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FY20/2 H1 Earnings

October 10, 2019

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

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Submission of the Financial Report (*Shihanki Hokokusho*): October 11, 2019 (expected)

Dividend Payment: N/A

Supplemental Materials to Financial and Business Results: Yes

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

1. FY20/2 H1 Consolidated Financial Results (March 1, 2019 to August 31, 2019)

(1) Consolidated Financial Results

(YOY = year-on-year % change)

	Revenue (JPY million) YOY		Operating Profit (JPY million) YOY		Recurring Profit (JPY million) YOY		Net Income (JPY million) YOY	
FY20/2 H1	46,185	+77.1%	15,118	+57.8%	13,189	+59.0%	8,612	+53.6%
FY19/2 H1	26,084	-21.9%	9,581	-27.6%	8,293	-28.3%	5,608	-36.8%

Note: Comprehensive Income FY20/2 H1: JPY 9,445 million (+70.0% YOY)
FY19/2 H1: JPY 5,556 million (-36.9% YOY)

	Net Income per Share (Basic, JPY) YOY		Net Income per Share (Diluted, JPY) YOY	
FY20/2 H1	17.64	+56.0%	17.64	+56.2%
FY19/2 H1	11.31	-36.2%	11.29	-36.2%

(2) Consolidated Financial Condition

	Total Assets (JPY million)	Net Assets (JPY million)	Shareholder Equity Ratio	Net Assets per Share (JPY)
FY20/2 H1	342,337	104,208	30.1%	211.85
FY19/2	319,343	102,859	30.9%	202.14

Note: Shareholders' Equity FY20/2 H1: JPY 103,069 million FY19/2: JPY 98,748 million

To facilitate comparison to FY20/2, FY19/2 Total Assets have been restated to reflect a minor change in Japanese accounting treatment of tax assets in FY20/2. The restatement is not material: pre-restated FY19/2 Total Assets were JPY 319,599 million.

(3) Consolidated Cash Flows

	Cash Flows from Operations (JPY million)	Cash Flows from Investments (JPY million)	Cash Flows from Financing (JPY million)	Cash and Cash Equivalents at Period-End (JPY million)
FY20/2 H1	-7,169	-8,323	18,602	37,208
FY19/2 H1	-10,334	-3,600	15,876	40,487

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

FY20/2 H1: JPY 12,279 million FY19/2 H1: JPY 6,564 million

2. Dividends

	Dividend per Share (JPY)					Total Dividend (JPY million)	Payout Ratio	Dividend on Equity (DOE)
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total			
FY19/2	–	–	–	7	7	3,419	22.5%	3.7%
FY20/2 (Forecast)	–	–	–	7	7		23.0%	

3. FY20/2 Full-Year Consolidated Earnings Forecast (March 1, 2019 to February 29, 2020)

(YOY = year-on-year % change)

	Operating Profit (JPY million) YOY		Recurring Profit (JPY million) YOY		Net Income (JPY million) YOY		Net Income per Share (JPY)	
FY20/2	26,500	+0.8%	22,800	-1.2%	15,000	-2.4%	30.39	-2.4%

Note: Ichigo provides a full-year earnings forecast, but not a half-year forecast, because Ichigo believes the longer full-year forecast is more consistent with global best practice and the focus of Japan's Corporate Governance Code on growing long-term sustainable corporate value. In addition, Ichigo is focused on earnings growth (not revenue growth), with a particular focus on growing long-term EPS, so does not issue a Revenue forecast.

4. Other

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

New subsidiaries:

Subsidiary removed from consolidation:

Yes

None

YK PIT PARTNERS Tokumei Kumiai

(2) Changes in accounting standards/principles, changes in accounting estimates, and revisions to previous financial statements

(i) Changes in accounting standards/principles:

(ii) Changes in accounting principles other than the above:

(iii) Changes in accounting estimates:

(iv) Revisions of previous financial statements:

None

None

None

None

(3) Number of outstanding common shares

(i) Number of outstanding shares including treasury shares at period-end

FY20/2 H1: 505,112,630

FY19/2: 505,066,430

(ii) Number of treasury shares at period-end

FY20/2 H1: 18,580,100

FY19/2: 16,556,200

(iii) Average number of outstanding shares during the period

FY20/2 H1: 488,234,390

FY19/2 H1: 495,940,255

Segment Information

Asset Management (AM) generates fee income via the management of Ichigo Office (8975), Ichigo Hotel (3463), Ichigo Green (9282), and providing real estate services related to real estate acquisition, operations, and disposition.

