

# Explanatory Material on Consolidated Financial Results for the nine months ended December 31, 2024

INTRANCE CO., LTD.

February 12, 2025

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

2 Business Status

3 Supplementary Information

## ◆ Consol. revenues declined & operating loss increased due to lower real estate revenues compared to the previous same period, despite steady growth in hotel revenues.

### ■ Real Estate Business

- Focus on development of urban hotels and inbound accommodations, **one urban hotel brokerage deal** and **one inbound accommodation development deal** confirmed.
- 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

- **Focused on negotiations with developers and others to secure management rights** for new hotels in metropolitan and regional areas.
- Hotel sales remained strong year on year, however were not enough to cover fixed costs for the segment as a whole, resulting in operating losses.

### ■ 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** (hotel and inbound accommodation facilities), and **securing project management services for resort facility development**, in order to diversify our earnings.
- In the hotel management business, the **number of negotiated deals steadily increased** as the company focused on securing management rights for new hotels.
- In the tourists sending business, the company focus on securing contracts with outside hotels.
  - In the investment business, focus on establishing funds with investors for hotel development.

## Consolidated Financial Result for FY2024/3Q

FY2024 Second Quarter	<b>Net sales</b>	<b>639m yen</b>
		(Down 31.8% year on year)
	<b>Operating loss</b>	<b>(220m yen)</b>
		(Loss of ¥87M in 3Q FY2023)
	<b>Ordinary loss</b>	<b>(265m yen)</b>
		(Loss of ¥91M in 3Q FY2023)
	<b>Loss attributable to owners of parent</b>	<b>(266m yen)</b>
		(Loss of ¥54M in 3Q FY2023)
<b>Earnings per share</b>	<b>(5.79 yen)</b>	
	(Loss of ¥1.47 in 3Q FY2023)	
<b>Total assets</b>	<b>1,130m yen</b>	
	(End of previous period 1,158M yen)	
<b>Net assets</b>	<b>899m yen</b>	
	(End of previous period 860M yen)	
<b>Equity Ratio</b>	<b>76.8%</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 FY2024/3Q



### Real Estate Business

The company focused on development of hotels and inbound accommodations facilities.

**Net sales 185m yen**    **Operating Profit 41m yen**  
 (Down 62.5% year on year)    (Down 81.3% year on year)



### Hotel Operation Business

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

**Net sales 453m yen**    **Operating loss (35m yen)**  
 (Up 34.1% year on year)    (Loss of ¥61m in 3Q FY2023)



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

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

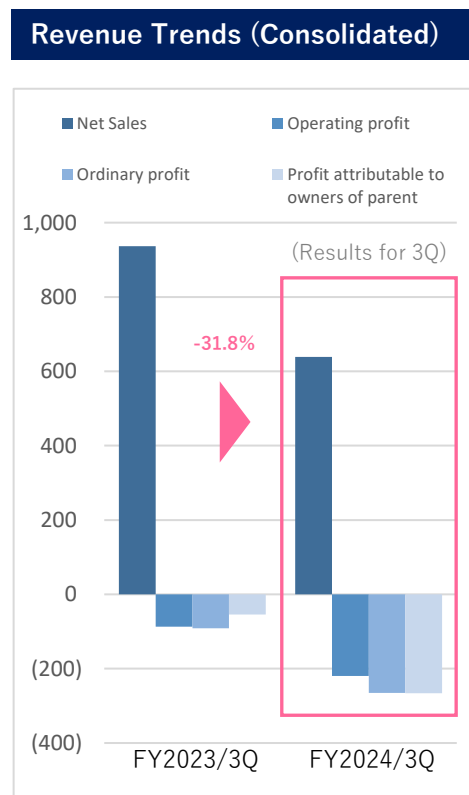
**Net sales 0m yen**    **Operational loss (19m yen)**  
 (Loss of ¥25m in 3Q FY2023)

- **Hotel sales remained strong**, however **consolidated revenue decreased** due to lower real estate sales compared to the same period last year. Activities aimed at medium- and long-term earnings remained solid, but **short-term earnings activities were insufficient**.
- **Operating loss increased** due to the absence of the earnings improvement effect of the previous year's decrease in SG&A expenses resulting from the collection of uncollectible receivables, despite solid improvement in hotel operation revenues.

(Million of yen)

	FY2023/3Q (Actual result)	FY2024/3Q (Actual result)	FY2024 (Full year forecast)	Change from the same period of the previous year	Progress ratio toward full-year forecast
Net Sales	937	639	2,593	- 298 - 31.8%	24.6%
Operating profit	(87)	(220)	53	- 133 -	-
Ordinary profit	(91)	(265)	40	- 174 -	-
Profit attributable to owners of parent	(54)	(266)	16	- 212 -	-
Earnings per share (yen)	(1.47)	(5.79)	0.35	- 4.32 -	-

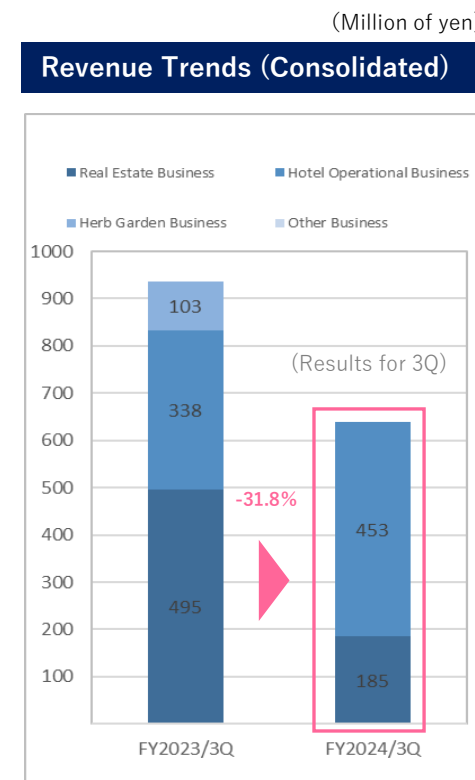
(Million of yen)



- In the real estate business, **sales and operating income decreased** from the previous same period, due to the absence of real estate sales, although **one real estate brokerage deal was completed**.
- In the Hotel Operation Business, **gross profit increased due to strong hotel sales**, however could not cover the fixed costs of the segment as a whole, resulting in an **operating loss for the segment**.
- 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)

	FY2023/3Q (Actual result)	FY2024/3Q (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>	937	639	2593	- 298 -31.8%	24.6%
Real Estate Business	495	185	1152	- 310 - 62.5%	16.1%
Hotel Operational Business	338	453	1293	+115 +34.1%	35.0%
Herb Garden Business	103	-	-	-	-
Other Business	0	0	147	+0 -	0.0%
<b>Operating profit</b>	(87)	(220)	53	- 133 -	-
<b>Ordinary profit</b>	(91)	(265)	40	- 174 -	-
<b>Profit attributable to owners of parent</b>	(54)	(266)	16	- 212 -	-
<b>Earnings per share (yen)</b>	(1.47)	(5.79)	0.35	- 4.32 -	-



