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February 29, 2024

Dear Shareholders,

Tatsushi Iwano
President, Loadstar Capital K.K.

Notice of the 12th Annual General Meeting of Shareholders

We hereby notify you that the 12th Annual General Meeting of Shareholders of Loadstar Capital K.K. (hereinafter referred to as "the Company") will be held as described below.

1. Date and time Friday, March 22, 2024, 10:00 a.m. (JST)
2. Location Tokyo Convention Hall 5th floor TOKYO SQUARE GARDEN
3. Meeting Agenda
 Matters to be Reported: 1. Business Report, Consolidated Financial Statements for the 12th Fiscal Year (January 1, 2023, to December 31, 2023) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of Consolidated Financial Statements.
 2. Non-Consolidated Financial Statements for the 12th Fiscal Year (January 1, 2023, to December 31, 2023)

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: Election of Three Audit & Supervisory Board Members
- Proposal 5: Election of One Substitute Audit & Supervisory Board Member

4. Guide to Exercising Voting Rights

If you are exercising your voting rights by mail and do not indicate your approval or disapproval of the proposals, you will be deemed to have approved the proposals.

In convening this Annual General Meeting of Shareholders, the Company has taken measures for providing information that contains reference documents for the General Meeting of Shareholders, etc. ("the matters to be provided electronically") in electronic format and has posted this information as the "Notice of the 12th Annual General Meeting of Shareholders" on the Company's website. Please access the Company's website to review the information.

The Company's website:

<https://www.loadstarcapital.com/en/ir/library/meeting.html>

In addition to the above website, the electronic provision of information is also available on the website of the Tokyo Stock Exchange (TSE). Please check the following website.

[TOKYO STOCK EXCHANGE Listed company search \(jpx.co.jp\)](#)

Please access the above TSE website, enter "Loadstar Capital" or our securities code "3482," click "Search", and then select "Basic Information," and then go to "Documents for Public Inspection/PR Information." Please click and review "Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting."

If you are unable to attend the meeting, you may exercise your voting rights by mail. Please review the reference materials for the Annual General Meeting of Shareholders as described later and indicate your approval or disapproval of each proposal on the voting form. Please return the form by 6:00 p.m. JST, Thursday, March 21, 2024.

If you attend the meeting, please confirm your physical condition. Please bring the enclosed voting form and submit it to the reception desk at the meeting.
In the event of any modification to the matters to be provided in electronic format, a notice will be posted on both the Company's website and the above TSE website.

(Attachment)

Business Report

(From January 1, 2023
to December 31, 2023)

1. Current status of the Loadstar Group

(1) Status of business for the current fiscal year

① Business progress and results

In 2023, Japan's economic activity continued to normalize as Japan has downgraded the categorization of the COVID-19 to Class 5, which includes seasonal flu, and as the monetary easing policy remains in place. Furthermore, with the easing of border controls and a significant improvement in demand for foreign visitors caused by the yen's depreciation, Japan's economy is gradually recovering. Overseas, however, we need to continue to closely monitor economic trends, such as inflation, and concerns of an economic slowdown.

In the real estate and real estate finance sectors, to which the Loadstar Group belongs, particularly in the B to B office real estate market, according to Miki Shoji Co., Ltd.'s latest office building market data (as of December 2023), the vacancy rate for existing office buildings in Tokyo's five central wards (Chiyoda-ku, Chuo-ku, Minato-ku, Shinjuku-ku, and Shibuya-ku) is 5.32%. This indicates a moderate recovery trend. In addition, the average rent per tsubo as of the end of December 2023 in Tokyo's five central wards was 19,748 yen, remaining almost unchanged.

In the Tokyo office building transaction market, investors in Japan continue to have a strong appetite for acquisitions due to the favorable financing environment resulting from the ongoing monetary easing policy. Moreover, we expect that investment appetite among overseas investors will increase in the future, as interest rates in Japan have remained lower compared to other countries, the spread between real estate capitalization rate and government bond yield has been and will continue to be wide, geopolitical risks are not so high, and the weaker yen provides a tailwind.

In the hotel market, according to the Overnight Travel Statistics Survey published by the Japan Tourism Agency, the total number of overnight guests in 2023 has remained at the same or higher level each month since September compared to the fiscal year 2019 before the COVID-19 pandemic. In particular, in Tokyo, where we own hotels, the total number of overnight guests in October 2023 was up 53.3% from the same month in 2019 (up 31.4% year-on-year), which shows that the market is becoming more active. We expect this trend will continue in November 2023 and beyond.

In this environment, we proceeded with the sale of the Company-owned properties in the Corporate Funding Business, and the acquisition of properties that will serve as a business foundation for future growth.

In the Asset Management Business, we received several mandates for asset management services, including projects for large-scale buildings in Tokyo, and sold some of our assets under management (AUM). AUM exceeded 100 billion yen at the end of FY2023.

In the Crowdfunding Business, we achieved solid progress in structuring loan-type products as a result of transactions with existing clients and the development of new clients.

We entered into new interest rate swap contracts in Q2 to prepare for the potential risk of future interest rate hikes. Although the valuation loss on derivatives for FY 2023 was (112) million yen, this loss did not incur any cash outflow. In addition, as the Bank of Japan appears to be modifying its monetary policy and interest rates may rise in the near future, we believe that such swap contracts will contribute to the Group's business activities.

As a result of these activities, net sales were 28,726 million yen (up 21.5% compared with the previous fiscal year), operating profit was 8,249 million yen (up 9.3%), ordinary profit was 7,456 million yen (up 3.1%), and profit attributable to owners of the parent was 4,883 million yen (up 0.8%).

Overviews of operating performance by key services are as follows. Since the Loadstar Group (hereinafter referred to as “the Group”) has a single segment, the information is categorized by service.

(a) Corporate Funding Business

1) Real estate investment

Real estate investment sales totaled 25,150 million yen (up 22.1% year on year) due to the sale of 13 properties.

2) Real estate leasing

We sold 13 properties and acquired eight properties (one hotel and seven offices). In addition to the new property acquisitions, sales increased due to the recovery in hotel demand. Real estate leasing sales reached 2,431 million yen (up 12.6% year on year).

(b) Asset Management Business

Asset Management Business sales totaled 674million yen (up 47.5% year on year), mainly due to new mandates and the sale of some of our assets under management.

(c) Crowdfunding Business

In FY2023, we made a total of 8,570 million yen (up 13.8% year on year) in loans, while a total of 10,055 million yen in redemptions were made. As a result, operating loans were 6,935 million yen (down 17.6% compared with the previous fiscal year-end) and Crowdfunding Business sales totaled 459 million yen (up 12.5% year on year).

(d) Other

The total was 11 million yen due to property management revenue, etc.

Net Sales by Business Segment

| Business Segments | 11 th Fiscal year ended December 31, 2022 | | 12 th Fiscal year ended December 31, 2023 | | 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) | 20,600 | 87.1 | 25,150 | 87.6 | 4,550 | 22.1 |
| Corporate Funding Business (Real Estate Leasing) | 2,159 | 9.1 | 2,431 | 8.5 | 271 | 12.6 |
| Asset Management Business | 457 | 1.9 | 674 | 2.3 | 217 | 47.5 |
| Crowdfunding Business | 407 | 1.7 | 459 | 1.6 | 51 | 12.5 |
| Other businesses | 13 | 0.1 | 11 | 0.0 | (2) | (17.5) |
| Total | 23,637 | 100.0 | 28,726 | 100.0 | 5,088 | 21.5 |

② Status of Capital expenditure

Not applicable.

③ 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, the Company borrowed 18,600 million yen to purchase properties.

In addition, we have entered into an overdraft agreement with a major financial institution to efficiently raise working capital. The following are unused lines of credit based on the overdraft agreement.

| | |
|-------------------------|-------------------|
| Overdraft limit | 1,000 million yen |
| Loan balance | - |
| Balance (of an account) | 1,000 million yen |

(2) Status of operating results and assets

① Trends in operating results and assets of the Group

| | 9th Fiscal year ended December 31, 2020 | 10th Fiscal year ended December 31, 2021 | 11th Fiscal year ended December 31, 2022 | 12th Fiscal year ended December 31, 2023 |
|--|---|--|--|--|
| Sales (million yen) | 16,979 | 17,920 | 23,637 | 28,726 |
| Ordinary profit (million yen) | 4,168 | 5,327 | 7,230 | 7,456 |
| Attributable to owners of parent (million yen) | 2,700 | 3,465 | 4,843 | 4,883 |
| Earnings per share (yen) | 152.48 | 211.50 | 301.69 | 301.48 |
| Total assets (million yen) | 51,156 | 56,983 | 65,704 | 75,473 |
| Net assets (million yen) | 7,721 | 10,847 | 14,769 | 19,293 |
| Net assets per share (yen) | 469.92 | 656.46 | 906.11 | 1,152.48 |

② Trends in operating results and assets of the Company

| | | 9th Fiscal year ended December 31, 2020 | 10th Fiscal year ended December 31, 2021 | 11th Fiscal year ended December 31, 2022 | 12th Fiscal year ended December 31, 2023 |
|----------------------------------|---------------|---|--|--|--|
| Sales | (million yen) | 16,644 | 17,258 | 22,767 | 27,587 |
| Ordinary profit | (million yen) | 3,836 | 4,769 | 6,792 | 6,655 |
| Attributable to owners of parent | (million yen) | 2,649 | 3,294 | 4,665 | 4,559 |
| Earnings per share | (yen) | 149.59 | 201.04 | 290.61 | 281.46 |
| Total assets | (million yen) | 44,665 | 46,691 | 55,035 | 64,638 |
| Net assets | (million yen) | 7,494 | 10,333 | 14,076 | 18,276 |
| Net assets per share | (yen) | 456.04 | 625.14 | 863.04 | 1,090.68 |

(3) Information on Principal Subsidiaries

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

(4) Issues to be addressed

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

① Sustainable growth of the Corporate Funding Business, which serves as the business foundation

a. Establishing a stable business foundation

We aim to establish a stable business 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 gather information and swiftly respond in competition with other companies. We have members who have experience in acquiring, managing, and selling dozens or hundreds of properties, and we respond by swiftly conducting everything from due diligence to decision-makings on acquisitions. We will also continue to strive to strengthen our purchasing system by acquiring talented personnel, and accumulating business-related knowledge, experiences, and investment know-how.

c. Increasing added value

In the real estate market, there are some properties with potential to add value due to lack of proper management and operation. We will increase added value of the properties by acquiring such properties, carrying out renovation work to increase the value of the properties, improving occupancy rates and profitability by conducting appropriate leasing (attracting tenants to vacant properties and revising contracts to

fare rents relative to the surrounding rents), and working to reduce management costs.

d. Impact of changes in interest rates

In acquiring properties, we raise funds from financial institutions. Most of these funds are raised at floating interest rates. Therefore, a rise in short-term interest rates following changes in long-term interest rates can have some effect on our profit and loss. Although, we currently do not believe that such effect would be significant, we continue to closely monitor the Bank of Japan's actions and the economic trends. Furthermore, we have hedged against the risk of interest rate changes in part based on the interest rate swap agreements.

