

December 22, 2023

For Immediate Release

Company Name	Frontier Management Inc.
Representative	Shoichiro Onishi, Representative Director, Co-President and Executive Officer (Stock code: 7038 The Prime Market of the Tokyo Stock Exchange)
Contact	Hiroaki Hamada, Executive Officer, Head of Company Planning and Administration Department (TEL. +81-3-6862-8335)

Capital and Business Alliance between Frontier Capital Inc., a Consolidated Subsidiary of Frontier Management Inc., and the Sanritsu Doken Group

Frontier Management Inc. (headquartered in Roppongi, Minato-ku, Tokyo; Shoichiro Onishi and Masahiro Matsuoka, Representative Directors; hereinafter the “Company”) announces that Frontier Capital Inc. (headquartered in Roppongi, Minato-ku, Tokyo; Shoichiro Onishi and Masahiro Matsuoka, Representative Directors; hereinafter “FCI”), a consolidated subsidiary of the Company, has today decided to enter into a capital and business alliance with Sanritsu Doken Co., Ltd. (headquartered in Shimogo-machi, Minamiaizu-gun, Fukushima; Hidetoshi Asanuma, Representative Director), Sanritsu DouroCo., Ltd. (headquartered in Aizuwakamatsu-shi, Fukushima; Hidetoshi Asanuma, Representative Director) and Sanritsu Enterprise Co., Ltd. (Shimogo-machi, Minamiaizu-gun, Fukushima; Hidetoshi Asanuma, Representative Director) (Sanritsu Doken Co., Ltd., Sanritsu DouroCo., Ltd. and Sanritsu Enterprise Co., Ltd. are hereinafter collectively referred to as the “Sanritsu Doken Group”) together with No. 2 Daishi Hokuetsu Regional Initiatives Investment Partnership established by Daishi Hokuetsu Bank, Ltd. (headquartered in Higashiborimae-dori, Chuo-ku, Niigata-shi, Niigata; Michiro Ueguri, President) and Daishi Hokuetsu Capital Partners, Ltd. (headquartered in Higashioo-dori, Chuo-ku, Niigata-shi, Niigata; Masanori Kawabe, Representative Director) (hereinafter collectively with FCI referred to as “FCI, Etc.”). Details are as follows.

The Sanritsu Doken Group is an indispensable entity in the region, having long been a leader in maintaining and improving infrastructure and disaster prevention, and the Company believes that it has the potential to achieve sustainable growth independently, as there are growing calls for measures to deal with increasingly severe wind and flood damage and to address aging infrastructure.

The operating environment surrounding the construction industry in which the Sanritsu Doken Group operates is facing issues such as dealing with various local construction projects, aging personnel and labor shortages, while reaching a turning point from corrective maintenance to preventive maintenance. FCI has entered into the capital and business alliance based on its assessment that it can be assured of the realization of the growth potential of the Sanritsu Doken Group and further improvement in its corporate value, and ultimately regional revitalization through this, aided by the Frontier Management Group that will harness the know-how it has cultivated through consulting for numerous local companies and will work together with the Sanritsu Doken Group to promote management.

In the capital and business alliance, FCI, Etc. will take an equity stake in the Sanritsu Doken Group through a special purpose company (SPC) established by FCI, Etc.

The Company assumes that Mr. Hidetoshi Asanuma, the representative director and president of each company in the Sanritsu Doken Group, will assume the position of representative director and chairman of each company and will continue to manage the companies together with FCI, Etc.

The Company plans to vigorously move forward with the further development of the Sanritsu Doken Group by dispatching several executive officers, in addition to dispatching a representative director and directors permanently from FCI, Etc. after concluding a paid consulting contract.)

The investment concept of FCI is to contribute to the revitalization of local economies by supporting the resolution of management issues from a long-term perspective through the investment of human resources, know-how and money in various companies facing management issues. Its approach is not limited to specific industries, areas or industries.

Unlike general private equity funds, FCI focuses on long-term, sustainable growth from a management perspective through a variety of investment methods and teams within the group. The Frontier Management Group companies work together to provide consulting, knowledge and their extensive management personnel and networks to address the management issues faced by its portfolio companies, thereby helping them achieve long-term, continuous improvements in corporate value.

Details

1. Overview of Sanritsu Doken Group

(1) Name	Sanritsu Doken Co., Ltd.
(2) Address	843 Numabukuro Otsu, Yunokami Aza, Shimogo-machi Ooaza, Minamiaizu-gun, Fukushima
(3) Title and name of representative	Hidetoshi Asanuma, Representative Director
(4) Business description	General construction business (contract for a complete set of civil engineering and architectural works), planning and design of civil engineering and architectural works and supervision of construction, sale and contract for sale of materials required for civil engineering and architectural works, transportation of industrial waste, gravel extraction and sales

(1) Name	Sanritsu Douro Co., Ltd.
(2) Address	6-62 Yamagamachi, Aizuwakamatsu City, Fukushima
(3) Title and name of representative	Hidetoshi Asanuma, Representative Director
(4) Business description	Paving construction business, civil engineering business, asphalt mixture wholesale business and electricity sales business

(1) Name	Sanritsu Enterprise Co., Ltd.
(2) Address	843 Numabukuro Otsu, Yunokami Aza, Shimogo-machi Ooaza, Minamiaizu-gun, Fukushima
(3) Title and name of representative	Hidetoshi Asanuma, Representative Director
(4) Business description	Wholesale of construction materials and machinery leasing

2. Schedule

December 22, 2023	Resolutions of the Investment Committee by FCI
December 22, 2023	Contract conclusion
March 29, 2024 (planned)	Execution of this project

3. Future prospect

The capital and business alliance will have no impact on the consolidated financial results of the Company for the fiscal year ending December 31, 2023.

<Frontier Capital Inc.>

Company name: Frontier Capital Inc.

Representative: Shoichiro Onishi, Representative Director, President, CEO and COO
Masahiro Matsuoka, Representative Director

Head office address: Sumitomo Fudosan Roppongi Grand Tower 43F 3-2-1 Roppongi, Minato-ku, Tokyo

Business description: Execution of investment and management for the purpose of the long-term, sustainable enhancement of corporate value of portfolio companies
Formation and management of joint investment funds with financial institutions, business companies, etc.

URL: <https://frontier-cptl.com/>

<Daishi Hokuetsu Bank, Ltd.>

Company name: Daishi Hokuetsu Bank, Ltd.

Representative: Michiro Ueguri, President (Representative Director)

Head office address: 1071-1, Higashiborimae-dori, 7-bancho, Chuo-ku, Niigata-shi, Niigata

Business description: Banking business

URL: <https://www.dhbk.co.jp/>

<About Daishi Hokuetsu Capital Partners Co., Ltd.>

Company name: Daishi Hokuetsu Capital Partners Co., Ltd.

Representative: Masanori Kawabe, President and Representative Director

Head office address: 2-1-18 Higashiodori, Chuo-ku, Niigata-shi, Niigata

Business description: Investment

(No. 2 Daishi Hokuetsu Regional Initiatives Investment Partnership)

Name: No. 2 Daishi Hokuetsu Regional Initiatives Investment Partnership

Operating company: Daishi Hokuetsu Capital Partners Co., Ltd.

Partnership investor: Daishi Hokuetsu Bank, Ltd.

Investment objective: Support for business succession, start-up, new business development, and regional revitalization