FRONTIER MANAGEMENT INC.

FY2025 Q3 Financial Results

November 14, 2025

Frontier Management Inc.

About Frontier Management Inc. (FMI)

- Frontier Management Inc. (FMI) is engaged in Consulting-based Businesses (Management Consulting Business and Revitalization Support Business), the M&A Advisory Business and the Investment Business both in Japan and overseas. In addition, Frontier Capital Inc. (FCI), a subsidiary of FMI engaged in investment business, has acquired HobbyLink Japan Ltd. as a consolidated subsidiary through investment. HobbyLink Japan Ltd. sells mainly models, self-assembled plastic models and toys.

FRONTIER MANAGEMENT INC.
フロンティア・マネジメント株式会社

Consulting and Advisory Business Segment

Consulting-based Businesses

Management Consulting

- Business analysis and strategy formulation, and business and financial due diligence (business DD and financial DD)
- Support for the formulation and execution of a medium-term business plan
- Support for drafting/reform of DX strategy
- Support for corporate value improvement
- Human capital management support
- Support for governance, risk and compliance (GRC)
- Management execution support

Revitalization Support

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

M&A Advisory Business

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

Investment Business Segment

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.

Group companies

Japan

FRONTIER CAPITAL INC.
Frontier Capital (Investment business)

Celebrain
Celebrain (HR consulting)

Overseas (France)

Athema
Athema (M&A advisory)

Investees (Consolidated)

HobbyLink Japan
HobbyLink Japan (Sale of models, self-assembly plastic models, toys, etc.)

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Agenda

About Frontier Management Inc. (FMI)

Overview of FY2025 Q3 Financial Results

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   - Summary
   - Factors for change in operating income or loss
   - Consolidated performance trends

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2. M&A Advisory Business
   - Trend in net sales
   - Trend in order backlog
3. Investment Business
   - Trend in results

Initiatives Reflecting the Downward Revision of Financial Forecasts

- Forecasts after the Downward Revision: Entire Group
- Forecasts after the Downward Revision: Excluding FCI
- Forecasts after the Downward Revision: Year-on-year Comparison/Entire Group
- Review of Structural Reform Measures
- Measures Remaining in the Current Fiscal Year/Measures to Implement Next Fiscal Year

Appendix

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Overview of FY2025 Q3 Financial Results

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1. FY2025 Q3 Financial Results － Financial Highlights

- The third-quarter results showed a year-on-year increase in sales and a year-on-year decline in income. The current structural reform measures are progressing steadily. While it is taking longer than planned for their effects to materialize, it is expected that the reduction of fixed costs will improve earnings toward the end of the fiscal year. Going forward, in light of the current situation, the Group will continue to work to expand its workforce and strengthen sales for regrowth in the next fiscal year.

Overall evaluation of the Group

- Consolidated net sales **increased** to 8,778 million yen, which is **130% of the level a year earlier**, due to the consolidation of HobbyLink Japan Ltd., which is an investee of FCI.
- **Reduction of fixed costs through the personnel optimization,** which had been an issue the previous fiscal year, **have mostly been completed,** and a positive impact on profit from the elimination of inefficiencies in departmental operations is expected in the second half. In addition, consolidated operating loss was only 68 million yen due to concurrent aggressive upfront spending to increase the number of senior members of the M&A Advisory Department, improve company-wide productivity and implement other measures.
- **The impact of one-time costs associated with structural reforms, etc. (extraordinary losses) and commission expenses (non-operating expenses) associated with the acquisition of HobbyLink Japan Ltd.** resulted in a net loss attributable to owners of parent of 547 million yen.

Results by business

- **In the Consulting-based Business** (Management Consulting Business and Revitalization Support Business), sales of 5,231 million yen (93% of the previous year) were recorded. Sales shrank due to a combination of the replacement of senior members in the personnel optimization, the discontinuities in large projects and other events. Presently, we are seeing the stabilization of personnel and the improvement of productivity. As the Group moves toward next fiscal year, it will urgently work to **strengthen sales and develop its pipeline, in addition to expanding its workforce.**
- **The M&A Advisory Business** posted net sales of 969 million yen (93% of the level a year earlier). Nonetheless, a new leadership structure was put in place in June this year, with Senior Managing Executive Officer Matsumoto joining the company, and **projects in Japan, including the order backlog and pipeline, are on the recovery path.**
- **In the Investment Business, investment in 4 projects was completed** over the nine-month period, including the consolidation of HobbyLink Japan Ltd. We are seeing steady progress toward profitability on a consolidated basis including FCI through the buildup of an investment track record and the resulting increase in retainer fees, etc.

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1. FY2025 Q3 Financial Results － Highlights of Consolidated Financial Results (Entire Group/Excluding FCI)

- Consolidated net sales (entire Group) for Q3 of FY2025 increased 2.0 billion yen, 130% of the level a year earlier, due to the consolidation of HobbyLink Japan Ltd.
  - ✓ In Consulting-based Businesses (Management Consulting Business, Revitalization Support Business and Other Business), net sales were 93% of the level a year earlier.
  - ✓ In the M&A Advisory Business, net sales were 93% of the year-ago level.
- However, the entire Group posted a consolidated operating loss of 65 million yen, reflecting decreased income at the Company, and one-time expenses incurred at FCI.

