



**FRONTIER  
MANAGEMENT  
INC.**

## **FY2022 Q2 Financial Results**

Ending December 2022

August 12, 2022

Frontier Management Inc.

## Table of Contents

Section 1	FY2022 Q2 Financial Results
Section 2	Our Various Progress
Section 3	Corporate Profile



FRONTIER  
MANAGEMENT  
INC.

Section 1

## FY2022 Q2 Financial Results



## Summary: Management consulting and M&A remained strong following 1Q

- Maintained strong performance in the management consulting business due to increased staff and new products (SR/IR, DX, HR).
- In the M&A business, steady progress was made in the establishment of large-and medium-sized M&A deals.
- The number of employees largely achieved the initial plan for FY2022. Hiring seniors to strengthen relationships with financial institutions and promote investment businesses.
- As of 2Q, it had achieved its full-year operating income target of 68%, but the full-year forecast has remained unchanged at this time
  - The company plans to expand and relocate offices in Tokyo and Osaka in response to the increase in personnel, and costs will be recorded after 3Q.
  - Conservatively assessed investment securities and posted a valuation loss (extraordinary loss: JPY53 Mil. ).
- Increase the dividend payout ratio target from 30% to 40% in order to enhance returns to shareholders and expand the shareholder base.

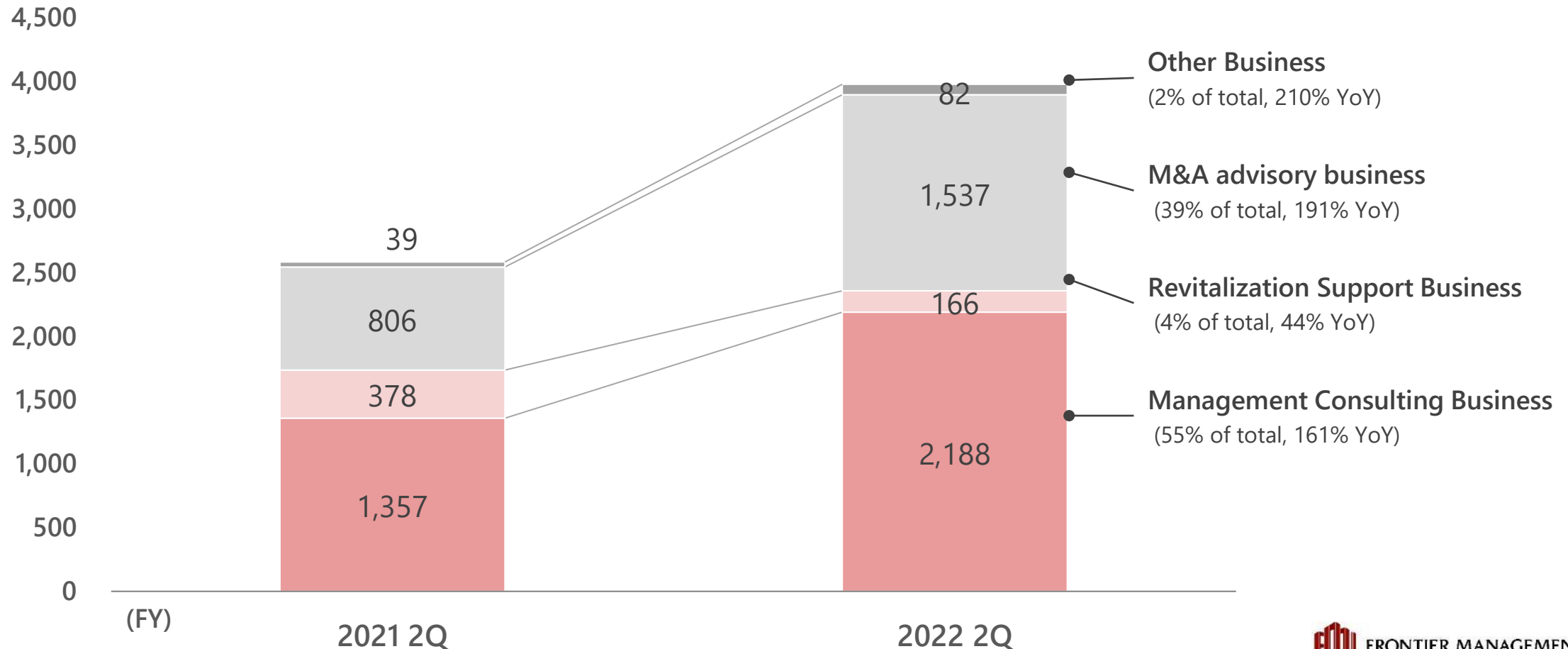
(JPY Mil.)

	FY2021 2Q results	FY2022 2Q results	YoY change (amount)	YoY change (ratio)	FY2022 Forecasts (Announced on Feb. 10, 2022)	Achievement rate
Net sales	2,582	<b>3,972</b>	1,390	154%	7,000	57%
Operating income	74	<b>543</b>	469	733%	800	68%
Ordinary income	81	<b>556</b>	475	682%	800	70%
Net Income	51	<b>277</b>	226	544%	500	55%

## Net Sales by Business Segment (Cumulative)

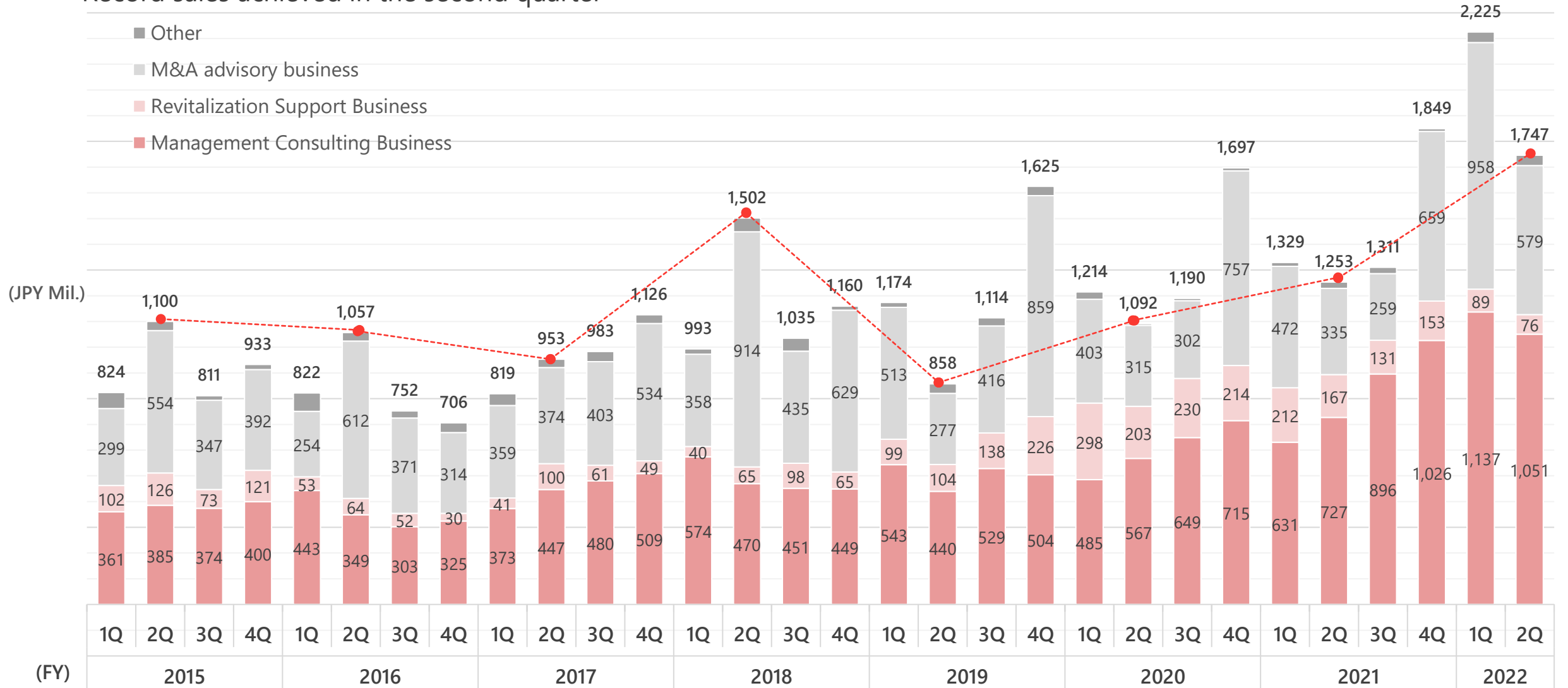
- Management consulting business: Maintain strong performance with increased staff and new products (SR/IR, DX, HR).
- Revitalization support business: Needs for revitalization support did not materialize.
- M&A advisory business: Successful establishment of organizational structure, ongoing steady conclusion of large-and medium-sized projects.

