

**CRE Inc.**  
**Summary of Financial Statements (Unaudited)**  
**For the First Three Quarters of the Fiscal Year ending July 31, 2020**  
**(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): June 15, 2020

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 2020 (August 1, 2019 through April 30, 2020)****(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 2020	17,617	4.3	1,176	(9.8)	1,069	(5.1)	794	(0.5)
First three quarters of Fiscal 2019	16,893	(30.2)	1,304	(43.7)	1,126	(51.0)	798	(51.2)

(Note) Comprehensive income: 999 million yen (17.7%) for the first three quarters of fiscal 2020  
849 million yen ((52.8)%) for the first three quarters of fiscal 2019

	Net income per share	Fully diluted net income per share
	Yen	Yen
First three quarters of Fiscal 2020	31.57	31.47
First three quarters of Fiscal 2019	31.97	31.75

**(2) Consolidated Financial Position**

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
First three quarters of Fiscal 2020	66,577	18,098	27.1
Fiscal 2019	54,712	17,545	31.9

(Reference) Equity capital: 18,061 million yen for the first three quarters of fiscal 2020, 17,473 million yen for fiscal 2019

**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 2019	—	0.00	—	21.00	21.00
Fiscal 2020	—	0.00	—		
Fiscal 2020 (Estimated)				22.00	22.00

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

### 3. Anticipated Consolidated Results for Fiscal 2020 (August 1, 2019 through July 31, 2020)

(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	43,600	82.1	2,500	51.4	2,100	52.0

	Net income attributable to owners of the parent company		Net income per share
	Millions of yen	%	Yen
Full year	1,300	86.6	51.79

(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: None

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:

26,277,200 shares at April 30, 2020

26,161,300 shares at July 31, 2019

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

1,062,611 shares at April 30, 2020

1,060,832 shares at July 31, 2019

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

25,163,651 shares at April 30, 2020

24,976,825 shares at April 30, 2019

\*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 2019 As of July 31, 2019 Thousands of yen	Fiscal 2020 As of April 30, 2020 Thousands of yen
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	9,032,949	8,160,682
Accounts receivable-trade	422,384	372,805
Accounts receivable from completed construction contracts	292,503	193,447
Real estate for sale	9,931,410	13,750,054
Real estate for sale in process	14,669,953	19,070,470
Prepaid expenses	782,650	1,050,651
Others	1,138,755	3,861,180
Allowance for doubtful accounts	(25,260)	(9,379)
Total current assets	36,245,345	46,449,912
<b>Fixed assets</b>		
Tangible fixed assets		
Buildings and structures	3,604,049	3,939,827
Accumulated depreciation	(1,829,915)	(1,899,895)
Buildings and structures (net)	1,774,134	2,039,932
Machinery, equipment and vehicles	418,413	418,413
Accumulated depreciation	(197,261)	(235,100)
Machinery, equipment and vehicles (net)	221,151	183,312
Tools, furniture and fixtures	109,299	145,286
Accumulated depreciation	(79,442)	(94,164)
Tools, furniture and fixtures (net)	29,856	51,122
Land	1,558,832	1,898,138
Lease assets	480,631	476,639
Accumulated depreciation	(231,499)	(248,457)
Lease assets (net)	249,131	228,181
Construction in progress	71,478	172,440
Total tangible fixed assets	3,904,584	4,573,126
Intangible fixed assets		
Goodwill	1,533,085	1,355,898
Others	130,444	201,010
Total intangible assets	1,663,530	1,556,909
Investments and other fixed assets		
Investment securities	6,708,305	6,813,512
Claims provable in bankruptcy, claims provable in rehabilitation and other	37,476	58,193
Deferred tax assets	59,593	25,256
Lease and guarantee deposits	5,730,005	5,816,622
Others	404,247	1,345,516
Allowance for doubtful accounts	(40,726)	(61,443)
Total investments and other fixed assets	12,898,902	13,997,657
Total fixed assets	18,467,017	20,127,693
<b>Total assets</b>	<b>54,712,362</b>	<b>66,577,605</b>

	Fiscal 2019 As of July 31, 2019 Thousands of yen	Fiscal 2020 As of April 30, 2020 Thousands of yen
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	1,917,810	2,193,641
Accounts payable for construction contracts	339,470	267,414
Short-term loans payable	25,000	2,600,000
Current portion of long-term loans payable	3,601,592	7,236,558
Lease obligations	28,045	28,729
Accrued corporate and other taxes	208,507	156,538
Deposits received	450,815	1,419,018
Unearned revenue	1,564,691	1,614,387
Allowance for employees' bonuses	47,242	89,923
Allowance for sublease losses	42,274	20,503
Asset retirement obligations	119,124	54,512
Others	425,738	569,686
Total current liabilities	8,770,312	16,250,914
<b>Fixed liabilities</b>		
Long-term loans payable	20,913,299	24,458,141
Lease obligations	315,767	294,211
Liability for retirement benefits	236,960	239,377
Allowance for loss on guarantees	32,405	32,405
Asset retirement obligations	218,279	252,878
Deferred tax liabilities	—	54,461
Lease and guarantee deposits received	6,497,059	6,598,103
Others	183,037	298,346
Total fixed liabilities	28,396,809	32,227,925
<b>Total liabilities</b>	37,167,121	48,478,839
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	2,195,714	2,236,348
Capital surplus	3,784,614	3,825,248
Retained earnings	12,085,463	12,352,877
Treasury stock	(955,107)	(955,171)
Total shareholders' equity	17,110,684	17,459,302
<b>Accumulated other comprehensive income</b>		
Unrealized gain (loss) on available-for-sale securities	407,944	657,004
Deferred gains (losses) on hedges	(31,935)	(29,192)
Foreign currency translation adjustment	(12,997)	(25,844)
Total accumulated other comprehensive income	363,011	601,967
Non-controlling interests	71,545	37,495
<b>Total net assets</b>	17,545,241	18,098,765
<b>Total liabilities and net assets</b>	54,712,362	66,577,605

