Increase in Property, Plant, and Equipment and Intangible Assets	-	9,549	905	10,455	68	10,523

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 (-JPY 27 million) reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 27,326 million) reflects corporate assets, such as cash and deposits, that were not allocated to the segments. The Adjustment to Depreciation (JPY 60 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 68 million) reflects corporate assets that were not allocated to the segments.

³ From FY23/2, Ichigo changed its reporting of Segment P&L from Operating Profit to All-In Operating Profit. The impact of this change for Sustainable Real Estate is JPY +4,416 million in FY23/2 and JPY +3,248 million in FY22/2.

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

(Mar 1, 2021 to Feb 28, 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	2,369	49,202	5,362	56,934	-	56,934
Inter-Segment Activities or Reclassifications	528	1	-	530	-530	-
Total	2,898	49,203	5,362	57,465	-530	56,934
Segment P&L ¹	1,839	6,069	2,134	10,043	-25	10,018
Gains on Sale of Sustainable Real Estate Assets Recorded as Extraordinary Gains	-	3,248	-	3,248	-	3,248
Segment P&L (All-In Operating Profit) ¹	1,839	9,318	2,134	13,292	-25	13,266
Segment P&L Details						
Stock Earnings (Rental Income, Base AM Fees, FIT Solar Power Earnings, etc.)	1,622	2,942	2,134	6,699	-	-
Flow Earnings (Gains on Sustainable Real Estate Sales, Gains on Solar Power Plant Sales, Spot AM Fees, etc.)	216	6,375	-	6,592	-	-
Segment Assets	1,796	269,118	35,849	306,765	31,121	337,887
Other						
Depreciation	-	3,932	1,652	5,584	60	5,644
Impairment	-	716	-	716	-	716
Increase in Property, Plant, and Equipment and Intangible Assets	-	2,750	2,381	5,132	22	5,155

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 (-JPY 25 million) reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 31,121 million) reflects corporate assets, such as cash and deposits, that were not allocated to the segments. The Adjustment to Depreciation (JPY 60 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 22 million) reflects corporate assets that were not allocated to the segments.

³ From FY23/2, Ichigo adjusted the allocation of general corporate expenses to subsidiaries to more accurately reflect their use of corporate resources. If the new allocation methodology is applied to the previous FY22/2, Segment P&L would have been JPY 1,927 million for Asset Management, JPY 9,361 million for Sustainable Real Estate, and JPY 2,040 million for Clean Energy.

Goodwill and Amortization by Segment (Current FY23/2)

(Mar 1, 2022 to Feb 28, 2023)

Goodwill

(JPY million)

	Segment				Adjustment	Amount Recorded in Consolidated Financial Statements
	Asset Management	Sustainable Real Estate	Clean Energy	Total		
Amortization during the period	70	91	15	177	–	177
Outstanding balance as of period-end	560	–	156	717	–	717

Goodwill and Amortization by Segment (Previous FY22/2)

(Mar 1, 2021 to Feb 28, 2022)

Goodwill

(JPY million)

	Segment				Adjustment	Amount Recorded in Consolidated Financial Statements
	Asset Management	Sustainable Real Estate	Clean Energy	Total		
Amortization during the period	70	63	15	149	–	149
Outstanding balance as of period-end	631	777	172	1,580	–	1,580

Per Share Information

(JPY)

FY22/2 (March 1, 2021 to February 28, 2022)		FY23/2 (March 1, 2022 to February 28, 2023)	
Net Assets per Share	215.46	Net Assets per Share	227.24
Net Income per Share	13.81	Net Income per Share	20.45
Diluted Net Income per Share	-	Diluted Net Income per Share	-

Calculation of Net Income per Share and Diluted Net Income per Share is as follows:

