



FY2023 Q1 Financial Results

Ending December 2023

May 12, 2023

Frontier Management Inc.

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Section 1

FY2023 Q1 Financial Results



Summary: Frontier Management Group Consolidated

- In the Q1 of FY2023, net sales were 119% and operating income was 118%, both YoY increases in both sales and profits, achieving record highs for the first quarter.
- In the management consulting business, sales declined temporarily in Q4 last fiscal year compared to the previous year, but the effects of the increase in the number of No. of employees and the strong performance of new products resulted in record-high quarterly sales.
- Revitalization business maintained its upward trend in the Q4 of FY2022, resulting in a significant 426% YoY increase in sales.
- The M&A advisory business performed well, partly due to the conclusion of two large-scale deals.
- The number of No. of employees at the end of April 2023 was 356, a net increase of 21 from the end of FY2022. The company plans to have 391 personnels at the end of FY2023.
- Frontier Capital Inc. (FCI) completed payment of JPY 4 Bil. by the end of Q1 (with a final commitment of JPY15 Bil.) and is currently in the process of examining projects in preparation for making an investment.

	FY2022 Q1	FY2023 Q1	Change	YoY	(JPY Mil.)	
					FY2023 Forecasts (Feb. 2023)	Rate of Achievement of Forecast
Net sales	2,224	2,653	+429	119%	10,000	27%
Operating income	408	480	+72	118%	1,200	40%
Ordinary income	416	478	+63	115%	1,200	40%
Net income attributable to owners of parent	236	260	+24	110%	700	37%

Summary Infrontia Management Group Consolidated

Consolidated financial results for the first quarter of FY2023 on a "Consolidation w/o FCI" basis are record highs for net sales, operating income, ordinary income, and net income for the quarter.

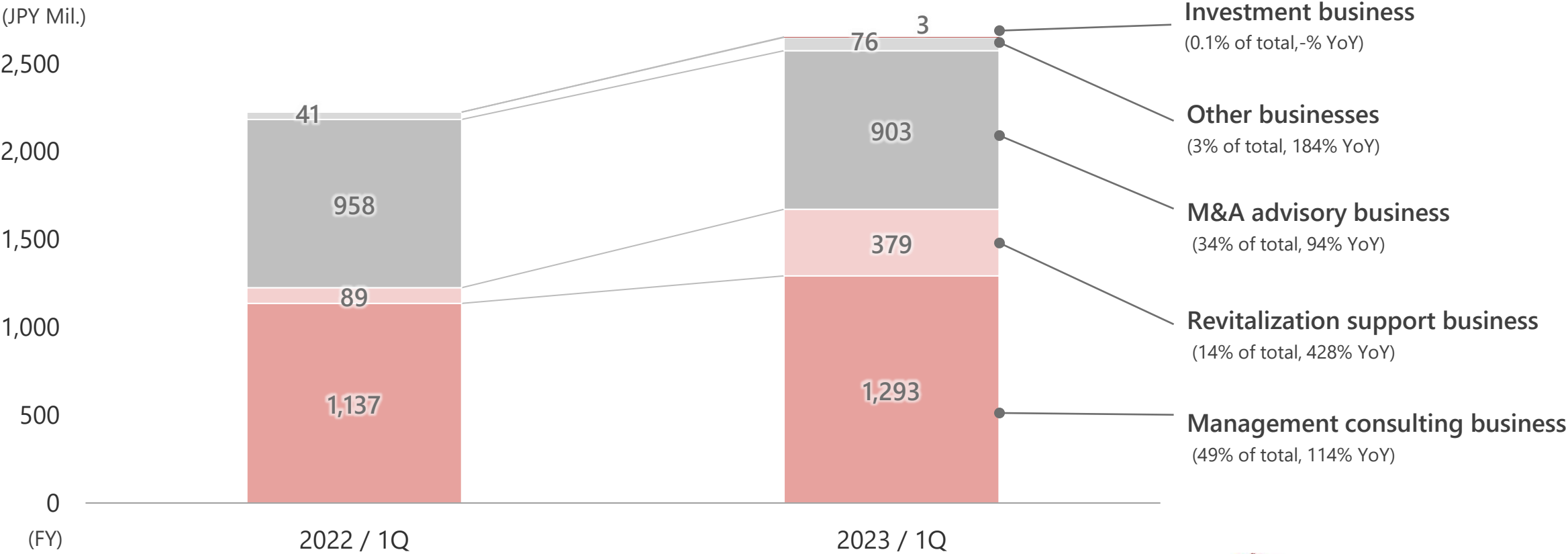
(JPY Mil.)

	FY2022 Q1	FY2023 Q1	Change	YoY	FY2023 Forecasts (Feb. 2023)	Rate of Achievement of Forecast
Net sales	2,224	2,650	+426	119%	9,650	27%
Operating income	408	580	+172	142%	1,500	39%
Ordinary income	416	590	+174	142%	1,500	39%
Net income attributable to owners of parent	236	371	+135	157%	1,000	37%

