Consolidated Financial Results
for the Six Months of the Fiscal Year Ending December 31, 2026
(Under Japanese GAAP)

August 14, 2026

Company name:	Frontier Management Inc.
Stock exchange listings:	Tokyo Stock Exchange
Stock code:	7038
URL:	https://www.frontier-mgmt.com
Representative:	Shoichiro Onishi, Representative Director, Chairman and President
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Scheduled date for submission of interim report:	August 14, 2026
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, 2026 (from January 01, 2026 to June 30, 2026)

(1) Consolidated operating results (cumulative) (Percentages indicate YoY changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2026	6,944	20.3	83	-	(4)	-	(115)	-
June 30, 2025	5,771	26.6	(21)	-	(210)	-	(399)	-

(Note) Comprehensive income Interim period of fiscal year ending December 2026 (119) million yen (-%) Interim period of fiscal year ending December 2025 (389) million yen (-%)

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2026	(9.78)	-
June 30, 2025	(34.00)	-

(2) Consolidated financial positions

	Total assets	Equity	Equity to total assets ratio
As of	Million yen	Million yen	%
June 30, 2026	17,155	9,822	9.3
December 31, 2025	18,434	9,943	9.2

(Reference) Owner's equity Interim period of fiscal year ending December 2026 1,599 million yen Fiscal year ending December 2025 1,691 million yen
Net assets ratio 2026 interim period 57.3 % 2025 fiscal year 53.9 %

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

The net assets 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 the first quarter	End of the second quarter	End of the third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2025	-	0.00	-	0.00	0.00
Fiscal year ending December 31, 2026	-	0.00			
Fiscal year ending December 31, 2026 (Forecast)			-	-	-

(Note) 1. Whether there has been any revision to the most recently announced dividend forecast: No

2. The Company plans to pay dividends for the fiscal year ending December 2026; however, the forecast dividend amount has not yet been determined.

3. Consolidated Earnings Forecasts for the Fiscal Year Ending December 31, 2026 (from January 01, 2026 to December 31, 2026)

(Percentages indicate YoY changes)

	Net sales		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, 2026	15,000	11.4	610	-	430	-	50	-	4.24

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

※ Notes

(1) Significant changes in the scope of consolidation during the period: None

(2) Application of accounting treatments specific to the preparation of interim consolidated financial statements: None

(3) Changes in accounting policies, Changes in accounting estimates, Retrospective restatement

(i) Changes in accounting policies based on revisions of accounting standard :None

(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, 2026	11,857,821 shares
As of December 31, 2025	11,819,161 shares

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

As of June 30, 2026	72,604 shares
As of December 31, 2025	46,981 shares

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

Six months ended June 30, 2026	11,761,529 shares
Six months ended June 30, 2025	11,752,341 shares

※ Second quarter (interim period) financial results summary is not subject to review by a certified public accountant or audit corporation.

※ Explanation regarding the appropriate use of Forecasts and other matters to note

(Notes on Forward-Looking Statements, etc.)

The forward-looking statements regarding business results forecasts, etc. 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 to constitute a commitment by the Company that they will be achieved.

In addition, actual results, etc., may differ significantly due to various factors. For the conditions underlying Forecasts and precautions regarding the use of Forecasts, please refer to page 4 of the attached materials, “1. Qualitative Information on the Current Interim Financial Results (3) Explanation of Consolidated Forecasts and Other Forward-Looking Information.”

○Table of Contents of Attached Materials

1. Qualitative Information on the Current Interim Financial Results

(1) Explanation concerning Operating results

For the six months ended June 30, 2026, Japan's economy remained on a gradual recovery trend, supported by improvements in the employment and income environment; however, concerns remain regarding the outlook for the economy due to rising resource and energy prices resulting from heightened geopolitical risks, including the situation in the Middle East, U.S. trade policies and foreign exchange market trends, and the impact on personal consumption of continued price increases, and the outlook remains uncertain.

Under these circumstances, the Group has focused on proposing and executing one-stop solutions to address corporate challenges through the provision of comprehensive services leveraging its functions in management consulting, M&A advisory business, business revitalization support, and other areas, with the aim of achieving the budget for fiscal 2026, the first year of the medium-term management plan announced on February 13, 2026. In addition, Frontier Capital Inc., a consolidated subsidiary (hereinafter referred to as “FCI”), made investments involving the dispatch of management personnel in 2 new cases during the Current interim consolidated accounting period, bringing the cumulative total to investments in 9 companies.

