



Consolidated Financial Results for the 1H of the Fiscal Year Ending December 31, 2021 (Japanese GAAP)

August 12, 2021

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 Scheduled date to file Quarterly Securities Report August 12, 2021 Scheduled date of commencement of dividend - payment
 Preparation of supplementary material on quarterly financial results: Yes
 Quarterly results briefing: Yes (for institutional investors and analysts)

(Millions of yen are rounded down)

Quarterly consolidated results for the 2Q of the fiscal year ending December 31, 2021 (January 1, 2021 to June 30, 2021)

(1) Consolidated Operating Results (Cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	JPY mil.	%	JPY mil.	%	JPY mil.	%	JPY mil.	%
2Q of FY2021	2,582	12.0	74	△37.6	81	△35.3	51	△37.6
2Q of FY2020	2,305	13.5	118	508.3	126	300.5	81	444.6

(NOTE) Comprehensive income 2Q of FY2021 49 JPY mil. (△40.4%) 2Q of FY2020 82 JPY mil. (409.2%)

	Net profit per share	Fully diluted net profit per share
	Yen	Yen
2Q of FY2021	4.46	4.40
2Q of FY2020	7.21	7.02

(NOTE) We conducted a 2-for-1 stock split on January 1, 2021. Calculations of "Quarterly net income per share" and "Diluted net income per share" are based on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity Ratio
	JPY mil.	JPY mil.	%
2Q of FY2021	3,274	2,115	64.2
End of FY2020	3,792	2,448	64.6

Reference: Shareholders' equity 2Q of FY2021 2,101 JPY mil. End of FY2020 2,448 JPY mil.

2.Dividend Status

	Dividend per share				
	End of first quarter	End of second quarter	End of the third quarter	Term end	Total
	Yen	Yen	Yen	Yen	Yen
FY2020	-	0.00	-	24.00	24.00
FY2021	-	0.00			
FY2021 (Forecast)			-	-	-

(NOTE) 1.1. Revisions to the most recently announced dividend forecasts: None

2. We plan to pay a dividend for the fiscal year ending December 31, 2021, but we have not yet determined the expected amount.

3. We conducted a 2-for-1 stock split on January 1, 2021. The actual amount of dividends for the fiscal year ending December 31, 2020 is before the stock split.

3.Forecasts for the fiscal year ending December 31, 2021 (January 1, 2021 to December 31, 2021)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	JPY mil.	%	JPY mil.	%	JPY mil.	%	JPY mil.	%	Yen
Full year	6,500	25.2	1,000	72.2	1,007	74.9	693	64.8	60.30

(NOTE)Revisions to the most recently announced earnings forecasts: None

※ Notes

(1) Changes in significant subsidiaries during the quarter (changes in specified subsidiaries accompanied by changes in the scope of consolidation): None

(2) Adoption of special accounting methods for preparing quarterly consolidated financial statements: None

(3) Changes in accounting policies and changes or restatement of accounting estimates

① Changes in accounting policies due to revisions to accounting standards, etc.: None

② Changes in accounting policies other than ①: None

③ Changes in accounting estimates: None

④ Restatement of revisions: None

(4) Number of shares of common stock outstanding

① Number of shares issued at the end of the period (including treasury stock)

② Number of treasury stock at the end of the period

③ Average number of shares during the period (cumulative)

FY2021 2Q	11,403,558 Shares	FY2020	11,555,800 Shares
FY2021 2Q	25,080 Shares	FY2020	63,080 Shares
FY2021 2Q	11,418,641 Shares	FY2020 2Q	11,337,979 Shares

(NOTE) We conducted a 2-for-1 stock split on January 1, 2021. The numbers of the above ①, ② and ③ during the period are calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

※ Quarterly financial results are not subject to quarterly review by certified public accountants or auditing firms.

※ Explanations and other special notes concerning the appropriate use of business performance forecasts

(Cautionary Statement with Respect to Forward-Looking Statements)

The earnings forecasts and other forward-looking statements herein are based on information currently available to us and certain assumptions that we believe to be reasonable, and are not intended to guarantee the achievement of the forecasts.

