



FRONTIER
MANAGEMENT
INC.

3Q FY2020 Financial Results

Ending December 2020

Frontier Management Inc.
(TSE 1st Section: 7038)
November 12, 2020

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Section 1

3Q FY2020 Financial Results



Summary

- Continuous growth in Management Consulting business and significant growth in Business Revitalization Support business.
- Recorded the highest backlog in Financial Advisory business.
- Net income increased significantly due to the elimination of one-time expenses relating with the head office relocation in previous fiscal year.
- Increase to 223 employees at the end of third quarter compared to the target of 200.

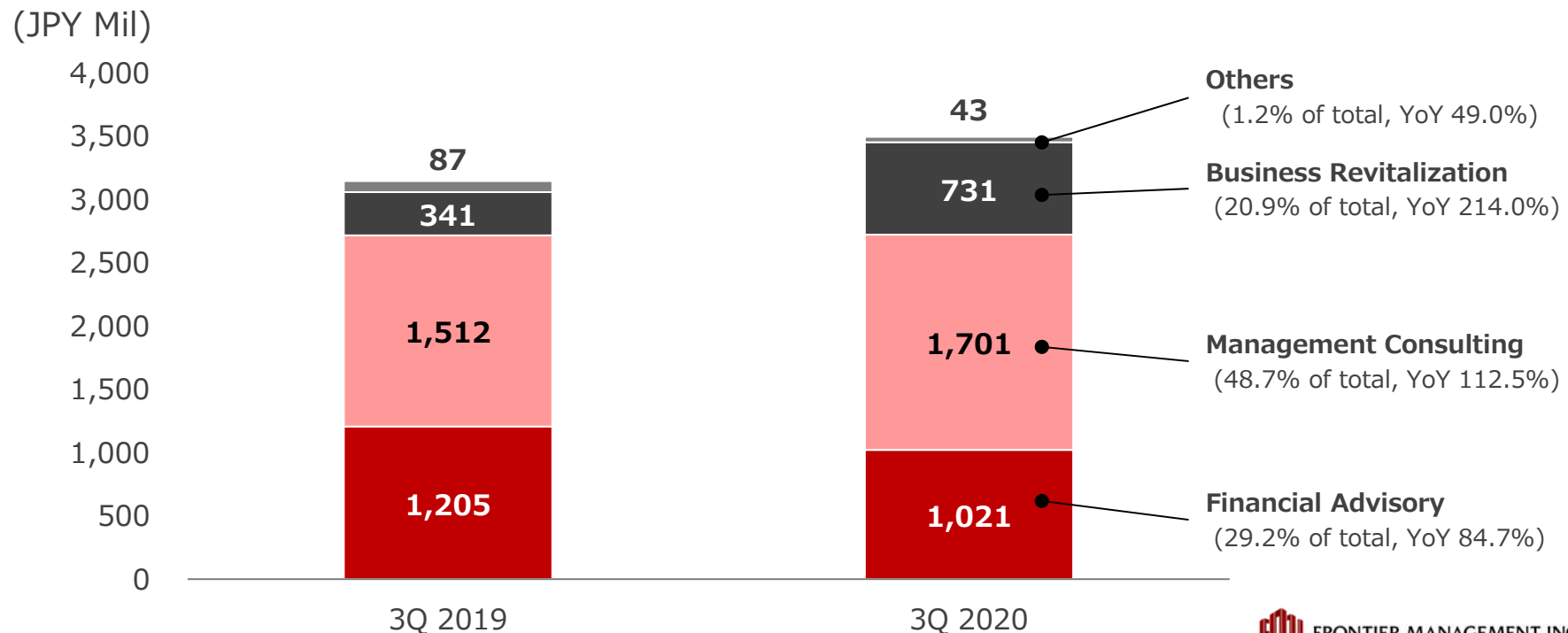
(JPY Mil)

| | 2019 3Q results | 2020 3Q results | YOY change (amount) | YOY change (percentage) | Forecast (Feb. 13, '20) | Progress rate |
|------------------|--------------------|--------------------|------------------------|----------------------------|----------------------------|---------------|
| Net revenue | 3,145 | 3,495 | +349 | + 11% | 5,300 | 66% |
| Operating income | 133 | 116 | - 18 | - 13% | 800 | 15% |
| Ordinary income | 143 | 109 | - 35 | - 24% | 800 | 14% |
| Net income | 36 | 71 | + 35 | + 97% | 557 | 13% |



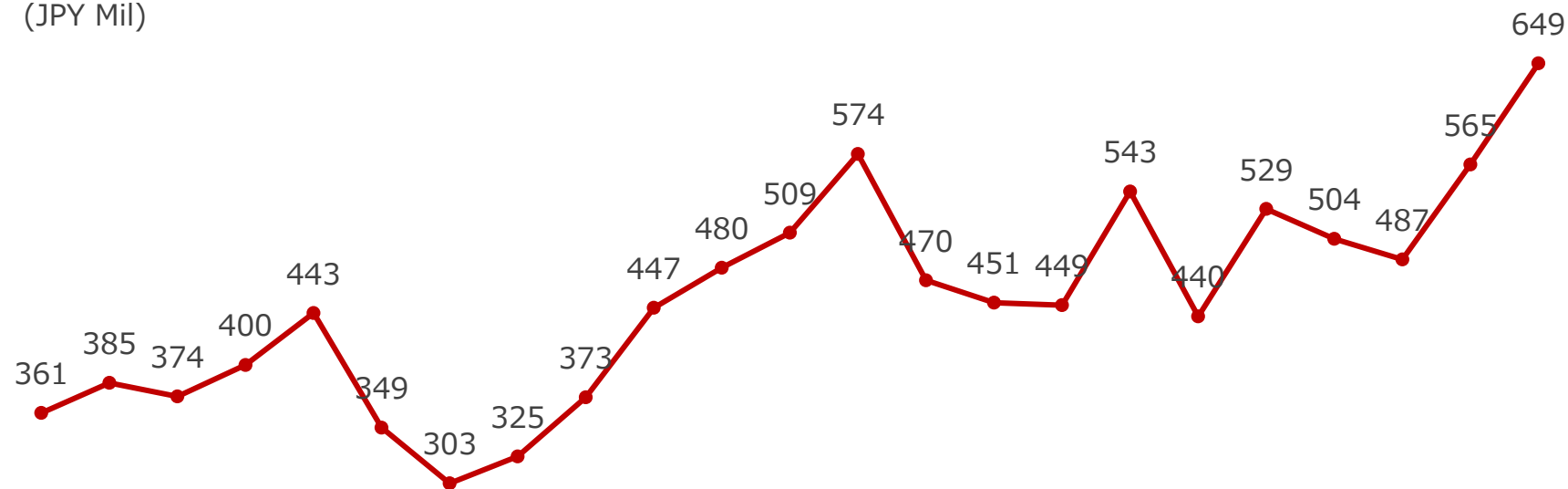
Revenue by division

- Management Consulting revenue increased number of ongoing and large-scale projects.
- Business Revitalization Support increased the number of projects. Unit revenue increased more than double year-on-year.
- Financial Advisory revenue weakened due to a shortfall in cross-border M&A by COVID-19, and delayed projects into 4th Quarter.



