



November 8, 2023

## Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2023 (January 1, 2023 – September 30, 2023)

|   |   |  |
|---|---|--|
| Company name:   | Funai Soken Holdings, Inc.  | Stock Exchange listing: Tokyo Stock Exchange                               |
| Stock code:   | 9757  | URL: <a href="https://hd.funaisoken.co.jp">https://hd.funaisoken.co.jp</a> |
| President & Group CEO:  | Takayuki Nakatani   |  |
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| Scheduled date of filing quarterly report:                                    |   | November 13, 2023  |
| Scheduled date of payment of dividend:  |   | -  |
| Supplementary materials compiled to explain 3rd-quarter financial statements: |   | Yes  |
| Briefing to be held to explain 3rd-quarter financial results:                 |   | Yes (For institutional investors and analysts)                             |

(Figures are rounded to the nearest million yen; fractions of one million discarded rather than rounded up or down)

### 1. 2023 3rd-Quarter Consolidated Financial Results (January 1, 2023 – September 30, 2023)

#### (1) Consolidated Results of Operations

(Percentages represent year-on-year change)

|                   | Net sales   |      | Operating income |       | Ordinary income |       | Net income attributable to owners of the parent |       |
|-------------------|-------------|------|------------------|-------|-----------------|-------|---|-------|
|                   | Million yen | %    | Million yen      | %     | Million yen     | %     | Million yen                                     | %     |
| Nine months ended |             |      |                  |       |                 |       |   |       |
| Sep. 30, 2023     | 20,630      | 10.6 | 4,951            | (7.1) | 5,017           | (6.8) | 3,449   | (6.3) |
| Sep. 30, 2022     | 18,655      | 12.3 | 5,329            | 14.2  | 5,382           | 14.2  | 3,680   | 16.3  |

Note: Comprehensive income: 3,532 million yen (down 2.8%) in the nine months ended Sep. 30, 2023  
3,633 million yen (up 13.7%) in the nine months ended Sep. 30, 2022

|                   | Earnings per share (basic) | Earnings per share (diluted) |
|-------------------|----------------------------|------------------------------|
|                   | Yen                        | Yen                          |
| Nine months ended |                            |                              |
| Sep. 30, 2023     | 70.16                      | 69.34                        |
| Sep. 30, 2022     | 74.44                      | 73.51                        |

#### (2) Consolidated Financial Position

|                     | Total assets | Net assets  | Equity ratio |
|---------------------|--------------|-------------|--------------|
|                     | Million yen  | Million yen | %            |
| As of Sep. 30, 2023 | 32,385       | 25,900      | 77.9         |
| As of Dec. 31, 2022 | 33,010       | 27,700      | 81.7         |

Reference: Shareholders' equity: 25,220 million yen as of Sep. 30, 2023  
26,953 million yen as of Dec. 31, 2022

## 2. Dividends

|  | Dividend per share |        |        |          |       |
|--|--------------------|--------|--------|----------|-------|
|  | 1Q-end             | 2Q-end | 3Q-end | Year end | Total |
|  | Yen                | Yen    | Yen    | Yen      | Yen   |
| Year ended Dec. 31, 2022               | –                  | 25.00  | –      | 30.00    | 55.00 |
| Year ending Dec. 31, 2023              | –                  | 32.00  | –      |          |       |
| Forecast for year ending Dec. 31, 2023 |                    |        |        | 33.00    | 65.00 |

Note: Amendments to dividend numbers compared to most recently announced forecasts: None

## 3. Forecast for Consolidated Financial Results for FY2023 (January 1, 2023 – December 31, 2023)

(Percentages represent year-on-year change)

|           | Net sales   |      | Operating income |      | Ordinary income |      | Net income attributable to owners of the parent |      | Earnings per share |
|-----------|-------------|------|------------------|------|-----------------|------|---|------|--------------------|
|           | Million yen | %    | Million yen      | %    | Million yen     | %    | Million yen                                     | %    | Yen                |
| Full year | 28,500      | 11.2 | 7,900            | 11.3 | 7,950           | 10.5 | 5,500   | 10.2 | 111.48             |

