



**FRONTIER  
MANAGEMENT  
INC.**

# **FY2021-2023 Medium-Term Management Plan**

February 9, 2021

Frontier Management Inc.

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Chapter 2 Environment

Chapter 3 Existing Businesses

Chapter 4 New Direction

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# Contents

Chapter 1 Vision

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## Frontier Management Approach

- 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

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Chapter 1 Vision

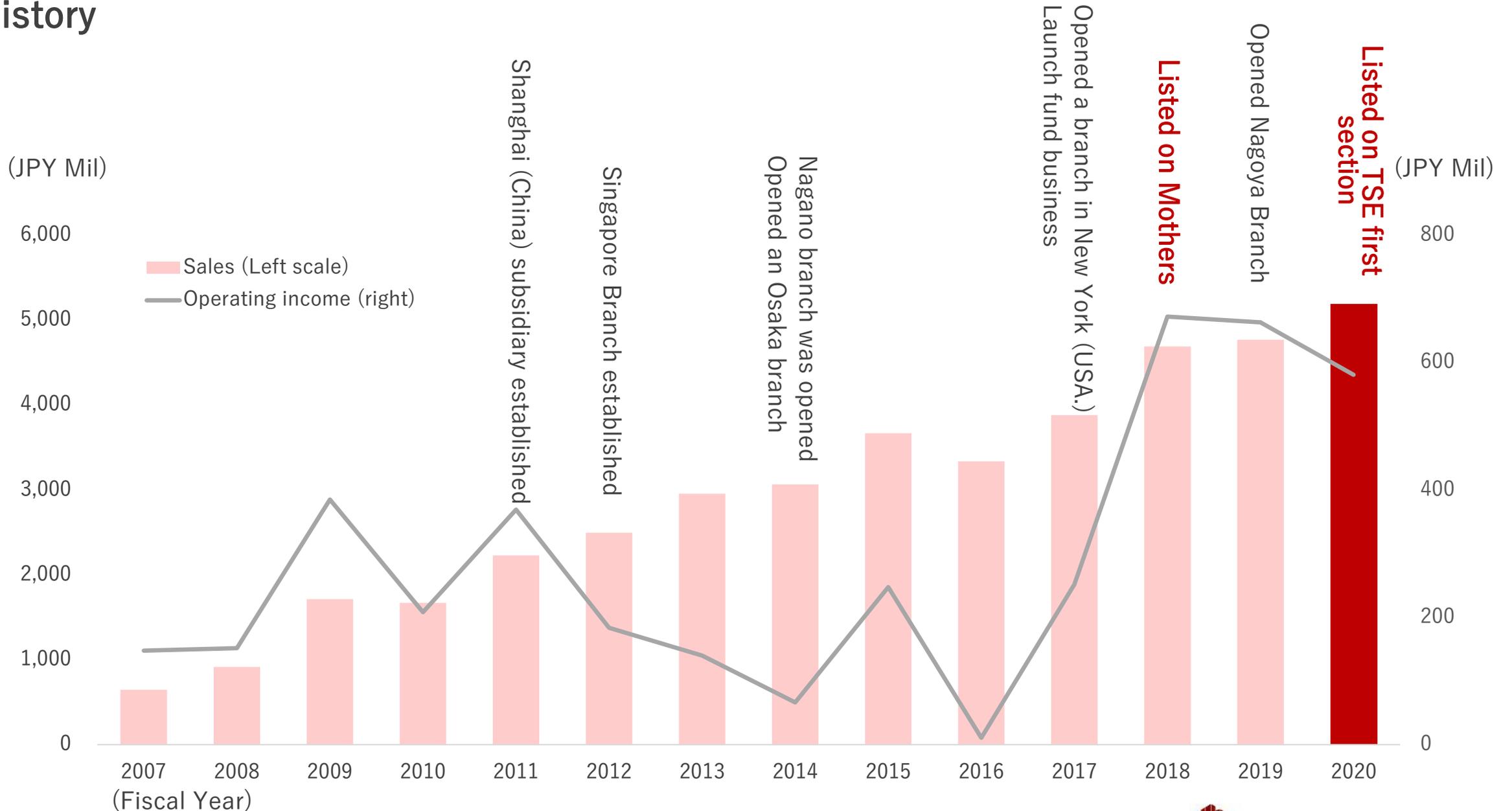
Chapter 2 Environment

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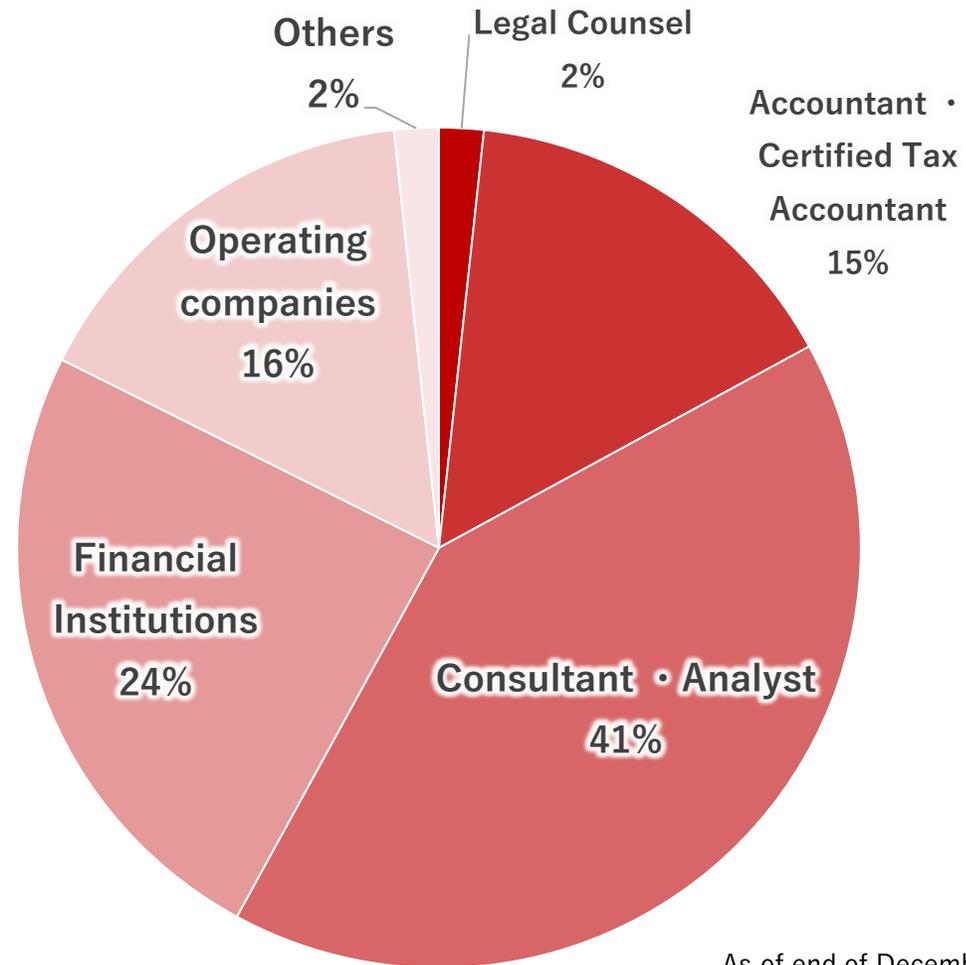
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# History



# Background of our professionals



As of end of December 2020

# 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

# Social changes and Business opportunities

## Structural and institutional social changes

CGC, external director and compliance requirement  
Stronger vector for enhancing shareholder value

Shrinking domestic demand due to decline of birthrate and aging population  
Business succession, overseas expansion of mid-size companies

Increase in MBO due to expansion of discussion on the issue of parent-subsidary listings