Quarterly revenue trend (1/3) ~ Management Consulting

(JPY Mil)

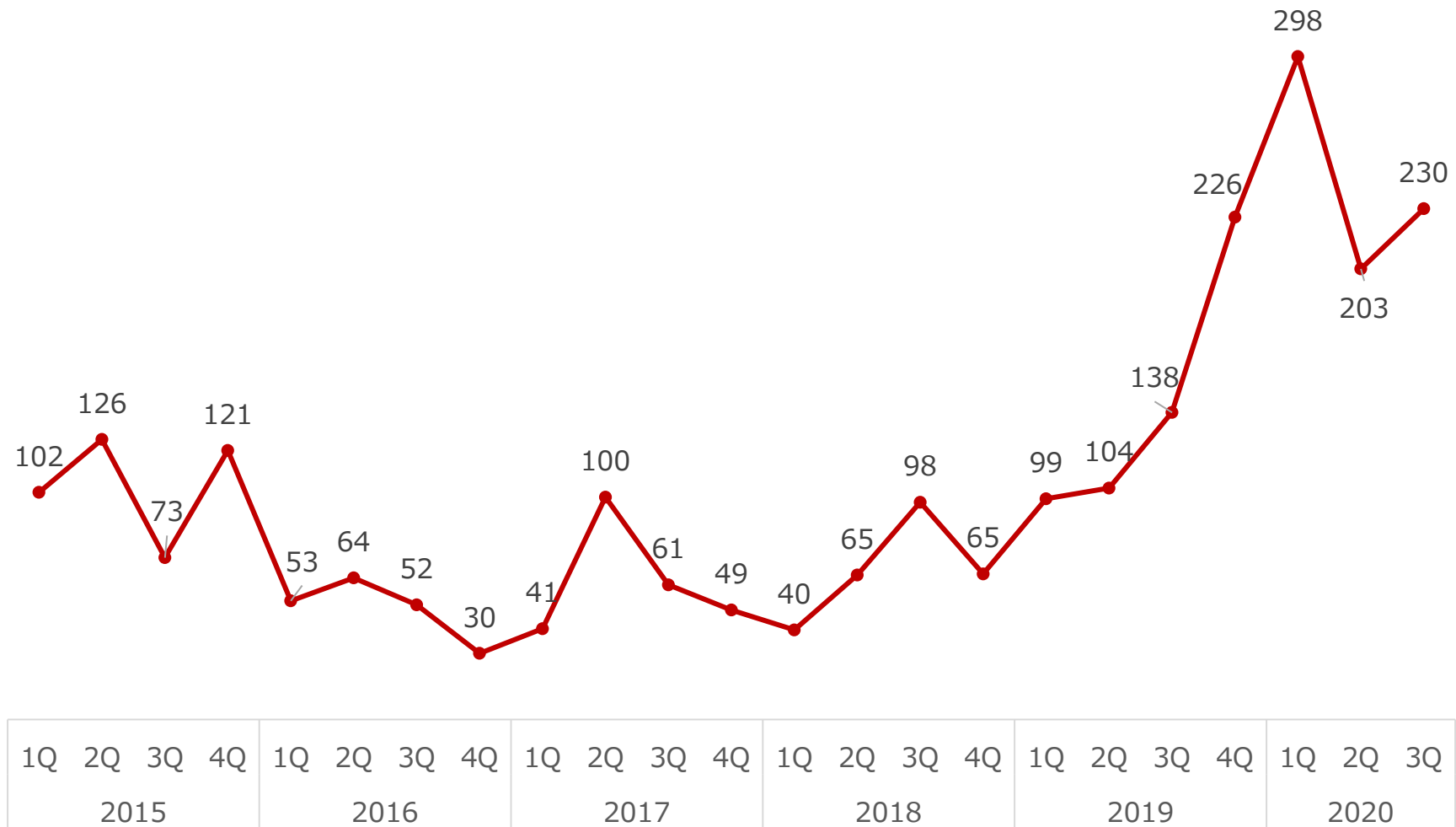


| | | | | | | | | | | | | | | | | | | | | | | |
|------|----|----|----|------|----|----|----|------|----|----|----|------|----|----|----|------|----|----|----|------|----|----|
| 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q |
| 2015 | | | | 2016 | | | | 2017 | | | | 2018 | | | | 2019 | | | | 2020 | | |



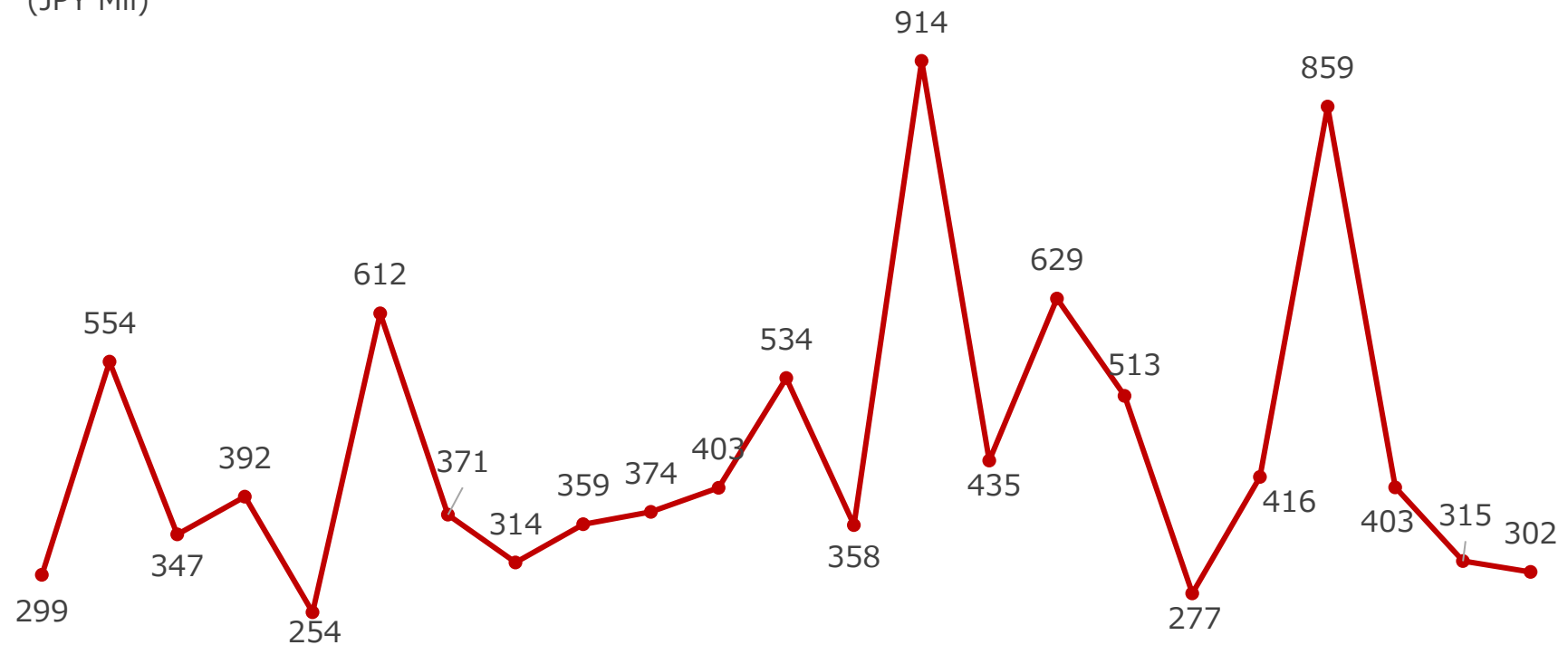
Quarterly revenue trend (2/3) ~ Business Revitalization Support

(JPY Mil)



Quarterly revenue trend (3/3) ~ Financial Advisory

(JPY Mil)



| | | | | | | | | | | | | | | | | | | | | | | | |
|------|----|----|----|------|----|----|----|------|----|----|----|------|----|----|----|------|----|----|----|------|----|----|--|
| 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | |
| 2015 | | | | 2016 | | | | 2017 | | | | 2018 | | | | 2019 | | | | 2020 | | | |



P/L overview

Personnel and recruitment expenses increased driven by acceleration of recruitment, and outsourcing expenses trends downward.

