

# Consolidated Financial Results

## for the Six Months of the Fiscal Year Ending December 31, 2025

### (Under Japanese GAAP)

August 13, 2025

Company name: Frontier Management Inc.  
 Stock exchange listings: Tokyo Stock Exchange  
 Stock code: 7038  
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 Scheduled date for submission of interim report: August 13, 2025  
 Supplementary materials for financial summaries: Yes  
 Financial results briefing: Yes

(Amounts of less than one million yen are rounded down.)

#### 1. Consolidated Financial Results for the Six Months of the Fiscal Year Ending December 31, 2025 (from January 01, 2025 to June 30, 2025)

##### (1) Consolidated operating results (Cumulative)

(Percentages indicate YoY changes)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended June 30, 2025	5,771	26.6	(10)	-	(199)	-	(398)	-
June 30, 2024	4,559	(8.6)	108	(84.3)	113	(83.6)	13	(96.8)

(Note) Comprehensive income For the six months ended December 31, 2025: (388) million yen (-%) For the six months ended December 31, 2024: 128 million yen ((68.7)%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2025	(33.89)	-
June 30, 2024	1.11	1.10

##### (2) Consolidated financial positions

	Total assets	Equity	Equity to total assets ratio
	Million yen	Million yen	%
As of June 30, 2025	18,332	10,575	12.5
December 31, 2024	14,165	10,749	18.6

(Reference) Owner's equity As of the end of the six months ending December 2025: 2,299 million yen As of the end of the fiscal year ended December 2024: 2,640 million yen

Equity ratio 57.7% for the six months ending December 2025, 75.9% for the fiscal year ended December 2024

Equity to total assets ratio is calculated by dividing (total net assets at the end of the period - stock acquisition rights at the end of the period - non-controlling interests at the end of the period) by total assets at the end of the period.

The equity ratio is calculated by dividing total net assets at the end of the period by total assets at the end of the period.

## 2. Cash dividends

	Annual dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2024	-	0.00	-	0.00	0.00
Fiscal year ending December 31, 2025	-	0.00			
Fiscal year ending December 31, 2025 (Forecast)			-	-	-

(Note) 1. Presence or absence of revisions from the most recently announced dividend forecast: None

2. The Company plans to pay dividends for the fiscal year ending December 2025; however, the forecasted dividend amount has not yet been determined.

## 3. Consolidated Earnings Forecasts for the Fiscal Year Ending December 31, 2025 (from January 01, 2025 to December 31, 2025)

(Percentages indicate YoY changes)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal year ending December 31, 2025	13,900	50.0	640	-	480	-	100	-	8.52

(Note) Correction of financial forecast from the most recent financial forecast: None

### \* Notes

(1) Significant changes in the scope of consolidation during the period: Yes

Newly added: 4 companies (Company names) FC11 Inc., Eagle Invesco Ltd., Hobbylink Japan Ltd., Beaver Corporation, Inc.

(Note) For details, please refer to page 10 of the attached materials, "2. Interim Consolidated Financial Statements and Main Notes (4) Notes on Interim Consolidated Financial Statements (Changes in the Scope of Consolidation or Application of the Equity Method)."

(2) Application of specific accounting procedures for the preparation of interim consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, retrospective restatement

(i) Changes in accounting policies due to revisions of accounting standards : Yes

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates : None

(iv) Retrospective restatement : None

(4) Number of shares issued (common stock)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2025	11,768,120 shares
As of December 31, 2024	11,757,603 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2025	46,981 shares
As of December 31, 2024	26,839 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2025	11,752,341 shares
Six months ended June 30, 2024	11,730,892 shares

\* The second quarter (interim) financial results report is not subject to review by certified public accountants or audit corporations.

Note: Explanation regarding the appropriate use of forecasts and other special notes

(Cautionary Statement Regarding Forward-Looking Statements)

Forward-looking statements such as earnings forecasts contained in this document are based on information currently available to the Company and certain assumptions that the Company deems reasonable, and are not intended as a guarantee of their achievement by the Company.

