For the Year Ended December 2024

Summary of Financial Results

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

February 7, 2025

Funai Soken Holdings



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Plus Our Business Model & Competitive Edge

Statement Regarding Use of These Materials

Executive Summary

Funai Soken Holdings

Highlights

2024 Financial Results	■ **New records** for sales and income ■ **Record** ROE of **24.3%** ■ **Double-digit growth** in sales and income in the core consulting business
KPIs	■ Consultant headcount **breaks the 1,000 barrier** for the first time ■ **Record** management seminar attendance ■ **Record** management workshop membership despite an increase in subscriptions
Key strategies	■ Clients for consulting services to help propel mid-scale companies to the 10-billion-yen turnover mark (per METI policy) have exceeded 100 companies per year ■ Gemini for Google Workspace generative AI adopted groupwide, used by 1,500 employees ■ Joint venture established with Agata Global Consulting; Almacreation made a wholly owned subsidiary (Jan. 2025)
Outlook for 2025	■ Target: **Record** net sales (¥33 bil.) and operating income (¥8.9 bil.) ■ Target: **Record** ROE (**25+%**), dividends up for the **15th straight year** (by ¥10)

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(1) Consolidated Income

New records were set for sales and income. Sales were solid, with sales of monthly support services up in the consulting segment. Operating income was up sharply, buoyed by higher operating margins as a result of increasing workshop and monthly support subscriptions, as well as reduced costs.

	FY2023		FY2024			Compared with forecast issued on Feb. 8, 2024	
	Amount (million yen)	% of total	Amount (million yen)	% of total	Change (%)	Amount (million yen)	Change (%)
Net sales	28,238	100.0	30,645	100.0	+8.5	30,500	+0.5
Operating income	7,247	25.7	8,324	27.2	+14.9	7,900	+5.4
Ordinary income	7,343	26.0	8,411	27.4	+14.5	7,900	+6.5
Net income attributable to owners of the parent	5,201	18.4	5,993	19.6	+15.2	5,500	+9.0

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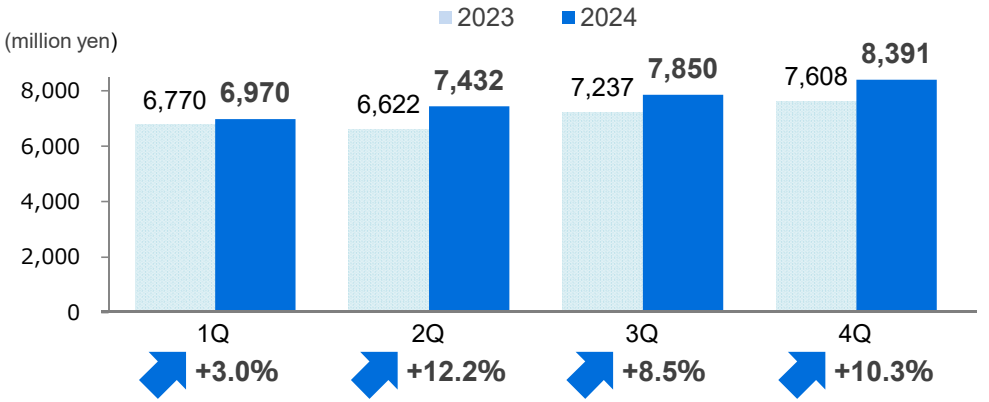
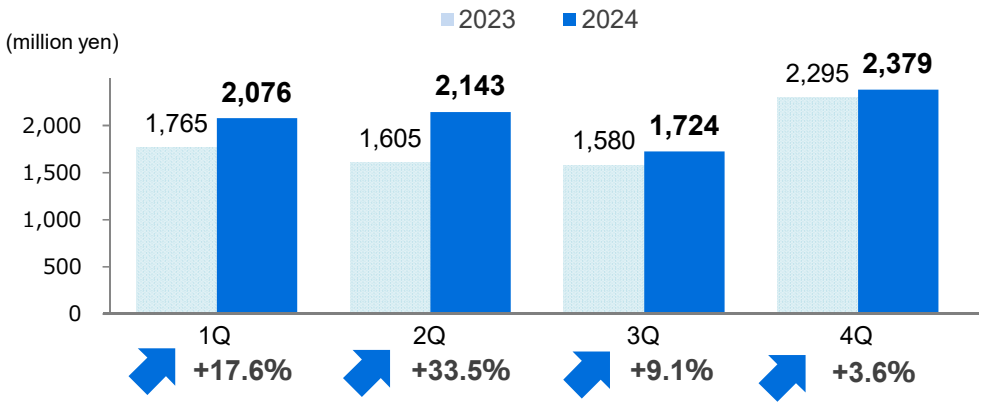
(2) Income by Quarter

Record 4th-quarter financial results

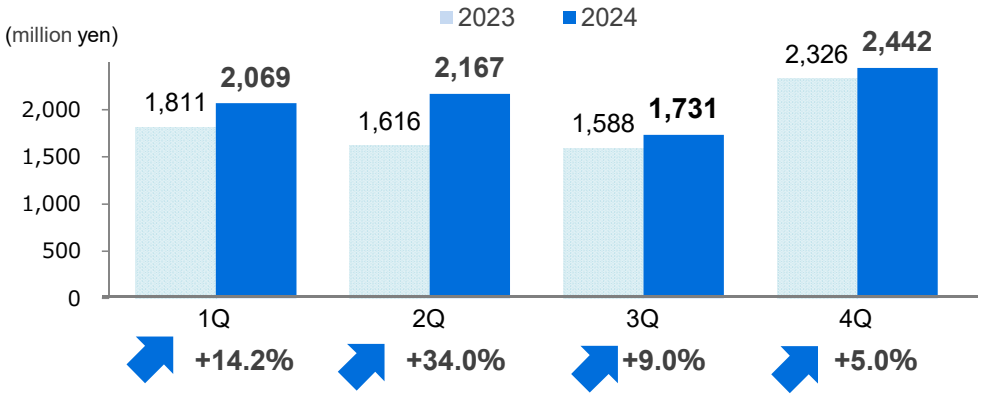
Net sales



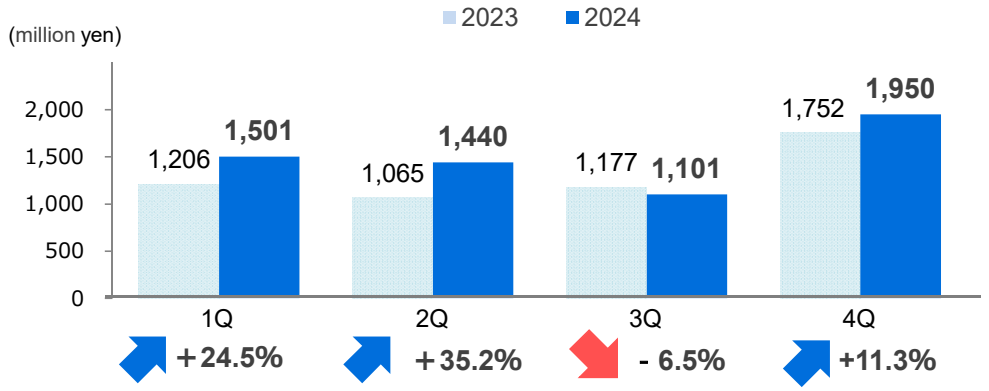
Operating income



Ordinary income



Net income



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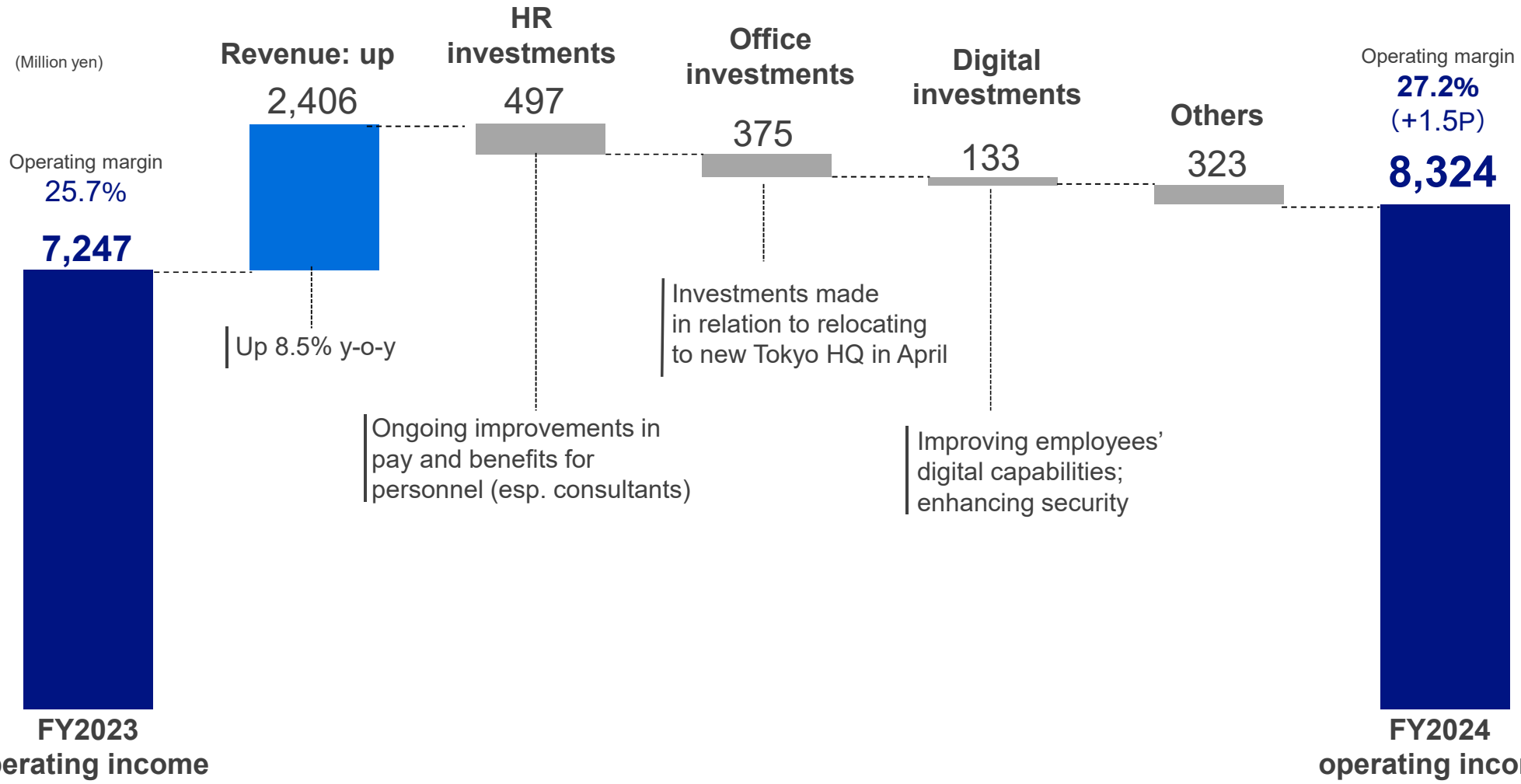
(3) Analysis of Changes from Same Period Last Year: Operating Income



