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November 13, 2024

## Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]

Company name: INTRANCE CO., LTD.  
Stock exchange listing: Tokyo Stock Exchange  
Code number: 3237  
URL: <https://www.intrance.jp>  
Representative: He Tongxi, President and Representative Director, Chief Executive Officer  
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Scheduled date to commence dividend payments: None  
Preparation of supplementary material on financial results: Yes  
Schedule of quarterly financial results briefing session: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Six months Ended September 30, 2024 (April 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results (Cumulative)

(% indicates changes from the previous corresponding period.)

	Net Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Milliom of Yen	%	Milliom of Yen	%	Milliom of Yen	%	Milliom of Yen	%
First six months FY 2024	377	(49.4)	(177)	—	(195)	—	(196)	—
FY 2023	747	157.3	1	—	(1)	—	35	—

(Note) Comprehensive income: For the Six months ended September 30, 2024: (201) million yen [( - )%]

For the Six months ended September 30, 2023: 33 million yen [( - )%]

	Earnings per share	Fully diluted earnings per share
	Yen	Yen
First six months FY 2024	(4.28)	—
FY 2023	0.97	—

(2) Summary of consolidated balance sheet

	Total assets	Total net assets	Equity ratio
	(Millions of yen)	(Millions of yen)	%
As of Sep 30, 2024	1,204	968	77.8
As of Mar 31, 2024	1,158	860	70.8

Reference: Equity: As of September 30, 2024: 936 million yen As of March 31, 2024: 820 million yen

## 2. Dividends

	Annual dividends				
	Q1 (Yen)	Q2 (Yen)	Q3 (Yen)	Year-end (Yen)	Total (Yen)
	Yen	Yen	Yen	Yen	Yen
FY2023 ended March 31 2024	—	0.00	—	0.00	0.00
FY2024 ended March 31 2025	—				
FY2024 ending March 31, 2025 (Forecast)		0.00	—	0.00	0.00

Note: Revisions to the forecasts of dividends most recently announced: None

## 3. Forecast for Fiscal Year 2024 Ending March 31, 2025

(% indicates year-on-year change.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Yen)
Full-year forecast	2,593	100.7	53	—	40	—	16	—	0.35

Note: Revisions to the forecasts most recently announced: None

### \* Notes:

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

Newly included: — (Company name: —)

Excluded: — (Company name: —)

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

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

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2024: 46,507,784 shares

As of March 31, 2024: 41,746,384 shares

2) Number of treasury shares at the end of the period

As of September 30, 2024: 60,400 shares

As of March 31, 2024: 60,400 shares

3) Average number of shares (cumulative from the beginning of the fiscal year)

Six months September 30, 2024: 45,812,967 shares

Six months September 30, 2023: 37,070,600 shares

\* Reviews by certified public accountants or an audit corporation of the accompanying quarterly

consolidated financial statements: None

\* Proper use of forecasts, and other special matters

(Disclaimer)

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.

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## 1. Overview of Financial Results, etc.

### (1) Overview of Financial Results

The Japanese economy during the six months ended September 30, 2024 showed a moderate recovery trend, as the employment and income environment improved due to the expansion of inbound demand based on the weak yen and wage increases, as well as a move to pass on higher labor and resource costs to prices.

Whereas, the outlook remains uncertain due to the uncertain outlook for the Chinese economy, unstable international conditions, a review of monetary policy by the Bank of Japan, rising prices, and other factors.

In this business environment, in the real estate industry, real estate prices remain at high levels, and with the continuation of a favorable financing environment, the inflow of funds into domestic real estate is expected to continue.

Whereas, the economy is also facing some unstable factors, as domestic interest rates are expected to rise and the Tokyo Stock Exchange REIT Index is softening due to caution about rising interest rates.

In the hotel management industry, on which the Group are focusing, there is a clear recovery in tourism demand, especially among tourists visiting Japan, and the Group believes that a recovery in demand for hotel use, mainly for leisure purposes, can be expected in the future.