Net Sales by Business

ALL
consolidation

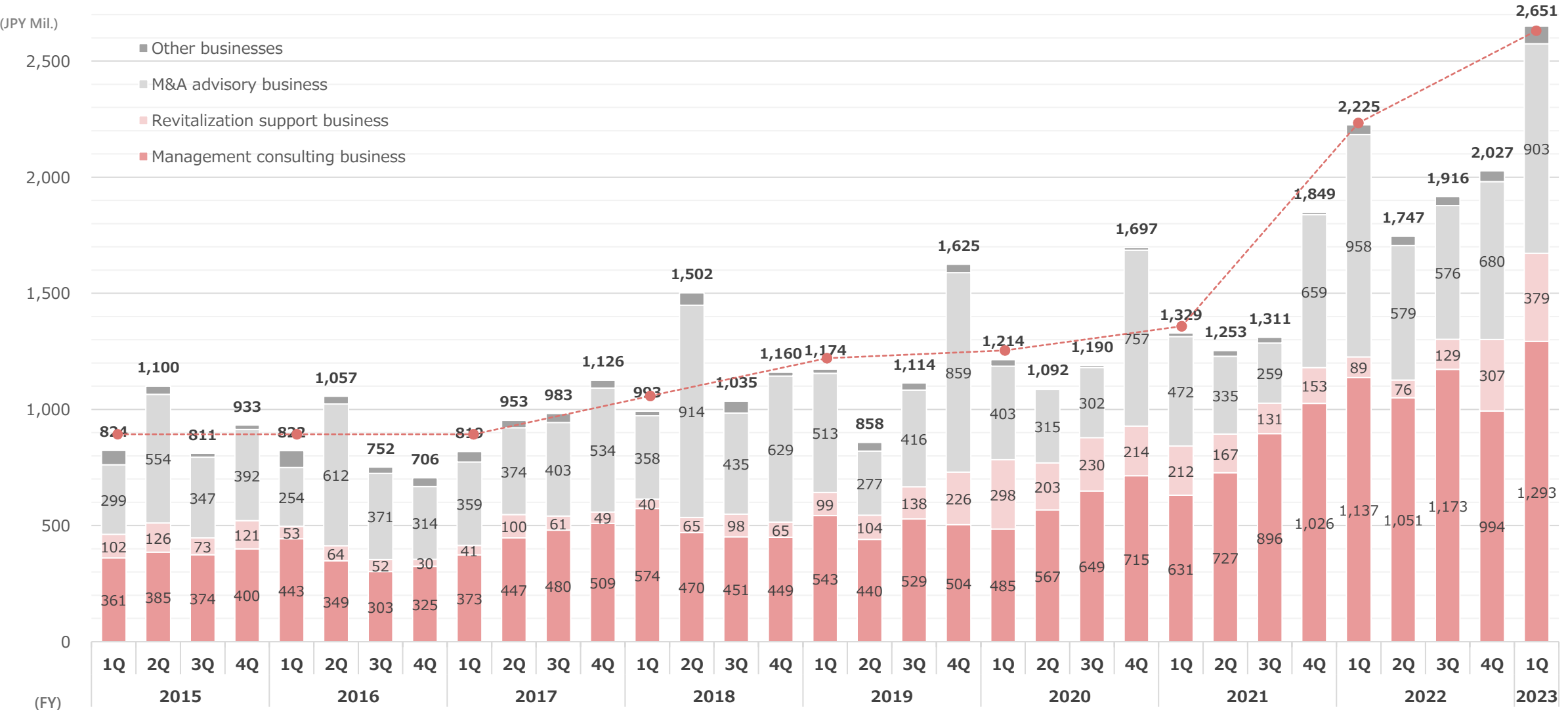
- Management consulting business: Record high quarterly sales due to continued increase in staff and strong sales of new products
- Revitalization support business: Maintained an upward trend in the revitalization business in the fourth quarter of FY2022, with sales exceeding four times the level of the same period of the previous year
- M&A Advisory Business: Trends close to the results of the same period of the previous fiscal year, when quarterly net sales recorded a record high, partly due to the conclusion of a large-scale project
- Investment business: Focus on sourcing, not yet executed as of Q1



Quarterly Sales Trends by Business (1/2)

Consolidation
w/o FCI

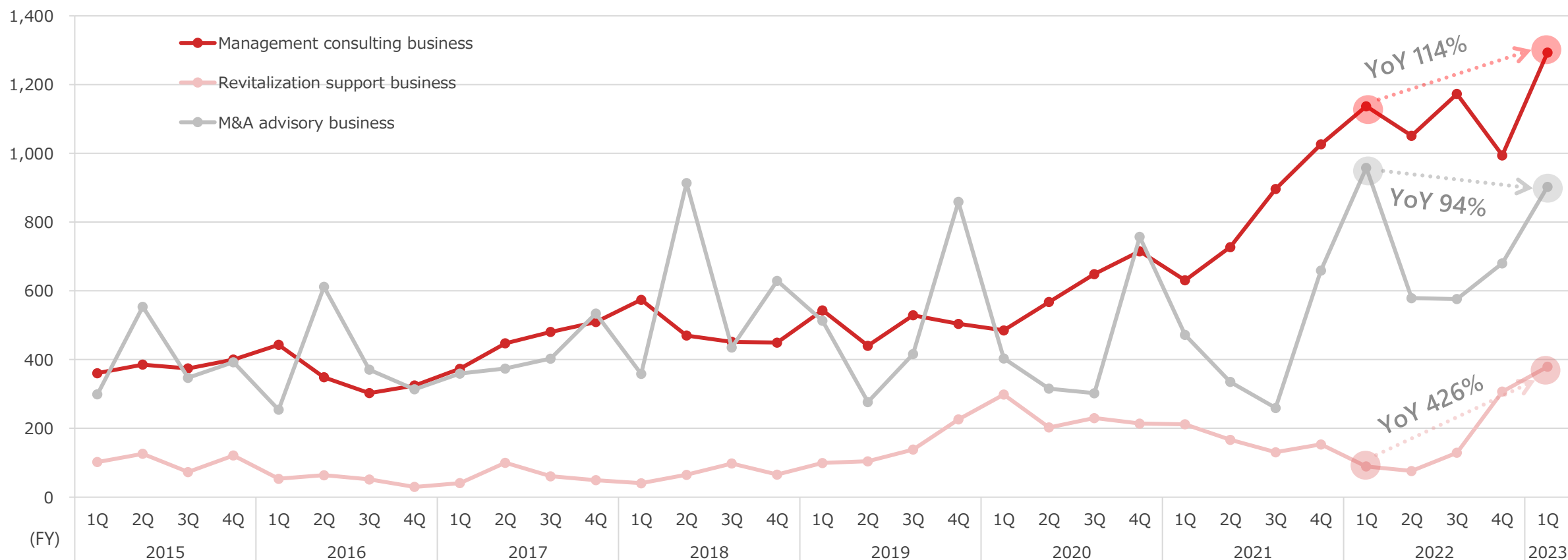
The quarterly consolidated net sales figures are all-time highs



