



Consolidated Financial Results for the 1Q of the Fiscal Year Ending December 31, 2021 [Japanese Standard]

May 13, 2021

Listed company name Frontier Management Inc. Listed Tokyo Stock Exchange
 Code number 7038 URL <https://www.frontier-mgmt.com/>
 Representative (Title) Representative Director Shoichiro Onishi
 Contact person (Title) Executive Officer, Head of Company Strategy Department Junko Koshino TEL 03-6862-8335
 Scheduled date to file Quarterly Securities Report May 13, 2021 Scheduled date of commencement of dividend payment -
 Preparation of supplementary material on quarterly financial results: Yes
 Quarterly results briefing: Yes

(Millions of yen are rounded down)

1Q of the fiscal year ending December 31, 2021 (January 1, 2021 to March 31, 2021)

(1) Consolidated Operating Results (Cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	JPY mil.	%	JPY mil.	%	JPY mil.	%	JPY mil.	%
1Q of FY2021	1,329	9.4	93	Δ30.7	99	Δ34.0	68	Δ31.9
1Q of FY2020	1,214	3.4	135	33.2	150	32.5	100	32.7

(NOTE)

Comprehensive income 1Q of FY2021 67 JPY mil. (Δ33.8%) 1Q of FY2020 101 JPY mil. (35.2%)

	Net income per share	Fully diluted Net income per share
	Yen	Yen
1Q of FY2021	5.96	5.87
1Q of FY2020	8.84	8.61

(NOTE) We conducted a 2-for-1 stock split on January 1, 2021. Calculations of "Quarterly net income per share" and "Diluted net income per share" are based on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity Ratio
	JPY mil.	JPY mil.	%
1Q of FY2021	3,213	2,108	65.6
End of FY2020	3,792	2,448	64.6

Reference: Shareholders' equity 1Q of FY2021 2,108 JPY mil. End of FY2020 2,448 JPY mil.

2.Dividend Status

	Dividend per share				
	End of first quarter	End of second quarter	End of the third quarter	Term end	Total
	Yen	Yen	Yen	Yen	Yen
FY2020	-	0.00	-	24.00	24.00
FY2021	-	-	-	-	-
FY2021(Forecast)	-	0.00	-	-	-

(NOTE) 1. Revisions to the most recently announced dividend forecasts: None

We plan to pay dividends for the fiscal year ending December 31, 2021, but have not yet determined the expected amount.

2. We conducted a 2-for-1 stock split on January 1, 2021. The actual amount of dividends for the fiscal year ending December 31, 2020 is before the stock split.

3.Forecasts for the fiscal year ending December 31, 2021 (January 1, 2021 to December 31, 2021)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	JPY mil.	%	JPY mil.	%	JPY mil.	%	JPY mil.	%	Yen
Full year	6,500	25.2	1,000	72.2	1,007	74.9	693	64.8	60.30

(NOTE)Revisions to the most recently announced earnings forecasts: None

※ Due to the timing of recording sales of incentive fees in the Financial Advisory Business, the Group's performance fluctuates significantly during the fiscal year. It makes it difficult to calculate consolidated earnings forecasts for the 2nd quarter (cumulative) and managing earnings for the fiscal year. Accordingly, the Group only announces full-year earnings forecasts.

※ Notes

(1) Changes in significant subsidiaries during this period (changes in specified subsidiaries accompanied by changes in the scope of consolidation): None

(2) Adoption of special accounting methods for preparing quarterly consolidated financial statements: None

(3) Changes in accounting policies and changes or restatement of accounting estimates

① Changes in accounting policies due to revisions to accounting standards, etc.: None

② Changes in accounting policies other than ①: None

③ Changes in accounting estimates: None

④ Restatement of revisions: None

(4) Number of shares of common stock outstanding

① Number of shares issued at the end of the period (including treasury stock)

FY12/2021 1Q	11,570,000 Shares	FY12/2020	11,555,800 Shares
FY12/2021 1Q	225,080 Shares	FY12/2020	63,080 Shares
FY12/2021 1Q	11,469,799 Shares	FY12/2020 1Q	11,344,802 Shares

② Number of treasury stock at the end of the period

③ Average number of shares during the period (cumulative)

(NOTE) We conducted a 2-for-1 stock split on January 1, 2021. The numbers of the above ①, ② and ③ during the period are calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

※ This financial results report is not subject to the audit by a certified public accountant or an auditing firm.

※ Explanations and other special notes concerning the appropriate use of business performance forecasts
(Cautionary Statement with Respect to Forward-Looking Statements)

The earnings forecasts and other forward-looking statements herein are based on information currently available to us and certain assumptions that we believe to be reasonable, and are not intended to guarantee the achievement of the forecasts.

