

# **Presentation Materials for Business Plans and Growth Potential**

**INTRANCE CO., LTD.**

**June 25, 2025**

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## Company Overview (As of March 31, 2025)

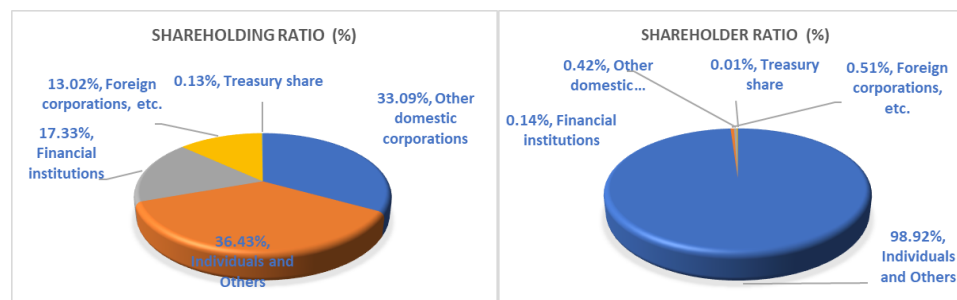
Company name	INTRANCE CO., LTD.
Representative	He Tongxi, President & CEO
Founded	May 1, 1998
Head office address	9F, Oshita bldg, 1-16-5, Dogenzaka, Shibuya, Tokyo, 1500043
Capital	1,444,427 thousand yen
Listed Stock Exchange	TSE Growth market (Code; 3237)
Number of employees	133 (Consolidated)
Business 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 March 31, 2025)

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 March 31, 2025)

Total number of authorized shares	115,200,000 shares
Total number of issued shares	46,552,784 shares
Number of shareholders	12,705



## Major Shareholders (Top 10) (As of March 31, 2025)

No.	Shareholders Name	Number of shares held	Voting rights ratio	Shareholding ratio
1	Inbound Investment, LLC.	7,565,000	16.27%	16.25%
2	Delight Works Co., Ltd.	6,660,000	14.33%	14.31%
3	Japan Securities Finance Co., Ltd.	4,380,800	9.42%	9.41%
4	BNP Paribas Singapore /2S / JASDEC / GF Securities HK	3,621,084	7.79%	7.78%
5	Matsui Securities Co., Ltd.	2,658,200	5.72%	5.71%
6	BNP Paribas London Branch for Prime Brokerage Clearance ACC for third party	1,800,000	3.87%	3.87%
7	Find Star Group Co., Ltd.	660,000	1.42%	1.42%
8	Rakuten Securities Co., Ltd.	419,400	0.90%	0.90%
9	Individual shareholder	380,000	0.82%	0.82%
10	Individual shareholder	363,200	0.78%	0.78%
	Total	28,507,684	61.32%	61.24%

## Mission

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~ Spreading the beauty of Japan's nature and culture to the world ~  
INTRANCE Co., Ltd. aims to be the only company in the inbound tourism industry, and through our hotel operation, real estate, and inbound tourism-related businesses, the company aims to spread the beauty of Japan to the world, while also contributing broadly to the development of the economy and culture, and building a more sustainable society.

## Vision

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- The company will expand revenue and improve corporate value by combining hotel operation, real estate, and inbound-related businesses.
- The company will develop an inbound cycle that covers all of the following business areas: product development that anticipates customer needs and customer referrals (before the trip), customer service (during the trip), and cross-border consumption and investment activity support (after the trip).
- The company will promote hotel management using an advanced third-party operation model.
- The company will carry out business design and fundraising by utilizing our global network, including in the Greater China region.

## Value

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- Business promotion aimed at regional revitalization.
- Effective use of domestic and international networks and alliances.
- Branding with international hotel brands.
- Hotel operations with an emphasis on customer satisfaction and profits.
- Integration of real estate business and IT knowledge.

