

1st Quarter of Fiscal Year Ending December 2024
Summary of Financial Results

Funai Soken Holdings Incorporated
(TSE Prime, stock code 9757)

May 10, 2024



1 Executive Summary

- (1) Consolidated Income
- (2) Progress in Comparison with This Year's Forecasts
- (3) KPIs

2 Financial Results as of FY2024 1Q

- (1) Results of Operations by Segment
- (2) Results of Operations by Segment: Consulting
- (3) Results of Operations by Segment: Logistics
- (4) Results of Operations by Segment: Digital Solutions
- (5) Results of Operations in Digital Transformation Services
- (6) Consolidated Financial Position

3 Forecasts & Shareholder Returns

4 News

[Statement Regarding Use of These Materials]

Executive Summary

1. Executive Summary

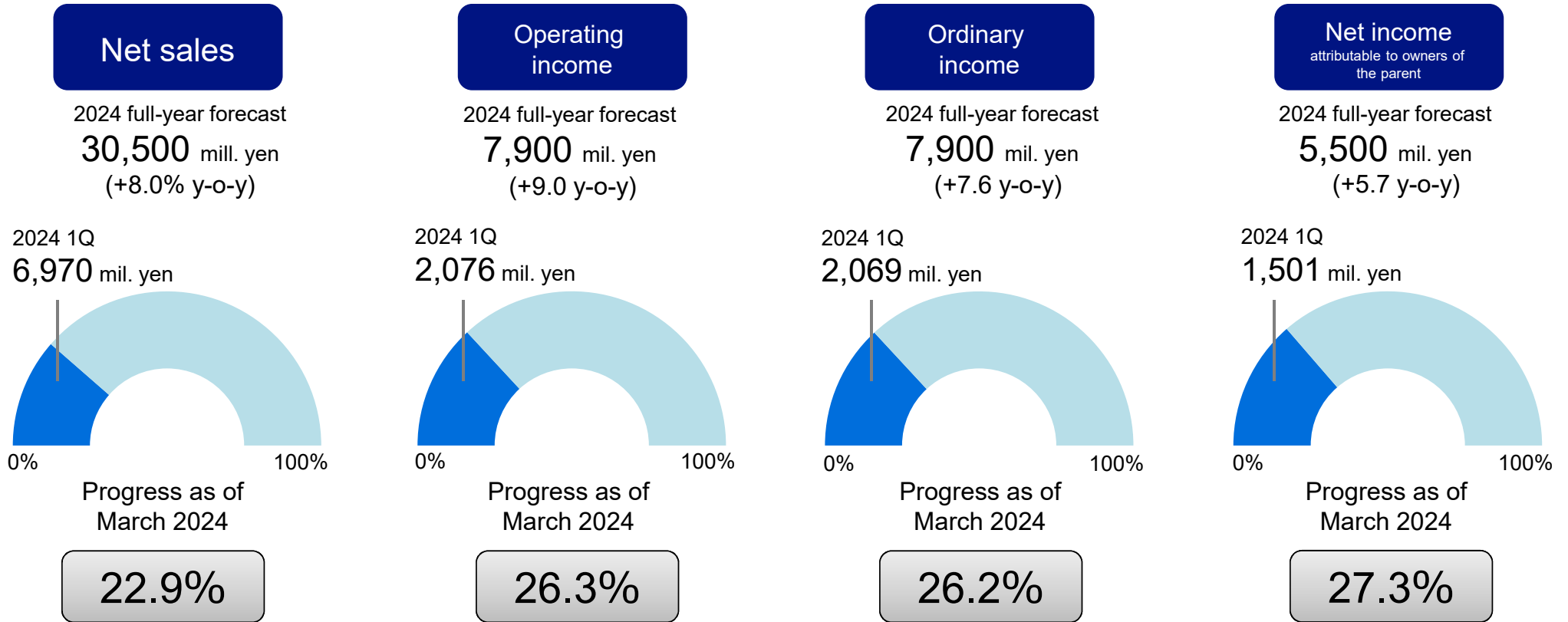
(1) Consolidated Income

Sales were solid, with sales of monthly support services up in the consulting segment. Operating income was up by double figures, largely in line with targets, as a result of tighter control of hiring costs and other SG&A expenses.

	FY2023 1Q		FY2024 1Q		
	Amount (million yen)	% of total	Amount (million yen)	% of total	Change (%)
Net sales	6,770	100.0	6,970	100.0	+3.0
Operating income	1,765	26.1	2,076	29.8	+17.6
Ordinary income	1,811	26.8	2,069	29.7	+14.2
Net income attributable to owners of the parent	1,206	17.8	1,501	21.5	+24.5

1. Executive Summary

(2) Progress in Comparison with This Year's Forecasts



1. Executive Summary

(3) KPIs: Staffing Levels (by Category)

Consultant numbers (one of our core KPIs) continue to grow. Our target is 1,150 consultants by 2025.

	FY2023 1Q	FY2024 1Q
Total headcount	1,375 Up by 129 (+10.4%) y-o-y	1,483 Up by 108 (+7.9%) y-o-y
Consultants	873 Up by 69 (+8.6%) y-o-y %age of total workforce: 63.5%	931 Up by 58 (+6.6%) y-o-y %age of total workforce: 62.8%
DX staff incl. in above	289	315 Up by 26 (+9.0%) y-o-y

