

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

## Corporate Information

Code: 3458 Listing: First Section 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): March 16, 2022

Expected date of payment for dividends: —

Preparation of supplementary explanation material for quarterly financial results: Yes

Presentation meeting for quarterly financial results: Yes (Video presentation of financial results will be available on the Company's website.)

(Rounded down to the nearest million)

**1. Consolidated Performance for the first two quarters of Fiscal 2022 (August 1, 2021 through January 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 two quarters of Fiscal 2022	37,194	7.0	6,106	4.3	5,656	(0.5)	4,168	3.4
First two quarters of Fiscal 2021	34,752	204.1	5,853	956.4	5,684	—	4,032	—

(Note) Comprehensive income: 4,065 million yen (9.6%) for the first two quarters of fiscal 2022  
3,710 million yen (448.4%) for the first two quarters of fiscal 2021

	Net income per share	Fully diluted net income per share
	Yen	Yen
First two quarters of Fiscal 2022	145.06	144.87
First two quarters of Fiscal 2021	147.37	147.12

(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 two 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 two quarters of Fiscal 2022	98,331	34,482	35.0
Fiscal 2021	99,041	26,746	26.9

(Reference) Equity capital: 34,407 million yen for the first two 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 two 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: Yes

Please refer to "Notice Concerning Revision of Earnings Forecast" announced on March 14, 2022 about anticipated consolidated results for Fiscal 2022.

### \*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 January 31, 2022

27,468,800 shares at July 31, 2021

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

5,245 shares at January 31, 2022

4,311 shares at July 31, 2021

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

28,736,334 shares at January 31, 2021

27,366,994 shares at January 31, 2020

\*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 January 31, 2022 Millions of yen
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	19,473	26,880
Accounts receivable-trade	709	—
Notes and accounts receivable - trade, and contract assets	—	558
Notes receivable-trade and accounts receivable from completed construction contracts	473	—
Accounts receivable from completed construction contracts	—	243
Real estate for sale	24,920	9,251
Real estate for sale in process	27,342	36,958
Advance payments-trade	1,983	1,754
Prepaid expenses	1,360	1,408
Others	551	665
Allowance for doubtful accounts	(25)	(23)
Total current assets	76,790	77,697
<b>Fixed assets</b>		
Tangible fixed assets		
Buildings and structures	4,308	3,384
Accumulated depreciation	(2,062)	(2,006)
Buildings and structures (net)	2,245	1,378
Machinery, equipment and vehicles	416	78
Accumulated depreciation	(274)	(73)
Machinery, equipment and vehicles (net)	141	4
Tools, furniture and fixtures	214	232
Accumulated depreciation	(139)	(150)
Tools, furniture and fixtures (net)	74	81
Land	1,896	1,041
Lease assets	493	546
Accumulated depreciation	(285)	(302)
Lease assets (net)	207	244
Total tangible fixed assets	4,565	2,750
Intangible fixed assets		
Goodwill	1,290	1,161
Others	340	402
Total intangible assets	1,630	1,563
Investments and other fixed assets		
Investment securities	7,884	7,810
Claims provable in bankruptcy, claims provable in rehabilitation and other	33	26
Long-term prepaid expenses	1,014	938
Deferred tax assets	24	31
Lease and guarantee deposits	7,022	7,434
Others	85	84
Allowance for doubtful accounts	(36)	(29)
Total investments and other fixed assets	16,028	16,296
Total fixed assets	22,224	20,610
Deferred assets		
Bond issuance cost	26	23
Total deferred assets	26	23
<b>Total assets</b>	<b>99,041</b>	<b>98,331</b>

