

July 14, 2023

To All

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Notice of capital and business alliance with M&A advisory company in France and issuance of new shares through third-party allotment

Frontier Management Inc. (hereinafter "we") resolved at the Board of Directors meeting held on July 14, 2023 to acquire 40% of the outstanding shares of Athema (registered trade name: AT Conseil), which is headquartered in Paris, France, and provides M&A advisory services, and issue our new shares through a third-party allotment to Antema SAS which holds all shares of Athema in order to form a capital and business alliance with Athema. We hereby announce as follows.

I. Purchases of Shares

1. Reasons for the capital and business alliance

Athema is an M&A advisory firm established in 2001 by Mr. Jean-Marc Teurquetil ("Mr. Teurquetil").

It is characterized by a strong network of clients with experienced directors working in each sector, such as manufacturing, IT, business-services, food and beverages, retailing, energy, healthcare and life sciences, real estate and aviation.

In addition, Mr. Teurquetil is the Chairman of the Board of CFI (Corporate Finance International), a global M&A membership, where our President and Representative Director, Masahiro Matsuoka, serves as a director, which has strengths in cross-border M&A transactions with operations in 17 countries, mainly in Europe.

We provide a diverse solutions, such as consulting services, M&A advisory, management execution support and revitalization support. We have also worked to expand our overseas business by establishing offices in China, Singapore and the United States.

By collaborating with Athema based on this alliance, we will build a bridgehead that will expand into growing markets such as Europe, the Middle East and Africa. We will accelerate our business development, including advisory services on developing M&A strategies, identifying M&A targets, executing M&A transactions and post-merger integration ("PMI"), as well as hands-on consulting services.

In this capital-and-business alliance, we will acquire 40% of the outstanding shares of Athema. In addition to acquiring shares, we will be granted the option to additionally acquire 20% of the shares in about two years (we will acquire 60% of the outstanding shares in total) and turn Athema into our subsidiary.

In addition, we will strengthen our relations with Athema and Mr. Teurquetil by allocating our newly-issued shares, through a third-party allotment, to Antema SAS which is the asset-management firm of Mr. Teurquetil and holding the whole shares of Athema.

After we acquire Athema's shares, Mr. Teurquetil will become Athema's representative and Co-Chairman (full-time) and our President and Representative Director, Masahiro Matsuoka, will serve as Co-Chairman (part-time) to jointly increase Athema's corporate value.

2. Details of the capital and business alliance

(1) Content of the equity tie-up

See "1. Reasons for the capital and business alliance" above and "II. Offering of Our Shares Issued through Third-Party Allotment".

(2) Scope of the alliance

This business alliance will serve as a bridgehead for our group to enter the fast-growing European, Middle Eastern and African markets. At the moment, only a limited number of Japanese professional firms are present in Europe. By forming a business alliance with Athema, we will be able to provide integrated solutions for developing M&A strategies, identifying M&A targets, executing M&A transactions, PMI and hands-on consulting, then we expect to expand our cross-border practice with increased number of transactions.

3. Outline of capital/business alliance partner (Athema)

(1)	Name	Athema (registered trade name: AT Conseil)		
(2)	Address	31 rue du Colisée, 75008 Paris France		
(3)	Title/Name of Representative	President Antema SAS		
(4)	Description of Businesses	M&A advisory in France		
(5)	Capital	1,008,000 EUR		
(6)	Date of Incorporation	June 13, 2001		
(7)	Major shareholders and percentage of shares	Antema SAS (100%)		
(8)	Relationship between the listed company and the company concerned	Capital relationship	Not applicable.	
		Personnel relationship	Not applicable.	
		Business relationship	Not applicable.	
(9)	Operating results and financial position of the company for the past three years (thousand EUR; excluding specially mentioned items)			
	Fiscal year-end	FY2020	FY2021	FY2022
	Net assets	△ 517	2,269	3,451
	Total assets	2,772	6,024	6,549
	Net assets per share (EUR)	△3.3	14.4	21.9
	Net sales	3,232	7,757	9,496
	Operating income	265	3,381	3,607
	Ordinary income	244	3,354	3,569
	Net income	259	2,787	2,333
	Net income per share (EUR)	1.7	17.7	14.8
	Dividend per share (EUR)	—	3.7	14.6

4. Overview of Antema SAS

(1)	Name	Antema SAS
(2)	Address	31 rue du Colisée, 75008 Paris France

(3)	Title/Name of Representative	President Jean-Marc Teurquetil	
(4)	Description of Businesses	Asset management company	
(5)	Capital	502,000 EUR	
(6)	Date of Incorporation	January 2, 1995	
(7)	Net assets	1,081,000 EUR	
(8)	Total assets	4,287,000 EUR	
(9)	Major shareholders and percentage of shares	Jean-Marc Teurquetil (100%)	
(10)	Relationship between the listed company and the company concerned	Capital relationship	Not applicable.
		Personnel relationship	Not applicable.
		Business relationship	Not applicable.
		Applicable status to the relevant party	Not applicable.

