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FY27/2 Q1 Earnings

July 15, 2026

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Dividend Payment: N/A
Supplemental Materials to Financial and Business Results: Yes
Financial and Business Results Briefing: Yes (for institutional investors and analysts)

1. FY27/2 Q1 Consolidated Financial Results (March 1, 2026 to May 31, 2026)

(1) Consolidated Financial Results (YOY = year-on-year % change)

	Revenue (JPY million)	YOY	Operating Profit (JPY million)	YOY	Business Profit (JPY million)	YOY	Recurring Profit (JPY million)	YOY
FY27/2 Q1	10,497	-15.9%	2,587	-25.4%	6,822	+45.3%	1,448	-37.8%
FY26/2 Q1	12,487	-50.2%	3,468	-17.8%	4,695	-20.2%	2,328	-37.4%

Note: Comprehensive Income FY27/2 Q1: JPY 1,536 million (-48.1% YOY)
FY26/2 Q1: JPY 2,962 million (-30.7% YOY)

Business Profit = Operating Profit + Gains on Sale of Sustainable Real Estate & Hotel Assets Recorded as Extraordinary Gains

	Net Income (JPY million)	YOY	Cash Net Income (JPY million)	YOY	Net Income per Share (EPS) (Basic, JPY)	YOY	Net Income per Share (EPS) (Diluted, JPY)	YOY	Cash Net Income per Share (EPS) (JPY)	YOY
FY27/2 Q1	2,883	+23.7%	6,087	+59.2%	7.28	+31.9%	7.24	+31.5%	15.37	+69.8%
FY26/2 Q1	2,331	-35.1%	3,823	-14.8%	5.52	-32.6%	5.51	-32.5%	9.05	-11.5%

Cash Net Income = Net Income + Depreciation + Amortization +/- Valuation Losses (Gains)

(2) Consolidated Financial Condition

	Total Assets (JPY million)	Net Assets (JPY million)	Shareholders' Equity Ratio	Net Assets per Share (JPY)
FY27/2 Q1	445,099	109,054	24.4%	276.07
FY26/2	435,820	116,754	26.6%	288.76

Note: Shareholders' Equity FY27/2 Q1: JPY 108,401 million FY26/2: JPY 116,097 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)
FY27/2 Q1	-26,474	8,433	10,402	34,263
FY26/2 Q1	-16,761	-275	14,090	39,631

Note: Economic Operating Cash Flow FY27/2 Q1: JPY 536 million
FY26/2 Q1: -JPY 1,598 million

Economic Operating Cash Flow = Cash Flows from Operations - Net Change in Real Estate and Power Plants for Sale + Post-Tax Gains on Sales of Sustainable Real Estate & Hotel Assets Recorded as Extraordinary Gains

2. Dividends

	Dividend per Share (JPY)					Total Dividends (JPY million)	Payout Ratio	Dividend on Equity (DOE)
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total			
FY26/2	–	–	–	11.5	11.5	4,623	28.7%	4.2%
FY27/2 (Forecast)	–	–	–	15.5	15.5		34.3%	

Note: Changes from the previous dividend forecast: No

3. FY27/2 Full-Year Consolidated Earnings Forecast (March 1, 2026 to February 28, 2027)

(YOY = year-on-year % change)

	Operating Profit (JPY million)	YOY	Business Profit (JPY million)	YOY	Recurring Profit (JPY million)	YOY
FY27/2	20,600	+0.7%	34,000	+21.2%	14,900	-12.8%

	Net Income (JPY million)	YOY	Cash Net Income (JPY million)	YOY	Net Income per Share	YOY	Cash Net Income per Share	YOY
FY27/2	18,000	+8.2%	24,000	+30.1%	45.13	+12.5%	60.17	+35.3%

Note: Changes from the previous earnings forecast: No

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

New subsidiary: GK HELIX TK

Subsidiaries removed from consolidation (2): Centro Co., Ltd.
GK Carpe Diem TK

(2) Application of accounting treatment specific to the compilation of quarterly consolidated financial statements: Yes

Note: For details, please refer to 2. Consolidated Financial Statements, Notes to the FY27/2 Q1 Consolidated Financial Statements, Notes on Accounting Treatment Specific to Q1 Consolidated Financial Statements on page 20.

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

(i)	Changes in accounting standards/principles:	None
(ii)	Changes in accounting principles other than the above:	None
(iii)	Changes in accounting estimates:	None
(iv)	Revisions of previous financial statements:	None

(4) Number of common shares outstanding

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

FY27/2 Q1:	416,596,792
FY26/2 :	415,993,612

(ii) Number of treasury shares at period-end

FY27/2 Q1:	23,938,626
FY26/2:	13,943,725

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

FY27/2 Q1:	396,165,269
FY26/2 Q1:	422,507,235

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

For the assumptions underlying the forecasts and precautions for the use of earnings forecasts, please refer to 1. Operating Results (3) Explanation of Consolidated Earnings Forecasts on page 12.

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1. Operating Results

(1) FY27/2 Q1 Operating Results

A. FY27/2 Q1 Overview

During FY27/2 Q1 the Japanese economy continued to recover gradually, with personal consumption and capital investment showing signs of picking up on the back of improvements in the employment and income environment. On the other hand, the outlook continues to warrant close attention due to uncertainties such as rising prices, geopolitical risks, U.S. trade policies, and interest rate trends in Japan and overseas.

