



**FRONTIER  
MANAGEMENT  
INC.**

# **FY2020 Financial Results**

Ending December 2020

February 9, 2021

Frontier Management Inc.

## Contents

Chapter 1 FY2020 Financial Results

Chapter 2 Shareholder Returns

Chapter 3 FY2021 Forecast

Chapter 4 Medium-Term Management Plan

Chapter 5 Company Profile

## Contents

Chapter 1 FY2020 Financial Results

Chapter 2 Shareholder Returns

Chapter 3 FY2021 Forecast

Chapter 4 Medium-Term Management Plan

Chapter 5 Company Profile

## Summary

- Revenue increased 9% year on year, driven by the Management Consulting Business and the Revitalization Support Business, while large-scale cross-boarder M&A projects in the Financial Advisory Business delayed.
- Increased personnel and recruitment expenses more than the initial forecast due to accelerated recruitment.
- Recorded impairment of investment through FCD Partners of JPY57 Mil, which affected on operating income.

(JPY Mil)

	FY2019 Actual	FY2020 Actual	YOY change (amount)	YOY change (percentage)	Forecast (Feb 13, '20)	Achievement rate
Net sales	4,771	<b>5,192</b>	+421	+ 9%	5,300	98%
Operating income	663	<b>580</b>	- 83	- 12%	800	73%
Ordinary income	678	<b>575</b>	-104	- 15%	800	72%
Net income	429	<b>420</b>	- 9	- 2%	557	75%

# One-time factors affecting income

## 1. Large-scale projects in the Financial Advisory Business: JPY150-200 Mil

- 2 cross-boarder projects delayed and pushed to FY2021.

## 2. Increase in personnel and recruitment expenses: JPY150 Mil

- 227 employees (up 50 persons) compared to the target of 200 employees at the end of the FY2020.
  - Ref: Increased 12 employees in FY2018 and 12 employees in FY2019.

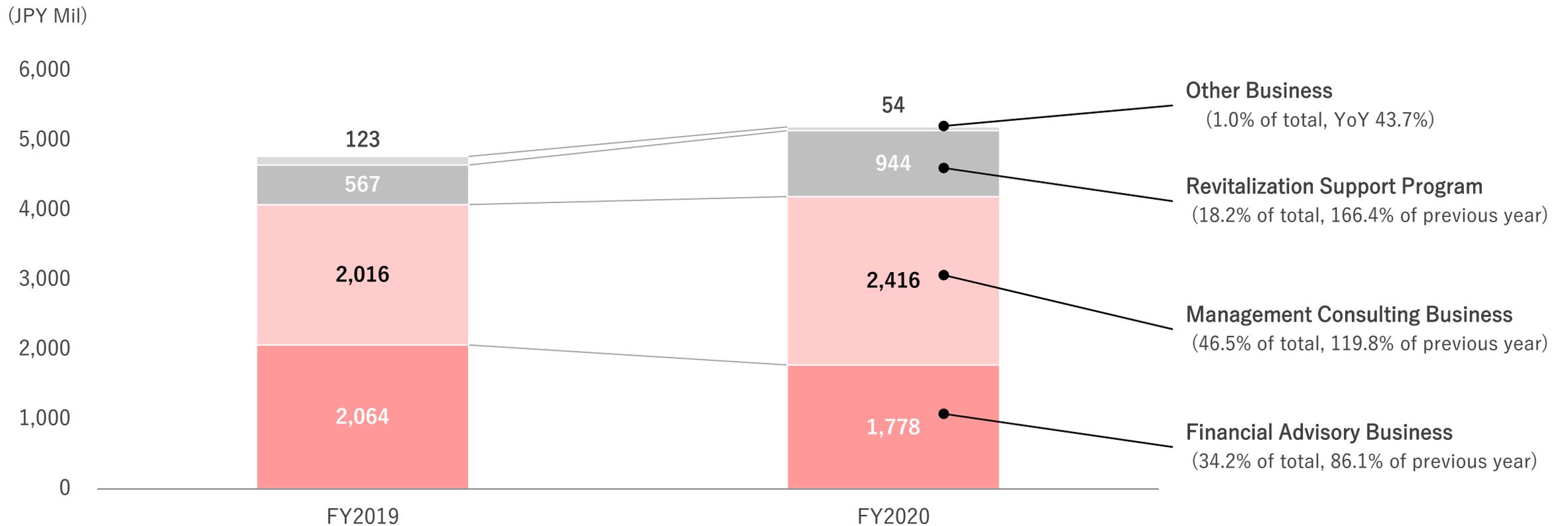
## 3. Impairment of investment through FCD Partners: JPY57 Mil

- A restaurant company in our portfolio through a fund managed by FCD Partners was affected by COVID-19.
- It still has a strong brand power in Japan and is expected to re-growth after pandemic but impaired the entire amount of the investment..

**⇒ Those factors affected JPY350 to JPY400 Mil**

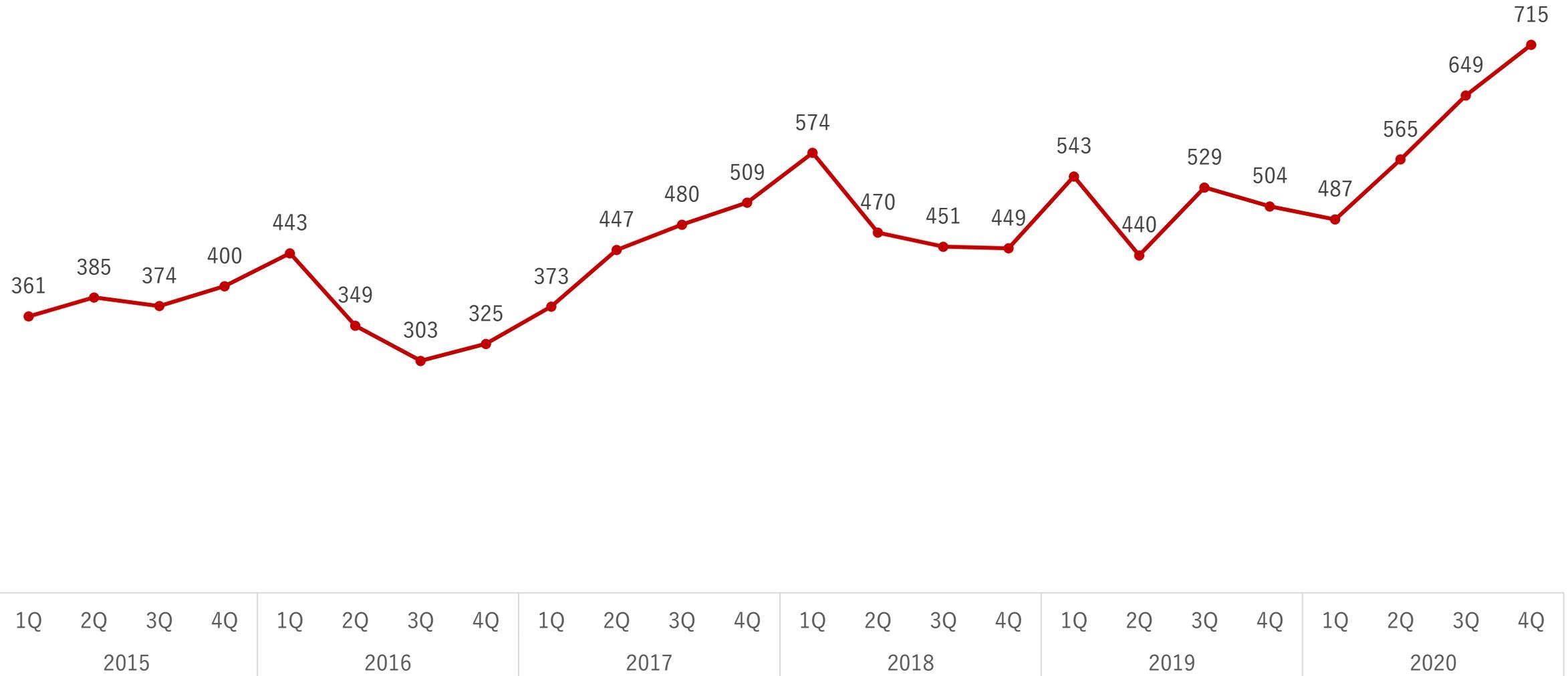
# Revenue by business segment

- Management Consulting revenue increased number of ongoing projects and the large-scale projects.
- Revitalization Support revenues increased significantly both the number and the unit price of projects.
- Financial Advisory revenue decreased because cross-boarder M&A projects shifted to FY2021.



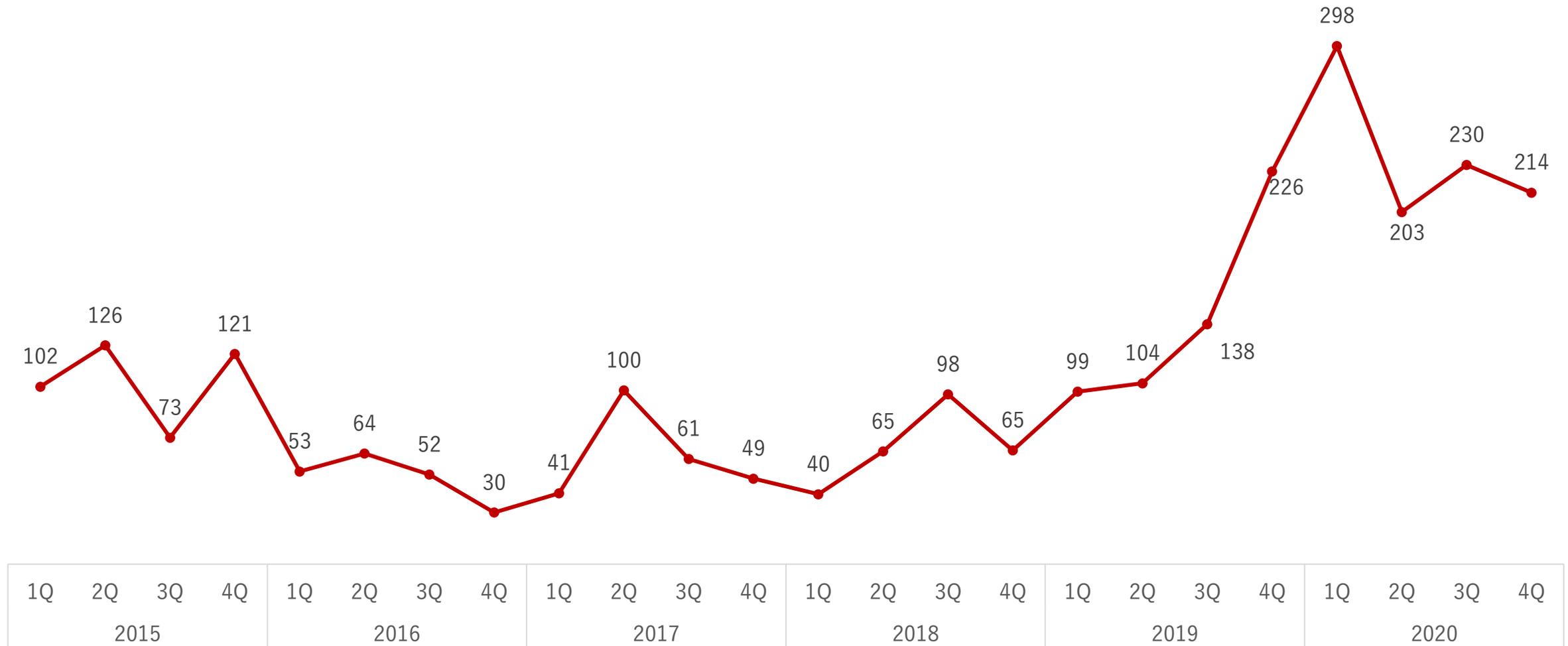
# Quarterly revenue trend (1/3) ~ Management Consulting

(JPY Mil)



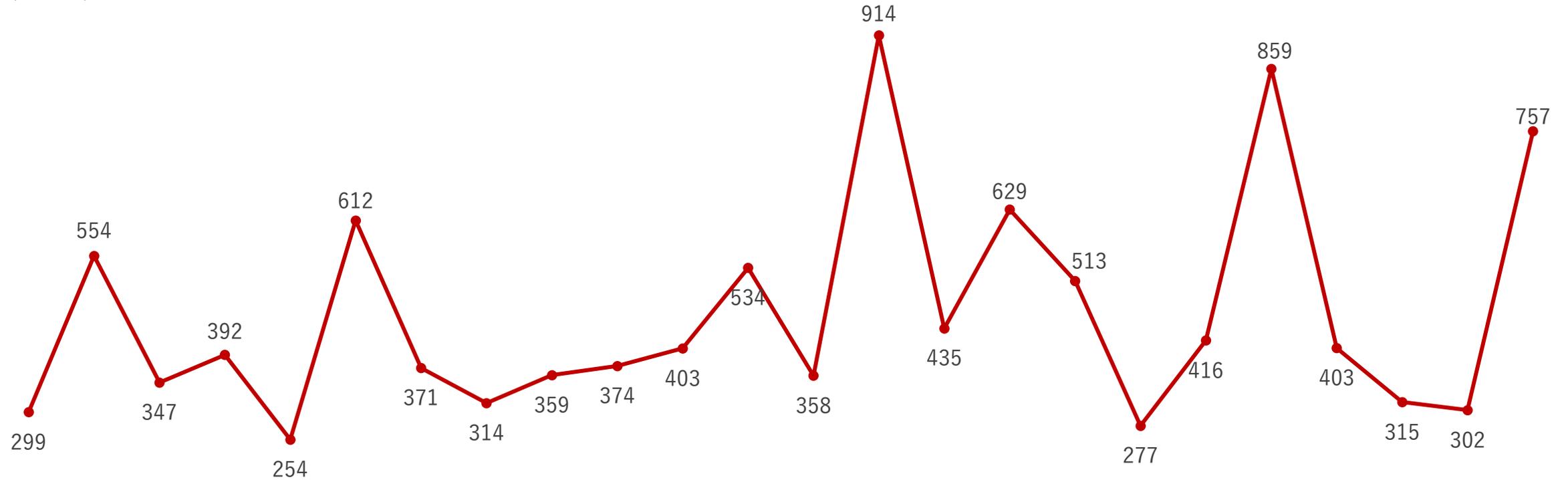
# Quarterly revenue trend (2/3) ~ Revitalization Support

(JPY Mil)



# Quarterly revenue trend (3/3) ~ Financial Advisory

(JPY Mil)



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

# Financial Advisory revenue and backlog

- Remained high level backlog at end of FY2020 due to large-scale projects shifted to FY2021.



