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Loadstar Capital K.K.
Consolidated Financial Results for the
Nine Months ended September 30, 2023 (Japanese GAAP)

October 31, 2023

Stock listing: Tokyo Stock Exchange Securities code: 3482
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(Amounts rounded down to the nearest million yen)

1. Consolidated Financial Results for the Nine Months ended September 30, 2023 (January 1, 2023 to September 30, 2023)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Nine months ended September 30, 2023	23,841	49.4	7,054	18.3	6,501	13.8	4,279	11.2
Nine months ended September 30, 2022	15,959	17.8	5,964	26.2	5,712	26.9	3,848	30.3

Note: Comprehensive income: Nine months ended September 30, 2023: ¥4,279 million, (11.2%)
 Nine months ended September 30, 2022: ¥3,848 million, (30.3%)

	Earnings per share	Diluted earnings per share
	yen	yen
Nine months ended September 30, 2023	265.00	260.04
Nine months ended September 30, 2022	239.79	234.12

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio
	million yen	million yen	%
September 30, 2023	77,374	18,550	23.5
December 31, 2022	65,704	14,769	22.2

Reference: Total equity: September 30, 2023: ¥18,221 million, December 31, 2022: ¥14,564 million

2. Dividends

	Dividend per share				
	End-Q1	End-Q2	End-Q3	Year-end	Total
	yen	yen	yen	yen	yen
FY2022	-	0.00	-	50.00	50.00
FY2023	-	0.00	-		
FY2023 (forecast)				52.50	52.50

Note: Revisions from the latest release of dividend forecasts: None

3. Forecast for the FY2023 (January 1, 2023 to December 31, 2023)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	29,342	24.1	8,114	7.5	7,619	5.4	4,965	2.5	308.91

Note: Revisions from the latest release of forecasts: None

*Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries causing changes in scope of consolidation): None
- (2) Adoption of special accounting methods and special accounting practices to preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policy, changes in accounting estimates, and retrospective restatement
 - 1) Changes in accordance with revisions to accounting and other standards: None
 - 2) Changes other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (4) Number of shares issued (common stock)

	September 30, 2023	December 31, 2022
1) Number of shares issued (including treasury shares)	21,444,000	21,444,000
2) Number of shares held in treasury	5,159,950	5,369,950
	Nine months ended September 30, 2023	Nine months ended September 30, 2022
3) Average number of shares outstanding during the period	16,149,347	16,051,346

*This report is exempt from the quarterly review.

*Appropriate Use of Forecasts and Other Important Information

The above forecasts, which constitute forward-looking statements, are based on information available to the Company as of the date of the release of this document. Loadstar Capital makes no assurances as to the actual results, which may differ materially from the above forecasts due to a range of factors. For information related to the forecast, please refer to "(3) Forecasts on operating performance" on page 3 in section "1. Qualitative Information Regarding Financial Results" in the Appendix.

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1. Qualitative Information Regarding Financial Results

(1) Summary of operating performance

In the nine months ended September 30, 2023, the Japanese economy is gradually recovering, as the Bank of Japan has maintained its monetary easing policy even after the change of the governor, and the number of foreign visitors to Japan has improved significantly due to the easing of immigration restrictions and the weaker yen. Meanwhile, we need to continue to closely monitor economic trends, such as rising inflation and concerns about an economic slowdown especially overseas.

In the real estate and real estate finance sectors, to which the Loadstar Group belongs, particularly in the B to B office real estate market, according to Miki Shoji Co., Ltd.'s latest office building market data (as of September 2023), the vacancy rate for existing office buildings in Tokyo's five central wards (Chiyoda-ku, Chuo-ku, Minato-ku, Shinjuku-ku, and Shibuya-ku) is 5.39%, showing a moderate recovery trend. In addition, the average rent per tsubo as of the end of September 2023 in Tokyo's five central wards was ¥19,750, remaining almost unchanged.

In the Tokyo office building transaction market, investors in Japan continue to have a strong appetite for acquisitions due to the favorable financing environment resulting from the ongoing monetary easing policy. Furthermore, we expect that investment appetite among overseas investors will increase in the future, as interest rates in Japan have remained low compared to other countries, the spread between real estate cap rate and government bond yield has been and will continue to be wide, geopolitical risks are not so high, and the weaker yen provides a tailwind.

In the hotel market, according to the Overnight Travel Statistics Survey published by the Japan Tourism Agency, the total number of overnight guests in each month of 2023 was returning to the same levels as in 2019 before the COVID-19. Particularly, in Tokyo, where we own hotels, the total number of overnight guests in July 2023 was up 24.7% from the same month in 2019 (up 74.4% year-on-year), which shows that the market is becoming more active. We expect this trend will continue in August 2023 and beyond.

In this environment, in the Corporate Funding Business, we made progress with sales of the Company-owned properties while also acquiring new properties that will provide a business foundation for future growth.

In the Asset Management Business, we received several mandates for asset management services, including projects for large scale buildings in Tokyo. On the other hand, we also sold some of the existing assets under management, thereby resulting in AUM of over 90 billion yen at the end of the current nine-month period.

In the Crowdfunding Business, we made steady progress in structuring loan-type products as a result of transactions with the existing clients and new client development.

As a result of these activities, operating performance in the nine months ended September 30, 2023, are as follows.

(Sales)

Net sales increased 49.4% year on year to ¥23,841 million in the Corporate Funding Business mainly due to an increase in the assets held on the balance sheet and sales of the Company-owned properties.

