



Summary of Interim Consolidated Financial Results for the Fiscal Year Ending May 31, 2025
(Japanese Accounting Standards)

January 10, 2024

Company name	INTELLEX Co., Ltd.	Listings	Standard Section of Tokyo Stock Exchange
Securities code	8940	URL	http://www.intellex.co.jp/
Representative	President and Representative Director, Seiji Toshinari		
Contact	Director and Executive Officer, Kazunari Nakaharai		
Telephone	+81-3-5766-7639		
Scheduled dates:			
Submission of quarterly report	January 14, 2025		
Commencement of dividend payments	February 12, 2025		
Supplementary documents for results	Yes		
Quarterly results briefing	Yes (for analysts and corporate investors only)		

(Amounts in millions of yen rounded down to the nearest million yen)

1. Interim consolidated financial results for the fiscal year ending May 31, 2025
(Cumulative from June 1, 2024, to November 30, 2024)

(1) Operating results (cumulative)			(Percentage figures represent year-on-year changes)					
	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Interim period ending May 2025	22,634	-0.2	1,736	624.6	1,567	—	1,062	—
Interim period ended May 2024	22,670	26.5	239	26.8	104	—	72	—

(Note) Comprehensive income:
Interim period ending May 2025: 1,049 million yen (-%)
Interim period ended May 2024: 77 million yen (-%)

	Profit per share	Diluted profit per share
	yen	yen
Interim period ending May 2025	132.02	—
Interim period ended May 2024	8.70	—

(2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio
	million yen	million yen	%
As of November 30, 2024	45,934	12,901	28.0
As of May 31, 2024	40,710	11,872	29.1

(Reference) Shareholders' equity:
As of November 30, 2024: 12,883 million yen As of May 31, 2024: 11,854 million yen

2. Dividends

	Dividend per share				
	End of 1 st quarter	End of 1 st half	End of 3 rd quarter	Year-end	Total
	yen	yen	yen	yen	yen
Fiscal year ended May 31, 2024	—	9.00	—	10.00	19.00
Fiscal year ending May 31, 2025	—	17.00			
Fiscal year ending May 31, 2025 (forecast)			—	17.00	34.00

(Notes) Revisions to the latest dividends forecast: None.

Breakdown of dividends at the end of interim period ending May 2025:

Ordinary dividend: 10.00 yen; 30th anniversary commemorative dividend: 7.00 yen

Breakdown of final dividend for the fiscal year ending May 2025:

Ordinary dividend: 10.00 yen; 30th anniversary commemorative dividend: 7.00 yen

3. Consolidated earnings forecast for the fiscal year ending May 31, 2025 (June 1, 2024, to May 31, 2025)

(Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	46,365	8.6	2,063	121.6	1,691	178.4	1,231	197.4	152.56

(Notes) Revisions to the latest forecast: Yes

Notes:

(1) Significant changes in the scope of consolidation during the fiscal period under review: None

(2) Application of accounting procedures specific to the preparation of interim consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates and restatement:

a. Changes due to revision to accounting standards, etc.: Yes

b. Changes other than those in a: None

c. Changes in accounting estimates: None

d. Restatement: None

(4) Number of issued shares (common shares):

a. Number of issued shares at the end of fiscal period (including treasury shares):

As of November 30, 2024: 8,932,100 shares

As of May 31, 2024: 8,932,100 shares

b. Number of treasury shares as of the end of fiscal period:

As of November 30, 2024: 827,909 shares

As of May 31, 2024: 917,009 shares

c. Average number of shares during the period (interim period):

Interim period ending May 2025: 8,045,001 shares

Interim period ended May 2024: 8,371,453 shares

*Quarterly financial results reports (interim period) are exempt from quarterly review conducted by certified public accountants or an audit corporation.

*Proper use of earnings forecasts and other noteworthy events: (Notes for financial projections, etc.)

Descriptions of the above financial projections and other data are based on information currently available to the Company and certain assumptions that it considers to be reasonable. Actual financial results may differ significantly from the projections for several reasons. For the assumptions underlying the performance forecast and important notes regarding the use of the performance forecast, please refer to page 3 of the attached document, "1. Summary of results of operations and financial position (3) Explanation of consolidated earnings forecast and other forward-looking statements."

