



## FY2023 Q3 Financial Results

November 10, 2023

Frontier Management Inc.

TSE Prime Market: 7038

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Section 1

## FY2023 Q3 Financial Results



## Summary: Consolidated Results for Frontier Management Group [Entire Group]

Entire Group

- In the third quarter of FY2023, net sales and operating income were 123% and 126% of the levels a year earlier respectively, both reaching third quarter record highs.
- In the absence of the write-down of investment securities recorded in the previous year, net income attributable to owners of parent was 151% of the level a year earlier, with the rate of increase even higher than at the ordinary income stage.
- The management consulting business continued to perform strongly, posting record third quarter net sales.
- As in the second quarter, the revitalization support business maintained record high sales, buoyed by strong demand from the end of FY2022.
- The M&A advisory business performed solidly, with net sales reaching 97% of the level a year earlier.
- The number of employees at the end of September 2023 was 369, a net increase of 34 from the end of FY2022. This represents progress of 61% toward achievement of the FY2023 personnel expansion plan of 56 employees.
- Frontier Capital Inc. (FCI) plans to conclude contracts with investment target companies in the fourth quarter, and is currently in the process of sourcing investees for next fiscal year.

(JPY Mil.)						
	2022 / 3Q Results	2023 / 3Q Results	YoY change (amount)	YoY change (ratio)	FY2023 Forecasts (Feb. 10, 2023)	Rate of achievement of Forecast
Net sales	5,889	7,267	+1,378	123%	10,000	73%
Operating income	679	854	+175	126%	1,200	71%
(Operating income margin)	(12%)	(12%)	(+0%)	—	(12%)	—
Ordinary income	696	852	+156	122%	1,200	71%
(Ordinary income margin)	(12%)	(12%)	(-0%)	—	(12%)	—
Net income attributable to owners of parent	351	529	+178	151%	700	76%
(Net income margin attributable to owners of parent)	(6%)	(7%)	(+1%)	—	(7%)	—



## Summary: Consolidated Results for Frontier Management Group [Excluding FCI]

Excluding FCI

Looking at consolidated financial results for the third quarter of FY2023 of Frontier Management Group excluding FCI, the operating income margin was 16%, up 2 percentage points from the same period a year earlier.

	2022 / 3Q Results	2023 / 3Q Results	YoY change (amount)	YoY change (ratio)	(JPY Mil.)	
					FY2023 Forecasts (Feb. 10, 2023)	Rate of achievement of Forecast
Net sales	5,900	7,249	+1,348	123%	9,650	75%
Operating income	785	1,142	+357	145%	1,500	76%
(Operating income margin)	(13%)	(16%)	(+2%)	—	(16%)	—
Ordinary income	800	1,154	+354	144%	1,500	77%
(Ordinary income margin)	(14%)	(16%)	(+2%)	—	(16%)	—
Net income attributable to owners of parent	477	831	+354	174%	1,000	83%
(Net income margin attributable to owners of parent)	(8%)	(11%)	(+3%)	—	(10%)	—



# Net Sales by Business [Entire Group]

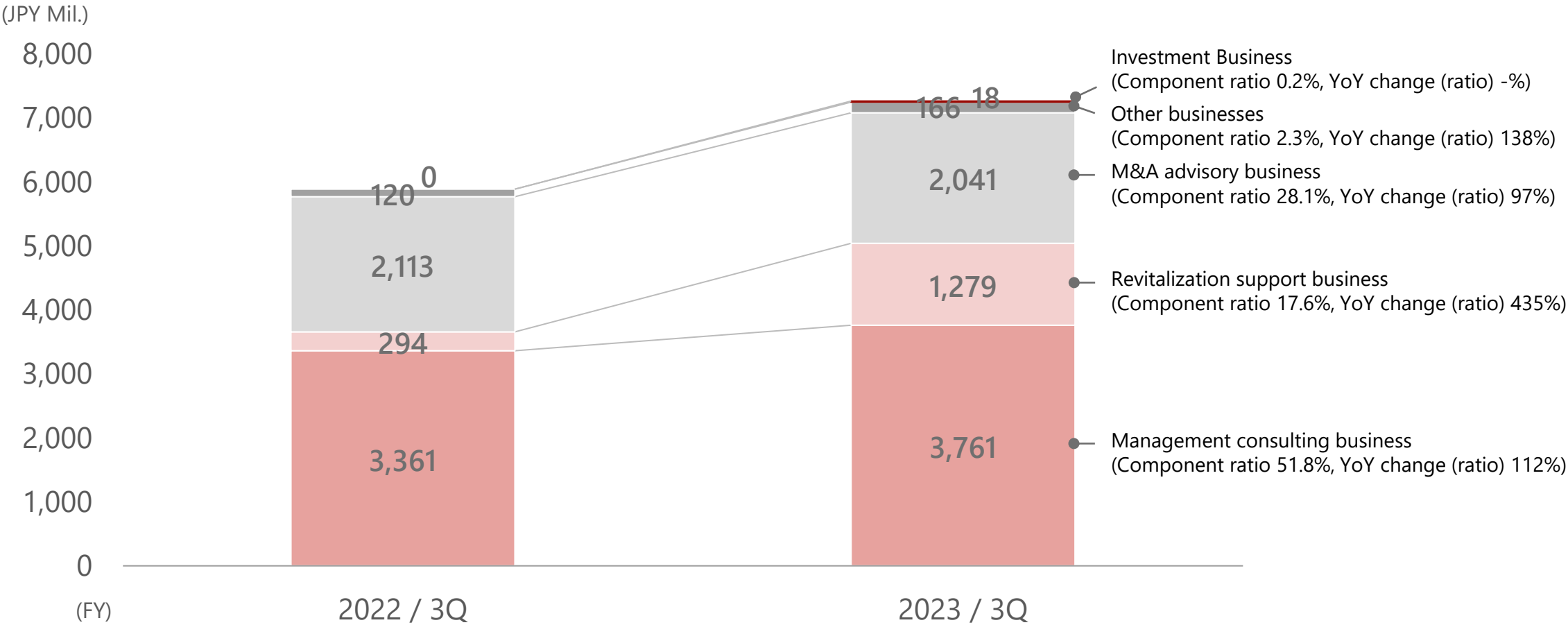
Entire Group

Management consulting business: The management consulting business maintained a strong performance. Net sales reached 112% of the level a year earlier.

Revitalization support business: Net sales in the revitalization support business grew to 453% of the level a year earlier due to strong demand from the end of FY2022.

M&A advisory business: The M&A advisory business maintained the high level of performance seen last year, with net sales reaching 97% of the level a year earlier.

Investment business: The investment business is still in the process of examining investment and therefore accounts for no more than 0.2% of total sales.

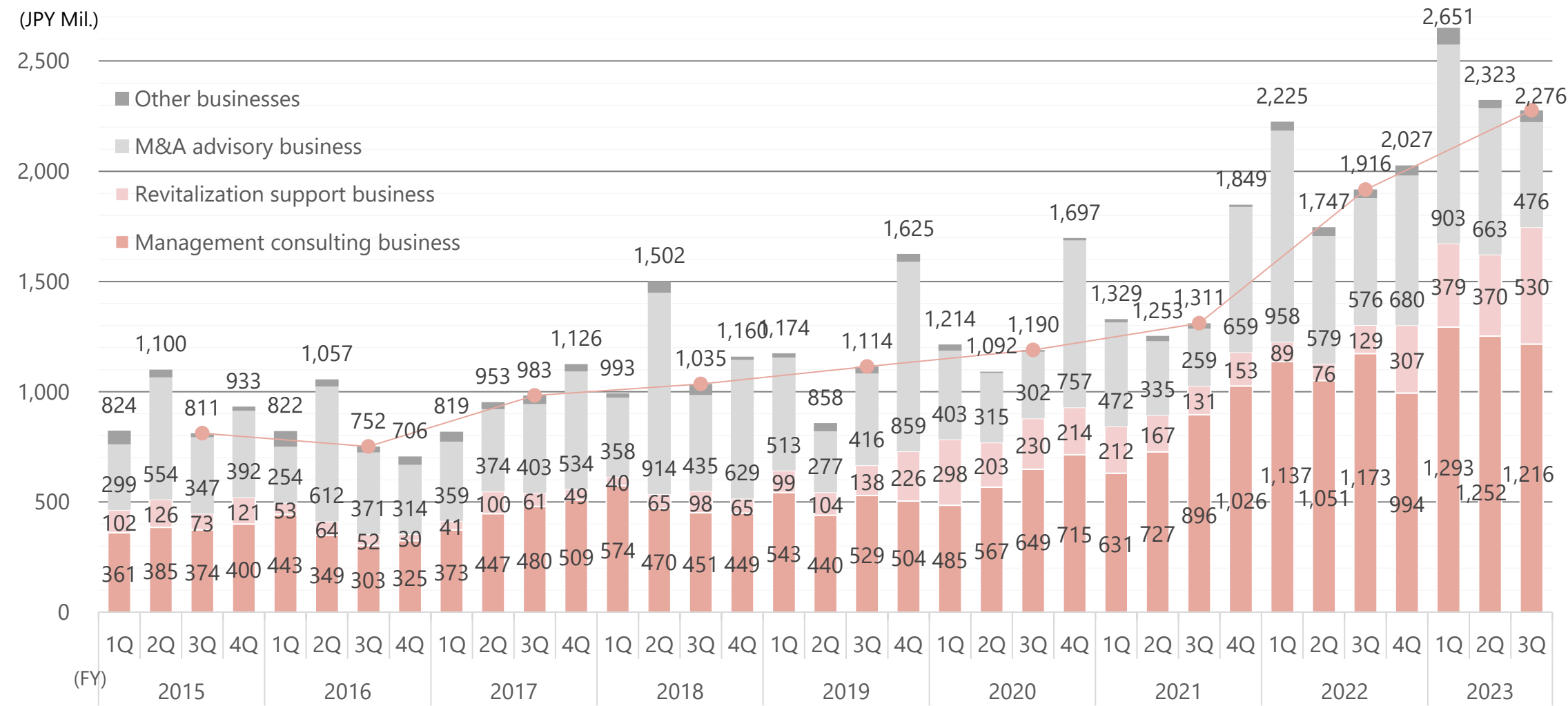


\* "Revitalization support business" means the business of assisting corporations in financial difficulties to develop a revitalization plan for the purpose of stabilizing their business and coordinating their interests with financial institutions, in order to request financial support from financial institutions such as repayment deferment or debt forgiveness. It also involves assisting in the execution of the revitalization plan.