Note: Amendments to performance numbers compared to most recently announced forecasts: None

**Remarks**

- (1) Changes in consolidated subsidiaries during the period: None  
(Changes in scope of consolidation:)
- No. of new companies added: None  
Names of new companies added: None
  - No. of companies removed: None  
Names of companies removed: None
- (2) Application of specific accounting procedures when compiling quarterly consolidated financial statements: None
- (3) Changes in accounting policies; changes in estimates; re-statement of amendments
- 1) Changes in accounting policies caused by revision of accounting standards: Yes
  - 2) Other changes in accounting policies: None
  - 3) Changes in accounting estimates: None
  - 4) Re-statement of amendments: None

(4) Number of issued shares (common stock)

|   |               |            |               |            |
|---|---------------|------------|---------------|------------|
| 1) Number of shares issued at end of nine-month period (including treasury stock) | Sep. 30, 2023 | 52,000,000 | Dec. 31, 2022 | 52,500,000 |
| 2) Number of treasury shares at end of nine-month period                          | Sep. 30, 2023 | 3,419,070  | Dec. 31, 2022 | 3,162,966  |
| 3) Average number of shares during nine-month period (cumulative total)           | Sep. 30, 2023 | 49,168,775 | Sep. 30, 2022 | 49,449,988 |

Note: This financial summary is excluded from quarterly review by a CPA or auditing company.

**Statement Regarding the Use of Forward-Looking Statements**

Forecasts in these materials regarding future performance are based on reasonable judgments made in accordance with information currently available. Actual results may differ greatly from these forecasts for a number of factors. Please refer to “(1) Results of Operations” on page 2 of the appendix for further information concerning the conditions on which these forecasts are based and further cautions with respect to the use of forward-looking statements.

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## 1. Qualitative Information Regarding the Nine Months Ended September 30, 2023

### (1) Results of Operations

During the nine months under review (January 1, 2023 to September 30, 2023), socio-economic activities have normalized, such as the relaxation of restrictions on activities in response to COVID-19 and the increase in the number of foreign visitors to Japan. However, small and medium-sized enterprises continue to face harsh conditions such as ongoing severe labor shortages, including the difficulty of securing employees, even though such enterprises' workloads are trending upwards. Furthermore, the economic outlook remains uncertain due to soaring energy prices and raw material costs caused by the unstable international situation against the backdrop of the prolonged situation in Ukraine, and due to the rapid depreciation of the yen in the foreign exchange market that has become a cause for concern with regard to the economy.

In this situation, the Funai Soken Consulting Group adopted "Sustainable Growth for More Companies" as our Group Purpose. This reflects our commitment to supporting the development of many companies firmly capable of achieving sustainable growth and the Group's own goal of becoming such a company, even in times of uncertainty and dramatic change. To realize this Group Purpose, we are expanding business into a structure that enables us to serve as a one-stop solution for the issues impacting corporate management. Through these efforts, we will work towards realizing our vision of being a business group for providing digital and comprehensive consulting solutions for mid-scale and SME clients.

Looking at our business activities, we are gradually returning to in-person activities for consulting services such as seminars, management study groups, and monthly support. While maintaining comprehensive business consulting for small and medium-sized enterprises as our mainstay business, we are continuing to expand into business domains such as DX consulting and comprehensive business consulting for mid-scale clients.

As a result, the Group posted 20,630 million yen in net sales (up 10.6% year on year), 4,951 million yen in operating income (down 7.1% year on year), 5,017 million yen in ordinary income (down 6.8% year on year), and 3,449 million yen in net income attributable to owners of the parent (down 6.3% year on year) for the period under review.

#### **I. Net sales: 20,630 million yen (up 10.6% over the same period of the previous fiscal year)**

Net sales increased in monthly support consulting and project consulting of the business consulting business segment.

