

[Provisional Translation Only]

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

Representative: Scott Callon, Chairman

Inquiries: Takanori Sakamatsu, Senior Statutory Executive Officer

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

Covid-19 Writedown & FY20/2 Full-Year Earnings Forecast Revision

Ichigo expects to record an extraordinary loss on a Covid-19 writedown, and is revising its FY20/2 consolidated full-year earnings forecast (initially announced on April 17, 2019).

Ichigo is revising up its forecasts for FY20/2 Operating Profit and Recurring Profit to record highs, reflecting strong earnings in Ichigo's core business segments (Asset Management, Sustainable Real Estate, and Clean Energy). In turn, Ichigo is revising down Net Income and EPS to reflect the Covid-19 writedown.

1. Covid-19 Writedown Rationale

The Covid-19 global pandemic is dramatically lowering hotel demand and putting pressure on real estate tenants across-the-board. Given these market conditions, Ichigo has done a holistic review of the current market values of all of its Real Estate for Sale, and is writing down assets (primarily hotel and retail) that are being significantly impacted by current business conditions. Ichigo thus expects to record an FY20/2 extraordinary Covid-19 loss of JPY 8.07 billion, the bulk of which is a JPY 7.49 billion writedown of Real Estate for Sale.

Via this writedown, Ichigo is maintaining the trustworthiness and integrity of its balance sheet and lowering future balance sheet risk.

2. Revised FY20/2 Full-Year Earnings Forecast (March 1, 2019 – February 29, 2020)

(JPY million)

	Revenue	Operating Profit	Recurring Profit	Net Income	EPS (JPY)
Initial Forecast (A)	—	26,500	22,800	15,000	30.39
Revised Forecast (B)	—	27,721	24,395	8,201	16.39
Change (B) – (A)	—	+1,221	+1,595	-6,798	-13.51
% Change	—	+4.6%	+7.0%	-45.3%	-44.4%
Reference: FY19/2 Actual	83,540	26,279	23,076	15,373	31.14

Note: The revised EPS forecast is based on 485,698,000 shares outstanding, reflecting Ichigo's share buybacks during the current FY20/2 fiscal year. (The initial forecast assumed 493,510,000 shares outstanding.)

3. Revised FY20/2 Full-Year Earnings Forecast Overview

Ichigo is revising up Operating Profit and Recurring Profit to record highs. In turn, Ichigo is revising down Net Income and EPS to reflect the Covid-19 writedown.