



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

English translation from the original Japanese-language document.

October 4, 2024

Company name	INTELLEX Co., Ltd.	Listings	Tokyo Stock Exchange
Securities code	8940	URL	http://www.intellex.co.jp/
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Contact	Director and Executive Officer, Kazunari Nakaharai		
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Scheduled dates:			
Commencement of dividend payments	-		
Supplementary documents for results	Yes		
Quarterly results briefing	No		

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

1. Consolidated financial results for the first quarter of fiscal year ending May 31, 2025
(Cumulative: June 1, 2024 to August 31, 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	%
For the 1Q of fiscal year ending May 31, 2025	10,416	-0.6	1,282	—	1,174	—	810	—
For the 1Q of fiscal year ended May 31, 2024	10,483	41.6	-88	—	-131	—	-55	—

(Note) Comprehensive income:

For the 1Q of fiscal year ending May 31, 2025: 812 million yen (-%)

For the 1Q of fiscal year ended May 31, 2024: -45 million yen (-%)

	Profit per share	Diluted profit per share
	yen	yen
For the 1Q of fiscal year ending May 31, 2025	101.09	—
For the 1Q of fiscal year ended May 31, 2024	-6.58	—

(2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio
	million yen	million yen	%
As of August 31, 2024	45,152	12,605	27.9
As of May 31, 2024	40,710	11,872	29.1

(Reference) Shareholders' equity:

As of August 31, 2024: 12,587 million yen As of May 31, 2024: 11,854 million yen

2. Dividends

	Dividend per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Total
Fiscal year ended May 31, 2024	yen —	yen 9.00	yen —	yen 10.00	yen 19.00
Fiscal year ending May 31, 2025	—	—	—	—	—
Fiscal year ending May 31, 2025 (forecast)		17.00	—	17.00	34.00

(Notes) Revisions to the latest dividends forecast: None

Breakdown of second quarter-end dividend of FY2025:

Ordinary dividend of ¥10.00 and 30th anniversary commemorative dividend of ¥7.00

Breakdown of year-end dividend of FY2025:

Ordinary dividend of ¥10.00 and 30th anniversary commemorative dividend of ¥7.00

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
Half-year (cumulative)	21,280	-6.1	1,293	439.5	1,062	918.4	725	896.9	90.57
Full-year	45,011	5.4	1,619	74.0	1,186	95.2	896	116.6	111.90

(Notes) Revisions to the latest forecast: None

Notes:

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

(2) Application of accounting methods specific to quarterly report: 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 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 August 31, 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 August 31, 2024: 917,009 shares

As of May 31, 2024: 917,009 shares

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

For the first quarter of fiscal year ending May 31, 2025: 8,015,091 shares

For the first quarter of fiscal year ended May 31, 2024: 8,374,184 shares

Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: none

Explanation of appropriate use of forecasts of business results; other important items: (Notes for financial projections, etc.)

Forward-looking statements, such as earnings forecasts, contained in this material are based on information currently available to the Company and are judged to be reasonable. This is based on certain assumptions, and actual results may differ significantly due to various factors. For prerequisite conditions and precautions for the use of earnings forecasts, please refer to [Appendix] page 3 “1. Summary of results of operations and financial position (3) Explanation of consolidated earnings forecast and other forward-looking statements.”

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1. Summary of results of operations and financial position

(1) Explanation of operating results

During the first quarter of fiscal year ending May 31, 2025 (from June 1, 2024 to August 31, 2024), Japan's economy has been recovering moderately on the whole, reflecting strong corporate profits supporting business **fixed** capital investment, an improvement in the income situation of households, and strong inbound demand due to the depreciation of the yen.

According to the East Japan Real Estate Distribution Organization (East Japan Rains), the contract price of the pre-owned condominium market in the Tokyo metropolitan area fell by 1.1% year-on-year in August 2024, the first decline in 51 months since May 2020. As for the number of transactions, the period from June to August 2024 saw a slight increase of 0.4% compared to the same period in the previous year, remaining essentially at the same level.