(JPY Mil.)



# Quarterly Sales Trends (1/2)

- Record sales achieved in the second quarter

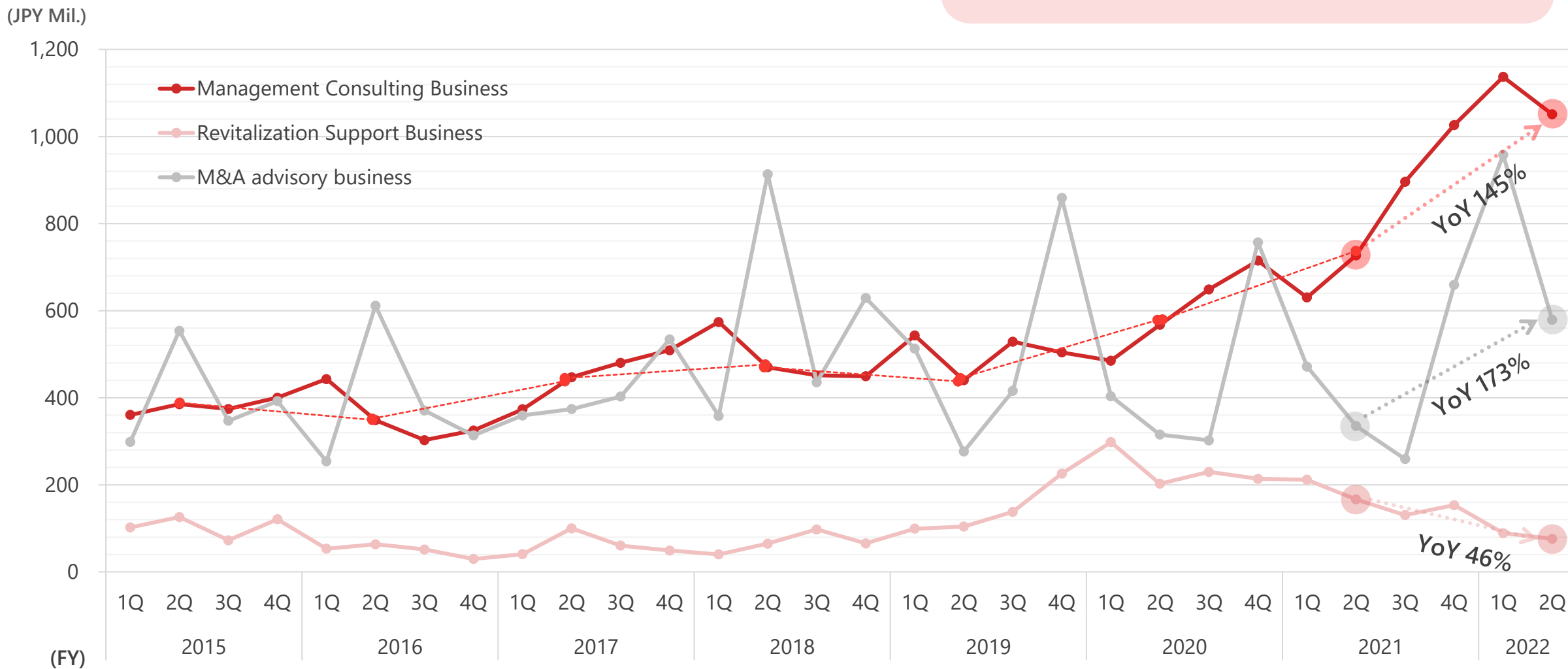


# Quarterly Sales Trends (2/2)

- The management consulting business achieved record sales in the second quarter.

