



Summary of Consolidated Financial Results for the Fiscal Year Ended May 31, 2020
(Japanese Accounting Standards)

July 15, 2020

Company name	INTELLEX Co., Ltd.	Listings	First Section of Tokyo Stock Exchange
Securities code	8940	URL	http://www.intellex.co.jp/
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Scheduled dates:			
Annual Shareholders' Meeting	August 27, 2020		
Submission of securities report	August 27, 2020		
Commencement of dividend payments	August 12, 2020		
Supplementary documents for results	Yes		
Results briefing	No		

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

1. Consolidated financial results for the fiscal year 2020
(cumulative: June 1, 2019 to May 31, 2020)

(1) Operating results (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 fiscal year ended May 31, 2020	37,863	2.4	1,108	(33.7)	757	(44.4)	522	(37.3)
For the fiscal year ended May 31, 2019	36,981	(15.0)	1,672	7.2	1,362	8.7	832	3.6

(Note) Comprehensive income:

For the fiscal year ended May 31, 2020: 517 million yen (-37.5%)

For the fiscal year ended May 31, 2019: 828 million yen (0.1%)

	Profit per share	Diluted profit per share	Return on equity	Ordinary profit /total assets	Operating margin
	yen	yen	%	%	%
For the fiscal year ended May 31, 2020	60.82	—	4.9	2.0	2.9
For the fiscal year ended May 31, 2019	93.16	-	8.0	4.0	4.5

(Reference) Equity in net income of affiliated companies:

For the fiscal year ended May 31, 2020: - million yen

For the fiscal year ended May 31, 2019: - million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio	Net assets per share
	million yen	million yen	%	yen
As of May 31, 2020	38,596	10,635	27.5	1,247.33
As of May 31, 2019	36,756	10,663	29.0	1,191.93

(Reference) Shareholders' equity:

As of May 31, 2020: 10,618 million yen As of May 31, 2019: 10,646 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year end
	million yen	million yen	million yen	million yen
As of May 31, 2020	970	(1,816)	493	4,691
As of May 31, 2019	1,097	(5,184)	3,928	5,044

2. Dividends

	Dividend per share					Total dividends	Payout ratio	Dividend on equity (consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Total			
	yen	yen	yen	yen	yen	yen	%	%
Fiscal year ended May 31, 2019	—	17.00	—	17.00	34.00	303	36.5	2.9
Fiscal year ended May 31, 2020	—	11.00	—	11.00	22.00	187	36.2	1.8
Fiscal year ending May 31, 2021 (forecast)	—	—	—	—	—		—	

(Note) The dividend forecast for the fiscal year ending May 31, 2021 has yet to be determined at the moment.

3. Consolidated earnings forecast for the fiscal year ending May 31, 2021 (June 1, 2020 to May 31, 2021)

Due to the uncertain impact of COVID-19 pandemic worldwide, the forecast for the fiscal year ending May 31, 2021 has yet to be determined at the moment. The forecast will be announced promptly as soon as appropriate and reasonable assessment of the impact becomes possible.

Notes:

(1) Changes in significant subsidiaries during the fiscal year under review (changes in specified subsidiaries resulting in the change in scope of consolidation): None

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

a. Changes due to revision to accounting standards, etc.: None

b. Changes other than a: None

c. Changes in accounting estimates: None

d. Restatement: None

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

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

As of May 31, 2020: 8,932,100 shares

As of May 31, 2019: 8,932,100 shares

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

As of May 31, 2020: 418,909 shares

As of May 31, 2019: 109 shares

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

For the fiscal year ended May 31, 2020: 8,584,396 shares

For the fiscal year ended May 31, 2019: 8,931,899 shares

(Reference) Unconsolidated business results

1. Unconsolidated business results for the fiscal year ended May 31, 2020

(cumulative: June 1, 2019 to May 31, 2020)

(1) Operating results

(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 fiscal year ended May 31, 2020	36,133	1.8	1,014	(34.9)	645	(55.6)	437	(54.5)
For the fiscal year ended May 31, 2019	35,498	(15.9)	1,558	3.3	1,454	20.9	962	22.0

