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, 2025

To Our Shareholders:

Shoichiro Onishi, Representative Director and
Chairman of the Board
Frontier Management Inc.
3-2-1 Roppongi, Minato-ku, Tokyo, Japan

Notice of the 18th Annual General Meeting of Shareholders

You are cordially notified that the 18th 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, via the Internet, etc. 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 Wednesday, March 26, 2025 (JST).

1. Date and Time:	Thursday, March 27, 2025, 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:	1. Business Report and Consolidated Financial Statements for the 18th fiscal year (from January 1, 2024 to December 31, 2024) and audit results of Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Committee 2. Non-consolidated Financial Statements for the 18th fiscal year (from January 1, 2024 to December 31, 2024)
Matters to be resolved:	
Proposal	Election of Three Directors (Excluding Directors who are Audit and Supervisory Committee Members)

- 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, etc. 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 Committee in preparing the audit report.

Reference Documents for the General Meeting of Shareholders

Proposal **Election of Three Directors (Excluding Directors who are Audit and Supervisory Committee Members)**

At the conclusion of this meeting, the terms of office of two Directors (excluding those who are Audit and Supervisory Committee Members) will expire. In addition, in order to enhance the management system, we have decided to increase the number of directors (excluding those who are Audit and Supervisory Committee Members) by one, and we therefore propose the election of three Directors (excluding Directors who are Audit and Supervisory Committee Members).

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. In addition, regarding this proposal, the Audit and Supervisory Committee did not find any matters requiring special mention.

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 and Chairman of the Board	18/18 (100%)	18 years
2	Akinori Nishida	New election	President and Executive Officer	–	–
3	Masao Nishihara	Re-election	Director	18/18 (100%)	2 years

Candidate No. 1

Shoichiro Onishi

Re-election



Date of birth
September 25, 1963
Number of the Company's shares owned
2,182,691
Number of years in office
18
Attendance at Board of Directors meetings
18/18 (100%)

Career summary and position and responsibility in the Company

Apr. 1992	Joined Okuno & Partners Law Office (currently OKUNO & PARTNERS)
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
Apr. 2008	Director of MATSUMOTO ELECTRIC RAILWAY CO., LTD. (currently ALPICO KOTSU Co., Ltd.)
Sep. 2012	Representative Director and President of Frontier Turnaround Inc.
Jul. 2016	Representative Director and Chairman
Nov. 2017	Representative Director of FCD Partners Inc.
Jun. 2020	Outside Director of Tokyo Electric Power Company Holdings, Incorporated (current position)
Apr. 2022	Representative Director and Co- President of Frontier Capital Inc.
Sep. 2022	Representative Director, President, CEO and COO (current position)
Mar. 2024	Director of Celebrain Corporation (scheduled to resign in March 2025)
Apr. 2024	Chairman of Frontier Management (Shanghai) Inc. (current position)
Jan. 2025	Representative Director and Chairman of the Board (CEO) of the Company (current position)
Jan. 2025	Director of Athema (Registered trade name: AT Conseil) (current position)

Significant concurrent positions outside the Company

Representative Director, President, CEO and COO of Frontier Capital Inc.
Chairman of Frontier Management (Shanghai) Inc.
Director of Athema (Registered trade name: AT Conseil)
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

Akinori Nishida

New election



Date of birth
July 23, 1970
Number of the Company's shares owned
61,900
Number of years in office
–
Attendance at Board of Directors meetings
–

Career summary and position and responsibility in the Company

Apr. 1996	Joined Hamada Accounting Office
Apr. 1999	Joined Okano Office GK (currently Tax Accountant Corporation Nagomi)
Jul. 2003	Joined Sweet Garden Co., Ltd. (currently Yamazaki Baking Co., Ltd.)
Apr. 2004	General Manager of Corporate Planning Department
Apr. 2006	Executive Officer and General Manager of Administration Division
Jul. 2007	Joined the Company as Director
Mar. 2008	Senior Director
Mar. 2010	Managing Director
Mar. 2012	Director of Shouei Co., Ltd. (currently Hulic Co., Ltd.)
Sep. 2012	Representative Director and Senior Managing Director of Frontier Turnaround Inc.
Jul. 2016	Representative Director and President
Apr. 2017	Managing Executive Officer of the Company
Aug. 2017	Outside Director of Willer, Inc. (current position)
Sep. 2022	Outside Director of 77 Partners Co., Ltd. (current position)
Mar. 2024	Senior Managing Executive Officer of the Company
Jan. 2025	President and Executive Officer (COO) (current position)
Mar. 2025	Director of Celebrain Corporation (scheduled to take office in March 2025)

Significant concurrent positions outside the Company

Director of Celebrain Corporation (scheduled to take office in March 2025)
Outside Director of Willer, Inc.
Outside Director of 77 Partners Co., Ltd.

