



Ichigo Preserves and Improves Real Estate



[Provisional Translation Only]

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FY18/2 Q3 Earnings

January 12, 2018

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

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Submission of the Financial Report (*Shihanki Hokokusho*): January 15, 2018 (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. FY18/2 Q3 Consolidated Financial Results (March 1, 2017 to November 30, 2017)

(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	
FY18/2 Q3	44,755	-52.3%	15,715	-7.8%	14,461	-5.9%	10,945	-14.7%
FY17/2 Q3	93,835	+110.9%	17,042	+25.3%	15,375	+23.5%	12,837	+10.7%

Note: Comprehensive income FY18/2 Q3: JPY 11,069 million (-9.9% YOY)
FY17/2 Q3: JPY 12,282 million (+9.2% YOY)

	Net Income per Share (basic, JPY)	Net Income per Share (diluted, JPY)
FY18/2 Q3	21.92	21.90
FY17/2 Q3	25.57	25.50

(2) Consolidated Financial Condition

	Total Assets (JPY million)	Net Assets (JPY million)	Equity Ratio (%)	Net Assets per Share (JPY)
FY18/2 Q3	300,703	89,153	28.6	173.34
FY17/2	273,459	83,443	29.4	159.60

Note: Shareholders' equity FY18/2 Q3: JPY 85,901 million FY17/2: JPY 80,339 million

2. Dividends

	Dividend per Share (JPY)				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
FY17/2	—	—	—	5	5
FY18/2 (Forecast)	—	—	—	6	6

Changes since the previously announced forecast: None

3. FY18/2 Full-Year Consolidated Forecast (March 1, 2017 to February 28, 2018) (YOY = year-on-year % change)

	Revenue (JPY million) YOY		Operating Profit (JPY million) YOY		Recurring Profit (JPY million) YOY	
FY18/2	75,500	-30.9%	20,600	-5.4%	18,300	-7.4%
	Net Income (JPY million) YOY		Net Income per Share (JPY)			
FY18/2	13,500	-9.4%	26.98			

Changes since the previously announced forecast: None

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.

4. Other

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

New subsidiaries (3):

Yes

SA3 GK Tokumei Kumiai,
Carpe Diem GK Tokumei Kumiai
Kinjo GK Tokumei Kumiai

Subsidiaries removed from 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:

Yes

(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

FY18/2 Q3: 504,287,100

FY17/2: 503,712,300

(ii) Number of treasury shares

FY18/2 Q3: 8,718,100

FY17/2: 329,600

(iii) Average number of outstanding shares

FY18/2 Q3: 499,399,433

FY17/2 Q3: 501,969,014

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. Segment Information

Asset Management 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.

Value-Add preserves and improves real estate. Ichigo receives rental income during the period it is carrying out its value-add, along with earning profits on sale that reflect the real estate's higher value after the value-add is complete.

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

Other is primarily legacy securities investments that are not related to the above three segments.

Consolidated Balance Sheet (FY18/2 Q3)

(JPY million)

	FY17/2 (Feb 28, 2017)	FY18/2 Q3 (November 30, 2017)
Assets		
Current Assets		
Cash and cash equivalents	47,678	52,210
Trade notes and accounts receivable	913	1,396
Operational loan investments	1,324	1,324
Operational securities investments	1,433	72
Real estate for sale	167,805	184,351
Deferred tax assets	516	491
Other	3,125	2,405
Less: allowance for doubtful accounts	-453	-30
Total Current Assets	222,344	242,223
Fixed Assets		
Property, Plant, and Equipment		
Buildings and structures (net)	7,375	9,637
Solar power plant equipment (net)	7,246	17,677
Land	18,627	22,482
Buildings under construction	9	252
Solar power plants under construction	12,308	2,565
Other (net)	85	129
Total Property, Plant, and Equipment	45,654	52,746
Intangible Assets		
Goodwill	1,864	1,652
Leasehold rights	62	135
Other	29	97
Total Intangible Assets	1,956	1,884
Investments and Other Assets		
Securities investments	1,426	1,769
Long-term loans receivable	10	10
Deferred tax assets	339	278
Other	1,820	1,882
Less: allowance for doubtful accounts	-92	-91
Total Investments and Other Assets	3,504	3,848
Total Fixed Assets	51,115	58,479
Total Assets	273,459	300,703

(JPY million)

