



May 10, 2024

## Consolidated Financial Results for the First Quarter of the Fiscal Year Ending Dec. 31, 2024 (January 1, 2024 – March 31, 2024)

Company name: Funai Soken Holdings, Inc. Stock Exchange listing: Tokyo Stock Exchange  
 Stock code: 9757 URL: <https://hd.funaisoken.co.jp>  
 President & Group CEO: Takayuki Nakatani  
 Contact: Motoki Haruta, Director and Executive Officer,  
 Head of Corporate Business Divisional Headquarters  
 Telephone: +81-(0) 6-6232-0130

Scheduled date of filing quarterly report: May 14, 2024  
 Scheduled date of payment of dividend: –  
 Supplementary materials compiled to explain 1st-quarter financial statements: Yes  
 Briefing to be held to explain 1st-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. 2024 1st Quarter Consolidated Financial Results (January 1, 2024 – March 31, 2024)

#### (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	%
Three months ended								
Mar. 31, 2024	6,970	3.0	2,076	17.6	2,069	14.2	1,501	24.5
Mar. 31, 2023	6,770	8.5	1,765	(15.2)	1,811	(13.3)	1,206	(16.4)

Notes: Comprehensive income: 1,550 million yen (up 24.5%) in the three months ended Mar. 31, 2024  
 1,245 million yen (down 12.9%) in the three months ended Mar. 31, 2023

	Earnings per share (basic)	Earnings per share (diluted)
	Yen	Yen
Three months ended		
Mar. 31, 2024	31.68	31.34
Mar. 31, 2023	24.46	24.18

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of Mar. 31, 2024	30,604	23,788	75.6
As of Dec. 31, 2023	31,631	25,726	79.2

Reference: Shareholders' equity: 23,138 million yen as of Mar. 31, 2024  
 25,054 million yen as of Dec. 31, 2023

## 2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year end	Total
Year ended Dec. 31, 2023	Yen –	Yen 32.00	Yen –	Yen 33.00	Yen 65.00
Year ending Dec. 31, 2024	–				
Forecast for year ending Dec. 31, 2024		37.00	–	38.00	75.00

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

## 3. Forecast for Consolidated Financial Results for FY2024 (January 1, 2024 – December 31, 2024)

(Percentages represent year-on-year change, full-year figures represent change compared with previous year; first-half figures represent change compared with same period in previous fiscal year.)

	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
First half	14,500	8.3	4,000	18.7	4,000	16.7	2,700	18.8	56.47
Full year	30,500	8.0	7,900	9.0	7,900	7.6	5,500	5.7	115.03

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

## Remarks

- (1) Changes in consolidated subsidiaries in this quarter: 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: None
  - 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 three-month period (including treasury stock)
- 2) Number of treasury shares at end of three-month period
- 3) Average number of shares during three-month period (cumulative total)

As of Mar. 31, 2024	50,000,000	As of Dec. 31, 2023	52,000,000
As of Mar. 31, 2024	2,906,654	As of Dec. 31, 2023	4,186,224
As of Mar. 31, 2024	47,396,564	As of Mar. 31, 2023	49,308,041

Notes: 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 Three Months Ended March 31, 2024

### (1) Results of Operations

During the quarter under review (January 1, 2024 to March 31, 2024), the financial markets showed signs of normalizing in the economic environment as the Bank of Japan made a change in its monetary policy, i.e., lifting its negative interest rate policy. However, small and medium-sized enterprises (SMEs) continue to face severe conditions, including soaring prices of raw materials and difficulties in securing employees caused by ongoing labor shortages. In addition, intensifying geopolitical risks, such as the worsening situation in the Middle East, and sharp fluctuations in the exchange rates have brought concern to the economy, and the future outlook remains uncertain.

As a result, the Group posted 6,970 million yen in net sales (up 3.0% year on year), 2,076 million yen in operating income (up 17.6% year on year), 2,069 million yen in ordinary income (up 14.2% year on year), and 1,501 million yen in net income attributable to owners of the parent (up 24.5% year on year) for the quarter under review.