(JPY Mil)

| | 2019 3Q results | 2020 3Q results | Percentage change | |
|-------------------------------|--------------------|--------------------|----------------------|---|
| Net revenue | 3,145 | 3,495 | +11% | |
| Operating expenses | 3,012 | 3,379 | +12% | Reduction of outsourcing expenses JPY -84Mil |
| Outsourcing expenses | 237 | 153 | -35% | |
| Personnel expenses | 2,002 | 2,367 | +18% | |
| Recruitment expenses | 104 | 174 | +67% | |
| Other expenses | 667 | 683 | +2% | Increase in personnel and recruitment expenses JPY +435Mil |
| Operating income | 133 | 116 | -13% | |
| Ordinary income | 143 | 109 | -24% | |
| Profit before tax | 100 | 109 | +9% | |
| Net income | 36 | 71 | +97% | |
| Depreciation and amortization | 23 | 28 | +23% | |
| EBITDA | 124 | 139 | +12% | |



B/S overview

(JPY Mil)

| | End of Dec. 2019 | End of Sep. 2020 | YOY change |
|----------------------------------|------------------|------------------|------------|
| Current assets | 2,585 | 2,290 | -295 |
| Non-current assets | 683 | 721 | +37 |
| Total assets | 3,269 | 3,012 | -257 |
| Current liabilities | 1,001 | 833 | -169 |
| Non-current liabilities | 82 | 82 | +0 |
| Shareholders' equity | 2,173 | 2,084 | -89 |
| Other net assets | 12 | 12 | +0 |
| Total liabilities and net assets | 3,269 | 3,012 | -257 |
| Cash and deposits | 1,733 | 1,581 | -152 |
| Interest-bearing debt | - | - | - |
| Net Debt | -1,733 | -1,581 | +152 |





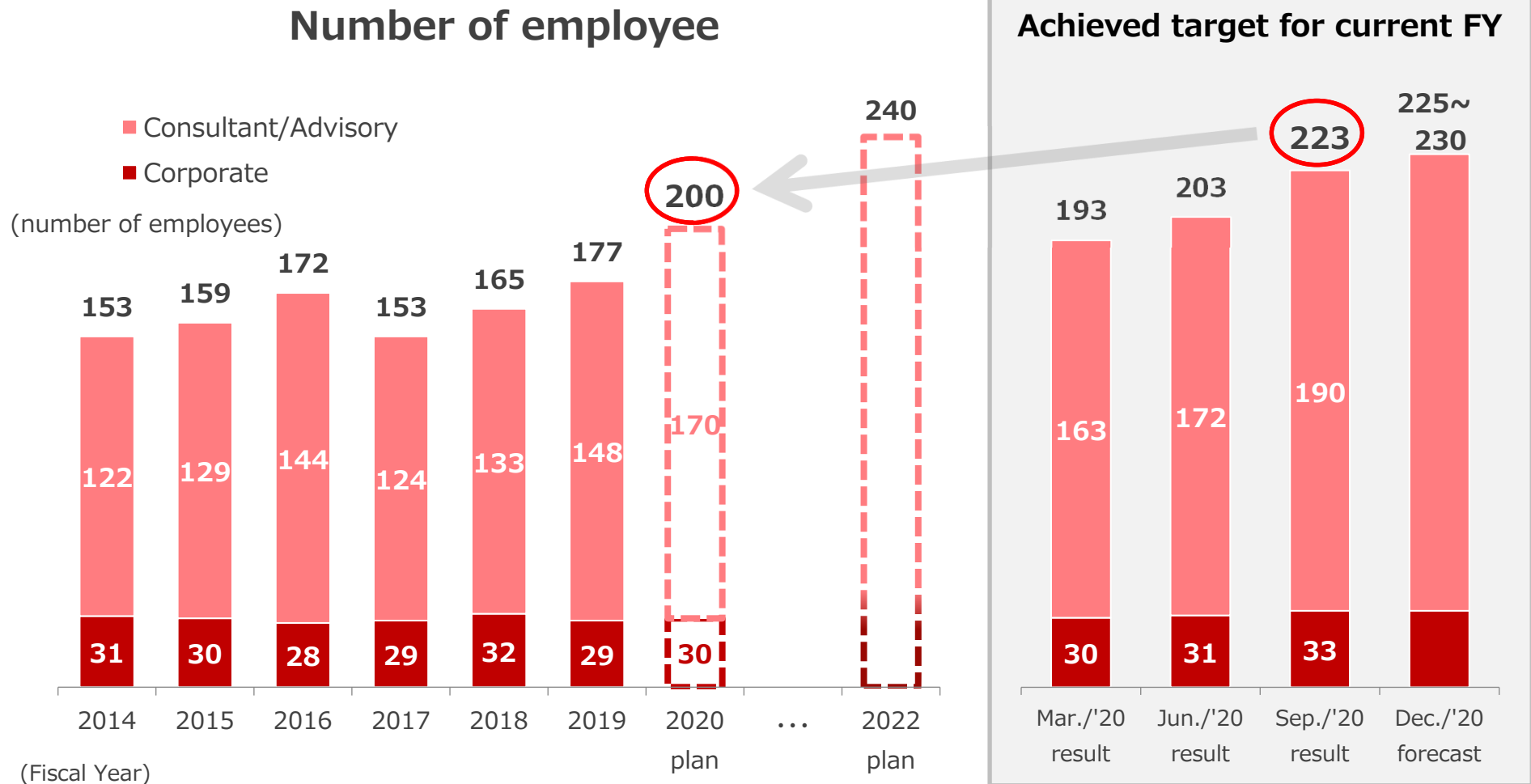
Section 2

Our Various Progress



Recruitment

Continue to recruit the talents in preparation for the future large-scale projects and the increase in revitalization projects.

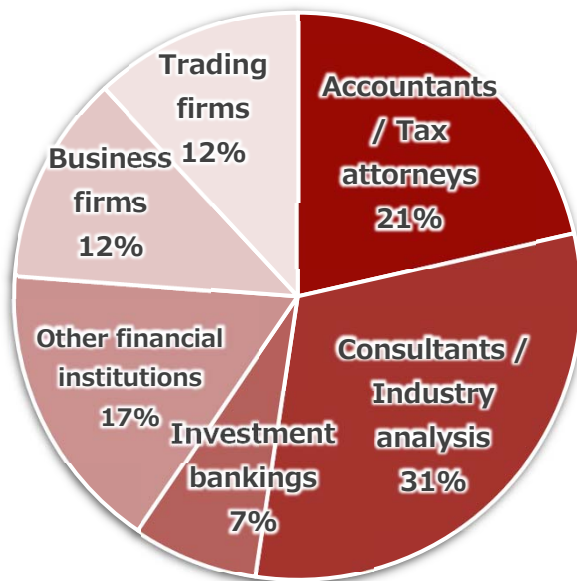


Personnel background

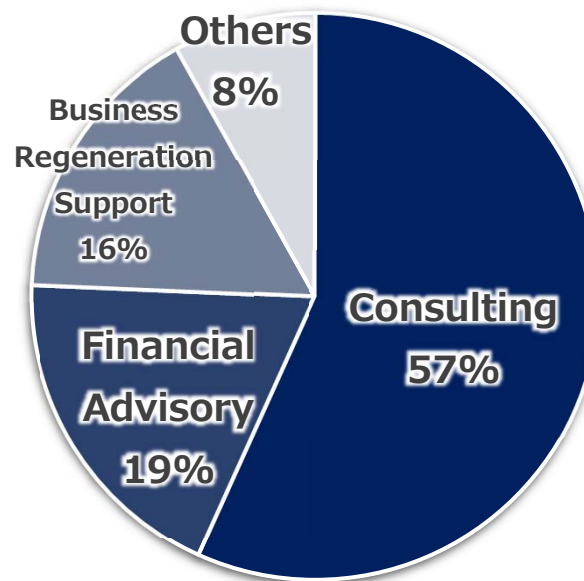
New hired with diverse backgrounds. Assigned to business divisions where required by the market.

Recruited from Jan. to Sep. 2020

Background



Assigned Departments



Position



Listed on the First Section of the Tokyo Stock Exchange

Frontier Management Inc. was transferred from the Mothers section to the First Section of the Tokyo Stock Exchange on Sep. 7, 2020.



