



**Make The World
More Sustainable**

Ichigo Inc.
Annual Audited Consolidated Financial Statements & Notes

FY25/2
March 1, 2024 – February 28, 2025

Method of Preparation, Audit Certification, and Appropriateness

A. Method of Preparation of Consolidated Financial Statements and Financial Statements

1. Ichigo's consolidated financial statements are prepared in accordance with the "Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance Ordinance No. 28 of 1976, hereinafter referred to as "Regulations for Consolidated Financial Statements").
2. Ichigo's parent financial statements are prepared in accordance with the "Regulation on Terminology, Forms and Preparation Methods of Financial Statements" (Ministry of Finance Ordinance No. 59 of 1963, hereinafter referred to as "Regulations for Financial Statements").

In addition, Ichigo prepares its financial statements in accordance with Article 127 of the Regulations for Financial Statements, in accordance with the provisions of Special Company Submitting Financial Statements.

B. Audit Certification

In accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, Ichigo's consolidated financial statements and parent financial statements for FY25/2 (from March 1, 2024 to February 28, 2025) have been audited by Grant Thornton Taiyo LLC.

C. Ensuring the Appropriateness of the Consolidated Financial Statements

Ichigo works to ensure that its consolidated financial statements are appropriate within the context of accounting standards and other regulations. Specifically, in order to appropriately understand the content of accounting standards and develop a system that can appropriately respond to changes in accounting standards, Ichigo has joined the Financial Accounting Standards Foundation and participates in seminars organized by auditing firms.

Consolidated Balance Sheet

(JPY million)

	FY24/2 (Feb 29, 2024)	FY25/2 (Feb 28, 2025)
Assets		
Current Assets		
Cash and deposits	46,917	42,689
Accounts receivable	2,448	4,272
Operational loan investments	1,324	1,324
Operational securities investments	14	10
Real estate for sale	103,721	143,993
Other	3,720	4,197
Allowance for doubtful accounts	-401	-490
Total Current Assets	157,746	195,998
Fixed Assets		
Property, Plant, and Equipment		
Buildings and structures	58,641	56,705
Accumulated Depreciation	-13,072	-14,721
Buildings and structures (net)	45,568	41,983
Solar and wind power plants	39,099	39,391
Accumulated Depreciation	-9,865	-11,861
Solar and wind power plants (net)	29,234	27,529
Land	105,368	97,798
Buildings and structures under construction	3,978	5,954
Solar and wind power plants under construction	134	489
Other	2,625	2,721
Accumulated Depreciation	-1,678	-1,965
Other (net)	947	755
Total Property, Plant, and Equipment	185,232	174,511
Intangible Assets		
Goodwill	989	857
Leasehold rights	1,332	1,332
Other	176	158
Total Intangible Assets	2,498	2,348
Investments and Other Assets		
Securities investments	17,086	24,300
Long-term loans receivable	838	3,993
Deferred tax assets	682	918

	(JPY million)	
	FY24/2 (Feb 29, 2024)	FY25/2 (Feb 28, 2025)
Other	3,766	5,469
Allowance for doubtful accounts	-835	-826
Total Investments and Other Assets	21,537	33,856
Total Fixed Assets	209,269	210,717
Total Assets	367,015	406,715

(JPY million)

	FY24/2 (Feb 29, 2024)	FY25/2 (Feb 28, 2025)
Liabilities		
Current Liabilities		
Short-term loans	16,726	6,520
Bonds (due within one year)	3,162	232
Long-term loans (due within one year)	20,878	7,340
Long-term non-recourse loans (due within one year)	6,413	4,478
Income taxes payable	4,039	4,592
Current year employee bonus accrual	136	282
Other current liabilities	4,805	5,696
Total Current Liabilities	56,162	29,143
Long-Term Liabilities		
Bonds	4,306	7,074
Long-term loans	146,043	195,477
Long-term non-recourse loans	35,265	40,991
Deferred tax liabilities	1,323	1,445
Long-term security deposits received	7,229	7,614
Other long-term liabilities	404	2,261
Total Long-Term Liabilities	194,572	254,865
Total Liabilities	250,734	284,009
Net Assets		
Shareholders' Equity		
Capital	26,892	26,946
Capital reserve	10,313	10,363
Retained earnings	90,967	81,396
Treasury shares	-22,446	-7,212
Total Shareholders' Equity	105,727	111,493
Accumulated Other Comprehensive Income		
Valuation gains (losses) on other securities	-1,143	-399
Deferred gains (losses) on long-term interest rate hedges	44	136
Foreign currency translation adjustment	—	-241
Total Accumulated Other Comprehensive Income	-1,099	-505
Stock Options	879	724
Minority Interests	10,772	10,992

	(JPY million)	
	FY24/2 (Feb 29, 2024)	FY25/2 (Feb 28, 2025)
Total Net Assets	116,281	122,706
Total Liabilities and Net Assets	367,015	406,715

Consolidated Income Statement

(JPY million)

	FY24/2 (Mar 1, 2023 to Feb 29, 2024)	FY25/2 (Mar 1, 2024 to Feb 28, 2025)
Revenue	82,747	83,576
Cost of Goods Sold	61,875	58,051
(Depreciation amount included in COGS)	4,626	4,567
Gross Profit	20,872	25,524
SG&A	7,911	9,215
Operating Profit	12,960	16,309
Non-Operating Income		
Interest income	36	58
Dividend income	361	16
Foreign exchange gains	1	235
Mark-to-market gains on long-term interest rate hedges	109	1,324
Insurance income	104	–
Other	112	89
Total Non-Operating Income	725	1,724
Non-Operating Expenses		
Interest expense	2,349	3,069
Equity-method loss	–	179
Mark-to-market losses on long-term interest rate hedges	330	4
Debt financing-related fees	262	423
Other	351	592
Total Non-Operating Expenses	3,294	4,269
Recurring Profit	10,391	13,764
Extraordinary Gains		
Gains on sale of fixed assets	4,376	7,943
Gains on sale of securities investments	89	608
Gains on sale of shares in affiliates	3,960	–
Redevelopment up-front rental compensation	327	–
Other	224	289
Total Extraordinary Gains	8,978	8,841
Extraordinary Loss		
Loss on sale of fixed assets	102	–
Loss on disposal of fixed assets	45	100
Loss on sale of securities investments	–	23
Valuation losses on securities investments	–	588

(JPY million)

	FY24/2 (Mar 1, 2023 to Feb 29, 2024)	FY25/2 (Mar 1, 2024 to Feb 28, 2025)
Allowance for doubtful accounts	1,087	83
Impairment loss	2	25
Other	169	1
Total Extraordinary Loss	1,406	821
Pre-Tax Income	17,962	21,784
Income Taxes – Current	6,156	6,594
Income Taxes – Deferred	-529	-223
Total Income Taxes	5,626	6,370
Pre-Minority Interest Net Income	12,335	15,414
Net Income Attributable to Minority Interests	227	226
Net Income	12,108	15,187

Consolidated Statement of Comprehensive Income

(JPY million)

	FY24/2 (Mar 1, 2023 to Feb 29, 2024)	FY25/2 (Mar 1, 2024 to Feb 28, 2025)
Pre-Minority Interest Net Income	12,335	15,414
Other Comprehensive Income		
Valuation gains (losses) on other securities	-1,439	743
Deferred gains (losses) on long-term interest rate hedges	-6	92
Equity in earnings (losses) of affiliates	–	-241
Total Other Comprehensive Income	-1,446	594
Comprehensive Income	10,889	16,008
Comprehensive income attributable to common shareholders	10,661	15,781
Comprehensive income attributable to minority interests	227	226

Consolidated Statement of Changes in Shareholders' Equity

(FY25/2 – Current Period)

(JPY million)

	Shareholders' Equity				
	Capital	Capital Reserve	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance as of Mar 1, 2024	26,892	10,313	90,967	-22,446	105,727
Changes in the Current Period					
Share Issuance	53	53			107
Dividend Payment			-3,963		-3,963
Net Income			15,187		15,187
Share Buyback				-5,564	-5,564
Cancellation of Treasury Shares		-20,799		20,799	—
Reclassification of Retained Earnings to Capital Surplus		20,795	-20,795		—
Changes in Items other than Shareholders' Equity					
Total Changes	53	49	-9,571	15,234	5,766
Balance as of Feb 28, 2025	26,946	10,363	81,396	-7,212	111,493

	Accumulated 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	Foreign Currency Translation Adjustment	Total Accumulated Other Comprehensive Income			
Balance as of Mar 1, 2024	-1,143	44	—	-1,099	879	10,772	116,281
Changes in the Current Period							
Share Issuance							107
Dividend Payment							-3,963
Net Income							15,187
Share Buyback							-5,564
Sale of Treasury Shares (Employee Stock Option Exercise)							—
Cancellation of Treasury Shares							—
Reclassification of Retained Earnings to Capital Surplus							
Changes in Items other than Shareholders' Equity	743	92	-241	594	-154	220	659
Total Changes	743	92	-241	594	-154	220	6,425
Balance as of Feb 28, 2025	-399	136	-241	-505	724	10,992	122,706

Consolidated Statement of Changes in Shareholders' Equity

(FY24/2 – Previous Period)

(JPY million)

	Shareholders' Equity				
	Capital	Capital Reserve	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance as of Mar 1, 2023	26,888	11,266	82,438	-17,914	102,678
Changes in the Current Period					
Share Issuance	4	4			8
Dividend Payment			-3,627		-3,627
Net Income			12,108		12,108
Change in Consolidated Subsidiaries		-900	48		-852
Share Buyback				-4,771	-4,771
Sale of Treasury Shares (Employee Stock Option Exercise)		-56		239	183
Changes in Items other than Shareholders' Equity					
Total Changes	4	-952	8,529	-4,531	3,049
Balance as of Feb 29, 2024	26,892	10,313	90,967	-22,446	105,727

	Accumulated 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 Accumulated Other Comprehensive Income			
Balance as of Mar 1, 2023	296	51	347	814	10,552	114,393
Changes in the Current Period						
Share Issuance						8
Dividend Payment						-3,627
Net Income						12,108
Change in Consolidated Subsidiaries						-852
Share Buyback						-4,771
Sale of Treasury Shares (Employee Stock Option Exercise)						183
Changes in Items other than Shareholders' Equity	-1,439	-6	-1,446	64	220	-1,161
Total Changes	-1,439	-6	-1,446	64	220	1,887
Balance as of Feb 29, 2024	-1,143	44	-1,099	879	10,772	116,281

Consolidated Cash Flow Statement

(JPY million)

	FY24/2 (Mar 1, 2023 to Feb 29, 2024)	FY25/2 (Mar 1, 2024 to Feb 28, 2025)
Cash Flows from Operations:		
Pre-tax income	17,962	21,784
Depreciation	4,859	4,795
Amortization of goodwill	97	156
Increase (decrease) in accrued bonuses	31	145
Increase (decrease) in allowance for doubtful accounts	1,036	80
Interest and dividend income	-397	-74
Interest expense	2,349	3,069
Losses (gains) on sale of shares in affiliates	-3,960	—
Forex losses (gains)	-0	-235
Losses (gains) on investment in equity-method affiliates	—	179
Losses (gains) on sale of securities investments	-89	-584
Loss on disposal of fixed assets	45	100
Losses (gains) on sales of fixed assets	-4,273	-7,943
Impairment loss	2	25
Valuation losses on securities investments	—	588
Gain on reversal of stock option	-51	-241
Decrease (increase) in trading notes and receivables	1,469	-1,724
Decrease (increase) in operational securities investments	1,229	3
Decrease (increase) in real estate for sale	-25,238	-40,430
Valuation loss on investments	1	—
Decrease (increase) in advances paid	-615	322
Decrease (increase) in prepaid expenses	-173	-624
Decrease (increase) in accounts receivable	-21	-57
Decrease (increase) in consumption taxes receivable	216	490
Increase (decrease) in accounts payable	395	3
Increase (decrease) in accrued expenses	168	178
Increase (decrease) in advances received	40	91
Increase (decrease) in deposits received	42	-29
Increase (decrease) in security deposits received	193	385
Increase (decrease) in accrued consumption taxes	71	484

(JPY million)

	FY24/2 (Mar 1, 2023 to Feb 29, 2024)	FY25/2 (Mar 1, 2024 to Feb 28, 2025)
Other	841	-753
Sub-Total	-3,769	-19,816
Interest and dividends received	397	74
Interest expense paid	-2,161	-2,827
Income taxes paid	-3,335	-6,208
Income taxes refunded	291	328
Net Cash from (Used for) Operations	-8,577	-28,449
Cash Flows from Investments:		
Payments into time deposits	-701	-96
Redemptions of time deposits	—	800
Payments for securities investments	-16,567	-10,314
Proceeds from sale of securities investments	133	7,813
Proceeds from redemption of securities investments	2,070	—
Acquisition of property, plant, and equipment	-8,203	-5,044
Proceeds from sale of property, plant, and equipment	18,384	19,016
Acquisition of intangible assets	-114	-85
Proceeds from collection of investments	8	—
Payments of security deposits	-127	-99
Acquisition of subsidiary shares resulting in change of consolidation scope	—	-114
Proceeds from sale of subsidiary shares resulting in change of consolidation scope	3,356	—
Acquisition of equity-method affiliate	—	-2,259
Payments of loans receivable	-780	-5,067
Payments received for loans receivable	93	688
Other	-77	121
Net Cash from (Used for) Investments	-2,524	5,358