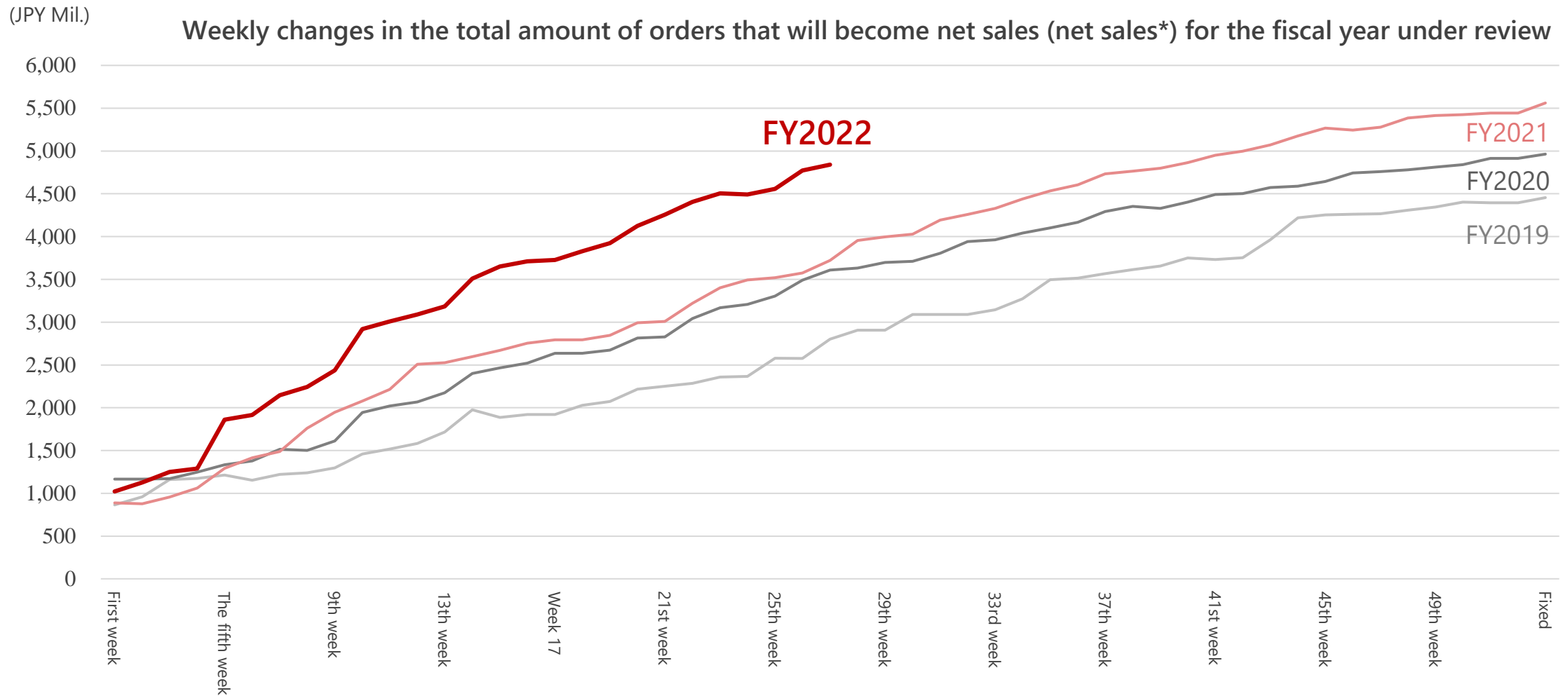
**YoY 2Q of sales by business**

Management consulting business YoY	145%
M&A advisory business YoY	173%
Revitalization support business YoY	46%



## Weekly changes in the total amount of orders received, which will be net sales for the fiscal year under review

- Significantly higher than previous years.
- ※M&A and other incentive fees reflect fixed or highly definite deals.



\* Net sales exclude subcontracting costs and introduction fees from net sales.



## PL Overview

- Although personnel expenses have increased due to continued aggressive recruitment, both sales and profits have reached the highest level since listing as a cumulative 2Q

(JPY Mil.)

	FY2021 2Q results	FY2022 2Q results	YoY change (ratio)
Net sales (Internal Celebrain JPY174 Mil.)	2,582	3,972	154%
Operating expenses	2,508	3,429	
Outsourcing costs, etc.	81	204	
Personnel expenses	1,830	2,436	
Recruitment costs	112	214	
Other expenses	484	575	
Operating income (Internal Celebrain JPY21 Mil.)	74	543	733%
Ordinary income	81	556	682%
Current net income for the quarter before income taxes and minority interests	81	503	616%
Quarterly income attributable to owners of parent	51	277	544%

Record high since listing in  
the first half of the year

## BS Overview

- Total assets increased mainly due to an increase in cash and deposits and an increase in goodwill (JPY289 Mil.) following the acquisition of Celebrain shares.
- Total liabilities increased due to borrowings in consideration of the cost of capital when establishing Frontier Capital.
- Despite the payment of dividends, total net assets increased due to an increase in quarterly net income attributable to owners of the parent.

(JPY Mil.)

	End of Dec. 2021	End of June 2022	YoY change (amount)
Current assets	2,998	4,439	+1,441
Fixed assets	821	991	+170
Total assets	3,819	5,436	+1,617
Current liabilities	1,282	1,912	+630
Fixed liabilities	82	789	+707
Shareholders' equity	2,397	2,628	+231
Other net assets	54	107	+54
Total liabilities and net assets	3,819	5,436	+1,617
Cash and deposits	1,784	3,545	+1,761
Interest-bearing debt	-	1,347	+1,347
Net Debt	△1,784	△2,198	△414



FRONTIER  
MANAGEMENT  
INC.

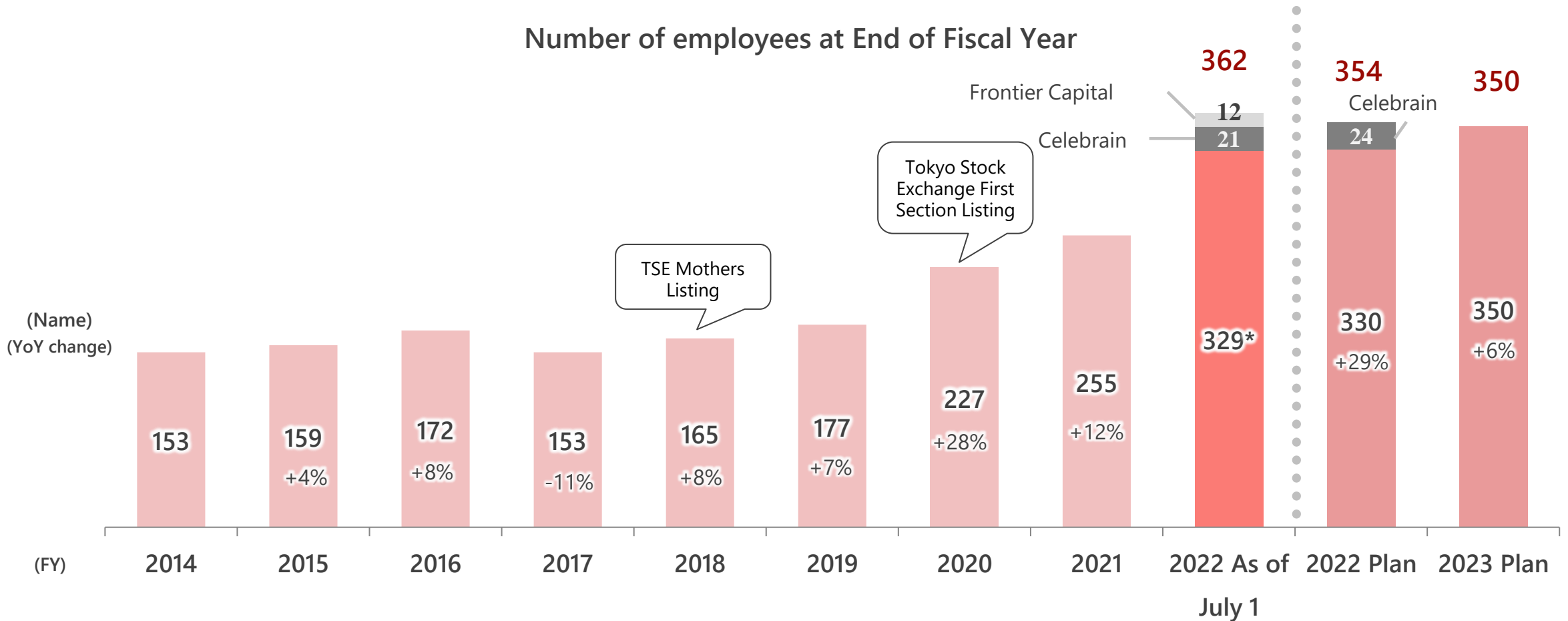
Section 2

## Our Various Progress



## Aggressive hiring strategy

- Continue measures to strengthen recruitment of outstanding human resources to strengthen the organizational foundation
- Achieved generally the initial plan for FY2022 (taking into account recruitment and retirement plans as of July 1, 2022)

