

# Consolidated Financial Results for the First Six Months of the Fiscal Year Ending December 2024 [Japanese GAAP]



August 13, 2024

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 Listing: Tokyo Stock Exchange  
 Stock code: 7038 URL: <https://www.frontier-mgmt.com/>  
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Scheduled date to file Semi-annual Securities Report: August 13, 2024  
 Scheduled date of commencement of dividend payment: –  
 Preparation of supplementary material on financial results: Yes  
 Financial results briefing: Yes (for institutional investors and analysts)  
 (Figures are rounded down to the nearest one million yen.)

## 1. Consolidated results for the first six months of fiscal year ending December 31, 2024

(January 1, 2024 to June 30, 2024)

### (1) Consolidated operating results (Cumulative) (Percentages represent year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	JPY mil.	%	JPY mil.	%	JPY mil.	%	JPY mil.	%
First six months, FY2024	4,559	(8.6)	108	(84.3)	113	(83.6)	13	(96.8)
First six months, FY2023	4,991	25.6	695	28.0	695	24.8	406	46.2

(Note) Comprehensive income First six months, FY2024: 128 JPY mil. (-68.7%) First six months, FY2023: 411 JPY mil. (44.8%)

	Net income per share	Net income per share (diluted)
	Yen	Yen
First six months, FY2024	1.11	1.10
First six months, FY2023	35.38	34.87

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	JPY mil.	JPY mil.	%
First six months, FY2024	9,567	6,485	35.4
FY2023	10,874	6,822	34.0

(Reference) Shareholders' equity First six months, FY2024: 3,382 JPY mil. FY2023: 3,700 JPY mil.

Net assets ratio First six months, FY2024: 67.8% FY2023: 62.7%

The equity ratio is calculated using the following formula: (net assets at end of fiscal year – share award rights at end of fiscal year – share acquisition rights at end of fiscal year – non-controlling interests at end of fiscal year) ÷ total assets at end of fiscal year.

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

During the first three months of the fiscal year ended December 31, 2023, Frontier Capital Inc., a consolidated subsidiary, accepted investments worth a total of 3 billion yen from eight financial institutions and one operating company under its business plan. As a result, Group's non-controlling interests increased 2,999 million yen, and the equity ratio decreased. Except for the investments, the equity ratio was at 51.1%. The equity ratio except for the investments is calculated using the following formula: (net assets at end of fiscal year – share award rights at end of fiscal year – share acquisition rights at end of fiscal year – non-controlling interests at end of fiscal year – an increase in capital surplus of 0.9 million yen due to the investments) ÷ (total assets at end of fiscal year – these investments of 3 billion yen).

## 2. Dividends

	Annual dividends				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2023	–	0.00	–	41.00	41.00
FY2024	–	0.00	–	–	–
FY2024 (Forecast)	–	–	–	–	–

(Notes) 1 Revisions to dividend forecasts published most recently: None

2 The Company plans to pay dividends for the fiscal year ending December 31, 2024. The dividend amount is yet to be determined.

## 3. Consolidated forecasts for the fiscal year ending December 31, 2024 (January 1, 2024 – December 31, 2024)

(Percentages represent year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	JPY mil.	%	JPY mil.	%	JPY mil.	%	JPY mil.	%	Yen
Full year	13,000	29.7	1,620	29.4	1,570	26.8	1,000	28.1	85.33

(Note) Revisions to financial forecasts published most recently: None

\* Notes

- (1) Important changes in the scope of consolidation during the period: None
- (2) Accounting policies adopted specially for the preparation of semi-annual consolidated financial statements: None
- (3) Changes in accounting policies, accounting estimates and restatement
  - (i) Changes in accounting policies caused by revision of accounting standards: None
  - (ii) Changes in accounting policies other than (i): None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement: None

(4) Number of shares outstanding (common shares)

(i) Number of shares outstanding at end of period (including treasury shares)			
First six months, FY2024	11,755,843 shares	FY2023	11,726,457 shares
(ii) Number of treasury shares at end of period			
First six months, FY2024	12,903 shares	FY2023	7,903 shares
(iii) Average number of shares outstanding during the period			
First six months, FY2024	11,730,892 shares	First six months, FY2023	11,480,158 shares

\* This financial summary is not subject to the statutory review by a certified public accountant or an audit corporation.

