



## Consolidated Financial Results for the 2Q of the Fiscal Year Ending December 2023 [Japanese GAAP]

August 10, 2023

Listed company name Frontier Management Inc. Listing: Tokyo Stock Exchange  
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 Scheduled date to file Quarterly Securities Report August 10, 2023  
 Scheduled date of commencement of dividend payment -

Preparation of supplementary material on quarterly financial results: Yes  
 Quarterly results briefing: Yes(for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

### 1. Quarterly consolidated results for FY2023 2Q (January 1, 2023 to June 30, 2023)

#### (1) Consolidated Operating Results (Cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Attributable to owners of parent Net income	
	JPY mil.	%	JPY mil.	%	JPY mil.	%	JPY mil.	%
FY 2023 2Q	4,991	25.6	695	28.0	695	24.8	406	46.2
FY 2022 2Q	3,972	53.8	543	632.6	556	581.7	277	444.4

(NOTE) Comprehensive income FY 2023 2Q 411 JPY mil. (44.8%) FY 2022 2Q 283 JPY mil. (475.7%)

	Net income per share	Fully diluted Net income per share
	JPY	JPY
FY 2023 2Q	35.38	34.87
FY 2022 2Q	24.32	23.89

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	JPY mil.	JPY mil.	%
FY 2023 2Q	8,939	6,141	33.9
End of FY 2022	5,658	3,015	51.7

Reference: Shareholders' equity Second Quarter of FY 2023 3,019 JPY mil. FY12/2022 2,927 JPY mil.

Net assets ratio Second Quarter of FY 2023 68.8% FY12/2022 53.3%

The equity ratio is calculated by dividing (total net assets at the end of the period-stock subscription rights at the end of the period-stock subscription rights to shares at the end of the period-non-controlling shareholders at the end of the period) by total assets at the end of the period.

Net assets ratio is calculated by dividing total net assets at the end of the fiscal year by total assets at the end of the fiscal year.

In the first quarter of the fiscal year ending December 31, 2023, Frontier Capital Inc. a consolidated subsidiary, received an investment of 3 billion yen from eight financial institutions and one company based on the company's business plan, which resulted in an increase of 2.999 billion yen in the non-dominated interests of the Group, and a drop in the equity ratio. Excluding the amount of such investment, the equity ratio was 51.1%. The equity ratio excluding the said amount of investment is calculated by dividing (total net assets at the end of the period-share subscription rights at the end of the period-share subscription rights at the end of the period-non-controlling interests at the end of the period-increase in capital surplus due to the said investment of 0.9 million yen) by (total assets at the end of the period-such investment of 3 billion yen).

### 2. Dividends

	Annual dividends				
	End of First Quarter	End of second quarter	End of the third quarter	Term end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2022	-	0.00	-	28.00	28.00
FY 2023	-	0.00	-	-	-
FY 2023 (Forecast)	-	-	-	-	-

(NOTE) 1. Revisions to the most recently announced dividend forecasts: None

2. We plan to pay a dividend for the fiscal year ending December 2023, but the amount of the dividend forecast remains undecided.

3.Forecast for FY 2023 (January 1, 2023-December 31, 2023)

(Percentages indicate previous fiscal year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	JPY mil.	%	JPY mil.	%	JPY mil.	%	JPY mil.	%	Yen
Full year	10,000	26.3	1,200	32.1	1,200	30.2	700	25.7	61.06

(NOTE)Revisions to the most recently announced earnings forecasts: None

※ Due to the large fluctuation in business results during the fiscal year due to the timing of sales of incentive fees in the M&A Advisory Business, it is difficult to calculate consolidated earnings forecasts for the second quarter (cumulative). In addition, because the Group manages its earnings over the course of the year, the Group has announced its earnings forecasts only for the full fiscal year.

※ Notes

(1)Significant changes in subsidiaries during the quarter under review (changes in specified subsidiaries resulting in changes in the scope of consolidation): None

(2)Application of special accounting methods for preparing quarterly consolidated financial statements: None

(3)Changes in accounting policies and changes or restatement of accounting estimates

- ① Changes in accounting policies due to revision of accounting standards: Yes
- ② ① Changes in accounting policies other than the above: None
- ③ Changes in accounting estimates: None
- ④ Restatement of revisions: None

(4)Number of shares outstanding (common shares)

- ① Number of shares outstanding at the end of the period (including treasury stock)
- ② Number of treasury stock at the end of the period
- ③ Average number of shares outstanding (quarterly consolidated cumulative period)

FY 2023 2Q	11,501,997 Shares	FY 2022	11,468,478 Shares
FY 2023 2Q	7,821 Shares	FY 2022	5,821 Shares
FY 2023 2Q	11,480,158 Shares	FY 2022 2Q	11,420,326 Shares

※ Quarterly financial results are not subject to quarterly review by a certified public accountant or auditing firm.

