

# **Explanatory Material on Consolidated Financial Results for the six months ended September 30, 2024**

**INTRANCE CO., LTD.**

**November 13, 2024**

- |          |                                     |                |
|----------|-------------------------------------|----------------|
| <b>1</b> | <b>Summary of Financial Results</b> | <b>Page 3</b>  |
| <b>2</b> | <b>Future Prospects</b>             | <b>Page 11</b> |
| <b>3</b> | <b>Supplementary Information</b>    | <b>Page 18</b> |

**1** **Summary of Financial Results**

2 Future Prospects

3 Supplementary Information

## ◆ Decrease in sales and increase in loss due to the absence of sales of real estate and decrease in number of subsidiaries compared to the same period of the previous year.

### ■ Real Estate Business

- Focus on developing urban hotels and inbound accommodations facilities.
- PM sales, construction sales, etc. remained stable. However, sales and operating income declined due to the absence of sales of real estate for sale.
- Profitability declined due to the absence of the earnings improvement effect from the collection of uncollected receivables in the same period of the previous fiscal year.

### ■ Hotel Operation Business

- Focus on securing new hotel management projects. (“Hokkaido Sapporo Hotel” to be opened in 2027 is confirmed.)
- Sales of Okinawa & Kyoto Hotel remained steady, however sales increased slightly due to facility failure at Osaka Hotel.
- Sales grew, however failed to cover fixed costs for the segment, resulting in an operating loss.

### ■ Other Business

- Although the company started a tourist sending from China to the group's hotels, the business did not contribute to consolidated sales due to group consolidated elimination. Operating loss ended at the previous year's level.

## ◆ Activities to achieve the budget.

- In the real estate business, focus on real estate brokerage of hotel development sites, promotion of development projects (hotels and inbound accommodation facilities), and securing project management services for resort facility development.
- In the hotel management business, focus on increasing contracts for new hotel operation (master lease, M&A)
- In the tourist sending business, focus on increasing the number of tourists to non-Group hotels.
- In the investment business, focus on establishing funds with investors for hotel development.

## Consolidated Financial Result for FY2024/2Q

FY2024 Second Quarter	<b>Net sales</b>	<b>377m yen</b>
		(Down 49.4% year on year)
	<b>Operating loss</b>	<b>(177m yen)</b>
		(Profit of ¥1M in 2Q FY2023)
	<b>Ordinary loss</b>	<b>(195m yen)</b>
		(Loss of ¥1M in 2Q FY2023)
	<b>Loss attributable to owners of parent</b>	<b>(196m yen)</b>
		(Profit of ¥35M in 2Q FY2023)
<b>Earnings per share</b>	<b>(4.28 yen)</b>	
	(Profit of ¥0.97 in 2Q FY2023)	
<b>Total assets</b>	<b>1,204m yen</b>	
	(End of previous period 1,158M yen)	
<b>Net assets</b>	<b>968m yen</b>	
	(End of previous period 860M yen)	
<b>Equity Ratio</b>	<b>77.8%</b>	
	(End of previous period: 70.8%)	

Forecast for Fiscal Year 2024 (Ending March 31, 2025) (Million yen)

Net Sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
2,593	53	40	16

\* This forecast was announced on May 13, 2024.

## Overview of Segments information for FY2024/2Q



### Real Estate Business

The company focused on development of hotels and inbound accommodations, etc.

**Net sales 104m yen**    **Operating Profit 2m yen**  
 (Down 76.2% year on year)    (Down 98.8% year on year)



### Hotel Operation Business

The company focused on improvement of operational KPI of hotels and increase new hotel contract, etc.

**Net sales 272m yen**    **Operating loss (22m yen)**  
 (Up 34.6% year on year)    (Loss of 44m yen in 1Q FY2023)



### Other Business (Tourist sending, Fund structure)

The company focused on sending tourists from China to group hotels. Besides, company proceeded to set up the system for sending tourists to outside hotels.

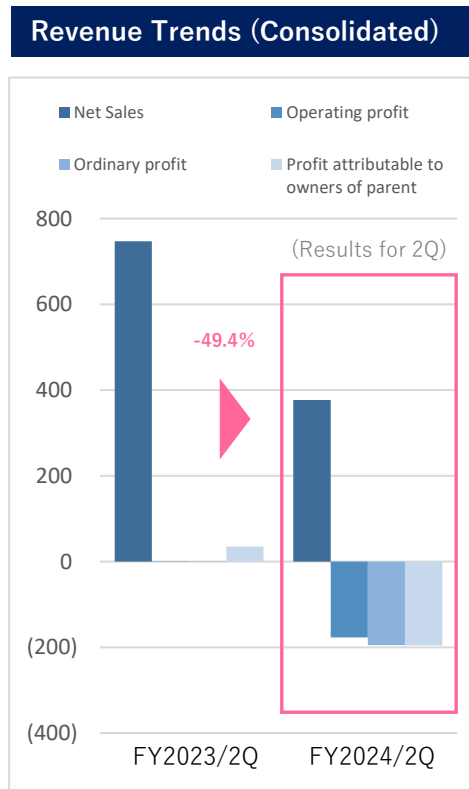
**Net sales 0m yen**    **Operational loss (12m yen)**  
 (Loss of 16m yen in 1Q FY2023)

- Consolidated sales and gross profit decreased from the same period of the previous year due to the absence of real estate sales and a decrease in the number of subsidiaries.
- In addition, the operating loss increased due to the absence of the SG&A expense reduction effect from the collection of uncollectible receivables in the same period of previous year.

(Million of yen)

	FY2023/2Q (Actual result)	FY2024/2Q (Actual result)	FY2024 (Full year forecast)	Change from the same period of the previous year	Progress ratio toward full-year forecast
Net Sales	747	377	2,593	- 370 - 49.4%	14.5%
Operating profit	1	(177)	53	- 178 -	-
Ordinary profit	(1)	(195)	40	- 194 -	-
Profit attributable to owners of parent	35	(196)	16	- 231 -	-
Earnings per share (yen)	0.97	(4.28)	0.35	- 5.25 -	-

(Million of yen)

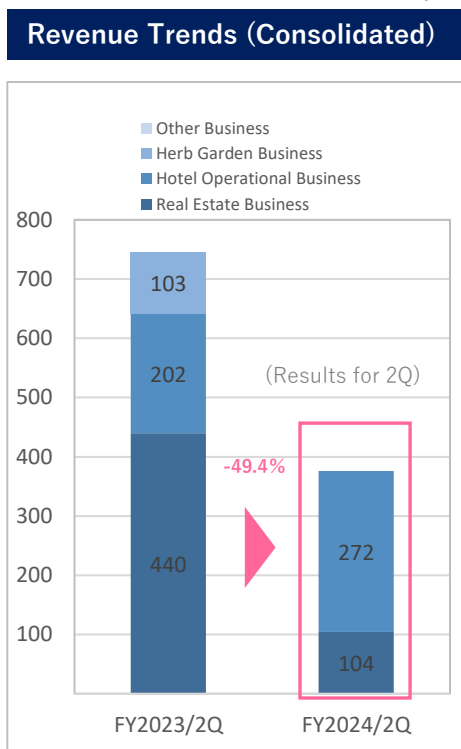


- In the real estate business, sales and operating profit decreased significantly year on year due to the absence of real estate sales.
- In the hotel management business, operations remained roughly steady, whereas due to part to facility malfunctions at one hotel, sales increased significantly and operating loss decreased slightly compared with the same period of the previous fiscal year.
- In the tourist sending business, no consolidated sales were generated due to consolidation elimination, as only tourists were sent to the group hotels. System linkage with non-Group hotels became feasible.

