

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities Code: 7038

March 11, 2024

To Our Shareholders:

Shoichiro Onishi, Representative Director
Frontier Management Inc.
3-2-1 Roppongi, Minato-ku, Tokyo, Japan

Notice of the 17th Annual General Meeting of Shareholders

You are cordially notified that the 17th Annual General Meeting of Shareholders of Frontier Management Inc. (the “Company”) will be held as stated below.

In convening the General Meeting of Shareholders, the Company has taken measures to provide electronically the information that is the content of the Reference Documents for the General Meeting of Shareholders, etc. (the matters to be electronically provided) and posted such information on each of the websites shown below on the Internet. You are kindly requested to access one of the following websites to review the information.

The Company’s website:

<https://www.frontier-mgmt.com/> (in Japanese)

(Please access the above website to select from the menu “IR,” and then “General Meeting of Shareholders” to review the information.)

Website on which the materials for the General Meeting of Shareholders are posted:

<https://d.sokai.jp/7038/teiji/> (in Japanese)

Tokyo Stock Exchange’s website (TSE’s Company Announcements Service for listed companies):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

(Please access the above website and enter “FRONTIER MANAGEMENT” in “Security Name (Company Name)” or the Company’s securities code “7038” in “Code” to search, select “Basic information” and then “Documents for public inspection/PR information,” and see the “Convocation notices/documents for shareholder meetings” column under “Documents for public inspection.”)

If you are unable to attend the meeting, you can exercise your voting rights in writing or via the Internet. After reviewing the Reference Documents for the General Meeting of Shareholders, please exercise your voting rights by indicating your approval or disapproval of each of the proposals on the voting form provided together with this notice and return the voting form, or by accessing the designated website for exercising voting rights (<https://evote.tr.mufg.jp/>) and entering your vote for approval or disapproval. Either way, please exercise your voting rights by no later than 6 p.m. on Tuesday, March 26, 2024 (JST).

1. Date and Time:	Wednesday, March 27, 2024, at 10 a.m. (JST) (The reception desk opens at 9:30 a.m.)
2. Venue:	Belle Salle Roppongi Grand Conference Center, Sumitomo Fudosan Roppongi Grand Tower, 9th floor 3-2-1 Roppongi, Minato-ku, Tokyo, Japan
3. Purpose of the Meeting	
Matters to be reported:	<ol style="list-style-type: none"> 1. Business Report and Consolidated Financial Statements for the 17th fiscal year (from January 1, 2023 to December 31, 2023) and audit results of Consolidated Financial Statements by Accounting Auditor and the Audit & Supervisory Board 2. Non-consolidated Financial Statements for the 17th fiscal year (from January 1, 2023 to December 31, 2023)
Matters to be resolved:	
Proposal No. 1	Dividends of Surplus
Proposal No. 2	Amendment to the Articles of Incorporation
Proposal No. 3	Election of Two Directors (Excluding Directors who are Audit and Supervisory Committee Members)
Proposal No. 4	Election of Four Directors who are Audit and Supervisory Committee Members
Proposal No. 5	Determination of Amount of Compensation, etc., for Directors (Excluding Directors who are Audit and Supervisory Committee Members)
Proposal No. 6	Determination of Amount of Compensation, etc., for Directors who are Audit and Supervisory Committee Members
Proposal No. 7	Partial Revision of Amount and Content of Restricted Stock-Based Compensation for Directors (Excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)

- When attending the meeting in person, please hand in the voting form as an attendance slip at the reception desk at the meeting venue.
- Please also bring with you this Notice of the Annual General Meeting of Shareholders as a reference at the meeting.
- Only shareholders can enter the venue on the day of the event. In the case of proxy attendance, the proxy must also be a shareholder. In addition to the voting form to be exercised as a proxy and a written document certifying the authority of proxy, please submit the voting form in the name of the proxy.
- If you wish to make a diverse exercise of your voting rights (voting for and against the same proposal), please advise us three days prior to the Annual General Meeting of Shareholders, with your reasons therefor.
- If any changes are made to the matters to be electronically provided, such change will be announced on each of the websites shown above on the Internet, together with information before and after the changes.
- In accordance with the amendment to the Companies Act, shareholders shall confirm the matters subject to measures for electronic provision by accessing any of the websites shown above on the Internet as a general rule. The Company shall send paper-based documents only to shareholders who have requested the delivery of paper-based documents by the reference date, but for this General Meeting of Shareholders, the Company shall send paper-based documents stating the matters subject to measures for electronic provision to all shareholders regardless of whether or not delivery of paper-based documents has been requested.

Among matters for which measures for providing information in electronic format are to be taken, the following matters are not included in the documents to be delivered in accordance with laws and regulations and Article 15 of the Company's Articles of Incorporation.

- (i) "Matters Related to Stock Acquisition Rights of the Company," "Accounting Auditor," "Overview of the System to Ensure Appropriateness of Business Operations," "Overview of the Operational Status of the System to Ensure Appropriateness of Business Operations," and "Basic Policy Regarding Control of the Company" of the Business Report
- (ii) "Consolidated Statement of Shareholders' Equity" and "Notes to the Consolidated Financial Statements" of the Consolidated Financial Statements
- (iii) "Non-consolidated Statement of Shareholders' Equity" and "Notes to the Non-consolidated Financial Statements" of the Non-consolidated Financial Statements

The business report, consolidated financial statements, and non-consolidated financial statements attached to such documents are part of the documents audited by the Accounting Auditor when preparing the accounting audit report and the same documents audited by the Audit & Supervisory Board in preparing the audit report.

Reference Documents for the General Meeting of Shareholders

Proposal No. 1 Dividends of Surplus

The Company maintains a basic policy of paying stable dividends on a continual basis, while securing sufficient internal reserves to develop future business and enhance the management structure of the Company group (the “Group”).

In accordance with the above basic policy, the Company proposes to pay a year-end dividend for the fiscal year as follows:

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| (1) Type of dividend property | To be paid in cash. |
| (2) Allotment of dividend property and their aggregate amount | The Company proposes to pay a dividend of ¥41 per common share of the Company.
In this event, the total dividends will be ¥480,460,714 . |
| (3) Effective date of dividends of surplus | March 28, 2024 |

Proposal No. 2 Amendment to the Articles of Incorporation

1. Reasons for the Amendment

- (1) In order to further enhance corporate governance and sustainably increase corporate value by further strengthening the supervisory functions of the Board of Directors and increasing the agility of the execution of operations, the Company proposes to transition to a company with audit and supervisory committee. In line with this transition, the Company will make amendments including the creation of new provisions related to Audit and Supervisory Committee Members and the Audit and Supervisory Committee, the creation of new provisions related to the delegation of authority for decisions concerning the execution of important operations to Directors, and the deletion of provisions related to Audit & Supervisory Board Members and the Audit & Supervisory Board, as required for the transition to a company with audit and supervisory committee.
- (2) In line with each of the aforementioned amendments, the numbering of articles, etc., will be amended.

2. Description of the Amendment

The proposed amendments are as follows. Furthermore, the amendments to the Articles of Incorporation in this proposal shall take effect at the conclusion of this meeting.

(Underlined sections indicate changed parts.)

The Articles of Incorporation currently in force	Proposed amendments
Articles 1 to 9 (Omitted) (Shareholder Registry Administrator) Article 10 1. The Company shall have a shareholder registry administrator. 2. The shareholder registry administrator and its business offices shall be determined by a resolution of the Board of Directors. 3. The Company shall have the shareholder registry, the list of stock acquisition rights and the list of lost share certificates maintained at the business offices of the shareholder registry administrator. It shall delegate to the shareholder registry administrator the recording or registration in the shareholder registry, the list of stock acquisition rights and the list of lost share certificates, as well as other administrative work related to its stock and stock acquisition rights, and shall not engage in such work on its own.	Articles 1 to 9 (Unchanged) (Shareholder Registry Administrator) Article 10 1. The Company shall have a shareholder registry administrator. 2. The shareholder registry administrator and its business offices shall be determined by a resolution of the Board of Directors <u>or the decision of a Director as delegated by resolution of the Board of Directors.</u> 3. The Company shall have the shareholder registry, the list of stock acquisition rights and the list of lost share certificates maintained at the business offices of the shareholder registry administrator. It shall delegate to the shareholder registry administrator the recording or registration in the shareholder registry, the list of stock acquisition rights and the list of lost share certificates, as well as other administrative work related to its stock and stock acquisition rights, and shall not engage in such work on its own.
(Share Handling Rules) Article 11 The recording or registration in the shareholder registry, the list of stock acquisition rights and the list of lost share certificates of the Company as well as other administration in relation to its stock and stock acquisition rights and their fees, in addition to matters stipulated by laws and regulations or the Articles of Incorporation, shall be in accordance with the share handling rules adopted by the Board of Directors.	(Share Handling Rules) Article 11 The recording or registration in the shareholder registry, the list of stock acquisition rights and the list of lost share certificates of the Company as well as other administration in relation to its stock and stock acquisition rights and their fees, in addition to matters stipulated by laws and regulations or the Articles of Incorporation, shall be in accordance with the share handling rules adopted by the Board of Directors <u>or a Director as delegated by resolution of the Board of Directors.</u>
Articles 12 to 20 (Omitted) (Number of the Directors) Article 21 The number of the Directors of the Company shall be <u>seven</u> or less.	Articles 12 to 20 (Unchanged) (Number of the Directors) Article 21 The number of the Directors of the Company shall be <u>ten</u> or less.
Article 22 (Omitted)	Article 22 (Unchanged)

The Articles of Incorporation currently in force	Proposed amendments
<p>(Term of Office of a Director)</p> <p>Article 23</p> <p>1. The term of office of a Director shall be until the conclusion of an annual general meeting of shareholders relating to the last fiscal year among fiscal years ending within <u>two years</u> following his or her election.</p> <p style="text-align: center;"><Newly establish></p> <p>2. The term of office of a Director elected as a substitute for a Director who has resigned before his or her term expires or elected in order to increase the number of Directors shall be the same as the remaining term of the predecessor or the terms of office of the other currently serving Directors.</p> <p style="text-align: center;"><Newly establish></p> <p>Article 24 (Omitted) (Compensation)</p> <p>Article 25</p> <p>Compensation, bonuses, and other financial benefits that the Directors receive from the Company for executing their duties (the "Compensation, Etc.") shall be determined based on a resolution of a general meeting of shareholders.</p> <p>(Representative Director(s) and Directors with Executive Titles)</p> <p>Article 26</p> <p>1. The Company shall select a Representative Director(s) by a resolution of the Board of Directors.</p> <p>2. A Representative Director shall represent the company and execute its business.</p> <p>3. If all of the Representative Directors are prevented from acting so, another Director in accordance with the order pre-designated by the Board of Directors shall perform their duties in their place.</p> <p>4. The Board of Directors may select, by its resolution, one Chairperson and Director, one President and Director, and one or more Deputy Presidents and Directors, Senior Managing Directors, and Managing Directors, respectively.</p>	<p>(Term of Office of a Director)</p> <p>Article 23</p> <p>1. The term of office of a Director <u>(excluding Directors who are Audit and Supervisory Committee Members)</u> shall be until the conclusion of an annual general meeting of shareholders relating to the last fiscal year among fiscal years ending within <u>one year</u> following his or her election.</p> <p>2. <u>The term of office of a Director who is an Audit and Supervisory Committee Member shall be until the conclusion of an annual general meeting of shareholders relating to the last fiscal year among fiscal years ending within two years following his or her election.</u></p> <p>3. The term of office of a Director <u>(excluding Directors who are Audit and Supervisory Committee Members)</u> elected as a substitute for a Director <u>(excluding Directors who are Audit and Supervisory Committee Members)</u> who has resigned before his or her term expires or elected in order to increase the number of Directors <u>(excluding Directors who are Audit and Supervisory Committee Members)</u> shall be the same as the remaining term of the predecessor or the terms of office of the other currently serving Directors <u>(excluding Directors who are Audit and Supervisory Committee Members)</u>.</p> <p>4. <u>The term of office of a Director who is an Audit and Supervisory Committee Member elected as a substitute for a Director who is an Audit and Supervisory Committee Member who has resigned before his or her term expires shall be the same as the remaining term of the preceding Director who is an Audit and Supervisory Committee Member.</u></p> <p>Article 24 (Unchanged) (Compensation)</p> <p>Article 25</p> <p>Compensation, bonuses, and other financial benefits that the Directors receive from the Company for executing their duties (the "Compensation, Etc.") shall be determined based on a resolution of a general meeting of shareholders, <u>with a distinction between Directors who are Audit and Supervisory Committee Members and other Directors.</u></p> <p>(Representative Director(s) and Directors with Executive Titles)</p> <p>Article 26</p> <p>1. The Company shall select a Representative Director(s) <u>from among the Directors (excluding Directors who are Audit and Supervisory Committee Members)</u> by a resolution of the Board of Directors.</p> <p>2. A Representative Director shall represent the company and execute its business.</p> <p>3. If all of the Representative Directors are prevented from acting so, another Director <u>(excluding Directors who are Audit and Supervisory Committee Members)</u> in accordance with the order pre-designated by the Board of Directors shall perform their duties in their place.</p> <p>4. The Board of Directors may select <u>from among the Directors (excluding Directors who are Audit and Supervisory Committee Members)</u>, by its resolution, one Chairperson and Director, one President and Director, and one or more Deputy Presidents and Directors, Senior Managing Directors, and Managing Directors, respectively.</p>