# Quarterly Net Sales Trends by Business [Excluding FCI] (1/2)

Excluding FCI

Consolidated net sales reached a third quarter record high.



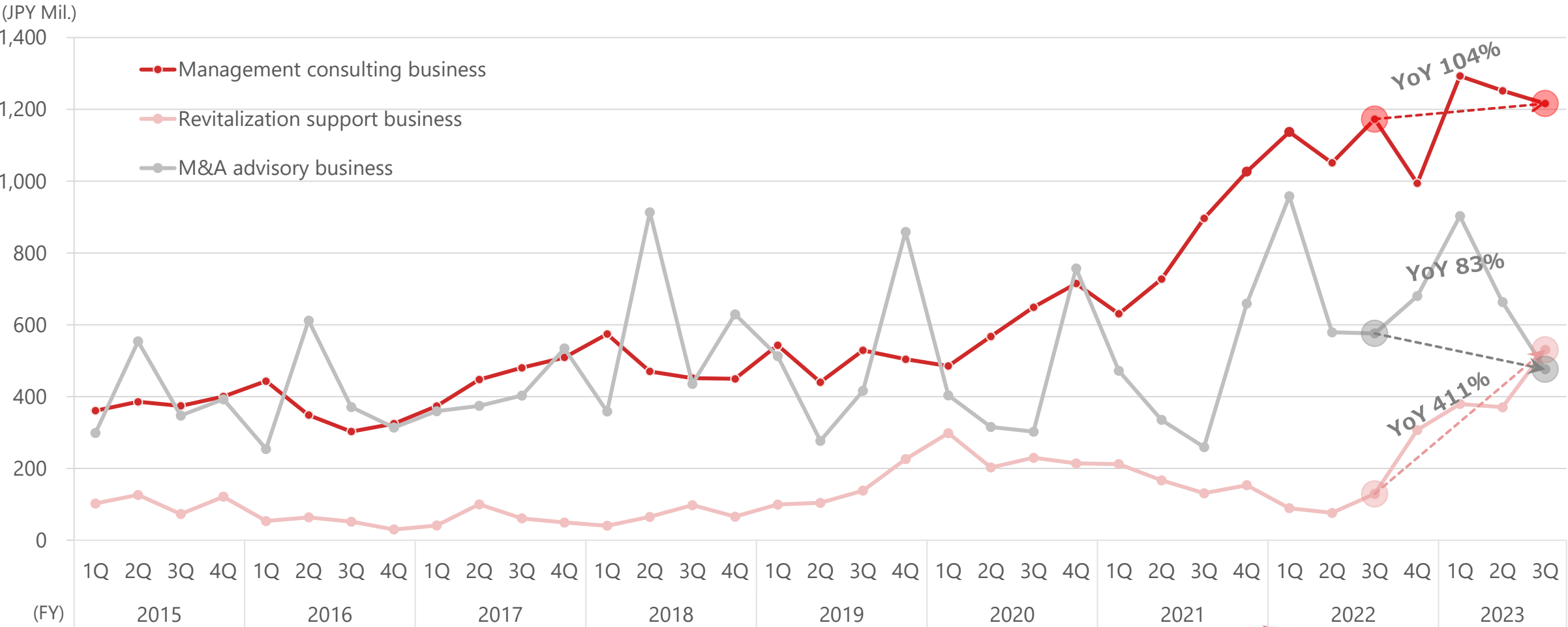
# Quarterly Net Sales Trends by Business [Excluding FCI] (2/2)

Excluding FCI

The management consulting business maintained a strong performance and achieved third quarter record high sales.

The M&A advisory business performed solidly, with net sales in the third quarter at 83% of the level a year earlier.

As in the second quarter, the revitalization support business maintained record high sales, with net sales growing to 411% of the level a year earlier due to strong demand from the end of FY2022.





## Overview of Consolidated Statements of Income [Entire Group]

Net sales, operating income, EBITDA, ordinary income, and net income attributable to owners of parent all reached record third quarter highs.

	(JPY Mil.)			
	2022 / 3Q Results	2023 / 3Q Results	YoY change (amount)	YoY change (ratio)
Net sales	5,889	7,267	+1,378	123%
Operating expenses	5,210	6,413	+1,203	123%
Outsourcing	254	773	+520	305%
Personnel	3,551	4,123	+573	116%
Recruiting	391	293	(97)	75%
Others	1,014	1,222	+208	121%
Operating income	679	854	+175	126%
Ordinary income	696	852	+156	122%
Net income before tax	643	852	+209	133%
Net income attributable to owners of parent	351	529	+178	151%
Depreciation and amortization	31	50	+18	157%
EBITDA	711	904	+193	127%

# Overview of Consolidated Statements of Income [Excluding FCI]

Excluding FCI

	(JPY Mil.)			
	2022 / 3Q Results	2023 / 3Q Results	YoY change (amount)	YoY change (ratio)
Net sales	5,900	7,249	+1,348	123%
Operating expenses	5,115	6,106	+991	119%
Outsourcing	254	794	+541	313%
Personnel	3,477	3,918	+441	113%
Recruiting	391	287	(103)	74%
Others	993	1,105	+112	111%
Operating income	785	1,142	+357	145%
Ordinary income	800	1,154	+354	144%
Net income before tax	762	900	+138	118%
Net income attributable to owners of parent	477	831	+354	174%
Depreciation and amortization	31	50	+18	157%
EBITDA	817	1,192	+375	146%