Quarterly Sales Trends by Business (2/2)

- Management consulting business recovered to an upward trend, achieving record-high quarterly sales
- In the M&A advisory business, sales were close to the record high recorded in the same period of the previous fiscal year.
- The Revitalization Support Business maintained an upward trend in net sales against the backdrop of the heightened demand for revitalization support observed in the Q4 of FY2023 and achieved record-high net sales for the quarter.

(JPY Mil.)



Outline of consolidated PL

Net sales, operating income, EBITDA, ordinary income, net income attributable to owners of the parent company, all record highs for Q1

(JPY Mil.)

	FY2022 Q1	FY2023 Q1	Change	YoY
Net sales	2,224	2,653	+429	119%
Operating expenses	1,816	2,173	+357	120%
Outsourcing	105	267	+162	254%
Personnel	1,337	1,415	+78	106%
Recruiting	90	82	△9	90%
Others	284	408	+124	144%
Operating income	408	480	+72	118%
Ordinary income	416	478	+63	115%
Net income before Tax	416	478	+63	115%
Net income attributable to owners of parent	236	260	+24	110%
Depreciation and amortization	11	16	+5	140%
EBITDA	419	496	+77	118%

Consolidated PL Profile

(JPY Mil.)

	FY2022 Q1	FY2023 Q1	Change	YoY
Net sales	2,224	2,650	+426	119%
Operating expenses	1,816	2,070	+254	114%
Outsourcing	105	273	+168	259%
Personnel	1,337	1,348	+12	101%
Recruiting	90	75	△15	83%
Others	284	371	+87	131%
Operating income	408	580	+172	142%
Ordinary income	416	590	+174	142%
Net income before Tax	416	589	+174	142%
Net income attributable to owners of parent	236	371	+135	157%
Depreciation and amortization	11	16	+5	140%
EBITDA	419	596	+177	142%



Outline of consolidated BS

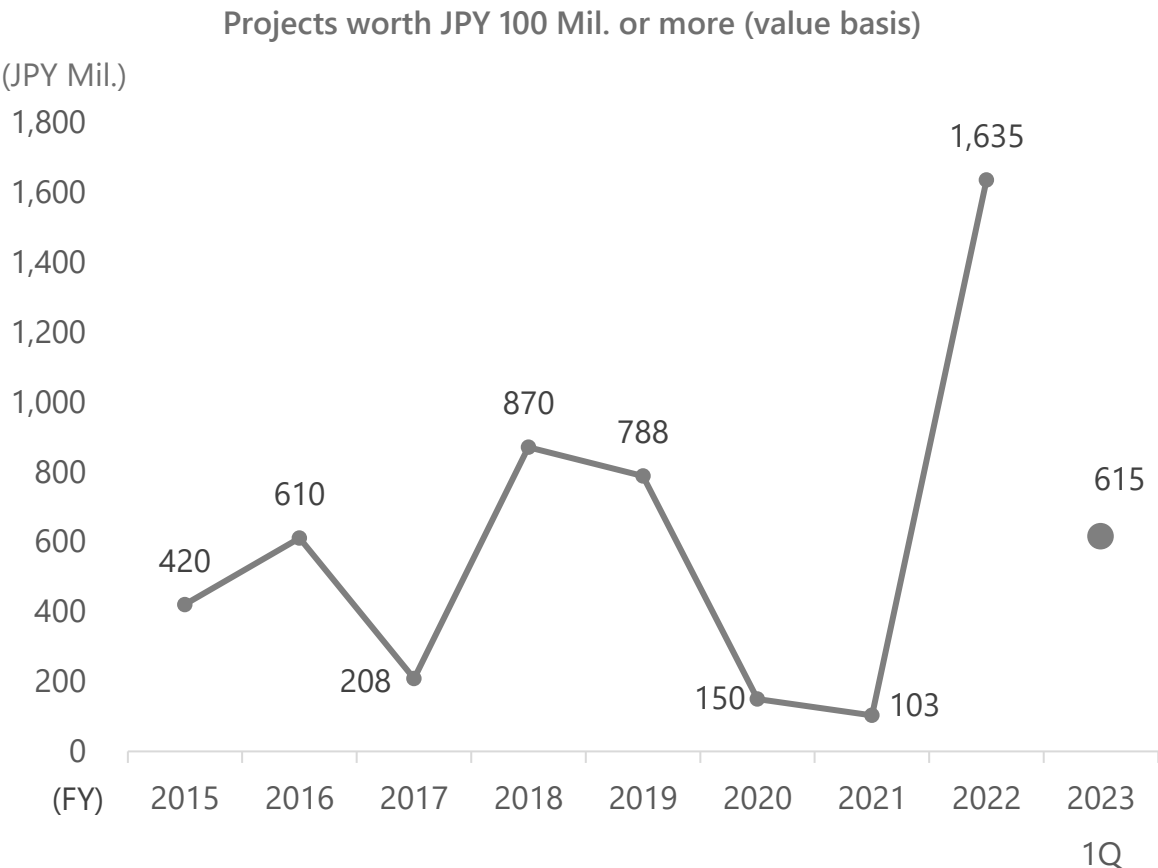
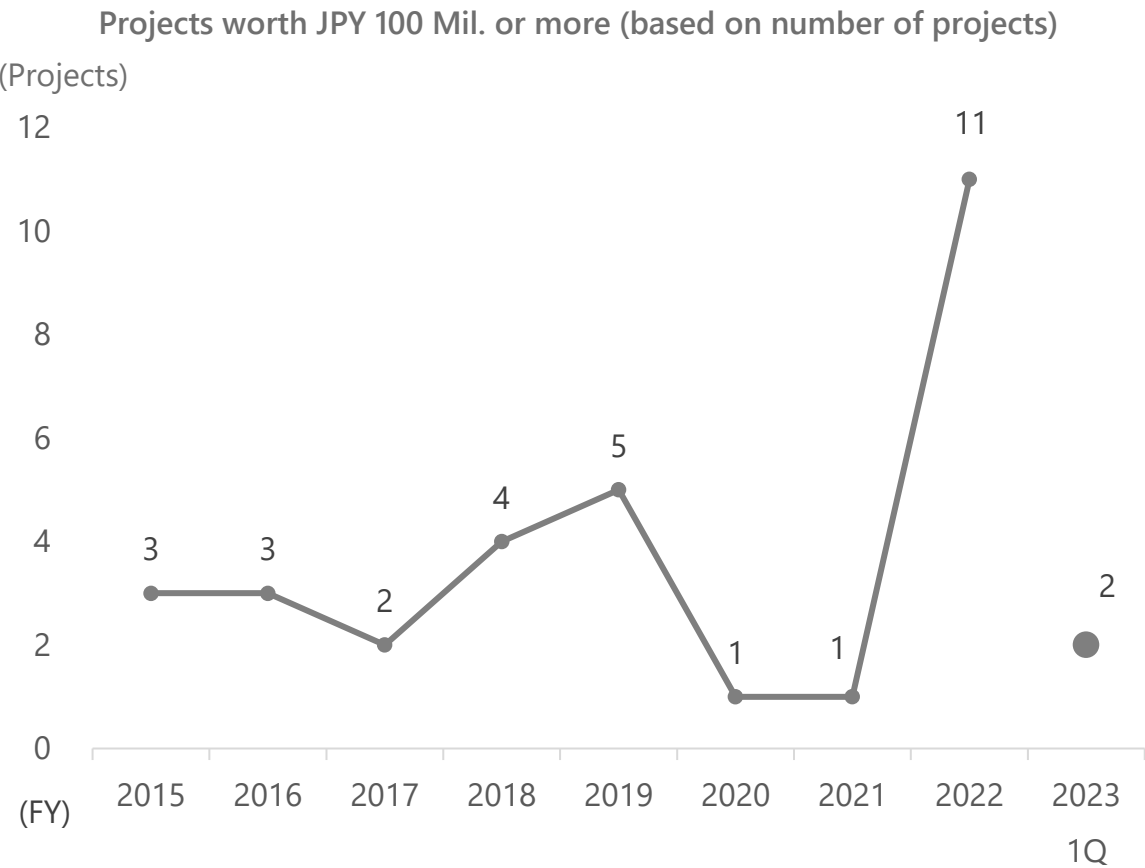
Increase in current assets and other net assets mainly due to an increase in cash from payment to FCI (capital increase through third-party allotment)
The increase in short-term borrowings is temporary due to annual bonus, dividend, and tax payments.