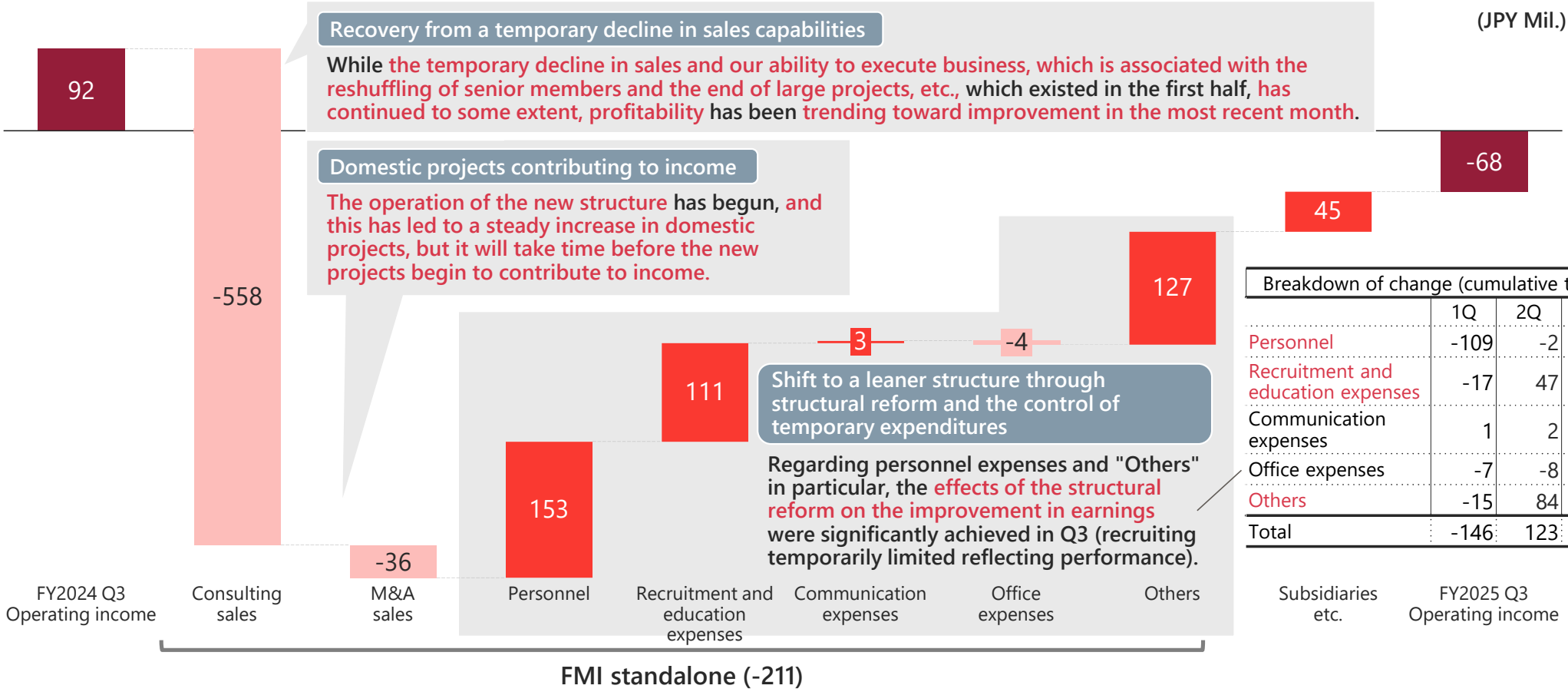
(JPY Mil.)	Consolidated (Entire Group)				Consolidated (Excluding FCI)			
	2024 nine-month results	2025 nine-month results	YoY change (amount)	YoY (%)	2024 nine-month results	2025 nine-month results	YoY change (amount)	YoY (%)
Net sales	6,748	8,778	+2,030	130%	6,681	6,203	-477	93%
Operating expenses	6,656	8,847	+2,191	133%	6,310	6,013	-298	95%
Outsourcing	833	959	+126	115%	826	940	+114	114%
Personnel	3,975	3,955	-20	99%	3,782	3,582	-200	95%
Recruiting	351	273	-77	78%	337	252	-85	75%
Others	1,496	3,659	+2,163	245%	1,364	1,237	-126	91%
Operating income	92	-68	-161	－	370	190	-180	51%
Ordinary income	18	-286	-305	－	317	175	-142	55%
Extraordinary income (losses)		-135	-135	－		-135	-135	－
Net income (loss) before tax	18	-421	-440	－	317	40	-277	13%
Net income (loss) attributable to owners of parent	-109	-547	-438	－	190	-16	-207	－
Depreciation and amortization	55	244	+190	444%	53	39	-14	73%
EBITDA	147	175	+29	119%	424	229	-194	54%
[Reference]								
FMI non-consolidated operating income					411	199	-212	48%
Celebrain operating income (loss)					-39	16	+56	－
Equity in earnings (losses) of affiliates in Athema					0	-3	-4	－

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1. FY2025 Q3 Financial Results － Factors in Change in Operating Income or Loss (Entire Group)

- This fiscal year, the effects of the personnel optimization and the reform of the cost structures have materialized. While the temporary decline in sales and our ability to execute business as an organization reflecting factors such as the reshuffling of senior members has continued to have some impact, productivity is improving at present, and we will continue to strengthen sales.

(JPY Mil.)



Breakdown of change (cumulative total)

	1Q	2Q	3Q
Personnel	-109	-2	153
Recruitment and education expenses	-17	47	111
Communication expenses	1	2	3
Office expenses	-7	-8	-4
Others	-15	84	127
Total	-146	123	389

