

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 10, 2026

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 19th Annual General Meeting of Shareholders

You are cordially notified that the 19th 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 “Shareholders Meeting” 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 25, 2026 (JST).

1. Date and Time:	Thursday, March 26, 2026, at 10 a.m. (JST) (The reception desk opens at 9:30 a.m.)
2. Venue:	Belle Salle Roppongi Grand Conference Center, Sumitomo Fudosan Roppongi Grand Tower, 9th floor 3-2-1 Roppongi, Minato-ku, Tokyo, Japan
3. Purpose of the Meeting	
Matters to be reported:	<ol style="list-style-type: none"> 1. Business Report and Consolidated Financial Statements for the 19th fiscal year (from January 1, 2025 to December 31, 2025) and audit results of Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Committee 2. Non-consolidated Financial Statements for the 19th fiscal year (from January 1, 2025 to December 31, 2025)
Matters to be resolved:	
Proposal No. 1	Election of Four Directors (Excluding Directors who are Audit & Supervisory Committee Members)
Proposal No. 2	Election of Three Directors who are Audit & 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.
- Pursuant 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, 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 No. 1 Election of Four Directors (Excluding Directors who are Audit & Supervisory Committee Members)

At the conclusion of this meeting, the terms of office of all three Directors (excluding those who are Audit & Supervisory Committee Members; the same applies hereinafter in the proposal) will expire. Accordingly, the Company proposes the election of four Directors, increasing the number of Directors by one to enhance the management system.

We have received an opinion from the Audit & Supervisory Committee regarding the proposal, and the summary of that opinion is as follows.

Opinion of the Audit & Supervisory Committee (Summary)
The Audit & Supervisory Committee has determined that it is necessary to inform shareholders about the candidate selection process as the original proposal for candidates, which was reported to the Board of Directors following deliberation by the voluntary Nomination and Compensation Advisory Committee, has been altered by the Board of Directors, resulting in a decision different from that of the Nomination and Compensation Advisory Committee.

The Company has comprehensively considered the situation of the Company and impacts on stakeholders, among other things, in light of deliberations by the two committees, to make a final decision on the candidates by the resolution at the meeting of the Board of Directors.

The candidates for Director 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	14/14 (100%)	19 years
2	Sumio Nishizawa	New election Deputy President and Executive Officer	-	-
3	Kyogo Murase	New election Managing Executive Officer	-	-
4	Masao Nishihara	Re-election Director	14/14 (100%)	3 years

Candidate No. 1	Career summary and position and responsibility in the Company	
	Apr. 1992	Joined Okuno & Partners Law Office (currently OKUNO & PARTNERS)
Shoichiro Onishi	Apr. 1997	Partner
Re-election	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)
	May 2021	Member of the Nomination and Compensation Advisory Committee of the Company (current position)
	Mar. 2022	Chairperson of the Risk Management Committee (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
	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	Career summary and position and responsibility in the Company	
Sumio Nishizawa	Apr. 1991	Joined Yamaichi Securities Co., Ltd.
New election	Jan. 1998	Joined Credit Suisse First Boston Securities, Tokyo Branch (currently Credit Suisse Securities (Japan) Limited)
	Aug. 2009	Joined the Company as Senior Director
	Sep. 2010	Executive Officer, Head of Business Development Division, Managing Director
	Jul. 2014	Head of Nagano Branch
	Jan. 2016	Managing Executive Officer
	Aug. 2016	Head of Osaka Branch
	Apr. 2022	Advisor of Frontier Capital Inc. (current position)
	Jan. 2023	Head of Fukuoka Branch of the Company
	Mar. 2024	Senior Managing Executive Officer
	Jan. 2025	Deputy President and Executive Officer (current position)
	Date of birth May 23, 1967	Significant concurrent positions outside the Company
Number of the Company's shares owned 47,000	Advisor of Frontier Capital Inc.	
Number of years in office -	Reasons for nomination as candidate for Director	
Attendance at Board of Directors meetings -	The candidate contributed to the Company's sales function for financial institutions and others over many years, making a significant contribution to the Company's performance as Head of Business Development Division. Most recently, the candidate has been more deeply involved in the Company's management as Managing Executive Officer, Senior Managing Executive Officer, and Deputy President and Executive Officer. The candidate has been playing a role of promoting the Company's organizational sales, and we have judged that the candidate can be expected to manage the Company properly based on his experience in contributing to the Group achieving its management targets and raising its corporate value over the medium to long-term. We therefore ask for his appointment as a Director.	