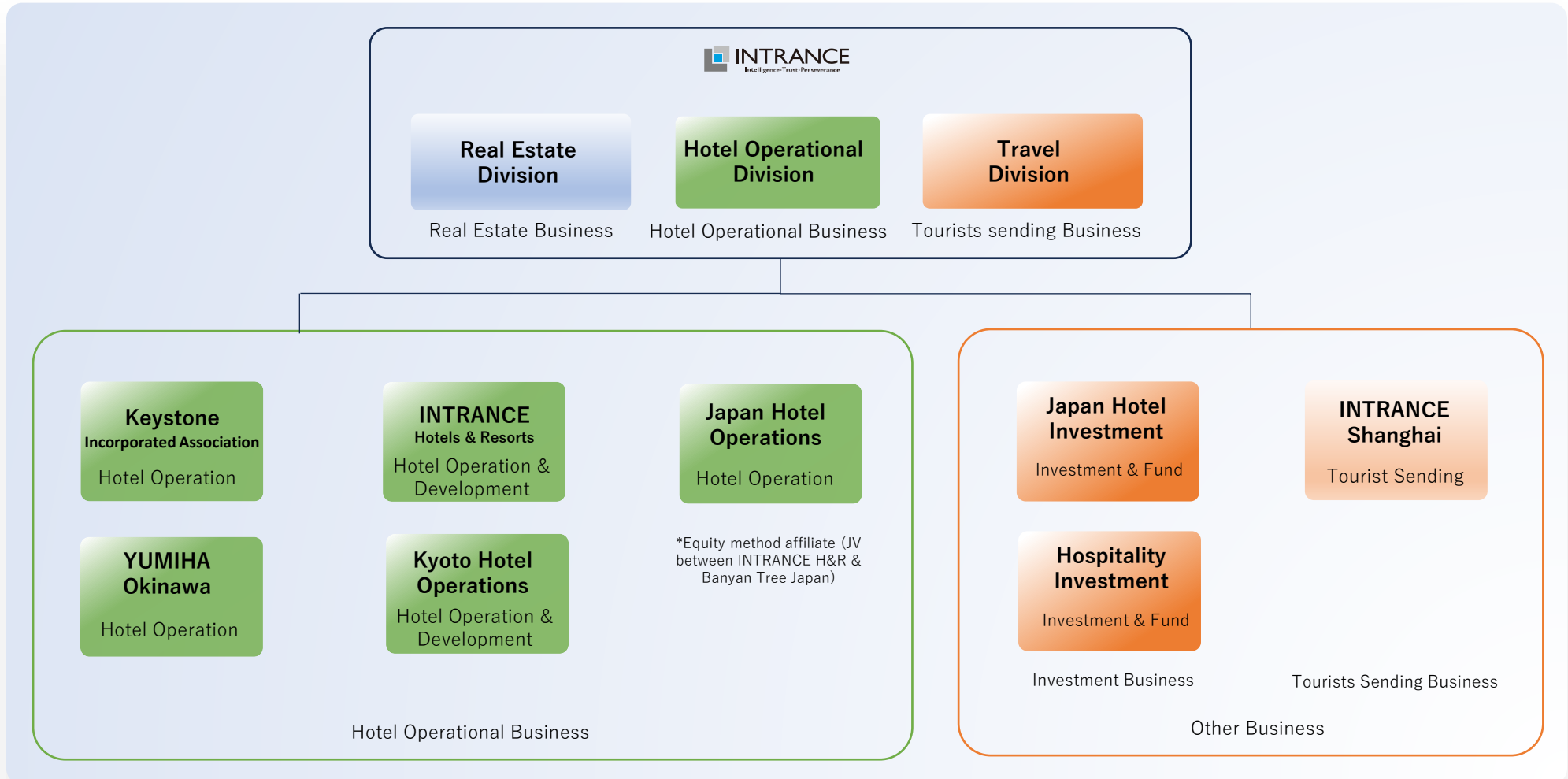
## Key Indicators

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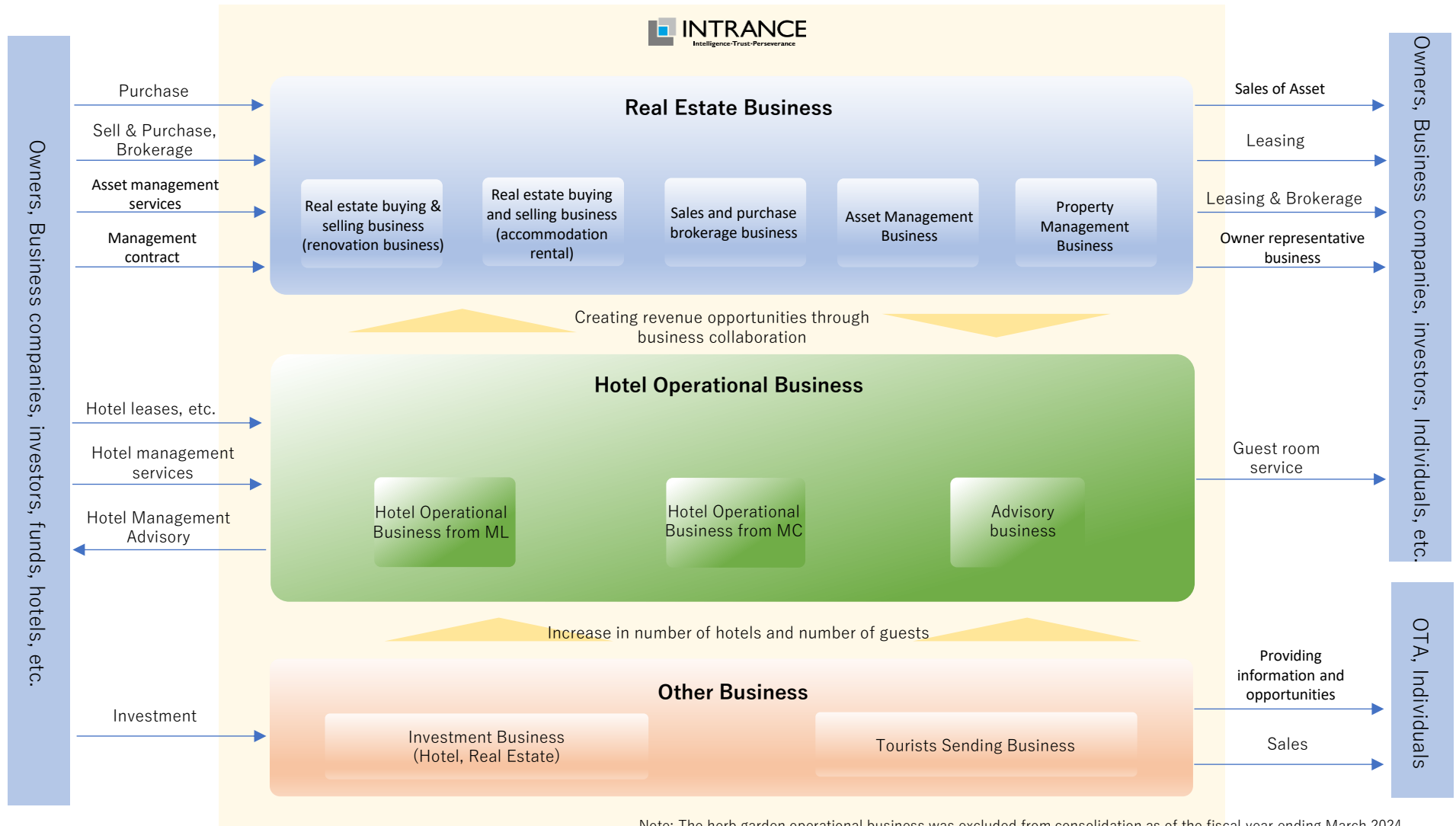
The Company's management objectives are to generate stable earnings from the real estate business and to achieve high growth in the hotel operation business and inbound-related businesses, improving corporate value and strengthening its financial position through these activities.

The Group is currently in the investment stage toward establishing a foundation for its hotel operation business, and has set the expansion of sales and profits in inbound-related businesses, including the hotel operation business and real estate, as its management indicators.

Our group will accelerate its business from its founding real estate business to hotel management, investment and inbound development, and transform itself into a "Hotel, Inbound & Real Estate Company."



Our group aims for high growth in the hotel, inbound and real estate business.



The company will master the entire process from real estate development to renovation, management, and sale, aiming for stable expansion of company's real estate business.

## Real estate development and revitalization Business

- Develop new real estate, including hotels, and acquire underutilized real estate, creating and revitalizing real estate value through branding and conversion.
- After creating and revitalizing real estate value, the property is sold to investors, business corporations, funds, etc.

## Property Management Business

- Building management agency services to maintain real estate value.
- Provide services such as building maintenance management to maximize owner profits, tenant management, deposit and withdrawal management, mid-to long-term repair planning, tenant recruitment, contract, and move-in/moveout management, etc.

## Real estate brokerage Business

- Carrying out real estate rental brokerage and sales brokerage services, etc.
- Subscription and sale of deemed securities through Type II Financial Instruments Business and Real Estate Transaction Business.

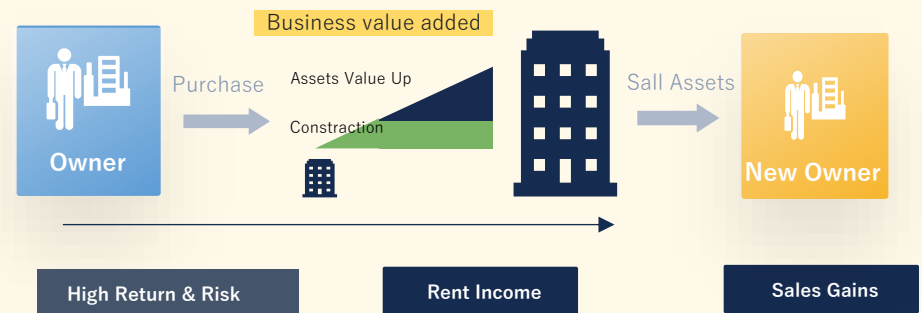
## Real estate trading Business

- Purchasing real estate, holding it for rental purposes, and selling it.
- Rental operations while holding properties, and management of accommodation facilities.

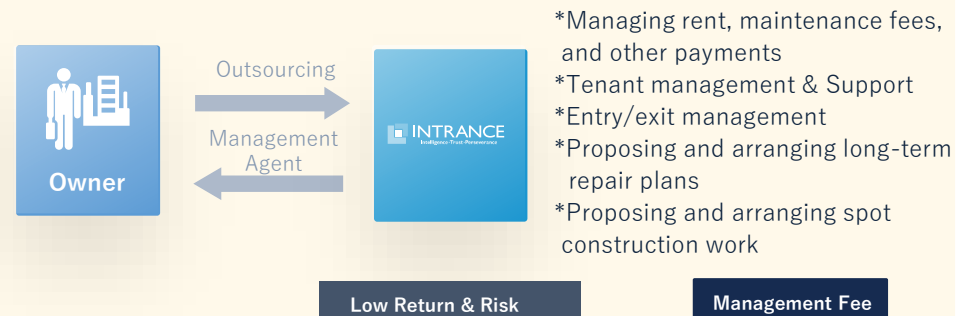
## Asset Management Business

- Implementing proposals to increase real estate profitability and yield, and increase asset value.
- Proposals for building renewal and renovation, calculation of appropriate rent, tenant leasing, review and reduction of management costs, etc.

(Reference) Real Estate Development and Revitalization Business



(Reference) Property Management Business





The company aims to expand our group's hotel operating revenue by promoting hotel operations using advanced third-party operation models.

## Hotel Strategy through Networks & Alliances

- Developing branded hotels utilizing international hotel brands.
- Developing hotel investments aiming for speed and scale by effectively utilizing domestic and international networks & alliances according to hotel investment schemes.
- Leveraging global network, particularly in Greater China, design business plans and documents related to growth potential, and raise funds.

## Hotel Operations focused on CS & profitability

- Aiming for high-quality hotel management and ensuring high CS.
- Leveraging brand power, pursue profitability for each hotel by increasing occupancy rates and average room rates, and thoroughly managing costs.
- Consider the management method for each hotel & implement optimized management through fixed-term leasing, management contracting, & management advisory services.

## Enhancing corporate value through the integration of each business

- Accelerate the pace of investment in hotel management business, urban apartment hotels & resort hotels.
- Collaborate with the real estate division and the inbound customer transfer division.
- Collaborate with other businesses to promote not only hotel management, but also the entire inbound cycle of product development that anticipates customer needs, customer transfer, hotel customer service, etc.

(Reference) Hotel management method

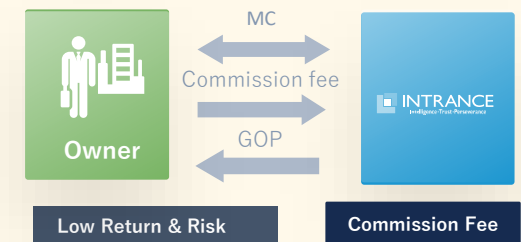
### Master Lease

The company leases hotel buildings from owners and manages and operates them. While the company pay rent, all hotel sales, expenses, and profits and losses belong to our company.



### Management Contract

The hotel is operated by staff dispatched by the company, and the hotel owner manages the hotel. Sales, expenses, and profit and loss belong to the owner, who is the management entity, and the owner receives a management fee according to the business performance.



### Hotel Advisory

Using the hotel operational know-how, provide behind-the-scenes support for hotel operations, including management guidance, attracting customers, and cost reduction, and receive advisory fees.



The company aim to become a key player in revitalizing inbound tourism by sending Chinese tourists to group hotels and hotels outside the group.

