

**CRE Inc.**  
**Summary of Financial Statements (Unaudited)**  
**For the First Three Quarters of 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 for filing *Shihanki Hokokusho* (a Japanese-language quarterly business report): June 14, 2021

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 2021 (August 1, 2020 through April 30, 2021)****(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 2021	40,933	132.4	6,074	416.2	5,825	444.7	4,144	421.6
First three quarters of Fiscal 2020	17,617	4.3	1,176	(9.8)	1,069	(5.1)	794	(0.5)

(Note) Comprehensive income: 4,222 million yen (322.4%) for the first three quarters of fiscal 2021  
999 million yen (17.7%) for the first three quarters of fiscal 2020

	Net income per share	Fully diluted net income per share
	Yen	Yen
First three quarters of Fiscal 2021	151.27	151.03
First three quarters of Fiscal 2020	31.57	31.47

**(2) Consolidated Financial Position**

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
First three quarters of Fiscal 2021	77,556	26,843	34.6
Fiscal 2020	70,142	20,004	28.5

(Reference) Equity capital: 26,843 million yen for the first three quarters of fiscal 2021, 20,002 million yen for fiscal 2020

**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 2020	—	0.00	—	22.00	22.00
Fiscal 2021	—	0.00	—		
Fiscal 2021 (Estimated)				23.00	23.00

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

### 3. Anticipated Consolidated Results for Fiscal 2021 (August 1, 2020 through July 31, 2021)

(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	46,100	11.9	5,000	18.2	4,500	11.1

	Net income attributable to owners of the parent company		Net income per share
	Millions of yen	%	Yen
Full year	2,900	11.0	105.97

(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:

27,468,800 shares at April 30, 2021

26,309,200 shares at July 31, 2020

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

4,011 shares at April 30, 2021

1,063,311 shares at July 31, 2020

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

27,397,745 shares at April 30, 2021

25,163,651 shares at April 30, 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 2020 As of July 31, 2020 Thousands of yen	Fiscal 2021 As of April 30, 2021 Thousands of yen
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	14,466,126	12,644,289
Accounts receivable-trade	485,405	478,590
Notes receivable-trade and Accounts receivable from completed construction contracts	143,033	209,732
Real estate for sale	20,395,781	23,327,532
Real estate for sale in process	8,715,918	7,082,726
Advance payments-trade	3,374,710	11,193,427
Prepaid expenses	1,055,477	1,328,420
Others	703,577	386,325
Allowance for doubtful accounts	(15,963)	(41,482)
Total current assets	49,324,066	56,609,561
<b>Fixed assets</b>		
Tangible fixed assets		
Buildings and structures	4,155,207	4,263,506
Accumulated depreciation	(1,927,543)	(2,016,476)
Buildings and structures (net)	2,227,664	2,247,029
Machinery, equipment and vehicles	417,449	416,481
Accumulated depreciation	(246,911)	(267,779)
Machinery, equipment and vehicles (net)	170,538	148,702
Tools, furniture and fixtures	147,500	168,762
Accumulated depreciation	(96,202)	(114,090)
Tools, furniture and fixtures (net)	51,297	54,671
Land	1,877,030	1,900,842
Lease assets	472,388	472,947
Accumulated depreciation	(251,183)	(271,459)
Lease assets (net)	221,205	201,488
Construction in progress	14,013	—
Total tangible fixed assets	4,561,749	4,552,734
Intangible fixed assets		
Goodwill	1,296,836	1,119,648
Others	144,898	273,855
Total intangible assets	1,441,735	1,393,504
Investments and other fixed assets		
Investment securities	7,210,680	7,204,705
Claims provable in bankruptcy, claims provable in rehabilitation and other	62,468	33,683
Long-term prepaid expenses	1,245,391	1,100,627
Deferred tax assets	60,348	55,643
Lease and guarantee deposits	6,218,658	6,531,632
Others	83,564	82,441
Allowance for doubtful accounts	(65,718)	(36,933)
Total investments and other fixed assets	14,815,392	14,971,800
Total fixed assets	20,818,877	20,918,039
Deferred assets		
Bond issuance cost	—	28,549
Total deferred assets	—	28,549
<b>Total assets</b>	<b>70,142,943</b>	<b>77,556,150</b>