Under these circumstances, in addition to its established real estate business, the Group has accelerated its efforts in the hotel management business, a new business domain, with the aim of expanding its business domain and increasing its corporate value.

The basic strategy of the Group is to increase hotel operation revenues by promoting “urban apartment hotel development” and “regional hotel investment.”

Since it takes a certain amount of time to monetize these businesses, we have been advancing projects to develop and sell small accommodation facilities for inbound travelers, which can be expected to generate revenue in a shorter period of time.

In addition, as other business, the Group has been advancing the sending tourists from Greater China to the hotels operated by our group, mainly through our consolidated subsidiary Shanghai INTRANCE Co.

At the same time, the company has been engaged in fundraising activities, mainly through our consolidated subsidiary Japan Hotel Investment Co., Ltd. due to form and operate funds for investment in hotel facilities.

In the herb garden operation business was excluded from the Group's scope of consolidation in the previous consolidated fiscal year.

As a result, net sales were 377,864 thousand yen (down 49.4% year-on-year), operating loss was 177,925 thousand yen (operating profit of 1,306 thousand yen in the same period last year), ordinary loss was 195,369 thousand yen (ordinary loss of 1,060 thousand yen in the same period last year), and net loss attributable to owners of the parent was 196,192 thousand yen (net profit attributable to owners of the parent of 35,979 thousand yen in the same period last year).

Segment information are as follows.

#### (Real estate business)

In the real estate business, during the six months ended September 30, 2024, the company focused mainly on property management, real estate sales, and the development of inbound accommodation facilities. There were no opportunities to sell real estate held for sale.

In the same period last year, there was a special factor of a decrease in SG&A expenses due to a reversal of the allowance for doubtful accounts as a result of the collection of uncollectible receivables, but no such event occurred in this period.

As a result of the above activities, net sales for the six months ended September 30, 2024 were 104,966 thousand yen (down 76.2% year on year). Operating profit was 2,666 thousand yen (down 98.8% year on year).

(Hotel Management Business)

In the hotel management business, during the six months ended September 30, 2024, the Group promoted the operation of the Global Hotel brand.

As a result of the above activities, net sales for the six months ended September 30, 2024 were 272,898 thousand yen (up 34.63% year on year). Operating loss was 22,914 thousand yen (44,934 thousand yen of operating loss in the same period of the previous year).

(Other business)

In the Other Businesses segment, during the six months ended September 30, 2024, the Group promoted the sending of tourists from Greater China to hotels in Japan, mainly through INTRANS Shanghai, however currently only to hotels within the group, and earnings were limited.

At the same time, the Group were preparing to fund raise to invest in hotels, mainly through Japan Hotel Investment Co.

As a result of the above activities, no sales were recorded in these businesses in the previous and current fiscal years. Operating loss from current year amounted to 12,936 thousand yen (operating loss of 16,225 thousand yen in the same period of the previous year).

## **(2) Overview of Financial Position**

### 1) Assets, Liabilities and Net Assets

#### (Assets)

Current assets decreased 201,457 thousand yen to 838,242 thousand yen. This was mainly due to a decrease of 204,581 thousand yen in cash and deposits. Noncurrent assets increased 249,297 thousand yen to 356,197 thousand yen. This was mainly due to an increase of 240,000 thousand yen in long-term deposits. Deferred assets amounted to 9,647 thousand yen, due to a decrease of 1,754 thousand yen in hotel opening costs. As a result, total assets increased 46,085 thousand yen to 1,204,087 thousand yen.

#### (Liabilities)

Current liabilities decreased 56,141 thousand yen to 231,104 thousand yen. This was mainly due to a decrease of 12,000 thousand yen in current portion of long-term loans payable and a decrease of 38,737 thousand yen in provision for shareholders' benefits. Noncurrent liabilities decreased 5,518 thousand yen to 4,782 thousand yen. This was mainly due to a decrease of 5,060 thousand yen in long-term loans payable. As a result, total liabilities decreased 61,659 thousand yen to 235,887 thousand yen.