	Profit per share	Diluted profit per share
	yen	yen
For the fiscal year ended May 31, 2020	50.95	—
For the fiscal year ended May 31, 2019	107.71	—

(2) Unconsolidated financial position

	Total assets	Net assets	Equity capital ratio	Net assets per share
	million yen	million yen	%	yen
As of May 31, 2020	37,362	9,865	26.4	1,156.91
As of May 31, 2019	35,723	9,978	27.9	1,115.24

(Reference) Shareholders' equity: As of May 31, 2020: 9,848 million yen As of May 31, 2019: 9,961 million yen

*Yearly financial results reports 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.)

Due to uncertain impact of COVID-19 pandemic, the forecast for the fiscal year ending May 31, 2021 has yet to be determined at the moment. The forecast will be announced promptly as soon as rational assessment of the impact becomes possible. For further details, please see "1. Summary of results of operations and financial position (4) Explanation of consolidated earnings forecasts and other forward-looking statements" on page 4 of the attached materials.

Attached materials index:

1. Summary of results of operations and financial position.....	2
(1) Explanation of operating results.....	2
(2) Explanation of financial position.....	3
(3) Explanation of consolidated cash flows.....	3
(4) Explanation of consolidated earnings forecast and other forward-looking statements.....	3
(5) Basic policies regarding the allocation of profits and dividends for FY2020 and FY2021.....	4
2. Fundamental approach to the selection of accounting standards.....	4
3. Consolidated financial statements and major notes.....	5
(1) Consolidated balance sheet.....	5
(2) Consolidated statement of income and consolidated statement of comprehensive income.....	7
Consolidated statement of income.....	7
Consolidated statement of comprehensive income.....	8
(3) Consolidated statement of changes in net assets.....	9
(4) Consolidated statement of cash flows.....	11
(5) Notes to consolidated financial statements.....	13
(Notes on premise of going concern).....	13
(Basis of presenting consolidated financial statements).....	13
(Additional information).....	13
(Segment information).....	14
(Per share information).....	15
(Important subsequent matters).....	15

1. Summary of results of operations and financial position

(1) Explanation of operating results

During the fiscal year ended May 31, 2020 (June 1, 2019 to May 31, 2020), the Japanese economy experienced stagnation in corporate revenues, followed by gradual recovery in personal consumption thanks to robust employment and income environment. Since the beginning of 2020, however, worldwide pandemic of COVID-19 has massively impacted both domestic and international economy and led to worldwide recession.

According to Real Estate Information Network System for East Japan (REINS), during this fiscal year the number of used condominiums contracted in metropolitan Tokyo area has decreased by 52.6% year on year in April and by 38.5% respectively in May, and thus marked the total of 7.2% decrease year on year. The average contracted price, having trended higher year on year for the last ten months, ended up marking lower in April and May.

In our core Renovated Condominium Business, the number of units sold increased by 12.6% year on year to 1,336 units, reflecting purchase increase since the second half of last fiscal year. Speaking of sales results by area, sales in major cities outside Tokyo increased by 19.9% year on year to 734 units, and sales in metropolitan Tokyo area (which had been trending lower year on year) also increased by 4.7% year on year to 602 units. Average sales price, on the other hand, decreased by 3.5% year on year. As a result, sales in Renovated Condominium Business increased by 8.5% year on year to ¥30,767 million. In Other Real Estate Business, Asset Sharing Hakata project (one of our original real estate financial products in which real estate ownership is subdivided) has sold out, rental revenues increased thanks to acquisition of leaseback properties and sales increased in renovation business. Due to COVID-19 pandemic, however, sales of commercial building as well as a launch of new Asset Sharing product had to be postponed. As a result, total sales in Other Real Estate Business decreased by 17.7% to ¥7,096 million.

The consolidated total sales during this fiscal year, therefore, marked ¥37,863 million, a 2.4% increase year on year. Speaking of profit, increase in Renovated Condominium Business was offset by decrease in Other Real Estate Business, and therefore, the consolidated gross profit decreased by 8.2% year on year. In addition, SG&A increased by 1.6% year on year and thus the operating profit decreased by 33.7%.