Attached materials index:

1. Summary of results of operations and financial position.....	2
(1) Explanation of operating results.....	2
(2) Explanation of financial position.....	2
(3) Explanation of consolidated earnings forecast and other forward-looking statements.....	3
2. Consolidated quarterly financial statements and major notes.....	4
(1) Consolidated quarterly balance sheet.....	4
(2) Consolidated statement of income and consolidated statement of comprehensive income.....	6
Interim consolidated statement of income.....	6
Consolidated interim statement of comprehensive income.....	7
(3) Consolidated interim statements of cash flows.....	8
(4) Notes on interim financial report.....	10
(Notes on changes in accounting methods).....	10
(Changes in presentation method).....	10
(Notes on premise of going concern).....	10
(Notes on significant changes in shareholders' equity).....	10
(Additional information).....	10
(Segment information).....	11
(Important subsequent matters).....	11

1. Summary of results of operations and financial position

(1) Explanation of operating results

During the current interim consolidated fiscal period (June 1, 2024 to November 30, 2024), Japan's economy is recovering gradually, driven by domestic demand. Strong corporate profits are supporting capital investment, and improvements in employment conditions and household income levels are boosting personal consumption.

According to the East Japan Real Estate Transaction Organization (East Japan REINS), the closing prices of pre-owned condominiums in the Tokyo metropolitan area rose 6.1% in November 2024 compared to the same period last year, and the number of transactions during that period (June to November 2024) was at the same level as the previous year.

In the Renovation Business field, sales of Renovated Condominiums decreased by 17.3% year-on-year to 539 units, due a deliberate reduction in purchasing pace and inventory to strengthen financial balance. In addition, the average sales price was 28.23 million yen, down 1.2% year-on-year, and sales in this business field decreased by 12.1% year-on-year. On the other hand, in the Solution Business field, sales increased by 85.2% year-on-year due to factors such as the sale of a profitable property, the development of the fractional ownership real estate product "Asset Sharing + (Plus)", and increased sales in the hotel business, which has been maintaining high occupancy rate. As a result, consolidated sales in this interim period decreased by 0.2% year-on-year, almost the same level as the previous year.

In terms of profits, in Renovated Condominium sales, we quickly sold off properties that had been held for an extended period in the previous fiscal year and replaced them with recently acquired properties, which resulted in a significant improvement in the profit margin for this interim period, and in addition, profits in the Solution Business, including the sale of a profitable property, grew significantly, resulting in a consolidated gross profit increase of 59.7% compared to the same period last year. Furthermore, as the increase in gross profit absorbed the rise in selling, general and administrative expenses (up 7.1%), operating profit grew significantly, increasing more than sevenfold (7.2 times) compared to the same period last year.

As a result, sales for the current interim consolidated fiscal period decreased 0.2% year-on-year to 22,634 million yen, operating profit increased 7.2 times year-on-year to 1,736 million yen, ordinary profit increased 15.0 times year-on-year to 1,567 million yen, and interim net profit attributable to owners of the parent increased 14.6 times year-on-year to 1,062 million yen.

The operating results of the segments are as follows.

(Renovation Business)

Net sales of property in this business segment decreased 18.2% year-on-year to 15,235 million yen due to a decrease in the number of Renovated Condominiums sales. Net sales of rental income in this business segment increased 9.0% year-on-year to 57 million yen. Net sales of other revenues in this business segment increased 81.2% year-on-year to 2,185 million yen due to the joint purchase and resale business by our subsidiary, Saisei Jutaku Partners, Co., Ltd., and the Renovation and Decoration Business by Intellex Space Plan, Inc.

As a result, net sales in this business area decreased by 12.1% year-on-year to 17,478 million yen, but operating profit in this business segment increased by 386.9% year-on-year to 664 million yen due to a significant improvement in the profit margin on the sale of Renovated Condominiums.

(Solution Business)

Net sales of properties in this business segment increased by 113.3% year-on-year to 3,306 million yen, mainly due to the sale of profitable properties and the development of the real estate small-lot product "Asset Sharing+ (Plus)." Net sales of rental income in this business area decreased by 10.5% year-on-year to 470 million yen. Net sales of other revenues in this business area increased by 94.7% year-on-year to 1,379 million yen, thanks to the contribution of sales from the profitable property joint business by our subsidiary Saisei Jutaku Partners, Co., Ltd. and the hotel business.

As a result, net sales in this business area increased by 85.2% year-on-year to 5,156 million yen, and operating profit increased by 175.7% to 1,504 million yen

(2) Explanation of financial position

As of the end of the interim consolidated fiscal period, assets were 45,934 million yen (an increase of 5,223 million yen from the end of the previous consolidated fiscal year), liabilities were 33,033 million yen (an increase of 4,195 million yen), and net assets were 12,901 million yen (an increase of 1,028 million yen).