(Million of yen)

	FY2023/2Q (Actual result)	FY2024/2Q (Actual result)	FY2024 (Full year forecast)	Change from the same period of the previous year	Progress ratio toward full-year forecast
<b>Consolidated Net Sales</b>	747	377	2593	- 370 -49.4%	14.5%
<b>Real Estate Business</b>	440	104	1152	- 336 - 76.2%	9.0%
<b>Hotel Operational Business</b>	202	272	1293	+70 +34.6%	21.0%
<b>Herb Garden Business</b>	103	-	-	- -	-
<b>Other Business</b>	0	0	147	+0 -	0.0%
<b>Operating profit</b>	1	(177)	53	- 178 -	-
<b>Ordinary profit</b>	(1)	(195)	40	- 194 -	-
<b>Profit attributable to owners of parent</b>	35	(196)	16	- 231 -	-
<b>Earnings per share (yen)</b>	0.97	(4.28)	0.35	- 5.25 -	-

(Million of yen)



Note; Herb garden Business was excluded from consolidation in the FY2023.

## (Estate Business)

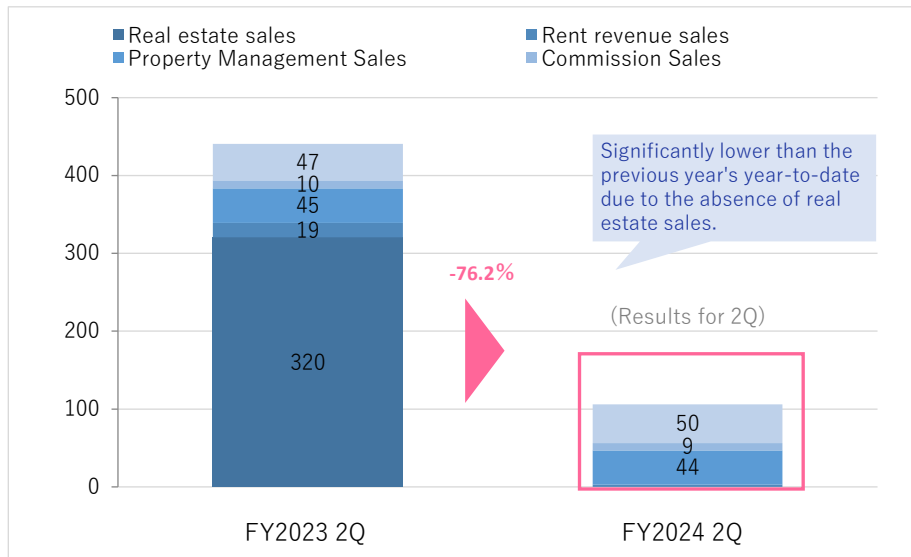
- Sales and operating income declined significantly compared with same period of the previous fiscal year, however the company focused on activities to increase future earnings, such as hotel real estate development and land brokerage. (One hotel site brokerage is confirmed for October 2024 [3Q]) Settled matter
- In addition, focus on development of inbound accommodation facilities (One property is confirmed and under development, aiming to sell it during this fiscal year) Settled matter

## (Hotel Management Business)

- Sales increased significantly and operating loss decreased slightly compared with the same period of the previous fiscal year, however the company focused on acquiring management rights for a development-type urban hotel. (In September 2024, one hotel operation of Hokkaido Sapporo [opening in 2027] was decided.)
- Focus on other activities to secure management rights (including M&A) for hotels in operation (urban and resort hotel) Settled matter

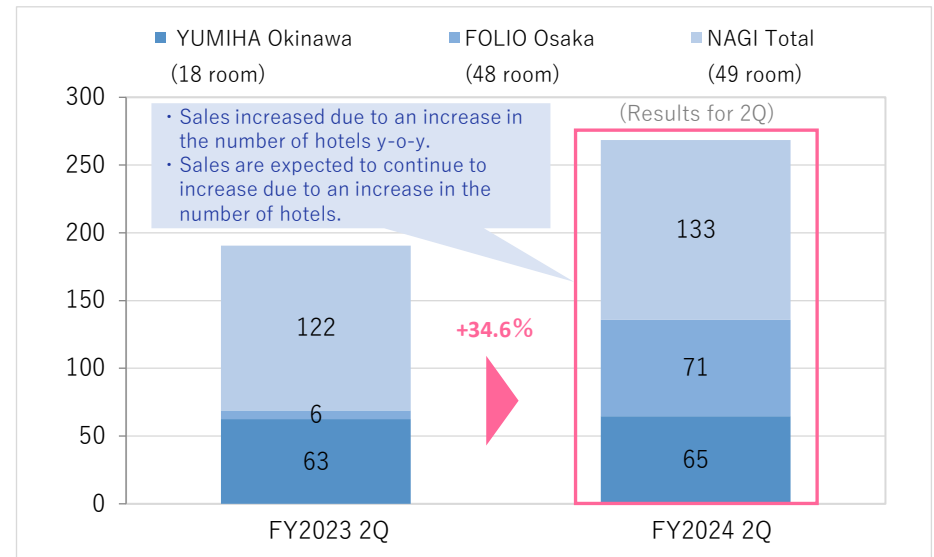
### Quarterly Sales Trends

(Million of yen)



### Sales comparison with previous years

(Million of yen)



Note; The amount of points granted for room reservations is excluded from sales since the current 2Q.



# BALANCE SHEET TREND SUMMARY in FY2024/2Q

- Assets increased from the end of the FY2023 (Fixed assets increased due to an increase in deposits)
- Liabilities decreased from the end of the FY2023 (Current liabilities decreased due to a decrease in provision for shareholders' benefits, and noncurrent liabilities decreased slightly)
- Net assets increased from the end of FY2023 (Paid-in capital and Capital surplus increased due to the issuance of new shares)

## Balance Sheet Summary (Comparison with FY2023)

(Million of yen)

	FY2023	FY2024/2Q	Increase/ Decrease	Major Factors for Increase/Decrease
Cash and deposits	890	685	△ 205	
Notes and accounts receivable - trade	81	74	△ 7	
Real estate for sale	43	42	△ 1	
Other inventories	2	1	(1)	
Other	22	35	13	
Allowance for doubtful accounts	(0)	(0)	0	
<b>Total current assets</b>	<b>1,039</b>	<b>838</b>	<b>△ 201</b>	*Dec in cash and deposits.
Property, plant and equipment	6	5	△ 1	
Intangible assets	10	9	△ 1	
Investments and other assets				
Long-term deposit	0	240	240	*Deposits for Forward Stock Repurchase Agreement.
Investments and other assets	159	170	11	
Allowance for doubtful accounts	(70)	(70)	0	
<b>Total investments and other assets</b>	<b>89</b>	<b>340</b>	<b>251</b>	
<b>Total non-current assets</b>	<b>106</b>	<b>356</b>	<b>250</b>	
Deferred asset	11	9	(2)	
<b>Total assets</b>	<b>1,158</b>	<b>1,204</b>	<b>46</b>	

	FY2023	FY2024/2Q	Increase/ Decrease	Major Factors for Increase/Decrease
Accounts payable - trade	3	3		
Current portion of long-term debt	32	20	(12)	
Provision for bonuses	6	7	1	
Allowance for shareholder special benefit	59	20	(39)	*Dec in provision for shareholders' benefits.
Other	185	180	(5)	
<b>Total current liabilities</b>	<b>287</b>	<b>231</b>	<b>(56)</b>	
Long-term borrowings	9	4	(5)	*Dec due to repayment of loans payable.
Other	1	0	△ 1	
<b>Total non-current liabilities</b>	<b>10</b>	<b>4</b>	<b>(6)</b>	
<b>Total liabilities</b>	<b>297</b>	<b>235</b>	<b>(62)</b>	
Paid-in capital	1283	1442	159	*Inc due to issuance of new shares.
Capital surplus	1053	1212	159	*Inc due to issuance of new shares.
Retained earnings	(1506)	(1702)	(196)	*Due to the loss before income tax.
Treasury shares	(2)	(2)	0	
<b>Total shareholders' equity</b>	<b>827</b>	<b>949</b>	<b>122</b>	
Accumulated other comprehensive income	(7)	(12)	(5)	
Share acquisition rights	40	31	(9)	
<b>Total net assets</b>	<b>860</b>	<b>968</b>	<b>108</b>	
<b>Total liabilities and net assets</b>	<b>1158</b>	<b>1204</b>	<b>46</b>	
<b>Equity ratio (%)</b>	<b>70.8%</b>	<b>77.8%</b>	<b>7.0%</b>	*Ratio increase due to new share issuance

# CASH FLOW TREND SUMMARY in FY2024/2Q

- Operating cash flow used ¥240m yen due to loss before income taxes and decrease in provision for shareholders' benefits.
- Investing cash flow used ¥253m yen due to deposits and acquisition of intangible fixed assets.
- Financing cash flow increased by ¥289m yen due to issuance of new shares.
- Cash and cash equivalents at the end of the period decreased by ¥685m yen from the previous period.