The Articles of Incorporation currently in force	Proposed amendments
<p>(Notice for Convening a Meeting of the Board of Directors) Article 27</p> <p>1. A meeting of the Board of Directors shall be convened by a Representative Director in accordance with the order pre-designated by the Board of Directors, with a notice for the meeting to be sent to each Director <u>and Audit & Supervisory Board Member</u> by no later than three days before the date of the meeting, the length of which may be shortened in case of an urgent matter.</p> <p>2. A meeting of the Board of Directors may be convened without a notice for the meeting if the consent of all the Directors <u>and Audit & Supervisory Board Members</u> is obtained.</p> <p>Article 28 (Omitted) <Newly establish></p> <p>(Omission of Resolutions by the Board of Directors) Article 29</p> <p>If a Director makes a proposal on any agenda item subject to resolution by the Board of Directors and all Directors who are entitled to participate in the vote on such agenda item unanimously agree to his or her proposal in writing or by electromagnetic means, the Company shall deem that such proposal is adopted by a resolution by the Board of Directors, <u>except where an Audit & Supervisory Board Member(s) object.</u></p> <p>(Minutes of a Meeting of the Board of Directors) Article 30</p> <p>An outline of proceedings and the results of a meeting of the Board of Directors as well as other items stipulated by laws and regulations shall be stated or recorded in the minutes, and they shall have a seal affixed or be signed electronically by the Directors <u>and Audit & Supervisory Board Members</u> attending the meeting.</p> <p>Chapter 5 <u>Audit & Supervisory Board Members and the Audit & Supervisory Board</u> <u>(Audit & Supervisory Board Members and the Establishment of the Audit & Supervisory Board, as well as the Number of Such Members, Authority and Method of Election Thereof)</u> Article 31</p> <p>1. <u>The Company shall have Audit & Supervisory Board Members with the Audit & Supervisory Board established, and the number of such members shall be four or less.</u></p> <p>2. <u>An Audit & Supervisory Board Member of the Company shall be elected by a majority of voting rights of the shareholders present when shareholders holding one-third or more of the voting rights held by shareholders who are entitled to exercise voting rights at a general meeting of shareholders are present.</u></p>	<p>(Notice for Convening a Meeting of the Board of Directors) Article 27</p> <p>1. A meeting of the Board of Directors shall be convened by a Representative Director in accordance with the order pre-designated by the Board of Directors, with a notice for the meeting to be sent to each Director by no later than three days before the date of the meeting, the length of which may be shortened in case of an urgent matter.</p> <p>2. A meeting of the Board of Directors may be convened without a notice for the meeting if the consent of all the Directors is obtained.</p> <p>Article 28 (Unchanged) <u>(Delegation of Decisions on the Execution of Important Operations to Directors)</u> Article 29</p> <p><u>In accordance with the provisions of Article 399-13, paragraph (6) of the Companies Act, the Company may delegate to Directors all or part of decisions on the execution of important operations (excluding the matters set forth in each item of paragraph (5) of the same) by resolution of the Board of Directors.</u></p> <p>(Omission of Resolutions by the Board of Directors) Article 30</p> <p>If a Director makes a proposal on any agenda item subject to resolution by the Board of Directors and all Directors who are entitled to participate in the vote on such agenda item unanimously agree to his or her proposal in writing or by electromagnetic means, the Company shall deem that such proposal is adopted by a resolution by the Board of Directors.</p> <p>(Minutes of a Meeting of the Board of Directors) Article 31</p> <p>An outline of proceedings and the results of a meeting of the Board of Directors as well as other items stipulated by laws and regulations shall be stated or recorded in the minutes, and they shall have a seal affixed or be signed electronically by the Directors attending the meeting.</p> <p>Chapter 5 <u>Audit and Supervisory Committee</u></p> <p><Delete></p>

The Articles of Incorporation currently in force	Proposed amendments
<p><u>(Term of Office of an Audit & Supervisory Board Member)</u></p> <p><u>Article 32</u></p> <p><u>1. The term of office of an Audit & Supervisory Board Member shall be until the conclusion of an annual general meeting of shareholders relating to the last fiscal year among fiscal years ending within four years following his or her election.</u></p> <p><u>2. The term of office of an Audit & Supervisory Board Member elected as a substitute for an Audit & Supervisory Board Member who has resigned before his or her term expires shall be the same as the remaining term of the predecessor.</u></p> <p><u>(Exemption of Liability of the Audit & Supervisory Board Members)</u></p> <p><u>Article 33</u></p> <p><u>1. The Company may, pursuant to the provisions of Article 426, paragraph (1) of the Companies Act, exempt an Audit & Supervisory Board Member (including former Audit & Supervisory Board Members) from liability due to non-performance of his or her duties under Article 423, paragraph (1) of the said Act, to the extent that it is permitted by laws and regulations, by a resolution of the Board of Directors.</u></p> <p><u>2. The Company may enter into an agreement with an Audit & Supervisory Board Member to limit his or her liability for damages under Article 423, paragraph (1) of the Companies Act to the extent that it is permitted by laws and regulations, pursuant to the provisions of Article 427, paragraph (1) of the said Act.</u></p> <p><u>(Compensation)</u></p> <p><u>Article 34</u></p> <p><u>Compensation, Etc. for the Audit & Supervisory Board Members shall be determined based on a resolution of a general meeting of shareholders.</u></p> <p><u>(Full-time Audit & Supervisory Board Member)</u></p> <p><u>Article 35</u></p> <p><u>The Audit & Supervisory Board shall select, by its resolution, a full-time Audit & Supervisory Board Member from the Audit & Supervisory Board Members.</u></p> <p><u>(Notice for Convening a Meeting of the Audit & Supervisory Board)</u></p> <p><u>Article 36</u></p> <p><u>1. A notice for a meeting of the Audit & Supervisory Board shall be sent to each Audit & Supervisory Board Member by no later than three days before the date of the meeting, the length of which may be shortened in case of an urgent matter.</u></p> <p><u>2. A meeting of the Audit & Supervisory Board may be convened without a notice for the meeting if the consent of all the Audit & Supervisory Board Members is obtained.</u></p> <p><u>(Resolutions of the Audit & Supervisory Board)</u></p> <p><u>Article 37</u></p> <p><u>The resolutions of the Audit & Supervisory Board shall be made by a majority of the Audit & Supervisory Board Members, except where otherwise stipulated by laws and regulations.</u></p>	<p><Delete></p> <p><Delete></p> <p><Delete></p> <p><Delete></p> <p><Delete></p> <p><Delete></p> <p><Delete></p>

The Articles of Incorporation currently in force	Proposed amendments
(Minutes of a Meeting of the Audit & Supervisory Board) <u>Article 38</u> <u>An outline of proceedings and the results of a meeting of the Audit & Supervisory Board as well as other items stipulated by laws and regulations shall be stated or recorded in the minutes, and they shall have a seal affixed or be signed electronically by the Audit & Supervisory Board Members attending to the meeting.</u>	<Delete>
(Rules for the Audit & Supervisory Board) <u>Article 39</u> <u>Matters pertaining to the Audit & Supervisory Board shall be based on the rules for the Audit & Supervisory Board which is established by the Audit & Supervisory Board, in addition to those stipulated by laws and regulations or the Articles of Incorporation.</u>	<Delete>
<Newly establish>	(Establishment of the Audit and Supervisory Committee and Full-time Audit and Supervisory Committee Member) <u>Article 32</u> <u>1. The Company shall have an Audit and Supervisory Committee.</u> <u>2. The Audit and Supervisory Committee may select, by its resolution, a full-time Audit and Supervisory Committee Member.</u>
<Newly establish>	(Notice for Convening a Meeting of the Audit and Supervisory Committee) <u>Article 33</u> <u>1. A notice for a meeting of the Audit and Supervisory Committee shall be sent to each Audit and Supervisory Committee Member by no later than one week before the date of the meeting; provided, however, that this period may be shortened if urgency is required.</u> <u>2. A meeting of the Audit and Supervisory Committee may be convened without completing the convocation procedures if the consent of all the Audit and Supervisory Committee Members is obtained.</u>
<Newly establish>	(Method of Resolutions of the Audit and Supervisory Committee) <u>Article 34</u> <u>The resolutions of the Audit and Supervisory Committee shall be made by a majority of the Audit and Supervisory Committee Members present when a majority of the Audit and Supervisory Committee Members entitled to participate in the vote are present.</u>
<Newly establish>	(Minutes of a Meeting of the Audit and Supervisory Committee) <u>Article 35</u> <u>Minutes of the proceedings of a meeting of the Audit and Supervisory Committee shall be prepared pursuant to the provisions of Ministry of Justice Order, and they shall be signed or have a seal affixed, or be signed electronically, by the Audit and Supervisory Committee Members attending the meeting.</u>
<Newly establish>	(Rules for the Audit and Supervisory Committee) <u>Article 36</u> <u>Matters pertaining to the Audit and Supervisory Committee shall be based on the rules for the Audit and Supervisory Committee which is established by the Audit and Supervisory Committee, in addition to laws and regulations or these Articles of Incorporation.</u>
Articles <u>40</u> to <u>42</u> (Omitted)	Articles <u>37</u> to <u>39</u> (Unchanged)

The Articles of Incorporation currently in force	Proposed amendments
<p>(Compensation)</p> <p>Article <u>43</u></p> <p>Compensation, Etc. for the Accounting Auditor shall be determined by the Representative Director subject to consent from the <u>Audit & Supervisory Board</u>.</p> <p>Articles <u>44</u> to <u>47</u> (Omitted)</p> <p style="text-align: center;"><Newly establish></p>	<p>(Compensation)</p> <p>Article <u>40</u></p> <p>Compensation, Etc. for the Accounting Auditor shall be determined by the Representative Director subject to consent from the <u>Audit and Supervisory Committee</u>.</p> <p>Articles <u>41</u> to <u>44</u> (Unchanged)</p> <p><u>Supplementary Provisions</u></p> <p><u>(Transitional Measures Related to the Exemption of Liability of the Audit & Supervisory Board Members)</u></p> <p><u>The Company may exempt an Audit & Supervisory Board Member (including former Audit & Supervisory Board Members) from liability related to actions prior to the conclusion of the 17th Annual General Meeting of Shareholders under Article 423, paragraph (1) of the Companies Act, to the extent that it is permitted by laws and regulations, by a resolution of the Board of Directors.</u></p>

Proposal No. 3 Election of Two Directors (Excluding Directors who are Audit and Supervisory Committee Members)


At the conclusion of this meeting, the terms of office of six Directors will expire. In addition, if Proposal No. 2 “Amendment to the Articles of Incorporation” is approved, the Company will transition to a company with audit and supervisory committee. In line with this transition, the Company proposes the election of two Directors (excluding Directors who are Audit and Supervisory Committee Members).


The effectiveness of this proposal shall be subject to the amendment to the Articles of Incorporation in Proposal No. 2 “Amendment to the Articles of Incorporation” taking effect.

When selecting the candidates for Director (excluding Directors who are Audit and Supervisory Committee Members), the Board of Directors decided on the candidates in consideration of voluntary deliberations by the Nomination and Compensation Advisory Committee.

The candidates for Director (excluding Directors who are Audit and Supervisory Committee Members) are as follows:

Candidate No.	Name		Current position in the Company	Attendance at Board of Directors meetings	Number of years in office (conclusion of this meeting)
1	Shoichiro Onishi	Re-election	Representative Director	14/14 (100%)	17 years
2	Masao Nishihara	Re-election	Director	10/10 (100%)	1 year

Candidate No. 1	Career summary and position and responsibility in the Company	
Shoichiro Onishi	Apr. 1992	Joined Okuno & Partners Law Office (currently OKUNO & PARTNERS)
<div>Re-election</div> 	Apr. 1997	Partner
	Jun. 2003	Joined Industrial Revitalization Corporation of Japan
	Nov. 2003	Managing Director
	Jan. 2004	Outside Corporate Auditor of Mitsui Mining Co., Ltd. (currently NIPPON COKE & ENGINEERING CO., LTD.)
	Jun. 2004	Outside Director of Kanebo, Ltd.
	Mar. 2005	Outside Director of The Daiei, Inc.
	Jan. 2007	Counsel of OKUNO & PARTNERS (current position)
	Jan. 2007	Founded the Company and was appointed Representative Director (current position)
	Apr. 2008	Director of MATSUMOTO ELECTRIC RAILWAY CO., LTD. (currently ALPICO KOTSU Co., Ltd.)
	Sep. 2012	Representative Director and President of Frontier Turnaround Inc.
Date of birth September 25, 1963	Jul. 2016	Representative Director and Chairman
Number of the Company's shares owned 2,179,458	Nov. 2017	Representative Director of FCD Partners Inc. (current position)
Number of years in office 17	Jun. 2020	Outside Director of Tokyo Electric Power Company Holdings, Incorporated (current position)
Attendance at Board of Directors meetings 14/14 (100%)	Apr. 2022	Representative Director and Co- President of Frontier Capital Inc.
	Sep. 2022	Representative Director, President, CEO and COO (current position)
	Significant concurrent positions outside the Company	
	Representative Director, President, CEO and COO of Frontier Capital Inc.	
	Representative Director of FCD Partners Inc.	
	Outside Director of Tokyo Electric Power Company Holdings, Incorporated	
	Reasons for nomination as candidate for Director	
	The candidate has been overseeing the management of the whole Group as its founder over many years and contributing to raising its corporate value. The Company proposes his election to continue serving as Director as it has judged that he will likely continue to manage the organization appropriately, based on his achievements and skills as well as a wealth of experience as a corporate top manager.	