#### I. Net sales: 6,970 million yen (up 3.0% over the same quarter of the previous year)

Net sales increased in the monthly consulting support service, the mainstay of the consulting business. In addition, online advertisement agency services and HR solutions in the digital solutions business also performed well, resulting in an increase in net sales.

Consequently, net sales rose 3.0% year on year to 6,970 million yen.

#### II. Operating income: 2,076 million yen (up 17.6% over the same quarter of the previous year)

As for operating income, cost of sales was 4,074 million yen (4,129 million yen in the same period of the previous fiscal year). SG&A expenses were 819 million yen (875 million yen in the same period of the previous fiscal year). We were able to reduce costs by properly controlling recruitment expenses, etc.

Consequently, operating income increased 17.6% year on year to 2,076 million yen.

#### III. Ordinary income: 2,069 million yen (up 14.2% over the same quarter of the previous year)

As for ordinary income, non-operating income was 15 million yen (51 million yen in the same period of the previous fiscal year) and non-operating expenses were 22 million yen (5 million yen in the same period of the previous fiscal year).

Consequently, ordinary income increased 14.2% from the same quarter of the previous year to 2,069 million yen.

#### **IV. Net income attributable to owners of the parent: 1,501 million yen (up 24.5% over the same quarter of the previous year)**

With income taxes totaling 652 million yen for the quarter under review, compared with 579 million yen in the same quarter of the previous year, net income attributable to owners of the parent increased 24.5% year on year to 1,501 million yen.

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

The performance of each business segment is outlined below.

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

In the consulting business, orders from members of the management study groups increased significantly. Orders from customers of seminars also increased steadily, resulting in an increase in net sales compared to the same period of the previous fiscal year. By industry, sales increased significantly in the consulting business for the medical, nursing care, and welfare industries as well as the manufacturing industry. However, income decreased due to the increase in personnel expenses accompanying the increase in consultant numbers, etc.

Consequently, net sales increased 3.4% year on year to 4,912 million yen, and operating income decreased 1.1% year on year to 1,705 million yen.

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

In the logistics business, new projects for consulting services for shippers in the logistics consulting service experienced sluggish growth. However, net sales increased due to an increase in the number of members of study groups for consulting logistics companies and the steady growth in seminars held. In the logistics BPO services, net sales decreased due to a decrease in transactions with existing customers.

Consequently, net sales increased 0.0% year on year to 995 million yen, and operating income increased 24.8% year on year to 142 million yen.

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

In the digital solutions business, net sales increased due to a significant growth in the business performance of online advertisement agency services. In the HR solutions business, net sales increased due to an improvement in the delivery ratio over the client's budget amount. Income increased as a result of controlling recruitment expenses to secure human resources, etc.

Consequently, net sales increased 4.1% year on year to 1,062 million yen, and operating income was 180 million yen (the same period of the previous fiscal year resulted in operating losses of 77 million yen).

## **(2) This Fiscal Year's Financial Position**

### **(Assets)**

Total assets decreased by 1,026 million yen from the end of the previous fiscal year to 30,604 million yen as of the end of the quarter under review.

Current assets decreased 1,296 million yen from the end of the previous fiscal year to 17,361 million yen. This was mainly due to a decrease in cash and deposits and an increase in accounts receivable - other, which are included under other current assets.

Noncurrent assets increased by 270 million yen from the end of the previous fiscal year to 13,243 million yen. This was mainly due to an increase in construction in progress and a decrease in leasehold rights included under other intangible assets.

### **(Liabilities)**

Total liabilities increased by 911 million yen from the end of the previous fiscal year to 6,816 million yen as of the end of the quarter under review.

Current liabilities increased by 934 million yen from the end of the previous fiscal year to 6,600 million yen. This was mainly due to an increase in "Accounts payable – other" and "Allowance for bonus."

Noncurrent liabilities decreased by 22 million yen from the end of the previous fiscal year to 215 million yen. This was mainly due to a decrease in retirement benefit liabilities and guarantee deposits received included under other noncurrent liabilities.

### **(Net Assets)**

Total net assets decreased by 1,938 million yen from the end of the previous fiscal year to 23,788 million yen as of the end of the quarter under review. This was mainly due to an increase in net income attributable to owners of the parent, a decrease in net assets due to purchase of treasury shares, and a decrease in retained earnings as these were appropriated.

