



**FRONTIER
MANAGEMENT
INC.**

FY2024 Q1 Financial Results

May 14, 2024

Frontier Management Inc. (FMI)

TSE Prime Market: 7038

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**FRONTIER
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Section 1

FY2024 Q1 Financial Results and Company-wide Overview



Summary: Frontier Management Group Consolidated Financial Statement

[Entire Group]

Entire
Group

- In Q1 of FY2024, net sales and operating income were 81% and 13% of the levels a year earlier, respectively.
- Net sales of the M&A Advisory Business are highly volatile because of its nature as a success-fee-based business, resulting in a significant decrease in net sales this Q1 from a year ago when success fees for large M&A deals were recorded. On the other hand, the order backlog in the M&A Advisory Business has remained high as of April 2024, and given the expected level of success fees from Q2 onwards, there is no change to the outlook for achieving the annual sales budget.
- The Management Consulting Business and the Revitalization Support Business maintained an upward trend. Combined, both businesses achieved record high net sales for all quarters.
- The number of employees at the end of March 2024 was 421, including new graduates who joined the Company in April. A net increase of 52 from the end of FY2023. This represents progress of 74% toward achievement of the FY2024 personnel expansion plan of 70 employees.
- Frontier Capital Inc. (FCI) completed investment in one company in March (cumulative number of investments is two). It continues its activities in line with its investment plan.

(JPY Mil.)

	2023 Q1 Results	2024 Q1 Results	YoY change (amount)	YoY change (ratio)	FY2024 Forecasts (Feb. 14, 2024)	Rate of achievement of Forecast
Net sales	2,653	2,161	△493	81%	13,000	17%
Operating income	480	63	△417	13%	1,620	4%
(Operating income margin)	(18%)	(3%)	(△15%)	—	(12%)	—
Ordinary income	478	72	△406	15%	1,570	5%
(Ordinary income margin)	(18%)	(3%)	(△15%)	—	(12%)	—
Net income attributable to owners of parent	260	13	△248	5%	1,000	1%
(Net income margin attributable to owners of parent)	(10%)	(1%)	(△9%)	—	(8%)	—

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

On a "Consolidation excluding FCI" basis, net sales and operating income were 81% and 28% of the levels a year earlier, respectively, due to the impact of quarterly fluctuations in net sales of the M&A Advisory Business.

(JPY Mil.)

	2023 Q1 Results	2024 Q1 Results	YoY change (amount)	YoY change (ratio)	FY2024 Forecasts (Feb. 14, 2024)	Rate of achievement of Forecast
Net sales	2,650	2,155	△495	81%	11,800	18%
Operating income	580	159	△421	28%	1,870	9%
(Operating income margin)	(22%)	(7%)	(△14%)	—	(16%)	—
Ordinary income	590	170	△420	29%	1,860	9%
(Ordinary income margin)	(22%)	(8%)	(△14%)	—	(16%)	—
Net income attributable to owners of parent	371	111	△260	30%	1,340	8%
(Net income margin attributable to owners of parent)	(14%)	(5%)	(△9%)	—	(11%)	—

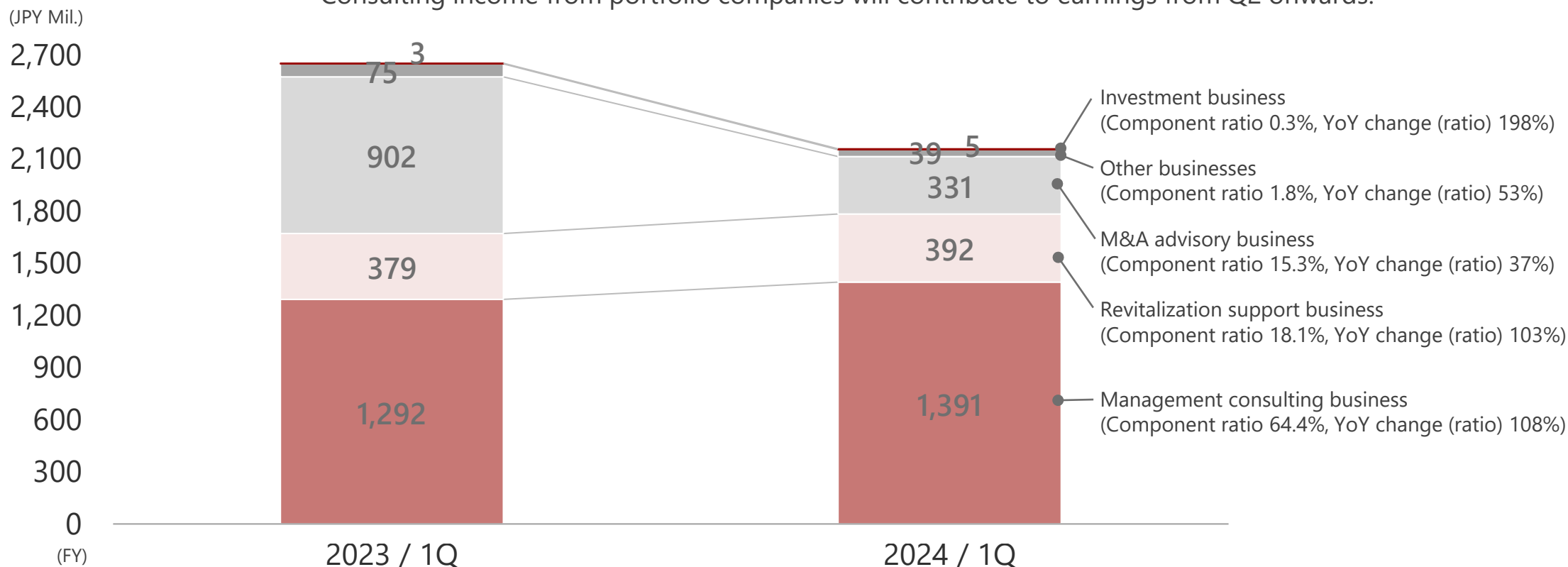
Net Sales by Business [Entire Group]

Management Consulting Business: Maintained an upward trend in net sales, achieving 108% of the level a year earlier. Marked record high net sales for this business.

Revitalization Support Business: Grew to net sales of 103% of the level a year earlier due to the upward trend in rehabilitation events from the end of FY2022.

M&A Advisory Business: Net sales were only 37% of the level a year earlier when there had been a large success fee income (approx. JPY 500 million).

Investment Business: Completed an investment project in one company in March (two companies in total). Consulting income from portfolio companies will contribute to earnings from Q2 onwards.



* "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.

Overview of Consolidated Statements of Income [Entire Group]

Due to the impact of quarterly fluctuations in net sales in the M&A Advisory Business, both net sales and income decreased year on year.

(JPY Mil.)

	2023 Q1 Results	2024 Q1 Results	YoY change (amount)	YoY change (ratio)
Net sales	2,653	2,161	△493	81%
Operating expenses	2,173	2,098	△75	97%
Outsourcing	267	257	△11	96%
Personnel	1,415	1,281	△133	91%
Recruiting	82	130	+49	159%
Others	408	428	+20	105%
Operating income	480	63	△417	13%
Ordinary income	478	72	△406	15%
Net income before tax	478	72	△406	15%
Net income attributable to owners of parent	260	13	△248	5%
Depreciation and amortization	25	25	△0	99%
EBITDA	505	88	△418	17%
[Reference]				
FMI non-consolidated operating income	565	159	△407	28%
Cerbrain operating income	20	6	△14	31%
Equity in earnings (losses) of affiliates in Athema	-	0	-	-

Overview of Consolidated Balance Sheets [Entire Group]

- The balance of cash and deposits decreased due to FCI's investment. However, since the acquired securities are categorized as current assets, there is no impact on the balance of current assets including cash. Current assets decreased overall, reflecting a decline in the balance of cash and deposits due to the payment of bonuses, dividends, and taxes.
- Current liabilities decreased overall due to a decline in accruals and reserves for taxes and bonuses recorded at the end of the previous fiscal year, despite short-term borrowings to pay bonuses.
- Shareholders' equity decreased due to the payment of dividends.

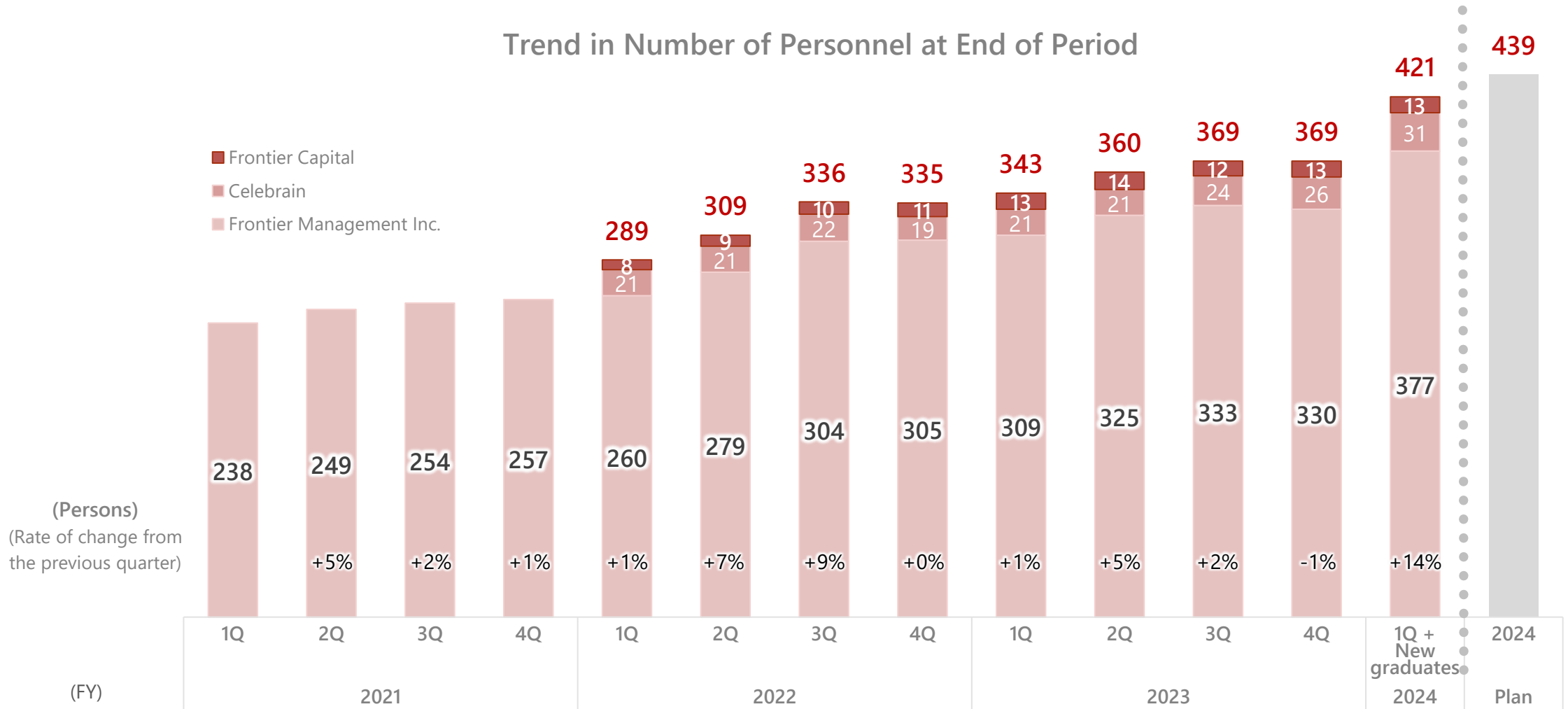
(JPY Mil.)

