

**CRE Inc.**  
**Summary of Consolidated Financial Statements (Unaudited)**  
**For the Fiscal Year ending July 31, 2021**  
**(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

Contact: Hidetoshi Nagahama, Director

E-mail: [ir@cre-jpn.com](mailto:ir@cre-jpn.com)

Anticipated date of annual general meeting of shareholders: October 28, 2021

Expected date of payment for dividends: October 11, 2021

Anticipated date for filing Yuka Shoken Hokokusho (a Japanese-language business report): October 28, 2021

Preparation of supplementary explanation material for financial results: Yes

Presentation meeting for financial results: Yes

(Rounded down to the nearest million)

**1. Consolidated Performance for Fiscal 2021 (August 1, 2020 through July 31, 2021)****(1) Consolidated Operating Results**

(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	%
Fiscal 2021	47,556	15.4	5,772	36.5	5,313	31.2	3,574	36.9
Fiscal 2020	41,194	72.1	4,228	156.1	4,049	193.0	2,611	274.9

(Note) Comprehensive income: 4,040 million yen (28.6 %) (Fiscal 2021), 3,141 million yen (224.9%) (Fiscal 2020)

	Net income per share	Fully diluted net income per share	Return (net income) on equity	Return (recurring profit) on assets	Return (operating profit) on sales
	Yen	Yen	%	%	%
Fiscal 2021	130.40	130.19	15.3	6.3	12.1
Fiscal 2020	103.72	103.40	13.9	6.5	10.3

(Reference) Equity in earnings or losses of affiliates: 87 million yen (Fiscal 2021), 112 million yen (Fiscal 2020)

**(2) Consolidated Financial Position**

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2021	99,041	26,746	26.9	970.80
Fiscal 2020	70,142	20,004	28.5	792.31

(Reference) Equity capital: 26,662 million yen (July 31, 2021), 20,002 million yen (July 31, 2020)

**(3) Consolidated Cash Flows**

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2021	(22,754)	(285)	28,040	19,457
Fiscal 2020	7,725	(471)	(1,820)	14,466

## 2. Payment of Dividends

	Dividends per share					Total dividends (For the year) Millions of yen	Dividend payout ratio (Consolidated) %	Dividends on net assets (Consolidated) %
	First quarter- end	At end of first half	Third quarter- end	Year-end	For the year			
	yen	yen	yen	yen	yen			
Fiscal 2020	—	0.00	—	22.00	22.00	555	21.2	3.0
Fiscal 2021	—	0.00	—	23.00	23.00	631	17.6	2.6
Fiscal 2022 (Estimated)	—	0.00	—	24.00	24.00		13.2	

## 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	8,600	49.0	7,600	43.0

	Net income attributable to owners of the parent company		Net income per share
	Millions of yen	%	Yen
Full year	5,000	39.9	182.05

### \*Notes:

(1) Major reclassifications of subsidiaries during the term (changes in specified subsidiaries resulting in change in scope of consolidation): None

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

1. Changes associated with revision of accounting standards, etc: None
2. Changes other than 1: None
3. Changes in accounting estimates: None
4. Restatements: None

(3) Number of outstanding shares (common stock)

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

27,468,800 shares (July 31, 2021)

26,309,200 shares (July 31, 2020)

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

4,311 shares (July 31, 2021)

1,063,311 shares (July 31, 2020)

3. Average outstanding number of shares (during the fiscal year):

27,414,611 shares (July 31, 2021)

25,181,574 shares (July 31, 2020)

**(Reference) Non-consolidated Financial Results for Fiscal 2021 (August 1, 2020 through July 31, 2021)****1. Non-consolidated Performance for Fiscal 2021 (August 1, 2020 through July 31, 2021)****(1) Non-consolidated Operating Results**

	Net sales		Operating profit		Recurring profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2021	44,786	25.4	5,515	41.2	4,873	45.8	3,234	72.9
Fiscal 2020	35,720	74.4	3,905	131.7	3,341	153.6	1,870	214.4

	Net income per share		Fully diluted net income per share	
	Yen		Yen	
Fiscal 2021	117.98		117.80	
Fiscal 2020	74.29		74.06	

**(2) Non-consolidated Financial Position**

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
Fiscal 2021	96,531		25,137		26.0		915.28	
Fiscal 2020	66,445		18,871		28.4		747.49	

(Reference) Equity capital: 25,137 million yen (July 31, 2021), 18,871 million yen (July 31, 2020)

**\*Audit Status**

These materials are not subject to audit procedure requirements under Japan's Financial Instruments and Exchange Act which require auditing by certified public accountants or an accounting firm.