Candidate No. 2	Career summary and position and responsibility in the Company	
Masao Nishihara	Apr. 1975	Joined the Ministry of Finance
Re-election	Jul. 2004	Director-General of the Inspection Bureau of the Financial Services Agency
	Jul. 2007	Director-General of the Supervision Bureau of the Financial Services Agency
	Jul. 2008	Secretary-General of the Executive Bureau of Securities and Exchange Surveillance Commission
	Aug. 2009	Senior Managing Director of Organization for Promoting Urban Development
	Jun. 2013	Vice Chairman and Senior Managing Director of Regional Banks Association of Japan
	Aug. 2022	Advisor of the Company
Date of birth	Mar. 2023	Director (current position)
May 18, 1951	Significant concurrent positions outside the Company	
Number of the Company's shares owned	-	
320	Reasons for nomination as candidate for Director	
Number of years in office	The candidate has been contributing to raising the corporate value of the Company, utilizing his abundant experience in fiscal and monetary policies and deep insight into the regional banking industry, etc. gained through his career in key positions at the Financial Services Agency, the Organization for Promoting Urban Development, and the Regional Bank Association of Japan. The Company proposes his election to continue serving as Director as it has judged that he will likely continue to manage the organization appropriately, utilizing the experience and knowledge he has accumulated to date.	
1		
Attendance at Board of Directors meetings		
10/10 (100%)		

- Notes: 1. There is no special interest between any of the candidates and the Company.
2. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company, thereby covering losses that may arise from a Director, an insured person, assuming liability incurred in the course of the performance of duties or receiving claims pertaining to the pursuit of such liability. The candidates will be included as insured persons in such policy. In addition, when the policy is renewed, the Company plans to renew the policy with the same terms.

Proposal No. 4 Election of Four Directors who are Audit and Supervisory Committee Members


If Proposal No. 2 “Amendment to the Articles of Incorporation” is approved, the Company will transition to a company with audit and supervisory committee. Accordingly, the Company proposes the election of four Directors who are Audit and Supervisory Committee Members.


Furthermore, the consent of the Audit & Supervisory Board has been obtained for this proposal.


The effectiveness of this proposal shall be subject to the amendment to the Articles of Incorporation in Proposal No. 2 “Amendment to the Articles of Incorporation” taking effect.


The candidates for Directors who are Audit and Supervisory Committee Members are as follows:

Candidate No.	Name		Current position in the Company	Attendance at Board of Directors meetings	Number of years in office (conclusion of this meeting)
1	Takeshi Umemoto	New election	Outside Audit & Supervisory Board Member	14/14 (100%)	12 years (Audit & Supervisory Board Member)
2	Kazuhito Osugi	Re-election Outside Independent	Outside Director	14/14 (100%)	5 years (Director)
3	Keiko Unotoro	Re-election Outside Independent	Outside Director	14/14 (100%)	3 years (Director)
4	Hikaru Minami	New election Outside Independent	—	—	0 years

Candidate No. 1	Career summary and position and responsibility in the Company	
Takeshi Umemoto	Mar. 1973	Joined Ito-Yokado Co., Ltd.
New election	Nov. 1992	Securities General Manager
	Jan. 1998	General Manager of Treasury and Securities Department
	Jan. 2004	General Manager of Business Development Department of IY Bank Co., Ltd. (currently Seven Bank, Ltd.)
	Jul. 2005	General Manager of General Affairs Division
	May 2006	General Manager of Planning Division
	Oct. 2007	General Manager of Audit & Supervisory Board Members' Office
	Jun. 2011	Counselor of Audit & Supervisory Board Members' Office
	Feb. 2012	Outside Audit & Supervisory Board Member of the Company (current position)
Significant concurrent positions outside the Company		—
Date of birth June 8, 1950	Reasons for nomination as candidate for Director who is an Audit and Supervisory Committee Member	
Number of the Company's shares owned 40,000	The candidate has contributed to increasing the corporate value of the Company, including monitoring its management and providing it with appropriate advice as an Outside Audit & Supervisory Board Member of the Company, by using his many years of experience in audit operations. His term in office as an Outside Audit & Supervisory Board Member to date will be 12 years at the conclusion of this meeting. The Company proposes his election as a Director who is an Audit and Supervisory Committee Member as it has judged that he will likely execute his duties as a Director who is an Audit and Supervisory Committee Member responsible for ensuring the appropriateness of the execution of operations, utilizing the experience he has accumulated to date.	
Number of years in office as Audit & Supervisory Board Member 12		
Attendance at Board of Directors meetings 14/14 (100%)		
Attendance at Audit & Supervisory Board meetings 15/15 (100%)		

Candidate No. 2		Career summary and position and responsibility in the Company
Kazuhito Osugi		Apr. 1977 Joined Bank of Japan
		Nov. 1986 Economist of Bank for International Settlements (BIS)
	Re-election	Jun. 1999 Branch Manager of Matsumoto Branch of Bank of Japan
	Outside	May 2001 Deputy Branch Manager of Osaka Branch
	Independent	May 2003 RM Manager and Senior Director of Industrial Revitalization Corporation of Japan
		Jul. 2005 Deputy Director-General of Financial System and Bank Examination Department and Head of Center for Advanced Financial Technology of Bank of Japan
		May 2006 Internal Auditor and Director-General of Internal Auditors' Office
		Apr. 2007 Director-General of Secretariat of the Policy Board
		Apr. 2009 Visiting Professor of Ochanomizu University
		Sep. 2011 Auditor of Bank of Japan
		Oct. 2015 Advisor of Security Transport Business Division of Nippon Express Company, Limited
	Date of birth	Apr. 2016 Part-time Advisor of the Company
	July 31, 1953	Jun. 2016 Independent Outside Director of the Board of Nissha Printing Co., Ltd. (currently Nissha Co., Ltd.) (current position)
	Number of the Company's shares owned	Aug. 2018 Outside Director of the Company (current position)
	0	Jun. 2021 Outside Director of The Gunma Bank, Ltd. (current position)
Number of years in office as Director	5	
	Attendance at Board of Directors meetings	
14/14 (100%)		Significant concurrent positions outside the Company
		Independent Outside Director of the Board of Nissha Co., Ltd. Outside Director of The Gunma Bank, Ltd.
		Reasons for nomination as candidate for Director who is an Audit and Supervisory Committee Member
		<p>The candidate has contributed to increasing the corporate value of the Company, including increasing the transparency of the Company and further strengthening corporate governance, by providing various types of advice as an Outside Director, etc., by tapping into the in-depth knowledge in economy, finance, and business revitalization that he accumulated through serving in key posts at the Bank of Japan and Industrial Revitalization Corporation of Japan. Accordingly, the Company proposes his election to continue serving as a Director as it has judged that he will likely appropriately execute his duties, including supervising the management of the Company, utilizing the experience and insight he has accumulated to date. The Company expects that he will help the organization grow and reinforce its corporate governance to a greater extent. This is because, after his election, we will have him audit and supervise management from an objective standpoint that is independent of the execution of operations, as an Outside Director who is an Audit and Supervisory Committee Member of the Company, and we hope to obtain advice from him on the overall management of the Company.</p> <p>As he meets the requirements for independent officers stipulated by the Tokyo Stock Exchange, the Company has decided that there is no conflict of interest with general shareholders and plans to designate him as an independent officer. He has never in the past been involved in the management of a company except as an outside officer. However, the Company judges he will appropriately fulfill his duties as an Outside Director based on the above reasons.</p>

Candidate No. 3		Career summary and position and responsibility in the Company
Keiko Unotoro <div>Re-election</div> <div>Outside</div> <div>Independent</div> 		Apr. 1977 Joined Secretariat of Japan Fair Trade Commission
		Apr. 2000 Part-time Lecturer of Graduate School of Economics of Senshu University
		Jun. 2004 Chief Hearing Examiner of General Secretariat of Japan Fair Trade Commission
		Jan. 2007 Director General of Trade Practices Department
		Jun. 2008 Senior Deputy Secretary General of Secretariat
		Jan. 2011 Director General of Economic Affairs Bureau
		Nov. 2012 Advisor of OH-EBASHI LPC & PARTNERS
		Apr. 2013 Professor of Faculty of Business Administration of Toyo Gakuen University
		Jun. 2013 Outside Director of Olympus Corporation
		Mar. 2015 Outside Director of Bridgestone Corporation
		Jun. 2019 Outside Director of SAN-AI OIL CO., LTD. (currently SAN-AI OBBLI CO., LTD.) (current position)
Date of birth	Dec. 2019	Member of Investment and Miscellaneous Issues Working Group of Council for Regulatory Reform
Number of the Company's shares owned	Apr. 2020	Specially Appointed Professor of Faculty of Business Administration of Toyo Gakuen University
Number of years in office as Director	Apr. 2020	Outside Director (Audit and Supervisory Committee Member) of OS Co., Ltd. (current position)
Attendance at Board of Directors meetings	Aug. 2020	Outside Director of OHBA CO., LTD. (current position)
	Jan. 2021	Commissioner of Public Security Examination Commission (current position)
	Mar. 2021	Outside Director of the Company (current position)
	Sep. 2022	Auditor of Tokyo Metropolitan Public University Corporation (current position)
	Jan. 2024	Advisor of T&K Partners (current position)
		Significant concurrent positions outside the Company
		Outside Director of SAN-AI OBBLI CO., LTD., Outside Director of OHBA CO., LTD., Commissioner of Public Security Examination Commission, and Auditor of Tokyo Metropolitan Public University Corporation
		Reasons for nomination as candidate for Director who is an Audit and Supervisory Committee Member
		<p>The candidate has contributed to increasing the corporate value of the Company, including increasing the transparency of the Company and further strengthening corporate governance, by providing various types of advice as an Outside Director, etc., by tapping into the in-depth knowledge in economic laws, competition policies, and corporate compliance that she accumulated through serving in key posts at the Fair Trade Commission. Accordingly, the Company proposes her election to continue serving as a Director as it has judged that she will likely appropriately execute her duties, including supervising the management of the Company, utilizing the experience and insight she has accumulated to date. The Company expects that she will help the organization grow and reinforce its corporate governance to a greater extent. This is because, after her election, we will have her audit and supervise management from an objective standpoint that is independent of the execution of operations, as an Outside Director who is an Audit and Supervisory Committee Member of the Company, and we hope to obtain advice from her on the overall management of the Company.</p> <p>As she meets the requirements for independent officers stipulated by the Tokyo Stock Exchange, the Company has decided that there is no conflict of interest with general shareholders and plans to designate her as an independent officer. She has never in the past been involved in the management of a company except as an outside officer. However, the Company judges she will appropriately fulfill her duties as an Outside Director based on the above reasons.</p>

Career summary and position and responsibility in the Company		
Candidate No. 4	Apr. 1979	Joined Marubeni Corporation
Hikaru Minami	Apr. 2010	Executive Officer and Head of Finance, Logistics, and Information Division
New election	Apr. 2013	Managing Executive Officer and Head of Information, Finance, and Real Estate Division
Outside	Apr. 2015	Managing Executive Officer; CAO; CIO; Assistant to Director of Audit Dept.; Chairman of Compliance Committee; Chairman of Internal Control Committee; Chairman of IT Strategy Committee; and Vice Chairman of Investment and Credit Committee
Independent	Jun. 2015	Representative Director; Managing Executive Officer; CAO; CIO; Assistant to Director of Audit Dept.; Chairman of Compliance Committee; Chairman of Internal Control Committee; Chairman of IT Strategy Committee; and Vice Chairman of Investment and Credit Committee
	Nov. 2017	Representative Director; Managing Executive Officer; CAO; CIO; Assistant to Director of Audit Dept.; Assistant to Director of New Office Building Project Office; Chairman of Compliance Committee; Chairman of Internal Control Committee; Chairman of IT Strategy Committee; and Vice Chairman of Investment and Credit Committee
	Apr. 2018	Representative Director; Managing Executive Officer; and Chief Executive Officer, Consumer Products Group
	Jun. 2018	Managing Executive Officer and Chief Executive Officer, Consumer Products Group
	Apr. 2019	Managing Executive Officer
	Jun. 2019	Audit & Supervisory Board Member
Date of birth February 25, 1957	Significant concurrent positions outside the Company	
Number of the Company's shares owned 0	-	
Number of years in office -	Reasons for nomination as candidate for Director who is an Audit and Supervisory Committee Member	
Attendance at Board of Directors meetings -	<p>Since joining Marubeni Corporation, Mr. Minami has mainly engaged in operations related to finance, accounting, logistics, information, and real estate, and has served as Audit & Supervisory Board Member, after serving as Managing Executive Officer and Representative Director. The Company proposes his election as Director as it has judged that he will be able to contribute to increasing the corporate value of the Company in the future, based on his expertise related to finance and accounting and knowledge related to all aspects of the management of general trading companies and global business management, through his operational experience to date.</p> <p>The Company expects that he will help the organization grow and reinforce its corporate governance to a greater extent. This is because, after his election, we will have him audit and supervise management from an objective standpoint that is independent of the execution of operations, as an Outside Director who is an Audit and Supervisory Committee Member of the Company, and we hope to obtain advice from him on the overall management of the Company.</p> <p>As he meets the requirements for independent officers stipulated by the Tokyo Stock Exchange, the Company has decided that there is no conflict of interest with general shareholders and plans to designate him as an independent officer.</p>	
Attendance at Audit & Supervisory Board meetings -		

- Notes:
1. There is no special interest between any of the candidates and the Company.
 2. Kazuhito Osugi, Keiko Unotoro, and Hikaru Minami are candidates for Outside Directors.
 3. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into limited liability agreements with Kazuhito Osugi and Keiko Unotoro to limit their liability for damages under Article 423, paragraph (1) of the Companies Act, and plans to continue the agreements if their elections are approved. In addition, if Hikaru Minami assumes office as a Director who is an Audit and Supervisory Committee Member, the Company plans to enter into a new limited liability agreement with him with the same content. Pursuant to such agreement, the defined maximum amount of liability for damages is the minimum liability amount provided for under Article 425, paragraph (1) of the Companies Act.
 4. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company, thereby covering losses that may arise from a Director, an insured person, assuming liability incurred in the course of the performance of duties or receiving claims pertaining to the pursuit of such liability. The candidates for Directors will be included as insured persons in such policy.
In addition, when the policy is renewed, the Company plans to renew the policy with the same terms.
 5. The Company has submitted notification to Tokyo Stock Exchange concerning the designation of Kazuhito Osugi and Keiko Unotoro as independent officers as provided for by the aforementioned exchange.
 6. If Hikaru Minami assumes office as a Director who is an Audit and Supervisory Committee Member, the Company plans to submit notification to Tokyo Stock Exchange concerning his designation as an independent officer as provided for by the aforementioned exchange.

