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## Loadstar Capital K.K. Consolidated Financial Results for the Six Months ended June 30, 2022 (Japanese GAAP)

August 5, 2022

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, 2022 (January 1, 2022 to June 30, 2022)

#### (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, 2022	13,545	36.1	5,305	53.7	5,144	56.3	3,518	61.8
Six months ended June 30, 2021	9,955	(1.5)	3,452	16.2	3,290	17.8	2,174	18.7

Note: Comprehensive income: Six months ended June 30, 2022: ¥3,518 million, 61.8%  
 Six months ended June 30, 2021: ¥2,174 million, 18.7%

	Earnings per share	Diluted earnings per share
	yen	yen
Six months ended June 30, 2022	218.87	214.01
Six months ended June 30, 2021	132.84	130.73

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio
	million yen	million yen	%
June 30, 2022	61,698	13,218	21.3
December 31, 2021	56,983	10,847	18.9

Reference: Total equity: June 30, 2022: ¥13,137 million, December 31, 2021: ¥10,784 million

## 2. Dividends

	Dividend per share				
	End-Q1	End-Q2	End-Q3	Year-end	Total
	yen	yen	yen	yen	yen
FY2021	-	0.00	-	32.00	32.00
FY2022	-	0.00			
FY2022 (forecast)			-	40.50	40.50

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

## 3. Forecast for the FY2022 (January 1, 2022 to December 31, 2022)

(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	18,517	3.3	7,154	27.3	6,696	25.7	4,409	27.2	268.44

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: Applicable
  - 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, 2022	December 31, 2021
1) Number of shares issued (including treasury shares)	21,444,000	21,444,000
2) Number of shares held in treasury	5,465,950	5,016,130
	Six months ended June 30, 2022	Six months ended June 30, 2021
3) Average number of shares outstanding during the period	16,076,270	16,373,240

\*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.

In addition, the Company has scheduled to hold the quarterly earnings briefing on August 5, 2022 for institutional investors and analysts.

## Appendix

### Contents

1. Qualitative Information Regarding Financial Results	2
(1) Summary of operating performance	2
(2) Financial Position	3
(3) Forecasts on operating performance	4
2. Consolidated Financial Statements and Notes	5
(1) Consolidated Financial Position	5
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	6
Consolidated Statements of Income	6
Consolidated Statements of Comprehensive Income	7
(3) Consolidated Statement of Cash Flows	8
(4) Notes to quarterly consolidated financial statements	9
(Note on the going-concern assumption)	9
(Note on significant change in shareholders' equity)	9
(Note on changes in accounting policies)	9
(Segment and other information)	9

## 1. Qualitative Information Regarding Financial Results

### (1) Summary of operating performance

In the six months ended June 30, 2022, the Japanese economy saw, for the first time in four months, an upward revision in the economic outlook of the Cabinet Office's Monthly Economic Report dated April 21, 2022, followed by signs of improvement in service consumption and personal consumption. However, we shall continue to monitor economic trends closely, such as weakening of yen and increases in commodity prices and inflation rates.

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 (for December 2021), 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 6.39%, which is trending more or less flat since September 2021.

In its sixth urgent survey on the impact of COVID-19 on teleworking released by Persol Research and Consulting Co., Ltd. on March 1, 2022, the share of teleworking was 46.9% in companies with 10,000 or more employees, 26.1% in companies with 100–999 employees, and 15.4% in companies with 10–99 employees. We do not expect a significant impact on occupancy rates because there is a need for our mainstay medium-size office buildings from large companies scaling down their offices in response to increased teleworking, as well as from small and mid-size companies.

The average rent in Tokyo's five central wards (Chiyoda-ku, Chuo-ku, Minato-ku, Shinjuku-ku, and Shibuya-ku) continued to decline, to ¥20,273 per tsubo as of June 30, 2022. The average rent for existing office buildings that we invest in was down 2.6% from September 2021, a smaller fall than the 16.7% decline in rent for new office buildings.

Also, in the Tokyo office building trading market, there has been no significant change seen in domestic financial institutions' lending stance. Further, the weakened yen has also become a tailwind, the investment appetite of overseas investors, real estate companies, and funds remains strong.

In this environment, in the Corporate Funding Business, we made progress with sales of Company-owned properties while also acquiring new properties that will provide a foundation for future growth. In the Asset Management Business, we received multiple mandates for asset management services, including transactions relating to large buildings in central Tokyo.

In the real estate Crowdfunding Business, although we have been somewhat difficult to put together loan-type products due to e.g., other financial institutions' aggressive lending stance, inquiries have been steadily increasing. We expect these to become multiple transactions in the future. Moreover, investment appetite among individual investors in this business remains strong, and the number of investor members rose to 27,579.

As a result of these activities, operating performance in the six months ended June 30, 2022, are as follows.

#### (Sales)

Net sales increased 36.1% year on year to ¥13,545 million in the Corporate Funding Business on sales of Company-owned properties and growth of assets under management (AUM) in the Asset Management business.