## Contracts with Chinese agents and domestic hotels

- Inrance enters into contracts with travel agencies and OTAs in the Greater China and receives orders to send tourists. (Depending on the type of contract, it may collaborate with a third party with a travel agency license.)
- Inrance (and Inrance Shanghai) enters into contracts with Group hotels & hotels outside the group.

## Tourists Sending Operations

- Intrans receives customer referral information from travel agencies and OTAs in the greater China region via the system.
- Intrans places orders for customer referrals to each destination hotel via the system based on the received customer referral info.
- Intrans receives hotel accommodation fees from travel agencies and OTAs, and makes payments to the destination hotels.

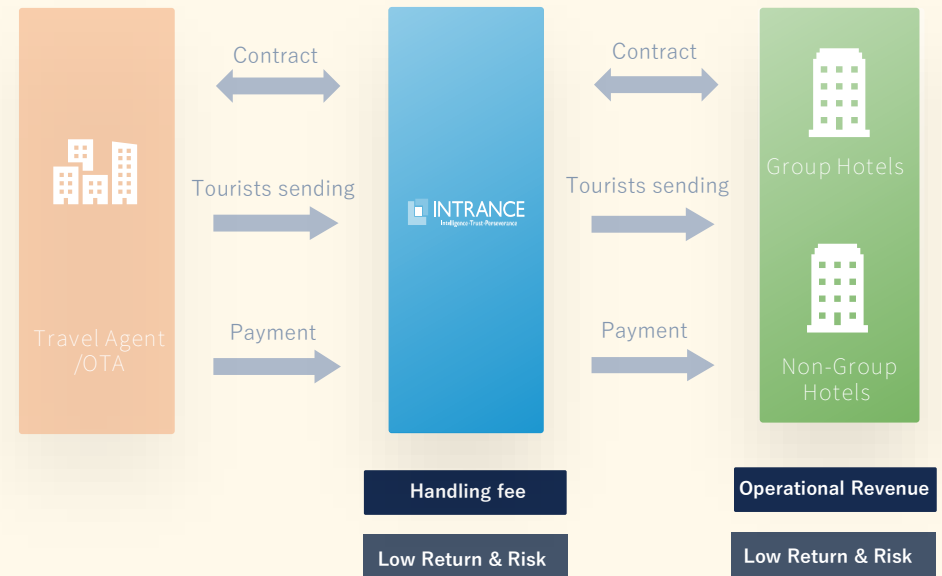
## The significance of the Tourists Sending Business

- Tourists sending from Greater China will improve the profits of group hotels, improve the occupancy rates of group hotels, and contribute to averaging occupancy rates throughout the year.
- In addition, tourists sending to hotels outside the group will contribute to an increase in not only revenue within the group, but also revenue outside the group.
- Furthermore, by strengthening this business, it will be possible to support pinpointing tourists sending to hotels aiming to increase occupancy rates, such as hotels for regional revitalization purposes.

### (Reference) Tourists Sending Business

Aim to improve hotel profitability and expand the scale of the Tourists sending business through the following processes.

- Sales to and contracts with travel agencies and OTAs in Greater China.
- Implement tourists sending operations.
- Manage revenue and administrative tasks after tourists sending.



**The company will implement investments through collaboration and investment schemes in line with our investment concept, aiming to expand the number of hotels & grow our revenue.**

## Secure Investors for Hotel and Real Estate

- Develop investment plans for new hotels through marketing, revenue planning, branding, in collaboration with developers or self-invest.
- Secure domestic and overseas investors and prepare an investment structure for funds aimed at investing in & developing hotel facilities.

## Fund Establishment through various Investment Schemes

- Urban investment:  
Operate apartment hotels with rooms of 40–50 m<sup>2</sup> in major areas in Japan. Development is promoted through land acquisition, design, construction and branding by developers or self-investment.
- Regional revitalization investment:  
Operation of hotels that have been invested in and renovated, focusing on existing resort hotels & inns in rural areas. Investment opportunities are sought in collaboration with several partners.

## Operation of Invested Hotels

- After establishing the hotel's branding and operational structure, group companies will carry out the management.
- As measures to increase the asset value of the investment, the company will utilize branding and tourists sending from abroad, & increase the occupancy rate and profitability of the hotel facilities.

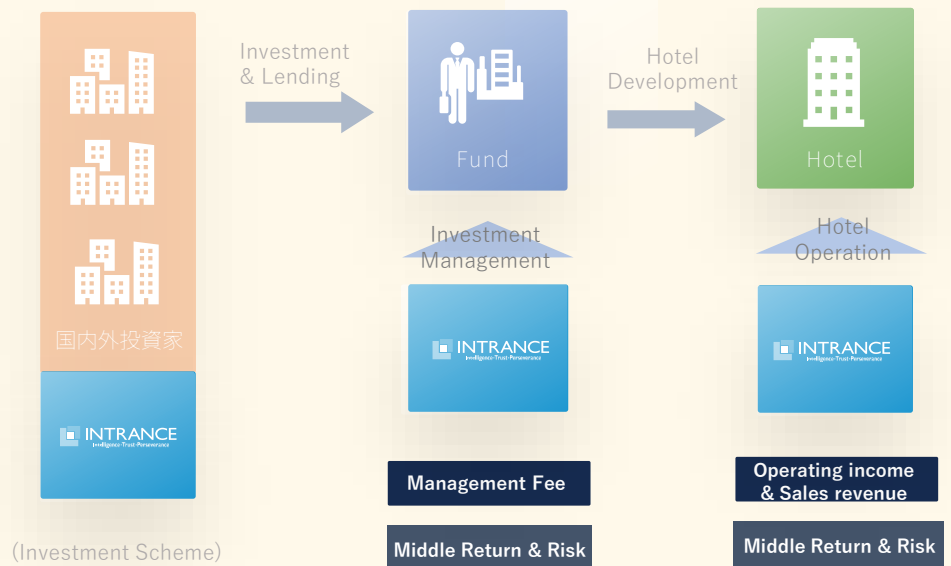
## Sale of Invested Hotels

- In the case of investments that hold hotel assets, the hotel assets will be sold to third-party funds and other investors. If loans are used, the loans will be repaid after the sale.
- Even after the sale of the assets, group companies will continue to operate the hotels.

### (Reference) Investment Business

The company aims to expand the number of hotels group operate and increase revenue by expanding our investment business.

- Securing investment funds from investors, financial institutions, etc.
- Discovering and securing hotel investment and development projects.
- Hotel investment and operation.
- Branding and hotel operation by our group.
- Sale of hotel assets (hotel operation will continue by our group)



The company's business model is to generate stable revenue from real estate business & promote high growth in the hotel & inbound area. The company will accelerate these efforts with the aim of expanding revenue & increasing corporate value.

## Securing stable and growing profits from real estate development to asset management

- **Securing stock revenue through consulting, PM, AM, etc.**  
Secure stable stock income through real estate development consulting, project management, PM, AM, & other services.
- **Securing flow revenue through hotel and real estate sales**  
Secure high growth profits through asset acquisition, development, & sale of hotels, inbound facilities, & other properties.

## Expanding the Hotel management business & Optimize hotel operations

- **Promotion of hotel development utilizing international brands**  
Through partnerships with international brands, secure hotel management rights, expand the number of hotels group manage.
- **Optimizing hotel management through brand utilization**  
Through hotel operation by third-party operators, the company promotes revenue-oriented operations.

## Support & Revenue expansion through tourists sending business

- **Stabilize revenue of group hotels by tourists sending**  
By tourists sending from Greater China, help stabilize the number of reservations, and profitable.
- **Increase revenue by sending customers to non group hotels**  
In addition to the above, by tourists sending to non-group hotels, help secure inbound business revenue.

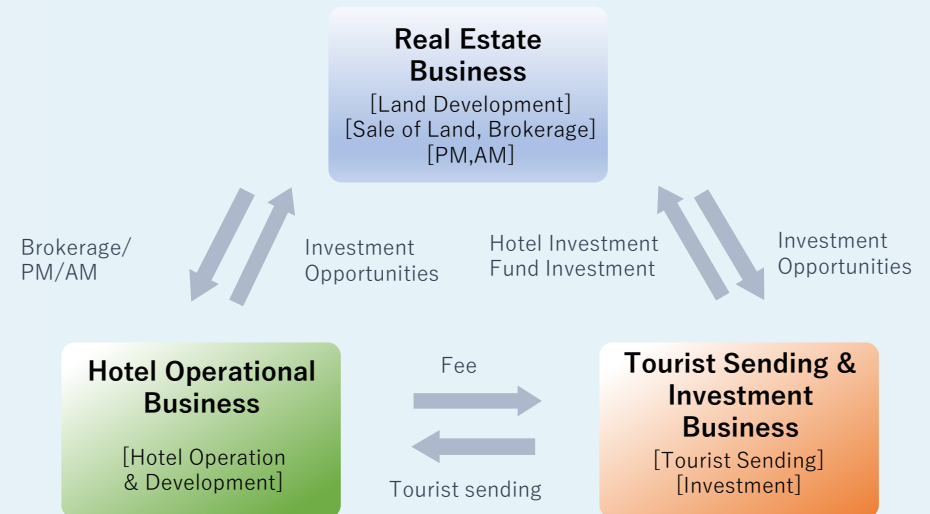
## Securing investment fund raise, supporting business growth through investment business

- **Securing funds from domestic and foreign investors**  
Supporting the growth of our group's hotel and real estate business through fund raising.