Consequently, consolidated financial results of the this fiscal period were as follows. Net sales were ¥37,863 million, up 2.4% year on year. Operating profit was ¥118 million (down 33.7%), ordinary profit was ¥757 million (down 44.4%) and profit attributable to owners of the parent was ¥522 million (down 37.3%).

Operating results by segment were as follows:

(Renovated Condominium Business)

The Company sold 1,336 renovated condominium units (up 149 units year on year). The average sales price per unit was ¥22.88 million (down 3.5%) and revenues from units sold were ¥30,570 million (up 8.6%). Revenues from condominium rentals were ¥178 million (down 0.5%) and other sales were ¥18 million (up 17.2%).

As a result, net sales in this segment were ¥30,767 million (up 8.5%) and operating profit was ¥932 million (up 6.2%).

(Other Real Estate Business)

Sales in this segment decreased by 30.3% year on year to ¥4,269 million, impacted by the cancellation of sales of several properties due to COVID-19, despite of profits accrued by the sales of Asset Sharing Hakata Project and commercial buildings. Revenues from other real estate rentals were ¥956 million (up 11.8%) thanks to increase in Leaseback properties acquired. Other sales were ¥1,870 million (up 13.7%) thanks to increase in renovation orders from industry peers and individual clients, etc.

As a result, net sales in this segment were ¥7,096 million (down 17.7%) and operating profit was ¥807 million (down 41.6%).

(2) Explanation of financial position

The Group's financial position at the end of this fiscal year was: assets of ¥38,596 million (up ¥1,840 million year on year), liabilities of ¥27,961 million (up ¥1,867 million), and net assets of ¥10,635 million (down ¥27 million).

(Assets)

The main factors for the increase in assets were decreases of ¥552 million in cash and deposits, ¥100 million in investment securities, ¥150 million in advance payments, ¥192 million in other current assets and ¥1,494 million in noncurrent tangible assets due to transfer of Leaseback properties to inventories, offset by an increase of ¥4,270 million in inventories.

(Liabilities)

The main factors for the increase in liabilities were decreases of ¥280 million in corporate bond and ¥747 million in long-term loans payable, offset by increases of ¥2,177 million of short-term loans payable and ¥765 million of anonymous investment association deposit for crowdfunding projects.

(Net assets)

The main factors for the decrease in net assets were the recording of net profit attributable to owners of parent of ¥522 million, offset by the payment of dividends of surplus of ¥245 million and the acquisition of treasury shares of ¥299 million.

(3) Explanation of consolidated cash flows

The Group's cash and cash equivalents at the end of fiscal year decreased by ¥352 million year on year to ¥4,691 million. Below is the summary of cash flows.

(Cash flows from operating activities)

Cash flows from operating activities at the end of this fiscal year was a surplus of ¥970 million (surplus of ¥1,097 million at the end of last fiscal year). The main factors for the surplus were an increase in inventories of ¥916 million and a payment of corporate tax of ¥357 million, offset by the recording of profit before income taxes of ¥763 million, depreciation of ¥280 million and an increase in anonymous investment association deposit for crowdfunding projects of ¥765 million.

(Cash flows from investing activities)

Cash flows from investing activities at the end of this fiscal year was a negative of ¥1,816 million (negative of ¥5,184 million at the end of last fiscal year). The main factors for the negativity were proceeds from withdrawal of time deposits of ¥428 million, sales of noncurrent assets of ¥206 million and redemption of investment securities of ¥100 million, offset by payments into time deposits of ¥337 million and payments for the acquisition of noncurrent assets of ¥2,213 million.

(Cash flows from financing activities)

Cash flows from financing activities at the end of this fiscal year was a surplus of ¥493 million (surplus of ¥3,928 million at the end of last fiscal year). The main factors for the surplus were the repayments of long-term loans payable of ¥5,981 million, payment for the redemption of bonds of ¥340 million, payment for the acquisition of treasury shares of ¥298 million and payment for dividend of ¥245 million, offset by the net increase in short-term loans payable of ¥2,177 million and proceeds from long-term loans payable of ¥5,188 million.