#### (Net assets)

Total net assets increased 107,745 thousand yen from the end of the previous fiscal year to 968,199 thousand yen. This was mainly due to increases in paid-in capital and capital surplus by 159,122 thousand yen respectively from the issuance of new shares upon exercise of stock acquisition rights.

## 2) Cash Flow Status

Cash and cash equivalents (hereinafter “cash”) at the end of the current interim consolidated accounting period totaled 685,459 thousand yen. The status of cash flows during the current interim consolidated accounting period is as follows.

### (Cash flows from operating activities)

Net cash used in operating activities amounted to 240,208 thousand yen (269,730 thousand yen provided in the previous interim period). This was mainly due to the loss before income taxes and minority interests of 195,369 thousand yen and a decrease in allowance for shareholders' benefits of 38,737 thousand yen.

### (Cash Flows from Investing Activities)

Funds used in investing activities totaled 253,794 thousand yen (46,497 thousand yen earned in the previous interim consolidated accounting period). This was mainly due to payments into long-term deposits of 240,000 thousand yen and purchase of intangible fixed assets of 2,294 thousand yen.

### (Cash flows from financing activities)

Net cash provided by financing activities amounted to 289,091 thousand yen (138,585 thousand yen earned in the previous interim period). This was mainly due to proceeds from issuance of new shares of 307,224 thousand yen and repayment of long-term loans payable of 17,060 thousand yen.

## **(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information**

Consolidated financial results forecasts for the fiscal year ending March 31, 2025 has not been revised from the forecasts announced on May 13, 2024.

## 2. Semi-annual Consolidated Financial Statements and Principal Notes

### (1) Semi-annual Consolidated Balance Sheet

(Thousand of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	890,040	685,459
Accounts receivable - trade	81,447	74,100
Real estate for sale	43,837	42,360
Other inventories	2,285	1,439
Other	22,442	35,121
Allowance for doubtful accounts	(354)	(240)
<b>Total current assets</b>	<b>1,039,699</b>	<b>838,242</b>
Non-current assets		
Property, plant and equipment	6,233	5,808
Intangible assets	10,837	9,693
Investments and other assets		
Long-term deposits	-	240,000
Other	159,828	170,694
Allowance for doubtful accounts	(70,000)	(70,000)
<b>Total investments and other assets</b>	<b>89,828</b>	<b>340,694</b>
<b>Total non-current assets</b>	<b>106,899</b>	<b>356,197</b>
Deferred asset	11,401	9,647
<b>Total assets</b>	<b>1,158,001</b>	<b>1,204,087</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	3,577	3,008
Current portion of long-term debt	32,120	20,120
Provision for bonuses	6,881	7,197
Allowance for shareholder special benefit	59,320	20,583
Other	185,347	180,195
<b>Total current liabilities</b>	<b>287,246</b>	<b>231,104</b>
Non-current liabilities		
Long-term borrowings	9,140	4,080
Other	1,160	702
<b>Total non-current liabilities</b>	<b>10,300</b>	<b>4,782</b>
<b>Total liabilities</b>	<b>297,547</b>	<b>235,887</b>
<b>Net assets</b>		
Shareholders' equity		
Paid-in capital	1,283,205	1,442,327
Capital surplus	1,053,204	1,212,326
Retained earnings	(1,506,519)	(1,702,712)
Treasury shares	(2,476)	(2,476)
<b>Total shareholders' equity</b>	<b>827,413</b>	<b>949,465</b>
Accumulated other comprehensive income		
Foreign currency translation adjustment	(7,116)	(12,635)
<b>Total accumulated other comprehensive income</b>	<b>(7,116)</b>	<b>(12,635)</b>
Share acquisition rights	40,157	31,369
<b>Total net assets</b>	<b>860,453</b>	<b>968,199</b>
<b>Total liabilities and net assets</b>	<b>1,158,001</b>	<b>1,204,087</b>