On the back of the continued interest rate gap between Japan and the U.S., as well as the weaker yen, capital inflows continued into the Japanese real estate market, and investor appetite for real estate assets in Tokyo and other major Japanese cities remained strong.

Ichigo achieved steady growth in rental income from its assets, particularly offices, due to value-add capex that enhanced value of its existing assets as well as new asset acquisitions. Ichigo also sold a retail facility whose value was enhanced via value-add and increased the value of assets owned by a real estate subsidiary.

As a result, business profit and net income increased 45% year-on-year and 24% year-on-year, respectively, making strong progress towards a full-year record profit.

Amid the changing environment surrounding energy supply and demand and social infrastructure, Ichigo works through its clean energy business to generate stable renewable energy. Ichigo is also diversifying energy sources beyond solar and wind power generation, including green biomass, which makes productive use of unused domestic wood materials, and battery storage, which expands the use of renewable energy. Ichigo will continue to work to contribute to the achievement of a sustainable society while building strong relationships with local communities.

Ichigo is addressing rapid changes in the business environment and ensuring its operating stability and flexibility via maintaining a strong financial base and robust cash generation. In line with its Ichigo 2030 long-term vision, Ichigo is growing and expanding its core real estate and clean energy capabilities into new areas as a sustainable infrastructure company.

Under this policy, Ichigo is leveraging its real estate know-how and value-add capabilities to grow stock revenues. As a key performance indicator of its financial stability, Ichigo’s stock earnings to fixed expenses coverage ratio was 196% in FY27/2 Q1, with secure and stable earnings that significantly exceeds the expenses necessary to continue operations.

By deepening its existing businesses and developing new growth areas, Ichigo will continue to focus on maximizing shareholder value.

Core Business Growth

Asset Management

In FY27/2 Q1 Ichigo recorded a 7 % year-on-year increase in stock earnings, while flow earnings decreased 92% year-on-year due to the dropping out of a large performance fee recorded in the same period last year.

In FY27/2 Q2 Ichigo expects to record performance fees from an asset sale by Ichigo Office (8975), for which Ichigo is the asset manager.

Sustainable Real Estate (SRE)

In FY27/2 Q1 stock earnings increased 1% year-on-year due to earnings contributions from logistics facilities that began operation in FY26/2 and growth in office rental earnings, while being impacted by FY26/2 asset sales. Ichigo sold one retail facility whose value it had enhanced via value-add, and realized gains on sale from the sale of a real estate subsidiary where it had conducted value-add enhancement of assets held by that subsidiary. As a result, flow earnings, including gains on sales, increased 214% year-on-year.

In FY27/2 Q1 SRE acquisitions totaled JPY 15.6 billion and SRE sales totaled JPY 2.4 billion.

With respect to offices, SRE's primary focus, Ichigo has been growing its Ready to Move In offices that accommodate diversified work styles and are tailored to local communities and tenant needs.

During FY27/2 Q1 Ichigo launched two THE VILLAGE branded offices: THE VILLAGE OSAKA in March 2026 (the fourth of the series) and THE VILLAGE SAPPORO in May 2026 (the fifth). Both THE VILLAGE offices focus on building tenant communities that are connected to local communities, and are equipped with functions that accommodate neighborhood characteristics and tenant needs. THE VILLAGE OSAKA, Ichigo's first Ready to Move In office in Osaka, allows tenants to reduce relocation expenses and burdens and creates opportunities for tenants to interact and collaborate. THE VILLAGE SAPPORO offers convenience and community development through flexible offices, shared lounges, and smart building features.

Ichigo will continue to offer consistently sought-after office buildings and increase stock earnings by capturing emerging tenant office needs.

Hotel

In FY27/2 Q1 RevPAR (revenue per available room) at existing hotels remained robust, exceeding FY26/2 Q1. On the other hand, overall RevPAR across all owned hotels decreased 10% year-on-year, due to a higher proportion of newly acquired and rebranded hotels still undergoing renovation, as well as a drop off in Osaka World Expo-related demand during FY26/2 Q1, and softening demand resulting from China's standing travel advisory. As a result, stock earnings, including rental income and operator revenue, decreased 14% year-on-year.

Ichigo has been expanding its THE KNOT brand boutique hotels across major Japanese cities. THE KNOT hotels capture diverse lodging demand while offering food, culture, and communication spaces rooted in each region.

During FY27/2 Q1 Ichigo opened THE KNOT FUKUOKA Tenjin, the sixth of its THE KNOT series. This hotel, a significant improvement of an existing 32-year-old hotel, aims to capture tourist and business demand in the Fukuoka Tenjin area and is operated by OneFive Hotels, Ichigo's wholly-owned subsidiary. Ichigo as the hotel owner and OneFive Hotel as the hotel operator will work together to grow stock earnings via driving the hotel's value.

Ichigo Owners

Although there were no asset sales during FY27/2 Q1, Ichigo Owners expects sales of JPY 62 billion for full-year FY27/2, with sales activities expected to accelerate from FY27/2 Q2 onwards.