② Strengthening Asset Management Business

In the Asset Management Business, we manage and operate investment properties on behalf of investors. The key challenges in this business are to find new investors and maintain good relationships with them, as well as to acquire, operate, and sell investment properties that suit their investment objectives. We have a number of employees from real estate funds and asset management companies. To address such challenges, we aim to enhance our Asset Management Business to maximize returns for investors by leveraging our expertise in real estate asset management services for investors in Japan and overseas and our strength in property acquisition that we have gained in the Corporate Funding Business.

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 our mission of "Real Estate x Tech to Open Up a New Market." Specifically, we provide crowdfunding services.

Issues to be addressed in the Crowdfunding Businesses include increasing the number of project origination and the number of investor members 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. In addition, the Group is striving to improve user interface/user experience (UI/UX) by expanding systems and renewing websites, and also aiming to increase the number of investor members and investment amounts through web marketing. Furthermore, we are looking to create a secondary market for crowdfunding investments through Security Token Offering (STO) by using blockchain technology in order to solve the above-mentioned issues.

The Crowdfunding Business operates under several laws and regulations, and revisions to these laws and regulations may affect the promotion of the business. However, we will gather information from the Crowdfunding industry associations and other related organizations, and we will respond to such legal changes in advance by internally reviewing the details of the revisions to laws and regulations.

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 each individual can grow more 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 in which all employees can play active roles.

⑤ Strengthening the Internal Control System

The Group expects steady business growth in the future. Going forward, we will continue to recruit talents with a high level of expertise and a wealth of experiences. At the same time, we will further strive to enhance corporate governance by strengthening our internal management system.

⑥ Driving Sustainability

To drive sustainability, the Group has established the Sustainability Committee (formerly the SDG Initiative Promotion Committee) to create an environment that motivates officers and employees to work and grow enthusiastically, while clearly identifying societal issues that should be addressed by the Group as a whole. As part of sustainability initiatives, the Company 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, 2023)

| Business Segments | Operations |
|----------------------------|---|
| Corporate Funding Business | Real estate sales, leasing, and management of medium-sized office buildings, etc., centered in the 23 wards of Tokyo |
| Asset Management Business | Providing advice to institutional investors on formulating strategies for acquisition, management, and sale of real estate for investment, as well as management of real estate for investment |
| Crowdfunding Business | Soliciting investment from general investors through crowdfunding, investing in special purpose companies that acquire real estate with the investment funds, or lending to corporations real estate as collateral, and managing such loans |
| Other Businesses | Real estate brokerage, property management and consulting, etc. |

(6) Principal Offices (As of December 31, 2023)

① The Company

| Name | Location |
|-------------|----------------|
| Head Office | Chuo-ku, Tokyo |

② Subsidiaries

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

(7) Employees (as of December 31, 2023)

Employees of the Group

| Number of Employees | Year-on-year change | Average age | Average years of service |
|---------------------|-------------------------|----------------|--------------------------|
| 61(7) | 3 decrease (1 increase) | 41.9 years old | 4.1 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, 2023)

| Lender | Outstanding Balances |
|-------------------------------------|----------------------|
| Mizuho Bank, Ltd. | 8,010 million yen |
| MUFG Bank, Ltd. | 7,855 million yen |
| Sumitomo Mitsui Banking Corporation | 6,559 million yen |
| Asahi Shinkin Bank | 6,473 million yen |
| Seibu Shinkin Bank | 5,012 million yen |

(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, 2023)

- ① Total Number of Shares authorized 80,000,000 shares
- ② Total Number of Shares issued 21,444,000 shares
- ③ Number of Shareholders 6,099
- ④ Major Shareholders

| Name of Shareholders | Number of shares held (thousands shares) | Holding Ratio (%) |
|---|---|-------------------|
| Tatsushi Iwano | 3,373 | 20.5 |
| The Master Trust Bank of Japan., Ltd. | 1,388 | 8.4 |
| Capital Generation Co., Ltd. | 1,100 | 6.6 |
| RENREN LIANHE HOLDINGS | 1,049 | 6.3 |
| Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. | 875 | 5.3 |
| Custody Bank of Japan, Ltd. | 599 | 3.6 |
| Yasuhiro Morita | 502 | 3.0 |
| Yo Narita | 305 | 1.8 |
| Naoyuki Kubo | 301 | 1.8 |
| JAPAN SECURITIES FINANCE CO., LTD. | 192 | 1.1 |

(NOTES) 1. We own 4,990,970 shares of treasury stock, which is excluded from the above list of major shareholders.

2. The shareholding ratio is calculated excluding treasury stock.

(2) Matters concerning shares issued to our officers as compensation for the execution of their duties Share-based compensation granted during the fiscal year are as follows.

| | Number of Shares | Directors to whom shares are issued |
|---|------------------|-------------------------------------|
| Directors (excluding Outside Directors) | 30,000 | 4 persons |

(NOTE) Details of the share-based compensation are shown in “2. (5) ④1) Matters relating to decisions regarding details of compensation for individual directors.”

(3) Other important matters concerning shares

Not applicable.

(4) 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.6 | |
|--|---|--|---------------|--|---------------|
| Date of resolution | | December 27, 2016 | | May 15, 2020 | |
| Number of share acquisition rights | | 3 pcs | | 25 pcs | |
| Class and number of shares to be issued | | Common stock 12,000 shares (4,000 shares per share acquisition right) | | Common stock 25,000 shares (1,000 shares per share acquisition right) | |
| Issue price per share acquisition right | | - | | - | |
| Assets to be contributed at the time of exercise of the rights | | 1,852,000 yen per share acquisition right (463 yen per share) | | Per share acquisition right 604,000 yen (604 yen per share) | |
| Exercise period | | From December 28, 2018 To December 27, 2026 | | From May 16, 2023 To May 15, 2030 | |
| Conditions for exercising | | (NOTE)1 | | (NOTE)2 | |
| Holder | Directors (excluding outside directors) | Number of share acquisition right | 3 pcs | Number of share acquisition right | 25 pcs |
| | | Number of Shares | 12,000 shares | Number of Shares | 25,000 shares |
| | | Number of Holder | 1 person | Number of Holder | 1 person |

(NOTE) 1. Conditions for exercise of share acquisition rights.

- a. A person who has received an allotment of share acquisition rights (hereinafter referred to as a "holder of share acquisition rights") shall, at the time of exercising the rights, hold an officer or employee of the Company or a person to whom the business is entrusted (provided, however, that this shall be limited to a person to whom the rights are entrusted as approved by a resolution of the Board of Directors of the Company) or any other position equivalent thereto (hereinafter referred to as the "entitlement to exercise the rights"). Provided, however, that this provision shall not apply in the event of resignation due to expiration of the term of office, retirement at the mandatory retirement age, or any other disqualification for exercising rights that has been approved by the Board of Directors of the Company.
- b. A holder of share acquisition rights may not exercise his/her share acquisition rights if he/she assumes or agrees to assume the position of an officer or employee of another company without the prior consent of the Company's Board of Directors, or if he/she engages in a business that directly or indirectly competes with the Company's business.
- c. If a holder of share acquisition rights commits a serious violation of laws and regulations or the Company's internal rules, the holder of share acquisition rights may not exercise his/her share acquisition rights.
- d. In the event of the death of a holder of share acquisition rights, the heirs of the holder may not exercise the share acquisition rights.
- e. Share acquisition rights may not be exercised by splitting a single share acquisition right.
- f. Other terms and conditions shall be set forth in the "Share Acquisition Rights Allotment Agreement" concluded between the Company and the person to whom share acquisition rights are allotted in accordance with a resolution of the Board of Directors.
- g. The Company conducted a 2-for-1 stock split of shares of common stock on December 15, 2017 by resolution of the Board of Directors held on November 15, 2017, and a 2-for-1 stock split of shares of common stock on November 30, 2018 by resolution of the Board of Directors held on October 30, 2018. As a result, the "Class and number of shares to be issued" and the "Assets to be contributed at the time of exercise of the rights" have been adjusted.
- h. These share acquisition rights were granted prior to the appointment as a director.

(NOTE) 2. Conditions for exercise of share acquisition rights.

- a. A holder of share acquisition rights is required to be a director, auditor or employee of the Company or its affiliates at the time of exercising the share acquisition rights. However, in the event that the holder of the share acquisition rights ceases to fall under any of the above positions due to retirement from office at the end of his/her term of office or mandatory retirement age, he/she shall waive all unexercised share acquisition rights on the date when two years have elapsed from the time he/she ceases to fall under such positions or the last day of the exercise period, whichever comes earlier. In addition, this shall not apply if the Board of Directors recognizes that there is a justifiable reason to retain the right to exercise share acquisition rights in the event that the person ceases to be a director, auditor or employee of the Company or its affiliates based on any other reason.
- b. In the event of the death of a holder of share acquisition rights, the heirs of the holder may exercise the share acquisition rights within six months after the holder's death (but no later than the last day of the exercise period) up to the number of shares that the holder of share acquisition rights could have exercised at the time of his or her death. In the case of joint inheritance, one representative to be determined by consultation among all joint heirs shall exercise the share acquisition rights within six months (but no later than the last day of the exercise period) after the death of the holder of the share acquisition rights, up to the number of shares that he/she could have exercised at the time of his/her death. In the event of the death of the heir, the share acquisition rights may not be inherited again.
- c. If the total number of issued shares of the Company exceeds the number of authorized shares at the time of exercise of the share acquisition rights, 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 set forth in the "Share Acquisition Rights Allotment Agreement" concluded between the Company and the person to whom share acquisition rights are allotted in accordance with a resolution of the Board of Directors.
- f. These share acquisition rights were granted prior to the appointment as a director.