※ Explanations and other special notes concerning the appropriate use of business performance forecasts

(Notes on forward-looking statements)

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and on certain assumptions deemed to be reasonable, and do not constitute guarantees by the Company of future performance.

Actual results may differ materially from the forecast depending on a range of factors. Please refer to "1. Qualitative Information on Quarterly Financial Results, (3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements" on page 3 of the attached material for the assumptions on which the forecasts are based and notes for using the forecasts.

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## 1. Overview of Quarterly Financial Results

### (1) Operating Results

During the second quarter of the fiscal year under review (from January 1, 2023 to June 30, 2023), Japanese economy continued to face uncertainty, including the risk of a downturn in overseas economies due to the prolonged situation in Russia and Ukraine, rising prices, and global financial tightening, despite progress in normalization of social and economic activities as a result of the elimination of behavioral restrictions caused by the new type of coronavirus infectious disease.

Under such a company environment, our Group continues to focus on proposing and executing one-stop solutions to corporate issues by offering comprehensive services utilizing management consulting, M&A advisory, revitalization support, and other functions. At Frontier Capital Inc., established in April last year, we raised a total of JPY3,000,600k from financial institutions and other entities through a third-party allocation of new shares and began full-fledged investment execution.

As a result of the above, our Group's consolidated results for the second quarter of this fiscal year were net sales of JPY4,991,187k (up 25.6% year on year), operating income of JPY695,330k (up 28.0%), ordinary income of JPY695,101k (up 24.8%), and profit attributable to owners of parent of JPY406,256k (up 46.2%).

Operating results by segment are as follows. Net sales include inter-segment sales.

#### Consulting and Advisory Business Segment

In the consulting and advisory business segment, performance in the second quarter of the current fiscal year was favorable in the management consulting business and the revitalization support business. As a result, net sales were JPY4,973,187k (up 25.2%) and operating income was JPY891,294k (up 57.0%).

Results of operations by business segment are as follows.

##### < Management Consulting Business >

The business results of the management consulting business for the consolidated cumulative second quarter of this fiscal year were JPY2,545,101k in net sales (up 16.3%). In the second quarter of the current fiscal year, sales increased compared with the same quarter of the previous fiscal year due to the positive effect of increasing the number of employees through aggressive recruitment, as well as the contribution of strategic support for improving the corporate value of the manufacturing industry and the strengthening and expansion of SR/IR related and DX related consulting services.

##### <M&A Advisory Business>

In the M&A advisory business, consolidated net sales for the second quarter of the fiscal year under review were JPY1,565,939k (up 1.9%). In the consolidated cumulative second quarter of this fiscal year, multiple large-scale M&A deals, including cross-border M&A deals, were concluded, and sales increased compared with the same quarter of the previous fiscal year.

##### < Revitalization Support Business >

Business to support revitalization posted net sales of JPY749,420k for the second quarter of the current fiscal year (up 351.7%). In the second quarter of the current fiscal year, the number of revitalization projects began to increase from the second half of the previous fiscal year, and the execution of large-scale revitalization projects also contributed to a significant increase in sales compared with the same quarter of the previous fiscal year.

##### < Other Business >

Operating revenues from other businesses in the consolidated cumulative second quarter of this fiscal year totaled JPY112,726k (up 37.8%).

#### Investment Business Segment

In the consolidated cumulative second quarter of this fiscal year, the Investment Business Segment began full-scale investment by procuring funds from financial institutions through a third-party allocation of new shares. However, due to the recording of fixed costs such as personnel expenses, net sales were JPY39,246k (no net sales in the same quarter of the previous fiscal year) and operating loss was JPY195,964k (operating loss of JPY24,183k in the same quarter of the previous fiscal year).

## (2) Financial Position

### <Assets>

Our group's assets at the end of the second quarter of the current fiscal year were JPY8,939,878k (compared with JPY5,658,644k at the end of the previous fiscal year), an increase of JPY3,281,233k from the end of the previous fiscal year.