Candidate No. 3	Career summary and position and responsibility in the Company	
Kyogo Murase	Apr. 1992	Joined Mitsui Shipbuilding & Engineering Co., Ltd.
New election	Nov. 1997	Joined Proudfoot Japan Co., Ltd.
	Aug. 2006	Joined DIVA CORPORATION (currently AVANT CORPORATION)
	Sep. 2007	Director
	Jul. 2010	Joined SIGMAXYZ Inc.
	Jun. 2019	Joined the Company as Managing Director
	Jan. 2023	Head of Corporate Strategy Division
	Jan. 2024	Head of Industrial Strategy & Operation Department (co)
	Mar. 2024	Executive Officer
Mar. 2025	Head of Strategy & Operation Consulting Department (co) (current position)	
Feb. 2026	Managing Executive Officer (current position)	
Date of birth	Significant concurrent positions outside the Company	
May 20, 1967	-	
Number of the Company's shares owned	Reasons for nomination as candidate for Director	
0	The candidate served as heads of division and department in the Company's front office, and has successfully received and executed large projects on a continuing basis, making a significant contribution to the Company's performance. Most recently, the candidate has been more deeply involved in the Company's management, including promoting company-wide operation reform projects as Executive Officer and Managing Executive Officer. The candidate has been leading the Company's front office, in addition to gaining experience serving as a director. Accordingly, we have judged that the candidate can be expected to contribute to the Group's achieving its management targets and raising its corporate value over the medium to long term. We therefore ask for his appointment as a Director.	
Number of years in office		
-		
Attendance at Board of Directors meetings		
-		

Candidate No. 4	Career summary and position and responsibility in the Company	
Masao Nishihara	Apr. 1975	Joined the Ministry of Finance
Re-election	Jul. 2004	Director-General of the Inspection Bureau of the Financial Services Agency
	Jul. 2007	Director-General of the Supervision Bureau of the Financial Services Agency
	Jul. 2008	Secretary-General of the Executive Bureau of Securities and Exchange Surveillance Commission
	Aug. 2009	Senior Managing Director of Organization for Promoting Urban Development
	Jun. 2013	Vice Chairman and Senior Managing Director of Regional Banks Association of Japan
	Aug. 2022	Advisor of the Company
	Mar. 2023	Director (current position)
	Jul. 2024	Special Officer for Finance, Sapporo City (current position)
Date of birth May 18, 1951	Significant concurrent positions outside the Company	
Number of the Company's shares owned 1,501	Special Officer for Finance, Sapporo City	
Number of years in office 3 years	Reasons for nomination as candidate for Director	
Attendance at Board of Directors meetings 14/14 (100%)	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.

Proposal No. 2 Election of Three Directors who are Audit & Supervisory Committee Members

At the conclusion of this meeting, the term of office of Takeshi Umemoto, Director who is an Audit & Supervisory Committee Member, will expire. In addition, Kazuhito Osugi, Keiko Unotoro, and Hikaru Minami, resigned from their position as Director (Audit & Supervisory Committee Member) as of February 20, 2026.

Accordingly, considering the current status of the Company's auditing system, the Company has decided to reduce the number of Directors who are Audit & Supervisory Committee Members by one to a total of three, as it determined that the effectiveness of audits will be maintained with the reduced number. Therefore, the Company proposes the election of three Directors who are Audit & Supervisory Committee Members.

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

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

Candidate No.	Name		Current position in the Company	Attendance at Board of Directors meetings	Number of years in office (conclusion of this meeting)
1	Takeshi Umemoto	Re-election	Director	14/14 (100%)	14 years
2	Takashi Imamura	New election Outside Independent	–	–	–
3	Maoko Kikuchi	New election Outside Independent	–	–	–

Candidate No. 1	Career summary and position and responsibility in the Company	
Takeshi Umemoto	Mar. 1973	Joined Ito-Yokado Co., Ltd.
Re-election	Nov. 1992	General Manager of Securities Department
	Jan. 1998	General Manager of Treasury and Securities Department
	Jan. 2004	General Manager of Business Development Department of IY Bank Co., Ltd. (currently Seven Bank, Ltd.)
	Jul. 2005	General Manager of General Affairs Division
	May 2006	General Manager of Planning Division
	Oct. 2007	General Manager of Audit & Supervisory Board Members' Office
	Jun. 2011	Counselor of Audit & Supervisory Board Members' Office
	Feb. 2012	Outside Audit & Supervisory Board Member of the Company
Mar. 2024	Director (Audit & Supervisory Committee Member) (current position)	
Significant concurrent positions outside the Company	-	
Date of birth June 8, 1950 Number of the Company's shares owned 40,000 Number of years in office as Director 14 years Attendance at Board of Directors meetings 14/14 (100%) Attendance at Audit & Supervisory Committee meetings 16/16 (100%)	Reasons for nomination as candidate for Director who is an Audit & Supervisory Committee Member	
The candidate has contributed to increasing the corporate value of the Company, including monitoring its management and providing it with appropriate advice as an Outside Audit & Supervisory Board Member of the Company, by using his many years of experience in audit operations. Since assuming office as Director who is an Audit & Supervisory Committee Member, he has been utilizing the experience he has accumulated to date to execute his duties as a full-time Audit & Supervisory Committee Member who is in charge of ensuring the appropriateness of business execution. The Company proposes his election to continue serving as Director who is an Audit & Supervisory Committee Member as it has judged that he will likely contribute to enhancing the effectiveness of audits.		

