

January 27, 2025

To Whom It May Concern

Strategic Capital, Inc.
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**Re: Initiation of a judicial procedure and launch of a special website for
GOLDCREST CO., LTD (8871)**

Strategic Capital, Inc. and funds managed by Strategic Capital (hereinafter referred to as “Strategic Capital”) hold approximately 13.1% of Goldcrest Co., Ltd. (hereinafter referred to as "Goldcrest" or the “Company” as the context requires).

The Fund and Strategic Capital are pleased to announce that, on September 9th, 2024, we started a legal procedure and on January 27th, 2025, we launched a special website(<https://stracap.jp/english/8871-GOLDCREST.pdf>) for Goldcrest.

Details

The judicial procedure

On September 9, 2024, after determining that Hidetoshi Yasukawa, the President and Representative Director of Goldcrest (“President Yasukawa”), may have profited by improper actions in violation of the Companies Act, SC submitted a request to inspect and copy the minutes of the Board of Directors’ meetings and the accounting books (“judicial procedure”) in preparation for a possible shareholder derivative action.

Special website

On January 27, 2025, we created a special website (<https://stracap.jp/english/8871-GOLDCREST.pdf>) in order to share our awareness of these issues with other minority shareholders regarding the current situation in which Goldcrest's shareholder value is being undermined.

The website provides a detailed explanation regarding the issues facing Goldcrest, including background of the judicial procedure.

Executive Summary of the website

Dysfunctional governance that is leaving conflict of interest risks unchecked

- A private company (“Satohide”) owned by Goldcrest president and controlling shareholder President Yasukawa developed condominiums with almost identical specifications in the same area raising clear concerns of a conflict of interest between the controlling shareholder and minority shareholders over business opportunities.
- The TSE requires listed companies with a controlling shareholder to provide comprehensive disclosure on how to deal with the risk of such conflict of interest. However, Goldcrest failed to release such important information regarding the risk of conflict between the controlling shareholder and minority shareholders. Therefore, we must conclude that Goldcrest’s governance is dysfunctional.

Suspected conflict of interest in the form of “snatched” business opportunities

- Several condos developed by Goldcrest and a condo, LF Shinkawasaki, developed by Satohide have showrooms in the same location and are almost identical in terms of location, price and floor plans which raises concerns that customers will flow away from Goldcrest. Goldcrest’s CR Kawasaki project even has nearly identical size, timing of land acquisition, timing of construction and other factors that can affect the profitability of projects.
- It is possible that the LF Shinkawasaki project was an attractive opportunity for Goldcrest that was “snatched” away. As a result of a governance system that is dysfunctional and fails to control the risk of conflict of interest, there is a concern that the opportunity was “snatched” away by the controlling shareholder resulting in the detriment of minority shareholders’ interest.

Control by President Yasukawa imposes an unreasonable tax burden on Goldcrest

- As a family-owned business, Goldcrest is being forced to pay an accumulated earnings tax (AET). The AET is designed to curb tax savings by owners of family-owned companies and is unreasonable for Goldcrest’s minority shareholders.

Shareholder value is being neglected

- Despite a stock price that is regularly below 1x PBR, Goldcrest has yet to respond to the TSE’s request to develop or disclose a plan. With a low ROE and far higher shareholder’s equity ratio than its peers, it is no surprise that the stock price is languishing below 1x PBR.

President Yasukawa does not have the confidence of minority shareholders

- Around 85% of the minority shareholders opposed the appointment of President Yasukawa, which means that majority of shareholders other than himself do not have confidence in him.
- President Yasukawa should sincerely work to increase shareholder value. Otherwise, if he cannot or will not, he should choose to delist the company. -Fin