	FY17/2 (Feb 28, 2017)	FY18/2 Q3 (Nov 30, 2017)
Liabilities		
Current Liabilities		
Trade notes and accounts payable	110	—
Short-term loans	805	2,843
Short-term non-recourse loans	611	—
Bonds (due within one year)	112	112
Long-term loans (due within one year)	5,209	4,514
Long-term non-recourse loans (due within one year)	6,825	8,845
Income taxes payable	1,655	2,536
Deferred tax liabilities	62	474
Accrued bonuses	36	293
Other current liabilities	4,119	4,690
Total Current Liabilities	19,548	24,309
Long-Term Liabilities		
Bonds	632	576
Non-recourse bonds	100	—
Long-term loans	91,604	112,962
Long-term non-recourse loans	68,319	62,968
Deferred tax liabilities	1,147	1,753
Long-term security deposits received	8,038	8,199
Other long-term liabilities	624	779
Total Long-Term Liabilities	170,467	187,240
Total Liabilities	190,015	211,549
Net Assets		
Shareholders' Equity		
Capital	26,650	26,686
Capital reserve	11,056	11,080
Retained earnings	42,840	51,260
Treasury shares	-15	-2,999
Total Shareholders' Equity	80,532	86,027
Accumulated Other Comprehensive Income		
Valuation gain (loss) on other securities	117	262
Deferred gain (loss) on long-term interest rate hedges	-365	-387
Foreign currency translation adjustment	55	—
Total Accumulated Other Comprehensive Income	-192	-125
Stock Options	491	638
Minority Interests	2,612	2,612
Total Net Assets	83,443	89,153
Total Liabilities and Net Assets	273,459	300,703

Consolidated Income Statement (FY18/2 Q3)

(JPY million)

	FY17/2 Q3 (Mar 1, 2016 to Nov 30, 2016)	FY18/2 Q3 (Mar 1, 2017 to Nov 30, 2017)
Revenue	93,835	44,755
Cost of Goods Sold	73,045	25,422
Gross Profit	20,790	19,332
SG&A	3,748	3,617
Operating Profit	17,042	15,715
Non-Operating Income		
Interest income	—	3
Dividend income	80	52
Other	35	104
Total Non-Operating Income	115	159
Non-Operating Expenses		
Interest expense	1,034	925
Mark-to-market loss on long-term interest rate hedges	—	233
Debt financing-related fees	580	158
Other	167	95
Total Non-Operating Expenses	1,782	1,413
Recurring Profit	15,375	14,461
Extraordinary Gains		
Gain on sale of shares in affiliates	—	1,221
Gain on sale of securities investments	2,427	—
Other	—	41
Total Extraordinary Gains	2,427	1,263
Extraordinary Losses		
Office move expenses	—	—
Loss on disposal of fixed assets	—	11
Impairment loss	—	327
Earthquake-related damages	269	—
Total Extraordinary Losses	269	338
Pre-Tax Net Income	17,533	15,385
Income Taxes	4,398	4,381
Pre-Minority Interest Net Income	13,135	11,003
Net Income Attributable to Minority Interests	297	57
Net Income	12,837	10,945

Consolidated Income Statement (FY18/2 Q3 Stand-Alone)

(JPY million)

	FY17/2 Q3 (Sep 1, 2016 to Nov 30, 2016)	FY18/2 Q3 (Sep 1, 2017 to Nov 30, 2017)
Revenue	7,844	11,369
Cost of Goods Sold	4,522	7,049
Gross Profit	3,321	4,319
SG&A	1,263	1,254
Operating Profit	2,058	3,065
Non-Operating Income		
Interest income	—	—
Dividend income	68	25
Mark-to-market gain on long-term interest rate hedges	—	71
Other	20	74
Total Non-Operating Income	89	172
Non-Operating Expenses		
Interest expense	312	329
Debt financing-related fees	234	2
Other	59	7
Total Non-Operating Expenses	606	338
Recurring Profit	1,541	2,898
Extraordinary Gains		
Other	—	41
Total Extraordinary Gains	—	41
Extraordinary Losses		
Office move expenses	—	—
Impairment loss	—	327
Earthquake-related damages	26	—
Total Extraordinary Losses	27	327
Pre-Tax Net Income	1,513	2,613
Income Taxes	585	519
Pre-Minority Interest Net Income	928	2,093
Net Income Attributable to Minority Interests	26	21
Net Income	902	2,071

Consolidated Statement of Comprehensive Income (FY18/2 Q3)

(JPY million)

	FY17/2 Q3 (Mar 1, 2016 to Nov 30, 2016)	FY18/2 Q3 (Mar 1, 2017 to Nov 30, 2017)
Net Income	13,135	11,003
Other Comprehensive Income		
Valuation gain (loss) on other securities	-588	133
Deferred gain (loss) on long-term interest rate hedges	-220	-22
Foreign currency translation adjustment	-44	-45
Total Other Comprehensive Income	-853	65
Comprehensive Income	12,282	11,069
Comprehensive income attributable to shareholders	12,005	11,023
Comprehensive income attributable to minority interests	276	46

