

**CRE Inc.**  
**Summary of Financial Statements (Unaudited)**  
**For the First Quarter of the Fiscal Year ending July 31, 2023**  
**(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

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E-mail: [ir@cre-jpn.com](mailto:ir@cre-jpn.com)Anticipated date for filing *Shihanki Hokokusho* (a Japanese-language quarterly business report): December 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 quarter of Fiscal 2023 (August 1, 2022 through October 31, 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 quarter of Fiscal 2023	6,758	(78.0)	244	(95.8)	90	(98.4)	32	(99.2)
First quarter of Fiscal 2022	30,743	276.5	5,787	730.6	5,551	711.2	4,151	604.8

(Note) Comprehensive income: 83 million yen ((98.1)%) for the first quarter of fiscal 2023  
4,372 million yen (—%) for the first quarter of fiscal 2022

	Net income per share	Fully diluted net income per share
	Yen	Yen
First quarter of Fiscal 2023	1.10	1.10
First quarter of Fiscal 2022	150.38	150.16

**(2) Consolidated Financial Position**

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
First quarter of Fiscal 2023	118,628	34,596	29.2
Fiscal 2022	118,248	36,157	30.6

(Reference) Equity capital: 34,596 million yen for the first quarter of fiscal 2023, 36,152 million yen for fiscal 2022

**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 2022	—	0.00	—	24.00	24.00
Fiscal 2023	—				
Fiscal 2023 (Estimated)		0.00	—	24.00	24.00

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

### 3. Anticipated Consolidated Results for Fiscal 2023 (August 1, 2022 through July 31, 2023)

(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	61,800	(1.5)	6,350	(37.6)	5,000	(45.6)

	Net income attributable to owners of the parent company		Net income per share
	Millions of yen	%	Yen
Full year	3,200	(44.6)	106.79

(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:

29,975,800 shares at October 31, 2022

29,971,800 shares at July 31, 2022

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

617,920 shares at October 31, 2022

7,474 shares at July 31, 2022

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

29,733,444 shares at October 31, 2022

27,604,864 shares at October 31, 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 2022 As of July 31, 2022 Millions of yen	Fiscal 2023 As of October 31, 2022 Millions of yen
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	36,806	28,734
Notes, accounts receivable - trade and contract assets	572	1,010
Accounts receivable from completed construction contracts	612	347
Real estate for sale	2,555	2,777
Real estate for sale in process	43,981	47,579
Advance payments-trade	5,818	8,682
Prepaid expenses	1,482	1,497
Others	466	1,860
Allowance for doubtful accounts	(22)	(26)
Total current assets	92,273	92,463
<b>Fixed assets</b>		
Tangible fixed assets		
Buildings and structures	4,582	4,629
Accumulated depreciation	(2,032)	(2,036)
Buildings and structures (net)	2,549	2,593
Machinery, equipment and vehicles	78	62
Accumulated depreciation	(75)	(55)
Machinery, equipment and vehicles (net)	2	7
Tools, furniture and fixtures	245	264
Accumulated depreciation	(165)	(170)
Tools, furniture and fixtures (net)	80	94
Land	4,416	4,689
Lease assets	496	496
Accumulated depreciation	(322)	(329)
Lease assets (net)	173	166
Total tangible fixed assets	7,222	7,550
Intangible fixed assets		
Goodwill	848	795
Others	204	249
Total intangible assets	1,052	1,044
Investments and other fixed assets		
Investment securities	8,394	8,442
Claims provable in bankruptcy, claims provable in rehabilitation and other	46	46
Long-term prepaid expenses	1,203	1,068
Deferred tax assets	82	77
Lease and guarantee deposits	7,548	7,445
Others	451	518
Allowance for doubtful accounts	(46)	(46)
Total investments and other fixed assets	17,679	17,551
Total fixed assets	25,954	26,146
Deferred assets		
Bond issuance cost	19	17
Total deferred assets	19	17
<b>Total assets</b>	<b>118,248</b>	<b>118,628</b>

