



**FRONTIER
MANAGEMENT
INC.**

FY2023 Financial Results and Medium-Term Management Plan

February 14, 2024

Frontier Management Inc.

TSE Prime Market: 7038

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Section 1

FY2023 Financial Results



Summary:

Entire Group

Frontier Management Group Consolidated Financial Statement [Entire Group]

- In the consolidated financial results of Frontier Management (FMI) for FY2023, all of net sales, operating income, ordinary income and net income attributable to owners of parent achieved the initial plan figures and reached record high levels
- All three main businesses (Management Consulting, M&A Advisory, and Business Revitalization Support) achieved higher net sales.
- The number of employees at the end of the fiscal year was 369, falling 22 short of the initial plan
- Dividend per share increased sharply to JPY 41, compared with JPY 28 in the previous fiscal year
- FMI's subsidiary, Frontier Capital ("FCI") concluded two investment contracts at the end of 2023, of which one investment has already been executed pursuant to the contract)

(JPY Mil.)

	FY2022 Results	FY2023 Results	YoY change (amount)	YoY change (ratio)	FY2023 Forecasts (Feb.10, 2023)	Rate of achievement of Forecast
Net sales	7,915	10,025	+2,109	127%	10,000	100%
Operating income	908	1,251	+343	138%	1,200	104%
(Operating income margin)	(11%)	(12%)	(+1%)	—	(12%)	—
Ordinary income	921	1,238	+317	134%	1,200	103%
(Ordinary income margin)	(12%)	(12%)	(+1%)	—	(12%)	—
Net income attributable to owners of parent	556	780	+224	140%	700	112%
(Net income margin attributable to owners of parent)	(7%)	(8%)	(+1%)	—	(7%)	—

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

- We continue to disclose our consolidated financial results without FCI, our subsidiary engaged in the investment business. We do this for the following two reasons;
 - FCI has an irregular accounting impact on FMI consolidated financial results depending on whether it invests or not in the year and this may make it difficult to grasp the core performance of the Group
 - FMI has announced that it will pay dividend at a payout ratio of 40% to the net income attributable to owners of parent which is calculated by excluding non-cash items such as the accounting impact of FCI, so that the process of calculating the amount of dividends to shareholders could be explained in an easy-to-understand manner
- Looking at "Consolidation excluding FCI," all of net sales, operating income, ordinary income, and net income attributable to owners of parent surpassed the initial plan
- All of operating income, ordinary income, and net income attributable to owners of parent shot up around 50% year on year
- Net income attributable to owners of parent came to JPY 1,184 million and we set 40% of this amount as the amount of dividend of the year

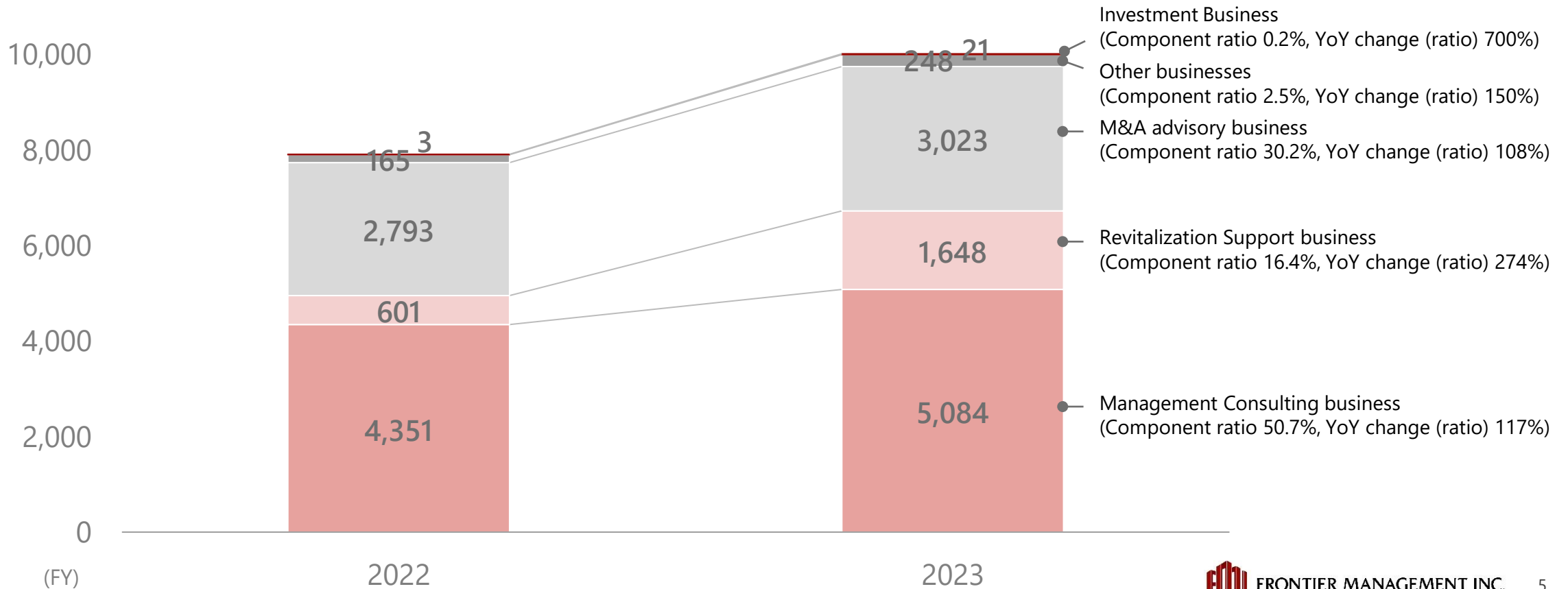
(JPY Mil.)

	FY2022 Results	FY2023 Results	YoY change (amount)	YoY change (ratio)	FY2023 Forecasts (Feb.10, 2023)	Rate of achievement of Forecast
Net sales	7,898	10,003	+2,106	127%	9,650	104%
Operating income	1,097	1,639	+542	149%	1,500	109%
(Operating income margin)	(14%)	(16%)	(+2%)	—	(16%)	—
Ordinary income	1,112	1,641	+529	148%	1,500	109%
(Ordinary income margin)	(14%)	(16%)	(+2%)	—	(16%)	—
Net income attributable to owners of parent	748	1,184	+437	158%	1,000	118%
(Net income margin attributable to owners of parent)	(9%)	(12%)	(+2%)	—	(10%)	—

Net Sales by Business [Entire Group]

- Management Consulting Business: Maintained strong performance due to effect of increased number of staff and growth in order demands
- Revitalization Support Business: Achieved record high sales due to strong demand for revitalization support
- M&A Advisory Business: Maintained strong performance due to development of organized sales structure and steady completion of large and medium-sized M&A deals
- Investment Business: Signed two investment contracts at the end of December 2023, of which one investment has already been made)

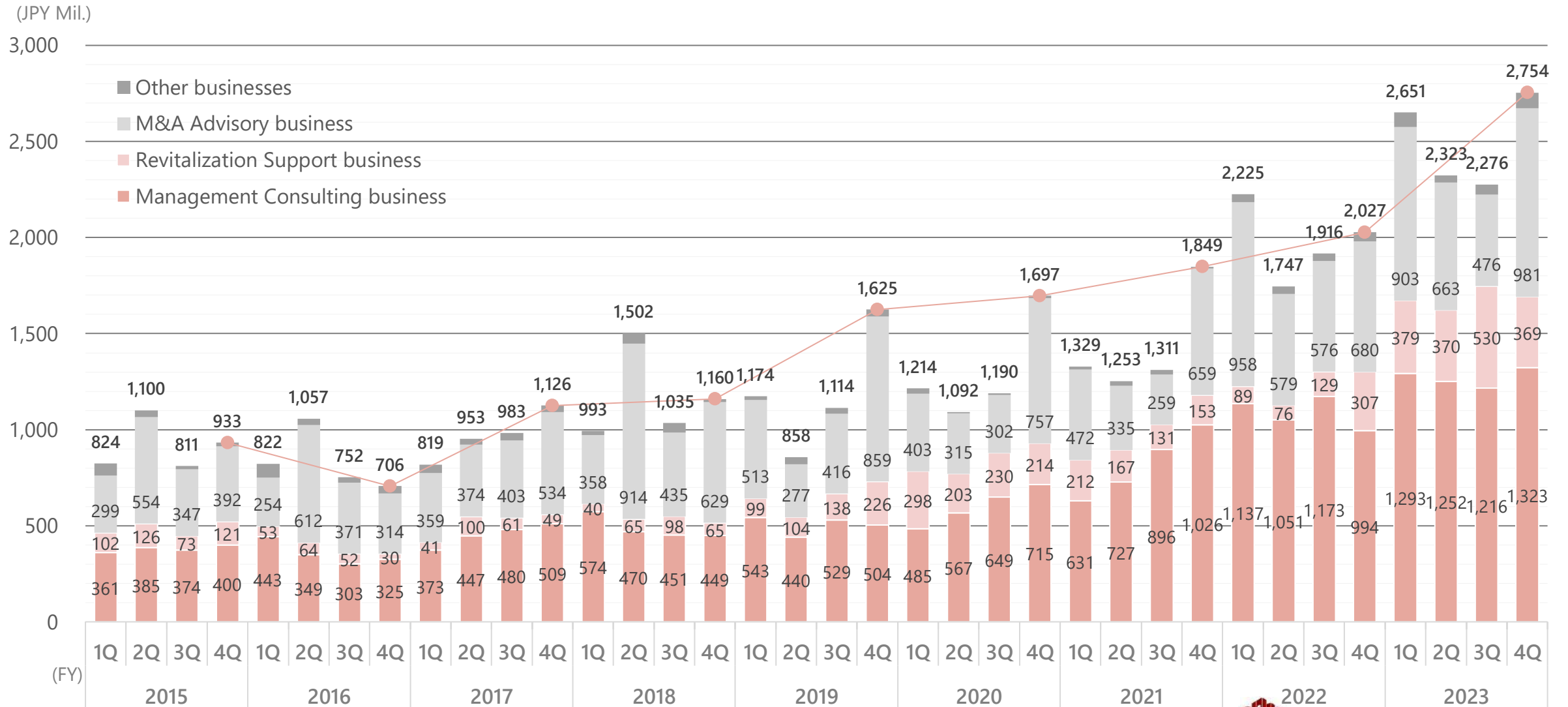
(JPY Mil.)



Excluding FCI

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

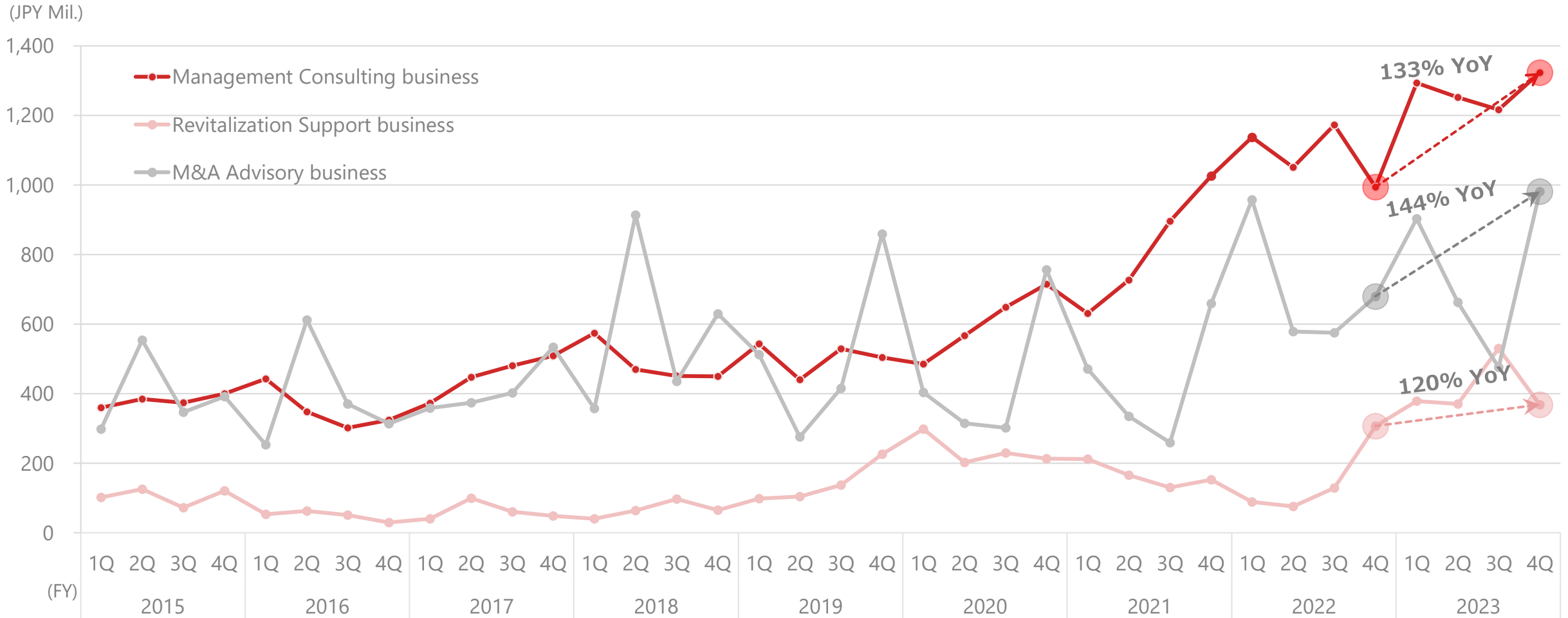
- Consolidated net sales set a new quarterly record



Excluding FCI

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

- The Management Consulting Business maintained a high level of sales with fourth-quarter sales rising year on year
- The M&A Advisory Business maintained a high level of sales with fourth-quarter sales set a new quarterly record
- In the Revitalization Support Business, quarterly sales rose year on year



Overview of Consolidated Statements of Income [Entire Group]

- Net sales, operating income, ordinary income and net income attributable to owners of parent all reached record highs due to sales growth that offset rising personnel expenses due to continued active recruitment and rising outsourcing expenses associated with increase in projects

(JPY Mil.)

	FY2022 Results	FY2023 Results	YoY change (amount)	YoY change (ratio)
Net sales	7,915	10,025	+2,109	127%
Operating expenses	7,007	8,773	+1,766	125%
Outsourcing	364	1,039	+675	285%
Personnel	4,770	5,639	+868	118%
Recruiting	469	406	△62	87%
Others	1,403	1,688	+285	120%
Operating income	908	1,251	+343	138%
Ordinary income	921	1,238	+317	134%
Net income before tax	868	1,240	+372	143%
Net income attributable to owners of parent	556	780	+224	140%
Depreciation and amortization	84	105	+21	124%
EBITDA	992	1,356	+364	137%
[Reference]				
FMI non-consolidated operating income	1,078	1,629	+550	151%
Cerbrain operating income	45	49	+4	109%
Equity in earnings of Athema	-	0	-	-

※The difference between the combined total of FMI non-consolidated operating income and Cerbrain operating income (JPY 1,678 million) and "Consolidation w/o FCI" operating income (JPY 1,639 million) is partly attributable to goodwill amortization (Cerbrain).

Overview of Consolidated Balance Sheets [Entire Group]

- Current assets increased mainly due to an increase in cash and deposits as a result of capital raising at FCI through third-party allotment (January and February 2023: JPY 3 billion in total)
- Non-current assets rose mainly due to the acquisition of Athema shares (July 2023: EUR 8MM)
- Non-current liabilities increased mainly due to an increase in long-term borrowings
- Shareholders' equity increased due to an increase in net income attributable to owners of parent

(JPY Mil.)

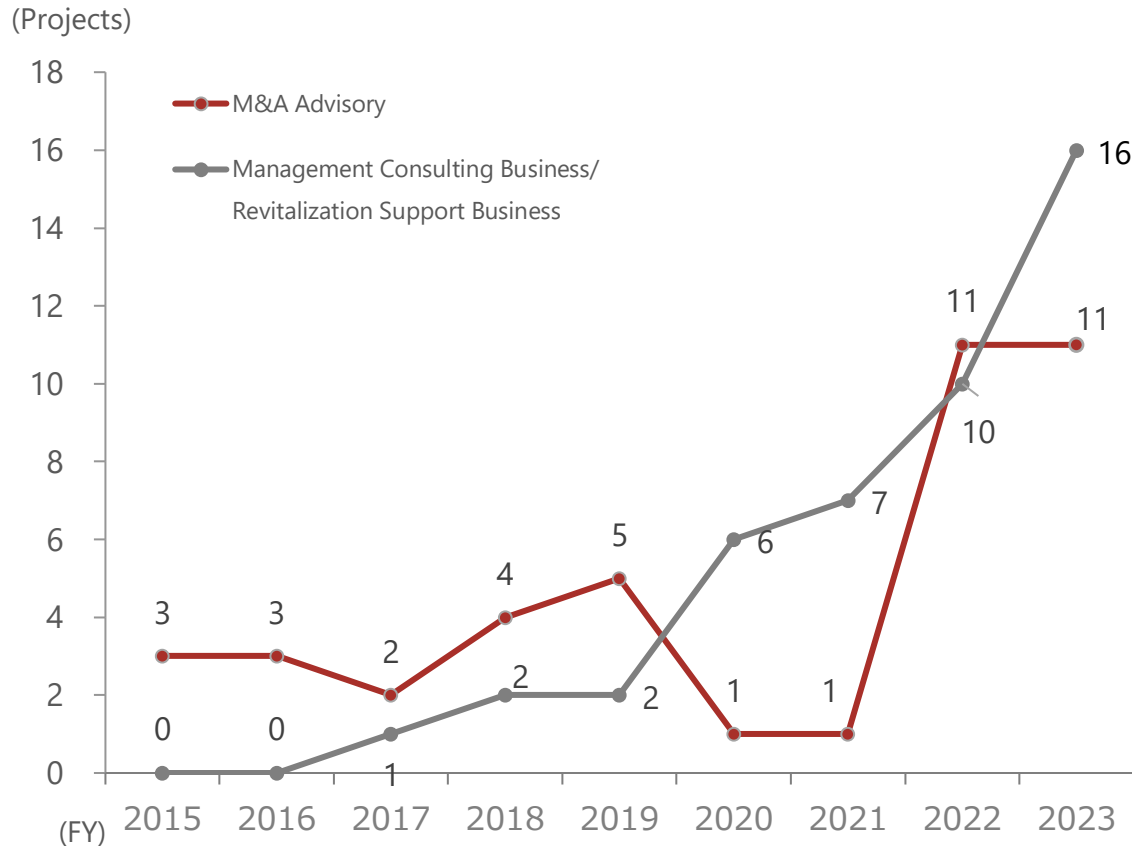
	End of December 2022	End of December 2023	YoY change (amount)	YoY change (ratio)
Current assets	4,276	8,159	+3,884	191%
Non-current assets	1,375	2,709	+1,341	198%
Deferred assets	7	5	△2	76%
Total assets	5,658	10,874	+5,223	192%
Current liabilities	1,868	2,569	+700	137%
Non-current liabilities	774	1,483	+709	192%
Shareholders' equity	2,918	3,699	+781	127%
Other net assets	97	3,122	+3,033	3,226%
Total liabilities and net assets	5,658	10,874	+5,223	192%
Cash and deposits	3,199	5,838	+2,640	183%
Interest-bearing debt	777	1,589	+812	204%
Net debt	△2,421	△4,249	△1,828	175%