5. Number of Shares to be Acquired, Purchase Price, and Shareholding Before and After Acquisition

(1)	Shares owned prior to the transaction	0 share (number of voting rights: 0, percentage of voting rights: 0%)
(2)	Shares to be acquired	63,000 shares (Number of voting rights: 63,000)
(3)	Purchase Price	8 million EUR The purchase price is determined by taking into consideration the results of financial, tax and legal due diligence conducted by external organizations to ensure fairness and appropriateness.
(4)	Shares owned after the transaction	63,000 shares (number of voting rights: 63,000, percentage of voting rights: 40.0%)

6. Schedule

(1)	Date of resolution of the Board of Directors	July 14, 2023
(2)	Contract day	July 14, 2023 (planned)
(3)	Date of share transfer	July 20, 2023 (planned)

7. Future outlook

As Athema's share acquisition in connection with this capital and business alliance makes Athema an equity-method affiliate of us, net income attributable to owners of parent is expected to increase by approximately 10% for the fiscal year ending December 2023.

II. Offering of Our Shares Issued through Third-Party Allotment

1. Overview of the offering

(1)	Payment date	August 1, 2023 to August 31, 2023 With regard to the third party allotment, the above-mentioned payment period has been resolved as the payment period under the Companies Act, and such payment period has been stated as the payment date.
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(2)	Number of New Shares	223,900 shares of our common stock
(3)	Issue price	1,374 yen per share
(4)	Amount of proceeds	307,638,600 yen
(5)	Offering or Allotment Method (Assignee)	Using the method of third-party allotment. (Antema SAS)
(6)	Other	The foregoing items shall be subject to the entry into force of the Securities Registration Statement under the Financial Instruments and Exchange Law.

2.The purpose and reason for the offer

As stated in " I. 1. Reasons for the capital and business alliance " above, in the capital and business alliance with Athema, we will acquire 40% of the outstanding shares of Athema and issue new shares to Antema SAS, an asset-management firm of Mr. Teurquetil, a founder of Athema, through a third-party allocation of newly-issued shares as described below.

This third-party allotment of newly-issued shares is intended to strengthen the relationship between our group and Athema, whose whole shares are held by Antema SAS, which is scheduled to be allocated our newly-issued shares, and Mr. Teurquetil, a founder of Athema, but on the other hand, we recognize that enhancing our equity capital and strengthening our financial soundness for the future business development of our group domestically and overseas is a key issue for our group. We believe that it is appropriate to procure funds through direct financing rather than solely borrowing from financial institutions, which leads to an increase in costs due to the interest burden. Among direct financing methods, we have determined that it is desirable to issue new shares through a third-party allotment as a method of promptly and reliably procuring funds because the timing of raising funds is unclear by other means as stock option, accordingly which cannot be deemed to be sufficient to enable us to procure funds as we need.

3.Amount, Use and Expected Period of Funds to be Procured

(1)Amount of funds to be raised

①	Total amount paid	307,638,600 yen
②	Estimated issuance costs	20,788,000 yen
③	Net of estimated proceeds	286,850,600 yen

(2)Specific uses of funds to be procured

Specific uses	Amount	Scheduled time period for spending
Fund to acquire shares of Athema	286,850,600 yen	July 2023

4.Approach to the Rationality of Use of Funds

As stated in "2. The purpose and reason for the offer " and "3. (2) Specific uses of funds to be procured," we believe that the funds raised through this third-party allotment will contribute to the enhancement of our corporate value and share value by allocating the funds raised through this third-party allotment to the uses stated above, and we believe that the use of funds is reasonable.

5.Rationality of issuance conditions, etc.

(1)Basis for calculating the amount to be paid and the specific contents thereof

The issue price of the third-party allotment will be 1,374 yen, the closing price of our common stock on the Tokyo Stock Exchange as of July 13, 2023, which is the business day immediately preceding the resolution date of the Board of Directors' meeting pertaining to the third-party allotment of shares (July 14, 2023). We decided to adopt the closing price of our shares on the business day immediately preceding the resolution date of the Board of Directors meeting

because we judged that the such closing price was the most recent market value on the date of the resolution of the Board of Directors and that it was highly objective and reasonable as the basis for calculation.