Although the Management Consulting Business, Turnaround Support Business, and Other Businesses (hereinafter, the “Consulting-related Businesses”) saw improved productivity as a result of personnel optimization, Net sales decreased to 2,895,968 thousand yen (down 21.0% YoY) due to the contraction in the sales scale of the Management Consulting Business resulting from the decrease in the number of personnel and other factors, as well as the sluggish performance of the Turnaround Support Business due to market factors, including a decrease in the medium- and large-scale turnaround projects and turnaround projects for listed companies, which the Company has traditionally focused on. However, as a result of efforts to expand the structure and strengthen sales activities focused on M&A advisory business, priority sectors, and priority project themes, Net sales increased significantly year on year to 1,135,915 thousand yen (up 63.2% YoY). As a result, Net sales in the Consulting and Advisory Business segment decreased to 4,031,883 thousand yen (down 7.6% YoY), and Operating profit decreased to 162,578 thousand yen (down 0.4% YoY).

In the investment business segment, Net sales of the investment business increased due to an increase in Consulting fee income resulting from the accumulation of investment projects. In addition, Net sales increased significantly to 2,912,440 thousand yen (up 106.1% year on year) due to the incorporation from the beginning of the period of sales from the toy retail business of consolidated investees, including Hobbylink Japan Ltd. and two other companies, which were included in the scope of consolidation at the end of the Previous first-quarter consolidated cumulative period. Although the recording of fixed costs such as Personnel expenses continued to precede the expansion of business, an Operating loss of 79,499 thousand yen was recorded (an Operating loss of 184,859 thousand yen in the same period of the Previous year), as the operating foundation of the investment business continued to expand. As a result, the performance of our group for the Current interim consolidated accounting period was as follows: Net sales increased 20.3% year on year to 6,944,324 thousand yen, Operating profit was 83,078 thousand yen (an Operating loss of 21,601 thousand yen in the same period of the Previous year), and after deducting Interest expenses of 90,335 thousand yen and other items, ordinary loss was 4,731 thousand yen (an ordinary loss of 210,487 thousand yen in the same period of the Previous year). After deducting total Income taxes of 126,042 thousand yen and other items, interim net loss attributable to owners of the parent was 115,126 thousand yen (an interim net loss attributable to owners of the parent of 399,635 thousand yen in the same period of the Previous year).

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

≪Consulting and Advisory Business Segment≫

The performance of the Consulting・Advisory business segment for the Current interim consolidated accounting period was as follows: Net sales of the consulting-related business decreased year on year to 2,895,968 thousand yen (down 21.0% YoY), but as a result of Net sales increasing year on year to M&A advisory business,135,915 thousand yen (up 63.2% YoY), Net sales for this segment amounted to 4,031,883 thousand yen (down 7.6% YoY), and Operating profit amounted to 162,578 thousand yen (down 0.4% YoY).

(Consulting-related business)

Operating results for each business in the consulting-related business are as follows.

<Management Consulting Business/>

The performance of the management consulting business for the Current interim consolidated accounting period was Net sales2,549,426 thousand yen (down 12.4% YoY). During the Current interim consolidated accounting period, efforts were made to strengthen sales channels in order to acquire projects from financial corporations and other entities as well as major operating corporations, and performance has also been improving in terms of productivity through personnel optimization; however, as a result of the temporary contraction in scale due to factors including a decrease in the number of personnel, net sales decreased YoY.

<Business Rehabilitation Support/>

The performance of the business rehabilitation support business for the Current interim consolidated accounting period was Net sales300,484 thousand yen (down 58.1% YoY). Due to their nature, rehabilitation projects are particularly susceptible to market conditions, and the number of rehabilitation projects remained limited, mainly as a result of a decline in medium- and large-scale rehabilitation projects, which the Company has traditionally focused on, and rehabilitation projects for listed companies, resulting in a decrease in net sales compared with the same period of the previous year.

<Other businesses/>

The results of the Other Businesses for the current interim consolidated accounting period were net sales of 46,056 thousand yen (up 16.3% year on year).