## PL overview

- Personnel and recruitment expenses increased due to accelerated recruitment.
- Expenses increased due to impairment of investments through the fund.

(JPY Mil)

	FY2019 Actual	FY2020 Actual	Percentage change
Net sales	4,771	5,192	+ 9%
Operating expenses	4,107	4,611	+12%
Outsourcing	267	220	-18%
Personnel	2,765	3,177	+15%
Recruitment	147	215	+46%
Others	927	998	+ 8%
Operating income	663	580	-12%
Ordinary income	678	575	-15%
Profit before Tax	635	575	- 9%
Net income	429	420	- 2%
Depreciation and amortization	33	38	+15%
EBITDA	670	614	- 8%

Decrease in  
outsourcing expenses\*

JPY -471 Mil

Increase in personnel and  
recruitment expenses\*

JPY +480 Mil

Impairment  
of investments\*

JPY +57 Mil



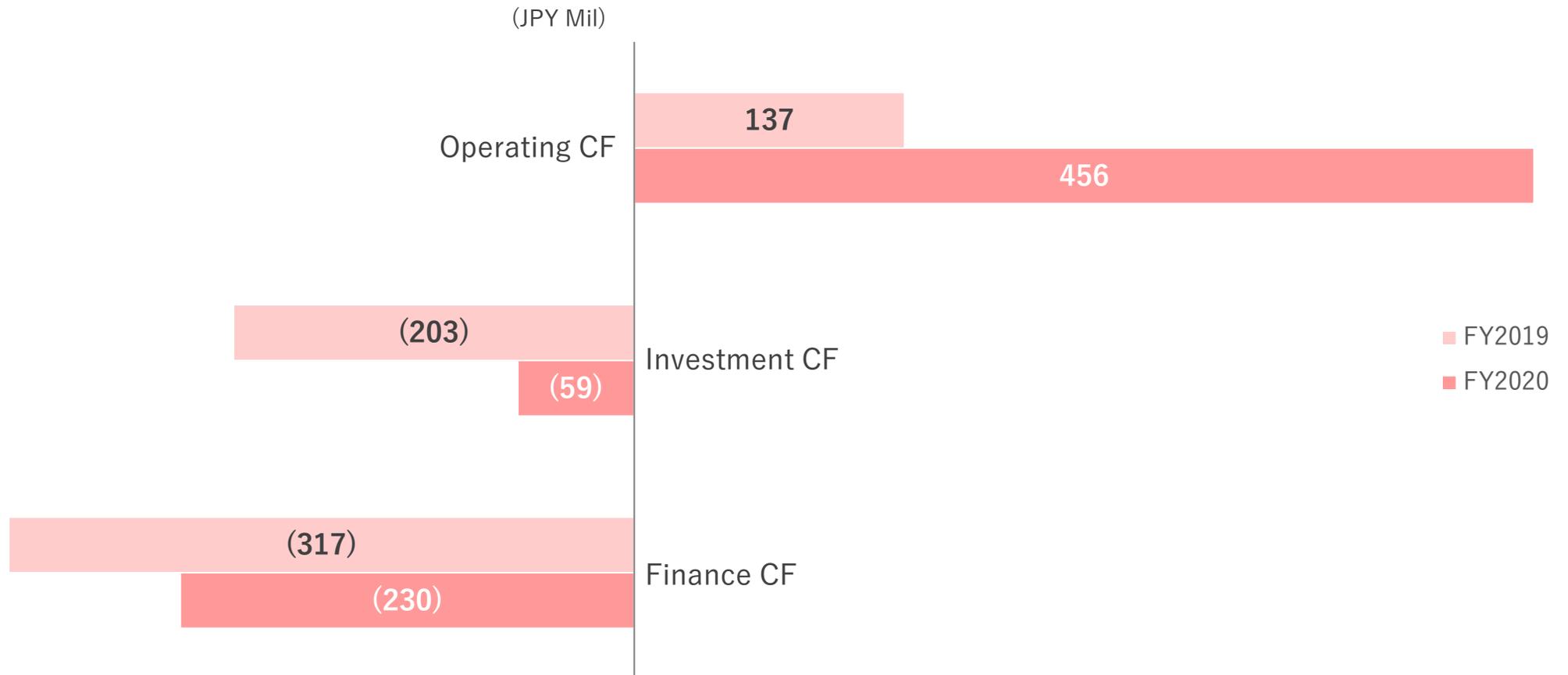
## BS overview

(JPY Mil)

	End of FY2019	End of FY2020	YOY change
Current assets	2,585	2,994	+409
Non-current assets	683	798	+114
Total assets	3,269	3,792	+523
Current liabilities	1,001	1,261	+260
Non-current liabilities	82	82	+0
Shareholders' equity	2,173	2,436	+263
Other net assets	12	11	- 1
Total liabilities and net assets	3,269	3,792	+523
Cash and deposits	1,733	1,899	+165
Interest-bearing debt	-	-	-
Net Debt	- 1,733	- 1,899	- 165

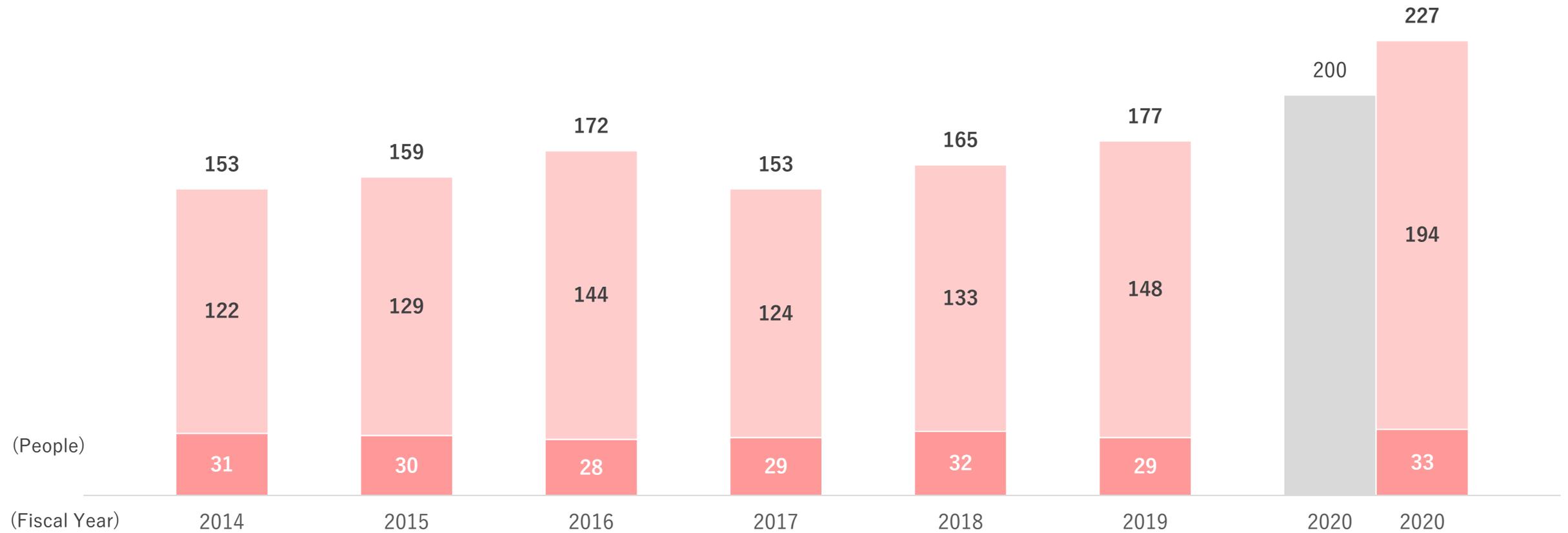
# CF overview

- Operating CF: JPY+456 Mil: due to increase of net income.
- Investing CF: JPY -59 Mil: due to the stock acquisition of Zuva.
- Financing CF: JPY -230 Mil: due to dividend and treasury stock acquisition.



# Recruitment

- Recruited more talents to prepare the future large-scale and revitalization projects.

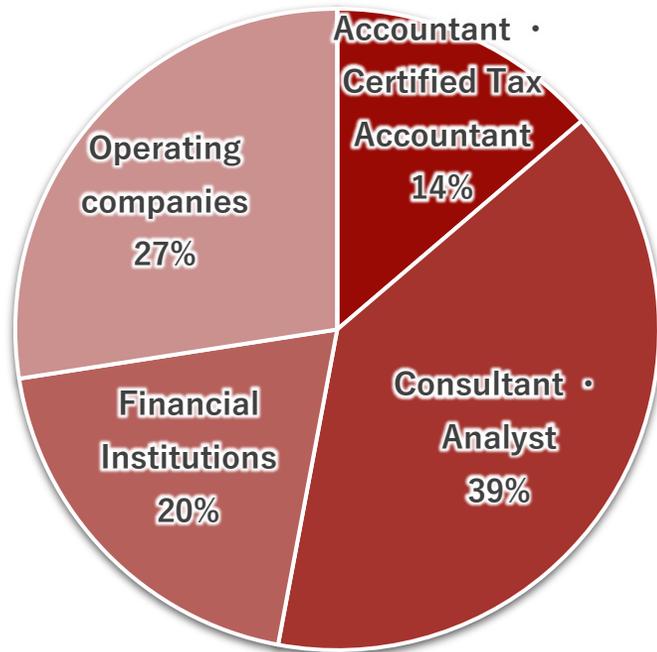


# Personnel background

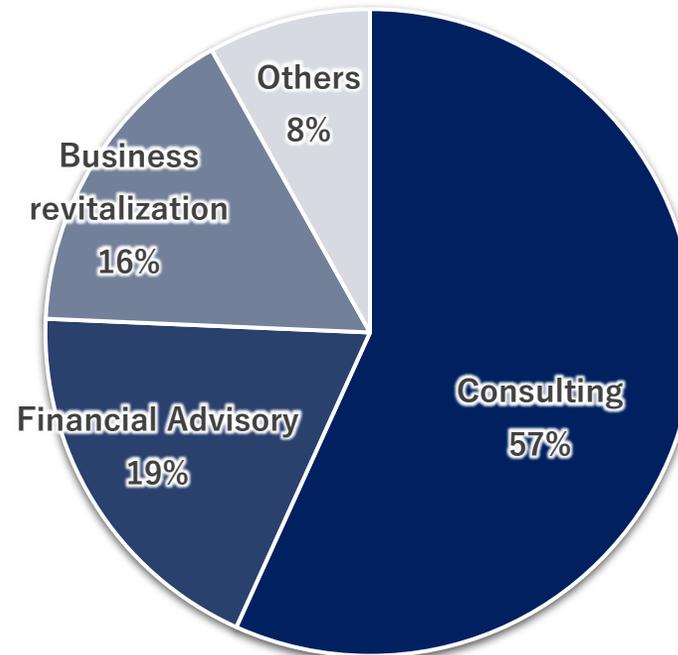
- Recruited personnel with diverse backgrounds and assigning to business divisions required by market.