青木 悠太郎/青野 新/赤木 幹大/朝夷 敏久/浅海 充正/安積 正和/阿部 敬/Aldric How/飯田 俊哉/五十嵐 幹直/石川 夏鈴/一志 佳孝/伊藤 雅典
稲田 洋介/今井 健太/宇畑 明典/梅本 武/海老原 成敏/遠藤 薫/大迫 友哉/大杉 和人/大塚 直通/大西 恭平/大沼 蔵人/大屋 貴史
大山 龍磨/小笠原 素規/岡村 英和/岡本 有晃/沖野 登史彦/荻村 昇二/小沢 京子/小田部 馨/小野寺 郁斗/小幡 駿/加藤 聖也
樺澤 雄太郎/栢森 太一/川喜田 昭博/川本 紘登/木俣 洋祐/葛本 裕和/三藤 友紀/栗山 史/樽沼 道久/黒澤 猛/桑原 鮎美
古賀 彰/古賀 駿佑/越野 純子/越守 丈太郎/後藤 健斗/木波 壽司/木場 亮太/小柳 寛人/小柳 秀征/近藤 俊明
齊藤 雄輔/佐伯 俊介/酒井 信行/坂本 伸仁/笹井 章弘/笹沼 大樹/佐藤 誠/佐野 伸輔/佐野 巧真/Zhang Zhekai
清水 淳史/下河邊 和彦/下村 昂/城野 聡宏/白石 卓彰/白澤 裕/菅谷 貴志/菅原 良太郎/杉 容子/James Horiuchi
圖子 大智/関口 敏光/瀧間 勝巳/高井 良/石紀 高久/昌英/高野 陽子/高橋 尚美/高橋 義昭/竹下 薫/徐 子錚
武田 惇吾/田中 浩一郎/田中 晃/田中 裕輔/土屋 有介/寺阪 潤也/友清 小夜香/豊重 匠汰朗/Joel Tay/石 婉瑩
永島 徳大/中間 昭登/中村 暁高/中村 吉孝/成田 晃一/西上 義彦/西澤 純男/西田 明德/西山 真司
二宮 茂明/橋 文葉/橋口 信一郎/長谷川 智之/長谷川 亮一/長谷川 翔一/長谷川 智之/長谷川 亮一/服部 暢達/馬場 智大/早川 友啓
比嘉 大輔/疋田 英朗/彦工 伸治/火箱 絵美/平野 達也/深堀 恵/福田 聡一郎/藤澤 順也/藤下 修平/藤田 美紗子/舟橋 宏和
堀越 康夫/本間 貴之/前島 有吾/前田 竜/増子 洋/松尾 快/松村 幸男/三浦 充美/水野 英之/光澤 利幸/箕岡 英樹/宮部 良将
村瀬 協吾/村田 朋博/毛利 剛実/甕 知行/本橋 陽介/森 楓子/森口 輝来/矢島 政也/泰永 大輔/山内 俊毅/山川 寛之/山岸 典博/山越 功
山崎 拓/山田 耕太郎/山田 涼平/山手 剛人/横江 正三/横田 倫乙/横山 卓哉/吉田 亮太/吉村 貴幸/羅 恵/和田 晃一/和田 勇人/ほか63名

フロンティア・マネジメントは、産業再生機構出身の2名の代表により、専門家チームによるお客様の経営課題の解決を企図して設立され、経営支援・M&A・事業再生など多様な専門性・手法を提供してまいりました。これからもご支援のほどお願いいたします。



フロンティア・マネジメント株式会社 〒106-6241 東京都港区六本木3-2-1 住友不動産六本木グランドタワー41階 ホームページ <https://www.frontier-mgmt.com>



代表取締役
大西 正一郎



代表取締役
松岡 真宏

Webinar

上場記念セミナー

『ダメ企業の株価が高いワケ』

開催日程 9月10日(木) 14時より
登壇者 フロンティア・マネジメント株式会社
代表取締役 松岡真宏

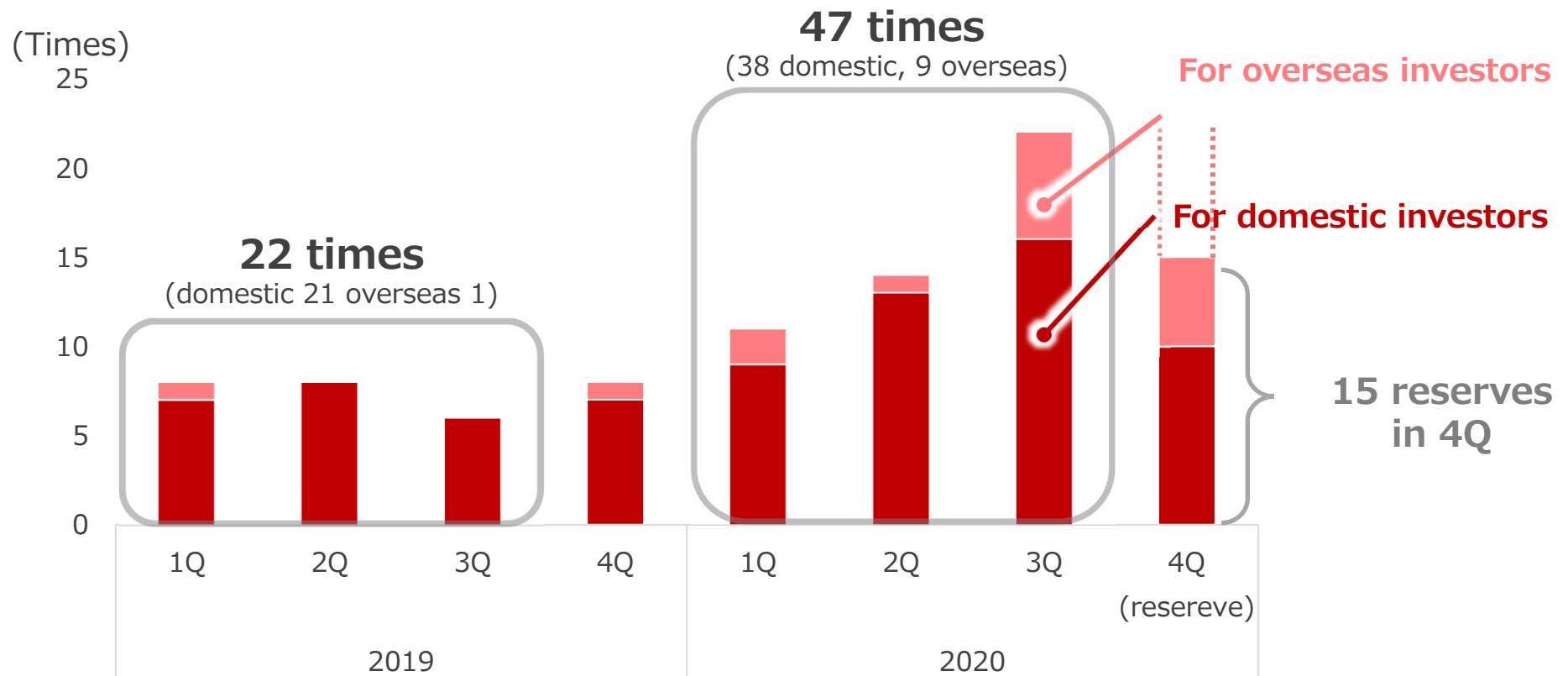


FRONTIER MANAGEMENT INC.

IR activities

Increased IR activities for both domestic and overseas investors.
Doubled in 1-3Q comparing previous fiscal year.

Number of individual IR meetings with institutional investors



Webinars

Launched webinars from Sep. 2020 to expand new contacts with customers and provide them tips for the resolution of challenges from various perspectives. 1,142 cumulative viewers (as of Nov. 9, 2020).

