



Summary of Consolidated Financial Results at the End of the Third Quarter of Fiscal Year Ending May 31, 2025 (Japanese Accounting Standards)

English translation from the original Japanese-language document.

April 7, 2025

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Securities code 8940 URL <http://www.intellex.co.jp/>
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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 at the end of the third quarter of fiscal year ending May 31, 2025 (Cumulative from June 1, 2024 to February 28, 2025)

(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 | % |
| At the end of the 3Q of fiscal year ending May 31, 2025 | 31,057 | 2.2 | 1,834 | — | 1,721 | — | 1,346 | — |
| At the end of the 3Q of fiscal year ended May 31, 2024 | 30,381 | 8.6 | 165 | -52.8 | -54 | — | -36 | — |

(Note) Comprehensive income:

At the end of the 3Q of fiscal year ending May 31, 2025: 1,334 million yen (-%)

At the end of the 3Q of fiscal year ended May 31, 2024: -8 million yen (-%)

| | Profit per share | Diluted profit per share |
|---|------------------|--------------------------|
| | yen | yen |
| At the end of the 3Q of fiscal year ending May 31, 2025 | 166.96 | — |
| At the end of the 3Q of fiscal year ended May 31, 2024 | -4.37 | — |

(2) Consolidated financial position

| | Total assets | Net assets | Equity capital ratio |
|-------------------------|--------------|-------------|----------------------|
| | million yen | million yen | % |
| As of February 28, 2025 | 50,627 | 13,047 | 25.7 |
| As of May 31, 2024 | 40,710 | 11,872 | 29.1 |

(Reference) Shareholders' equity:

As of February 28, 2025: 13,029 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 |
| | 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 dividend at the end of interim period ending May 2025:

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

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

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

3. Consolidated earnings forecast for the fiscal year ending May 31, 2025 (from 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 | 152.59 |

(Notes) Revisions to the latest forecast: None

Notes:

(1) Changes in significant subsidiaries during the fiscal period under review: 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 year (including treasury shares)

As of February 28, 2025: 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 February 28, 2025: 831,709 shares

As of May 31, 2024: 917,009 shares

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

For the 3Q of fiscal year ending May 31, 2025: 8,063,696 shares

For the 3Q of fiscal year ended May 31, 2024: 8,348,013 shares

* Review by a certified public accountant or an auditing firm of the attached quarterly consolidated financial statements:
None

*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 we consider to be reasonable. Actual financial results may differ significantly from the projections for various reasons. For points to note when using such assumptions and financial projections, please see “1. Summary of results of operations and financial position (3) Explanation of consolidated earnings forecasts and other forward-looking statements” on page 3 of the attached materials.

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1. Summary of results of operations and financial position

(1) Explanation of operating results

During the third quarter of this consolidated fiscal year (June 1, 2024 to February 28, 2025), Japan's economy continued to on a path of overall recovery. Strong corporate earnings continued to support steady capital investment, while the negative impact of rising prices on household consumption was partially mitigated by a gradual improvement in household income. Inbound tourism demand also has strengthened, bolstered by the weak yen.

According to the East Japan Real Estate Transaction Organization (East Japan REINS), the pre-owned condominium market in the Tokyo metropolitan area remained strong. Transaction volume rose by 5.7% year-on-year during the reporting period (June 2024 to February 2025), while the average transaction price in February 2025 increased 2.6% higher compared to the same month of the previous year.

In the Renovex Condominium Sales Business, the increase in sales in the previous fiscal year was driven by strategic efforts to clear long-held inventory. While inventory levels have since improved, unit sales in the current fiscal year through the third quarter totaled 731 units – an 11.7% decrease year-on-year, reflecting a natural adjustment from the previous fiscal year's strong performance. However, the average selling price increased to 28.61 million yen, up 2.6% from the previous year. As a result, sales in this segment declined by 4.7% compared to the same period last year. Meanwhile, the Solutions Business segment delivered strong results, with sales rising 35.2% year-on-year. This growth was supported by the sale of a profitable property, successful development of our fractional ownership real estate product “Asset Sharing +”, the operational expansion of our subsidiary Saisei Jutaku Partners, Co. Ltd, and consistently high occupancy rates in our hotel business. As a result, consolidated sales for the period increased 2.2% compared to the same period in the previous year.