② Other significant matters regarding share acquisition rights

Significant status of share acquisition rights issued to officers and employees of the Company.

| Name | | Share acquisition rights No.4 | | Share acquisition rights No.5 | |
|--|---|--|--------------|--|---------------|
| Date of resolution | | March 9, 2018 | | May 15, 2020 | |
| Number of share acquisition rights (NOTE)1 | | 33 pcs | | 40 pcs | |
| Class and number of shares to be issued | | Common stock 66,000 shares (2,000 shares per share acquisition right) | | Common stock 40,000 shares (1,000 shares per share acquisition right) | |
| Issue price per share acquisition right | | 7,831 yen | | 2,170 yen | |
| Assets to be contributed at the time of exercise of the rights | | 2,456,000 yen per share acquisition right (1,228 yen per share) | | (NOTE)3 | |
| Exercise period | | From April 1, 2021 To March 31, 2025 | | From May 16, 2023 To May 15, 2030 | |
| Conditions for exercising | | (NOTE)2 | | (NOTE)4 | |
| Holder (NOTE)1 | Directors (excluding outside directors) | Number of share acquisition rights | 4 pcs | Number of share acquisition rights | 40 pcs |
| | | Number of Shares | 8,000 shares | Number of Shares | 40,000 shares |
| | | Number of Holders | 2 persons | Number of Holders | 1 person |

| | | | |
|--|---|---|----------------|
| Name | | Share acquisition rights No.7 | |
| Date of resolution | | June 15, 2022 | |
| Number of share acquisition rights | | 120 pcs | |
| Class and number of shares to be issued | | Common stock 120,000 shares (1,000 shares per share acquisition right) | |
| Issue price per share acquisition right | | 13,360 yen | |
| Assets to be contributed at the time of exercise of the rights | | (NOTE)5 | |
| Exercise period | | From June 16, 2025 To June 15, 2032 | |
| Conditions for exercising | | (NOTE)6 | |
| Holder | Directors (excluding outside directors) | Number of share acquisition rights | 120 pcs |
| | | Number of Shares | 120,000 shares |
| | | Number of Holders | 4 persons |

(NOTE) 1. The description is as of the fiscal year-end (December 31, 2023).

(NOTE) 2. Conditions for exercise of share acquisition rights.

- a. A holder of share acquisition rights shall be entitled to exercise the allotted share acquisition rights only in the event that net sales exceed 15,000 million yen and operating income exceeds 2,700 million yen in the consolidated statement of income in the Securities Report for any of the fiscal years ended December 31, 2018 or December 31, 2022.
- b. In the determination of above (a.), if there is any 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 indicators to be referred to separately.
- c. A holder of share acquisition rights is required to be a director, auditor or employee of the Company or its affiliates at the time of exercising the share acquisition rights. However, this shall not apply in the event of retirement due to expiration of term of office, mandatory retirement age, or other justifiable reasons recognized by the Board of Directors.
- d. The heirs of the holders may not exercise the share acquisition rights.
- e. If the total number of issued shares of the Company exceeds the number of authorized shares at the time of exercise of the share acquisition rights, 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 set forth in the "Share Acquisition Rights Allotment Agreement" concluded between the Company and the person to whom share acquisition rights are allotted in accordance with a resolution of the Board of Directors.
- h. The Company conducted a 2-for-1 stock split of shares of common stock on November 30, 2018, pursuant to a resolution of the Board of Directors held on October 30, 2018.
- i. These 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 yen (604 yen per share)

However, if the dividend of retained earnings is paid after the issuance of the share 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. Conditions for exercise of share acquisition rights.

- a. If 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 falls below 50% of the exercise price of the share acquisition rights even once, the holders of the share acquisition rights must exercise all the remaining share acquisition rights by the end of the exercise period. However, this shall not apply to the following cases.

- (i) If our disclosed information proves to be materially false.
 - (ii) In the event that the Company is found to have failed to properly disclose material facts that should have been 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 on the date of the allotment.
 - (iv) In other cases that where Company engages in any conduct that is objectively deemed detrimental to the trust of the holders of the share acquisition rights.
- b. The holder of the share acquisition rights is required to be a director, auditor or employee of the Company or its affiliates even at the time of the exercise of the share acquisition rights.
 - c. The heirs of the holders may not exercise the share acquisition rights.
 - d. If the total number of issued shares of the Company exceeds the number of authorized shares at the time of exercise of the share acquisition rights, 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 set forth in the "Share Acquisition Rights Allotment Agreement" concluded between the Company and the person to whom share acquisition rights are allotted in accordance with a resolution of the Board of Directors.

(NOTE) 5. Assets to be contributed at the time of exercise of the rights.

Per share acquisition right 1,530,000 yen (1,530 yen per share)

However, if the dividend of retained earnings is paid after the issuance of the share 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) 6. Conditions for exercise of share acquisition rights.

- a. If 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 falls below 50% of the exercise price of the share acquisition rights even once, the holders of the share acquisition rights must exercise all the remaining share acquisition rights by the end of the exercise period. However, this shall not apply to the following cases.
- (i) If our disclosed information proves to be materially false.
 - (ii) In the event that the Company is found to have failed to properly disclose material facts that should have been 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 on the date of the allotment.
 - (iv) In other cases that the Company engages in any conduct that is objectively deemed detrimental to the trust of the holders of share acquisition rights.
- b. The holder of the share acquisition rights is required to be a director, auditor or employee of the Company or its affiliates (including those who have been appointed to similar positions as a result of legal revisions) even at the time of the exercise of the share acquisition rights.
 - c. The heirs of the holders may not exercise the share acquisition rights.
 - d. If the total number of issued shares of the Company exceeds the number of authorized shares at the time of exercise of the share acquisition rights, 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 set forth in the "Share Acquisition Rights Allotment Agreement" concluded between the Company and the person to whom share acquisition rights are allotted in accordance with a resolution of the Board of Directors.

(5) Status of corporate officers

① Directors and Audit & Supervisory Board Members (As of December 31, 2023)

| Position | Name | Areas of responsibility in the Company and significant concurrent positions outside the Company |
|-------------------|------------------|--|
| President | Tatsushi Iwano | President of Loadstar Funding K.K. Director of Loadstar Investments K.K. |
| Director | Naoyuki Kubo | General Manager of Sales Division of the Company Director of Loadstar Funding K.K. President of Sorario K.K. |
| Director | Yo Narita | President of Loadstar Investments K.K. |
| Director | Takuya Kawabata | General Manager of Administrative Division and Finance & Accounting Division of the Company Director of Loadstar Investments K.K. Representative Director of Riverfield K.K. |
| Director | Hideo Wanami | |
| Director | Jun Onishi | Representative of Onishi Tokyo Legal & Real Estate Appraisal Offices |
| Director | Mayumi Funaki | Representative Director of Shipood, Ltd. Outside Director of WACUL, Inc. |
| Full-time Auditor | Atsushi Tanaka | Audit & Supervisory Board Member of Loadstar Investments K.K. |
| Auditor | Takeshi Ariizumi | |
| Auditor | Yoshiaki Ueno | Outside Director (Audit and Supervisory Committee Member) of VisasQ, Inc. |

(NOTES) 1. Director Hideo Wanami, Director Jun Onishi, and Director Mayumi Funaki are outside directors.

2. Audit & Supervisory Board Member Takeshi 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 Hideo Wanami, Director Jun Onishi, Director Mayumi Funaki, Audit & Supervisory Board Member Takeshi 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.

(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/50-year-old) | ● | ● | ● | ● | | | |
| Naoyuki Kubo (Male/50-year-old) | ● | ● | ● | ● | | | |
| Yo Narita (Male/40-year-old) | ● | ● | ● | ● | | ● | |
| Takuya Kawabata (Male/40-year-old) | ● | ● | | | ● | | ● |
| Hideo Wanami (Outside) (Independent) (Male/71-year-old) | | | | ● | | | ● |
| Jun Onishi (Outside) (Independent) (Male/50-year-old) | | ● | | | | ● | |
| Mayumi Funaki (Outside) (Independent) (Female/45-year-old) | ● | | | | ● | | |

(NOTE) Reasons for selecting the above competencies.

1. Corporate management:

We are committed to our mission: "Real Estate x Tech to Open Up a New Market." We believe that corporate management skills are critical to respond quickly to changes in the business environment and to devise the Company's long-term growth strategy.

2. Real estate business:

We believe that our knowledge, experience, and network in real estate are the core skills that are fundamental to all our businesses and necessary to drive our business forward.

3. ICT Digital (Real Estate Tech):

We strive to bring about innovation in the real estate industry through the power of technology. To achieve this goal, having knowledge of ICT digital, especially real estate technology, is important. Therefore, we believe that ICT Digital (Real Estate Tech) is also a key competency.

4. International business:

Tokyo, our main investment area, is a key market for global investing. We believe that knowledge of international business, including experience in structuring investment vehicles for overseas investors, is a necessary competency.

5. ESG/SDGs:

With this competency, we believe that we can achieve sustainable growth for the Company as we strive to solve social problems through our business and create a work environment in which all our executives and employees can work enthusiastically and pursue personal goals.

6. Legal affairs and compliance:

We believe that this competency is essential because the establishment of an appropriate governance system is the foundation for enhancing corporate value and the Board of Directors needs to fulfill its duties.

7. Finance, accounting and tax:

We believe that this competency is essential to strengthen our financial base, closely monitoring capital markets activities, from a medium- to long-term perspective, and to develop financial strategies that take into account our business strategy and shareholder returns.

② Summary of the Liability Limitation Agreement

We and Outside Director Hideo Wanami, Outside Director Jun Onishi, Outside Director Mayumi Funaki, Outside Audit & Supervisory Board Member Takeshi 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 sum of two years of annual compensation or the minimum amount of liability stipulated by law, whichever is higher. The limitation of liability is permitted only when the outside directors and outside corporate auditors have performed 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 Audit & Supervisory Board Members of the Company and its subsidiaries as stipulated in Paragraph 1 of Article 430-3 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 Compensation for Directors and Audit & Supervisory Board Members

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

At a meeting held on February 22, 2022, the Company's Board of Directors passed a resolution to approve a policy to determine compensation for individual directors. The Board of Directors consults with the Nomination and Compensation Committee on the details of the resolution in advance and receives a report from the Committee. In addition, the Board of Directors has confirmed that the method of determining the details of compensation for each director for the fiscal year and the details of compensation, determined by the Board of Directors, are in line with the decision-making policy resolved by the Board of Directors. The Board of Directors has also confirmed that the report from the Nomination and Compensation Committee has been respected and is in line with such policy.

An overview of this policy for determining the details of compensation for individual directors is provided below in a., b., c., and d.

a. 1) Performance-linked compensation: None

2) Non-monetary compensation: The Company shall grant shares with restrictions on transfer to directors (excluding outside directors) with the aim to incentivize eligible directors to enhance the corporate value, and to further align their interests with those 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, comprehensively taking into consideration the degree of contribution made by each director, the business performance of the Company, and expectations regarding each director's future contributions. 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 compensation and calculation method: Individual compensation for directors shall, in principle, be determined by the Board of Directors based on deliberations and recommendations by the Nomination and Compensation Committee, comprehensively taking into account a range of factors such as the degree of contribution made by each director, the business performance of the Company, and expectations regarding each director's future contributions. In addition, the total amount of compensation for all directors shall fall within the total compensation amount approved at the 7th Annual General Meeting of Shareholders held on March 28, 2019, which is an annual amount of 100 million yen as monetary compensation plus an amount equivalent to 5% of consolidated profit before income taxes of the previous fiscal year.
- 4) Percentages for 1), 2), and 3): 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 made by each director, the business performance of the Company, and expectations regarding each director's future contributions.
- b. Policy on timing and conditions for payment of compensation:
- a. (2) Paid annually
- a. (3) Paid periodically (monthly) during the tenure of each director
- c. Method of determining details of compensation when the decision is entrusted to a director or other third party: Decisions regarding the details of compensation shall not be entrusted to third parties unless otherwise specified. Compensation for directors is determined by the Board of Directors following deliberations and nominations by the Nomination and Compensation Committee.
- d. Other important matters relating to determination of the details of individual compensation: None.