Actual results may differ materially from the forecast depending on a range of factors. Please refer to "1. Overview of Quarterly Financial Results, (3) Future Outlook" on page 3 of the attached material for the assumptions underlying the forecasts and notes on the use of the forecasts.

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1. Overview of Quarterly Financial Results

(1) Operation Results

During the 2Q of the current fiscal year (January 1, 2021 to June 30, 2021), the economy remained in a severe situation due to the impact of the new coronavirus infectious disease (COVID-19). The outlook is highly uncertain, as the fourth state of emergency was announced in several regions, , although it is expected that infectious diseases will converge due to the spread of vaccines and economic activities will become normalized.

Under such a business environment, our Group continued to focus on proposals aimed at resolving corporate issues in an integrated manner by providing comprehensive services that leverage management consulting, financial advisory, revitalization support, and other functions.

As a result of the above, our Group's financial results for the 2Q of the current fiscal year were; net sales were JPY2,582,299 k (up 12.0% from the same quarter of the previous fiscal year) due to the strong performance of the management consulting business. In addition, personnel expenses and recruitment expenses increased due to aggressive hiring. As a result, operating income was JPY74,174 k (down 37.6%), ordinary income was JPY81,671 k (down 35.3%), and profit attributable to owners of parent was JPY51,025 k (down 37.6%).

Operating results by business were as follows.

<Management Consulting Business>

Net sales were JPY1,357,782 k (up 29.0%). The positive effect was realized due to increase in the number of employees, and the scope of customers expanded including the retail industry and the logistics industry, which are our strengths, and the continuation of large-scale client projects also contributed. As a result, sales increased significantly compared with the same period of the previous fiscal year.

<Financial Advisory Business>

Net sales were JPY806,813 k (up 12.2%). Although the situation remains severe for cross-border M&A deals between domestic and overseas companies, a large number of medium-sized M&A deals between domestic companies achieved to conclude. As a result, sales increased compared with the same period of the previous fiscal year.

<Revitalization Support Business>

Net sales were JPY378,470 k (down 24.4%). Although the need for revitalization support was expected due to the impact of the COVID-19 spread, emergency loans to companies by banks have continued. Many companies have not faced a cash flow tightening, and the need for revitalization support has not expanded more recently than expected. As a result, sales declined compared with the same period of the previous fiscal year.

<Other Business>

In the Other Business, net sales were JPY39,231 k (up 16.3%).

(2) Financial Position

<Assets>

The Group's assets were JPY3,274,407 k, decreased JPY518,323 k from the end of the previous fiscal year.

This was mainly due to decreases of JPY227,933 k in cash and deposits and JPY264,435 k in notes and accounts receivable.

<Liabilities>

The Group's liabilities were JPY1,159,140 k, decreased JPY184,992 k from the end of the previous fiscal year.

This was mainly due to an increase of JPY500,000 k in short-term loans payable, a decrease of JPY271,424 k in accrued bonuses, a decrease of JPY210,453 k in income taxes payable, and a decrease of JPY114,494 k mainly in accrued consumption taxes.

<Net assets>

The Group's net assets were JPY2,115,267 k, decreased JPY333,331 k from the end of the previous fiscal year.

This was mainly due to an increase of JPY51,025 k in profit attributable to owners of parent, a decrease of JPY137,912 k in dividends from retained earnings and the purchase of treasury stock of JPY270,080 k.

<Cash Flows>

Cash and cash equivalents (hereinafter referred to as "Cash") at the end of the 2Q of the current fiscal year decreased by JPY227,933 k from the end of the previous fiscal year to JPY1,671,167 k.

The status of each cash flow and its factors in the 2Q of the current fiscal year are as follows.

Cash flows from operating activities

Net cash used in operating activities was JPY318,645 k (net cash used of JPY61,647 k in the same quarter of the previous fiscal year). This was mainly due to an increase of JPY81,671 k in quarterly profit before income taxes and a decrease of JPY264,704 k in notes and accounts receivable-trade, and a decrease of JPY270,424 k in accrued bonuses, a decrease of JPY45,056 k in notes and accounts payable-trade, a decrease of JPY62,237 k in accounts payable-other, and income taxes paid of JPY203,896 k.