In addition, actual results may differ significantly due to various factors. For the conditions underlying the forecasts and important notes regarding the use of forecasts, please refer to the attached document, page 4, "1. Qualitative information regarding the interim financial results (3) Explanation regarding forward-looking statements such as consolidated forecasts."

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## 1. Qualitative information regarding the interim financial results

### (1) Explanation of operating results

During the six months ended June 30, 2025, the Japanese economy continued on a moderate recovery trend, supported by robust corporate performance and improvements in employment and income conditions. However, concerns remain regarding the outlook for the economy due to ongoing geopolitical risks such as the situation in Russia and Ukraine and the Middle East, the risk of economic downturn stemming from the impact of U.S. trade policies, and the effects of continued price increases on personal consumption. As a result, the future outlook for the economy remains uncertain.

Under such a business environment, our group has been working on the various measures outlined in the 'FY2025 Structural Reforms' formulated on February 13, 2025. In addition, in order to achieve the budget for fiscal year 2025, we have focused on proposing and executing one-stop solutions to address corporate challenges by providing comprehensive services that leverage our management consulting, M&A, business revitalization, and other functions. At our consolidated subsidiary, Frontier Capital Inc. (hereinafter referred to as 'FCI'), we have also been advancing investments that involve the dispatch of management personnel.

The management consulting business, business revitalization support business, and other businesses (hereinafter collectively referred to as the "consulting-related businesses") experienced a temporary decrease in net sales in the management consulting business due to the allocation of personnel to structural reform projects, replacement of senior members as part of personnel optimization, and the absence of large projects. In addition, the business revitalization support business saw a decline in revenue due to a decrease in large projects. As a result, net sales were 3,666,047 thousand yen (a decrease of 2.9% YoY).

The M&A Advisory Business, as our company has its greatest strength in domestic, medium-sized M&A deals, it takes time from acquiring projects to contributing to revenue, and as a result, net sales for the six months ended September 30, 2024 were 696,085 thousand yen (down 6.7% YoY), resulting in a decrease in sales compared to the same period of the previous year.

In the Consulting and Advisory Business segment of the consulting-related business, net sales were 4,362,133 thousand yen (down 3.5% YoY), and operating profit was 163,258 thousand yen (down 40.5% YoY).

In the investment business, three investments, including consolidated investment projects, were executed during the six months ended September 30, 2024. As a result of including the profit and loss of consolidated investees such as Hobbylink Japan Ltd. and two other companies in the consolidated financial statements from the second quarter, net sales increased significantly to 1,413,431 thousand yen (an increase of 1,374,342 thousand yen year on year). However, due to delays in the timing of investment execution and other factors, fixed costs such as personnel expenses were recorded in advance, resulting in an operating loss of 174,032 thousand yen (compared to an operating loss of 165,512 thousand yen in the same period of the previous year).

As a result, the Group's performance for the six months ended September 30, 2024 was as follows: Net sales were 5,771,565 thousand yen (up 26.6% YoY), operating loss was 10,773 thousand yen (compared to operating profit of 108,925 thousand yen in the same period of the previous year), and at consolidated subsidiary FCI Inc., financing expenses of 130,304 thousand yen, including arrangement fees for syndicated loans as temporary expenditures at the closing of consolidated investment projects, were recorded. Ordinary loss was 199,660 thousand yen (compared to ordinary profit of 113,701 thousand yen in the same period of the previous year). Provision of allowance for doubtful accounts for bankruptcy and rehabilitation claims was 31,623 thousand yen, and business restructuring expenses were 68,340 thousand yen, resulting in extraordinary losses of 124,963 thousand yen. After deducting total income taxes of 98,887 thousand yen, etc., loss attributable to owners of parent was 398,339 thousand yen (compared to profit attributable to owners of parent of 13,136 thousand yen in the same period of the previous year).

The operating results by segment are as follows. Net sales include inter-segment net sales.

