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March 9, 2022

To Shareholders:

Tatsushi Iwano  
President, Loadstar Capital K.K.,  
10-6, Ginza 1-chome, Chuo-ku, Tokyo

## Notice of the 10th Annual General Meeting of Shareholders

We would like to express my sincere gratitude for your continued support.

We will hold our 10th Annual General Meeting of Shareholders as follow.

If you are unable to attend the meeting, you can exercise your voting rights in writing. For a while, please review the reference documents for the Annual General Meeting of Shareholders described below and display your affirmation or opposition with the proposal on the attached proxy form, and return it to us so that you will arrive by 6:00 p.m. (JST) on Tuesday, March 29, 2022.

1. Date and time                      Wednesday, March 30, 2022, 10:00 a.m. (JST)
2. Location                              Tokyo Convention Hall 5<sup>th</sup> floor TOKYO SQUARE GARDEN

### 3. Meeting Agenda

#### Matters to be Reported

1. Business Reports, Consolidated Financial Statements, and Results of Audits of Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the 10th Fiscal Year (January 1, 2021 to December 31, 2021)
2. Non-Consolidated Financial Statements for the 10th Fiscal Year (January 1, 2021 to December 31, 2021)

#### Matters to be Resolved

- |            |  |
|------------|--|
| Proposal 1 | Appropriation of Retained Earnings   |
| Proposal 2 | Partial Amendments to the Articles of Incorporation  |
| Proposal 3 | Election of two Directors  |
| Proposal 4 | Determination of remuneration in relation to the granting of shares with restrictions on transfer to directors (excluding outside directors) |

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Please keep in mind your physical condition when you attend the meeting. In addition, please submit the attached proxy form to the venue.

Any amendments to the Annual General Meeting of Shareholders reference documents and business reports, financial statements and consolidated financial statements will be posted on our website (<https://loadstarcapital.com>).

(Attachment))

Business Report( From January 1, 2021  
to December 31, 2021 )

## 1. Current status of the Loadstar Group

## (1) Status of business for the current fiscal year

## ① Business progress and results

In 2021, the Japanese economy showed signs of a recovery after progress with COVID-19 vaccinations led to a decline in new COVID-19 cases from the peak levels seen in late August. We, however, continue to closely monitor domestic business conditions as the new variants of COVID-19 has spread in Japan since the start of 2022. We will also monitor economic trends closely as the US Federal Reserve has begun tapering, and reports indicate that although new variants are spreading rapidly, the proportion of cases with severe symptoms appears to be declining.

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, the impact of COVID-19 has led to rising vacancy rates, and a downward trend in rents has been observed. 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) has increased to 6.33%, which is a 1.84% year-on-year increase. In addition, the average rent in the abovementioned wards as of December 31, 2021, was ¥20,596 per tsubo, which is a 6.38% year-on-year decline.

Meanwhile, the Tokyo office building trading market remains one of the world's most attractive markets with conditions in Tokyo remaining relatively stable compared with those in other major cities around the world. In addition, with no major changes in the investment stances of domestic financial institutions, domestic and foreign investors, real estate companies, and investment funds continue to show a strong appetite for property acquisitions in the Tokyo office building trading market.

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, while some managed assets were disposed, we were newly entrusted with the asset management of two large office buildings in Tokyo. This new mandate is one of the largest in the Group's portfolio. We plan to continue proactively pursuing the acquisition of new assets.

The real estate Crowdfunding Business has made steady progress in putting together loan-type products. Regarding our first Equity-type product, we sold the trust beneficiary rights which is composed of the target real estate for investments. Based on current calculations, investors' return of this product is expected to be around 20%, significantly higher than the initially expected investment yield (IRR: internal rate of return) of 7.0%. Moreover, investment appetite among individual investors in this business remains strong, and the number of investor members rose to 25,779.

As a result of these activities, net sales in the Fiscal year ended December 31, 2021, totaled ¥17,920 million (up 5.5% compared with the previous fiscal 2020), operating profit was ¥5,618 million (up 25.3%), ordinary profit was ¥5,327 million (up 27.8%), and profit attributable to owners of the parent amounted to ¥3,465 million (up 28.3%).

Overviews of operating performance by key services are as follows. Because the 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 ¥ 14,806 million (up 1.6%), due to the sale of ten properties.

## 2) Real estate leasing

Although ten properties were sold as mentioned above, five new properties including two large properties were acquired, resulting in real estate leasing sales of ¥ 2,390 million (up 19.9%).

## (b) Asset Management Business

Asset Management Business sales totaled ¥232 million (up 283.9% year on year). The sales increase was derived

from the acquisition of a new asset management project, existing managed assets, and the disposing of some managed assets. As of December 31, 2021, assets under management (AUM) totaled approximately ¥29,000 million.

(c) Crowdfunding Business

26 loan-type transactions totaling ¥7,600 million were executed. As a result, the operating loans were ¥ 6,270 million (up 11.1%) and Crowdfunding Business sales totaled ¥ 465 million (up 35.6%).

(d) Other

The total was ¥25 million due to brokerage revenue, etc.

## Net Sales by Business Segment

Business Segment <sup>s</sup>	9th Fiscal year ended December 31, 2020		<sup>1</sup> 0th Fiscal year ended December 31, 2021		Change YoY	
	Amount (Millions of yen)	% of total	Amount (Millions of yen)	% of total	Amount (Millions of yen)	Change (%)
Corporate Funding Business (Real Estate Investment)	14,571	85.8	14,806	82.6	234	1.6
Corporate Funding Business (Real Estate Leasing)	1,993	11.7	2,390	13.3	396	19.9
Asset Management Business	60	0.4	232	1.3	171	283.9
Crowdfunding business	343	2.0	465	2.6	122	35.6
Other businesses	9	0.1	25	0.1	15	161.4
Total	16,979	100.0	17,920	100.0	941	5.5

## ② Status of Financing

In order to secure stable earnings by expanding our corporate funding business and stabilize our businesses by steadily growing our assets, we formulate and execute efficient financial strategies in accordance with market conditions. In the fiscal year under review, the Company borrowed ¥11,200 million to purchase properties.

## (2) Status of operating results and assets

## ① Trends in operating results and assets of the Group

	7th Fiscal year ended December 31, 201 <sup>8</sup>	8th Fiscal year ended December 31, 201 <sup>9</sup>	9th Fiscal year ended December 31, 2020	<sup>1</sup> 0th Fiscal year ended December 31, 2021
Sales (million yen)	9,670	15,116	16,979	17,920
Ordinary Profit (million yen)	2,117	3,272	4,168	5,327
Attributable to owners of parent (million yen)	1,359	2,077	2,700	3,465
Earnings Per share (Yen)	64.93	97.42	152.48	211.50
Total Assets (million yen)	33,028	44,337	51,156	56,983
Net assets (million yen)	5,880	7,821	7,721	10,847
Net assets per share (Yen)	277.03	364.69	469.92	656.46

## ② Trends in operating results and assets of the Company

	7th Fiscal year ended December 31, 2018	8th Fiscal year ended December 31, 2019	9th Fiscal year ended December 31, 2020	10th Fiscal year ended December 31, 2021
Sales (million yen)	9,456	14,747	16,644	17,258
Ordinary Profit (million yen)	1,851	2,874	3,836	4,769
Attributable to owners of parent (million yen)	1,300	1,989	2,649	3,294
Earnings Per share (Yen)	62.10	93.33	149.59	201.04
Total Assets (million yen)	27,485	37,986	44,665	46,691
Net assets (million yen)	5,792	7,645	7,494	10,333
Net assets per share (Yen)	272.85	356.48	456.04	625.14

## (3) Information on Principal Parent Companies and Principal Subsidiaries

## ① Principal parent company

Not applicable

## ② Principal subsidiaries

Name	Capital or investments in capital	Equity ownership	Main business
Loadstar Funding K.K.	¥25 million	100.0%	Money lending business
Loadstar Investments K.K.	¥50 million	100.0%	Asset Management business Crowdfunding business

On August 1, 2021, the Company's Crowdfunding Business and Asset Management Business were transferred to Loadstar Investments K.K., a wholly owned subsidiary of the Company, through an absorption-type split.

## (4) Issues to be addressed

The followings are the issues that the Group currently needs to address.

## ① Sustainable growth of the corporate funding business, which serves as the management foundation

## a. Establishing a stable management foundation

We aim to establish a stable management foundation by increasing the balance of real estate owned in order to cover the company's fixed costs with profits from real estate leasing. In addition, we will accumulate investment know-how internally by moderately selling properties in conjunction with new acquisitions, improve the profit margin for each project, and manage our investment portfolio with an awareness of promoting business growth. Although the current environment for acquiring properties is more difficult than in normal years, we intend to acquire properties that meet our standards and gradually increase the size of our properties through our strengths in assessing properties, our proprietary network and speedy decision-making.

## b. Strengthening and maintaining the purchasing system

Our main area of investment, Tokyo's 23 wards, is limited in scope, so we believe it is important how quickly we collect information and swiftly respond amid competition from other companies. We have members with experience in acquiring, managing and selling dozens or hundreds of properties in the past, and we respond by swiftly conducting everything from due diligence to decision-makings on acquisitions. We will also continue to strive to strengthen our platform for acquisition capabilities by acquiring talented personnel, and accumulating

business-related knowledge, experiences, and investment know-how.

c. Increase added value

In the real estate market, there are some properties that are undervalued because they are not properly managed and operated. We will increase the added value of our properties by acquiring such properties, carrying out renovation work to increase the value of the properties themselves, improving occupancy rates and profitability by conducting appropriate leasing (attracting tenants to vacant properties and revising contracts to fare rents relative to surrounding rents), and working to reduce management costs.

② Strengthen Asset Management Business

Although there are many overseas investors interested in Japanese real estate, it is mainly the major real estate companies that provide real estate information for overseas markets, and supply has not kept pace with demand due to the relatively small number of contact points at each company. We have a large number of members with experience working for overseas investment funds and overseas asset management companies, and we have strengths in real estate-related services for overseas investors. Therefore, we will continue to aim to earn revenues by dealing with overseas investors and companies with many networks with overseas investors as business partners. In light of the recent developments relating to the COVID-19 pandemic, the Company is stepping up its approach to domestic investors, where there is robust demand.

③ Business aimed at opening the real estate investment market to individual investors

The Group is working to open up the real estate investment market to individual investors, by the power of IT under the mission of "the integration of real estate and technology opens up the future market." Specifically, we provide crowdfunding services.

In the present real estate investment market, the main investment options for individual investors are direct investment in J-REIT or real estate, each of which has its own strengths and weaknesses in investment funds and yields. The Group are attempting to pioneer new investment markets by providing loan-type crowdfunding products and equity-type crowdfunding products.

Issues to be addressed in the crowdfunding businesses include an increase in the number of projects originated and an increase in the number of investors and investment amounts. To resolve these issues, the Group is increasing sales personnel and project acquisitions by promoting digital transformation (DX), such as the introduction of sales force automation (SFA) and other systems. Furthermore, the Group is striving to improve UI/UX (user interface/user experience) by strengthening hiring of engineers, expanding systems, and renewing websites in order to increase investment funds. In addition, through media exposure and seminars, we are focusing on raising awareness of the crowdfunding market and our crowdfunding business platform, OwnersBook.