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

## (Estate Business)

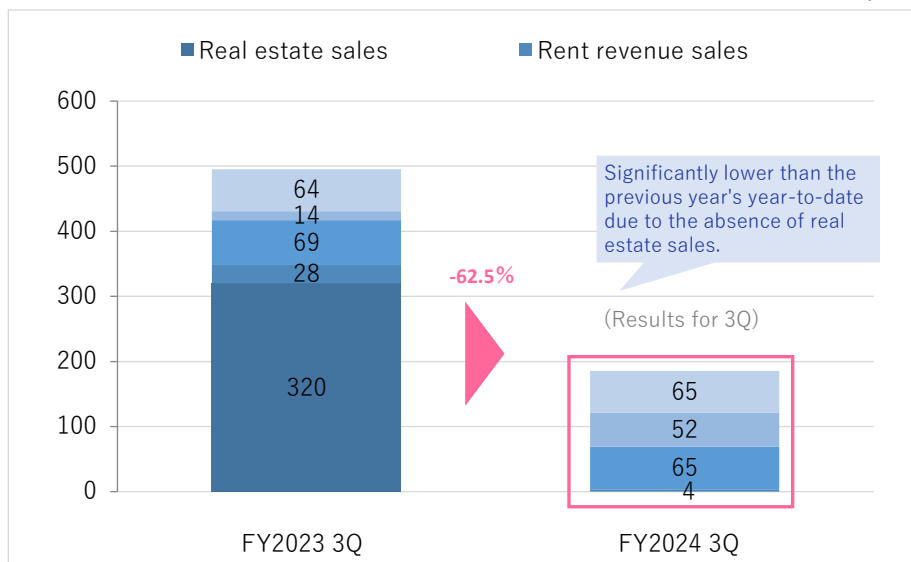
- Focused on hotel real estate development and land brokerage for future earnings growth, sales and operating income decreased year on year. **(One hotel land brokerage was finalized.)** Settled matter
- In addition, focus on development of inbound accommodation facilities. **(One case finalized, total of two cases currently under development.)** Settled matter

## (Hotel Operation Business)

- **Focused on acquiring the right to operate an urban apartment hotel, sales increased and operating loss slightly decreased** compared with the same period of the previous fiscal year.
- Focus on other activities to secure management rights (including M&A) for hotels in operation (Urban and Resort Hotel)

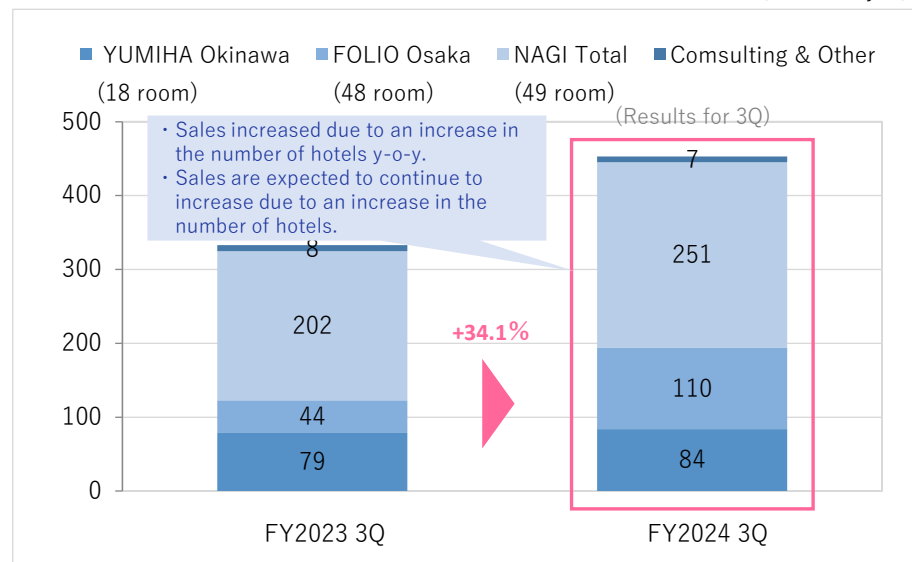
### Real Estate Business Year-on-Year

(Million of yen)



### Hotel Operation Business Year-on-Year

(Million of yen)



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



# BALANCE SHEET TREND SUMMARY in FY2024/3Q

- Assets decreased from the end of the FY2023 (Due to decrease in cash & deposit)
- Liabilities decreased from the end of the FY2023 (Due to a decrease in provision for shareholders' benefits, and noncurrent liabilities decreased slightly)
- Net assets increased from the end of FY2023 (Increase in paid-in capital and capital surplus due to issuance of new shares. Decrease due to loss after tax.)

## Balance Sheet Summary (Comparison with FY2023)

(Million of yen)

	FY2023	FY2024/3Q	Increase/ Decrease	Major Factors for Increase/Decrease
Cash and deposits	890	608	△ 282	
Notes and accounts receivable - trade	81	96	15	
Real estate for sale	43	41	△ 2	
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>782</b>	<b>△ 257</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	222	222	*Deposits for Forward Stock Repurchase Agreement.
Investments and other assets	159	171	12	
Allowance for doubtful accounts	(70)	△ 70	0	
<b>Total investments and other assets</b>	<b>89</b>	<b>324</b>	<b>235</b>	
<b>Total non-current assets</b>	<b>106</b>	<b>339</b>	<b>233</b>	
Deferred asset	11	8	(3)	
<b>Total assets</b>	<b>1,158</b>	<b>1,130</b>	<b>△ 28</b>	

	FY2023	FY2024/3Q	Increase/ Decrease	Major Factors for Increase/Decrease
Accounts payable - trade	3	4	1	
Current portion of long-term debt	32	16	(16)	
Provision for bonuses	6	3	(3)	
Allowance for shareholder special benefit	59	0	(59)	*Dec in provision for shareholders' benefits.
Other	185	204	19	
<b>Total current liabilities</b>	<b>287</b>	<b>227</b>	<b>(60)</b>	
Long-term borrowings	9	2	(7)	*Dec due to repayment of loans payable.
Other	1	0	△ 1	
<b>Total non-current liabilities</b>	<b>10</b>	<b>3</b>	<b>(7)</b>	
<b>Total liabilities</b>	<b>297</b>	<b>230</b>	<b>(67)</b>	
Paid-in capital	1283	1,442	159	*Inc due to issuance of new shares.
Capital surplus	1053	1,212	159	*Inc due to issuance of new shares.
Retained earnings	(1506)	△ 1,773	(267)	*Due to the loss after income tax.
Treasury shares	(2)	△ 2	0	
<b>Total shareholders' equity</b>	<b>827</b>	<b>878</b>	<b>51</b>	
Accumulated other comprehensive income	(7)	△ 10	(3)	
Share acquisition rights	40	31	(9)	
<b>Total net assets</b>	<b>860</b>	<b>899</b>	<b>39</b>	
<b>Total liabilities and net assets</b>	<b>1158</b>	<b>1,130</b>	<b>(28)</b>	
<b>Equity ratio (%)</b>	<b>70.8%</b>	<b>76.8%</b>	<b>6.0%</b>	*Ratio increase due to new share issuance

1 Summary of Financial Results

**2 Business Status**

3 Supplementary Information

- Business measures in the medium- to long-term plan from FY2024 to FY2028 are **gradually progressing**.
- In the first half of FY2024, the company **focused on activities to acquire hotel management rights**, which will be a source of mid- to long-term revenue, and the number of **projects is steadily increasing**.
- Whereas, there is a large difference from the initial forecast for FY2024, and **progress toward the planned figures is low**.
- Therefore, in order to recover to achieve the forecast figures through the second half of the year, the Company has **shifted management resources to activities for real estate income**, and as a result, the **number of real estate projects is gradually increasing**.