※ Net Debt is calculated as Interest-bearing debt minus Cash and deposits

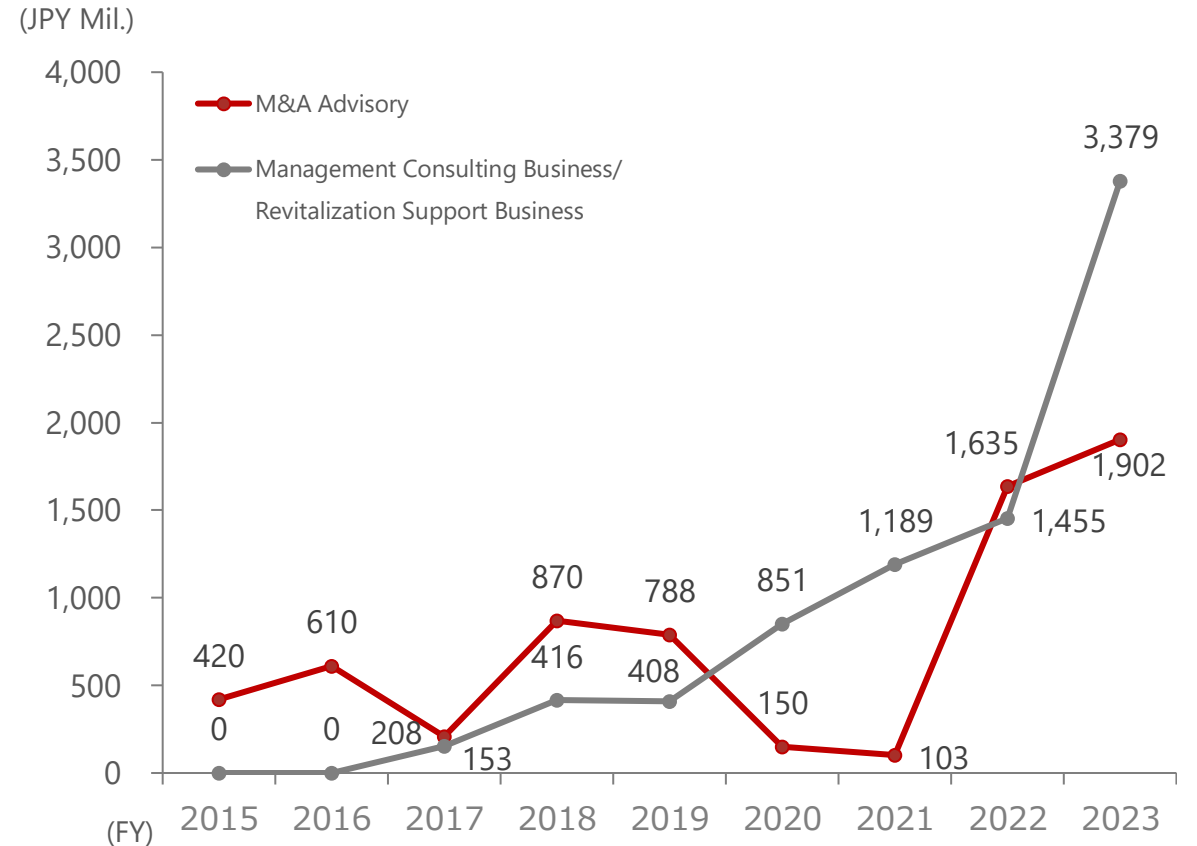
Trend in Number of Large-scale Projects

- Maintained record-high results for both the number of projects worth JPY100 million or more and the value of projects in both the M&A Advisory Business and Management Consulting and Revitalization Support businesses

Trend of projects worth JPY 100 Mil. or more
(based on number of projects)

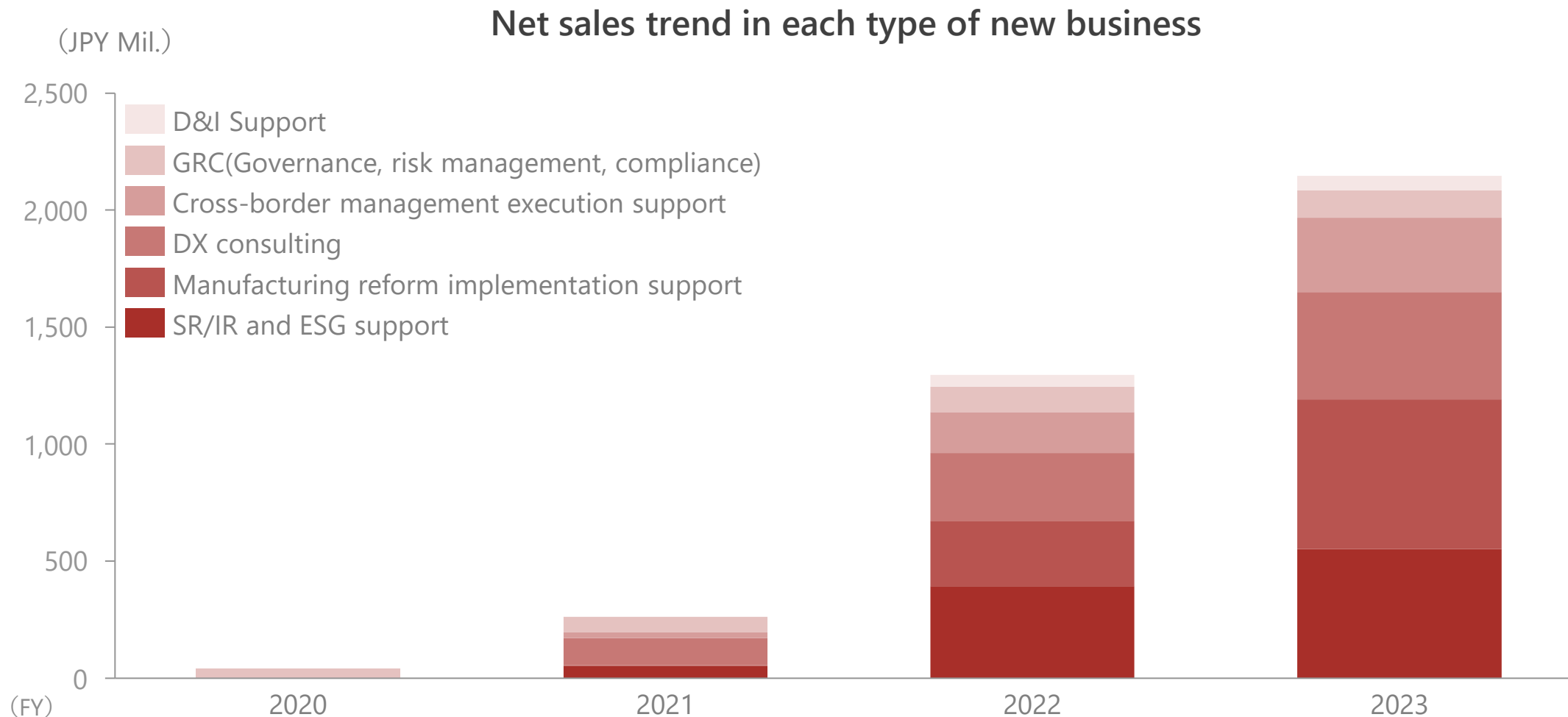


Trend of projects worth JPY 100 Mil. or more
(based on value)



Expanding and Strengthening Solutions

- In FY2023, as in the previous year, solution service sales related to SR/IR and ESG support, manufacturing reform implementation support, and DX consulting continued to expand



Investment Results of Frontier Capital Inc. (FCI)

- FCI concluded 2 investment contracts in 2023. One investment has already been made pursuant to the contract (ZOO LABO)

Announced on December 22, 2023



- Sanritsu Doken Group is a general contractor involved in maintaining and improving regional infrastructure, including road and river construction work, in Fukushima Prefecture.
- FCI will assist through capital participation (minority investment) via an SPC and will also dispatch several executives to Sanritsu Doken Group.
- FCI will harness the consulting know-how of FMI/FCI to contribute to regional revitalization through enhancement of Sanritsu Doken Group's corporate value. FCI plans to invest in the Group in March this year.

Company name	Sanritsu Doken Co., Ltd.
Head office	Shimogo machi, Minamiaizu-gun District, Fukushima
Representative	Hidetoshi Asanuma, Representative Director
Number of employees	140 (Consolidated)
Business description	<ul style="list-style-type: none"> • General construction business (contract for a complete set of civil engineering and architectural works) • Planning and design of civil engineering and architectural works and supervision of construction, etc.
Offices	Minamiaizu-gun District (head office), Koriyama-shi, Aizuwakamatsu-shi
Group companies	Sanritsu Douro Co., Ltd, Sanritsu Enterprise Co., Ltd.

Announced on December 28, 2023

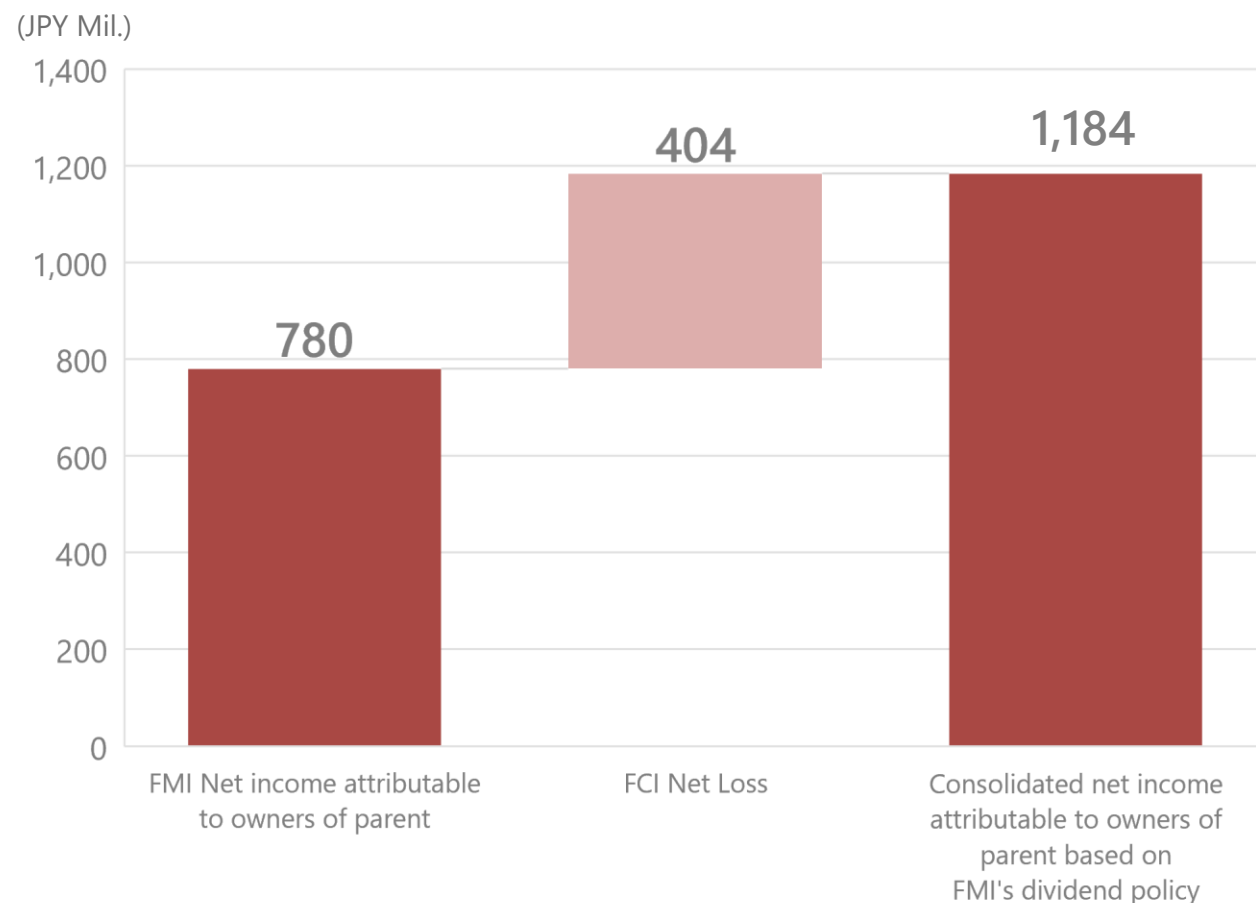


- ZOO LABO supplies high-quality dental technology products to dental clinics across Japan. It has achieved high productivity by actively promoting the digitalization of dental laboratory work such as CAD and CAM.
- FCI will assist through capital participation (minority investment) through the acquisition of shares held by the current management team and others and will also dispatch several executives to ZOO LABO.
- It will support ZOO LABO's further growth and business expansion, aiming to contribute to the development of the dental industry as a whole. FCI has already invested in ZOO LABO (December 2023).

Company name	ZOO LABO Inc.
Head office	Kawasaki-shi, Kanagawa
Representative	Yoshiki Kayoiji, Representative Director
Number of employees	132
Business description	<ul style="list-style-type: none"> • Production of dental laboratory work • Dental laboratory work using CAD and CAM
Offices	Kanagawa (head office), Chiba, Osaka and Fukuoka

Shareholder Returns: Dividend Policy

- As stated in Notice of Revision of Dividend Policy released on December 27, 2022, the Company's dividend payout ratio is targeted at 40% of net income attributable to owners of parent and the Company determines dividends based on cash-backed gains and losses excluding accounting gains and losses on FCI that do not involve cash flows and the impact of unrealized losses on investment securities
- The as-is payout ratio based on net income attributable to owners of parent of the entire group in FY2023 becomes 60.7%



[Dividends per share]

JPY 1,184 million × 40% ÷ number of shares outstanding
 (11,726,000 shares/excluded treasury stock) ≒ JPY 41

Results of Previous Medium-Term Management Plan (FY2021-FY2023; announced February 2021)

- Targets under the FY2021-FY2023 Medium-Term Management Plan for net sales and ROE were achieved. The operating profit margin target was not achieved, partly reflecting the startup of FCI activities

	Target in the Medium-Term Management Plan (FY2023)	FY2023 Consolidated basis	Summary
Net sales	JPY 8.7 billion	JPY 10.0 billion	<ul style="list-style-type: none"> • Target achieved due to active increase in personnel (105% of plan level^{※1}), expansion of solutions, and increase in consolidated subsidiaries
Operating income margin	20% or more	12.5%	<ul style="list-style-type: none"> • FMI non-consolidated operating income margin was 17% • The consolidated operating income margin was 12.5%, falling short of target due to loss associated with start-up of FCI
ROE ^{※2}	20% or more	23.5%	<ul style="list-style-type: none"> • Target was achieved through steady profit growth and appropriate capital measures

※1 Number of professionals increased to 369 versus FY2023 plan figure of 350

※2 ROE = Profit attributable to owners of parent ÷ Shareholders' equity (average)

Results versus Medium-Term Management Plan (FY2021 - FY2023) Vision

- The goals set out in the previous Medium-term Management Plan were mostly achieved

	Targets in the Medium-Term Management Plan	Result	
Strive to accelerate value and growth	Increase of 40 employees a year	<ul style="list-style-type: none"> Hired around 40 employees a year according to plan Recruited experts with good sector coverage Okino SA^{※1} (real estate and construction), Akita SD^{※2} (automobiles and automotive components), etc. 	○
	Expansion of coverage areas		
	Recruit experts with marketing capabilities		
Provide a distinguished solution	DX consulting and other initiatives	<ul style="list-style-type: none"> Encouraged efforts to tap into DX consulting demand through establishment of Digital Strategy Department Assigned experts to Europe and ASEAN Recruited from financial institutions and took on more trainees 	○
	Reinforcement of cross-border consulting		
	Enhancing collaboration with regional financial institutions		
Launch principal investments	Growth through in-house M&A	<ul style="list-style-type: none"> Formed capital and business alliance with Celebrain Corporation (subsidiary) Formed capital and business alliance with Athema (equity-method affiliate) Launched investment business through establishment of FCI Fully operational from 2024 	△
	Consulting business with capital		
	Reinforcing fund businesses		

※1,2: SA and SD stand for Senior Advisor and Senior Director respectively



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Section 2

FY2024 Financial Forecast



Full-year Forecast Summary [Entire Group]

Entire Group

- Our FY2024 forecasts are consolidated net sales of JPY 13.0 billion (up 30% YoY), consolidated operating income of JPY 1.6 billion (up 29%), consolidated ordinary income of JPY 1.5 billion (up 27%), net income attributable to owners of parent of JPY 1.0 billion (up 28%), and number of employees at end of year of 439
- Consolidated operating income will increase 30% due to 14% operating income increase (excluding FCI) and FCI deficit decrease

(JPY Mil.)

	FY2021 Results	FY2022 Results	FY2023 Results	FY2024 Financial Forecasts	YoY change (amount)	YoY change (ratio)
Net sales	5,741	7,915	10,025	13,000	+2,975	130%
Operating income	501	908	1,251	1,620	+368	129%
(Operating income margin)	(9%)	(11%)	(12%)	(12%)	(+0%)	—
Ordinary income	514	921	1,238	1,570	+331	127%
(Ordinary income margin)	(9%)	(12%)	(12%)	(12%)	(+0%)	—
Net income attributable to owners of parent	338	556	780	1,000	+219	128%
(Net income attributable to owners of parent margin)	(6%)	(7%)	(8%)	(8%)	(+0%)	—
Number of employees at end of fiscal year	255	335	369	439	+70	119%
(Personnel expense ratio)	(67%)	(58%)	(53%)	(54%)	(+1%)	—

※Number of employees at end of fiscal year does not include number of employees at FCI's investees

Full-year Forecast Summary [Consolidation Excluding FCI]

Excluding FCI

- FY2024 forecasts excluding FCI are net sales of JPY 11.8 billion (up 18% YoY), operating income of JPY 1.8 billion (up 14%), and net income attributable to owners of parent of JPY 1.3 billion (up 13%)
- Since FMI will focus on hiring professional personnel and strengthening corporate functions, operating income growth is moderate

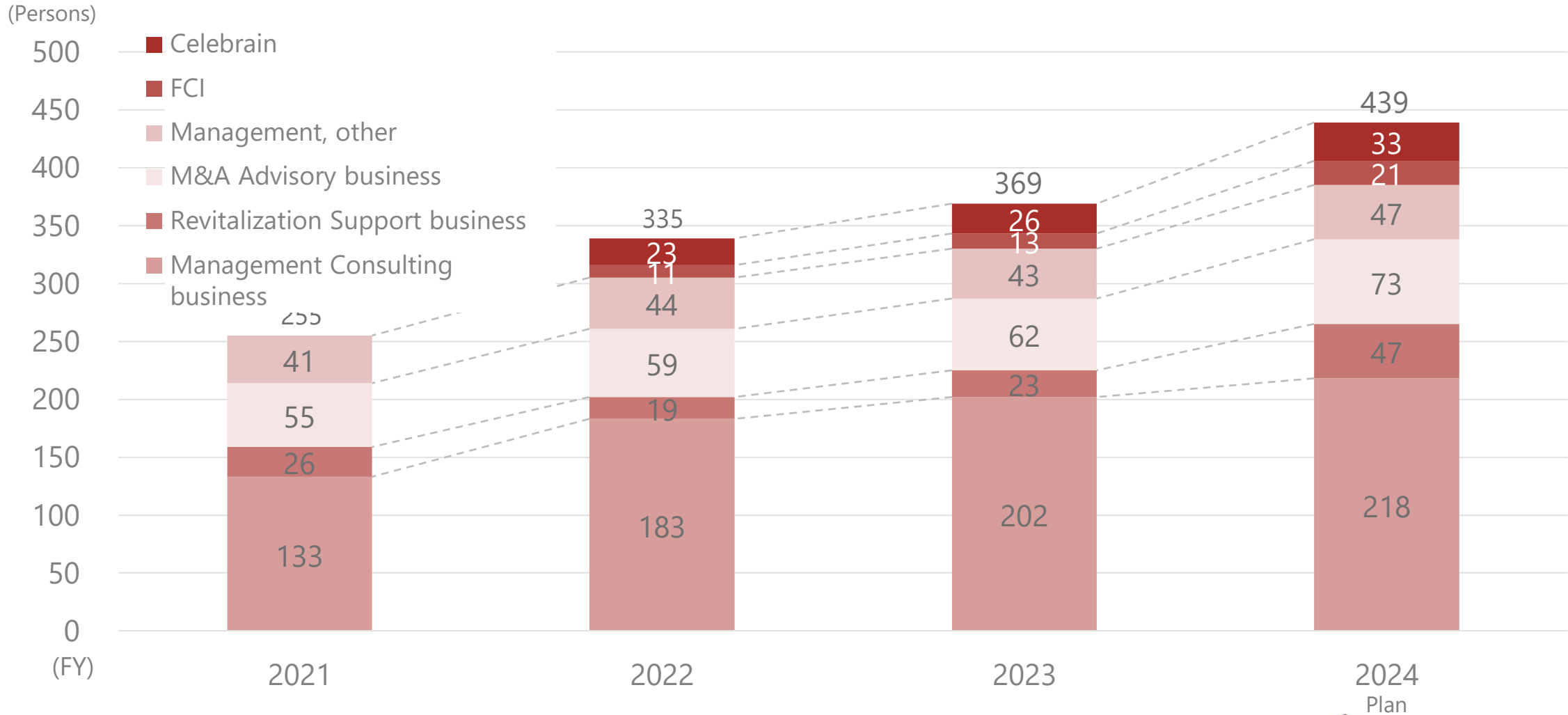
(JPY Mil.)