The Group considers it crucial that, as a new business model, the Crowdfunding Business, creates and adopts business models that are appropriate for the times, including being consistent with current legal frameworks and in tune with economic conditions. Accordingly, the Company regularly reviews the business models of the Crowdfunding Business. Further, progress of the Crowdfunding Business could be impacted by a competitor's misconduct, which tarnishes the image of crowdfunding in general, or revisions to laws and regulations that are unfavorable to the Group. To address such issues the Company works with the Public Relations and Board of Directors to respond to misconduct and other incidents in the crowdfunding industry, and keeps up to date with the latest developments regarding revisions to laws and regulations to ensure it is able to respond as needed.

④ Securing and Developing Human Resources

For the sustainable development of the Group, it is necessary to secure excellent human resources. To this end, we will not only strengthen the recruitment of excellent human resources, but also strive to foster an open corporate culture and provide a workplace environment in which individuals can grow more individually in order to prevent the outflow of excellent human resources. In addition, the Company revised its internal rules and regulations to advance diversity, equity, and inclusion in the workplace in an effort to provide flexible working environments etc. in which all employees can play active roles.

## ⑤ Strengthening the Internal Control System

The Group expects rapid business growth in the future, and the functions required are also expanding. Going forward, we will continue to recruit human resources with a high level of expertise and a wealth of experiences that can be core human resources in each division. At the same time, we will further strive to enhance corporate governance by further strengthening our internal management system.

## ⑥ Impact of the COVID-19

The continuation of the outbreak of the COVID-19 in the future could result in a significant economic downturn in the global or the Japanese economy. The Group is committed to extending the term of our borrowings, and we manage our cash and deposits, and our real estate portfolio appropriately on a regular basis. The Company will continue to pay close attention to trends in COVID 19-related financing given the potential for such trends to cause instability in financial institutions' lending activities. In addition, the epidemic of this infectious disease may cause structural changes in office demand due to changes in working styles in Tokyo, our main market, and we will continue to closely monitor market conditions.

## ⑦ Contributing toward SDGs

The Group established the SDG Initiative Promotion Committee in 2021 to advance initiatives that contribute to the achievement of the Sustainable Development Goals. The Group is also moving to clearly identify the societal issues it ought to work on addressing while also providing environments that motivate officers and employees in their work and enable them to grow and develop. As part of its Sustainable Development Goal-related initiatives, the Group is also working to reduce its CO2 emissions by switching to the use of renewable energy sources at some of the properties it holds.

## (5) Principal Businesses (As of December 31, 2021)

Business Segments	Operations
Corporate Funding Business	Real estate sales, leasing, and management of medium-sized office buildings, etc., centered on the 23 wards of Tokyo
Asset Management Business	Advice on formulating strategies for institutional investors, including the acquisition, management, and sale of investment real estate, and management of investment real estate
Crowdfunding Business	Offering of investment from general investors through crowdfunding, investment in special purpose companies that acquire real estate, or lending to corporations secured by real estate with the money invested, and the management thereof
Other Businesses	Real estate brokerage and consulting, etc

## (6) Principal Offices (As of December 31, 2021)

## ① The company

Name	Location
Head Office	Chuo-ku, Tokyo

## ② Subsidiaries

Name	Location
Loadstar Funding K.K.	Chuo-ku, Tokyo
Loadstar Investments K.K.	Chuo-ku, Tokyo

## (7) Employees (as of December 31, 2021)

## Employees of the Group

Number of Employees	Year-on-year change	Average age	Average years of service
52(6)	-1(-)	43.2 years old	3.4 years

(NOTE) The number of employees is the number of employed people (excluding those seconded from the Group to outside the Group and including those seconded from outside the group to the Group). The average number of part-time and temporary staff per year is shown in parentheses.

## (8) Principal Lenders (as of December 31, 2021)

Lendor	Outstanding Balances
Sumitomo Mitsui Banking Corporation	10,987 million yen
Mizuho Bank, Ltd.	7,510
Seibu Shinkin Bank	3,740
Asahi Shinkin Bank	2,781
Chiba Bank, Ltd.	2,692

## (9) Other important matters concerning the current status of the Group

Not applicable



## 2. Current status of the Company

### (1) Investor information (as of December 31, 2021)

- ① Total Number of Shares authorized 80,000,000 shares
- ② Total Number of Shares issued 21,444,000 shares
- ③ Number of Shareholders 6,934
- ④ Major Shareholders

Name of Shareholders	Number of shares held (thousands shares)	Holding Ratio (%)
Tatsushi Iwano	3,360	20.4
RENREN LIANHE HOLDINGS	2,540	15.4
Capital Generation Co., Ltd.	1,100	6.6
Yasuhiro Morita	854	5.1
MSIP CLIENT SECURITIES	596	3.6
Naoyuki Kubo	288	1.7
Yo Narita	248	1.5
Nomura Securities Co., Ltd.	173	1.0
Rakuten Securities, Inc.	168	1.0
Yukiko Sato	160	0.9

(NOTE) 1. We own 5,016,130 shares of treasury stock, which is excluded from the above list of major shareholders.

2. The shareholding ratio is calculated excluding treasury stock.

### (2) Other Important Matters Concerning Shares

At the meeting of Board of Directors held on January 12, 2022, the Company resolved to repurchase its stock based on comprehensive consideration of the Group's overall financial position and other factors such as share price, which the Group believes to be trending at an undervalued range.

Please refer to the (Subsequent Event) in the Consolidated notes for further information.

## (3) Share acquisition rights

① Status of share acquisition rights issued as consideration for the execution of duties held by our officers at the end of the current fiscal year

Name		Share acquisition rights No.2		Share acquisition rights No.4		
Date of resolution		December 27, 2016		March 9, 2018		
Number of share acquisition rights		8 pcs		6 pcs		
Class and number of shares to be issued		Common stock 32,000 shares (4000 shares per share acquisition right)		Common stock 12,000 shares (2,000 shares per share acquisition right)		
Issue Price per share acquisition right		-		¥7,831		
Assets to be contributed at the time of exercise of the rights		¥1,852,000 per share acquisition right (¥463 per share)		¥2,456,000 per share acquisition right (¥1,228 per share)		
Exercise period		From December 28, 2018 To December 27, 2026		From April 1, 2021 To March 31, 2025		
Conditions for exercising		(NOTE)1		(NOTE)2		
Holder	Directors (excluding outside directors)	Number of share acquisition right	8pcs	Number of share acquisition right	6pcs	
		Number of Shares	32,000 shares	Number of Shares	12,000 shares	
		Number of Holder	1 person	Number of Holder	3 person	
Name		Share acquisition rights No.5		Share acquisition rights No.6		
Date of resolution		May 15, 2020		May 15, 2020		
Number of share acquisition rights		130 pcs.		25 pcs		
Class and number of shares to be issued		Common stock 130,000 shares (1,000 shares per share acquisition right)		Common stock 25,000 shares (1,000 shares per share acquisition right)		
Issue Price per a share acquisition right		¥2,170		-		
Assets to be contributed at the time of exercise of the rights		(NOTE)3		Per share acquisition right ¥604,000 (¥604 per share)		
Exercise period		From May 16, 2023 To May 15, 2030		From May 16, 2023 To May 15, 2030		
Conditions for exercising		(NOTE)4		(NOTE)5		
Holder	Directors (excluding outside directors)	Number of share acquisition right	120pcs	Number of share acquisition right	25pcs	
		Number of Shares	120,000 shares	Number of Shares	25,000 shares	
		Number of Holder	3 person	Number of Holder	1 person	
	Audit & Supervisory Board Member	Number of share acquisition right	10pcs	-		
		Number of Shares	10,000 shares			
		Number of Holder	1 person			

(NOTE)1 the conditions for the exercise of Share acquisition rights;

- a. The person to whom the rights to subscribe for new shares are allocated (hereinafter referred to as the "holder of the rights to subscribe for new shares") shall, at the time of exercising the rights, hold the offices and employees of the Company and the person to whom the business is entrusted (provided, however, that this shall be limited to the person to whom the rights are entrusted as approved by a resolution of the Board of Directors of the Company) and any other position equivalent thereto (hereinafter referred to as the "entitlement to exercise the rights"). Provided, however, that this provision shall not apply where the Company obtains the approval of the Board of Directors in the event of resignation due to the expiration of the term of office, retirement at the mandatory retirement age, or any other loss of eligibility to exercise such rights.
- b. In the event that a holder of the rights to subscribe for new shares has agreed to assume or assume the office of an officer or employee of another company without the prior consent of the Board of Directors of the Company, or has operated a business which directly or indirectly competes with the business of the Company, the holder of the rights to subscribe for new shares may not exercise the rights to subscribe for new shares.
- c. In the event that the holder of the right to subscribe for new shares has committed a serious violation of laws and regulations or internal disciplines of the Company, the holder of the right to subscribe for new shares may not exercise the right to subscribe for new shares.
- d. In the event that the holder of the right to subscribe for new shares dies, the heir of the holder of the right to subscribe for new shares may not exercise the right to subscribe for new shares.
- e. The Share acquisition rights may not be exercised in installments of 1 of the rights.
- f. Other terms and conditions shall be governed by the provisions of the Share Option Allotment Agreement, which is concluded between the Company and the person to whom the Share Options will be allotted pursuant to a resolution of the Board of Directors.
- g. The Company conducted a 2-for-1 stock split of common stock on December 15, 2017 and a 2-for-1 stock split on November 30, 2018 by resolution of the Board of Directors on November 15, 2017 and October 30, 2018, respectively, by resolution of the Board of Directors. As a result, "the type and number of shares subject to subscription rights" and "the value of assets to be invested upon exercise of subscription rights to shares" have been adjusted.
- h. The Share acquisition rights were granted prior to the appointment as a director.

(NOTE)2 the conditions for the exercise of Share acquisition rights;

- a. Holders of share acquisition rights shall be entitled to exercise the allotted share acquisition rights only in the event sales in the consolidated statements of income in the Securities Report exceed ¥15 thousand million and operating income exceeds ¥2.7 thousand million in any of the years ended December 31, 2018 to December 31, 2022.
- b. In the determination of (1) above, if there is a material change in the concepts of net sales and operating income, etc. to be referred to due to the adoption of International Financial Reporting Standards, etc., the Board of Directors shall establish indices to be referred to separately.
- c. The holder of the Share acquisition rights is required to be a director, auditor or employee of us or our Affiliates even at the time of the exercise of the Share acquisition rights. Provided, however, that this provision shall not apply where the Board of Directors determines that there is a justifiable reason such as retirement due to the expiration of the term of office, retirement at the mandatory retirement age, or the like.
- d. The exercise of Share acquisition rights by the heirs of the holders of Share acquisition rights shall not be permitted.
- e. If the exercise of the Share acquisition rights results in the total number of our issued shares exceeding the number of authorized shares at that time, such Share acquisition rights may not be exercised.
- f. Each Share acquisition right may not be exercised less than one unit.
- g. Other terms and conditions shall be governed by the provisions of the Share Acquisition Rights Allotment Agreement, which is concluded between the Company and the person to whom the Share Options will be allotted pursuant to a resolution of the Board of Directors.
- h. The Company conducted a 2-for-1 stock split on November 30, 2018, in accordance with a resolution approved at a meeting of the Board of Directors held on October 30, 2018. As a result, "the type and number of shares subject to subscription rights" and "the value of assets to be invested upon exercise of subscription rights to shares" have been adjusted.
- i. The share acquisition rights were granted prior to the appointment as a director.