#### Consulting and Advisory Business Segment

For the six months ended September 30, 2024, the Consulting and Advisory Business segment recorded net sales of 4,362,133 thousand yen (3.5% decrease YoY) and operating profit of 163,258 thousand yen (40.5% decrease YoY), as a result of a decrease in net sales of the consulting business to 3,666,047 thousand yen (2.9% decrease YoY) and M,085 thousand yen (6.7% decrease YoY) compared to the same period of the previous year.

#### (Consulting-related business)

The operating results for each business segment within the consulting-related business are as follows.

#### <Management Consulting Business>

For the six months ended September 30, 2024, net sales in the Management Consulting Business were 2,908,786 thousand yen (up 0.0% YoY). During this period, we worked to strengthen our sales channels to acquire projects from major business corporations as well as financial institutions. However, due to the allocation of personnel to structural reform projects, optimization of personnel resulting in the replacement of senior members, and the timing gap between large projects, net sales remained at the same level as the previous year.

#### <Business Revitalization Support Business>

For the six months ended September 30, 2024, the results of the Business Revitalization Support segment were as follows: Net sales were 717,668 thousand yen (down 9.3% YoY). Although the number of orders increased during the period, net sales decreased compared to the same period of the previous year due to a decline in large-scale projects.

#### <Other businesses>

For the six months ended September 30, 2024, net sales in the Other Business segment were 39,593 thousand yen (a decrease of 47.4% YoY).

#### (M&A Advisory Business)

The M&A Advisory Business as our company has its greatest strength in domestic, medium-sized M&A deals, it takes time from acquiring projects to contributing to revenue, and as a result, net sales for the six months ended September 30, 2024 were 696,085 thousand yen (down 6.7% YoY), resulting in a decrease in sales compared to the same period of the previous year.

#### Investment Business Segment

In the Investment Business segment, three investments, including consolidated investment projects, were executed during the six months ended September 30, 2024. As a result of including the profit and loss of consolidated investees such as Hobbylink Japan Ltd. and two other companies in the consolidated financial statements from the second quarter, net sales increased significantly to 1,413,431 thousand yen (an increase of 1,374,342 thousand yen year on year). However, due to delays in the timing of investments and other factors, fixed costs such as personnel expenses were recorded in advance, resulting in an operating loss of 174,032 thousand yen (compared to an operating loss of 165,512 thousand yen in the same period of the previous year).

#### <Investment Business>

For the six months ended September 30, 2024, the performance of the investment business included the execution of three investments, including consolidated investment projects. As a result of accumulating investment achievements, retainer fees have steadily increased, and net sales amounted to 99,631 thousand yen.

#### <Toy Retail Business>

For the six months ended September 30, 2024, the performance of the toy retail business focused on overseas retail of figures, models, and similar products, resulting in net sales of 1,313,799 thousand yen.

### (2) Explanation regarding financial positions

#### < Assets>

At the end of the interim consolidated accounting period, the balance of assets for our group was 18,332,258 thousand yen (compared to 14,165,057 thousand yen at the end of the previous consolidated fiscal year), representing an increase of 4,167,201 thousand yen from the end of the previous consolidated fiscal year.

This was mainly due to an increase of 858,333 thousand yen in operational investment securities, as well as the inclusion of Eagle Invesco Ltd., which owns all shares of Hobbylink Japan Ltd., within the scope of consolidation through acquisition. As a result, goodwill increased by 3,689,509 thousand yen, merchandise by 821,391 thousand yen, and property, plant and equipment such as land and buildings (net) by 614,276 thousand yen, while cash and deposits decreased by 1,887,555 thousand yen.

#### < Liabilities>

The balance of liabilities at the end of the current interim consolidated accounting period for our group was 7,756,587 thousand yen (compared to 3,415,634 thousand yen at the end of the previous consolidated fiscal year), representing an increase of 4,340,952 thousand yen compared to the end of the previous consolidated fiscal year.

This was mainly due to a decrease of 839,997 thousand yen in Provision for bonuses, while Short-term borrowings increased by 800,000 thousand yen, as well as the consolidation of three companies including Eagle Invesco Ltd. In addition, Long-term borrowings (including those scheduled for repayment within one year) increased by 3,475,754 thousand yen, Accounts payable - trade increased by 248,699 thousand yen, other current liabilities (such as Advances received and Deposits received) increased by 424,441 thousand yen, and other non-current liabilities (such as Long-term guarantee deposits) increased by 155,300 thousand yen.