This was mainly due to an increase of JPY3,406,724k in cash and deposits, and decreases of JPY51,348k in notes, accounts receivable and contract assets, JPY14,729k in goodwill and JPY107,847k in deferred tax assets.

### <Liabilities>

The balance of liabilities of our group at the end of the second quarter of the current fiscal year was JPY2,798,775k (compared with JPY2,642,688k at the end of the previous fiscal year), an increase of JPY156,087k from the end of the previous fiscal year.

This was mainly due to increases of JPY500,000k in short-term loans payable and JPY63,870k in accounts payable-other, decreases of JPY269,738k in provision for bonuses, JPY70,272k in income taxes payable, and JPY68,833k in long-term loans payable.

### <Net assets>

The balance of net assets of our group at the end of the second quarter of the current fiscal year was JPY6,141,102k (compared with JPY3,015,956k at the end of the previous fiscal year), up JPY3,125,146k from the end of the previous fiscal year.

This is mainly attributable to non-controlling interests in a third-party allotment of shares of consolidated subsidiary Frontier Capital Inc.

This was due to an increase due to the recording of JPY2,999,700k and the recording of JPY406,256k in quarterly net income attributable to owners of the parent in the consolidated cumulative second quarter under review, while a decrease due to the payment of JPY320,954k in dividends of retained earnings.

### <Cash Flows>

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the second quarter of the current fiscal year increased by JPY3,406,724k from the end of the previous fiscal year to JPY6,605,814k.

The status of each cash flow and its factors for the second quarter of the current fiscal year are as follows.

#### Cash flows from operating activities

Net cash provided by operating activities was JPY371,742k (compared with net cash provided by operating activities of JPY782,690k in the same quarter of the previous fiscal year). This was mainly attributable to JPY695,101k of profit before income taxes, an increase of JPY65,771k in accounts payable-other, a decrease of JPY51,643k in notes and accounts receivable-trade, and an increase of JPY45,553k in share-based compensation expenses, as well as decreases of JPY269,738k in provision for bonuses and JPY254,886k in income taxes paid.

#### Cash flows from investing activities

Net cash used in investing activities was JPY68,815k (compared with net cash used of JPY246,860k in the same quarter of the previous fiscal year). This was mainly due to purchase of property, plant and equipment of JPY30,328k and purchase of investments and other assets of JPY37,537k.

#### Cash flows from financing activities

Net cash provided by financing activities was JPY3,100,207k (compared with net cash provided by financing activities of JPY1,215,363k in the same quarter of the previous fiscal year). This was mainly due to JPY2,990,098k in proceeds from capital increase by consolidated subsidiaries and JPY500,000k in net increase in short-term loans payable, and a decrease of JPY320,371k in dividends paid.

## (3) Future Outlook

There is no change in the full-year consolidated earnings forecast from the consolidated earnings forecast announced on February 10, 2023.

## 2. Quarterly Consolidated Financial Statements

### (1) Balance Sheets

(Thousands of yen)

	The previous fiscal year (As of Dec 31, 2022)	The 2Q of current fiscal year (As of Jun 30, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	3,199,089	6,605,814
Notes, accounts receivable and contract assets	912,827	861,478
Operational investment securities	23,833	23,620
Other	164,580	182,296
Allowance for doubtful accounts	△24,214	△19,228
Total current assets	4,276,116	7,653,981
Fixed assets		
Tangible assets		
Buildings, net	282,593	275,306
Tools, furniture and fixtures, net	31,122	36,080
Net property, plant and equipment	313,716	311,386
Intangible fixed assets		
Software	10,471	8,851
Goodwill	265,130	250,401
Customer related asset	18,750	15,625
Other	102	1,491
Total intangible assets	294,454	276,368
Investments and other assets		
Investment securities	3,591	3,591
Investments in affiliates	51,707	54,788
Contribution to affiliated company	2,485	1,429
Lease deposits	361,403	355,928
Deferred tax assets	346,194	238,347
Other	1,595	37,545
Total investments and other assets	766,978	691,630
Total fixed assets	1,375,149	1,279,386
Deferred assets		
Organization expenses	7,379	6,511
Total deferred assets	7,379	6,511
Total assets	5,658,644	8,939,878

(Thousands of yen)

