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May 14, 2025

Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 [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
 Contact: Masaaki Kitagawa, General Manager
 Phone: +81-3-6803-8100
 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 Fiscal year Ended March 31, 2025

(April 1, 2024 to March 31, 2025)

(1) Consolidated Operating Results (Cumulative)

(% indicates changes from the previous 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	%
FY 2024	825	(36.2)	(352)	—	(429)	—	(432)	—
FY 2023	1,292	116.0	(154)	—	(162)	—	(139)	—

(Note) Comprehensive income: Fiscal year ended March 31, 2025: (437) million yen [(-)%]

Fiscal year ended March 31, 2024: (143) million yen [(-)%]

	Net income per share	Net income per share (diluted)	Rate of return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY 2024	(9.37)	—	—	—	—
FY 2023	(3.74)	—	—	—	—

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended March 31, 2025: (0) million yen

Fiscal year ended March 31, 2024: 0 million yen

(2) Consolidated Financial Position

	Total assets	Total net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	%	%
As of Mar 31, 2025	1,059	735	66.5	15.16
As of Mar 31, 2024	1,158	860	70.8	19.68

(Reference) Equity: As of Mar 31, 2025: 704 million yen As of March 31, 2024: 820 million yen

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
FY 2024	(391)	(238)	276	535
FY 2023	281	34	121	890

2. Dividends

	年間配当金					Total dividends paid (annual)	Payout ratio (consolidat ed)	Dividend to net assets (consolidat ed)
	Q1	Q2	Q3	Year-end	Total)			
	Yen	Yen	Yen	Yen	Yen	Millions yen	%	%
FY2023 ended March 31 2024	—	0.00	—	0.00	—	—	—	—
FY2024 ended March 31 2025	—	0.00	—	0.00	—	—	—	—
FY2025 ended March 31 2026 (Forecast)	—	0.00	—	0.00	—		—	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026

(April 1, 2025 to March 31, 2026) (% indicates year-on-year change.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	(Million Yen)	%	(Million Yen)	%	(Million Yen)	%	(Million Yen)	%	(Yen)
Full-year forecast	2,249	172.7	92	—	82	—	55	—	1.19

* Notes:

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

Newly included: — (Company name: —)

Excluded: — (Company name: —)

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2025: 46,552,784 shares

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

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

As of March 31, 2025: 60,400 shares

As of March 31, 2024: 60,400 shares

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

As of March 31, 2025: 46,135,099 shares

As of March 31, 2024: 37,385,858 shares

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2025
(April 1st, 2025 to March 31, 2026)

(1) Non-consolidated Results of Operations
(April 1, 2024 to March 31, 2025)

	Net Sales		Operating profit		Ordinary profit		Profit	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
FY 2024	253	(66.4)	(304)	—	(438)	—	(439)	—
FY 2023	755	174.8	(124)	—	(126)	—	(150)	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY 2024	(9.53)	—
FY 2023	(4.03)	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
FY 2024	975	726	71.3	14.95
FY 2023	1,088	853	74.7	19.51

(Reference) Shareholders' equity (As of March 31, 2025) 695 million yen

(As of March 31, 2024) 813 million yen

*The financial statements are not subject to audit by certified public accountants or auditing corporations.

*Explanation of the appropriate use of earnings forecasts and other special notes

The performance forecasts and other forward-looking statements contained in this document are based on information currently available to the Company and on certain assumptions that the Company considers reasonable, and actual performance may differ significantly due to various factors. Please see page 3 of the attached document for the conditions underlying the performance forecasts and precautions for using the performance forecasts.

Table of Contents – Attachments

1. Overview of Operating Results and Financial Position	2
(1) Overview of Financial Results	2
(2) Overview of Financial Position	3
(3) Overview of Cash Flow	3
(4) Future Outlook	4
(5) Significant events regarding premise of a Going Concern	4
2. Basic Policy on Selection of Accounting Standards	6
3. Consolidated Financial Statements and Principal Notes	7
(1) Consolidated Balance Sheet	7
(2) Consolidated Statements of Income and Comprehensive Income	9
Consolidated Statement of Income	9
Consolidated Statement of Comprehensive Income	10
(3) Consolidated Statement of Change in Net Assets	11
(4) Consolidated Statements of Cash Flows	12
(5) Notes on Consolidated Financial Statement	14
(Notes on Going Concern Assumption)	14
(Segment information, etc.)	14
(Per Share Information)	17
(Important Subsequent Events)	18