(Assets)

The main reasons for the increase in assets were an increase of 1,066 million yen in cash and deposits, 1,234 million yen in real estate for sale, 114 million yen in advance payments to suppliers, 2,614 million yen in property, plant and equipment, and investments and other assets by 257 million yen.

(Liabilities)

The main reasons contributing to the increase in liabilities include a decrease of 459 million yen in other current liabilities, as well as increases of 172 million yen in accounts payable, 415 million yen in income taxes payable, and 4,049

million yen in long-term borrowings.

(Net assets)

The main reasons for the increase in net assets were a decrease of 80 million yen due to dividends of surplus and a decrease of 12 million yen in the valuation difference on available-for-sale securities, while the recording of 1,062 million yen in interim profit attributable to owners of parent and the posting of 52 million yen due to the disposal of treasury shares.

(3) Explanation of consolidated earnings forecast and other forward-looking statements

In the first half of the fiscal year ending May 2025, operating profit and other profits exceeded the initial forecast due to increased earnings in both the Renovation Business and Solutions Business, driven by factors such as a steady sales performance of Renovated Condominiums.

Based on the results up to this interim period and assuming that the second half of the fiscal year will continue as planned at the beginning of the fiscal year, we revise our consolidated earnings forecast for the full year ending May 2025 as follows.

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Profit per share
Previous Forecast (A) (Disclosed on July 12, 2024)	45,011	1,619	1,186	896	111.90 yen
Revised Forecast (B)	46,365	2,063	1,691	1,231	152.56 yen
Increase (Decrease) (B)-(A)	1,354	443	505	334	—
Ratio of Increase (Decrease) (%)	3.0	27.4	42.6	37.3	—
Reference: Actual Results of Fiscal Year ending 31, May 2024	42,702	931	607	414	50.04 yen

2. Consolidated quarterly financial statements and major notes

(1) Consolidated quarterly balance sheet

(Thousand yen)

	As of May 31, 2024	As of November 30, 2024
Assets		
Current assets		
Cash and deposits	4,980,415	6,046,885
Accounts receivable - trade	401,532	364,267
Real estate for sale	20,308,884	21,543,108
Advance payments to suppliers	393,159	507,370
Other	369,900	413,320
Allowance for doubtful accounts	-1,867	-2,660
Total current assets	26,452,025	28,872,292
Non-current assets		
Tangible assets		
Building and structures, net	3,965,077	4,395,924
Land	8,031,901	10,222,066
Lease asset, net	58,828	46,929
Construction in progress	26,898	33,755
Other, net	15,859	14,363
Total tangible assets	12,098,565	14,713,040
Intangible assets		
Other	89,690	20,660
Total intangible assets	89,690	20,660
Investments and other assets		
Investment securities	921,438	972,488
Deferred tax assets	166,302	185,714
Other	987,866	1,176,123
Allowance for doubtful accounts	-5,070	-6,000
Total investments and other assets	2,070,536	2,328,325
Total non-current assets	14,258,791	17,062,027
Total assets	40,710,816	45,934,319

(Thousand yen)

	As of May 31, 2024	As of November 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	619,664	791,839
Short-term borrowings	11,338,236	11,372,224
Current portion of bonds available	100,000	100,000
Current portion of long-term borrowings	2,286,969	2,317,593
Income taxes payable	103,032	518,901
Contract liabilities	179,640	256,793
Provision for guarantee of after-sales service	45,977	53,618
Other	1,680,041	1,221,014
Total current liabilities	16,353,562	16,631,983
Non-current liabilities		
Bonds	400,000	350,000
Long-term borrowings	11,544,843	15,594,104
Asset retirement obligations	82,776	67,845
Other	456,984	389,234
Total non-current liabilities	12,484,604	16,401,183
Total liabilities	28,838,167	33,033,167
Net assets		
Shareholders' equity		
Capital stock	2,253,779	2,253,779
Capital surplus	2,447,492	2,454,223
Retained earnings		
Other retained earnings		
Reserve for open innovation tax incentive	22,548	22,548
Deferred retained earnings	7,604,498	8,586,417
Total retained earnings	7,627,047	8,608,965
Treasury shares	-533,744	-481,476
Total shareholders' equity	11,794,574	12,835,491
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	60,075	47,661
Total accumulated other comprehensive income	60,075	47,661
Non-controlling interests	18,000	18,000
Total net assets	11,872,649	12,901,152
Total liabilities and net assets	40,710,816	45,934,319

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

(Thousand yen)