## Next Action

To achieve our mid- to long-term plan, the group will implement the following action plans.

- Although the company had some success in our activities to secure hotel management rights for medium- to long-term growth, whereas were not able to secure enough short-term revenue. Therefore, the company will **promote activities to secure short-term earnings in the real estate business**.
  - Real estate business:  
Pursue real estate income in the following areas to secure short-term revenue.  
“Resale of accommodation”, “Brokerage”, “Project management fees”, “Development and “sale of inbound facilities”
  - Hotel Operation Business:  
Secure hotel revenues in the following areas to ensure mid- to long-term profitability.  
“Improve hotel revenues at existing hotels”, ‘Secure hotel management rights,’ and “Brand service fees.”
  - Tourist Sending Business:  
Promoted advertising and sales of group hotels to stabilize room reservations. Also, to secure the following revenues by increasing the number of tourist sending to outside hotels. “Handling fees for hotel reservations”
- Based on the above, the company aim to **achieve the budget for this fiscal year and achieve net sales of ¥16b and operating income of ¥1.3b in the FY2028**.

- In the real estate business, 1 hotel real estate brokerage and 2 development projects of inbound accommodation facilities are confirmed. (Estimated sales price is approximately ¥150m x 2 projects)
- In the hotel management business, 2 urban apartment hotel management rights are being secured. (After the opening of the above in the spring of 2027, sales of ¥3.5b and operating income of ¥280m will be added, and combined with the existing hotel, sales of more than ¥4b are expected.)
- In the inbound sending business, contracts are in progress with hotels and travel agencies.

## Specific Business Progress on FY2024/3Q

	1Q Result	2Q Result	3Q Result	4Q Schedule
Real Estate Business	<ul style="list-style-type: none"> <li>*Promote development of urban apartment hotels. [Collaborate with developers to scrutinize projects.]</li> <li>*Design development schemes for inbound accommodations. [Collaboration with real estate companies and construction companies.]</li> </ul>	<ul style="list-style-type: none"> <li>*Promote development of urban apartment hotels.</li> <li>*Development of inbound accommodations. &gt;&gt; <u>Development of a project in Taito-ku to be finalized in July 2024.</u></li> </ul>	<ul style="list-style-type: none"> <li>*Promote development of urban apartment hotels.</li> <li>*Promote development of inbound accommodations facilities. &gt;&gt; <u>Development of a project in Kita-ku to be finalized in November 2024.</u></li> <li>*Promote hotel site brokerage. &gt;&gt; <u>Site brokerage in Sapporo, Hokkaido to be finalized in October 2024.</u></li> <li>*Promoting development management of resort development.</li> </ul>	<ul style="list-style-type: none"> <li>*Promote development of urban apartment hotels.</li> <li>*Promote development of inbound accommodations facilities.</li> <li>*Promote hotel site brokerage.</li> <li>*Sale of real estate for sale.</li> <li>*Promoting development management of resort development.</li> </ul>
Hotel Operatio Business	<ul style="list-style-type: none"> <li>*Information survey on regional hotel investment. [Research focusing on resort hotels and inns.]</li> <li>*Promotion of urban hotel development. [Planning and development of urban hotels.]</li> </ul>	<ul style="list-style-type: none"> <li>*Information survey on regional hotel investment.</li> <li>*Promotion of urban hotel development.</li> <li>*Concluded a lease contract for an urban hotels. &gt;&gt; <u>Hotel operation in Sapporo, Hokkaido is finalized in September 2024. (FY2027: ¥1.5b sales, ¥60m prpfit)</u></li> </ul>	<ul style="list-style-type: none"> <li>*Information survey on regional hotel investment &amp; urban apartment hotels.</li> <li>*Promote the conclusion of lease agreements and operation of regional &amp; urban hotels.</li> </ul>	<ul style="list-style-type: none"> <li>*Information survey on regional hotel investment &amp; urban apartment hotels.</li> <li>*Promote the conclusion of lease agreements and operation of regional &amp; urban hotels.</li> </ul>
Other Business	<ul style="list-style-type: none"> <li>*Started to send guests from Greater China to the Group's hotels.</li> <li>*Preparation for system linkage with hotels.</li> <li>*Promote contracts with external hotels.</li> </ul>	<ul style="list-style-type: none"> <li>*Promoting tourists from Greater China to the Group's hotels.</li> <li>*Promotion of contracts with travel agencies and OTAs in Greater China.</li> <li>*Promote contracts with external hotels in Japan.</li> </ul>	<ul style="list-style-type: none"> <li>*Promoting tourists from Greater China to the Group's hotels.</li> <li>*Promote contracts with external hotels.</li> </ul>	<ul style="list-style-type: none"> <li>*Promoting tourists from Greater China to the Group's hotels.</li> <li>*Promoting tourists from Greater China to external hotels.</li> </ul>
Investment Business	<ul style="list-style-type: none"> <li>*Explanation of hotel investment to investors.</li> <li>*Examination of investment scheme.</li> </ul>	<ul style="list-style-type: none"> <li>*Explanation of hotel investment to investors. &gt;&gt; Search for potential purchasers of developed hotels and inbound accommodations.</li> </ul>	<ul style="list-style-type: none"> <li>*Promote establishment of a fund to invest in urban hotels, and its execution.</li> </ul>	<ul style="list-style-type: none"> <li>*Establishment of a fund to invest in urban hotels, and its execution.</li> </ul>

- In the Real Estate Business, focus on resale of hotels and inns, brokerage, project management of resort facilities, and development of inbound accommodation facilities. [Short-term profitable activities]
- During the period, the company made progress in brokering and developing of inbound facilities. Besides, the company has several projects under contract negotiations below.
- Secure short- to medium-term earnings in the real estate business until the expansion period of the hotel management business (FY2027).