1. Overview of Financial Results, etc.

(1) Overview of Financial Results

During the current consolidated fiscal year (April 1, 2024 to March 31, 2025), the Japanese economy has been recovering moderately amid an improving employment and income environment, coupled with the effects of various policies. On the other hand, the outlook remains uncertain due to concerns about rising prices, geopolitical risks, financial developments, and U.S. policy trends, in addition to continued high interest rate in Europe and the United States and continued stagnation in the real estate market in China.

In this environment, the real estate industry to which our company belongs is seeing strong interest from overseas investors in domestic real estate, against the backdrop of a continuing low interest rate environment and a weak yen, and both supply and demand remain strong. While, the situation requires continued caution, including rising real estate prices due to soaring costs such as land prices and construction costs.

In the hotel operational industry, on which the company are focusing, there is a clear recovery in tourism demand, especially among tourists visiting Japan, and the company 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 company 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 company is to increase hotel operation revenues by promoting “urban apartment hotel development” and “regional hotel investment.”

As a result of the above, in the hotel operational business, the company has focused on activities to secure operating rights for urban apartment hotels with the aim of operating newly developed hotels, as well as activities to secure operating rights for resort hotels and inns.

In the real estate business, the company has focused on the development and sale of inbound accommodation facilities, which are expected to secure profits in a shorter period of time, and real estate brokerage.

Furthermore, as other business, the company has been advancing the tourists sending 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.

As a result, net sales for the current consolidated fiscal year were 825,023 thousand yen (down 36.2% year-on-year), operating loss was 352,518 thousand yen (Operating loss of 154,220 thousand yen for the previous fiscal year), ordinary loss was 429,247 thousand yen (ordinary loss of 162,432 thousand yen for the previous fiscal year), and net loss attributable to owners of the parent was 432,377 thousand yen (net loss attributable to owners of the parent of 139,905 thousand yen for the previous fiscal year).

Segment information are as follows.

(Real estate business)

In the real estate business, during this consolidated fiscal year, the company focused mainly on property management, finding development projects for hotel real estate and inbound accommodation facilities, and real estate brokerage. However, the company had more difficulty than initially planned in securing land for real estate, and this caused delays in business progress.

As a result of the above activities, net sales for the current consolidated fiscal year ended March 31, 2025 were 243,764 thousand yen (down 67.2% year on year). Operating profit was 41,056 thousand yen (down 86.3% year on year).

(Hotel Operational Business)

In the hotel operation business, during this consolidated fiscal year the company has focused on hotel operation, as well as securing operating rights for newly developed hotels and securing operating rights for existing resort hotels and inns.

The company was successful to a certain extent in securing operating rights for newly developed hotels, however were less successful in securing operating rights for existing resort hotels and inns.

As a result of the above activities, net sales for the current consolidated fiscal year ended March 31, 2025 were 581,151 thousand yen (up 30.2% year on year). Operating loss was 60,705 thousand yen (77,223 thousand yen of operating loss in the previous year).

(Other business)

In the Other Businesses segment, during the current consolidated fiscal year ended March 31, 2025, the company promoted the tourists sending from Greater China to hotels in Japan, mainly through INTRANS Shanghai, however currently only to hotels within the company, and earnings were limited.

At the same time, the company has made no significant progress in our efforts to secure investors for the purpose of raising fund for the hotel investment business, centering on Japan Hotel Investment Co.

As a result, net sales were 106 thousand yen (no sales in the previous fiscal year) and segment loss (operating loss) was 25,487 thousand yen (operating loss of 32,514 thousand yen in the previous fiscal year).

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

(2) Overview of Financial Position

1) Assets, Liabilities and Net Assets

(Assets)

Current assets decreased 325,070 thousand yen to 714,628 thousand yen. This was mainly due to a decrease of 354,234 thousand yen in cash and deposits. Noncurrent assets increased 229,923 thousand yen to 336,823 thousand yen. This was mainly due to an increase of 222,887 thousand yen in long-term deposits. Deferred assets amounted to 7,893 thousand yen, due to a decrease of 3,508 thousand yen in opening costs. As a result, total assets decreased 98,654 thousand yen from the end of the previous consolidated fiscal year to 1,059,346 thousand yen.