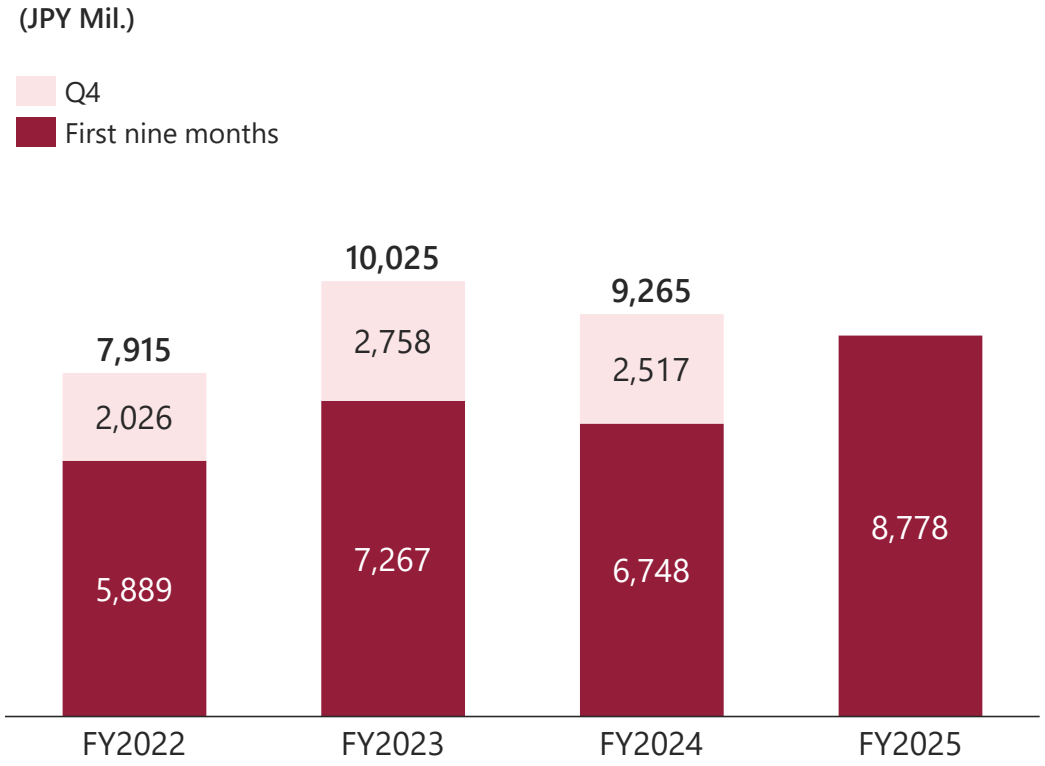
* Note that consulting sales and M&A sales are aggregate figures for sales excluding outsourcing expenses, and they are not necessarily consistent with the figures on other pages.

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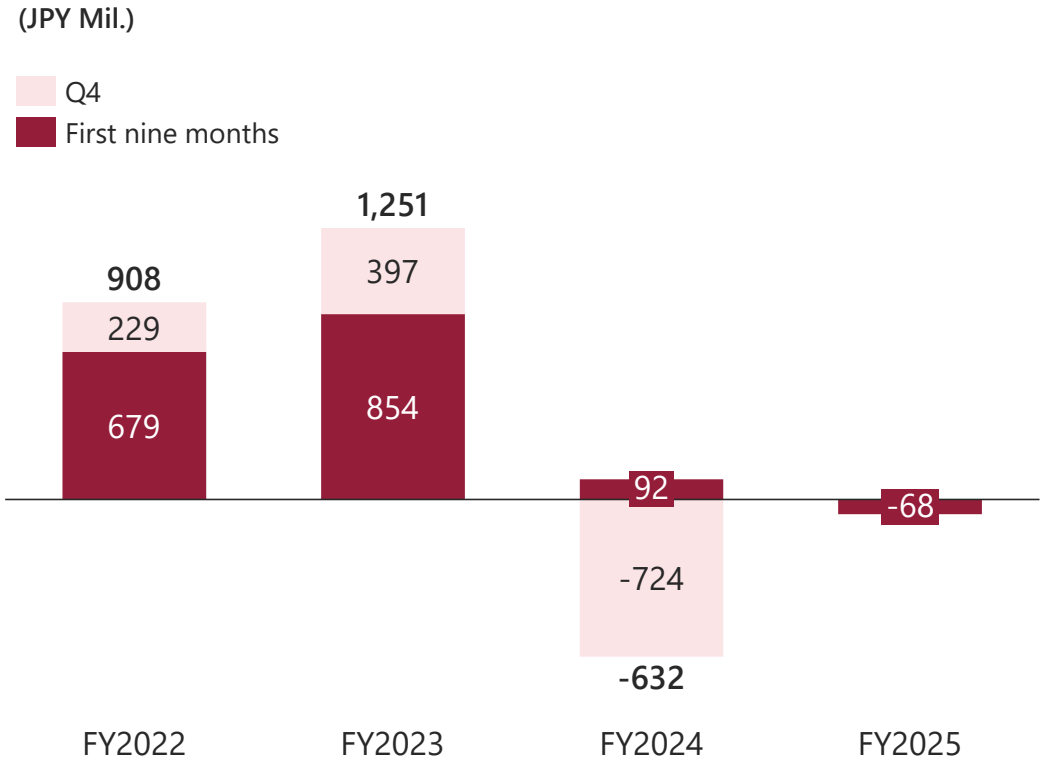
1. FY2025 Q3 Financial Results – Consolidated Performance Trends

- While net sales increased due to the consolidation of HobbyLink Japan Ltd., operating income turned negative, with the effects of structural reforms yet to materialize.

Net sales



Operating income



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(For Reference) Balance Sheet (Entire Group)

- The sharp increase in non-current assets and non-current liabilities is due to the incorporation of the assets and liabilities of HobbyLink Japan Ltd. due to its consolidation. Accordingly, the financial condition of our company on a standalone basis has not deteriorated.
- Other net assets increased to 103% of the level at the end of FY2024, due to an increase in non-controlling interests.

(JPY Mil.)