(JPY Mil.)

	End of December 2022	End of March 2023	Change	YoY
Current assets	4,276	7,593	+3,318	178%
Fixed assets	1,375	1,185	△190	86%
Deferred assets	7	6	△0	94%
Total assets	5,658	8,785	+3,127	155%
Current liabilities	1,868	2,048	+180	110%
Fixed liabilities	774	736	△38	95%
Shareholders' equity	2,918	2,876	△43	99%
Other net assets	97	3,124	+3,028	3,221%
Total liabilities and net assets	5,658	8,785	+3,127	155%
Cash and deposits	3,199	5,851	+2,652	183%
Interest-bearing debt	777	1,242	+465	160%
Net Debt	△2,421	△4,608	△2,188	190%

Trends in the number of large-scale deals in the M&A advisory business

In the M&A advisory business, two large-scale projects contributed to Q1 sales



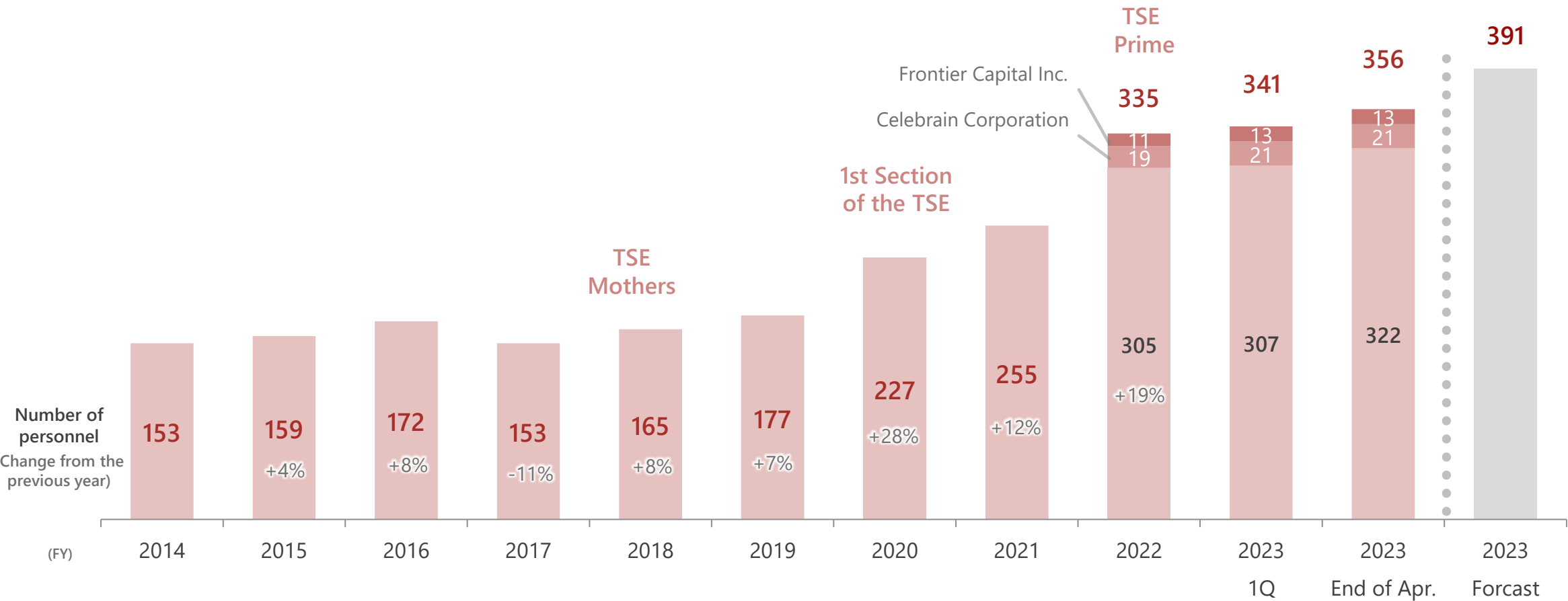
NOTE)The number and amount of large-scale projects are recorded in the period from January to December of each fiscal year.
The consulting business is scheduled to be disclosed in the full-year results due to the long-term project.