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

(Notes regarding forward-looking statements)

The forward-looking statements in these materials, including financial prospects included in this report, are based on information available to the Company when this report was prepared and assumptions that the management considers reasonable, which do not guarantee the achievement of such projected results.

Actual results may differ significantly from these statements for a number of reasons. For more information, such as the assumptions used in forecasting the results and remarks on their usage, please refer to 1. Qualitative information on consolidated operating results for the first six months of the fiscal year ending December 2024, (3) Explanation regarding financial results forecasts and other forward-looking statements on page 6 of the accompanying materials.

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## 1. Qualitative information on consolidated operating results for the first six months of the fiscal year ending December 2024

### (1) Explanation regarding results of operations

During the first six-month period under review (from January 1, 2024 to June 30, 2024), the Japanese economy was gradually recovering against a backdrop of improvements in inbound demand and the employment and income situation. However, the economic recovery has recently shown signs of slowing, given that rising prices due to soaring energy costs and raw material prices have increased consumers' desire to save money. The Japanese economy also faced geopolitical risks such as the conflict between Russia and Ukraine and Middle East tensions, a weaker yen, and downside risks from overseas economies such as persistently high interest rates in the US and Europe and concerns over China's economic outlook, and Japan's outlook remained uncertain.

In this business environment, the Group has focused on proposing and executing one-stop solutions to corporate issues by offering comprehensive services that leverage management consulting, M&A advisory, revitalization support and other functions based on the Medium-Term Management Plan for Fiscal 2024-2026 published on February 14, 2024. The Group has also been making investments that involve dispatching management personnel at its consolidated subsidiary Frontier Capital Inc. ("FCI").

The Management Consulting Business, the Revitalization Support Business, and other business (hereinafter referred to as "consulting-based businesses") maintained upward momentum during the first six-month period under review, achieving record-high net sales throughout.

The M&A Advisory Business sees significant fluctuation in net sales from quarter to quarter due to its nature as a success fee-based business and reported a significant decrease in sales from the previous year when it recorded success fees for large-scale M&A deals. However, the M&A order backlog was high at the end of the first six-month period under review, and efforts will be made to achieve the full-year net sales plan through success fees recorded in the third and fourth quarters.

The Group also made good progress on the recruitment front, putting in place a personnel structure that will contribute to the Group's future growth. The number of personnel at the end of the first six-month period under review reached 428, which represents a net increase of 59 personnel from the end of FY2023 and progress of 84% against the planned increase of 70 personnel in FY2024. In addition, FCI is actively pushing ahead with investment activities in line with the investment plan for the current fiscal year, completing investment in two companies before the end of the first six-month period under review and implementing a capital increase of 5,000 million yen in July 2024.

As a result of the above, the Group's consolidated results for the first six-month period under review were net sales of 4,559.968 million yen (down 8.6% year on year), operating income of 108.925 million yen (down 84.3%), ordinary income of 113.701 million yen (down 83.6%), and loss attributable to owners of parent of 13.136 million yen (down 96.8%).

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

#### Consulting and Advisory Business Segment

The Consulting and Advisory Business Segment's business results for the first six-month period under review were net sales of 4,520.879 million yen (down 9.1% year on year) and operating income of 274.437 million yen (down 69.2% year on year). Although consulting-based businesses continued to perform strongly, posting net sales of 3,774.532 million yen (net sales for the first six-month period were up 10.8% year on year and net sales for the second quarter were up 17.6% year on year), the M&A Advisory Business sees significant fluctuation in net sales from quarter to quarter due to its nature as a success fee-based business and reported a decrease in sales from the previous year when multiple large-scale M&A deals were successfully completed.

The following is operating results by segment.

(Consulting Business)

The results of operations of the Consulting segment by business segment are as follows.

<Management Consulting Business>

Net sales in the Management Consulting Business came to 2,908.186 million yen (up 14.3% year on year). The segment posted a year-on-year increase in sales for the first six-month period under review thanks to the effect of increased personnel due to active recruitment, the expansion and enhancement of new solutions in areas such as DX (digital transformation) consulting, SR (shareholder relations), IR (investor relations) and ESG (environmental, social, and governance) support, and cross-border consulting, and orders from large companies.

<Revitalization Support Business>

Net sales in the Revitalization Support Business stood at 791.021 million yen (up 5.6% year on year). During the first six-month period under review, needs for revitalization support continued to be strong, and sales increased year on year due to orders for medium- to large-scale revitalization projects and their execution.