	End of December 2023	End of March 2024	YoY change (amount)	YoY change (ratio)
Current assets	8,159	7,284	△875	89%
Non-current assets	2,709	2,686	△22	99%
Deferred assets	5	5	△0	92%
Total assets	10,874	9,976	△898	92%
Current liabilities	2,569	2,147	△422	84%
Non-current liabilities	1,483	1,424	△59	96%
Shareholders' equity	3,699	3,255	△445	88%
Other net assets	3,122	3,150	+28	101%
Total liabilities and net assets	10,874	9,976	△898	92%
Cash and deposits	5,838	3,928	△1,910	67%
Interest-bearing debt	1,589	2,129	+541	134%
Net debt	△4,249	△1,798	+2,451	42%

Trend in Number of Personnel

The number of employees at the end of March 2024 was 421, including new graduates who joined the Company. A net increase of 52 from the end of FY2023. This represents progress of 74% toward achievement of the FY2024 personnel expansion plan of 70 employees.

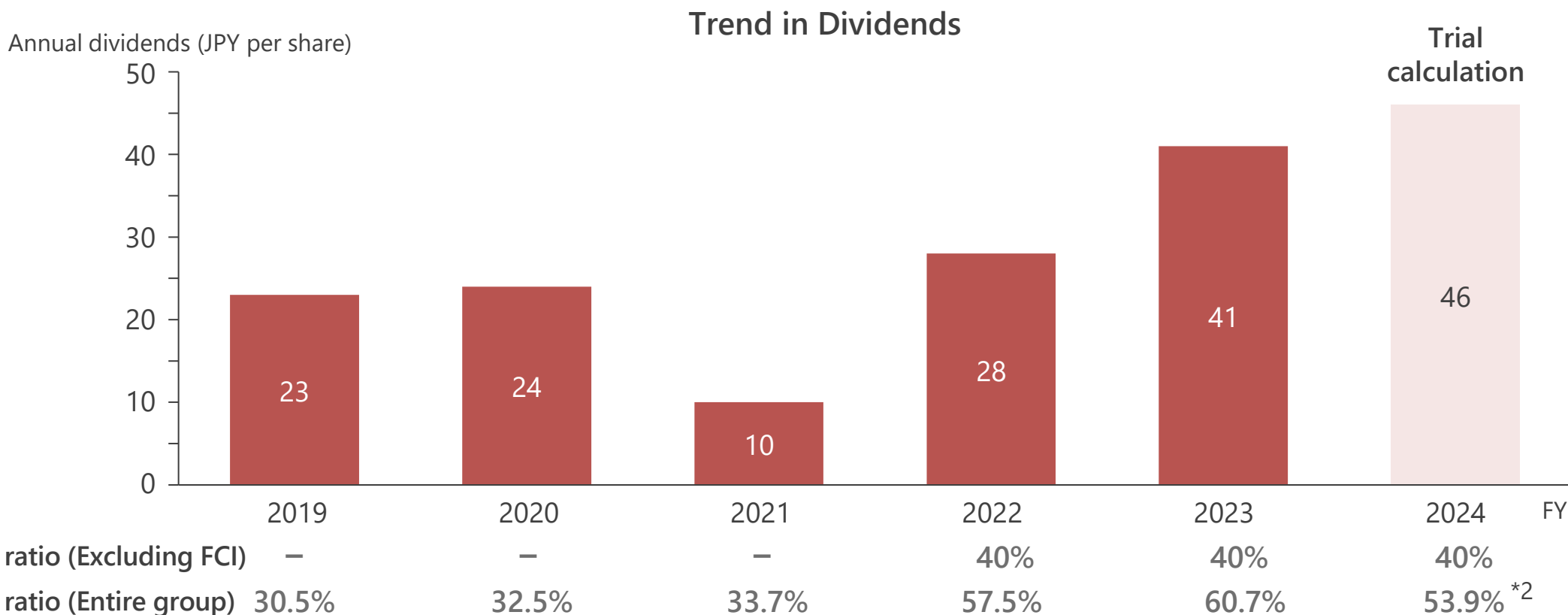
Trend in Number of Personnel at End of Period



Shareholder Return Policy

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

Although we haven't announced the forecast of dividend due to the possibility of financial result change in FY2024, if we calculate dividends based on the financial forecast announced on 14th February 2024, the dividend would be JPY 46/share.*1



*1: This calculation does not assure the amount of our dividends but is a trial calculation based on certain assumptions

*2: For FY2024, we expect FCI's performance to improve compared to the previous fiscal year, and thus the dividend payout ratio for the Entire Group will decline compared with that in the previous year. (Dividend payout ratio 40% on a "Consolidation Excluding FCI" basis remains unchanged)

Shareholder Special Benefit Plan

Frontier Management Inc. Premium Benefits Club



First,
**register as
a member.**

Please register as a member from this website.



**You can save
points.**

You can save points according to the number of shares you hold and the period over which you have held them.



**Exchange
for preferential
products.**

Exchange saved points for preferential products.

In December 2023,
we enhanced the shareholders
benefit point system to return more
profits to our shareholders!
See [here](#) for more details.

More than 5,000 types of preferential products





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Section 2

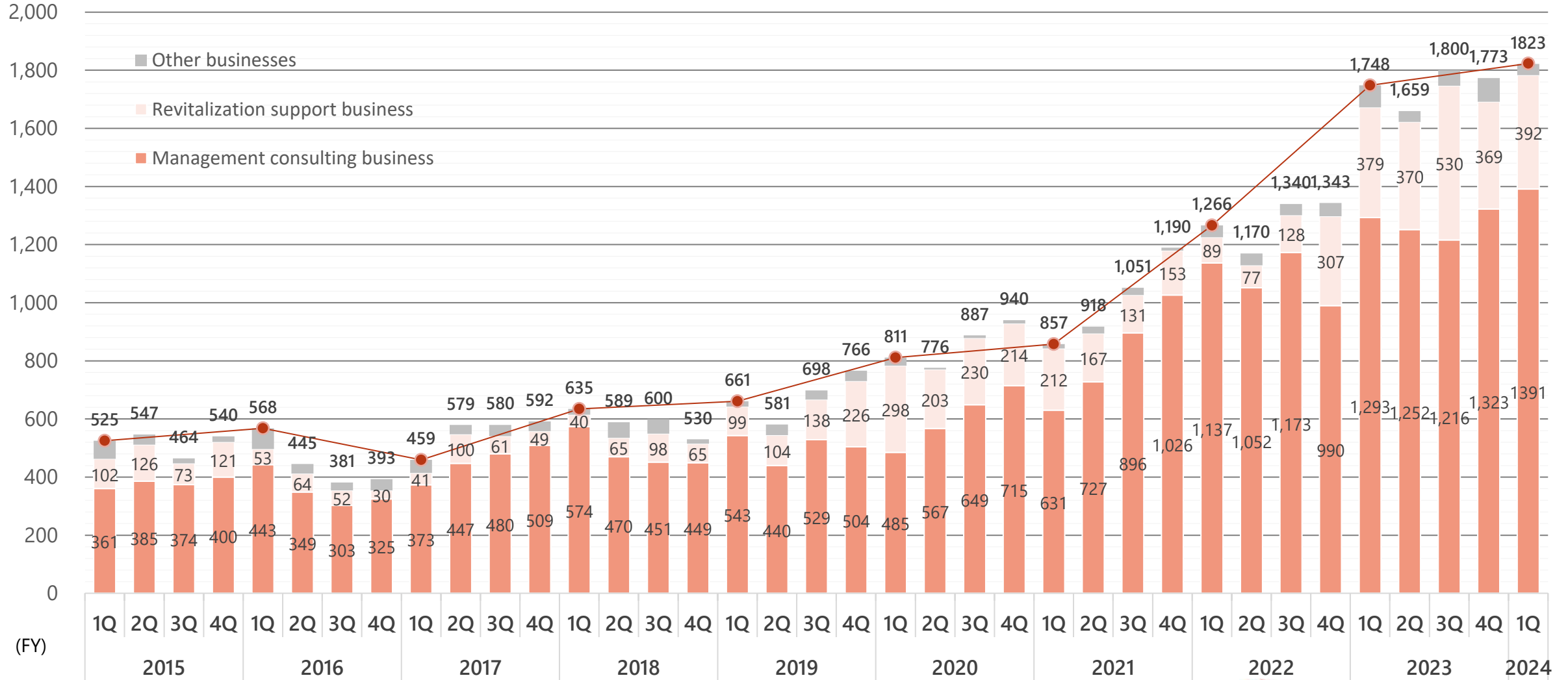
Consulting Businesses Overview



Quarterly Net Sales Trends by Business [Consolidation Excluding FCI, Consulting Businesses]