(NOTE)3 Assets to be contributed at the time of exercise of the rights

Per share acquisition right ¥604,000 (¥604 per share)

However, if the dividend of retained earnings is paid after the issuance of the Stock Acquisition Rights, each time the exercise price will be adjusted using the formula specified below.

Adjusted exercise price = pre-adjustment exercise price x (market price-dividend amount) / market price

(NOTE)4 The conditions for the exercise of Share acquisition rights;

- a. In the event that the average closing price of the ordinary transactions of our common stock on the Tokyo Stock Exchange on each trading day during a calendar month from the first day to the last day of the exercise period is less than the value obtained by multiplying the exercise price of the Share acquisition rights at such time by 50%, even once, the holders of the Share acquisition rights shall exercise all of the Share acquisition rights remaining at such time by the end of the exercise period. However, this does not apply to the following cases.
  - ( i ) If our disclosed information proves to be materially false
  - ( ii ) In the event that it is found that we have not properly disclosed material facts to be disclosed in accordance with laws and regulations and the rules of the Tokyo Stock Exchange
  - ( iii ) If we are delisted, go bankrupt or otherwise undergo a major change in circumstances that were assumed at the date of the allotment
  - ( iv ) In other cases where we engage in any act that is objectively recognized to be detrimental to the trust of holders of Share acquisition rights.
- b. The holder of the Share acquisition rights is required to be a director, auditor or employee of us or our Affiliates even at the time of the exercise of the Share acquisition rights.
- c. The exercise of Share acquisition rights by the heirs of the holders of Share acquisition rights shall not be permitted.
- d. If the exercise of the Share acquisition rights results in the total number of our issued shares exceeding the number of authorized shares at that time, such Share acquisition rights may not be exercised.
- e. Each Share acquisition right may not be exercised less than one unit.
- f. Other terms and conditions shall be governed by the provisions of the Share Acquisition Rights Allotment Agreement, which is concluded between the Company and the person to whom the Share Options will be allotted pursuant to a resolution of the Board of Directors.

(NOTE)5 Conditions of execution of Share acquisition rights

- a. The holder of the Share acquisition rights is required to be a director, auditor or employee of us or our Affiliates even at the time of the exercise of the Share acquisition rights. Provided, however, that in the event the holder of the rights ceases to fall under any of the categories of status due to retirement or retirement at the mandatory retirement age due to the expiration of the term of office, the holder of the rights to subscribe for new shares shall waive all of the rights to subscribe for new shares that have not yet been exercised on the date when two years have elapsed from the date when such status ceases to exist or the last day of the exercise period, whichever comes earlier. In addition, this shall not apply if the Board of Directors determines that there is a good reason to retain the right to exercise the share acquisition rights in the event that the holder of the rights cease to be a director, auditor or employee of us or our Affiliates for any other reason.
- b. In the event that the holder of the rights to subscribe for new shares dies, the heir of the holder of the right to subscribe for new shares may exercise the right only within six months after the death of the holder of the rights to subscribe for new shares (up to the last day of the exercise period), up to the number of shares that the holder of the right to subscribe for new shares may exercise at the time of his/her death. In the case of joint inheritance, the Share acquisition rights may be exercised within six months after the death of the holder up to the number of shares that the holder is entitled to exercise at the time of his/her death (but up to the last day of the exercise period), by one representative determined through consultation between all joint heirs. In the event of the death of the heir, the Share acquisition rights shall not be inherited again.
- c. If the exercise of the Share acquisition rights results in the total number of our issued shares exceeding the number of authorized shares at that time, such Share acquisition rights may not be exercised.
- d. Each Share acquisition right may not be exercised less than one unit.
- e. Other terms and conditions shall be governed by the provisions of the Share acquisition rights Allotment Agreement, which is concluded between the Company and the person to whom the Share acquisition rights will be allotted pursuant to a resolution of the Board of Directors.
- f. The Share acquisition rights were granted prior to the appointment as a director.

- ② Status of Share acquisition rights issued to employees, etc. as compensation for the execution of duties during the current fiscal year  
Not applicable

## (4) Status of corporate officers

## ① Directors and Audit &amp; Supervisory Board Members (As of December 31, 2021)

Position	Name	Areas of responsibility in the Company and important concurrent positions outside the Company
President	Tatsushi Iwano	President and Representative Director, Loadstar Funding K.K. Director, Loadstar Investments K.K.
Director	Naoyuki Kubo	General manager of the sales division Director of Loadstar Funding K.K. Representative Director of Solario Co., Ltd.
Director	Yo Narita	President and Representative Director of Loadstar Investments K.K.
Director	Takuya Kawabata	General manager of the administrative division and finance & accounting division Director, Loadstar Investments K.K. Representative Director of River Field Co., Ltd.
Director	Hideo Wawami	
Director	Jun Onishi	General Manager, Real Estate Appraisal Office, Onishi Tokyo Law
Director	Mayumi Funaki	Representative Director of Shipood, Ltd.
Full-time Auditor	Atsushi Tanaka	Audit & Supervisory Board Member, Loadstar Investments K.K.
Auditor	Takeshi Ariizumi	
Auditor	Yoshinobu Ueno	Outside Audit & Supervisory Board Member, Visax Co., Ltd.

(NOTE) 1. Director Hideo Wanami and Director June Ohnishi are outside directors.

2. Audit & Supervisory Board Member Yoshiaki Ariizumi and Audit & Supervisory Board Member Yoshiaki Ueno are Outside Audit & Supervisory Board Members.

3. Audit & Supervisory Board Member Yoshiaki Ueno passed the Certified Public Accountant Examination and worked at an audit firm and a financial institution, so he has considerable knowledge of finance and accounting.

4. We have designated Director Mr. Hideo Wanami, Director June Ohnishi, Audit & Supervisory Board Member Ariizumi, and Audit & Supervisory Board Member Yoshiaki Ueno as independent officers in accordance with the provisions of the Tokyo Stock Exchange, and have notified the Exchange of their designation.

5. Director who retired during the fiscal year is below.

Name	Date of retirement	Reason for retirement	Position, areas of responsibility in the Company and important concurrent positions outside the Company at the time of retirement
Hiroyasu Kaizuka	September 30, 2021	Personal reasons	Director President and Representative Director of Loadstar Investments K.K. Representative Director of Beizhong&Company Co., Ltd.

## (Reference) Specialization and experience of directors (skill matrix)

	Corporate management	Real estate business	ICT Digital (Real Estate Tech)	International business	ESG・SDGs	Legal affairs and compliance	Finance, accounting and tax
Tatsushi Iwano (Male/48-year-old)	●	●	●	●			
Naoyuki Kubo (Male/48-year-old)	●	●	●	●			
Yo Narita (Male/38-year-old)	●	●	●	●		●	
Takuya Kawabata (Male/38-year-old)	●	●			●		●
Hideo Wanami (Outside) (Independent) (Male/69-year-old)				●			●
Jun Onishi (Outside) (Independent) (Male/48-year-old)		●				●	
Mayumi Funaki (Outside) (Independent) (Female/43-year-old)	●				●		

## ② Summary of the Liability Limitation Agreement

We, Outside Director Hideo Wanami, Outside Director Jun Onishi, Outside Audit & Supervisory Board Member Kiyoshi Ariizumi, and Outside Audit & Supervisory Board Member Yoshiaki Ueno have entered into an agreement to limit the liability for damages under Paragraph 1 of Article 423 of the Companies Act in accordance with Paragraph 1 of Article 427 of the Companies Act. The maximum amount of liability for damages under the said contract is the higher of the sum of 2 years of annual compensation or the minimum liability limit stipulated by law. The limitation of liability is permitted only when the outside directors and outside corporate auditors are in good faith and have no gross negligence in the performance of their duties for which they are responsible.

## ③ Overview of Liability Insurance Contracts for Officers

The Company has entered into officer liability insurance contracts with an insurance company for directors and statutory auditors of the Company and its subsidiaries as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insurance contracts cover legal damages and litigation expenses that the insured officers may incur as a consequence of legal claims made against them stemming from acts of the Company (including omissions). While the Company pays the insurance premiums in full for all of the insured, to ensure the appropriateness of the execution of duties by the insured, the insurance contract does not cover damages caused by criminal acts or intentional violations of laws by the insured.

## ④ Remuneration for Directors and Audit &amp; Supervisory Board Members

## 1) Matters relating to decisions regarding details of individual remuneration for directors

At a meeting held on February 15, 2021, the Company's Board of Directors passed a resolution to approve a policy to determine individual remuneration for directors. An overview of this policy is provided in a., b., c., and d., below.

a. 1) Performance-linked remuneration: None

2) Non-monetary remuneration: None

(Note) The Board of Directors resolved at a meeting held on February 22, 2022, that the following revision be made if agenda item 4 of the Annual General Meeting of shareholders is approved as originally proposed: "The Company shall grant shares with restrictions on transfer to directors (excluding outside directors) with the aim to incentivize directors in pursuing the sustained enhancement of the Company's corporate value, and to further align incentives for eligible directors with the interests of shareholders. In accordance with the provisions regarding shares with restrictions on transfer of the allotment agreement concluded between the Company and eligible directors, shares with transfer restrictions that have not been lifted shall be acquired by the Company at no cost.

The number of shares to be allotted to each individual director shall, in principle, be determined by the Board of Directors based on deliberations and recommendations by the Nomination and Compensation Committee after comprehensively taking into consideration the degree of contribution of each director, the business performance of the Company, and the anticipated future contribution of each director to the Company. The maximum number of total shares to be allotted to all directors shall be limited to no more than 60,000 shares and of a value of less than 100 million yen."

3) Amounts of other remuneration and how these are calculated: Individual remuneration for directors is deliberated on by the Nomination and Compensation Committee, and is determined by the Board of Directors based on the Nomination and Compensation Committee's recommendations, comprehensively taking into consideration a range of factors such as the degree of contribution made by each director, the company's earnings performance, and expectations regarding each director's future contributions. In addition, the total remuneration amount for all directors should be limited to within the scope of the total remuneration amount approved at the 7th Annual General Meeting of Shareholders held on March 28, 2019 (monetary remuneration of 100 million yen per annum plus the equivalent of 5% of consolidated profit before income taxes of the previous fiscal year).

4) Percentages for 1), 2), and 3): The Company confirms that 3) accounts for 100%.

(Note) The Board of Directors resolved at a meeting held on February 22, 2022, that the following revision be made if agenda item 4 of the Annual General Meeting of Shareholders is approved as originally proposed: "This shall, in principle, be determined by the Board of Directors based on deliberations and recommendations by the Nomination and Compensation Committee after comprehensively taking into consideration the degree of contribution of each director, the business performance of the Company, and the anticipated future contribution of each director to the Company."

b. Policy on timing of payment and conditions for remuneration: Regular (monthly) payments shall be made during the tenure of each director.