Cash flows from investing activities

Net cash used in investing activities was JPY5,824 k (net cash used of JPY56,803 k in the same quarter of the previous fiscal year). This was mainly due to purchase of tangible fixed assets of JPY4,977 k.

Cash flows from financing activities

Net cash provided by financing activities amounted to JPY94,165 k (net cash provided of JPY15,948 k in the same quarter of the previous fiscal year). This was mainly due to an increase of JPY500,000 k in short-term loans payable and a decrease of JPY270,080 k in purchases of treasury stock and JPY137,836 k in dividends paid.

(3) Future Outlook

There is no change in the full-year consolidated earnings forecast from the announced on February 9, 2021.

2. Quarterly Consolidated Financial Statements

(1) Balance Sheets

(Thousands of yen)

	End of previous fiscal year (As of December 31, 2020)	End of 2Q of current fiscal year (As of June 31, 2021)
Assets		
Current assets		
Cash and deposits	1,899,100	1,671,167
Notes and accounts receivable	962,644	698,209
Operational investment securities	1,364	1,205
Others	146,795	161,274
Allowance for doubtful accounts	△15,633	△14,759
Total current assets	2,994,271	2,517,097
Fixed assets		
Property, plant and equipment		
Buildings, net	198,844	202,480
Tools, furniture, and fixtures, net	19,951	17,586
Total property, plant and equipment	218,795	220,066
Intangible assets		
Software	11,043	8,837
Others	102	102
Total intangible assets	11,145	8,939
Investments and other assets		
Investment securities	56,800	56,800
Stocks of subsidiaries and affiliates	37,127	40,335
Lease deposits	211,126	212,019
Deferred tax assets	224,236	194,443
Others	39,228	24,705
Total investments and other assets	568,518	528,304
Total noncurrent assets	798,459	757,310
Total assets	3,792,731	3,274,407

(Thousands of yen)

	End of previous fiscal year (As of December 31, 2020)	End of 2Q of current fiscal year (As of June 31, 2021)
Liabilities		
Current liabilities		
Accounts payable	59,407	14,630
Short-term borrowings	-	500,000
Accounts payable-other	147,912	99,300
Income taxes payable	228,587	18,134
Provision for bonuses	505,736	235,312
Provision for directors' bonuses	1,000	-
Allowance shareholder benefit program	-	4,767
Others	319,230	204,735
Total current liabilities	1,261,874	1,076,879
Long-term liabilities		
Asset retirement obligations	82,257	82,260
Total noncurrent liabilities	82,257	82,260
Total liabilities	1,344,132	1,159,140
Net assets		
Shareholders' equity		
Paid-in Capital	163,530	164,571
Capital surplus	835,220	553,657
Retained earnings	1,496,027	1,409,140
Treasury stock	△58,163	△36,575
Total shareholders' equity	2,436,614	2,090,793
Other accumulated comprehensive income		
Foreign currency translation adjustment	11,984	10,273
Total other accumulated comprehensive income	11,984	10,273
Stock acquisition right	-	14,200
Total net assets	2,448,598	2,115,267
Total liabilities and net assets	3,792,731	3,274,407

(2) Statements of Income and Comprehensive Income
 Statements of Income
 (2Q Cumulative Period)

(Thousands of yen)

	2Q of previous fiscal year (January 1, 2020 to June 30, 2020)	2Q of current fiscal year (January 1, 2021 to June 30, 2021)
Net sales	2,305,924	2,582,299
Cost of sales	933,135	1,016,441
Gross profit	1,372,788	1,565,857
Selling, general and administrative expenses	1,253,901	1,491,683
Operating income	118,887	74,174
Non-operating income		
Interest income	32	60
Equity in earnings of affiliates	4,302	3,208
Insurance dividend income	968	1,125
Reversal of allowance for doubtful accounts	2,161	874
Foreign exchange gains	-	3,415
Others	2,644	1,647
Total non-operating income	10,108	10,330
Non-operating expenses		
Interest expenses	373	613
Foreign exchange losses	2,071	-
Charges for stock compensation	-	1,963
Others	256	256
Total non-operating expenses	2,701	2,833
Ordinary income	126,294	81,671
Current net income for the quarter before income taxes and minority interests	126,294	81,671
Income taxes	623	853
Income taxes-deferred	43,861	29,793
Total income taxes	44,485	30,646
Net profit	81,809	51,025
Net profit attributable to owners of parent	81,809	51,025