## (Reference) Business Model of The Company

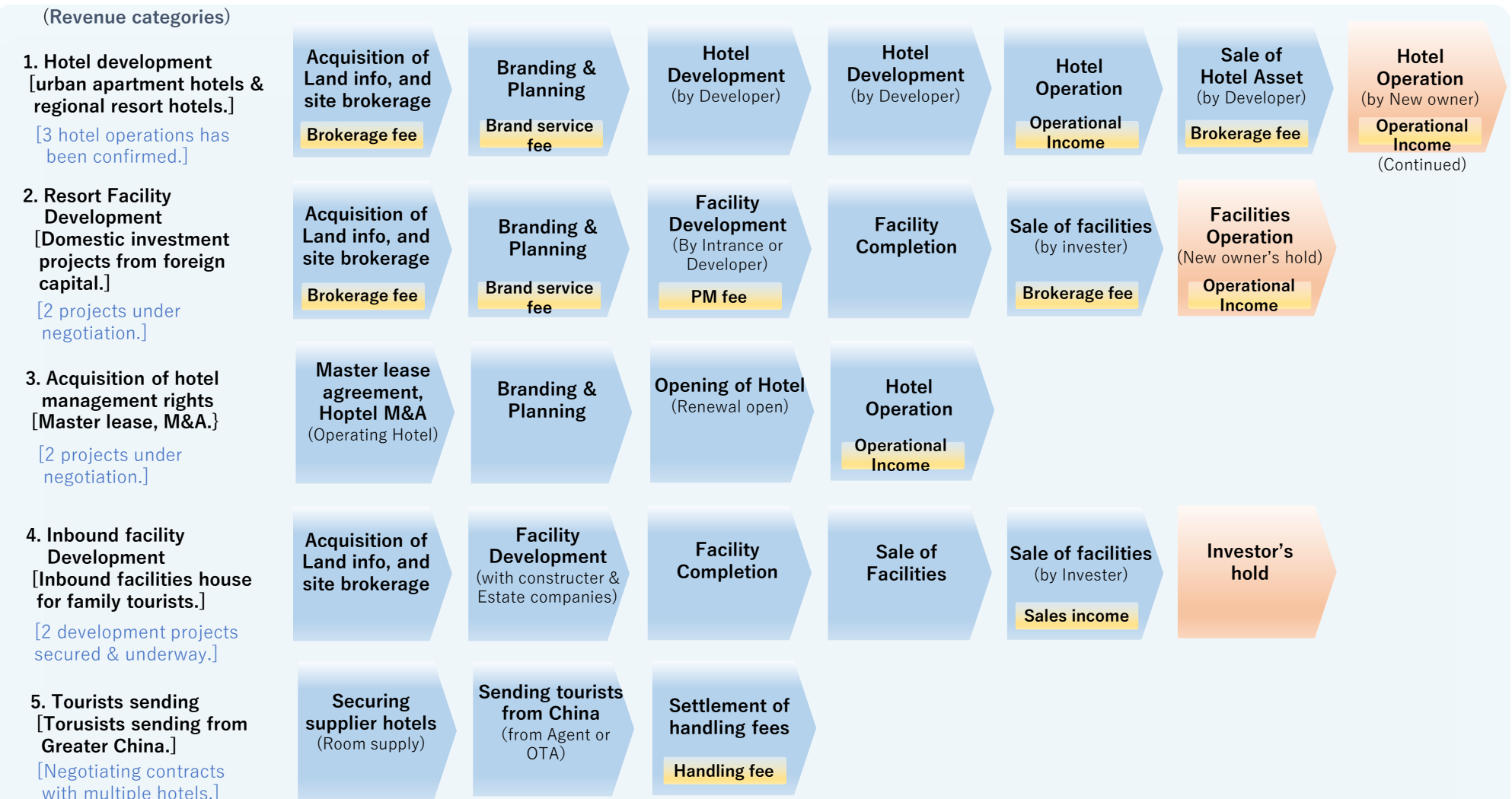
The Group is actively promoting growth investments in the hotel and inbound business and real estate business. In these business areas, the company aims to achieve high growth by promoting hotel and facility development, branding and hotel management, and tourists sending.

1. Securing fund raising for invest hotels through the investment business.
2. Securing stable & growing profits from Real Estate business.
3. Increasing profits & optimizing profitability by expanding the number of hotels operated through the Hotel operational business.
4. Supporting and expanding hotel profits through the Tourists sending business.



## Revenue categories of business for our growth

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



Note The above statements regarding business and negotiation status are current as of June 25, 2025.

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## Current business environment

**In fiscal 2024, inbound tourism from overseas will be strong, significantly exceeding pre-COVID-19 levels (2019) and reaching a record high of over 36 million visitors.**

**Overseas travelers continue to grow steadily, up 47.1% y-on-y.**

- Compared to 2019, which was the highest record before COVID-19, there was a 15.6% increase, breaking the previous record and reaching the highest record on a monthly basis.
- Inbound consumption reached a record high of approximately 8.1 trillion yen.

**The significant increase is due to the weak yen and an increase in travelers from various countries.**

- The weak yen, visa relaxation, and recovery of air routes were favorable factors.
- In addition to East Asia, the number of visitors from Southeast Asia, Europe, the United States, Australia, and the Middle East increased, with South Korea, China, Taiwan, the United States, Hong Kong, Thailand, and Australia ranking highest by country.

## Future business environment

**Inbound visitors to Japan are expected to reach 40.2 million in 2025, and exceed 60 million in 2030.**

**Inbound demand is predicted to remain strong in fiscal 2025**

- According to a travel trend forecast compiled by JTB, travel demand from Japanese tourists will be sluggish, but the number of inbound visitors to Japan is expected to increase further.
- Although the growth rate is expected to be slower compared to 2024, the number of medium- to long-distance travelers is also expected to increase, and travel expenses are expected to rise.

**In the long term, inbound tourism is expected to expand rapidly through 2030**

- The Japanese government aims to achieve 60 million visitors to Japan and spending of 15 trillion yen by 2023. According to a private survey, this could reach as much as 73 million if infrastructure development and decentralization to local areas progresses.
- Challenges include a lack of accommodation and airport infrastructure, labor shortages, and concentration in popular cities (overtourism).

( Inbound achievements and target )

	2019 Results	2024 Results	2030 Target
<b>Travel Consumption</b>	<b>4.8 trillion yen</b>	<b>8.1 trillion yen</b>	<b>15 trillion yen</b>
<b>Number of visitors to Japan</b>	<b>31.88 million people</b>	<b>36.87 million people</b>	<b>60 million people</b>
<b>Travel expenditure per day</b>	<b>159,000 yen</b>	<b>227,000 yen</b>	<b>250,000 yen</b>

Sources:

\*JTB "Travel Trends Forecast for 2025 (January to December)"

\*Japan Tourism Agency and Ministry of Economy, Trade and Industry "Tourism Vision"

\*INBOUND PLUS article "Japan announces plan to attract 60 million foreign visitors and generate 15 trillion yen in spending by 2030"

\*Nikko Asset Management "Inbound consumption expected to continue growing over the long term"

It is important for accommodation providers to capture the growing demand for travel among foreign visitors to Japan. Therefore, having unique strengths and strategies is key to success in the hotel business.

## Supply and demand trends

### (Short term)

- Inbound demand to Japan in 2025 is predicted to reach a record high of 40.2m people.
- Inbound tourism to Japan is expanding, mainly from Asia, Europe and the US.
- The number of tourists visiting Japan is growing steadily, however the number of Japanese tourists is roughly flat.

### (Mid to long term)

- Inbound tourism to Japan is expanding steadily, with the government aiming for more than 60m visitors in fiscal 2030.
- In addition to Japan's popularity, the weak yen & relaxed visa requirements mean that visitors from a wide range of regions are expected to increase. However, there are challenges including a lack of facility & infrastructure, a shortage of personnel, & overtourism.

## Competitive Environment

- In Japan, the top seven accommodation operators have a market share of only 18% (as of 2019), with the rest being a profusion of small operators. This profusion is expected to continue unless chain expansion & restructuring progresses.
- Since domestic operators mainly operate directly owned or leased facilities, it is difficult for them to quickly expand into chains.