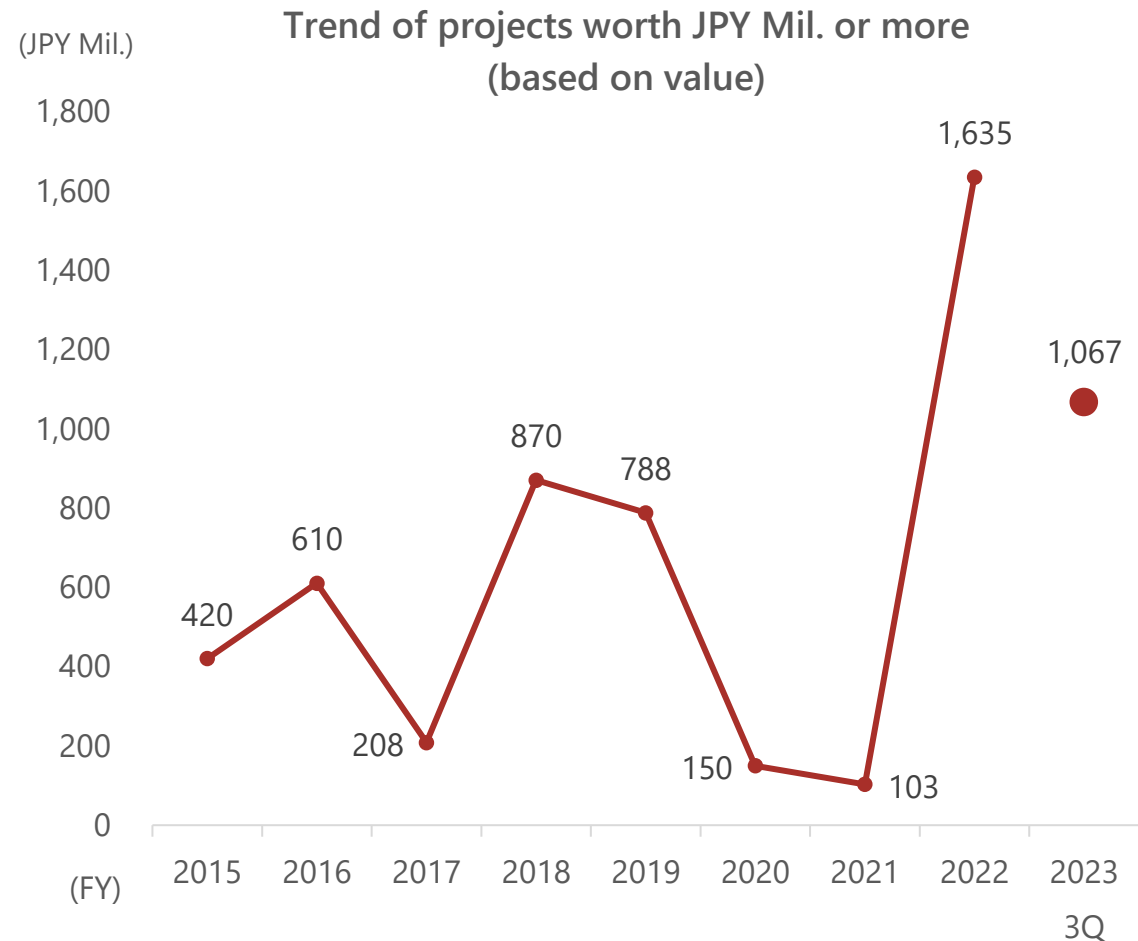
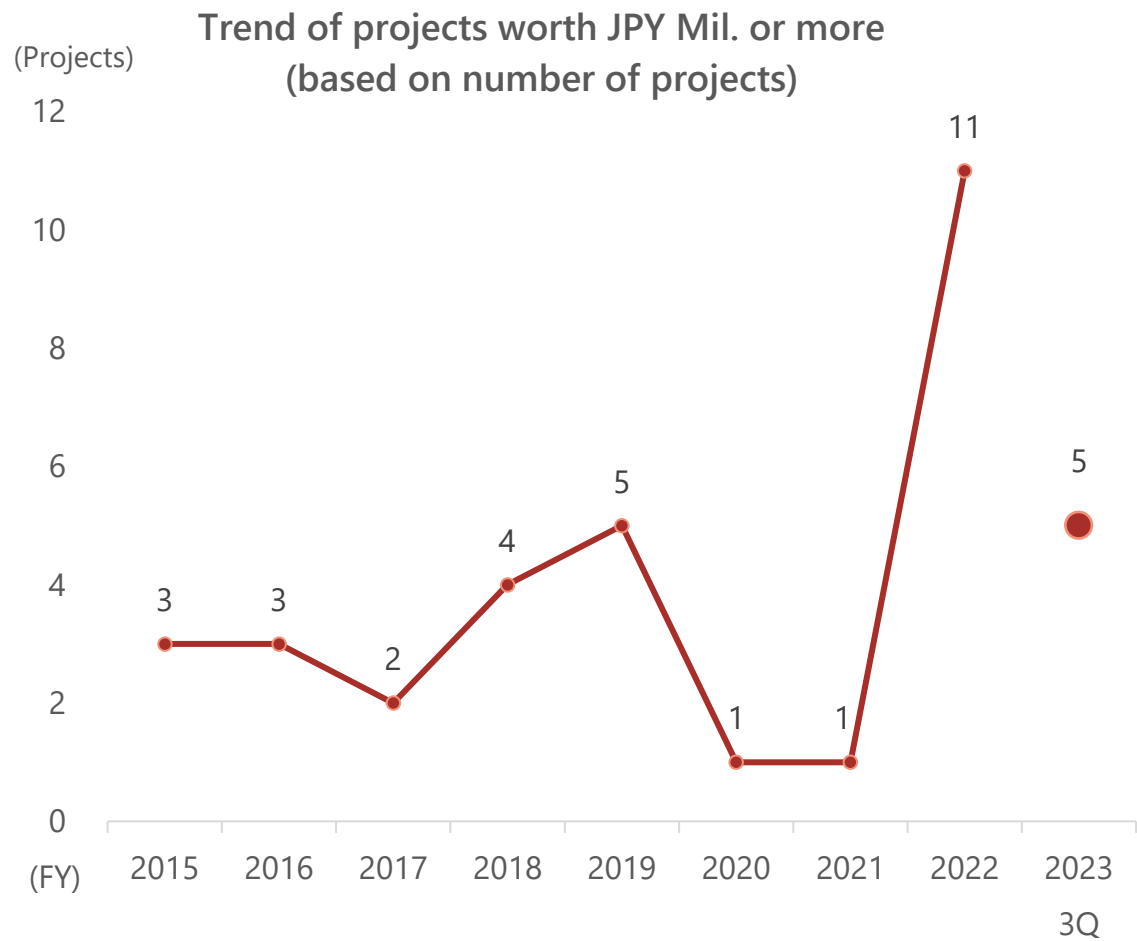
## Overview of Consolidated Balance Sheets [Entire Group]

Current assets and other net assets increased, mainly due to an increase in cash and deposits as a result of capital increase through third-party allotment at FCI. Fixed assets increased, mainly reflecting an increase in investments in affiliates due to the acquisition of Athema shares.

	(JPY Mil.)			
	End of December 2022	End of September 2023	YoY change (amount)	YoY change (ratio)
Current assets	4,276	7,882	+3,606	184%
Non-current assets	1,375	2,655	+1,281	193%
Deferred assets	7	6	(1)	82%
Total assets	5,658	10,544	+4,886	186%
Current liabilities	1,868	2,335	+467	125%
Non-current liabilities	774	1,642	+868	212%
Shareholders' equity	2,918	3,461	+543	119%
Other net assets	97	3,104	+3,008	3,200%
Total liabilities and net assets	5,658	10,544	+4,886	186%
Cash and deposits	3,199	6,577	+3,378	206%
Interest-bearing debt	777	2,148	+1,371	276%
Net Debt	(2,421)	(4,428)	(2,007)	183%

## Trend in Number of Large-scale Projects in M&A Advisory Business

The M&A advisory business won 5 large-scale projects worth JPY 100 Mil. or more during the first nine months ended September 30, 2023 and the average value of large-scale projects trended up.



\* The number and value of large-scale projects are based on period from January to December of each fiscal year. Data for the consulting business will be disclosed in the full-year financial results announcement, as the majority of projects in the consulting business are long-term projects. There were no large-scale projects worth JPY Mil. or more closed in the period from July to September 2023, and the number and value of large-scale projects are the same as for the first six months.



Section 2

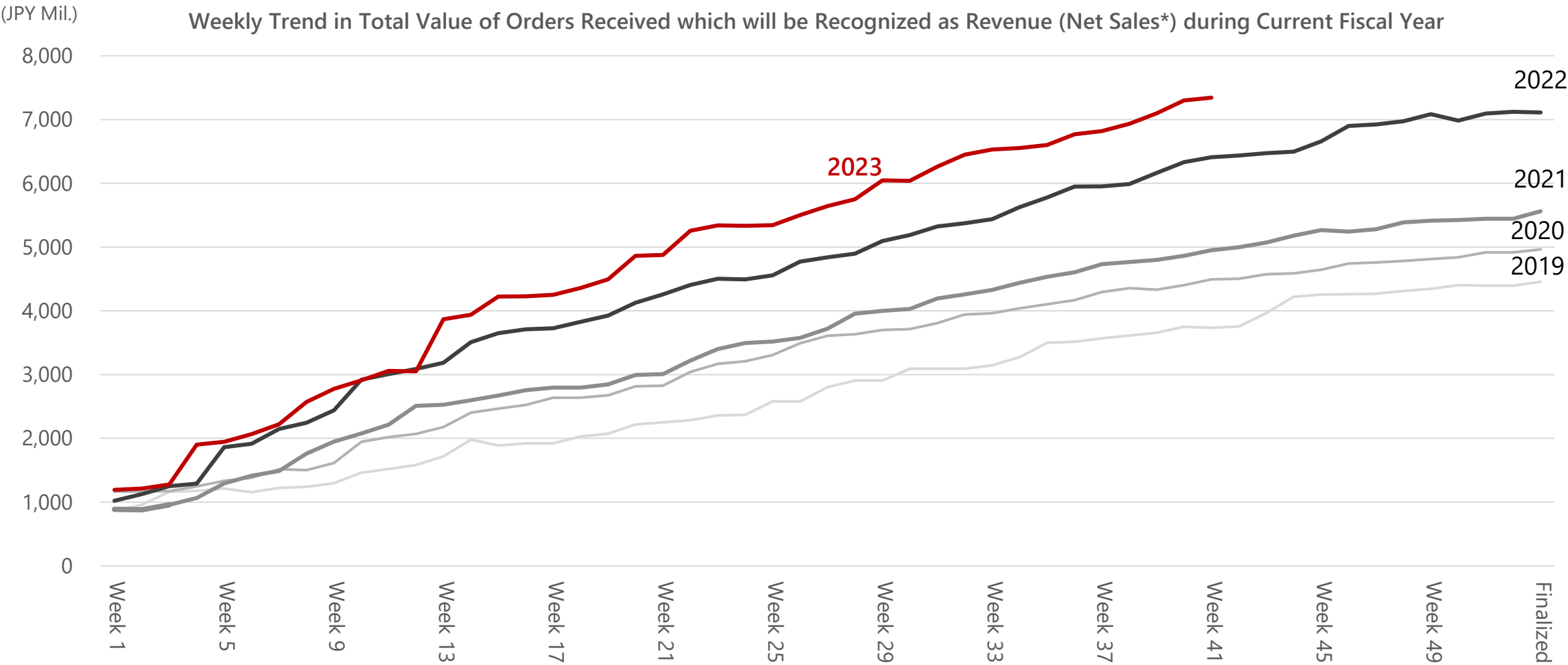
## Progress of Measures Taken



# Weekly Trend in Total Value of Orders Received which will be Recognized as Revenue during Current Fiscal Year [Excluding FCI]