## Recruited in FY2020

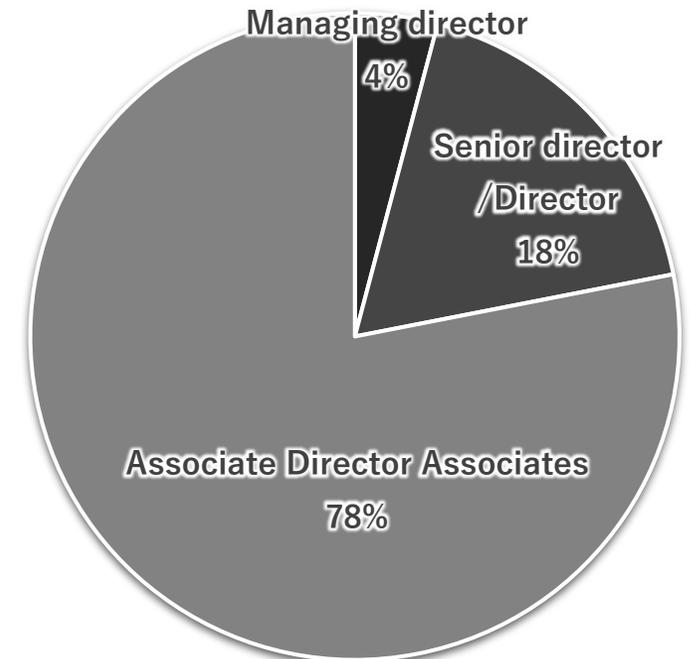
### Background



### Assigned Departments



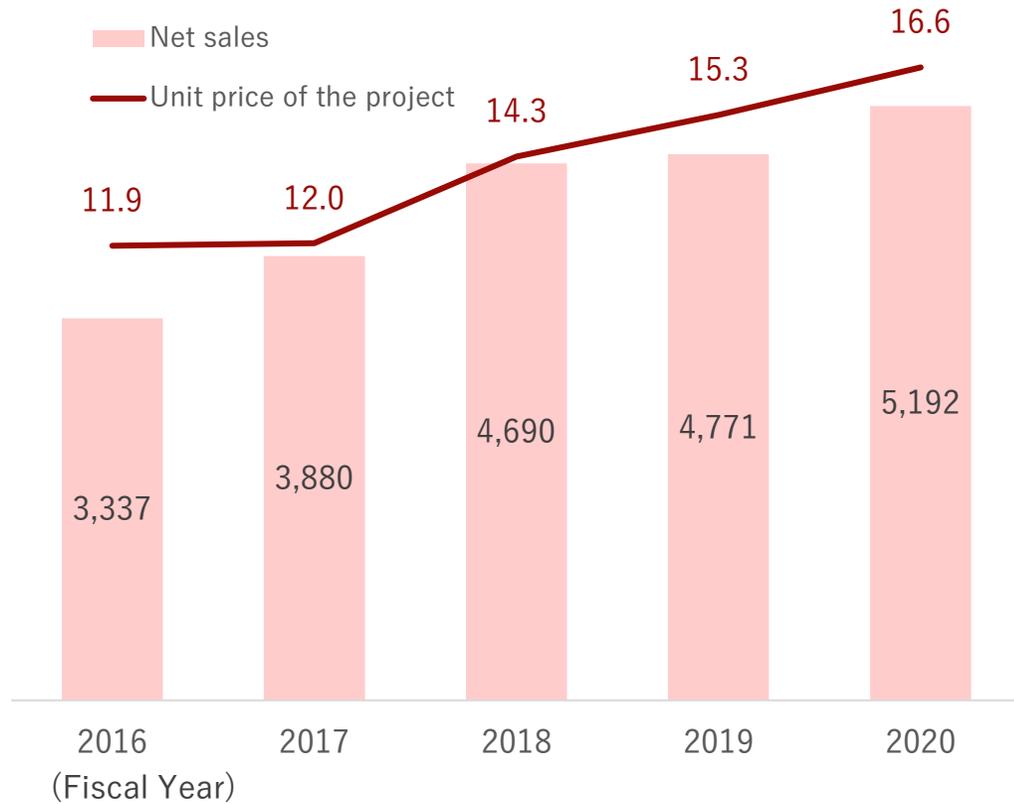
### Position



# Unit Price Increase

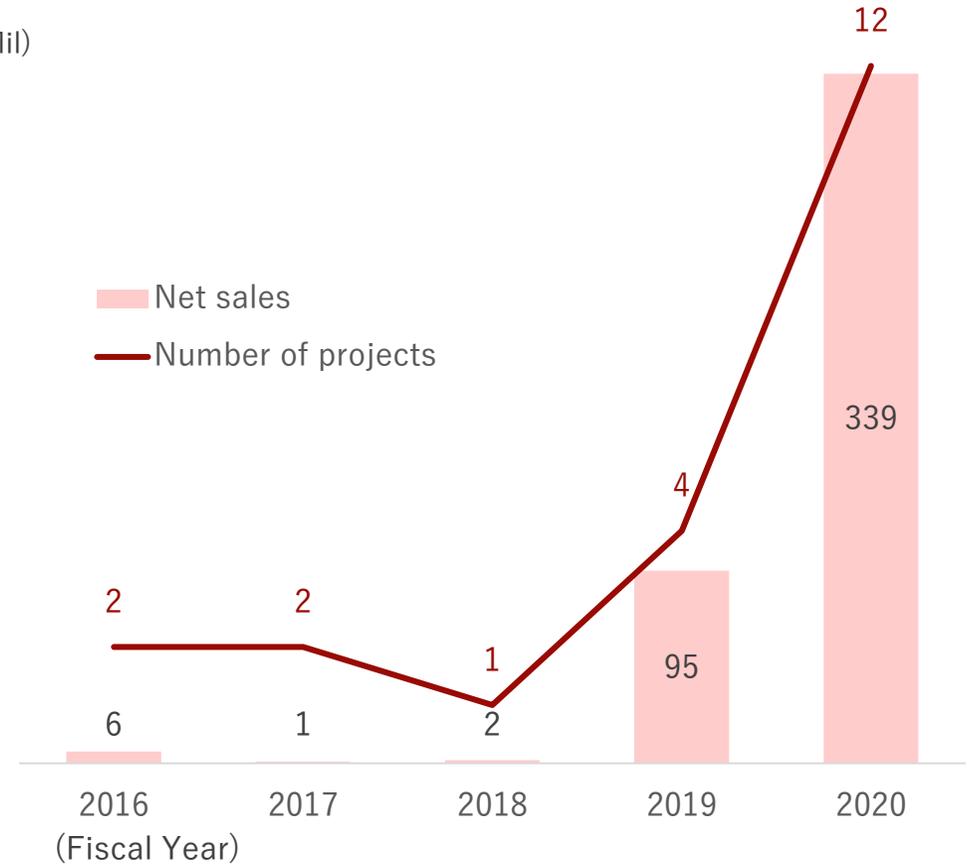
## Unit Price of Projects and Sales Trends

(JPY Mil)



## Cross-border consulting projects

(JPY Mil)



# Online Marketing Strategy

**Owned media**

**800,000PVs**

February 2020 to January 2021

 **Frontier Eyes Online**

Increase our brand awareness

**Business school**

**1500 students**  
2016 to 2020



**FRONTIER  
BUSINESS SCHOOL**

“Practical” lectures that help the clients’  
business issues solution

**Webbinger**

**2,000 viewers**

September 2020 to January 2021



From September 2020



**FRONTIER  
MANAGEMENT  
INC.**

**Accumulated  
Knowledge**

**Existing client base**

**New client base**

# Candidate of new director

Newly Appointed Outside Directors  
Keiko Unotoro



April 1977	Joined the Japan Fair Trade Commission (JFTC)
April 2000	Part-time Lecturer, Senshu University Graduate School (current)
June 2004	Chief Hearing Examiner, JFTC
January 2007	Director General, Trade Practices Department, Economic Affairs Bureau, JFTC
June 2008	Senior Deputy Secretary General, Secretariat, JFTC
January 2011	Director General, Economic Affairs Bureau, JFTC
November 2012	Advisor, Oh-Ebashi LPC & Partners (current)
April 2013	Professor, Faculty of Business Administration, Toyo Gakuen University
June 2013	Outside Director of Olympus Corporation
March 2015	Outside Director of Bridgestone Corporation
June 2019	Outside Director of San-ai Oil Co.,Ltd.
April 2020	Specially Appointed Professor, Toyo Gakuen University (current)
April 2020	Outside Director of OS Co.,Ltd. (current)
August 2020	Outside Director of Ohba Co.,Ltd. (current)
January 2021	Commissioner of Public Security Examination Commission (current)

## Contents

Chapter 1 FY2020 Financial Results

Chapter 2 Shareholder Returns

Chapter 3 FY2021 Forecast

Chapter 4 Medium-Term Management Plan

Chapter 5 Company Profile

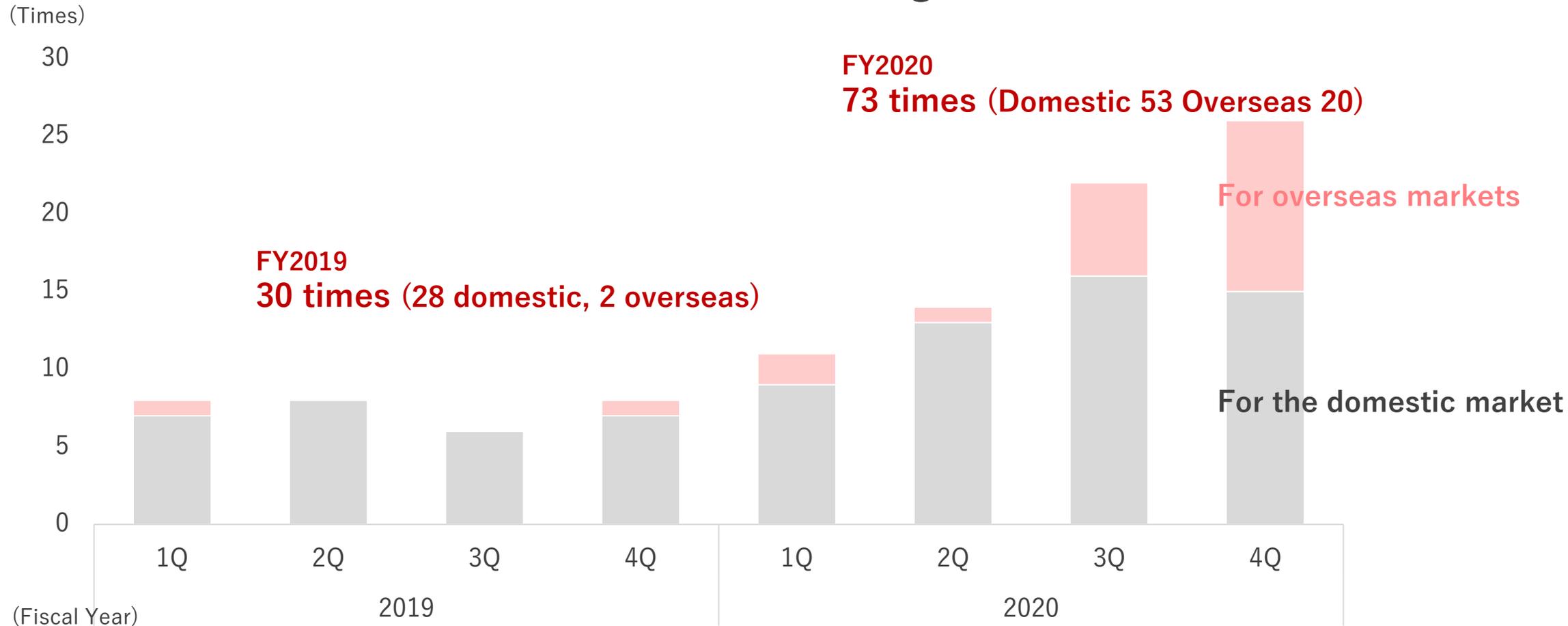
# Shareholders Return

Item	2018	2019		2020		2021
	December	October	December	June	December	January
<b>Dividends</b>	JPY50		JPY23		JPY24	
(After consideration of stock split)	(JPY12.5)	Stock split 1:2	(JPY11.5)		(JPY12)	Stock split 1:2
<b>Shareholder benefit program</b> Providing a prepaid card (QUO card, JPY1,000) to holders of 100 shares or more	-		●	●	●	



# IR activities

## Number of individual IR meetings held



# Our Stock Price

- Aiming to transform to Prime Market

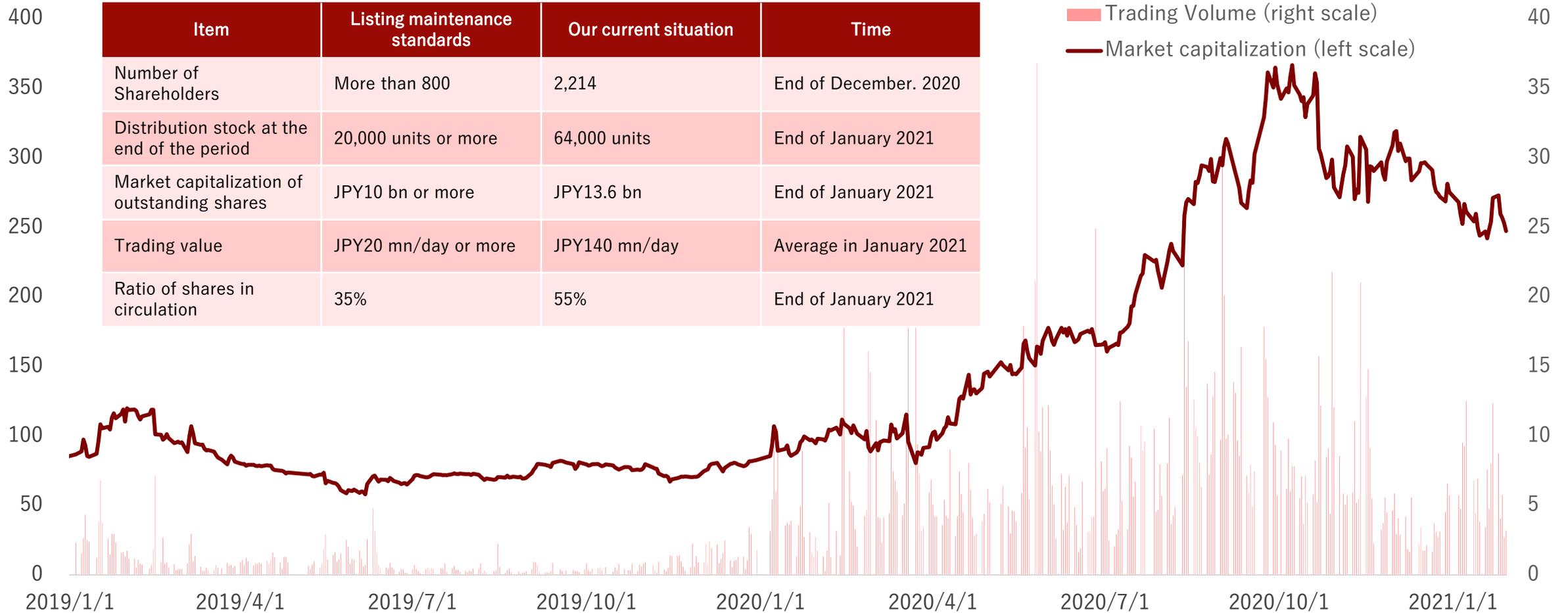
(JPY Bil)

(1 mn shares/day)

Prime market transition standard

Item	Listing maintenance standards	Our current situation	Time
Number of Shareholders	More than 800	2,214	End of December. 2020
Distribution stock at the end of the period	20,000 units or more	64,000 units	End of January 2021
Market capitalization of outstanding shares	JPY10 bn or more	JPY13.6 bn	End of January 2021
Trading value	JPY20 mn/day or more	JPY140 mn/day	Average in January 2021
Ratio of shares in circulation	35%	55%	End of January 2021

Trading Volume (right scale)  
Market capitalization (left scale)



Number of Shareholders

1,045

1,058

1,023

1,309

1,320

2,903

1,947

2,214

## Contents

Chapter 1 FY2020 Financial Results

Chapter 2 Shareholder Returns

Chapter 3 FY2021 Forecast

Chapter 4 Medium-Term Management Plan

Chapter 5 Company Profile

## FY2021 Forecasts

- Steady sales growth is expected to continue in the Management Consulting Business and Revitalization Support Business, partly due to FY2020 recruitment.
- Steady growth is expected in the Financial Advisory Business, apart from large-scale projects,
- Impairment loss will be eliminated.
- Continued proactive recruitment and plans to increase 40 employees.