Penetration of private arrangement  
Increase in M&A

## Social changes triggered by COVID-19

Business portfolio transformation  
Corporate revitalization, financing needs

Further changes in corporate behavior due to progressed DX in COVID-19

## Business opportunities

Management Consulting

Financial Advisory

Revitalization Support

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# FY2023 Target and Vision

## Target

**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

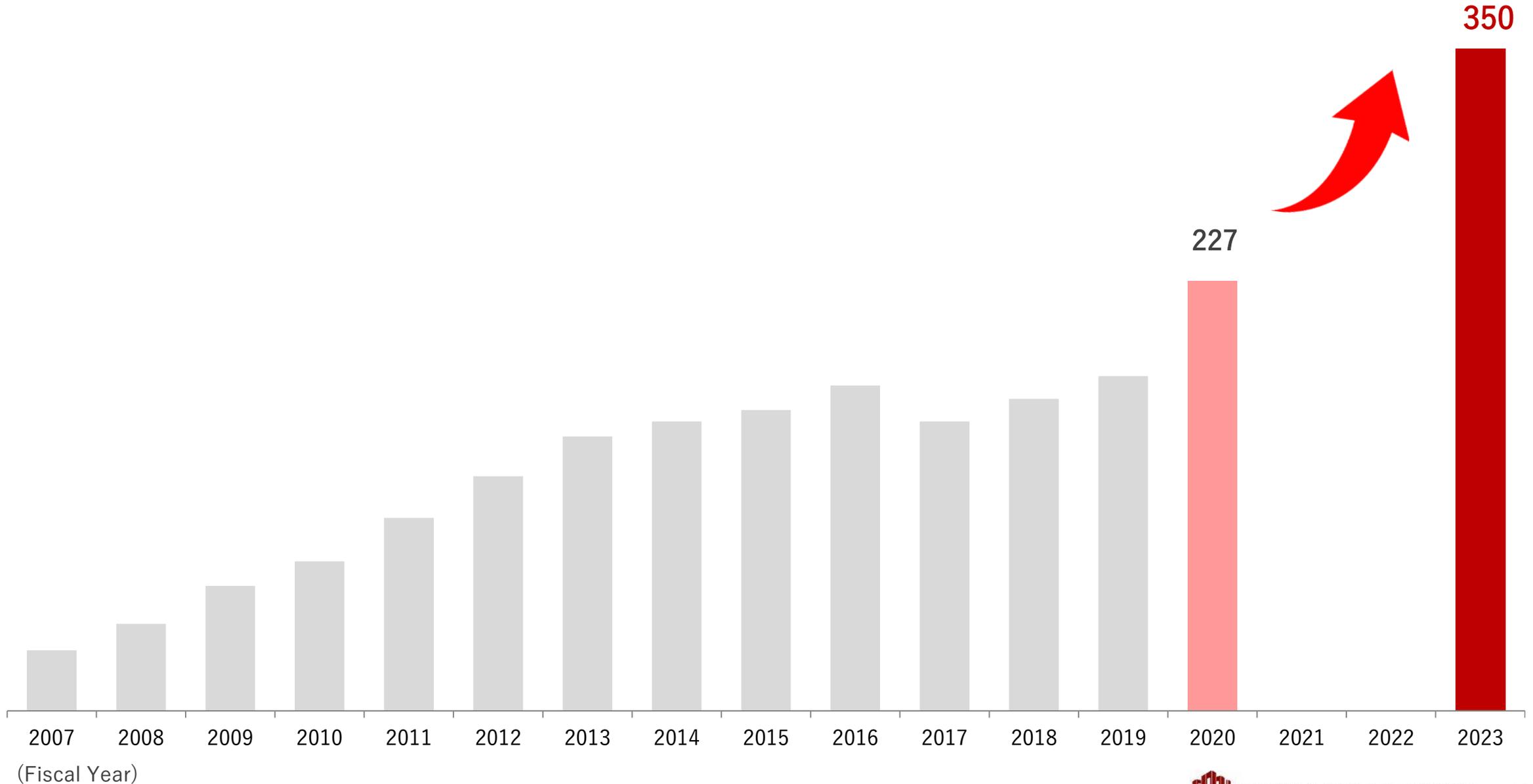
### Provide a distinguished solution

- 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 end of FY2023



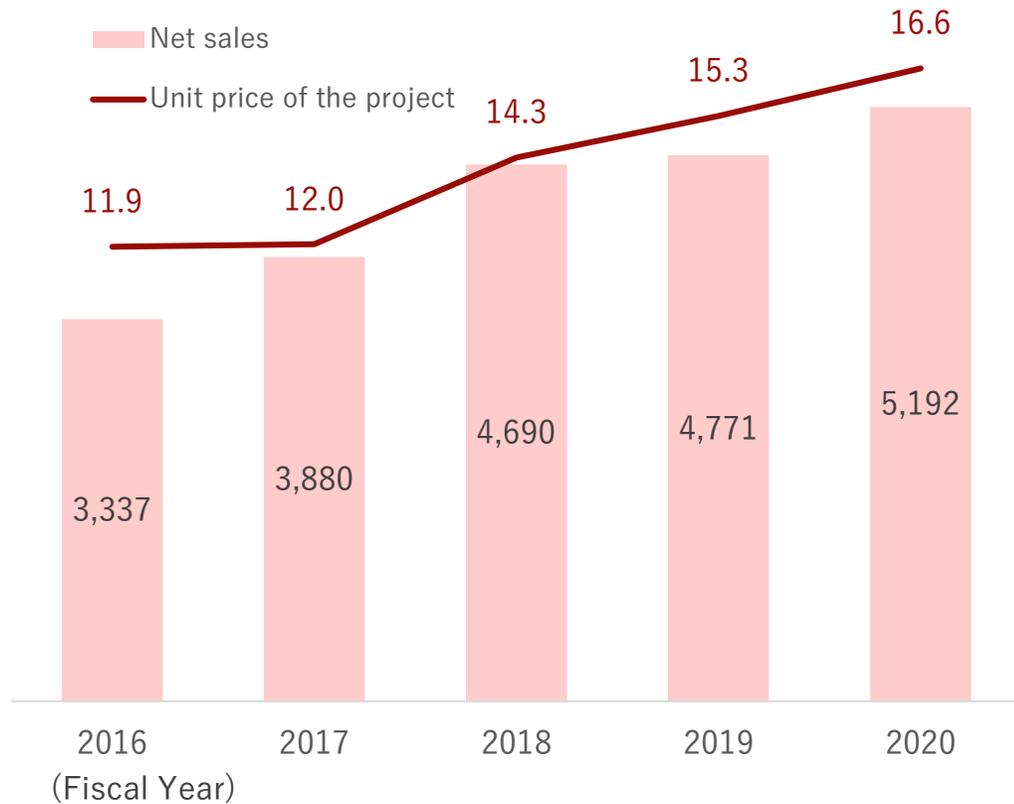
# Key Industries Professionals

Experts	Industry	2019	2020	2021~2023
 	Machinery, Plant			●
	Transportation			●
  	Chemical, paper, materials			●
	Steel, non-ferrous metals			●
	ICT			●
  	Banks, securities, insurance			●
	Utility			●
	Motor vehicles and equipment			●
  	Construction, real estate		●	●
	Food products		●	●
  	Medical, Healthcare, Pharmaceuticals		●	●
	Toiletries, cosmetics	●	●	●
	Entertainment, entertainment	●	●	●
  	Industrial electronic equipment	●	●	●
	Appliances, Electronic Components	●	●	●
	Precision machinery, Semiconductor	●	●	●
	Accommodations	●	●	●
	Wholesale, retail, distribution	●	●	●

# Unit Price Increase

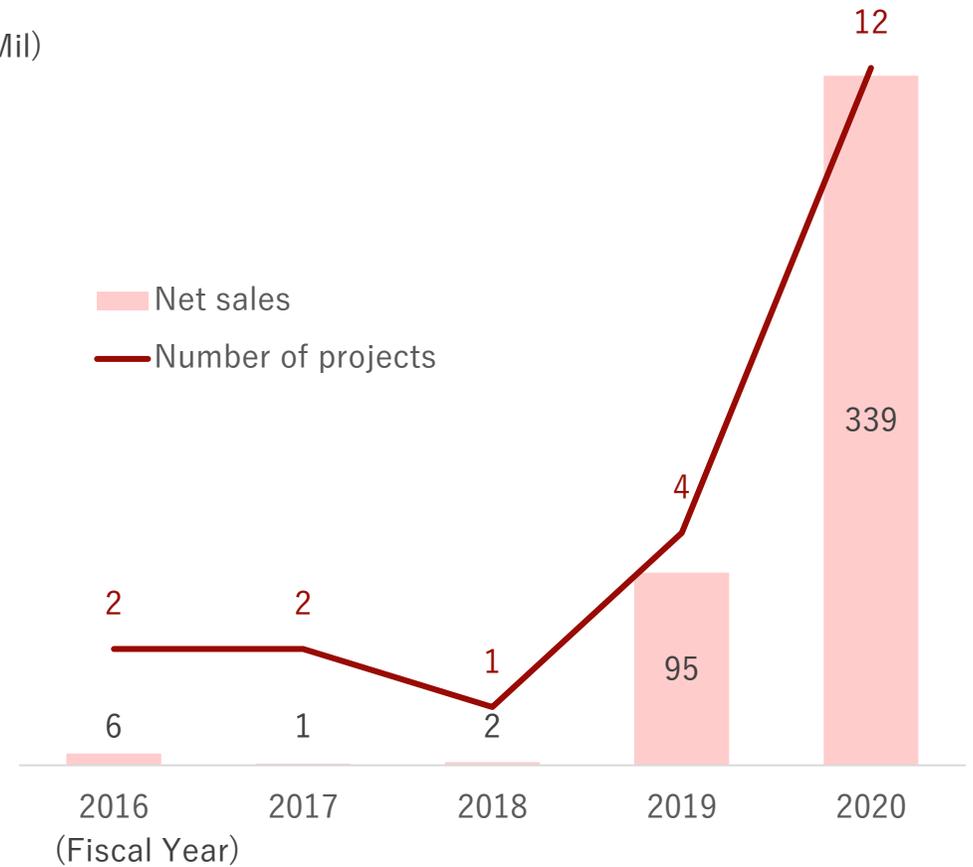
## Unit Price of Projects and Sales Trends

(JPY Mil)



