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August 8, 2025

## Consolidated Financial Results for the Three Months Ended June 30, 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

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Scheduled date to commence dividend payments: None

Preparation of supplementary material on financial results: Yes

Schedule of quarterly financial results briefing session: None

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

### 1. Consolidated Financial Results for the Three months Ended June 30, 2025 (April 1, 2025 to June 30, 2025)

#### (1) Consolidated Operating Results (Cumulative)

(% indicates changes from the previous corresponding period.)

	Net Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Milliom of Yen	%	Milliom of Yen	%	Milliom of Yen	%	Milliom of Yen	%
First three months FY 2025 1Q	235	16.9	(87)	—	(116)	—	(116)	—
FY 2024 1Q	201	(12.1)	(85)	—	(88)	—	(88)	—

(Note) Comprehensive income: For the Three months ended June 30, 2025: (114) million yen [( - )%]

For the Three months ended June 30, 2024: (91) million yen [( - )%]

	Earnings per share	Fully diluted earnings per share
	Yen	Yen
First three months FY 2025 1Q	(2.51)	—
FY 2024 1Q	(1.97)	—

#### (2) Summary of consolidated balance sheet

	Total assets	Total net assets	Equity ratio
	(Millions of yen)	(Millions of yen)	%
As of June 30, 2025	1,159	621	50.9
As of March 31, 2025	1,059	735	66.5

Reference: Equity: As of June 30, 2025 590 million yen; As of March 31, 2025 704 million yen

### 2. Dividends

	Annual dividends				
	Q1 (Yen)	Q2 (Yen)	Q3 (Yen)	Year-end (Yen)	Total (Yen)
FY2024 ended March 31 2025	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00
FY2025 ended March 31 2026	0.00				
FY2025 ending March 31, 2026 (Forecast)		0.00	—	0.00	0.00

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

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

(% indicates year-on-year change.)

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

Note: Revisions to the forecasts most recently announced: None

#### \* Notes:

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

Newly included: — (Company name: —)

Excluded: — (Company name: —)

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

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

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

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

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

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

As of June 30, 2025: 46,552,784 shares

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

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

As of June 30, 2025: 60,400 shares

As of March 31, 2025: 60,400 shares

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

Three months ended June 30, 2025: 46,492,384 shares

Three months ended June 30, 2025: 45,171,582 shares

\* Reviews by certified public accountants or an audit corporation of the accompanying quarterly consolidated financial statements: None

\* Proper use of forecasts, and other special matters

The forward-looking statements contained in this document are based on information currently available to the Company and certain assumptions deemed reasonable, and do not constitute a guarantee of future performance. Actual results may differ significantly from these forecasts due to various factors. For assumptions underlying the forecasts and precautions regarding the use of forecasts, please refer to “(3) Explanation of Forward-Looking Statements, Including Consolidated Forecasts” on page 3 of the attached materials.

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## **1. Overview of Financial Results, etc.**

### **(1) Overview of Financial Results**

During the current consolidated fiscal year (April 1, 2025 to June 30, 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 rates 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, in the real estate business, in addition to property management, the company has focused on the development and sale of inbound accommodation facilities which are expected to generate profits in a shorter period of time, as well as the sale and purchase of accommodation facilities.

In the hotel operational business, in addition to managing existing hotels, the company has focused on securing the management rights of urban apartment hotels for the purpose of managing newly developed hotels, as well as securing the management rights of resort hotels and inns.

Furthermore, in other businesses, through our consolidated subsidiary, Inrance Shanghai Corp., the company has promoted tourists sending to hotels within our group. Additionally, centered on our consolidated subsidiary, Japan Hotel Investment Co., Ltd., the company has focused on activities to secure funds for the formation and operation of investment funds targeting hotel facilities.

As a result, net sales for the first quarter of the current fiscal year were 235,902 thousand yen (up 16.9% year-on-year), operating loss was 87,402 thousand yen (compared to an operating loss of 85,640 thousand yen in the same quarter of the previous fiscal year), ordinary loss was 116,524 thousand yen (compared to an ordinary loss of 88,598 thousand yen in the same quarter of the previous year), and net loss attributable to parent company shareholders was 116,912 thousand yen (compared to a net loss attributable to parent company shareholders of 88,996 thousand yen in the same quarter of the previous year).

Segment information are as follows.

#### **(Real estate business)**

With regard to the real estate business, during the first quarter of the current fiscal year, the company focused primarily on property management, as well as purchasing and selling hotel real estate and inbound accommodation facilities. However, the company struggled to close deals as planned, resulting in delays in business progress. As a result, net sales were 46,472 thousand yen (down 8.2% year-on-year), and the segment loss (operating loss) was 1,039 thousand yen (operating loss of 165 thousand yen in the same quarter of the previous year).