Consequently, net sales rose 10.6% year on year to 20,630 million yen.

#### **II. Operating income: 4,951 million yen (down 7.1% over the same period of the previous fiscal year)**

Looking at operating income, cost of sales was 13,020 million yen (compared to 11,083 million yen in the same period of the previous fiscal year). Travel expenses and sales promotion expenses increased due to the promotion of business activities, and recruiting expenses and personnel expenses increased due to the proactive recruitment of human resources. SG&A expenses were 2,658 million yen (2,243 million yen in the same period of the previous fiscal year).

Consequently, operating income decreased 7.1% year on year to 4,951 million yen.

#### **III. Ordinary income: 5,017 million yen (down 6.8% over the same period of the previous fiscal year)**

Ordinary income resulted in non-operating income of 78 million yen (compared to 65 million yen in the same period of the previous fiscal year) and non-operating expenses of 13 million yen (compared to 12 million yen in the same period of the previous fiscal year).

Consequently, ordinary income decreased 6.8% from the same period of the previous fiscal year to 5,017 million yen.

#### **IV. Net income attributable to owners of the parent: 3,449 million yen (down 6.3% over the same period of the previous fiscal year)**

With income taxes totaling 1,541 million yen for the period under review, compared with 1,695 million yen in the same period of the previous fiscal year, net income attributable to owners of the parent decreased 6.3% year on year to 3,449 million yen.

#### **Segment-Specific Performance**

The performance of each business segment is outlined below.

Furthermore, as of the first quarter of the current consolidated fiscal year, the Group changed its reporting segments to three segments: Consulting, Logistics, and Digital Solutions. These statements are created based on categories applicable after the implementation of these changes.

For details, refer to “2. Quarterly Consolidated Financial Statements and Main Notes (3) Notes to Quarterly Consolidated Financial Statements (Segment information).”

##### **I. Consulting**

In the consulting business, monthly support consulting, which accounts for more than 70% of sales in this business, is on a recovery trend, and orders received from seminars and study group members are steadily increasing. As a result, net sales increased compared to the same quarter of the previous year. By industry sector, in addition to the consulting division for the medical, aged care and welfare industries and the consulting division for the professional industry, the consulting division for the manufacturing industry also increased net sales. Looking at operating income, we achieved an increase in profit despite increases in personnel expenses due to increased hiring, travel expenses and sales promotion expenses due to the promotion of business activities.

Consequently, net sales increased 11.3% year on year to 14,669 million yen, and operating income rose 2.2% year on year to 4,689 million yen.

##### **II. Logistics**

In the logistics business, net sales in the logistics consulting services increased due to an increase in the number of members of study groups for logistics companies and a recovery in the holding of seminars despite sluggish sales in the consulting services for shippers. In the logistics BPO business, net sales increased as transactions continued in a problem-free manner due to the deepening of relationships with existing customers and the further development of new business partners. Looking at operating income, income decreased due to an increase in personnel expenses resulting from the strengthening of recruitment.

Consequently, net sales increased 2.3% year on year to 2,859 million yen, and operating income decreased 27.7% year on year to 258 million yen.

##### **III. Digital Solutions**

In the digital solutions business, net sales increased due to solid performance in cloud solutions and online advertisement agency services. However, an operating loss was recorded due to the increase in recruiting expenses and personnel expenses caused by upfront investments to secure human resources, particularly engineers. In the HR solutions business, net sales increased due to an increase in new orders and other factors.

Consequently, net sales increased 16.0% year on year to 3,089 million yen, and operating losses were 126 million yen (the same period of the previous fiscal year resulted in operating income of 196 million yen).

## **(2) Financial Position**

### **(Assets)**

Total assets decreased by 625 million yen from the end of the previous fiscal year to 32,385 million yen as of the end of the nine months under review.

Current assets decreased by 2,730 million yen from the end of the previous fiscal year to 19,552 million yen. This was mainly due to decreases in cash and deposits.