Trends of cash flow-related indexes:

	FY2018	FY2019	FY2020
Capital-to-asset ratio (%)	31.6	29.0	27.5
Capital-to-asset ratio based on market value (%)	28.2	15.9	11.5
Liabilities to cash flow ratio (year)	3.1	21.8	25.7
Interest coverage ratio (x)	22.1	3.9	3.0

Capital-to-asset ratio: owned capital/net asset

Capital-to-asset ratio based on market value: market capitalization/net asset

Liabilities to cash flow ratio: liabilities/cash flow

Interest coverage ratio: cash flow/paying interest

(Note)

1. Each index is calculated based on consolidated financial data (excluding own shares).
2. Market capitalization is calculated as year-end closing price x outstanding shares (excluding own shares).
3. Cash flows are calculated based on operating cash flows.

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

In the condominium market of metropolitan Tokyo area, number of used condominium units contracted have been exceeding that of newly build condominiums supplied for four consecutive years since 2016. The supply of newly build condominiums seems to remain at low level due to price hike in land and construction fees. On the other hand, renovated used condominiums have been drawing attention as a substitute for the new ones, and the demand for renovated condominiums is expected to rise for the future.

Our business is affected by COVID-19 pandemic in many ways. During the third quarter of this fiscal year (from March to May 2020), parts supply of interior materials from China had completely stopped and construction sites had to

be shut down, extending construction period overall. Speaking of property purchases and sales, both our in-house and collaborative sales activities had to be refrained for a while. Fortunately, situations surrounding our business seem to be normalizing since June 2020. The future of real estate industry, however, remains highly unclear as the number of renovated condominiums contracted has drastically dropped in metropolitan Tokyo area since the pandemic started, and thus we are unable to offer sales forecast for renovated condominiums and commercial/residential buildings. Furthermore, our hotel and Kyo-machiya (traditional houses in Kyoto renovated as hotels) businesses are unlikely to recover in short-term, since in some of our facilities as much as 70% of guests had been foreign tourists who are now barred entry into Japan.

Consequently, we will not offer our consolidated financial forecast for FY2021 since we are unable to rationally assess impact of COVID-19 pandemic at the moment. We will promptly announce the forecast as soon as rational assessment of the impact becomes possible.

(5) Basic policies regarding the allocation of profits and dividends for FY2019 and FY2020

The Company, based on the provisions of Clause 1, Article 459 of Corporate Law, rules in the articles of incorporation that dividends of surplus may be paid to shareholders with resolution of the board of directors.

We consider the payment of dividends of surplus to shareholders as an important management issue. Therefore, while we strive to build solid financial structure for future business expansion and accumulate internal reserves, we also employ performance-linked dividend policy. Specifically, we target payout ratio (consolidated) to be over 30%.

For year-end dividend of this fiscal year, we pay the regular dividend of ¥11 per share, considering our business performance during this year. Hence, annual dividend per share is ¥22 with payout ratio of 36.2%.

For fiscal year ending May 31, 2021, we will not offer dividend forecast since we are currently unable to announce financial forecast. We will promptly offer the forecast as soon as we announce the sales forecast.

2. Fundamental approach to the selection of accounting standards

We use Japanese GAAP in preparing consolidated financial statements so that the consolidated financial sheet may be compared between periods and other corporates. We also plan to consider applying IFRS for the future depending on foreign shareholders ratio as well as other domestic circumstances surrounding IFRS.

3. Consolidated financial statements and major notes
(1) Consolidated balance sheet

(Thousand yen)