Candidate No. 2	Career summary and position and responsibility in the Company	
Takashi Imamura	Sep. 1987	Joined Aoyama Audit Corporation
	Jul. 1991	Joined Seimei Audit Corporation
	Jul. 1996	Representative Partner (current position)
	Apr. 1999	Auditor (part-time) of the Japan Dental Hygienists' Association (current position)
	Jun. 2004	Corporate Auditor (part-time) of Sweet Garden Co., Ltd.
	Mar. 2005	Corporate Auditor (part-time) of BENEX INC.
	Sep. 2006	Corporate Auditor (part-time) of Barneys Japan
	Jan. 2012	Corporate Auditor (part-time) of ASPLUND Co., Ltd.
	Jul. 2015	Corporate Auditor (part-time) of Shokukai Co., Ltd.
	Nov. 2017	Corporate Auditor (part-time) of Francfranc Corporation
	Jun. 2018	Outside Corporate Auditor (part-time) of CONFEX Co., Ltd.
	Sep. 2019	Corporate Auditor (part-time) of T Capital Partners Co., Ltd. (current position)
	Dec. 2021	Outside Director (part-time) and Chair of the Nomination and Remuneration Committee of EduLab, Inc.
	May 2025	Chair of the Nomination Committee of Eiken Foundation of Japan (current position)
	Significant concurrent positions outside the Company	
	Representative Partner of Seimei Audit Corporation	
	Auditor of the Japan Dental Hygienists' Association	
	Corporate Auditor of T Capital Partners Co., Ltd.	
	Chair of the Nomination Committee of Eiken Foundation of Japan	
	Reasons for nomination as candidate for Outside Director who is an Audit & Supervisory Committee Member and outline of roles expected	
	<p>The candidate has never been directly involved in the management of a company; however, he has been engaging in audit work at audit firms over many years, as well as serving as an outside audit & supervisory board member and the chair of a nomination committee at a number of companies, to acquire knowledge in finance and accounting fields based on a wealth of experience.</p> <p>Accordingly, we expect him to supervise and provide advice, etc., on the execution of duties by the Company's Directors from an expert perspective. The Company has judged that the candidate will help the organization grow and reinforce its corporate governance to a greater extent from an objective and independent standpoint and, therefore, proposes his election as Outside Director who is an Audit & Supervisory Committee Member.</p> <p>As the candidate meets the requirements for independent officers stipulated by the Tokyo Stock Exchange, the Company has decided that there is no conflict of interest with general shareholders and plans to designate him as an independent officer.</p>	



Date of birth
February 25, 1964
Number of the Company's shares owned
0

Number of years in office

–

Attendance at Board of Directors meetings

–

Attendance at Audit & Supervisory Committee meetings

–

Candidate No. 3 Maoko Kikuchi <div style="border: 1px solid black; padding: 2px; display: inline-block;">New election</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div>  Date of birth July 14, 1965 Number of the Company's shares owned 0 Number of years in office — Attendance at Board of Directors meetings — Attendance at Audit & Supervisory Committee meetings —	Career summary and position and responsibility in the Company	
	Apr. 1992	Joined Public Prosecutors Office of Ministry of Justice as a Public Prosecutor
	Aug. 1997	Joined Paul Hastings LLP. Los Angeles Office
	Mar. 1999	Joined Nagashima & Ohno (currently Nagashima Ohno & Tsunematsu)
	Apr. 2004	Joined General Secretariat of Fair Trade Commission
	May 2006	Executive Officer and CCO of Vodafone K.K. (currently SoftBank Corp.)
	Apr. 2014	Executive Officer, supervising legal affairs and policy planning, of Microsoft Japan Co., Ltd.
	Jun. 2016	Standing Outside Audit & Supervisory Board Member of MITSUI-SOKO HOLDINGS Co., Ltd.
	Jun. 2020	Outside Director of MITSUI-SOKO HOLDINGS Co., Ltd. (current position)
	Jun. 2020	Outside Audit & Supervisory Board Member of KADOKAWA CORPORATION
	Jul. 2020	Outside Director of Hitachi Construction Machinery Co., Ltd.
	Aug. 2020	Managing Partner of Compass International Law Office (current position)
	Nov. 2023	Outside Corporate Auditor of Ryohin Keikaku Co., Ltd. (current position)
	Significant concurrent positions outside the Company	
	Outside Director of MITSUI-SOKO HOLDINGS Co., Ltd. Managing Partner of Compass International Law Office Outside Corporate Auditor of Ryohin Keikaku Co., Ltd.	
	Reasons for nomination as candidate for Outside Director who is an Audit & Supervisory Committee Member and outline of roles expected	
	The candidate has a wealth of knowledge based on practical experience at public institutions, namely the Public Prosecutors Office of the Ministry of Justice and the Fair Trade Commission, and experience as an attorney-at-law in and outside Japan, as well as corporate legal practice. We believe that the candidate can be expected to leverage her experience in serving in various outside director and outside audit & supervisory board member positions to supervise and provide advice, etc., on the execution of duties by Directors from a broad expert perspective, and therefore ask for her appointment as an Outside Director who is an Audit & Supervisory Committee Member. As the candidate meets the requirements for independent officers stipulated by the Tokyo Stock Exchange, the Company has decided that there is no conflict of interest with general shareholders and plans to designate her as an independent officer.	