< Net assets>

At the end of the six months ended September 30, 2024, net assets of the Group amounted to 10,575,671 thousand yen (compared to 10,749,422 thousand yen at the end of the previous fiscal year), representing a decrease of 173,750 thousand yen from the end of the previous fiscal year.

This was mainly due to an increase of 35,104 thousand yen in foreign currency translation adjustment, as well as an increase of 174,827 thousand yen in non-controlling interests resulting from the consolidation of FCI1 Inc. On the other hand, retained earnings decreased by 398,339 thousand yen due to the recording of a net loss attributable to owners of the parent during the six-month consolidated period.

< Cash flows>

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the six months ended September 30, 2024 decreased by 1,738,814 thousand yen compared to the end of the previous fiscal year, amounting to 5,822,365 thousand yen. The cash flows for the six months ended September 30, 2024 and their factors are as follows.

(Cash flows from operating activities)

Net cash used in operating activities was 1,931,425 thousand yen (compared to 2,478,872 thousand yen used in the same period of the previous year). This was mainly due to a decrease in provision for bonuses of 877,997 thousand yen and an increase in operational investment securities of 858,333 thousand yen.

(Cash flows from investing activities)

Net cash used in investing activities was 1,142,196 thousand yen (compared to 20,079 thousand yen used in the same period of the previous year). This was mainly due to the purchase of shares of subsidiaries involving changes in the scope of consolidation, amounting to 1,148,107 thousand yen.

(Cash flows from financing activities)

As a result of financing activities, net cash provided was 1,335,856 thousand yen (compared to net cash used of 3,171 thousand yen in the same period of the previous year). This was mainly due to a net increase in short-term borrowings of 800,000 thousand yen and proceeds from long-term borrowings of 3,600,000 thousand yen, offset by repayments of long-term borrowings of 3,234,246 thousand yen.

(3) Explanation regarding forward-looking statements such as consolidated forecasts

There are no changes to the consolidated forecasts for the full year from the consolidated forecasts announced on February 13, 2025.

2. Interim Consolidated Financial Statements and Main Notes  
(1) Interim Consolidated Balance Sheet

(Unit: Thousands of yen)

	Previous fiscal year (As of December 31, 2024)	For the six months ended (June 30, 2025)
<b>Assets</b>		
Current assets		
Cash and deposit	7,561,180	5,673,625
Notes and accounts receivable - trade, and contract assets	1,390,825	962,642
Operational investment securities	2,232,455	3,090,789
Merchandise	-	821,391
Other	300,543	536,303
Allowance for doubtful accounts	(14,663)	(18,336)
Total current asset	11,470,340	11,066,416
Non-current assets		
Property, plant, and equipment		
Buildings, net	203,537	382,742
Machinery and equipment, net	-	140,545
Tools, furniture and fixtures, net	19,899	20,190
Land	-	181,068
Construction in progress	-	112,200
Other (net)	-	967
Total property, plant and equipment, net	223,437	837,713
Intangible assets		
Software	30,314	52,569
Software in progress	-	102,475
Goodwill	206,212	3,895,721
Customer-related intangible assets	6,250	3,125
Other	1,277	1,206
Total intangible assets	244,054	4,055,097
Investment Other assets		
Investment securities	296	296
Shares of subsidiaries and associates	1,307,658	1,328,933
Investments in capital of subsidiaries and associates	2,648	2,820
Leasehold and guarantee deposits	360,147	381,221
Deferred tax assets	431,701	401,996
Other	120,865	286,347
Allowance for doubtful accounts	-	(31,623)
Total investment and other assets	2,223,317	2,369,993
Total non-current assets	2,690,809	7,262,804
Deferred assets		
Organization expenses	3,906	3,038
Total deferred assets	3,906	3,038
<b>Total assets</b>	<b>14,165,057</b>	<b>18,332,258</b>