(Note) The Board of Directors resolved at a meeting held on February 22, 2022, that the following revision be made if agenda item 4 of the Annual General Meeting of Shareholders is approved as originally proposed:

"i. (b) Granted once per year

i. (c) Paid periodically (monthly) during the tenure of each recipient"

c. Method of determining details of remuneration when the decision is entrusted to a director or other third party: Decisions regarding the details of remuneration shall be not entrusted to third parties unless otherwise specified. Remuneration for directors is deliberated on by the Nomination and Compensation Committee, and determined by the Board of Directors based on the Nomination and Compensation Committee's recommendations.

d. Other important matters relating to determination of the details of individual remuneration: None.2) Total remuneration for directors and statutory auditors

Officer category	Total remuneration (millions of yen)	Breakdown of total remuneration by remuneration type (millions of yen)			Number of eligible officers
		Fixed salary	Performance-linked remuneration	Other	
Directors (of which, independent directors)	144 (11)	144 (11)	- (-)	- (-)	8 (3)

Statutory auditors (of which, independent statutory auditors)	17 (6)	17 (6)	- (-)	- (-)	3 (2)
Total (of which, independent officers)	161 (17)	161 (17)	- (-)	- (-)	11 (5)

Notes:

- The above table includes one director who resigned in the current fiscal year.
- It has been resolved that the total remuneration amount for the eight directors should be limited to within the scope of the total remuneration amount approved at the 7th Annual General Meeting of Shareholders held on March 28, 2019 (monetary remuneration of 100 million yen per annum plus the equivalent of 5% of consolidated profit before income taxes of the previous fiscal year (up to 20 million yen per annum for independent directors)). The number of directors as of the conclusion of the 7th Annual General Meeting of Shareholders was seven, of which two were independent directors.
- The Company and the Audit & Supervisory Board have not set a policy for determining the calculation method for remuneration for statutory auditors. It was resolved at an Extraordinary General Meeting of Shareholders held on June 15, 2017 that remuneration for the three statutory auditors shall be monetary remuneration of up to 30 million yen per annum. Accordingly, remuneration for statutory auditors is determined, as a fixed salary not exceeding 30 million yen per annum, at the discretion of the full-time statutory auditor following deliberations by the Audit & Supervisory Board. The number of statutory auditors as of the conclusion of the said Extraordinary General Meeting of Shareholders was three, of which two were independent statutory auditors.

⑤ Outside Directors and Audit & Supervisory Board Members

a Concurrent positions at other corporations and relationships between the Company and the said corporations

Category	Name	The corporation name and concurrent duties	Relationship between the Company and the said corporations
Director	Jun Onishi	General Manager, Real Estate Appraisal Office, Onishi Tokyo Law	There is no special relationship.
Director	Mayumi Funaki	Representative Director of Shipood, Ltd.	There is no special relationship.
Statutory auditor	Yoshinobu Ueno	Outside Audit & Supervisory Board Member, Visax Co., Ltd.	There is no special relationship.



## b. Major activities during the fiscal year

Category	Name	Attendance and remarks
Director	Hideo Wawami	Attended 24 of the 24 meetings of the Board of Directors held during the fiscal year under review, and made comments as appropriate, mainly based on the accounting and tax knowledge cultivated at the NTA.
	Jun Onishi	Attended 24 of the 24 meetings of The Board of Directors held during the fiscal year under review and made comments as appropriate from a professional perspective as an attorney and real estate appraiser.
	Mayumi Funaki	Attended 18 of the 18 meetings of the Board of Directors held in the fiscal year under review since assuming office on March 25, 2021, and has contributed comments as appropriate based on their specialist knowhow relating to corporate communications and experience in company management.
Statutory Auditor	Takeshi Ariizumi	Attended 24 of the 24 meetings of the Board of Directors and 14 of the 14 Audit & Supervisory Board meetings held during the fiscal year under review, and made comments as appropriate from the perspectives of many years of business experiences and corporate management experiences.
	Yoshinobu Ueno	Attended 24 of the 24 meetings of the Board of Directors and 14 of the 14 Audit & Supervisory Board meetings held during the fiscal year under review, and made comments as appropriate based on the experience gained in auditing firms and financial institutions.

As mentioned above, the three independent directors attend meetings of the Board of Directors to express their views, and also attend meetings of the Audit and Supervisory Board to participate in discussions and share insights from an independent and objective standpoint.

The Company has also established a Nomination and Compensation Committee, with independent directors comprising the majority of members, to complement the functions of the Board of Directors. The Nomination and Compensation Committee advises the Board of Directors on the selection and remuneration of Directors to ensure the fairness and transparency of management decisions. By attending these committee meetings and expressing their views based on their extensive experience and specialist knowledge, independent directors perform functions and roles that contribute toward the sustained growth of the Company and longer-term enhancement of the Company's corporate value.

## (5) Status of Accounting Auditors

① Name: Deloitte Touche Tohmatsu LLC

② Amount of Remuneration, etc.

Category	Amount paid
Amount of remuneration, etc. to be paid during the fiscal year under review	¥22 million
Total amount of monetary and other property benefits to be paid by the Company and its subsidiaries to the Accounting Auditor	¥22 million

(NOTE)1. Because amounts of audit fees and others for audits under the Companies Act and for audits under the Financial Instruments and Exchange Act are not clearly classified in an auditing agreement between the Company and the Accounting Auditor, and cannot be classified practically, the total amount of these fees and others is shown in the amount of remuneration, etc. for the fiscal year under review.

2. The Board of Corporate Auditors agreed on the amount of remuneration, etc. of the accounting auditor after conducting necessary verifications to determine whether the content of the accounting auditor's audit plan, the status of execution of duties by the accounting auditor, and the basis for calculating the remuneration estimate are appropriate.

③ Contents of non-audit services

Not applicable

④ Policy for Determining Dismissal or Refusal of reappointment of Accounting Auditors

The Board of Corporate Auditors shall decide the contents of proposals regarding the dismissal or refusal of reappointment of accounting auditors to be submitted to the General Meeting of Shareholders in the event that the execution of duties by accounting auditors is hindered or it is deemed necessary.

In addition, the Board of Corporate Auditors shall dismiss the accounting auditor with the consent of all Corporate Auditors in the event that the accounting auditor is deemed to fall under any of the items set forth in each item of Paragraph 1 of Article 340 of the Companies Act. In this case, a statutory auditor selected by the Audit & Supervisory Board report on the dismissal of the Accounting Auditor and the reason for the dismissal at the first General Meeting of Shareholders to be convened after the dismissal.

⑤ Summary of Limited Liability Contracts

Not applicable

### 3. System to ensure the appropriateness of business operations and the status of operation of the system

#### (1) Outline of decisions on systems to ensure the appropriateness of operations

We have established the Basic Policy for Establishing an Internal Control System as a system to ensure the appropriateness of our operations, and we operate an internal control system based on this policy. Details of these policies are as follows.

- ① System regarding storage and management of information on execution of directors' duties
  - a. Information on the execution of duties by directors is stored and managed appropriately in accordance with laws and the Articles of Incorporation, in addition to the provisions of internal regulations.
  - b. Information in custody and management is maintained in a timely manner when requested by Directors and Audit & Supervisory Board Members.
  
- ② Regulations and other systems for managing the risk of loss for the Group

The system for managing the risk of loss shall be conducted by the Board of Directors, which gathers internal and external information, to recognize, evaluate, prevent, and respond to risks. Persons in charge from each department will also attend meetings of the Board of Directors as necessary, and report on the identification and evaluation of risks.
  
- ③ System to ensure that the execution of duties by the directors of the Group is efficient
  - a. In order to ensure that directors perform their duties efficiently, the Company makes decisions on business execution by holding regular meetings of the Board of Directors once a month in principle and extraordinary meetings of the Board of Directors as needed.
  - b. The Company's internal regulations stipulate authority and responsibilities with respect to the execution of business operations, and reviews are conducted whenever necessary.
  
- ④ System to ensure that the execution of duties by directors and employees of the Group complies with laws and regulations and the Articles of Incorporation
  - a. We have established the Board of Directors, which supervises the execution of duties by directors, and the Audit & Supervisory Board, which has the authority to audit the execution of duties by directors. By appointing outside officers (outside directors or outside statutory auditors), we strictly monitor the execution of duties by directors and ensure that the execution of duties by directors complies with laws, the Articles of Incorporation, and internal regulations.
  - b. The Internal Audit Office has been established to audit the status of compliance with laws, the Articles of Incorporation, and internal regulations for the entire Group, including us and our subsidiaries, to point out problems and propose improvement measures.
  
- ⑤ System for reporting matters related to the execution of duties by directors and employees of our subsidiaries to us

By having our directors concurrently serve as directors of our subsidiaries, we ascertain the status of the execution of duties from time to time. At the same time, such directors report on the status of the execution of duties by subsidiaries at our Board of Directors meetings.
  
- ⑥ Matters concerning the appointment of employees to assist the duties of statutory auditors

In the event the Audit & Supervisory Board or a statutory auditor requests the Company to appoint employees to assist the statutory auditors, necessary personnel shall be assigned to assist the statutory auditor.
  
- ⑦ Matters concerning independence of employees who assist statutory auditors from Directors

In order to ensure the independence of the employees who assist the statutory auditors, the consent of the Audit & Supervisory Board shall be obtained with respect to personnel changes, personnel evaluations, and disciplinary actions for employees who assist the statutory auditors.

- ⑧ Matters related to ensuring the effectiveness of instructions given by the statutory auditors to employees who assist the statutory auditors
- a. The authority to direct employees who are to assist the business of the statutory auditors shall be transferred to the statutory auditors during the period of assistance designated by the statutory auditors and shall not be subject to the direction and order of the representative director.
  - b. The content of the preceding section is thoroughly disseminated to our officers and employees.
- ⑨ System for Directors and Employees to Report to Statutory Auditors and Other Systems for Reporting to Statutory Auditors in The Group
- a. All statutory auditors attend meetings of the Board of Directors and receive reports on important matters.
  - b. In the Group, directors and employees shall immediately report to a statutory auditor when they discover any facts that may cause significant damage to the Group.
- ⑩ System for ensuring that the person who has reported to the statutory auditors does not receive adverse treatment on the grounds that such report has been made.
- a. Any disadvantageous treatment of the officers and employees who have made such reports for the reason that they have reported to a statutory auditor are prohibited.
  - b. The content of the preceding section is thoroughly disseminated to our officers and employees.
- ⑪ Matters concerning procedures for advance payment or reimbursement of expenses arising from the execution of duties by the statutory auditors and other policies for the handling of expenses or liabilities arising from the execution of such duties
- a. Statutory auditors are authorized to hire legal counsel, certified public accountants and other outside professionals as necessary to spend expenses.
  - b. In the event the statutory auditor requests the payment of expenses in connection with the execution of his/her duties, the Company shall pay such expenses promptly from the Company unless it proves that the expenses in connection with such request are not necessary for the execution of the duties of the statutory auditor.
- ⑫ System to Ensure Effective Auditing by Statutory Auditors
- a. The representative director holds as many meetings as possible with the statutory auditors to exchange opinions on the Company's operations and communicates with them separately from the business reports at the meeting of the Board of Directors.
  - b. The statutory auditors regularly hold discussions with the accounting auditor and the Internal Audit Office to exchange information for effective audits.
- ⑬ System to Eliminate Antisocial Forces
- We are by no means involved with antisocial forces and organizations that threaten the order and safety of civil society, and we take a firm stance in cooperation with external lawyers and the police in responding to unjust demands.