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.

Note: The Sustainable Real Estate segment was formerly called Value-Add. In keeping with its recently announced Ichigo 2030 vision, Ichigo is changing the segment name to Sustainable Real Estate from FY20/2 in order to put full focus on Ichigo's commitment to preserving and improving real estate as a sustainable infrastructure company.

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

Note on Appropriate Use of Forecasts

Forward-looking statements contained in these materials are based on judgments regarding information that was available to Ichigo as of the announcement date. However, these statements involve risk and uncertainties, and actual earnings may differ significantly from the indicated forecasts.

Consolidated Balance Sheet (FY20/2 H1)

(JPY million)

	FY19/2 (Feb 28, 2019)	FY20/2 H1 (Aug 31, 2019)
Assets		
Current Assets		
Cash and cash equivalents	50,225	40,448
Trade notes and accounts receivable	1,344	1,582
Operational loan investments	1,324	1,324
Operational securities investments	1,218	4,654
Real estate for sale	161,322	181,264
Other	2,156	3,522
Less: allowance for doubtful accounts	-2	-3
Total Current Assets	217,590	232,793
Fixed Assets		
Property, Plant, and Equipment		
Buildings and structures	24,577	26,663
Depreciation	-4,238	-4,536
Buildings and structures (net)	20,338	22,126
Solar power plant equipment	21,229	22,130
Depreciation	-2,170	-2,709
Solar power plant equipment (net)	19,058	19,421
Land	49,924	52,255
Buildings under construction	956	1,027
Solar power plants under construction	3,656	4,669
Other	1,441	1,615
Depreciation	-399	-555
Other (net)	1,042	1,060
Total Property, Plant, and Equipment	94,976	100,560
Intangible Assets		
Goodwill	1,346	1,493
Leasehold rights	316	403
Other	331	575
Total Intangible Assets	1,993	2,471
Investments and Other Assets		
Securities investments	2,455	4,247
Long-term loans receivable	10	10
Deferred tax assets	177	188

(JPY million)

	FY19/2 (Feb 28, 2019)	FY20/2 H1 (Aug 31, 2019)
Other	2,231	2,157
Less: allowance for doubtful accounts	-91	-91
Total Investments and Other Assets	4,782	6,511
Total Fixed Assets	101,752	109,543
Total Assets	319,343	342,337

(JPY million)

	FY19/2 (Feb 28, 2019)	FY20/2 H1 (Aug 31, 2019)
Liabilities		
Current Liabilities		
Short-term loans	3,275	5,115
Bonds (due within one year)	112	274
Long-term loans (due within one year)	7,881	10,179
Long-term non-recourse loans (due within one year)	1,666	1,696
Income taxes payable	3,760	2,174
Accrued bonuses	31	279
Other current liabilities	5,178	3,741
Total Current Liabilities	21,905	23,461
Long-Term Liabilities		
Bonds	538	3,219
Long-term loans	131,569	151,869
Long-term non-recourse loans	51,068	48,069
Deferred tax liabilities	2,164	2,168
Long-term security deposits received	8,292	8,253
Other long-term liabilities	946	1,087
Total Long-Term Liabilities	194,579	214,667
Total Liabilities	216,484	238,128
Net Assets		
Shareholders' Equity		
Capital	26,820	26,822
Capital reserve	11,207	11,208
Retained earnings	66,730	71,916
Treasury shares	-5,988	-6,755
Total Shareholders' Equity	98,769	103,192
Accumulated Other Comprehensive Income		
Valuation gain (loss) on other securities	386	314
Deferred gain (loss) on long-term interest rate hedges	-408	-437
Total Accumulated Other Comprehensive Income	-21	-122
Stock Options	827	951
Minority Interests	3,283	187
Total Net Assets	102,859	104,208
Total Liabilities and Net Assets	319,343	342,337

Consolidated Income Statement (FY20/2 H1)

(JPY million)