Aggressive personnel expansion strategy

ALL
consolidation

Continue measures to strengthen recruitment of talented personnel to strengthen the foundations of the organization

Trends in the number of No. of employees at the end of the period



※In the medium-term management plan announced in February 2021, the number of No. of employees at the end of the fiscal year under plan for 2023 was 350



Section 2

Our Various Progress



Strengthening the personnel system

Further enhance solutions and coverage



Tomohide Sano

Managing Director Corporate Strategy Department,
Digital Strategy Division

Recruitment for Digital Business Expansion

[Background]

Joining Sony System Design Inc. (currently Sony Global Solutions Inc.), Accenture Japan Ltd, IBM Japan, Ltd. and others and joined Frontier Management Inc in 2023.



Masahiro Akita

Senior Director Corporate Strategy Department,
Enterprise-Value Creation Division and
Industry Research Department

Former securities analyst in the automotive and automotive parts industries

[Background]

After Aisin Seiki Co., Ltd. (currently Aisin Seiki Corporation), he joined Credit Suisse Securities (Japan) as a senior analyst and joined Frontier Management Inc. in 2023.



Strengthening of the Group's overall organizational management structure



Shogo Magome

Managing Director Company Planning Division

Strengthening the Frontier Management Group's management organization structure

[Background]

Joined Tohmatsu Deloitte Consulting Co., Ltd. (now ABeam Consulting Ltd.) and transferred to Deloitte Touche Tohmatsu (now Deloitte Touche Tohmatsu LLC), through multiple operating companies and joined Frontier Management Inc, in 2023.



Masakazu Nakamura

Managing Director Frontier Capital Inc.
Deputy General Manager of Administration Division

Establishing Internal Controls at Frontier Capital Inc.

[Background]

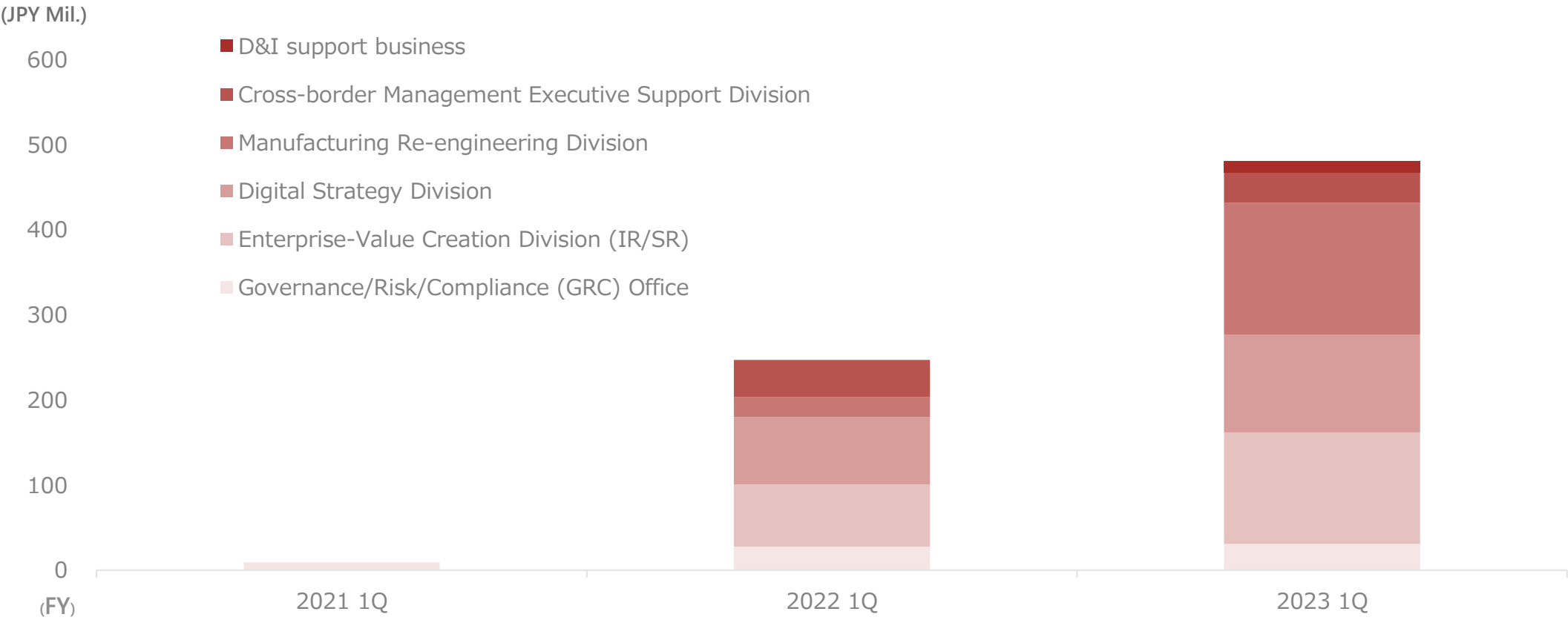
After joining Sumitomo Corporation, he served as head of administrative departments at several group companies and joined Frontier Capital Corporation in 2023.