	Fiscal 2020 As of July 31, 2020 Thousands of yen	Fiscal 2021 As of April 30, 2021 Thousands of yen
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	11,994,136	3,362,374
Accounts payable for construction contracts	135,032	203,654
Short-term loans payable	1,000,000	600,000
Current portion of long-term loans payable	9,752,331	2,032,911
Lease obligations	28,804	30,149
Accrued corporate and other taxes	1,377,803	1,143,884
Deposits received	1,484,492	1,478,583
Unearned revenue	1,620,977	1,775,115
Allowance for employees' bonuses	49,799	94,521
Allowance for directors' bonuses	250,000	—
Allowance for sublease losses	70,275	18,636
Asset retirement obligations	587	—
Others	274,689	226,921
Total current liabilities	28,038,929	10,966,751
<b>Fixed liabilities</b>		
Bonds payable	—	3,000,000
Long-term loans payable	13,703,300	27,257,010
Lease obligations	286,955	264,508
Liability for retirement benefits	238,808	253,520
Allowance for loss on guarantees	30,661	32,038
Asset retirement obligations	253,361	267,588
Allowance for sublease losses	21,552	17,241
Lease and guarantee deposits received	7,115,073	7,652,597
Others	450,217	1,000,962
Total fixed liabilities	22,099,930	39,745,466
<b>Total liabilities</b>	50,138,860	50,712,218
<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	17,727,187
Treasury stock	(955,171)	(288)
Total shareholders' equity	19,067,539	25,829,852
<b>Accumulated other comprehensive income</b>		
Unrealized gains (losses) on investment securities	1,070,359	1,077,885
Deferred gains (losses) on hedges	(30,919)	(30,018)
Foreign currency translation adjustment	(104,317)	(33,787)
Total accumulated other comprehensive income	935,122	1,014,079
Non-controlling interests	1,420	—
<b>Total net assets</b>	20,004,083	26,843,932
<b>Total liabilities and net assets</b>	70,142,943	77,556,150

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

**Quarterly Consolidated Statements of Income**

	First Three Quarters of Fiscal 2020 (August 1, 2019 through April 30, 2020) Thousands of yen	First Three Quarters of Fiscal 2021 (August 1, 2020 through April 30, 2021) Thousands of yen
Net sales	17,617,115	40,933,940
Cost of sales	13,738,588	31,899,172
Gross profit	3,878,527	9,034,767
Selling, general and administrative expenses	2,701,758	2,959,891
Operating profit	1,176,768	6,074,875
Non-operating income		
Interest received	3,425	2,685
Equity in income of affiliates	99,444	123,990
Penalty income	67,437	359
Others	12,151	25,086
Total non-operating income	182,458	152,122
Non-operating expenses		
Interest paid	153,367	140,635
Commission fee	65,796	229,404
Removal expenses	60,000	—
Others	10,619	31,711
Total non-operating expenses	289,783	401,751
Recurring profit	1,069,442	5,825,247
Extraordinary income		
Gain on sales of investment securities	162,460	148,988
Others	1	19,616
Total extraordinary income	162,461	168,604
Extraordinary expenses		
Loss on retirement of fixed assets	1,474	136
Loss on change in equity	3,431	—
Total extraordinary expenses	4,905	136
Profit before dividend distribution from silent partnerships and income taxes	1,226,999	5,993,714
Dividends distribution from silent partnerships	160	10,881
Income before income taxes	1,226,838	5,982,833
Total income taxes	466,763	1,838,368
Net income	760,075	4,144,465
Net income attributable to non-controlling interests	(34,448)	—
Net income attributable to owners of the parent company	794,524	4,144,465

**Quarterly Consolidated Statements of Comprehensive Income**

	First Three Quarters of Fiscal 2020 (August 1, 2019 through April 30, 2020) Thousands of yen	First Three Quarters of Fiscal 2021 (August 1, 2020 through April 30, 2021) Thousands of yen
Net income	760,075	4,144,465
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	250,044	3,300
Foreign currency translation adjustment	4,892	(4,317)
Share of other comprehensive income of entities accounted for using equity method	(15,582)	78,552
Total other comprehensive income	239,354	77,535
Comprehensive income	999,430	4,222,001
Comprehensive income attributable to owners of the parent company	1,033,479	4,223,421
Comprehensive income attributable to non-controlling interests	(34,049)	(1,420)

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

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

(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.

Fiscal 2021 (August 1, 2020 through April 30, 2021)

(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	18,383,030	21,815,074	732,778	40,930,883	3,056	40,933,940	—	40,933,940
Inter-segment	223,961	1,765	10,754	236,481	16,237	252,718	(252,718)	—
Total	18,606,992	21,816,839	743,533	41,167,364	19,294	41,186,659	(252,718)	40,933,940
Segment income (loss)	1,822,175	4,628,861	441,374	6,892,411	3,343	6,895,755	(820,879)	6,074,875

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

2. The (820,879) thousand yen segment income or loss adjustment includes (11,867) thousand yen in inter-segment elimination and (809,012) 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.