	Fiscal 2021 As of July 31, 2021 Millions of yen	Fiscal 2022 As of January 31, 2022 Millions of yen
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	7,018	6,803
Accounts payable for construction contracts	157	205
Short-term loans payable	600	300
Current portion of long-term loans payable	2,050	2,755
Lease obligations	36	48
Accrued corporate and other taxes	1,027	2,156
Deposits received	1,498	371
Unearned revenue	1,808	1,849
Allowance for employees' bonuses	68	71
Allowance for directors' bonuses	300	—
Allowance for sublease losses	13	18
Allowance for loss on construction contracts	9	8
Others	386	1,294
Total current liabilities	14,975	15,884
<b>Fixed liabilities</b>		
Bonds payable	3,000	3,000
Long-term loans payable	44,002	35,128
Lease obligations	267	294
Liability for retirement benefits	255	268
Allowance for loss on guarantees	30	31
Asset retirement obligations	274	286
Allowance for sublease losses	15	12
Lease and guarantee deposits received	7,931	8,087
Deferred tax liabilities	234	182
Investment deposit in silent partnership	1,064	449
Others	241	223
Total fixed liabilities	57,319	47,965
<b>Total liabilities</b>	72,295	63,849
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	3,071	5,217
Capital surplus	5,031	7,177
Retained earnings	17,157	20,704
Treasury stock	(0)	(0)
Total shareholders' equity	25,260	33,099
<b>Accumulated other comprehensive income</b>		
Unrealized gains (losses) on investment securities	1,470	1,340
Deferred gains (losses) on hedges	(25)	(26)
Foreign currency translation adjustment	(41)	(6)
Total accumulated other comprehensive income	1,402	1,308
<b>Non-controlling interests</b>	83	75
<b>Total net assets</b>	26,746	34,482
<b>Total liabilities and net assets</b>	99,041	98,331

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

	First Two Quarters of Fiscal 2021 (August 1, 2020 through January 31, 2021) Millions of yen	First Two Quarters of Fiscal 2022 (August 1, 2021 through January 31, 2022) Millions of yen
Net sales	34,752	37,194
Cost of sales	26,913	28,508
Gross profit	7,839	8,686
Selling, general and administrative expenses	1,985	2,579
Operating profit	5,853	6,106
Non-operating income		
Interest received	1	1
Foreign exchange gains	7	10
Insurance income	0	17
Equity in income of affiliates	75	—
Others	14	4
Total non-operating income	100	33
Non-operating expenses		
Interest paid	93	151
Commission fee	144	252
Equity in loss of affiliates	—	13
Others	31	65
Total non-operating expenses	269	484
Recurring profit	5,684	5,656
Extraordinary income		
Gain on sales of investment securities	148	—
Real estate sales contract penalty	—	565
Total extraordinary income	148	565
Extraordinary expenses		
Loss on sales of investment securities	—	16
Others	0	2
Total extraordinary expenses	0	18
Profit before dividend distribution from silent partnerships and income taxes	5,832	6,203
Dividends distribution from silent partnerships	5	6
Income before income taxes	5,826	6,197
Total income taxes	1,793	2,039
Net income	4,032	4,157
Net income attributable to non-controlling interests	—	(10)
Net income attributable to owners of the parent company	4,032	4,168

**Quarterly Consolidated Statements of Comprehensive Income**

	First Two Quarters of Fiscal 2021 (August 1, 2020 through January 31, 2021) Millions of yen	First Two Quarters of Fiscal 2022 (August 1, 2021 through January 31, 2022) Millions of yen
Net income	4,032	4,157
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	(395)	(118)
Foreign currency translation adjustment	(5)	(18)
Share of other comprehensive income of entities accounted for using equity method	78	45
Total other comprehensive income	(322)	(92)
Comprehensive income	3,710	4,065
Comprehensive income attributable to owners of the parent company	3,711	4,074
Comprehensive income attributable to non-controlling interests	(1)	(8)