1) Total compensation for directors and Audit & Supervisory Board Members

| Officer category | Total compensation (millions of yen) | Breakdown of total compensation by compensation type (millions of yen) | | | Number of eligible officers |
|---|--------------------------------------|--|---------------------------------|-----------|-----------------------------|
| | | Fixed salary | Performance-linked compensation | Other | |
| Directors (of which, independent directors) | 166 (14) | 155 (14) | - | 10 (-) | 7 (3) |
| Audit & Supervisory Board Members (of which, independent statutory auditors) | 21 (7) | 21 (7) | - | - | 3 (2) |
| Total (of which, independent officers) | 188 (21) | 177 (21) | - | 10 (-) | 10 (5) |

Notes:

1. The total amount of compensation for the directors was resolved to fall within the total amount of compensation approved at the 7th Annual General Meeting of Shareholders held on March 28, 2019, which is an annual amount of 100 million yen as monetary compensation plus an amount of equivalent to 5% of consolidated profit before income taxes of the previous fiscal year (up to

20 million yen per annum for outside directors). The number of directors as of the conclusion of the 7th Annual General Meeting of Shareholders was seven, of which two were outside directors.

In addition to the amount of compensation, we resolved at the 10th Annual General Meeting of Shareholders held on March 30, 2022, that 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 (excluding outside directors). The number of eligible directors as of the conclusion of the 10th Annual General Meeting of Shareholders was four.

2. Non-monetary compensation consists of the Company's shares, and the conditions of allotment are described in "2. (5) ④ 1) Matters relating to decisions regarding details of compensation for individual directors." The status of issuance during the fiscal year is stated in "2. (2) Matters concerning shares issued to our offices as compensation for the execution of their duties."
3. Non-monetary compensation is the amount of restricted stock granted in the fiscal year 2023 which should be recorded as an expense in the fiscal year.
4. The Company and the Audit & Supervisory Board have not set a policy for determining the calculation method for compensation for the Audit & Supervisory Board Members. An Extraordinary General Meeting of Shareholders held on June 15, 2017 determined that compensation for the three Audit & Supervisory Board Members shall be monetary compensation of up to 30 million yen per annum. Accordingly, compensation for Audit & Supervisory Board Members is determined, as a fixed salary not exceeding 30 million yen per annum, at the discretion of the full-time Audit & Supervisory Board member following deliberations by the Audit & Supervisory Board. The number of Audit & Supervisory Board Members as of the conclusion of the said Extraordinary General Meeting of Shareholders was three, of which two were independent Audit & Supervisory Board Members.

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 significant concurrent positions | Relationship between the Company and the said corporations |
|----------------------------------|---------------|---|--|
| Director | Jun Onishi | Representative of Onishi Tokyo Legal & Real Estate Appraisal Offices | There is no special relationship. |
| Director | Mayumi Funaki | Representative Director of Shipood, Ltd. Outside Director of WACUL, Inc. | There is no special relationship. |
| Audit & Supervisory Board member | Yoshiaki Ueno | Outside Director (Audit and Supervisory Committee Member) of VisasQ, Inc. | There is no special relationship. |

b. Major activities during the fiscal year

| Category | Name | Attendance and remarks |
|----------------------------------|------------------|--|
| Director | Hideo Wanami | Attended 23 of the 23 meetings of the Board of Directors held during the fiscal year, and made comments as appropriate, mainly based on the accounting and tax knowledge cultivated at the National Tax Agency (NTA). |
| | Jun Onishi | Attended 23 of the 23 meetings of the Board of Directors held during the fiscal year and made comments as appropriate from a professional perspective as an attorney and real estate appraiser. |
| | Mayumi Funaki | Attended 23 of the 23 meetings of the Board of Directors held in the fiscal year and made comments as appropriate, mainly based on her professional perspective relating to corporate communications and experience in company management. |
| Audit & Supervisory Board member | Takeshi Ariizumi | Attended 23 of the 23 meetings of the Board of Directors and 15 of the 15 Audit & Supervisory Board meetings held during the fiscal year, and made comments as appropriate from the perspectives of many years of business experiences and corporate management experiences. |
| | Yoshiaki Ueno | Attended 23 of the 23 meetings of the Board of Directors and 15 of the 15 Audit & Supervisory Board meetings held during the fiscal year, and made comments as appropriate based on the experience gained in auditing firms and financial institutions. |

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

The Company has also established the 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 compensation 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.

(6) Status of Accounting Auditors

① Name: Deloitte Touche Tohmatsu LLC

② Amount of Compensation, etc.

| Category | Amount paid |
|---|----------------|
| Amount of compensation, etc. to be paid during the fiscal year | 28 million yen |
| Total amount of monetary and other property benefits to be paid by the Company and its subsidiaries to the Accounting Auditor | 28 million yen |

(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 compensation, etc. for the fiscal year.

2. The Audit & Supervisory Board agreed on the amount of compensation, 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 compensation estimate are appropriate.

③ Contents of non-audit services

None.

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

The Audit & Supervisory Board 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 Audit & Supervisory Board shall dismiss the accounting auditor with the consent of all Audit & Supervisory Board Members 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, an Audit & Supervisory Board member selected by the Audit & Supervisory Board reports 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) Summary of decisions on systems to ensure the appropriateness of business operations

We have established the Basic Policy for Establishing an Internal Control System as a system to ensure the appropriateness of our business 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. The 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 rules.
- b. The information stored and managed by the Company is kept available for inspection by Directors and Audit & Supervisory Board Members upon their request.

② Regulations and other systems for managing the risk of loss for the Group

The system for managing the risk of loss shall be carried out at the Board of Directors meetings, where internal and external information is gathered. The Board of Directors meetings recognize, evaluate, prevent, and respond to the risks. In addition, as necessary, a person in charge from each department will also attend the Board of Directors meetings, 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 rules 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 Audit & Supervisory Board Members), 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 rules.

- b. We have established the Internal Audit Office 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 to 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 the Audit & Supervisory Board member
In the event the Audit & Supervisory Board or any of the member requests the Company to appoint employees to assist the Audit & Supervisory Board member, necessary personnel shall be assigned to assist the member.
 - ⑦ Matters concerning independence of employees who assist the Audit & Supervisory Board Members from Directors
In order to ensure the independence of the employees who assist the Audit & Supervisory Board Members, 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 Audit & Supervisory Board.
 - ⑧ Matters related to ensuring the effectiveness of instructions given by the Audit & Supervisory Board Members to employees who assist the Audit & Supervisory Board Members
 - a. The authority to direct employees who are to assist the business of the Audit & Supervisory Board Members shall be transferred to the Audit & Supervisory Board Members during the period of assistance designated by the Audit & Supervisory Board Members 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 the Audit & Supervisory Board Members and Other Systems for reporting to the Audit & Supervisory Board Members in the Group
 - a. All Audit & Supervisory Board Members attend the Board of Directors meetings and receive reports on important matters.
 - b. In the Group, directors and employees shall immediately report to an Audit & Supervisory Board member 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 Audit & Supervisory Board Members 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 an Audit & Supervisory Board Member 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 Audit & Supervisory Board Members and other policies for the handling of expenses or liabilities arising from the execution of such duties
 - a. Audit & Supervisory Board Members are authorized to hire legal counsel, certified public accountants and

other outside professionals as necessary to spend expenses.

- b. In the event the Audit & Supervisory Board Member requests the payment of expenses in connection with the execution of his/her duties, the Company shall pay such expenses promptly unless it proves that the expenses in connection with such request are not necessary for the execution of the duties of the Audit & Supervisory Board Member.

⑫ System to Ensure Effective Auditing by the Audit & Supervisory Board Members

- a. The representative director holds as many meetings as possible with the Audit & Supervisory Board Members to exchange opinions on the Company's operations and communicates with them separately from the business reports at the Board of Directors meetings.
- b. The Audit & Supervisory Board Members 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 seven directors. Directors and the Audit & Supervisory Board Members attend the Board of Directors meetings 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 Audit & Supervisory Board member 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 17%, while striking a balance with the internal reserves necessary for future business expansion.

Retained earnings will be actively used to invest in the Corporate Funding business, which will serve as the business foundation, to strengthen the Asset Management Business, to cover marketing expenses for the expansion of the Crowdfunding Business. In addition, the Company will actively use the retained earnings to strengthen and expand its business management infrastructure, including recruitment of human resources and enhancement of its corporate management system.

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, 2023) | | | |
| (Unit: millions of yen) | | | |
| Account | Amount | Account | Amount |
| (Assets) | | (Liabilities) | |
| Current assets | 74,759 | Current liabilities | 9,866 |
| Cash and deposits | 11,927 | Short-term borrowings | 382 |
| Operating loans | 6,935 | Current portion of long-term borrowings | 4,894 |
| Real estate as inventory | 55,128 | Income taxes payable | 1,348 |
| Other | 853 | Contract liabilities | 598 |
| Allowance for doubtful accounts | (85) | Deposits received | 2,138 |
| | | Other | 503 |
| Non-current assets | 713 | Non-current liabilities | 46,313 |
| Property, plant and equipment | 127 | Long-term borrowings | 36,583 |
| Buildings | 104 | Deposits received from silent partnerships | 8,217 |
| Tools, furniture and fixtures | 20 | Other | 1,512 |
| Other | 3 | Total liabilities | 56,180 |
| Intangible assets | 1 | (Net assets) | |
| Software | 1 | Shareholders' equity | 18,961 |
| Investments and other assets | 584 | Share capital | 1,402 |
| Investment securities | 31 | Capital surplus | 1,570 |
| Deferred tax assets | 376 | Retained earnings | 18,874 |
| Other | 176 | Treasury shares | (2,885) |
| | | Share acquisition rights | 331 |
| | | Total net assets | 19,293 |
| Total assets | 75,473 | Total liabilities and net assets | 75,473 |

| Consolidated Statement of Income | | |
|---|--------|--------|
| (Fiscal year ended December 31, 2023) | | |
| (Unit: millions of yen) | | |
| Account | Amount | |
| Net sales | | 28,726 |
| Cost of sales | | 18,655 |
| Gross profit | | 10,070 |
| Selling, general and administrative expenses | | 1,821 |
| Operating profit | | 8,249 |
| Non-operating income | | |
| Dividend income | 0 | |
| Insurance claim income | 4 | |
| Penalty income | 0 | |
| Other | 0 | 6 |
| Non-operating expenses | | |
| Interest expenses | 504 | |
| Commission fee | 182 | |
| Loss on valuation of derivatives | 112 | |
| Other | 0 | 799 |
| Ordinary profit | | 7,456 |
| Profit before dividend distribution from silent partnerships and income taxes | | 7,456 |
| Dividends distribution from silent partnerships | | 304 |
| Profit before income taxes | | 7,152 |
| Income taxes - current | 2,525 | |
| Income taxes - deferred | (256) | 2,268 |
| Profit | | 4,883 |
| Profit attributable to non-controlling interests | | — |
| Profit attributable to owners of parent | | 4,883 |