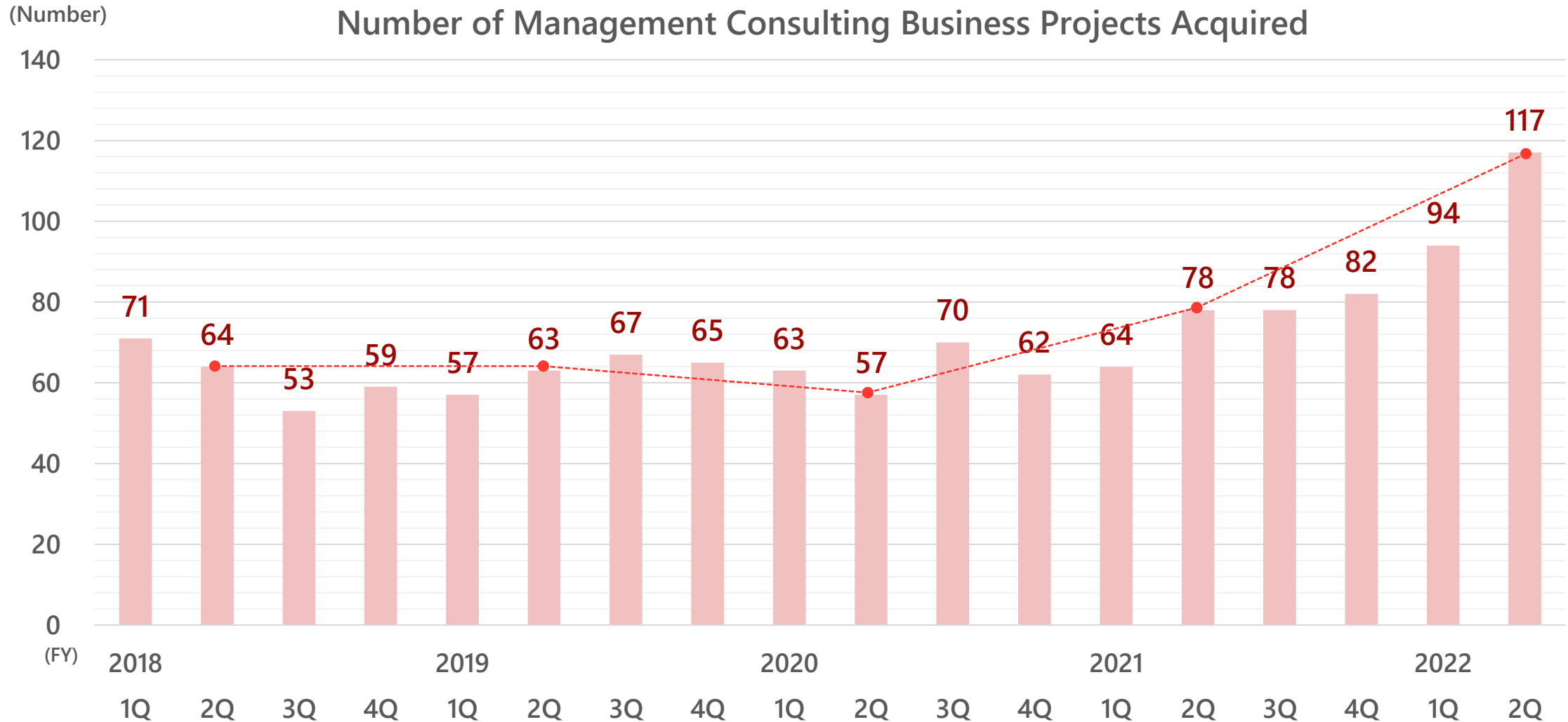


\* The number of employees as of July 1, 2022 includes informal retirees

[NOTE] The "2022 Plan" is the personnel plan at the beginning of the fiscal year, and the "2023 Plan" is the personnel plan in the medium-term management plan announced in February 2021.

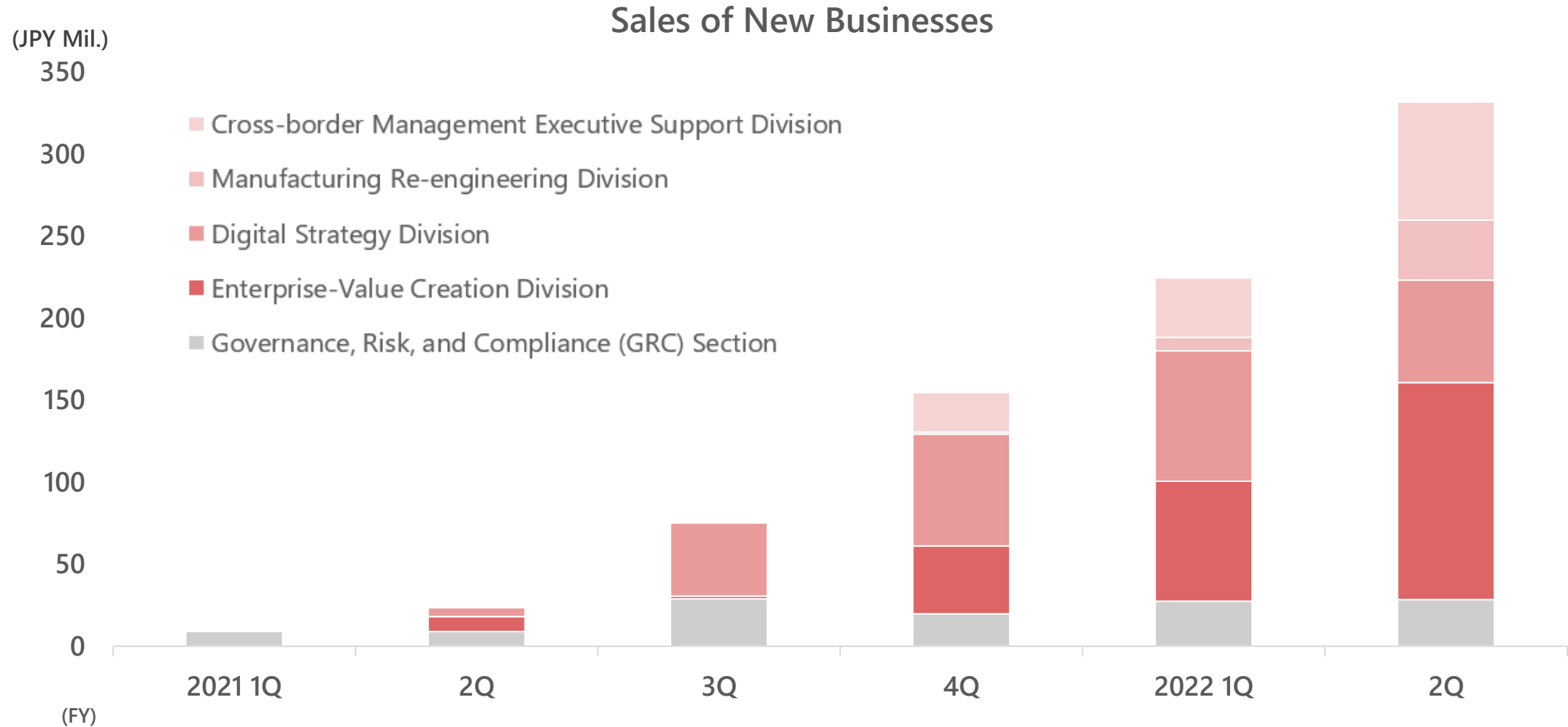
## Management Consulting Business growth

- Acquisition of projects in the Management Consulting Business reached a record high since listing