## Cross-border consulting projects

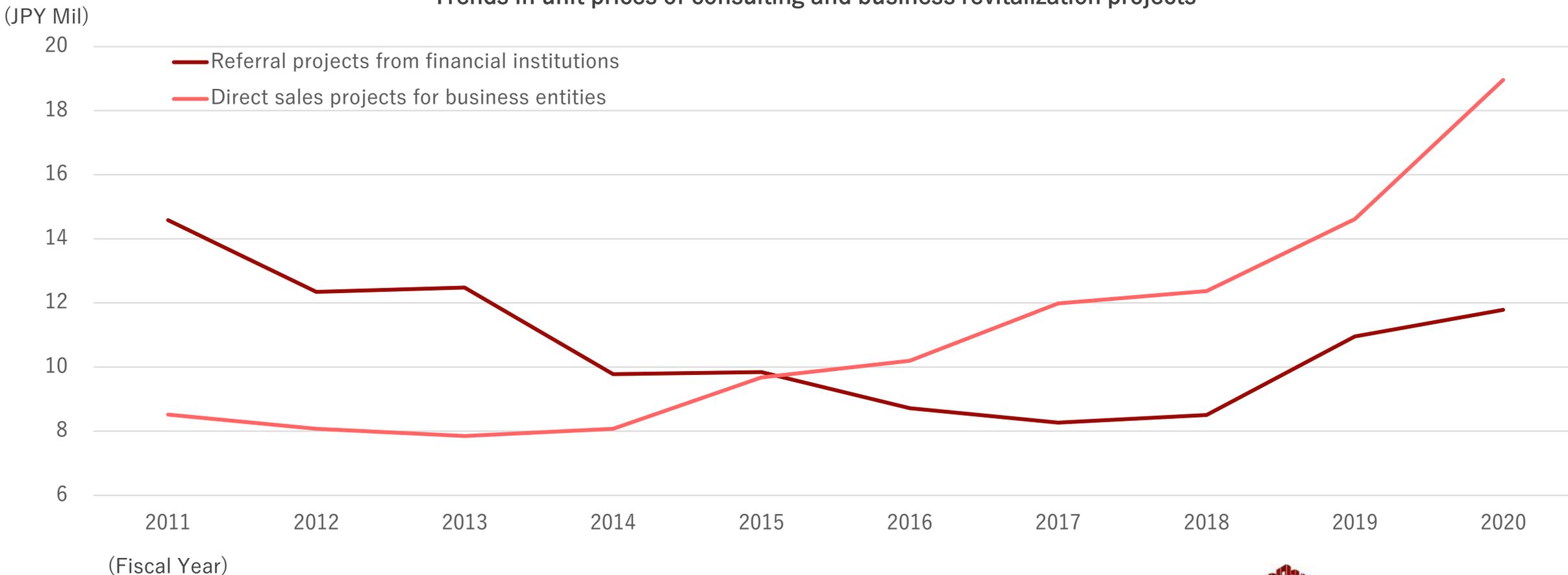
(JPY Mil)



# Trends in Unit Price

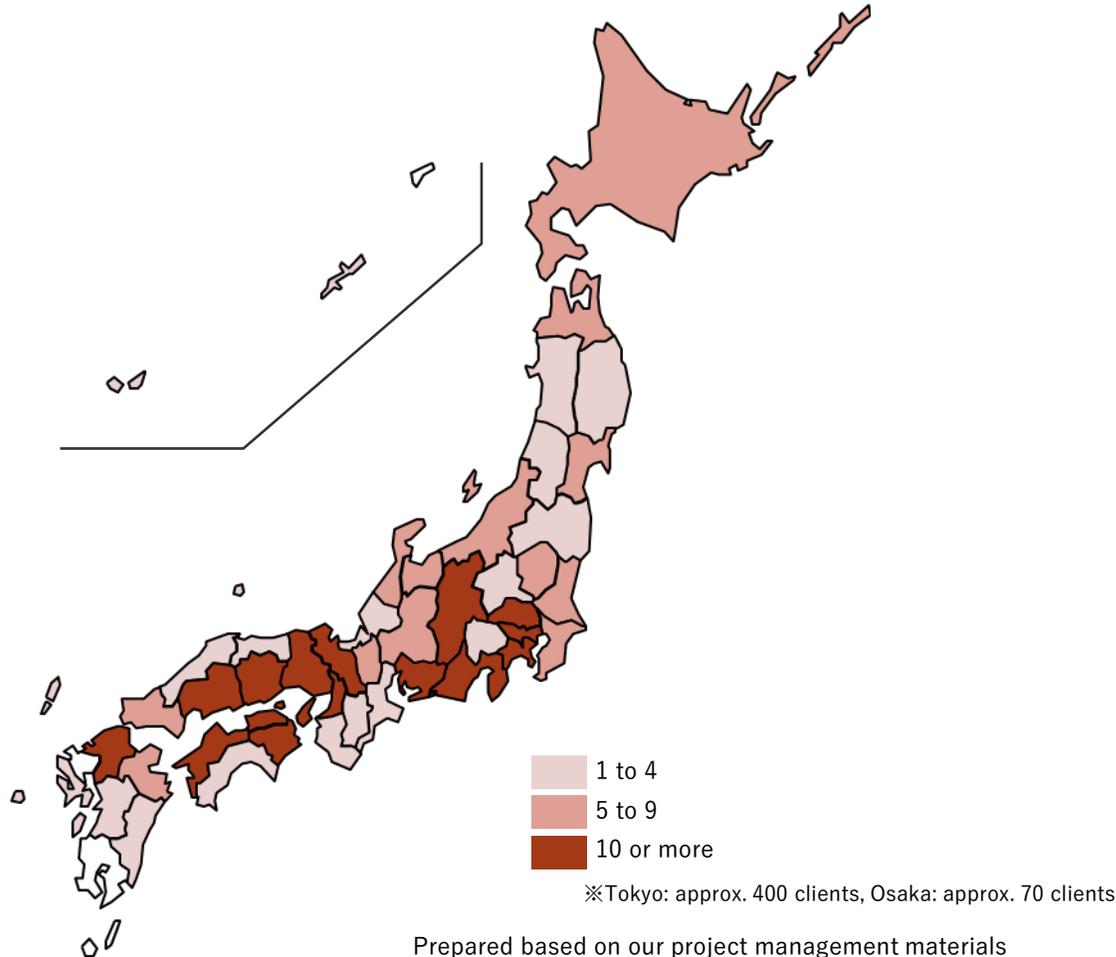
- Unit price has been driven by business revitalization projects referred by financial institutions.
- Unit price of direct sales projects for business entities is rising as the scale of clients expands.

Trends in unit prices of consulting and business revitalization projects



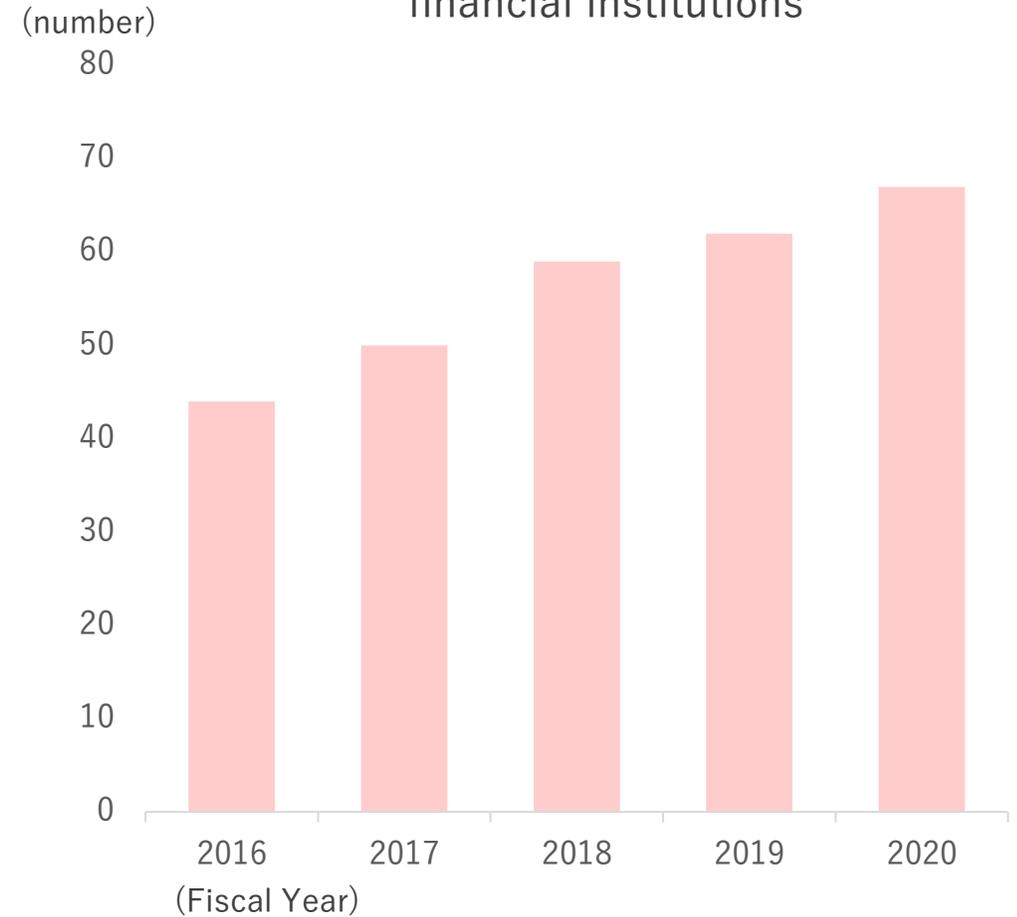
# Number of Clients and Financial Institutions