	As of May 31, 2019	As of May 31, 2020
Assets		
Current assets		
Cash and deposits	5,500,178	4,947,240
Accounts receivable - trade	108,346	62,387
Investment securities	100,173	—
Real estate for sale	15,378,475	20,383,937
Real estate for sale in process	3,269,868	2,534,851
Advance payments - trade	348,849	198,565
Other	397,087	204,791
Allowance for doubtful accounts	(1,008)	(4,599)
Total current assets	25,101,971	28,327,174
Non-current assets		
Tangible assets		
Building and structures	3,301,139	3,132,051
Accumulated depreciation	(668,308)	(791,291)
Building and structures (net)	2,632,830	2,340,760
Land	7,424,609	6,261,253
Lease asset	71,957	131,285
Accumulated depreciation	(53,222)	(62,695)
Lease asset (net)	18,735	68,590
Construction in progress	102,545	19,075
Other	102,091	103,441
Accumulated depreciation	(74,868)	(81,635)
Other (net)	27,223	21,806
Total tangible assets	10,205,943	8,711,487
Intangible assets		
Leasehold right	464,906	464,906
Other	51,864	53,695
Total intangible assets	516,770	518,602
Investments and other assets		
Investment securities	223,071	167,210
Deferred tax assets	145,158	159,990
Other	567,913	717,363
Allowance for doubtful accounts	(4,321)	(5,094)
Total investments and other assets	931,822	1,039,470
Total non-current assets	11,654,536	10,269,559
Total assets	36,756,507	38,596,734

(Thousand yen)

	As of May 31, 2019	As of May 31, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	477,747	605,503
Short-term loans payable	9,482,427	11,659,979
Current portion of bonds	340,000	280,000
Current portion of long-term loans payable	3,354,916	3,309,472
Income taxes payable	193,205	100,112
Advances received	165,883	119,312
Allowance for after-sales service and product warranty	13,964	10,781
Anonymous investment association deposit	—	765,900
Other	835,286	847,163
Total current liabilities	14,863,430	17,698,225
Non-current liabilities		
Bonds payable	840,000	560,000
Long-term loans payable	9,862,549	9,115,486
Asset retirement obligations	21,965	34,851
Other	505,203	552,453
Total non-current liabilities	11,229,718	10,262,790
Total liabilities	26,093,149	27,961,016
Net assets		
Shareholders' equity		
Capital stock	2,253,779	2,253,779
Capital surplus	2,467,106	2,467,106
Retained earnings	5,912,258	6,188,887
Treasury shares	(115)	(300,078)
Total shareholders' equity	10,633,029	10,609,695
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,977	9,099
Deferred gains or losses on hedges	(677)	—
Total accumulated other comprehensive income	13,300	9,099
Share acquisition rights	17,028	16,922
Total net assets	10,663,358	10,635,717
Total liabilities and net assets	36,756,507	38,596,734

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

(Thousand yen)

	For the year ended May 31, 2019	For the year ended May 31, 2020
Net sales	36,981,221	37,863,347
Cost of sales	30,930,054	32,305,726
Gross profit	6,051,166	5,557,621
Selling, general and administrative expenses	4,378,186	4,448,913
Operating profit	1,672,980	1,108,707
Non-operating income		
Interest income	3,190	280
Dividend income	2,396	4,152
Penalty income	15,208	10,920
Subsidy income	15,558	—
Fee and commission received	5,299	6,602
Compensation fee	4,368	6,096
Damages fee	10,323	—
Other	12,893	13,072
Total non-operating income	69,239	41,125
Non-operating expenses		
Interest expenses	283,312	323,549
Commission fee	80,742	56,564
Other	15,741	12,182
Total non-operating expenses	379,797	392,295
Ordinary profit	1,362,423	757,536
Extraordinary income		
Gain on sales of non-current assets	4,461	66,213
Gain on reversal of subscription rights to share	—	106
Gain on sales of golf membership	1,388	—
Total extraordinary income	5,850	66,319
Extraordinary losses		
Loss on disposal of non-current assets	5	12,009
Loss on valuation of investment securities	135,613	48,830
Total extraordinary losses	135,619	60,840
Profit before income taxes	1,232,654	763,016
Income taxes - current	426,430	253,876
Income taxes - deferred	(25,846)	(12,977)
Total income taxes	400,583	240,898
Profit	832,071	522,117
Profit attributable to owners of parent	832,071	522,117

(Consolidated statement of comprehensive income)

(Thousand yen)

	For the year ended May 31, 2019	For the year ended May 31, 2020
Profit	832,071	522,117
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,992)	(4,877)
Deferred gains or losses on hedges	588	677
Total other comprehensive income	(3,403)	(4,200)
Comprehensive income	828,667	517,917
(Breakdown)		
Comprehensive income attributable to owners of parent	828,667	517,917
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated statements of changes in net assets
For the fiscal year ended May 31, 2019