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

	First Three Quarters of Fiscal 2019 (August 1, 2018 through April 30, 2019) Thousands of yen	First Three Quarters of Fiscal 2020 (August 1, 2019 through April 30, 2020) Thousands of yen
Net sales	16,893,283	17,617,115
Cost of sales	13,094,994	13,738,588
Gross profit	3,798,289	3,878,527
Selling, general and administrative expenses	2,493,756	2,701,758
Operating profit	1,304,532	1,176,768
Non-operating income		
Interest received	3,982	3,425
Equity in income of affiliates	—	99,444
Foreign exchange gains	4,469	—
Penalty income	—	67,437
Others	13,738	12,151
Total non-operating income	22,190	182,458
Non-operating expenses		
Interest paid	114,427	153,367
Commission fee	60,729	65,796
Removal expenses	—	60,000
Others	24,720	10,619
Total non-operating expenses	199,878	289,783
Recurring profit	1,126,845	1,069,442
Extraordinary income		
Gain on sales of investment securities	2	162,460
Reversal of allowance for doubtful accounts	112,000	—
Others	38,819	1
Total extraordinary income	150,822	162,461
Extraordinary expenses		
Loss on retirement of fixed assets	0	1,474
Impairment loss	13,224	—
Loss on change in equity	7,964	3,431
Others	1,389	—
Total extraordinary expenses	22,578	4,905
Profit before dividend distribution from silent partnerships and income taxes	1,255,089	1,226,999
Dividends distribution from silent partnerships	—	160
Income before income taxes	1,255,089	1,226,838
Total income taxes	503,359	466,763
Net income	751,730	760,075
Net income (loss) attributable to non-controlling interests	(46,871)	(34,448)
Net income attributable to owners of the parent company	798,601	794,524

**Quarterly Consolidated Statements of Comprehensive Income**

	First Three Quarters of Fiscal 2019 (August 1, 2018 through April 30, 2019) Thousands of yen	First Three Quarters of Fiscal 2020 (August 1, 2019 through April 30, 2020) Thousands of yen
Net income	751,730	760,075
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	77,090	250,044
Foreign currency translation adjustment	7,725	4,892
Share of other comprehensive income of entities accounted for using equity method	12,866	(15,582)
Total other comprehensive income	97,682	239,354
Comprehensive income	849,412	999,430
Comprehensive income attributable to owners of the parent company	896,564	1,033,479
Comprehensive income attributable to non-controlling interests	(47,151)	(34,049)

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

Fiscal 2019 (August 1, 2018 through April 30, 2019)

### 1. Revenues and profit/loss for reporting segment

(Thousands 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	16,207,111	71,910	602,424	16,881,446	11,837	16,893,283	—	16,893,283
Inter-segment	19,439	1,830	2,700	23,969	—	23,969	(23,969)	—
Total	16,226,550	73,741	605,124	16,905,416	11,837	16,917,253	(23,969)	16,893,283
Segment income (loss)	1,590,008	(65,919)	330,088	1,854,177	431	1,854,608	(550,076)	1,304,532

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

2. The (550,076) thousand yen segment income or loss adjustment includes (854) thousand yen in inter-segment elimination and (549,221) thousand 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. Information on impairment loss of fixed assets, goodwill and other information by reporting segment

(Significant change in amount of goodwill)

In the real estate management business, CRE acquired shares in LogiCom, Inc., goodwill was generated by bringing this company under consolidation. As a result, goodwill for the first three quarters of fiscal 2019 increased 1,537,850 thousand yen over the corresponding period a year ago.

Fiscal 2020 (August 1, 2019 through April 30, 2020)

### Revenues and profit/loss for reporting segment

(Thousands 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	16,833,601	47,389	718,223	17,599,214	17,901	17,617,115	—	17,617,115
Inter-segment	76,990	692	3,330	81,013	582	81,595	(81,595)	—
Total	16,910,592	48,082	721,553	17,680,227	18,483	17,698,711	(81,595)	17,617,115
Segment income (loss)	1,573,269	(142,716)	420,803	1,851,356	4,904	1,856,261	(679,493)	1,176,768

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

2. The (679,493) thousand yen segment income or loss adjustment includes (6,718) thousand yen in inter-segment elimination and (672,775) thousand 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.