## Cash Flow Trend Summary (Comparison with FY2023/2Q)

(Million of yen)

	FY2023/2Q (Actual result)	FY2024/2Q (Actual result)	Increase/ Decrease	Major Factors for Increase/Decrease
Cash flows from operating activities	269	(240)	(509)	*In the previous 2Q, there were sales of inventories, collection of uncollectible receivables, etc. *Expenditures for shareholder special benefit expenses in the current period
Cash flows from investing activities	46	(253)	(299)	*In the previous 2Q, there was a refund of time deposits. *Deposits from own share price reservation transactions.
Cash flows from financing activities	138	289	151	*Due to proceeds from issuance of new shares of ¥307m.
Cash and cash equivalents at end of year	907	685	(222)	

1 Summary of Financial Results

**2 Future Prospects**

3 Supplementary Information

- The progress rate as of the end of the second quarter is 14.5% of the full-year sales forecast. In the second half of the fiscal year, it is essential to increase the number of hotel operations and secure earnings through real estate sales and brokerage.
- Although the full-year forecast is for operating income, the company was in a loss situation as of the quarter under review, and in addition to activities aimed at increasing earnings, improvements must be made to reduce costs and SG&A expenses.

## Achievement Ratios for Consolidated Full Year Forecast

(Million of yen)

	FY2024/1Q (Actual result)	2025/03 (Actual result)	通期予想進捗率 (Achievement ratios to Full year forecast)	Business Measures to Achieve Full Year Forecasts
Consolidated Net Sales	377	2,593	14.5%	*Real Estate Business - Promote development of Urban apartment hotels. - Promote development of Inbound Accommodations. - Sale of real estate for sale. Hotel Management Business - *Information survey on regional hotel investment. - Focus on improving KPI of existing hotels. *Other Businesses - Promote sending tourists to the Group's hotels, and to external in the tourist sending business. - Fund raising activities for hotel investment in the investment business by establishment of funds, etc.
Real Estate Business	104	1,152	9.0%	
Hotel Operational Business	272	1,293	21.0%	
Other Business	0	147	0.0%	
Operating profit	(177)	53	-	
Ordinary profit	(195)	40	-	
Profit attributable to owners of parent	(196)	16	-	
Earnings per share (yen)	(4.28)	0.35	-	

- One urban apartment hotel operation confirmed for opening in 2027: “Hokkaido Sapporo Hotel (tentative name) (The hotel is expected to generate annual sales of ¥1.5b and profit of ¥60m, and together with other hotels to be operated, annual sales of ¥3.5b and operating profit of ¥280m are expected to be added to the existing revenues starting in 2027.)
- One development of inbound accommodation facilities is confirmed. (expected sale price is approx. 150 million yen)
- Development of hotels & Inbound facilities, and investment in several regional hotels are under consideration.

## Specific Business Progress on FY2024/2Q

	1Q Result	2Q Result	3Q Schedule	4Q Schedule
<b>Real Estate Business</b>	<p>*Promote development of urban apartment hotels. [Collaborate with developers to scrutinize projects.]</p> <p>*Design development schemes for inbound accommodations. [Collaboration with real estate companies and construction companies.]</p>	<p>*Promote development of urban apartment hotels.</p> <p>&gt;&gt; Real estate brokerage in Sapporo, Hokkaido is finalized in September 2024.</p> <p>*Development of inbound accommodations.</p> <p>&gt;&gt; Development of a project in Taito-ku to be finalized in July 2024.</p>	<p>*Promote development of urban apartment hotels.</p> <p>*Development of inbound accommodations.</p>	<p>*Promote development of urban apartment hotels.</p> <p>*Development of inbound accommodations.</p> <p>*Sale of real estate for sale.</p>
<b>Hotel Operational Business</b>	<p>*Information survey on regional hotel investment. [Research focusing on resort hotels and inns.]</p> <p>*Promotion of urban hotel development. [Planning and development of urban hotels.]</p>	<p>*Information survey on regional hotel investment.</p> <p>*Promotion of urban hotel development.</p> <p>*Concluded a lease contract for an urban hotels.</p> <p>&gt;&gt; Hotel operation in Sapporo, Hokkaido is finalized in September 2024. (FY2027: ¥1.5b sales, ¥60m prprofit)</p>	<p>*Information survey on regional hotel investment &amp; urban apartment hotels.</p> <p>*Concluded a lease contract &amp; operation for regional hotels &amp; urban hotels.</p> <p>*Promoting development management of resort development.</p>	<p>*Information survey on regional hotel investment &amp; urban apartment hotels.</p> <p>*Concluded a lease contract &amp; operation for regional hotels &amp; urban hotels.</p> <p>*Promoting development management of resort development.</p>
<b>Other Business</b>				
<b>Tourist Sending Business</b>	<p>*Started to send guests from Greater China to the Group's hotels.</p> <p>*Preparation for system linkage with hotels.</p> <p>*Promote contracts with external hotels.</p>	<p>*Promoting tourists from Greater China to the Group's hotels.</p> <p>*Promotion of contracts with travel agencies and OTAs in Greater China.</p> <p>*Promote contracts with external hotels in Japan.</p>	<p>*Promoting tourists from Greater China to the Group's hotels.</p> <p>*Promote contracts with external hotels.</p> <p>*Started system linkage with external hotels.</p> <p>*Started tourist sending to external hotels.</p>	<p>*Promoting tourists from Greater China to the Group's hotels.</p> <p>*Promoting tourists from Greater China to external hotels.</p>
<b>Investment Business</b>	<p>*Explanation of hotel investment to investors.</p> <p>*Examination of investment scheme.</p>	<p>*Explanation of hotel investment to investors.</p> <p>&gt;&gt; Search for potential purchasers of developed hotels and inbound accommodations.</p>	<p>*Establishment of a fund to invest in urban hotels, and its execution.</p>	<p>*Establishment of a fund to invest in urban hotels, and its execution.</p>

- Activities to secure revenue in the revenue plan from FY2024 to FY2028 are gradually progressing.
  - In FY2027, too large-scale hotels (Hokkaido) are expected to be in operation, which, in addition to existing revenue, will add an estimated ¥3.5b in sales and ¥350 million in operating income to annual revenues from that period onward.
  - In FY2024, the company plans to develop one inbound accommodation facilities, and aims to sell this property in the current fiscal year.
- Focus on activities to gradually secure the deviation between the target value and the secured revenue for each period through “New hotel operation” “Real estate sales and brokerage” and “PM fee”.