By industry

Retail, wholesale,
Restaurants, Services,
Consumer-products,
Industrial-materials,
Infrastructure,
Finance,
IT, Medical, etc.



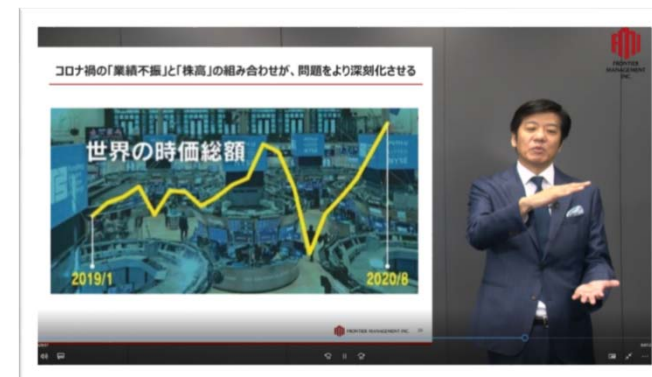
By solution

M&A Advisory
Management Consulting
Business Revitalization Support
Management Executive
Support



By region

Japan,
Chinese, Asian,
North America,
Europe, etc.



Owned media "Frontier Eyes Online"

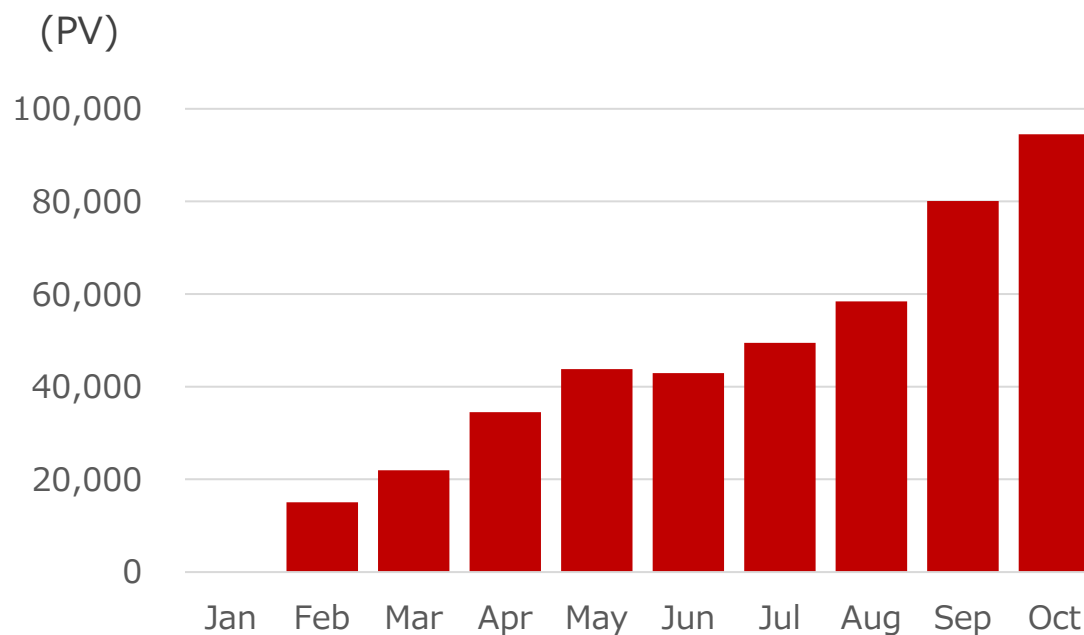
Started our owned media to raise our brand presence from Feb.
95,000 PVs reached in Oct., compared to the target of 100,000 PVs
in Dec. 2020.

"Frontier Eyes Online"



<https://frontier-eyes.online/>

Monthly PV trend





Section 3

FY2020 Full-Year Earnings Forecast



FY2020 Full-year earnings forecast

Management Consulting and Business Revitalization Support

- Strong upward trend is expected to continue in/after 4th Quarter.

Financial Advisory

- Revenue temporarily weakened due to COVID-19, but the backlog in 2nd and 3rd Quarters reached the highest record.
- Inquiries for carve-out and revitalization-related M&A projects.

SG&A

- Continues the hiring activities in 4th Quarter. Expected to be in the range of 225 to 230 employees at the end of this fiscal year.

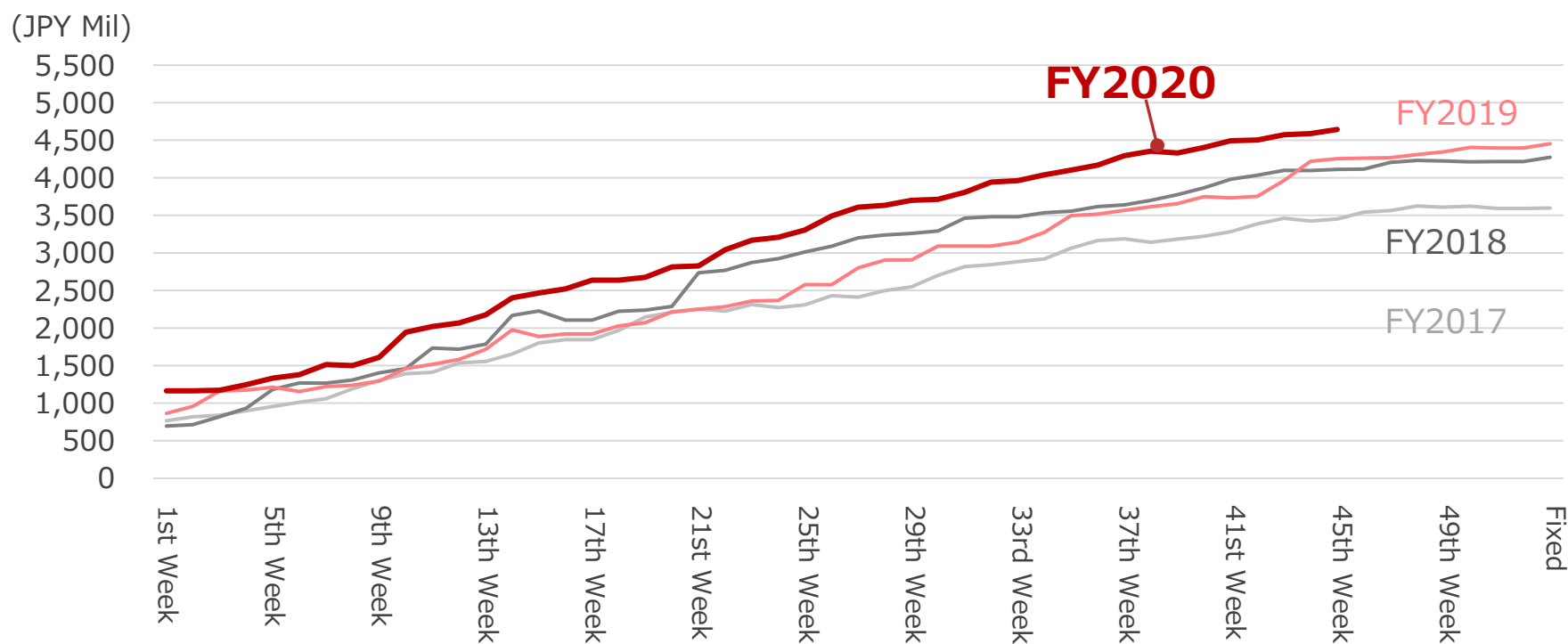
Full-year Forecast

- Forecasts for net revenue JPY5,300 million and operating income JPY800 million remain unchanged.
- Planning a medium-term strategy to be disclosed in Feb. 2021.