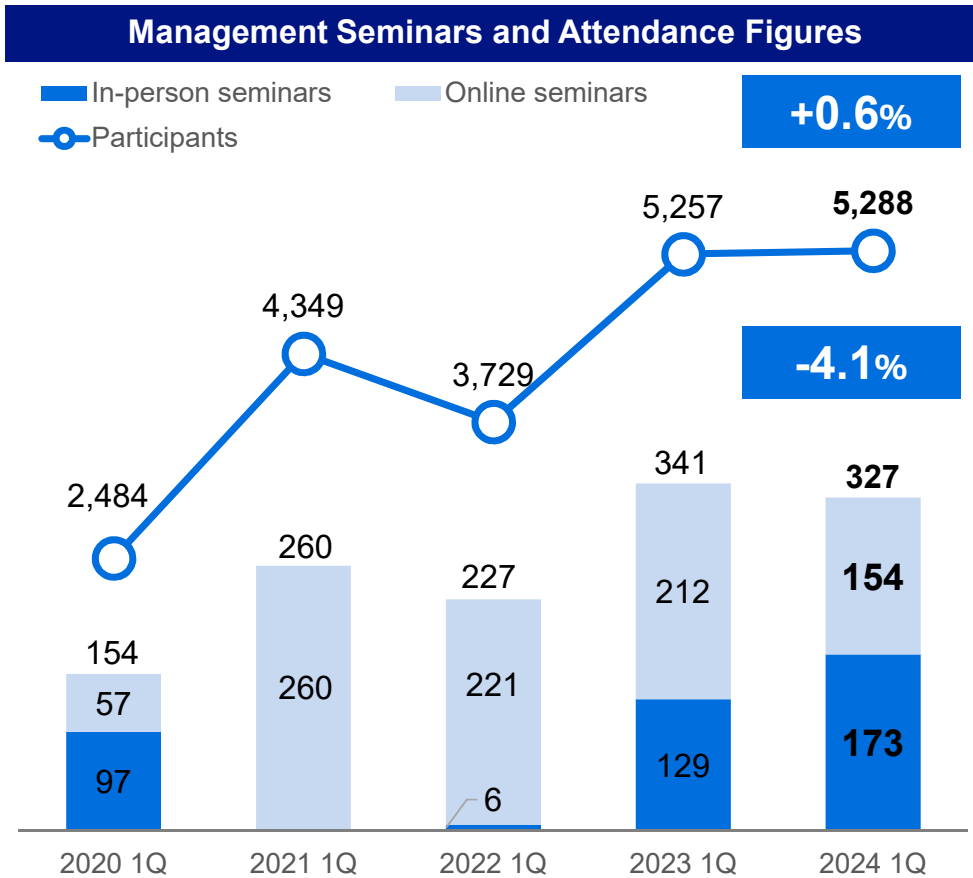


*DX staff are counted in accordance with Funai Soken Holdings definition of "digital transformation staff."

1. Executive Summary

(3) KPIs: Seminars & Workshops

Relocation of our Tokyo HQ meant there was only a small increase in management workshop participants, but workshop subscriptions have now exceeded pre-Covid levels.



*Seminar figures denote paid seminars held by Funai Consulting Inc.

Financial Results as of FY2024 1Q

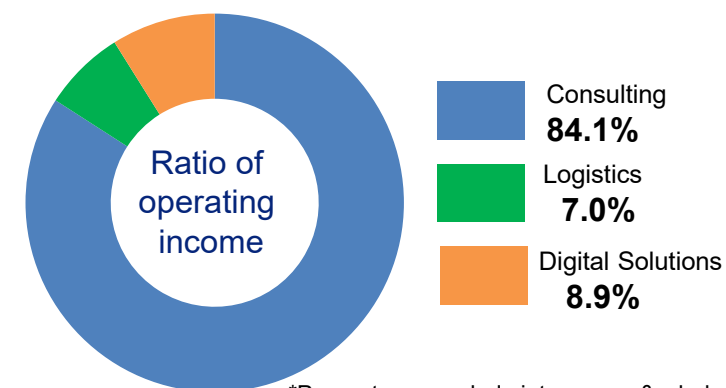
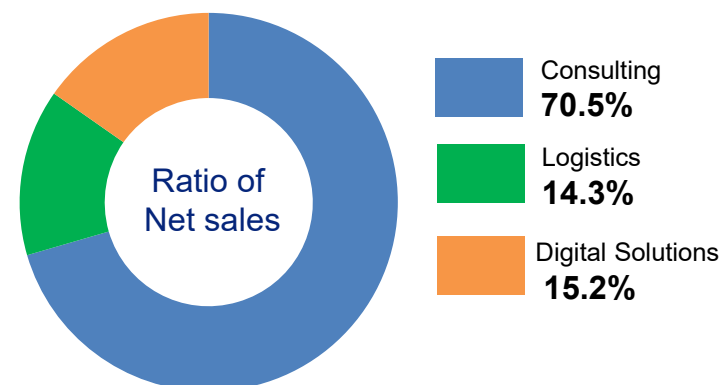
2. Financial Results as of FY2024 1Q

(1) Results of Operations by Segment

Revenues in the consulting segment were up, buoyed by increased sales of monthly support services and management workshops. Operating income decreased slightly as a result of the increase in consultant headcount. Sales and income were up in the logistics and digital solutions segments, driven by higher operating margins.

Net sales	2023 1Q	2024 1Q	
	Amount (million yen)	Amount (million yen)	Change (%)
Consulting	4,750	4,912	+3.4
Logistics	994	995	+0.0
Digital Solutions	1,020	1,062	+4.1
(Intra-group & whole-group transactions)	4	0	—
Total	6,770	6,970	+3.0