Noncurrent assets increased by 2,104 million yen from the end of the previous fiscal year to 12,832 million yen. This was mainly due to an increase in goodwill and deposits and time deposits included in “other” under investments and other assets.

### **(Liabilities)**

Total liabilities increased by 1,175 million yen from the end of the previous fiscal year to 6,484 million yen as of the end of the nine months under review.

Current liabilities increased by 1,178 million yen from the end of the previous fiscal year to 6,245 million yen. This was mainly due to an increase in allowance for bonuses.

Noncurrent liabilities decreased by 3 million yen from the end of the previous fiscal year to 239 million yen. This was mainly due to a decrease in retirement benefit liabilities.

### **(Net Assets)**

Total net assets decreased by 1,800 million yen from the end of the previous fiscal year to 25,900 million yen as of the end of the nine months under review. This was mainly due to an increase in net income attributable to owners of the parent and a decrease in retained earnings as these were appropriated.

### **(Equity Ratio)**

The shareholders' equity ratio as of the end of the nine months under review was 77.9%, down 3.8 percentage points from the end of the previous fiscal year.

## **(3) Consolidated Forecast and Other Forward-Looking Information**

The Funai Soken Consulting Group started the first fiscal year of the Mid-range Business Plan for 2023 to 2025 we announced on February 8, 2023. During this period, centered on business consulting as our mainstay business, we will promote digital and comprehensive consulting solutions for mid-scale and SME clients. At the same time, we will strengthen Group internal alliances as we continue to capture the needs of the managers of our corporate clients and offer business consulting services that match the current trend.

For full-year consolidated results, the Group projects 28,500 million yen in net sales, 7,900 million yen in operating income, 7,950 million yen in ordinary income, and 5,500 million yen in net income attributable to owners of the parent.

## 2. Quarterly Consolidated Financial Statements and Main Notes

### (1) Consolidated Balance Sheet

(Thousand yen)

|   | FY12/22<br>(As of Dec. 31, 2022) | FY12/23 3Q<br>(As of Sep. 30, 2023) |
|---|----------------------------------|-------------------------------------|
| <b>Assets</b>   |                                  |                                     |
| Current assets  |                                  |                                     |
| Cash and deposits                                     | 17,031,407                       | 13,798,469                          |
| Trade notes, accounts receivable, and contract assets | 3,767,959                        | 4,039,775                           |
| Short-term investment securities                      | 408,150                          | 401,448                             |
| Work in process                                       | 158,767                          | 177,937                             |
| Raw materials and supplies                            | 8,935                            | 13,104                              |
| Other current assets                                  | 950,725                          | 1,173,865                           |
| Allowance for doubtful accounts                       | (42,610)                         | (51,796)                            |
| Total current assets                                  | 22,283,334                       | 19,552,803                          |
| Noncurrent assets                                     |                                  |                                     |
| Property, plant, and equipment                        |                                  |                                     |
| Buildings and structures, net                         | 1,111,950                        | 1,031,126                           |
| Land  | 4,596,717                        | 4,596,717                           |
| Other property, plant, and equipment, net             | 105,132                          | 105,535                             |
| Total property, plant, and equipment                  | 5,813,800                        | 5,733,379                           |
| Intangible assets                                     |                                  |                                     |
| Leasehold rights                                      | 322,400                          | 322,400                             |
| Software  | 392,655                          | 373,455                             |
| Goodwill  | 11,721                           | 377,334                             |
| Other intangible assets                               | 103,926                          | 132,968                             |
| Total intangible assets                               | 830,704                          | 1,206,159                           |
| Investments and other assets                          |                                  |                                     |
| Investment securities                                 | 3,101,525                        | 3,176,677                           |
| Assets related to retirement benefits                 | 395,287                          | 443,828                             |
| Other investments and other assets                    | 592,068                          | 2,278,045                           |
| Allowance for doubtful accounts                       | (5,997)                          | (5,708)                             |
| Total investments and other assets                    | 4,082,883                        | 5,892,842                           |
| Total noncurrent assets                               | 10,727,388                       | 12,832,381                          |
| Total assets  | 33,010,723                       | 32,385,185                          |