(Reference) Skill matrix for Directors after Proposal No. 3 and Proposal No. 4 are approved

Name	Attributes	Corporate management	Economy	Finance and accounting	Corporate loans and investments	Management of legal risks	Sales and marketing	Global	Environment and society
Shoichiro Onishi		•			•	•	•		•
Masao Nishihara			•	•	•				•
Takeshi Umemoto (Audit and Supervisory Committee Member)			•	•	•				
Kazuhiro Osugi (Audit and Supervisory Committee Member)	Outside Independent		•	•	•			•	
Keiko Unotoro (Audit and Supervisory Committee Member)	Outside Independent		•			•			•
Hikaru Minami (Audit and Supervisory Committee Member)	Outside Independent	•		•	•		•	•	

Proposal No. 5 Determination of Amount of Compensation, etc., for Directors (Excluding Directors who are Audit and Supervisory Committee Members)

If Proposal No. 2 “Amendment to the Articles of Incorporation” is approved, the Company will transition to a company with audit and supervisory committee. Accordingly, the Company proposes to set the new amount of monetary compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) at **¥350,000 thousand or less per year**. As in the past, the amount of monetary compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) shall not include employee salaries paid to Directors concurrently serving as employees.

In addition, in light of voluntary deliberations and reports by the Nomination and Compensation Advisory Committee, which is chaired by an Outside Director, the Company has decided, by resolution of the Board of Directors at a meeting held on February 14, 2024, to amend the “Policy on Decisions Related to the Compensation of Directors,” subject to the passing of Proposal No. 2 “Amendment to the Articles of Incorporation,” this proposal, and Proposal No. 7 “Partial Revision of Amount and Content of Restricted Stock-Based Compensation for Directors (Excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)” as originally proposed. An overview of this policy is provided on pages 26 to 27, but this proposal is necessary and reasonable for determining the compensation, etc., of Directors (excluding Directors who are Audit and Supervisory Committee Members) in accordance with the changed policy.

The specific timing of payment and allocation to each Eligible Director shall be determined by the Board of Directors of the Company, in light of deliberations and reports by the Nomination and Compensation Advisory Committee.

If Proposal No. 2 “Amendment to the Articles of Incorporation” and Proposal No. 3 “Election of Two Directors (Excluding Directors who are Audit and Supervisory Committee Members)” are approved as originally proposed, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) will be two.

Furthermore, the effectiveness of this proposal shall be subject to the amendment to the Articles of Incorporation in Proposal No. 2 “Amendment to the Articles of Incorporation” taking effect.

Proposal No. 6 Determination of Amount of Compensation, etc., for Directors who are Audit and Supervisory Committee Members

If Proposal No. 2 “Amendment to the Articles of Incorporation” is approved, the Company will transition to a company with audit and supervisory committee.

Accordingly, the Company proposes to set the amount of monetary compensation for Directors who are Audit and Supervisory Committee Members at **¥55,000 thousand or less per year**, to ensure that it is an appropriate level for the responsibilities of Directors who are Audit and Supervisory Committee Members.

This proposal takes into consideration recent economic trends, the scale of the Company’s businesses, the future composition of the Board of Directors, the responsibilities of Directors who are Audit and Supervisory Committee Members, and various other factors, and it has determined by resolution of the Board of Directors in light of voluntary deliberations and reports by the Nomination and Compensation Advisory Committee, which is chaired by an Outside Director. Accordingly, the Company has judged that it is appropriate.

If Proposal No. 2 “Amendment to the Articles of Incorporation” and Proposal No. 4 “Election of Four Directors who are Audit and Supervisory Committee Members” are approved as originally proposed, the number of Directors who are Audit and Supervisory Committee Members will be four.

Furthermore, the effectiveness of resolutions pertaining to this proposal shall be subject to the amendment to the Articles of Incorporation in Proposal No. 2 “Amendment to the Articles of Incorporation” taking effect.

(Reference)

Existing scheme		Proposed amendment	
Monetary compensation (maximum)		Monetary compensation (maximum)	
Monetary compensation for Directors	¥400,000 thousand	Monetary compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members)	¥350,000 thousand
Monetary compensation for Audit & Supervisory Board Members	¥50,000 thousand	Monetary compensation for Directors who are Audit and Supervisory Committee Members	¥55,000 thousand
Restricted stock-based compensation (maximum)		Restricted stock-based compensation (maximum)	
Stock-based compensation A	¥100,000 thousand	Stock-based compensation A	¥130,000 thousand
Stock-based compensation B	¥50,000 thousand	Stock-based compensation B	¥65,000 thousand
Total	¥600,000 thousand	Total	¥600,000 thousand

Proposal No. 7 Partial Revision of Amount and Content of Restricted Stock-Based Compensation for Directors (Excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)

If Proposal No. 2 “Amendment to the Articles of Incorporation” is approved, the Company will transition to a company with audit and supervisory committee. In line with this transition, the Company proposes to establish a new restricted stock-based compensation scheme for Directors of the Company excluding Outside Directors, as restricted stock-based compensation for Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors; hereinafter, referred to as “Eligible Directors”), and to partially amend the content of this scheme, in order to further increase corporate value.

Specifically, separately from the amount of monetary compensation proposed in Proposal No. 5 “Determination of Amount of Compensation, etc., for Directors (Excluding Directors who are Audit and Supervisory Committee Members),” the Company proposes: (i) the total value and total number of shares of the Company’s common stock to be issued or disposed of as **stock-based compensation A** linked to single-year consolidated business performance at **¥130,000 thousand or less per year** and **90,000 shares or less per year**, respectively; and (ii) the total value and total number of shares of the Company’s common stock to be issued or disposed of as **stock-based compensation B** linked to an achievement rate against medium- to long-term business plan targets and the extent of improvement of its corporate value at **¥65,000 thousand or less per year** and **45,000 shares or less per year**, respectively.

The specific timing of payment and allocation to each Eligible Director shall be determined by the Board of Directors of the Company, in light of voluntary deliberations and reports by the Nomination and Compensation Advisory Committee.

Furthermore, the effectiveness of resolutions pertaining to this proposal shall be subject to the amendment to the Articles of Incorporation in Proposal No. 2 “Amendment to the Articles of Incorporation” taking effect.

1. Details of Main Amendments to the Scheme

(1) Amendments to single-fiscal-year performance-based compensation

Before amendment	After amendment
<p>Single-fiscal-year performance-based compensation (cash bonuses and stock-based compensation A) is linked to consolidated results for a single fiscal year and the amount of compensation is determined based on the Company's performance results and the like for a single year, and the determined amount of compensation will be paid to Directors (excluding Outside Directors; "Eligible Directors") in the form of cash bonuses and restricted stock (stock-based compensation A) after the results of each fiscal year are fixed.</p> <p>Single-fiscal-year performance-based compensation for each Eligible Director is composed of a cash bonus, representing <u>two-thirds</u> of such compensation, and stock-based compensation A, representing <u>one-third</u> of such compensation. As indicators of consolidated business performance, <u>consolidated operating income, etc.</u>, shall be the basic indicators, and the amount of single-fiscal-year performance-based compensation to be paid to Eligible Directors is determined in light of: i) the degree of contribution to performance; and ii) the maximum amount of compensation for the Eligible Directors, and the like.</p>	<p>Single-fiscal-year performance-based compensation (cash bonuses and stock-based compensation A) is linked to consolidated results for a single fiscal year and the amount of compensation is determined based on the Company's performance results and the like for a single year, and the determined amount of compensation will be paid to Directors (excluding <u>Directors who are Audit and Supervisory Committee Members and</u> Outside Directors; "Eligible Directors") in the form of cash bonuses and restricted stock (stock-based compensation A) after the results of each fiscal year are fixed.</p> <p>Single-fiscal-year performance-based compensation for each Eligible Director is composed of a cash bonus, representing <u>half</u> of such compensation, and stock-based compensation A, representing <u>half</u> of such compensation. As indicators of consolidated business performance, <u>the rate of increase in the share price and the amount of consolidated net income excluding Frontier Capital Inc.</u> shall be the basic indicators, and the amount of single-fiscal-year performance-based compensation to be paid to Eligible Directors is determined in light of: i) the degree of contribution to performance; and ii) the maximum amount of compensation for the Eligible Directors, and the like.</p>
<p>[Reasons for the amendments to this item] In line with the transition to a company with audit and supervisory committee, the Company will establish this scheme for Directors of the Company (excluding Outside Directors) as a new scheme for Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors). In addition, the Company has made amendments such as further enhancing the proportion of stock-based compensation as an incentive for a single fiscal year. Furthermore, the Company has excluded Outside Directors and Directors who are Audit and Supervisory Committee Members, who are responsible for supervisory functions, from eligibility for this scheme, in light of their responsibilities.</p>	

(2) Amendments to medium- to long-term performance-based compensation

Before amendment	After amendment
<p>Medium- to long-term performance-based compensation (stock-based compensation B) is linked to the degree of achievement of the management target for the medium-term management plan, the degree of enhancement of corporate value, and the like, and restricted stock (stock-based compensation B) will be delivered to the Eligible Directors at the beginning of each fiscal year based on the compensation base amount in accordance with their position. In principle, after the end of the period falling under the medium-term management plan, the number of shares with respect to which the transfer restriction is lifted will be determined, regarding such shares granted during such period, in accordance with the degree of achievement of the management target for the medium-term management plan, the degree of enhancement of corporate value, and the like.</p> <p>The management target indicators for the medium-term management plan from 2021 to 2023 include the level of achievement of <u>the rate of growth in consolidated net sales, consolidated operating margin, consolidated ROE, etc.</u> If a new medium-term management plan is formulated in the future, these management target indicators could potentially be changed by a resolution of the Board of Directors.</p>	<p>Medium- to long-term performance-based compensation (stock-based compensation B) is linked to the degree of achievement of the management target for the medium-term management plan, the degree of enhancement of corporate value, and the like, and restricted stock (stock-based compensation B) will be delivered to the Eligible Directors at the beginning of each fiscal year based on the compensation base amount in accordance with their position. In principle, after the end of the period falling under the medium-term management plan, the number of shares with respect to which the transfer restriction is lifted will be determined, regarding such shares granted during such period, in accordance with the degree of achievement of the management target for the medium-term management plan, the degree of enhancement of corporate value, and the like.</p> <p>The management target indicators for the medium-term management plan from 2024 to 2026 include the level of achievement of <u>the rate of increase in the share price, the amount of consolidated net income excluding Frontier Capital Inc., and consolidated ROE excluding Frontier Capital Inc.</u> If a new medium-term management plan is formulated in the future, these management target indicators could potentially be changed by a resolution of the Board of Directors.</p>
<p>[Reasons for the amendments to this item] In light of voluntary deliberations and reports by the Nomination and Compensation Advisory Committee, which is chaired by an Outside Director, the Company will amend matters such as the details of the conditions for the achievement of performance, as determined by resolutions of the Board of Directors, using management target indicators related to the medium-term management plan of the Company for the period from 2024 to 2026 (the maximum amount of compensation and number of shares under stock-based compensation B are as shown in the below item (4)). Furthermore, the Company has excluded Outside Directors and Directors who are Audit and Supervisory Committee Members, who are responsible for supervisory functions, from eligibility for this scheme, in light of their responsibilities.</p>	

(3) Amendments to the maximum amount of compensation and number of shares for stock-based compensation A, which is linked to consolidated performance for a single fiscal year

Before amendment	After amendment
<p>Maximum amount of stock-based compensation A: <u>Up to ¥100,000 thousand per year</u></p> <p>Maximum number of Allotted Shares: <u>Up to 40,000 shares per year</u></p>	<p>Maximum amount of stock-based compensation A: <u>Up to ¥130,000 thousand per year</u></p> <p>Maximum number of Allotted Shares: <u>Up to 90,000 shares per year</u></p>
<p>[Reasons for the amendments to this item] The Company will amend the maximum amount of money to be contributed by the Company under this scheme in order to further enhance motivation to contribute to the degree of achievement of the management targets, the degree of enhancement of corporate value, and the like, by further increasing the proportion of stock-based compensation as an incentive, based on a level of compensation for Eligible Directors that is competitive in the market. In addition, the Company will also amend the maximum number of shares to be granted to Eligible Directors (the definition of the “Allotted Shares” is as shown in “3. Details of Compensation Related to the Restricted Stock-Based Compensation Scheme for Directors”), in light of recent trends in the share price, etc.</p>	

(4) Amendments to the maximum amount of compensation and number of shares for medium- to long-term performance-based compensation (stock-based compensation B)

Before amendment	After amendment
Maximum amount of stock-based compensation B: <u>Up to ¥50,000 thousand per year</u>	Maximum amount of stock-based compensation B: <u>Up to ¥65,000 thousand per year</u>
Maximum number of Allotted Shares: <u>Up to 20,000 shares per year</u>	Maximum number of Allotted Shares: <u>Up to 45,000 shares per year</u>
[Reasons for the amendments to this item] The Company will amend the maximum amount of money to be contributed by the Company under this scheme in order to further enhance motivation to contribute to the degree of achievement of management targets, the degree of enhancement of corporate value, and the like, by further increasing the proportion of stock-based compensation as an incentive, based on a level of compensation for Eligible Directors that is competitive in the market. In addition, the Company will also amend the maximum number of shares to be granted to Eligible Directors (the definition of the “Allotted Shares” is as shown in “3. Details of Compensation Related to the Restricted Stock-Based Compensation Scheme for Directors”), in light of recent trends in the share price, etc.	