Number of clients by prefecture

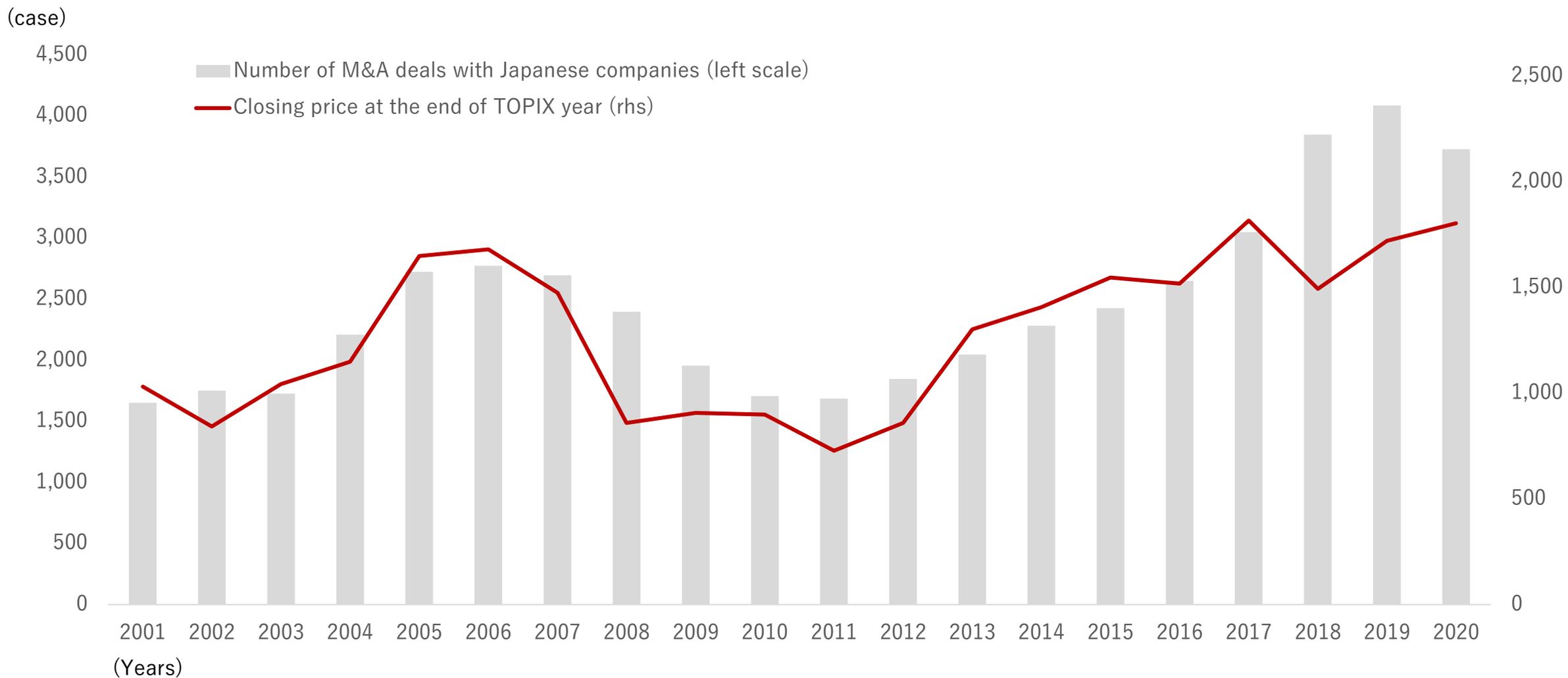


Prepared based on our project management materials  
(as of end of December 2020)

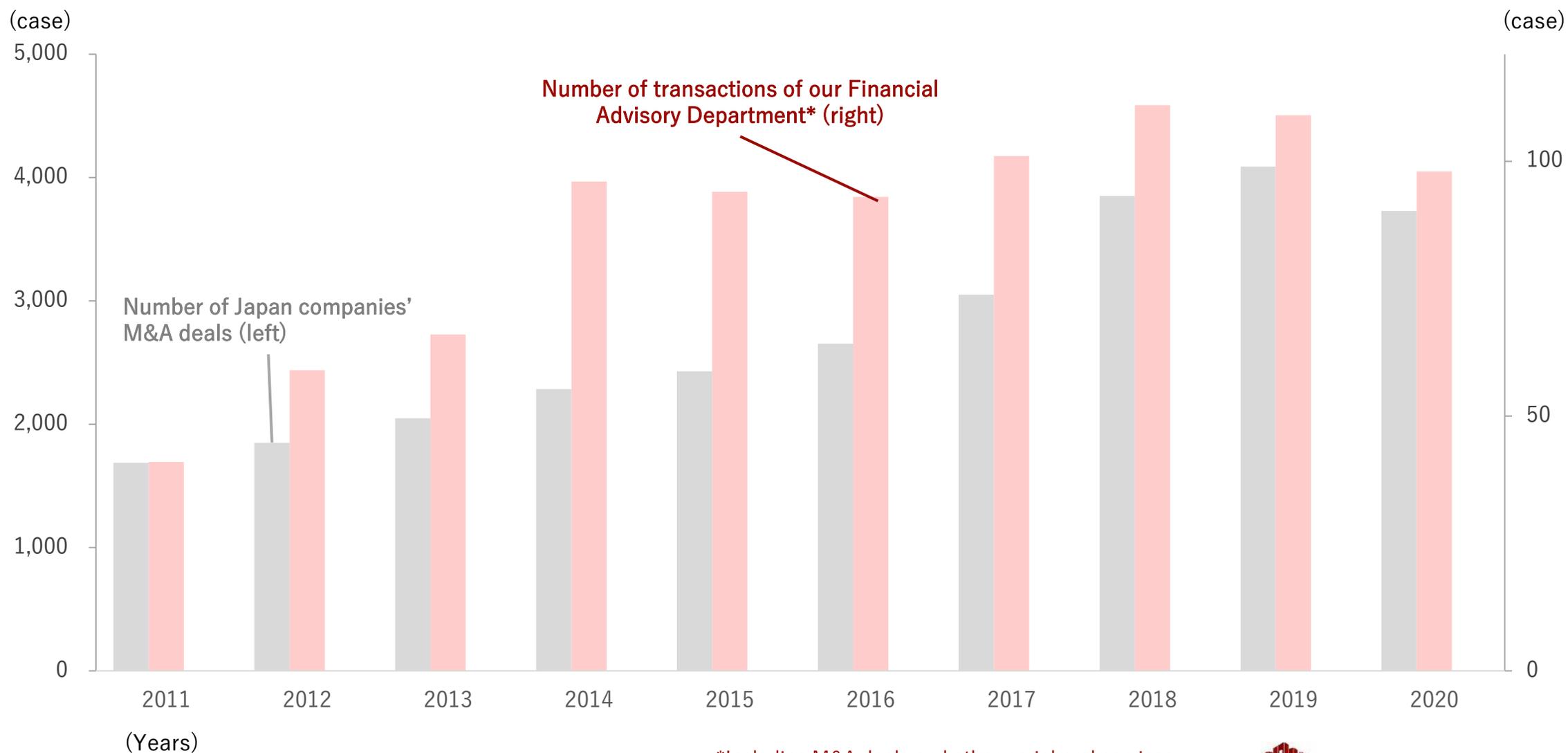
Number of correspondent financial institutions



# Trends of Japan's M&A deals and TOPIX



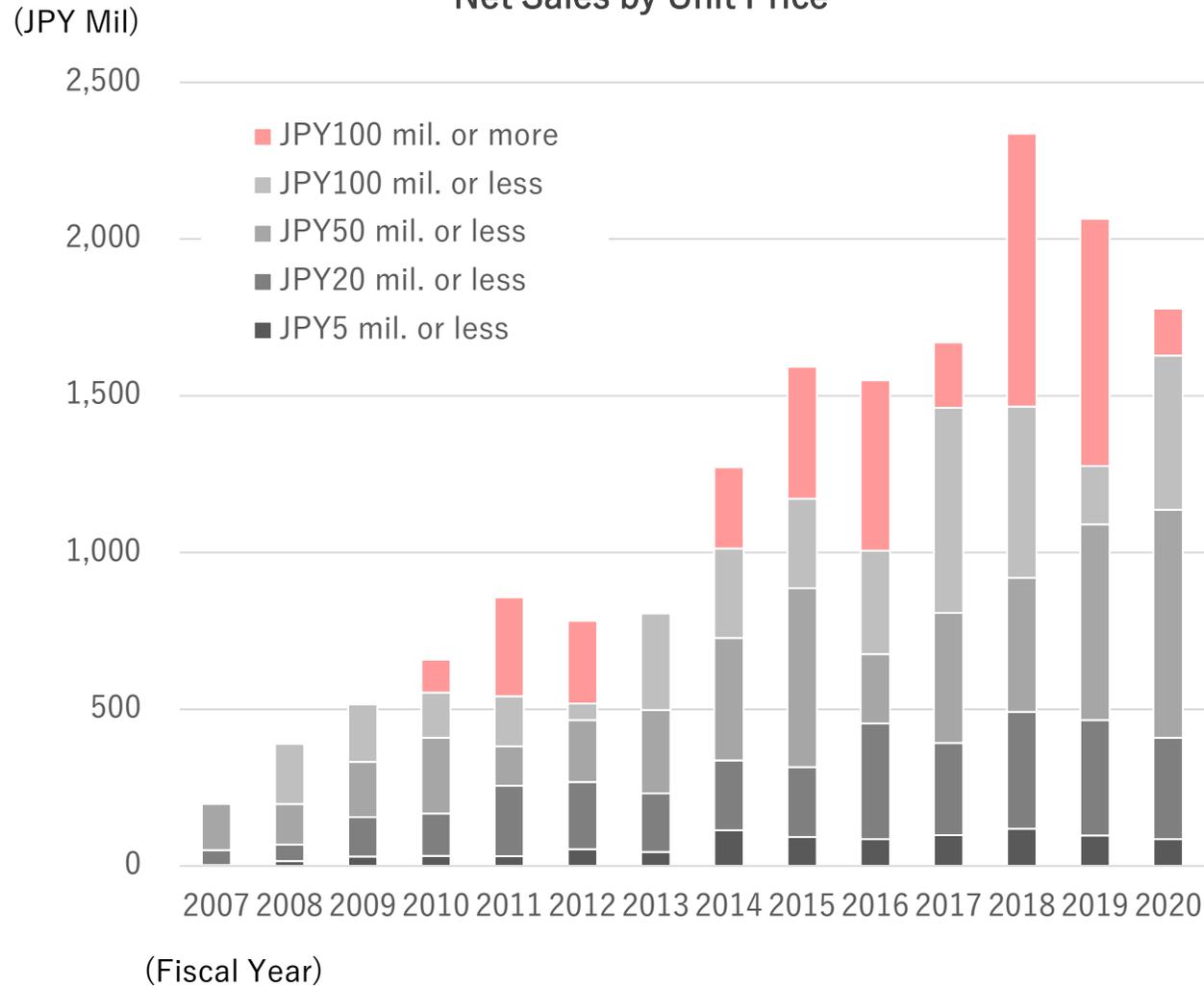
# Our Financial Advisory Department and Market Trend