Ichigo Owners has been developing its own residential brand GRAN PASEO series, working in partnership with developers to create high value-added assets. Ichigo designs and develops highly competitive assets via marketing that reflects diverse buyer and tenant needs. Construction is outsourced to reduce risks and costs, while Ichigo's engineering team maintains rigorous, high-level quality control to develop high-quality residences.

During FY27/2 Q1 Ichigo Owners acquired newly built, high-quality residences primarily located in central Tokyo for JPY 18.4 billion, and is on track to achieve its full-year acquisition target of JPY 58.0 billion.

Clean Energy

In FY27/2 Q1 power generation revenue (stock earnings) increased 5% year-on-year, supported by the stable operations of its power plants.

In addition to investing in solar power plants, Ichigo is growing its community-based biomass power generation and battery storage business that supports renewable energy adoption and expansion, and working to diversify power sources and address issues faced by local communities.

With respect to the battery storage business, Ichigo's first battery storage facility, Ichigo Onjuku Iwawada ECO Battery Storage Plant (Chiba Prefecture, battery storage capacity 8.9MWh, battery output 1.9MW), began operation on June 1, 2026. Through this first project, Ichigo will accumulate operational know-how for future business development and pursue further business expansion.

These initiatives are expected to grow in social significance in response to global environmental challenges. Ichigo will continue to contribute to realizing a low-carbon society while supporting local communities through renewable energy.

As of June 1, 2026, Ichigo owns and operates a total of 64 power plants with a total generation capacity of 188.2MW and one battery storage plant with a battery storage capacity of 8.9MWh and battery output of 1.9MW.

Strengthening Financial Base to Support Growth

Ichigo continues to strengthen both its earnings and financial base via measures such as lengthening borrowing terms, reducing borrowing costs, hedging against increases in interest-rates, and borrowing via unsecured loans.

With interest rates expected to continue rising, Ichigo has fixed the interest rates on 56% of its borrowings, thus limiting the impact of higher interest rates.

Ichigo has also increased funding via ESG-linked loans, newly financing JPY 4.2 billion in FY27/2 Q1. Ichigo will continue implementing these measures to buttress its growth as a sustainable infrastructure company.

Shareholder Returns

Flexible Share Buybacks (10 Consecutive Years)

In line with its Ichigo 2030 long-term vision, Ichigo conducts flexible share buybacks to drive shareholder value. In FY27/2 Q1 Ichigo conducted a share buyback amounting to JPY 4.8 billion in line with the resolution made on FY26/2.

Ichigo is working to grow EPS as a critical driver of shareholder value, and will continue to grow its core profitability while conducting value-enhancing share buybacks.

Dividends (FY27/2 Dividend Increase)

Underpinned by its robust earnings stability, Ichigo has also adopted a progressive dividend policy, under which Ichigo's dividend is maintained or raised every year, but not cut. Although the use of a dividend payout ratio is more common in shareholder return policies, dividend payout ratios are highly sensitive to short-term earnings fluctuations. Ichigo has established a Dividend on Equity (DOE) payout ratio policy paying dividends based upon more stable shareholder equity. Through these measures, Ichigo is working to drive long-term shareholder value with a shareholder return policy that focuses on dividend stability, transparency, and growth, demonstrating its commitment to long-term value growth for its shareholders.

In light of steady progress in building a highly sustainable and stable earnings base as well as continued growth in stock earnings, Ichigo has raised its DOE target from 4% to 5% from FY27/2.

Accordingly, Ichigo has forecast a FY27/2 dividend of JPY 15.5 (+35% increase from FY26/2).

Ichigo will continue to work to drive long-term shareholder value.

Shareholder Program

In 2019 Ichigo became a J.League Top Partner and launched an Ichigo Shareholder Program that offers free tickets to J.League games to Ichigo, Ichigo Office, Ichigo Hotel (TSE 3463), its listed solar power producer Ichigo Green (TSE 9282) shareholders.

With the conclusion of the J.League Top Partner agreement on June 30, 2026, the Ichigo J.League Shareholder Program was discontinued.

Following its conclusion, Ichigo has launched a new Ichigo THANKS! Monthly Present program which offers shareholders every month an opportunity to win special gifts produced by Ichigo's agricultural business via lottery from June 2026. For details of the program, please see the Ichigo THANKS! Monthly Present program page (Japanese only) on Ichigo's website.

Ichigo THANKS! Monthly Present Program Website
www.ichigo.gr.jp/ir/stocks/shareholder_program.html

Ichigo as a Sustainable Infrastructure Company

Ichigo is a Japanese sustainable infrastructure company dedicated to making the world more sustainable. Ichigo is expanding the scope of its real estate and clean energy businesses to further contribute to a sustainable society and grow long-term value for its shareholders.

Ichigo believes that working on behalf of the environment and society is a fundamental social responsibility. As Ichigo grows and takes on new challenges as a sustainable infrastructure company, sustainability remains at the core of everything we do. Ichigo is committed to contributing towards a better world that can be handed to future generations.

Ichigo achieves CO2 reductions via its clean energy generation at Ichigo and Ichigo Green solar and wind power plants, striving to contribute to the formation of a sustainable society.

Ichigo will continue to be Climate Positive via CO2 reductions that exceed total CO2 emissions (Scope 1 & 2) from Ichigo's operations including Ichigo Office, Ichigo Hotel, and Ichigo Green.