(JPY million)

	FY24/2 (Mar 1, 2023 to Feb 29, 2024)	FY25/2 (Mar 1, 2024 to Feb 28, 2025)
Cash Flows from Financing:		
Net increase (decrease) in short-term loans	15,764	-10,206
Proceeds from bond issuance	2,221	2,984
Repayment of maturing bond principal to bondholders	-364	-3,162
Proceeds from long-term loans	64,043	96,037
Repayment of long-term loans	-54,996	-60,504
Proceeds from long-term non-recourse loans	4,600	11,700
Repayment of long-term non-recourse loans	-5,152	-7,908
Proceeds from exercise of stock options	7	92
Share buyback	-4,771	-5,564
Dividends paid	-3,553	-3,893
Dividends paid to minority interests	-6	-6
Net Cash from (Used for) Financing	17,791	19,567
Effect of Exchange Rate Change on Cash and Cash Equivalents	-0	-0
Increase (Decrease) in Cash and Cash Equivalents	6,689	-3,524
Cash and Cash Equivalents at Beginning of Period	40,313	46,101
Change in Cash and Cash Equivalents Resulting from New Entity Consolidation	366	—
Change in Cash and Cash Equivalents Resulting from Exclusion from Consolidation	-1,268	—
Cash and Cash Equivalents at End of Period	46,101	42,576

Notes to the Consolidated Financial Statements

I. Material Matters for Preparation of the Consolidated Financial Statements

A. Scope of Consolidation

1. Consolidated Subsidiaries

Number of consolidated subsidiaries: 47

Major Consolidated Subsidiaries

Ichigo Investment Advisors Co., Ltd.

Ichigo Estate Co., Ltd.

Ichigo ECO Energy Co., Ltd.

Ichigo Owners Co., Ltd.

Ichigo Marché Co., Ltd.

Miyako City Co., Ltd.

Centro Co., Ltd.

Ichigo Animation Co., Ltd.

OneFive Hotels Inc.

Ichigo Si Co., Ltd.

Collinear Inc.

Ichigo Realty Management Co., Ltd.

Ichigo Realty Management Co., Ltd. has been added to the scope of consolidation because Ichigo acquired a 100% stake in the company during FY25/2.

2. Major Non-Consolidated Subsidiaries

Because Ichigo's stake in Ichigo Private REIT was temporary, Ichigo Private REIT is excluded from the scope of consolidation pursuant to the "Regulations for Consolidated Financial Statements" Article 5, Clause 1, Item 1.

Other non-consolidated subsidiaries are excluded from the scope of consolidation because total ownership of total net assets, total revenue, net income, and retained earnings were immaterial and did not have a material impact on the consolidated financial statements.

3. Reason Why Some Companies Were Not Classified as Subsidiaries Despite the Possession of a Majority of their Voting Rights

N/A

4. Disclosure of Special Purpose Companies (SPC)

Please refer to XXII. Disclosure of Special Purpose Companies, A. Overview of SPC and SPC Transactions.

B. Equity-Method Accounting

1. Equity-Method Affiliates

Number of equity-method affiliate: 1

Major Equity-Method Affiliate

GIGA.GREEN GmbH

GIGA.GREEN GmbH became an equity-method affiliate during FY25/2 because Ichigo newly acquired equity interest in the company.

2. Non-Consolidated Subsidiaries Accounted for Under the Equity-Method

N/A

3. Major Non-Consolidated Subsidiaries Not Accounted for Under the Equity-Method

Because Ichigo's stake in Ichigo Private REIT was temporary, Ichigo Private REIT is excluded from the scope of equity-method accounting pursuant to the "Regulations for Consolidated Financial Statements" Article 10, Clause 1, Item 1.

Other non-consolidated subsidiaries for which equity-method accounting is not applied are excluded from the scope of equity-method accounting because total ownership of total net assets, total revenue, net income, and retained earnings were immaterial and did not have a material impact on the consolidated financial statements.

4. Non-Equity-Method Affiliates

There are no material non-equity-method affiliates.

Of Ichigo's total ownership, non-equity-method affiliates' Net Income and Retained Earnings have a limited impact on the consolidated financial statements even if they are excluded from the scope of equity-method accounting due to immateriality.

5. Reason Why Some Companies Were Not Classified as Affiliates despite Ichigo Possessing between 20% and 50% of Their Voting Rights

N/A

C. Fiscal Year of Consolidated Subsidiaries

The fiscal year-ends of consolidated subsidiaries are as follows:

January-end	25 companies
February-end	10 companies
March-end	1 company
November-end	1 company
December-end	10 companies

For subsidiaries whose fiscal year-ends are in December or January, financial data as of that date have been used. For subsidiaries whose fiscal year-ends are in March and November, provisional financial data (created at a point in time within three-months from February-end) have been used. All necessary adjustments for consolidation have been made with respect to material transactions which occurred in FY25/2.

D. Accounting Standards

1. Valuation of Material Assets

a. Other Securities

Securities without market prices
(excluding equities)

Mark-to-market (Any valuation difference is reported as a component of shareholders' equity; the cost is calculated using the moving average cost method.)

Equities without market prices

Moving average cost method (The valuation method for investment partnerships is noted in 8. (c) Investment Partnerships.)

- | | |
|-------------------------|---|
| b. Derivatives | Mark-to-market |
| c. Real Estate for Sale | Cost method (however, impair assets whose profitability declines) |
2. Depreciation Methods for Material Depreciable Assets
- | | |
|--------------------------------|---|
| Property, Plant, and Equipment | Primarily straight-line method |
| Useful life | Buildings and structures: 8~39 years
Solar and wind power plants: 20 years |
3. Accounting Standards for Material Allowances
- a. Allowance for Doubtful Accounts
- Reserved based on the record of bad debts with respect to ordinary receivables and loans, plus an estimate of uncollectible amounts determined with reference to specific doubtful receivables from customers experiencing financial difficulties.
- b. Allowance for Employee Bonuses
- Reserved based on an estimated amount for the current fiscal year.
4. Standards for Recognition of Material Revenues and Expenses
- a. Revenue Recognition
- Details of the performance obligations and the fulfillment of performance obligations (i.e., time of revenue recognition) accounted for by its core businesses that arise from contracts with Ichigo's and Ichigo subsidiaries' customers are as follows:

Asset Management

Asset-Related Fee Revenue

With respect to fees received from the listed REITs and infrastructure fund and private funds, the performance obligation to operate and manage an asset arises based on the client contract. A performance obligation is satisfied over a certain period as stipulated in the contract, and revenue is recognized during that period. However, fees linked to asset acquisitions and sales are recognized as revenue at the time of the closing of the acquisition or sale, as the obligation is fulfilled all at once.

Sustainable Real Estate, Ichigo Owners, and Hotel

Revenue from Asset Sales

With respect to revenue from asset sales, the performance obligation to transfer ownership of an asset arises based on the purchase and sale agreement with the client. The performance obligation is fulfilled and revenue is recognized at the time of the closing of the sale.

The sale price is determined in the purchase and sale agreement, and part of the sale price is typically received as a deposit upon the signing of the contract, with the balance paid when the asset is transferred.

Real Estate Rental Revenue

Real estate rental revenue is recognized in accordance with the Accounting Standard for Lease Transactions (Accounting Standards Board of Japan ("ASBJ") Statement No. 13, March 30, 2007).

In addition, fees arising from the provision of ancillary services to lease contracts are recognized as revenue when the term of service ends or throughout the contract term depending on the details of the agreement.

Clean Energy

Power Production Revenue

Ichigo's consolidated subsidiary bears the performance obligation to supply electricity generated at its power plants based on its power supply contracts with its customers. The performance obligation is satisfied and revenue is recognized at the time electricity is supplied.

5. Material Hedge Accounting Method

a. Hedge Accounting Method

In general, Ichigo adopts the deferral hedge accounting method. However, interest rate swaps and interest rate caps that meet the criteria for special treatment are accounted for under the special treatment method.

b. Hedging Instruments and Hedging Targets

Hedging instruments	Interest rate swaps and interest rate caps
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Hedging targets	Loans and other borrowings
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c. Hedging Policy

Pursuant to its internal rules, Ichigo hedges against interest rate risks that arise from its business activities.

d. Evaluation Method of the Effectiveness of Hedges

Ichigo evaluates the effectiveness of hedging activities with reference to the accumulated gain or loss on the hedging instruments and related hedging targets for the period from the commencement of the hedges to the time of evaluation. Interest-rate swaps and interest rate caps accounted for under the special treatment method are omitted from this evaluation.

6. Goodwill Amortization Period and Method

Goodwill is amortized on a straight-line basis for a period of 10 to 20 years depending on the specific characteristics of each subsidiary.

7. Scope of Funds in the Consolidated Cash Flow Statement

Funds include cash-on-hand, readily available cash, and short-term investments that are readily convertible into cash, incur limited price fluctuation risks, and have a maturity of three months or less.

8. Other Material Matters Related to the Preparation of the Financial Statements

a. Consumption Tax

Non-deductible consumption taxes are generally accounted for as expenses in the current fiscal year; however, certain items paid in connection with the acquisition of assets are amortized over 5 years using the straight-line method or are included in acquisition costs.

b. Operational Investments

Operational investments are separated from non-operational investments and are accounted for as Operational Securities Investments and Operational Loan Investments within Current Assets. Profits and losses arising from operational investments are accounted for as Operating Profits and Losses.

Although Ichigo may control the decision-making body of investment vehicles or hold significant influence over them by holding shares, shares are held solely for operational investment purposes and Ichigo has no intention of holding them as subsidiaries or affiliates. Therefore, such investment vehicles are excluded from subsidiaries or affiliates.

c. Investment Partnerships

Ichigo accounts for investments in investment partnerships as Operational Securities Investments. Such investments are recorded at the time the investments are made. Gains and losses distributed from the investment partnerships are recorded as Revenue, and Operational Securities Investments increase or decrease by the same amount. Refunds received from the investment partnerships are credited to Operational Securities Investments.

d. Group Tax Sharing System

Ichigo qualifies for the Group Tax Sharing System.

II. Notes on Accounting Estimates

Valuation of Real Estate

A. Amount Recorded in Financial Statements

	FY24/2	FY25/2
Real Estate for Sale	JPY 103,721 million	JPY 143,993 million
Fixed Assets	JPY 152,926 million	JPY 143,659 million

B. Information on Material Accounting Estimates for Specific Line Items

Ichigo and its subsidiaries invest in real estate including offices, hotels, residential assets, and retail assets, and have recorded real estate expected to be sold as Real Estate for Sale as of FY25/2-end. Real estate expected to be held over the longer term is recorded as Fixed Assets.

If the estimated mark-to-market value of Real Estate for Sale is less than the book value, the estimated mark-to-market value is recorded on the balance sheet, and the difference is recorded as a Valuation Loss on Real Estate for Sale under Cost of Goods Sold. With respect to Fixed Assets, for assets and asset groups that show indications of impairment, if the total undiscounted future cash flow is less than the book value, Ichigo impairs the book value to the asset's recoverable amount. When recording the impairment, the estimated mark-to-market value is recorded as the recoverable amount.

Ichigo uses the lower of the internally-calculated valuation amount based on the direct capitalization method (income approach) and the third-party real estate appraisal value as the estimated mark-to-market value.

Both the internal valuation amount and third-party real estate appraisal value are calculated using the income approach based on the net income or the future cash flows expected to be generated by the real estate assets and the cap rate.

Net income and future cash flow forecasts are impacted by rent levels in the area where the asset is located and by the asset's occupancy. The cap rate is impacted by interest rate fluctuations, land prices per region and asset type, real estate market conditions, and the age, grade, rights, and regulatory compliance of the asset. Due to sustained high real estate transaction prices, cap rates trended downward in FY25/2. As a result, the impact on the valuation of real estate is limited.

Ichigo makes efforts to reduce the uncertainty of its internally-calculated valuations that are based on publicly available data via means such as obtaining third-party verifications of the cap rates per region and asset type. However, because there exists a large number of factors that impact the estimated mark-to-market value, any change in the preconditions and assumptions of the valuation caused by a change in business environment may result in the recording of a Valuation Loss on Real Estate for Sale or an Impairment Loss.