Reasons for nomination as candidate for Director

The candidate joined the Company in its founding year and has since led the Company's hands-on business operations, growing the division as head of management and execution support. Most recently, the candidate has been involved in the Company's management, including serving as Senior Managing Executive Officer and hosting the Management Meeting. The candidate has a proven track record of success leading the business of the client company as an officer. We believe that he can be expected to manage the Company properly based on his track record, abilities, and extensive experience as a corporate manager. We therefore ask for his appointment as a Director.

Candidate No. 3

Masao Nishihara

Re-election



Date of birth
May 18, 1951
Number of the Company's shares owned
511
Number of years in office
2
Attendance at Board of Directors meetings
18/18 (100%)

Career summary and position and responsibility in the Company

Apr. 1975	Joined the Ministry of Finance
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
Mar. 2023	Director (current position)
Jul. 2024	Special Officer for Finance, Sapporo City (current position)

Significant concurrent positions outside the Company

Special Officer for Finance, Sapporo City

Reasons for nomination as candidate for Director

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.

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.

(Reference) Skill matrix for Directors after Proposal is approved at this Annual Meeting of Shareholders

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		•			•	•	•		•
Akinori Nishida		•	•	•	•		•		
Masao Nishihara			•	•	•				•
Takeshi Umemoto (Full-time Audit and Supervisory Committee Member)			•	•	•				
Kazuhito 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	•		•	•		•	•	

Business Report

(From January 1, 2024 to December 31, 2024)

I Current Situation of the Group

(1) Progress and results of operations

During the fiscal year under review (from January 1, 2024 to December 31, 2024), the Japanese economy continued to recover gradually, bolstered by robust corporate performance and advancements in the employment and income environment. However, the future of the economy remains uncertain due to concerns about geopolitical risks, including the situation in Russia and Ukraine and the situation in the Middle East, the risk of a downturn in overseas economies, and the impact of rising prices on consumer spending.

In this business environment, our Group focused on making and implementing proposals to solve corporate problems in a one-stop manner. This approach is outlined in the "Medium-Term Management Plan for Fiscal Years 2024-2026," which was announced on February 14, 2024. It will do this by offering comprehensive services that encompass management consulting, M&A consulting, revitalization support, and other functions. Additionally, Frontier Capital Inc. (hereinafter referred to as "FCI") made investments accompanied by the deployment of management personnel.

The Management Consulting Business, the Revitalization Support Business and Other Business (hereinafter referred to as the "Consulting-related Businesses") as a whole demonstrated an upward trend during the fiscal year under review, achieving record net sales.

The M&A advisory business experienced a significant decrease in sales compared with the previous fiscal year mainly due to the sluggish domestic M&A business.

Regarding human resources, the Company's workforce at the end of the fiscal year under review totaled 433 employees, marking a net increase of 64 compared with the end of fiscal 2023. Although this growth rate fell slightly below the planned increase of 70 in fiscal 2024, we believe it will contribute to the Company's medium- to long-term growth.

In July 2024, FCI raised ¥5 billion from external investors through a capital increase, and by the end of the fiscal year under review, FCI will have completed investments in three companies. The Company is vigorously promoting investment activities while expanding its pipeline, such as executing a share transfer agreement for consolidated investments in December 2024.

As a result of the above, the performance of our Group for the fiscal year under review was as follows: net sales of ¥9,265,110 thousand (a 7.6% decrease from the previous fiscal year), operating loss of ¥632,136 thousand (operating profit of ¥1,251,629 thousand in the previous fiscal year), ordinary loss of ¥710,582 thousand (ordinary profit of ¥1,238,574 thousand in the previous fiscal year), and loss attributable to owners of parent of ¥694,858 thousand (profit attributable to owners of parent of ¥780,683 thousand in the previous fiscal year).

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

(Consulting and Advisory Business Segment)

In the Consulting and Advisory Business segment, the consulting business continued to perform well (net sales of ¥7,714,452 thousand, up 10.5% from the previous fiscal year). However, the M&A consulting business experienced a significant decrease in sales compared with the previous consolidated period due to factors such as the sluggish domestic M&A business. Consequently, net sales for this segment amounted to ¥9,174,433 thousand (representing an 8.3% decrease from the previous fiscal year), and the operating loss was ¥199,411 thousand (operating profit of ¥1,645,950 thousand in the previous fiscal year).

