



FY2022 Q3 Financial Results

Ending December 2022

November 11, 2022

Frontier Management Inc.

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Section 1

FY2022 Q3 Financial Results



Summary: Full-year consolidated earnings forecasts revised upward

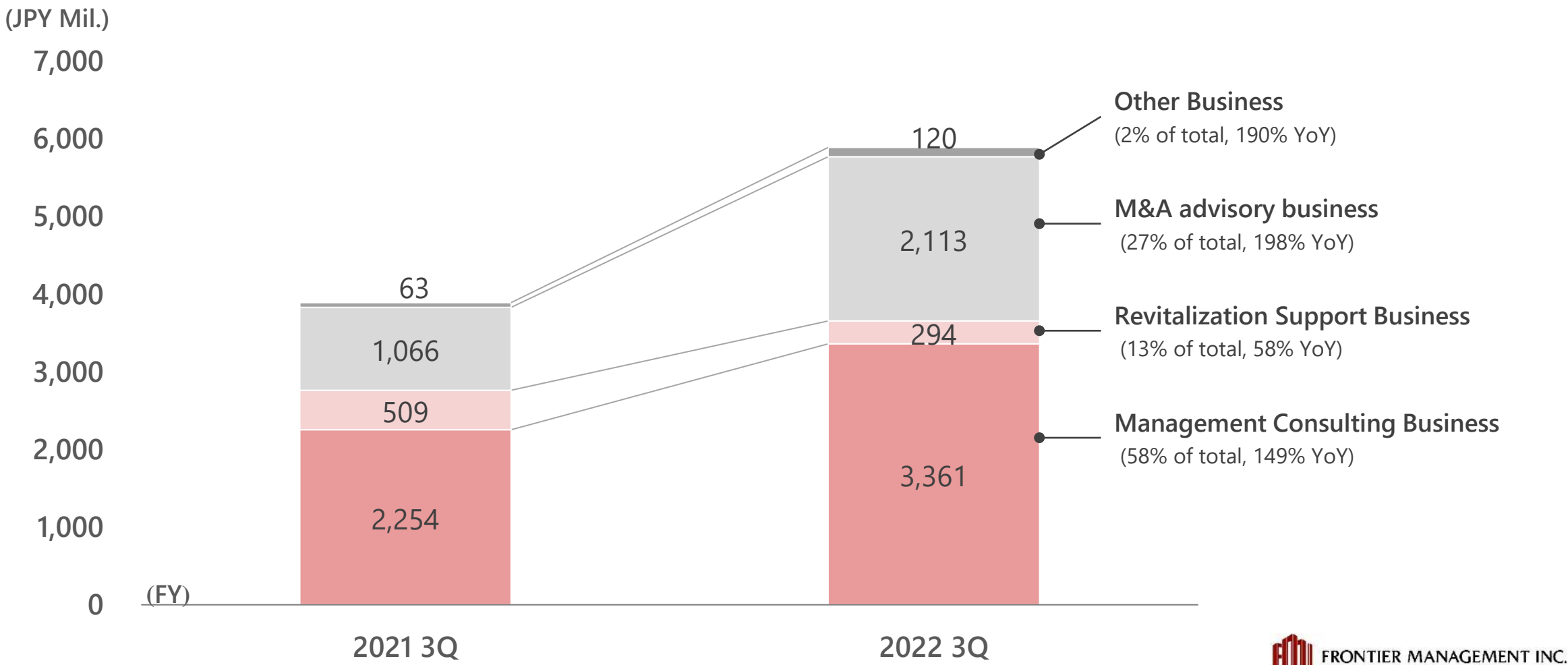
- Management consulting and M&A businesses are performing well, and the full-year consolidated earnings forecast is revised upward (detailed in P10).
- Management consulting business remained strong due to the effect of increased staff and an increase in new products
- The M&A business remained strong as large-and medium-sized M&A projects were steadily completed.
- Successful measures to strengthen organizational sales and expand cross-selling between management consulting and M&A
- The number of employees largely achieved the initial plan for fiscal 2022 (including those who received informal bids)
- Increase the dividend payout ratio target from 30% to 40% (announced at the time of 2Q financial results) in order to enhance returns to shareholders and expand the shareholder base
- Strengthen sustainability initiatives (decide and disclose basic policies, materiality, and promotion systems)

(JPY Mil.)

	FY2021 3Q results	FY2022 3Q results	YoY change (amount)	YoY change (ratio)	FY2022 Forecasts (Feb. 10, 2022)	Achievement rate To the Initial Forecast	FY2022 Revised Forecast (Nov. 11, 2022)	Achievement rate To the Revised Forecast
Net sales	3,892	5,889	1,997	151%	7,000	84%	8,000	74%
Operating income	76	679	603	893%	800	85%	1,000	68%
Ordinary income	85	696	611	819%	800	87%	1,000	70%
Net Income	49	351	302	716%	500	70%	600	59%

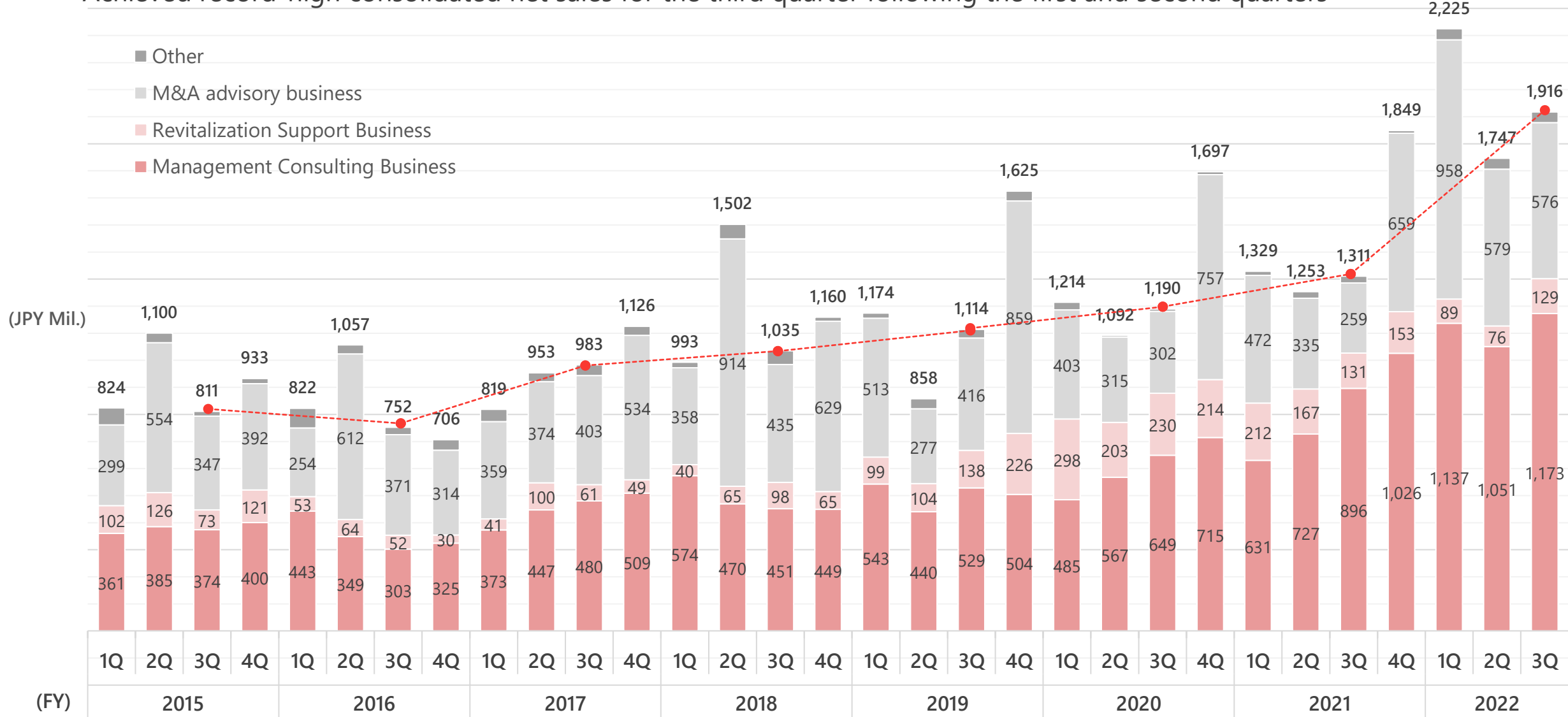
Net Sales by Business Segment (Cumulative)

