



**FRONTIER  
MANAGEMENT  
INC.**

# **FY2025 Q1 Financial Results**

May 14, 2025

Frontier Management Inc. (FMI)

TSE Prime Market: 7038

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## Table of Contents

- FY2025 Q1 Financial Results
- Appendix Corporate Profile



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MANAGEMENT  
INC.

## FY2025 Q1 Financial Results



## Summary: Frontier Management Group Consolidated Financial Statement [Entire Group]

- Consolidated net sales for Q1 of FY2025 amounted to 2.4 billion yen, 113% of the levels a year earlier.
  - ✓ Consulting-based businesses (Management Consulting Business, Revitalization Support Business and Other Business) maintained upward momentum (compared with levels a year earlier, net sales for the fiscal year under review were 112%).
  - ✓ M&A Advisory Business remained steady, with net sales at 101% of the same period last year.
- FMI recorded an ordinary loss due to the occurrence of temporary expenses of 20 million yen in selling, general and administrative expenses and 121 million yen in extraordinary expenses (total 141 million yen) at the closing of Frontier Capital Co., Ltd. (FCI)'s consolidated investment project.

(JPY Mil.)

	2024 Q1 Results	2025 Q1 Results	YoY change (amount)	YoY change (ratio) (%)	FY2025 Forecasts (Feb. 13, 2025)	Rate of achievement of forecast
Net sales	2,161	<b>2,434</b>	+274	113%	13,900	18%
Operating income	63	<b>55</b>	△8	88%	640	9%
(Operating income margin)	(3%)	<b>(2%)</b>	(△1%)	—	(5%)	—
Ordinary income	72	<b>△74</b>	△147	—	480	—
(Ordinary income margin)	(3%)	<b>(△3%)</b>	(△6%)	—	(3%)	—
Net income attributable to owners of parent	13	<b>△129</b>	△143	—	100	—
(Net income margin attributable to owners of parent)	(1%)	<b>(△5%)</b>	(△6%)	—	(1%)	—



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

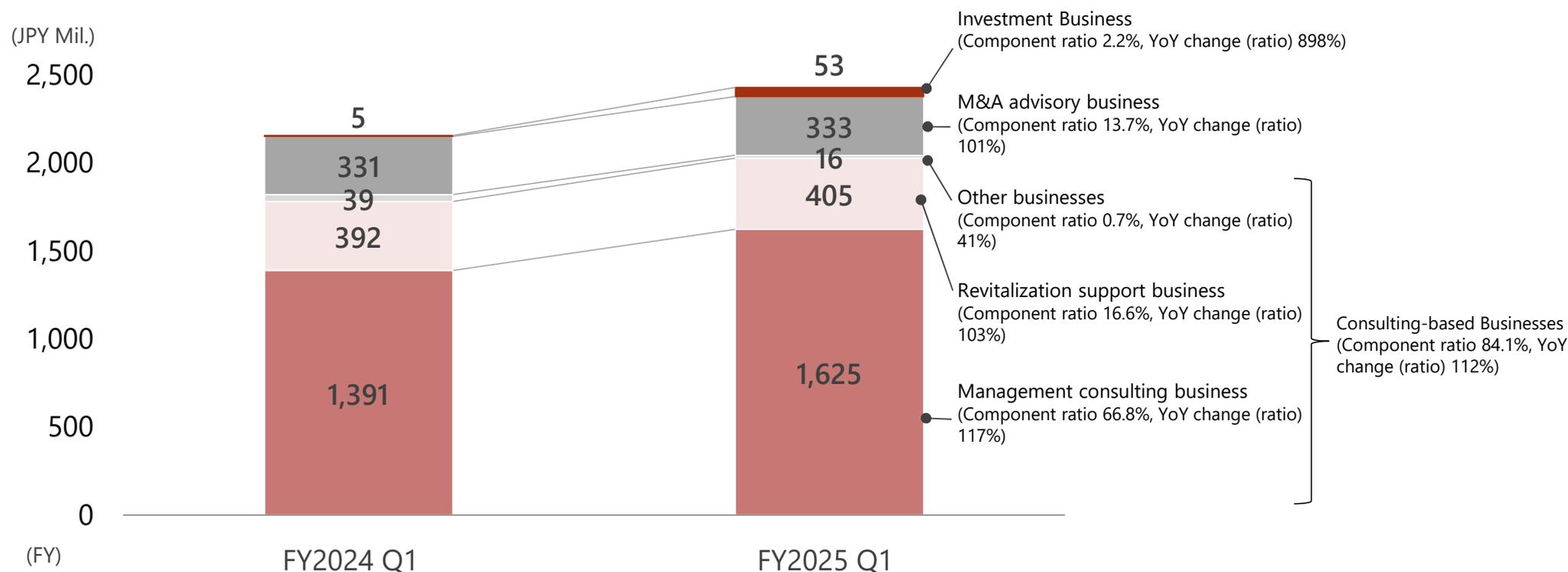
- We continue to disclose our consolidated results without FCI, our subsidiary engaged in the investment business, together with FMI consolidated results, for the reasons given below.
  - ✓ When FCI has an irregular impact on FMI consolidated results depending on whether or not it invests and the results of portfolio companies, this makes it difficult to grasp the performance of the Group correctly.
  - ✓ FCI conducts businesses with the most of its funding from external class shareholders. Since no cash inflows or outflows between FMI and FCI are expected in the near term due to the financial performance of FMI, FMI has announced a dividend payout ratio of 40% of net income excluding the financial results of FCI. This is intended to simplify the calculation of the applicable dividend amount.
- Consolidated results excluding FCI exceeded the previous year's figures across all key metrics: net sales, operating income, ordinary income, and net income.

(JPY Mil.)