[Consulting-related Businesses]

The results of individual Consulting-related Businesses are as follows.

Management Consulting Business

The business results of the Management Consulting Business for the fiscal year under review were ¥6,344,585 thousand (up 24.8% from the previous fiscal year) in net sales. In the consolidated period under review, net sales rose compared with the previous consolidated period due to the effect of the increase in personnel in accordance with the hiring plan, as well as significant growth in DX Consulting.

Revitalization Support Business

In the Revitalization Support Business, net sales for the fiscal year under review were ¥1,245,618 thousand (down 24.4% from the previous fiscal year). New business orders for turnaround projects were robust, but revenues decreased compared with the previous year. This was due to the completion of large-scale projects that had continued from the fiscal previous year.

Other Business

The business results of Other Business for the fiscal year under review were net sales of ¥124,249 thousand (down 49.9% from the previous fiscal year).

[M&A advisory business]

In the M&A Advisory Business, net sales for the fiscal year under review were ¥1,459,980 thousand (down 51.7% from the previous fiscal year). In the previous fiscal year, the Company successfully completed several major merger and acquisition (M&A) deals and achieved positive business outcomes. However, in the current fiscal year, the number of cases that resulted in contingent remuneration decreased overall due to factors such as the slowdown in the domestic M&A market. Consequently, there was a substantial decline in revenues compared with the previous fiscal year.

(Investment Business Segment)

In the Investment Business segment, during the fiscal year under review, we executed investments in the second and third projects. In December 2024, a share transfer agreement was executed for a consolidated investment, etc. We diligently examined and executed investment businesses, and raised ¥5 billion through a capital increase to fund future investment activities. However, due to delays in investment execution, fixed costs, such as personnel expenses, were recorded in advance, and net sales reached ¥99,967 thousand (up 134.4% year-on-year), and there was an operating loss of ¥432,724 thousand (compared with an operating loss of ¥394,320 thousand in the previous fiscal year).

(2) Capital expenditure

The Group’s capital investment (property, plant and equipment and intangible assets, excluding goodwill and customer-related intangible assets) for the fiscal year under review totaled ¥26,603 thousand, mostly from the acquisition of software.

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 ¥600,000 thousand in short-term borrowings from a financial institution for business purposes.

Additionally, Frontier Capital Inc., a consolidated subsidiary of the Company, raised ¥5 billion through a capital increase.

(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

Not applicable

(8) Issues to address

The Company's 18th fiscal year (FY2024) resulted in a loss, and we recognize that a revision of the "Medium-term Management Plan for Fiscal Years 2024-2026" published in February 2024 is essential. However, first, we have formulated a "Structural Reform Plan" as of February 13, 2025, with the objective of achieving profitability in the fiscal year ending December 2025.

We will regard this structural reform as the first year of our second founding, and will clarify the focus of the solutions we provide, and swiftly reorganize our management model and organization framework.

We are implementing a "ONE-FMI Platform Management" model to establish a unique ecosystem for the Company, fostering collaboration between our employees and affiliated companies to enhance mutual value in a state of organic growth and independence by each entity. To achieve the development of an ecosystem and renewed growth, two fundamental policies, "Enhancing Productivity" and "Future-oriented Thinking," have been established. Our objectives are to achieve a streamlined corporate structure and expand corporate value by capitalizing on business opportunities.

The Company will take the following key actions under the "Structural Reform Plan."

<Key actions in FY2025>

(i) Enhancement of competitiveness through reorganizing consulting divisions

The Company will reorganize its consulting divisions, integrating and managing human capital more efficiently. This will be achieved by merging the current five divisions into three, thus streamlining the consulting business, which is a growth sector.

(ii) The Company will also focus on regaining its roots in the domestic and medium-sized M&A market to achieve renewed growth

In fiscal 2024, the Company's revenue declined significantly due to the sluggishness of the domestic M&A business. This was a result of the Company's focus on acquiring and executing high-volatility, cross-border cases. To this end, the Company will seek to establish a stable foundation for growth within the domestic medium-sized M&A market, a domain in which the Company has historically demonstrated considerable strengths.