	Fiscal 2022 As of July 31, 2022 Millions of yen	Fiscal 2023 As of October 31, 2022 Millions of yen
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	8,534	5,488
Accounts payable for construction contracts	597	762
Short-term loans payable	374	374
Current portion of long-term loans payable	3,055	2,804
Lease obligations	53	54
Accrued corporate and other taxes	2,928	47
Accrued consumption taxes	1,837	30
Deposits received	263	425
Unearned revenue	1,788	1,781
Allowance for employees' bonuses	386	113
Allowance for directors' bonuses	348	—
Allowance for sublease losses	46	31
Allowance for loss on construction contracts	8	12
Asset retirement obligations	10	10
Others	462	277
Total current liabilities	20,695	12,214
<b>Fixed liabilities</b>		
Bonds payable	3,000	3,000
Long-term loans payable	48,790	59,188
Lease obligations	290	276
Deferred tax liabilities	58	71
Allowance for loss on guarantees	33	35
Allowance for sublease losses	9	7
Liability for retirement benefits	274	276
Asset retirement obligations	300	301
Lease and guarantee deposits received	7,975	8,007
Investment deposit in silent partnership	446	444
Others	215	207
Total fixed liabilities	61,394	71,816
<b>Total liabilities</b>	82,090	84,031
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	5,217	5,218
Capital surplus	7,177	7,177
Retained earnings	22,311	21,625
Treasury stock	(0)	(926)
Total shareholders' equity	34,706	33,095
<b>Accumulated other comprehensive income</b>		
Unrealized gain (loss) on other securities	1,400	1,410
Deferred gains (losses) on hedges	(18)	(13)
Foreign currency translation adjustment	63	104
Total accumulated other comprehensive income	1,446	1,501
Non-controlling interests	5	—
<b>Total net assets</b>	36,157	34,596
<b>Total liabilities and net assets</b>	118,248	118,628

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

	First Quarter of Fiscal 2022 (August 1, 2021 through October 31, 2021) Millions of yen	First Quarter of Fiscal 2023 (August 1, 2022 through October 31, 2022) Millions of yen
Net sales	30,743	6,758
Cost of sales	23,622	5,383
Gross profit	7,121	1,375
Selling, general and administrative expenses	1,333	1,131
Operating profit	5,787	244
Non-operating income		
Interest received	0	0
Foreign exchange gains	8	6
Equity in income of affiliates	3	72
Others	0	15
Total non-operating income	14	95
Non-operating expenses		
Interest paid	77	108
Commission fee	154	134
Others	19	5
Total non-operating expenses	250	248
Recurring profit	5,551	90
Extraordinary income		
Gain on sales of fixed assets	—	7
Real estate sales contract penalty	565	—
Others	9	0
Total extraordinary income	575	8
Extraordinary expenses		
Loss on retirement of fixed assets	1	0
Loss on sales of shares of subsidiaries and associates	—	3
Total extraordinary expenses	1	3
Profit before dividend distribution from silent partnerships and income taxes	6,125	95
Dividends distribution from silent partnerships	3	2
Income before income taxes	6,122	92
Total income taxes	1,973	65
Net income	4,148	27
Net income attributable to non-controlling interests	(2)	(5)
Net income attributable to owners of the parent company	4,151	32

**Quarterly Consolidated Statements of Comprehensive Income**

	First Quarter of Fiscal 2022 (August 1, 2021 through October 31, 2021) Millions of yen	First Quarter of Fiscal 2023 (August 1, 2022 through October 31, 2022) Millions of yen
Net income	4,148	27
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	192	12
Foreign currency translation adjustment	(16)	(5)
Share of other comprehensive income of entities accounted for using equity method	48	48
Total other comprehensive income	224	55
Comprehensive income	4,372	83
Comprehensive income attributable to owners of the parent company	4,373	88
Comprehensive income attributable to non-controlling interests	(0)	(5)

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

Fiscal 2022 (August 1, 2021 through October 31, 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	7,944	22,439	357	30,741	2	30,743	—	30,743
Inter-segment	291	0	6	298	5	303	(303)	—
Total	8,235	22,439	364	31,039	7	31,046	(303)	30,743
Segment income (loss)	949	4,997	261	6,208	0	6,209	(421)	5,787

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

2. The (421) million yen segment income or loss adjustment includes 0 million yen in inter-segment elimination and (422) 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 2023 (August 1, 2022 through October 31, 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	6,479	4	273	6,757	1	6,758	—	6,758
Inter-segment	—	0	3	4	4	8	(8)	—
Total	6,479	5	277	6,762	5	6,767	(8)	6,758
Segment income (loss)	456	(49)	161	568	0	569	(324)	244

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

2. The (324) million yen segment income or loss adjustment includes (0) million yen in inter-segment elimination and (324) 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.