<Other Business>

Net sales in the Other Business were 75.325 million yen (down 33.2% year on year).

(M&A Advisory Business)

Net sales in the M&A Advisory Business were 746.347 million yen (down 52.3% year on year). Net sales decreased year on year because in the first six-month period of the previous fiscal year, multiple large-scale M&A deals including M&A cross-border deals, were successfully completed but in the first six-month period under review the number of large-scale M&A deals completed was down year on year.

Investment Business Segment

For the first six-month period under review, the Investment Business Segment recorded net sales of 39.088 million yen (down 0.4% year on year) and an operating loss of 165.512 million yen (compared to an operating loss of 195.964 million yen in the same period of the previous fiscal year). This reflects the posting fixed costs such as personnel expenses in advance, despite efforts to consider investment proposals and make investments, including investment in a second project in March 2024, following the investment made in December 2023.

## (2) Explanation regarding financial position

<Assets>

The Group's assets at the end of the first six-month period under review stood at 9,567.391 million yen, a decrease of 1,307.291 million yen from 10,874.682 million yen at the end of the previous fiscal year.

This was mainly due to increases of 1,533.192 million yen in operational investment securities and 119.494 million yen in shares of subsidiaries and associates, as well as decreases of 2,495.570 million yen in cash and deposits and 221.061 million yen in notes and accounts receivable - trade, and contract assets, 99.797 million yen in deferred tax assets, and 114.322 million yen in other under current assets due to a fall in accounts receivable - other.

<Liabilities>

The Group's liabilities at the end of the first six-month period under review were 3,081.508 million yen, a decrease of 970.810 million yen from 4,052.318 million yen at the end of the previous fiscal year.

This was mainly due to an increase of 600.000 million yen in short-term borrowings as well as decreases of 865.656 million yen in provision for bonuses, 381.600 million yen in income taxes payable, and 255.311 million yen in other under current liabilities due to a fall in consumption tax payable, etc.

<Net assets>

The Group's net assets at the end of the first six-month period under review came to 6,485.882 million yen, a decrease of 336.481 million yen from 6,822.364 million yen at the end of the previous fiscal year.

This was mainly due to the recording of an interim net income attributable to owners of the parent of 13.136 million yen in the current interim consolidated accounting period and an increase of 119.784 million yen in foreign currency translation adjustment, as well as a decrease as a result of paying dividends of 480.460 million yen from retained earnings.

<Cash flows>

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the first six-month period under review totaled 3,343.175 million yen, a decrease of 2,495.570 million yen from the end of the previous fiscal year.

The following is a summary of cash flows and major factors for the first six-month period under review.

(Cash flows from operating activities)

Net cash used in operating activities was 2,478.872 million yen (compared with net cash provided by operating activities of 371.742 million yen in the same period of the previous fiscal year). This was mainly attributable to cash outflows consisting of an increase of 1,533.192 million yen in operational investment securities, a decrease of 865.656 million yen in provision for bonuses, and income taxes paid of 360.422 million yen, offsetting cash inflows consisting of a decrease of 222.108 million yen in trade receivables.

(Cash flows from investing activities)

Net cash used in investing activities was 20.079 million yen (compared with net cash used of 68.815 million yen in the same period of the previous fiscal year). This was mainly due to payments for investments and other assets of 13.673 million yen.

(Cash flows from financing activities)

Net cash used in financing activities was 3.171 million yen (compared with net cash provided by financing activities of 3,100.207 million yen in the same period of the previous fiscal year). This was mainly attributable to cash outflows consisting of dividends paid (including dividends paid to non-controlling interests) of 484.721 million yen and repayments of long-term borrowings of 118.714 million yen, offsetting cash inflows consisting of net increase in short-term borrowings of 600.000 million yen.

(3) Explanation regarding financial results forecasts and other forward-looking statements

No changes have been made to the full-year forecasts of consolidated financial results for the fiscal year ending December 31, 2024 that were announced on February 14, 2024.