The average closing price of our shares on the Tokyo Stock Exchange for one month (June 14, 2023 to July 13, 2023) immediately preceding the resolution of the Board of Directors: 1,291 yen (rounded down to less than 1 yen; the same shall apply hereinafter) and the issue price is premium for 6.4%; the average closing price for three months immediately preceding the resolution of the Board of Directors (April 14, 2023 to July 13, 2023) 1,141 yen and the issue price is premium 20.4%; and the average closing price for six months immediately preceding the resolution of the Board of Directors (January 14, 2023 to July 13, 2023) 1,170 yen and the issue price is premium 17.4%. For all periods, we have decided that it is not particularly advantageous for the allottee.

In addition, upon the resolution of the Board of Directors regarding the capital increase through third-party allotment on July 14, 2023, all of our auditors have received an opinion that the amount of such payment is in accordance with the "Guidelines on the Treatment of Capital Increase through Third-Party Allotment" issued by the Japan Securities Dealers Association and does not fall under the amount that is particularly favorable to the planned allotment.

(2)Basis for determining that the volume of issuance and the size of dilution of shares is reasonable

The number of shares to be allotted to the planned allotment is 223,900 shares (2,239 voting rights) and 1.95% dilution to the total number of shares of our common stock as of June 30, 2023 of 11,501,997 shares (1.95% of the total number of voting rights of 114,869. Rounded to the third decimal place.) will occur as a result of this third-party allotment.

However, as stated in “3. Amount, Use and Expected Period of Funds to be Procured ” above, we can expect to strengthen growth and profitability by allocating the funds to the uses described in “(2) Specific uses of funds to be procured,” and as stated in “2. The purpose and reason for the offer ” above, we believe that this third-party allotment of new shares will lead to an increase in the corporate value of our group by strengthening our relations with Athema and Mr. Teurquetil, who is a representative of the company. Therefore, we believe that the volume of issuance and the size of dilution are rational.

6.Reasons for Selection of Estimated Allocation

(1)Overview of assignment schedule

(1)	Name	Antema SAS
(2)	Address	31 rue du Colisée, 75008 Paris France
(3)	Title/Name of Representative	President Jean-Marc Teurquetil
(4)	Description of Businesses	Asset management company
(5)	Capital	502 thousand EUR
(6)	Date of Incorporation	January 2, 1995
(7)	Fiscal year end	December
(8)	Major shareholders and percentage of shares	Jean-Marc Teurquetil(100%)
(9)	Relationship between the companies	
	Capital relationship	Not applicable.
	Personnel relationship	Not applicable.
	Business relationship	Not applicable.
	Applicable status to the	Not applicable.

relevant party			
(10)	Results of Operations and Financial Position for the Past Three Years (thousand EUR)		
Fiscal year end	FY2020	FY2021	FY2022
Net assets	△ 308	△ 64	1,081
Total assets	4,019	3,972	4,287
Net sales	281	228	230
Operating income	△ 33	△ 55	△ 15
Ordinary income	△ 28	△ 51	△ 152
Net income	10	243	1,146

(2)Reasons for Selection of Estimated Allocation

As stated in "2. Purpose and Reason of the Offering " above.

(3)Holding policy of planned allotment counterparties

We have verbally confirmed from Mr. Teurquetil that it is policy of the allottee to hold shares to be issued through this third-party allotment over the medium to long term.

We plan to acquire a commitment letter from the allottee to report in writing when it transfers all or a portion of our common stock to be issued by this third-party allotment within two years from the payment date, to report the content of this transfer to Tokyo Stock Exchange, Inc, and to agree that the content of the report will be made available for public inspection.

(4)Contents of confirmation of the existence of the property required for the payment of the anticipated recipient of the allocation

Since the payment by the allottee will be paid out of the purchase price of Athema that we will pay to the allottee, we have judged that the allottee has the required and sufficient funds for the payment.

7.Actual status of the planned allottee

We have retained Nardello & Co. LLC, a specialized third-party research organization, to conduct an investigation on whether the allottee is an anti-social force or whether the allottee has any relationship with an anti-social force, and we have received an investigation report dated July 7, 2023 from the organization. In this research report, there was no report that the allottee is an anti-social force or that the allottee has any relationship with an anti-social force. In addition, by confirming through interviews, etc. with allottee, that the allottee and its related parties are not individuals, corporate persons, or other organizations (specified organizations, etc.) who intend to enjoy economic benefits by using violence or force or by committing fraud or other criminal acts, and that the allottee and its related parties are not engaged in anti-social activities, we judge that the allottee and its officers are not related to any anti-social forces, and we submit a written confirmation to the Tokyo Stock Exchange Co., Ltd. to that effect.