2. Outline of Policy on Decisions Related to the Compensation of Directors

The content of this policy on decisions shall take effect subject to each proposal related to amendments to the Articles of Incorporation and officer compensation being resolved at the Annual General Meeting of Shareholders for the fiscal year ended December 2023, to be held on March 27, 2024, after resolution at the meeting of the Board of Directors held on February 14, 2024.

(1) Basic policy

To provide compensation that enables the Company to appoint as Directors the finest persons who practice the corporate mission and contribute to the achievement of short-term performance targets, achievement of medium- to long-term performance targets, and continuous enhancement of corporate value.

At the Company, we will create a compensation system that is highly transparent, fair, and reasonable to ensure accountability to our stakeholders.

(2) Compensation composition

Compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) is comprised of basic compensation, which is fixed compensation, and single-fiscal-year performance-based compensation and medium- to long-term performance-based compensation, which vary depending on performance, while balancing the elements listed in the above basic policy.

Compensation for Directors who are Audit and Supervisory Committee Members and Outside Directors is comprised of only basic compensation, from the perspective of their role and independence.

The compensation structure ratio of each performance-based compensation to basic compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) will be determined in accordance with the category of the officers.

(3) Basic compensation

Basic compensation, which is fixed compensation, will be paid monthly to Directors.

The amount of basic compensation for Directors (excluding Directors and Audit and Supervisory Committee Members and Outside Directors) will be determined by taking into account the work duties they are in charge of, scope of responsibility, years of service, degree of contribution to short-term and medium- to long-term performance, degree of contribution to enhancement of corporate value, and the like, as well as taking into consideration the level of other companies in the same industry.

The amount of basic compensation for Directors who are Audit and Supervisory Committee Members and Outside Directors will be determined by taking into consideration the work responsibilities and the level of other companies.

(4) Single-fiscal-year performance-based compensation

Single-fiscal-year performance-based compensation (cash bonuses and stock-based compensation A) is linked to the degree of achievement of the management target, the degree of enhancement of corporate value, and the like, for a single fiscal year and the amount of compensation is determined based on the Company's performance results and the like for a single year, and the determined amount of compensation

will be paid to the Eligible Directors in the form of cash bonuses and restricted stock (stock-based compensation A) after the results of each fiscal year are fixed.

Single-fiscal-year performance-based compensation for each Eligible Director is composed of a cash bonus, representing half of such compensation, and stock-based compensation A, representing half of such compensation.

As indicators of consolidated business performance, the rate of increase in the share price and the amount of consolidated net income excluding Frontier Capital Inc. shall be the basic indicators, and the amount of single-fiscal-year performance-based compensation to be paid to Eligible Directors is determined in light of: i) the degree of contribution to performance; and ii) the maximum amount of compensation for the Eligible Directors, and the like.

An outline of the details of single-fiscal-year performance-based compensation (stock-based compensation A) are provided in “3. Details of Compensation Related to the Restricted Stock-Based Compensation Scheme for Directors.”

(5) Medium- to long-term performance-based compensation

Medium- to long-term performance-based compensation (stock-based compensation B) is linked to the degree of achievement of the management target for the medium-term management plan, the degree of enhancement of corporate value, and the like, and restricted stock (stock-based compensation B) will be delivered to the Eligible Directors at the beginning of each fiscal year based on the compensation base amount in accordance with their position. In principle, after the end of the period falling under the medium-term management plan, the number of shares with respect to which the transfer restriction is lifted will be determined, regarding such shares granted during such period, in accordance with the degree of achievement of the management target for the medium-term management plan, the degree of enhancement of corporate value, and the like.

The management target indicators for the medium-term management plan from 2024 to 2026 include the level of achievement of the rate of increase in the share price, the amount of consolidated net income excluding Frontier Capital Inc., and consolidated ROE excluding Frontier Capital Inc. If a new medium-term management plan is formulated in the future, these management target indicators could potentially be changed by a resolution of the Board of Directors.

An outline of the details of medium- to long-term performance-based compensation (stock-based compensation B) are provided in “3. Details of Compensation Related to the Restricted Stock-Based Compensation Scheme for Directors.”

(6) Compensation governance

Compensation for Directors (basic compensation, single-fiscal-year performance-based compensation and medium- to long-term performance-based compensation) will be determined by a resolution of the Board of Directors in light of voluntary deliberations and reports by the Nomination and Compensation Advisory Committee.

Clawback provisions are set out to the effect that if a certain event such as material accounting fraud, a huge amount of loss, or the like occurs, all or part of stock-based compensation A and stock-based compensation B that has already been paid will be returned without any consideration in accordance with each officer’s liability.

3. Details of Compensation Related to the Restricted Stock-Based Compensation Scheme for Directors

Under this scheme, every fiscal year, in principle, the Company will issue or dispose of common stock of the Company to Eligible Directors, without requiring the payment of money or property contributed in kind, and it will permit the Eligible Directors to hold this common stock.

The Company will enter into a restricted stock allotment agreement (the “Allotment Agreement”) with the Eligible Directors. During a certain period established in the Allotment Agreement (the “transfer restriction period”), Eligible Directors will not be able to freely transfer, create security rights on, or otherwise dispose (“transfer, etc.”) the shares delivered based on the Allotment Agreement (the “Allotted Shares”) (hereinafter, these restrictions on transfer, etc., are referred to as the “transfer restrictions”).

	Stock-based compensation A	Stock-based compensation B
(1) Timing of delivery and method of calculating the number of shares to be delivered	The amount of compensation will be determined based on the actual performance of the Company for a single fiscal year, etc., and part of the amount of compensation that has been determined will be paid to the Eligible Directors in the form of restricted stock, after the results of each fiscal year are fixed.	Restricted stock will be allotted to the Eligible Directors at the beginning of each fiscal year based on the compensation base amount in accordance with their position.
(2) Maximum amount of compensation and number of shares	Maximum amount of stock-based compensation: Up to ¥130,000 thousand per year Maximum number of Allotted Shares: Up to 90,000 shares per year	Maximum amount of stock-based compensation: Up to ¥65,000 thousand per year Maximum number of Allotted Shares: Up to 45,000 shares per year
	Provided, however, that if a stock split or consolidation of shares is conducted in relation to the common stock of the Company, or in other cases equivalent to these cases that require adjustment to the total number of shares to be allotted, the total number of shares to be allotted will be reasonably adjusted.	
(3) Transfer restriction period	Transfer restrictions will be established for three years from the day on which Eligible Directors receive delivery of the Allotted Shares, and during this period, Eligible Directors may not transfer, etc., these shares.	
(4) Basic principle concerning the lifting of transfer restrictions	In principle, transfer restrictions will be lifted when the transfer restriction period expires.	In principle, after the end of the period falling under the medium-term management plan, the number of shares with respect to which the transfer restriction is lifted will be determined, regarding such shares granted during such period, in accordance with the degree of achievement of the management target for the medium-term management plan, the degree of enhancement of corporate value, and the like, and the transfer restrictions will be lifted when the transfer restriction period expires.
(5) Exceptional handling when a Director retires		
(i) If a Director retires owing to the expiration of his or her term of office, death, or other justifiable reason	If, before the expiration of the transfer restriction period, an Eligible Director retires due to expiration of the term of office, death, or other justifiable reason, the Company will lift transfer restrictions on all shares granted to the relevant Eligible Director, after reasonably adjusting the timing of removing the transfer restrictions as necessary.	If, before the expiration of the transfer restriction period, an Eligible Director retires due to expiration of the term of office, death, or other justifiable reason, (i) where such retirement occurs during the period from the time of granting such shares to the time prior to determining the number of shares with respect to which the transfer restriction will be removed, the number of such shares with respect to which the transfer restriction will be removed and the timing of removing the transfer restriction will be reasonably adjusted as necessary in accordance with the degree of achievement of the management targets for the medium-term management plan and the degree of enhancement of corporate value as of that time, and the like, and (ii) where such retirement occurs during the period from the time of determining the number of shares

	Stock-based compensation A	Stock-based compensation B
		with respect to which the transfer restriction will be removed to the time of expiration of the transfer restriction period, the timing of removing the transfer restriction will be reasonably adjusted as necessary.
(ii) If a Director retires without a justifiable reason	If, before the expiration of the transfer restriction period, an Eligible Director retires as Director of the Company and it is not due to the expiration of the term of office or reason recognized as justifiable by the Board of Directors of the Company, the Company will automatically acquire all of the shares allotted to the relevant Eligible Director, without consideration.	
(6) Exceptional handling in the event of organizational restructuring, etc.	If, during the transfer restriction period, a merger agreement in which the Company will be the disappearing company, share exchange agreement or share transfer plan in which the Company will become a wholly owned subsidiary, or other matter related to organizational restructuring, etc., (“organizational restructuring agreement, etc.”) is approved at a General Meeting of Shareholders of the Company (provided, however, that this will be the Board of Directors of the Company in cases when approval by the General Meeting of Shareholders of the Company is not required for the relevant organizational restructuring agreement, etc.), transfer restrictions will be lifted from all of the shares granted to the relevant Directors, after reasonably adjusting the timing of removing the transfer restrictions as necessary.	If, during the transfer restriction period, an organizational restructuring agreement, etc., is approved at a General Meeting of Shareholders of the Company (provided, however, that this will be the Board of Directors of the Company in cases when approval by the General Meeting of Shareholders of the Company is not required for the relevant organizational restructuring agreement, etc.), (i) where such approval is given during the period from the time of granting such shares to the time prior to determining the number of shares with respect to which the transfer restriction will be removed, the number of such shares with respect to which the transfer restriction will be removed and the timing of removing the transfer restriction will be reasonably adjusted as necessary in accordance with the degree of achievement of the management targets for the medium-term management plan and the degree of enhancement of corporate value as of that time, and the like, and (ii) where such approval is given during the period from the time of determining the number of shares with respect to which the transfer restriction will be removed to the time of expiration of the transfer restriction period, the timing of removing the transfer restriction will be reasonably adjusted as necessary.
(7) Other reasons for acquisition without consideration	When the Company determines the number of shares from which to lift transfer restrictions, it will automatically acquire any shares from which transfer restrictions will not be removed, without consideration.	
(8) Return of shares without consideration	Clawback provisions will be set out in the Allotment Agreement to the effect that if a certain event such as material accounting fraud, a huge amount of loss, or the like occurs, all or part of stock-based compensation that has already been paid will be returned without any consideration in accordance with each officer’s liability.	
(9) Other details to be determined by the Board of Directors	The Board of Directors will determine other details and matters related to the management of this scheme, in light of voluntary deliberations and reports by the Nomination and Compensation Advisory Committee.	

Business Report

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

I Current Situation of the Group

(1) Progress and results of operations

During the fiscal year under review (January 1, 2023 to December 31, 2023), in the Japanese economy, social and economic activities were normalizing with the easing of the movement restrictions imposed amid the COVID-19 pandemic, and the economy was recovering moderately due to improvements in consumer spending and capital expenditure. On the other hand, the Japanese economy continued to face uncertainties mainly due to price hikes caused chiefly by geopolitical risk, such as the Russia-Ukraine war and the situation in the Middle East, and the weaker yen, as well as downside risks to overseas economies as a result of global monetary tightening.

In this management environment, the Group continued to focus on proposing and executing one-stop solutions to issues faced by companies by providing comprehensive services that leverage management consulting, M&A advisory, revitalization support, and other functions. Frontier Capital Inc., a consolidated subsidiary of the Company that is in its second year since its establishment, procured funds of ¥3,000,600 thousand mainly from financial institutions through a private placement of shares, then began business activities in earnest, including concluding two investment agreements and executing investment in one of those projects.