	End of December 2024	End of September 2025	YoY change (amount)	YoY (%)
Current assets	11,470	11,105	-365	97%
Non-current assets	2,690	7,150	+4,460	266%
Deferred assets	3	2	-1	67%
Total assets	14,165	18,258	+4,093	129%
Current liabilities	2,122	3,298	+1,175	155%
Non-current liabilities	1,292	4,492	+3,200	348%
Shareholders' equity	2,547	2,031	-516	80%
Other net assets	8,202	8,436	+234	103%
Total liabilities and net assets	14,165	18,258	+4,093	129%
Cash and deposits	7,561	4,727	-2,834	63%
Interest-bearing debt	1,396	5,460	+4,064	391%
Net Debt	-6,164	733	+6,898	-

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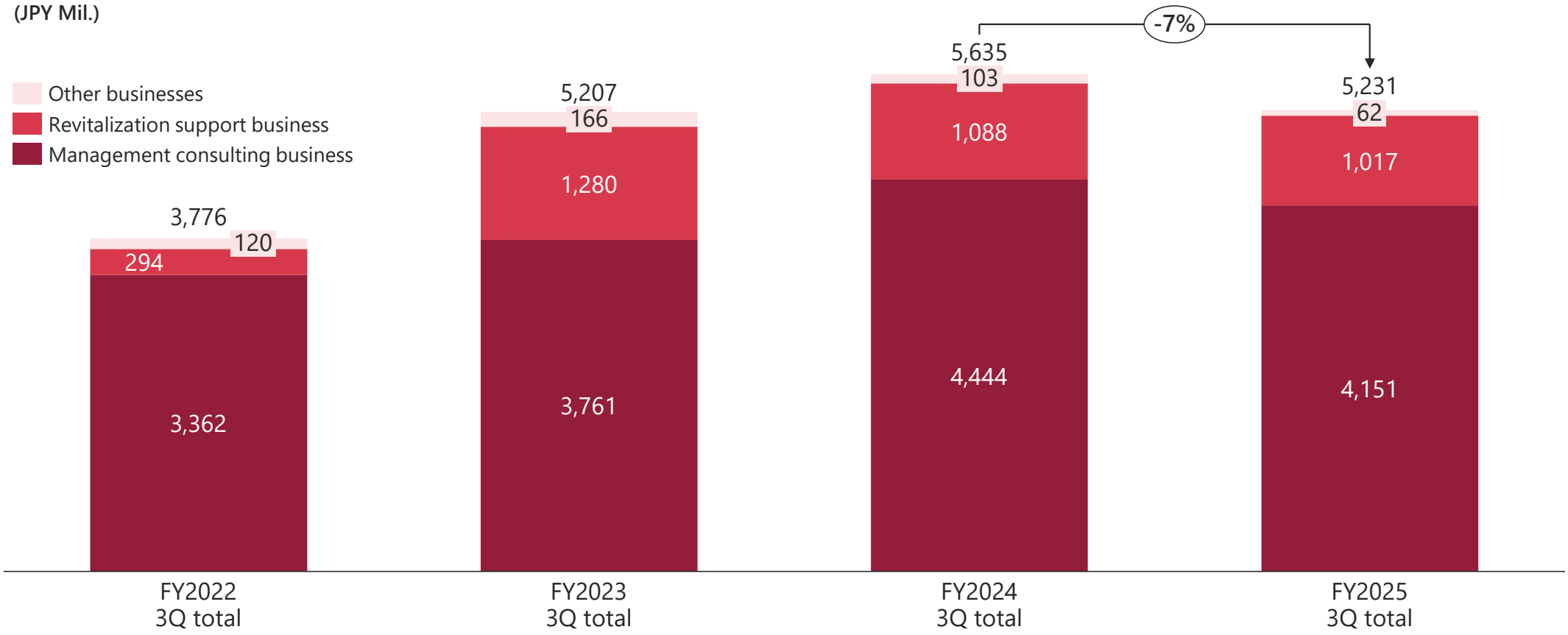
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Results by business

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1. Consulting-based Businesses － Net Sales Trends (first nine months) －

- Total net sales of Consulting-based Businesses for Q3 of FY2025 were just 93% of the level a year earlier, reflecting factors such as personnel changes. Sales have been strengthened gradually with the structure after the personnel changes. At present, productivity is trending toward improvement.

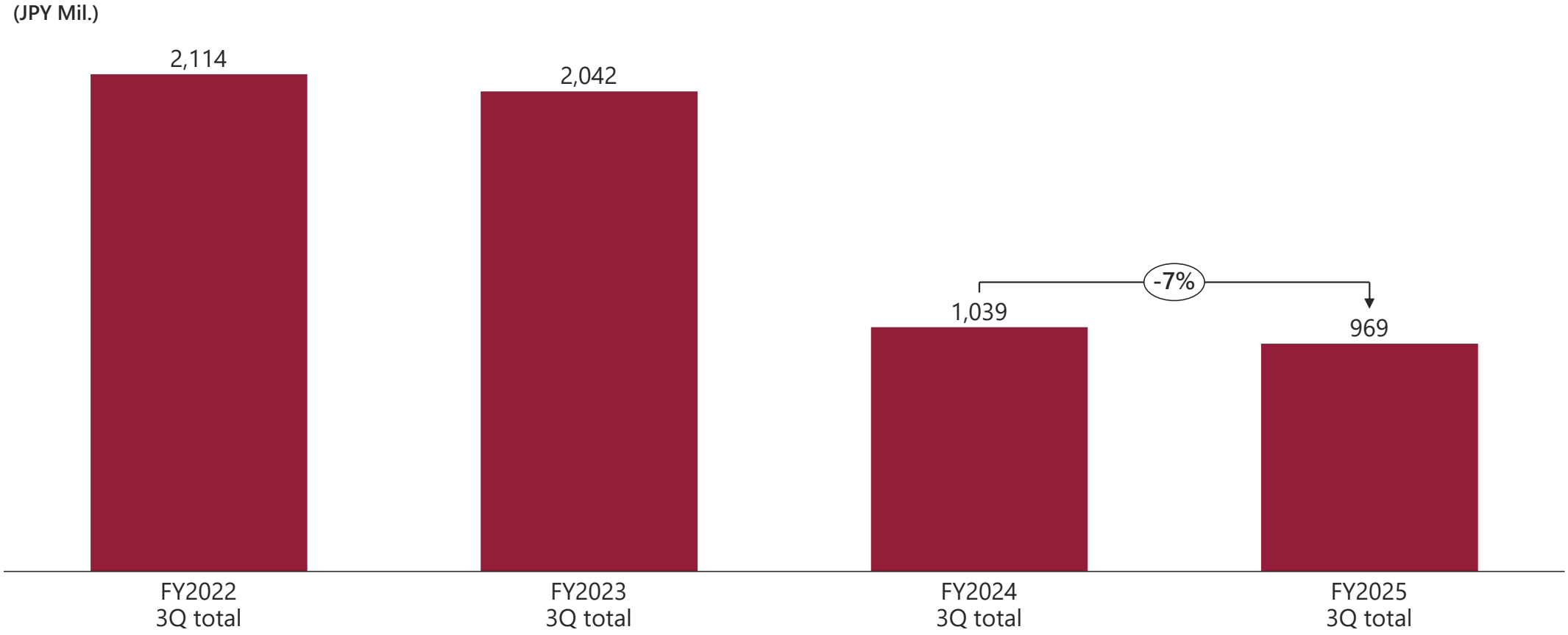


* Includes sales of Celebrain Corporation

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2. M&A Advisory Business – Net Sales Trends (first nine months) –