	FY19/2 H1 (Mar 1, 2018 to Aug 31, 2018)	FY20/2 H1 (Mar 1, 2019 to Aug 31, 2019)
Revenue	26,084	46,185
Cost of Goods Sold	13,629	27,560
Gross Profit	12,454	18,624
SG&A	2,872	3,505
Operating Profit	9,581	15,118
Non-Operating Income		
Interest income	2	2
Dividend income	28	39
Foreign exchange gain	22	–
Mark-to-market gain on long-term interest rate hedges	83	–
Other	59	17
Total Non-Operating Income	196	60
Non-Operating Expenses		
Interest expense	1,139	1,149
Foreign exchange loss	–	55
Mark-to-market loss on long-term interest rate hedges	56	237
Debt financing-related fees	242	431
Other	45	115
Total Non-Operating Expenses	1,484	1,989
Recurring Profit	8,293	13,189
Extraordinary Gains		
Gain on sale of securities investments	2	11
Gain on sale of subsidiary shares	–	169
Other	–	35
Total Extraordinary Gains	2	215
Extraordinary Losses		
Loss on disposal of fixed assets	–	27
Total Extraordinary Losses	–	27
Pre-Tax Net Income	8,296	13,378
Income Taxes	2,640	3,831
Pre-Minority Interest Net Income	5,655	9,546
Net Income Attributable to Minority Interests	46	933
Net Income	5,608	8,612

Consolidated Income Statement (FY20/2 Q2 Stand-Alone)

(JPY million)

	FY19/2 Q2 (Jun 1, 2018 to Aug 31, 2018)	FY20/2 Q2 (Jun 1, 2019 to Aug 31, 2019)
Revenue	9,975	19,895
Cost of Goods Sold	4,975	11,566
Gross Profit	4,999	8,329
SG&A	1,410	1,747
Operating Profit	3,589	6,581
Non-Operating Income		
Interest income	2	1
Dividend income	6	4
Foreign exchange gain	7	–
Mark-to-market gain on long-term interest rate hedges	76	–
Other	45	2
Total Non-Operating Income	138	7
Non-Operating Expenses		
Interest expense	570	591
Foreign exchange loss	–	15
Mark-to-market loss on long-term interest rate hedges	56	138
Debt financing-related fees	16	194
Other	8	66
Total Non-Operating Expenses	651	1,007
Recurring Profit	3,076	5,582
Extraordinary Losses		
Loss on disposal of fixed assets	–	–
Total Extraordinary Losses	–	–
Pre-Tax Net Income	3,076	5,581
Income Taxes	989	1,737
Pre-Minority Interest Net Income	2,086	3,844
Net Income Attributable to Minority Interests	24	–
Net Income	2,061	3,843

Consolidated Statement of Comprehensive Income (FY20/2 H1)

(JPY million)

	FY19/2 H1 (Mar 1, 2018 to Aug 31, 2018)	FY20/2 H1 (Mar 1, 2019 to Aug 31, 2019)
Pre-Minority Interest Net Income	5,655	9,546
Other Comprehensive Income		
Valuation gain (loss) on other securities	-106	-72
Deferred gain (loss) on long-term interest rate hedges	7	-28
Total Other Comprehensive Income	-99	-101
Comprehensive income	5,556	9,445
Comprehensive income attributable to common shareholders	5,509	8,511
Comprehensive income attributable to minority interests	46	933

Consolidated Statement of Comprehensive Income (FY20/2 Q2 Stand-Alone)

(JPY million)

	FY19/2 Q2 (Jun 1, 2018 to Aug 31, 2018)	FY20/2 Q2 (Jun 1, 2019 to Aug 31, 2019)
Pre-Minority Interest Net Income	2,086	3,844
Other Comprehensive Income		
Valuation gain (loss) on other securities	-5	-34
Deferred gain (loss) on long-term interest rate hedges	25	-16
Total Other Comprehensive Income	20	-51
Comprehensive income	2,107	3,793
Comprehensive income attributable to common shareholders	2,082	3,792
Comprehensive income attributable to minority interests	24	-

Consolidated Cash Flow Statement (FY20/2 H1)

(JPY million)

	FY19/2 H1 (Mar 1, 2018 to Aug 31, 2018)	FY20/2 H1 (Mar 1, 2019 to Aug 31, 2019)
Cash Flows from Operations:		
Pre-tax net income	8,296	13,378
Depreciation	795	1,241
Share-based compensation expenses	107	124
Amortization of goodwill	94	87
Increase (decrease) in accrued bonuses	248	248
Increase (decrease) in allowance for doubtful accounts	-26	1
Interest and dividend income	-30	-42
Interest expense	1,139	1,149
Loss (gain) on sale of subsidiary shares	-	-169
Loss (gain) on sale of securities investments	-2	-11
Decrease (increase) in trading notes and receivables	-453	-178
Decrease (increase) in operational securities investments	-425	3,636
Decrease (increase) in real estate for sale	-16,132	-19,308
Decrease (increase) in advances paid	-70	-104
Decrease (increase) in prepaid expenses	-98	-235
Decrease (increase) in accounts receivable	-56	97
Decrease (increase) in consumption taxes receivable	949	-844
Increase (decrease) in accounts payable	-593	-764
Increase (decrease) in accrued expenses	27	55
Increase (decrease) in deposits received	388	633
Increase (decrease) in security deposits received	-696	-36
Other	22	251
Sub-Total	-6,517	-792
Interest and dividend income received	30	42
Interest expense paid	-1,041	-1,029
Income taxes paid	-2,807	-5,389
Income taxes refunded	1	-
Net Cash from (Used for) Operations	-10,334	-7,169