	2024 Q1 Results	2025 Q1 Results	YoY change (amount)	YoY change (ratio) (%)	FY2025 Forecasts (Feb. 13, 2025)	Rate of achievement of forecast
Net sales	2,155	<b>2,385</b>	+230	111%	9,400	25%
Operating income	159	<b>187</b>	+27	117%	780	24%
(Operating income margin)	(7%)	<b>(8%)</b>	(+0%)	—	(8%)	—
Ordinary income	170	<b>183</b>	+13	108%	760	24%
(Ordinary income margin)	(8%)	<b>(8%)</b>	(△0%)	—	(8%)	—
Net income attributable to owners of parent	111	<b>112</b>	+1	101%	488	23%
(Net income margin attributable to owners of parent)	(5%)	<b>(5%)</b>	(△0%)	—	(5%)	—

## Net Sales by Business [Entire Group]

- Consulting-Based Businesses: Continued to grow, achieving 112% YoY.
  - ✓ Management Consulting Business: Maintained strong performance. Sales were at a record-high level, at 117% of the level a year earlier.
  - ✓ Revitalization Support Business: Saw steady demand, at 103% YoY.
- M&A Advisory Business: Remained roughly flat compared to the same period last year, at 101% YoY.
- Investment Business: Projects announced at the end of FY2024 began contributing to revenue in FY2025, resulting in 898% YoY.



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

- Net sales from Consulting-Based Businesses grew steadily this quarter. Net sales and operating income excluding FCI exceeded the figures from the same period last year. For the entire Group, an arrangement fee was incurred related to the HobbyLink Japan (HLJ) acquisition, resulting in an ordinary loss.

(JPY Mil.)

	Entire Group				Excluding FCI			
	2024 Q1 Results	2025 Q1 Results	YoY change (amount)	YoY (%)	2024 Q1 Results	2025 Q1 Results	YoY change (amount)	YoY (%)
Net sales	2,161	<b>2,434</b>	+274	113%	2,155	<b>2,385</b>	+230	111%
Operating expenses	2,098	<b>2,379</b>	+281	113%	1,995	<b>2,197</b>	+203	110%
Outsourcing	257	<b>337</b>	+80	131%	254	<b>319</b>	+65	126%
Personnel	1,281	<b>1,389</b>	+107	108%	1,214	<b>1,309</b>	+95	108%
Recruiting	130	<b>157</b>	+27	120%	126	<b>146</b>	+19	115%
Others	428	<b>495</b>	+67	116%	399	<b>422</b>	+23	106%
Operating income	63	<b>55</b>	△8	88%	159	<b>187</b>	+27	117%
Ordinary income	72	<b>△74</b>	△147	—	170	<b>183</b>	+13	108%
Net income before tax	72	<b>△74</b>	△147	—	170	<b>183</b>	+13	108%
Net income attributable to owners of parent	13	<b>△129</b>	△143	—	111	<b>112</b>	+1	101%
Depreciation and amortization	25	<b>25</b>	+0	100%	24	<b>24</b>	+0	100%
EBITDA	88	<b>80</b>	△8	91%	184	<b>212</b>	+27	115%

[Reference]

FMI non-consolidated operating income	159	<b>171</b>	+12	108%
Cerbrain operating income	6	<b>27</b>	+21	416%
Equity in earnings (losses) of affiliates in Athema	0	<b>△1</b>	△1	—

## Overview of Consolidated Balance Sheets [Entire Group]

- Current assets increased due to FCI's acquisition of HobbyLink Japan (HLJ), which added HLJ's inventories (merchandise).
- Non-current assets increased as a result of the HLJ acquisition, including goodwill, investment securities, and other investments.
- Current liabilities increased due to a rise in accounts payable – trade and advances received associated with the HLJ acquisition.
- Non-current liabilities increased due to long-term borrowings from a syndicated loan arranged in connection with the HLJ acquisition.

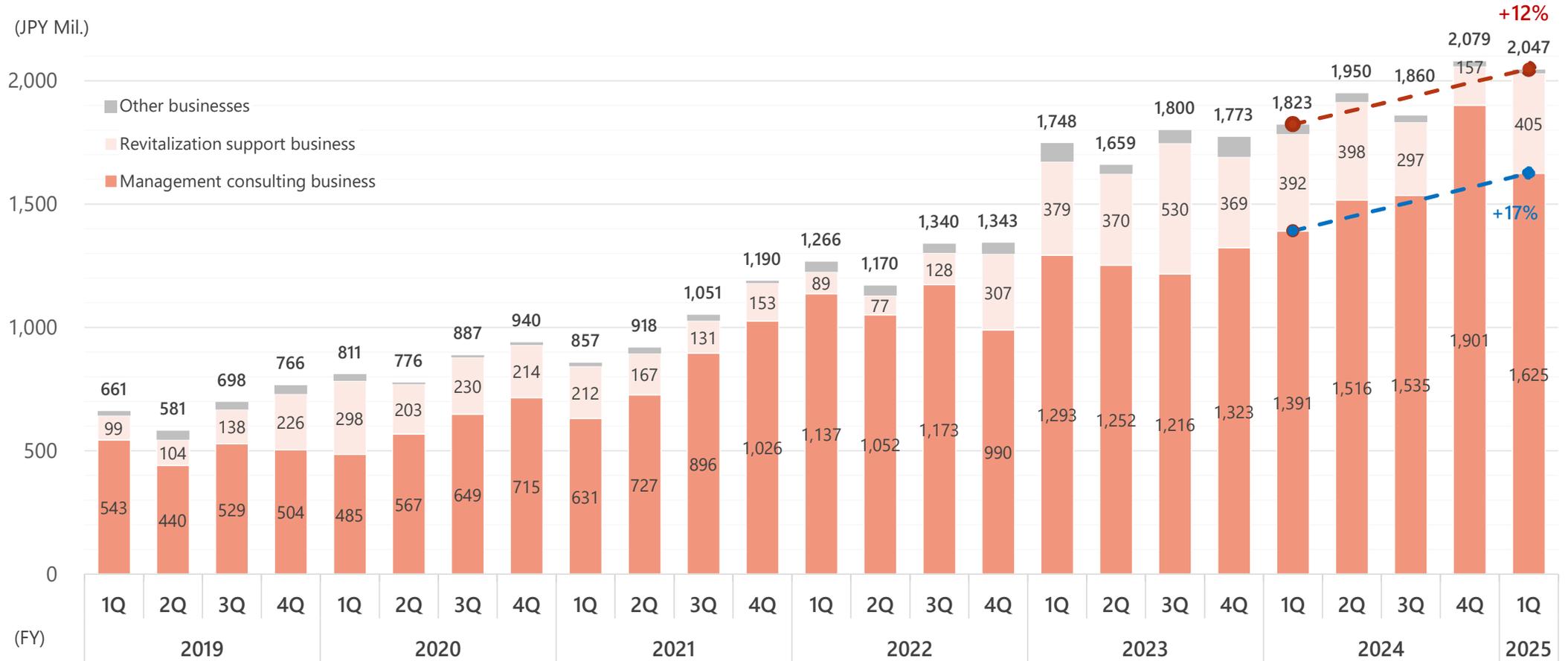
(JPY Mil.)