	FY2021 Results	FY2022 Results	FY2023 Results	FY2024 Financial Forecasts	YoY change (amount)	YoY change (ratio)
Net sales	5,741	7,898	10,003	11,800	+1,796	118%
Operating income	501	1,097	1,639	1,870	+230	114%
(Operating income margin)	(9%)	(14%)	(16%)	(16%)	(△0%)	—
Ordinary income	514	1,112	1,641	1,860	+218	113%
(Ordinary income margin)	(9%)	(14%)	(16%)	(15%)	(△0%)	—
Net income attributable to owners of parent	338	748	1,184	1,340	+155	113%
(Net income attributable to owners of parent margin)	(6%)	(9%)	(12%)	(11%)	(△0%)	—
Number of employees at end of fiscal year	255	324	356	418	+62	117%
(Personnel expense ratio)	(67%)	(58%)	(53%)	(54%)	(+1%)	—



Personnel Plan

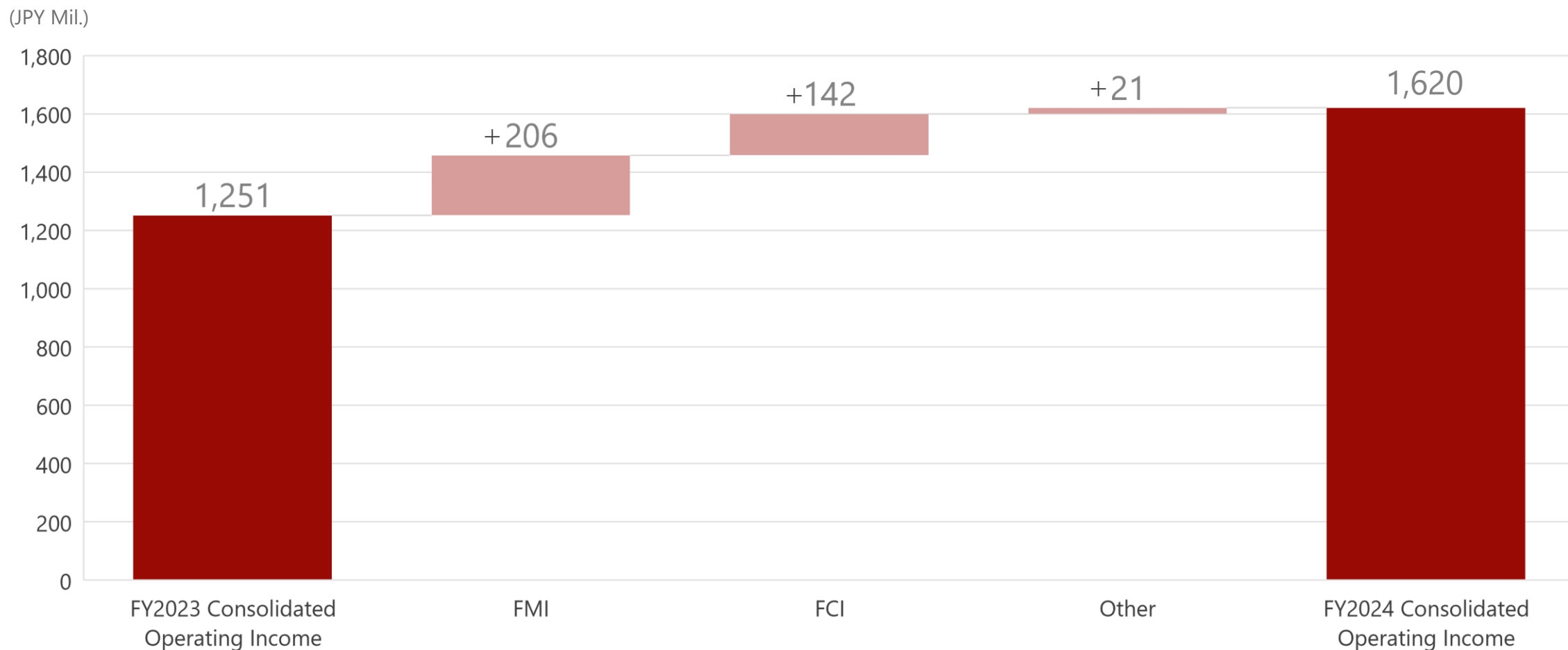
- An increase of 70 personnel across the FMI Group is planned in FY2024. In FY2024, there will be a particular focus on increasing personnel in the Revitalization Support Business and M&A Advisory Business alongside a continued increase of personnel in the Management Consulting Business



※FCI is expected to make one consolidated investment in FY2024 but the personnel plan reflects FCI personnel on a non-consolidated basis

Background to FY2024 Operating Income Growth Forecast

- FMI's profit on a non-consolidated basis will increase due to growing demand for revitalization support and expansion of the digital consulting field. Operating income on a consolidated basis is also expected to expand significantly with the full-scale operation of FCI's investment business from the previous year (assuming that investment is made in one consolidated investment project in the fourth quarter of FY2024)



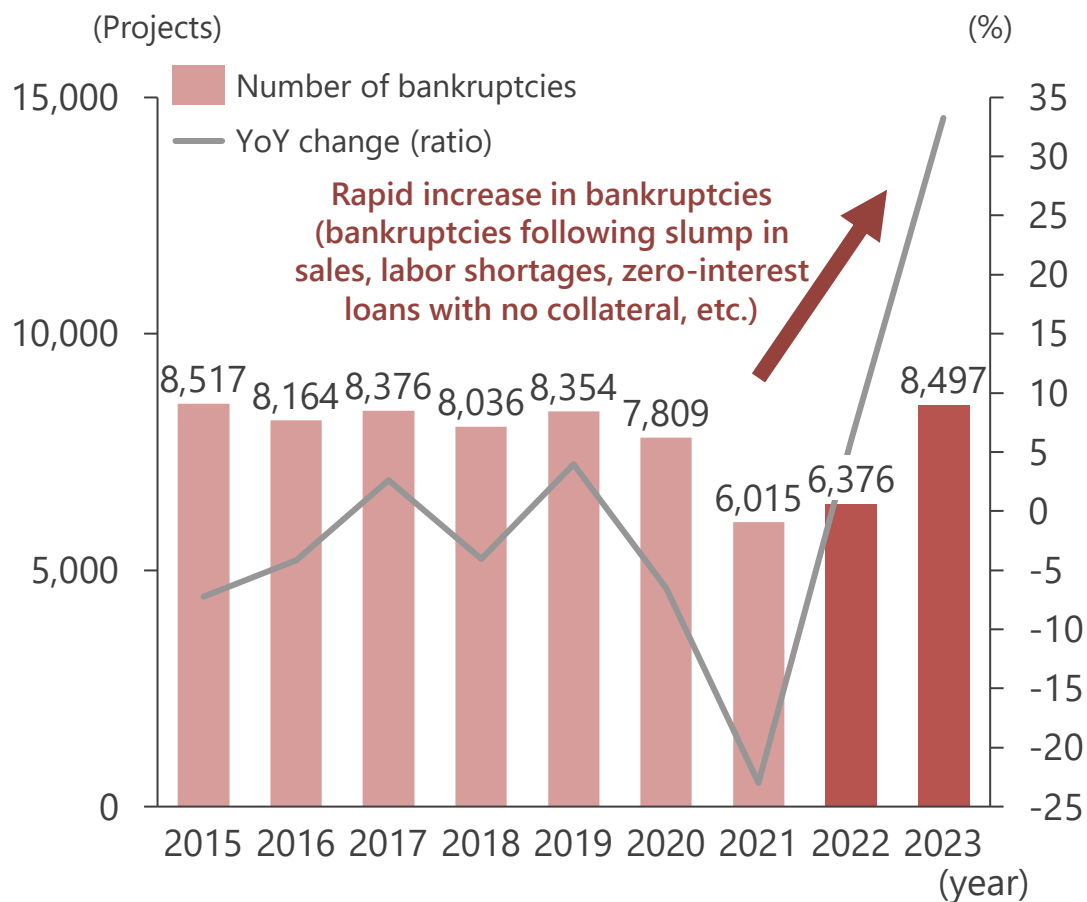
※See the Medium-term Business Plan for details of FCI's profit expansion

Growing Demand for Revitalization Support and Development of System to Meet Them

- We will work to further strengthen the system to meet growing demand for revitalization support

Growing demand for support evident in rise in number of bankruptcies

Strengthening of system to meet demand and business expansion



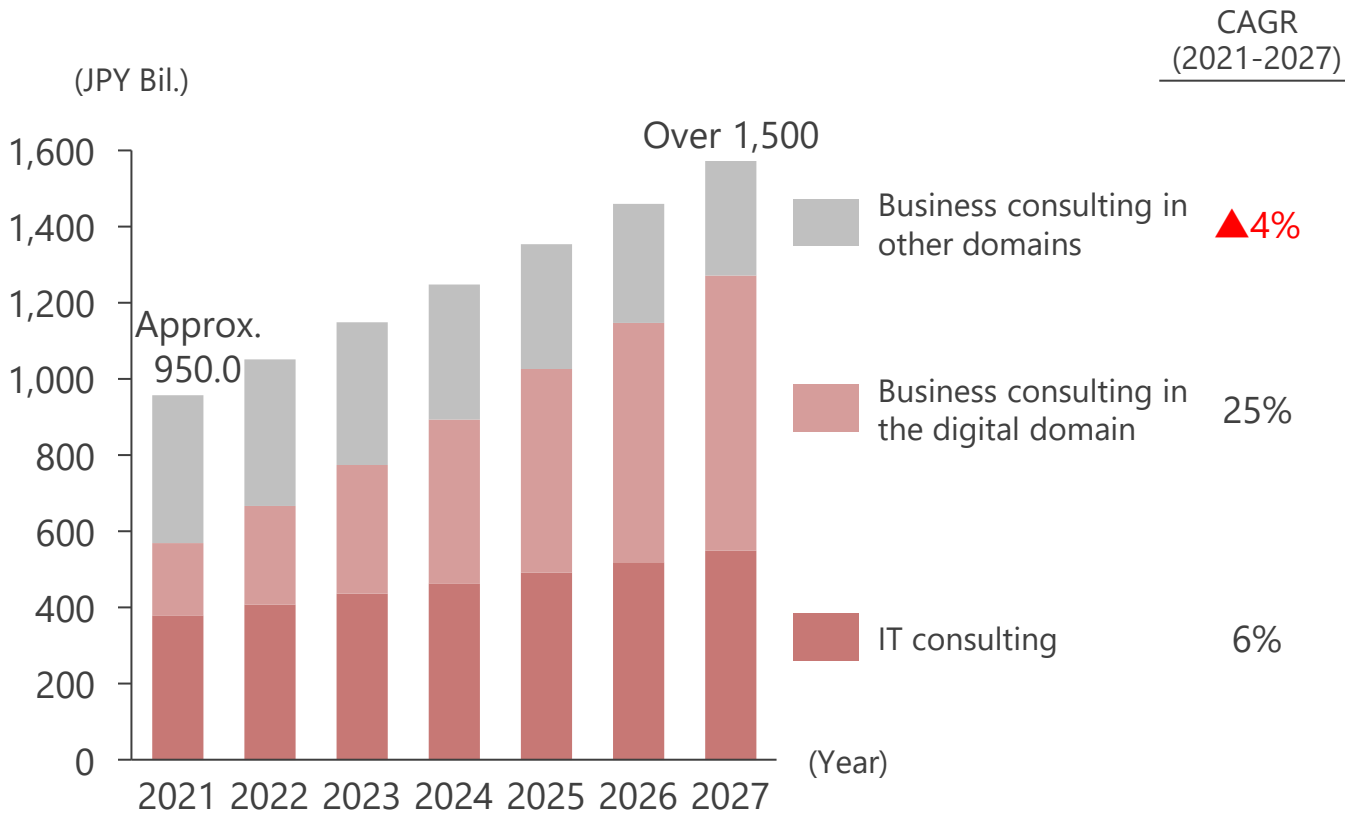
Division	Initiative	Organizational structure
Financial institutions Salespersons in charge	Expansion of sales personnel at 2 sites in Tokyo and Osaka Strengthening if collaboration with financial institutions across Japan	FY2023 8 persons → FY2024 10 persons
Revitalization business-related divisions	Strengthening of both revitalization consulting and M&A capabilities	FY2023 85 persons → FY2024 120 Persons*

*Number of personnel in revitalization business-related and M&A advisory divisions

Expansion of Digital Consulting

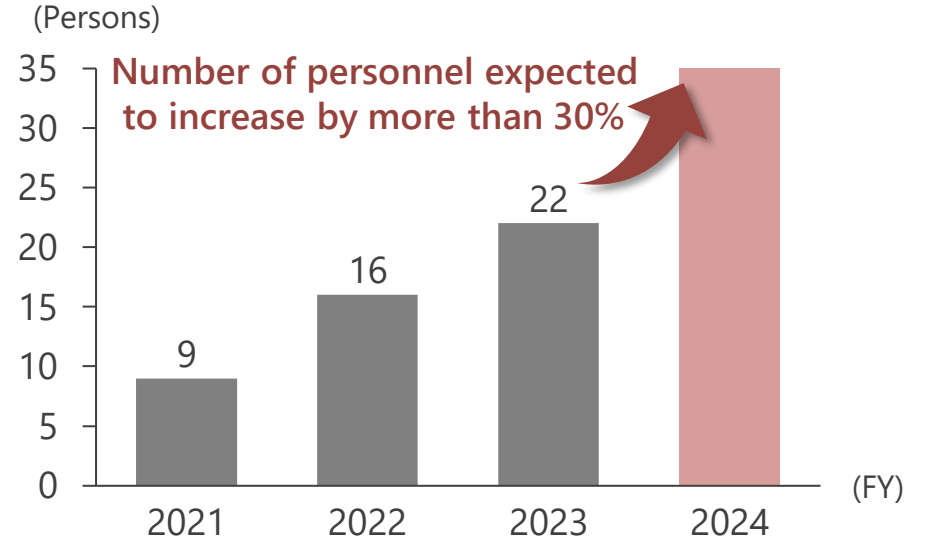
- On the assumption of increased digitalization, the digital consulting market is expected to expand

Expansion of Digital and IT Consulting Market



Strengthening of system to meet demand and business expansion

Number of Personnel in Digital Divisions



Focusing on sales expansion/operational reform support to expand domain of business value enhancement using digital technology (e.g. sales expansion in e-commerce business)

Source: Prepared by Frontier Management based on data from IDC Japan

Note: IT consulting deals mainly with the development of IT systems, whereas digital-related business consulting deals with business using digital technologies.

Strengthening overseas structure

- We will increase our overseas representatives and alliance partners, focusing on the US and Europe

Development of cross-border advisory network

Expanding alliance partners and network to provide cross-border consulting and M&A services mainly in Europe, the US and ASEAN

Strengthening of overseas sites

Developing European market through Paris branch
Assigning representatives and recruiting local talent at sites all over the world

Business expansion through teamwork in Japan and overseas

Optimal advisory structure for closely supporting clients

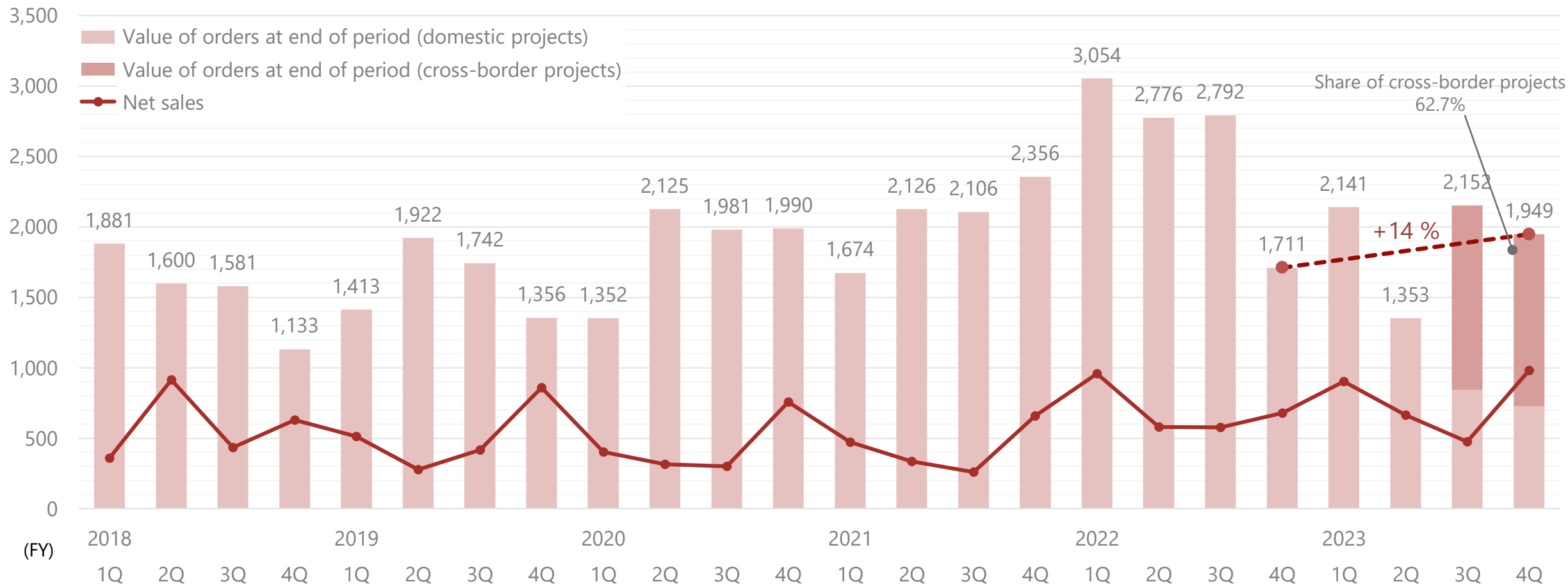
Forming the optimal team of experts both in Japan and at overseas sites, to provide clients with optimal solutions

Value of Orders Received in M&A Advisory Business

- The value of orders received in the M&A Advisory Business at the end of last year is around 14% higher than the value of orders received a year earlier when we received our largest ever project. Moreover, cross-border projects accounted for more than 60% of the total value

(JPY Mil.)

Trends in Value of Orders* at End of Period in M&A Advisory Business and Net Sales

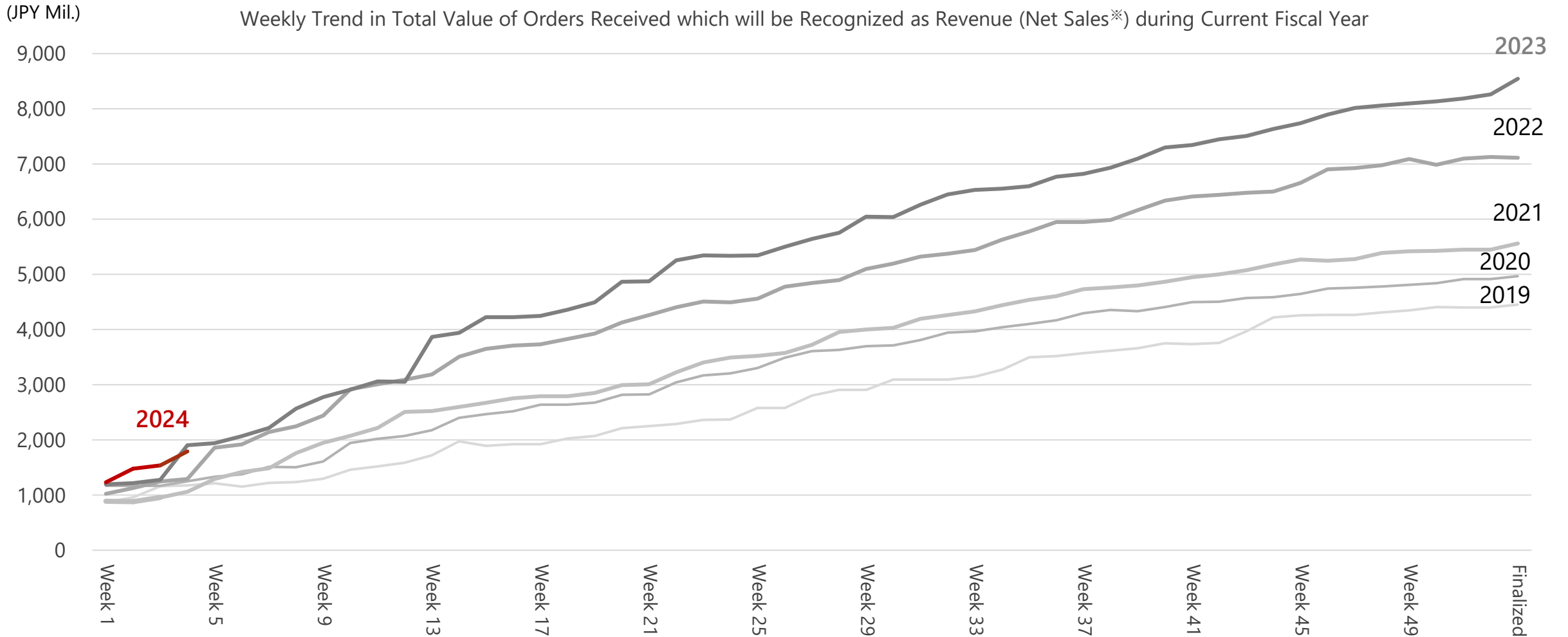


*Orders are based on net sales excluding outsourcing expenses and project referral fees. In some cases, contracts are not concluded for high probability projects. Share of cross-border projects in the total value of M&A orders is shown from the third quarter of 2023 (cross-border project means that either the customer or the counterparty in the negotiation is a foreign company)

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

Excluding FCI

- Most recently, the value of orders received is comparable to the FY2023 level when we concluded a contract for our largest ever project



*Net sales exclude outsourcing costs and project referral fees.