(Liabilities)

Current liabilities decreased 41,716 thousand yen to 245,530 thousand yen. This was mainly due to a decrease of 15,815 thousand yen in provision for shareholders' benefits and a decrease of 24,000 thousand yen in current portion of long-term loans payable. Noncurrent liabilities increased 67,785

thousand yen to 78,086 thousand yen. This was mainly due to a 76,830 thousand yen increase in derivative liabilities. As a result, total liabilities increased 26,069 thousand yen to 323,616 thousand yen.

(Net assets)

Net assets decreased 124,724 thousand yen to 735,729 thousand yen. This was mainly due to an increase of 161,222 thousand yen in common stock and capital surplus, respectively, resulting from the issuance of new shares upon exercise of stock acquisition rights, and a decrease of 432,377 thousand yen in retained earnings due to the posting of net loss attributable to the parent company.

(3) Overview of Cash Flow

Cash and cash equivalents (hereinafter “cash”) at the end of the current consolidated fiscal year totaled 535,806 thousand yen. The status of cash flows during the current consolidated accounting period is as follows.

(Cash flows from operating activities)

Net cash used in operating activities amounted to 391,619 thousand yen (281,367 thousand yen earned in the previous fiscal year). This was mainly due to loss before income taxes and minority interests of 430,615 thousand yen.

(Cash flows from investing activities)

Net cash used in investing activities totaled 238,399 thousand yen (34,536 thousand yen provided in the previous fiscal year). This was mainly due to a payment of 240,000 thousand yen for long-term deposits.

(Cash flows from financing activities)

Net cash provided by financing activities was 276,309 thousand yen (121,995 thousand yen in the previous fiscal year). This was mainly due to proceeds of 310,053 thousand yen from issuance of stock through exercise of subscription rights to shares and repayment of long-term loans payable of 32,120 thousand yen.

(4) Future Outlook

For the fiscal year ending March 2026, the company will review our recent business activities, which have been biased toward business measures aimed at mid- to long-term growth, and focus on the following business measures that emphasize a balance with the pursuit of short- to medium-term profits, and work to ensure the achievement of our earnings forecast.

(Real estate business)

Development and sales of inbound facilities, real estate brokerage, resale of accommodation facilities, project management

(Hotel management business)

Securing management rights for newly developed hotels, securing management rights for resort hotels and inns

(Other businesses)

Increasing external sales by increasing the number of inbound tourists sent to group hotels and increasing the number of customers sent to hotels outside the company

Based on the above, the company forecasts for the fiscal year ending March 2026 is sales of 2,249 million yen, operating profit of 92 million yen, ordinary profit of 82 million yen, net income attributable to parent company shareholders of 55 million yen, and net income per share of 1.19 yen.

Furthermore, the above forecasts are based on information available as of the date of this document's release, and actual performance may differ from the forecast figures due to various factors in the future. The company will carefully assess events that may affect the company's business, and will promptly disclose any revisions that become necessary in the future.

(5) Significant events regarding premise of a going concern

The company recorded a material operating loss, ordinary loss, and net loss for three consecutive fiscal years in the current consolidated fiscal year. In addition, the company recorded a significant negative operating cash flow in the current consolidated fiscal year, and cash and deposits at the end of the current consolidated fiscal year decreased to 535 million yen.

Given these circumstances, as of the end of the current consolidated fiscal year, a situation exists that raises significant doubts about the company's ability to continue as a going concern.

The company will take the following measures to resolve the situation.

a. Improving the profit structure of the business

The business model that the company is aiming for is to generate stable earnings in the real estate business and achieve high growth in the hotel management business, with the basic strategy of expanding hotel management earnings by promoting “urban apartment hotel development” and “regional hotel investment”.

However, although we have achieved a certain level of success in activities related to securing management rights for apartment hotels, which are expected to generate significant future earnings in the coming years, with the aim of operating newly developed hotels, the company has not been able to acquire new management rights for existing resort hotels and inns, and in the real estate business, which the company view as a stable revenue base over the short to medium term, the company has not been able to achieve the same level of success as we have in the past. In the real estate business, which is viewed as a stable revenue base in the short- to medium-term, the company struggled to develop inbound accommodation facilities and to promote real estate brokerage, among other activities, resulting in significant under achievement of our budget.

