

March 29, 2023

To All

Company Name	Frontier Management Inc.
Representative	Shoichiro Onishi, Co-President & Executive Officer (TSE Prime Market Code No. 7038)
Contact	Hiroaki Hamada, Executive Officer, Head of Company Planning and Administration Department (TEL. +81-3-6862-8335)

Plan for Compliance with the TSE Prime Market's Listing Maintenance Standards

As of December 31, 2022, Frontier Management Inc. (hereafter the "FMI") are no longer in compliance with the listing maintenance standards of the TSE Prime Market. Accordingly, FMI have prepared a plan to comply with the listing maintenance standards as shown below.

Notation

1. Compliance with our listing maintenance standards and the planning period

Our compliance with the TSE Prime Market's listing maintenance standards as of December 31, 2022 is as follows, and "Market capitalization of outstanding shares" does not meet the standards.

FMI believe that measures should be implemented in the medium to long term, rather than in the short term, in order to increase our corporate value and achieve stable stock valuations. As shown in the table below, FMI will pursue various initiatives to ensure that the market capitalization of secondary shares meets the listing maintenance standards by the end of December 2025.

	Number of shareholders	Outstanding shares	Outstanding shares Market capitalization	Outstanding stock ratio	Daily average Trading value	Net assets
Our situation (as of the record date)	3,421 Number of personnel	63,499 units	8 billion yen	55.3%	75 million yen	3 billion yen
Listing maintenance standards	800 Number of personnel	20,000 units	10 billion yen	35.0%	20 million yen	Net assets Positive amount
Planning period			End of Dec. 2025			

2. Basic Policies, Issues, and Details of Initiatives for Compliance with Listing Maintenance Standards

The market capitalization of the outstanding shares, which is an item that failed to meet the listing maintenance standards, is calculated by "Market capitalization" multiplied by "Distributed stock ratio." Our "Distributed share ratio" meets the standards.

Going forward, in addition to sustained earnings growth, FMI aim to further increase our "market capitalization" by raising equity valuations against the backdrop of improved profitability in ROE and other areas and improved equity liquidity.

To this end, FMI will pursue a variety of initiatives based on the basic policy of "earnings growth and rising stock valuations," and aim to achieve a steady compliance with the listing maintenance standards.

For details, please refer to the attached "Plan for Compliance with TSE Prime Market Listing Maintenance Standards."



**FRONTIER
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**Plan for Compliance with the TSE Prime Market's Listing
Maintenance Standards**

March 29, 2023

Frontier Management Inc.

(TSE Prime Market Code No. 7038)

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1 Awareness of Current Situation and Response Policies

1-1 Compliance with our listing maintenance standards and the planning period

The following table shows our compliance with the listing maintenance standards of the prime market as of December 31, 2022 (record date). Although five of the six items in the listing maintenance standards have been met, the market capitalization of secondary shares was 8 billion yen, which did not meet the standard (10 billion yen or more). We will take various measures to meet the listing maintenance standards by the end of December 2025 with respect to the criteria for the market capitalization of outstanding shares.

	Number of shareholders	Outstanding shares	Outstanding shares Market capitalization	Outstanding shares Ratio	Daily average Trading value	Net assets
Our situation (as of the record date)	3,421 Number of personnel	63,499 units	8 billion yen	55.3%	75 million yen	3 billion yen
Listing maintenance standards	800 Number of personnel	20,000 units	10 billion yen	35.0%	20 million yen	Net asset value is positive
Items that did not meet the standard			○			

1-2 Policy for Compliance with Listing Maintenance Standards

Market capitalization, which is an item that failed to meet the listing maintenance standards, is calculated by "Market capitalization" multiplied by "Ratio of shares in circulation." Our "Ratio of shares in circulation" has already met these standards as shown on the previous page. Going forward, in addition to sustained earnings growth, we aim to further increase our "market capitalization" by raising equity valuations against the backdrop of improved profitability in ROE and other areas and improved equity liquidity.

$$\text{Market capitalization} = \text{Market capitalization} \times \text{Ratio of shares outstanding}$$

Basic Policy

Earnings growth and rising stock valuations

<Medium-to long-term expansion of business>

- In existing businesses, we aim to raise profitability by improving human productivity, in addition to aggressively hiring personnel, which has been continuing since listing.
- In addition to growth in existing businesses, we will aim to achieve discontinuous growth through investment businesses and new businesses using our own M&A.

<Increase in stock valuations due to improvement in profitability and liquidity>

- While working to expand sales and earnings, we aim to raise equity valuations by improving key profitability indicators, such as ROE (which emphasizes the ratio of operating income to net sales and net sales per employee).
- We will increase the average daily trading value and promote the trading of our shares by major institutional investors (including foreign investors) by expanding IR opportunities such as increasing the number of IR briefings and enhancing the quality and quantity of information dissemination, such as continuously disclosing sustainability information.

As an issue Specific actions

1-3 Outlook for Market Capitalization of Outstanding Shares Based on Simulation of Performance

Our market capitalization is expected to achieve the listing maintenance standard of ¥10 billion from fiscal 2024 to fiscal 2025, based on the continuation of the average sales growth rate over the last five years and PER as of the record date.

[Simulation assumptions] ※As sales of Frontier Capital (FCI) vary greatly depending on the investment project, only the assumed amount of operating profit and loss is directly reflected.

Net sales: Figures for fiscal 2023 are published budgets. The growth rate from fiscal 2024 onward uses 12% as a conservative figure based on CAGR (CAGR) of 15.3% for the five years after our listing (fiscal 2018-2022).

Operating income: FY2023 is the announced budget. From fiscal 2024 onward, we will estimate that the operating income margin will improve by 1 percentage point per year, from 15% in fiscal 2023. We will incorporate ▲ of ¥150 million in fiscal 2024 and ¥0 in fiscal 2025 as FCI projected operating income/loss.

Net income: 66.7% of operating income forecast in the FY2023 budget.

Others: Calculated without factoring in non-continuous income increases such as investment business and M&A.