(Unit: Thousands of yen)

	Previous fiscal year (As of December 31, 2024)	For the six months ended (June 30, 2025)
<b>Liabilities</b>		
Current liabilities		
Trade payables	127,016	375,715
Short-term borrowings	-	800,000
Current portion of long-term borrowings	248,492	548,492
Accounts payable	331,328	280,528
Income taxes payable	76,015	103,011
Provision for bonuses	948,696	108,699
Provision for directors' bonuses	-	3,465
Provision for shareholder benefit program	55,343	62,912
Provision for business restructuring	-	12,416
Other	336,008	760,450
Total current liabilities	2,122,901	3,055,692
Non-current liabilities		
Long-term borrowings	1,148,303	4,324,057
Asset retirement obligations	131,386	131,428
Deferred tax liabilities	13,043	90,109
Other	-	155,300
Total non-current liabilities	1,292,733	4,700,894
Total liabilities	3,415,634	7,756,587
<b>Net assets</b>		
Shareholders' equity		
Share capital	386,224	393,141
Capital surplus	745,500	760,438
Retained earnings	1,424,029	1,025,689
Treasury shares	(8,363)	(8,363)
Total shareholders' equity	2,547,391	2,170,906
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	29,554	29,554
Foreign currency translation adjustment	63,568	98,672
Total accumulated other comprehensive income	93,122	128,227
Share acquisition rights	60,691	53,493
Non-controlling interests	8,048,217	8,223,044
Total net assets	10,749,422	10,575,671
<b>Total liabilities and net assets</b>	<b>14,165,057</b>	<b>18,332,258</b>

(2) Interim Consolidated Statement of Income and Interim Consolidated Statement of Comprehensive Income  
(Interim Consolidated Statement of Income)

(Unit: Thousands of yen)

	Previous six-month consolidated accounting period From January 1, 2024 As of June 30, 2024	For the six months ended From January 1, 2025 until June 30, 2025
Revenue	4,559,968	5,771,565
Cost of sales	2,198,453	3,310,740
Gross profit	2,361,515	2,460,824
Selling, general and administrative expenses	2,252,590	2,471,598
Operating profit (loss)	108,925	(10,773)
Non-operating income		
Interest income	63	3,823
Dividend income of insurance received	2,366	3,162
Compensation income	3,855	-
Reversal of allowance for doubtful accounts	965	-
Foreign exchange gains	5,090	1,621
Electricity sale income	-	6,052
Other	974	3,578
Total non-operating income	13,315	18,239
Non-operating expenses		
Interest expense	8,149	51,912
Share issuance costs	-	8,732
Depreciation	-	4,500
Share of loss of investments accounted for using equity method	4	9,319
Financing expenses	-	130,304
Other	385	2,356
Total non-operating expenses	8,538	207,125
Ordinary profit (loss)	113,701	(199,660)
Extraordinary losses		
Provision of allowance for doubtful accounts	-	31,623
Restructuring costs	-	68,340
Shareholders' meeting-related expenses	-	25,000
Total extraordinary losses	-	124,963
Net income before income taxes or net loss before income taxes (-)	113,701	(324,624)
Income taxes - current	4,869	55,306
Income taxes - deferred	99,797	43,581
Total income taxes	104,666	98,887
Net income or interim net loss (-)	9,034	(423,511)
Interim net loss attributable to non-controlling interests (-)	(4,101)	(25,172)
Interim net loss attributable to owners of parent (-)	13,136	(398,339)

## (Interim Consolidated Statement of Comprehensive Income)

(Unit: Thousands of yen)

	Previous six-month consolidated accounting period From January 1, 2024 As of June 30, 2024	For the six months ended From January 1, 2025 Until June 30, 2025
Net income or interim net loss (-)	9,034	(423,511)
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustment	355	(1,988)
Equity in earnings of affiliates accounted for by the equity method	119,428	37,093
Other comprehensive income, net of tax	119,784	35,104
Comprehensive income	128,819	(388,407)
Profit attributable to		
Interim comprehensive income attributable to owners of the parent	132,921	(363,235)
Interim comprehensive income attributable to non- controlling interests	(4,101)	(25,172)