In addressing environmental issues and working to build a sustainable society, Ichigo has set KPIs such as continue to be Climate Positive and being included in the CDP Climate Change and Water Security A Lists.[1]

Ichigo was selected as an A List Company in both the 2025 CDP Climate Change and Water Security Assessments (3 consecutive years on the Climate Change A List and 2 consecutive years on the Water Security A List), achieving this KPI.

Of the 22,000 companies worldwide participating in the 2025 CDP assessments, only 150 companies were selected as Double A List Companies. That Ichigo was selected to be among this top group of global companies reflects the extraordinary strength of Ichigo's environmental initiatives. Ichigo will continue to proactively address environmental issues and maintain its KPIs.

Ichigo also supports the recommendations provided by the TCFD (Task Force on Climate-Related Financial Disclosures), identifying climate-related risks and establishing appropriate risk management procedures while also identifying new business opportunities that can help solve the global problem of climate change.

Ichigo has signed the UN Global Compact, a global sustainability initiative that calls for companies and organizations to take leadership as members of society to implement universal sustainability principles. Companies and organizations that sign the UN Global Compact are required to achieve the Ten Principles regarding human rights, labor, environment, and anti-corruption based on CEO commitments.

As a company committed to passing on a better world to future generations, Ichigo will continue to contribute to society by creating new social value, addressing important social problems, and protecting the environment through leveraging its value-add expertise.

[1] Carbon Disclosure Project (CDP): A global non-profit that runs the world's only independent environmental disclosure system for companies, capital markets, cities, states and regions to manage their environmental impacts.

Details of Operating Results

Ichigo recorded FY27/2 Q1 revenue of JPY 10.5 billion (-15.9% year-on-year), operating profit of JPY 2.6 billion (-25.4% year-on-year), business profit of JPY 6.8 billion (+45.3% year-on-year), recurring profit of JPY 1.4 billion (-37.8% year-on-year), net income of JPY 2.9 billion (+23.7% year-on-year), and cash net income of JPY 6.1 billion (+59.2% year-on-year).

Definitions

Business Profit = Operating Profit + Gains on Sale of Sustainable Real Estate & Hotel Assets Recorded as Extraordinary Gains

Cash Net Income = Net Income + Depreciation + Amortization +/- Valuation Losses (Gains)

Segment Earnings Details

(i) Asset Management

Revenue and business profit decreased to JPY 846 million (-25.7% year-on-year) and JPY 309 million (-50.9% year-on-year), respectively, due to a significant drop off in performance fees recorded in FY26/2 Q1 and an increase in SG&A expenses for business expansions, offset by a steady increase in Ichigo Office base AM fees.

(ii) Sustainable Real Estate

Driven by an increase in rental revenue primarily from office buildings and logistics facilities, as well as the sales of a retail facility and shares of a real estate holding subsidiary, revenue and business profit increased to JPY 3.7 billion (+8.7% year-on-year) and JPY 4.8 billion (+144.4% year-on-year), respectively.

(iii) Hotel

Despite a contribution from hotels acquired in FY26/2, due to upfront hotel operator costs for newly operated hotels and hotels reopened after renovations, revenue and business profit decreased to JPY 3.9 billion (-1.5% year-on-year) and JPY 1.2 billion (-22.8% year-on-year), respectively.

(iv) Ichigo Owners

Revenue and business profit decreased to JPY 582 million (-76.8% year-on-year) and a segment loss of JPY 40 million (-405.9% year-on-year), respectively, due to no Q1 asset sales, with most asset sales expected from Q2 onwards.

(v) Clean Energy

Due to favorable weather conditions and portfolio diversification for stable earnings, revenue and business profit increased to JPY 1.6 billion (+3.4% year-on-year) and JPY 571 million (+14.7% year-on-year).

B. Consolidated Income Statement Details

Revenue

Revenue decreased to JPY 10.5 billion (-15.9% year-on-year), due to a significant drop off in AM performance fees associated with asset sales recorded in FY26/2 Q1, despite real estate rental income growing due to an increase in owned assets by Ichigo Owners.

The revenue breakdown was as follows: real estate sales of JPY 462 million (SRE JPY 462 million), real estate rental income of JPY 7.3 billion (SRE JPY 2.9 billion, Hotel JPY 3.8 billion, Ichigo Owners JPY 582 million), real estate management fee income of JPY 664 million, and power production revenue of JPY 1.6 billion.

Operating Profit

Operating profit decreased to JPY 2.6 billion (-25.4% year-on-year) due in part to the recording of expenses associated with the completion of renovation work.

Business profit increased to JPY 6.8 billion (+45.3% year-on-year), primarily due to gains recorded as extraordinary gains on the sale of SRE real estate (fixed assets) and investment interests.

Non-Operating Income & Expenses

Non-operating income was JPY 517 million (+101.3% year-on-year) due to a year-on-year increase in derivative valuation gains.

Derivative valuation gains were JPY 501 million. Ichigo has executed interest rate swaps and caps to hedge against interest rate risks.

Non-operating expenses totaled JPY 1.7 billion (+18.5% year-on-year) due to an increase in interest expenses driven by new loans for asset acquisitions.

Interest expenses were JPY 1.3 billion and derivative valuation losses were JPY 175 million.