| Consolidated Statement of Changes in Equity | | | | | |
|--|--------------------------|------------------|-------------------|-----------------|----------------------------|
| (Fiscal year ended December 31, 2023) | | | | | |
| (Unit: millions of yen) | | | | | |
| | Shareholders' equity | | | | |
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning | 1,402 | 1,472 | 14,794 | (3,105) | 14,564 |
| Changes during the consolidated fiscal year | | | | | |
| Dividends of surplus | — | — | (803) | — | (803) |
| Purchase of treasury shares | — | — | — | (0) | (0) |
| Disposal of treasury shares | — | 97 | — | 219 | 317 |
| Profit attributable to owners of the parent | — | — | 4,883 | — | 4,883 |
| Net changes in items other than shareholders' equity | — | — | — | — | — |
| Total changes during the consolidated fiscal year | — | 97 | 4,079 | 219 | 4,396 |
| Balance at End | 1,402 | 1,570 | 18,874 | (2,885) | 18,961 |
| | Share acquisition rights | Total net assets | | | |
| Balance at beginning | 204 | 14,769 | | | |
| Changes during the consolidated fiscal year | | | | | |
| Dividends of surplus | — | (803) | | | |
| Purchase of treasury shares | — | (0) | | | |
| Disposal of treasury shares | — | 317 | | | |
| Profit attributable to owners of the parent | — | 4,883 | | | |
| Net changes in items other than shareholders' equity | 126 | 126 | | | |
| Total changes during the consolidated fiscal year | 126 | 4,523 | | | |
| Balance at End | 331 | 19,293 | | | |

Notes to the Consolidated Financial Statements

(Notes to Important Matters for Basis of Preparation of the Consolidated Financial Statements)

1. Scope of Consolidation

(1) Status of consolidated subsidiaries

Number of consolidated subsidiaries: 2

Major Consolidated Subsidiaries

Loadstar Investments K.K.

Loadstar Funding 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. Accounting Policies

(1) Valuation standards and methods for significant assets

(i) Securities

Other securities (available-for-sale securities)

| | |
|---|--|
| Securities that do not have a quoted market price in an active market | 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. |
|---|--|

(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 written off based on declines in profitability.) Leased assets are depreciated in accordance with property, plant and equipment standards. |
|--------------------------|--|

(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 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. |
|---------------------------------|--|

(4) Significant revenues and expenses recognition

The following is a description of the principal performance obligations in the main businesses of the Company and its subsidiaries relating to revenues from contracts with customers, and the normal timing at which such performance obligations are satisfied (the normal timing at which revenue is recognized).

| | |
|--|--|
| (i) Corporate Funding Business (Real estate investment) | In the real estate investment business, the Group acquires medium-sized office buildings etc., with value enhancement potential, and adds value through appropriate management. The Group is obligated to deliver such properties based on real estate sales contracts with customers. Such performance obligations shall be satisfied at the time the properties are delivered, and revenues are recognized at the point of such delivery. |
| (ii) Asset Management Business | The Asset Management Business provides advice for institutional investors on formulating strategies for the acquisition, management, and sale of investment real estate, and management of investment real estate. The Group has performance obligations to provide the following services based on the asset management contracts with customers: management of assets under management, leasing, and fund procurement, as well as operations related to the acquisition or transfer of assets under management. Obligations to perform services related to the management of assets under management, leasing, and financing shall be satisfied at the time the services are rendered in accordance with the asset management contracts, and revenues are recognized over the terms of the relevant contracts. In addition, the performance obligation for operations to acquire or transfer assets under management is satisfied at the point when the assets under management are received or delivered, and revenue is recognized at the point of such receipt or delivery. |

(5) Other significant matters for preparation of consolidated financial statements

| | |
|--|--|
| Accounting for consumption taxes | Non-deductible consumption taxes related to the Group'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 to Changes in Presentation Method)

1. Consolidated Statement of Income

"Insurance claim income" and "Penalty income," were included in "Other" under non-operating income until the previous consolidated fiscal year. Effective from the current fiscal year, they are disclosed separately since they exceeded 10/100 of the total amount of non-operating income.

"Insurance claim income" and "Penalty income" were 4 million yen and 0 million yen, respectively, in the previous consolidated fiscal year.

(Notes to 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 | 55,128 |
| Loss on valuation of inventories (Cost of sales) | - |

(2) Information on the details of significant accounting estimates for identified items

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 or estimating rental fees, and expected yields together with the impact of any future changing of demand.

The economic outlook remains uncertain due to various factors such as inflation and interest rate trends, but the impact 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 real estate prices will be maintained based on external data on sale and purchase information available as of the end of the current consolidated fiscal year. Note that no loss on valuation of inventory was recorded in the consolidated fiscal year.

The future business performance of the Group may be affected, such as recording a loss on revaluation of inventories, if the net sale value declines due to changes in assumptions, i.e., changes in demand in the real estate market.

(Notes to Consolidated Balance Sheet)

1. Assets pledged as collateral and obligations secured by collateral

(1) Assets pledged as collateral are as follows:

| | | |
|-----------------------------|--------|-------------|
| Real estate as inventory | 55,117 | million yen |
| Other current assets (Note) | 598 | million yen |
| Total | 55,715 | million yen |

(Note) We have entrusted the deposit to the National Association For Real Estate Transaction Guaranty as a measure to protect the deposit based on Real Estate Brokerage Act.

(2) Secured obligations are as follows:

| | | |
|---|--------|-------------|
| Current portion of Long-term borrowings | 4,861 | million yen |
| Long-term borrowings | 36,255 | million yen |
| Contract liabilities | 598 | million yen |
| Total | 41,715 | million yen |

2. Accumulated depreciation of Property, plant and equipment

34 million yen

3. Overdraft agreement

We have entered into an overdraft agreement with a major financial institution to efficiently raise working capital. The following are unused lines of credit based on the overdraft agreement.

| | | |
|-------------------------|-------|-------------|
| Overdraft limit | 1,000 | million yen |
| Loan balance | - | |
| Balance (of an account) | 1,000 | million yen |

(Notes to Consolidated Statement of Changes in Equity)

1. Total number of issued shares

Common stock (As of December 31, 2023)

21,444,000 shares

2. Matters concerning dividends of surplus

(1) Cash dividends paid

| Resolution | Type of shares | Total dividends (millions of yen) | Dividends per share (yen) | Base date | Effective date |
|--|----------------|--------------------------------------|------------------------------|----------------------|----------------|
| March 23, 2023 Annual general meeting of shareholders | Common stock | 803 | 50.0 | December 31, 2022 | March 24, 2023 |

(2) 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 22, 2024 Annual general meeting of shareholders | Common stock | Retained earnings | 863 | 52.5 | December 31, 2023 | March 25, 2024 |

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, 2023

Common stock

236,000 shares

(Notes to Financial Instruments)

1. Matters related to the status of financial instruments

(1) 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.

(2) Contents and risks of financial instruments

Operating loans, which are trade receivables, are exposed to borrowers' credit risk.

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

Deposits received from tokumei kumiai (silent partnerships) and some deposits received are monies, etc., invested by investors in the Crowdfunding Business, and they 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 38 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.

(3) 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.

The Group recognizes 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 in charge prepares and updates financing plans as required and manages liquidity risk through maintaining liquidity on hand and other measures. For deposits received from tokumei kumiai (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, comprising monies received from investors, is managed through segregated management, maintaining liquidity on hand, and other measures.

(4) 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

As of December 31, 2023, 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 (*) | Difference |
|---|-----------------------------------|----------------|------------|
| Operating loans | 6,935 | | |
| Allowance for doubtful accounts | (85) | | |
| | 6,849 | 6,849 | (0) |
| Long-term borrowings (including current portion) | (41,478) | (41,476) | (1) |
| Deposits received from tokumei kumiai (silent partnerships) | (8,217) | (8,217) | (0) |
| Derivative transaction | (65) | (65) | - |

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

(*) Cash and deposits, deposits, short-term-borrowings, income taxes payable are not disclosed since they are cash, and they are settled in a short period of time. Therefore, the fair value approximates the book value.

(*) Regarding deposits, deposits received from investors can be refunded to investors at any time upon their request and the amount refunded is equal to the book value. And because maturities of other deposits are short, the carrying values approximate fair value. Therefore, the fair value of deposit received are not disclosed.

(*) Securities that do not have a quoted market price in an active market.

| Category | Book value in the consolidated balance sheet (Unit: millions of yen) |
|---|--|
| Investment securities (Unlisted stocks, etc.) | 31 |

3. Matters related to the breakdown of the fair value of financial instruments by appropriate classification

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance, as well as inputs used in measuring fair value.

| | |
|---------|---|
| Level 1 | Fair values measured by quoted prices (unadjusted) in active markets for identical assets or liabilities. |
| Level 2 | Fair values measured by inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly. |
| Level 3 | Fair values measured by unobservable inputs for the assets or liabilities. |

If multiple inputs that have a significant impact on the measurement of fair value are used, fair value is categorized at the lowest level in the fair value measurement among the levels to which each of these inputs belongs.

(1) Financial assets and liabilities recognized in the consolidated balance sheets at fair value.

(Unit: millions of yen)

| Category | Fair Value | | | |
|---|------------|---------|---------|-------|
| | Level 1 | Level 2 | Level 3 | Total |
| Derivative transaction regarding interest rates | - | (65) | - | (65) |

(2) Financial assets and liabilities not recognized in the consolidated balance sheets at fair value.

(Unit: millions of yen)

| Category | Fair Value | | | |
|--|------------|---------|---------|--------|
| | Level 1 | Level 2 | Level 3 | Total |
| Operating loans | - | 6,232 | 616 | 6,849 |
| Long-term borrowings | - | 41,476 | - | 41,476 |
| Deposits received from silent partnerships | - | 7,578 | 639 | 8,217 |

(NOTE)1: Methods for measuring the fair values of financial instruments and derivative transactions.

Derivative transaction

The Group measures the fair values based on the prices obtained from the counterparty financial institutions and categorizes them into level 2.

Operating loans and Deposits received from tokumei kumiai (silent partnerships)

The Group calculates the fair value of these instruments based on the present value obtained by discounting future cash flows using an interest rate determined by adding credit spread to an appropriate indicator such as the yield on government bonds, or by discounting the principal less estimated credit losses at the risk-free rate at the end of the period. If significant unobservable inputs are used, the fair values are categorized as level 3. Otherwise, it is categorized as level 2.