Therefore, the company will take the following measures to improve profitability in each business segment.

(Real Estate Business)

In the real estate business, the company will focus on resale of lodging facilities that can be expected to generate revenue in the short to medium term, project management of resort facility development, and development and sales of detached lodging facilities.

In addition, the company will shift human resources in the real estate business to these measures, aiming to generate earnings sufficient to cover the company's selling, general and administrative expenses, thereby securing our earnings base.

(Hotel Management Business)

The Company will increase the number of transactions by focusing on acquiring hotel management rights, management contracts, and management consulting projects, mainly through the Group's hotel management company, INTRANCE Hotels and Resorts, Co., Ltd.

The Company will also acquire human resources with expertise in hotel operations, aiming to

expand the scale of the hotel management business and maximize earnings.

(Other Business)

In the tourists sending business, the company aim to increase the number of guests sent from Greater China to our group hotels through the management of our group company, INTRANS Shanghai, and thereby increase our group's hotel revenues.

At the same time, the company aim to increase revenues by tourists sending to other hotels outside of our group, thereby increasing the revenues from handling guests and making this business more profitable.

In the investment business, the company will focus on fund-raising activities related to our main business of real estate and hotel management through the management of our group companies, Japan Hotel Investment Co.

The Company will also provide support for the smooth operation of the Group's businesses.

b. Improvement of Cost Structure

The company will consider and implement various measures to improve labor productivity, including reducing executive compensation and reviewing outsourced operations.

In addition, we will promote improvement of the cost structure by reviewing costs related to our business and controlling selling, general and administrative expenses.

c. Fund Procurement

As described in the Notes to Significant Subsequent Events, the Board of Directors resolved on May 8, 2025 to issue bonds with DELiGHTWORKS Inc. as the underwriter, and the proceeds were deposited on May 9, 2025.

In addition, the Company will proceed to rebuild its cash position by promptly considering and implementing further fundraising through borrowings from various financial institutions and equity issuance.

As a result of these measures, the Company believes that there are no material uncertainties regarding the premise of a going concern.

2. Basic Policy on Selection of Accounting Standards

In consideration of periodicity of financial statements and comparability among enterprises, the Group has decided to adopt Japanese GAAP for the time being. The Group intends to adopt International Financial Reporting Standards (IFRS) as appropriate, taking into consideration various conditions in Japan and overseas.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheet

(Thousand of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	890,040	535,806
Accounts receivable - trade	81,447	100,458
Real estate for sale	43,837	40,883
Other inventories	2,285	1,224
Other	22,442	36,496
Allowance for doubtful accounts	(354)	(240)
Total current assets	1,039,699	714,628
Fixed assets		
Tangible fixed assets		
Building	14,945	14,945
Accumulated depreciation	(9,533)	(10,034)
Buildings (net value)	5,412	4,911
Tools, equipment and fixtures	14,883	15,237
Accumulated depreciation	(14,062)	(14,425)
Tools, furniture and fixtures (net)	821	812
Leased assets	3,739	3,739
Accumulated depreciation	(3,739)	(3,739)
Leased assets (net)	0	0
Total tangible fixed assets	6,233	5,724
Intangible fixed assets		
Others	10,837	8,550
Total intangible fixed assets	10,837	8,550
Investments and other assets		
Bankruptcy reorganization claims, etc.	70,000	70,000
Deposits and guarantees	84,423	94,382
Long-term deposits	—	222,887
Others	5,405	5,279
Allowance for doubtful accounts	(70,000)	(70,000)
Total investments and other assets	89,828	322,549
Total fixed assets	106,899	336,823
Deferred Assets		
Start-up costs	11,401	7,893
Total deferred assets	11,401	7,893
Total Assets	1,158,001	1,059,346