	End of December 2024	End of March 2025	YoY change (amount)	YoY (%)
Current assets	11,470	12,293	+823	107%
Non-current assets	2,690	7,348	+4,658	273%
Deferred assets	3	3	△0	89%
Total assets	14,165	19,645	+5,481	139%
Current liabilities	2,122	3,301	+1,179	156%
Non-current liabilities	1,292	5,550	+4,258	429%
Shareholders' equity	2,547	2,430	△117	95%
Other net assets	8,202	8,362	+161	102%
Total liabilities and net assets	14,165	19,645	+5,481	139%
Cash and deposits	7,561	7,291	△269	96%
Interest-bearing debt	1,396	6,234	+4,838	446%
Net Debt	△6,164	△1,056	+5,108	17%



# Quarterly Net Sales Trends by Consulting-based Businesses [Excluding FCI]

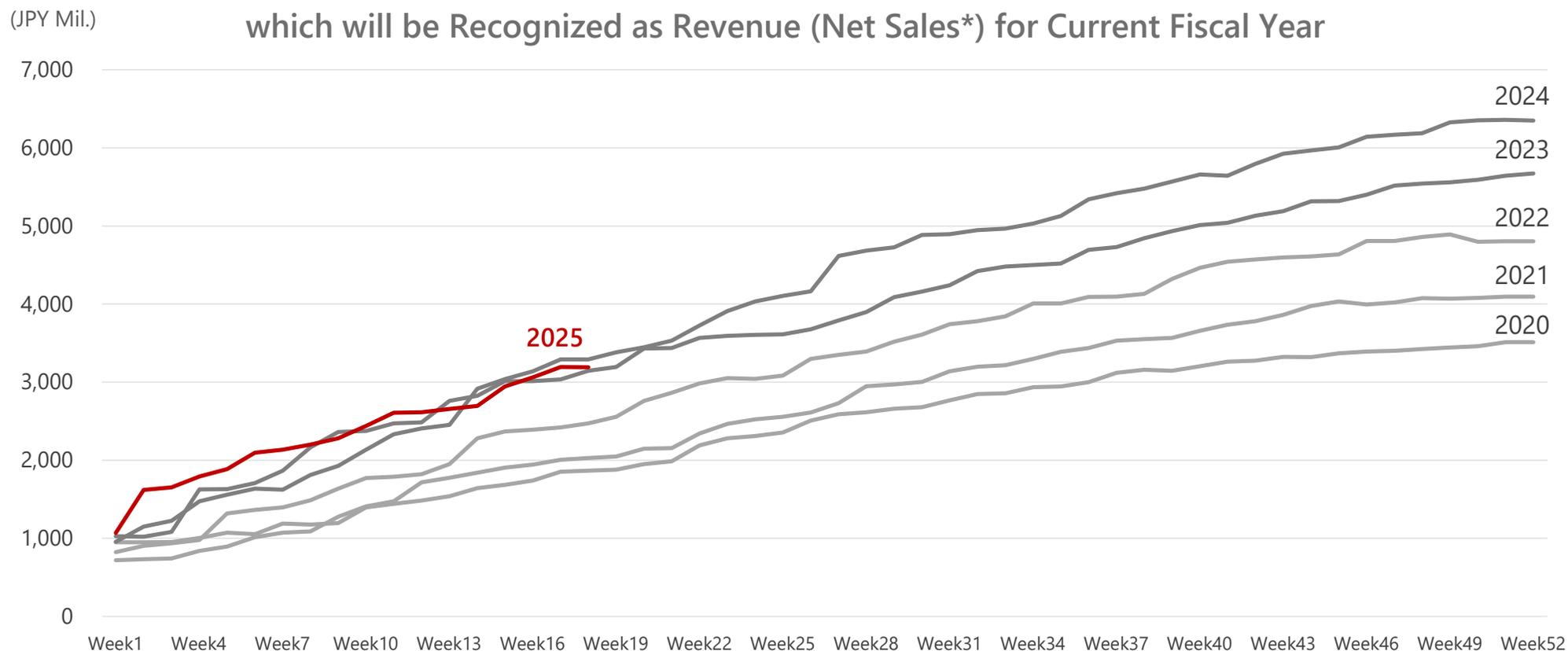
- On a quarterly basis, the Management Consulting Business recorded 117% YoY in 1Q, and the Revitalization Support Business achieved 103% YoY. Overall, Consulting-Based Businesses continued to grow, reaching 112% YoY.



# Weekly Trend in Total Value of Orders Received which will be Recognized as Net Sales for Current Fiscal Year [FMI non-consolidated]

- Remaining at the same level as the previous fiscal year.