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance at the beginning of current period	2,253,695	2,467,023	5,383,871	(115)	10,104,475
Changes of items during the period					
Share option issue	83	83			166
Dividend of surplus			(303,684)		(303,684)
Net income attributable to parent company shareholders			832,071		832,071
Net changes in items other than shareholders' equity					
Total changes of items during the period	83	83	528,386	—	528,553
Balance at the end of current period	2,253,779	2,467,106	5,912,258	(115)	10,633,029

	Accumulated other comprehensive income			Share option	Total net assets
	Valuation difference on available-for-sale securities	Net deferred gains (losses) on hedges	Total accumulated other comprehensive income		
Balance at the beginning of current period	17,969	(1,265)	16,703	17,039	10,138,218
Changes of items during the period					
Share option issue					166
Dividend of surplus					(303,684)
Net income attributable to parent company shareholders					832,071
Net changes in items other than shareholders' equity	(3,992)	588	(3,403)	(10)	(3,413)
Total changes of items during the period	(3,992)	588	(3,403)	(10)	525,139
Balance at the end of current period	13,977	(677)	13,300	17,028	10,663,358

For the fiscal year ended May 31, 2020

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance at the beginning of current period	2,253,779	2,467,106	5,912,258	(115)	10,633,029
Changes of items during the period					
Share option issue			(245,488)		(245,488)
Dividend of surplus			522,117		522,117
Net income attributable to parent company shareholders				(299,963)	(299,963)
Net changes in items other than shareholders' equity					
Total changes of items during the period	—	—	276,628	(299,963)	(23,334)
Balance at the end of current period	2,253,779	2,467,106	6,188,887	(300,078)	10,609,695

	Accumulated other comprehensive income			Share option	Total net assets
	Valuation difference on available-for-sale securities	Net deferred gains (losses) on hedges	Total accumulated other comprehensive income		
Balance at the beginning of current period	13,977	(677)	13,300	17,028	10,663,358
Changes of items during the period					
Share option issue					(245,488)
Dividend of surplus					522,117
Net income attributable to parent company shareholders					(299,963)
Net changes in items other than shareholders' equity	(4,877)	677	(4,200)	(106)	(4,306)
Total changes of items during the period	(4,877)	677	(4,200)	(106)	(27,640)
Balance at the end of current period	9,099	—	9,099	16,922	10,635,717

(4) Consolidated statements of cash flows

(Thousand yen)

	For the fiscal year ended May 31, 2019	For the fiscal year ended May 31, 2020
Cash flows from operating activities		
Profit before income taxes	1,232,654	763,016
Depreciation	249,898	280,353
Increase (decrease) in allowance for doubtful accounts	(583)	4,364
Increase (decrease) in allowance for after-sales service and product warranty	(5,865)	(3,183)
Interest and dividend income	(5,587)	(4,432)
Interest expenses	283,312	323,549
Gain on reversal of subscription rights to share	—	(106)
Loss (gain) on valuation of investment securities	135,613	48,830
Loss (gain) on disposal of non-current assets	(4,456)	(54,203)
Decrease (increase) in notes and accounts receivable - trade	(8,700)	45,958
Decrease (increase) in inventories	230,780	(916,271)
Decrease (increase) in advance payments	(37,109)	150,283
Increase (decrease) in notes and accounts payable - trade	14,138	127,756
Decrease (increase) in consumption taxes refund receivable	(155,582)	103,484
Increase (decrease) in accrued consumption taxes	(218,822)	16,731
Increase (decrease) in anonymous investment association deposit	—	765,900
Decrease (increase) in other assets	(107,921)	55,212
Increase (decrease) in other liabilities	251,914	(73,316)
Subtotal	1,853,685	1,633,927
Interest and dividend income received	5,450	4,315
Interest expenses paid	(278,151)	(309,769)
Income taxes paid	(483,891)	(357,593)
Cash provided by (used in) operating activities	1,097,093	970,879
Cash flows from investing activities		
Payments into time deposits	(282,505)	(337,530)
Proceeds from withdrawal of time deposits	350,045	428,017
Purchase of non-current assets	(5,296,133)	(2,213,744)
Proceeds from sales of non-current assets	37,157	206,121
Purchase of investment securities	(102,964)	—
Proceeds from redemption of investment securities	—	100,173
Collection of loans receivable	109,900	—
Other	(10)	385
Cash provided by (used in) investing activities	(5,184,509)	(1,816,577)