Operating income
(Billions of yen)

25

20

15

10

5

0

Change in operating profit

9

12

15

20

	2022(Actual)	2023(Budget)	2024(Estimate)	2025(Estimate)
Net sales (Billions of yen)* Excluding FCI	78	96	108	121
Operating profit (billion yen)	9	12	15	20
Net Income (Billions of yen)	5	7	10	13
ROE(%)	19	21	25	28
EPS (yen)	48	61	87	119

※Number of shares issued: 11,468,478 shares outstanding 55.3% * Calculated from the closing price on December 30, 2022

※The above revenues are estimates based on CAGR and other factors, and do not represent our medium-term management plan for fiscal 2024 and beyond.

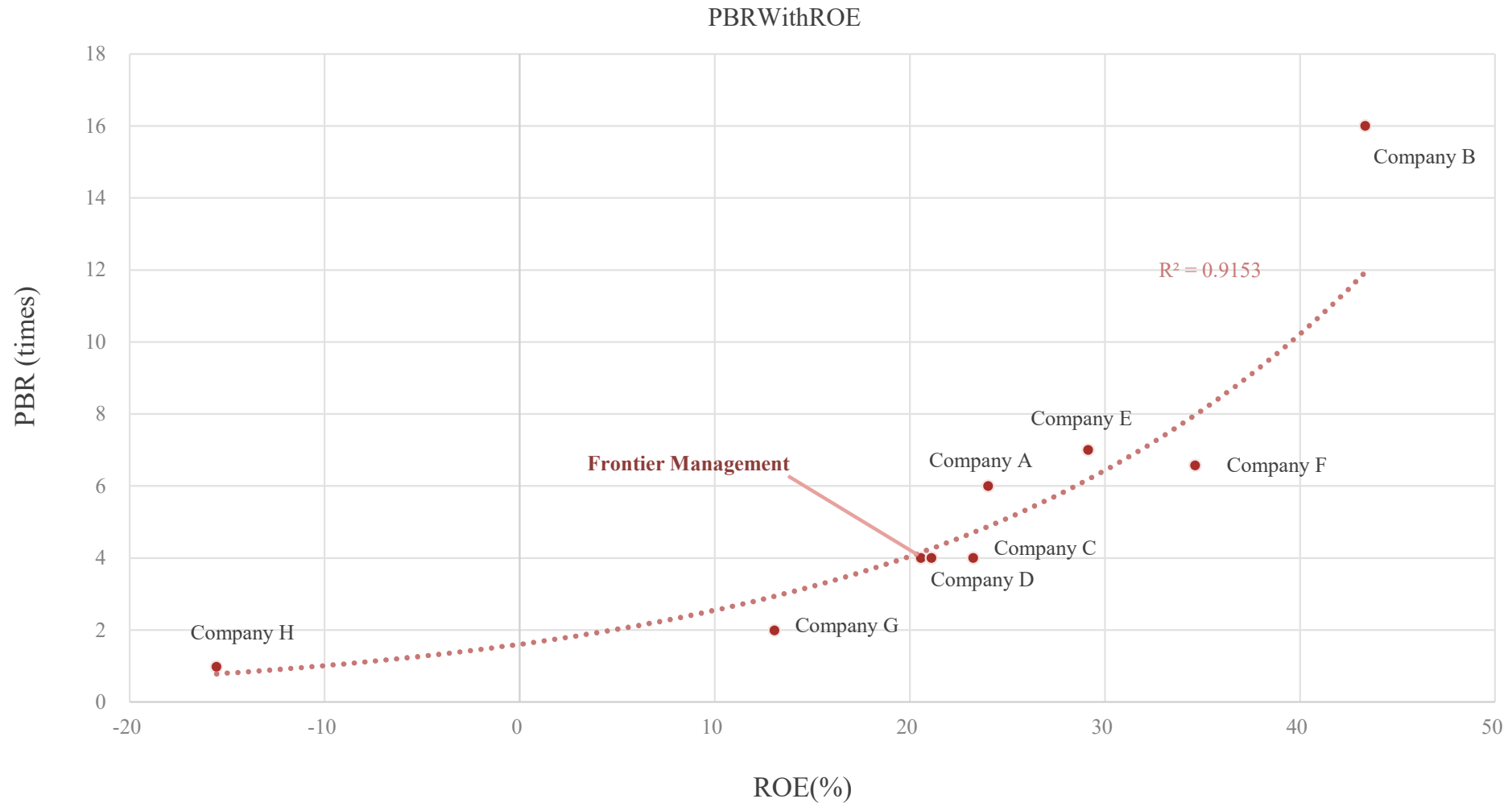


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2 Indicator Analysis for Specific Initiatives