Expanding and strengthening solutions

New solutions grew steadily in 2023, growing by 195% YoY in the third quarter

Progress of New Businesses Launched in 2020-2022



Increasing need for revitalization support

Overview of revitalization support projects, for which needs have been increasing since the second half of 2022

Revitalization M&A Financial Advisory

❖ Comprehensive foodservice company

Sales: JPY 10 Bil., No. of employees: 700, Capital: JPY 50 Mil.

- Financial DD/
- Support for Financial Institutions

❖ Electric companies

Sales: non-disclosure, No. of employees: non-disclosure, TTL Assets: JPY 10 Bil.

- Support for succession to sponsors

❖ Major livestock companies

Sales: JPY40 Bil., No. of employees: 250, Capital: JPY 20 Mil.

- Support for selection of sponsors
- Support for sale of overseas business

Revitalization consulting

❖ Restaurant companies

Sales: JPY 10 Bil., No. of employees: 600, Capital: JPY 100 Mil.

- Formulation of business revitalization plans
- Support for financial institutions
- Support for risk management

❖ Automotive Parts Manufacturing Companies (2)

Sales: JPY 5 Bil., No. of employees: 200, Capital: JPY 50 Mil.

Sales: JPY 4 Bil., No. of employees: 200, Capital: JPY 300 Mil.

- Investment fund management support,
- Management execution support
- Advice on revitalization measures

❖ Electric companies

Sales: Non-Disclosure, No. of employees: Non-Disclosure, TTL Assets: JPY 4 Bil.

- Support for succession to sponsors
- Support for management execution

❖ Textile companies

Sales: JPY 5 Bil., No. of employees: 300, Capital: JPY 300 Mil.

- Support for formulation of business strategies
- Revisions to the medium-term management plan
- Support for implementation
- Support for responses to financial institutions

Progress of the Investment Business

Following the investment in January 2023 from three anchor investors and four ordinary investors for a total of JPY 2.6 Bil., in February the Company completed the payment from Joyo Bank, Ltd. and Tokai Tokyo Financial Holdings, Inc. for a total of JPY 4 Bil. in fundraising. Final procurement of JPY 15 Bil. is expected on a commitment basis. Currently focusing on sourcing investments.

Classification	Investor	Paid-up capital contribution	Planned amount of additional investment	Total amount of investment
	Frontier Management Inc.	JPY 1 Bil.	JPY 500 Mil.	JPY 1.5 Bil.
Anchor Investor	JAPAN POST BANK Co.,Ltd.			
	The Bank of Fukuoka, Ltd.			
	The Bank of Yokohama, Ltd.			
General Investors	Saitama Resona Bank, Ltd.	JPY 3 Bil.	JPY 10.5 Bil.	JPY 13.5 Bil.
	Daishi Hokuetsu Bank, Ltd.			
	The Hokuriku Bank, Ltd.			
	Sumitomo Mitsui Banking Corporation			
	Joyo Bank, Ltd.			
	Tokai Tokyo Financial Holdings, Inc.			
	Total	JPY 4 Bil.	JPY 11 Bil.	JPY 15 Bil.