Extraordinary Gains & Losses

Extraordinary gains totaled JPY 4.3 billion (+226.2% year-on-year) due to a JPY 3 billion gain on sale of affiliate shares associated with the sale of shares of a real estate holding subsidiary, and a JPY 1.2 billion gain from sales of fixed assets (SRE fixed asset sale gains: JPY 1.2 billion).

Extraordinary losses totaled JPY 71 million (-36.8% year-on-year) primarily due to JPY 57 million in allowance for doubtful accounts.

Net Income

Income taxes totaled JPY 2.8 billion and net income attributable to minority interests totaled JPY 2 million. As a result, net income increased to JPY 2.9 billion (+23.7% year-on-year). Cash net income increased to JPY 6.1 billion (+59.2% year-on-year).

C. Cash Flows

As of FY27/2 Q1-end, cash and cash equivalents amounted to JPY 34.3 billion, a JPY 7.8 billion decrease from JPY 42.0 billion as of FY26/2-end. The details and underlying factors of cash flows are as follows:

Cash Flows from Operations

Net cash from operations was -JPY 26.5 billion (vs. -JPY 16.8 billion in FY26/2 Q1), primarily attributable to a FY27/2 Q1 pre-tax profit of JPY 5.6 billion, offset by an increase in real estate for sale of JPY 23.0 billion resulting from asset acquisitions, interest payments of JPY 1.2 billion, and income taxes paid of JPY 7.5 billion.

Cash Flows from Investments

Net cash from investments was JPY 8.4 billion (vs. -JPY 275 million in FY26/2 Q1), primarily attributable to proceeds from sale of property, plant, and equipment of JPY 2.0 billion, payments received for loans receivable of JPY 475 million, and proceeds from the sale of shares in a subsidiary accompanying a change in the scope of consolidation of JPY 8.1 billion, offset by acquisitions of property, plant, and equipment of JPY 1.7 billion and payments of loans receivable of JPY 343 million.

Cash Flows from Financing

Net cash from financing was JPY 10.4 billion (vs. JPY 14.1 billion in FY26/2 Q1), primarily attributable to an increase in short-term loans of JPY 4.3 billion and proceeds from long-term loans of JPY 27.7 billion, offset by long-term loan repayments of JPY 12.6 billion, a share buyback of JPY 4.9 billion, and dividend payments of JPY 4.5 billion.

(2) Financial Condition

Assets

Total assets amounted to JPY 445.1 billion, an increase of JPY 9.3 billion (+2.1% vs. FY26/2-end).

This was primarily due to a JPY 7.8 billion decrease in cash and deposits (reflecting tax and dividend payments) and a JPY 2.1 billion decrease in property, plant, and equipment reflecting the exclusion from the scope of consolidation resulting from the sale of shares in the real estate holding subsidiary, while real estate for sale increased by JPY 21.8 billion as a result of asset acquisitions.

Liabilities

Total liabilities amounted to JPY 336.0 billion, an increase of JPY 17.0 billion (+5.3% vs. FY26/2-end).

This was primarily due to a JPY 19.5 billion increase in loans used for asset acquisitions and growth investments.

Net Assets

Total net assets amounted to JPY 109.1 billion, a decrease of JPY 7.7 billion (-6.6% vs. FY26/2-end).

This was primarily due to JPY 2.9 billion in net income, while there were dividend payments of JPY 4.6 billion and a JPY 4.9 billion share buyback. Ichigo's shareholders' equity ratio was 24.4% (-2.3pt vs. FY26/2-end).

(3) Explanation of Consolidated Earnings Forecasts

No change from the FY27/2 consolidated earnings forecast presented in the April 14, 2026 release "FY26/2 Earnings."

In line with global best practices and the Corporate Governance Code, Ichigo provides forecasts for full-year results as it focuses on long-term corporate value enhancement and sustainable growth.

2. Consolidated Financial Statements

Consolidated Balance Sheet (FY27/2 Q1)

(JPY million)

	FY26/2 (Feb 28, 2026)	FY27/2 Q1 (May 31, 2026)
Assets		
Current Assets		
Cash and deposits	42,059	34,263
Accounts receivable	4,079	4,112
Operational loan investments	1,324	1,324
Operational securities investments	3,180	383
Real estate for sale	176,904	198,684
Other	8,303	11,008
Less: allowance for doubtful accounts	-59	-59
Total Current Assets	**235,792**	**249,718**
Fixed Assets		
Property, Plant, and Equipment		
Buildings and structures	59,558	65,300
Accumulated depreciation	-15,728	-15,430
Buildings and structures (net)	43,829	49,869
Solar and wind power plants	39,463	39,470
Accumulated depreciation	-13,851	-14,350
Solar and wind power plants (net)	25,611	25,119
Land	88,432	85,161
Buildings and structures under construction	6,327	1,481
Solar and wind power plants under construction	748	1,097
Other	3,179	3,384
Accumulated depreciation	-2,093	-2,162
Other (net)	1,086	1,222
Total Property, Plant, and Equipment	**166,035**	**163,952**
Intangible Assets		
Goodwill	460	438
Leasehold rights	827	426
Other	83	105
Total Intangible Assets	**1,371**	**970**
Investments and Other Assets		
Securities investments	22,149	20,152
Long-term loans receivable	267	329
Deferred tax assets	2,220	894
Other	9,068	10,227
Less: allowance for doubtful accounts	-1,084	-1,146
Total Investments and Other Assets	**32,621**	**30,457**
Total Fixed Assets	**200,028**	**195,380**
Total Assets	**435,820**	**445,099**