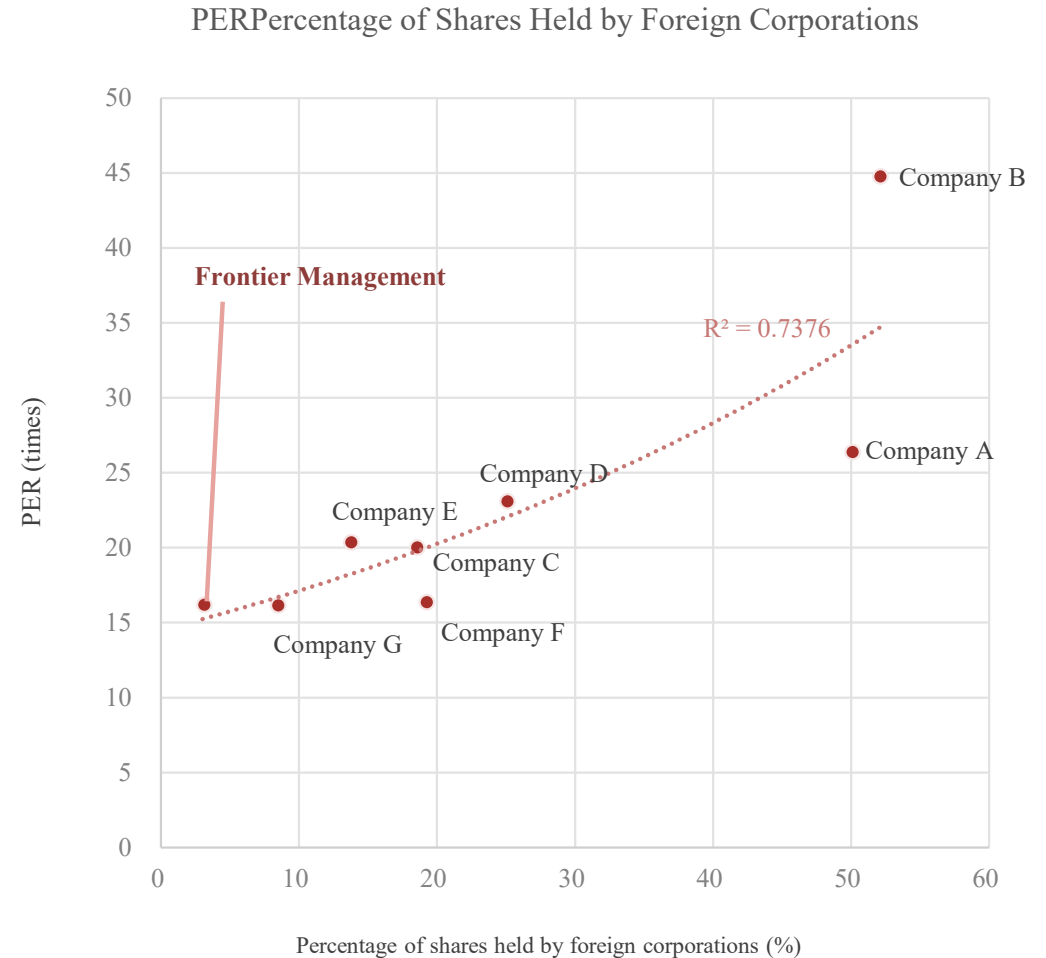
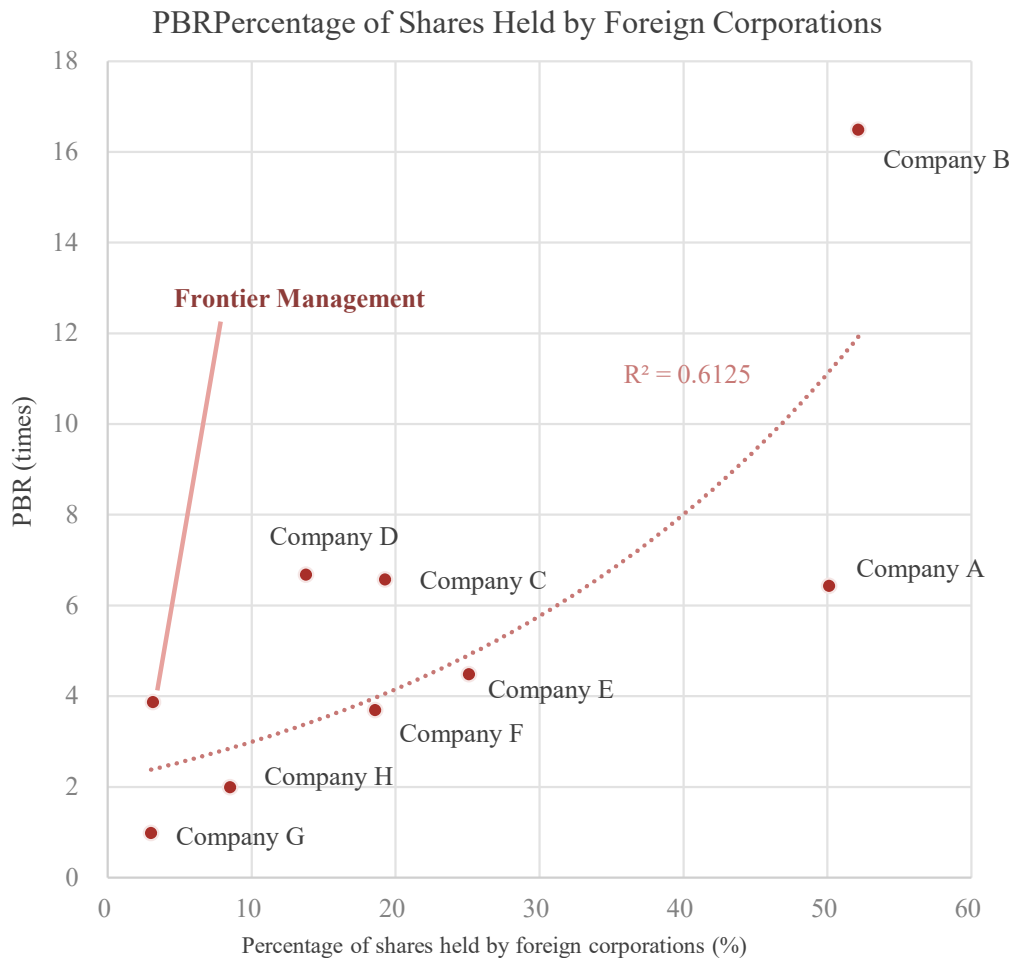
2-1 Correlations between profitability (ROE) and equity valuation (PBR)

- PBR is calculated in $(ROE-i) / (COE-i)$ and is affected by the level of ROE. (COE is the cost of equity, i is the perpetual growth rate)
- In the management consulting/M&A advisory sector to which we belong, ROE is also a key variable for PBR.
- Based on the above, we consider ROE to be a key management indicator and aim to increase equity valuations by aiming for continuous improvement.
- As shown in the performance simulation on page 5, ROE is expected to continue rising.



2-2 Correlation between percentage of shares held by foreign corporations and equity valuation (PBR • PER)

- Stock valuations tend to be influenced by the volume of trading by major institutional investors (including foreign investors).
- As one important indicator, the correlation between the percentage of shares held by foreign corporations and share valuation is shown below.
- The sectors in which we belong are affected by the level of foreign ownership in both PBR • PER.
- Our shareholding ratio of foreign corporations, etc. is 3.1% (as of the end of December 2022), which is currently low compared to other companies in the same industry.