## Risks and Opportunities

### (Risk)

- An aging population and declining birthrate have created a chronic labor shortage, and competition to acquire talent is intensifying in the tourism market, making it difficult to secure personnel.
- Domestic hotel operators have a high investment ratio in FA and do not spend money on marketing, resulting in lower sales growth rates & profitability compared to overseas operators.
- Domestic hotel operators need to capture the expanding demand of foreign visitors, & unless they can improve yields by providing high added-value services, may not be able to break away from their low-profit structure & find it difficult to continue their business.

### (Opportunities)

- Rising domestic real estate prices have reduced the profitability of new residential developments, however, the development of more profitable hotels has accelerated.
- Developers who have traditionally been involved in residential are now turning their attention to hotel development, which will increase hotel management opportunities for operators.
- Although there are many hotels, there are not many facilities where families and groups can stay in the same room, and by specializing in the operation of such facilities, it is possible to capture inbound demand.

## Our Group Strategy

### (Strategy 1)

- Formation of a hotel investment and development fund with domestic and overseas capital centered on Greater China.
- Investment and development in domestic hotels through the hotel investment and development fund.
- Operation of hotels invested in and developed by the fund by our group.
- Securing profits by selling and brokering the real estate assets of hotels invested in and developed by the fund.

### (Strategy 2)

- Through tourists sending from China, will send tourists to our group hotels, thereby increasing the occupancy rates and profits of our group hotels.
- By tourists sending to non-group hotels, will establish our position as a group that can generate hotel reservation demand, rather than simply being a hotel operational company.

### (Strategy 3)

- Improve operating revenue and productivity by expanding our hotel operating track record and inbound customer numbers.
- Secure further hotel investment and development projects by improving the company's track record and reputation.



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## Differentiation & Advantage from others for revenue growth

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

- The company has **strategic alliances (JV, etc.) with the world's top international hotel brands**, and can expect **branding strategies**.
- The company can be expected to **manage hotel development and operation 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.

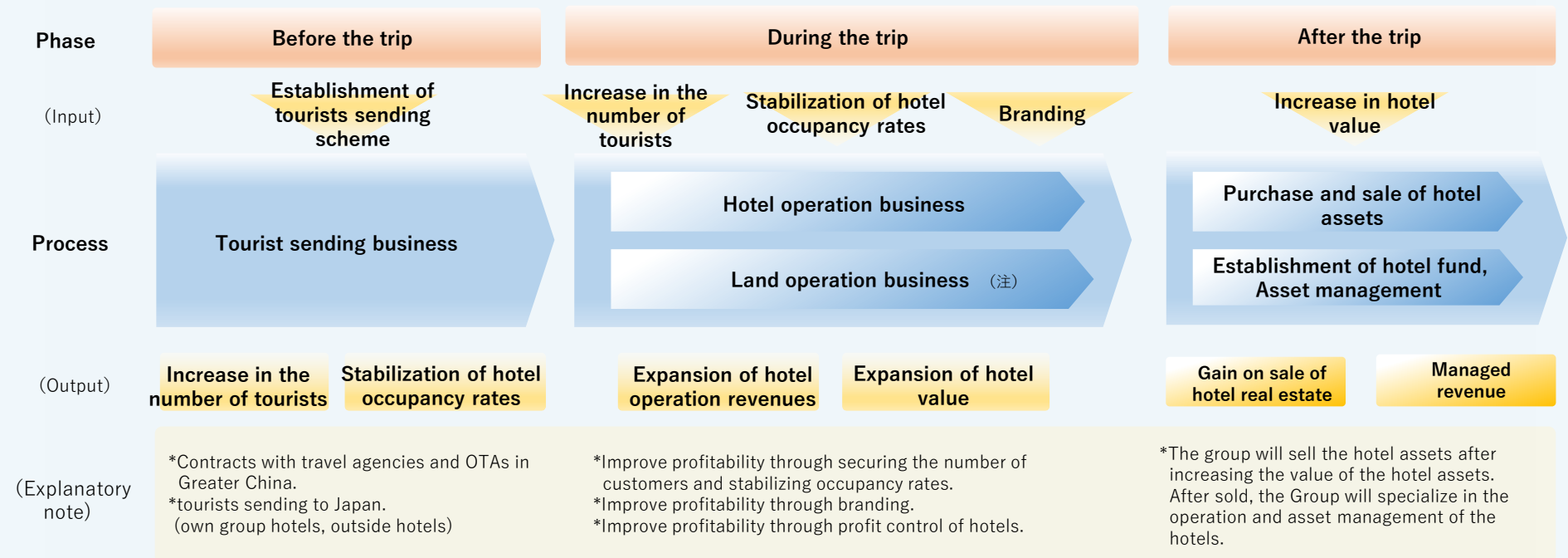
### Advantages of having a Greater China network

- 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**, furthermore, regarding non-group hotels will enable us to secure handling fee.

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.

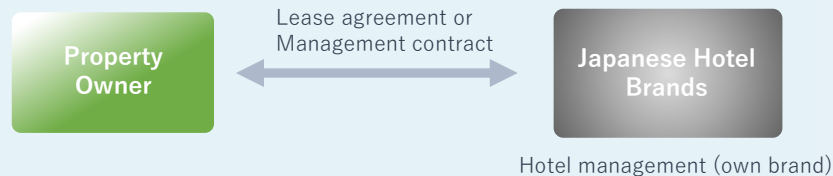


The strength of the Group's positioning is that we are a third-party operator, which is rare in Japan. A third-party operator is a company that partners with a global brand and contracts a lease agreement with a land owner to operate a hotels. Our Group in this position is currently attracting attention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

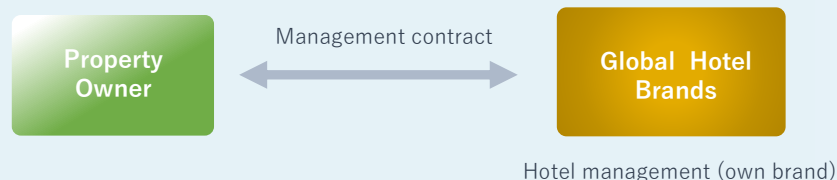
## Typical Hotel Operating Model

- 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)



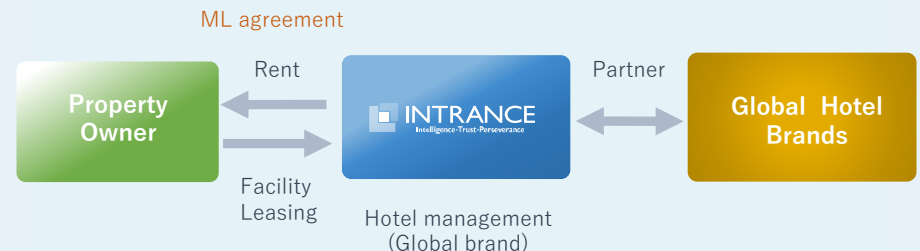
( General operating model for global brands in the world market, including Japan )



## 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.



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- Short-term revenue measures were not achieved, and earnings forecasts were revised downward (announced on April 1, 2025), with sales declining and losses increasing in FY2024.  
(Based on the above, there are conditions that cast significant doubt on the going concern assumption; however, the company has raised funds to a certain extent and has determined that there are no significant uncertainties.)
- Whereas, **the number of projects in the mid- to long-term plan to increase earnings (activities to acquire hotel management rights) is steadily increasing.**
- Therefore, In FY2026/03, the company will focus on establishing a revenue base in the short- to medium-term in order to return to profitability and achieve the forecast figures, and **shift management resources to activities for real estate revenue** with the aim of establishing profitability.

## Next Action

To achieve the budget for FY2025 & the mid-to long-term plan, the company will implement the following action;

- Activities to **secure hotel management rights for mid- to long-term growth continue**. Whereas, the company **promotes securing real estate revenues to secure short-term earnings**.
- Real estate business:  
Pursue real estate income in the following areas to secure short-term revenue.  
“Resale of accommodation”, “Project management fees”, “Development and sale of inbound facilities”
- Hotel Operation Business:  
Secure hotel revenues in the following areas in order to secure short- to medium- to long-term revenues.  
“Improve hotel revenues at existing hotel”, “Consulting for resort facilities”, and “Secure hotel management rights”.
- Tourist Sending Business:  
Pursue expansion of room reservations at group hotels and increase in the number of tourists sending to outside hotels. “Handling fees for hotel reservations”
- Investment Business:  
Focused on establishing funds with domestic and foreign investors to secure funds for hotel development.
- In addition to improving the cost structure, will strengthen our financial position by raising funds, mainly through loaning.
- Based on the above, the company aim to **achieve the budget for this fiscal year and achieve net sales of ¥15b and operating income of ¥0.9b in the FY2028.**

Note 1: “Tourist sending business” and “Fund business” are classified as an “other business” segment for accounting purposes.