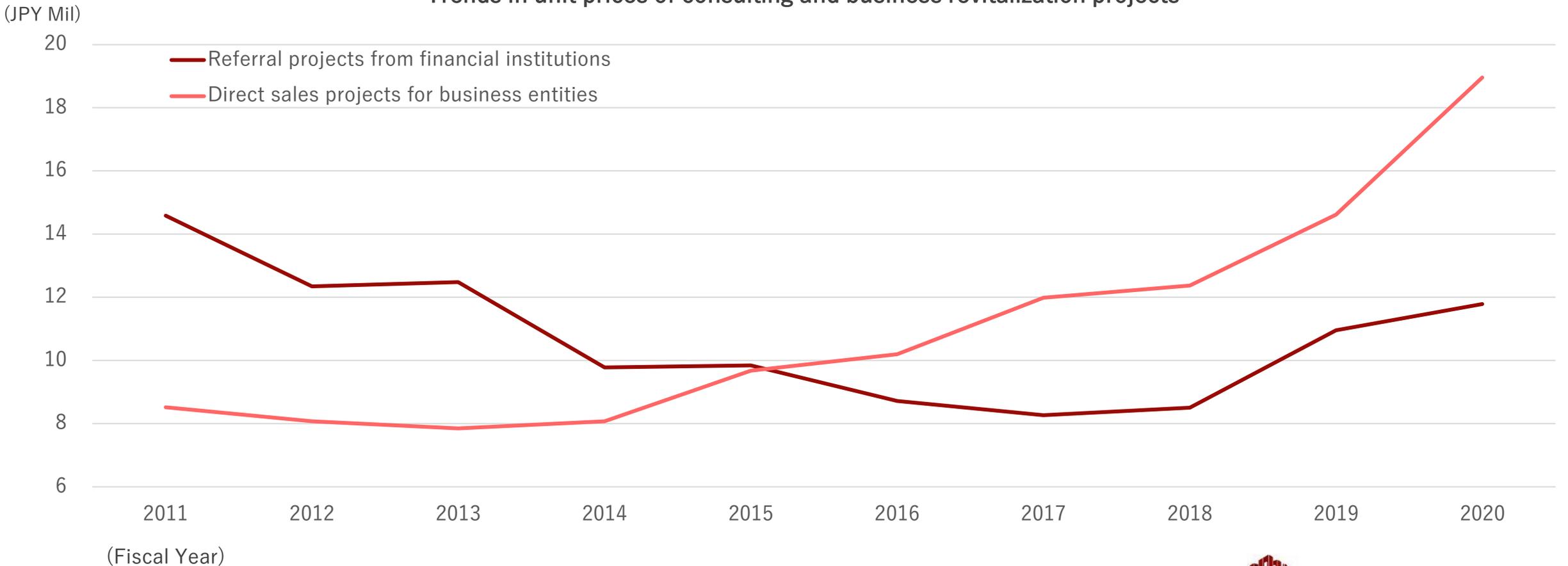
(JPY Mil)

	FY2020 Actual	FY2021 Forecast	YOY change (amount)	YOY change (percentage)
Net sales	5,192	<b>6,500</b>	+1,307	+25%
Operating income	580	<b>1,000</b>	+419	+72%
Ordinary income	575	<b>1,007</b>	+431	+75%
Net income	420	<b>693</b>	+272	+65%

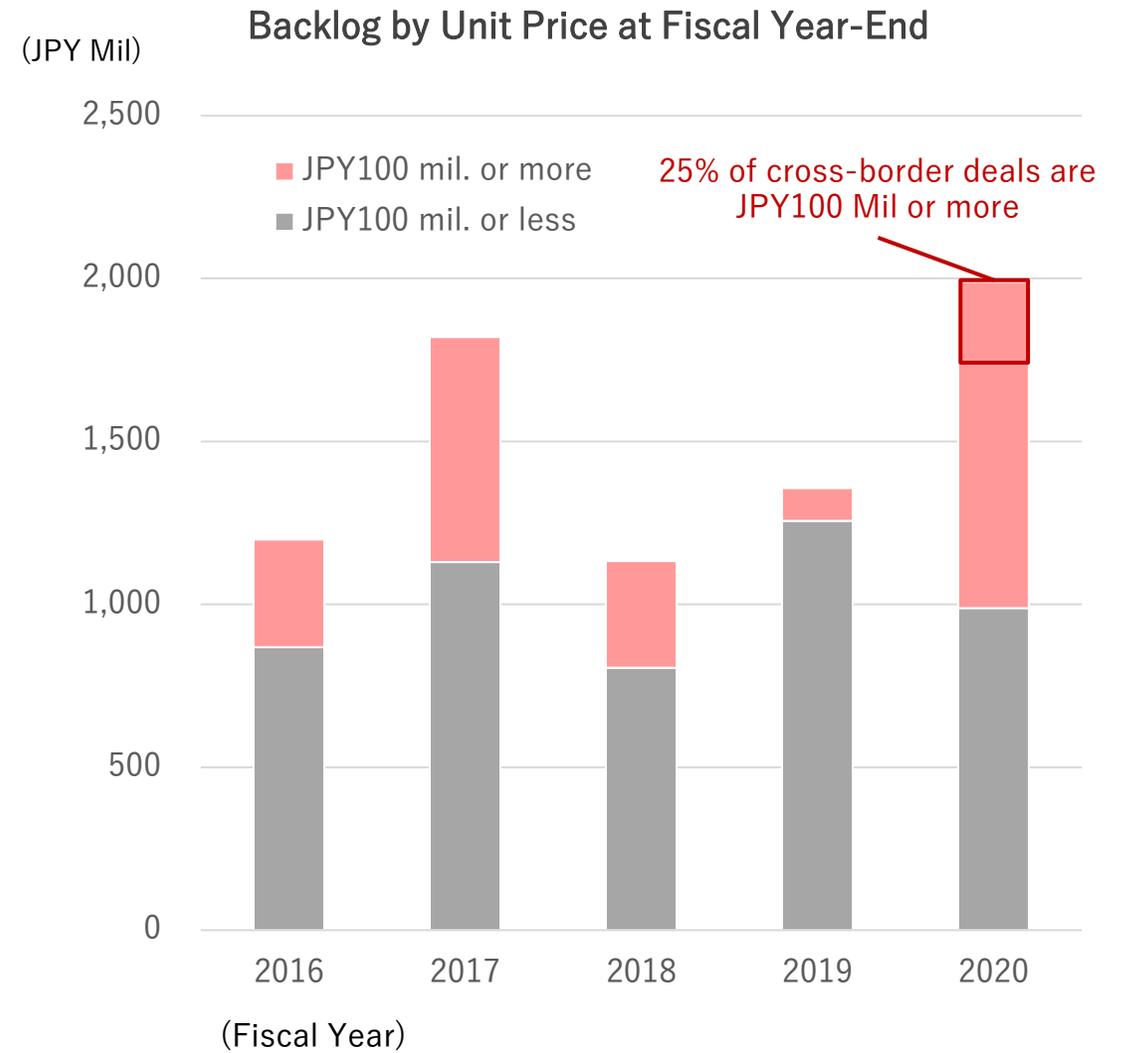
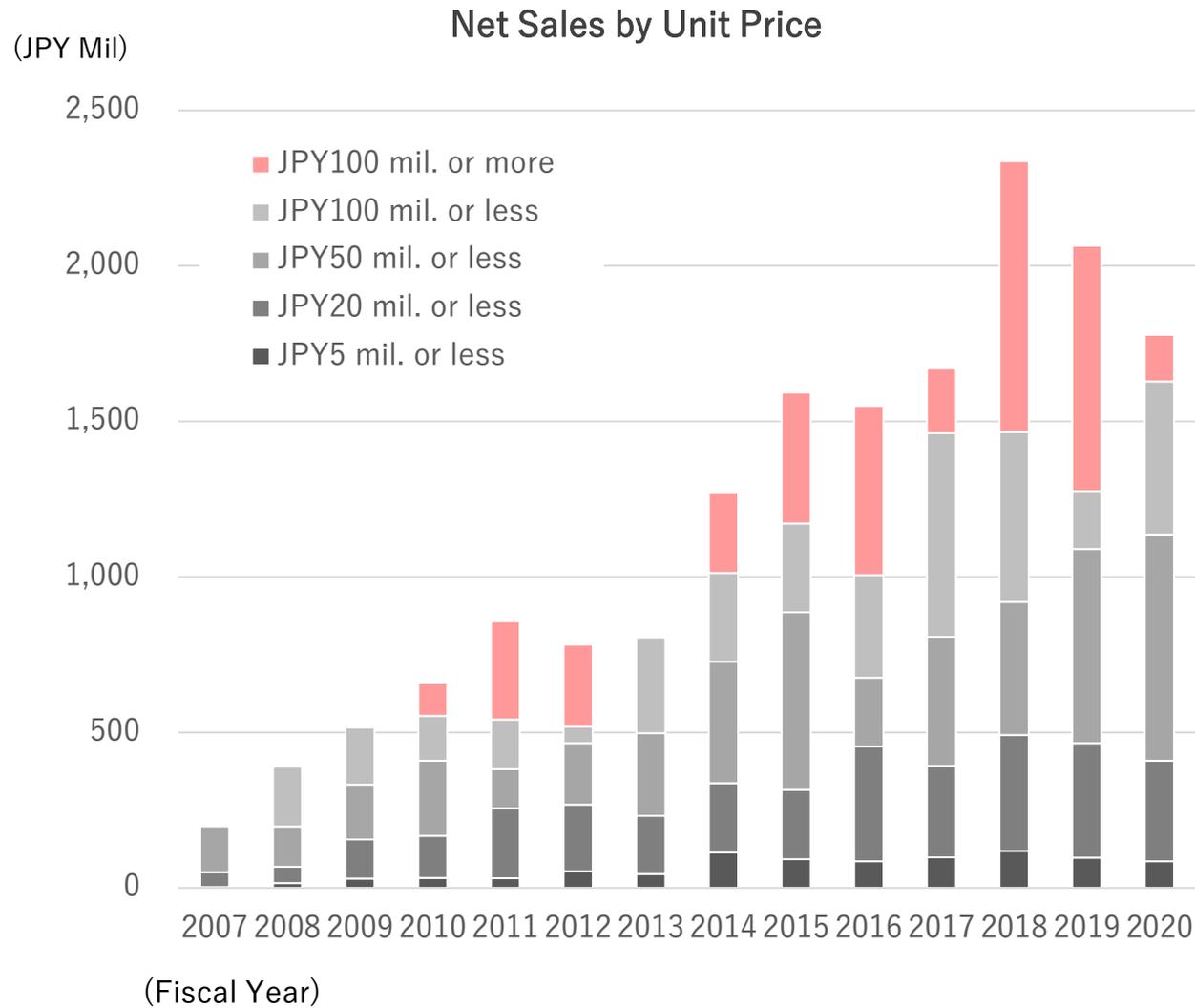
# Trends in Unit Price

- Unit price has been driven by business revitalization projects referred by financial institutions.
- Unit price of direct sales projects for business entities is rising as the scale of clients expands.

Trends in unit prices of consulting and business revitalization projects



# Financial Advisory Business Performance



# Topics for FY2021

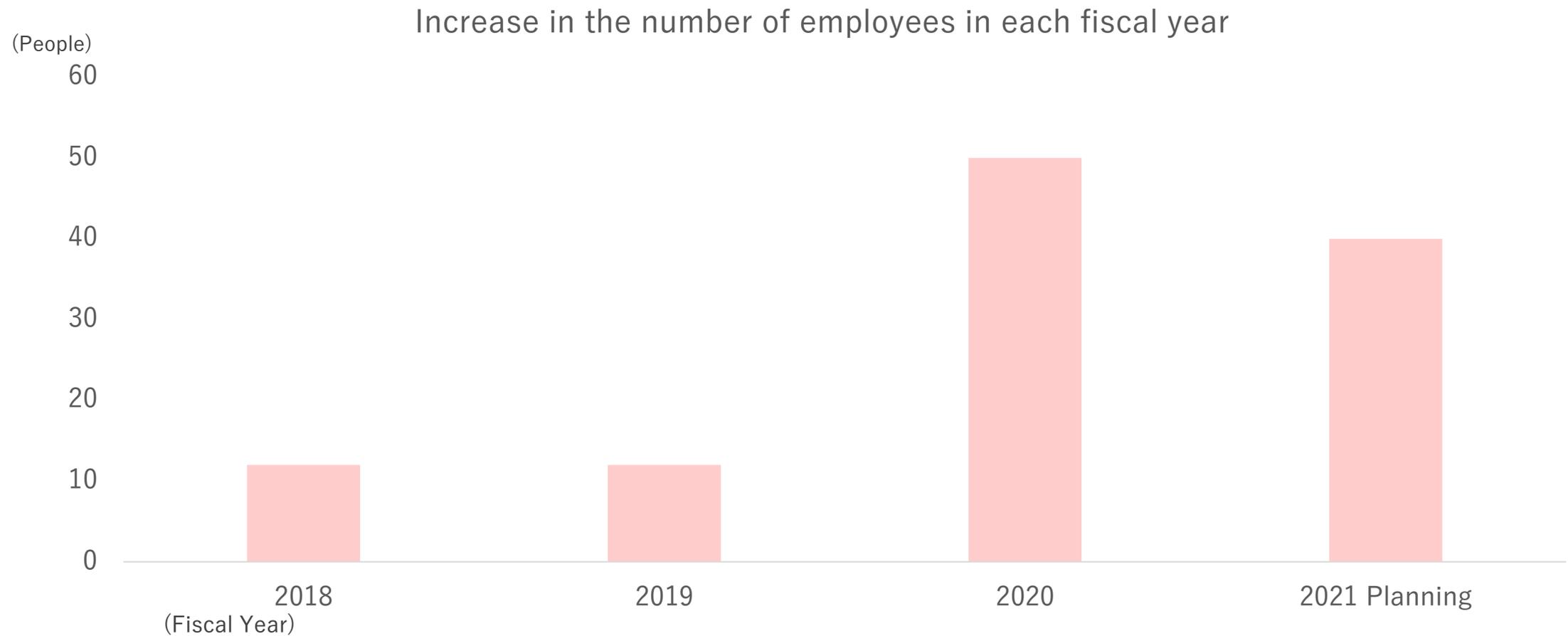
## □ Recruitment

- Continue active recruitment to increase 40 persons.