## 2. Semi-annual consolidated financial statements and key notes

### (1) Semi-annual consolidated balance sheet

(Thousands of yen)

	End of the previous fiscal year (As of December 31, 2023)	End of 2Q of current fiscal year (As of June 30, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	5,838,745	3,343,175
Notes and accounts receivable - trade, and contract assets	1,494,319	1,273,258
Operational investment securities	516,904	2,050,096
Other	325,208	210,886
Allowance for doubtful accounts	(15,247)	(14,158)
Total current assets	8,159,931	6,863,257
Non-current assets		
Property, plant and equipment		
Buildings, net	252,933	228,236
Tools, furniture and fixtures, net	29,353	25,013
Total property, plant and equipment	282,287	253,249
Intangible assets		
Software	10,222	10,873
Goodwill	235,671	220,942
Customer-related intangible assets	12,500	9,375
Other	1,420	1,348
Total intangible assets	259,814	242,539
Investments and other assets		
Investment securities	296	296
Shares of subsidiaries and associates	1,301,800	1,421,294
Investments in capital of subsidiaries and associates	1,963	1,893
Leasehold and guarantee deposits	355,817	359,081
Deferred tax assets	419,285	319,488
Other	87,842	101,515
Total investments and other assets	2,167,006	2,203,570
Total non-current assets	2,709,108	2,699,358
Deferred assets		
Organization expenses	5,642	4,774
Total deferred assets	5,642	4,774
Total assets	10,874,682	9,567,391

(Thousands of yen)

	End of the previous fiscal year (As of December 31, 2023)	End of 2Q of current fiscal year (As of June 30, 2024)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	111,549	111,379
Short-term borrowings	—	600,000
Current portion of long-term borrowings	237,313	236,599
Accounts payable - other	183,039	265,584
Income taxes payable	421,277	39,676
Provision for bonuses	994,085	128,429
Provision for bonuses for directors (and other officers)	43,555	—
Provision for shareholder benefit program	25,849	37,459
Other	552,345	297,034
Total current liabilities	2,569,015	1,716,163
Non-current liabilities		
Long-term borrowings	1,352,000	1,234,000
Asset retirement obligations	131,303	131,345
Total non-current liabilities	1,483,303	1,365,345
<b>Total liabilities</b>	<b>4,052,318</b>	<b>3,081,508</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	374,743	384,377
Capital surplus	734,019	753,065
Retained earnings	2,599,348	2,132,023
Treasury shares	(8,363)	(8,363)
Total shareholders' equity	3,699,747	3,261,103
Accumulated other comprehensive income		
Foreign currency translation adjustment	1,198	120,982
Total accumulated other comprehensive income	1,198	120,982
Share award rights	19,000	—
Share acquisition rights	37,130	47,991
Non-controlling interests	3,065,287	3,055,804
<b>Total net assets</b>	<b>6,822,364</b>	<b>6,485,882</b>
<b>Total liabilities and net assets</b>	<b>10,874,682</b>	<b>9,567,391</b>



(2) Semi-annual consolidated statement of income and semi-annual consolidated statement of comprehensive income  
(Semi-annual consolidated statement of income)  
(First six-month period)

(Thousands of yen)

	First six months of previous fiscal year (January 1, 2023 to June 30, 2023)	First six months of current fiscal year (January 1, 2024 to June 30, 2024)
Net sales	4,991,187	4,559,968
Cost of sales	2,161,715	2,198,453
Gross profit	2,829,472	2,361,515
Selling, general and administrative expenses	2,134,142	2,252,590
Operating income	695,330	108,925
Non-operating income		
Interest income	58	63
Share of profit of entities accounted for using equity method	2,025	-
Dividend income of insurance	2,130	2,366
Compensation income	-	3,855
Reversal of allowance for doubtful accounts	4,840	965
Foreign exchange gains	2,916	5,090
Other	2,425	974
Total non-operating income	14,397	13,315
Non-operating expenses		
Interest expenses	3,708	8,149
Share issuance costs	10,502	-
Share of loss of entities accounted for using equity method	-	4
Other	415	385
Total non-operating expenses	14,626	8,538
Ordinary income	695,101	113,701
Net income before income taxes	695,101	113,701
Income taxes - current	175,939	4,869
Income taxes - deferred	107,847	99,797
Total income taxes	283,787	104,666
Net income	411,314	9,034
Net income attributable to non-controlling interests	5,058	(4,101)
Net income attributable to owners of parent	406,256	13,136

(Semi-annual consolidated statement of comprehensive income)  
(First six-month period)

(Thousands of yen)

