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Loadstar Capital K.K. Consolidated Financial Results For the Nine-Month Period Ended September 30, 2024 (Japanese GAAP)

November 8, 2024

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-Month Period Ended September 30, 2024 (January 1, 2024 to September 30, 2024)

(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-month period ended September 30, 2024	24,299	1.9	9,501	34.7	8,914	37.1	5,759	34.6
Nine-month period ended September 30, 2023	23,841	49.4	7,054	18.3	6,501	13.8	4,279	11.2

Note: Comprehensive income: Nine-month period ended September 30, 2024: 5,737 million yen, 34.1%
 Nine-month period ended September 30, 2023: 4,279 million yen, 11.2%

	Earnings per share	Diluted earnings per share
	yen	yen
Nine-month period ended September 30, 2024	349.52	342.48
Nine-month period ended September 30, 2023	265.00	260.04

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio
	million yen	million yen	%
As of September 30, 2024	105,354	24,409	22.7
As of December 31, 2023	75,473	19,293	25.1

Reference: Total equity: As of September 30, 2024: 23,924 million yen,
 As of December 31, 2023: 18,961 million yen,

2. Dividends

	Dividend per share				
	End-Q1	End-Q2	End-Q3	Year-end	Total
	yen	yen	yen	yen	yen
FY2023	-	0.00	-	52.50	52.50
FY2024	-	0.00	-		
FY2024 (forecast)				70.00	70.00

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

3. Forecast for the FY2024 (January 1, 2024 to December 31, 2024)

(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	37,658	31.1	11,567	40.2	10,490	40.7	6,895	41.2	419.10

Note: Revisions from the latest release of forecasts: None

*Notes

(1) Significant changes in scope of consolidation during the period: Yes

Newly consolidated: Eight companies: LD1 Godo Kaisha, Tokumei Kumiai ("TK") operated by LD1 Godo Kaisha, and other six companies.

Excluded from consolidation: None

Note:

For details, please refer to page 8 of "2. Consolidated Financial Statements and Notes (3) Notes to quarterly consolidated financial statements (Changes in scope of consolidation or application of equity method)".

(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)

	<u>As of September 30, 2024</u>	<u>As of December 31, 2023</u>
1) Number of shares issued (including treasury shares)	21,444,000	21,444,000
2) Number of shares held in treasury	4,946,101	4,990,970
	<u>Nine-month period ended</u>	<u>Nine-month period ended</u>
	<u>September 30, 2024</u>	<u>September 30, 2023</u>
3) Average number of shares outstanding during the period	16,479,201	16,149,347

*Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None.

*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 page 4 of "1. Results of Operations (3) Forecasts on operating performance".

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"Loadstar" means Loadstar Capital K.K.

"Loadstar Group" means Loadstar Capital K.K. and its subsidiaries.

"Loadstar Subsidiary" means Loadstar Capital K.K.'s subsidiary only.

1. Results of Operations

(1) Overview of operating performance

Overview of operating performance

For the current fiscal year, Loadstar made steady progress in the acquisition and sale of real estate. Also, in the Asset Management Business, Loadstar made progress in receiving mandates and selling properties. As a result, for the nine-month period ended September 30, 2024, net sales reached 24,299 million yen (up 1.9% year on year), and operating profit totaled 9,501 million yen (up 34.7% year on year). Further, ordinary profit stood at 8,914 million yen (up 37.1% year on year) mainly due to a valuation gain of 133 million yen on interest rate swap contracts entered into in preparation for a possible interest rate hike, and interest expenses of 466 million yen. Net income attributable to owners of the parent amounted to 5,759 million yen (up 34.6% year on year), mainly due to a 125-million-yen loss on mark-to-market valuation of Hiramatsu Inc. shares and other securities.

Loadstar Group acquired six hotels operated by Hiramatsu Inc. (“Hiramatsu Hotels”) on July 1, 2024. This acquisition was recorded in the consolidated financial results for the nine-month period ended September 30, 2024.

Hiramatsu Hotels have a different contract scheme from the other existing hotels that Loadstar owns. For this reason, Loadstar has newly created “Corporate Funding Business (Hotel Operations)” from the third quarter of the current fiscal year, and includes only hotel operation revenues from Hiramatsu Hotels. Net sales related to other existing hotels are still recorded in Corporate Funding Business (Real Estate Leasing) as before.