### **(Equity Ratio)**

The shareholders' equity ratio as of the end of the quarter under review was 75.6%, decreased 3.6 percentage points from the end of the previous fiscal year.

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

The current fiscal year is the second year of the Mid-range Business Plan for FY2023 to FY2025, and we will continue to promote our Group's Purpose of "Sustainable Growth for More Companies," to realize this. In addition, we will expand our business to provide services for solving management issues that companies face in a single step, centered on business consulting service, the mainstay business of our Group. We will also promote our Group vision, digital and comprehensive consulting solutions for mid-scale and SME clients, and provide business consulting services that meet the needs of the management of client companies and are in line with current trends, while enhancing the power of alliances within the Group.

For full-year consolidated results, the Group projects 30,500 million yen in net sales, 7,900 million yen in operating income, 7,900 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)

	FY12/23 (As of Dec. 31, 2023)	FY12/24 1Q (As of Mar. 31, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	12,894,272	10,602,934
Trade notes, accounts receivable, and contract assets	4,129,004	4,194,377
Short-term investment securities	300,984	300,572
Work in process	150,485	159,104
Raw materials and supplies	6,491	5,040
Other current assets	1,229,965	2,145,305
Allowance for doubtful accounts	(53,224)	(45,946)
Total current assets	18,657,980	17,361,389
Noncurrent assets		
Property, plant, and equipment		
Buildings and structures, net	998,696	888,774
Land	4,596,717	4,596,717
Construction in progress	463,615	1,049,955
Other property, plant, and equipment, net	86,972	67,141
Total property, plant, and equipment	6,146,000	6,602,588
Intangible asset		
Software	308,460	384,029
Goodwill	355,138	332,942
Other intangible assets	461,254	74,614
Total intangible assets	1,124,853	791,586
Investments and other assets		
Investment securities	3,220,850	3,289,739
Assets related to retirement benefits	445,246	464,622
Other investments and other assets	2,042,358	2,100,988
Allowance for doubtful accounts	(6,138)	(6,072)
Total investments and other assets	5,702,316	5,849,277
Total noncurrent assets	12,973,170	13,243,451
Total assets	31,631,150	30,604,841



(Thousand yen)

	FY12/23 (As of Dec. 31, 2023)	FY12/24 1Q (As of Mar. 31, 2024)
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	536,548	520,400
Short-term loans payable	200,000	200,000
Accounts payable - other	2,005,791	2,496,784
Income taxes payable	1,167,733	752,474
Allowance for bonus	-	438,697
Other current liabilities	1,756,359	2,192,261
Total current liabilities	5,666,433	6,600,619
Noncurrent liabilities		
Long-term loans payable	100,000	100,000
Retirement benefit liabilities	67,893	61,733
Deferred tax liabilities	5,902	1,755
Other noncurrent liabilities	64,447	52,318
Total noncurrent liabilities	238,242	215,807
Total liabilities	5,904,676	6,816,426
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,125,231	3,125,231
Capital surplus	2,946,634	2,946,634
Retained earnings	26,579,111	22,661,469
Treasury stock	(7,558,359)	(5,606,694)
Total shareholders' equity	25,092,618	23,126,641
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	90,312	127,017
Foreign currency translation adjustments	27,771	31,382
Accumulated adjustments for retirement benefits	(155,813)	(146,763)
Total accumulated other comprehensive income	(37,729)	11,636
Subscription rights for shares	671,585	650,136
Total net assets	25,726,474	23,788,414
<b>Total liabilities and net assets</b>	<b>31,631,150</b>	<b>30,604,841</b>

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

### Consolidated Statement of Income

First Quarter of FY12/24

(Thousand yen)