Regarding profitability, the Renovex Condominium sales saw a significant improvement in profit margin, driven by successful inventory turnover achieved in the previous fiscal year. Additionally, the Solution Business saw substantial profit growth, particularly from the sale of a profitable property. These factors led to a 53.0% year-on-year increase in consolidated gross profit. Operating profit also saw a significant increase – by a factor of 11.1 – despite a 10.1% increase in selling, general and administrative expenses over the same period.

As a result, for the consolidated cumulative third quarter of the fiscal year ending May 2025, sales increased 2.2% year-on-year to 31,057 million yen. Operating profit reached 1,834 million yen, an 11.1-fold increase compared to the same period in the previous year. Ordinary profit amounted to 1,721 million yen, reversing the ordinary loss of 54 million yen recorded in the same period last year. Quarterly net profit attributable to owners of the parent turned positive, reaching 1,346 million yen, compared to a quarterly net loss of 36 million yen in the same period of the previous fiscal year.

Operating results by segment were as follows:

(Renovation Businesses)

Sales from property sales in this business segment declined by 9.4% year on year, totaling 20,936 million yen, mainly due to a decrease in the number of Renovex condominiums sales and other property transactions. However, rental revenue in the segment increased by 5.7% year-on-year reaching 89 million yen. Additionally, sales from other revenue sources grew significantly by 52.0% year-on-year to 2,906 million yen. This growth was driven by contributions from Saisei Jutaku Partners Co. Ltd.'s joint property acquisition and resale business, as well as Intellex Space Design Co., Ltd.'s the renovation interior design business.

As a result, total sales in this business segment declined by 4.7% year-on-year to 23,932 million yen. Despite this, operating profit surged by 487.7% year-on-year to 706 million yen, mainly due to a substantial improvement in profit margins from Renovex condominium sales.

(Solution Business)

Sales in the Solution Business segment grew by 17.6% year-on-year, reaching 4,137 million yen, primarily driven by the sale of a profitable property and progress in the development of the fractional ownership real estate product “Asset Sharing +”. Rental income also increased by 2.4% year-on-year, totaling 719 million yen. In addition, other income rose sharply by 116.3% year-on-year to 2,267 million yen, supported by sales contribution from a successful property joint venture operated by Saisei Jutaku Partners, Co. Ltd, as well as the strong performance of the hotel business.

As a result, total sales in this business segment grew by 35.2% year-on-year to 7,124 million yen, while operating rose significantly by 154.9% to 1,809 million yen.

(2) Explanation of financial position

As of the end of this fiscal period, the company's financial position stood as follows: total assets amounted to 50,627 million yen, reflecting an increase of 9,916 million yen compared to the end of the previous consolidated fiscal year. Liabilities were 37,579 million yen, up by 8,741 million yen, while net assets totaled 13,047 million yen, showing an increase of 1,175 million yen.

(Assets)

The increase in total assets was primarily driven by a rise of 6,919 million yen in real estate for sale, 156 million yen in other current assets, 3,327 million yen in tangible assets (property, plant, and equipment), and 250 million yen in investments and other assets. These gains were partially offset by a decline of 646 million yen in cash and deposits.

(Liabilities)

Liabilities grew mainly due to increases of 2,946 million yen in short-term borrowings, 402 million yen in income taxes payable, 229 million yen in contract liabilities, and 6,286 million yen in long-term borrowings. These increases were partially counterbalanced by a reduction of 254 million yen in the current portion of long-term borrowings and a decrease of 728 million yen in other current liabilities.

(Net assets)

The increase in net assets was largely due to the recording of 1,346 million yen in quarterly net income attributable to owners of parent. This was partially offset by a decrease of 217 million yen due to dividends payments from surplus.

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

There are no revisions to the consolidated earnings forecast as stated in the “Summary of Consolidated Financial Results for the First Half of Fiscal Year Ending May 31, 2025” released on January 10, 2025.