## Medium- and Long-term Action Plans

Focus on mid- to long-term action plans through the following activities;

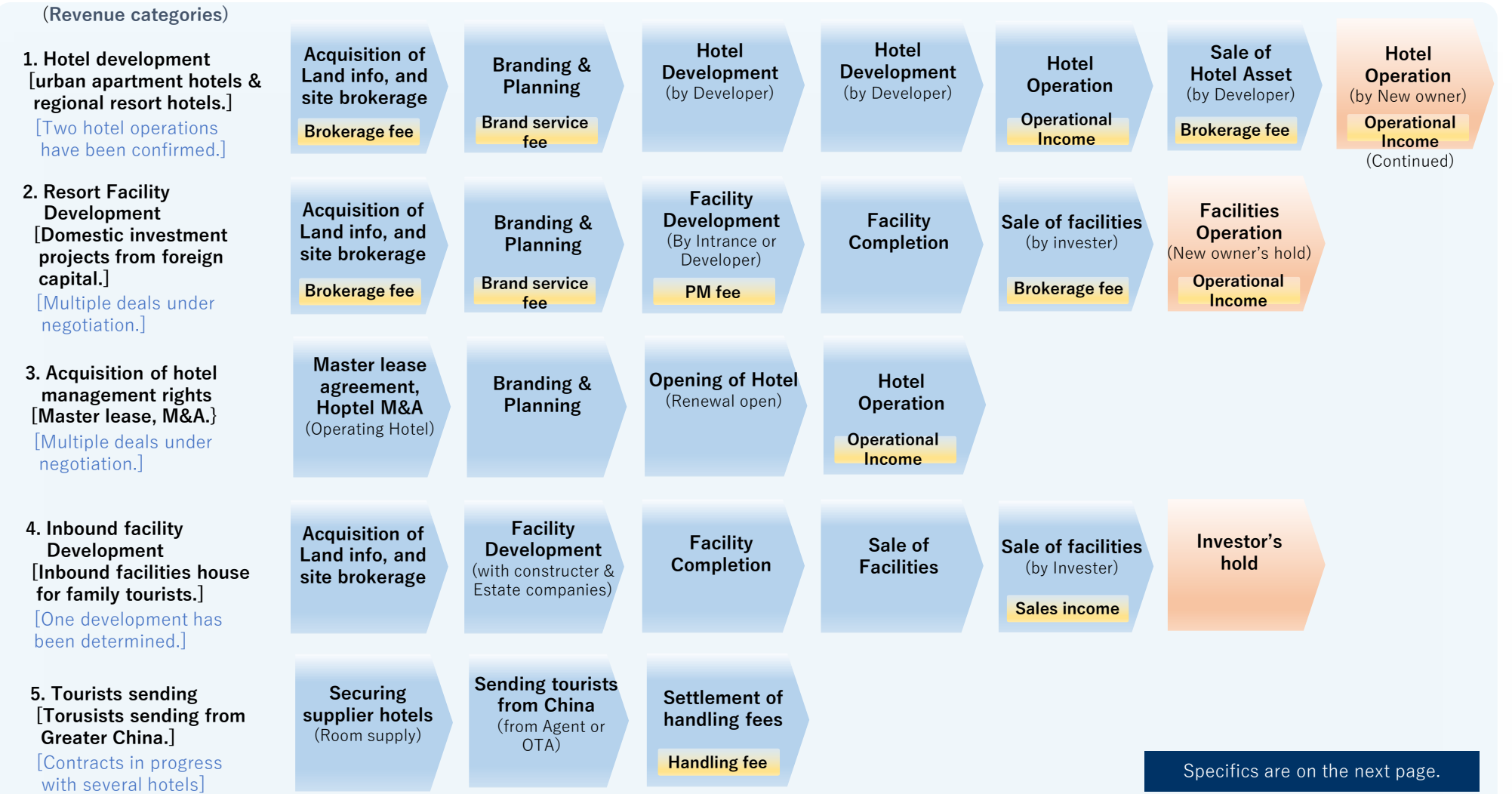
- Aim for net sales of 16 billion yen and operating profit of 1.3 billion yen in FY2028.
- Secure revenue from the following categories in conjunction with the expansion of the hotel inbound market.
  - Real Estate Business:
    - [Secured the following revenues by increasing the number of properties handled.]
    - “Brokerage fee”, “Project Management fee”, “Sales income from Inbound accommodation facilities”
  - Hotel Management Business:
    - [Secured the following revenues by expanding the number of facilities in operation.]
    - “Brand Service fee”, “Hotel Operational income”
  - Tourist Sending Business:
    - [Secured the following revenues by increasing the number of tourist sending from China to hotels in Japan.]
    - “Handling fee”

Revenue categories are described on the next page.

# Measures to Increase the Group's Revenue

## Revenue categories of business for our growth

Note: Revenue classification to be generated in each of the Group's businesses



Specifics are on the next page.

## Measures to increase revenue (Short, Medium - Long term)

Note: Classification of measures to be performed

### 1. Hotel Development: Diversified revenue opportunities in activities from hotel planning to sale

Short-term

Medium & Long-term

- The company makes a development proposal to the developer, finally brokerage the site. [Brokerage fee, ¥50-100m per transaction]
- Support development by signing TSA/DSA contracts for hotel development. [TSA/DSA fee, ¥10-15m per year/project]
- Secure operating revenues from hotel operations under a master lease contract with a owner. [Operational income, ¥1.0-2.5b per year]
- Secured buyers of hotel assets (REITs, etc.) and acted as broker for hotel assets. [Brokerage fee, ¥50-100m per transaction]

### 2. Resort facility development: Secure revenues from PM fees in domestic development.

Short-term

Medium & Long-term

- Support development by signing TSA/DSA contracts for hotel branding. [TSA/DSA fee, ¥10-15m per year/project]
- Support development by signing PM (Project Management) contracts for hotel development. [PM fee, ¥10-15m per year/project]
- Brokerage of facilities by securing clients (investors, etc.) to sell the facilities for sale. [Brokerage fee, ¥10-15m per transaction]
- Secure operating revenues from facilities operations under a ML or MC contracts with a owner. [Revenue depends on the contract]

### 3. Securing hotel management rights: Aim to increase the number of hotel, and revenue expansion.

Short-term

- Secure the right to operate existing hotels through ML contract or hotel M&A. [Operational income, ¥500m to 1b per year]

### 4. Inbound facility development: Increase revenues by developing and selling Inbound facilities.

Short-term

- Develop inbound accommodation facilities with partners, and sell the facilities to investors. [Sales income, ¥150m per project]

### 5. Inbound tourists sending: Aim to support existing hotel operations, and revenues from handling fee.

Short-term

- Secure to stabilize room reservations due to sending tourists from China, secure its handling fee. [Handling fee / Depends on amount]



## Differentiation & superiority from others for revenue growth

### Advantages of having strategic alliances with international hotel brands

- The company has strategic alliances (established JV) with the world's top international hotel brands, and can expect branding strategies.
- The company can be expected to plan and manage hotel development using the strength of our brand.
- The Company has the advantage of having an international brand, which makes it easier to enter into master lease agreements with hotel property owners as a third-party operator due to its credibility and increased revenue expectations.

### Advantage that our business covers all inbound markets

- The company's strength is that it covers all inbound markets through its “Tourists sending from Greater China,” “Hotel operations and land services in Japan,” and “Business of increasing real estate value through the sale and purchase of hotel assets & asset management,”
- With the growth of the inbound market, can expect to expand the scale of the company's business, and thereby increase the company's value.

### Advantages of having a Greater China network

- The company has a network in Greater China, which enables us to develop business by utilizing Greater China capital and human resource channels.
- In the real estate area, the company has channels of investors in Greater China who highly value Japanese real estate, making it easy for us to secure promising buyers for the hotels and facilities we are involved in.
- In the hotel area, there is a network of investors who are considering developing and investing in resort facilities in Japan, and the possibility of the company's participation as project management role is increasing new business opportunities.
- The company has a China investor channel, which enables it to raise capital for development and investment in domestic hotels.
- The company has started tourists sending from China, and it will help stabilize room reservations of group hotels, and furthermore, regarding non-group hotels will enable us to secure handling fee.