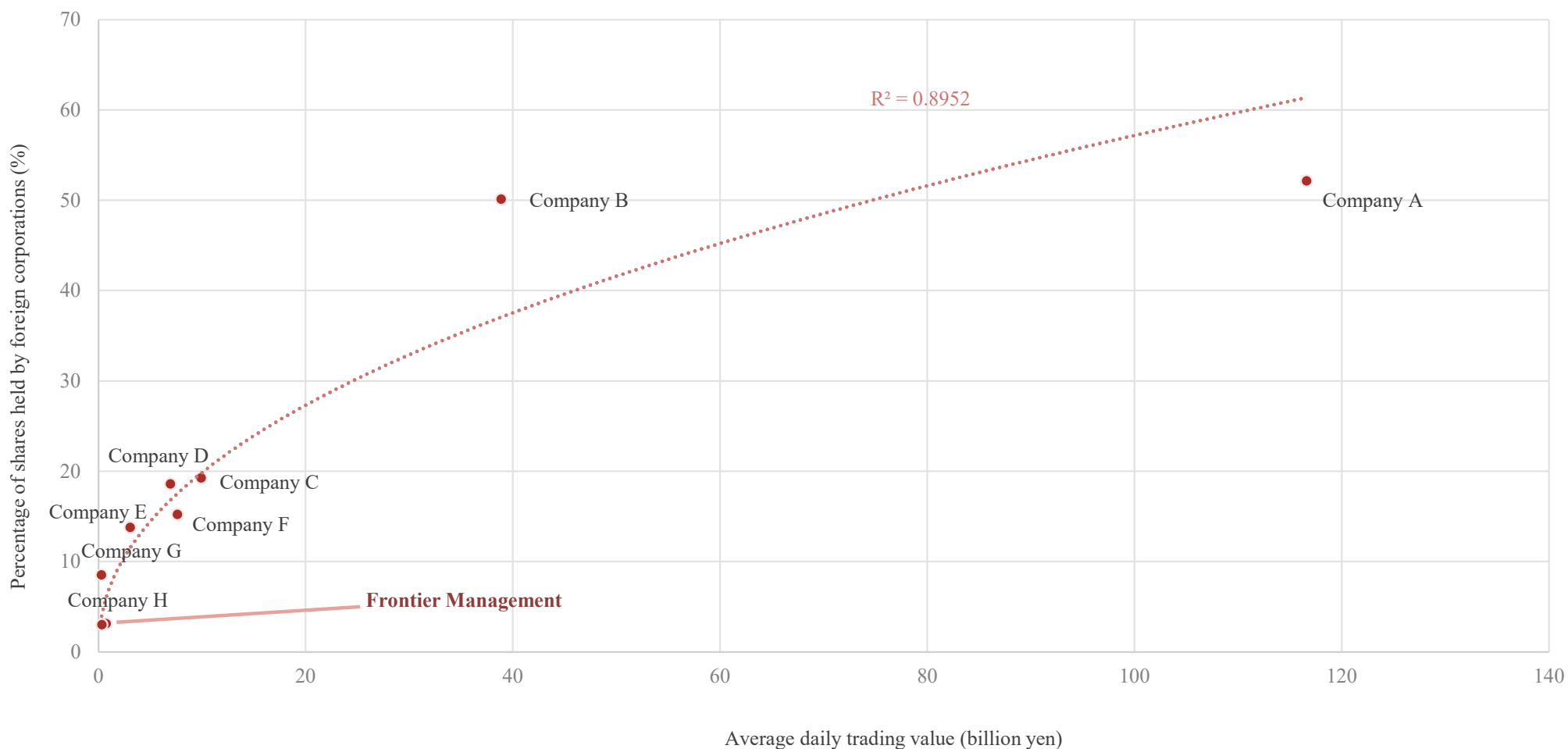


Comparative analysis of eight companies assumed to be us and our comparable companies. Using the most recent financial indicators for the fiscal year ended March 31, 2023 and the closing stock price as of March 27, 2023

2-3 Correlation between Percentage of Shares Held by Foreign Corporations and Average Daily Trading Value

- Bulk trading of illiquid stocks may affect the market price of the stocks.
- For this reason, major institutional investors avoid the risk of holding illiquid stocks and prefer to hold liquid stocks.
- Even in the sectors in which we belong, the volume of the average daily trading value is correlated with the level of the percentage of shares held by foreign corporations.
- Our average daily trading value is at a low level of 75 million yen (fiscal 2022 average), and we believe a strategy to increase the level is necessary.

With the percentage of shares held by foreign corporations | Day Average Trading value





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3 Specific Initiatives for Compliance with Listing Maintenance Standards

Challenges and Specific Initiatives (Reprinted)