Actual results may differ materially from the forecast depending on a range of factors. Please refer to "1. Overview of The Quarterly Financial Results (3) Future Outlook" on page 3 of the attached material for the assumptions underlying the forecasts and notes on the use of the forecasts.

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1. Overview of The Quarterly Financial Results

(1) Operating Results

During the 1Q of the current fiscal year (January 1, 2021 to March 31, 2021), the economy remained in a difficult situation due to the impact of the new coronavirus infection (COVID-19). The outlook is extremely uncertain, although it is expected that infectious diseases will converge due to the spread of vaccines and economic activities will become normalized.

Under such a business environment, our Group continued to focus on proposals aimed at resolving corporate issues in an integrated manner by providing comprehensive services that leverage management consulting, financial advisory, revitalization support, and other functions.

As a result of the above, our Group's financial results for the 1Q of the current fiscal year were; net sales were JPY1,329,051 k (9.4% up from the same quarter of the previous fiscal year) due to the strong performance of the management consulting business. In addition, personnel expenses and recruitment expenses increased due to aggressive recruitment. As a result, operating income was JPY93,707 k (30.7% down), ordinary income was JPY99,335 k (34.0% down), and profit attributable to owners of parent was JPY68,392 k (31.9% down).

Operating results by business were as follows;

<Management Consulting Business>

The results of the Management Consulting Business for the 1Q of the current fiscal year were net sales of JPY630,568 k (30.0% up). In the 1Q, we achieved a significant increase due to the effects of aggressive personnel increases.

<Financial Advisory Business>

The results of the Financial Advisory Business were net sales of JPY471,688 k (16.9% up). Cross-border M&A deals between domestic companies and overseas companies remained challenging, but by focusing on M&A deals between domestic companies, sales increased compared with the same quarter of the previous year.

<Revitalization Support Business>

The results of the Revitalization Support Business were net sales of JPY211,804 k (29.0% down). The number of large-scale projects decreased compared with the same quarter of the previous fiscal year. However, the number of referral projects from financial institutions remained strong from the previous fiscal year and remained at a high level.

<Other Business>

The results of the Other Business were net sales of JPY14,990 k (45.7% down).

(2) Financial Position

<Assets>

The Group's assets at the end of the 1Q of the current fiscal year were JPY3,213,641 k (compared with JPY3,792,731 k at the end of the previous fiscal year), decreased JPY579,090 k from the end of the previous fiscal year.

This was mainly due to decreases of JPY494,876 k in cash and deposits, JPY56,697 k in accounts and notes receivable, and JPY30,548 k in deferred tax assets.

<Liabilities>

The Group's liabilities at the end of the 1Q of the current fiscal year were JPY1,104,917 k (compared with JPY1,344,132 k at the end of the previous fiscal year), decreased JPY239,214 k from the end of the previous fiscal year.

This was mainly due to an increase of JPY500,000 k in short-term borrowing, a decrease of JPY381,751 k in provision for bonuses, a decrease of JPY220,753 in income taxes payable, a decrease of JPY63,918 k in accounts payable-other, and a decrease of JPY51,488 k in accounts payable.

<Net assets>

The Group's net assets at the end of the 1Q of the current fiscal year were JPY2,108,723 k (compared with JPY2,448,598 k at the end of the previous fiscal year), decreased of JPY339,875 k from the end of the previous fiscal year.

This was mainly due to an increase in profit attributable to owners of parent of JPY68,392 k, which was partially offset by a decrease in dividends of JPY137,912 k from retained earnings and the purchase of treasury stock of JPY270,080 k.

(3) Future Outlook

There is no change in the full-year consolidated earnings forecast from the announcement on February 9, 2021.

2. Quarterly Consolidated Financial Statements

(1) Balance Sheets

(Thousands of yen)

	End of previous fiscal year (As of December 31, 2020)	End of 1Q of current fiscal year (As of March 31, 2021)
Assets		
Current assets		
Cash and deposits	1,899,100	1,404,223
Notes and accounts receivable	962,644	905,947
Operational investment securities	1,364	595
Others	146,795	164,996
Allowance for doubtful accounts	△15,633	△15,067
Total current assets	2,994,271	2,460,695
Fixed assets		
Property, plant and equipment		
Buildings, net	198,844	192,362
Tools, furniture, and fixtures, net	19,951	18,907
Total property, plant and equipment	218,795	211,269
Intangible assets		
Software	11,043	9,927
Others	102	102
Total intangible assets	11,145	10,029
Investments and other assets		
Investment securities	56,800	56,800
Stocks of subsidiaries and affiliates	37,127	39,215
Lease deposits	211,126	211,162
Deferred tax assets	224,236	193,688
Others	39,228	30,780
Total investments and other assets	568,518	531,646
Total noncurrent assets	798,459	752,945
Total assets	3,792,731	3,213,641