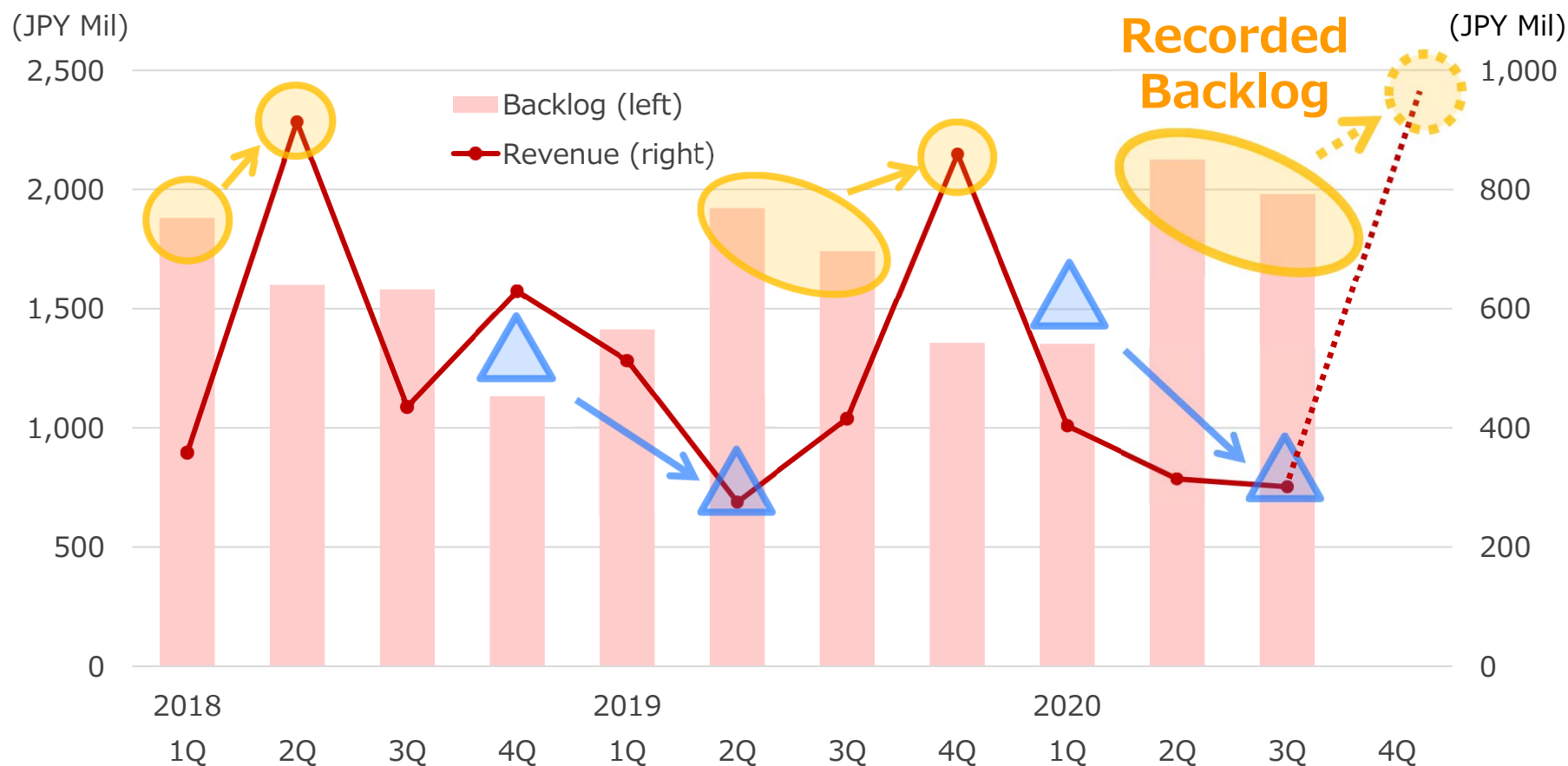
Weekly order trend

Trend exceeding the previous fiscal year due to the increase in long-term and large-scale projects.



Financial Advisory revenue and backlog

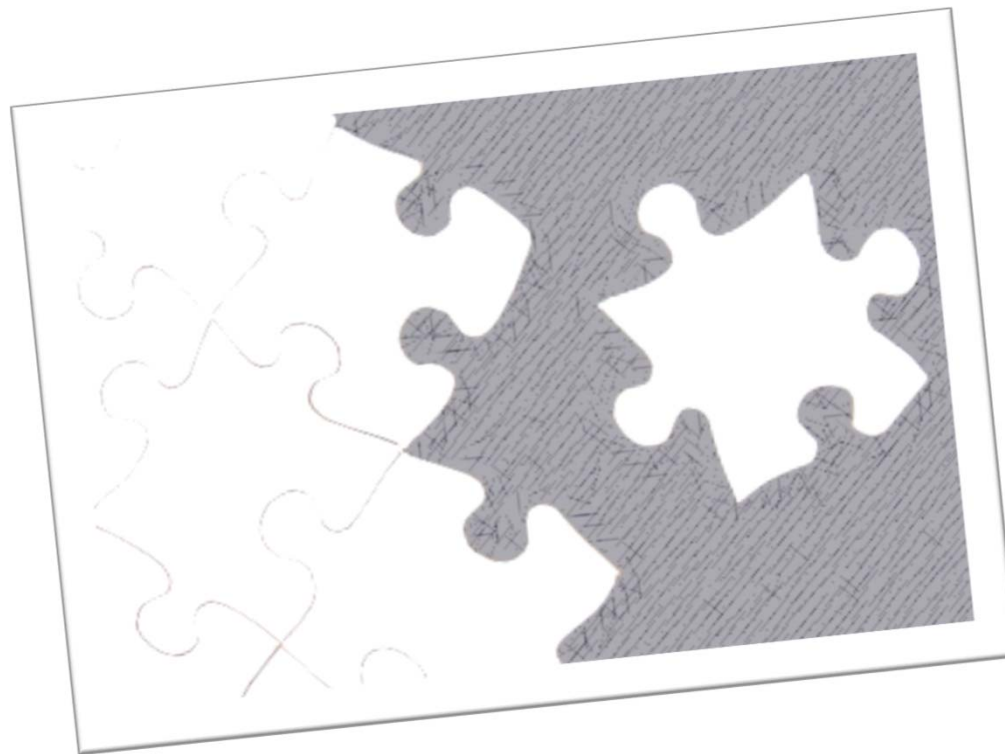
Revenue to 3rd Quarter were sluggish due to COVID-19. Orders recovering and recorded the highest backlog level. Expected to realize in the 4th Quarter revenue.



Stock splits

2-for-1 stock split on Jan. 1, 2021 (Record date: December 31, 2020).

Expect to increase the liquidity.





Section 4

Company Profile



Background of establishment



Representative Director
Shoichiro Onishi

- After registering as an attorney, joined the law firm of Okuno & Partners Law Office and appointed as a partner in 1997.
- Engaged in the corporate reorganization proceedings of Japan Lease, Life Co., Ltd., and The Taisei Fire & Marine Insurance Co., Ltd. as an acting trustee or other capacity.



Representative Director
Masahiro Matsuoka

- After working at Nomura Research Institute, Ltd. and Barclays Bank PLC, joined UBS Securities Japan Ltd, and was subsequently appointed concurrently as Head of Equity Research and Managing Director in 1999.
- Activities as a securities analyst with a focus on the retail industry more than 10 years.

Established Industrial Revitalization Corporation Japan in 2003



Joined

IRCJ



Joined

Engaged in Mitsui Mining Co.'s business turnaround project as an auditor and Kanebo, Ltd. and The Daiei, Inc.'s turnaround project as a director.

Engaged in the turnaround projects of Kanebo, Ltd. and The Daiei, Inc. as a director.



Jointly established the company in 2007



FRONTIER MANAGEMENT INC.