- Management consulting business: Maintained strong performance due to the effect of increased staff and an increase in new products
- Revitalization support business: Needs for revitalization support do not materialize
- M&A advisory business: Strong progress in organizational structure and steady success of large-and medium-sized M&A deals



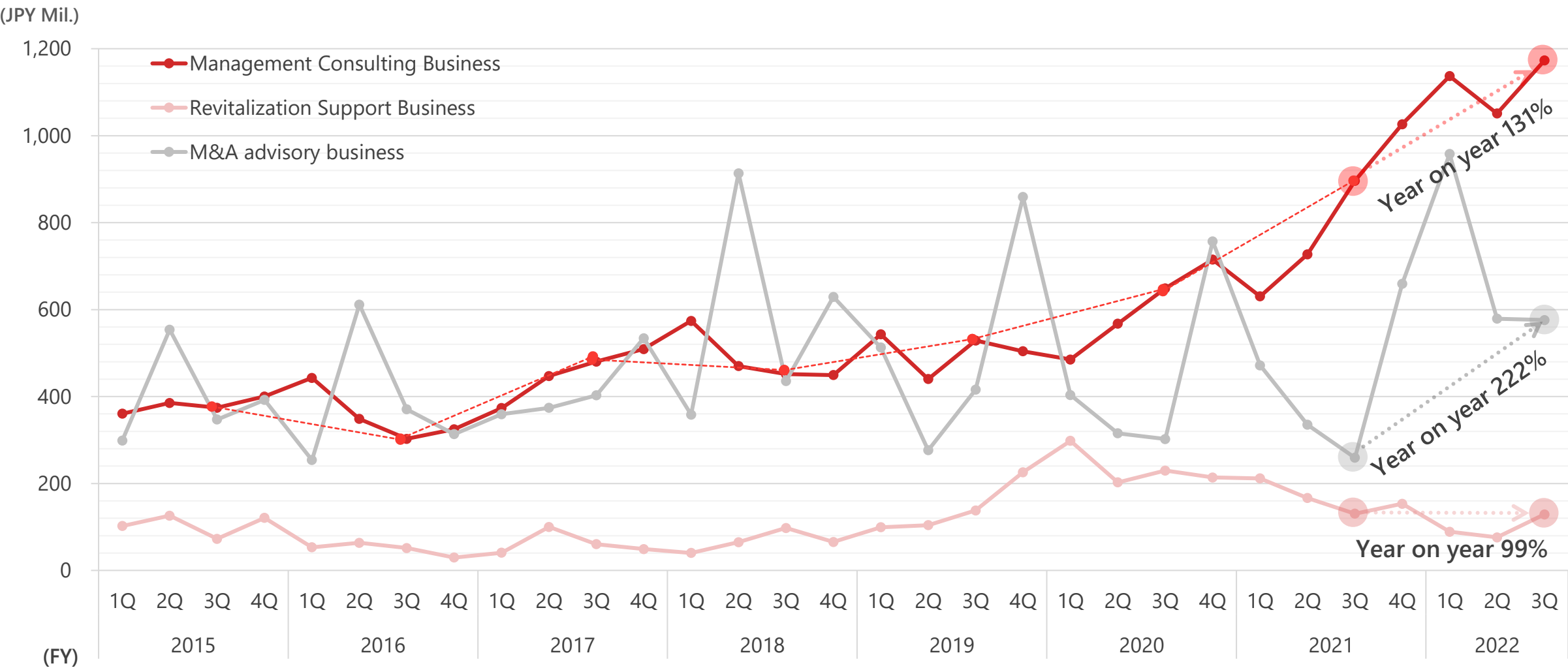
Quarterly Sales Trends (1/2)

- Achieved record-high consolidated net sales for the third quarter following the first and second quarters



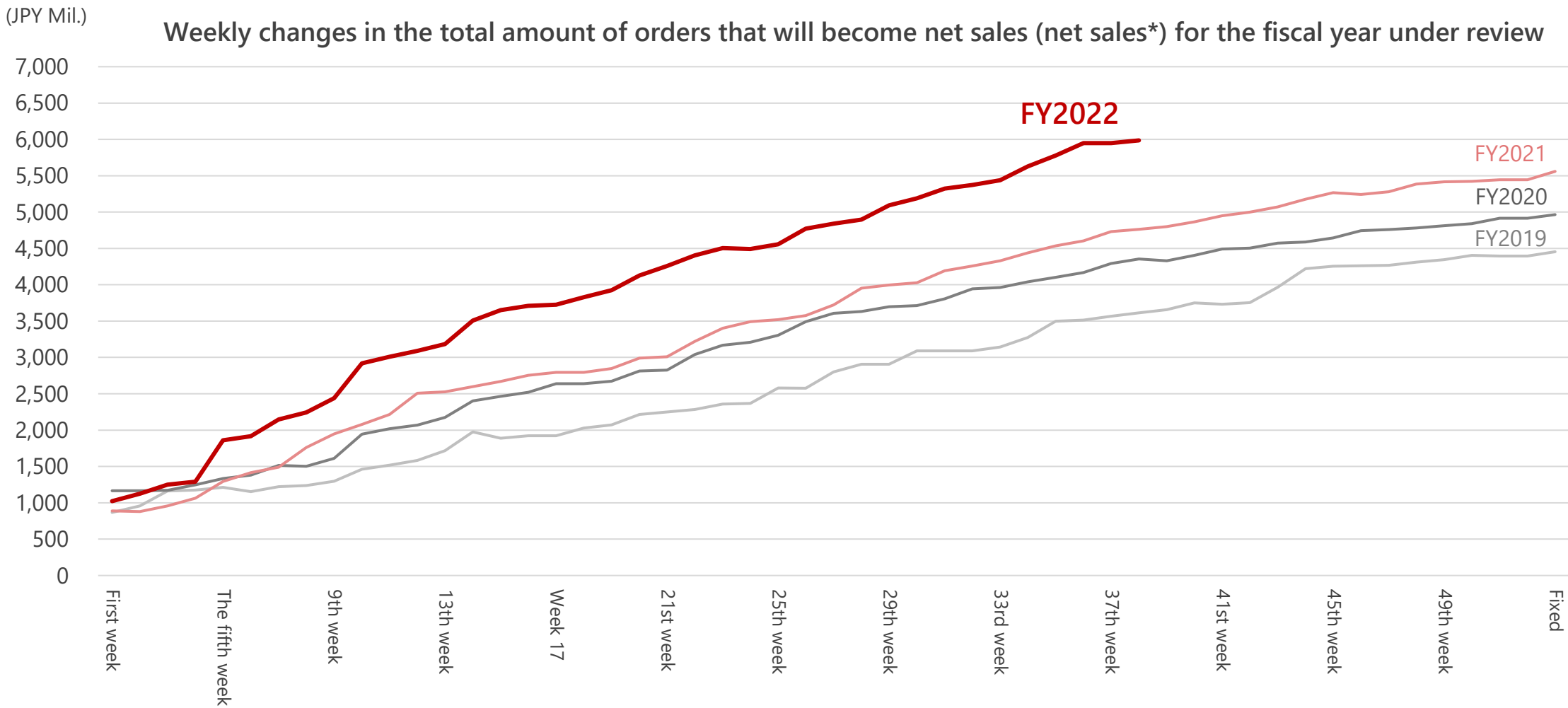
Quarterly Sales Trends (2/2)

- Record-high sales in the third quarter for both the Management Consulting Business and the M&A Advisory business



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

- Personnel expenses have increased due to continued active recruitment, but due to the effect of increased sales exceeding this, both net sales, operating income, ordinary income, and net income have been at the highest level since the listing as a cumulative 3Q.

(JPY Mil.)

