

**Summary of Consolidated Financial Results
for the Nine Months Ended April 30, 2024
[Japanese GAAP]**

June 12, 2024

Company name: CRE Inc. Listing Stock Exchange: Tokyo
 Stock code: 3458 URL: <https://www.cre-jpn.com/en/>
 Representative: Tadahide Kameyama, Representative Director and President
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Scheduled date to file quarterly securities report: June 13, 2024
 Scheduled date for dividend payment: —
 Preparation of supplementary material on quarterly financial results: Yes
 Quarterly financial results briefing to be held: None

(Amounts less than one million yen are rounded down.)

1. Consolidated Financial Results for the Nine Months Ended April 30, 2024

(August 1, 2023 to April 30, 2024)

(1) Consolidated operating results

(Percentages indicate YoY changes)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|----------------------------------|-----------------|--------|------------------|--------|-----------------|--------|---|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Nine months ended April 30, 2024 | 30,160 | (30.0) | 1,193 | (81.9) | 311 | (94.8) | 25 | (99.4) |
| Nine months ended April 30, 2023 | 43,109 | (15.0) | 6,608 | (27.3) | 6,038 | (27.6) | 4,081 | (31.6) |

Note: Comprehensive income for the nine months ended April 30, 2024 was (44) million yen (—% YoY).
 Comprehensive income for the nine months ended April 30, 2023 was 4,143 million yen (-29.5% YoY).

| | Earnings per share | Diluted earnings per share |
|----------------------------------|--------------------|----------------------------|
| | Yen | Yen |
| Nine months ended April 30, 2024 | 0.88 | — |
| Nine months ended April 30, 2023 | 138.81 | 138.69 |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|----------------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| As of April 30, 2024 | 151,878 | 37,108 | 24.4 |
| As of July 31, 2023 | 138,821 | 38,477 | 27.7 |

Reference: Equity capital amounted to 37,075 million yen as of April 30, 2024 and 38,455 million yen as of July 31, 2023.

2. Dividends

| | Annual dividend per share | | | | |
|---|---------------------------|-----------|-----------|----------|-------|
| | End of Q1 | End of Q2 | End of Q3 | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended July 31, 2023 | — | 0.00 | — | 25.00 | 25.00 |
| Fiscal year ending July 31, 2024 | — | 25.00 | — | — | — |
| Fiscal year ending July 31, 2024 (forecast) | — | — | — | 50.00 | 75.00 |

Note: Revisions to the most recently announced dividend forecast: Yes

Breakdown of the interim dividend for the fiscal year ending July 31, 2024: Special dividend of 25.00 yen

Breakdown of the year-end dividend for the fiscal year ending July 31, 2024 (forecast):

Ordinary dividend of 26.00 yen, special dividend of 24.00 yen

3. Consolidated Earnings Forecast for the Fiscal Year Ending July 31, 2024

(August 1, 2023 to July 31, 2024)

(Percentages indicate YoY changes)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Earnings per share |
|-----------|-----------------|------|------------------|-----|-----------------|-------|---|--------|--------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full-year | 67,900 | 30.2 | 7,500 | 4.9 | 6,050 | (9.7) | 3,800 | (13.4) | 129.88 |

Note: Revisions to the most recently announced earnings forecast: None

*Notes

- (1) Changes in significant subsidiaries during the period under review: None
(Transfers of specified subsidiaries resulting in changes in the Company's scope of consolidation)
- (2) Application of special accounting treatment in preparing the quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies and accounting estimates and retrospective restatements
1. Accounting policy changes due to accounting standard revisions, etc.: None
 2. Other accounting policy changes: None
 3. Changes in accounting estimates: None
 4. Retrospective restatements: None

(4) Number of issued shares (common stock)

| | | | | |
|--|----------------------------------|------------|----------------------------------|------------|
| 1. Number of issued shares at end of period (including treasury stock) | As of April 30, 2024 | 29,356,700 | As of July 31, 2023 | 29,259,200 |
| 2. Number of treasury shares at end of period | As of April 30, 2024 | 7,652 | As of July 31, 2023 | 2,445 |
| 3. Average number of shares outstanding during period | Nine months ended April 30, 2024 | 29,304,605 | Nine months ended April 30, 2023 | 29,404,460 |

*The quarterly financial statements are outside the scope of quarterly review by certified public accountants or auditing corporations.

*Appropriate use of earnings forecast and other special notes

(Notes on forward-looking statements, etc.)

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable by the Company, and are not intended to be construed as assurance that they will be accomplished in the future.