- The net sales of the M&A Advisory Business for Q3 of FY2025 were just 93% of the level a year earlier.

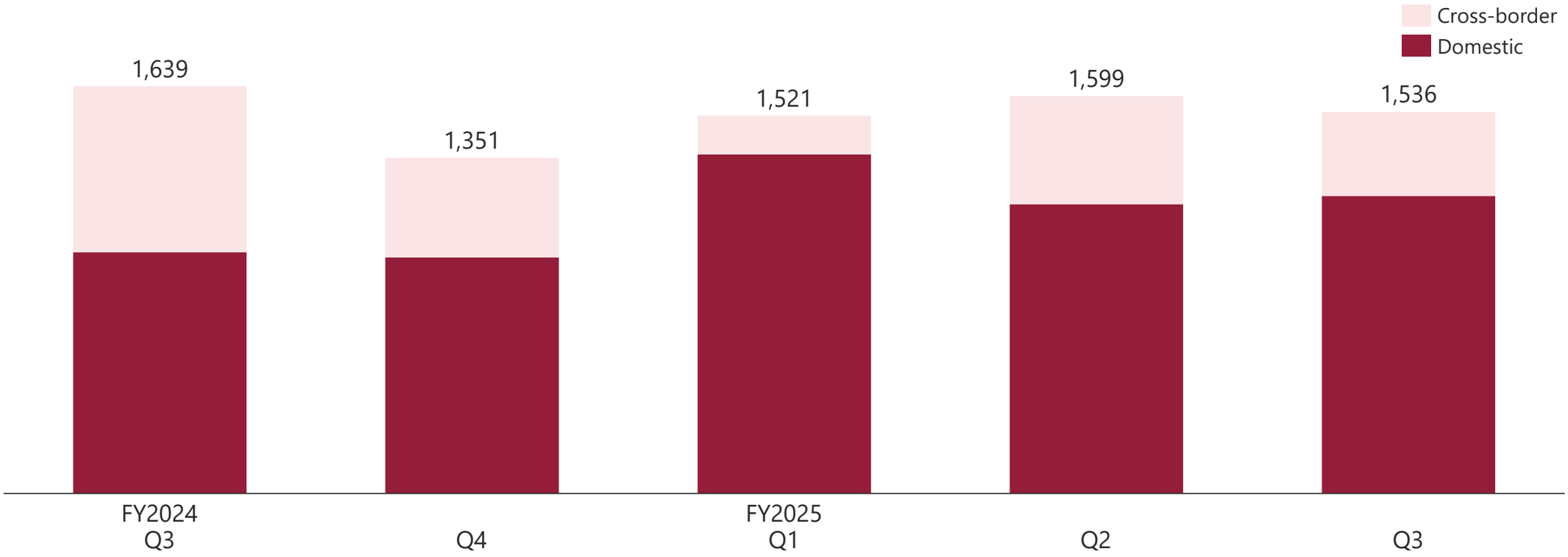


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2. Advisory Business – Order Backlog Trends

- In this fiscal year, the percentage of domestic projects in the total order backlog remained high as a result of a return to efforts focused on domestic projects. Projects with a high certainty of closing are identified with the concurrent implementation of cross-border projects, and the structure for executing projects leading to earnings has steadily become entrenched.

(JPY Mil.)

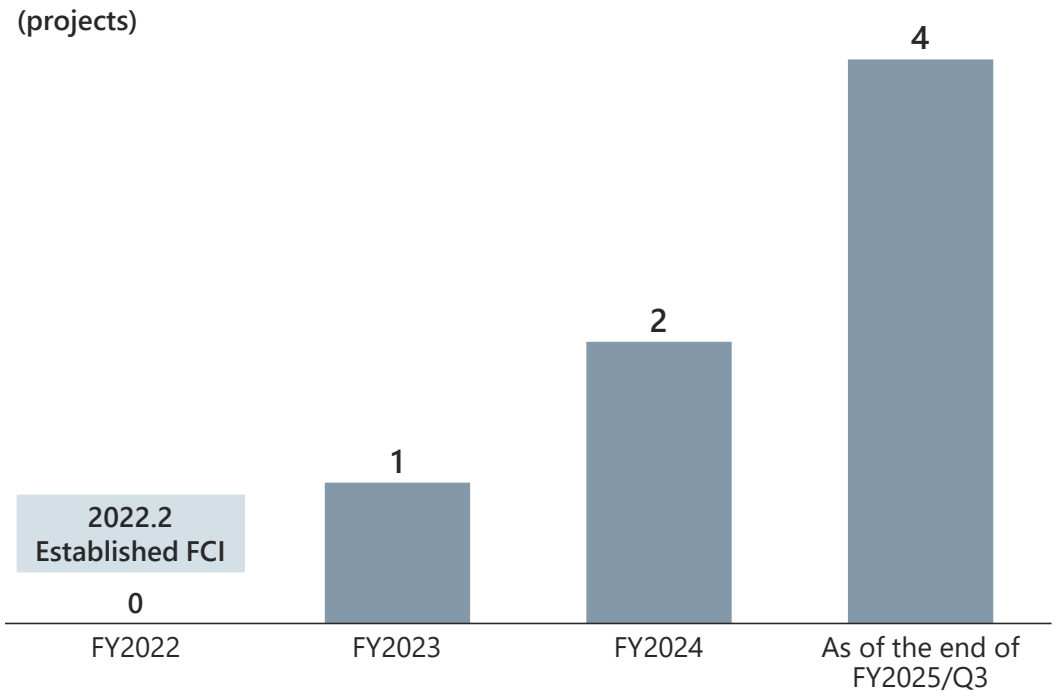


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3. Investment Business － Results Trends

- Since launching the Investment Business in 2022, we have executed investments in **a total of 7 projects.** In FY2025, we have already executed investments in four projects and, in Q3 under review, we announced management support for Pure White Association Medical Corporation.
- Looking ahead, there are **6 projects** for which we have exclusive rights and are conducting DD, etc., and we are currently working to further increase our execution of investments.