(JPY million)

	FY19/2 H1 (Mar 1, 2018 to Aug 31, 2018)	FY20/2 H1 (Mar 1, 2019 to Aug 31, 2019)
Cash Flows from Investments:		
Payments into time deposits	-57	-108
Proceeds from withdrawal of time deposits	10	2,062
Payments for securities investments	-25	-1,832
Proceeds from sale of securities investments	32	111
Acquisition of property, plant, and equipment	-3,040	-7,951
Acquisition of intangible assets	-359	-315
Payments of SPC capital contributions	–	-2
Redemptions of SPC capital contributions	32	–
Payments of security deposits	-15	-20
Redemptions of security deposits	–	–
Acquisition of consolidated subsidiary	–	-187
Payments of loans receivable	–	-92
Other	-176	12
Net Cash from (Used for) Investments	-3,600	-8,323

(JPY million)

	FY19/2 H1 (Mar 1, 2018 to Aug 31, 2018)	FY20/2 H1 (Mar 1, 2019 to Aug 31, 2019)
Cash Flows from Financing:		
Net increase (decrease) in short-term loans	5,942	1,840
Proceeds from bond issuance	–	2,858
Repayment of maturing bond principal to bondholders	-56	-56
Proceeds from long-term loans	24,855	40,248
Repayment of long-term loans	-4,665	-17,862
Proceeds from long-term non-recourse loans	3,500	5,300
Repayment of long-term non-recourse loans	-10,850	-8,269
Proceeds from employee exercise of stock options	120	2
Share buyback	–	-767
Payments to minority interests	–	-1,276
Dividends paid	-2,970	-3,415
Dividends paid to minority interests	–	–
Net Cash from (Used for) Financing	15,876	18,602
Effect of Exchange Rate Change on Cash and Cash Equivalents	–	–
Increase (Decrease) in Cash and Cash Equivalents	1,941	3,110
Cash and Cash Equivalents at Beginning of Period	39,365	45,029
Cash and Cash Equivalents Resulting from Exclusion from Consolidation	-820	-10,930
Cash and Cash Equivalents at End of Period	40,487	37,208

Consolidated Cash Flow Statement (FY20/2 Q2 Stand-Alone)

(JPY million)

	FY19/2 Q2 (June 1, 2018 to Aug 31, 2018)	FY20/2 Q2 (Jun 1, 2019 to Aug 31, 2019)
Cash Flows from Operations:		
Pre-tax net income	3,076	5,581
Depreciation	401	630
Share-based compensation expenses	55	61
Amortization of goodwill	43	43
Increase (decrease) in accrued bonuses	24	-2
Increase (decrease) in allowance for doubtful accounts	-	-
Interest and dividend income	-9	-5
Interest expense	570	591
Decrease (increase) in trading notes and receivables	-123	148
Decrease (increase) in operational securities investments	137	3,024
Decrease (increase) in real estate for sale	-15,329	-15,928
Decrease (increase) in advances paid	-147	-227
Decrease (increase) in prepaid expenses	26	-116
Decrease (increase) in accounts receivable	-49	45
Decrease (increase) in consumption taxes receivable	535	-812
Increase (decrease) in accounts payable	641	60
Increase (decrease) in accrued expenses	-90	-49
Increase (decrease) in deposits received	-121	37
Increase (decrease) in security deposits received	-199	261
Other	-230	442
Sub-Total	-10,789	-6,211
Interest and dividend income received	9	5
Interest expenses paid	-473	-565
Income taxes paid	-854	-1,030
Income taxes refunded	1	-
Net Cash from (Used for) Operations	-12,106	-7,802

(JPY million)