	The previous fiscal year (As of Dec 31, 2022)	The 2Q of current fiscal year (As of Jun 30, 2023)
<b>Liabilities</b>		
Current liabilities		
Accounts payable	71,030	96,470
Short-term borrowings	-	500,000
Current portion of long-term debt	138,388	137,428
Accounts payable	128,860	192,731
Income taxes payable	288,143	217,870
Accrued bonuses	764,486	494,747
Provision for directors' bonuses	5,050	35,524
Provision for shareholder benefit program	13,924	14,325
Other	458,742	407,935
Total current liabilities	1,868,624	2,097,033
Fixed liabilities		
Long-term debt	639,313	570,480
Asset retirement obligations	134,750	131,261
Total long-term liability	774,063	701,741
Total liabilities	2,642,688	2,798,775
Net assets		
Shareholders' equity		
Common stock	210,062	215,559
Capital surplus	577,503	593,900
Retained earnings	2,139,619	2,224,920
Treasury stock	△8,246	△8,246
Total shareholders' equity	2,918,939	3,026,134
Other accumulated comprehensive income		
Foreign currency translation adjustments	8,352	8,235
Total accumulated other comprehensive income	8,352	8,235
Stock purchase warrants	-	16,374
Stock acquisition right	34,673	31,609
Non-controlling shareholders' equity	53,990	3,058,748
Total net assets	3,015,956	6,141,102
Total liabilities and net assets	5,658,644	8,939,878

(2) Statements of Income and Comprehensive Income  
(Statements of Income)  
(2<sup>nd</sup> Quarter Consolidated Cumulative Period)

(Thousands of yen)

	2Q of previous fiscal year (Jan 1, 2022 to Jun 30, 2022)	2Q of current fiscal year (Jan 1, 2023 to Jun 30, 2023)
Net sales	3,972,843	4,991,187
Cost of sales	1,539,398	2,161,715
Gross income	2,433,444	2,829,472
Selling, general and administrative expenses	1,890,028	2,134,142
Operating income	543,416	695,330
Non-operating income		
Interest income	79	58
Equity in earnings of affiliates	2,902	2,025
Insurance dividend income	1,802	2,130
Reversal of allowance for doubtful accounts	-	4,840
Foreign exchange gains	9,973	2,916
Other	1,490	2,425
Total non-operating income	16,248	14,397
Non-operating expenses		
Interest expense	2,780	3,708
Stock issuance	-	10,502
Other	109	415
Total non-operating expenses	2,889	14,626
Ordinary income	556,776	695,101
Extraordinary losses		
Write-down of investment securities	53,505	-
Total extraordinary loss	53,505	-
Current net income for the quarter before income taxes and minority interests	503,270	695,101
Income taxes	163,190	175,939
Income taxes-deferred	56,622	107,847
Total income taxes	219,813	283,787
Net income	283,457	411,314
Quarterly net income attributable to non-controlling shareholders	5,652	5,058
Quarter income attributable to owners of parent	277,805	406,256



(Statements of Comprehensive Income)  
(2<sup>nd</sup> Quarter Consolidated Cumulative Period)

(Thousands of yen)

	2Q of previous fiscal year (Jan 1, 2022 to Jun 30, 2022)	2Q of current fiscal year (Jan 1, 2023 to Jun 30, 2023)
Net income	283,457	411,314
Other comprehensive income		
Foreign currency translation adjustments	447	△116
Other total comprehensive income	447	△116
Quarterly comprehensive income	283,905	411,197
(Comprehensive income attributable to)		
Quarterly comprehensive income attributable to owners of parent	278,253	406,139
Quarterly comprehensive income attributable to non-controlling shareholders	5,652	5,058

## (3) Statements of Cash Flows

(Thousands of yen)