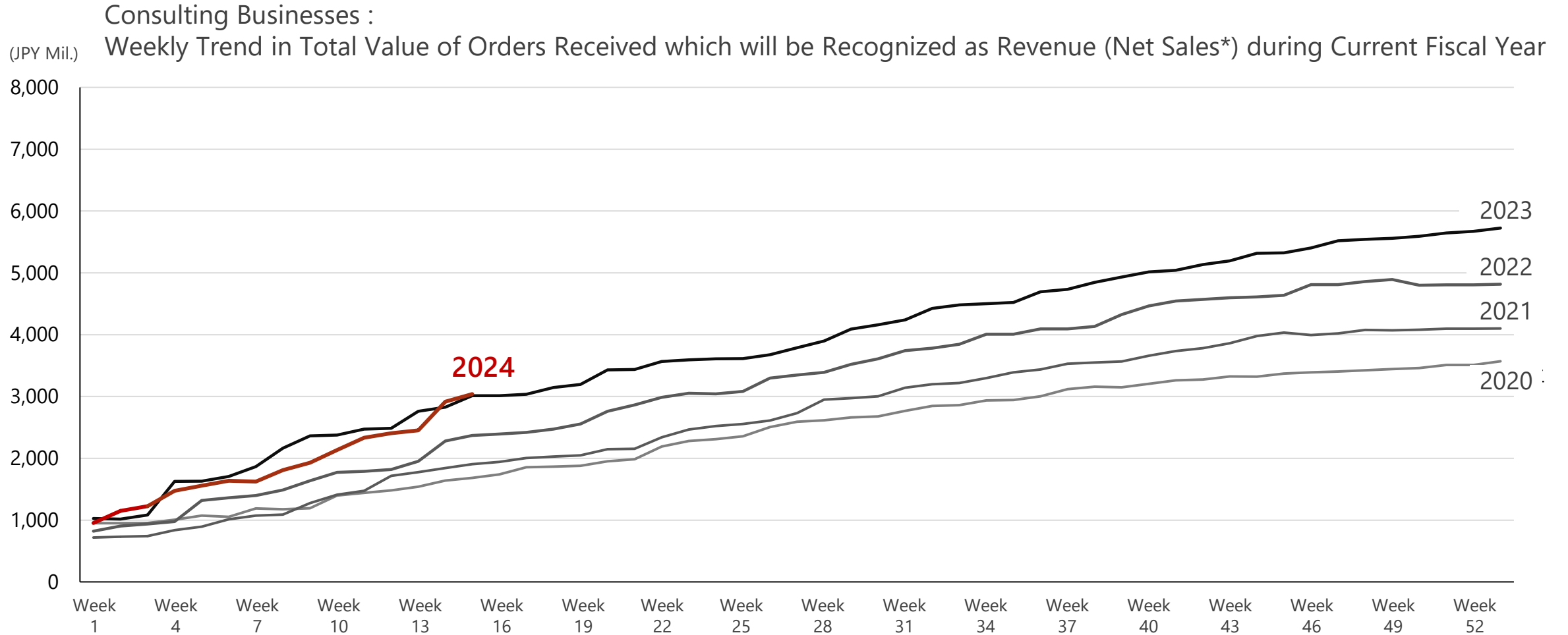
Combined, the Management Consulting Business and the Revitalization Support Business recorded record high net sales for all quarters.

(JPY Mil.)



Weekly Trend in Total Value of Orders Received which will be Recognized as Net Sales during Current Fiscal Year [FMI Non-consolidated, Consulting-related Businesses]

Remaining at the same level as the previous fiscal year.

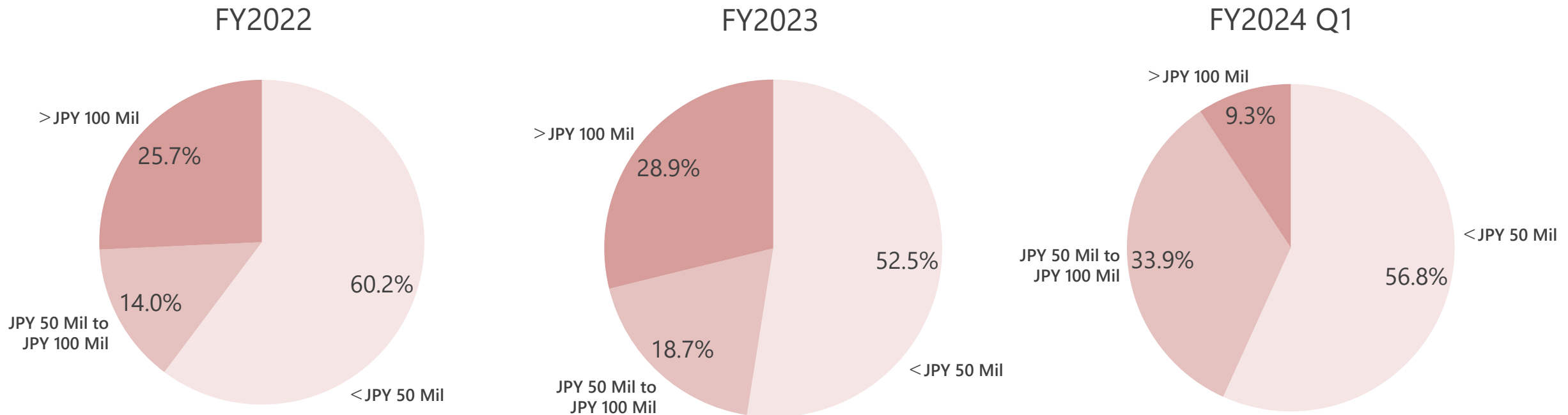


* Net sales exclude outsourcing costs and project referral fees

Trends of project fees (Commission fee size) in Consulting Businesses [FMI Non-consolidated, Consulting Businesses]

The ratio of projects more than JPY 50 Million increased (+3.4% from FY2022 to FY2024)

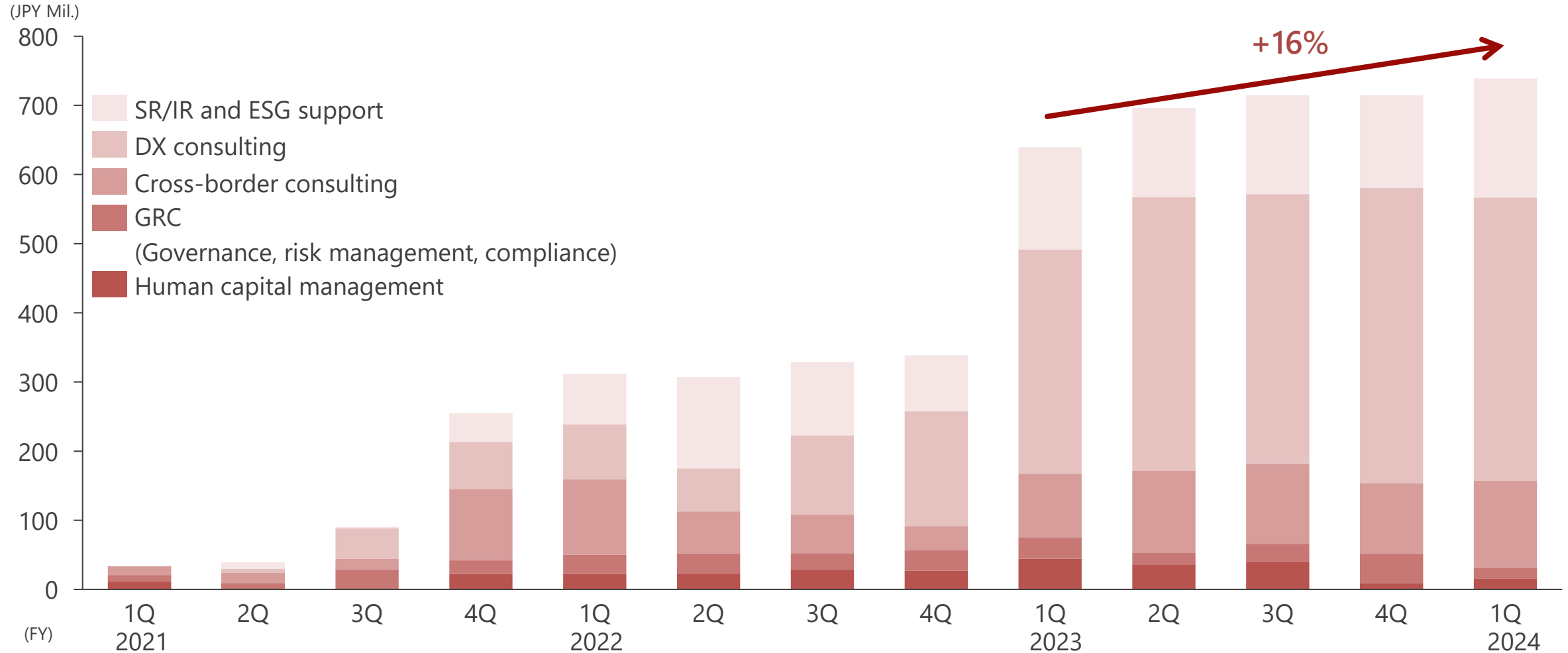
Composition of project fee sales of Consulting Businesses based on contract year*



*Portion of each project fee category is calculated by summing up all commission fees of each project based on the year (quarter) when the consulting contracts were entered into. For example, in Q1 2024, the value of project fees coming from contracts that are signed during this quarter and contain total commission fees of less than JPY50MM is 56.8% of total project fees agreed during this term. The total commission fees will be realized over the period of the projects which are sometimes longer than the year (quarter) period shown above, and thus the total net sales of the Company do not match to the total fees shown in the above charts.

Enhancement and Strengthening of Solutions: Trend in Net Sales Solutions [FMI Non-consolidated, Consulting Businesses]

New solutions continues to grow, exceeding the same period of the previous year showing a significant growth.