**(4) Consolidated statements of cash flows**

	First Two Quarters of Fiscal 2021 (August 1, 2020 through January 31, 2021) Millions of yen	First Two Quarters of Fiscal 2022 (August 1, 2021 through January 31, 2022) Millions of yen
<b>Cash flows from operating activities</b>		
Income before income taxes	5,826	6,197
Depreciation and amortization	129	131
Amortization of goodwill	188	129
Share of (profit) loss of entities accounted for using equity method	(75)	13
Increase (decrease) in allowance for doubtful accounts	(14)	(8)
Increase (decrease) in allowance for employees' bonuses	2	2
Increase (decrease) in allowance for sublease losses	(39)	2
Increase (decrease) in provision for loss on construction contracts	—	(0)
Increase (decrease) in provision for loss on guarantees	1	1
Increase (decrease) in provision for directors' bonuses	(250)	(300)
Increase (decrease) in liability for retirement benefits	13	13
Interest and dividends received	(1)	(1)
Interest paid	93	151
Loss (gain) on sales of investment securities	(148)	16
(Increase) decrease in notes and accounts receivable	(43)	380
(Increase) decrease in inventories	1,018	7,678
Increase (decrease) in notes and accounts payable	(3,404)	(166)
Decrease (increase) in advance payments	(384)	229
(Increase) decrease in guarantee deposits	(308)	(411)
Increase (decrease) in lease and guarantee deposits received	361	147
Others	682	244
Subtotal	3,575	14,450
Proceeds from interest and dividend income	0	0
Payment of interest	(85)	(144)
Payment of income taxes	(1,274)	(930)
<b>Net cash provided by operating activities</b>	2,216	13,376
<b>Cash flows from investing activities</b>		
Purchase of short-term and long-term investment securities	(278)	(121)
Proceeds from sales and redemption of short-term and long-term investment securities	583	49
Purchase of property, plant and equipment	(137)	(67)
Purchase of intangible fixed assets	(75)	(89)
Others	(0)	0
<b>Net cash (used in) investing activities</b>	91	(228)



	First Two Quarters of Fiscal 2021 (August 1, 2020 through January 31, 2021) Millions of yen	First Two Quarters of Fiscal 2022 (August 1, 2021 through January 31, 2022) Millions of yen
<b>Cash flows from financing activities</b>		
Repayment of short-term loans	(1,000)	(300)
Proceeds from long-term loans	11,847	7,736
Repayment of long-term loans	(13,270)	(16,059)
Repayment of lease obligations	(14)	(20)
Distribution of investment in anonymous associations	(2)	(615)
Proceeds from issuance of common shares	1,548	4,151
Execution of stock option	1	1
Proceeds from disposal of treasury shares	1,552	—
Cash dividends paid	(555)	(631)
Others	570	—
<b>Net cash provided by (used in) financing activities</b>	677	(5,737)
Effect of exchange rate change on cash and cash equivalents	2	(3)
Net increase (decrease) in cash and cash equivalents	2,988	7,406
Cash and cash equivalents at beginning of fiscal year	14,466	19,457
Cash and cash equivalents at end of first half of fiscal year	17,454	26,863

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

Fiscal 2021 (August 1, 2020 through January 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	12,581	21,626	542	34,750	2	34,752	—	34,752
Inter-segment	42	1	5	49	8	58	(58)	—
<b>Total</b>	<b>12,624</b>	<b>21,627</b>	<b>547</b>	<b>34,799</b>	<b>10</b>	<b>34,810</b>	<b>(58)</b>	<b>34,752</b>
Segment income (loss)	1,138	4,884	346	6,369	1	6,371	(517)	5,853

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

2. The (517) million yen segment income or loss adjustment includes (4) million yen in inter-segment elimination and (512) 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 January 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	13,657	22,740	792	37,189	4	37,194	—	37,194
Inter-segment	297	0	10	308	9	317	(317)	—
<b>Total</b>	<b>13,954</b>	<b>22,741</b>	<b>802</b>	<b>37,498</b>	<b>14</b>	<b>37,512</b>	<b>(317)</b>	<b>37,194</b>
Segment income (loss)	1,431	4,987	559	6,978	1	6,980	(873)	6,106

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

2. The (873) million yen segment income or loss adjustment includes (1) million yen in inter-segment elimination and (872) 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.