## Business Pipeline / Estate Business (Projects currently confirmed or under negotiation)

No.	Project Name	Location (Development area)	Product/Service Characteristics	Annual Contribution Profit (Estimated)	Target start/ settlement date	Project Status
(Already settled project)						
1	Project A	Hokkaido	Brokerage of hotel development sites.	38 million yen	Contracted (October 2024)	Contract executed
(Unsettled project)						
2	Inbound facility development	Taito-ku, Tokyo	Development and sales of inbound accommodation facilities.	30 million yen	End of this fiscal year	Contracted and under development.
3	Inbound facility development	Kita-ku, Tokyo	Development and sales of inbound accommodation facilities.	30 million yen	June, 2025	Contracted and under development.
4	Project B	Shizuoka	Resale of onsen ryokan. (inns in operation)	120 million yen	End of this fiscal year - Next fiscal year	Under negotiation.
5	Project C	Shizuoka	Resale of onsen ryokan. (inns in operation)	60 million yen	End of this fiscal year - Next fiscal year	Under negotiation.
6	Project D	Kanagawa	Resale of onsen ryokan. (inns in operation)	100 million yen	Next fiscal year	Negotiations begin.
7	Project E	Okinawa	Brokerage of hotel development sites.	60 million yen	Next fiscal year	Negotiations begin.
8	Project F	Okinawa	Brokerage of hotel development sites.	60 million yen	Next fiscal year	Negotiations begin.
9	Project G	Nagano	Brokerage of hotel development sites, and Management fee income from project management of resort facility development.	30 million yen	End of this fiscal year and the year after	Under negotiation.
10	Project H	Tochigi	Sale of real estate for sale	30 million yen	End of this fiscal year - Next fiscal year	Sales in progress

\*Since revenue recognition (operating income, non-operating income, extraordinary income, etc.) may vary depending on the project, the company describe to it as contribution income.

- In the hotel management business, in addition to activities to improve profitability of existing hotels, the company focus on activities to secure management rights for new large-scale hotels to be developed. **[Medium- to long-term profitable activities]**
- Activities to secure management rights for large hotels are progressing, with the following projects under negotiation. Hotel sales are expected to **exceed ¥4b in FY2027** and beyond, with the aim of further increasing hotel sales.
- Due to its status as a third-party operator partnering with international hotel brands, the number of **deals negotiated with developers is increasing**, and its **negotiating power with brands is expanding**.
- Profitability (KPI) of existing hotels is **steadily improving** due to various measures.

## Business Pipeline / Hotel Management Business (Projects currently confirmed or under negotiation)

No.	Project Name	Location (Development area)	Hotel Brand	number of rooms	Annual Sales (Actual or Forecast)	Annual Operating Income (Forecast)	Opening Date	Project Status
<b>(Already settled project)</b>								
1	Homm Stay Yumiha Okinawa	Kunigami-gun, Okinawa	HOMM (BANYAN)	18 rooms	100 million yen	-	In operation. (from July 2022)	In operation.
2	Folio Sakura Shinsaibashi Osaka	Osaka City, Osaka	FOLIO (BANYAN)	48 rooms	150 million yen	-	In operation. (from July 2023)	In operation.
3	Homm Stay Nagi Sanjo Kyoto	Kyoto City, Kyoto	HOMM (BANYAN)	28 rooms	330 million yen (Total of 3 hotels)	-	In operation. (Consolidated in April 2024)	In operation.
4	Homm Stay Nagi Shijo Kyoto	Kyoto City, Kyoto	HOMM (BANYAN)	12 rooms				
5	Homm Stay Nagi Arashiyama Kyoto	Kyoto City, Kyoto	HOMM (BANYAN)	9 rooms				
6	Kitahiroshima Ball Park Hotel	Kitahiroshima City, Hokkaido	BANYAN	Approx. 190 rooms	2,000 million yen	250million yen	Scheduled to open in spring 2027, before construction.	Lease agreement signed (Fall 2023).
7	Sapporo Susukino Hotel	Sapporo City, HokkaidoK	To be selected in the future	Approx. 130 rooms	1,500 million yen	100million yen	Scheduled to open in spring 2027, under design.	Lease agreement signed (Fall 2024).
<b>(Unsettled project)</b>								
8	Project A	Okinawa	To be selected in the future	Approx. 110 rooms	4,500 million yen	40 million yen	Scheduled to open in summer 2028, in planning.	Lease agreement under negotiation.
9	Project B	Yamanashi	To be selected in the future	Approx. 70 rooms (Phase 1 Development)	900 million yen	60 million yen	Scheduled to open in spring 2027, in planning.	Lease agreement under negotiation.
10	Project C	Nagano	To be selected in the future	Approx. 40 rooms (Phase 1 Development)	600 million yen	50 million yen	Scheduled to open in summer 2027, in planning.	Project management agreement under negotiation.
11	Project D	Hokkaido	To be selected in the future	Approx. 130 rooms	2,000 million yen	100 million yen	Scheduled to open in summer 2028, in planning.	Lease agreement under negotiation.
12	Project E	Osaka	To be selected in the future	Approx. 240 rooms	2,200 million yen	100 million yen	Scheduled to open in fall 2027, in planning	Participating in bidding for hotel operating rights.

\*The reason for the different operating profit ratio for each hotel is due to the different hotel management contract schemes.

- Tourists Sending Business is an **overseas sales function (Global Sales Office) that handles advertising and sales of group hotels** that send tourists from Greater China. Also promotes revenue -generating activities by handling tourists sending to outside hotels. **[Support business + additional revenue]**
- The Group has been sending tourists to group hotels since last year. Currently, the company is promoting contracts with outside hotels, focusing on expanding the number of contracted hotels, increasing the amount of hotel reservations handled, and aiming to **establish a position as a business group capable of generating hotel reservation demand.**
- In the Investment Business, focus on fundraising activities from Japan and overseas for the purpose of hotel investment, and continue to do so in the future.

## Business Pipeline / Other Business (Projects currently confirmed or under negotiation)

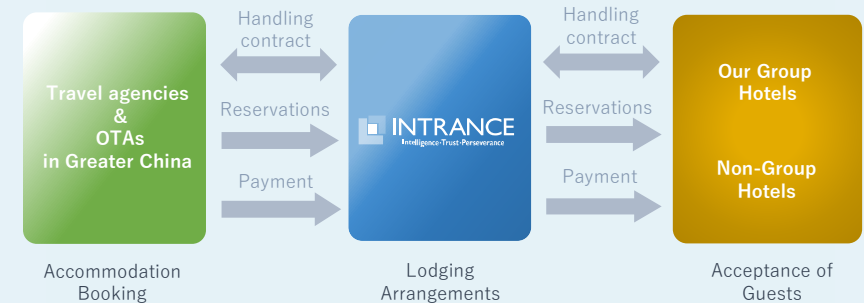
No.	Project Name	Product/Service Characteristics	Target Amount handled (Estimated)	Scheduled start date	Project Status
<b>(Tourist Sending Business)</b>					
<b>(Already settled project)</b>					
1	Five of the Group's hotels	Tourist sending to hotels operated by the Group [Promote & Selling group hotels.]	The goal is to handle 10% of the number of rooms available for sale at each hotel.	in operation	Under contract.
<b>(Unsettled project)</b>					
2	A Hotel (Kyoto)	Tourist sending to hotels outside of the group [Revenue-generating activities]	Depends on the size of each hotel to be contracted, but targets between ¥5 million and ¥20 million for each hotel.	Feb - Mar 2025	Status of contracts in preparation or under negotiation, depending on each hotel.
3	B Hotel (Osaka)				
4	C Hotel (Osaka)				
5	D Hotel (Osaka)				
6	E Hotel (Hokkaido)				
7	F Hotel (Tokyo)				
8	G Hotel (Osaka)				
9	H Hotel (Tokyo)				
<b>(投資事業)</b>					
-	There are no projects that can be made public currently.	-	-	-	-

\*No sales will be recorded in this business, since the business purpose of the investment business is to raise funds for the Company's main business of real estate and hotel management.