(M&A advisory business)

M&A advisory business, as a result of efforts to expand the organizational structure and strengthen sales with a focus on key sectors and key project themes, Net sales increased significantly year on year to 1,135,915 thousand yen (up 63.2% year on year).

≪Investment Business Segment≫

In the investment business segment, during the Current interim consolidated accounting period, Net sales in the investment business increased due to an increase in Consulting fee income resulting from the accumulation of investment projects. In addition, through the inclusion from the beginning of the period of sales from the toy retail business related to Hobbylink Japan Ltd . and two other consolidated investees that were included in the scope of consolidation at the end of the Previous first-quarter consolidated cumulative period, Net sales increased significantly to 2,912,440 thousand yen (up 106.1% YoY). Although the recording of fixed costs such as Personnel expenses continued to precede revenues, the Company recorded an operating loss of 79,499 thousand yen (operating loss of 184,859 thousand yen in the previous period) as the operating foundation of the investment business expanded.

(Investment business)

The performance of the investment business during the Current interim consolidated accounting period was as follows: during the Current interim consolidated accounting period, 2 new investments were made, and due to an increase in Consulting fee income resulting from the accumulation of investment results, Net sales amounted to 203,708 thousand yen (104.5% increase YoY).

(Toy Retail Business)

As a result of focusing on overseas retail sales of figures, models, and other products, Net sales for the Current interim consolidated accounting period of the Toy Retail Business amounted to 2,708,732 thousand yen (a 106.2% increase YoY; however, Net sales for the Previous interim consolidated accounting period represent the three months following the consolidation of Hobbylink Japan Ltd . and two other companies).

(2) Explanation regarding Financial positions

< Assets/>

As of the end of the Current interim consolidated accounting period, our Group's Assets balance was 17,155,822 thousand yen (the balance as of the end of the Previous consolidated fiscal year was 18,434,591 thousand yen), a decrease of 1,278,768 thousand yen compared with the end of the Previous consolidated fiscal year.

This was mainly due to an increase of 879,190 thousand yen in Operational investment securities, while Cash and deposits decreased by 2,189,414 thousand yen.

< Liabilities/>

At the end of the Current interim consolidated accounting period, the balance of Liabilities of our Group was 7,333,375 thousand yen (8,490,968 thousand yen at the end of the Previous consolidated fiscal year), a decrease of 1,157,592 thousand yen compared with the end of the Previous consolidated fiscal year.

This was mainly attributable to decreases of 630,255 thousand yen in Provision for bonuses, 274,246 thousand yen in Long-term borrowings, 128,384 thousand yen in accounts payable, 67,211 thousand yen in Accounts payable - trade, and 37,072 thousand yen in Deferred tax liabilities.

< Net assets/>

The Net assets balance of our Group as of the end of the Current interim consolidated accounting period was 9,822,447 thousand yen (9,943,623 thousand yen as of the end of the Previous consolidated fiscal year), a decrease of 121,175 thousand yen compared with the end of the Previous consolidated fiscal year.

This was mainly due to the recording of an interim net loss of 115,126 thousand yen attributable to owners of the parent for the Current interim consolidated accounting period.

< Cash flows/>

As of the end of the Current interim consolidated accounting period, cash and cash equivalents (hereinafter referred to as “funds”) decreased by 1,662,661 thousand yen from the end of the Previous consolidated fiscal year to 2,259,222 thousand yen. The respective Cash flows and their factors during the Current interim consolidated accounting period are as follows.

(Cash flows from operating activities)

Cash used in operating activities was 1,832,124 thousand yen (the Previous corresponding period saw use of funds of 1,931,425 thousand yen). This was mainly due to an increase factor of 171,693 thousand yen in the amortization of Goodwill, and decrease factors including a decrease of 630,255 thousand yen in Provision for bonuses, an increase of 879,190 thousand yen in Operational investment securities, an increase of 116,736 thousand yen in trade receivables, Income taxes paid98,814 thousand yen, and other increases of 266,268 thousand yen due to an increase in Advances paid, etc.

(Cash flows from investing activities)

Cash provided by investing activities amounted to 439,388 thousand yen (compared with cash used of 2,642,196 thousand yen in the same period of the previous year). This was mainly due to the increase in Proceeds from withdrawal of time deposits500,000 thousand yen and decreases in Payments into time deposits10,000 thousand yen, Purchase of property, plant and equipment37,107 thousand yen, Purchase of intangible assets9,700 thousand yen.