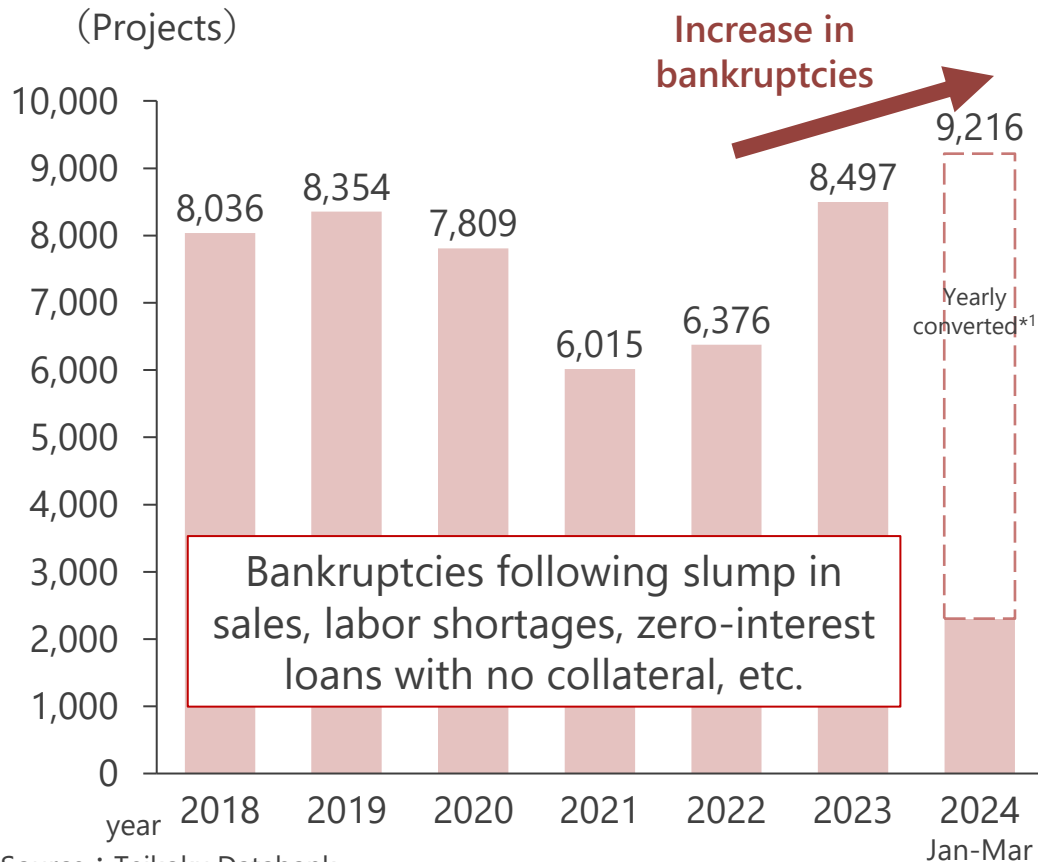
* From Q1 of FY2024, the category has been revised as follows:

- "Manufacturing reform implementation support" has been deleted (as the number of projects has increased, it has been repositioned as part of our regular service menu).
- "Cross-border management execution support" and "D&I support" have been revised to "Cross-border consulting" and "Human capital management", respectively (expanding the scope of services and clarifying their positioning as new solution services).

Enhancement and Strengthening of Solutions: Strengthening of organization for Revitalization Support Business [FMI Non-consolidated, Consulting Businesses]

The number of bankruptcies are increasing in 2024 continuously. To meet the demands, FMI is strengthening the organization for Revitalization Support Business.

Number of bankruptcies

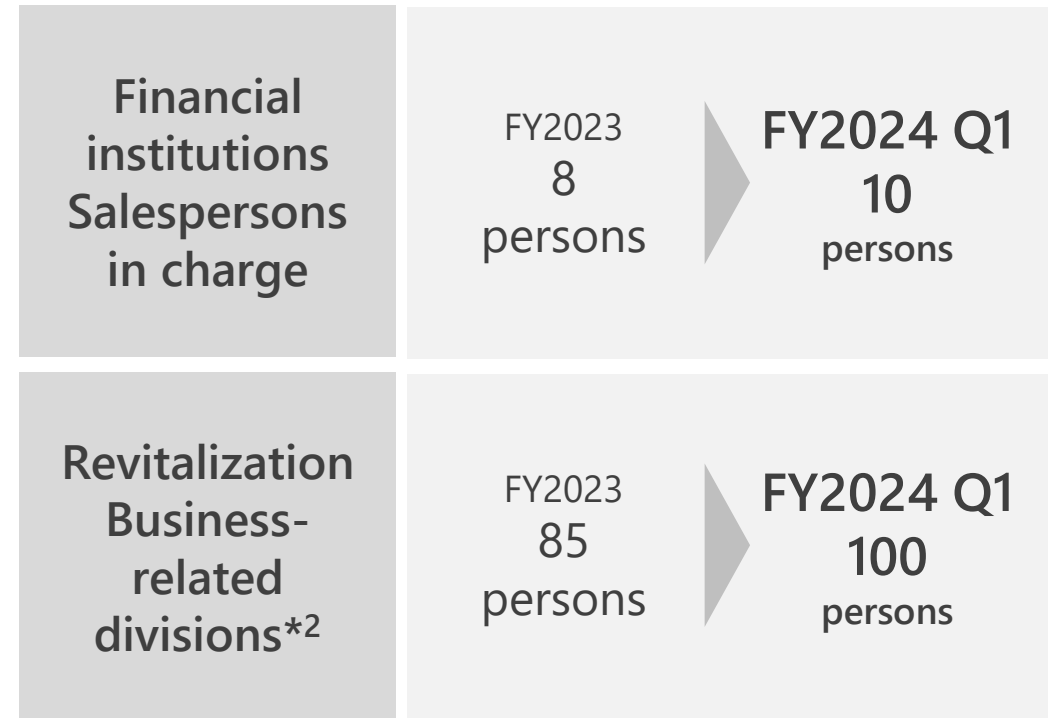


Source : Teikoku Databank

*1 : Number of FY2024 is calculated by multiplying the number of Q1 projects by 4

*2 : Number of personnel in Revitalization Support Business and the related M&A advisory divisions

Strengthening of organization to meet demands and expand businesses



Enhancement and Strengthening of Solutions: Strengthening Cross-border

Registration of the Paris branch was completed in February 2024. Our global network has been strengthened by increasing the number of personnel by one person in France and one person in the Netherlands in April 2024.

Category		China	ASEAN	Americas	Europe
The Company	M&A	FY2011 Established Frontier Management (Shanghai) Inc.	FY2012 Singapore Branch	FY2017 New York Branch	
	Consulting and PMI	FY2011 Same as above	FY2023 Assigned Senior Consultant to Singapore Branch		The Paris branch was opened in February 2024. A senior consultant was assigned to France and the Netherlands in April 2024.
Alliance	M&A				Athema Investment in FY2023
	Consulting and PMI			FY2019 Joined the CFI Group	helbling Business alliance in FY2023



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Section 3

M&A Advisory Business Overview



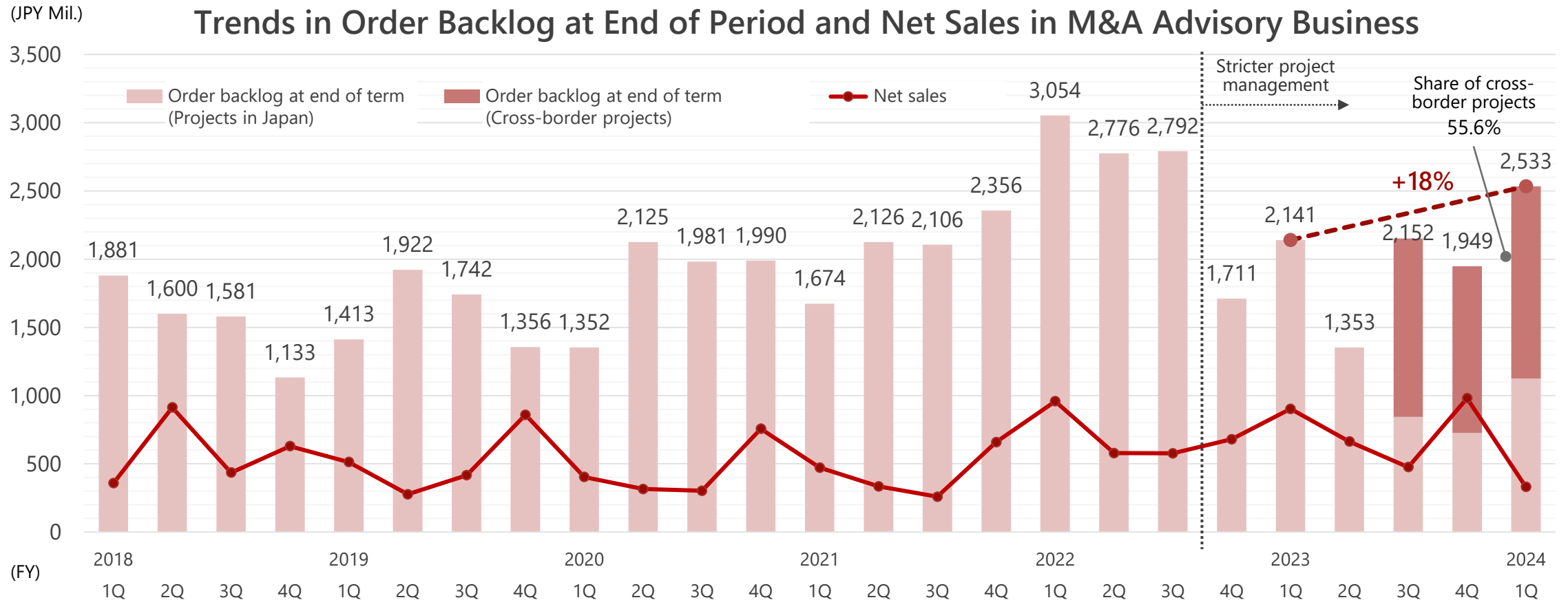
Quarterly Net Sales Trends of M&A Advisory Business

Regarding M&A Advisory Business, as there were many projects completed in 2023 Q4 and only a few projects were carried over to 2024 Q1, M&A Advisory Business revenue resulted in low level in Q1 2024 as is equal to FY2021 Q3 level.



Order Backlog in M&A Advisory Business

Although net sales for the Q1 of 2024 remained low, the order backlog of projects as of the end of March increased approximately 18% on a year on year basis. It reached the highest level since 2022.