Consolidated Statement of Comprehensive Income (FY18/2 Q3 Stand-Alone)

(JPY million)

	FY17/2 Q3 (Sep 1, 2016 to Nov 30, 2016)	FY18/2 Q3 (Sep 1, 2017 to Nov 30, 2017)
Net Income	928	2,093
Other Comprehensive Income		
Valuation gain (loss) on other securities	—	180
Deferred gain (loss) on long-term interest rate hedges	62	-5
Foreign currency translation adjustment	-18	—
Total Other Comprehensive Income	45	174
Comprehensive Income	973	2,268
Comprehensive income attributable to shareholders	952	2,246
Comprehensive income attributable to minority interests	21	21

Consolidated Cash Flow Statement (FY18/2 Q3)

(JPY million)

	FY17/2 Q3 (Mar 1, 2016 to Nov 30, 2016)	FY18/2 Q3 (Mar 1, 2017 to Nov 30, 2017)
Cash Flows from Operations:		
Pre-tax net income	17,533	15,385
Depreciation	615	668
Share-based compensation expenses	167	168
Amortization of goodwill	106	76
Increase (decrease) in accrued bonuses	234	290
Increase (decrease) in allowance for doubtful accounts	—	-353
Interest and dividend income	-80	-55
Interest expense	1,034	925
Loss (gain) on sale of shares in affiliates	—	-1,221
Loss (gain) on sale of securities investments	-2,427	—
Impairment loss	—	327
Decrease (increase) in trading notes and receivables	-691	-768
Decrease (increase) in operational securities investments	2,616	1,598
Decrease (increase) in real estate for sale	3,956	-6,834
Decrease (increase) in solar power plants for sale	—	996
Decrease (increase) in advances paid	-190	831
Decrease (increase) in prepaid expenses	147	-25
Decrease (increase) in accounts receivable	-217	18
Increase (decrease) in accounts payable	-638	-385
Increase (decrease) in accrued expenses	40	-226
Increase (decrease) in security deposits received	-726	-167
Other	-1,573	1,077
Sub-Total	19,906	12,327
Interest and dividend income received	80	55
Interest expense paid	-909	-800
Income taxes paid	-840	-3,581
Income taxes refunded	1,153	14
Net Cash from (Used for) Operations	19,390	8,015

(JPY million)

	FY17/2 Q3 (Mar 1, 2016 to Nov 30, 2016)	FY18/2 Q3 (Mar 1, 2017 to Nov 30, 2017)
Cash Flows from Investments:		
Payments into time deposits	-6,100	-3
Redemptions of time deposits	201	—
Payments for securities investments	-300	-139
Proceeds from sale of securities investments	6,021	—
Acquisition of property, plant, and equipment	-5,604	-2,503
Acquisition of intangible assets	-1	-75
Payments of SPC capital contributions	-401	-28
Payments of security deposits	-5	-36
Redemptions of security deposits	10	—
Acquisition of subsidiary shares resulting in change of consolidation scope	-93	-2,635
Sale of subsidiary shares resulting in change of consolidation scope	—	2,096
Other	8	-16
Net Cash from (Used for) Investments	-6,263	-3,342
Cash Flows from Financing:		
Net increase (decrease) in short-term loans	-1,588	1,494
Net increase (decrease) in short-term non-recourse loans	532	-611
Proceeds from bond issuance	785	—
Repayment of maturing bond principal to bondholders	—	-56
Repayment of maturing non-recourse bond principal to bondholders	—	-100
Proceeds from long-term loans	49,177	31,418
Repayment of long-term loans	-59,556	-11,499
Proceeds from long-term non-recourse loans	22,350	2,200
Repayment of long-term non-recourse loans	-15,232	-16,744
Proceeds from employee exercise of stock options	99	54
Payments to minority interests	-2,000	—
Share buyback	—	-2,999
Dividends paid	-1,500	-2,508
Dividends paid to minority interests	-39	—
Net Cash from (Used for) Financing	-6,972	647
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-12	-2
Increase (Decrease) in Cash and Cash Equivalents	6,141	5,317
Cash and Cash Equivalents at Beginning of Period	28,368	41,369
Cash and Cash Equivalents Resulting from Exclusion from Consolidation	-2,068	-828
Cash and Cash Equivalents at End of Period	32,441	45,858

Consolidated Cash Flow Statement (FY18/2 Q3 Stand-Alone)

(JPY million)