## □ New Initiatives

- Support regional financial institutions in the fund-related business
- Principal investments
- Executive Education
- DX consulting

# Recruitment



# Alliances

## Business alliance with The Hiroshima Bank and Hirogin Capital Partners



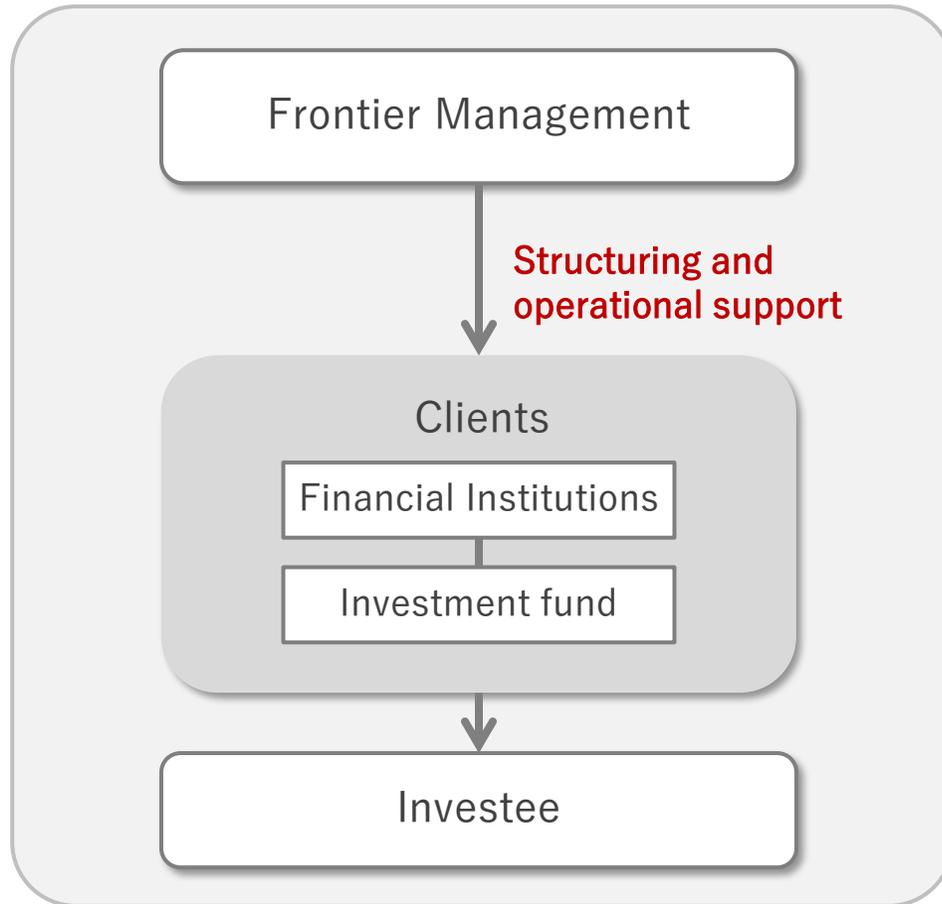
Announced on December 17, 2020

The three companies will together contribute to the economic revitalization and development of the region by providing the consulting services, hands-on management execution supports and implementations to raise the corporate value to the business partners and investees of The Hiroshima Bank and HiCAP.

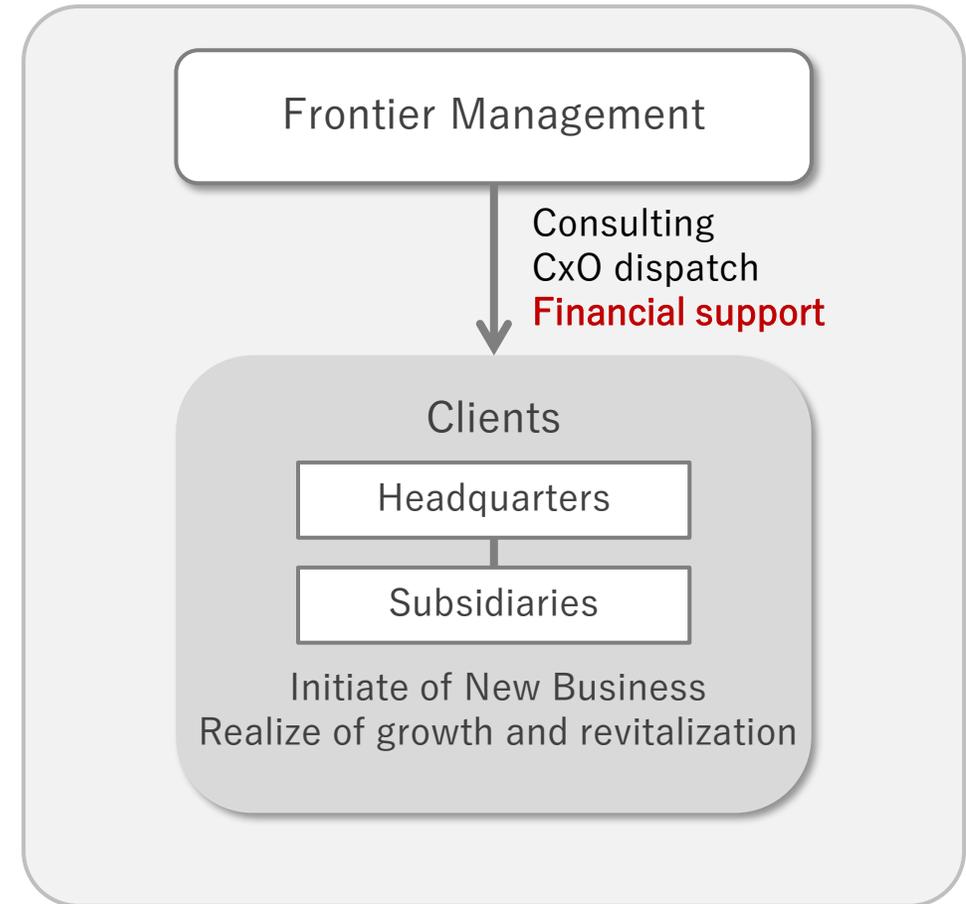
# Fund-related business

- Provide our expertise to support the private equity funds formulated by clients.

## Support for structuring of funds



## CxO dispatch and financial support



# Executive Education

## Our services

Current

Management consulting



New

Support for Executive Education

- Provide Executive Education services combining management consulting
- Business alliance with Scholar Consult supporting corporate culture innovation



Current

Business school



## Clients

President

Senior management

Management

Employee

## Contents

Chapter 1 FY2020 Financial Results

Chapter 2 Shareholder Returns

Chapter 3 FY2021 Forecast

Chapter 4 Medium-Term Management Plan

Chapter 5 Company Profile

- 1 Strive to accelerate value and growth**
  - Aiming Japan's leading consulting firm
- 2 Provide a distinguished solution**
  - Fulfill the unique comprehensive solution for each clients' business challenge
- 3 Launch principal investments**
  - In meeting for the financing needs for clients' corporate value

## 3 Key Strategies

### 1 Attract and recruit the finest people

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- Net-increase about 40 employees a year
- Recruit key industries professionals
- Recruit experts with marketing capabilities

### 2 Expand the business portfolio

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- Enhance solutions for today's issues such as DX consulting
- Strengthen cross-border consulting business in addition to the M&A business
- Strengthen collaboration with regional financial institutions

### 3 M&A, Alliances and Capital investments

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- Expand scale and diversity through in-house M&A, capital / business alliances, and launch joint ventures
- Establish a new business model that incorporates capital investments in addition to the existing consulting business

# Japan's Enterprise Management System Transformation

- 10 years after the Companies Act came into effect in 2006, the Stewardship Code and the CGC were established.
- In recent years, both codes have been revised, protecting minority shareholders and tightening the qualification requirements and composition ratio for external directors.
- Further revisions are expected in future, and it will be necessary to provide comprehensive solutions in line with such an age.

## Establishment and revision of various systems surrounding the company

- In 2001  
Guidelines on Private Arrangement published
- In 2003  
Industrial Revitalization Corporation of Japan established
- In 2006  
New Company Act enacted
- In 2007  
Business Revitalization ADR System established
- In 2010  
IFRS application started

Frontier Management established in 2007

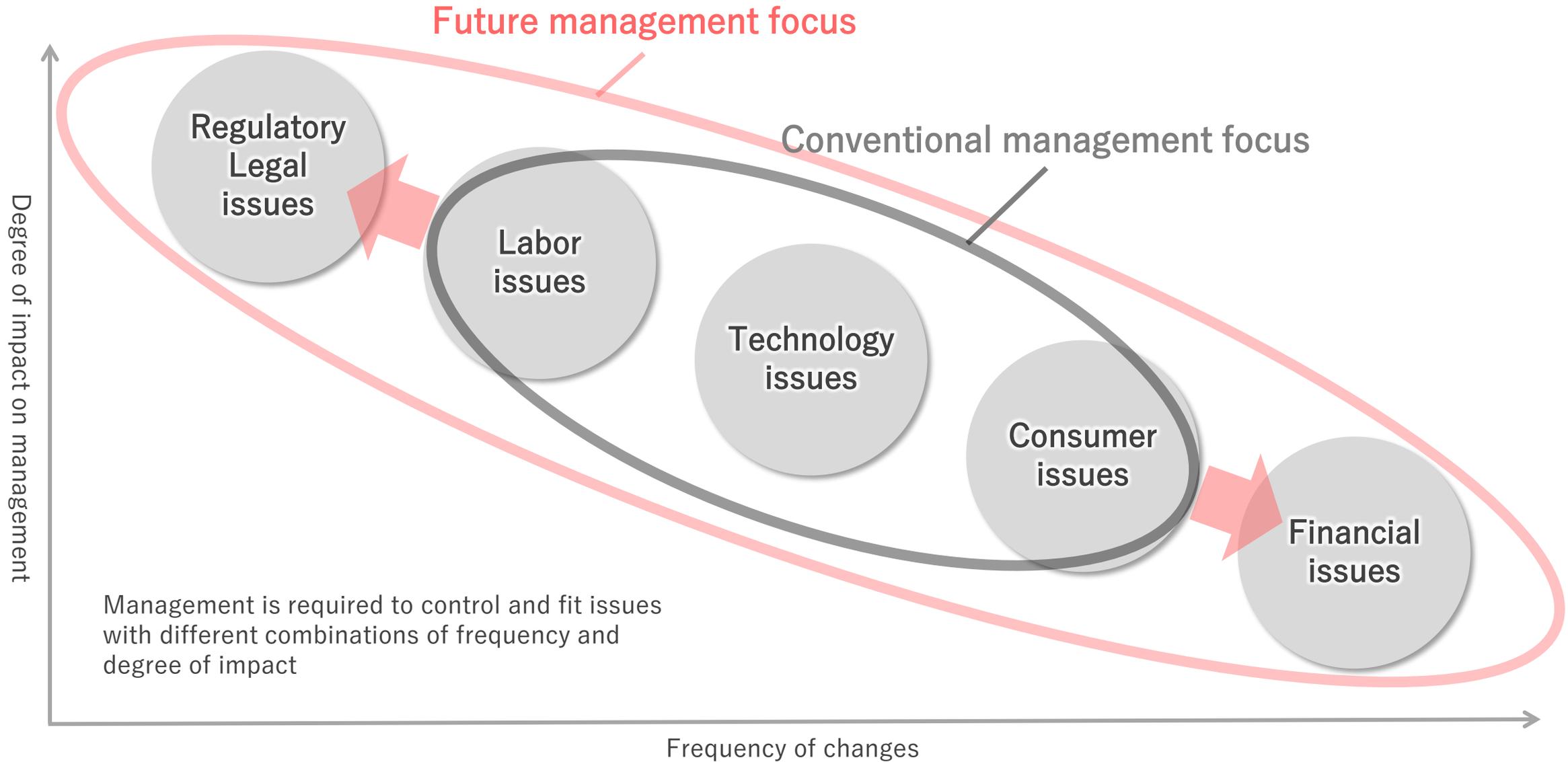
## Introduction of a governance system

- In 2014  
Ito Report published
- In 2014  
Stewardship Code established
- In 2015  
CGC established
- In 2015  
Company Act revised