Long-term borrowings

The Group measures the fair value of Long-term borrowings with fixed interest rates by discounting the total amount of principal and interest by the interest rate that would be applicable to a similar borrowing and categorizes them as Level 2. Long-term borrowings with floating interest rates are classified as Level 2, as their book value is deemed to approximate their fair value as they reflect market interest rates in a short period of time.

(Notes to Revenue Recognition)

(1) Information that breaks down revenue from contracts with customers

Information on breakdown of revenues by major goods or services is as follows.

(Unit: millions of yen)

| | Reportable segments | | | | | Total |
|---------------------------------------|---|--|------------------|--------------|-------|--------|
| | Real estate related business | | | | | |
| | Corporate Funding (real estate investment) | Corporate Funding (real estate leasing) | Asset Management | Crowdfunding | Other | |
| Revenue from contracts with customers | 17,500 | 192 | 674 | - | 11 | 18,378 |
| Other revenue | 7,650 | 2,238 | - | 459 | - | 10,347 |
| Sales to outside customers | 25,150 | 2,431 | 674 | 459 | 11 | 28,726 |

(NOTE) Other income includes mainly rental income based on "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, March 30, 2007), interest income based on "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10), and transfer of real estate (including beneficial interests in real estate trusts) based on "Practical Guidelines for Accounting for Transferees' Use of Special Purpose Companies in Securitization of Real Estate" (JICPA Accounting Practice Committee Statement No. 15, November 4, 2014).

(2) Basic information to understand the revenue from contracts with customers

Basic information to understand the revenue from contracts with customers is as described in "(4) Significant revenues and expenses recognition 4. Accounting Policies (Notes to Important Matters for Basis of Preparation of the Consolidated Financial Statements)."

(3) Information to understand the amount of revenue for the current period and subsequent periods

(i) Balances of contract assets and contract liabilities, etc.

The Group's contract balances are as follows.

(Unit: millions of yen)

| | Current consolidated fiscal year (December 31, 2023) |
|---|--|
| Receivables from contracts with customers (at beginning of the period) | 125 |
| Receivables from contracts with customers (at end of the period) | 99 |
| Contract liabilities (at beginning of the period) | 10 |
| Contract liabilities (at end of the period) | 598 |

(*) Receivables from contracts with customers

Receivables from contracts with customers are mainly uncollected amounts to customers arising from assets under management, leasing and fund procurement recognized in Asset Management Business. The collection period of these receivables is mainly within one to six months.

(*) Contract liabilities

Contract liabilities mainly consist of earnest money received at the time of execution of sales agreement in Corporate Funding Business (real estate investment). These are transferred to revenue when the Group satisfies performance obligations under contracts.

(ii) Transaction price allocated to the remaining performance obligations

Since the Group does not have any material contracts with an initial expected term of more than one year, a practical expedient is used and disclosure on the remaining performance obligations is omitted.

There are no significant amounts arising from contracts with customers that are not included in the transaction prices.

(Notes to Per Share Information)

| | | |
|-----|----------------------|--------------|
| (1) | Net assets per share | 1,152.48 yen |
| (2) | Earnings per share | 301.48 yen |

(Significant Subsequent Event)

Not applicable.

| Non-consolidated Balance Sheet | | | |
|--|---------------|--|---------------|
| (As of December 31, 2023) | | | |
| (Unit: millions of yen) | | | |
| Account | Amount | Account | Amount |
| (Assets) | | (Liabilities) | |
| Current assets | 63,809 | Current liabilities | 8,266 |
| Cash and deposits | 7,852 | Short-term borrowings | 382 |
| Real estate as inventory | 55,128 | Short-term borrowings from subsidiaries and associates | 650 |
| Prepaid expenses | 75 | Current portion of long- term borrowings | 4,894 |
| Other | 753 | Accounts payable | 62 |
| Non-current assets | 829 | Accrued expenses | 116 |
| Property, plan and equipment | 127 | Income taxes payable | 1,213 |
| Buildings | 104 | Advances received | 157 |
| Tools, furniture and fixtures | 19 | Contract liabilities | 598 |
| Other | 3 | Deposits received | 82 |
| Investments and other assets | 701 | Other | 108 |
| Investment securities | 31 | Non-current liabilities | 38,095 |
| Shares of subsidiaries and associates | 130 | Long-term borrowings | 36,583 |
| Investments in capital | 10 | Other | 1,512 |
| Long-term prepaid expenses | 63 | Total liabilities | 46,362 |
| Deferred tax assets | 364 | (Net assets) | |
| Other | 102 | Shareholders' equity | 17,944 |
| | | Share capital | 1,402 |
| | | Capital surplus | 1,570 |
| | | Legal capital surplus | 1,392 |
| | | Other Capital surplus | 178 |
| | | Retained earnings | 17,857 |
| | | Other retained earnings | 17,857 |
| | | Retained earnings brought forward | 17,857 |
| | | Treasury shares | (2,885) |
| | | Share acquisition rights | 331 |
| | | Total net assets | 18,276 |
| Total assets | 64,638 | Total liabilities and net assets | 64,638 |

Non-consolidated Statement of Income
(Fiscal year ended December 31, 2023)

(Unit: millions of yen)

| Account | Amount | |
|--|--------|--------|
| Net sales | | 27,587 |
| Cost of sales | | 18,655 |
| Gross profit | | 8,931 |
| Selling, general and administrative expenses | | 1,463 |
| Operating profit | | 7,468 |
| Non-operating income | | |
| Dividend income | 0 | |
| Insurance claim income | 4 | |
| Penalty income | 0 | |
| Other | 0 | 6 |
| Non-operating expenses | | |
| Interest expenses | 515 | |
| Commission fee | 191 | |
| Loss on valuation of derivatives | 112 | |
| Other | 0 | 819 |
| Ordinary profit | | 6,655 |
| Profit before income taxes | | 6,655 |
| Income taxes - current | 2,344 | |
| Income taxes - deferred | (248) | 2,096 |
| Profit | | 4,559 |

Non-consolidated Statement of Changes in Equity
(Fiscal year ended December 31, 2023)

(Unit: millions of yen)

| | Shareholders' equity | | | | | | | |
|--|----------------------|-----------------------|-----------------------|-----------------------|-------------------------|-------------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | | | Retained earnings | | Treasury shares | Total shareholders' equity |
| | | Legal capital surplus | Other Capital surplus | Total capital surplus | Other retained earnings | Total retained earnings | | |
| Balance at beginning | 1,402 | 1,392 | 80 | 1,472 | 14,102 | 14,102 | (3,105) | 13,872 |
| Changes during the fiscal year | | | | | | | | |
| Dividends of surplus | - | - | - | - | (803) | (803) | - | (803) |
| Purchase of treasury shares | - | - | - | - | - | - | (0) | (0) |
| Disposal of treasury shares | - | - | 97 | 97 | - | - | 219 | 317 |
| Profit | - | - | - | - | 4,559 | 4,559 | - | 4,559 |
| Net changes in items other than shareholders' equity | - | - | - | - | - | - | - | - |
| Total changes during the fiscal year | - | - | 97 | 97 | 3,755 | 3,755 | 219 | 4,072 |
| Balance at end | 1,402 | 1,392 | 178 | 1,570 | 17,857 | 17,857 | (2,885) | 17,944 |

| | Share acquisition rights | Total net assets |
|--|--------------------------|------------------|
| Balance at beginning | 204 | 14,076 |
| Changes during the fiscal year | | |
| Dividends of surplus | - | (803) |
| Purchase of treasury shares | - | (0) |
| Disposal of treasury shares | - | 317 |
| Profit | - | 4,559 |
| Net changes in items other than shareholders' equity | 126 | 126 |
| Total changes during the fiscal year | 126 | 4,199 |
| Balance at end | 331 | 18,276 |

Notes to Non-consolidated Financial Statements

(Notes to 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 that do not have a quoted market price in an active market | 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. |
|---|--|

(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 written off based on declines in profitability.) Leased assets are depreciated in accordance with property, plant and equipment standards. |
|--------------------------|--|

(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 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. |
|---------------------------------|--|

(6) Significant revenues and expenses recognition

The following is a description of the principal performance obligations in the main businesses of the Company relating to revenue from contracts with customers, and the normal timing at which such performance obligations are satisfied (the normal timing at which revenue is recognized).

| | |
|--|---|
| Corporate Funding Business (Real estate investment) | In the real estate investment business, the Company acquires medium-sized office buildings etc., that have potential for value up, and adds value through appropriate management. The Company is obligated to deliver such properties based on real estate sales contracts with our clients. Such performance obligations shall be satisfied at the time the properties are delivered, and revenues are recognized at the point of such delivery. |
|--|---|

(7) Other significant matters for preparation of financial statements

| | |
|--|--|
| Accounting for consumption taxes | 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 to Changes in Presentation Method)

1. Balance Sheet

"Long-term prepaid expenses" were recorded in "Other" under "Investments and other assets" until the previous fiscal year. Effective from the current fiscal year, "Long-term prepaid expenses" are recorded separately in order to be consistent with the disclosure in the Annual Securities Report.

The amount of "Long-term prepaid expenses" in the previous fiscal year was 42 million yen.

2. Non-consolidated Statement of Income

"Insurance claim income" and "Penalty income," were included in "Other" under non-operating income until the previous consolidated fiscal year. Effective from the current fiscal year, they are disclosed separately since they exceeded 10/100 of the total amount of non-operating income.

"Insurance claim income" and "Penalty income" were 4 million yen and 0 million yen, respectively, in the previous consolidated fiscal year.

(Notes to 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 | 55,128 |
| Loss on valuation of inventories (Cost of sales) | - |

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

Same as notes to the consolidated financial statements.

(Notes to Balance Sheet)

1. Assets pledged as collateral and obligations secured by collateral

(1) Assets pledged as collateral are as follows:

| | | |
|-----------------------------|--------|-------------|
| Real estate as inventory | 55,117 | million yen |
| Other current assets (Note) | 598 | million yen |
| Total | 55,715 | million yen |

(Note) We have entrusted the deposit to the National Association For Real Estate Transaction Guaranty as a measure to protect the deposit based on Real Estate Brokerage Act.