As a result of the above, the Group reported consolidated net sales of ¥10,025,083 thousand (up 26.6% from the previous fiscal year), operating income of ¥1,251,629 thousand (up 37.8%), ordinary income of ¥1,238,574 thousand (up 34.4%), and net income attributable to owners of parent of ¥780,683 thousand (up 40.2%) for the fiscal year under review.

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

(Consulting and Advisory Business Segment)

For the fiscal year under review, in the Consulting and Advisory Business segment, sales grew significantly in the Revitalization Support Business, while the Management Consulting Business and the M&A Advisory Business also performed well, with net sales of ¥10,003,683 thousand (up 26.4% from the previous fiscal year) and operating income of ¥1,645,950 thousand (up 49.7%).

Results of operations by business are as follows.

Management Consulting Business

The business results of the Management Consulting Business for the fiscal year under review were ¥5,084,124 thousand (up 16.8% from the previous fiscal year) in net sales. In the fiscal year under review, sales increased compared with the previous fiscal year. In addition to the effect of increased personnel resulting from aggressive recruitment, the expansion of the consulting-related services, including strategic assistance in helping manufacturers enhance their corporate value, SR/IR services, and DX services, contributed to such increase. In addition, there was an increase in orders from large companies.

M&A Advisory Business

In the M&A Advisory Business, net sales for the fiscal year under review were ¥3,023,043 thousand (up 8.2% from the previous fiscal year). In the fiscal year under review, sales increased compared with the previous fiscal year as a result of the successful completion of multiple large-scale M&A deals, including cross-border M&A deals.

Revitalization Support Business

In the Revitalization Support Business, net sales for the fiscal year under review were ¥1,648,476 thousand (up 174.2% from the previous fiscal year). In the fiscal year under review, sales increased significantly compared with the previous fiscal year mainly due to a rise in the number of revitalization projects, as well as orders for large-scale revitalization projects and their execution.

Other Business

The business results of Other Business for the fiscal year under review were net sales of ¥248,038 thousand (up 49.4% from the previous fiscal year).

(Investment Business Segment)

During the fiscal year under review, Frontier Capital Inc. raised funds mainly from financial institutions through a private placement of shares and began business activities in earnest, including executing investment in its first investment project. However, the timing of investments slipped toward the end of the year, and the Group incurred upfront personnel expenses and other fixed costs. As a result, net sales amounted to ¥42,646 thousand (up 142.3% from the previous fiscal year). The operating loss was ¥394,320 thousand (compared with an operating loss of ¥191,272 thousand in the previous fiscal year).

(2) Capital expenditure

The Group's capital expenditure (tangible assets and intangible assets; excluding goodwill and customer-related assets) for the fiscal year under review totaled ¥37,202 thousand, of which major items were equipment installation at the head office of the Company and consolidated subsidiary Celebrain Corporation, as well as furniture and fixtures, among others.

There was no selling or retirement of significant facilities during the fiscal year under review.

(3) Financing activities

During the fiscal year under review, the Group financed ¥500,000 thousand in short-term borrowings and ¥1,000,000 thousand in long-term borrowings from a financial institution for business purposes.

(4) Transfer of business, absorption-type company split, and incorporation-type company split

Not applicable

(5) Acquisition of business from other company

Not applicable

(6) Succession of rights and obligations related to business of other entities through absorption-type merger or absorption-type company split

Not applicable

(7) Acquisition or disposal of other company's shares, equities, or stock acquisition rights and the like

The Company acquired the shares of Athema (registered trade name: AT Conseil) on July 20, 2023 to make it an affiliate accounted for by the equity method.

(8) Issues to address

The Group aims to be a global independent professional firm that supports the achievement of increases in corporate value by providing the optimal services tailored to the unique characteristics of our clients' businesses.

In order to achieve this vision, the Group has formulated a medium-term management plan covering the period from the 18th fiscal year (fiscal year ending December 2024) to the 20th fiscal year (fiscal year ending December 2026) of the Company, and will focus on the following initiatives as priority issues.

(i) Consulting and Advisory Business

The Group will focus on solutions that strengthen and nurture the ability of client companies to create value from their management resources.

Priority strategies are as follows.

- a) Fully integrated support for the formulation of strategies related to business portfolios, M&A execution, and PMI
- b) Hands-on support for digitalization and improvement of productivity by customers
- c) Provision of a complete range of full-spec support functions for revitalization contracts, including plan formulation, hands-on support, investment, and CxO dispatch
- d) Strengthen customer global competitiveness through fully integrated support for mid-cap cross-border M&A and PMI
- e) Support for senior management team formation and senior management human resource development to oversee future growth, in accordance with management strategy

(ii) Investment Business

The Group will engage in the Investment Business in earnest, and create new funds with various investment policies.

Priority strategies are as follows.

- a) Strengthen the Investment Business to enhance participation in achieving results
- b) Frontier Capital Inc. will begin investment in core regional companies in earnest and achieve dramatic growth at investee companies, while also contributing to expanding the scale of the Group by executing consolidated investments.
- c) Establishment of new funds (revitalization fund, venture capital fund, etc.)

(iii) Organizational strengthening

The Group will work to achieve quantitative expansion and productivity improvements through active hiring, as well as discontinuous growth through M&A.

- a) Increase by 200 people in three years (non-consolidated basis). Diversify hiring methods and balance quantitative expansion with efficiency enhancements
- b) Enhancement of our knowledge database and significant improvements to operational productivity through generative AI and operations BPO (business process outsourcing)
- c) Active engagement in M&A and alliances with companies with which synergies are expected

(9) Assets and profit and loss

(i) Changes in the Group's assets and profit and loss

Category	Fiscal year	The 14th Fiscal Year (FY2020)	The 15th Fiscal Year (FY2021)	The 16th Fiscal Year (FY2022)	The 17th Fiscal Year (the fiscal year under review) (FY2023)
Net sales	(Thousands of yen)	5,192,527	5,741,654	7,915,655	10,025,083
Ordinary income	(Thousands of yen)	575,633	514,576	921,511	1,238,574
Net income attributable to owners of parent	(Thousands of yen)	420,515	338,707	556,722	780,683
Net income per share	(Yen)	36.89	29.70	48.67	67.51
Net assets	(Thousands of yen)	2,448,598	2,454,066	3,015,956	6,822,364
Total assets	(Thousands of yen)	3,792,731	3,819,274	5,658,644	10,874,682

(ii) Changes in the Company's assets and profit and loss

Category	Fiscal year	The 14th Fiscal Year (FY2020)	The 15th Fiscal Year (FY2021)	The 16th Fiscal Year (FY2022)	The 17th Fiscal Year (the fiscal year under review) (FY2023)
Net sales	(Thousands of yen)	5,188,593	5,732,196	7,546,117	9,557,654
Ordinary income	(Thousands of yen)	556,817	513,057	1,081,609	1,625,830
Net income	(Thousands of yen)	413,157	345,454	754,497	1,191,958
Net income per share	(Yen)	36.24	30.29	65.96	103.08
Net assets	(Thousands of yen)	2,414,569	2,429,387	3,136,089	4,348,730
Total assets	(Thousands of yen)	3,759,798	3,800,171	5,646,614	8,166,955

Note: The Company conducted a 2-for-1 common stock split on January 1, 2021. Net income per share was calculated assuming that these stock splits were effected at the beginning of the 14th Fiscal Year (FY2020).

(10) Significant subsidiaries

Company name	Paid-in capital (thousands of yen)	Voting rights ratio (%)	Description of business
Frontier Management (Shanghai) Inc.	120,000	100.00	Management Consulting Business M&A advisory business
Celebrain Corporation	64,500	60.36	Management Consulting Business Other Business
Frontier Capital Inc.	2,000,300	91.00	Investment business that involves the dispatch of management personnel

(11) Principal businesses (as of December 31, 2023)

The Group's businesses consist of two segments: Consulting and Advisory Business and Investment Business.
The main business content of each segment is as follows.

Business segment	Description of business
Consulting and Advisory Business	Management Consulting Business M&A Advisory Business Revitalization Support Business
Investment Business	Investment business that involves the dispatch of management personnel

(12) Major offices (as of December 31, 2023)

• The Company

Head office	3-2-1 Roppongi, Minato-ku, Tokyo, Japan
Osaka Branch	3-3-13 Imabashi, Chuo-ku, Osaka City, Osaka, Japan
Nagoya Branch	2-45-14 Meieki, Nakamura-ku, Nagoya City, Aichi, Japan
Fukuoka Branch	2-5-19 Hakataeki Higashi, Hakata-ku, Fukuoka City, Fukuoka, Japan
Singapore Branch	Republic of Singapore
New York Branch	United States of America

• Subsidiaries

Frontier Management (Shanghai) Inc.	People's Republic of China
Celebrain Corporation	3-4-4 Akasaka, Minato-ku, Tokyo
Frontier Capital Inc.	3-2-1 Roppongi, Minato-ku, Tokyo, Japan

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

(i) Employees of the Group

Segment name	Number of employees	Change from the end of the previous fiscal year
Consulting and Advisory Business	356	32 (increase)
Investment Business	13	2 (increase)
Total	369	34 (increase)

Notes: 1. The number of employees represents the number of the Group's full-time staff members (excluding seconded persons from the Group to companies outside the Group) and does not include the number of part-time employees, contract employees, temporary employees, etc.

2. The 32-person increase in the number of employees of the Consulting and Advisory Business from the end of the previous fiscal year is due to aggressive recruitment.

(ii) Employees of the Company

Number of employees	Change from the end of the previous fiscal year	Average age	Average years of service
328	24 (increase)	37.5 years old	3.1 years

Note: The number of employees represents the number of the Company's full-time staff members (excluding seconded persons from the Company to other companies) and does not include the number of part-time employees, contract employees, temporary employees, etc.

(14) Principal lenders (as of December 31, 2023)

Lender	Loan amount (millions of yen)
Sumitomo Mitsui Banking Corporation	1,588

(15) Material information related to the current situation of the corporate group other than the above

Not applicable

II Shares of the Company (as of December 31, 2023)

- (1) Total number of shares issuable: 45,648,000
- (2) Total number of shares issued: 11,718,554 (excluding 7,903 shares of treasury stock)
- (3) Number of shareholders: 3,736
- (4) Major shareholders (top 10)

Name of shareholders	Number of shares owned (shares)	Shareholding ratio (%)
Shoichiro Onishi	2,179,458	18.60
Masahiro Matsuoka	2,179,458	18.60
Custody Bank of Japan, Ltd. (Trust Account)	878,200	7.49
The Master Trust Bank of Japan, Ltd. (Trust Account)	657,300	5.61
Masaya Yajima	614,880	5.25
Takahiro Yamaguchi	503,200	4.29
Tomohiro Murata	258,500	2.21
ANTEMA	223,900	1.91
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	216,630	1.85
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	153,800	1.31

Note: Shareholding ratio is calculated excluding the number of shares of treasury stock (7,903 shares).

- (5) Shares delivered to officers as consideration for the execution of duties during the fiscal year under review

	Number of shares (shares)	Number of persons to whom shares were delivered (persons)
Directors (excluding Outside Directors)	19,999	4

- (6) Other material information related to the Company shares

- (i) Stock option(s)

The total number of shares issued increased by 14,080 due to the exercise of stock options.

- (ii) Shares subject to transfer restriction

At its Board of Directors' meeting held on March 24, 2023, the Company resolved to issue new shares, and issued 19,999 new shares on April 14, 2023 in order to grant shares subject to a transfer restriction to four Directors (excluding Outside Directors).

III Company Officers

(1) Directors and Audit & Supervisory Board Members

Name	Position and responsibility		Significant concurrent positions outside the Company
Shoichiro Onishi	Representative Director	Co-President and Executive Officer Member of the Nomination and Compensation Advisory Committee Chairperson of the Risk Management Committee	Representative Director, President, CEO and COO of Frontier Capital Inc. Representative Director of FCD Partners Inc. Outside Director of Tokyo Electric Power Company Holdings, Incorporated
Masahiro Matsuoka	Representative Director	Co-President and Executive Officer Member of the Nomination and Compensation Advisory Committee Member of the Risk Management Committee Chairperson of the Sustainability Promotion Committee	Representative Director of Frontier Capital Inc. Director of Celebrain Corporation Chairman of Frontier Management (Shanghai) Inc. Representative Director of FCD Partners Inc. Representative Director and Chairman of ORENO Corporation Outside Director of RIZAP GROUP, Inc.
Tadaaki Komori	Director	Deputy President and Executive Officer Head of M&A Advisory Business General Manager of Marketing Department	
Masao Nishihara	Director		
Kazuhito Osugi	Director	Chairperson of the Nomination and Compensation Advisory Committee	Independent Outside Director of the Board of Nissha Co., Ltd. Outside Director of The Gunma Bank, Ltd.
Keiko Unotoro	Director	Member of the Nomination and Compensation Advisory Committee	Outside Director of SAN-AI OBBLI CO., LTD. Outside Director of OHBA CO., LTD. Commissioner of Public Security Examination Commission Auditor of Tokyo Metropolitan Public University Corporation
Takeshi Umemoto	Full-time Audit & Supervisory Board Member		
Kazuhiko Shimokobe	Audit & Supervisory Board Member	Member of the Nomination and Compensation Advisory Committee	Outside Auditor of Industrial Growth Platform, Inc.
Hiroko Noda	Audit & Supervisory Board Member		Representative Director of Probity Consulting Co., Ltd. Part-time Lecturer at Graduate School of Asian and International Business Strategy of Asia University External Director of MODEC, Inc. Outside Director (Audit and Supervisory Committee Member) of Okabe Co., Ltd. Substitute Audit & Supervisory Board Member of Pigeon Corporation Outside Director of S.T. CORPORATION Outside Director of CHORI CO., LTD.