(Cash flows from financing activities)

Cash used in financing activities amounted to 274,159 thousand yen (whereas 1,335,856 thousand yen was provided in the same period of the Previous year). This was mainly attributable to Repayments of long-term borrowings274,246 thousand yen.

(3) Explanation regarding forward-looking information such as consolidated Forecasts

With respect to full-year consolidated Forecasts, there are no changes from the consolidated Forecasts announced on February 13, 2026.

(4) Material Events Related to the Going Concern Assumption

Our Group recorded operating losses for two consecutive fiscal periods, primarily due to sluggish sales in the M&A advisory business in the fiscal year ending December 2024, sluggish sales in the consulting-related businesses in the fiscal year ending December 2025, and the resulting advance recognition of fixed costs, such as Personnel expenses, because the timing of investments in the investment business was delayed from the plan. Accordingly, we recognize that events or conditions exist that may raise significant doubt about the going concern assumption.

In light of these circumstances, we have proceeded with the implementation of measures aimed at reducing fixed costs and improving our earnings structure, including the consolidation of human capital and enhancement of productivity through the reorganization of the front-office divisions set forth in the “Structural Reform Plan” formulated on February 13, 2025, a focus on domestic and mid-sized projects, which had been the traditional strengths of our M&A advisory business, and the integration and streamlining of corporate functions, and the effects of these measures have steadily emerged during the Current interim consolidated accounting period.

Furthermore, in the “2026–2028 Fiscal Year Medium-Term Management Plan” announced on February 13, 2026, “the vision we aim to achieve” is to “accelerate initiatives capable of realizing the cutting edge of the time of our founding as a new cutting-edge model.” To give concrete form to this vision, we have established the following five initiatives: (i) further strengthening integrated support through Consulting × FA (M&A), (ii) GrowthM&A, (iii) incorporating and utilizing advanced technologies (business co-creation), (iv) expanding the development of cross-border operations in terms of both regions and capabilities, and (v) initiatives to strengthen the ONE-FMI organizational foundation and acquire outstanding human resources and expand opportunities for their participation. By steadily implementing these initiatives, we will ensure the recovery of profitability and growth potential.

In addition, the Company has entered into overdraft agreements with three financial institutions and has determined that there are no significant concerns regarding its short-term cash flow in light of the Company’s cash flow plans.

Accordingly, we have determined that there are no material uncertainties regarding the going concern assumption.

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

(Unit: Thousands of yen)

	Previous consolidated fiscal year (December 31, 2025)	Current interim consolidated accounting period (June 30, 2026)
Assets		
Current assets		
Cash and deposit	5,323,310	3,133,896
Notes and accounts receivable - trade, and contract assets	1,487,393	1,604,782
Operational investment securities	3,264,896	4,144,086
Merchandise	600,840	548,993
Other	785,101	1,054,746
Allowance for doubtful accounts	(26,408)	(23,824)
Total current asset	11,435,134	10,462,681
Non-current assets		
Property, plant, and equipment		
Buildings, net	556,485	527,048
Machinery and equipment, net	131,666	123,825
Tools, furniture and fixtures, net	16,906	14,465
Land	229,620	229,620
Other (net)	902	784
Total property, plant and equipment, net	935,581	895,743
Intangible assets		
Software	42,743	45,496
Software in progress	114,685	109,285
Goodwill	3,080,580	2,908,887
Customer-related intangible assets	673,727	621,545
Other	1,135	1,063
Total intangible assets	3,912,872	3,686,278
Investments Other assets		
Investment securities	296	296
Shares of subsidiaries and associates	1,263,995	1,271,857
Investments in capital of subsidiaries and associates	2,972	2,161
Leasehold and guarantee deposits	379,852	381,294
Deferred tax assets	333,492	276,236
Other	199,846	209,593
Allowance for doubtful accounts	(31,623)	(31,623)
Investments Other assets total	2,148,832	2,109,816
Total non-current assets	6,997,286	6,691,838
Deferred assets		
Organization expenses	2,170	1,302
Total deferred assets	2,170	1,302
Total assets	18,434,591	17,155,822

