

Loadstar Capital K.K.
Consolidated Financial Results for the
Three Months ended March 31, 2024 (Japanese GAAP)

April 26, 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 Three Months ended March 31, 2024 (January 1, 2024 to March 31, 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	%
Three Months ended March 31, 2024	8,168	94.8	2,641	145.0	2,476	182.6	1,588	202.3
Three Months ended March 31, 2023	4,193	14.9	1,078	(15.3)	876	(28.6)	525	(37.7)

Note: Comprehensive income: Three Months ended March 31, 2024: 1,588 million yen, 202.3%
Three Months ended March 31, 2023: 525 million yen, (37.7%)

	Earnings per share	Diluted earnings per share
	yen	yen
Three Months ended March 31, 2024	96.53	95.24
Three Months ended March 31, 2023	32.69	32.01

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio
	million yen	million yen	%
March 31, 2024	82,745	20,062	23.8
December 31, 2023	75,473	19,293	25.1

Reference: Total equity: March 31, 2024: 19,693 million yen, 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	-	-	-	-	-
FY2024 (forecast)	-	0.00	-	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) 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)

	March 31, 2024	December 31, 2023
1) Number of shares issued (including treasury shares)	21,444,000	21,444,000
2) Number of shares held in treasury	4,985,006	4,990,970

	Three months ended March 31, 2024	Three months ended March 31, 2023
3) Average number of shares outstanding during the period	16,455,126	16,074,050

*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.

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1. Qualitative Information Regarding Financial Results

(1) Summary of operating performance

In the three months ended March 31, 2024, the Japanese economy saw some improvement in the labor market and income, mainly due to wage increases. In addition, a moderate recovery has continued amid a favorable market environment, with the Nikkei Stock Average reaching a record high. On the other hand, we need to continue to closely monitor economic trends as the Bank of Japan decided to lift its negative interest rate policy in March 2024, and overseas, there are still concerns about inflation and economic slowdown.

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 March 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 5.06%. This indicates a moderate recovery trend. In addition, the average rent per tsubo as of the end of March 2024 in Tokyo's five central wards was 19,820 yen, remaining almost unchanged.

In the Tokyo office building transaction market, investors in Japan continued to have a strong appetite for acquisitions due to the favorable financing environment resulting from the ongoing monetary easing policy. Even after the negative interest rate policy has been lifted, investors' demands are expected to remain high due in part to an outlook for the Bank of Japan to maintain the easing environment for the time being. Moreover, even after lifting of the negative interest rate policy, we expect that investment appetite among overseas investors will increase in the future, as 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 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 Japan for FY 2023 recovered to almost the same level as in FY2019, (0.5% down), which was a record high since the survey began. In January 2024, the number increased by 6.9% compared to January 2019, and in February, the preliminary figures showed a record high for a single month in February, showing that the hotel market has been booming.

In this environment, the Loadstar Group proceeded with the sale of the Company-owned properties in the Corporate Funding Business, and the acquisition of properties that will serve as a business foundation for future growth. We believe that the impact of the lifting of the negative interest rate policy on our business performance will be limited, as we have entered into interest rate swap contracts and prepared for the potential risk of rising interest rates to a certain extent.

In the Asset Management Business, we received several mandates for asset management services and sold some of our assets under management.

In the Crowdfunding Business, for loan-type products, we achieved a record-high origination amount of 4,333 million yen as a result of transactions with existing clients and the development of new clients.

In the three months ended March 31, 2024, we resolved to make tokumei kumiai (silent partnerships) investments in the Godo Kaisha (the SPC) established to acquire six hotels operated by Hiramatsu, Inc. This acquisition is part of our business strategy to strengthen hotel acquisitions in response to the recent rebound in demand from visitors to Japan and the rising inflation.

As a result of these activities, operating performance in the three months ended March 31, 2024 are as follows.

(Sales)

Net sales increased 94.8% year on year to 8,168 million yen 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 6,860 million yen (up 103.9% year on year) due to the sale of 2 properties.

2) Real estate leasing

We sold 2 properties and acquired 3 properties (1 retail and 2 offices). Real estate leasing sales reached 598 million yen (up 5.0% year on year).

(b) Asset Management Business

Asset Management Business sales totaled 536 million yen (up 329.6% year on year), mainly due to new mandates and the sale of some of our assets under management.