# Strong start of new businesses

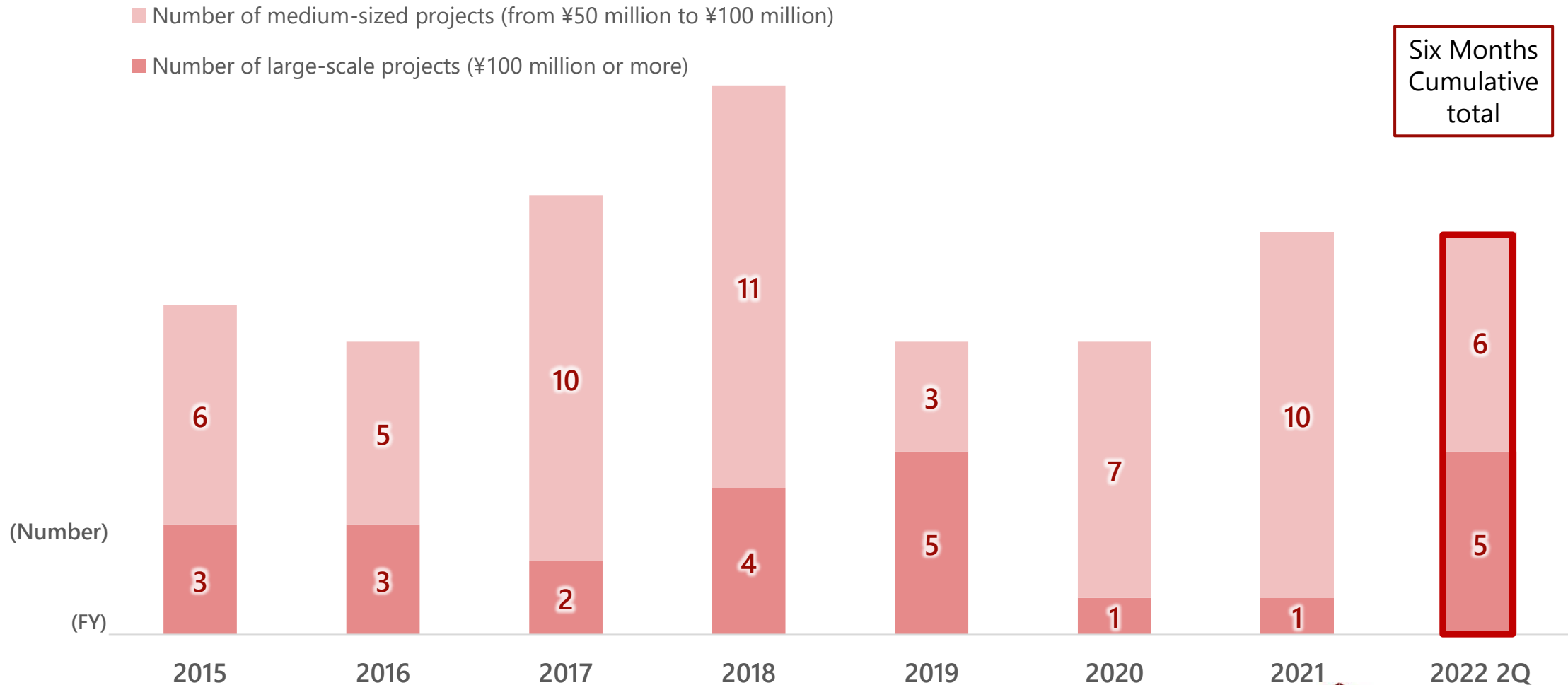
- Continuous growth of new business strategies



## Number of large-and medium-sized projects recorded as sales in the M&A advisory business

- The number of large-scale and medium-sized projects in cumulative Q2 is on par with the number of projects for the full year of 2021.

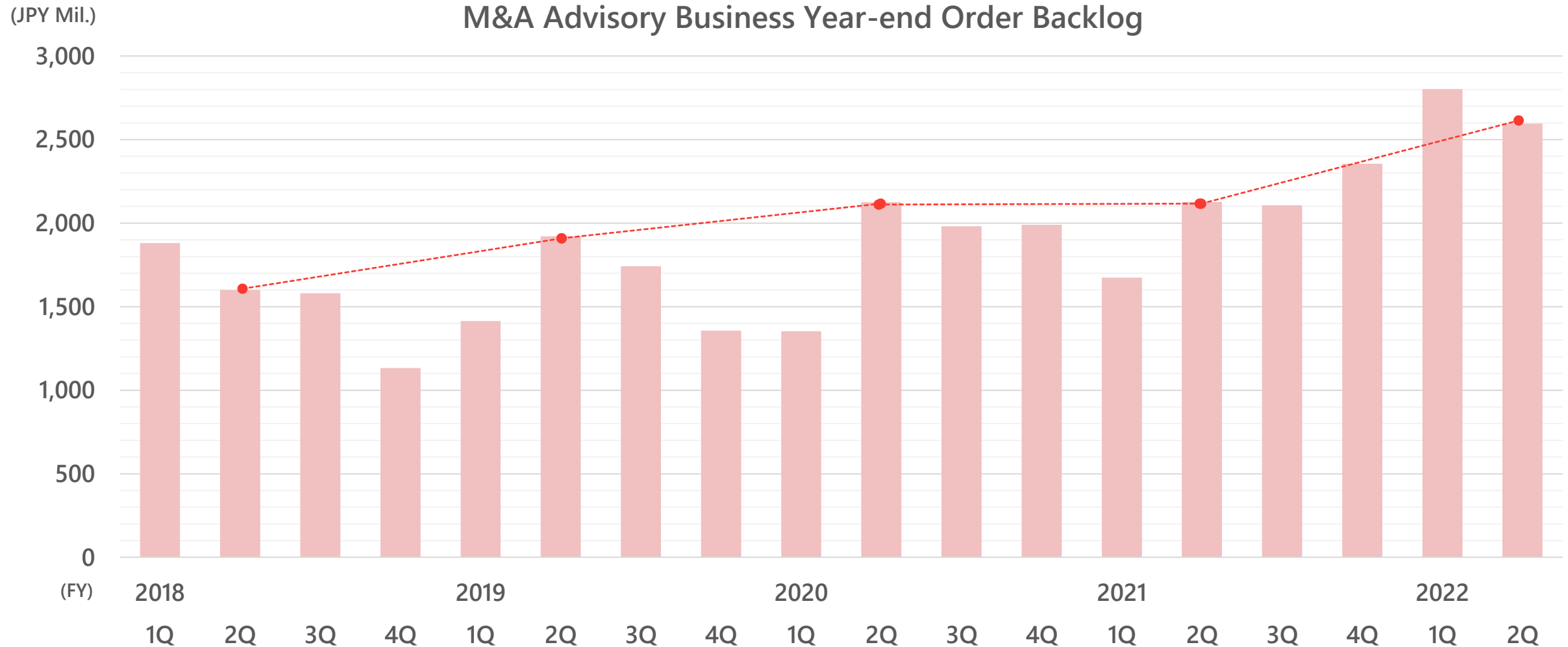
Number of projects booked as sales



\* Net sales exclude subcontracting costs and project introduction fees from net sales.

## Order backlog in M&A advisory business

- New orders are robust, and the order backlog is at the highest level since listing.



※"Order backlog" is calculated for projects with a high degree of certainty, but there are cases where contracts do not result.



