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**Loadstar Capital K.K.**  
**Consolidated Financial Results for the**  
**Six Months ended June 30, 2023 (Japanese GAAP)**

August 4, 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 Six Months ended June 30, 2023 (January 1, 2023 to June 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	%
Six months ended June 30, 2023	14,536	7.3	4,307	(18.8)	3,660	(28.8)	2,383	(32.3)
Six months ended June 30, 2022	13,545	36.1	5,305	53.7	5,144	56.3	3,518	61.8

Note: Comprehensive income: Six months ended June 30, 2023: ¥2,383 million, (32.3%)  
 Six months ended June 30, 2022: ¥3,518 million, 61.8%

	Earnings per share	Diluted earnings per share
	yen	yen
Six months ended June 30, 2023	147.99	145.07
Six months ended June 30, 2022	218.87	214.01

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio
	million yen	million yen	%
June 30, 2023	80,458	16,569	20.2
December 31, 2022	65,704	14,769	22.2

Reference: Total equity: June 30, 2023: ¥16,282 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)

	June 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	5,231,950	5,369,950
	Six months ended June 30, 2023	Six months ended June 30, 2022
3) Average number of shares outstanding during the period	16,105,144	16,076,270

\*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 4 in section “1. Qualitative Information Regarding Financial Results” in the Appendix. In addition, the Company has scheduled to hold the quarterly earnings briefing on August 4, 2023 for institutional investors and analysts. The presentation materials for the earnings briefing will be posted on the Company’s website later.

## Appendix

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## 1. Qualitative Information Regarding Financial Results

### (1) Summary of operating performance

In the six months ended June 30, 2023, the Japanese economy showed signs of picking up, as the Bank of Japan maintained its monetary easing policy after the change of the governor and inbound demand 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 June 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 5.78%, showing a moderate recovery trend. In addition, the average rent per tsubo as of the end of June 2023 in Tokyo's five central wards was ¥19,838, 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 April 2023 was up 14.7% from the same month in 2019 (up 86.4% year-on-year), which shows that the market is booming. We expect this trend will continue in May 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 continued to receive multiple mandates for asset management services, including projects for large scale buildings in Tokyo. Assets under management (AUM) exceeded 100 billion yen at the end of the second quarter of the current fiscal year.

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

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

(Sales)

Net sales increased 7.3% year on year to ¥14,536 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 ¥12,811 million (up 6.8% year-on-year), due to the sales of six properties.

2) Real estate leasing

Although we sold six 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 ¥1,215 million (up 12.3% year-on-year).

(b) Asset Management Business

Asset Management Business sales were ¥264 million (down 8.4% year-on-year) mainly as a result of less new mandates during the quarter. Since the amount of new acquisition during the six months ended June 30, 2023, was less, compared to the same period of the previous year, the sales declined year on year. However, we managed to increase assets under management (AUM).

(c) Crowdfunding Business

During the six months ended June 30, 2023, we made a total of ¥3,991 million in loans (up 51.8% year-on-year), while a total of ¥5,868 million were redeemed. As a result, operating loans were ¥6,543 million (down 22.3% compared with the previous year-end) and Crowdfunding Business sales totaled ¥238 million (up 42.1% year-on-year).

(d) Other

The total was ¥6 million due to property management revenue, etc.

(Operating Profit)

Operating profit was ¥4,307 million mainly due to an increase in the assets held on the balance sheet and sales of the Company-owned properties. However, operating profit decreased 18.8% year on year due to the sales of high-margin properties in the same quarter of the previous year.

(Ordinary Profit)

Ordinary profit was ¥3,660 million (down 28.8% year-on-year), mainly due to the decrease in operating profit. In addition, the Company entered into new interest rate swap contracts during the 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 ¥2,383 million (down 32.3% year-on-year) mainly due to the decrease in ordinary profit.

(2) Financial Position

(Assets)

As of June 30, 2023, total assets were ¥80,458 million (up 22.5% compared with the previous year-end). This was mainly due to the acquisition of real estate as inventory.

(Liabilities)

As of June 30, 2023, total liabilities were ¥63,889 million (up 25.4% 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 June 30, 2023, net assets were ¥16,569 million (up 12.2% compared with the previous year-end). This was mainly due to an increase in retained earnings of ¥1,579 million (an increase of ¥2,383

million due to net income attributable to owners of the parent and a decrease of ¥803 million yen due to the dividend payout).

(Overview of Cash flows)

As of June 30, 2023, the outstanding balance of cash and cash equivalents (hereinafter, "cash") was ¥9,263 million, a decrease of ¥139 million compared with the end of the previous year.

The cash flows during the six months ended June 30, 2023, and the factors behind these cash flows are as follows.