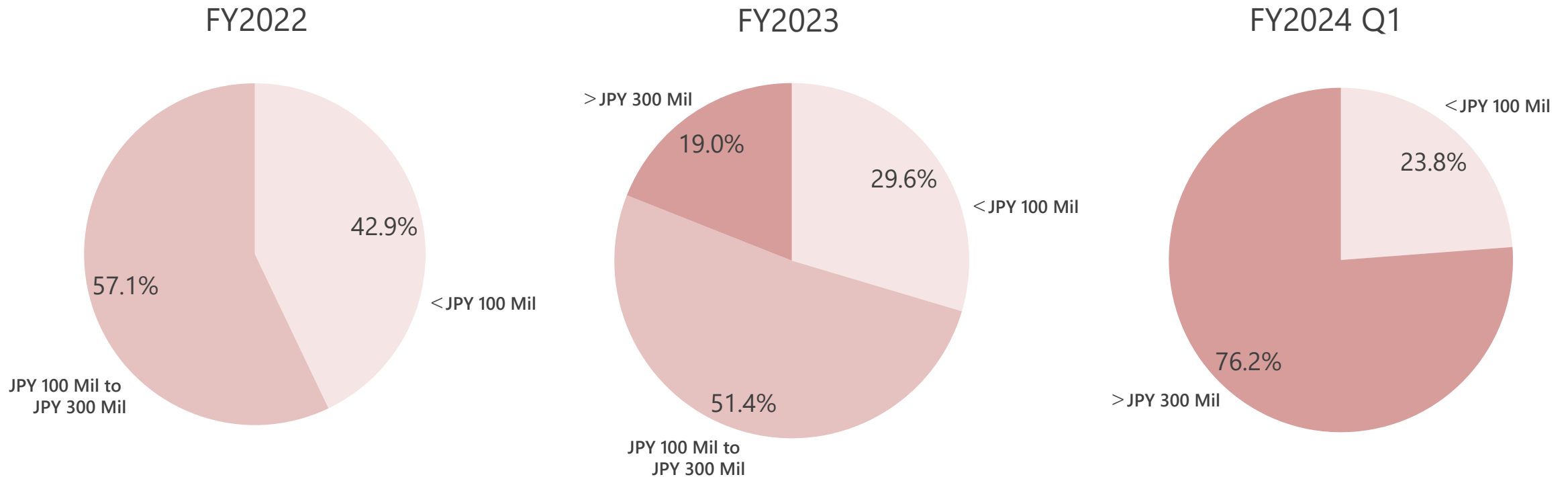


*The order backlog indicates the total amount of advisory fees for projects that are currently being executed (orders received) with advisory contracts already concluded between the clients and the Company for M&A advisory services. Total amount of expected advisory fee incomes from the so-called project pipeline. Even if such orders are recorded in the backlog as shown above, not all of them will result in the Company's net sales, or the timing of fee income is not fixed. Depending on the progress of projects, some projects may be postponed in the middle, or some projects may end up in an unsuccessful manner (and therefore will not be realized as the Company's net sales). Share % of cross-border projects in the M&A order backlog is shown from the Q3 of 2023 (Note: "Cross-border project" means that either the customer or the counterparty is a foreign company).

Trends of projects fees (Commission fee size) in M&A Advisory Business

Although 2024 passed only three months, compared to the past, commission fees of M&A Advisory Business are shifting to a higher level.

Composition of project fee sales of M&A Advisory Business based on project completion (success fee realization year)*



*Portion of each advisory fee category is calculated by summing up all advisory fees of each project based on the year (quarter) when the success fees are paid to the Company (mostly the completion of projects). For example, in Q1 2024, the value of advisory fees coming from projects in which success fees were paid to the Company and the total amount of fees exceed JPY 3MM is 76.2% of total advisory fees realized during this term. The total advisory fees will be realized over the period of the projects which are sometimes longer than the year (quarter) period shown above, and thus the total net sales of the Company do not match to the total fees shown in the above charts.

M&A Advisory Project ~Cross border M&A collaborating with Paris branch

One M&A project under our collaboration between FMI Tokyo and Paris branch was announced successfully on 1st April.

Our strategy for Europe

❑ Expanding cross border M&A advisory network

- ✓ To provide cross border consulting and M&A advisory especially in Europe, North America and ASEAN, expanding alliance network with other M&A advisory firms.

❑ Strengthening global organization

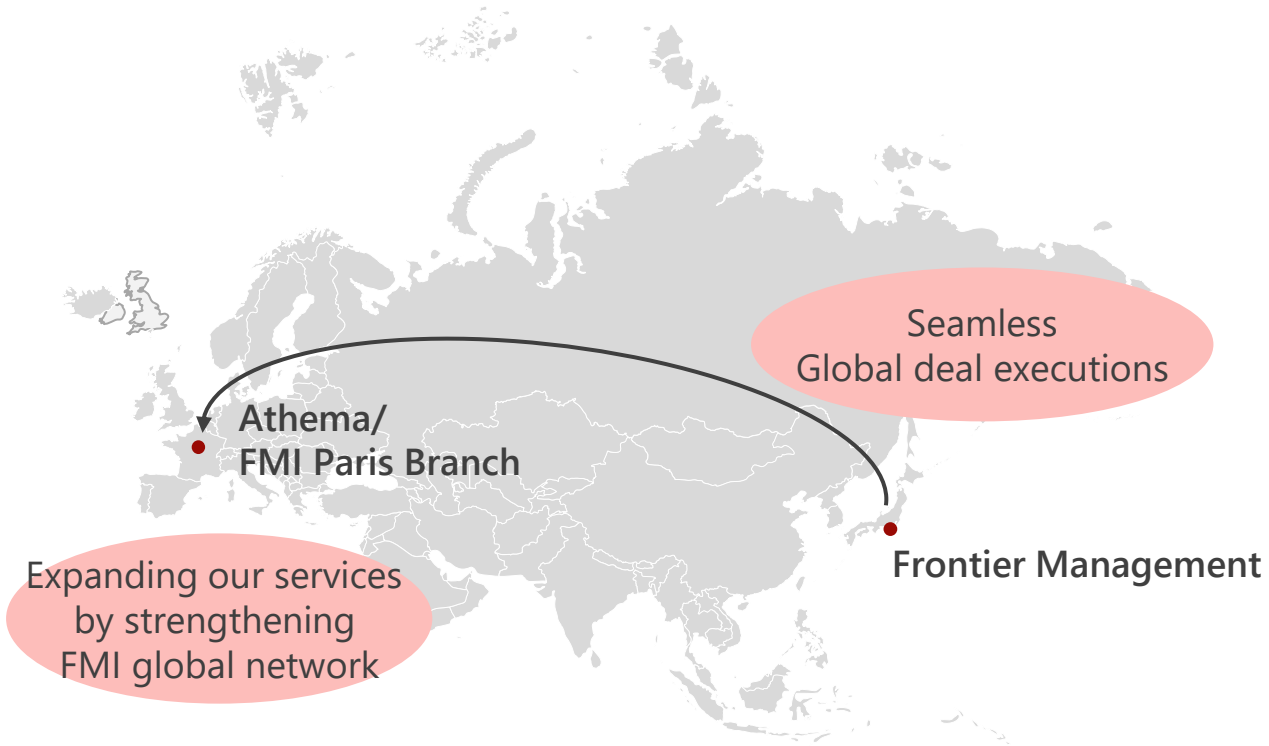
- ✓ To develop Europe market through Athema/Paris branch
- ✓ To hire local people and send employees in foreign branches

❑ Optimized advisory scheme for each client

- ✓ To combine highly skilled expertise in both Japan and global branches and provide the best solutions for the clients

M&A Advisory Business results in 2024

- ❑ Sodick signed a capital and business alliance agreement with Prima Additive S.r.l (Announced on 1st April 2024)





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Section 4

Investment Business Overview



Investment Business of Frontier Capital

Of JPY 15 billion planned to be raised as investment funds, JPY 4 billion has already been raised. FMI/FCI are aiming to expand the investment business expanding the field on three axes.

Capital raising plan

Already raised

Own fund JPY 1.0 billion (FY2022) + Financial institutions JPY 3.0 billion (FY2023)

+

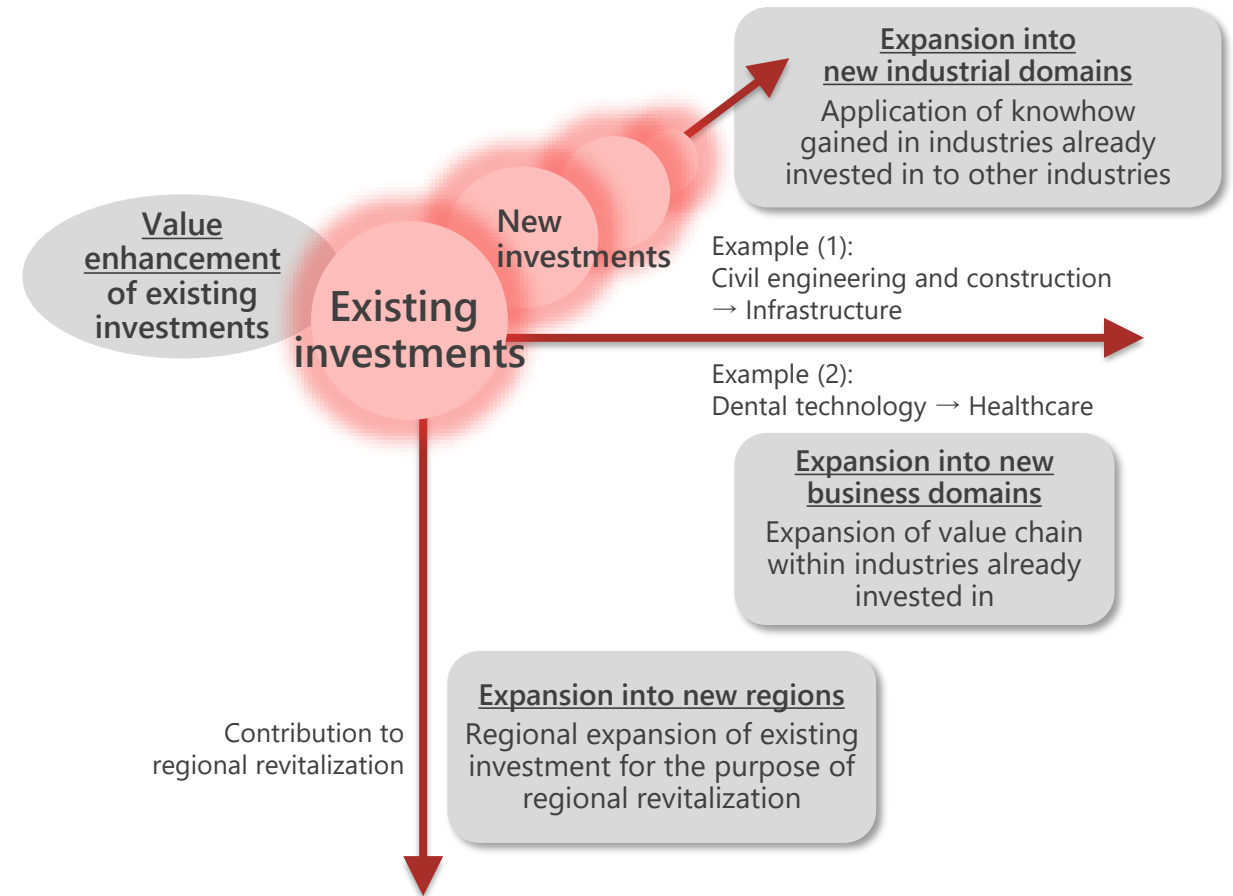
Planned to be raised (FY2024-FY2028)

Own fund JPY 0.5 billion + Financial institutions JPY 10.5 billion

||

Plan to raise JPY 15.0 billion investment funds.