## Masao Nishihara was appointed as our full-time advisor.

- Promoting Further Strengthening of Our Financial Institutions Sales



### Masao Nishihara Full-time Advisor

#### Career summary

- Apr. 1975 Joined the Ministry of Finance
- Jul. 2004 Director-General of the Inspection Bureau of the Financial Services Agency
- Jul. 2007 Director General of the Supervisory Bureau
- Jul. 2008 Secretary-General of Executive Bureau, Securities and Exchange Surveillance Commission
- Aug. 2009 Senior Managing Director, Organization for Promoting Urban Development
- Jun. 2013 Vice Chairman and Senior Managing Director, Regional Banks Association of Japan
- Aug. 2022 Advisor, Frontier Management Inc. (current)

#### Academic Background

Graduated from the University of Tokyo, Faculty of Law

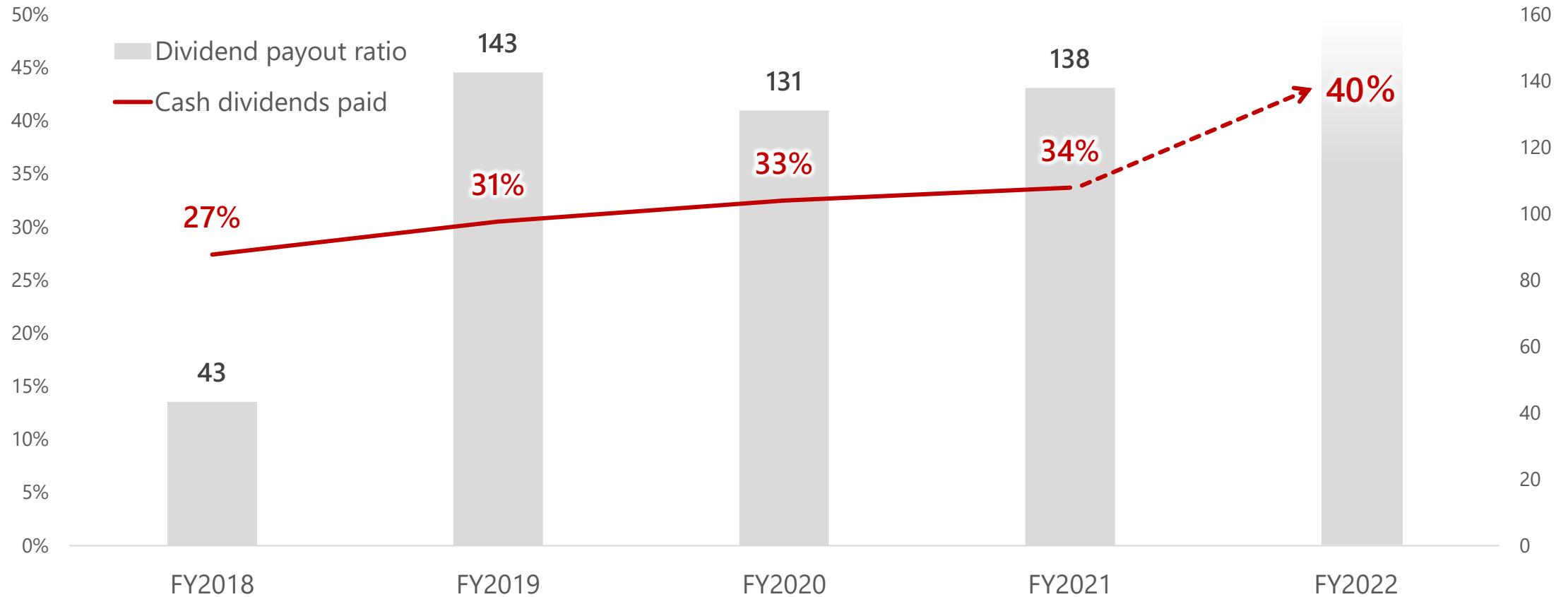
# Frontier Management Sustainability Initiatives

- Starting this year, Frontier Management's sustainability initiatives will be communicated.

Initiatives	2022 Sep.	Oct.	Nov.	Dec.	2023 Jan.	Feb.	Mar.	
Sustainability	<p>Basic Policy Promotion Structure Materiality Determined after the Board of Directors</p>	Disclosed on website	A Sustainability Promotion Committee will be established and operated as a project.			Incorporation into the Code of Conduct, Guidelines, and Evaluation System		Disclosed in Corporate Governance Report
			Establishment after identification of materiality Incorporation into and improvement of the Code of Conduct, Guidelines, and Evaluation System					
TCFD response	<p>Roppongi Head Office Switch to green power</p> <p>Considering joining TCFD Forum</p>		Establishment after identification of materiality Incorporation into and improvement of the Code of Conduct, Guidelines, and Evaluation System					
Human capital	<ul style="list-style-type: none"> <li>Established D&amp;I Promotion Committee</li> <li>To consider joining related organizations</li> </ul>		Review and improvement of internal systems, etc.					

## Revision of Dividend Payout Ratio Targets

- Review the dividend payout ratio target from 30% to 40% in order to enhance returns to shareholders and expand the shareholder base
- For the fiscal year under review, we plan to determine the amount of dividends to be paid by taking into account the valuation loss on investment securities, which is a non-cash expense.





FRONTIER  
MANAGEMENT  
INC.

Section 3

## Corporate Profile



## Background of Establishment



Representative Director  
**Shoichiro Onishi**

- After registering as an attorney with the Tokyo Bar Association in 1992 (44th term), joined the law firm of Okuno & Partners and was 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.



Joined



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.
- Engaged as an equity analyst with the retail industry for a total of 10 years.



Joined

**IRCJ** Industrial Revitalization Corporation Japan

**Onishi**

Engaged in turnaround projects as an auditor in Mitsui Mining Co., and a director in Kanebo, Ltd. and The Daiei, Inc.