(Thousand of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	3,577	2,665
Current portion of long-term debt	32,120	8,120
Lease obligations	893	924
Arrears payable	63,497	63,457
Accrued income taxes	9,860	9,531
Accrued consumption taxes	18,039	21,587
Contract liabilities	6,610	2,992
Deposit	66,888	65,908
Bonus reserve	6,881	7,252
Reserve for shareholder benefits	59,320	43,505
Others	19,557	19,585
Total current liabilities	287,246	245,530
Fixed Liabilities		
Long-term borrowings	9,140	1,020
Lease obligations	1,160	236
Derivative liabilities	—	76,830
Total fixed liabilities	10,300	78,086
Total Liabilities	297,547	323,616
Net assets		
Shareholders' Equity		
Paid-in Capital	1,283,205	1,444,427
Capital surplus	1,053,204	1,214,426
Retained earnings	△1,506,519	△1,938,897
Treasury Share	△2,476	△2,476
Total shareholders' equity	827,413	717,480
Accumulated other comprehensive income		
Foreign currency translation adjustment account	△7,116	△12,655
Total accumulated other comprehensive income	△7,116	△12,655
Share Acquisition Rights	40,157	30,904
Total net assets	860,453	735,729
Liabilities and net assets	1,158,001	1,059,346

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Thousand of yen)

	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
Net sales	1,292,217	825,023
Cost of sales	515,099	187,708
Gross profit	777,118	637,314
Selling, general and administrative expenses	931,339	989,832
Operating income (loss)	△154,220	△352,518
Non-operating income		
Interest and dividend income	8	377
Equity in earnings of affiliates	774	—
Subsidy income	—	1,800
Delayed payment received	2,000	618
Exchange gains	2,882	5,064
Others	670	1,194
Total non-operating income	6,335	9,053
Non-operating expenses		
Interest expenses	7,212	468
Equity in losses of affiliates	—	176
Bond issuance costs	2,813	—
Share issuance expenses	1,724	1,980
Start-up expenses amortization	2,631	3,508
Fees and commissions	—	1,500
Loss on valuation of derivatives	—	76,830
Others	165	1,317
Total non-operating expenses	14,547	85,782
Ordinary loss	△162,432	△429,247
Extraordinary income		
Gain on sales of affiliated company shares	37,700	—
Total extraordinary income	37,700	—
Extraordinary losses		
Impairment loss	13,656	1,367
Total extraordinary losses	13,656	1,367
Net loss before taxes and other adjustments (Loss)	△138,388	△430,615
Corporate, inhabitant and enterprise taxes	3,188	1,762
Corporate tax adjustments	△1,672	—
Total corporate tax, etc.	1,516	1,762
Net loss for the period (Loss)	△139,905	△432,377
Net loss attributable to owners of parent (Loss)	△139,905	△432,377

Consolidated Statement of Comprehensive Income

	(Thousand of yen)	
	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
Profit (Loss)	(139,905)	(432,377)
Other comprehensive income		
Foreign currency translation adjustment	(3,226)	(5,538)
Total other comprehensive income	(3,226)	(5,538)
Comprehensive income	(143,131)	(437,915)
(details)		
Comprehensive income attributable to owners of the parent	(143,131)	(437,915)
Comprehensive income attributable to noncontrolling interests	—	—

(3) Consolidated Statement of Changes in Net Assets

Previous consolidated fiscal year (from April 1, 2023 to March 31, 2024)

(Thousand of yen)

	Shareholders' Equity					Accumulated other comprehensive income	Share Acquisition Rights	Total net assets
	paid-in capital	Capital Surplus	Retained earnings	Treasury Share	Total shareholders' equity	Foreign currency translation adjustment account		
Opening balance	1,133,205	903,204	(1,366,614)	(2,476)	667,318	(3,890)	29,278	692,706
Changes during the period								
Conversion of convertible bonds	150,000	150,000			300,000			300,000
Issuance of new shares (exercise of SAR)					—			—
Net loss attributable to owners of parent (Loss)			(139,905)		(139,905)			(139,905)
Net changes in items other than shareholders' equity						(3,226)	10,878	7,652
Total changes during the period	150,000	150,000	(139,905)	—	160,094	(3,226)	10,878	167,747
End of period balance	1,283,205	1,053,204	(1,506,519)	△2,476	827,413	(7,116)	40,157	860,453

Current consolidated fiscal year (from April 1, 2024 to March 31, 2025)

(Thousand of yen)