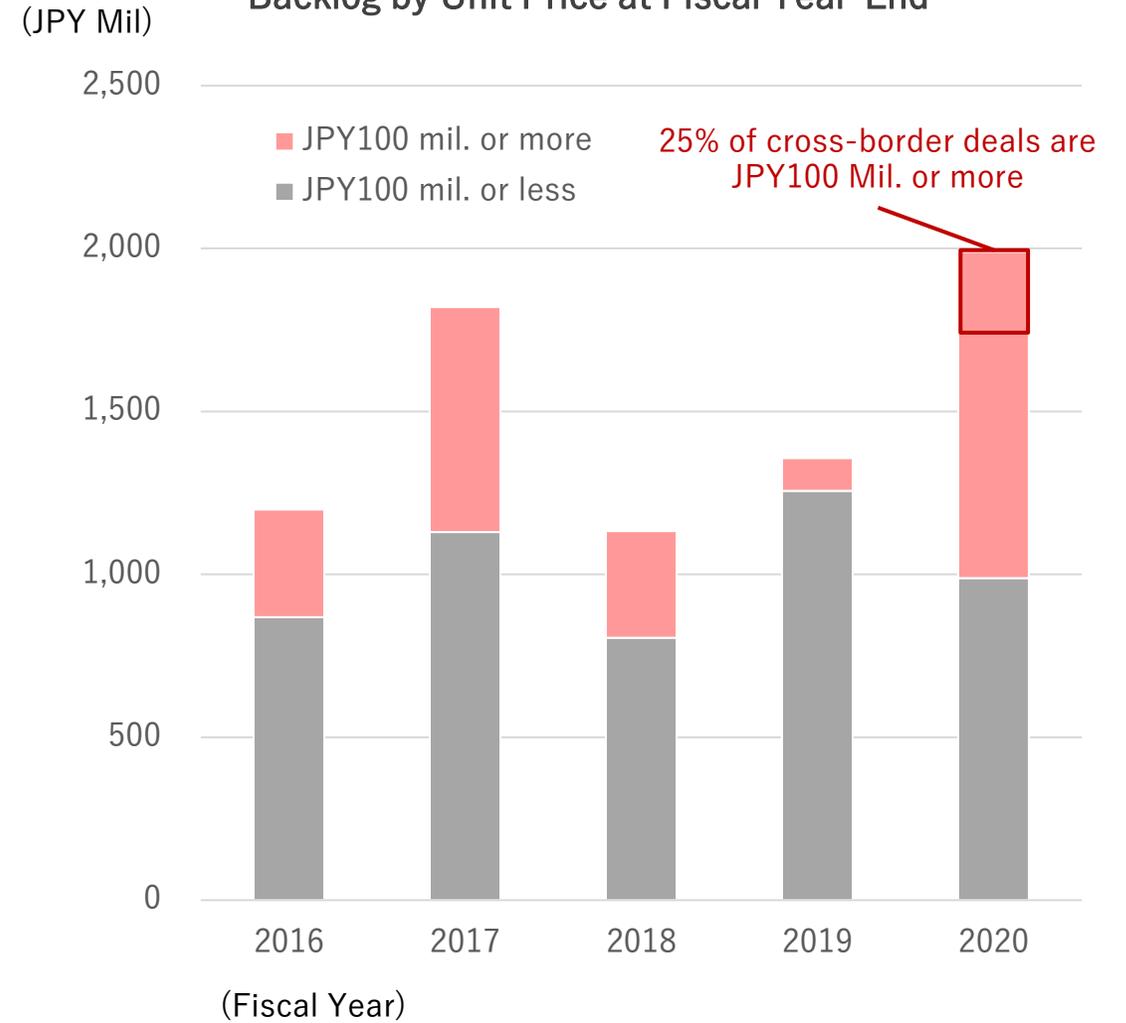
\*Including M&A deals and other peripheral services