(iii) A shift to providing integrated solutions across the four front-office divisions

Cross-selling integrated solutions across the four divisions (three consulting divisions and the M&A division) from the client's perspective is creating a high-value-added, high-unit-price business.

(iv) Implement sales reforms to expand the organizational account coverage network

Accelerate the expansion of the individual corporate account coverage network for major and medium-sized companies and above, while building on the robust relationships with financial institutions and PE funds.

(v) Enhance company-wide strategy and supervise capabilities through reorganizing the corporate division

In order to enhance ONE-FMI corporate capabilities, we will streamline the three divisions by CxO area as an organization directly under the President, and promote rationalization by consolidating the departments and sections.

(vi) Generate revenue through increased investment by Frontier Capital Inc.

Given the expansion of the business pipeline in fiscal 2024, which has enabled revenue generation, we will execute investments in approximately four businesses each period, while also strengthening our ties with our group.

(9) Assets and profit and loss

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

Category / Fiscal year		The 15th Fiscal Year (FY2021)	The 16th Fiscal Year (FY2022)	The 17th Fiscal Year (FY2023)	The 18h Fiscal Year (the fiscal year under review) (FY2024)
Net sales	(Thousands of yen)	5,741,654	7,915,655	10,025,083	9,265,110
Ordinary income (loss)	(Thousands of yen)	514,576	921,511	1,238,574	(710,582)
Net income (loss) attributable to owners of parent	(Thousands of yen)	338,707	556,722	780,683	(694,858)
Net income (loss) per share	(Yen)	29.70	48.67	67.51	(59.20)
Net assets	(Thousands of yen)	2,454,066	3,015,956	6,822,364	10,749,422
Total assets	(Thousands of yen)	3,819,274	5,658,644	10,874,682	14,165,057

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

Category / Fiscal year		The 15th Fiscal Year (FY2021)	The 16th Fiscal Year (FY2022)	The 17th Fiscal Year (FY2023)	The 18h Fiscal Year (the fiscal year under review) (FY2024)
Net sales	(Thousands of yen)	5,732,196	7,546,117	9,557,654	8,816,772
Ordinary income (loss)	(Thousands of yen)	513,057	1,081,609	1,625,830	(115,166)
Net income (loss)	(Thousands of yen)	345,454	754,497	1,191,958	(114,628)
Net income (loss) per share	(Yen)	30.29	65.96	103.08	(9.76)
Net assets	(Thousands of yen)	2,429,387	3,136,089	4,348,730	3,781,164
Total assets	(Thousands of yen)	3,800,171	5,646,614	8,166,955	6,876,108

(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.	4,750,300	91.00	Investment business that involves the dispatch of management personnel

(11) Principal businesses (as of December 31, 2024)

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, 2024)

・ 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 (Note)
Singapore Branch	Republic of Singapore
New York Branch	United States of America
Paris Branch	French Republic

Note: The Fukuoka Branch has relocated as of January 1, 2025.
Address: 8-1 Hakataeki Chuogai, Hakata-ku, Fukuoka City, Fukuoka, Japan

・ Subsidiaries

Frontier Management (Shanghai) Inc.	People's Republic of China
Celebrain Corporation	2-11-1 Nagatacho, Chiyoda-ku, Tokyo, Japan
Frontier Capital Inc.	3-2-1 Roppongi, Minato-ku, Tokyo, Japan

(13) Employees (as of December 31, 2024)

(i) Employees of the Group

Segment name	Number of employees	Change from the end of the previous fiscal year
Consulting and Advisory Business	416	60 (increase)
Investment Business	17	4 (increase)
Total	433	64 (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 60-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
388	60 (increase)	37.4 years old	3.0 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, 2024)

Lender	Loan amount (millions of yen)
Sumitomo Mitsui Banking Corporation	1,352

(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, 2024)

(1) Total number of shares issuable: 45,648,000

(2) Total number of shares issued: 11,730,764 (excluding 26,839 shares of treasury stock)

(3) Number of shareholders: 5,613

(4) Major shareholders (top 10)

Name of shareholders	Number of shares owned (shares)	Shareholding ratio (%)
M&A Capital Partners Co., Ltd.	2,287,000	19.50
Shoichiro Onishi	2,182,691	18.61
Masaya Yajima	614,880	5.24
The Master Trust Bank of Japan, Ltd. (Trust Account)	536,400	4.57
Custody Bank of Japan, Ltd. (Trust Account)	269,700	2.30
Masahiro Matsuoka	247,691	2.11
Tomohiro Murata	229,100	1.95
ANTEMA	223,900	1.91
JPMorgan Securities Japan Co., Ltd.	108,065	0.92
Satoshi Otani	108,000	0.92

Note: Shareholding ratio is calculated excluding the number of shares of treasury stock (26,839 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 Directors who are Audit and Supervisory Committee Members and Outside Directors)	25,866	4

Note: Regarding 13,936 shares out of the above (two persons to whom shares were delivered), the agreement for the allocation of shares with restrictions on transfer was terminated on December 13, 2024.