7.Major shareholders and shareholding ratio after the offering

Prior to the offering (as of June 30, 2023)		After the offering	
Shoichiro Onishi	18.95%	Shoichiro Onishi	18.59%
Masahiro Matsuoka	18.95%	Masahiro Matsuoka	18.59%
The Custody Bank of Japan, Ltd. (Trust Account)	7.48%	The Custody Bank of Japan, Ltd. (Trust Account)	7.34%
The Master Trust Bank of Japan, Ltd. (Trust Account)	7.44%	The Master Trust Bank of Japan, Ltd. (Trust Account)	7.30%
Masaya Yajima	5.35%	Masaya Yajima	5.24%

Takahiro Yamaguchi	4.37%	Takahiro Yamaguchi	4.29%
Tomohiro Murata	2.31%	Tomohiro Murata	2.27%
SBI SECURITIES Co., Ltd.	1.75%	Antema SAS	1.91%
Akinori Nishda	0.97%	SBI SECURITIES Co., Ltd.	1.72%
The Nomura Trust and Banking Co., Ltd. (trust account)	0.96%	Akinori Nishda	0.96%

8.Future outlook

Although the effect of the third-party allotment on our Group's performance in the fiscal year ended December 31, 2023 is minimal, we believe it will contribute to improving the Group's performance over the medium to long term.

9.Items related to procedures for the corporate code of conduct

The third-party allotment does not require the procedures for obtaining opinions from independent third parties as stipulated in Article 432 of the Listing Regulations of the Tokyo Stock Exchange and for confirming the intention of shareholders because (i) the dilutive ratio is less than 25% and (ii) it does not involve a change in the controlling shareholder.

10.Results of Operations and Equity Financing for the Past Three Years

(1)Consolidated Results for the Past Three Years

	FY 2020	FY2021	FY2022
Consolidated net sales	5,192 million yen	5,741 million yen	7,915 million yen
Consolidated operating income	580 million yen	501 million yen	908 million yen
Consolidated ordinary income	575 million yen	514 million yen	921 million yen
Net income attributable to owners of parent	420 million yen	338 million yen	556 million yen
Consolidated net income per share	36.89 yen	29.70 yen	48.67 yen
Dividend per share	24.00 yen	10.00 yen	28.00 yen
Consolidated net assets per share	213.05 yen	215.40 yen	255.37 yen

(NOTE)We conducted a 2-for-1 stock split on January 1, 2021. "Net income per share" and "Net assets per share" are calculated as if this stock split had taken place at the beginning of the previous fiscal year. For the fiscal year ended December 31, 2020, "Dividend per share" is the actual amount of dividends before the stock split.

(2)Number of shares and potential shares outstanding as of June 30, 2023

	Number of shares	Ratio to the number of shares outstanding
Number of shares outstanding	11,501,997 shares	100.00%
Number of potential shares at the current exercise price	192,200 shares	1.67%

(3)Recent stock price situation

① Situation over the Past Three Years

	FY2020	FY2021	FY2022
Opening price	711 yen (1,421 yen)	2,440 yen	747 yen
High	2,453 yen (6,540 yen)	2,635 yen	1,570 yen

Low	2,283 yen (1,281 yen)	681 yen	608 yen
Closing price	2,383 yen	751 yen	1,261 yen

(NOTE) We conducted a 2-for-1 stock split on January 1, 2021. The stock prices for the year ended December 31, 2020 are shown as high and low prices after the stock split, and the high and low prices before the stock split are shown in parentheses. The opening price is the share price after adjustment for stock splits, and the share price before adjustment for stock splits is shown in parentheses.

② Situation over the last 6 months

	In 2023					
	January	February	March	April	May	June
Opening price	1,285 yen	1,488 yen	1,136 yen	979 yen	947 yen	1,101 yen
High	1,526 yen	1,593 yen	1,209 yen	993 yen	1,233 yen	1,321 yen
Low	1,254 yen	1,140 yen	936 yen	904 yen	912 yen	1,090 yen
Closing price	1,477 yen	1,151 yen	966 yen	932 yen	1,108 yen	1,274 yen

③ Stock price on the business day prior to the issue resolution date

	July 13, 2023
Opening price	1,337 Yen
High	1,381 Yen
Low	1,336 Yen
Closing price	1,374 Yen

(4) Status of Equity Financing in the Past Three Years

Not applicable.

11. Publication guidelines

(1)	Number of New Shares	223,900 shares of our common stock
(2)	Issue price	1,374 yen per share
(3)	Amount of proceeds	307,638,600 yen
(4)	Amounts designated as stated capital	687 yen per share
(5)	Total amount designated as stated capital	153,819,300 yen
(6)	Offering or Allotment Method	Through third-party allotment
(7)	Planned allotment	Antema SAS
(8)	Application date	August 1, 2023 to August 31, 2023
(9)	Payment date	August 1, 2023 to August 31, 2023
(10)	Other	The aforementioned items shall be subject to the effectiveness of the securities registration statement filed under the Financial Instruments and Exchange Act.