FRONTIER MANAGEMENT INC.

FASF

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To All

Company Name Frontier Management Inc.
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Notice of Revision of Consolidated Earnings Forecast

The consolidated earnings forecasts for the fiscal year ending December 2024 (January 1, 2024 to December 31, 2024) announced on February 14, 2024 have been revised as follows.

Note

1. Revision of the full-term (January 1, 2024, to December 31, 2024) prospective concatenated results for December 2024

	Net sales	Operating income	Ordinary income	Attributable to owners of parent Net income for the year	Per share Net income
Previous Forecast (A)	Millions of yen 13,000	Millions of yen 1,620	Millions of yen 1,570	Millions of yen 1,000	Yen 85.33
Revised forecast (B)	9,000	△950	△1,030	△870	△74.12
Change (B-A)	△4,000	△2,570	△2,600	△1,870	-
Rate of change (%)	△30.8	-	-	-	-
(Reference) Results for the previous fiscal year (FY2023)	10,025	1,251	1,238	780	67.51

2. Reason for the amendment

Consolidated results for the full year ending December 31, 2024, in the management consulting business, are expected to fail to meet the initial forecasts, although revenue increased from the same period of the previous fiscal year due to the effects of the increase in personnel in line with the recruitment plan, as well as a significant increase in DX consulting and an increase in orders from large enterprises.

In the M&A advisory business, as a result of a careful examination of the probability of closing each project during the fiscal year under review, revenues are expected to decline significantly compared with the same period in the previous fiscal year when large-scale M&A incentive fees were recorded, and are expected to fall significantly below the initial plan.

In the revitalization support business, although orders for revitalization projects remained firm, net sales are expected to decrease year on year due to the impact of the completion of large-scale projects and other factors.

As a result of the above, consolidated net sales for the full fiscal year are expected to be lower than the previously announced forecast. In terms of incomes, the major factor behind the aforementioned significant decline in sales in the M&A Advisory Business is also expected to be lower than the previously announced forecast.

As a result, the full-year consolidated net sales forecast for the fiscal year under review is expected to decrease by ¥4 billion to ¥9 billion, the operating income to decrease by ¥2.57 billion to ¥950 million, the ordinary income to decrease by ¥2,600 million to a loss of ¥1,030 million, and the net income attributable to owners of the parent to decrease by ¥1,870 million to a loss of ¥870 million.

We take the following measures to seriously cope with the operating loss caused by the downward revision of the earnings forecast.

① Reduced fixed compensation for representative director onishi for the current fi fiscal year by two months
② Agreed Termination of Share-based Compensation with Restriction on Transfer to Directors
③ Reduction of managerial bonuses, particularly in underperforming divisions
④ To reduce and stop unnecessary and nonurgent costs

In addition, the Company is considering proposals for structural reforms aimed at achieving new growth by addressing the fundamental issue of poor business performance.

① Drastically improve productivity and drastically revise cost structure
② Promote the selection of the next generation of executives and transform into a new management team with more vitality and diversity
③ Representative Director Onishi oversees the M&A advisory business, which was the biggest factor behind the slump in results, and strengthens to rebuild the basic business based on reinforcing the earnings base for domestic M&A deals with relatively low volatility (in terms of orders and contracts). For overseas M&A deals, the company will carefully examine the success rate before taking orders.
④ Re-integrate the consulting divisions distributed this fiscal year on a functional basis and concentrate management resources on solutions that have strengths
⑤As for the sales departments, we will strengthen mutual cooperation and consolidate and reorganize them. Strengthen sales for business corporations (including investment funds, etc.) and M&A sales.

Based on the above structural reform proposals, the medium-term management plan will be revised and announced at the time of the announcement of full-year financial results for February 2025.

(NOTE)The above forecasts are forward-looking statements based on information currently available to the Company. Actual results may differ from these forecasts for a number of reasons.