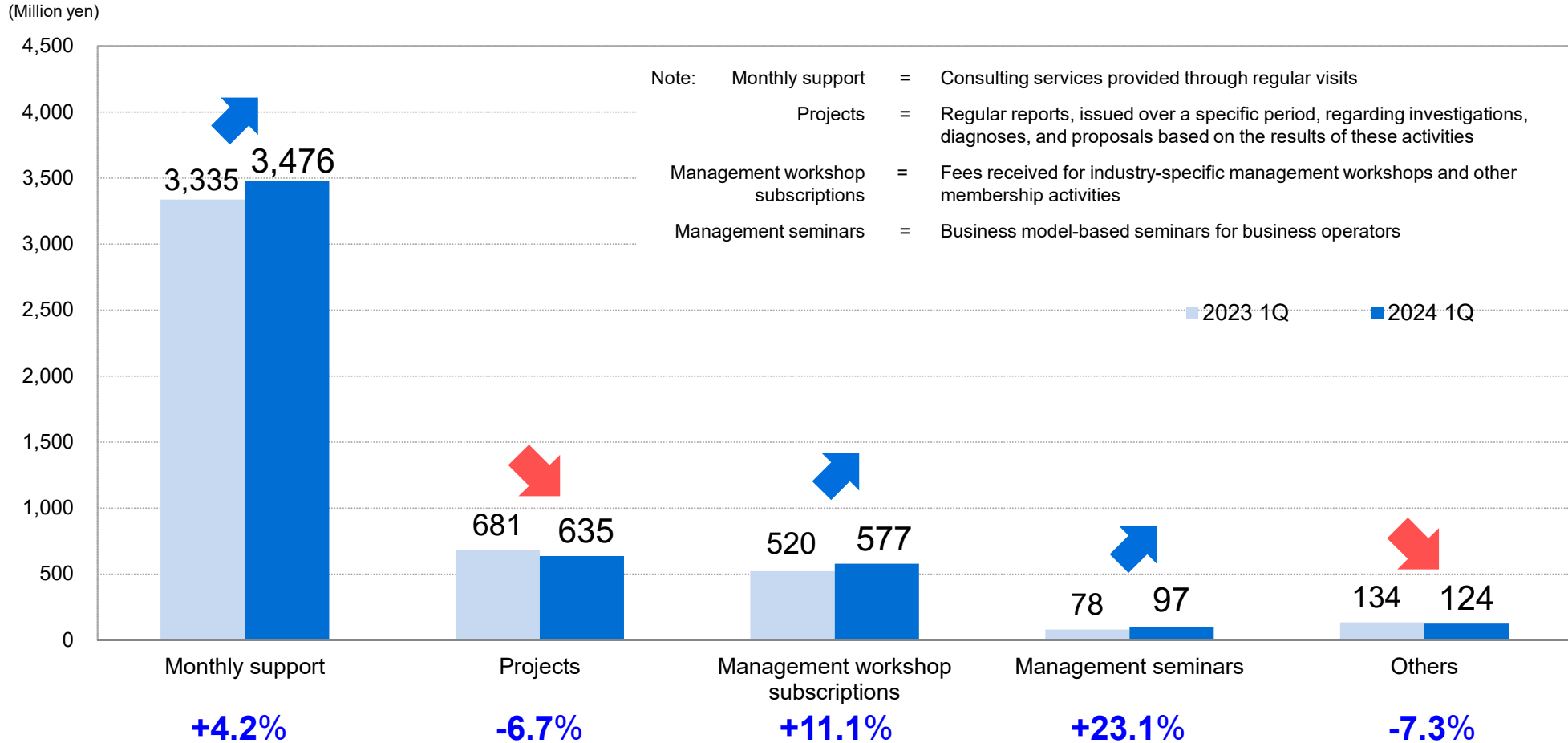
Operating income	2023 1Q	2024 1Q	
	Amount (million yen)	Amount (million yen)	Change (%)
Consulting	1,724	1,705	-1.1
Logistics	114	142	+24.8
Digital Solutions	-77	180	—
(Intra-group & whole-group transactions)	4	47	—
Total	1,765	2,076	+17.6



*Percentages exclude intra-group & whole-group transactions

2. Financial Results as of FY2024 1Q

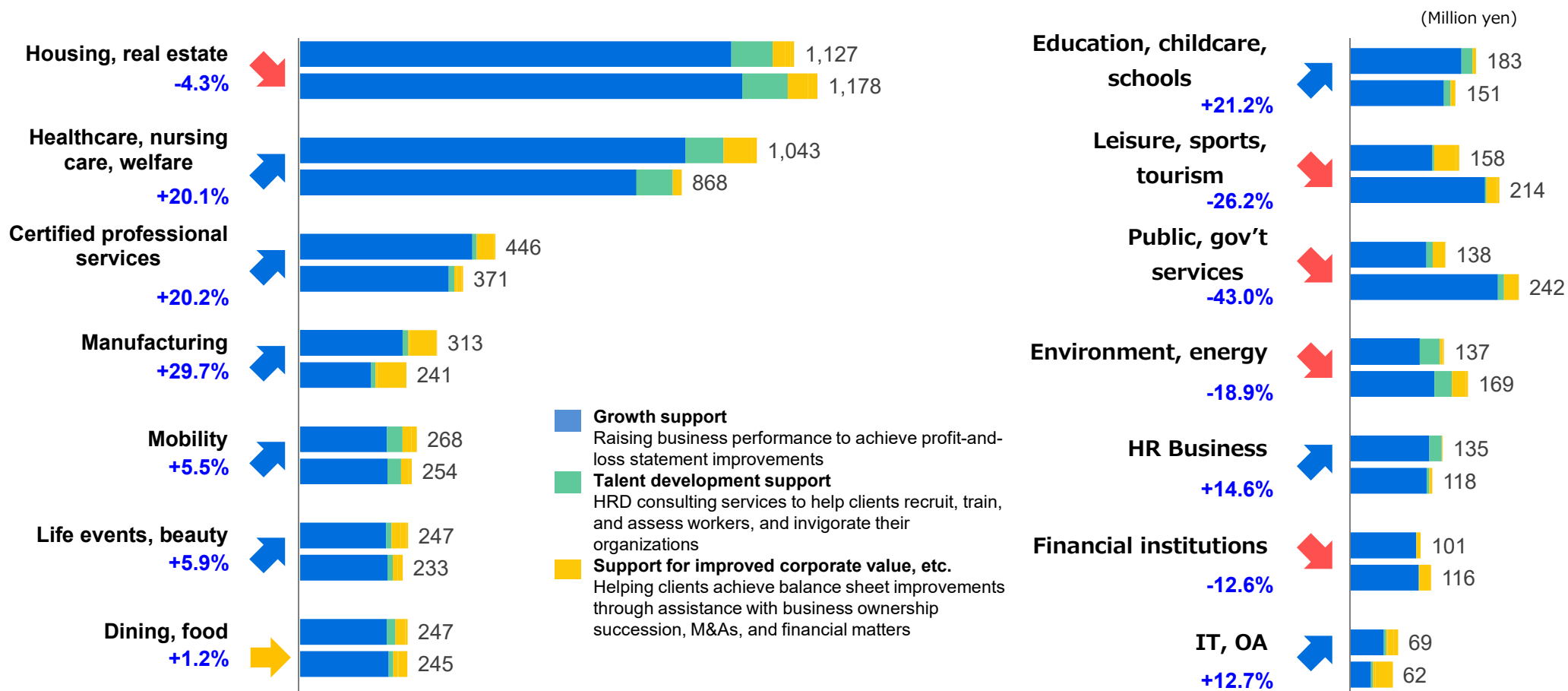
(2) Results of Operations by Segment: Consulting—Sales by Service Category