## (3) Interim Consolidated Statement of Cash Flows

(Unit: Thousands of yen)

	Previous six-month consolidated accounting period From January 1, 2024 As of June 30, 2024	For the six months ended From January 1, 2025 Until June 30, 2025
<b>Cash flows from operating activities</b>		
Net income before income taxes or net loss before income taxes (-)	113,701	(324,624)
Depreciation	31,734	43,466
Amortization of deferred assets	868	868
Amortization of goodwill	14,729	109,709
Amortization of customer-related intangible assets	3,125	3,125
Share of loss (profit) of investments accounted for using the equity method	4	9,319
Share-based payment expenses	20,272	14,644
Share issuance costs	-	6,398
Increase (decrease) in provision for bonuses	(865,656)	(877,997)
Increase (decrease) in provision for bonuses for directors (negative indicates decrease)	(43,550)	3,465
Increase (decrease) in allowance for doubtful accounts	(1,088)	34,790
Increase (decrease) in provision for shareholder benefit program	11,609	7,568
Increase (decrease) in provision for business restructuring	-	12,416
Interest income	(63)	(3,823)
Interest expense	8,149	51,912
Decrease (increase) in trade receivables	222,108	463,211
Decrease (increase) in operational investment securities for sale	(1,533,192)	(858,333)
Increase (decrease) in trade payables	(625)	(5,405)
Increase (decrease) in accounts payable (minus indicates decrease)	80,354	(185,928)
Other	(172,659)	(101,693)
Subtotal	(2,110,178)	(1,596,909)
Interest received	63	3,820
Interest paid	(8,339)	(233,578)
Income taxes paid	(360,422)	(116,305)
Income taxes refund	3	11,547
Cash flows from operating activities	(2,478,872)	(1,931,425)
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(716)	(1,427)
Purchase of intangible assets	(2,550)	-
Payments of leasehold and guarantee deposits	(3,139)	-
Proceeds from refund of leasehold and guarantee deposits	-	1,011
Expenditures for acquisition of other investment assets	(13,673)	-
Payment for acquisition of subsidiaries resulting in change in scope of consolidation	-	(1,148,107)
Proceeds from liquidation of subsidiaries and associates	-	6,326
Cash flows from investing activities	(20,079)	(1,142,196)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	600,000	800,000
Proceeds from long-term borrowings	-	3,600,000
Repayment of long-term borrowings	(118,714)	(3,234,246)
Cash dividends paid	(479,340)	(13)
Income from capital increase of consolidated subsidiaries	-	193,601

Dividends paid to non-controlling interests	(5,381)	-
Proceeds from exercise of employee share options	264	12
Other	-	(23,498)
Cash flows from financing activities	(3,171)	1,335,856
Effect of exchange rate change on cash and cash equivalents	6,552	(1,048)
Increase (decrease) in cash and cash equivalents	(2,495,570)	(1,738,814)
Cash and cash equivalents at the beginning of the period	5,838,745	7,561,180
Cash and cash equivalents at the end of the interim period	3,343,175	5,822,365

(4) Notes to the Interim Consolidated Financial Statements

(Notes regarding the assumption of a going concern)

There are no applicable items.

(Changes in the scope of consolidation or application of the equity method)

(Significant changes in the scope of consolidation)

Frontier Capital Inc., a consolidated subsidiary of our company, established FCI1 Inc. and, through this company, acquired all shares and share acquisition rights of Eagle Invesco Ltd., which owns all shares of Hobbylink Japan Ltd., on February 28, 2025. As a result, from the current interim consolidated accounting period, FCI1 Inc., Eagle Invesco Ltd., Hobbylink Japan Ltd., and its subsidiary Beaver Corporation, Inc. have been included in the scope of consolidation. This change in the scope of consolidation is expected to have a significant impact on the consolidated financial statements for the fiscal year to which the current interim consolidated accounting period belongs. The outline of this impact includes an increase in total assets and total liabilities on the consolidated balance sheet, as well as an increase in net sales and other items on the consolidated statement of income.

