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April 1, 2025
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Notice Regarding Revision of Full-Year Consolidated Earnings Forecasts

INTRANCE Co., Ltd. (the "Company") hereby announce that the company's Board of Directors, at a meeting held today, resolved to revise our consolidated earnings forecasts for the fiscal year ending March 31, 2025 (April 1, 2024 to March 31, 2025), which were announced in the "Summary of Financial Results for the Year Ended March 31, 2024" dated May 13, 2024, as follows.

1. Revised Earnings Forecasts

Consolidated forecasts for the fiscal year ending March 31, 2025 (April 1, 2024 - March 31, 2025)

	Net Sales (million yen)	Operating Profit (million yen)	Ordinary Profit (million yen)	Net profit attributable to owners of parent (million yen)	Earnings per Share (yen)
Previous forecast (A)	2,593	53	40	16	0.35
Revised forecast (B)	820	(351)	(430)	(432)	(9.31)
Change (B)-(A)	(1,773)	(405)	(471)	(448)	(9.66)
Change (%)	(68.4%)	—	—	—	—
(Reference) Results of the previous fiscal year	1,292	(154)	(162)	(139)	(3.74)

*Revised forecast figures are preliminary, unaudited figures.

Revised consolidated forecast by segment for the fiscal year ending March 31, 2025 (April 1, 2024 - March 31, 2025)

	Previous forecast (A)	Revised forecast (B)	Change (B)-(A)	Change (%)
Net Sales (million yen)	2,593	820	(1,773)	(68.4%)
Real Estate Business (million yen)	1,152	241	(911)	(79.1%)
Hotel Operational Business (million yen)	1,293	579	(714)	(55.2%)
Other Business (million yen)	147	0	(147)	-
Operating Profit (million yen)	53	(351)	(405)	-

2. Reason for Revision

The company aims to expand its business domain and increase its corporate value by accelerating efforts in the hotel management business, a new business domain in addition to the real estate business, which is its founding business.

The company's business model is to generate stable revenue from the real estate business and to achieve high growth in the hotel management business. The basic strategy is to increase hotel management revenue by promoting "Urban apartment hotel development"and "Regional hotel investment".

In addition to the above, the company has been engaged in the development and sale of inbound accommodations facilities, which are expected to secure earnings in a shorter period of time, real estate brokerage, and the tourist sending business, which aims to send tourists from Greater China to the domestic market.

As a result of these activities, in the hotel operational business, the company achieved certain success in our activities to secure the operating rights to urban apartment hotels, which are expected to generate significant future revenues in a few years, with the aim of operating newly developed hotels.

Meanwhile, with regard to regional hotel investments, which are expected to contribute to profits from this fiscal year, the company had expected to acquire three operating rights to existing resort hotels and inns during this fiscal year through operator changes, M&A, however the company was unable to find any projects that met our group's desired conditions, and the company's failure to build a track record resulted in a significant drop in revenues.

In the real estate business, the company had expected to develop five inbound accommodation facilities and two real estate brokerage during this fiscal year.

However, due to delays in business progress, including difficulties in securing real estate land compared to the initial plan, the company fell far short of our budget with only two inbound accommodation facilities and one real estate brokerage.

Finally, in the tourist sending business, which is another business, although there is intra-group sales that were eliminated from the consolidated financial statements, sales activities slowed down more than expected due to the time it took to negotiate with hotels outside the group and to link systems with travel agencies and OTAs. As a result, the company was unable to record external sales, and the company was unable to secure the expected transaction amount, which also had a significant impact on profits.

Therefore, activities related to the acquisition of management rights to urban apartment hotels, which can be expected to generate medium- to long-term revenues, remained steady, however the activities that contribute to short- to medium-term revenues was insufficient.

Considering this situation where business progress has been slow, the company has shifted management resources to activities that are expected to generate earnings in the current fiscal year, such as resale of lodging facilities, hotel real estate brokerage, development project management of resort facilities, and development and sale of inbound accommodation facilities, in order to recover to achieve the projected performance figures.

Thereby, although the number of negotiated projects is gradually increasing in these activities, considering the progress of these projects, the company has determined that it will be difficult to generate profits in the current fiscal year and that the company will not be able to achieve the consolidated earnings forecast that the company are currently announcing.

Besides, the results of the company's own share price reservation transaction announced in the “Notice Regarding the Conclusion of the Company's First Forward Stock Repurchase Agreement” dated May 13, 2024, resulted in a non-operating expense (valuation loss) of 55 million yen, which also contributed to an increase in the loss.

As a result of the above, consolidated net sales, operating income, ordinary income, and net income attributable to owners of the parent for the full year ending March 31, 2025 will be lower than previously announced figures.

The Company will revise its revenue-generating measures in the future. As medium- to long-term revenue-generating activities, the company will focus on the development of apartment hotels (urban and resort). Whereas, as short- to medium-term revenue-generating activities, the company will focus on project management of resort facility development, securing management rights for regional hotel investments (resort hotels and inns), brokerage of accommodation facilities and real estate, resale of accommodation facilities, and development and sales of inbound accommodation facilities.

In addition, the company will also promote the tourist sending business from Greater China and the investment business (fund formation and management) to secure funds for hotel investments as a support business to expand earnings centered on our group's hotel operations.

Besides, the company is considering revising our announced medium-term target figures. If revisions are made, the company will be announced in the “Materials for Growth Opportunities and Strategies” scheduled to be released in June 2025.

Since this is the third consecutive fiscal year of downward revisions to our earnings forecast, the company will review some of our most recent business activities, which were biased toward business measures aimed at medium- to long-term growth. Going forward, the company will promote business measures that emphasize a balance between the pursuit of short- and medium-term earnings, and will work to ensure the achievement of our earnings forecasts.

In addition, going forward, the company intends to thoroughly examine and strengthen our business plans, strive to announce more accurate and reliable revenue forecasts, and provide appropriate explanations of our business situation.