

**CRE Inc.**  
**Summary of Financial Statements (Unaudited)**  
**For the First Three Quarters of the Fiscal Year ending July 31, 2022**  
**(Translated from the Japanese original)**

## Corporate Information

Code: 3458 Listing: Prime Market of the Tokyo Stock Exchange

(URL <https://www.cre-jpn.com/english/>)

Representative: Tadahide Kameyama, Representative Director, President

Contact: Hidetoshi Nagahama, Director

E-mail: [ir@cre-jpn.com](mailto:ir@cre-jpn.com)Anticipated date for filing *Shihanki Hokokusho* (a Japanese-language quarterly business report): June 13, 2022

Expected date of payment for dividends: —

Preparation of supplementary explanation material for quarterly financial results: Yes

Presentation meeting for quarterly financial results: No

(Rounded down to the nearest million)

**1. Consolidated Performance for the first three quarters of Fiscal 2022 (August 1, 2021 through April 30, 2022)****(1) Consolidated Operating Results (accumulated total)**

(Percentages represent changes from corresponding period of previous year)

	Net sales		Operating profit		Recurring profit		Net income attributable to owners of the parent company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First three quarters of Fiscal 2022	50,706	23.9	9,092	49.7	8,339	43.2	5,964	43.9
First three quarters of Fiscal 2021	40,933	132.4	6,074	416.2	5,825	444.7	4,144	421.6

(Note) Comprehensive income: 5,881 million yen (39.3%) for the first three quarters of fiscal 2022  
4,222 million yen (322.4%) for the first three quarters of fiscal 2021

	Net income per share	Fully diluted net income per share
	Yen	Yen
First three quarters of Fiscal 2022	204.71	204.45
First three quarters of Fiscal 2021	151.27	151.03

(Note) CRE applies "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, issued March 31, 2020), effective from the first quarter of fiscal 2022, ending July 31, 2022. All numbers presented in this report for the first three quarters of fiscal 2022 reflect application of this accounting standard.

**(2) Consolidated Financial Position**

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
First three quarters of Fiscal 2022	102,488	36,298	35.4
Fiscal 2021	99,041	26,746	26.9

(Reference) Equity capital: 36,240 million yen for the first three quarters of fiscal 2022, 26,662 million yen for fiscal 2021

(Note) CRE applies "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, issued March 31, 2020), effective from the first quarter of fiscal 2022, ending July 31, 2022. All numbers presented in this report for the first three quarters of fiscal 2022 reflect application of this accounting standard.

## 2. Payment of Dividends

	Dividends per share				
	First quarter-end	At end of first half	Third quarter-end	Year-end	For the year
	yen	yen	yen	yen	yen
Fiscal 2021	—	0.00	—	23.00	23.00
Fiscal 2022	—	0.00	—		
Fiscal 2022 (Estimated)				24.00	24.00

(Note) Change in the latest release of dividend forecast: None

## 3. Anticipated Consolidated Results for Fiscal 2022 (August 1, 2021 through July 31, 2022)

(Percentages represent changes from corresponding period of previous year)

	Net sales		Operating profit		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Full year	61,600	29.5	9,300	61.1	8,200	54.3

	Net income attributable to owners of the parent company		Net income per share
	Millions of yen	%	Yen
Full year	5,600	56.7	190.82

(Note) Change in the latest release of consolidated results forecast: None

### \*Notes:

(1) Changes in significant subsidiaries during this quarter: None

(Changes in specified subsidiaries involving change in consolidation scope)

(2) Adoption of accounting methods specific to quarterly consolidated financial statements: Yes

(3) Changes in accounting policy, changes in accounting estimate and retrospective restatement

1. Changes associated with revision of accounting standards, etc: Yes

2. Changes other than 1: None

3. Changes in accounting estimates: None

4. Restatements: None

(4) Number of outstanding shares (common stock)

1. Number of outstanding shares, including treasury stock, at end of term:

29,971,800 shares at April 30, 2022

27,468,800 shares at July 31, 2021

2. Number of shares of treasury stock at end of term:

6,996 shares at April 30, 2022

4,311 shares at July 31, 2021

3. Average outstanding number of shares (quarterly cumulative period):

29,137,057 shares at April 30, 2022

27,397,745 shares at April 30, 2021

\*This quarterly financial report falls outside the quarterly review procedures.