## Consulting-based Businesses: Weekly Trend in Total Value of Orders Received which will be Recognized as Revenue (Net Sales\*) for Current Fiscal Year

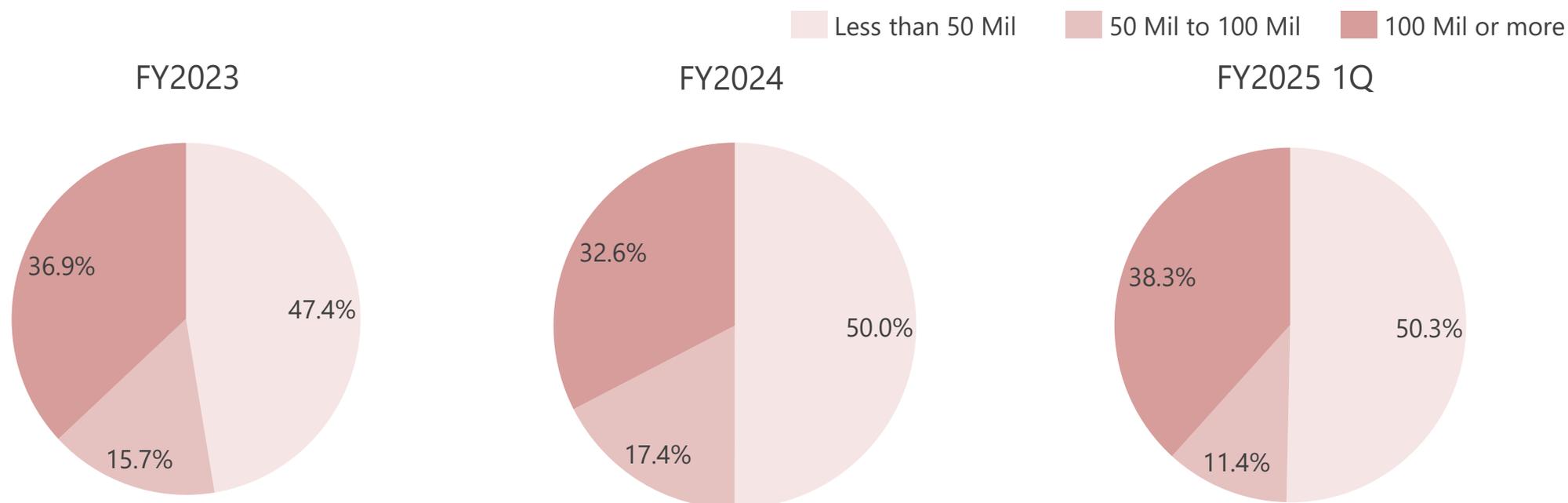


\* Net sales exclude outsourcing costs and project referral fees

# Trend in Scale of Projects (Fees) in Consulting-based Businesses [FMI Non-consolidated]

- Looking at the levels of fees in consulting-based businesses, the year-to-year trend based on contract year shows that projects worth 100 million yen and higher account for approx. 40% of all projects in FY2025.

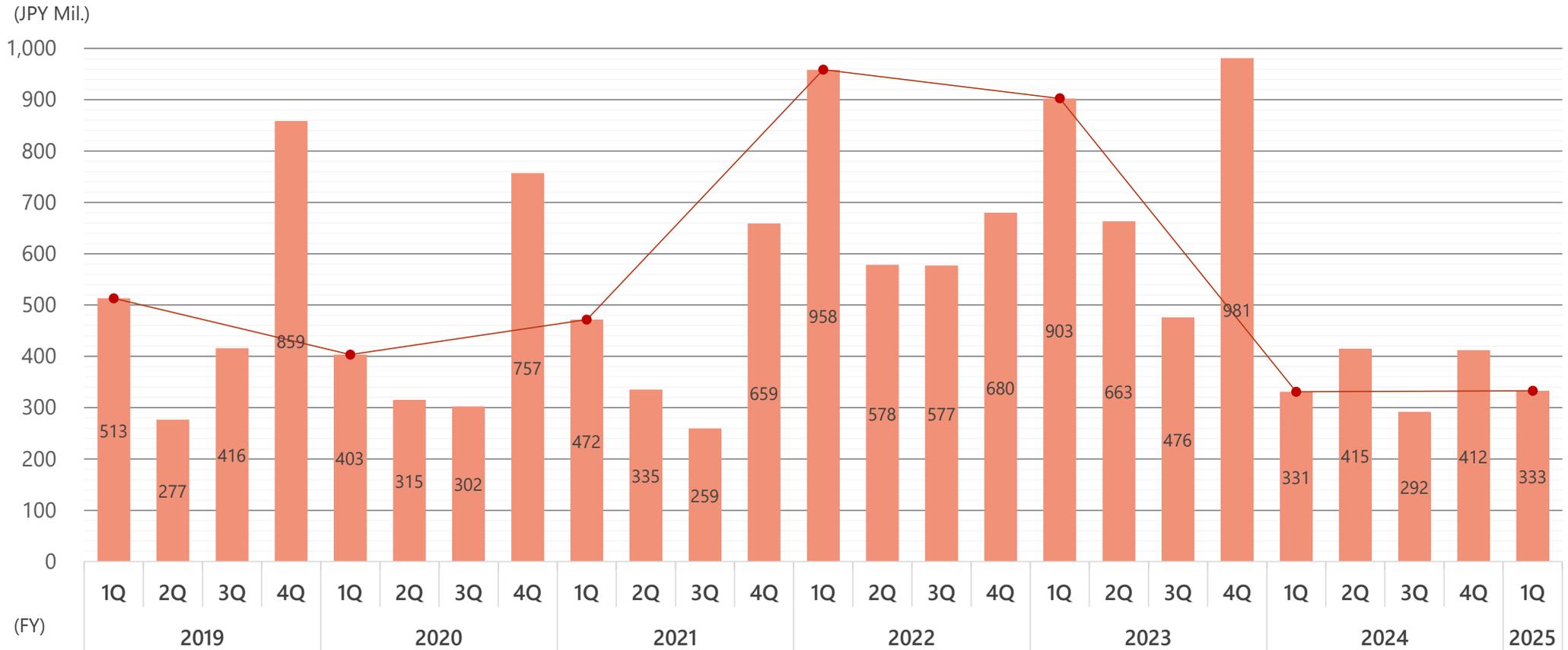
Composition of Project Fee Sales(JPY) of Consulting-based Businesses Based on Contract Year\*



\* Portion of each project fee category is calculated by summing up all commission fees of each project based on the year when the consulting contracts were entered into. For example, in FY2025, the value of project fees coming from contracts that are signed during this term and contain total commission fees of less than JPY 50 Mil is 50.3% of total project fees agreed during this term. The total advisory fees will be realized over the period of the projects which are sometimes longer than the year period shown above, and thus the total net sales of the Company do not match to the total fees shown in the above charts.