Excluding FCI

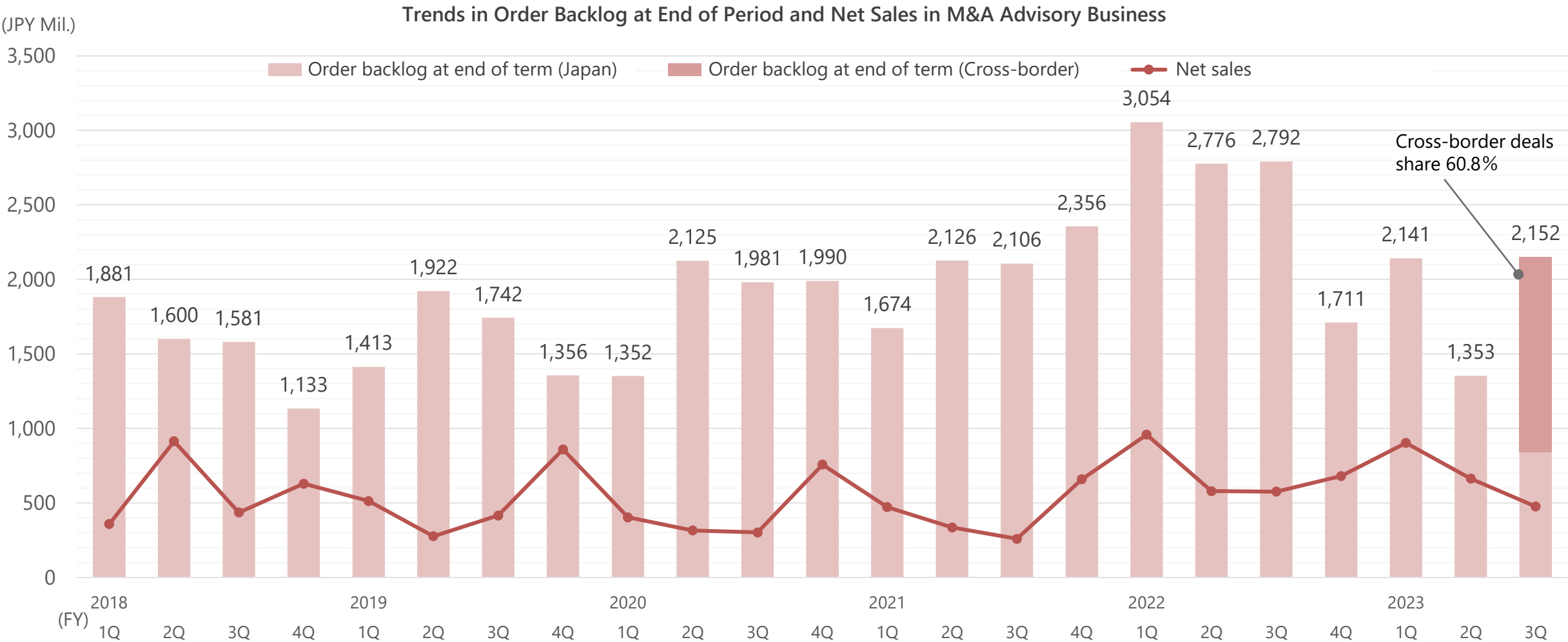
In the third quarter as in the second quarter, the total value of orders received was higher than in the previous fiscal year.



\* Net sales exclude outsourcing costs and project referral fees.

# Order Backlog in M&A Advisory Business

Efforts to manage the probability of projects in a more refined manner have been made since the second half of 2022. The order backlog, which reflects orders received and high probability projects, as of the end of October was unchanged from the first quarter.

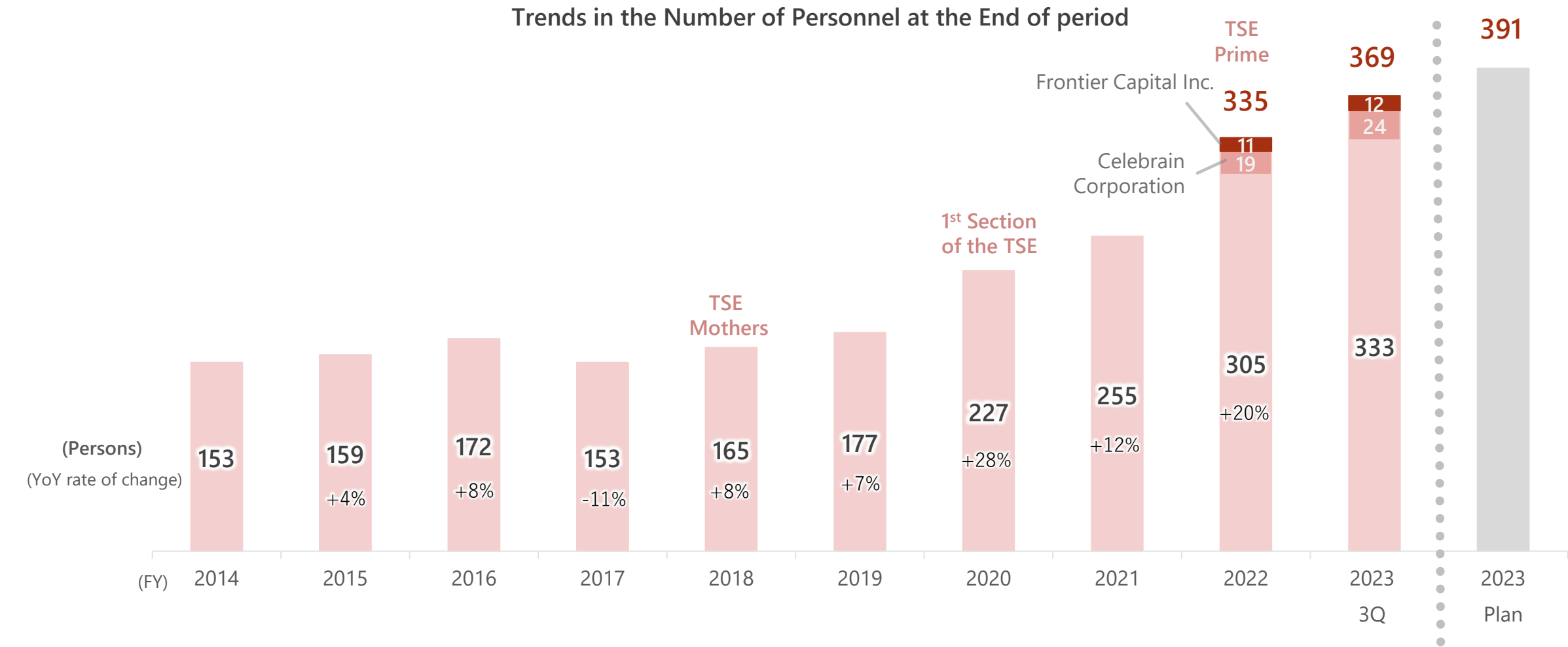


\* Order backlog figures are based on net sales excluding outsourcing expenses and project referral fees.  
In some cases, contracts are not concluded for high probability projects.  
Starting from FY2023 Q3, the share of cross-border transactions within the M&A order backlog is shown. (\*Cross-border transaction: transaction where either the customer or the counterparty in the negotiation is a foreign company.)

# Aggressive Personnel Expansion Strategy

Entire Group

Continuing measures to hire more talented human resources to strengthen the organizational foundation



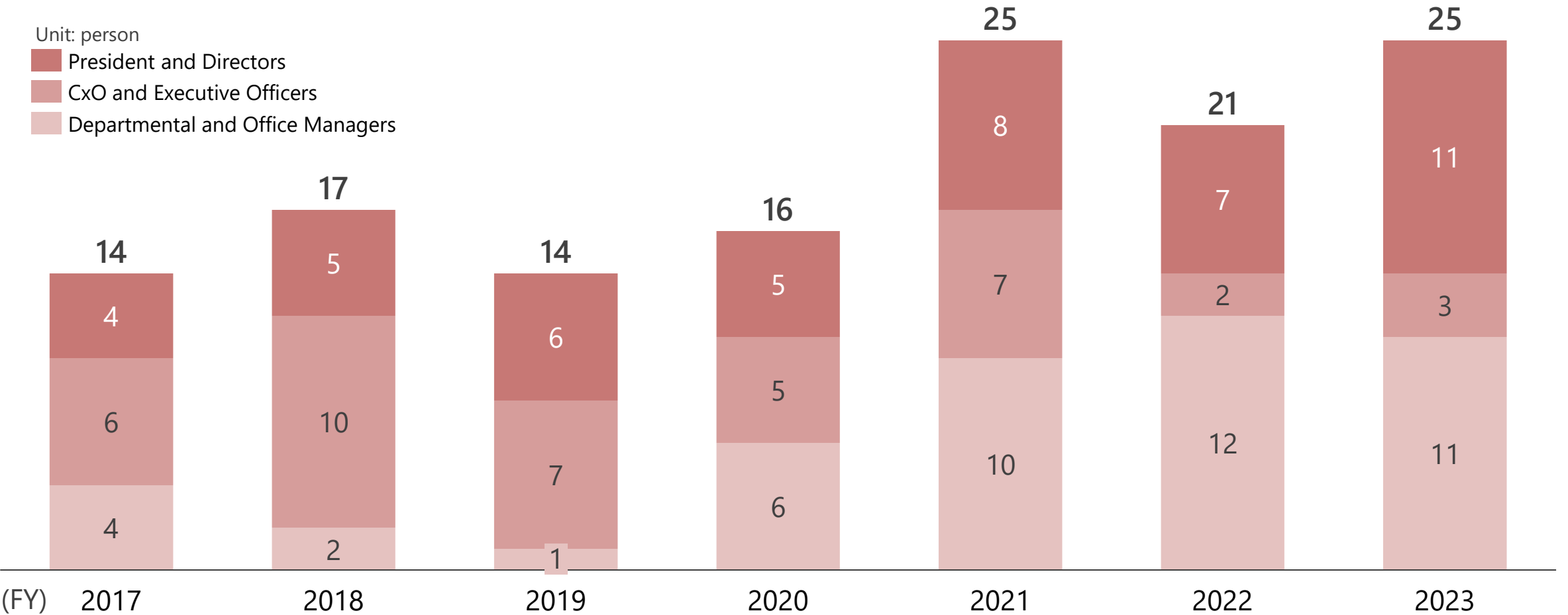
\* The number of personnel at the end of the 2023 plan period under the Medium-Term Management Plan announced in February 2021 is 350.