Actual results may differ significantly from these forecasts due to a wide range of factors.

Quarterly Consolidated Financial Statements and Primary Notes

(1) Consolidated balance sheet

(Millions of yen)

| | As of July 31, 2023 | As of April 30, 2024 |
|--|---------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 28,292 | 17,044 |
| Notes and accounts receivable - trade, and contract assets | 1,322 | 1,075 |
| Accounts receivable from completed construction contracts | 305 | 97 |
| Real estate for sale | 16,214 | 53,324 |
| Real estate for sale in process | 58,588 | 38,485 |
| Advance payments to suppliers | 1,037 | 4,229 |
| Prepaid expenses | 1,501 | 1,553 |
| Consumption taxes refund receivable | 2,087 | 3,429 |
| Other | 317 | 1,177 |
| Allowance for doubtful accounts | (9) | (56) |
| Total current assets | 109,658 | 120,359 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 4,590 | 4,519 |
| Accumulated depreciation | (2,158) | (2,308) |
| Buildings and structures, net | 2,432 | 2,211 |
| Machinery, equipment and vehicles | 49 | 65 |
| Accumulated depreciation | (47) | (46) |
| Machinery, equipment and vehicles, net | 2 | 18 |
| Tools, furniture and fixtures | 281 | 299 |
| Accumulated depreciation | (197) | (219) |
| Tools, furniture and fixtures, net | 84 | 80 |
| Land | 4,770 | 4,435 |
| Leased assets | 517 | 527 |
| Accumulated depreciation | (354) | (380) |
| Leased assets, net | 162 | 146 |
| Construction in progress | 15 | 11 |
| Total property, plant and equipment | 7,467 | 6,902 |
| Intangible assets | | |
| Goodwill | 636 | 477 |
| Other | 272 | 519 |
| Total intangible assets | 908 | 996 |
| Investments and other assets | | |
| Investment securities | 10,560 | 10,967 |
| Distressed receivables | 150 | 207 |
| Long-term prepaid expenses | 789 | 1,037 |
| Deferred tax assets | 135 | 302 |
| Leasehold and guarantee deposits | 7,999 | 8,246 |
| Other | 1,290 | 3,042 |
| Allowance for doubtful accounts | (150) | (207) |
| Total investments and other assets | 20,774 | 23,596 |
| Total non-current assets | 29,150 | 31,495 |

(Millions of yen)

| | As of July 31, 2023 | As of April 30, 2024 |
|-----------------------|---------------------|----------------------|
| Deferred assets | | |
| Bond issuance costs | 12 | 22 |
| Total deferred assets | 12 | 22 |
| Total assets | 138,821 | 151,878 |

(Millions of yen)

| | As of July 31, 2023 | As of April 30, 2024 |
|--|---------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 9,412 | 9,022 |
| Accounts payable for construction contracts | 510 | 345 |
| Short-term borrowings | 360 | 330 |
| Current portion of bonds payable | — | 3,000 |
| Current portion of long-term borrowings | 20,389 | 9,951 |
| Lease liabilities | 60 | 62 |
| Income taxes payable | 299 | 1 |
| Accrued consumption taxes | 51 | 14 |
| Deposits received | 1,274 | 1,469 |
| Unearned revenue | 1,970 | 2,082 |
| Provision for bonuses | 381 | 132 |
| Provision for bonuses for directors (and other officers) | 295 | — |
| Provision for loss on subleases | 22 | 31 |
| Provision for loss on construction contracts | 7 | 4 |
| Other | 323 | 685 |
| Total current liabilities | 35,357 | 27,133 |
| Non-current liabilities | | |
| Bonds payable | 3,000 | 2,000 |
| Long-term borrowings | 51,946 | 74,748 |
| Lease liabilities | 248 | 211 |
| Deferred tax liabilities | 0 | 0 |
| Provision for loss on guarantees | 37 | 38 |
| Provision for loss on subleases | 2 | — |
| Retirement benefit liability | 281 | 270 |
| Asset retirement obligations | 299 | 301 |
| Leasehold and guarantee deposits received | 8,899 | 9,807 |
| Deposits received from silent partnerships | — | 0 |
| Other | 269 | 257 |
| Total non-current liabilities | 64,986 | 87,636 |
| Total liabilities | 100,344 | 114,769 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 5,295 | 5,365 |
| Capital surplus | 6,008 | 6,078 |
| Retained earnings | 25,979 | 24,539 |
| Treasury shares | (0) | (0) |
| Total shareholders' equity | 37,283 | 35,983 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,012 | 647 |
| Deferred gains or losses on hedges | (7) | (2) |
| Foreign currency translation adjustment | 166 | 446 |
| Total accumulated other comprehensive income | 1,172 | 1,092 |
| Non-controlling interests | 21 | 32 |
| Total net assets | 38,477 | 37,108 |
| Total liabilities and net assets | 138,821 | 151,878 |