	For the fiscal year ended May 31, 2019	For the fiscal year ended May 31, 2020
Cash flows from financing activities		
Increase (decrease) in short-term loans	806,541	2,177,552
Proceeds from long-term loans payable	8,075,550	5,188,747
Repayments of long-term loans payable	(4,908,146)	(5,981,254)
Proceeds from issuance of bonds	500,000	—
Redemption of bonds	(240,000)	(340,000)
Repayments of lease obligations	(3,960)	(8,492)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	156	—
Payments for acquisition of treasury stock	—	(298,030)
Cash dividends paid	(301,836)	(245,277)
Cash provided by (used in) financing activities	3,928,304	493,245
Net increase (decrease) in cash and cash equivalents	(159,111)	(352,451)
Cash and cash equivalents at beginning of period	5,203,391	5,044,280
Cash and cash equivalents at end of fiscal year	5,044,280	4,691,828

(5) Notes to consolidated financial statements
 (Notes on premise of going concern)
 Not applicable

(Basis of presenting consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 6

Names of consolidated subsidiaries:

Intellex Space Plan Co., Ltd.
 Intellex Housing Co., Ltd.
 Intellex Property Co., Ltd.
 Intellex Credit Guarantee Co., Ltd.
 Intellex Funding Co., Ltd.
 FLIE Co., Ltd.

Note: FLIE Co., Ltd. was newly established during this fiscal year and is therefore included in the scope of consolidation.

(2) Number of unconsolidated subsidiaries: None

2. Application of the equity method of accounting

(1) Number of equity-method affiliated companies: -

Not applicable.

(2) Unconsolidated subsidiaries and affiliated companies not accounted for by the equity method:

Not applicable.

3. Matters concerning the fiscal years of consolidated subsidiaries

All consolidated subsidiaries have the same fiscal year as the consolidated fiscal year.

(Additional information)

(Impact of COVID-19 pandemic on financial forecast)

We estimate that the COVID-19 pandemic will continue to impact our business during FY2021; however, it is extremely difficult for us to rationally assess the degree of impact at the moment.

We have prepared for FY2021 forecast, such as inventory valuation and impairment loss determination, based on an assumption that the COVID-19 pandemic will converge during FY2021.

Please note, however, that there are too many unknown factors regarding COVID-19 and therefore the pandemic could possibly continue affecting our consolidated performance for FY2021 and beyond.

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

Due to change in the purpose of ownership, part of tangible noncurrent assets has been transferred to real estate for sale. Below is the summary:

	(Thousand yen)	
	For the fiscal year ended May 31, 2019	For the fiscal year ended May 31, 2020
Building and structures	1,230,469	742,395
Land	716,512	2,559,684
Construction in progress	—	52,082
Others	7,719	—
Total	1,954,701	3,354,162

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

Due to change in the purpose of ownership, part of real estate for sale has been transferred to tangible noncurrent assets. Below is the summary:

	(Thousand yen)	
	For the fiscal year ended May 31, 2019	For the fiscal year ended May 31, 2020
Building and structures	85,957	—
Land	322,810	—
Total	408,768	—

(Segment information)

a. Segment information

1. Overview of the reported segments

The Company's reported segments are regularly reviewed by the Board of Directors using the segregated financial information available within each segment to determine the allocation of business resources and evaluate business results.

The main business of the Company is Renovated Condominium Business, in which we purchase old and used condominiums, do high-quality renovation works and sell them as Renovated Condominiums. Other Real Estate Businesses include: purchase, selling and rental of newly built condominiums, buildings, houses and lands; Leaseback Business; Asset Sharing Business and Renovation Business.