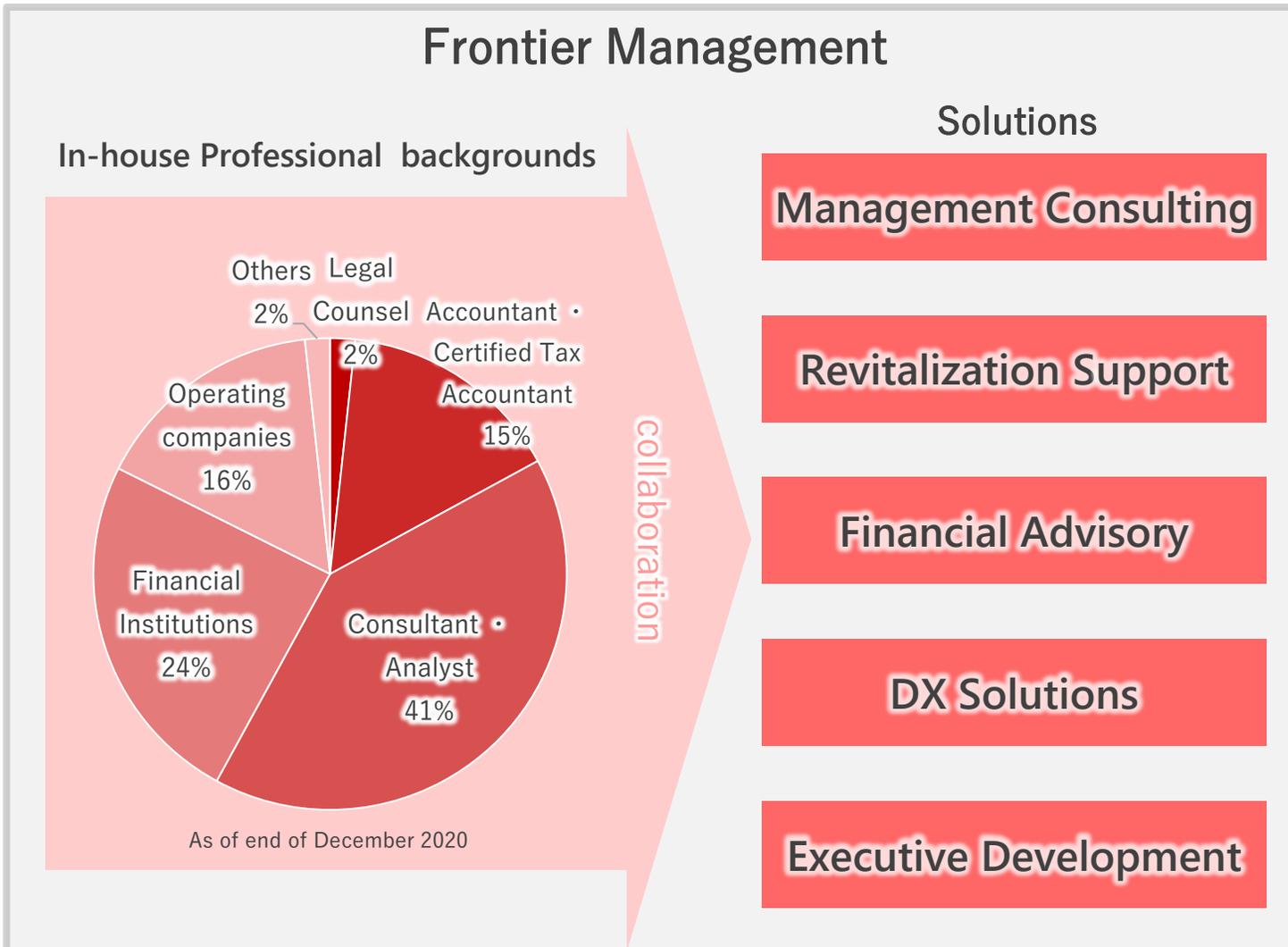
## Strengthening the Governance System

- In 2017  
Stewardship Code revised
- In 2018  
CGC revised
- In 2020  
Stewardship Code revised
- In 2020  
Guidelines for Liquidation of Debts of Victims of Natural Disasters established
- In 2021  
CGC revised
- In 2021  
Company Act revised

# Management focus



# Organizational Strategy



# Medium-Term Business Plan

## Business Plan

**FY2023 SLS JPY8.7 Bil.** (68% growth compared to FY2020)

**OPM 20%**

**ROE 20% or more**

## Vision

### Strive to accelerate value and growth

- Increase of 40 employees a year
- Expansion of coverage areas
- Recruit experts with marketing capabilities

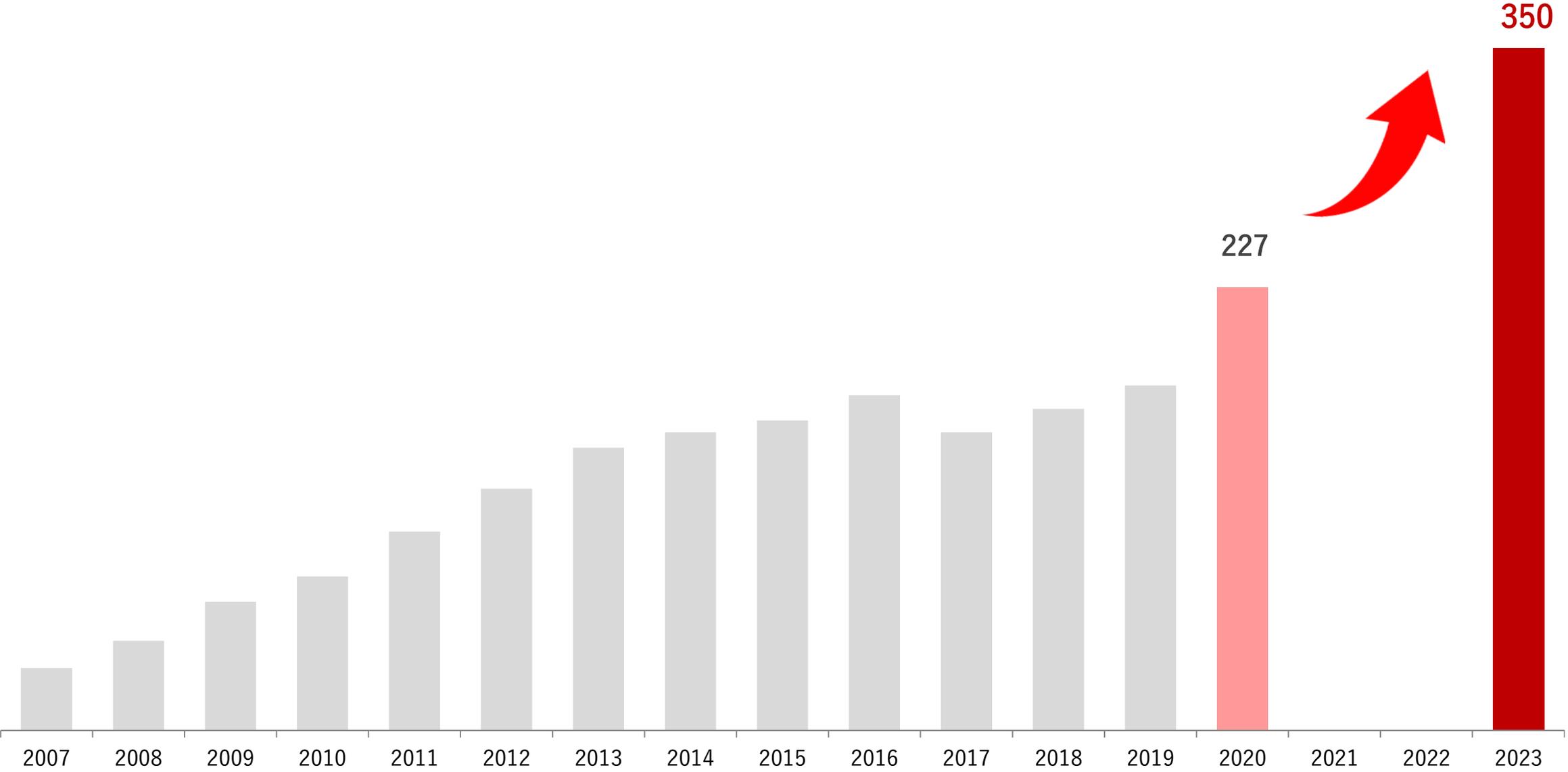
### Provide a distinguished solution

- DX consulting
- Cross-border consulting
- Enhance collaboration with regional financial institutions

### Launch principal investments

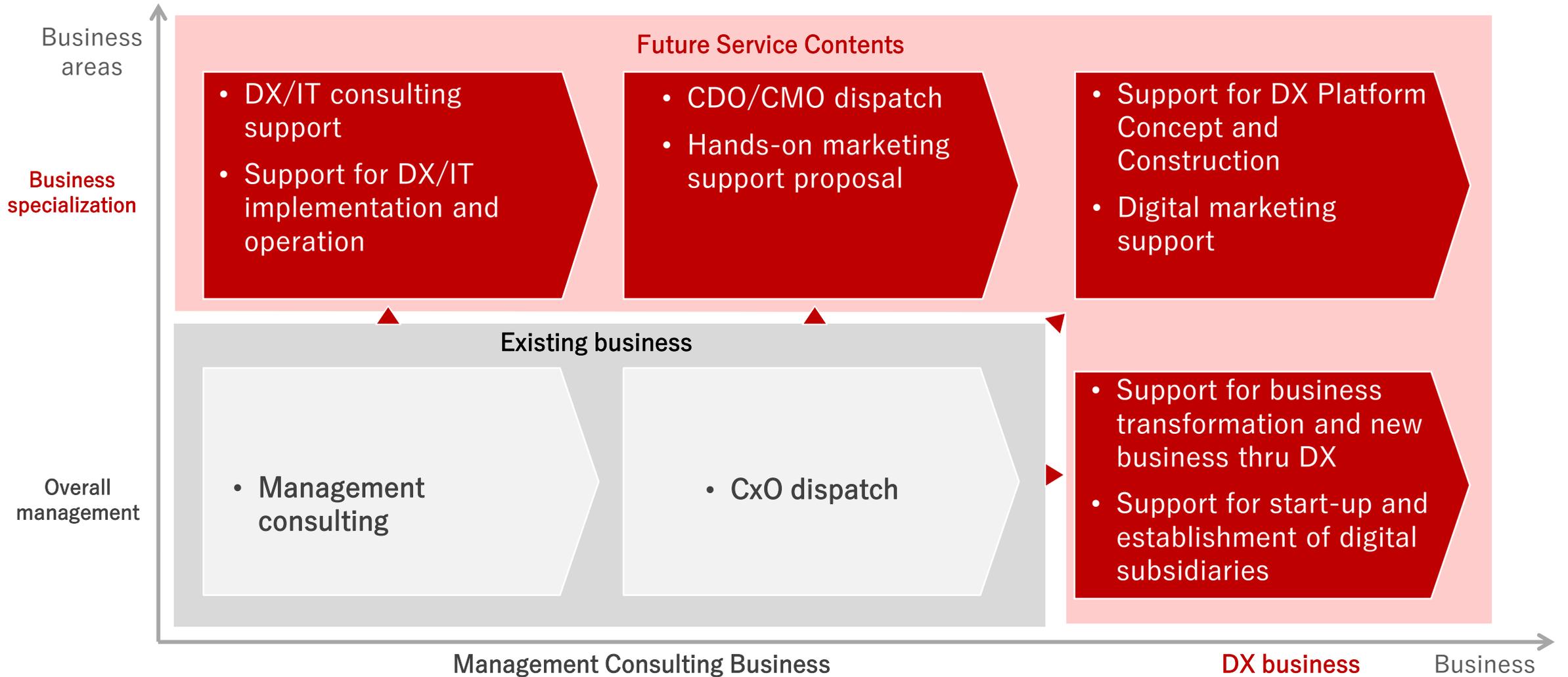
- Growth through in-house M&A
- Consulting business with capital
- Incorporates capital investments

# 350 professionals by the end of FY2023

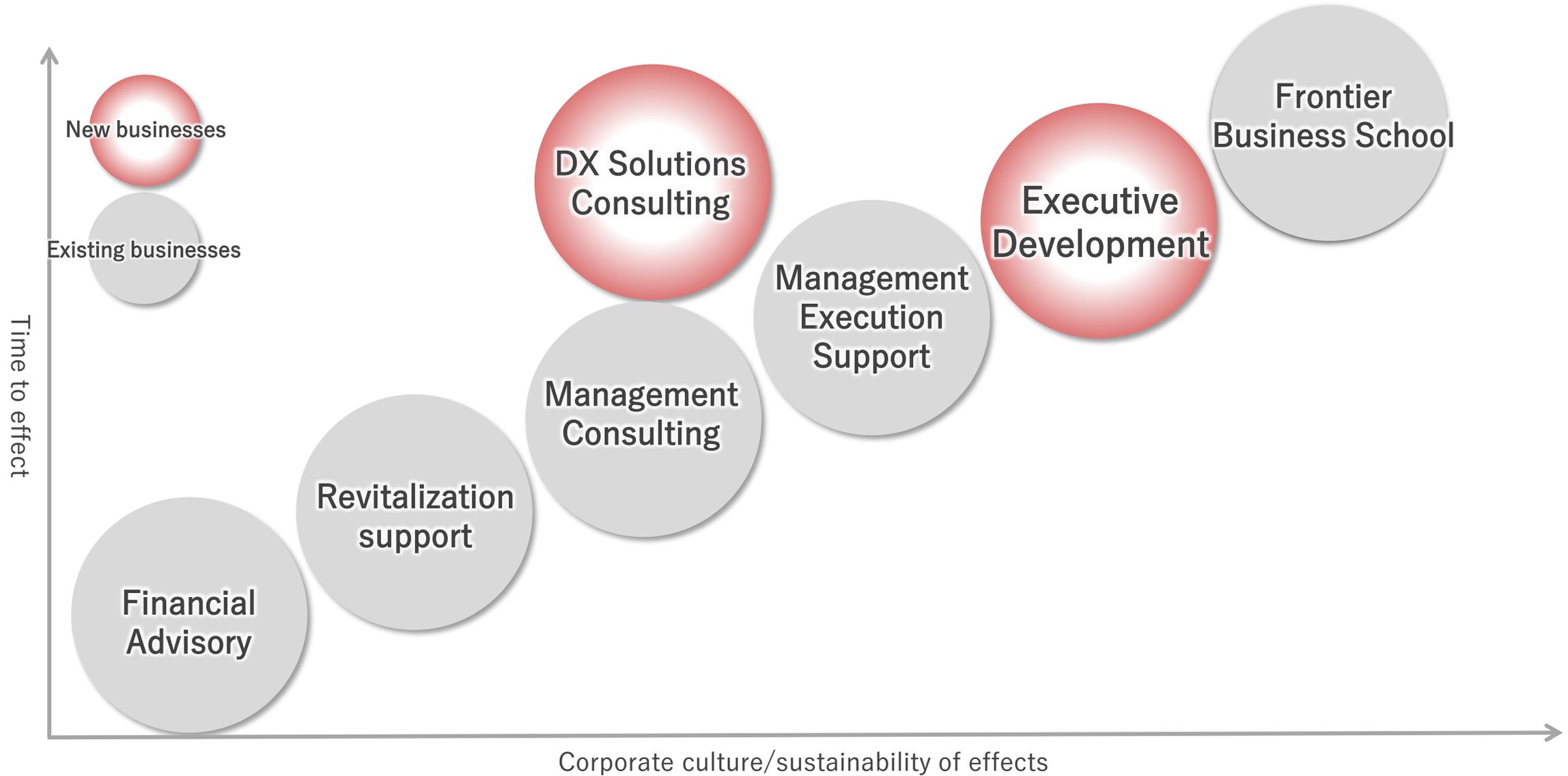


(Fiscal Year)