2. Consolidated financial statements and major notes

(1) Consolidated balance sheet

(Thousand yen)

| | As of May 31, 2024 | As of February 28, 2025 |
|------------------------------------|--------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 4,980,415 | 4,334,202 |
| Accounts receivable - trade | 401,532 | 353,331 |
| Real estate for sale | 20,308,884 | 27,228,064 |
| Advance payments - trade | 393,159 | 421,976 |
| Other | 369,900 | 526,215 |
| Allowance for doubtful accounts | -1,867 | -1,602 |
| Total current assets | 26,452,025 | 32,862,189 |
| Non-current assets | | |
| Tangible assets | | |
| Building and structures, net | 3,965,077 | 4,669,918 |
| Land | 8,031,901 | 10,640,231 |
| Lease asset, net | 58,828 | 40,980 |
| Construction in progress | 26,898 | 25,181 |
| Other, net | 15,859 | 49,262 |
| Total tangible assets | 12,098,565 | 15,425,574 |
| Intangible assets | | |
| Other | 89,690 | 18,562 |
| Total intangible assets | 89,690 | 18,562 |
| Investments and other assets | | |
| Investment securities | 921,438 | 1,046,817 |
| Deferred tax assets | 166,302 | 131,529 |
| Other | 987,866 | 1,148,000 |
| Allowance for doubtful accounts | -5,070 | -5,193 |
| Total investments and other assets | 2,070,536 | 2,321,153 |
| Total non-current assets | 14,258,791 | 17,765,290 |
| Total assets | 40,710,816 | 50,627,479 |

(Thousand yen)

| | As of May 31, 2024 | As of February 28, 2025 |
|---|--------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 619,664 | 584,971 |
| Short-term borrowings | 11,338,236 | 14,284,408 |
| Current portion of bonds available | 100,000 | 100,000 |
| Current portion of long-term borrowings | 2,286,969 | 2,032,496 |
| Income taxes payable | 103,032 | 505,852 |
| Contract liabilities | 179,640 | 409,421 |
| Allowance for guarantee of after-sales service | 45,977 | 56,395 |
| Other | 1,680,041 | 951,591 |
| Total current liabilities | 16,353,562 | 18,925,136 |
| Non-current liabilities | | |
| Bonds | 400,000 | 350,000 |
| Long-term borrowings | 11,544,843 | 17,831,295 |
| Asset retirement obligations | 82,776 | 93,131 |
| Other | 456,984 | 379,987 |
| Total non-current liabilities | 12,484,604 | 18,654,414 |
| Total liabilities | 28,838,167 | 37,579,551 |
| 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 | 8,732,866 |
| Total retained earnings | 7,627,047 | 8,755,415 |
| Treasury shares | -533,744 | -481,476 |
| Total shareholders' equity | 11,794,574 | 12,981,940 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 60,075 | 47,987 |
| Total of accumulated other comprehensive income | 60,075 | 47,987 |
| Non-controlling interests | 18,000 | 18,000 |
| Total net assets | 11,872,649 | 13,047,928 |
| Total liabilities and net assets | 40,710,816 | 50,627,479 |

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

(Thousand yen)

| | From June 1, 2023 to February 29, 2024 | From June 1, 2024 to February 28, 2025 |
|--|---|---|
| Net sales | 30,381,357 | 31,057,036 |
| Cost of sales | 26,530,246 | 25,164,095 |
| Gross profit | 3,851,110 | 5,892,940 |
| Selling, general and administrative expenses | 3,685,844 | 4,058,131 |
| Operating profit | 165,265 | 1,834,808 |
| Non-operating income | | |
| Interest income | 54 | 2,514 |
| Dividend income | 10,023 | 6,766 |
| Gain on sale of investment securities | — | 2,006 |
| Penalty income | 25,179 | 22,248 |
| Outsourcing service income | 9,613 | 9,613 |
| Subsidiary income | 56,756 | 136,755 |
| Commission income | 6,180 | 3,763 |
| Gain on investments in silent partnerships | 56,860 | 169,511 |
| Other | 12,024 | 17,371 |
| Total non-operating income | 176,692 | 370,550 |
| Non-operating expenses | | |
| Interest expenses | 278,269 | 334,880 |
| Commission expenses | 97,765 | 113,785 |
| Other | 20,823 | 35,553 |
| Total non-operating expenses | 396,858 | 484,219 |
| Ordinary profit or loss | -54,900 | 1,721,139 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 45 | — |
| Gain on reversal of asset retirement obligations | — | 15,000 |
| Compensation for forced relocation | — | 318,060 |
| Total extraordinary income | 45 | 333,060 |
| Extraordinary losses | | |
| Loss on disposal of non-current assets | 3,477 | 57,358 |
| Head office relocation expenses | — | 56,674 |
| Total extraordinary losses | 3,477 | 114,032 |
| Profit or loss before income taxes | -58,332 | 1,940,167 |
| Income taxes - current | 34,619 | 553,769 |
| Income taxes - deferred | -56,430 | 40,107 |
| Total income taxes | -21,811 | 593,877 |
| Profit or loss | -36,521 | 1,346,290 |
| Profit or loss attributable to owners of parent | -36,521 | 1,346,290 |