(2) Secured obligations are as follows:

| | | |
|---|--------|-------------|
| Current portion of Long-term borrowings | 4,861 | million yen |
| Long-term borrowings | 36,255 | million yen |
| Contract liabilities | 598 | million yen |
| Total | 41,715 | million yen |

2. Accumulated depreciation of Property, plant and equipment

34 million yen

3. Overdraft agreement

We have entered into an overdraft agreement with a major financial institution to efficiently raise working capital. The following are unused lines of credit based on the overdraft agreement.

| | | |
|-------------------------|-------|-------------|
| Overdraft limit | 1,000 | million yen |
| Loan balance | - | |
| Balance (of an account) | 1,000 | million yen |

4. Monetary receivables from and payables to subsidiaries and affiliates (excluding those presented separately)

| | | |
|---------------------------------|----|-------------|
| Short-term monetary receivables | 89 | million yen |
| Short-term monetary payables | 2 | million yen |

(Notes to Statements of Income)

Transactions with our subsidiaries and affiliates

| | | |
|--|----|-------------|
| Transactions other than operating transactions | 20 | million yen |
|--|----|-------------|

(Notes to Statement of Changes in Equity)

Matters concerning the Treasury shares (As of December 31, 2023)

| | | |
|--------------|-----------|--------|
| Common stock | 4,990,970 | shares |
|--------------|-----------|--------|

(Notes on Tax Effect Accounting)

Breakdown of Deferred tax assets by major cause

| | |
|------------------------------|-------------------------|
| | (Unit: millions of yen) |
| Real estate as inventory | 241 |
| Accrued enterprise tax | 61 |
| Accounts payable | 8 |
| Commission fee | 43 |
| Excess depreciation | 3 |
| Asset retirement obligations | 0 |
| Share-based payment expenses | 4 |
| Deferred tax assets total | 364 |

(Notes to revenue recognition)

Basic information to understand the revenue from contracts with customers

Same as notes to the consolidated financial statements.

(Notes to transactions with related parties)

1. Our subsidiaries and affiliates

| Type of Company | Name | Equity ownership | Relationship | Transaction | Transaction Value (millions of yen) | Accounts item | Balance at end of year (millions of yen) |
|-----------------|---------------------------|------------------|---|--|-------------------------------------|--|--|
| Subsidiary | Loadstar Funding K.K. | 100% | Money lending Concurrent position of directors | Loans of funds (NOTE)3 | 1,060 | Short-term borrowings from subsidiaries and affiliates | 350 |
| | | | | Repayment of funds | 710 | | |
| | | | | Payment of administrative and arrangement fees | 1 | — | — |
| | | | | Payment of interests | 10 | Accrued expenses | 1 |
| Subsidiary | Loadstar Investments K.K. | 100% | Money lending Concurrent position of directors | Loans of funds | 300 | Short-term borrowings from subsidiaries and affiliates | 300 |
| | | | | Payment of administrative and arrangement fees | 7 | — | — |
| | | | | Payment of interests | 0 | Accrued expense | 0 |

(NOTES) 1. Consumption taxes are not included in the transaction value in the above amounts.

2. Terms and conditions of transactions and policy for determining terms and conditions of transactions.

The same terms and conditions for general transactions are applied.

3. For a portion of the borrowings, we have pledged real estate as inventory as collateral.

2. Directors and major individual shareholders

| Title | Name | Equity ownership | Relationship | Transaction | Transaction Value (millions of yen) | Accounts item | Balance at end of year (millions of yen) |
|--------------------|--------------|------------------|-------------------------|--------------------------|-------------------------------------|---------------|--|
| Executive Director | Yo Narita | 1.8% | Director of the Company | Exercising stock options | 22 | — | — |
| Executive Director | Naoyuki Kubo | 1.8% | Director of the Company | Exercising stock options | 22 | — | — |

(NOTES) 1. Consumption taxes are not included in the transaction value in the above amounts.

2. Exercising stock options that were issued by the Company in accordance with the Companies Act.

(Notes to Per Share Information)

| | |
|--------------------------|--------------|
| (1) Net assets per share | 1,090.68 yen |
| (2) Earnings per share | 281.46 yen |

(Subsequent Event)

Not applicable.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

February 13, 2024

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

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Joji Furukawa

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, 2023, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from January 1, 2023 to December 31, 2023, 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, 2023, 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.

Other Information

Management is responsible for the other information. 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 other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

(TRANSLATION)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

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.

(TRANSLATION)

- 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.

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 13, 2024

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

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Joji Furukawa

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, 2023, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 12th fiscal year from January 1, 2023 to December 31, 2023, 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, 2023, 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.

Other Information

Management is responsible for the other information. 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 other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the nonconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

(TRANSLATION)

In connection with our audit of the nonconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the nonconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

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.

(TRANSLATION)

- 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.

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 12th fiscal year from January 1, 2023 to December 31, 2023, the Audit & Supervisory Board prepared the following audit report.

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 and a statutory auditor 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, statement of income, statement of changes in equity, and non-consolidated explanatory notes), the annexed detailed statements thereof, and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in 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.

February 14, 2024

Audit & Supervisory Board of Loadstar Capital K.K.

Reference Materials for the Annual General Meeting of Shareholders

Proposal 1: Appropriation of Retained Earnings

The Company believes that returning profits to shareholders is a top management priority. While the fundamental policy of the Company is to maintain dividend payout, considering the future growth of the Company, the Company proposes to distribute a year-end dividend for the 12th fiscal year as follows.

Matters concerning the year-end dividend:

1. Type of dividend assets:
Cash
2. Matters concerning the allotment of dividend assets and the total amount:
52.50 yen per common share of the Company, for the total amount of 863,784,075 yen.
3. Effective date of the dividend of retained earnings:
March 25, 2024
4. Date of dividend payment:
March 25, 2024

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for Amendments

- (1) The proposed amendment to Article 2, item 1 will set forth a new business objective to prepare for the diversification of the Group's business and advancement into new business fields.
- (2) The proposed amendment to Article 30, Paragraphs 2 and 3 will establish new provisions regarding the election of Substitute Audit & Supervisory Board Members in case of a shortage in members stipulated in laws and regulations, as well as the effective period of the resolution for the election of the Substitute Audit & Supervisory Board Members.
- (3) The proposed amendment to Article 27 and Article 35 will enable the minutes of the Board of Directors meetings and the Audit & Supervisory Board meetings to be prepared by electromagnetic records.

2. Details of Amendments

The details of the amendments are as follows.

(Changes are shown in underlines.)

| Current Articles of Incorporation | Proposed Amendments |
|--|--|
| (Purpose) Article 2. The Company shall engage in the following businesses. (New) (1) Type II Financial Instruments business (2) Investment advisory and agency services (3) Investment management business (4) Managing, operating, and consulting on assets of tokumei kumiai (silent partnerships) (5) Separately managing funds invested in a form of collective investment scheme, such as equity interest in tokumei kumiai (silent partnerships) (6) Acquiring, managing, investing in, and holding securities (7) Acquiring, holding, disposing of, and brokering equity interests in tokumei kumiai (silent partnerships) (8) Acquiring, possessing, selling, buying, leasing, brokering, and managing real estate (9) Real estate consulting | (Purpose) Article 2. The Company shall engage in the following businesses. (1) <u>Type I Financial Instruments business</u> (2) Type II Financial Instruments business (3) Investment advisory and agency services (4) Investment management business (5) Managing, operating, and consulting on assets of tokumei kumiai (silent partnerships) (6) Separately managing funds invested in a form of collective investment scheme, such as equity interest in tokumei kumiai (silent partnerships) (7) Acquiring, managing, investing in, and holding securities (8) Acquiring, holding, disposing of, and brokering equity interests in tokumei kumiai (silent partnerships) (9) Acquiring, possessing, selling, buying, leasing, brokering, and managing real estate (10) Real estate consulting |
| (10) Consulting on asset management (11) Investment advisory services relating to real estate (12) Information providing services using the Internet and other telecommunication networks (13) Planning, producing, maintaining, and operating Internet websites, web contents, and homepages (14) Business based on Act on Specified Joint Real Estate Ventures (15) Money lending, financial guarantees, and other financial services (16) Brokerage of financial instruments (17) Brokerage of financial services | (11) Consulting on asset management (12) Investment advisory services relating to real estate (13) Information providing services using the Internet and other telecommunication networks (14) Planning, producing, maintaining, and operating Internet websites, web contents, and homepages (15) Business based on Act on Specified Joint Real Estate Ventures (16) Money lending, financial guarantees, and other financial services (17) Brokerage of financial instruments (18) Brokerage of financial services |

Proposal 3: Election of Two Directors

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

The candidates for Directors are as follows:

| No. | Name (Date of Birth) | Biography, positions, responsibilities and significant concurrent positions | Number of shares of the Company held |
|-----|---|--|--------------------------------------|
| 1 | Tatsushi Iwano [Reappointment] (May 23, 1973) | <p>Apr. 1996 Joined Japan Real Estate Institute</p> <p>Apr. 2000 Joined Goldman Sachs Realty Japan Ltd.,</p> <p>Aug. 2004 Joined Rockpoint Management Japan LLCL</p> <p>Mar. 2012 Founded the Company</p> <p> Appointed as President of the Company (Present)</p> <p>May. 2014 Appointed as President, Loadstar Funding K.K. (Present)</p> <p>Aug. 2019 Appointed as Director, Loadstar Investments K.K. (Present)</p> <p>(Significant concurrent positions) President, Loadstar Funding K.K. Director, Loadstar Investments K.K.</p> | 3,373,000 |
| 2 | Hideo Wanami [Reappointment] (May 8, 1952) | <p>Apr. 1980 Joined the Tokyo Regional Taxation Bureau</p> <p>Jul. 2005 Appointed as professor at the National Tax Agency's National Tax College</p> <p>Jul. 2007 Appointed as National Tax Examiner in the First Examination Department of the Tokyo Regional Taxation Bureau</p> <p>Aug. 2008 Registered as tax accountant</p> <p>Sep. 2008 Appointed as executive advisor at Grant Thornton Taiyo ASG Tax Corporation (currently Taiyo Grant Thornton Tax Corporation)</p> <p>Jul. 2009 Joined PricewaterhouseCoopers Tax Japan (currently PwC Tax Japan)</p> <p>Apr. 2014 Joined AlixPartners Asia LLC</p> <p>Jan. 2015 Appointed as executive advisor at AlixPartners Asia LLC</p> <p>Mar. 2018 Appointed as outside director of the Company (Present)</p> | - |

Notes:

1. There are no special interests between each candidate and the Company.
2. The number of shares of the Company held by each candidate is as of December 31, 2023.
3. Hideo Wanami is a candidate for Outside Director.
4. (1) Reasons for nominating Tatsushi Iwano as a candidate for Director are as follows:
He has been at the helm of the Company since its foundation, leading the Company's growth and development. The Board of Directors would like to request that he be elected as a Director for the further development of the Company.
- (2) Reasons for nominating Hideo Wanami as a candidate for Outside Director are as follows:
He served in various important positions at the National Tax Agency. He possesses extensive knowledge and experience in finance and accounting from his work experience as a professor at the National Tax College of the National Tax Agency and as a certified tax accountant. Thus, he has a high degree of insight regarding tax audits. Although he has no experience in corporate management, he has experience in supporting corporate management from an advisory point of view. From his professional perspective and

management oversight based on his extensive knowledge and experience, he makes fair, impartial, and useful comments at the Board of Directors meetings. For these reasons, the Board of Directors would like to request that he be elected as an Outside Director for the sustained growth of the corporate value of the Company.