\*Information concerning proper use of forward-looking statements and other important matters

This report contains forward-looking statements about plans and expectations pertaining to CRE's business activities, based on information available to management at the time of preparation and on certain assumptions that management believes to be reasonable. These forward-looking statements are not guarantees of future performance, and actual results, performance, achievements and financial position may differ materially from statements expressed or implied herein due to various factors.

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

	Fiscal 2021 As of July 31, 2021 Millions of yen	Fiscal 2022 As of April 30, 2022 Millions of yen
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	19,473	27,943
Accounts receivable-trade	709	—
Notes, accounts receivable - trade and contract assets	—	417
Notes and accounts receivable from completed construction contracts	473	—
Accounts receivable from completed construction contracts	—	357
Real estate for sale	24,920	6,246
Real estate for sale in process	27,342	38,024
Advance payments-trade	1,983	6,040
Prepaid expenses	1,360	1,478
Others	551	414
Allowance for doubtful accounts	(25)	(26)
Total current assets	76,790	80,896
<b>Fixed assets</b>		
Tangible fixed assets		
Buildings and structures	4,308	3,430
Accumulated depreciation	(2,062)	(2,021)
Buildings and structures (net)	2,245	1,409
Machinery, equipment and vehicles	416	78
Accumulated depreciation	(274)	(74)
Machinery, equipment and vehicles (net)	141	3
Tools, furniture and fixtures	214	236
Accumulated depreciation	(139)	(157)
Tools, furniture and fixtures (net)	74	78
Land	1,896	1,355
Lease assets	493	547
Accumulated depreciation	(285)	(312)
Lease assets (net)	207	234
Total tangible fixed assets	4,565	3,081
Intangible fixed assets		
Goodwill	1,290	1,096
Others	340	398
Total intangible assets	1,630	1,495
Investments and other fixed assets		
Investment securities	7,884	7,795
Claims provable in bankruptcy, claims provable in rehabilitation and other	33	25
Long-term prepaid expenses	1,014	1,145
Deferred tax assets	24	34
Lease and guarantee deposits	7,022	7,589
Others	85	431
Allowance for doubtful accounts	(36)	(28)
Total investments and other fixed assets	16,028	16,993
Total fixed assets	22,224	21,570
Deferred assets		
Bond issuance cost	26	21
Total deferred assets	26	21
<b>Total assets</b>	99,041	102,488

	Fiscal 2021 As of July 31, 2021 Millions of yen	Fiscal 2022 As of April 30, 2022 Millions of yen
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	7,018	7,095
Accounts payable for construction contracts	157	325
Short-term loans payable	600	300
Current portion of long-term loans payable	2,050	2,986
Lease obligations	36	49
Accrued corporate and other taxes	1,027	2,171
Deposits received	1,498	191
Unearned revenue	1,808	1,825
Allowance for employees' bonuses	68	113
Allowance for directors' bonuses	300	—
Allowance for sublease losses	13	16
Allowance for loss on construction contracts	9	11
Others	386	2,091
Total current liabilities	14,975	17,178
<b>Fixed liabilities</b>		
Bonds payable	3,000	3,000
Long-term loans payable	44,002	36,265
Lease obligations	267	282
Net defined benefit liability	255	265
Allowance for loss on guarantees	30	34
Asset retirement obligations	274	253
Allowance for sublease losses	15	10
Lease and guarantee deposits received	7,931	8,051
Deferred tax liabilities	234	181
Deposits received from silent partnerships	1,064	445
Others	241	220
Total fixed liabilities	57,319	49,011
<b>Total liabilities</b>	72,295	66,190
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	3,071	5,217
Capital surplus	5,031	7,177
Retained earnings	17,157	22,500
Treasury stock	(0)	(0)
Total shareholders' equity	25,260	34,895
<b>Accumulated other comprehensive income</b>		
Unrealized gains (losses) on investment securities	1,470	1,343
Deferred gains (losses) on hedges	(25)	(23)
Foreign currency translation adjustment	(41)	25
Total accumulated other comprehensive income	1,402	1,345
<b>Non-controlling interests</b>	83	58
<b>Total net assets</b>	26,746	36,298
<b>Total liabilities and net assets</b>	99,041	102,488