Note 2: Partial revisions has been made to the medium- and long-term plan targets for the FY 2028.

- Real estate business: Focus on **resale of accommodation facilities, resort facility dev. PM, and dev. & sales of inbound accommodation facilities.**
- Hotel management business: Focus on **existing hotel management, New hotel & inn management (securing management rights), and Resort facility opening consulting**
- Other business : The inbound tourist sending business will focus on increasing the number of inbound tourists sending, while the investment business will focus on securing investment funds for hotels.

## Prerequisites for medium-term goals

	FY2025	FY2026	FY2027	FY2028
Real Estate Business	<ul style="list-style-type: none"> <li>■ Resale of accommodation facilities: 3 cases</li> <li>■ Resort facility development PM: 1 case</li> <li>■ Development &amp; sales of Inbound facilities: 3 cases</li> </ul>	<ul style="list-style-type: none"> <li>■ Resale of accommodation facilities: 3 cases</li> <li>■ Resort facility development PM: 2 case</li> <li>■ Development &amp; sales of Inbound facilities: 5 cases</li> </ul>	<ul style="list-style-type: none"> <li>■ Resale of accommodation facilities: 3 cases</li> <li>■ Resort facility development PM: 2 case</li> <li>■ Development &amp; sales of Inbound facilities: 5 cases</li> </ul>	<ul style="list-style-type: none"> <li>■ Resale of accommodation facilities: 3 cases</li> <li>■ Resort facility development PM: 2 case</li> <li>■ Development &amp; sales of Inbound facilities: 5 cases</li> </ul>
Hotel Management Business	<ul style="list-style-type: none"> <li>■ Operation of existing hotels: 5 cases</li> <li>■ Operation of new hotels and inns: 3 cases</li> <li>■ Resort facility consulting: 2 cases</li> </ul>	<ul style="list-style-type: none"> <li>■ Operation of existing hotels: 8 cases</li> <li>■ Operation of new hotels and inns: 3 cases</li> <li>■ Resort facility consulting: 1 cases</li> </ul>	<ul style="list-style-type: none"> <li>■ Operation of existing hotels: 11 cases</li> <li>■ Operation of new hotels and inns: 6 cases</li> <li>■ Resort facility consulting: 1 cases</li> </ul>	<ul style="list-style-type: none"> <li>■ Operation of existing hotels: 17 cases</li> <li>■ Operation of new hotels and inns: 6 cases</li> </ul>
Other Business	<ul style="list-style-type: none"> <li>■ Tourist sending sales; Approx. ¥27m</li> <li>■ Investment business: Focus on securing funds for hotel investments. (Not included in the budget.)</li> </ul>	<ul style="list-style-type: none"> <li>■ Tourist sending sales; Approx. ¥35m</li> <li>■ Investment business: Focus on securing funds for hotel investments. (Not included in the budget.)</li> </ul>	<ul style="list-style-type: none"> <li>■ Tourist sending sales; Approx. ¥53m</li> <li>■ Investment business: Focus on securing funds for hotel investments. (Not included in the budget.)</li> </ul>	<ul style="list-style-type: none"> <li>■ Tourist sending sales; Approx. ¥84m</li> <li>■ Investment business: Focus on securing funds for hotel investments. (Not included in the budget.)</li> </ul>

\*PM: Project management

**Based on the above, the company aims to achieve the current year's budget & FY2028 Target figures (Sales of ¥15b, Operating income of ¥900m).**

\*Based on the materials submitted last time, the company has slightly revised our numerical targets for the FY2028 from sales of ¥16b yen and operating income of ¥1.3b to sales of ¥15b and operating income of ¥900m, due to the following revisions to our core businesses.

- Real estate business: Focusing on dev. & sales of inbound accommodation facilities, real estate brokerage, and hotel development investment > Focusing on resale of accommodation facilities, resort facility development PM, and development and sales of inbound accommodation facilities
- Hotel Operational Business: Focusing on securing management rights for new inns and resort hotels > Focusing on securing management rights for new hotels and inns, and consulting for resort facilities.
- Downward revision of target figures for inbound sales.

## Business plan for the FY2025

In the fiscal year ending FY2024, the company achieved some success in its activities for medium- to long-term growth (securing the operating rights for an apartment hotel), however was unable to establish a revenue base in the short to medium term, and fell significantly short of its budget.

As a result of the above, the company has announced a significant downward revision of its earnings forecast for the FY2024, marking the third consecutive year of losses.

For this reason, for the FY2025, the company will focus on establishing a short- to medium-term revenue base and aim to achieve a stable profitability.

- In the fiscal year ending March 2026, the company will promote profitability through the following activities, which have been steadily progressing to date. *[Short- to medium-term activities]*

**Real estate: Continuing the initiatives undertaken since the fiscal year FY2024 to secure a stable earnings base.**

- Resale of accommodation facilities (sales revenue): 3 cases, Resort facility development project management (PM revenue): 1 case
- Development and sale of small accommodation facilities (sales revenue): 3 cases

**Hotel management: Secure a stable revenue base by improving the KPIs of existing hotels and through hotel consulting revenue as a new field.**

- Revenue from operating existing 5 hotels and new operational 3 inns (sales revenue): 8 cases, Revenue from Resort facility consulting (consulting revenue): 2 case

**Tourists sending: Accelerating existing efforts and establishing a position as a "Business group that can generate demand for hotel reservations"**

- Tourists sending to hotels within the group (Support for KPI improvement for group hotels / Figures are for consolidated elimination)
- Tourists sending to hotels outside the group (Handling fee)

- Continue to secure management rights for development-type apartment hotels (urban and resort) and regional hotels. *[Medium- to long-term activities]*

- Through the above activities, **the company aims to return to profitability in the FY2025 and achieve budgeted figures.**



# SEGMENT REVENUE PROJECTION for FY2025

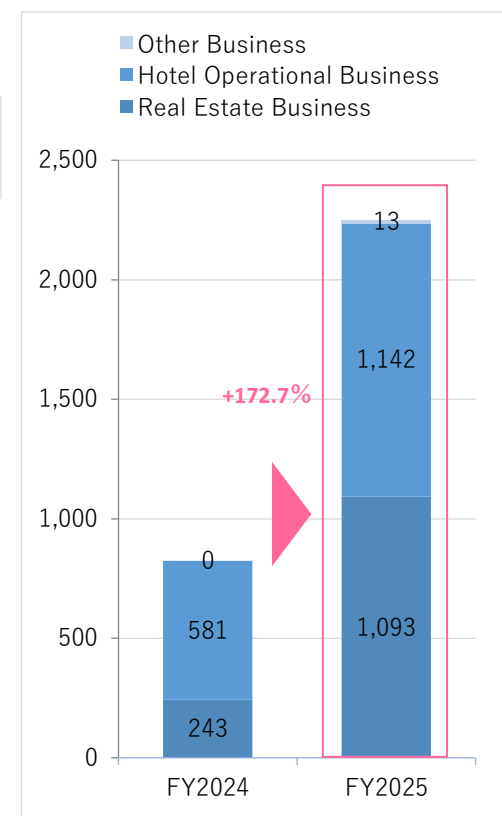
- Real estate business: The company plan to **secured stable earnings** through our existing businesses of "Reselling accommodation facilities," "Resort facility development project management," & "Developing and selling inbound accommodation facilities."
- Hotel management business: The company plan to **secure stable profits** through "Existing hotel management revenue" & "Resort facility consulting". In addition, the company will continue to promote "securing the operating rights for development-type apartment hotels" for future profits.
- Tourists sending business: **Increase number of tourists sending to hotels both hotel of our group & outside group**, and secure new revenue.