(c) Crowdfunding Business

In the three months ended March 31, 2024, we made a total of 4,333 million yen (up 95.3% year on year) in loans, while a total of 1,662 million yen were redeemed. As a result, operating loans were 9,606 million yen (up 38.5% compared with the end of fiscal 2023) and Crowdfunding Business sales totaled 165 million yen (up 27.2% year on year).

(d) Other

The total was 8 million yen due to property management revenue, etc.

(Operating Profit)

Operating profit was 2,641 million yen (up 145.0% year on year), mainly due to the sale of properties in the Corporate Funding Business and the up-front fees related to new mandates in the Asset Management Business.

(Ordinary Profit)

Ordinary profit was 2,476 million yen (up 182.6% year-on-year), mainly due to the increase in operating profit.

(Profit attributable to owners of the parent)

Profit attributable to owners of the parent was 1,588 million yen (up 202.3% year-on-year), mainly due to the increase in ordinary profit.

(2) Financial Position

(Assets)

As of March 31, 2024, total assets were 82,745 million yen (up 9.6% compared with the end of fiscal 2023). This was mainly due to the acquisition of real estate as inventory.

(Liabilities)

As of March 31, 2024, total liabilities were 62,683 million yen (up 11.6% compared with the end of fiscal 2023). This was mainly due to an increase in borrowings related to the acquisition of real estate as inventory.

(Net Assets)

As of March 31, 2024, net assets were 20,062 million yen (up 4.0% compared with the end of fiscal 2023). This was mainly due to the increase in retained earnings resulting from net income attributable to owners of the parent and the decline in retained earnings due to the payment of dividends.

(3) Forecasts on operating performance

Consolidated operating performance in the three months ended March 31, 2024, basically remained stable as planned and no revisions have been made to the previously announced full-year forecast.

2. Consolidated Financial Statements and Notes

(1) Consolidated Financial Position

(Millions of yen)

	As of December 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	11,927	9,840
Operating loans	6,935	9,850
Real estate as inventory	55,128	62,017
Other	853	311
Allowance for doubtful accounts	(85)	(29)
Total current assets	74,759	81,990
Non-current assets		
Property, plant and equipment	127	122
Intangible assets	1	0
Investments and other assets	584	632
Total non-current assets	713	755
Total assets	75,473	82,745
Liabilities		
Current liabilities		
Short-term loans	382	1,084
Current portion of long-term loans	4,894	3,477
Income taxes payable	1,348	826
Provision for bonuses	-	53
Deposits received	2,138	1,452
Other	1,101	650
Total current liabilities	9,866	7,544
Non-current liabilities		
Long-term loans	36,583	43,472
Deposits received from silent partnerships	8,217	10,071
Other	1,512	1,594
Total non-current liabilities	46,313	55,138
Total liabilities	56,180	62,683
Net assets		
Shareholders' equity		
Share capital	1,402	1,402
Capital surplus	1,570	1,573
Retained earnings	18,874	19,599
Treasury shares	(2,885)	(2,882)
Total shareholders' equity	18,961	19,693
Share acquisition rights	331	369
Total net assets	19,293	20,062
Total liabilities and net assets	75,473	82,745

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

(Millions of yen)

	Three Months ended March 31, 2023	Three Months ended March 31, 2024
Net sales	4,193	8,168
Cost of sales	2,668	5,138
Gross profit	1,525	3,029
Selling, general and administrative expenses	446	387
Operating profit	1,078	2,641
Non-operating income		
Gain on valuation of derivatives	-	55
Penalty income	0	-
Other	0	0
Total non-operating income	0	55
Non-operating expenses		
Interest expenses	99	129
Commission fee	62	90
Loss on valuation of derivatives	40	-
Other	0	0
Total non-operating expenses	202	220
Ordinary profit	876	2,476
Profit before dividend distribution from silent partnerships and income taxes	876	2,476
Dividends distribution from silent partnerships	85	137
Profit before income taxes	790	2,339
Income taxes - current	241	796
Income taxes - deferred	24	(45)
Total income taxes	265	750
Profit	525	1,588
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of the parent	525	1,588

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Profit	525	1,588
Comprehensive income	525	1,588
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	525	1,588
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