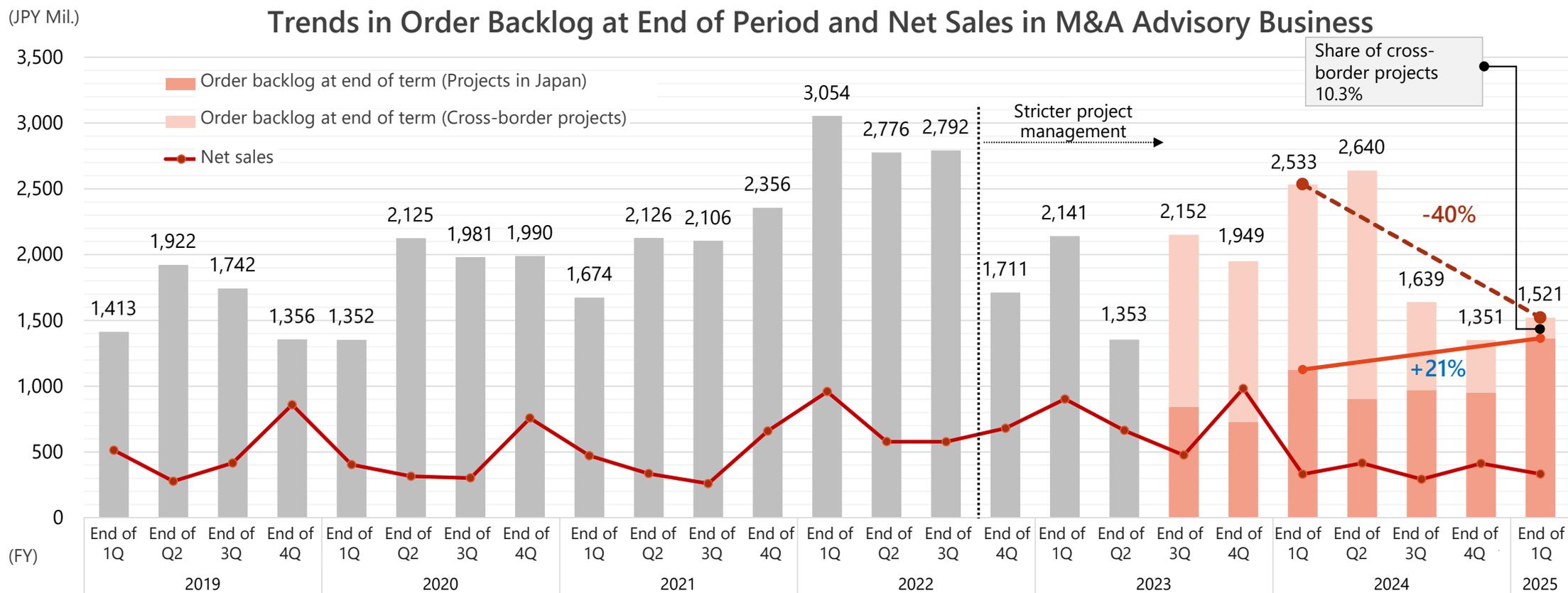
# Quarterly Net Sales Trends of M&A Advisory Business

- Net sales in 1Q FY2025 remained at the same level as the previous year.



# Order Backlog in M&A Advisory Business

- The order backlog as of the end of March 2025 declined by around 40% overall compared with the previous fiscal year, in part due to a decrease of cross-border projects.
- Regarding domestic projects, we have continued with activities to increase the number of orders received, and despite an increase of 21% compared with the end of the previous fiscal year, further accumulation is required.

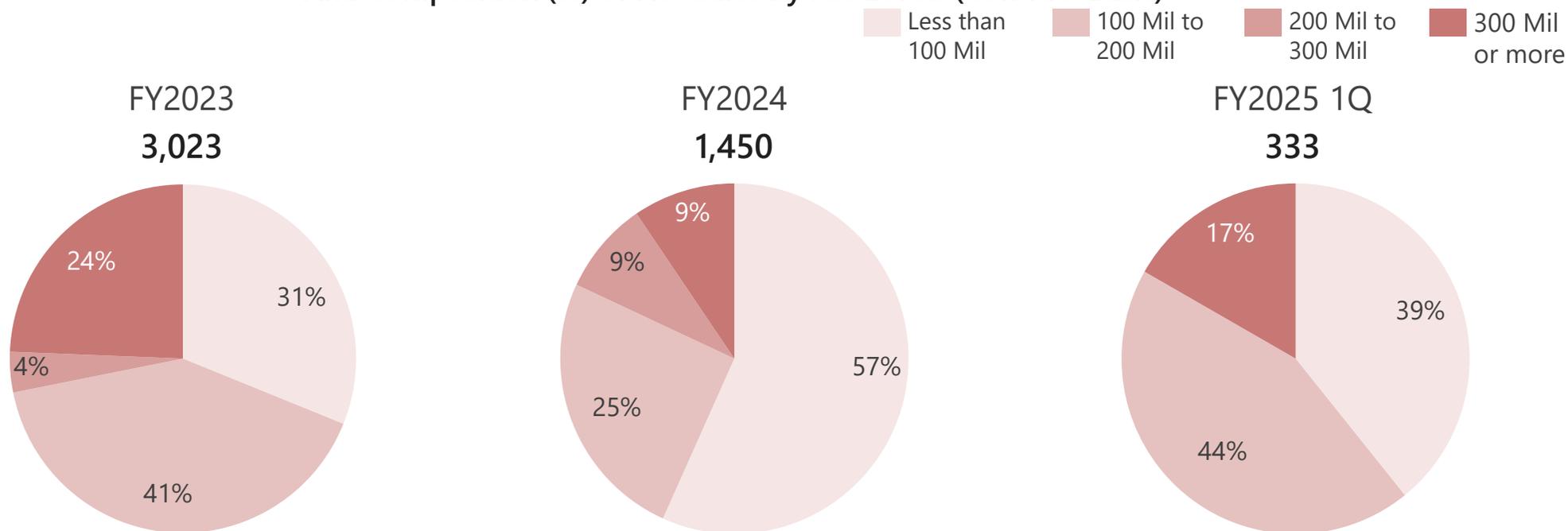


\* The order backlog indicates the total amount of order fees for projects that are currently being executed (orders received) by the Company and where a contract has been concluded between the customer and the Company to provide M&A advisory services. Total amount of commission income from the so-called project pipeline. Even if such orders are recorded in the backlog, not all of them will be realized as the Company's net sales, and the timing at which sales are recorded is not fixed. Depending on the future progress of projects, some projects may be postponed midway through, or some projects may disappear (and therefore will not be included in 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 in the negotiation is a foreign company).