III. Accounting Standards Issued but Not Yet Effective

Accounting Standard for Leases

- Accounting Standard for Leases (ASBJ Statement No 34, September 13, 2024)
- Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, September 13, 2024)

A. Overview

As part of initiatives to align Japanese accounting standards to international standards, the ASBJ has been developing accounting standards with respect to leases recognizing the assets and liabilities of all lessee leases based on the single lessee accounting model under IFRS 16. By only incorporating the major stipulations instead of the entire IFRS 16, the ASBJ announced a simple, convenient accounting standard for leases that aims to generally eliminate revisions when applying IFRS 16 to individual financial statements.

For lessee accounting, consistent with IFRS 16, a single accounting model is applied to all leases, irrespective of whether the lease is classified as a finance lease or an operating lease, under which the lessee recognizes depreciation of the right-of-use asset and interest expense on the lease liability.

B. Application Date

Ichigo will apply these accounting standards from the beginning of FY29/2.

C. Impact of Application of These Accounting Standards

Ichigo is currently evaluating the impact of applying the accounting standards for leases on its consolidated financial statements.

IV. Notes on Changes in Accounting Policies

Application of Practical Solution on the Accounting for and Disclosure of the Issuance and Holding of Electronically Recorded Transferable Rights That Must Be Indicated on Securities

The Practical Solution on the Accounting for and Disclosure of the Issuance and Holding of Electronically Recorded Transferable Rights That Must Be Indicated on Securities (ASBJ Statement Practical Solution No. 43, August 26, 2022) has been applied from the beginning of FY25/2.

There is no impact from this change.

V. Notes to the Consolidated Balance Sheet

A. Assets Provided as Collateral and Secured Obligations

Assets Provided as Collateral

	(JPY million)	
	FY24/2 (February 29, 2024)	FY25/2 (February 28, 2025)
Cash and deposits	2,400	2,957
Accounts receivable	180	194
Operational loan investments	1,324	1,324
Real estate for sale	60,961	90,428
Real estate for sale (reserved for collateral)	1,478	5,735
Current assets – other	11	16
Buildings and structures	24,762	23,592
Solar and wind power plants	9,311	8,816
Land	63,107	59,776
Buildings and structures under construction	2	1,383
Buildings and structures under construction (reserved for collateral)	2,667	3,117
Property, plant, and equipment – other	548	409
Leasehold rights	1,220	1,220
Securities investments	9,038	9,476
Total	177,016	208,448

Figures shown in “Building and structures,” “Solar and wind power plants,” and “Property, plant, and equipment – other” are net amounts.

Secured Obligations

	(JPY million)	
	FY24/2 (February 29, 2024)	FY25/2 (February 28, 2025)
Short-term loans	13,200	162
Long-term loans (due within one year)	8,398	6,963
Long-term loans	112,051	156,625
Total	133,649	163,750

B. Securities Investments in Non-Consolidated Subsidiaries and Affiliates

(JPY million)

	FY24/2 (February 29, 2024)	FY25/2 (February 28, 2025)
Operational securities investments	14	—
Securities investments	889	7,384

C. Liabilities from Client Contracts

Liabilities from client contracts are recorded under Other Current Liabilities. Please refer to XIX. Revenue Recognition, C. Information for Understanding FY25/2 and FY24/2 Revenues, 1. Contract Assets and Contract Liabilities for contract liability amounts.

D. Non-Recourse Loans

Non-recourse loans are borrowings where funds for repayment are limited only to the value of the underlying real estate and profits from such real estate.

1. Assets Provided as Collateral

(JPY million)

	FY24/2 (February 29, 2024)	FY25/2 (February 28, 2025)
Cash and deposits	5,290	6,453
Accounts receivable	260	291
Current assets – other	11	20
Buildings and structures	12,110	13,780
Solar and wind power plants	13,239	16,041
Land	29,582	32,118
Buildings and structures under construction	45	188
Property, plant, and equipment – other	90	123
Investments and other assets – other	340	337
Total	60,972	69,357

Figures shown in “Building and structures,” “Solar and wind power plants,” and “Property, plant and equipment – other” are net amounts.

2. Non-Recourse Loans

(JPY million)

	FY24/2 (February 29, 2024)	FY25/2 (February 28, 2025)
Long-term non-recourse loans (due within one year)	6,413	4,478
Long-term non-recourse loans	35,265	40,991
Total	41,678	45,470

E. Deferred Gains (Losses on Long-Term Interest Rate Hedges)

FY25/2 (February 28, 2025)

Using interest rate swaps, Ichigo has significantly reduced its interest rate risk should Japanese interest rates rise. Any unrealized gains (losses) on these hedges are recorded as deferred gains (losses) on long-term interest rate hedges.

FY24/2 (February 29, 2024)

Using interest rate swaps, Ichigo has significantly reduced its interest rate risk should Japanese interest rates rise. Any unrealized gains (losses) on these hedges are recorded as deferred gains (losses) on long-term interest rate hedges.

F. Overdraft, Loan Commitment, and Term Loan Agreements

To secure funding flexibility and stability, Ichigo has overdraft, loan commitment, and term loan agreements with financial institutions.

Unused balances of the above Agreements (as of end of FY24/2 and FY25/2)

	(JPY million)	
	FY24/2 (February 29, 2024)	FY25/2 (February 28, 2025)
Total amount of overdraft, loan commitment, and term loan agreements	59,467	57,065
Draw-down amount	36,911	39,130
Unused balance	22,555	17,934

G. Guarantee of Subsidiary Liabilities

Ichigo guarantees the following subsidiary's loans from financial institutions.

	(JPY million)	
	FY24/2 (February 29, 2024)	FY25/2 (February 28, 2025)
Ichigo Private REIT Investment Corporation	—	10,000
Total	—	10,000

VI. Notes to the Consolidated Income Statement

A. Revenue from Client Contracts

Ichigo does not disclose revenue from client contracts and other revenue separately. Please refer to XIX. Revenue Recognition, A. Breakdown of Revenue from Contracts with Customers for revenue amounts from client contracts.

B. Valuation Gains (Losses) on Real Estate for Sale

The period-end Real Estate for Sale is the amount after the write-down of book value resulting from a decrease in profitability, and the valuation gains (losses) on Real Estate for Sale included under Cost of Goods Sold are as follows.

(JPY million)	
FY24/2 (Mar 1, 2023 to Feb 29, 2024)	FY25/2 (Mar 1, 2024 to Feb 28, 2025)
—	158

C. Main SG&A Line Items

	(JPY million)	
	FY24/2 (Mar 1, 2023 to Feb 29, 2024)	FY25/2 (Mar 1, 2024 to Feb 28, 2025)
Salaries and allowances	1,655	2,033
Bonuses and allowances	932	1,024
Taxes and dues	761	924
Allowance for accrued bonuses	19	76
Allowance for doubtful accounts	1	10

D. Total R&D Expenses Included in SG&A

	(JPY million)	
	FY24/2 (Mar 1, 2023 to Feb 29, 2024)	FY25/2 (Mar 1, 2024 to Feb 28, 2025)
R&D expenses	39	31

E. Gains (Losses) on Sale of Fixed Assets

FY25/2 (Mar 1, 2024 to Feb 28, 2025)

The gains on sale of fixed assets are from the sales of land and buildings.

FY24/2 (Mar 1, 2023 to Feb 29, 2024)

The gains on sale of fixed assets and loss on sale of fixed assets are from the sales of land and buildings.

F. Impairment Losses

FY25/2 (Mar 1, 2024 to Feb 28, 2025)

N/A (omitted due to immateriality)

FY24/2 (Mar 1, 2023 to Feb 29, 2024)

N/A (omitted due to immateriality)

G. Mark-to-Market Gains (Losses) on Long-Term Interest Rate Hedges

FY25/2 (Mar 1, 2024 to Feb 28, 2025)

Using interest rate swaps and interest rate caps, Ichigo has significantly reduced its interest rate risk should Japanese interest rates rise. Any increase (decrease) in the market value of these instruments is recorded as mark-to-market gains (losses) on long-term interest rate hedges.

FY24/2 (Mar 1, 2023 to Feb 29, 2024)

Using interest rate swaps and interest rate caps, Ichigo has significantly reduced its interest rate risk should Japanese interest rates rise. Any increase (decrease) in the market value of these instruments is recorded as mark-to-market gains (losses) on long-term interest rate hedges.

VI. Notes to the Consolidated Statement of Comprehensive Income

A. Reclassification and Tax Effects of Other Comprehensive Income

	(JPY million)	
	FY24/2 (Mar 1, 2023 to Feb 29, 2024)	FY25/2 (Mar 1, 2024 to Feb 28, 2025)
Valuation gains (losses) on other securities:		
Amount arising during the fiscal year	-1,476	739
Reclassification adjustments	—	74
Amount before tax effects	-1,476	813
Tax effects	36	-69
Valuation gains (losses) on other securities	-1,439	743
Deferred gains (losses) on long-term interest rate hedges:		
Amount arising during the fiscal year	-90	60
Reclassification adjustments	80	71
Amount before tax effects	-10	132
Tax effects	3	-40
Deferred gains (losses) on long-term interest rate hedges	-6	92
Foreign currency translation adjustment:		
Reclassification adjustments	—	-241
Foreign currency translation adjustment	—	-241

	FY24/2 (Mar 1, 2023 to Feb 29, 2024)	FY25/2 (Mar 1, 2024 to Feb 28, 2025)
Other Comprehensive Income	-1,446	594

B. Deferred Gains (Losses) on Long-Term Interest Rate Hedges

FY25/2 (Mar 1, 2024 to Feb 28, 2025)

Using interest rate swaps, Ichigo has significantly reduced its interest rate risk should Japanese interest rates rise. Unrealized mark-to-market gains or losses on these hedges are recorded as deferred gains (losses) on long-term interest rate hedges.

FY24/2 (Mar 1, 2023 to Feb 29, 2024)

Using interest rate swaps, Ichigo has significantly reduced its interest rate risk should Japanese interest rates rise. Unrealized mark-to-market gains or losses on these hedges are recorded as deferred gains (losses) on long-term interest rate hedges.

VII. Notes to the Consolidated Statement of Changes in Shareholders' Equity

FY25/2 (Mar 1, 2024 to Feb 28, 2025)

1. Type and Number of Shares Outstanding and Treasury Shares

	Number of Shares at the Beginning of FY25/2	Increase in Shares During FY25/2	Decrease in Shares During FY25/2	Number of Shares at the End of FY25/2
Shares outstanding				
Common shares ¹	505,402,018	263,100	60,000,000	445,665,118
Total	505,402,018	263,100	60,000,000	445,665,118
Treasury shares				
Common shares ²	64,982,000	14,607,711	60,000,000	19,589,711
Total	64,982,000	14,607,711	60,000,000	19,589,711

¹ Increase in shares outstanding due to exercising of stock options: 263,100 shares
Decrease in shares outstanding due to cancellation of treasury shares: 60,000,000 shares

² Increase in treasury shares due to share buyback: 14,607,711 shares
Decrease in treasury shares due to cancellation of treasury shares: 60,000,000 shares

2. Employee Stock Options

Stock Options	Share Type	Underlying Number of Shares				Value ² (JPY million)
		Mar 1, 2024	Increase in FY25/2	Decrease in FY25/2	Feb 28, 2025	
15 th stock option issuance	Common shares	—	—	—	—	—
16 th stock option issuance	Common shares	—	—	—	—	264
17 th stock option issuance	Common shares	—	—	—	—	98
18 th stock option issuance	Common shares	—	—	—	—	81
19 th stock option issuance	Common shares	—	—	—	—	98
20 th stock option issuance ¹	Common shares	—	—	—	—	87
21 st stock option issuance ¹	Common shares	—	—	—	—	63
22 nd stock option issuance ¹	Common shares	—	—	—	—	30
Total	—	—	—	—	—	724

¹ The 20th, 21st, and 22nd stock option issuances are currently not exercisable, because their exercise dates are in the future.

² Value is as of FY25/2 period-end (February 28, 2025).