Trend in number of investments



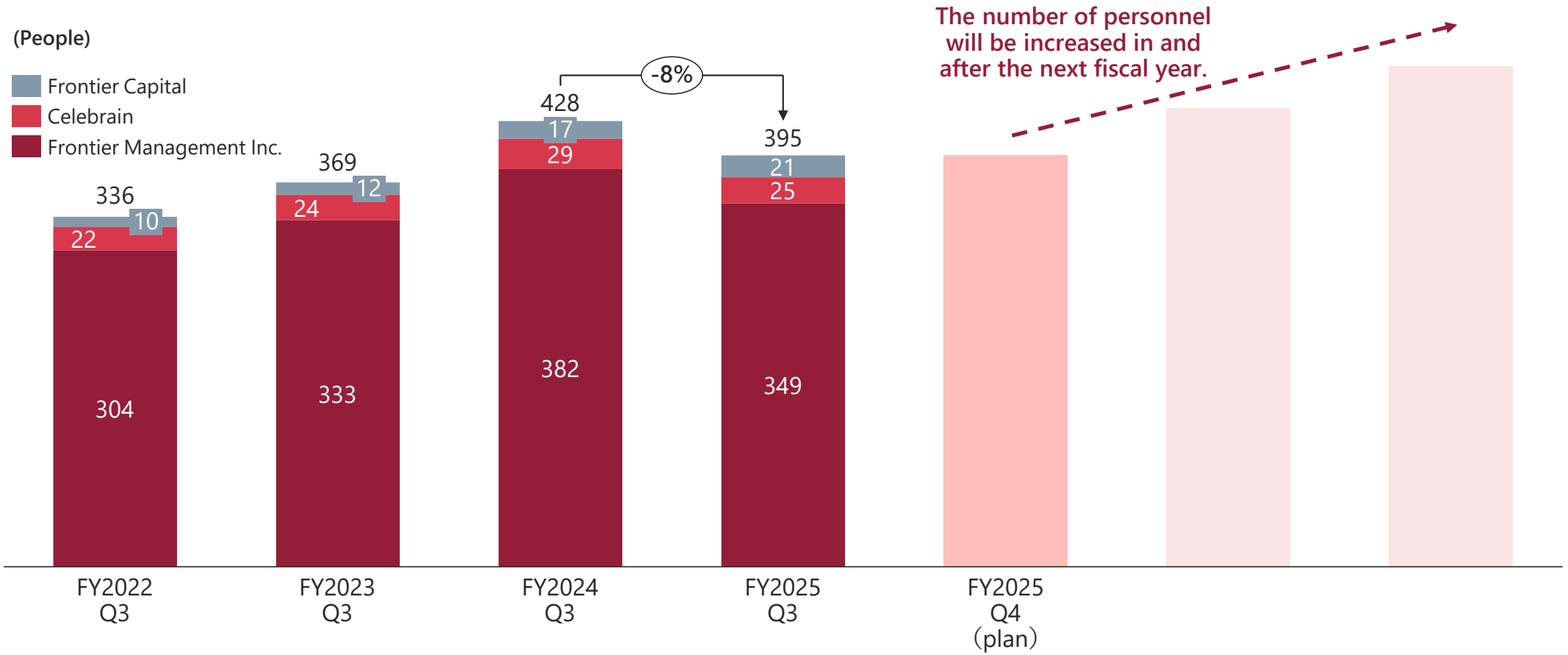
Investment projects to date

Invested company	Business description	Support launched
ZOO LABO Inc.	- Production of dental laboratory work - Dental laboratory work using CAD and CAM	December 2023
Sanritsu Doken Co., Ltd.	- 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.	March 2024
Hiroyoshikai Medical Corporation	- Operation of dental clinics	December 2024
HobbyLink Japan Ltd.	- Sale of models, self-assembly plastic models, toys, etc.	February 2025
Tokyo Heart Medical Corporation	- Operation of internal medicine and pediatric clinics	March 2025
Team Barista Co., Ltd.	- Operation of restaurants and sales of food products through EC websites	June 2025
Pure White Association Medical Corporation	- Operation of dental clinics	September 2025

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(Reference) Trend in Number of Personnel (As of the end of Q3)

- As of the end of Q3 under review, the number of personnel decreased 8% year on year, to 395, due to the impact of the personnel optimization related to the structural reform which was implemented in the first half of this fiscal year. While the number as of the end of this fiscal year is expected to be on par with the end of Q3, the number of personnel will be increased in and after the next fiscal year to achieve growth.



* Excludes personnel of HobbyLink Japan Ltd.

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Initiatives Reflecting the Downward Revision of Financial Forecasts

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Forecasts after the Downward Revision: Consolidated (Entire Group)

- The forecasts for FY2025 were revised downward due to the following factors even though operating income and ordinary income are expected to improve year on year.
  - ✓ Impact of one-time costs associated with the structural reforms, etc. (extraordinary losses)
  - ✓ There was progress in the transformation of the organizational structures of the Consulting-based Business and the M&A Advisory Business, but productivity declined temporarily.
  - ✓ While there has been steady progress in the development of an investment track record at FCI, there were upfront fixed costs due to the generation of one-time costs and a delay from the initial plan.