(2) Outline of the status of operation of the system to ensure the appropriateness of operations

Matters concerning the system to ensure the appropriateness of the above-mentioned operations, we have been conducting ongoing audits of the status of the establishment and operation of the internal control system, mainly by the Internal Audit Office, since the establishment of the system. The content of these audits is reported to the representative director. In addition, we take corrective measures to address issues that are discovered as a result of audits and strive to establish and operate a more appropriate internal control system.

Our Board of Directors consists of 7 directors. Directors and the statutory auditors attend meetings of the Board

of Directors to report on the status of business execution from each director and to discuss and make resolutions on important matters.

In the meeting, the outside directors joined the resolution from an independent standpoint.

The outside directors monitor and supervise business operations. Furthermore, each statutory auditor audits the management in the same manner.

#### 4.Policies concerning decisions on Dividends of surplus

While enhancing profitability and building a business foundation, we intend to maintain a stable and continuous return of profits to shareholders through dividends, targeting a dividend payout ratio of 15%, while striking a balance with the internal reserves necessary for future business expansion.

Retained earnings will be used to strengthen and expand the management base, including marketing expenses for the expansion of the crowdfunding business, investment funds in the corporate funding business, and the strengthening of human resource recruitment and management systems, and will be prepared for the securing of profits for shareholders in the future.

When paying dividends from retained earnings, the Company's basic policy is to pay a year-end dividend once a year, and the decision-making body for the year-end dividend is the Annual General Meeting of Shareholders. In addition, we have adopted an interim dividend system stipulated in Paragraph 5 of Article 454 of the Companies Act, and our Articles of Incorporation provide that interim dividends may be paid by resolution of the Board of Directors.

**Consolidated Balance Sheet**

(As of December 31, 2021)

(Unit: millions of yen)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Current assets	56,744	Current liabilities	5,953
Cash and deposits	7,926	Short-term borrowings	216
Operating loans	6,270	Current portion of long-term borrowings	1,541
Real estate as inventory	42,023	Income taxes payable	1,009
Other	523	Deposits received	2,757
Non-current assets	239	Other	427
Property, plant and equipment	41	Non-current liabilities	40,182
Buildings	37	Long-term borrowings	31,584
Tools, furniture and fixtures	3	Deposits received from silent partnerships	6,959
Other	0	Other	1,638
Intangible assets	4	<b>Total liabilities</b>	<b>46,136</b>
Software	4	(Net assets)	
Investments and other assets	194	Shareholders' equity	10,784
Investment securities	31	Share capital	1,402
Deferred tax assets	109	Capital surplus	1,392
Other	53	Retained earnings	10,477
		Treasury shares	△ 2,488
		Share acquisition rights	63
		<b>Total net assets</b>	<b>10,847</b>
<b>Total assets</b>	<b>56,983</b>	<b>Total liabilities and net assets</b>	<b>56,983</b>

**Consolidated Statement of Income**  
(Fiscal year ended December 31, 2021)

(Unit: millions of yen)

Account	Amount	
Net sales		17,920
Cost of sales		10,964
Gross profit		6,956
Selling, general and administrative expenses		1,337
Operating profit		5,618
Non-operating income		
Dividend income	0	
Gain on investments in silent partnerships	0	
Gain on valuation of derivatives	28	
Foreign exchange gains	19	
Other	8	57
Non-operating expenses		
Interest expenses	316	
Commission fee	29	
Other	2	348
Ordinary profit		5,327
Profit before dividend distribution from silent partnerships and income taxes		5,327
Dividends distribution from silent partnerships		295
Profit before income taxes		5,031
Income taxes - current	1,579	
Income taxes - deferred	△ 13	1,565
Profit		3,465
Profit attributable to non-controlling interests		-
Profit attributable to owners of parent		3,465

**Consolidated Statement of Changes in Equity**  
(Fiscal year ended December 31, 2021)

(Unit: millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning	1,402	1,392	7,414	△ 2,515	7,693
Changes during the consolidated fiscal year					
Dividends of surplus	-	-	△ 401	-	△ 401
Disposal of treasury shares	-	-	△ 1	27	25
Profit attributable to owners of the parent	-	-	3,465	-	3,465
Net changes in items other than shareholders' equity	-	-	-	-	-
Total changes during the consolidated fiscal year	-	-	3,062	27	3,090
Balance at End	1,402	1,392	10,477	△ 2,488	10,784

	Share acquisition rights	Total net assets
Balance at beginning	27	7,721
Changes during the consolidated fiscal year		
Dividends of surplus	-	△ 401
Disposal of treasury shares	-	25
Profit attributable to owners of the parent	-	3,465
Net changes in items other than shareholders' equity	35	35
Total changes during the consolidated fiscal year	35	3,126
Balance at End	63	10,847



## Notes to the Consolidated Financial Statements

(Significant Matters which are Basis for Preparation of the Consolidated Financial Statements)

## 1. Scope of Consolidation

## (1) Status of consolidated subsidiaries

Number of consolidated subsidiaries: 2

## Major Consolidated Subsidiaries

Loadstar Funding K.K.

Loadstar Investments K.K.

## (2) Status of non-consolidated subsidiaries

Not applicable.

## 2. Equity-Method Accounting

Not applicable.

## 3. Fiscal Year of Consolidated Subsidiaries

The fiscal year-ends of consolidated subsidiaries are the same as the consolidated closing date.

## 4. Summary of Significant Accounting Policies

## (1) Valuation standards and methods for significant assets

## (i) Other securities (available-for-sale securities)

Securities without available market values	Stated at cost using the moving-average method. Investments in silent partnerships are based on the financial statements for the most recent balance sheet date using the net amount proportionate to the Company's ownership interests.
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## (ii) Derivatives

Derivatives are stated using the fair value method.

## (iii) Inventories

Real estate as inventory	Stated at cost determined by the specific identification method (The figures shown in the balance sheet have been calculated by writing them down based on decline in profitability.) Leased assets are amortized in accordance with property, plant and equipment standards.
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## (2) Depreciation or amortization method for significant depreciable assets

(i) Property, plant and equipment	The declining-balance method is applied. However, buildings (excluding facilities attached to buildings) and facilities attached to buildings acquired on or after April 1, 2016 are depreciated using the straight-line method. The estimated useful lives are from 4 to 8 years.
(ii) Intangible assets	The straight-line method is applied. Software for internal use is amortized on a straight-line basis over the estimated internal useful life (5 years)

## (3) Significant provisions

Allowance for doubtful accounts	The estimated amount of irrecoverable debt is calculated based on the historical write-off rate for ordinary receivables and recoverability of individual cases for specified receivables such as doubtful accounts.
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## (4) Other significant matters for preparation of consolidated financial statements

Accounting for consumption taxes	The tax exclusion method is applied. Non-deductible consumption taxes related to the Company's assets are included in acquisition cost of each asset.
Accounting for deferred assets Share issuance costs	All expenses are processed at the time of expenditure

## (Notes on Change of Presentation Method)

Changes accompanying the application of “Accounting Standard for Disclosure of Accounting Estimates” Accounting Standard for Disclosure of Accounting Estimates” (Accounting Standards Board of Japan (ASBJ) Statement No. 31, March 31, 2020) has been applied from the current fiscal year. Accordingly, the “Notes on Accounting Estimates” are stated in the Notes to consolidated Financial Statements.

## (Notes on Significant Accounting Estimates)

## 1. Assessment of the real estate as inventory

## (1) Amount recorded in the consolidated financial statements for the current fiscal year

	Current consolidated fiscal year (millions of yen)
Real estate as inventory	42,023
Loss on valuation of inventories (Cost of sales)	-

## (2) Information related to the details of significant accounting estimates for items identified

If the net sale value is lower than the book value, the Group uses the net sale value for assessment, and recognizes the difference between the net sale value and book value as loss on valuation of inventory.

The Group estimates expected sales values after considering independent valuation amounts, etc. or estimating rental fees, expected yields, etc., together with the impact of any future changing of demand, etc.

The economic outlook remains uncertain amid the COVID-19 pandemic, but the impact of the pandemic on real estate prices in the Group’s core market, Tokyo, is limited. The Group therefore estimates the value of inventory on the assumption that, based on external data on sale and purchase information available as of the end of the consolidated fiscal year under review, real estate prices will be maintained. Note that no loss on valuation of inventory was recorded in the consolidated fiscal year under review.

The future business performance of the Group may be affected owing to the reporting of loss on revaluation of inventories or other reasons if there are changes in assumptions, including a decline in estimated sales values as a result of a worsening of demand in the real estate market, etc.

## (Notes to Consolidated Balance Sheet)

## (1) Assets pledged as collateral and obligations secured by collateral

## (i) Assets pledged as collateral are as follows:

Real estate as inventory 42,009 million yen

## (ii) Secured obligations are as follows:

Current portion of Long-term borrowings 1,541 million yen

Long-term borrowings 31,284 million yen

Total 32,826 million yen

(2) Accumulated depreciation of Property, plant and equipment 34 million yen

## (Notes to Consolidated Statement of Changes in Equity)

## (1) Total number of issued shares

Common stock (As of December 31, 2021) 21,444,000 shares

## (2) Matters concerning dividends of surplus

## (i) Cash dividends paid

Resolution	Type of shares	Total dividends (millions of yen)	Dividends per share (yen)	Base date	Effective date
March 25, 2021 Annual general meeting of shareholders	Common stock	401	24.5	December 31, 2020	March 26, 2021

(ii) Dividends whose record date falls in the current consolidated fiscal year and whose effective date falls in the following consolidated fiscal year

Resolution	Type of shares	Source of dividends	Total dividends (millions of yen)	Dividends per share (yen)	Base date	Effective date
March 30, 2022 Annual general meeting of shareholders	Common stock	Retained earnings	525	32.0	December 31, 2021	March 31, 2022

(3) Class and number of potential shares resulting from the exercise of share acquisition rights (excluding shares for which the exercise period has not commenced) as of December 31, 2021

Common stock 208,000 shares

(Notes on Financial Instruments)

(1) Matters related to the status of financial instruments

(i) Policy on financial instruments

The Group only invests funds in highly secure financial assets and borrows funds from financial institutions such as banks. Derivatives are used to hedge against interest rate fluctuation risk on borrowings within the scope of actual demand, in line with internal control rules.

(ii) Contents and risks of financial instruments

Operating loans, which are trade receivables, are exposed to borrowers' credit risk. Foreign currency-denominated receivables are exposed to foreign exchange rate fluctuation risk.