Overviews of operating performance by key services are as follows. Because the Loadstar Group has a single segment, information is categorized by service.

(a) Corporate Funding Business

1) Real estate investment

Real estate investment sales totaled ¥21,136 million (up 54.1% year-on-year), due to the sales of ten properties.

2) Real estate leasing

Although we sold ten properties, we acquired eight new properties (one hotel and seven offices).

Besides these newly acquired properties, the hotel demand recovery contributed to a sales growth, resulting in the real estate leasing sales of ¥1,814 million (up 13.9% year-on-year).

(b) Asset Management Business

Asset Management Business sales were ¥546 million (up 52.0% year-on-year) mainly as a result of new mandates and the sale of some of the existing assets under management.

(c) Crowdfunding Business

During the nine months ended September 30, 2023, we made a total of ¥5,516 million in loans (up 18.6% year-on-year), while a total of ¥8,327 million were redeemed. As a result, operating loans were ¥5,608 million (down 33.4% compared with the previous year-end) and Crowdfunding Business sales totaled ¥334 million (up 21.4% year-on-year).

(d) Other

The total was ¥9 million due to property management revenue, etc.

(Operating Profit)

Operating profit was ¥7,054 million (up 18.3% year-on-year) mainly due to an increase in the assets held on the balance sheet and sales of the Company-owned properties.

(Ordinary Profit)

Ordinary profit was ¥6,501 million (up 13.8% year-on-year), mainly due to the increase in operating profit. In addition, the Company entered into new interest rate swap contracts during the second quarter to prepare for the risk of future interest rate hikes.

(Profit attributable to owners of the parent)

Profit attributable to owners of the parent was ¥4,279 million (up 11.2% year-on-year) mainly due to the increase in ordinary profit.

(2) Financial Position

(Assets)

As of September 30, 2023, total assets were ¥77,374 million (up 17.8% compared with the previous year-end). This was mainly due to the acquisition of real estate as inventory.

(Liabilities)

As of September 30, 2023, total liabilities were ¥58,824 million (up 15.5% compared with the previous year-end). This was mainly due to the increase of borrowings for acquiring the real estate as inventory.

(Net Assets)

As of September 30, 2023, net assets were ¥18,550 million (up 25.6% compared with the previous year-end). This was mainly due to an increase in retained earnings of ¥3,475 million (an increase of ¥4,279 million due to net income attributable to owners of the parent and a decrease of ¥803 million due to the dividend payout).

(3) Forecasts on operating performance

Consolidated operating performance in the nine months ended September 30, 2023, basically remained stable as planned and there is no change on the full-year consolidated earnings forecasts since the last announcement.

2. Consolidated Financial Statements and Notes

(1) Consolidated Financial Position

(Millions of yen)

	As of December 31, 2022	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	9,403	12,663
Operating loans	8,420	5,608
Real estate as inventory	47,186	57,924
Other	254	497
Allowance for doubtful accounts	(91)	(91)
Total current assets	65,172	76,602
Non-current assets		
Property, plant and equipment	152	134
Intangible assets	2	1
Investments and other assets	376	637
Total non-current assets	532	772
Total assets	65,704	77,374
Liabilities		
Current liabilities		
Short-term borrowings	459	950
Current portion of long-term borrowings	1,748	2,807
Income taxes payable	1,517	1,040
Provision for bonuses	-	156
Deposits received	1,499	3,309
Other	467	725
Total current liabilities	5,691	8,991
Non-current liabilities		
Long-term borrowings	35,564	41,330
Deposits received from silent partnerships investors	8,458	6,996
Other	1,219	1,507
Total non-current liabilities	45,243	49,833
Total liabilities	50,935	58,824
Net assets		
Shareholders' equity		
Share capital	1,402	1,402
Capital surplus	1,472	1,531
Retained earnings	14,794	18,270
Treasury shares	(3,105)	(2,983)
Total shareholders' equity	14,564	18,221
Share acquisition rights	204	328
Total net assets	14,769	18,550
Total liabilities and net assets	65,704	77,374

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

(Millions of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Net sales	15,959	23,841
Cost of sales	8,704	15,404
Gross profit	7,255	8,437
Selling, general and administrative expenses	1,290	1,382
Operating profit	5,964	7,054
Non-operating income		
Gain on investments in silent partnerships	13	-
Gain on valuation of derivatives	48	31
Other	19	2
Total non-operating income	82	33
Non-operating expenses		
Interest expenses	256	366
Commission expenses	74	177
Loss on valuation of derivatives	-	41
Other	3	0
Total non-operating expenses	334	586
Ordinary profit	5,712	6,501
Profit before dividend distribution from silent partnerships and income taxes	5,712	6,501
Dividends distribution from silent partnerships	115	231
Profit before income taxes	5,597	6,270
Income taxes - current	1,800	2,256
Income taxes - deferred	(52)	(265)
Total income taxes	1,748	1,990
Profit	3,848	4,279
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of the parent	3,848	4,279

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Profit	3,848	4,279
Comprehensive income	3,848	4,279
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,848	4,279
Comprehensive income attributable to non- controlling interests	-	-

(3) Notes to quarterly consolidated financial statements

(Note on the going-concern assumption)

Not applicable

(Note on significant change in shareholders' equity)

Not applicable

(Segment and other information)

Segment information is omitted here, as all operations of the Loadstar Group belong to a single segment of real estate related business.

(Material subsequent events)

Not applicable