Portfolio strategy for medium- and long-term expansion

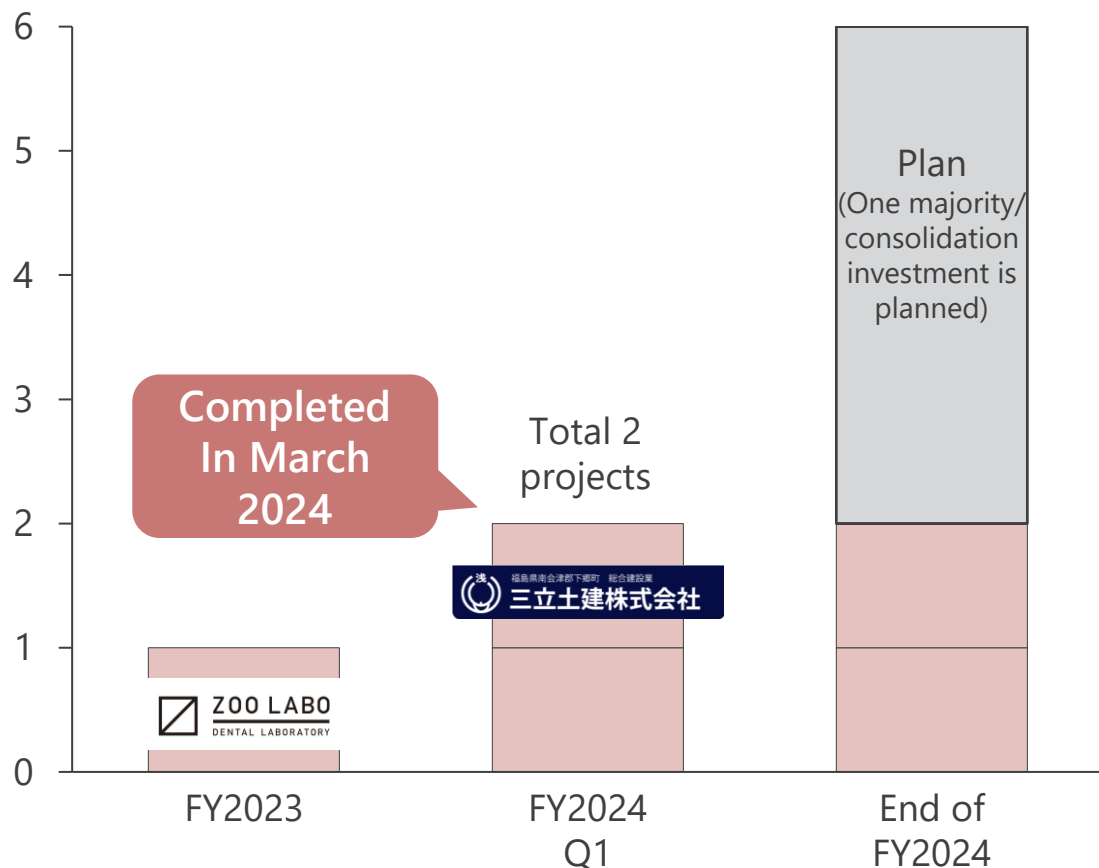


Investment plan and results of Frontier Capital Inc. (FCI)

FCI completed an investment in Sanritsu Doken Group in March 2024. FCI plans 4 more investments during FY2024 (of which one majority investment plan)

Investment Results and Plan (Cumulative number of investments)

(Projects)



Introduction of recent investment company (Completed investment in March 2024)

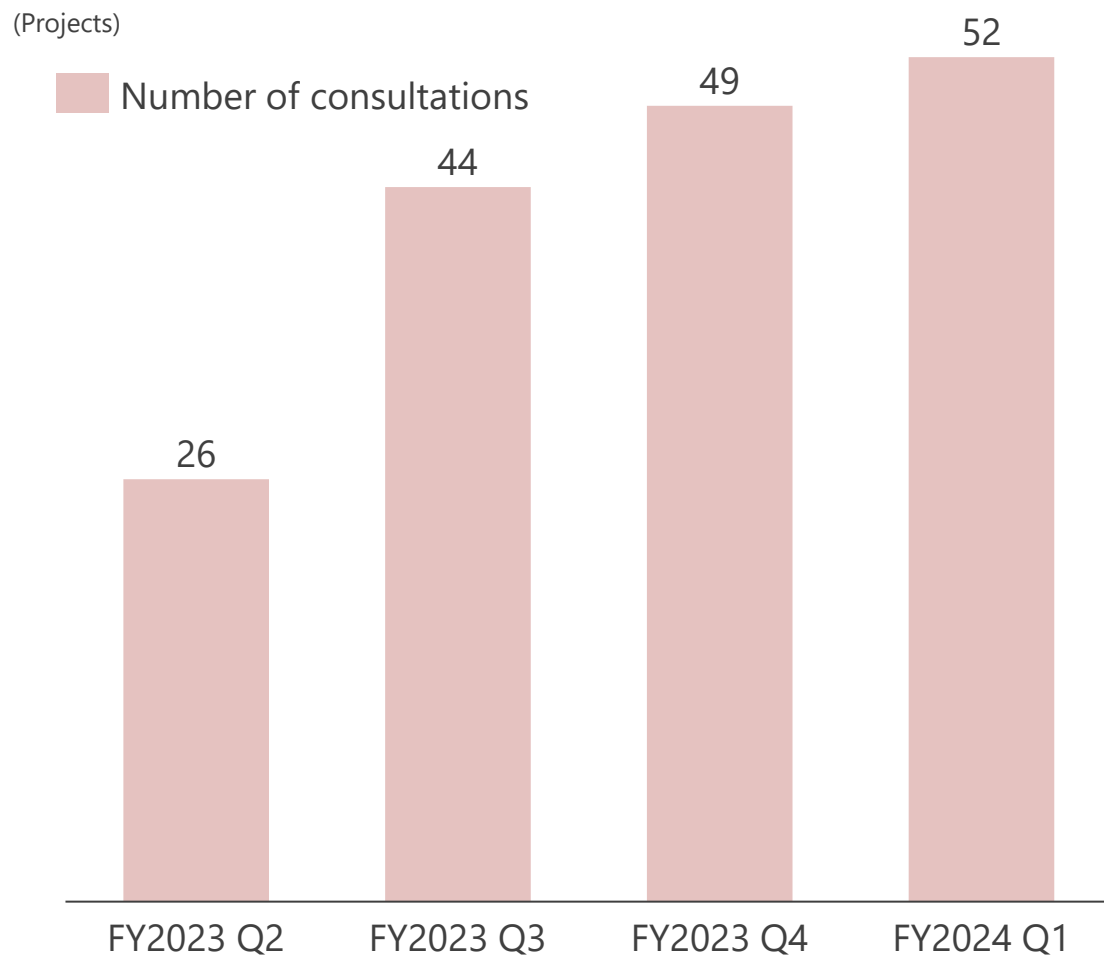
Company name	Sanritsu Doken., Ltd.
Head office	Shimogo machi, Minamiaizu-gun District, Fukushima
Representative	Hidetoshi Asanuma, Representative Director
Number of employees	140(Consolidated)
Business description	<ul style="list-style-type: none"> • General construction business (contract for a complete 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.

- 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.

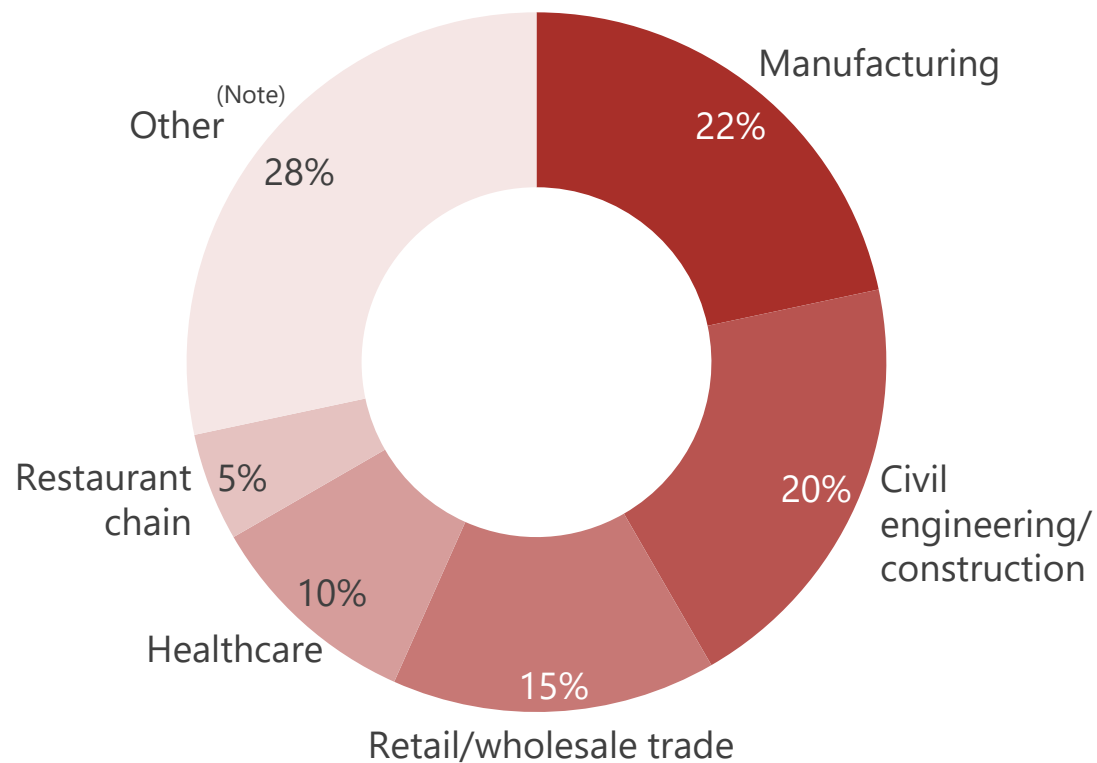
Investment Activity of Frontier Capital

Since the Q1 of 2023, the number of requests and consultations for investment by Frontier Capital has increased significantly. FCI is strengthening its activities in order to execute more investments.