	FY19/2 Q2 (June 1, 2018 to Aug 31, 2018)	FY20/2 Q2 (Jun 1, 2019 to Aug 31, 2019)
Cash Flows from Investments:		
Payments into time deposits	-3	-105
Proceeds from withdrawal of time deposits	–	53
Payments for securities investments	–	-1,739
Acquisition of property, plant, and equipment	-2,307	-2,950
Acquisition of intangible assets	-216	-245
Payments of SPC capital contributions	–	–
Redemptions of SPC capital contributions	32	–
Payments of security deposits	–	–
Redemptions of security deposits	–	–
Acquisition of consolidated subsidiary	–	-187
Payments of loans receivable	–	-52
Other	-153	13
Net Cash from (Used for) Investments	-2,646	-5,212

(JPY million)

	FY19/2 Q2 (Jun 1, 2018 to Aug 31, 2018)	FY20/2 Q2 (Jun 1, 2019 to Aug 31, 2019)
Cash Flows from Financing:		
Net increase (decrease) in short-term loans	2,055	-1,351
Proceeds from bond issuance	–	2,858
Repayment of maturing bond principal to bondholders	-56	-56
Proceeds from long-term loans	11,642	25,443
Repayment of long-term loans	-1,417	-5,698
Proceeds from long-term non-recourse loans	–	5,300
Repayment of long-term non-recourse loans	-3,767	-6,542
Proceeds from employee exercise of stock options	60	2
Share buyback	–	-767
Dividends paid	-75	-72
Dividends paid to minority interests	–	–
Net Cash from (Used for) Financing	8,442	19,117
Effect of Exchange Rate Change on Cash and Cash Equivalents	–	–
Increase (Decrease) in Cash and Cash Equivalents	-6,311	6,101
Cash and Cash Equivalents at Beginning of Period	46,857	35,522
Cash and Cash Equivalents Resulting from Exclusion from Consolidation	-59	-4,415
Cash and Cash Equivalents at End of Period	40,487	37,208

Revenue, P&L, and Assets by Segment (Current FY20/2 H1)

(Mar 1, 2019 to Aug 31, 2019)

(JPY million)

	Segment				Adjustment ²	Amount Recorded in Financial Statements
	Asset Management (AM)	Sustainable Real Estate (SRE)	Clean Energy (CE)	Total		
Revenue						
Revenue from External Customers	1,164	42,918	2,102	46,185	-	46,185
Inter-Segment Activities or Reclassifications	517	-	-	517	-517	-
Total	1,681	42,919	2,102	46,703	-517	46,185
Segment P&L ¹	908	13,372	833	15,114	4	15,118
Segment P&L Details ¹						
Stock Earnings (Rental Income, Base AM Fees, FIT Solar Power Earnings, etc.)	766	5,049	833	6,649	-	-
Flow Earnings (Profits on Sustainable Real Estate Sales, Profits on Solar Power Plant Sales, Spot AM Fees, etc.)	141	8,323	-	8,465	-	-
Segment Assets	1,861	285,101	30,574	317,536	24,800	342,337
Other						
Depreciation	-	687	540	1,227	13	1,241
Increase in Property, Plant, and Equipment and Intangible Assets	-	5,745	2,222	7,967	114	8,081

¹ Segment P&L is on an Operating Profit basis. For FY20/2 H1, company-wide business expansion and new business entry costs have increased year-on-year and thus their allocation to the Segments has reduced Stock and Flow Earnings in each Segment.

² The Adjustment to Segment P&L (JPY 4 million) reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 24,800 million) reflects corporate assets, such as cash and cash equivalents, that were not allocated to the segments. The Adjustment to Depreciation (JPY 13 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 114 million) reflects corporate assets that were not allocated to the segments.

Note: To facilitate comparison to FY20/2, FY19/2 Segment Assets have been restated to reflect a minor change in Japanese accounting treatment of tax assets in FY20/2. The restatement is not material.