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Section 3

**FY2024-2026
Medium-Term Management Plan**



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- Chapter 3 Strengthening of Frontier Management's Organization
- Chapter 4 Plan Figures and Shareholder Return Policy



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Chapter 1 Frontier Management's Vision



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

Frontier Management's Vision

- Global independent professional firm that provides optimal services according to the business characteristics of clients and supports the delivery of results that will enhance corporate value

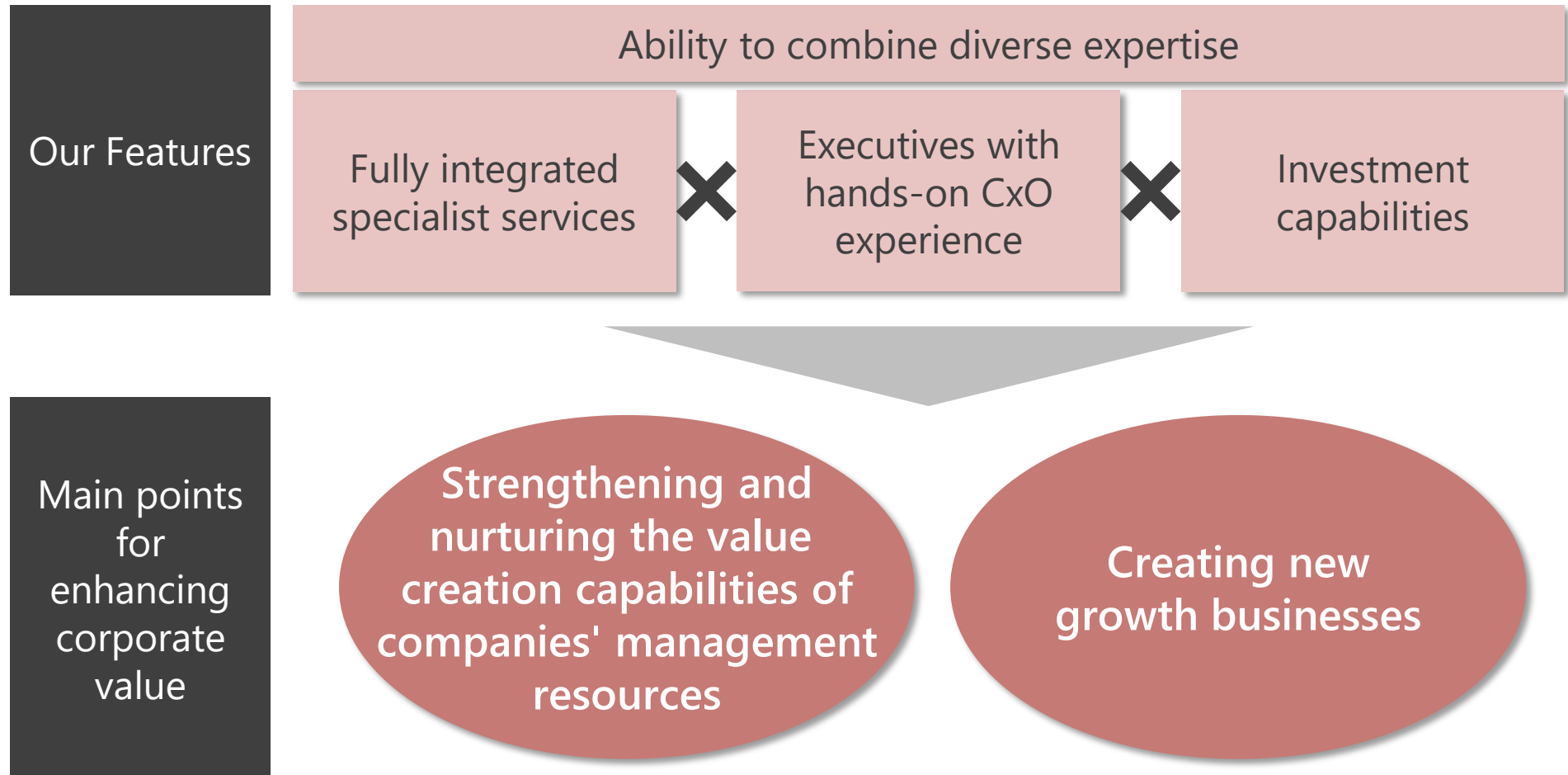
Frontier Management's Values

- Pursuing the essence
- Committed to the delivery of results
- Leveraging diversity
- Seeing the broader picture

Outline of Growth Strategy

Outline of Growth Strategy

- Improve corporate value by strengthening and nurturing the value creation capabilities of our clients' management resources and delivering results in the form of the creation of new growth businesses



Business strategies and strengthening of organization

- 1 Consulting and M&A advisory business: Focus on solutions for strengthening and nurturing the value creation capabilities of management resources**
 - Provide fully integrated support for the formulation of business portfolio strategies, M&A activities, and PMI
 - Improve productivity through hands-on support for digitalization
 - Develop full-spec support capabilities for revitalization projects spanning revitalization plan formulation, hands-on support, investment and dispatch of CxO
 - Strengthen the global competitiveness of clients through fully integrated support for mid-cap cross-border M&A deals and PMI
 - Support the formation of a leadership team and the development of executives to drive future growth in accordance with management strategies
- 2 Investment business (FCI): Step up investment and establish new fund**
 - Strengthen investment business that will increase involvement in the delivery of results
 - FCI: Step up investment in local core companies and realize dramatic growth of investees
 - Establish new fund for new business creation
- 3 Strengthening of organization: Achieve discontinuous growth through quantitative expansion, improvement of productivity and M&A**
 - Hire 200 additional employees over the 3-year period (non-consolidated basis). Diversify recruiting methods and achieve both quantitative expansion and greater efficiency
 - Significantly improve operational productivity through sophistication of knowledge DB, generative AI, and BPO
 - Actively undertake M&A/alliances with companies with potential synergies



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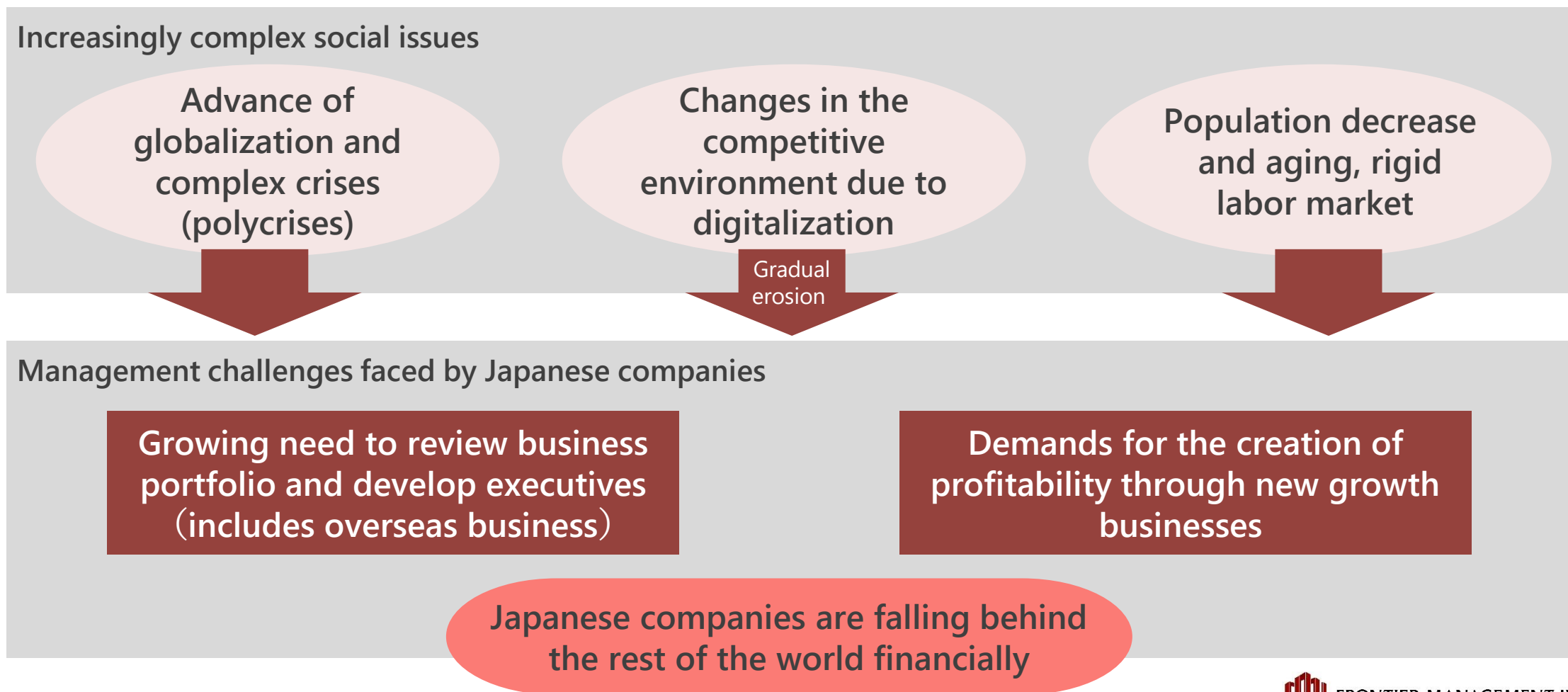
Chapter 2 Market Opportunities and Growth Strategies



Social Issues and Management Challenges Faced by Japanese Companies

Social issues are becoming even more complex. We will focus on the management challenge that Japanese companies are falling behind the rest of the world financially

Increasingly complex social issues and management challenges facing Japanese companies



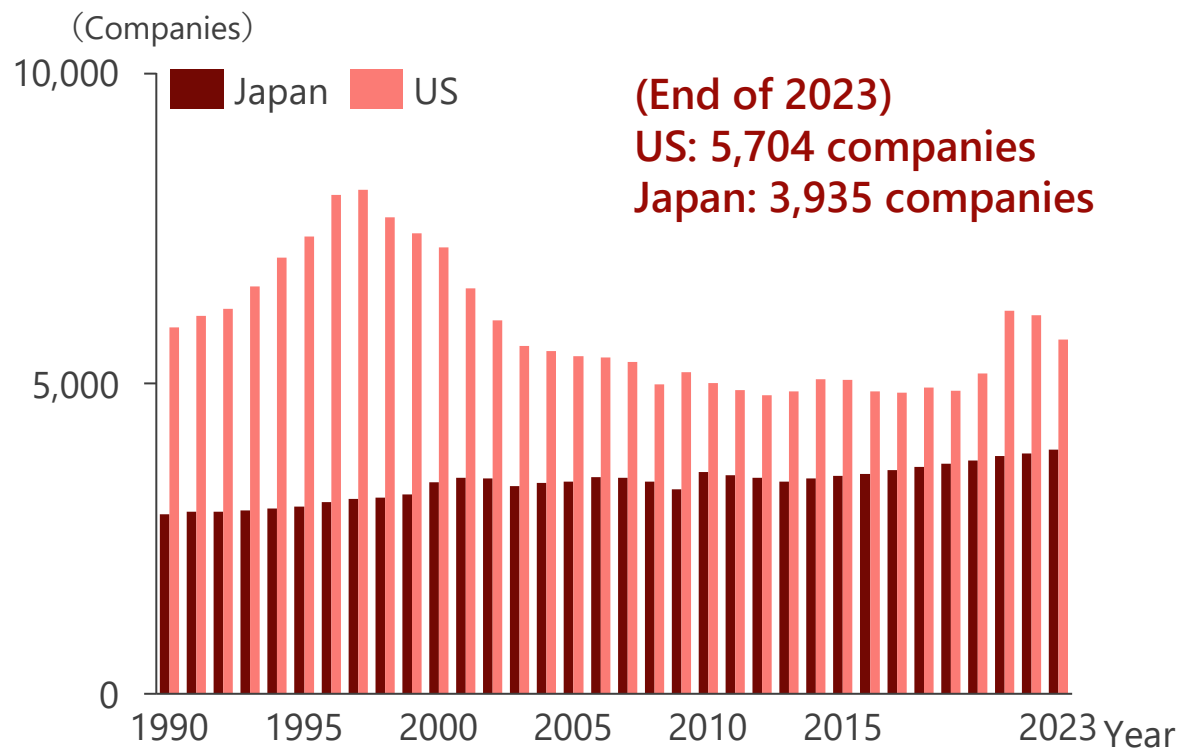
Social Issues and Management Challenges Faced by Japanese Companies

- Comparison of Listed Companies in Japan and US, Japanese companies are lagging behind

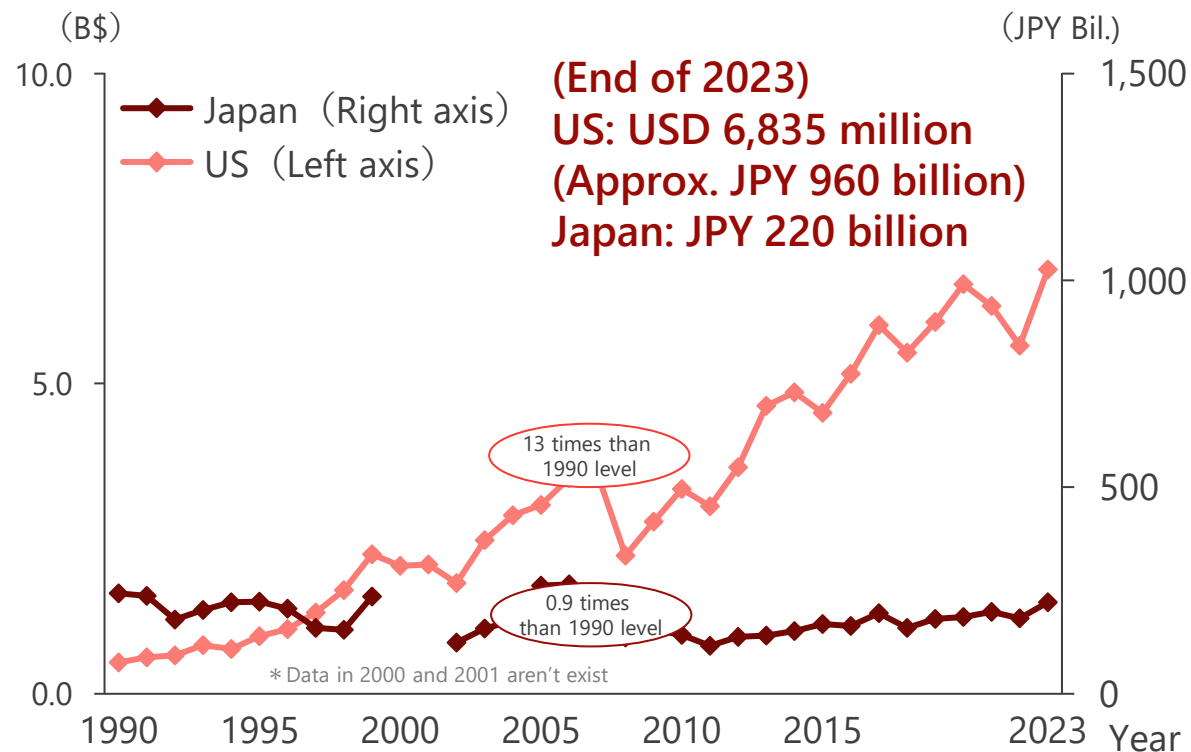
The market capitalization of Japanese companies is much smaller than the market capitalization of their US counterparts, Japanese companies also show no business expansion compared to the past

Changes on US and Japanese stock markets (market capitalization is market capitalization excluding GAFAM)

Number of listed companies



Market capitalization of listed companies (excluding GAFAM)



Source: Prepared by Frontier Management based on data from WEF and SPEEDA.

Note: Figure for Japan is the combined market capitalization of stocks listed on the Tokyo Stock Exchange and the Osaka Exchange (abolished), while the figure for the US is the combined market capitalization of stocks listed on the NYSE and Nasdaq.

Social Issues and Management Challenges Faced by Japanese Companies

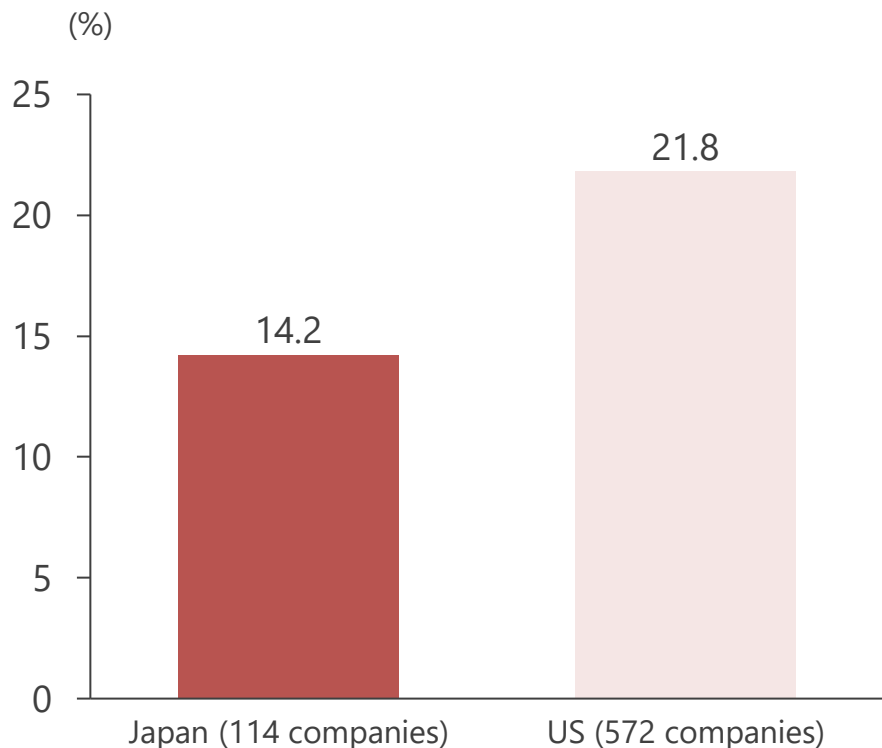
- Low Profitability and Business Portfolios of Japanese Companies

Japanese companies have lower profit margins than their US counterparts, and a breakdown shows that half have an operating margin of less than 10%

Some might say that low profit business portfolio diversification is a drag on the growth of listed companies

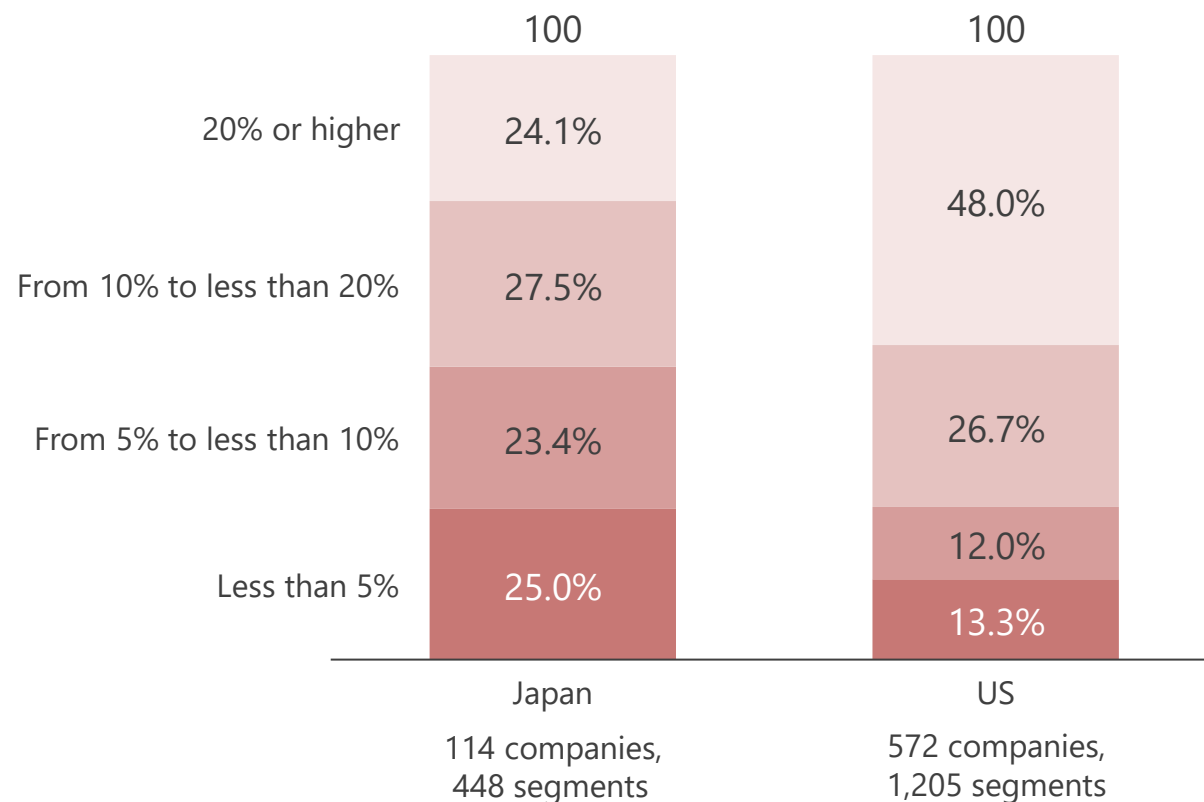
Average operating margin of Japanese companies

(Listed companies with market capitalization of 10 billion US dollars or more)



Operating margin distribution in all business segments*

(Listed companies with market capitalization of 10 billion US dollars or more)



Source: Prepared by Frontier Management based on data from FactSet

Note: Extracted business segments of companies whose most recent market capitalization is 10 billion US dollar or more and whose operating margin in the most recent fiscal year was between -100% and 100%.