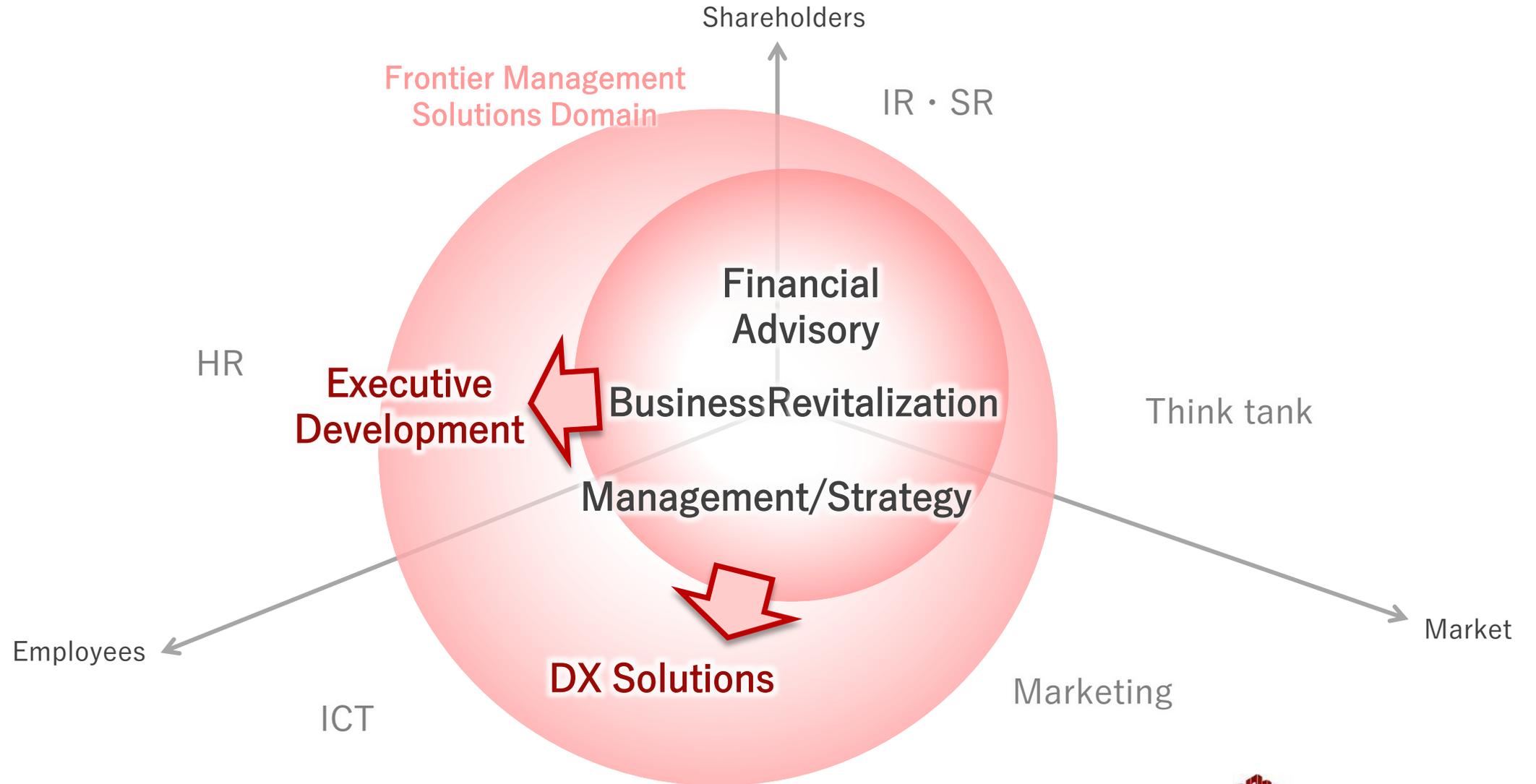
# DX Solutions



# Business Positioning

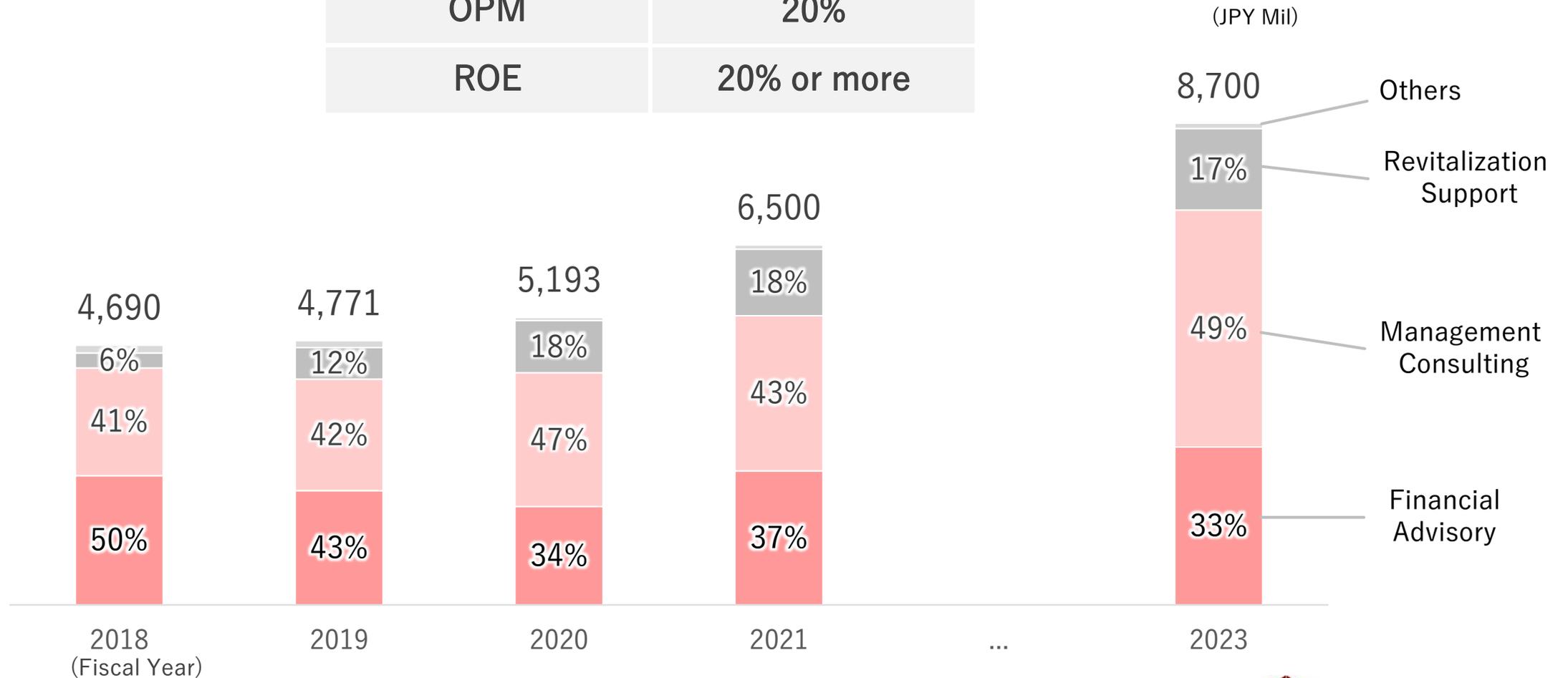


# Expand Business Portfolio



# Medium-Term Business Plan

FY2023 Targets	
SLS	JPY8.7 Bil
OPM	20%
ROE	20% or more



## Contents

Chapter 1 FY2020 Financial Results

Chapter 2 Shareholder Returns

Chapter 3 FY2021 Forecast

Chapter 4 Medium-Term Management Plan

Chapter 5 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.



## **IRCJ** Industrial Revitalization Corporation Japan

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.