In the Renovation Business Field, the number of sales of Renovated Condominiums in the first quarter decreased by 31.0% year-on-year to 214 units, due to the reduction of the pace of purchases and the streamlining of inventories in the previous fiscal year, with a focus on strengthening the financial balance. In addition, the average selling price decreased by 1.5% year-on-year to 27.69 million yen, resulting in a 28.3% year-on-year decrease in net sales in this business segment. In the Solutions Business segment, net sales saw a remarkable year-on-year increase of 226.9%. This growth was driven by several factors, including the sale of income-generating properties, the launch of the Asset Sharing + (Plus) small-lot real estate investment product, and an increase in sales in the Hotel Business, which is experiencing a high occupancy rate. As a result, consolidated net sales for the current fiscal period decreased by 0.6% year-on-year, almost at the same level as the previous year.

In terms of profits, consolidated gross profit for the sale of Renovated Condominiums increased by 118.2% year-on-year due to a significant improvement in profit margins in the first quarter of the fiscal year as a result of the early sale of properties that had been held for a long time in the previous fiscal year, as well as the replacement of these with newly acquired properties. Selling, general and administrative expenses increased only 1.9% year-on-year, and operating profit increased significantly from the same period of the previous year.

As a result, net sales in the first quarter of the fiscal year ending May 2025 decreased by 0.6% year-on-year to 10,416 million yen, with operating profit of 1,282 million yen (operating loss of 88 million yen in the same period of the previous fiscal year) and ordinary profit of 1,174 million yen (ordinary loss of 131 million yen). Net profit attributable to owners of parent was 810 million yen (loss attributable to owners of parent was 55 million yen).

The results of the segments are as follows.

(Renovation Business)

Net sales of properties in this business area decreased by 31.8% year-on-year to 5,944 million yen due to a decrease in the number of sales of Renovated Condominiums. Net sales of rental income in this business area decreased by 2.6% year-on-year to 26 million yen. Net sales of other revenues in this business area increased by 19.5% year-on-year to 726 million yen.

As a result, net sales in this business segment decreased by 28.3% year-on-year to 6,696 million yen, but operating profit in this segment was 234 million yen (operating loss of 80 million yen in the same period of the previous fiscal year) due to a significant improvement in the profit margin on the sale of Renovated Condominiums.

(Solution Business)

Net sales of properties in this business area increased by 492.6% year-on-year to 2,803 million yen, mainly due to the sale of income-generating properties and the formation of the real estate small-lot product "Asset Sharing+ (Plus)." Net sales of rental income in this business area increased by 4.0% year-on-year to 245 million yen. Net sales of other revenues in this business area increased by 56.5% year-on-year to 670 million yen, thanks to the contribution of sales from the hotel business and from our subsidiary, Saisei Jutaku Partners Co., Ltd.

As a result, net sales in this business area were 3,719 million yen (up 226.9% year-on-year) and operating profit was 1,266 million yen (up 468.7% year-on-year).

(2) Explanation of financial position

As of the end of the first quarter of the current fiscal year, assets were 45,152 million yen (an increase of 4,441 million yen from the end of the previous consolidated fiscal year), liabilities were 32,547 million yen (an increase of 3,709 million yen), and net assets were 12,605 million yen (an increase of 732 million yen).

(Assets)

The main reasons for the increase in assets were an increase of 1,074 million yen in cash and deposits, 2,014 million yen in real estate for sale, and 1,264 million yen in tangible assets.

(Liabilities)

The main reasons for the increase in liabilities were an increase of 1,536 million yen in short-term borrowings, 1,001 million yen in current portion of long-term borrowings, 257 million yen in unpaid income taxes, and 1,513 million yen in long-term borrowings, while other current liabilities decreased by 656 million yen.

(Net assets)

The main reason for the increase in net assets was a decrease of 80 million yen due to dividends of surplus, while net profit attributable to owners of parent was 810 million yen.

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

There is no change in the consolidated earnings forecast for the second quarter (cumulative) and full year of the fiscal year ending May 2025, which was disclosed at the time of the announcement of the financial results for the fiscal year ended on May 2024 (July 12, 2024).