(Thousand yen)

|   | FY12/22<br>(As of Dec. 31, 2022) | FY12/23 3Q<br>(As of Sep. 30, 2023) |
|---|----------------------------------|-------------------------------------|
| <b>Liabilities</b>                                    |                                  |                                     |
| Current liabilities                                   |                                  |                                     |
| Trade notes and accounts payable                      | 552,314                          | 505,410                             |
| Short-term loans payable                              | 200,000                          | 200,000                             |
| Accounts payable - other                              | 1,651,677                        | 2,164,765                           |
| Income taxes payable                                  | 1,252,738                        | 812,405                             |
| Allowance for bonus                                   | -                                | 1,065,504                           |
| Other current liabilities                             | 1,410,292                        | 1,497,609                           |
| Total current liabilities                             | 5,067,022                        | 6,245,695                           |
| Noncurrent liabilities                                |                                  |                                     |
| Long-term loans payable                               | 100,000                          | 100,000                             |
| Retirement benefit liabilities                        | 71,994                           | 66,594                              |
| Deferred tax liabilities                              | 2,804                            | -                                   |
| Other noncurrent liabilities                          | 67,989                           | 72,576                              |
| Total noncurrent liabilities                          | 242,788                          | 239,171                             |
| Total liabilities                                     | 5,309,811                        | 6,484,866                           |
| <b>Net assets</b>                                     |                                  |                                     |
| Shareholders' equity                                  |                                  |                                     |
| Capital stock   | 3,125,231                        | 3,125,231                           |
| Capital surplus                                       | 2,955,094                        | 2,946,634                           |
| Retained earnings                                     | 25,108,389                       | 24,826,998                          |
| Treasury stock  | (4,100,171)                      | (5,626,639)                         |
| Total shareholders' equity                            | 27,088,544                       | 25,272,225                          |
| Accumulated other comprehensive income                |                                  |                                     |
| Valuation difference on available-for-sale securities | 19,755                           | 74,713                              |
| Foreign currency translation adjustments              | 27,299                           | 29,152                              |
| Accumulated adjustments for retirement benefits       | (182,338)                        | (155,913)                           |
| Total accumulated other comprehensive income          | (135,282)                        | (52,047)                            |
| Subscription rights for shares                        | 747,650                          | 680,140                             |
| Total net assets                                      | 27,700,911                       | 25,900,318                          |
| <b>Total liabilities and net assets</b>               | 33,010,723                       | 32,385,185                          |

## (2) Consolidated Statements of Income and Comprehensive Income

### Consolidated Statement of Income

First Nine Months

(Thousand yen)

|  | First Nine Months of<br>FY12/22<br>(Jan. 1 – Sep. 30, 2022) | First Nine Months of<br>FY12/23<br>(Jan. 1 – Sep. 30, 2023) |
|--|---|---|
| Net sales  | 18,655,857  | 20,630,373  |
| Cost of sales  | 11,083,256  | 13,020,043  |
| Gross profit   | 7,572,601   | 7,610,329   |
| SG&A expenses  | 2,243,138   | 2,658,355   |
| Operating income                                     | 5,329,462   | 4,951,974   |
| Non-operating income                                 |   |   |
| Interest income                                      | 11,960  | 5,109   |
| Dividend income                                      | 4,154   | 4,748   |
| Gain on sales of investment securities               | 11,845  | 20,344  |
| Gain on valuation of investment securities           | 8,228   | 76  |
| Refund of insurance premiums                         | 3,899   | 20,971  |
| Other non-operating income                           | 25,747  | 27,262  |
| Total non-operating income                           | 65,836  | 78,513  |
| Non-operating expenses                               |   |   |
| Interest expenses                                    | 5,735   | 5,422   |
| Loss on valuation of investment securities           | -   | 1,736   |
| Investment partnership management expenses           | 2,269   | 1,078   |
| Foreign exchange losses                              | 3,806   | -   |
| Donations  | -   | 2,050   |
| Other non-operating expenses                         | 761   | 2,851   |
| Total non-operating expenses                         | 12,574  | 13,138  |
| Ordinary income                                      | 5,382,724   | 5,017,349   |
| Extraordinary income                                 |   |   |
| Gain on sales of noncurrent assets                   | -   | 8   |
| Total extraordinary income                           | -   | 8   |
| Extraordinary losses                                 |   |   |
| Loss on sales of noncurrent assets                   | 2,179   | -   |
| Impairment losses                                    | -   | 23,755  |
| Loss on retirement of noncurrent assets              | 4,004   | 2,339   |
| Total extraordinary losses                           | 6,183   | 26,095  |
| Net income before income taxes and other adjustments | 5,376,541   | 4,991,262   |
| Current income taxes                                 | 1,919,463   | 1,856,105   |
| Deferred income taxes                                | (223,785)   | (314,457)   |
| Total income taxes                                   | 1,695,677   | 1,541,648   |
| Net income   | 3,680,863   | 3,449,613   |
| Net income attributable to owners of the parent      | 3,680,863   | 3,449,613   |