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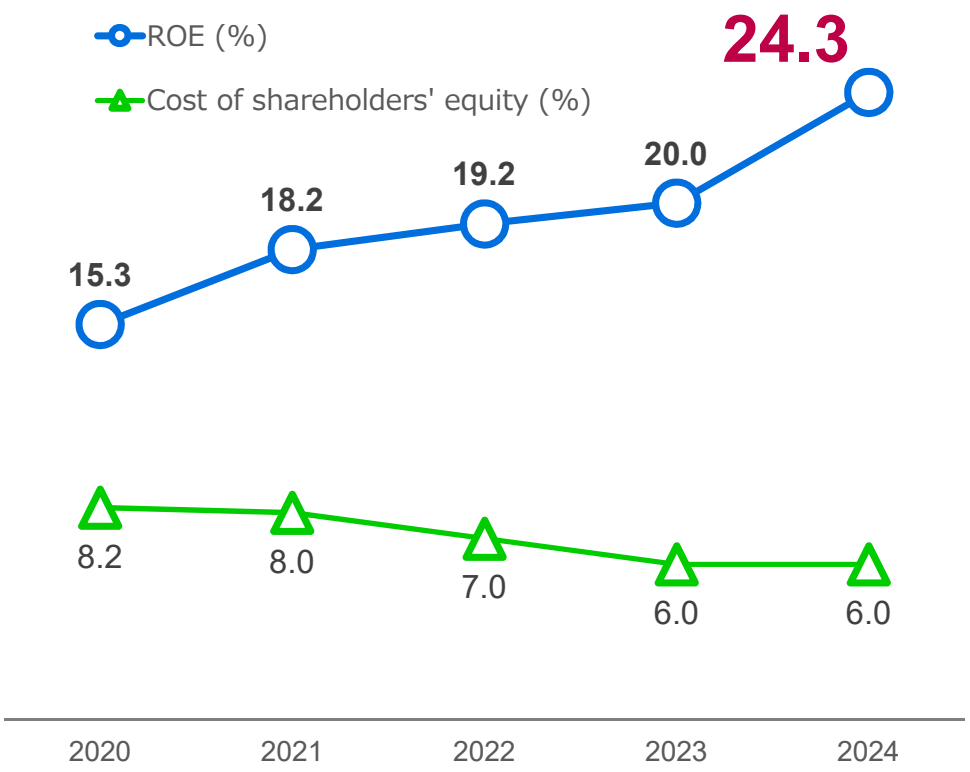
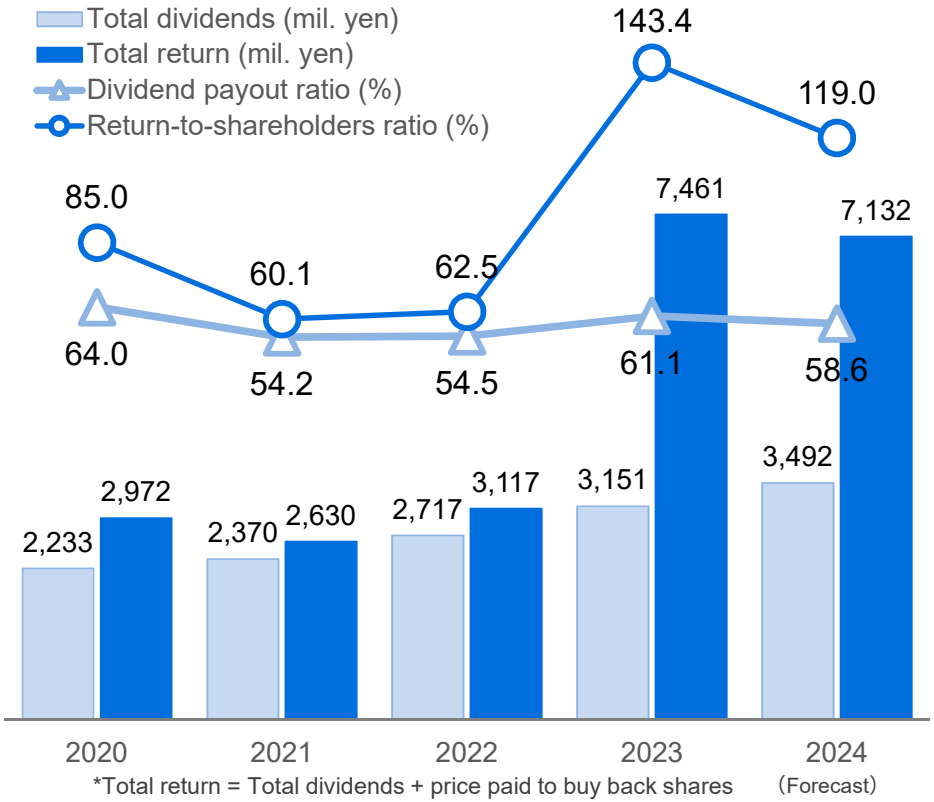
(4) KPIs: Capital Efficiency & Shareholder Returns

Record ROE of 24.3%; dividend payout ratio and return-to-shareholders ratio (both KPIs) reached target figures again in 2024, at 55% and 60% respectively.

Consolidated ROE and Cost of Capital



Total Dividend & Payout Ratio, Total Return to Shareholders & Ratio



*Total return = Total dividends + price paid to buy back shares

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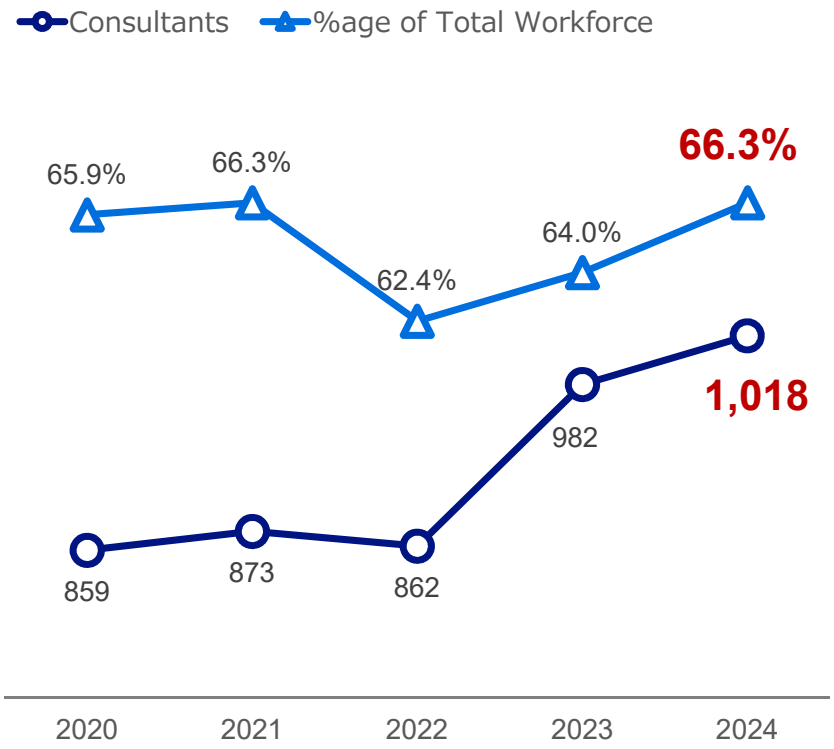
(4) KPIs: Staffing Levels (by Category)

Groupwide consultant numbers (one of our KPIs) reached the target figure of 1,000 for the first time. We aim to further improve profitability by making more of our consultants more productive.

	FY2023	FY2024
Total headcount	1,535	1,535
	Up by 153 (+11.1%) y-o-y	Up by 0 (+0.0%) y-o-y
Consultants	982	1,018
	Up by 120 (+13.9%) y-o-y	Up by 36 (+3.7%) y-o-y
	%age of total workforce: 64.0%	%age of total workforce: 66.3%
DX staff incl. in above	332	295
		Down by 37 (-11.1%) y-o-y

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

Consultant Numbers and %age of Total Workforce



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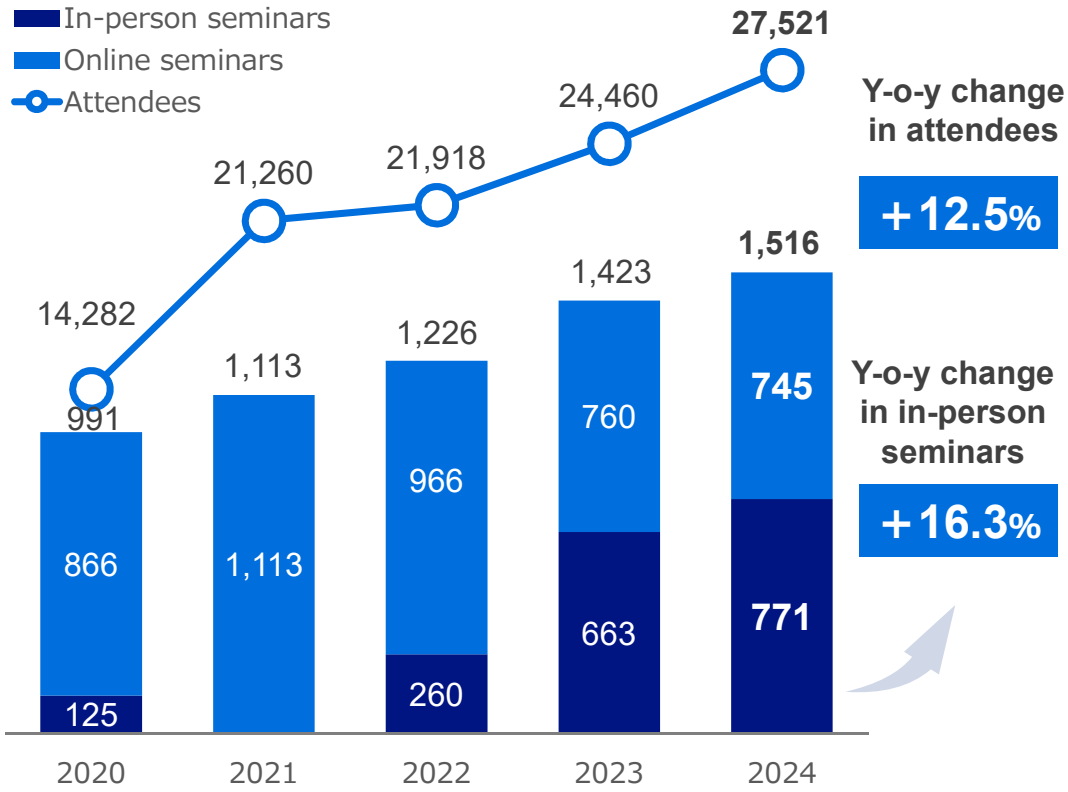
(4) KPIs: Seminars & Workshops

Relocating to new Tokyo HQ has resulted in increased client acquisition, leading to record management seminar attendance and workshop membership. In particular, workshop subscription raises (in April) and steadily increasing membership led to a large increase in revenue.

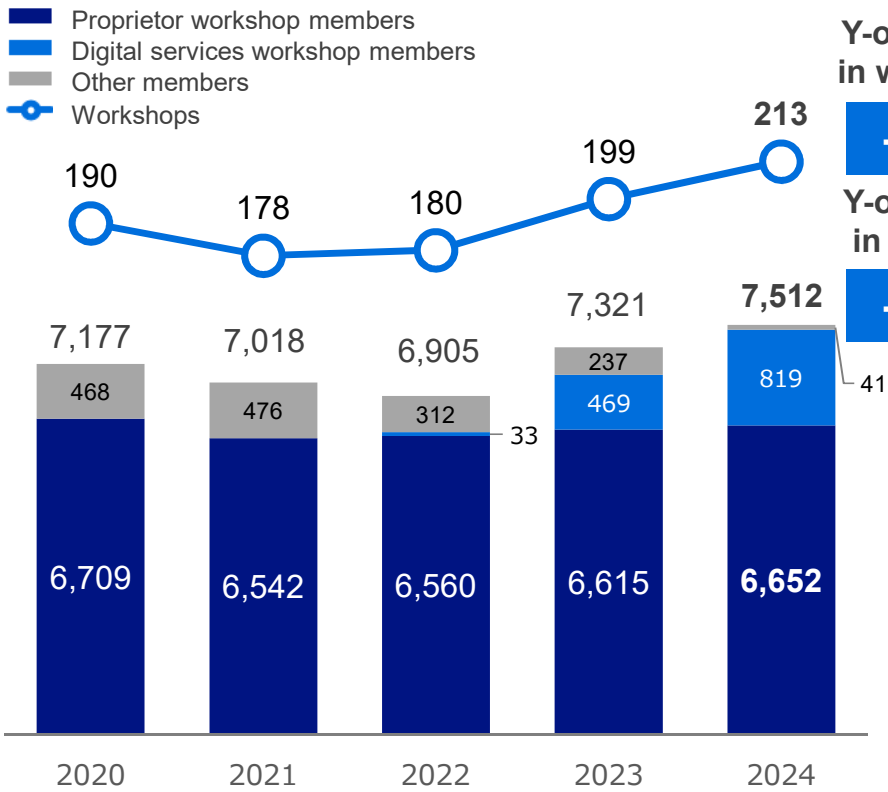
Management Seminars and Attendance Figures



Y-o-y change in attendees: **+12.5%**

Y-o-y change in in-person seminars: **+16.3%**

Management Workshops and Membership



Y-o-y change in workshops: **+7.0%**

Y-o-y change in members: **+2.6%**

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

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FY2024 Financial Report



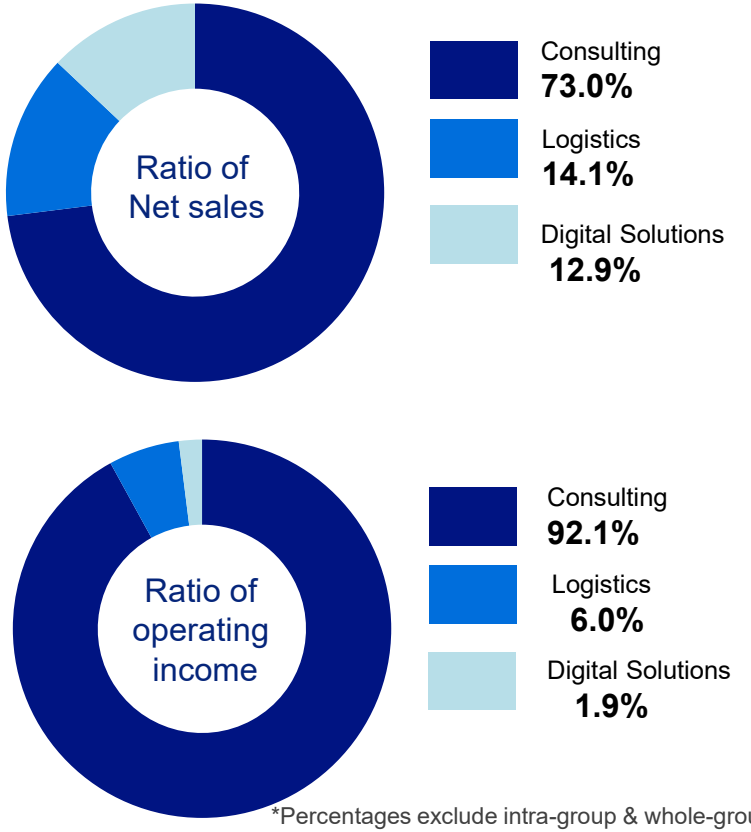
Funai Soken Holdings

(1) Results of Operations by Segment

The consulting business saw growth across the board in monthly support, projects, management workshops, and management seminars. Profitability was up in the logistics business, and income increased sharply as all segments (incl. digital solutions) ended in a net profit.