3. Dividends

(1) Dividends Paid

The following dividend was approved at the Annual Shareholder Meeting held on May 26, 2024:

(a) Total Dividend	JPY 3,963 million
(b) Source	Retained earnings
(c) Dividend per Share	JPY 9
(d) Record Date	February 29, 2024
(e) Payment Date	May 27, 2024

(2) Dividends where the Record Date is in FY25/2, but the Payment Date is in FY26/2

The following dividend was approved at the Annual Shareholder Meeting held on May 25, 2025:

(a) Total Dividend	JPY 4,473 million
(b) Source	Retained earnings
(c) Dividend per Share	JPY 10.5
(d) Record Date	February 28, 2025
(e) Payment Date	May 26, 2025

FY24/2 (Mar 1, 2024 to Feb 29, 2024)

1. Type and Number of Shares Outstanding and Treasury Shares

	Number of Shares at the Beginning of FY24/2	Increase in Shares During FY24/2	Decrease in Shares During FY24/2	Number of Shares at the End of FY24/2
Shares outstanding				
Common shares ¹	505,381,018	21,000	—	505,402,018
Total	505,381,018	21,000	—	505,402,018
Treasury shares				
Common shares ²	51,992,200	13,687,000	697,200	64,982,000
Total	51,992,200	13,687,000	697,200	64,982,000

¹ Increase in shares outstanding due to exercising of stock options: 21,000 shares

² Increase in treasury shares due to share buyback: 13,687,000 shares

Decrease in treasury shares due to disposal of treasury shares: 697,200 shares

2. Employee Stock Options

Stock Options	Share Type	Underlying Number of Shares				Value ² (JPY million)
		Mar 1, 2023	Increase in FY24/2	Decrease in FY24/2	Feb 29, 2024	
15 th stock option issuance	Common shares	—	—	—	—	223
16 th stock option issuance	Common shares	—	—	—	—	273
17 th stock option issuance	Common shares	—	—	—	—	102
18 th stock option issuance	Common shares	—	—	—	—	96
19 th stock option issuance ¹	Common shares	—	—	—	—	98
20 th stock option issuance ¹	Common shares	—	—	—	—	54
21 st stock option issuance ¹	Common shares	—	—	—	—	29
Total	—	—	—	—	—	879

¹ The 19th, 20th, and 21st stock option issuances are currently not exercisable, because their exercise dates are in the future.

² Value is as of FY24/2 period-end (February 29, 2024).

3. Dividends

(1) Dividends Paid

The following dividend was approved by Ichigo's Board of Directors on April 19, 2023:

(a) Total Dividend	JPY 3,627 million
(b) Source	Retained earnings
(c) Dividend per Share	JPY 8
(d) Record Date	February 28, 2023
(e) Payment Date	May 29, 2023

(2) Dividends where the Record Date is in FY24/2, but the Payment Date is in FY25/2

The following dividend was approved at the Annual Shareholder Meeting held on May 26, 2024:

(a) Total Dividend	JPY 3,963 million
(b) Source	Retained earnings
(c) Dividend per Share	JPY 9
(d) Record Date	February 29, 2024
(e) Payment Date	May 27, 2024

VIII. Notes to the Consolidated Cash Flow Statement

A. Cash and Cash Equivalents at Period-End and Relationship to Balance Sheet Line-Item Amounts

	(JPY million)	
	FY24/2 (Mar 1, 2023 to Feb 29, 2024)	FY25/2 (Mar 1, 2024 to Feb 28, 2025)
Cash and deposits	46,917	42,689
Time deposits with maturities of more than three months	-816	-112
Cash and cash equivalents	46,101	42,576

B. Breakdown of Assets and Liabilities of Newly Consolidated Subsidiaries due to Share Purchases

FY25/2 (Mar 1, 2024 to Feb 28, 2025)

Omitted because the assets and liabilities amounts of the companies that newly became consolidated subsidiaries via share purchases during the period are immaterial.

FY24/2 (Mar 1, 2023 to Feb 29, 2024)

N/A

C. Breakdown of Assets and Liabilities of Deconsolidated Subsidiaries due to Share Sales

FY25/2 (Mar 1, 2024 to Feb 28, 2025)

N/A

FY24/2 (Mar 1, 2023 to Feb 29, 2024)

The breakdown of assets and liabilities at the time of the sale of shares of Storage PLUS Corp., which no longer is a consolidated subsidiary, the sale price of the shares, and the income due to the sale of shares in subsidiary resulting in a change in the scope of consolidation are as follows.

Current assets	JPY 1,468 million
Fixed assets	JPY 3,360 million
Current liabilities	-JPY 240 million
Long-term liabilities	-JPY 4,467 million
Gains on sale of shares	JPY 3,960 million
Other	-JPY 89 million
Sale price of shares	JPY 3,992 million
Cash and cash equivalents	-JPY 635 million
Proceeds from sale of subsidiary shares resulting in change of consolidation scope	JPY 3,356 million

IX. Lease Transactions

A. Finance Lease Transactions

(1) Lessee

Omitted because FY25/2 and FY24/2 transaction amounts were immaterial.

(2) Lessor

Omitted because FY25/2 and FY24/2 transaction amounts were immaterial.

B. Operating Lease Transactions

(1) Lessee

Future lease payments related to non-cancellable operating leases

(JPY million)

	FY24/2 (February 29, 2024)	FY25/2 (February 28, 2025)
Due within 1 year	308	308
Due after 1 year	1,619	1,310
Total	1,927	1,619

(2) Lessor

Future lease payments related to non-cancellable operating leases

(JPY million)

	FY24/2 (February 29, 2024)	FY25/2 (February 28, 2025)
Due within 1 year	2,515	2,354
Due after 1 Year	7,579	6,075
Total	10,095	8,430

X. Financial Instruments

A. Matters Concerning Status of Financial Instruments

1. Policies on Financial Instruments

Ichigo funds itself primarily via bank loans and bonds, taking into account Ichigo's asset acquisition and disposition activity within its Sustainable Real Estate, Clean Energy, Ichigo Owners, and Hotel businesses. Short-term excess funds are managed in liquid financial instruments such as bank deposits, and short-term working capital is financed via bank loans. Ichigo's policy is to use derivatives only for hedging purposes and not for speculative transactions.

2. Details and Risks of Financial Instruments

Accounts receivable is an operating receivable that is exposed to customer credit risks. Foreign currency-denominated financial instruments in overseas business operations are exposed to currency risks.

Operational securities investments are primarily investments in Japanese and foreign equities, and securities investments primarily take the form of equity and are typically investments in companies with which Ichigo has a business relationship. All of these investments are exposed to issuer credit risk, interest rate risk, and market price fluctuation risk.

Bank loans, bonds, and non-recourse loans are for the purpose of financing investments and capital expenditures, and are expected to be redeemed or repaid within 25 years after the fiscal year-end. Floating-rate loans are exposed to interest rate risk, a part of which is hedged using interest rate swaps and interest rate caps. Please refer to I. Material Matters for Preparation of the Consolidated Financial Statements, D. Accounting Standards, 5. Material Hedge Accounting Method.

3. Risk Management of Financial Instruments

a. Management of Credit Risk (Default Risk for Counterparties)

Operating receivables exist primarily at subsidiaries. Responsible departments monitor the collection status pursuant to the designated procedure for mitigation of collection risk. Other operating receivables arise irregularly, e.g., at the time of investment monetization, and the responsible department determines the execution of the transaction based on the time needed for collection and the credit worthiness of the counterparty and monitors the receivable until it is collected in accordance with the agreement. Ichigo monitors operational securities investments and securities investments with respect to the financial status of the issuers and reviews holding policies, as necessary and appropriate.

b. Management of Market Risk (Foreign Exchange and Interest Rate Risk)

Ichigo uses interest rate swaps and interest rate caps for the purpose of reducing interest rate risk on corporate and non-recourse loans. Ichigo regularly monitors operational securities investments and securities investments which have market risks (e.g., real estate funds) or are denominated in foreign currencies for the impact from changes in market value and foreign exchange rates and reviews the holding policies as necessary. Derivative transactions are executed and controlled in the Finance Department in accordance with the designated procedures.

c. Management of Liquidity Risk (Risk of Being Unable to Fulfill Payment Obligations at Due Dates)

Ichigo establishes and updates its funding plan as necessary based on new investment and disposition plans set by the responsible departments, and manages liquidity risk by maintaining short-term liquidity.

4. Supplement to Matters Concerning Market Values of Financial Instruments

Market values of financial instruments include prices based on market prices as well as prices calculated based on rational assumptions where market prices are not available. Such prices may fluctuate because their calculations include variables that can vary based on assumptions. The notional amounts and other figures of derivative transactions are disclosed in XII. Derivative Transactions. Such amounts themselves do not represent the market risk associated with derivative transactions.

B. Adjustments to Market Values of Financial Instruments

Amounts recorded on the consolidated balance sheet, corresponding market values, and their differences are shown below.

FY25/2 (February 28, 2025)

(JPY million)

	Amount Recorded on Consolidated Balance Sheet	Market Value	Difference
Assets			
(1) Securities investments	19,845	19,230	-614
Total Assets	19,845	19,230	-614
Liabilities			
(1) Bonds	7,306	6,978	-328
(2) Long-term loans	202,818	202,794	-23
(3) Long-term non-recourse loans	45,470	45,215	-255
Total Liabilities	255,595	254,988	-606
Derivative Transactions ⁶	2,044	2,044	—

FY24/2 (February 29, 2024)

(JPY million)

	Amount Recorded on Consolidated Balance Sheet	Market Value	Difference
Assets			
(1) Securities investments	15,921	15,921	—
Total Assets	15,921	15,921	—
Liabilities			
(1) Bonds	7,469	7,431	-37
(2) Long-term loans	166,921	166,907	-13
(3) Long-term non-recourse loans	41,678	41,573	-105
Total Liabilities	216,068	215,912	-156
Derivative Transactions ⁶	600	600	—

¹ “Cash and deposits,” “Accounts receivable,” “Short-term loans,” and “Income taxes payable” are omitted because they are cash or items to be settled in the short term with market values generally equal to book value.

² The amounts of equities without market values and investment partnerships recorded on the consolidated balance sheet are shown below. Such figures are not included in (1) Securities investments. Equities without market values are not subject to disclosure as prescribed in Clause 5 of the Implementation Guidance on Disclosures of Fair Value of Financial Instruments (ASBJ Implementation Guidance No. 19, March 31, 2020). The market value of investment partnerships is not subject to disclosure as prescribed in the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Implementation Guidance No. 31, June 17, 2021) Article 24-16.

Amounts Recorded on Consolidated Balance Sheet

(JPY million)

	FY24/2	FY25/2
Operational securities investments	14	10
Securities investments	1,164	4,455
Total	1,178	4,466

³ “Bonds (due within one year)” are included in “(1) Bonds.”

⁴ “Long-term loans (due within one year)” are included in “(2) Long-term loans.”

⁵ “Long-term non-recourse loans (due within one year)” are included in “(3) Long-term non-recourse loans.”

⁶ Claims and obligations associated with derivative transactions are shown in net amounts. For figures whose net amounts are net obligations, the figure is shown in parentheses.

Expected Payments of Accounts Receivable and Redemptions of Securities with Maturities Due after Fiscal Year-End

FY25/2 (February 28, 2025)

(JPY million)

	<1 Year	1-5 years	5-10 Years	>10 Years
Cash and deposits	42,689	—	—	—
Accounts receivable	4,272	—	—	—
Operational loan investments	1,324	—	—	—
Total	48,287	—	—	—

FY24/2 (February 29, 2024)

(JPY million)

	<1 Year	1-5 years	5-10 Years	>10 Years
Cash and deposits	46,917	—	—	—
Accounts receivable	2,448	—	—	—
Operational loan investments	1,324	—	—	—
Total	50,691	—	—	—

Expected Redemptions of Bonds, Long-Term Loans, and Other Interest-Bearing Liabilities Due after Fiscal Year-End

FY25/2 (February 28, 2025)

(JPY million)

	<1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
Short-term loans	6,520	—	—	—	—	—
Bonds (due within one year)	232	—	—	—	—	—
Long-term loans (due within one year)	7,340	—	—	—	—	—
Long-term non-recourse loans (due within one year)	4,478	—	—	—	—	—
Bonds	—	2,162	3,162	392	1,357	—
Long-term loans	—	27,171	6,415	18,049	25,473	118,367
Long-term non-recourse loans	—	15,901	1,443	1,463	1,419	20,764
Total	18,571	45,234	11,021	19,905	28,250	139,131

FY24/2 (February 29, 2024)

(JPY million)

	<1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
Short-term loans	16,726	—	—	—	—	—
Bonds (due within one year)	3,162	—	—	—	—	—
Long-term loans (due within one year)	20,878	—	—	—	—	—
Long-term non-recourse loans (due within one year)	6,413	—	—	—	—	—
Bonds	—	232	2,162	162	392	1,357
Long-term loans	—	6,417	29,217	5,113	19,260	86,033
Long-term non-recourse loans	—	1,541	19,668	1,171	1,197	11,686
Total	47,180	8,191	51,048	6,446	20,850	99,077

C. Breakdown of Financial Instruments by Market Value

Ichigo has classified the market values of financial instruments into three levels based on the observability and materiality of the inputs used to calculate market value.

Level 1: Market value calculated based on observable inputs that reflect market prices for identical assets and liabilities in active markets

Level 2: Market value calculated based on observable inputs other than those included in Level 1

Level 3: Market value calculated based on unobservable inputs

If multiple material inputs are used to calculate market value, the financial instrument is classified under the lowest level of the multiple inputs.