5. Hideo Wanami is currently an Outside Director of the Company. His term of office as an Outside Director will be six years at the conclusion of this Annual General Meeting of Shareholders.
6. The Company has entered into an agreement with Hideo Wanami to limit his liability for damages under Article 423, Paragraph 1 of the Companies Act in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act and the Company's Articles of Incorporation, to ensure that Outside Directors can fully perform their expected roles. If his reappointment has been approved, the Company intends to continue the said agreement with him. The maximum amount of liability for damages under the said agreement is the total amount of two years of annual compensation or the minimum amount of liability stipulated by laws and regulations, whichever is higher.
7. The Company has reported Hideo Wanami as an Independent Director and/or Independent Audit & Supervisory Board Member (hereinafter "Independent Officer") as stipulated by the Tokyo Stock Exchange. If his reappointment has been approved, the Company intends to report him as an Independent Officer.
8. The Company has concluded a directors and officers liability insurance (D&O insurance) with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act (to be renewed in September 2024), which covers legal damages, litigation costs, and other losses incurred by directors and officers relating to their duties at the Company. The premiums are fully paid by the Company, and the candidate will be included as an insured under such insurance policy.

Proposal 4: Election of Three Audit & Supervisory Board Members

The terms of office of three Audit & Supervisory Board Members will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the Company proposes the election of three Audit & Supervisory Board Members. The Company has obtained the consent of the Audit & Supervisory Board for this proposal. The candidates for Audit & Supervisory Board Members are as follows:

| No. | Name (Date of Birth) | Biography, positions, responsibilities and significant concurrent positions | Number of shares of the Company held |
|-----|---|--|--------------------------------------|
| 1 | Atsushi Tanaka [Reappointment] (May 8, 1952) | <p>Jul. 1987 Joined Nippon Landic Inc.</p> <p>May. 1999 Founded Landbuil Management Inc. Appointed as Board Member, Executive Director.</p> <p>Jan. 2001 Merged with Jones Lang LaSalle K.K.</p> <p>Jun. 2012 Joined K.K. Seibu Sogokikaku (currently K.K. Seibu SCCAT)</p> <p>Jun. 2013 Founded Eternal Capital K.K. Appointed as President</p> <p>Apr. 2014 Appointed as President of K.K. MKK Consulting</p> <p>Mar. 2015 Appointed as Audit & Supervisory Board Member of the Company (Present)</p> <p>Aug. 2019 Appointed as Audit & Supervisory Board Member of Loadstar Investments K.K. (Present)</p> <hr/> <p>(Significant concurrent position) Audit & Supervisory Board Member of Loadstar Investments K.K.</p> | 30,000 |
| 2 | Yoshiaki Ueno [Reappointment] (March 16, 1970) | <p>Apr. 1993 Joined Asahi Shinwa Accounting Firm (currently KPMG AZSA LLC)</p> <p>Mar. 2003 Joined SBI Shinsei Bank, Limited</p> <p>Jul. 2013 Joined Australia and New Zealand Banking Group Limited</p> <p>Mar. 2016 Appointed as Outside Audit & Supervisory Board Member of the Company (Present)</p> <p>Sep. 2017 Joined Seven Seas Advisors (Present)</p> <p>May. 2019 Appointed as Outside Auditor of VisasQ, Inc.</p> <p>May. 2022 Appointed as Outside Director (Audit and Supervisory Committee Member) of VisasQ, Inc (Present)</p> <p>Sep. 2022 Appointed as Outside Audit & Supervisory Board Member of atama plus, Inc.</p> <hr/> <p>(Significant concurrent position) Outside Director (Audit and Supervisory Committee Member) of VisasQ, Inc</p> | 77,000 |
| 3 | Ryoko Kawaguchi (Registered name: Ryoko Tsuchiya) [New] (August 18, 1980) | <p>Dec. 2008 Joined Kudan Law Office</p> <p>Sep. 2016 Joined Noside Law Office</p> <p>Jun. 2021 Appointed as Outside Audit & Supervisory Board Member of atama plus, Inc. (Present)</p> <p>May. 2022 Joined HIFUMI Law (Present)</p> <hr/> <p>(Significant concurrent position) Outside Audit & Supervisory Board Member of atama plus, Inc.</p> | - |

Notes:

1. There are no special interests between each candidate and the Company.
2. The number of shares of the Company held by each candidate is as of December 31, 2023.
3. Yoshiaki Ueno and Ryoko Kawaguchi are candidates for Outside Audit & Supervisory Board Members.
4. (1) Reasons for nominating Atsushi Tanaka as a candidate for Audit & Supervisory Board Member are as follows:

He has extensive practical experience in corporate management, real estate transactions, and debt collection. The Company would like to request that he be elected as an Audit & Supervisory Board Member so that he can apply his expertise and wealth of experience to auditing the Company's decision-making and business execution, thus auditing the Company's management with the aim of continuously improving the Company's corporate value.
- (2) Reasons for nominating Yoshiaki Ueno as a candidate for Outside Audit & Supervisory Board Member are as follows:

After passing the examination for Certified Public Accountant, he served at an auditing firm. Subsequently, he served as Chief Financial Officer ("CFO") for several financial institutions and as a director of a subsidiary company. Recently, he has served as CFO for a real estate fund AM company and has also served as an outside auditor for several companies. For these reasons, the Company would like to request that he be elected as an Audit & Supervisory Board Member with the aim of enhancing the sustained growth in corporate value of the Company.
- (3) Reasons for nominating Ryoko Kawaguchi as a candidate for Outside Audit & Supervisory Board Member are as follows:

As an attorney at law, she has a wide range of experience and expertise in corporate legal affairs, including corporate law, business contracts, intellectual property, and labor relations. She also possesses deep insight into governance and auditing systems, which she has gained through her experience as an outside corporate auditor at atama plus Inc. Based on this expertise, the Company believes that she meets the expectations of auditing the Company's management with the aim of achieving sustained growth in corporate value of the Company. Accordingly, the Company would like to request her election as an Outside Audit & Supervisory Board.
5. Yoshiaki Ueno is currently an Audit & Supervisory Board Member of the Company. His term of office will reach eight years at the conclusion of this Annual General Meeting of Shareholders.
6. The Company has entered into an agreement with Yoshiaki Ueno to limit his liability for damages under Article 423, Paragraph 1 of the Companies Act in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act and the Company's Articles of Incorporation, to ensure that Outside Audit & Supervisory Board Members can fully perform their expected roles. If his reappointment has been approved, the Company intends to continue the said agreement with him. Such agreement also will apply to Ryoko Kawaguchi if she is appointed to an Outside Audit & Supervisory Board Member. The maximum amount of liability for damages under the said agreement is the total amount of two years of annual compensation or the minimum amount of liability stipulated by laws and regulations, whichever is higher.
7. The Company has reported Yoshiaki Ueno as an Independent Officer as stipulated by the Tokyo Stock Exchange. Also, Ryoko Kawaguchi meets the requirements for an Independent Officer as stipulated by the Tokyo Stock Exchange. If the Board of Directors approves her appointment is approved, the Company shall report her as an Independent Officer.
8. The Company has concluded a directors and officers liability insurance (D&O insurance) with an insurance

company as stipulated in Article 430-3, Paragraph 1 of the Companies Act (to be renewed in September 2024), which covers legal damages, litigation costs, and other losses incurred by directors and officers relating to their duties at the Company. The premiums are fully paid by the Company, and the candidates will be included as insured under such insurance policy. If Ryoko Kawaguchi is elected, the Company will also include her as an insured under the said insurance policy.

Proposal 5: Election of One Substitute Audit & Supervisory Board Member

Provided that Proposal 4, "Election of Three Audit & Supervisory Board Members," is approved, the Board of Directors proposes that Ryo Nemoto be elected as a Substitute Audit & Supervisory Board Member to ensure the continuation of audit, in the event of a vacancy in the position of Atsushi Tanaka, the full-time Audit & Supervisory Board Member. The effectiveness of the appointment of Ryo Nemoto as a Substitute Audit & Supervisory Board Member may be revoked by a resolution of the Board of Directors with the consent of the Audit & Supervisory Board, only prior to his assumption of office. The Audit & Supervisory Board has given its consent to the submission of this proposal. The candidate for a Substitute Audit & Supervisory Board Member is as follows:

| Name (Date of Birth) | Biography, positions, responsibilities and significant concurrent positions | Number of shares of the Company held |
|----------------------------------|--|--------------------------------------|
| Ryo Nemoto (January 10, 1980) | <p>Apr. 2004 Joined IHI Corporation</p> <p>May. 2010 Joined GE Japan Inc.</p> <p>Dec. 2018 Joined PricewaterhouseCoopers Japan LLC</p> <p>Mar. 2020 Joined PwC Business Assurance LLC</p> <p>Aug. 2022 Joined the Company</p> <p> Appointed as General Manager, Internal Audit Department</p> <p>Feb. 2023 Appointed as Outside Audit & Supervisory Board Member of IzanagiGames, Inc. (Present)</p> <hr/> <p>(Significant concurrent positions)</p> <p>General Manager, Internal Audit Department of Loadstar Investments K.K.</p> <p>Outside Audit & Supervisory Board Member of IzanagiGames, Inc.</p> | - |

Notes:

1. Ryo Nemoto currently serves as General Manager of the Internal Audit Department of the Company and General Manager of the Internal Audit Department of Loadstar Investments K.K. However, he will not hold these positions at the time of his appointment as an Audit & Supervisory Board Member. There are no special interests between the candidate and the Company.
2. The number of shares of the Company held by candidate is as of December 31, 2023.
3. Reasons for nominating Ryo Nemoto as a candidate for Substitute Audit & Supervisory Board Member are as follows:
He possesses experience in statutory auditing and advisory services as a certified public accountant, in addition to accounting and internal control at a business corporation. He has played an instrumental role in enhancing the effectiveness of the Company's auditing as General Manager of the Internal Audit Department. The Company believes that he will be able to further strengthen the internal audit function performance of the Company and properly audit the execution of duties by the Directors.
4. The Company has concluded a directors and officers liability insurance (D&O insurance) with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, which covers legal damages, litigation costs, and other losses incurred by directors and officers relating to their duties at the Company. The premiums are fully paid by the Company. Upon Ryo Nemoto's appointment as Audit & Supervisory Board Member, he will be included as an insured under such insurance policy. In addition, at the time of the next renewal of the insurance policy, if he is in the position of Audit & Supervisory Board Member, the Company plan to enter into the policy with him as an insured.
5. If Proposal 2, "Partial Amendments to the Articles of Incorporation," is approved and passed, the effective period of the election of Ryo Nemoto as a Substitute Audit & Supervisory Board Member will expire at the

beginning of the Annual General Meeting of Shareholders for the last fiscal year ending within four years after the resolution is adopted.