Social Issues and Management Challenges Faced by Japanese Companies

- Need for Dispatch or Development of Executives

In Japan, most of CEOs have no experience at other companies. In addition, there are few people with “management” experience. These characteristics of Japan's labor market lead to demand for the dispatch and development of executives or demand for hands-on consulting

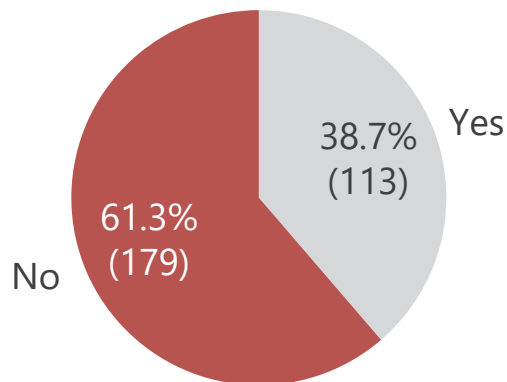
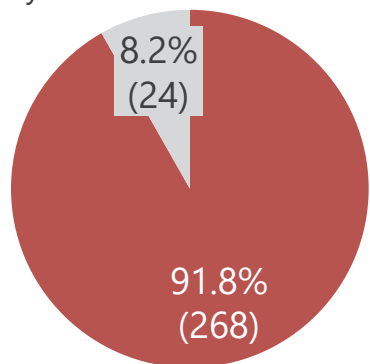
Attributes of CEOs newly appointed in 2022

Skills held by CEOs in 2019

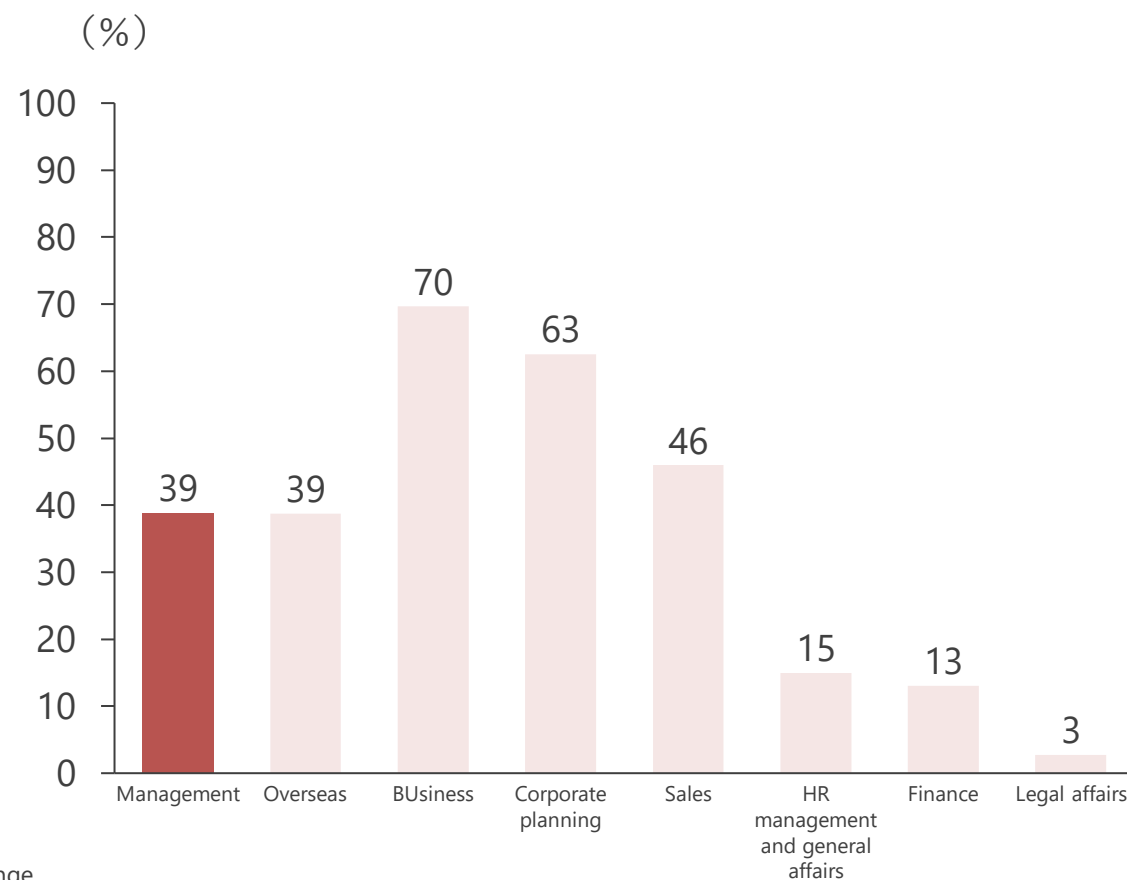
Ratio of internally promoted CEOs

Professional experience at other companies

Externally recruited CEOs



Internally promoted CEOs



Source: (Left) Independent survey conducted by Frontier Management of more than 290 companies that had a change of president in 2022 identified through Nikkei Value Research
 (Right) Prepared by Frontier Management based on data provided by Commercial Law Review

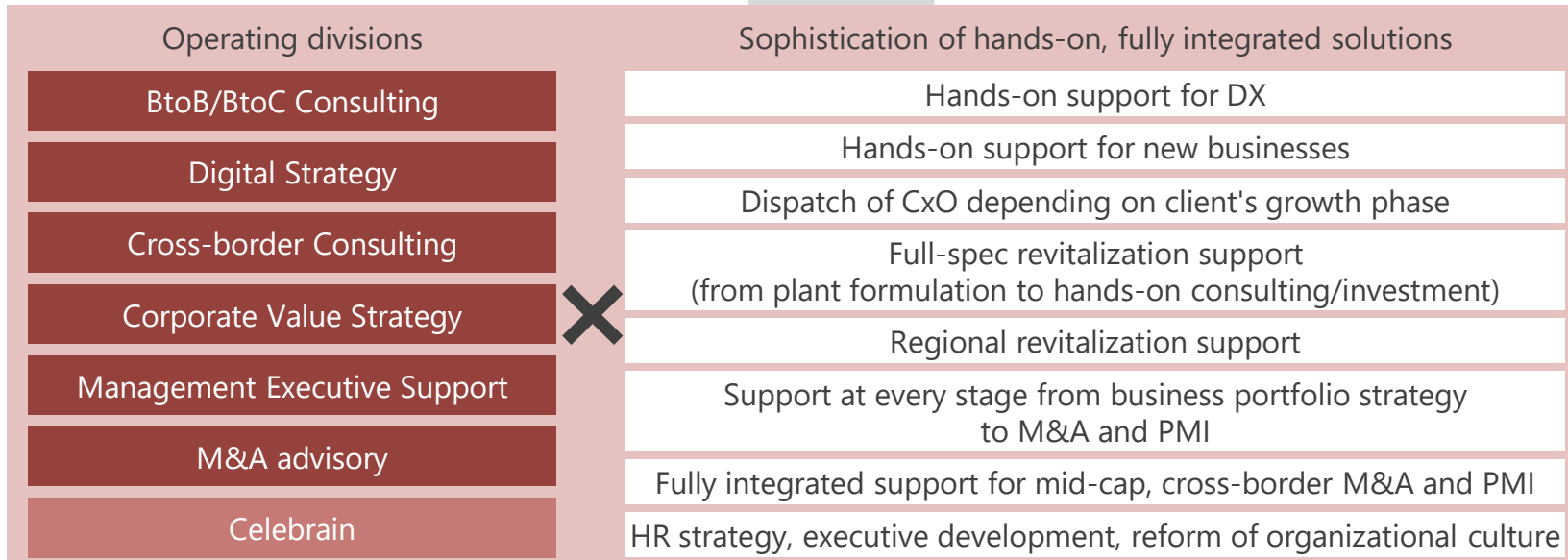
Frontier Management' Growth Strategies

Management challenges faced by Japanese companies

Growing need to review business portfolio and develop executives (includes overseas business)

Demands for the creation of profitability through new growth businesses

Priority themes in each business



Investment Business

- Strengthen investment in local core companies
- Venture investment aimed at new business creation

Frontier Management's Features

Fully integrated specialist services

Executives with hands-on CxO experience

Investment capabilities

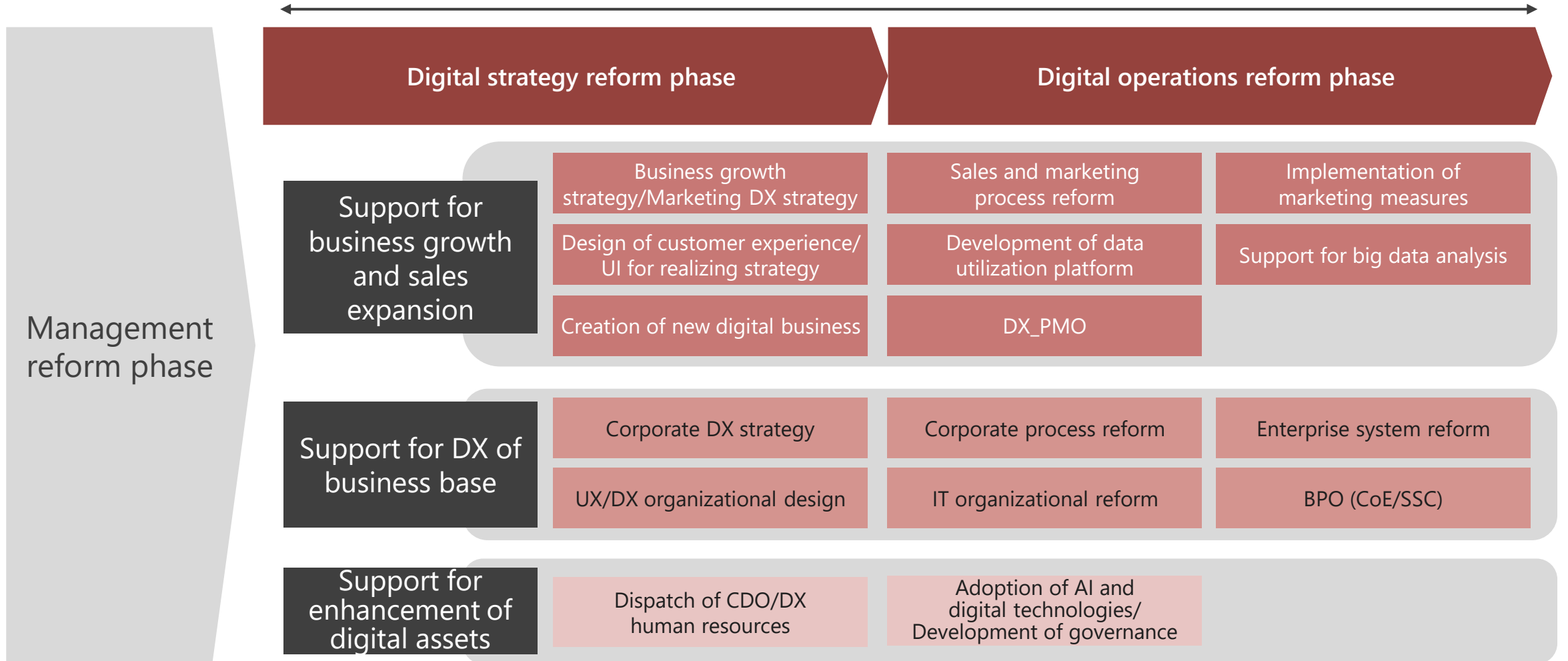
Ability to combine diverse expertise

Consulting and M&A Advisory Business

- Strengthen Solutions: DX Hands-on Support

We will improve our clients' profitability and productivity through hands-on support from the management reform phase through to digital strategy and digital operations reform phases

Hands-on support for DX

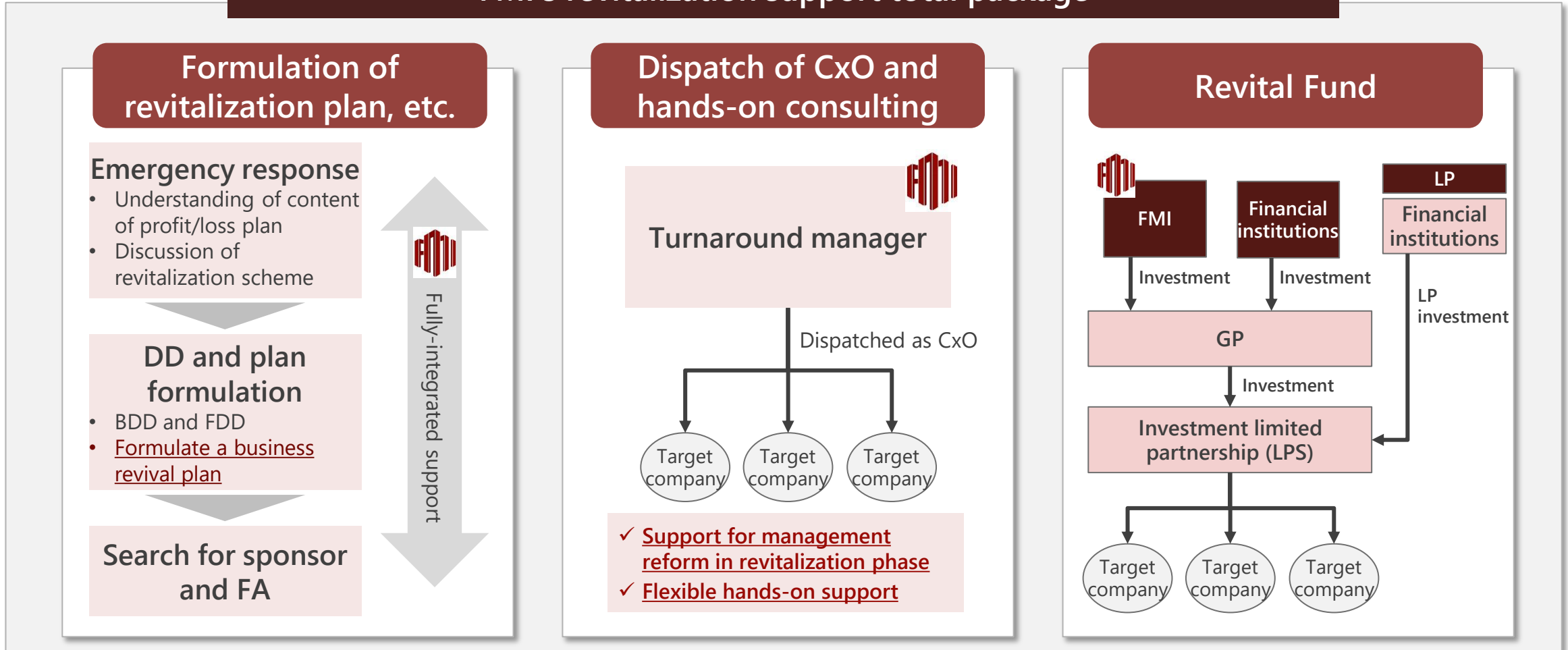


Consulting and M&A Advisory Business

- Strengthen Solutions: Full-spec Revitalization Support

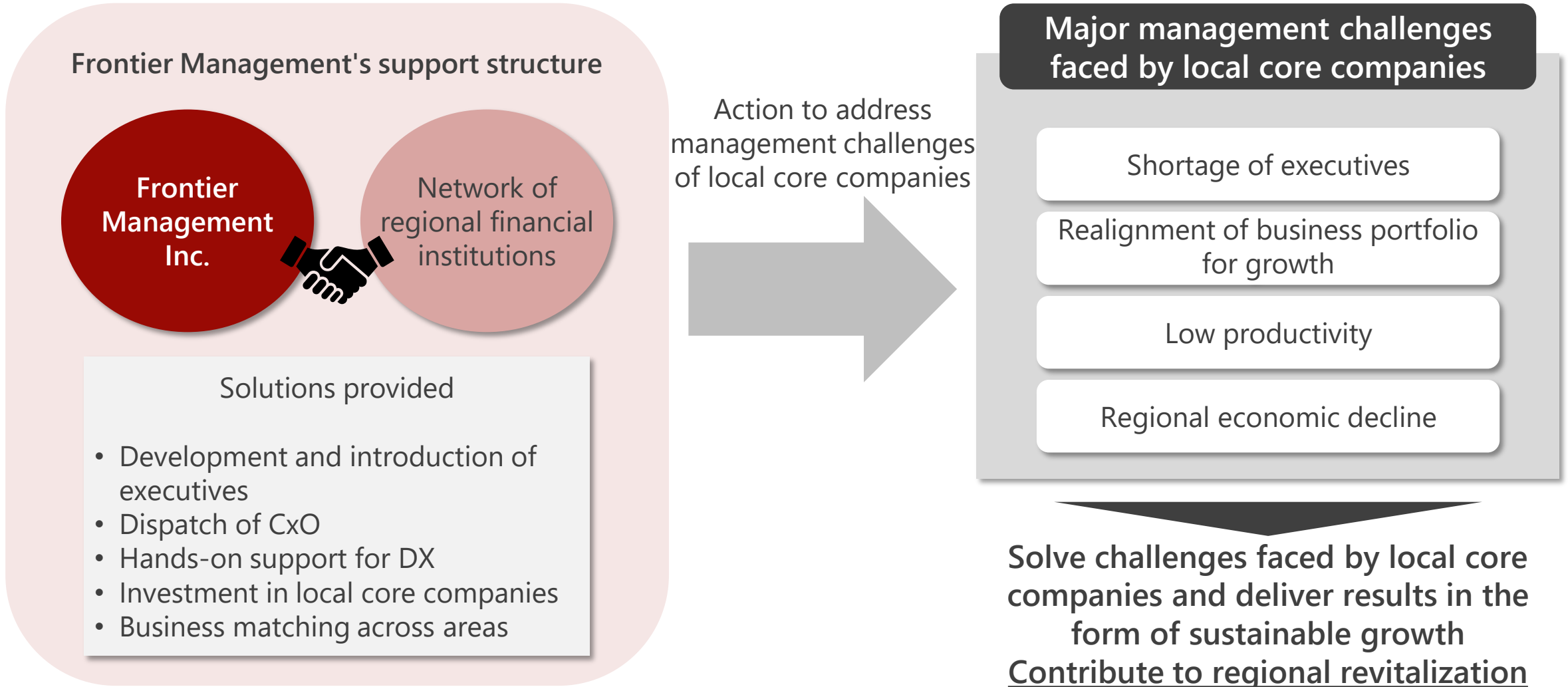
We will provide full-spec revitalization support including not only formulation of revitalization plan, dispatch of CxO and hands-on consulting but also investment

FMI's revitalization support total package



Consulting and M&A Advisory Business - Strengthen Solutions: Support for Regional Revitalization