Consequently, the Company defines Renovated Condominium Business and Other Real Estate Businesses as reported segments.

2. Method of calculating sales, profit/loss, assets and other items by reported segments

The accounting method used for reported segments is generally the same as stated in "Basis of presenting consolidated financial statements."

Inter-segment sales and transfers are based on third-party transaction prices.

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

For the fiscal year ended May 31, 2019

(Thousand yen)

	Reported segments			Adjustment (Note 1)	Amount on consolidated financial statements
	Renovated Condominium Business	Other Real Estate Businesses	Total		
Net sales					
Sales – outside customers	28,354,918	8,626,302	36,981,221	–	36,981,221
Sales and transfer – inter-segment	–	–	–	–	–
Total	28,354,918	8,626,302	36,981,221	–	36,981,221
Segment profit	877,760	1,384,039	2,261,800	(588,819)	1,672,980
Segment asset	13,398,598	17,983,422	31,382,020	5,374,487	36,756,507
Others					
Depreciation	13,792	235,150	248,942	956	249,898
Increase in tangible noncurrent assets and intangible noncurrent assets	5,029	5,291,924	5,296,953	696	5,297,650

(Notes) 1. Details of adjustments are as follows:

The adjustment to segment profit of ¥588,819 thousand 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.

The adjustment to segment asset of ¥5,374,487 thousand is corporate expenses that are not allocated to any reported segment. Corporate expenses are mainly cash and deposits, deferred tax assets and assets for Department of Corporate Management that are not attributed to reported segments.

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

3. Segment asset was adjusted with total asset on the consolidated balance sheet.

For the fiscal year ended May 31, 2020

(Thousand yen)

	Reported segments			Adjustment (Note 1)	Amount on consolidated financial statements
	Renovated Condominium Business	Other Real Estate Businesses	Total		
Net sales					
Sales – outside customers	30,767,018	7,096,328	37,863,347	—	37,863,347
Sales and transfer – inter-segment	—	—	—	—	—
Total	30,767,018	7,096,328	37,863,347	—	37,863,347
Segment profit	932,531	807,897	1,740,428	(631,720)	1,108,707
Segment asset	15,548,033	18,381,059	33,929,092	4,667,642	38,596,734
Others					
Depreciation	20,980	257,354	278,335	2,018	280,353
Increase in tangible noncurrent assets and intangible noncurrent assets	27,622	2,227,412	2,255,035	2,412	2,257,448

(Notes) 1. Details of adjustments are as follows:

The adjustment to segment profit of ¥631,720 thousand 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.

The adjustment to segment asset of ¥4,667,642 thousand is corporate expenses that are not allocated to any reported segment. Corporate expenses are mainly cash and deposits, deferred tax assets and assets for Department of Corporate Management that are not attributed to reported segments.

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

3. Segment asset was adjusted with total asset on the consolidated balance sheet.

(Per share information)

	For the fiscal year ended May 31, 2019	For the fiscal year ended May 31, 2020
Net assets per share	¥1,191.93	¥1,247.33
Net income (loss) per share	¥93.16	¥60.82
Diluted net income per share	—	—

(Note) The basis for calculating net income (loss) per share and diluted net income per share is as follows:

	For the fiscal year ended May 31, 2019	For the fiscal year ended May 31, 2020
Net income (loss) per share		
Net income (loss) attributable to parent company shareholders (thousand yen)	832,071	522,117
Amounts not attributable to common shareholders (thousand yen)	—	—
Net income (loss) attributable to parent company common shareholders (share)	832,071	522,117
Average number of common shares outstanding during the fiscal year	8,931,899	8,584,396
Diluted net income per share		
Net income (loss) attributable to parent company shareholders (thousand yen)	—	—
Increase in common shares (share)	—	—
(of which, share option issue)	(—)	(—)
Summary of dilutive shares that were not calculated into diluted net income per share due to lack of dilutive impact	—	—

(Note) Diluted net income per share of both this and last consolidated fiscal year are not mentioned above, since there is no dilutive shares with potentially dilutive impact.

(Important subsequent matters)

Not applicable.