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

| | (Thousand yen) | |
|--|---|---|
| | From June 1, 2023 to February 29, 2024 | From June 1, 2024 to February 28, 2025 |
| Profit or loss | -36,521 | 1,346,290 |
| Other comprehensive income or loss (-) | | |
| Valuation difference on available-for-sale securities | 28,156 | -12,088 |
| Total other comprehensive income | 28,156 | -12,088 |
| Comprehensive income | -8,365 | 1,334,201 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of parent | -8,365 | 1,334,201 |
| Comprehensive income attributable to non-controlling interests | — | — |

(3) Notes on the quarterly financial report

(Notes on changes in accounting methods)

(Application of “Accounting Standards for Corporate Tax, Resident Tax, and Business Tax,” and other standards)

“Accounting Standard for Corporate Taxes, Resident Taxes, Enterprise Taxes.” (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the “2022 Revised Accounting Standards” and other standards have been applied from the beginning of the first quarter 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 quarterly consolidated financial statements.

(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 tangible non-current assets has been transferred to real estate for sale. Below is the summary:

(Thousand yen)

| | Fiscal period ended May 31, 2024 (from June 1, 2023 to May 31, 2024) | Third quarter of consolidated cumulative period of the fiscal year ending May 2025 (from June 1, 2024 to February 28, 2025) |
|-----------------------------|--|---|
| Building and structures | 1,575,910 | 99,134 |
| Land | 2,985,781 | 203,526 |
| Leasehold interests in land | 464,906 | — |
| Construction in progress | 32,881 | — |
| Other | 1,535 | — |
| Total | 5,061,014 | 302,661 |

(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 non-current assets. Below is the summary:

(Thousand yen)

| | Fiscal period ended May 31, 2024 (from June 1, 2023 to May 31, 2024) | Third quarter of consolidated cumulative period of the fiscal year ending May 2025 (from June 1, 2024 to February 28, 2025) |
|-------------------------|--|---|
| Building and structures | 565,033 | 443,572 |
| Land | 1,921,624 | 1,463,076 |
| Other | 1,208 | — |
| Total | 2,487,865 | 1,906,649 |

(Notes on consolidated quarterly statement of cash flows)

No quarterly consolidated cash flow statement was prepared for the third quarter of the current consolidated cumulative period. Depreciation (including amortization expenses for intangible assets other than goodwill) for the third quarter of the current consolidated cumulative period is as follows:

(Thousand yen)

| | Third quarter of consolidated cumulative period of the fiscal year ended May 2024 (from June 1, 2023 to February 29, 2024) | Third quarter of consolidated cumulative period of the fiscal year ending May 2025 (from June 1, 2024 to February 28, 2025) |
|--------------|---|--|
| Depreciation | 219,153 | 214,853 |

(Notes on segment information, etc.)