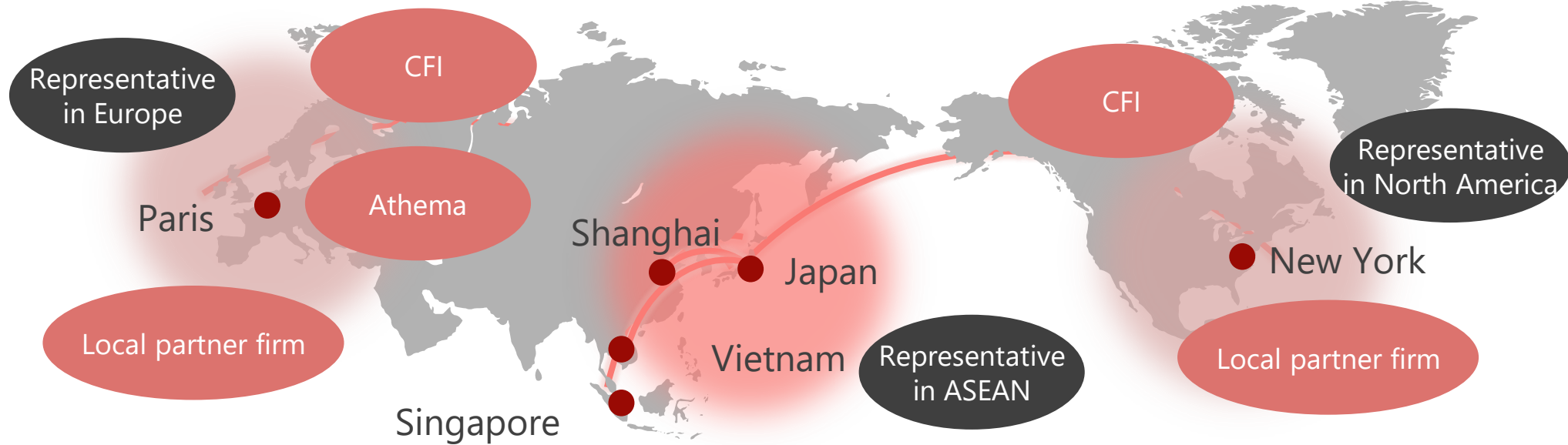
We will leverage our regional financial institution network to contribute to regional revitalization by realizing the sustainable growth of local core companies



Consulting and M&A Advisory Business

- Strengthen Solutions: Mid-cap, Cross-border M&A and PMI

We will gather information on attractive M&A deals around the world and support cross-border M&A and PMI, with emphasis on mid-cap targets



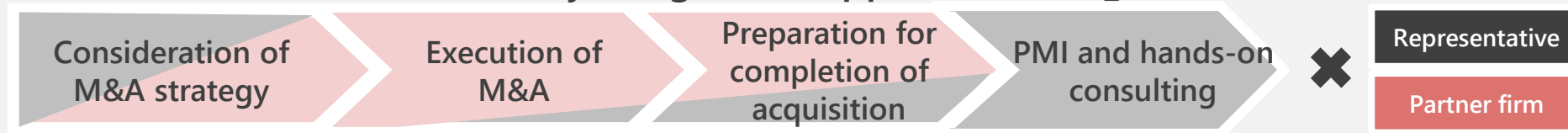
Development of structure enabling amassing of information from around the world in Japan and development PMI after acquisitions

Provision of attractive mid-cap, cross-border M&A opportunities to Japanese and overseas companies

■ Consulting team

■ M&A advisory team

Fully integrated support including PMI



Consulting and M&A Advisory Business

- Strengthen Solutions: Executive Development and Organizational Culture Reform

We will also further strengthen solutions in terms of HR strategy, executive development and organizational culture reform, in collaboration with Celebrain

**Fully integrated solutions for realization of management strategies
-in collaboration with Celebrain**

Changes in external environment



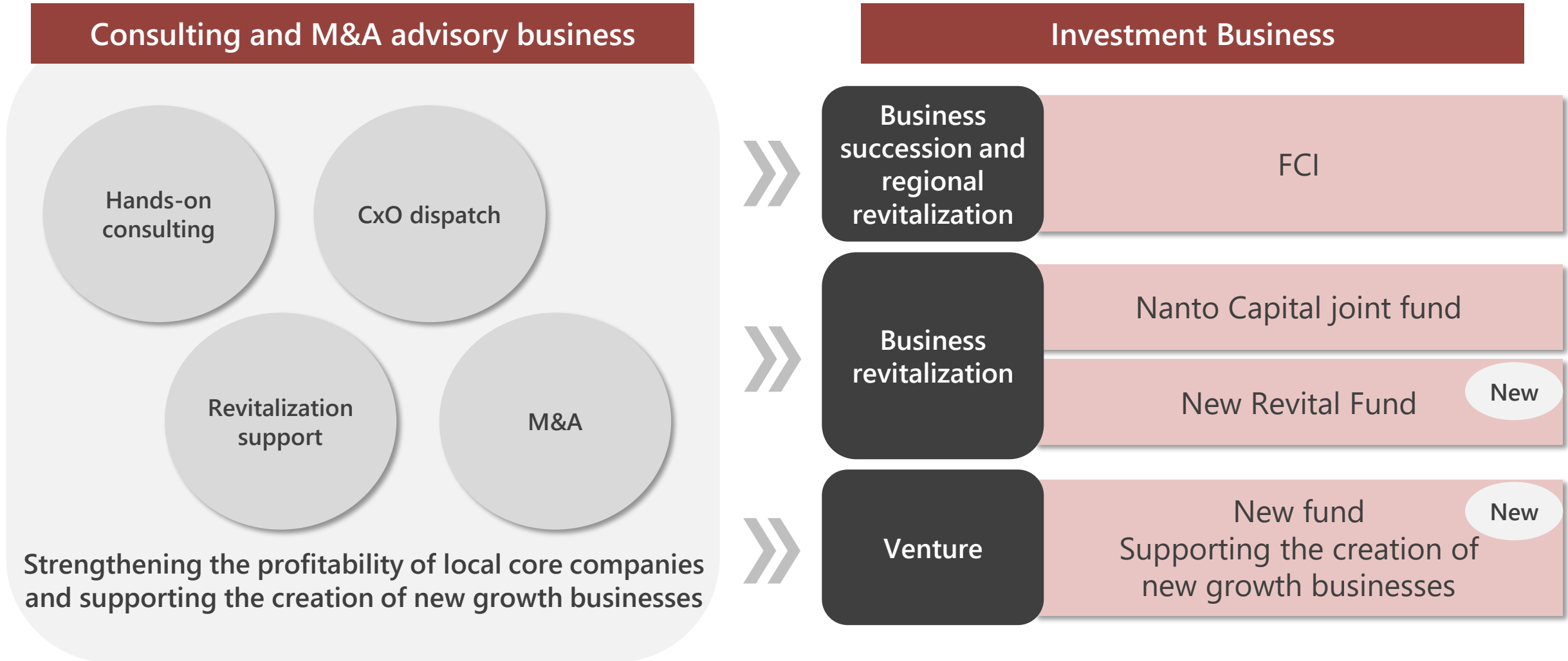
Growing interest in human capital due to disclosure requirements

Growing demand for new HR design in connection with M&A

Shortage of management human resources

Investment Business - Strengthening Policy

- Whilst strengthening the Consulting and M&A advisory business, we plan to establish new funds with diverse investment policies

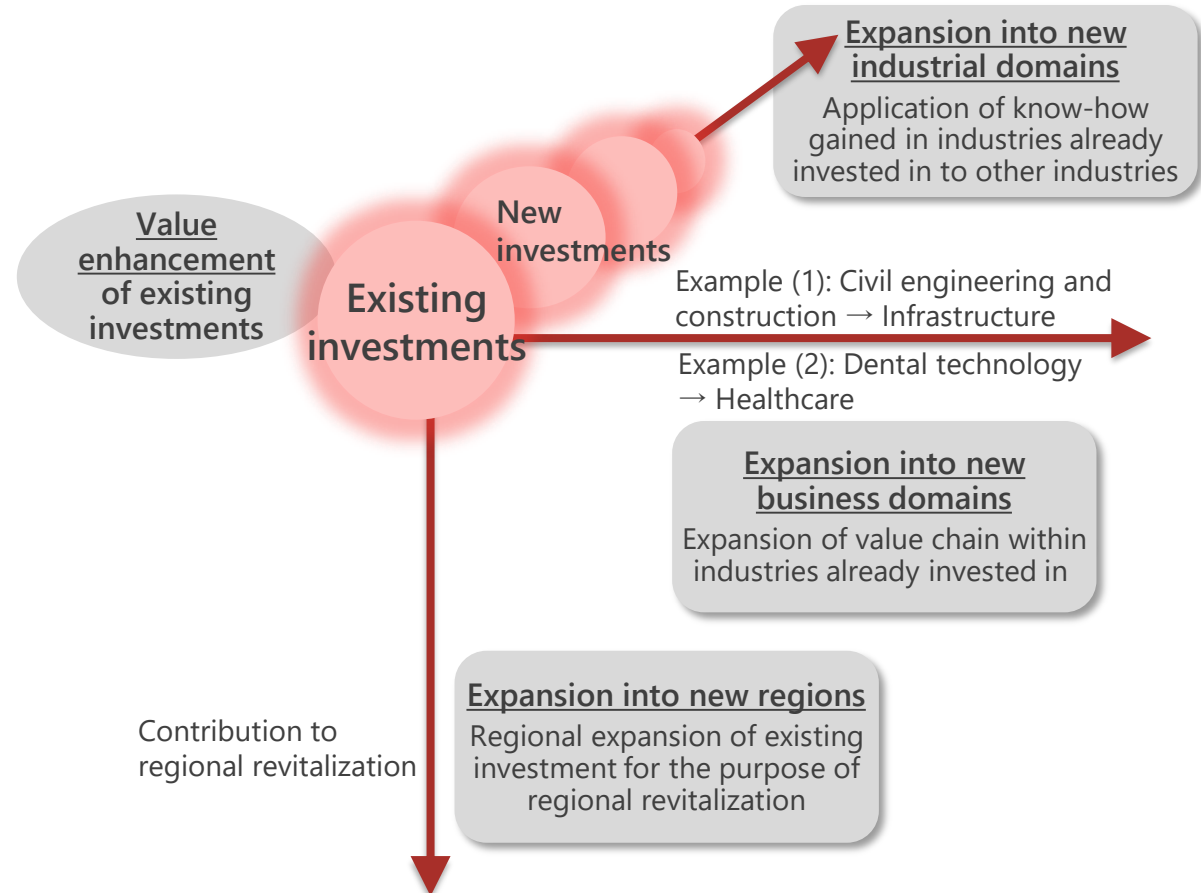


Investment Business - FCI's Growth Strategy

- FCI will continue to identify and implement investment projects that will contribute to regional revitalization, etc

<p>Investment concept</p>	<p>To contribute to the revitalization of local economies by supporting the resolution of management issues from a long-term perspective through the investment of human resources, know-how and money in various companies facing management issues. This approach is not limited to specific industries, areas or industries.</p>
<p>Characteristics</p>	<ul style="list-style-type: none"> • Supports sustainable improvement in corporate value through medium- and long-term investment • Provides hand-on support through resident consultants and provides management executives • Excels at developing and implementing business strategies
<p>FY2024 targets</p>	<ul style="list-style-type: none"> • Aiming for early implementation of one consolidated investment (majority investment) • Also actively considering non-consolidated investment projects (minority investments)

Portfolio strategy for medium- and long-term expansion





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Chapter 3 Strengthening of Frontier Management's Organization

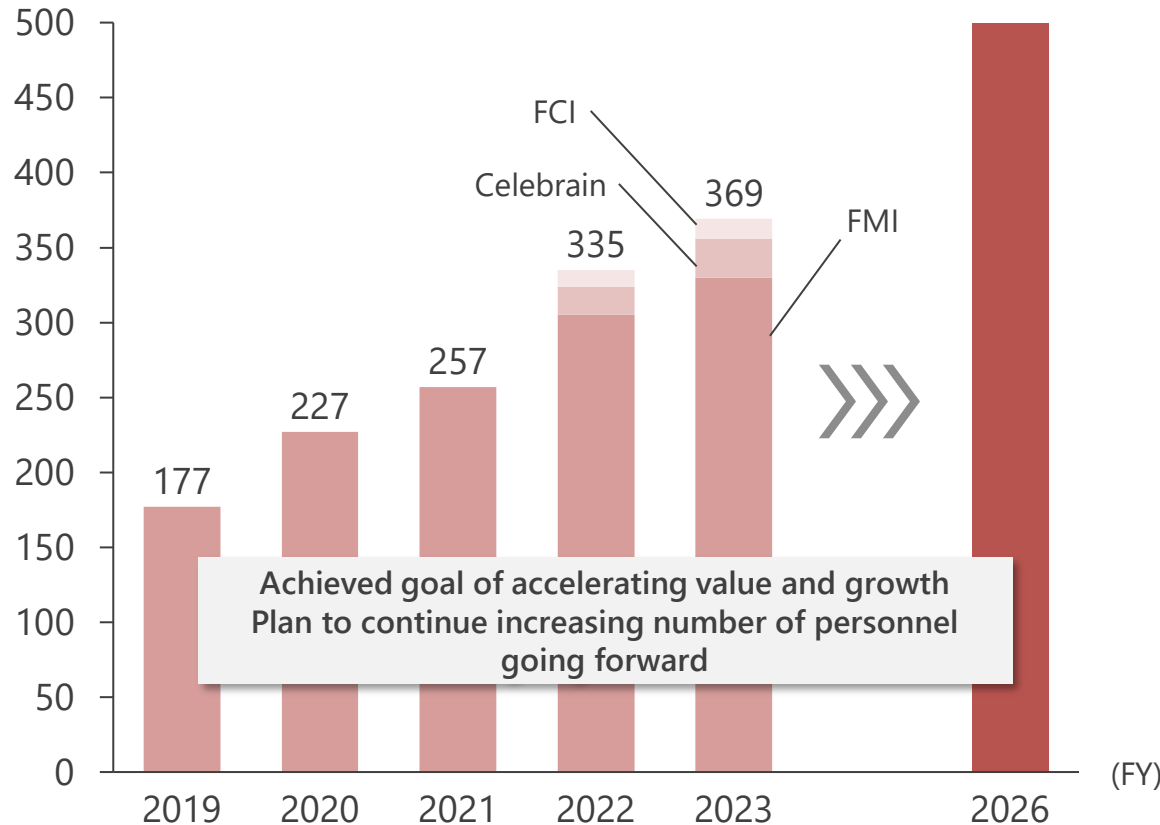


Acceleration of Value and Growth and Improvement of Productivity

- We achieved our goal of accelerating value and growth through active recruitment. Going forward, our priorities are (1) diversification of recruitment methods and (2) creation of a comfortable workplace environment

Number of Frontier Management group employees

(Persons)



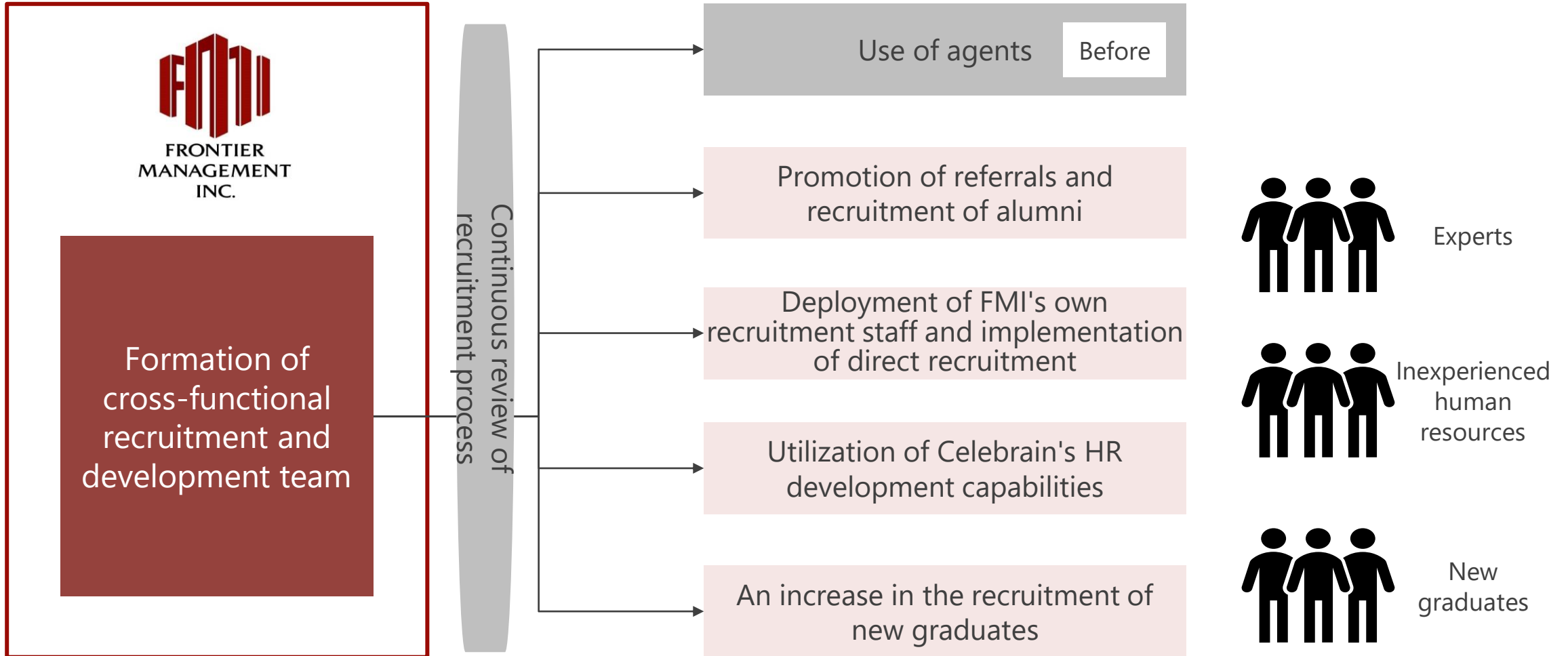
Future priorities

Diversification of recruitment methods

Creating a comfortable workplace environment

Diversification of recruitment methods

- FMI formed a cross-functional recruitment and development team to deploy diverse recruitment methods and carry out a continual review of the recruitment process
We will also seek to reduce recruitment costs by bringing recruitment in-house through direct recruitment and encouraging use of Celebrain



Creating a Comfortable Work Environment

We will hold "DE&I Promotion Committee" meetings across the Group. With reference to the ideas raised here, we will create a work environment in which importance is attached to "growth opportunities for realizing career vision" and "diverse working styles according to lifestyle."