# Financial Advisory Business Performance

### Net Sales by Unit Price



### Backlog by Unit Price at Fiscal Year-End



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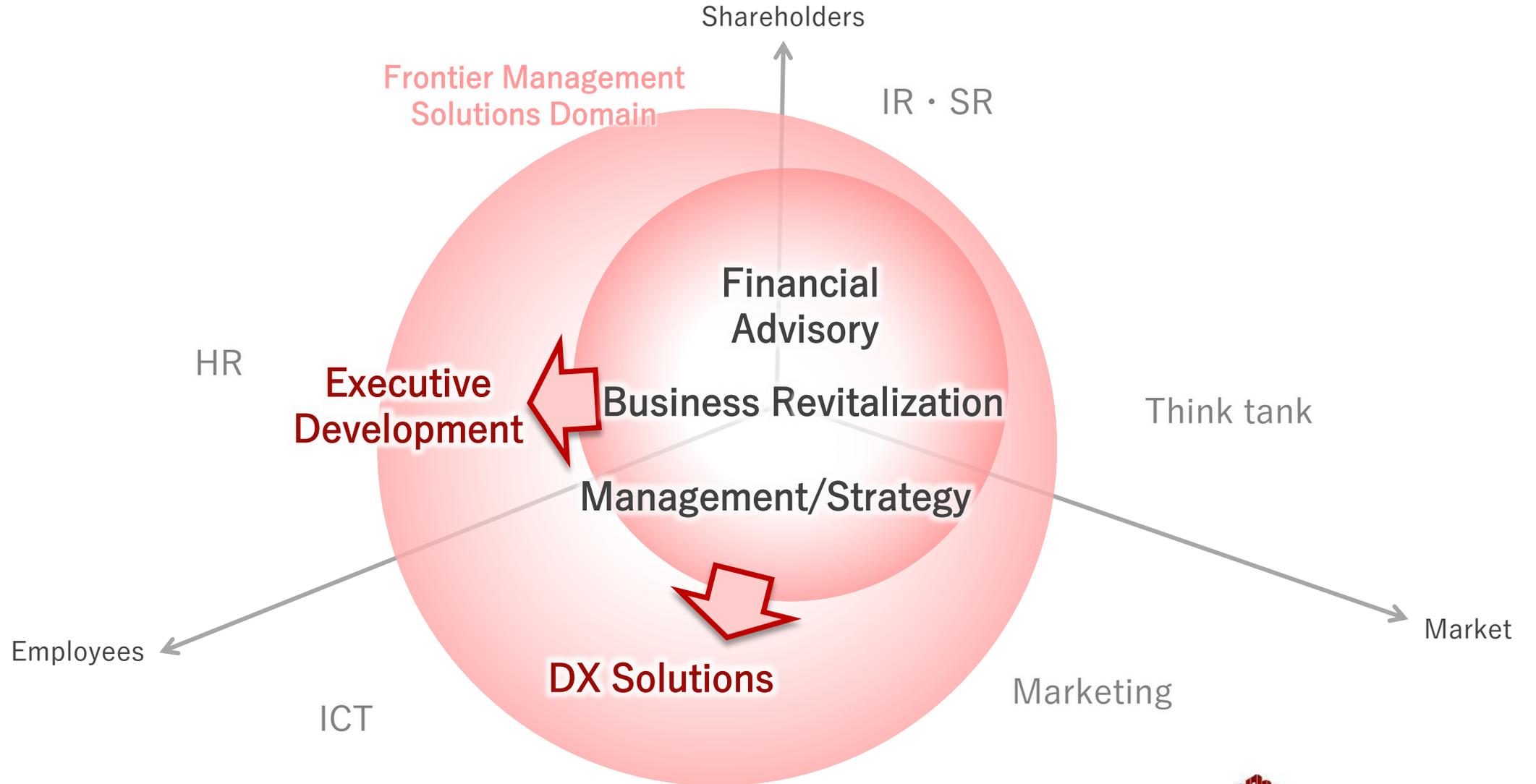
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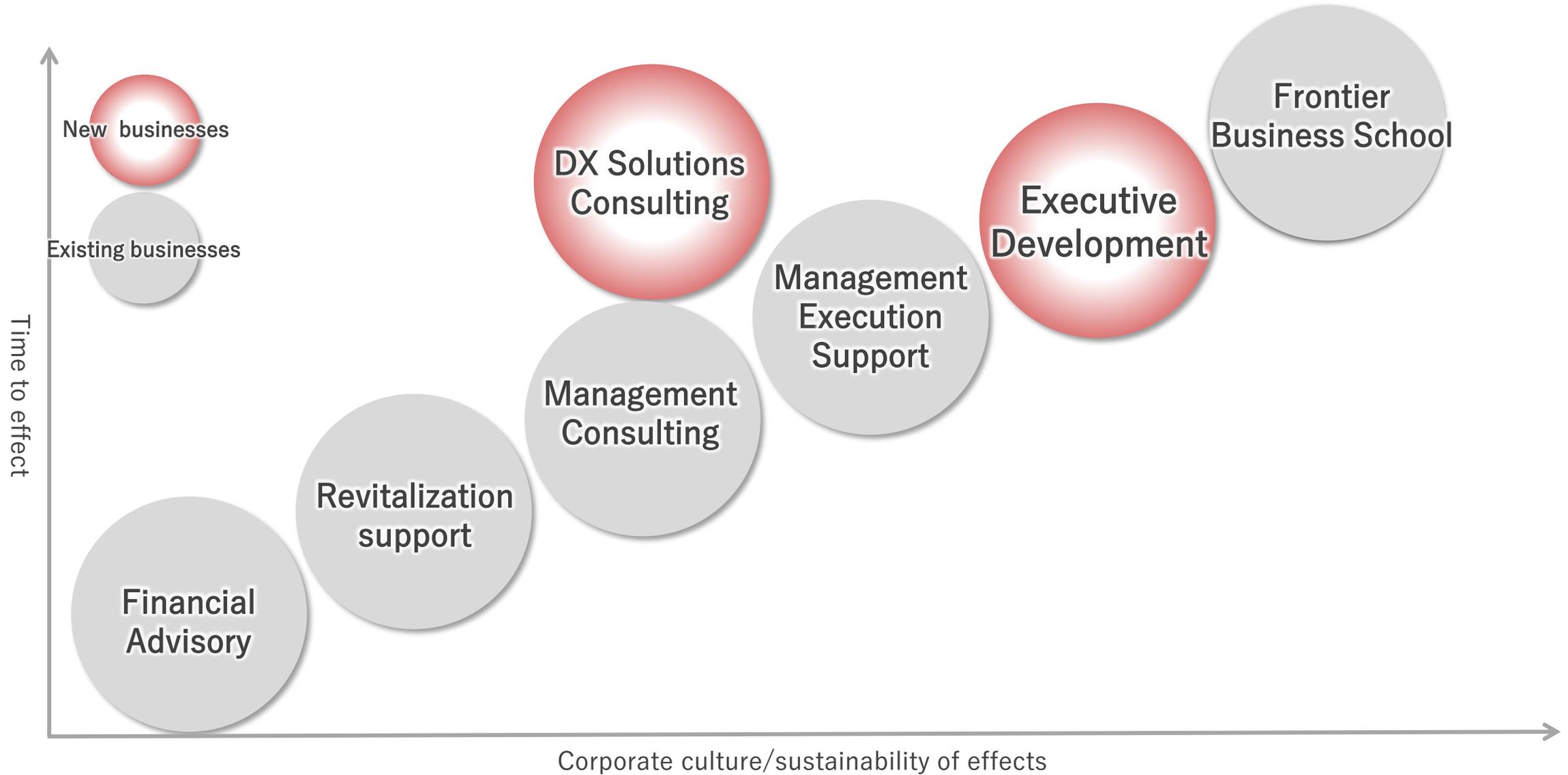
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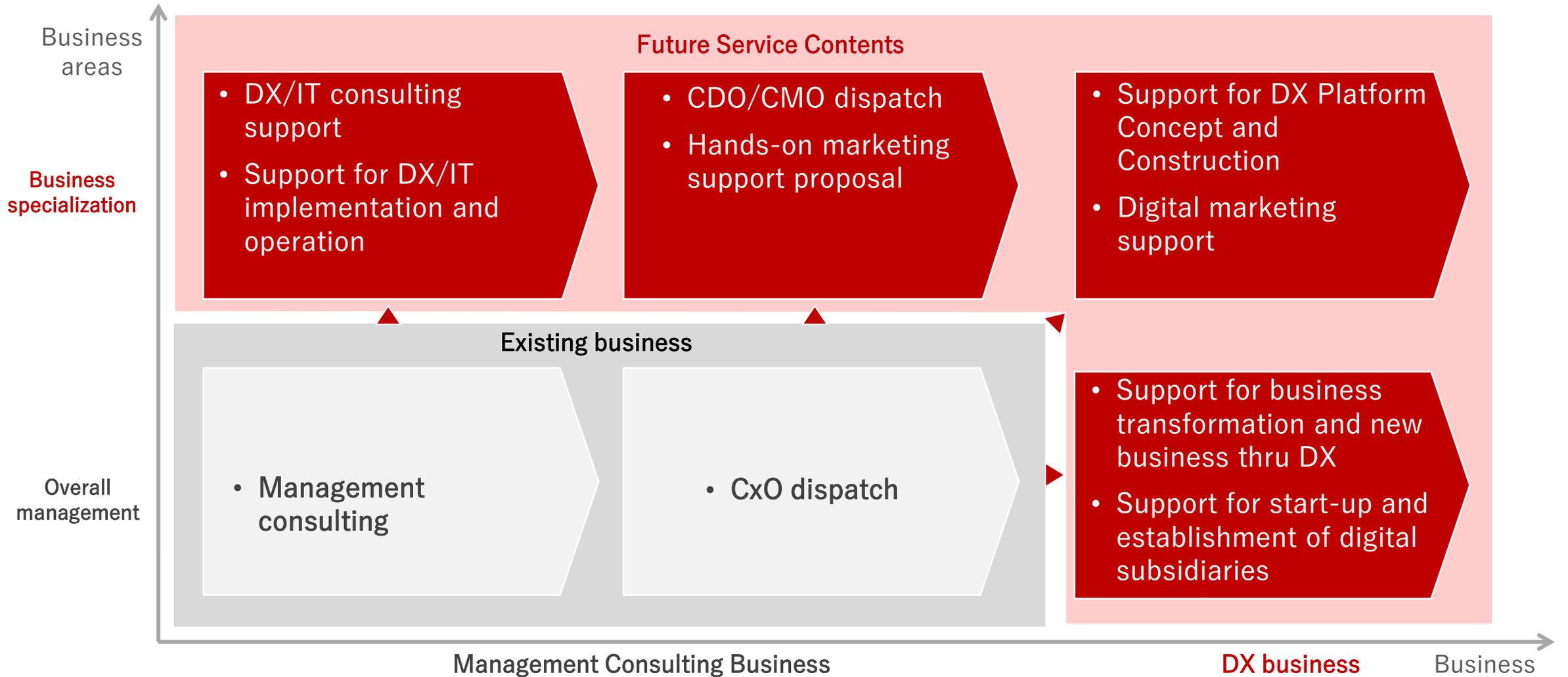
# Expand Business Portfolio



# Business Positioning



# DX Solutions



# Alliances

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



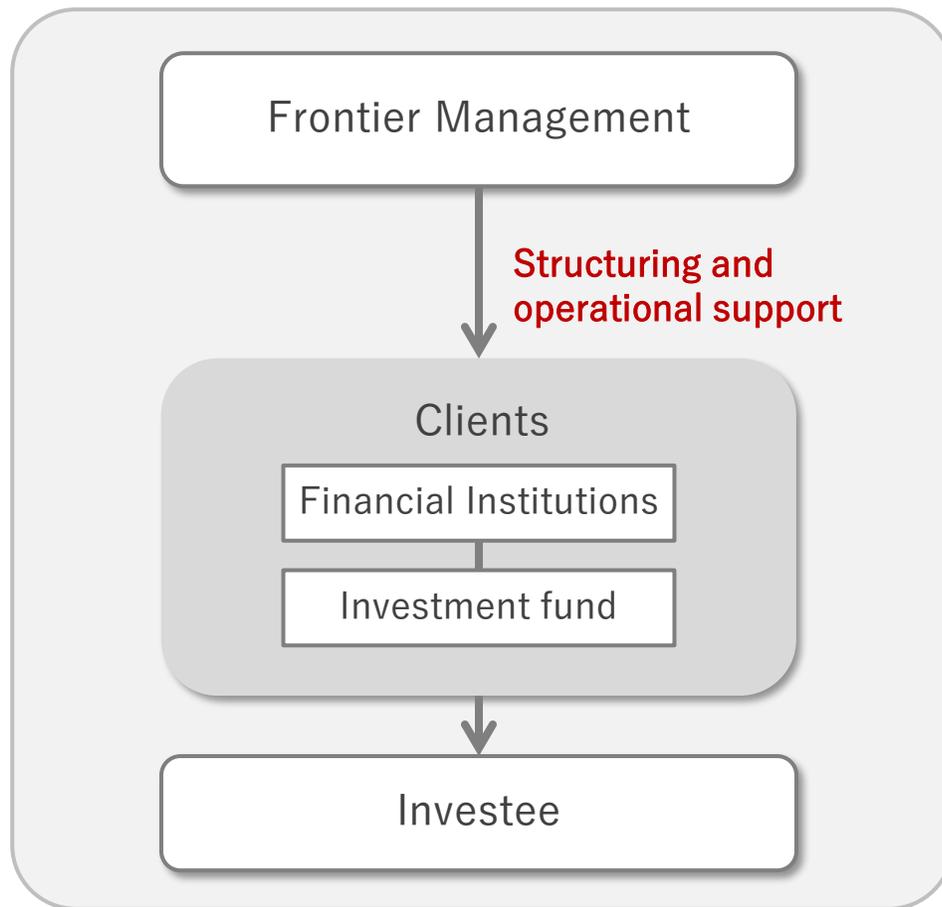
Announced on December 17, 2020

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.