# Expanding and Strengthening Solutions: Hands-on Support

## - Trend in Actual Dispatch of Managerial Personnel

At the end of the third quarter of FY2023, the number of personnel dispatched in manager (management team) dispatch services surpassed the levels seen throughout FY2022 to reach the heights seen at the end of FY2021.

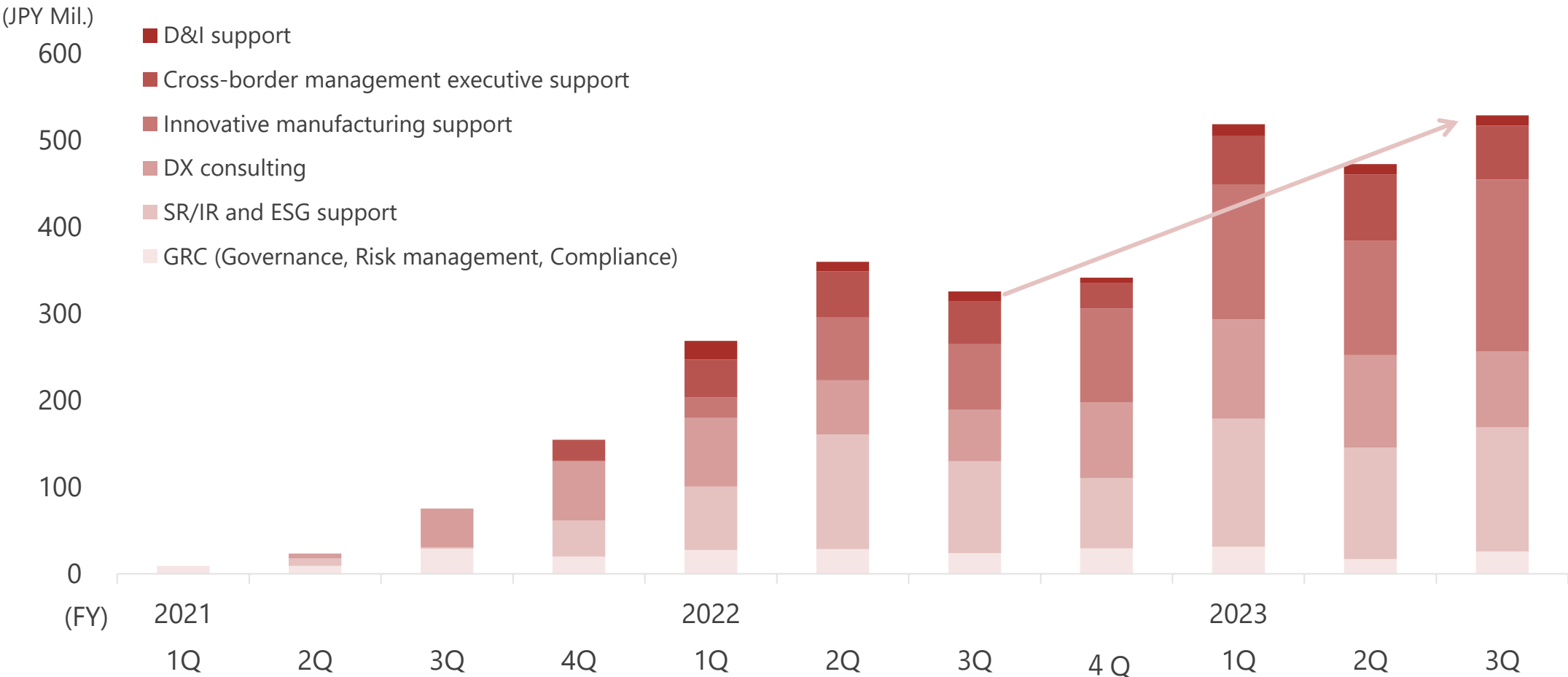


As of the end of Q3

# Expanding and Strengthening Solutions: New Solutions - Trend in Net Sales of New Solutions

New solutions grew steadily. Sales almost doubled year on year.

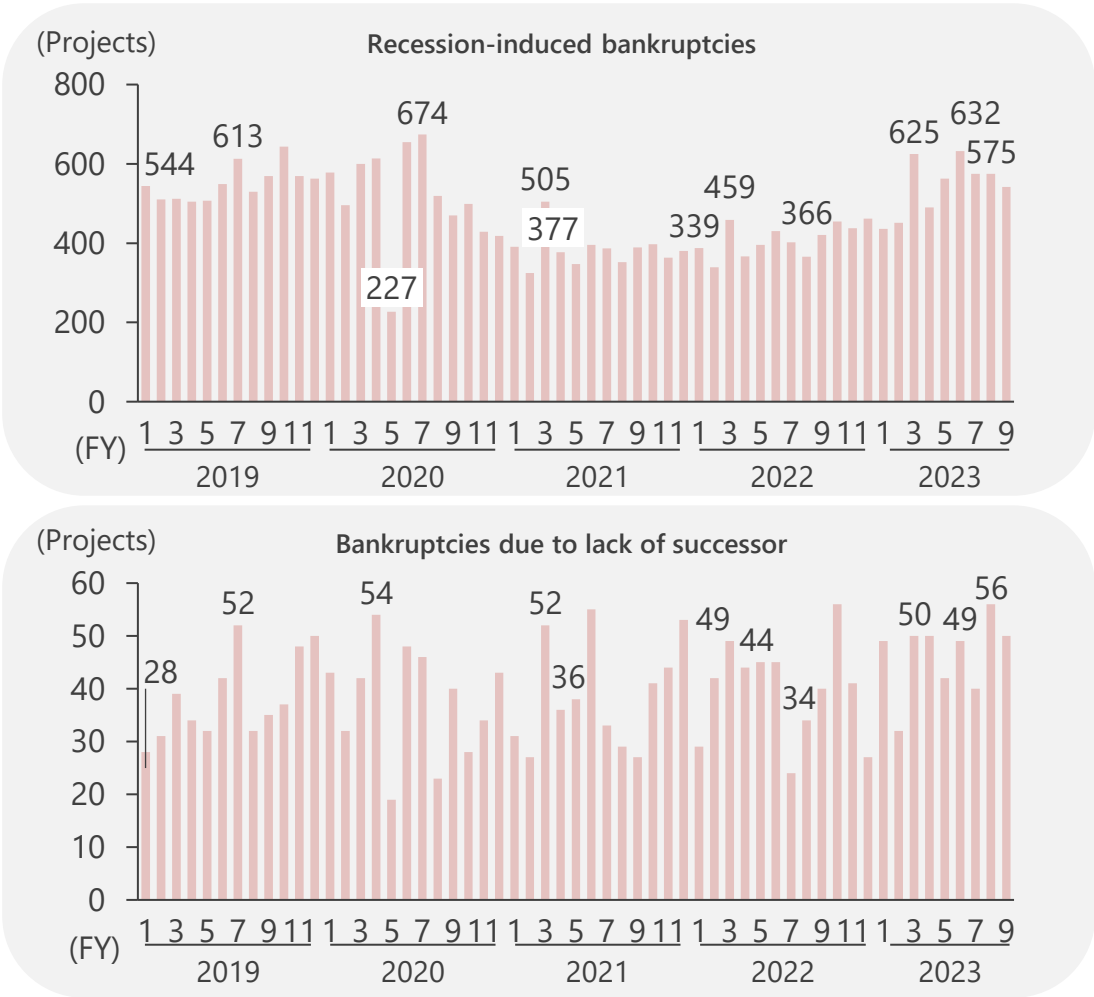
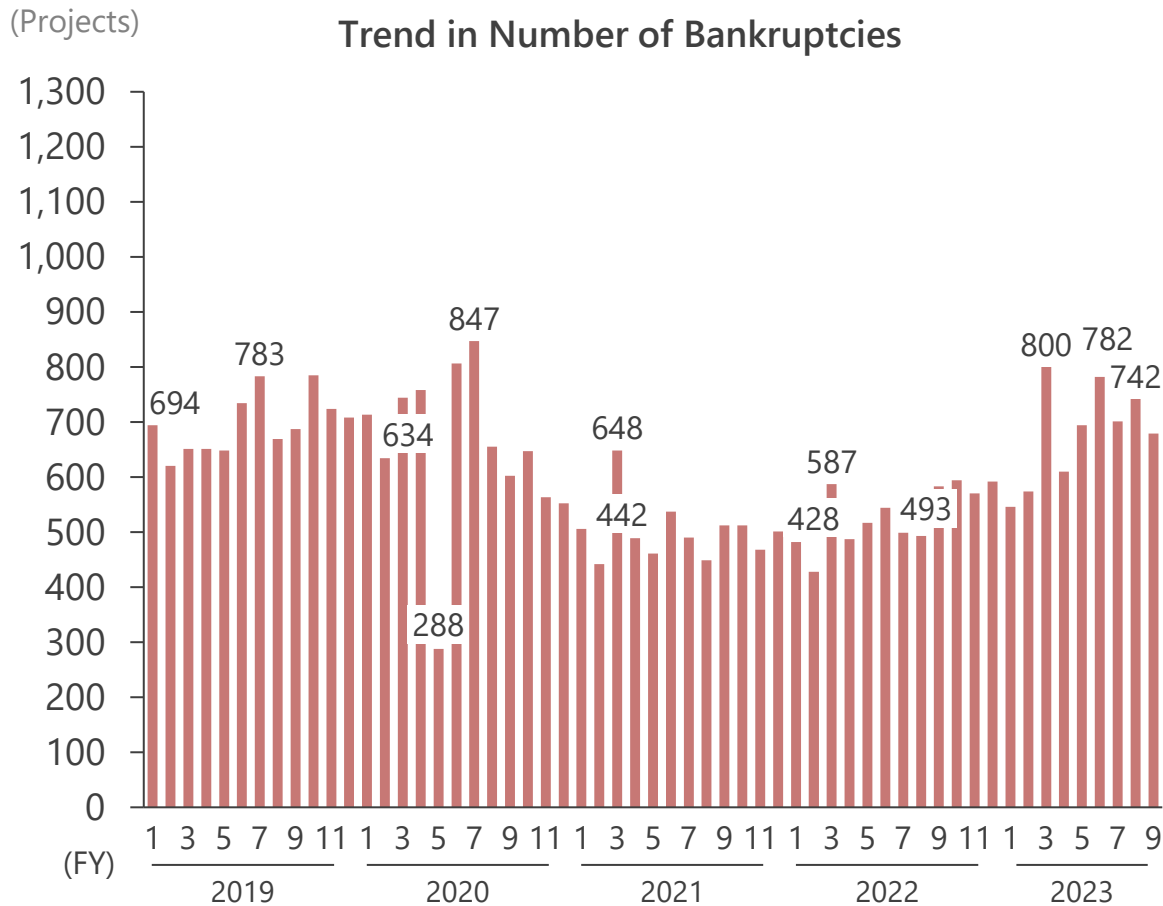
Progress of Solutions Launched in 2020 - 2022