Statements of Comprehensive Income
(2Q Cumulative Period)

(Thousands of yen)

	2Q of previous fiscal year (January 1, 2020 to June 30, 2020)	2Q of current fiscal year (January 1, 2021 to June 30, 2021)
Net profit	81,809	51,025
Other comprehensive income		
Foreign currency translation adjustment	924	△1,710
Total other comprehensive income	924	△1,710
Quarterly comprehensive income	82,734	49,314
(Comprehensive income attributable to)		
Quarterly comprehensive income attributable to owners of the parent	82,734	49,314
Quarterly comprehensive income attributable to non-controlling interests	-	-

(3) Statement of Cash Flow

(Thousands of yen)

	2Q of previous fiscal year (January 1, 2020 to June 30, 2020)	2Q of current fiscal year (January 1, 2021 to June 30, 2021)
Net cash provided by (used in) operating activities		
Current net income for the quarter before income taxes and minority interests	126,294	81,671
Depreciation and amortization	19,296	17,879
Share of investment (loss) of entities accounted for using equity method (Δ: profit)	Δ4,302	Δ3,208
Charges for stock compensation	349	37,518
Increase (decrease) in accrued bonuses	Δ260,381	Δ270,424
Increase (decrease) in provision for directors' bonuses (Δ)	Δ8,882	Δ1,000
Increase (decrease) in allowance for doubtful accounts (Δ)	Δ2,161	Δ874
Increase (decrease) in accrued shareholder benefit program	-	4,767
Interest income	Δ32	Δ60
Interest expenses	373	613
Decrease (Δ) in notes and accounts receivable-trade	206,694	264,704
Decrease (Δ) in operational investment securities	376	159
Increase (Δ) in notes and accounts payable-trade	18,211	Δ45,056
Increase (decrease) in accounts payable-other (Δ)	Δ26,367	Δ62,237
Others	2,461	Δ138,437
Subtotal	71,930	Δ113,982
Interest received	32	60
Interest expenses paid	Δ480	Δ826
Income taxes paid	Δ133,130	Δ203,896
Net cash provided by (used in) operating activities	Δ61,647	Δ318,645
Cash flow from investing activities		
Purchase of property, plant and equipment	-	Δ4,977
Purchase of investment securities	Δ56,800	-
Payment by 差入 of lease deposits	Δ3	Δ847
Cash flow from investing activities	Δ56,803	Δ5,824
Cash flow from financing activities		
Net increase (Δ) in short-term borrowings	250,002	500,000
Purchase of treasury stock	Δ111,784	Δ270,080
Cash dividends paid	Δ129,193	Δ137,836
Proceeds from exercise of stock options	6,924	2,082
Cash flow from financing activities	15,948	94,165
Effect of exchange rate change on cash and cash equivalents	32	2,371
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	Δ102,470	Δ227,933
Cash and cash equivalents at beginning of period	1,733,235	1,899,100
Cash and cash equivalents at end of period	1,630,765	1,671,167

(4)Notes to Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Significant Changes in Shareholders' Equity)

Not applicable.

(Additional Information)

(Accounting Estimate of the Impact of Infectious Disease of the COVID-19)

There have been no material changes in the assumptions described in (additional information) in the previous fiscal year's financial statements in the accounting estimates related to the impact of the spread of the new Corona Virus Infectious Disease (COVID-19).

(Segment Information)

Previous 2Q (January 1, 2020 to June 30, 2020)

Disclosure is omitted because the business segments of the Group are a single segment.

Current 2Q (January 1, 2021 to June 30, 2021)

Disclosure is omitted because the business segments of the Group are a single segment.