Aim

Contribute to enhancing corporate value and building a sustainable society by gathering wisdom from around the world and solving complex corporate issues as a group of experts with diverse backgrounds



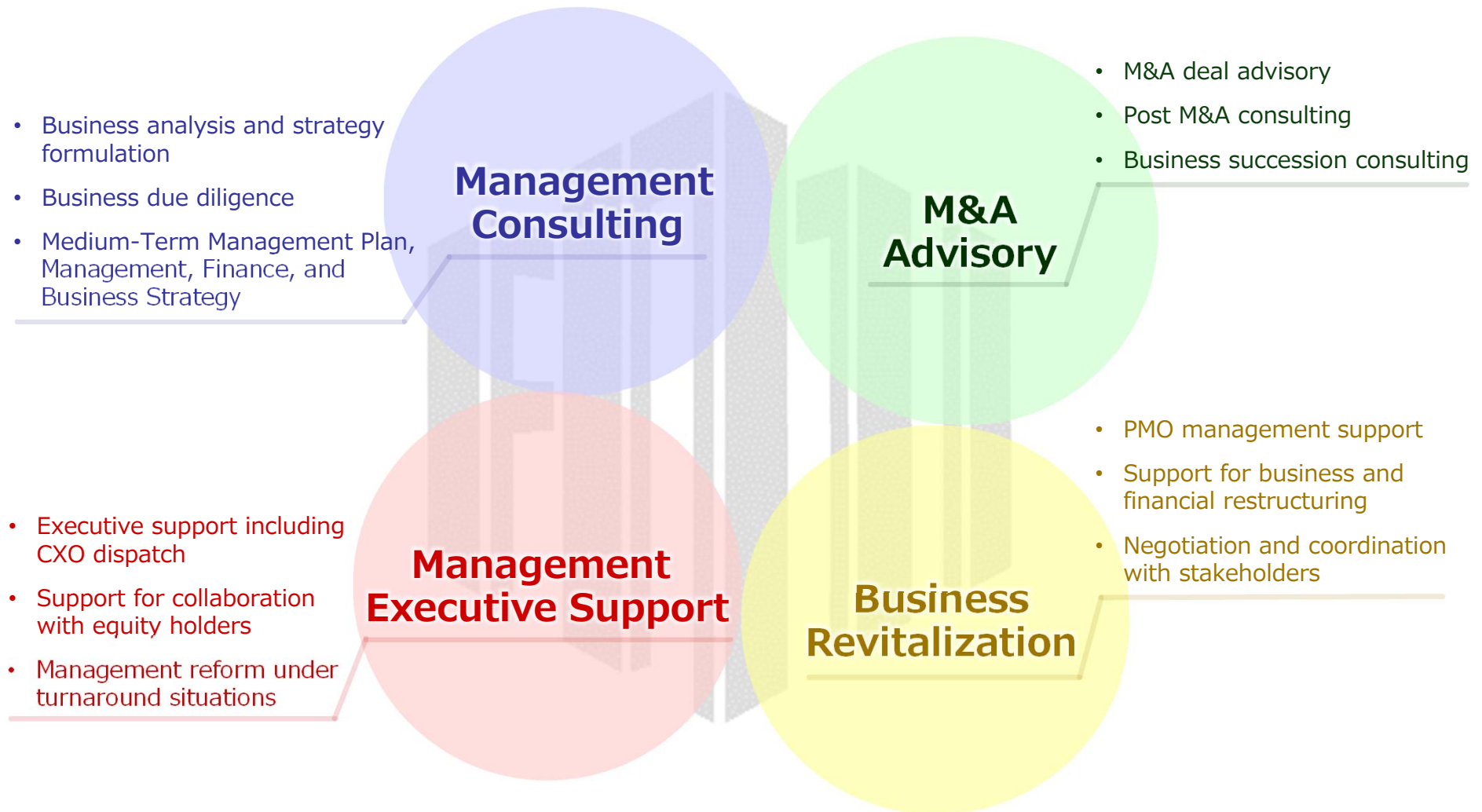
Breakdown of employee backgrounds

As of Sep. 30, 2020



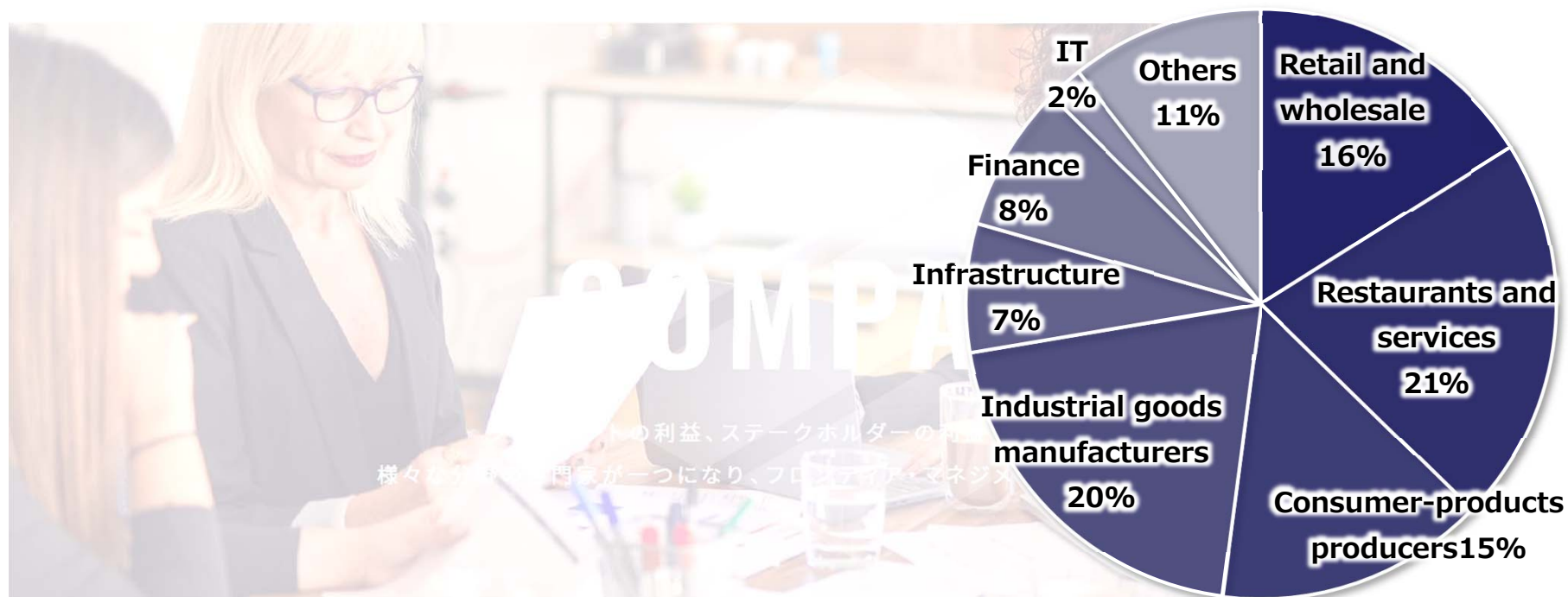
Business

Providing a wide range of services in response to corporate issues at all stages



Customers


Providing services to companies in diverse industries



FY2019 results



History

- 
- FY2007 ● Establishment
 - FY2011 ● Established a Chinese subsidiary (Frontier Management (Shanghai) Inc.)
 - FY2012 ● Opened a branch in Singapore to strengthen cross-border M&A
 - FY2014 ● Opened the Nagano and Osaka Branches to realize community-based management support services
 - FY2017 ● New York Branch opened to strengthen cross-border M&A
Launched fund business to provide funding support services to customers
 - FY2018 ● Listed on TSE Mothers section
Investment made in the first project of the fund
 - FY2019 ● Opened the Nagoya Branch to expand the service territory
Relocated to current location (Roppongi, Minato-ku, Tokyo)
 - FY2020 ● Changed to TSE First Section