(Notes in case of significant changes in the amount of shareholders' equity)

There are no applicable items.

(Notes on changes in accounting policies)

Application of Accounting Standards for Income Taxes - Current, etc.

The "Accounting Standard for Income Taxes - Current, etc." (Accounting Standard No. 27, October 28, 2022; hereinafter referred to as the "2022 Revised Accounting Standard") and other related standards have been applied from the beginning of the current interim consolidated accounting period.

Regarding the amendment to the classification of income taxes (taxation on other comprehensive income), we have followed the transitional treatment stipulated in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment stipulated in the proviso to Paragraph 65-2 (2) of the "Implementation Guidance on Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan Guidance No. 28, October 28, 2022; hereinafter referred to as the "2022 Revised Implementation Guidance"). There is no impact on the interim consolidated financial statements as a result of this.

In addition, regarding the revision related to the treatment in consolidated financial statements of the deferral for tax purposes of gains or losses arising from the sale of shares of subsidiaries among consolidated companies, the 2022 revised application guidelines have been applied from the beginning of the current interim consolidated accounting period. This change in accounting policy has been applied retrospectively, and the interim consolidated financial statements for the previous interim consolidated accounting period and the consolidated financial statements for the previous consolidated fiscal year have been restated accordingly. There is no impact on the interim consolidated financial statements for the previous interim consolidated accounting period or the consolidated financial statements for the previous consolidated fiscal year as a result of this change.

(Notes on segment information, etc.)

[Segment Information]

For the six months ended June 30, 2024

Information on Net sales and profit or loss by reportable segment

(Unit: Thousands of yen)

	Reportable segments			Adjustment amount	Consolidated Interim Statement of Income Amount recorded in the statement (Note)
	Consulting and Advisory Business	Investment business	Total		
Revenue					
Net sales to external customers	4,520,879	39,088	4,559,968	-	4,559,968
Internal net sales or transfers between segments	-	-	-	-	-
Total	4,520,879	39,088	4,559,968	-	4,559,968
Segment profit or loss (-)	274,437	(165,512)	108,925	-	108,925

(Note) "Segment profit or loss" is consistent with operating profit in the interim consolidated statement of income.

For the six months ended June 30, 2025

1. Information on net sales and profit or loss by reportable segment

(Unit: Thousands of yen)

	Reportable segment			Adjustment amount	Consolidated Statements of Income (Interim) Amount recorded in the statement (Note)
	Consulting and Advisory Business	Investment business	Total		
Revenue					
Net sales to external customers	4,358,133	1,413,431	5,771,565	-	5,771,565
Internal net sales or transfers between segments	4,000	-	4,000	(4,000)	-
Total	4,362,133	1,413,431	5,775,565	(4,000)	5,771,565
Segment profit or loss (-)	163,258	(174,032)	(10,773)	-	(10,773)

(Note) "Segment profit or loss" is consistent with operating loss in the interim consolidated statement of income.

2. Information on Assets by Reportable Segment

(Significant increase in assets due to acquisition of a subsidiary)

During the six months ended September 30, 2024, Frontier Capital Inc. acquired all shares and stock acquisition rights of Eagle Invesco Ltd., which owns all of the shares of Hobbylink Japan Ltd. through its consolidated subsidiary FCII Inc., and included them in the scope of consolidation. As a result, segment assets of the Investment Business increased by 4,380,249 thousand yen from the end of the previous fiscal year.

3. Information on changes in Reportable Segments

During the six months ended September 30, 2024, Hobbylink Japan Ltd., which operates a toy retail business, and Beaver Corporation, Inc., a subsidiary of the Company, joined the Investment Business Segment. As a result, net sales in the Investment Business Segment consist of consulting fees and other fees for investment targets, and product sales in the Toy Retail Business.