(2) Consolidated statement of income and consolidated statement of comprehensive income
Consolidated statement of income

(Millions of yen)

| | Nine months ended April 30, 2023 (August 1, 2022 to April 30, 2023) | Nine months ended April 30, 2024 (August 1, 2023 to April 30, 2024) |
|---|--|--|
| Net sales | 43,109 | 30,160 |
| Cost of sales | 32,266 | 24,717 |
| Gross profit | 10,843 | 5,443 |
| Selling, general and administrative expenses | 4,234 | 4,249 |
| Operating profit | 6,608 | 1,193 |
| Non-operating income | | |
| Interest income | 1 | 1 |
| Foreign exchange gains | 17 | 14 |
| Insurance claim income | 67 | 1 |
| Share of profit of entities accounted for using equity method | 157 | — |
| Interest on tax refund | 0 | 9 |
| Other | 18 | 4 |
| Total non-operating income | 262 | 31 |
| Non-operating expenses | | |
| Interest expenses | 357 | 495 |
| Commission expenses | 435 | 392 |
| Share of loss of entities accounted for using equity method | — | 21 |
| Other | 38 | 4 |
| Total non-operating expenses | 832 | 913 |
| Ordinary profit | 6,038 | 311 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 7 | 0 |
| Other | 1 | — |
| Total extraordinary income | 9 | 0 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 4 | 7 |
| Loss on valuation of investment securities | 27 | — |
| Loss on valuation of shares of subsidiaries and associates | — | 5 |
| Loss on sale of shares of subsidiaries and associates | 3 | — |
| Other | 0 | 0 |
| Total extraordinary losses | 35 | 14 |
| Profit before distributions of profit or loss on silent partnerships and income taxes | 6,012 | 297 |
| Distributions of profit or loss on silent partnerships | 6 | 0 |
| Profit before income taxes | 6,005 | 297 |
| Income taxes | 1,929 | 262 |
| Profit | 4,076 | 34 |
| Profit (loss) attributable to non-controlling interests | (5) | 9 |
| Profit attributable to owners of parent | 4,081 | 25 |

Consolidated statement of comprehensive income

(Millions of yen)

| | Nine months ended April 30, 2023 (August 1, 2022 to April 30, 2023) | Nine months ended April 30, 2024 (August 1, 2023 to April 30, 2024) |
|--|--|--|
| Profit | 4,076 | 34 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (196) | (374) |
| Foreign currency translation adjustment | (10) | 39 |
| Share of other comprehensive income of entities accounted for using equity method | 274 | 255 |
| Total other comprehensive income | 67 | (79) |
| Comprehensive income | 4,143 | (44) |
| (Breakdown) | | |
| Comprehensive income attributable to owners of parent | 4,148 | (53) |
| Comprehensive income attributable to non-controlling interests | (5) | 9 |

(3) Notes to quarterly consolidated financial statements

(Notes to going concern assumptions)

There is no relevant information.

(Notes in the event of significant changes in shareholders' equity)

There is no relevant information.

(Application of special accounting treatment in preparing the quarterly consolidated financial statements)

(Calculation of tax expenses)

Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the consolidated fiscal year, including the third quarter, and multiplying quarterly profit before income taxes by the estimated effective tax rate.

(Segment information, etc.)

[Segment information]

I. Nine months ended April 30, 2023 (August 1, 2022 to April 30, 2023)

Information on sales and profit or loss by reportable segment

(Millions of yen)

| | Reportable segments | | | | | Other* ¹ | Total | Adjustments* ² | Amount recorded on quarterly consolidated statement of income* ³ |
|--|------------------------|----------------------|------------------|----------|--------|---------------------|--------|---------------------------|---|
| | Real Estate Management | Logistics Investment | Asset Management | Overseas | Total | | | | |
| Sales | | | | | | | | | |
| Sales to external customers | 17,662 | 23,004 | 1,112 | 11 | 41,790 | 1,319 | 43,109 | — | 43,109 |
| Intersegment sales and transfers | 363 | 5 | 15 | — | 384 | 9 | 394 | (394) | — |
| Total | 18,026 | 23,009 | 1,127 | 11 | 42,175 | 1,329 | 43,504 | (394) | 43,109 |
| Operating profit (loss) | 1,404 | 5,551 | 694 | (83) | 7,566 | (143) | 7,423 | (814) | 6,608 |
| Share of profit (loss) of entities accounted for using equity method | — | (42) | — | 10 | (32) | 189 | 157 | — | 157 |
| Segment profit (loss) | 1,404 | 5,508 | 694 | (73) | 7,534 | 46 | 7,580 | (814) | 6,766 |

Notes: 1. "Other" is a business segment not included in the reportable segments.