<Medium-to long-term expansion of business>

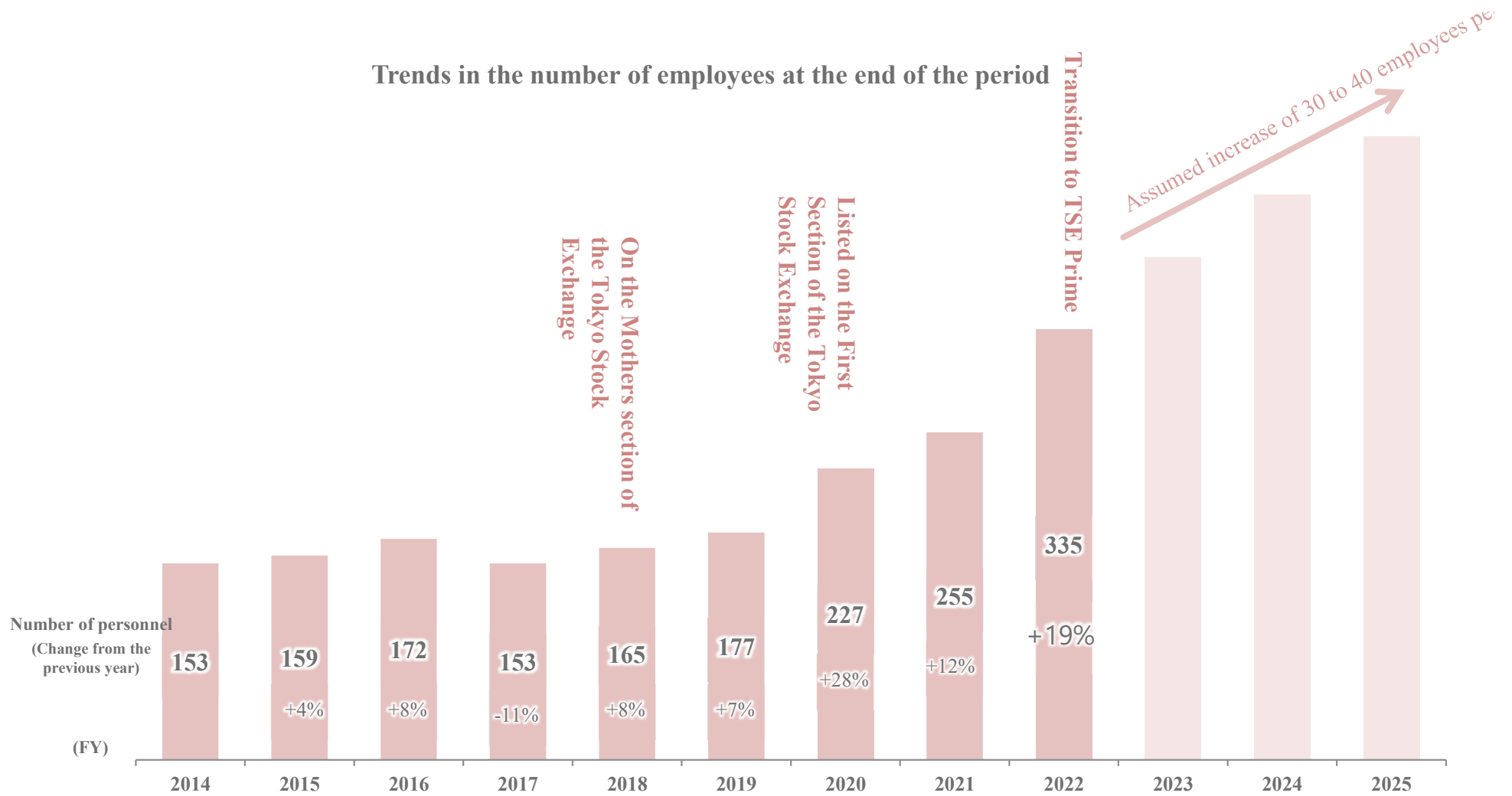
- In existing businesses, we aim to raise profitability by improving human productivity, in addition to aggressively hiring personnel, which has been continuing since listing.
- In addition to growth in existing businesses, we will aim to achieve discontinuous growth through investment businesses and new businesses using our own M&A.

<Increase in stock valuation due to increase in profitability and liquidity>

- While working to expand sales and earnings, we aim to raise equity valuations by improving key profitability indicators, such as ROE (which emphasizes the ratio of operating income to net sales and net sales per employee).
- We will increase the average daily trading value and promote the trading of our shares by major institutional investors (including foreign investors) by expanding IR opportunities such as increasing the number of IR briefings and enhancing the quality and quantity of information dissemination, such as continuously disclosing sustainability information.

3-1 Medium-to long-term expansion of business Aggressive personnel recruitment strategy

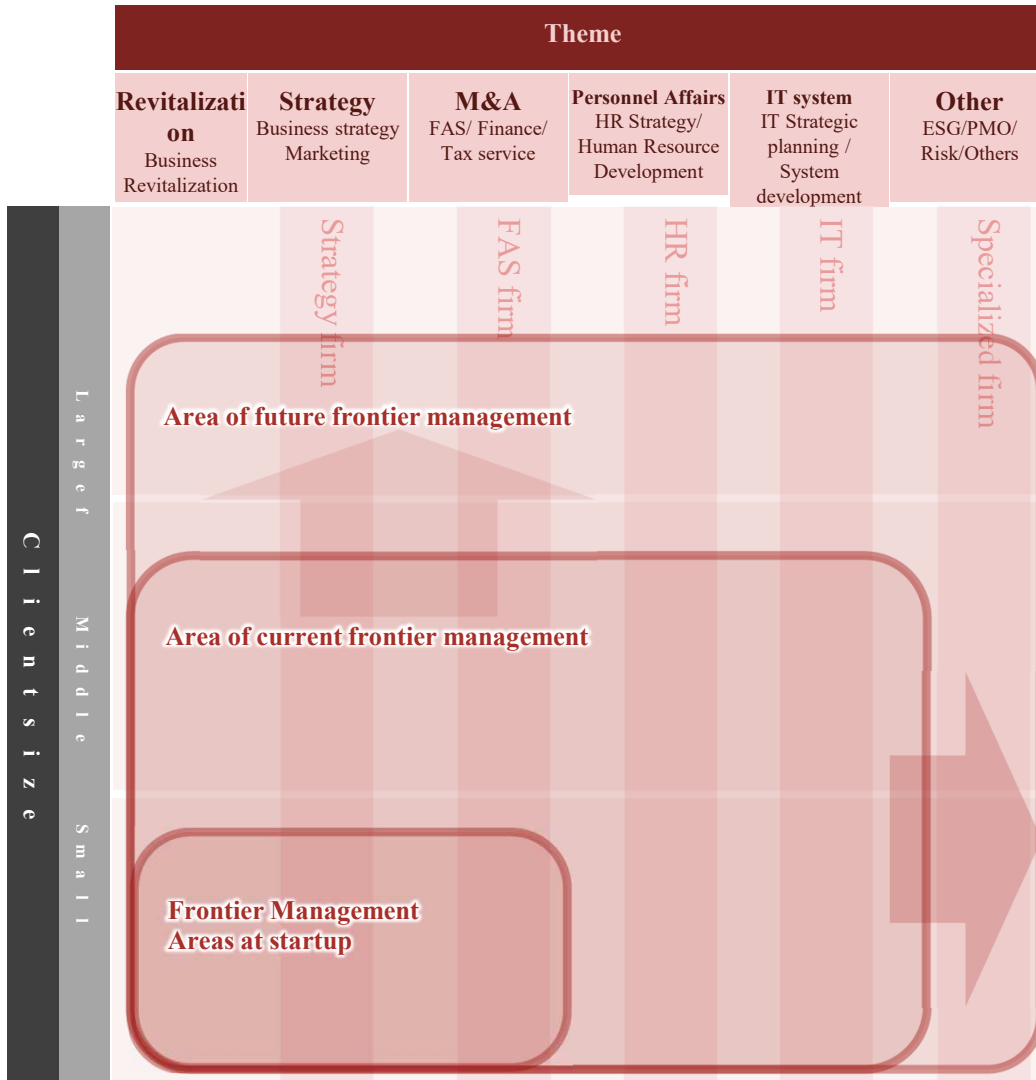
In addition to aggressive personnel recruitment that has continued since the listing, we aim to raise profitability by improving human productivity.