Organizational chart

Director of the Board



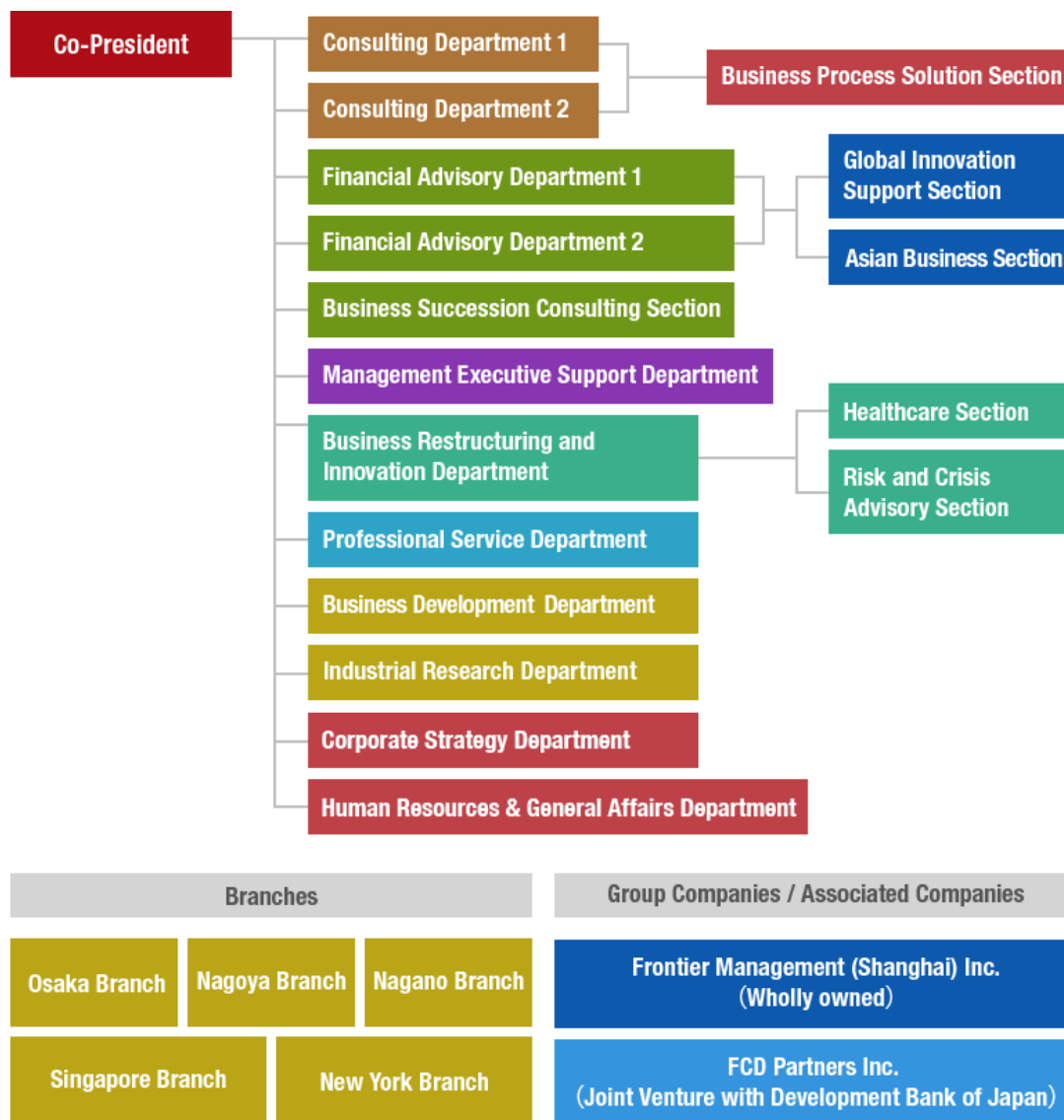
Co-President
Shoichiro Onishi



Co-President
Masahiro Matsuoka



Director of the Board
Yoshiaki Takahashi



Management philosophy

Contributions to the benefit of clients

We work for the benefit of our clients by enhancing corporate value.

Contributions to the benefit of stakeholders

By offering well balanced solutions, we work for the benefit of business owners and managers, employees, business partners, customers, creditors, and other stakeholders.

Contributions to society

We contribute to society by raising the value (goods & services) provided by our client companies.



Shareholder return policy

Continue stable shareholder returns.

- Dividend payout ratio: 30%
- Shareholder incentives: JPY1,000 QUO card twice a year



Company overview

Company Overview

Company Name Frontier Management Inc.

Established January 4, 2007

Listed First Section of the Tokyo Stock Exchange
(Code Number : 7038)

Location Sumitomo Fudosan Roppongi Grand Tower 41F
3-2-1 Roppongi, Minato-ku, Tokyo

TEL/FAX <TEL>+81-3-6862-5180 (general) <FAX>+81-3-6862-8611

Website <https://www.frontier-mgmt.com>

Major shareholder Shoichiro Onishi
Masahiro Matsuoka

Officers, etc Co-president Shoichiro Onishi
Co-president Masahiro Matsuoka

Director of the Board Yoshiaki Takahashi
Outside Director of the Board Kazuhito Osugi

Statutory Auditor Takeshi Umemoto
Auditor Kazuhiko Shimokobe
Auditor Nobumichi Hattori

Senior Managing Executive Officer Toshi Mitsuzawa
Managing Executive Officer Sumio Nishizawa
Managing Executive Officer Akinori Nishida
Managing Director Masaya Yajima
Managing Director Shinji Hikoe
Managing Director Hitoshi Kuriyama
Managing Director Tomohiro Murata
Managing Director Takashi Abe
Managing Director Junko Koshino

No. of employees 223(consolidated) as of end of September, 2020

Branch Osaka Branch Nagoya Branch Nagano Branch
Singapore Branch New York Branch

Group Companies Frontier Management (Shanghai) Inc. (Wholly owned)

Associated Companies FCD Partners Inc.

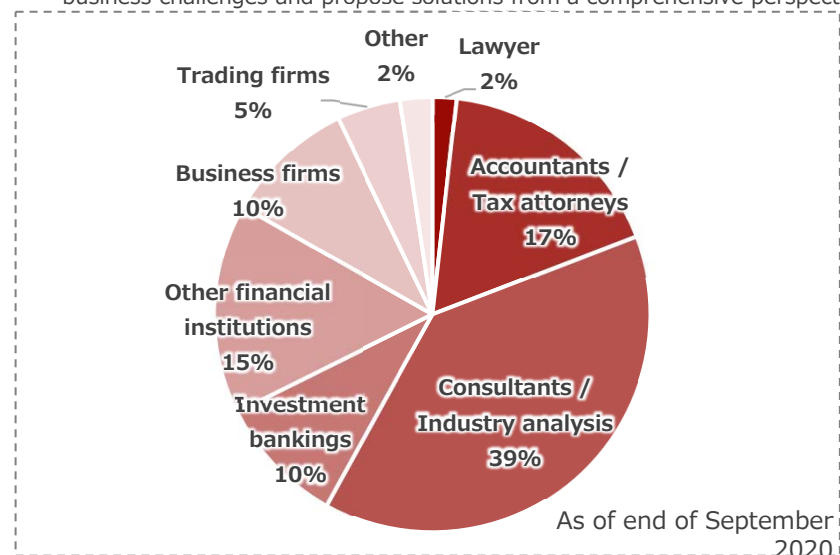


Business

1. Management Consulting
2. M&A Advisory
3. Management Executive Support
4. Business Revitalization Support

Makeup of professionals

- ✓ The Company has experts in fields associated with business management: business, finance, accounting, tax practice, and law. (1) attorneys at law, accountants, and tax attorneys, (2) consultants and industry analysts, and (3) persons involved in investment banking and business management, and others.
- ✓ We form the best team of experts in accordance with each company's business challenges and propose solutions from a comprehensive perspective.



Disclaimer

- Forward-looking statements such as earnings forecasts and other projections contained in this release are based on information available at this time and assumptions that management believes to be reasonable, and do not constitute guarantees of future performance. Actual results may differ materially from those expectations due to various factors.