	Shareholders' Equity					Accumulated other comprehensive income	Share Acquisition Rights	Total net assets
	paid-in capital	Capital Surplus	Retained earnings	Treasury Share	Total shareholders' equity	Foreign currency translation adjustment account		
Opening balance	1,283,205	1,053,204	(1,506,519)	(2,476)	827,413	(7,116)	40,157	860,453
Changes during the period								
Conversion of convertible bonds					—			—
Issuance of new shares (exercise of SAR)	161,222	161,222			322,444			322,444
Net loss attributable to owners of parent (Loss)			(432,377)		(432,377)			(432,377)
Net changes in items other than shareholders' equity						(5,538)	(9,252)	(14,791)
Total changes during the period	161,222	161,222	(432,377)	—	(109,933)	(5,538)	(9,252)	(124,724)
End of period balance	1,444,427	1,214,426	(1,938,897)	(2,476)	717,480	(12,655)	30,904	735,729

(4) Consolidated Statement of Cash Flows

	(Thousand of yen)	
	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
Cash flows from operating activities		
Income (Loss) before income taxes	(138,388)	(430,615)
Depreciation and amortization	11,543	3,146
Amortization of opening costs	2,631	3,508
Impairment loss	13,656	1,367
Loss on valuation of derivatives	—	76,830
Loss (gain) on sales of shares of subsidiaries and affiliates' shares	(37,700)	—
Increase (decrease) in allowance for doubtful accounts	(79,793)	(114)
Increase (decrease) in provision for bonuses	2,705	370
Increase (decrease) in allowance for shareholders' special benefits	59,320	(15,815)
Interest and dividend income	(8)	(377)
Interest expenses	7,212	468
Bond issuance costs	2,813	—
Share issuance expenses	1,724	1,980
Increase/decrease in accounts receivable (increase)	(47,208)	(19,010)
Increase/decrease in inventory assets (increase)	294,258	4,015
Increase/decrease in other assets (increase)	95,954	(13,981)
Increase/decrease in other liabilities (decrease)	82,293	116
Others	2,846	(1,671)
Subtotal	273,861	(389,779)
Interest and dividend income received	8	377
Interest expenses paid	(7,262)	(471)
Income taxes (paid) and received	14,760	(1,744)
Cash flows from operating activities	281,367	(391,619)
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	100,000	-
Purchase of property, plant and equipment	(10,210)	(350)
Purchase of intangible assets	(4,941)	(3,662)
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)
Proceeds from withdrawal of long-term deposits	-	17,112
Others	(11,940)	(11,500)
Cash flows from investing activities	34,536	(238,399)
Cash flows from financing activities		
Proceeds from long-term debt	-	-
Repayment of long-term debt	(177,848)	(32,120)
Repayment of finance lease obligations	(863)	(893)
Proceeds from issuance of bonds	297,186	-
Proceeds from issuance of share acquisition rights	4,615	900
Proceeds from issuance of shares upon exercise of stock acquisition rights	-	310,053
Others	(1,094)	(1,630)
Cash flows from financing activities	121,995	276,309
Effect of exchange rate changes on cash and cash	(273)	(525)

	(Thousand of yen)	
	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
equivalents		
Net increase (decrease) in cash and cash equivalents	437,625	(354,234)
Cash and cash equivalents at beginning of period	452,415	890,040
Cash and cash equivalents at end of period	890,040	535,806

(5) Notes on consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Consolidated Statement of Changes in Equity)

(Significant Changes in Equity)

During this consolidated fiscal year, capital and capital surplus increased by 161,222 thousand yen each due to the issuance of new shares following the exercise of the 7th and 8th share acquisition rights. As a result, capital is 1,444,427 thousand yen and capital surplus is 1,214,426 thousand yen for this consolidated fiscal year.

(Segment information, etc.)

(Segment information)

1. Overview of reportable segments

(1) The reportable segments of our group are the constituent units of our group for which separate financial information is available and which the board of directors periodically reviews in order to determine the allocation of management resources and evaluate business performance.

The company's group is made up of segments based on business divisions and subsidiaries, and has three reportable segments: "Real Estate Business," "Hotel Management Business," and "Herb Garden Operating Business."

(2) Types of products and services belonging to each reportable segment

The "Real Estate Business" purchases and sells real estate on its own account, operates real estate, manages property, and rents and brokers real estate sales. The "Hotel Operation Business" operates accommodation facilities under a master lease system, undertakes the operation of accommodation facilities under a management contract system, and provides operation consulting to accommodation facilities. The "Herb Garden Operation Business" operates and wholesales herb garden facilities, and produces herbs.