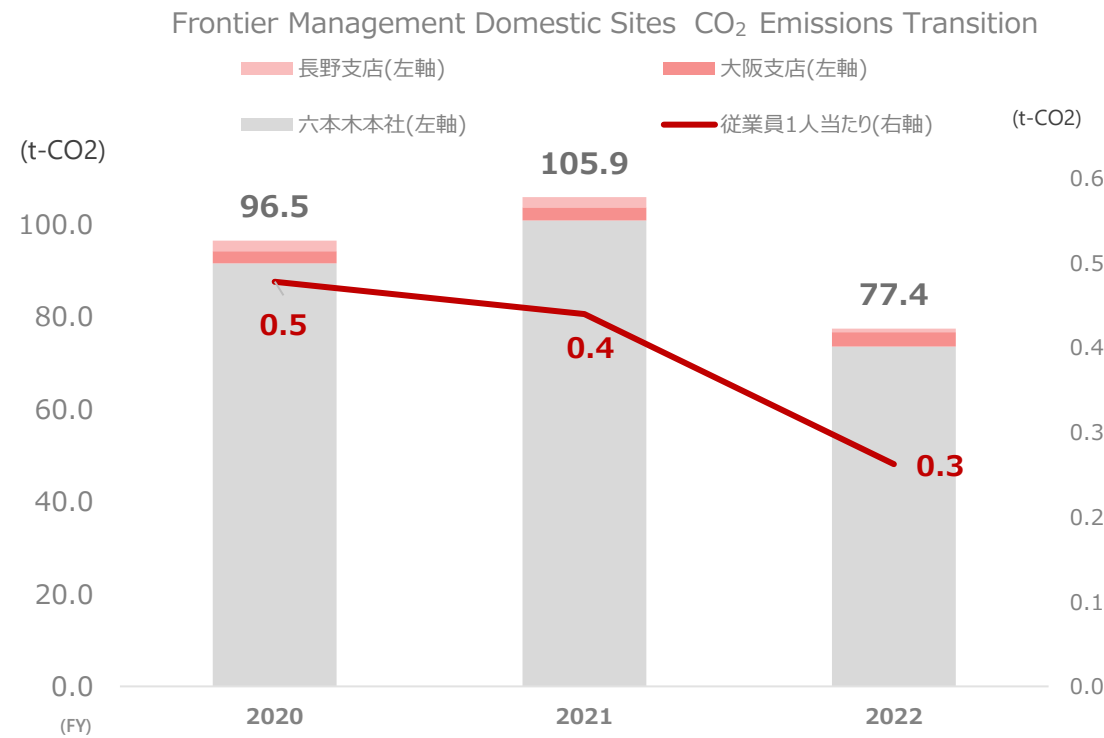
Sustainability Initiatives

Following the decision on our sustainability policy in November 2022, we are currently in the process of formulating KPI and have begun implementing measures that can be undertaken

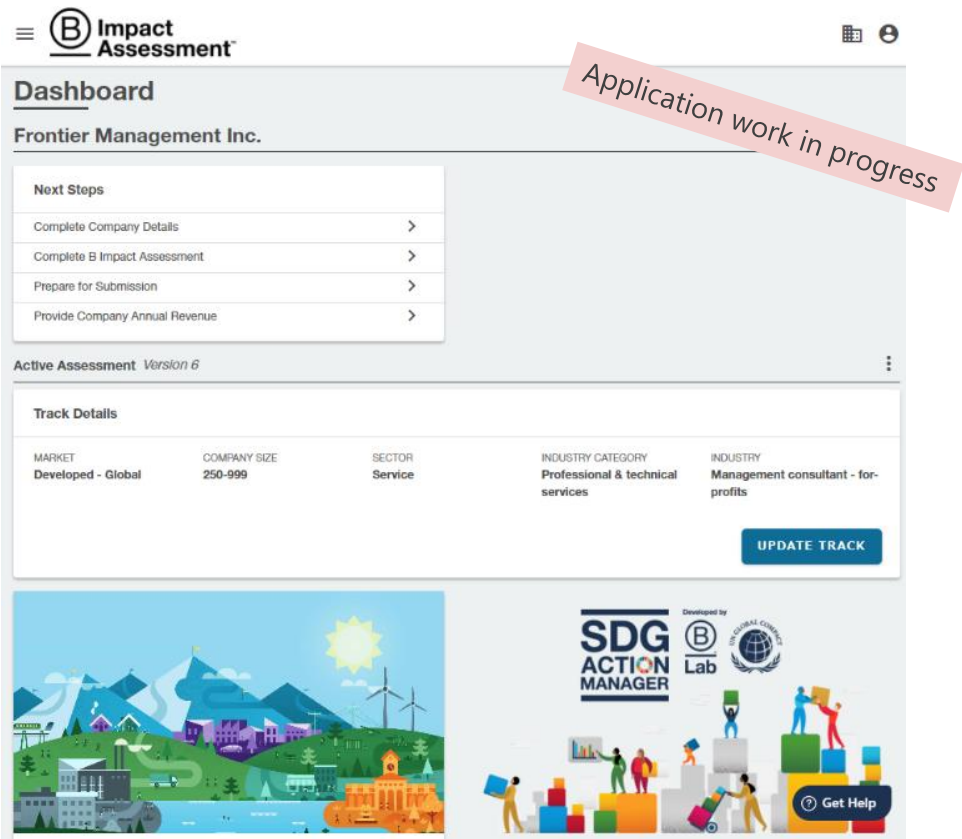
Electricity at our head office in Roppongi was switched to green power in September 2022. We will continue our efforts to achieve net zero CO₂ emissions by 2030.

Apr. 2023 Began applying for B Corp* certification

*B Corp(B Corporation) is an internationally recognized certification system by B Lab of non-profit organizations in the United States. Under strict evaluation, companies with high public interest that take the environment and society into consideration are given.