(Million of yen)

(Million of yen)

	FY2024	FY2025			Major factor
	(Actual result)	(Full year forecast)	(Inc/dec)	(% change)	
Net Sales	825	2,249	1,424	172.7%	Focus on increasing revenue in the real estate business and expand sales by increasing the number of hotel operations.
Real Estate Business	243	1,093	849	348.5%	■ Increase in real estate deals, such as resale of accommodation facilities.
Hotel Operational Business	581	1,142	561	96.7%	■ Operation of new hotel facilities.
Other Business	0	13	13	-	
Operating profit	(352)	92	444	-	
Real Estate Business	41	488	447	1,090.7%	■ Improved real estate revenues
Hotel Operational Business	(60)	(13)	47	-	■ Improved hotel operating revenues
Other Business	(25)	(30)	(4)	-	
(Ratio)	(42.7%)	4.1%	46.8%	-	

FY2025 Projection (Consolidated)



## Issues and Measures for each Business and Major Strategy

Business Segment	Major Strategy	Issues	Countermeasures
<b>Real Estate Business</b>  “Ensure stable earnings in the short- to medium-term.”	<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>
<b>Hotel Operation Business</b>  “Establishment for Medium- and Long-Term Growth and Expansion.”	<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 &amp; local governments to secure management rights for existing hotels.</li> </ul>
<b>Tourist Sending Business &amp; Investment Business ( Both Other Business)</b>  Expansion support for group growth.”	(Tourist Sending Business) <ul style="list-style-type: none"> <li>Increase the number of tourists to our managed hotels by sending from 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> (Investment Business) Secure hotel investment funds opportunity.	(Tourist Sending Business) <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> (Investment Business) <ul style="list-style-type: none"> <li>Secure investors and deals.</li> </ul>	(Tourist Sending Business) <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> (Investment Business) <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)

- 1 Business Model
- 2 Market Environment
- 3 Source of Competitiveness
- 4 Business Projection
- 5 Risk Information**
- 6 Supplementary Information

The company recognize the following risks specific to our business as particularly important as of the date of submission of this document, and will take action on these risks.  
For other risks, please refer to “Business and Other Risks” in the Annual Securities Report.  
Please note that these risks do not cover all the risks that may occur in the future.

Risk Item	Major Risks	Possibility of Occurrence	Level of Influence	Risk Management Measures
Business Environment: Economic Trends, Economic Conditions, etc.	The real estate and hotel/tourism industries are affected by economic trends/economic conditions, interest rate trends, and taxation systems. Therefore, a significant deterioration in economic trends/economic conditions, etc., a significant rise in interest rates, or changes in the taxation system, etc., could affect the company's business performance and financial position.	Mediun	Large	Diversify the business earnings of each business segment and build a business structure that can respond to changes in economic trends, economic conditions, and other factors.
Business Environment: Competition	Soaring rents for master leases of hotel facilities in the hotel management business and real estate purchase prices in the real estate business will lead to severe price competition in these businesses. Such a sharp rise in land prices may make it impossible to conclude master lease contracts or acquire land for the subject properties, which may affect our group's business performance.	Mediun	Mediun	The company will diversify profit-earning opportunities without relying heavily on the risk of real estate price fluctuations and build a business structure centered on stable earnings.
Business Environment: Master lease agreement	Master lease contracts for hotel facilities in the hotel management business are generally long-term contracts, and if the operation of hotel facilities does not proceed as planned, the Group's business performance and financial position may be affected by the ongoing incurrence of rent.	Mediun	Large	In the hotel management business, promote various low-risk contracts as well as hotel management through master lease contracts.
Business Environment: Real estate business	<p>*In the real estate business, rising interest rates, stricter lending practices by financial institutions, and higher borrowing rates could adversely affect the company's business performance.</p> <p>*Inventory risk arises when property sales do not proceed due to market fluctuations in the real estate market. There is also the risk that we may not be able to sell properties for sale if the sales price of properties for sale falls far short of our plan. These risks may cause our cash flow to deteriorate, which may hinder our ability to repay borrowings.</p> <p>*In the real estate business, the company subcontract or outsource design and construction work. Therefore, if the outsourcing or subcontracting company were to suffer financial difficulties, real estate sales would be hindered, which could affect our business performance and financial position.</p> <p>*In the real estate business, we purchase properties we own and sell them to investors. In this business, the unit price is high and the number of properties is small, therefore, the timing of sales would be affected a significant impact on company's business performance.</p>	Mediun	Large	In the real estate business, the company will build a prudent investment structure due to high earnings can be expected, there is also a high level of risk. In addition, since highly specialized business, the company will secure highly specialized personnel for project promotion.
Legal Regulations and Litigation, etc.: Legal Regulations Related to Real Estate Business	<p>*As a real estate distributor, the company is licensed under the Real Estate Brokerage Act to engage in real estate distribution, leasing, and other businesses. Therefore, if our license is revoked or not renewed for some reason in the future, the company's business activities may be severely affected.</p> <p>*In the case of the company, as a builder, carry out additions, major repairs, or major redecoration of properties, the company is subject to regulations such as the Building Standard Law. The revision or abolition of these related laws and regulations, or the establishment of new legal regulations, may affect our group's operating result.</p>	Small	Large	<p>*The Company will ensure that its governance structure to officers and employees.</p> <p>*The company will properly select business partners, etc., and promote business in cooperation with legal experts In proper information.</p> <p>*The company will promote the strengthening of internal controls and internal audits, and ensure that corrective and preventive actions are taken.</p>

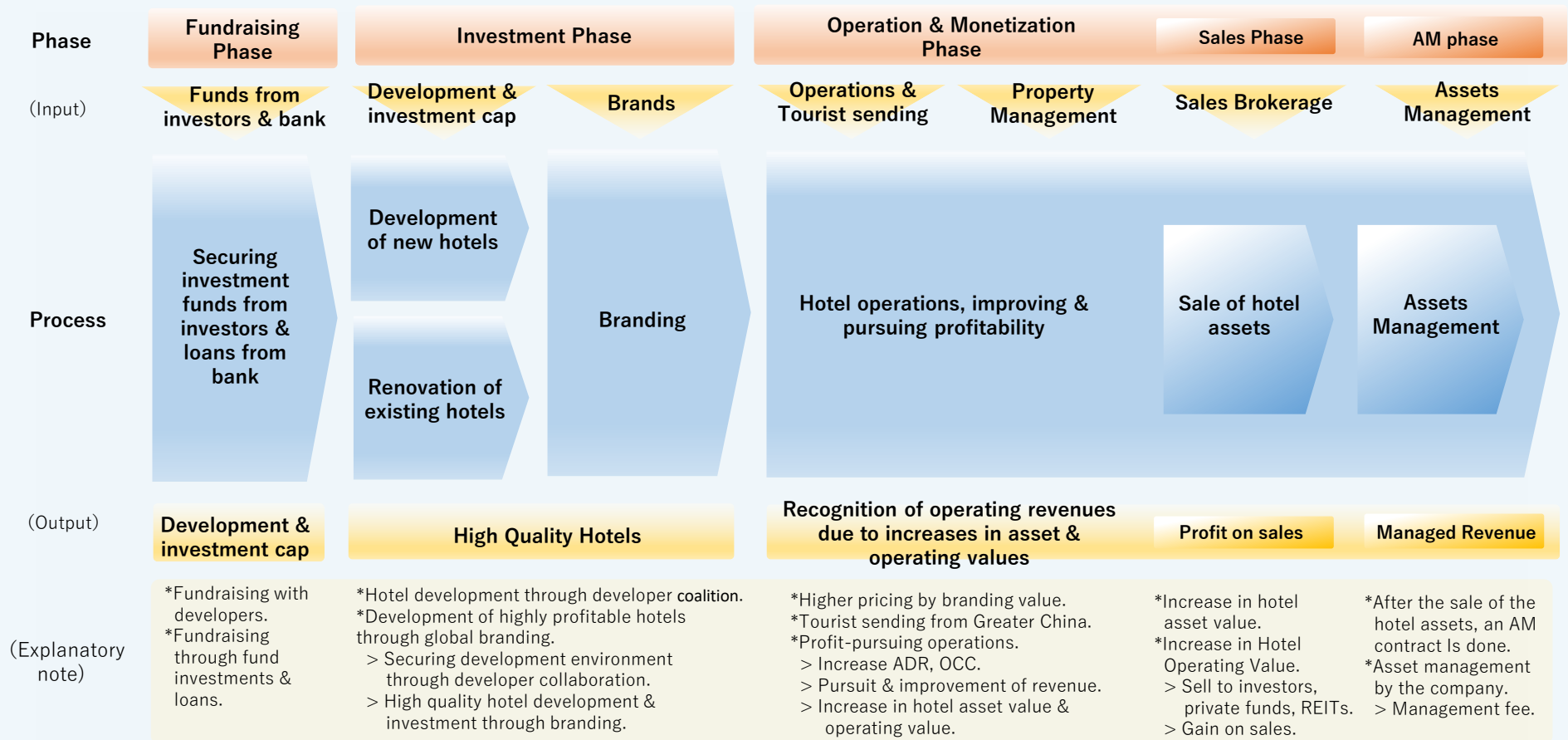
Risk Item	Major Risks	Possibility of Occurrence	Level of Influence	Risk Management Measures
Legal, Regulatory, Litigation, etc.: Potential for Litigation	*Lawsuits and claims for damages may arise due to defects in sold properties, customer complaints about the management of managed properties, and problems with tenants when they move in and out of properties.	Mediun	Mediun	Same as above.
Legal Regulations and Litigation: Defects and defects in real estate	*The company invests in real estate on our own account. When acquiring real estate for sale, the company strives to avoid the risk of real estate defects (rights, geology, structure, environment, etc.) after conducting thorough investigations. However, if for some reason a defect or flaw is discovered in the properties we handle, it may affect operating result and financial position.	Mediun	Mediun	Same as above.
Legal and Litigation: Privacy	In the course of our business, the company sometimes handle personal information of our customers, which is strictly managed and thoroughly communicated to our executives and employees through our personal information protection manual. However, in the event that personal information held by the Company is leaked to outside parties or used improperly, the Company's operating result may be affected due to loss of trust in the Company or compensation for damages.	Mediun	Mediun	The Company will ensure that its governance structure to officers and employees.
Operational structure: Small-scale organization	The group is small in size, and our internal management system is commensurate with our size. However, if the strengthening and enhancement of the management system does not proceed as planned due to a lack of personnel and organizational response in conjunction with business expansion, the Group's operating result may be affected.	Mediun	Mediun	The company will continuously to secure operational and specialized human resources, standardize operations and establish rules, and build a more efficient operational structure.
Business operating structure: Strengthening of internal management system	The company recognize that effective corporate governance is essential for increasing corporate value. However, if a situation arises in which the company is unable to establish an adequate internal control system due to the rapid expansion of our business, it may make it difficult for the company to properly manage our business, which may affect our business and operating results.	Mediun	Mediun	The company will promote the development of a management structure that is not overly dependent on specific individuals, while strengthening our organizational structure by promoting the development of human resources and the transfer of authority.
Business operating structure: Internal control of directors and employees	The company has established a basic policy on internal control systems and are continuously improving and strengthening our internal control system. The company has also taken all possible measures to prevent any misconduct or illegal activities by the company's officers and employees in the course of business operations. However, the occurrence of fraudulent or illegal activities by officers or employees could affect the Group's business performance, financial position, and social credibility.	Small	Mediun	The company will promote the strengthening of internal controls and internal audits, and ensure that corrective and preventive actions are taken.
Significant events related to the going concern assumption	Our company needs to take measures to resolve the situation that is causing significant doubts about the going concern assumption.	Mediun	Large	*The company will take the following measures to resolve this situation. -Improvement of business revenue structure -Improvement of cost structure -Fundraising