**\*Cautionary Note on 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.

**Ratios for cash flow analysis are as follows:**

	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
Equity ratio (%)	42.7	39.9	31.9	28.5	26.9
Equity ratio (market value basis) (%)	52.9	56.4	52.2	51.5	41.9
Cash flow to interest-bearing debt ratio (years)	4.9	4.4	—	3.2	—
Interest coverage ratio (times)	20.0	27.5	—	40.7	—

Equity ratio: Equity capital / Total assets

Equity ratio (market-value basis): Total market value of stocks / Total assets

Cash flow to interest-bearing debt: Interest-bearing debt / Cash flow

Interest coverage ratio: Cash flow / Interest payments

(Notes) 1. All indicators were calculated using consolidated financial statement data.

2. Total market value of stocks is based on the number of shares issued and outstanding, excluding treasury stock.

3. Cash flow draws on cash flow from operating activities.

4. "Interest-bearing debt" is all debt on the consolidated balance sheet on which interest is payable.

5. Neither cash flow to interest-bearing debt ratio nor interest coverage ratio for fiscal 2019 and fiscal 2021 are provided because CRE posted negative cash flow from operating activities.

**Consolidated Financial Statements**
**(1) Consolidated Balance Sheets**

	Fiscal 2020 As of July 31, 2020 Thousands of yen	Fiscal 2021 As of July 31, 2021 Thousands of yen
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	14,466,126	19,473,538
Accounts receivable-trade	485,405	709,241
Notes receivable-trade and Accounts receivable from completed construction contracts	143,033	473,439
Real estate for sale	20,395,781	24,920,736
Real estate for sale in process	8,715,918	27,342,795
Advance payments-trade	3,374,710	1,983,583
Prepaid expenses	1,055,477	1,360,180
Others	703,577	551,631
Allowance for doubtful accounts	(15,963)	(25,004)
Total current assets	49,324,066	76,790,140
<b>Fixed assets</b>		
Tangible fixed assets		
Buildings and structures	4,155,207	4,308,442
Accumulated depreciation	(1,927,543)	(2,062,448)
Buildings and structures (net)	2,227,664	2,245,993
Machinery, equipment and vehicles	417,449	416,481
Accumulated depreciation	(246,911)	(274,968)
Machinery, equipment and vehicles (net)	170,538	141,513
Tools, furniture and fixtures	147,500	214,140
Accumulated depreciation	(96,202)	(139,967)
Tools, furniture and fixtures (net)	51,297	74,172
Land	1,877,030	1,896,210
Lease assets	472,388	493,268
Accumulated depreciation	(251,183)	(285,501)
Lease assets (net)	221,205	207,767
Construction in progress	14,013	—
Total tangible fixed assets	4,561,749	4,565,657
Intangible fixed assets		
Goodwill	1,296,836	1,290,586
Others	144,898	340,217
Total intangible assets	1,441,735	1,630,803
Investments and other fixed assets		
Investment securities	7,210,680	7,884,936
Claims provable in bankruptcy, claims provable in rehabilitation and other	62,468	33,445
Long-term prepaid expenses	1,245,391	1,014,752
Deferred tax assets	60,348	24,236
Lease and guarantee deposits	6,218,658	7,022,059
Others	83,564	85,647
Allowance for doubtful accounts	(65,718)	(36,695)
Total investments and other fixed assets	14,815,392	16,028,382
Total fixed assets	20,818,877	22,224,844
Deferred assets		
Bond issuance cost	—	26,765
Total deferred assets	—	26,765
<b>Total assets</b>	<b>70,142,943</b>	<b>99,041,749</b>