(a) Cash flows from operating activities

Net cash used in operating activities was ¥10,426 million. The major sources of operating cash flow included a ¥3,500 million from profit before income taxes, a ¥1,877 million decrease in operating loans, and a ¥1,447 million in deposits received. On the other hand, the main uses of operating cash flow included a ¥16,830 million increase in real estate as inventory resulting from steady upfront investment in property acquisitions and a ¥1,448 million income taxes paid.

(b) Cash flows from investment activities

Net cash provided in investment activities was ¥1 million.

(c) Cash flows from financing activities

Net cash provided by financing activities was ¥10,288 million. This was mainly due to proceeds of ¥18,600 million from long-term borrowings, repayments of ¥7,430 million long-term borrowings, and a ¥803 million in outflow due to the payment of dividends.

(3) Forecasts on operating performance

Consolidated operating performance in the six months ended June 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 June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	9,403	9,263
Operating loans	8,420	6,543
Real estate as inventory	47,186	63,684
Other	254	337
Allowance for doubtful accounts	(91)	(91)
Total current assets	65,172	79,737
Non-current assets		
Property, plant and equipment	152	140
Intangible assets	2	1
Investments and other assets	376	578
Total non-current assets	532	721
Total assets	65,704	80,458
<b>Liabilities</b>		
Current liabilities		
Short-term borrowings	459	491
Current portion of long-term borrowings	1,748	2,309
Income taxes payable	1,517	1,425
Provision for bonuses	-	106
Deposits received	1,499	2,946
Other	467	995
Total current liabilities	5,691	8,273
Non-current liabilities		
Long-term borrowings	35,564	46,173
Deposits received from silent partnerships investors	8,458	7,797
Other	1,219	1,644
Total non-current liabilities	45,243	55,615
Total liabilities	50,935	63,889
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,402	1,402
Capital surplus	1,472	1,530
Retained earnings	14,794	16,374
Treasury shares	(3,105)	(3,025)
Total shareholders' equity	14,564	16,282
Share acquisition rights	204	287
Total net assets	14,769	16,569
Total liabilities and net assets	65,704	80,458

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

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Net sales	13,545	14,536
Cost of sales	7,388	9,294
Gross profit	6,157	5,241
Selling, general and administrative expenses	851	934
Operating profit	5,305	4,307
Non-operating income		
Gain on investments in silent partnerships	13	-
Gain on valuation of derivatives	46	-
Penalty income	0	0
Gain on forfeiture of unclaimed dividends	0	0
Other	19	0
Total non-operating income	79	1
Non-operating expenses		
Interest expenses	163	224
Commission expenses	74	177
Loss on valuation of derivatives	-	246
Other	2	0
Total non-operating expenses	240	648
Ordinary profit	5,144	3,660
Profit before dividend distribution from silent partnerships and income taxes	5,144	3,660
Dividends distribution from silent partnerships	52	160
Profit before income taxes	5,091	3,500
Income taxes - current	1,640	1,361
Income taxes - deferred	(67)	(244)
Total income taxes	1,573	1,116
Profit	3,518	2,383
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of the parent	3,518	2,383

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Profit	3,518	2,383
Comprehensive income	3,518	2,383
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,518	2,383
Comprehensive income attributable to non- controlling interests	-	-

## (3) Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	5,091	3,500
Depreciation and amortization	269	345
Interest expenses	163	224
Commission expenses	68	173
Loss (gain) on valuation of derivatives	(46)	246
Share-based payment expenses	16	119
Decrease (increase) in operating loans receivable	(216)	1,877
Decrease (increase) in real estate as inventory	(2,918)	(16,830)
Increase (decrease) in deposits received from silent partnership investors	(464)	(661)
Increase (decrease) in deposits received	(571)	1,447
Decrease (increase) in account advance payments	152	-
Increase (decrease) in accounts payable-other and accrued expenses	16	541
Increase (decrease) in provision for bonuses	89	106
Decrease/increase in consumption taxes receivable/payable	193	(161)
Increase (decrease) in guarantee deposits received	(351)	223
Increase (decrease) in allowance for doubtful accounts	62	-
Other	(49)	92
Subtotal	1,506	(8,753)
Interest and dividends income received	0	0
Interest expenses paid	(163)	(224)
Income taxes paid	(964)	(1,448)
Proceeds from insurance income	4	-
Net cash provided by (used in) operating activities	382	(10,426)
Cash flows from investing activities		
Purchase of property, plant and equipment	(5)	(1)
Other	0	-
Net cash provided by (used in) investing activities	(5)	(1)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(64)	(31)
Proceeds from long-term borrowings	8,650	18,600
Repayment of long-term borrowings	(5,617)	(7,430)
Commission of loans payable	(68)	(173)
Cash dividends paid	(525)	(803)
Purchase of treasury shares	(694)	-
Proceeds from disposal of treasury shares	3	65
Other	1	-
Net cash provided by (used in) financing activities	1,685	10,288
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	2,062	(139)
Cash and cash equivalents at beginning of period	7,926	9,403
Cash and cash equivalents at end of period	9,988	9,263

(4) 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