2. Financial Results as of FY2024 1Q

(2) Results of Operations by Segment: Consulting—Sales by Sector

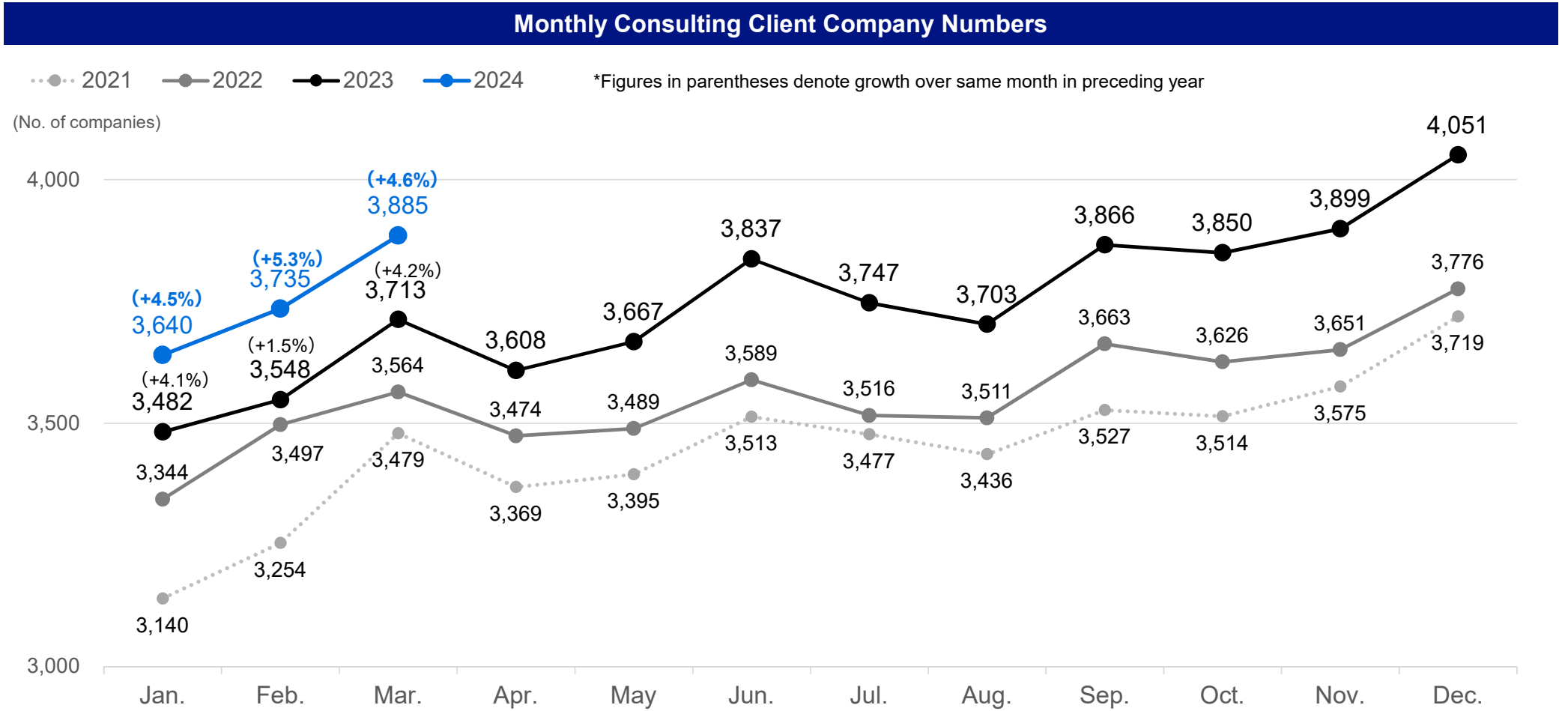
Upper bar: 2024 1Q
Lower bar: 2023 1Q



*Beginning this year, the dining and food segments have been merged into one segment, "Dining & food."

2. Financial Results as of FY2024 1Q

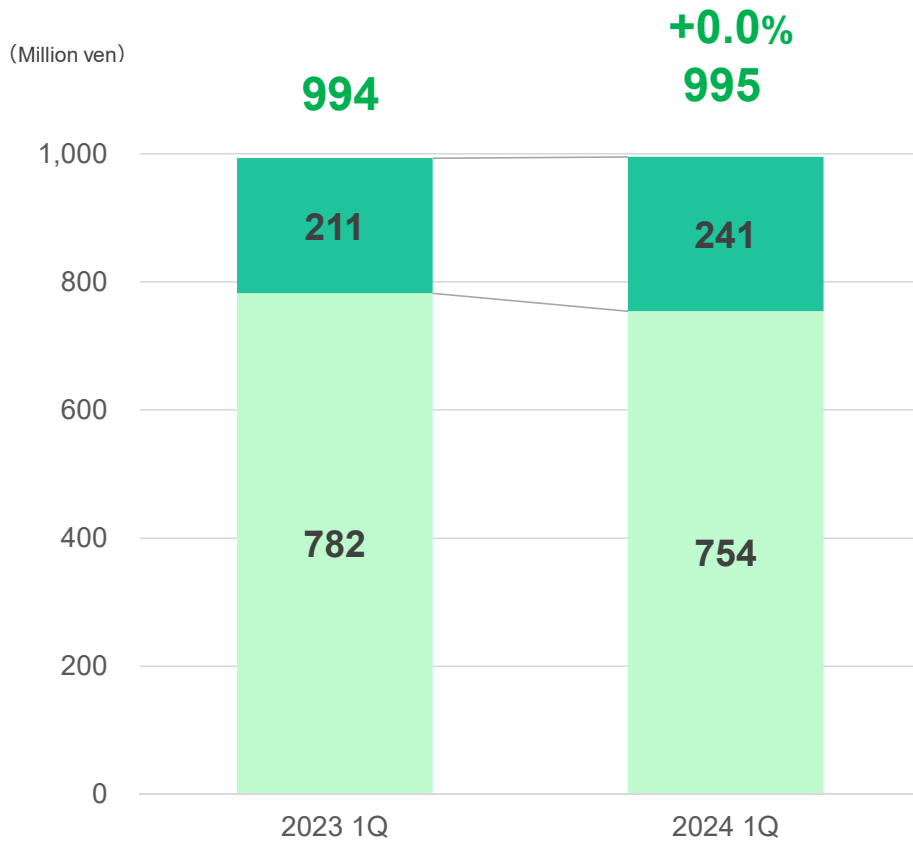
(2) Results of Operations by Segment: Consulting—Consulting Client Numbers



*Figures denote the total number of consulting contracts per month in the consulting segment (i.e., Funai Consulting, Proseed, Funai Consulting Shanghai, Funai Soken IT Solutions, and Seicho Senryaku; excl. intra-group transactions).