Since Loadstar Group has one reportable segment, information by reportable segment is omitted here. Instead, information by business segment is presented.

Net sales by key business segment

Business Segment	Q3 FY2023	Q3 FY2024	Change YoY
	Amount (millions of yen)	Amount (millions of yen)	Change (%)
Corporate Funding Business			
Real Estate Investment	21,136	20,320	(3.9)
Real Estate Leasing	1,814	2,103	15.9
Hotel Operation	—	398	—
Asset Management Business	546	974	78.5
Crowdfunding Business	334	479	43.1
Other Business	9	23	156.6
Total	23,841	24,299	1.9

Corporate Funding Business

1) Real estate investment

Real estate investment sales totaled 20,320 million yen (down 3.9% year on year) due to the sale of five office properties in Tokyo.

2) Real estate leasing

Loadstar sold the above five properties. Loadstar acquired five new properties, including two recently built office buildings and one recently built business hotel in Tokyo. In addition, rent revenue from the existing hotels has increased due to the demand from travelers to Japan. As a result, real estate leasing sales totaled 2,103 million yen (up 15.9% year on year).

3) Hotel Operation

Loadstar subsidiaries that own and operate Hiramatsu Hotels are included in Loadstar's consolidated financial results two months later. As a result, the hotel operation results for July 2024 were recorded in the consolidated financial results for the nine-month period ended September 30, 2024. Hotel operation revenue totaled 398 million yen.

Asset Management Business

Asset Management Business sales increased by 78.5% year on year to 974 million yen as a result of new mandates and the sale of some of the existing assets under management. As of the end of the third quarter, assets under management (AUM) exceeded 120 billion yen including AUM (Hiramatsu Hotels) from Loadstar subsidiaries.

Crowdfunding Business

During the period under review, Loadstar saw strong demand for financing from real estate businesses. Loadstar made loans of a total of 9,307 million yen (up 68.7% year on year). At the same time, Loadstar redeemed a total of 7,756 million yen. As a result, operating loans totaled 8,485 million yen (up 22.4% compared with the end of the previous fiscal year) for the Crowdfunding Business. Crowdfunding Business revenues totaled 479 million yen (up 43.1% year on year).

Overview of Real estate market

In the real estate and real estate finance industries, especially the B to B office real estate market, in which Loadstar Group operates, according to the latest office building market data released by Miki Shoji Co., Ltd. (as of September 2024), the vacancy rate for existing office buildings in Tokyo's five central wards (Chiyoda-ku, Chuo-ku, Minato-ku, Shinjuku-ku and Shibuya-ku) was 4.37%. The average rent per tsubo was 19,937 yen. This indicates that the market is recovering.

In the Tokyo office building transaction market, demand has been robust. This is mainly due to the fact that interest rates in Japan have remained lower 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 as high as in other countries. However, the capital market has seen high volatility following the Bank of Japan's announcement of interest rate hike. Therefore, Loadstar will continue to proceed with its business while keeping a close eye on the market conditions.

In the hotel market, according to the Overnight Travel Statistics Survey published by the Japan Tourism Agency, the total number of overnight guests in Japan in 2024 exceeded that of fiscal 2019, the record high since the survey began, in all months through August, which is the latest data currently available. This indicates that the hotel market is booming.

(2) Overview of Financial Position

(Assets)

As of September 30, 2024, total assets were 105,354 million yen (up 39.6% compared with the previous year-end). This was mainly due to the acquisition of real estate as inventory.

(Liabilities)

As of September 30, 2024, total liabilities were 80,945 million yen (up 44.1% compared with the previous year-end). This was mainly due to an increase in borrowings related to the acquisition of real estate as inventory.

(Net Assets)

As of September 30, 2024, net assets were 24,409 million yen (up 26.5 % compared with the previous year-end). This was mainly due to an increase in retained earnings from net income attributable to owners of the parent and a decline in retained earnings due to the payment of dividends.

(3) Forecasts on operating performance

Consolidated operating performance in the nine-month period ended September 30, 2024, was generally in line with the original plan. Therefore, we have not revised our previous forecast for the full year.

The current fiscal year is the final year of the current medium-term management plan set out in 2022, and we strive to achieve the targets.