## Tourists Sending Business

- Tourists sending business refers to the business of sending tourists from Greater China to our Group's hotels and non-Group domestic hotels.
- The Company Group concludes contracts with OTAs and travel agencies in Greater China, collects tourists, and sends them to the Company Group's hotels in Japan. [Advertising & sales of the group hotels (stabilization of room reservations)]
- Whereas, the group concludes handling contracts with hotels outside the Group, and send the tourists we have attracted to them.

(Flow of Tourists Sending)



## Issues and Measures for each Business and Major Strategy

Business Segment	Major Strategy	Issues	Countermeasures
<p><b>Real Estate Business</b></p> <p>“Ensure stable earnings in the short- to medium-term.”</p>	<ul style="list-style-type: none"> <li>Secure stable revenue through development and sales of inbound facilities, PM business, and land brokerage.</li> <li>Secure high earnings from resort facility development (project management) and hotel facility sales and purchase.</li> </ul>	<ul style="list-style-type: none"> <li>Real estate held for sale is minimal.</li> <li>Securing land for inbound accommodations.</li> <li>Feasibility of resort facility development (project management)</li> <li>Feasibility of buying and selling hotel facilities and securing the target facilities.</li> </ul>	<ul style="list-style-type: none"> <li>Promoting sales and purchases focused on hotel facilities due to the few number of real estate held for sale.</li> <li>For inbound facility sites, tie-up with real estate co. &amp; construction co. to collect information and promote development.</li> <li>Promote collaboration with Experts in resort &amp; hotel development.</li> </ul>
<p><b>Hotel Operation Business</b></p> <p>“Establishment for Medium- and Long-Term Growth and Expansion.”</p>	<ul style="list-style-type: none"> <li>Expand the number of large newly developed hotels to secure management rights.</li> <li>Expand the number of existing hotels and inns securing management rights (inc. M&amp;A).</li> <li>Improve profitability (KPI) of group-operated hotels.</li> </ul>	<ul style="list-style-type: none"> <li>Securing know-how and developing a system for the operation of large-scale hotels to be launched in the future.</li> <li>Progress is being made in securing management rights for newly developed hotels, whereas there are few projects to secure management rights for existing hotels.</li> </ul>	<ul style="list-style-type: none"> <li>In large hotel operations, contracted hotel brands possess operational know-how.</li> <li>Securing appropriate HR &amp; sufficient preparation period in the development of the operational structure.</li> <li>Promote information sharing with DMOs(Note2) &amp; local governments to secure management rights for existing hotels</li> </ul>
<p><b>Tourist Sending Business Investment Business ( Both Other Business)</b></p> <p>Expansion support for group growth.”</p>	<p>(Tourist Sending Business)</p> <ul style="list-style-type: none"> <li>Increase the number of tourists to our managed hotels by sending from Greater China. (Send more than 10% of the number of rooms available for sale)</li> <li>Secure stable revenue from handling commissions from non-Group hotels.</li> </ul> <p>(Investment Business)</p> <ul style="list-style-type: none"> <li>Secure hotel investment funds opportunity.</li> </ul>	<p>(Tourist Sending Business)</p> <ul style="list-style-type: none"> <li>Increase in the number of promotion and sales of the group hotels to OTAs and travel agencies in Greater China.</li> <li>Increase the number of contracts with non-Group hotels and the number of tourists sending.</li> </ul> <p>(Investment Business)</p> <ul style="list-style-type: none"> <li>Secure investors and deals.</li> </ul>	<p>(Tourist Sending Business)</p> <ul style="list-style-type: none"> <li>Expansion of contracts with OTAs &amp; travel agencies in Greater China. ⇒ Number of negotiations is expanding.</li> <li>Expansion of handling contracts with outside hotels ⇒ Expanding number of negotiations</li> </ul> <p>(Investment Business)</p> <ul style="list-style-type: none"> <li>Promote negotiations for investment projects with investors and funds.</li> </ul>

(Note 1) PM: Property management (building facility management)

(Note 2) DMO: Destination Management Organization)



## 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 brand service contracts for hotel development. [Brand service fee, ¥10-15m per year/project]
- Secure operating revenues from hotel operations under a master lease contract with 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 brand service contracts for hotel branding. [Brand service 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 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]

# REVENUE CATEGORIES of the Group

## Revenue categories of business for our growth

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

(Revenue categories)

**1. Hotel development**  
[urban apartment hotels & regional resort hotels.]  
[2 deals secured, multiple deals under negotiation.]

Acquisition of Land info, and site brokerage  
Brokerage fee

Branding & Planning  
Brand service fee

Hotel Development  
(by Developer)

Hotel Development  
(by Developer)

Hotel Operation  
Operational Income

Sale of Hotel Asset  
(by Developer)  
Brokerage fee

Hotel Operation  
(by New owner)  
Operational Income  
(Continued)

**2. Resort Facility Development**  
[Domestic investment projects from foreign capital.]  
[Multiple deals under negotiation.]

Acquisition of Land info, and site brokerage  
Brokerage fee

Branding & Planning  
Brand service fee

Facility Development  
(By Intrace or Developer)  
PM fee

Facility Completion

Sale of facilities  
(by investor)  
Brokerage fee

Facilities Operation  
(New owner's hold)  
Operational Income

**3. Acquisition of hotel management rights**  
[Master lease, M&A.]  
[Multiple deals under negotiation.]

Master lease agreement, Hoptel M&A  
(Operating Hotel)

Branding & Planning

Opening of Hotel  
(Renewal open)

Hotel Operation  
Operational Income

**4. Inbound facility Development**  
[Inbound facilities house for family tourists.]  
[2 development has been determined.]

Acquisition of Land info, and site brokerage

Facility Development  
(with constructor & Estate companies)

Facility Completion

Sale of Facilities

Sale of facilities  
(by Investor)  
Sales income

Investor's hold

**5. Tourists sending**  
[Torusists sending from Greater China.]  
[Contracts in progress with several hotels]

Securing supplier hotels  
(Room supply)

Sending tourists from China  
(from Agent or OTA)

Settlement of handling fees  
Handling fee

The Group's business model is to generate stable earnings in the real estate business and promote high growth in the hotel and inbound businesses. By accelerating these efforts, the company aim to expand our business domain and increase our corporate value.