Investment securities are not affected by market price fluctuation risk, because they consist of unlisted stock and investments in silent partnerships, but they are exposed to issuers' credit risk.

Deposits received from silent partnerships and some deposits received are monies, etc., invested by investors in the Crowdfunding Business, and are exposed to liquidity risk.

The primary purpose of borrowings is to procure funds for the acquisition of real estate investment properties, and the final repayment can be due up to 40 years after the settlement date. Borrowings are exposed to interest rate fluctuation risk.

Derivatives transactions are conducted for the purpose of hedging against the risk of fluctuations in interest rates on borrowings.

(iii) Risk management system for the financial instruments

A. Management of credit risks (risks pertaining to non-performance of contracts by counterparties)

The Group seeks to mitigate risk on trade receivables by managing schedules and balances for each individual customer and setting a revolving mortgage on collateral real estate.

The Group manages investment securities by regularly monitoring issuers' financial position and other information.

It is the Group's understanding that there is almost no credit risk in derivatives transactions, as transactions are only conducted with financial institutions with high credit ratings.

B. Management of market risks (risks related to market price fluctuations)

The department responsible for derivatives transactions executes and manages transactions with the approval of the person responsible for authorization in compliance with internal control rules that prescribe details relating to authority over derivatives transactions.

C. Management of liquidity risk related to financial liabilities (risk of inability to pay on the due date)

Regarding borrowings, the department responsible prepares and updates financing plans as required and manages liquidity risk through maintaining liquidity on hand and other measures. For deposits received from silent partnerships, financing plans are prepared and updated based on the silent partnership agreement and liquidity risk managed through segregated management, maintaining liquidity on hand, and other measures.

Liquidity risk of deposits received comprising monies received from investors is managed through segregated management, maintaining liquidity on hand, and other measures.

## (iv) Supplementary explanation of fair value of financial instruments

The fair values of financial instruments include values based on market prices and reasonably calculated values if there is no market price. Since variable factors are incorporated in the calculation of the value, the value may fluctuate by adopting different assumptions, etc.

## (2) Fair value of financial instruments

At December 31, 2021, the book values of the Consolidated Balance Sheet, fair values and differences between them are as follows

(Unit: millions of yen)

	Consolidated Balance Sheet amount	Fair value <sup>(*)</sup>	Difference
Cash and deposits	7,926	7,926	-
Operating loans	6,270	6,268	△1
Deposits received	(2,757)	(2,757)	-
Long-term borrowings (including current portion)	(33,126)	(33,125)	△0
Derivative transaction	(58)	(58)	-

(\*) Accounts recognized as liabilities and accounts that becomes liabilities on a net basis (Derivative transaction) are shown in ().

## Note1: Methods for calculating the fair values of financial instruments and derivative transactions

## Cash and deposits

Since the settlement periods for the foregoing are short, the fair values thereof are essentially equal to the book values. Therefore, the corresponding book value is used as the fair value.

## Operating loans

The Group calculates the fair value of operating loans using the present value obtained by discounting future cash flow using an interest rate determined by adding credit spread to an appropriate indicator such as government bond yields.

## Deposits received

Of deposits received, monies received from investors can be refunded to investors at any time upon request. As the amount refunded is equal to the book value, the corresponding book value is used as the fair value. Since the settlement periods for other deposits received are short, fair values thereof are essentially equal to the book values. Therefore, the corresponding book value is used as the fair value.

## Long-term borrowings

The fair value of long-term loans payable is based on the method of calculation whereby the sum of principal and interest is discounted by an interest rate assumed when a new, similar loan is made.

## Derivative transaction

## (i) Items for which hedge accounting is not applied

(Unit: millions of yen)

Category	Transaction type	Contract amount	Amount over 1 year	Fair value
Transaction other than market transaction	Interest rate swap transaction Variable receipt / fixed payment	6,000	6,000	△58

(\*) The fair values of derivatives are based on the prices obtained from the counterparty financial institutions.

## (ii) Hedge accounting is applied

Not applicable.

Note2: Financial instruments whose fair values are deemed extremely difficult to determine

(Unit: millions of yen)

Category	Book value in the consolidated balance sheet
Investment securities (Unlisted stocks, etc.)	31
Deposits received from silent partnerships	6,959

(\*) The fair value of Investment securities and Deposits received from silent partnerships is considered to be quite difficult to calculate, as there are no market prices. For this reason, they are not subject to the disclosure of fair value.

(Notes on Per Share Information)

(1) Net assets per share	656.46 yen
(2) Earnings per share	211.50 yen

(Subsequent Event)

Purchase of Treasury Shares

At the meeting of Board of Directors held on January 12, 2022, the Company resolved to repurchase its stock in accordance with Article 156 of the Companies Act, as applied pursuant to paragraph 3 of Article 165 of the Companies Act.

(1) Reason for purchasing of treasury shares

The Group repurchased treasury shares to enhance shareholder returns and further increase capital efficiency based on comprehensive consideration of the Group's overall financial position and other factors such as share price, which the Group believes to be trending at an undervalued range.

(2) Detail of repurchase

(i) Class of share	Common stock of the Company
(ii) Total number of shares to be repurchased	Up to 1,500,000 shares
(iii) Total amount	Up to 1,500,000,000 yen
(iv) Period	From January 24, 2022 to April 30, 2022
(v) Repurchase method	Auction market on Tokyo Stock Exchange, by a securities company based on the discretionary investment agreement.

(3) Result of repurchase (As of January 31, 2022)

(i) Class of share	Common stock of the Company
(ii) Total number of shares to be repurchased	141,300 shares
(iii) Total amount	197,443,300 yen

Other Notes

(Business Combination)

Transaction between companies under common control

Absorption-type company split of the Company's Asset Management Business and Crowdfunding Business

(1) Outline of transaction

(i) Description of businesses

Asset Management Business

Business that manages investment real estate on behalf of investors

Crowdfunding Business

Operation of real estate-specialized crowdfunding "Owners Book"

(ii) Date of business combination

August 1, 2021

(iii) Legal structure of business combination

Absorption-type company split with the Company as the company to be split and Loadstar Investments K.K. as

the company absorbing the operations to be split off.

- (iv) Name of company after business combination  
Loadstar Investments K.K.
  - (v) Other matters relating to the outline of transaction  
To strengthen the Asset Management Business and Crowdfunding Business, as well as the compliance system.
- (2) Outline of accounting treatment  
Pursuant to the “Accounting Standard for Business Combinations” (ASBJ Accounting Standard No. 21 issued on January 16, 2019) and the “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Implementation Guidance No. 10 issued on January 16, 2019), accounted as a transaction between companies under common control.

**Non-consolidated Balance Sheet**

(As of December 31, 2021)

(Unit: millions of yen)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Current assets	46,335	Current liabilities	3,134
Cash and deposits	3,775	Short-term borrowings	216
Real estate as inventory	42,023	Current portion of long-term borrowings	1,541
Prepaid expenses	50	Accounts payable	75
Advance payments	152	Accrued expenses	111
Other	332	Income taxes payable	924
Non-current assets	355	Advances received	204
Property, plant and equipment	41	Deposits received	58
Buildings	37	Other	1
Tools, furniture and fixtures	3	Non-current liabilities	33,223
Other	0	Long-term borrowings	31,584
Investments and other assets	314	Other	1,638
Investment securities	31	<b>Total liabilities</b>	<b>36,357</b>
Shares of subsidiaries and associates	130	(Net assets)	
Deferred tax assets	101	Shareholders' equity	10,269
Investments in capital	10	Share capital	1,402
Other	41	Capital surplus	1,392
		Legal capital surplus	1,392
		Retained earnings	9,963
		Other retained earnings	9,963
		Retained earnings brought forward	9,963
		Treasury shares	△2,488
		Share acquisition rights	63
		<b>Total net assets</b>	<b>10,333</b>
<b>Total assets</b>	<b>46,691</b>	<b>Total liabilities and net assets</b>	<b>46,691</b>

**Non-consolidated Statement of Income**  
(Fiscal year ended December 31 , 2021)

(Unit: millions of yen)

Account	Amount	
Net sales		17,258
Cost of sales		10,964
Gross profit		6,294
Selling, general and administrative expenses		1,214
Operating profit		5,079
Non-operating income		
Dividend income	0	
Gain on investments in silent partnerships	0	
Gain on valuation of derivatives	28	
Gain on reversal of restoration expenses	5	
Other	3	38
Non-operating expenses		
Interest expenses	317	
Commission fee	29	
Other	1	348
Ordinary profit		4,769
Profit before income taxes		4,769
Income taxes - current	1,481	
Income taxes - deferred	△ 5	1,475
Profit		3,294



**Non-consolidated Statement of Changes in Equity**  
(Fiscal year ended December 31 , 2021)

(Unit: millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
				Retained earnings brought forward			
Balance at beginning	1,402	1,392	1,392	7,187	7,187	△ 2,515	7,466
Changes during the fiscal year							
Dividends of surplus	-	-	-	△ 401	△ 401	-	△ 401
Disposal of treasury shares	-	-	-	△ 1	△ 1	27	25
Decrease due to company split	-	-	-	△ 115	△ 115	-	△ 115
Profit	-	-	-	3,294	3,294	-	3,294
Net changes in items other than shareholders' equity	-	-	-	-	-	-	-
Total changes during the fiscal year	-	-	-	2,775	2,775	27	2,803
Balance at end	1,402	1,392	1,392	9,963	9,963	△ 2,488	10,269

	Share acquisition rights	Total net assets
Balance at beginning	27	7,494
Changes during the fiscal year		
Dividends of surplus	-	△ 401
Disposal of treasury shares	-	25
Decrease due to company split	-	△ 115
Profit	-	3,294
Net changes in items other than shareholders' equity	35	35
Total changes during the fiscal year	35	2,839
Balance at end	63	10,333

## Notes to Non-consolidated Financial Statements

## (Summary of Significant Accounting Policies)

## 1. Valuation standards and methods for assets

## (1) Valuation standards and methods for securities

## (i) Shares of subsidiaries and affiliates

Stated at cost using the moving-average method.

## (ii) Other securities (available-for-sale securities)

Securities without available market values	Stated at cost using the moving-average method. Investments in silent partnerships are based on the financial statements for the most recent balance sheet date using the net amount proportionate to the Company's ownership interests.
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## (2) Assessment criteria and assessment methods of Derivatives

Derivatives are stated using the fair value method.

## (3) Assessment criteria and assessment methods of Inventories

Real estate as inventory	Stated at cost determined by the specific identification method (The figures shown in the balance sheet have been calculated by writing them down based on decline in profitability.) Leased assets are amortized in accordance with property, plant and equipment standards.
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## (4) Depreciation of non-current assets

(i) Property, plant and equipment	The declining-balance method is applied. However, buildings (excluding facilities attached to buildings) and facilities attached to buildings acquired on or after April 1, 2016, are depreciated using the straight-line method. The estimated useful lives are from 4 to 8 years.
(ii) Intangible assets	The straight-line method is applied. Software for internal use is amortized on a straight-line basis over the estimated internal useful life (5 years)

## (5) Standards for provisions

Allowance for doubtful accounts	The estimated amount of irrecoverable debt is calculated based on the historical write-off rate for ordinary receivables and recoverability of individual cases for specified receivables such as doubtful accounts.
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## (6) Other significant matters for preparation of financial statements

Accounting for consumption taxes	The tax exclusion method is applied. Non-deductible consumption taxes related to the Company's assets are included in acquisition cost of each asset.
Accounting for deferred assets Share issuance costs	All expenses are processed at the time of expenditure

## (Notes on Change of Presentation Method)

Changes accompanying the application of "Accounting Standard for Disclosure of Accounting Estimates"

Accounting Standard for Disclosure of Accounting Estimates" (Accounting Standards Board of Japan (ASBJ) Statement No. 31, March 31, 2020) has been applied from the current fiscal year. Accordingly, the "Notes on Accounting Estimates" are stated in the Notes to Non-consolidated Financial Statements.