2. Financial Results as of FY2024 1Q

(3) Results of Operations by Segment: Logistics—Sales by Service Category



Logistics Consulting

Helping clients reduce logistics costs

+13.9%

- Consulting for logistics companies was strong, and management workshop memberships also increased: 340 management workshop memberships as of Mar. 31, 2024; 301 as of Mar. 31, 2023
- Launched a new workshop for cargo shipper clients so as to offer business management support as soon as they sign up for management workshops.

Logistics BPO

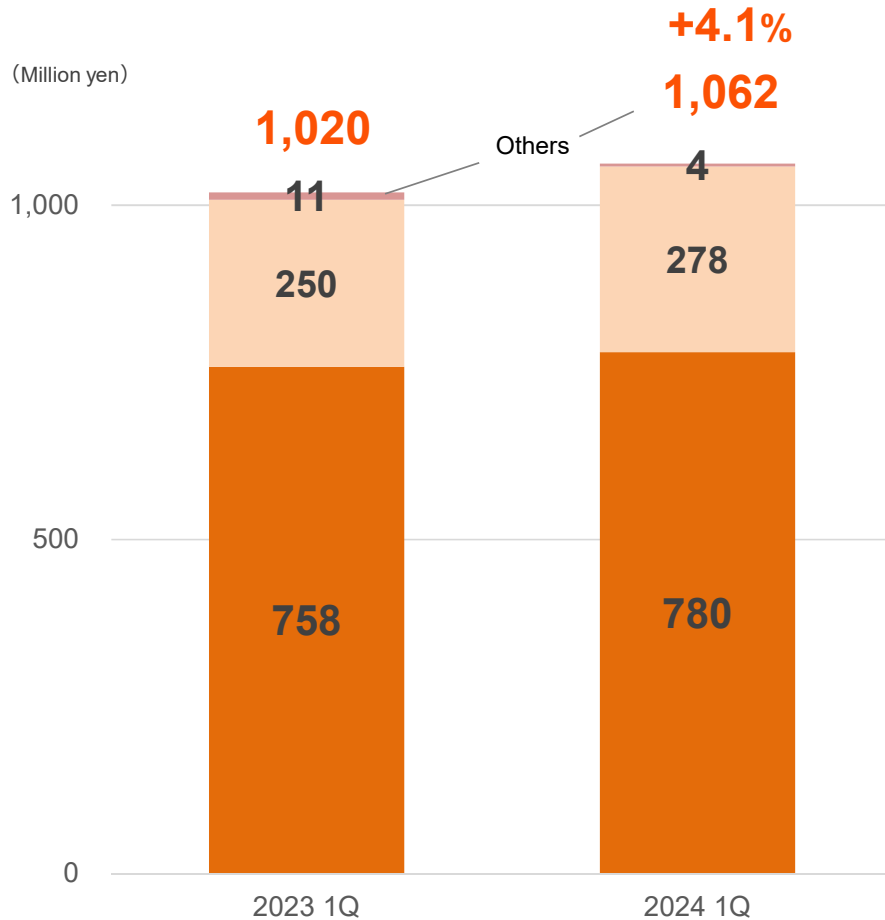
Logistics on behalf of clients
Reducing purchasing costs through joint buying

-3.7%

- New client development is progressing well despite the current unfavorable conditions for large-scale new orders, but sales were down slightly due to a decrease in work for existing clients.

2. Financial Results as of FY2024 1Q

(4) Results of Operations by Segment: Digital Solutions—Sales by Service Category



HR Solutions

➔ +11.3%

- Steady increase in orders from corporate clients
- Sales and income both up; maintained 10+% operating margin

Digital Solutions

➔ +2.8%

- Aggressive investment in hiring engineers last year resulted in a net loss; restored focus on profit this year has resulted in a net gain.

SPX (Sales Process Transformation)

- Online ad agency services remain strong
- Robust sales of call center BPO services drove a major increase in net sales

IT Consulting

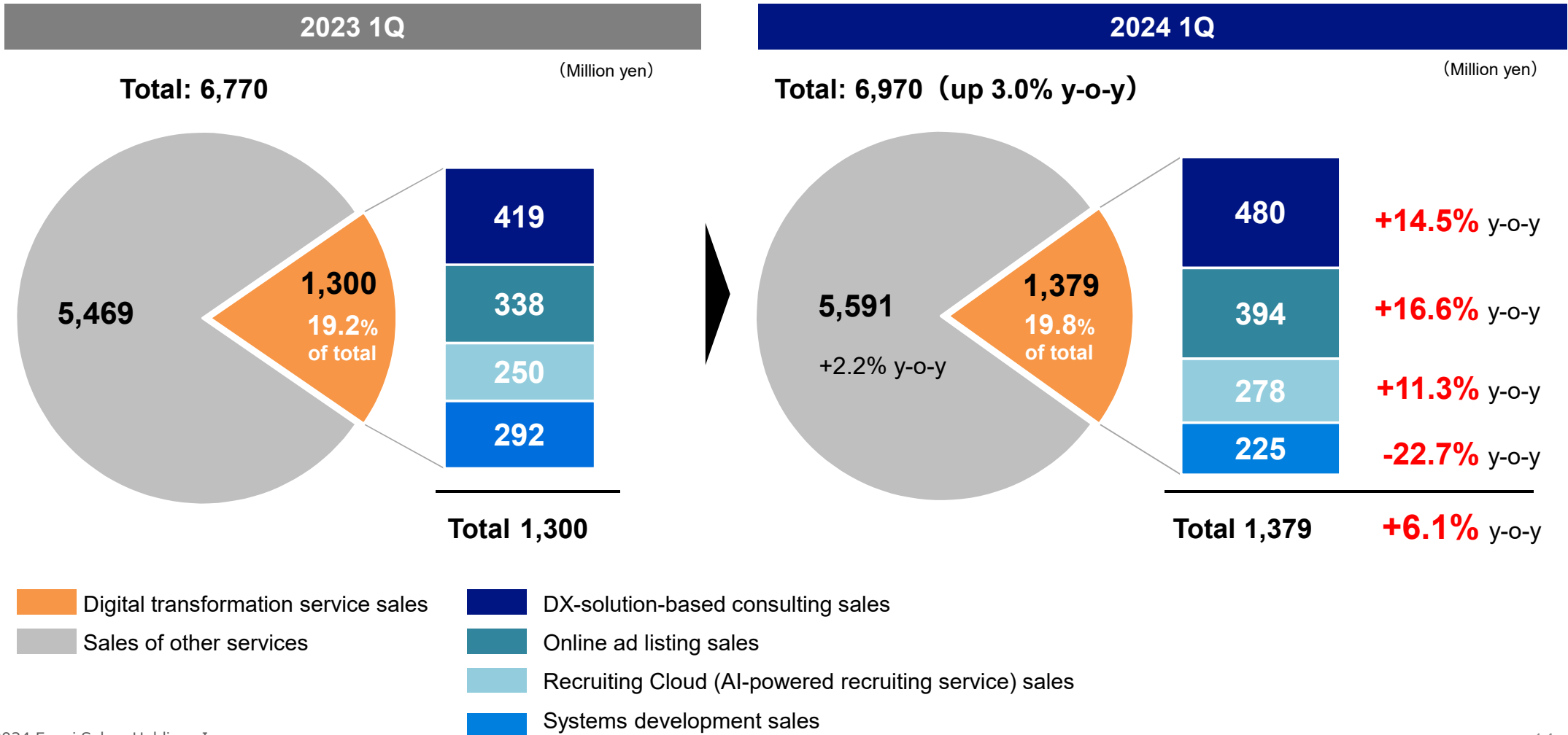
- Sales were down slightly due to the conclusion of major projects from last year