- Notes: 1. Directors Kazuhito Osugi and Keiko Unotoro are Outside Directors as stipulated in Article 2, item (xv) of the Companies Act.
2. Audit & Supervisory Board Members Takeshi Umemoto, Kazuhiko Shimokobe, and Hiroko Noda are Outside Audit & Supervisory Board Members as stipulated in Article 2, item (xvi) of the Companies Act.
3. The Company has designated Kazuhito Osugi and Keiko Unotoro, who are Directors of the Company, and Takeshi Umemoto, Kazuhiko Shimokobe and Hiroko Noda, who are Audit & Supervisory Board Members of the Company, as

independent officers based on the provisions of the Tokyo Stock Exchange, and has submitted notification to the exchange.

4. Takeshi Umemoto, full-time Audit & Supervisory Board Member, has been in charge of audits for many years and possesses considerable knowledge in finance and accounting. Hiroko Noda, Audit & Supervisory Board Member, is a corporate manager and certified public accountant and possesses considerable knowledge in finance and accounting.
5. On December 31, 2023, Nobumichi Hattori, Audit & Supervisory Board Member, retired from his position owing to his resignation, and Hiroko Noda, who was elected as Substitute Audit & Supervisory Board Member at the 16th Annual General Meeting of Shareholders of the Company held on March 24, 2023, assumed office as an Audit & Supervisory Board Member on the same day.

Furthermore, Audit & Supervisory Board Member(s) who retired during the fiscal year under review are as follows.

Name	Date of retirement	Reason for retirement	Responsibility and significant concurrent positions outside the Company at the time of retirement
Nobumichi Hattori	December 31, 2023	Resignation	Audit & Supervisory Board Member/Member of the Nomination and Compensation Advisory Committee External Director of FAST RETAILING CO., LTD. Outside Director of Hakuhodo DY Holdings Inc. Visiting Professor of Graduate School of Business and Finance of Waseda University Visiting Professor of Graduate School of Business Administration of Keio University

Furthermore, Nobumichi Hattori possessed considerable knowledge in finance and accounting, having worked at a leading U.S. investment bank.

6. Director Masahiro Matsuoka resigned from his position as Representative Director on February 14, 2024, and will retire as Director owing to the expiration of his term of office at the conclusion of the 17th Annual General Meeting of Shareholders of the Company to be held on March 27, 2024.

(2) Amount of compensation, etc. for Directors and Audit & Supervisory Board Members

(i) Total amount of compensation, etc. paid during the fiscal year under review

Category	Total amount of compensation, etc. (Thousands of yen)	Total amount of compensation, etc. by category (thousands of yen)				Number of target officers (persons)
		Basic compensation	Single-fiscal-year performance-based compensation		Medium- to long-term performance-based compensation	
			Cash bonuses	Stock-based compensation A	Stock-based compensation B	
Directors	253,621	195,000	38,000	19,000	1,621	6
(Of whom, outside officers)	(17,600)	(17,600)	(—)	(—)	(—)	(2)
Audit & Supervisory Board Members	30,450	30,450	—	—	—	4
(Of whom, outside officers)	(30,450)	(30,450)	(—)	(—)	(—)	(4)
Total	284,071	225,450	38,000	19,000	1,621	10
(Of whom, outside officers)	(48,050)	(48,050)	(—)	(—)	(—)	(6)

Notes: 1. The total amount of compensation for Directors does not include salary paid as an employee to Directors concurrently serving as an employee.

2. The above includes one Audit & Supervisory Board Member who resigned on December 31, 2023.

(ii) Matters relating to resolution of general meeting of shareholders for compensation, etc. for Directors and Audit & Supervisory Board Members

The Annual General Meeting of Shareholders held on March 24, 2022 passed a resolution for setting monetary compensation for the Company's Directors (including its Outside Directors) at ¥400,000 thousand or less per year (including ¥25,000 thousand or less per year for Outside Directors, excluding

employee salaries for Directors concurrently serving as employees). The number of Directors (including two Outside Directors) at the conclusion of said General Meeting of Shareholders was five.

The Annual General Meeting of Shareholders held on March 25, 2021 passed a resolution for stock-based compensation for the Company's Directors, excluding Outside Directors, separately from the aforementioned monetary compensation: (i) the total value and total number of shares of the Company's common stock to be issued or disposed of as stock-based compensation A linked to single-year consolidated business performance shall be ¥100,000 thousand or less per year and 40,000 shares or less per year, respectively; and (ii) the total value and total number of shares of the Company's common stock to be issued or disposed of as stock-based compensation B linked to an achievement rate against medium-term business plan targets and the extent of improvement of its corporate value shall be ¥50,000 thousand or less per year and 20,000 shares or less per year, respectively. The number of Directors (excluding Outside Directors) at the conclusion of said General Meeting of Shareholders was three.

The total amount of compensation for the Audit & Supervisory Board Members was decided by a resolution at the Extraordinary General Meeting of Shareholders held on August 14, 2018 to be ¥50,000 thousand or less per year. The number of Audit & Supervisory Board Members at the conclusion of said General Meeting of Shareholders was three.

(iii) Policy for determining the details of compensation for officers

A) How to decide the policy for determining the details of compensation for individual Directors

The policy for determining the details of compensation for the Company's individual Directors was resolved by the Board of Directors meeting held on February 9, 2021 in light of voluntary deliberations and reports by the Nomination and Compensation Advisory Committee.

The Board of Directors judged the compensation for individual Directors for the fiscal year under review to be consistent with the policy since the Board checked that: i) the determined details of the compensation and the method for determining them were consistent with the determination policy resolved by the Board; and ii) the details were determined by the Board of Directors within a range of total compensation amount resolved beforehand by a general meeting of shareholders in light of voluntary deliberations by the Nomination and Compensation Advisory Committee and its recommendation.

B) Description of the policy for determining the details of compensation for individual Directors

- Basic policy

To provide compensation that enables the Company to appoint as Directors the finest persons who practice the corporate mission and contribute to the achievement of short-term performance targets, achievement of medium- to long-term performance targets, and continuous enhancement of corporate value.

At the Company, we will create a compensation system that is highly transparent, fair, and reasonable to ensure accountability to our stakeholders.

- Compensation composition

Compensation for Directors (excluding Outside Directors) is comprised of basic compensation, which is fixed compensation, and single-fiscal-year performance-based compensation and medium- to long-term performance-based compensation, which vary depending on performance, while balancing the elements listed in the above basic policy.

Compensation for Outside Directors is comprised of only basic compensation, from the perspective of their role and independence.

The compensation composition ratio of each performance-based compensation to basic compensation for Directors (excluding Outside Directors) will be determined in accordance with the category of the officers.

- Basic compensation

Basic compensation, which is fixed compensation, will be paid monthly to Directors.

The amount of basic compensation for Directors (excluding Outside Directors) will be determined by taking into account the work duties they are in charge of, scope of responsibility, years of service, degree of contribution to short-term and medium- to long-term performance, degree of contribution to enhancement of corporate value, and the like, as well as taking into consideration the level of other companies in the same industry. The amount of basic compensation for Outside Directors will be determined by taking into consideration the work responsibilities and the level of other companies.

- Single-fiscal-year performance-based compensation

Single-fiscal-year performance-based compensation (cash bonuses and stock-based compensation A) is linked to consolidated results for a single fiscal year and the amount of compensation is determined based on the Company's performance results and the like for a single year, and the determined amount of compensation will be paid to Directors (excluding Outside Directors; "Eligible Directors") in the form of cash bonuses and restricted stock (stock-based compensation A) after the results of each fiscal year are fixed.

The maximum amount of single-fiscal-year performance-based compensation (total amount to be paid to all Eligible Directors) is the smaller of one-third of an amount in excess of targeted operating income, or a total amount of 18-month basic compensation for the Representative Directors and nine-month basic compensation for Eligible Directors (excluding Representative Directors).

The amount of single-fiscal-year performance-based compensation to be paid to Eligible Directors is determined in light of: i) the degree of contribution to performance in relation to an amount in excess of targeted operating income; and ii) the maximum amount of compensation for the Eligible Directors, and the like.

The composition ratio of single-fiscal-year performance-based compensation for each Eligible Director is composed of a cash bonus, representing two-thirds of such compensation, and stock-based compensation A, representing one-third of such compensation.

We chose the performance indicator because operating income, representing income from principal business activities, is an evaluation metric that reflects results very directly.

Shown below are the target for the indicator for single-fiscal-year performance-based compensation and the actual amount for the fiscal year under review.

	Target	Actual amount
Consolidated operating income	¥1,200 million	¥1,251 million

- Medium- to long-term performance-based compensation

Medium- to long-term performance-based compensation (stock-based compensation B) is linked to the degree of achievement of the management target for the medium-term management plan, the degree of enhancement of corporate value, and the like, and restricted stock (stock-based compensation B) will be delivered to the Eligible Directors at the beginning of each fiscal year based on the compensation base amount in accordance with their position. In principle, after the end of the period falling under the medium-term management plan, the number of shares with respect to which the transfer restriction is lifted will be determined, regarding such shares granted during such period, in accordance with the degree of achievement of the management target for the medium-term management plan, the degree of enhancement of corporate value, and the like.

The performance indicators for the medium-term management plan from 2021 to 2023 include the level of achievement of consolidated net sales, consolidated operating margin, consolidated ROE and ESG/SDGs.

We chose these performance indicators because we thought it appropriate to consider them exhaustively in order to reflect the Company's performance in Directors' compensation in a multi-faceted manner while attaching importance to growth potential and profitability in light of the purpose of the performance-based compensation scheme, namely to further contribute to raising our corporate value in the medium to long term. This was after linking this type of

compensation to business targets specified in the medium-term management plan as it is linked to performance for the plan.

Shown below are the targets for the indicators for medium- to long-term performance-based compensation.

	Target	Evaluation ratio
Consolidated net sales	¥8,700 million	30%
Consolidated operating margin	20%	30%
Consolidated ROE	At least 20%	30%
ESG/SDGs	Items shown in the medium-term management plan	10%

Shown below are the actual amounts for the indicators for medium- to long-term performance-based compensation.

	Actual amount	Level of achievement
Consolidated net sales	¥10,025 million	115.2%
Consolidated operating margin	12.5%	62.4%
Consolidated ROE	23.6%	117.8%
ESG/SDGs	—	50.0%

- Compensation governance

Compensation for Directors (basic compensation, single-fiscal-year performance-based compensation and medium- to long-term performance-based compensation) will be determined by a resolution of the Board of Directors in light of voluntary deliberations and reports by the Nomination and Compensation Advisory Committee.

Clawback provisions are set out to the effect that if a certain event such as material accounting fraud, a huge amount of loss, or the like occurs, all or part of stock-based compensation A and stock-based compensation B that has already been paid will be returned without any consideration in accordance with each officer's liability.

(3) Outside Directors and Outside Audit & Supervisory Board Members

- (i) Significant concurrent positions outside the Company as a business executor of other corporations, etc. and relevant relationship between the Company and the other corporations, etc.
Not applicable

- (ii) Significant concurrent positions outside the Company as an outside officer of other corporations, etc. and relevant relationship between the Company and the other corporations, etc.
Kazuhito Osugi, Director concurrently serves as Independent Outside Director of the Board of Nissha Co., Ltd. and Outside Director of The Gunma Bank, Ltd., but there is no special relationship between the Company and these companies.

Keiko Unotoro, Director concurrently serves in the following posts: Outside Director of SAN-AI OBBLI CO., LTD., Outside Director of OHBA CO., LTD., Commissioner of Public Security Examination Commission, and Auditor of Tokyo Metropolitan Public University Corporation. However, there is no special relationship between the Company and these organizations.

Kazuhiko Shimokobe, Audit & Supervisory Board Member concurrently serves as Outside Auditor of Industrial Growth Platform, Inc., but there is no special relationship between the Company and the corporation.

Hiroko Noda, Audit & Supervisory Board Member concurrently serves as Representative Director of Probity Consulting Co., Ltd., Part-time Lecturer at Graduate School of Asian and International Business Strategy of Asia University, External Director of MODEC, Inc., Outside Director (Audit and

Supervisory Committee Member) of Okabe Co., Ltd., Substitute Audit & Supervisory Board Member of Pigeon Corporation, Outside Director of S.T. CORPORATION, and Outside Director of CHORI CO., LTD. However, there is no special relationship between the Company and these organizations.