(JPY million)

	FY26/2 (Feb 28, 2026)	FY27/2 Q1 (May 31, 2026)
Liabilities		
Current Liabilities		
Short-term loans	6,421	10,700
Bonds (due within one year)	2,162	2,162
Long-term loans (due within one year)	24,082	20,010
Long-term non-recourse loans (due within one year)	18,062	15,273
Income taxes payable	6,040	835
Current year employee bonus accrual	300	431
Provision for loss on debt guarantees	36	37
Other current liabilities	5,740	8,654
Total Current Liabilities	**62,848**	**58,104**
Long-Term Liabilities		
Bonds	7,812	7,771
Long-term loans	213,596	232,664
Long-term non-recourse loans	25,090	28,076
Deferred tax liabilities	1,479	1,179
Provision for loss on debt guarantees	345	340
Long-term security deposits received	7,587	7,596
Other long-term liabilities	305	309
Total Long-Term Liabilities	**256,218**	**277,940**
Total Liabilities	**319,066**	**336,044**
Net Assets		
Shareholders' Equity		
Capital	27,012	27,124
Capital reserve	10,429	10,546
Retained earnings	81,909	80,166
Treasury shares	-5,467	-10,298
Total Shareholders' Equity	**113,884**	**107,538**
Accumulated Other Comprehensive Income		
Valuation gains (losses) on other securities	1,664	217
Deferred gains (losses) on long-term interest rate hedges	547	645
Total Accumulated Other Comprehensive Income	**2,212**	**862**
Stock Options	**559**	**555**
Minority Interests	**97**	**97**
Total Net Assets	**116,754**	**109,054**
Total Liabilities and Net Assets	**435,820**	**445,099**

Consolidated Income Statement (FY27/2 Q1)

(JPY million)

	FY26/2 Q1 (Mar 1, 2025 to May 31, 2025)	FY27/2 Q1 (Mar 1, 2026 to May 31, 2026)
Revenue	**12,487**	**10,497**
Cost of Goods Sold	**6,652**	**5,553**
(Depreciation amount included in COGS)	1,131	1,216
Gross Profit	**5,834**	**4,944**
SG&A	**2,366**	**2,356**
Operating Profit	**3,468**	**2,587**
Non-Operating Income		
Interest income	–	5
Dividend income	1	–
Mark-to-market gains on long-term interest rate hedges	244	501
Other	11	10
Total Non-Operating Income	**256**	**517**
Non-Operating Expenses		
Interest expense	993	1,276
Foreign exchange loss	105	–
Equity-method loss	99	–
Mark-to-market losses on long-term interest rate hedges	113	175
Debt financing-related fees	3	109
Other	80	94
Total Non-Operating Expenses	**1,397**	**1,656**
Recurring Profit	**2,328**	**1,448**
Extraordinary Gains		
Gains on sale of fixed assets	782	1,228
Gains on sale of securities investments	407	–
Gains on sale of shares in affiliates	–	3,017
Other	118	18
Total Extraordinary Gains	**1,307**	**4,265**
Extraordinary Loss		
Loss on removal of fixed assets	1	–
Loss on sale of fixed assets	–	14
Loss on sale of securities investments	74	–
Allowance for doubtful accounts	–	57
Impairment loss	35	–
Other	–	–
Total Extraordinary Loss	**113**	**71**
Pre-Tax Income	**3,522**	**5,642**
Total Income Taxes	**1,134**	**2,755**
Pre-Minority Interest Net Income	**2,388**	**2,886**
Net Income Attributable to Minority Interests	**56**	**2**
Net Income	**2,331**	**2,883**

Consolidated Statement of Comprehensive Income (FY27/2 Q1)

(JPY million)

	FY26/2 Q1 (Mar 1, 2025 to May 31, 2025)	FY27/2 Q1 (Mar 1, 2026 to May 31, 2026)
Pre-Minority Interest Net Income	**2,388**	**2,886**
Other Comprehensive Income		
Valuation gains (losses) on other securities	646	-1,447
Deferred gains (losses) on long-term interest rate hedges	-5	97
Share of other comprehensive income of equity method affiliates	-66	–
Total Other Comprehensive Income	**574**	**-1,349**
Comprehensive Income	**2,962**	**1,536**
Comprehensive income attributable to common shareholders	2,905	1,533
Comprehensive income attributable to minority interests	56	2

Consolidated Cash Flow Statement (FY27/2 Q1)

(JPY million)

