

February 17, 2023

To All

Company Name	Frontier Management Inc.
Representative	Shoichiro Onishi, Co-President & Executive Officer (TSE Prime Market Code No. 7038)
Contact	Hiroaki Hamada, Executive Officer, Head of Company Planning and Administration Department (TEL. +81-3-6862-8335)

Notice of Capital Increase (Additional Capital Increase) by Consolidated Subsidiaries

Frontier Management Inc. (hereafter the “FMI”) and our consolidated subsidiary Frontier Capital Inc. (hereafter the “FCI”) have concluded an agreement with The Joyo Bank, Ltd., Tokai Tokyo Financial Holdings, Inc. and JAPAN POST BANK Co., Ltd. for a third-party allotment of shares to FCI, which is announced below.

Notation

1. Purpose of capital increase by our consolidated subsidiaries

FMI have provided a diverse range of solutions to domestic and overseas companies through teams of specialists tailored to the business phases of our customers, including consulting, M&A, management staffing, and revitalization support.

Over the past few years, the global society has undergone major changes. Japanese companies are also required to transform their business models, such as responding to sustainability, responding to productivity improvements such as digitization, responding to the revitalization of local economies, which are facing declining birthrates, aging populations, and business succession problems, and responding to after-sales covid-19.

On April 1, 2023, FMI established an FCI with the aim of resolving such critical issues for companies and to resolve them. On January 18, 2023, FMI received investments totaling approximately 2.7 billion from three Anchor Investors (THE BANK OF FUKUOKA, LTD., JAPAN POST BANK Co., Ltd., and The Bank of Yokohama, Ltd.) and four other banks (Saitama Resona Bank, Limited, Daishi Hokuetsu Bank, Ltd., THE HOKURIKU BANK, LTD., and Sumitomo Mitsui Banking Corporation) (see the timely disclosure on December 27, 2022). FMI have newly obtained investments from The Joyo Bank, Ltd. And Tokai Tokyo Financial Holdings, Inc., as well as additional investments from JAPAN POST BANK Co., Ltd.

FMI believe that FCI's investment business will enable us to grow by transforming the business model of our investee companies and reorganizing our industry by making direct investments with the aim of enhancing the corporate value of our investee companies over the medium to long term. At the same time, FMI will also contribute to enhancing our enterprise value by accelerating the expansion of the size of our group.

In promoting our investment business, in addition to dispatching management personnel from FCI to investee companies, FMI also provide consulting services as needed.

In addition, as mentioned above, by obtaining investment from eight banks, including three anchor investors, and one company, We will be able to combine the regional relationship and financial business know-how of each investor with the consulting, M&A, management staffing, and restoration support know-how owned by FMI and FCI to further enhance the promotion of this project. Through these initiatives, We will raise the corporate value of FMI and FCI by enhancing the corporate value of the companies in which FCI invest.

FCI will raise capital in stages in accordance with the progress of the investment. FCI plan to ultimately raise funds totaling

15 billion yen (The capital increase in January and February 2023 will be ¥3 billion of that amount.).

2.Consolidated Companies

(1)	Name	Frontier Capital Inc.	
(2)	Address	3-2-1, Roppongi, Minato-ku, Tokyo	
(3)	Job Title/Name of Representative	Shoichiro Onishi President, CEO and COO Masahiro Matsuoka Representative Director	
(4)	Description of Businesses	Investment business involving the dispatch of management personnel	
(5)	Capital before capital increase	1.834 billion yen (1.834 billion yen in capital, 1.834 billion yen in capital reserve)	
(6)	Date of Incorporation	April 1, 2022	
(7)	Fiscal year end	December 31	
(8)	Major shareholders prior to the capital increase and ratio of voting rights	FMI 91%	
(9)	Listed company and the company Relationship with	Capital relationship	Subsidiary of FMI
		Personnel relationship	Shoichiro Onishi and Masahiro Matsuoka, representative directors of FMI, serve concurrently as representative directors of the relevant company.
		Business relationship	FMI have a business relationship with the company concerned.

3.Funding Profile

(1)	Number of newly issued shares	3,333 shares of Class A shares
(2)	Issue price	100,000 yen per share
(3)	Total issue price	333 million yen (Note)
(4)	Amounts designated as stated capital	166 million yen (50,000 yen per share)
(5)	Payment date	February 28, 2023 (planned)
(6)	Allottee (50-note order)	[Class A stocks] The Joyo Bank, Ltd., Tokai Tokyo Financial Holdings, Inc. and JAPAN POST BANK Co., Ltd..
(7)	Capital after capital increase	2 billion yen
(8)	Number of shares outstanding after the capital increase	40,006 shares
(9)	Conditions of certain class of share	[Class A shares] <ul style="list-style-type: none"> • Dividends of surplus in cash shall be paid to Class A shareholders prior to the shareholders, etc. who hold shares of other classes. • Distribution of residual assets to the allotment destination shall take place prior to the shareholders, etc. holding the shares of other classes. • Allotments may not exercise voting rights at FCI general meetings.

	<ul style="list-style-type: none"> • Class A shareholders may demand that FCI acquire some or all of the Class A shares in exchange for the payment of monies ten years from the date of the first issue of the Class A shares.
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(NOTE) Assuming that the payment after the above payment due date is conditionally arranged, the issuance of 104,991 shares of Class A shares and 5,000 shares of Class C shares (FMI plan to subscribe for all of the shares of Class C stock) is scheduled, and the total issue price is expected to be 15 billion yen.

4. Schedule

February 17, 2023	Conclusion of a share subscription agreement, a shareholder agreement, etc. concerning the Class Shares
February 28, 2023	Payment of capital by each investor (planned)

5. Future outlook

The impact of FCI funding, including this issue, on our consolidated business results for the year ended December 2023 has already been incorporated into the "Forecast of results for the year ending December 3, 2023 (January 1, 2023 to December 31, 2023)" summary of "Summary of results for the year ending December 2022 [Japanese Standards] (Consolidation)" released on February 10, 2023.