Cloud-based Solutions

- Sales were down due to last year's decrease in outsourcing contracts
- Income was up because outsourcing costs were cut in excess of the dip in sales

2. Financial Results as of FY2024 1Q

(5) Results of Operations in Digital Transformation Services



2. Financial Results as of FY2024 1Q

(6) Consolidated Financial Position: Balance Sheet

(Million yen)

		As of Dec. 31, 2023	As of Mar. 31, 2024	Change	Major factors behind changes
Current assets		18,657	17,361	-1,296	Decrease in current assets: Major factors include decreases in cash and deposits; increases in other accounts receivable (listed under "others").
Noncurrent assets	Property, plant, and equipment	6,146	6,602	+456	Increase in noncurrent assets: Major factors include increases in construction in progress and decreases in leasehold rights (listed under "other intangible assets").
	Intangible assets	1,124	791	-333	
	Investments and other assets	5,702	5,849	+146	
Total assets		31,631	30,604	-1,026	
Current liabilities		5,666	6,600	+934	Increase in current liabilities: Major factors include increases in other accounts payable and provision for bonuses.
Noncurrent liabilities		238	215	-22	Decrease in noncurrent liabilities: Major factors include decrease in retirement benefit liabilities and guarantee deposits received (listed under "others").
Total liabilities		5,904	6,816	+911	
Total net assets		25,726	23,788	-1,938	Financial position remains sound with a high equity ratio of 75.6%.
Total liabilities & net assets		31,631	30,604	-1,026	

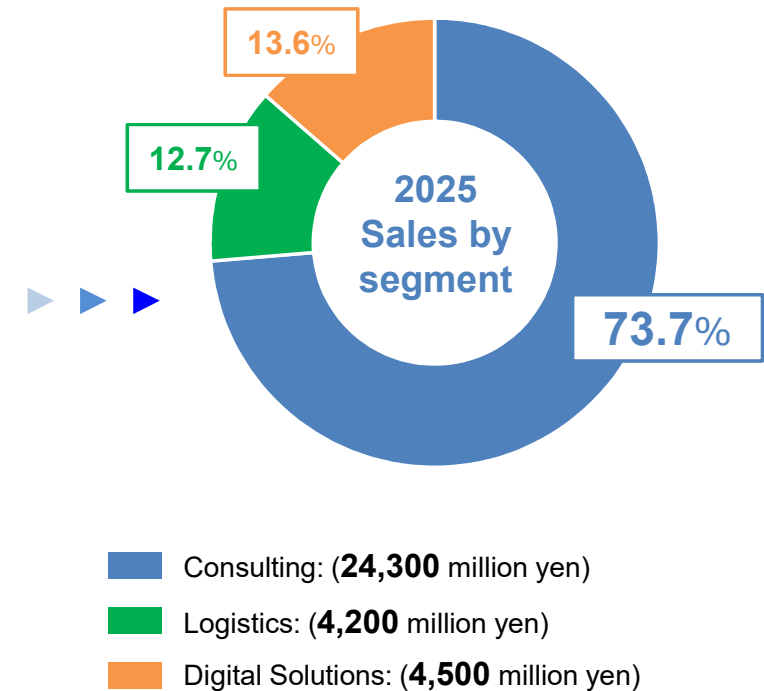
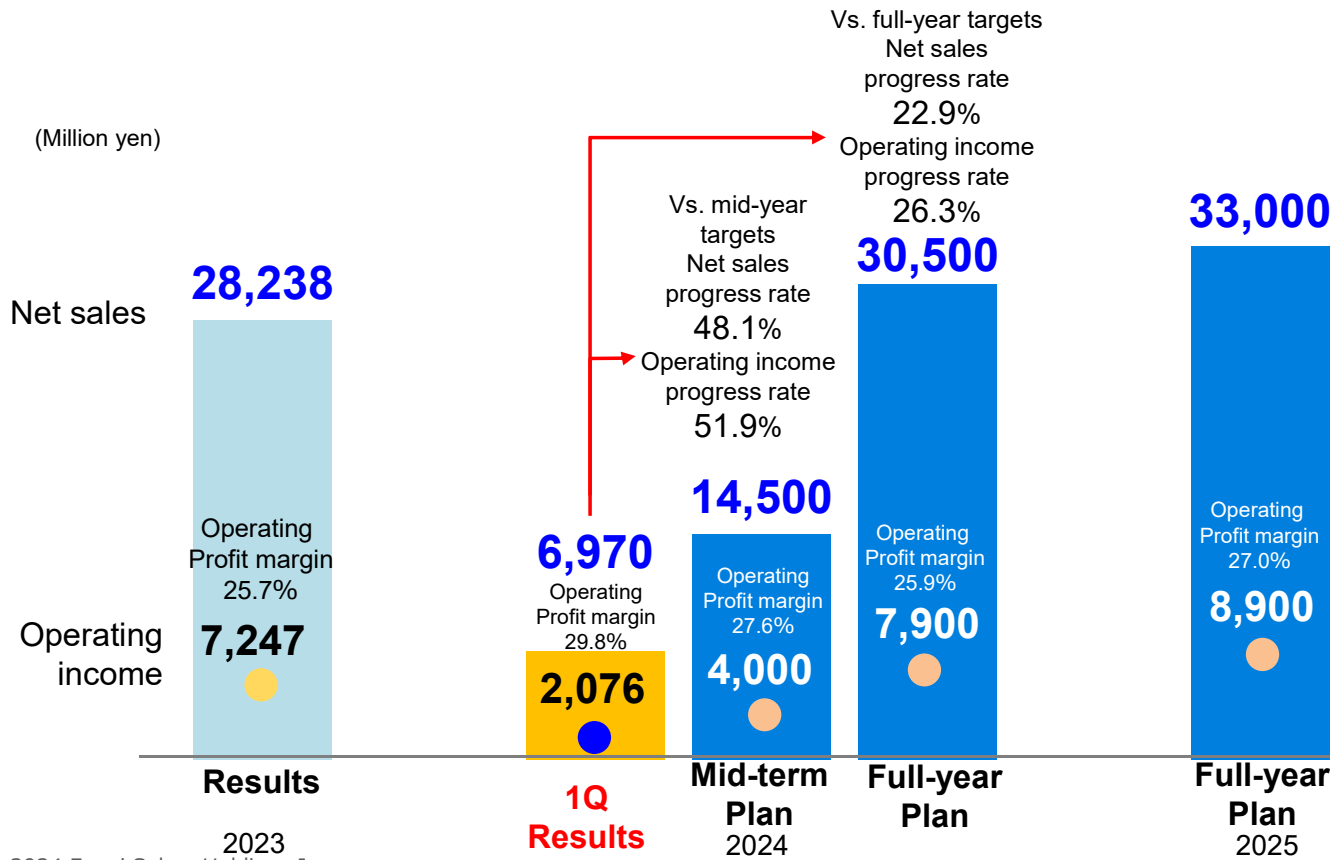
Forecasts & Shareholder Returns