# Expanding and Strengthening Solutions: External Environment of Revitalization Support

## Business - Growing Needs for Revitalization Support

With the end of COVID-19 subsidies, the number of bankruptcies is trending up.



Source: Prepared by Frontier Management based on data from TEIKOKU DATABANK, LTD.

# Expanding and Strengthening Solutions: Revitalization Support Business

## - Building a System that can Respond to Market Needs

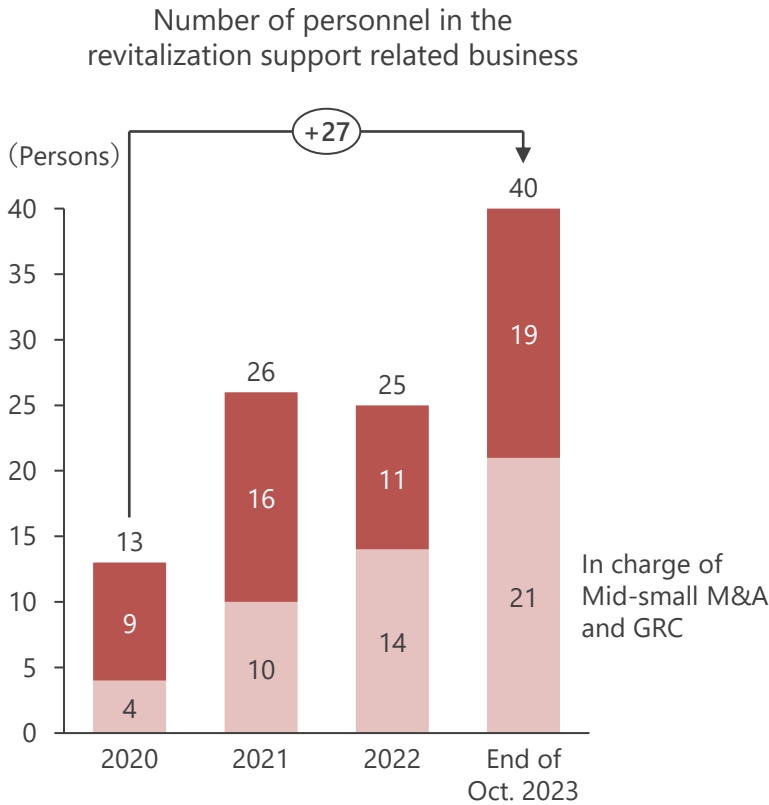
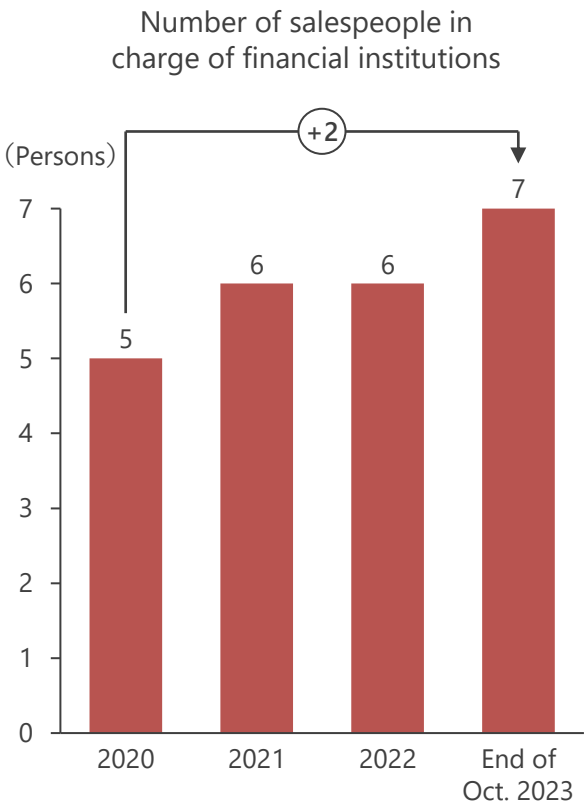
We are working to strengthen our system to meet the expanding needs for revitalization support.

### Main measures to strengthen the revitalization support business

- 1

Increase in the number of revitalization support business personnel
- 2

Close collaboration b/w revitalization support business and its related functions (Mid-small M&A, GRC)



\*The counted number of personnel declined in 2022 due to internal organizational changes where junior employees are assigned to multiple department projects.

Reinforcing the structure for growth in the revitalization market where demand is strong

## Expanding and Strengthening Solutions: Revitalization Support Business - Major Projects

Below are some examples of our revitalization support projects. The scale of projects is increasing.

### Revitalization-type M&A/Financial Advisory

#### ❖ Real Estate Business

Net sales: 100 billion yen or more    Employees: 1,000 or more

- Support for handover to sponsor, support for dealing with financial institutions, etc.

#### ❖ Service Business

Net sales: 15 billion yen or more    Employees: 800 or more

- Support for sponsor selection, support for formulation of revitalization plan, support for dealing with financial institutions, etc.

#### ❖ Electronic Components Manufacturer

Net sales: 100 billion yen or more    Employees: Not disclosed

- Support for sponsor selection, support for dealing with financial institutions, etc.

### Revitalization-type Consulting

#### ❖ Electric Appliance Manufacturer

Net sales: Not disclosed    Employees: 2,000 or more

- Support for formulation of revitalization plan, support for implementation of key measures

#### ❖ Construction Business

Net sales: 400 billion yen or more    Employees: Not disclosed

- Verification of revitalization plan, support for dealing with financial institutions, etc.

#### ❖ Shipbuilding Business

Net sales: Not disclosed    Employees: Not disclosed

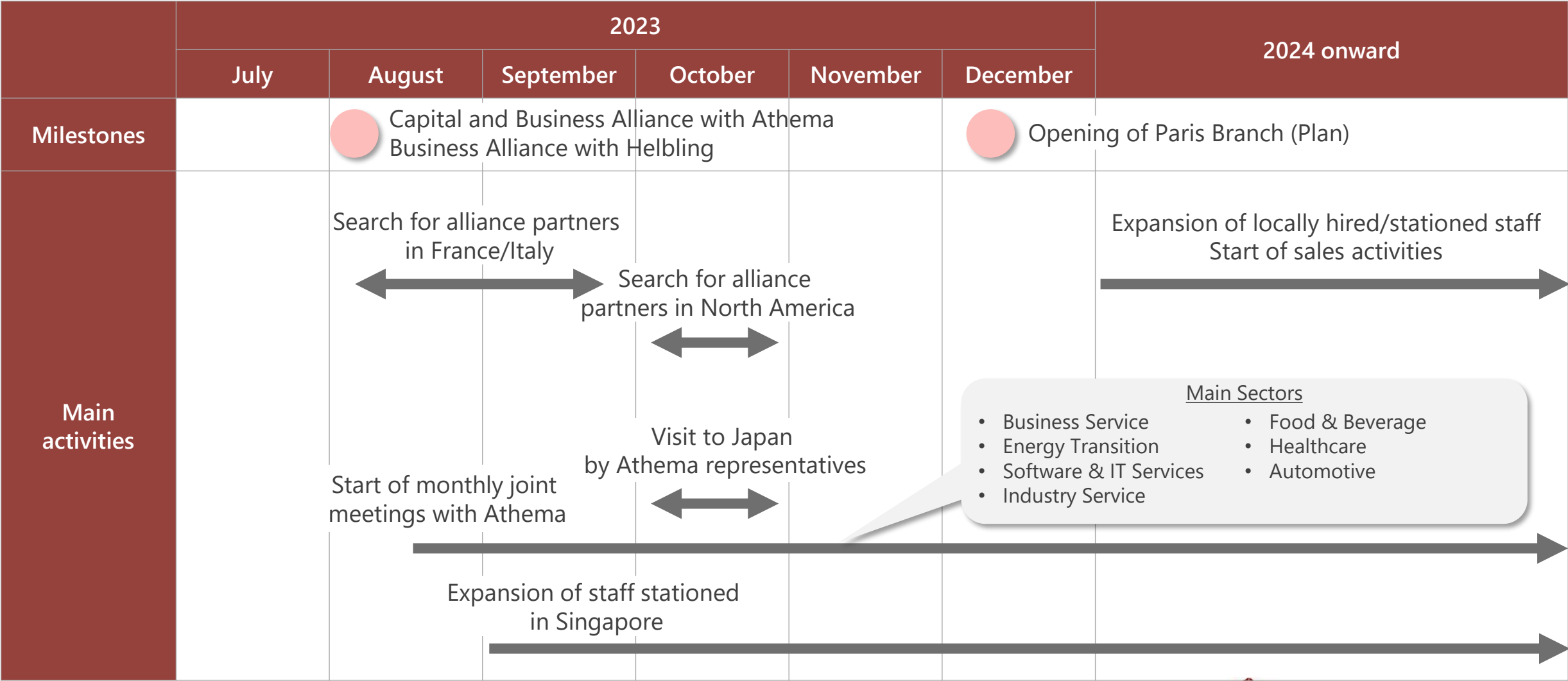
- Support for formulation of revitalization plan, support for plan execution, support for dealing with financial institutions, etc.