## (2) Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statement of Income Six Months Ended September 30

(Thousand of yen)

	FY2023 (From April 1, 2023 to September 30, 2023)	FY2024 (From April 1, 2024 to September 30, 2024)
Net sales	747,055	377,864
Cost of sales	310,476	93,152
Gross profit	436,579	284,711
Selling, general and administrative expenses	435,272	462,637
Operating income (loss)	1,306	(177,925)
Non-operating income		
Interest received	4	78
Delayed payment received	2,000	—
Foreign exchange gains	2,734	6,071
Other	1,209	883
Total non-operating income	5,948	7,033
Non-operating expenses		
Interest expenses	4,191	302
Bond issuance costs	2,813	—
Share issuance expenses	—	1,974
Amortization of business expenses	877	1,754
Commission expenses	—	1,500
Loss on valuation of derivatives	—	18,946
Other	433	—
Total non-operating expenses	8,315	24,477
Ordinary loss	(1,060)	(195,369)
Extraordinary income		
Gain on sales of subsidiaries and affiliates' shares	37,700	—
Total Extraordinary income	37,700	—
Income (Loss) before income taxes	36,639	(195,369)
Income taxes -current	660	822
Profit (Loss)	35,979	(196,192)
Profit (Loss) attributable to owners of parent	35,979	(196,192)

## Semi-annual Consolidated Statement of Comprehensive Income

Six Months Ended September 30

(Thousand of yen)

	FY2023 (From April 1, 2023 to September 30, 2023)	FY2024 (From April 1, 2024 to September 30, 2024)
Profit (Loss)	35,979	(196,192)
Other comprehensive income		
Foreign currency translation adjustment	(2,458)	(5,518)
Total other comprehensive income	(2,458)	(5,518)
Comprehensive income	33,521	(201,710)
(details)		
Comprehensive income attributable to owners of parent	33,521	(201,710)
Comprehensive income attributable to non-controlling interests	—	—

### (3) Semi-Annual Consolidated Statement of Cash Flows

(Thousand of yen)

	FY2023 (From April 1, 2023 to September 30, 2023)	FY2024 (From April 1, 2024 to September 30, 2024)
<b>Cash flows from operating activities</b>		
Income (Loss) before income taxes	36,639	(195,369)
Depreciation and amortization	7,491	1,568
Amortization of opening costs	877	1,754
Loss on valuation of derivatives	—	18,946
Loss (gain) on sales of shares of subsidiaries and affiliates' shares	(37,700)	—
Increase (decrease) in allowance for doubtful accounts	(79,786)	(114)
Increase (decrease) in provision for bonuses	694	315
Increase (decrease) in allowance for shareholders' special benefits	7,924	(38,737)
Interest and dividend income	(4)	(78)
Interest expenses	4,191	302
bond issuance costs	2,813	—
Share issuance expenses	—	1,974
Decrease (increase) in trade receivables	(20,324)	7,346
Decrease (increase) in inventories	179,931	2,322
Decrease (increase) in other assets	99,124	(12,501)
Increase (decrease) in other liabilities	56,404	(21,035)
Other, net	951	(4,959)
Subtotal	259,227	(238,264)
Interest and dividend income received	4	78
Interest expenses paid	(4,261)	(323)
Income taxes paid and received	14,760	(1,698)
Net cash provided by (used in) operating activities	269,730	(240,208)
<b>Cash flows from investing activities</b>		
Refund from time deposits	100,000	—
Purchase of property, plant and equipment	(10,210)	—
Purchase of intangible assets	(2,990)	(2,294)
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(26,777)	—
Payments for opening expenses	(11,594)	—
Payments for long-term deposits	—	(240,000)
Other, net	(1,930)	(11,500)
Net cash provided by (used in) investing activities	46,497	(253,794)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of bonds	297,186	—
Repayment of long-term debt	(162,788)	(17,060)
Repayment of lease obligations	(428)	(443)
Proceeds from issuance of shares upon exercise of stock acquisition rights	—	307,224
Proceeds from issuance of stock acquisition rights	4,615	—
Other, net	—	(630)
Net cash provided by (used in) financing activities	138,585	289,091
Effect of exchange rate change on cash and cash equivalents	(220)	330
Net increase (decrease) in cash and cash equivalents	454,593	(204,581)
Cash and cash equivalents at beginning of period	452,415	890,040
Cash and cash equivalents at end of period	907,009	685,459