Net sales	FY2023	FY2024	
	Amount (million yen)	Amount (million yen)	Change (%)
Consulting	20,284	22,375	+10.3
Logistics	3,886	4,306	+10.8
Digital Solutions	4,051	3,962	- 2.2
(Intra-group & whole-group transactions)	15	0	–
Total	28,238	30,645	+8.5

Operating income	FY2023	FY2024	
	Amount (million yen)	Amount (million yen)	Change (%)
Consulting	6,757	7,508	+11.1
Logistics	394	496	+25.8
Digital Solutions	-70	159	–
(Intra-group & whole-group transactions)	166	159	–
Total	7,247	8,324	+14.9



*Percentages exclude intra-group & whole-group transactions

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(1) 4Q Results of Operations by Segment

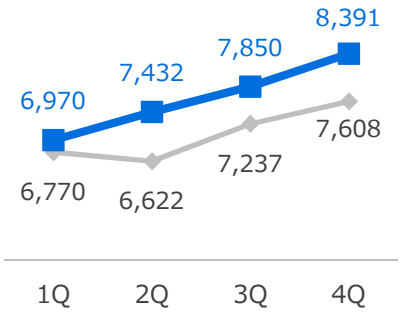
In the consulting and logistics businesses, sales in 4Q were up by double-digits y-o-y.
The digital solutions business reached break-even point for the year and for 4Q.

(Million yen)

2024
2023

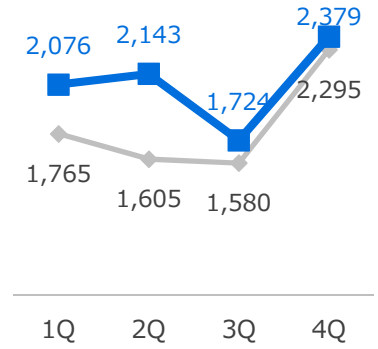
Consolidated

Net Sales



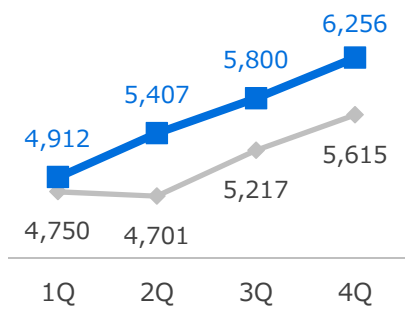
Y-o-y change	1Q	2Q	3Q	4Q
Net Sales	+3.0%	+12.2%	+8.5%	+10.3%

Operating Income

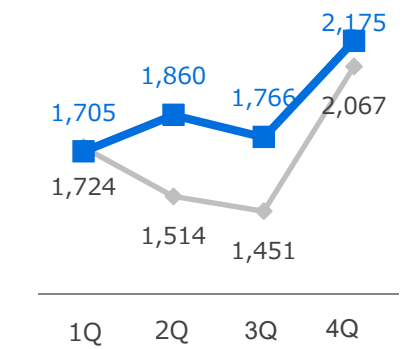


Y-o-y change	1Q	2Q	3Q	4Q
Operating Income	+17.6%	+33.5%	+9.1%	+3.6%

Consulting

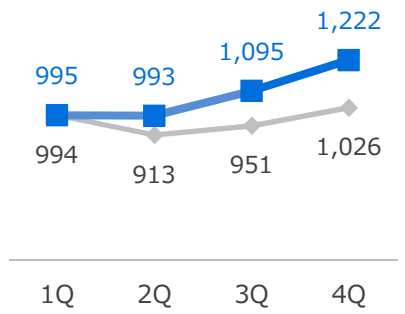


Y-o-y change	1Q	2Q	3Q	4Q
Net Sales	+3.4%	+15.0%	+11.2%	+11.4%

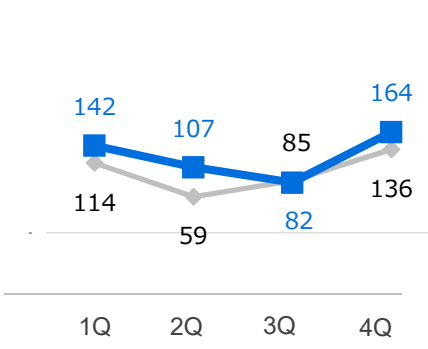


Y-o-y change	1Q	2Q	3Q	4Q
Operating Income	-1.1%	+22.9%	+21.7%	+5.2%

Logistics

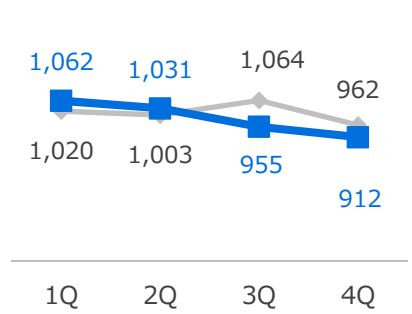


Y-o-y change	1Q	2Q	3Q	4Q
Net Sales	+0.0%	+8.8%	+15.1%	+19.0%

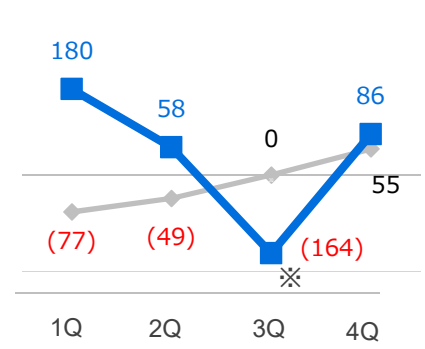


Y-o-y change	1Q	2Q	3Q	4Q
Operating Income	+24.8%	+81.6%	- 3.1%	+20.6%

Digital Solutions



Y-o-y change	1Q	2Q	3Q	4Q
Net Sales	+4.1%	+2.8%	- 10.3%	- 5.2%



Y-o-y change	1Q	2Q	3Q	4Q
Operating Income	-	-	-	+55.3%

*¥170 mil. allowance for doubtful accounts

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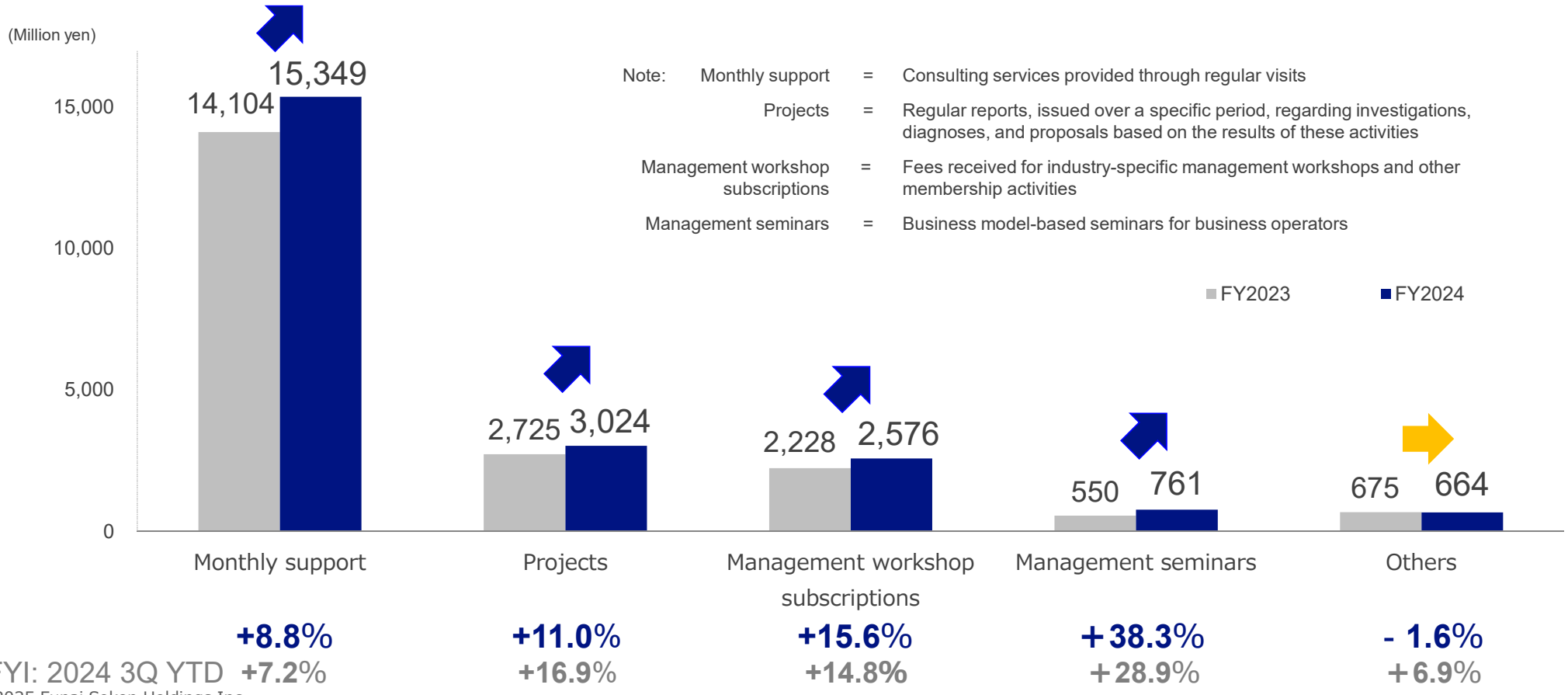
(2) Results of Operations by Segment: Consulting—Sales by Service Category

Monthly support recovered to double-digit growth (up 13.2%) in 4Q. Average management workshop subscription per member was up by double figures y-o-y due to an increase in subscription prices.



Note:
- Monthly support = Consulting services provided through regular visits
- Projects = Regular reports, issued over a specific period, regarding investigations, diagnoses, and proposals based on the results of these activities
- Management workshop subscriptions = Fees received for industry-specific management workshops and other membership activities
- Management seminars = Business model-based seminars for business operators

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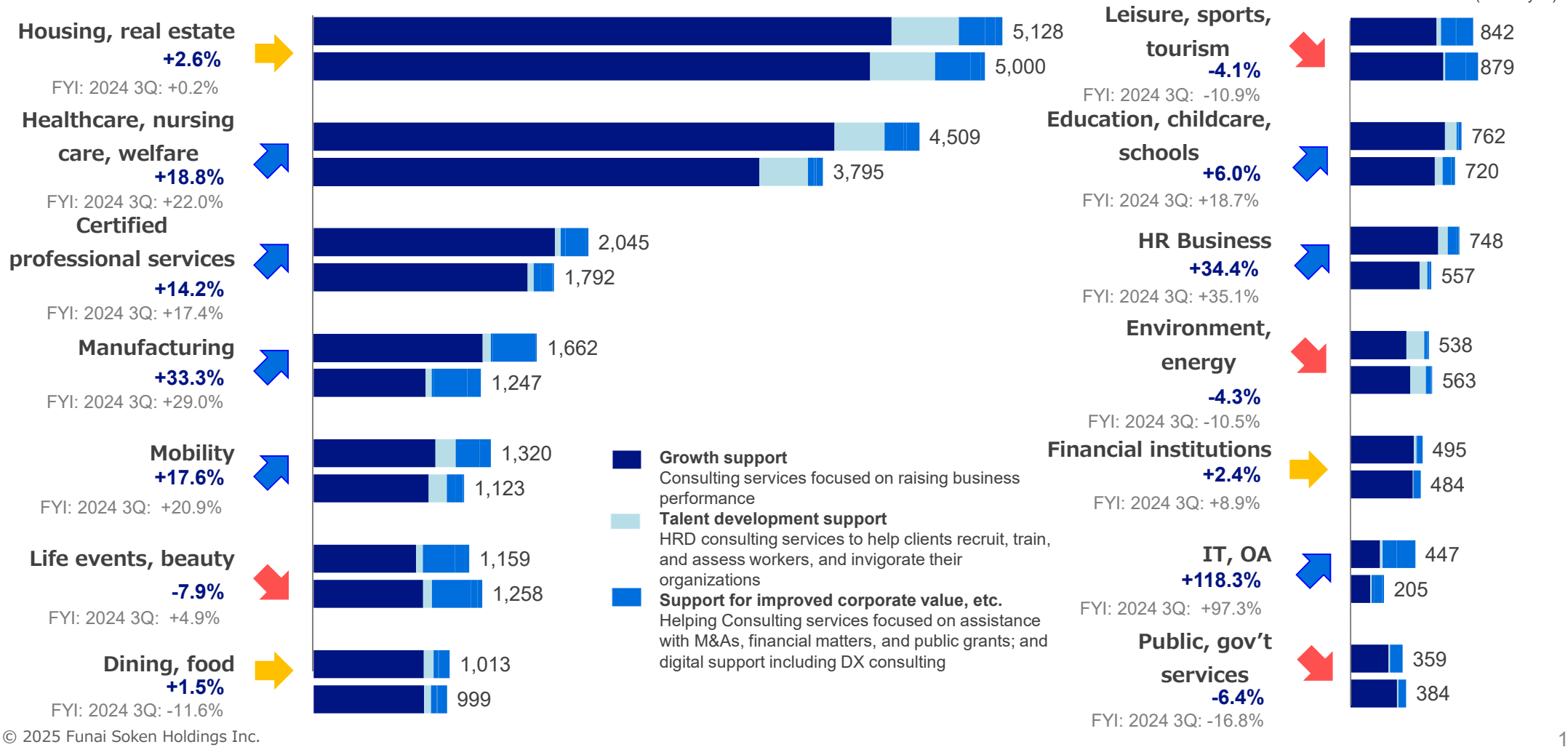
(2) Results of Operations by Segment: Consulting—Sales by Sector