Note:

Medium-term management plan: [Medium-Term Management Plan | Investor Relations | Loadstar Capital K.K.](#)

2. Consolidated Financial Statements and Notes

(1) Consolidated Financial Position

(Millions of yen)

	As of December 31, 2023	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	11,927	12,227
Operating loans	6,935	9,160
Real estate as inventory	55,128	80,599
Other	853	1,971
Allowance for doubtful accounts	(85)	(25)
Total current assets	74,759	103,933
Non-current assets		
Property, plant and equipment	127	114
Intangible assets	1	41
Investments and other assets	584	1,264
Total non-current assets	713	1,420
Total assets	75,473	105,354
Liabilities		
Current liabilities		
Short-term borrowings	382	2,088
Current portion of long-term borrowings	4,894	5,268
Income taxes payable	1,348	1,820
Contract liabilities	598	425
Provision for bonuses	-	163
Deposits received	2,138	2,446
Other	503	1,205
Total current liabilities	9,866	13,418
Non-current liabilities		
Long-term borrowings	36,583	55,990
Deposits received from silent partnerships investors	8,217	10,020
Other	1,512	1,515
Total non-current liabilities	46,313	67,526
Total liabilities	56,180	80,945
Net assets		
Shareholders' equity		
Share capital	1,402	1,402
Capital surplus	1,570	1,633
Retained earnings	18,874	23,770
Treasury shares	(2,885)	(2,860)
Total shareholders' equity	18,961	23,946
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	-	(21)
Total Valuation and translation adjustments	-	(21)
Share acquisition rights	331	483
Non-controlling interests	-	0
Total net assets	19,293	24,409
Total liabilities and net assets	75,473	105,354

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

(Millions of yen)

	Nine-month period ended September 30, 2023	Nine-month period ended September 30, 2024
Net sales	23,841	24,299
Cost of sales	15,404	13,439
Gross profit	8,437	10,860
Selling, general and administrative expenses	1,382	1,359
Operating profit	7,054	9,501
Non-operating income		
Gain on valuation of derivatives	31	133
Other	2	1
Total non-operating income	33	134
Non-operating expenses		
Interest expenses	366	466
Commission expenses	177	255
Loss on valuation of derivatives	41	-
Other	0	0
Total non-operating expenses	586	722
Ordinary profit	6,501	8,914
Extraordinary losses		
Loss on valuation of investment securities	-	125
Total extraordinary losses	-	125
Profit before dividend distribution from silent partnerships and income taxes	6,501	8,788
Dividends distribution from silent partnerships	231	357
Profit before income taxes	6,270	8,431
Income taxes - current	2,256	2,955
Income taxes - deferred	(265)	(284)
Total income taxes	1,990	2,671
Profit	4,279	5,759
Profit attributable to non-controlling interests	-	0
Profit attributable to owners of the parent	4,279	5,759

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine-month period ended September 30, 2023	Nine-month period ended September 30, 2024
Profit	4,279	5,759
Other comprehensive income		
Valuation difference on available-for-sale securities	-	(21)
Total other comprehensive income	-	(21)
Comprehensive income	4,279	5,737
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,279	5,737
Comprehensive income attributable to non-controlling interests	-	0

(3) Notes to quarterly consolidated financial statements

(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.

(Note on significant change in shareholders' equity)

Not applicable

(Note on the going concern-assumption)

Not applicable

(Note on Consolidated Statements of Cash Flows)

For the nine-month period ended September 30, 2024, a quarterly consolidated statement of cash flows has not been prepared. Depreciation and amortization (including amortization of intangible assets excluding goodwill) for the nine-month period ended September 30, 2024 are as follows.

	Nine-month period ended September 30, 2023	Nine-month period ended September 30, 2024
Depreciation and amortization	515 million yen	607 million yen

(Changes in scope of consolidation or application of equity method)

Significant changes in scope of consolidation

For the nine-month period ended September 30, 2024, Loadstar invested in LD1 Godo Kaisha via TK (silent partnership) investments. As a result, Loadstar is deemed to control LD1 Godo Kaisha, the TK, operated by LD1 Godo Kaisha, and the following companies substantially, according to the control standards. Therefore, these companies were included in the scope of consolidation.

LD2 Kashikojima Godo Kaisha
LD2 Atami Godo Kaisha
LD2 Sengokuhara Godo Kaisha
LD2 Kyoto Godo Kaisha
LD2 Miyota Godo Kaisha
LD2 Ginoza Godo Kaisha

(Material subsequent events)

Not applicable