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March 24, 2025

Company name: INTRANCE CO., LTD.

Stock exchange listing: Tokyo Growth

Stock code number: 3237

Representative: He Tongxi, President and Chief Executive Officer

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Notice Regarding Conclusion of Agreement to Open Hotel

Intrance Co., Ltd. (the "Company") hereby announce that our Board of Directors, at a meeting held March 21, 2025, resolved to enter into an agreement ("Agreement") with Raysum Co., Ltd. ("Raysum") for the opening of a hotel to be constructed in Fujikawaguchiko Town, Yamanashi Prefecture (the "Hotel"), as described below.

1. Overview of the Agreement

The company aim to expand our business domain and increasing corporate value since accelerating efforts in the hotel management business, a new business domain, in addition to the real estate business, which has been with us since our establishment.

The business model that the company is aiming for is to generate stable earnings from the real estate business and achieve high growth in the hotel management business. The basic strategy is to increase hotel management earnings by promoting "urban apartment hotel development" and "regional hotel investment. This agreement is an important that will contribute to earnings growth in the hotel management business conducted by the Group by capturing future inbound demand and regional development.

The hotel will be developed by Raysum, and is scheduled to open in July 2027.

The purpose of this agreement is for the Group to operate the hotel under a fixed-term building lease agreement, and to propose and advise on development and branding of the hotel during the period leading up to its opening.

This hotel is being planned to open in July 2027 in Fujikawaguchiko Town, Yamanashi Prefecture, an area that is extremely popular and well known among foreign tourists to Japan.

The hotel will be planned a five-story hotel with a total floor area of 4,702 square meters, The hotel will be a stay-at-home apartment hotel with its main targets being mainly foreign tourists and domestic families.

Fuji Kawaguchiko Town in Yamanashi Prefecture is the area that receives the most overnight visitors on the Yamanashi side of Mt. Fuji, and the number of visitors to the town has been increasing year by year and now exceeds 2.8 million annually (source: Fujikawaguchiko Town Tourism Statistics). Therefore, accommodation demand in the area is expected to remain stable in the future.

A security deposit of 15 million yen is required after the signing of the fixed-term building lease agreement. These funds will be used from “investment funds in new hotel investments” as announced in the “Notice of Issuance of 1st Unsecured Convertible Bond and 8th Stock Acquisition Rights by Third Party Allotment” dated April 10, 2023.

Through the above business activities, the company aim to achieve business growth centered on the hotel management business with the aim of steadily accumulating our track record in hotel operations while aiming to increase earnings.

2. Details of the agreement

(1) Overview of the agreement	Agreement to Open Hotel
(2) party to a contract	Raysum Co., Ltd.
(3) Type of Contract	This is an agreement for the opening of this hotel, and after this agreement, it will be shifted to a fixed-term lease contract through a fixed-term lease reservation agreement.
(4) Date of Contract	March 24, 2025 (scheduled)
(5) Contract period	Period up to the signing of the fixed-term building reservation lease agreement (the fixed-term building lease agreement is for 20 years)
(6) Rent	Due to confidentiality obligations with the other party to the contract, the company is unable to provide detailed amounts. The annual rent payable after the signing of the fixed-term building lease agreement will be less than 30% of the Group's consolidated net asset value as of March 31, 2024.

3. Overview of Counterparty

(1) Company Name	Raysum Co., Ltd.
(2) Location	3-2-1, Kasumigaseki, Chiyoda-ku, Tokyo
(3) Representative	Takashi Komachi, Representative Director
(4) Business	Real Estate Business
(5) Date of Establishment	May 1992
(6) Paid in Capital (Consolidated)	4,242 million yen (As of September 30, 2024)
(7) Net Assets (Consolidated)	60,870 million yen (As of September 30, 2024)
(8) Total Assets (Consolidated)	154,083 million yen (As of September 30, 2024)
(9) Major shareholders and shareholding ratio	Rays Company (Hong Kong) Limited 63.15%, Hulic Co., Ltd. 28.8% (As of January, 2024)
(10) Relationship with the Company:	
Capital relationship	No notable matters.
Personal relationship	No notable matters.
Business relationship	No notable matters.

4. Overview of the hotel

Name of the hotel	Kawaguchiko Project (tentative name)
Location	Hunatsuazahigashikoiji, Fujikawaguchiko-town, Yamanashi Prefecture
Number of rooms	71 Rooms
Scheduled date of operation	July 2027 (Scheduled)

5. Schedule

Date of resolution by the Board of Directors	March 21, 2025
Date of agreement signed	March 24, 2025 (Scheduled)
Date of hotel-operated reservation agreement signed	Summer, 2027 (Scheduled)
Date of hotel-operated agreement (fixed-term building lease agreement) signed	Spring, 2027 (Scheduled)
Date of commencement of the hotel operation	July, 2027 (Scheduled)

6. Impact on Performance

The impact this agreement will have on the company's consolidated financial results for the fiscal year ending March 2025 will be slight.

As for the future impact, if the hotel is to be operated as planned after the agreement, the company expects an impact on the group's consolidated figures of about 900 million yen in net sales and 60 million yen in operating income for the fiscal year ending March 2028 and beyond after the opening.

In the fiscal year ending March 31, 2028, the estimated annual revenue from the hotel combined with the two other hotels already scheduled to open for operation will be 4,500 million yen in net sales and 400 million yen in operating income.

As a result, the company estimates that the hotel operation business, including the existing hotels, will generate sales of more than 5,000 million yen in the fiscal year ending March 31, 2028.

The company will promptly announce any other events that may affect our business results as soon as they become clear through future progress.