Consolidated Statement of Comprehensive Income

First Nine Months

(Thousand yen)

|   | First Nine Months of<br>FY12/22<br>(Jan. 1 – Sep. 30, 2022) | First Nine Months of<br>FY12/23<br>(Jan. 1 – Sep. 30, 2023) |
|---|---|---|
| Net income  | 3,680,863   | 3,449,613   |
| Other comprehensive income                                |   |   |
| Valuation difference on available-for-sale securities     | (69,041)  | 54,957  |
| Foreign currency translation adjustments                  | 5,916   | 1,853   |
| Adjustments for retirement benefits                       | 16,114  | 26,424  |
| Total other comprehensive income                          | (47,010)  | 83,234  |
| Comprehensive income                                      | 3,633,853   | 3,532,848   |
| Details   |   |   |
| Comprehensive income attributable to owners of the parent | 3,633,853   | 3,532,848   |

### (3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumptions)

None to report.

(Notes on Significant Changes to Shareholders' Equity)

None to report.

(Changes in Accounting Policies)

As of the beginning of the first quarter of the current consolidated fiscal year, we apply the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021, hereinafter, "Fair Value Measurement Standard Implementation Guidance"). In accordance with the transitional treatment set forth in Paragraph 27-2 of the Fair Value Measurement Standard Implementation Guidance, we will apply the new accounting policies set forth in the Fair Value Measurement Standard Implementation Guidance over time moving forward. Furthermore, this has no impact on our quarterly consolidated financial statements.

(Segment Information)

#### I. First Nine Months of FY12/22 (Jan. 1 – Sep. 30, 2022)

Information About Net Sales, Income, and Losses for Each Segment

(Thousand yen)

|                                   | Consulting | Logistics | Digital Solutions | Total      | Adjustment<br>(1) | Amount listed in<br>consolidated<br>statement of<br>income<br>(2) |
|-----------------------------------|------------|-----------|-------------------|------------|-------------------|---|
| Net sales                         |            |           |                   |            |                   |   |
| Sales to external customers       | 13,184,408 | 2,796,335 | 2,662,175         | 18,642,918 | 12,939            | 18,655,857  |
| Inter-segment sales and transfers | 875,976    | 282,421   | 798,422           | 1,956,821  | (1,956,821)       | –   |
| Total                             | 14,060,385 | 3,078,757 | 3,460,597         | 20,599,740 | (1,943,882)       | 18,655,857  |
| Segment income                    | 4,589,087  | 357,646   | 196,292           | 5,143,026  | 186,435           | 5,329,462   |

Notes:

1. Adjustments of segment income include elimination of inter-segment transactions and whole-group revenues and expenses that are not attributable to any segment. Whole-group income is comprised of outsourcing fees, consulting fees, and rental income from group companies, and whole-group expenses are mainly comprised of those incurred in group operations.
2. Segment income is adjusted against operating income in the consolidated statement of income.