	Fiscal 2020 As of July 31, 2020 Thousands of yen	Fiscal 2021 As of July 31, 2021 Thousands of yen
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	11,994,136	7,018,394
Accounts payable for construction contracts	135,032	157,050
Short-term loans payable	1,000,000	600,000
Current portion of long-term loans payable	9,752,331	2,050,792
Lease obligations	28,804	36,834
Accrued corporate and other taxes	1,377,803	1,027,989
Deposits received	1,484,492	1,498,234
Unearned revenue	1,620,977	1,808,125
Allowance for employees' bonuses	49,799	68,726
Allowance for directors' bonuses	250,000	300,000
Allowance for sublease losses	70,275	13,104
Allowance for loss on construction contracts	—	9,619
Asset retirement obligations	587	—
Others	274,689	386,964
Total current liabilities	28,038,929	14,975,835
<b>Fixed liabilities</b>		
Bonds payable	—	3,000,000
Long-term loans payable	13,703,300	44,002,073
Lease obligations	286,955	267,899
Liability for retirement benefits	238,808	255,412
Allowance for loss on guarantees	30,661	30,569
Asset retirement obligations	253,361	274,777
Allowance for sublease losses	21,552	15,625
Lease and guarantee deposits received	7,115,073	7,931,971
Deferred tax liabilities	—	234,950
Investment deposit in silent partnership	201,760	1,064,945
Others	248,457	241,275
Total fixed liabilities	22,099,930	57,319,500
<b>Total liabilities</b>	50,138,860	72,295,336
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	2,240,348	3,071,660
Capital surplus	3,612,271	5,031,293
Retained earnings	14,170,090	17,157,485
Treasury stock	(955,171)	(288)
Total shareholders' equity	19,067,539	25,260,150
<b>Accumulated other comprehensive income</b>		
Unrealized gain (loss) on available-for-sale securities	1,070,359	1,470,111
Deferred gains (losses) on hedges	(30,919)	(25,795)
Foreign currency translation adjustment	(104,317)	(41,924)
Total accumulated other comprehensive income	935,122	1,402,391
Non-controlling interests	1,420	83,871
<b>Total net assets</b>	20,004,083	26,746,413
<b>Total liabilities and net assets</b>	70,142,943	99,041,749

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

	Fiscal 2020 (August 1, 2019 through July 31, 2020) Thousands of yen	Fiscal 2021 (August 1, 2020 through July 31, 2021) Thousands of yen
Net sales	41,194,446	47,556,175
Cost of sales	32,722,525	37,245,502
Gross profit	8,471,920	10,310,673
Selling, general and administrative expenses	4,243,173	4,537,951
Operating profit	4,228,747	5,772,721
Non-operating income		
Interest received	4,370	3,464
Equity in income of affiliates	112,917	87,050
Penalty income	67,437	359
Others	11,830	19,599
Total non-operating income	196,556	110,473
Non-operating expenses		
Interest paid	208,499	215,670
Commission fee	90,584	316,627
Removal expenses	60,000	—
Others	17,017	37,027
Total non-operating expenses	376,102	569,325
Recurring profit	4,049,201	5,313,869
Extraordinary income		
Gain on sales of investment securities	162,460	148,988
Gain on step acquisitions	—	119,856
Others	1	9,678
Total extraordinary income	162,461	278,523
Extraordinary expenses		
Loss on valuation of investment securities	93,880	—
Impairment loss	75,005	105,491
Loss on valuation of shares of subsidiaries and associates	—	13,734
Others	5,945	5,702
Total extraordinary expenses	174,831	124,928
Profit before dividend distribution from silent partnerships and income taxes	4,036,831	5,467,464
Dividends distribution from silent partnerships	915	16,199
Income before income taxes	4,035,915	5,451,264
Corporate, inhabitant and business taxes	1,764,798	1,764,030
Adjustments to corporate and other taxes	(296,816)	112,471
Total income taxes	1,467,982	1,876,501
Net income	2,567,933	3,574,762
Net income (loss) attributable to non-controlling interests	(43,803)	—
Net income attributable to owners of the parent company	2,611,737	3,574,762