(6) Other material information related to the Company shares

(i) Stock option(s)

The total number of shares issued increased by 5,280 due to the exercise of stock options.

(ii) Shares subject to transfer restriction

At its Board of Directors' meeting held on February 14, 2024, the Company resolved to issue new shares, and issued 11,930 new shares on March 14, 2024, in order to grant shares subject to a transfer restriction to four Directors (excluding Outside Directors).

Additionally, at its Board of Directors' meeting held on March 27, 2024, the Company resolved to issue new shares, and issued 13,936 new shares on April 18, 2024, in order to grant shares subject to a transfer restriction to two Directors (excluding Directors who are Audit and Supervisory Committee Members).

Furthermore, at the Board of Directors meeting held on December 13, 2024, a resolution was passed to approve the termination of the allotment agreement for 13,936 shares of restricted stock. Consequently, the Company acquired 13,936 shares of restricted stock without consideration.

III Company Officers

(1) Directors and Audit & Supervisory Committee Members

Name	Position and responsibility		Significant concurrent positions outside the Company
Shoichiro Onishi	Representative Director Chairman (CEO)	Member of the Nomination and Compensation Advisory Committee Chairperson of the Risk Management Committee Head of M&A Advisory Business	Representative Director, President, CEO and COO of Frontier Capital Inc. Director of Celebrain Corporation Chairman of Frontier Management (Shanghai) Inc. Representative Director of FCD Partners Inc. Outside Director of Tokyo Electric Power Company Holdings, Incorporated
Masao Nishihara	Director		Special Officer for Finance, Sapporo City
Takeshi Umemoto	Director (Full-time Audit and Supervisory Committee Member)		
Kazuhito Osugi	Director (Audit and Supervisory Committee Member)	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 (Audit and Supervisory Committee Member)	Member of the Nomination and Compensation Advisory Committee	Outside Director of SAN-AI OBBLI CO., LTD. Auditor of Tokyo Metropolitan Public University Corporation
Hikaru Minami	Director (Audit and Supervisory Committee Member)	Member of the Nomination and Compensation Advisory Committee	Outside Audit & Supervisory Board Member of YKK Corporation

Notes: 1. Directors Kazuhito Osugi, Keiko Unotoro, and Hikaru Minami are Outside Directors as stipulated in Article 2, Item (xv) of the Companies Act.

2. The Company has designated Kazuhito Osugi, Keiko Unotoro, and Hikaru Minami, who are Directors of the Company, as independent officers based on the provisions of the Tokyo Stock Exchange, and has submitted notification to the Exchange.

3. The Company has elected Takeshi Umemoto as a full-time Audit and Supervisory Committee Member. In this role, he will facilitate the exchange of information during key internal meetings and ensure effective coordination between the internal audit division and the Audit and Supervisory Committee. This will enhance the audit and oversight capabilities of the Audit and Supervisory Committee.

4. Takeshi Umemoto, full-time Audit & Supervisory Committee Member, has been in charge of audits for many years and possesses considerable knowledge in finance and accounting.
Kazuhito Osugi, Audit and Supervisory Committee Member, has served as an Auditor at the Bank of Japan and held prominent positions at the Industrial Revitalization Corporation of Japan, and has significant expertise in finance and accounting.
Hikaru Minami, Audit and Supervisory Committee Member, has worked in finance and accounting at Marubeni Corporation, and has experience as a Corporate Auditor and representative director of the said company, and has extensive knowledge in finance and accounting.