Upper bar: FY2024
Lower bar: FY2023

(Million yen)



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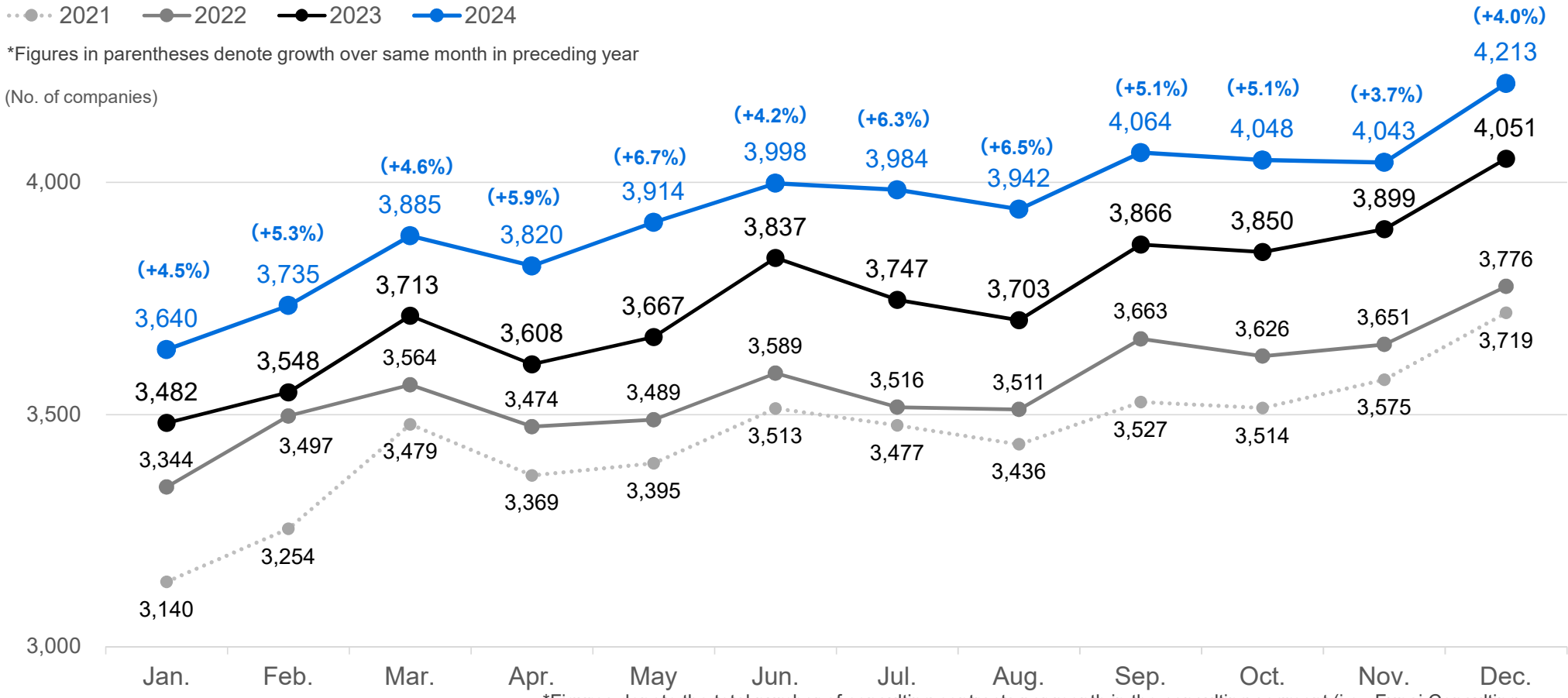
(2) Results of Operations by Segment: Consulting—Consulting Client Numbers

Monthly Consulting Client Company Numbers



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

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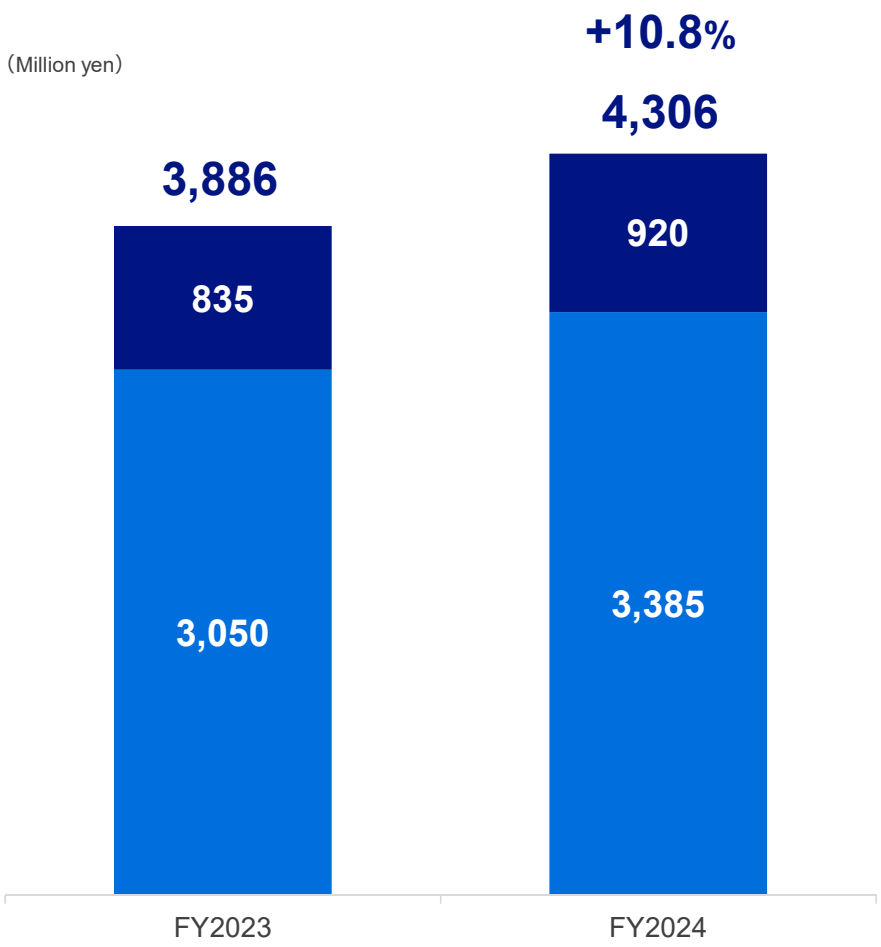
(3) Results of Operations by Segment: Logistics—Sales by Service Category



Logistics Consulting
Helping clients reduce logistics costs

+10.2%

FYI: 2024 3Q YTD +10.2%

- **Consulting for logistics companies was strong as workshop memberships recovered**
- **New projects and renewals of existing contracts ensured solid performance in consulting services for shipper clients**

357 management workshop memberships as of Dec.31, 2024; 341 as of Dec.31, 2023

Logistics BPO
Logistics on behalf of clients
Reducing purchasing costs through joint buying

+11.0%

FYI: 2024 3Q YTD +7.2%

- **Sales were up, buoyed by increased business from existing clients**
- **New client development is progressing well despite the current unfavorable conditions for large-scale new orders**

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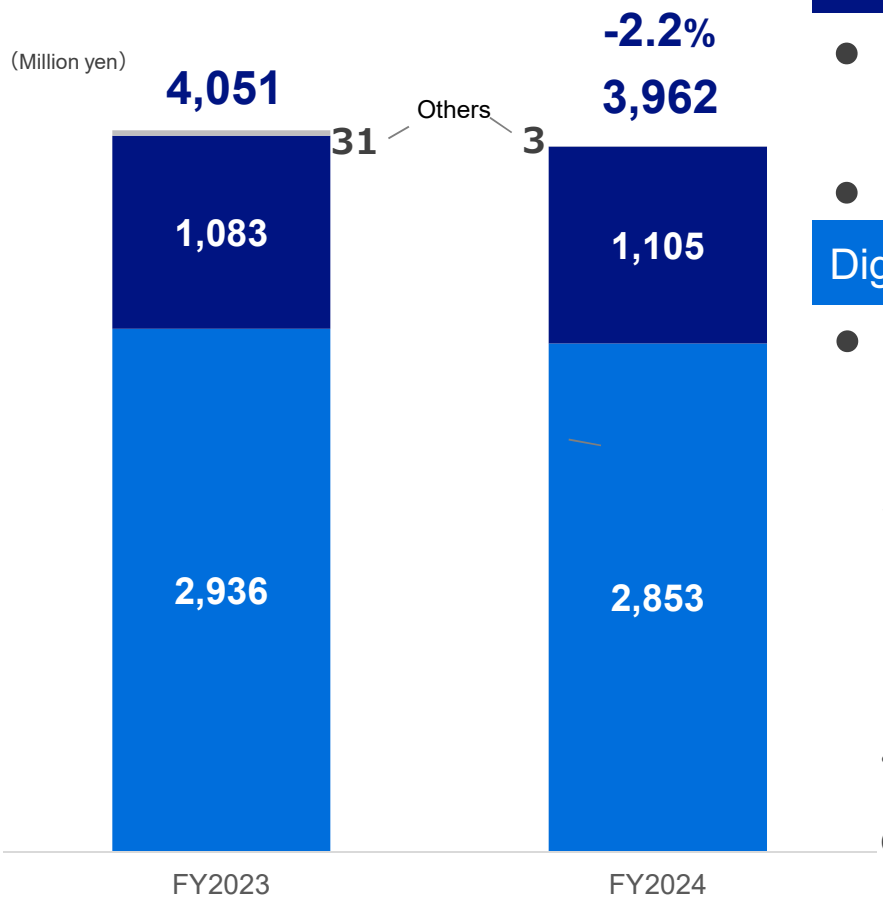
(4) Results of Operations by Segment: Digital Solutions—Sales by Service Category



HR Solutions

- **Steady performance in this area, led by Recruiting Cloud (AI-powered recruiting service)**
- **Maintained 10% operating margin**

+2.0%

FYI: 2024 3Q YTD +4.8%

Digital Solutions

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

-2.8%

FYI: 2024 3Q YTD - 2.4%

Sales Process Transformation (SPX)

- Robust sales of call center BPO services drove an increase in net sales
- Online ad agency services remain strong despite decline among some clients

IT Consulting

- Sales were up, with new projects offsetting the conclusion of major projects from last year

Cloud-based Solutions

- Sales were down due to last year's decrease in large outsourcing contracts

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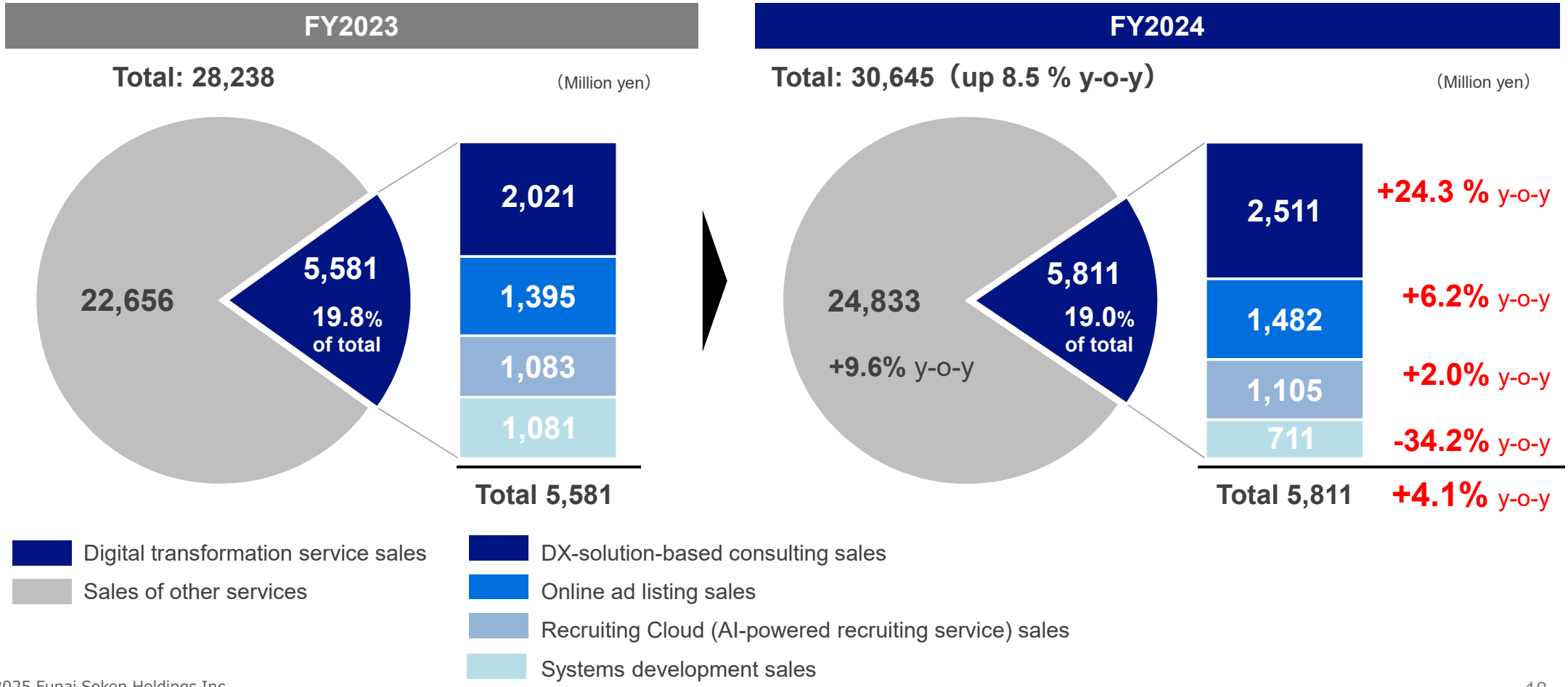
(5) Results of Operations in Digital Transformation Services
Strategic scaling-back of systems development, increased focus on DX consulting, online ad listing, and Recruiting Cloud