1 Summary of Financial Results

2 Future Prospects

**3 Supplementary Information**

## Business Model of the company

### Group revenue growth through a series of inbound cycles

- Hotel Management Business: Increase operating revenue by expanding the number of hotels in operation >> Expansion of stable revenue.  
(The investment target hotels are “urban apartment hotels” and “resort hotels & inns, etc.”)
  - Real estate business: Increase in gains on sales and purchases through the sale of hotel assets. >> Expansion of growth revenue.  
(Target properties are “Urban apartment hotels” and “Inbound accommodation facilities”)
  - In addition, as a supplementary business for establishing the inbound business cycle, the company advances Tourist sending business from Greater China & Securing funds for hotel investment. >> Support for expansion of hotel management business and real estate business
- 【\*Market Background: Real estate prices are rising in Japan, and it is difficult to secure revenue from new residential development, so developers are seeking to shift to hotel development. However, developers tend to consider collaborating with hotel operators due to their lack of experience in hotel operations. Therefore, hotel operators with hotel brands can expect to increase their revenues by collaborating with developers, which will provide more opportunities to increase the number of hotel operations.

Necessary activities to realize this goal

### Expansion of the number of hotels under management and hotel real estate sales and purchases.

(Hotel Operation Business)

- Expansion of the number of “Urban apartment hotels” and “resort hotels and inns, etc.” under management, as strategic investments.
- Activities to expand KPIs such as OCC and ADR for managed hotels.

(Real Estate Business)

- Development and sale of “Urban apartment hotels” and “Inbound accommodations” as strategic investments.
- Secure real estate revenues from Property management, real estate brokerage, rent revenues, etc.

### Support the growth of the main business by Supplementary business.

(Tourist sending business)

- Expansion the tourist sending business and improve hotel KPI by sending tourists from Greater China to our own hotels and external hotels.

(Investment business)

- Support increased number of hotel investments and sales revenues through fundraising and establishment of hotel investment funds.

## Our Growth Strategy

### Growth through “Urban apartment hotel development” and “Regional hotel investment”

- Started "Urban Apartment Hotel Development" and "Regional Investment in Resort Hotels and Inns" from 2025/03.
- Urban Apartment Hotel Development" is a hotel targeting inbound tourists, with basic specifications of 45-60 rooms per building, 40-50 square meters per room, in a metropolitan area. [Hotel development will be done jointly with a developer.]
- “Regional hotel Investment” refers to renovation investment in resort hotels and inns in local areas, targeting inbound and domestic families. [Collaboration with local governments, financial institutions, DMO ( Destination Management Organization),etc.]

Specific details

### FY2024 to FY2025, accumulate revenue from hotel operations and small inbound accommodation sales.

- Promoting "Urban Apartment Hotel Development" as a strategic investment. (The development period is over 2 years, and it will take time before the hotel becomes profitable.)
- Increase the number of hotels in operation and rise revenues through another strategic investment, the "Regional Development Investment in Resort Hotels and Inns".
- FY2024 is a period of transformation to growth through the development of apartment hotels, and the company will advance the sale and purchase of small inbound facilities to rise revenues for two years until it becomes profitable.

### FY2026, Revenues to increase significantly as apartment hotels start operations

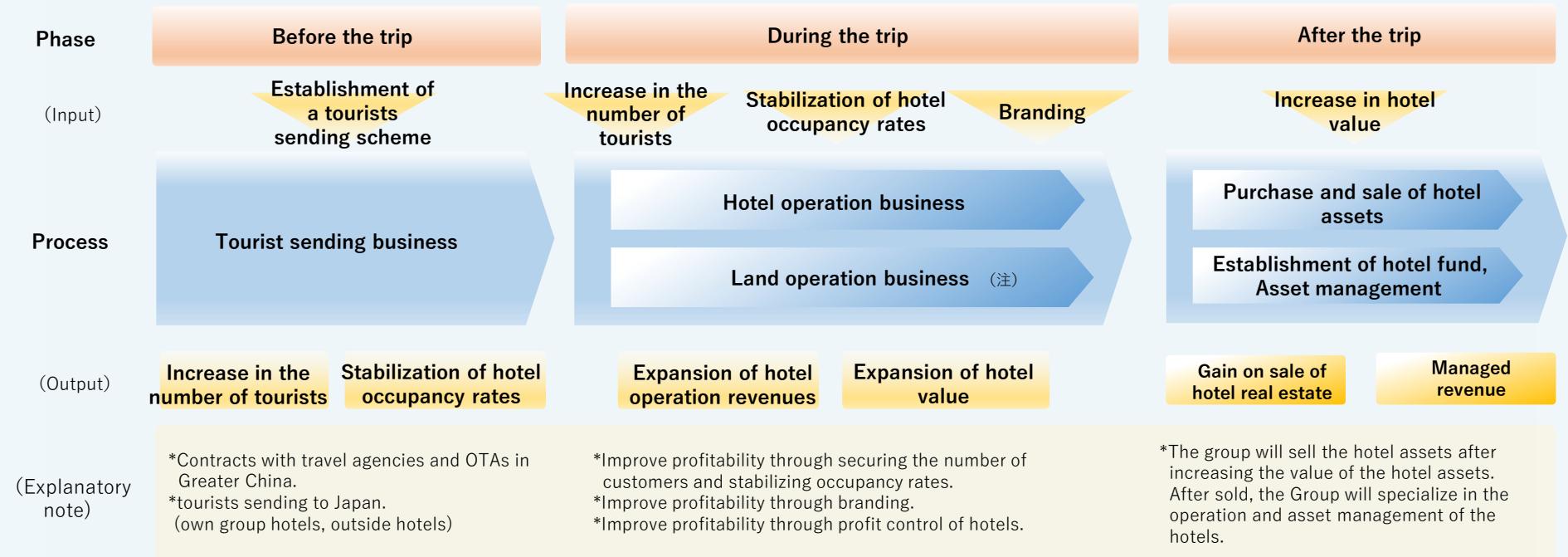
- Apartment hotels, which has been under development since FY2024, will start to open and generate income from FY2026, and gains on the sale of real estate will also increase significantly.
- Since FY2027, the opening of large-scale development projects (Hokkaido Ball Park Hotel, etc.) will start contributing to revenue, and earnings will rise significantly from this period.
- In FY2027, the Group's business model will be completed when growth from the Company's strategic investments in "urban apartment hotel development" & "regional development investments in resort hotels and inns". In addition, the profit from the sale and purchase of inbound accommodation will also make a stable contribution to earnings.

# OUR POSITION & STRENGTHS (Business Strengths)

The business strength of our group is that we cover the entire inbound market. The group's activities include tourists sending to Japan from Greater China, which has a large number of visitors to Japan, domestic hotel operations and land services, and activities to increase hotel real estate values, all of which will grow with the growth of the domestic inbound market.

## Business process of The group

Since the Group's business areas encompass the entire inbound market, the Group can also expect growth in line with the expansion of the inbound market.

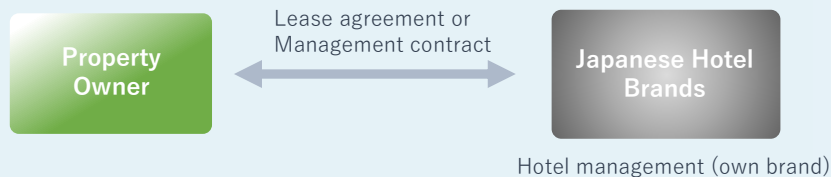


The strength of the Group's positioning is that we are a third-party operator, which is rare in Japan. A third-party operator is a company that partners with a global brand and contracts a lease agreement with a land owner to operate a hotels. Our Group in this position is currently attracting attention in Japan.