	FY17/2 Q3 (Sep 1, 2016 to Nov 30, 2016)	FY18/2 Q3 (Sep 1, 2017 to Nov 30, 2017)
Cash Flows from Operations:		
Pre-tax net income	1,513	2,613
Depreciation	154	309
Share-based compensation expenses	52	57
Amortization of goodwill	35	25
Increase (decrease) in accrued bonuses	123	142
Increase (decrease) in allowance for doubtful accounts	32	—
Interest and dividend income	-68	-25
Interest expense	312	329
Impairment loss	—	327
Decrease (increase) in trading notes and receivables	-360	-606
Decrease (increase) in operational securities investments	45	4
Decrease (increase) in real estate for sale	-33,685	-5,196
Decrease (increase) in advances paid	-200	-148
Decrease (increase) in prepaid expenses	-252	—
Decrease (increase) in accounts receivable	100	-2
Increase (decrease) in accounts payable	-57	157
Increase (decrease) in accrued expenses	23	-49
Increase (decrease) in security deposits received	1,740	-31
Other	-1,371	-60
Sub-Total	-31,861	-2,154
Interest and dividend income received	68	25
Interest expense paid	-274	-287
Income taxes paid	-291	-1,225
Income taxes refunded	—	—
Net Cash from (Used for) Operations	-32,358	-3,641

(JPY million)

	FY17/2 Q3 (Sep 1, 2016 to Nov 30, 2016)	FY18/2 Q3 (Sep 1, 2017 to Nov 30, 2017)
Cash Flows from Investments:		
Payments into time deposits	-3,100	-3
Payments for securities investments	—	-110
Acquisition of property, plant, and equipment	-1,062	-1,386
Acquisition of intangible assets	—	-67
Payments of SPC capital contributions	-399	-9
Payments of security deposits	-5	-25
Redemptions of security deposits	5	—
Acquisition of subsidiary shares resulting in change of consolidation scope	—	-1,182
Other	7	—
Net Cash from (Used for) Investments	-4,554	-2,786
Cash Flows from Financing:		
Net increase (decrease) in short-term loans	-810	406
Net increase (decrease) in short-term non-recourse loans	532	—
Repayment of maturing non-recourse bond principal to bondholders	—	-100
Proceeds from long-term loans	16,900	9,154
Repayment of long-term loans	-8,233	-3,806
Proceeds from long-term non-recourse loans	18,000	—
Repayment of long-term non-recourse loans	-238	-1,008
Proceeds from employee exercise of stock options	69	46
Share buyback	—	-1,499
Dividends paid	—	-1
Net Cash from (Used for) Financing	26,220	3,191
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-1	—
Increase (Decrease) in Cash and Cash Equivalents	-10,694	-3,236
Cash and Cash Equivalents at Beginning of Period	43,264	49,141
Cash and Cash Equivalents Resulting from Exclusion from Consolidation	-128	-47
Cash and Cash Equivalents at End of Period	32,441	45,858

Revenue, P&L, and Assets by Segment (Current FY18/2 Q3)

(Mar 1, 2017 to Nov 30, 2017)

(JPY million)

	Segment					Adjustment ²	Amount Recorded in Consolidated Financial Statements ¹
	Asset Management	Value-Add	Clean Energy	Other	Total		
Revenue							
Revenue from External Customers	1,911	39,894	2,843	106	44,755	—	44,755
Inter-Segment Activities or Reclassifications	771	1	—	—	772	-772	—
Total	2,682	39,895	2,843	106	45,527	-772	44,755
Segment P&L ¹	1,592	13,448	748	-60	15,730	-14	15,715
Segment P&L Details ¹							
Stock Earnings (Rental Income, Ongoing AM Fees, FIT Solar Power Sale Earnings, etc.)	1,254	5,762	438	—	—	—	—
Flow Earnings (Profits on Value-Add Real Estate Sales, Profits on Solar Power Plant Sales, AM Performance Fees, etc.)	338	7,686	309	—	—	—	—
Segment Assets	1,904	244,845	24,523	1,744	273,017	27,685	300,703
Other							
Depreciation	—	263	386	—	649	18	668
Impairment loss	—	327	—	—	327	—	327
Increase in Property, Plant, and Equipment and Intangible Assets	—	7,193	2,394	—	9,588	79	9,668

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

² The Adjustment to Segment P&L (-JPY 14 million) reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 27,685 million) reflects corporate assets, such as cash and reserves, that were not allocated to the segments. The Adjustment to Depreciation (JPY 18 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 79 million) reflects corporate assets that were not allocated to the segments.