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(6) Consolidated Financial Position: Balance Sheet

The decrease in net assets is due to proactive shareholder return measures such as ongoing dividend increases and share buybacks, resulting in slimming down of total assets and net assets (Million yen)

		As of Dec. 31, 2023	As of Dec. 31, 2024	Change	Major factors behind changes
Current assets		18,657	17,756	▲901	Decrease in cash and deposits due to share buyback
Noncurrent assets	Property, plant, and equipment	6,146	6,507	+361	Increase in buildings and structures due to construction work in conjunction with relocation of Tokyo HQ
	Intangible assets	1,124	661	▲463	Decrease in leasehold rights due to sale of unit properties
	Investments and other assets	5,702	6,513	+811	Increase in long-term deposits due to surplus fund investments
Total assets		**31,631**	**31,438**	**▲192**	
Current liabilities		5,666	6,274	+608	Increase in other accounts payable due to increase in transactions
Noncurrent liabilities		238	174	▲63	Decrease due to transfer of long-term loans payable to current liabilities
Total liabilities		**5,904**	**6,449**	**+544**	
Total net assets		**25,726**	**24,989**	**▲736**	Decrease due to share buyback. Equity ratio steady at 77.2%.
Total liabilities & net assets		**31,631**	**31,438**	**▲192**	

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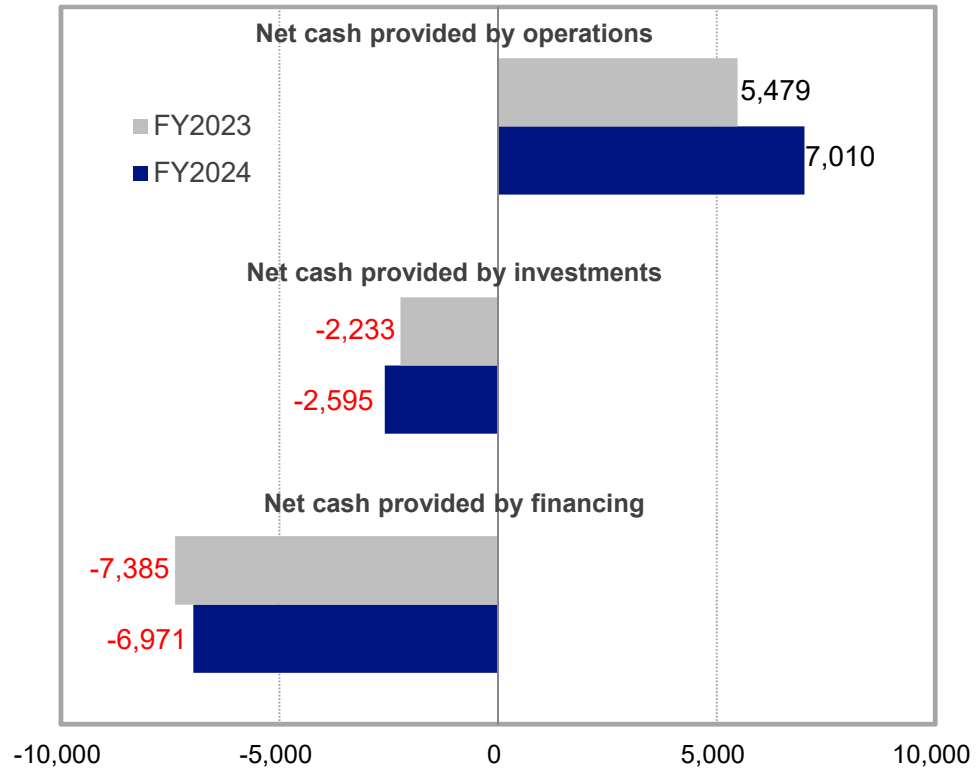
(6) Consolidated Financial Position—Cash Flow Statement

(Million yen)

	FY2023	FY2024	Change
Net cash provided by (used in) operations			
Net income before income taxes and other adjustments	7,272	8,275	1,002
Depreciation	301	378	76
Other	△ 331	△ 184	146
Subtotal	7,242	8,469	1,226
Income taxes paid	△ 2,385	△ 2,185	200
Income tax refunds	602	717	115
Other	20	8	△ 11
Net cash provided by (used in) operations	5,479	7,010	1,531
Net cash provided by (used in) investments			
Payments into time deposits	△ 600	△ 2,000	△ 1,400
Purchase of property, plant and equipment and intangible assets	△ 649	※1 △ 965	△ 315
Proceeds from sale of property, plant, and equipment, and intangible assets	1	※2 606	605
Purchase of investments in subsidiaries resulting in change in scope of consolidation	△ 617	—	617
Other	△ 367	△ 237	130
Net cash provided by (used in) investments	△ 2,233	△ 2,595	△ 361
Net cash provided by (used in) financing			
Purchase of treasury shares	△ 4,312	△ 3,642	670
Dividends paid	△ 3,047	△ 3,302	△ 254
Other	△ 25	△ 27	△ 2
Net cash provided by (used in) financing	△ 7,385	△ 6,971	413
Change in cash and cash equivalents	△ 4,137	△ 2,547	1,589
Cash and cash equivalents at start of fiscal year	17,031	12,894	△ 4,137
Cash and cash equivalents at end of quarter	12,894	10,346	△ 2,547

(Million yen)



1. Purchase of property, plant, and equipment associated with the relocation of Tokyo Headquarters.
2. Mainly proceeds from sale of leasehold resulting from integration of physical locations in Tokyo.

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(7) News

①Gemini for Google Workspace generative AI adopted groupwide, used by 1,500 employees

Gemini
for Google Workspace

State-of-the-art generative AI will enable us to pursue positive transformations such as improved business efficiency and creativity. Moreover, we intend to serve as a model for Japanese mid-scale companies and SMEs by developing use cases to drive improved business performance.

②Our First J-Adviser Success Helping Baby Job List on the Tokyo Pro Market



Funai Consulting in its capacity as a J-Adviser, successfully helped Baby Job Co., Ltd., to list on the Tokyo Pro Market on December 19, 2024, offering advice and leadership on market suitability assessments and the listing process.

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(7) News

③Funai Soken Holdings & Agata Global Consulting to Terms on Joint Venture



Launched on January 6, 2025, Funai Soken Agata FAS Inc., will leverage both companies' strengths to help mid-scale companies and SMEs with M&A and business ownership succession.

④Almacreation becomes a wholly owned subsidiary of the Funai Soken Consulting Group



The Funai Soken Consulting Group welcomes Almacreation to the fold. Amlacreation's marketing community, "Next Generation Marketing Practice Meeting," has been attended by more than 20,000 business owners.

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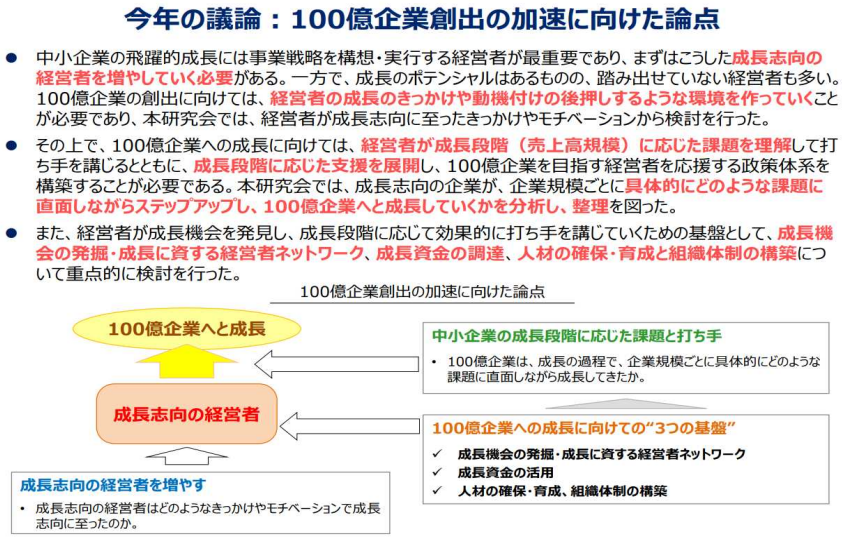
(7) News

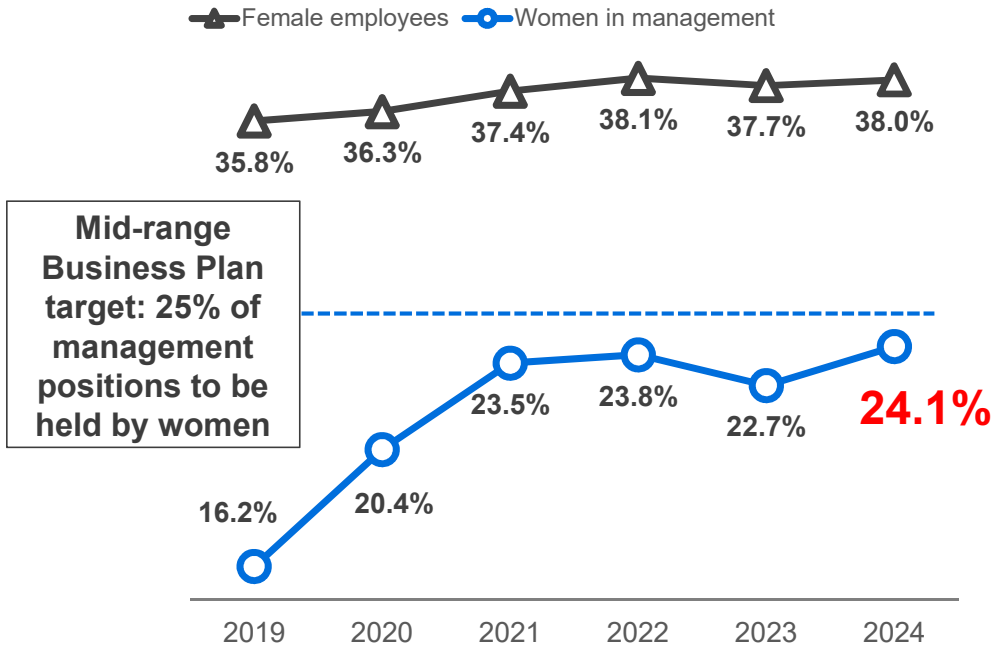
⑤Consulting Services Designed to Propel Client Companies to 10-billion-yen Turnover have exceeded 100 companies per year



※中小企業庁「中小企業の成長経営の実現に向けた研究会 第2次中間報告書」（2024年6月）P4より引用

One step ahead of new METI policy, we provide consulting services to help SMEs build a roadmap to reach ¥10 billion in turnover—a vital milestone to becoming mid-scale mainstays of the local community.

⑥Management Gender Balance Improving Steadily



The sustainability targets set forth in our Mid-Range Business Plan call for 25% of management positions to be held by women and for ongoing aggressive hiring of female talent

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(7) News

⑦Osaka HQ to Relocate to Inogate Osaka in Jan. 2026



Our Osaka HQ will relocate to Inogate Osaka in January 2026. Direct access from Osaka Station and enhanced office functions will enable us to better recruit, train and develop talent, and expand the premises' role in sales.