	First six months of previous fiscal year (January 1, 2023 to June 30, 2023)	First six months of current fiscal year (January 1, 2024 to June 30, 2024)
Net income	411,314	9,034
Other comprehensive income		
Foreign currency translation adjustment	(116)	119,784
Total other comprehensive income	(116)	119,784
Comprehensive income	411,197	128,819
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	406,139	132,921
Comprehensive income attributable to non-controlling interests	5,058	(4,101)

## (3) Semi-annual consolidated statement of cash flows

(Thousands of yen)

	First six months of previous fiscal year (January 1, 2023 to June 30, 2023)	First six months of current fiscal year (January 1, 2024 to June 30, 2024)
<b>Cash flows from operating activities</b>		
Net income before income taxes	695,101	113,701
Depreciation and amortization	32,925	31,734
Amortization of deferred assets	868	868
Amortization of goodwill	14,729	14,729
Customer-related intangible assets	3,125	3,125
Share of loss (profit) of entities accounted for using equity method	(2,025)	4
Share-based payment expenses	45,553	20,272
Share issuance costs	10,502	—
Increase (decrease) in provision for bonuses	(269,738)	(865,656)
Increase (decrease) in provision for bonuses for directors (and other officers)	30,474	(43,550)
Increase (decrease) in allowance for doubtful accounts	(4,986)	(1,088)
Increase (decrease) in provision for shareholder benefit program	400	11,609
Interest income	(58)	(63)
Interest expenses	3,708	8,149
Decrease (increase) in trade receivables	51,643	222,108
Decrease (increase) in operational investment securities	212	(1,533,192)
Increase (decrease) in trade payables	25,072	(625)
Increase (decrease) in accounts payable - other	65,771	80,354
Other	(72,881)	(172,659)
Subtotal	630,399	(2,110,178)
Interest received	58	63
Interest paid	(3,829)	(8,339)
Income taxes paid	(254,886)	(360,422)
Income taxes refund	—	3
Net cash provided by (used in) operating activities	371,742	(2,478,872)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(30,328)	(716)
Purchase of intangible assets	(2,949)	(2,550)
Payments for asset retirement obligations	(3,530)	—
Payments of leasehold and guarantee deposits	(726)	(3,139)
Proceeds from refund of leasehold and guarantee deposits	6,256	—
Payments for investments and other assets	(37,537)	(13,673)
Net cash provided by (used in) investing activities	(68,815)	(20,079)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	500,000	600,000
Repayments of long-term borrowings	(69,793)	(118,714)
Dividends paid	(320,371)	(479,340)
Proceeds from capital increase of consolidated subsidiaries	2,990,098	—
Dividends paid to non-controlling interests	—	(5,381)
Proceeds from exercise of employee share options	274	264
Net cash provided by (used in) financing activities	3,100,207	(3,171)
Effect of exchange rate change on cash and cash equivalents	3,589	6,552
Net increase (decrease) in cash and cash equivalents	3,406,724	(2,495,570)
Cash and cash equivalents at beginning of period	3,199,089	5,838,745
Cash and cash equivalents at end of period	6,605,814	3,343,175

(4) Notes to semi-annual consolidated financial statements

(Notes on the going concern)

None

(Note on significant changes in the amount of shareholders' equity)

None

(Notes to segment information)

[Segment information]

First six months of previous fiscal year (From January 1, 2023 to June 30, 2023)

1. Information on net sales and income (loss) by reportable segment

(Thousands of yen)

	Reportable segments			Adjustment	Amount recorded in semi-annual consolidated financial statements (Note)
	Consulting Advisory Business	Investment Business	Total		
Net sales					
Sales to external customers	4,973,187	18,000	4,991,187	-	4,991,187
Intersegment internal sales and transfers	-	21,246	21,246	(21,246)	-
Total	4,973,187	39,246	5,012,433	(21,246)	4,991,187
Segment income (loss)	891,294	(195,964)	695,330	-	695,330

(Note) Segment income (loss) matches the operating income in the semi-annual consolidated financial statements.

2. Information on assets by reportable segment

In the first quarter of the fiscal year under review, Frontier Capital Inc., a consolidated subsidiary, raised funds totaling 3,000.600 million yen mainly from financial institutions through a private placement. Due to the private placement, assets in the Investment Business segment in the first six months of the fiscal year under review increased 2,804.882 million yen from the end of the previous fiscal year.