**Consolidated Statements of Comprehensive Income**

	Fiscal 2020 (August 1, 2019 through July 31, 2020) Thousands of yen	Fiscal 2021 (August 1, 2020 through July 31, 2021) Thousands of yen
Net income	2,567,933	3,574,762
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	670,558	382,591
Foreign currency translation adjustment	9,114	11,547
Share of other comprehensive income of entities accounted for using equity method	(106,144)	71,709
Total other comprehensive income	573,529	465,848
Comprehensive income	3,141,463	4,040,610
Comprehensive income attributable to owners of the parent company	3,183,848	4,042,031
Comprehensive income attributable to non-controlling interests	(42,385)	(1,420)

**(3) Consolidated statements of changes in shareholders' equity**

Fiscal 2020 (August 1, 2019 through July 31, 2020)

(Thousands of yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of fiscal year	2,195,714	3,784,614	12,085,463	(955,107)	17,110,684
Changes					
Issuance of new shares-exercise of subscription rights to shares	44,634	44,634			89,268
Dividends from surplus			(527,109)		(527,109)
Net income attributable to owners of the parent company			2,611,737		2,611,737
Purchase of treasury stock				(63)	(63)
Change in ownership interest of parent due to transactions with non-controlling interests		(216,976)			(216,976)
Net changes in items other than shareholders' equity during fiscal year					—
Total changes	44,634	(172,342)	2,084,627	(63)	1,956,855
Balance at end of fiscal year	2,240,348	3,612,271	14,170,090	(955,171)	19,067,539

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Unrealized gains (losses) on other securities	Deferred gains (losses) on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of fiscal year	407,944	(31,935)	(12,997)	363,011	71,545	17,545,241
Changes						
Issuance of new shares-exercise of subscription rights to shares						89,268
Dividends from surplus						(527,109)
Net income attributable to owners of the parent company						2,611,737
Purchase of treasury stock						(63)
Change in ownership interest of parent due to transactions with non-controlling interests						(216,976)
Net changes in items other than shareholders' equity during fiscal year	662,414	1,016	(91,320)	572,111	(70,124)	501,986
Total changes	662,414	1,016	(91,320)	572,111	(70,124)	2,458,842
Balance at end of fiscal year	1,070,359	(30,919)	(104,317)	935,122	1,420	20,004,083



	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of fiscal year	2,240,348	3,612,271	14,170,090	(955,171)	19,067,539
Changes					
Issuance of new shares-exercise of subscription rights to shares	831,312	831,312			1,662,624
Dividends from surplus			(555,409)		(555,409)
Net income attributable to owners of the parent company			3,574,762		3,574,762
Disposal of treasury stock		587,709		954,882	1,542,591
Change of scope of consolidation or change of scope of equity method			(31,959)		(31,959)
Net changes in items other than shareholders' equity during fiscal year					—
Total changes	831,312	1,419,021	2,987,394	954,882	6,192,610
Balance at end of fiscal year	3,071,660	5,031,293	17,157,485	(288)	25,260,150

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Unrealized gains (losses) on other securities	Deferred gains (losses) on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of fiscal year	1,070,359	(30,919)	(104,317)	935,122	1,420	20,004,083
Changes						
Issuance of new shares-exercise of subscription rights to shares						1,662,624
Dividends from surplus						(555,409)
Net income attributable to owners of the parent company						3,574,762
Disposal of treasury stock						1,542,591
Change of scope of consolidation or change of scope of equity method						(31,959)
Net changes in items other than shareholders' equity during fiscal year	399,751	5,123	62,393	467,268	82,450	549,719
Total changes	399,751	5,123	62,393	467,268	82,450	6,742,330
Balance at end of fiscal year	1,470,111	(25,795)	(41,924)	1,402,391	83,871	26,746,413