(Unit: Thousands of yen)

	Previous consolidated fiscal year (December 31, 2025)	Current interim consolidated accounting period (June 30, 2026)
Liabilities		
Current liabilities		
Trade payables	376,986	309,774
Short-term borrowings	800,000	800,000
Current portion of long-term borrowings	548,492	548,492
Accounts payable	464,324	335,940
Income taxes payable	100,115	107,090
Provision for bonuses	886,940	256,685
Officers Provision for bonuses	9,240	2,655
Provision for shareholder benefit program	71,031	72,362
Asset retirement obligations	-	42,086
Other	525,389	495,851
Total current liabilities	3,782,519	2,970,938
Non-current liabilities		
Long-term borrowings	4,049,811	3,775,565
Asset retirement obligations	131,469	96,822
Deferred tax liabilities	371,913	334,841
Other	155,254	155,207
Total non-current liabilities	4,708,448	4,362,437
Total liabilities	8,490,968	7,333,375
Net assets		
Shareholders' equity		
Share capital	395,022	401,379
Capital surplus	754,298	761,557
Retained earnings	317,480	202,354
Treasury shares	(8,363)	(8,363)
Total shareholders' equity	1,458,438	1,356,927
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	29,554	29,554
Foreign currency translation adjustment	203,487	213,309
Total accumulated other comprehensive income	233,042	242,863
Share acquisition rights	54,976	39,296
Non-controlling interests	8,197,166	8,183,360
Total net assets	9,943,623	9,822,447
Liabilities and net assets total	18,434,591	17,155,822

(2) Interim consolidated Statement of income and interim consolidated Statement of comprehensive income

(Interim consolidated Statement of income)

(Unit: Thousands of yen)

	Previous interim consolidated accounting period (From January 1, 2025 To June 30, 2025)	Current interim consolidated accounting period (From January 1, 2026 Through June 30, 2026)
Net sales	5,771,565	6,944,324
Cost of sales	3,310,740	4,260,056
Gross profit	2,460,824	2,684,267
Selling, general and administrative expenses	2,482,425	2,601,189
Operating profit (loss)	(21,601)	83,078
Non-operating income		
Interest income	3,823	5,355
Receipt Dividend income of insurance	3,162	2,991
Reversal of allowance for doubtful accounts	-	2,004
Foreign exchange gains	1,621	1,242
Electricity sale income	6,052	-
Other	3,578	4,943
Total non-operating income	18,239	16,538
Non-operating expenses		
Interest expense	51,912	90,335
Share issuance costs	8,732	-
Depreciation	4,500	-
Share of loss of investments accounted for using equity method	9,319	4
Financing expenses	130,304	2,500
Merger expenses	-	9,919
Provision of allowance for doubtful accounts	-	227
Other	2,356	1,360
Non-operating expenses Total	207,125	104,347
Ordinary loss (-)	(210,487)	(4,731)
Extraordinary income		
Gain on reversal of share acquisition rights	-	1,842
Total extraordinary income	-	1,842
Extraordinary losses		
Provision of allowance for doubtful accounts	31,623	-
Restructuring costs	68,340	-
Expenses related to general meetings of shareholders	25,000	-
Extraordinary losses Total	124,963	-
Loss before income taxes and other adjustments (-)	(335,451)	(2,889)
Income taxes - current	55,306	105,858
Income taxes - deferred	34,219	20,184
Income taxes total	89,525	126,042
Interim net loss (-)	(424,977)	(128,932)
Interim net loss attributable to non-controlling interests (-)	(25,341)	(13,805)
Interim net loss attributable to owners of parent (-)	(399,635)	(115,126)

(Interim consolidated Statement of comprehensive income)

(Unit: Thousands of yen)

	Previous interim consolidated accounting period (From January 1, 2025. Through June 30, 2025)	Current interim consolidated accounting period (From January 1, 2026 through June 30, 2026)
Interim net loss (-)	(424,977)	(128,932)
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustment	(1,988)	2,766
Share of equity in equity-method affiliates	37,093	7,054
Other comprehensive income, net of tax	35,104	9,821
Comprehensive income	(389,873)	(119,110)
Comprehensive income attributable to		
Interim Comprehensive income attributable to owners of parent	(364,531)	(105,304)
Interim Comprehensive income attributable to non-controlling interests	(25,341)	(13,805)