⑧Current Osaka HQ and Gotanda Office to be Sold, Extraordinary Gains/Losses to Be Recorded in Accounts

Property	Scheduled contract date	Scheduled handover date	Extraordinary gain/loss forecast
Current Osaka HQ (Chuo-ku, Osaka)	Mar. 2025	Dec. 2025	Extraordinary gain of ¥3,155 mil. (to be recorded in 2025 4Q)
Gotanda Office (Shinagawa-ku, Tokyo)	Feb. 2025	May 2025	Extraordinary loss of ¥2,156 mil. (to be recorded in 2025 1Q)

The company has decided to sell the current Osaka HQ building, which we own, as part of the relocation of Osaka HQ. In addition, now that our Tokyo group companies' operations have been consolidated into the new Tokyo HQ at Tokyo Midtown Yaesu, we have decided to sell the former Gotanda Office building, which is owned by a group subsidiary

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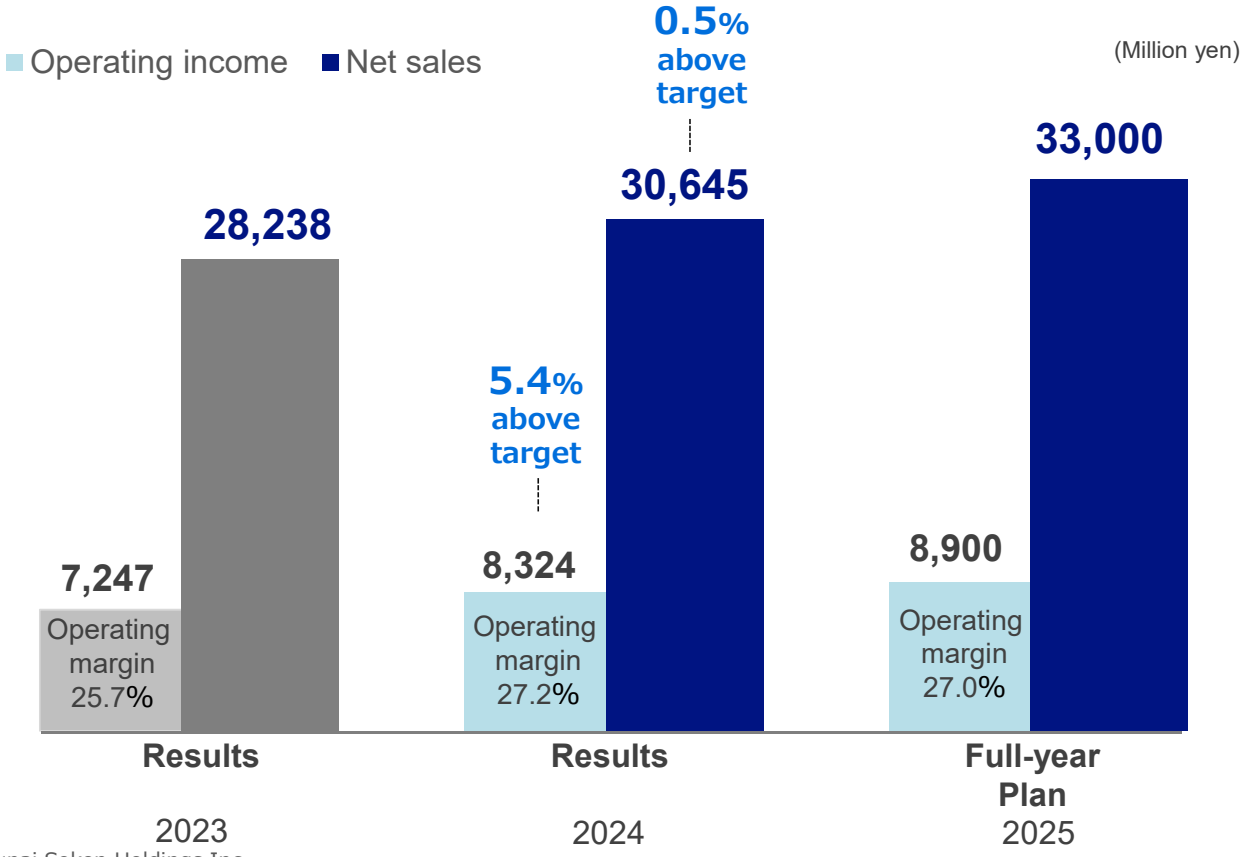
Forecasts & Growth Strategy

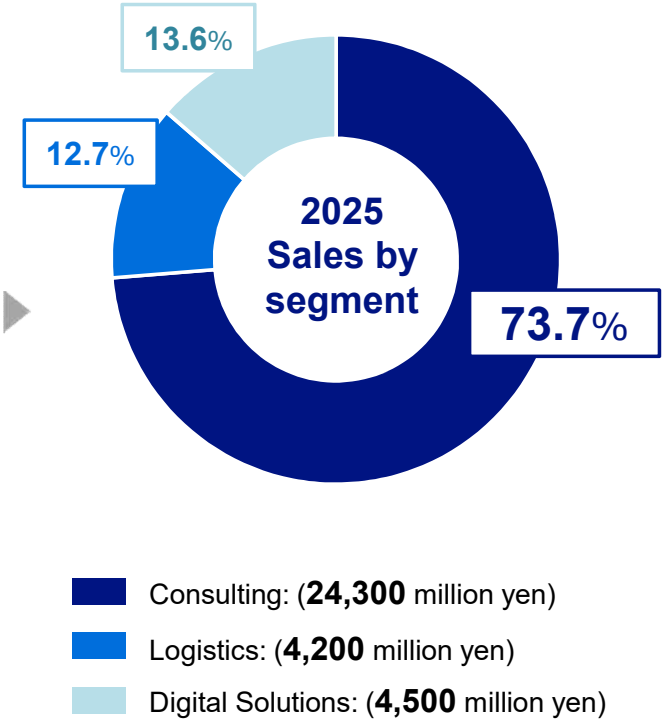
Funai Soken Holdings

(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**





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(2) FY2025 Earnings Forecast

	Consolidated mid-year forecast for FY2025			Consolidated full-year forecast for FY2025		
	2024 (actual) (million yen)	2025 forecast (million yen)	Change (%)	2024 (actual) (million yen)	2025 forecast (million yen)	Change (%)
Net sales	14,403	16,000	+11.1	30,645	33,000	+7.7
Operating income	4,220	4,600	+9.0	8,324	8,900	+6.9
Ordinary income	4,236	4,600	+8.6	8,411	8,900	+5.8
Net income	2,941	1,800	- 38.8	5,993	6,600	+10.1

*¥2,156 mil. extraordinary loss to be recorded in 2025 1Q due to sale of Gotanda Office.
*¥3,155 mil. extraordinary gain to be recorded in 2025 4Q due to sale of current Osaka HQ building.

Sales Forecasts by Segment

Consulting	24,300 mil. yen
Logistics	4,200 mil. yen
Digital solutions	4,500 mil. yen

Operating Income Forecasts by Segment

Consulting	8,000 mil. yen
Logistics	600 mil. yen
Digital solutions	200 mil. yen

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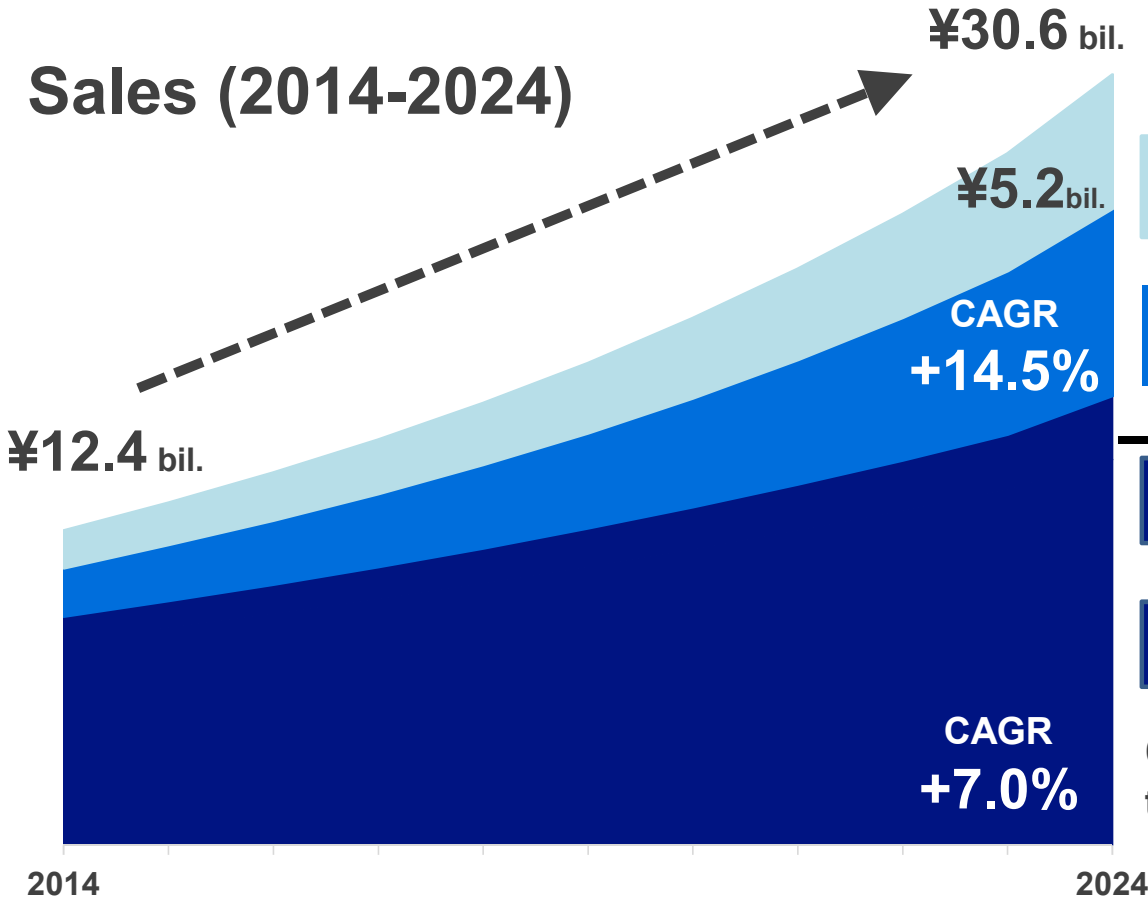
(3) How We Have Grown

We aim to leverage organic growth, key initiatives, and M&As to maintain double-digit growth.



How We Envisage Future Growth

M&A
+
Key initiatives

1. Consulting for mid-scale companies
2. DX consulting
3. M&A consulting …etc.

+15–20%

Monthly support
+
Management workshops

Organic growth
through application of internal resources

+5–10%

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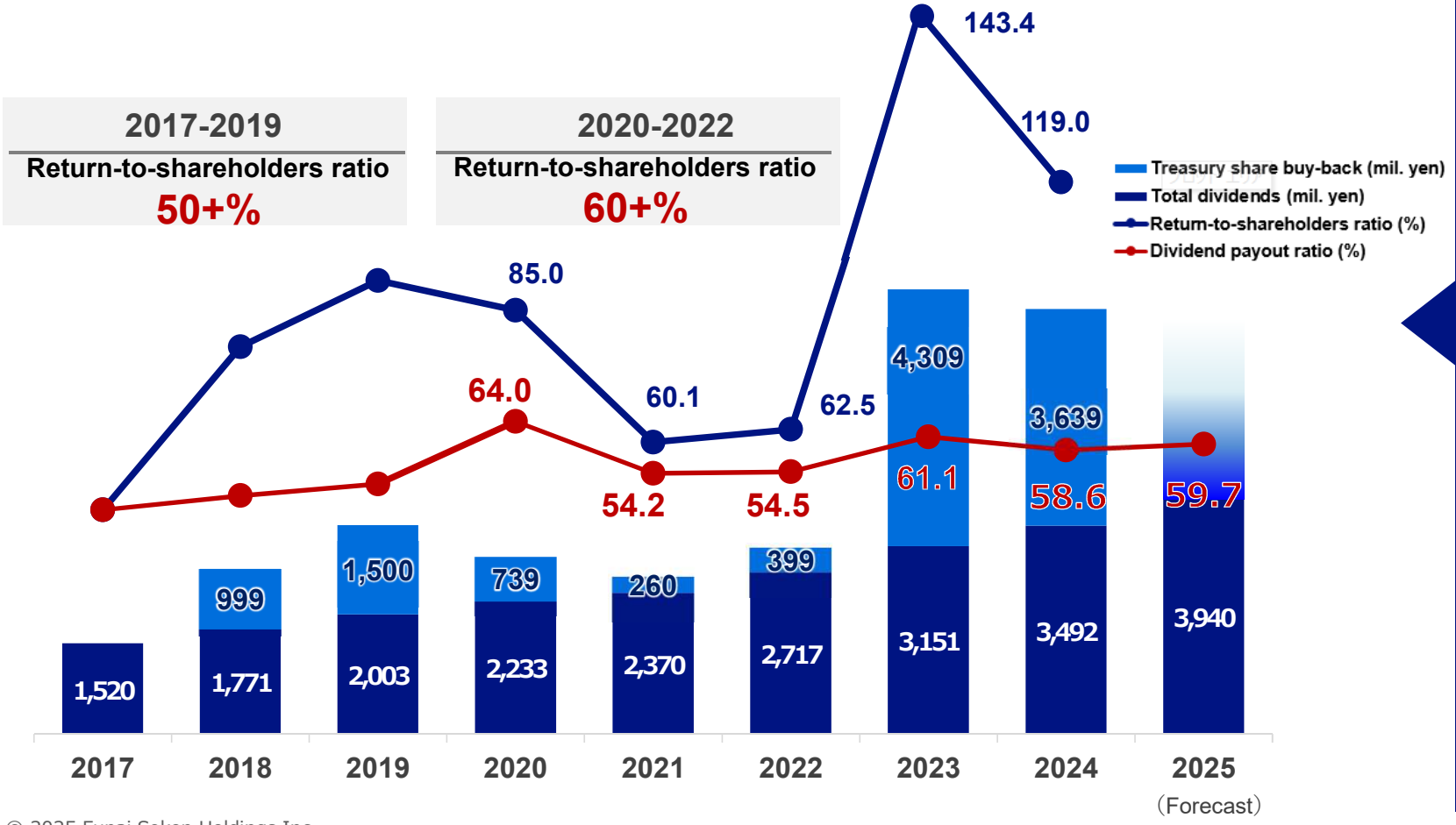
Shareholder Returns

Funai Soken Holdings

(1) Shareholder Returns Policy

We will continue to strive for a high rate of shareholder returns, such as through ongoing dividend increases and share buybacks.