Trend in new consultations



Industry composition of projects under consideration



(Note) "Other" includes transportation/warehousing, nursing care, cram schools, apparel services, IT/systems, tourism/transportation, temporary staffing, etc.



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Appendix

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



IRCJ Industrial Revitalization Corporation Japan

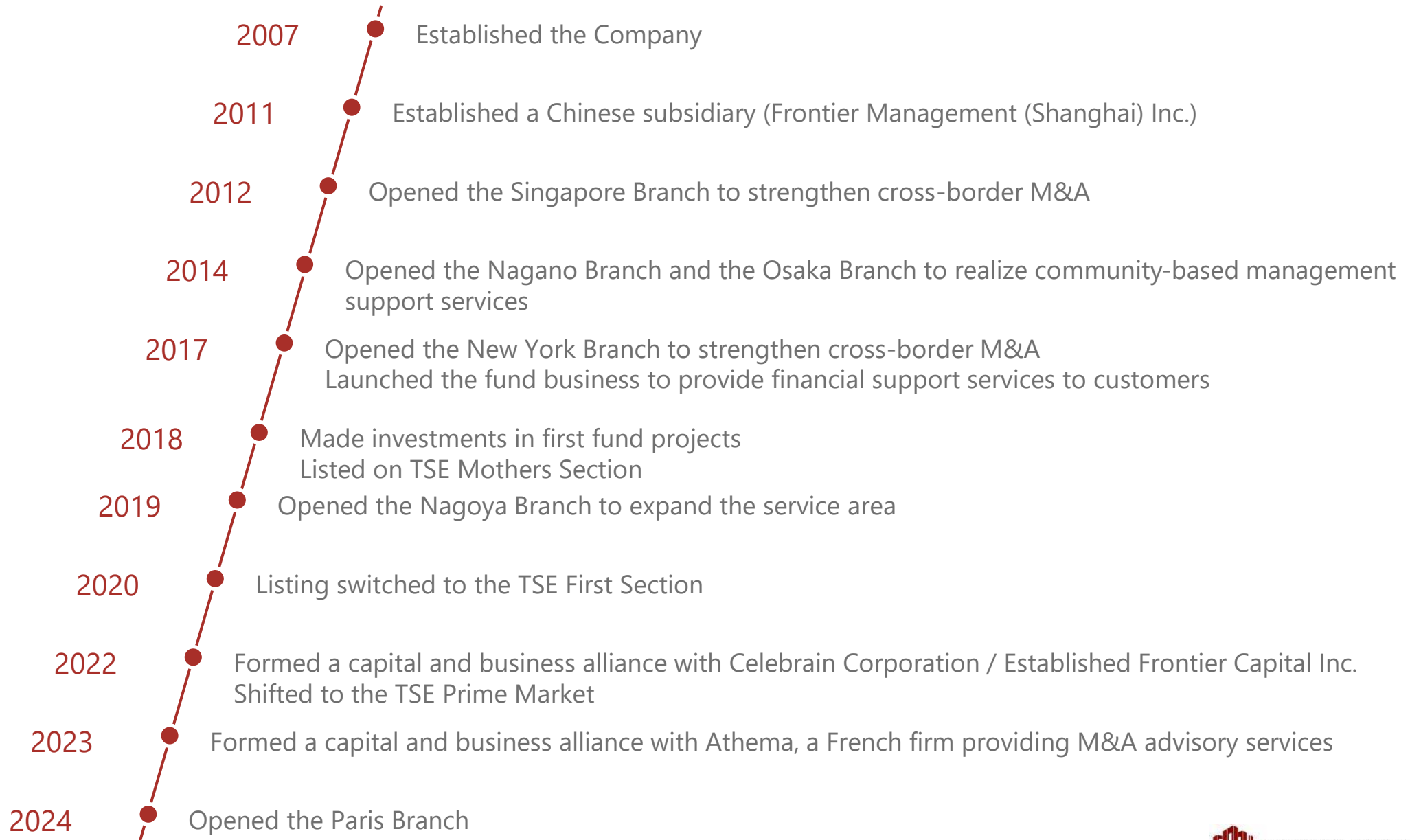
Engaged in turnaround projects as an auditor in Mitsui Mining Co., and a director in Kanebo, Ltd. and The Daiei, Inc.

Established in 2007



FRONTIER MANAGEMENT INC.

History



Organizational Chart for Directors



Representative Director, President and Executive Officer

SHOICHIRO ONISHI



Director of the Board
MASAO NISHIHARA



Director of the Board
TAKESHI UMEMOTO



Outside Director of the Board
KAZUHITO OSUGI



Outside Director of the Board
KEIKO UNOTORO



Outside Director of the Board
HIKARU MINAMI

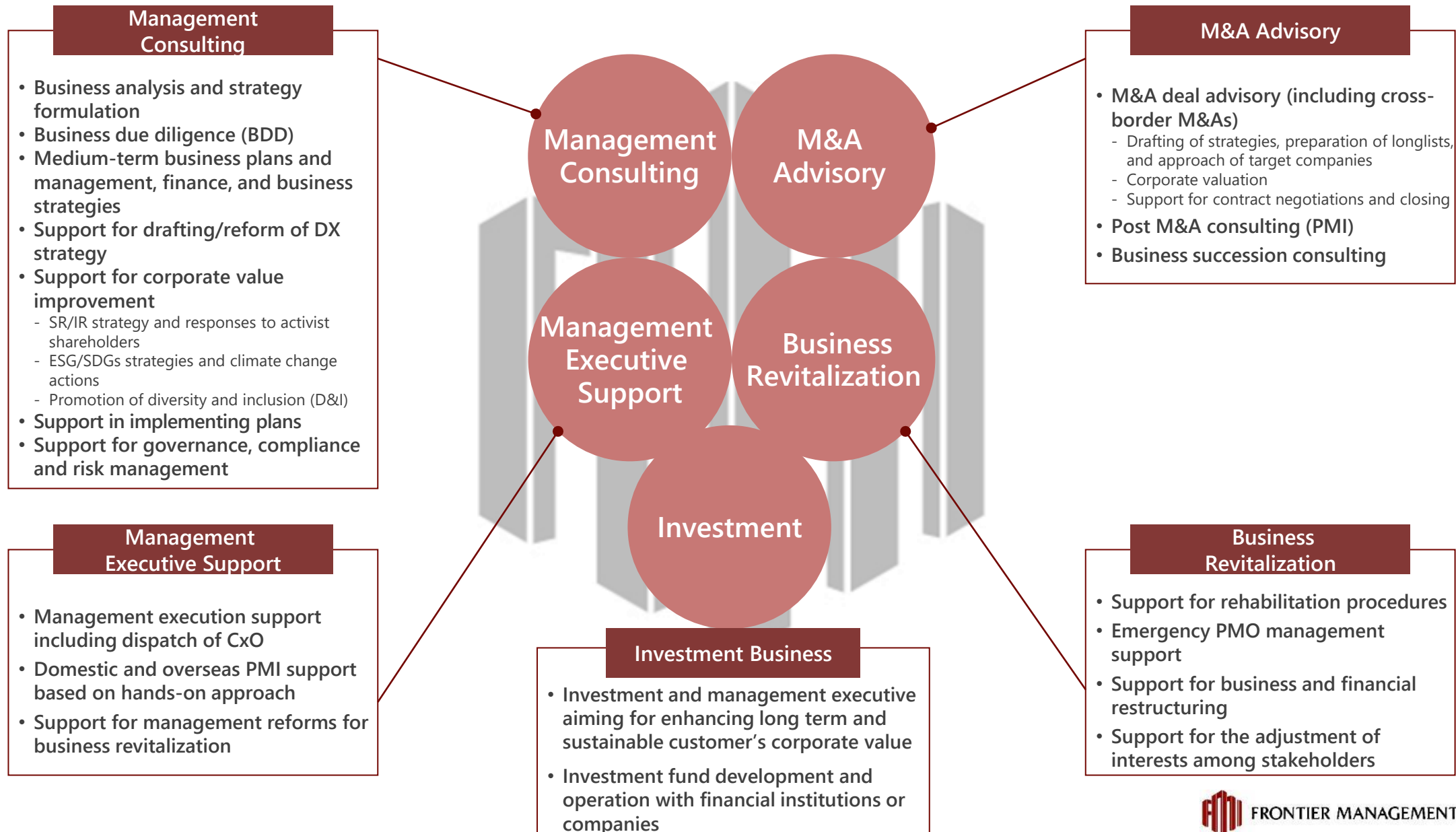
Frontier Management Inc.