(JPY Mil.)

	FY2024 Results	FY2025 forecasts after the downward revision	YoY change (amount)	YoY (%)	FY2025 Initial forecast
Net sales	9,265	**13,080**	+3,815	141%	13,900
Operating income	-632	**-350**	+282	–	640
(Operating income margin)	(-7%)	**(-3%)**	(+4%)	–	(5%)
Ordinary income	-710	**-600**	+111	–	480
(Ordinary income margin)	(-8%)	**(-5%)**	(+3%)	–	(3%)
Net income attributable to owners of parent	-694	**-870**	-175	–	100
(Net income margin attributable to owners of parent)	(-7%)	**(-7%)**	(+1%)	–	(1%)

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Forecasts after the Downward Revision: Consolidated (Excluding FCI)

- Forecasts on an "excluding FCI" basis were also revised downward due to the above factors, despite the year-on-year improvement of operating income and ordinary income.

(JPY Mil.)

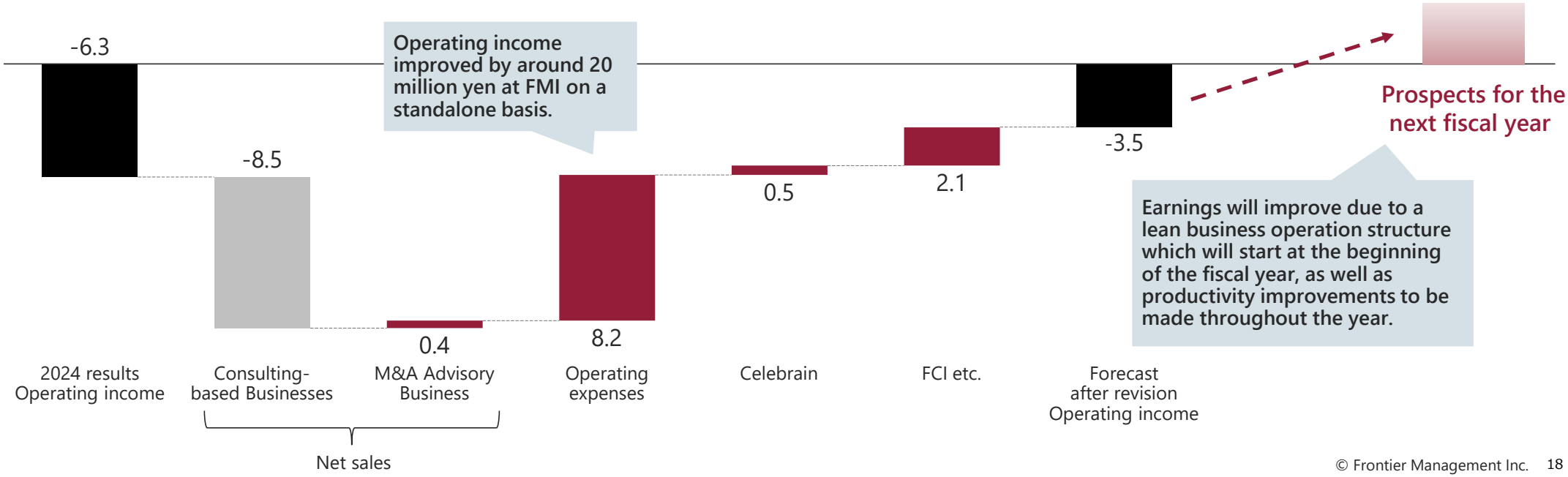
	FY2024 Results	FY2025 forecasts after the downward revision	YoY change (amount)	YoY (%)	FY2025 Initial forecast
Net sales	9,181	**8,550**	-631	94%	9,400
Operating income	-155	**-110**	+46	–	780
(Operating income margin)	(-2%)	**(-1%)**	(+0%)	–	(8%)
Ordinary income	-210	**-130**	+81	–	760
(Ordinary income margin)	(-2%)	**(-2%)**	(+1%)	–	(8%)
Net income attributable to owners of parent	-193	**-250**	-56	–	488
(Net income margin attributable to owners of parent)	(-2%)	**(-3%)**	(-1%)	–	(5%)

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Forecasts after the Downward Revision: Year-on-year Comparison/Consolidated (Entire Group)

- FMI on a standalone basis is expected to achieve a year-on-year reduction of costs and an improvement in M&A sales, and operating income is forecast to improve.
- FCI increased the number of investments and achieved a year-on-year increase in income, but it has yet to move into the black. Its contribution to income is limited.
- As a result, while an operating loss was recorded on a consolidated basis, operating income improved both on a groupwide basis and at FMI on a standalone basis.

(100 Mil. yen)



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Review of Structural Reform Measures

- There has been progress in the transformation of the organizational structure and the improvement of operational efficiency through structural reform measures, and although it took time before they began to impact performance, profitability is trending toward an improvement at present.

1	**Development of a structure for improving profitability through the restructuring of consulting divisions**		Organizational restructuring has already been implemented, and lean operations, including the reduction of recruiting expenses, have been achieved. In the second half, there has been progress in the accumulation of projects, and there are also signs that productivity is improving (The productivity of the consulting divisions in terms of the number of front-office personnel improved to around 26 million yen/year in September on a single month basis.).
2	**Domestic mid-market M&A Reinforcement of the pipeline**		Due to the launch of the new structure, a +24% year-on-year increase in the domestic project pipeline was achieved. At the same time, the expansion of earnings in the current fiscal year is limited because the majority of earnings in the current fiscal year reflects sales activities in the previous fiscal year. However, the coverage of sector funds is being enhanced on an ongoing basis as we move toward next fiscal year.
3	**Integrated collaboration of our four front-office divisions Shifting to the provision of solutions**		Initiatives have been launched for project formation through cross-divisional collaboration. A track record of cross-divisional project formation has been built up gradually.
4	**Reform of operations for systematic expansion of accounts and network coverage**		While measures to strengthen sales targeting corporations have been implemented, the coverage structure for financial institutions and funds needs to be reinforced.
5	**Enhancement of group strategy and management capabilities through reorganization of corporate departments**		By consolidating and eliminating divisions, the number of corporate divisions was reduced from 4 to 3. The number of personnel was reduced by around 10% through operational reforms.
6	**Generation of returns through increased investment by Frontier Capital**		An investment track record has been steadily accumulated, with four investment projects completed in the current fiscal year and a cumulative total of seven projects. We aim to achieve profitability, including income from investments, next fiscal year.