2017-2019	2020-2022
Return-to-shareholders ratio	Return-to-shareholders ratio
50+%	60+%



2023-2025 Shareholder Returns Policy

Return-to-shareholders ratio

60+%

Dividend payout ratio

55+%

+

Dynamic share buybacks

+

Ongoing dividend increases

(Current dividend increase streak unbroken since FY2011)

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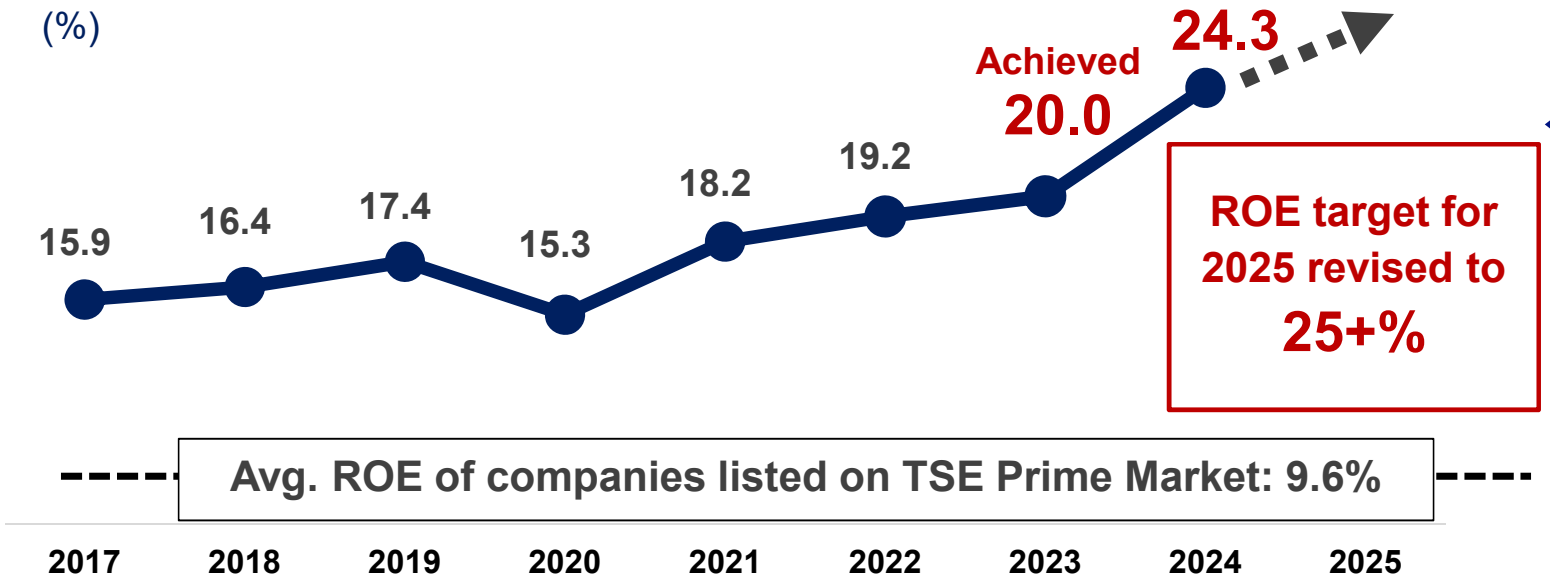
(2) Capital Efficiency Targets

ROE target for 2025 raised from 20+% to 25+% in pursuit of sustained growth in corporate value.

2017-2019 Target	2020-2022 Target	2023-2025 Initial Target
Sustain ROE at 10+%	Sustain ROE at 15+%	2025 ROE 20+%



Capital efficiency targets

ROE target for 2025 revised to

25+%

Avg. ROE of companies listed on TSE Prime Market:

9.6%

Source: Tokyo Stock Exchange, Summary of Earnings Digests by Listed Companies (fiscal year ended Mar. 2024)

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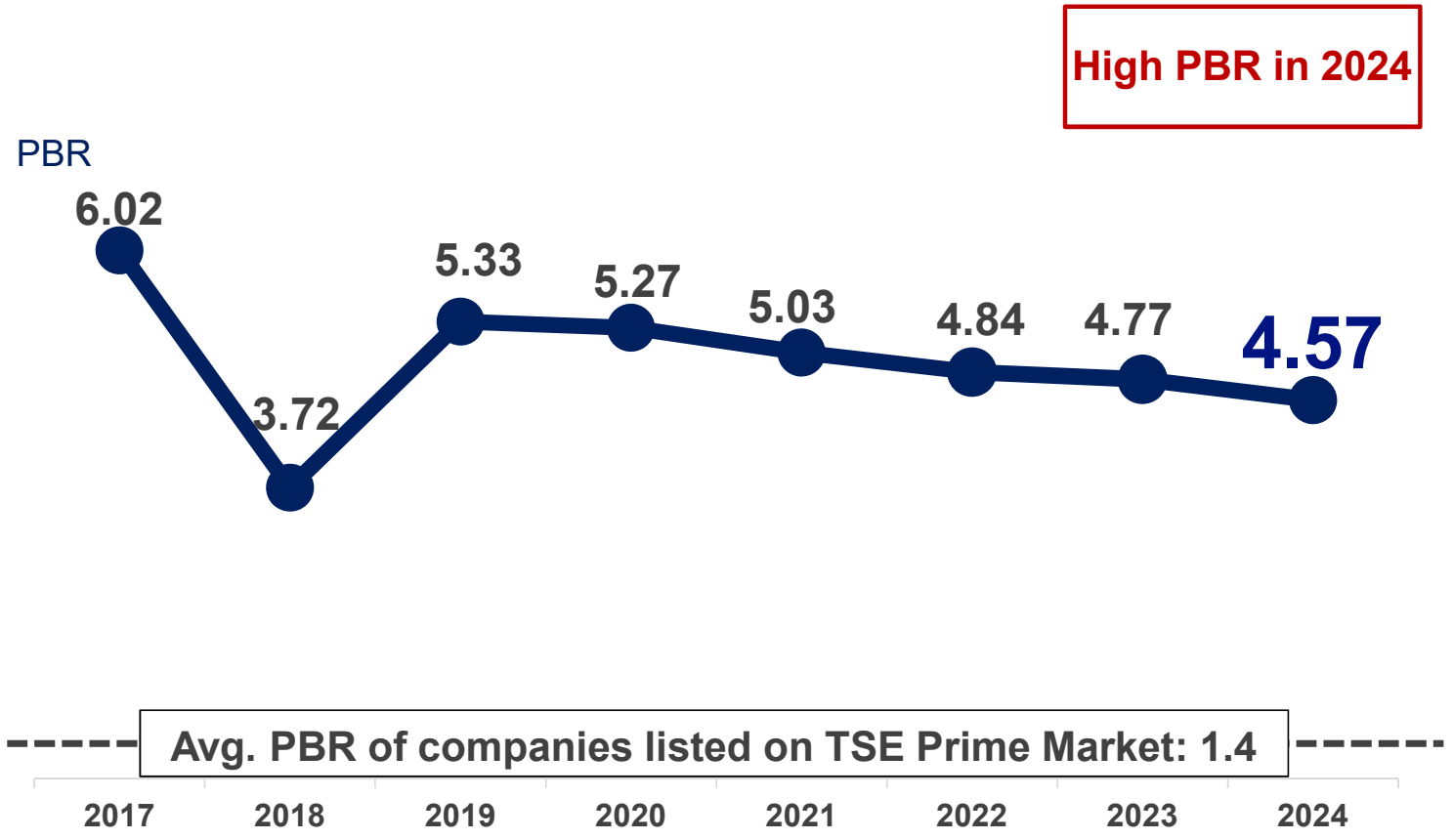
(3) Share Price Target

We will continue to strive to sustain a high PBR.



Share Price Target

Maintain high PBR in 2025

Avg. PBR of companies listed on TSE Prime Market:

1.4

Source: Tokyo Stock Exchange, Average PER and PBR by Size and Types of Industry (Mar. 2024)

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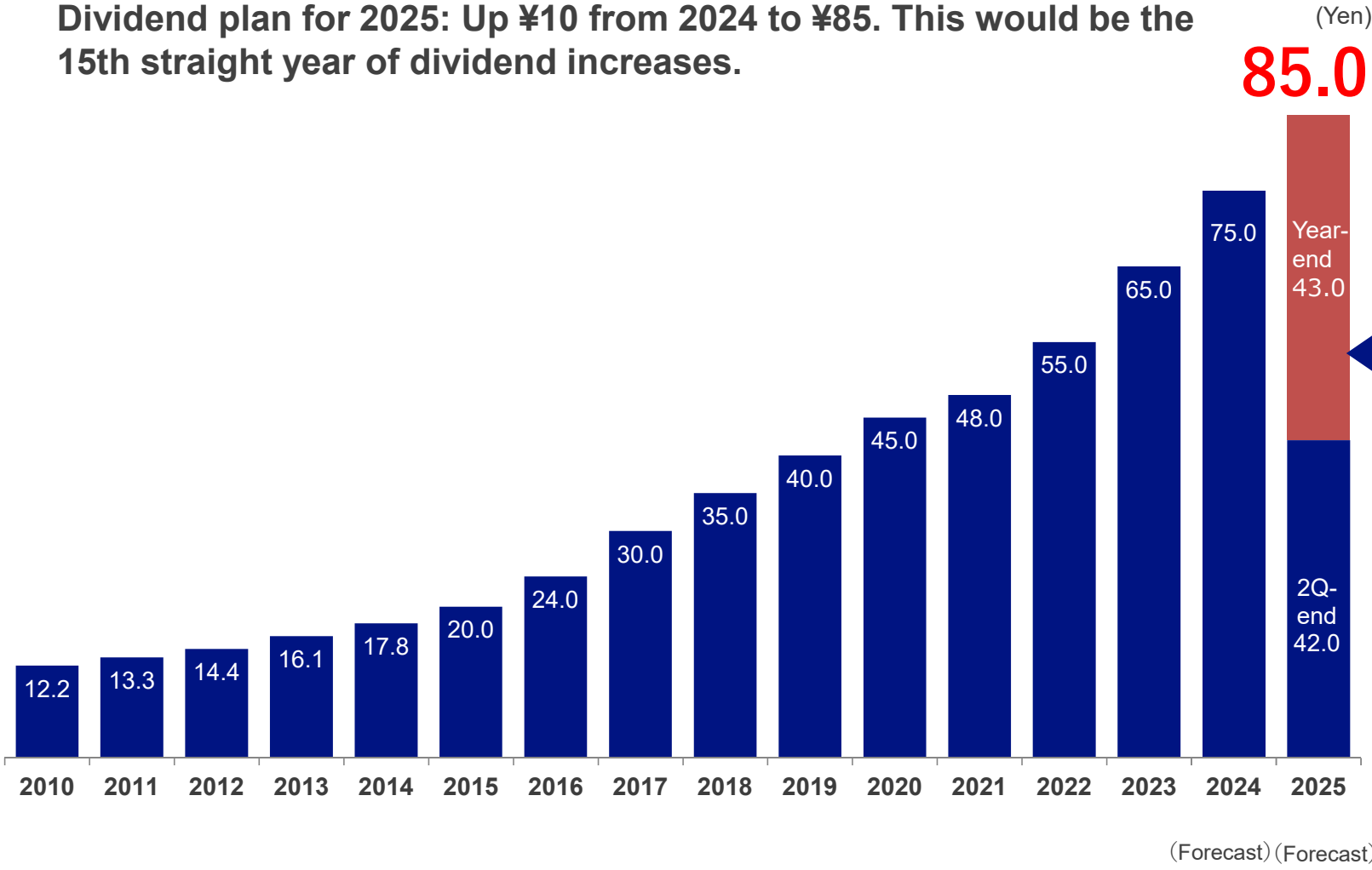
(4) Annual Dividends

Dividend plan for 2025: Up ¥10 from 2024 to ¥85. This would be the 15th straight year of dividend increases.