## Secure revenue through a variety of real estate services

- **Secure stock income through consulting, PM, AM, etc.**  
Secure stable revenues through real estate consulting, project management, PM/AM, and other services.
- **Securing flow revenues through development and sale of hotels**  
Secure a significant growth by securing real estate of hotels & inbound accommodations, brokerage, development, Sales, etc.

## Increase hotel rev. by expanding the number of hotels

- **Promote hotel development utilizing international brands**  
Expand the number of hotels managed by the Group through cooperation with international brands.
- **Optimizing Hotel Operation Profitability through Branding**  
Promote revenue-seeking operations and secure profits by brand utilization in hotel operations by third-party operators.

## Hotel revenue support through tourist sending biz.

- **Stabilize revenues by tourist sending to our group hotels**  
Support stabilization and profitability of hotel reservations of group hotels by tourist sending from Greater China.
- **Increase revenues by tourist sending to outside hotels of ours**  
In addition, we will also send guests to hotels other than those managed by the Company to secure inbound revenues.

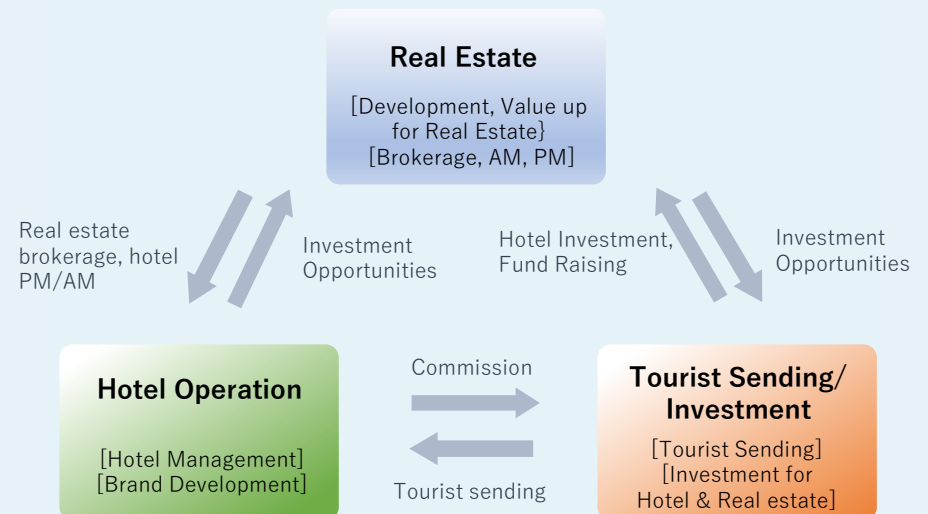
## Secure hotel investment funds through investment biz.

- **Securing funds from domestic and overseas investors**  
Support the growth of the hotel and real estate biz. through an investment scheme that leverages several investors funds.

## (Reference) Business Model of INTRANS

The Group is aggressively pursuing growth investments in the hotel and inbound business and real estate business. In these business areas, the group aim to achieve high growth by promoting hotel and accommodation development, branding & hotel management, and tourist sending.

1. Secure hotel investment funds for grows through investment biz.
2. Secure stable revenue from various estate services through real estate biz.
3. Increase revenues by expanding the number of hotel operations through the hotel management biz.
4. Support hotel revenues through tourist sending biz.



## Differentiation & Advantage 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 Business Status

**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

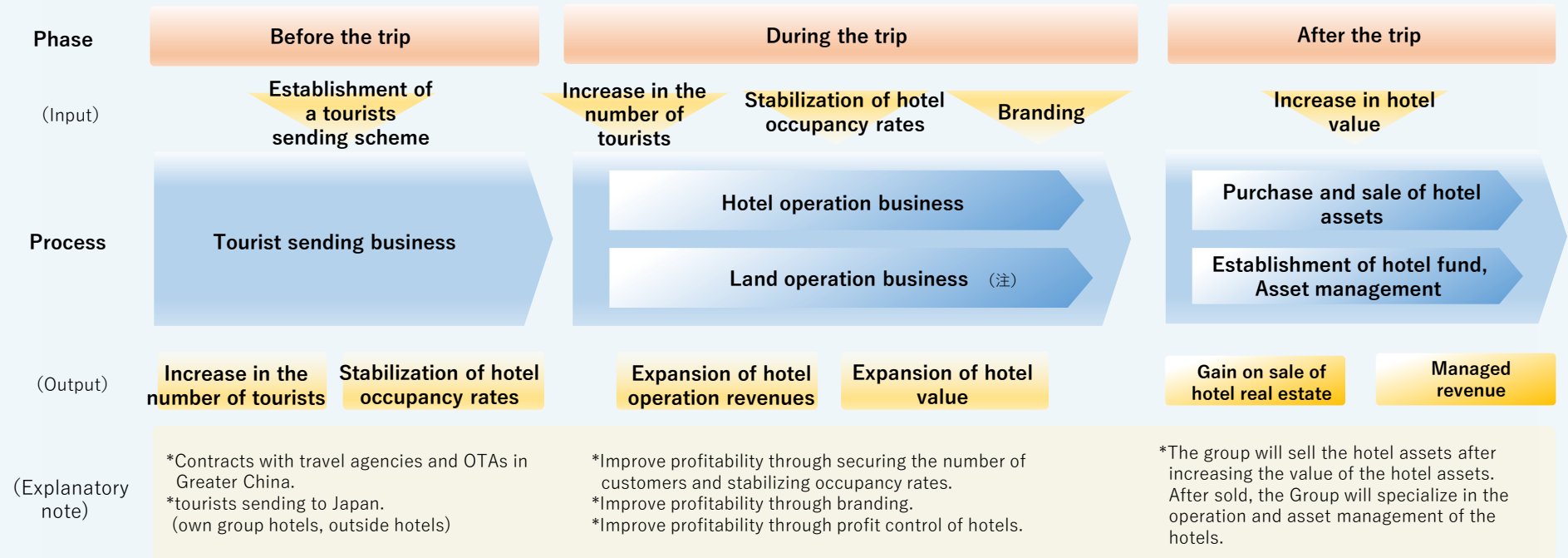
- Apartment hotels, which has been under development since FY2024, will start to open and generate income from FY2026, and gains on the sale of real estate will also increase significantly.
- Since FY2027, the opening of large-scale development projects (Hokkaido Ball Park Hotel, etc.) will start contributing 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.