(Thousands of yen)

	End of previous fiscal year (As of December 31, 2020)	End of 1Q of current fiscal year (As of March 31, 2021)
Liabilities		
Current liabilities		
Accounts payable	59,407	7,918
Short-term borrowings	-	500,000
Accounts payable-other	147,912	83,994
Income taxes payable	228,587	7,833
Provision for bonuses	505,736	123,984
Provision for directors' bonuses	1,000	-
Others	319,230	298,927
Total current liabilities	1,261,874	1,022,658
Long-term liabilities		
Asset retirement obligations	82,257	82,259
Total noncurrent liabilities	82,257	82,259
Total liabilities	1,344,132	1,104,917
Net assets		
Shareholders' equity		
Paid-in Capital	163,530	164,062
Capital surplus	835,220	835,753
Retained earnings	1,496,027	1,426,507
Treasury stock	△58,163	△328,243
Total shareholders' equity	2,436,614	2,098,080
Other accumulated comprehensive income		
Foreign currency translation adjustment	11,984	10,643
Total other accumulated comprehensive income	11,984	10,643
Total net assets	2,448,598	2,108,723
Total liabilities and net assets	3,792,731	3,213,641

(2) Statements of Income and Comprehensive Income

Statements of Income
(1Q Cumulative Period)

(Thousands of yen)

	1Q of previous fiscal year (January 1, 2020 to March 31, 2020)	1Q of current fiscal year (January 1, 2021 to March 31, 2021)
Net sales	1,214,321	1,329,051
Cost of sales	460,843	492,256
Gross profit	753,477	836,795
Selling, general and administrative expenses	618,185	743,087
Operating income	135,292	93,707
Non-operating income		
Interest income	19	31
Equity in earnings of affiliates	3,064	2,087
Insurance dividend income	968	1,125
Reversal of allowance for doubtful accounts	12,790	565
Foreign exchange gains	-	3,382
Others	640	661
Total non-operating income	17,483	7,854
Non-operating expenses		
Interest expenses	12	6
Charges for stock compensation	-	1,963
Foreign exchange losses	1,918	-
Others	256	256
Total non-operating expenses	2,186	2,226
Ordinary income	150,588	99,335
Current net income for the quarter before income taxes and minority interests	150,588	99,335
Income taxes	393	393
Income taxes-deferred	49,802	30,548
Total income taxes	50,196	30,942
Net profit	100,392	68,392
Net profit attributable to owners of parent	100,392	68,392

Statements of Comprehensive Income
(1Q Cumulative Period)

(Thousands of yen)

	1Q of previous fiscal year (January 1, 2020 to March 31, 2020)	1Q of current fiscal year (January 1, 2021 to March 31, 2021)
Net profit	100,392	68,392
Other comprehensive income		
Foreign currency translation adjustment	819	△1,340
Total other comprehensive income	819	△1,340
Quarterly comprehensive income	101,211	67,052
(Comprehensive income attributable to)		
Quarterly comprehensive income attributable to owners of the parent	101,211	67,052
Quarterly comprehensive income attributable to non-controlling interests	-	-

(3)Notes to Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Significant Changes in Shareholders' Equity)

Not applicable.

(Additional Information)

(Accounting Estimate of the Impact of Infectious Disease of the COVID-19)

There have been no material changes in the assumptions described in (additional information) in the previous fiscal year's financial statements in the accounting estimates related to the impact of the spread of the new Corona Virus Infectious Disease (COVID-19).

(Segment Information)

- I. 1Q of the previous fiscal year (from January 1, 2020 to March 31, 2020)
Disclosure is omitted because the business segments of the Group are a single segment.
- II. 1Q of the current fiscal year (from January 1, 2021 to March 31, 2021)
Disclosure is omitted because the business segments of the Group are a single segment.

(Significant Subsequent Events)

(Issuance of new shares for restricted stock compensation)

On March 25, 2021, the Board of Directors resolved to issue new shares (the "Issuance of New Shares") for restricted stock compensation, and the allotment procedure was completed on April 15, 2021.

1.Summary

(1) Allotment Date	April 15, 2021
(2) Class and number of shares issued	19,998 shares of the Company's common stock
(3) Issue price	JPY1,802 per share
(4) Total issue amount	JPY 36,036,396
(5) Persons and number of persons eligible for share allocation, and number of shares to be allotted	3 directors (excluding outside directors) of the Company 19,998 shares
(6) Others	The Company has submitted a securities registration statement pursuant to the Financial Instruments and Exchange Act for the issuance of new shares.