Growth opportunities for realizing career vision

System of support for transfer between departments

Participation in cross-departmental practice teams

Work at various locations in Japan and overseas

Enhancement of HR training system

Establishment of Working Style Reform Promotion Section

Living support for non-Japanese employees

Diverse working styles according to life style

Productivity improvement
(enhancement of internal DX, consolidation of operations, external resource utilization)

Flextime system

Remote working system

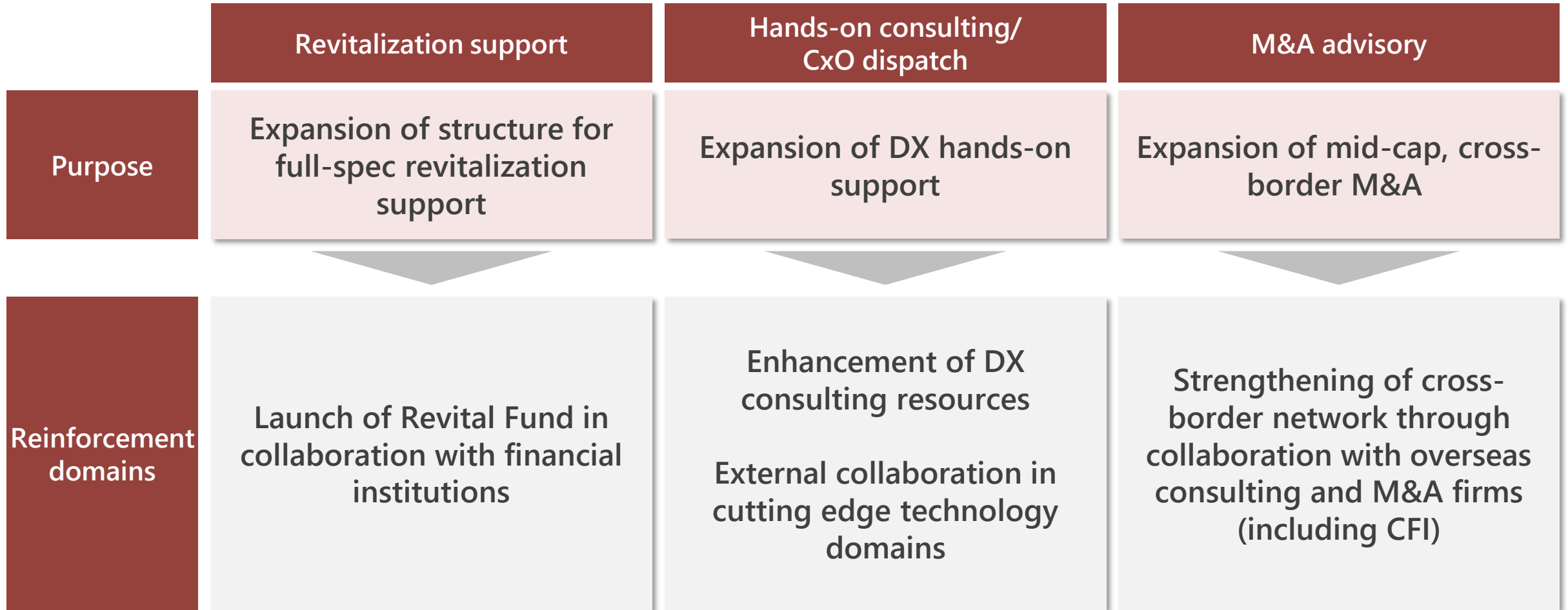
Training related to DE&I

Babysitter subsidies and partner childcare centers

Medical checkups for all employees

Strengthening of M&A and Alliances

We will actively undertake M&A/alliances with companies with potential synergies to strengthen our capabilities and accelerate the growth of the FMI Group





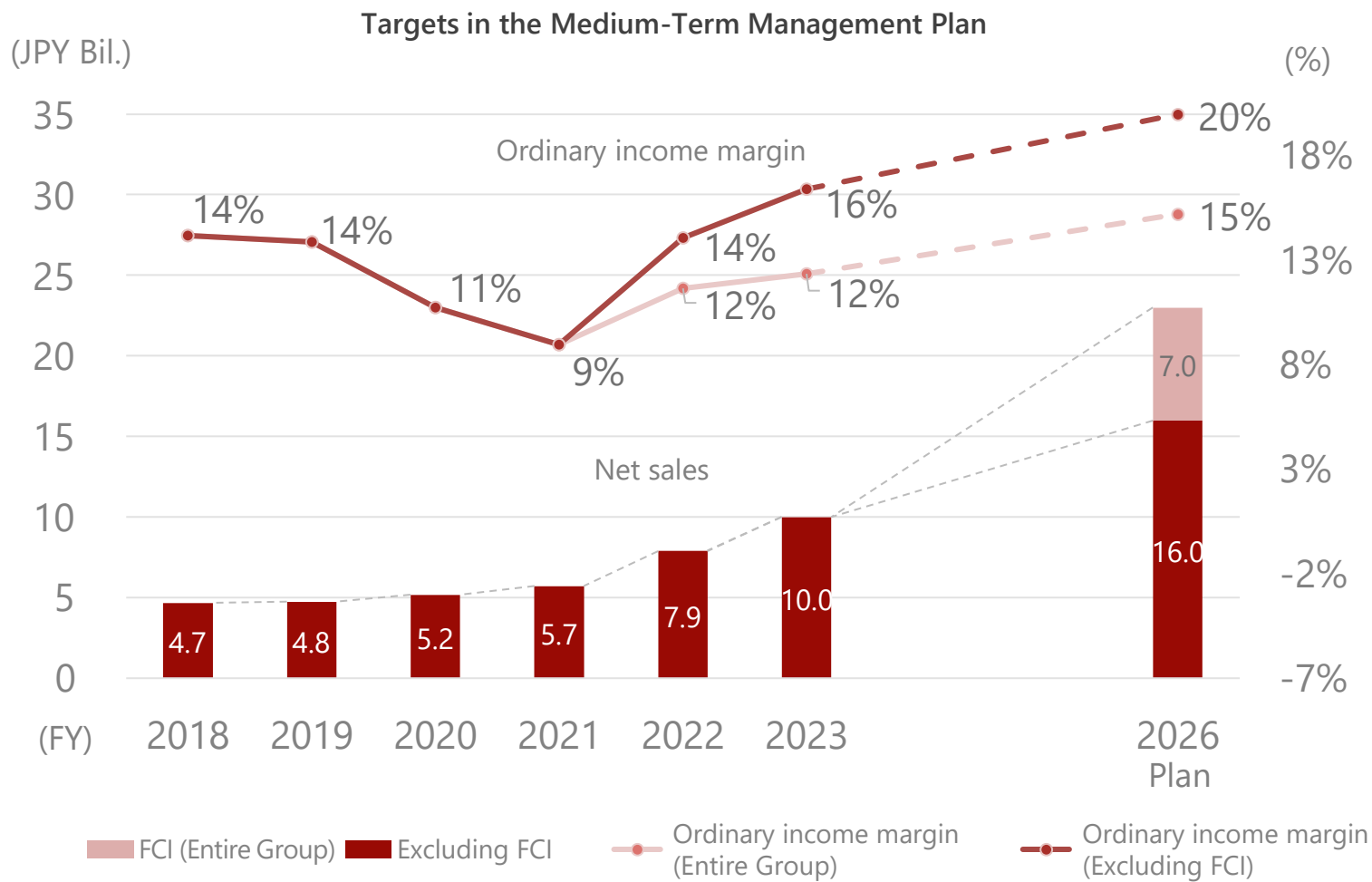
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Chapter 4 Numerical Targets and Shareholder Return Policy



Targets in the Medium-Term Management Plan

- We plan to achieve net sales of JPY 16 billion and ordinary income of JPY 3.2 billion, excluding FCI, by FY2026. FCI's consolidated investment projects will also contribute to profit, and the ordinary income of the entire group will expand to JPY 3.5 billion



	Entire Group (JPY Bil.)	
	FY2023	FY2026
Net sales	10.0	23.0
Ordinary income	1.2	3.5
Net income [※]	0.8	2.4

	Excluding FCI (JPY Bil.)	
	FY2023	FY2026
Net sales	10.0	16.0
Ordinary income	1.6	3.2
Net income [※]	1.2	2.3

※Net income above means net income attributable to owners of parent.

[Conditions]

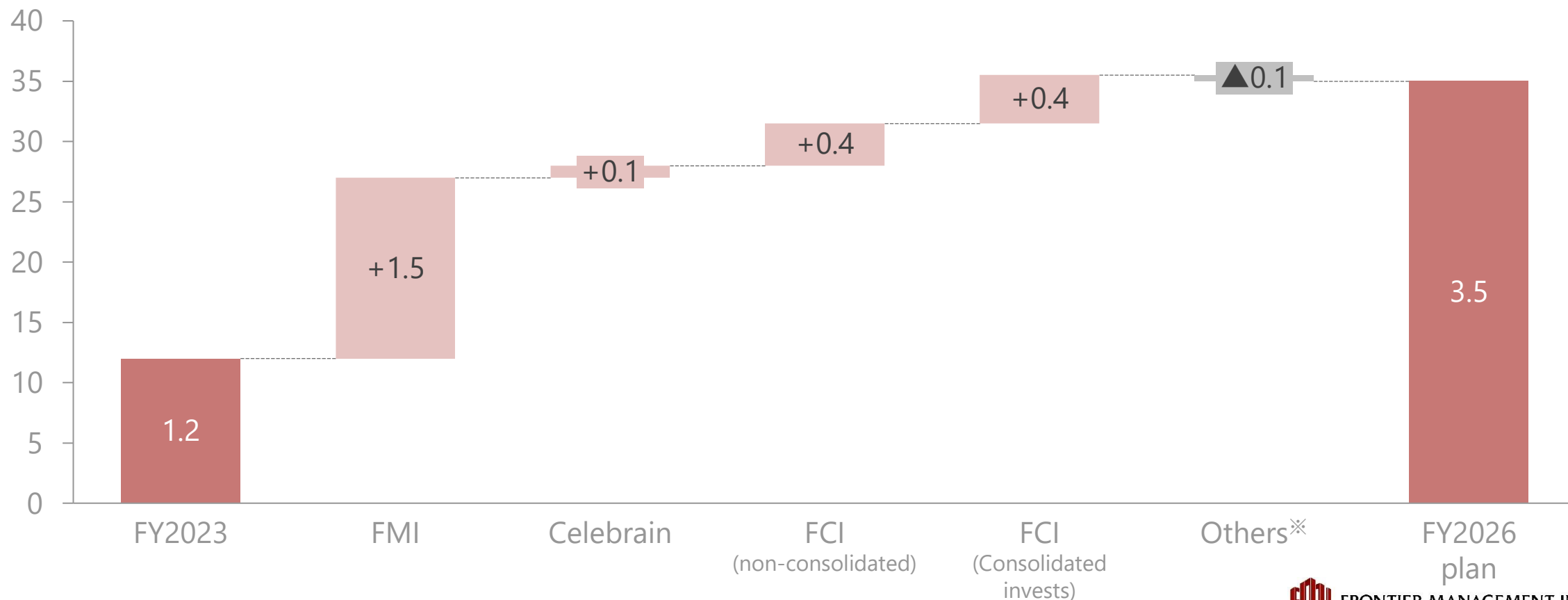
- Entire group means consolidated income or loss of all group companies including FCI and its consolidated investees. Excluding FCI means consolidated income or loss excluding FCI and its consolidated investees.
- FCI is expected to make one consolidated investment in FY2024. FCI will consider consolidated investments in FY2025 and FY2026 as well but these are not included in the plan.
- With respect to Athema in which we hold a 40% stake, we have the option to acquire an additional 20% stake but our income projections do not reflect exercise of this option.

Medium-Term Management Plan: Ordinary Income Forecast (Entire Group)

- The FY2026 ordinary income forecast for the entire group is JPY 3.5 billion, based on projections that the ordinary profit of FMI and Celebrain will increase by JPY 1.5 billion and JPY 0.1 billion respectively from the FY2023 level, that FCI will also achieve profitability, with a profit contribution of JPY 0.4 billion and that FCI's consolidated investees will also make a profit contribution of JPY 0.4 billion
- As a result of the consolidated investments and non-consolidated investments that FCI will make between now and 2026, monetization of the investment business through the dispatch of management executives to investees is expected to be achieved to some extent at an FCI non-consolidated level

(JPY Bil.)

Breakdown of Ordinary Income Growth from FY2023 to FY2026

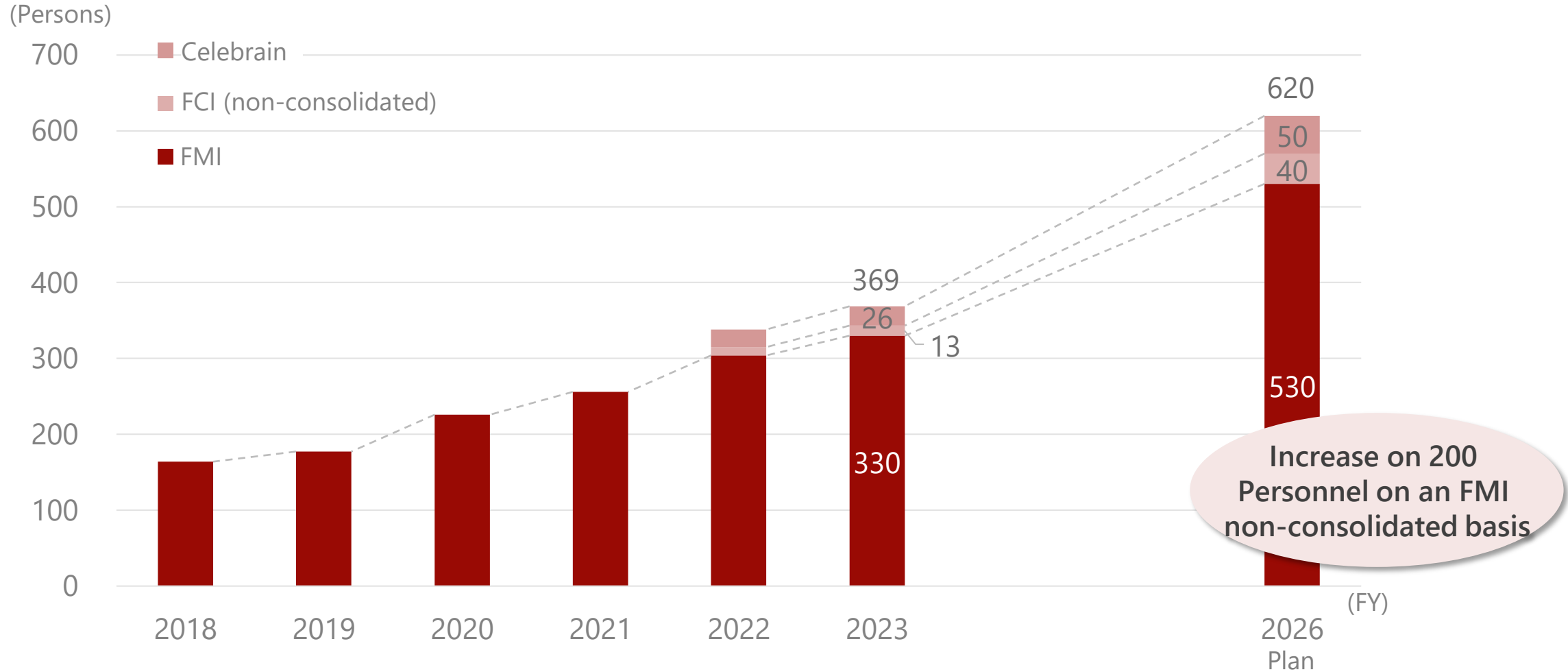


*Other includes anticipated goodwill amortization in connection with FCI's investments

Personnel Plan

- We will continue actively recruiting, with a planned increase of 200 personnel on an FMI non-consolidated basis

Personnel Plan in FY2026

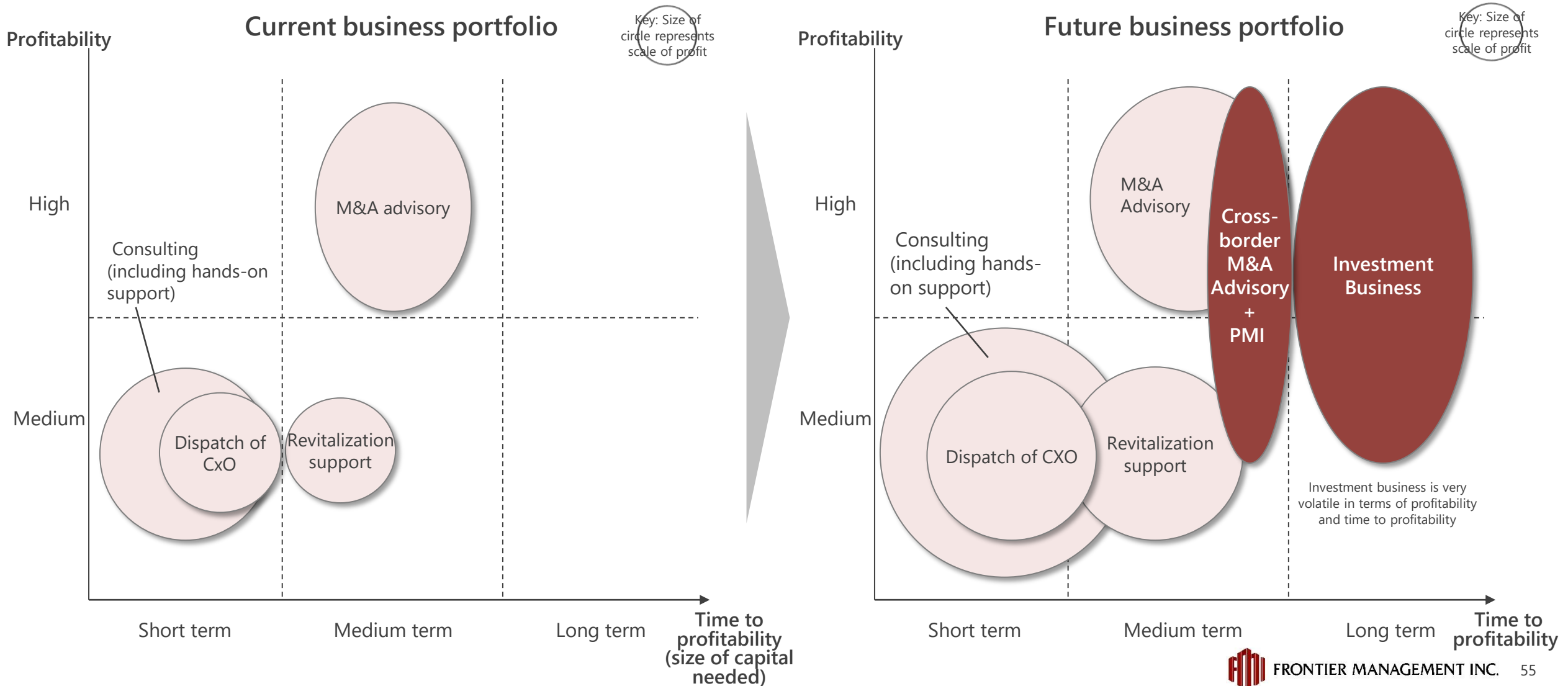


[Assumption]

FCI is expected to make one consolidated investment in FY2024 but the personnel plan reflects FCI personnel on a non-consolidated basis

Long-term Business Portfolio Expansion

- We will incorporate cross-border M&A and investment businesses that require a great deal of capital into the portfolio, aiming for a further leap in growth potential and profitability



Main KPI (FY2026) and Shareholder Return Policy

Entire Group's ordinary income	JPY 3.5 billion or more
Consolidated ordinary income margin excluding FCI	20% or more
ROE※1	Maintain at least 30% Reference: WACC※2 of 8% at end of 2023
Number of consolidated employees (excluding FCI's consolidated investments)	620 or more
Investment business Number of investments and amount of investment	8 (2 consolidated investments) JPY 15 billion <small>* While the goal is two consolidated investments, only one is factored into the numerical plan targets</small>
Number of CxOs dispatched	50 or more/year

[Shareholder Return Policy]

- Our basic policy is to continue to pay stable dividends, while securing the retained earnings necessary to expand our future business and strengthen our management structure.
- Our dividend payout ratio is targeted at **40% of net income attributable to owners of parent** and we determine dividends based on cash-backed gains and losses excluding gains and losses on FCI that do not involve cash flows and the impact of unrealized losses on investment securities

※1 ROE = Net income attributable to owners of parent ÷ Shareholders' equity (average)

※2 WACC is our weighted average cost of capital. Calculated based on risk free rate of 0.75% and market risk premium of 6% and assuming our beta value is 1.2 and we have zero interest-bearing debt.



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Section 4

Corporate Profile



Background to Establishment of Frontier Management



Shoichiro Onishi
Representative Director,
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
Director of the Board

- 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.

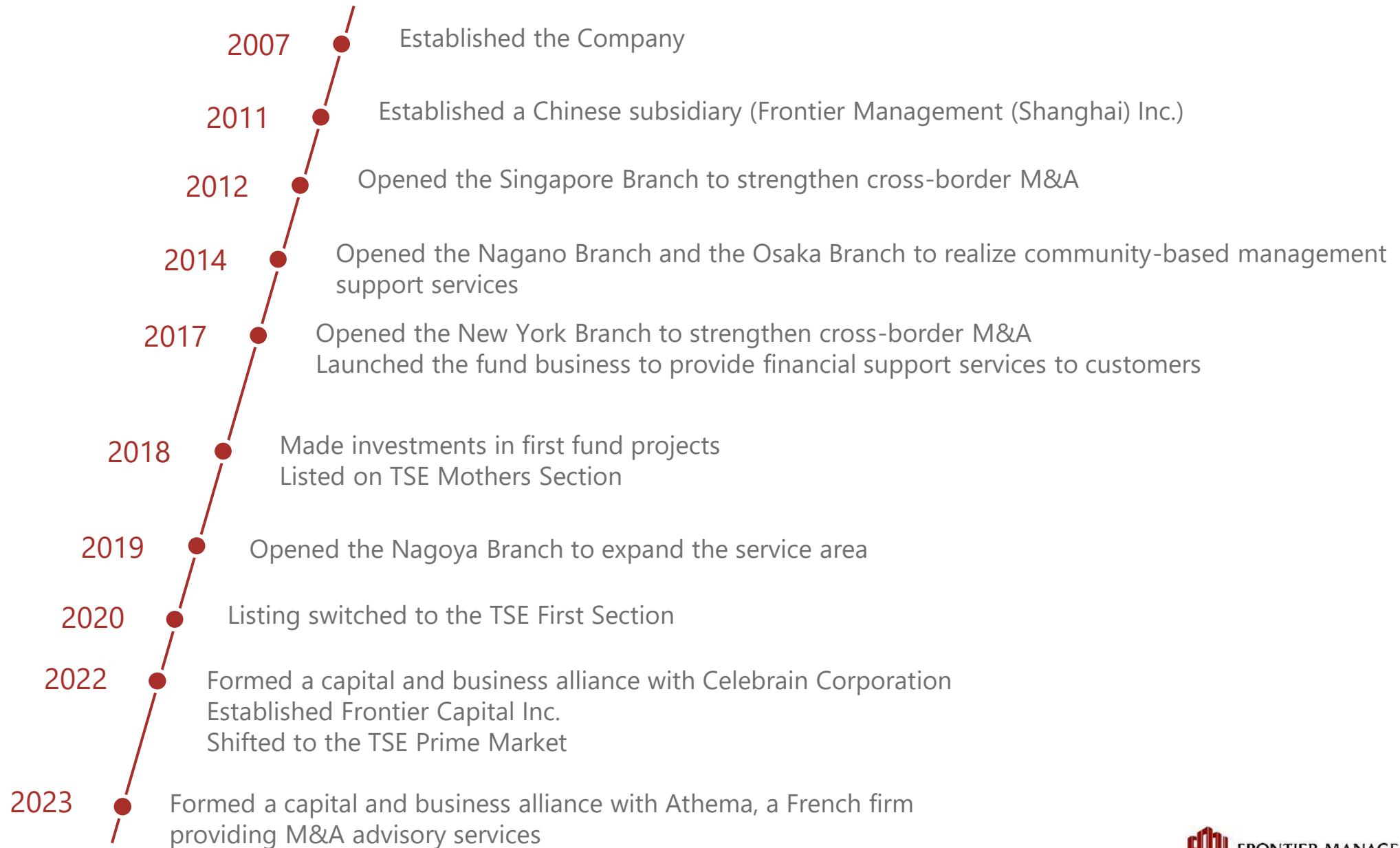
Jointly established in 2007



フロンティア・マネジメント株式会社



History



Organizational Chart for Directors



Representative Director, President and Executive Officer

SHOICHIRO ONISHI



Director of the Board

MASAHIRO MATSUOKA



Director of the Board, Deputy President and Executive Officer

TADAAKI KOMORI



Director of the Board

MASAO NISHIHARA



Outside Director of the Board

KAZUHITO OSUGI



Outside Director of the Board

KEIKO UNOTORO

Frontier Management Inc.