Annual Dividends Payouts & Forecast

Current dividend increase streak unbroken since 2011

A constant fixture of the Nikkei Consecutive Dividend Growth Stock Index since June 2023

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Our Business Model & Competitive Edge

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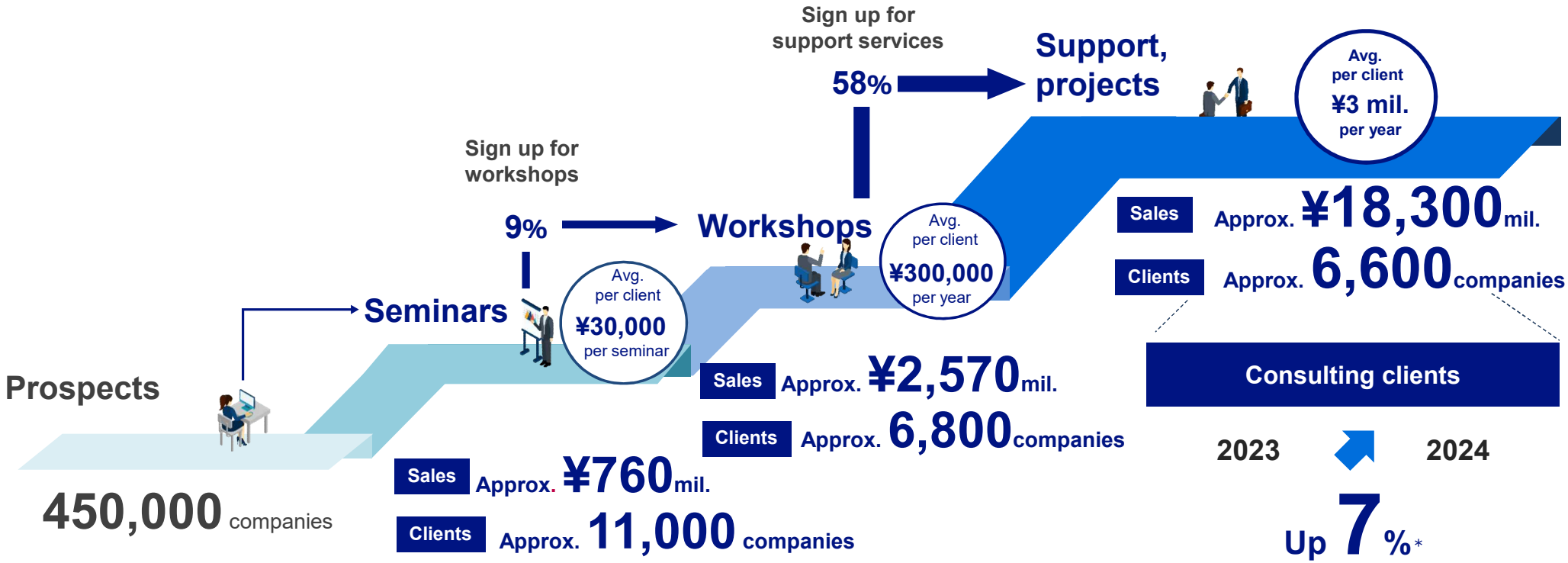
Business Model
Seminars and workshops help build a client base from which to generate demand for consulting



*Actual performance in the consulting business (Jan. to Dec. 2024)

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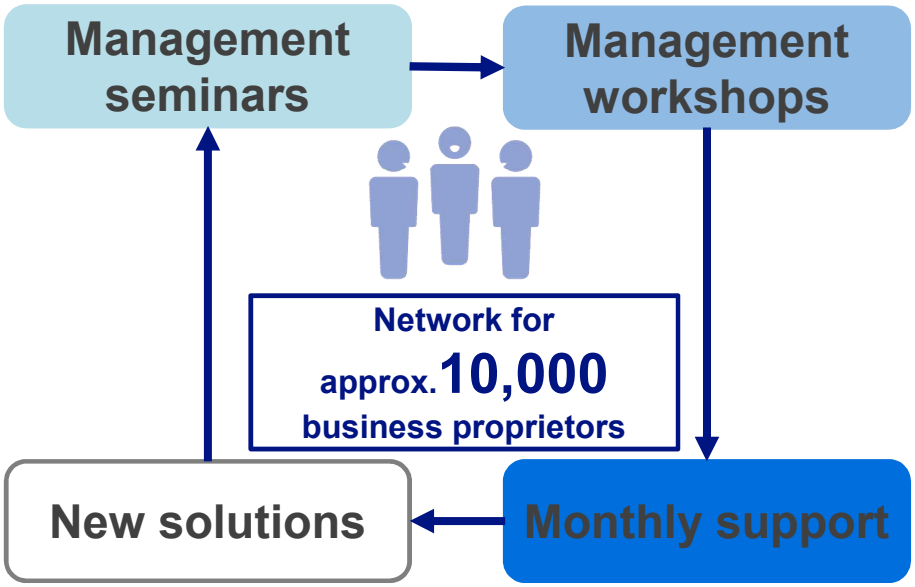
A Business Model that Cycles from Client Acquisition to a Stable Supply of Orders and Back Again

Our long-standing strengths

||

Value generated through direct interaction with business proprietors



Seminars: A gateway for new prospects

➡ Seminars held: 1,516
Participants: 27,521



Most seminars & participants ever

Workshops: A platform for client conversion

➡ Workshops held: 213
Members: 7,512



New record set for membership numbers

(as of Dec. 31, 2024)

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Management Workshops

A forum for interaction among industry peers and a great way to find mentors



Industry-specific, solution-specific workshops for mid-scale and SME proprietors

- Up-to-the-minute information from consultants
- Useful case studies from around the nation
- Interaction with fellow proprietors

Monthly Support

Industry-specific, expert consulting teams offer detailed solutions and help with implementation



Industry-specific, solution-specific on-site “tutoring” for mid-scale and SME proprietors

- Contract-based consulting services
- Practicable growth support based on real case studies from around the nation

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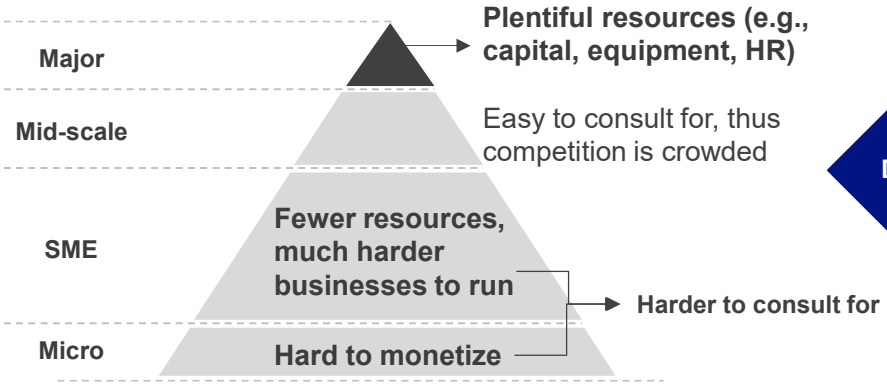
What Makes Us Different from Other Consulting Firms?
1. Business Model Focusing on mid-scale companies and SMEs

Ordinary consulting firms

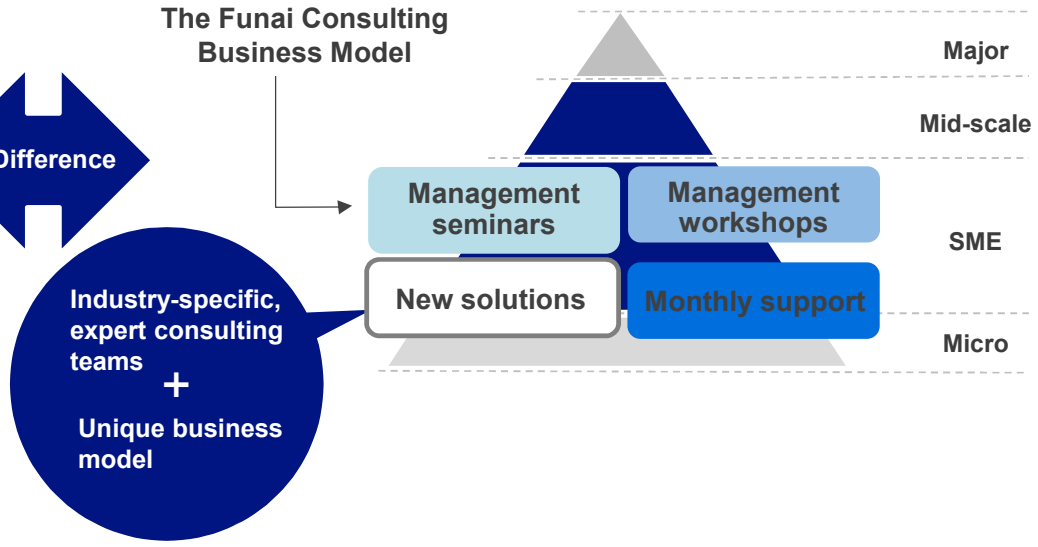
Main focus: major corporations



Difference

Funai Soken

Main focus: Solid support for mid-scale companies and SMEs



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What Makes Us Different from Other Consulting Firms?
2. Sales presence focused on Tokyo for better efficiency and profitability

Ordinary consulting firms

Big sales network for more customer contact points

Results in higher network costs and sales activity costs; harder to share insights and know-how among consultants, harder to sustain quality.

Each office conducts sales by approaching prospects within its own catchment area (i.e., push-style)



Difference

Funai Soken

Sales presence focused on Tokyo; clients attracted by high expertise

Keeps network costs and sales activity costs low; facilitates sharing of insights and know-how among consultants, easier to sustain quality.

Business proprietors come to our industry-specific, expert consulting teams for help (e.g., pull-style)



*The two-office structure is also part of our business continuity planning.

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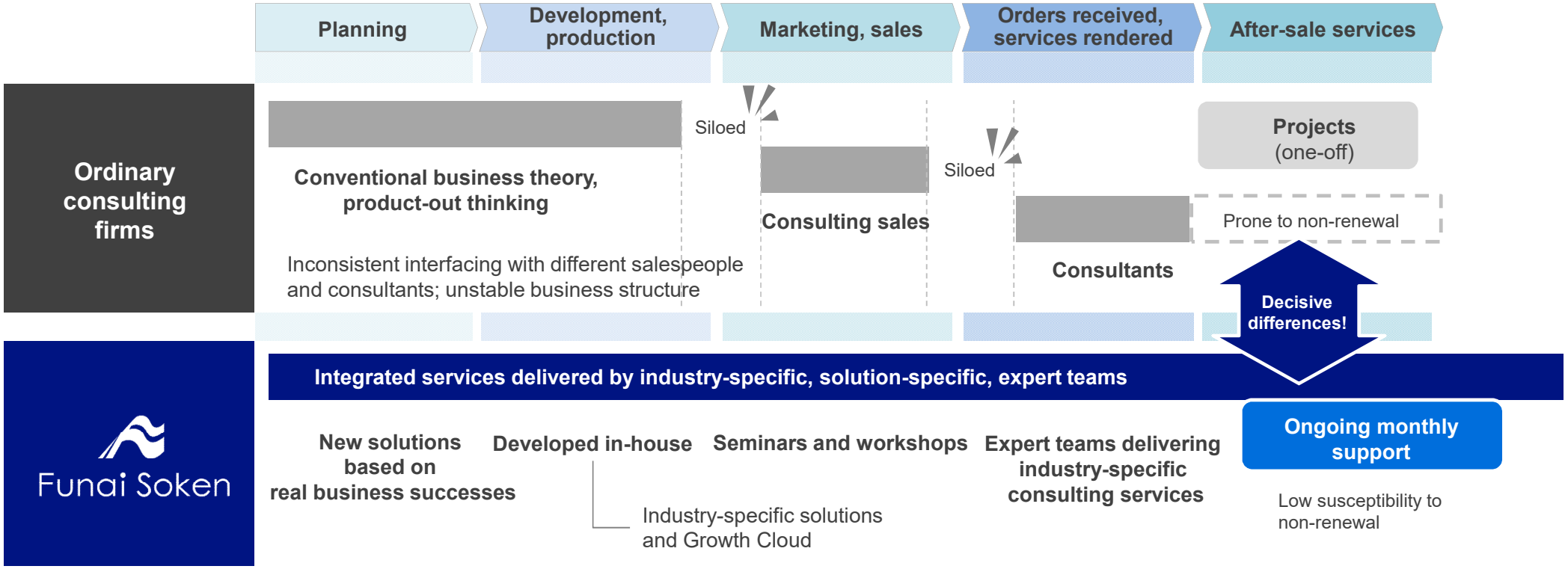
What Makes Us Different from Other Consulting Firms?
3. Establishing ourselves as an “SPA” of the consulting industry, we can maintain high profitability



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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

Funai Soken Holdings

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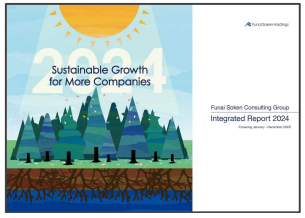

Integrated Report 2024
https://hd.funaisoken.co.jp/en/file/Integrated-Report-2024.pdf