	First Quarter of FY12/23 (Jan. 1 – Mar. 31, 2023)	First Quarter of FY12/24 (Jan. 1 – Mar. 31, 2024)
Net sales	6,770,246	6,970,347
Cost of sales	4,129,580	4,074,591
Gross profit	2,640,666	2,895,756
SG&A expenses	875,260	819,096
Operating income	1,765,406	2,076,660
Non-operating income		
Interest income	1,453	2,066
Dividend income	14	22
Gain on sales of investment securities	18,475	2,373
Gain on valuation of investment securities	76	1,736
Refund of insurance premiums	20,554	-
Other non-operating income	11,029	9,410
Total non-operating income	51,604	15,609
Non-operating expenses		
Interest expenses	1,495	1,220
Loss on valuation of investment securities	-	1,556
Investment partnership management expenses	987	18,157
Foreign exchange losses	2,481	-
Other non-operating expenses	180	1,715
Total non-operating expenses	5,143	22,649
Ordinary income	1,811,867	2,069,620
Extraordinary income		
Gain on sales of noncurrent assets	8	194,887
Total extraordinary income	8	194,887
Extraordinary losses		
Loss on sales of noncurrent assets	-	945
Impairment losses	23,366	-
Loss on retirement of noncurrent assets	2,259	7,370
Office relocation expenses	-	102,583
Total extraordinary losses	25,626	110,899
Net income before income taxes and other adjustments	1,786,249	2,153,607
Current income taxes	620,309	744,909
Deferred income taxes	(40,323)	(92,632)
Total income taxes	579,986	652,276
Net income	1,206,263	1,501,331
Net income attributable to owners of the parent	1,206,263	1,501,331

Consolidated Statement of Comprehensive Income

First Quarter of FY12/24

(Thousand yen)

	First Quarter of FY12/23 (Jan. 1 – Mar. 31, 2023)	First Quarter of FY12/24 (Jan. 1 – Mar. 31, 2024)
Net income	1,206,263	1,501,331
Other comprehensive income		
Valuation difference on available-for-sale securities	33,706	36,704
Foreign currency translation adjustments	(27)	3,611
Adjustments for retirement benefits	5,371	9,049
Total other comprehensive income	39,051	49,365
Comprehensive income	1,245,314	1,550,696
Details		
Comprehensive income attributable to owners of the Parent	1,245,314	1,550,696

**(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.

(Segment Information)

I. First Quarter of FY12/23 (Jan. 1 – Mar. 31, 2023)

Information About Net Sales, Income/Losses for Each Segment

(Thousand yen)

	Consulting	Logistics	Digital Solutions	Total	Adjustment (1)	Amount listed in consolidated statement of income (2)
Net sales						
Sales to external customers	4,750,557	994,600	1,020,988	6,766,146	4,100	6,770,246
Inter-segment sales and transfers	327,028	149,509	274,991	751,529	(751,529)	–
Total	5,077,585	1,144,110	1,295,980	7,517,676	(747,429)	6,770,246
Segment income (loss)	1,724,060	114,511	(77,434)	1,761,137	4,268	1,765,406

Notes:

1. 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 revenues are comprised of outsourcing and consulting fees from group companies, property rental income and whole-group expenses are comprised of those incurred in group operations.
2. Segment income or losses are adjusted against operating income in the consolidated financial statements.

II. First Quarter of FY12/24 (Jan. 1 – Mar. 31, 2024)

Information About Net Sales, Income/Losses for Each Segment

(Thousand yen)

	Consulting	Logistics	Digital Solutions	Total	Adjustment (1)	Amount listed in consolidated statement of income (2)
Net sales						
Sales to external customers	4,912,079	995,039	1,062,781	6,969,901	446	6,970,347
Inter-segment sales and transfers	366,864	128,346	362,276	857,487	(857,487)	–
Total	5,278,944	1,123,386	1,425,058	7,827,388	(857,041)	6,970,347
Segment income	1,705,713	142,874	180,252	2,028,840	47,820	2,076,660

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 revenues are comprised of outsourcing and consulting fees from group companies, property rental income and whole-group expenses are comprised of those incurred in group operations.
2. Segment income is adjusted against operating income in the consolidated financial statements.

(Subsequent Events)

(Allocation of stock options as stock compensation for Company directors and executive officers and for subsidiary directors and executive officers)

At the Board of Directors held on April 19, 2024, the Company decided on the solicitation parameters for subscription rights for shares as stock options issued to the Company's directors (excluding Audit and Supervisory Committee members and outside directors), executive officers, subsidiary directors, and subsidiary executive officers. The Board also voted to recruit parties to underwrite said subscription rights for shares and issued them on May 7, 2024.