**Matsuoka**

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

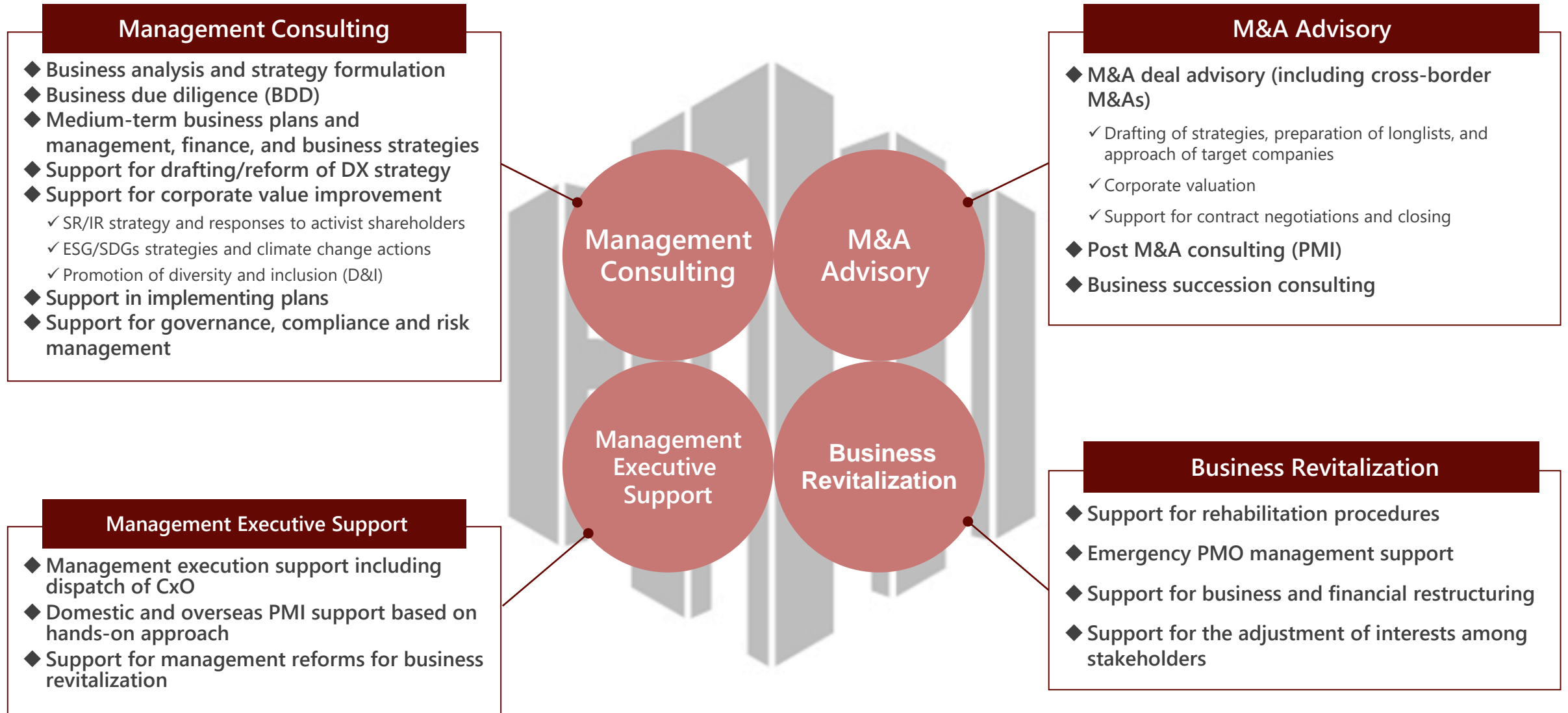


**Jointly established in 2007**



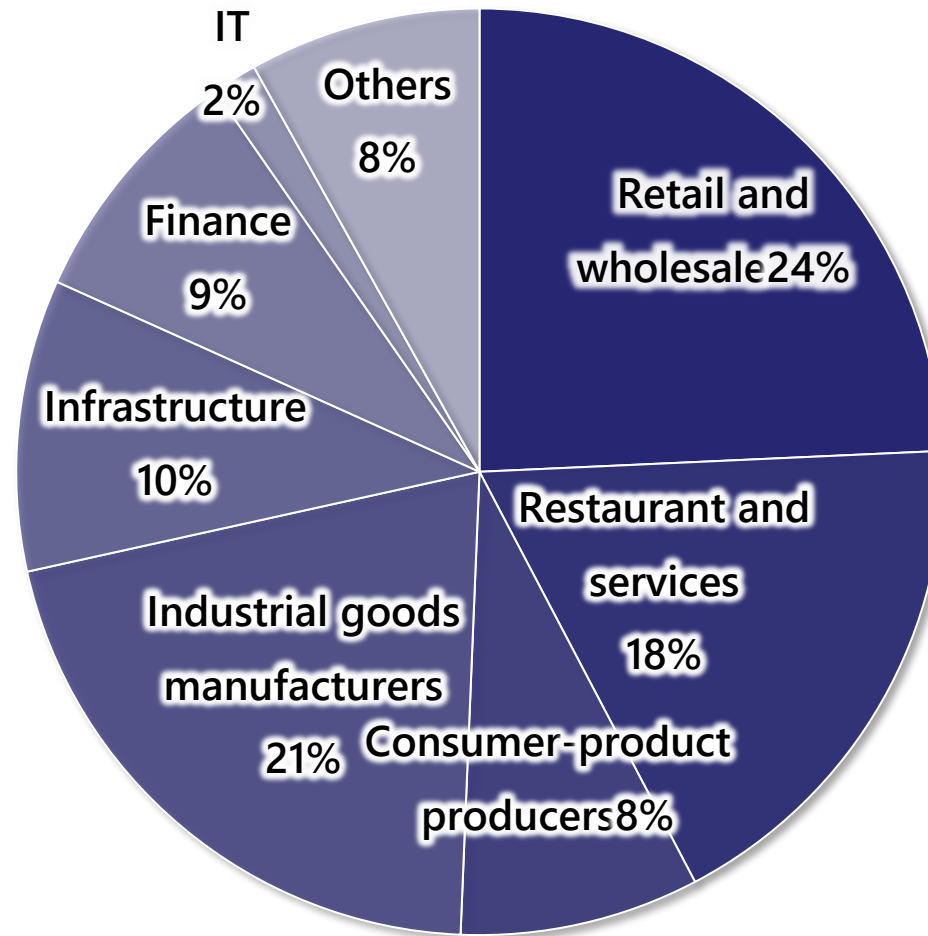
**FRONTIER MANAGEMENT INC.**

# Business



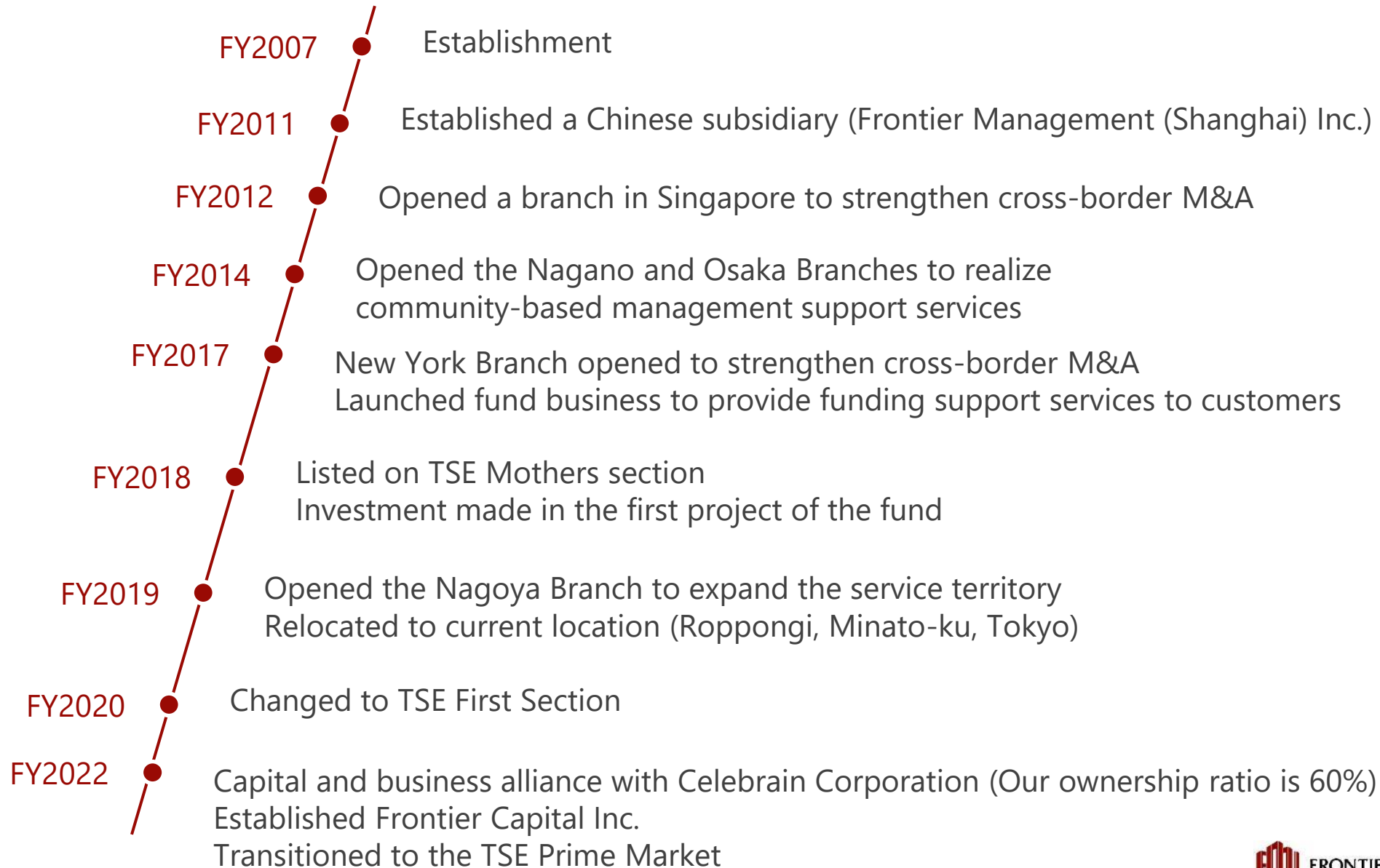
## Customer Segments

Providing services to diverse industries.