## Trend in Project (Fee) Size in M&A Advisory Business

- Net sales from M&A projects in each fiscal year according to fee levels (on a contract basis) for the respective projects, is disclosed below.
- In FY2025, revenue from projects with fees of 100 million yen or more declined, resulting in the majority (44%) of net sales being generated from projects with fees below 100 million yen.

**Annual net sales in M&A Advisory Business (in millions of yen)  
And Composition (%) of Net Sales by Fee Levels (Contract Basis)**



\* The percentage breakdown (%) represents the share of actual revenue (net sales) received from each project, categorized by fee level (including monthly fees, success fees, and other contracted payments), as handled by the department in charge of M&A advisory services. For example, in FY2025, net sales (total of monthly fees, success fees and other fees from the relevant project) earned from large M&A projects contracted with customers for fees of JPY 300 million or more accounted for 17% of total net sales for the fiscal year. Note that even if a project had a contracted fee of JPY 300 million or more, if the M&A project did not go through, FMI may only receive partial fees, such as only monthly fees without receiving the success fee. In those cases, the partial fees received are still categorized under projects contracted for JPY 300 million or more. This means that not all projects falling under this category necessarily generate net sales of JPY 300 million or more.

# Frontier Capital — Activity Overview

- The number of new investment inquiries continues to rise, and proactive efforts are underway toward execution.
- In February 2025, an investment was made in HobbyLink Japan, followed by support for Tokyo Heart Medical Corporation beginning in March. Including projects from the previous fiscal year, a total of five deals are currently underway. Furthermore, one project was added in May, the target for this fiscal year is to execute three to four additional investments.

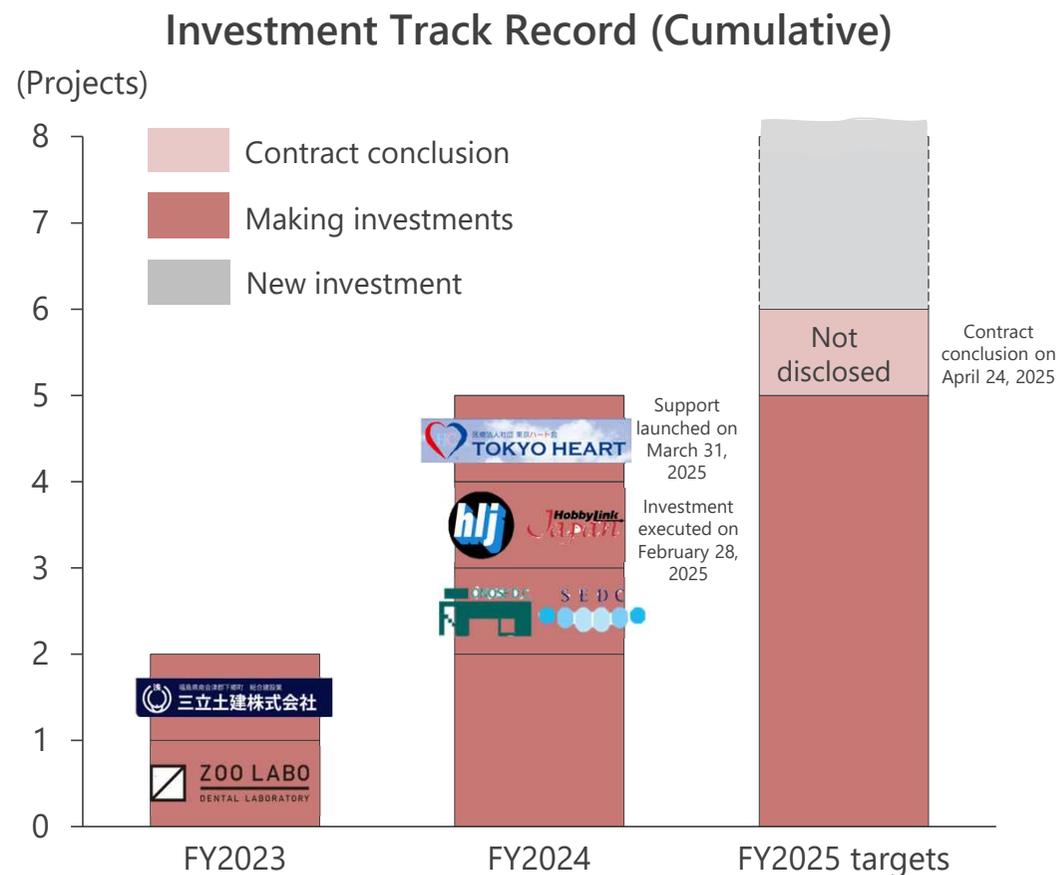
Support launched

Support launched on March 31, 2025



- Tokyo Heart Medical Corporation operates three internal medicine and pediatric clinics in Tokyo.
- FCI provides comprehensive management and operational support to the corporation, leveraging the FMI Group's expertise in healthcare consulting.
- Through this initiative, the FMI Group aims to contribute to the sustainable growth of the corporation, enhance patient services, and ultimately support the development of the healthcare industry as a whole.