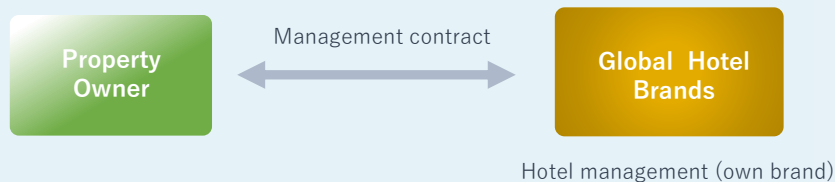
## Typical Hotel Operating Model

- In general, Japanese hotel brands operate under their own brand by concluding a lease agreement (ML) or management contract (MC) with the property owner, while global brands operate under their own brand by concluding only a ML agreement with the property owner.
- In Japan, it is common for property owners and bank to require hotel properties to be leased, which is a barrier to entry for global brands looking to enter the Japanese market.

( Typical hotel operating model of a Japanese hotel brand in Japanese market)



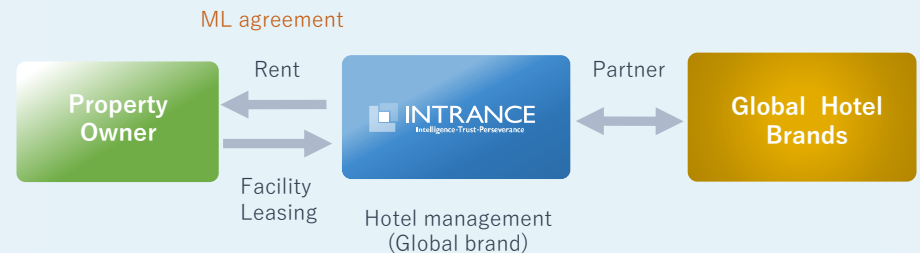
( General operating model for global brands in the world market, including Japan )



## Our Hotel Operating Model

- Third-party operators are companies that operate hotels through franchises or real estate leases in partnership with hotel brands.
- While there are many major specialized third-party operator (3PO) companies overseas, 3PO are almost non-existent in Japan. The reason for this is that global brands based on MC contracts find it difficult to enter the Japanese market, as ML contracts are often required in real estate contracts with property owners and bank in Japan.

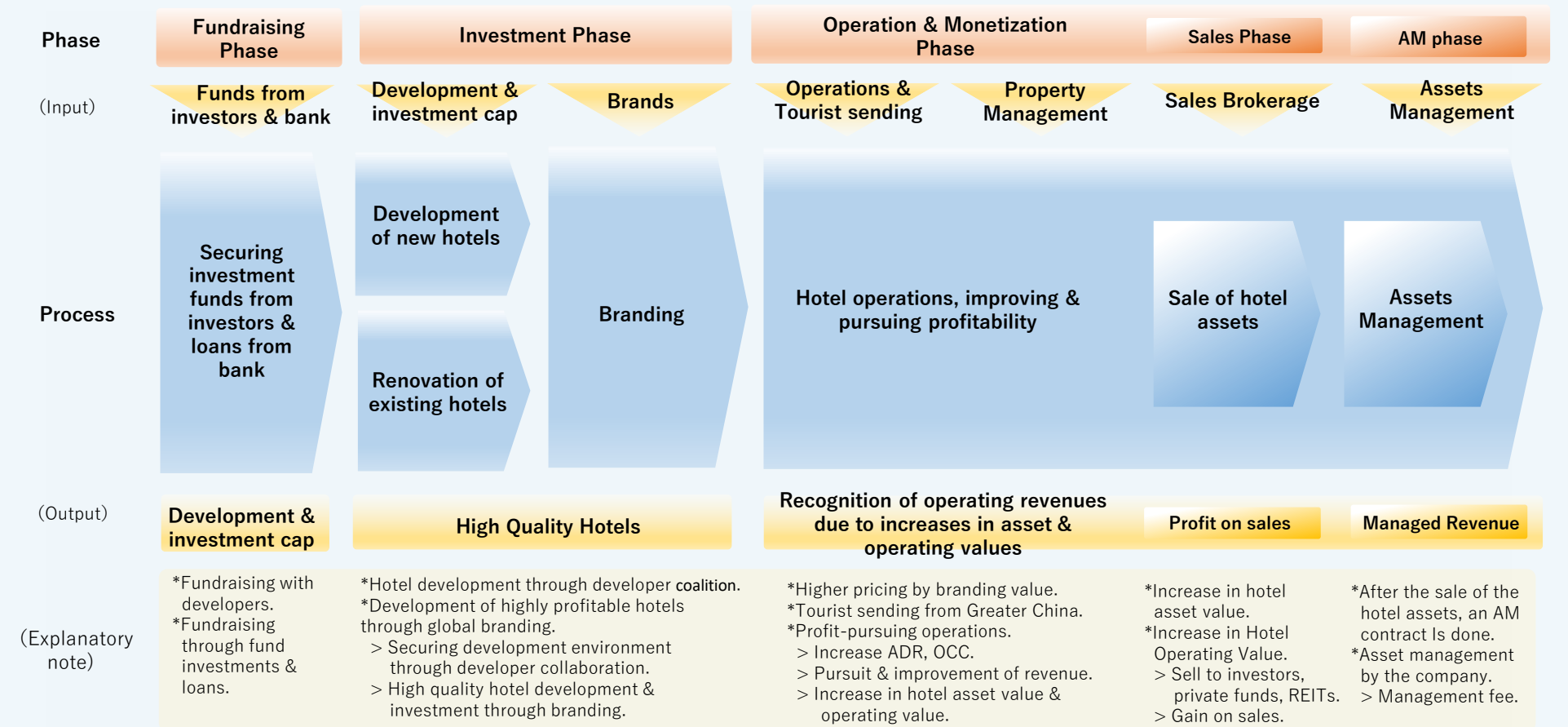
- For this reason, the Company's group has partnered with several global brands and concluded ML agreements with property owners, which has attracted the attention of global brands that are planning to enter the Japanese market.
- The Group will also be able to take advantage of the global brands' branding, marketing, and education systems, and increase the number of hotel with only the initial opening cost.