	Interim consolidated fiscal period of FY2023	Interim consolidated fiscal period of FY2024
Net sales	22,670,260	22,634,864
Cost of sales	19,859,044	18,145,101
Gross profit	2,811,215	4,489,763
Selling, general and administrative expenses	2,571,521	2,753,020
Operating profit	239,694	1,736,742
Non-operating income		
Interest income	26	377
Dividend income	5,523	6,766
Deferred earnings brought forward	—	2,006
Penalty income	22,579	9,762
Outsourcing service income	6,409	6,409
Subsidy income	46,274	22,698
Commission income	4,671	2,406
Gain on investments in silent partnerships	40,913	95,651
Other	6,520	7,176
Total non-operating income	132,917	153,256
Non-operating expenses		
Interest expenses	193,480	210,281
Commission expenses	56,740	78,078
Other	18,083	33,932
Total non-operating expenses	268,304	322,293
Ordinary profit or loss	104,307	1,567,705
Extraordinary income		
Gain on sales of non-current assets	45	—
Gain on reversal of asset retirement obligations	—	15,000
Total extraordinary income	45	15,000
Extraordinary losses		
Loss on disposal of non-current assets	3,137	56,654
Total extraordinary losses	3,137	56,654
Profit or loss before income taxes	101,215	1,526,051
Income taxes - current	28,041	477,915
Income taxes - deferred	355	-13,933
Total income taxes	28,397	463,981
Profit or loss	72,818	1,062,069
Profit or loss attributable to owners of parent	72,818	1,062,069

(Consolidated interim statement of comprehensive income)
(Cumulative during the interim period)

(Thousand yen)

	Interim consolidated fiscal period of FY2023	Interim consolidated fiscal period of FY2024
Profit or loss	72,818	1,062,069
Other comprehensive income		
Valuation difference on available-for-sale securities	4,273	-12,414
Total other comprehensive income	4,273	-12,414
Comprehensive income	77,091	1,049,654
(Breakdown)		
Comprehensive income attributable to owners of parent	77,091	1,049,654
Comprehensive income attributable to non- controlling interests	—	—

(3) Consolidated interim statements of cash flows

(Thousand yen)

	Interim consolidated fiscal period of FY2023	Interim consolidated fiscal period of FY2024
Cash flows from operating activities		
Profit or loss before income taxes	101,215	1,526,051
Depreciation	144,613	138,179
Increase (decrease) in allowance for doubtful accounts	1,943	1,723
Increase (decrease) in provision for guarantee for after-sales service	5,581	7,641
Interest and dividend income	-5,550	-7,143
Interest expenses	193,480	210,281
Share-based payment expense	21,303	20,245
Gain on reversal of asset retirement obligations	—	-15,000
Loss (gain) on valuation of investment securities	—	-2,006
Loss (gain) on disposal of non-current assets	3,091	56,654
Decrease (increase) in trade receivables	-67,936	37,264
Decrease (increase) in inventories	7,969,260	-2,678,055
Decrease (increase) in advance payments to suppliers	-217,801	-114,210
Increase (decrease) in trade payables	-188,065	172,174
Decrease (increase) in other assets	56,467	-189,184
Increase (decrease) in other liabilities	258,287	-423,691
Subtotal	8,275,892	-1,259,076
Interest and dividends received	5,550	7,143
Interest paid	-161,060	-219,976
Income taxes refund (paid)	-9,494	-76,162
Net cash provided by (used in) operating activities	8,110,887	-1,548,072
Cash flows from investing activities		
Payments into time deposits	-64,201	-57,511
Proceeds from withdrawal of time deposits	—	11,809
Purchase of non-current assets	-913,847	-1,303,037
Proceeds from sale of non-current assets	245	—
Long-term loans advances	—	-4,664
Other	30	20
Cash flows from investing activities	-977,773	-1,353,383

	Interim consolidated fiscal period of FY2023	Interim consolidated fiscal period of FY2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-5,597,880	33,988
Proceeds from long-term borrowings	1,987,600	6,177,470
Repayments of long-term borrowings	-2,550,601	-2,097,585
Redemption of bonds	-50,000	-50,000
Repayments of lease liabilities	-9,568	-10,118
Dividends paid	-75,564	-80,020
Net cash provided by (used in) financing activities	-6,296,014	3,973,733
Net increase (decrease) in cash and cash equivalents	837,100	1,072,277
Cash and cash equivalents at beginning of fiscal period	4,734,391	4,690,001
Cash and cash equivalents at end of interim period	5,571,492	5,762,279

(4) Notes on interim financial report

(Notes on changes in accounting methods)

(Application of “Accounting Standards for Corporate Tax, Resident Tax, and Business Tax, etc.”)

“Accounting Standards for Corporate Tax, Resident Tax, and Business Tax, etc.” (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the “2022 Revised Accounting Standards”) has been applied from the beginning of this interim consolidated accounting period.