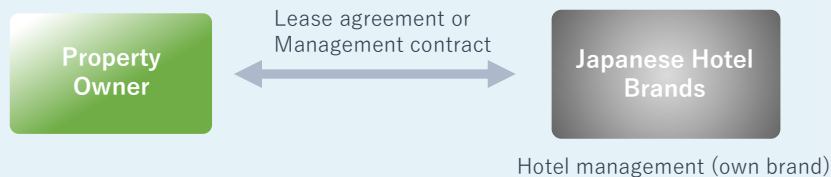


**The strength of the Group's positioning is that we are a third-party operator, which is rare in Japan. A third-party operator is a company that partners with a global brand and contracts a lease agreement with a land owner to operate a hotels. Our Group in this position is currently attracting attention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

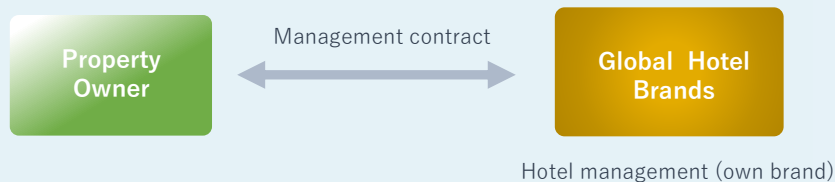
## Typical Hotel Operating Model

- 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)



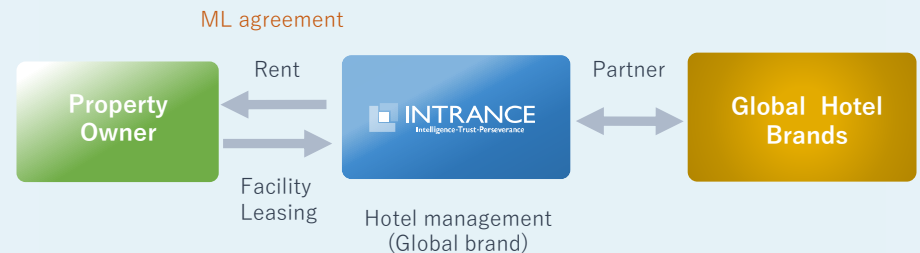
( General operating model for global brands in the world market, including Japan )



## 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.

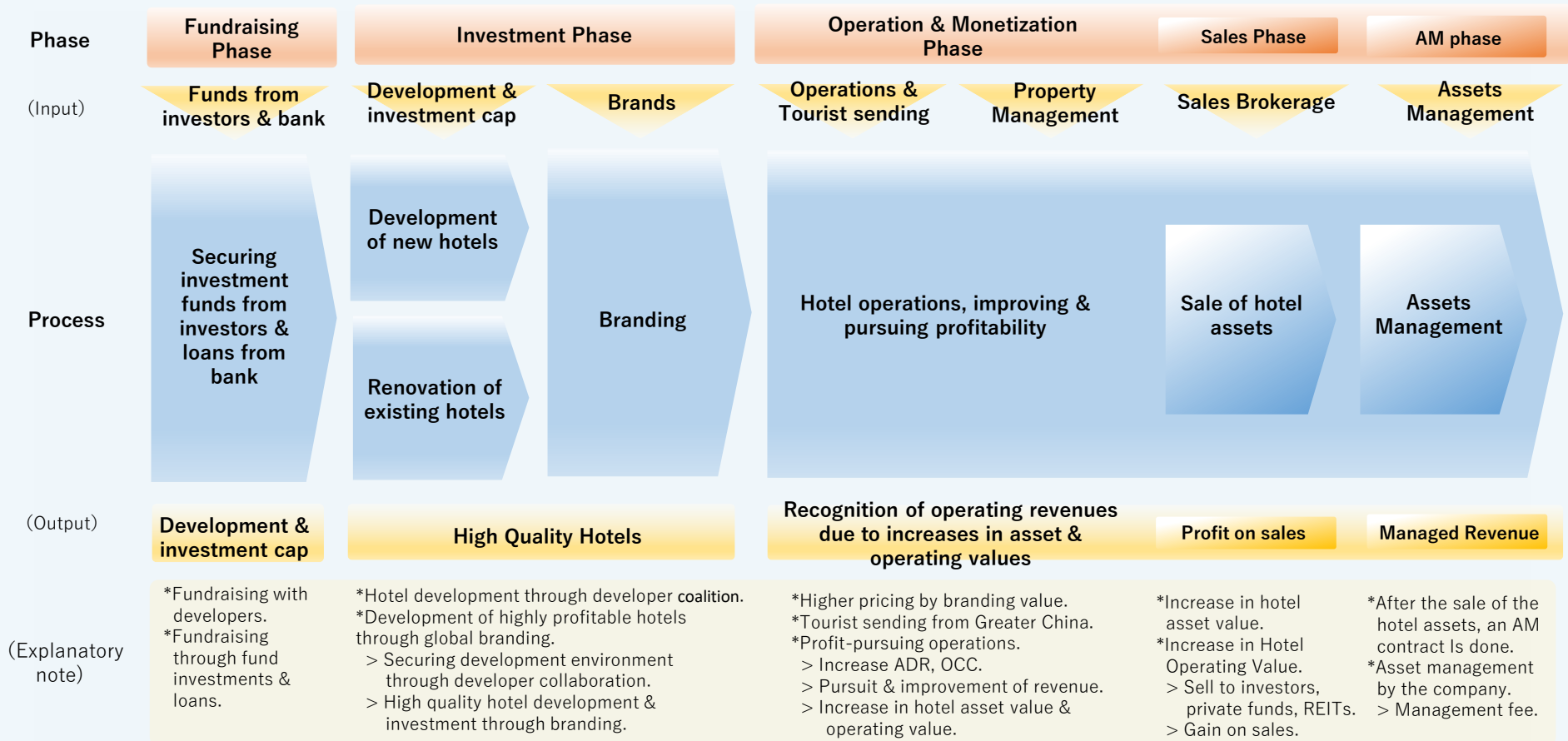
- For this reason, the Company's group has partnered with several global brands and concluded ML agreements with property owners, which has attracted the attention of global brands that are planning to enter the Japanese market.
- The Group will also be able to take advantage of the global brands' branding,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