(3) Matters concerning changes in reportable segments, etc.

Otaki Herb Garden Co., Ltd. and Herb Production and Shipping Association Co., Ltd., which were classified in the "Herb Garden Operation Business" segment, have been excluded from the scope of consolidation due to the transfer of all shares of Otaki Herb Garden Co., Ltd. in the previous consolidated fiscal year. The company's sales, segment loss, and other items (depreciation and amortization) include the actual results up to the date of exclusion from consolidation.

2. Calculation method for net sales, profit or loss, assets, and other items for each reportable segment

The accounting methods for the reported business segments are generally the same as those used in preparing the consolidated financial statements, and the profits of the reportable segments are based on operating profit.

3. Information on the amounts of sales, profits or losses, assets, and other items for each reportable segment, as well as information on revenue breakdown

Previous consolidated fiscal year (from April 1, 2023 to March 31, 2024)

(Thousand of yen)

	Reportable segments				Other (Note 1)	Adjustment (Note 2)	Total (Note 3)
	Real estate	Hotel operation	Herb garden operation	Total			
Sales revenue							
Revenue from contracts with customers	707,025	446,183	103,533	1,256,741	—	—	1,256,741
Other Revenues	35,476	—	—	35,476	—	—	35,476
Sales to external customers	742,501	446,183	103,533	1,292,217	—	—	1,292,217
Internal sales or transfers between segments	—	—	—	—	—	—	—
Total	742,501	446,183	103,533	1,292,217	—	—	1,292,217
Segment profit (loss)	299,439	(77,223)	(4,175)	218,039	(32,514)	(339,746)	(154,220)
Segment Assets	69,474	309,365	—	378,840	19,279	759,881	1,158,001
Other items							
Depreciation	750	4,565	4,587	9,902	—	1,640	11,543
Impairment loss	1,703	7,448	—	9,152	—	4,504	13,656
Investment in equity method affiliates	—	5,365	—	5,365	—	—	5,365
Increase in tangible and intangible fixed assets	—	15,774	—	15,774	—	3,123	18,897

(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.

Current consolidated fiscal year (from April 1, 2024 to March 31, 2025)

(Thousand of yen)

	Reportable segments				Other (Note 1)	Adjustment (Note 2)	Total (Note 3)
	Real estate	Hotel operation	Herb garden operation	Total			
Sales revenue							
Revenue from contracts with customers	239,833	581,151	—	820,985	106	—	821,091
Other Revenues	3,931	—	—	3,931	—	—	3,931
Sales to external customers	243,764	581,151	—	824,916	106	—	825,023
Internal sales or transfers between segments	—	1,732	—	1,732	119	△1,851	—
Total	243,764	582,883	—	826,648	226	△1,851	825,023
Segment profit (loss)	41,056	(60,705)	—	(19,649)	(25,487)	(307,381)	(352,518)
Segment Assets	87,760	303,135	—	390,895	25,426	643,524	1,059,346
Other items							
Depreciation	—	3,146	—	3,146	—	—	3,146
Impairment loss	—	—	—	—	1,367	—	1,367
Investment in equity method affiliates	—	5,188	—	5,188	—	—	5,188
Increase in tangible and intangible fixed assets	—	350	—	350	1,367	—	1,717

(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.

[Related information]

Previous consolidated fiscal year (from April 1, 2023 to March 31, 2024)

1. Information by product and service

Similar information is disclosed in the segment information, so it is omitted.

2. Information by region

(1) Sales

Not applicable as there is no sales to external customers outside of Japan.

(2) Tangible fixed assets

The amount of tangible fixed assets located in Japan exceeds 90% of the amount of tangible fixed assets shown on the consolidated balance sheets, so this information is omitted.

3. Information on major customers

(Thousand of yen)

Name of the customer	Sales revenue	Related Segment Name
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KEIHAN REAL ESTATE Co.,Ltd.	320,472	Real Estate Business
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Current consolidated fiscal year (from April 1, 2024 to March 31, 2025)

1. Information by product and service

Similar information is disclosed in the segment information, so it is omitted here.

2. Regional information

(1) Sales revenue

Not applicable since there are no sales to external customers outside Japan.