Name	Tokyo Heart Medical Corporation
Head office	Ichinoe, Edogawa-ku, Tokyo
Representative	Teruyoshi Kurosawa
Business description	Operation of internal medicine and pediatric clinics
Operated clinics	Ichinoe Heart Clinic (Edogawa-ku, Tokyo) Nihonbashi Heart Clinic (Chuo-ku, Tokyo) Ryogoku Kids Clinic (Sumida-ku, Tokyo)





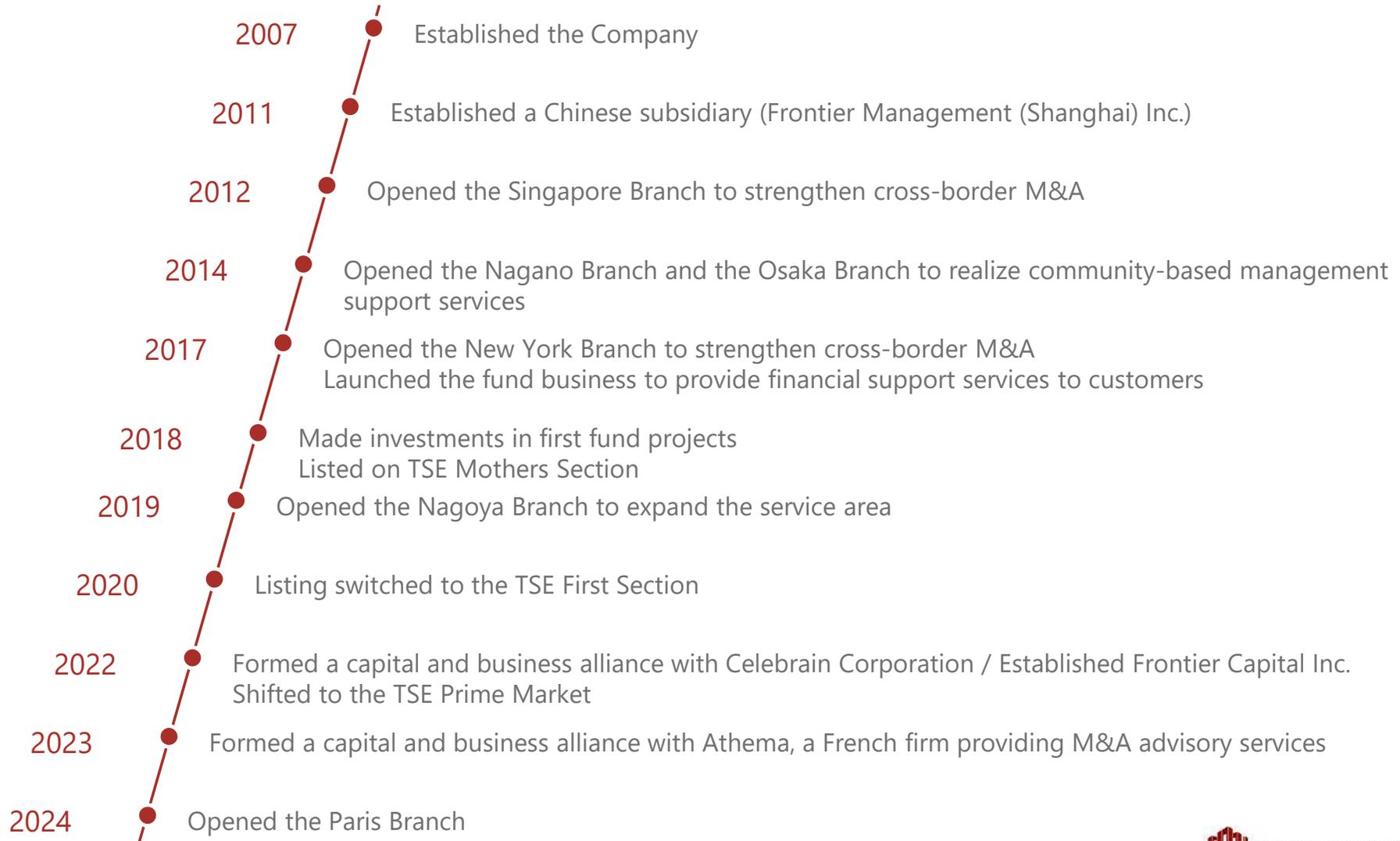
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Appendix