## II. First Nine Months of FY12/23 (Jan. 1 – Sep. 30, 2023)

### 1. Information About Net Sales, Income, and Losses for Each Segment

(Thousand yen)

|                                   | Consulting | Logistics | Digital Solutions | Total      | Adjustment<br>(1) | Amount listed in<br>consolidated<br>statement of<br>income<br>(2) |
|-----------------------------------|------------|-----------|-------------------|------------|-------------------|---|
| Net sales                         |            |           |                   |            |                   |   |
| Sales to external customers       | 14,669,479 | 2,859,474 | 3,089,225         | 20,618,180 | 12,193            | 20,630,373  |
| Inter-segment sales and transfers | 1,002,073  | 427,859   | 927,963           | 2,357,896  | (2,357,896)       | –   |
| Total                             | 15,671,552 | 3,287,334 | 4,017,189         | 22,976,076 | (2,345,703)       | 20,630,373  |
| Segment income (loss)             | 4,689,554  | 258,676   | (126,272)         | 4,821,958  | 130,015           | 4,951,974   |

#### Notes:

- Adjustments of segment income or losses include elimination of inter-segment transactions and whole-group revenues and expenses that are not attributable to any segment. Whole-group income is comprised of outsourcing fees, consulting fees, and rental income from group companies, and whole-group expenses are comprised of those incurred in group operations.
- Segment income or losses is adjusted against operating income in the consolidated statement of income.

### 2. Matters concerning changes in reporting segments

#### Change in segmentation method for reporting segments

As of the first quarter of the current consolidated fiscal year, the Group changed its reporting segments to three segments: Consulting, Logistics, and Digital Solutions.

This was a result of reviewing reasonable segments to further clarify our Group growth strategy and take into account future business developments as well as our Mid-range Business Plan starting in the fiscal year ending December 2023 that reflects the July 2022 merger of Funai Soken Corporate Relations, Inc. and Shinwa Computer Service Co., Ltd., and the January 2023 acquisition of all shares in Seicho Senryaku, Inc.

Furthermore, the segment information for the first nine months of the previous consolidated fiscal year disclosed as comparative information for the first nine months of the current consolidated fiscal year has been adjusted to reflect these new reporting segments. As such, there are differences compared to the reporting segments for the first nine months of the previous consolidated fiscal year disclosed during the previous consolidated fiscal year.

### 3. Other Information

#### (1) Orders and Sales

##### I. Orders

Orders won by each operating segment in the nine months under review are as follows.

| Segment           | Orders received<br>(Thousand yen) | Change from<br>same period last<br>year (%) | Orders<br>outstanding<br>(Thousand yen) | Change from<br>same period last<br>year (%) |
|-------------------|-----------------------------------|---|---|---|
| Consulting        | 12,494,064                        | +1.8  | 7,601,417                               | +1.6  |
| Logistics         | 565,359                           | +9.8  | 348,433                                 | +23.4                                       |
| Digital Solutions | 999,338                           | +25.9                                       | 207,168                                 | +25.1                                       |

Notes:

1. Consulting orders above include only monthly support service and project consulting revenues.
2. Logistics revenues include only that earned from logistics consulting activities.
3. Digital Solutions indicates that earned from IT consulting and cloud-based solutions.
4. The above amounts are based on sale prices.

##### II. Sales

Sales made by each operating segment in the nine months under review are as follows.

| Segment           | Sales (Thousand yen) | Change from same period last year (%) |
|-------------------|----------------------|---------------------------------------|
| Consulting        | 14,669,479           | +11.3                                 |
| Logistics         | 2,859,474            | +2.3                                  |
| Digital Solutions | 3,089,225            | +16.0                                 |
| Total             | 20,618,180           | +10.6                                 |

Notes:

1. Sales amounts indicate sales to external customers.
2. No single customer accounted for 10% or more of aggregate net sales.