	2Q of previous fiscal year (Jan 1, 2022 to Jun 30, 2022)	2Q of current fiscal year (Jan 1, 2023 to Jun 30, 2023)
<b>Net cash provided by operating activities</b>		
Current net income for the quarter before income taxes and minority interests	503,270	695,101
Depreciation and amortization	20,406	32,925
Amortization of deferred charge	-	868
Amortization of goodwill	15,252	14,729
Amortization of customer-related assets	-	3,125
Equity in earnings ( $\Delta$ ) of investments	$\Delta$ 2,902	$\Delta$ 2,025
Charges for stock compensation	83,636	45,553
Stock issuance	-	10,502
Unrealized gains (losses) on available-for-sale securities. (Gain on $\Delta$ )	53,505	-
Increase (decrease) in accrued bonuses	$\Delta$ 106,229	$\Delta$ 269,738
Increase (decrease) in provision for directors' bonuses (decrease in $\Delta$ )	68,891	30,474
Increase (decrease) in allowance for doubtful accounts ( $\Delta$ : decrease)	5,747	$\Delta$ 4,986
Increase (decrease) in provision for shareholder benefits ( $\Delta$ : decrease)	4,082	400
Interest income	$\Delta$ 79	$\Delta$ 58
Interest expense	2,780	3,708
Decrease (increase) in notes and accounts receivable-trade (increase in $\Delta$ )	393,502	51,643
Increase (decrease) in operational investment securities. ( $\Delta$ increased)	$\Delta$ 14,028	212
Increase (decrease) in notes and accounts payable-trade (decrease in $\Delta$ )	11,350	25,072
Increase (decrease) in accounts payable-other (decrease in $\Delta$ )	28,189	65,771
Other	$\Delta$ 52,032	$\Delta$ 72,881
Sub total	1,015,343	630,399
Interest received	79	58
Interest paid	$\Delta$ 4,040	$\Delta$ 3,829
Income taxes paid	$\Delta$ 228,691	$\Delta$ 254,886
Net cash provided by operating activities	782,690	371,742
<b>Net cash used in investing activities</b>		
Purchases of property, plant and equipment	-	$\Delta$ 30,328
Purchase of intangible assets	$\Delta$ 230	$\Delta$ 2,949
Payments for asset retirement obligations	-	$\Delta$ 3,530
Additional investments in newly consolidated entities	$\Delta$ 238,932	-
Acquisition of shares of subsidiaries	$\Delta$ 2,500	-
Payments for lease and guarantee deposits	$\Delta$ 860	$\Delta$ 726
Proceeds from collection of lease and guarantee deposits	940	6,256
Purchase of other assets	-	$\Delta$ 37,537
Purchase of deferred charges	$\Delta$ 5,277	-
Net cash used in investing activities	$\Delta$ 246,860	$\Delta$ 68,815
<b>Net cash used in financing activities</b>		
Net increase (decrease) in short-term borrowings ( $\Delta$ )	500,000	500,000
Proceeds from long-term debt	860,000	-
Repayments of long-term debt	$\Delta$ 20,499	$\Delta$ 69,793
Dividends paid	$\Delta$ 113,996	$\Delta$ 320,371
Proceeds from issuance of common stock of consolidated subsidiaries	-	2,990,098
Dividends paid to non-controlling interests	$\Delta$ 11,100	-

Proceeds from exercise of stock options	958	274
Net cash used in financing activities	1,215,363	3,100,207
Effect of exchange rate changes on cash and cash equivalents	9,816	3,589
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	1,761,010	3,406,724
Cash and cash equivalents at beginning of year	1,784,218	3,199,089
Period-end balance of cash and cash equivalents	3,545,228	6,605,814

(4)Notes to Quarter Consolidated Financial Statements

(Going Concern)

Not applicable.

(Significant Changes in Shareholders' Equity)

Not applicable.

(Changes in accounting policies)

(Application of Implementation Guidance on Accounting Standard for Calculation of Market Value)

The Company will apply the "Implementation Guidance on Accounting Standard for Calculation of Market Value" (ASBJ Guidance No. 31, June 17, 2021; hereinafter the "Guidance on Accounting Standard for Market Value Calculation") from the beginning of the first quarter of the current fiscal year, and apply the new accounting policy stipulated by the Implementation Guidance on Accounting Standard for Market Value Calculation in accordance with the transitional treatment stipulated in Article 27-2 of the Guidance on Accounting Standard for Market Value Calculation in the future. There is no impact on the quarterly consolidated financial statements.

(Additional Information)

(Increase in non-controlling interests due to capital increase of subsidiaries)

At the meetings of the Board of Directors held on December 27, 2022 and February 10, 2023, we resolved to raise funds through a third-party allotment of shares by Frontier Capital Inc., a consolidated subsidiary. Payments were completed on January 18, 2023 and February 28, 2023, respectively, for a total of JPY3,000,600k.

As a result, capital surplus of our group increased by JPY900,000k and non-controlling interests increased by JPY2,999,700k.