Number of subscription rights for shares	460 (Note) 1
Type of stock applicable to subscription rights for shares	Common shares
Number of shares applicable to subscription rights for shares (shares)	82,800 (Note) 2
Payment amount at time of execution of subscription rights for shares	1 yen per share
Exercise period of subscription rights for shares	May 8, 2024 to May 7, 2054
Matters concerning increased capital stock and capital reserve when issuing shares related to the exercising of subscription rights for shares	(1) The amount of capital increase when issuing shares related to the exercising of subscription rights for shares shall be half the capital increase limit calculated in accordance with Article 17, Paragraph 1 of the Regulations on Corporate Accounting. Any fractional amounts less than 1 yen shall be rounded up. (2) The amount of additional paid-in capital to be increased when shares are issued as a result of the exercising of subscription rights for shares shall be the amount derived by subtracting capital amount increase outlined in (1) above from the capital increase limited indicated in (1) above.
Conditions for exercising subscription rights for shares	(Note) 3
Matters concerning the transfer of subscription rights for shares	The acquisition of subscription rights for shares via ownership transfer shall require approval by the Company Board of Directors.

Notes

- The number of shares applicable to each subscription right for shares (hereinafter, "number of allocated shares") shall be 180 shares.
- After May 7, 2024 (hereinafter referred to as the "allocation date"), if the Company will split the shares of the Company's common stock (including the free allotment of the Company's common stock, hereinafter, the same shall apply to descriptions of stock splits) or conduct a stock merger, adjustments shall be made using the following formula and any fractional shares shall be rounded off.  
Adjusted No. of Allocated Shares = Pre-adjustment No. of Allocated Shares x split (or merger) ratio  
If the Company conducts a merger or split after the allocation date, or if it is necessary to adjust the number of shares to be allocated due to similar circumstances, the Company shall appropriately adjust the number of shares to be allocated within a reasonable range.
- The partial exercising of subscription rights for shares is not allowed.
  - A person with subscription rights for shares may exercise their subscription rights for shares during the exercisable period as of the day after the day on which said person loses their position as a director, corporate auditor, or executive officer of the Company or a subsidiary held on the allocation date (hereinafter, "rights start date").
  - Notwithstanding (2) above, the stock acquisition rights holder may exercise subscription rights for shares when applicable to either case i. or ii. below within the exercisable period (however, in the case of ii., this shall exclude cases where there is a merger agreement, share exchange agreement, or share transfer plan stipulating that the subscription rights for shares of the reorganized company will be issued to the stock acquisition rights holder in accordance with the decision-making policy related to the issuance of subscription rights for shares for a company subject to reorganization), respectively.
    - When the stock acquisition rights holder does not reach the rights start date by May 7, 2053  
From May 8, 2053 to May 7, 2054
    - When a proposal for approval of a merger agreement in which the Company becomes an extinguished company or a proposal for approval of a share exchange agreement or a share transfer plan in which the Company becomes a wholly owned subsidiary is approved at a General Meeting of Shareholders (Board of Directors if a resolution at the General Meeting of Shareholders is not required)  
15 days from the day after the approval date
  - The above (2) and (3) i. do not apply to those who have inherited the subscription rights for shares.
  - If the holder of the stock acquisition rights waives the subscription rights for shares, the subscription rights for shares cannot be exercised.

### 3. Other Information

#### (1) Orders and Sales

##### I. Orders

Orders won by each operating segment in the first quarter of the year are as follows.

Segment	Orders received (unit: 1,000 yen)	Change from same period last year (%)	Orders outstanding (unit: 1,000 yen)	Change from same period last year (%)
Consulting	4,725,616	+11.7	8,026,907	+5.3
Logistics	180,221	+1.1	237,459	(20.5)
Digital Solutions	292,493	(24.8)	192,223	(32.2)

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 includes only 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 first quarter of the year are as follows.

Segment	Sales (unit: 1,000 yen)	Change from same period last year (%)
Consulting	4,912,079	+3.4
Logistics	995,039	+0.0
Digital Solutions	1,062,781	+4.1
Total	6,969,901	+3.0

Notes

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