2.Purpose and reason of issuance

At the board of directors meeting held on February 9, 2021, in order to increase the linkage between performance of the Company and compensation of Directors other than Outside Directors ("Eligible Directors"), and to make the compensation plan more conducive to the achievement of short-term performance targets, achievement of medium- to long-term performance targets, and the continuous enhancement of corporate value, the Company has decided to newly pay single-fiscal-year performance-based compensation that is linked to the level of achievement of a single-fiscal-year performance target (cash bonus and stock-based compensation A) and medium-to long-term performance-based compensation that is linked to the level of achievement of management targets for a medium-term management plan, the degree of enhancement of corporate value, and the like (stock-based compensation B). Both of the stock-based compensation A and stock-based compensation B will be paid in the form of restricted stock for the purpose of further promoting the sharing of value with shareholders as well as strengthening incentives with the aim of achieving management targets for the medium-term management plan and enhancing corporate value ("Plan").

In addition, at the 14th Ordinary General Meeting of Shareholders held on March 25, 2021, it was approved that the total amount of shares of the Company's common stock issued or disposed of as the stock-based compensation A to be paid to the Eligible Directors under the Plan is not more than JPY100,000,000 per annum, that the total number thereof is not more than 40,000 shares per annum, that and the total amount of shares of the Company's common stock issued or disposed of as the

stock-based compensation B is not more than JPY50,000,000 per annum, that the total number thereof is not more than 20,000 shares per annum, and that the shares of the Company's common stock are issued or disposed of without requiring payment of money or tender of property contributed in kind, and allow them to hold such shares.

Based on voluntary deliberations and reports by the Compensation Advisory Committee, it was resolved to grant 19,998 shares of common stock, for a total amount of JPY36,036,396, to the three (3) Eligible Directors based on the compensation base amount in accordance with their position as the stock remuneration B (medium-term performance-based) under the Plan.

(Issuance of Stock Compensation-Type Stock Options (Stock Acquisition Rights))

The Company has resolved at the Board of Directors meeting held on March 25, 2021, the allotment of stock compensation-type stock options (hereinafter the "stock acquisition rights") to executive officers and employees in accordance with the provisions of Articles 236, 238 and 240 of the Companies Act.

1.Reasons

The objective is to further increase the motivation and morale to contribute the Company's business performance and to further increase our corporate value.

2.Outline

(1) Allotment date

April 13, 2021

(2) Category and number of eligible persons for allotment

5 executive officers of the Company

10 employees of the Company

(3) Number of stock acquisition right to be issued

349 pieces

(4) Paid-in amount for the stock acquisition rights

JPY184,200 per stock acquisition right (JPY1,842 per share)

The person to be allotted the stock acquisition rights shall offset the same amount of the credit against the Company and the debt of the payment amount to be paid for stock acquisition rights.

(5) Class and number of shares to be acquired upon exercise of stock acquisition rights

34,900 shares of the Company's common stock (100 shares per stock acquisition rights)

(6) Amount to be paid upon exercise of stock acquisition rights

JPY100 per stock acquisition right (JPY1 per stock)

(7) Capital and capital reserve to be increased due to issuance of shares upon exercise of stock acquisition rights

① The amount of capital to be increased due to the issuance of shares upon the exercise of stock acquisition rights shall be a half of the maximum amount of the capital increase, calculated in accordance with Article 17, Paragraph 1 of the Ordinance on Company Accounting, and any fraction of less than one (1) yen arising there from shall be rounded up.

② The amount of capital reserve to be increased due to the issuance of shares upon the exercise of stock acquisition rights shall be the amount of capital to be increased provided for in above from the maximum amount of capital increase, set forth in above.

(8) Exercise period of stock acquisition rights

March 26, 2022 to March 25, 2026

Provided, however, that in the event the last day of the exercise period falls on a day off of the Company, the previous business day shall be the last day of the exercise period.

(9) Restriction on acquisition of stock acquisition rights by transfer

Acquisition of stock acquisition rights by transfer shall be subject to approval by a resolution of the Board of Directors of the Company.

(Cancellation of Treasury Stock)

The Company has resolved at the meeting of the Board of Directors held May 13, 2021, the cancellation of treasury stock pursuant to Article 178 of the Company Act as follows;

1.Reasons

Promoting the ratio of shares in circulation, expanding shareholder returns, and reducing concerns about future dilution.

2. Description

- | | |
|---------------------------------------|--|
| (1) Class of shares to be cancelled: | Common stock |
| (2) Number of shares to be cancelled: | 200,000 shares (1.7% of issued shares prior to cancellation) |
| (3) Cancellation date: | May 31, 2021 |