	FY26/2 Q1 (Mar 1, 2025 to May 31, 2025)	FY27/2 Q1 (Mar 1, 2026 to May 31, 2026)
Cash Flows from Operations:		
Pre-tax income	3,522	5,642
Depreciation	1,175	1,255
Amortization of goodwill	32	21
Increase (decrease) in current year employee bonus accrual	173	159
Increase (decrease) in allowance for doubtful accounts	-292	61
Interest and dividend income	-1	-5
Interest expense	993	1,276
Forex losses (gains)	106	–
Losses (gains) on sale of shares in affiliates	–	-3,017
Losses (gains) on investment in equity-method affiliates	99	–
Losses (gains) on sale of securities investments	-332	–
Loss on removal of fixed assets	1	–
Losses (gains) on sales of fixed assets	-782	-1,214
Impairment loss	35	—
Decrease (increase) in trading notes and receivables	382	-43
Decrease (increase) in operational securities investments	–	2,920
Decrease (increase) in real estate for sale	-14,387	-23,020
Decrease (increase) in advances paid	399	39
Decrease (increase) in prepaid expenses	-481	-948
Decrease (increase) in accounts receivable	28	-66
Decrease (increase) in consumption taxes receivable	-190	-838
Increase (decrease) in accounts payable	-1,496	-1,548
Increase (decrease) in accrued expenses	-270	39
Increase (decrease) in advances received	–	65
Increase (decrease) in deposits received	764	126
Increase (decrease) in security deposits received	52	204
Increase (decrease) in accrued consumption taxes	-448	4
Other	-105	1,155
Sub-Total	**-11,018**	**-17,731**
Interest and dividends received	1	5
Interest expense paid	-866	-1,204
Income taxes paid	-4,877	-7,543
Net Cash from (Used for) Operations	**-16,761**	**-26,474**

(JPY million)

	FY26/2 Q1 (Mar 1, 2025 to May 31, 2025)	FY27/2 Q1 (Mar 1, 2026 to May 31, 2026)
Cash Flows from Investments:		
Payments into time deposits	–	–
Redemptions of time deposits	80	–
Payments for securities investments	-40	-80
Proceeds from sale of securities investments	407	–
Acquisition of property, plant, and equipment	-2,074	-1,724
Proceeds from sale of property, plant, and equipment	2,014	2,043
Acquisition of intangible assets	-34	-26
Payments of security deposits	–	–
Proceeds from subsidiary sale associated with change in consolidated scope	–	8,098
Payments of loans receivable	-1,439	-343
Payments received for loans receivable	870	475
Other	-58	-7
Net Cash from (Used for) Investments	**-275**	**8,433**

(JPY million)

	FY26/2 Q1 (Mar 1, 2025 to May 31, 2025)	FY27/2 Q1 (Mar 1, 2026 to May 31, 2026)
Cash Flows from Financing:		
Net increase (decrease) in short-term loans	3,367	4,278
Repayment of maturing bond principal to bondholders	-110	-40
Proceeds from long-term loans	21,687	27,704
Repayment of long-term loans	-3,956	-12,581
Proceeds from long-term non-recourse loans	–	3,000
Repayment of long-term non-recourse loans	-119	-2,802
Proceeds from exercise of stock options	1	194
Share buyback	-2,439	-4,856
Dividends paid	-4,339	-4,490
Dividends paid to minority interests	-1	-2
Net Cash from (Used for) Financing	**14,090**	**10,402**
Effect of Exchange Rate Change on Cash and Cash Equivalents	**–**	**6**
Increase (Decrease) in Cash and Cash Equivalents	**-2,945**	**-7,631**
Cash and Cash Equivalents at Beginning of Period	**42,576**	**42,019**
Change in Cash and Cash Equivalents Resulting from Exclusion from Consolidation	**–**	**-123**
Cash and Cash Equivalents at End of Period	**39,631**	**34,263**

Notes to the FY27/2 Q1 Consolidated Financial Statements

Notes on Accounting Treatment Specific to Q1 Consolidated Financial Statements

Calculation of Tax Expenses

Ichigo uses a reasonable estimate of the effective tax rate based on Pre-Tax Income for the fiscal year, including the Q1 of the fiscal year, after applying tax effect accounting. FY27/2 Q1 tax expenses are then calculated by applying this effective tax rate to Pre-Tax Income.

Notes to the Consolidated Balance Sheet

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

FY26/2 (February 28, 2026)

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 calculated are recorded as deferred gains (losses) on long-term interest rate hedges.

FY27/2 Q1 (May 31, 2026)

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 calculated are recorded as deferred gains (losses) on long-term interest rate hedges.

Notes to Consolidated Income Statement

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

FY26/2 Q1 (Mar 1, 2025 to May 31, 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 on (losses) long-term interest rate hedges.

FY27/2 Q1 (Mar 1, 2026 to May 31, 2026)

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.

Notes to Consolidated Statement of Comprehensive Income

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

FY26/2 Q1 (Mar 1, 2025 to May 31, 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 calculated are recorded as deferred gains (losses) on long-term interest rate hedges.

FY27/2 Q1 (Mar 1, 2026 to May 31, 2026)

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 calculated using mark-to-market valuation are recorded as deferred gains (losses) on long-term interest rate hedges.

Notes on Segment Information

Segment Information

Overview of Reporting Segments

Asset Management (AM) generates fee income via management of the Tokyo Stock Exchange-listed Ichigo Office (TSE REIT 8975), Ichigo Hotel (TSE REIT 3463), and Ichigo Green (TSE Infrastructure 9282), private real estate funds, and real estate-backed security tokens.

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.

Hotel leverages Ichigo's deep value-add expertise and management capabilities as a hotel owner and 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.

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.