Revenue, P&L, and Assets by Segment (Previous FY19/2 H1)

(Mar 1, 2018 to Aug 31, 2018)

(JPY million)

	Segment				Adjustment ²	Amount Recorded in Financial Statements
	Asset Management (AM)	Sustainable Real Estate (SRE)	Clean Energy (CE)	Total		
Revenue						
Revenue from External Customers	1,203	22,753	2,127	26,084	-	26,084
Inter-Segment Activities or Reclassifications	469	-	-	469	-469	-
Total	1,672	22,753	2,127	26,553	-469	26,084
Segment P&L ¹	1,012	7,620	968	9,602	-20	9,581
Segment P&L Details ¹						
Stock Earnings (Rental Income, Base AM Fees, FIT Solar Power Earnings, etc.)	860	4,394	968	6,224	-	-
Flow Earnings (Profits on Sustainable Real Estate Sales, Profits on Solar Power Plant Sales, Spot AM Fees, etc.)	152	3,225	-	3,378	-	-
Segment Assets	1,930	255,698	26,325	283,954	33,147	317,102
Other						
Depreciation	-	260	524	784	10	795
Increase in Property, Plant, and Equipment and Intangible Assets	-	2,059	980	3,039	44	3,084

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

² The Adjustment to Segment P&L (-JPY 20 million) reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 33,147 million) reflects corporate assets, such as cash and cash equivalents, that were not allocated to the segments. The Adjustment to Depreciation (JPY 10 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 44 million) reflects corporate assets that were not allocated to the segments.

Revenue, P&L, and Assets by Segment (Current FY20/2 Q2 Stand-Alone)

(Jun 1, 2019 to Aug 31, 2019)

(JPY million)

	Segment				Adjustment ²	Amount Recorded in Financial Statements
	Asset Management (AM)	Sustainable Real Estate (SRE)	Clean Energy (CE)	Total		
Revenue						
Revenue from External Customers	537	18,275	1,082	19,895	–	19,895
Inter-Segment Activities or Reclassifications	228	–	–	228	-228	–
Total	766	18,275	1,082	20,124	-228	19,895
Segment P&L ¹	388	5,727	456	6,572	9	6,581
Segment P&L Details ¹						
Stock Earnings (Rental Income, Base AM Fees, FIT Solar Power Earnings, etc.)	351	2,520	456	3,328	–	–
Flow Earnings (Profits on Sustainable Real Estate Sales, Profits on Solar Power Plant Sales, Spot AM Fees, etc.)	36	3,207	–	3,243	–	–
Segment Assets	1,861	285,101	30,574	317,536	24,800	342,337
Other						
Depreciation	–	351	271	623	7	630
Increase in Property, Plant, and Equipment and Intangible Assets	–	1,483	1,761	3,245	63	3,308

¹ Segment P&L is on an Operating Profit basis. For FY20/2 Q2, company-wide business expansion and new business entry costs have increased year-on-year and thus their allocation to the Segments has reduced Stock and Flow Earnings in each Segment.

² 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 24,800 million) reflects corporate assets, such as cash and cash equivalents, that were not allocated to the segments. The Adjustment to Depreciation (JPY 7 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 63 million) reflects corporate assets that were not allocated to the segments.

Note: To facilitate comparison to FY20/2, FY19/2 Segment Assets have been restated to reflect a minor change in Japanese accounting treatment of tax assets in FY20/2. The restatement is not material.

Revenue, P&L, and Assets by Segment (Previous Q2 Stand-Alone)

(Jun 1, 2018 to Aug 31, 2018)

(JPY million)

	Segment				Adjustment ²	Amount Recorded in Financial Statements
	Asset Management (AM)	Sustainable Real Estate (SRE)	Clean Energy (CE)	Total		
Revenue						
Revenue from External Customers	653	8,207	1,115	9,975	-	9,975
Inter-Segment Activities or Reclassifications	225	-	-	226	-226	-
Total	879	8,207	1,115	10,202	-226	9,975
Segment P&L ¹	558	2,515	547	3,621	-32	3,589
Segment P&L Details ¹						
Stock Earnings (Rental Income, Base AM Fees, FIT Solar Power Earnings, etc.)	460	2,001	547	3,010	-	-
Flow Earnings (Profits on Sustainable Real Estate Sales, Profits on Solar Power Plant Sales, Spot AM Fees, etc.)	97	514	-	611	-	-
Segment Assets	1,930	255,698	26,325	283,954	33,147	317,102
Other						
Depreciation	-	133	262	395	5	401
Increase in Property, Plant, and Equipment and Intangible Assets	-	1,714	311	2,025	33	2,058

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

² The Adjustment to Segment P&L (-JPY 32 million) reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 33,147 million) reflects corporate assets, such as cash and cash equivalents, that were not allocated to the segments. The Adjustment to Depreciation (JPY 5 million) reflects depreciation of corporate assets that were not allocated to the segments. The Adjustment to Increase in Property, Plant, and Equipment and Intangible Assets (JPY 33 million) reflects corporate assets that were not allocated to the segments.