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

(Reference) Skill matrix for Directors after Proposal No. 1 and Proposal No. 2 are approved

Name	Attributes	Corporate management	Economy	Finance and accounting	Corporate loans and investments	Management of legal risks	Sales and marketing	Global	Environment and society
Shoichiro Onishi		•			•	•	•		•
Sumio Nishizawa		•	•	•	•		•		
Kyogo Murase		•	•	•		•	•		•
Masao Nishihara			•	•	•				•
Takeshi Umemoto (Audit & Supervisory Committee Member)			•	•	•				
Takashi Imamura (Audit & Supervisory Committee Member)	Outside Independent	•	•	•	•			•	
Maoko Kikuchi (Audit & Supervisory Committee Member)	Outside Independent	•		•		•		•	•

Business Report
(From January 1, 2025 to December 31, 2025)

I Current Situation of the Group

(1) Progress and results of operations

During the fiscal year under review (from January 1, 2025 to December 31, 2025), the Japanese economy maintained a moderate recovery trend, supported by improvements in the employment and income environment. However, concerns remain regarding the outlook for the economy due to ongoing geopolitical risks such as the situation in Russia and Ukraine and the Middle East, downside risks to the economy stemming from the impact of U.S. trade policies, and the effects of continued price increases on personal consumption. As a result, the future outlook for the economy remains uncertain.

Under such a business environment, our Group has been working on the various measures set forth in the “Structural Reform Plan” formulated on February 13, 2025, while focusing on providing comprehensive services that leverage our strengths in management consulting, M&A, business revitalization support, and other functions, in order to offer one-stop solutions for corporate challenges through proposals and execution. In addition, our consolidated subsidiary, Frontier Capital Inc. made investments involving the dispatch of management personnel to four companies during the fiscal year under review, bringing the cumulative total to seven companies, and exited (recovered investment) from one of those companies at the end of the fiscal year.

The management consulting business, business revitalization support, and other businesses (hereinafter referred to as the “consulting-related businesses”) recorded net sales of ¥6,892,777 thousand (a decrease of 10.7% compared to the previous fiscal year), mainly due to a temporary decline in net sales of the management consulting business caused by the replacement of senior members and other effects associated with personnel optimization. Meanwhile, the M&A advisory business worked to strengthen its sales structure with the aim to acquire projects in the domestic and mid-sized M&A segment where our company has the greatest strength. As a result, during the fiscal year under review, net sales were ¥1,611,402 thousand (an increase of 10.4% compared with the previous fiscal year), resulting in a year-on-year increase in sales.

As a result, net sales in the Consulting and Advisory business segment were ¥8,504,179 thousand (a decrease of 7.3% compared to the previous fiscal year), and operating loss was ¥147,924 thousand (operating loss of ¥199,411 thousand in the previous fiscal year).

In the Investment Business segment, due to an increase in management consulting fees as a result of accumulating investment projects, an increase in net sales of the Investment Business due to the recording of net sales in relation to the transfer of shares as a result of the exit from an investee, and the recording of net sales of the Toy Retail Business as a result of including the profit and loss of consolidated investees such as Hobbylink Japan Ltd. and two other companies in the consolidated financial statements, net sales increased significantly to ¥5,018,698 thousand (an increase of ¥4,918,730 thousand compared with the previous year). However, due to delays in the timing of investment execution compared to the plan in the Investment Business, fixed costs such as personnel expenses were recorded in advance, resulting in an operating loss of ¥187,141 thousand (an operating loss of ¥432,724 thousand in the previous fiscal year).

As a result of the above, the performance of our Group for the fiscal year under review was as follows: net sales of ¥13,489,533 thousand (a 45.6% increase from the previous fiscal year), operating loss of ¥335,066 thousand (operating loss of ¥632,136 thousand in the previous fiscal year), ordinary loss of ¥664,436 thousand (ordinary loss of ¥710,582 thousand in the previous fiscal year) as a result of the recording of financing expenses of ¥121,624 thousand, including arrangement fees for syndicated loans as a temporary expenditure at the closing of a consolidated investment project at our consolidated subsidiary FCII Inc., in addition to interest expense of ¥141,763 thousand, and loss attributable to owners of parent of ¥1,106,548 thousand (loss attributable to owners of parent of ¥694,858 thousand in the previous fiscal year) after extraordinary losses of ¥301,632 thousand including impairment loss of ¥137,500 thousand, restructuring costs of ¥107,509 thousand and deducting total income taxes of ¥191,530 thousand and others.

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, net sales of the consulting-related business were ¥6,892,777 thousand (down 10.7% from the previous fiscal year), posting a year-on-year decline in sales. However, net sales of the M&A advisory business amounted to ¥1,611,402 thousand (up 10.4% from the previous fiscal year), a year-on-year increase in sales. Consequently, net sales for this segment amounted to ¥8,504,179 thousand (representing a 7.3% decrease from the previous fiscal year), and the operating loss was ¥147,924 thousand (operating loss of ¥199,411 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 ¥5,569,534 thousand (down 12.2% from the previous fiscal year) in net sales. During the fiscal year under review, we worked to strengthen our sales channels to acquire projects from major business corporations as well as financial institutions. However, due to factors such as the replacement of senior members associated with personnel optimization, net sales decreased compared with the previous fiscal year.

Revitalization Support Business

In the Revitalization Support Business, net sales for the fiscal year under review were ¥1,216,835 thousand (down 2.3% from the previous fiscal year). Although the number of orders remained steady during the fiscal year under review, net sales decreased year on year due to a decline in large-scale projects compared with the previous fiscal year.