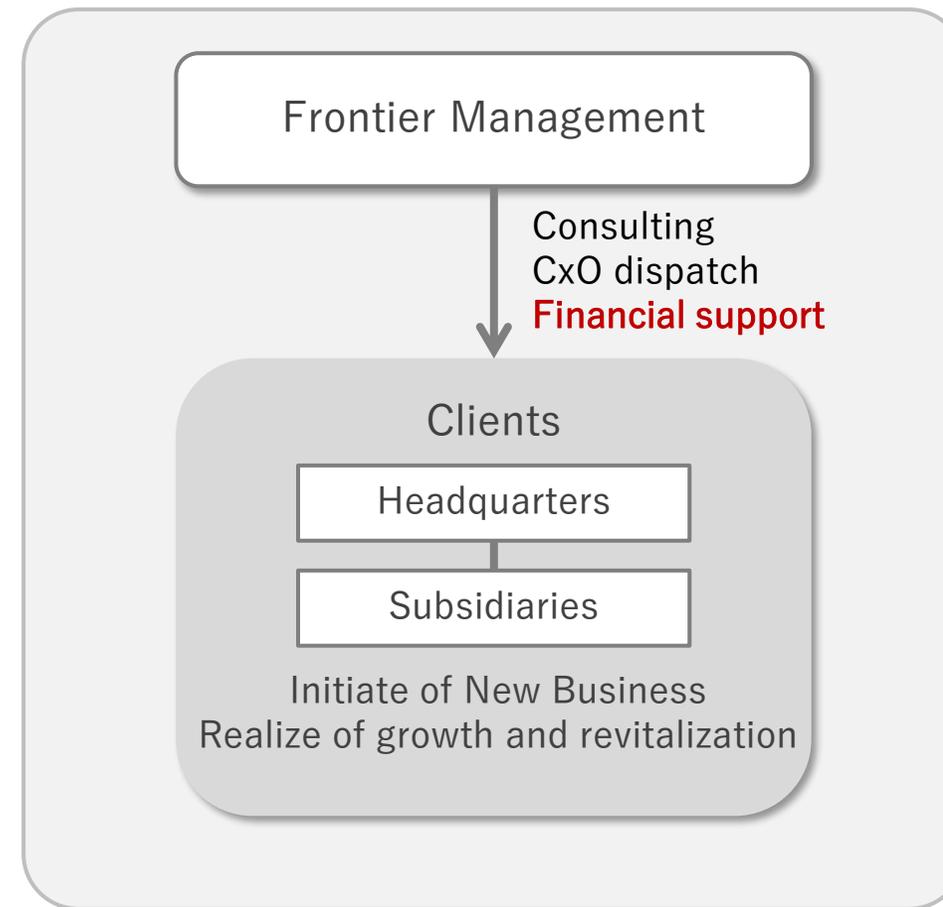
# Fund-related business

- 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

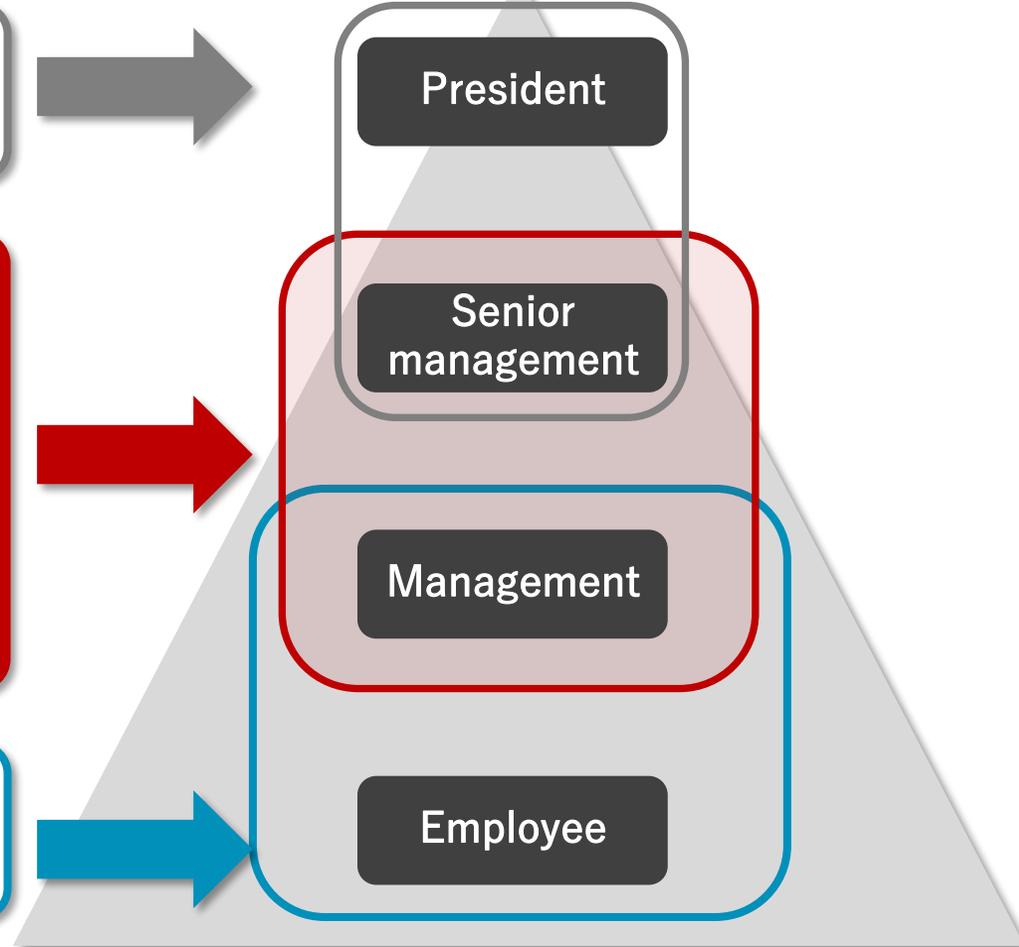
- Provide Executive Education services combining management consulting
- Business alliance with Scholar Consult supporting corporate culture innovation