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

	Fiscal 2020 (August 1, 2019 through July 31, 2020) Thousands of yen	Fiscal 2021 (August 1, 2020 through July 31, 2021) Thousands of yen
<b>Cash flows from operating activities</b>		
Income before income taxes	4,035,915	5,451,264
Depreciation and amortization	339,948	264,598
Impairment loss	75,005	105,491
Amortization of goodwill	236,249	236,249
Share of (profit) loss of entities accounted for using equity method	(112,917)	(87,050)
Increase (decrease) in allowance for doubtful accounts	15,695	(19,982)
Increase (decrease) in allowance for employees' bonuses	2,556	5,421
Increase (decrease) in allowance for sublease losses	49,553	(63,098)
Increase (decrease) in allowance for loss on guarantees	(1,744)	(91)
Increase (decrease) in allowance for directors' bonuses	250,000	50,000
Increase (decrease) in liability for retirement benefits	1,847	16,603
Interest and dividends received	(4,510)	(3,668)
Interest paid	208,499	215,670
Loss (gain) on sales of investment securities	(162,459)	(148,988)
Loss (gain) on valuation of investment securities	93,880	—
Loss (gain) on step acquisitions	—	(119,856)
Loss on valuation of shares of subsidiaries and associates	—	13,734
(Increase) decrease in notes and accounts receivable	86,449	(150,248)
(Increase) decrease in inventories	(4,568,726)	(23,143,956)
Increase (decrease) in notes and accounts payable	9,871,887	(5,191,756)
Decrease (increase) in advance payments	(3,318,930)	1,391,127
(Increase) decrease in guarantee deposits	(484,539)	(789,342)
Increase (decrease) in lease and guarantee deposits received	600,306	800,513
Others	1,341,182	726,350
Subtotal	8,555,149	(20,441,014)
Proceeds from interest and dividend income	386	384
Payment of interest	(189,689)	(184,621)
Payment of income taxes	(640,738)	(2,129,015)
<b>Net cash provided by operating activities</b>	<b>7,725,107</b>	<b>(22,754,267)</b>
<b>Cash flows from investing activities</b>		
Purchase of marketable and investment securities	(433,871)	(782,102)
Proceeds from sales and redemption of marketable and investment securities	970,037	709,614
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	160,423
Purchase of property, plant and equipment	(768,473)	(158,069)
Purchase of intangible fixed assets	(132,578)	(213,110)
Payments for asset retirement obligations	(83,924)	(587)
Others	(23,091)	(2,077)
<b>Net cash (used in) investing activities</b>	<b>(471,902)</b>	<b>(285,910)</b>

	Fiscal 2020 (August 1, 2019 through July 31, 2020) Thousands of yen	Fiscal 2021 (August 1, 2020 through July 31, 2021) Thousands of yen
<b>Cash flows from financing activities</b>		
Proceeds from short-term loans	2,600,000	600,000
Repayment of short-term loans	(1,625,000)	(1,000,000)
Proceeds from long-term loans	8,296,852	36,824,351
Repayment of long-term loans	(10,511,260)	(14,717,331)
Proceeds from issuance of bonds	—	2,967,941
Repayment of lease obligations	(28,060)	(28,908)
Proceeds from investments in silent partnerships	201,000	1,058,000
Payment of distribution of investments in silent partnership	(155)	(211,014)
Proceeds from issuance of common shares	—	1,548,363
Execution of stock option	18,228	2,109
Proceeds from disposal of treasury shares	—	1,552,945
Cash dividends paid	(526,898)	(555,483)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(244,715)	—
Others	(63)	—
<b>Net cash provided by (used in) financing activities</b>	<b>(1,820,073)</b>	<b>28,040,972</b>
Effect of exchange rate change on cash and cash equivalents	45	(9,393)
Net increase (decrease) in cash and cash equivalents	5,433,177	4,991,401
Cash and cash equivalents at beginning of fiscal year	9,032,949	14,466,126
Cash and cash equivalents at end of fiscal year	14,466,126	19,457,527