2. Consolidated quarterly financial statements and major notes

(1) Consolidated quarterly balance sheet

(Thousand yen)

	As of May 31, 2024	As of August 31, 2024
Assets		
Current assets		
Cash and deposits	4,980,415	6,054,929
Accounts receivable - trade	401,532	382,267
Real estate for sale	20,308,884	22,323,462
Advance payments to suppliers	393,159	452,707
Other	369,900	420,407
Allowance for doubtful accounts	-1,867	-2,377
Total current assets	26,452,025	29,631,397
Non-current assets		
Tangible assets		
Building and structures, net	3,965,077	4,095,456
Land	8,031,901	9,173,108
Lease asset, net	58,828	52,879
Construction in progress	26,898	26,876
Other, net	15,859	15,030
Total tangible assets	12,098,565	13,363,351
Intangible assets		
Other	89,690	83,500
Total intangible assets	89,690	83,500
Investments and other assets		
Investment securities	921,438	963,687
Deferred tax assets	166,302	120,995
Other	987,866	995,126
Allowance for doubtful accounts	-5,070	-5,473
Total investments and other assets	2,070,536	2,074,336
Total non-current assets	14,258,791	15,521,188
Total assets	40,710,816	45,152,585

	(Thousand yen)	
	As of May 31, 2024	As of August 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	619,664	707,080
Short-term borrowings	11,338,236	12,874,522
Current portion of bonds payable	100,000	100,000
Current portion of long-term borrowings	2,286,969	3,288,796
Income taxes payable	103,032	360,974
Contract liabilities	179,640	228,126
Provision for guarantee for after-sales service	45,977	52,996
Other	1,680,041	1,023,355
Total current liabilities	16,353,562	18,635,852
Non-current liabilities		
Bonds	400,000	400,000
Long-term borrowings	11,544,843	13,058,407
Asset retirement obligations	82,776	67,810
Other	456,984	385,222
Total non-current liabilities	12,484,604	13,911,441
Total liabilities	28,838,167	32,547,293
Net assets		
Shareholders' equity		
Capital stock	2,253,779	2,253,779
Capital surplus	2,447,492	2,447,492
Retained earnings		
Other retained earnings		
Reserve for open innovation tax incentive	22,548	22,548
Retained earnings brought forward	7,604,498	8,334,598
Total retained earnings	7,627,047	8,357,146
Treasury shares	-533,744	-533,744
Total shareholders' equity	11,794,574	12,524,673
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	60,075	62,618
Total accumulated other comprehensive income	60,075	62,618
Non-controlling interests	18,000	18,000
Total net assets	11,872,649	12,605,292
Total liabilities and net assets	40,710,816	45,152,585

(2) Consolidated quarterly statement of income and consolidated quarterly statement of comprehensive income
 (Consolidated quarterly statement of income)
 (Cumulative during the period)

	(Thousand yen)	
	First quarter of FY2024	First quarter of FY2025
Net sales	10,483,513	10,416,421
Cost of sales	9,303,289	7,841,648
Gross profit	1,180,224	2,574,772
Selling, general and administrative expenses	1,268,234	1,292,230
Operating profit	-88,009	1,282,541
Non-operating income		
Interest income	23	301
Dividend income	4,653	6,766
Penalty income	17,800	2,529
Outsourcing service fee	3,204	3,204
Subsidy income	24,473	160
Commission income	2,964	1,065
Gain on investment in silent partnership	31,080	55,233
Other	1,993	3,789
Total non-operating income	86,192	73,050
Non-operating expenses		
Interest expenses	104,551	100,920
Commission expenses	20,881	47,558
Other	3,780	32,385
Total non-operating expenses	129,214	180,863
Ordinary profit or loss	-131,031	1,174,728
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	—
Total extraordinary losses	3,137	—
Profit or loss before income taxes	-134,123	1,189,728
Income taxes - current	11,773	335,294
Income taxes - deferred	-90,825	44,184
Total income taxes	-79,052	379,478
Profit or loss	-55,070	810,250
Profit or loss attributable to owners of parent	-55,070	810,250

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

(Thousand yen)

	First quarter of FY2024	First quarter of FY2025
Profit or loss	-55,070	810,250
Other comprehensive income		
Valuation difference on available-for-sale securities	9,214	2,542
Total other comprehensive income	9,214	2,542
Comprehensive income	-45,855	812,793
(Breakdown)		
Comprehensive income attributable to owners of parent	-45,855	812,793
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes on quarterly financial report

(Notes on changes in accounting policies)

Application of “Accounting Standard for Current Income Taxes”

“Accounting Standard for Current Income Taxes.” (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the “Revised Accounting Standard 2022”) has been applied from the beginning of the first quarter of the current consolidated fiscal year. With regard 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 Article 20-3 of the Revised Accounting Standards 2022 and the transitional treatment prescribed in Article 65-2 (2) of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022). This change had no impact on the quarterly consolidated financial statements.