1. Financial Instruments Recorded at Market Value in Consolidated Balance Sheet

FY25/2 (February 28, 2025)

	Market Value (JPY million)			
	Level 1	Level 2	Level 3	Total
Securities investments	16,248	476	—	16,725
Derivative transactions	—	2,044	—	2,044
Total Assets	16,248	2,521	—	18,770

FY24/2 (February 29, 2024)

	Market Value (JPY million)			
	Level 1	Level 2	Level 3	Total
Securities investments	15,440	450	30	15,921
Derivative transactions	—	600	—	600
Total Assets	15,440	1,051	30	16,522

Note: The securities investments above do not include REITs that are accounted for in accordance with Clause 24-9 of Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No.31, June 17, 2021). The value of REITs recorded on the Consolidated Balance Sheet is JPY 3,119 million.

Investment Trust Balances at the Beginning and End of FY25/2 Pursuant to the Application of Treatment Under Clause 24-9

	FY25/2 (Mar 1, 2024 to Feb 28, 2025)
Balance at beginning of period	—
Gains/Losses and Other Comprehensive Income	
Recorded as Gains/Losses	—
Recorded as Comprehensive Income	—
Net Purchases, Sales, and Redemptions	JPY 3,119 million
Net Asset Value of Investment Trusts Valued at Market Price	—
Net Asset Value of Investment Trusts Not Valued at Market Price	—
Balance at end of period	JPY 3,119 million

2. Loans and Bonds Recorded at Market Value in Consolidated Balance Sheet

FY25/2 (February 28, 2025)

	Market Value (JPY million)			
	Level 1	Level 2	Level 3	Total
Bonds	—	6,978	—	6,978
Long-term loans	—	202,794	—	202,794
Long-term non-recourse loans	—	45,215	—	45,215
Total Liabilities	—	254,988	—	254,988

FY24/2 (February 29, 2024)

	Market Value (JPY million)			
	Level 1	Level 2	Level 3	Total
Bonds	—	7,431	—	7,431
Long-term loans	—	166,907	—	166,907
Long-term non-recourse loans	—	41,573	—	41,573
Total Liabilities	—	215,912	—	215,912

Notes: Valuation Methods Applied to Market Value Calculations and Explanation of Inputs Used in Market Value Calculations

Securities Investments

Listed shares are valued using market price and classified as Level 1 because they are traded on an active market. Because Ichigo's bonds are not traded on an active market and market prices are thus not available, the value of the bonds is calculated using the present value of future cash flows discounted by a discount rate, and the bonds are classified as Level 2.

Derivative Transactions

The market value of interest rate swaps and interest rate caps is calculated using information obtained from the lender banks, and the derivatives are classified as Level 2. The market value of interest rate swaps and interest rate caps under special treatment is included in long-term loans and long-term non-recourse loans because it is accounted for with the instrument it hedges.

Bonds (Due Within One Year)

The market value of bonds issued by Ichigo is calculated based on the present value of the total amount of principal and interest using a discount rate that accounts for the remaining period and credit risk of the bonds, and the bonds are classified as Level 2.

Long-Term Loans and Long-Term Non-Recourse Loans

The market value of long-term loans and long-term non-recourse loans is calculated based on the present value of the total amount of principal and interest using a discount rate that accounts for the remaining period and credit risk of the loans, and the loans are classified as Level 2.

XI. Securities

A. Other Securities

FY25/2 (February 28, 2025)

(JPY million)

		Amount Recorded on Consolidated Balance Sheet	Acquisition Cost	Difference
Other Securities (Amount Recorded on Consolidated Balance Sheet > Acquisition Cost)	(1) Equity	—	—	—
	(2) Bonds			
	(a) Government Bonds	—	—	—
	(b) Corporate Bonds	—	—	—
	(c) Other	—	—	—
	(3) Other	4,078	3,559	518
	Sub-total	4,078	3,559	518
Other Securities (Amount Recorded on Consolidated Balance Sheet < Acquisition Cost)	(1) Equity	49	49	-0
	(2) Bonds			
	(a) Government Bonds	—	—	—
	(b) Corporate Bonds	—	—	—
	(c) Other	332	350	-17
	(3) Other	12,264	13,017	-752
	Sub-total	12,646	13,416	-770
Total		16,725	16,976	-251

Note: Unlisted shares (Amount Recorded on Consolidated Balance Sheet: JPY 4,406 million) and other (Amount Recorded on Consolidated Balance Sheet: JPY 60 million) are excluded from the “Other Securities” above, because they are securities that do not have market prices.

FY24/2 (February 29, 2024)

(JPY million)

		Amount Recorded on Consolidated Balance Sheet	Acquisition Cost	Unrealized Gains (Losses)
Other Securities (Amount Recorded on Consolidated Balance Sheet> Acquisition Cost)	(1) Equity	—	—	—
	(2) Bonds			
	(a) Government Bonds	—	—	—
	(b) Corporate Bonds	30	30	0
	(c) Other	—	—	—
	(3) Other	649	343	305
	Sub-total	679	373	305
Other Securities (Amount Recorded on Consolidated Balance Sheet> Acquisition Cost)	(1) Equity	48	67	-18
	(2) Bonds			
	(a) Government Bonds	—	—	—
	(b) Corporate Bonds	0	0	—
	(c) Other	347	350	-2
	(3) Other	14,845	16,192	-1,346
	Sub-total	15,242	16,610	-1,368
Total		15,921	16,984	-1,062

Note: Unlisted shares (Amount Recorded on Consolidated Balance Sheet: JPY 1,092 million) and other (Amount Recorded on Consolidated Balance Sheet: JPY 86 million) are excluded from the “Other Securities” above, because they are securities that do not have market prices.

B. Sales of Other Securities

FY25/2 (March 1, 2024 to February 28, 2025)

(JPY million)

	Sale Price	Gains on Sale	Loss on Sale
(1) Equity	229	68	23
(2) Bonds			
(a) Government Bonds	—	—	—
(b) Corporate Bonds	—	—	—
(c) Other	—	—	—
(3) Other	7,583	539	—
Total	7,813	608	23

FY24/2 (March 1, 2023 to February 29, 2024)

(JPY million)

	Sale Price	Gains on Sale	Loss on Sale
(1) Equity	133	89	—
(2) Bonds			
(a) Government Bonds	—	—	—
(b) Corporate Bonds	—	—	—
(c) Other	—	—	—
(3) Other	—	—	—
Total	133	89	—

C. Impairment of Securities

During FY25/2, Ichigo recorded an impairment loss on securities of JPY 588 million (unlisted shares: JPY 558 million, corporate bonds: JPY 30 million).

Impairment losses are recognized for all securities whose market value at the end of the fiscal year have declined by 50% or more from their acquisition cost. For securities whose market value have declined by 30 to 50%, impairment losses are recognized to the extent necessary, taking into consideration factors such as recoverability.

XII. Derivative Transactions

A. Derivative Transactions for Which Hedge Accounting is not Applied

Interest-Related Transactions

FY25/2 (February 28, 2025)

(JPY million)

Classification	Transaction Type	Hedging Target	Contract Amount	>1 Year	Market Value	Valuation Gains (Losses)
Off-market transactions	Interest rate swaps (receive floating, pay fixed)	Loans	75,000	75,000	1,585	1,585
	Interest rate caps		20,000	15,000	253	-217
Total			95,000	90,000	1,839	1,367

FY24/2 (February 29, 2024)

(JPY million)

Classification	Transaction Type	Hedging Target	Contract Amount	>1 Year	Market Value	Valuation Gains (Losses)
Off-market transactions	Interest rate swaps (receive floating, pay fixed)	Loans	74,000	55,000	353	353
	Interest rate caps		35,000	20,000	165	-624
Total			109,000	75,000	518	-271

B. Derivative Transactions for Which Hedge Accounting is Applied

Interest-Related Transactions

FY25/2 (February 28, 2025)

(JPY million)

Hedge Accounting Method	Transaction Type	Hedging Target	Contract Amount	>1 Year	Market Value	
Standard Treatment	Interest rate swaps (receive floating, pay fixed)	Loans	12,346	12,267		196
Special Treatment of Interest Rate Swaps	Interest rate swaps (receive floating, pay fixed)	Loans	—	—		—
Special Treatment of Interest Rate Caps	Interest rate caps	Loans	547	547	(Note)	—
Total			12,893	12,815		196

Note: Interest rate caps accounted for under the special treatment of interest rate caps are accounted for with the hedging targets, i.e., long-term loans. Therefore, their market values are included in the market values of long-term loans.

FY24/2 (February 29, 2024)

(JPY million)

Hedge Accounting Method	Transaction Type	Hedging Target	Contract Amount	>1 Year	Market Value	
Standard Treatment	Interest rate swaps (receive floating, pay fixed)	Loans	10,486	10,320		64
Special Treatment of Interest Rate Swaps	Interest rate swaps (receive floating, pay fixed)	Loans	791	—	(Note)	—
Special Treatment of Interest Rate Caps	Interest rate caps	Loans	6,883	4,683	(Note)	—
Total			18,161	15,004		64

Note: Interest rate swaps/caps accounted for under the special treatment of interest rate swaps/caps are accounted for with the hedging targets, i.e., long-term loans. Therefore, their

market values are included in the market values of long-term loans.

XIII. Retirement Benefits

Omitted due to immateriality.

XIV. Stock Options

A. Amounts & Line Items of Expenses Relating to Stock Options

(JPY million)

	FY24/2 (Mar 1, 2023 to Feb 29, 2024)	FY25/2 (Mar 1, 2024 to Feb 28, 2025)
SG&A	117	102

B. Amounts Recorded as Profit due to Stock Options Not Exercised

(JPY million)

	FY24/2 (Mar 1, 2023 to Feb 29, 2024)	FY25/2 (Mar 1, 2024 to Feb 28, 2025)
Gain on reversal of stock option	51	241

C. Stock Option Details, Amounts, and Changes

1. Stock Option Details

	15 th Stock Option Plan 2017	16 th Stock Option Plan 2018	17 th Stock Option Plan 2019	18 th Stock Option Plan 2020
Classification and Number of Grantees	8 directors, 11 statutory executive officers, 179 employees, and 2 directors of a subsidiary	8 directors, 8 statutory executive officers, 187 employees, and 3 directors of subsidiaries	8 directors, 9 statutory executive officers, 206 employees, and 3 directors of subsidiaries	8 directors, 8 statutory executive officers, 214 employees, 2 directors of a subsidiary, and 1 corporate auditor of a subsidiary
Share Count and Type	2,000,000 Common Shares	1,800,000 Common Shares	1,800,000 Common Shares	2,000,000 Common Shares
Grant Date	Feb 1, 2017	Feb 1, 2018	Feb 1, 2019	Nov 2, 2020
Vesting Conditions	(1) In order to exercise stock options, the holder must be a director, statutory executive officer, or employee of Ichigo or a director, statutory executive officer, corporate auditor, or employee of an Ichigo subsidiary at the time of exercise, except when Ichigo acknowledges that the exercise by a holder is reasonable. (2) Each stock option may not be transferred nor pledged. (3) In the event of the death of the stock option holder, the heir(s) may exercise inherited stock options. However, this shall be subject to the conditions stipulated in the agreement set forth in (4). (4) Other terms and conditions will be provided in an agreement between Ichigo and each holder.	(1) In order to exercise stock options, the holder must be a director, statutory executive officer, or employee of Ichigo or a director, statutory executive officer, corporate auditor, or employee of an Ichigo subsidiary at the time of exercise, except when Ichigo acknowledges that the exercise by a holder is reasonable. (2) Each stock option may not be transferred nor pledged. (3) In the event of the death of the stock option holder, the heir(s) may exercise inherited stock options. However, this shall be subject to the conditions stipulated in the agreement set forth in (4). (4) Other terms and conditions will be provided in an agreement between Ichigo and each holder.	(1) In order to exercise stock options, the holder must be a director, statutory executive officer, or employee of Ichigo or a director, statutory executive officer, corporate auditor, or employee of an Ichigo subsidiary at the time of exercise, except when Ichigo acknowledges that the exercise by a holder is reasonable. (2) Each stock option may not be transferred nor pledged. (3) In the event of the death of the stock option holder, the heir(s) may exercise inherited stock options. However, this shall be subject to the conditions stipulated in the agreement set forth in (4). (4) Other terms and conditions will be provided in an agreement between Ichigo and each holder.	(1) In order to exercise stock options, the holder must be a director, statutory executive officer, or employee of Ichigo or a director, statutory executive officer, corporate auditor, or employee of an Ichigo subsidiary at the time of exercise, except when Ichigo acknowledges that the exercise by a holder is reasonable. (2) Each stock option may not be transferred nor pledged. (3) In the event of the death of the stock option holder, the heir(s) may exercise inherited stock options. However, this shall be subject to the conditions stipulated in the agreement set forth in (4). (4) Other terms and conditions will be provided in an agreement between Ichigo and each holder.