	2021FY 3Q results	2022FY 3Q results	YoY change (ratio)
Net sales (Internal Selebrain JPY 273 Mil.)	3,892	5,889	151%
Operating expenses	3,816	5,210	137%
Outsourcing costs, etc.	124	254	205%
Personnel expenses	2,805	3,551	127%
Recruitment costs	181	391	216%
Other expenses	705	1,014	144%
Operating income (Internal Selebrain JPY 35 Mil.)	76	679	893%
Ordinary income	85	696	819%
Current net income for the quarter before income taxes and minority interests	85	643	756%
Quarterly income attributable to owners of parent	49	351	716%

**Highest 3Q performance
since listing**

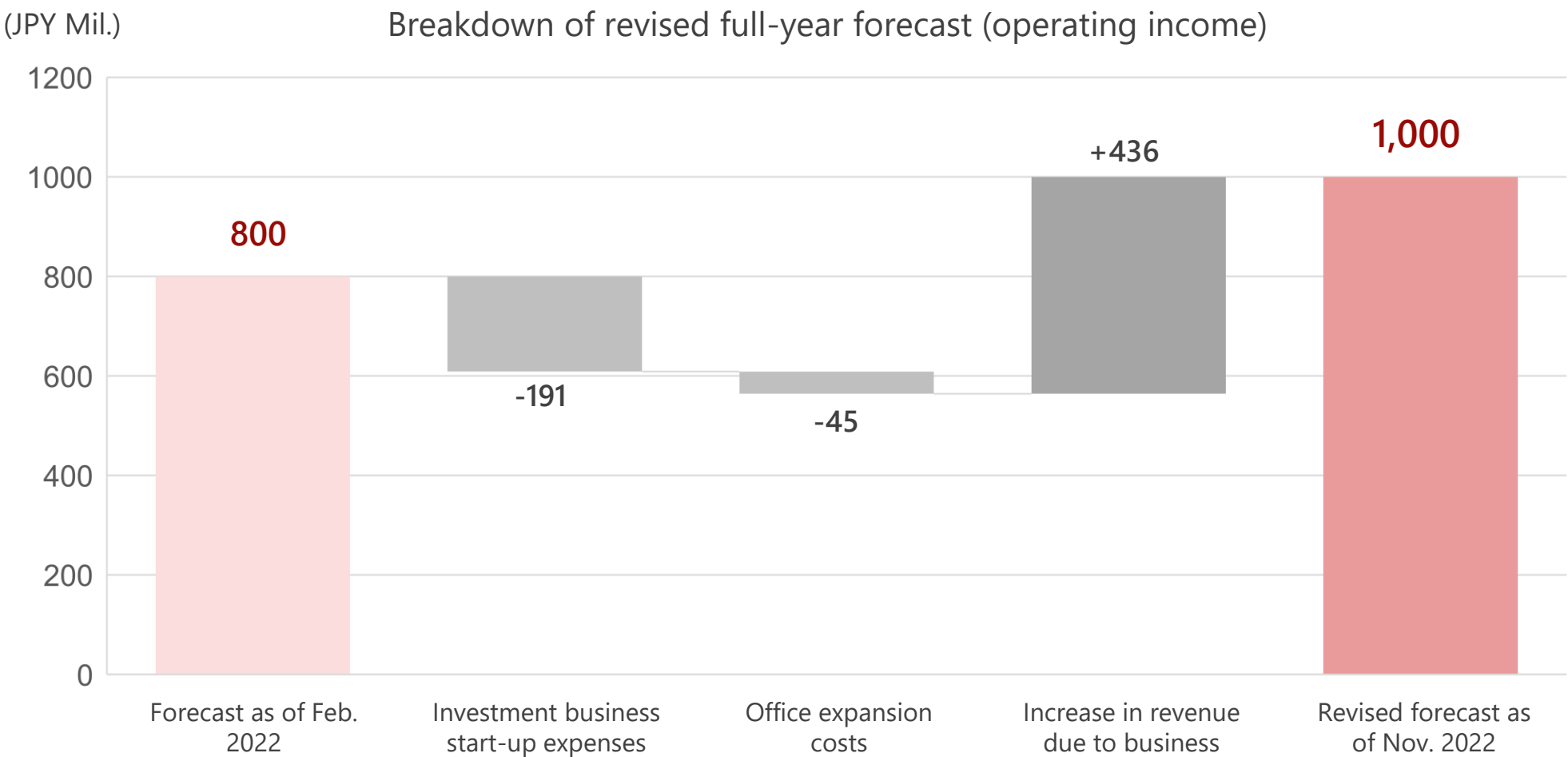
BS Overview

- Total assets increased due to an increase in cash and deposits, an increase in goodwill following the acquisition of Celebrane stocks, and an increase in lease and guarantee deposits due to the expansion of the floor space at the head office.
- Total liabilities increased due to borrowings in consideration of the cost of capital when establishing Frontier Capital.
- 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 September 2022	YoY change (amount)
Current assets	2,998	4,426	+1,428
Fixed assets	821	1,287	+466
Total assets	3,819	5,722	+1,903
Current liabilities	1,282	2,123	+841
Fixed liabilities	82	789	+707
Shareholders' equity	2,397	2,707	+310
Other net assets	54	101	+47
Total liabilities and net assets	3,819	5,722	+1,903
Cash and deposits	1,784	3,219	+1,435
Interest-bearing debt	-	1,312	+1,312
Net Debt	△1,784	△1,907	-123

Preannouncement for the whole financial

- Investments exceeded expectations due to various measures, but earnings forecasts were revised upward due to strong business growth.