Other Business

The business results of Other Business for the fiscal year under review were net sales of ¥106,407 thousand (down 14.4% from the previous fiscal year).

[M&A Advisory Business]

The M&A Advisory Business worked to strengthen its sales structure with the aim to acquire projects in the domestic and mid-sized M&A segment where our company has the greatest strength. As a result, during the fiscal year under review, net sales were ¥1,611,402 thousand (an increase of 10.4% compared with the previous fiscal year), resulting in a year-on-year increase in sales.

(Investment Business Segment)

In the Investment Business segment, due to an increase in management consulting fees as a result of accumulating investment projects, an increase in net sales of the Investment Business due to the recording of net sales in relation to the transfer of shares as a result of the exit from an investee, and the recording of net sales of the Toy Retail Business as a result of including the profit and loss of consolidated investees such as Hobbylink Japan Ltd. and two other companies in the consolidated financial statements, net sales increased significantly to ¥5,018,698 thousand (an increase of ¥4,918,730 thousand compared with the previous year). However, due to delays in the timing of investment execution compared to the plan in the Investment Business, fixed costs such as personnel expenses were recorded in advance, resulting in an operating loss of ¥187,141 thousand (an operating loss of ¥432,724 thousand in the previous fiscal year).

[Investment Business]

With regard to the performance of the Investment Business for the fiscal year under review, net sales amounted to ¥956,686 thousand as a result of the execution of four investments, including consolidated investment projects, during the fiscal year under review, resulting in an increase in management consulting fees as a result of accumulating investment track records, as well as the recording of sales in relation to the transfer of shares resulting from the exit from an investee.

[Toy Retail Business]

During the fiscal year under review, the Toy Retail Business focused on overseas retail of figures, models, and similar products, resulting in net sales of ¥4,062,011 thousand.

(2) Capital expenditure

The Group's capital expenditure (property, plant and equipment and intangible assets, excluding goodwill and customer-related intangible assets) for the fiscal year under review totaled ¥21,317 thousand, mostly from the acquisition of software by the Company and the acquisition of software and building facilities (renewal of automatic fire alarm systems) by Hobbylink Japan Ltd.

An impairment loss of ¥137,500 thousand was recorded during the fiscal year under review for an automated warehouse owned by Hobbylink Japan Ltd.

(3) Financing activities

During the fiscal year under review, the Company financed ¥1,100,000 thousand in short-term borrowings from a financial institution for business purposes.

In addition, FCII Inc. (currently Hobbylink Japan Ltd.) financed ¥4,100,000 thousand through a financial institution to finance acquisition and provide a loan to an acquiree.

(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

FCII Inc., our consolidated subsidiary, acquired all shares and share acquisition rights of Eagle Invesco., Ltd., which owns all shares of Hobbylink Japan Ltd., effective on February 28, 2025, resulting in Eagle Invesco., Ltd., Hobbylink Japan Ltd., and its subsidiary Beaver Corporation, Inc. included in the scope of consolidation.

On November 30, 2025, an absorption-type company split was carried out, with Hobbylink Japan Ltd. as the splitting company and FCII Inc. as the successor company. On the same date, an absorption-type merger was executed, with FCII Inc. as the surviving company and Eagle Invesco., Ltd. as the absorbed company. In addition, on the same date, the trade name of FCII Inc. was changed to Hobbylink Japan Ltd., and the trade name of Hobbylink Japan Ltd. was changed to Hobby Link Property Co., Ltd.

(8) Issues to address

The Group posted an operating loss for the second consecutive year as a result of weak net sales of the M&A Advisory Business during the fiscal year ended December 2024, and due to weak net sales of the consulting-related businesses, and delays in the timing of investment execution compared to the plan in the Investment Business, resulting in fixed costs such as personnel expenses being recorded in advance, during the fiscal year ended December 2025. Consequently, we recognize that the current events and situation are such that they cause significant doubt on the assumption on a going concern.

In light of such situation, we formulated the “Structural Reform Plan” on February 13, 2025 and have been promoting the implementation of measures aimed at reducing fixed costs and improving the earnings structure, such as consolidating human capital and improving productivity through the reorganization of front-office departments, focusing on domestic and mid-sized M&A projects for the M&A Advisory Business, and integrating and rationalizing corporate functions. We expect their full-fledged effect to be seen in the fiscal year ending December 2026 and later.

In addition, the “FY2026-2028 Medium-Term Management Plan” announced on February 13, 2026 defines “Our Vision” as to “accelerate initiatives that can realize the cutting-edge approach from our founding days as a new cutting-edge model,” and sets out the five initiatives to materialize this as follows: (1) Strengthening integrated support of Consulting × FA (M&A Advisory), (2) Growth M&A Advisory and principal business investment initiatives, (3) Incorporation and utilization of advanced technologies (business co-creation), (4) Expanding cross-border operations in terms of both regions and capabilities, and (5) Initiatives for ONE-FMI organizational foundation and acquisition and expanded engagement of talented personnel.

Furthermore, the Company has overdraft agreements in place with three financial institutions and has determined that there are no material concerns on funding in the interim in light of the funding plan up to December 31, 2026.