3-2 Medium-to long-term business expansion Aggressive development of new businesses and improvement of productivity

Aggressive development of new businesses

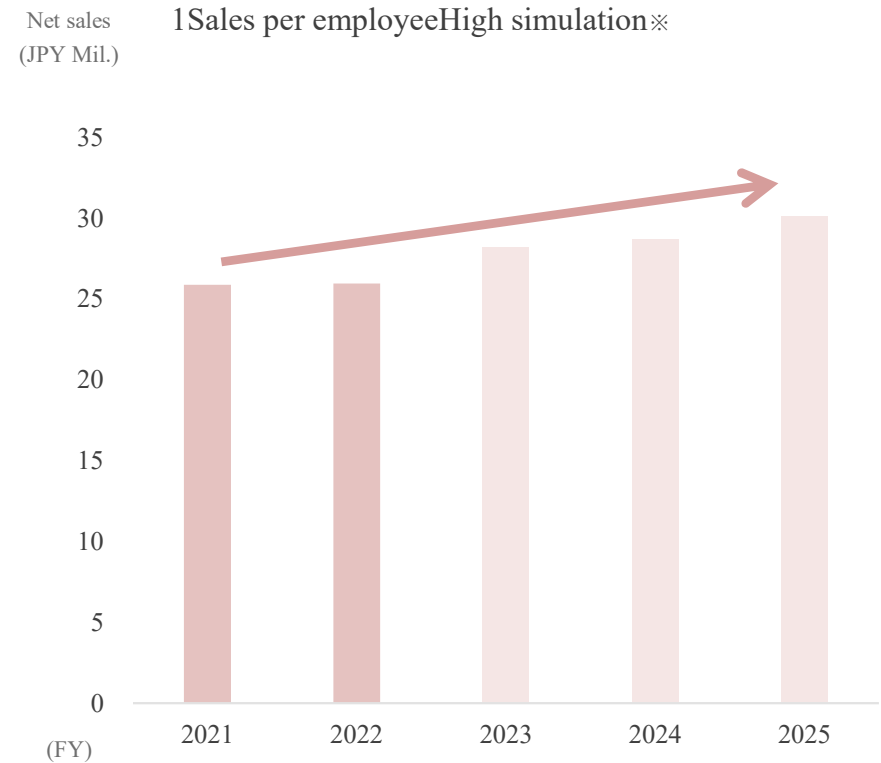
We will continue to create new businesses that respond flexibly to changes in the global environment, with the aim of achieving sustainable growth for the Group.



Improving productivity

We aim to increase sales per employee by continuing to promote the following specific measures that we have already taken.