Branches Subsidiaries and Affiliates

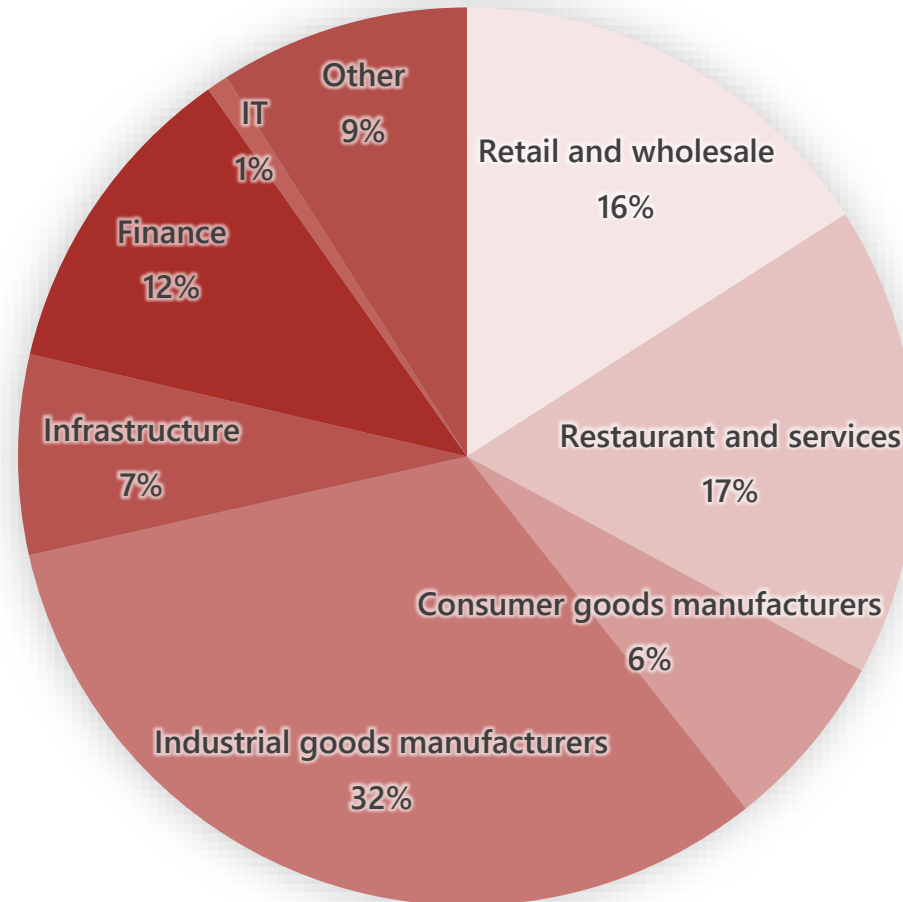
Branches		Subsidiaries and Affiliates	
Osaka Branch	Nagoya Branch	Frontier Management (Shanghai) Inc.	Frontier Capital Inc.
Fukuoka Branch	Singapore Branch	Celebrain Corporation	FCD Partners Inc.
New York Branch	Paris Branch	Athema	

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 consulting		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

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

※Based on Tokyo Stock Exchange data

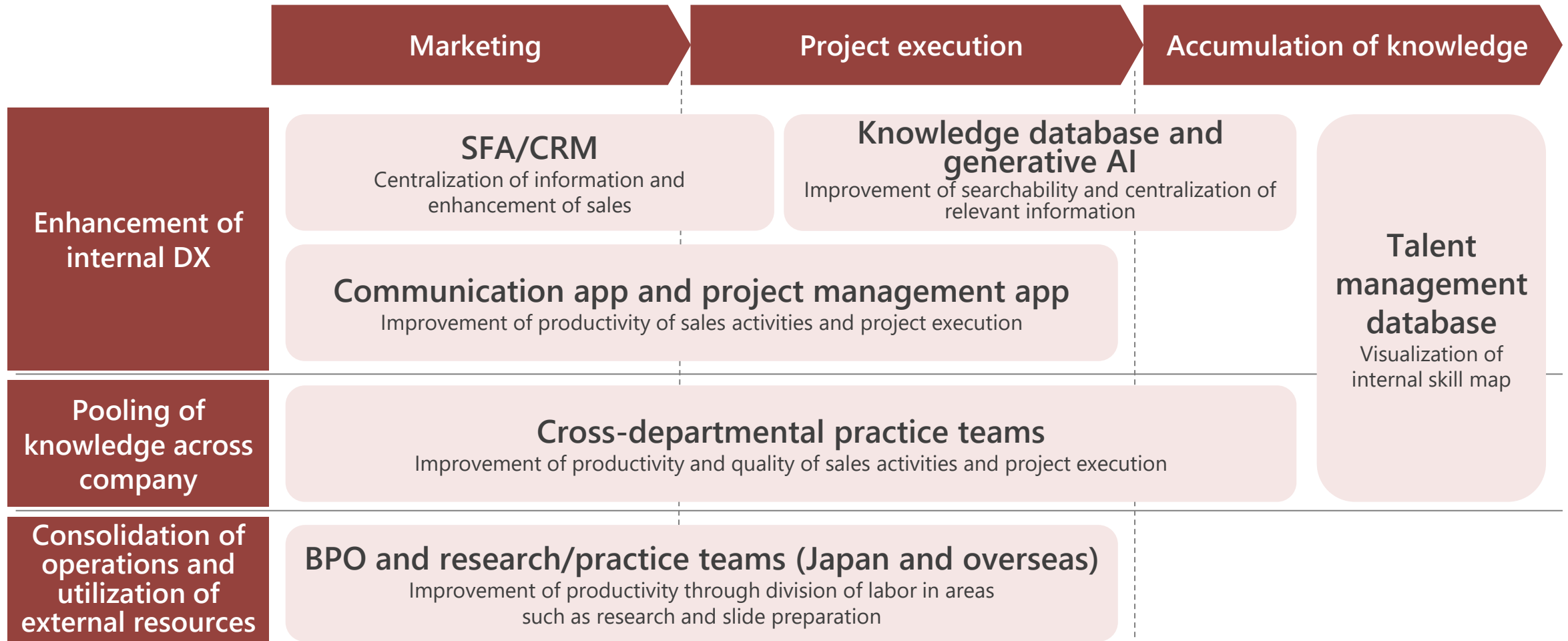
(Reference) Creating a Comfortable Workplace Environment - Enhancement of HR Training System

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 biases
				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 October
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

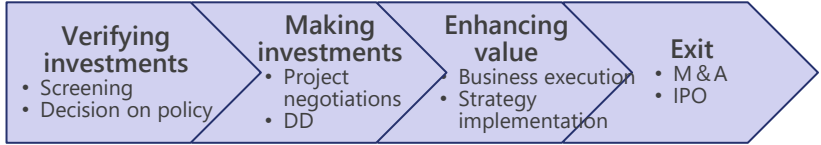
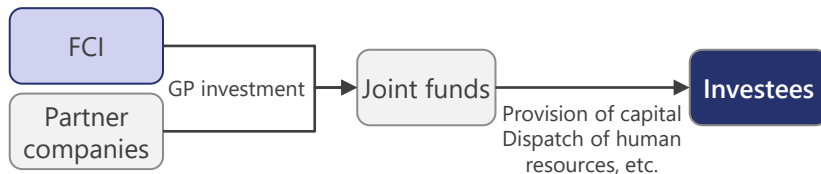
Human Resources segments covered	
HR Strategy Consulting	<ul style="list-style-type: none"> • Human resources and organization strategy consulting (e.g. Reconstruction of the personnel system)
IPO・M&A Consulting	<ul style="list-style-type: none"> • The personnel system integration and company policy 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.

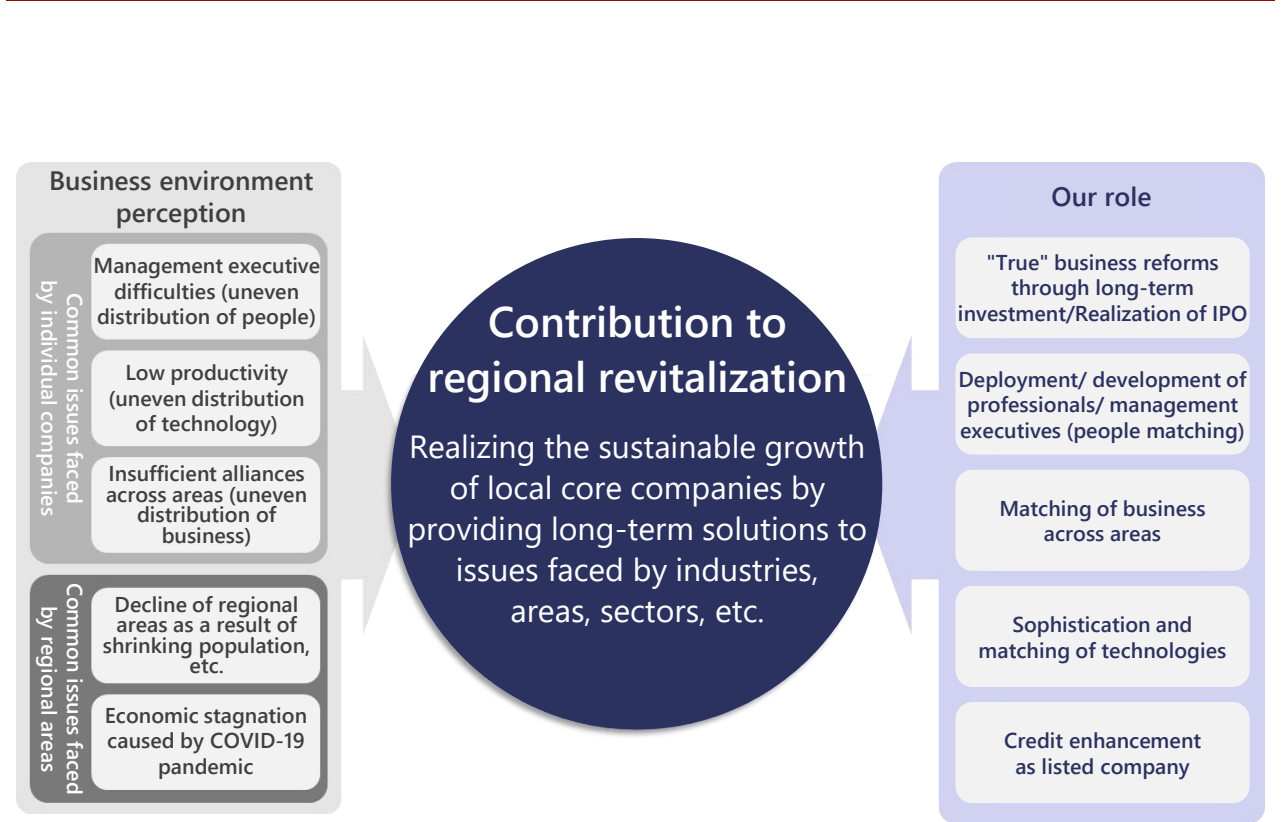


FCI was established in 2022. Based on the business concept of contributing to regional revitalization, FCI invests in local core businesses and provides them with capital through joint funds

Corporate Profile

Company name	Frontier Capital Inc.
Established	2022
Representative	Shoichiro Onishi, Representative Director, President, CEO and COO
Address	3-2-1 Roppongi, Minato-ku, Tokyo
Number of employees	24※ (As of March 1, 2024)
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  <ul style="list-style-type: none"> Formation and management of joint investment funds with financial institutions, business companies, etc. 

Business Concept



※Including loaned employees from FMI



**FRONTIER
MANAGEMENT
INC.**