The shares issued through the third-party allotment totaled 30,006 shares, consisting of 29,997 shares of Class A stock and 9 shares of Class B stock. Details of each class of shares are as follows:

[Class A stocks]

- 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.
- Allottees may not exercise their voting rights at the shareholders' meeting of Frontier Capital Inc.
- Class A Shareholders may request Frontier Capital Inc. to acquire all or part of Class A Shares in exchange for the payment of monies ten years after the day of the first Class A Shares issue.

[Class B shares]

- Dividends of surplus will not be paid to Class B Shareholders, etc.
- In the event that residual assets are further distributed to Class A Shareholders after distribution of residual assets to Class A Shareholders, the distribution of residual assets to Class B Shareholders shall be made prior to Class C Shareholders, etc. and Ordinary Shareholders, etc.
- The allottee has one voting right for each Class B share at the shareholders' meeting of Frontier Capital Inc.

## (Segment Information)

[Segment Information]

Second Quarter (From January 1, 2022 to June 30, 2022)

## 1.Information on net sales and profits or losses by reported segment

(Thousands of yen)

	Reportable Segments			Adjusted amount	Amount recorded in quarterly consolidated financial statements (Note)
	Consulting Advisory Business	Investment business	Total		
Net sales					
Sales to customers	3,972,843	-	3,972,843	-	3,972,843
Intersegment sales	-	-	-	-	-
Total	3,972,843	-	3,972,843	-	3,972,843
Segment profit (loss) (△)	567,600	△24,183	543,416	-	543,416

(NOTE)"Segment income (loss)" is the same as operating income in the quarterly consolidated statements of income.

## 2.Information on assets by reportable segment

Due to the inclusion of Frontier Capital Inc. in the scope of consolidation, the amount of segment assets in the Investment Business for the second quarter of the current fiscal year increased by JPY1,005,733k from the end of the previous fiscal year.

Second Quarter Under Review (From January 1, 2023 to June 30, 2023)

## 1.Information on net sales and profits or losses by reported segment

(Thousands of yen)

	Reportable Segments			Adjusted amount	Amount recorded in quarterly consolidated financial statements (Note)
	Consulting Advisory Business	Investment business	Total		
Net sales					
Sales to customers	4,973,187	18,000	4,991,187	-	4,991,187
Intersegment sales	-	21,246	21,246	△21,246	-
Total	4,973,187	39,246	5,012,433	△21,246	4,991,187
Segment profit (loss) (△)	891,294	△195,964	695,330	-	695,330

(NOTE)"Segment income (loss)" is the same as operating income in the quarterly consolidated statements of income.

## 2.Information on assets by reportable segment

During the first quarter of the fiscal year under review, Frontier Capital Inc., a consolidated subsidiary, raised funds totaling JPY3,000,600k from financial institutions through a third-party allocation of new shares. As a result, segment assets in the Investment Business for the second quarter of the current fiscal year increased by JPY2,804,882k from the end of the previous fiscal year.

(Significant subsequent events)

(Purchases of Shares and third-party allotment, and borrowing of funds)

At a meeting of the Board of Directors held on July 14, 2023, we resolved to acquire 40% of the outstanding shares of Athema and issue our new shares through a third-party allotment to a Antema SAS holding all shares of Athema in order to form a capital and business alliance with Athema (registered trade name: AT Conseil), which is headquartered in Paris, France. On the same date, the Company resolved to borrow funds from Sumitomo Mitsui Banking Corporation to fund the stock purchase.

I. Purchases of Shares

1.Reasons for the capital and business alliance

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

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

In addition, Mr. Teurquetil has strengths in CFI(Corporate Finance International/ cross-border M&A deals, where our President and Representative Director Masahiro Matsuoka serves as a director, and chairs a global M&A membership that operates in 17 countries, mainly in Europe.

We provide a diverse range of solutions, including consulting, M&A, management execution support, and revitalization support. We have also worked to expand our overseas business by establishing bases in China, Singapore, and the United States.

By collaborating with Athema through this project, we will build a bridgehead that will expand into growing markets such as Europe, the Middle East, and Africa. We will accelerate business development, including the formulation of M&A strategies, search for candidates, M&A exclusion, PMI, and hands-on consulting.

In this capital-and-business alliance, we will acquire 40% of the outstanding shares of Athema. In addition to acquiring shares, the Company will acquire an additional 20% of the Company's shares within two years (together with the current acquisition of shares, the Company will acquire 60% of the outstanding shares) and an option to make the Company a subsidiary.