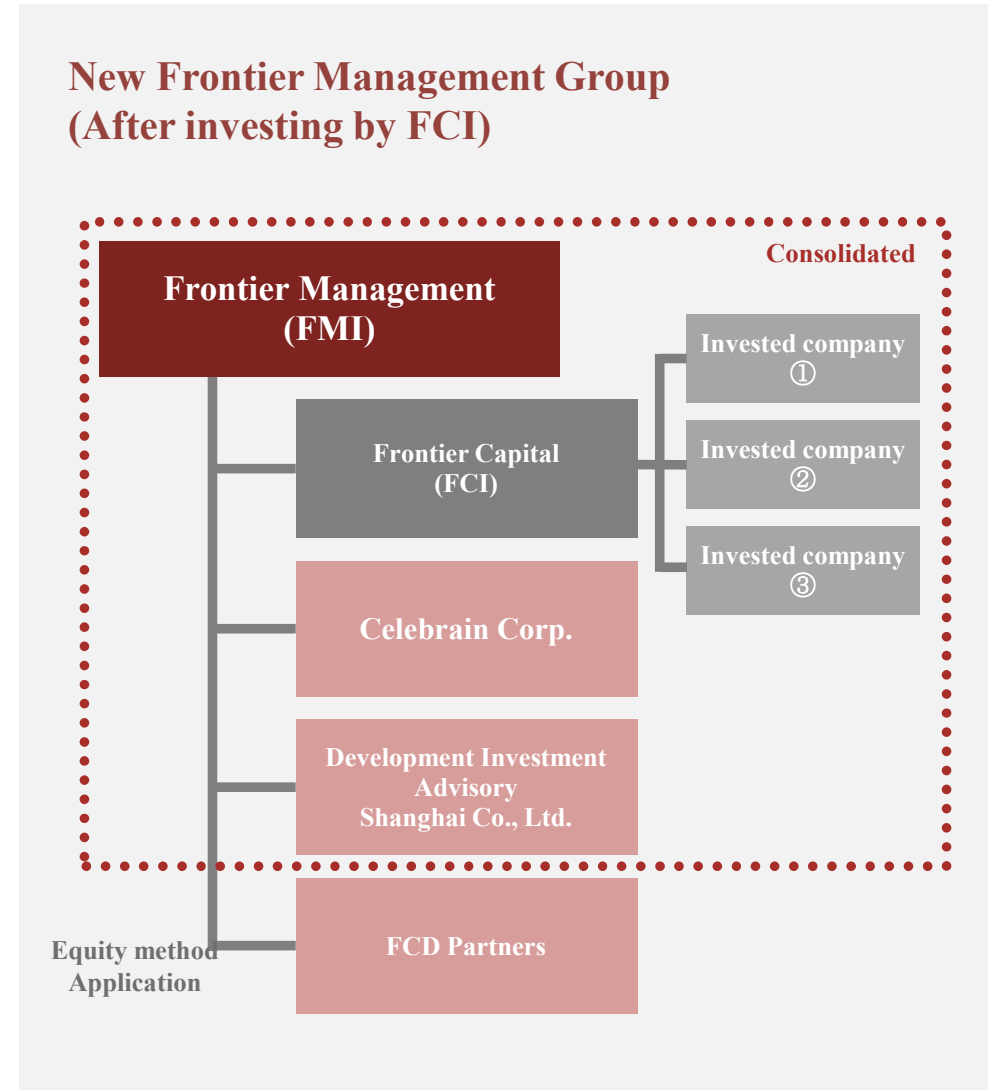
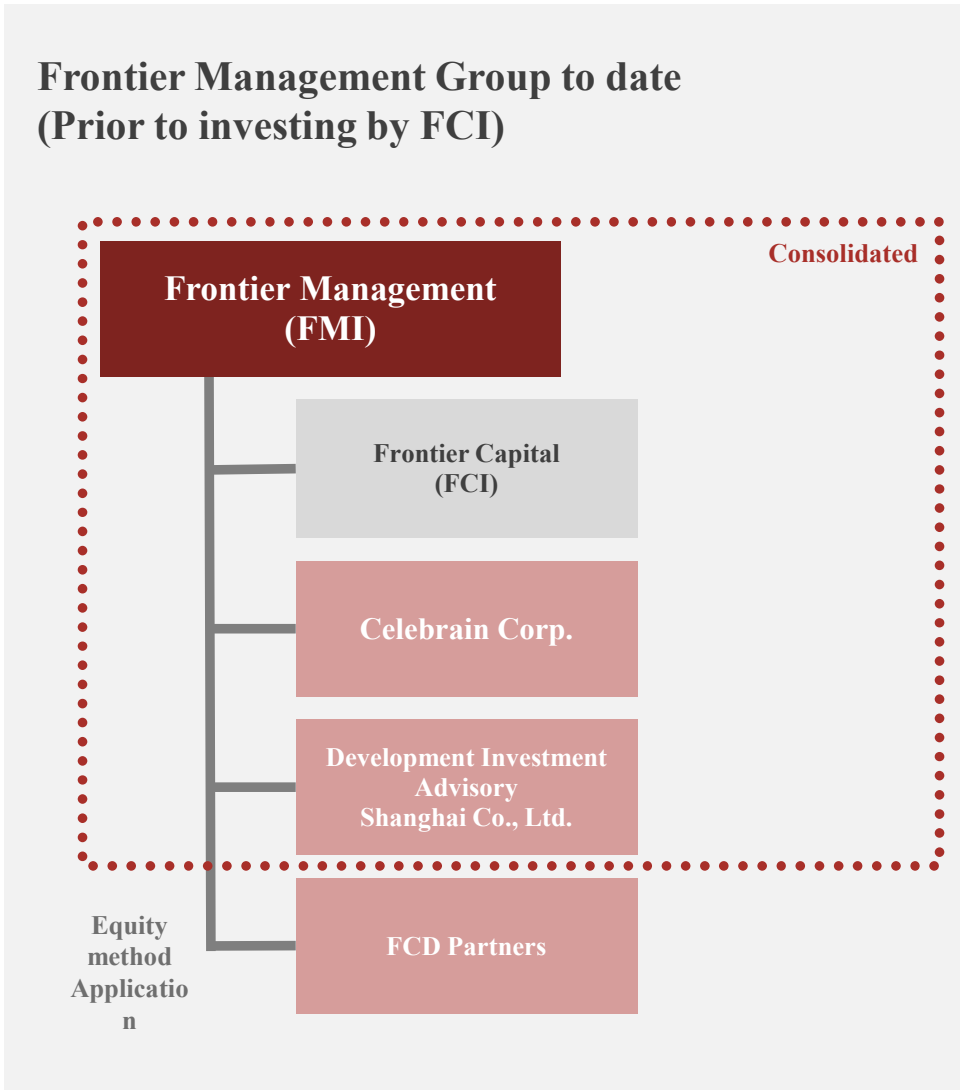
- Strengthen marketing to large companies
- Improve marketing efficiency by promoting cross-divisional sales (cross-selling)
- Promotion of division of labor within the team of operations



※Sales from 2024 onward are calculated according to the simulation on page 5, and the number of employees is estimated based on the estimated number of front employees at the end of the fiscal year excluding the management division.

3-3 Medium-to Long-Term Business Expansion of Businesses Secure Launch of Investment Businesses as New Businesses

We will accelerate corporate expansion through the new business of Frontier Capital Corporation, a new investment subsidiary established in April 2022.