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Measures Remaining in the Current Fiscal Year/Measures to Implement Next Fiscal Year

- Because structural reforms were completed this fiscal year, measures to sow seeds that will grow in the next fiscal year will be promoted toward the end of the fiscal year, thereby improving profitability next fiscal year.

- **While the structural reform measures for this fiscal year have been completed, it is taking time before earnings improve. The strengthening of sales measures and the promotion of investments toward the end of the current fiscal year are considered to be seeds that will grow in the next fiscal year.**

Gain sales

- **Common to all businesses: Considering change/the reinforcement of the structure for financial institutions and corporations**
- **Consulting: Finding new projects including due diligence and revitalization support that will lead to continuing projects, or implementing investments for the development of solutions which can be deployed horizontally**
  - **Building solutions for cost reduction,** a common challenge faced by funds/revitalization/mature industries, etc.
  - **Implementation of AI** for SMEs which are looking to utilize advanced technologies
  - Support for the implementation of **proactive M&A searches** amid the growing number of companies that include M&A in their growth strategy options
  - **ITDD** with growing demand in fund projects
  - **Cross-border SCM/support for overseas subsidiaries,** etc. aimed at enhancing the resilience and governance of companies operating globally
- **M&A: Operation under the new structure is about to get on a stable track, and we will expand personnel to respond to the increasing number of inquiries while maintaining our existing sales policy.**

Development of organizational foundation

- **Recruitment of new senior members for further growth and the expansion of the workforce in consideration of the improvement of productivity**
- **Promoting the increased use of AI to improve operational efficiency**
- **Strengthening employee retention by revising the personnel system, including the revision of the assessment and compensation systems**

As we develop a foundation for growth within this fiscal year through the above measures, we expect that earnings will begin to improve steadily early next fiscal year due to growth associated with our operations and the expansion of our workforce under a higher-profitability structure.

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Appendix

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About "Excluding FCI"

- We usually disclose figures on an "Excluding FCI" basis, which exclude the impact of the Investment Business, in addition to our consolidated financial figures, with the intention of clarifying the source of dividends, as well as the characteristics of the Investment Business. We are driving business growth and internal structural reforms with a view to resuming the payment of dividends in the future.

Reason for disclosing figures on an "Excluding FCI" basis

Characteristics of FCI's business	- FCI, which invests in businesses and companies to then implement management reforms, has an irregular and significant impact on FMI consolidated financial results depending on whether it invests or not in the year. - Accordingly, to accurately convey to investors the business progress and growth potential of the consulting and advisory businesses that are the Group's core businesses, we disclose figures on an "Excluding FCI basis" excluding the impact of FCI, in addition to figures on an "Entire Group" basis.
Clarification of intention to pay stable dividends to shareholders and the source of dividends	- FMI has announced that it will pay dividend at a payout ratio of 40% to the net income attributable to owners of parent on an "Excluding FCI" basis. - We disclose figures on an "Excluding FCI" basis to clarify our intention to generate earnings in our core consulting and advisory businesses and to pay stable dividends to shareholders without being affected by the highly volatile investment results of FCI and to clarify the source of dividends.

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Acceleration of Start-Up by Frontier Capital

- Frontier Capital Inc. (FCI) is steadily increasing projects for startup, and will consider strengthening personnel according to the status of the project pipeline.

Priority investment areas

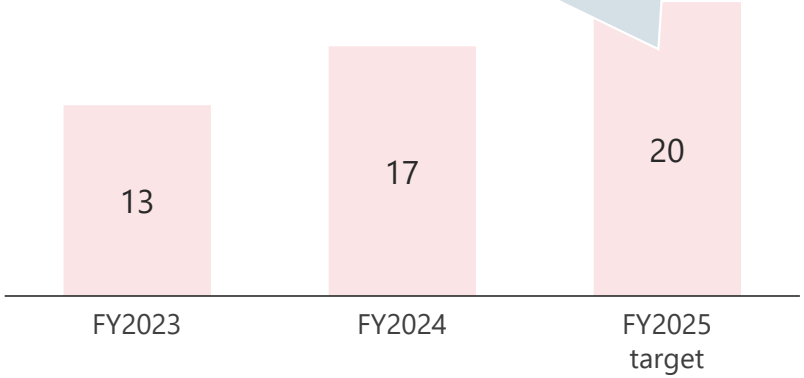
Healthcare	• Medical corporations, clinics • Cosmetics (manufacturing and sale) • Functional foods, etc.
Amusement & Entertainment	• Figurines • Trading cards, etc.
Food business	• Restaurants • Food (manufacturing and sale), etc.
Civil engineering and architecture	• Civil engineering an construction industry, facility construction industry • Inspection and maintenance industry, construction DX companies, etc.

- We will continually adjust the priority investment areas and their details while pursuing investments.
- We will also create examples of successful overseas expansion for regional companies.

Personnel structure

(People)

With the increase in projects FCI is involved in, FCI is strengthening its business structure, including secondments and transfers from the Company. However, the speed of personnel increase will be adjusted according to the pipeline of potential projects.



Funding and Investment Cycle

- FCI is steadily building up a track record of investment and enhancing the value of investees, aiming to raise additional capital of 5.5 billion yen (making total capital of 15.0 billion yen) from its investors.
- FCI plans to exit 1 investment project each fiscal year. It implements new investment based on the funds recovered (initial investment amount + gain on sale).

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