First six months of current fiscal year (From January 1, 2024 to June 30, 2024)

Information on net sales and income (loss) by reportable segment

(Thousands of yen)

	Reportable segments			Adjustment	Amount recorded in semi-annual consolidated financial statements (Note)
	Consulting Advisory Business	Investment Business	Total		
Net sales					
Sales to external customers	4,520,879	39,088	4,559,968	-	4,559,968
Intersegment internal sales and transfers	-	-	-	-	-
Total	4,520,879	39,088	4,559,968	-	4,559,968
Segment income (loss)	274,437	(165,512)	108,925	-	108,925

(Note) Segment income (loss) matches the operating income in the semi-annual consolidated financial statements.

(Significant subsequent events)

(Capital increase of subsidiary)

The Company resolved at a meeting of its Board of Directors held on June 27, 2024 to raise capital by way of a capital increase (the “Capital Increase”) to be implemented by its consolidated subsidiary Frontier Capital Inc., and payment was completed on July 26, 2024.

### 1. Purpose of the Capital Increase

Frontier Capital Inc. has raised 4,000 million yen for its investment activities to date but, due to the accumulation of investment projects, needs to raise additional funds for further investment activities in the future. It was, therefore, decided to implement a capital increase with three anchor investors (The Bank of Fukuoka, Ltd., JAPAN POST BANK Co., Ltd. and The Bank of Yokohama, Ltd.) and six general investors (Saitama Resona Bank, Limited, The Joyo Bank, Ltd., Daishi Hokuetsu Bank, Ltd., Tokai Tokyo Financial Holdings, Inc., THE HOKURIKU BANK, LTD., and Sumitomo Mitsui Banking Corporation) as allottees. Frontier Capital Inc. will raise capital in stages in accordance with the progress of the investment, planning to ultimately raise funds totaling 15,000 million yen (The Capital Increase represents a capital increase of 5,000 million yen out of 15,000 million yen).

### 2. Overview of consolidated subsidiary

(1)	Name	Frontier Capital Inc.	
(2)	Address	3-2-1 Roppongi, Minato-ku, Tokyo	
(3)	Title and name of representative	Shoichiro Onishi, Representative Director, President, CEO and COO	
(4)	Business description	Investment business involving the dispatch of management personnel	
(5)	Capital before capital increase	2,000 million yen (2,000 million yen in capital, 2,000 million yen in capital reserve)	
(6)	Date of establishment	April 1, 2022	
(7)	Fiscal year-end	December 31	
(8)	Major shareholders prior to the capital increase and shareholding ratio	The Company 91%	
(9)	Relationship between the listed company and the relevant company	Capital relationship	The company is a subsidiary of the Company.
		Personnel relationship	Shoichiro Onishi, representative director of the Company, serves concurrently as representative director of the relevant company.
		Business relationship	The Company and the said company have business transactions.

### 3. Outline of the Capital Increase

(1)	Number of newly issued shares	Class A-2 shares 50,000 shares
(2)	Issue price	100,000 yen per share
(3)	Total issue value	5,000 million yen
(4)	Amount of capital incorporation	2,500 million yen (50,000 yen per share)
(5)	Payment date	July 26, 2024
(6)	Allottees	[Class A-2 shares] Anchor investors: The Bank of Fukuoka, Ltd., JAPAN POST BANK Co., Ltd., The Bank of Yokohama, Ltd. General investors: Saitama Resona Bank, Limited, The Joyo Bank, Ltd., Daishi Hokuetsu Bank, Ltd., Tokai Tokyo Financial Holdings, Inc., THE HOKURIKU BANK, LTD., and Sumitomo Mitsui Banking Corporation
(7)	Capital after capital increase	4,500 million yen
(8)	Number of issued shares after capital increase	90,006 shares
(9)	Conditions of class shares	[Class A shares] - The holder of Class A shares receives priority payment of dividends of surplus in cash over the shareholders of shares of other classes. - The holder of Class A shares receives residual assets before the shareholders of shares of other classes. - The holder of Class A shares may not exercise any voting rights at shareholders’ meetings of Frontier Capital Inc. - Once ten years from the date of the first issuance of the Class A shares have passed, the holder of these shares may demand that Frontier Capital Inc. purchases all or part of their shares in exchange for cash.