*Not all FCI investees are consolidated under FMI

3-4 Increase in stock valuations due to improved liquidity

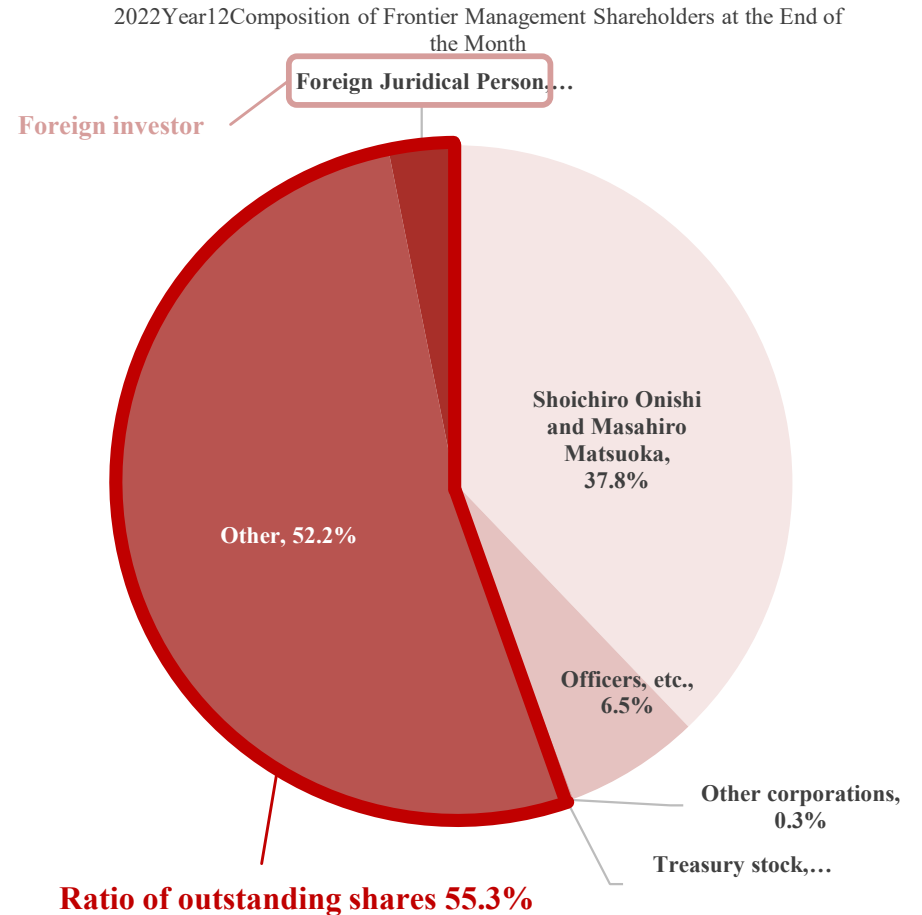
Response to Foreign Investors

- We will hire a full-time IR manager for bilingual and strengthen the English-language disclosures that we have already started. (during fiscal 2023)
- We will periodically launch IR for oversea investors, including foreign investors, with our CEO and full-time IR personnel. (Singapore-based IR meeting completed in March 2023/Planned IR successively thereafter)
- We will further strengthen our sustainability initiatives and disclosures. (See next page-page 16)



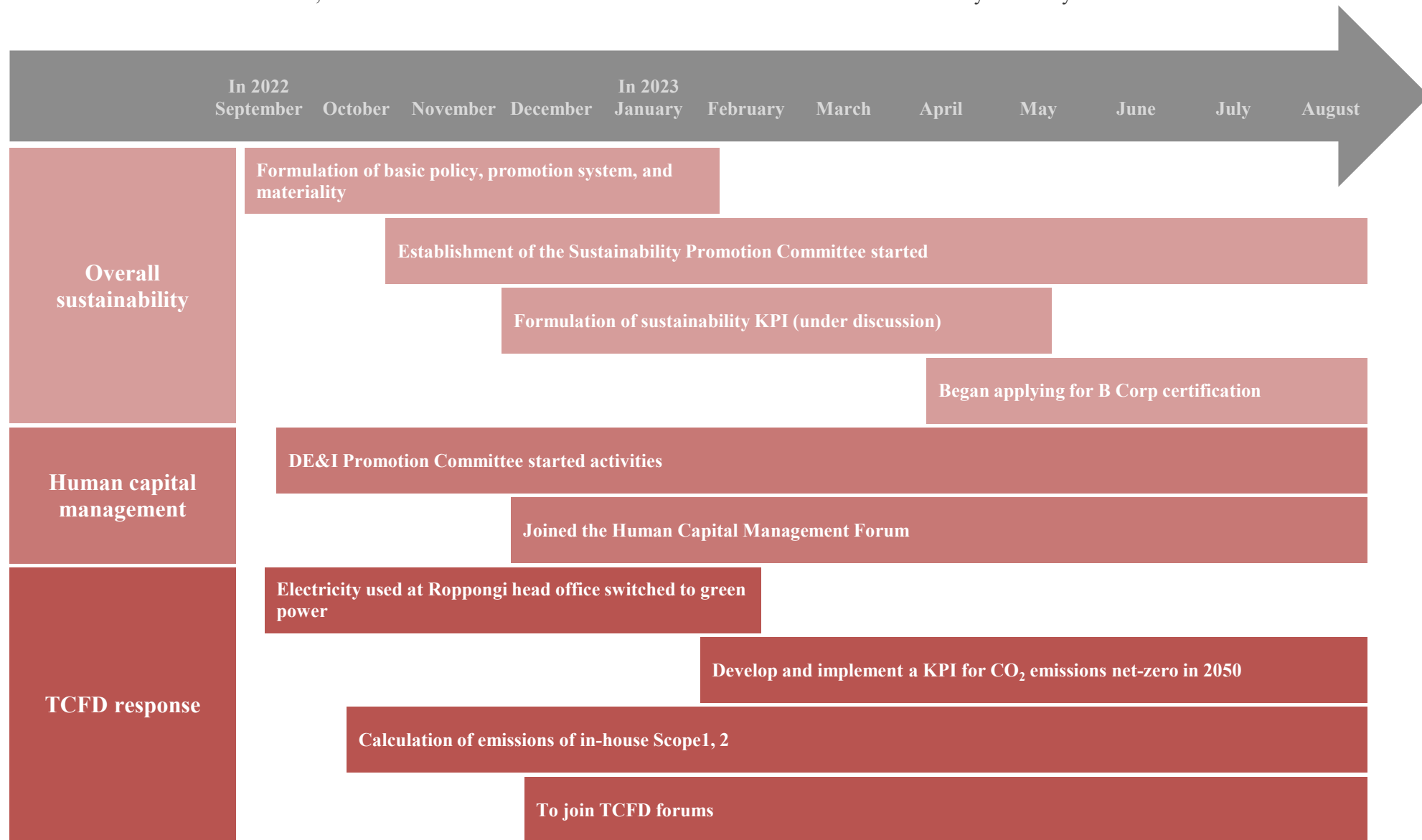
Response to domestic investors

- We will strengthen domestic and overseas IR briefings and individual visits for institutional investors. (A IR briefing for institutional investors was planned in November 2022, and plans to continue in fiscal 2023)
- We will actively participate in IR events for retail investors. (Planning started in fiscal 2023)



3-5 Measures to raise stock valuations Sustainability

As ESG initiatives become essential, we will continue to communicate our efforts to contribute to the sustainability of society.





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