

December 27, 2022

To All

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

Notice of Capital Increase by Consolidated Subsidiaries

Frontier Management Inc. (hereafter the “FMI”) hereby announce that at the Board of Directors meeting held today, FMI resolved to raise funds through a capital increase conducted by consolidated subsidiary Frontier Capital Inc.

Notation

1. Purpose of capital increase by our consolidated subsidiaries

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

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

In order to solve these key issues and solve social issues, FMI believe that an investment company that is capable of investing in a medium-to long-term manner and involving the dispatch of management personnel is necessary. On April 1 this year, FMI established Frontier Capital Inc. (hereinafter referred to as "FCI") as our consolidated subsidiary. (See timely disclosures on February 10 and March 11, 2022.)

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

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

THE BANK OF FUKUOKA, LTD., JAPAN POST BANK Co., Ltd., and The Bank of Yokohama, Ltd. are regarded as anchor investors, and four other banks (Saitama Resona Bank, Limited, Daishi Hokuetsu Bank, Ltd., THE HOKURIKU BANK, LTD., and Sumitomo Mitsui Banking Corporation) will also invest. This will enable to combine the regional relationship and financial business know-how of each bank with the consulting, M&A, management staffing, and restoration support know-how owned by FMI and FCI to further enhance the promotion of this project. Through these initiatives, We will raise the corporate value of FMI and FCI by enhancing the corporate value of the companies in which FCI invest.

FCI will raise capital in stages in accordance with the progress of the investment. FCI plan to ultimately raise funds totaling 15 billion yen (this time, FCI will increase capital by about 2.7 billion yen).

2.Consolidated Companies

(1)	Name	Frontier Capital Inc.	
(2)	Address	2-1, Roppongi 3-chome, Minato-ku, Tokyo	
(3)	Job Title/Name of Representative	Shoichiro Onishi President, CEO and COO Masahiro Matsuoka Representative Director	
(4)	Description of Businesses	Investment business involving the dispatch of management personnel	
(5)	Capital before capital increase	500 million yen (500 million yen in capital, 500 million yen in capital reserve)	
(6)	Date of Incorporation	April 1, 2022	
(7)	Fiscal year end	December 31	
(8)	Major shareholders prior to the capital increase and shareholding ratio	FMI 100%	
(9)	Relationship between Listed company and the company	Capital relationship	Subsidiary of FMI.
		Personnel relationship	Shoichiro Onishi and Masahiro Matsuoka, representative directors of FMI, serve concurrently as representative directors of the relevant company.
		Business relationship	FMI have a business relationship with the company concerned.

3.Funding Profile

(1)	Number of newly issued shares	26,673 shares (26,664 Class A shares and 9 Class B shares)
(2)	Issue price	100,000 per share
(3)	Total issue price	2,667 billion yen (Note)
(4)	Amounts designated as stated capital	1,334 billion yen (50,000 yen per share)
(5)	Payment date	January 18, 2023 (planned)
(6)	Allottee (50-note order) (NOTE)	[Class A shares] THE BANK OF FUKUOKA, LTD., JAPAN POST BANK Co., Ltd., The Bank of Yokohama,Ltd., Saitama Resona Bank, Limited ,Daishi Hokuetsu Bank, Ltd., THE HOKURIKU BANK, LTD., Sumitomo Mitsui Banking Corporation [Class B shares] THE BANK OF FUKUOKA, LTD., JAPAN POST BANK Co., Ltd., The Bank of Yokohama,Ltd.
(7)	Capital after capital increase	1,834 billion yen
(8)	Number of shares outstanding after the capital increase	36,673 shares
(9)	Conditions of certain class of share	[Class A shares] <ul style="list-style-type: none"> • Dividends of surplus in cash shall be paid to Class A shareholders prior to the shareholders, etc. who hold shares of other classes. • Distribution of residual assets to the allotment destination shall take place prior

	<p>to the shareholders, etc. holding the shares of other classes.</p> <ul style="list-style-type: none"> • Allotments may not exercise voting rights at FCI general meetings. • Class A shareholders may demand that FCI acquire some or all of the Class A shares in exchange for the payment of monies ten years from the date of the first issue of the Class A shares. <p>[Class B shares]</p> <ul style="list-style-type: none"> • Dividends of surplus will not be paid to Class B shareholders, etc. • In the event that residual assets are further distributed to Class A shareholders after distribution of residual assets to Class A shareholders, residual assets shall be distributed to Class B shareholders, etc. prior to Class C shareholders, etc. and Common shareholders, etc. • The allottee has one vote per share of Class B shares at FCI meeting of stockholders.
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(NOTE) Assuming that the payment after the above payment due date is conditionally arranged, the issuance of 93,324 shares of Class A shares and 5,000 shares of Class C shares (Class C shares is scheduled to be subscribed for in full by us), and the total issue price including our investment in 2(5) above (1 billion yen) and 3(3) above is planned to be 13,5 billion yen. FCI plan to continue to solicit new investors and ultimately raise funds totaling 15 billion yen.

4. Schedule

December 27, 2022	Resolutions of our board of directors
	Conclusion of a share subscription agreement, a shareholder agreement, etc. concerning the Class shares
January 18, 2023	Payment of capital by each investor (planned)

5. Future outlook

The impact of this incident on our consolidated business results for the year ended December 31, 2022 is immaterial, but FMI will immediately inform you of any issues that should be announced regarding the impact on our business results in the future.