## (Notes on Significant Accounting Estimates)

## 1. Assessment of the real estate as inventory

## (1) Amount recorded in the non-consolidated financial statements for the current fiscal year

	Current non-consolidated fiscal year (millions of yen)
Real estate as inventory	42,023
Loss on valuation of inventories (Cost of sales)	-

## (2) Information related to the details of significant accounting estimates for items identified Same as notes to the consolidated financial statements.

## (Notes to Balance Sheet)

## (1) Assets pledged as collateral and obligations secured by collateral

## (i) Assets pledged as collateral are as follows:

Real estate as inventory 42,009 million yen

## (ii) Secured obligations are as follows:

Current portion of Long-term borrowings 1,541 million yen

Long-term borrowings 31,284 million yen

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Total 32,826 million yen

(2) Accumulated depreciation of Property, plant and equipment 34 million yen

## (3) Monetary receivables from and payables to subsidiaries and affiliates (excluding those presented separately)

Short-term monetary receivables 41 million yen

## (Notes to Statement of Income)

## Transactions with affiliated companies

Non-operating transactions 0 million yen

## (Notes to Statement of Changes in Equity)

## Matters concerning the Treasury shares (As of December 31, 2021)

Common stock 5,016,130 shares

## (Notes on Tax Effect Accounting)

## Breakdown of Deferred tax assets and deferred tax liabilities by major cause

(Unit: millions of yen)

Accrued enterprise tax	46
Accounts payable	3
Commission fee	43
Excess depreciation	4
Asset retirement obligations	3
Deferred tax assets total	<u>101</u>

(Notes on Transactions with Related Parties)  
Subsidiaries and affiliates

(Unit: millions of yen)

Type	Company name	Percentage of voting rights held	Relationship with related parties	Contents of the transaction	Transaction amount	Subject	Year-end balance
Subsidiary	Loadstar Funding K.K.	Possession Direct 100%	Loan of funds Concurrent appointment posts	collection of loans receivable	100		

Note 1. Of the above amounts, the transaction amount does not include consumption taxes, etc.

## Note 2. Transaction Terms and Policy for Determining Transaction Terms

The Company determines each transaction under general terms and conditions similar to those for independent third-party transactions.

## (Notes on Per Share Information)

(1)	Net assets per share	625.14 yen
(2)	Earnings per share	201.04 yen

## (Subsequent Event)

Purchase of Treasury Shares

Same as notes to the consolidated financial statements.

## Other Notes

(Business Combination)

Same as notes to the consolidated financial statements.

(TRANSLATION)

## INDEPENDENT AUDITOR'S REPORT

February 9, 2022

To the Board of Directors of  
Loadstar Capital K.K.:

Deloitte Touche Tohmatsu LLC  
Tokyo office

Designated Engagement Partner,  
Certified Public Accountant:

Junichi Fujii

Designated Engagement Partner,  
Certified Public Accountant:

Yutaka Takeda

### Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of Loadstar Capital K.K. and its consolidated subsidiaries (the "Group"), namely, the consolidated balance sheet as of December 31, 2021, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from January 1, 2021 to December 31, 2021, and the related notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021, and its consolidated financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

(TRANSLATION)

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

(TRANSLATION)

**Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.



(TRANSLATION)

## INDEPENDENT AUDITOR'S REPORT

February 9, 2022

To the Board of Directors of  
Loadstar Capital K.K.:

Deloitte Touche Tohmatsu LLC  
Tokyo office

Designated Engagement Partner,  
Certified Public Accountant:

\_\_\_\_\_  
Junichi Fujii

Designated Engagement Partner,  
Certified Public Accountant:

\_\_\_\_\_  
Yutaka Takeda

### Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the nonconsolidated financial statements of Loadstar Capital K.K. (the "Company"), namely, the nonconsolidated balance sheet as of December 31, 2021, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 10th fiscal year from January 1, 2021 to December 31, 2021, and the related notes and the accompanying supplemental schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Nonconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the nonconsolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

(TRANSLATION)

In preparing the nonconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the nonconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these nonconsolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the nonconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

(TRANSLATION)

**Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

## Audit Report by Audit & Supervisory Board

### Audit Report

Based on the audit reports prepared by each statutory auditor with respect to the execution of duties by Directors for the tenth fiscal year from January 1, 2021 to December 31, 2021, this Audit & Supervisory Board will prepare this audit report and report as follows.

#### 1. Methods and Contents of Audit by Statutory Auditors and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board stipulated auditing policies, auditing plans, and the division of duties, and received reports on the status of implementation and results of audits from each statutory auditor. The Audit & Supervisory Board also received reports on the status of execution of its duties from the Directors, etc. and the Accounting Auditors, and requested explanations as necessary.
- (2) Each statutory auditor communicated with directors, the Internal Audit Office and other employees in accordance with the audit policies, audit plans, and the division of duties established by the Audit & Supervisory Board, and endeavored to gather information and improve the audit environment. Audits were conducted by the following methods.
  - ① We attended meetings of the Board of Directors and other important meetings, received reports from directors, the Internal Audit Office, and other employees on the status of the execution of their duties, requested explanations as necessary, inspected important approval documents, and investigated the status of operations and assets at the Head Office. With regard to subsidiaries, we communicated with directors of subsidiaries and exchanged information, and received reports from subsidiaries as necessary.
  - ② The Board of Directors regularly received reports from the Directors, the Internal Audit Office, and other employees on the structure and operation of the system (internal control system) established based on the resolution of the Board of Directors concerning the establishment of the system stipulated in Clauses 1 and 3 of Article 100 of the Ordinance for Enforcement of the Companies Act as necessary for ensuring the appropriateness of the operations of the corporate group consisting of the Kabushiki-Kaisha and its subsidiaries, including the system to ensure that the execution of the duties of the directors stated in the business report complies with laws and regulations and the articles of incorporation, as well as the business operations of the corporate group consisting of the Kabushiki-Kaisha and its subsidiaries. The Board of Directors requested explanations and expressed opinions where necessary.
  - ③ The Accounting Auditor maintains an independent position and conducts appropriate audits. In addition to monitoring and verifying whether they were performing their duties, the Company received reports from the Accounting Auditor on the status of their execution of their duties, and requested explanations as necessary. In addition, we received notice from the Accounting Auditor to the effect that the "System to Ensure Proper Execution of Duties" (matters listed in each item of Article 131 of the Regulation on Corporate Accounting) has been developed in accordance with the "Quality Control Standards for Audits" (October 28, 2005, Business Accounting Deliberation Council), etc., and requested explanations where necessary.

Based on the above methods, we examined the business report and its supplementary schedules, financial statements (balance sheet, profit and loss statement, statement of changes in shareholders' equity, and non-consolidated explanatory notes), the annexed detailed statements thereof, and the consolidated financial statements (consolidated balance sheet, consolidated profit and loss statement, consolidated statement of changes in shareholders' equity, and consolidated explanatory notes) for the relevant business year.

2.Results of the audit

(1) Audit results concerning business reports

① The business report and supplementary schedules thereof shall be deemed to accurately indicate the status of the Company in accordance with laws and regulations and the Articles of Incorporation.

② There were no improper acts concerning the execution of duties by directors or material facts in violation of laws and regulations or the Articles of Incorporation.

③ In our opinion, the resolutions of the Board of Directors regarding the internal control system are reasonable.

In addition, there are no items that need to be pointed out regarding the contents of the business report on the internal control system and the execution of duties by the directors.

(2) Audit results concerning non-consolidated financial statements and supplementary schedules

In our opinion, the auditing methods and results of Deloitte Touche Tohmatsu LLC are reasonable.

(3) Results of audit of consolidated financial statements

In our opinion, the auditing methods and results of Deloitte Touche Tohmatsu LLC are reasonable.

3.Subsequent Event

At the meeting of Board of Directors held on January 12, 2022, the Company resolved to repurchase its stock in accordance with Article 156 of the Companies Act, as applied pursuant to paragraph 3 of Article 165 of the Companies Act. The Audit & Supervisory Board believes this event shall not affect our opinion.

February 15, 2022

Audit & Supervisory Board of of Roadster Capital K.K.

REFERENCE MATERIALS FOR THE ANNUAL GENERAL MEETING OF  
SHAREHOLDERS

Proposal 1: Appropriation of Retained Earnings

The Company considers the return of profits to shareholders to be a priority management issue. Based on the Company's policy of maintaining stable dividends, and taking into account future business development, and other factors, the Board of Directors has resolved to pay the following year-end dividend for the Company's 10th fiscal year.

Matters concerning the year-end dividend

① Type of dividend assets:

Cash

② Item concerning allotment of dividend assets to shareholders and total amount of dividends:

JPY 32 per share of common stock. Total amount JPY 525,691,840

③ Effective date of the dividend

March 31, 2022

④ (First payment date for dividend)

March 31, 2022

## Proposal 2: Partial Amendments to the Articles of Incorporation

### 1. Reasons for the proposal

The Act Partially Amending the Companies Act (Act No. 70 of 2019) established a system for providing shareholders' meeting materials in an electronic format, and will have the system enforced from September 1, 2022. In order to accommodate this system, the following amendments shall be made to the Articles of Incorporation of the Company.

Article 15, Paragraph 1 of the proposed amendments shall stipulate that the Company shall take measures to provide information to be stated in Reference Documents for the Shareholders' Meetings and related documents in an electronic format.

Article 15, Paragraph 2 of the proposed amendments shall establish a provision to limit the scope of materials in a paper-based format to be delivered to shareholders who have requested delivery of materials in a paper-based format.

Internet disclosure and deemed provision of Reference Documents for the Shareholders' Meetings and related documents (Article 15 of the current Articles of Incorporation) shall be deleted because this provision will be unnecessary under the system for providing materials in an electronic format.

Supplementary provisions on the effective date and related matters shall be established in conjunction with the above establishment and deletion of provisions.

### 2. Description of the amendments

Description of the amendments is as follows:

(Amended parts are underlined.)