In the consideration of the above, the Company has determined that any major uncertainty surrounding the assumption of a going concern is not justified.

(9) Assets and profit and loss

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

Category	Fiscal year	The 16th Fiscal Year (FY2022)	The 17th Fiscal Year (FY2023)	The 18th Fiscal Year (FY2024)	The 19th Fiscal Year (the fiscal year under review) (FY2025)
Net sales	(Thousands of yen)	7,915,655	10,025,083	9,265,110	13,489,533
Ordinary income (loss)	(Thousands of yen)	921,511	1,238,574	(710,582)	(664,436)
Net income (loss) attributable to owners of parent	(Thousands of yen)	556,722	780,683	(694,858)	(1,106,548)
Net income (loss) per share	(Yen)	48.67	67.51	(59.20)	(94.08)
Net assets	(Thousands of yen)	3,015,956	6,822,364	10,749,422	9,943,623
Total assets	(Thousands of yen)	5,658,644	10,874,682	14,165,057	18,434,591

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

Category	Fiscal year	The 16th Fiscal Year (FY2022)	The 17th Fiscal Year (FY2023)	The 18th Fiscal Year (FY2024)	The 19th Fiscal Year (the fiscal year under review) (FY2025)
Net sales	(Thousands of yen)	7,546,117	9,557,654	8,816,772	8,082,128
Ordinary income (loss)	(Thousands of yen)	1,081,609	1,625,830	(115,166)	(74,003)
Net income (loss)	(Thousands of yen)	754,497	1,191,958	(114,628)	(313,852)
Net income (loss) per share	(Yen)	65.96	103.08	(9.76)	(26.68)
Net assets	(Thousands of yen)	3,136,089	4,348,730	3,781,164	3,479,192
Total assets	(Thousands of yen)	5,646,614	8,166,955	6,876,108	6,990,487

(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
Hobbylink Japan Ltd.	50,000	88.48	Sales of models, plastic models, toys and similar products
Hobby Link Property Co., Ltd.	49,154	100.00	Holding as well as management and operation, etc., of real estate facilities
Beaver Corporation, Inc.	30,000	100.00	Import sales of overseas toys

(11) Principal businesses (as of December 31, 2025)

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 Toy Retail Business

(12) Major offices (as of December 31, 2025)

• The Company

Head office	3-2-1 Roppongi, Minato-ku, Tokyo, Japan
Osaka Branch	3-3-13 Imabashi, Chuo-ku, Osaka City, Osaka, Japan
Fukuoka Branch	8-1 Hakataeki Chuogai, Hakata-ku, Fukuoka City, Fukuoka, Japan
Singapore Branch	Republic of Singapore
Paris Branch	French Republic

• 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
Hobbylink Japan Ltd.	162-1 Kurohakama-cho, Sano City, Tochigi, Japan
Hobby Link Property Co., Ltd.	162-1 Kurohakama-cho, Sano City, Tochigi, Japan
Beaver Corporation, Inc.	1717-1 Tomioka, Sano City, Tochigi, Japan

(13) Employees (as of December 31, 2025)

(i) Employees of the Group

Segment name	Number of employees	Change from the end of the previous fiscal year
Consulting and Advisory Business	351	65 (decrease)
Investment Business	66	49 (increase)
Total	417	16 (decrease)

- 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 65-person decrease in the number of employees of the Consulting and Advisory Business from the end of the previous fiscal year is due to a reduction in personnel for personnel optimization.
3. The 49-person increase in the number of employees of the Investment Business from the end of the previous fiscal year is due to the inclusion of Hobbylink Japan Ltd. and Beaver Corporation, Inc. in the scope of consolidation.

(ii) Employees of the Company

Number of employees	Change from the end of the previous fiscal year	Average age	Average years of service
327	61 (decrease)	37.2 years old	3.2 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, 2025)

Lender	Loan amount (millions of yen)
Kiraboshi Bank, Ltd.	3,450
Sumitomo Mitsui Banking Corporation	1,416

(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, 2025)

- (1) Total number of shares issuable: 45,648,000
(2) Total number of shares issued: 11,772,180 (excluding 46,981 shares of treasury stock)
(3) Number of shareholders: 6,226
(4) Major shareholders (top 10)

Name of shareholders	Number of shares owned (shares)	Shareholding ratio (%)
M&A Capital Partners Co., Ltd.	2,287,000	19.43
Shoichiro Onishi	2,202,285	18.71
Masaya Yajima	614,880	5.22
The Master Trust Bank of Japan, Ltd. (Trust Account)	508,300	4.32
Tomohiro Murata	228,500	1.94
ANTEMA	223,900	1.90
Eiichiro Iwase	129,900	1.10
Satoshi Otani	108,000	0.92
Akinori Nishida	85,604	0.73
Shinji Hikoe	78,280	0.66

Note: Shareholding ratio is calculated excluding the number of shares of treasury stock (46,981 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 & Supervisory Committee Members and Outside Directors)	44,998	3

Note: Regarding 22,994 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 January 14, 2026.

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

(i) Stock option(s)

The total number of shares issued increased by 16,560 due to the exercise of stock options.