	15 th Stock Option Plan 2017	16 th Stock Option Plan 2018	17 th Stock Option Plan 2019	18 th Stock Option Plan 2020
Vesting Period	Feb 1, 2017 to Jan 13, 2020	Feb 1, 2018 to Jan 12, 2021	Feb 1, 2019 to Jan 11, 2022	Nov 2, 2020 to Oct 14, 2023
Exercise Period	Jan 14, 2020 to Jan 13, 2025	Jan 13, 2021 to Jan 12, 2026	Jan 12, 2022 to Jan 11, 2027	Oct 15, 2023 to Oct 14, 2028

	19 th Stock Option Plan 2021	20 th Stock Option Plan 2022	21 st Stock Option Plan 2023	22 nd Stock Option Plan 2024
Classification and Number of Grantees	8 directors, 10 statutory executive officers, 208 employees, 2 directors of a subsidiary, and 1 corporate auditor of a subsidiary	9 directors, 7 statutory executive officers, 204 employees, 2 directors of a subsidiary, and 1 corporate auditor of a subsidiary	9 directors, 8 statutory executive officers, 203 employees, 2 directors of a subsidiary, and 1 corporate auditor of a subsidiary	8 directors, 10 statutory executive officers, 226 employees, and 2 directors of a subsidiary
Share Count and Type	2,000,000 Common shares	2,000,000 Common shares	2,500,000 Common shares	2,750,000 Common shares
Grant Date	May 7, 2021	Sep 15, 2022	May 8, 2023	Oct 31, 2024
Vesting Conditions	(1) In order to exercise stock options, the holder must be a director, statutory executive officer, or employee of Ichigo or a director, statutory executive officer, corporate auditor, or employee of an Ichigo subsidiary at the time of exercise, except when Ichigo acknowledges that the exercise by a holder is reasonable. (2) Each stock option may not be transferred nor pledged. (3) In the event of the death of the stock option holder, the heir(s) may exercise inherited stock options. However, this shall be subject to the conditions stipulated in the agreement set forth in (4). (4) Other terms and conditions will be provided in an agreement between Ichigo and each holder.	(1) In order to exercise stock options, the holder must be a director, statutory executive officer, or employee of Ichigo or a director, statutory executive officer, corporate auditor, or employee of an Ichigo subsidiary at the time of exercise, except when Ichigo acknowledges that the exercise by a holder is reasonable. (2) Each stock option may not be transferred nor pledged. (3) In the event of the death of the stock option holder, the heir(s) may exercise inherited stock options. However, this shall be subject to the conditions stipulated in the agreement set forth in (4). (4) Other terms and conditions will be provided in an agreement between Ichigo and each holder.	(1) In order to exercise stock options, the holder must be a director, statutory executive officer, or employee of Ichigo or a director, statutory executive officer, corporate auditor, or employee of an Ichigo subsidiary at the time of exercise, except when Ichigo acknowledges that the exercise by a holder is reasonable. (2) Each stock option may not be transferred nor pledged. (3) In the event of the death of the stock option holder, the heir(s) may exercise inherited stock options. However, this shall be subject to the conditions stipulated in the agreement set forth in (4). (4) Other terms and conditions will be provided in an agreement between Ichigo and each holder.	(1) In order to exercise stock options, the holder must be a director, statutory executive officer, or employee of Ichigo or a director, statutory executive officer, corporate auditor, or employee of an Ichigo subsidiary at the time of exercise, except when Ichigo acknowledges that the exercise by a holder is reasonable. (2) Each stock option may not be transferred nor pledged. (3) In the event of the death of the stock option holder, the heir(s) may exercise inherited stock options. However, this shall be subject to the conditions stipulated in the agreement set forth in (4). (4) Other terms and conditions will be provided in an agreement between Ichigo and each holder.
Vesting Period	May 7, 2021 to Apr 19, 2024	Sep 15, 2022 to Aug 19, 2025	May 8, 2023 to Apr 19, 2026	Oct 31, 2024 to Oct 10, 2027

	19 th Stock Option Plan 2021	20 th Stock Option Plan 2022	21 st Stock Option Plan 2023	22 nd Stock Option Plan 2024
Exercise Period	Apr 20, 2024 to Apr 19, 2029	Aug 20, 2025 to Aug 19, 2030	Apr 20, 2026 to Apr 19, 2031	Oct 11, 2027 to Oct 10, 2032

2. Stock Option Amounts and Changes

The tables below show stock options outstanding during FY25/2, with the number of stock option units presented based on the equivalent number of shares.

(1) Number of Stock Option Units

	15 th Stock Option Plan 2017	16 th Stock Option Plan 2018	17 th Stock Option Plan 2019	18 th Stock Option Plan 2020
Before vesting (shares)				
At the end of the previous fiscal year	—	—	—	—
Issued	—	—	—	—
Expired	—	—	—	—
Vested	—	—	—	—
Unvested stock options	—	—	—	—
After vesting (shares)				
At the end of the previous fiscal year	1,377,700	1,344,300	1,390,200	1,722,500
Vested	—	—	—	—
Exercised	5,200	—	—	210,500
Expired	1,372,500	44,200	54,200	49,600
Unexercised stock options	—	1,300,100	1,336,000	1,462,400

	19 th Stock Option Plan 2021	20 th Stock Option Plan 2022	21 st Stock Option Plan 2023	22 nd Stock Option Plan 2024
Before vesting (shares)				
At the end of the previous fiscal year	1,782,000	1,933,800	2,474,000	—
Issued	—	—	—	2,750,000
Expired	—	72,800	84,000	5,000
Vested	1,782,000	—	—	—
Unvested Stock Options	—	1,861,000	2,390,000	2,745,000
After vesting (shares)				
At the end of the previous fiscal year	—	—	—	—
Vested	1,782,000	—	—	—
Exercised	47,400	—	—	—
Expired	49,200	—	—	—
Unexercised stock options	1,685,400	—	—	—

Note: The number of stock option units exercised during FY25/2 is as follows:

18th Stock Option Plan: 50,200 units

(2) Price Information

(JPY)

	15 th Stock Option Plan 2017	16 th Stock Option Plan 2018	17 th Stock Option Plan 2019	18 th Stock Option Plan 2020
Exercise Price	423	519	432	340
Average Stock Price at the Time of Exercise	354	—	—	401
Fair Value per Option (at Grant Date)	162.55	203.73	74.07	55.76

	19 th Stock Option Plan 2021	20 th Stock Option Plan 2022	21 st Stock Option Plan 2023	22 nd Stock Option Plan 2024
Exercise Price	388	350	296	467
Average Stock Price at the Time of Exercise	409	—	—	—
Fair Value per Option (at Grant Date)	58.58	56.12	43.48	79.45

D. Method Used to Estimate Fair Value of Stock Options

The following presents the method used to estimate the fair value of stock options issued during FY25/2.

Valuation model used: Black-Scholes model

Main underlying assumptions and estimation methods

	22 nd Stock Option Plan 2024
Stock Price Volatility ¹	33.42%
Expected Term ²	5.45 years
Expected Dividend Yield ³	2.46%
No-Risk Interest Rate ⁴	0.59%

¹ Calculated based on stock prices from March 2019 to September 2024.

² Based on the assumption that the stock options will be exercised upon expiration of the exercise period.

³ Applied JPY 10, the dividend forecast for the current fiscal year.

⁴ Applied the median rate of government bonds due March 20, 2030 as of October 20, 2024.

E. Method Used to Estimate the Number of Stock Options to be Vested

Because it is difficult to reasonably estimate the number of stock options that will expire in the future, Ichigo applies the method that incorporates only the number of options actually expired.

XV. Income Taxes

A. Breakdown of Deferred Tax Assets and Liabilities

	(JPY million)	
	FY24/2 (February 29, 2024)	FY25/2 (February 28, 2025)
Deferred Tax Assets		
Accrued Business Taxes	313	258
Surplus for provision of allowance of doubtful accounts	397	425
Valuation losses on securities investments	203	390
Valuation losses on investments in real estate	2,122	2,093
Deferred gains/losses on hedges	0	0
Net operating loss carryforward	536	231
Unrealized profit	166	157
Impairment loss	2	7
Depreciation	445	536
Other	353	415
Sub-total	4,542	4,516
Allowance for valuation	-3,527	-3,228
Deferred Tax Assets Total	1,014	1,288
Deferred Tax Liabilities		
Valuation gains (losses) on other securities	-94	-160
Mark-to-market valuation gains (losses) under full fair value method	-1,456	-1,453
Deferred gains (losses) on hedges	-20	-60
Other	-82	-141
Deferred Tax Liabilities Total	-1,654	-1,814
Net Deferred Tax Liabilities	-640	-526

B. Reason for Difference between Statutory Effective Tax Rate and Corporate Tax Rate After Application of Tax Effect Accounting

Omitted because the difference between the statutory effective tax rate and the corporate tax rate after the application of tax effect accounting is less than 5% of the statutory effective tax rate in FY25/2 and FY24/2.

C. Accounting Treatment of Income Taxes and Tax Effect Accounting

Ichigo has adopted the Group Tax Sharing System, and the accounting treatment of income taxes and tax effect accounting are based on the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (ASBJ Practical Solution No.42, August 12, 2021.)

D. Change in Corporate Tax Rate After End of Fiscal Year

Due to the Act on Partial Revision of the Income Tax Act (Act No. 13 of 2025) passed by the Diet on March 31, 2025, Japan will be enacting a special defense spending corporate tax for consolidated fiscal years starting from April 1, 2026.

As a result, the deferred tax assets and deferred tax liabilities expected to be reversed from consolidated fiscal years starting March 1, 2027 will be calculated using a statutory effective tax rate of 31.52%, revised from 30.62%.

If the revised statutory effective tax rate is applied to FY25/2, deferred tax liabilities (after the deduction of deferred tax assets) increase by JPY 41 million, income taxes – deferred increase by JPY 34 million, deferred gains/losses on hedges decrease by JPY 1 million, and valuation gains/losses on other decrease by JPY 4 million.

XVI. Business Combinations

Omitted due to immateriality.

XVII. Asset Retirement Obligations

A. Asset Retirement Obligations Recorded in the Consolidated Balance Sheet

Omitted due to immateriality.

B. Asset Retirement Obligations Not Recorded in the Consolidated Balance Sheet

Certain properties, plants, and equipment owned by Ichigo and its consolidated subsidiaries contain asbestos. In accordance with applicable regulations, Ichigo and its subsidiaries are obligated to remove asbestos upon the disposal of such assets. However, as the specific methods and the timing for carrying out this obligation are not determined, Ichigo is unable to reasonably estimate the asset retirement obligation. Therefore, Ichigo has not recognized any asset retirement obligation corresponding to this obligation.

Ichigo and certain consolidated subsidiaries have entered into real estate lease agreements with the landowners for their sustainable real estate and solar power facilities. These agreements impose obligations on Ichigo and its subsidiaries to restore the leased sites to their original condition upon their business termination or vacating the premises. However, except for those amounts recognized on the consolidated balance sheet, Ichigo and its subsidiaries are unable to reasonably estimate the asset retirement obligations related to restoring the leased sites due to the indeterminate usage of the leased assets and the absence of specific plans for relocation or lease termination. Therefore, Ichigo has not recognized any asset retirement obligations corresponding to the restoration of the leased sites.

XVIII. Rental Properties

Ichigo and certain consolidated subsidiaries own office buildings and retail facilities for lease located primarily in the Tokyo Metropolitan area. In FY24/2, rental income from rental properties amounted to JPY 5,475 million (rental revenue recorded as Revenue, rental costs recorded as Cost of Goods Sold) and gains on sales were JPY 4,273 million (gains on sales of assets recorded as Extraordinary Gains, losses from sale of assets recorded as Extraordinary Losses). In FY25/2, rental income from rental properties was JPY 6,290 million (rental revenue recorded as Revenue, rental costs recorded as Cost of Goods Sold), and gains on sales of assets were JPY 7,943 million (gains on sale of assets recorded as Extraordinary Gains).

The table below shows the carrying value and market value of rental properties as of February 28, 2025.

(JPY million)

	FY24/2 (Mar 1, 2023 to Feb 29, 2024)	FY25/2 (Mar 1, 2024 to Feb 28, 2025)
Carrying Value		
Balance as of the Beginning of the Fiscal Year	166,227	154,178
Changes During the Fiscal Year	-12,048	-9,266
Balance as of the End of the Fiscal Year	154,178	144,911
Market Value as of the End of the Fiscal Year	209,651	199,566

Note 1: The carrying value is the acquisition cost less accumulated depreciation and accumulated impairment loss.

Note 2: In FY24/2, the main factors contributing to asset value increase were capex (JPY 2,857 million) and asset acquisitions (JPY 2,557 million), while the main factors contributing to asset value decrease were asset sales (JPY 13,940 million), the sale of subsidiary Storage PLUS (JPY 3,014 million), and depreciation (JPY 2,856 million). In FY25/2, the main factors contributed to asset value increase were capex (JPY 3,958 million) and asset acquisition (JPY 336 million), while the main factors contributing to asset value decrease were asset sales (JPY 10,898 million) and depreciation (JPY 2,576 million).