In addition, we will strengthen our relations with Teurquetil and Athema by allocating our new shares through a third-party allotment to Antema SAS who are the asset-management firm of Mr. Teurquetil and hold all of the shares of Athema.

2.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)Job Title/Name of Representative	President Antema SAS
(4)Description of Businesses	M&A advisory in France
(5)Common stock	1,008,000 EUR
(6)Date of Incorporation	June 13, 2001
(7)Major shareholders and percentage of shares	Antema SAS(100.0%)

3.Overview of acquisition of shares partner

(1)Name	Antema SAS
(2)Location of Head Office	31 rue du Colisée, 75008 Paris France
(3)Job Title/Name of Representative	President Jean-Marc Teurquetil
(4)Description of Businesses	Asset management company
(5)Common stock	502,000 EUR
(6)Date of Incorporation	January 2, 1995

(7)Major shareholders and percentage of shares	Jean-Marc Teurquetil(100.0%)
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#### 4.Number of Shares Acquired, Purchase Price, and Shareholding Before and After Acquisition

(1)Shares owned prior to the transaction	0 shares (number of voting rights: 0, percentage of voting rights: 0%)
(2)Shares acquired	63,000 shares (Number of voting rights: 63,000)
(3)Acquisition cost	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. The above amount includes the value of options to acquire additional shares.
(4)Shares owned after the transaction	63,000 shares (number of voting rights: 63,000, percentage of voting rights: 40.0%)

#### 5.Schedule

(1)Date of resolution of the Board of Directors	July 14, 2023
(2)Contract day	July 14, 2023
(3)Date of share transfer	July 20, 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 this allocation to a third party, 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.
(2)Number of New Shares	223,900 shares of our common stock
(3)Issue price	JPY1,374 per share
(4)Amount of proceeds	JPY 307,638,600.
(5) Total amount of capital inclusion	JPY 153,819,300
(6)Solicitation or Allotment Method (Scheduled allotment counterparties)	The method of third-party allotment. (Antema SAS)
(7)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 "Reasons for I.1. shareholders' equity and Business Alliance" above, in the capital and business alliance with Athema, the Company will acquire 40% of the outstanding shares of Athema and issue new shares to Mr. Teurquetil's Antema SAS of asset-management companies through a third-party allocation of new shares as shown below.

The third-party allotment of new shares is intended to strengthen the relationship between us and Antema SAS, which is scheduled to be allocated, with Athema that holds all of the shares, and with Mr. Teurquetil, the founder of Athema, on the other hand, we recognize that enhancing our equity capital and strengthening 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 just borrowing from financial institutions, which leads to an increase in costs due to the interest burden. Among these, we have determined that it is desirable to issue new shares through a third-party allotment as a method for promptly and reliably procuring funds because the timing of raising funds is unclear for such means as stock acquisition rights, which cannot be said to be sufficient to enable us to procure funds that we intend to do so.

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

#### (1)Amount of funds to be raised

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

#### (2)Specific uses of funds to be procured

Specific uses	Amount	Timing of expenditures
Fund to acquire shares of Athema	JPY 286,850,600.	Jul 2023

### 4.Overview of assignment schedule

(1)Name	Antema SAS
(2)Address	31 rue du Colisée, 75008 Paris France
(3)Job Title/Name of Representative	President Jean-Marc Teurquetil
(4)Description of Businesses	Asset management company
(5)Common stock	502,000 EUR
(6)Date of Incorporation	January 2, 1995
(7)Fiscal year end	December
(8)Major shareholders and percentage of shares	Jean-Marc Teurquetil(100%)

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

(1)Shares owned prior to the transaction	0 shares (number of voting rights: 0, percentage of voting rights: 0%)
(2)Shares acquired	223,900 shares (Number of voting rights: 2,239)
(3)Acquisition cost	JPY 307,638,600.
(4)Shares owned after the transaction	223,900 shares (number of voting rights: 2239, percentage of voting rights: 1.91%)

### III. Financing through Borrowings

(1)Borrower	Sumitomo Mitsui Banking Corporation
(2)Amount borrowed	JPY 1,000,000,000
(3)Date of borrowing	July 20, 2023
(4)Borrowing period	10 years
(5)Interest rate	Base rate + Spread
(6)Existence of collateral	Unsecured & unguaranteed

(NOTE)The loan is subject to a change-of-control provision that maintains a voting interest in Athema of at least 40%.