**(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income****Quarterly Consolidated Statements of Income**

	First Three Quarters of Fiscal 2021 (August 1, 2020 through April 30, 2021) Millions of yen	First Three Quarters of Fiscal 2022 (August 1, 2021 through April 30, 2022) Millions of yen
Net sales	40,933	50,706
Cost of sales	31,899	37,696
Gross profit	9,034	13,010
Selling, general and administrative expenses	2,959	3,918
Operating profit	6,074	9,092
Non-operating income		
Interest received	2	2
Insurance income	5	20
Equity in income of affiliates	123	—
Others	20	4
Total non-operating income	152	27
Non-operating expenses		
Interest paid	140	227
Commission fee	229	358
Equity in loss of affiliates	—	124
Others	31	68
Total non-operating expenses	401	779
Recurring profit	5,825	8,339
Extraordinary income		
Gain on sales of investment securities	148	—
Real estate sales contract penalty	—	565
Others	19	—
Total extraordinary income	168	565
Extraordinary expenses		
Loss on disposal of fixed assets	0	8
Loss on sales of investment securities	—	16
Others	—	0
Total extraordinary expenses	0	25
Profit before dividend distribution from silent partnerships and income taxes	5,993	8,880
Dividends distribution from silent partnerships	10	9
Income before income taxes	5,982	8,870
Total income taxes	1,838	2,932
Net income	4,144	5,938
Net income attributable to non-controlling interests	—	(25)
Net income attributable to owners of the parent company	4,144	5,964

**Quarterly Consolidated Statements of Comprehensive Income**

	First Three Quarters of Fiscal 2021 (August 1, 2020 through April 30, 2021) Millions of yen	First Three Quarters of Fiscal 2022 (August 1, 2021 through April 30, 2022) Millions of yen
Net income	4,144	5,938
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	3	(120)
Foreign currency translation adjustment	(4)	(0)
Share of other comprehensive income of entities accounted for using equity method	78	64
Total other comprehensive income	77	(57)
Comprehensive income	4,222	5,881
Comprehensive income attributable to owners of the parent company	4,223	5,907
Comprehensive income attributable to non-controlling interests	(1)	(25)

**Information regarding sales, profit or loss, assets, liabilities and other items by reporting segment**

Fiscal 2021 (August 1, 2020 through April 30, 2021)

(Millions of yen)

	Reporting Segments				Other Operations (Note 1)	Total	Adjustment (Note 2)	Quarterly consolidated statements of income amount (Note 3)
	Real estate management business	Logistics investment business	Asset management business	Total				
Sales External customers	18,383	21,815	732	40,930	3	40,933	—	40,933
Inter-segment	223	1	10	236	16	252	(252)	—
Total	18,606	21,816	743	41,167	19	41,186	(252)	40,933
Segment income (loss)	1,822	4,628	441	6,892	3	6,895	(820)	6,074

(Notes) 1. The classification “Other Operations” represents business segments not included under other reporting segments.

2. The (820) million yen segment income or loss adjustment includes (11) million yen in inter-segment elimination and (809) million yen in corporate expenses not allocated to any particular segment. Primary corporate expenses are general administrative expenses which are not associated with reporting segments.

3. Segment income or loss has been reconciled with operating income on the quarterly consolidated statements of income.

Fiscal 2022 (August 1, 2021 through April 30, 2022)

(Millions of yen)

	Reporting Segments				Other Operations (Note 1)	Total	Adjustment (Note 2)	Quarterly consolidated statements of income amount (Note 3)
	Real estate management business	Logistics investment business	Asset management business	Total				
Sales External customers	20,183	29,431	1,084	50,700	5	50,706	—	50,706
Inter-segment	388	1	15	405	14	419	(419)	—
Total	20,572	29,433	1,100	51,105	20	51,125	(419)	50,706
Segment income (loss)	2,247	7,491	746	10,486	2	10,489	(1,397)	9,092

(Notes) 1. The classification “Other Operations” represents business segments not included under other reporting segments.

2. The (1,397) million yen segment income or loss adjustment includes (69) million yen in inter-segment elimination and (1,328) million yen in corporate expenses not allocated to any particular segment. Primary corporate expenses are general administrative expenses which are not associated with reporting segments.

3. Segment income or loss has been reconciled with operating income on the quarterly consolidated statements of income.

2. Matters related to changes in reportable segments, etc.

As stated in "Changes in Accounting Policies," the Company has applied the Accounting Standard for Revenue Recognition, etc., from the beginning of the first quarter of the current fiscal year, and the Company has changed its accounting policy for revenue recognition. As a result, the method of measuring profit or loss in the business segment has been changed in the same manner. The impact of this change is immaterial.