Section 2

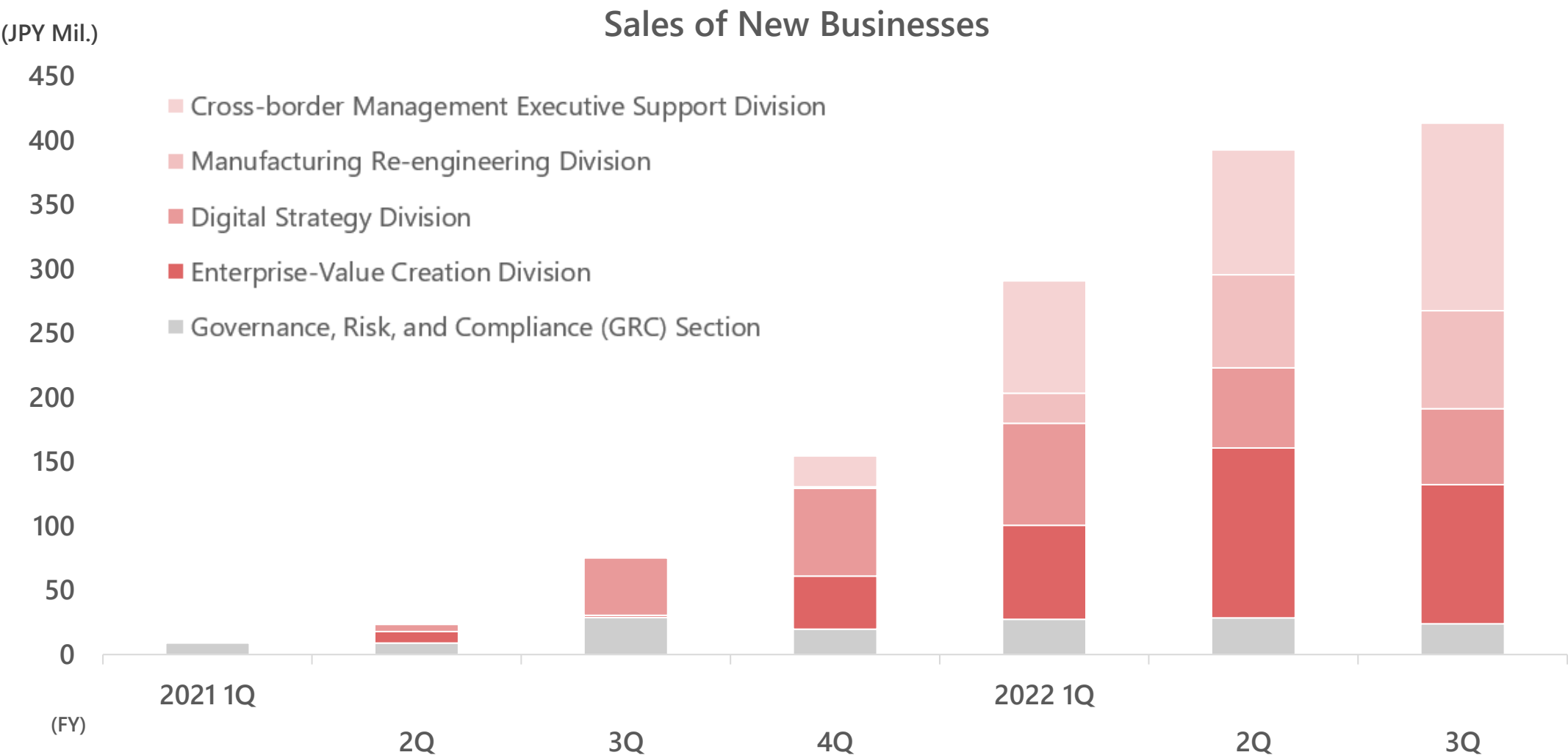
Our Various Progress



- Continue measures to strengthen recruitment of outstanding human resources to strengthen the organizational foundation
- Achieved the initial plan of 330 employees in fiscal 2022

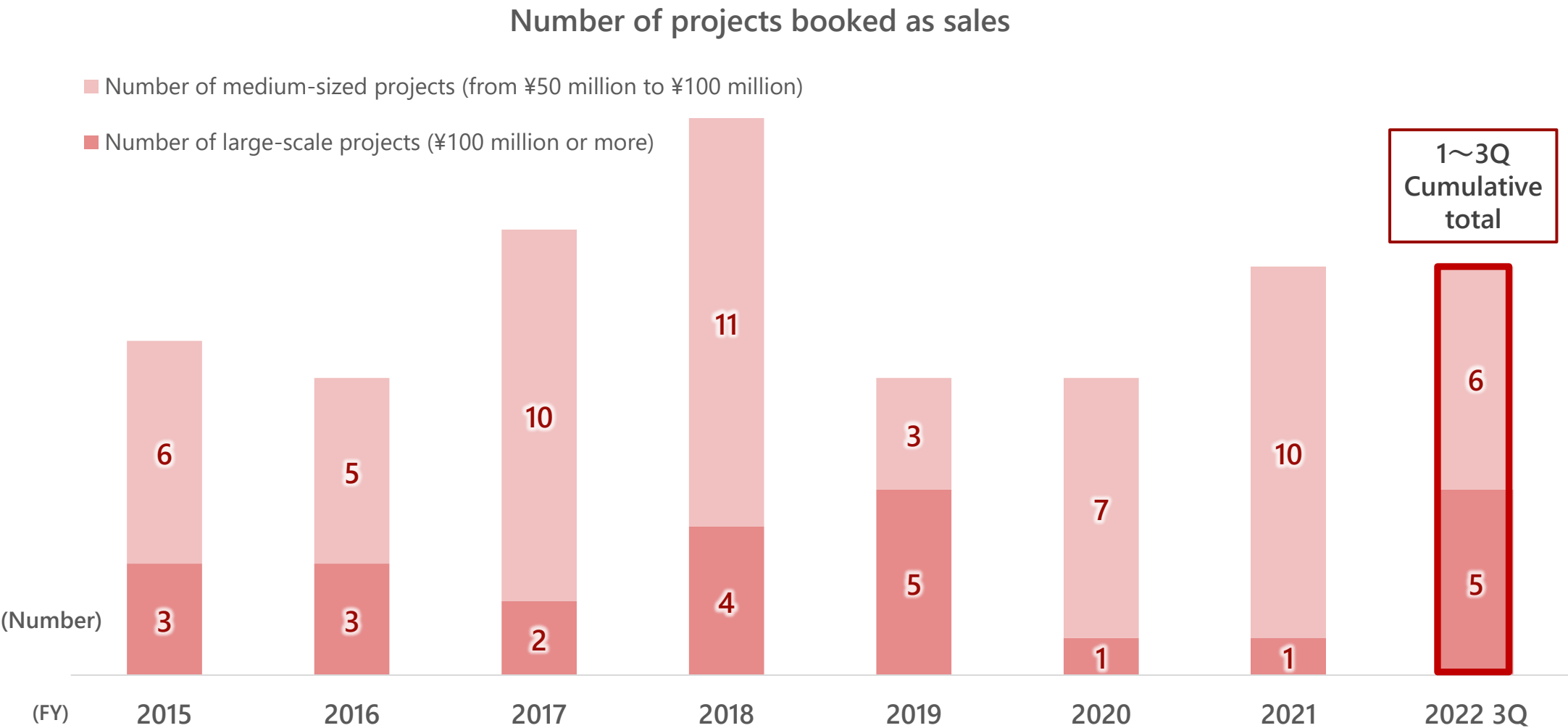


Continuous growth of new businesses in the consulting business



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

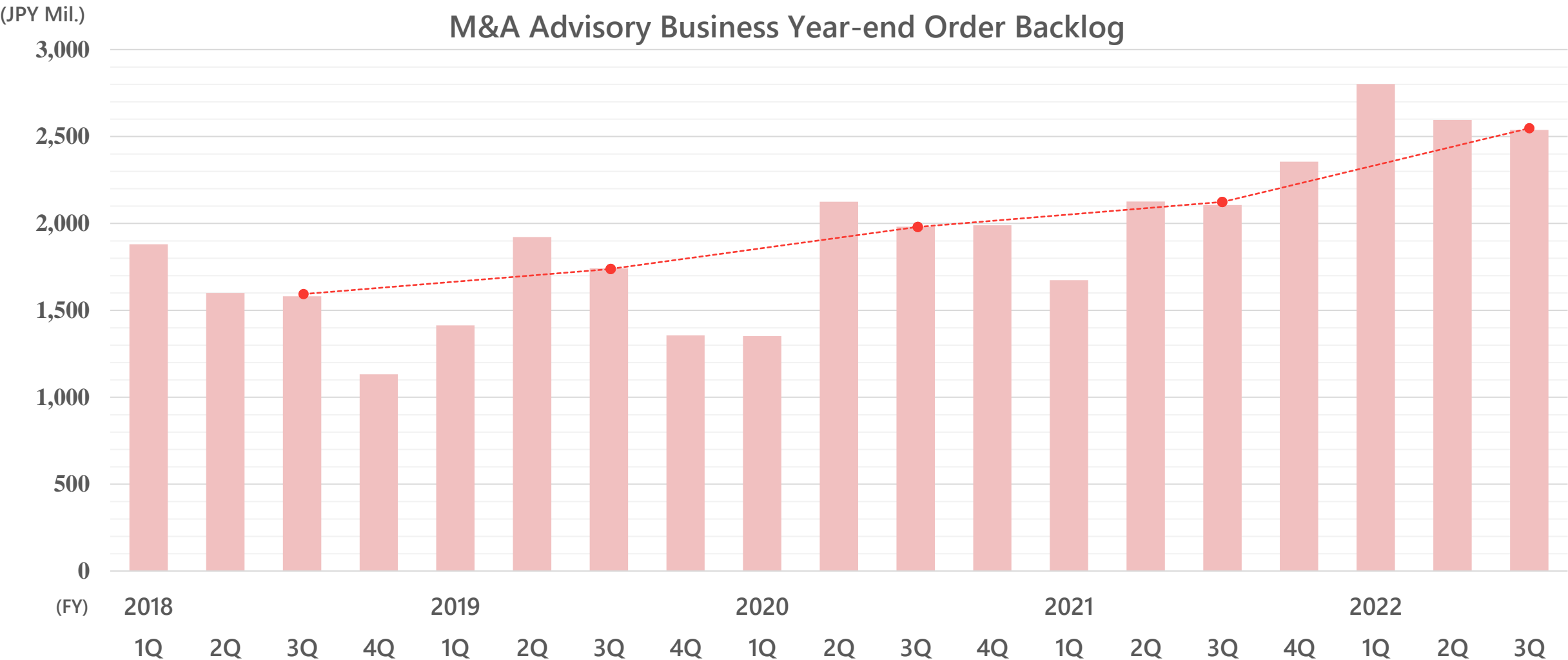
- Steady acquisition of large-and medium-sized projects and execution of projects aimed at further booking sales