(2) Tangible fixed assets

Description is omitted since the amount of tangible fixed assets located in Japan exceeds 90% of the amount of tangible fixed assets shown on the consolidated balance sheets.

3. Information for each major customer

There is no disclosure as there are no external customers for which sales account for 10% or more of the sales in the consolidated statements of income.

[Information regarding impairment losses on fixed assets by reportable segment]

Previous consolidated fiscal year (from April 1, 2023 to March 31, 2024)

As similar information is disclosed in the segment information, it has been omitted.

Current consolidated fiscal year (from April 1, 2024 to March 31, 2025) Similar information is disclosed in the segment information, so it is omitted here.

[Information regarding goodwill amortization and unamortized balance by reportable segment]

Not applicable.

[Information regarding gains on negative goodwill by reportable segment]

Not applicable.

(Per Share Information)

	Previous consolidated fiscal year (From April 1, 2023 to March 31, 2024)	Current consolidated fiscal year (from April 1, 2024 to March 31, 2025)
Net assets per share	19.68 yen	15.16 yen
Net loss per share (Loss)	(3.74) yen	(9.37) yen

(Notes) 1. Diluted net income per share for the previous consolidated fiscal year and the current consolidated fiscal year is not stated because although there are potential shares, there is a net loss per share.

2. The basis for calculating net loss per share is as follows:

Item	Previous consolidated fiscal year (From April 1, 2023 to March 31, 2024)	Current consolidated fiscal year (from April 1, 2024 to March 31, 2025)
Net loss per share (Loss)		
Net loss attributable to owners of parent (△) (thousand yen)	(139,905)	(432,377)
Amount not attributable to common shareholders (thousand yen)	—	—

Net loss attributable to owners of parent relating to common stock (△) (thousand yen)	(139,905)	(432,377)
Average number of common stocks during the period (shares)	37,385,858	46,135,099
Summary of potential shares that were not included in the calculation of diluted net income per share because they have no dilutive effect.	4th share acquisition rights resolved at the board of directors meeting held on September 11, 2019 Number of stock acquisition rights: 4,800 (Common stock: 480,000 shares)	4th share acquisition rights by resolution of the Board of Directors held on September 11, 2019 Number of stock acquisition rights: 4,800 (Common stock: 480,000 shares)
	6th share acquisition rights by resolution of the Board of Directors held on April 13 and April 22, 2022 Number of stock acquisition rights: 5,400 (Common stock: 540,000 shares)	6th share acquisition rights by resolution of the Board of Directors held on April 13 and April 22, 2022 Number of stock acquisition rights: 5,400 (Common stock: 540,000 shares)
	7th share acquisition rights by resolution of the Board of Directors held on April 13 and April 22, 2022 Number of stock acquisition rights: 4,600 (Common stock: 460,000 shares)	7th share acquisition rights by resolution of the Board of Directors held on April 13 and April 22, 2022 Number of stock acquisition rights: 2,690 (Common stock: 269,000 shares)
	8th share acquisition rights by resolution of the Board of Directors held on April 10, 2023 Number of stock acquisition rights: 46,154 (Common stock: 4,615,400 shares)	9th share acquisition rights by resolution of the Board of Directors held on February 25, 2025 Number of stock acquisition rights: 9,000 (Common stock: 900,000 shares)

(Important subsequent events)

(Issuance of the first series of unsecured straight bonds [professional private placement bonds])

The Company issued its first series of straight bonds through private placement pursuant to the Board of Directors meeting held on May 8, 2025.

1. Total amount issued: 260,000,000 yen
2. Issue book value: 100 yen per 100 yen face value
3. Issue price: 100 yen per par value of 100 yen
4. Interest rate: 3% per annum
5. Redemption amount: 100 yen per par value of 100 yen
6. Repayment Period: May 9, 2026
7. Fulfillment Date: May 9, 2025
8. Collateral: None
9. Use of funds: All funds will be used for working capital in business operations.
10. Other Special Terms and Conditions:
 - (1) The Bonds are guaranteed by each of Inbound Investment LLC. and He Tongxi. Each guarantor jointly and severally guarantees with the Company the principal, interest, late payment charges and all other payment obligations of the Bonds that the Company owes to the Bondholders under the Terms and Conditions.
 - (2) The Bonds are not secured by any physical security and no assets are specifically reserved for the Bonds.