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# About INVESTMENT in Urban Development

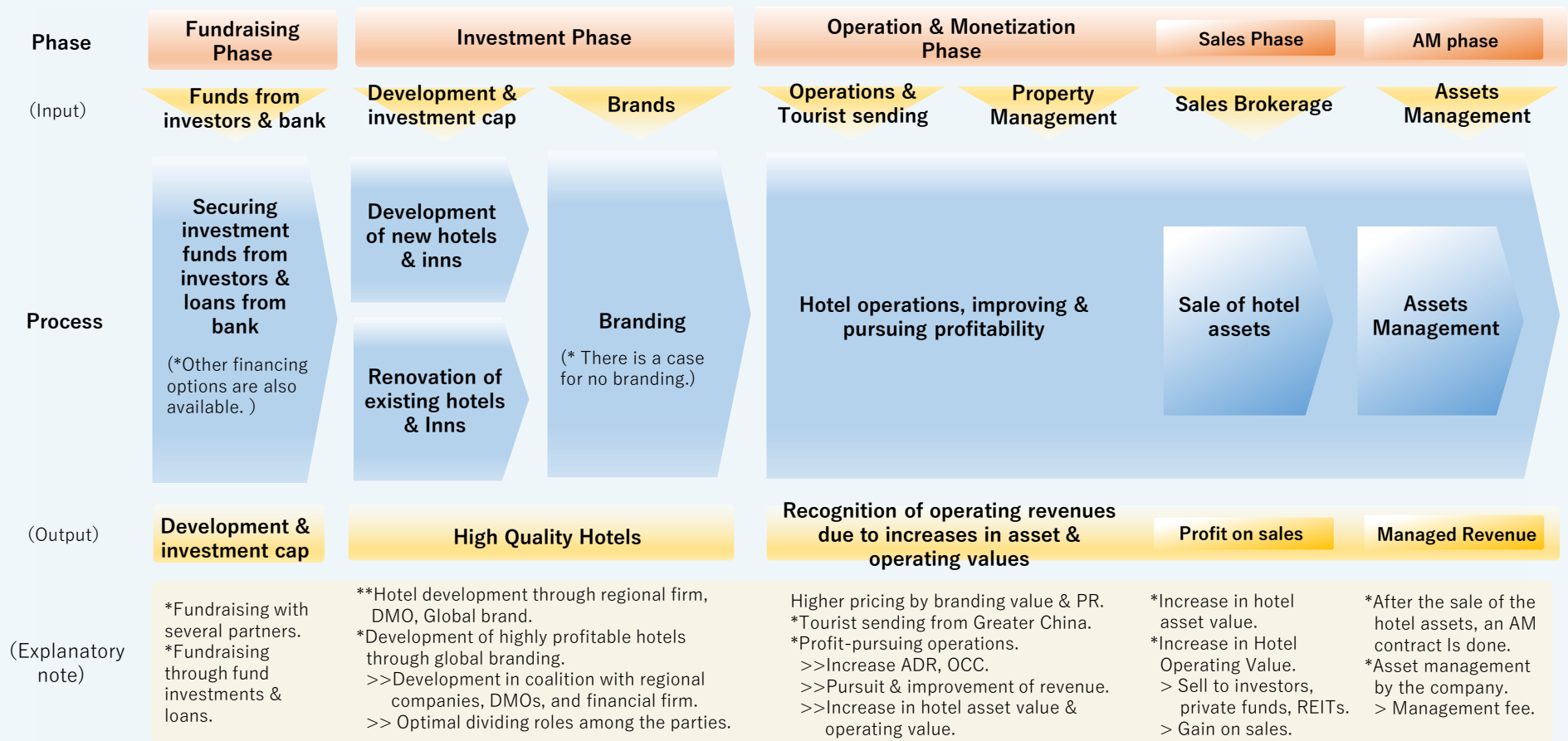
Targeting inbound tourists traveling in groups or families to major metropolitan areas, the hotel will have 45-60 rooms in one building, each room 40-50 square meter in size, an ideal development for standardization and business expansion.

(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



## Key Financial Indicator (Consolidated)

(Thousand of yen)

	FY2020 (23th period)	FY2021 (24th period)	FY2022 (25th period)	FY2023 (26th period)	FY2024 (27th period)
<b>Statement of Income</b>					
Netsales	1,175,952	2,351,550	598,187	1,292,217	825,023
Operating profit	(775,819)	195,233	(416,169)	(154,220)	(352,518)
Ordinary profit	(965,625)	195,188	(471,007)	(162,432)	(429,247)
Profit	(994,522)	154,132	(493,412)	(139,905)	(432,377)
Profit attributable to owners of parent	(993,160)	156,110	(493,412)	(139,905)	(432,377)
Comprehensive income	(995,558)	149,869	(494,145)	(143,131)	(437,915)
<b>Balance Sheet</b>					
Total net assets	1,033,875	1,182,078	692,706	860,453	735,729
Total assets	2,911,269	1,862,683	1,181,012	1,158,001	1,059,346
<b>Cash flow Statement</b>					
Cash flows from operating activities	485,239	1,456,016	(587,342)	281,367	(391,619)
Cash flows from investing activities	67,633	(64,650)	(148,747)	34,536	(238,399)
Cash flows from financing activities	(301,981)	(1,031,338)	(47,598)	121,995	276,309
Cash and cash equivalents at end of period	871,079	1,233,959	452,415	890,040	535,806
<b>Financial Data</b>					
Equity ratio (%)	34.6	62.0	56.2	70.8	66.5
Return on equity (%)	(66.5)	(14.4)	(74.4)	(18.9)	(56.7)
Earnings per share (yen)	(26.79)	(4.21)	(13.31)	(3.74)	(9.37)
Book-value per Share (yen)	27.13	31.23	17.90	19.68	15.16

# GROUP FACILITIES (Including hotels to be operated)

## Okinawa

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

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



## Osaka

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

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



## 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



## Hokkaido(Open in 2027)

\* Name to be determined.

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



## Hokkaido(Open in 2027)

Name to be determined.

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



Image photo

## Yamanashi(Open in 2027)

\* Name to be determined.



Image photo

## For reference purpose only

This document is an English translation of the original document in Japanese and has been prepared solely for reference purposes. In the event of any discrepancy between this English translation and the original in Japanese, the original shall prevail in all respects.

In addition, the forecasts and other forward-looking statements in this report are based on currently available information and certain assumptions determined as rational.

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

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

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



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



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



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



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



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



## Update schedule for this document

The company plans to disclose the information within three months of the end of each fiscal year (around June each year). However, if there are any significant changes to our business plans or business operations, the company will update the information regardless of the above.

### IR information

<https://intrance.jp/irinfo/>



### IR inquiry

INTRANCE Co., Ltd. Corporate Communication Section.

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Corporate web site;

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