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

Order backlog in M&A advisory business

- Order backlog reached a record high for 3Q following 1Q and 2Q

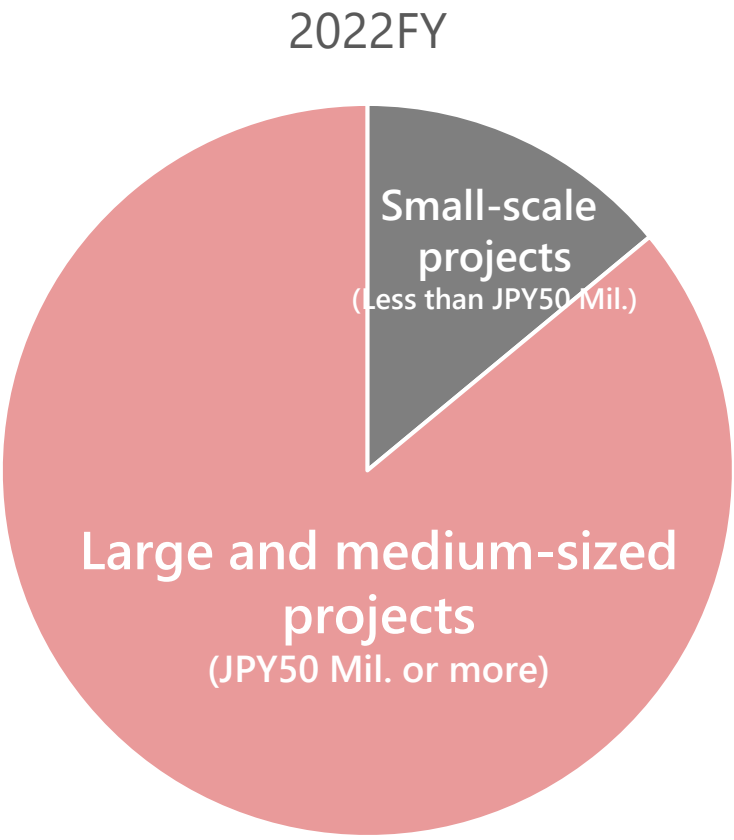
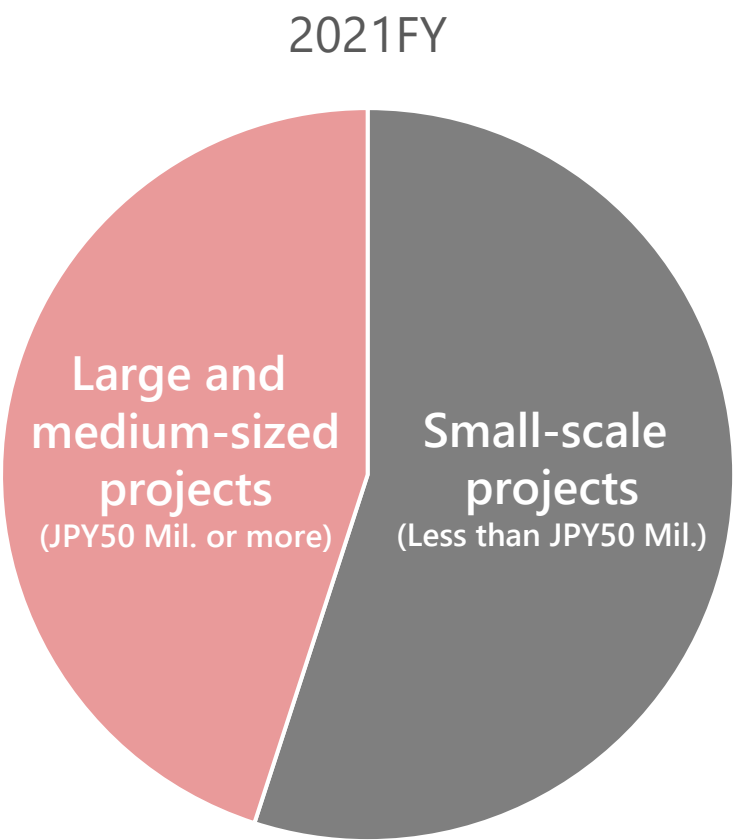


※"Order backlog" is calculated for projects with a high degree of certainty, but there are cases where contracts do not result.

Composition of M&A Advisory Business Projects

- Promoting the Establishment of a System that Can Acquire Highly Difficult Projects

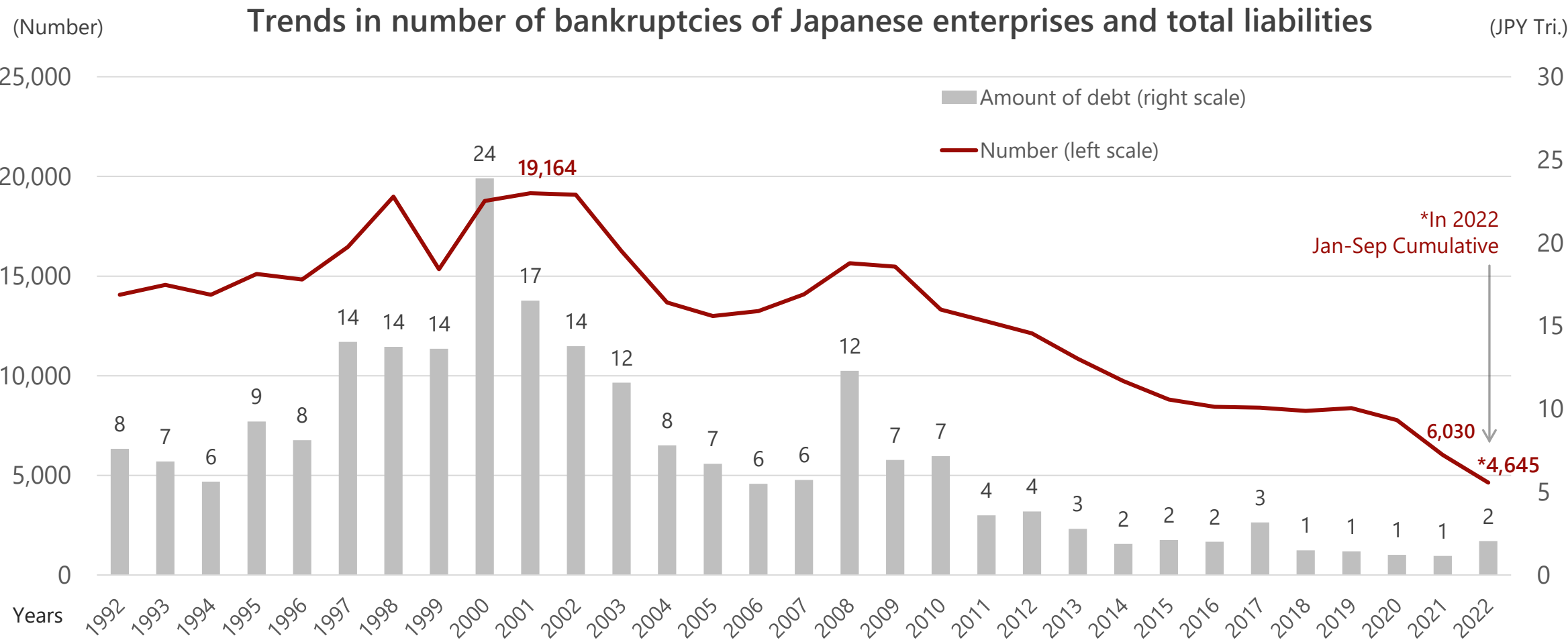
Composition Ratio of Mandates Acquired Projects by Scale (Value Basis)



FY2022: 1 to 3Q

Revitalization: External environment

- The number of bankruptcies and the amount of total debt in Japan has been on a downward trend since around 2000



Progress of Frontier Capital

- Final adjustment phase with multiple financial institutions for investment financing at present
- Steadily Strengthening the Organizational Foundation of the Personnel System as an Investment Company
- In FY2022, we will make upfront investment to strengthen the management system, resulting in a deficit of JPY190 Mil.