# About INVESTMENT in Urban Hotel Development

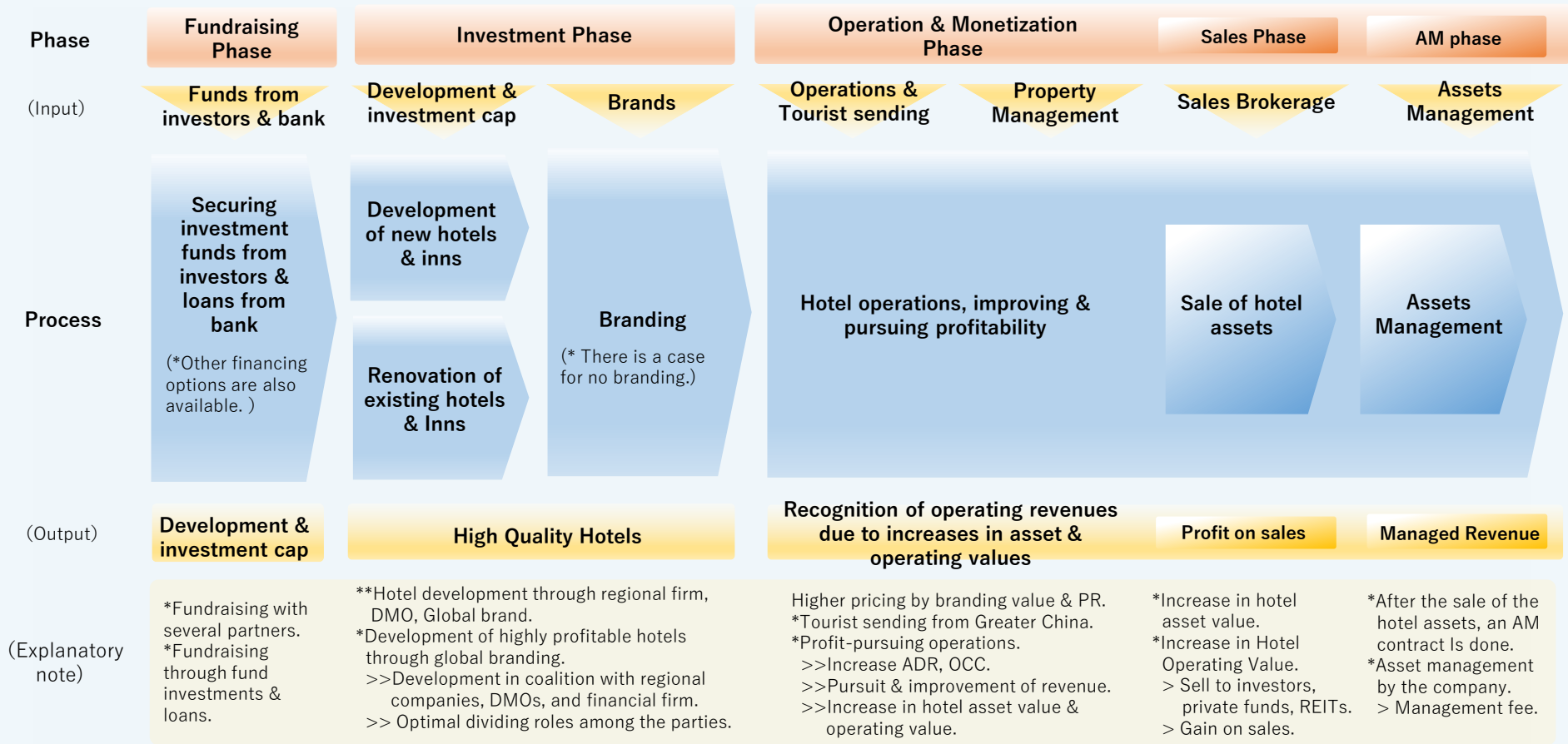
Targeting inbound tourists traveling in groups or families to major metropolitan areas, the hotel will have 45-60 rooms in one building, each room 40-50 square meter in size, an ideal development for standardization and business expansion.

(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

- \*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.

Revenue from the sale of investments  
(Urban and Regional Development)

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

Revenue from Urban Investment Hotels  
(Urban hotel development)

- \*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.

Revenue from regional investment hotels  
(Regional hotels and inns)

Revenue from the sales of real estate  
(Accommodations for inbound tourists)

- \*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.



## Okinawa

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

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



## 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

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

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



## Hokkaido(Open in 2027)

\*The hotel name is still under consideration.

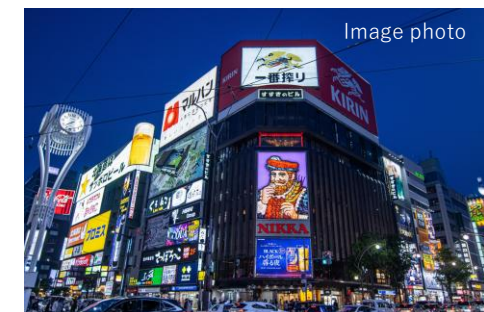
Large type of hotel adjacent to ESCON Field in Hokkaido Ball Park F Village (188 rooms)



## 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 3Q (27th period)
<b>Statement of Income</b>					
Netsales	1,175,952	2,351,550	598,187	1,292,217	639,598
Operating profit	(775,819)	195,233	(416,169)	(154,220)	(220,496)
Ordinary profit	(965,625)	195,188	(471,007)	(162,432)	(265,477)
Profit	(994,522)	154,132	(493,412)	(139,905)	(266,688)
Profit attributable to owners of parent	(993,160)	156,110	(493,412)	(139,905)	(266,688)
Comprehensive income	(995,558)	149,869	(494,145)	(143,131)	(270,005)
<b>Balance Sheet</b>					
Total net assets	1,033,875	1,182,078	692,706	860,453	899,904
Total assets	2,911,269	1,862,683	1,181,012	1,158,001	1,130,800
<b>Cash flow Statement</b>					
Cash flows from operating activities	485,239	1,456,016	(587,342)	281,367	899,957
Cash flows from investing activities	67,633	(64,650)	(148,747)	34,536	1,130,800
Cash flows from financing activities	(301,981)	(1,031,338)	(47,598)	121,995	899,957
Cash and cash equivalents at end of period	871,079	1,233,959	452,415	890,040	1,130,800
<b>Financial Data</b>					
Equity ratio (%)	34.6	62.0	56.2	70.8	76.8
Return on equity (%)	(66.5)	(14.4)	(74.4)	(18.9)	(30.7)
Earnings per share (yen)	(26.79)	(4.21)	(13.31)	(3.74)	(5.79)
Book-value per Share (yen)	27.13	31.23	17.90	19.68	18.70

## Company Overview (As of February 12, 2024)

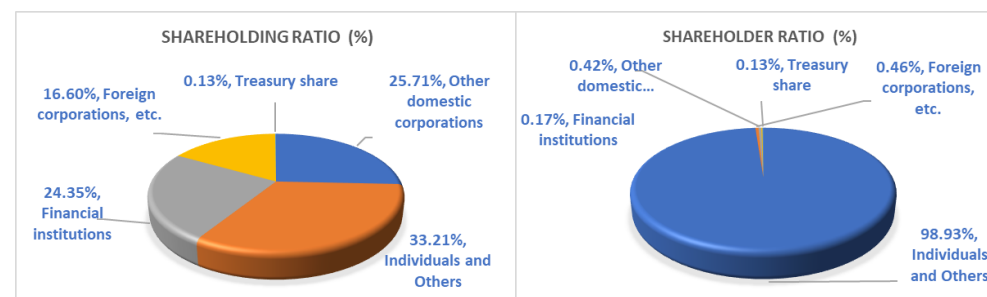
Company name	INTRANCE CO., LTD.	
Representative	He Tongxi, President & CEO	
Founded	May 1, 1998	
Head office address	9F, Oshita bldg, 1-16-5, Dogenzaka, Shibuya, Tokyo, 1500043	
Capital	1,442,327 thousand yen	
Listed Stock Exchange	TSE Growth market (Code; 3237)	
Number of employees	141 (Consolidated)	
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 February 12, 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.



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<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>