2. The (814) million yen adjustment to segment profit (loss) includes (4) million yen in elimination of intersegment transactions and corporate-wide expenses of (810) million yen not allocated to each reportable segment. Primary corporate-wide expenses are general and administrative expenses not attributable to reportable segments.

3. Segment profit (loss) = operating profit (loss) + share of profit (loss) of entities accounted for using equity method

II. Nine months ended April 30, 2024 (August 1, 2023 to April 30, 2024)

1. Information on sales and profit or loss by reportable segment

(Millions of yen)

| | Reportable segments | | | | | Other* ¹ | Total | Adjustments* ² | Amount recorded on quarterly consolidated statement of income* ³ |
|--|------------------------|----------------------|------------------|----------|--------|---------------------|--------|---------------------------|---|
| | Real Estate Management | Logistics Investment | Asset Management | Overseas | Total | | | | |
| Sales | | | | | | | | | |
| Sales to external customers | 17,283 | 10,213 | 967 | 13 | 28,476 | 1,683 | 30,160 | — | 30,160 |
| Intersegment sales and transfers | 500 | 5 | 19 | — | 525 | 0 | 525 | (525) | — |
| Total | 17,783 | 10,219 | 986 | 13 | 29,002 | 1,683 | 30,685 | (525) | 30,160 |
| Operating profit (loss) | 1,396 | 461 | 549 | (108) | 2,299 | (224) | 2,074 | (881) | 1,193 |
| Share of profit (loss) of entities accounted for using equity method | — | (17) | — | (165) | (182) | 161 | (21) | — | (21) |
| Segment profit (loss) | 1,396 | 443 | 549 | (273) | 2,116 | (62) | 2,053 | (881) | 1,172 |

Notes: 1. "Other" is a business segment not included in the reportable segments.

2. The (881) million yen adjustment to segment profit (loss) includes 20 million yen in elimination of intersegment transactions and corporate-wide expenses of (902) million yen not allocated to each reportable segment. Primary corporate-wide expenses are general and administrative expenses not attributable to reportable segments.

3. Segment profit (loss) = operating profit (loss) + share of profit (loss) of entities accounted for using equity method

2. Changes in classification of reportable segments, etc.

(Changes in reportable segments)

To achieve targets set under our second medium-term management plan (currently underway), we will strive to generate profitability in new spheres (overseas and new businesses) and ensure steady growth by strengthening our recurring revenue businesses while maintaining non-recurring revenue businesses as growth drivers.

Effective from the first quarter of the current fiscal year, we have modified our organizational structure to clearly identify recurring revenue and non-recurring revenue businesses and distinctly delineate the positioning of our overseas business operations.

Consequently, we have replaced our previous three reportable segments (the Real Estate Management, Logistics Investment, and Asset Management segments) with a new set of four reportable segments consisting of the Real Estate Management, Logistics Investment, Asset Management, and Overseas segments.

Segment information for the nine months ended April 30, 2023 has been retroactively adjusted to reflect our new classification of reportable segments.

(Change in method of calculating profit or loss by reportable segment)

To achieve targets set under our second medium-term management plan (currently underway), we will strive to generate profitability in new spheres (overseas and new businesses) and ensure steady growth by strengthening our recurring revenue businesses while maintaining non-recurring revenue businesses as growth drivers.

Effective from the first quarter of the current fiscal year, we have modified our organizational structure to clearly identify recurring revenue and non-recurring revenue businesses and distinctly delineate the positioning of our overseas business operations. Consequently, our reportable segments have been changed as indicated above.

Accordingly, we have ensured more appropriate business management classification, thereby guaranteeing that our overseas business operations are properly reflected in segment results.

Effective from the first quarter of the current fiscal year, we have changed our method of calculating profit or loss by reportable segment in consideration for profit or loss generated through equity-method affiliates. Our new method for calculating profit or loss by reportable segment is as below.

Segment profit (loss) = operating profit (loss) + share of profit (loss) of entities accounted for using equity method

Segment information for the nine months ended April 30, 2023 has been retroactively adjusted to reflect our revised calculation method.