Note 3: Market value as of the end of FY25/2 is primarily based on third-party appraisals (including adjustments made based on KPIs) and internally-calculated amounts using KPIs that appropriately reflect market prices.

XIX. Revenue Recognition

A. Breakdown of Revenue from Contracts with Customers

Ichigo is providing expanded, more detailed segment reporting to increase the transparency of its earnings from FY25/2, as described in XX. Segment Information.

Information for the previous period (FY24/2) reflects the new segment reporting.

FY25/2 (Mar 1, 2024 to Feb 28, 2025)

(JPY million)

	Revenue From External Customers			Inter-Segment Activities or Reclassifications	Total
	Revenue From Client Contract	Revenue From Other Sources ¹	Total		
Asset Management	3,974	–	3,974	435	4,410
Asset-Related Fee Revenue	3,903	–	3,903	435	4,338
Other	71	–	71	–	71
Sustainable Real Estate	7,067	11,054	18,122	148	18,271
Revenue From Asset Sales	5,210	–	5,210	–	5,210
Real Estate Rental Revenue	1,298	9,928	11,226	1	11,228
Other	558	1,126	1,685	147	1,832
Ichigo Owners	4,366	35,097	39,464	–	39,464
Revenue From Asset Sales	4,364	33,607	37,971	–	37,971
Real Estate Rental Revenue	2	1,489	1,492	–	1,492
Other	–	–	–	–	–
Hotel	12,688	3,188	15,877	0	15,877
Revenue From Asset Sales	2,603	–	2,603	–	2,603
Real Estate Rental Revenue	10,042	3,188	13,231	0	13,231
Other	42	–	42	–	42
Clean Energy	6,117	19	6,137	–	6,137
Power Production Revenue	6,117	–	6,117	–	6,117
Other	–	19	19	–	19
Total	34,215	49,360	83,576	583	84,160
Adjustment	–	–	–	-583	-583
Amount Recorded in the Consolidated Financial Statements	34,215	49,360	83,576	–	83,576

¹ Revenue from other sources includes gains on sale of real estate based on the Practical Guidelines on the Accounting by Transferors for the Securitization of Real Estate Using Special-Purpose Companies (ASBJ Guidance No.15, November 4, 2014) and rental income based on the Accounting Standard for Lease Transactions (ASBJ Statement No. 13, March 30, 2007).

FY24/2 (Mar 1, 2023 to Feb 29, 2024)

(JPY
million)

	Revenue From External Customers			Inter-Segment Activities or Reclassifications	Total
	Revenue From Client Contract	Revenue From Other Sources ¹	Total		
Asset Management	2,484	–	2,484	423	2,907
Asset-Related Fee Revenue	2,411	–	2,411	423	2,834
Other	73	–	73	–	73
Sustainable Real Estate	2,367	9,831	12,198	62	12,261
Revenue From Asset Sales	784	132	917	–	917
Real Estate Rental Revenue	1,171	9,612	10,783	62	10,846
Other	412	85	498	–	498
Ichigo Owners	7,440	44,912	52,353	–	52,353
Revenue From Asset Sales	7,437	42,953	50,391	–	50,391
Real Estate Rental Revenue	3	1,958	1,961	–	1,961
Other	–	–	–	–	–
Hotel	6,876	2,898	9,775	–	9,775
Revenue From Asset Sales	–	–	–	–	–
Real Estate Rental Revenue	6,838	2,898	9,736	–	9,736
Other	38	–	38	–	38
Clean Energy	5,789	146	5,935	–	5,935
Power Production Revenue	5,789	–	5,789	–	5,789
Other	–	146	146	–	146
Total	24,959	57,788	82,747	485	83,233
Adjustment	–	–	–	-485	-485
Amount Recorded in Financial Statements	24,959	57,788	82,747	–	82,747

¹ Revenue from other sources includes gains on sale of real estate based on the Accounting Treatment for Sellers Regarding Real Estate Securitization Using Special Purpose Companies (ASBJ Report No. 15, November 4, 2014) and rental income based on the Accounting Standard for Lease Transactions (ASBJ Statement No. 13, March 30, 2007).

B. Information for Understanding Contracts with Customers

Please refer to I. Material Matters for Preparation of the Consolidated Financial Statements, D. Accounting Standards, 4. Standards for Recognition of Material Revenues and Expenses.

C. Information for Understanding FY25/2 and FY24/2 Revenues

1. Contract Assets and Contract Liabilities

(JPY million)

	FY24/2	FY25/2
Liabilities From Client Contracts (as of the beginning of the fiscal year)	3,610	2,255
Liabilities from Client Contracts (as of the end of the fiscal year)	2,255	4,009
Contract Assets (as of the beginning of the fiscal year)	—	—
Contract Assets (as of the end of the fiscal year)	—	—
Contract Liabilities (as of the beginning of the fiscal year)	43	29
Contract Liabilities (as of the end of the fiscal year)	29	34

Contract liabilities are advances received as deposits from customers within the Sustainable Real Estate business. Contract liabilities decrease in line with revenue recognition. The revenue amounts recognized for the satisfaction of performance obligations from prior periods are immaterial.

2. Transaction Prices Allocated to Performance Obligations not yet Satisfied

Omitted because Ichigo did not have any material contracts with contract periods exceeding one year.

XX. Segment Information

A. Reporting Segments Overview

Ichigo's reporting segments are subject to periodic review to determine the allocation of management resources for which segregated financial information can be obtained and used to evaluate earnings.

From FY25/2, Ichigo began providing expanded, more detailed segment reporting to increase the transparency of its earnings. Specifically, Ichigo Owners and Hotel have been newly created as segments by breaking them out from the Sustainable Real Estate segment. Ichigo's new reporting segments are as follows.

FY24/2 segment information is disclosed here based upon the new segments.

Asset Management (AM) generates fee income via management of Ichigo Office (TSE REIT 8975), Ichigo Hotel (TSE REIT 3463), Ichigo Green (TSE Infrastructure 9282), Ichigo Residence Tokens, 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.

Ichigo Owners develops high-quality real estate assets for Japanese real estate owners via a highly capital-efficient, asset-light business model. Ichigo outsources construction to third-party developers, focusing on design and planning, construction engineering quality control, and post-construction leasing tailored to tenant and investor needs.

Hotel leverages Ichigo's deep value-add expertise and management capabilities as a hotel owner/operator. Ichigo improves hotel functionality, aesthetics, and guest services to drive higher guest comfort and satisfaction, develops and operates Ichigo brand hotels, and deploys PROPERA (Ichigo's AI-based hotel revenue management system) to drive significant increases in hotel cash flows, earnings, and asset value.

Clean Energy (CE) is utility-scale solar and wind power production that produces clean energy and brings productive use to idle land.

B. Calculation Method of Revenue, P&L, and Assets by Segment

The accounting treatment of the reported business segments is generally the same as the accounting treatment applied for the preparation of the consolidated financial statements.

C. Revenue, P&L, and Assets by Segment

FY25/2 (Mar 1, 2024 to Feb 28, 2025)

(JPY million)

	Segment						Adjustment ³	Amount Recorded in Consolidated Financial Statements
	Asset Management (AM)	Sustainable Real Estate (SRE)	Ichigo Owners (IO)	Hotel	Clean Energy (CE)	Total		
Revenue								
Revenue from External Customers	3,974	18,122	39,464	15,877	6,137	83,576	—	83,576
Inter-Segment Activities or Reclassifications	435	148	—	0	—	583	-583	—
Total	4,410	18,271	39,464	15,877	6,137	84,160	-583	83,576
Operating Profit	2,613	3,095	3,330	5,535	1,725	16,300	9	16,309
Gains on Sale of Sustainable Real Estate & Hotel Assets Recorded as Extraordinary Gains ²	—	4,924	—	3,630	—	8,554	—	8,554
Segment P&L (All-In Operating Profit) ¹	2,613	8,019	3,330	9,166	1,725	24,855	9	24,864
Segment Assets	2,687	201,650	59,804	79,205	38,890	382,237	24,478	406,715
Other								
Depreciation	1	1,465	—	1,229	2,003	4,699	96	4,795
Impairment loss	—	22	—	—	2	25	—	25
Increase in Property, Plant, and Equipment and Intangible Assets	35	2,824	—	1,537	649	5,047	29	5,077

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

² Sustainable Real Estate & Hotel Assets include real estate assets and ownership interest in underlying real estate assets under the Sustainable Real Estate and Hotel businesses.

³ 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 24,478 million) reflects corporate assets, such as cash and deposits, that were not allocated to the segments. The Adjustment to Depreciation (JPY 96 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 29 million) reflects corporate assets that were not allocated to the segments.

FY24/2 (Mar 1, 2023 to Feb 29, 2024)

(JPY million)

	Segment						Adjustment ²	Amount Recorded in Consolidated Financial Statements
	Asset Management (AM)	Sustainable Real Estate (SRE)	Ichigo Owners (IO)	Hotel	Clean Energy (CE)	Total		
Revenue								
Revenue from External Customers	2,484	12,198	52,353	9,775	5,935	82,747	—	82,747
Inter-Segment Activities or Reclassifications	423	62	—	—	—	485	-485	—
Total	2,907	12,261	52,353	9,775	5,935	83,233	-485	82,747
Operating Profit ¹	1,496	1,373	5,495	2,638	1,946	12,951	9	12,960
Gains on Sale of Sustainable Real Estate & Hotel Assets Recorded as Extraordinary Gains	—	4,104	—	4,129	—	8,234	—	8,234
Segment P&L (All-In Operating Profit) ¹	1,496	5,478	5,495	6,768	1,946	21,185	9	21,194
Segment Assets	1,516	167,098	45,686	68,645	36,168	319,115	47,899	367,015
Other								
Depreciation	0	1,533	—	1,463	1,776	4,773	62	4,836
Impairment	—	—	—	—	2	2	—	2
Increase in Property, Plant, and Equipment and Intangible Assets	8	4,141	—	1,649	2,326	8,126	467	8,594

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

² Sustainable Real Estate & Hotel Assets include real estate assets and ownership interest in underlying real estate assets under the Sustainable Real Estate and Hotel businesses.

³ 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 47,899 million) reflects corporate assets, such as cash and deposits, that were not allocated to the segments. The Adjustment to Depreciation (JPY 62 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 467 million) reflects corporate assets that were not allocated to the segments.

Related Information

FY25/2 (Mar 1, 2024 to Feb 28, 2025)

1. Information by Product/Service

Please refer to XX. Segment Information, C. Revenue, P&L, and Assets by Segment.

2. Information by Region

Revenues to third-party customers in Japan and fixed assets located in Japan accounted for more than 90% of revenue in the consolidated income statement and fixed assets in the consolidated balance sheet, respectively.

3. Information by Major Customer

Customer Name	Relevant Segment	Revenue
GK IST Residence 4	Ichigo Owners & Asset Management	JPY 10,414 million
GK IST Residence 5	Ichigo Owners & Asset Management	JPY 11,602 million
GK KURENAI	Ichigo Owners	JPY 11,282 million

FY24/2 (Mar 1, 2023 to Feb 29, 2024)

1. Information by Product/Service

Please refer to XX. Segment Information, C. Revenue, P&L, and Assets by Segment.

2. Information by Region

Revenues to third-party customers in Japan and fixed assets located in Japan accounted for more than 90% of revenue in the consolidated income statement and fixed assets in the consolidated balance sheet, respectively.

3. Information by Major Customer

Customer Name	Relevant Segment	Revenue
GK IST Residence 3	Ichigo Owners & Asset Management	JPY 9,054 million
JM Indus 5 GK JM Indus 6 GK JM Indus 7 GK	Ichigo Owners	JPY 23,917 million

Fixed Asset Gains and Losses by Segment

FY25/2 (Mar 1, 2024 to Feb 28, 2025)

Please refer to XX. Segment Information, C. Revenue, P&L, and Assets by Segment.

FY24/2 (Mar 1, 2023 to Feb 29, 2024)

Please refer to XX. Segment Information, C. Revenue, P&L, and Assets by Segment.

Goodwill and Amortization by Segment

FY25/2 (Mar 1, 2024 to Feb 28, 2025)

(JPY million)

	Segment						Adjustment	Amount Recorded in Consolidated Financial Statements
	Asset Management (AM)	Sustainable Real Estate (SRE)	Ichigo Owners	Hotel	Clean Energy (CE)	Total		
Amortization during the period	95	46	—	—	15	156	—	156
Outstanding balance as of period-end	420	311	—	—	125	857	—	857

FY24/2 (Mar 1, 2023 to Feb 29, 2024)

(JPY million)

	Segment						Adjustment	Amount Recorded in Consolidated Financial Statements
	Asset Management (AM)	Sustainable Real Estate (SRE)	Ichigo Owners	Hotel	Clean Energy (CE)	Total		
Amortization during the period	70	11	—	—	15	97	—	97
Outstanding balance as of period-end	490	357	—	—	141	989	—	989

Negative Goodwill by Segment

FY25/2 (Mar 1, 2024 to Feb 28, 2025)

N/A

FY24/2 (Mar 1, 2023 to Feb 29, 2024)

N/A

XXI. Related Party Information

A. Related Party Transactions

1. Transactions Between Ichigo and Related Parties

(a) Ichigo's Controlling Shareholder, Ichigo Trust Pte. Ltd.