# About INVESTMENT in Urban Hotel Development

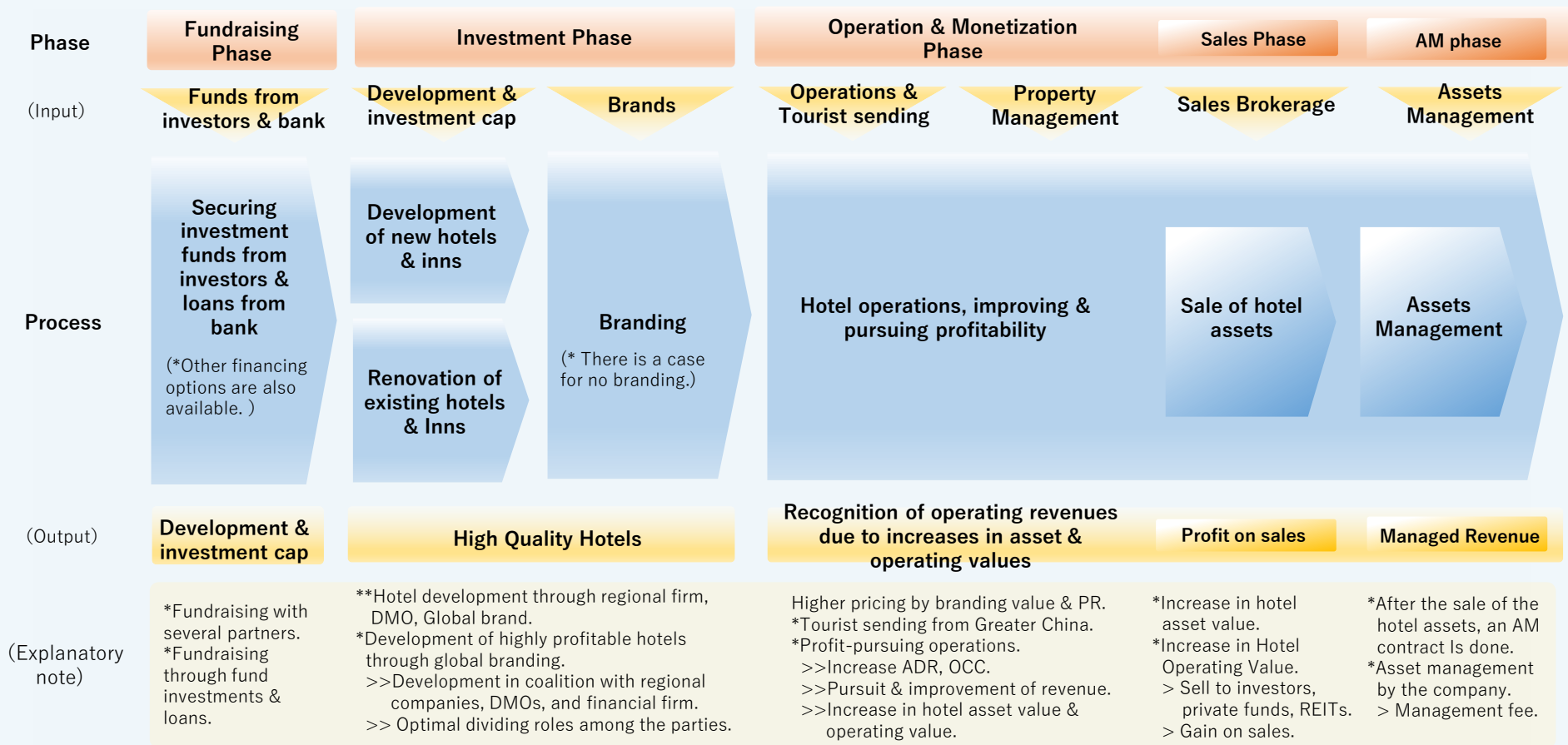
Targeting inbound tourists traveling in groups or families to major metropolitan areas, the hotel will have 45-60 rooms in one building, each room 40-50 square meter in size, an ideal development for standardization and business expansion.

(Reference) Urban investment (urban apartment hotel) from development to exit.



Investing in tourism projects for the purpose of revitalizing rural areas by sharing roles with business partners such as regional companies, DMOs (\*1), and financial institutions.

( (Reference) Investments in regional development (resort hotels and inns) from investment to exit.



\*1) DMO : Destination Management Organization



The Group will accelerate the speed of investment in inbound hotel and regional development to achieve our growth. Furthermore, we also transmit the attractiveness and value of Japan to the world through these activities.

- \*The Group has shifted its business structure to a core hotel business model from FY2022 to FY2023.
- \*The Group will promote the development of urban investments (urban apartment hotels) and regional development investments (resort hotels and inns) in FY2024.
- \*In the period from FY2024 to FY2025, the group will secure revenue from real estate sales (accommodation facilities for inbound tourists) due to insufficient revenue from urban and regional development investments.
- \*The Group's business revenues will increase significantly with the opening of urban apartment hotels in FY2026.

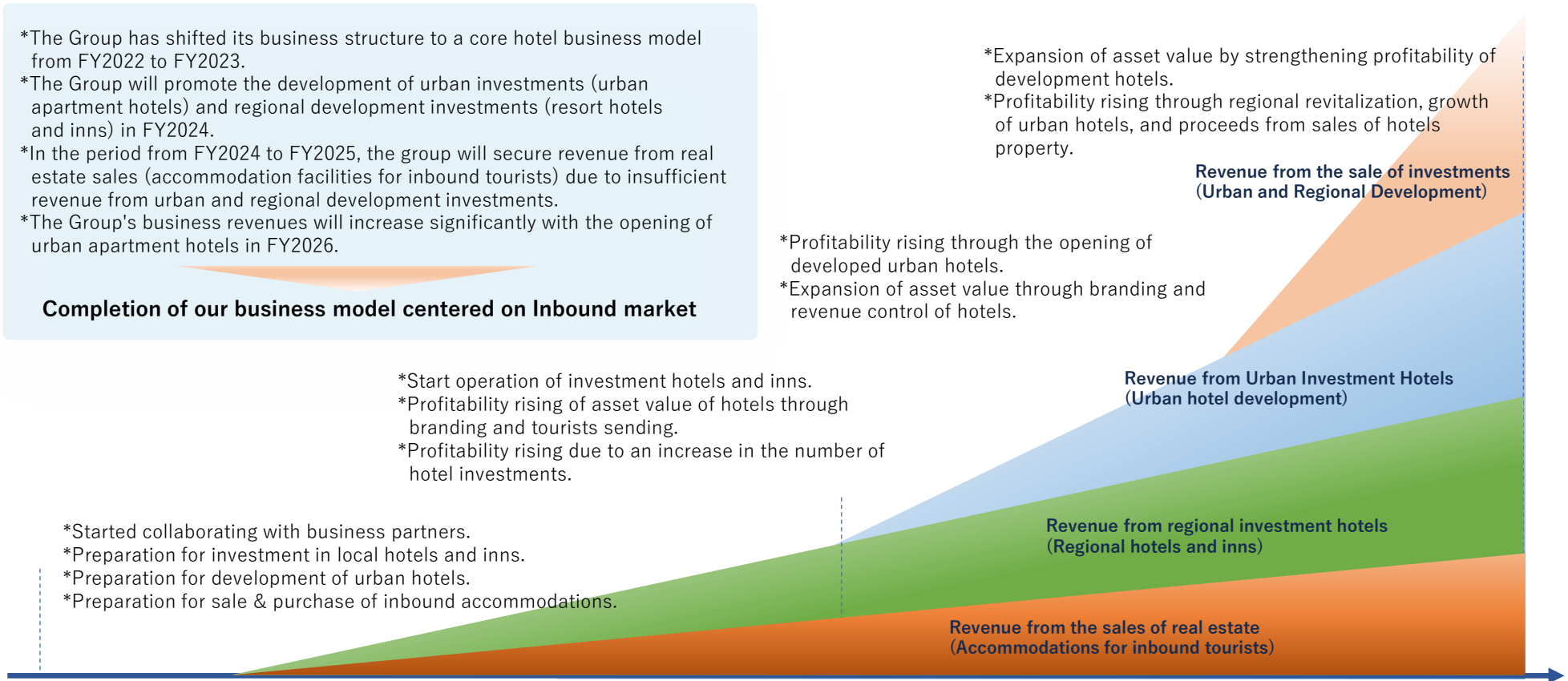
## Completion of our business model centered on Inbound market

- \*Start operation of investment hotels and inns.
- \*Profitability rising of asset value of hotels through branding and tourists sending.
- \*Profitability rising due to an increase in the number of hotel investments.

- \*Started collaborating with business partners.
- \*Preparation for investment in local hotels and inns.
- \*Preparation for development of urban hotels.
- \*Preparation for sale & purchase of inbound accommodations.

- \*Expansion of asset value by strengthening profitability of development hotels.
- \*Profitability rising through regional revitalization, growth of urban hotels, and proceeds from sales of hotels property.

- \*Profitability rising through the opening of developed urban hotels.
- \*Expansion of asset value through branding and revenue control of hotels.



Present

Medium-term

Long-term

Start of business plan

Start investing in regional and urban hotels

Regional hotel revenues will increase

Urban hotel revenues will increase

Revenues from asset sales will increase

## Okinawa

[Homm Stay Yumiha Okinawa](#) (Location in Onnason)

Luxury villa hotel in Onna Village, Okinawa (18 rooms)



## Kyoto

Boutique hotels in Arashiyama, Sanjo and Shijo in Kyoto (49 rooms in 3 hotels)

[Homm Stay Nagi Sanjo Kyoto](#) (Location in Sanjo)



[Homm Stay Nagi Shijo Kyoto](#) (Location in Sanjo)



[Homm Stay Nagi Arashiyama Kyoto](#) (Location in Arashiyama)



## Osaka

[Folio Sakura Shinsaibashi Osaka](#) (Location in Shinsaibashi)

Luxury business hotel in a good location in Shinsaibashi, Osaka (48 rooms)



## Hokkaido(Open in 2027)

\*The hotel name is still under consideration.