(Changes in presentation methods)

(Changes regarding consolidated quarterly statement of income)

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

As a result, the 126 thousand yen listed under “insurance receivables” and the 1,866 thousand yen listed as “others” in the non-operating income section of the quarterly consolidated statements for the first quarter of the previous fiscal year, were reclassified as “other” of 1,993 thousand yen.

(Notes on premise of going concern)

Not applicable

(Notes on significant changes in shareholders’ equity)

Not applicable

(Notes on quarterly consolidated statements of cash flow)

We have not prepared a consolidated quarterly statement of cash flow for the first quarter of the current fiscal year.

Depreciation, including amortization of intangible fixed assets, excluding goodwill, for the first quarter is as shown below:

	(Thousand yen)	
	First quarter of FY2024	First quarter of FY2025
Depreciation	68,715	66,972

(Notes on segment information, etc.)

(Segment information)

I. For the 1st quarter of FY2024 (from June 1, 2023 to August 31, 2023): cumulative

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 quarterly financial statements (Note 2)
	Renovation Business	Solution Businesses	Total		
Net sales					
Revenue from contracts with customers	9,318,535	901,720	10,220,256	—	10,220,256
Other revenue	27,050	236,206	263,257	—	263,257
Sales – outside customers	9,345,586	1,137,927	10,483,513	—	10,483,513
Sales and transfer -inter-segment	—	—	—	—	—
Total	9,345,586	1,137,927	10,483,513	—	10,483,513
Segment profit or loss (-)	-80,547	222,639	142,091	-230,101	-88,009

(Notes) 1. The adjustment to segment profit of -230,101 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 consolidated quarterly statement of income.

II. For the 1st quarter of FY2024 (from June 1, 2024 to August 31, 2024): cumulative

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

	Reported segments			Adjustment (Note 1)	Amount on consolidated financial statements (Note 2) (Thousand yen)
	Renovation Business	Solution Businesses	Total		
Net sales					
Revenue from contracts with customers	6,670,564	3,116,316	9,786,881	—	9,786,881
Other revenue	26,346	603,193	629,539	—	629,539
Sales – outside customers	6,696,911	3,719,509	10,416,421	—	10,416,421
Sales and transfer -inter-segment	—	—	—	—	—
Total	6,696,911	3,719,509	10,416,421	—	10,416,421
Segment profit	234,163	1,266,109	1,500,273	-217,731	1,282,541

(Notes) 1. The adjustment to segment profit of -217,731 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 consolidated quarterly statement of income.

(Important subsequent matters)

(Disposal of treasury shares as a restricted share compensation)

1. On October 1, 2024, we completed the procedures for the disposal of treasury share as restricted share compensation to directors and executives of the Company and its subsidiaries, which was resolved at the Board of Directors meeting held on September 6, 2024.

Summary of disposal of treasury share

1	Date of disposal	October 1, 2024
2	Type and number of shares to be disposed	34,000 common shares
3	Disposal price	657 yen per share
4	Total price of shares to be disposed	22,338,000 yen
5	Parties (and numbers) and number of shares to be disposed	7 Executive Directors of the parent: 13,800 shares 31 employees of the parent: 12,600 shares 3 Executive Directors of the subsidiary: 2,100 shares 12 employees of the subsidiary: 5,500 shares

2. On October 1, 2024, we completed the procedures for the disposal of treasury shares as a grant of restricted share to employees of the Company and its subsidiaries, as resolved by the Board of Directors held on September 6, 2024.

Summary of disposal of treasury share

1	Date of disposal	October 1, 2024
2	Type and number of shares to be disposed	55,800 common shares
3	Disposal price	657 yen per share
4	Total price of shares to be disposed	36,660,600 yen
5	Parties (and numbers) and number of shares to be disposed	279 employees of the Group: 55,800 shares