



Consulting and advisory business performing well

FY12/2022 4Q results: In-line with Recently Revised Guidance

Both the Management Consulting and M&A Advisory businesses performed well for the year, although 4Q sales levels were little changed from the previous year. The Management Consulting business revenues increased 33% YoY, while M&A Advisory business revenues increased 62% YoY. Each of these businesses benefited from an increase in both the number of large deals of ¥100 mn or more and in the average value of large deals. The Revitalization Support business, which had few opportunities until 3Q, increased 4Q sales 100% over the previous year. The investment segment was in the red, following a delay in its start-up to FY2023/12. In December 2022, the company announced plans to spin this division off as a separate entity named Frontier Capital (FCI) in FY2023/12.

Dividends increased to ¥28 per share from ¥10 per share in FY2021/12, due to an increase in the dividend payout ratio at the end of 3Q.

Company Forecast for FY12/2023

Excluding FCI, as shown in the forecast in the table below, sales are expected to be ¥9.65 bn (+22%) and recurring profit ¥1.5 bn (+34%). All divisions except the the investment segment are expected to continue perform well.

The dividend forecast is not disclosed, but the policy is to set the dividend at 40% of net income attributable to the parent company excluding FCI and any valuation gains or losses. The forecast for net income excluding FCI is ¥1.0 bn (+33%), compared to the consolidated net income forecast of ¥0.7 bn. Using the company's forecast, we can estimate the dividend to be about ¥35.

Comparing the forecast for FY2023/12 to the third-year target of the mid-term management plan, sales are expected to exceed the plan, ROE should be in-line, and the number of employees should exceed the plan. However, the company forecasts an operating profit margin of 12%, compared to the mid-term target of 20%. The company attributed the difference to the negative impact of upfront investment in FCI and the cost of increasing the number of employees ahead of schedule, which it intends to offset by improving profitability.

FY	¥ mn, %	Net Sales	YoY	OP	YoY	RP	YoY	NP	YoY	EPS ¥	DPS ¥
12/2019		4,771	1.7	663	(1.3)	678	0.3	429	(9.1)	75.3	23
12/2020		5,192	8.8	580	(12.5)	575	(15.2)	420	(2.1)	36.9	24
12/2021		5,741	10.6	501	(13.6)	514	(10.6)	338	(19.5)	29.7	10
12/2022		7,915	37.9	908	81.2	921	79.1	556	64.4	48.7	27
12/2023 CE		10,000	26.3	1,200	32.2	1,200	30.3	700	25.9	43.9	-

Source: SIR from the company materials

4Q Flash



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