(iii) Main activities in the fiscal year under review

Category	Name	Attendance at Board of Directors meetings	Attendance at Audit & Supervisory Board meetings	Outline of main activities and duties executed in relation to roles expected
Director	Kazuhito Osugi	14/14	—	Kazuhito Osugi has been continuing to give diverse statements actively at Board of Directors meetings, provide advice on the management of the Company and each department, and oversee its business execution appropriately from an objective and specialized perspective by tapping into the in-depth knowledge in economy, finance, and business revitalization that he accumulated through serving in key posts at the Bank of Japan and Industrial Revitalization Corporation of Japan. In his capacity as Chairperson of the Nomination and Compensation Advisory Committee, he led deliberations on the policy for election of officers and determination of the details of Directors' compensation.
Director	Keiko Unotoro	14/14	—	Keiko Unotoro has been continuing to make diverse statements actively at Board of Directors meetings, provide advice on the management of the Company and each department, and oversee its business execution appropriately from an objective and specialized perspective by tapping into the in-depth knowledge in economic laws, competition policies, and corporate compliance that she accumulated through serving in key posts at the Fair Trade Commission. Further, she led deliberations on the desired direction of the Company and its Board of Directors in risk management and sustainability.
Full-time Audit & Supervisory Board Member	Takeshi Umemoto	14/14	15/15	Takeshi Umemoto has been conducting audits from an impartial and objective perspective by using his experience in audit operations to lead the Audit & Supervisory Board and giving necessary statements as appropriate from primarily a financial and accounting perspective at Board of Directors meetings and Audit & Supervisory Board meetings. In addition, he has been providing advice and suggestions in the deliberations to ensure the reasonableness and appropriateness of business execution.
Audit & Supervisory Board Member	Kazuhiko Shimokobe	14/14	15/15	Kazuhiko Shimokobe has been conducting audits from an impartial and objective perspective by using his experience of engaging in many corporate revitalization projects as an attorney to make necessary statements as appropriate at Board of Directors meetings and Audit & Supervisory Board meetings. In addition, he has been providing advice and suggestions in the deliberations to ensure the reasonableness and appropriateness of business execution.
Audit & Supervisory Board Member	Nobumichi Hattori	13/14	14/15	Nobumichi Hattori has been conducting audits from an impartial and objective perspective by using his experience at a leading U.S. investment bank as well as his knowledge in business administration as a university professor to make necessary statements as appropriate at Board of Directors meetings and Audit & Supervisory Board meetings. In addition, he has been providing advice and suggestions in the deliberations to ensure the reasonableness and appropriateness of business execution.

Notes: 1. Excluding the number of Board of Directors meetings for written resolution.
2. Hiroko Noda, Audit & Supervisory Board Member, is omitted from the above table because she assumed her position on December 31, 2023.

(iv) Summary of details of limited liability agreement

Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into limited liability agreements with Outside Directors and Outside Audit & Supervisory Board Members to limit their liability for damages under Article 423, paragraph (1) of the Companies Act.

Pursuant to such agreements, the defined maximum amount of liability for damages is the minimum liability amount provided for under Article 425, paragraph (1) of the Companies Act with regard to both Outside Directors and Outside Audit & Supervisory Board Members.

(v) Outline of directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company, thereby covering losses that may arise from a Director or an Audit & Supervisory Board Member, an insured person, assuming liability incurred in the course of the performance of duties or receiving claims pertaining to the pursuit of such liability. All of Directors and Audit & Supervisory Board Members will be included as the insured of the said insurance policy, and the Company bears insurance premiums for all the insured persons in full.

Consolidated Balance Sheet

(As of December 31, 2023)

(Thousands of yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	8,159,931	Current liabilities	2,569,015
Cash and deposits	5,838,745	Accounts payable	111,549
Notes and accounts receivable, and contract assets	1,494,319	Current portion of long-term borrowings	237,313
Operational investment securities	516,904	Accounts payable-other	183,039
Other	325,208	Income taxes payable	421,277
Allowance for doubtful accounts	(15,247)	Provision for bonuses	994,085
Fixed assets	2,709,108	Provision for officers' bonuses	43,555
Tangible assets	282,287	Provision for shareholder benefit program	25,849
Buildings	252,933	Other	552,345
Tools, furniture, and fixtures	29,353	Long-term liabilities	1,483,303
Intangible assets	259,814	Long-term borrowings	1,352,000
Software	10,222	Asset retirement obligations	131,303
Goodwill	235,671	Total liabilities	4,052,318
Customer-related assets	12,500	Net assets	
Other	1,420	Shareholders' equity	3,699,747
Investments and other assets	2,167,006	Paid-in Capital	374,743
Investment securities	296	Capital surplus	734,019
Stocks of subsidiaries and affiliates	1,301,800	Retained earnings	2,599,348
Investments in capital of subsidiaries and associates	1,963	Treasury stock	(8,363)
Lease deposits	355,817	Other accumulated comprehensive income	1,198
Deferred tax assets	419,285	Foreign currency translation adjustment	1,198
Other	87,842	Share award rights	19,000
Deferred assets	5,642	Stock acquisition right	37,130
Organization expenses	5,642	Non-controlling interests	3,065,287
		Total net assets	6,822,364
Total assets	10,874,682	Total liabilities and net assets	10,874,682

Note: The amounts stated in the Balance Sheet are rounded down to the nearest thousand yen.

Consolidated Statement of Income

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

(Thousands of yen)

Item	Amount	
Net sales		10,025,083
Cost of sales		4,497,697
Gross profit		5,527,385
Selling, general and administrative expenses		4,275,756
Operating income		1,251,629
Non-operating income		
Interest income	135	
Equity in earnings of affiliates	4,053	
Insurance dividend income	2,130	
Gain on forfeiture of unclaimed dividends	1,467	
Foreign exchange gains	1,013	
Other	1,785	10,586
Non-operating expenses		
Interest expense	11,403	
Share issuance costs	11,908	
Other	330	23,642
Ordinary income		1,238,574
Extraordinary income		
Gain on sale of investment securities	1,675	1,675
Income before income taxes		1,240,249
Income taxes	521,059	
Income taxes-deferred	(73,091)	447,968
Net income		792,280
Net income attributable to non-controlling interests		11,597
Net income attributable to owners of parent		780,683

Note: The amounts stated in the Statement of Income are rounded down to the nearest thousand yen.

Non-consolidated Balance Sheet

(As of December 31, 2023)

(Thousands of yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	4,395,133	Current liabilities	2,342,271
Cash and deposits	2,749,769	Accounts payable	95,347
Notes and accounts receivable, and contract assets	1,431,469	Current portion of long-term borrowings	236,000
Operational investment securities	23,713	Accounts payable-other	141,139
Prepaid expenses	153,128	Accrued expenses	170,204
Advances paid	33,627	Contract liabilities	27,648
Other	18,218	Deposits received	66,075
Allowance for doubtful accounts	(14,793)	Income taxes payable	389,650
Fixed assets	3,771,822	Accrued consumption taxes	207,834
Tangible assets	259,259	Provision for bonuses	943,550
Buildings	233,454	Provision for officers' bonuses	38,000
Tools, furniture, and fixtures	25,804	Provision for shareholder benefit program	25,849
Intangible assets	10,171	Other	970
Software	10,069	Long-term liabilities	1,475,953
Other	102	Long-term borrowings	1,352,000
Investments and other assets	3,502,391	Asset retirement obligations	123,953
Stocks of subsidiaries and affiliates	2,633,106	Total liabilities	3,818,224
Investments in capital of subsidiaries and associates	2,500	Net assets	
Long-term loans receivable from subsidiaries and associates	15,000	Shareholders' equity	4,292,599
Long-term accounts receivable - other	20,601	Paid-in Capital	374,743
Lease deposits	330,744	Capital surplus	733,119
Deferred tax assets	416,651	Capital reserve	374,743
Other investments, etc.	87,842	Other capital surplus	358,375
Allowance for doubtful accounts	(4,055)	Retained earnings	3,193,100
		Other retained earnings	3,193,100
		Retained earnings brought forward	3,193,100
		Treasury stock	(8,363)
		Share award rights	19,000
		Stock acquisition right	37,130
		Total net assets	4,348,730
Total assets	8,166,955	Total liabilities and net assets	8,166,955

Note: The amounts stated in the Balance Sheet are rounded down to the nearest thousand yen.

Non-consolidated Statement of Income

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

(Thousands of yen)

Item	Amount	
Net sales		9,557,654
Cost of sales		4,205,485
Gross profit		5,352,168
Selling, general and administrative expenses		3,722,946
Operating income		1,629,221
Non-operating income		
Interest income	116	
Insurance dividend income	2,130	
Administrative fees received	5,747	
Gain on forfeiture of unclaimed dividends	1,467	
Other	529	9,991
Non-operating expenses		
Interest expense	11,358	
Share issuance costs	1,406	
Other	617	13,382
Ordinary income		1,625,830
Extraordinary income		
Gain on sale of investment securities	1,675	1,675
Extraordinary loss		
Provision of allowance for doubtful accounts for subsidiaries and associates	1,307	1,307
Income before income taxes		1,626,198
Income taxes	503,322	
Income taxes-deferred	(69,082)	434,239
Net income		1,191,958

Note: The amounts stated in the Statement of Income are rounded down to the nearest thousand yen.

Audit Report

The Audit & Supervisory Board, upon deliberation, prepared this audit report regarding the execution of duties of the Directors during the 17th Fiscal Year from January 1, 2023 to December 31, 2023, based on the audit reports prepared by each Audit & Supervisory Board Member and hereby reports as follows:

1. Auditing Method Employed by Audit & Supervisory Board Members and the Audit & Supervisory Board and Details Thereof
 - (1) The Audit & Supervisory Board, having established an auditing policy and audit plan including division of duties, received from each Audit & Supervisory Board Member reports on the execution of audits and results thereof, and in addition, received from the Directors and Accounting Auditor reports on the execution of their duties and sought explanations as necessary.
 - (2) In compliance with the auditing standards for corporate audits established by the Audit & Supervisory Board, and in accordance with the auditing policy and division of duties, each Audit & Supervisory Board Member has communicated with the Directors, employees of the Internal Audit Department and other relevant personnel, collected information, improved the audit environment, and conducted audits using the following methods, while making use of media such as the phone and the Internet.
 - (i) We attended the Board of Directors meetings and other important meetings, received reports from the Directors, employees, and other relevant personnel regarding the execution of their duties, sought explanations as necessary, inspected important internal approval documents, and examined the operations and assets of the Company at the Head Office. We also communicated and exchanged information with the Directors and Audit & Supervisory Board Members of the subsidiaries, and received business reports from the subsidiaries as necessary.
 - (ii) We regularly received reports from the Directors and personnel in the internal audit division and other relevant departments, sought their explanations as necessary, and expressed our opinions with respect to the development and operation status of systems that are necessary to ensure that the execution of duties by the Directors stated in the Business Report complies with laws and regulations and with the Company's Articles of Incorporation; and other systems (internal control system), which have been developed in compliance with resolutions from the Board of Directors prescribed by Article 100, paragraphs (1) and (3) of the Ordinance for Enforcement of the Companies Act of Japan as systems necessary to ensure the properness of business operations of a corporate group comprising a stock company and its subsidiaries.
 - (iii) We also monitored and examined whether the Accounting Auditor maintains its independence and implement appropriate audits, received reports from the Accounting Auditor on the execution of their duties, and sought explanations as necessary. We also received notification from the Accounting Auditor that the "System for ensuring that duties are performed properly" (as enumerated in each Item of Article 131 of the Regulation on Corporate Accounting) have been established in accordance with the Quality Control Standards for Audits (Business Accounting Council, October 28, 2005) and other relevant standards and sought explanations as necessary.

Based on the foregoing method, we reviewed the Business Report for the fiscal year under review, its supplementary data, and Non-consolidated Financial Statements (Non-consolidated Balance Sheets, Non-consolidated Statements of Income, Non-consolidated Statements of Shareholders' Equity, and notes to the Non-consolidated Financial Statements), as well as its supplementary data and Consolidated Financial Statements (Consolidated Balance Sheets, Consolidated Statements of Income, Consolidated Statements of Shareholders' Equity, and notes to the Consolidated Financial Statements).

2. Audit results

(1) Audit results on the Business Report, etc.

- (i) In our opinion, the Business Report and supplementary data fairly represent the Company's condition in conformity with the applicable laws and regulations as well as the Articles of Incorporation of the Company.
- (ii) We have found no evidence of misconduct or material facts in violation of the applicable laws and regulations or the Articles of Incorporation of the Company in the course of the execution of duties of the Directors.
- (iii) In our opinion, the content of the resolutions of the Board of Directors regarding the internal control systems is appropriate. Furthermore, we have found no matters to be pointed out in regard to the contents of the Business Report and the execution of duties by the Directors regarding the internal control systems.

(2) Audit results of the Non-consolidated Financial Statements and Supplementary Data

In our opinion, the method and results of the audit employed and rendered by KPMG AZSA LLC, the Accounting Auditor, are fair and reasonable.

(3) Audit results of the Consolidated Financial Statements

In our opinion, the method and results of the audit employed and rendered by KPMG AZSA LLC, the Accounting Auditor, are fair and reasonable.

February 21, 2024

Audit & Supervisory Board
Frontier Management Inc.

Full-time Audit & Supervisory Board Member	Takeshi Umemoto
Audit & Supervisory Board Member	Kazuhiko Shimokobe
Audit & Supervisory Board Member	Hiroko Noda

Note: Takeshi Umemoto, Audit & Supervisory Board Member, Kazuhiko Shimokobe, Audit & Supervisory Board Member, and Hiroko Noda, Audit & Supervisory Board Member, are Outside Audit & Supervisory Board Members as stipulated in Article 2, item (xvi) and Article 335, paragraph (3) of the Companies Act.