(3) Interim consolidated Statement of cash flows

(Unit: Thousands of yen)

	Previous interim consolidated accounting period (From January 1, 2025 Through June 30, 2025)	Current interim consolidated accounting period (From January 1, 2026 Through June 30, 2026)
Cash flows from operating activities		
Interim net loss before income taxes and other adjustments (-)	(335,451)	(2,889)
Depreciation	44,701	61,232
Amortization of deferred assets	868	868
Amortization of goodwill	93,211	171,693
Amortization of customer-related intangible assets	29,215	52,181
Share of loss (profit) of investments accounted for using the equity method	9,319	4
Share–based payment expenses	14,644	(363)
Share issuance costs	6,398	-
Increase (decrease) in provision for bonuses	(877,997)	(630,255)
Changes in Provision for bonuses for officers (- indicates a decrease)	3,465	(6,585)
Increase (decrease) in allowance for doubtful accounts	34,790	(2,584)
Increase (decrease) in provision for shareholder benefit program	7,568	1,330
Increase (decrease) in provision for business restructuring	12,416	-
Interest income	(3,823)	(5,355)
Interest expense	51,912	90,335
Decrease (increase) in trade receivables	463,211	(116,736)
Decrease (increase) in operational investment securities for sale	(858,333)	(879,190)
Increase (decrease) in trade payables	(5,405)	(67,211)
Increase (decrease) in accounts payable (- indicates a decrease)	(185,928)	(94,276)
Other	(101,693)	(266,268)
Subtotal	(1,596,909)	(1,694,071)
Interest received	3,820	5,354
Interest paid	(233,578)	(53,741)
Income taxes paid	(116,305)	(98,814)
Income taxes refund	11,547	9,148
Cash flows from operating activities	(1,931,425)	(1,832,124)
Cash flows from investing activities		
Payments into time deposits	(1,500,000)	(10,000)
Proceeds from withdrawal of time deposits	-	500,000
Net decrease (increase) in short-term loans receivable	-	(1,148)
Purchase of property and equipment	(1,427)	(37,107)
Purchase of intangible assets	-	(9,700)
Payments of leasehold and guarantee deposits	-	(3,433)
Proceeds from refund of leasehold and guarantee deposits	1,011	778
Payment for acquisition of subsidiaries resulting in change in scope of consolidation	(1,148,107)	-
Proceeds from liquidation of subsidiaries and associates	6,326	-
Other	-	0
Cash flows from investing activities	(2,642,196)	439,388
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	800,000	-
Proceeds from long-term borrowings	3,600,000	-
Repayment of long-term borrowings	(3,234,246)	(274,246)

Cash dividends paid	(13)	(7)
Proceeds from capital increase by consolidated subsidiaries	193,601	-
Proceeds from exercise of employee share options	12	140
Other	(23,498)	(46)
Cash flows from financing activities	1,335,856	(274,159)
Effect of exchange rate change on cash and cash equivalents	(1,048)	4,233
Increase (decrease) in cash and cash equivalents	(3,238,814)	(1,662,661)
Cash and cash equivalents at the beginning of the period	7,561,180	3,921,884
Cash and cash equivalents at end of interim period	4,322,365	2,259,222

(4) Notes to Interim Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on significant changes in the amount of Shareholders' equity)

There are no applicable items.

(Notes on segment information, etc.)

[Segment Information]

For the six months ended June 30, 2025

1. Information on Net sales and amounts of profit or loss by reporting segment

(Unit: Thousands of yen)

	Reporting segments			Adjustments	Interim Consolidated Income Amount recorded in the statement (Note)
	Consulting and Advisory Business	Investment business	Total		
Net sales					
Net sales to external customers	4,358,133	1,413,431	5,771,565	-	5,771,565
Internal Net sales or transfer amounts 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	(184,859)	(21,601)	-	(21,601)

(Note) “Segment profit or loss” corresponds to operating loss in the interim consolidated Statement of income.