#### (Hotel Operational Business)

With regard to the hotel management business, during the first quarter of the current fiscal year, the company focused on the management of existing hotels, as well as on securing management rights for new developments and existing hotels and inns. However, the company was unable to secure any new management rights, resulting in revenue of 189,296 thousand yen (increase 25.2% compared to the same quarter of the previous year). and the segment loss (operating loss) was 9,910 thousand yen (operating loss of 11,592 thousand yen in the same quarter of the previous year).

#### (Other business)

With regard to the other businesses, during the first quarter of the current fiscal year, the company promoted tourists sending business to domestic hotels through our consolidated subsidiary, Intrace Shanghai corp., which handles inbound tourism from Greater China. However, at present, most of the tourists sending is limited to our group's hotels, resulting in limited revenue. Additionally, the company has been working to secure investors for fund formation aimed at hotel investment businesses centered on Japan Hotel Investment Co., Ltd., however, there has been no significant progress. Revenue was 133 thousand yen (no revenue in the same quarter of the previous year), and segment loss (operating loss) was 6,181 thousand yen (operating loss of 6,172 thousand yen in the same quarter of the previous year).

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

#### (Assets)

As of the end of the first quarter of the current fiscal year, current assets increased by 101,931 thousand yen compared to the end of the previous fiscal year, totaling 816,560 thousand yen. This was primarily due to an increase of 136,986 thousand yen in cash and deposits. Fixed assets decreased by 415 thousand yen compared to the end of the previous fiscal year, totaling 336,408 thousand yen. This was primarily due to a decrease of 203 thousand yen in tangible fixed assets, among other factors. Deferred assets decreased by 877 thousand yen in startup expenses, totaling 7,016 thousand yen. As a result, total assets increased by 100,638 thousand yen compared to the end of the previous fiscal year, totaling 1,159,985 thousand yen.

#### (Liabilities)

As of the end of the first quarter of the current fiscal year, current liabilities increased by 195,158 thousand yen compared to the end of the previous fiscal year, totaling 440,688 thousand yen. This was primarily due to an increase of 260,000 thousand yen in bonds maturing within one year and a decrease of 43,505 thousand yen in shareholder benefits reserves. Non-current liabilities increased by 20,095 thousand yen compared to the end of the previous fiscal year, totaling 98,181 thousand yen. This was primarily due to an increase of 21,343 thousand yen in derivative liabilities, among other factors. As a result, total liabilities increased by 215,253 thousand yen compared to the end of the previous fiscal year, totaling 538,870 thousand yen.

#### (Net assets)

Net assets at the end of the first quarter of the current consolidated fiscal year decreased by 114,614 thousand yen compared to the end of the previous consolidated fiscal year, to 621,114 thousand yen. This was mainly due to a decrease of 116,912 thousand yen in retained earnings as a result of the recording of a net loss for the quarter attributable to shareholders of the parent company.

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

There are no changes to the consolidated earnings forecast announced in the “Summary of Financial Results for the Fiscal Year Ended March 2026” dated May 14, 2025. This forecast is based on information available as of the date of this announcement, and actual results may differ from the forecast figures due to various factors in the future. We will carefully assess events that may affect our business and promptly disclose any necessary revisions in the future.

#### **(4) Significant events regarding premise of a going concern**

The company accounted significant operating losses, ordinary losses, and net losses attributable to parent company shareholders for three consecutive fiscal years in the previous consolidated fiscal year, and cash and deposits decreased to 535 million yen. The company also accounted a net loss for the first quarter of the current fiscal year, and there are still circumstances that raise significant doubts about the company's ability to continue as a going concern.

The company is implementing the following measures to resolve this 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

During the first quarter of the current fiscal year, the company issued 260 million yen in corporate bonds with DELiGHTWORKS Inc. as the underwriter.

Furthermore, regarding future capital raising efforts, the company will promptly implement measures such as borrowing from financial institutions and raising funds through stock issuance to proceed with the reconstruction of our cash position.

Based on these measures, the company has determined that there are no significant uncertainties regarding the going concern assumption.

## 2. Quarterly Consolidated Financial Statements and Principal Notes

### (1) Quarterly Consolidated Balance Sheet

(Thousand of yen)