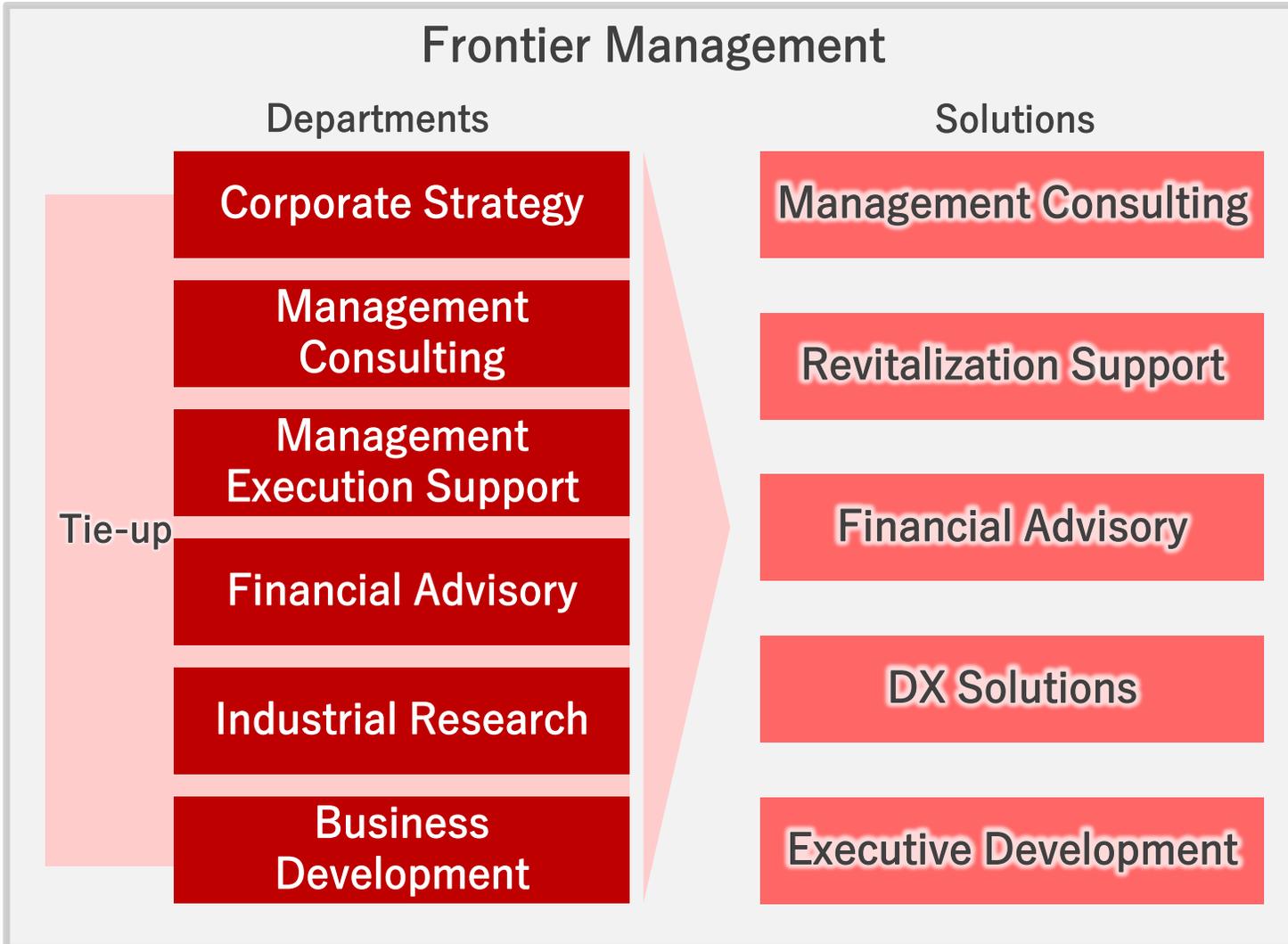


**Current** Business school 

## Clients



# Organizational Strategy



# 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



**Accumulated  
Knowledge**

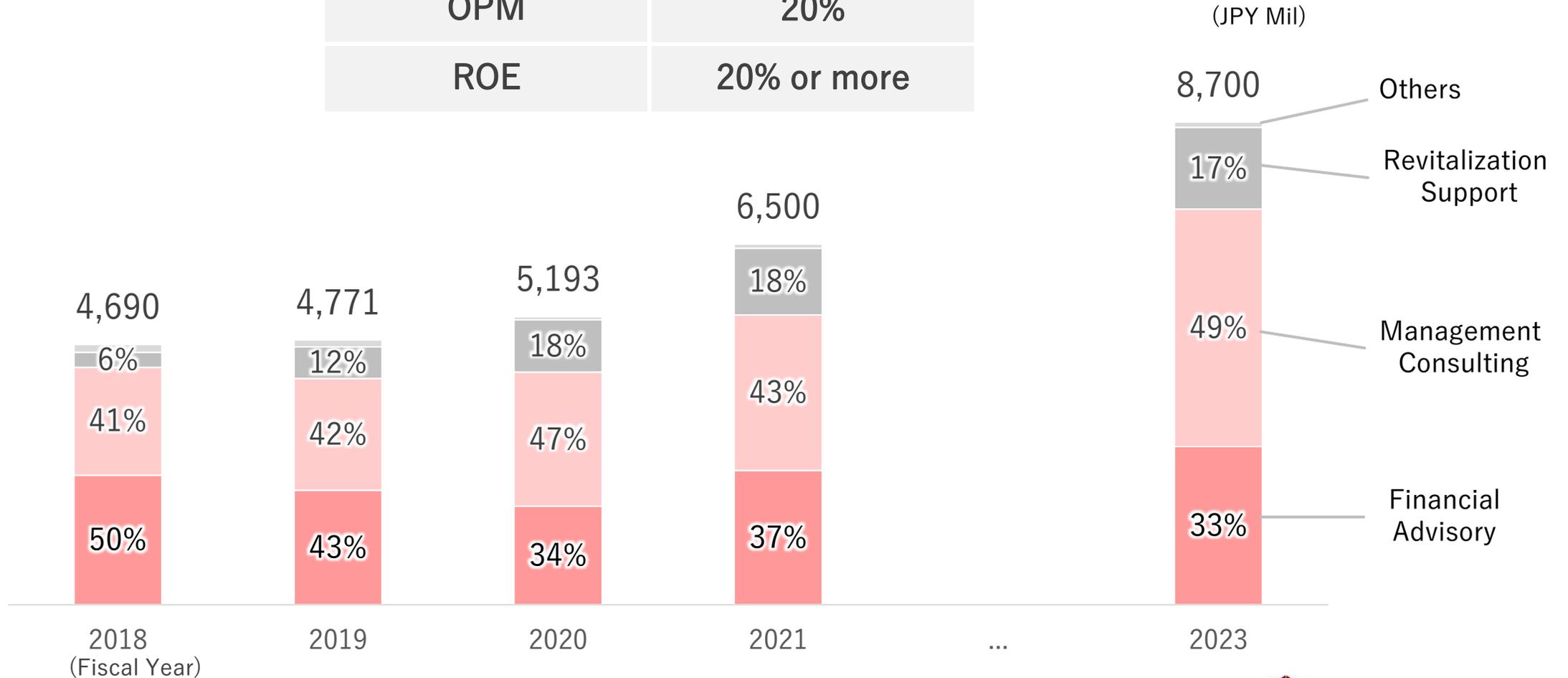
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**Existing client base**

**New client base**

# Targets

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



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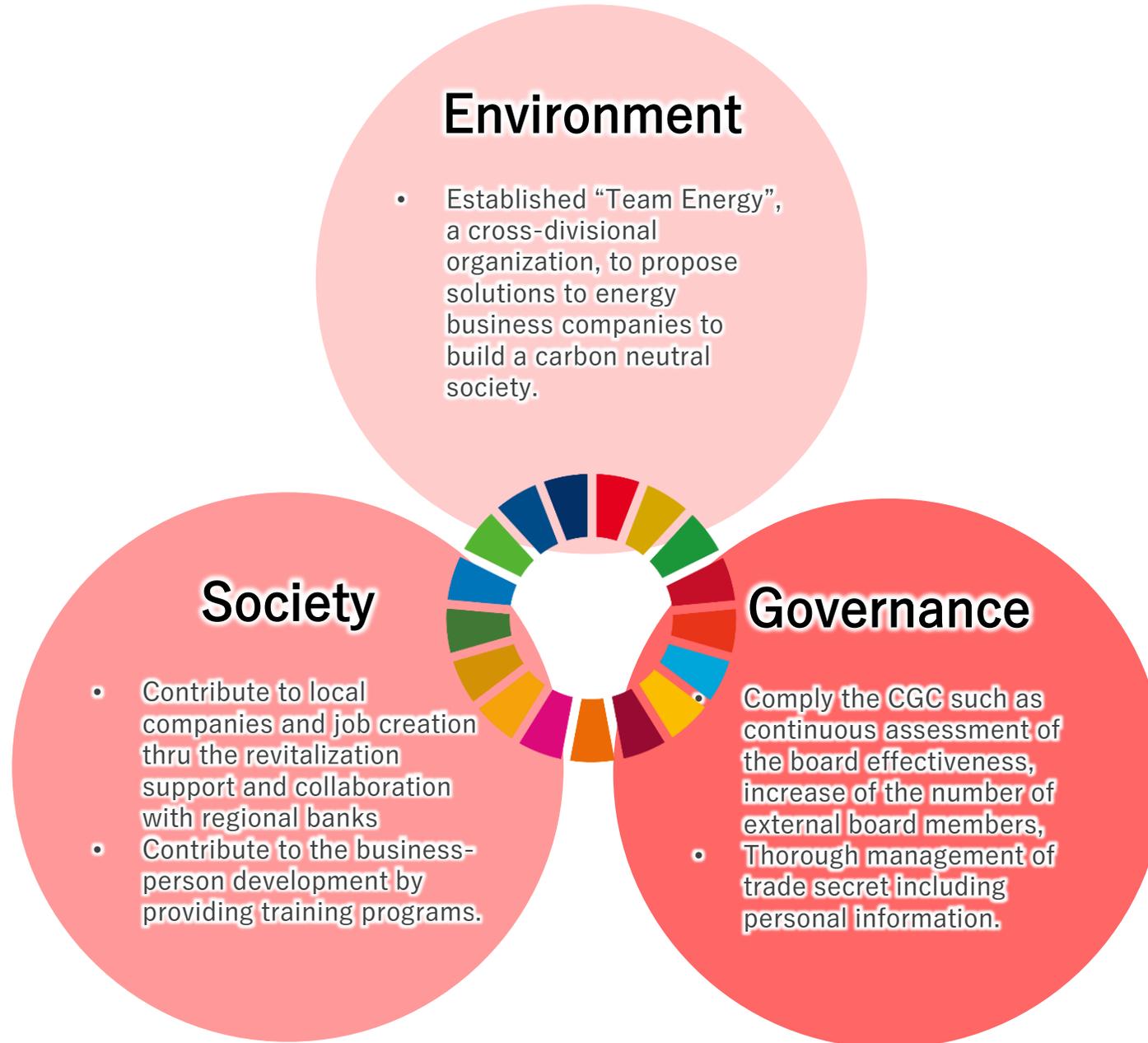
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# ESG



# SDGs



# Corporate Governance

- FY2018 Appoint external director  
Listed on the Mothers section of the Tokyo Stock Exchange
- FY2020 Establish Nomination Advisory Committee and Compensation Advisory Committee  
Listed on the First Section of the Tokyo Stock Exchange  
Launch the evaluation of the effectiveness of the Board of Directors





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