Result of FY2021

# History





# Organizational Chart for Directors



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 副社長執行役員

**小森 忠明**

TADAAKI KOMORI



社外取締役

**大杉 和人**

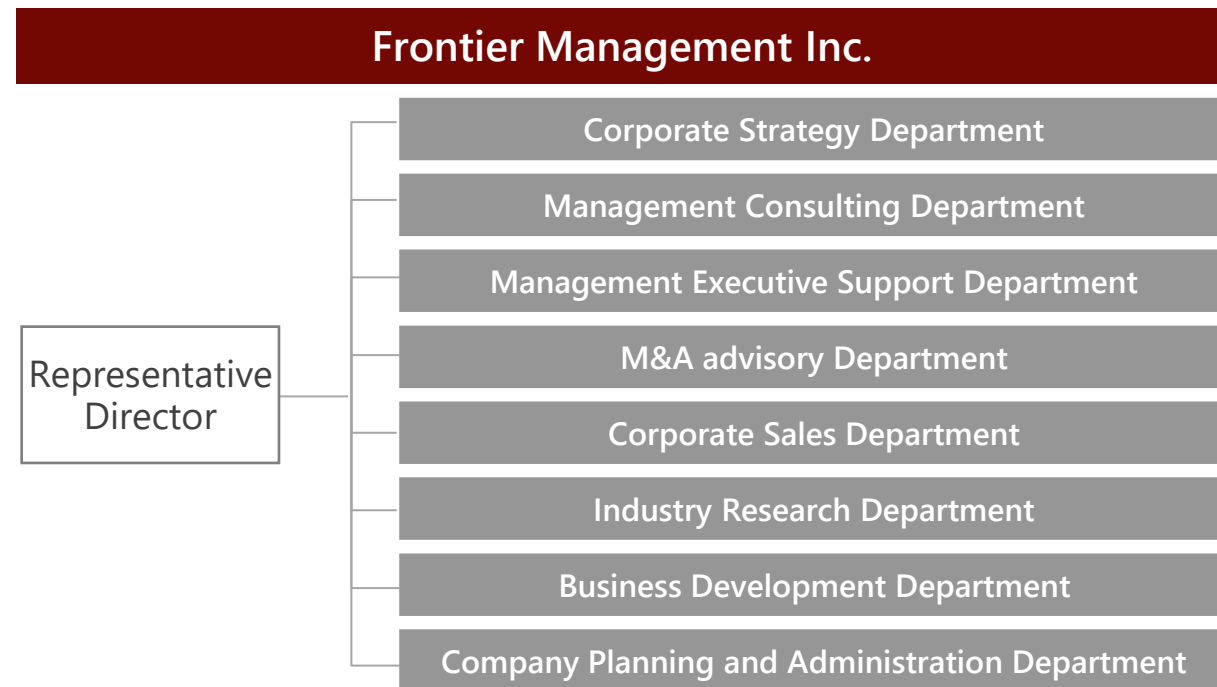
KAZUHITO OSUGI



社外取締役

**鵜瀬 恵子**

KEIKO UNOTORO



Branch		Group Companies / Associated Companies	
Osaka Branch	Nagoya Branch	Frontier Management (Shanghai) Inc. (100% subsidiary)	Frontier Capital Inc.
Singapore Branch	New York Branch	Celebrain Corporation	FCD Partners Inc. (Joint Venture Company with the Development Bank of Japan)



### 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

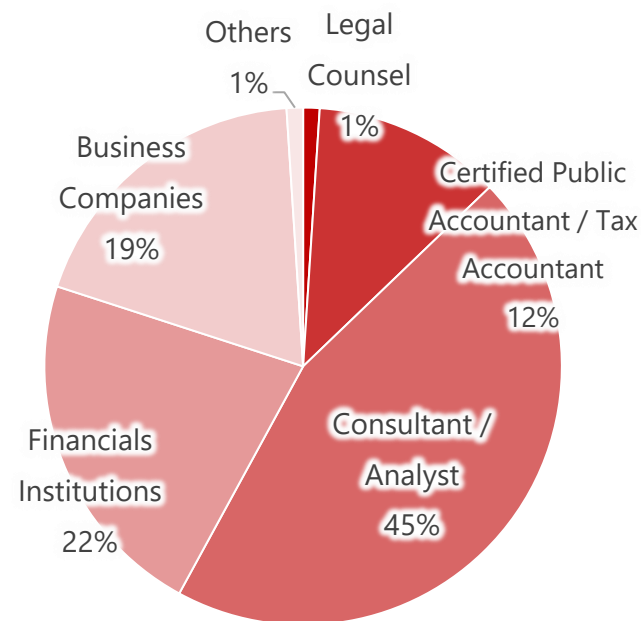
<b>Company Name</b>	Frontier Management Inc.	
<b>Established</b>	January 4, 2007	
<b>Listed</b>	First Section of the Tokyo Stock Exchange (Code Number : 7038)	
<b>Location</b>	Sumitomo Fudosan Roppongi Grand Tower 41F 3-2-1 Roppongi, Minato-ku, Tokyo	
<b>TEL/FAX</b>	<TEL> +81-3-6862-5180 (general) <FAX> +81-3-6862-8611	
<b>Website</b>	<a href="https://www.frontier-mgmt.com">https://www.frontier-mgmt.com</a>	
<b>Officers, etc</b>	Representative Director, Co-President and Executive Officer	Shoichiro Onishi
	Representative Director, Co-President and Executive Officer	Masahiro Matsuoka
	Director of the Board Deputy President and Executive Officer	Tad Komori
	Outside Director of the Board	Kazuhito Osugi
	Outside Director of the Board	Keiko Unotoro
	Statutory Auditor Auditor	Takeshi Umemoto
	Auditor	Kazuhiko Shimokobe
		Nobumichi Hattori
	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	Hiroaki Hamada
<b>No. of employees</b>	321(consolidated)	as of end of June 2022
<b>Branch</b>	Osaka Branch    Nagoya Branch Singapore Branch    New York Branch	
<b>Group Companies</b>	Frontier Management (Shanghai) Inc. Frontier Capital Inc. Celebrain Corporation	
<b>Associated Companies</b>	FCD Partners Inc.	



## Business Descriptions

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

## Professional Composition Ratio



As of end of December 2021

- ✓ Composed of experts to management such as legal counsel, CPA, tax accountant, consultants, industry analysts, and persons involved in banking, enterprises and others.
- ✓ Form the best team of experts to each customer's challenge and propose comprehensive solutions.

# Handling of this material

- ◆ This material 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.
- ◆ 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.**