Strengthen personnel structure as an investment company (Number of Personnel)

Divisions	Position	End of Sep. 2022	End of Dec. 2022 Plan
Front	Managing Director	8	8
	Staff	4	5
Management	Managing Director	4	5
	Staff	3	4
Total		19	22

Including concurrent staff

Initiatives for Sustainability

- From this fiscal year, we plan to regularly disseminate Frontier Management's sustainability initiatives.

	In 2022 Sep.	Oct.	Nov.	Dec.	In 2023 Jan.	Feb.	Mar.
Initiatives							
Sustainability	Basic Policy Promotion Organization Materiality Determined after the Board of Directors			In HP Publication	Establishment of Sustainability Promotion Committee Project Management		Disclosed in CG Report
					Incorporation into the Code of Conduct, Guidelines, and Evaluation System		
TCFD response	Roppongi Head Office Switched to renewable energy				Establishment after identification of materiality Incorporation into and improvement of the Code of Conduct, Guidelines, and Evaluation System		
	Considering joining TCFD Forum						
Human capital • Women Empowerment • LGBT • Difficulties, Others	• DE&I Promotion Committee established • To consider joining related organizations			Review and improvement of internal systems, etc.			

Initiatives for Sustainability

Frontier Management Sustainability Policy

Since its foundation, the Frontier Management Group has operated under the management philosophy of "Contributions to the benefit of clients" "Contributions to the benefit of stakeholders" and "Contributions to society"

Our Group will contribute to a rich global environment and a sustainable society by gathering the wisdom of our diverse professionals and helping our customers solve their management issues. At the same time, we will realize the sustainable growth and development of our Group.

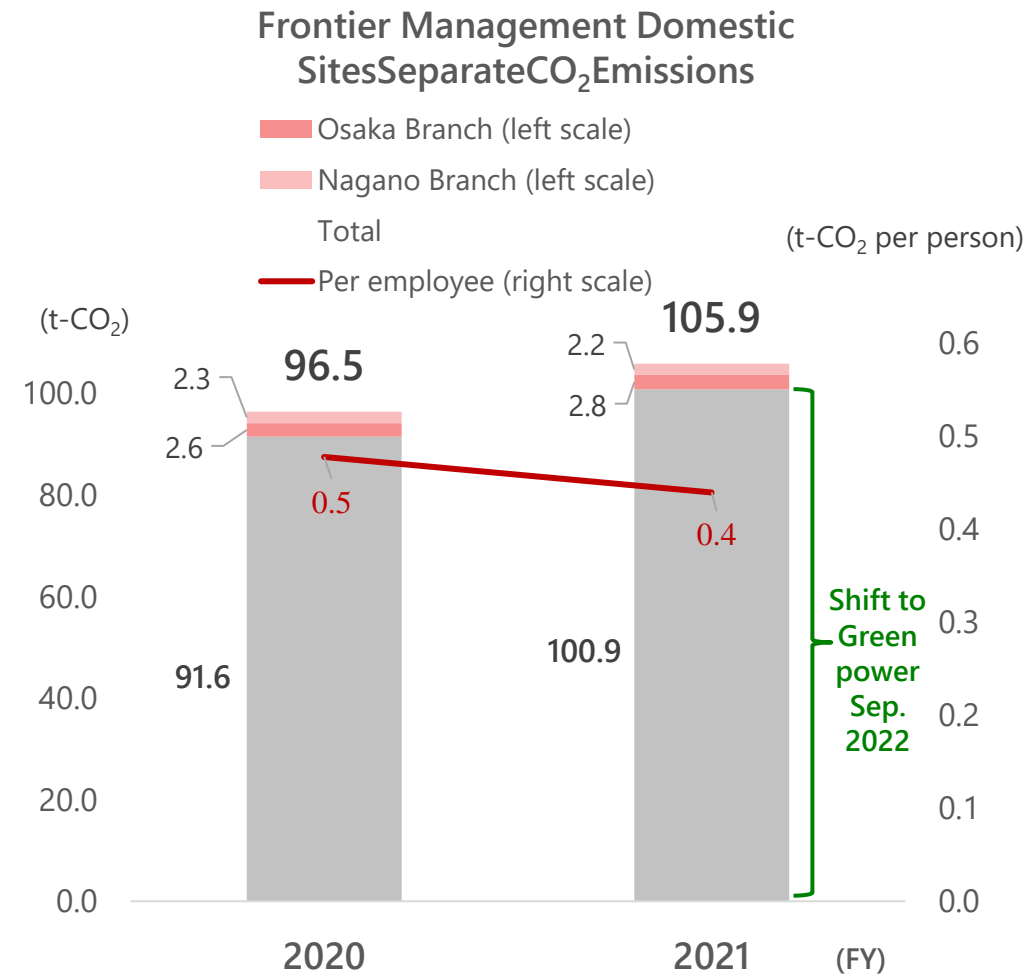
Important Themes and Materiality

Key Sustainability Theme	Materiality
Diversity of Human Resources and Establishment of Expertise	①Deepening diversity and acceptance
	②Continued investment in human capital
	③Development and production of management personnel
	④Contributing to a society where people make the most of their individuality
Contributing to the transformation of society and business	⑤Fostering business ethics
	⑥Promoting the Transition to a Carbon-Decarbon, Recycling-Oriented Society
	⑦Contributing to Regional Revitalization
Strengthening corporate growth potential and resilience	⑧Enhancing the long-term value of client companies
	⑨Pursuit of a Sound Governance System



TCFD Initiatives

Switching the power used at the head office to renewable energy sources



Average t-CO₂ per employee (reference)

Industry	t-CO ₂ per employee (industry-average)
Comprehensive construction	12.7
Mobile communications business	10.0
Ad Agencies	4.4
General Electric	9.6
General trading company	9.0
Automobiles (passenger cars)	7.1
Banks (city banks)	2.5
Consulting firm (Scpe-1,2)	1.5
Frontier Management (Scpe-1,2)	0.4

Source: Only companies that have disclosed Nikkei Value Search/company HP, compiled by Frontier Management from the most recently disclosed materials

Frontier Management's Carbon Emissions KPI

KPI	Fiscal 2020 Results	Fiscal 2021 Results	Targets for fiscal 2030	FY2050 Targets
Scope1,2 t CO ₂	96.5	105.9	-	Virtually zero
Scope1,2 t CO ₂ 従業員一人当たり	0.5	0.4	Compared to FY 2021 50% reduction	





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



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.