Revenue, P&L, and Assets by Segment (Previous FY17/2 Q3)

(Mar 1, 2016 to Nov 30, 2016)

(JPY million)

	Segment					Adjustment ²	Amount Recorded in Consolidated Financial Statements ¹
	Asset Management	Value-Add	Clean Energy	Other	Total		
Revenue							
Revenue from External Customers	3,556	88,481	1,783	14	93,835	—	93,835
Inter-Segment Activities or Reclassifications	1,177	3	—	—	1,181	-1,181	—
Total	4,734	88,485	1,783	14	95,017	-1,181	93,835
Segment P&L ¹	1,859	14,637	537	-142	16,892	150	17,042
Segment P&L Details ¹							
Stock Earnings (Rental Income, Ongoing AM Fees, FIT Solar Power Sale Earnings, etc.)	1,186	5,877	537	—	—	—	—
Flow Earnings (Profits on Value-Add Real Estate Sales, Profits on Solar Power Plant Sales, AM Performance Fees, etc.)	673	8,759	—	—	—	—	—
Segment Assets	3,049	203,635	26,386	1,982	235,052	23,800	258,853
Other							
Depreciation	4	180	412	—	597	17	615
Impairment loss	—	—	—	—	—	—	—
Increase in Property, Plant, and Equipment and Intangible Assets	—	43	7,882	—	7,925	2	7,927

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

² The Adjustment to Segment P&L (JPY 150 million) reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 23,800 million) reflects corporate assets, such as cash and reserves, 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 2 million) reflects corporate assets that were not allocated to the segments.

Revenue, P&L, and Assets by Segment (Current FY18/2 Q3 Stand-Alone)

(Sep 1, 2017 to Nov 30, 2017)

(JPY million)

	Segment					Adjustment ²	Amount Recorded in Consolidated Financial Statements ¹
	Asset Management	Value-Add	Clean Energy	Other	Total		
Revenue							
Revenue from External Customers	681	10,084	602	—	11,369	—	11,369
Inter-Segment Activities or Reclassifications	204	—	—	—	205	-205	—
Total	886	10,085	602	—	11,574	-205	11,369
Segment P&L ¹	592	2,356	151	-15	3,085	-20	3,065
Segment P&L Details ¹							
Stock Earnings (Rental Income, Ongoing AM Fees, FIT Solar Power Sale Earnings, etc.)	453	1,794	151	—	—	—	—
Flow Earnings (Profits on Value-Add Real Estate Sales, Profits on Solar Power Plant Sales, AM Performance Fees, etc.)	139	562	—	—	—	—	—
Segment Assets	1,904	244,845	24,523	1,744	273,017	27,685	300,703
Other							
Depreciation	—	112	191	—	303	6	309
Impairment loss	—	327	—	—	327	—	327
Increase in Property, Plant, and Equipment and Intangible Assets	—	595	1,105	—	1,701	—	1,701

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

² The Adjustment to Segment P&L (-JPY 20 million) reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 27,685 million) reflects corporate assets, such as cash and reserves, 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.

Revenue, P&L, and Assets by Segment (Previous FY17/2 Q3 Stand-Alone)

(Sep 1, 2016 to Nov 30, 2016)

(JPY million)

	Segment					Adjustment ²	Amount Recorded in Consolidated Financial Statements ¹
	Asset Management	Value-Add	Clean Energy	Other	Total		
Revenue							
Revenue from External Customers	1,095	6,176	568	3	7,844	—	7,844
Inter-Segment Activities or Reclassifications	266	1	—	—	267	-267	—
Total	1,362	6,177	568	3	8,112	-267	7,844
Segment P&L ¹	386	1,544	186	-6	2,110	-51	2,058
Segment P&L Details ¹							
Stock Earnings (Rental Income, Ongoing AM Fees, FIT Solar Power Sale Earnings, etc.)	317	1,387	186	—	—	—	—
Flow Earnings (Profits on Value-Add Real Estate Sales, Profits on Solar Power Plant Sales, AM Performance Fees, etc.)	68	156	—	—	—	—	—
Segment Assets	3,049	203,635	26,386	1,982	235,052	23,800	258,853
Other							
Depreciation	1	60	86	—	148	5	154
Impairment loss	—	—	—	—	—	—	—
Increase in Property, Plant, and Equipment and Intangible Assets	—	16	2,447	—	2,464	—	2,464

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

² The Adjustment to Segment P&L (-JPY 51 million) reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 23,800 million) reflects corporate assets, such as cash and reserves, that were not allocated to the segments. The Adjustment to Depreciation (JPY 5 million) reflects depreciation of corporate assets that were not allocated to the segments.