# Expanding and Strengthening Solutions: Cross-border

## - Strengthening Collaboration with Europe, North America, etc.

Have held monthly joint meetings by sector with Athema, following formation of capital and business alliance in August. Also planning to open a branch in Paris.





**FRONTIER  
MANAGEMENT  
INC.**

Appendix

## **Corporate Profile**



## Background to Establishment of Frontier Management



### Shoichiro Onishi

Representative Director, Co-President and Executive Officer

- Registered as attorney and joined law offices of Okuno & Partners  
Appointed as a partner in 1997
- Acted as trustee representative, etc. in corporate reorganization of Nippon Lease Co., Ltd., LIFE Corporation and Taisei Fire and Marine Insurance Company, Limited



Joined



### Masahiro Matsuoka

Representative Director, Co-President and Executive Officer

- Joined UBS Securities Japan Ltd. after working at Nomura Research Institute, Ltd. and Barclays Bank PLC  
Appointed concurrently as Head of Equity Research and Managing Director in 1999
- Worked as securities analyst focusing on distribution industry for more than 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



フロンティア・マネジメント株式会社

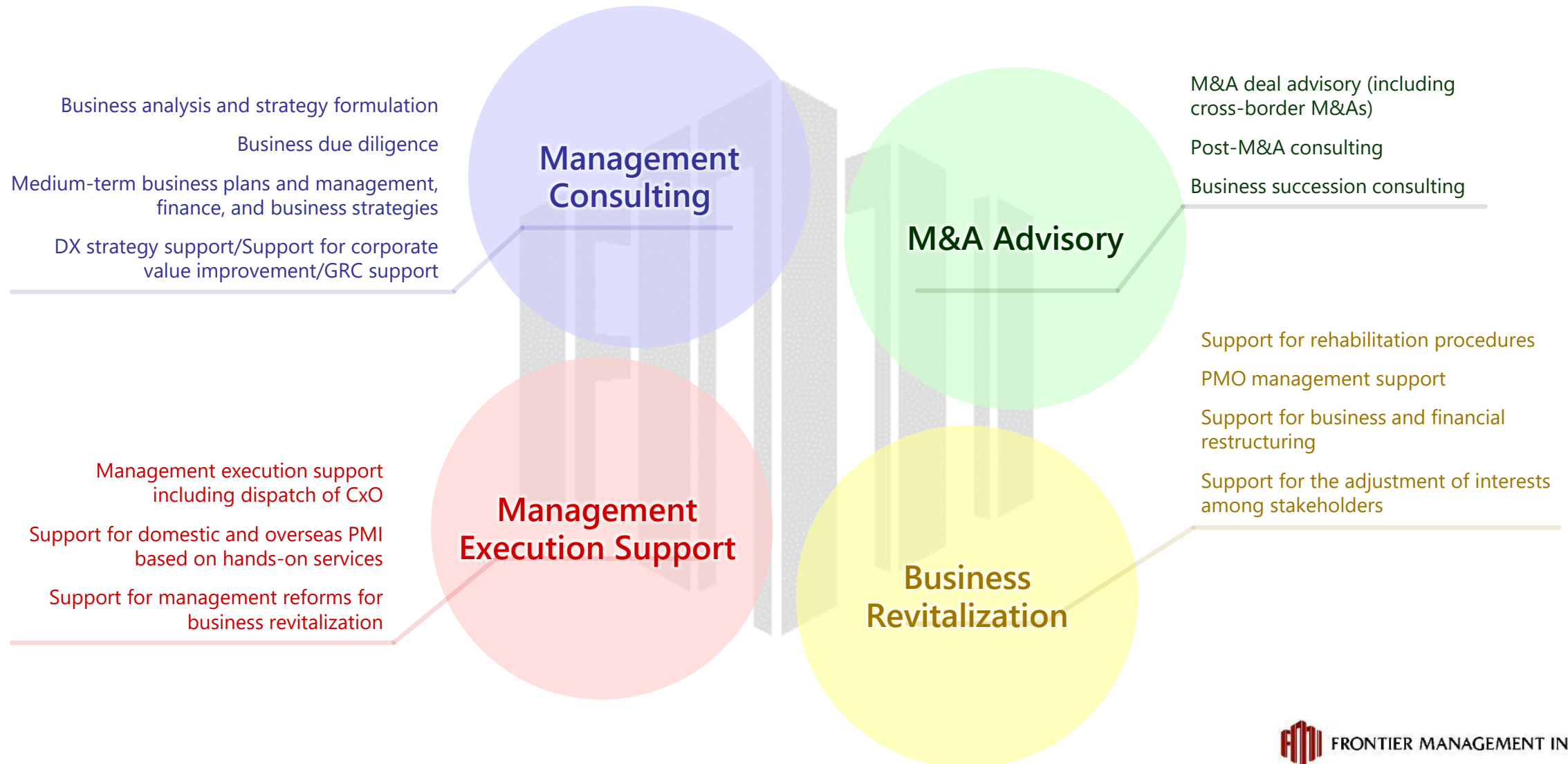


FRONTIER MANAGEMENT INC.

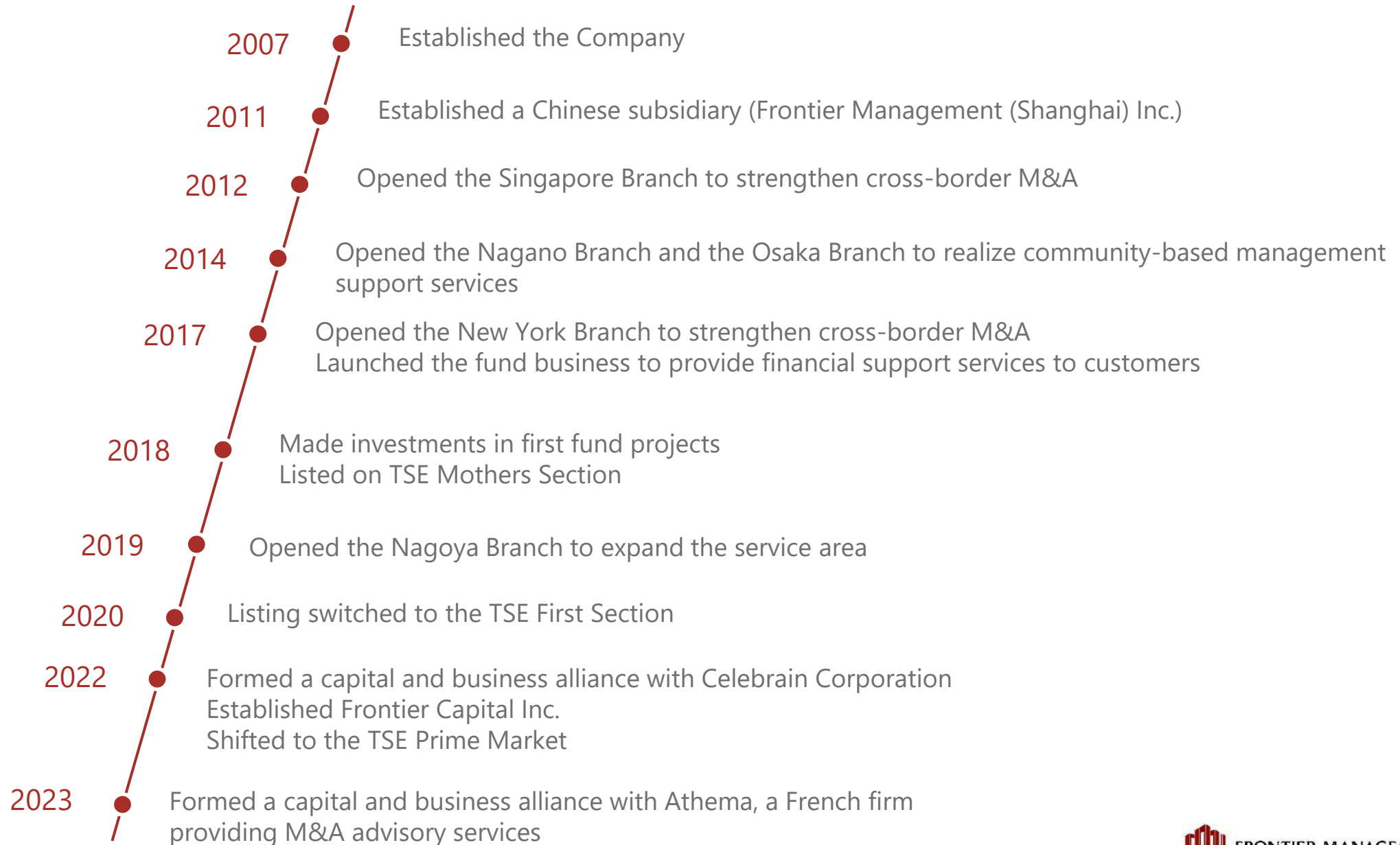


## Business Activities of Frontier Management

Provides a wide range of services to address the challenges faced by companies at various stages