(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 (excluding Audit and Supervisory Committee Members)	110,162	106,600	–	–	3,562	6
(Of whom, Outside Directors)	(3,900)	(3,900)	(–)	(–)	(–)	(2)
Directors (Audit and Supervisory Committee Members)	32,850	32,850	–	–	–	4
(Of whom, Outside Directors)	(21,600)	(21,600)	(–)	(–)	(–)	(3)
Audit & Supervisory Board Members	7,350	7,350	–	–	–	3
(Of whom, Outside Audit & Supervisory Board Members)	(7,350)	(7,350)	(–)	(–)	(–)	(3)
Total	150,362	146,800	–	–	3,562	13
(Of whom, outside officers)	(32,850)	(32,850)	(–)	(–)	(–)	(8)

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. Following the Ordinary General Meeting of Shareholders on March 27, 2024, the Company transitioned to a structure with an Audit and Supervisory Committee. The remuneration of the Corporate Auditors is for the period before the transition, while the remuneration of the Directors (Audit and Supervisory Committee Members) is for the period after the transition.
3. The above includes two Directors and three Corporate Auditors who retired at the conclusion of the Ordinary General Meeting of Shareholders held on March 27, 2024.

(ii) Matters relating to resolutions of general meeting of shareholders for compensation, etc. for Directors

At the Annual General Meeting of Shareholders held on March 27, 2024, a resolution was passed to limit the amount of monetary compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) of the Company. The resolution stipulates a limit of ¥350 million per year for the above Directors (excluding employee salaries for Directors who concurrently serve as employees), and a limit of ¥55 million per year for Directors who serve on the Audit and Supervisory Committee. The number of Directors (excluding Directors who are Audit and Supervisory Committee Members) and Directors who are Audit and Supervisory Committee Members at the conclusion of said General Meeting of Shareholders was two and four, respectively.

The Annual General Meeting of Shareholders held on March 27, 2024, passed a resolution for stock-based compensation for the Company's Directors (excluding Directors who are Audit & Supervisory Committee Members and 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 ¥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-term business plan targets and the extent of improvement of its corporate value shall be ¥65,000 thousand or less per year and 45,000 shares or less per year, respectively. The number of Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) at the conclusion of said General Meeting of Shareholders was two.

(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 14, 2024, 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 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 composition 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.

- Basic compensation
Basic compensation, which is fixed compensation, will be paid monthly to Directors.
The amount of basic compensation for Directors (excluding Directors who are 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.

・ Single-fiscal-year performance-based compensation

Single-fiscal-year performance-based compensation (cash bonuses and stock-based compensation A) is linked to the level of achievement of the management goals and enhancement of the corporate value for a single fiscal year and the amount of compensation is determined based on the Company's performance results, etc. for a single year, and the determined amount of compensation will be paid to Directors (excluding Directors who are Audit and Supervisory Committee Members and 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.

Single-fiscal-year performance-based compensation (the total amount for all Eligible Directors) is calculated by multiplying a certain ratio depending on the achievement of the stock price increase rate and the consolidated profit for the period under review (profit attributable to owners of parent, before deducting single-fiscal-year performance-based compensation and before deducting additional bonuses for employees) by the total amount of the basic compensation for 16 months for the Representative Director and the basic compensation for 9 months for each Eligible Director (excluding the Representative Director).

The reasons for selecting these indicators are that the stock price is an indicator that can be expected to share the interests of shareholders and act as an incentive to increase the stock price, and the amount of consolidated profit for the period under review is linked to the Company's medium-term management plan and is a financial figure that shows the Company's final profit.

The amount of single-fiscal-year performance-based compensation to be paid to Eligible Directors will be 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.

The composition ratio of 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.

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
Stock price increase rate	30%	(36.4)%
Consolidated net income, excluding Frontier Capital Inc.	¥1,340 million	¥(193) 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 management target indicators for the medium-term management plan from 2024 to 2026 include the stock price, the consolidated net income excluding Frontier Capital Inc., and the consolidated ROE excluding Frontier Capital Inc.

We chose these management target 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.

In addition, 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.

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

	Target	Evaluation ratio
Stock price	¥3,052	40%
Consolidated net income excluding Frontier Capital Inc.	¥2,300 million	30%
Consolidated ROE excluding Frontier Capital Inc.	33.6%	30%

・ 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 Committee 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 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 as the Outside Director of SAN-AI OBBLI CO., LTD. and Auditor of Tokyo Metropolitan Public University Corporation. However, there is no special relationship between the Company and these organizations.
Hikaru Minami, Director concurrently serves as Outside Auditor of YKK Corporation, but there is no special relationship between the Company and the corporation.