	Reporting Segments				Other Operations (Note 1)	Total	Adjustment (Note 2)	Consolidated statements of income amount (Note 3)
	Real estate management business	Logistics investment business	Asset management business	Total				
Sales								
External customers	22,563,437	17,645,230	966,712	41,175,380	19,066	41,194,446	—	41,194,446
Inter-segment	496,723	900	4,823	502,447	1,991	504,438	(504,438)	—
Total	23,060,160	17,646,131	971,536	41,677,828	21,057	41,698,885	(504,438)	41,194,446
Segment income	2,163,844	2,521,378	503,775	5,188,997	3,876	5,192,874	(964,126)	4,228,747
Segment assets	16,974,583	33,017,213	5,681,067	55,672,865	528,016	56,200,882	13,942,061	70,142,943
Other								
Depreciation and amortization	316,916	3,455	4,922	325,285	14	325,300	14,648	339,948
Amortization of goodwill	212,117	—	24,132	236,249	—	236,249	—	236,249
Impairment loss	75,005	—	—	75,005	—	75,005	—	75,005
Investment in affiliates accounted for by equity method	315,482	1,745,572	—	2,061,054	—	2,061,054	—	2,061,054
Increase on tangible fixed assets and intangible fixed assets	807,267	—	43,245	850,512	—	850,512	75,617	926,130

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

2. Adjustments are as follows:

- (1) The (964,126) thousand yen segment income adjustment includes (11,123) thousand yen in inter-segment elimination and (953,003) thousand yen in corporate expenses not included in any segment. Primary corporate expenses are general administrative expenses which are not associated with reporting segments.
  - (2) The 13,942,061 thousand yen segment assets adjustment includes (782,046) thousand yen in inter-segment elimination and 14,724,107 thousand yen in corporate assets not included in any segment. Primary corporate assets are cash and deposits and general corporate assets which are not associated with reporting segments.
  - (3) The 14,648 thousand yen depreciation and amortization adjustment are corporate expenses which are not associated with reporting segments.
  - (4) The 75,617 thousand yen increase on tangible fixed assets and intangible fixed assets adjustment are amount of capital investments related to general corporate.
3. Segment income has been reconciled with operating income on the consolidated statements of income.

	Reporting Segments				Other Operations (Note 1)	Total	Adjustment (Note 2)	Consolidated statements of income amount (Note 3)
	Real estate management business	Logistics investment business	Asset management business	Total				
Sales External customers	24,274,462	22,252,407	1,024,807	47,551,678	4,496	47,556,175	—	47,556,175
Inter-segment	282,404	2,527	20,566	305,498	23,941	329,439	(329,439)	—
<b>Total</b>	<b>24,556,867</b>	<b>22,254,935</b>	<b>1,045,374</b>	<b>47,857,176</b>	<b>28,438</b>	<b>47,885,615</b>	<b>(329,439)</b>	<b>47,556,175</b>
Segment income	2,055,338	4,359,584	538,264	6,953,187	5,243	6,958,431	(1,185,709)	5,772,721
Segment assets	18,822,456	54,314,356	6,030,046	79,166,859	1,493,205	80,660,064	18,381,685	99,041,749
Other Depreciation and amortization	241,144	4,079	5,216	250,440	—	250,440	14,157	264,598
Amortization of goodwill	212,117	—	24,132	236,249	—	236,249	—	236,249
Impairment loss	105,491	—	—	105,491	—	105,491	—	105,491
Investment in affiliates accounted for by equity method	334,512	1,904,516	—	2,239,028	—	2,239,028	—	2,239,028
Increase on tangible fixed assets and intangible fixed assets	310,250	—	2,668	312,918	—	312,918	93,720	406,638

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

2. Adjustments are as follows:

- (1) The (1,185,709) thousand yen segment income adjustment includes (23,376) thousand yen in inter-segment elimination and (1,162,333) thousand yen in corporate expenses not included in any segment. Primary corporate expenses are general administrative expenses which are not associated with reporting segments.
  - (2) The 18,381,685 thousand yen segment assets adjustment includes (1,341,258) thousand yen in inter-segment elimination and 19,722,943 thousand yen in corporate assets not included in any segment. Primary corporate assets are cash and deposits and general corporate assets which are not associated with reporting segments.
  - (3) The 14,157 thousand yen depreciation and amortization adjustment are corporate expenses which are not associated with reporting segments.
  - (4) The 93,720 thousand yen increase on tangible fixed assets and intangible fixed assets adjustment are amount of capital investments related to general corporate.
3. Segment income has been reconciled with operating income on the consolidated statements of income.
4. The amount of increase on tangible fixed assets and intangible fixed assets does not include the amount of increase due to new consolidation.