With regards to revisions to the classification of corporate income taxes and other items (taxation on other comprehensive income), the transitional treatment stipulated in the proviso of Paragraph 20-3 of the 2022 Revised Accounting Standards and the transitional treatment prescribed in the proviso of Paragraph 65-2 (2) of the “Implementation Guideline on Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022). The change had no impact on the interim consolidated financial statements.

(Changes in presentation methods)

(Changes regarding consolidated interim statement of income)

“Insurance claims receivable”, which was previously listed separately as part of non-operating income in the consolidated cumulative period of the previous interim consolidated accounting period, has become less significant in terms of monetary importance. Therefore, it has been included in the “Other” category of non-operating income from the current interim consolidated accounting period. In order to reflect this change in presentation method, we have reclassified the interim consolidated financial statements for the previous interim consolidated accounting period.

As a result, the 2,827 thousand yen listed under “insurance receivables” and the 3,692 thousand yen listed as “Others” in the non-operating income of the interim consolidated profit and loss statement for the previous interim consolidated accounting period, were reclassified as “other” of 6,520 thousand yen.

(Notes on premise of going concern)

Not applicable

(Notes on significant changes in shareholders’ equity)

Not applicable

(Additional information)

(Transferring from tangible noncurrent asset to real estate for sale)

Due to change in the purpose of ownership, a part of the tangible noncurrent assets has been transferred to real estate for sale, as per below:

	(Thousand yen)	
	Fiscal period ended May 31, 2024 (June 1, 2023 to May 31, 2024)	Current interim consolidated cumulative period ended November 30, 2024 (June 1, to November 30, 2024)
Building and structures	1,575,910	48,671
Land	2,985,781	143,444
Leasehold interests in land	464,906	—
Construction in progress	32,881	—
Other	1,535	—
Total	5,061,014	192,115

(Transferring from real estate for sale to tangible noncurrent asset)

Due to change in the purpose of ownership, part of real estate for sale has been transferred to tangible noncurrent asset, as per below:

	(Thousand yen)	
	Fiscal period ended May 31, 2024 (June 1, 2023 to May 31, 2024)	Current interim consolidated cumulative period ended November 30, 2024 (June 1, to November 30, 2024)
Building and structures	565,033	265,230
Land	1,921,624	1,365,178
Other	1,208	—
Total	2,487,865	1,630,408

(Segment information)

I. Previous interim consolidated accounting period (from June 1, 2023 to November 30, 2023)

1. Information regarding the amounts of net sales and profit or loss by reported segments

(Thousand yen)

	Reported segments			Adjustment (Note 1)	Amount on consolidated financial statements (Note 2)
	Renovation Business	Solution Business	Total		
Net sales					
Revenue from contracts with customers	19,833,891	2,258,252	22,092,143	—	22,092,143
Other revenue	52,573	525,542	578,116	—	578,116
Sales – outside customers	19,886,465	2,783,794	22,670,260	—	22,670,260
Sales and transfer - intersegment	—	—	—	—	—
Total	19,886,465	2,783,794	22,670,260	—	22,670,260
Segment profit or loss (-)	136,486	545,766	682,253	-442,558	239,694

(Notes) 1. The adjustment to segment profit of -442,558 thousand yen is corporate expenses that are not allocated to any reported segment. Corporate expenses are mainly general and administrative expenses that are not attributed to reported segments.

2. Segment profit was adjusted with operating profit on the interim consolidated statement of income.

II. Current interim consolidated accounting period (from June 1, 2024 to November 30, 2024)

1. Information regarding the amounts of net sales and profit or loss by reported segments

(Thousand yen)

	Reported segments			Adjustment (Note 1)	Amount on consolidated financial statements (Note 2)
	Renovation Business	Solution Business	Total		
Net sales					
Revenue from contracts with customers	17,421,520	4,157,893	21,579,414	—	21,579,414
Other revenue	57,318	998,131	1,055,449	—	1,055,449
Sales – outside customers	17,478,839	5,156,025	22,634,864	—	22,634,864
Sales and transfer - intersegment	—	—	—	—	—
Total	17,478,839	5,156,025	22,634,864	—	22,634,864
Segment profit	664,558	1,504,878	2,169,437	-432,694	1,736,742

(Notes) 1. The adjustment to segment profit of -432,694 thousand yen is corporate expenses that are not allocated to any reported segment. Corporate expenses are mainly general and administrative expenses that are not attributed to reported segments.

2. Segment profit was adjusted with operating profit on the interim consolidated quarterly statement of income.

(Important subsequent matters)

Not applicable