(iii) Main activities in the fiscal year under review

Category	Name	Attendance at Board of Directors meetings	Attendance at Audit & Supervisory Committee meetings	Outline of main activities and duties executed in relation to roles expected
Director (Audit and Supervisory Committee Member)	Kazuhito Osugi	18/18	11/11	Kazuhito Osugi has been continuing to give diverse statements actively at Board of Directors and Audit and Supervisory Committee 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 as an Auditor at the Bank of Japan and holding key posts at the 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 (Audit and Supervisory Committee Member)	Keiko Unotoro	18/18	11/11	Keiko Unotoro has been continuing to make diverse statements actively at Board of Directors and Audit and Supervisory Committee 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. She also led the discussion, etc. on the direction the Company should take in the development of internal regulations, etc.
Director (Audit and Supervisory Committee Member)	Hikaru Minami	12/12 (Note 1)	11/11	Hikaru Minami has been leading discussions at the Board of Directors and Audit and Supervisory Committee meetings drawing on his experience as a senior executive of a general trading company, and actively provides a wide range of comments. He has been advising the management of the Company and each department, and properly supervising the execution of business based on his high level of insight and rich experience in management. He has also been making suggestions from an objective perspective on the ideal vision of the Company.

Notes: 1. Twelve such meetings have been held since he took office.
2. Excluding the number of Board of Directors meetings for written resolution.

(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 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.

(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, 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 Directors 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, 2024)

(Thousands of yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	**11,470,340**	**Current liabilities**	**2,122,901**
Cash and deposits	7,561,180	Accounts payable	127,016
Notes and accounts receivable, and contract assets	1,390,825	Current portion of long-term borrowings	248,492
Operational investment securities	2,232,455	Accounts payable-other	331,328
Other	300,543	Income taxes payable	76,015
Allowance for doubtful accounts	(14,663)	Provision for bonuses	948,696
Fixed assets	**2,690,809**	Provision for shareholder benefit program	55,343
Tangible assets	**223,437**	Other	336,008
Buildings	203,537	**Long-term liabilities**	**1,292,733**
Tools, furniture, and fixtures	19,899	Long-term borrowings	1,148,303
Intangible assets	**244,054**	Asset retirement obligations	131,386
Software	30,314	Deferred tax liabilities	13,043
Goodwill	206,212	**Total liabilities**	**3,415,634**
Customer-related assets	6,250	**Net assets**	
Other	1,277	**Shareholders' equity**	**2,547,391**
Investments and other assets	**2,223,317**	Paid-in capital	386,224
Investment securities	296	Capital surplus	745,500
Stocks of subsidiaries and affiliates	1,307,658	Retained earnings	1,424,029
Investments in capital of subsidiaries and associates	2,648	Treasury stock	(8,363)
Lease deposits	360,147	**Other accumulated comprehensive income**	**93,122**
Deferred tax assets	431,701	Valuation difference on available-for-sale securities	29,554
Other	120,865	Foreign currency translation adjustment	63,568
Deferred assets	**3,906**	**Share acquisition right**	**60,691**
Organization expenses	3,906	**Non-controlling interests**	**8,048,217**
		Total net assets	**10,749,422**
Total assets	**14,165,057**	**Total liabilities and net assets**	**14,165,057**

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

Consolidated Statement of Income

(From January 1, 2024 to December 31, 2024)

(Thousands of yen)

Item	Amount	
Net sales		**9,265,110**
Cost of sales		**5,005,344**
Gross profit		**4,259,766**
Selling, general and administrative expenses		**4,891,902**
Operating loss		**(632,136)**
Non-operating income		
Interest income	510	
Insurance dividend income	2,366	
Administrative fees received	1,247	
Reversal of allowance for doubtful accounts	519	
Compensation income	3,855	
Other	192	8,692
Non-operating expenses		
Interest expenses	18,906	
Equity in losses of affiliates	48,602	
Share issuance costs	19,250	
Foreign exchange losses	158	
Other	220	87,138
Ordinary loss		**(710,582)**
Loss before income taxes		**(710,582)**
Income taxes	8,381	
Income taxes-deferred	(12,415)	(4,034)
Net loss		**(706,547)**
Net loss attributable to non-controlling interests		**(11,689)**
Net loss attributable to owners of parent		**(694,858)**

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, 2024)