## History



# Organizational Chart for Directors



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  
TADAAKI KOMORI



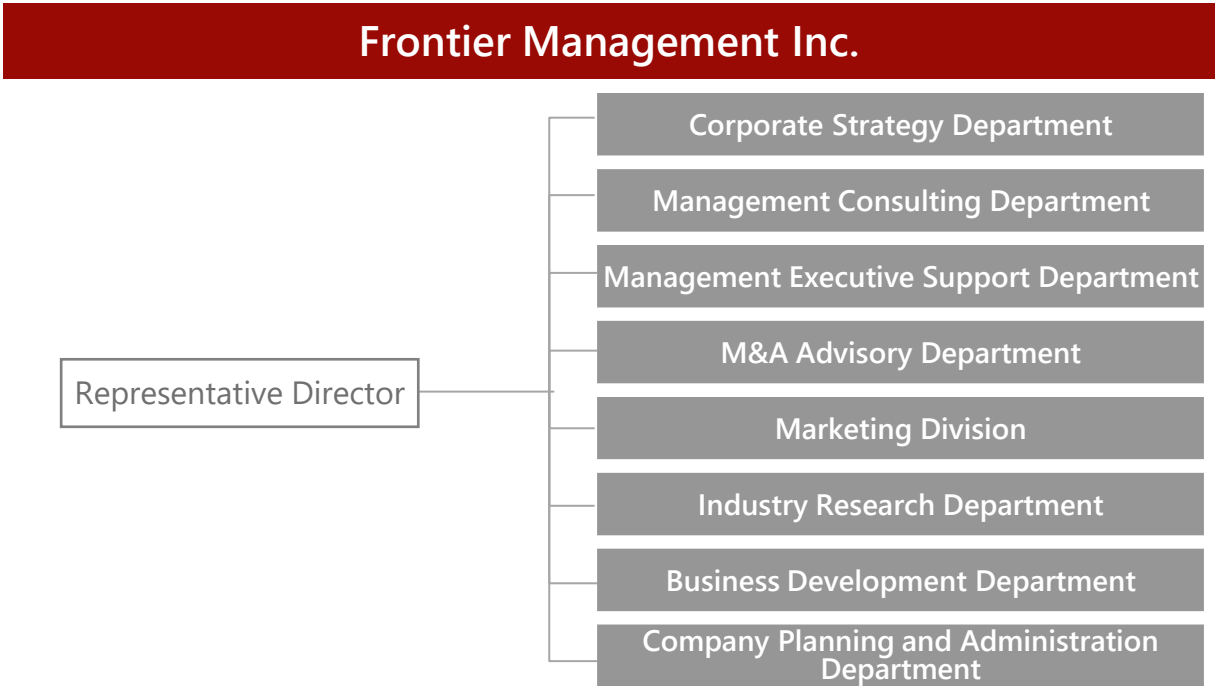
Director  
MASAO NISHIHARA



Outside Director  
KAZUHITO OSUGI



Outside Director  
KEIKO UNOTORO



Branches		Subsidiaries and Affiliates	
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)
Paris Branch (plan)		Athema	

## Corporate Mission

### 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.

## Strengthening Recruitment, Human Resource Development, and Development of Internal Work Environment

- By bringing together the intelligence and wisdom of a diverse team of professionals to assist clients in solving their management issues, the Group will contribute to a thriving global environment and a sustainable society while achieving sustainable growth and development for the Group itself.
- Our key themes for sustainability are establishing diversity and expertise of human resources, contributing to a shift in the shape of society and business, and strengthening corporate growth potential and resilience.
- Strengthening recruitment, human resource development, and development of internal work environment

### Strengthening recruitment

We will actively recruit human resources through our groupwide Recruitment Promotion Committee.

### Policy for human resource development

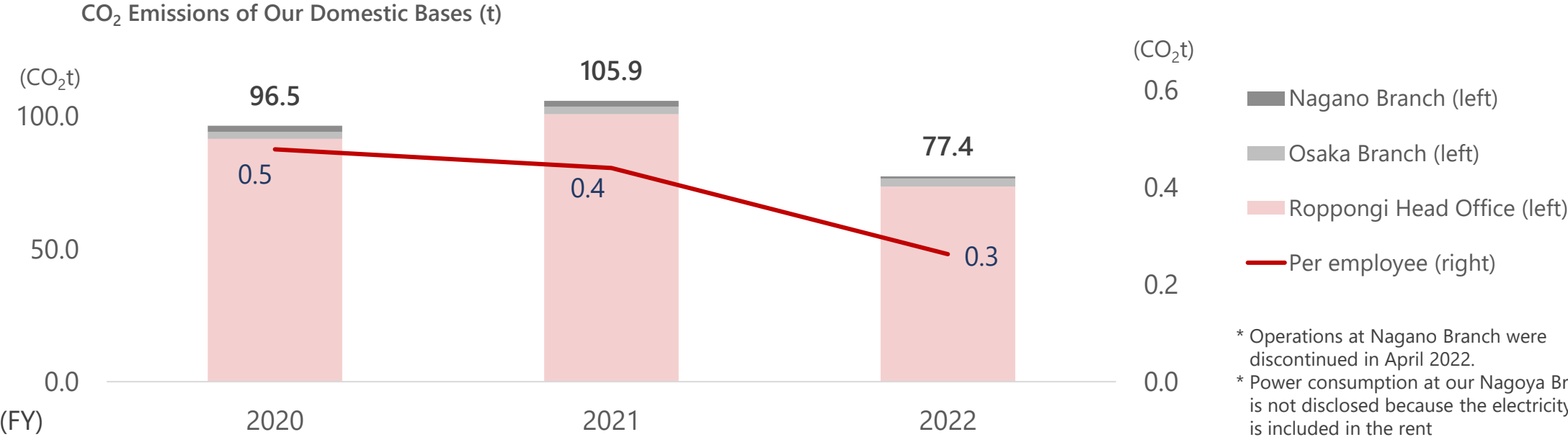
We will support the growth of diverse human resources, enabling them to hone their skills and conduct themselves as professionals, to earn the trust of clients, stakeholders and society.

### Policy for development of internal work environment

We will develop a healthy work environment where diverse human resources can play an active part and fully demonstrate their capabilities.

## Response to the TCFD Recommendations

- The Frontier Management Group will contribute to the fight against climate change by promoting the reduction of its greenhouse gas emissions and environmental footprint, and by actively supporting our corporate clients as they shift to new business models to build a sustainable global environment and society.
- While natural disasters and the like caused by the climate change were found to have a negative impact on the consulting and advisory business, the demand for these services may increase as companies go through the transition to a decarbonized society and adapt to climate change.
- By the term ending in December 2030, we will reduce greenhouse gas emissions by 50% as compared to the term ending in December 2021, and by the term ending in December 2050, we will reduce greenhouse gas emissions to net-zero.



# Basic Corporate Data

## Corporate Profile

Company name	Frontier Management Inc.
	Frontier Management Inc.
Established	January 4, 2007
Securities code	7038 (TSE Prime Market)
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	<a href="https://www.frontier-mgmt.com">https://www.frontier-mgmt.com</a>
Key members	Shoichiro Onishi, Representative Director, Co-President and Executive Officer Masahiro Matsuoka, Representative Director, Co-President and Executive Officer Tad Komori, Director of the Board, Deputy President and Executive Officer Masao Nishihara, Director of the Board Kazuhito Osugi, Outside Director Keiko Unotoro, Outside Director Takeshi Umemoto, Audit & Supervisory Board Member (full-time) Kazuhiko Shimokabe, Audit & Supervisory Board Member (part-time) Nobumichi Hattori, Audit & Supervisory Board Member (part-time) Sumio Nishizawa, Managing Executive Officer Akinori Nishida, Managing Executive Officer Shinji Hikoe, Executive Officer Tomohiro Murata, Executive Officer Hiroaki Hamada, Executive Officer
Number of employees	363 (consolidated basis) as of June 30, 2023
Branches	Osaka Branch, Nagoya Branch, Fukuoka Branch Singapore Branch, New York Branch, Paris Branch (plan)
Group companies	Frontier Management (Shanghai) Inc. Frontier Capital Inc. Celebrain Corporation
Affiliates	FCD Partners Inc. (joint venture with Development Bank of Japan) Athema



## Corporate Mission

- 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.

## Business

1. Management consulting business
2. M&A advisory business
3. Management execution support business
4. Business revitalization business

## History

- 2007 Established Frontier Management Inc.
- 2011 Established a Chinese subsidiary (Frontier Management (Shanghai) Inc.)
- 2012 Opened the Singapore Branch to strengthen cross-border M&A
- 2014 Opened the Nagano Branch and the Osaka Branch to realize community-based management support services
- 2017 Opened the New York Branch to strengthen cross-border M&A  
Launched the fund business to provide financial support services to customers
- 2018 Made investments in first fund projects  
Listed on TSE Mothers Section
- 2019 Opened the Nagoya Branch to expand the service area  
Relocated to current location (Roppongi, Minato-ku, Tokyo)
- 2020 Listing switched to the TSE First Section
- 2022 Formed a capital and business alliance with Celebrain Corporation (Our ownership ratio is 60%)  
Established Frontier Capital Inc.  
Shifted to the TSE Prime Market
- 2023 Formed a capital and business alliance with Athema, a French firm providing M&A advisory services





**FRONTIER  
MANAGEMENT  
INC.**