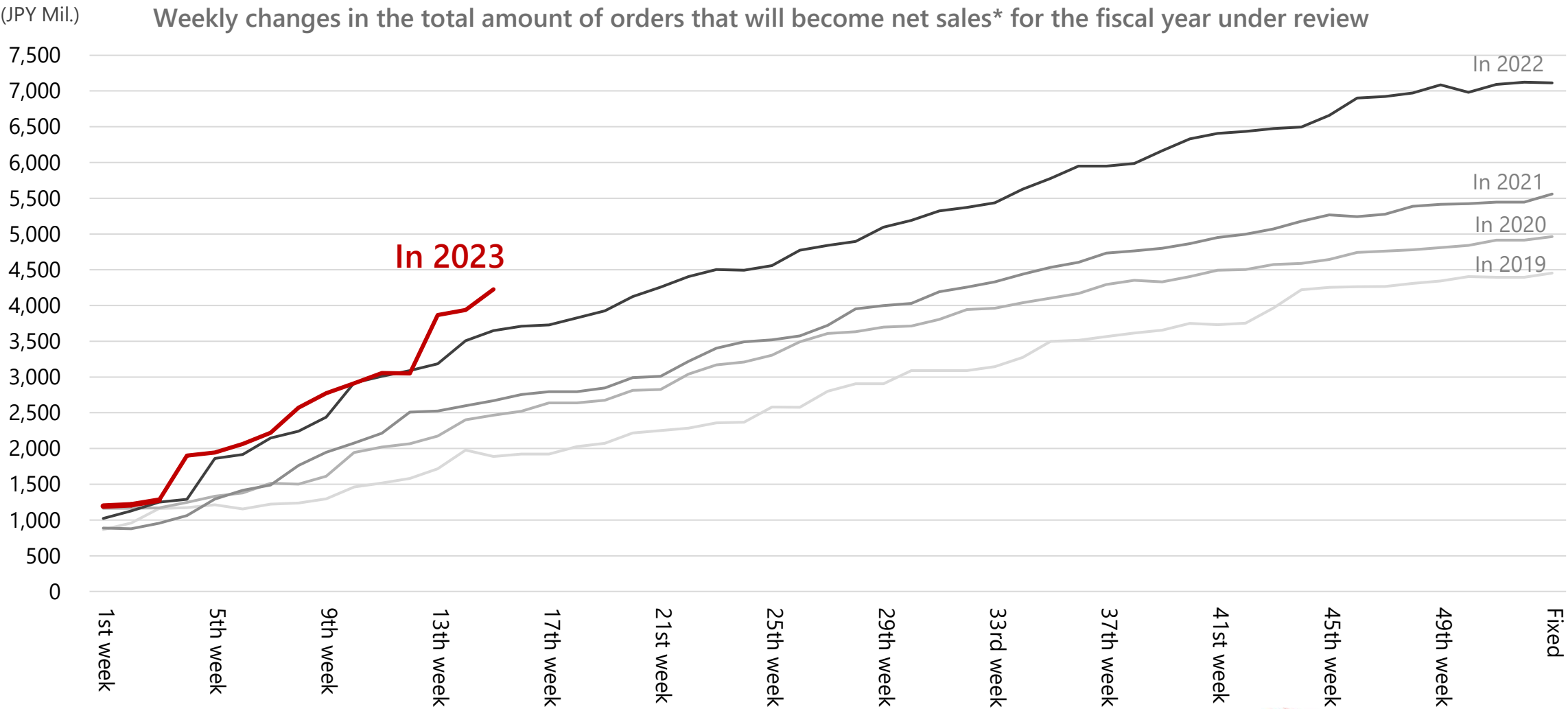


※Nagoya Branch and Fukuoka Branch are not disclosed and therefore are not calculated.



Weekly changes in the sum of orders received

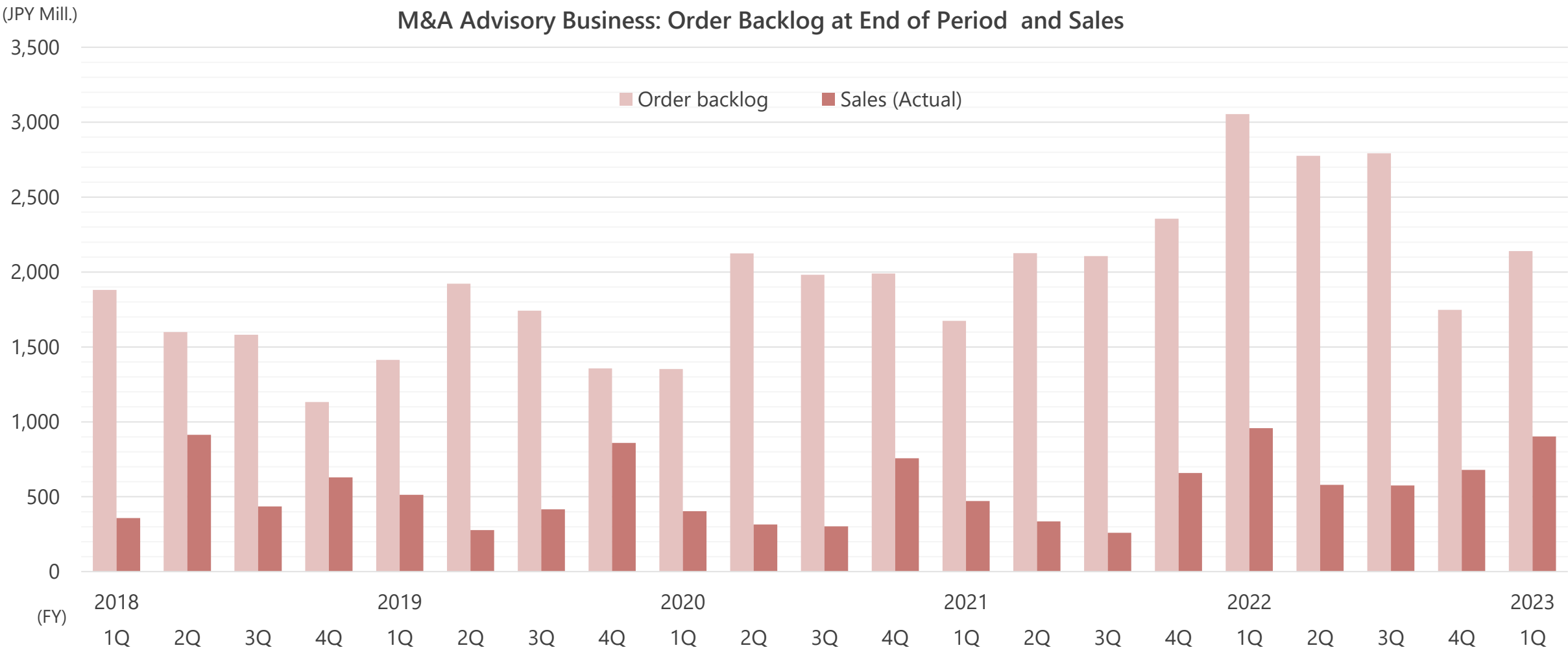
Continue to exceed the previous year in FY2023



* Net sales exclude outsourcing costs and project referral fees.

Order backlog in M&A advisory business

The order backlog, which temporarily fell in the Q4 of FY2022, also showed a recovery trend in the Q1 of FY2023



*The figures for the order backlog are recorded as Net sales excluding outsourcing expenses and project referral fees.