(Segment information)

I. Third quarter of consolidated cumulative period of the fiscal year ended May 2024 (from June 1, 2023 to February 29, 2024)

1. Information regarding the amount of sales and profit or loss by reportable segment, as well as information regarding the breakdown of sales

(Thousand yen)

| | Reported segments | | | Adjustment (Note 1) | Amount on consolidated quarterly financial statements (Notes 2) |
|-------------------------------------|---------------------|-------------------|------------|------------------------|--|
| | Renovation Business | Solution Business | Total | | |
| Net sales | | | | | |
| Sales from contracts with customers | 25,028,150 | 2,722,186 | 27,750,336 | — | 27,750,336 |
| Other sales | 84,869 | 2,546,150 | 2,631,020 | — | 2,631,020 |
| Sales – outside customers | 25,113,020 | 5,268,336 | 30,381,357 | — | 30,381,357 |
| Sales or transfers - intersegment | — | — | — | — | — |
| Total | 25,113,020 | 5,268,336 | 30,381,357 | — | 30,381,357 |
| Segment profit or loss (-) | 120,160 | 709,821 | 829,981 | -664,716 | 165,265 |

(Notes)

1. The segment profit adjustment of -664,716 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 to match the operating profit on the quarterly consolidated statement of income.

II. Third quarter of consolidated cumulative period of the fiscal year ending May 2025 (from June 1, 2024 to February 28, 2025)

1. Information regarding the amount of sales and profit or loss by reportable segment, as well as information regarding the breakdown of sales

(Thousand yen)

| | Reported segments | | | Adjustment (Note 1) | Amount on consolidated quarterly financial statements (Notes 2) |
|-------------------------------------|---------------------|-------------------|------------|------------------------|---|
| | Renovation Business | Solution Business | Total | | |
| Net sales | | | | | |
| Sales from contracts with customers | 23,842,897 | 5,877,261 | 29,720,158 | — | 29,720,158 |
| Other sales | 89,738 | 1,247,138 | 1,336,877 | — | 1,336,877 |
| Sales -outside customers | 23,932,635 | 7,124,400 | 31,057,036 | — | 31,057,036 |
| Sales and transfer - intersegment | — | — | — | — | — |
| Total | 23,932,635 | 7,124,400 | 31,057,036 | — | 31,057,036 |
| Segment profit | 706,135 | 1,809,315 | 2,515,450 | -680,641 | 1,834,808 |

(Notes)

1. The adjustment to segment profit of -680,641 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 quarterly consolidated statement of income.

(Important subsequent matters)

(Consideration of transition to a holding company structure)

At the Board of Directors meeting held on March 28, 2025, a resolution was passed to begin evaluating the potential transition to a holding company structure.

1. Background and purpose of considering the transition

Since our founding in 1995, we have consistently led the renovation sector through pioneering initiatives. Among our milestones, we were the first in the industry to offer an after-sales service guarantee for renovated condominium sales. Additionally, through our leadership in establishing and operating the Renovation Council, we have spearheaded the industry's growth, elevated public awareness, and driven market expansion.

As we approach our 30th anniversary in 2025, we are now considering a transition to a holding company structure. This strategic move is intended to enhance managerial agility, reinforce our corporate governance framework, and cultivate the next generation of leadership, with a long-term outlook extending over the coming decade and beyond.

Under this envisioned structure, the holding company would concentrate on formulating overall group strategy, supporting group companies, and providing a range of solution services in the real estate industry – such as SaaS-based prop-tech services, digital transformation solutions and energy efficient renovation solutions. The holding company would also actively engage in strategic investments such as mergers and acquisitions, to create more comfortable living environments and explore new business opportunities. Operating companies within the group would be responsible for executing their individual business strategies, aiming for profitability and agility that enables autonomous growth and quick responsiveness to market dynamics.

Through this structural transformation, we aim to optimize the allocation of management resources and accelerate the enhancement of corporate value, ultimately driving long-term, sustainable growth across the entire Intellex Group.

2. Timing and method of transition

We are currently targeting completion of the transition to a holding company structure by December 2025.

The specific method of implementation will be determined following a comprehensive assessment of various factors, including accounting treatment, tax implications, legal frameworks, and necessary procedural steps.

Importantly, shares of the holding company, to be held by our existing shareholders, will remain listed, and we do not anticipate any economic disadvantage for shareholders as a result of the transition.

The proposed transition will be subject to approval at our Ordinary General Meeting of Shareholders scheduled for August 2025. Further details regarding the transition timeline and the specific method to be adopted will be communicated in due course, once finalized.