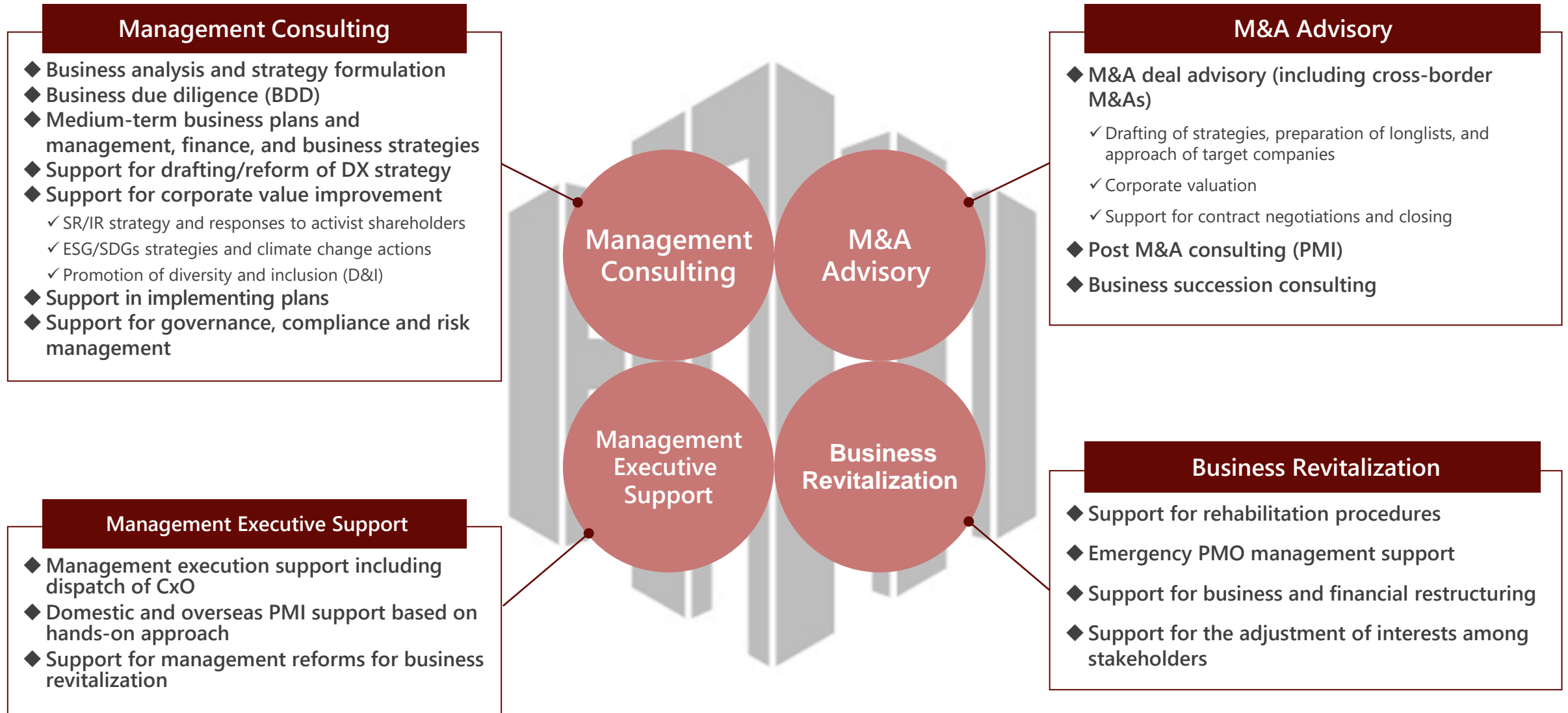
Jointly established in 2007



FRONTIER MANAGEMENT INC.

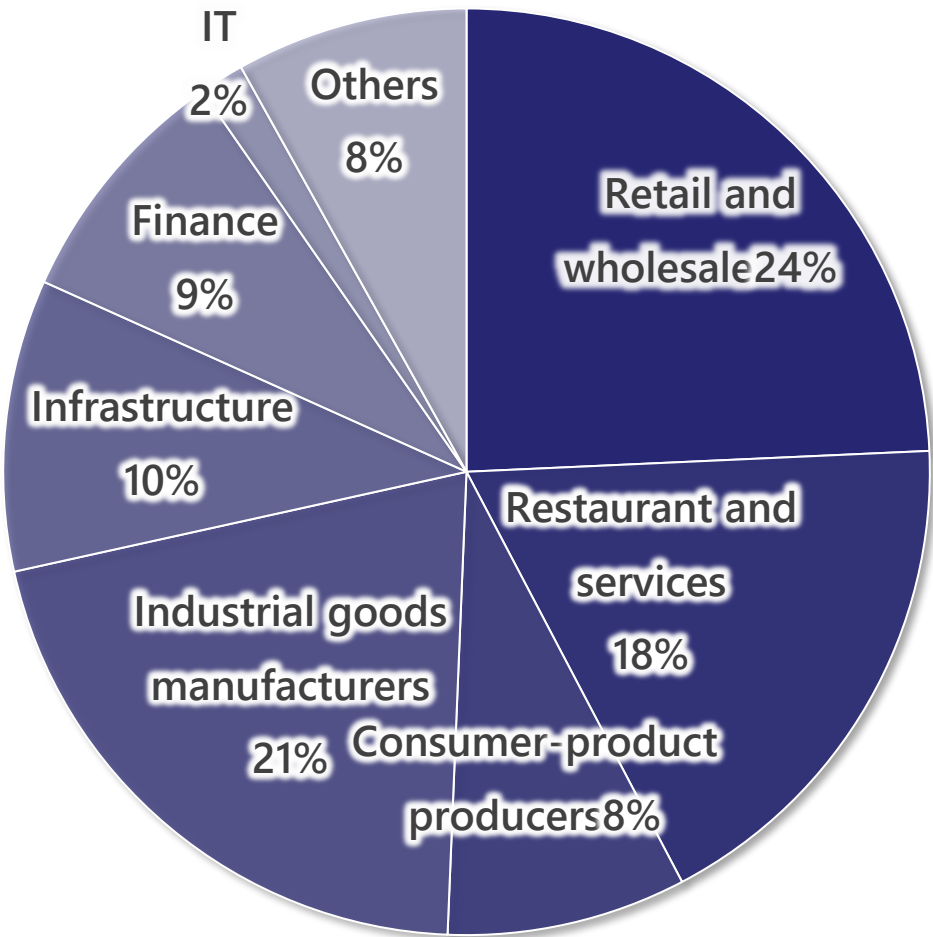


Business



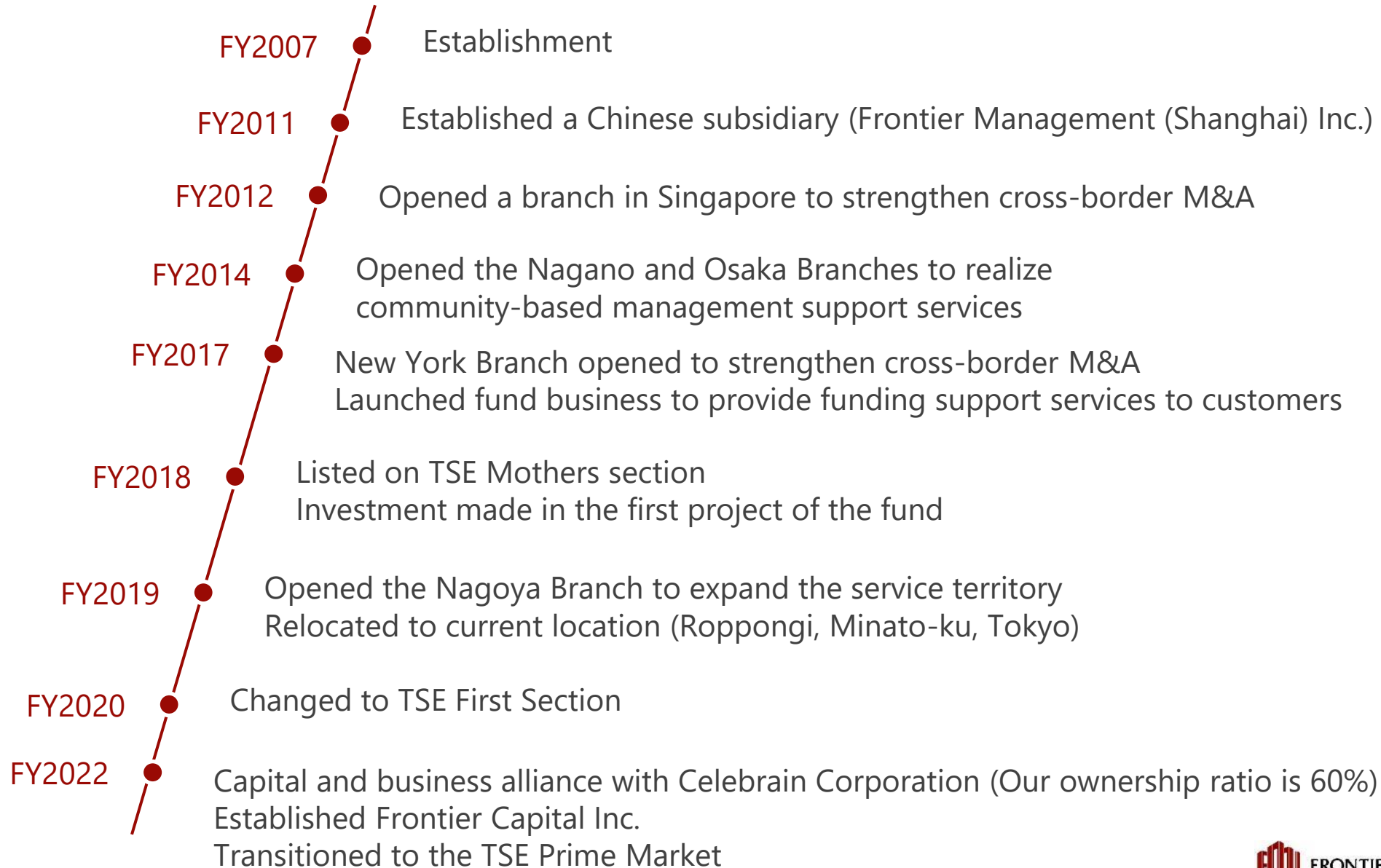
Customer Segments

Providing services to diverse industries.