3. Forecasts & Shareholder Returns

(1) Progress toward Achieving the Mid-Range Business Plan

For FY2025, we plan to achieve net sales of 33.0 billion yen and operating income of 8.9 billion yen, maintaining high profitability.

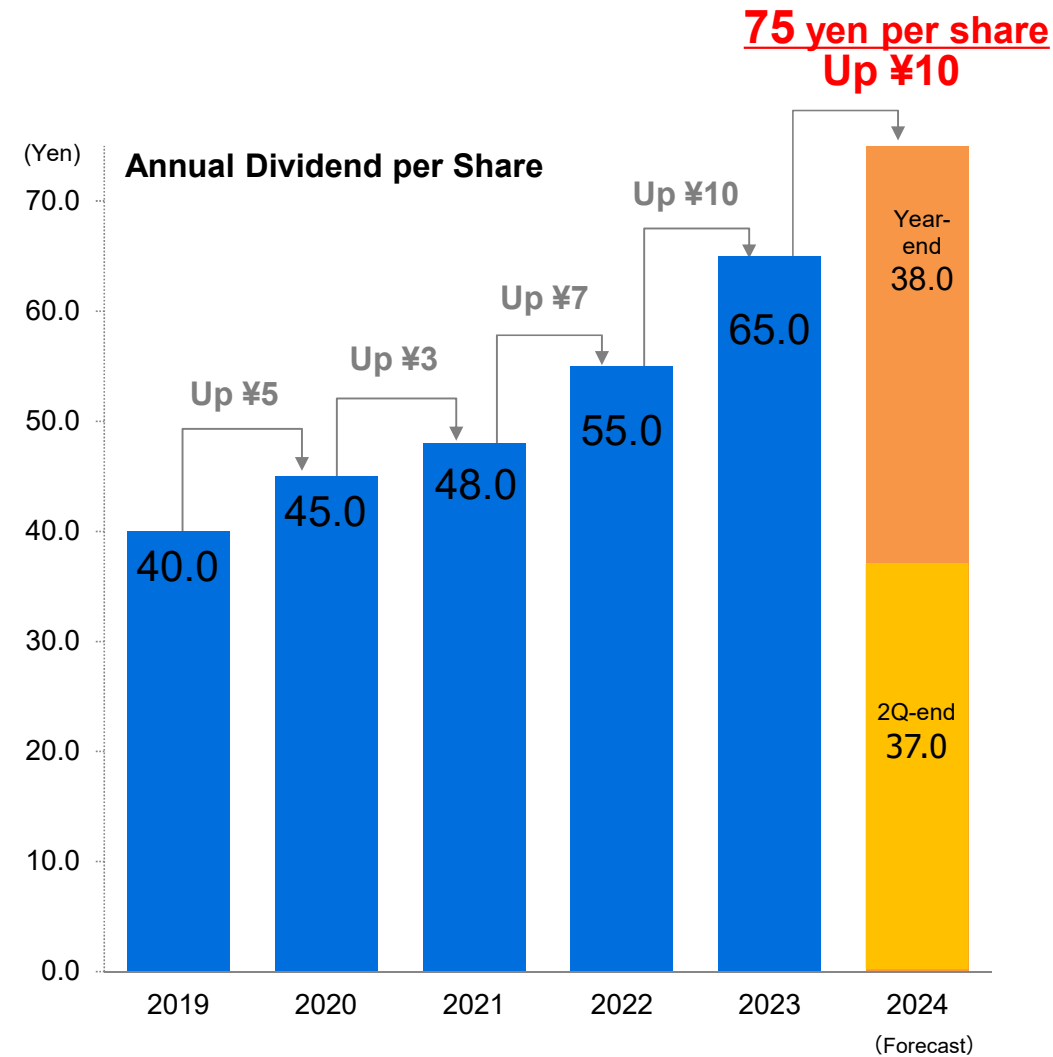
■ FY2023-FY2025: Results and targets of net sales and operating income



3. Forecasts & Shareholder Returns

(2) Annual Dividends

Record date	Initial forecast		Actual dividend	
	Dividend (per share)	Details	Dividend (per sharer)	Details
FY2019	40.0	2Q-end 17.0 Year end 23.0	40.0	2Q-end 17.0 Year end 23.0 *Incl. a commemorative dividend of 3.0
FY2020	45.0	2Q-end 20.0 Year end 25.0	45.0	2Q-end 20.0 Year end 25.0
FY2021	46.0	2Q-end 21.0 Year end 25.0	48.0	2Q-end 21.0 Year end 27.0
FY2022	53.0	2Q-end 25.0 Year end 28.0	55.0	2Q-end 25.0 Year end 30.0 *Incl. a commemorative dividend of 2.0
FY2023	65.0	2Q-end 32.0 Year end 33.0	65.0	2Q-end 32.0 Year end 33.0
FY2024 (Forecast)	75.0	2Q-end 37.0 Year end 38.0		



3. Forecasts & Shareholder Returns

(3) Share Buyback (Progress thru March 31, 2024)

We are undertaking a buyback of shares as outlined below to help improve capital efficiency and boost shareholder returns by allowing for more dynamic implementation of capital policies in response to changes in the business environment.