## **Corporate Profile**



# History



## Organizational Chart for Directors



Representative Director, CEO  
**SHOICHIRO ONISHI**



Representative Director, COO  
**AKINORI NISHIDA**



Director of the Board  
**MASAO NISHIHARA**



Director of the Board  
**TAKESHI UMEMOTO**



Outside Director of the Board  
**KAZUHITO OSUGI**

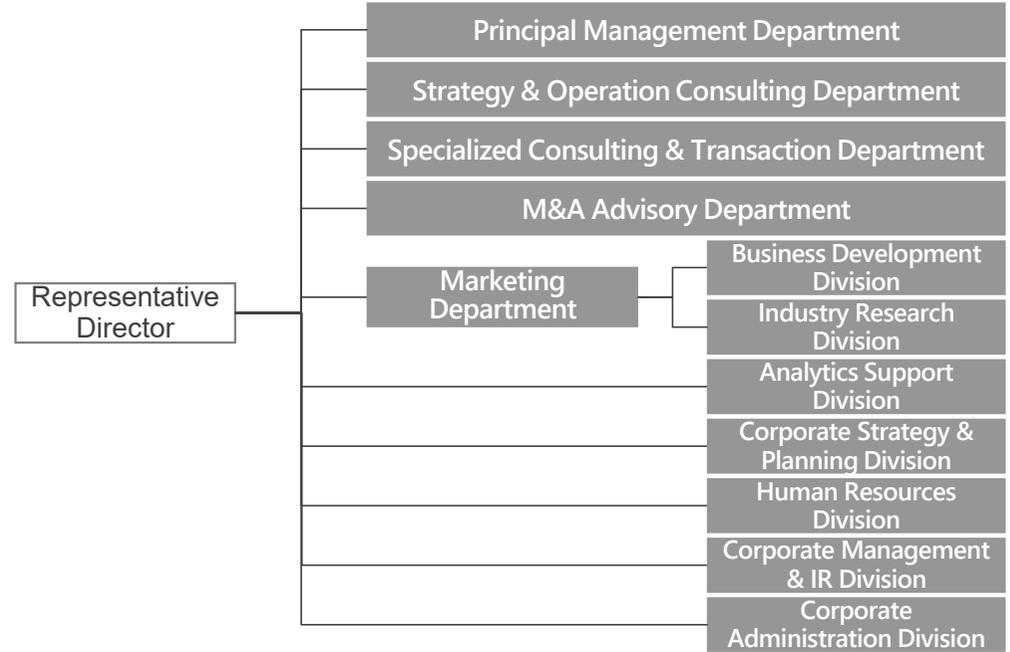


Outside Director of the Board  
**KEIKO UNOTORO**



Outside Director of the Board  
**HIKARU MINAMI**

### Frontier Management Inc.



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

## Reference: Overview of Business Segments

### Consulting-based Businesses

#### Management consulting business

- Business analysis and strategy formulation, business due diligence
- Support for the formulation and execution of a medium-term business plan
- Support for drafting/reform of DX strategy
- Support for corporate value improvement
  - SR/IR strategies, ESG/SDGs strategies, climate change actions
- Human capital management support
- Support for governance, compliance, and risk management
- Management execution support
  - Management execution support including dispatch of CxO
  - Support for domestic and overseas PMI based on hands-on services
  - Support for management reforms for business revitalization

#### Revitalization support business

- Support for rehabilitation procedures
- Crisis/Emergency PMO management support
- Support for business and financial restructuring
- Support for the adjustment of interests among stakeholders

\*1 "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.

\*2 Consulting-based Businesses are businesses which, unlike the M&A Advisory Business, generally have a time-based fee structure with no success fees. Since the business unit engaged in the Revitalization Support Business is also in charge of other business that arises before the revitalization support services are required, such as preventive consulting services and financial DD, the Company groups these businesses into the same business segment.

\*3 Other business is also included in Consulting-based Businesses.

### M&A advisory Business

- M&A deal advisory
  - Drafting of M&A strategies, preparation of longlists, and approach to target companies
  - Corporate valuation
  - Support for contract negotiations and closing
- Post-M&A (PMI) consulting
- Business succession consulting

### Investment Business

- Execution of investment and management for the purpose of the long-term, sustainable enhancement of corporate value of portfolio companies
- Formation and management of joint investment funds with financial institutions, business companies, etc.

# 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	18 (As of January, 2025)
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
Address	2-11-1, Nagatacho, Chiyoda-ku, Tokyo
Number of employees	29 (As of March, 2025)
Business description	<ul style="list-style-type: none"> <li>• Human Resources Strategy Consulting</li> <li>• Human development and training</li> <li>• Human Resources technology</li> <li>• Human Resources investigation and evaluation</li> <li>• Recruiting professionals</li> </ul>

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

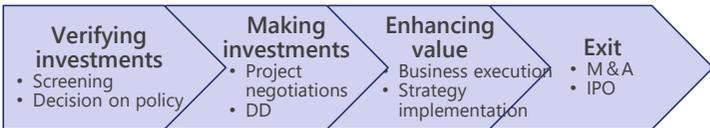
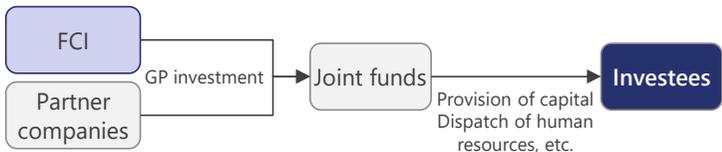
# Frontier Capital Inc.

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



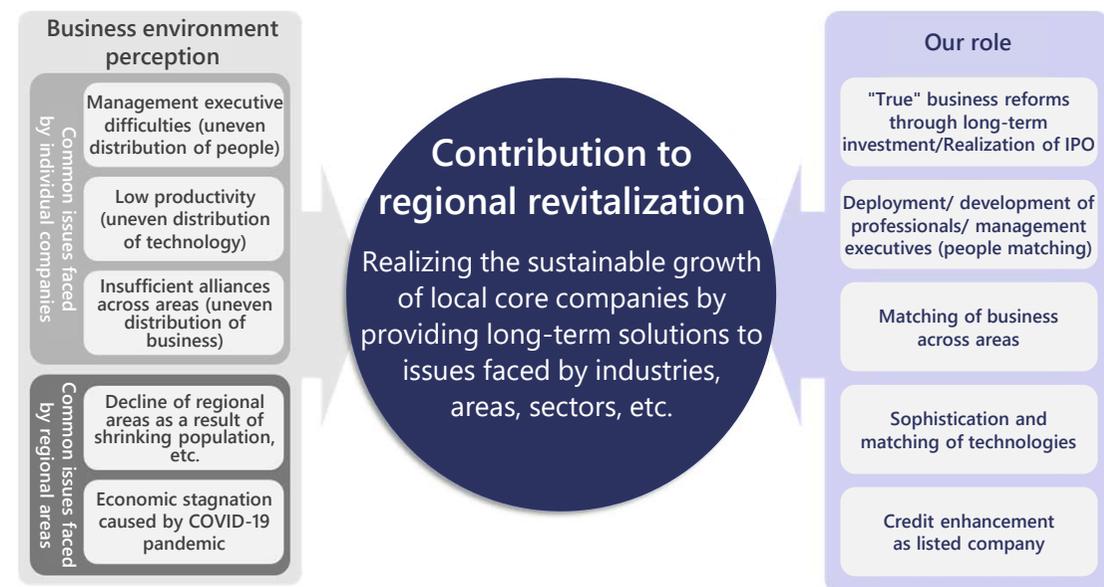
FRONTIER  
CAPITAL  
INC. FRONTIER  
MANAGEMENT INC. GROUP

## 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	20* (As of March, 2025)
Business description	<ul style="list-style-type: none"> <li>Execution of investment and management for the purpose of the long-term, sustainable enhancement of corporate value of portfolio companies</li> </ul>  <ul style="list-style-type: none"> <li>Formation and management of joint investment funds with financial institutions, business companies, etc.</li> </ul> 

\*Including loaned employees from FMI

## Business Concept





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