	As of March 31, 2025	As of June 30, 2025
<b>Assets</b>		
Current assets		
Cash and deposits	535,806	672,792
Notes and accounts receivable - trade	100,458	71,446
Real estate for sale	40,883	40,288
Other inventories	1,224	1,327
Other	36,496	30,945
Allowance for doubtful accounts	(240)	(240)
Total current assets	714,628	816,560
Non-current assets		
Property, plant and equipment	5,724	5,520
Intangible assets	8,550	7,978
Investments and other assets		
Investments and other assets	392,549	392,909
Allowance for doubtful accounts	(70,000)	(70,000)
Total investments and other assets	322,549	322,909
Total non-current assets	336,823	336,408
Deferred asset	7,893	7,016
Total assets	1,059,346	1,159,985
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	2,665	2,468
bonds due within one year	-	260,000
Current portion of long-term debt	8,120	5,610
Provision for bonuses	7,252	1,735
Allowance for shareholder special benefit	43,505	-
Other	183,987	170,875
Total current liabilities	245,530	440,688
Non-current liabilities		
Long-term borrowings	1,020	-
Derivative Liabilities	76,830	98,173
Other	236	7
Total non-current liabilities	78,086	98,181
Total liabilities	323,616	538,870
<b>Net assets</b>		
Shareholders' equity		
Paid-in capital	1,444,427	1,444,427
Capital surplus	1,214,426	1,214,426
Retained earnings	(1,938,897)	(2,055,809)
Treasury shares	(2,476)	(2,476)
Total shareholders' equity	717,480	600,568
Accumulated other comprehensive income		
Foreign currency translation adjustment	(12,655)	(10,357)
Total accumulated other comprehensive income	(12,655)	(10,357)
Share acquisition rights	30,904	30,904
Total net assets	735,729	621,114
Total liabilities and net assets	1,059,346	1,159,985



## (2) Quarterly Consolidated Statements of Income and Comprehensive Income

### Quarterly Consolidated Statement of Income

Three Months Ended June 30

	(Thousand of yen)	
	FY2024 (From April 1, 2024 to June 30, 2024)	FY2025 (From April 1, 2025 to June 30, 2025)
Net sales	201,860	235,902
Cost of sales	46,235	41,166
Gross profit	155,625	194,736
Selling, general and administrative expenses	241,265	282,138
Operating loss	(85,640)	(87,402)
Non-operating income		
Equity in earnings of affiliates	-	365
Foreign exchange gains	2,562	-
Other	33	77
Total non-operating income	2,595	443
Non-operating expenses		
Interest expenses	167	1,145
Bond issuance costs	-	3,111
Share issuance expenses	1,973	-
Amortization of business expenses	877	877
Commission expenses	1,500	-
Loss on valuation of derivatives	1,035	21,343
Foreign exchange loss	-	3,087
Other	-	1
Total non-operating expenses	5,553	29,566
Ordinary loss	(88,598)	(116,524)
Loss before income taxes	(88,598)	(116,524)
Income taxes -current	398	387
Loss	(88,996)	(116,912)
Loss attributable to owners of parent	(88,996)	(116,912)

### Quarterly Consolidated Statement of Comprehensive Income

Three Months Ended June 30

	(Thousand of yen)	
	FY2024 (From April 1, 2024 to June 30, 2024)	FY2025 (From April 1, 2025 to June 30, 2025)
Loss	(88,996)	(116,912)
Other comprehensive income		
Foreign currency translation adjustment	(2,111)	2,297
Total other comprehensive income	(2,111)	2,297
Comprehensive income	(91,107)	(114,614)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(91,107)	(114,614)
Comprehensive income attributable to non-controlling interests	-	-

### (3) Notes to Quarterly Consolidated Financial Statements

(Changes in accounting policies)

Not applicable.

(Note on Segment information)

I. For the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

Information on sales revenue and profit or loss by reportable segments

(Thousand of yen)

	Reportable segments			Other (Note 1)	Adjustment (Note 2)	Total (Note 3)
	Real estate	Hotel operation	Total			
Sales revenue						
Sales revenue to outside customers	48,961	151,229	200,191	—	—	200,191
Revenue from other sources	1,669	—	1,669	—	—	1,669
Sales to external customers	50,631	151,229	201,860	—	—	201,860
Segment profit (loss)	(165)	(11,592)	(11,758)	(6,172)	(67,709)	(85,640)

(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 quarterly consolidated statements of income.

II. For the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

Information on sales revenue and loss by reportable segments.

(Thousand of yen)

	Reportable segments			Other (Note 1)	Adjustment (Note 2)	Total (Note 3)
	Real estate	Hotel operation	Total			
Sales revenue						
Sales revenue to outside customers	46,472	189,296	235,769	133	—	235,902
Revenue from other sources	—	—	—	—	—	—
Sales to external customers	46,472	189,296	235,769	133	—	235,902
Segment Loss	(1,039)	(9,910)	(10,950)	(6,181)	(70,270)	(87,402)

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

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

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

(Notes in case of significant changes in shareholders' equity)

First quarter of the current fiscal year (April 1, 2025 to June 30, 2025)

Not applicable.

(Notes on going concern assumption)

Not applicable.

(Cash flow)

Quarterly consolidated statements of cash flows for the first quarter of the current fiscal year has not been prepared. Depreciation and amortization (including amortization related to intangible assets) for the first quarter of the current fiscal year is as follows;

(Thousand of yen)

	FY2024	FY2025
	(From April 1, 2024 to June 30, 2024)	(From April 1, 2025 to June 30, 2025)
Depreciation and amortization	784	775