4. Information on impairment losses of non-current assets or goodwill, etc. by reportable segment  
(Significant changes in the amount of goodwill)

In the Investment Business segment, Frontier Capital Inc., a consolidated subsidiary, has recorded goodwill as a result of making Eagle Invesco Ltd., which owns all shares of Hobbylink Japan Ltd. through its consolidated subsidiary FCI1 Inc., a subsidiary. The increase in goodwill due to this event during the six months ended September 30, 2024 was 3,799,219 thousand yen.

(Matters related to business combinations, etc.)

(Business combination through acquisition)

Frontier Capital Inc., a consolidated subsidiary of our company, as of February 28, 2025, acquired shares and share acquisition rights of Eagle Invesco Ltd., which owns all shares of Hobbylink Japan Ltd., through its consolidated subsidiary FCI1 Inc.

1. Overview of Business Combination

(1) Name of the acquired company and details of its business

Name of the acquired company (1): Eagle Invesco Ltd.

Business description: Holding shares of Hobbylink Japan Ltd.

Name of the acquired company (2): Hobbylink Japan Ltd.

Business description: Sales of models, plastic models, toys, etc., and holding shares of Beaver Corporation, Inc.

Name of the acquired company (3): Beaver Corporation, Inc.

Business description: Sales and import of overseas toys, etc.

(2) Main reasons for the business combination

Hobbylink Japan Ltd. is a toy retailer based in Sano City, Tochigi Prefecture, primarily handling models, plastic models, and figures, and selling them mainly through the internet.

The company mainly procures merchandise from domestic toy manufacturers through wholesalers and sells them to overseas customers, primarily in North America, providing services to fans around the world who love Japanese pop culture such as anime, plastic models, and figures. Although the e-commerce business for hobby goods is a niche market, the company has a long history in the industry since its founding in 1997 and, as one of the oldest players, possesses a stable customer base.

In addition to our support for the company's founding philosophy—to deliver content and entertainment products such as models, plastic models, and figures not only to fans in Japan but also to fans around the world, so that people everywhere can enjoy high-quality toys originating from Japan—the sustained growth potential of the global hobby goods e-commerce market, driven by the spread of Japanese anime in North America, Europe, and Asia, has led Frontier Capital Inc. to wish to contribute to this business through investment.

By utilizing the consulting functions of the Frontier Management Group to provide hands-on support, we will accelerate the execution of the company's growth strategy so that more people can enjoy Japanese pop culture.

(3) Date of business combination

February 28, 2025 (Deemed acquisition date: March 31, 2025)

(4) Legal form of business combination

Acquisition of shares

(5) Name of the combined company

Eagle Invesco Ltd., Hobbylink Japan Ltd., Beaver Corporation, Inc.

(6) Acquired voting rights ratio

100%

(7) Main reasons for deciding on the acquired company

This is due to the acquisition of shares by the Company in exchange for cash.

2. Period of the acquired company's performance included in the interim consolidated statement of income for the interim consolidated accounting period

From March 1, 2025 to May 31, 2025

3. Breakdown of acquisition cost of the acquired company and types of consideration

Consideration for acquisition	Cash	2,000,000
		thousand yen
Acquisition cost		2,000,000
		thousand yen

4. Details and amounts of major acquisition-related expenses

Due diligence expenses, etc. 62,378 thousand yen

5. Amount of goodwill recognized, reason for recognition, amortization method, and amortization period

(1) Amount of goodwill incurred

3,799,219 thousand yen

Note that the amount of goodwill is a provisional figure, as the allocation of the acquisition cost has not been completed as of the end of the six months ended September 30, 2024.

(2) Cause of occurrence

This arises primarily from the expected future excess earning power anticipated through future business development.

(3) Depreciation methods and useful lives

Straight-line amortization over 10 years

6. Amounts of assets received and liabilities assumed on the business combination date, and their main breakdown

Current assets	1,776,623 thousand yen
Non-current assets	815,959 thousand yen
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Total assets	2,592,583 thousand yen
Current liabilities	1,011,555 thousand yen
Non-current liabilities	3,380,247 thousand yen
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Total liabilities	4,391,802 thousand yen