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

Revenue, P&L, and Assets by Segment (Current FY27/2 Q1)

(Mar 1, 2026 to May 31, 2026)

(JPY million)

	Segment							
	Asset Management (AM)	Sustainable Real Estate (SRE)	Hotel	Ichigo Owners	Clean Energy (CE)	Total	Adjustment[3]	Amount Recorded in Consolidated Financial Statements
Revenue								
Revenue from External Customers	684	3,693	3,887	582	1,649	10,497	–	10,497
Inter-Segment Activities or Reclassifications	161	26	4	–	–	192	-192	–
Total	846	3,719	3,892	582	1,649	10,689	-192	10,497
Operating Profit	309	581	1,212	-40	571	2,634	-46	2,587
Gains on Sale of Sustainable Real Estate & Hotel Assets Recorded as Extraordinary Gains[2]	–	4,234	–	–	–	4,234	–	4,234
Segment P&L (Business Profit)[1]	309	4,815	1,212	-40	571	6,868	-46	6,822
Segment P&L Details								
Stock Earnings (Rental Income, Base AM Fees, FIT Solar Power Earnings, etc.)[4]	278	1,356	1,212	-39	571	3,378	–	–
Flow Earnings (Gains on Sustainable Real Estate & Hotel Sales, Gains on Solar Power Plant Sales, AM Performance Fees, etc.)[4]	31	3,459	–	-1	–	3,489	–	–
Segment Assets	2,104	190,279	99,923	91,680	34,893	418,882	26,217	445,099
Other								
Depreciation	–	383	343	–	500	1,229	25	1,255
Increase in Property, Plant, and Equipment and Intangible Assets	–	4,386	30	–	353	4,770	6	4,777

[1] Segment P&L (Business Profit) = Operating Profit + Gains on Sale of Sustainable Real Estate & Hotel Assets Recorded as Extraordinary Gains

[2] Sustainable Real Estate & Hotel Assets refers to real estate assets belonging to the Sustainable Real Estate and Hotel businesses, as well as equity interests in investments backed by such real estate.

[3] The Adjustment to Segment P&L (JPY 46 million) reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 26,217 million) reflects corporate assets, such as cash and deposits, that were not allocated to the segments. The Adjustment to Depreciation (JPY 25 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 6 million) reflects corporate assets that were not allocated to the segments.

[4] SG&A expenses are allocated between stock and flow earnings based on their respective revenues, and are reflected in the calculation of each earnings category.

Information on Impairment Loss of Fixed Assets or Goodwill by Reporting Segment

N/A

Revenue, P&L, and Assets by Segment (Previous FY26/2 Q1)

(Mar 1, 2025 to May 31, 2025)

(JPY million)

	Segment						Adjustment[3]	Amount Recorded in Financial Statements
	Asset Management (AM)	Sustainable Real Estate (SRE)	Hotel	Ichigo Owners (IO)	Clean Energy (CE)	Total		
Revenue								
Revenue from External Customers	1,045	3,383	3,951	2,510	1,595	12,487	–	12,487
Inter-Segment Activities or Reclassifications	93	37	–	–	–	130	-130	–
Total	1,138	3,420	3,951	2,510	1,595	12,617	-130	12,487
Operating Profit	629	742	1,569	13	498	3,453	14	3,468
Gains on Sale of Sustainable Real Estate & Hotel Assets Recorded as Extraordinary Gains[2]	–	1,227	–	–	–	1,227	–	1,227
Segment P&L (Business Profit)[1]	629	1,970	1,569	13	498	4,681	14	4,695
Segment P&L Details								
Stock Earnings (Rental Income, Base AM Fees, FIT Solar Power Earnings, etc.)[4]	386	1,089	1,572	2	498	3,548	–	–
Flow Earnings (Gains on Sustainable Real Estate & Hotel Sales, Gains on Solar Power Plant Sales, AM Performance Fees, etc.)[4]	243	881	-3	11	–	1,132	–	–
Segment Assets	2,220	201,095	82,115	70,651	38,858	394,942	24,331	419,273
Other								
Depreciation	–	361	286	–	500	1,148	20	1,169
Impairment loss	–	35	–	–	–	35	–	35
Increase in Property, Plant, and Equipment and Intangible Assets	–	271	1,532	–	39	1,842	8	1,851

[1] Segment P&L (Business Profit) = Operating Profit + Gains on Sale of Sustainable Real Estate & Hotel Assets Recorded as Extraordinary Gains

[2] Sustainable Real Estate & Hotel Assets refers to real estate assets belonging to the Sustainable Real Estate and Hotel businesses, as well as equity interests in investments backed by such real estate.

[3] The Adjustment to Segment P&L (JPY 14 million) reflects transaction eliminations and corporate expenses that were not allocated to the segments. The Adjustment to Segment Assets (JPY 24,331 million) reflects corporate assets, such as cash and deposits, that were not allocated to the segments. The Adjustment to Depreciation (JPY 20 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 (JPY8 million) reflects corporate assets that were not allocated to the segments.

[4] SG&A expenses are allocated between stock and flow earnings based on their respective revenues, and are reflected in the calculation of each earnings category.

Information on Impairment Loss of Fixed Assets or Goodwill by Reporting Segment

Omitted due to immateriality.

Notes to Significant Changes in Shareholders' Equity

N/A

Going Concern

N/A