FY25/2 (Mar 1, 2024 to Feb 28, 2025)

N/A

FY24/2 (Mar 1, 2023 to Feb 29, 2024)

(JPY million)

Affiliation	Location	Capital	Business	Voting Rights Held	Nature of Relationship	Transaction	Transaction Amount	Accounting Treatment	Balance Outstanding
Controlling Shareholder	Singapore	736,482	Investment	51.1%	—	Sale of Securities to Ichigo ¹	9,999	—	—

¹ Ichigo bought shares of Ichigo Office (TSE REIT 8975) from Ichigo Trust Pte. Ltd. The purchase price was the previous day's closing price of Ichigo Office on the Tokyo Stock Exchange, which Ichigo believes was a reasonable and transparently objective share price for the transaction.

(b) Ichigo's Non-Consolidated Subsidiaries and Affiliates
FY25/2 (Mar 1, 2024 to Feb 28, 2025)

(JPY million)

Affiliation	Name	Location	Capital	Business	Voting Rights Held	Nature of Relationship	Transaction	Transaction Amount	Accounting Treatment	Balance Outstanding
Subsidiary	Ichigo Private REIT Investment Corporation	Minato-ku, Tokyo	2,516	Real Estate Investment	100%	Equity	Provision of credit guarantee ¹	10,000	—	—
							Receipt of credit guarantee fee	6	—	—
							Sale of securities ²	7,044	—	—
Related Party	GIGA. GREEN GmbH	Germany	135,000 EUR	Solar Power Generation	24.39%	Equity	Ichigo equity investment	4,438 ³	Long-term accounts payable	1,943

¹ Ichigo has provided credit guarantees to banks on loans to the subsidiary.

² Ichigo sold Ichigo Private REIT shares via a private market transaction at a price equal to net assets per share calculated based on net assets reflecting unrealized gains, i.e., the difference between the book value and appraisal value of assets held by Ichigo Private REIT during its most recent fiscal year. Ichigo believes the transaction price was reasonable.

³ Calculated using the exchange rate on the transaction date, with the outstanding balance calculated using the exchange rate as of the fiscal year-end.

FY24/2 (Mar 1, 2023 to Feb 29, 2024)

N/A

(c) Companies With Same Parent Company as Ichigo or Subsidiaries of Ichigo Affiliates

FY25/2 (Mar 1, 2024 to Feb 28, 2025)

N/A

FY24/2 (Mar 1, 2023 to Feb 29, 2024)

N/A

(d) Ichigo's Directors and Controlling Shareholder (Individuals)

FY25/2 (Mar 1, 2024 to Feb 28, 2025)

N/A

FY24/2 (Mar 1, 2023 to Feb 29, 2024)

N/A

2. Transactions Between Ichigo's Consolidated Subsidiaries and Related Parties

(a) Ichigo's Parent Company and Controlling Shareholder

FY25/2 (Mar 1, 2024 to Feb 28, 2025)

N/A

FY24/2 (Mar 1, 2023 to Feb 29, 2024)

N/A

(b) Ichigo's Non-Consolidated Subsidiaries and Related Parties

FY25/2 (Mar 1, 2024 to Feb 28, 2025)

N/A

FY24/2 (Mar 1, 2023 to Feb 29, 2024)

N/A

(c) Companies with Same Parent Company as Ichigo and Subsidiaries of Ichigo Affiliates

FY25/2 (Mar 1, 2024 to Feb 28, 2025)

N/A

FY24/2 (Mar 1, 2023 to Feb 29, 2024)

N/A

(d) Ichigo's Directors and Controlling Shareholder (Individuals)

FY25/2 (Mar 1, 2024 to Feb 28, 2025)

N/A

FY24/2 (Mar 1, 2023 to Feb 29, 2024)

N/A

B. Notes to Parent Company or Major Related Parties

(a) Parent Company

FY25/2 (Mar 1, 2024 to Feb 28, 2025)

N/A

FY24/2 (Mar 1, 2023 to Feb 29, 2024)

N/A

(b) Summary of Major Affiliates' Financial Information

FY25/2 (Mar 1, 2024 to Feb 28, 2025)

N/A

FY24/2 (Mar 1, 2023 to Feb 29, 2024)

N/A

XXII. Disclosure of Special Purpose Companies

A. Overview of SPC and SPC Transactions

Ichigo Owners, an Ichigo consolidated subsidiary providing real estate investment services to individual investors, has a business that allows investors to make diversified, small-scale investments in a broad array of real estate assets pursuant to the Act on Specified Joint Real Estate Ventures. This new business employs voluntary partnerships as part of its structure.

Under this business, investors invest in a voluntary partnership pursuant to a specified real estate venture agreement. The voluntary partnership receives distributions of the income generated from the real estate asset it acquires using the invested funds and dividends on the gains from the real estate purchased via the investments. Rental income and gains on sales associated with the real estate asset are allocated to the investors.

Pursuant to the voluntary partnership agreement, Ichigo Owners receives a fee for serving as managing partner. Ichigo Owners also engages in real estate sales to the voluntary partnership.

	FY24/2	FY25/2
Number of Voluntary Partnerships	4	4
Total Assets as of Fiscal Year-End	JPY 2,358 million	JPY 2,363 million
Total Liabilities	JPY 4 million	JPY 4 million

B. SPC Transaction Amounts

FY25/2 (Mar 1, 2024 to Feb 28, 2025)

(JPY million)

	Transaction Amount	Category	Amount
Managing Partner Fee ¹	10	Revenue	10

FY24/2 (Mar 1, 2023 to Feb 29, 2024)

(JPY million)

	Transaction Amount	Category	Amount
Real Estate Transactions ¹	954	Revenue	954
Managing Partner Fee ²	8	Revenue	8

¹ The Real Estate Transaction amount is the sale price of the asset at the time of sale, and recorded under Revenue in the Consolidated Income Statement.

² The Managing Partner Fee is calculated as a percentage of the sale price and recorded under Revenue in the Consolidated Income Statement.

XXIII. Per Share Information

FY24/2 (Mar 1, 2023 to Feb 29, 2024)		FY25/2 (Mar 1, 2024 to Feb 28, 2025)	
Net Assets per Share	JPY 237.57	Net Assets per Share	JPY 260.49
Net Income per Share	JPY 26.89	Net Income per Share	JPY 34.86
Diluted Net Income per Share	—	Diluted Net Income per Share	JPY 34.79

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

	FY24/2 (Mar 1, 2023 to Feb 29, 2024)	FY25/2 (Mar 1, 2024 to Feb 28, 2025)
Net Income per Share		
Net Income Attributable to Shareholders (JPY million)	12,108	15,187
Amount Not Attributable to Common Shareholders	—	—
Net Income Attributable to Shareholders in Regards to Common Shares (JPY million)	12,108	15,187
Average Number of Shares Outstanding (thousand)	450,300	435,699
Diluted Net Income per Share		
Adjustments to Net Income Attributable to Shareholders (JPY million)	—	—
Increase in Common Shares Outstanding during Period (thousand)	—	803
(of which are related to exercise of employee stock options) (thousand)	—	803
Potential Shares Excluded from Calculation of Diluted Net Income per Share due to Anti-dilution	Jan 13, 2017 Employee Stock Options Outstanding: 1,377,700 shares Jan 12, 2018 Employee Stock Options Outstanding: 1,344,300 shares Jan 11, 2019 Employee Stock Options Outstanding: 1,390,200 shares Oct 14, 2020 Employee Stock Options Outstanding: 1,722,500 shares Apr 19, 2021 Employee Stock Options Outstanding: 1,782,000 shares Aug 19, 2022 Employee Stock Options Outstanding: 1,933,800 shares Apr 19, 2023 Employee Stock Options Outstanding: 2,474,000 shares	Jan 12, 2018 Employee Stock Options Outstanding: 1,300,100 shares Jan 11, 2019 Employee Stock Options Outstanding: 1,336,000 shares October 10, 2024 Employee Stock Options Outstanding: 2,745,000 shares

Note: FY24/2 Diluted Net Income per Share information has not been disclosed because there are no potentially dilutive shares outstanding.

XXIV. Material Subsequent Event

N/A

XXV. Consolidated Supplementary Schedules**A. Bonds**

Company Name	Bond Type	Date Issued	Balance as of Mar 1, 2024 (JPY million)	Balance as of Feb 28, 2025 (JPY million)	Interest Rate (%)	Collateralized	Payment Date
Ichigo ECO Energy	Green Bond (private placement)	Jul 31, 2019	2,169 (162)	2,006 (162)	1.29	No	Jul 31, 2029
Ichigo	Uncollateralized Bond No.1 (private placement)	Sep 27, 2019	3,000 (3,000)	—	1.20	No	Sep 27, 2024
Miyako City	Uncollateralized Bond No.3	Mar 25, 2020	70	70 (70)	0.30	No	Mar 25, 2025
Ichigo	Uncollateralized Bond No.1 (public offering)	Jun 22, 2023	2,000	2,000	1.30	No	Jun 22, 2026
Miyako City	Uncollateralized Bond No.4	Sep 25, 2023	70	70	0.77	No	Sep 24, 2028
Miyako City	Uncollateralized Bond No.5	Nov 24, 2023	100	100	1.03	No	Nov 24, 2028
Miyako City	Uncollateralized Bond No.6	Jan 25, 2024	60	60	0.80	No	Jan 25, 2029
Ichigo	Uncollateralized Bond No.2 (public offering)	Oct 29, 2024	—	3,000	1.65	No	Oct 28, 2027
Total	—	—	7,469 (3,162)	7,306 (232)	—	—	—

Note 1: Numbers in parenthesis show amounts due within one year.

Note 2: Scheduled repayment amounts for the six years after February 28, 2025 are as follows:

(JPY million)					
<1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
232	2,162	3,162	392	1,357	—

B. Loans

Item	Balance as of Mar 1, 2024 (JPY million)	Balance as of Feb 28, 2025 (JPY million)	Average Interest Rate (%)	Repayment Date
Short-Term Loans	16,726	6,520	0.89	–
Long-Term Loans (due within one year)	20,878	7,340	1.47	–
Long-Term Non-Recourse Loans (due within one year)	6,413	4,478	1.50	–
Long-Term Loans (excluding amount due within one year)	146,043	195,477	1.43	2026 – 2050
Long-Term Non-Recourse Loans (excluding amount due within one year)	35,265	40,991	1.39	2026 – 2041
Total	225,326	254,809	–	–

Note 1: Average interest rates are weighted average interest rates of the loan balances as of February 28, 2025.

Note 2: Scheduled repayment amounts of long-term loans (excluding the amounts due within one year) and long-term non-recourse loans (excluding the amounts due within one year) for the 25 years after February 28, 2025 are as follows:

(JPY million)

	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
Long-Term Loans	27,171	6,415	18,049	25,473	118,367
Long-Term Non-Recourse Loans	15,901	1,443	1,463	1,419	20,764

C. Details of Asset Retirement Obligations

The amounts of asset retirement obligations at the beginning and end of FY25/2 are both less than one percent of the total amount of liabilities and net assets at the respective dates of the beginning and end of FY25/2. As such, in accordance with the provisions of Article 92-2 of the “Regulations for Consolidated Financial Statements,” disclosures have been omitted.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Ichigo Inc.

Report on the Audit of the Consolidated Financial Statements Opinion

We have audited the consolidated financial statements of Ichigo Inc. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at February 28, 2025, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated cash flow statement for the year then ended, notes to the consolidated financial statements, including a summary of significant accounting policies, and consolidated supplementary schedules, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at February 28, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in the disclosure documents including the audited financial statements, but does not include the financial statements and our auditor's report thereon.

We have not performed any work on the other information as we have determined that it does not exist.

Responsibilities of Management and Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit Committee are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material

misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures,

and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit of the financial statements of the Company and its subsidiaries and other non-audit fees charged in the audit period to the Company and its subsidiaries are 99 million yen and 1 million yen, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Tetsuo Shibaya



Tetsuo Shibaya

Designated Engagement Partner

Certified Public Accountant

Daisuke Noda



Daisuke Noda

Designated Engagement Partner

Certified Public Accountant

Grant Thornton Taiyo LLC

Grant Thornton Taiyo LLC

Tokyo, Japan

October 31, 2025