Current	Proposed amendments
<p><u>(Internet Disclosure and Deemed Provision of Reference Documents for the Shareholders' Meetings and Related Documents)</u>  <u>Article 15 Regarding the convocation of a Shareholders' Meeting, the Company may be deemed to have provided information relating to matters to be stated or presented in Reference Documents for the Shareholders' Meetings, Business Report, Financial Statements and Consolidated Financial Statements to shareholders, by disclosing the said information via the Internet in accordance with the provisions of the Ordinance of the Ministry of Justice.</u></p> <p>(Newly established)</p>	<p>(Deleted)</p> <p><u>(Measures to Provide Materials in an Electronic Format)</u>  <u>Article 15 When convening a Shareholders' Meeting, the Company shall take measures to provide materials containing information to be stated in Reference Documents for the Shareholders' Meetings and related documents in an electronic format.</u></p>

(Newly established)

22. Regarding matters provided through measures to provide materials in an electronic format, the Company may omit all or part of the matters stipulated in the Ordinance of the Ministry of Justice from materials in a paper-based format to be delivered to shareholders who have requested delivery of materials in a paper-based format by the record date for voting rights.

(Supplementary Provisions)

1. Deletion of Article 15 (Internet Disclosure and Deemed Provision of Reference Documents for the Shareholders' Meetings and Related Documents) of the current Articles of Incorporation and establishment of Article 15 (Measures to Provide Materials in an Electronic Format) of the proposed amendments shall become effective on the date of enforcement of the provisions stipulated in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (the "Enforcement Date").
2. Notwithstanding the provisions in the preceding paragraph, for any Shareholders' Meeting held within six (6) months from the Enforcement Date, Article 15 of the current Articles of Incorporation shall remain effective.
3. These Supplementary Provisions shall be deleted on the day on which six (6) months have passed from the Enforcement Date or the day on which three (3) months have passed from the date of the Shareholders' Meeting in the preceding paragraph, whichever is later.



Proposal 3 Election of two Directors

The terms of office of 2 Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the Company proposes the election of 2 Directors.

The candidates for Director are as follows:

No.	Name (Date of Birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the C o m p a n y h e l d
1	Tatsushi Iwano [Reappointment] (May 23,1973)	April 1996    Joined Japan Real Estate Institute April 2000    Joined Goldman Sachs Realty Japan Ltd., August 2004    Joined Rockpoint Management Japan LLC, March 2012    Founded the Company Appointed as President of the Company (incumbent) May 2014      Appointed as President and Representative Director, Loadstar Funding K.K. (incumbent) August 2019    Appointed as Director, Loadstar Investments K.K.  (Significant concurrent positions) President and Representative Director, Loadstar Funding K.K. Director, Loadstar Investments K.K.	3,360,000
2	Hideo Wanami [Reappointment] (May 8,1952)	April 1980    Joined the Tokyo Regional Taxation Bureau July 2005      Appointed professor at the National Tax Agency's National Tax College July 2007      Appointed National Tax Examiner in the First Examination Department of the Tokyo Regional Taxation Bureau August 2008    Registration as tax accountant September 2008 Appointed executive advisor at Grant Thornton Taiyo ASG Tax Corporation (now Taiyo Grant Thornton Tax Corporation) July 2009      Joined PricewaterhouseCoopers Tax Japan (now PwC Tax Japan) April 2014      Joined AlixPartners Asia LLC January 2015    Appointed executive advisor at AlixPartners Asia LLC March 2018    Appointed as outside director (incumbent)	-

- Note 1. There is no special interest between each candidate for Director and the Company.
2. The number of shares of the Company owned by each candidate is as of December 31, 2021.
  3. Mr. Hideo Wanami is a candidate for Outside Director.
  4. (1) Reasons for selecting Mr. Tatsushi Iwano as a candidate for reappointment as Director are as follows. He has directed the management of the Company and has led its growth since its founding. The Board of Directors recommends that shareholders reappoint Mr. Iwano in the interests of the further growth and development of the Company.  
(2) Reasons for selecting Mr. Hideo Wanami as a candidate for reappointment as an Outside Director are as follows. His work duties in important positions in the National Tax Agency and as a professor at the National Tax Agency's National Tax College and as a tax accountant have provided him with extensive knowledge of finance and accounting and exceptional insight into tax auditing. Although he has no direct experience in corporate management, he has supported corporate management as an advisor and has used his extensive knowledge and experience to contribute beneficial comments from a fair and impartial perspective at Board of Directors meetings. To continue to receive his contributions toward the ongoing enhancement of our corporate value, the Board of Directors recommends that shareholders reappoint Mr. Wanami as an Outside Director.
  5. Mr. Hideo Wanami currently serves as an Outside Director of the Company, and his term of office as an Outside Director will reach four years at the conclusion of this year's Annual General Meeting of Shareholders.
  6. To enable him to contribute fully in his role as an Outside Director, and pursuant to the provisions of Paragraph 1, Article 427 of the Companies Act and the Company's Articles of Incorporation, the Company has entered into an agreement with Mr. Hideo Wanami that limits his liability for damages as prescribed in Paragraph 1, Article 423 of the Companies Act. If his reappointment is approved, the period of the current agreement will be extended. Under the terms of this agreement, his liability for damages is limited to two years of his total annual remuneration from the Company or the minimum limited amount stipulated by applicable laws and regulations, whichever is higher.
  7. The Company has registered Mr. Hideo Wanami as an Independent Officer as defined by the Tokyo Stock Exchange. Should his reappointment be approved, the Company will continue registering him as an Independent Officer.
  8. The Company has entered into a liability insurance agreement for Officers, etc. with an insurance company as stipulated in Paragraph 1, Article 430-3 of the Companies Act (agreement is scheduled to be renewed in September 2022). Under the terms of this insurance agreement, litigation expenses and compensation for damages arising from legal action against Officers, etc. in connection with their fulfillment of their duties for the Company shall be compensated by the Company. The insurance premium is fully borne by the Company, and the candidates will be covered by this insurance if reappointed.

Proposal 4 Determination of remuneration in relation to the granting of shares with restrictions on transfer to directors (excluding outside directors)

The amount of remuneration etc. for directors was approved at the 7th Annual General Meeting of Shareholders held on March 28, 2019. Approval was received for limiting the total amount of remuneration to within a determined range (100 million yen per year as monetary remuneration plus an amount equivalent to 5% of consolidated profit before income taxes for the previous fiscal year). The Company is now putting forward a proposal for granting directors (excluding outside directors; hereinafter “Eligible Directors”) remuneration in the form of shares with restrictions on transfer in addition to the abovementioned remuneration. The aim is to incentivize Eligible Directors in pursuing the sustained enhancement of the Company’s corporate value, and to further align incentives for Eligible Directors with the interests of shareholders.

There are currently 4 Eligible Directors and if agenda item 3 is approved as originally proposed, the number of Eligible Directors will remain unchanged at 4.

The remuneration paid in order to grant shares with restrictions on transfer to Eligible Directors in accordance with this agenda item, shall be in the form of monetary claims and the total amount considered appropriate in light of the abovementioned objectives, shall be less than 100 million yen per year. The specific payment period and allotment to each individual Eligible Director shall, in principle, be determined by the Board of Directors based on consultations with, and recommendations from, the Nomination and Compensation Committee.

The Eligible Directors shall, based on a resolution of the Company’s Board of Directors, tender the full amount of monetary claims to be paid in line with this agenda item in the form of contributions in kind, and the shares granted shall be issued or disposed common shares of the Company. The total number of common shares of the Company issued or disposed shall be no more than 60,000 shares per year. If, however, a stock split or reverse stock split of the Company’s common shares (including gratis allotment of the Company’s common shares) is implemented on or after the day this agenda item is approved, the total number of shares shall be adjusted to within a reasonable range. The total number of shares shall also be adjusted to within a reasonable range should any other matters necessitating adjustment to the total number of common shares of the Company to be issued or disposed of as shares with restrictions on transfer arises. The per-share payment amount shall be determined by the Board of Directors of the Company, based on the closing price of the Company’s common shares on the Tokyo Stock Exchange on the business day prior to the Board of Directors meeting. If no trading occurs on the business day prior to the Board of Directors meeting, the payment amount shall be determined by the Board of Directors based on the closing price of the most recent trading day prior that day. The amount shall be determined within a range that is not be particularly favorable to Eligible Directors. Any issuance or disposal of the Company’s common shares, or payment of monetary claims as contributions in kind made in this manner shall be conducted on the condition that an agreement on the allotment of shares with restrictions on transfer (hereinafter “Allotment Agreement”) be concluded between the Company and Eligible Directors. Allotment Agreements shall contain the following provisions.

- (1) Eligible Directors shall not transfer, set security interests on, or in any other way dispose of the Company’s common shares (hereinafter referred to as “Transfer Restrictions”) received through an Allotment Agreement (hereinafter referred to as the “Allotted Shares”) during the period from the date when shares with restrictions on transfer are issued to the date when the Eligible Director ceases the positions predetermined by the Board of Directors (hereinafter referred to as “Non-Applicable Grounds”) (hereinafter referred to as the “Transfer Restriction Period”).
- (2) If an Eligible Director falls under the Non-Applicable Grounds before the end of a period separately determined by the Company’s Board of Directors (hereinafter referred to as the “Service Period”), the Company shall as a matter of course and at no cost acquire the Allotted Shares except when the Company’s Board of Director considers the reasons justifiable.

- (3) The Company shall lift Transfer Restrictions for all Allotted Shares held by an Eligible Director at the end of the Transfer Restriction Period subject not to fall under the Non-Applicable Grounds during the Service Period. However, if the Eligible Director falls under the Non-Applicable Grounds before the end of the Service Period with a reason considered justifiable by the Company's Board of Directors as described in (2) above, the time when the Transfer Restrictions shall be lifted and the number of Allotted Shares whose Transfer Restrictions are to be lifted shall be adjusted in a reasonable manner as necessary.
- (4) The Company shall, as a matter of course and at no cost, acquire any Allotted Shares whose Transfer Restrictions have not been lifted, as set forth in (3) above, at the end of the Transfer Restriction Period.
- (5) If any matters involving a merger agreement where the Company becomes the dissolved company, or a stock exchange agreement, a stock transfer plan, or any other structural reorganization where the company would become a wholly owned subsidiary is approved at a shareholders meeting (or by the Board of Directors, in cases where agreement on such a structural reorganization requires no approval at a shareholders meeting) before the Transfer Restriction Period expires, the company's Board of Directors shall lift the Transfer Restrictions for a reasonable number of Allotted Shares before the effective date of said structural reorganization, based on a resolution of the Board of Directors of the Company.
- (6) In cases stipulated in (5) above, the Company shall as a matter of course and at no cost acquire any Allotted Shares whose Transfer Restrictions have not been lifted at the time immediately following the lifting of Transfer Restrictions in accordance with the provisions of (5) above.
- (7) Other Allotment Agreement-related matters shall be determined by the Board of Directors of the Company.

The Board of Directors determined, at a meeting held on February 22, 2022, the basic policy regarding the details of remuneration to individual directors and the anticipated revisions to that policy to be implemented if the relevant agenda item is approved. The Board of Directors considers the granting of Allotted Shares based on this agenda item to be in line with that basic policy (after the abovementioned revisions). Additionally, as the total value of the Allotted Shares evaluated at the market price on the business day before the date of the resolution of the Board of Directors that determines the value of Allotted Shares per year shall be within the abovementioned value range and the dilution rate is also minimal, the Company deems this granting of Allotted Shares to be reasonable.