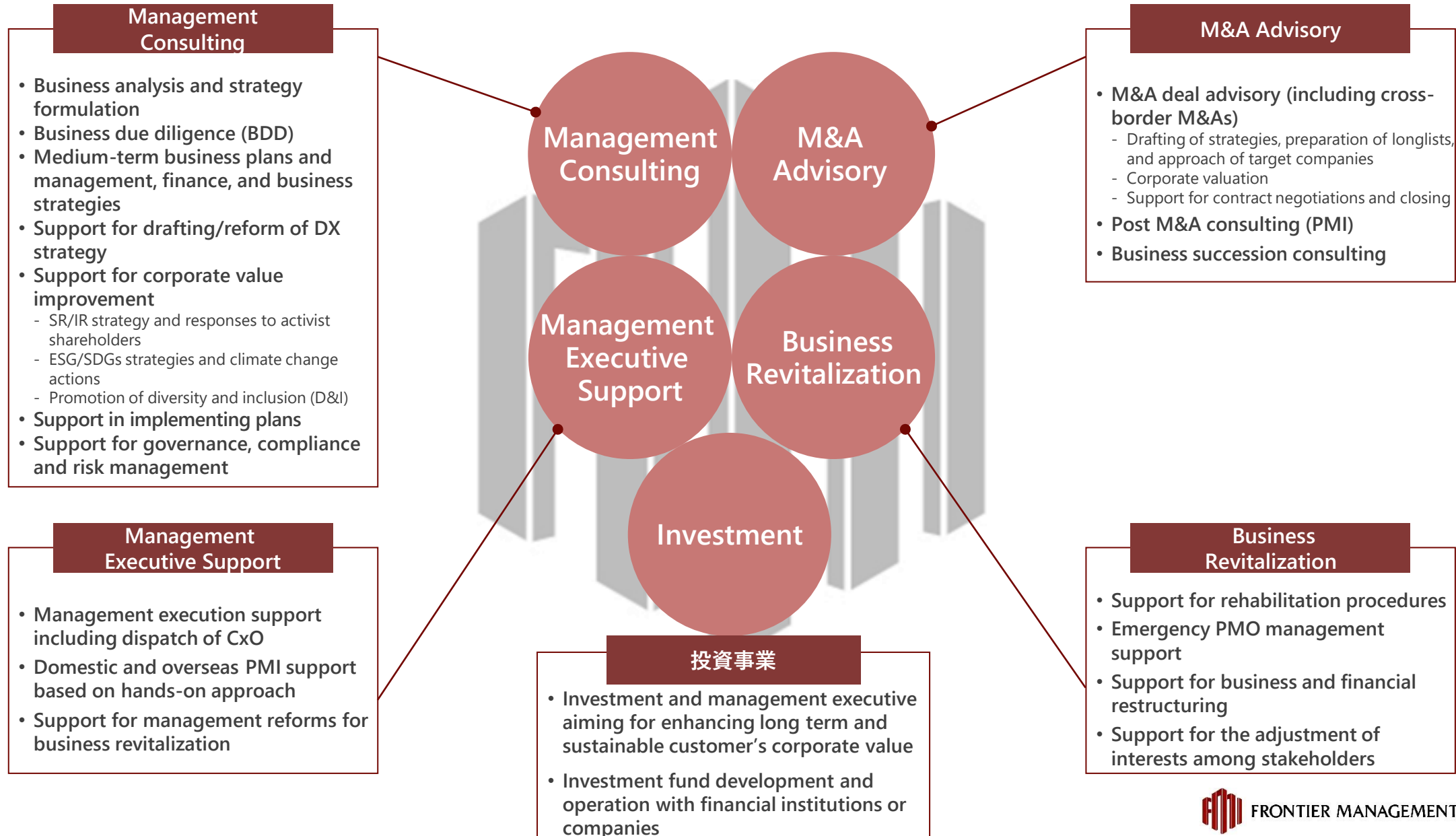


Branches Subsidiaries and Affiliates

Branches		Subsidiaries and Affiliates	
Osaka Branch	Nagoya Branch	Frontier Management (Shanghai) Inc.	Frontier Capital Inc.
Fukuoka Branch	Singapore Branch	Celebrain Corporation	FCD Partners Inc.
New York Branch	Paris Branch	Athema	

Our Business and Services

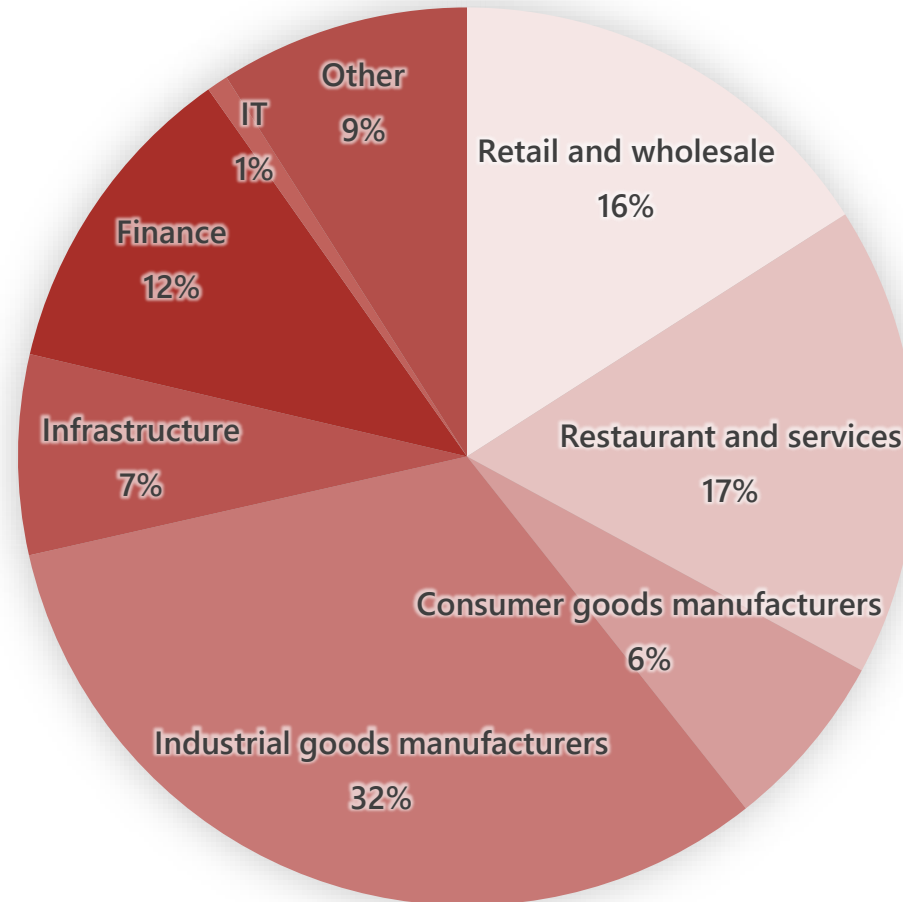
Overall Picture



Frontier Management's Characteristics: Diverse Customer Groups

Providing services to companies in diverse industries

(Breakdown of projects)



Frontier Management's Characteristics: Provision of optimal solutions through combination of diverse expertise

Main domain: ✓

Our main capabilities and solutions

Companies' management agenda※		Sector-specific consulting	Capability-specific consulting (DX, cross-border, corporate value enhancement strategy, etc.)	M&A Advisory	Revitalization Support	Dispatch of CxO	Investment
Optimized business portfolio	Improvement of returns	✓	✓	✓	✓	✓	✓
Investment in growth		Growth strategy consulting		M&A	Revitalization consulting	Dispatch of CxO	
		Operational reform → DX		Revitalization consulting → Revitalization FA		Medium- and long-term value enhancement through investment + CXO dispatch	
		Marketing reform → DX				Revital Fund investment + CxO dispatch	
		Cross-border consulting			Revitalization consulting → CxO dispatch		
		M&A strategy → M&A → PMI					
Investment in human capital	Strengthening the organization		✓		✓	✓	✓
Sustainability measures			Human capital management consultin		GRC consulting	Dispatch of CXO	
Enhancing governance			Operational reform → Personnel system design				
		Sustainability measures consulting					
Strengthening of IR	Review of response to capital markets		✓	✓			
Strengthening of shareholder returns			Sophistication of capital cost management				
			Investor engagement				
		Strategic delisting through MBO					

FMI provides best solutions for customer by combining our various expertise

※Based on Tokyo Stock Exchange data

[FMI's framework combining diverse expertise]
Company-wide offsite meetings, company-wide study groups,
system of interdepartmental transfer system, practice teams

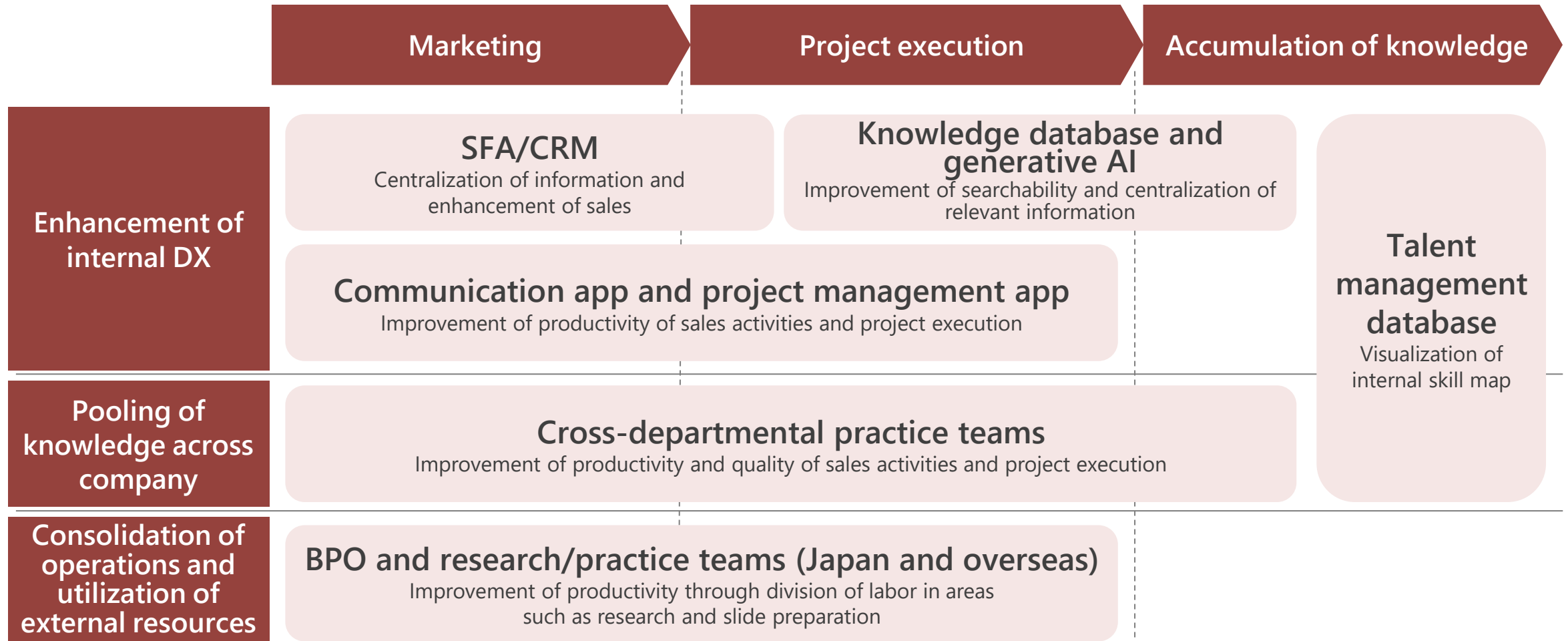
(Reference) Creating a Comfortable Workplace Environment - Enhancement of HR Training System

We will continue to develop a training system that enables diverse human resources to grow as professionals

	OJT	Off-JT		
		Support for self-improvement	In-house/Utilization of external resources	
Manager or supervisor	Dispatch of CxO to clients	Support for acquisition of qualification	Management training	
Others	Secondment to overseas locations and partner companies	language learning support	Skills development training	Online training (Udemy, etc.)
	Project OJT	Support for participation in seminars	Mid-career training	
			New graduate training	
				Compliance training
				Insider trading
				Harassment
				Unconscious biais
				Antisocial forces
				Information security

(Reference) Creating a Comfortable Workplace Environment - Further Improvement of Productivity

We will further improve productivity through measures such as enhancing internal DX, pooling knowledge across the company, consolidating operations, and utilizing external resources



Athema

The Company formed a capital and business alliance with Athema, a French firm providing M&A advisory services, in July 2023. We are conducting activities with the FMI Paris branch to step up project development



Corporate Profile

Company name	Athema (Registered trademark: AT Conseil)
Established	2001
Representative	Antema SAS (Representative of Antema SAS: Jean-Marc Teurquetil)
Address	Paris, France
Number of employees	16 (As of January 1, 2024)
Business description	Provides M&A advisory services mainly to clients in the manufacturing, IT, business services, food and beverages, retail, energy, real estate, aviation, healthcare and life science sectors.

Examples of sectors covered



Food and beverages



Automobile



Retail and consumer goods

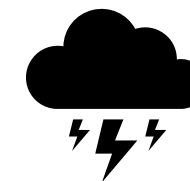
Sectors covered by Jean-Marc Teurquetil, 6 directors with industry insights and 6 senior advisors with a strong customer network



IT software



Healthcare and life science



Energy

Jean-Marc Teurquetil's background



- Has expertise in advisory services for the aviation, logistics, food & beverages and PE funds
- Engaged in derivatives business at Credit Lyonnais for 7 years
- Became general manager of BNP Finance
- Appointed as president of independent brokerage firm Aurel Leven in 1996 and sold to Cantor Fitzgerald in 2006
- Established Athema and currently engaged in M&A advisory services

Celebrain Corporation

In 2022, FMI Celebrain concluded a capital and business alliance with Celebrain. Celebrain expands HR consulting business by utilizing FMI network

Corporate Profile	
Company name	Celebrain Corporation
Established	2000
Representative	Koji Takagi, Representative Director, President Atsuko Takahashi, Representative Director, Vice President
Address	2-11-1, Nagatacho, Chiyoda-ku, Tokyo
Number of employees	26 (As of December 1, 2023)
Business description	<ul style="list-style-type: none"> • Human Resources Strategy Consulting • Human development and training • Human Resources technology • Human Resources investigation and evaluation • Recruiting professionals

Human Resources segments covered	
HR Strategy Consulting	<ul style="list-style-type: none"> • Human resources and organization strategy consulting (e.g. Reconstruction of the personnel system)
IPO・M&A Consulting	<ul style="list-style-type: none"> • The personnel system integration and company policy revision along with M&A and IPO
HR Technology	<ul style="list-style-type: none"> • Optimized talent management system with various HR application and software
Recruiting Professionals	<ul style="list-style-type: none"> • Finding suitable CxO and professionals for the company
Human development And Training	<ul style="list-style-type: none"> • Establishing human training system, organizing business skills training and developing e-learning applications

Frontier Capital Inc.

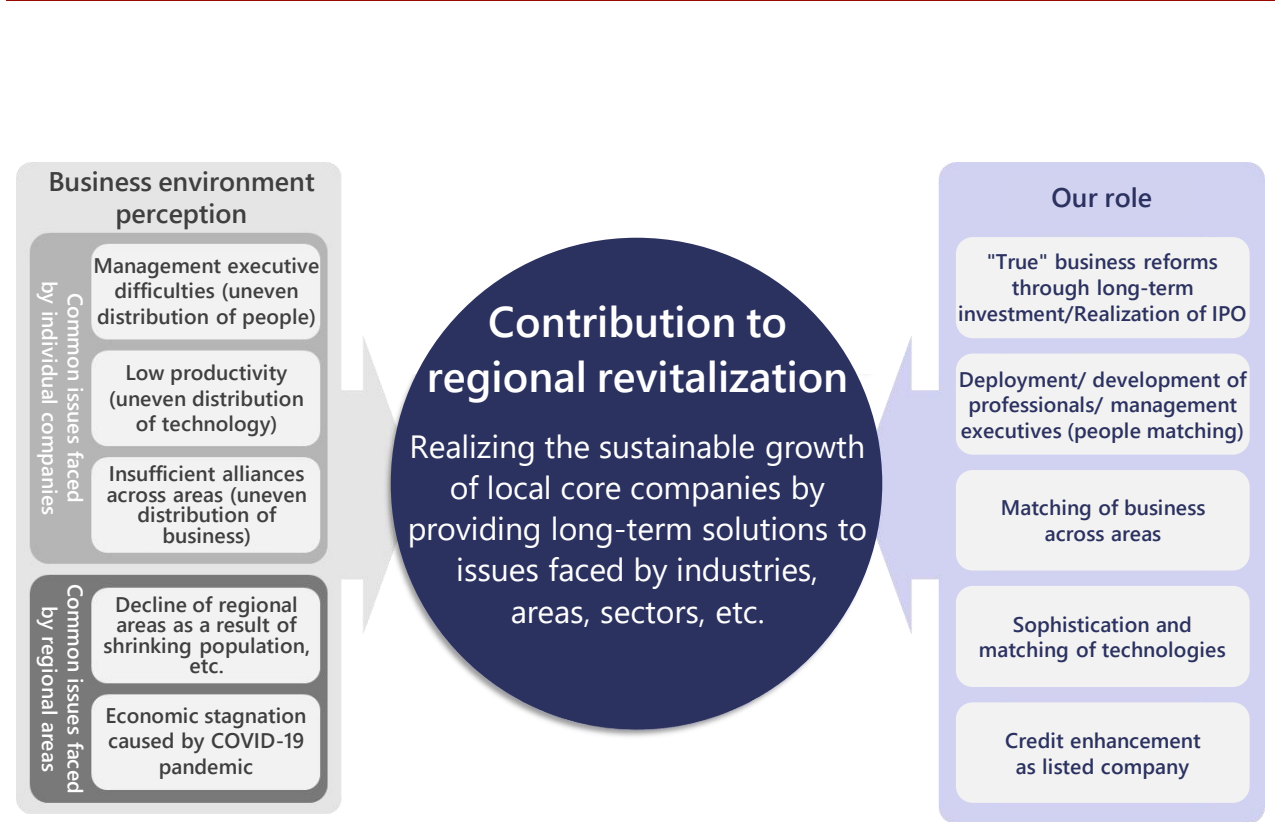
FCI was established in 2022. Based on the business concept of contributing to regional revitalization, FCI invests in local core businesses and provides them with capital through joint funds



Corporate Profile

Company name	Frontier Capital Inc.
Established	2022
Representative	Shoichiro Onishi, Representative Director, President, CEO and COO Masahiro Matsuoka, Representative Director
Address	3-2-1 Roppongi, Minato-ku, Tokyo
Number of employees	23※ (As of December 1, 2023)
Business description	<ul style="list-style-type: none"> Execution of investment and management for the purpose of the long-term, sustainable enhancement of corporate value of portfolio companies <div style="text-align: center; margin: 10px 0;"> </div> <ul style="list-style-type: none"> Formation and management of joint investment funds with financial institutions, business companies, etc. <div style="text-align: center; margin-top: 10px;"> </div>

Business Concept



※Including loaned employees from FMI



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