2. Information on Assets by Reporting Segment

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

During the Current interim consolidated accounting period, consolidated subsidiary Frontier Capital Inc. acquired, through its consolidated subsidiary FCI1 Inc., all shares and Share acquisition rights of Eagle Invesco., Ltd.., which owns all shares of Hobbylink Japan Ltd., and included it in the scope of consolidation. As a result, the Assets of the investment business segment increased by 4,713,349 thousand yen compared with the end of the Previous consolidated fiscal year.

3. Matters concerning changes to reporting segments, etc.

In the Current interim consolidated accounting period, as Hobbylink Japan Ltd., which operates a toy retail business, and Beaver Corporation, Inc ., a subsidiary of the company, became part of the Investment Business segment, Net sales of the Investment Business segment consist of consulting fees, etc. from investees and Merchandise sales from the toy retail business.

4.Information on Impairment losses of Non-current assets or Goodwill, etc., by reporting segment

(Significant changes in the amount of Goodwill)

In the investment business segment, Goodwill has been recognized as a result of consolidated subsidiary Frontier Capital Inc. making Eagle Invesco., Ltd.., which owns all shares of Hobbylink Japan Ltd., a subsidiary through its consolidated subsidiary FCI1 Inc.. The increase in Goodwill due to this event during the Current interim consolidated accounting period was 3,139,272 thousand yen.

For the six months ended June 30, 2026

1. Information on Net sales and the amounts of profit or loss for each reportable segment

(Unit: Thousands of yen)

	Reporting segments			Adjustments	Interim Consolidated Income Amount recognized in the statements (Note)
	Consulting and Advisory Business	Investment business	Total		
Net sales					
Net sales to external customers	4,031,883	2,912,440	6,944,324	-	6,944,324
Internal Net sales or transfer amounts between segments	-	-	-	-	-

Total	4,031,883	2,912,440	6,944,324	-	6,944,324
Segment profit or loss (-)	162,578	(79,499)	83,078	-	83,078

(Note) “Segment profit or loss” corresponds to Operating profit in the interim consolidated Statement of income.

(Business Combinations and Other Related Matters)

With respect to the business combination with Eagle Invesco., Ltd.. and its two subsidiaries conducted on February 28, 2025 (deemed acquisition date: March 31, 2025), provisional accounting treatment was applied in the Previous interim consolidated accounting period, but it was finalized at the end of the Previous consolidated fiscal year. Accordingly, in the comparative information included in the interim consolidated financial statements for the Current interim consolidated accounting period, the amounts after reflecting significant revisions to the initial allocation of the acquisition cost are disclosed. As a result, in the interim consolidated Statement of income for the Previous interim consolidated accounting period, Selling, general and administrative expenses increased by 10,827 thousand yen, and operating loss, ordinary loss and interim net loss before income taxes and other increased by the same amount.

(Significant subsequent events)

Hobbylink Japan Ltd., our consolidated subsidiary, resolved at a meeting of its Board of Directors held on July 28, 2026, to transfer Non-current assets as follows, and entered into a real estate sale and purchase agreement dated July 31, 2026.

1.Reason for the transfer

As part of the review of our logistics structure, we decided to fully outsource the storage and logistics operations for Merchandise to an external logistics operator. Accordingly, as the need for the warehouse portions of the head office Land and Buildings has significantly declined, we determined that it would be appropriate from an operational perspective to sell the head office Land and Buildings, which are Assets held by the Company, in order to optimize logistics operations and improve our financial position by applying the sale proceeds to the repayment of borrowings.

2.Name of transferee company

Chuo Shoko Co., Ltd.

Furthermore, there are no capital, personnel or business relationships to be stated between the transferee and our Group, and the transferee does not constitute a related party.

3. Types of Assets transferred, uses before transfer

Head office's Land and Buildings

4. Schedule of the Transfer

Date of resolution by the Board of Directors July 28, 2026

Contract execution date July 31, 2026

Property handover date August 25, 2026 (scheduled)

In addition, the approval of Sano City, where the property is located, is required for the transfer of the property.

5. Transfer value

599,000 thousand yen (tax included)

6. Other Important Special Agreements, etc.

This agreement includes a special provision stipulating that, simultaneously with the transfer of ownership and delivery of the Property, a fixed-term Buildings lease agreement shall be entered into for part of the office areas and parking areas of the Property, with Chuo Shoko Co., Ltd. as the lessor and Hobbylink Japan Ltd as the lessee.