(ii) Shares subject to transfer restriction

At its Board of Directors' meeting held on March 27, 2025, the Company resolved to issue new shares, and issued 44,998 new shares on April 18, 2025, in order to grant shares subject to a transfer restriction to three Directors (excluding Directors who are Audit & Supervisory Committee Members).

Furthermore, at the Board of Directors meeting held on January 14, 2026, a resolution was passed to approve the termination of the allotment agreement for 22,994 shares of restricted stock. Consequently, the Company acquired 22,994 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 and Chairman (CEO)	Member of the Nomination and Compensation Advisory Committee Chairperson of the Risk Management Committee	Representative Director, President, CEO and COO of Frontier Capital Inc. Chairman of Frontier Management (Shanghai) Inc. Outside Director of Tokyo Electric Power Company Holdings, Incorporated Director of Athema (Registered trade name: AT Conseil)
Akinori Nishida	Representative Director	Member of the Nomination and Compensation Advisory Committee	Outside Director of Willer, Inc. Outside Director of 77 Partners Co., Ltd. Director of Celebrain Corporation
Masao Nishihara	Director		Special Officer for Finance, Sapporo City
Takeshi Umemoto	Director (Full-time Audit & Supervisory Committee Member)		
Kazuhito Osugi	Director (Audit & 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 & 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 & Supervisory Committee Member)	Member of the Nomination and Compensation Advisory Committee	Outside Audit & Supervisory Board Member of YKK Corporation

- Notes: 1. Directors (Audit & Supervisory Committee Members) 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 (Audit & Supervisory Committee Members) 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 & 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 & Supervisory Committee. This will enhance the audit and oversight capabilities of the Audit & Supervisory Committee.
4. Takeshi Umemoto, Director (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, Director (Audit & 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, Director (Audit & 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.
5. Akinori Nishida resigned from his position as Representative Director on December 31, 2025, and will retire as Director owing to the expiration of his term of office at the conclusion of the 19th Annual General Meeting of Shareholders of the Company to be held on March 26, 2026.
6. Kazuhito Osugi, Keiko Unotoro, and Hikaru Minami resigned from their position as Director (Audit & Supervisory Committee Member) on February 20, 2026.

(2) Amount of compensation, etc., for Directors

(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 & Supervisory Committee Members)	143,033	143,033	–	–	–	3
(Of whom, Outside Directors)	(–)	(–)	(–)	(–)	(–)	(–)
Directors (Audit & Supervisory Committee Members)	43,800	43,800	–	–	–	4
(Of whom, Outside Directors)	(28,800)	(28,800)	(–)	(–)	(–)	(3)
Total	186,833	186,833	–	–	–	7
(Of whom, outside officers)	(28,800)	(28,800)	(–)	(–)	(–)	(3)

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

(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 & 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 & Supervisory Committee. The number of Directors (excluding Directors who are Audit & Supervisory Committee Members) and Directors who are Audit & 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 & 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 outstanding individuals 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 & 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 & 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 & 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 & 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 & 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 & 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 net income excluding Frontier Capital Inc. 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 net income 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%	(30.9)%
Consolidated net income, excluding Frontier Capital Inc.	¥488 million	¥(507) 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 Audit & Supervisory Board Member 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 & Supervisory Committee Member)	Kazuhito Osugi	13/14	16/16	Kazuhito Osugi has been continuing to give diverse statements actively at Board of Directors and Audit & 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 & Supervisory Committee Member)	Keiko Unotoro	14/14	16/16	Keiko Unotoro has been continuing to make diverse statements actively at Board of Directors and Audit & 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 corporate governance, etc.
Director (Audit & Supervisory Committee Member)	Hikaru Minami	14/14	16/16	Hikaru Minami has been leading discussions at the Board of Directors and Audit & 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 internal control, etc. of the entire Group.

Note: 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, 2025)

(Thousands of yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	11,435,134	Current liabilities	3,782,519
Cash and deposits	5,323,310	Accounts payable	376,986
Notes and accounts receivable, and contract assets	1,487,393	Short-term borrowings	800,000
Operational investment securities	3,264,896	Current portion of long-term borrowings	548,492
Merchandise	600,840	Accounts payable-other	464,324
Other	785,101	Income taxes payable	100,115
Allowance for doubtful accounts	(26,408)	Provision for bonuses	886,940
Fixed assets	6,997,286	Provision for bonuses for directors	9,240
Tangible assets	935,581	Provision for shareholder benefit program	71,031
Buildings	556,485	Other	525,389
Machinery and equipment	131,666	Long-term liabilities	4,708,448
Tools, furniture, and fixtures	16,906	Long-term borrowings	4,049,811
Land	229,620	Asset retirement obligations	131,469
Other	902	Deferred tax liabilities	371,913
Intangible assets	3,912,872	Other	155,254
Software	42,743	Total liabilities	8,490,968
Software in progress	114,685	Net assets	
Goodwill	3,080,580	Shareholders' equity	1,458,438
Customer-related assets	673,727	Paid-in capital	395,022
Other	1,135	Capital surplus	754,298
Investments and other assets	2,148,832	Retained earnings	317,480
Investment securities	296	Treasury stock	(8,363)
Stocks of subsidiaries and affiliates	1,263,995	Other accumulated comprehensive income	233,042
Investments in capital of subsidiaries and associates	2,972	Valuation difference on available-for-sale securities	29,554
Lease deposits	379,852	Foreign currency translation adjustment	203,487
Deferred tax assets	333,492	Share acquisition right	54,976
Other	199,846	Non-controlling interests	8,197,166
Allowance for doubtful accounts	(31,623)		
Deferred assets	2,170		
Organization expenses	2,170	Total net assets	9,943,623
Total assets	18,434,591	Total liabilities and net assets	18,434,591