	FY22/2 (March 1, 2021 to February 28, 2022)	FY23/2 (March 1, 2022 to February 28, 2023)
Net Income per Share		
Net Income Attributable to Shareholders (JPY million)	6,473	9,409
Amount Not Attributable to Common Shareholders	-	-
Net Income Attributable to Shareholders in Regards to Common Shares (JPY million)	6,473	9,409
Average Number of Shares Outstanding (thousand)	468,744	460,220
Diluted Net Income per Share		
Increase in Shares Outstanding during Period (thousand)	-	-
(of which are related to exercise of employee stock options) (thousand)	-	-
Details of Potentially Dilutive Shares Outstanding	Jan 13, 2016 Employee Stock Options Outstanding: 1,093,200 shares Jan 13, 2017 Employee Stock Options Outstanding: 1,554,500 shares Jan 12, 2018 Employee Stock Options Outstanding: 1,507,700 shares Jan 11, 2019 Employee Stock Options Outstanding: 1,567,000 shares Oct 14, 2020 Employee Stock Options Outstanding: 1,897,900 shares Apr 19, 2021 Employee Stock Options Outstanding: 1,932,500 shares	Jan 13, 2017 Employee Stock Options Outstanding: 1,498,500 shares Jan 12, 2018 Employee Stock Options Outstanding: 1,453,700 shares Jan 11, 2019 Employee Stock Options Outstanding: 1,502,600 shares Oct 14, 2020 Employee Stock Options Outstanding: 1,816,700 shares Apr 19, 2021 Employee Stock Options Outstanding: 1,855,200 shares Aug 19, 2022 Employee Stock Options Outstanding: 1,973,900 shares

Consolidated Cash Flow Statement (FY23/2 Q4 Stand Alone)

(JPY million)

	FY22/2 Q4 (Dec 1, 2021 to Feb 28, 2022)	FY23/2 Q4 (Dec 1, 2022 to Feb 28, 2023)
Cash Flows from Operations:		
Pre-tax income	6,539	1,817
Depreciation	1,432	1,336
Amortization of goodwill	25	44
Increase (decrease) in accrued bonuses	-277	-214
Increase (decrease) in allowance for doubtful accounts	505	133
Interest and dividend income	-15	-14
Interest expense	569	536
Losses (gains) on sale of securities investments	-15	—
Loss on disposal of fixed assets	—	23
Losses (gains) on sales of fixed assets	-3,215	—
Impairment loss	716	803
Valuation losses on securities investments	43	261
Gain on reversal of stock option	-120	-205
Decrease (increase) in trading notes and receivables	138	-1,935
Decrease (increase) in operational securities investments	181	22
Decrease (increase) in real estate for sale	12,743	-6,646
Valuation losses on SPC capital contributions	1	3
Decrease (increase) in advances paid	-72	28
Decrease (increase) in prepaid expenses	-167	-194
Decrease (increase) in accounts receivable	-183	-28
Decrease (increase) in consumption taxes receivable	36	-354
Increase (decrease) in accounts payable	431	1,008
Increase (decrease) in accrued expenses	20	4
Increase (decrease) in advances received	630	61
Increase (decrease) in deposits received	-102	-36
Increase (decrease) in security deposits received	-418	189
Increase (decrease) in accrued consumption taxes	466	158
Other	-129	-192
Sub-Total	19,766	-3,390
Interest and dividends received	15	14
Interest expense paid	-584	-550
Income taxes paid	-265	-860
Net Cash from (Used for) Operations	18,932	-4,786

(JPY million)

	FY22/2 Q4 (Dec 1, 2021 to Feb 28, 2022)	FY22/2 Q4 (Dec 1, 2022 to Feb 28, 2023)
Cash Flows from Investments:		
Payments into time deposits	-1	—
Redemptions of time deposits	30	—
Payments for securities investments	-1	-711
Proceeds from sale of securities investments	—	—
Acquisition of property, plant, and equipment	-2,336	-2,357
Proceeds from sale of property, plant, and equipment	12,013	—
Acquisition of intangible assets	-9	-2
Payments of SPC capital contributions	—	—
Redemptions of SPC capital contributions	—	97
Payments of security deposits	—	—
Payments of loans receivable	—	-5
Payments received for loans receivable	7	7
Other	19	6
Net Cash from (Used for) Investments	9,720	-2,965
Cash Flows from Financing:		
Net increase (decrease) in short-term loans	-912	-962
Repayment of maturing bond principal to bondholders	-96	-96
Proceeds from long-term loans	6,902	8,946
Repayment of long-term loans	-21,698	-5,598
Repayment of long-term non-recourse loans	-623	-723
Dividends paid	—	—
Dividends paid to minority interests	—	-1
Net Cash from (Used for) Financing	-16,428	1,563
Effect of Exchange Rate Change on Cash and Cash Equivalents	—	—
Increase (Decrease) in Cash and Cash Equivalents	12,224	-6,189
Cash and Cash Equivalents at Beginning of Period	35,961	46,751
Change in Cash and Cash Equivalents Resulting from Exclusion from Consolidation	-1,971	-248
Cash and Cash Equivalents at End of Period	46,214	40,313