Result of FY2021

History



Organizational Chart for Directors



代表取締役 共同社長執行役員
大西 正一郎
SHOICHIRO ONISHI



代表取締役 共同社長執行役員
松岡 真宏
MASAHIRO MATSUOKA



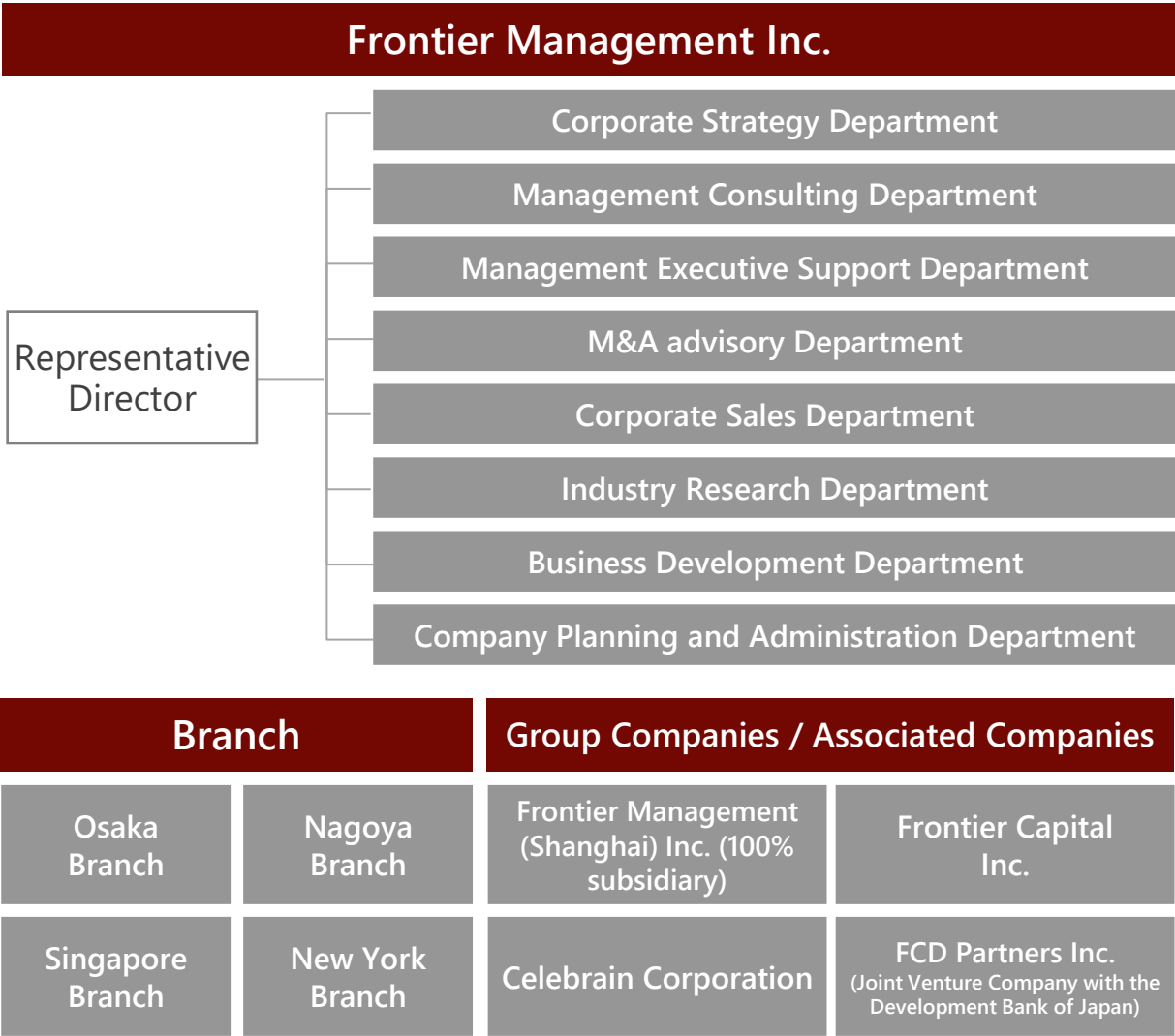
取締役 副社長執行役員
小森 忠明
TADAAKI KOMORI



社外取締役
大杉 和人
KAZUHITO OSUGI



社外取締役
鵜瀬 恵子
KEIKO UNOTORO



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.

Corporate Information

Company Overview

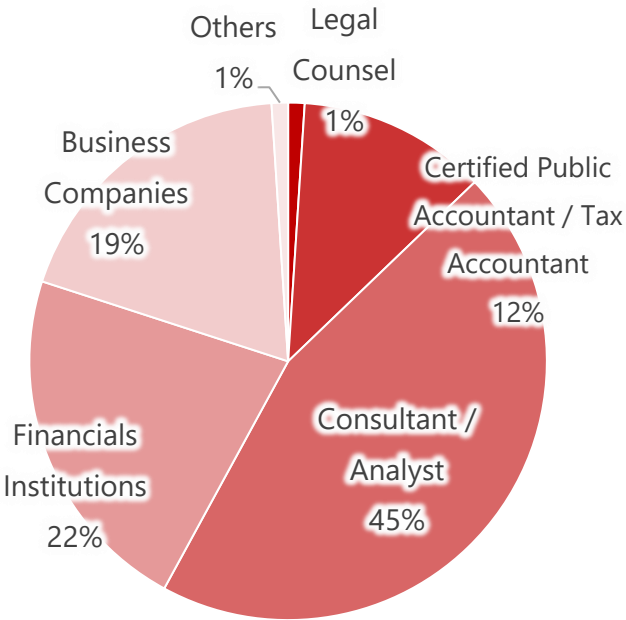
Company Name	Frontier Management Inc.	
Established	January 4, 2007	
Listed	First Section of the Tokyo Stock Exchange (Code Number : 7038)	
Location	Sumitomo Fudosan Roppongi Grand Tower 41F 3-2-1 Roppongi, Minato-ku, Tokyo	
TEL/FAX	<TEL> +81-3-6862-5180 (general) <FAX> +81-3-6862-8611	
Website	https://www.frontier-mgmt.com	
Officers, etc	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 Outside Director of the Board	Kazuhito Osugi Keiko Unotoro
	Statutory Auditor Auditor Auditor	Takeshi Umemoto Kazuhiko Shimokobe Nobumichi Hattori
	Senior Managing Executive Officer Managing Executive Officer Managing Executive Officer Executive Officer Executive Officer Executive Officer Executive Officer Executive Officer	Toshi Mitsuzawa Sumio Nishizawa Akinori Nishida Masaya Yajima Shinji Hikoe Hitoshi Kuriyama Tomohiro Murata Hiroaki Hamada
No. of employees	336 (consolidated)	as of end of Sep. 2022
Branch	Osaka Branch Nagoya Branch Singapore Branch New York Branch	
Group Companies	Frontier Management (Shanghai) Inc. Frontier Capital Inc. Celebrain Corporation	
Associated Companies	FCD Partners Inc.	



Business Descriptions

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

Professional Composition Ratio



- ✓ 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.

As of end of December 2021

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.