(Thousands of yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	**2,635,978**	**Current liabilities**	**1,854,908**
Cash and deposits	1,144,036	Accounts payable	129,758
Notes and accounts receivable, and contract assets	1,323,884	Current portion of long-term borrowings	236,000
Operational investment securities	1,043	Accounts payable-other	228,884
Prepaid expenses	125,348	Accrued expenses	191,092
Advances paid	31,855	Contract liabilities	23,819
Other	24,082	Deposits received	75,412
Allowance for doubtful accounts	(14,273)	Income taxes payable	34,448
Fixed assets	**4,240,130**	Provision for bonuses	879,389
Tangible assets	**203,662**	Provision for shareholder benefit program	55,343
Buildings	187,016	Other	758
Tools, furniture, and fixtures	16,646	**Long-term liabilities**	**1,240,036**
Intangible assets	**29,237**	Long-term borrowings	1,116,000
Software	29,135	Asset retirement obligations	124,036
Other	102	**Total liabilities**	**3,094,944**
Investments and other assets	**4,007,229**	**Net assets**	
Stocks of subsidiaries and affiliates	3,133,106	**Shareholders' equity**	**3,720,472**
Investments in capital of subsidiaries and associates	2,500	**Paid-in Capital**	**386,224**
Long-term loans receivable from subsidiaries and associates	10,000	**Capital surplus**	**744,600**
Long-term accounts receivable - other	20,601	Capital reserve	386,224
Lease deposits	334,837	Other capital surplus	358,375
Deferred tax assets	418,342	**Retained earnings**	**2,598,010**
Other investments, etc.	87,842	Other retained earnings	2,598,010
		Retained earnings brought forward	2,598,010
		Treasury stock	**(8,363)**
		Share acquisition right	**60,691**
		Total net assets	**3,781,164**
Total assets	**6,876,108**	**Total liabilities and net assets**	**6,876,108**

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

Non-consolidated Statement of Income

(From January 1, 2024 to December 31, 2024)

(Thousands of yen)

Item	Amount	
Net sales		**8,816,772**
Cost of sales		**4,697,654**
Gross profit		**4,119,117**
Selling, general and administrative expenses		**4,241,355**
Operating loss		**(122,237)**
Non-operating income		
Interest income	279	
Income from insurance claim	14,774	
Insurance dividend income	2,366	
Compensation income	3,855	
Administrative fees received	5,747	
Reversal of allowance for doubtful accounts	519	
Other	64	27,607
Non-operating expenses		
Interest expenses	18,522	
Foreign exchange losses	1,814	
Other	200	20,536
Ordinary loss		**(115,166)**
Extraordinary income		
Reversal of allowance for doubtful accounts for subsidiaries and associates	4,055	4,055
Loss before income taxes		**(111,111)**
Income taxes	5,208	
Income taxes-deferred	(1,690)	3,517
Net loss		**(114,628)**

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

Audit Report

As a result of the resolution at the 17th Annual General Meeting of Shareholders held on March 27, 2024, effective from its conclusion, the Company made the transition from a company with a Board of Auditors to a company with an Audit and Supervisory Committee. We have based the audit status from January 1, 2024, to March 27, 2024, which was the date of the conclusion of the Annual General Meeting of Shareholders, on the contents taken over from the former Audit & Supervisory Board. Subsequently, the Audit and Supervisory Committee audited the execution of duties by Directors for the 18th fiscal year from January 1, 2024, to December 31, 2024. We report the method and results thereof as follows.

1. Method and contents of audit

The Audit and Supervisory Committee received reports regularly from Directors, employees, and other relevant personnel, regarding the contents of resolutions made by the Board of Directors on matters set forth in Article 399, paragraph 13, item 1-1 (ii) and (iii) of the Companies Act, and systems established based on such resolutions (internal control systems), requested explanations when necessary, expressed its opinions, and conducted an audit according to the following methods.

(i) In accordance with the audit policy, assignment of duties, etc. set out by the Audit and Supervisory Committee and in coordination with the internal control department of the Company, we attended important meetings, received reports from the Directors, employees, and other relevant personnel regarding matters on 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 subsidiary, and received business reports from the subsidiary as necessary.

(ii) We also monitored and examined whether the Accounting Auditor maintains its independence and implements 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) has been established in accordance with the Quality Control Standards for Audits (Business Accounting Council) 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, 2025

Audit and Supervisory Committee
Frontier Management Inc.

Full-time Audit & Supervisory Committee Member	Takeshi Umemoto
Audit & Supervisory Committee Member	Kazuhito Osugi
Audit & Supervisory Committee Member	Keiko Unotoro
Audit & Supervisory Committee Member	Hikaru Minami

Note: Kazuhito Osugi, Keiko Unotoro, and Hikaru Minami, who all are Audit and Supervisory Committee Members, are Outside Directors as stipulated in Article 2, item (xv) and Article 331, paragraph (6) of the Companies Act.