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

#### (a) Corporate Funding Business

##### 1) Real estate investment

Real estate investment sales totaled ¥12,000 million (up 43.4%), due to the sale of two properties.

##### 2) Real estate leasing

Two properties were sold and five new properties were acquired. Real estate leasing sales were ¥1,082 million (down 18.5%) because of aggressive investment for growth in empty buildings, etc.

However, Chisun Hotel Yokohama Isezakicho opened in June 2022 and is expected to contribute to future earnings.

#### (b) Asset Management Business

Asset Management Business sales totaled ¥289 million (up 953.7%). The sales increase was derived from the acquisition of new asset management projects. As of June 30, 2022, assets under management (AUM) totaled approximately ¥76,000 million.

(c) Crowdfunding Business

During the six months ended June 30, 2022, 11 loan-type transactions totaling ¥2,629 million were executed (down 19.1%), while loans totaling ¥2,413 million were redeemed. As a result, the operating loans were ¥6,486 million (up 3.4%) and Crowdfunding Business sales totaled ¥168 million (up 19.0%).

(d) Other

The total was ¥5 million due to property management revenue, etc.

(Operating Profit)

Operating profit was ¥5,305 million (up 53.7%), due to the increase of gross profit, etc. A ¥62 million transfer to provision for doubtful accounts relating to loan recovery concerns in the Crowdfunding Business was recorded as Selling, general and administrative expenses.

(Ordinary Profit)

Ordinary profit was ¥5,144 million (up 56.3%), due to the increase of operating profit, etc.

(Profit attributable to owners of the parent)

Profit attributable to owners of the parent was ¥3,518 million (up 61.8%), due to the increase of ordinary profit, etc.

The same amount as the ¥62 million transfer to provision for doubtful accounts relating to loan recovery concerns in the Crowdfunding Business was recorded as revenue under Dividends distribution from silent partnerships.

(2) Financial Position

(Assets)

As of June 30, 2022, total assets were ¥61,698 million (up 8.3% compared with the end of fiscal 2021). This was mainly due to the acquisition of real estate as inventory.

(Liabilities)

As of June 30, 2022, total liabilities were ¥48,479 million (up 5.1%). This was mainly due to the increase of borrowings by acquiring the real estate as inventory. The increase in the current portion of long-term borrowings is due to the transfer of funds from long-term borrowings after concluding an agreement to sell property in or after the third quarter.

(Net Assets)

As of June 30, 2022, net assets were ¥13,218 million (up 21.9%). This was mainly due to an increase in retained earnings of ¥2,992 million (an increase of ¥3,518 million due to net income attributable to owners of the parent company and a decrease of ¥525 million yen due to the payment of dividends), and treasury shares increased ¥694 million and net assets decreased by the same amount.

(Overview of Cash flows)

As of June 30, 2022, the outstanding balance of cash and cash equivalents (hereinafter, "cash") was ¥9,988 million, an increase of ¥2,062 million from December 31, 2021.

The cash flows during the six months ended June 30, 2022, and the factors behind these cash flows, are as follows.

(a) Cash flows from operating activities

Net cash provided by operating activities was ¥382 million. The main sources of operating cash flow were ¥5,091 million from profit before income taxes. On the other hand, major uses of operating cash flow included a ¥2,918 million increase in real estate as inventory resulting from steady upfront investment in property acquisitions, and a ¥964 million income taxes paid.

(b) Cash flows from investment activities

Net cash used in investment activities was ¥5 million.

(c) Cash flows from financing activities

Net cash provided by financing activities was ¥1,685 million. This was mainly due to proceeds of ¥8,650 million from long-term borrowings, repayments of ¥5,617 million from long-term borrowings and short-term borrowings, outflows of ¥694 million due to the acquisition of treasury shares, and a ¥525 million in outflow due to the payment of dividends.

(3) Forecasts on operating performance

Consolidated operating performance in the six months ended June 30, 2022, 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, 2021	As of June 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	7,926	9,988
Operating loans	6,270	6,486
Real estate as inventory	42,023	44,683
Other	523	236
Allowance for doubtful accounts	-	(62)
Total current assets	56,744	61,332
Non-current assets		
Property, plant and equipment	41	36
Intangible assets	4	3
Investments and other assets	194	325
Total non-current assets	239	365
Total assets	56,983	61,698
<b>Liabilities</b>		
Current liabilities		
Short-term borrowings	216	152
Current portion of long-term borrowings	1,541	4,425
Income taxes payable	1,009	1,711
Provision for bonuses	-	89
Deposits received	2,757	2,186
Other	427	446
Total current liabilities	5,953	9,011
Non-current liabilities		
Long-term borrowings	31,584	31,733
Deposits received from silent partnership investors	6,959	6,494
Other	1,638	1,240
Total non-current liabilities	40,182	39,468
Total liabilities	46,136	48,479
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,402	1,402
Capital surplus	1,392	1,425
Retained earnings	10,477	13,470
Treasury shares	(2,488)	(3,160)
Total shareholders' equity	10,784	13,137
Share acquisition rights	63	81
Total net assets	10,847	13,218
Total liabilities and net assets	56,983	61,698