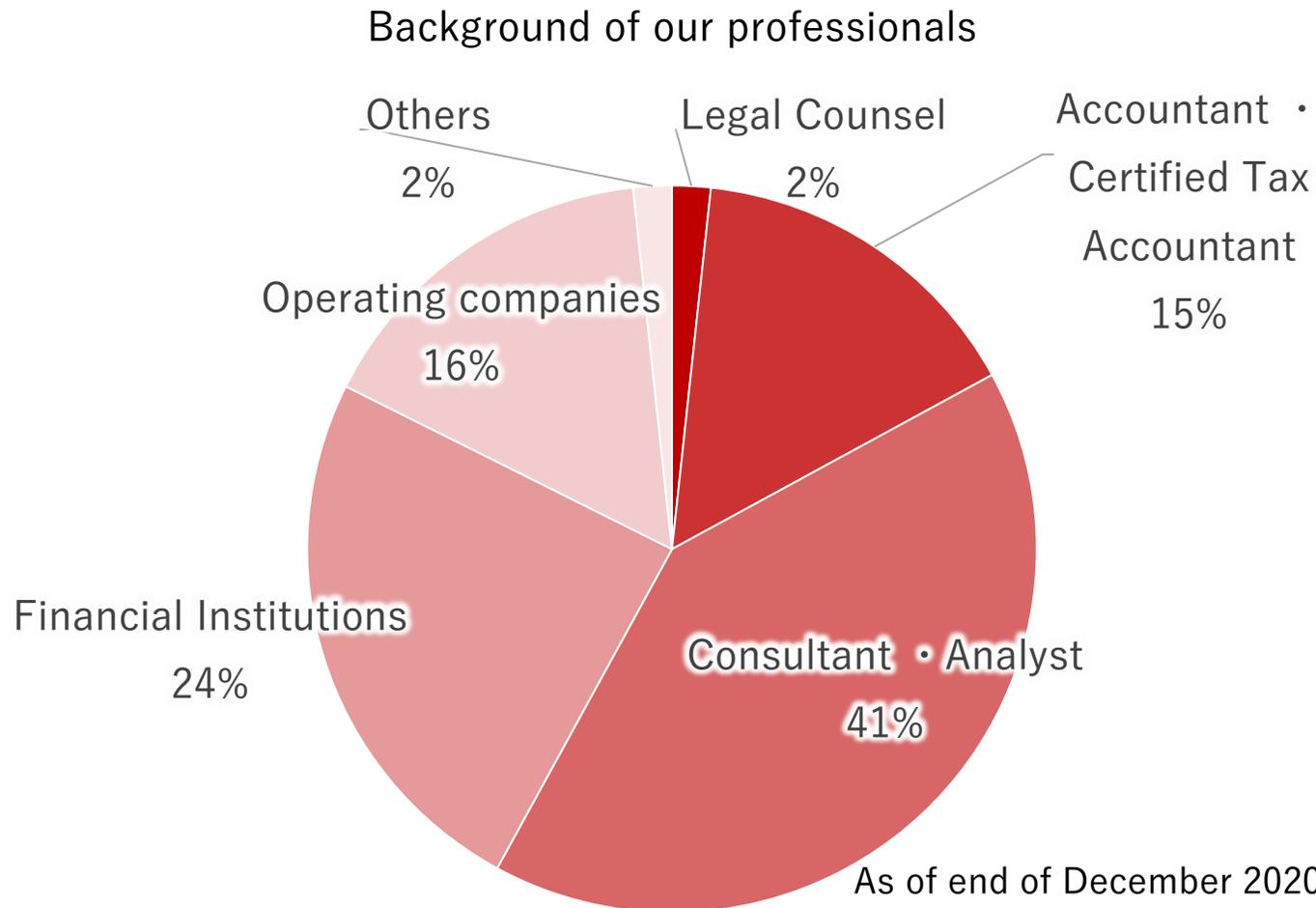
**Jointly established in 2007**



**FRONTIER MANAGEMENT INC.**

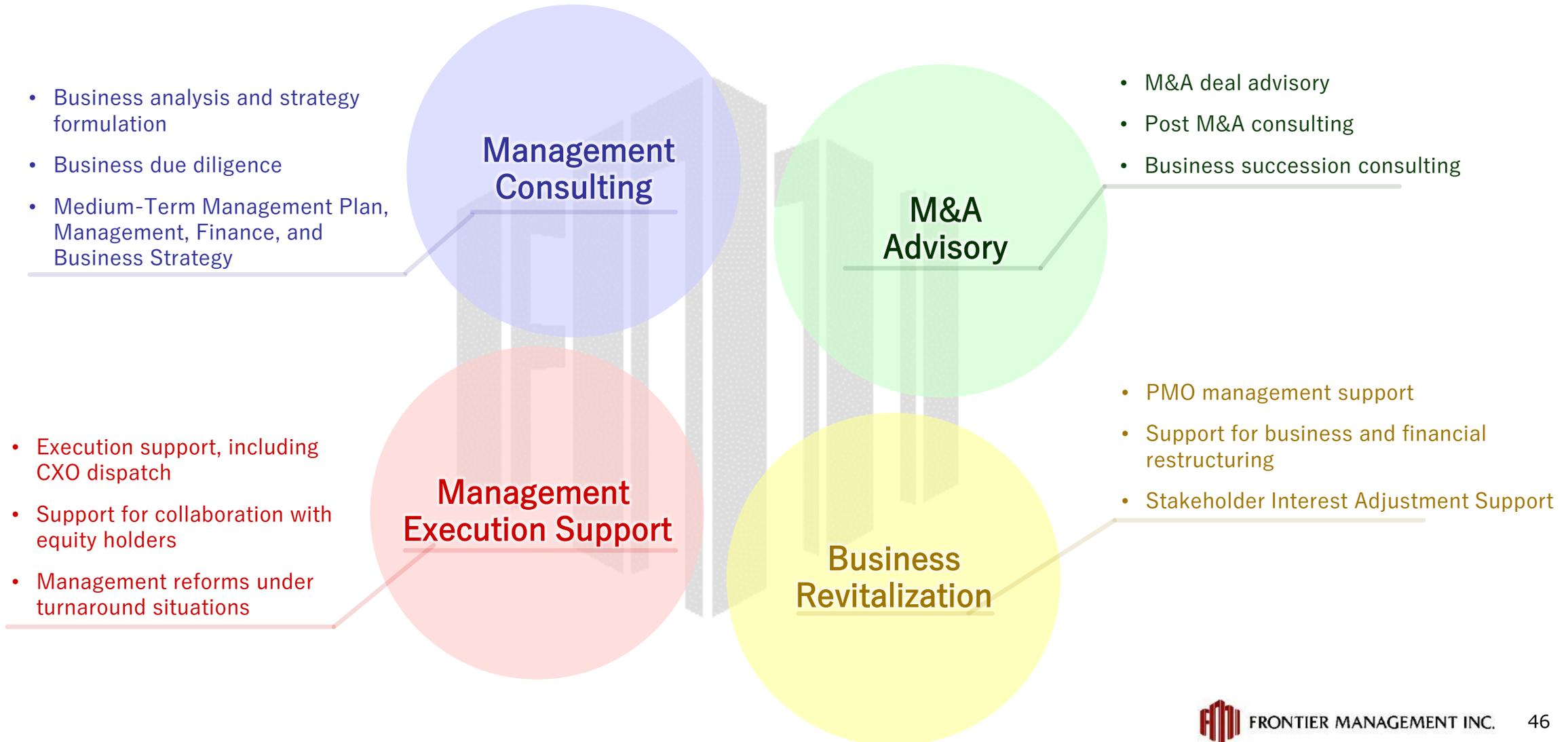
# Aim

- 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.



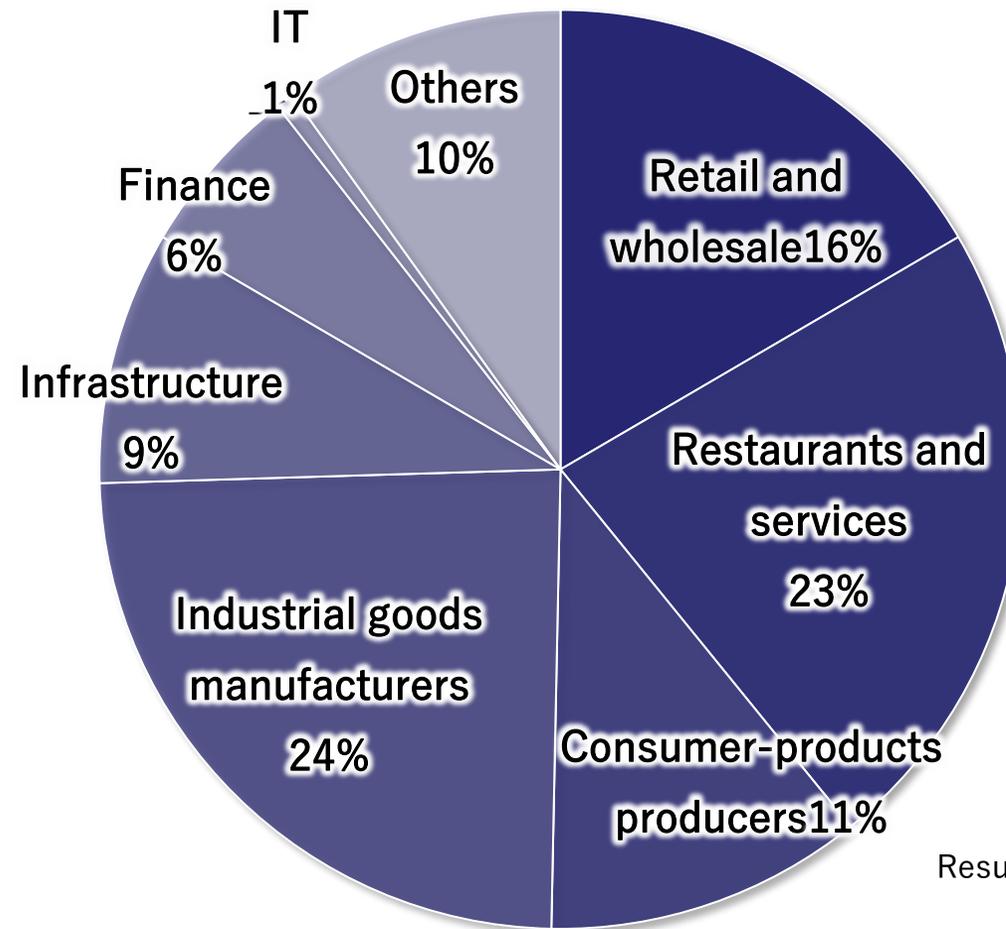
# Business

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



# Customer Segments

- Providing services to companies in diverse industries.



Results for the year ended December 31, 2020

# History



# Board of Directors and Organizational Chart



代表取締役  
大西 正一郎  
SHOICHIRO ONISHI



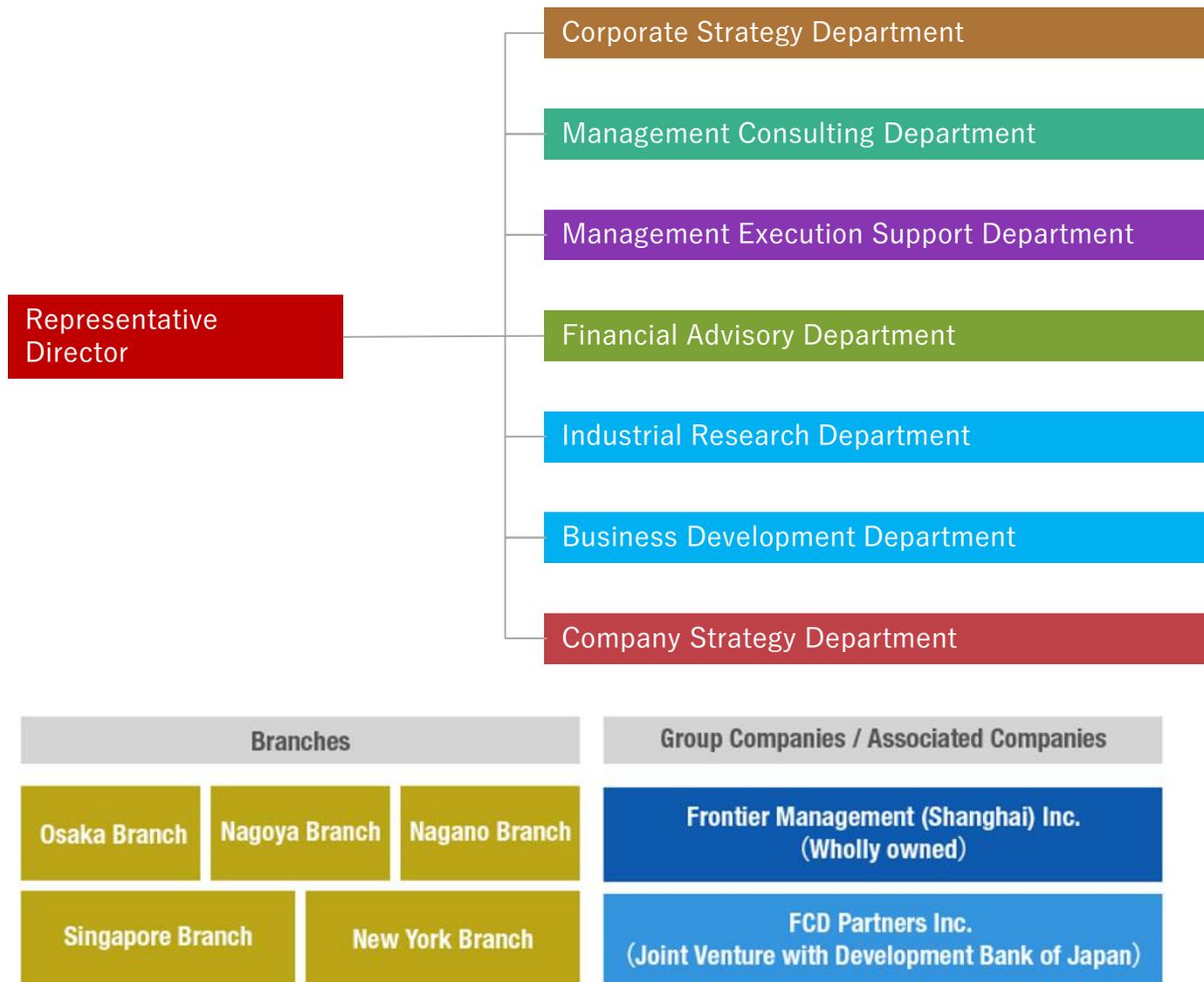
代表取締役  
松岡 真宏  
MASAHIRO MATSUOKA



取締役  
高橋 義昭  
YOSHIAKI TAKAHASHI



社外取締役  
大杉 和人  
KAZUHITO OSUGI



### 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.

# Corporate Information



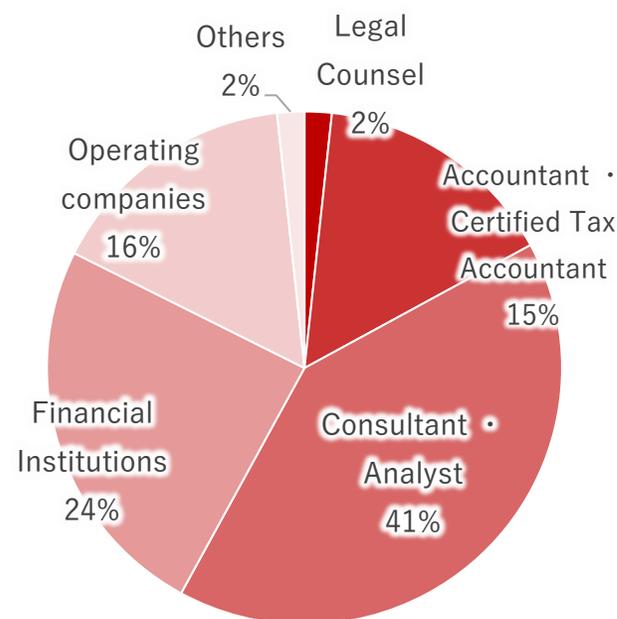
## Company Overview

<b>Company Name</b>	Frontier Management Inc.	
<b>Established</b>	January 4, 2007	
<b>Listed</b>	First Section of the Tokyo Stock Exchange	(Code Number : 7038)
<b>Location</b>	Sumitomo Fudosan Roppongi Grand Tower 41F, 3-2-1 Roppongi, Minato-ku, Tokyo	
<b>TEL/FAX</b>	<TEL>+81-3-6862-5180 (general) <FAX>+81-3-6862-8611	
<b>Website</b>	<a href="https://www.frontier-mgmt.com">https://www.frontier-mgmt.com</a>	
<b>Officers, etc</b>	Co-president	Shoichiro Onishi
	Co-president	Masahiro Matsuoka
	Director of the Board	Yoshiaki Takahashi
	Outside Director of the Board	Kazuhito Osugi
	Audit & Supervisory (full-time)	Takeshi Umemoto
	Audit & Supervisory (part-time)	Kazuhiko Shimokobe
	Audit & Supervisory (parttime)	Nobumichi Hattori
	Director	Yoshiaki Takahashi
	Outside Directors	Kazuhito Yasugi
	Senior Managing Executive Officer	Toshi Mitsuzawa
	Managing Executive Officer	Sumio Nishizawa
	Managing Executive Officer	Akinori Nishida
	Executive Officer	Masaya Yajima
	Executive Officer	Shinji Hikoe
	Executive Officer	Hitoshi Kuriyama
	Executive Officer	Tomohiro Murata
	Executive Officer	Takashi Abe
	Executive Officer	Junko Koshino
		as of end of September 2020
<b>No. of employees</b>	223(consolidated)	
<b>Branch</b>	Osaka, Nagoya, Nagano, Singapore, New York	
<b>Group Companies</b>	Frontier Management (Shanghai) Inc. (Wholly owned)	
<b>Associated company</b>	FCD Partners Inc.	

## Business Activities

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

## Professional Composition Ratio



- ✓ 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.

As of end of December 2020

# Handling of this material

- This document contains forward-looking statements, plans for the future, and management objectives related to us. These forward-looking statements are based on current assumptions about future events and trends, and there can be no assurance that such assumptions will always be accurate. A number of factors could cause actual results to differ materially from those described in this document. 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.
- Unless otherwise indicated, the financial data presented herein is presented in accordance with accounting principles generally accepted in Japan.
- Regardless of the occurrence of future events, we will not necessarily revise the forward-looking statements that have already been made, except as required by disclosure rules.
- Information about companies other than ours relies generally on publicly available information.



**FRONTIER  
MANAGEMENT  
INC.**