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

Consolidated Statement of Income

(From January 1, 2025 to December 31, 2025)

(Thousands of yen)

Item	Amount	
Net sales		13,489,533
Cost of sales		8,474,725
Gross profit		5,014,808
Selling, general and administrative expenses		5,349,874
Operating loss		(335,066)
Non-operating income		
Interest income	10,957	
Insurance dividend income	3,162	
Reversal of allowance for doubtful accounts	9,394	
Electricity sale income	19,610	
Foreign exchange gains	13,241	
Other	12,034	68,402
Non-operating expenses		
Interest expenses	141,763	
Equity in losses of affiliates	10,295	
Share issuance costs	8,732	
Depreciation	13,353	
Financing expenses	121,624	
Provision of allowance for doubtful accounts	9,245	
Loss on valuation of derivatives	84,643	
Other	8,115	397,772
Ordinary loss		(664,436)
Extraordinary loss		
Provision of allowance for doubtful accounts	31,623	
Impairment losses	137,500	
Restructuring costs	107,509	
Shareholders' meeting-related expenses	25,000	301,632
Loss before income taxes		(966,068)
Income taxes	141,567	
Income taxes-deferred	49,962	191,530
Net loss		(1,157,599)
Net loss attributable to non-controlling interests		(51,050)
Net loss attributable to owners of parent		(1,106,548)

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

Non-consolidated Balance Sheet

(As of December 31, 2025)

(Thousands of yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	3,010,322	Current liabilities	2,507,175
Cash and deposits	1,338,865	Accounts payable	106,169
Notes and accounts receivable, and contract assets	1,404,588	Short-term borrowings	800,000
Prepaid expenses	117,057	Current portion of long-term borrowings	236,000
Advances paid	27,276	Accounts payable-other	173,593
Other	147,916	Accrued expenses	151,070
Allowance for doubtful accounts	(25,383)	Contract liabilities	18,268
Fixed assets	3,980,165	Deposits received	66,402
Tangible assets	151,691	Income taxes payable	31,181
Buildings	141,354	Provision for bonuses	779,253
Tools, furniture, and fixtures	10,336	Provision for shareholder benefit program	71,031
Intangible assets	27,071	Other	74,204
Software	21,569	Long-term liabilities	1,004,119
Software in progress	5,400	Long-term borrowings	880,000
Other	102	Asset retirement obligations	124,119
Investments and other assets	3,801,402	Total liabilities	3,511,295
Stocks of subsidiaries and affiliates	3,130,106		
Investments in capital of subsidiaries and associates	2,500	Net assets	
Long-term accounts receivable - other	20,601	Shareholders' equity	3,424,216
Lease deposits	332,292	Paid-in Capital	395,022
Distressed receivables	31,623	Capital surplus	753,398
Deferred tax assets	312,703	Capital reserve	395,022
Other investments, etc.	3,198	Other capital surplus	358,375
Allowance for doubtful accounts	(31,623)	Retained earnings	2,284,158
		Other retained earnings	2,284,158
		Retained earnings brought forward	2,284,158
		Treasury stock	(8,363)
		Share acquisition right	54,976
		Total net assets	3,479,192
Total assets	6,990,487	Total liabilities and net assets	6,990,487

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

Non-consolidated Statement of Income

(From January 1, 2025 to December 31, 2025)

(Thousands of yen)

Item	Amount	
Net sales		8,082,128
Cost of sales		4,486,467
Gross profit		3,595,660
Selling, general and administrative expenses		3,750,092
Operating loss		(154,431)
Non-operating income		
Interest income	2,121	
Dividend income	164,910	
Insurance dividend income	3,162	
Foreign exchange gains	13,390	
Other	7,025	190,610
Non-operating expenses		
Interest expenses	25,538	
Loss on valuation of derivatives	84,643	110,182
Ordinary loss		(74,003)
Extraordinary income		
Gain on liquidation of subsidiaries and associates	3,326	3,326
Extraordinary loss		
Provision of allowance for doubtful accounts	31,623	
Restructuring costs	75,760	
Shareholders' meeting-related expenses	25,000	132,383
Loss before income taxes		(203,059)
Income taxes	5,153	
Income taxes-deferred	105,638	110,792
Net loss		(313,852)

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

Audit Report

The Audit & Supervisory Committee audited the execution of duties by Directors for the 19th fiscal year from January 1, 2025 to December 31, 2025. We report the method and results thereof as follows.

1. Method and contents of audit

The Audit & 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 & 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. We raised necessary questions as to the status of governance of the Group companies to the Representative Director.

(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 20, 2026

Audit & 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 & Supervisory Committee Members, are Outside Directors as stipulated in Article 2, item (xv) and Article 331, paragraph (6) of the Companies Act.