(4) Notes to Semi-annual Consolidated Financial Statements

(Segment information, etc.)

(Note on Segment information)

I. For the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

Information on sales revenue and profit or loss by reportable segments

(Thousand of yen)

	Reportable segments				Other (Note 1)	Adjustment (Note 2)	Total (Note 3)
	Real estate	Hotel operation	Herb garden operation	Total			
Sales revenue							
Sales revenue to outside customers	422,266	202,700	103,533	728,500	—	—	728,500
Revenue from other sources	18,555	—	—	18,555	—	—	18,555
Sales to external customers	440,822	202,700	103,533	747,055	—	—	747,055
Segment profit (loss)	219,188	(44,934)	(4,175)	170,079	(16,225)	(152,547)	1,306

(Note) 1. The “Other” segment is a business segment not included in the reportable segments and mainly consists of the customer sending business from China.

2. Adjustment of segment profit (loss) is the cost of head office expenses that do not belong to the reportable segments.

3. Total segment profit (loss) is adjusted with operating loss in the interim consolidated statements of income.

4. Otaki Herb Garden Co., Ltd. and Herb Production and Shipping Association Co., Ltd. which had been classified in the “Herb Garden Management Business” segment, were excluded from the scope of consolidation due to the sale of all shares in Otaki Herb Garden Co. during the interim consolidated accounting period.

The amounts of net sales and segment losses of these companies include results up to the date of this exclusion from consolidation.

II. For the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

Information on sales revenue and loss by reportable segments.

(Thousand of yen)

	Reportable segments				Other (Note 1)	Adjustment (Note 2)	Total (Note 3)
	Real estate	Hotel operation	Herb garden operation	Total			
Sales revenue							
Sales revenue to outside customers	102,018	272,898	—	374,916	—	—	374,916
Revenue from other sources	2,948	—	—	2,948	—	—	2,948
Sales to external customers	104,966	272,898	—	377,864	—	—	377,864
Segment Loss	2,666	(22,914)	—	(20,248)	(12,936)	(144,740)	(177,925)

(Note) 1. The “Other” segment is a business segment not included in the reportable segments and mainly consists of the customer sending business from China.

2. Adjustment of segment loss is the cost of head office expenses that do not belong to the reportable segments.

3. Total segment loss is adjusted with operating loss in the interim consolidated statements of income.

(Notes on Significant Changes to Shareholders' Equity)

Previous Interim Consolidated Accounting Period (April 1, 2023 to September 30, 2023)

1. Dividends paid

Not applicable

2. Dividends whose record date belongs to the current interim consolidated accounting period however whose effective date is after the end of the current interim consolidated accounting period

Not applicable

3. Significant changes in shareholders' equity

Not applicable

Current interim consolidated accounting period (April 1, 2024 to September 30, 2024)

1. Dividends paid

Not applicable

2. Dividends whose record date belongs to the current interim consolidated accounting period however whose effective date is after the end of the current interim consolidated accounting period

Not applicable

3. Significant changes in shareholders' equity

During the current interim consolidated accounting period, capital stock and capital surplus increased by 159,122 thousand yen each due to the issuance of new shares upon exercise of the 7th and 8th series of stock acquisition rights.

As a result, capital stock and capital surplus amounted to 1,442,327 thousand yen and 1,212,326 thousand yen, respectively, at the end of the current interim consolidated accounting period.

(Notes on going concern assumption)

Not applicable