Share Buyback

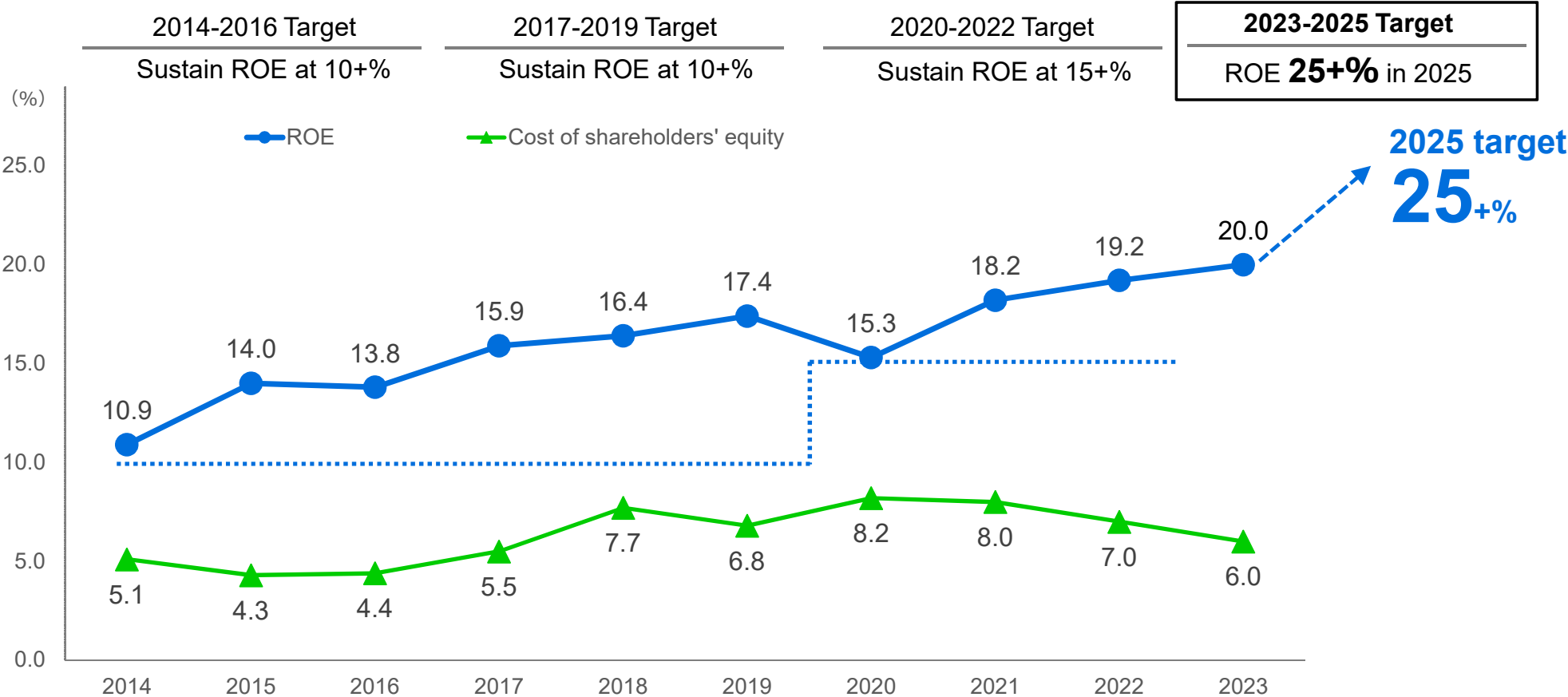
Date of board resolution	Buy-back period	Acquisition price					Number of shares purchased
		Max. amount approved	2023	2024	Total price paid	%age of approved amount used	
Aug. 23, 2023	Aug. 24, 2023 – May 31, 2024	¥3,000 mil.	¥2,209 mil.	¥790 mil.	¥2,999 mil.	99.9% (buyback complete)	1,172,800
Feb. 8, 2024	Feb 9, 2024 – Dec.31, 2024	¥3,000 mil.	-	¥1,141 mil.	¥1,141 mil.	38.0% (buyback ongoing)	447,200

Retirement of Treasury Shares

Date of board resolution	Date of retirement	Number of shares retired		
		Total number of shares outstanding prior to retirement	Number of shares retired	Total number of shares outstanding after retirement
Feb. 8, 2024	Feb. 29, 2024	52,000,000	2,000,000	50,000,000

3. Forecasts & Shareholder Returns

(4) ROE Targets



■ Operations Begin at New Tokyo HQ, “Sustainable Growth Square Tokyo”

Consolidating the Funai Soken Consulting Group’s Tokyo presence into a single location on the 35th floor of the Yaesu Central Tower in Tokyo Midtown Yaesu opened for business on April 1. With visitor numbers already double those of the same time last year, Sustainable Growth Square Tokyo has quickly proven valuable to our efforts to open up new client segments and further mine our existing client base.



Visitors to new Tokyo HQ, Apr. 2024

3,892 (up 91.3%)

Visitors to old Tokyo HQ, Apr. 2023

2,035

Avg. Visitors to old Tokyo HQ, Jan.–Mar. 2024

1,921

The seminar for business proprietors held on April 11 to commemorate the opening of the new Tokyo HQ was a lively affair.



The Funai Soken Consulting Group Purpose

Sustainable growth for more companies

We lead the way to a better future and a more productive society
in which more companies can achieve growth in any conditions
and people can reach their full potential

Statement Regarding Use of These Materials

Plans, outlooks, strategies and other information contained herein 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.

All possible care has been exercised in preparing these materials, but the Funai Consulting Group assumes no responsibility for losses or other damages resulting from errors concerning any information.

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