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

(Millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Net sales	9,955	13,545
Cost of sales	5,867	7,388
Gross profit	4,087	6,157
Selling, general and administrative expenses	634	851
Operating profit	3,452	5,305
Non-operating income		
Gain on investments in silent partnerships	0	13
Gain on valuation of derivatives	1	46
Foreign exchange gains	19	-
Other	0	19
Total non-operating income	21	79
Non-operating expenses		
Interest expenses	168	163
Commission expenses	12	74
Other	2	2
Total non-operating expenses	183	240
Ordinary profit	3,290	5,144
Profit before dividend distribution from silent partnerships and income taxes	3,290	5,144
Dividends distribution from silent partnerships	138	52
Profit before income taxes	3,152	5,091
Income taxes - current	1,013	1,640
Income taxes - deferred	(35)	(67)
Total income taxes	977	1,573
Profit	2,174	3,518
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of the parent	2,174	3,518



## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Profit	2,174	3,518
Comprehensive income	2,174	3,518
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,174	3,518
Comprehensive income attributable to non- controlling interests	-	-

## (3) Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	3,152	5,091
Depreciation and amortization	249	269
Interest expenses	168	163
Commission expenses	11	68
Decrease (increase) in operating loans receivable	(644)	(216)
Decrease (increase) in real estate as inventory	(380)	(2,918)
Increase (decrease) in deposits received from silent partnership investors	157	(464)
Increase (decrease) in deposits received	510	(571)
Decrease (increase) in account advance payments	445	152
Increase (decrease) in accounts payable-other and accrued expenses	119	16
Increase (decrease) in provision for bonuses	77	89
Decrease/increase in consumption taxes receivable/payable	(509)	193
Increase (decrease) in guarantee deposits received	(21)	(351)
Increase (decrease) in allowance for doubtful accounts	-	62
Other	45	(78)
Subtotal	3,381	1,506
Interest and dividends income received	0	0
Interest expenses paid	(168)	(163)
Income taxes paid	(818)	(964)
Proceeds from insurance income	-	4
Net cash provided by (used in) operating activities	2,394	382
Cash flows from investing activities		
Purchase of property, plant and equipment	(0)	(5)
Other	-	0
Net cash provided by (used in) investing activities	(0)	(5)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	133	(64)
Proceeds from long-term borrowings	4,600	8,650
Repayment of long-term borrowings	(5,617)	(5,617)
Commission of loans payable	(11)	(68)
Cash dividends paid	(401)	(525)
Purchase of treasury shares	-	(694)
Proceeds from disposal of treasury shares	3	3
Other	-	1
Net cash provided by (used in) financing activities	(1,292)	1,685
Effect of exchange rate change on cash and cash equivalents	19	-
Net increase (decrease) in cash and cash equivalents	1,120	2,062
Cash and cash equivalents at beginning of period	7,331	7,926
Cash and cash equivalents at end of period	8,452	9,988

(4) Notes to quarterly consolidated financial statements  
(Note on the going-concern assumption)  
Not applicable

(Note on significant change in shareholders' equity)  
Not applicable

(Note on changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition)

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) has been applied from the start of the first quarter of FY2022. Accordingly, revenue is recognized when control of the promised goods or services has been transferred to the customer at the amount expected to be received in exchange for those goods or services.

The main impact of the above is on revenue associated with utilities expenses received from tenants. Previously, this amount was deducted from cost of sales, but we have changed to recognizing the total amount as revenue because of our role (as principal or agent) in providing goods or services to the customer.

The application of the Accounting Standard for Revenue Recognition is in accordance with the transitional treatment set forth in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of retrospectively applying the new accounting policy prior to the beginning of the first quarter of fiscal 2022 was reflected in retained earnings at the beginning of the first quarter of fiscal 2022, and the new accounting policy applied to this amount. However, we have applied the method set forth in Paragraph 86 of the Accounting Standard for Revenue Recognition, and have not retrospectively applied the new accounting policy prior to the beginning of the first quarter of fiscal 2022 to contracts that recognize the full amount of revenue under the previous treatment.

As a result of the application of the Accounting Standard for Revenue Recognition, net sales and cost of sales increased by ¥57 million, respectively, but operating profit, ordinary profit, profit before income taxes, and retained earnings were not affected.

A breakdown of the revenue arising from contracts with customers in the six months ended June 30, 2021 is not provided in accordance with the transitional treatment set forth in Paragraph 28-15 of the Accounting Standard for Revenue Recognition.

(Application of Accounting Standard for Fair Value Measurement)

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) has been applied from the start of the first quarter of fiscal 2022. In accordance with transitional treatment set forth in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the Group has opted to apply the new accounting policies set forth by the Accounting Standard for Fair Value Measurement prospectively. This has no impact on financial results in the six months ended June 30, 2022.

(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.