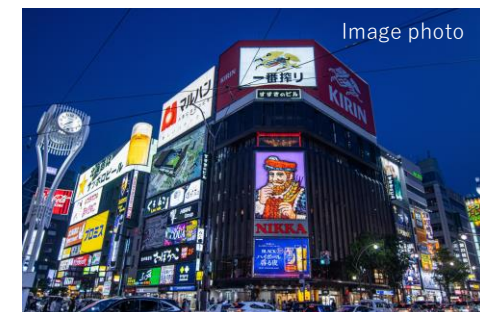
Large type of hotel adjacent to ESCON Field in Hokkaido Ball Park F Village (188 rooms)



## Hokkaido(Open in 2027)

Large type of hotel located on the main district of Susukino, Sapporo, Hokkaido (126 rooms)

\*The hotel name is still under consideration.



## Key Financial Indicator (Consolidated)

(Thousand of yen)

	FY2020 (23th period)	FY2021 (24th period)	FY2022 (25th period)	FY2023 (26th period)	FY2024 2Q (27th period)
<b>Statement of Income</b>					
Netsales	1,175,952	2,351,550	598,187	1,292,217	377,864
Operating profit	(775,819)	195,233	(416,169)	(154,220)	(177,925)
Ordinary profit	(965,625)	195,188	(471,007)	(162,432)	(195,369)
Profit	(994,522)	154,132	(493,412)	(139,905)	(196,192)
Profit attributable to owners of parent	(993,160)	156,110	(493,412)	(139,905)	(196,192)
Comprehensive income	(995,558)	149,869	(494,145)	(143,131)	(201,710)
<b>Balance Sheet</b>					
Total net assets	1,033,875	1,182,078	692,706	860,453	968,199
Total assets	2,911,269	1,862,683	1,181,012	1,158,001	1,204,087
<b>Cash flow Statement</b>					
Cash flows from operating activities	485,239	1,456,016	(587,342)	281,367	(240,208)
Cash flows from investing activities	67,633	(64,650)	(148,747)	34,536	(253,794)
Cash flows from financing activities	(301,981)	(1,031,338)	(47,598)	121,995	289,091
Cash and cash equivalents at end of period	871,079	1,233,959	452,415	890,040	685,459
<b>Financial Data</b>					
Equity ratio (%)	34.6	62.0	56.2	70.8	77.8
Return on equity (%)	(66.5)	(14.4)	(74.4)	(18.9)	(20.9)
Earnings per share (yen)	(26.79)	(4.21)	(13.31)	(3.74)	(4.28)
Book-value per Share (yen)	27.13	31.23	17.90	19.68	20.17

## Company Overview (As of September 30, 2024)

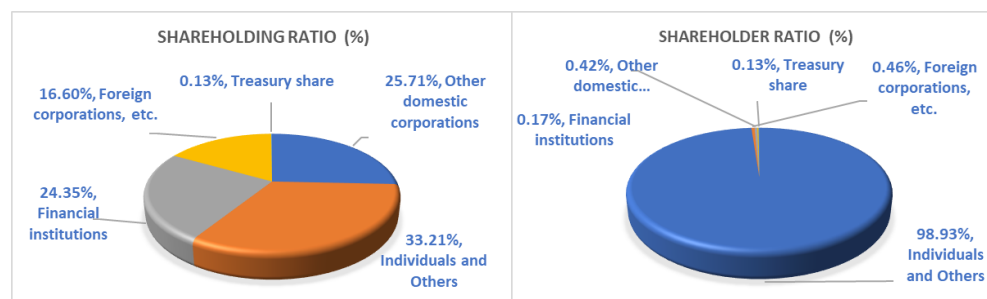
Company name	INTRANCE CO., LTD.	
Representative	He Tongxi, President & CEO	
Founded	May 1, 1998	
Head office address	9F, Oshita bldg, 1-16-5, Dogenzaka, Shibuya, Tokyo, 1500043	
Capital	1,442,327 thousand yen	
Listed Stock Exchange	TSE Growth market (Code; 3237)	
Number of employees	141 (Consolidated)	
Business activities	Estate business Hotel operation business Other business	
Qualified Invoicing Business Registration number	T5-0110-0103-0534	
Licenses and Permits, etc.	Real estate brokerage business [Governor of Tokyo (1) No. 105555] Property management business [Minister of Land, Infrastructure, Transport and Tourism (1) No. 7482]. Type II Financial Instruments business [Director-General of Kanto Local Finance Bureau (Financial Instruments and Exchange Act) No. 1732] Land operator business [Governor of Tokyo No. 20725]	
Member organization	National association for real estate transaction guaranty Type II Financial Instruments Dealers Association Japan Investment Advisers Association	

## Board Member (As of September 30, 2024)

Director and Auditor	President & CEO	He Tongxi
	Director	Shigeru Sudo
	Outside Director	Ken Hibino
	Outside Director	Qiu Fei
	Auditor	Kunio Hirata
	Outside Auditor	Ryuji Uwatoko
	Outside Auditor	Sadahiro Sugita

## Stock Status (As of September 30, 2024)

Total number of authorized shares	115,200,000 shares
Total number of issued shares (excluding 60,400 shares of treasury stock)	46,507,784 shares
Number of shareholders	11,145



## Major Shareholders (Top 10) (As of September 30, 2024)

No.	Shareholders Name	Number of shares held	Voting rights ratio	Shareholding ratio
1	Aizawa Securities Co., Ltd.	8,693,400	18.72%	18.69%
2	Delight Works Co., Ltd.	6,660,000	14.34%	14.32%
3	BNP Paribas Singapore /2S / JASDEC / GF Securities HK	5,386,488	11.60%	11.58%
4	Inbound Investment, LLC.	4,199,096	9.04%	9.03%
5	Japan Securities Finance Co., Ltd.	1,768,700	3.81%	3.80%
6	BNP Paribas London Branch for Prime Brokerage Clearance ACC for third party	1,465,400	3.15%	3.15%
7	Find Star Group Co., Ltd.	660,000	1.42%	1.42%
8	Individual shareholder	380,000	0.82%	0.82%
9	Individual shareholder	363,200	0.78%	0.78%
10	Individual shareholder	290,000	0.62%	0.62%
	Total	29,866,284	64.31%	64.22%

## For reference purpose only

This document is an English translation of the original document in Japanese and has been prepared solely for reference purposes. In the event of any discrepancy between this English translation and the original in Japanese, the original shall prevail in all respects. In addition, the forecasts and other forward-looking statements in this report are based on currently available information and certain assumptions determined as rational.

Consequently, any statements herein do not constitute assurances regarding actual results by the Company.

Actual performance may significantly differ from these forecasts due to various factors in the future.

Our group has established the following official SNS. We post various topics and service information through SNS.



<https://www.facebook.com/intrance.press>



<https://www.instagram.com/intrance.press/>



[https://twitter.com/intrance\\_press](https://twitter.com/intrance_press)



<https://www.tiktok.com/@intrance.press>



[https://note.com/intrance\\_press/](https://note.com/intrance_press/)



## IR information

[https://www.intrance.jp/ir/ir\\_library.html](https://www.intrance.jp/ir/ir_library.html)



## IR inquiry

INTRANCE Co., Ltd. Corporate Communication Section.

Inquiry to; +81-3-6803-8100

Corporate web site;

<https://www.intrance.jp/contact.html>

